

REGULAR MEETING OF THE CITY COUNCIL  
CITY OF CALEDONIA, MINNESOTA  
Monday, October 10, 2011

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: Randi Vick, Tom Murphy, and Bob Lemke. Members absent: Paul Fisch. Consultants and City staff present: City Clerk/Administrator Jennifer Feely and Administrative Coordinator Mike Gerardy. Visitors present: Caledonia Argus Reporter Charlie Warner.

AGENDA APPROVAL. A motion was made by Member Lemke, seconded by Member Murphy, to approve the agenda with the following additions: ASCAP, Civil Defense Sirens, and City Vehicle Use. All members present voted in favor and the motion was declared carried.

CONSENT AGENDA. A motion was made by Member Lemke, seconded by Member Murphy, to approve the consent agenda. All members present voted in favor and the motion was declared carried.

A. MINUTES OF PAST MEETINGS. To approve the minutes of the Regular Meeting held Monday, September 26, 2011 and the minutes of the Special Meeting held on October 5, 2011, as presented.

B. APPLICATION FOR EXEMPT PERMIT: CALEDONIA ROD AND GUN CLUB. To approve an application for an exempt permit for the Caledonia Rod and Gun Club at St. Mary's School on January 27, 2012.

VISITORS AND COMMUNICATIONS.

A. CHAMBER REQUEST. Chamber of Commerce President Karen Ness was present to request the Council's consideration in allowing the use of the City bucket truck to change out and hang holiday lights on businesses in the downtown business district. In addition, Ness asked the Council if they had any ideas for the use of the old Chamber sign. Discussion ensued. The consensus of the Council was that private contractors are available to assist with changing out and hanging of holiday lights in the downtown business district. It was noted that the Council had no ideas for use of the old Chamber sign at the present time.

B. ADMINISTRATIVE COORDINATOR TOPICS.

1. 606 HOKAH STREET ZONING PERMIT REQUEST. Administrative Coordinator Gerardy shared that a public hearing was held to consider a zoning application submitted by Myron and Jean Kinnenberg, 606 North Hokah Street, proposing to construct a 20'x20' unattached storage shed with a 10' overhang on the north side of the building. It was noted that the proposal required consideration of a 6' setback variance on the south side of the property line and an area variance of 16 square feet. Discussion ensued. Hearing no comments or concerns from the public, a motion was made by Mayor Burns, seconded by Member Vick, to approve a 5' setback variance on the south side of the property line and an area variance of 16 square feet. All members present voted in favor and the motion was declared carried.

2. 916 EAST GRANT STREET ZONING APPLICATION REQUEST. Administrative Coordinator Gerardy shared that a zoning application was submitted by David Fitzpatrick, 916 East Grant Street, proposing to construct a 40'x80' pole shed with 16' walls. It was noted that the proposal required consideration of a 1,400 foot variance to build a 3,200 square foot pole shed, a 5' setback variance on the east property line, a 5' setback variance on the south property line, and a 3' setback variance from the recorded easement on file. Discussion ensued. Member Lemke inquired as to the use of the building for which the zoning application was being sought. Fitzpatrick replied that the building would be used to store his truck and trailer. Mayor Burns inquired as to how Fitzpatrick planned to access his proposed building. Fitzpatrick replied that he would like to use the City's old road. Administrative Coordinator Gerardy shared that an objection was raised by an adjacent property owner regarding the proposed zoning application request. Mayor Burns noted that the ordinance does not allow for a 14' door as only 10' is permitted. Discussion then ensued regarding the fact that Fitzpatrick may have to obtain a special easement from the adjacent property owner to access the old road as the current easement is with the City and does not allow access by the general public. A motion was made by Mayor Burns at 6:15 p.m. to table the matter until the next meeting.

3. 325 & 401 NORTH HIGHWAY 44 ZONING APPLICATION REQUEST. Administrative Coordinator Gerardy shared that a zoning application was submitted by Caledonia Haulers, 325 & 401 North Highway 44, proposing to construct an in ground truck scale with an 8'x 10' scale house at the milk transfer location on Highway 44. It was noted that the application met all requirements and did not require any variances. Discussion ensued. A motion was made by Member Lemke, seconded by Mayor Burns, to require a \$50.00 fee to construct a scale and shed. All members present voted in favor and the motion was declared carried. A second motion was made by Mayor Burns, seconded by Member Murphy, to approve construction of a scale with notation that if it can't be moved, moving of the power line would be at Caledonia Haulers' expense. All members present voted in favor and the motion was declared carried.

4. HOUSTON COUNTY RESPONSE. City Clerk/Administrator Feely shared that attached with the agenda was a response from Houston County Engineer Brian Pogodinski regarding roadway damage and monitoring associated with the Houston County Justice Center Project. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Murphy, to approve accepting \$10,000.00 from Houston County for damages incurred to West Main Street, \$2,000.00 to apply towards 31' of curb and gutter replacement to South Kingston Street, and \$2,673.36 for invoices paid to Davy Engineering for haul route monitoring and documentation. All members present voted in favor and the motion was declared carried.

5. CIVIL DEFENSE SIREN DISCUSSION. Administrative Coordinator Gerardy noted that three of the civil defense sirens need to be updated so that they can be operated by EMS dispatch with the new 800 MHz system. It was noted that the estimated cost per siren will be approximately \$1,500.00. No action was taken.

#### C. COMMUNICATIONS.

1. EAB QUARANTINE NOTICE. Attached with the agenda was a quarantine notice from the Minnesota Department of Agriculture regarding Emerald Ash Borer confirmed as present in Winona County. Administrative Coordinator Gerardy stated that there are approximately 800 ash trees in Caledonia, and that his recommendation is to forgo applying for any sort of grant to take down trees as there is no proof that taking down trees is going to stop the EAB bug. No action was taken.

## CLAIMS

A. PREPAID CLAIMS. Following review, discussion and deliberation, a motion was made by Mayor Burns, seconded by Member Vick, to approve the Prepaid Claims List for September 2011. All members present voted in favor and the motion was declared carried.

Caledonia Lumber Co.	Ball Park	11.55
Quillin's IGA	Cal Tourney Concessions	-53.44
Western Technical College	Class Registration Fee	26.37
Bound Tree Medical	Ambulance – Supplies	92.40
Caledonia True Value	Misc.	342.05
Ken's Small Engine	Trimmer Line	76.36
Landscape Structures	Playground Equipment	623.08
Minnesota AWWA	Registration Fee	60.00
Northern Beverage Distribution	Liquor Store Inventory	1,352.80
Schott Distributing Co, Inc.	Liquor Store Inventory	5,283.77
Schulte, Chuck	Sidewalk Repair (25%)	1,100.00
Spring Grove Soda Pop, Inc.	Liquor Store Inventory	191.60
Steele, Nancy	2011 Uniform Allowance	15.50
US Postal Service	Stamped Envelopes	1,591.50
Area Map Service	Advertising	154.50
Commissioner of Revenue	State Withholding	1,353.51
Merchants Bank	Federal/FICA/Medicare	6,481.80
Business Financial Planning	Cafeteria Plan	396.91
City of Caledonia Emp. Assn.	Association Dues	70.00
Hale Skemp Hansen Skemp	Case No. 11-CV-67-A	296.85
ING Institutional Plan Services	Payday 9-20-11	580.00
Metro Sales Inc.	Copier Agreement	57.75
MN Benefit Association	Payday 9-20-11	114.41
MN Dept. of Labor & Industry	City Hall – Elevator Operator	100.00
NCPERS Minnesota	Payday 9-20-11	80.00
Public Emp. Retirement Assn.	Payday 9-20-11	5,871.96
Spring Grove, City of	FD – Mutual Aid	600.00
Tri-State Ambulance	Intercept Fee	250.00
Ziebell's Hiawatha Foods, Inc.	Liquor Store Inventory	32.20
Ability Building Center	Rec Park – Groundkeeping Crew	116.00
American Lock & Key	Lock Service – Chamber of Commerce	90.00
Baker & Taylor Books	Library Books	556.24
Eitzen Fire & Rescue	FD – Mutual Aid	1,200.00
Midwest Tape	Library – DVD's	70.12
Milestone Materials	Ball Park Project	2,500.00
L.M & City	Meter Deposit Refund	200.32
Principal Life	Life/Ad&d/STD	300.08
SE Libraries Cooperating	Auto Fees	387.06
Storlie's Portable Pit Stops	2011 Project	90.84
Taste of Home Books	Library Book	30.98
Tostrud & Temp	Consulting Services	90.00
K.B. & City	Meter Deposit Refund	201.83
R.B & City	Meter Deposit Refund	125.95

T.B. & City	Meter Deposit Refund	126.08
H.B. & City	Meter Deposit Refund	126.00
D.B. & City	Meter Deposit Refund	126.10
K.B. & City	Meter Deposit Refund	125.69
Buttell's Lighting	Bulbs	145.96
Caledonia Conv. & Tourism	Tourism	1,021.41
Caledonia Oil Company	Unleaded	1,657.56
D.C. & City	Meter Deposit Refund	250.24
J.C. & City	Meter Deposit Refund	125.70
C/P. K & City	Meter Deposit Refund	125.93
Faulks Brothers Construction	Infield Mix	1,376.02
E.F. & City	Meter Deposit Refund	200.60
F. D & D & City	Meter Deposit Refund	126.08
A.G. & City	Meter Deposit Refund	201.30
R.G & City	Meter Deposit Refund	125.70
R.H. & City	Meter Deposit Refund	250.19
D.H. & City	Meter Deposit Refund	125.66
Jack Neumann Trucking	Freight Expense	125.00
Johnson Brothers Liquor Co.	Liquor Store Inventory	2,381.49
M.K. & City	Meter Deposit Refund	125.93
S.K. & City	Meter Deposit Refund	125.81
J.K & City	Meter Deposit Refund	125.75
A.K. & City	Meter Deposit Refund	126.11
League of MN Cities	Registration Fee	30.00
B.L. & City	Meter Deposit Refund	125.69
Mayo Clinic Health System	Health Cards	145.00
C.M. & City	Meter Deposit Refund	125.94
M.N. & City	Meter Deposit Refund	125.90
Northern Beverage Distribution	Liquor Store Inventory	2,681.75
Phillips Wine & Spirits	Liquor Store Inventory	2,227.32
M.P. & City	Meter Deposit Refund	125.74
L.R. & City	Meter Deposit Refund	125.95
W.R. & City	Meter Deposit Refund	201.20
J.R. & City	Meter Deposit Refund	125.95
N.R. & City	Meter Deposit Refund	125.68
T.R. & City	Meter Deposit Refund	125.68
B.R. & City	Meter Deposit Refund	250.19
Schott Distributing Co.	Liquor Store Inventory	2,451.65
J.S. & City	Meter Deposit Refund	125.82
A.S & City	Meter Deposit Refund	125.68
J.S & City	Meter Deposit Refund	50.32
Spring Grove Soda Pop, Inc.	Liquor Store Inventory	112.90
M.S. & City	Meter Deposit Refund	126.07
P.S. & City	Meter Deposit Refund	125.61
R.S. & City	Meter Deposit Refund	125.75
T.S. & City	Meter Deposit Refund	201.34
J.C. & City	Meter Deposit Refund	126.04
B.C. & City	Meter Deposit Refund	125.78

E.T. & City	Meter Deposit Refund	125.93
T.T. & City	Meter Deposit Refund	125.29
J.T. & City	Meter Deposit Refund	125.71
R.V. & City	Meter Deposit Refund	126.03
S.V & City	Meter Deposit Refund	126.12
L.W. & City	Meter Deposit Refund	125.66
B.W. & City	Meter Deposit Refund	125.85
A.W. & City	Meter Deposit Refund	125.68
Commissioner of Revenue	State Withholding	10.03
Merchants Bank	Federal/FICA/Medicare	330.97
Public Emp. Retirement Assn.	Payday 9-28-11	230.00
Bergerson-Caswell, Inc.	Sealing Wells	30,614.00
Caledonia Volunteer Fire Dept.	2011 Fire State Aid	18,936.00
Coleman, Dawn	Credit on Account	52.03
Everett & Vanderwiel	Labor / Services	13,732.97
Gavin, Mike	Animal Control	75.00
Schulze Plumbing & Heating	Install Service E. Grove Street	2,086.22
Tri-State Ambulance	Intercept Fee	250.00
MN Dept. of Revenue	Sales / Use Tax	20,894.00
Northern Beverage Distribution	Liquor Store Inventory	3,272.30
Richard's Sanitation	Recycling Collections	6,195.00
Schott Distributing Co, Inc.	Liquor Store Inventory	14,175.97
Spring Grove Soda Pop, Inc.	Liquor Store Inventory	91.25
Tri-State Ambulance	Intercept Fee	250.00
Business Financial Planning	Cafeteria Plan	396.91
Caledonia Oil Company	Diesel	1,537.25
Caledonia Police Assn.	Association Dues	75.00
Commissioner of Revenue	State Withholding	1,552.41
Hale Skemp Hansen Skemp	Case No. 11-CV-67-A	325.71
Houston Co. Treasurer	Collection Site	3,342.50
ING Institutional Plan Services	Payday 10-4-11	580.00
Jack Neumann Trucking	Freight Expense	56.00
Merchants Bank	Federal/FICA/Medicare	7,696.18
Public Emp. Retirement Assn.	Payday 10-4-11	6,246.45
Tri-State Ambulance Inc.	Intercept Fee's	1,000.00
Verizon Wireless	Communication Expense	209.35
Wirtz Beverage MN	Liquor Store Inventory	2,780.45
Ace Link Telecommunications	Communication Expense	1,110.56
K.B. & City	Meter Deposit Refund	125.35
M.B. & City	Meter Deposit Refund	125.47
T.B. & City	Meter Deposit Refund	200.83
Blue Cross Blue Shield of MN	Health Insurance	28,896.00
S.C. & City	Meter Deposit Refund	125.58
T.C. & City	Meter Deposit Refund	125.40
Deters, Anita	Election Judge	32.63
D.F. & City	Meter Deposit Refund	200.62
B.F. & City	Meter Deposit Refund	125.43
C.F. & City	Meter Deposit Refund	125.47

Freigo, Ronald	Election Judge	68.88
Fruechte, LuEtta	Election Judge	68.88
Gensmer, Ethelyn	Election Judge	105.13
Grippen, Lee	Election Judge	32.63
C.H. & City	Meter Deposit Refund	125.54
Hayes, Jane	Election Judge	65.25
Kaufmann, Patricia	Election Judge	39.88
S.K. & City	Meter Deposit Refund	125.38
Kinneberg, Myron	2011 Uniform Allowance	125.00
J.L. & City	Meter Deposit Refund	125.56
Lapham, Mary Ellen	Election Judge	39.88
Lemke, Lucille	Election Judge	25.38
A.M. & City	Meter Deposit Refund	200.78
Mulvenna, Iyla	Election Judge	97.88
Noel, Rita	Election Judge	105.13
D.D. & City	Meter Deposit Refund	125.44
N.P. & City	Meter Deposit Refund	125.48
J.R. & City	Meter Deposit Refund	125.42
Schulte, Winnifred	Election Judge	36.25
St. Mary, Lolita	Election Judge	120.00
Standish, Vera	Election Judge	39.88
G.S. & City	Meter Deposit Refund	200.78
A.T. & City	Meter Deposit Refund	200.83
E.V. & City	Meter Deposit Refund	125.42
Extreme Beverage Distribution	Liquor Store Inventory	67.00
Northern Beverage Distribution	Liquor Store Inventory	269.15
Schott Distributing Co.	Liquor Store Inventory	695.70
Spring Grove Soda Pop, Inc.	Liquor Store Inventory	55.25
Tri-County Electric Co-op	Electric Energy	95.86
		<u>95.86</u>
		\$225.425.31

B. CLAIMS PAYABLE. Following review, discussion and deliberation, a motion was made by Mayor Burns, seconded by Member Vick, to approve the Claims Payable List for September 2011. All members present voted in favor and the motion was declared carried.

Affordable Technology Sol.	Office Supplies	321.40
Alco Discount Store	Softener Salt	17.06
Artic Glacier Inc.	Ice	193.86
B & M Service Center	Tires	350.00
Bonanza Grain, Inc.	Maintenance Materials	258.69
Border States Electric Supply	Inventory	154.03
Bound Tree Medical, LLC	Supplies	565.74
Business Financial Planning	Flex Adm. Fees	81.00
Caledonia Implement Co.	Adapter For Snowblower	381.09
Caledonia Lumber Co.	Catch Basin, Base Anchors	80.21
Caledonia Oil Company	#258 Maintenance / Repairs	254.06
Caledonia Ready Mix	Flow Fill S. Badger Street	523.69
Caledonia Wheel Alignment	Van Maintenance	75.00

City of Caledonia Utilities	Monthly Utilities	9,625.33
Com-Tec Land Mobile Radio	AFG Award – 231 Voice Pagers	95,049.29
Curt & Candy’s Hardware Hank	Misc.	208.48
D S Electric Supply, Inc.	Inventory, Misc.	2,607.58
Dalco	Misc. Supplies	236.90
Davy Engineering	Engineering Fees	13,717.75
Davy Laboratories	Lab	3,171.97
Dawson Truck Parts, Inc.	Repair / Labor	113.69
Earl F. Andersen & Ass.	Traffic Engineering	158.86
ECM Publishers, Inc.	Advertisements	844.44
Emergency Apparatus Maint.	FD – Maintenance	1,129.14
Employee Data Forms	2012 Employee Data Calendars	23.00
G & F Distributing	Liquor Store Inventory	525.75
Gopher State One-Call	Location Notifications	59.45
Hawkin’s, Inc.	Chemicals	838.98
Highway Technologies, Inc.	Traffic Cones	142.04
Hoskins Electric	2011 Project	5,624.07
Innovative Office Solutions	2012 Planners	96.45
Jack Neumann Trucking	Freight Expense	150.00
Johnson Brothers Liquor Co.	Liquor Store Inventory	3,738.06
Karian Peterson Power Line	2011 Project	249,721.28
Mayo Clinic Health Systems	Health Cards	65.00
Mississippi Welders Supply Co.	Cylinder Deposit	13.47
Phillips Wine & Spirits Co.	Liquor Store Inventory	945.82
Printy Quik	Color Copies, Misc.	33.57
Public Safety Equipment	Certify Radar Units	111.38
Richard’s Sanitation	Refuse Disposal, Demolition Waste	253.76
Rippe, Hammell & Murphy	Prosecution Matters, General Matters	4,327.75
Schilling Supply Company	Bags / Sacks / Towels	680.27
Schroeder Landscaping	2011 Infield Project	1,140.00
Schulze Plumbing & Heating	Repair Parts	43.23
Sherwin – Williams Co.	Traffic Paint	399.66
St. Mary Auto Body Shop	2 Tow’s, Light – Replace Door Mirror	604.99
Traffic Marking Service	Striping Services	616.72
Tri-County Electric Co-op	Electric Energy	152,546.83
United Auto Supply, Inc.	Latex Gloves, Socket Set, Misc.	69.31
Wiebke Tire	Tire Repair Unit 6	20.00
Winona Controls, Inc.	Hydro Moto on Gas Valve	621.87
Witt’s Pharmacy Caledonia	Amb – Misc.	4.19
World Point ECC, Inc.	Training Supplies	122.80
WWTP MPCA PFA Loan	Loan – October 2011	<u>3,500.00</u>
		\$ 557,158.96

OLD BUSINESS.

A. FOLLOW-UP TO LIQUOR ORDINANCE AND COMPLIANCE CHECK INQUIRY.  
City Clerk/Administrator Feely shared that attached with the agenda were the following: (1) Response from the Minnesota Department of Public Safety, Alcohol and Gambling Enforcement Division; (2) List of Minnesota Institute of Public Health Alcohol Compliance Check Grant

Grantees for 2010 and 2011; and (3) Copies of Liquor Ordinance Excerpts from Various Cities in the Tri-State Area Regarding Language Associated with Liquor Law Violations. Discussion ensued. Mayor Burns noted that the ordinance could possibly be changed so that the first violation would require retraining of bartenders and no loss of license. No action was taken.

B. REVISIT SNO PAC FOODS TAX ABATEMENT. City Clerk/Administrator Feely shared that a public hearing was held on September 12 for the purpose of considering a 10 year tax abatement at 75% per year with a cap of \$84,000.00 for a proposed 30,000 square foot commercial building expansion at Sno Pac Foods. Feely noted that she and Houston County EDA Director Jordan Wilms recently met with Sno Pac Foods CEO to complete the necessary tax abatement paperwork. It was noted that at that time, Gengler declined to sign the tax abatement agreement until the \$84,000.00 cap was lifted as there was a concern that if property taxes were to go up over the course of the next ten years, then the abatement may not be worthwhile to Sno Pac Foods. It was further noted a special EDA meeting was held on October 5 in which Gengler was present to address the EDA regarding his request that the cap of \$84,000.00 be removed from the tax abatement agreement language due to the fact that it is tough being in business and that the EDA needs to be more progressive in creating incentives for existing businesses to stay and expand in Caledonia. Gengler also noted, at the October 5 EDA meeting, that another reason to remove the cap is that the City has no infrastructure involved with the expansion and costs the City nothing. Feely stated that after much consideration, the EDA made a motion to recommend to the City Council that the cap of \$84,000.00 be lifted from the Sno Pac Foods tax abatement agreement due to the fact that Sno Pac Foods has been a long standing, loyal business in Caledonia, the size of its employee base, and that fact that it has been a good citizen over the years. Feely noted that based upon her review of Minnesota Statutes 469.1813, subdivision 7, she was questioning whether the City had the ability to modify or change the term of the abatement for two years after it had been approved. Consequently, Feely shared that she contacted the City Attorney for his legal interpretation so as to err on the side of caution; however, no response had been received as of the meeting. Discussion ensued. The consensus of the Council was to schedule a public hearing for November 14 at 6:00 p.m.

C. ASCAP LICENSE AGREEMENT. City Clerk/Administrator Feely shared that she contacted City Attorney Tim Murphy regarding the ASCAP License Agreement. In an email response, City Attorney Murphy stated that he recommended that the City sign and pay the annual fee as it has been his experience that the City has exposure if it doesn't pay the fee. Mayor Burns stated that he would like ASCAP to provide a breakdown of how the license fee is used – essentially, where does it go? A motion was made by Mayor Burns, seconded by Member Murphy, to sign the ASCAP License Agreement based upon the recommendation of the City Attorney. All members present voted in favor and the motion was declared carried.

#### NEW BUSINESS.

A. RESOLUTION ACCEPTING DONATION. City Clerk/Administrator Feely shared that attached with the agenda was a resolution accepting a donation to the City of Caledonia in the amount of \$100.00 from the American Legion Post 191 for the purpose of assisting the City in supplying its fire department with fire equipment and safety gear. A motion was made by Member Lemke, seconded by Member Murphy, to accept the \$100.00 donation and terms from the American Legion Post 191. All members present voted in favor and the motion was declared carried.

**B. COMMUNITY POOL STEERING COMMITTEE RECOMMENDATION TO HIRE FUNDRAISING CONSULTANTS.** City Clerk/Administrator Feely shared that Ellen Hongerholt and Laura Eddy, owners of Crescendo Consulting, LLP, were present at the September 7 Community Pool Steering Committee meeting to present a proposal for a Caledonia Aquatic Center Capital Campaign. It was noted that the Community Pool Steering Committee recommends to the City Council that Crescendo Consulting, LLP, be hired to manage and direct a capital campaign for the Caledonia Community Pool Project. It was further noted that the current balance of the Pool Fund checking account is \$21,052.84, and that the consensus of the Community Pool Steering Committee is that costs associated with hiring a fundraising consulting firm should be included with the total project cost. Feely stated that attached with the agenda was the following: (1) Information and Proposal from Crescendo Consulting; (2) Final Budget Estimate and Schematic Design from USAquatics; and (3) Revenue and Expense Projections for the Proposed Pool Improvement Project. Mayor Burns reviewed the schedule at which various loans are scheduled to drop off in the near future and pointed out that levying for a portion of the pool project wouldn't necessarily increase taxes since various existing loans would be paid off and no longer affect the tax levy. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Vick, to approve hiring Crescendo Consulting for Phase 1 – Community Assessment Study – at a cost not to exceed \$20,750, and to be paid for using funds generated in the Community Pool Fund checking account. All members present voted in favor and the motion was declared carried.

**C. LETTER FROM DAVID DROWN ASSOCIATES SHANNON SWEENEY REGARDING A FINANCIAL REVIEW OF CITY SEWER UTILITY.** City Clerk/Administrator Feely shared that attached with the agenda was a letter from David Drown Associates Financial Advisor Shannon Sweeney regarding his review of the City's sewer utility. Sweeney noted, in his letter, that he found the recent rate increases to be sufficient to accommodate the projects that the City of Caledonia is contemplating assuming that the planning numbers are consistent with what occurs at implementation. The following are reasons that Sweeney cited in arriving at his conclusion: (1) In reviewing the financial history of the sewer utility, the City has operated this utility on a break-even basis from 2007 to 2010. Even though little or no progress was made on the repayment of the interfund loan (deficit), the sewer utility was keeping pace with operating and debt service expenses during this period. The rate increases implemented during this period kept up with inflation, and funded the significant additional administrative expenses allocated to the sewer utility in 2009 and 2010; (2) The engineer's projections include a replacement reserve for wastewater treatment (\$30,600/yr) which should assist the utility in building some cash for future repairs. The engineer has also budgeted for debt coverage (\$23,910/yr) at the time the rate analysis was completed; however, the term of the debt for the South Street Sewer Rehab is much shorter than that used in the analysis, so payments are approximately double what was originally anticipated in the study. This will reduce the projected reserves through 2015 when current sewer utility debt begins to drop off; and (3) The rate increase adopted in January of this year is based on the engineer's operating expense and debt service projections. Year-to-date revenues appear to be consistent with expectations, although it may take some additional time to determine if conservation measures will be implemented by utility customers as a result of the rate increases. Based on this information it is anticipated that the financial condition of the Sewer utility will improve going forward, particularly as debt service drops off in 2015 and 2018 for the City's three existing sewer debts. If the Council determines that the transfer of funds to

eliminate the deficit is appropriate, it is believed that it will be a one-time expense if the plan established by the engineer is implemented in close approximation to what has been discussed at this time. Attached was a financial projection that was prepared based on findings and the information previously provided to the City by its engineer. Discussion ensued. The consensus is to take Sweeney's recommendation under advisement and revisit at the upcoming meeting. No action was taken.

#### CLERK'S REPORT.

A. EMPLOYEE TIME RECORD. Attached with the agenda were the Employee Time Records for September 19, 2011 – October 2, 2011. Discussion ensued regarding the Ambulance Director's standby time. The consensus of the Council is for City Clerk/Administrator Feely to direct Caledonia Ambulance Director Mike Tornstrom to record standby hours on his timesheet.

B. POLICE OFFICER ACTIVITY LIST. Attached with the agenda was the Police Officer Activity List for September 2011.

C. ANIMAL CONTROL ACTIVITY LIST. Attached with the agenda was the Animal Control Activity List for September 2011, showing calls for 6 skunks, 2 coons, 5 opossums, 13 dogs, and 5 cats.

D. MnDOT MUNICIPAL AGREEMENT SOLICITATION APPLICATION UPDATE. City Clerk/Administrator Feely noted that the final MnDOT Municipal Agreement Solicitation Application would be submitted that week.

#### MISCELLANEOUS ITEMS.

A. MEDIACOM UPDATE REGARDING STATUS OF REMOVING WIRES FROM ELECTRICAL POLES. City Clerk/Administrator Feely shared that Mediacom has their work done in Caledonia and noted that Karian Peterson would be in Caledonia later in the week to remove the poles. Discussion ensued. The consensus of the Council is to continue looking into terminating the franchise agreement with Mediacom.

B. CITY VEHICLES. Mayor Burns stated that it is his opinion that if City vehicles are driven to and from work, they are only provided to those employees whose position requires a vehicle for emergency purposes and is only for use within City limits, meaning that City vehicles cannot be taken home if the employee lives outside of extraterritorial limits, or a two mile perimeter. The consensus of the Council was to agree with Mayor Burns' position on employees taking City vehicles home that live outside of Caledonia City limits.

ADJOURNMENT. A motion to adjourn was made by Member Murphy, seconded by Member Lemke, at 9:20 p.m. All members present voted in favor and the motion was declared carried.

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Jennifer Feely  
City Clerk/Administrator

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Robert H. Burns  
Mayor