

**MINUTES
CITY OF LONSDALE
REGULAR CITY COUNCIL MEETING
December 9, 2010**

1. CALL TO ORDER

Mayor Rud called a meeting of the Lonsdale City Council to order at 7:00 pm in the Council Chambers at 415 Central Street West.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the Pledge of Allegiance.

3. ROLL CALL

Present: Daleiden, Kodada, Rud, Furrer, and Pelava

Absent: None

Staff Present: City Administrator Joel Erickson, City Planner Benjamin Baker, City Engineer Kevin Kawlewski, and Public Works Director Vlasak

4. AGENDA

Mayor Rud asked if anyone had any additions, deletions, or corrections to the agenda.

Daleiden asked if the City's Personnel Policy could be added to the agenda. Note: "Employee Overtime for Emergency Work" was discussed under Agenda Item 10f.

A motion was made by Kodada and seconded by Furrer to approve the agenda as presented. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

5. APPROVAL OF MINUTES

None

6. PUBLIC HEARINGS

None

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

None

8. APPROVAL OF THE CONSENT AGENDA

A motion was made by Kodada and seconded by Daleiden to approve the consent agenda as follows:

- a. Consider Approval to Schedule a Special City Council Meeting for January 6, 2011 at 7:00 pm
- b. Consider Approval to Schedule a Public Hearing on January 6, 2011 at 7:00 pm or

Shortly Thereafter for Ordinance 2011-239 (2011 Fee Schedule), an Ordinance Amending Ordinances 2010-234 (2010 Fee Schedule), 2010-235 (Section 2 – Equipment Fees) and 2010-237 (Building Permit Fees)

- c. Consider Approval to Schedule a Public Hearing on January 6, 2011 at 7:15 pm or Shortly Thereafter for Ordinance 2011-240, an Ordinance Amending Ordinance 2009-232 (City Council Compensation)

Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

9. OLD BUSINESS

None

10. NEW BUSINESS

- a. Nature's Prime Organic (NPO) Foods – Dan Anderson

Erickson provided an overview on the negotiations that have taken place between the City and Nature's Prime Organic (NPO) Foods. He mentioned that the City and NPO are still working on appropriate securities to guarantee the City's interest in the building and kitchen equipment in the event of default or bankruptcy. He asked the Council to provide direction on what type of security they feel is necessary for the project to move forward.

Rud stated that he is reluctant to proceed without the proper securities. He suggested checking with a building/development company to see if they would be interested in constructing a building, then leasing it out to NPO. Daleiden stated that someday the City/EDA plans to erect an incubator building. Kodada stated that he is on board with the building aspect of the project but not with the kitchen equipment loan. He also mentioned that if NPO does not provide a guarantee, then the City shouldn't get involved. Furrer also suggested that the City entertain just the physical building part of the request and not the kitchen equipment. Erickson explained how the Minnesota Investment Fund (from DEED) and the City's revolving loan fund works. Pelava stated that the proposed building may need to meet the requirements of the USDA or FDA. Rud stated that City staff should set up a meeting with Dan Anderson and a building contractor on December 13th. Pelava said that the negotiation process so far will definitely help prepare the City for future requests from prospective businesses.

No action was taken on this item.

- b. Consider Approval of Resolution 2010-29, a Resolution Approving the Salary and Wage Plan and a Wage Freeze for 2011

Erickson provided the Council with the current salary and wage plan. He reminded the Council that during the 2011 budget meetings, the City Council determined a wage freeze was necessary as one of the ways to reduce expenses to create a balanced budget while taking into account a reduction in State Aid and property tax levy impact on residents. Rud said that hopefully things will get back on track in 2012.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2010-29, a resolution approving the salary and wage plan and a wage freeze for 2011. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

c. Consider Approval of Resolution 2010-30, a Resolution Setting the Fiscal Year 2011 Final City Budget and Property Tax Levy

Erickson provided the City Council with the 2011 proposed final line item budget, property tax levy and impact, and a slide presentation print off concerning truth-n-taxation. Erickson stated that the Council held five special meetings in 2010 to specifically discuss the budget. He said that the budget meetings focused on how to manage the reduction in LGA and MVHC (revenues) and keep a balanced budget. He stated that the Council agreed on the following:

- Keeping all expenses as realistic a possible
- Employee wage freeze
- Elimination of dental insurance
- Reducing the City's contribution to employee's HSA accounts
- Going to market to reduce the cost of health insurance
- Reduction in staff
- Increasing the property tax levy by 5%

Erickson mentioned that the property tax levy will be set at \$1,560,000.00 (5% increase). He stated that total revenues are \$5,227,895.00 and total expenditures are \$7,535,385.00. He went through property the tax levy category breakdowns for the General Fund, EDA, and Debt Service (four street reconstruction projects). He explained the pie charts showing the breakdown percentages for revenues and expenditures. He said that Rice County obtains 24% of a resident's property tax dollars, while the City and School District both get 38%.

Rud asked if anyone had any comments about the proposed tax levy and budget. Jeffery Beaumont, 633 Dogwood Street NE, said that he was concerned with the value of his home. Rud explained that the Rice County Assessor's Office is responsible for assigning property values within the county. He directed Beaumont to get in touch with the County. Rud asked if anyone else had any comments. No one responded to the invitation. Kodada noted that this year's budget process has been the most intense during his tenure on the Council.

A motion was made by Daleiden and seconded by Furrer to approve Resolution 2010-30. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

Rud announced that the 2011 Tax Levy was set.

d. Consider Approval to Accept Lindsey Perrault's Letter of Resignation

Erickson reported that Lindsey Perrault recently dropped off a letter of resignation from the Liquor Store due to an internship that she accepted in Michigan. He mentioned that Perrault has been employed by the City since January of 2003 as a bartender at Railway Liquor and a Clerk at Lonsdale Liquor. The Council stated that she did a good job as a City employee.

A motion was made by Daleiden and seconded by Kodada to accept Lindsey's Perrault's letter of resignation. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

e. Consider Approval to Advertise for a Part Time Liquor Store Clerk at Grade 2 / Step 1 (\$10.42/hr)

Daleiden reported that due to Perrault's resignation and the limited availability of Luke Rezac, the Liquor Store Committee recommended that the City should advertise for two new part-timers to help fill mid-day, evening, and weekend hours at the store.

A motion was made by Kodada and seconded by Pelava to advertise for a Part-Time Liquor Store Clerk at Grade 2 / Step 1 (\$10.42/hr). Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

f. Review and Consider Approval of the Proposed City of Lonsdale Personnel Policy

The City Council was provided with the proposed draft of the updated/new City Personnel Policy. Erickson mentioned that it is much more detailed than the current policy and includes language on the Family and Medical Leave Act (FMLA). Erickson went through 77 components of the policy with the Council. Daleiden explained that he thoroughly reviewed the policy and suggested amendments to the policy based on his past workplace management experience. He mentioned that he was most concerned about the amount of vacation time that employees are currently receiving, and he said that it was an outrageous amount compared to the private sector. He also stated that they tried to compare the policy to the negotiated police union contract. Daleiden stated that he had been contacted by two concerned employees in regards to the proposed vacation leave schedule on Page 23 of the Policy. The majority of the Council discussion revolved around this topic.

Rud suggested that the vacation leave schedule should be consistent with the Police contract and be fair to everyone. Kodada suggested that the current employees be grandfathered in with the current vacation schedule due to the wage freeze and cutback on benefits that the City's employees recently had to deal with. Furrer suggested checking to see what other Cities in the area offer their employees. After further discussion, the Council proposed a revised vacation leave schedule as follows:

- 0-1 Year of Service 0 Days of Vacation Accrued
- (Start of) 2nd Year 5 Days
- 3rd Year 10 Days
- 4th Year 10 Days

- 5th – 10th Year 15 Days
- 11th Year 16 Days
- 12th Year 17 Days
- 13th Year 18 Days
- 14th Year 19 Days
- 15th Year and Beyond 20 Days (cap @ 20 days)

The Council also suggested that 5 accrued vacation days could be carried over to the next year and that going into the negative would be acceptable. Daleiden stated that employees should not feel like they are entitled to a specific number of vacation days.

Furrer asked the Council to consider changes to Page 43 of the Policy in regards to outside employment and a mandatory 10 hour rest period between shifts. The Council agreed to move it from 10 hours to 8 hours.

The Council all agreed that the proposed Policy looks very good and they thanked Administrator Erickson and Council Member Daleiden for their work on the update.

No action was taken on this agenda item. Further discussion on this topic will take place at the December 30, 2010 City Council meeting.

Public Works Emergency Overtime

Rud suggested that the Public Works Department employees get paid overtime for emergency work such as water main breaks. The Council agreed with the suggestion, and they left it up to the Administrator’s discretion to decide on what event(s) would constitutes an emergency situation and possible overtime payout for Public Works employees.

A motion was made by Daleiden and seconded by Kodada to approve overtime payment for Public Works Department employees working during emergency situations, as determined by the City Administrator. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

g. Consider Approval of a Proposal Submitted by WSB & Associates, Inc. in the Amount of \$5,960.00 for land Surveying Services

Erickson explained that City staff has been working with Bremer Bank to finalize the following outstanding items for the Willow Creek Heights development:

- Parkland dedication of Outlot F, Willow Creek Heights 2nd Addition (Kalina Park)
- Dedication of Commerce Drive Right-of-Way (south of Lonsdale Car & Pet Wash and Family Health Medical Clinic)
- Dedication of Lots 6-9, Block 6, Willow Creek Heights 3rd Addition in lieu of the water main installation between 15th Avenue SE and Industrial Drive SE

Erickson stated that Bremer Bank has reviewed and approved a quote from WSB to complete the needed surveying work associated with the aforementioned outstanding issues. He further explained that the approximate \$6,000.00 worth of work to be completed by WSB for Bremer Bank will be taken out of their remaining \$16,000.00 Letter of Credit that was cashed in by the City in 2008. Kawlewski assured the Council members that a water main loop would be required as part of a future development agreement along with any subdivision of the All Terra property, but he stated that the loop is not necessary at this time.

A motion was made by Kodada and seconded by Furrer to approve a proposal submitted by WSB & Associates, Inc. in the amount of \$5,960.00 for land surveying services for outstanding development issues in Willow Creek Heights. Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

h. Consider Approval of Resolution 2010-31, a Resolution Eliminating Six Properties from the Assessment Roll Adopted with Resolution 2010-28

Erickson stated that in response to the verbal objection given by Brandl Anderson at the public hearing for Resolution 2010-28, the City would be willing to remove six lots from the assessment associated with Resolution 2010-28.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2010-31, a resolution eliminating six properties from the assessment roll adopted with Resolution 2010-28 conditioned upon the following stipulation:

- All Brandl Anderson delinquent accounts shall be paid in full.

Vote for: Daleiden, Kodada, Rud, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried.

11. OTHER BUSINESS

a. Department Reports:

Council Member Daleiden

Daleiden provided an update from the last Liquor Store meeting. He said that the store has seen an increase in profits for 9 out of 10 months so far this year. He also stated that they discussed hiring two part-timers as mentioned earlier in the meeting (Agenda Item 10e).

Council Member Kodada

Kodada said that the Park Board will be meeting next Tuesday at 6:00pm. He thanked the public works guys for doing a great job with the recent watermain break.

Council Member Furrer

Furrer said that both the Library Board and EDA will be meeting next week.

Council Member Pelava

Pelava said that the Planning Commission will be meeting later in the month.

Council Member Rud

Rud reminded everyone that Meeting with the Mayor is scheduled for December 11th. He wished everyone a Merry Christmas and Happy Holidays.

12. ADJOURNMENT

A motion was made by Kodada and seconded by Pelava to adjourn the meeting. Vote for: Kodada, Rud, Smith, Furrer, and Pelava. Against: None. Vote: 5-0. Motion carried. The meeting closed at 8:50 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator