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.


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

CONSENT AGENDA. A motion was made by Member Fisch, seconded by Member Murphy, to approve the regular May 14, 2012 meeting minutes and the May 15, 2012 continuation meeting minutes. The motion was declared carried.

VISITORS AND COMMUNICATIONS.
A. PUBLIC HEARING FOR UTILITY EASEMENT VACATION. Mayor Burns opened the public hearing at 6:01 p.m. Mayor Burns explained that the public hearing was being held regarding granting a utility easement vacation for the property located as follows: Third Addition to South Winnebago Estates – Across the South 6 feet of Lot 1, except the West 10 feet and East 15 feet and across the North 6 feet of Lot 10, except the West 10 feet and East 15 feet. Hearing no comments or concerns from the public, the public hearing was closed at 6:09 p.m. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Fisch, to approve that the utility easement vacation take place within 30 days. All members present voted in favor and the motion was declared carried.

B. TOM NIGON WITH STAR ENERGY SERVICES. Tom Nigon with STAR Energy Services, LLC, was present to discuss the 2012/2013 Wholesale Power Rate Increase from Tri-County Electric as well as STAR Energy Services’ electric rate study findings. Mr. Nigon shared that a rate increase was required to provide a net income of approximately $350,000. It was noted that the net income is required for work plan improvement projects for the electric distribution ($326,000) and for transfers to the City ($24,000). Mr. Nigon stated that the estimated annual increase is 4.6%. It was further noted that the revised rates would include a higher summer energy rate for June, July, and August to recover the higher costs of power that occur during the air-conditioning season.

Mr. Nigon presented the following table showing the existing and revised rates as well as the annual rate increase estimate.

<table>
<thead>
<tr>
<th>Rate</th>
<th>Base 1 (existing monthly charge)</th>
<th>Base 2 (new charge)</th>
<th>Energy (existing)</th>
<th>Energy (new-summer)</th>
<th>Energy (new-non-summer)</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$0.1070</td>
<td>$0.1280</td>
<td>$0.1080</td>
<td>5.4%</td>
</tr>
</tbody>
</table>
Mr. Nigon explained that with the introduction of summer and non-summer rates, the customers may have bills that are higher during the summer months as compared to the non-summer months. It was noted that the higher summer energy rate is recommended because the costs of purchased power during the summer months are higher when loads are high. The summer rate is increased to provide a price signal to the customers to encourage conserving energy, especially during the summer months from 11 AM to 7 PM when the purchased price of electricity is highest. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to accept the electric rate increase recommendation by STAR Energy Services, LLC. for June, July, and August, as well as non-summer months. All members present voted in favor and the motion was declared carried.

C. MISCELLANEOUS LIGHT DEPARTMENT ITEMS. Light Department Line Foreman Matt Blocker was present to request authorization to purchase a crimp tool from DS Electric totaling $1,665.00. Mr. Blocker shared that another quote was obtained from Border States in the amount of $1,606.80. Discussion ensued. A motion was made by Member Lemke, seconded by Member Murphy, to purchase a crimp tool from DS Electric in the amount of $1,665.00 due to convenience and warranty. All members present voted in favor and the motion was declared carried. Mr. Blocker then went on to share a change with the upcoming electrical project involving the City purchasing a CT cabinet to install at St. Mary’s Catholic Church. Mr. Blocker noted that doing so would save the City approximately $7,000.00. Mr. Blocker indicated that the change did not require a change order and the savings would be outside of the contract price. Discussion ensued. It was noted that Hoskins Electric could do the installation at cost of $3,450.00, while Becker Stemper could do the installation at a cost of $4,055.00. A motion was made by Mayor Burns, seconded by Member Vick, to hire Hoskins Electric at a cost of $3,450 to install a CT cabinet purchased by the City for installation at St. Mary’s Church. All members present voted in favor and the motion was declared carried.

D. DANGEROUS AND VICIOUS ANIMAL ORDINANCE DISCUSSION. Police Chief Kurt Zehnder and Animal Control Officer Mike Gavin were in attendance to discuss their concerns with recent incidents involving certain breeds of dogs and their recommendation that consideration be given to adopting a dangerous and vicious animal ordinance. It was noted that attached with the agenda was an email from City Attorney Tim Murphy regarding his recommendation that the City consider adopting an ordinance dealing with dangerous and vicious animals. Chief Zehnder stated that there should be zero tolerance for pitbulls and that the existing dogs would be grandfathered in with an ordinance prohibiting pitbulls. Animal Control Officer Gavin stated that background and breeding of dogs creates problems as was the case with the recent incident involving a pitbull attacking and killing a small dog. Discussion ensued.
Chief Zehnder stated that he will copy and paste excerpts from other cities’ ordinances and present an ordinance for adoption at an upcoming meeting. No action was taken.

E. MISCELLANEOUS POLICE DEPARTMENT ITEMS. Police Chief Zehnder stated that squad #18 would be sent to the Houston County auction as the new squad car would be in service soon. Chief Zehnder then requested permission to purchase a 2006 Crown Victoria squad car from the City of Spring Grove for $4,000.00. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Vick, to approve offering the City of Spring Grove $4,000.00 for the purpose of acquiring their used 2006 Crown Victoria for the Caledonia Police Department. All members present voted in favor and the motion was declared carried.

F. REVIEW OF BID TABULATION FOR NEW FIRE TRUCK. Fire Chief Chuck Gavin was present to review the bids received for the purchase of a new fire truck and to provide his recommendation as to which vendor to award the contract. Kermit McRae was also in attendance on behalf of the Rural Fire District. City Clerk/Administrator Feely presented the following bid tabulation.

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Trade-In Amount (amount deducted from bid)</th>
<th>Bid Amount</th>
<th>Bid Bond</th>
<th>Lease Purchase Financing Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarey’s Safety Equipment</td>
<td>No</td>
<td>$390,608.00</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Custom Fab and Body, LLC</td>
<td>No</td>
<td>$360,317.00</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Alexis Fire Equipment</td>
<td>$25,000.00</td>
<td>$346,527.00</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>American LaFrance, LLC</td>
<td>No</td>
<td>$349,371.00</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Rosenbauer MN, LLC</td>
<td>No</td>
<td>$350,969.00</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Rosenbauer SD, LLC</td>
<td>$15,000.00</td>
<td>$373,021.00</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Fire Safety USA</td>
<td>$15,000.00</td>
<td>$400,000.00</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Spring Grove - City of</td>
<td>$40,025.00</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Feely went on to share that the following financing options were being researched: (1) USDA RD Loan at 3.375% with a payback term of 10-15 years; (2) Certificate of Indebtedness at 3%, or whatever rate the local banks would offer if less than 3%; or (3) MRWA or MIDI Loan Programs at 2.7%, or whatever the local banks would offer if less than 2.7%, at a payback term of 7 years or less. Discussion ensued. Chief Gavin stated that he would like to see the bid awarded to Alexis Fire Equipment, and sell the used 1995 pumper to the City of Spring Grove in the amount of $40,025.00. Mr. McRae stated that the Rural Fire District would like to wait until July 5 for their meeting at which time the mid-year numbers could be reviewed before the City Council makes its decision at its July 9 City Council meeting. Mr. McRae stated that the Rural Fire District could make a down payment of $50,000.00. Chief Gavin noted that the City would have to come up with $165,000 in 2012 and pay the balance of the truck in 2013. Discussion ensued. The consensus was that the Rural Fire District would likely hold their meeting on June 21, and that the City Council would plan to award the fire truck bid at its June 25 or July 9 meeting. No official action was taken.

G. ADMINISTRATIVE COORDINATOR TOPICS.

1. BOB AND JAN KLUG PROPERTY. Bob and Jan Klug, 223 East South Street, were in attendance to discuss concerns regarding the Houston County Justice Center. Houston County Commissioner Steve Schuldt was also in attendance. Discussion ensued regarding the following concerns:
Lighting/Privacy Issues. Commissioner Schuldt indicated that he could understand lighting and privacy issues raised. Discussion ensued regarding installing a fence as well as turning off the hallway light that is closest to the Klug property.

Green Space – Permeable Spaces. Discussion ensued regarding the definition of green space, and what is the storm sewer designed for as far as rainfall is concerned. Mr. Klug questioned whether green space covered water runoff.

Noise Pollution. Discussion ensued regarding noise pollution from air condenser fans. The Klug’s noted that the noise is heard predominantly during the winter months. After much discussion, Commissioner Schuldt noted that he would talk to his board and report back at an upcoming meeting. No official action was taken.

2. SNOW PLOW TRUCK UPDATE. Administrative Coordinator Gerardy shared that he found a used 2001 snow plow truck in Illinois for sale for $29,500. Gerardy requested permission for himself and Street Department employee Mark Betz to drive to Ossego, Illinois to view the plow truck. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to authorize Administrative Coordinator Gerardy and Street Department employee Mark Betz to look at truck in Ossego, Illinois and purchase the truck using a certificate of indebtedness. All members present voted in favor and the motion was declared carried.

3. HIGHWAY 44 SCHOOL CROSSING SIGNS. Administrative Coordinator Gerardy shared that he is still working with MNDOT regarding the Highway 44 school crossing signs. A motion was made by Member Fisch, seconded by Member Vick, to authorize transferring $11,125.00 from the 352 Debt Reserve Account to the Street Department to purchase the Highway 44 School Crossing Signs. All members present voted in favor and the motion was declared carried.

4. PLAYGROUND SANDBOX BORDER. Administrative Coordinator Gerardy requested permission to hire Orv Danielson as an independent contractor for $400.00 for labor to replace the border around the playground sandbox. A motion was made by Mayor Burns, seconded by Member Lemke, to approve hiring Orv Danielson at a cost of $400.00 for labor to replace the border around the playground sandbox. All members present voted in favor and the motion was declared carried.

H. CITY ACCOUNTANT TOPICS.
1. CASH AND INVESTMENT REPORT. Accountant Mann was in attendance to report that as of April 30, 2012, the total cash balance was $1,065,478.10, and the total investment balance was $2,447,285.87. Discussion ensued.

2. BUDGET WORKSHEET. Attached with the agenda was the budget sheet through April 30, 2012. Discussion ensued regarding capital equipment items and the City’s limit for a certificate of indebtedness. No action was taken as the consensus was to revisit at the June 25 meeting and discuss prioritizing capital expenditure items.

I. COMMUNICATIONS.
1. PERFORMANCE MEASURES PROGRAM THROUGH OSA. City Clerk/Administrator Feely shared that attached with the agenda was a letter from the MN Office of State Auditor regarding a Performance Measures Program. Discussion ensued. It was noted that the consensus in 2011 was to forgo participation in the Performance Measures Program. The consensus of the Council was to forgo participation in 2012 as well.

2. ANNUAL GOLF OUTING FLYER FROM THE CALEDONIA CHAMBER OF COMMERCE. City Clerk/Administrator Feely shared that attached with the agenda was flyer for a Chamber golf outing. No action was taken.
3. LETTER FROM HOUSTON COUNTY ENVIRONMENTAL SERVICES. City Clerk/Administrator Feely shared that attached with the agenda was a letter from Houston County Environmental Services regarding the 2012 Residential Household Hazardous Waste & Residential Pharmaceuticals Collection. No action was taken.

4. 2012 ONLINE EVENT PROGRAM FROM LMC. City Clerk/Administrator Feely shared that attached with the agenda was an online event program for the opening day of the League of Minnesota Cities Annual Conference. No action was taken.

OLD BUSINESS.
A. W/WW SUPERVISOR POSITION. City Clerk/Administrator Feely shared five (5) options for filling the Class A operator position. Discussion ensued. Feely went on to note that since the City’s labor agreement appears to be silent on subcontracting, that the City would likely have to negotiate contracting for a Class A operator through People Service, Inc. with Local 49 so as to avoid a possible unfair labor practice. However, it was noted that due to the fact that the City’s short-term contract with the City of Chatfield expired on May 25, 2012, that it would be necessary for the City to move forward with contracting with Stantec on an interim emergency basis so as to stay in compliance with NPDES permit requirements and due to the fact that there were no other immediate viable options. It was noted that the temporary contract with Stantec could be terminated at any time given thirty (30) days notice by either party. A motion was made by Mayor Burns, seconded by Member Fisch, to hire Stantec on an interim, emergency basis, for Class A wastewater operator services. All members present voted in favor and the motion was declared carried.

B. HOURLY WAGE FOR FORMER W/WW OPERATOR. City Clerk/Administrator Feely shared that DeWayne “Tank” Schroeder indicated a willingness to assist with weekend work at the WWTP on an as needed basis so long as he received an hourly rate of $30.00-$35.00. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Murphy, to hire DeWayne “Tank” Schroeder at an hourly rate of $30.00 on an as needed basis at the WWTP, noting that Mr. Schroeder would not receive benefits of any sort. All members present voted in favor and the motion was declared carried.

NEW BUSINESS.
A. HIRING OF ADDITIONAL LIFEGUARD. City Clerk/Administrator Feely shared that a lifeguard application was recently received from Hunter Hauser-Caldwell. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Lemke, to approve the hire of Hunter Hauser-Caldwell at $7.75 per hour, contingent upon a favorable interview with City Clerk/Administrator Feely and Pool Manager David Jergenson, as well as providing proof of completion of the necessary lifeguard certification training course. All members present voted in favor and the motion was declared carried.

B. WEST MAIN TOWNHOMES RESOLUTION REQUEST. City Clerk/Administrator Feely shared that attached with the agenda was a request from West Main Townhomes for a resolution of support from the local unit of government supporting a tax credit application for the acquisition and rehabilitation of West Main Townhomes Multi-Family Housing Project. Discussion ensued. The consensus was for Feely to contact the County EDA to inquire as to whether they also received the same request. No official action was taken.

CLERK’S REPORT.
A. EMPLOYEE TIME RECORD. Attached with the agenda were the Employee Time Records for April 30, 2012-May 13, 2012.

B. LIQUOR STORE MANAGER HOURS. City Clerk/Administrator shared Liquor Store Manager Patty Gavin requested that her hours be adjusted from 9:00 a.m.-5:00 p.m. to 8:30 a.m.-4:30 p.m. so as to be able to get paperwork completed before waiting on customers. The consensus of the Council was to approve Liquor Store Manager Patty Gavin’s request to adjust her hours.

C. MISCELLANEOUS POOL ITEMS. City Clerk/Administrator Feely shared that the Kwik Trip Scrip Program was underway for the pool project, and that gift cards were available for purchase at City Hall with 10% of the proceeds going towards the pool project.

D. STATUS OF MIDI LOAN APPLICATION. City Clerk/Administrator Feely shared that the MIDI loan request was approved and that paperwork would be included in the upcoming city council packet.

MISCELLANEOUS. None.

ADJOURNMENT. A motion to adjourn was made by Mayor Burns, seconded by Member Fisch, at 10:35 p.m. All members present voted in favor and the motion was declared carried.

_________________________________
Robert H. Burns
Mayor

______________________________
Jennifer Feely
City Clerk/Administrator