REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, July 23, 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: Interim City Clerk/Administrator Paul Sparks, Administrative Coordinator Mike Gerardy, Accountant Stephanie Mann, Fire Chief Chuck Gavin, Todd Arlander with Stantec, Neal Staplekamp with Alexis Air, Kurt Zehnder, Todd Lemke, Kevin Bulman and Secretary Jessica Kohnen. Visitors present: Janeen Johnson, Bruce Hoitink and Caledonia Argus Reporter Clay Schuldt.

AGENDA APPROVAL: A motion was made by Member Vick, seconded by Member Fisch, to approve the agenda with the following additions: Beer sales at a benefit to be held in Caledonia, New Computer Purchase and Authorization to obtain an Appraisal on land for a possible future sewer plant. All members present voted in favor and the motion was declared carried.

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

A. MINUTES OF PAST MEETINGS. To approve the minutes of the Special Meeting held Monday, July 9, 2012 and the Regular Meeting held Monday, July 9, 2012.

B. APPLICATION FOR EXEMPT PERMIT: To approve an application for Exempt Permit, submitted by the Church of St. Mary, 453 South Pine Street, for an event to be held October 28, 2012, to include raffle and pull-tabs.

C. APPLICATION TO CONDUCT OFF-SITE GAMBLING: To approve an application to Conduct Off-Site Gambling, submitted by the American Legion Post 249, to conduct bingo at the Houston County Fairgrounds from August 16 – 19, 2012.

D. SOFT DRINK LICENSE: To approve a Soft Drink License submitted by Houston County 4-H Federation.

VISITORS AND COMMUNICATIONS.

A. TODD ARLANDER WITH STANTEC: Mr. Arlander wished to attend the Council Meeting to introduce himself to the Council and provide his Field Observation and Report. He stated he is in Caledonia for 6 hours a week and he and Ryan Skillings, Water/Waste Water Operator typically schedule the time he is in Caledonia by appointment. He further stated the need for some equipment upgrades and the like. The Council thanked him for coming to the meeting to introduce himself and give his report.

B. ADMINISTRATIVE COORDINATOR TOPICS:

1. JANEEN JOHNSON ZONING: Administrative Coordinator Gerardy stated that Janeen Johnson, 514 South Pine Street, would like to enclose a 15' x 26' existing carport. By doing so this would be an addition to the existing garage. The proposed project would be located approximately 2' from the north property line. Mr. Gerardy shared that the total square footage of the proposed project would be 726 square feet and her lot allows a 800 square foot garage. Mayor Burns noted

that the current garage is already 2 feet from the property line, therefore a motion was made by Mayor Burns, seconded by Member Lemke, to approve the 2' setback variance on the north (side) property line. All members voted in favor and the motion was declared carried.

2. CALEDONIA POLICE RESERVE SIGN: Member Vick stated that the American Legion donated $250.00 to the City for the purchase of a sign. The City decided not to purchase a sign do to the cost. Member Vick asked if the money the American Legion donated could not be passed through to the Police Reserves. The consensus of the Council was that the City could do that. Further, Member Vick asked if the City would like to set a price for organization's to plug into the electric outlet at the Ambulance/Police Department garage. The Council decided to suggest a $10 donation be made to cover the cost of electrical expenses.

3. APPRAISAL: Administrative Coordinator Gerardy shared that the City has to have the land for the proposed future Waste Water Treatment Plant appraised by a level 4 appraiser. This appraisal is required for the City to be eligible for any kind of State grants in the future. The proposed site is a 5 acre property on County Road 5 where the sanitary sewer outfall ends now; therefore it is the preferred site. Mr. Gerardy shared that after the appraisal is completed, the City can meet with the property owner and enter in a Purchase Agreement and First Right of Refusal. Member Murphy commented he would like to see the purchase option read that the City would not be obligated to purchase the land if further expansion is not needed. It was further noted that the City would be no way obligated to act on the purchase agreement if the development of a new Waste Water Treatment Plant is not needed. Following discussion, a motion was made by Mayor Burns, seconded by Member Fisch, to authorize payment of up to $4,000 for a level 4 appraiser. All members voted in favor and the motion was declared carried.

4. CLEAN ENERGY RESOURCE TEAMS MEETING: Administrative Coordinator Gerardy distributed a meeting notice from Southeast CERT. The meeting will be Wednesday, August 22, 2012, in Oronoco, MN. Member Murphy indicated he will attend if the City van is available. The Council concurred that if the City van is not available, Member Murphy would be paid mileage for his attendance at the meeting.

5. WORK SCHEDULES: Administrative Coordinator Gerardy asked if Ryan Skillings and Coady Heiderscheit, Water / Waste Water Operator's, could work a full 40 hour week and be compensated overtime pay for their 6 hours worked on the weekend's while the Sewer Rehabilitation Project is going on instead of having to take the 6 hours off during the week. Mr. Gerardy stated he felt having Ryan and Coady around during the project would be a wonderful learning experience for both of them as well as beneficial to the City so the contractors could ask them questions and make sure things are done the way we prefer versus the contractor choosing how to install something. The Council agreed with Mr. Gerardy, the only question was if they could stagger their hours so we had more coverage since the contractors may choose to work until 6:00 or 7:00 p.m. and the normal work day concludes at 3:30 p.m. Mr. Gerardy stated he would speak with Ryan and Coady.

C. CITY ACCOUNTANT TOPICS:

1. CASH AND INVESTMENTS SCHEDULE: City Accountant Stephanie Mann reviewed the Cash and Investments Schedule. She made mention that the LGA was received in the amount of $416,005.50. Discussion took place on whether to have the separate ambulance fund; the consensus was to discuss this item in November 2012 and if so, have the ambulance fund be changed to reflect a calendar year.

2. BUDGET WORKSHEET: Ms. Mann reviewed the budget worksheet through June 30, 2012.

3. LONG TERM DEBT SCHEDULE: Ms. Mann reviewed the long term debt schedule, there were no questions.

4. 2011 AUDIT REVIEW: Ms. Mann briefly highlighted a few items from the 2011 Audit that was prepared by Tostrud and Temp. Member Murphy asked Ms. Mann to send out a response for the actions being taken to resolve the issues cited in the Management Letter.

D. COMMUNICATIONS: None.

OLD BUSINESS

A. FIRE TRUCK FINANCING: Neal Staplekamp with Alexis Air was present to discuss the final financing agreement from First Banker's Corporation for the new fire truck. Interim City Clerk – Administrator Paul Sparks made notation of the higher yearly payment of $31,236.62 instead of the $30,664 which was originally approved. The reason for the higher annual payment is holding off on the first payment until January 2014 instead of June 2013. By having the first payment scheduled for January 2014 the City would have to pay $572.62 annually for a ten year period. Discussion took place on when the City would like to make their payment; the Council indicated they would have to talk to the Rural Fire District before anything is final. Following discussion, a motion was made by Mayor Burns, seconded by Member Fisch, to approve the Municipal Lease and Option Agreement, with notation that the refinancing of the lease agreement be checked to see if the payment could be changed back to June 2013 instead of January 2014 and the final decision be deferred to the Council Committee for authorization and authorizing the Mayor to sign on behalf of the City. All members voted in favor and the motion was declared carried.

EXHIBIT A

CITY OF CALEDONIA, MINNESOTA

RESOLUTION 12-2012

RESOLUTION AUTHORIZING A LEASE PURCHASE AGREEMENT BETWEEN THE CITY OF CALEDONIA, MINNESOTA AND FIRST BANKERS CORPORATION

Lessee: **City of Caledonia, Minnesota**

Date of Agreement: July 1, 2012

At a duly called meeting of the governing body of Lessee (as defined in the Agreement) held on the 23rd day of July, 2012, the following resolution was introduced and adopted.

WHEREAS the governing body of Lessee has determined that a true and very real need exists for the acquisition of the Equipment described in the Municipal Lease and Option Agreement presented at this meeting; and

WHEREAS the necessary funds for the leasing of the Equipment have been provided for the coming fiscal year and are expected to be available in the future.

WHEREAS, the governing body of Lessee has taken the necessary steps, including any legal bidding requirements, under applicable law to arrange for the acquisition of such equipment.

BE IT RESOLVED, by the governing body of Lessee that the terms of said Municipal Lease and Option Agreement for the acquisition

of such Equipment are in the best interests of Lessee, and the governing body hereby affirms and confirms that:

(a) the Equipment is essential to the function of the Lessee and the services provided to our citizens, that we have an immediate need for the Equipment which is not temporary or expected to diminish in the foreseeable future; that we will use substantially all the Equipment for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority.

(b) the governing body of Lessee designates the following persons to execute and deliver, and to witness or attest, respectively, the First Bankers Corporation Municipal Lease and Option Agreement and any related documents necessary to the consummation of the transactions contemplated by the Municipal Lease and Option Agreement.

Robert H. Burns
(Print Name of Person to Sign Lease)

/S/ Robert H. Burns
(Specimen Signature of Person to Sign Lease)

Mayor
(Print Title of Person to Sign Lease)

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the above and foregoing Municipal Lease and Option Agreement is the same as presented at said meeting of the governing body of Lessee.

/s/ Paul Sparks
(Signature of Secretary or Clerk

Paul Sparks
(Print name of Secretary or Clerk)

7-23-12
Date

B. CITY CLERK-ADMINISTRATOR HIRING PROCESS: Interim City Clerk/Administrator Sparks stated there was eleven (11) applications received for the position of City Clerk-Administrator. Mayor Burns scheduled a Special Meeting on Monday, July 30, 2012 at 7:00 p.m. to review the applications received.

NEW BUSINESS

A. MILEAGE REIMBURSEMENT REQUEST FROM INTERIM CLERK/ADMINISTRATOR CANDIDATE: Interim City Clerk – Administrator Sparks shared he received an e-mail from James Norman asking for mileage reimbursement for when he came to Caledonia to interview for the Interim City Clerk Administrator Position. Following discussion, a motion was made by Mayor Burns, seconded by Member Murphy, to deny payment of mileage. All members voted in favor and the motion was declared carried.

B. HIRING OF ADDITIONAL PART-TIME POLICE OFFICERS: Interim City Clerk – Administrator Sparks shared that the Personnel Committee recommended hire of Brandon Harris and Thomas Mueller as Part-Time Police Officers at the rate of $17.95 an hour. Police Chief Kurt Zehnder stated that the backgrounds came back positive on both individuals. Member Fisch inquired who is responsible for training expenses. Chief Zehnder stated that the primary department is responsible for training expenses, therefore Mr. Harris's training expenses will be covered elsewhere as he is employed by another department, however, Mr. Mueller's will be covered by Caledonia as he not employed elsewhere and Caledonia will be his primary department. Following discussion, a motion was made by Mayor Burns, seconded by Member Vick, to approve the hire of Brandon Harris and Thomas Mueller at the hourly wage of $17.95. All members voted in favor and the motion was declared carried.

C. CONTRACT WITH PAUL SPARKS FOR INTERIM CITY CLERK/CITY ADMINISTRATOR SERVICES: Interim City Clerk – Administrator Sparks presented a contract he prepared for his services. He indicated he had spoken with Tom Danielson, City Insurance Agent to receive language that may be requested by the League of MN Cities Insurance Trust. Following discussion, a motion was made by Member Fisch, seconded by Member Lemke to enter into the contract with Paul Sparks. All members voted in favor and the motion was declared carried. Mayor Burns and Mr. Sparks signed the agreement.

D. EARLY BIRDS REQUEST TO KEEP CITY POOL OPERATIONAL FOR ADDITIONAL WEEK: Interim City Clerk – Administrator Sparks shared he received a request from the Early Bird swimmers to have the pool stay open the week of August 20th, as in the past. They indicated they would pay the wages of the lifeguard. Following discussion, a motion was made by Member Fisch, seconded by Member Vick, to authorize the pool to stay open the week of August 20th for Early Bird swim only as long as they pay the wages of the lifeguard and with the understanding the City will be turning the heater off. All members voted in favor and the motion was declared carried.

E. APPROVAL OF SCHOOL CROSSING GUARD AGREEMENT: Interim City Clerk – Administrator Sparks presented the School Crossing Agreement between the City of Caledonia and Independent School District No. 299. The hourly wage would stay at 13.53 per hour. Discussion took place as to whether a crossing guard would be needed once the Highway 44 project was completed because of the new mast arm control that was being installed. The consensus of the Council was that this year the crossing guard should remain. Therefore, a motion was made by Mayor Burns, seconded by Member Lemke, to approve the Crossing Guard Agreement for the school year 2012 – 2013. All members voted in favor and the motion was declared carried.

F. APPROVAL OF EMERGENCY PURCHASE OF COLORIMETER FOR WATER AND SEWER UTILITIES: Interim City Clerk – Administrator Sparks informed the Council that the Colorimeter at the Water / Waste Water Treatment Plant became inoperable on Monday, July 16, 2012 and the City was driving to the City of Houston to do the daily testing that is required. Mr. Sparks shared that he authorized the purchase that day and the part had arrived and was already installed. Following discussion, a motion was made by Mayor Burns, seconded by Member Lemke, to approve the emergency purchase of a Colorimeter.

G. BEER SALES AT BENEFIT: Interim City Clerk – Administrator Sparks informed the Council he had someone inquire at the Clerk's Office as to whether a Beer License or Off-Site Premises Application would have to be required for an upcoming benefit to be held on Saturday, August 4, 2012 at St. Mary's Grade School. The American Legion Post 249 is to supply the beer for the benefit, however, the beer is not being sold but rather it will be a free will offering. He indicated he has a call into the League of MN Cities and is waiting for a reply. The Council indicated this issue could be brought back to the Special Meeting on Monday, July 30th.

H. UTILITY BILLING COMPUTER: Interim City Clerk – Administrator Sparks presented a quote obtained from Affordable Technology in the amount of $694.69 for a new utility billing computer. Secretary Jessica Kohnen indicated office staff has been having problems for the last 4 weeks with the utility billing program not working properly. Today, Monday, July 23rd after speaking with the Banyon Support person it was determined that the computer does not have enough speed to operate the program anymore therefore causing timeout and error messages to occur. It was the recommendation to purchase a new computer. Following discussion, a motion was made by Member Fisch, seconded by Member Vick, to approve the purchase of a new utility

billing computer from Affordable Technology for the purchase price of $694.69, understanding labor would be billed later. All members 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 pay period June 25 – July 8, 2012.

B. UPDATE ON ACTION FOR PUBLIC HEALTH NUISANCE – 1017 SUNRISE LANE: Enclosed with the Agenda was a letter from Deb Rock, Houston County Public Health, information us that letters had been sent to the residents and landlord at 1017 Sunrise Lane, declaring it a Chemical Investigation Site/Public Health Nuisance. Council Members inquired as to Chief Zehnder ever contacted Public Health about grant monies being available to help offsite overtime wages that have occurred. It was further noted, that the Clerk's Office should keep track of the hours of the employees involved that day, in case monies become available.

C. UPDATE ON INTEREST EARNINGS ON CITY FUNDS: Enclosed with the Agenda was an e-mail from Craig Schroeder, Merchants Bank, regarding the interest rate on the City funds.

MISCELLANEOUS ITEMS

A. AQUATIC CENTER PROJECT: Mayor Burns asked for clarification on the City's pledge of up to $400,000 to the Aquatic Center Project. He stated he was approached by the pool consultants who understood the City would pledge $400,000 regardless if the $1.7 million was raised by pledges and donations. Mayor Burns stated he understood the City would pledge up to $400,000 if the total $1.7 million was not reached. The Council concurred with Mayor Burn's understanding that the City would pledge up to $400,000 if the total $1.7 million was not raised by pledges and donations from the Community.

B. BIRTHDAY WISHES: The Council wished Mayor Burns a happy 60th birthday.

ADJOURNMENT: A motion to adjourn was made by Mayor Burns, seconded by Member Lemke, at 8:54 p.m. All members voted in favor and the motion was declared carried.

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Robert H. Burns
Mayor

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Jennifer J. Feely
City Clerk/Administrator