

City of Winsted
City Council Work Session
Lewis Room
Tuesday, November 7, 2017
5:00 p.m.

Present: Mayor Steve Stotko
Council Member Mike Henrich
Council Member Patty Fitzgerald
Council Member Tom Ollig
Council Member George Schulenberg

Staff Present: Mr. Dan Tienter, City Administrator
Ms. Raquel Kirchoff, City Clerk-Treasurer

Also Present: Mr. Jake Saulsbury, Bolton and Menk, Incorporated
Ms. Melissa Underwood, Bolton and Menk, Incorporated

I. Call to Order

Mayor Stotko called the meeting to order at 5:00 p.m.

II. Water Tower Rehabilitation Project

Mr. Jake Saulsbury, Bolton and Menk, Incorporated, stated that the City's water system includes a 600,000 gallon water tower that was constructed in 1978. This tower is the City's only water storage and is an integral part of the City's infrastructure as it pressurizes the water supply system for the distribution of potable water. It also provides emergency storage for fire protection.

Mr. Saulsbury stated that life spans for towers vary greatly. Several factors, such as, construction materials, underlying soils, maintenance, and quality of water will impact the life of a tower. There are many water towers in Minnesota that are 80 to 100 years old. Mr. Saulsbury stated that the primary method to extend the life of a water tower is to replace the internal and external coatings. External coatings and internal wet coatings are recommended to be replaced approximately every 20 years. Internal dry coatings are recommended to be replaced every 30 to 40 years. Mr. Saulsbury stated that it is estimated by City staff that the external and internal wet coatings for this tower were replaced in 1994. Based on the condition and type of paint, it is assumed that the internal dry coatings are the original coatings from 1978.

Mr. Saulsbury stated that the City authorized the completion of a tower inspection and preliminary evaluation report that was completed in December, 2014. It included recommendations to remove and replace all interior and exterior tower coatings as well as additional improvements and repairs. In February 2015, coating samples were taken and tested for heavy metals that require remediation. A high amount of chromium was found in the existing coatings which will require air monitoring and specific safety measures during construction. Mr. Saulsbury stated that an updated total estimated project cost of \$800,000 was provided based on these findings, compared to a new tower of the same size and type that would cost approximately \$2.5 million.

Mr. Saulsbury stated that in April 2016, this project was submitted to the Minnesota Public Facilities Authority (PFA) to be placed on the 2017 Drinking Water Revolving Fund Project Priority List (PPL) and Intended Use Plan (IUP) for a low interest loan. The project was scored by the Minnesota Department of Health (MDH) at 10 points; however, since a budget bill was not passed, no projects were financed by the PFA in 2017. Mr. Saulsbury stated that the PFA recently released their 2018

PPL and projects that scored seven points or higher were eligible for funding. Unfortunately, the MDH updated their Median Household Income (MHI) data in the last year. Mr. Saulsbury stated that Winsted's MHI increased enough to warrant the reduction of the project score to five points, putting it below the PFA's fundable range. Mr. Saulsbury stated that the decision to reduce the scoring was appealed to the MDH by several communities, including Winsted. The MDH responded by changing the number of points back to the original score for one year. This adjustment in points is only for funding in 2018 where a low interest loan from the PFA will be available for this project.

Mr. Saulsbury stated that if the City proceeds with this water tower project, all project items except the bids would need to be submitted to the PFA by March, 2018. The project would have to be certified, including the completion of bids by June, 2018. These two dates would make the City eligible for low interest financing, for work to be completed in 2018.

Mr. Saulsbury stated that the water tower would be off-line for approximately 12 weeks. He explained how the water system would keep moving without having the water tower. Mr. Saulsbury stated that the Winsted Fire Chief would be included in water system discussions to be informed about where water would be drawn from in case a fire would occur when the tower was off-line.

Mr. Tienter stated that the project will be funded through the Drinking Water Revolving Loan Fund as a low interest loan with an interest rate of approximately one percent (1%). Mr. Tienter stated that the City performs a five year projection as part of its budgeting process. This project is budgeted for next year. The repayment term of the loan is usually 20 years. Water rates have been adjusted accordingly in future years in order to accommodate anticipated payments.

The City Council Members approved moving forward with the process.

Mr. Tienter stated that the City Council would consider authorization of the project as part of the Consent Agenda at the next regular City Council Meeting on November, 21, 2017.

Council Member Ollig stated that the risk of not proceeding with the project at this time would be losing the low interest money. Mr. Tienter stated that was correct. He continued by stating that if the City were to bond for this project, the interest rates would be higher.

Mr. Tienter stated that it may be discussed at some point to select a design to place on the water tower when it is repainted.

III. McLeod Avenue Reconstruction Project - Local Road Improvement Program (LRIP) Grant Opportunity

Mr. Daniel Tienter, City Administrator, stated that the McLeod Avenue Reconstruction Project was originally discussed at the City Council Goal Setting retreat in January, 2017. A Feasibility Study along with the topographic survey work was then authorized at the February 7, 2017 City Council meeting. This Feasibility Study was completed and adopted at the June 20, 2017 City Council meeting; however, the Improvement Hearing for the McLeod Avenue portion of the project was not called and it was decided to delay the project indefinitely.

Mr. Saulsbury stated that the Minnesota Department of Transportation (MnDOT) announced that the LRIP program would be available in 2017 and would be funded with \$25.3 million in grant dollars. Of this amount, \$7.6 million is estimated to be available to small cities. Mr. Saulsbury stated that the LRIP grant is not an annual solicitation and historically it is not available frequently. The intent of the program is to fund improvements where other means are limited. These funds provide financial assistance to agencies for local road reconstruction projects with local or regional significance that cannot be reasonably funded through other revenue sources.

Mr. Saulsbury stated that the MnDOT State Aid Office administers the LRIP solicitation. Because Winsted is not a State Aid city, McLeod County would have to sponsor the grant application and the project. Discussions have occurred with the McLeod County Engineer who is willing to support and sponsor the project. The grant application would require a City Council Resolution and a McLeod County Board Resolution supporting the grant application and the project.

Mr. Saulsbury stated that due to the layout, preliminary design, and cost estimate work that were completed as part of the previous Feasibility Study, it would cost approximately \$3,000 to complete the required items necessary to apply for the grant. The deadline to submit an LRIP grant application is December 1, 2017, with the award announcement anticipated to occur in March 2018.

Mr. Saulsbury stated that if the application is successful, the approximate grant timeline requires that a construction contract is in place by June, 2020.

Mayor Stotko asked if the City is awarded the grant, when is the City obligated to move forward with the project.

Mr. Saulsbury stated that the City would be obligated to move forward with some work in 2019, but not necessarily construction in 2019.

Council Member Ollig asked if the infrastructure under the street is in need of replacement. Mr. Saulsbury stated yes, the water system and most of the storm sewer system was planned to be replaced as well as some sanitary sewer work.

Mr. Tienter stated that any grant proceeds awarded to be used for the road reconstruction portion of the project would reduce the assessable costs for anyone that was included in the project corridor.

The City Council Members approved of moving forward with the grant application.

IV. Winsted Municipal Airport Runway Improvement Project Update

Ms. Melissa Underwood, Bolton and Menk, Incorporated, stated that based on the results of the initial outreach for the land acquisition portion of the paved runway project, Bolton and Menk Incorporated, along with Mr. Tienter met with the Federal Aviation Association (FAA) on October 26, 2017 to discuss the possibility of the paved runway project ending and moving toward a turf runway reconstruction project. Ms. Underwood summarized the results of the meeting as follows:

- Neither the Ottos nor the Winsted Farmer's Co-op members were willing to meet with ProSource Technologies. Both land owners have stated they do not want to sell any land to the City for the paved runway project. The potential change in projects prompted a meeting with the FAA to determine the next steps for the City. The FAA stated they would support whatever option the City decides upon.
- Switching from the paved runway alternative (P1 in the Environmental Assessment) to the turf runway alternative (T1 in the Environmental Assessment), will require the Finding of No Significant Impact (FONSI) to be amended and published for a 30-day public review period.
- The FAA is determining what a "non-paved" federally funded runway will look like when the project is completed. There was a lengthy discussion on a "non-paved" runway versus a "turf" runway. The FAA is going to review the advisory circulars and contact the City in regards to this information.
- The Airport Capital Improvement Plan (CIP) will need to be reviewed to determine which project pieces are moving forward and which pieces will now be removed from the CIP.
- The FAA is determining what will happen with the existing grant written for the design portion of the project. The grant description says "Reconstruct Runway 9/27 (Phase 1 – design and Airport

Geographic Information System (AGIS))” Because the grant description says “AGIS” which is no longer required, the FAA is determining what should happen with the grant.

Mr. Tienter stated that part of the reason why the City engaged the FAA in discussing what the next steps would be if the project was shifted was because of the City Council’s public statements concerning the use of eminent domain. The FAA requires the City to have positive land control of any areas that would be affected by the expanded Runway Protection Zone. Since the City was not able to obtain that through direct negotiations with the land owners, and given the City Council’s statements concerning no use of eminent domain, City staff contacted the FAA.

Council Member Fitzgerald conveyed her disappointment in the service provided by ProSource Technologies.

Mr. Tienter stated that City staff informed Bolton and Menk, Incorporated that with any future land dealings the City may have with any project, the City is not interested in working with ProSource Technologies again.

Mayor Stotko asked how comfortable Ms. Underwood was that the FAA’s definition of turf is turf and not gravel. Ms. Underwood stated that she is comfortable that the FAA’s definition is turf because the example they provided was at the Mora Municipal Airport, where pictures of the gravel sub-base were provided. After these pictures were provided, City staff spoke with FAA representatives working on the Mora project and they said the Mora runway will finish as grass. There was miscommunication at the meeting compared to what the FAA representatives working on the project stated.

Mr. Tienter stated that although it is not a requirement, the FAA communicated to City staff that a public engagement process is preferred if the City changes the Preferred Alternative of the Environmental Assessment. The City would use a similar process to communicate as was done before which included a public hearing, notices sent to any affected property owners, hangar owners, and anyone that lives within 350 feet of the airport. Additionally, since the FONSI would be changed, an attempt would be made to contact anyone that provided a comment in the previous process so they would be aware of what was happening. Mr. Tienter stated that this process is predicated upon direction from the City Council on whether or not the City will shift from one project to another. Mr. Tienter stated that at this time, City staff is looking for direction from the City Council on whether or not to continue land acquisition efforts with regard to the paved alternative, or begin the process to shift from the paved project to the turf reconstruction project.

Council Member Ollig stated that the City Council motioned and approved the paved runway, predicated on the purchase of land with the understanding that if property owners did not want to sell, the City would not force eminent domain. At that point the City Council would proceed with Alternate II, which was a turf runway. Council Member Ollig stated that he was not in favor of eminent domain and he recommends proceeding with the turf runway.

Council Member Schulenberg stated that the City Council agreed that eminent domain was not going to play any part in the project and that he still feels this way so he recommends proceeding with the turf runway.

Council Member Fitzgerald stated that she will not proceed with eminent domain.

Council Member Henrich stated that he would not proceed with eminent domain under these circumstances, therefore he recommends proceeding with the turf runway.

Mr. Tienter stated that City staff will prepare information to notice a public hearing at the City Council Meeting on November 21, 2017 to take formal action to reissue the FONSI. Once that action was taken it would initiate a 30-day process to re-issue the FONSI for public comment. After that, the City would have a turf project.

Mr. Russ Runck, Winsted Municipal Airport hangar owner, stated his concerns regarding;

- How long the airport would be out of service.
- It may take months, if not years, for the turf to become reestablished.

- The turf runway has been damaged by commercial operations in the past. What if it is damaged again in the future?
- Who will pay for the City's portion of the project that is not paid for by grants?
- There is no Winsted Municipal Airport Commission. He feels that the hangar owners do not have a voice.

Mr. Tienter stated that the turf restoration project will be paid for in the same manner the pavement project would be paid for; 90% from the Federal Government over the next biennium, the City is anticipating another 5% from the State of Minnesota, and 5% from local funds. The largest change is the number of project elements, which then reduces the overall cost from approximately \$7 million for a paved project to approximately \$3.5 million for a turf project.

Mayor Stotko stated that the City is close to forming an Airport Commission which should be established soon.

Mr. Tienter stated that the City will be opening the application process for the Airport Commission soon. People that have already expressed interest in being part of that commission were contacted to complete a commission application form. The Airport Commission has five members; two positions are reserved for hangar owners, two for residents of the community, one at-large or non-resident member and a City Council liaison.

Mr. Tienter provided history regarding the Airport Commission by stating that there were some personality issues within the commission and some problems with a commercial operator that manifested into federal charges against that person. Ultimately the City Council decided to cease operation of the Airport Commission at that time and take on the Airport Commission responsibilities directly. It was always the City Council's intent to reform the Airport Commission but turnover in the City Administrator position prevented that from happening. The City Council also decided to deal with the airport directly until the Environmental Assessment (EA) was finalized to prevent new members from dealing with the complicated project mid-stream. Once the EA was complete, it would be a good point in time to reconstitute the Airport Commission.

Mr. Rick Stodola, Winsted Municipal Airport hangar owner, asked if the hangar owners would be assessed for the turf runway project. Mr. Tienter stated yes, that was always the intent. It has been proposed that the improvement fees collected by hangar owners may be used to buy down a portion of this assessment cost.

Mr. Ralph Diers, Winsted Municipal Airport hangar owner, asked if other airports in Minnesota had hangar owners pay for the runway. Mr. Tienter stated that yes, hangar owners have paid for a portion of the cost.

Mr. Stodola asked if the runway could be left as it is. Mr. Tienter stated no; that alternative is evaluated as a part of the EA, as the No Build Option. It has been dismissed by the FAA because the runway itself no longer meets FAA design standards or guidelines for substructure, drainage, lighting just to name some of the elements.

V. Other

a.) City Council Member/City Administrator Meetings

Mr. Tienter stated that he will be scheduling one on one meetings with each of the City Council Members.

b.) League of Minnesota Cities (LMC) Training Opportunity

Mr. Tienter stated that the LMC is offering an Experienced Officials conference on January 26-27, 2018. Interested City Council Members should contact him with questions.

c.) County State Aid Highway (CSAH) 5

Mr. Tienter stated that the McLeod County Board granted permission for the study to move forward regarding CSAH 5.

d.) Winsted Volunteer Fire Department Ladder Truck

Mr. Tienter stated that the City is exploring the purchase of a ladder truck from the City of Eagan who is eager to establish a purchase order. Mr. Tienter stated that there may have to be a Special City Council Meeting to consider a purchase agreement, depending on timing.

e.) Amended City Council Agenda

Mr. Tienter stated that the Consent Agenda for the regular City Council Meeting on November 7, 2017 was amended to remove item g. "Non-Medical Insurance Enrollment". This item will be placed on a future City Council Agenda.

VI. Adjourn

Council Member Schulenberg motioned to adjourn the Work Session. Council Member Ollig seconded the motion. Motion carried 5-0.

The Work Session was adjourned at 6:00 p.m.

Steve Stotka

Steve Stotka
Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
City Clerk-Treasurer
City of Winsted