

January 9, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 9, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from December 12, 2005. Motion by Byrne, seconded by Chukuske to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda for January 9, 2006. Motion by Byrne, seconded by Snyder to approve the agenda as presented. All voted in favor of the motion.

Kerr presented an update on the pool litigation proceedings. The City of Tracy has fully settled all claims with Olympic Pools, Inc., which constructed the pools and mechanical room; Allman & Associates, Inc., the designer of the mechanical equipment; Mid-State Surety Company, the bond surety for Olympic; and USAquatics, Inc., the chief designer, engineer and construction manager. Under these various agreements, has and will receive a total of One Million Two Hundred Six Thousand Two Hundred Six Dollars (\$1,206,206.00). The City will, through the settlements with USAquatics, seek to recover an additional Five Hundred Fifty-six Thousand Five Hundred Sixty and Sixty-eight One/hundredths (\$556,560.68) Dollars from United Fire & Casualty Co. which is USAquatic's insurers. This would be for the City's claims for negligent provision of construction management services by USAquatics. If United Fire & Casualty Co. denies liability then declaratory judgment will be venue in Lyon County in front of Judge Harrelson. These various settlements will result in a dismissal of all current claims between the parties in the Lyon County District Court litigation and a complete dismissal of both Hennepin County District Court cases relating to insurance coverage questions.

Koopman presented a proposal from Safety First Compliance Management, Inc. This has been used for several years for safety training for the City employees. This has been reviewed by City Attorney, Nielsen and found to be in order. Koopman recommended to the Council to approve this proposal. Motion by Byrne, seconded by Arvizu to approve the proposal from Safety First Compliance Management, Inc. All voted in favor of the motion.

Engel presented the Pool Committee report. The Committee met in December 2005 and worked on the pay schedule. This reflects minimum wages figures and they have been working with eighteen 18 to 20 previous employees for the 2006 season. Arvizu said this will be based on the hours they are to work. The Committee felt the employees need to be making at least minimum wage as they are responsible for other's lives. Motion by Byrne, seconded by Rettmer to approve the proposed Swimming Pool Pay Schedule as presented. All voted in favor of the motion.

Engel reported that Bobbi Jo Buyck and Jenna Fisher will be attending classes to become certified WSI and Lifeguard Training Instructors. The cost of this training was paid by the City and will be paid back to them. In May, Buyck and Fisher will be certifying the Aquatic Center Staff. The staff will be charged a minimal charge to offset the cost of the training for Buyck and Fisher. The Committee felt this is the only way to have certified staff ready for the 2006 season, since the Aquatic Center has been closed the past two seasons.

Gayle Bofferding and Mike Boedingheimer were present to discuss the Lyon County Enterprise Development Corporation (LCEDC). She indicated the Board for LCEDC has defined the program and have major portion of funding in place. The LCEDC mission is to promote economic growth and development for the communities within Lyon County. The Vision of the LCEDC is to market the assets and opportunities within all of Lyon County in support of the mission and they will compile and maintain information regarding capacities and goals of all member communities. The goals for LCEDC were:

1. Act as a marketing agent for Lyon County to promote the county and position it as the regional center for Southwest Minnesota.

2. Pursue and facilitate economic growth for both existing and new businesses.
3. Define appropriate economic opportunities and aggressively pursue them.
4. Provide confidential assistance for those seeking to start or expand a business.
5. Offer networks between complimentary businesses to expand opportunities.

Rettmer said Tracy has their own full time EDA director and feels the City would be paying two people to do the same type of work. She asked who would monitor how much time is spent in each community. Stobb asked if there are other counties that are doing this same type of thing where ideas could be obtained. He commented that it is easier to market a metropolitan area than a whole county. Bofferding said this is a pilot experience

Bofferding said the Director's responsibilities would be to compile and maintain information with regard to assets and capacities within each member community and the county at large, pursue appropriate opportunities as defined by the board and member communities and identify and support groups and programs whose activities are conducive to the mission of the LCEDC. She indicated that they will begin to advertise for this position this week and hope to fill the position by March 1, 2006.

Chukuske felt the City had already voted against being a part of the LCEDC. Arvizu said this is a significant amount of money that they are asking for and has not been budgeted for. She told Bofferding that the City of Tracy already has a full-time EDA director and they have cut a position from the EDA budget. Arvizu wishes them well, but does not know where they could get the money now. Stobb asked where the money could come from. Koopman indicated they would have to make a budget adjustment or the Four Thousand Dollars (\$4,000.00) could be taken from the Other Financial Use fund.

Snyder indicated he did not see the need for this with the City having a full time EDA director. Chukuske said they had made the decision for the 2006 budget and is concerned that this issue keeps coming back to them. He feels they should stick with the Budget for 2006 and maybe look at it later for the 2007 budget. Rettmer agreed with this as they had discussed changing the City's EDA director position to part time, but the Council had made a two (2) year commitment to keep the position full time. This will be reviewed next year.

Mayor Ferrazzano feels this would be a marketing tool for Tracy and the person they hire would be able to go to trade shows that Gervais cannot go to. He feels with two (2) individuals would allow for more opportunities for the City of Tracy.

Stobb indicated he was against this concept at first but now feels it would be beneficial to have two (2) individuals working on this. Byrne asked if there was One Thousand (\$1,000.00) Dollars that was already budgeted for this purpose and feels that this should be checked first and then go from there. Rettmer feels they should allow Gervais to do his job and see how things turn out.

Koopman will find out if the One Thousand (\$1,000.00) Dollars was budgeted and then this will be discussed at the next Council meeting on January 23, 2006.

Gervais told the Council 30 contractors have picked up bid packets for the 174 Center Street project. Demolition is proposed to start in March and start construction in April of a 3-bedroom rambler style home. Gervais told the Council that two revolving loans have been sent to a collection agency and hope to be able to recover this money.

Gervais asked the Council for permission to travel out of state to start working with a company there through the survey that was conducted by students at Southwest Minnesota State University in Marshall. Rural Sourcing, Inc. is located in Greenville, South Carolina. This is a mid-level information tech group, including hosting, programming and computer processing. The EDA has approved for Gervais and one other person to go with him. Gervais will be providing them with information about Tracy, including a community profile, technical data, housing and infrastructures

in Tracy. Motion by Stobb, seconded by Snyder to approve out of state travel for Gervais and one other to go to South Carolina. All voted in favor of the motion.

Mayor Ferrazzano asked Gervais if he felt it would be beneficial for the City of Tracy to help fund the LCEDC. Gervais felt that a marketing program for the county would be more beneficial than a county economic development corporation. Gervais felt the director would have to have extreme time management skills to devote time to all communities in the county. Gervais said they would be better to change the term from economic development to marketing.

Rettmer asked Gervais if he had done any investigation regarding the grant request for Tracy Kid's World. Gervais said he had contacted quite a few and it has been established there is no specific guidelines but an EDA can approve a grant request. Arvizu said that this is usually done by resolution and the resolution would have to be changed if forgivable loan is not included.

Robinson reported the Public Works department performed several snow removal operations in December. The ice rink has been maintained and boulevard trees that hit snow removal equipment were trimmed back. There was a water main break on 3rd Street E. that was repaired. Fuel bids were received and the bid was awarded to Swen's Fuel for 3 (three) cents off the posted price. Time was spent on pool related issues and Robinson also spoke to the Kiwanis Club about the pool project. Robinson also prepared the Airport CIP for 2006. Interviews for a sewer project-engineering firm will begin in January.

Stobb asked if the testing will be done at Central Livestock. Robinson said they met with Anderson last week and informed him about Phase I and Phase II. They are in the process of getting legal descriptions for the Central Livestock property and also the property north of that as they want to make sure there are no other properties in between these. Commitment from the parties is needed to go ahead with the testing.

Koopman told the Council she attended the League of Minnesota Cities conference December 1-3, 2005. She also attended a mediation session on December 5, 2005. Koopman reported attending many other meetings in December including, Hospital Performance Improvement Committee, Pool Meeting, Hospital Advisory and one City Council meeting. Koopman informed the Council she has included a copy of information regarding a Leadership Conference for Council members, if any of the members are interested in attending. Koopman has given the directive to department directors to watch moderate more closely and when they are requesting funding to make sure they also have a funding source. Mayor Ferrazzano told the Council to review the conference information and they will discuss this further at the next meeting.

Police Chief Hillger asked the Council if there were any questions regarding his activity report. Rettmer asked if there have been any further developments in the investigation of the airport break-in. Hillger said Homer Dobson is having trouble getting information from the Department of Aeronautics. Chief Hillger conducted a Tobacco Compliance Check and reported that none of the six tobacco retailers sold cigarettes to the 17 year-old male. Hillger will send letters to the retailer informing them of the results.

Hillger also presented a request for the purchase of "Stop Sticks" at the cost of Four Hundred Thirty Five (\$435.00) Dollars each. Once they are used, the company will replace them. Koopman told the Council this cost is not included in the Police Department operating budget. Arvizu asked if it could be taken from the Other Financial Use Fund. Mayor Ferrazzano felt it should be replenished through Administrative fines. Motion by Snyder, seconded by Arvizu to approve this expenditure for the "Stop Sticks" with funding provided from the Other Financial Use Fund and use Administrative Fines to replenish the fund. All voted in favor of the motion.

Richard Boerboom submitted a request for the City to waive assessments on two properties that he and Chukuske have recently purchased. These are parcels 31.100058.0 with assessments of \$688.26 and 31.100059.0 with assessments of \$262.86 Dollars. Boerboom and Chukuske plan to clean up these properties with one year and build some type of housing within two years. Motion by Byrne, seconded by Snyder to dismiss the past assessments if the proposed timetable is followed. Chukuske abstained from the vote and motion carried.

Motion by Stobb, seconded by Chukuske to approve a resolution approving payment to Pool Construction/Abhe & Svoboda for work completed on the aquatic center. Payment amount was Fifty-one Thousand Five Hundred Ninety-Seven and Fifty-five One/hundredths (\$51,597.55) Dollars. All voted in favor of the motion. (Res. No. 2006-1)

The Consent Calendar included the following: Monthly Financial Report, Multi-Purpose Center minutes for November and Municipal Accounts Payable. Motion by Byrne, seconded by Stobb to approve the Consent Calendar as presented. All voted in favor of the motion.

Mayor Appointments include:

1. City Clerk/Administrator – Audrey Koopman
2. Deputy Clerk – Rick Robinson
3. Public Works Director – Rick Robinson
4. Finance Director – David Spencer
5. City Attorney – Frank Nielsen
6. Assistant City Attorney – James Kerr
7. Fire Chief – Keith Engesser
8. Assistant Fire Chief – Dale Johnson III
9. Weed Inspector – Tom Greenfield
10. City Forester – Rick Robinson
11. Building Inspector – Gary Garrels
12. City Assessor – Orlin Bruss
13. Civil Defense Director – Police Chief Bryan Hillger

Motion by Byrne, seconded by Stobb to approve the Mayor Appointments. All voted in favor of the motion.

Council Appointments include:

1. President Pro-Tem – Russ Stobb
2. Community Ed Financial/Advisory Board – Bill Chukuske
3. Planning Commission – Russ Stobb
4. Economic Development Authority – Tim Byrne and Sandi Rettmer
5. Attorney Meetings – Steve Ferrazzano and Jan Arvizu
6. Hospital Advisory Board – Steve Ferrazzano and Jan Arvizu
7. Pool Committee – Jan Arvizu

Motion by Stobb, seconded by Chukuske to approve the Council Appointments. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to establish the second and fourth Mondays of each month at 6:30 p.m. in the Council Chambers of the Municipal Building. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to adopt Robert's Rules of Order and the standard agenda format. All voted in favor of the motion.

Motion by Rettmer, seconded by Byrne to approve Headlight Herald as the official municipal newspaper. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve Minnwest Bank South, the 4-M Fund and Salomon Smith and Barney and State Farm as the official municipal depositories. All voted in favor of the motion.

Motion by Rettmer, seconded by Byrne to adjourn the meeting at 8:20 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

January 23, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 23, 2006 in the Council Chambers of the Municipal Building. The following Council members were present Mayor Ferrazzano, S. Rettmer, T. Byrne, J Arvizu, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from January 9, 2006. Rettmer indicated that her name was omitted from the Council members listed as present. This will be corrected. Motion by Byrne, seconded by Stobb to approve the minutes as corrected. All voted in favor of the motion.

Mayor Ferrazzano asked for any deletions or additions to the agenda for January 23, 2006. Motion by Snyder, seconded by Rettmer to approve the agenda as presented. All voted in favor of the motion.

Koopman told the Council there will need to be an amendment to the ordinance regarding the costs for Split/Sunday Liquor license fee. The Minnesota Department of Public Safety, Alcohol and Gambling Enforcement Division have indicated that Sunday Liquor license fee cannot exceed Two Hundred (\$200.00) Dollars. Koopman recommends that the Sunday Liquor license fee be lowered to Two Hundred (\$200.00) Dollars from the Two Hundred Fifty (\$250.00) that was being charged. She also recommended the On Sale Intoxicating license fee be increased from One Thousand Four Hundred (\$1,400.00) Dollars to One Thousand Four Hundred Fifty (\$1,450.00) Dollars. Motion by Byrne, seconded by Arvizu to waive the first reading and set second reading at a public hearing at the next Council meeting on February 13, 2006. All voted in favor of the motion.

Nielsen indicated there has been some changes to the section of the City Code that pertains to parking and in some cases the cross references have not matched up the changes that have been made. There is also a provision that talks about impeding snow removal operations and pertains mostly to motor vehicles. In conversations with Koopman it was suggested that this be expanded to include any type of obstruction that impedes snow removal operations. Another area that is confusing is that the parking ordinance for some number of years had an administrative fine type provision. The original thought was the parking citations would be collected by the City and they were to be a set amount and if the person did not pay and had to be referred to court, Fifty (50) Percent would be added to the fine amount. A couple years ago, the City enacted their administrative fine ordinance and that part was let go as it was thought to be taken care of. Looking at it again, it is not really consistent with the rest of the administrative fine ordinance. There has been some misunderstanding as to what the different parking fines are. Nielsen explained there are two categories of snow parking fines:

1. Winter parking restriction violations fine of Twenty five (\$25.00) Dollars with Administrative Fee of Fifty (50) Percent.
2. Snow fall restrictions where a vehicle has to be moved for snow removal fine of Fifty (\$50.00) Dollars and Administrative Fee of Fifty (50) Percent plus impound and towing fees.

Nielsen feels it would be beneficial to take a look at this and have just one fine amount and if vehicles have to be towed the people will have to pay for this. Nielsen asked the Council for permission to go ahead and work on this. It was the consensus to direct Mr. Nielsen to proceed with proposed amendments.

A brief discussion followed on requesting timely invoicing for legal fees. Arvizu feels it is important that bills for legal fees are presented in a timely manner. She suggested that bills for the previous month be received no later than the tenth of the next month. She was referring specifically to bill for extraordinary expenses. She reported that some bills have been coming in three months later and is very hard to keep tabs on what is being done. She asked that the Council support the concept of requiring bills for legal fees being submitted by the tenth of the following month. Nielsen reported that he had discussed this with Kerr today and Kerr felt it should have been presented at the

Attorney's Meeting or when the contract was negotiated. Nielsen feels the efficient way would be to ask at an Attorney's Meeting to go over the work that has been done in the past Thirty (30) days and time records can be presented. Stobb suggested that the billing should be received by the tenth of the following month and any details can be worked out at the Attorney's Meeting. Mayor Ferrazzano indicated this will be discussed at the next Attorney's Meeting and then will come back at the next Council meeting with the recommendations regarding billing practices.

Nielsen said he has reviewed a copy of the franchise with Aquila and seems to be in order and follows the existing City Code provisions that have been in effect for many years. The company is proposing a franchise for 25 years and previously had been 20 years. The City may want to consider asking for a shorter period of time there. Another thing that could be considered during the franchise renewal is to set up a drop box or other method for customers to pay their bills without postage charge or cost to them. Nielsen would like to have explained the last sentence of the first paragraph on Page 2. "In determining the rights and duties of the Grantee, the terms of this Ordinance shall take precedence over any conflicting terms or requirements contained in any other ordinance enacted by the Grantor." This is an inadvisable way to do new ordinances. He feels this needs to be clarified. On the second page it also talks in terms of if the gas company puts in some improvements and tear up streets and sidewalks, they will repair those and put them back into good order. Nielsen feels this should be expanded to make sure they understand if there are any city improvements that they repair all of the damage. Also, if the City is planning on doing any major street projects and there are gas lines under there, the gas company would like to know that and that gives them an opportunity to come in and do some repairs or upgrade their lines and saves everyone costs. Nielsen agrees this will put a burden on the City to make sure to notify the gas company ahead of time so work can be coordinated. This should be practiced with all companies. Robinson indicated that he can always get a hold of the local service contacts and the message can be conveyed to the company. Koopman indicated that when pre-construction conferences are held with engineers, the companies are notified of the project. Nielsen felt that when there are above ground structures, some sort of screening should be required around those structures. Nielsen feels the last paragraph on page four should be reworked. On the last page, they have us referred to as the City of Jackson and this should be changed. Rory Lenten was present and will take these issues back to the company. He indicated that drop boxes are an issue in many areas and the company will take this into consideration. They have also contracted with another company to be the collector and the customer actually hands it to an individual instead of putting it in a drop box. Lenten feels the company would be agreeable to a Twenty (20) year term. Conflicting terms can be very broad, and the wording can be negotiated to be more agreeable. Lenten indicated that the company is already agreeing to pay for all repairs due to relocations of structures, etc. This is explained under RELOCATION OF GRANTEE'S FACILITIES on Page 3. Lenten is certain there will be no problems in negotiating these changes requested by Nielsen. Nielsen was directed to continue to work on the proposed ordinance and present it at a future meeting for the first reading.

Mayor Ferrazzano suggested to write to Excel and ask them about getting a drop box. Koopman will draft a request to them.

Koopman told the Council that the current garbage contract expires June 30, 2006. Koopman suggested that either the contract be bid or do a Request for Proposal (RFP). An RFP would provide a more open process and would allow an interview of the company representatives that would give them an opportunity to provide information on what they can offer the community. Koopman recommends going ahead with the RFP. Motion by Byrne, seconded by Snyder to proceed with the Request for Proposal procedure. All voted in favor of the motion.

Two applications for Multi-Purpose Center Board members have been received from Eugene Hook and Carmen Marben. Motion by Byrne, seconded by Stobb to accept the applications and appoint Eugene Hook and Carmen Marben to the Multi-Purpose Center Board. Their terms expire in 2008. All voted in favor of the motion.

Gervais presented the Storm Ready signs for the City of Tracy. These signs provide recognition that the City of Tracy is prepared for any type of weather or hazardous materials emergencies. Each year the City will be required to provide education to the public to maintain the three (3) commitments for the Storm Ready designation. At this time there will be a review. Arvizu agreed with the

concept of preparing the public for these types of emergencies and encourages everyone to obtain a weather radio. Arvizu asked if there was back up for the sirens. Chief Hillger indicated the sirens in Greentown and by the Aquatic Center are battery powered. Mayor Ferrazzano asked Hillger to research the cost to replace the other two (2) sirens in the City.

Robinson indicated that he, Koopman and Rettmer interviewed three engineering firms. Robinson checked references on two the the three firms interviewed to see if there were any problems in the past with these firms. Both of the firms were given good references. SEH was described as being diversified, thorough and are a local company with an office in Worthington that has 800 employees. SEH is willing to work with us to get our own mapping system and would teach one of the City's employees to update the maps. Bolton and Menk is a good firm and are not as large and diverse and farm a lot of their work out. Bolton and Menk is located in Sleepy Eye. Robinson, Koopman and Rettmer recommend selecting SEH. The purpose of hiring this firm is in regards to the letter received from MPCA regarding the wastewater issues and deficiencies. Motion by Snyder, seconded by Byrne to approve the recommendation from the committee to hire SEH for the wastewater project. All voted in favor of the motion.

Koopman stated that she was able to obtain the legal descriptions for the two properties involved in the environmental study for the Central Livestock property. Neither of the properties are platted and the very detailed descriptions have been given to SEH to decipher and determine how many properties are involved in order to get permission to proceed with the environmental study.

An Aquatic Center Settlement Distribution memo prepared by David Spencer was reviewed. It was explained that the **distribution to bond fund** line of One Million One Hundred Forty Four Thousand (\$1,144,000.00) Dollars needs to be put in escrow and is the estimated amount needed to pay off the temporary bond. The bonds cannot be prepaid as they are a short term bond. This amount in addition to the fund balance and the estimated future interest receivable should be enough to make all the required payments on the bonds in the future without having to levy for any of the future interest payments. The **distribution to reconstruction fund** in the amount of One Hundred Two Thousand One Hundred Sixty Seven (\$102,167.00) Dollars was needed to cover the change orders that were incurred during the reconstruction phase. Spencer indicated the loan from **Tracy Medical Center Fund** will need to be discussed by the Tracy City Council. The amount of One Hundred Thousand (\$100,000.00) has been "plugged in" and brings the total loan from that fund to Eight Hundred Thousand (\$800,000.00) Dollars. The City Council needs to discuss what amount they are willing to pay out in legal fees to recuperate the Five Hundred Fifty Six Thousand (\$556,000.00) Dollars. There are expenses to be paid in the amount of Nine Thousand Eight Hundred Forty-Six (\$9,846.00) Dollars to Kerr Law Office and a bill has not yet been received from the Coleman law office. The Sixty Thousand (\$60,000.00) Dollars figure is not based on factual information. Motion by Rettmer, seconded by Snyder to approve the recommendations as stated in the Memo by David Spencer. All voted in favor of the motion.

Motion by Arvizu, seconded by Byrne to approve a resolution approving payment to Central Specialities for work completed on the airport project in the amount of Twenty Three Thousand and Ninety Two One/Hundredths (\$23,000.92) Dollars. All voted in favor of the motion. (Res. No. 2006-2)

Motion by Stobb, seconded by Snyder to approve a resolution ratifying the adoption of a resolution approving the Amercian Legion Post 173 application for a gambling permit at Sanders Eastside and the Municipal Liquor Store. All voted in favor of the motion. (Res. No. 2006-3)

A resolution establishing a snow removal policy was introduced. Nielsen suggested that under the heading **STREET/POLICE DEPARTMENT RESPONSIBILITY**, the second item verbiage be changed to read: The Street Department will notify the Police Department of the location of cars that may need to be ticketed. Robinson said that one thing that will also need to be addressed is the part about residents that blow their snow from the sidewalk back onto the street after the streets are plowed. Koopman said this will be part of the ordinance amendment. Stobb asked if there was a problem they are hoping to correct by the use of signs. Koopman said it is another means of notification. Previously when tickets have been issued in the past, part of the reason they have not been enforced by the judge, is because there has not been proper notification. Motion by Stobb,

seconded by Byrne to adopt A resolution establishing a snow removal policy as revised. All voted in favor of the motion. (Res. No. 2006-4)

The Consent Calendar included the following: Monthly Financial Report, Sioux Valley Tracy Medical Center board minutes for December 21, 2005, Fire Relief Association minutes through December 2005, EDA minutes for November 4, 18 and December 2 and 6, 2005 and Municipal Accounts Payable. Arvizu indicated it would be beneficial to get the EDA and Fire Relief minutes on a timelier basis. Snyder asked if it would be possible to get copies of the Administrative Report mentioned in the SVTMC board minutes. Koopman indicated that she will include those in the Consent Calendar. Motion by Stobb, seconded by Byrne to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman informed the Council the 2006 budget did include a One Thousand (\$1,000.00) Dollar appropriation for the Lyon County Enterprise Development Corporation. Rettmer feels the City of Tracy already has a full time EDA director and feels that LCEDC is basically a clearinghouse for information regarding communities in Lyon County. Mayor Ferrazzano feels it is a good investment of \$1,000.00 or \$2,000.00 to get one business to come to Tracy and does not see any problem and argues it as money well spent. He feels that the LCEDC could go to more things than we could fund. Snyder felt they should stick with their own director at this point and use the money for their own EDA. Byrne stated that they should not contribute the \$1,000.00 as he was not impressed by the presentation given by LCEDC. Rettmer suggested that they give this dollar amount to the Tracy EDA. Nielsen pointed out that when this first came up, the EDA was asked for a recommendation if this should be contributed and the EDA said no. How are they going to feel now if their recommendation is put aside knowing they have asked for funds over the years and have not gotten it. Mayor Ferrazzano asked how the City's representative on this board was selected. No one seems to know how this person became affiliated. Mayor Ferrazzano felt it would be nice if there is a representative from the City, it would be beneficial to get reports from this individual as to what this board does. Koopman will find out how this person was selected for this board. Motion by Rettmer, seconded by Snyder to not pay the \$1,000.00 to the LCEDC and retain that money for use by the City's EDA board. After further discussion, Rettmer amended her motion, seconded by Snyder to reappropriate the funds to the Tracy EDA and let the EDA board decide which fund it should be placed in. Motion carries with Arvizu, Byrne, Rettmer and Snyder voting aye and Ferrazzano and Stobb voting nay.

Koopman provided information regarding the Leadership Conference for Experienced Officials that is to be held in Bloomington, Minnesota on February 17-18, 2006. At this time no Council members will be able to attend.

Mayor Ferrazzano told the Council he will be sending a letter of support for the DM&E Railroad. If DM&E expands it will help all the cities that are located along their route.

Mayor Ferrazzano did receive letters from the Tracy Elementary Fourth Grade class with requests for a city football field and skateboard park. This will be discussed at the next meeting.

Motion by Byrne, seconded by Stobb to close the meeting at 8:10 p.m. to discuss labor negotiations. All voted in favor of the motion.

Mayor

ATTEST:

City Administrator

February 13, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday February 13, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, J. Arvizu, B. Chukuske and R. Stobb. Absent were T. Byrne and C. Snyder. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from January 23, 2006. Motion by Stobb, seconded by Chukuske to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda for February 13, 2006. Motion by Stobb seconded by Chukuske to approve the agenda as presented. All voted in favor of the motion.

Koopman had distributed a revised copy of the Notice of Request for Proposals by the City of Tracy for Solid Waste Collection. Koopman explained changes that were made to the original copy. One of the questions was the length of time that proposals can be received. Thirty (30) days is customary. Council members indicated thirty (30) days is acceptable. Also, how much time would be needed to complete the review of the proposals? Council members indicated that thirty (30) days would also be acceptable for this as this would allow two (2) Council meetings to discuss any issues. Arvizu felt that they should not go less than thirty (30) days as this is a big contract that has a lot of implications. Koopman suggested they go forty-five (45) days to allow enough time and this was agreed upon by the Council. Koopman told the Council that the proposal incorporates a lot of the existing contract language from definitions to current practices.

Arvizu had some thoughts about what they would to see if this is something that is being developed. Mayor Ferrazzano said an issue that was presented to him was that when they contract for the City work, then bind the businesses in town if they want to get dumpsters from the company that has the City contract. Also, if there are members of the community that would like to get a dumpster, they would have to go through that contractor also. Koopman told the Council they would not have to go through an ordinance change as this was developed by contract. Arvizu indicated the commercial customers are billed by the hauler. The only thing the City pays the hauler for is the residential customers.

Koopman indicated that she has a provision in the revised copy of the proposal addressing the issue of Roll-offs. She did speak with Paul Hendrickson about this to see what he felt would be the most practical way to deal with this and how that should be addressed. He suggested the fair way to do it would be to get a quote or part of the proposal, would include a base charge. A base charge would be charged for the hauler to bring a roll-off to the property, drop it and then pick it up. The customer would then pay the base charge and whatever the charge was for disposal and a receipt would have to be provided for the hauler billing the property owner. Each hauler can determine their base charge in their proposal. Arvizu feels there is only one hauler authorized to haul in the City which includes commercial dumpsters and construction dumpsters and the citizens do not have a choice and by doing the RFP is just indicating the base charge. Some would like to look at would be if commercial and construction dumpsters could be allowed to anyone that would like to do business in town. Stobb indicated that Koopman has made the recommendation that he was going to suggest to include that in the proposal so that we can find the most reasonable proposal in both counts. Chukuske can see what Arvizu is suggesting, that no matter who is hired, the City is only allowing one contractor in town and this means that if there is another contractor that would bring a dumpster in for commercial that would be less, just for that, that business owner could not do that. The City would be restricted to the contractor that is chosen. Mayor Ferrazzano indicated that the citizens are not given a choice and the Council is making the choice for them. Chukuske wondered if it would be done that a hauler is selected for residential and that will be charged on their city bill, but commercial people could hire whatever contractor that would meet their needs or could solicit their own bids. Rettmer asked if they would do this, how would it be controlled.

Arvizu said that one idea that had been asked of the Council to look at if the commercial people and the construction contractors be able to select their hauler or pick up for businesses that do not require a dumpster. Koopman indicated that this brings to light to some degree the problems that the

Council is going to be faced with. There are several businesses that require the same size container as a resident. If they are going to leave it open for businesses or commercial that is leaving it open for many companies to be driving up and down the streets, picking up garbage on various days of the week as not everyone will have the same pick up day. Chukuske asked if there is a business that has a dumpster outside, do they call when they want that picked up or is it done on a regular scheduled basis. Koopman indicated that the contract with the hauler requires pick up every forty-eight (48) hours for business or commercial establishments. Chukuske indicated that another issue was that some businesses do not need to have the dumpster picked up every other day.

Koopman referred to the revised proposal that under the Business Container Rate it is what is currently in the existing contract and that addresses the number of days and the size of container is what they would be charged. This would allow the businesses to decide how often they would like to have pick-up and what size container they would need.

Arvizu also felt that there would have to be a licensing process and then a compromise would be to separate the residential from the commercial contractors and whoever can give the best price on these containers would be awarded the commercial contract. This way only one hauler would be locked in and might end up being the same hauler.

Robinson informed the Council that they need to keep in mind that the garbage trucks are some of the heaviest axle trucks that use the streets in the City and the less that you have them on the streets the better it is. They tend to run on the curb edges and can do damage to storm sewer catch basins.

Stobb asked for clarification if there is a small business downtown that uses a dumpster as those in a residential area, would that be considered commercial or residential and who would dump this garbage. Koopman indicated that under the current contract, the Council does approve the business rates. Koopman indicated that she would have to check on the commercial rates and see what that it. The business still gets a bill from the hauler. Koopman said that with Tracy being a small community, will it offer enough incentive for more than one hauler to come in. Arvizu asked if they could use a system like with street projects where it is bid all under one roof and then bid it where it is separate and that way there are some things to go over.

Koopman referred to page 4 of 11 under **COLLECTION OF ALL REFUSE AND YARD AND GARDEN WASTE** and the way it is currently worded it would imply mandatory pick up and right now it is not mandatory for yard and garden waste and some haul their own. Arvizu feels that they should not be forced into having it picked up. Koopman suggested wording it to read all refuse if properly tagged. Stobb indicated that the definition of rubbish included discarded appliances and old furniture, but guesses that would be an extra charge. Koopman says they will pick it up, but it is an extra charge item.

On page 5 of 11 item D currently there is no local office and questioned if this is something necessary or will a toll free number be sufficient? It should be stated that there should be some type of response from the hauler. Koopman suggested that all calls should be responded to within a 24 hour period of time. Arvizu was under the impression that the present contract required an office and Koopman indicated that it does. It was assigned to a new company and they came back with a toll free number and it was brought back to the Council.

On page 7 of 11 item G – 1 is language provided by Frank Nielsen and feels that this should be used rather than what was previously included. Under **EXTENSION OF CONTRACT** Koopman has added “The City of Tracy will consider extending the contract if the Hauler and the City can negotiate acceptable terms. Otherwise the City will seek Request for Proposals” It was decided to keep that language.

Chukuske felt that even with the same company right now there can be 3 or 4 trucks in town at any given time. It could go from four (4) to eight (8) or depending on how many companies get involved. He felt that there are garbage trucks in town sometimes four (4) days each week.

Stobb asked if there was an mention of changing of schedules for holidays, etc. and giving notice of change of schedule. Koopman indicated that the holidays are listed in the proposal and she and

Nielsen had talked about that. They thought the answer might be that once a year the Hauler would put a notice in the paper indicating the holidays that they would not be picking up garbage, but designate a day that they would be picking up. Stobb felt this notice should be a mailing. Koopman stated that this was never included in the contract in the past. Mayor Ferrazzano felt that the Hauler should be required to put a notice in the paper one week before the holiday to indicate which day there will be pick up.

Chukuske would like to see it bid three ways, commercial, residential and both. Motion by Chukuske, seconded by Arvizu that the suggested changes be made to the RFP as discussed as well as requiring a three way bid; residential, commercial and combination of all. Motion carries with Ferrazzano, Arvizu, Chukuske and Stobb voting Aye and Rettmer voting Nay.

Koopman presented a memo prepared by Frank Nielsen regarding the Liquor Store Courtyard Improvement. These are suggestions that he would like to make to the proposal. Koopman recommended that if the Council reviews the proposal and are agreeable to do it, these suggestions would be fine. Chukuske feels that if they want to get this completed before the upcoming Box Car Days, they should get moving on this. Koopman noted the reason they are dealing with an architectural firm is because they will be cutting into the side wall. Motion by Rettmer, seconded by Stobb to proceed with the proposal and incorporate Nielsen's suggestions. All voted in favor of the motion.

Mayor Ferrazzano presented the Cemetery Superintendent contract. Koopman indicated the two changes primarily have to do with compensation which was increased by three percent and the provision for a Letter of Credit or Bond which is the Charter Amendment that was adopted. The Cemetery Commission has recommended this contract to be adopted. Motion by Rettmer, seconded by Arvizu to adopt this agreement and with no bond required. All voted in favor of the motion.

Chief Hillger asked for any questions regarding the activity report. Rettmer asked if any information has been received regarding the theft at the airport. Chief Hillger answered that he cannot discuss the ongoing case at this time.

Robinson presented his monthly report of projects that have been worked on by the Public Works Department. They have built some picnic tables with wood left over from the pool projects. They have installed approximately thirty (30) new street and traffic signs around Tracy with more to be installed in the future. The stand-by generator project has been completed and the City can now operate their water/wastewater system on stand-by power. There has also been work on snow removal policies, interviewed engineering firms for wastewater deficiencies, accepting quotes to clean the inside and outside of the water tower and also have installed positive shut-off valves at the sewage pond. Mayor Ferrazzano asked if the issues were being resolved regarding deficiencies from the MCPA or are they getting ready to fine us. Robinson indicated that they would have, but they have gone through the process of getting an engineering firm and this Wednesday will be having a meeting to address all the deficiencies that the MCPA has pointed out. Koopman reported that when the interviews were done, the engineers were asked for their knowledge and background in securing financing. We will be exploring something similar to the PFA funding, or a community Development Block Grant for this type of project. Stobb asked if the Department was still employing some part time or temporary individuals. Robinson indicated that they are not at this time, but currently have two gentlemen that are helping from the program Experience Works. They have been working on refinishing the bleachers in the Veterans Memorial Center. They are also presently remodeling the women's restroom at the Multi-Purpose Center.

Mayor Ferrazzano stated that his son has brought home a book from the library and it smelled like mildew and knows that going into the library there is a distinctive musty smells. He wants to know what the problem is. Robinson checked it out and there are some things that he recommended that they might do. Robinson indicated that the library has had a leaky roof for quite some time and was fixed last year. The library told him that books do tend to get musty and there are some things that need to be repaired yet. The windows facing the east also leak. They may possibly have to get a contractor in to look at the situation and see why the windows still leak. He feels they could also use a couple dehumidifiers. The basements were checked and are dry, upstairs there are a lot of stored books which also have a musty smell. The ceiling tiles have been wet and they are stained. These

should be replaced. Robinson indicated that a higher quality dehumidifier would cost about Two Hundred (\$200) Dollars. Koopman questioned if the basement is dry will there be that much humidity or is it merely just the old books that are stored. Robinson reported there is a hole in the ceiling in the back and they will patch that. Stobb suggested getting a barometer to check the humidity. Mayor Ferrazzano asked if fixing the windows was something that could be done by the Public Works Department. Robinson stated that they will take a look to see if they can.

Koopman presented her Monthly Department Report. Koopman reported that they have been in contact with the MPCA and are keeping them informed of the progress the City is making. She feels that if this line of communication is open, they are hoping that the MPCA will be tolerant. She has attended many meetings and spent time working with engineers reviewing the dimensions of the property that needs to be looked at if the City continues with Phase I and Phase II of the environmental study. Once the signatures from the property owners are obtained, MPCA can be notified and they can send their engineers to begin the Study.

Mayor Ferrazzano asked if there was any feedback from the Christmas decoration company and what they plan to do. Koopman has not heard anything and Robinson indicated that the company will be coming out to take a look at them. Robinson explained the decorations that were on Highway 14 got bent up with the high winds that we had at the time they were put up. The company will come and get them and rebuild them and put them on stronger frames and the Public Works Department will put them on stronger brackets.

Rettmer asked Robinson about the Airport Commission's obligation to secure charitable gambling fund or raise the price of gas at the airport to cover the city's cost of paving the area in front of the hangars which was estimated at \$6,500. Robinson reported that neither has been done. Robinson visited with Dobson recently and they were not successful with getting gaming money. Robinson recommended that as of tomorrow the fuel price be increased by \$0.25 cents for the next 10 years. Motion by Stobb, seconded by Arvizu to proceed with the fuel price increase. All voted in favor of the motion.

Robinson addressed the issue of scalping damage on boulevards (right of way) damage to sod areas in Tracy resulting from snow removal. In December of 2005, the street department performed a common and necessary practice of placing a snow blower partially on the boulevard in the right of way and making room for more snow. Because of the mild winter the ground was not frozen yielding very little frost. The machine operators are very good but moving snow when there is no frost is difficult. The Public Works Department will repair the damage to the boulevards and if there is someone that is missed when this is done, they should call the Public Works Department. If someone other than the Public Works Department repairs a boulevard, the City will not reimburse the property owner. Koopman felt they should inform the property owners that if repair work is done at their property, they are responsible for the watering and making sure it grows. Mayor Ferrazzano asked Robinson to mention it again in his monthly report when they are going to start the repair work.

Arvizu wanted to say how pleased she was that when she visited the Public Works shop, the employees were very busy building picnic tables from the wood from the roof over the pool. The employees are very productive.

Board and Commission appointment were presented.

Motion by Arvizu, seconded by Chukuske to appoint Eugene Hook and Rhonda Fredericks to the Planning Commission to fill two (2) vacancies. All voted in favor of the motion.

Motion by Stobb, seconded by Chukuske to appoint Debra Miller, MaryLou Ludeman and Rhonda Fredericks to the Library Board leaving one vacancy. All voted in favor of the motion.

Motion by Chukuske, seconded by Arvizu to appoint Kenneth Giles and Mary Blanchette to fill two (2) vacancies on the Multi-Purpose Board. All voted in favor of the motion.

Motion by Stobb, seconded by Arvizu to appoint Linda Fultz as the Walnut Grove representative to

the Hospital Community Board. All voted in favor of the motion.

Motion by Arvizu, seconded by Stobb to appoint William (Dale) Klien to the Cemetery Commission. All voted in favor of the motion.

Motion by Arvizu, seconded by Rettmer to appoint John Schleppebach, Eugene Hook, Glenda Johnson and Clint Peterson to the Charter Commission. All voted in favor of the motion.

Mayor Ferrazzano and Chukuske volunteered to be on the Interview Committee with Koopman to interview applicants Wilmar Engel and Thad Lessman for one (1) vacancy on the Police Commission and Wilmar Engel and Rhonda Fredericks to the H.R.A. Board. Koopman will set up these interviews.

Koopman informed the Council that Bernie Holm has stated that he no longer wishes to be the City Gardener. She presented this as it was suggested to use volunteers but feels that this would not be a long term solution. Motion by Chukuske, seconded by Stobb to advertise in the paper to fill the Gardener's Position. All voted in favor of the motion.

The Consent Calendar included the following: Economic Development Authority minutes for January 6 and 20, 2006, Cemetery Commission minutes for January 26, 2006, Municipal Accounts Payable and Planning Commission minutes for February 6, 2006. Motion by Rettmer, seconded by Stobb to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman presented the Capital Improvements Budget and explained that it is merely a plan which provides a way to identify the needs over a five (5) year period. It was set up to include all the buildings and to identify the needs in those buildings. Over time building maintenance has been ignored and many repairs have had to be made. The objective is to use this list and develop a plan on how we are going to maintain the buildings that the City owns as well as identifying capital improvements. There are departments that have equipment needs that are listed in this budget and Koopman asked for any questions regarding the Capital Improvements Budget. Motion by Stobb, seconded by Chukuske to approve the Capital Improvements Budget for the City of Tracy. All voted in favor of the motion.

Mayor Ferrazzano indicated that he had received a letter from Xcel as he had sent them a letter regarding a drop box. The response: "This is in reply to your inquiry about a drop box or pay station for payment of Xcel Energy bills. The pay stations that Xcel energy use have a contract with Western Union or Traveler's and they charge One (\$1.00) Dollar service fee for each transaction. It would cost your residents more to make a payment at a pay station than to mail them in. Xcel does not benefit from the fee. We no longer use drop boxes because of the time involved picking up daily payments and liability of handling cash. We do, however, offer several payment options for our customers." They mention in the letter other programs that can be used, average monthly payments, that are about the same each month, so that you can budget. A customer can select a payment date that fits the customer's needs.

Koopman has not heard anything from Aquila yet as Nielsen has not yet finalized the franchise.

Motion by Chukuske, seconded by Stobb to adjourn and close the regular meeting to discuss pending litigation and labor negotiations. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

February 27, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 27, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any correction to the minutes from February 13, 2006. Nielsen asked the minutes to reflect that he was not present at the last meeting. Stobb also indicated he suggested a hygrometer and not barometer. Motion by Chukuske, seconded by Stobb to approve minutes as corrected. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda. Mayor Ferrazzano stated that 7-A; Report on Lyon County Enterprise Development Corporation will be deleted and put on the agenda for the next meeting. 7-A tonight will be an EDA report by Gervais. Added to 11-A; Mayor and Council Communication will be information on the court hearing for March 27, 2006. There will also be a closed meeting after the regular meeting to discuss the acquisition of the Central Livestock Property. Motion by Byrne, seconded by Chukuske to approve the agenda as revised. All voted in favor of the motion.

The Mayor opened the hearing to public testimony on Ordinance No. 297, an ordinance amending City Code Section 5.14, Subd. 7-A and 7 B-2, On Sale Liquor License Fee. There being no public testimony, the Mayor referred the matter to the Council for their consideration. The annual license fee for an "on-sale" liquor license shall be increased from One Thousand Four Hundred (\$1,400) Dollars to One Thousand Four Hundred Fifty (\$1,450) Dollars. The annual license fee for a "special Sunday on-sale license" shall be decreased from Two Hundred Fifty (\$250) to Two Hundred (\$200) Dollars. Motion by Byrne, seconded by Rettmer to adopt Ordinance No. 297. All voted in favor of the motion.

Motion by Byrne, seconded by Snyder to approve a Gambling Permit for a raffle for the Minnesota Waterfowl Banquet. This was requested by Mark Evers. All voted in favor of the motion.

Motion by Snyder, seconded by Chukuske to appoint Thad Lessman to the Police Commission. Motion carries with Mayor Ferrazzano, Byrne, Arvizu, Chukuske, Snyder and Stobb voting Aye and Rettmer voting Nay.

Motion by Chukuske, seconded by Byrne to appoint Marlene Buck to the Charter Commission. All voted in favor of the motion.

Gervais gave a report to the Council in regards to his and T. Byrne's trip to Greenville North Carolina to meet with Kathy White from Rural Sourcing, Inc. White is interested in expanding her mid-level technology group to Minnesota. Her company does web hosting, computer programming and is an outsource to other companies. Gervais indicated that she surrounds herself with successful people and she also wants to be successful. She asked Gervais how committed as a community they are to get her here. Gervais will be putting together a financial package to send to her. Entry level jobs would pay \$30,000 plus benefits and manager level jobs could be \$50,000 plus benefits. White is interested in rural areas and not the metro areas. She is also adamant about giving financial funds back to schools and communities. Gervais indicated the technology system in Tracy would be compatible for her business.

The Consent Calendar included the following: Monthly Financial Report, Multi-Purpose Center minutes for January 25, 2006, EDA minutes for February 3, 2006 and the Municipal Accounts Payable. Mayor Ferrazzano asked if there was anything the EDA could do to help get funding for Tracy Kid's World. Marty Siefert and the state USDA department will be looking more in depth at the application. Child care is a huge issue in Tracy and the surrounding area. Motion by Snyder, seconded by Chukuske to approve the Consent Calendar as presented. All voted in favor of the motion.

Mayor Ferrazzano informed the Council there will be a hearing March 27, 2006 to hear a motion for

United Fire and Casualty to see if there is a case. At this time the judge will determine if the City of Tracy will continue to go forward with this case. Koopman indicated that it is important for the Council to show support at the hearing and encourage those who are able to attend.

Motion by Rettmer, seconded by Byrne to close the meeting at 6:50 p.m. for a closed meeting to discuss the acquisition of the Central Livestock Property. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

March 13, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 13, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, B. Chukuske, C. Snyder and R. Stobb. Absent was J. Arvizu. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from February 27, 2006. Motion by Byrne, seconded by Snyder to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda. An addition 6-C, Board Appointment to the HRA Board. Motion by Byrne, seconded by Rettmer to approval the agenda as revised. All voted in favor of the motion.

R. Radke presented the monthly Liquor Store report. He indicated that the papers have been sent back to the architect regarding the building of the patio and now waiting for them to call back. Nielsen indicated that the architect had called him with some minor changes to the paperwork.

Chief Hillger asked for any questions regarding the Activity Report. Mayor Ferrazzano asked if there were many snow parking incidences with this last storm. Hillger said there were 6-10 citations clipped to the officer's car log this morning. Stobb mentioned that it seems the police department is logging fewer miles and this is good.

Koopman presented her monthly department report. She has had a number of calls regarding the garbage contract. These calls have been from interested parties regarding the Request For Proposal. The proposals are due on March 20, 2006 and by the next Council meeting the Council will need to decide what their strategy will be regarding the review of the received proposals. Mayor Ferrazzano suggested since this affects everyone in town that this be discussed at a Council meeting and to give the interested parties an opportunity to present their proposals. Rettmer asked if the Council could review the proposals prior to the next meeting. Koopman said she would get them out before the regular packets are sent so the Council has sufficient time to review them before the next meeting. Koopman will contact the individuals that are interested in the contract and let them know that they will have fifteen (15) minutes to present their proposal.

Koopman told the Council that she has received five (5) applications for the Gardener's position and in the past there was a committee that conducted the interviews and made recommendations for selecting the individual to fill this position. Byrne, Rettmer, Chukuske and Koopman will be on the interview committee.

Mayor Ferrazzano asked if Robinson had given any recommendation as to the selection of a company for the cleaning of the water tower. Koopman said that Robinson has not worked with any one of the companies: Pittsburg Tank and Tower Company, Inc., Water Tower Clean & Coat, Inc. Scrub-A-Home or Liquid Engineering. Koopman presented some pictures that had been received of how the inside is cleaned by a scuba diver. Stobb asked if the quotes are in line with cleaning the exterior when it was done before. Koopman indicated that all quotes excluding the one from Pittsburg Tank and Tower are in line from previous years.

The following proposals were received for cleaning both the interior and exterior of the water tower:

EXTERIOR CLEANING

Pittsburg Tank and Tower Company, Inc.	\$12,500.00
Water Tower Clean & Coat, Inc.	\$ 3,800.00
Scrub-A-Home	\$ 4,500.00

INTERIOR CLEANING

Liquid Engineering	\$ 2,895.00
--------------------	-------------

Motion by Stobb, seconded by Chukuske to accept the quote from Water Tower Clean & Coat for Three Thousand Eight Hundred (\$3,800.00) Dollars for exterior cleaning of the water tower. All voted in favor of the motion.

Motion by Chukuske, seconded by Stobb to accept the quote from Liquid Engineering for Two Thousand Eight Hundred Ninety-Five (\$2,895.00) Dollars from interior cleaning of the water tower. All voted in favor of the motion.

Motion by Chukuske, seconded by Byrne to appoint Shorty Engel to the HRA Board. All voted in favor of the motion.

The Consent Calendar included the following: Monthly Financial Report, Multi-Purpose Center minutes for January 25, 2006, EDA minutes for February 17, 2006, Municipal Accounts Payable, Firemen's Relief Association minutes for January 2, 2006, Library Board minutes for January 24 and February 28, 2006, Annual Deputy Registrar Review and Police Activity Report. Byrne referred to a comment on the Deputy Registrar Review in regards to training. Koopman indicated that the staff is attending the seminars needed for recertification. Motion by Chukuske, seconded Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman said the Board of Review is scheduled for April 27, 2006 at 7:00 p.m. The Charter requires three (3) individuals to serve on the Board of Equalization. She did call Dean Champine and he was going to check with the Department of Revenue and verify this. Hopefully he will have an answer by the next Council meeting. Koopman also indicated that Byrne or Chukuske will need to be present as they have received training for this. There has been no reference to additional training at this time. This item will be put on the next agenda.

Mayor Ferrazzano said that when he went to the Firemen's Relief Association they were asking if there is any money to redo their parking lot as it is full of potholes. Koopman indicated this was not included in the budget. Mayor Ferrazzano asked if there is anything the Utilities Department can do to do some patchwork there. Koopman will have Robinson take a look at the parking lot and see what can be done.

Byrne indicated the street crew did a good job getting snow removal done. Rettmer did hear announcements on the radio regarding moving vehicles in the way of snow removal and Nielsen indicated there was also a memo printed on the water bills this month.

D. Stelter was not present to give a report on the Lyon County Enterprise Development Corporation. Koopman stated that LCEDC comes each year asking for funds, but nobody knows what they do. Stelter is to be the liaison for the City of Tracy and should attend monthly Council meetings to give the Council a report of what they are doing. Stelter had told Koopman that the only thing they are doing right now is looking to hire a Director and not sure what their future plans are. Koopman said Stelter indicated that when Harold Knutson was president of the bank and he put Stelter on the LCEDC and the City has never made this appointment. She feels it would be logical if there is going to be a Tracy representative that they be appointed by the City Council as other Boards and Commissions are. There does not seem to be a term with this position. Nielsen suggested that maybe Knutson appointed Stelter through the EDA.

Motion by Chukuske, seconded by Byrne to adjourn the meeting. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

March 27, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 27, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, T. Byrne, J Arvizu, B. Chukuske, C. Snyder and R. Stobb. Absent was S. Rettmer. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from March 13, 2006. Motion by Stobb, seconded by Byrne to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda. Additions included: 4-C Airport Grant, 6-D appointment to the EDA Board, 6-E Water Truck and 10-A House needing inspection. Motion by Byrne, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Mayor Ferrazzano indicated the Presentation of Garbage Proposals will be moved to the end of the meeting.

Byrne told the Council the Interview Committee for the Gardener's position has recommended approving Lisa Schaar and Kris Tiegs to share the responsibilities of the Gardener's position. Chukuske commented that there were several good applicants for this position. Motion by Snyder, seconded by Stobb to award the Gardener's position to Lisa Schaar and Kris Tiegs. All voted in favor of the motion.

Gervais informed the Council that he and Dave Alyger have been working on grant paperwork for a Government Airport Grant. Gervais directed attention to item two on his memo that states the statute does not require communities to contribute toward a grant project, although those that do contribute from local sources other than airport revenues are awarded priority consideration. Alyger is applying for Three Hundred Fifty Thousand (\$350,000) Dollars to upgrade aircraft, paying off debt and working capital. This grant needs to be submitted by April 2, 2006. Since this was not included in the budget and no funds are available at this time, Gervais and Alyger continue with the application and include any financial amounts the City already contributes for upkeep and maintenance of the airport. Other Council members agreed they do not disapprove of this grant, but at this time there are no funds to apply towards this.

Gervais told the Council that a motion was made, seconded and passed with voting in favor, at the EDA meeting on Friday, March 17, 2006 recommending the Tracy City council to review the current infrastructure in the Industrial Park with the possibility of moving the infrastructure to better accommodate current and future industry. To do this, the sanitary sewer is the biggest concern as this would possibly have to be moved. Robinson estimated the cost to move this sewer line north and east and then back south to the trunk line would be Sixty-Eight Thousand Six Hundred Ten (\$68,610) Dollars. If NorthStar were to expand their building to the north, this sewer line would be under their building. Gervais indicated that if they were to move this line, they would need some type of commitment from NorthStar. Nielsen asked if NorthStar would be able to provide some financial help. Gervais said this could be discussed. Snyder asked what the cost would be for engineering the possible moving of this line. Robinson stated it would be approximately Fifteen (15) percent of the project cost. Byrne suggested they go ahead with seeking costs for engineering and get that part of the project underway. Council members agreed with this suggestion.

The Planning Commission recommended to the Council to approve a variance request from Robert Ankrum to construct a building measuring Fifty-four (54) feet long and Thirty-six (36) feet wide with a Twenty (20) foot peak to accommodate a Twelve (12) foot garage door. This building will be used for storage and workshop and will be placed on the Northeast corner of the property with access from the south. Motion by Byrne, seconded by Snyder to approve this variance request to Robert Ankrum. All voted in favor of the motion.

Motion by Byrne, seconded by Snyder to approve a Private Bottle Club license for One Hundred Fifty (\$150) Dollars to the Tracy Eagles Club and a Set up License for One Hundred Fifty (\$150) Dollars to the Tracy Lanes. All voted in favor of the motion.

Motion by Snyder, seconded by Chukuske to appoint Richard Boerboom to the EDA Board. All voted in favor of the motion.

Robinson presented a request for the purchase of an additional water truck. The present water truck is used by the City Gardener, Cemetery Superintendent and the Public Works Department. This truck has been in demand on hot days when the trees, cemetery and all flower beds need watering. Now the City Gardener and Cemetery Superintendent will be performed by separate parties. Robinson recommends the old Chevy water truck be placed at the Cemetery or shop for use at the cemetery for watering and dragging of the roads. The City could purchase a 1974 white one-ton truck that is for sale by Robert Caron. This truck would be used for the Gardeners position and Public Works Department. Funding would come from the equipment replacement fund.

Cost of Truck	\$1800
Cost of Tank	<u>\$ 450</u>
Total	\$2250

Motion by Arvizu, seconded by Byrne to approve the purchase of the additional water truck. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt a resolution declaring property no longer needed for public purpose. This resolution is to dispose of any obsolete equipment or materials. Koopman explained the items listed will be put on display for those interested to look at the items and place their bid by number. All voted in favor of the motion. (Res. No. 2006-5)

The Consent Calendar included the following: Planning Commission minutes for March 6, 2006, EDA minutes for March 3, 2006, Community Ed Advisory Council minutes for January 11, 2006, Hospital Community Boards minutes and Administrative Report for January, Firemen's Relief Association minutes for February 6, 2006 and the Municipal Accounts Payable. Nielsen asked that a correction be made to the Planning Commission minutes in wording of item 3 to read: "The granting of this permit will not materially affect" Motion by Snyder, seconded by Chukuske to approve the Consent Calendar with the correction to the Planning Commission minutes. All voted in favor of the motion.

Stobb indicated concern regarding the deterioration of the house on the corner of Center and Pine. There are suspicions of the foundation crumbling inward making it a hazard. The Council felt Gary Garrels should follow procedure to have this inspected.

Rick Roemer, District Manager for Waste Management of Minnesota, Inc. presented their proposal for garbage services. In January Waste Management (WM) bought out the Curry Sanitation routes in southwest Minnesota. WM prides themselves on community commitments and like to work with communities on recycling and garbage. Being a national company provides them with the tools to do their job. Koopman asked if the business containers rates were monthly rates. Roemer indicated these were monthly rates plus applicable sales tax. There is a 17% tax on commercial and 9.75% on residential rates. Small time users would receive a 30 gallon container and be allowed to put their 15 gallon bag in or if they want to set their bag out, that would be fine also. Chukuske asked how this is monitored. Koopman indicated it is up to the hauler to monitor the volume of garbage being disposed of, and verify that the user does not go over the 15 gallon limit. Roemer indicated that they would supply new containers for the residential customers. Stobb asked about the possible fuel adjustment. Roemer indicated that if fuel price goes down, they will go down with their rates. They also request a cost of living adjustment for year 2 and 3 of the contract and this will not exceed 3%. Stobb asked if they take appliances and Roemer indicated they do at a cost of \$20.00 to \$25.00. These are not articles that can be taken on a regular route, so they request that the customer to call ahead when they have these items. The City would bill for the residential and the company bills the commercial customers. Koopman indicated the City charges .10¢ per bill to the customer. Arvizu indicated that when they started with mandatory garbage, by doing this they are saving the hauler money because they do not have the accounts receivable. The City usually has good leverage and is able to collect from the residents and turn it around to the hauler.

Steve Larsen was present representing Shetek Services. Larsen's proposal included a 10 year contract which he feels would benefit the City and the hauler. Free garbage service would be provided to the City and Churches. The savings to the City would be \$5,168.34 a year if the longer contract was agreed to. Larsen indicated that he would be willing to negotiate the length of the contract. The amounts indicated in the Business Container Rates are weekly rates. Snyder asked Larsen would type of cost of living increase he would request. Larsen stated that after the first year, they would look at the consumer price index with something similar to the City employees. Chukuske asked if there would be extra tags that could be purchased. Larsen indicated there would be the option to purchase tags. Larsen would also provide new containers.

Grant Velde presented the proposal for Velde Sanitation. Velde indicated that he has been in touch with the local EDA in pursuing a shop in the City of Tracy if they are awarded a contract. They are a community involved company. Velde would provide free of charge service for the City of Tracy including the City Shop, City office, City park ,etc. and no charge for refuse collection for any church in Tracy. Velde will guarantee a savings of 10% to 20% compared to what businesses are currently paying for garbage. He will guarantee a minimum of 10%, but it could be 50% depending on the weight of collection. Velde also indicated that as long as the landfill rates stay the same that is what the rates will be. Higher rates would be negotiated after the three year contract runs out. If the landfill rate increased at the end of the first year, then it would be prorated. Velde explained that if it went up from the present Forty-five (\$45.00) Dollars to Fifty (\$50.00) Dollars, this would be a 0.3¢ increase per household. He will also do appliance and tire pick up. Chukuske asked what the tag cost would be. Velde indicated that it would be a \$2.20 cost for a tag. Velde would also supply the carts at 35 gallon, 65 gallon and 95 gallon.

Shane Leftridge presented the proposal for Ritter's Sanitary Service, Inc. Their proposal contained two options. Option 1 included the residential and commercial pricing in the event that Ritter's is awarded the contract for only one of the scopes of work being considered. Option 2 contains the residential and commercial pricing in the event that Ritter's is award both, residential and commercial scopes of work. In Option 1 and 2, they offer a 15% discount for senior citizens. They offer free disposal of two "bulky" items per household annually. The normal charge for this is fifteen (\$15) Dollars and if everyone in Tracy took advantage of that, this would be an annual savings of Twenty-four Thousand (\$24,000) Dollars. They would distribute coupons that would be sent directly to them or sent with the water bill. Leftridge feels that they have provided adequate service to the residents of Tracy and not only having the lowest bid, but also have their carts in place. Leftridge feels the commercial rates are very competitive. They will offer free collection of cardboard to the commercial customers. This would be a considerable amount of savings to them because they are able to keep this bulk out of the dumpster. They also currently have commercial recycling and this would be at a fee of forty (\$40) Dollars per month. They employ a full time local resident and also lease space from a local resident to park the garbage truck. Leftridge also said their rates are firm for the three year term.

Dan Ritter was presented the garbage proposal from Southwest Sanitation, Inc. Their proposal is for the three year contract, with no price increase and no fuel surcharges. The first month there will be no charge to the residents of the City and it is up to the City to decide how they want to handle this. There will be no charge for garbage service to the City owned facilities for the duration of the contract. They do haul bulky items. They have twenty-five and thirty yard roll offs and commercial containers from one to three yards. They have not put anything in for tags as most of the time they just pick it up unless it gets to be a real problem. There is a two (\$2.00) Dollar charge for green tags for yard waste. They will provide 35 gallon, 65 gallon and 95 gallon carts. Stobb asked how they would handle all the cardboard that is generated by businesses. Ritter indicated that he would take it to their cardboard baling operation. This would be at no charge except for rental of the container.

Koopman indicated that the present contract ends June 30, 2006. Mayor Ferrazzano suggested they review these proposals and then make a decision at the next Council meeting. Mayor Ferrazzano felt they needed to discuss if they want to bind the businesses as they have done in the past. Personally, Ferrazzano did not want to do that and let the businesses decide who they want to contract with. Koopman commented the ordinance does require the commercial customers have their garbage picked up every Forty-eight (48) hours and if you are dealing with more than one contract, it is going to be impossible to enforce from an administrative stand point. If more than

once contract is allowed, then the ordinance would have to be amended. Byrne also commented that with a large number of haulers, if something gets accidentally dumped, who you go after.

Chukuske indicated that he has heard from a number of business owners and would wish they would show up at the next Council meeting and share those comments to provide the Council with some direction.

Mayor Ferrazzano asked the present individuals if there were any comments they wanted to make. Ritter indicated if the City is interested in a ten year contract, the companies should be given the opportunity to present those also. Chukuske stated he would not be in favor of more than a three year contract and should stick with the proposal they put out for the three year contract. Then this whole thing would have to be put out again as it was changed.

Mayor Ferrazzano asked this issue to be put on the next agenda and this will be addressed as the first thing and the Council will make a decision based on what has been presented.

Motion by Byrne, seconded by Snyder to adjourn the meeting at 8:00 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

April 10, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 10, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Absent was S. Rettmer. Also present were A. Koopman and F. Nielsen

Mayor Ferrazzano asked for any corrections to the minutes from March 27, 2006. Motion by Byrne, seconded by Snyder to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda. Additions included: 6-B Department Head Reports, 7-B Request for Plumbing License for Christianson Plumbing, Heating and Air Conditioning, Inc., 7-C Request for Set-up License, On-Sale 3.2 Malt Beverage, and Off-Sale 3.2 Malt Beverage for Eastside, LLC., and 10-A Board of Equalization. 4-A Garbage Proposals will be moved to the end of the meeting. Motion by Byrne, seconded by Chukuske to approve the agenda as revised. All voted in favor of the motion.

Gary Garrels, City Building Inspector, gave a report on the conditions of the buildings at 58 Morgan St. and 72 Morgan St. He presented copies of his report and also photographs of the condition of the properties. Garrels' recommendation is to demolish the building at 58 Morgan. It was found to be a hazard to public safety due to inadequate maintenance. Garrels indicated it would cost more to make repairs on the building, than the building is worth. Motion by Stobb, seconded by Byrne to approve Garrels' recommendation for demolition of the building at 58 Morgan St. All voted in favor of the motion

Garrels recommended that the building at 72 Morgan St. needed improvements such as the exterior walls be painted and repairs to the roof and window sills. He indicated that the interior of the house is well maintained. The furnace is quite new and there is no indication of leaking of the roof at this time. Chukuske asked how long the inside would remain good if the outside was not repaired. Garrels stated he didn't know. Gervais informed the Council that this property is into year three (3) of the five (5) year tax forfeiture status and we could still make an offer to see if the owner would be willing to sell the property. The Council unanimously accepted Garrels recommendations for the building at 72 Morgan St.

Gervais presented information on City of Tracy Financial Options for Businesses. This describes programs available for financial assistance for businesses. Gervais has mailed this information to two (2) perspective businesses interested in Tracy. Gervais is still working with a technology business and have received some very good resumes that he has forwarded to Kathy White from Rural Sourcing, Inc.

Gervais has composed a letter to Senator Dayton in regards to his opposition of the DM&E railroad. He hopes that he will see the benefit for southern Minnesota and South Dakota. Gervais told the Council that Kendall Cooreman was awarded the bid for demolition of 174 Center Street. Western Community Action will be constructing a home on that property.

Gervais said there will be a public hearing at the next EDA meeting for 130 3rd St., which is the Stassen building. He is also working on getting paperwork together for possible sale of the 3rd Street and 5th Street Apartments.

Chief Hillger asked the Council if there were any questions regarding the Police Activity Report. Hillger said the officers have had training on use of the Stop Sticks and they are ready for future use. He also stated they have had more problems this year with dogs and pets at large. Stobb asked if they are using administrative fines yet. Hillger indicated he will be training the officers on how and when they can be used.

Robinson reported that there have been problems with sump pumps not being removed from discharging into the sanitary sewer. The Department will be going door to door to resolve this problem. There are approximately three hundred eighty (380) pumps in the city. Notices will be given to any property owner not in compliance and they will be given ten (10) days to correct this.

If the sump pump is not removed within the specified time period, a surcharge of fifty (\$50) Dollars will be added to the monthly utility bill. The Public Utilities crew has also been repairing potholes in the alleys, getting mowers ready, and water plant controls will be soon ready to be used. The Multi-Purpose Center bathroom has been completed. They have started with repairing the scalped lawns and the damage done at the cemetery by the snow blower. More picnic tables and decorative garbage cans have been built and the bathrooms in the parks have also been opened.

Koopman asked if there were any questions regarding her monthly report. In March she attended the annual Clerk's Conference. Koopman was awarded a scholarship for attending the Advance Institute for Municipal Clerks which will be held this summer in Brainerd. A large portion of her time has been spent reviewing legislation that impacts cities and responding to legislators regarding these bills. The Annual League Conference has been moved back to June. Last year, she and Rettmer attended this conference in December.

Koopman informed the Council that in January, the Pool Committee recommended and the Council approved the pool staff salaries for 2006. The recommendation did not include compensation for the pool manager. The Pool Committee is recommending compensation in the amount of One Thousand (\$1,000) Dollars which represents Five Hundred (\$500) Dollars per year for the years 2004 and 2005. Koopman indicated this would be taken from the Aquatic Center Fund. Motion by Chukuske, seconded by Snyder to approve the recommendation from the Pool Committee for Pool Manager compensation in the amount of One Thousand (\$1,000) Dollars. All voted in favor of the motion.

Motion by Chukuske, seconded by Byrne to approve a plumbing license for Christianson Plumbing, Heating and Air Conditioning. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve licenses for Set-Ups, On-Sale 3.2 Malt Beverage and Off-Sale 3.2 Malt Beverage for Eastside, LLC. All voted in favor of the motion.

The Consent Calendar included the Municipal Accounts Payable. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Koopman reminded the Council the Board of Equalization will be on April 27, 2006 at 7 p.m. Three individuals from the Council, including two with training, will be needed to attend. Mayor Ferrazzano, Byrne, Chukuske and Snyder will attend.

Garbage proposals were discussed. Byrne said the businesses in the City have commented that they would like to be able to select the hauler of their choice. He indicated he had a concern doing it that way, but have to take into account the businesses opinion. Mayor Ferrazzano agreed with this concept.

Stobb said his concern was if there was material, such as roofing, would it be disposed of properly. Chukuske felt that a lot of contractors are hauling their own materials and residents would need to get a dumpster to dispose of this material. Chukuske agreed with looking at a proposal for the residential pick-up and allowing the businesses to select their hauler. Koopman pointed out that the existing ordinance requires pick up to be done on a regular basis and is concerned that it would be difficult to monitor the businesses to make sure this done properly. The Council has the obligation to protect the health of the citizens.

Nielsen pointed out that it is the responsibility of the business and their hauler to monitor pick up. If complaints are received, they need to be followed up on. He suggested the businesses register with the City as to who their hauler is. Byrne felt this should be the responsibility of the business and if there are issues, and then this could be reviewed.

Motion by Chukuske, seconded by Byrne to allow the business owners to select their hauler. All voted in favor of the motion.

Residential service was next discussed. Stobb felt there has been some confusion regarding the request for proposal as to putting it to bids. The public feels the Council should be obligated to take

the lowest bidder and do not realize the proposals are not all the same for the same services. Those from the public that contacted him felt it would be nice to keep the garbage service local and they would be willing to pay a little more to keep the business in town.

John Glaser was present to recommend the Council award the contract to Steve Larson. He pointed out the disadvantages of not having a local service is that it can be difficult to get in touch with out of town haulers when there are problems. He feels this is a good opportunity to keep this service local and quality of service also needs to be considered.

Nielsen stated that another consideration is that companies are consolidating and selling out to other companies. Stobb felt that if the business did change hands, the termination should be reviewed and this would come back to the Council to make a decision. Stobb would like to see this put into the contract.

Chukuske said some of the haulers have price increasing in the proposal and some do not. He felt the decision should be based on the facts presented at the last meeting and not new information expressed at this meeting. Chukuske feels there will be good service received from all the services and the citizens are encouraged by the money saved.

Koopman indicated that one issue is alley pick up. This is very hard on the condition of the alleys with the heavy garbage trucks running on them. Robinson indicated that the alleys need to be repaired as much as three (3) times per year, which is very costly for the city in labor and time. Koopman said there are residents who receive this service and are not paying for it. Chukuske suggested putting this issue on the next meeting agenda for discussion. Nielsen said the City has the right to cancel alley pick up if necessary and there are a lot of variables there.

Mayor Ferrazzano suggested that if they cannot make a decision tonight, then they should adjourn and continue this discussion at the next meeting. Nielsen felt that doing this would bring up more questions. He felt they should decide based on the general proposals and the small details can be worked out in the contract.

Motion by Snyder, seconded by Byrne to award the contract to Velde. Snyder indicated he based his decision on the package presented by Velde and was impressed with his willingness to do what he can for the community. Motion defeated with Snyder and Stobb voting yea and Byrne, Mayor Ferrazzano, Arvizu and Chukuske voting nay.

Arvizu felt the community is concerned about saving money on their pick up service. Chukuske felt that it should be decided by process of elimination. Koopman also reminded the Council that they have time to review the proposals again and make a decision at the next meeting.

After further discussion, motion by Chukuske, seconded by Byrne to award the residential garbage pick up to Southwest Sanitation. Motion carries with Byrne, Mayor Ferrazzano, Arvizu, and Chukuske voting yea and Snyder and Stobb voting nay.

Motion by Snyder, seconded by Stobb to adjourn the meeting at 7:45 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

April 24, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 24, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from April 10, 2006. Motion by Rettmer, seconded by Snyder to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any additions or deletions to the agenda. Motion by Rettmer, seconded by Snyder to approve the agenda as presented. All voted in favor of the motion.

Koopman presented the Groundskeeper Contract for the city cemetery. The only change from the previous contract is the 3% increase in compensation. Motion by Byrne, seconded by Snyder to approve the Groundskeeper Contract with the 3% increase in compensation and waive the need for a bond. All voted in favor of the motion.

Mary Lou Ludeman representing the Wheel Across the Prairie Museum was present. She indicated there has been a good relationship between the City and the Museum since 1977. The Museum would like to strengthen this relationship as there are going to be good changes coming up. The Museum would like the City to appoint or designate one Council member to serve on the Museum board of directors. They meet 4-5 times per year in the summer only. There meetings are scheduled for the third Tuesday of the month. The Museum feels that with a person from the Council on the board, communication between the two would be improved. Snyder indicated that he would be interested in this position. Motion by Byrne, seconded by Arvizu to appoint Snyder as the representative from the Council to serve on the Museum board. All voted in favor of the motion.

Chief Hillger asked for direction from the Council as when to start with the City-wide nuisance inspection. He feels the procedure should be toughened up because as soon as the inspection is done, violators start to pop up again. Rettmer asked if the drive by last year seemed to be effective and if a majority of the offenders were caught. Chief Hillger felt that it was effective and the commercial properties were not fined if it was something to do with their business. Arvizu felt that any changes should be communicated to the residents as to what is expected.

Motion by Rettmer, seconded by Byrne to notify residents of the City as to what is a nuisance and what the fine for each infraction will be. This will be done by newspaper, access channel and water bills. They will be informed that the drive by inspections will commence on May 22, 2006 and if there are any violators at this time, administrative fines will be given to them. Motion carries with Mayor Ferrazzano, S. Rettmer, T. Byrne, C. Snyder and R. Stobb voting aye and Arvizu voting nay. If Shorty Engel is not available to help with the drive by inspections, another staff member will be appointed.

Chief Hillger indicated that he has attended a meeting of Emergency Management and a seminar led by the Minnesota Department of Health regarding the possible Avian Bird Flu pandemic. He said that a lot of what we could be doing can be directed on the emergency plan and there is a drill in these plans. Rettmer asked if there were any directives from the federal government and Chief Hillger indicated there has not been any direction from the federal government and they have told each state they are responsible for directions for their residents.

Stobb said he had watched a program on television that was giving directive to plan now and stockpile supplies such as gloves, masks, water and food, but did not give any indication for how much or how long. Hillger indicated that supplies should be available for about a month.

Chief Hillger also indicated that in the next three months there will be an educational campaign that instructs residents how not to contact this flu and stress the importance of cleanliness, washing your hands, stockpiling supplies and keeping individuals at home if there is an outbreak. Rettmer said she would like to see some type of information packet put together with this information.

Arvizu felt that since a table top drill should be done annually on some event, it would be beneficial to have the Avian Bird flu as the topic. Representatives from the hospital and the public would be invited to be involved. Rettmer felt it should be approached so the public doesn't panic, but to makes them aware and have individuals ready to answer their questions.

Mayor Ferrazzano felt they should also be discussing the recent mumps outbreak and the public should be made aware that at this time the Avian Bird Flu is not transmitted from human to human, but if precautions are not taken, it could mutate into something that is passed from human to human.

Chief Hillger indicated he would do research to find websites that have good information regarding these issues and will also keep the Council up to date on any developments.

Koopman presented a memo from R. Robinson regarding the surplus equipment sale. This sale generated One thousand one hundred seventy-five (\$1175.00) dollars. Public Works would like to purchase a portable 2500-watt Honda generator for lighting at main breaks and other light duty situations. The cost of this generator would be about Twelve hundred (\$1200.00) dollars. Stobb felt that this price would be a little out of line for this size generator and would like to see Robinson check into this before purchasing this one. Motion by Arvizu, seconded by Byrne to authorize the purchase of a generator and have Robinson research for the best price. All voted in favor of the motion.

Koopman reported that two bids were received for the construction of a bathroom for Sebastian Park. One from Owl Construction for Thirty-eight Thousand Four Hundred Twenty-four (\$38,424.00) dollars and one from Dru Larsen for Forty Thousand Three Hundred Thirty-five (\$40,335.00) dollars. Twenty-five Thousand (\$25,000.00) has been budgeted for this project. Koopman told the Council this is still a worthwhile project and costs are not going to get any cheaper. Also they need to be in compliance with LAWCON grant that was used to improve this park. Rettmer asked if there could be any reduction if the bathroom was made smaller. This would not be convenient because the bathroom needs to be handicap accessible. Options included having Owl Construction meet with Robinson and Garrels to see what could be done for the Twenty-five (\$25,000.00) dollars and then budget the remaining costs for next year. Koopman said if the whole project would be completed this year, the remaining balance could be borrowed from the Utility Fund. Motion by Stobb, seconded by Arvizu to accept the bid from Owl Construction for Thirty-eight Thousand Four Hundred Twenty-four (\$38,424.00) dollars and borrow the shortfall from the Utility Fund, then levy in 2007 to pay back this loan. All voted in favor of the motion

The Consent Calendar contained the following: Firemen's Relief Association minutes for March 6, 2006, Revitalization Committee minutes for April 12, 2006 Monthly Financial Report and Municipal Accounts Payable. Motion by Byrne, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Discussion was held regarding alley garbage pickup. In a memo from Robinson he indicated that on an average year the Public works Department places about 300 yards of gravel on the alleys. This is at a cost of about Twenty-five hundred (\$2500.00) dollars. The cost of labor and machines to place and maintain this gravel is also about Twenty-five hundred (\$2500.00) dollars, making a total yearly alley maintenance about Five thousand (\$5000.00). He feels that quite a bit of alley damage is related to garbage trucks.

Koopman presented a memo that there are about 135 residents that are presently being charged for alley pickup, but this does not mean they are actually putting their garbage in the alley. When the City converted to the new containers, letters were sent out to all residents requiring them to choose the container size and location for pickup. If they did not respond, they were charged the highest rate, which is for alley pickup. Also there are some snowbirds that have not started receiving garbage service since their return.

Byrne said he has been contact by some residents that have alley pickup would like to keep this service and do not mind paying extra as a convenience for them. Koopman noted that the extra charge goes to the hauler and not the city so this does not compensate for repair of alleys. Motion by Rettmer, seconded by Stobb to discontinue alley pickup. Mayor Ferrazzano asked if there would

be any mechanism for collecting additional fees from the residents that would like alley pickup and having this paid to the city. Art Peterson said that he has alley pickup for 36 years and would like to see this continued as it is very convenient for him to push his garbage can 40 feet to the alley versus 100 feet to put it on the curb. He indicated that he maintains the alley himself. Arvizu commented that some alleys are more challenging than other due to weather conditions. If this is the case, the hauler would have to bypass alley pickup. Byrne also felt there should be some compromise for alley conditions. Mayor Ferrazzano suggested exploring a mechanism to assess fees for alley pickup and to find out how many actually use this service. Rettmer withdrew her previous motion to discontinue alley pickup. She suggested they table this decision until it is determined how this can be billed and how many residents are actually using alley service or paying for this service. Also if there is a way to charge these residents, what the fee would be. All Council members agreed with this concept.

Motion by Byrne, seconded by Rettmer to adjourn the meeting at 7:30 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

**Board of Equalization
April 27, 2006**

The Board of Equalization was called to order at 7:00 p.m., Thursday, April 27, 2006 in the Council Chambers of the Municipal Building. Present were: Mayor Ferrazzano, T. Byrne, R. Stobb, B. Chukuske and C. Snyder. Also present were: A. Koopman, Orlin Bruss, City Assessor and Dean Champine, Lyon County Assessor.

Bruss indicated there were 34 properties sold from October 2004-September 2005. This would be an 89.91 ratio. We would like to be in 95% range and there was an 8% increase in Tracy this year. This year each grade for residents went up \$4.00 per square foot. Garages are at \$10.50 - \$14.00 per square foot with finished garages are at \$16.00 per square foot. Finished basements were increased to \$6.00 - \$18.00 range from the previous \$4.00 - \$12.00 per square foot. This would put Tracy back in the 95% bracket again. There are quite a few houses on the market and the sale price is higher than what they are assessed at.

Mark Evers indicated that he had purchased a lot to the north of Evers Chiropractic Office and removed the house that was there. He now owns a four lot square and is receiving four tax statements. He is asking if they can be put together as one. Champine said they cannot combine these now due to recording practices in the recorder's office. Also each parcel has a \$15.00 water assessment attached to it. Evers asked if he should list these as commercial property. Champine said he could, but he would then have to pay higher commercial taxes.

Dick Stelter said he has acquired parcel 31.104089.0 at 336 Park St. through an estate. Bruss said it has been depreciated at 64% and 5% because of partial basement. Stelter plans to

demolish the house because he feels that it is uninhabitable at this point and has never been updated. Champine suggested he demolish the house before the end of year otherwise it will be evaluated for taxes payable in 2008. Motion by Byrne, seconded by Stobb to decrease taxes from Thirteen Thousand Nine Hundred (\$13,900.00) dollars to Six Thousand Nine Hundred (\$6,900.00) dollars with the condition that he has the house demolished by the end of the year. All voted in favor of the motion.

Meeting was adjourned at 8:00 p.m.

ATTEST:

City Administrator

Mayor

May 8, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, May 8, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for any corrections to the minutes from April 24, 2006. Motion by Byrne, seconded by Stobb to approve said minutes as written. All voted in favor of the motion.

Mayor Ferrazzano asked for any corrections or deletions to the agenda. Mayor Ferrazzano said Agenda item, 5-A Litigation Legal Fees will be moved to Special Meeting on Monday, May 15, 2006 at 6:30 p.m. in the Council Chambers of the Municipal Building. Kerr told the Council they can do as they please but he wants the public to understand that he was prepared to address these issues tonight and have completed the responses that he was asked for. These documents were included in the Council packets and he was notified today that the meeting to discuss this was rescheduled for Monday, May 15, 2006. Kerr asked that this special meeting be televised. Motion by Byrne, seconded by Rettmer to approve the agenda as revised and to have the special meeting for Monday, May 15, 2006 televised. All voted in favor of the motion.

Lori Hebig and LuAnn Hansen from the Chamber of Commerce were present to address some concerns to the Council.

Hebig expressed her feelings about the survival of the City of Tracy. As a business owner and resident of the City she wanted to ask what the City is doing to attract people "To Come Along for the Ride", and what is being offered to prospective residents as a community. She indicated there has been substantial growth in other cities. They have provided lighting for twenty-four (24) new projects in Ghent, seven (7) in Slayton, sixty (60) in Marshall and five (5) in Tracy. The Council needs to decide where the dollars can best be utilized. The Chamber and the Community need to stand together so the school, businesses and community can survive. It was disappointing that a business was lost after a third attempt at the purchase of property.

Hansen stated that in the past two (2) months, sixteen (16) properties have been sold or sales pending. This has been through various agencies and does not include possible sales by owners. This included eight (8) couples with no children, expecting or having children, a single lady and various middle age couples and retired couple. Majority of these individuals work in Marshall and seek affordable housing in Tracy. Tracy needs more developments than what is available. Duplexes, townhouses or condo would open more affordable housing for potential buyers. She feels the Council needs to work hard to find necessary dollars to keep moving in the right direction.

Mayor Ferrazzano questioned what had caused the property mentioned not to be sold. Byrne said the EDA had been working with the City Attorney and he stated there was a state statute indicating that a floor plan or plan for purpose was needed and the property could not be sold at that time and the buyers then rescinded their bid. Rettmer stated the EDA was not aware it was a state statute. This issue will be discussed further in the agenda.

Kerr referred to the AIA Documents between the City of Tracy and Gremmer & Associates, Inc. Arvizu was curious as to why it states between Owner and Architect. Kerr answered that the original construction documents for the rebid was under AIA documents and the AIA documents are architect and the original construction was under engineering documents. What was done both this and the WJE document; they were treated as engineers in all respects. The idea is anywhere the word architect appears, the word engineer is to be substituted. The importance of this AIA document is it spells out the construction administration services, which was not present with USAquatics. From USA there was a two page proposal and some references to the construction manager and treated as engineer in the original construction document. Kerr said this is the document that needed to be used because the original constructions documents for the rebid, and repair by Pool Construction, Inc. are AIA documents, so therefore, had to follow through with AIA documents to make them compatible and if they had gone back to an engineer document they would not have been compatible. These documents are by the American Institute of Architects and there is also a set of documents that are

put out by the Professional Engineers and they are used in some construction projects. The documents were drafted by WJE's firm with some input from Kerr.

Nielson noted that on the top of page 2 of the document, it states all reference to "Architect" in this contract shall mean "Engineer." Kerr stated they may want to mention the amount of the contract. Mayor Ferrazzano stated it is Not to Exceed the amount of Fifty-five Thousand (\$55,000) dollars. Kerr stated that he requested an up to date invoice and that was given to Koopman and there is a dollar amount that they have used of that Fifty-five Thousand (\$55,000) dollars. Motion by Byrne, seconded by Stobb to approve the AIA Document. All voted in favor of the motion.

A legal requirement for sale of property by the EDA was discussed. Stobb indicated he did not see in the Statute where it said the owner needed to be that specific about their plans for the building. Nielsen said the plans must be prepared at some point of time and it can be before or after the hearing. Stobb asked if it was a plan if the perspective owner intended to refurbish or remodel the building with a retail establishment or business offices in mind. Byrne indicated they did not get that far in the discussion at the EDA meeting. Byrne explained that the letter to withdraw their offer was given to the EDA and read to them. Stobb feels that the perspective buyers did have a plan that was signed by them and to him, that is their plan and they have one year to act on that plan. Byrne had requested a copy of this statute to look at and to be discussed at this meeting. Arvizu indicated the EDA and Council can learn from this experience and go forward with better knowledge and better understanding of this process.

Mayor Ferrazzano suggested the EDA give this information to the perspective buyers to reconsider as he agrees with Stobb that if they are going to tell you what they are going to do and put it in writing and then it would be up to the EDA to determine whether what they have submitted is sufficient. Rettmer indicated there was a vote taken on whether to sell the property and that was discussed and the sale of the property was approved.

Gervais indicated the process had been started back in November 2005 for sealed bids and Nielsen had drawn up the information for sealed bids and a purchase agreement had been tentatively drawn up. The first agreement does state in Section 13 basically what he says here on this statute. He had worked with the purchasers to come up with an intended use and floor plan or description of what they intended to do in the interior of the building. He feels the frustration came in the back and forth trying to come up with a specific use. Gervais said his frustration comes with the tax forfeiture and the City buying tax forfeited property. There was a property in Tracy tax forfeited that was purchased by someone in Florida and he had not seen the property. Gervais is guessing that in about four years, the City will get that property back. If the City were to purchase the property, the City would have control to sell to private person or group of people and it can be determined who should go in there and who should not. Anybody can go up to the County to buy tax forfeited property and the City only has control over Planning and Zoning. Gervais wants to make it easy for people to come and buy properties and start businesses.

Chukuske indicated that he is one of the partners of the project and the frustration came in the fact that the third partner took the time to come to the EDA meetings, give the money to purchase the building and told the EDA what the plans were for the building. He thought when he had done that it was final and then he was continually asked for more specifics and more specifics and there were none. They were buying the building as a investment and to fix up the front, gut it out and clean it up and look for retail establishment to come in there and if they found the establishment, they would tell them what they needed for phone, electrical or whatever it may be, then they would build to suit that establishment. They could not give the specifics, all they could say was they were going to buy the building and willing to pay taxes and get it cleaned and get ready for sale or lease. This was the third attempt to purchase commercial property in Tracy and there are always roadblocks. These roadblocks need to be eliminated.

Nielson felt there should have been a purchase agreement with all those items before it went to the EDA and apparently this was not done. There are certain things according to the statute that have to be done and as an EDA they are obligated to look at the specific use that purchasers want to put the property to for a couple reasons:

1. It has to be consistent with the plan and development that as the EDA supposedly have;
2. What if someone else would have put in a bid in and had a different use, the EDA would have to decide which one to be used.

Nielsen also stated that these specifics needed to be given to the EDA before they approved the sale. The process did not follow in the necessary order. This should have been provided before the hearing was held.

Chukuske made a motion that in the future the EDA not purchase commercial property because they get stuck with it and paying for the upkeep. Hillger asked if the EDA could transfer the property to the City. Kerr indicated that what he understands in the law, the City cannot be in the real estate business. Arvizu asked how they are legally able to own properties that they have, such as the property that GR Electric wanted to purchase. Nielsen indicated he did not know what G&R's reason was for not purchasing the property by the water tower. The City did a lot of physical and legal work and got nothing back for it to try to make it smooth for them to buy that property. Koopman stated the reason that G&R's did not purchase that property was they had a minimum bid of Two Thousand (\$2,000) dollars and their offer was Five Hundred (\$500) dollars and a motion was made to not accept their bid, primarily due to the cost incurred by the City. She also encouraged the EDA to continue participating in the acquisition of tax forfeited properties. Given the numbers mentioned at the Board of Equalization, of the thirty-seven (37) tax forfeited properties in Lyon County, thirty (30) of them are located in Tracy. Somebody has to take a proactive approach in dealing with these properties.

Nielsen said he made it very clear to Chukuske and Gervais that depending on the potential use of the business; the plans may need to be more detailed in some cases than others. If the person themselves, is going to put a specific type of business in there, then the EDA should be asking for specific information on improvements for that kind of business. This group was not going to start their own business and they had an excellent plan and had some specific improvements in mind and this would have been fine as it would have left their property available for a multitude of uses and Nielsen told them that because of that general kind of usage they had in mind, more general types of plans would be all right. It was not enough to come in and say they would clean it up and wait and see who wants to come and rent it from them. Nielsen indicated there are clauses that if they do not do those types of things in a specified length of time, they could lose that property. If the specifications are not given, it makes it very difficult to determine at the end of that time period they have done what they said they were going to do.

Nielsen said the vote was not unanimous and there were some EDA members that were not in favor of the sale and one of them could have filed an appeal on the sale process. Nielsen also asked what would happen down the road if someone wanted to buy that property and they are examining the title and they see nothing that the EDA went through the process to sell that property and then the title is no good and the property cannot be resold. It is better to do it right from the beginning and not be worried about one or two years with an invalid title.

Gervais reported Tracy Kid's World has met with the USDA and will be fine tuning and resubmitting their grant. More budget detail was requested. Gervais said they should be hearing results in July or August 2006. He stated that private individuals have been looking at condos and townhouses and are interested in the EDA apartments. Three EDA loans have been granted since the last meeting and they have done some revisions to the revolving loan criteria. A phrase has been incorporated that they obtain the right and authority to negotiate the term of loan and interest rate with each separate individual loan and also added in a phrase about businesses that either relocate outside of Tracy or no longer operate. The EDA would be calling their loan amounts due with the date determined by the EDA Board. There have been some businesses that have closed and continued to have that loan balance or have moved their business out of town. The EDA is concerned that money should be repaid immediately to use for businesses in Tracy. Gervais discussed the Program Income Uses for the City of Tracy for the Community Block Grant. Goodman was at the last EDA meeting to discuss the current program and the program income uses. These were adopted by the EDA Board. A map was included that was set by the Zoning and Planning Commission for a new target area. Another CDBG will be applied for. DEED is currently

working on the program. They would give out funds as they become available versus as in the past they would do one application deadline and award grants all at one time. Gervais will be attending a Reality Housing conference in Granite Falls concerning the expansion of housing developments in the community.

Police Chief Hillger asked for any questions regarding his activity report. Stobb asked if he had any comments regarding the recent mock automobile accident held at the high school. Hillger said they have been doing this every other year and feels that it went very smoothly. Cars are set up and students are made up and put in these cars for rescue operations. He feels that there was a great impact on 90% of the students. After the rescue operations they go to the gym and a program is presented. Snyder felt it went very well and everyone involved in the rescue did a good job. He also felt there was an impact on the majority of the students. He encourages everyone to come and watch when the next mock accident is held. Stobb said the 10% of students that did not appear to be affected were probably uncomfortable with the situation and it was their way of dealing with it.

Robinson reported that door to door sump pump inspections were performed. They are still receiving 1.5 million gallons of wastewater per day and have been bypassing again. The Utilities Department has borrowed a flow monitoring device to put in the manhole to see how much water comes through. They have been documenting flows from certain services and putting together charts. This will be discussed with the services when results are completed. At this time they are monitoring the railroad area as there are many laterals and pipes in that yard with pipes going to buildings that are no longer there. Robinson said they have received about 500 trees that they will be planting in parks and the tree farm. They will be planting 175 Colorado spruce along the bike trail from the ball fields to Swift Lake, and 250 dogwoods will be planted by the softball fields for a living snow fence, 300 bare roots will be put out by the well site and after three to four years they will be planted in the parks.

Robinson reported work on the pool has been coming along well and they have been doing some cleaning of the deck to remove iron staining. Klemme from the Department of Health will be here next week for inspection. They will be starting the boiler on Friday of this week as lifeguard training will begin on May 15, 2006. Sodding has been done and they have received a quote from PCI for the sanitary work that needs to be done.

Robinson said the water truck is ready to go for the gardeners. Also the cemetery has been cleaned up after the mess of stones on the grass during snowplowing. He said that some of the trees they have received will also be planted at the cemetery.

Fire Chief, Keith Engesser reported the engine in the one tanker truck has blown up and it is not worth putting money into it to fix it. They have applied for a grant for a tanker and have one they share with the City. They will wait for news on the grant. The Fire Department has federal grant money that has been used to send individuals from the department to training. Engesser also commended the individuals involved in the recent rescue attempt of a drowning victim. He said everyone did an outstanding job.

Koopman reported that a good share of her time has been spent attending meeting and gathering information relating to legal fees and also preparing a proposed ordinance to establish a maintenance code for structures located in the City.

Stobb asked how the construction of a wellness center is progressing. Koopman said it is work in progress and they are putting together a plan and are very close to reaching a conclusion. If all goes well, they will hopefully see construction in about a month and possible completion by October 2006. Information has been sent to our bond consultant and is hoping to have something back by the next meeting.

Robinson presented the updated scope and fees for the 2006 Airport Improvements. With the rising price of oils, Robinson has dropped a portion of the project. They plan to proceed with crack filling and seal coating the runway and tarmac and will also be doing the fencing project. Ninety five percent (95%) of the project will be paid for with federal dollars. Dollars are budgeted to cover the City's Five percent (5%). Eric Hanson, Project Manager from SEH presented a new scope with

these changes and fee. The fee is Sixteen Thousand Seven Hundred (\$16,700) dollars. Eight Hundred Eight-five (\$885) dollars would be the city share, leaving about Six Thousand Six Hundred (\$6,600) dollars for the city share of construction. This means about One Hundred Thirty Thousand (\$130,000) dollars of construction will be done.

Mayor Ferrazzano presented a resolution approving a loan from the Medical Center Trust Fund to the Aquatic Center Fund. Koopman said they have received 1.2 million dollars through mediation and could use portion to pay off the Nine hundred thousand (\$900,000) dollars borrowed from the Trust Fund and extend the balance into long term debt. Arvizu reminded the Council that this was a loan and the Council is serious in terms of keeping the hospital and do not want to weaken efforts for improvements for the hospital. This resolution is for approval by the Tracy City Council to approve an additional loan in the amount of One Hundred Thousand (\$100,000) dollars for a total loan balance of Nine Hundred Thousand (\$900,000) dollars. The Aquatic Center Fund balance at this time is Two Thousand Fifty-six (\$2056) dollars and it is uncertain how much will be needed to complete the law suit. Rettmer called attention to the amounts stated in the resolution did not match with the amounts discussed. This will be corrected. Arvizu asked Koopman to read the amounts of legal expense incurred so far in the suit.

Kerr before hiring Coleman	\$ 43,275.68
Kerr after hiring Coleman	\$160,992.44
Due Kerr for Jan. Feb. Mar., 2006	<u>\$ 10,776.63</u>
TOTAL	<u>\$215,044.75</u>

Coleman through Feb. 2006	\$312,000.98
Due Coleman for March 2006	<u>\$ 10,323.63</u>
TOTAL	<u>\$322,324.61</u>

TOTAL LEGAL FEES (Coleman & Kerr)	\$538,369.36
TOTAL EXPERT FEE (Various)	\$323,076.66
RECONSTRUCTION CHARGES	\$ 55,152.00
MISC	<u>\$ 18,661.41</u>
TOTAL ALL EXPENSES	<u>\$934,259.43</u>

Motion by Snyder, seconded by Byrne to adopt the above resolutions as corrected. All voted in favor of the motion. (Res. No. 2006-6)

Arvizu stated that as they go forward, there is a need to discharge the Kerr firm from the lawsuit effective immediately except for three (3) hours to collect any documents and release them to the City Administrator. In her opinion, having two law firms is deluding the City’s strength and she feels that Coleman’s firm has a high level of expertise. Coleman is able to manage what the City has going forward and the City of Tracy cannot continues with two firms. Motion by Arvizu, seconded by Chukuske to discharge Kerr & Associates effective immediately.

Rettmer felt they should wait until after the special meeting on May 15, 2006. Arvizu stated the City is incurring enormous legal expenses and when the amount spent on the lawsuit is taken from the amount they have been awarded so far, they have not really recovered very much money. Stobb asked Arvizu if she had thought of how the expenses would go from here with Coleman being long distance. Arvizu felt that both firms are working on the same issue and that each is doing their own research and then feeding off of each other. She feels they should channel their efforts through one firm. Mayor Ferrazzano asked Koopman to discuss this issue with Coleman and table this discussion till next week. Arvizu withdrew her motion and Chukuske withdrew his second to that motion.

The Consent Calendar contained the following: EDA minutes for March 17, April 7, and April 21, 2006 and the Municipal Accounts Payable. Motion by Byrne, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Alley Garbage Pickup was discussed. Keith Engesser was present and stated that he would like to see the alley pick up continue and on his block, there are nine garages on the alley where they keep

their garbage in the garage and take their container to the alley for pickup. Byrne also commented that he has talked to individuals that are willing to pay whatever it takes to continue the alley pick up. Chukuske also has received several calls from individuals that are not concerned about having to pay extra for this service. He suggested that when the weather is wet, the garbage truck should be restricted from alley pick up until the conditions improve. He feels this should be a city fee and not a hauler fee. Snyder says the alley needs to have upkeep anyway and if they cannot determine how much damage is caused by the haulers, how can a fee be established? Mayor Ferrazzano feels they should keep the alley pick up and establish a fee. Motion by Byrne, seconded by Chukuske to charge an additional two (\$2.00) dollars per month for alley garbage pick up and the fee will go to the City for alley repair. All voted in favor of the motion.

Koopman reported to the Council that commercial garbage haulers will have to be licensed by the City and currently we do not have the provision in the ordinance. She recommended that Council consider amending the ordinance to include a licensing provision. Motion by Snyder, seconded by Chukuske to waive the first reading and second reading to be at a public hearing on May 22, 2006 on an ordinance amending the garbage ordinance. All voted in favor of the motion.

Koopman also gave the Council a copy of the notice that will be published in the paper for May 10 and 17, 2006 for the city-wide nuisance inspection. This was approved by the Tracy City Council.

Koopman asked the Council if there was anyone that was interested in attending the LMC Annual Conference June 28-30, 2006 in St. Cloud. If anyone is interested they should get registered. Motion by Chukuske, seconded by Byrne to approve expenses for two people to attend the conference All voted in favor of the motion.

Motion by Rettmer, seconded by Byrne to adjourn at 8:10 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

May 22, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, May 22, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

The minutes for May 8, 2006 were unanimously approved as written.

Mayor Ferrazzano presented changes to the agenda. Deleted is 7-B. 2005 City Audit. Additions include: 8-C. Agreement with OWL Construction to construct a restroom structure in Sebastian Park and 9-B. A Resolution Approving Change in Pledged Securities. Motion by Chukuske, seconded by Byrne to approve the agenda as revised. All voted in favor of the motion.

Antonio Trejo was present to request authorization to renovate versus demolish the house at 451 5th Street. Previously the Council agreed that he could demolish the house within a time period of three (3) years. Koopman reported that Trejo has determined that the house is worthwhile renovating rather than demolishing it. Chukuske suggested that Gary Garrels, Building Inspector, make sure it is structurally sound and meet any ordinances that the City has. Trejo has no objections to this. Motion by Chukuske, seconded by Snyder to accept Trejo's request to renovate the property at 451 5th Street contingent on the report from Garrels that the property is sound and safe. If this project were to proceed, the same timeline of three (3) years would be required. All voted in favor of the motion.

Stobb reported the Planning Commission has recommended to the City Council, a seven (7) foot side yard variance to Bill and Janet Kathman at 101 10th Street to construct a garage. Their lot is pie shape and if this variance is not granted, they would not be able to do the construction. Motion by Byrne, seconded by Snyder to grant the variance for Bill and Janet Kathman as recommended by the Planning Commission. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve license renewals to Food N Fuel, Tracy Eagles Club, Ross Eastside LLC, Amoco and Casey's General Store for the sale of Off Sale 3.2 Malt Beverages, contingent on completed application forms and payment. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve license renewals to Tracy Eagles Club, Ross Eastside LLC and Tracy lanes for the sale of On Sale 3.2 Malt Beverage, contingent on completed applications forms and payment. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve a seven (7) month prorated Cigarette License to Casey's General Store contingent on completed applications forms and payment. All voted in favor of the motion.

Motion by Rettmer, seconded by Snyder to approve a set up license to Ross Eastside LLC contingent on completed applications forms and payment. All voted in favor of the motion.

Steve Robinson from SEH presented a proposal and statement of qualifications for engineering services to encompass two primary objectives as required in a corrective action letter from the Minnesota Pollution Control Agency.

1. Preparation of a plan for removal of Infiltration/Inflow (I/I) from the sanitary sewer system.
2. Evaluate the feasibility of upgrades necessary to correct deficiencies at the wastewater ponds.

A water balance has indicated that the ponds are leaking at a rate higher than is allowed by MPCA. The secondary ponds are also undersized relative to the primary ponds, which forces the operator to perform multiple water transfers to complete pong discharge. The secondary pond capacity needs

to be added to improve operation efficiency and prevent discharge violations. The dikes surrounding the pond need rehabilitation to control erosion and prevent overgrowth of vegetation. The concrete rip rap that is present is not sufficient and there are lots of open areas where there is evidence of erosion and vegetative growth that allows rodents to burrow. Also the ponds have an excess amount of silt on the bottom of the ponds and this reduces the capacity so the ponds have to be discharge more frequently. Robinson explained there is a little more art to the I/I plan. There is a lot of I/I that is entering the system. He explained that inflow is surface run off that enters into the sanitary sewer pipes. Infiltration is ground water that enters into the pipes. SEH's approach to that would be to identify the most serious areas where this occurring. Testing and monitoring would be done to identify where the problem locations are and then target future repair work on those areas. He told the Council that I/I is a long term process because it often entails digging up pipes and manholes or there are roof drains in the downtown area that are connected to the sanitary sewers that need to be moved so they do not run into the sanitary sewer. This is long term process that can be costly. They take the approach that those corrections can occur somewhere in a five to twenty year period as they cannot all be taken care of at one time. The goal is to reduce the current I/I 30 to 50%. If this can be achieved, they can get below the discharge levels so that they can stay in permitted discharges. Robinson wanted to give the Council this option is because I/I is a more long term process and it allows the Council to look at budgeting over a 2-5 year period and once it is determined where the problems are occurring, how to correct them and then start implementing those corrections. Hopefully this can be accomplished with other street projects and other underground projects so it can be folded in the general CIP and it can be an added project at that time.

The Mayor opened the hearing to public testimony at 6:45 p.m. on Ordinance No. 298, an ordinance amending City Code Section 6.55 REFUSE AND YARD AND GARDEN WATSE. Koopman reported they are in a position where they can adopt the ordinance in its form. There is an area relating to the rates that the Council should be aware of and that is the rates listed on page 5 which includes a Twenty five (25) cent amount that would go to the City for processing and handling. The charge is currently ten (10) cents. Nielsen included this in the rates and even with the revised rates it is still considerably less than what we are currently paying and it would be an opportunity to help cover some of the costs the city incurs.

Rettmer suggested a change on Page 5, Item C. rate schedule for residential refuse collection, and was wondering if the Council would be better served if the wording were changed as opposed to having the specific dollar amounts in there. To change the wording to: User fees will be calculated on a monthly basis as stipulated in the current garbage hauler contract, plus a Two (\$2.00) dollar fee for alley pick up as well as a Twenty-five (25) cent service fee. If the specific amounts are put in, then the ordinance will have to be amended every time the garbage contract is changed, whereas, if it is more broad and have it refer to the garbage hauler contract, because that is where the rates will be listed.

Arvizu suggested referencing the service fee and alley pick up charge and then it would be referencing the garbage contract. That would not be in the contract, because those are given directly to the City.

Nielsen suggested that they leave it as it is for two reasons:

1. Whenever you are talking about imposing fees on the public it is better to have a specific amount there that has been approved at a public hearing through an ordinance process as opposed to something that is linked to something else that is not going to go through a public hearing process.
2. Nielsen said he could understand the desire to not have the ordinances that do not have to be amended because there is some cost associated with that. This would be in effect for at least three (3) years and it seems like the ordinances have to be amended with a new contract because things are done a little differently. For example, the last time this ordinance was done, we deleted commercial or business establishment from the direct fee schedule. There are other changes that also had to be made.

Motion by Rettmer to change the wording in the ordinance to read as follows: 'That user fees will

be calculated on a monthly basis as stipulated in the current garbage hauler contract plus a two (\$2.00) dollar fee for alley pickup as well as a twenty-five (25) cent service fee.

Nielsen said there is no current contract and the current contract will expire the end of June. The contract will not be signed when the ordinance is put into place.

Rettmer amended the motion to remove the word "current" and just say "stipulated in the garbage hauler contract" effective July 1, 2006.

Koopman said that if it is done that way, the ordinance will still need to be amended at the end of the contract term.

Motion dies for lack of a second.

Nielsen told the Council that now that they are enacting a provision that will require all haulers to be licensed even though they do not have a contract. There was a provision added on page 3 and going over to page 4 describing how haulers can obtain a license. There is also a provision to charge an initial fee and also a renewal fee. If the Council does not want to charge a fee, this can be eliminated.

Koopman felt that it would be appropriate to charge a fee and this is to reflect the amount of cost of administering that license. There is a current fee of fifteen (\$15.00) for plumbers, and in a case like this especially if there is an initial license, there would be more research required so the Council may want to set a fee as Nielsen has listed in the ordinance, higher for the initial fee and thereafter, a renewal rate. The previous ordinance had a fifteen (\$15.00) license fee which had been in place.

Motion by Byrne, seconded by Snyder to adopt this ordinance with the initial license fee of One hundred (\$100.00) dollars and twenty-five (\$25.00) dollars for renewal. Stobb questioned the twenty-five (25) cent and if we making ends meet with the ten (10) cents. Koopman noted that there is very little additional cost to the City associated with billing and on the other hand This would be kept in the Refuse Fund. There is also money transferred from that fund to the General Fund for administrative costs associated with that. Koopman responded that this is not an astronomical amount and the City is always looking for ways to generate revenue with all the reductions the City has had to face. She feels the twenty-five cents would be an appropriate amount and the ten (10) cents that had been charged has been in place ever since we initiated mandatory pickup and has never increased. She feels with the reduction in the monthly fee, nobody is going to feel the pinch. Chukuske felt that with the twenty-five (25) cents coming to the City and this is being done to bill the residents so that the hauler does not have to bill and this is to enforce the mandatory pickup. After this discussion all voted in favor of the stated motion.

Steve Robinson continued the discussion regarding the proposal for wastewater system improvements. He outlined a corrective action plan for the facility to include the following:

1. Review the system
2. Evaluate corrective measure options
3. Determine the feasibility of those options.
4. Obtain regulatory approval for the selected option and;
5. Then at that point preparation of plans and specs to implement those corrective actions.

For the budgeting purposes, the corrective action plan for the treatment/wastewater system should be moving forward relatively soon. The MPCA is looking for some action and the first step has been taken with naming SEH as wastewater consultant. Because the I/I is such a long term procedure, budgeting can be looked at in the coming fiscal years and doing a portion of it over a three (3) year period so the City would not be weighted with engineering fees at this time. Robinson asked for any questions that the Council may have. Byrne commented the City has been looking at the possibility

of a prison being constructed in the City and this would bring in approximately 800-1,000 individuals. He assumes the ponds would not be able to handle that. Robinson agreed with this and at this time the volume that is coming in exceeds the capacity. The prison would increase the need for capacity by 50%. Byrne feels it would be beneficial and cost effective to look at this now rather than fix the problem later. Robinson stated there have been discussions with City staff regarding this potential prison coming in so that would be part of the study. Robinson said the schedule on the corrective action plan of the facility is about three (3) months to have the plan completed, which would include various options or different variables that would impact, whether the present system can be upgraded, look at new system or look at new pond location. The ponds are not in the most appropriate location today as when they were constructed. With the ponds in proximity to the airport there are some restrictions and there is available land nearby that may be more feasible and cost efficient. Rick Robinson informed the Council the ponds were built in 1968 and they started out with no rip wrap on them and concrete was hauled in and was not crushed enough to prevent erosion. The ponds are leaking well beyond the allowable limits and feels that the I/I study needs to be initiated to recognize what the flows actually are. It needs to be determined how much flow there is before a new facility can be constructed. Mayor Ferrazzano asked where the Twenty-five thousand (\$25,000) dollars would come from for the feasibility study. Koopman indicated this would come from the Utility Fund. She also said that eventually this is all going to play into the overall project in the Greenwood Addition. Snyder questioned if this is going to be worked out within a 2-3 year period, would this keep us in good graces with MPCA. Robinson said the MPCA generally knows how this can tax the finances of the City and if we show them there is a plan how to address it over a 2-3 year period that should satisfy them. Motion by Snyder, seconded by Rettmer to enter into the agreement with SEH to prepare the feasibility study for a fee not to exceed Twenty-five thousand (\$25,000) dollars. All voted in favor of the motion.

Mayor Ferrazzano presented the RESIDENTIAL REFUSE AND YARD WASTE COLLECTION CONTRACT. Nielsen indicated there is one thing that he would like to add on paragraph 14, page 4, that they would be collecting from City facilities for no additional charge and would be no compensation to the collector for those services. Motion by Byrne, seconded by Chukuske to accept the RESIDENTIAL REFUSE AND YARD WASTE COLLECTION CONTRACT with the addition of the City will not be billed for services. Stobb said that he had read that dumpsters would be provided with the name of the hauler on it and did not see that in the contract and is bringing it up because he had had some individuals asking about getting rid of the blue dumpsters. Koopman said it is up the current hauler to remove the existing dumpsters. Byrne said that in the past they had been told that the customer had bought them. Arvizu said they had been assured that they would not have the blue dumpsters. Nielsen pointed out that on page 2, item 6 it states, "all services of Contract Collector shall be provided in accordance with the provisions of Tracy City Code Section 6.55" which the City just adopted. Mayor Ferrazzano asked if there was any indication if the pick up dates were going to change. Koopman says that it says in the contract if there is a change of schedule, the collector will notify the residents. Nielsen said there is going to be a lot of practical work that is going to have to be done and this includes, containers, schedules, different pick up schemes, alley collection fee and there is about five weeks to get this work completed. Stobb mentioned the contract does state the month of July there will be no charges to the residents. Nielsen indicated that is another difficulty City offices are going to have to iron out. Koopman suggested billing for the month of July, which would bring in roughly Twelve thousand (\$12,000) dollars that could be designated for a specific purpose. Chukuske suggested this would help cover the rest of the cost for the bathrooms at Sebastian Park. Koopman said the reason she suggested that we do this; it requires two (2) separate entries in order to take care of the monthly billing. First, everything would have to be deleted out for one month and then get everything entered again for a second month. One entry would be a lot easier. Mayor Ferrazzano felt he was not in favor of that and would want the people to see something immediate and that is part of the reason we are in this contract, the first month free and does not feel it is up to the City to collect it and use it. Arvizu indicated this was a promise by the hauler. Koopman said that one way or the other, the City taxpayers are going to pay that additional amount for the Sebastian Park bathroom, whether it is paid through this or you levy the taxes. She said she was suggesting this as a doing it now instead of later. After this discussion, all voted in favor of the motion as stated.

Gary Garrels, Building Inspector was present to explain the condition of the Schaefer house. Garrels indicated that he had gone to the site and found the west wall of the basement has caved in.

Immediate action was taken to fill this hole with gravel to prevent anyone from falling in there. Further investigation revealed the east wall had collapsed into the basement and at an angle. He felt that it was not safe for him to enter the building for further inspection. The building was roped off with orange fencing and posted for no admittance. Koopman indicated that a written form would be required to declare this a hazard and prove that the house needed to be demolished for the safety of the public. Rettmer felt they should direct Garrels to prepare the documentation needed. Garrels told the Council he had received a call from a family member to find out what was going on. The owner indicated that she has been expecting this to happen and would like to have it demolished but is hampered by costs to have this done. Koopman indicated that if permission is given by the person in charge of the estate to have the building demolished the cost would be assessed against the property. Rettmer suggested the person in charge of the estate by sent a certified letter and indicate to them they have so many days to respond. Nielsen advised to have the proper documentation completed to determine it a hazardous building and if the person in charge gives consent, they would not have to go through any legal process to get this accomplished. Rettmer also suggested that pictures be taken of the condition of the building. Motion by Byrne, seconded by Chukuske to proceed with documentation and inspection of the building to determine it a hazardous building by the next meeting. Garrels told the Council he suggested to the daughter that he had talked to that she consult her attorney and find out what her options are. All voted in favor of the motion.

An agreement made by and between the City of Tracy and OWL Construction, Inc., was presented. This agreement is to construct a restroom structure in Sebastian Park. This was drafted by Frank Nielsen and is for the amount of the bid that the Council accepted. Koopman recommended entering into this agreement with OWL Construction. Motion by Byrne, seconded by Rettmer to enter into the agreement with OWL Construction, Inc., with the specifications listed in the agreement. All voted in favor of the motion. Nielsen indicated there is a provision in the contract and was talked about before on whether the Council wants to require the bonds to be posted. It states that if they want those bonds, the City would pay for them. Motion by Byrne, seconded by Chukuske to amend the first motion to include waiving the bone requirement. All voted in favor of the motion.

Mayor Ferrazzano presented a resolution calling a public hearing regarding tax abatement and business subsidy in connection with Wellness Center Project. Koopman indicated that she had not received this till late Friday after the packets had gone. This is a resolution to call for a hearing for tax abatement which is a financial assistance the City would consider providing for the Wellness Center. It is similar to what was done for the temporary financing for the Aquatic Center. When the public hearing is held, Todd Haugen from Ehlers and Associates would be present to explain in more detail what this entails. At the hearing, the Council would be considering the approval of the policy and criteria for granting business subsidies which have been established by the EDA. There would be review and consideration of tax abatement for the facility and approve any business subsidies that would be considered. This is only done on a case by case basis. Motion by Chukuske, seconded by Snyder to adopt said resolution and conduct the hearing at 7:00 p.m., June 12, 2006. Nielsen wanted to point out that it talks about the City selling this land. Byrne said it is owned by the EDA and they have already agreed to sell. Nielsen pointed out that it should not say the City because the City does not own the property. Chukuske amended his motion to delete item 3 on the NOTICE OF PUBLIC HEARING and on the first page, the third WHEREAS where it references the sale of City property. Koopman noted that she had talked with Todd Haugen from Ehlers and because the Charter does require a public hearing to be held on land, that is why that provision was put in there. This document was drafted by Kennedy and Graven, the bond counsel for Ehlers and she will call and find out exactly how they want this drafted being the EDA is technically the owner of this property. Koopman stated that the motion should be as recommended by our bond counsel. Seconded by Byrne. All voted in favor of the motion. (Res. No. 2006-7)

Motion by Snyder, seconded by Rettmer to adopt a resolution approving change in pledged securities. All voted in favor of the motion. (Res. No. 2006-8)

The Consent Calendar contained the following: Planning Commission minutes for May 1, 2006, Monthly Financial Report, EDA minutes for May 5, 2006 and Municipal Accounts Payable. Motion by Byrne, seconded by Rettmer to approve the Consent Calendar as presented. All voted in favor of the motion.

Motion by Byrne, seconded by Chukuske to adjourn the regular meeting at 7:30 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

June 12, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 12, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, J. Arvizu, C. Snyder and R. Stobb. Absent were T. Byrne and B. Chukuske. Also present were A. Koopman and F. Nielson.

Motion by R. Stobb, seconded by S. Rettmer to approve the minutes for May 22, 2006 as written. All voted in favor of the motion.

Mayor Ferrazzano presented changes to the agenda. Added was 5-C, Pool Committee Report. Motion by Rettmer, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Nicole Larson representing Kinner and Company presented the 2005 Audit for the City of Tracy. Larson commended the office staff on a good working relationship and the ability to get the information needed for the audit. Page two and three contained the actual report which contained no write offs and no reportable conditions and that is the best report possible. Page five contains the Statement of Net Assets which shows this is the second year of having this statement and gives the total overview of the City of Tracy, more like a for profit balance sheet would. There is some deficit spending primarily in the Aquatic Center Fund. Larson will meet with the EDA concerning the 5th Street Apartment as the deficit continues to climb and the operating activity was a larger loss than in the previous years. Two additional departments that operated with a loss were the Utility Surcharge and the Aquatic Center. Larson called attention to the graph pages. The first bars graphs under the Revenues, there is the Local and County which is the property taxes and those types of revenues and shows a slight increase that is in line as expected. Intergovernmental shows a substantial increase over the past couple of years. This is federal funds coming into the City that are used to develop and promote the City of Tracy. There is also an increase in expenses as a result of this. There was a significant increase in Miscellaneous Revenues in 2005 that is made up of there is Four Hundred Seventy Thousand (\$470,000) Dollars received in 2005 for the Aquatic Center for some reimbursements and the sale of the Dallenbach house that goes in that fund. Expenditure graphs there is not a lot of fluctuation or change until the Capital Outlay, there is a good increase from the 2004 number and that is the airport project and bike path. Operating has an increase in maintenance that the City does not have every year and some increase in contracted services and utility surcharge funds. Receivables are up quite a bit and that is from a \$145,000 Dollar grant receivable at the end of the year. The Liability Graph shows very little change. Motion by Snyder, seconded by Arvizu to approve the audit report. All voted in favor of the motion.

Radke reported an increase for May in the off-sale liquor of approximately \$4,175 and a decrease of on-sale of about \$2,820. Preliminary plans for the patio were discussed with the architect who will now put cost estimates to everything. They will meet again to discuss these costs. Radke estimates construction will not be complete by Box Car Days.

Gervais reported the housing demolition of 174 Center Street and construction of the new three bedroom rambler. They are still waiting to quiet the title and the house should be completed this fall. It is not sold but there is interest in the house. Selling this house will be the responsibility of Western Community Action. The project on 37 Morgan that the high school completed, has been sold. Cooreman Construction will be demolishing the property at 76 Morgan and have signed a purchase agreement for 62 Morgan and are waiting to complete the process on 58 Morgan Street. CDBG was successful for the City of Tracy the first time around and the next meeting is on June 26 and should have an agreement in place with Southwest Minnesota Housing Partnership to start another grant process for the City of Tracy again. There have been several requests for this grant money and the EDA will meet to discuss how this money will be spent and also working with Western Community Action. Gervais will be attending a meeting in Willmar on June 21 as there have been some changes in this program. They plan to streamline the program so as there are funds available they will grant applications. Planning and Zoning has set a new target area.

Gervais said they are working on a potential sale of the apartments and have contacted an appraiser to do an appraisal for the EDA four-plexes.

Mayor Ferrazzano asked if there is anything with DM&E. Tracy was one of thirteen communities that attended a meeting with the DM&E and recently Gervais received information from Rochester in opposition to what the DM&E is trying to do. The hold up right now seems to be with Mayo Clinic as they want DM&E to construct a tunnel around Rochester so that trains are going through won't make noise or spread coal dust and cause vibration with medical equipment. DM&E has the position as a lot of their trains are going to be diverted before they reach Rochester and does not see a large impact on Rochester. The DM&E is in the process of laying ribbon track which is quieter and the average speed of the train would be 40 to 45 mph.

A public hearing was held regarding Tax Abatement for certain property in the City of Tracy. Todd Hagen from Ehlers and Associates was present to discuss where they are at. Consideration is to approve:

1. A resolution adopting a tax abatement program for the Tracy Wellness Center project;
2. The granting of a business subsidy for that entity
3. The consideration of the sale of land.

The project will be located at 600 Union Street and expected to increase the local tax base by approximately \$26,281 annually after completion of the project. The tax abatement program will have a maximum life of ten years or \$145,000 Dollars, whichever ever occurs first. That was derived by picking through the developer performance analysis and what it will cost to build the facility. There will be a contract with Sioux Valley for part of it and are relying on 180 memberships and this may vary. After the public hearing the Council will consider alternative actions for the tax abatement program. The Business Subsidy states that within two years after completion of the Wellness Center, the Developer must create at least one new FTE jobs at a minimum of \$10.58 per hour. Also, the Developer must continue operation of the facility as a rehabilitation and fitness facility for at least five years after completion. Rettmer asked if things are in place with Sioux Valley to start construction by June 21, 2006 and to be completed by December 31, 2006. Ron Gramstad indicated they are discussing the final details with Sioux Valley and he believes this could be started by June 21, 2006. The public hearing was closed by Mayor Ferrazzano. Motion by Snyder, seconded by Arvizu to adopt a resolution approving property tax abatement for certain property in the City of Tracy. All voted in favor of the motion. (Res. No. 2006-9)

Motion by Snyder, seconded by Rettmer to adopt a resolution approving contract for private development by and among the Tracy Economic Development Authority, the City of Tracy and R.W.S. Joint Venture. All voted in favor of the motion. (Res. No. 2006-10)

Chief Hillger asked for any questions regarding the Police Activity Report. Officer Mork's last day was last week. Adam Conner will be filling that position and starting on June 15, 2006. He is currently working as a jailer in Owatonna and has no actual squad duty or patrol experience so will be spending the majority of the first month with Officer Lichty.

Chief Hillger told the Council that a new transmission will need to be put in the Intrepid squad car as one was replaced in November 2005 and that one went out also. The rebuilders want to do some diagnostics on it. It should still be under warranty. Two of Tracy's officers assisted the Redwood County Sheriff's Department with the Homicide in Walnut Grove and it was reported they did a very good job securing the scene.

Chief Hillger indicated there were forty-six public nuisances and that is down considerably from last year as in previous years there has been as high as 80 with an average of 55 to 60 each year. Publicity and the fact there were no grace periods worked well. Stobb asked if it was not put in the ordinance to have someone help Chief Hillger. Koopman indicated that Shorty Engel was not available to help with this and someone was to be appointed. This matter will be discussed later in the meeting. Hillger indicated that he and Frank Nielsen had been in court a couple weeks ago with a public nuisance from last year and the judge took no mercy on the individual that took it to court. This individual was given a fine of \$157 and 12 months on unsupervised probation and jail term

which was suspended. Arvizu asked if there were any court costs and Nielsen explained that this type of legal work comes under the contract between the City of Tracy and the attorney.

Rick Robinson reported the Utilities Department has been busy in many areas.

1. Streets and Parks: sweeping streets, cleaning catch basins, repairing damaged boulevards to include seeding. Worked on Sebastian Park bathroom and setting grade and establishing water and sewer services. Planted, mulched and watered 700 trees and dogwoods, ground out 18 stumps from last years tree cuttings. Tilled Ag lime in ball fields, sprayed Round Up for weed control and mowed back tax lots and all parks. Finished fence around gravel piles. Hauled gravel, black dirt.
2. Buildings: Assisted in having vines removed from St. Marks Museum, assisted in having handicap door repaired at Senior Center. Gary has been full time in building inspection work. Generated a memo to Koopman on Veteran's Memorial Center usage of building.
3. Airport: Worked on closing out last year's project, mowing, trimming and general maintenance, working on 2006 airport projects consisting of runway and tarmac crack filling and seal coating and also fence project. Planned activity is to roll out grass runways.
4. Utilities: Water tower was inspected on inside by divers, water plant control project is almost done except for a few computer program changes. Planned activities include fire hydrant replacement and valve replacement project, water meter replacement project, Central livestock storm sewer project (phase one is complete but are waiting for the report and Hydrant flushing is in progress.
5. Pool: The Pool is operating and Public works has been assisting as needed. Quotes will be received on Wednesday for sanitary sewer installation from local contractors. Spent time working through some attorney billing issues
Public works, Pool staff and Pool committee developed a work responsibility policy

Robinson indicated there is a sink hole developing on Highway 14 and it turned out to be an older County tile. The County is going to be repairing this with the assistance of the Public Works department.

Koopman reported that during the month of May she attended the usual number of meeting, including three City Council meetings, Planning Commission, Safety Training session, met with the architect for the liquor store renovation, several meetings with staff relating to various city issues, Hospital Advisory Board, Performing Arts, meeting, meeting to discuss Hospital lease, Hospital-Patient satisfaction meeting, met with Aquila to discuss a proposed ordinance, several meetings relating to the pool and Cemetery Commission. She is also working on personnel files and is behind on employee evaluations.

Arvizu presented the Pool Committee report. She wanted to commend the fact that many people put in a lot of effort to open the pool. She is talking about the pool employees headed by Shorty Engel and the Public Works department headed by Rick Robinson. In the push to prepare for the opening, there were some manpower problems. The Pool Committee is taking some input from staff to come up with recommendations for Council approval in the upcoming budgeting process. There will be a free swim/open house sometime in July but no date has yet been established. Swim lessons started June 12, 2006. There are some physical repairs that are being worked on. Arvizu indicated the Pool Committee has policies that are approved by the City Council. Help is needed in what is defined as a family pass. Scenarios were given and the Committee is looking for some guidance with theses. Snyder would like to see the development of some type of Grandparent pass that has been discontinued. There now are coupon books that grandparents can buy. Koopman indicated that anyone can purchase a coupon book. Koopman stated there were instances where the grandparents lived in town and the children lived outside of town and rather than pay a non-resident season pass, they would buy a grandparent pass for a lesser rate. Snyder would like the Council to consider

changing in town and out of town passes to the same price. Arvizu indicated that the out of town customers were told that if they donated a certain amount of money, they would get the in town rate. Arvizu said the Committee does not think that fund raisers would be appropriate to raise funds after the troubles that were encountered with the pool. Motion by Stobb, seconded by Rettmer to approve the solutions recommended by the Pool Committee for the scenarios numbered one through five. All voted in favor of the motion.

Gary Garrels, Building Inspector presented a detailed report of the condition of the property at 941 Center Street. Rettmer suggested they send a copy of this report to the heirs of this property along with a letter that the Council would like to have a response in fifteen days of their wishes for this property. Mayor Ferrazzano suggested they vote on having it demolished and ask if the heirs would agree to let the City do that. The cost of the demolition would be charged against the property. City Attorney, Frank Nielsen indicated that Garrels has done a good job on detailing his report and his recommendation to demolish the structures. Garrels noted that it would need to be inspected by a very competent person before it could be repaired in any way. Garrels recommends demolition and if the Council would accept that report they could proceed under the hazardous building law. In the meantime, if there is contact made with the heirs that has some authority to grant authorization to proceed, the City could proceed on that basis also. Motion by Snyder, seconded by Stobb to accept the inspection report prepared by Garrels and proceed with action to demolish this property. Stobb asked what if the family has possessions in there that they want to recover and it has been decided that it is not safe to even go in the building, can the property owners go in if they want? Nielsen feels that if they want to recover that property, they can contact the City and some arrangements can be made to do that. That property has been abandoned for quite awhile and feel that there probably is nothing of significant value there. After further discussion, all voted in favor of the previous motion.

Nielsen had a couple comments on the engineering agreement for the Airport Improvement Program. There was an agreement in 2004 and since then there have been new projects and the original form was used with amendments. One of his issues is this references to the amendment from an earlier agreement of June 30, 2004 and the last time it was amended it referred to an agreement date of June 14, 2004 and not sure where these dates are coming from. This should be checked to make sure the correct dates are in this agreement. The second issue in all projects is where this type of work is being done, there should be some sort of time frame for completion. Nielsen noted the Planning Commission is supposed to review all capital improvements projects in the City. This has been waived many times in the past because it is very obvious the projects that are being done really do not have any connection as to what the Planning Commission is looking for. This case probably falls into that category. Motion by Stobb, seconded by Snyder to approve the agreement and waive the Planning Commission review prior to the Council approval under the condition that a time frame be established and the dates of the prior agreement are confirmed. All voted in favor of the motion.

Mayor Ferrazzano presented an engineering services proposal for water system improvements from SEH not to exceed Five Thousand One Hundred (\$5,100) Dollars. Motion by Rettmer, seconded by Arvizu to approve the Engineering Services Proposal for Water System Improvements from Short Elliott Hendrickson, Inc. Nielsen indicated this is a proposal as opposed to an actual agreement and maybe there is some past agreement with SEH on water projects where the amendment process can be done in the same as with the airport project. And if not, maybe a master agreement should be established. Snyder asked if a time frame should be added. Mayor Ferrazzano indicated that when the actual contract is received, a time frame can be included. Stobb stated that this did not seem like very complex work with replacing fire hydrants and was wondering if the Utilities Department already does this type of work. Robinson indicated there were quite a few hydrants that need to be replaced and the estimated cost of this project would be about in the \$40,000 so were looking for competitive bidding on it. The engineers will prepare the plans and specs. After further discussion all voted in favor of the previous motion.

Nielsen reported that when they worked on the ordinance further amending Tracy City Code Section 6.55 pertaining to disposal of solid waste and the contract with the new collector, the ordinance had set up a certain structure for multiple residents which basically gave the owner or manager an option whether they were going to have their residence treated the same as individual household residents in town or they could be treated as a commercial customer and could contract with whichever hauler

they chose. Koopman had contacted the new contract hauler and he indicated that is not the way the City has been doing it in the past and that should fall under his contract as an exclusive residential refuse collector. Motion by Snyder, seconded by Stobb to adopt Ordinance No. 298-A, an ordinance further amending Tracy City Code Section 6.55 pertaining to disposal of solid waste and because this involves health and welfare of the citizens, it is important that this be effective by July 1, 2006. All voted in favor of the motion.

Mayor Ferrazzano presented an ordinance granting Aquila, Inc. a franchise to provide natural gas. Nielsen indicated discussed in late February or early March and at that time the City had received a proposed ordinance from the service provider and the City had asked for changes or amendments. Nielsen incorporated the changes the Council wanted which was then sent to both Koopman and Aquila. All points and changes have been done except for two.

1. Requiring that above ground facilities that the gas company needed to be put in a building or screened in some way to make it more visually appealing. In talking with the gas company and their attorney, they have no objection to that basic concept, but there is more to it than that. For example, there are safety considerations they do not want to be bound to put trees next to a pipe where they are going to have to get in there. It was discussed about maybe not doing anything at all and just have a commitment from the gas company that they would listen to our concerns regarding those types of facilities or screening. This has been done in the past and Koopman felt comfortable that there is a good working relationship with Aquila on that topic. It is was decided to change the ordinance to read; "consistent with safety considerations

2. It was discussed about alternative ways for the residents to pay their bill without any additional cost. The report from Aquila, this cannot be accomplished. There are many reasons they give for not doing this and were trying to find a business in town that would collect bills for them have not been successful would be an additional cost to the Aquila customer. The drop box does not work in concern with billing and utility shut off concerns, does not provide company with a more concrete or definite time frame to establish when payments are due. Alternatives that are available right now are:
 1. Mail
 2. Direct payment from bank account
 3. Internet for a fee.

Mayor Ferrazzano indicated that if the City office were to collect the gas bill, we would get paid by Aquila for this service. Koopman said this fee would be charged to the consumers. Rory from Aquila indicated the present charge for this is \$1.00 with 50 cent going to Western Union and 50 cents to the collector. He indicated that notices are sent out once a year to notify customers of the ability to have their bill paid by direct withdrawal from their bank account. Rettmer felt that customers have ample notification to get their bill paid. Mayor Ferrazzano feels that if the City is the person that collects the gas bill, this could be a way for our City to generate revenue. Nielsen recommended that if the City is of the opinion to drop that desire for the "drop box", it can be deleted from the amended version and we are facing the same thing as the garbage with the cut off date of July 1, 2006 and would not have the ordinance in place in time for that. Nielsen recommended to waive the first reading tonight and then at the next meeting June 26, 2006 will have the underline/strike-out version ordinance put into final form with the screening language from before and deletion of drop box and at that time if the Council agrees that it is an emergency situation and want to have the ordinance in place by July 1, 2006, it can be enacted at the next meeting. Motion by Snyder, seconded by Rettmer to waive the first reading and set a second reading and public hearing at 6:45 p.m. June 26, 2006. Stobb had asked before about providing gas service to all the City and Rory indicated that wherever there was a request, they will look at what the request is. A feasibility study is done on the project and if the project is feasible there will be no cost to run it to those areas and if not feasible, it will not pay for itself in five (5) years, it is billed to the developer or the individual that requests it. After this further discussion, all voted in favor of the previous motion.

Mayor Ferrazzano asked about the price of natural gas in the coming months. Aquila indicated the price of natural gas has come down eight months in a row and right now at seventy-four and some odd cents per hundred cubic feet and has not been that price for four years.

The Council reviewed charges for hazardous buildings and public nuisances. Koopman noted that this issue came up in a discussion with Kerr and somehow during the course of time, this apparently was never followed through with because the charges that had been incurred primarily consist of legal with the exception of the Her property which includes demolition costs. These charges have never been applied against the property. Listed charges includes the Kramer property which currently they are trying to clear title on it and this would only complicate it further. Koopman is asking for direction as to how to proceed. Arvizu commented these fees have already been paid to the attorney from the General Fund. Motion by Snyder, seconded by Arvizu to have the listed charges assessed to the affected properties and waive the charges to the Kramer property. All voted in favor of the motion.

Motion by Stobb, seconded by Snyder to adopt a resolution authorizing the advertisement for bids contingent on approval of the plans and specifications for the airport improvement project . All voted in favor of the motion. (Res. No. 2006-11)

Arvizu wanted the issue of nuisance inspections on the agenda as she felt there is no provision for anyone to contest the notice they received. She feels the Council should be the body they come to to contest what they have been cited for. No recourse was provided for these individuals. She also feels that at least in one instance that she is familiar with, the notice was so vague that it would be very hard for them to know what they needed to do to remove the nuisance and avoid the \$75.00 fine. Rettmer felt that they also error by not appointing someone to with Chief Hillger. Nielsen indicated that on the back of the form it was stated that if they do not want to pay, the person issuing the citation would have the option to refer this matter to the attorney's office and then would look at it again to decide whether to prosecute. Arvizu feels that individuals are not given an opportunity to come to the Council for any recourse but then have to go do District Court. Mayor Ferrazzano feels the Council cannot settle everything. Nielsen indicated that you cannot have majority rule in regards to criminal offenses. It is not the purpose of the Council to become politically involved in a legal matter. Every criminal case is one person that has done something wrong. Nielsen feels if this is what they want, they should go back to a civil process where people could come before the Council if they feel they have been unjustly charged. Nielsen was not in favor of this as it would impair the ability to prosecute all of these as criminal offenses if the City Council became involved politically in a legal criminal matter. Arvizu was concerned that this was put on one person and we are to be assured there are not politics there either. Nielsen indicated that in this case, the alleged violators have three people that are looking at what is going on. They have Chief Hillger telling them they have done something wrong and giving them the citation. If they chose not to pay that as the Mayor has indicated, then it gets referred to Nielsen and he again reviews it and determines if it is worth criminally charging. They are charged out and they can come to court and plead guilty and pay fine, and if they still feel that they have a right to have their say, they can go to court and have a judge and/or jury tell them if they are guilty or not. Arvizu felt the people charged do not have the money to go to court. Mayor Ferrazzano explained that if they do not have the money for a lawyer, one is appointed.

Stobb is not sure anyone knows what debris is. They pay the fine as they feel court is a hassle and they are scared to go to court. Rettmer feels a mountain is being made from a molehill. She noted a we are trying to do is to have people clean up their property so that the City looks nicer and now there are all these violators in court and this is far removed from what her intention was. There are properties that are in terrible shape but would not willfully want someone to go to District Court. Arvizu indicated the report that she saw was so vague she could not look at it and say she knew for sure what was in violation, because specific items were not listed. Stobb said there were things verbalized on a report that could have been true of his property also. Rettmer would like to see copies of the reports and if all that vague, this needs to be redone somehow. Nielsen felt this could be more of a communication problem than a problem with the methodology. Mayor Ferrazzano said that if one person should not shoulder this and these people need a recourse, he feels they do have a recourse. He wants to be careful about second guessing, and he too looked at the property that Stobb had looked at and understands there are maybe some problems with communication. He

feels that if everyone has recourse for this particular thing, because a nuisance is a criminal offense, the City has tried to do it administratively so it is not a criminal offense. If the Council is going to try and second guess every crime, then the Council should be prepared to have people talk to us about such things as speeding tickets because it was vague. Rettmer feels then the process has to be changed. Nielsen indicated that last year they were given a warning letter first and then the administrative fine was imposed and then if nothing was done, it was put through a criminal process. Snyder feels that they have to have at least two individuals doing the inspection. Koopman feels the approach is good as far as administrative fine part of it; and what we did last year using a committee to establish the perimeters also worked well.

Mayor Ferrazzano feels the point right now is there were not two individuals doing the inspections. Snyder suggested that people are feeling like they were being picked on or singled out. Rettmer asked if the sites should be revisited that were cited. Mayor Ferrazzano thought that some of these could be abated by now. Mayor Ferrazzano suggested that some have abated the nuisance, another person should go with Chief Hillger and if someone has already paid the Twenty-five (\$25.00) dollars, if the nuisance is abated, they get their money refunded. If there are some that have not paid the fine and have abated the nuisance, they do not have to pay. Rettmer suggested that all of these need to be revisited. Stobb will go with Chief Hillger on the return visit. Nielsen felt there is a problem with the reimbursement as the ordinance does not state the City Council having and discretion to give them their money back. He understands the issue of fairness. Koopman feels that if it goes to that second level and Nielsen indicates they need to go to District Court, apparently there is a severe enough nuisance that perhaps they should be paying that fine.

Rettmer voiced that Stobb should go back with Chief Hillger for the reinspection and report back to the Council their findings and see who has paid and not paid and then will be into the second fourteen (14) days. Stobb feels that they are opening a can of worms if they try to give that first fine back, because some maybe should have it back and some should not. Arvizu asked Mayor Ferrazzano if they are not sure what various debris or junk or trash is because it is not itemized, they are to call Chief Hillger and ask for clarification. That is their option. Arvizu said she would like to see Stobb ride with Hillger on the reinspection. Rettmer feels that no fees should be returned and go forward with what has been started, review and clarify the process.

Koopman presented a memo regarding the Veteran's Memorial Center lease that will be expiring June 30, 2006 and wanted to bring to the Council's attention that the City currently receives \$6,000. The utility cost has taken a drastic jump to and Thirty seven one hundredths \$34,527.37 which includes water, gas, soft water, electricity and garbage. We did receive \$1,400 additional in revenue from other parties that rented the facility. The lease is not even close to what the expense is to provide this facility for their purposes. Koopman is looking for direction before approaching the school with a proposal. Rettmer requested Koopman to take a look at what the utility bills averaged over the year 2002, 2003 and 2004. Mayor Ferrazzano suggested they charge \$12,000 and tell them the reason why. Koopman noted that there are some major expenses coming up in addition to the existing operational costs. The time clocks will have to be replaced which is estimated at \$8,000 plus we need to replace the floor scrubber. Koopman will report back to the Council before any decisions are made.

The Consent Calendar contained the following: EDA minutes for May 19, 2006 and the Municipal Accounts Payable. Motion by Rettmer, seconded by Arvizu to approve the Consent Calendar as presented. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adjourn the meeting at 9:15 p.m. All voted in favor of the motion.

ATTEST:

June 26, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 26, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielson.

Motion by Snyder, seconded by Rettmer to approve the minutes for June 12, 2006 as written. All voted in favor of the motion.

Koopman presented changes to the agenda. Added was Legal Issues, 6-A, Garbage Contract Amendment; Reports, 8-B, Central Livestock Property; Unfinished Business, 10-B, Establish Committee For Negotiations with Tracy Public Schools for the Veteran's Memorial Center Lease; New Business, 11-A Performance Evaluation. Motion by Chukuske, seconded by Byrne to approve the agenda as revised. All voted in favor of the motion.

Rick Nordahl, CEO for Sioux Valley Tracy Medical Center said at the advisory board met on June 21, 2006, and recommended replacing 14 patient room doors and 10 patient room windows. Cost for the doors is \$15,000 and the cost for the windows is \$16,000. He noted that the current doors are split doors with roller latches. This type of patient room door has now lost its grandfathering and need to be replaced to meet the current life safety codes. There are a total of 22 doors but the patient room doors are the immediate concern and the non-patient doors will be replaced at a later date. The windows will finish up the last of the replacements so the outside of the building is consistent and up to date. These windows do not affect any proposed future planning that is being considered. Motion by Snyder, seconded by Byrne to approve the replacement of 14 patient room doors and 10 patient room windows. All voted in favor of the motion.

Lisa Graphenteen from Southwest Minnesota Housing Partnership worked with the community on the last Community Development Block Grant. At that time, commercial rehab, rental rehab and owner occupied rehab was done. This project was successful and there was still some interest left on waiting lists, so there is a potential for another grant. She said the process is going through some changes. The final application changes will not be known until August or September 2006 and they are continuing to work with communities in anticipation of the changes. Applications are typically due November 1st of each year and it is anticipated this will be January 1st or mid-January 2007. Graphenteen has met with Gervais and the EDA and is looking at doing another grant that would include commercial rehab, and if there are still enough owners still interested, then some rehab assistance and rental rehab. The application fees are similar to what was done last time and that cost is \$8,500 and includes the preparation of the application and if a rewrite is necessary, which is done at no additional charge. The fee process includes a \$1,000 charge and that covers the survey process. If the survey process is done and there does not seem to be the interest there for assistance that was the last time, the project is ended there. If the process goes forward, then the application is completed.

Graphenteen indicated they are looking at doing something a little different for the match that is involved, which may increase the owners contribution. The projects are becoming more competitive and there are less funds available each year. Most of the funds are set up at 0% deferred loan and provided the owners live in their homes for a set term, those funds are essentially forgiven. If not, they are repaid to the community and then become program income that the community can use for additional rehab efforts. The terms for owners have typically been five to seven years in the past and now they will be going to ten year terms. The rental will probably stay at the five year terms.

Graphenteen said that one of the things in the past there had to be a pretty small target area. So if there were 100 homes in that area and twenty were done, there would be a greater impact than if twenty of 500 were done. They are allowing for more flexibility this time, so they have basically said that, if rehab needs are city-wide, it is fine to go with that and if rehab needs are one area to go with that. They are allowing the community to work and really find where the rehab needs are and they are fine with that and does not have to be this tight five to six block area. They want the communities to have a lot of interest and strong waiting lists.

Gervais said the first CDBG that was done there were twenty-five homes that were done and actually there were forty-seven applications and since that time there have been fifteen to twenty more calls for assistance. He feels that since the first grant was successful, it will not be hard to get a strong waiting list for this time around.

Stobb asked how the application process was funded in the past. Koopman indicated it was taken from the Housing Assistance Fund through the EDA. Byrne stated there are sufficient monies in that fund for this purpose. Chukuske asked if the Council needed to give the EDA direction on this. Koopman questioned if they had already entered into an agreement with Southwest Mn Housing for this. Gervais reported that authorization has been given to proceed with this application.

The Tracy Area Chamber of Commerce presented requests in preparation for the 79th Box Car Days, which will be held on Friday, September 1st through Monday, September 4th, 2006.

Request included:

1. The admission of the MadJax, Inc. from Elk River, MN for a carnival midway to operate Friday, September 1 through Monday, September 5 and waive the license fee.
2. Use of the City Park for a Concert in the Park following the parade on Monday, September 4, and electricity to be provided in the Band Shell for this event.
3. Use of the City Parking Lot for the Beer Garden from Friday, September 1 through Tuesday September 5th for the set up, operation and dismantling and clean up of the beer garden.
4. Use of Central Park for a "Kid's Day" on Saturday September 2 from 11 AM to 3 PM
5. Use of Central Park for "Family Day" on Sunday, September 3 from Noon to 3:30 PM and electricity to be provided in the Band Shell for this event.
6. A liquor license for the sale of non-intoxicating malt liquors from Friday, September 1 through Monday, September 4, 2006 for the Beer Garden and Softball Complex.

Street Closure Requests include:

1. For the line up of Grand Parade participants on September 4 from 9 AM to 5 PM
 East Hollett St. from First St. East to Fourth St. East
 East Fourth St. from East Hollett St. to Craig Ave.
 First St. East from East Emory St. to North St.
 Emory St. East from East First St. across Center St. to Second St.
 Park St. from Rowland St. to Emory St.
2. For the Grand Parade on September 4 from 10 AM to 3:30 pm
 Emory St. from Second St. to Sixth St.
 Sixth St. from Emory St. to Morgan St.
 Morgan St. from Sixth St. to Second St.
 Second St. from Morgan St. to Emory St.
3. For the MadJax, Inc. Rides and Expositions and other Carnival activities on Friday September 1 at 6 PM through Tuesday, September 5 at 10 AM
 South St. from Fourth St. to Second St.
 Morgan from Fourth St. to alley between Third St. and Second St.
 Third St. from Rowland to South St.

Motion by Chukuske, seconded by Byrne to approve the lists of requests and list of street closures for Box Car Days 2006. All voted in favor of the motion.

Nielson said a fax was received last week from the company that will issue the bond to the new garbage collector. In the original contract proposal it was set up where they would provide a performance bond of \$25,000 to cover the entire term of the three (3) year contract. The company that is proposed to issue the bonds has indicated that they cannot issue a bond for that length of time, but would issue annually during the term of the contract. This amendment would allow for that. Motion by Chukuske, seconded by Byrne to approve the contract amendment. Rettmer wanted clarification that they were requested to provide \$25,000 bond and in the amendment it states \$20,000. Nielsen explained there are blanks that need to be filled in, but it will be \$25,000. This amendment is actually for Paragraph 8B of the original contract. There are apparently some cities or communities where this issue has come up and they had a form contract that they pulled out and it was not changed completely to meet the City of Tracy needs. This will be for \$25,000 for each year of the contract. All voted in favor of the motion to adopt the contract amendment.

Mayor Ferrazzano asked how the new collector was distributing the garbage containers. Koopman stated that everyone will be getting their new collection containers. Koopman also stated there will be a notice in the paper regarding the pick up date. The intent is that starting July 1, 2006, they are going to do the entire city on one day, which will be Wednesdays. The first week of the contract, it will be Thursday because of the July 4th holiday. Nielsen noted the shortcoming with the ad that was in the Plus, is that garbage should not be put out in bags, as cats and other animals can tear them open and spread the garbage around. The community should not get the idea that they can put extra garbage out in bags consistently.

The Mayor opened the hearing to public testimony at 6:45 p.m. on Ordinance 299, an ordinance granting Aquila, Inc. a franchise of provide natural gas service in the City of Tracy. There being no public testimony, the Mayor declared the hearing closed and referred it to the Council for their consideration. Nielsen said that one thing that the Council may want to add is the Emergency Ordinance provision so it takes effective immediately. This section of the proposed ordinance basically says, that the City is finding the provision of natural gas services and it would be in the best interest of the City that the ordinance go into effect immediately because it is necessary for the immediate preservation of the public health, safety and welfare to enact the ordinance at once. If this provision is adopted, it would go into effect immediately subject to the acceptance by Aquila, Inc. Nielsen assumes they would accept it relatively quickly if they want this all lined up prior to the July 1 closing of the sale of this utility service in Minnesota. This will be a twenty (20) year contract. Motion by Snyder, seconded by Rettmer to adopt this ordinance with the inclusion of Section 3. All voted in favor of the motion.

Koopman reported that a letter was sent to Rita Schaffer on June 16, 2006 and since that time she has talked with her twice. The Schaffer family is very willing to cooperate with the City and Rita is now in the process of contacting her four brothers to see if they would agree to deed the property to the City. Three of the four so far, have agreed to this. This would allow the City to proceed without as many complications. If in fact, this does not happen, Rita is going to try and talk him into agreeing to allow the City to proceed with the demolition. Koopman assured Rita the cost of the demolition is not going to become a personal liability for any one of them but would be placed as a lien against their property.

Koopman said Phase One of the environmental study has been completed on the Central Livestock property. As expected, there is some evidence of battery disposal and certainly a good chance of there being some contamination. According to MPCA, there is \$40,000 that has been ear-marked for this project, but that cannot be used for cleanup if there is contamination. It can only be used to complete Phase Two. In talking with MPCA, there was some confusion in that at first they said we had to do this and the last conversation Koopman had with them, they indicated there are no monies available for contamination and everything was at a standstill. Through working with the engineers, an employee at SEH talked with MPCA and reported back to Koopman. They recommended that we proceed with Phase Two in order to determine what, if any, portion of that property is contaminated. If contamination is identified, they recommended routing the storm sewer through uncontaminated ground. This would allow for us to proceed with the project. If the City would decide to hold up this project to remove the contamination, if there is any, it will be so lengthy and could be seven to ten years down the road before the City could proceed. Koopman recommended proceeding with Phase Two, and then take the next step of deciding how much of this property

should be purchased. If this is done and route the sewer through the non-contaminated area, the City could then start the process of converting this property into a development. If the clean-up is not done, this property many years from now will still remain in its current state. She feels that as leaders of this community, we need to take a more aggressive approach to try to eliminate or make use of this property in the City limits. The Council unanimously agreed to have Koopman give direction for Phase Two to continue with this process.

The Consent Calendar contained the following: Cemetery Commission minutes for May 18, 2006, Hospital Board minutes for April 27 and May 25, 2006, Monthly Financial Report, Firemen's Relief Association minutes for May 1, 2006 and Municipal Accounts Payable. Motion by Byrne, seconded by Chukuske to approve the Consent Calendar as presented. All voted in favor of the motion.

Arvizu asked the Council, if after the discussion of the last meeting regarding the nuisance procedure, they are comfortable with how the nuisance procedure has been set up in terms of no grace period. Residents are not notified if it is felt they are in violation of the nuisance procedure. They are then assessed immediately, a \$25 fine and then escalates to a \$75 fine and then they go to court. The other Council members indicated they are comfortable with this procedure. Arvizu noted that the only appeal process anyone has is that they then deal with this in court with a judge. Rettmer said they have the option of calling Chief Hillger and ask for clarification if they do not understand. This is stated on the form that is sent out. Arvizu also commented that Chief Hillger had a Letter to the Editor that was directed to the Council in which he made a statement using the word "lowlifes" in his letter. She feels that if she does not bring this up, it looks like she agrees with his letter and she does not agree with the letter. She is concerned with labeling people with the word "lowlife" in connection with the nuisances is not the right way to go.

Rettmer also felt this was inappropriate. The Council felt they were doing the right thing and did have some perimeters in place with the committee. The fault she sees this time is the fact that the Council had determined that someone should accompany Chief Hillger and he went and did the inspections by himself. She feels this is where the fault started. She felt that if someone would have gone with him; they could discuss what is debris, trash, or junk. She feels that Chief Hillger took it upon himself to go and do this and feels this is where the trouble started. Chukuske said he thought the Council knew there was not going to be someone going with him because Shorty could not do it. Snyder said that it was not a real clear directive, but it was stated that if Shorty was unavailable, then someone would be appointed to go with him. No one was appointed to do this. Snyder expressed that for him it is not a question of Chief Hillger's judgment, but if there is more than one person, then there is not the issue of people feeling that they are being picked on or singled out. Chukuske expressed that he does not feel this is a big issue since he had received only one call from forty six in violation.

Chief Hillger said that twenty-nine properties were cited, and have been rechecked by himself and Stobb, and twenty of those passed and notices will be sent to them. The other nine have not signed for their letter or has not been fourteen days yet.

Mayor Ferrazzano feels that if something ever goes wrong that involves the city employees, it falls on the Council. If someone was not appointed to go with Chief Hillger, it is the fault of the Council.

Rettmer stated that last year she was on the committee that set this up for the inspections and she was concerned if someone should be reappointed and go over those procedures as now it is known where the errors are. The procedures should be reviewed to make sure they are spelled out exactly how the Council wants it to work. At that time the perimeters were set up and it was decided to have someone accompany Chief Hillger. Shorty volunteered to do this. Chukuske agrees and would like to see someone, completely unbiased, from out of town come in and accompany Chief Hillger, even if the Council would have to pay them to do this. He said he also looks at, there are approximately 800+ households and there were forty-six violations. Snyder commented those in violation need to take responsibility and clean up their property or go to court.

Chukuske asked this be put on the agenda for a future meeting.

Koopman reported the last time there was a discussion on the Veteran’s Memorial Lease with the school, there was a committee formed to negotiate this lease. Dave Marlette asked if this could be done this time also. Chukuske asked what duties this committee would have. Koopman said that Marlette read it in the paper before she had a chance to speak to him about this, but he understood from our perspective what our expenses are and they want an opportunity to discuss the lease. Mayor Ferrazzano, Byrne and Koopman will be on this committee. The school does not use the VMC in June through August but this needs to be done sooner rather than later. Koopman will contact Marlette to get a meeting set up as soon as possible.

Motion by Chukuske, seconded by Byrne to adjourn the meeting at 7:10 PM. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

July 10, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 10, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Rettmer to approve the minutes for June 26, 2006 as written. All voted in favor of the motion.

Koopman presented a change to the agenda. Added was Reports, 4-C, Veteran's Memorial Center lease update. Motion by Chukuske, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Ron Halgerson from Group II Architects presented plans for the Tracy Liquor Store patio. Halgerson had met with Koopman and Radke and reviewed a number of ideas. The basic goal of this project is to provide a space that is an attraction as people seem to be drawn to outdoor dining spaces. To accomplish that there has to be certain characteristic and features available that attract people. The space available is about 30 feet wide and 110 feet from the face to the back by the alley. There is a need to have access to this area from the liquor store and it is desirable to have visibility from inside the Liquor Store out to this area so there is a sense of people and activity. In the outside wall a doorway will be incorporated and right outside this area a temporary wet bar would be set up. There will be three window openings in the exterior wall. Landscaping will include at the gateway, there was a component on the old existing building that will be saved and incorporate some wrought iron feature and a gate. There will be some planting areas off to the side. Planting areas will be provided against the exterior wall of the chiropractor building. This will include ornamental trees, some low shrubs with both perennial and annual flowers. Each of these areas will be excavated to the appropriate elevation and then bring in top soil. These areas will be insets in the concrete. The courtyard will be all hard surfaces. For storm drainage, half of the courtyard surface will be drained towards South Street and the other half will drain towards the alley. There will be a peak or high spot in the center of the courtyard. Lighting will be accomplished with pole and wall sconce lighting. The courtyard will be regular concrete in a diagonal pattern and an alternate would be stamped and stained concrete. On the north end of the patio, a pergola is planned. There are two options for this pergola: 1. Cedar structure and: 2. classic structure. This area will include a furniture grouping and some lighting and paving surface will be a little different in that area. On the back side they are looking at inset with double gate so staff can bring in a grill, or get rid of the garbage. This also serves as a visual barrier for traffic driving by. Two hose bibs will be provided for maintenance of the plants and cleaning of the surface if needed. Electrical outlets will also be provided. Conduit access would also be available for camera surveillance system and sound system. The exterior walls will be covered with residential siding material to provide a homelike appearance and it is also economical. The new materials would have to meet so they are flashed properly so that the weather conditions can be dealt with. A wall fountain was considered and there was a larger list of features that were identified and it simply got down to budget. A relatively inexpensive water feature would be about \$1,500 installed. Halgerson indicated that in this rather tight and narrow setting, too many features make it look crowded. Stobb asked with gates at the front and back, will this area be secure? Halgerson indicated that if someone wants to get in, they will, but with the outdoor lighting that can be activated by motion and the camera surveillance, this will prevent them from doing so. Chukuske wanted to know when the opening date would be. Radke indicated they would like to get started this fall and get most of the exterior work done and then work on the landscaping in the spring. Halgerson said the concrete work and possibly the walls could be done this year. Radke reported that the budget for this project was set at \$60,000. Halgerson stated that with these plans the estimated cost is about \$65,000. Landscaping would cost about \$6,000. Radke indicated they need a full year of operation to make this work out. Mayor Ferrazzano felt this is a good proposal and suggests putting it out for bids to see how much they can get done this year. Halgerson suggested to deal locally and get quotes. The other components that can be purchased directly would include be tables and chairs and umbrellas. Stobb suggested doing the whole thing by quotes, rather than going through formal bidding procedures. Koopman explained if the scope of work is less than \$50,000, this would be possible. Motion by Byrne, seconded by Chukuske to get bids on the work that can be done this fall and work for an opening date in the spring. All voted

in favor of the motion.

Radke indicated that the weather is going to determine how much can be accomplished before the opening. Halgerson also states that since they are making an improvement to the chiropractor's property, this party would have to be contacted and explain to them what is going to be done. Radke will meet with the property owner and tell them what is going to be done.

Radke reported in June there was an increase in off-sales of approximately \$3,000 and on-sale was down approximately \$3,700. In June there was an increase of 40% in wine sales. On June 17 the back of the liquor store was hit by a truck which jumped out of park, resulting in the collapse of the wall. The city crew came and had the mess cleaned up and a temporary wall put in, in about one hour. The truck's insurance will be paying for the repairs.

Chief Hillger presented the Police Activity Report. Rettmer asked what the reasons were for the increase this past month in unsecured businesses. Chief Hillger said it is that owners are just forgetting to lock their doors. Chief Hillger reported that he and Stobb need to re-inspect 5-6 properties for nuisances. There are about six that he personally needs to serve or post on the property. Twenty (20) of the twenty-nine (29) cited have complied within the time frame. Two of the cases were dismissed for mitigating circumstances. There were approximately six that did not pick up their certified letter in time to do the first inspection, so they have to go back and check those and then there were approximately six that did not pick up their letter at all and those are the ones that need to be contacted directly or post on the properties.

Gervais said he has received the appraisal on the 4-plex the EDA currently owns. The 5th Street appraisal came back higher than the one two years ago. This appraisal came in at \$320,000 and the Eastview Apartments came in at \$344,000. Currently there is just under \$722,000 owed on the four 4-plexes. There is approximately \$300,000 owed on the Eastview Apartments and approximately \$422,000 on the 5th Street Apartments. A proposal has been made to a potential buyer and are waiting to see if there is a counter-offer or interested in that proposal.

An offer was received today to purchase three lots in the Eastview Addition and this would be to construct two 3-plexes on three lots south of the hospital. Gervais will be contacting officials at the hospital as they have the right to first refusal on those lots to match that offer within 30 days. Gervais had spoken briefly to representatives at the hospital and they had no plans to counter offer that. There are some issues to cover with Planning and Zoning and also some covenants there so will be working with the potential buyers on that.

Gervais will also be talking to the Planning and Zoning Commission in regards to a potential housing addition and development.

Gervais reported that 174 Center Street is still in progress with Western Community Action. They have had interest in the house to pre-sell it and have been working with interested parties. 76 Morgan Street has been demolished and are working on a purchase agreement with 62 Morgan Street and waiting on the condemnation process for 58 Morgan Street so that can also be demolished.

Gervais has received many calls regarding the CDBG, wondering when they are going to get money and start applying. There will be a pre-application that will be sent out to all property owners, basically west of Center Street. There are a few properties on Union Street and East Morgan Street that will be receiving pre-applications. The response from these pre-applications will be incorporated into the grant application and if the City of Tracy is awarded the grant, there will be meetings in the spring with property owners in this designated area. There will then be letters sent out stating the City has been approved and there will be meetings held for those who wish to apply. Hopefully there will be word by the first of the year and the money will be awarded in April or May of 2007.

Koopman indicated that she spoke with Rick Nordahl and Ron Gramstad about the Wellness Center. They are very close to finalizing and it is just a matter of drawing up that final document. As soon as that agreement is reached, they can sign all the papers necessary for the tax abatement and getting that underway. Gramstad estimated they would have the agreement reached today or tomorrow.

Koopman reported that June included numerous meetings: two pool committee meetings, Planning Commission, Safety meeting, meeting with the Liquor Store architect to discuss patio improvements, Senior Center Board to discuss director evaluation and other items, three meeting on the Hospital lease agreement, Cemetery Commission, Hospital Advisory Board, two City Council meetings and a marketing meeting.

Koopman has begun the evaluations of the department heads and hopes to have them completed soon. She has completed updating the personnel records and verified leave totals. She took eight hours of vacation during the month of June.

Mayor Ferrazzano noted that when the garbage contract was signed, we are suppose to get the first month free, and this will take place in August. Koopman confirmed this.

Koopman said a meeting was held this morning with school representatives regarding the Veteran's Memorial Center lease. Various options were discussed and a couple ideas were suggested that she feels are worthwhile exploring.

1. Ownership of the VMC by the school. They would actually assume the operational costs and would pay for upgrades that are necessary to meet their needs.
2. Contract with Extended Control. No additional details were available.

The meeting was ended with the understanding that another committee meeting would be set up and discuss this in more detail in the very near future as the school does begin to use the facility in August. Tom Hook, School Board representative, added there is nothing cast in stone and the concept is that both the school and the city have budget constraints. District 417 would like to make use of the facility, but understand there are expenses in keeping it open. They are looking at a long term lease so District 417 could invest money in terms of locker room space, coach's space or improvements on the inside that would make it a safe and practical practice facility for the students of the Tracy area. Koopman will set up this meeting.

The DM&E has agreed to lease an area of land of 20 ft. x 20 ft. totaling 400 sq. ft and will be located 30 ft. south of Highway 14 right-of way and 30 ft. east of the existing railroad track for the purpose of the construction of the Welcome to Tracy sign. Koopman is concerned if this area will be large enough to make the sign a comparable in size to the sign on the east end of town. This land will have to be raised so the sign is visible from Highway 14. The contractor will not be able to work on building this sign until April 2007. Motion by Chukuske, seconded by Rettmer to approve the Land Lease with DM&E to allow the placement of the "Welcome to Tracy" sign and allow Koopman to work out the final details with construction. All voted in favor of the motion.

A petition was presented to the Planning Commission requesting placement of "Yield" or "Stop" signs at the intersection of 5th and Harvey, 5th and Rowland and 6th and Harvey. This was requested after an accident at one of the intersections. The Planning Commission agreed that "Yield" signs would be acceptable there. East and West traffic would have "Yield" signs. The City would be responsible for purchase of these signs. Motion by Stobb, seconded by Chukuske place "Yield" signs for east and west traffic in the above locations. All voted in favor of the motion.

The Consent Calendar contained the following: Planning Commission minutes for June 13, 2006, Economic Development minutes for June 2, 2006, Cemetery Commission minutes for June 22, 2006, Municipal Accounts Payable and Multi-Purpose Center minutes for June 14, 2006.

Snyder asked what the reason was for having solar lights removed from the cemetery. Koopman said the Cemetery Commission felt that it was inappropriate and they should be removed. A motion was presented at the Cemetery Commission meeting and they unanimously agreed that they did not feel it was appropriate to have any type of solar lighting. They used the term "morbid" in describing the use of solar lights. Arvizu asked if other communities were as strict in rules regarding their cemeteries. She feels that the cemetery is very tight in what is allowed in the cemetery. She feels that because of the emotion and sentimentality, some people like to be able to have remembrances out there. Mayor Ferrazzano does not feel have a lighted cross or a remembrance within reason is

“morbid” if that is their rationalization. Mayor Ferrazzano asked Koopman to discuss this with the Cemetery Commission and report back to the Council. Chukuske expressed that he does not have an issue with this, and feels that is why there are these Commissions to make the judgment and bring the recommendation to the Council. Mayor Ferrazzano expressed the City Council has the authority to question a recommendation. No further action was taken.

Snyder said he would like to see the Multi-Purpose Center minutes typed. Koopman will follow up on this issue.

Motion by Byrne, seconded by Chukuske to adopt the Consent Calendar. All voted in favor of the motion.

Stobb had received a question concerning the pool. A family was going to go there on a Sunday evening about 6:15-6:30 pm and the pool was in the process of closing because too few people were there. He would like clarification on the policy is for when they close. Arvizu said they have been looking at numbers and saying they did not feel it was worth it , to keep it open with the cost of chemicals and the running of the fountains, when there are less than 3 people there. The Council did not feel this was a good policy. Koopman will discuss this with Shorty Engel noting that the pool should be open during the advertised hours except when there are inclement weather conditions.

Rettmer asked if there was someone that has been appointed as the Weed Inspector. Koopman indicated that Tom Greenfield is the Weed Inspector. Rettmer explained there is an area in the alley behind her house that has very large thistles. Koopman will convey the message to Greenfield.

Rettmer asked if there is anytime soon that the alley entrances will be fixed. Rettmer explained there are cars that bottom out while coming out of their alley. Chukuske knows there are some that need to have gravel put in and the street department does do this a couple times a year.

Koopman indicated that this fall Robinson will be meeting with our engineer and they will tour the entire city and put together a five year plan and decide how much can be done on an annual basis. Sidewalks will not be included in this. Arvizu thought there was fund for that. Koopman said there is a fund for that but there is not enough personnel to get it done as the focus has been on Sebastian Park sidewalks and not residential sidewalks. Arvizu indicated that maybe they need to once again, get aggressive with the sidewalk replacement project. Chukuske suggested that maybe what they need to look at for next year is in the areas where there are existing sidewalks that run the full length of the block, evaluate for repair.

Arvizu did have a constituent ask if they would be spraying for mosquitoes this summer. Koopman will talk with Robinson about this.

Motion by Chukuske, seconded by Snyder to close the meeting at 7:30 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

July 24, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 24, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Rettmer to approve the minutes for July 10, 2006 as written. All voted in favor of the motion.

Added to the agenda was Stacy Barstad regarding a request from the SV Tracy Medical Center, 6-B Update on the VMC lease with the school, and 10-A Splash Party at the Tracy Aquatic Center. Motion by Byrne, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

In November 2005, the City Council had approved up to \$180,000 for completion of the surgery department improvement project. Stacy Barstad, CFO, SV Tracy Medical Center indicated the bids for this project have been received and came in at \$207,000 and she is asking for approval of this bid. Motion by Byrne, seconded by Snyder to approve the bid of \$207,000 for surgery department improvements. All voted in favor of the motion.

Koopman presented the engineering agreement from SEH for the Wastewater Facility Upgrade Study. This agreement has been reviewed by Nielsen. Conclusions and recommendations developed in this initial investigation phase will be used to develop a scope of services, engineering services fee estimate, and projected improvement schedule for the next phase of services. Payment to SEH for the scope of services shall be based on standard billable rates for personnel working on the project plus the actual cost of reimbursable expense. The engineering fee for the scope of services is estimated to be \$25,000. SEH will not exceed this amount unless City Council approval is received. Motion by Stobb, seconded by Chukuske to approve the engineering agreement with SEH for the Wastewater System Improvement and not to exceed \$25,000 cost unless previously approved by the Council. All voted in favor of the motion.

Koopman presented the engineering agreement with SEH for the Eastview Addition Sanitary and Storm Sewer Improvements. The existing lift station, force main, and manhole in this area appear to be undersized and may need to be replaced. This improvement is necessary to alleviate loads on the waste water system. Scope of work included in this agreement includes:

1. Preparing a feasibility report that will include sanitary sewer improvements in the Eastview Addition area. The feasibility report will review potential future development in the area including potential expansions to the hospital, nursing home wellness center, and residential housing.
2. Preparing an opinion of estimated costs of the recommended improvements.

This scope of work will be performed on an hourly basis for a fee not to exceed \$3,700.

Arvizu voiced disappointment as there were engineers hired to do a huge study of this area, and with these deficiencies, the previous engineers obviously did not do a good job. Stobb believes these studies were done 12 years ago and there will be no recourse available. Koopman said that the normal procedure for this type of project would be to assess the cost back to the property owners, but because they are not very old, the City may have to absorb the cost. Motion by Rettmer, seconded by Chukuske to approve the engineering agreement with SEH for the Eastview Sewer System at a cost not to exceed \$3,700. All voted in favor of the motion.

Motion by Stobb, seconded by Byrne to adopt a resolution approving increase in pledged securities at Minnwest Bank South. All voted in favor of the motion. (Res. No. 2006-12)

Motion by Stobb, seconded by Byrne to adopt a resolution accepting bids on the Airport Improvement Project. The low bidder is Moorseal, Inc. in the amount of \$72,673.40. This is a

federally funded project; therefore, the City's share will be 5% or \$3,633.67. All voted in favor of the motion. (Res. No. 2006-13)

Koopman updated the Council on the Highline Road Bike Trail. In September, 2005 the Council had requested the County to delay the improvement of Highline Road until 2007 to allow for funding for a bike trail on Highline Road and coordinate drainage improvements. The problem faced at this time is increased costs. Last year when this project was discussed, the cost was estimated at \$50,000. Due to increased prices, the County is now looking in the area of \$85,250. The County has indicated that they would be willing to allow the City to spread this cost over a two year period. If the Council feels this project is feasible and wants to move forward with it, the City would be looking at increasing the levy \$42,625 for the years 2007 and 2008. This would normally be done with other budget requests at the next regular meeting; however, the County is requesting the City to submit a letter requesting approval for the two year payment. Koopman is asking for direction from the Council and how they want to proceed. Chukuske asked if they needed to have a bike trail on both sides of the road or could it be possible to have them not attached to the road. Koopman said it will be cheaper to have it attached to the road versus having them separate. She said to apply for grants to help with the costs of this project there would be a 3 year waiting period which would mean increased costs because we would not be able to coordinate it with the County's plan to improve Highline Road.. Arvizu said that the Council had agreed to budget for park improvements each year and asked what was budgeted each year for these improvements. Koopman explained that the purpose of budgeting an annual amount was to replace playground equipment and other park improvements but was not sure what the balance was. Motion by Stobb, seconded by Chukuske to spread the cost of this project over a 2 year period and if bids come in higher than \$85,250, the Council would have the option to delete this portion of the project from the plans. All voted in favor of the motion.

Mayor Ferrazzano told the Council there was a meeting this morning with some of the school officials. He feels that after the discussions, the option left is exploring the possibility of the school district purchasing the gym because we are too far apart on the amount of the lease terms. Mayor Ferrazzano does not feel the school district is willing to pay what the City needs to break even. Byrne said the School may be interested in buying a portion of the building and expenses like utilities and other things will need to be worked. Mayor Ferrazzano noted that 73% of the VMC is used by the school in coordination with their athletic activities. They would purchase that part of the building and then when it comes to other bills such as utilities, they would pay 73% of the cost. Arvizu asked where this fits in with the plans for the school district to build a gym. The School indicated that they would continue to use it as a practice facility. Arvizu is concerned about the part where they buy the facility and then when it comes to making improvements, how would there ever be any control of the improvements you wish to make. Mayor Ferrazzano indicated the City does not have the money to improve the facility for their needs. He said there is a general list of what improvements the school district would like to make and something could be put into the purchase agreement that has a timeline of when things needs to be accomplished. Chukuske asked how they would go about selling a portion of the building. Koopman stated that those are areas that still need to be resolved and is more of a legal question. She said they left it that if there are improvements to be made, if they assume the ownership, they would make whatever improvements were necessary or that they wanted in what manner they wish. If there are improvements such as a new roof over the gym, that would be their cost 100%. But on something like replacing the boilers, the cost would have to be put on a percentage basis. Mayor Ferrazzano's recommendation is to sell it to them. Chukuske felt the committee should decide how they are going to sell that part of the building, what the cost is going to be and what the terms are going to be and bring that back to the Council. Koopman understands the parts they would be interested in are the gym, the upstairs old kitchen area, and all locker rooms. Stobb says with them having to buy part of the building, paying utilities and making improvements, why can't there be a long term lease at just cost. Koopman stated that is what she told them. The City does not expect to make money, but just break even with the cost. Koopman identified another problem involving the agreement we have with those who donated towards the new floor. If they donated towards the floor, they can rent the facility for half price and that would somehow have to be incorporated in this agreement. Mayor Ferrazzano told Stobb he understands his logic, and would be nice if the school district would realize that. Koopman explained to the school district that the City's spending practices are changing and that they have to change and cannot continue to afford "to give away the farm" as we have done in the past with the

obligations the City now has to face. Rettmer feels there are too many unanswered questions and has no idea of how this could all be done. Chukuske feels there are more than two options, lease or sell. He feels there is the option that the City does not lease it to them at all. Mayor Ferrazzano indicated that there has to be something done because the present lease has expired. There could be a lease from month to month until things are settled and the lease should be the same until things are finally settled. Chukuske suggested the City decide and put in writing what we want for a lease, what we want if we would sell to them, and do nothing and they do not have the facility. That gives them three choices. Mayor Ferrazzano agreed there are only so many things that could be done and Chukuske as distinctly put the options down. Within the options there can be negotiations. Stobb suggested a long term lease, annually renewable or the chance for either side to get out, with a year's notice and that lease to be at cost, whatever the cost is per year. Koopman said documentation would be provided to support any type of billing. Koopman will contact the school and notify them that the City agrees to a short term lease through November 15, 2006 at a rate of \$600 per month to allow for time to resolve these issues. Mayor Ferrazzano asked Koopman to set up a meeting with them the beginning of next month.

Motion by Stobb, seconded by Chukuske to approve the appointment of Willis Wendland to the Hospital Board to represent the Balaton area. All voted in favor of the motion.

The Consent Calendar contained the following: Monthly Financial Report, Municipal Accounts Payable and Hospital Board minutes for June 21, 2006. Motion by Byrne, seconded by Chukuske to adopt the Consent Calendar. All voted in favor of the motion.

Arvizu reported the Splash Party at the Tracy Aquatic Center on July 23 was very successful. Approximately 437 individuals attended and everyone had a great time. This was sponsored by the City of Tracy and the Fine Arts Council.

Motion by Chukuske, seconded by Byrne to adjourn the meeting at 7:20 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

August 14, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 14, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T Byrne, J. Arvizu, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Snyder to approve the minutes for July 24, 2006 as written. All voted in favor of the motion.

Added to the agenda was 9-A Highline Road Bike Trail. Motion by Rettmer, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Included in the agenda packet is the revised lease for the VMC. After the last meeting, Koopman contacted Mr. Marlette and informed him that the City would lease the facility to the School until November 15, 2006 for \$600 per month to allow time to work out the lease. Mr. Marlette said the school would lease the facility for \$12,000 per year even though they were not happy about the amount. Also, they expected the City to make the following improvements/changes: replace time clocks, fix the roof, fix the floor, replace the shower heads in the locker rooms, if Blood Mobile was scheduled on the same day as practice, it would have to be completed before practice began so the school could use the facility for practice, and move the Clothing Center out of the basement so they could use that space for their weight room. The VMC Committee had a brief meeting following the article in the Headlight Herald. It was the consensus that the City would offer them a ten-year lease with the first two years set at \$12,000 and the remaining years based on a percentage of the utilities; in turn the City would agree to the improvements they requested, but would require a year to make changes in the Blood Mobile schedule and moving the Clothing Center. If the School was only interested in a two or three-year lease, the City would not be able to make the improvements they requested. Marlette said they were only interested in a two-year lease. The lease agreement presented does not include that the City furnishes time clocks. Koopman said the School Board would be considering this lease at their meeting tonight.

Motion by Byrne, seconded by Snyder to approve the lease for the use of the Veteran's Memorial Center between the City of Tracy and Independent School District #417. All voted in favor of the motion.

Koopman presented Ordinance No. 300 – an ordinance establishing minimum maintenance standards for all structures and premises in the City of Tracy, Minnesota. She said this will establish some standards for the Planning Commission's painting project. The Planning Commission has budgeted \$5000 to make exterior paint available to the residents that cannot afford it. The Planning Commission spent considerable time on this ordinance to help bring properties up code. One area that the Council needs to be aware of is Page 4, Item J. "Swimming Pools." This states that any private swimming pools, hot tubs and spas which contain water more than 18 inches in depth shall be completely surrounded by a fence or barrier at least 48 inches in height. As an alternative to such a fence or barrier, the pool, hot tub or spa may be covered with a cover over the water surface which shall be firmly affixed when the pool, tub or spa when not in use; such as a cover shall cover the entire water surface, shall be affixed so as not to blow off, and shall be capable of preventing a 40 pound load from immersion or puncturing the cover. Koopman cautioned the Council if they adopt this section they need to be prepared to enforce this. Nielsen said there is a provision in the Zoning ordinance that pools are allowed but it is required that a 5 foot fence be placed around it. What is included in this ordinance are requirements from the International Maintenance Code for safety reasons. No matter what is decided, the police department and other officials need guidance of what needs to be enforced. Nielsen said that it does not take much water for a child to drown. Rettmer asked if it was within the City's right to dictate what residents do on their private property. Stobb also had reservations on how much the City can dictate what the residents can and cannot do in this area. He suggested that since the swimming season is just about over and the residents will be draining those pools as the kids go back to school, to leave this in the ordinance and perhaps, in the spring, give the citizens fair warning and if they intend to have these pools, the regulations will be

enforced. Koopman also noted that a date is needed on Page 5 in the Section on Prohibited Types of Fencing. Motion by Byrne, seconded by Snyder to refer this ordinance back to the Planning Commission for a definition of pools and also to fill in a date regarding fencing. All voted in favor of the motion.

Koopman presented Ordinance No. 301 – an ordinance amending City Code Section 3.10, LAND USE REGULATIONS. Subd. 4-D, if approved Part 6-A will read “Every lot of record platted after January 18, 1968 on which a one (1) or two (2) family dwelling is erected shall contain an area of not less than 12,000 square feet. For lots on which three (3) or four (4) family dwellings are erected, 2,000 additional square feet shall be provided for each dwelling unit in excess of two (2).” This would allow for dwellings to be placed on 50 foot lots if the setbacks are met. Motion by Snyder, seconded by Byrne to waive the first reading and set the second reading at a public hearing at 6:45 p.m. on August 28, 2006. All voted in favor of the motion.

Chief Hillger asked the Council for any questions regarding the Activity Report. He told the Council that Edison Dengler has accepted a position with the Pipestone County Sheriff Department. He has received requests from nine individuals for applications for the open position on the Tracy Police Department. One Lyon County deputy will be helping during the Box Car Days weekend.

Robinson reported the diseased Elm Trees were marked in early July and the cutting has started in early August. Public Works spent considerable time at Sebastian Park installing sidewalks and cement pad and the bathroom is nearing completion. The Aquatic Center has been operating properly with only a couple minor punch list items remaining and Robinson will be contacting the Engineers for a final inspection. Time has been spent working with the lift station that serves Eastview Addition and this station will need a re-build if more services are connected. There was a water main break on Elm St. in July and also a mainline gate valve break on Elm St. The water tower has been cleaned on the exterior and asphalt patching was done in July. There was a power outage in late July affecting the City’s well field and the standby generators took over efficiently. The department repaired a collapsed catch basin on County Road 11 in conjunction with the County. Weeds in the right of ways have been sprayed. DeSmith and Schroeder have been putting in new pistons, pushrods, bearings, etc. in the fire department tanker truck. The other tanker has been overheating and they have been repairing that one as well. Robinson will receive a quote from S.E.H. Engineering for an asphalt management plan to evaluate all streets and prioritize repairs.

Head Librarian, Jamie Verdeck reported that the roof at the Library leaks at times in the area where the two buildings are connected. The roof was repaired last summer and still under warranty so have called Gary Garrels and reported this to him. Also the windows are getting damp when it rains. Verdeck said the afternoon Story Hour did not go over well because daycare providers usually have the kids take naps in the afternoon. January was slow at the library but now has been busy with being open an additional hour each day.

Koopman report that during the month of July, she was only in the office eight days. There was one holiday, six days vacation and five days for two different conferences. While at work, she attended 2 VMC lease meetings; 2 City Council meetings; Hospital Advisory Board, Hospital Safety Meeting, worked at the SV Health Fair, Cemetery Commission, Pool Committee and Downtown Revitalization Committee meeting. A budget memo was prepared and budget sheets were distributed to the department heads for their 2007 budget requests. Time was also spent on finalizing the Maintenance Code Ordinance.

David Spencer told the Council he feels there is a cheaper way to go about replacing water meters and at this time he feels that the City cannot afford to go ahead with the Electronic Water Meter Program in its entirety. He feels any water meter problems can be corrected by replacing the large meters and the old ones that never got replaced. Stobb asked Spencer if he was suggesting that the 90+ meters are the problem because of their age. He feels the Hersey meters are still working but does not know if there are accurate without testing them. The old 4 inch compound meters and the larger meters are not working and all about the same age. Rettmer said she was in a quandary at looking at the memos as the City Works Director is telling the Council there are meters that need to be replaced and losing some 23 million gallons of water per year. She understands Robinson’s report and is in agreement with most of it, but then there is the report from Spencer who bills the

water and Robinson works with the water, and so who has the expertise. Byrne felt that Spencer is letting the Council know what the best bang is for the buck and not denying that replacing the meters with the electronic, in the long run, would not be better for the City but because of the cost, he does not see this as a big emergency. Robinson agrees that maybe the City cannot afford to do it all now and this plan would be the best plan for now. Spencer felt they are going to be throwing 800 meters that are working fine. Rettmer asked how he knows there are 800 meters that are working properly. He says it is because of the type of meter they are and they are not as old as the rest. There are some that are older, but if there are dead meters, we find them and change them out. If they are running slow, we cannot test them. In the past 33 years, he could not remember ten meters that were off by more than 5% after being tested, unless that were a dead meter. The 5% is well within the industry standards. He believes the large meters are running slow as they will not work on slow flow.

Robinson told the Council that he started working with meters in 1983 for the City of Worthington and replaced thousands of meters. Robinson said he has proof that the regular residential meters are slow as they have sent in random meters into a certified test bench and it is coming back that they are 81% and 82% accurate. Those are the best meters. Robinson said, looking at past records, in 1975 through 1981, there was a big meter push here. Newest meters are from the 70's and 80's. A good meter program changes the meters out every ten years. Both water and sewer bills are based off water meter reads and accuracy. Of those that did not get replaced, the Liquor Store has one that was put in 1934 and still in operation. Tracy has approximately 973 residential $\frac{3}{4}$ inch meters and 43 meters one-inch or larger. As meters age they do nothing but run slower and they cannot run faster as it is all gear driven. The life of the water meter depends on the water quality but is generally considered to be 10-15 years to maintain accuracy. AWWA standards are 98.9% to 101% is a legal meter. Robinson feels it is only fair to the customer and the City that accurate meters are in service. Right now the Public Works is replacing dead meters with old meters. Water loss is something every utility manager watches closely so you want the smallest percentage of loss possible. It costs money to produce water, chemicals, electricity, etc. Industry standard is 10% or less for loss and the City of Tracy is to prepare and submit a Water Emergency and Conservation Plan to the MnDNR. There are several steps that need to be taken for corrective action if there is over 10% unaccounted for water. The first step is accurate metering and leak detection. Robinson said the loss from main breaks and hydrant flushing is a small percentage. Robinson feels the majority of the City's loss is from old, slow meters and distribution system leaks. The distribution system leaks are found by having a leak survey performed and then repairing the leaks. This meter water loss is corrected by replacing the meters. Robinson stated that in the past, water systems would have a "test bench" and would test and recalibrate water meters, but this takes a large inventory of parts and a large amount of labor to run a test bench. Trying to fix or repair old water meters is not feasible or practical and at this time, most cities throw away the old meters and install new meters. In order to have a test bench you would have to have someone certified to operate it. Then to run the test bench, you go one-quarter gallon per minute, seven gallons per minute and fifteen gallons per minute. To run that test through an old meter, takes approximately one hour and a large inventory of parts to repair that meter and then run another test bench. Robinson said he checked with vendors and suppliers and they have not sold test benches in about twenty years.

Water loss is determined by taking the number of gallons of water that are produced from the water plant and then Spencer figures out how many gallons were billed. These numbers have to be submitted to the DNR by February 15 of each year. Total water loss for 2004 was 28,406,100 gallons or 27.4% loss. The total monetary loss is \$113,625 for 2004. In 2005 total water loss was 23,909,800 gallons or 23.1% loss with lost revenue of about \$99,636. Stobb said it would be interesting to look at more years but in the time from 2004 to 2005, we had meters getting older, yet the water loss was less in 2005 than in 2004. Robinson said the reason for that is that the water plant was rehabilitated and put in all new media and diffusers in our filters and this was done in house. It took less gallons of backwash. There are some meters at the wells that are pre-lube and figured that those were also unbilled. Spencer said that when they started the water project from the towers, etc. the engineers did studies and at that time and found that it was running 35% to 38%. Stobb felt that from these figures it was hard to blame it all on the meters. Robinson said that is why one of the steps that needs to be taken is to do a leak survey. A firm comes out and hooks up computer listening devices to each and every hydrant. A lot of the leaks come from the hydrants and the list of hydrants that need to be replaced is because they are leaking. Snyder asked if the meters we have could be replaced with like meters instead of the electronic kind. Robinson said there was a business

in town that went through just about 1 million gallons of water and looking at a \$4,000 water bill. There was another this spring that went through one-half million gallons of water. When you read your own meter, you can go without reading for months and write down what ever you want. When you do have a leak or your water softener is stuck in the regeneration cycle or you have a leak someplace, all of a sudden there is this large water bill. The new trend in meters is that they figure in every 24-hour period there is a two hour period where there is no water moving. When you go around and pick up these reads, it throws an alarm and identifies which property is leaking. You notify the resident that they have a leak and catch these large bills and would not have this huge leak that has been at your house. There are instances where residents are caught tampering with their meters. The newer meters have technology that takes care of those problems. Robinson explained the meter has a small box above it that sends out a radio signal that is constantly putting out the reading, so the Utilities Department can read the meter by driving by the residence. These meters would be read once a month. Stobb asked if they were battery powered. Robinson answered that they are and the batteries are guaranteed for ten years and the life expectancy is thirteen to eighteen years. Once the battery is gone, that meter has served its useful life and the meter would be replaced to maintain high accuracy.

Mayor Ferrazzano questioned what we do if someone does not read their meter. Spencer said their bill is estimated for two months and if they have not turned in a reading by the third month, then someone is sent to read their meter and \$5.00 is charged for the estimate and then \$10.00 for someone to be sent out to read their meter. Mayor Ferrazzano also asked what is done if meter readings that do not seem to be right are received. Spencer said those meters are dead and easy to pick up. Schultz is sent out to replace the meter and typically there are times when the meters do not match up and then a meter check is done to make sure the resident read the meter right and if it is right, the bill is sent out. Mayor Ferrazzano asked what is done in the situation where it is apparent the meter is running slow and their bill is very minimal. Spencer said there are residents that use so very little water and then you are back to the slow flow issue. Spencer said there are two instances since he started working here where someone went out to read all the meters in the City and both times there were about twelve people that were fudging on their water bill, some admitted to it when they seen the notice that this was going to be done and then there were some that were fudging the other way also.

Robinson indicated there is a dead meter at the hospital right now and that was installed in 1959 and no longer find parts for repair. Robinson said it is his job to point out as utility manager, and tell you the problems that the City is having with the utilities. He said he is trying to get the City back to industry standards so that it does not continue to go backwards. Robinson said there are many systems and methods that have gone over the years. Robinson feels that radio read is the way to go and he has done extensive researches on the Internet and has gone through the lists of cities with many positive responses. Radio read is a good tool for customer relations and takes time to make change such as this. Stobb asked if he had this type of meter, he receives a bill for X number of gallons and my bill is \$120 and feel that this is not correct, is there information on the bill that could be compared to a dial on the electronic meter to see that I really did use that much water. Robinson indicated there is still numbers on the meter and dial that goes around and the only change is sending a radio signal out. Eventually it will be possible for you to pay your bill on line. Stobb asked if a new meter that is not electronic could be converted to be electronic. Robinson said you have to start with radio read meters. Rettmer asked if this could be done a section at a time. Robinson said there is a big problem with the large meters and there is a lot of loss there. After sampling random household meters, they are very slow. Robinson said the large meters would be replaced first and then replaced the meters on sections of the town on radio read next. Rettmer asked if it was something that needed to be done within the year or could a little at a time as it could be afforded. Robinson said that this could be done, as it is his goal that it this project would take at least a year. He budgeted for an extra \$10,000 in Utilities for part-time help to help with this project, but the Public Works would be changing these out.

Koopman said part of the reason this was added to the agenda tonight is because according the companies that Robinson has been in contact with they have indicated there are going to be experiencing a price increase effective tomorrow that would affect the City in the area of \$15,000 to \$20,000. Even talking about doing it in sections, which is what would have to be done, the intent at this meeting, if the City would go this route, would be to purchase them all now to save that

\$15,000 to \$20,000. Rettmer feels the fire hydrant problem should be resolved first as the City does not have proper fire protection. Robinson recommended even doing part of the program would be better than doing nothing. He needs to know that if they chose to do it in sections, what technology do they want to start with, basic or radio read meters? Byrne questioned if we could afford to spend \$176,000 to buy all the meters at one time or purchase as many as we can afford not and lose saving \$15,000 to \$20,000. Arvizu said there would also be loss in capturing income until all meters are replaced. Rettmer asked it all comes down to the question of where is the money going to come from? She does not feel it is right to borrow money from the Utility Fund and should not be borrowing money from other funds. Byrne said it is the Utility Fund and that is what it is supposed to be used for. He said the reason they are borrowing from that fund is because the money will be returned when the bond process is completed. Spencer told the Council that by the end of next year, they would be in the hole.

Robinson said that all the hydrants, valves, meters replacement and Central Livestock project were all to be part of one bond issue. The City has been struggling with the Central Livestock ditch going through there and this has held everything else up. Also included were the water plant controls, filter rehab and when they did not get the bond, those moneys came directly from the Utility Fund and has run it low. If the bond would have been in place and everything had gone as it should, the Utility Fund would not have been run low. Rettmer asked what the total amounts for the bond was supposed to be. Koopman indicated that when the total package was presented to the Council in September 2005 and at that time the Council agreed to it. The problem is that since 2005 they did proceed as there was no recourse to do the control panels which has been financed 100% by the Utility Fund. We no longer can make that a part of this bond issue because we did not adopt a resolution declaring our intent to reimburse ourselves for it. So this is something that the Utility Fund will have to eat because we can no longer reimburse ourselves. If they plan to proceed with the acquisition of these meters and if the Utility Fund is to be reimbursed once the bond is issued, the Council has to adopt a declaration resolution and follow that procedure. Rettmer asked what kind of bond amount is needed. Robinson said it was \$800,000 that includes Central Livestock project and cleaning up all the utility problems. Since then the controls have been fixed at a cost of \$80,000 and filter rehab was at a cost of \$40,000. So those amounts have been removed from the total of that projected bond. Rettmer said they have \$176,000 for the water meter program, \$36,000 for the water valve project, and \$36,500 for the fire hydrant project. Mayor Ferrazzano asked what the Utility Fund was at now. Koopman said there is \$309,000. Spencer said that is exactly what is to be transferred out of there this year and the City would be living on the money that would be taken in. Snyder is concerned that if they decide to buy all the meters now they would deplete the fund and there would be nothing left in case of an emergency. Robinson said that when the ponds are rehabilitated, it will be a lot more money that what is in the Utility Fund. Byrne said that if this project was bonded for, that would alleviate the problem of the money in the Utility Fund in the sense of "living on fumes". Spencer said there are other things that need to be looked at also, later in the agenda there is an additional funding of \$65,000 being asked for in next year's budget. He explained that the water rate hike that has already been put in place is gone. This has to stop somewhere or another utility rate hike would be needed next year. Koopman said a rate increase would be needed regardless. Spencer said the initial rate hike was to fund the \$800,000 bond. Stobb felt they are in danger of putting themselves in a bad spot with doing this project all at once. It sounds good to say they are saving the \$15,000 to \$20,000 but on a project that is \$176,000 just in material with no labor that is not a big percent. Stobb believes they should start an electronic meter program, but would personally rather do it a little at a time. Rettmer feels that hydrant repair should take precedence over the meter project. Mayor Ferrazzano said that they cannot afford this whole project so feels they should replace the ones that do not work and then get the next oldest replaced. He does not want to see the Utility Fund down to zero and the City living off what is collected. Stobb asked Spencer what they could afford now to put into new meters. Spencer feels that most of the problem would be taken care of by changing out all meters over one inch. This will then start showing up in the utility bills. If not, continue on with the program. Robinson said this would probably include about fifty meters. The cost for a one inch meter would be \$250 and a four inch compound meter is \$2,600. Compound meters are the type the hospital would have because their flows vary from high to low. The Badger-Orion Start up includes lap top, software, cables, antennas, on-site training for \$23,447.40 and includes 90 residential meters. Mayor Ferrazzano asked Spencer if they spent \$46,000 on meters, \$36,000 on the faulty valves and \$36,000 for hydrants. Spencer feels the hydrants are a safety issue. Spencer asked what the cost would be for a head if that needed

to be swapped out at a later day. Robinson does not have an exact amount but would cost almost the same as a new meter. Snyder knew that this was true from experience at another job. Robinson said another option is put in all the large meters and do not start electronically reading them for a few years and they would be read direct like the meters are now. After the funds are built up again, start putting in more meters and then buy the software. Robinson said that most all towns read the meters in gallons. The towns that read cubic feet, like Tracy are towns that used to have Northern States or gas company that owned them. People get confused by units of cubic feet. There are very few towns that do that anymore and now is the time when it can be changed to gallons. This does not cost anymore. Spencer said this would require a few more rate tables for water and sewer on the computer and don't think this would be an issue. This may involve some changes in the ordinance as far as rates. Motion by Byrne, seconded by Stobb to repair the fire hydrants at the estimated cost and replace the 45 to 50 one inch or larger meters and purchase the Start Up kit. He figures this would cost between \$70,000 and \$76,000. This way the money can be incorporated into the bond and replace the money to the Utility Fund. Mayor Ferrazzano suggested with the 90 residential meters that would be received, the Public Works Department would decide where they go. All voted in favor of the motion.

Motion by Snyder, seconded by Byrne to adopt A resolution establishing procedures relating to compliance with the reimbursements bond regulations under the Internal Revenue Code. All voted in favor of the motion. (Res. No. 2006-14)

Motion by Snyder, seconded by Stobb to adopt the Declaration of Official Intent. All voted in favor of the motion.

Motion by Stobb, seconded by Rettmer to approve the Election Judges Slate for the Primary Election on September 12, 2006. All voted in favor of the motion.

Motion by Byrne, seconded by Stobb to approve the request from the Tracy Area Chamber of Commerce for an additional liquor license for the sale of non-intoxicating malt liquors for Friday, September 1 through Monday, September 4th for the Bull Riding Event being held on the Midstate Equipment Consignment Service, inc. property along Highway 14. All voted in favor of the motion.

Motion by Snyder, seconded by Rettmer to adopt a resolution approving increase in pledged securities at Minnwest Bank South. All voted in favor of the motion. (Res. No. 2006-15)

Motion by Byrne, seconded by Snyder to adopt a resolution accepting an offer extended by the Federal Aviation Administration for and on behalf of the United States in connection with airport development project no. 3-27-0102-05-06 and authorizing the clerk/administrator of the City of Tracy to sign an acceptance of said offer as contained in the grant agreement pertaining thereto with corrections to read "WHEREAS, the City of Tracy has previously applied for a grant from the United States..." All voted in favor of the motion. (Res. No. 2006-16)

The Consent Calendar contained the following: Firemen's Relief Association minutes for June 19 and July 10, 2006, Cemetery Commission minutes for July 13, 2006, Economic Development Authority minutes for July 7, 2006, Municipal Accounts Payable and Monthly Financial Report. Motion by Byrne, seconded by Rettmer to adopt the Consent Calendar. All voted in favor of the motion.

Rettmer asked the Council to reconsider the decision to go ahead with the Highline Road Bike Trail if the County agreed to spread the cost of this project over a two year period at the cost not to exceed \$85,000 and the option to withdraw their decision if the cost was over \$85,000. Even if the estimate does not come in over \$85,000, she feels that the Council should not be obligating the taxpayers to fork over that kind of money for the few people that want to bike or walk there. The factor for the Highline Bike Trail was for safety, but if people to choose to walk or bike on that road, they can do at their own risk. Rettmer received information that the County would be adding a six to eight foot shoulder on that road. Rettmer feels they have other concerns that need to be taken care of before spending \$85,000 for this project. Koopman will check with the County to verify their plans for adding shoulders to Highline Road. This will be discussed at the next Council meeting August 28, 2006.

Koopman started with Department Head Budget Requests. Page one is Dept 411 Mayor and Council. It is primarily the same budget as last year with the exception for the Council's consideration; increase the base pay for Mayor and City Council which would be an increase of \$50 per year. The meeting rate of \$20 and \$25 would remain the same.

There will be no nothing for Dept 412 Election as there will not be any election in 2007.

Koopman said Administration as well as other all budgets is not going to have salaries or benefits listed as she will include those when she presents the balanced budget at the next meeting. The two primary increases in Dept 413 Administration are under Subscriptions, Memberships and Contributions, which is due to the League of Minnesota Cities annual dues and under Other Contractual Services a slight increase due to the Banyon support that is needed for the computer systems.

They are working on Dept 416 Legal and not sure if there will be something by the next meeting and if not by the September 11 meeting at least have a figure to put in there.

Dept 417 Economic Development, Gervais has salaries listed here; those salaries do represent a 3% increase. Otherwise there are no major changes in the EDA budget.

Robinson for Dept 431 Street and Parks has requested a 25% increase in part time wages due to the need for extra help in the spring when the department is the busiest. Office Supplies reflects an increase of 10% for rising cost of supplies. Maintenance and Repair Equipment shows an increase of 25% due to tires on grader, salt truck and jet truck. Also the ageing fleet of equipment is breaking more often and parts are rising in cost. Maintenance and Repair Building up 10% to reflect increase in material prices. Maintenance and Repair other reflects increase of 36% due to increase in asphalt patching, cement, gravel, shop supplies, tools, curb and gutter repairs, catch basin repairs, etc. This also includes wood chips for Sebastian Park play equipment and Ago-lime for the ball fields. Communications – Telephone shows an increase of 40% due to the need for phone system and wireless Internet. All the faxes, Gopher One locates and online services on are on one phone line and locates and faxes are missed due to one busy line.

Robinson lists requests for Dept 462 Airport include airport mower repairs and fuel pump repairs, and asphalt inside of four hangars.

For Dept 492 Utilities, Robinson requests \$10,000 for temporary and part time wages, \$20,000 for the clarifier and aerator in the water plant to be taken down and inspected and will probably require parts and repairs. There is a request for \$4,000 Building Maintenance and Repair to repair a roof leak in the water plant, epoxy paint needed to paint filters and piping, a door opener on the large door at the water plant and to rehab the bathroom at the City shop. Robinson does not know if the \$60,000 request is enough for the cost of utilities as in 2005, the cost of utilities was \$56,693.

Dept 433 Infrastructure requests include \$42,625 for ½ the bike trail and \$80,000 for seal coat and crack fill for 30 blocks.

For the library Verdeck indicated the communication network for Plum Creek Library system is experiencing problems and they have hired a team to analyze different computer programs for the system. At this time there is no estimate of what this would cost the Tracy Library. The library has received grants in the past, but Verdeck said they will not be receiving this money next year unless some changes in the state legislation.

Koopman said the major increase for Dept 422 Museum – St. Marks is for utilities and they are requesting \$2,300.

Koopman told the Council other departments show only minor changes. She will prepare a balanced budget by the next Council meeting on September 11, 2006 as the preliminary budget needs to be certified by September 15, 2006. Then the Council would have until December to finalize the 2007 budget. Rettmer asked if it would be possible to have a work session after the preliminary is complete. Koopman said this would be possible if the Council wishes to do that.

Motion by Byrne, seconded by Stobb to adjourn the meeting at 8:30 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

August 28, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 28, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, B. Chukuske, C. Snyder and R. Stobb. Absent was J. Arvizu. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Rettmer to approve the minutes for August 14, 2006 as written. All voted in favor of the motion.

Added to the agenda by Rettmer was 10-C Liquor Store Patio. Motion by Byrne, seconded by Chukuske to approve the agenda as revised. All voted in favor of the motion.

A Pavement Management Program was submitted by Short Elliott Hendrickson, Inc. for the engineers to actually prepare a five year plan to assist the City with managing future roadway improvements. Koopman said that once the plan is complete, she would meet with financial consultants and develop a method to pay for these improvements. A street project has not been done since 2002 and it is very evident there are certain streets that need to be addressed in the very near future. She felt it would not only be a good plan to address the present needs, but also the future needs and decide what the best strategy would be to pay for that, so that a constant levy could be maintained and not fluctuate up and down. Byrne asked where the \$9400 for this plan would come from. Koopman indicated that it would initially come from the Permanent Improvement Fund, but when a bond issue is done for a street improvement, the fund is then reimbursed for that part. Koopman envisions the first project to be done in 2007 and the plan would be done as soon as possible. Stobb asked if after the plan is created and the first year project is done, is the engineer going to continually at the sixth year and seventh year continue with the plan. Nielsen indicated in the plan it does indicate that after a year is done and then you add another year on the back so that you are always looking five years ahead. Stobb agrees that we need this plan, but is troubled by the engineers are using the City's information as to what they have done on the streets, using the City's personnel and using their eyes to come up with a five year plan. He wonders if they are doing something that the City could do on their own. Stobb said he would be more enthusiastic if the plans included borings and samplings to determine what needs to be done. Robinson feels that he is much stronger in utilities than he is in streets and would like some help with the streets. Robinson said he could determine which streets they want to do or not, but is afraid there are some that can be salvaged and feels this is money well spent. Chukuske asked if engineers were used on the 8th street project. Koopman said she cannot remember what year that was done and who the engineers were. Robinson said the county put in a new storm tile when 8th street was done and it was not compacted properly or engineered properly and that is why there is a dip in that road. Nielsen indicated that this plan would help with the financial also and not just technical engineering. Koopman said this plan is a way to identify the needs and as Robinson states he strength is in utilities and has not had as much experience with streets. With an engineer on board with him would help Robinson to become more familiar with how to identify the needs and yet, would allow for the City to prepare at least for a five year period. As we progress, at the end of that time, Robinson will have gained enough knowledge that he would feel comfortable doing it in house also. Motion by Rettmer, seconded by Byrne to accept the Pavement Management Program as presented by SEH engineers. Koopman said that Nielsen had pointed out there is one provision in the agreement that he would like to see deleted in the third paragraph, page 8, which more or less relieves them of liability and in previous agreements we have asked to have that deleted and they have done so. She indicated the plan can be approved contingent on the removal of that paragraph. Rettmer amended the motion to have that paragraph omitted. Stobb indicated that in the first paragraph on the same page talks about additional services and if they are needed at an hourly rate. He indicated that most of the other proposals have been have had a not to exceed, but this leaves that door open for further charges. Koopman suggested they could have this reworded to state that a cost not to exceed \$9400 without City Council approval. The second amendment to the motion would be to change paragraph 1, page 8 to state that the fee will not exceed \$9400 without the City Council's approval. This was seconded by Byrne. All voted in favor of the motion.

At 6:45 a public hearing was held on Ordinance No. 300 an ordinance amending City Code Section 3.10, LAND USE REGULATIONS. Motion by Snyder, seconded by Chukuske to adopt Ordinance

No. 300. All voted in favor of the motion.

Rick Nordahl, CEO Sioux Valley Tracy Medical Center, requested funding for Hospital Improvements. Because of a moisture problem and a reactive problem between the glue and the cement or sealer, the glue continues to seep up through the space between the floor tiles. This has become an unsightly problem in the patient rooms. Normally the floors would need to be buffed on a monthly basis, but because of this problem the glue has to be scraped clean and then the floors buffed on a weekly basis. Nordahl has discussed this with the Hospital Board and they have recommended to the Council that funding be obtained to replace these floors with commercial grade flooring for hospitals. The cost is estimated to be \$30,000 for fifteen rooms. This would be a no wax and no buff flooring. Because of decreased maintenance, there would be substantial and rapid payback. Rettmer asked what the process would be to get rid of the glue. Nordahl said they would have to completely remove the glue and clean the cement. Mayor Ferrazzano asked if the installer was contacted and what they said about the problem. Nordahl was told they would have to get rid of the moisture but the reactive problem would still be there unless the flooring and glue was removed. Rettmer asked if any reimbursement from the previous installer would be possible. Nordahl indicated the hospital had never tested for moisture and the installer did not feel the reaction was their fault. Motion by Byrne, seconded by Stobb to approve funding of \$30,000 to replace flooring in the hospital patient rooms. All voted in favor of the motion.

Motion by Chukuske, seconded by Byrne to approve a request from the Tracy Fire Department, Tracy Ambulance and Eagles Club to waive any fees regarding picnic tables and the Veterans Memorial Center needed for the Ryan Grunden Benefit to be held on Saturday, September 16, 2006. Also requested was to be able to close off part of the alley and parking lot to the south and east of the Eagles Club to set up tables. All voted in favor of the motion.

Mark Evers, as a Tracy business owner and representative of the Tracy Chamber of Commerce was present to express support of Robert Gervais position as a full time EDA Director. Seth's Two Cents Worth article of last week brought us all back to the time of hitching posts, ice boxes, silent movies and Model-Ts. Evers stated that Gervais continually has asked everyone to think about five, ten, twenty years into the future and to ask ourselves where we want Tracy to be at. Evers said it was frustrating for him the past couple weeks listening to the issues of inoperable fire hydrants and slow running water meters. He feels those are things that have not taken so long to get the attention of the community. He said the City needs to act more proactively as a community. Many sit on boards and committees and it is hard to think into the future when there are so many current issues that need to be discussed in a few hours in each meeting. The community has to set goals and create a "to-do" list. Suddenly a quick fix is needed on a short budget and funds are pulled from here and there to get by. Gervais has a game plan and been pushing for new housing developments for the past four years without much support. Evers said there is always the need for budget cuts and there is the need be smart on where to spend the funds that are available. He feels all the ideas brought to the Council by Gervais have income potential. Gervais is a great asset to the City and to consider cutting that position in half, which some of the Council members want to happen, he shakes his head. He cannot imagine there are some in the community that do not want good things to happen for the City such as hospitals and schools to do well, for population to grow and for businesses to expand. These things can and will happen if Gervais is allowed to do his job and get support from the Council as the Council is the voice of the people and businesses in Tracy.

Gervais requested authorization to secure bids to demolish the structure at 58 Morgan Street. Gervais said 62 Morgan Street has also been recently acquired. At the next EDA meeting he will be requesting to move ahead with bids for demolition of that property also. Gervais said funds have been set aside in the Code Enforcement Fund. Gervais indicated that \$20,000 was budgeted last year and \$20,000 this year. Gervais is hoping for a favorable price to do the demolition of both of them at the same time. Motion by Stobb, seconded by Chukuske to authorize bidding for the demolition of 58 Morgan and 62 Morgan once approved by the EDA. All voted in favor of the motion.

Gervais indicated there are two properties, 70 and 72 Morgan remaining. He said they are working with the family at 70 Morgan and have talked with them about trying to relocate. The owners of 72 Morgan live in Marshall and rent this property. The inspection was done a few months ago and was reported this structure was stable at that point, and may be a snag in the whole stretch.

The Consent Calendar contained the following: EDA Minutes for July 21, 28 and August 4, 2006 and Municipal Accounts Payable. Motion by Byrne, seconded by Rettmer to approve the Consent Calendar. All voted in favor of the motion.

Koopman had talked with county engineer and did confirm that they are planning to include six foot shoulders on each side of the Highline Road when they redo it in 2007. The shoulders will be gravel and would be wide enough to accommodate pedestrians or bike traffic. Chukuske indicated that he has been observing that road the last week and there is a lot of pedestrian traffic, despite what some people might think. Stobb feels it would be a safe road with the additional six feet and personally feels that the Council should bow out of the bike path on the Highline Road. Based on this information, Rettmer made a motion to withdraw adding a walking/bike paths on Highline Road since the County will be adding six foot gravel shoulders on Highline Road. Koopman suggested they wait with that motion until the budget is discussed as it will be addressed in the budget process. Rettmer said she would rather make the motion now. Koopman added if it was also something to consider in the future if applications were made for grants to put in a bike path. She said they would not be able to coordinate it with an actual improvement, but if portions could be paid for in grant funds, that is something worth looking at also. This would be three to four years in the future before funding is available. Chukuske seconded the motion. Koopman did not have the exact figures but felt the City's cost \$19,000 for the bike trail was about 20% of the cost. Rettmer feels there are sufficient paths for walkers and bikers. Chukuske felt it would not hurt to apply for grants. Byrne stated he would like to discuss it more at the next meeting also and give the public a chance to comment on this issue before a final decision is made. Gervais said there is another grant available called a "Safe to School Route". This is provided by the Minnesota Department of Transportation and should be another grant application cycle this fall. This provides safe routes to school for kids. Rettmer said maybe they would like to look at providing a path for the kids that is away from the traffic all together. She said that looking at the parking lot at the high school, she can't imagine there is anyone that walks or bikes to school. Gervais said the elementary school would have better look with this grant. Stobb sees the most traffic on Highline Road after school with kids running and walking. Nielsen said that in consideration of parliamentary procedure, this has already been decided before there would be money put up for this project and now the Council is reversing what was done before. He said that not anybody can introduce that motion. It has to be made by someone that was on the favorable side of the other motion or the individual that actually introduced that previous motion. Rettmer indicated that she was in favor of the motion when they put in the option that the City could bow out if they wanted to. Nielsen indicated that it is up to the Mayor to decide if the motion can be made. Mayor Ferrazzano accepted the previous motion by Rettmer to bow out and not fund the bike path when the County redoes Highline Road. Motion carries with Rettmer, Chukuske, Snyder, Stobb and Mayor Ferrazzano voting aye and Byrne voting nay.

Rettmer said that when they agreed to hire Group II Architects the Council indicated to them that they wanted to get information and plans back so that most of the work that could be done this fall. Koopman said she talked with Ron Halgerson last week because he had assured her by August 23, 2006; he would have everything in final form ready to request bids. The City needed to provide him with a list of contractors. Koopman indicated that Ron Radke had been trying to see her several times as she had asked him to provide her with a list of who he had talked to. She was busy with budget and had her door closed and he was not able to see her. She talked with Radke this morning and a list of contractors was developed and faxed to Group II and now should be able to request bids. Halgerson would allow them one week to compile the bids and by next week should have some indication of what the prices are going to be. Rettmer asked if the numbers would be available to the Council and Koopman said they would be once he gets them to her. Koopman is hoping to have those numbers by September 11, 2006. Rettmer is concerned about the weather changing and not being able to get anything done yet this fall and also about the fact that Group II is also involved in the multi-million dollar project Marshall Public Library. She does not want the liquor store project put in the background while they are working on the multi-million dollar projects. Chukuske feels the same way and thought it was to be started last year. He feels they should find out what Group II is going to do or sever the contract with them and find someone else.

Koopman indicated that she is looking for direction from the Council as to what they would like presented to the County as the preliminary levy. She and Spencer spent a considerable amount of time in her office trying to figure out the best strategy and come to the Council with something we

could live with. Based on a meeting she attended recently with Appletree Insurance, she was informed that there is going to be a 28% increase in health insurance premiums. This is not reflected in the budget the Council has at this point. She met with the employees and reviewed a couple different options. One option the employees agreed to, verbally, is to look at a higher deductible. Currently the deductible is \$1200 and would be looking at \$1850. If the exact coverage were to continue that they previously had, it would increase the General Fund by \$41,000. By going at a higher deductible, the increase would be less.

Koopman noted that the Debt Service Levy equals \$345,000. We have no flexibility when it comes to the Debt Service levy. The General Fund Levy including the increase in health insurance plus the Debt Service would be a total of \$902,803 as presented tonight. This would be an 18.9% increase. With the action of deleting the bike trail, the levy would be reduced. If the \$40,500 for seal coating were included in the next bond issue, we would reduce the levy even further. Some of this will be addressed in the Pavement Management Program prepared by the engineers. The other two areas addressed in the memo included rather than spending the money on an acoustics consultant for the VMC, use that money to buy the scrubber for the municipal building this year and this would reduce expenditures by \$7,500. Also considering the replacement of the police car this year versus waiting till 2008 would reduce the maintenance and repair of equipment by \$3,500. Koopman said the preliminary levy is not cast in stone. What the public sees on their parcel specific notice from the County is not their final figure. Submitting to the County a higher estimate, gives some play room and gives September through December to make a decision on the final levy. Koopman's recommendation is to go with the 18.9% or something in that area and then spend the rest of the time giving some thought to her memo.

Chief Hillger has put together some figures and options for replacement of the police car. Koopman is strongly in favor of the Ford. Koopman said there is money in the Equipment Replacement Fund for this. Stobb asked if the Ford Explorer could be put back in service. Robinson said that DeSmith agrees the Intrepid should go and the Ford Explorer would not be a strong replacement.

Koopman stated that once the final figures are received regarding the Aquatic Center, this will be able to be firmed up. She stated this should occur by the end of September and all receipts should be in as the center will be closing September 3. Rettmer asked if they could request to have those final receipts no later than the 25th of September. Koopman said this would depend on the companies invoicing. Rettmer suggested they call the companies and request invoices.

Koopman is recommending a deletion of a couple of the projects for the airport. One of the biggest issues is the sidewalks. She suggested that the Council consider removing all residential sidewalks in the City unless it is located in the downtown area. Chukuske agrees with this suggestion because most the sidewalks are not in good repair and tree branches hanging over them causing people to walk in the street anyway. He feels that it is unfair to have some residents maintain sidewalks when others do not even have them.

Byrne recommended going with the 18.9%. Koopman did want to prepare the resolution before the next meeting and if that is what the Council wants, that is what the resolution will reflect. Snyder feels the Council should remove their pay increase from the budget also. Stobb feels they should go with the 13.2% since the bike trail has been eliminated. Koopman will present a resolution at the next meeting that would indicate the preliminary levy that would be certified to the County.

Motion by Byrne, seconded by Snyder to adjourn the meeting at 7:30 p.m. All voted in favor of the motion.

ATTEST:

September 11, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 11, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, B. Chukuske, S. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Mayor Ferrazzano asked for a moment of silence to remember those who lost their lives in the terrorist attack on September 11, 2001.

Motion by Chukuske, seconded by Byrne to approve the minutes for August 28, 2006 as written. All voted in favor of the motion.

Added to the agenda was 10-A.1 Russ Stobb Comments. Motion by Chukuske, seconded by Rettmer to approve the agenda as revised. All voted in favor of the motion.

Mayor Ferrazzano asked if there were any questions regarding Ordinance No. 301, an ordinance establishing minimum maintenance standards for all structures and premises in the City of Tracy, Minnesota. Koopman said the section regarding swimming pools has been deleted from the ordinance and the other change regarded the date for fencing compliance. The Planning Commission is recommending that the date be one year from the effective date of this ordinance. Stobb said that for safety reasons to keep the types of fencing allowed as it is. Motion by Byrne, seconded by Chukuske to waive the first reading and set the second reading at a public hearing on September 25, 2006 at 6:45 p.m. All voted in favor of the motion.

Lary Parker was present, representing the Tracy Area Chamber of Commerce to address the Council regarding the full-time EDA position. The majority of the business owners and citizens are in favor of keeping the EDA Director position full-time. They feel that Robert Gervais performs his job 110% every day and will not find anyone with more dedication and have more vision or drive for the City of Tracy. The City of Tracy and its citizens are very fortunate to have someone of his caliber and professionalism working for the city. Gervais does not look at only today's issues and problems but envisions Tracy five, ten, fifteen and twenty years in the future. Gervais professionally and personally wants Tracy to succeed and does not want Tracy to wither away such as the community of Vesta has done. Parker stated that Gervais works very hard regardless if it is someone inquiring about a new business or housing and follows every lead until something happens. He is very active in trying to attract new business entities to Tracy. The community feels that the EDA position needs to remain a full time position in order for the director to perform his duties properly and make sure Tracy does not become another Vesta. The EDA Director's position can be a thankless job because a lot of things have to be thrown against the wall before something sticks. The more things that stick can snowball into new businesses and residents to come to Tracy. This will make the tasks of the Council easier when approving new budgets. Cutting the position to half-time is not a proper pro-business decision for the community of Tracy. The businesses and residents do not feel the EDA Director's position is an expense for the community; rather, it is an investment for the community. Parker asked the City to put aside all personnel feelings and thoughts and make the right pro-business decision by keeping the EDA Director position full-time. Progress in the City is like growing a garden. A garden is reseeded and a City has to reseed business by going after and attracting new ones. A garden needs to be continually worked and nurtured, the same for new businesses or housing projects. Parker, on behalf of the Tracy businesses and residents, thanked the Council for their time and consideration and look forward to the Council making the right decision regarding the EDA Director position.

Radke reported Box Car Days was very good for the liquor store. The inclement weather hurt the off sale but the on sale made up for the difference. Radke reported that bids for the patio should be in by September 14, 2006. Koopman said with them coming in Thursday, there would be a one week delay to get the Council approval. They were to be in today, but there was a glitch in the electrical bid and that caused the delay till September 14, 2006. Mayor Ferrazzano scheduled a special meeting to review the bids for September 18, 2006 at 6 pm. Arvizu asked if a completion date has been put in the specs. Koopman said the reason for no completion date is that everything is not going to be done at once and some work will be done next year. Radke indicated the goal is to get

as much done as possible this fall. Radke would like to get the walls done and the doors and windows in, and concrete work done before the winter weather arrives. Arvizu asked what is going to be done to make sure that the project is completed in a timely manner. Koopman said no contract documents have been drafted that would indicate how payments would be made. Koopman will check with Ron Halgerson and find out what he plans to incorporate regarding completion dates. Chukuske agreed there is a need to be clear regarding the completion date and should have an understanding with whoever gets the bid as to when we expect things to be done. Rettmer asked Koopman if she could call Halgerson and make sure that there is some type of completion date in the bid proposals.

Gervais told the Council that at the last EDA meeting, bids were reviewed for the purchase of Lots 2, 3 and 4, Block 2 in the Eastview Addition, to construct town homes. This was awarded to YM2G (North Star Building Systems, Inc.) as that was the only bid received. They would still need to obtain a special use permit and also have the Eastview residents sign-off on the covenants 100% before they would be able to proceed with that project. Arvizu asked if these lots were tied up until YM2G decided what to do. Gervais said there is an end date of December 31, 2006 for them to take action on it. If they chose to, they would still have to approach the Planning and Zoning Commission to get a special use permit to construct town homes and have the covenant signed off 100%. If they are unable to meet these conditions, then the sale is off. Arvizu asked if they came in and asked to build 3-plexes or were they told that is what we want. Gervais said there are already town homes in place that fall within the covenants and were built before the covenants. Drake Snell originally came to the EDA with the idea. They are not forbidden to go in, but there are hoops to jump through if they are to be built. This would come to the City Council as a recommendation from the Planning and Zoning Commission. Stobb felt that judging by the attendance at the last Planning Commission meeting, he does not feel that they will sign off on the covenants and do not see NorthStar pushing the issue with the situation there right now. Stobb hopes that NorthStar does not have any bad connotation or reputation because of what has happened here. There are some individuals that are upset and do not feel that it is North Star's fault at all.

Gervais said he has had contact with two architectural and engineering firms in regards to potential housing addition developments and will be meeting with them in the next two weeks. Gervais is asking for a sample overview of the two areas indicated along with the Planning and Zoning Commission and also potential cost estimates for infrastructure for those sites as well.

The EDA has granted three requests from the CDBG fund. Those requests have been sent to Western Community Action, who is overseeing the projects for Tracy. They will have to submit an application to WCA and meet those guidelines as well before they are guaranteed.

Gervais indicated they are moving ahead with demolition of property at 58 Morgan St. and have acquired the property at 62 Morgan St. They have let bids to remove both properties. The two properties left in that stretch are 70 and 72 Morgan Street.

The EDA is currently in the process of applying for the new CDBG and there is a public information meeting on Tuesday, September 19 and anybody from the target area is invited to come to the meeting and ask any questions about the application or the process of applying for the money with the grant. The grant has not been awarded and we do not have the money yet. Lisa Onken from Southwest Minnesota Housing Partnership and also Janet Schaffer will present information and the public will have the opportunity to ask questions on the 19th. The 6:00 pm meeting involves the commercial and rental property and the 7:00 pm meeting is for the home-owner occupied. This will be held at the Municipal Building. Gervais asked for the help of the Council on September 20, 2006 to hand deliver a four page lettered survey to every parcel of property in the target area. The Kiwanis, Chamber Board and Lions Club are also interested in helping. If they are home, they can be handed the letter and if not the letter will be left inside their door. The surveys need to be returned by September 27th to the Municipal Building and will become part of the application. Only the people that completed the survey will be eligible to receive grant funds. At that time they will need to fill out an application and do all the necessary paperwork and then qualified applicants will receive funding on a first come, first serve basis. The commercial part should be fairly easy as that encompasses the Central Business District, but the housing part of it includes everything west of Center St. with the exception of a few blocks on Elm, State and East Morgan that are also in the

target area. This area was selected to make the largest impact on the requirements of the grant. The mailing labels have been printed and have them somewhat separated by street.

Gervais told the Council that he received a call today from Kevin Schefer, the president of the DM&E Railroad, as they are planning a trip to Washington D.C. and he asked Gervais if he would be interested in going. They are planning a delegation to go and really hit the expansion project hard with a number of the elected officials and boards. The DM&E will be reimbursing the City for expenses. They were looking for someone with Economic Development background from Minnesota. Gervais will be leaving tomorrow, September 12 and will be returning September 14.

Mayor Ferrazzano asked how the Wellness Center project was going. Gervais said the management contract has been received by Gramstad. Once all the paperwork is signed then things will move forward.

Gervais said the grant application for Tracy Kid's World has gone back to the USDA approximately 1 ½ months ago. Noomen made the final revisions on the application. When he is in Washington, he is hoping he has a chance to talk to Coleman, Gutknecht and Peterson that could help put some pressure on the USDA. The revisions needed were very minor changes.

Arvizu asked if he has had any recent conversations regarding prison beds for Tracy. Gervais has had contact with Coleman and Peterson's office regarding this issue. The Canadian border has issues at times and the Federal government has very few prisons located in the northern part of the United States. Gervais will wait for the election results this fall and probably hit hard again on the prison next spring. Gervais feels that this needs to be started at the State level. He noticed that some of the western counties in Minnesota have started to out source their prisoners to either South Dakota or North Dakota in the last few weeks. Prison beds continue to be a shortage in the state.

Koopman indicated that Robinson has been taking care of a water main break and will present his report at the next meeting.

Koopman stated that she did not have time to prepare a written report. This past month has been very busy with preparation of the budget and election. This will be the first election with the new electronic equipment. It has required quite a bit of training. She has attended the typical meetings she attends on a regular basis along with an Appletree meeting for the health insurance. This year the primary election and certification of the preliminary levy all hit at one time. Koopman said the election judges were trained by Paula VanOverbeke, the County Auditor/Treasurer. Koopman explained the Auto-Mark is a touch screen and does not allow you to cross over for the primary and does not allow you to over vote. Arvizu asked if the City had to pay for this new machine. Koopman explained this machine was acquired through grant funds received by the County through the Help America Vote Act (HAVA) which was federally funded. In Lyon County there were enough townships that joined with cities to reduce the number of machines needed so that the City did not have to pay out any cash. The negative of this is that in future years, the City will have to pay to program this machine each time there is an election.

Motion by Byrne, seconded by Snyder to adopt a resolution approving payment to Central Specialties for work completed on the airport in the amount of \$8,363.19. All voted in favor of the motion. (Res. No. 2006-17)

The Consent Calendar contained the following: EDA minutes for August 11 and 17, 2006, Planning Commission minutes for August 7, 2006 and Municipal Accounts Payable. Motion by Byrne, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Koopman referred to her budget memo that describes additional changes she has recommended for the budget. She said that if they leave the \$40,500 for seal coating in the budget that would cause the preliminary levy increase to be equal to 10.5%. Koopman recommends leaving it in there at this time to give some room to work until before the final levy is certified. The budget has been a challenge this year due to increased costs and revenues not keeping up with expenditures. Rettmer asked if the changes that Koopman recommends take into consideration that the Highline Bike Trail has been cancelled. Koopman stated that it has been removed. Rettmer asked when some kind of

report can be expected regarding the Aquatic Center and how well it did this season. Rettmer would like to see a report regarding attendance and concession. Koopman feels it will be the end of October by the time all the receipts are received and they can start with some of the tabulation such as attendance.

Motion by Snyder, seconded by Byrne to adopt a resolution adopting proposed tax levy with a total levy of \$839,330. Rettmer felt it should be made clear to the public that because we have adopted this levy, there is room to maneuver and the 10.5% is workable until the TNT meeting December 4, 2006, when the Council will decide what the final levy will be. The Council will have a special meeting to go over the budget only and that is where the whittling down will occur. The public should be made aware that it will not be a 10.5% increase. All voted in favor of the previous motion. (Res. No. 2006-18)

The Truth and Taxation hearing will be held December 4, 2006 at 6:30 p.m. If a continuation hearing is needed that would be scheduled for December 11, 2006. That would be part of the regular Council meeting. Koopman said that if the continuation hearing is not needed, then the budget can be adopted on December 11, 2006.

Chukuske asked if there has been any information on the pool litigation. Koopman indicated that she has not heard anything and will check with Coleman and find out if there is anything to report.

Stobb reported that he received a call this weekend from a resident of Tracy. The caller asked Stobb some very pointed questions about decisions that he had made in the past. The caller told Stobb that if he decided to run for City Council, a letter campaign may have to be started against him for his re-election. This angered Stobb. Quite some time ago, Stobb had decided that he would not run for re-election as he has served three terms and put in his time. He was upset that one of the City's residents was making threats and using intimidation to keep him from running. Stobb indicated that if the caller was watching the telecast of the meeting, he will say to him, if he does not file it is because he has put in his three terms. If he does file it is because Stobb feels he still has something to offer the City, but does not want the caller to get away with his intimidation.

Motion by Stobb, seconded by Byrne to adjourn the meeting at 7:15 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

**SPECIAL MEETING
September 18, 2006**

A special meeting of the Tracy City Council was called to order at 6:00 p.m., Monday, September 18, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske and R. Stobb. Absent was C. Snyder. Also present were: F. Nielsen, R. Halgerson, R. Radke and A. Peterson.

Ron Halgerson from Group II Architects gave the Council a copy of the tabulations of the quotations received on September 14, 2006 for the outdoor courtyard project for the Tracy Municipal Liquor Store. Two weeks ago a pre-bid conference was held and met at the Liquor Store. The following bids were received:

Art's Construction	\$62,781.00
Daniels-Peterson Construction	\$71,694.00
Doom & Cuypers	\$78,860.00
Dulas Construction	\$74,000.00
Tri-State General Contracting	\$83,392.00

In the post opening session that Halgerson had with Art Peterson, he asked Peterson to go back and confirm his bid and make sure everything is covered and then the City has an interest in the progress schedule. Peterson got back to Halgerson the following day and he identified that he had reviewed his quotation and forgot to include the material cost for the board insulation. The two exposed walls, one on the chiropractor office and one on the liquor store, will be insulated. Also there was metal fencing that Peterson forgot to include. The value of those materials is \$3,800 and with that included Peterson is requesting the City's consideration of adding that amount to his bid for a total of \$66,581. Halgerson is comfortable with the bids and this does not include the landscape materials installed next spring. Halgerson felt that a budget of \$3,500 to \$4,000 would take care of the trees and plantings. This also does not include restoration of the old store front that still stands. This needs to be examined closer and see make sure it is structurally sound. It needs to be touched up in terms of finishes, with some painting and the center opening with the old door where a metal gate with lock will be placed. There are also some plans to have some grillwork put into the opening to dress it up. Halgerson feels this would also be in the area of \$4,000. Halgerson estimates there is about \$8,000 of work that is not included in this scope. The primary intent for this part was to get the majority of the project scope identified and follow up in the spring. These quotations also do not include furniture, which would be direct purchase of seating tables, umbrellas and those types of things.

Stobb asked if they were anticipating that the bulk of this work could be completed this fall. Peterson felt there is no problem completing the whole project so it could be used in the spring. The cement could be poured now. Byrne asked if he referred to spring as June type of spring so that the spring is clearly identified. Peterson indicated if it is a mild winter, it can be completed in the winter. Rettmer stated they had requested that all the work be done so that all that need to be completed in the spring would be the landscaping. Halgerson feels this is achievable. Rettmer asked when they anticipated that work would begin. Peterson stated the only thing that he had left to do before he starts would be to have the insurance company call and make sure that everything is in place.

Rettmer asked Radke when talking about the dollars that we anticipated, she thought that they had talked about an area of about \$60,000 for this project. Radke stated that is something the Council needs to consider. Rettmer asked if \$60,000 was budgeted. Radke reported that it was hoped that the project would be completed and be able to be used this past summer and generate funds. They were not planning on building it and then paying for it in a year and not being able to use it till the next year. At \$60,000 it was a doable project. Now there has been no use from it, it is being built and no income is being generated from it. Radke stated the only money that is set aside for this project that he knows of is the money the liquor store is generating. Next year it was in the budget not to do a transfer, which is usually \$20,000 to \$40,000. Radke indicated that the Council needs to consider this is going to get done and paid for and does not know if a transfer can go through this year to pay for it. Byrne said that they have to look at paying it off in 2007 and 2008, pay for it up front and then have income come in from liquor store in the meantime. Stobb felt they would have

to front the money from another fund on a short term. Peterson indicated that he would be billing per month for work completed. Halgerson indicated the work would continue until the weather prohibited the work to continue. He also noted that the key is to get the electrical conduit in place, slab work done and start getting the walls and roof edges replaced. The windows, exterior doors and other projects can take place when the weather is not that nice.

Arvizu asked Radke if he was anticipating increased revenue or was this going to be more room for the same customers. Radke anticipates increased revenue. Arvizu indicated that in the past they have borrowed from the Utility Fund but that has been depleted. There is the Hospital Trust Fund. She feels that it would not be paid off in even two years, because the General Fund is used to receiving some of the income from the liquor store. She felt they should consider a three or four year payment plan. Rettmer feels that the Council has been pushing for this to come to fruition and get as much work as possible done this fall and feels they should forge ahead. Byrne feels comfortable in the fact that it is known the liquor store generates revenue and will be able to pay the inner loan out and pay off whether it is three or four years. Arvizu does not feel the quotation from Peterson is that far off and the Council would not want to be put on the "back burner" with this project. Stobb feels that if they approve this tonight it gives Peterson a better chance to have it completed by spring so we can get as much time next year as possible to generate revenue.

Motion by Byrne, seconded by Stobb to award the bid to Art's Construction for \$66,581.00.

Chukuske asked if Peterson would be billing monthly if there is work completed and if there is no work due to weather, then there will be no bill that month. Halgerson stated there will be times when they may not want to install the light fixtures and have them exposed over the winter, Peterson will order the fixtures and store them and bill the City. Rettmer asked Halgerson if he would be the project engineer. Halgerson stated that he would look at the work during the course of construction. Arvizu asked if there is a contract in place that indicates that Halgerson will do this work. Halgerson said that he has given Koopman what his fees are and Group II has been authorized to proceed accordingly. He will make sure that the work is done at a level that is acceptable. It will be in a written contract form. Peterson will submit a pay request to Halgerson monthly and he will certify that the work has been completed. Nielsen indicated that he has not seen this contract yet. Halgerson stated that at this time there is no signed agreement, it is simply blind faith and in good faith have proceeded. Nielsen feels that dealing with Halgerson, who has been an established business man in this area is different from some of the other people that have been dealt with in the past on "good faith" and did not know who they were.

Mayor Ferrazzano feels this is a worthwhile investment and the liquor store is one of the few revenue generating entities that the Council can control and by putting this money into this project, as Radke has indicated, will turn more of a profit.

After this discussion all voted in favor of the previous motion.

Motion by Byrne, seconded by Stobb to adjourn the meeting at 6:20 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

September 25, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 25, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Snyder to approve the minutes for September 11, 2006 as written. All voted in favor of the motion.

Motion by Rettmer, seconded by Snyder to approve the agenda. All voted in favor of the motion.

Nielsen said that the middle of last week, Koopman had sent him some paperwork and asked him to draft a contract for the Liquor Store patio project. He reviewed what he had and felt it was not sufficient information for him to draft the contract. It only contained some amendments that the architect had apparently gotten from an existing contract. He told Koopman that and she contacted the architect. Today he received the actual base contract that was proposed by the architect for this transaction. The contract does not match up with the amendments. It is hard to bring the two pieces together for a contract. Due to lack of time, there has not been an opportunity to talk to the architect about squaring this up. Nielsen feels there are a couple issues that relate to the actual contract language itself and are different from things that have been done in the past.

1. The contract as it is written would require any resolution by arbitration.

2. From the documents received so far, it seems to require the City to provide the builder's risk insurance in connection with this project. All the other contracts put this burden on the contractor.

Nielsen indicated that one issue that he was not at all comfortable with is the contract that he received today states that if there is a breach on behalf of the contractor, there is no consequential damages that City can claim either loss of profits or loss of use. The Council and Radke are anxious to get the patio operating to generate income. Nielsen states there are issues that can probably be resolved by talking with the architect. He states the other issues can be worked out just by talking with the architect and may be able to piece together the contract with the amendments and get them cross-referenced properly and so there is no material change in the deal that the City would make. Nielsen added the Council could approve the contract contingent on getting the contract and the amendments coordinated between the City and the architect.

Arvizu stated that since they have been trying to push this through quickly and she feels there are some substantial issues with the contract, she wonders if they should postpone the project till next year. She said the whole purpose of getting anything done this year and hoping for a full season next year is the fact that there would be income. Byrne feels one of the issues is substantial but the others could maybe be taken care of in a phone call and working things out to match things up. Rettmer said the bid has already been let and they cannot expect the contractor to sit and wait until spring to begin this work. Nielsen indicated the builder's risk is normally on the shoulders of the contractor as the contractor has control of the job site till the project is completed and all other contracts for improvement projects, this expense has been put on the contractor. Chukuske feels they should get the contract worked out and start the work on the project and feels that they should be able to get a majority of the work done. Byrne feels that if they do not do something now, the bids are not going to be good and cannot hold the contractor to the bid. Rettmer asked Peterson in his experience if the builder's risk is normally the responsibility of the contractor. Peterson said it would be cheaper for the City to obtain this. Koopman informed the Council that one of the provisions in the specifications was that the City would provide builder's risk. She stated that with one exception the issues that Nielsen has indicated are changes that should be able to be made very easily between the architect and the City. The only one that she also questions is the one regarding consequential damages if the project is not completed in a certain period of time which has never been stated. Nielsen reported that in the original proposed contract document there is a completion date of May 18, 2007 and does not know where it came from. Koopman stated the architect is the one that drafted this contract because the information given to Nielsen at first was not complete enough for

him to draw a contract and she had asked Halgerson if there was a form contract that is used for this type of construction and Halgerson stated that he would incorporate the scope of work. Koopman recommended to the Council to enter into a contract contingent on including whatever changes are necessary for what Nielsen feels would protect the City, and they would allow for Peterson to begin construction. Motion by Stobb, seconded by Byrne to enter into a contract for the construction of the liquor store patio with Peterson Construction, contingent on the drafting of an acceptable contract. Snyder feels the city should have some type of recourse if the project is not completed by the proposed completion date. Stobb suggested that they could withhold payment and seek another contractor to complete the project. He also noted that we are still somewhat gun shy from what happened regarding the Aquatic Center. He said they are dealing with a much smaller contract and local contractor that is known. He feels that if Peterson says it will be complete by June 1, 2007, it will be done. Byrne says they should change the May 18, 2007 date to June 1, 2007 since there has been this delay. Peterson said June 1, 2007 is a date that he feels comfortable with. Peterson does not feel there should be a penalty since a completion date was not required in the bidding specs and feels that it should be removed. Koopman said it has been taken out and that is the way it is proposed right now, but Nielsen wanted the Council to be aware that there is no provision in there. There being no further discussion, all voted in favor of the previous motion.

At 6:45 pm a public hearing was held on Ordinance No. 301, an ordinance establishing minimum maintenance standards for all structures and premises in the City. Mayor Ferrazzano asked for any discussion from the public.

Tony Peterson says that he understands the noble intent of the ordinance, but does not know how the City will enforce it and does not understand the necessity of it. He indicated that he drove around the City since he read the article in the paper and there is City property that will not conform to the information in the newspaper article regarding peeling paint, screens, doors and windows. He suggests that a survey with the complete ordinance be given to all the local property owners when they come to vote in November and ask if they support this or not; yes or no. He said the City has had random inspections in the past and people are empowered to do these inspections and then the Council changes their mind and criticize. If someone needs to paint their home they should be notified and if they cannot afford it, a list of alternatives should be given to them so that they can get it done. He feels the information is too broad and too encompassing. He feels the property owners should decide. Rettmer asked Peterson if he has read the ordinance and he replied that all he got was what was in the newspaper and that was a highlight and what he read in the highlight was offensive to him. Rettmer stated that it was difficult to figure out exactly what his argument is against the ordinance. He feels the City does not need this ordinance and needs to enforce the annual inspections. Once a decision is made, it needs to be enforced. He feels that a neighborhood association should be formed to come up with rules and the City government does not need to do that. The City government needs to worry about water and sewer, etc. and not waste time writing ordinances about who needs to paint their house or how tall their fence can be. Peterson asked who is going to enforce this ordinance. Hillger goes around every year and has to do the inspection and then when he does do the inspection someone calls and complains and then his judgment is second guessed. Snyder indicated it was never a matter of second guessing his judgment; it was to send another person to help. Peterson said he feels that ordinance is a complete waste of time.

Marvin VanAcker stated he has not read the ordinance but has talked with Chief Hillger to ask his opinion. Hillger's reply is that he can see both sides of the issue, but VanAcker was under the impression that Hillger would be the one that would have to enforce this ordinance. Rettmer stated that he would not be doing the inspections, but would have to enforce the lack of compliance. Koopman said the building inspector is the primary enforcement officer along with the Public Works Director and herself. Mr. VanAcker feels that the ordinance is not needed.

Arvizu gave an example that she is an older widow lady and living in a house that she is physically unable to paint. She does not have enough money to paint her house and an inspection finds that she is out of compliance. She would like to know what steps would be taken against her and what are her consequences. Koopman said this ordinance was originated with that type of situation in mind. The Planning Commission spent a considerable amount of time drafting this ordinance and coming up with a plan so the money would be in place to establish a "painting project" and have money set aside to purchase paint for those properties that could not afford to paint if their property was

identified in an inspection. The ordinance also covers much more than peeling paint as there have been incidents where individuals have lived in a camper in the back of a pick up and that was their permanent home. This was done for a period of time and even through the winter months where the type of heating and ventilation become a safety hazard. This type of ordinance would prevent that from happening. The objective is for a way to clean up the community and make this community something that we can take pride in and also offer a way to do that so it does not become a financial burden for those that cannot afford it. If the Council adopted this ordinance they could establish a committee and this committee would consist of more than just elected officials or appointed officials, and already one resident has volunteered to serve on this committee. She felt they would do an initial survey then continue conduct an annual survey. During the year there may be complaints filed that may also need to be inspected.

Rettmer feels the ordinance needs to be established before it is decided who is going to do the inspection and how they are going to accomplish this. From that a point a committee or board is formed to go through this ordinance, set the ground rules and inform the Council how this is going to transpire.

Stobb said there is one instance that comes to mind of a house that had windows were broken out and the City boarded them up. Sometime later the boards were taken down and plastic was put up because there were people living in there again. There was no running water and there were rumors that children may have been living there. The neighborhood did not take care of that. After further discussion, Chukuske moved and Snyder seconded to adopt Ordinance No. 301. All voted in favor of the motion.

Dick Boerboom representing P C & B Properties was present to inquire about the purchase of property from the City. This property is located on the corner of Morgan Street and 1st Street. It is a 37 foot wide non-buildable parcel. P C & B owns the adjoining property to the west and have completed demolition of the buildings on this property and are now ready to market it for residential housing. Boerboom felt it would be an excellent time for the City to return the property to private ownership and back on the tax base. He understands that in the past the City has sold this type of land for a nominal fee to the adjoining property owners. Stobb asked if there are any assessments to this property and Koopman indicated that she would have to do an assessment search but is not aware of any on that property. Motion by Byrne, seconded by Snyder to sell the property to P C & B Properties for the cost of the title transfer fees.

Marvin VanAcker stated that he has come before this Council twice and asked to buy this same piece of property and was denied. He said the last time he tried to purchase this was approximately four years ago. Koopman said she remembered one time and that had to do with when they were looking at resurfacing 1st Street and at that time he was not interested in doing it. Byrne asked what he would do with the 37 feet since it is not buildable. The first time he asked to buy it, it was to put up a shop. VanAcker indicated the Council had passed an ordinance that would allow building on those smaller lots. Koopman noted that this is true if the proposed construction meets all required set backs. Stobb asked if it would be appropriate since it is City property to ask for bids on it. Koopman suggested if they were going to ask for bids then they should also ask for the intended use for the property. Arvizu asked Nielsen that at one time he had told the Council when they had property for sale; they have to show they have no use for it. Nielsen said they need to show that the property is no longer needed for public purposes. He feels that it probably was never needed for public purposes since it was acquired through tax forfeiture. Nielsen stated that there is no legal requirement as to the process of selling this property and the issue that concerns him is a possible conflict of interest question that may be raised. Rettmer stated they had the same type of thing come before the EDA and they ended up losing potential buyers and putting a new business on 3rd Street. She feels that in situations like this they are putting stumbling blocks in front of people. Rettmer asked Boerboom what their intended use would be for this property. Boerboom explained that their intended use for the whole parcel is to market it for residential housing. Their hope is to attract a 4-plex development there and if in six months they have not attracted something, they may look at doing something themselves. Arvizu indicated that usually when they sell this type of property, they expect within a period of time, that something be built on this property. Chukuske said that they have done what was expected of them with the property they have purchased. He said this property is not on the tax rolls now; the City has no use for the property and they are offering to purchase it and add it to the

property that they already own. Boerboom indicated that they have been mowing this 37 feet this summer and some concrete was moved from it. Byrne indicated that his intention was when he made the motion is because of the size of the lot does not seem to provide a practical use for anybody and to him it makes sense to let it go with the other piece of property. After discussion the previous motion passed with Chukuske abstaining from the vote.

Deb Schenkoske, part owner of Lights & Beyond in Tracy stated that her reason for attendance tonight was to talk about the bid process for the liquor store project. As a business owner in the City, she was concerned that there were people from out of town that were able to bid on the project. She feels there are enough contractors in Tracy that the City did not need to go out of town for bids. Her personal concern is the store did get one call on the lighting to ask if they could get the lighting that is very technically submitted that could be put in there. That came from an out of town contractor. She felt the owners of business in town fight hard to get people to buy in town, and yet the City goes out of town. She asked why contractors from out of town are even considered. Byrne indicated that it is the responsibility of the Council to make sure they get the best bid and if the bid is limited to local contractors you may not be able to get this. Nielsen asked if her "beef" was really with the contractors that they did not come to her. They were told they could submit their bid and they could subcontract with who they wanted to. Schenkoske said she looked at the bids and estimated the lighting in the bid is about 5% to 7% and feels that they did not get a fair shot at it. Koopman explained that the architect was given a list of the local electricians, plumbers and contractors. Schenkoske is concerned as to how business owners in Tracy try to convey the message to shop locally if the City does not do it. Mayor Ferrazzano explained the City is required by law to accept the lowest qualified bid, and that is what the City did. Stobb said to do what Schenkoske is asking they would have had to break the bid apart into lighting, cement work, plumbing and all the various categories. Schenkoske said the City allowed Group II Architects to get out of town bids and feels that they should have not let bids out of town. Arvizu felt it would be illegal for the City to do that as they are required to obtain the lowest qualified bidder. Stobb asked if it would be illegal if they had put a statement in the bid process that preferences would be given to contractors using local businesses. Nielsen said they would not be allowed to do that as this was a contract that had to be let for bids and with the project of this amount, it would have to be advertised in a trade journal or construction bulletin that any local contractor could have submitted a bid. It is to be as widely disseminated so that any contractors that pay attention to that would have the opportunity to submit a bid. Nielsen stated the City is obligated by law to different standards than any private entity. Koopman said that once any changes have to be made to a City building such as cutting holes in the walls, an architect is required. Mayor Ferrazzano told Schenkoske that Tracy is very fortunate to have a business such as theirs in the City.

Gervais reported that two weeks ago he went to Washington D.C. to lobby for the DM&E Railroad. Wednesday morning they started with a conference at the National Press Center. They met first with Representative Mark Kennedy. It is an election year and many of the representatives that have Rochester within their district are sitting in the middle of the road on this issue. They then went to meet with Representative Gil Gutknecht and talked to his legislative assistants and then the delegation from Minnesota split off. Gervais met with Jean Hines who works for Representative Kline's office, who has the district right to the north of Rochester. Gervais was disappointed in her comment that they have taken the middle of the road and do not want to get into the middle of this issue. Her reason was this really did not affect them. Gervais told her that if a quarter of southern Minnesota can benefit from this, the whole state will benefit from it. They then met with Congressman Collin Peterson and he was very supportive and also had a chance to talk to him about the USDA application for Tracy Kid's World. He indicated that he would help us with this application. They then met with South Dakota Senator Tim Johnson and Jennifer Espisito from the Railroad Subcommittee and also works for Oberstar. She understands the benefit of having a strong railroad and also with roads, waterways, etc. They did not have an opportunity to meet with Senator Coleman but did meet with his assistance, Tony Eberhart. Next they met with Secretary Maria Cino, the Department of Transportation Secretary and she indicated that she is listening to both sides. The last meeting of the day was with Deputy of Secretary of Agriculture, Chuck Conner, and everyone in the Department of Agriculture is behind this and understands the benefit. Thursday morning the group met with Hunter Moorhead, Special Assistant to the President on Agriculture. He offered his help. Gervais said he gave each of the Council members a letter and some postcards and he is asking that they fill them out and send them in. He said that Rochester has been sending letters to anyone

that has been a patient at the Mayo Clinic, asking for support against this project. Gervais said Rochester is siting safety as their primary concern. He questioned if the issue is safety why would you not want new rail and tie? A private study has been done on the amount of trains that would actually go through Rochester. It is estimated that 60% to 85% of those trains will be diverted before they get to Rochester and that would mean about 6-12 trains a day going through Rochester. There are 147 contingencies in the plan by the National Transportation Safety Board that if this does get approved that the DM&E has to follow. The loan is a 2.3 billion dollar loan from the Federal Government and the other 4 billion dollars is privately funded. That is 100% guaranteed with collateral that if something were to happen the federal government would take over the railroad. Gervais stressed the importance of sending support to this project. There is only one of the fifty-six communities along the DM&E that does not support this and that is Rochester. They have spent the most money to lobby against this. Gervais sent out an e-mail that contained 5 different support letters and is asking those that are in support, send a letter expressing their support. Mayor Ferrazzano asked that Koopman print off one or two of the support letters and then the Council will sign them as a Council.

Mayor Ferrazzano asked Gervais to explain the Revolving Loan Fund and how that is awarded. Gervais indicated there is a Revolving Loan Fund that is set up by the Tracy EDA that was established with taxpayer's fund that is levied for by the City with specific guidelines set up by the EDA which has been revised recently in May in accommodate a credit report. It is stated in there that if a business were to leave town or close, that loan would come due immediately. They have recently made some recommendations with the Community Development Block Grant funds for loans. The grant received four years ago now has money that was issued as low interest loans that has been repaid. They receive a little over \$1000 a month and there was a building that was recently sold. Recommendations for loans were made to Western Community Action to review these applicants and the applicants will have to fill out paperwork before they would be approved for the loan. No EDA money is being spent on these loans, it is actually CDBG funds. The only change is that 50% participation is required from the owner and the other 50% is in the form of a 1% loan.

The Consent Calendar contained the following: Monthly Financial Report, EDA minutes for September 1, 2006 and the Municipal Accounts Payable. Motion by Byrne, seconded by Chukuske to approve the Consent Calendar. All voted in favor of the motion.

Koopman asked if the Council would like to set a date for a special meeting to discuss the budget. This was set for Monday, October 16, 2006 at 6:30 pm. Stobb asked if all the information will be available such as the swimming pool information. Koopman indicated that they should have most of the information and if not, that particular budget will be adjusted accordingly. There will be time to discuss that part of it in the future.

Arvizu stated she has listened to the EDA coming before the Council talking about the industrial park, housing and other issues. She questioned because it is budget time, would it be advisable to have each entity, EDA, City Council, and Planning Commission, meet as a group and set some priorities. Everything cannot be done at once. She would like to see a game plan that is more concrete than just hopping around from idea to idea. Each group needs to bring their priorities to this group meeting and then they need to hear from Koopman and Robinson, in terms of what big bonding projects are coming up as sometimes things can be incorporated in bigger projects. She feels they need to be strategic and come together and discuss it.

Gervais said they had some discussion last week with Deb Munsterman from Minnesota West Community and Technical College and she would be willing to facilitate a meeting like this. Gervais agrees with Arvizu that a calendar is needed that states the priorities as a City. Munsterman would be willing to facilitate and would hold two meetings at the cost of \$400. She recommended having the City Council and EDA involved and if possible, include the hospital and school in this meeting. Mayor Ferrazzano commented that they should see if the school and hospital are willing to share in the expense for the facilitator. Arvizu felt they need to keep bonding levels somewhat stable. They need to think ahead to plan capital expenditures. Gervais said there were two Tuesdays in October that Munsterman would be available. Chukuske voiced that he was in favor of this concept. Rettmer did not feel they needed a moderator and the expense of \$400. Chukuske felt a moderator would keep the meeting organized and on task. Gervais said a moderator would be someone that has no

vested interest and is unbiased. Arvizu felt that Nielsen, Robinson, Spencer and Koopman should also be present to present their ideas. Mayor Ferrazzano asked Gervais to get in contact with Munsterman and organize the meetings. Motion by Chukuske, seconded by Byrne to hire a moderator for these meetings and also have Gervais check with the school and hospital to see if they would be interested to share in the cost of the moderator. Motion carries with Byrne, Mayor Ferrazzano, Arvizu, Chukuske, Snyder and Stobb voting aye and Rettmer voting nay.

Koopman reminded the Council if there is anyone that is interested in attending the Regional League Meeting in Heron Lake on October 24, 2006, they should contact the City office so that arrangements can be made.

Motion by Chukuske, seconded by Byrne to adjourn the meeting at 8:10 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

October 9, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 9, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Byrne, seconded by Rettmer to approve the minutes for September 25, 2006 as written. All voted in favor of the motion.

Additions to the agenda included 10A-1 Budget Meeting and 10A-2 EDA Board vacancy. Motion by Snyder, seconded by Rettmer to approve the agenda as amended. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to approve April Lichty's request to waive rental fees for the Veteran's Memorial Center for a fund raiser for Jacob Swenhaugen. All voted in favor of the motion.

Janet Randall, representing the Wheels Across the Prairie Museum, was present to make a request to purchase St. Mark's Museum building from the city for \$1.00 and move it to the Wheels Across the Prairie Museum site. This would make St. Marks more accessible to the public and would be a nice addition to the museum. Also, it would be easier for the museum staff to take care of the building. The museum would be responsible for the moving costs but would like the City to continue with the maintenance contract of \$1,000 per year. Koopman said it is a shame that the facility is so limited to visitors when it has so much to offer. Arvizu is in favor of this request but is concerned if the City is legally allowed to give money to something that is outside the City limits. Koopman felt there was a provision in some previous discussions, that if the money is being used to preserve the historical value of the City, the City could expend funds. She also thought that the expenditure of public funds could be use for advertising and promoting the City. Koopman suggested that Nielsen research this matter and let the Council know. A motion could be made contingent on that. Nielsen indicated that they would be selling property and that would require a public hearing. He stated there may be other issues that need resolution. Motion by Byrne, seconded by Stobb to set a public hearing for the sale of the St. Mark's Museum for October 23, 2006 at 6:35 p.m. Stobb said that once the building is gone, site work will need to be restored and was questioning if that would be at the expense of the City. Randall said the Museum board did not feel that they would be able to do anything with the basement due to the moving expense. Koopman said she would have Robinson check into this issue and have the information available for the next Council meeting. Nielsen feels there is a lot of history in St. Mark's building that represents the City of Tracy and the surrounding area and would be worthwhile moving the building where it is more accessible. Koopman thought that the contents of the building belonged to the City of Tracy, and we contract with the Wheels Museum for the \$1,000 to clean and maintain the contents. Some families have requested that the contents stay with St. Mark's. After this discussion all voted in favor of the previous motion.

Shelly Schwartz and Mary Roseland were present to represent the Home School Group. Schwartz stated they appreciate the availability of the VMC for the past couple years. They stated they have again been using the facility this year and would like to continue to use it through the year. They have made some changes in how the Home School group is operating this year and are actually doing a full day Co-op every other Friday. Last year they were using the VMC gym for a fee of \$10 per time for a two hour time period. This year the group is here from 9:30 am to approximately 3:15 pm. When they called, about using the facility, there were told the fee would be \$25 for the use of the facility and understand that they are here longer time. When they went to pay a couple of weeks ago, they were told the price may be more because they are using other rooms in addition to the gym. Mayor Ferrazzano asked Koopman what they would be charged more for. On off Fridays when the whole group is not here, there is a group of fifteen students that are doing an intramural sports team and will be competing in the Marshall school. They come in for the two hours and practice and are not sure if this will continue all year. Koopman said this became an issue they then wanted to use the old Council Chambers and the meeting room on the west side in addition to using the gym. There is normally a fee is charged for the use of those rooms. This is her question to the Council;

should they be charging additional for the use of the rooms as has been done in the past? Schwartz indicated they would be using the west meeting room only and not use any of the other rooms. They are all together in that room from 9:30 am to 10:15 am and then come down to the gym for two hours and then go back to the meeting room. Koopman told the Council the \$10 fee was initiated several years ago for kids that wanted to come in after school from 3:30 pm to 5:00 pm to play basketball during normal business hours. If they were actually charged what we should be charging, the rent of the gym would be \$125. Motion by Stobb, seconded by Snyder to maintain a fee for \$10 per day rent for the gym and \$25 per day for the use of the meeting room. Schwartz requested a storage area for a tote of toys and small carpet. Chief Hillger indicated there is one room over there that is used for evidence and records and the other closet is being used by the Women of Today. Koopman suggested they set it in the kitchen area as everything in there has been disconnected. After further discussion, all voted in favor of the motion.

Jaime Verdeck presented the library report. She reported that approximately 30 new cards went out, but some were replacement cards. This past month the activity report showed 1,230 books were checked out, which is up a little from last year at 1,135. We still get deliveries from the Plum Creek truck and this past month sent out 109 items and 246 items were requested. The Library Board has resumed their meetings after the summer months. She has met with Garrels regarding water dripping in both rooms during the rains the last two weeks. Garrels could not tell where it was coming from. The seal on the new room seems to be solid and have had flashing put into the bricks. The water is coming through the window sill or framework in the north room. Koopman has discussed this with Garrels and have suggested the possibility of constructing an awning that would maybe divert the water away from that area. Verdeck indicated the windows in the north room have leaked for a long time and the varnish is gone from the woodwork. Verdeck also stated there is no evidence of mold that can be seen at this time. Koopman reported they have been working on this and trying to figure out a solution.

Chief Hillger presented activity reports for August and September and asked for any questions from the Council. Stobb asked if they have hired a new officer yet. Chief Hillger stated they have interviewed two people and neither is a viable candidate. There is a gentleman that just moved to town who was certified through the state of Florida and we are waiting to see if his certification will transfer to Minnesota.

Gervais told the Council the comment period for the DM&E ends tomorrow. There have been ads in newspapers and radio. After the comment period ends, the Federal Railroad Administration will have a period of time in which they can set a date to start the process and from that time they will have 90 days to make the recommendation on whether they will approve the loan with the DM&E. The EDA has received a verbal offer on six lots in the Eastview Addition. This is all the remaining lots with the exception of the two directly south of the helipad. The EDA passed a motion to contact this person and ask for a written offer and earnest money of \$6,000 on those six lots as well. Gervais did talk to the gentleman on Friday and he did not give any indication on whether he would pursue this matter further. This would be for construction of single family units. He was given a copy of the covenants and filled him in on the past history of those lots. The EDA has been notified through the County that the old Ohman Furniture building will listed on the tax forfeiture sale. The building is in poor condition and Gervais is concerned that someone would potentially buy that property in the condition it is in and not doing anything with the property. Gervais's recommendation is for the Council to give direction to Garrels to inspect the property and see if it is a hazardous building. Gervais has been in the building and it is in rough shape. Gervais said they have let bids for O'Brien Court repairs, including shingling, fascia and soffet replacement. The EDA has discussed a list of priorities for the upcoming meetings with the City Council and other groups and will report on those at that time. They have also started conversations with Dr. Randy Johnson on the Tracy Dental Health Center and have been looking at options to keep this business open. Mayor Ferrazzano asked if this is a recruitment issue. Gervais said that it can be and has talked to Dr. Johnson in the past and unless there is someone with close personal ties in the community or area it is difficult to recruit. Motion by Byrne, seconded by Stobb to direct Garrels to do an inspection on the Ohman building and have it secured. Stobb stated the Planning Commission has discussed this building and it would be very expensive for the City to purchase and demolish it because of the asbestos issue. If a private individual would like to purchase this building they would not have to go by the same regulations as the City, they could then talk to the City about buying it from them.

After further discussion, all voted in favor of the previous motion requiring an inspection of the Ohman building.

Koopman reported that she has put the final touches on the preliminary budget so it could be certified to the County Auditor. Also during the month of September she conducted the Primary Election. This was the first election with the new electronic equipment and everything worked very smoothly. The new equipment tallies the results immediately after the polls close so results will be available shortly thereafter. The ballots are still taken to Marshall where it is verified. There were a number of individuals at the Primary, who were interested in trying the Auto-mark system. The benefit of the Auto-mark is that people were still able to see the finished ballot and to confirm what they did mark.

The Consent Calendar contained the following: Hospital Community Board minutes and Administrative Update, Firemen's Relief Association minutes for August 7 and September 5, 2006, Municipal Accounts Payable, Planning Commission minutes for September 5, 2006 and EDA minutes for September 20, 2006. Motion by Byrne, seconded by Chukuske to approve the Consent Calendar. All voted in favor of the motion.

Stobb asked if Tracy is going to have a Wellness Center. Koopman said she did not have an answer right now, but assured the Council that they should have an answer one way or the other by the next board meeting on October 18, 2006. Nielsen asked if there are any fees the City has incurred in this process so far. Koopman said the City the only fee the City has incurred is costs associated with the tax abatement which is ultimately the responsibility of the developer. According to the original agreement, the developer would be financially responsible for any costs involved in the tax abatement. If that individual chooses to not proceed with the project, then there is the question of who is responsible for it. She estimates this amount to be between \$5,000 to \$7,000. Stobb asked if there is anything the City can do to help the process move along. Koopman said this is between Sioux Valley and the developer at this time and they are still trying to work out some minor issues. She said it has reached a point where a decision is required one way or the other.

Koopman reminded the Council of the special budget meeting scheduled on October 16, 2006 at 6:30 pm. She told the Council that if there is anything they feel needs to be changed, now is the time so it can be incorporated into the budget to show what the end result would be. Snyder asked if there are any final figures from the Aquatic Center. Koopman hopes to have a report by the next meeting.

Arvizu said the Council had talked about having a planning meeting with other groups and asked if the Council was planning on having their planning meeting on October 30, 2006 at 6:30 p.m. Gervais stated that he has been in touch with Deb Musterman who would act as a facilitator and she was looking at two Tuesdays in November. Arvizu felt the Council needs to lay out all the large projects such as streets and sewer.

Mayor Ferrazzano informed the Council that Byrne has resigned from the EDA board as of last Friday. He recommends that Snyder be appointed to fill this position. Chukuske said that they also need to appoint someone to replace him on the board. Koopman will advertise for the two open positions.

Motion by Byrne, seconded by Snyder to adjourn the regular meeting at 7:30 pm to have a closed meeting to discuss labor negotiations. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

October 23, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 23, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Byrne, B. Chukuske, S. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Rettmer, seconded by Chukuske to approve the minutes for October 9, 2006 as written. All voted in favor of the motion.

Motion by Chukuske, seconded by Snyder to approve the agenda as presented. All voted in favor of the motion.

At 6:35 p.m. a public hearing was held on the sale of St. Mark's Museum to Wheels Across the Prairie Museum. Mayor Ferrazzano asked for any comments from the public.

Nielsen said he is going to take one more look at the County Recorder records because of the Abstract of Title that the City has is not up to date. The only recorded document is the actual deed by which the Historical Society transferred the property to the City in 1986. That deed did not have any restrictions or other limitations as far as future conveyances of the property. Arvizu was concerned if there would come a day when the Wheels Across the Prairie would disband, would the City have the right to share in the "profits". If Wheels would not be a viable organization, would the City be able to retain the museum. It would give the City the opportunity to preserve the museum and history of the City. Nielsen there is two aspects to this issue. There is real property, the building structure itself, and personal property in the sense of the contents. Those can be treated differently. Nielsen said the City needs to decide that there is no further public purpose to be met by retaining St. Mark's and there should be no problem with continuing with the \$1,000 maintenance allowance. Byrne said that by selling St. Mark's the City is going to be responsible for restoring the site when the building is moved. Koopman stated that a memo from Robinson regarding the costs for restoring the site was distributed prior to the meeting. The costs listed are estimated if a contractor would do the work. If the City would do it themselves, it would be even less than that amount. There was no other public testimony and the public hearing was closed by Mayor Ferrazzano. Motion by Snyder, seconded by Chukuske to declare the property as no longer needed for public purpose and authorize the sale of the St. Marks Museum to the Wheels Across the Prairie Museum for \$1.00 with the City continuing to budget the \$1,000 payment to the Wheels Museum for maintenance of the buildings. All voted in favor of the motion.

Mayor Ferrazzano asked if the contents of the building have been inventoried. Dorothy Pamp indicated that there is a complete inventory of the contents. She told the Council that when something is donated to the museum it is taken for granted that it belongs to the museum, you can not sell it or trade it. She said most of the items have been moved to the Wheels Museum and have had permission of the owners to do so. Nielsen says the policy at the Wheels Museum says that when they receive artifacts for display, they do not take them on loan. If somebody wants to give them something it is given so that ownership is transferred. This has not been the case with the articles in St. Mark's. Some of the articles were given to the Historical Society and when it was transferred to the City, it then belonged to the City. In the files there are forms that stated the articles were presented to and had blanks if it was to be disposed by the City or the owner wanted it back. There were many cases where the owner wanted the articles back. Some of those people are now deceased or gone and it could not be given back to them. The Museum needs to realize that if they take these articles, they have no better title than the City has. Chukuske felt that the City should be exonerated from any of that and whatever contents are in St. Mark's go with the building and it is the responsibility of the Wheels Museum to deal with it thereafter. Pamp explained that if anyone shows proof that the item belongs to a family, it would be given back to them. Rettmer had a conversation with Mary Lou Ludeman and was informed that any of the items that individuals wanted back, they have come and taken them from St. Mark's. Basically what remains there, no one has claimed or it has been given to St. Mark's. Motion by Byrne, seconded by Chukuske that all contents in St. Mark's be transferred with the building to the Wheels Museum and if anyone lays claim to an item that has been transferred and shows proof, the Museum may handle it as they wish

to handle it. All voted in favor of the motion.

Chukuske asked when the moving of the building would take place. Pamp thought it would be next spring when weather conditions permit. A date of July 1, 2007 was agreed on to have the building moved.

Cullen Jorgensen, Project Engineer, from SEH presented the report on the Greenwood Storm Sewer. One option included connecting to an existing manhole bringing the storm line over to Spring Street and connecting to the existing two catch basins where there is currently a flooding problem and bringing that water back over towards Fourth Street. This option would collect the storm water that flows from the high school and elementary school areas. A 42 inch pipe would be put in to the intersection of the existing 30 inch pipe in the area of the vet clinic and then from there a 66 inch pipe would be needed to carry it along 4th Street to the existing County ditch. This would be quite costly at \$721,294.20.

Jorgensen explained the next option which would collect all the water from the 30 inch pipe and bring it down to Front Street and then all the water from the schools up to Front Street and pipe along Front Street then discharge it into a ditch which would connect to the County ditch. This would reduce the estimate to \$362,260.80. This could be a low estimate as there is no idea what is in that area for utility conflicts. Koopman said this would be cutting across Central Livestock property. The first option would not require the city to cut across the Central property. Robinson said the Central Livestock property was initially appraised at \$132,000. The last time Robinson spoke with Anderson it was down to \$124,000. Koopman indicated that those are issues that will be discussed in a closed session. There is a direct route to the ditch that would cut across the existing property in the back corner of the triangular property behind the brick house. The direct route would avoid any of the suspected contaminated sites.

The final option would include some grading work on the Central Livestock property creating a modified retention pond. This water would be contained in the pond then allowed to flow gradually into the existing storm system along Front Street. An open ditch would not have to cut across the Livestock Property which would leave options open on what to do with this property if it was purchased. The others require an open ditch across the area. The only time water would be contained in the pond would immediately after a storm even. Koopman said the Council needs to keep in mind that a development is way down the road, as the Phase II investigation of contamination needs to be done prior to anything. The estimated cost for this option is \$277,976.60. Nielsen asked the size of the area that would be needed to have this water detained. Jorgensen said an acre of the area would be needed to retain the water directed to this area. He and Robinson discussed that a drain tile with a valve could be put here and connect to the existing storm system and once the existing storm system is clear of water, the valve could be opened and drained more quickly. The water would be standing for a short time. Arvizu asked if an acre is enough space to hold the amount of water that has come across. Jorgensen stated that the whole area there acts as a detention area as it is lower than most of the surrounding area. Stobb asked with the range of costs for the options, will they all do the job equally as well. Jorgensen indicated that they would. Robinson said that if this one acre was not large enough to contain the water and it did run over into the street it would not affect any of the homes or businesses because it would follow the street down to the drainage there. Robinson said the last option is the one they have been concentrating on because of the costs. This last option would be tried for now, creating a retention basis, it would normally be dry most of the time and would only be needed in the rare occurrence of a heavy rain. If this does not work, you can still put in ditches in the future, but do not have to spend the money now. There is an existing storm system on Front Street that goes down to the hog buying station and is already tied into Ditch 23. This can be valved off and as soon as the City system is clear, the valve can be opened and drain the retention area down. No matter what option was chosen, the City would still be looking at purchasing the Central Livestock property. Snyder said his major concern is if this option would work. Robinson stated they are very sure it is going to work. The only question is how much ponding this area will be able to hold. Currently there are some field tiles in this area that do tie into the City's storm sewer. This land already drains into the City storm sewer. Marlette has indicated to Robinson that they are going to do some tiling around the high school this spring and will get the water over to the corner of the school property and Greenwood Nursery property. This will bring them to the 42 inch pipe. Robinson reported that this project had been

started years ago and there is a 30 inch tile that goes west towards Spring Street but was never completely run through. Options 2, 3 and 4 would require the purchase of the Livestock property. Mayor Ferrazzano said he agreed with Snyder, questioning the purchase of land if it does not work. He said Option one would always work. Two, three and four are cheaper options and assuming two and three would always work, it is just four if that will work for sure. If Option 4 does not work, they process has already been started with Option 4 to do 2 and 3 eventually. Robinson added that when it floods out and the pond gets to large, the water will run to the south on Front Street and will travel down that street. Stobb said there is a low spot about half way down Front Street and will flood there and if the water goes to the South, there are some houses that could get flooded and if it goes to the North, they will not. He asked if they knew which way it is going to go. Robinson said that with some more survey work, that could be determined. Robinson said that once the water reaches the low spot on Front Street, there are catch basins there and they could easily be overloaded. That is the reason for valuing this pond and if the City's storm sewer gets overloaded, the pond could be shut down until that caught up and then go back and open the valves to drain the pond down. Robinson said that retention ponds are becoming more popular as it is cheaper to move dirt than it is to put pipe in the ground. Arvizu asked if they went with the most financially feasible option, when it could be completed. Robinson said they are quite a ways with the project already and would be ready for frost-out bidding right away in the spring.

Jeff Farber from Greenwood Nursery commented that of all the plans that he has seen, he feels Option 4 is the most reasonable from the cost standpoint for the City and the residents. He feels the houses on the south side of Front Street are high enough and when the City has pumped water out to that area for long periods of time, it never filled that area in the road. Farber said the area of where the schools are, used to be a slough area and that is where the water used to sit. They had tile in there that was good for farming but did not drain the whole slough. On top of that they put a school and asphalt parking lot which put more pressure on the area. Robinson said that where the pond would be going is farm land and it could still be farmed with the understanding that every once in awhile it could flood out. Stobb asked if they would proceed with Option 4, would this eliminate the plan of the retention ponds on the south and west corners of town. Robinson stated that the pond method was very expensive and was the best way to go. Option 4 is the next best way to go. Chukuske asked where the money would come from to purchase the Livestock property. Koopman said there are also issues such as the potential for assessments. She said if a portion of this is going to be assessed, which it will, the process will have to be followed with the preparation of the report and order a public hearing.. Also they will be having a "brainstorming" session to determine project priorities on October 30th and ultimately, look at a bond issue to pay for some of these projects. Koopman recommended the Council could consider the information received tonight as the report and order the public hearing on the improvement. Also the acquisition of the property will have to be looked into. Motion by Chukuske, seconded by Snyder to adopt a resolution receiving the report and call for a hearing on the improvement to be held on November 27, 2006 at 6:45 p.m. All voted in favor of the motion. (Res. No. 2006-19)

Jorgensen said the Eastview area was found to have some serious inflow/infiltration problems with ground water and storm water flowing into the waste waster system. This overloads the system and causes the lift station to work improperly. MPCA has ordered the City of Tracy to resolve this area has been identified as a major problem area. There are homes in this area and it is possible that field tile lines have been cut during construction causing groundwater problems. The eight homes there are currently pumping their sump pumps into the sanitary sewer which is overloading the system. SEH proposes to divert the sump pumps into a storm water system and take it to the storm water system in place on 5th Street which empties into the ditch. They would put in a couple manholes for clean out issues and service lines extending to individual houses. Each residence would be mandated to hook their sump pump directly into this groundwater line. Robinson said there is an existing 30 inch tile and in 1996 when this area was developed, there was a lift station put in there and was designed to serve this area. The design and capacity of the lift station is questionable if it was put in correctly or not. There is a period of time in between when the City allows people to put their sump pumps in during the winter and the time in the spring when it is not put out right away, when this lift station floods. It then backs sewage into basements. Robinson indicated that most of the homes in the Eastview area have two or three sump pumps and run, in some cases 24 hours a day in the spring at a rate of seven gallons per minute. This lift station has no alarms on it and no dialers. Robinson said that when the homes were built here, an old farm tile was hit. When they tried to cap

it, it would not hold and would blow off right away. The line was then run around this home and they do not know where it goes from there. When the sewer and water line are put in streets, the pipes are bed in gravel and that gravel comes right up to your house. When the tiles are cut, the water finds this gravel and goes to each of those homes. Robinson said there are two projects here. One is to actually tile to the south part of the housing development with 12 inch tile and try to find all the old tiles lines and connect them to the new 12 inch line. That water will be collected and diverted to the ditch. Also they want the homes along here to take their sump pumps and permanently put them into this tile line so they do not enter the sanitary sewer. Surface drains will be put into the area between the hospital and homes. The estimated construction cost for this portion of the project would be \$47,410.00. Motion by Snyder, seconded by Bryne to adopt a resolution receiving the report and call for a hearing on the improvement to be held on November 13, 2006 at 6:45 p.m. (Res. No. 2006-20)

The existing lift station is undersized and will not be large enough to accommodate the new Wellness Center. The next project would be to rehabilitate the lift station and the total estimate cost for this project would be \$104,647.40. Jorgensen indicated they would remove the existing pump and lift station and putting in three horsepower pumps that are capable of pumping up to 100 gallons per minute. Two of these would be installed. The lift station storage would be made deeper. There will be less cost to run the pumps as they will not be running as much and less cost for maintenance. Mayor Ferrazzano asked if this is something that would have to be done before the Wellness Center is built. Robinson indicated this would need to be done before the construction of the Wellness Center. Byrne asked if the hospital and nursing home were on this line. Robinson said they are not on that line, but in the future if they were to add on and go in ground, they would most likely be forced to go to this lift station.

Koopman said to keep in mind these are two separate projects. One can and should be assessed for and the other will not be assessed as they are currently improving what is already in place. The \$104,647.40 project needs to be completed before the construction of the Wellness Center. Koopman feels it would be difficult to assess this cost as the properties were sold assessment free. Mayor Ferrazzano asked if this can be completed before the Wellness Center is built. Robinson said lift station pumps are about two and one-half months out. The pumps and electrical can be put in during the winter. This will require a huge cement structure into the ground, 25-35 feet deep. This would have to go in prior to having frost. In the meantime, there is still wastewater coming from homes and there would have to be a lengthy by-pass operation that goes with this. The City employees are capable of doing some of these line items themselves. Koopman said the problem lies with obtaining the funds to pay for this project. Koopman recommended the Council give direction to the engineers to proceed with the plans and specs as that will take some time and during the interim the meeting will be held to determine priorities and hopefully determine what dollar amount the City will be looking at so the financing can be coordinated. The funds are not on hand to finance this and will have to look at bonding and also will have to look at an increase in utility fund rates, which will be determine by the amount of the bond. Robinson said they have been working on this project for quite some time. Rettmer asked if Mr. Gramstad was aware of this and unable to proceed with the building of the Wellness Center until this project is done. Robinson said he is aware that improvements need to be made to the lift station. Byrne said the Council was aware there was an issue out there before. Motion by Snyder, seconded by Byrne, order the improvement of the lift station and the preparation of plans. Stobb questioned the incident at a tax equalization meeting where a property owner to the northwest of that area that was talking about the inflow of water they had in their basement, which had not happened prior to the development of Eastview. He is wondering if doing this plan as proposed help a bigger area. Robinson said it could help as the problem is these homes are built on land that was previously used for farming and had a lot of tile on it. These tiles are cut during construction of these homes. There are no records or maps of where any of the old tiles go. After this discussion, all voted in favor of the previous motion.

Garrels presented a report of a hazardous building at 224 South Street. Chukuske asked if there were any asbestos issues with this property. Garrels indicated there may be some in the building. The heating system consisted of space heaters and one furnace on the lower level that had an exterior chimney going out the side walls. He has no visual way to know for sure. There are ceiling tile in the building. The upper level is apartments and that is mostly carpeted with some vinyl. Koopman indicated this property is listed on the tax forfeiture list and is not officially tax forfeited yet. It will

be sold on the tax forfeiture sale coming up when the next one is held. Koopman said that recognizing that it is a hazardous building and this is clearly identified as such in Garrels report, if there is a way to make this property secure as much as possible, it would be in the best interest to wait till it becomes tax forfeited and then coordinate with the county to share the cost of demolition. Koopman feels that it would take approximately \$45,000 to demolish this property. Chukuske asked what would stop someone from coming in and purchasing the property. Koopman said that is why the hazardous building report needs to be put on record. Motion by Chukuske, seconded by Snyder to accept the report and declare this a hazardous building and have Garrels secure the building. Koopman will talk to the County Administrator and find out some of the background of this property and see where he is at with it. All voted in favor of the previous motion.

A proposal was received from Kinner & Company Ltd. for audited financial statements. Koopman indicated that an RFP was done and this was the only proposal received. This is for the years, 2006, 2007 and 2008 and fee will not exceed \$14,810 for each year. Motion by Stobb, seconded by Byrne, to accept the proposal from Kinner & Company. All voted in favor of the motion.

A variance permit was requested from Dan Rolling, 400 Adams to construct a garage/house addition. Stobb reported that the Planning and Zoning Commission reviewed the request and found that it would not cause any obstruction to traffic and was recommended for approval. Motion by Chukuske, seconded by Byrne to grant a variance request to Dan Rolling. All voted in favor of the motion.

Arvizu reported that she was biking at Swift Lake Park on the trail about 8:00 p.m. and there was a 4-wheeler coming out of the lagoon area. She questioned whether motor vehicles were allowed in the lagoon area. She asked if this was posted. Rettmer did not feel that the roads out there were safe for that type of activity. Robinson said that a typical waste water pond will have a fence around it as the ponds are a health hazard. There is a feasibility study being made on the ponds and we will see some changes in the upcoming years. Before winter there will be a 6 foot chain-link fence that is part of the airport project, separating Swift Lake Park and the airport. Chief Hillger stated that they are most likely coming up the Gas Line road and going east and there is a farm line fence that is down. He said it is posted but maybe not well enough. Robinson stated that they will improve the posting.

Motion by Byrne, seconded by Stobb to adopt a resolution approving increase in pledged securities at Minnwest Bank South. All voted in favor of the motion. (Res. No. 2006-21)

The Consent Calendar contained the following: Financial Report for September, Community Ed Advisory Council minutes for March 22, 2006, Municipal Accounts Payable, Planning Commission minutes for October 2, 2006 and EDA minutes for October 6, 2006. Snyder asked about \$800 NSF check at the Liquor Store. Koopman was told that the person would be coming in to pay that and had questioned it also. She will be verifying that this is resolved. Rettmer asked what Elan Financial Services is. Koopman said it is a Farm Plan credit card through Midwest Supply. Mayor Ferrazzano asked when the Community Ed Board meets. Koopman said they meet once a quarter. Motion by Byrne, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Chief Hillger reported that he has called Superior Ford and they have a 2006 Crown Vic with price of \$21,182. Leasing a vehicle for three years would cost approximately \$986.12 per month plus .394 cents per mile. They would be limited to 90,000 miles in those 3 years. Chief Hillger envisions using the new car as the primary vehicle and saving the Durango to fill in and during the winter months to see if we can extend the use of this vehicle to last about 7 or 8 years. Leasing a car, the only extra costs would be for insurance and tires. By leasing, they would pay for fuel and repairs. Chief Hillger said that by leasing there would be nothing to trade in at the end of the lease and that the mileage would be restricted. Byrne said there is the possibility of a buy out at the end of the lease. Chief Hillger likes the idea for leasing for the fact that they would be getting a new vehicle every three years. Motion by Chukuske, seconded by Byrne to purchase the 2006 Crown Vic Police vehicle for \$21,182. All voted in favor of the motion.

Fire Chief Engesser was present to answer any questions from the Council regarding his reasoning

for opposing the \$5,000 reduction in Transfers Out for equipment replacement in the Fire Department. Koopman said that she had reduced this by \$5,000 due to the Fire Department receiving a grant for turn out gear. Engesser would not like to see this cut as there are firemen that are retiring and new turn out gear will be needed for the individuals that replace the retirees. The cost for one set of turn out gear is approximately \$2,000 and they need to be replaced about every 7-10 years as they wear out. He noted that they had budgeted for \$10,000 for fire calls and this year only \$3,000 was brought in. They did increase the price of fire calls from \$500 to \$550. Engesser said they have some broken links the fire hose and have been moving hose from one truck to another. Rettmer did feel that the City should be responsible for replacing the hose. Koopman said that a considerable amount of time was spent on preparing the depreciation schedule to bring things up to date. Koopman feels confident that the proposed transfer to equipment replacement will be sufficient.

Motion by Byrne, seconded by Snyder to approve an adjustment of \$4,400 in the contract with SEH for additional work needed on the 4th Street Storm Water Improvements project. All voted in favor of the motion. This would increase the original contract of July 6, 2005 from \$35,200 to \$39,600. The additional work was required due to the nature of the property, descriptions and ownership, this proved to be a complicated and time consuming matter.

Motion by Chukuske, seconded by Snyder to close the regular meeting at 8:30 p.m. All voted in favor of the motion. A Closed Meeting will be held to discuss Attorney/Client Communication Litigation and also to discuss Labor Negotiation Strategy.

ATTEST:

City Administrator

Mayor

**SPECIAL COUNCIL MEETING
October 30, 2006**

A special meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 30, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, J. Arvizu, B. Chukuske, and C. Snyder. Absent was R. Stobb. Also present was A. Koopman.

Mayor Ferrazzano explained the purpose of the meeting was to discuss the priorities that the City has and what projects the Council would like to see done.

Tim Byrne has sent his letter of resignation from the City Council. Mayor Ferrazzano asked if they should keep that seat open until January or fill it with someone until the newly elected officials are sworn in. He feels they should keep it open because that person would only be able to attend two or three meetings. The Council agreed to keep it open until January.

Koopman presented documents that would allow the City to increase the maximum amount for flexible spending for employees. It is currently \$3,000 for medical and \$5,000 for dependent care. The deductible was increased on the health insurance and now are asking for the medical portion of it to be increased to \$3,700 so it would be equal to the maximum amount of the deductible. Motion

by Chukuske, seconded by Snyder to increase the flexible spending amount to \$3,700. All voted in favor of the motion.

Robinson has presented a comprehensive priority list of projects that encompasses the street, utilities and city building projects that need to be done in the City. Koopman said another thing would be what the Council would choose to do with the VMC as far as the acoustics. That does not appear on this list and it may be something that they would like to add to the list. This list introduces projects that the City will be faced with in the near future. Also presented tonight is the cover sheet of the Pavement Management Plan. Koopman felt it would give the Council a dollar amount of what that includes. This is spread over a five year period and the Council can choose to spread that over a ten year period, given the amount that is involved in this plan. This plan recognizes the surface of the streets and does not recognize the infrastructure underneath the streets. The policy in the past has been if they are going to do a re-build of the street, they will also check the condition of the underground utilities. That is not reflected in the totals presented. Robinson also has some estimates of cost for various types of improvements.

Mayor Ferrazzano asked the Council if they had any comments and feels that Robinson would know what needs to be worked on. Koopman said the main issues are going to be how much the City can afford and how are it is going to be paid for. Will it be through tax levies, utility increases or a combination, and depending on the type of improvement would determine where the cost would come from. Arvizu suggested they take the high priorities and run down them and identify what funding source these projects would come from. Koopman said that she envisions that once the meeting is held with other groups and they present their priority, which is when she will have a better idea of what they need to do financially as she cannot put anything together until it is determined what they are going to do. Arvizu feels they should identify what is essential to get done and have one group session where other groups list their priorities and then turn it back to Koopman so she could determine how it would impact the taxes.

Mayor Ferrazzano felt they should first talk about the projects that are already in progress and if this is not done, these projects could stall and feels they should identify funding sources for those projects already in progress. The four projects already in progress are the water meters, waste water ponds, Eastview wastewater lift station and drainage project and the Central Livestock and Greenwood storm water projects. Mayor Ferrazzano feels the priorities from this list would be the storm sewer project and Central Livestock property and the wastewater ponds. He is wondering if without some sort of federal funding, how this would be paid for. Koopman said at this point there is not, because that is something they would look towards the engineers to do the research on. She noted when we interviewed potential engineering firms one of the areas we focused on was their knowledge and success in securing funding from various sources. The engineers would identify what type of funding options are available and they would be very instrumental in drafting a grant application or USDA funding, PFA funding or any type of government subsidized funding. Rettmer asked if they would be bonding for some of these large projects. Koopman stated that is what would be done in some cases, whether it is a temporary bonding or a long term bonding. Arvizu felt they should consider what year the major work would be done and how it would impact the taxes. Robinson said the major work would start or be in progress for the wastewater project would be at minimum of two years. They do not have the feasibility study back yet as to what the City needs to do and would not probably begin anything until 2008. Mayor Ferrazzano asked if the MPCA would be okay with this start date. Robinson said the MPCA has not given us a date to a deadline, but they want to see progress. As long as the City shows them that they are working towards a plan, they will not put a deadline on the project. Robinson said that within four years, MPCA is going want to see something done. Koopman said the City has already entered into an agreement with the engineers to begin the study and the funds are being taking out of the utility fund. Chukuske suggested they determine the priorities and then have Koopman come back with financing issues. Koopman stated the water meter project is in progress but is going to be spread over a four year period unless it is bonded for the full amount.

Rettmer asked if the mapping program is vital to what street projects are going to be done. Robinson noted that the mapping program would allow them to make changes on maps. With a Global Information System mapping program, they take all the maps of the City and scan them into the program. When you need to view a map, it is pulled up on the computer and can be viewed. They

do not know what is there now and if they do put in something new, there is no way to put it on a map. Koopman said another reason for needing this mapping program is that the law now mandates that the City has to locate all service lines including residential lines. The City does not have the equipment to locate it with or a mapping system. Robinson explained the way the GIS system starts, one of the staff goes around the city wearing a little backpack and go to each and every manhole, curb stop, catch-basin, hydrant and every structure the city owns. This is punched in on the system which is later used to develop maps and identify line locations. Now there is a basic map for all the infrastructures and other structures and when something new is put in, this can be drawn in the map. The maps that the City has right now are very inaccurate.

Mayor Ferrazzano feels this mapping program should replace the water meters as far as priority goes and asked what the problem is with the water system valves. Robinson explained the water system in the City has hundreds of valves. When there are water main breaks, ideally they would shut off only a block or two, but they cannot as those valves are old, some are broke off and there are some that just do not work anymore. When there is a water main break now, more and more people are having their water shut off in larger sections of town. Eventually if the valves are not replaced, when there is a main break, the only valve left to shut off would be the one at the base of the water tower and then everyone would be without water. Robinson said they would need to section the city out so sections of towns can be controlled. In August they had identified sixteen valves that needed to be replaced at a cost of approximately \$40,000, but the Council decided not to do the valve project and to do the hydrant project. When they did the hydrant project, they had to move a number of valves and some were again snapped off. Robinson suggested that they get some type of valve replacement program in place. Robinson estimates there are now 40 inoperable valves. If a plumber would be hired to replace them, it would cost about \$92,000, but if the city would rent a backhoe and do the work themselves it would cost about \$52,000 to replace them.

Robinson said they have received the Pavement Management Program and it is a 5 year plan. The total cost of the project over five years would be \$1,708,720.

When the utility department worked on replacing hydrants and repaired water main breaks in September, they rented a backhoe. Just in the small projects, rent of a backhoe adds up. What the City pays in rent, Robinson estimated they could get a used unit for about \$25,000.

Chukuske felt that Robinson had put together an excellent list and felt they should give the list to Koopman to put a cost together and have Robinson set some deadlines of what needs to be done. He feels that what the Council came to do tonight is already done in the list provided to them. No matter how they prioritize the list, these are projects that the City needs to have done. Arvizu thought that they have a big picture and that is the responsibility of the Council and if there are essential functions of the City, they would take first priority no matter what the other lists contained. Arvizu said that once this groundwork is laid, they can add on what other groups feel are priorities help show the tax impact and whether they can manage it and what are the returns going to be. Robinson said they need to keep in mind that anytime new equipment is added, there is a cost for insurance and maintenance. Snyder felt they should also investigate into leasing this type of equipment.

Robinson said that for safety equipment they are in need of a trench box, tripod and harness for safety in entering manholes.

Mayor Ferrazzano felt that the five top priority projects would be the Greenwood storm water project with the Central Livestock property, Eastview wastewater lift station and drainage project, mapping program and the need for safety equipment. Arvizu does not see anything on the list that should be put at a lesser value and based on Robinson's explanation, feels that they are all critical.

Robinson said that with the water valves, if they went over to 4th Street East and do a total reconstruction of that street, they will go in and have the sewer lines televised and see what condition they are in and also look at past history of water main breaks and what condition the valves are in. Sometimes the street projects will tie in with a valve replacement program. Koopman said under normal circumstances, this would not be included in a bond, but the utility fund is down to where they are going to have to include it in a bond. It would be reimbursed from the utility fund to pay

off that portion of the bond. It could still be incorporated in the bond, but would not be part of the levy.

Chukuske felt that this needs to get organized and asked if a mediator was hired. He feels it is clear that the Council cannot do these sessions by themselves and need someone to organize the meeting and keep things on task to get done what needs to be done. Mayor Ferrazzano felt they did not need a facilitator because if the other groups did what the Council has done, they could send their list of priorities. With these priorities that we have, even if the Council meets with other groups or not, these are still projects that need to get done. Rettmer said the EDA board came up with priorities that were not so specific. She wondered why they are getting together with Planning and Zoning and EDA, as the Council priorities are so different than the rest of them. The Council is the one that is in charge of the funding of these projects. Arvizu felt they needed to do some coordinated planning with them and decide if they can bear the load of buying land and doing the entire infrastructure with the list they already have. Mayor Ferrazzano felt they need to get the lists from the other groups and decide if they need to meet with them. Koopman suggested that it would be helpful if each group would identify a funding source if possible along with the list. The Council would like the financial part of the priorities by November 13 if possible.

Motion by Chukuske, seconded by Snyder to adjourn the meeting at 7:30 p.m. All voted in favor of the meeting.

ATTEST:

City Administrator

Mayor

NOVEMBER 13, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 13, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, B. Chukuske, S. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Chukuske, seconded by Snyder to approve the minutes for October 23, 2006 as written. All voted in favor of the motion. Snyder asked if the \$800 from the NSF check at the Liquor Store has been collected. Koopman said the full amount has not been collected but arrangements have been made that it will be paid next week on Wednesday. She will follow up on this to make sure this is collected.

Additions to the agenda include: 7-C Resolution approving payment to Art Peterson Construction for work completed on the Liquor Store project; 10-B Attorney Contract; and Closed Meeting to discuss Labor Negotiations and Land Acquisition. Motion by Chukuske, seconded by Snyder to accept the agenda as revised. All voted in favor of the motion.

Rick Nordahl, Administrator of Sioux Valley Tracy Medical Center reported the facility had an inspection by the Mn. Department of Health and also the Fire Marshall. There are some changes that need to be made to be in compliance with the Fire Marshall’s regulations. Changes include:

1.	Doors that have positive latching locks and fire ratings	\$40,000
2.	Smoke detection upgrade to cover all corridors which require an update to the main notification box	\$10,000
3.	Walkway to the helipad needs to be made wider to accommodate the stretcher and persons on each side of the stretcher	<u>\$ 4,000</u>
TOTAL		\$54,000

Nordahl requested these funds to be used from the Hospital Improvement Fund as the compliance of these items is necessary to continue to be funded through Medicare as a Critical Access Hospital. This project needs to be completed by the end of December 2006.

Motion by Stobb, seconded by Snyder to approve the funds from the Hospital Improvement Fund for these items. All voted in favor of the motion.

Gervais said he has met with individuals from Tracy High School and Coca-Cola to discuss replacement of the scoreboards at the VMC. It is getting harder to get parts for the old ones and to keep them in working condition. Coca-Cola has asked the City to enter a ten year contract to exclusively use Coke products for any activities at the VMC. They also asked the school to extend their contract by five years. The school did not agree to extend their contract as they still have time on their present contract. The Booster Club and Athletic fund has agreed to pay for one scoreboard. Rettmer questioned if it was agreed at a previous meeting that the City would not be purchasing scoreboards for the VMC. Gervais said that the City would not pay for a scoreboard but they could possibly enter into a contract with Coca-Cola and any event in the VMC would have to be a Coke event for a period of time. Gervais said that if the school buys one, one of the others could be repaired enough to work for the time being. Rettmer asked if any other companies such as Pepsi or Schwan’s have been asked to help purchase a scoreboard. Mayor Ferrazzano asked Gervais to check with these other companies and report back to the Council at the next Council meeting.

A public hearing was held to discuss the ground water improvement project in the Eastview Addition.

Dave Reese said that he and his wife, Karen have lived in Eastview Addition for eight years and were not aware there was a problem until they received a certified letter two weeks ago indicating

there was a problem out there. Robinson explained that the municipal lift station that covers this area was designed only large enough to carry the waste from the homes at a rate of 22 gallons per minute. This lift station floods in the springtime with the amount of water that enters it from the sump pumps. This causes by-pass events that are illegal by MPCA standards. The City also has an ordinance that states no unpolluted water should enter the sanitary sewer system. It costs money to treat this waste and the unpolluted storm water. There are some cities that do not allow residents to put their sump pumps into the sanitary sewer at all. Tracy does allow this in the winter. Robinson indicated they are under the gun with MPCA with the Inflow/Infiltration problems. This is an opportunity to remove this clear water from the sanitary system. This lift station is not able to function as it is. Alarms go off and the Public Works Department works to keep the sewage from entering homes in these homes. Reese asked what the City proposes as a solution for this problem. Robinson said they would like to put in a deep tile system and have all the sump pumps hooked to that tile system that would divert the water to the storm sewer pipe that goes to the ditch southeast of Eastview. Steve Robinson for S.E.H. said they are proposing to install the large tile system that would run between the lots about 400 feet connecting into the existing storm sewer system and then on the backside about 900 feet coming into the existing storm sewer system. He feels that one of the problems is that when these homes were built, there was field tile running through this area and those tiles were cut and now they are creating a groundwater situation. Reese asked if they knew how much water was coming from each of these houses and he asked if they knew there is an operational tile system in place there now going between the two sets of properties.

Reese asked what benefit he would they be getting from this project. S. Robinson indicated there are two benefits.

1. To eliminate the sump water from entering the sanitary sewer system as the MPCA monitors the water that flows into the sanitary system.
2. The lift station is not large enough to handle the amounts of water that goes there and causes back flow into homes.

Reese asked if Eastview was the only area that water is entering the sanitary sewer system and is this the easiest one to fix. S. Robinson said that it is not the only area and may not be the easiest to fix. R. Robinson said that there are also problems downtown, but there is no storm sewer system in the downtown area capable of handling the water from storms. When the streets are redone, new water and sewer main will be installed as well as a storm system that is capable of handling the roof water. As street projects are done, I/I problems will also be addressed. S. Robinson indicated that S.E.H. is working with the City to develop a study which will identify the most serious I/I locations and then we will be looking at solutions for these problems. Reese asked if the Eastview system is the most serious one. S. Robinson said it is hard to say it is the most serious one, but what makes it serious is that it causes flooding back into the homes or causes the City to have to by-pass the lift station and dump sewage into the street.

Reese asked if other solutions to this problem have been investigated and was interested to know what other options there are. Robinson said they could build a much larger station and if you built one large enough to handle these size flows, you would go from \$100,000 lift station to \$300,000 lift station. Reese stated that in the summer, he diverts his sump water to his garden. R. Robinson said the problem is in the dead of winter until the hoses are put out that causes the most problems. The City puts in a lot of time trying to pump sewage onto the ground illegally so that it does not back up into homes. Reese asked if anyone's home has flooded during that time. Mike Andre said that he caught the water just before it flooded his home last spring. Chukuske said that Valerie Dallenbach's home also flooded during this time.

Reese asked if the Wellness Center is the reason for spurring this project to get done as the lift station is not large enough to handle the Wellness Center. R. Robinson said the lift station was built to accommodate the existing homes that are there. They knew that when the Wellness Center was going in there, they would have to have a lift station upgrade. That has nothing to do with the I/I water. This water needs to be removed from the sanitary sewer system as MPCA is enforcing the regulations. Mayor Ferrazzano clarified that even if the Wellness Center was not going to be there, the same problems would be there.

Reese asked if there were any other areas in town where a tile system was installed and required the property owners to hook up to it. The I/I problem has caused the City to not be in compliance with MPCA and has come about in the last year. The City is obligated to comply with MPCA orders. Reese wanted to know if the City was planning to do this for other neighborhoods also. R. Robinson said they would be having an engineering firm do a feasibility study on the City's I/I problems and when this is done, they will be looking for the major inflows and trying to get the most water out with the least amount of money. They have found the Eastview Addition is a huge contributor of clean water. When this program gets going, the manholes will be monitored, and the town will be divided into districts so after a rain event, the monitors will be read and we will be able to determine what part of town the most water is coming from. Those areas are then targeted. As in Eastview, when they have to pump sewage onto the street, they know there is a problem without spending any money at all. Reese asked if when the problems are identified are they going to be fixed. Mayor Ferrazzano said if the MPCA orders it, then they have to do what needs to be done to be in compliance. Reese asked who determined what lots would be assessed for this improvements. Koopman said that when the notices were sent, she looked to see where the lines went and tried to determine the number of lots. She recommended that the Council's consider a hook-up fee versus an assessment per linear foot or square foot which is normally what has been done in the past. They are dealing with groundwater on lots versus a storm sewer situation. She used Reese as an example as he owns two lots. Reese would be charged one hook-up fee, but there would be a deferred hook-up fee for that second lot and only become payable if that lot were developed for residential use. Koopman determined there was the potential for 22 lots and that would include the area outside the City of Tracy, and if that property would ever be annexed into the City, then that property would also be required to tap into that line. Those hook-up fees would also be deferred until an actual hook-up was made.

Reese read that it is the City's past policy to assess benefiting property owners for 50% of drainage costs and the other 50% paid by City taxpayers at large. He asked if that would be the same case here. Koopman responded that we are dealing with a groundwater situation rather than storm sewer which is recognized in the City Code. A storm sewer is already in place for Eastview Addition which was a part of the total project and benefit to those who purchased property. Koopman indicated they are now trying to remove the water from the individual lots. This is a different situation and not comparable to a storm sewer. Reese said he does not want the water removed from his lot. He feels the problem is more on the south side of Sunrise Drive. Karen Reese stated that she timed their sump pump the other day and it was 3.5 hours in between times it ran and it ran for a total of 13 seconds.

Mike Andre stated that he and R. Robinson have been looking at this project for a long time and talking about it for four years and says that the original cost estimates have gotten larger than where it started at. He felt that he needed a little more time to research this as he feels there may be some things that could be done to achieve the same effect and not spend as much money. He noted that he had received his tax statement and it is a big issue. He asked that they think about this just a little bit longer. Nielsen asked what he estimates the cost to be for his lot. He feels that it is going to be somewhere around \$3,000.

Mayor Ferrazzano then closed the public hearing. He asked R. Robinson if he foresees anything else that could be done. R. Robinson said that if they wanted to do it themselves privately but the bottom line is that the sump pumps in that area cannot go into the sanitary sewer at anytime or the lift station is going to be flooded. R. Robinson said that if something is not done, the sump pumps will be locked up. Mayor Ferrazzano asked if there was an ordinance that sump pumps cannot be in the sanitary sewer period, ever, then they will not have the problem with the lift station. R. Robinson said that is possible, but with the Wellness Center being added, the lift station that is there is not designed to accommodate anything additional. Arvizu sensed that the Reese's do not feel they are producing that much water, but yet, they might be liable for a large portion of the cost and some of it is being caused by the Wellness Center. R. Robinson said that is not correct. They are upgrading the existing lift station that handles just sanitary sewer. Koopman informed the public that upgrading the lift station is not a part of the ground water project and will not be assessed to the property owners.

R. Robinson said that a lot of different things have been looked at and different ways of doing this

and they are offering the residents of Eastview an opportunity to hook into a tile that would take care of their groundwater situation. Chukuske asked what the real dollars are that they are looking at for this project. Koopman said that we are working with estimated costs because this is a preliminary hearing. She used 22 units, the estimated cost of the construction which includes engineering fees, 10% added for legal and administration and then construction observation and staking. These are subject to change once the actual costs come in. But it is estimated now that the hookup fee per lot would be \$2,892.41. She noted that the hook up fee would be equivalent to an assessment and would be spread over a 10 to 15 year period. She felt that a hook up fee was the fairest way to distribute the cost because they would be dealing with areas outside the City of Tracy that may possibly tap into this in the future.

Reese asked if this does not work, are they going to be looking at more costs down the road. R. Robinson said the pumps have to come out of the sanitary sewer system. The rest of the City is on a gravity system. Their area requires a lift station. The lift station is where the water runs into a large tank with floats and when the float gets so high, it trips the pumps to run. In Eastview, there is so much water coming in there, the pumps cannot handle the flow and then the City is in violation with the MPCA when the by-pass or have to pump it out on the street.. They have to call the MPCA and alert them that they need to do a by-pass again. R. Robinson said this is the best way they have to offer. Koopman stated that it will be mandated that all homes abutting this line will be required to hook up into this system. This same mandate would apply to any future homes. The deferred hook up fees would be recorded at the county recorder's office.

Reese asked if the hook ups from the homes would be part of the contract. R. Robinson said the line would go to the house and homeowner would be responsible for getting their pump line through the wall. This system would also have surface drains for the water that ponds by the hospital. Chukuske asked if there was anyway this could be assessed city wide instead of just those lots in Eastview. Koopman said they could not do that as this is a direct benefit to this isolated area and this is not a unique situation. The City will be faced with this in other areas as well and as the projects proceed, this will be addressed. The City needs to show to the MPCA that they are making effort to bring things into compliance. The more by-passes the City reports, the more likely it will be that MPCA will mandate corrections and the cost could be astronomical. Nielsen said the assessment has to be applied to the area that is benefitted by the project. The City Council from General Revenues can pay part of the cost, but then they would be looking at this from a budget standpoint.

Mayor Ferrazzano said that if this does not have anything to do with the Wellness Center, if they simply say they cannot have the sump pump in the sanitary sewer, this would solve the lift problem. Koopman said the lift station is still undersized no matter what. He said that if there was no wellness center and the people city wide were told that they cannot put their sump pumps into the sanitary sewer and if that is the case, then nothing would have to be done with the lift station. Chukuske said the problem is with the ground water and it still has to go somewhere. Stobb said they are going to pump water onto their yards and it will sink into the ground and it will be pumped out a second time. Koopman said there will be a time during the year when it is too cold and causes the pipe freeze. That is why in the past they have been allowed to drain this water into the sanitary sewer. There is no choice in the winter but to pump it into the sanitary sewer system. This project would allow the clean water to go to the ditch all year.

Nielsen said the Council needs to keep in mind that they do not have to decide tonight a dollar amount for the homeowners, but to determine if the project should be authorized. Koopman said if the Council would approve the project, the correct order of business would be to adopt a resolution ordering the improvement and preparation of plans. If they chose to delay it, then they could continue the hearing until a later date. Motion by Chukuske, seconded by Snyder to continue the public hearing until the December 11, 2006 Council meeting at 6:45 p.m. All voted in favor of the motion.

Gervais said he was contacted about ten days ago by the Southwest Mn Housing Partnership in regards to a Subordination Agreement. He said he contacted Nielsen today and also SMHP but did not receive a phone call back. They are asking the City of Tracy to take subordination position behind Pillar Mortgage Services and their mortgage being \$61,000. The original mortgage amount was for \$15,716.00. One fifth of that is forgiven every year for five years with the Community

Development Block Grant funds that were used. So \$9,105.06 remains on that mortgage with this property. Gervais said there is no direct benefit to the city; it is allowing the property owner to finance their home. The risk would be if they defaulted on this, would the property cover the \$70,100. The grant will continue to forgive one fifth each year. The City could forgive entirely now if they chose to that, the gamble would be if they were to sell that house in the next three years, the city would sacrifice some money. If they would sell the house tomorrow, the City would be sacrificing the \$9,100. Stobb asked if they are taking out this loan, this would be an indicator that they are going to live there. Gervais said there is no guarantee, but it is hoped they would be there for the three years. Gervais is not sure what the situation would be if the City of Tracy did not agree to this. Snyder said in a couple years, that loan is going to be forgiven anyway. The anniversary date is September 29, 2007 and another fifth will be taken off that mortgage. Motion by Stobb, seconded by Chukuske to approve the Subordination Agreement. All voted in favor of the motion.

Deb Schenkoske has submitted an application to serve on the Economic Development Authority. Mayor Ferrazzano asked if there would be any problems with Schenkoske being on the EDA as she does not live in the City of Tracy. Nielsen said there should be a resolution amendment to allow non-residents to serve. Gervais stated the by-laws read that 50% of the members must reside in the City Limits. Mayor Ferrazzano said if a resolution cannot be found, this should be drafted to allow non-residents to serve. Motion by Stobb, seconded by Chukuske to approve Schenkoske to the EDA. All voted in favor of the motion.

A variance and special use permit request to construct a town home on the corner of 1st and Morgan Street was presented. Stobb told the Council that the Planning and Zoning Commission conducted a public hearing at their November meeting. There was no opposition from the public. The Commission recommends to the City Council to grant this request. Motion by Stobb, seconded by Snyder to approve the variance and special use permit for construction of town homes on the corner of 1st and Morgan. Chukuske abstained from the vote. All others voted in favor of the motion.

Chief Hillger presented his monthly report. Hemmingson's is in the process of installing the equipment in the new police car. Chief Hillger reported they will be doing testing at the high school this Saturday for police officer candidates. He has sent out twelve applications that are to be returned by Saturday.

Gervais said bids for the Stassen building were reviewed last week. They received a little over \$800 for the property that was left in the building after the City assumed ownership. Gervais is now working with Nielsen on the purchase agreement with Murrayland Agency to purchase the building itself. They have approached the Planning and Zoning Commission on developing preliminary plans for a new housing addition. There were two bids: one from I&S Engineering in Mankato for \$3,700 and one S.E.H. for \$9,100. This would be preliminary plans with lot lay-out, streets and estimates for infrastructure. The two sites identified include the Edwards's property, north of N. 3rd Street and the Glaser property northeast of the hospital. The EDA Board considered looking at land currently owned in the industrial park, the City farm area, but because of the flight plan regulations does not leave a lot of development space for housing out there. Arvizu asked if there was any reason that they would not be looking at the Bisek property. Gervais said this area was discussed.

Gervais voiced disappointment on update on the CDBG that was submitted for the upcoming season as SWMHP. SWMHP recommended that the commercial aspect be removed from the grant application. With the central business district downtown, the properties that need renovation are mostly vacant and to be part of this program, they need to have some business in it. Because of that DEED, had stated they would accept stand-alone, meaning commercial or housing but a week before the grant application was due, they changed and said they would not accept the stand-alone application. Because of that, the EDA could have withdrawn their application, however, SWMHP combined our application with Murray County. Gervais said it was originally felt they could do 20 to 30 homes, and if they can only do 10, he would rather do that than none. They do not know for sure how many homes they are going to be able to do. A decision should be made sometime in December whether the grant application has been approved. They would divide the money up based on the application from the City of Tracy and Murray County. When one of the original grants was applied for four years ago, they applied for maximum amount of \$1.25 million and were awarded

\$934,750. The maximum amount they could receive from this present application would be \$600,000. Gervais said they had to commit some of the grant income money from three years ago into this program.

At the last EDA meeting they accepted bids for the O'Brien Court re-shingling, soffit and fascia. The bid was awarded to Carl Campbell Construction for \$55,000 to be completed by March 15, 2007. Originally when the facility was built, the water ran off the shingles, down the fascia and the soffit was angled down towards the siding and runs behind the siding and they were having problems with some of the windows getting moisture in them. They have had to use caulk on some of the windows and hopefully this will be alleviated. When the building was done originally, it looks like the siding was finished about four inches short of what it should have been and the soffit runs down at an angle. If installed properly, the water would have run down off the fascia and dripped off versus down the soffit.

Gervais has also been working the home building incentive for 2007. Participants last year were 33 and hope to expand on that. This is for people looking to build a new home in Tracy; it is incentives on everything from free hook up on cable TV, to discount on homeowner's insurance, light fixtures, etc. Average savings was about \$14,500 should they build in the City of Tracy.

Gervais indicated that the apartment rents will be going up as of January 1, 2007 and have sent letters to the residents regarding this. The 5th Street apartment will be going from \$510 to \$550 per month and the 3rd Street East from \$510 to \$575 per month.

Gervais will also be running an ad similar to the one run last summer regarding the Aquatic Center. The next ad will feature Sioux Valley Tracy Medical Center and the new Wellness Center. He will be meeting with local businesses this week to complete the ad.

Gervais was contact last week by a company that is interested in coming to Tracy and they are in need of a 15,000 to 25,000 square foot office and storage area. He did contact Runnings regarding the old Coronado Stone building and they are currently using that and plan to use it over the next year. If there is anyone that would have some ideas regarding this, please let him know. This company would be in the ethanol industry. They indicated they would provide eight full time jobs and 20 to 25 part time jobs within the next few years. Gervais had talked to Dan Herman with Runnings and he stated there was about 40,000 square feet in that building. Stobb asked what type of zoning that building is located in. Gervais said it is industrial. Mayor Ferrazzano said he had read the EDA had some ideas about moving the City garage. Gervais said it actually came up a little over a year ago when there was a company that was building railroad cars and actually considered Tracy as one of the site. In talking with Robinson, it is City property and could possibly be put to better use. It is prime real estate along Highway 14. Having everything under one roof would be a benefit to the City. Since the water treatment plant is there, some type of agreement would have to be worked out. Robinson said it would be nice to have everything under one roof and the City is taking up two prime areas along Highway 14.

Robinson reported that the fire hydrant project is completed and all hydrants in the City are now operational. There were several water main breaks during the hydrant project, some being the result of using the water main valves. The Utility Department will start the installation of the new water meters soon. A wastewater engineer from S.E.H. was here to review the wastewater treatment facility system pertaining to the feasibility study. Robinson has attended meetings with engineers from S.E.H. concerning the Eastview and Greenwood storm water projects.

The Streets/Parks Department has finished the diseased Elm tree project, parks have been winterized and leaves mulched, fall street sweeping was performed and asphalt patching was completed. They will be using the School property again this year for a snowfield. A pavement management program was performed by S.E.H. There was a meeting regarding some unfinished punch list items at the pool and the pool is winterized. The Sebastian Park bathroom and the sidewalks in the park are completed. They will now start putting up the Christmas decorations.

The crack filling seal-coating project on the runway at the airport is completed. The old broken down fence between Swift Lake Park and the airport has been removed in preparation of the new

chain link fence that will be installed next week. Financing for these projects were 95% grant funds and 5% City funds.

Robinson said that he has attended several Council meetings, a priorities meeting and attended a class in Sioux Falls on how to become more organized. The Public Works has rebuilt a tractor engine on the bi-directional tractor. They will not begin the process of getting snow equipment ready.

Koopman reported that she has had many meetings to attend that have often taken up the majority of her day and sometimes into the night. It is near to the end of the fiscal year and the need to finalize the 2007 budget. The Truth In Taxation hearing will be held on December 4, 2006. She suggested that if the Council wishes to hold another budget meeting, it could be done November 20 so any necessary changes can be made. Rettmer feels there are still areas that should be discussed. Mayor Ferrazzano suggested that we focus on the budget at the next Council meeting on November 27th rather than calling a special meeting.

Motion by Snyder, seconded by Chukuske adopt a resolution canvassing the General Election held on November 7, 2006. All voted in favor of the motion. (Res. No. 2006-22)

The votes cast for the position of Mayor were officially counted as follows:

NAME	TOTAL
Steve Ferrazzano	494
Sandi Rettmer	189
Marv VanAcker	89
WRITE INS:	3
OVER VOTES	0
UNDER VOTES	<u>12</u>
TOTAL VOTES	787

The votes cast for the positions on the City Council were officially counted as follows:

NAME	TOTAL
Jan Arvizu	369
Tony Peterson	411
Michael Martin	392
Lary Parker	327
Russ Stobb	593
WRITE INS:	10
OVER VOTES	0
UNDER VOTES	<u>259</u>
TOTAL VOTES	2,361

1. Steve Ferrazzano is hereby declared the winner of said election for the position of Mayor and shall serve a term of four years commencing on the first meeting in January, 2007.
2. Russ Stobb, Tony Peterson and Michael Martin are hereby declared winners in said election for the position of City Council and shall serve a four ear term commencing on the first meeting in January, 2007.

Motion by Stobb, seconded by Snyder to adopt a resolution approving payment to Moorseal, Inc. for work completed on the airport project in the amount of \$21,502.22. All voted in favor of the motion. (Res. No. 2006-23)

Motion by Stobb, seconded by Snyder to adopt a resolution approving payment to Art Peterson Construction for work completed on the liquor store project in the amount of \$18,900.00. All voted in favor of the motion. (Res. No. 2006-24)

The Consent Calendar contained the following: EDA minutes for October 20, 2006 and the Municipal Accounts Payable. Motion by Chukuske, seconded by Arvizu to approve the Consent Calendar. All voted in favor of the motion.

The Council has received a list of priorities from the EDA Board. They also have received a list from Koopman regarding projects and cost estimates. Rettmer commented on the EDA priorities in that the main headings of the list were discussed, but the verbiage following the heading is his alone. The EDA did not approve all the comments that he made. She did not feel that it was necessary to give an explanation for all the ideas and they are not something that she would have approved. She said they had talked generally about many of the list items, but it was not approved as he has it stated in the memo. Mayor Ferrazzano asked if any other members of the EDA Board had any comments regarding this as he appreciates the explanations. Chukuske indicated that they agreed to the priorities and have him put the list together. He does not feel it is a big issue. Rettmer said she is not making an issue of this, but informing the Council about this.

Koopman felt it was important that the Council has an understanding of the dollar amount that they are dealing with in the financing of the projects that are listed. The memo she prepared is her understanding of what the Council considers as priorities. The backhoe that is listed under the Utility Projects at \$28,000 would only represent the Utility Department portion of that acquisition. Of a \$40,000 unit, the remaining portion would be charged against the Street Department Equipment Replacement. The memo included \$50,000 for the Eastview Groundwater project. The revised cost for this project is closer to \$63,000. The total for the Utility Projects equals approximately \$770,000. Koopman also included the street project that was discussed and the amount given to the Council at tonight's meeting, is \$950,000 which includes legal, fiscal and engineering cost estimates. The proposed street project includes both Phase I and Phase II of the Pavement Management Plan.

The Planning Commission has designated the downtown street lights as their priority project. The \$230,000 is an estimated cost but does include the sidewalk replacement and restoration that would have to be done. They would be looking at a decorative light for the downtown area and a portion of this would be assessed back to the benefited property owners. Koopman indicated that she has not met with anyone in the downtown area and that is something that can be done if this is considered part of the overall project. They could either hold a preliminary hearing or she could meet directly with the Business Partnership and get a feel for what they think before this portion of the project is pursued. Koopman said the street lights have become a major concern, primarily because half of the time, they just do not operate. Arvizu said that over Box Car Days the midway was very dark and the only light that was there was the light coming off of the rides. Koopman said the lighting and the sidewalks have become a safety factor. The Planning Commission would also like to see street light replacement along Highway 14, but Koopman did not have a cost for this portion of the light replacement project. If the bond issue included \$770,000 for the utility Projects, \$950,000 for the Street and \$230,000 for Street Light replacement, the total bond would be approximately \$1.9 million. The street improvements and downtown lighting would be spread over a 15-year period and require an average annual bond payment of \$55,760. The utility portion of the bond would have to be paid off by an increase in utility rates. Koopman said the average debt obligation annually of \$63,780 could be paid off by increasing the base water and sewer rates by \$4.00 each as this would generate approximately \$89,000. This would meet the debt obligation and also help replenish the depleted utility fund balance. She also recommended increasing the surcharge fee by \$2.00 which would generate approximately \$22,000 annually. The result of both increases would be a \$10.00 per month increase per user.

Koopman encouraged the Council to start making some decisions soon as time is becoming a factor especially for the lift station project. The City is faced with some major projects as things were not done over a period of time and now there is some catching up to do. Robinson noted one of the problems with the lift station is that it takes approximately two to three months to get the pumps. Another problem is the cement structure that needs to be put in the ground which is very difficult to do this portion of the work in the winter. They possibly could get it done in December, but

January and February would be almost impossible. Koopman suggested the Council could give the order and approve preparation of plans. She said the cost would not be an immediate factor and they could do an inter-fund loan until financing is in place. No action was taken.

Mayor Ferrazzano said the Attorney Committee met to discuss the attorney contract and have reached a tentative agreement and are anticipating a flat fee of \$40,000 and will be an all inclusive contract that would require Nielsen to address any and all legal issues that come before the City. This would include 500 hours and anything after that would have to be brought to the Council for review. Nielsen will give a monthly update as to where the hours are at. This was derived from figures for work completed in the past year which equaled 540 hours. Chukuske feels they should have done a request for proposal from other law firms. Nielsen would also like to explore the possibility of using the former Community Ed/Rec. rooms for a private law office. Most of the City services would be performed there. This would also generate some revenue for the City. Also if after another year, the Tracy Kid's World office would also be an option. Motion by Rettmer, seconded by Snyder to approve the 2007 Legal Services Contract and rent him office space in the Municipal Building. All voted in favor of the motion.

Motion by Rettmer, seconded by Snyder to close the meeting at 8:20 p.m. to discuss labor negotiations and land acquisition. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

November 27, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 27, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Correction to the minutes from November 13, 2006 included changing S. Snyder to C. Snyder on Page 1, Paragraph 1. Rettmer asked for clarification if the home building incentive saving on Page 212, Paragraph 3 was \$14,500 or \$4,500. Gervais verified it was \$14,500. Motion by Stobb, seconded by Snyder to approve the minutes as amended. All voted in favor of the motion.

Additions to the agenda included: 6-B Report on potential business and 6-C questions regarding the City's policy for water shut-offs. Motion by Rettmer, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Koopman indicated that an agreement was reached on the AFSCME 2007 Union Contract which included a 3.3% wage increase and the inclusion of a 35 year step in the wage schedule.

Gervais said there is a company looking to locate in southwest Minnesota and need 8,000 to 10,000 square feet of space to operate their ethanol plant cleaning business. This company started in northern Minnesota cleaning mining equipment and in the future would like to extend their business to cleaning bio-diesel plants. Tracy is one of the locations they are considering, along with Worthington, Pipestone, Luverne and Marshall. Gervais said he, Claire Hannasch and Dick Boerboom looked around the City for potential properties. Another option to be considered would be to construct a building in the industrial park to meet their needs. The question is where the money would come from to do this. Gervais did contact MnDOT to see if there would be an interest in swapping property with them in the industrial park and have not received a response from them. What this company is looking for comes down to three things:

1. Building, either free or low lease
2. Employee Base
3. Tax incentives

Initially they would hire smaller full-time labor force with an office manager and then potentially three to four full-time employees. They would expand to eight full-time and twenty to twenty-five part time employees. Wages would start in the \$11.00 per hour range and then every ninety days there would be a review with opportunity to make another .50 cents on that. There would be a \$2.00 an hour wage increase each year. They also like to work with local farmers in their off season. They need heated office and shop space because of pumps and their equipment. Twelve foot opening with roll up doors are needed for accommodate their trucks and trailers. They also need adequate power for welders, shop tools and air compressors. Gervais said he will be meeting with the director of operations for this company on Thursday, November 30, 2006. Gervais said the old Coronado Stone building would fit their needs and in conversations with Runnings, at this point they are still utilizing their building and would be for the next year. This perspective company would like to have an idea by December 1, 2006 in who is interested in getting them. There is no start up date yet. Gervais did spec a steel building, 9,000 square feet with just the building, cement slab and insulation that would cost about \$315,000. Rettmer asked if they found any other buildings that would meet their needs. Gervais said there is one in the industrial park and he did leave a message for the owner of that building and has not heard back yet. Part of that building has a cement floor and the other part has a gravel floor, part of the building was insulated and some of it was not. Stobb noted if they were to build on a lot in the industrial park, infrastructure would have to be put in. MnDOT has been approached to see if they would take the lot to the east of where their building sits and then just swap that property. That way there would be street frontage. The City would lose a little rent on the farm land, but same size and would accommodate what they would need for storing their gravel. Arvizu asked if there would be EDA or industrial type references that say when you gain this number of jobs, is it worth that kind of investment. Gervais did not have any information on that and have

discussed with the ethanol industry going the way it is, this is not a company that would stop selling their services, and this type of industry is most likely to grow. They have mentioned that their highest paid employees that they have at this time have been on staff a number of years and are making about \$23.00 to \$25.00 per hour plus benefits. Rettmer asked if there are any recent studies regarding an employee base. Gervais said the last labor study that was done was back in the late 1990's. This type of job is not a high skilled work; it is physical labor type work. Gervais feels that the physical labor force is out there and there is also the option of using farmers in their off season. Stobb said that he had talked with someone from the Lyon County Development Corporation and it was mentioned the Lyon County unemployment rate is incredibly low and if someone really wants a job, the jobs are there and so believes the work force is there.

Gervais said they have not indicated a start up date. Gervais feels there are cities out there that are going to be offering them some very competitive deals on buildings. Tracy is centrally located and there are eighteen proposed or in process ethanol plants on the DM&E line. Gervais said the funding is definitely an issue. Gervais questioned if there is a private individual out there that would like to build this on their own. There is Mn Community Capital Fund which we could get back in again and the interest rate is about 1% lower than the current lending rate. Arvizu feels that having free or low lease would not quite pencil out. Mayor Ferrazzano said that the City is interested and it needs to be conveyed to them that the City of Tracy wants to be a pro-business community and do what we can to attract businesses that want to come here. If they really want to relocate here, the City would work with them.

A public hearing was held on the Greenwood Storm Project. Steve Robinson from S.E.H. gave a brief overview of what the project entails since it was changed from what was originally designed. S. Robinson said when they first did the storm water study of the City a lot of storm water enters the City from the south and west, that runs onto the school property and ends up in the Greenwood area and there is no way to convey this water out quickly. S.E.H has looked at a couple of scenarios of providing storm water relief at the high school property and from the northeast corner of that property running a storm pipe north along 4th Street and then connecting from Spring Street and rather than directing the water north to the ditch, take it on to the Anderson property. From Spring Street, new catch basins would be put in and direct this storm water about midway where there is an existing 30 inch storm water pipe and connect on to that and continue on to 4th Street which would direct it on the Anderson property. At this point they are looking to direct this storm water onto the farm field and creating a detention area where it would then slowly enter into the Front Street sewer. This will allow the storm water to leave the area much more quickly. Arvizu said that last time they talked about this, out by the high school there is some culvert work underneath the road and goes from west of the high school and comes on to the school property, they had talked about making these culverts bigger. She asked why they would want to encourage more water and keep the culverts like they are. S. Robinson indicated at this time they are not pursuing putting more culverts in. S. Robinson said the County is working with the City and are looking at putting the larger culverts farther north before the railroad tracks and going from that point there is a more straight shot going to the ditch. Arvizu asked what happened to the concept that the County would build that road up. S. Robinson said they are looking at reconstructing that road next year and raising the road slightly and having a more defined ditch to channel the water. S. Robinson said this is the least expensive scenario of the four they have looked at and he is working on some cost estimates and project costs and getting the assessment information.

Jeff Farber from the Greenwood Nursery feels this is a good plan and encourages the City to go along with this concept. Kathy Brockway would also like to see something done and feels this will more than likely work. S. Robinson said they would like to stop the storm water from coming into the City, but to do that they would have to build detention ponds outside the City which cannot be done at this time. This option does not stop the water from entering the city but gives it a conveyance to the county ditch and will reduce flooding or reduce the time it is flood. Arvizu said that at one time R. Robinson had mentioned that once it gets to the detention pond, as the water goes down there would be shut off valves to let it out into the catch basin on Front Street and was wondering if this was still in the works. R. Robinson said that is something they need to look at and they would first try to get the water across 4th Street and on to the Anderson property. As soon as the flows on Front Street go down, the retained water would be released. S. Robinson said the detention area would be dry under dry conditions and when water would enter it, over days the water

would drain out and this discharge would be controlled so that the existing system would not be overloaded.

Jeff Morey asked if this would be a cost to the whole City or the property owners in this area. Koopman said it would be a combination of both, the City's assessment policy for storm sewers is shared on a 50/50 basis, so 50% would be spread over the whole City and 50% is assessed to the affected property owners. Since this is preliminary it is up to the Council, with input from public on how this assessment will be divided if this project continues forward. The preliminary assessment rate for Commercial/Industrial would be \$0.0404 per square foot and the Residential portion of it would be \$0.0175 per square foot. If a portion of the high school property would be designated as planned open space, that would change the amount per square foot and increase it. The Commercial/Industrial rate would then be \$0.0603 per square foot, Residential \$0.0262 per square foot and Planned Open Space would be \$0.157 per square foot. This takes into account:

1. Land Acquisition of 5 acres used for the detention ponds.
2. Construction costs estimated at \$253,000
3. Added 10% for contingency at \$25,000
4. Engineering design at \$40,000
5. Engineering construction administration at \$29,000
6. Legal and Administration at \$13,000

The total project would cost approximately \$382,000 that would be split 50/50. The estimated amount assessed back to the benefitted property owners would be \$191,000. Farber asked what Planned Open Space consisted of. Koopman indicated that this would technically be parks, cemeteries, golf course and a number of different things. The reason she included this was because the area east of the school tennis courts may be considered Planned Open Space. K. Brockway asked if the assessments would change if this Planned Open Space was sold and developed for housing. Koopman said the assessments would change if the run off factor changes. Koopman said this is only one portion of the bond issue and once the Council commits to this project, this is the start of all the other projects that have to be addressed to incorporate the whole thing into one bond issue Motion by Snyder, seconded by Stobb to adopt a resolution ordering the improvement and preparation of plans. S. Robinson asked for clarification if the Council would like them to proceed with plans prior to the land acquisition. He indicated there is approximately \$10,000 left on the budget to complete the plans. If S.E.H. proceeds with finishing the plans before land acquisition, the City would be liable for the plans. Robinson suggested that they hold off on actually preparing the plans and incurring the costs until the land is acquired. Motion by Snyder, seconded by Stobb to amend his previous motion to adopt the resolution ordering the improvement and preparation of plans contingent on the acquisition of the property. All voted in favor of the motion. (Res. No. 2006-25)

Stobb asked when the plans would need to be started for this project to begin next spring. S. Robinson indicated that it would take them six to eight weeks to complete the plans, bid advertisement period of about three to four weeks, bid review period of one to two weeks, the Council would award the bid and then about one month from that point before the contractor could actually start work because they have to order and receive all the materials. S. Robinson said that if they could start plans today they could plan constructions to start in mid-May. The construction period would be approximately two months. This would be the best case scenario.

Arvizu asked where they are at on the land acquisition. Koopman said they are still working on it as there are a couple minor points that need to be resolved. Once that is done, Nielsen will get all the information and draft the purchase agreement and expected to have it done by December 1, 2006.

Marv Rialson presented questions regarding the City's policy for water shut offs. He received a call from an elderly lady that had received a shut off notice in the mail. She was very disturbed and upset by the notice and was not sure if it was regarding her electric bill, gas bill or what was going to be shut off since the notice did not mention water anywhere on the letter. He feels the notice should be revised and should be more user friendly. She was also upset about the error in the printing of the notice as the dates were incorrect. He is concerned about the amount of time that is given to the person who receives the notice. They are given about eight days to pay the bill or the water will be

shut off. He feels they should be given 30 days. The reason all this happened was that this elderly lady did not receive her bill in October. He feels that these bills should be sent first class to avoid problems with this bill being sent in a card form. David Spencer stated that the customers are given one free “gratis” and so the first time the bill is a month late they do not receive this letter, but the second time their bill is late they will receive a notice. He explained that if a person is one month late they will not get a notice. When they are late the second time which could be six months down the road, the computer generates a notice that is sent when they are 30 days late and given ten days to pay the bill. Rialson said the October bill was the only time that she was late. Rialson said he talked to Spencer in the office if she had any previous problem and he said that this was the first time she received the notice. It was decided by the Council on April 23, 2001 to change the 60-day notice to a 30-day notice which gives a person 40 days to pay their bill before disconnection. The City is barred from shutting off water service on a Friday or the day before a holiday. Spencer indicated that this person has not contacted him at all and if this person would have called and explained what happened, she would have received an apology and he would have removed any penalties.

Mayor Ferrazzano asked how many years the City has had this form of billing. Koopman said it has been 30+ years. Koopman said to send the bills first class would not only cost more, but would be more labor intensive as the staff would have to stuff envelopes with this information. She said that one of the options that would address this problem is listed later in the agenda discussing automatic payment for utility bills. Mayor Ferrazzano said another thing to remember is that if you do not receive your bill in the mail, people should realize they are not getting free water for a month and they need to contact the office to find out what their bill is. Sometimes bills are not paid unless a bill is received, but there are some bills that you know that you are going to get every month and if for some reason you do not get it, you can call and ask about your bill. Chukuske agrees it is nice to get bills in envelopes and also understand the cost of doing it that way and hope the on-line payment would help eliminate this problem. Spencer indicated that approximately 940 water bills are sent out monthly. He said the cards are taken to the post office in stacks and they do stick together, and every once in awhile there will be a mistake by the postal service that it gets to the wrong house.

Chukuske said he had a question to clarify in his own mind as he had a similar circumstance with a rental property. Spencer said he could answer this as once a bill becomes delinquent; it is not private information anymore. What happened in this situation is the renter moved in and has paid a deposit and the first month they do not pay their bill, they get one free gratis. The second month is missed and they do not get a notice. They then receive the notice the third month. The deposit is used to pay the bill. Chukuske agrees they need to make the notice easier to understand and more friendly that their water bill is past due and they need to call and make arrangements for payments. Chukuske would like to hear from the public on this issue. Stobb asked if the shut-off notices could be sent by registered mail so we know for a fact that it was received. Spencer said more than likely they would not pick it up at the post office as they know what it is. Spencer indicated there are 77 notices that will be sent this month and usually there are three to four shut offs per month. Mayor Ferrazzano asked that the notice be revised and presented at the next Council meeting.

Koopman presented an agreement drafted by the Tracy Area Public Schools indicating that the Independent School District 417 will provide brand new scoreboards at the VMC under the following conditions:

1. ISD 417 will install the scoreboards
2. ISD 417 will pay for the maintenance of the scoreboards.
3. ISD 417 has the right to remove the scoreboards at any time for any reason.
4. The City of Tracy will make sure the boards are hooked up and in working order for contests/games.
5. The City of Tracy will be responsible for storing the control panels in a secure place between uses.

Chukuske asked what would happen if by accident, one of the City staff dropped a control panel and it was damaged. The school provides the City with insurance and they would be insuring the scoreboards and the City does have insurance for an accident and would be up to the insurance companies to determine liability.

Nielsen asked if ISD 417 would be the only ones that would be able to use these scoreboards or could other events in the VMC such as JO volleyball or youth wrestling be allowed to use the scoreboards if they are owned by ISD 417. Koopman said she would check with the school on this issue. Motion by Stobb, seconded by Snyder to approve this agreement contingent on the agreement to allow other activities that are not school related to also use these scoreboards and allow Koopman to sign the agreement when re-drafted. All voted in favor of the motion.

Motion by Snyder, seconded by Rettmer to adopt a resolution declaring property no longer needed for public purpose. All voted in favor of the motion. (Res. No. 2006-26)

Motion by Rettmer, seconded by Snyder to adopt a resolution approving budgeted transfers in the amount of \$594,151. All voted in favor of the motion. (Res. No. 2006-27)

Motion by Stobb, seconded by Rettmer to adopt a resolution approving payment to the Downtown Revitalization Fund for Christmas decoration in the amount of \$4,500 with payment provided by the General Fund – Administration. This amount was included in the budget. All voted in favor of the motion. (Res. No. 2006-28)

Robinson informed the Council that the Eastview lift station project will need to be performed during the winter of 2006-2007. He is concerned with frost in the ground which will make excavating difficult. There will be about 700 feet of new four inch force main and a new cement wet well structure to be installed. Robinson proposes the City place round or square hay bales and plastic on the ground to prevent frost from penetrating the ground. After researching other methods to do this, Robinson feels the bales are going to be the most efficient way to go and should be done in the next one to two weeks. He does not have a cost estimate of this at this time, but will try to have this by the next Council meeting. Motion by Rettmer, seconded by Arvizu to adopt a resolution ordering the improvements and preparation of plans for the Eastview lift station. Stobb has had the question asked of him since that whole addition was designed for residential homes and there are six lots that have not been built on, why isn't the capacity of this lift station enough for the homes that are there. Robinson said the new lift station would take care of more homes and there is a problem with I/I. The Wellness Center will have 18 to 24 water fixtures in it and will be larger than a few homes. Robinson said the engineer that put it in eleven years ago, did not design it correctly to accommodate additional flows. After further discussion, all voted in favor of the previous motion. (Res. No. 2006-29)

The Consent Calendar included: Multi-Purpose Center minutes for October 16, November 10 & 21, 2006, Monthly Financial Report for October and the Municipal Account Payable. Motion by Stobb, seconded by Snyder to adopt the Consent Calendar as presented. All voted in favor of the motion.

Koopman presented the budget memo that she had prepared on October 18, 2006 for the Council to review. Basically everything remains the same and if this budget was approved as presented, the total levy would increase by 6.3%. This does include the removal of \$40,500 for seal coating. One of the reductions that could be considered would be to delete the \$3,000 budgeted for Christmas decorations and banners. The present banners are very worn but maybe they can look towards the Downtown Revitalization Committee and/or the Chamber of Commerce for help in the purchase of new banners. If this \$3,000 is deleted, the levy would be reduced to 5.9%. Snyder feels this should be left in as that is one of the things that people notice about the City when they come here. The consensus was to leave this in the budget.

Koopman also suggested that the Council could consider reducing the utilities for the Municipal Building by \$2,150 and maintenance of building by \$3,000. This would reduce the levy to 5.2%. By consensus it was decided to leave these totals in the budget.

Another suggestion included reducing Motor, Fuels & Lubes by \$5,000 for the Police Department. Koopman based this recommendation on the amount that was spent during the year. Chukuske asked if this had been discussed with Chief Hillger if this would be workable. Koopman feels that this could be done and the miles can be restricted which the Council can control to some degree. Koopman will discuss this with Chief Hillger and report back to the Council.

Time and costs associated with ACH direct payments of utility costs was discussed. The cost of this service would be \$10.00 per file and .10 cents per transaction and the ACH model for the computer (with sales tax) would be \$846.60. If the Council is agreeable to this type of service, to avoid processing several files, they could state that if any customers want to take advantage of this service, their utility bill would be deducted from their account on the 15th of each month. Koopman said if this service was offered, anyone could take advantage of this and not have to worry about if their bill is paid or not. Snyder asked what the cost would be to take a survey of the residents of the City to see how many would be interested in this. Mayor Ferrazzano suggested they put a coupon in the paper that if people want to sign up for this they can either return the coupon to the City office or e-mail their response back to the City office by December 15, 2006. It will be stated that if they wish to participate in this program, the date for the deduction to be taken from their bank account would be the 15th of each month.

Koopman reminded the Council there will be a Truth and Taxation meeting on Monday, December 4, 2006 at 6:30 p.m. in the Council Chambers. The regular Council meeting will be on Monday, December 11, 2006 at 6:30 p.m.

Motion by Stobb, seconded by Rettmer to adjourn the meeting at 8:30 p.m. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor

December 11, 2006

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, December 11, 2006 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, J. Arvizu, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Rettmer, seconded by Snyder to approve the minutes from November 27, 2006 as presented. All voted in favor of the motion.

Changes and additions to the agenda included: 5-A Reimbursement for Travel for Kerr Law Firm, 5-B Ordinance 302, 5-C Lutheran Social Services Nutrition Program Agreement for 2007 5-D 2007 Legal Agreement and Leasing of Office Space to Frank Nielsen, 7-B Force Main at Eastview Addition, 8-D Resolution Approving Payment to Moorseal, Inc. for Work Completed on the Airport Project, 7-C Planning Commission Report by B. Chukuske and 11-B Addressing Employee Complaints by Chukuske. Motion by Snyder, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Koopman said that it has come to her attention that the amount that was listed under Travel, Conferences and Schools for legal services was over budget. According to the legal service agreement with James Kerr's office, it indicates that any expenditures in excess of \$793 would be at the expense of Kerr's office. Kerr's memo indicates that \$242.50 of this amount was actually for 2005 mileage expenses that was paid out in 2006. There is then an overage through the month of October of \$757.39. Kerr indicated that according to a work-up by office staff of his firm for actual mileage expense for 2006. Kerr explained that the budgeted amount of \$793 includes the City Attorney's conference expenditure of \$671.51 leaving \$121.49 for ordinary mileage, i.e. criminal/traffic. There is also a breakdown of modest amount for civil and miscellaneous in the amount of \$155.75. Kerr indicated there is an extraordinary amount of mileage for necessary criminal prosecution resulting in the paid reimbursement of \$723.13 through September, 2006. He said that Frank Nielsen has to drive to District Court at Marshall for necessary criminal prosecution and no one no one could foresee the cost of the 2006 prosecution which is alleviated in part by the City of Tracy recovering a portion of the money recovered for fines. Kerr explained that the City of Tracy built a court room upstairs in the Municipal Building and that is where Kerr did most of his prosecution as the judges came here. Judge Marshall then decided a few years back that the City of Tracy prosecution would come to Marshall. Nielsen explained that CAP meetings are meetings that happen three to four times a year where judges, prosecutors, defense attorneys, probation officers and law enforcement get together and discuss various issues that pertain to the court system. He explained that the judges are trying to get their schedules more organized and be more productive. Nielsen said the meetings are worthwhile and they are not very frequent. The actual travel time is to go to court. He said there were more trips this year than in previous years and the mileage rate has gone up to reflect the increase in fuel. Nielsen said that at the last CAP meeting the judge asked if there were things that could make court time more productive and get cases resolved. Nielsen said he had a private conversation with Judge Bush and he had asked what could be done to make this more productive. Nielsen told him that the number of times he needs to come to Marshall need to be reduced or when he does go schedule more cases on the same day so the mileage can be made worthwhile. Judge Bush said that he was sensitive to that and would certainly do what they could. Rettmer asked how Tracy compares with other cities in Lyon County regarding frequency to the courthouse and was wondering if there would be any chance that one of the judges would come back here to handle the City's court business. Nielsen said there may be no comparison and as far as Marshall is concerned, they are right there. He does not know what the likelihood of them coming back here would be, but guesses that they probably would not do it. Mayor Ferrazzano said that he sees them quite often so will talk to the judges about this issue.

A public hearing was continued at 6:45 p.m. regarding the Eastview Groundwater project. Koopman said this hearing was continued from one month ago as the residents of Eastview wanted to look at alternative plans for the project and they have not presented anything to her at this time. Robinson said he had contacted Mike Andre and he had not come up with any other plan. Dale Krog said that reading the last article in the Headlight Herald, they referred to a drainage tile that was cut when the Eastview land was developed for housing and he wondered why that was not repaired so that the

groundwater is not a problem. He feels that should have been taken care of at that time. Also, he said that anyone can make a mistake, but from what he has read and heard, it appears the lift station is inadequate and does not feel that the residents in that area should be responsible for that. If a bigger lift station needs to be put into that area, the cost should be provided for through the entire taxpayers of the city and not just the residents living in that area. Koopman said there will be no assessments for the lift station, and that the cost will be shared by all the taxpayers and was never intended to be assessed back to the property owners. What is to be assessed is the Groundwater project that removes the groundwater from their properties. Koopman said the field tiles that he referred to were field tile that were apparently cut at the time the houses were constructed. That is up to the property owner or contractor, if they did not divert that water. This water is apparently coming into the homes and draining into the sanitary sewer system creating an I/I problem. Krog felt that when this property was graded and built up, if the tile was cut then, the city should be responsible to make sure it was hooked back up again. Koopman said that what is understood, is that when the basements to the homes were dug, the farm tile was cut and never capped or diverted.

Dave Reese feels it is the people living on the south side Sunrise Drive that have the problem, not those living on the north side. Arvizu asked Reese, if he felt that he was not contributing at all to the water that is going into the sanitary sewer. He said his sump pump runs about 30 seconds every hour. Stobb felt that is a lot right now as his pump runs a lot during the summer, but have not heard his run in about six weeks to two months as it has been dry. Koopman indicated she has two pumps in her home and it runs every 30 seconds during heavy rains and have not heard it kick in for about two months. Robinson stressed the fact that they are under the order of MPCA and pumps running into the sanitary sewer have to be eliminated to alleviate the I/I problems. A larger lift station does not resolve the I/I problem as there will still be too much clear water that does not need to be treated going through the sanitary sewer system.

The public hearing was closed. Koopman stated if the Council agrees this project should move forward, they need to adopt a resolution ordering the improvement and preparation of plans. This is a preliminary hearing which is based on estimated cost of \$63,633. She suggests that they assess this back as a hook up fee versus a per linear foot assessment. There would be 22 potential lots that would benefit from this improvement and some are outside the City of Tracy. That would be \$2,892.41 per hook up fee. This hookup fee would be spread over a number of years to be determined at the final assessment hearing. Motion by Snyder, seconded by Arvizu to adopt a resolution ordering the improvement and preparation of plans for the Eastview Groundwater project. All voted in favor of the motion. (Res. No. 2006-30)

Discussion continued on Kerr's travel expense. The overcharge through September is \$723.13. Kerr does not have the amount that was already paid in October. Kerr asks for the City not to ask for reimbursement based on the circumstances concerning criminal prosecution. Arvizu recommends that this amount be split 50/50 and that would include November and December since they have not dealt with those billings yet. They should be held to their contract as they agreed to this in advance and no one has brought the larger numbers of prosecution to the attention of the Council before this. This is over budget and they would have to figure out where these funds would come from. Snyder felt regardless of the amount, they could split the difference and hold them to their contract in November and December as no one can predict how many times they will have to go to court. Motion by Snyder, seconded by Arvizu to split the incurred costs through what has been paid and hold them to their contract in November and December. All voted in favor of the motion.

Koopman said the problem with comparing water and sewer rates is that every community have their own set of circumstances. Tracy may be higher than some and lower than some, but the City of Tracy is faced with some major issues that are going to cost money and are going to have to be paid for. She feels that they have no other alternative but to consider an increase in cost. Koopman summarized that they are looking at a \$4.00 increase in water service charge and \$4.00 increase in sewer service charge and \$2.00 increase in the surcharge that is attached to each bill. This would increase the water bill by \$10.00 per month. The purpose of increasing these rates are to help with the cost of the bond issue that will include some utility projects such as the Eastview lift station, mapping project, etc. The projected cost of the projects is estimated to be \$770,000. This increase in the base rate for water and sewer will generate approximately \$89,000 annually and the surcharge would generate an additional \$22,000. These amounts will be needed to meet the bond obligation

and build more for reserve. Motion by Stobb, seconded by Snyder to waive the first reading and set a public hearing for January 8, 2007 at 6:45 p.m. All voted in favor of the motion.

Koopman received the LSS Senior Nutrition Program Site Use Agreement today and faxed it to Nielsen for review as the previous company will not longer be providing this service. Nielsen said there are a couple blanks that need to be filled in on the first page and on the second page under 10. He does not feel there is going to be any difficulty in narrowing down when they will be using the site. In the past, it has basically been Monday through Friday and in the last contract it was from 7:30 a.m. until 1:30 p.m. to prepare the meal, and have a program before or after the meal. Nielsen said that they will have their own insurance to cover their liability for use of the property. On the second page it talks about the insurance that the City would have and the City has insurance to cover its use of that property. It also states that the City would be required to name the Nutrition program as an additional insured under the City policy. When he discussed this with Koopman, she found this to be out of the ordinary and he does not recall a contract of this type when they are doing something on our property and yet the City is insuring them. He feels it can be worked out to eliminate that where they do not have to be added, but if the City would have to add them, it would be something that would have to be discussed with the insurers about. Nielsen found this agreement to be basically in order, and could eliminate the additional insured provision. The other part of the agreement talks about the City maintaining and repairing the facility, yearly inspections of fire extinguishers, etc that the City is already doing. The nutrition program is agreeing to pay a yearly fee of \$1,015 to help offset the cost of the operation and would pay that to the City on a quarterly basis. The Nutrition program had some concerns as this was a bidding process for LSS to get this contract and there were some concerns that someone has challenged that process and if LSS wants an out of this contract, if for some reason that challenge results in not getting the contract for the senior dining, either party can cancel the contract on 30 days notice. If they were not able to get the federal and states dollars to run the program, that would also be terms for termination of the contract. Motion by Stobb, seconded by Rettmer to approve this agreement contingent on the agreement by Koopman and Nielsen regarding the issues discussed. All voted in favor of the motion.

Mayor Ferrazzano, Arvizu, Koopman and Nielsen reviewed the proposed legal services agreement at their last meeting. Mayor Ferrazzano feels it spells things out clearly and there should be no problems deciding what is ordinary and what is not ordinary. It states what needs to be budgeted for each year and not have things that cannot be budgeted for. Motion by Snyder, seconded by Rettmer to accept the recommendation of the legal committee and approve the legal services contract. All voted in favor of the motion. Chukuske feels that in the future they should put this out as a RFP.

Nielsen would like to rent the former Community Ed office in the municipal building for his law office. The rent proposed would be \$2,000 annually and that breaks down to about \$166 per month. Koopman said this would include lights, heat and air conditioning. Motion by Chukuske, seconded by Snyder to approve the lease agreement. All voted in favor of the motion.

Motion by Chukuske, seconded by Snyder to approve renewal of cigarette licenses contingent on payment of fees and paperwork completed to:

Swen's Fuel Inc., Tracy Food Pride, Eagles Club, Amoco, Tracy Liquor Store and Casey's General Store.

All voted in favor of the motion.

Motion by Chukuske, seconded by Stobb to approve renewal of plumber's licenses contingent on payment of fees and paperwork completed to:

Christianson Plumbing, GH Plumbing and Heating, Heartland Mechanical, Olson Hardware, Sahlstrom Heating, Cooling and Refrigeration, Sanderson Mechanical, Swish's Hardware, Inc., Weedman Service Co., and Wood's Plumbing.

All voted in favor of the motion.

Motion by Stobb, seconded by Snyder to approve a Split Liquor License to Shetek Bend Banquet,

Bar & Grill contingent on payment of fees and paperwork completed. All voted in favor of the motion.

Motion by Stobb, seconded by Chukuske to approve a Sunday Liquor License to Shetek Bend Banquet, Bar & Grill contingent on payment of fees and paperwork completed. All voted in favor of the motion.

Radke reported the Liquor Store inventory is complete. Work on the patio is progressing. The concrete work is done and most of Dr. Horn's building has been sided. Windows and doors for the Liquor Store will be done after the holidays. There is a wine tasting scheduled on December 14, 2006 featuring Fieldstone Vineyards from Morgan, Minnesota.

Police Chief Hillger asked the Council for any questions they might have regarding the Activity Report. The new police car has been working well. A new officer, Brady Vaith will be starting shortly after the first of the year. He is presently a Correctional Officer at the Steele County Jail.

Robinson reported a water main break was repaired on North Center Street. The Utility Department has started installing the new water meters. They started with the large meters first. It is planned to install the radio read meters in Broadacres and Greentown. The goal is to have them operational by April or May. A faulty curb stop was also repaired. Public Works has put up the Christmas decorations and made required repairs. Those decorations that were placed along Highway 14 were sent back to the company to be reinforced. New brackets were put up and they now have an apparatus to help lift them up in place. The new chain link fence has been installed between Swift Lake Park and the Airport. Robinson made a request to the Council for funding to hire a temporary person to assist with snow removal and also to hire an out of town certified building inspector if needed. He is requesting this due to an accident involving one of the Public Works Employees that is important in snow removal operations and is also a certified building inspector. The Department is over budget for part time help. Koopman said this part time help would be paid an hourly wage for hours worked and funding could come from next year's Part Time Help Fund. This would cause some of the summer jobs to be delayed. Robinson asked he be paid \$15/hour as this person would have to commit to the operation and would be required to be available at anytime, would not receive benefits and has to be someone with experience with snow removal equipment. Motion by Rettmer, seconded by Snyder to approve the request for part time help at \$15/hour for snow removal. All voted in favor of the motion.

Robinson also requested funding to hire an out of town certified building inspector if needed. Koopman said she has talked with several different individuals and recommends working with Ted Hayes from Tyler. Garrels is familiar with him. Hays is agreeable to work on an as needed basis for a rate of \$45/hour plus mileage. Chukuske felt there should be some type of back up building inspector for coverage in situations like this or if Garrels would have to be replaced in the future. Koopman indicated that to be a certified building inspector there is training that needs to be done and that individual would have to work under another certified inspector for a period of time. Mayor Ferrazzano agreed that as employees come closer and closer to retirement, replacements will have to be found. Koopman said the plan to work with Hayes is very workable for right now. Motion by Chukuske, seconded by Stobb to approve the request to hire Ted Hayes on an as needed basis at \$45/hr plus mileage for building inspections. All voted in favor of the motion.

Robinson said the Utilities Department has planned activities of installing water meters, removing cement and walls from St. Mark's Museum basement and then fill the hole, and have used mulch for frost protection for the area involved with the new lift station.

At the last Council meeting the Eastview Lift Station re-hab project was approved at the estimated cost of \$118,000. Robinson feels it is important to have the left station operational by the time the Wellness Center opens in March 2007. There are two major phases: 1. the force main, and 2. the left station itself. The present two inch for main will be replaced with a four inch pipe. Robinson indicates the force main should be installed first because of frost issue. The Utility Department has placed compost on the ground to prevent the frost from going deeper than it already is. The Engineers have estimated the cost for installing the force main in ground that is not frozen would have an estimated cost of \$10,164. The estimate for directional boring would be \$20,000 if

temperatures are above freezing.

Robinson received a quote from Kendall Cooreman for the following:

1. Tracy excavator operator and trench man for \$130/hour not to exceed \$9,999. The City would purchase the parts for the force main at a cost of \$1,650.
2. Because there are several crossings to be made such as water and sewer line, the City Could rent a rubber tire backhoe and spot dig the crossings in front of the large track Excavator, saving time on the large track excavator.

If this is done, later in the winter the main part of the left station can be bid out and completed.

Motion by Snyder, seconded by Stobb to approve Robinson’s recommendation and accept Kendall Cooreman’s quote with the City assisting with a smaller backhoe and purchase the parts needed for the project. All voted in favor of the motion.

Chukuske questioned if the Planning and Zoning Commission had approved the expenditure requested by Gervais for I&S Engineers & Architects in the amount of \$3,700 to develop conceptual drawings and infrastructure costs for housing and was wondering if Gervais had been given the directive to move ahead with this. Koopman said they do not need the Council to approve this and it can move forward. Snyder will inform Gervais to proceed with this expenditure.

Koopman had attended a workshop on the Safe Routes to School workshop. The County Engineer recommended to Koopman to submit an application for a bike path on Highline Road. They would like to see this path installed in coordination with the improvement of Highline Road. Koopman said that she would plan to submit an application which is due January 31. No dollar amount is known at this time. Submitting an application does not mean a grant will be received, or if a grant was received that the City would have to accept it if it involves a financial commitment on the part of the City. The Council authorized Koopman to submit an application.

Stobb asked how the lease was progressing at the hospital. Koopman indicated they had been making good progress until the last meeting. An architect needs to see what can be done with the amount of money that is available. They are looking at an approximate two to three month delay. They have reached some agreement on other aspects of the lease but need more information before it is finalized.

Motion by Stobb, seconded by Snyder to adopt a resolution for authorization to execute Minnesota Department of Transportation grant agreement for airport improvement. All voted in favor of the motion. (Res. No. 2006-31)

Motion by Snyder, seconded by Chukuske to adopt a resolution approving the 2006 tax levy, collectible in 2007. The following sums of money will be levied for the current year, collectible in 2007 on the taxable property in the City of Tracy, for the following purposes:

General Fund	\$457,330
Debt Service	<u>\$345,000</u>
TOTAL LEVY	\$802,330

All voted in favor of the motion. (Res. No. 2006-32)

Motion by Snyder, seconded by Chukuske to adopt a resolution adopting the 2007 budget for the city of Tracy, Minnesota.

2007 Expenditures will be as followed:

GENERAL FUND		\$1,869,587
General Government	\$433,908	
Public Safety	\$453,534	
Public Works	\$596,862	
Recreation	\$ 65,000	
Other	\$320,283	
PUBLIC ENTERPRISE		\$3,217,071
O'Brien Court	\$156,000	
Eastview Apartments	\$ 59,200	
5 th Street Apartment	\$ 52,240	
Liquor	\$741,727	
Utility	\$563,204	
Utility Surcharge	\$145,000	
Refuse Collection	\$158,500	
Licensing	\$1,074,500	
Tracy Medical Center Imp. Fund	\$146,000	
Aquatic Center Operations	\$120,700	
DEBT SERVICE AND BOND FUNDS		\$631,250
OTHER		\$1,202,513
TOTAL ALL FUNDS		\$6,920,421

All voted in favor of the motion. (Res. No. 2006-33)

Motion by Stobb, seconded by Chukuske adopt a resolution approving payment to Mooreseal, Inc. for work completed on the airport project in the amount of \$46,412.05. All voted in favor of the motion. (Res. No. 2006-34)

The Consent Calendar included: Tracy Firemen's Relief Association minutes for October 2, and November 6, 2006, EDA minutes for November 17, 2006, Municipal Accounts Payable and Hospital Board minutes for September 20 and October 18, 2006. Motion by Chukuske, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Chukuske said the Council had talked about putting together a committee of possibly three people to hear or address employee concerns that they feel they cannot take to their direct supervisors. He feels this is a good idea. Chukuske indicated that he has been hearing things and employees feel they do not have a voice they can go to and would like a committee put together by the Mayor that can look into these situations. It would be something like they have with the Police Commission. Snyder feels this would be a good idea. Chukuske said the big issue was Council members getting involved and at times this is difficult to not do when the public and employees are coming to them with issues. Arvizu asked how this committee would function. Chukuske said that perimeters would have to be put together as how the committee would take care of those issues. Chukuske felt this committee would serve as a mediator to get the two sides together. He feels there is obviously some things going on that employees feel that they cannot go to their supervisor with or if they have, the issues have not been resolved. Koopman said the committee meetings would be open to the public. Koopman said the proper protocol should technically be that if there is an issue, they should be directed to go to their supervisor. If they feel they cannot go to their supervisor, then it would go to the City Administrator. If it is not resolved there, it should then go to the City Council. Koopman said if there is a grievance of any kind, the employee should be using their Union to process that grievance as that is part of the purpose of the Union. The union representative should be meeting with that department supervisor or administrator. Mayor Ferrazzano said that instead of the employee coming to the Council as a whole, a committee could be developed to deal with these types

of situations like that and the committee would report back to the Council. It is up to the employee if they want to use their Union representative. Chukuske said he would be interested in what opinion Nielsen has regarding this issue. Rettmer asked if the League of Minnesota Cities would have any recommendations for committees to serve this purpose. Chukuske said that he got chastised when he brought this issue up before and he said there are issues that need to be looked at and employees are not comfortable going through the normal channels and they are asking for help. Stobb feels that the Council should think about this issue and talk about it again. Mayor asked this issue be put on the next agenda for the next meeting and see if there is going to be a committee to do this and how many individuals will be on that committee and decide what type of perimeters there would be.

Motion by Chukuske, seconded by Snyder to close the meeting at 8:20 to discuss Land Acquisition. All voted in favor of the motion.

ATTEST:

City Administrator

Mayor