

REGULAR MEETING OF THE CALEDONIA CITY COUNCIL
COUNCIL CHAMBERS, CITY HALL
CALEDONIA, MINNESOTA
Monday, December 13, 2021

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 City Hall Council Chambers.

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, Member Robert “Bob” Klug, Member Amanda Ninneman, and Member Brad Rykhus. Council member(s) absent: Member David Fitzpatrick. City staff present: Stephanie Mann, finance officer; Adam Swann, city clerk/administrator. Visitor(s) present: Craig Moorhead, *Caledonia Argus*; Charlene Selbee, *Fillmore County Journal*.

CONSENT AGENDA: Member Rykhus moved to approve the consent agenda. Member Klug seconded the motion. The motion passed 3-0, with Member Ninneman abstaining due to a conflict of interest because of the consent agenda including approval of an on-sale intoxicating liquor license for the Wired Rooster Coffee Shoppe, which Member Ninneman owns. The consent agenda comprised the following items:

- a. Approve minutes from November 22, 2021 regular City Council meeting
- b. Approve proposed Resolution 2021-18: A Resolution Designating Annual Polling Places for 2022
- c. Approve proposed Resolution 2021-19: A Resolution Authorizing the City of Caledonia to Accept Supplemental Proceeds from the Coronavirus Local Fiscal Recovery Fund Established Under the American Rescue Plan Act
- d. Approve Payment Application No. 2 from Wapasha Construction Co., Inc. in amount of \$66,865.75 for work performed on construction of new Well House No. 8
- e. Approve Change Order No. 1 from Wapasha Construction Co., Inc. in amount of \$7,460.25 to provide 230kW generator in lieu of specified 200kW generator
- f. Approve land use permit application from Joshua and Clare O’Brien to remove 19’ x 49’ section of building at 115 E. Main St. and to construct new 19’ x 49’ addition in same footprint
- g. Approve application from Caledonia Volunteer Fire Department Relief Association to conduct gambling at premises of Frankie’s 2nd Chance at 139 S. Marshall St.
- h. Approve 2022 salvage yard permit for Scott Betz (d/b/a Betz Enterprises) at 109 Highway Street (parcel IDs 21.0574.000 and 21.0575.000)
- i. Approve licenses for Quillin’s IGA, Kraus Oil, Kwik Trip #733, and DG Retail, LLC (d/b/a Dollar General Store #10343) to purchase or sell cigarettes or tobacco products in 2022
- j. Approve applications from Elsie’s Bar and Grill, LLC; Frankie’s 2nd Chance, LLC; Sasa Lee, LLC (d/b/a Good Times Restaurant & Bar); MAAD Alley, LLC; and The Wired Rooster, LLC (d/b/a The Wired Rooster Coffee Shoppe) for 2022 on-sale intoxicating liquor licenses and on-sale Sunday intoxicating liquor licenses
- k. Approve application from Elsie’s Bar and Grill, LLC, for optional 2 A.M. on-sale intoxicating liquor license

- l. Approve application from American Legion 191 (d/b/a American Legion Club) for 2022 club on-sale liquor license and Sunday intoxicating liquor license
- m. Approve hiring Brittany Runningen as EMT for Caledonia Ambulance Department
- n. Approve proposed employment agreement with Police Chief Kurt Zehnder for 2022
- o. Approve appointment of Stephanie Mell as commissioner of Caledonia Economic Development Authority Board for term starting January 3, 2022 and ending December 31, 2027
- p. Approve appointment of Harley Meiners as commissioner of Caledonia Economic Development Authority Board for term starting January 3, 2022 and ending December 31, 2027

PUBLIC COMMENT: None.

CITY CLERK/ADMINISTRATOR

a. Updates

i. Construction of Well House No. 8: Swann reported that Wapasha Construction was making good progress on construction of Well House No. 8. Mayor Schroeder added that two sides of the well house had been blocked and that Wapasha Construction was getting ready to start on the west side of the building.

ii. Council Chambers renovations: Swann reported that the Council Chambers were going to be renovated in the next few weeks with new carpeting and paint.

iii. LMC Magazine article: Swann reported that the *League of Minnesota Cities Magazine* was going to be publishing a story about the new pocket park.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

a. Public hearing (i.e., Truth-in-Taxation meeting) re City's proposed final 2022 General Fund budget and levy for taxes payable in 2022: At 6:08 p.m. Member Ninneman moved to adjourn the regular City Council meeting to hold a public hearing on the proposed final 2022 General Fund budget and levy for taxes payable in 2022. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed. The regular City Council meeting was adjourned, and the public hearing convened at 6:08 p.m.

Clerk/Administrator Swann presented Council with an overview of the proposed final 2022 General Fund budget and 2022 special revenue funds budgets as well as levy for taxes payable in 2022. Swann reported that the proposed 2022 General Fund budget was \$2,523,358, and the proposed levy for taxes payable in 2022 was \$1,061,220—a 6.5% increase. Swann further reported that the General Fund budget included a transfer of \$254,753 from the Electric Fund to the General Fund for the payment in lieu of taxation and a transfer of \$155,000 from the CIP to the General Fund.

Swann reported that of the proposed \$2,523,358 General Fund budget, the top three budgeted service areas were police at \$794,955, streets and sidewalks at \$714,843, and parks & recreation at \$518,755. These areas comprised 31%, 28%, and 21% of the General Fund budget, respectively. Swann noted that parks and recreation's budgeted expenditures were higher than in 2022 than in normal years because of the \$150,000 budgeted for replacing the Auditorium

HVAC system and because of the \$95,000 budgeted for constructing a new tennis court and two pickleball courts. Swann also noted that budgeted expenditures for streets and sidewalks were higher in 2022 than in prior years because the City was trying to save money for future road projects, such as the E. Grove St./S. Marshall St. Reconstruction Project. Swann provided Council with information on the changes between the 2021 and 2022 budgets for the General Fund, Fire Fund, Ambulance Fund, and EDA Fund.

Swann presented information showing that with a 6.5% levy increase for taxes payable in 2022, the City's tax rate would be 58.437, which was a slight increase from 55.637 in 2021; in addition, the City's tax rate would be lower than the Cities of Houston, Spring Grove, and La Crescent in Houston County. The City's tax rate would also be second-lowest among comparable cities in Southeast Minnesota.

There were no members of the public present who wanted to address the Council about the proposed budgets or tax levy. At 6:20 p.m. Member Klug moved to close the public hearing and reconvene the regular City Council meeting. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed. The regular City Council meeting reconvened at 6:20 p.m.

b. Consideration of proposed final General Fund budget for 2022: Finance Officer Stephanie reported that the proposed final 2022 General Fund budget of \$2,526,798 would add \$3,440 to the unassigned fund balance, which would result in an unassigned fund balance ratio of 51.83% at the end of 2022 based on 2021 expenditures and 2022 budgeted expenditures. Mann identified a couple of budget changes since the last City Council meeting, including adding \$10,000 to the Street Department budget and increasing the parks and recreation budget by \$10,000 to repair the warming house and baseball dugouts. Mann also noted that the budgeted capital expenditures had been updated to show the transfer of \$54,753 from the Electric Fund to the General Fund—as part of the payment in lieu of taxation for 2022—to pay for estimated engineering design fees for the E. Grove St./S. Marshall St. Reconstruction Project. Mann also reported that the 2022 General Fund budget had been revised to include \$95,000 for the tennis court and pickleball courts, although the project was contingent on the funding coming from grants and a transfer of money from the Liquor Fund.

Member Klug moved to approve the proposed final General Fund budget for 2022 in the amount of \$2,523,358. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

c. Consideration of proposed final 2022 Ambulance Fund budget, 2022 Fire Fund budget, and 2022 EDA Fund budget: Finance Officer Mann noted that the budgets for the 2022 Fire Fund and Ambulance Fund included transfers of \$37,500 from the Electric Fund as part of the payment in lieu of taxation, and these transfers would be used to help the Fire Fund and Ambulance Fund pay for architectural design fees for the new joint fire and ambulance station. Member Ninneman moved to approve the proposed final 2022 budgets for the Ambulance Fund, Fire Fund, and EDA Fund, which totaled \$426,780, \$221,810, and \$50,895, respectively. Mayor Schroeder seconded the motion. All members present voted in favor of the motion, and the motion passed.

d. Consideration of proposed Resolution 2021-20: A Resolution Adopting Final Levy for Taxes Payable in 2022 (6.5% Increase): Member Rykhus moved to approve proposed Resolution

2021-20, a resolution adopting a final levy of \$1,061,220 for taxes payable in 2022, which represented a 6.5% increase over the levy for taxes payable in 2021. Member Klug seconded the motion. All members present voted in favor of the motion, and the motion passed.

e. Consideration of proposed Capital Improvement Plan for 2022-2026: Swann reported that since the last time the Council reviewed the CIP for 2022-2026, the CIP had been revised to include \$95,000 for constructing a tennis court and two pickleball courts in 2022 and \$10,000 for repairing the warming house and baseball dugouts in 2022. Member Rykhus moved to approve the proposed CIP for 2022-2026. Member Ninneman seconded the motion. All members present voted in favor of the motion, and the motion passed.

f. Public hearing re assessment of properties for unpaid special charges: At 6:50 p.m. Member Klug moved to adjourn the regular City Council meeting to hold a public hearing regarding the assessment of properties for unpaid special charges. Member Ninneman seconded the motion. All members present voted in favor of the motion, and the motion passed. The public hearing convened at 6:50 p.m.

Clerk/Administrator Swann explained that City Council had approved assessments at a prior meeting, but there were some additional charges that needed to be assessed that weren't previously ready for Council consideration. Swann reported that the owners of the four properties City staff were proposing to assess had been notified of the charges and proposed assessments. At 6:56 p.m. Member Klug moved to close the public hearing and reconvene the regular City Council meeting. Member Ninneman seconded the motion. All members present voted in favor of the motion, and the motion passed. The regular City Council meeting reconvened at 6:56 p.m.

g. Consideration of proposed Resolution 2021-21: A Resolution Authorizing the Assessment of Properties for Unpaid Special Charges: Member Ninneman moved to approve proposed Resolution 2021-21, a resolution authorizing the assessment of four properties for unpaid special charges. Member Klug seconded the motion. All members present voted in favor of the motion, and the motion passed.

h. Consideration of proposed Resolution 2021-22: A Resolution Supporting Capital Budget Request for New Joint Fire and Ambulance Station and Recommending Inclusion of New Joint Station in Governor's Capital Budget: Member Klug moved to approve proposed Resolution 2021-22, a resolution supporting the City's capital budget request for a new joint fire and ambulance station and recommending inclusion of the new joint station in the governor's capital budget. Member Ninneman seconded the motion. All members present voted in favor of the motion, and the motion passed.

i. Consideration of proposed Caledonia fee schedule for 2022: Clerk/Administrator Swann thanked Michelle Ellingson, assistant to the clerk/administrator, for preparing the comprehensive fee schedule. Member Rykhus moved to approve the proposed fee schedule for 2022. Member Ninneman seconded the motion. All members present voted in favor of the motion, and the motion passed.

j. Prepaid claims: Mayor Schroeder requested information on the maintenance costs for the speed trailer (the City shares with the Houston County Sheriff's Office and the Cities of Hokah, Spring Grove, Houston, and La Crescent) and the rotation schedule for using the trailer,

expressing concern that the trailer wasn't used in the City often. Mayor Schroeder moved to approve the prepaid claims as presented for November 10, 2021 – December 10, 2021, which totaled \$473,863.78. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

k. Claims payable: Council reviewed the claims payable for December 2021, which totaled \$180,947.96. Member Ninneman moved to approve the claims payable as presented. Member Rykhus seconded the motion. All members present voted in favor of the motion, and the motion passed.

l. Overtime Report: Members reviewed the overtime report for the pay period November 15, 2021 – November 28, 2021. No further action was taken by the Council.

ANNOUNCEMENTS:

a. The next regular Council meeting was scheduled for Monday, January 10, 2022, at 6:00 p.m.

ADJOURNMENT: There being no further business before the Council, a motion to adjourn was made by Member Klug, seconded by Member Rykhus. All members present voted in favor of the motion, and the motion was declared carried to adjourn at 7:15 p.m.

DeWayne "Tank" Schroeder
Mayor

Adam G. Swann
Clerk/Administrator