

REGULAR MEETING OF THE CITY COUNCIL  
CITY OF CALEDONIA, MINNESOTA  
Monday, November 28, 2011

CALL TO ORDER. Following due call and notice thereof, Mayor Burns called the meeting to order at 6:05 p.m. in the Council Room, City Hall.

ROLL CALL. Members present: Mayor Robert H. Burns; Council Members: Randi Vick, Tom Murphy, Paul Fisch, and Bob Lemke. Members Absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, Administrative Coordinator Mike Gerardy, Accountant Stephanie Mann, City Attorney Tim Murphy, and City Engineer Mike Davy. Visitors present: Caledonia Argus Reporter Charlie Warner.

AGENDA APPROVAL. A motion was made by Member Vick, seconded by Mayor Burns, to approve the agenda with the following additions: Revisit Part-Time Health Insurance Coverage Request, Award Letter from MnDOT, and Alternate Side Parking Discussion. All members present voted in favor and the motion was declared carried.

CONSENT AGENDA. A motion was made by Mayor Burns, seconded by Member Vick, to approve the consent agenda. All those 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, November 14, 2011, as presented.

VISITORS AND COMMUNICATIONS.

A. MIKE CONNOR: UTILITY CHARGES. Mike Connor, owner of the property located at 324 West Main Street, was present to request the Council's consideration in waiving approximately \$1,300 in sewer charges for a waterline that was running while a renter was living at his property. Connor stated that he does not contest the water charges, however, he argued that the water did not go into the City sewer system and, therefore, he should not be responsible for such charges. Discussion ensued. The consensus of the Council was for Administrative Coordinator Gerardy to look into the situation and report back to the Council at the December 12 City Council meeting.

B. BILL KEMP: WEST MAIN TOWNHOMES. Bill Kemp, representative of West Main Townhomes, was present to state on the record that he objected to the certification of a past due utility charge from one of West Main Townhomes' former tenants for collection with West Main Townhomes' property taxes. Kemp stated that the former tenant was responsible to the City directly for their utility services, and not West Main Townhomes as the landlord. City Attorney Tim Murphy was present to state that if the landlord doesn't want to be responsible for signing the utility agreement, then the City can make the deposit higher for those rental properties. City Attorney Murphy stated that it essentially becomes an issue of which party is going to bear the risk. Discussion ensued. Mayor Burns suggested that Kemp speak with West Main Townhomes and revisit the matter at the December 12 City Council meeting. No action was taken.

C. DAVY ENGINEERING: SEWER SERVICE ALONG TH44. City Engineer Mike Davy was present to discuss sewer service options for six properties located in the Bonanza Grain area along TH44. It was noted that one of the properties located along the west side of TH44 recently received notice from the MPCA that their sewer service was out of compliance and required corrective action. Consequently, the City was contacted regarding options available with respect to extending City sewer to the west side of TH44. Davy presented two options available with a gravity sewer system and a pressure sewer system. Davy explained that the gravity sewer and watermain option would cost approximately \$164,040, with the cost per property ranging from \$54,058.57 to \$108,117.14. Davy explained that second option entailed installing a limited pressure sewer system with a grinder unit installed at each property. It was noted that the total cost for this option was around \$63,000, with the average cost to each property being approximately \$20,000. Three of the six property owners located along TH44 in the Bonanza Grain Area were present. Gary Kruckow with Bonanza Grain stated that he was in favor of the limited pressure sewer system while Joe Wiebke with Wiebke Tire and Sandy Meyer with Meyer Gardens were opposed to connecting to City sewer as both noted that they had not received notice from MPCA that their septic systems were out of compliance. Meyer stated that if the City forces her to connect to City sewer, then the future of her business could be jeopardized. Member Vick stated that she didn't want to see the City lose any businesses over this matter. City Clerk/Administrator Feely noted that five of the six property owners along TH44 stated that they are not in favor of connecting to City sewer given the expense involved. Discussion then ensued concerning the cost associated with a pressure sewer extension for Bonanza Grain only, and whether a developer's agreement would be necessary to specifying reimbursement to Bonanza Grain if other properties were to connect in the future. Mayor Burns questioned whether the City could purchase the grinder units and spread the cost of the grinder units along with the other project costs over the course of 20 years to lessen the upfront cost to each of the property owners. The consensus of the Council was for Davy to put together a cost estimate associated with a pressure sewer system for Bonanza Grain only, as well as a cost estimate for a pressure sewer system with the cost of the grinder pump included in the total project cost, and present at the December 12 City Council meeting. No official action was taken.

D. CITY ACCOUNTANT TOPICS.

1. CASH AND INVESTMENT REPORT. City Accountant Stephanie Mann was in attendance to report that as of October 31, 2011, the total cash balance was \$931,147.90, and the total investment balance was \$2,314,750.00. Discussion ensued.

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

3. 2012 BUDGET. City Accountant Mann reviewed the proposed 2012 budget, showing a 6.62% levy increase over the 2011 levy. Discussion ensued regarding transferring the Tri-County Capital Credit contribution from the Light Fund to the General Fund to help offset General Fund expenses. The consensus of the Council was to schedule a Special City Council meeting on December 7 for the purpose of holding a budget workshop in preparation for the December 12 Truth-In-Taxation hearing.

E. ADMINISTRATIVE COORDINATOR TOPICS.

1. CENTURY LINK SIGN – 116 WEST MAIN STREET. A motion was made by Mayor Burns, seconded by Member Lemke, to approve a request for a 4'x12' non-illuminated sign to attach to the Century Link building. All members present voted in favor and the motion was declared carried.

2. MNDOT REPLY. Administrative Coordinator Gerardy shared that the City will not be paid for removal of MnDOT lights or City lights as this is considered a savings to the City. Gerardy went on to note that whatever is salvaged will be the City's responsibility at its own expense. Gerardy explained that the lump agreement pertains to the installation of all materials, and that the engineer's estimate could be more or less than anticipated after the bidding of the project occurs. It was noted that there will be 22 lights total, while MnDOT will be responsible for 6 out of the 22. It was further noted that there are currently 12 lights along TH44. Mayor Burns and Member Fisch stated that they would like to sit down and discuss this matter with Representative Greg Davids and Senator Jeremy Miller to ask for their assistance in resolving this lighting matter with MnDOT. City Clerk/Administrator Feely will work on coordinating a meeting with area legislators. Discussion then ensued regarding how close pedestrian flashing lights can be to the pedestrian crossing lights. Gerardy reported that MnDOT recommends just having a push button crosswalk sign, although the City can have both pedestrian flashing lights and a push button crosswalk sign.

3. RENTAL RATES. Administrative Coordinator Gerardy inquired as to whether Council would like to increase rental rates for equipment and labor in 2012. The consensus was to accept Mayor Burns' recommendations for 2012 equipment and labor rate increases.

F. COMMUNICATIONS.

1. LETTER FROM MEDIACOM. Attached with the agenda was a letter from the Mediacom regarding rate adjustments.

OLD BUSINESS.

A. REVISIT HEALTH INSURANCE COVERAGE REQUEST FOR PART-TIME EMPLOYEE. City Clerk/Administrator Feely shared that discussion took place at the November 14 City Council meeting concerning providing health insurance coverage for regular part-time employees working at least 25 hours per week. It was noted that as per a response to an inquiry to the City's insurance agent, if the Council were to decide to allow eligible employees to be on the City's group health insurance plan, then the employees would have to complete enrollment forms and submit them to Blue Cross Blue Shield before December 1, since the Council intends to change the hourly requirement to 40 hours per week, effective January 1, 2012. In addition, the eligible part-time employees would be considered late entrants and have to answer health questions. Feely reviewed the cost to the City if the two eligible part-time employees were to join the City's group health insurance plan. Discussion ensued. The consensus of the Council was that the City was not looking to increase healthcare costs, and the eligibility requirement would increase to 40 hours beginning January 1, 2012.

NEW BUSINESS.

A. CERTIFICATION OF DELINQUENT CHARGES. City Clerk/Administrator Feely shared that attached with the agenda was a list of past due lawn mowing and weed removal charges, a water meter charge, and utility charges.

Certification of Lawn Mowing and Weed Removal Charges as per Minnesota Statute 429.101

Betty Duff \$150.00  
822 East South Street  
Caledonia, MN 55921  
Parcel ID #210504000

Randy Rose \$75.00  
318 North 1<sup>st</sup> Street  
Caledonia, MN 55921  
Parcel ID# 210308000

Mike Connor \$150.00  
N6517 Bagan Rd  
Black River Falls, WI 54615  
Parcel ID# 210119001

Total Charges: \$375.00

Certification of Water Meter Charge as per Minnesota Statute 429.101

Mike Rogich \$133.59  
704 West Washington Street  
Caledonia, MN 55921  
Parcel ID# 21.1093.000

Total Charge: \$133.59

Certification of Past Due Utility Charges as per Minnesota Statute 444.075

\$550.52  
\$123.70  
\$1,084.24  
\$214.59  
\$745.21  
\$11,069.23  
\$28.57  
\$316.44

Total Charges: \$14,132.50.

Discussion ensued. A motion was made by Mayor Robert Burns, seconded by Councilmember Tom Murphy, to certify the above-mentioned charges for collection with property taxes payable in 2012. All members present voted in favor and the motion was declared carried.

B. SOUTH STREET SEWER REHAB PROJECT – FINAL PAY ESTIMATE NO.5. City Clerk/Administrator Feely shared that attached with the agenda was Final Pay Estimate No. 5 as submitted by Winona Mechanical, Inc. for work completed on the South Street Sewer Rehabilitation Project. It was noted that Davy Engineering reviewed the request for compliance with the contract work completed and recommended payment in the amount of \$4,838.12. It was further noted that this amount represented the retainage for the project. A motion was made by Member Fisch, seconded by Member Lemke, to approve Pay Estimate No.5 in the amount of \$4,828.12, payable to Winona Mechanical, Inc. Voting in Favor: Fisch, Lemke, Vick, and Murphy. Voting Against: None. Abstaining: Burns. The motion was declared carried.

C. DECREASE IRP LOAN INTEREST RATE. City Clerk/Administrator Feely shared that the Caledonia EDA recommends to the City Council that the interest rate on future Intermediary Lending Program loans be reduced from 4% to 2% in an effort to increase interest in utilizing funds available for economic expansion and growth in Caledonia. Discussion ensued. A motion was made by Member Murphy, seconded by Mayor Burns, to approve setting the interest rate on future IRP loans at 2%. The motion was declared carried.

D. INCREASE FLEXIBLE SPENDING CONTRIBUTION AMOUNT. City Clerk/Administrator Feely shared that the City currently caps employee contributions to its flexible spending account (FSA) plan with Business Financial Planning (BFP) at \$2,000, whereas the 2012 contribution limit established by the IRS is \$5,000. It was noted that beginning January 1, 2013, the IRS limit will decrease to \$2,500. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Vick, to approve removing the cap on employee contributions to flexible spending accounts, beginning January 1, 2012, to match that of the IRS limit. 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 October 31, 2011 – November 13, 2011.

B. DISCHARGE MONITORING REPORT. Attached with the agenda was a discharge monitoring report showing an average Nitrogen Level of 10.18 mg/L.

C. POOL PROJECT UPDATE. City Clerk/Administrator Feely shared that Crescendo Consulting would be conducting interviews for the Community Assessment Study on November 30 and December 5.

D. UPCOMING TAX ABATEMENT HEARING FOR MIKEN SPORTS. City Clerk/Administrator Feely shared that a public hearing would take place at the December 12 City Council meeting for the Miken Sports tax abatement request.

E. AWARD LETTER FROM MNDOT FOR TRAIL EXTENSION PROJECT. City Clerk/Administrator Feely shared that a letter was received from MnDOT stating that MnDOT agreed to award the City of Caledonia funding in Fiscal Year 2015 (July 1, 2014-June 30, 2015) for 50 percent of the eligible bike trail costs up to a maximum of \$50,000 for the proposed trail extension project. No official action was taken as this was included for informational purposes.

MISCELLANEOUS ITEMS.

A. ALTERNATE SIDE PARKING. Member Vick stated that she would like to discuss Alternate Side Parking as she received complaints from residents regarding citations issued Thanksgiving weekend. Discussion ensued. The consensus was for City Clerk/Administrator Feely to visit with Police Chief Kurt Zehnder and report back at the upcoming meeting on the matter.

ADJOURNMENT. A motion to adjourn was made by Mayor Burns, seconded by Member Vick, at 11:20 p.m. All members present voted in favor and the motion was declared carried.

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Robert H. Burns  
Mayor

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Jennifer Feely  
City Clerk/Administrator

SPECIAL MEETING OF THE CITY COUNCIL  
CITY OF CALEDONIA, MINNESOTA  
Wednesday, December 7, 2011

CALL TO ORDER. Following due call and notice thereof, Mayor Burns called the special meeting to order at 7:30 p.m. in the Council Room, City Hall.

ROLL CALL. Members present: Mayor Robert H. Burns; Council Members: Randi Vick, Robert Lemke, Tom Murphy and Paul Fisch. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely, City Insurance Agent Tom Danielson (7:30 p.m.-8:35 p.m.), Administrative Coordinator Mike Gerardy (8:35 p.m.-9:40 p.m.) and City Accountant Stephanie Mann (8:35 p.m.-10:05 p.m.). Visitors present: None.

BUSINESS ITEM.

A. ADJOURN INTO CLOSED SESSION TO DISCUSS LABOR NEGOTIATIONS. Mayor Burns adjourned the special meeting into closed session at 7:30 p.m. as permitted by Minnesota Statutes, section 13D.03, to discuss the City's labor negotiation strategy related to the City's negotiations with its Employee Association and its Police Association. Mayor Burns re-opened the meeting at 8:35 p.m.

B. 2012 BUDGET WORKSHOP. City Clerk/Administrator Feely shared that she recently requested that Affordable Technology Solutions put together a proposed computer replacement schedule as well as provide quotations for necessary 2012 replacements. Discussion ensued. The consensus of the Council was to include an additional \$3,500 for computer replacements in 2012. It was noted that for 2012, the switch at City Hall, server computer at the Police Department, and the Accountant's computer would be replaced, totaling approximately \$7,500. Of this amount, \$4,500 was already figured into the proposed 2012 budget. Next, City Clerk/Administrator Feely shared that she obtained pricing for a copier at City Hall as the existing machine was purchased in 2003 and has since required frequent maintenance. In addition, it was noted that since the Police Department copier is black and white, they have had to print color copies using an ink jet printer, which is becoming expensive. Pricing options were reviewed regarding bundling lease options for a copier at City Hall and the Police Department. The consensus of the Council was to budget an additional \$2,000 for copier costs in 2012. Lastly, City Clerk/Administrator Feely shared that she received confirmation from the Arlin Falck Foundation that the City received a \$10,000 grant to complete a two-block sidewalk extension project along North Kingston Street, from Taft Street to the Four Season's Community Center. Discussion ensued. The consensus of the Council was to budget an additional \$19,000 for the City's cost-share portion of the project. Mayor Burns noted that with the aforementioned additions, the projected 2012 budgeted surplus totaled \$104,175. Mayor Burns went on to note that he would like to see the 2012 levy set at approximately 3%, or \$20,000, over the 2011 levy for the truth-in-taxation meeting on Monday, December 12. Discussion ensued. No official action was taken.

ADJOURNMENT. A motion to adjourn was made at 10:05 p.m. by Mayor Burns, seconded by Member Vick. 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, December 12, 2011 at 6:00 p.m. in the Council Room, City Hall.

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Robert H. Burns  
Mayor

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Jennifer Feely  
City Clerk/Administrator