

REGULAR MEETING OF THE CALEDONIA CITY COUNCIL
CITY COUNCIL CHAMBERS, CITY HALL
CALEDONIA, MINNESOTA
Monday, January 27, 2020

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 Room 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, Brad Rykhus, and Randi Vick. City staff present: Casey Klug, public works and zoning director; Stephanie Mann, finance officer (arrived at 6:30 p.m.); Adam Swann, clerk/administrator. Visitor(s) present: Paul Jacobson; Kaitlin Longhauser; 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 January 13, 2020 regular City Council meeting
- b. Approve Payment Application No. 6 from Zenke, Inc. for work on 2018 E. South St. and S. First St. Public Improvement Project

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 \$3,883,525.82 through December 31, 2019. Mann reported that this was an increase of \$776,443 from November 30, 2019 because the City had received its Local Government Aid for the second half of 2019.
- b. Report on long-term debt: Mann reported that the City’s long-term debt totaled \$4,417,931.79 and interfund loans totaled \$597,319.75.
- c. Report on enterprise funds budgets: Mann provided Council with an overview of the enterprise funds budgets for 2020. Member Fisch expressed concern that the Electric Fund was budgeted to have a negative number for 2020.

CLERK/ADMINISTRATOR:

- a. Updates
 - i. MPCA schedule of compliance for wastewater treatment plant: Swann reported that the City was scheduled to meet with the MPCA in Rochester on February 20 at 11:00 a.m. Member Fisch and Mayor Schroeder expressed their desire that the City use Davy Engineering as the lead engineer for responding to the MPCA, rather than the city engineer, Bolton & Menk. There were no objections from other Council members.
 - ii. Small Cities Development Program Grant: Swann reported there was Small Cities Development Program Grant funding available for seven more owner-occupied housing projects in the target areas. Swann reported that anyone interested should contact the City for more information.
 - iii. Liquor store manager: Swann reported that new liquor store manager Joseph Holten had started his new position that morning.

NEW BUSINESS:

a. Public hearing re application by Twin Village Apartments, LLC for interim use permit to use multifamily structure at 307 and 311 N. Gjere Ave. (parcel IDs 21.1311.000 and 21.1312.000), located in an R-1, Suburban Residential District, as a lodging and rooming home:

At 6:01 p.m. Member Rykhus moved to adjourn the regular City Council meeting to hold a public hearing on the application by Twin Village Apartments, LLC for an interim use permit to use the multifamily building at 307 and 311 N. Gjere Ave. (parcel IDs 21.1311.000 and 21.1312.000), located in an R-1, Suburban Residential District, for a lodging and rooming home. Member Vick seconded the motion. All members present voted in favor of the motion, and the motion passed. At 6:02 p.m. the public hearing was convened.

Paul Jacobson was present on behalf of Twin Village Apartments, LLC. Jacobson stated that he expected the eight units in the apartment building to be leased by April 2020, but he was requesting an interim use permit to be able to use some of the apartments for short-term lodging if there were vacancies. Jacobson requested to be able to use three units for lodging for a term of three years. Jacobson stated that anyone renting a room for lodging would have access to one of the garages for the units. At 6:20 p.m. Member Vick moved to adjourn the public hearing and reconvene the regular City Council meeting. Member Rykhus 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 6:20 p.m.

b. Consideration of application by Twin Village Apartments, LLC for interim use permit to use multifamily structure at 307 and 311 N. Gjere Ave. (parcel IDs 21.1311.000 and 21.1312.000), located in an R-1, Suburban Residential District, as a lodging and rooming home:

Council made the following findings regarding the application by Twin Village Apartments, LLC for an interim use permit to use the multifamily building at 307 and 311 N. Gjere Ave. (located in an R-1, Suburban Residential District) for a lodging and rooming home:

- (i) The use would not create an excessive burden on existing parks, schools, and other public facilities and utilities that serve the area.
- (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.
- (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 good.
- (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-1, Suburban Residential District.
- (vi) The use was not in conflict with the comprehensive plan of the City because the land was designated for use as low density residential in the comprehensive plan, the property had a conditional use permit to use the property for multifamily, the proposed use would only involve three units, and the proposed use was going to be short term.
- (vii) The use would not cause traffic hazards or congestion because the property had garages and sufficient on-site parking such that no potential lodging guests would have to park on N. Gjere Ave.
- (viii) Adequate utilities, access roads, drainage and necessary facilities were present.

Based on the preceding findings of fact, Member Vick moved to approve an interim use permit for Twin Village Apartments to use three units in the multifamily building at 307 and 311 N. Gjere Ave. as a lodging and rooming home for up to three years, provided that Twin Village Apartments paid the required lodging taxes. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

c. Consideration of appointment of Kennedy & Graven as city attorney for labor and employment matters: Member Vick moved to approve appointing law firm Kennedy & Graven as city attorney for labor and employment matters. Member Rykhus seconded the motion. The motion passed 4-1, with Member Fisch voting against the motion.

d. Review of January 2020 electric class cost of service and rate design prepared by Star Energy Services: Council reviewed the 2020 electric class cost of service and rate design prepared by Star Energy Services, which recommended raising electric rates approximately 4% to generate net income of \$340,000. The report also included possible rates for generating net income of \$300,000 and \$350,000. Finance Officer Mann reported that electric rates hadn't been raised since 2013. Member Fisch moved to approve both the electric rates for generating net income of \$350,000 and the proposed grid access charge for customers with distributed energy resources (e.g., solar). Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

Member Fisch moved to implement the new electric rates effective March 15, 2020. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

e. Discussion re City water rates for 2020: Council reviewed the operation and maintenance expenses, debt repayments, and replacement costs for the water system—and the water charges needed to support this system. Finance Office Mann and Clerk/Administrator Swann reported that the calculations showed that monthly fixed meter charges needed to increase by \$2.70/mo. for 5/8" and 3/4" meters—and by similar percentages for other meter sizes—because of the increased costs of painting and upgrading the two water towers and rebuilding the turbine pumps for Wells #6 and #7. Mann and Swann further reported that water usage charges should increase by \$.20 per 1,000 gallons. Member Rykhus moved to approve the updated water rates effective March 15, 2020. Member Fisch seconded the motion. All members present voted in favor of the motion, and the motion passed.

f. Discussion re City sewer rates for 2020: Finance Office Mann and Clerk/Administrator Swann reported that the recommended sewer rates for 2020 could not be calculated yet until the City verified the amount of gallons being discharged by the Caledonia Haulers milk plant. No action was taken by the Council.

g. Discussion re possible long-term lease for new library space: Clerk/Administrator Swann reported that a citizen had asked him to inquire as to whether the Council would be open to the possibility of leasing space for a new library as part of a downtown redevelopment project. The consensus of the Council was that the lack of details made it difficult to evaluate, but there was not a compelling need for additional library space—and it would require increasing the budget more than the City could afford. No further action was taken by the Council.

h. Overtime report: Members reviewed the overtime report for the pay period December 30, 2019 – January 12, 2020. No further action was taken by the Council.

ANNOUNCEMENTS:

- a. A special City Council meeting was scheduled for Monday, February 3, 2020 at 6:00 p.m.
- b. The next regular Council meeting was scheduled for Monday, February 10, 2020 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 Fitzpatrick. All members present voted in favor, and the motion was declared carried to adjourn at 8:27 p.m.

DeWayne “Tank” Schroeder
Mayor

Adam G. Swann
Clerk/Administrator