

REGULAR MEETING OF THE CITY COUNCIL
CITY OF CALEDONIA, MINNESOTA
Monday September 28, 2015

CALL TO ORDER: Following due call and notice thereof, Mayor Gran called the meeting to order at 6:00 p.m. in the Council Room, City Hall.

ROLL CALL: Members present: Mayor Joshua Gran, Council Members: DeWayne Schroeder, Bob Lemke, Paul Fisch and Bob Burns. City Staff Present: City Clerk/Administrator: Ted Schoonover, Administrative Coordinator: Mike Gerardy, City Accountant Stephanie Mann, Police Chief Kurt Zehnder and Officer Seth Louks. Guests: Jerry Kraus, Paul Weichert, Dan Schwartz, Paul Jacobson, Matt Schuldt and Caledonia Argus reporter Zach Olson.

AGENDA: Motion by Member Burns, second by Member Schroeder to approve the agenda. All members present voted in favor and the motion was declared carried.

CONSENT AGENDA APPROVAL: Motion by Member Burns, second by Member Lemke to approve the consent agenda, which consisted of the regular meeting minutes from September 14, 2015 and two temporary gambling permits for the Caledonia Wrestling Club. All members present voted in favor and the motion was declared carried. Member Fisch abstained from the vote.

VISITORS AND COMMUNICATIONS: None.

ADMINISTRATIVE COORDINATOR: Gerardy presented the council with the only bid received for the 2015 street project. He stated that he included approximately 7 blocks of streets but in reality we can probably only afford to complete 4 blocks. Motion by Member Fisch, second by Member Lemke to approve the lowest bid as submitted by Mathy Construction Inc. but not to exceed \$100,000.00 for asphalt, and crack sealing. Roll call of votes: Yes. Mayor Gran, Members Schroeder, Fisch, Lemke. No. None. Abstain: Member Burns. The motion was declared carried.

Mayor Gran called for a public hearing in regards to a zoning application and a variance needed for a overhang on an apartment complex. Paul Jacobson recently purchased the properties located at 219 -227 N. Decorah St. and wants to install an overhang to protect residents from inclement weather as they open/close the front doors into the facility. He is asking for a 2'6" variance from the West property line. Motion by Member Schroeder, second by Member Lemke to approve the variance as presented. All members present voted in favor and the motion was declared carried.

Jerry Kraus was present to ask the City Council to reconsider their decision to deny the bids/quotes to construct a pressure sewer from his business to Maralouis Court. The bids came in approximately \$7,000.00 higher than expected and Mr. Kraus stated that he couldn't afford to complete the entire project without the city participating in it. He further stated that he didn't understand why the City Council approved the City Engineer to proceed with the plans and bid letting if they intended not to complete the project. He also stated that without participation he would be forced to close his business. Member Burns stated that the council had the engineer proceed with the project to see what the costs would be, and the costs were well above what was expected and is not in the best interest of the city at this point. Member Schroeder stated that we need to assist our business owners and not leave them hanging with no city services. Mayor Gran explained that he felt that this would be a poor use of tax payer dollars to spend on one business at the expense of the entire taxing district and that if Mr. Kraus wanted the pressure sewer project to proceed he would have to fund the entire project or close his doors. Mr. Kraus then asked if he could put in the pressure sewer using the City's permit? Administrator Schoonover stated that he would check with the City Engineer to see if that was legal and allowed. No action taken.

Administrator Schoonover presented the council with a proposal for the pathway lighting project that was approved and bonded for last year. He stated that the city borrowed \$36,000 to construct the lights and are paying for them but have not installed them. He also stated that he realizes that the quotes are only for a portion of the equipment and labor but again stated we are already paying for this project but have not even began to construct it. Mayor Gran felt that the pathway needed no lights and felt it was a waste of tax payer money to light a path that very few patrons walk on. Member Burns stated that he felt it was a safety issue and Member Paul stated that he sees a lot of residents and students using the pathway and feels it is needed to ensure we have a safe paths to school and to other areas of town. Motion by Member Burns, second by Member Fisch to approve the pathway lighting project not to exceed the borrowed amount of \$36,000.00. Roll call of votes: Yes. Member Burns, Fisch, Lemke, Schroeder. No. Mayor Gran. The motion was declared carried.

Coordinator Gerardy stated that other cities in the area have begun charging fees for residents to have chickens on their properties and wanted the council to consider implementing the same as a way to increase revenues. No discussion or action was taken.

CITY ACCOUNTANT:

Accountant Mann was present and reviewed the cash and investments with the council as well as the 2015 budget. All accounts are in good standing and other than a few amendments that will be forthcoming had no further comments. She also presented the council with scenario for a preliminary budget that needed to be approved by September 30, 2015. She is recommending a proposed 3.93% increase to the current levy. This is actually a \$30,401.00 increase in the general fund which is very minimal and sustainable. Mayor Gran was concerned about how we would pay for the remainder of the pool project and for the incentive package to Tactacam and he would prefer to a zero increase to the levy. In discussing the proposed budget Member Schroeder stated that he has great concerns with the mower that we bid for and approved from Caledonia Implement. The mower is at the implement but the deck can't be mounted, the tires are well outside the mowing deck and are not conducive to mowing or plowing. Schoonover stated that he and Gerardy brought these concerns to the council months ago but the council at the time felt the tractor was still in the best interest of the city and that these and other question should have been asked at that time not now as delivery is within days. Consensus of the council was to reject the delivery until Caledonia Implement can answer the questions they have in regards to the new mower and to ensure it meets the specifications that were bid. Schoonover then mentioned that we needed to get back to the proposed levy and get it set. Member Burns stated that he was comfortable with the 3.93% knowing that we could always reduce it when the final levy was prepared and certified. Motion by Member Burns, second by Member Fisch to approve the preliminary 2016 levy at 3.93%. Roll call of votes. Yes: Members Burns, Lemke, Fisch, Schroeder. No: Mayor Gran. The motion was declared carried.

NEW BUSINESS:

Merchants Bank President Matt Schuldt was present and asked the City Council to consider using a local financial institution to fund the pool using a tax exempt loan versus the more expensive binding methods. He quoted some numbers stating that a bank could finance the project for an estimated savings of up to \$93,000 over the period of ten years. Discussion followed. Administrator Schoonover stated that he believed that an RFP would have to be sent out to all banks or financial institutions but would check with the league of cities to see if it's even legal as we had a referendum that stated we would issue a General Obligation Bond not a loan. No action taken.

Schoonover informed the board that the EDA voted to apply for an additional \$250,000.00 loan for the revolving loan fund. The current fund is very low on funds and have some potential new clients that could use some additional capital. He stated that the process is tedious but well worth it. Motion by Member Burns, second by Member Schroeder to authorize Administrator Schoonover to apply for additional USDA funding. All members present voted in favor and the motion was declared carried.

Schoonover presented the council with the pool bid tabulations. They were as follows: section 9.02 Site work: Zehnke Inc. - \$143,925.00. Section 9-03 Bathhouse - Olympic Builders : \$725,228.00 with alternate B-1 Night Lighting: \$16,000.00, B-2 Security: \$6,000.00. Section 9-04 Aquatics Global Specialties - \$1,555,000.00, AQ1: \$5,800.00, AQ2 \$8,000.00, AQ3 \$8,500.00. Mayor Gran questioned why the bids were not prepared as we were told in a line item fashion. Member Schroeder and other members also had questions in regards to the design and why the new bathhouse sits directly on the curb and over an existing underground power line. Discussion ensued concerning the amount of the bids and that they were well over \$800,000.00 above and beyond the scope of the project without adding any additional items to the project. Motion by Member Burns, second by Mayor Gran to reject all bids. All members present voted in favor and the motion was declared carried. The council then discussed the fact that there are some real concerns with USAquatics and how the project has been handled up to this point. Motion by Member Burns, second by Member Fisch to have a special council meeting to discuss the pool issues with USAquatics and come to some type of agreement to move forward. All members present voted in favor and the motion was declared carried. Schoonover stated he would contact USAquatics and set up a time for the special meeting.

Member Schroeder brought up the salvage yard again and stated that he is not in compliance and we need to enforce the Ordinance or revoke it. The consensus of the council was to notify Mr. Betz that he had until October 12, 2015 to become compliant or be ticketed. No further action taken.

Employee overtime reports were reviewed with no action taken.

The next regular meeting will be on Monday, October 12, 2015, at 6:00 p.m.

ADJOURNMENT: There being no further business before the Council, A motion to adjourn was made by Member Schroeder, second by Member Fisch. All voted in favor and the motion was declared carried to adjourn at 9:30 p.m.

Joshua D. Gran
Mayor

Ted A. Schoonover
Clerk-Administrator

