

REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, September 26, 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: Robert Lemke, Tom Murphy, Randi Vick (6:00 p.m.-7:00 p.m.) and Paul Fisch. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, Administrative Coordinator Mike Gerardy and City Accountant Stephanie Mann. Visitors present: Matt Blocker.

AGENDA APPROVAL. The following items were added to the agenda for discussion: Electrical Project Update and Discussion Regarding 2012 Sewer Rehab Project. A motion was made by Member Fisch, seconded by Member Lemke, to approve the agenda with the addition of the above-mentioned items. All those present voted in favor and the motion was declared carried.

A. MINUTES OF PAST MEETINGS. A motion was made by Member Fisch, seconded by Member Lemke, to approve the Regular City Council Minutes of September 12, 2011 with the following correction: Member Vick opposed the motion made to approve a variance request by Dan and Suzanne Kruse, 705 North Hokah Street, to construct a 12'x24' addition onto their existing garage. Noting the correction, all members present voted in favor and the motion was declared carried.

VISITORS AND COMMUNICATIONS.

A. CITY ATTORNEY TIM MURPHY. Mayor Burns adjourned the meeting into closed session at 6:05 p.m. as permitted by the attorney-client privilege as per Minnesota Statutes, section 13D.05, subdivision 3(b). Mayor Burns re-opened the meeting at 7:08 p.m. A special City Council meeting was called for Wednesday, October 5, 2011 at 7:00 p.m. in the Council Chambers.

B. BARBARA HUNING: NUISANCE ABATEMENT EXTENSION REQUEST. Barbara Huning, 428 East South Street, was present to address the Council for the purpose of requesting an extension to a nuisance abatement request she received from the City on September 1, 2011. City Clerk/Administrator Feely explained that a complaint was received regarding weeds and rank vegetation and, as a result, a letter was sent to Huning on September 1, 2011 requesting that any weeds and rank vegetation be abated. Huning was present to address the Council and requested that she be granted a nuisance abatement extension until October 31, 2011 as the plants in question are part of a study that Huning is conducting as part of her graduate work in Applied Ecopsychology. Discussion ensued. Huning stated that the vegetation in question is 15' tall ragweed plants. In the interest of the scientific endeavor, a motion was made by Mayor Burns, seconded by Member Murphy, to grant a nuisance abatement extension until Monday, October 10 for the 15' tall ragweed plants and any other such weeds or rank vegetation. All members present voted in favor and the motion was declared carried.

C CITY ACCOUNTANT TOPICS.

1. CASH AND INVESTMENT REPORT. City Accountant Stephanie Mann was in attendance to report that as of August 31, 2011, the total cash balance was \$1,000,243.36 and the total investment balance was \$2,513,750.00. Discussion ensued.

2. BUDGET WORKSHEET. City Accountant Mann reviewed the budget worksheet which showed the line item detail for revenues and expenditures through August 31, 2011. Discussion ensued.

3. AUDIT REPORT. City Accountant Mann presented the Council with an email from the City's auditing firm, Tostrud and Temp, regarding the following key points concerning the 2010 audit:

- 1) The City's fund balance in the General Fund increased by \$147,458 before proceeds from asset sales and operating transfers in, but is still negative \$129,818 at year end. The City should strive to continue this trend and eventually build to a fund balance of approximately \$1,000,000. This will take 6 to 10 years at a minimum.
- 2) All enterprise funds have a positive net asset balance, and within net assets, a positive unrestricted net asset balance, except the sewer fund. This is very good. The sewer fund's negative net asset balance, if not already completed, should be corrected by a permanent transfer from the light fund. The light fund has sufficient assets to make the transfer. It was cautioned that rates need to be increased to cash flow both ongoing operating expenses and current and future debt service (loan and bond payments).
- 3) All enterprise funds, except the dump site fund, had net income in 2010. This is also very positive. The Dump Site Fund lost just \$324 in 2010, but should be monitored to determine if a slight fee increase is needed in the future. Page 16 of the audit report shows income and expenses by fund for 2010.
- 4) Cash flows is a critical area to look at on your financial statements because that shows whether cash is increasing or decreasing. It is quite possible for a fund to show profit for the year, but see its cash balance shrink. This is especially true if a fund has significant debt payments or growth in its accounts receivable balance. Principal payments on debt reduce cash, but do not create an expense, since the loan or bond is a liability on the statement of net assets. As for increasing receivables, it is a good practice to transfer utility bills more than three months past due onto property tax bills to ensure they are paid before a property transfers hands.

Discussion ensued. No official action was taken.

D. ADMINISTRATIVE COORDINATOR TOPICS.

1. CRACK SEALING BIDS. Administrative Coordinator Gerardy opened two bids received for crack sealing. Gerardy reported the following:

B&D Seal Coating, LLC	10,000 lbs.-13,000 lbs.	\$1.65 per lb.
B&D Seal Coating, LLC	13,000 lbs.-15,500 lbs.	\$1.65 per lb.
Fahrner Aspahl Sealers, LLC	10,000 lbs.-13,000 lbs.	\$3.10 per lb.
Fahrner Aspahl Sealers, LLC	13,000 lbs.-15,500 lbs.	\$2.90 per lb.

Discussion ensued. A motion was made by Member Lemke, seconded by Member Fisch, to approve hiring the lowest bidder, B&D, LLC, and spending approximately \$16,500.00 on seal coating. Voting in favor: Lemke, Fisch, and Murphy. Voting Against: None. Abstaining: Burns. The motion was declared carried.

E. COMMUNICATIONS.

1. NOTICE FROM CALEDONIA CHAMBER OF COMMERCE. Attached with the agenda was a notice from the Caledonia Chamber of Commerce regarding the Hot Air Balloon Rally.

OLD BUSINESS.

A. PROPERTY AND LIABILITY COVERAGE FOLLOWUP. City Clerk/Administrator Feely shared that attached with the agenda was a follow-up letter from the City's Insurance Agent, Tom Danielson, regarding property and liability coverages. No discussion ensued and no action was taken.

B. AMBULANCE TIME SHEET INQUIRY. City Clerk/Administrator Feely shared that attached with the agenda was a response from Caledonia Ambulance Director Mike Tornstom regarding a follow-up response to an ambulance time sheet inquiry. Discussion ensued. No action was taken.

NEW BUSINESS.

A. SPECIAL ASSESSMENT REQUEST. City Clerk/Administrator Feely shared that a special assessment request was received from Stacy Hauser-Vick regarding the property located at 928 East Grove Street for a new water service line. It was noted that attached with the agenda was the following: (1) Invoice for Water Service Line Work; (2) Invoice for Street Restoration Work Associated with Water Service Line Repair; and (3) Amortization Schedules for Three and Five Year Periods. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to approve Stacy Hauser-Vick's special assessment request to specially assess costs associated with a new water service line at 928 East Grove Street over the course of three years at an interest rate of 6.25%. All those present voted in favor and the motion was declared carried.

B. PART-TIME LIQUOR STORE CLERK RESIGNATION. City Clerk/Administrator Feely shared that attached with the agenda was a letter of resignation from Part-Time Liquor Store Clerk Don Strabley. It was noted that Strabley was hired as a Part-Time Liquor Store Clerk on July 25, 2011. A motion was made by Member Fisch, seconded by Member Murphy, to approve the resignation of Don Strabley as a Part-Time Liquor Store Clerk for Hometown Liquor, effective September 13, 2011. All members present voted in favor and the motion was declared carried.

C. ASCAP LICENSE AGREEMENT. City Clerk/Administrator Feely shared that attached with the agenda was a license agreement from the American Society of Composers, Authors, and Publishers (ASCAP). It was noted that to publicly perform copyrighted music legally, cities must obtain permission from the copyright owners or their representatives, such as ASCAP. It was further noted that the League of Minnesota Cities recommends that cities pay blanket license dues if they have music playing anywhere in the city, including third parties playing recorded music in city facilities. A motion was made by Member Fisch to approve paying the fee associated with the ASCAP license agreement. The motion failed for a lack of a second.

D. FIRE DEPARTMENT HANDBOOK. City Clerk/Administrator Feely shared that attached with the agenda was a final draft of the Fire Department Handbook, which was reviewed by the Fire Department at its September 12 meeting. Discussion ensued. A motion was made by Member Lemke, seconded by Member Fisch, to adopt the Fire Department Handbook, thereby repealing the existing by-laws and rules and regulations. All members present voted in favor and the motion was declared carried.

E. EAST GRANT STREET PROJECT DISCUSSION. City Clerk/Administrator Feely shared that an improvement hearing was held on April 12, 2011 regarding consideration of street improvements to East Grant Street. It was noted that the consensus at that time was to take no action as the City had six months to order the improvement from the date of the improvement hearing. It was further noted that the project would be bid in conjunction with the sewer project sometime next February-April 2012. A motion was made by Member Lemke, seconded by Member Fisch, to approve a resolution ordering the improvement and preparation of plans for the proposed East Grant Street Improvement Project. All members present voted in favor and the motion was declared carried.

F. AUTHORIZATION TO SEND SEVERLY PAST DUE ACCOUNTS TO COLLECTIONS OR REVENUE RECAPTURE. City Clerk/Administrator Feely shared that attached with the agenda was a collection service/hold harmless agreement for Millennium Credit Consultants, Inc. It was noted that Expert T Billing, ambulance billing service provider for the City, has requested authorization to send all accounts in which a final notice has been sent and no response has been received to Millennium Credit Consultants, Inc. and Revenue Recapture. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Murphy, to grant authorization to Expert T Billing to send all accounts which have received a final notice and to which no response has been received, to Millennium Credit and/or Revenue Recapture, contingent upon the City Attorney's review and approval of the Collection Service/Hold Harmless Agreement. All members present voted in favor and the motion was declared carried.

G. BIDDING SEWER REHAB PROJECT IN 2012. City Clerk/Administrator Feely shared that attached with the agenda was an email from Davy Engineering regarding bidding the sewer rehabilitation project in 2012. It was noted that Davy Engineering recommends waiting until late winter or early spring (February-April), 2012, to bid the project to allow more time to complete the financing. No action was taken.

CLERK'S REPORT.

A. EMPLOYEE TIME RECORD. Enclosed with the agenda was the Employee Time Record for September 5, 2011-September 18, 2011.

B. UPCOMING COMMUNITY POOL STEERING COMMITTEE MEETING. City Clerk/Administrator Feely shared that the upcoming Community Pool Steering Committee meeting was scheduled for Wednesday, September 28 at 7:00 p.m. in the basement of the City Auditorium.

C. STATE ECONOMIC UPDATE. City Clerk/Administrator Feely shared that attached with the agenda was an informational piece from the League of Minnesota Cities regarding a state economic update. Discussion ensued.

D. LEAGUE OF MINNESOTA CITIES ANALYSIS OF MVHC ELIMINATION. City Clerk/Administrator Feely shared that attached with the agenda was an informational piece from the League of Minnesota Cities regarding their analysis of the recent Market Value Homestead Credit elimination. Discussion ensued.

MISCELLANEOUS ITEMS.

A. ELECTRICAL PROJECT UPDATE. City Electrician Matt Blocker stated that Mediacom has been uncooperative in working with the City to remove its wires from City poles. Blocker went on to note that Karian Peterson will be back in town the week of October 10 to

remove the poles; however, Mediacom needs to do their part and remove their wires. Mayor Burns stated that he contacted Kevin Parker with Mediacom sometime ago and was told that the necessary work was being completed by Mediacom. Mayor Burns stated that he would like to call Kevin Parker to explain that if Mediacom refused to cooperate that the City would pursue terminating its franchise agreement with Mediacom. The consensus of the Council was for the Clerk/Administrator to contact the City Attorney to find out what steps need to be taken to terminate the franchise agreement with Mediacom.

ADJOURNMENT. A motion to adjourn was made at 10:25 p.m. by Member Lemke, seconded by Mayor Burns. All members present voted in favor and the motion was declared carried. The next regularly scheduled meeting of the City Council is scheduled for Monday, October 10, 2011 at 6:00 p.m. in the Council Room, City Hall.

Robert H. Burns, Mayor

Jennifer Feely, City Clerk/Administrator