

**MINUTES
CITY OF LONSDALE
REGULAR CITY COUNCIL MEETING
October 9, 2008**

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: Kodada, Rud and Furrer

Absent: Smith

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

4. AGENDA

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

A motion was made by Kodada and seconded by Furrer to approve the agenda as presented.

Vote for: Kodada, Rud, and Furrer. Against: None. Vote 3-0. 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 Furrer to approve the following consent agenda items:

- a. Consider Approval of a Wage Increase for Joe Dornfeld From Grade 7 / Step 3 to Grade 7 / Step 4 for Obtaining a Class D Water Certificate
- b. Consider Approval to Schedule a Board of Adjustments and Appeals Meeting for October 30, 2008 at 6:30 pm to Consider Variance V2-2008
- c. Consider Approval of Resolution 2008-45, a Resolution Amending the Harmony

Meadows 2nd Addition Development Agreement

- d. Consider Approval to Change the Date of the Thursday, November 27, 2008 Regular City Council Meeting to Monday, November 24, 2008
- e. Consider Approval of Public Information Sign Locations Requested by the “Citizens Supporting Montgomery/Lonsdale Schools” for the Montgomery Lonsdale Public School Referendum

Vote for: Kodada, Rud, and Furrer. Against: None. Vote 3-0. Motion carried.

9. OLD BUSINESS

- a. Consider Approval of Resolution 2008-46, a Resolution Establishing Criteria for Special Assessment Deferrals

Erickson said that staff was instructed to draft a policy specifying criteria for special assessment deferrals. Erickson asked the Council to consider Resolution 2008-46, a resolution detailing procedure, hardship determination, and exceptional and unusual circumstances when considering special assessment deferral requests. Erickson explained the key points of the proposed resolution, and he said that overall the State Statutes are being followed. Erickson mentioned that the City Attorney reviewed the resolution. Rud asked if the request needed to be renewed every year. Erickson said yes and said that renewal needs to take place before September 30th each year to allow time for the City Attorney to review. The Council asked Erickson to add the September 30th deadline into the resolution’s language.

A motion was made by Kodada and seconded by Furrer to approve Resolution 2008-46 with the noted addition. Vote for: Kodada, Rud, and Furrer. Against: None. Vote 3-0. Motion carried.

- b. Consider Approval of a Twelve (12) Month Deferral of a Special Assessment Levied Against the Property Located at 216 7th Ave NW

Erickson said that the property owner of 216 7th Avenue NW provided an application for special assessment deferral, their 2007 Federal Tax Return (indicating total household income), and medical documentation. He said the Council has to consider whether or not interest is paid on the assessment while in deferral. Erickson reminded the Council that the City will be assuming the payment for the applicant for twelve months. Erickson said that the applicant has met the criteria approved stated in Resolution 2008-46. Due to the hardship being encountered by the applicants, Erickson recommended that interest payments need not be paid. Rud mentioned that similar requests in the future will need to provide the proper documentation before the Council would approve an assessment deferral.

A motion was made by Kodada and seconded by Furrer to approve a twelve (12) month deferral of a special assessment levied against the property located at 216 7th Avenue NW. Vote for: Kodada, Rud, and Furrer. Against: None. Vote 3-0. Motion carried.

c. Consider Approval of a Quote Submitted by ABM in the Amount of \$136,400.00 for a Johnston Allianz Model 3000 3-Wheel Sweeper

Vlasak said that he made some phone calls and met with Council Member Kodada to discuss the sweeper options. Vlasak stated that the Public Works Department still likes the Johnston Allianz Model and recommended purchasing the machine from ABM Equipment & Supply. Vlasak said he called the competition but did not receive a response. Kodada stated that the Johnston Model probably has better visibility but the Elgin Pelican has been a proven model. Kodada asked if the City could rent a model for Fall cleanup. Bill Dietrich, salesman from ABM Equipment, stated that a new model could be ready by February 1, 2009. Rud asked how much their machine could be rented for. Dietrich said that they aren't in the business of leasing, but it would be priced at \$125/hr. Rud said that price was extremely high, and the City could find someone for cheaper. Kodada stated that the City should try things beforehand and for more than just a few hours. Furrer stated that the sweeper has been budgeted for three years now and a decision still has not been made. She asked the rest of the Council what more they were looking for. She said that the Public Works Department has done their homework, and the Council should trust their judgment. Kodada said that the price of the Johnston model was safe, but he recommended at least getting a full day of sweeping completed before any decisions are made. He said that he received three phone calls from references that were very negative towards the Johnston. Dietrich said that some cities need different lengths of demo time before they are ready to make a decision. Vlasak said that the Public Works Department needs a sweeper now. Rud stated that the Council should wait three weeks so that a model can be demoed during Fall cleanup.

No action was taken.

10. NEW BUSINESS

a. Swearing in of New City Councilmember – Joe Daleiden

Rud invited Joe Daleiden up to front of the Council Chambers. City Administrator Erickson performed the official swearing in procedure, and Joe Daleiden followed Erickson's lead in reciting the Oath of Office pledge appropriately. The Administrator and Council congratulated and welcomed Councilmember Daleiden to the City Council.

Daleiden stated that he went up against some great candidates, and he was honored to be appointed to the position.

b. Presentation of a Certificate of Appreciation to Pat Rezac

Mayor Rud presented Pat Rezac, local Postmaster, with a plaque of appreciation. He thanked her for over 22 years of service to the community, and he wished Rezac well in the future.

Rezac thanked the City, and she commented on the progress that has been made in Lonsdale since the time she started the position. She also mentioned that City staff was great to work with over the years. The Council and audience applauded Rezac for her

years of service.

c. Consider Approval of Resolution 2008-47, a Resolution Designating Official appointments

Rud stated that Councilmember Duban was previously appointed as Mayor Pro-Tem, Liquor Store Department Head, part of the Human Resources Committee, and part of Sky Warn. He said that Duban left some pretty big shoes to fill. In regard to Councilmember Duban's resignation, Mayor Rud recommended the following appointments:

1. Mayor Pro-Tem: Kevin Kodada
2. Liquor Store: Joe Daleiden
3. Human Resource Committee: Joe Daleiden
4. Sky Warn: Blain Smith

A motion was made by Kodada and seconded by Furrer to approve Resolution 2008-47, a resolution designating official appointments (as shown above). Vote for: Daleiden, Kodada, Rud, and Furrer. Against: None. Vote 4-0. Motion carried.

d. Discuss Integrity Home Builders – Violation of City Code § 91.04 – Tall Grass & Weeds

Baker provided the Council with applicable background information in regards to the violation of City Code § 91.04 for vacant lots owned by Integrity Home Builders. Baker stated that Dave DeLay was not present at the meeting to relay his comments or dispute Invoice # 154. Kodada and Daleiden stated that the Council would backup City staff with any issues on the enforcement of tall weeds and grass.

No action was taken.

e. Consider Approval to Change the City's Health Insurance Provider From Blue Cross/Blue Shield of Minnesota (Aware Gold with Copay) to Medica (High Deductible Health Plan with a Health Savings Account)

Erickson said that the Health Insurance Task Force has been working on selecting a new health care provider and plan. He said the City recently went to market for rate quotes on High Deductible Health Care Plans (HDHP) with a Health Saving Account (HSA). He stated that Medica came in as the greatest savings to the City, saving a total of \$6,421.36 with the City paying for both the employee and employee's dependants deductibles. He said that Task Force felt it important to pay for the dependents deductible so that employees that currently cover themselves and only one dependent continue to not have to pay anything. Erickson provided the Council with a rate comparison, comparing the current Blue Cross-Blue Shield Aware Gold Plan against Health Partners and Medica. Erickson said that there are a couple of employees that would not qualify for the new high deductible / health savings plan according to the IRS. He said that the City is proposing to contribute \$1,250 towards the employee's deductible and \$2,500 towards the family deductible amount. He explained that 25% (\$312.50 for single or \$625.00 for family) of the deductible will be deposited upfront into the employee's savings account with the remaining balance deposited equally over 25 pay periods. Rud asked about long-term rate increases. Erickson said that the City could expect to see a 10% - 16%

increase for upcoming years, but the City had seen a larger increase with the current coverage plan. Rud suggested implementing a 5-year plan to help with the drastic increases. Rud said that the new plan is terrific and the savings will have a tremendous impact on a town the size of Lonsdale. Kodada suggested that the Health Insurance Task Force continue to meet every six months to see what issues arise. Daleiden asked if there were any complaints about the proposed plan. Rud said that he received a complaint from a staff person regarding concerns over double coverage. Erickson explained the process behind high deductible plans. Rud asked if any employees would be punished if the new plan were implemented. Erickson said that under a group plan, everyone has to be accepted by health insurance providers. Daleiden stated that he could relate to the City's attempt to try to save money by switching to a HDHP and HSA, because his business recently went to a HSA plan. He said that only half of his employees went on the plan to begin with, but now almost everyone has switched to the HSA. Erickson said that HSAs are essentially the Federal Government's attempt at privatizing social security and are similar to an IRA. Rud thanked the Task Force for their hard work, and he mentioned that the Council should follow their recommendation to approve the Medica HDHP and HSA.

A motion was made by Kodada and seconded by Daleiden to approve a change in the City's health insurance provider to Medica (High Deductible Health Plan with a Health Savings Account) as follows:

1. Medica HDHP – single deductible of \$1,250 and dependent deductible of \$1,250;
2. City pay for 100% of the employee premium and deductible;
3. City pay for dependent coverage at the cost of one child and 100% of the dependent deductible;
4. City contribute \$312.50 upfront into the employees Health Savings Account (HSA) for employees with single coverage and remaining balance over the next 25 payrolls; and
5. City contribute \$625 upfront into the employees Health Savings Account (HSA) for dependent coverage and remaining balance over the next 25 payrolls.

Furrer stated that she could not vote on the issue because she would directly benefit from a new plan, if approved.

Vote for: Daleiden, Kodada, and Rud; Against: None; Abstained: Furrer; Vote 3-0.
Motion carried.

- f. Discuss Willow Creek Heights Development
(Discussed During Closed Session with the City Attorney)
- g. Discuss Rayann Acres Development
(Discussed During Closed Session with the City Attorney)
- h. Discuss Contractors Edge, Inc. v. City of Lonsdale
(Discussed During Closed Session with the City Attorney)

11. OTHER BUSINESS

a. Project Updates

Engineering

City Engineer Kevin Kawlewski said that there was a pre-construction meeting earlier in the day for the CSAH # 33 Trail Project. He said that the DNR still has some concerns with the extension of a culvert for Heath Creek, due to its protected watercourse status. He said the start date has been pushed back to October 20th.

Kawlewski stated that there was a watermain leak at the intersection of Arizona Street NW and 9th Avenue NW. He said that there was a sheer in the pipe and compaction issues were to blame. He said that he would be doing everything he can to have the responsible parties pay for the repair costs.

Kawlewski said that BCM was working with residents to replace sod in certain areas. He also said that Scott Parker called regarding unfinished Willow Creek Heights issues.

b. Department Reports

Council Member Daleiden

Since Daleiden was the new Liquor Store Department Head, he asked City staff to get him up to speed on the finances and inventory of the Liquor Store.

Council Member Kodada

None

Council Member Smith

Absent

Council Member Furrer

None

Mayor Rud

Rud mentioned that earlier in the day there was a ground breaking ceremony for the new “Villages of Lonsdale” assisted living facility. He said that almost 60 people were attended the event. Rud commented on the remarkable fact that the City would be receiving two public meeting rooms, a new library, and an assisted living facility without having to raise taxes. He thanked Fritz Duban and the rest of the Council for their vision and support.

Rud mentioned that on October 15th, Lonsdale Liquor will host a Wine and Spirit Tasting Event at the American Legion Hall. He said that proceeds will be donated to the Lonsdale Food Shelf.

A motion was made by Kodada and seconded by Furrer to adjourn the meeting to discuss litigation with the City Attorney. Vote for: Daleiden, Kodada, Rud, and Furrer. Against: None. Vote 4-0. Motion carried. The meeting closed at 8:07 pm.

Mayor Rud reconvened the City Council at 9:04 pm.

Discuss Willow Creek Heights Development

City Attorney Annette Margarit stated the situations revolves around a development agreement dispute regarding the installation of a twelve inch watermain between Industrial Dr. SE and 15th Ave Se, which was not completed by the development. Instead, the developer installed a watermain from the south side to the north side of highway 19 at 15th Ave SE. She said she has drafted an agreement to resolve the issue and reviewed it with the City Council. Kodada asked if interest would be charged on the special assessment? Margait said interest would charged at 6%. A motion was made by Dalieden and seconded by Kodada to approve the proposed agreement between the City of Lonsdale and Bakken Development. Vote for: Daleiden, Kodada, Rud, and Furrer. Against: None. Vote 4-0. Motion carried.

Discuss Rayann Acres Development

City Attorney Annette Margarit asked the City Council for guidance on how to proceed with the RayAnn Acres development. She stated that according to the Development Agreement, it was the responsibility of the developer to construct the 1st and 4th Ave NE street connections to Fig St. and incur the associated cost. She said in the end, the City constructed and financed the street connections. Margarit said since the developer did not construct and finance the street connections, it was a breach on contract. She requested approval to serve a summons and complaint on the developer for breach of contract. Mayor Rud asked what the other City Councilmembers thought. Kodada said the City needs to recoup every dollar it spent to complete the street connections. Furrer agreed with Kodada comments. A motion was made by Kodada and seconded by Furrer to have the City Attorney serve a summons and complaint on the developer of the RayAnn Acres development for breach of contract. Vote for: Daleiden, Kodada, Rud, and Furrer. Against: None. Vote 4-0. Motion carried.

Discuss Contractors Edge, Inc. v. City of Lonsdale

No action was taken by the City Council on this topic.

12. ADJOURNMENT

A motion was made by Kodada and seconded by Daleiden to adjourn the meeting. Vote for: Daleiden, Kodada, Rud, and Furrer. Against: None. Vote 5-0. Motion carried. The meeting closed at 9:04 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator