

REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, November 22, 2010

CALL TO ORDER. Following due call and notice thereof, Mayor Burns called the meeting to order at 6:00 p.m. in the Council Room, City Hall.

ROLL CALL. Members present: Mayor Robert H. Burns; Council Members: Robert Lemke, Tom Murphy, Randi Vick and Paul Fisch. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, City Accountant Stephanie Mann and Administrative Coordinator Mike Gerardy. Visitors present: Argus Reporter Charlie Warner and Matt Blocker.

AGENDA APPROVAL. The following items were added to the agenda for discussion: Fence Settlement Offer and Recap of Fair Board Meeting. A motion was made by Mayor Burns, seconded by Member Vick to approve the agenda with the addition of the above-mentioned items. All those present voted in favor and the motion was declared carried.

A. MINUTES OF PAST MEETINGS. A motion was made by Member Fisch, seconded by Member Lemke to approve the Regular City Council Minutes of November 8, 2010. Voting in Favor: Member Fisch, Member Lemke, Member Vick, and Member Murphy. Voting Against: None. Abstaining: Mayor Burns. The motion was declared carried.

B. APPLICATION FOR EXEMPT PERMIT: KNIGHTS OF COLUMBUS COUNCIL. A motion was made by Member Fisch, seconded by Member Lemke to approve an exempt permit for the Knights of Columbus Council on March 7, 2011. All members present voted in favor and the motion was declared carried.

C. APPLICATION FOR EXEMPT PERMIT: ABILITY BUILDING CENTER. A motion was made by Member Fisch, seconded by Member Lemke to approve an exempt permit for the Ability Building Center on April 16, 2011. All members present voted in favor and the motion was declared carried.

D. APPLICATION FOR EXEMPT PERMIT: CALEDONIA FOUNDERS. A motion was made by Member Fisch, seconded by Member Lemke to approve an exempt permit for the Caledonia Founders on January 21, 2011. All members present voted in favor and the motion was declared carried.

VISITORS AND COMMUNICATIONS.

A. JANE SCHILTZ, SEMDC BUSINESS DEVELOPMENT SPECIALIST: ADOPTION OF HOUSTON COUNTY EDA TAX ABATEMENT POLICY. Jane Schiltz, South Eastern Minnesota Development Corporation (SEMDC) Business Development Specialist, was present to request the Council's consideration in adopting Houston County's Tax Abatement Policy as the City's policy. It was noted that the Caledonia Economic Development Authority reviewed the Houston County's Economic Development Authority Tax Abatement Policy and recommended that the City Council adopt the policy. Mayor Burns asked if the City and County should work together to review financial statements to eliminate duplication. Schiltz agreed with Mayor Burns and stated that it would be a good idea to work together when reviewing financial statements. Member Murphy inquired as to the definition of "area" when referring to the extent that the use of tax abatements would create an unfair and significant financial advantage over an existing project in the area. Discussion ensued. The consensus was to expand the definition to include all those properties with a Caledonia mailing address. A motion was made by Mayor

Burns, seconded by Member Murphy to approve the Tax Abatement Policy, contingent upon the City Attorney's review and approval of the expanded definition of "area". All members present voted in favor and the motion was declared carried.

B. CITY ACCOUNTANT TOPICS.

1. **CASH AND INVESTMENT REPORT.** City Accountant Stephanie Mann was in attendance to report that as of October 31, 2010, the total cash balance was \$581,446.28 and the total investment balance was \$2,902,900. Discussion ensued.

2. **BUDGET WORKSHEET.** City Accountant Mann reviewed the budget worksheet which showed the line item detail of revenues and expenditures through October 31, 2010. Discussion ensued.

3. **MISCELLANEOUS ITEMS DISCUSSED.** Member Murphy requested that a water rate increase be visited. The consensus of the Council was to have Mann bring various water rate increase scenarios to the upcoming meeting for review and possible adoption. Discussion also took place concerning meter change-outs. Mann noted that she and Utility Billing Clerk Joyce Guillame would like to run an ad in the paper to notify residents about running toilets. Mayor Burns stated that an ad should be run that covers at least 1/6 of a page. Feely will work on putting together a public service notice about running toilets.

C. ADMINISTRATIVE COORDINATOR TOPICS.

1. **Mn/DOT MEETING RECAP.** Administrative Coordinator Mike Gerardy shared with the City Council that he and City Clerk/Administrator Feely attended a MnDOT District 6 meeting in Rochester. Discussion ensued regarding the upcoming Municipal Agreement Solicitation Program. Member Fisch inquired about the Warrior Avenue extension. Gerardy noted that the Warrior Extension will not happen in 2011 as the County Board does not want to do construction. Member Fisch then inquired as to Legacy Amendment funds available for trails. Feely stated that she would contact Representative Greg Davids to find out if there were funds available and, if so, what the process entailed to apply for such funding.

2. **SOUTH STREET UPDATE.** Administrative Coordinator Gerardy noted that it cost \$250.00 to televise a section of South Street. The televising showed that there was no collapse but rather a cave-in which will be fixed with a flowable fill.

3. **SKID LOADER.** Administrative Coordinator Gerardy asked the Council if they would like to buy a skid loader locally as there are two local dealers in Caledonia and if they were interested in making this purchase in 2010. Gerardy noted the reason to purchase a larger loader is to have the capability to haul transformers. Member Murphy inquired as to how many transformers are moved a year. Matt Blocker replied about four. Mayor Burns stated that the Street Department should reimburse the Light Fund when it is used for Street Department purposes. Gerardy stated that the skid loader would be used as follows: 60% Street Department and 40% Light Department. The consensus was for Gerardy to bring pricing to the December meeting.

4. **CITY VAN.** Mayor Burns asked how many departments are using the Light Department van. The consensus was for each department to be charged for fuel used and City Clerk/Administrator Feely will put together a check-out sheet to monitor department usage and odometer readings.

5. **FENCE SETTLEMENT OFFER.** Administrative Coordinator Gerardy shared that a letter was received from Frontier Adjusters regarding a fence settlement offer for damage

sustained to the City fence behind the Waste Water Treatment Plant. The estimate to repair the fence came in at \$912.00, however, Frontier Adjusters offered only \$638.40. Frontier Adjusters cited depreciation as the basis for offering a settlement offer less than that of the actual cost to repair. The consensus was for Clerk/Administrator Feely to contact Frontier Adjusters and inform them that the City Council does not wish to settle for any amount less than the actual cost to repair the fence. Member Murphy directed City Clerk/Administrator Feely to contact the City's Insurance Agent Tom Danielson to find out if insurance companies generally factor in depreciation when paying out claims.

6. CHRISTMAS LIGHTING. Administrative Coordinator Gerardy stated that Janitor Myron Kinneberg inquired as to whether the City Council wished to put lights up on the Auditorium given the budget situation. The consensus was to light up the Auditorium and put lights on Main Street. Gerardy noted that the lights are on a timer from 5:00 p.m. until 10:00 p.m. each night during the holiday season.

D. COMMUNICATIONS.

1. A letter from Mediacom was enclosed with the agenda to notify the City of upcoming channel additions.

2. A letter from the League of Minnesota Cities Insurance Trust was enclosed with the agenda to notify cities of 2010-11 rates and dividends. Discussion ensued. Member Vick inquired as to what comprised the land use litigation claims as land use litigation was noted as the biggest single element of liability loss costs. City Clerk/Administrator Feely stated that the land use litigation likely deals with zoning disputes but will look into this and report back at the upcoming meeting.

3. A letter from the League of Minnesota Cities Insurance Trust was enclosed with the agenda to notify cities of 2010-11 Coverage Changes. Discussion ensued. The consensus was for City Clerk/Administrator Feely to contact the City's Insurance Agent Tom Danielson to find out how much theft coverage the City has at City Hall and the Liquor Store.

OLD BUSINESS. None.

NEW BUSINESS.

A. ACCEPT RESIGNATION AND AUTHORIZE COMMENCEMENT OF HIRING PROCESS FOR A NEW PART-TIME LIQUOR STORE CLERK. Enclosed with the agenda was a letter of resignation from Part-Time Liquor Store Clerk Lisa Fultz, effective November 13, 2010. City Clerk/Administrator Feely shared that in an effort to ensure that all applicable state and federal laws are adhered to and that non-discriminatory practices are implemented, a hiring schedule was put together for the Council's review and approval. A motion was made by Mayor Burns, seconded by Member Fisch to accept the resignation of Lisa Fultz. All members present voted in favor and the motion was declared carried. A motion was then made by Member Vick, seconded by Member Fisch to authorize the hiring process to commence. All members present voted in favor and the motion was declared carried.

B. CERTIFICATION OF DELINQUENT UTILITY CHARGES. City Clerk/Administrator Feely shared that municipal water utilities in statutory cities can certify unpaid water and sewer charges to the county auditor for collection with taxes. The outstanding debt then becomes a lien, or charge, against the property, collected with property taxes. Absent any specific statutory authority to do so, Feely stated that she did not think that delinquent electric charges could be certified as a lien against the property owner. Mayor Burns questioned why water and sewer charges could be certified but electric charges could not. It was noted that it appears the law is unsettled on this matter but that more research would be done and a report would be made at the upcoming meeting. Feely went on to note that the City has never shut off water services for non-

payment or certified delinquent water and sewer charges to the county auditor to be collected with taxes. The following reasons were provided as to why certifying delinquent water and sewer charges may be advantageous to the City: concerns about shutting off water services in the cold weather (MN Cold Weather Rule) are eliminated; a municipal utility is protected if the property with the delinquent utility charges is sold after the delinquent charges are certified; confusion is alleviated when joint owners of property disagree as to who is responsible for utility charges; the unpaid charges simply attach to the property and must be paid as property taxes are paid; certified delinquent charges take priority over other unsecured creditors if a consumer later files for bankruptcy; certification prevents large bills carrying over from year to year; once delinquent bills are certified, staff time spent trying to collect payment is eliminated; certified charges survive the tax forfeiture process and eventually the city will receive payment. It was noted that not all sewer and water charges can be certified. For example, if a property is sold before the charges are certified to the county auditor, the charges cannot be certified against the new owner. In addition, it was noted that delinquent charges cannot be certified after a customer files for bankruptcy. Feely then went on to explain that Minnesota law requires that municipal utilities provide customers with due process, which entails providing notice and the opportunity to protest charges. Feely stated that since the City has never sent notice to property owners, notifying them that delinquent charges incurred by their tenants would be attached to property owners' tax roll, it would be difficult to collect delinquent charges. Feely went on to state that if Council wished to hold landlords or property owners responsible for tenants' delinquent bills, then a notice of delinquent charges would have to be sent to both the landlord or property owner and tenant, notifying them of the process. It was noted that the City currently has approximately \$11,000 in delinquent water, sewer, garbage and recycling charges and an additional \$35,000 in delinquent electric charges. It was further noted that in the past, the City has written off delinquent utility charges. Mayor Burns stated that the same would apply for charges incurred through 2010. The consensus of the Council was that beginning January 1, 2011, all delinquent charges will be certified to the county auditor for collection with taxes each November hereafter. Mayor Burns suggested the City hold a public hearing in which all residents and property owners would be able to attend and ask questions. Feely noted that she will research whether electric charges can be certified to be collected with taxes and report back at the upcoming meeting.

C. 2011 SEMDC CONTRACT AND 2010 STAFF PERFORMANCE APPRAISAL FORM. Attached with the agenda was the 2011 SEMDC contract for Economic Development Support Services and a 2010 Staff Performance Appraisal form. The consensus of the Council was for City Clerk/Administrator Feely to contact Ron Ziegler with SEMDC to find out what options are available with respect to reducing the economic development support staff's hours at City Hall. It was noted that the support staff is currently at City Hall two days a week for a total of 16 hours. The cost for SEMDC support services is \$35,110 for 2011. Feely will contact Ziegler and report back to the Council at the upcoming meeting. Council will fill out the attached support staff performance appraisal form. No action was taken.

D. SUMMARY ORDINANCE PUBLICATION. City Clerk/Administrator Feely shared that a motion was made and passed at the November 8, 2010 City Council meeting to approve the new Sewer Use and User Charge Ordinance. Feely went on to note that statutory cities are required to publish all ordinances in order for them to take effect. Due to the lengthy nature of the ordinance, Feely requested that Council consider approving publication of a summary ordinance as publishing the ordinance in its entirety would be cost prohibitive. A motion was made by Mayor Burns, seconded by Member Lemke to publish a summary ordinance in the December 1 edition of the Caledonia Argus. All members present voted in favor and the motion was declared carried.

E. **TEMPORARY 3.2 MALT LIQUOR LICENSE.** City Clerk/Administrator Feely shared that Chelsey Lager, a representative of the Caledonia Founders, Inc., submitted an application for a Temporary 3.2 Malt Liquor License. The license was for the Smelt Fry Fundraiser to be held on Friday, January 21, 2011 at the St. Mary's Catholic School Gym in Caledonia. A motion was made by Mayor Burns, seconded by Member Vick to approve granting the Caledonia Founders, Inc. a temporary 3.2 malt liquor license for January 21, 2011 at the St. Mary's Catholic School Gym, contingent upon providing proof of liquor liability insurance. All members present voted in favor and the motion was declared carried.

CLERK'S REPORT.

A. **EMPLOYEE TIME RECORD.** Enclosed with the agenda was the Employee Time Record for Nov. 1, 2010-Nov. 14, 2010. Member Vick inquired as to whether an employee is capped at how many times they can be compensated for being called out multiple times in a short time-frame when being paid overtime and call-time. The consensus was to review association agreement language and discuss at the upcoming meeting. The concern was that double-dipping was occurring.

B. **ONE-PAGE Q&A NEWSLETTER FOR SEWER RATE INCREASE.** City Clerk/Administrator Feely presented Council with a one-page sewer newsletter in an effort to promote public awareness as to the new rate increase. The consensus was to put the newsletter on the website and distribute copies at City Hall.

C. **PERSONNEL POLICY DEVELOPMENT.** City Clerk/Administrator Feely shared that a draft personnel policy would be included in an upcoming council packet for review shortly.

MISCELLANEOUS ITEMS.

A. **RECAP OF HOUSTON COUNTY FAIR BOARD MEETING.** Member Vick stated that she and City Clerk/Administrator Feely recently attended a Houston County Fair Board meeting to request the Board's consideration in scheduling a meeting next spring, before the 2011 temporary liquor license is granted, to review the City's terms to be included on the license so as to avoid having beer leaving the licensed premises. Vick and Feely noted that the meeting went well.

B. **UTILITY BILLING LETTER.** Mayor Burns reviewed a complaint, addressed to the City Council, regarding a utility bill. Burns directed City Clerk/Administrator Feely to coordinate a meeting with the utility customer to discuss the customer's concerns and, if necessary, schedule a meeting after that with Council representatives and the utility customer.

ADJOURNMENT. A motion to adjourn was made by Mayor Burns, seconded by Member Fisch at 9:45 p.m. All members present voted in favor and the motion was declared carried. The next regularly scheduled meeting of the City Council is scheduled for Monday, December 13, 2010 at 6:00 p.m. in the Council Room, City Hall.

Robert H. Burns
Mayor

Jennifer Feely
City Clerk/Administrator

SPECIAL MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Thursday, December 9, 2010

CALL TO ORDER. Following due call and notice thereof, Mayor Burns called the special meeting to order at 6:00 p.m. in the Council Room, City Hall.

ROLL CALL. Members present: Mayor Robert H. Burns; Council Members: Randi Vick, Robert Lemke, Paul Fisch, and Tom Murphy. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, Administrative Coordinator Mike Gerardy and City Accountant Stephanie Mann. Visitors present: None.

BUSINESS ITEMS.

A. UTILITY BILL COMPLAINT. Brian Mowers was present to discuss his concerns with his utility bill. Discussion ensued. The consensus of the Council was to take the matter under advisement and review at the upcoming meeting.

B. RECAP OF STATE BUDGET FORECAST. City Clerk/Administrator Feely played portions of a League of Minnesota Cities webinar concerning the November, 2010, state budget forecast. Discussion ensued amongst the Council regarding implications for cities in 2011 and beyond.

C. 2011 BUDGET REVIEW. City Accountant Mann provided an overview of the 2011 budget and highlighted the changes made at the last budget review. A lengthy discussion ensued regarding the items included on the Capital Equipment and Project List. Mayor Burns noted that the City should not put off addressing the window situation in the Library as there is currently frost accumulating on the inside of each window. Member Murphy inquired about natural gas rebates. Member Fisch inquired as to the condition of the insulation at City Hall. Discussion ensued regarding possibly purchasing a used plow truck versus buying a brand new one. Administrative Coordinator Gerardy shared that a new plow truck would cost around \$140,000 whereas a used truck would cost approximately \$40,000. The consensus was for Gerardy to look at the used plow truck and report back to Council at an upcoming meeting. By either eliminating items, classifying items into a CIP or lumping items into a certificate of indebtedness, the Council managed to reduce the capital equipment total from \$328, 600 to \$22, 100, thereby resulting in a temporary surplus of \$18,010 in comparison to projected revenues. Council then discussed adopting a final budget at the upcoming meeting with a 6% levy increase over the 2010 levy. It was noted that the Truth-In-Taxation hearing will take place on Monday, December 13, 2010 at 6:05 p.m. No action was taken.

D. SEWER FUND DISCUSSION. City Clerk/Administrator Feely reviewed options available, as provided by the City's Auditors, Tostrud and Temp, to resolve the Sewer Fund's ongoing deficit and also distributed a handout from Auditor Mike Temp regarding restricted net assets. After reviewing the handout, Mayor Burns noted that the City would likely have to adopt an ordinance including language to restrict net assets in order to set aside funds for replacement items. Burns directed Feely to contact Temp to obtain additional information and report back at the upcoming meeting. No action was taken.

ADJOURNMENT. A motion to adjourn was made at 9:05 p.m. by Member Vick, seconded by Mayor Burns. All members voted in favor and the motion was declared carried. The next regularly scheduled meeting of the City Council is scheduled for Monday, December 13, 2010 at 6:00 p.m. in the Council Room, City Hall.

Robert H. Burns
Mayor

Jennifer Feely
City Clerk/Administrator