

REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, February 27, 2012

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, Bob Lemke, and Paul Fisch. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, Administrative Coordinator Mike Gerardy, and Accountant Stephanie Mann. Visitors present: Ryan Skillings, Matt Blocker, Chris Gutchow and Herb Krueger with People Service, Inc., Phillip Klug, Theresa Fegyak, Pamela Erickson, Mike Connor, Chuck Gavin, and Wally Macomber.

AGENDA APPROVAL. A motion was made by Member Vick, seconded by Member Lemke, to approve the agenda with the following additions: Mike Connor, Legal Work, Nuisance Property, and Alley Matter. All members present voted in favor and the motion was declared carried.

CONSENT AGENDA. A motion was made by Member Vick, seconded by Member Lemke, to approve the consent agenda. Voting in Favor: Lemke, Vick, Fisch, and Murphy. Voting Against: Burns. The motion was declared carried.

A. MINUTES OF PAST MEETINGS. To approve the minutes of the Regular Meeting held Monday, February 13, 2012, as presented.

B. TEMPORARY LIQUOR LICENSE: HOUSTON COUNTY AG SOCIETY. To approve a one-day temporary 3.2 on-sale beer license and a four-day temporary on-sale strong beer license to sell beer in containers not to exceed 12 ounces at a beer tent during the Houston County Fair, August 15-19, 2012.

C. TEMPORARY LIQUOR LICENSE: CALEDONIA ROTARY CLUB. To approve an application for a temporary one-day on-sale strong beer license to sell strong beer at the Houston County Fairgrounds on July 7, 2012 as part of its annual Brewfest event.

VISITORS AND COMMUNICATIONS.

A. HOUSTON COUNTY FAIR BOARD: UTILITY MATTER. City Clerk/Administrator Feely shared that Houston County Fair representatives Mike Meyer and Emily Johnson recently attended an Enterprise Committee meeting to request a refund regarding two accounts in which the City mistakenly billed Houston County Fairgrounds at a rate higher than it should have on two water meters. It was noted that the overcharges occurred on a 3/4"x5/8" meter that was billed as a 1" meter and on a 3/4"x5/8" meter that was billed as a 1 1/2" meter. In total, it was calculated that the City overcharged the Houston County Fairgrounds \$2,173.99, from 2007 to the present time. It was further noted that in June of 2011, it was discovered that the City had under billed Houston County Fairgrounds for electric meter charges totaling \$3,131.66. Therefore, it was explained that the Enterprise Committee recommended to the City Council that the City waive the unpaid electric meter charges in the amount that was undercharged in exchange for the water

meter overcharges. Any remaining balance of the electric meter charges would be paid by the Houston County Fairgrounds. Emily Johnson and Eldon Pohlman were present on behalf of the Houston County Fair Board, and were in agreement with the Enterprise Committee's proposed resolution. Discussion ensued. A motion was made by Member Murphy, seconded by Member Lemke, to accept the Enterprise Committee's recommendation to resolve the water meter overcharge matter involving the Houston County Fairgrounds. All members present voted in favor and the motion was declared carried.

B. NORTH BADGER STREET WATER LINE LEAK. Phillip Klug, Theresa Fegyak, and Pamela Erickson were in attendance to request the City's assistance in resolving a reoccurring water line leak matter. City Clerk/Administrator Feely shared that the properties located at 120 North Badger Street, 116 North Badger Street, and 124 North Badger Street share a water service line that was recently discovered to have a leak. It was noted that in February of 2011, a water line leak occurred and was repaired. The above-mentioned properties owners questioned the Council as to ways in which the City could assist in resolving this matter. It was suggested that perhaps a new plastic line could be directionally bored to replace the existing galvanized pipe versus patching the existing line as leaks continue to occur. Discussion ensued. When asked whether the City could provide any financial relief, Mayor Burns stated that the City can perform the necessary work and then assess the property owners to lessen the immediate burden of having to pay for the costs upfront. Feely shared that as per the City's ordinance, the maintenance and repair of the connection of the line from the private property to the main is the responsibility of the private property owner. Mayor Burns stated that there would be a concern with setting precedence if the City were to waive any charges associated with resolving the private water service line matter. City staff will work on researching pricing associated with the options available to remedy the water service line matter and then contact the affected property owners. No action was taken.

C. PEOPLE SERVICE, INC. PRESENTATION. Chris Gutchow and Herb Krueger were present to make available a proposal from People Service, Inc. for the operation, maintenance, and management of the water and wastewater treatment facilities. Mr. Gutchow began his presentation by providing an overview of People Service, Inc. Then, the operational approach of People Service, Inc. was discussed. After that, the scope of service for option A and B was discussed in detail. In summary, option A, which includes two employees, totaled approximately \$18,025 per month, whereas, option B, which only included one employee, totaled approximately \$12,000 per month. It was noted that option A would cost the City approximately \$4,475 more per year than is currently budgeted in the water and sewer funds. Discussion ensued. The consensus of the Council was to take the information under advisement as various options are being considered regarding filling the water/wastewater supervisor position vacancy.

D. ADMINISTRATIVE COORDINATOR TOPICS.

1. SEMA EQUIPMENT SIGN ZONING REQUEST. A motion was made by Mayor Burns, seconded by Member Lemke, to approve a sign zoning request for SEMA Equipment. All members present voted in favor and the motion was declared carried.

2. STREET SIGN QUOTE. Administrative Coordinator Gerardy shared that the cost to purchase an 18"x24" alternate side parking sign would cost \$24.70, whereas, a 24"x30" sign would cost \$34.59. Gerardy noted that the pricing did not include freight or shipping.

Discussion ensued. The consensus of the Council was to take the information under advisement and make a decision at a later time.

3. HIGHWAY 44 SCHOOL CROSSING SIGNS. Administrative Coordinator Gerardy shared that information has been gathered regarding installing a pedestrian-activated warning beacon crosswalk system over Highway 44 at the intersection of Esch Drive. It was noted that the estimated cost associated with purchasing two crosswalk systems would be approximately \$10,775. Gerardy noted that the speed limit sign would be installed on the flashing light pole. Gerardy went on to note that the plan is to install a sign on the south side of Foltz Drive and install a sign on the north side of Esch Drive. No action was taken.

E. CITY ACCOUNTANT TOPICS.

1. CASH AND INVESTMENT REPORT. Accountant Mann was in attendance to report that as of January 31, 2012, the total cash balance was \$1,257,816.99, and the total investment balance was \$2,347,295.87. Discussion ensued.

2. JANUARY BUDGET WORKSHEET. Attached with the agenda was the budget sheet through January 31, 2012. Discussion ensued.

3. SPECIAL AMBULANCE FUND DISCUSSION. Accountant Mann reviewed 2011 ambulance department revenues and expenditures. In addition, Mann reviewed the proposed 2012 general fund budget without ambulance department items included. Discussion ensued. The consensus was to leave the ambulance department items included in the general fund budget until April, at which time a decision could be made as to whether to create a special ambulance fund. No action was taken.

F. COMMUNICATIONS.

1. FLYER FOR CALEDONIA AREA CHAMBER OF COMMERCE BOWLING TOURNAMENT. City Clerk/Administrator Feely shared that attached with the agenda was a flyer from the Caledonia Chamber of Commerce regarding an upcoming bowling event scheduled for March 16 at 5:00 p.m.

2. NOTICE FROM MEDIACOM. City Clerk/Administrator Feely shared that attached with the agenda was a notice from Mediacom regarding channel changes.

OLD BUSINESS.

A. UNPAID SPECIAL ASSESSMENT MATTER. City Clerk/Administrator Feely shared that discussion took place at the February 13 City Council meeting regarding an unpaid special assessment charge totaling \$1,560 that was deferred in 1984 until 1995. It was noted that the consensus at the February 13 meeting was to refer the matter to the City Attorney. It was further noted that attached with the agenda was a response from the City Attorney stating that the auditor's office informed him that the special assessment was forwarded to them as a deferred assessment but was not placed against the property as the City never advised them to make it active and certify it against the property. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Murphy, to remove the unpaid special assessment charge from the City's tax roll. All members present voted in favor and the motion was declared carried.

B. ALCOHOL COMPLIANCE CHECK MATTER. City Clerk/Administrator Feely shared that discussion took place at the February 13 City Council meeting in which Dave, Kris, and Jon

Wedl questioned whether the City's ordinance regulating alcohol allowed for alcohol compliance checks. It was noted that the consensus at that time was to have the City Attorney investigate the matter further. Attached with the agenda was a letter from the City Attorney in which he opined that the City Council had the authority to impose appropriate penalties under Section 111.36 due to the fact that the employee pled guilty and the act of an employee is deemed to be the act of the licensee. Discussion ensued. The consensus of the Council was to send a copy of the City Attorney's letter to the Wedl's. No further action was taken.

C. CAPITAL CAMPAIGN CONTRACT WITH CRESCENDO CONSULTING, LLP. City Clerk/Administrator Feely shared that attached with the agenda was a Capital Campaign contract from Crescendo Consulting, LLP, regarding fundraising associated with the proposed pool project. It was noted that the City agrees to pay Crescendo \$312.50 per hour, per consultant, with a maximum daily rate of \$2,500 per consultant for consulting services. It was further noted that the consultants' fees will not exceed \$90,000. Discussion ensued. A motion was made by Member Fisch, seconded by Member Murphy, to approve signing the Capital Campaign Contract with Crescendo Consulting, LLP, for fundraising services, and to pay invoices using 352 debt service reserve funds with the intent that the funds raised for the pool project will replenish any 352 debt service funds used to pay pool consultant expenses. All members present voted in favor and the motion was declared carried.

D. CSAH 5 AGREEMENT. City Clerk/Administrator Feely shared that attached with the agenda was a response from the City's engineer, Davy Engineering, regarding the City's inquiry as to whether the CSAH 5 project benefitted any of the adjacent properties and, if so, whether it should be assessed accordingly. According to the City's engineer, while the City should be consistent in its application of its assessment policy, the CSAH 5 project is unusual. Discussion ensued regarding the probability of the development of the west side. It was determined that if development of the west side was not probable, then there should be no assessment. If development is probable within ten years, the assessment could be deferred or there could be a development fee established. Further discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to sign the CSAH 5 Cooperative Agreement with Houston County for the reconstruction of CSAH 5 from the junction of CR 249 to approximately 1,320 feet south, in the limits of Caledonia, Minnesota, also referred to as Houston County State Aid Project 28-605-18. All members present voted in favor and the motion was declared carried.

E. BONANZA GRAIN PRESSURE SEWER MATTER. City Clerk/Administrator Feely shared that attached with the agenda was a letter from the City Attorney regarding the status of the Bonanza Grain Pressure Sewer Matter. It was noted that the agreement will not be signed until all the necessary easement paperwork is in place.

NEW BUSINESS.

A. APPRENTICESHIP PROGRAM. City Clerk/Administrator Feely shared that attached with the agenda was a letter from the Minnesota Department of Labor and Industry (DOLI) regarding Line Foreman Matt Blocker obtaining his apprenticeship license. It was noted that Mr. Blocker had already completed an apprenticeship program through Minnesota Rural Electric Association, however, the State of MN would not recognize the license. In short, it was noted that by having Mr. Blocker complete two distance learning classes at a cost of \$355.00, as well as 2,000 hours of training and safety, he could obtain an apprenticeship license certificate from DOLI, despite the fact that such a certificate is not required for municipal electric utilities and

that he has already successfully completed a similar program. It was further noted that the City was not requiring Mr. Blocker to complete the DOLI apprenticeship program. As a result, the City would not be obligated to grant a pay increase related to completion of the apprenticeship program. A motion was made by Mayor Burns, seconded by Member Fisch, to pay \$355.00 for two distance learning classes in an effort for Line Foreman Blocker to obtain his apprenticeship license through the DOLI. All members present voted in favor and the motion was declared carried.

B. **ADVANCED EFFECTIVE MANAGEMENT PROGRAM.** City Clerk/Administrator Feely shared that attached with the agenda was information regarding Don Salverda's Advanced Effective Management Program, which she was requesting authorization to participate in. It was noted that the program will consist of five workshop/group sessions facilitated by Mr. Salverda, an experienced management consultant, at a total cost of \$500, plus the cost of books. Feely stated that she would be willing to purchase the books, if necessary. Discussion ensued. Member Vick suggested that Feely contact the County's HR Director to find out if it would be possible to carpool when feasible. A motion was made by Mayor Burns, seconded by Member Lemke, to grant authorization for City Clerk/Administrator Feely to participate in Don Salverda's Advanced Effective Management Program at a cost of \$500. All members present voted in favor and the motion was declared carried.

C. **ETI CONFERENCE REQUEST FOR POLICE CHIEF AND SERGEANT.** City Clerk/Administrator Feely shared that attached with the agenda was a conference request from Chief Zehnder and Sergeant Stemper to attend the upcoming ETI conference to be held April 23-26, 2012 in St. Cloud. It was noted that the cost of the conference was \$325 per registrant, in addition to lodging, fuel, and meals. It was further noted that any miscellaneous/additional function associated with the conference would be at the expense of the attendees. Discussion ensued. A motion was made by Member Lemke, seconded by Member Vick, to approve paying for registration, lodging, fuel, and meals associated with Chief Zehnder and Sergeant Stemper attending the ETI conference, April 23-26, 2012, in St. Cloud, so long as no overtime would be incurred. All members present voted in favor and the motion was declared carried.

D. **AUTOMATIC WATER METERS.** City Clerk/Administrator Feely shared that discussion took place at a recent Enterprise Committee meeting regarding pursuing automatic water meters. It was noted that based upon the 2011 DNR report, the City's accuracy rate is 82.6%, whereas, with new meters, the City could expect to achieve an accuracy rate closer to 92%-95%. In addition, it was noted that moving to automatic water meters would result in a cost-savings as far as staff time is concerned as well as provide for increased revenues for the water and sewer funds. Feely reported that she was currently in the process of working with the City's engineer, Mike Davy, regarding gathering the necessary information to draw up specifications to include with the sewer rehab project when it is bid. It was also noted that the water meters will be included in the application to Minnesota Public Facilities Authority (PFA) in an effort to obtain low interest financing. Discussion ensued. Mayor Burns stated that the water meters and the sewer rehab project should be bid separately, and also noted that the City should retain the option to reject any water meter bids. A motion was made by Mayor Burns, seconded by Member Lemke, to approve including specifications for water meters with the sewer rehab project when it is bid as well as apply for low interest financing through PFA. All members present voted in favor and the motion was declared carried.

E. FIRE TRUCK INSURANCE. City Clerk/Administrator Feely shared that Fire Chief Chuck Gavin requested replacement insurance be added to the 2002 Freightliner and 1995 Freightliner. It was noted that the cost of the replacement insurance totaled \$1,260.00. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to add replacement cost insurance to the City's 1995 and 2002 Freightliner Fire Trucks, contingent upon ensuring that the replacement cost insurance is truly for replacement, and also based upon the Rural Fire District's recommendation to purchase replacement cost insurance. All members present voted in favor and the motion was declared carried.

F. DISCUSS PURCHASE OF NEW FIRE TRUCK. City Clerk/Administrator Feely shared that discussion took place at a recent Fire District meeting regarding the purchase of a new fire truck. It was noted that Fire Chief Chuck Gavin would like to decrease the Fire Department's fleet to two pumpers versus three, thereby saving the City approximately \$7,000-\$10,000 per year. It was further noted that according to Chief Gavin, the 1995 Freightliner will be traded in so as to help reduce the cost of the new truck. Chief Gavin was in attendance at the meeting and stated that the fire truck specs have been drafted and is awaiting approval to advertise for bids. Gavin further stated that the new truck would hold eight firefighters whereas the existing trucks only hold five firefighters. Gavin explained that increasing the cab size will make responding to fire calls more efficient and safer for the firefighters. In addition, it was explained that the fire department will be able to pump 2,250 gpm with the new truck. Gavin wrapped up his request by noting that the fire truck will be a 30 plus year truck. Feely reported that as per her research, USDA Rural Development has funding available to offer the City a loan at 3.75% for a term of 10-15 years, while MRWA has a micro loan program with loans being issued at a rate of 3%, or whatever the local banks would offer, if less than 3%. Feely noted that the drawback with the micro loan option was that the payback was scheduled at seven years or less. It was noted that another option included that of purchasing a fire truck in conjunction with issuing a certificate of indebtedness, however, it was explained that doing so could affect to what extent the City could purchase other needed capital equipment items. Lastly, Feely stated that the City may want to consider entering into a lease-purchase agreement with a truck vendor or other financing source. Discussion ensued. Mayor Burns noted that the Fire District is in favor of advertising for bids so long as the annual payment for the new fire truck would be approximately \$11,000 and be spread out no further than fifteen years, with the first payment not taking place until 2013. Mayor Burns stated that he would like the bids to be held for at least 30 days so that the City can make decision as to the financing aspect.

G. 3.2 OFF-SALE BEER LICENSE RENEWALS. City Clerk/Administrator Feely shared that attached with the agenda was 3.2 off-sale beer license renewals from Kwik Trip, Kraus Oil, Quillin's, and Alco for the time period of April 1, 2012 through April 1, 2013. A motion was made by Mayor Burns, seconded by Member Lemke, to approve the 3.2 off-sale beer license renewal applications. All members present voted in favor and the motion was declared carried.

CLERK'S REPORT.

A. EMPLOYEE TIME RECORD. Attached with the agenda were the Employee Time Records for February 20, 2012-March 4, 2012.

B. DISCHARGE MONITORING REPORT. Attached with the agenda was a discharge monitoring report showing an average Nitrogen Level of 7.01 mg/L.

C. FRIDAY FAX FROM LMC. City Clerk/Administrator shared that attached with the agenda was another Friday Fax from the LMC.

D. WATER CONSERVATION LAW UPDATE. City Clerk/Administrator Feely shared an update with respect to proposed legislation intended to repeal the water conservation law. Discussion ensued. The consensus was to take no action at the present time regarding implementing a water conservation rate until more information is gathered concerning a possible amendment to the existing water conservation law.

MISCELLANEOUS.

A. POLICE DEPARTMENT STANDBY TIME. Mayor Burns stated that the County will cover the City during standby time for the present time. Mayor Burns explained that if there is a major emergency, that the Police Chief will be contacted by dispatch to respond. Mayor Burns stated that having the County cover Caledonia's standby time will result in a cost savings of approximately \$6,000-\$7,000. The consensus of the Council is to leave the standby language in the labor contract as is.

B. MIKE CONNOR. It was noted for the record that Mike Connor was in attendance at the meeting from 6:00 p.m.-8:00 p.m., however, he did not have an opportunity to address his concerns with tree removal charges as he left the meeting early.

C. ALLEY MATTER. Member Vick stated that she was contacted by a resident concerning an alley matter. Member Vick will discuss the issue with Administrative Coordinator Gerardy.

D. LEGAL WORK. Mayor Burns stated that he was contacted by a La Crescent resident concerning whether the City of Caledonia sought RFP's for legal work. Discussion ensued.

E. NUISANCE PROPERTY. Mayor Burns shared that he was contacted by a resident regarding a nuisance property. Administrative Coordinator Gerardy will look into the matter further to determine what, if any, action is necessary.

ADJOURNMENT. A motion to adjourn was made by Mayor Burns, seconded by Member Lemke, at 10:45 p.m. All members present voted in favor and the motion was declared carried.

Jennifer Feely
City Clerk/Administrator

Robert H. Burns
Mayor