

REGULAR MEETING OF THE CALEDONIA CITY COUNCIL
CITY COUNCIL CHAMBERS, CITY HALL
CALEDONIA, MINNESOTA
Monday, September 23, 2019

CALL TO ORDER: Following due call and notice thereof, Mayor DeWayne “Tank” Schroeder called the meeting to order at 6:00 p.m. in the Council Chambers of City Hall.

PLEDGE OF ALLEGIANCE: Mayor Schroeder led the Council, City staff, and visitors in stating the Pledge of Allegiance.

ROLL CALL: Council members present: Mayor Schroeder, Paul Fisch, David Fitzpatrick (@ 6:02 p.m.), Brad Rykhus, and Randi Vick. City staff present: Casey Klug, public works and zoning director; Stephanie Mann, finance officer; and Adam Swann, clerk/administrator. Visitor(s) present: Craig Moorhead, *Caledonia Argus*.

CONSENT AGENDA: Member Vick moved to approve the consent agenda. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed. The consent agenda comprised the following items:

- a. Approve minutes from September 12, 2019 special City Council meeting
- b. Accept letter of resignation from Shannon Vickerman as part-time liquor store clerk
- c. Accept letter of resignation from Mary Betz as emergency medical technician (EMT) for Caledonia Ambulance Service

PUBLIC COMMENT: None.

FINANCE OFFICER:

a. Report on cash and investments: Finance Officer Mann reported that the cash and investments for the City’s governmental, special revenue, and enterprise funds totaled \$3,394,990.39 through August 31, 2019. Mann reported that this was a decrease of \$212,313.43 from July 31, 2019. Mann reported that most of the decrease was in the General Fund, which paid \$131,300.30 for repaving W. Washington St./Old Highway Dr. and paid \$25,811.84 towards the Fire Department brush truck.

b. Report on long-term debt: Mann reported that the City’s next debt payment was due by January 1, 2020 and was for the 1994 USDA economic development note.

c. Review of 2019 budget v. actual for General Fund, enterprise funds, and special revenue funds: Mann reported on the budget v. actual expenses for the General Fund, enterprise funds, and special revenue funds. Mann reported that some of the General Fund departments were over budget; others were under budget. The Ambulance Fund was doing better than budgeted, although Mann noted that the Ambulance Fund used an accrual accounting method for sales and expenses, so the Ambulance Department wouldn’t necessarily collect everything that had been billed out. Mann reported the Liquor Store was doing better than expected because sales were up. Mann reported that the Electric Department’s expenses were steady. Mann reported that she was going to amend the General Fund budget to reflect the W. Washington St./Old Highway Dr. paving project.

PUBLIC WORKS & ZONING DIRECTOR:

a. Updates:

i. Repaving of S. First St.: Public Works and Zoning Director Casey Klug reported that he had been working on getting S. First St. regraded and repaved; all parties were in agreement as to what needed to be done, but the City was having difficulty getting the general contractor to remove the pavement.

ii. Removal of tennis courts: Klug reported that the two tennis courts had been removed by City staff.

iii. Repairs to liquor store roof and electric division building roof: Klug reported that the City was going to be working on repairing the liquor store roof and electric division building roof.

CLERK/ADMINISTRATOR:

a. Updates:

i. Hazardous building at 916 E. Main St.: Clerk/administrator Swann reported that the Houston County Assessor's Office had visited the Tippman property at 916 E. Main St. and lowered the valuation. Swann reported that the Minnesota Department of Human Services had wanted this information prior to making a decision regarding liens on the property. Swann reported that the City had not received a formal response from the property owners to the Council order to repair or raze the building. Swann further reported that City Attorney Mike Flaherty was going to be filing a motion to obtain a court order authorizing the City to repair or raze the building.

ii. Closing date for purchase of George Frisch Trust and Ann Frisch Trust property: Swann reported that the title company was still working on the title search, so a closing date had not been set for the City's purchase of the property.

NEW BUSINESS:

a. Public hearing re application by Elsie Babler and Lee Babler for interim use permit to use building at 514 E. Main St. as lodging and rooming home: At 7:10 p.m. Member Vick moved to adjourn the regular City Council meeting to hold a public hearing on the application by Elsie Babler and Lee Babler for an interim use permit to use the building at 514 E. Main St. as a lodging and rooming home. Member Fitzpatrick seconded the motion. All members present voted in favor of the motion, and the motion passed. At 7:10 p.m. the public hearing was convened. Applicants Elsie and Lee Babler were not present for the hearing. Public Works and Zoning Director Klug reported that Elsie and Lee Babler wanted an interim use permit to be able to rent out the house at 514 E. Main Street through Airbnb. Klug reported that the property had an 85-foot driveway, so there would be plenty of off-street parking. Klug further reported that the property had a fence around the side and back yard, which would help separate the property from the neighbors. Klug further reported that the City had approved an interim use permit last year for a property located two blocks away. At 7:15 p.m. Member Rykhus moved to adjourn the public hearing and reconvene the regular City Council meeting. Member Vick seconded the motion, and the motion passed. All members present voted in favor of the motion, and the motion passed. The regular City Council meeting was reconvened at 7:15 p.m.

b. Consideration of application by Elsie Babler and Lee Babler for interim use permit to use building at 514 E. Main St. as lodging and rooming home:

Council made the following findings regarding the application by Elsie and Lee Babler for an interim use permit to use the property at 514 E. Main St. (located in an R-2, Urban Residential District) for a lodging and rooming home through Airbnb:

- (i) The use would not create an excessive burden on existing parks, schools, and other public facilities and utilities that serve the area. The property had an 85-foot driveway that would provide off-street parking, so the use would not impact parking or congestion on East Main Street.

- (ii) The use would be sufficiently compatible or separated by distance or screening from adjacent residentially zoned or used land so that existing homes would not be depreciated in value and there would not be deterrence to the development of vacant land because the property had a fence around the backyard and side yard.
- (iii) The structure and site would have an appearance that would not have an adverse effect upon adjacent residential properties because the proposed use was not going to involve changing the appearance of the property and the property currently looked nice.
- (iv) The proposed use was reasonably related to the overall needs of the City and to the existing land use because the City lacked sufficient lodging options.
- (v) The use was consistent with the purposes of the zoning chapter of City Code and the purposes of the R-2, Urban Residential District because the property was located on E. Main Street and near the downtown business district.
- (vi) The use was not in conflict with the comprehensive plan of the City because there was an apartment complex across the street, and the proposed use was going to be short term.
- (vii) The use would not cause traffic hazards or congestion because the property had a long driveway the guests could use for parking and the use wouldn't be too different from neighboring properties.
- (viii) Adequate utilities, access roads, drainage and necessary facilities were present.

Based on the preceding findings of fact, Member Rykhus moved to approve a two-year interim use permit for Elsie and Lee Babler—not transferrable—to use the residential property at 514 E. Main St. (located in an R-2, Urban Residential District) for Airbnb and similar lodging, effective Tuesday, September 24, 2019. Member Fitzpatrick seconded the motion. The motion passed 4-1, with Member Fisch voting against the motion.

c. Review of proposed General Fund budget for fiscal year 2020 and preliminary levy for taxes payable in 2020: Council reviewed and discussed the proposed General Fund budget for fiscal year 2020 and preliminary levy for taxes payable in 2020, which included a levy increase of 8% and a transfer of \$200,000 from the Electric Division to the General Fund (for the payment in lieu of taxation). Council reviewed and discussed a plan from Clerk/administrator Swann and Finance Officer Mann to increase the unassigned fund balance from 42% in 2019 to 51.7% in 2020. The plan included making budget reductions of \$43,580 and moving the Fire Department budget and Economic Development Authority budget from the General Fund to special revenue funds. Member Fisch recommended adding money in the 2020 budget for improving the George Frisch Trust and the Ann Frisch Trust property the City was purchasing.

d. Consideration of proposed Resolution 2019-014: A Resolution Adopting Proposed Levy for Taxes Payable in 2020 (8% Increase): Member Fisch moved to approved proposed Resolution 2019-014, a resolution adopting a proposed levy of \$926,931 for taxes payable in 2020—an 8% increase over the levy for taxes payable in 2019. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

ANNOUNCEMENTS:

a. Mayor Schroeder announced that the Tax Committee of the Minnesota House of Representatives would be holding a hearing at the Four Seasons Community Center on October 3, 2019 from approximately 3:00 p.m.-4:30 p.m. Mayor Schroeder reported that the purpose of the hearing would be to discuss factors contributing to property tax increases and the impact of property taxes on the community.

b. Mayor Schroeder announced that Congressman Jim Hagedorn was holding a Houston County town hall on Monday, September 30 at 6:30 p.m. at the La Crescent Area Event Center.

c. The next regular Council meeting is scheduled for Monday, October 14, 2019 at 6:00 p.m.

ADJOURNMENT: There being no further business before the Council, a motion to adjourn was made by Member Vick, seconded by Member Fisch. All members present voted in favor, and the motion was declared carried to adjourn at 7:32 p.m.

DeWayne "Tank" Schroeder
Mayor

Adam G. Swann
Clerk/Administrator