

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
November 13, 2017**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:07 p.m. on Monday, November 13, 2017.

2. ROLL CALL

Members present: Councilmembers Harold E. Johnson, Mark Schulz, Larry Stelmach, Anne Zelenak, and Mayor Duane Poppe.

Staff present: City Administrator Riley Grams, City Planner Nancy Abts, and City Attorney Mary Tietjen.

Others present: Neil Lynch, Julie Urell, and Lee Gustafson.

3. PLEDGE OF ALLEGIANCE

Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Poppe asked for additions or deletions to the Agenda.

A motion was made by Stelmach, seconded by Schulz, to accept the Agenda as presented. The motion carried 5-0.

5. CONSENT AGENDA

- A. Approve Council Minutes of October 23
- B. Receive September Osseo Maple Grove Hockey Association Gambling Report
- C. Receive September Northwest Area Jaycees Gambling Report
- D. Receive October Building Report
- E. Receive October Fire Department Relief Association Gambling Report
- F. Receive October Lions Gambling Report
- ~~G. Consider Statutory Tort Limits for City's Liability Coverage~~
- H. Receive October American Legion Gambling Report

Johnson requested Item 5G be pulled from the Consent Agenda for further discussion as Item 10E.

A motion was made by Johnson, seconded by Stelmach, to approve the Consent Agenda as amended, removing Item 5G. The motion carried 5-0.

6. MATTERS FROM THE FLOOR – None.

7. SPECIAL BUSINESS

- A. ACCEPT DONATION (Resolution)

City Administrator Riley Grams stated the City has received the following donations:

Donor	Amount/Item	Designated Fund
Osseo Gun Club	\$ 50	Minidazzle
McGee Kugler Family Law LLC	\$ 50	Minidazzle
Abbey Carpet Northwest Inc.	\$ 200	Minidazzle
Ryan Company	\$ 50	Minidazzle
Affordable Sanitation Inc.	\$ 50	Minidazzle
Mark Lynde Enterprises Inc.	\$1,000	Gateway Sign
Harold E. & Gayle Johnson (in memory of Raymond Schlegel & Warren Wilken)	\$ 200	Beautification/ Flower Fund

Staff recommends the Council accept the donations.

A motion was made by Stelmach, seconded by Zelenak, to adopt Resolution No. 2017-68 accepting donations from the Osseo Gun Club, McGee Kugler Family Law, LLC, Abbey Carpet Northwest, Ryan Company, Affordable Sanitation, Mark Lynde Enterprises, and Harold E. & Gayle Johnson. The motion carried 5-0.

8. PUBLIC HEARINGS – None.

9. OLD BUSINESS – None.

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS OF NOVEMBER 13, 2017

Grams discussed the actions of the EDA. He noted the EDA approved accounts payable, approved paying off the Beautification Fund deficit for 2017, discussed the proposed 2018 EDA operating budget, and heard an update on the Osseo Comprehensive Plan.

A motion was made by Johnson, seconded by Stelmach, to confirm the EDA Actions of November 13, 2017. The motion carried 5-0.

B. RECEIVE FEASIBILITY REPORTS & ORDER IMPROVEMENT HEARING FOR 2018 STREET & ALLEY PROJECTS – Lee Gustafson, WSB & Associates

(1) STREET PROJECT (Resolution)

Lee Gustafson, WSB & Associates, stated the 2018 street reconstruction project consists of reconstructing portions of 4th Avenue NE, 4th Street NE, and 6th Avenue NE, including repairing or minimal reconstruction of the storm and sanitary sewer, and replacement of curb and gutter as needed. It was noted the existing roadway width will be maintained to the greatest extent possible, and minimal impacts will be made outside of the curb with the exception for impacts related to utility work, curb replacement, and sidewalk repair and installation.

Mr. Gustafson explained as part of the City's initiative to increase walkability around the City, sidewalk installation is being proposed for certain portions of 4th Avenue NE, and in front of one property on 4th Street NE. In determining the benefit of adding sidewalk with this project, these streets were evaluated for potential impacts, connectivity to existing walk, and overall benefit to adjacent properties. Based on this evaluation, new

sidewalk is proposed on 4th Avenue NE as noted within the feasibility report. He reviewed the proposed location for sidewalks in detail with the Council. He recommended sidewalks 11 and 12 be placed on the west side of the street.

Mr. Gustafson reported storm and sanitary sewer televising and geotechnical evaluation was performed as part of preparing the feasibility report. To help calculate pavement design and recommended utility repairs, sanitary pipes within the project area are proposed to be cleaned and lined as part of a separate maintenance project. Watermain valves and hydrants will be replaced or relocated as needed.

Mr. Gustafson stated a neighborhood open house for the proposed improvements was conducted on November 2, 2017, for affected property owners. Preliminary information was presented regarding the proposed improvements, funding, schedule, and impacts associated with the project. Comment cards were made available to attendees at the meeting; however, only one response was received prior to completing the feasibility report.

Mr. Gustafson commented the total project cost is estimated at \$624,000, and includes all proposed street, utility, sidewalk, and storm sewer improvements as well as all engineering, legal, financing, and administrative costs. The opinion of probable cost is based on projected construction costs for 2018 and includes a 10% contingency and 25% indirect costs. The indirect costs include engineering, legal, and administrative costs associated with the project. No right-of-way acquisition is expected as a part of this project.

Mr. Gustafson explained financing the 2018 Street Reconstruction Project will be based on the City's special assessment policy which calls for 50% of the proposed improvements to be specially assessed including all administrative costs. The remaining 50% and 100% of the storm and utility costs will be financed by the City through street and enterprise funds. The proposed assessment roll is included in the feasibility report, along with an assessment map highlighting the benefiting properties and the assessment calculations for benefiting property owners.

Stelmach requested staff investigate if a permit had been pulled for the retaining wall that was placed in the City right-of-way. Grams stated he would look into this and report back to the Council.

Johnson commented on a ramp along 4th Avenue NE and noted it was in very poor condition. Mr. Gustafson agreed and stated he did not think it would meet current ADA requirements. He provided the Council with an option if the ramp were to be removed, noting a boulevard could be provided along with a sidewalk.

Schulz indicated he did not support back to curb sidewalks. He believed the City was working too hard to save existing curb. He wanted to be assured all drainage issues and water concerns were being addressed for this project. He asked how long the City expected the new curb and gutter to last. Mr. Gustafson estimated the curb and gutter would last 70 years.

Stelmach stated he supported a five-foot sidewalk with a boulevard on the west side of the road for sidewalk 12.

Schulz agreed with this recommendation. Mr. Gustafson stated he could begin having conversations with the two property owners (ramp and retaining wall) on 4th Avenue NE.

Grams asked when the engineering firm would be communicating with property owners regarding tree loss. Mr. Gustafson explained this should be done as soon as possible.

Johnson questioned if there was grant funding available to assist with rebuilding the handicap ramp. Grams stated he was uncertain of any local or state funding.

Stelmach commented he would be interested to learn more about when the retaining wall was installed. Grams anticipated the retaining wall was installed sometime in the last three years.

Stelmach asked if the engineering firm would be addressing the drainage concerns. Mr. Gustafson explained the drainage issues would be addressed by his staff in the final design plans.

A motion was made by Johnson, seconded by Stelmach, to adopt Resolution No. 2017-69 receiving the feasibility report and calling for the improvement hearing for the 2018 Street Reconstruction Project, as amended per Council discussion. The motion carried 5-0.

(2) ALLEY PROJECT (Resolution)

Mr. Gustafson stated the 2018 alley project consists of reconstructing two alleys. He explained Alley #1 is between 5th and 6th Avenues NE from 4th Street NE to 93rd Avenue North, and was originally scheduled for reconstruction in 2017. Construction was postponed due to the high bids that were received this past spring. Reconstruction work also includes repairing or minimal reconstruction of the storm sewer. It is proposed to maintain the existing alley width and that all work will be within the existing alley right of way. A new 12-foot wide, 6-inch thick concrete pavement will replace the old bituminous pavement. Storm sewer televising and geotechnical evaluation was performed to help calculate pavement design and recommended storm sewer repairs.

Mr. Gustafson reported the total project cost for this alley is estimated at \$246,500 and includes all proposed surface and storm sewer improvements as well as all engineering, legal, financing, and administrative costs. Detailed cost estimates can be found in the attached feasibility report. The opinions of cost incorporate estimated 2018 construction costs and include a 10% contingency factor. Administrative costs are projected at 25% of the construction cost and include engineering, legal, financing, and administrative costs.

Mr. Gustafson indicated Alley #2 is between 2nd and 3rd Avenues NE from 4th Street NE to 93rd Avenue North. Work includes repairing or minimal reconstruction of the storm sewer. It is proposed to maintain the existing alley width and that all work will be within the existing alley right of way. A new 12-foot wide, 6-inch thick concrete pavement will replace the old bituminous pavement. Storm sewer televising and geotechnical evaluation was performed to help calculate pavement design and recommended storm sewer repairs.

Mr. Gustafson explained the total project cost for this alley is estimated at \$232,700 and includes all proposed surface and storm sewer improvements as well as all engineering, legal, financing, and administrative costs. Detailed cost estimates can be found in the attached feasibility report. The opinions of cost incorporate estimated 2018 construction costs and include a 10% contingency factor. Administrative costs are projected at 25% of the construction cost and include engineering, legal, financing, and administrative costs.

Mr. Gustafson commented financing the 2018 Alley Reconstruction Project will be based on the City's special assessment policy which calls for 80% of the proposed improvements to be specially assessed. The remaining 20% and 100% of the storm sewer costs will be financed by the City.

Assessments for this project were calculated by dividing 80% of the total cost of the project equally among adjoining residents. For alley #1 there are a total of 27 properties benefiting from the improvements equating to a cost of \$6,580 per parcel. For alley #2 there are a total of 28 properties benefiting from the improvements equating to a cost of \$5,970 per parcel. The proposed assessment roll for both alleys are included in their respective feasibility reports, along with an assessment map highlighting the benefiting properties and the assessment calculations for benefiting property owners.

Mr. Gustafson indicated the next step for this project is to hold an improvement hearing on December 11. Immediately following the improvement hearing, Council will consider authorizing the preparation of plans and specifications. A detailed schedule is included within each feasibility report. WSB is proposing to bid out both 2018 alley reconstruction projects with the 2018 street reconstruction project.

Stelmach asked if the alleys would have a catch basin. Mr. Gustafson reported each alley has a storm sewer catch basin. Further discussion ensued regarding how water flows on concrete alleys with the proper pitch.

Johnson thanked Mr. Gustafson for giving a thorough report at the recent neighborhood meeting and for addressing all of the questions and concerns raised by the neighbors.

Stelmach requested staff visit the ponding area in the alley between 2nd/3rd Avenues to ensure the site was properly draining.

Zelenak stated she would like to see the alley projects assessed together and not separately. Mr. Gustafson explained there were only so many people that benefited from an alleyway. For this reason, he recommended the alleys be assessed separately given the fact they were viewed more as a private drive.

A motion was made by Schulz, seconded by Johnson, to adopt Resolution No. 2017-70 receiving feasibility reports and calling for the improvement hearing for the 2018 Alley Reconstruction Project. The motion carried 5-0.

C. APPROVE OSSEO COMPENSATION STUDY AND JOB DESCRIPTION
FINAL REPORT – Julie Urell, Springsted

Grams commented the City of Osseo retained Springsted to conduct a classification compensation study for all City positions in March 2017. The study represents a comprehensive review of the components that affect the City's organization structure, including an update of the City's compensation structure, the City's pay philosophy, regional market competitiveness of City salaries, the internal equity of salaries paid to comparable City positions, fringe benefits, and ongoing maintenance and administration of the compensation system. A classification and compensation system provide a framework for determining how employees will be paid. As a general rule, most organizations conduct classification and compensation studies every five to seven years to ensure their ability to hire and retain qualified employees and to maintain equitable internal pay relationships. Conducting a classification and compensation study also

involves a review of market salaries for similar positions found in comparable organizations. The resulting analysis of data obtained from the market salary survey and job evaluations provides the basis for a revised salary schedule.

Grams stated the purpose of this study is to ensure that the City's compensation plan is adequate to attract new employees and retain existing employees. If compensation levels fall below market, the organization will experience difficulty hiring people and increased employee turnover as employees seek jobs with other organizations that will pay market rates for their skills.

Julie Urell, Assistant Vice President and Consultant with Springsted, discussed the end results from the compensation study noting she developed new and updated position descriptions for every position in the City. These will be used for future job postings and also to alert current staff members of their updated duties. Additionally, a new and updated pay schedule was developed by Springsted, using the data collected during the study. Ms. Urell provided further comment on the objectives and methodology used to complete the Compensation Study. She reviewed her recommendations in depth with the Council noting four employees were currently below the recommend pay scale.

Grams reported the City plans to implement the new pay grade for each of the employees beginning in 2018. Each position will be moved to its new pay grade, and placed on the appropriate step within that pay grade based on years of service. The proposed changes have been reviewed by the Council Human Resources Committee and any recommendations have been updated within the study. The changes to the employee pay grades will have an effect on the City's 2018 budget. However, that funding was included in the preliminary budget to cover any potential salary changes. The changes in the proposed staff salaries, as a result of this study, is lower than what was budgeted for in the preliminary budget.

Zelenak asked if the 17-18% below average pay was for one employee or all employees. Ms. Urell stated this percentage was across all employees.

Schulz questioned if the cross comparison cities were a fair benchmark. Ms. Urell indicated the selected cities were both larger and smaller than Osseo and provided fair market values for the positions in the City.

Schulz understood Osseo employees were asked to do more than larger city staff members given the fact Osseo had fewer staff members.

Johnson requested further information on the grade and step program. Ms. Urell discussed the grade and step system in detail. She noted step increases are only made when employee performance is deemed satisfactory.

Johnson asked if a cost-of-living-adjustment was added to pay raises in addition to grades and steps. Ms. Urell stated in order to keep up with the pace of market increases this was the case.

Johnson inquired if Ms. Urell completed any analysis on the police department. Ms. Urell indicated she had completed this work.

Schulz requested further information on how the police department pay was analyzed. Ms. Urell explained the part-time officers were calculated out and compared to full-time officers. She stated police officer pay is becoming more competitive.

A motion was made by Schulz, seconded by Stelmach, to approve the Osseo Compensation Study and Position Descriptions Final Report.

Schulz stated the Council has discussed moving away from the grade and step program to an open range pay system. He suggested the Council address this issue further at a future work session.

The motion carried 5-0.

D. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

Johnson recommended the Council not pay the Kennedy & Graven expense as this was an EDA debt.

Schulz asked if staff has had any change orders for the street project. Grams explained there have not been any change orders and noted all change orders would have to receive Council approval.

A motion was made by Johnson, seconded by Schulz, to approve the Accounts Payable as amended, moving the Kennedy & Graven expense to the EDA. The motion carried 5-0.

E. CONSIDER STATUTORY TORT LIMITS FOR CITY'S LIABILITY COVERAGE

Johnson stated he removed this item from the Consent Agenda because this item has always been considered as a separate vote. City Attorney Tietjen provided further comment on the proposed tort liability limits for the City.

A motion was made by Johnson, seconded by Stelmach, to approve the Statutory Tort Limits for the City's Liability Coverage. The motion carried 5-0.

11. ADMINISTRATOR REPORT

Grams reported the City's ISO rating for 2018 went from a 5 to a 4, which was good news for Osseo. He thanked the Fire Department for its great service to the community.

12. COUNCIL AND ATTORNEY REPORTS

City Planner Nancy Abts invited the Council to attend a public hearing and open house on the draft Comprehensive Plan on Monday, November 20.

Zelenak thanked everyone who assisted with hanging lights on the trees downtown on Saturday, November 11.

Johnson explained he called his insurance company regarding the adjusted ISO rating and noted he would need a statement from the City in order to assist with reducing his insurance rates.

Johnson stated he appreciated all of the individuals that helped with hanging lights on Saturday. He anticipated some of the trees along Central Avenue would have to be trimmed in 2018.

Poppe reported City Hall would be closed on November 23-24 for the Thanksgiving holiday.

13. ADJOURNMENT

A motion was made by Schulz, seconded by Stelmach, to adjourn the City Council meeting at 8:53 p.m. The motion carried 5-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.