

REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday, July 25, 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 and Paul Fisch. Members absent: None. Consultants and City staff present: City Clerk/Administrator Jennifer Feely and City Accountant Stephanie Mann. Visitors present: Matt Blocker and Argus Reporter Charlie Warner.

AGENDA APPROVAL. The following item was added to the agenda for discussion: Health Insurance Renewal Rates. A motion was made by Mayor Burns, seconded by Member Vick, to approve the agenda with the addition of the above-mentioned item. All those present voted in favor and the motion was declared carried.

A. MINUTES OF PAST MEETINGS. A motion was made by Mayor Burns, seconded by Member Murphy, to approve the Regular City Council Minutes of July 11, 2011 and the Continued City Council Minutes of July 18, 2011, as presented. All members present voted in favor and the motion was declared carried.

B. APPLICATION FOR EXEMPT PERMIT: ST.MARY'S CHURCH. To approve an application for exempt permit for St. Mary's Church.

C. APPLICATION FOR EXEMPT PERMIT: CALEDONIA USBS, WBA, INC. To approve an application for exempt permit for Caledonia USBS, WBA, Inc.

D. APPLICATION FOR EXEMPT PERMIT: AMERICAN LEGION POST #249. To approve an application for exempt permit for American Legion Post #249.

VISITORS AND COMMUNICATIONS.

A. CALEDONIA CONVENTION AND TOURISM BUREAU: REVIEW USE OF LODGING TAX MONIES. Mike Werner was present on behalf of the Caledonia Area Convention and Tourism Bureau to provide an update as to how the lodging tax monies will be used to promote Caledonia. Werner stated that the visitors kiosk for North Park should be up by fair time. Werner noted that an ad promoting tourism in Caledonia was placed in a St. Paul magazine and then went on to explain how Google ad works. Werner stated that Caledonia Convention and Tourism Bureau will not be a member of Historic Bluff Country next year and will instead work on putting together a booklet to promote Houston County. Discussion ensued. The Council thanked Werner for the Caledonia Convention and Tourism Bureau's efforts made thus far to promote Caledonia and Houston County.

B. CITY ACCOUNTANT TOPICS.

1. CASH AND INVESTMENT REPORT. City Accountant Stephanie Mann was in attendance to report that as of June 30, 2011, the total cash balance was \$895,432.66 and the total investment balance was \$2,612,750.00. Discussion ensued. Mayor Burns inquired as to whether all investment interest goes to the Light Fund. Mann replied that currently, all investment interest income goes to the Light Fund. Mayor Burns stated that interest should be applied to all funds so as to allow them to grow proportionately. Member Fisch agreed that investment interest income should be credited to each respective fund. Mann stated that she will add a line to each fund moving forward so as to reflect interest earnings. Member Fisch inquired

as to whether the sewer deficit could be eliminated by doing a permanent transfer from the Light Fund. More discussion ensued.

2. **BUDGET WORKSHEET.** City Accountant Mann reviewed the budget worksheet which showed the line item detail for revenues and expenditures through June 30, 2011. Mann asked the Council if they would like to make an amendment to the 2011 budget now or wait. The consensus was to wait to make necessary amendments at the upcoming August or September meeting. Member Fisch inquired as to whether the City had a CIP program. Discussion ensued. Member Murphy provided background as to why no progress was made in implementing a CIP plan previously.

3. **LONG-TERM DEBT SCHEDULE.** City Accountant Mann reviewed the long-term debt schedule. Discussion ensued. Mayor Burns inquired as to how much money the City has available to implement a street program without raising the tax levy, and whether \$50,000.00 could be bonded for each year. Mann will look into this inquiry and report back at an upcoming meeting.

4. **AUDIT REPORT DISCUSSION.** The audit reports for year ended December 31, 2010 were distributed, however, it was noted that the auditors have not yet had an opportunity to send a recap of audit report items of interest.

OLD BUSINESS. None.

NEW BUSINESS.

A. **HIRING OF ADDITIONAL PART-TIME AMBULANCE CREW MEMBERS.** City Clerk/Administrator Feely shared that the City's Personnel Committee, consisting of herself, Mayor Burns, Member Murphy, and Ambulance Director Mike Tornstrom, recently interviewed two applicants for the position of part-time EMT's for the Caledonia Ambulance. Feely stated that the Personnel Committee, along with the Ambulance Director, recommends to the City Council that the following individuals be hired as part-time EMT's for the City of Caledonia, at an hourly rate of \$14.00, contingent upon the completion of favorable background checks: April Bayer and Donn Hagar. A motion was made by Mayor Burns, seconded by Member Lemke, to hire April Bayer and Donn Hagar as part-time EMT's, contingent upon the completion of favorable background checks. All members present voted in favor and the motion was declared carried.

B. **SOUTH STREET SEWER REHABILITATION PROJECT: PAY ESTIMATE NO. 4.** City Clerk/Administrator Feely shared that attached with the agenda was Payment Request No. 4 as submitted by Winona Mechanical, Inc. for work completed on the South Street Sewer Rehabilitation Project. Feely noted that Davy Engineering reviewed the request for compliance with contract work completed and recommends payment in the amount of \$22,139.23. It was further noted that the contract is complete except for a few punch list items. The retainage will be released following the completion of such items. A motion was made by Member Murphy, seconded by Member Fisch, to approve payment of Pay Estimate No. 4 to Winona Mechanical in the amount of \$22,139.23. Abstaining: Mayor Burns. Voting in Favor: Murphy, Fisch, Vick, and Lemke. Voting Against: None. The motion was declared carried.

C. **APPOINTMENT OF ELECTION JUDGES.** City Clerk/Administrator Feely shared that a motion was necessary to appoint the following individuals as Election Judges for the upcoming Special Primary and General Election:

Ethyelyn Gensmer

Lolita St. Mary

Rita Noel
Iyla Mulvenna
Lee Grippen
Ronald Freigo
Sue Kittleson
Lucille Lemke
Jane Hayes
Vera Standish

Sandy Hanson
LuEtta Fruechte
Mary Leary
Winifred Schulte
Mary Ellen Lapham
Patricia Kaufman
Anita Deters
Jennifer Feely

A motion was made by Mayor Burns, seconded by Member Lemke, to appoint the aforementioned individuals as Election Judges for the Special Primary and General Election. All members present voted in favor and the motion was declared carried.

D. COMMUNITY POOL STEERING COMMITTEE RECOMMENDATION. City Clerk/Administrator Feely shared that the Community Pool Steering Committee recommends to the City Council that Schematic Design Option 3 be selected for the final design and budget. It was further explained that the Committee would also like to incorporate modifications for more green space and soften the grade of the zero depth entry. Feely stated that once a schematic design has been selected, USAquatics will put together a final design and budget. Member Fisch stated that lighting should be included in the pool improvement project. Mayor Burns noted that the base project is the goal and add-ins can be phased in. Member Vick inquired about how incorporating slides would affect the City's insurance. Mayor Burns noted that adding green space should be relatively inexpensive. Discussion ensued. A motion was made by Mayor Burns, seconded by Member Murphy, to select Schematic Design Option #3 and incorporate more green space as well as soften the grade of the zero depth entry. All members present voted in favor and the motion was declared carried.

E. SCHOOL CROSSING GUARD REQUEST. City Clerk/Administrator Feely shared that attached with the agenda was a School Crossing Guard Agreement between the City of Caledonia and Independent School District No. 299. Feely noted that in 2011, there were 226 crossing guard hours worked at a rate of \$13.53, plus social security and medicare, which equated to \$3,291.70 in wages. Of this amount, the City's share was \$1,645.85. In 2010, the City's share was \$1,711.39. Mayor Burns stated that he would like to obtain a copy of the School's liability insurance policy showing proof that the City has been named as an additional insured. All members present voted in favor and the motion was declared carried.

F. HIRING OF TWO PART-TIME LIQUOR STORE CLERKS. City Clerk/Administrator Feely shared that a hiring committee, consisting of Mayor Burns, Member Murphy, City Clerk/Administrator Feely, along with Liquor Store Manager Patty Gavin, recently interviewed five finalists for Part-Time Liquor Store Clerks. It was noted that the Hiring Committee recommends that Zach Thomas and Don Strabley be hired as Part-Time Liquor Store Clerks at an hourly rate of \$7.25. A motion was made by Member Murphy, seconded by Mayor Burns, to hire Zach Thomas and Don Strabley as Part-Time Liquor Store Clerks at an hourly rate of \$7.25, contingent upon the completion of successful background checks. All members present voted in favor and the motion was declared carried.

G. ACCEPTANCE OF INSURANCE SETTLEMENT FOR FIRE TRUCK HAIL DAMAGE. City Clerk/Administrator Feely shared the Fire Department's 1982 1-ton fire truck sustained hail damage this past spring. An estimate, a copy of which was attached with the agenda, was obtained from St. Mary Auto Body Shop in the amount of \$5,395.00. It was noted that due to the age of the truck and its current value, the League of Minnesota Cities Insurance Trust (LMCIT) sent an insurance adjuster to Caledonia to take a look at the truck. Upon

inspecting the fire truck, it was determined to be a total loss. Also attached with the agenda was an email from a claims adjuster with LMCIT offering to settle the matter for \$5,000.00 less the \$675.00 salvage value for a net claim of \$4,325, less the City's \$1,000.00 per occurrence deductible, resulting in a net payment of \$3,325.00. Feely went on to note that per her inquiry to City Insurance Agent Tom Danielson regarding savings associated with excluding the fire truck from physical damage coverage, the City can expect to save \$47.00. Discussion ensued. Member Lemke noted that the fire department could replace the hood and not fix the top of the truck since the cost to make the necessary repairs exceeds the insurance settlement amount. The consensus was to discuss repairs to the truck at the upcoming mid-year fire district meeting. A motion was made by Member Fisch, seconded by Member Vick, to accept the LMCIT insurance settlement less the salvage value and City's deductible and remove from the City's insurance for physical damage coverage. All members present voted in favor and the motion was declared carried.

H. **ECONOMIC DEVELOPMENT AUTHORITY LOAN DELINQUENCY POLICY.** City Clerk/Administrator Feely shared that attached with the agenda was a Loan Delinquency Policy that she put together in an effort to be consistent in handling delinquent EDA loan payments. It was noted that the Caledonia Economic Development Authority (EDA) recommends to the City Council that the Loan Delinquency Policy be adopted so as to promote consistency in handling delinquent EDA loan payments. A motion was made by Mayor Burns, seconded by Member Murphy, to adopt the EDA Loan Delinquency Policy. All members present voted in favor and the motion was declared carried.

I. **AMENDMENT TO AMBULANCE DIRECTOR POSITION DESCRIPTION.** City Clerk/Administrator Feely shared that attached with the agenda was a revised Ambulance Director Job Description. It was noted that back in 2008, discussion took place regarding changing the description so as to reduce the minimum standby time from 24 hours to 12 hours. Due to the fact that no formal action was taken to amend the job description in 2008, the job description was never changed. It was explained that the Personnel Committee, consisting of Mayor Burns, Member Murphy, and City Clerk/Administrator Feely, recently met with Ambulance Director Mike Tornstrom to discuss the matter. As a result, the Personnel Committee recommends to the City Council that the Ambulance Director job description be amended so as to reflect the minimum standby time reduction that was informally agreed upon in 2008. A motion was made by Member Vick, seconded by Member Fisch, to amend the Ambulance Director's job description by reducing the minimum standby time from 24 hours to 12 hours. All members present voted in favor and the motion was declared carried.

J. **ELECTRIC RATE INCREASE.** City Clerk/Administrator Feely shared that PowerPlus Engineer Tom Nigon was present at the July 11 City Council meeting to review the 2011 Electric Rate Study. It was noted that according to Nigon, the following rate changes were suggested in the study:

Rate	Energy Sales	Revenue Existing	Revenue New	Revenue Increase %
Residential	9,843,972	\$1,179,233	\$1,209,373	2.6%
Dual Fuel	204,507	\$12,510	\$12,894	3.1%
Commercial – Single Phase	3,375,785	\$392,773	\$392,773	0.0%
Commercial – Three Phase	\$2,526,838	\$275,926	\$275,926	0.0%
Large Power	5,780,145	\$565,637	\$566,559	0.2%
High School	1,115,150	\$111,755	\$109,925	-1.6%
Sno Pac	935,895	\$100,434	\$105,604	5.1%

Street Lighting	257,500	\$28,771	\$32,368	12.5%
Total	24,039,792	2,667,039	\$2,705,421	1.4%

It was further noted that the City's Enterprise Committee, consisting of Member Lemke, Member Murphy, and City Clerk/Administrator Feely, along with City Accountant Mann and City Electrician Matt Blocker, recently met to review the 2011 Electric Rate Study and corresponding recommended rate changes. It was explained that after taking into consideration the following factors, the City's Enterprise Committee recommends adoption of the aforementioned rate changes, effective October 1, 2011: (1) Revenue requirements necessary to meet operating expenses and net income requirements; (2) Ensuring fairness amongst the various rate categories (i.e. the rate changes for each rate class should be based upon the revenue and costs of each rate class so as to avoid one rate class subsidizing another rate class); (3) Keeping up with ongoing electrical infrastructure maintenance; (4) Replenishing funds expended in conjunction with current electrical infrastructure upgrade projects; (5) Setting aside funding for future electrical infrastructure upgrade projects (e.g., Foltz and Sunnyside projects and Wild Turkey Substation upgrade); (6) Reliability of service; and (7) Possible annual permanent interfund transfer to general fund to make up for any negative general fund balances at year end. Discussion ensued. Mayor Burns noted the current economy for Ag production and questioned whether the City should implement the recommended rate increase for Sno Pac Foods so as to avoid causing a hardship. Member Murphy emphasized reliability of service as a result of the City moving forward with recommended rate increases so as to be able to fund necessary upcoming infrastructure improvements. It was noted that City Clerk/Administrator Feely and City Electrician Blocker would be visiting with the School and Sno Pac Foods to discuss the results of the rate study and its impacts on both. A motion was made by Member Lemke, seconded by Murphy, to approve the recommended rate increase, effective October 1, 2011, subject to the meeting with Sno Pac Foods. Voting Against: Vick, Fisch. Voting in Favor: Burns, Murphy, and Lemke. Abstaining: None. The motion was declared carried.

CLERK'S REPORT.

A. EMPLOYEE TIME RECORD. Enclosed with the agenda was the Employee Time Record for June 27, 2011-July 10, 2011.

B. DISCHARGE MONITORING REPORT. Attached with the agenda was a discharge monitoring report showing an average Nitrogen Level of 6.12 mg/L.

C. HEALTH INSURANCE RENEWAL. City Clerk/Administrator Feely distributed the health insurance renewal rates showing an average increase of approximately 10%. Discussion ensued. Feely noted that City Insurance Agent Tom Danielson would be attending the upcoming meeting to discuss options available with respect to moving the renewal date to January 1 versus September 1. No official action was taken.

D. LOCAL GOVERNMENT AID UPDATE. City Clerk/Administrator Feely shared that the state government shutdown ended on Wednesday, July 20 with the passage of twelve budget bills. Of the twelve budget bills signed, the Omnibus Tax Bill included cuts to 2011 Local Government Aid (LGA) by roughly \$102 million, leaving a total appropriation of \$425.3 million for the LGA program. According to the League of Minnesota Cities (LMC), the agreement on LGA is identical to the cuts in HF 130, the early session tax bill that was vetoed by Governor Dayton on February 10. Under the agreement, each city will receive the lesser of their 2011 certified LGA amount or their final 2010 LGA after the cuts imposed by the governor and legislature in 2010. It was noted that for purposes of background, the City received \$832,011 in LGA for 2010, whereas its 2011 certified LGA amount was \$990,839. Feely stated that this means that the City can expect to receive \$832,011 for 2011 LGA, unless there are further

unallotments, totaling a reduction in anticipated 2011 aid by \$158,828. The City Council was reminded that they plugged in 30% less than the certified 2011 LGA amount (\$693,587.30) into the budget so as to be prepared for such aid reductions. It was stated that if there are no further unallotments to the 2011 aid, and depending upon additional necessary general fund expenditures outside of those already budgeted for, the City could come out ahead \$138,423.70 at the end of December 2011. The general fund deficit was \$129,818 at year-end 2010. According to the LMC, the first installment of 2011 LGA will be paid on Wednesday, July 27. The July and December payments will reflect the reduction that was enacted by the legislature and governor. In 2012, each city will receive the amount of LGA paid in 2011. The Minnesota Department of Revenue is scheduled to mail out the 2012 LGA certifications to cities on or around August 1. Moving forward for 2013 LGA and beyond, it was noted that the LGA appropriation will be set at \$426 million and the formula will again be used to distribute the funds. Feely wrapped up her report by noting that she will be scheduling meetings with department heads shortly to begin preliminary work on the 2012 budget. Attached with the agenda was a printout from the House Research Department regarding 2011 LGA estimates.

E. RECAP OF AFG RADIO INVENTORY AND SCHEDULE FOR PROGRAMMING AND DISTRIBUTION OF RADIOS. City Clerk/Administrator Feely noted that the radios are scheduled to be programmed the week of July 25 and delivered the week of August 1.

F. RECAP OF CHAMBER MEETING. City Clerk/Administrator Feely shared that discussion took place at the recent Chamber meeting regarding leaving everything as is for now. A visioning session will take place shortly.

G. DOG ORDINANCE. City Clerk/Administrator Feely noted that she is still working on researching amending the City's ordinance regulating dogs. Mayor Burns stated that contrary to what he stated at the previous meeting, there is no requirement stipulated in the ordinance requiring property owners to keep their dog(s) at least 17 feet from the curb. However, there is a stipulation in the ordinance requiring that leashes be no longer than 6 feet. Discussion ensued regarding enclosure requirements.

MISCELLANEOUS ITEMS.

ADJOURNMENT. A motion to adjourn was made at 9:35 p.m. by Member Lemke, seconded by Member Fisch. 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, August 8, 2011 at 6:00 p.m. in the Council Room, City Hall.

Robert H. Burns, Mayor

Jennifer Feely, City Clerk/Administrator