REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, January 14, 2008

CALL TO ORDER: Following due call and notice thereof, Mayor Morey called the meeting to order at 7:00 p.m. in the Council Room, City Hall.

ROLL CALL: Members present: Mayor Michael J. Morey; Council Members: Paul Fisch, Randi Vick, Gary Klug and Robert Standish. Members absent: None. Consultants and City staff present: Mike Gerardy, Tom Nigon, Bob Lemke, Michelle Vrieze and Robert L. Nelson. Visitors present: Curt Steffen and Charlie Warner, Reporter.

CONSENT AGENDA: While discussing the consent agenda paragraphs, Member Klug noted that for minutes of past meetings, under the meeting of December 10, 2007, paragraph B under Clerk's Report had a typographical error of $306.56 in the third line. The correct amount should be $316.56. Member Klug also commented that for the meeting held January 3, 2008, when consideration was being given to issuing a letter of reprimand to Police Chief Shefelbine that during the latter part of the meeting Chief Shefelbine acknowledged that only the Council had authority only to create the sergeants position and promote an officer to that position. Clerk Nelson stated his understanding of the events such that Chief Shefelbine may have acknowledged the council had greater authority to overrule his action and vacate the sergeants position, but that Chief Shefelbine held to his belief that he had (at the time he took the action) authority to create the sergeants position and promote an officer to it, based upon the seventh bulleted item of the essential functions in his job description. Following these discussions, a motion was made by Member Klug, seconded by Member Standish, to approve the Consent Agenda with the changes recommended for the minutes of past meetings. Members voting in favor: Morey, Vick, Klug and Standish. Opposed: None. Abstaining: Fisch. The motion was declared carried.

A. MINUTES OF PAST MEETINGS: To approve the minutes of the Regular Meeting held Monday, December 10, 2007, the Special Meeting held Monday, December 17, 2007, and Special Meeting held Thursday, January 3, 2008, as presented, with the exception of the correct dollar amount referenced in the paragraph above and the comment concerning interpretation or understanding of Chief Shefelbine's position during the January 3 meeting.

B. SECURITY DEPOSIT INTEREST: To prescribe the interest required by Minnesota Statute 325E.02 (b) which is 3.3% for 2008. Acknowledgment is made of the recent year's interest rates being: 2007 – 5%, 2006 – 4.4%, 2005 – 2.5%.

C. PASS THROUGH CONTRIBUTION: To accept a contribution from the Caledonia Fire Relief Association Gambling Account in the amount of $500 to be passed on to the Care and Share Program.

D. MINNESOTA LAWFUL GAMBLING: To approve an Application for Exempt Permit, submitted by Knights of Columbus Council 1198, proposing to conduct a gambling event at the Caledonia High School, 825 North Warrior Avenue, on March 15, 2008, for a raffle, including waiver of the waiting period.

E. WORKSHOP: To authorize Roger Schmitz and Clerk Nelson to attend a Conservation Improvement Seminar for Municipal and Rural Cooperative Utilities to be held at Rochester International Event Center on January 17. No registration fee.

F. CALEDONIA AREA CHAMBER OF COMMERCE: To contribute $675 to the area Chamber of Commerce for the purpose of tourism advertisement.

G. AMBULANCE ATTENDANT: To appoint Nathan Speltz as an Ambulance Attendant for the Caledonia Ambulance Department.

H. 2008 METER SCHOOL: To authorize Matt Blocker and Tim Evans to attend a 2008 Meter School at the MMUA Training Center in Marshall, MN, from February 19 – 21, authorizing also accommodations in a hotel and reimbursement of expenses including mileage for a personal vehicle.

I. MMUA WINTER SCHOOL: To authorize Matt Blocker to attend the MMUA Winter School to be held January 15 – 17, 2008, at the MMUA Training Center at Marshall. Registration Fee is $400 and expenses will include hotel stays, reimbursement of miscellaneous expense such as meals and in the event a private vehicle is used, mileage reimbursement.

J. BEER LICENSE: To approve a 1 day Beer License for January 15, 2008, for Caledonia Founder's Days to conduct on-sale of 3.2 malt liquor at the City of Caledonia Auditorium.

K. AUTHORIZING RESOLUTION: To approve a Resolution to enable Officer Allan Johnson to sign an application for a grant on behalf of the City of Caledonia. Member Fisch commented that while the City Council certainly appreciates employees devoting the time to write grant applications and obtain additional revenues for the City, all departments should receive council approval for writing a grant in advance of performing the task.

VISITORS AND COMMUNICATIONS

A. ELECTRIC DEPARTMENT IMPROVEMENT BIDS: Tom Nigon, PE, PowerPlus Engineering, presented the 2 bids received to the City Council with the low bid from Great Lakes Line Builders being in the amount of $179,763.20. The other bid from Karian/Peterson Power Line Contractors was in the amount of $318,962. Mr. Nigon reported that the low bid was very near the engineers estimate for the prescribed work. The engineers estimate was $180,994. He informed the Council that there are 5 projects in the 4 year plan, earlier presented to the City and this work encompasses 3 of those 5 projects. Following discussion and the engineers' recommendation, a motion was made by Member Klug, seconded by Member Fisch, to accept the low bid in the amount of $179,763.20 from Great Lakes Line Builders. All members voted in favor and the motion was declared carried.

B. FIRE RELIEF ASSOCIATION: Mr. Lemke informed the Council that the fiscal year for gambling runs from the 1st of July through June 30th. Activity from July 2005 through June 30, 2006, saw a gross of $136,427 with prizes being given in the amount of $105,637. That left a gross profit of $30,790 less $17,138 in expense for a net profit of $13,652. For the year running from July 2006 through June 2007, the gross revenue was $130,921 with prizes of $105,266. With $10,706 in expense there was a net profit remainder of $12,468. Mr. Lemke said they do intend to put a box in the "Back 40".

C. ADMINISTRATIVE COORDINATOR

1. CONTRACTORS ESTIMATE: Mr. Gerardy briefly reviewed the billing from Colsch Building Specialists for work performed on the electric department garage, commenting that payment had already been made but the bill had not been individually presented to the Council. This bill was in the amount of $23,549.42, and Mr. Gerardy indicated to the Council that the approximate cost of the building is now up to $306,000.

2. STREET DEPARTMENT EQUIPMENT: Mr. Gerardy reviewed the offer on a new street sweeper which was outside the City Hall Building since 6:00 p.m., offering council members the opportunity to inspect it. A proposal from McQueen Equipment Company showed the full retail value at $147,149 which is the State of Minnesota bid price. McQueen Equipment, however, was offering an additional $18,165 discount as well as an offer of $7,500 trade-in value on the city's current street sweeper, a 1982 or 1983 model. That reduces the cost to $121,484. Mr. Gerardy and the salesman from McQueen Equipment Company informed the Council there are only 2 or 3 of these machines remaining. After they are sold the new model will cost approximately $34,000 more. Following discussion, a motion was made by Mayor Morey, seconded by Member Fisch, to purchase the street sweeper and trade-in the 1983 model presently owned by the City. Further, to purchase this equipment with the $12,500 budgeted in the general fund for calendar year 2008 and to pay the remainder with a loan from the electric department to the general fund. All members voted in favor and the motion was declared carried.

3. STREET DEPARTMENT EQUIPMENT: Mr. Gerardy provided certain information to the Council concerning the proposed purchase of a truck chassis for the currently owned water tank which would be removed from the existing vehicle and installed on the new chassis. Mr. Gerardy informed the Council that the fire department claims they no longer wish to consider that vehicle usable for the fire department since the tank is not baffled in the manner prescribed for a fire vehicle. The fire department has concerns of safety for using the vehicle assembled locally. Following brief discussion, the Council tabled the issue by general consensus.

4. NEW CITY HALL HEATING SYSTEM: Mr. Gerardy reports that the new heating system is up and running and the City Hall is now heated separately from

the City Auditorium heating system. That is not the case for the fire barn which is still heated with steam coming from the auditorium boilers. Mr. Gerardy said the asbestos removal work still needs to be done for the estimated amount of $1,300.

5. TRI-COUNTY ENERGY AUDIT: Mr. Gerardy informed the Council that Tri-County agrees to audit 4 buildings downtown including the Liquor Store if the City wishes to have an energy audit accomplished. Mr. Gerardy said the cost of replacing the lighting fixtures would be approximately $10,000 if done for the City Hall and City Auditorium. Replacing ballasts requires an electrician and cannot be done by the City Custodian. Mr. Gerardy described the costs of new 8' bulbs and 4' bulbs, remarking that it may be less expensive or not much more expensive to replace the current fixtures instead of all the parts necessary to operate the energy efficient fluorescent bulbs. If the lighting systems were replaced or upgraded to the energy efficient bulbs, Tri-County Electric would offer a $6.50 rebate per ballasts.

6. TREE PROGRAM: Mr. Gerardy asked the Council if the City could re-establish a Shade Tree Program which had not operated now for 2 or 3 years. In the past, the City ordered 100's of trees per year from a nursery in Iowa for residents who were encouraged to plant the trees on the east or west side of their dwelling to achieve a greater energy efficiency for reduction of air conditioning in the summer time. Following discussion, a motion was made by Member Fisch, seconded by Member Standish, to authority up to $5,000 per year for the tree program. All members voted in favor and the motion was declared carried.

7. REQUEST TO PURCHASE TOOLS: Mr. Gerardy informed the Council the Electric Department would appreciate purchasing a set of its own tools and suggested the cost may be in a range from $1,500 to $2,000. Following discussion, a motion was made by Member Fisch, seconded by Mayor Morey, to authorize the Electric Department to purchase tools for a price not to exceed $2,000. All members voted in favor and the motion was declared carried.

C. SMALL CITIES DEVELOPMENT PROGRAM: Michelle Vrieze, Southeastern Minnesota Development Corporation, explained the proposed Small City Grant Application process to the Council, saying that over a 1,000 surveys were sent out in the City of Caledonia and lesser amounts were sent out in the cities of Spring Grove and Houston. Residents responded to those surveys, suggesting a need for the types of home or commercial business improvements, permitted by the offered state program. While the plan called for upgrading 10 homes and 10 commercial businesses in Caledonia, Spring Grove and Houston would plan to upgrade 5 homes and 5 commercial businesses. She explained that each housing project was estimated to cost $24,000 and each commercial project $26,100. She informed the Council that, should the city choose to take part in the grant application, there would be a fee of $2,500. Following discussion, a motion was made by Member Fisch, seconded by Member Vick, to approve the drafting of the Small Cities Development Program Grant for a fee of $2,500. All members voted in favor and the motion was declared carried.

D. COMMUNICATIONS
1. The Wheel, January 2008.

CLAIMS
A. PREPAID CLAIMS: Following review, discussion and deliberation, a motion was made by Member Fisch, seconded by Member Vick, to approve the Prepaid Claims list for December 2007. All members voted in favor and the motion was declared carried.

Bank of the West	Federal/FICA/Medicare	8,481.50
Houston County Treasurer	Houston County Collection Site	3,330.00
Principal Life	Life/Ad&d/STD	578.80
Southeast Consultants, Inc.	EDA Services	8,356.00
US Postal Service	2008 Annual Permit 45	350.00
Business Financial Planning	Cafeteria Plan	544.98
Caledonia Police Association	PD Association Dues	60.00
Commissioner of Revenue	State Withholding	1,481.25
Orchard Trust Company, LLC	TSA	1,480.00
Public Emp. Retirement Assn.	PERA	6,065.00
Schott Distributing Co., Inc.	Beer	6,420.35
Spring Grove Soda Pop, Inc.	Beer & Soft Drinks	31.50
Blue Cross Blue Shield of MN	Health Insurance	20,223.00

Houston County Recorder	Notary Fee – Jessica Kruse	100.00
Jack Neumann Trucking	Liquor – Freight Expense	126.00
Johnson Brothers Liquor Co.	Liquor / Wine	2,817.62
Merchants Bank	ACH Fee January 2008	20.57
Phillips Wine & Spirits Co.	Liquor / Wine	1,534.28
US Bank NA	GO Improvement Refunding Bond	80,088.75
Ziebell's Hiawatha Foods, Inc.	Liquor – Mix	150.01
Griggs, Cooper and Co.	Liquor / Wine	3,299.34
Northern Beverage Distribution	Beer	1,156.80
Paustis & Sons Wine Company	Wine / Beer	388.00
Schott Distributing Co, Inc.	Beer	3,005.45
Spring Grove Soda Pop, Inc.	Beer & Soft Drinks	320.25
		$ 315,709.45

B. CLAIMS PAYABLE: Clerk Nelson asked to add a bill from Dave Geske, Lacrosse County Vector Control, for the inspection, testing and capturing of the mosquitoes within the City of Caledonia, particularly those with the Lacrosse Encephalitis and West Nile Virus, the bill for the work performed during the summer of 2007 was $1,995. Where there was no further discussion, a motion was made by Member Klug, seconded by Member Vick, to approve the claims payable for December 2007 including the bill from Dave Geske. All members voted in favor and the motion was declared carried.

A-1 Vacuum Sales & Service	City Hall – VAC Parts	16.98
Ace Communications Group	New Electric Shop – Install Jacks	93.17
Affordable Technology Solution	Technician Services / Office Supplies	559.77
Airgas North Central	Oxygen / Acetylene	73.63
Alco Discount Store #273	Battery Charger/Office Supplies	190.39
Artic Glacier Inc.	ICE	15.35
Baker & Taylor Books	Library Books	622.68
Banyon Data Systems	Utility Billing Support	780.01
Bonanza Grain, Inc.	Crushed Rock	330.68
Caledonia Haulers, Inc.	Plow Truck Clutch Repair	111.47
Caledonia Implement	Miscellaneous Equipment / Parts	264.90
Caledonia Lumber Co., Inc.	Repair Materials	52.25
Caledonia Oil Company	Unleaded	1,627.91
Caledonia Veterinary Service	Animal Control Supplies	18.96
Carquest Auto Parts	Street Equipment – winter blades	21.18
Civic Systems, LLC	Semi-Annual Support	2,215.00
Clarey's Safety Equipment, Inc.	Gear Wash (Flood)	262.06
Crystal Canyon Inc.	Drinking Water	32.43
Curt & Candy's Hardware Hank	Miscellaneous Items	246.99
DALCO	Cleaning Supplies	740.18
Davy Engineering Co.	Planning and Zoning Fees	432.72
Davy Laboratories	3 total coliforms	1,378.40
DEMCO	Labels & Receipt Printer Refills	56.72
Dollar General Store	Cleaning Supplies	10.65
ECM Publishers, Inc.	Advertisements	525.00
Emergency Medical Products	Reference Guides	245.88
Engineering America, Inc.	Zinc Anode Bars	2,099.66
Extreme Beverage, LLC	Liquor Store Mix	64.00
Farrell Equipment & Supply Co.	New Electric Shop – Epoxy Paint	212.96
Gear Wash	Gear Wash (flood)	844.63
Gopher State One-Call	1 Location Notification	1.45
Green Power Equipment	Grease, Nut/Flange	34.82
H & L Mesabi	Grader Blade	156.17
Hawkins, Inc.	Chemicals	590.15
Hoskins Electric Co.	New Electric Shop, Wire New Boilers	2,691.04
Houston County Hwy. Dept.	Chloride Applied	340.34
Jack Neumann Trucking	Freight Expense	62.00
Johnson Brothers Liquor Co.	Liquor / Wine	1,337.72
Ken's Small Engine	Roto-Rooter Repair	57.68
Kraus Oil Co., Inc.	Fuel	245.54
Kwik Trip Stores	Windshield Wash/Gas	24.74
LaCrosse Glass Co., Inc.	Door Closer Alarm	83.30
Lackore Electric Motor Repair	Boiler Repairs	227.92
Medtox Laboratories, Inc.	Drug Screen – Schwirtz	20.00
Michael's Truck Equipment	Blade Guides	34.63

Midland Telecom, Inc.	Battery Pack	98.40
Midwest Tape	DVD(s)	97.11
Mississippi Welders Supply Co.	Oxygen	40.94
MN Municipal Utilities Assn.	2008 Electric Utility Membership	2,594.00
Northern Safety Co, Inc.	Storage Bins	180.12
P & H Services	Radio Repair, 2 Mobile Units	141.38
Paustis & Sons Wine Company	Liquor Store – Wine	84.97
Philips Wine & Spirits Co.	Liquor / Wine	1,055.78
PowerPlus Engineering, LLC	4 Year Plan	936.00
QuarterMaster	Uniforms Chad Heuser	145.54
Reliance Business Forms, LLC	Forms W-2 2007	261.96
Richard's Sanitation	Refuse Disposal	437.52
Rippe, Hammell & Murphy	Prosecution Matters	4,653.25
Ronco Engineering Sales, Inc.	Tarp Ties	7.85
Sandry Fire Supply, LLC	Flashlights, Thermal Imaging Device	6,863.40
Schilling Supply Company	Towels, Bags, Toilet Paper	587.03
SE Libraries Cooperating	Barcodes, Auto Fees	2,087.48
Seven Rivers Surplus LLC	Storage Racks	120.00
Severson Oil Company	Oil	541.32
St. Mary Auto Body Shop	Plow Truck Window	215.34
Tri-County Electric Co-op	Electric Energy	153,888.47
United Auto Supply, Inc.	Miscellaneous Items	377.86
United Laboratories	Cleaning Supplies	300.45
WWTP MPCA PFA Loan Fund	PFA Loan	3,500.00
Zep Manufacturing Company	Trash Bags, Cleaning Supplies	112.67
Ziebell's Hiawatha Foods, Inc.	Liquor – Mix	65.26
		$ 199,448.22

OLD BUSINESS

A. CRIMINAL JUSTICE CENTER: Mayor Morey briefly reviewed the status of the discussions between County Commissioners and their Attorneys and City Council Members and their Attorneys from meetings of both committees. At this time City Attorney Murphy is exchanging letters with Attorney Andersen, representing Houston County with suggestions on changes that may be entered into the Zoning Ordinance, enabling the County to locate a Criminal Justice Center on an Industrial District within the City. At the moment, the Criminal Justice Center would be deemed a Conditional Use in that District.

B. POLICE OFFICER HIRING PROCESS: Clerk Nelson informed the Council that the individual who was to do the background investigations for officers in the current hiring process had an involved incident in his personal life and also had a change in his profession which is going to obligate him for many additional hours of work over the next few months. This will prevent him from completing the background investigations as originally planned. Based on discussions with the gentleman who was to do the background investigation, as well as others, Clerk Nelson made a recommendation to the Council to terminate the current hiring process and start over with an advertisement for a police officer. Following discussion, a motion was made by Mayor Morey, seconded by Member Klug, to terminate the current application process and start from the beginning with a plan fully spelled out for hiring a police officer. All members voted in favor and the motion was declared carried.

C. INSURANCE PREMIUM REIMBURSEMENT: Member Fisch introduced discussion concerning the Life and Casualty Insurance Premium for City Employee which Clerk Nelson had been paying since the time the City negotiated a buyout of his Major Medical Health Insurance in return for an increase in wages. Member Fisch explained, however, that the premiums for Life and Casualty Insurance had never been discussed nor had they been bought out by the City. He therefore commented that Clerk Nelson had no obligation to pay the premium for those insurance coverage's and recommended that all such premium payments be reimbursed to Mr. Nelson. Following discussion, a motion was made by Member Fisch, seconded by Mayor Morey, to reimburse the insurance premiums for Health and Casualty Insurance Coverage to Clerk Nelson in the amount of $1,407.16. All members voted in favor and the motion was declared carried.

(AT THIS TIME MAYOR MOREY HAD TO LEAVE THE MEETING, AND MEMBER FISCH TOOK THE CHAIR.)

NEW BUSINESS

A. AGREEMENT FOR JOURNEY LINEMAN: Clerk Nelson distributed copies a draft agreement, which would layout the terms between the City and Tim Evans for entering a Journey Lineman Program for up to 4 years in duration. Since the Council was just handed the

agreement, it was tabled until the next meeting to offer Council Members time to review its content.

B. RENTAL AND OTHER RATES: Following discussion concerning the equipment rental rates and materials charges list, a motion was made by Member Fisch, seconded by Member Vick, to approve the proposed increases. All members present voted in favor and the motion was declared carried.

C. AUDITORIUM USE: Clerk Nelson informed the Council that volunteer coaches who help out fourth grade students with basketball in the City Auditorium have asked for permission again this year to use the facility on Monday, Wednesdays and Fridays from now through the end of February for a period from 3:30 to 5:00 p.m. They also request authorization to use it for games on some Saturday mornings. They indicated they may be able to pay up to $50 per month as a stipend to the city for expenses such as lighting the gymnasium floor. Following brief discussion, the Council by general consensus agreed to accept the $50 per month as a reimbursement for expenses to operate the building.

D. MINNESOTA SALES TAX: Clerk Nelson explained that the City recently was subject to a Minnesota Sales Tax Audit. The results of the audit were that the City owned the State of Minnesota $9,049.30 of additional Sales Tax with an interest amount of $1,049.25 for a total of $10,098.55. The audit covered the period from July 1, 2004 through November 30, 2007. The largest single item for which the City had failed to pay the Minnesota Sales Tax was the street lighting charge assessable to residential and commercial property. Other items included single purchases such as the Jaws of Life for the Fire Department, stump grinding and the like. Following discussion, a motion was made by Member Fisch, seconded by Member Vick, to approve payment to the State of Minnesota for the past due sales and use tax in the total amount of $10,098.55. All members present voted in favor and the motion was declared carried.

E. ANNUAL APPOINTMENTS: Mayor Morey recommended adding an additional task to the Second Assistant Chief for the Fire Department being the designating purchasing officer for the department. And under the name column Dan Schwirtz would fill both spots as Second Assistant Chief and Designated Purchasing Officer. Mayor Morey recommended the officer of Equipment Custodians for the Fire Department be investigated since there are 3 persons now suggested to become Equipment Custodians, the City Council must review the proposed duties and wages for each and could conceivably direct a return to 2 Equipment Custodians. Regarding all other appointed positions, a motion was made by Member Fisch, seconded by Member Vick to approve the appointments list for both individual and council committees as recommended by Mayor Morey. All members present voted in favor and the motion was declared carried.

CLERK'S REPORT

A. SUMMER PROGRAM: Enclosed with the Agenda was a listing of the number of hours of employment for athletic field coaches and swimming pool lifeguards for the 2007 season.

B. SMLM: Clerk Nelson asked if any Council Members wished to attend the Southern Minnesota League of Municipalities meeting to be held at Pine Island on January 30. No one volunteered at this time.

C. EMPLOYEE TIME RECORD: Enclosed with the Agenda was the Employee Time Record for pay period December 3 – 16 and December 17 – 30, 2007.

D. LMC INSURANCE DIVIDEND: Enclosed with the Agenda was a worksheet showing the calculations for insurance dividend declaration for which the City of Caledonia received $12,262. The document also showed the dividends received from 1998 – 2007.

E. POLICE DEPARTMENT ACTIVITIES: Enclosed with the Agenda were the Officer Activity List and Officer Activity Summary for December 2007.

F. MERCURY MINIMIZATION PLAN: Enclosed with the Agenda was an E-mail from Michael Davy, Davy Engineering Company, and an instruction sheet for requirements to complete a Mercury Minimization Plan by May 2008. Mr. Davy will assist Tony Klug in completing that plan.

G. ANNUAL BLOWOUT INVITATION: Enclosed with the Agenda was an invitation from the Caledonia Fire Department for Council Members to attend the Annual Blowout to be held at 6:00 p.m. in the Caledonia City Auditorium Basement on January 18.

H. DISCHARGE MONITORING REPORT: Enclosed with the Agenda was the Discharge Monitoring Report form for the month of December 2007, showing a Total Average Nitrogen Level of 2.64 mg/l.

I. MEETING WITH DENNIS GAVIN: Clerk Nelson announced that the city is holding a meeting with Dennis Gavin at 8:30 a.m., Wednesday, January 16, in the Council Room, City Hall. The meeting is to discuss the possibility of Mr. Gavin installing a pretreatment plant and whether or not that would be a worthwhile endeavor. Michael Davy will attend the meeting to advise Mr. Gavin and the City.

ADJOURNMENT: There being no further business before the Council, a motion to adjourn was made by Member Klug and seconded by Member Vick. All members present voted in favor, the motion was declared carried and the meeting then adjourned at 10:04 p.m. The next Regular Meeting of the City Council is scheduled for 7:00 p.m., Monday, January 28, 2008, in the Council Room, City Hall.

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Michael J. Morey, Mayor

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Robert L. Nelson
City Clerk - Administrator