

## January 8, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 8, 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 Stobb, seconded by Rettmer to approve the minutes from December 11, 2006 as presented. All voted in favor of the motion.

The Oath of Office was administered by A. Koopman to Mayor Ferrazzano and City Council members Michael Martin, Tony Peterson and Russ Stobb.

A Certificate of Appreciation was given to Elaine Bicek, who retired after 30 years with the Tracy Ambulance Service. Jan Arvizu was presented with a plaque in appreciation for her 30 years service to the Tracy City Council. James Kerr was given a plaque in appreciation of his 33 years service as City Attorney and Asst. City Attorney.

Added to the agenda was 7-B Acquisition of Central Livestock Property. Motion by Chukuske, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

Jan Arvizu voiced concern regarding the dog pound. She discussed that lost or stray dogs are taken to the pound that is operated by Steve Larson. Dogs taken to the pound are given 5 days after which they are euthanized if not claimed. Concerned citizens have offered help with donations of dog food and networking to find homes to adopt these dogs. Arvizu felt the following steps need to be taken by owners to help control the number of dogs that taken to the pound:

1. Owners need to license their pets to assist with identification if the pet is found.
2. Call the police department when the pet is discovered missing. They may have already located your pet or will then be able to watch for them.
3. Cooperation of the police department in advertising the dogs in the pound. Pictures could be taken, a description or notice could be placed with the newspaper, TV or on the radio.

A public hearing was held at 6:45 p.m. on Ordinance 302, an ordinance increasing base water and sewer rates and surcharge fee. There being no public testimony, the Mayor declared the hearing closed and referred to the Council for their consideration. Council member Peterson asked this be tabled until the next meeting so that he could review this ordinance and its impact on the community. Koopman explained the background of what has been brought to this point. In October, a number of utility projects and street project that need to be done were discussed. This increase in base water rates, sewer rates and surcharge fee is the first step to proceed with the utility projects. The Utility Fund needs to be replenished as the balance has been greatly reduced from projects that have already been done. This increase would raise residents utility bills \$10 per month and the intent of this increase is to help pay off the bonds that we will be selling. Peterson suggested that other options be researched. Koopman explained the Utility Fund is a public enterprise fund which means any activities have to pay for themselves. The future utility projects needs to be paid for from that fund. Motion by Chukuske, seconded by Rettmer to adopt Ordinance No. 302, an ordinance amending City Code Section 6.14 Water and Sewer Usage Rates. Motion carries with Martin, Rettmer, Mayor Ferrazzano, Chukuske, Snyder and Stobb voting aye and Peterson voting nay. Stobb felt that it would be beneficial for Martin and Peterson to review the survey of the rates compared to other cities. Koopman will provide them with this information.

Nielsen indicated that the Multi-Purpose Center Board had received a bid from Joseph Pallansch Construction Services for remodeling of the men's bathroom. The Board thought they could go ahead with this project. Koopman explained that since the project was under \$50,000, it did not need to go out for bids. The Multi-Purpose Board did not realize they did not have the authority to enter into this contract and had signed it along with the contractor. The Contractor has started some very

limited work and Koopman asked them to stop construction until this was presented to the City Council for approval or denial of the agreement. Nielsen said this contract form was not drafted by him and it is his thought if the Council is agreeable, he would draft a contract that has previously been used with contractors. Koopman said the total cost of \$8,291.46 does exceed the amount budgeted, but there is a cushion to pay for this. The Board did not do this intentionally and did not understand their limitations as a Board. Motion by Rettmer, seconded by Stobb to offer our contract to Pallansch for his signature for this project at a cost not to exceed \$8,291.46. Chukuske felt it was already done and why redo the contract. Nielsen said there are certain requirements that should have been added to this contract such as completion date, insurance provisions and have the City sign off on it. Previous motion was rescinded by Rettmer. Motion by Rettmer, seconded by Chukuske to accept this contract as written and allow Pallansch to continue with his construction work. Nielsen feels that the Council cannot follow through with that motion as the contract does not have any of the required statutory language that is required by law. This is not a contract as it has not been approved by the City Council. Chukuske feels if that is the case, this contract be cancelled and this project be put out for bids. Nielsen felt that Pallansch may have some recourse for the work he has already done. Mayor Ferrazzano feels the contract needs to be reworked but is not in favor of opening it for bids again as it is not the fault of the contractor that the Multi-Purpose Center Board made a mistake. Rettmer rescinded the second motion and then made another motion, seconded by Stobb to rework the contract with Pallansch according to recommendations by the City Attorney and go forward from there. All voted in favor of the motion.

Nielsen reported that in a closed meeting on December 11, 2006, the Council considered the purchase of certain real estate in connection with the Greenwood Drainage project and at that time accepted the terms that had been negotiated with seller in regards to the purchase of that property. They have not reached the point where all sellers have signed the proposed purchase agreement consistent with the terms that had previously been discussed by the Council and reviewed by them in closed meetings. If the Council wishes to go ahead with this sale, the purchase should be approved at an open meeting so that the contract can be signed and they can move forward. Nielsen reviewed the terms and the property is what has been called the Central Livestock property or Anderson property on South 4<sup>th</sup> Street. This is approximately 30.9 acres. The purchase price that has been accepted by the sellers is \$124,929.95. Other terms in connection with the sale are:

1. The seller would have use of the buildings and fenced in livestock area for two years after the date of closing of the sale and not pay addition sums to use that for the time period specified. They would only be using that area for agricultural crops storage and housing of domesticated animals. They would be responsible for any utility costs, building maintenance or repair of the fencing area while using.

2. At the end of the two year period, the seller, would be entitled to remove any sucker-rod fencing, gates and material located in the buildings or outside within the fenced in area that they had been using. They would remove all that material within 60 days of the end of the two year period of use. They shall also remove all animal waste, manure, hay, straw and bedding materials from the buildings at the conclusion of their use of the property. At the end of that two year period they would have no further rights in the property, however at the end of the two year period, the parties agree to give fair consideration to the possibility of extending the use until May 31, 2009.

3. If the sucker-rod fencing needs to be removed to accommodate any aspect of the storm water project which the City anticipates building on part of the Property, such fence may be moved, with the expense of removal being the responsibility of the City. If the hay shed on the Property needs to be removed for the same reason, the City would demolish and remove this at their expense.

4. Seller David Anderson has the right to rent the tillable acres portion of the Property which is not in the storm water project construction area from the City for the 2007 crop season at a rate of \$85 per tillable acre. There is a farm lease that is attached to the purchase agreement that is a standard form of farm lease that would be signed by him if he elects to rent that property. In crop year starting in 2008 and future crop years, the City would have discretion as to whom, whether and on what terms, if any, it may rent out said tillable acres.

5. After the closing of the purchase of the property the seller would not be applying any animal waste to the tillable area of the property nor would the seller allow any animal grazing outside of the present fenced in livestock area.

6. The City will obtain insurance necessary to cover its loss in connection with purchase of the property and that would not necessarily include insuring anything the seller might leave on the property but the seller is free to insure their use of the property if they wish to do so.

7. There is an outstanding special assessment against the Property in the approximate amount of \$2,342.10 related to a prior street improvement project. The sale price has taken into account that the seller would pay half the assessment amount and the buyer would be responsible for the other part of it.

8. Buyer will pay for any abstract updating required and any stated deed tax due on the purchase of the property and the recording fee to record the deed conveying title to the City.

9. The seller has incurred a bill for repairs in the amount of \$2,401.56 for repairs of a water service line leak in 2006 and this amount will be deducted from the sale proceeds due to the Seller at the time of closing.

10. The parties agree to attempt to close this transaction prior to March 1, 2007 or an earlier date if the City is prepared to do so.

11. Attorney James Garvin is representing the Sellers and will be handling the funds from their end of things when the closing takes place.

12. Because the property is being purchased by a unit of the Government, there are certain benefits that may be benefits that might be payable to the sellers, Relocation Benefits because they are being required to leave the property or in this case a substantial use of the property by some of the sellers for one year of the agricultural property and two years for the buildings, there is no relocation that is occurring and as part of the transactions the sellers have executed a waiver of any relocation benefits that they may be entitled to by law.

Motion by Stobb, seconded by Snyder to enter into this purchase agreement with the sellers for the Central Livestock Property. All voted in favor of the motion.

Steve Robinson reported that on September 30, 2005 the City received notice from the MPCA of violations in the waste water plant and one of the causes of this was Inflow/Infiltration, ground water entering the sanitary sewer causing hydraulic over-loading. In November 2006, SEH submitted a proposal to do an I/I Study to identify the sources of the I/I so it can be eliminated. The cost to do that study is approximately \$48,000. He at that time stated they could phase it in over several years and has since been corrected by his own people that it cannot be. This is about a six month study and needs to be initiated about this time of year so that they get the low water flows that occur at this time of the year and catch the flows that increase during the spring. The letter from the MPCA states that the City shall work with a professional engineer to continue to remove I/I from the sanitary sewer system and does not state that a report or study has to be performed. Steps are already being taken to remove I/I from the system, one with the Eastview Ground Water Project and one with the Street Reconstruction Project that will be discussed later in the meeting. Rick Robinson stated that some of the issues stated in the letter from the MPCA in September have been corrected in house. He said the City is working with a professional engineer on I/I problems, such as 4<sup>th</sup> Street East project and will make provisions that a sump pump can be placed in a permanent pipe. Each new street project will be looked at with I/I in the forefront. He recommends that the City does not accept this proposal for the I/I Study due to budget constraints. He does recommend that each year at budget time, the City consider an I/I study. He feels that some of the I/I projects can be done in-house. Problem areas have been identified and as funds are available these can be fixed in-house. Rettmer asked if they do not accept this study, would it impede any progress on the other work that SEH would be doing for the City. Robinson stated this is a stand alone project where they would install flow monitoring devices in the manholes, study the system and generate report to state where all the extra water is coming from. Martin asked if the results of the study would be skewed because

of the dry weather. Robinson said these studies are usually started in the winter and follow through till summer. The town is divided into districts and it is determined where most of the problems are coming from. Motion by Snyder, seconded by Peterson to not accept the proposal from SEH for the I/I study per recommendations from Rick Robinson. All voted in favor of the motion

Steve Robinson explained that SEH performed a Pavement Management Plan this fall on all the City streets and they were rated in what condition they are in and ranked them one through ten with one being the worse and 10 being the best condition. This was broken down into 169 segments throughout the City and then each segment was rated. Red lines on the map indicate a level one to three, purple is level seven through nine which are the best condition streets. Using this information a five year plan was put together as to how to budget, plan, repair and maintain streets on an ongoing basis. This five year plan was broken into five phases and addresses the needs of the streets, not accounting for the infrastructure needs underneath the street. The plan will then be adjusted as to the utility replacements. On the five year plan there are fourteen blocks of reconstruction, 146 blocks of crack seal and seal coat and 13 blocks of overlay or mill and overlay. When broken into phasing, projects are bundled so they make sense and not reconstructing one block of streets and seal coating a couple blocks in another area. Phase One is a Street Reconstruction Project. Phase Two is 59 blocks of seal coat and a couple blocks of overlay. Phase Three is more expensive reconstruction, 6 blocks of reconstruction and 13 blocks of overlay. Phases Four and Five are back to seal coating and crack sealing. Stobb asked if they were talking about a phase per year in their plan. Robinson stated it could be a phase every other year. The idea is that a plan is in place that could be reviewed every year and adjust accordingly. Stobb asked if this is a five year plan, what would be the plan for year six. Robinson said that they would be going back and some that need seal coating may in the future need reconstruction. This is an ongoing project. A five year plan is required for the financing aspect of the project.

Robinson explained the 2007 Street Reconstruction project is identified as 4<sup>th</sup> Street East, from State Street and goes halfway between Summit and Circle Drive, one block of State Street between 4<sup>th</sup> E. and 5<sup>th</sup> Street East as complete reconstruction. This also includes curb and gutter replacement on 4<sup>th</sup> Street East and curb and gutter maintenance on State Street. In addition to street repairs six sanitary manholes will be replaced, three hydrant assemblies, replacing two water gate valves, and installing ground water interceptor line where storm sewers are not present. Included in this is installing 33 services for sump pump groundwater services to the property lines so the homeowners can hook up to this. The total cost of these proposed improvements is \$569,560. This has been broken in four sub-segments that would coincide with the assessment policy.

1.	Street Reconstruction	\$282,053
2.	Curb and Gutter Reconstruction	\$159,206
3.	Ground Water Interceptor	\$ 70,272
4.	Utilities	\$ 58,029

Stobb asked what types of plans are in place so there will be easy access to the hospital at all times. Robinson said that during construction, those plans would be in place. There are limits as to the amount of street that can be torn up at one time. This street will be asphalt so typically by the next day after paving; traffic can be allowed to drive on them. Robinson indicated that there will be contact with other utilities such as telephone, etc. as to any repairs that they would need to do. Motion by Rettmer, seconded by Stobb to adopt a resolution receiving report and calling for hearing on improvement for the 2007 Street Improvement Project . All voted in favor of the motion. (Res. No. 2007-1)

Radke reported the patio continues to make progress and the windows and door may be in next week. At this time, early completion may be accomplished. There was a leak in the roof and it was found to be the drain and not the roof.

Gervais said the EDA has completed the Certificate of Rent Paid for the EDA apartments and has been sent out. The EDA is working with MnDOT to possibly exchanges lots in the industrial park for future development. There is one opening in the apartments on 5<sup>th</sup> Street and this will be occupied in the near future. The sale of the Stassen building has been finalized. DM&E has passed another hurdle with the 8<sup>th</sup> District Court of Appeals approving the future expansion and upgrade.

A finding is to be made in 90 days by DOT and should have a decision on this project by spring. Gervais said the Tracy EDA is currently with Aquapower, Inc. The EDA has sent a proposal to Aquapower and they have committed to come to Tracy. The proposal stated Aquapower would have use of the building lease free for one full year if a full-time employee is located at this site. At the end of three years, Aquapower would have the option to either purchase the property or lease it for \$2,000 per month. They would employ six to eight full-time and twenty to twenty-five part-time employees. Aquapower also has plans to expand the business to include cleaning of bio-diesel plants, turkey processing plants and sugar beet plants. The EDA has also been working with Daniels/Peterson Construction to acquire property on South Street and Fifth Street to accommodate Aquapower's needs. The Tracy EDA will need to finance approximately \$150,000 to purchase the property and make the necessary improvements and is considering utilizing money from the Revolving Loan Fund and borrowing money from the Down Payment Assistance Fund; O'Brien Court cash balance and Third Street East Apartments cash balance. Gervais asked for the support of the City Council and when an agreement has been reached between the parties, the EDA will need a resolution from the City Council approving the transfer of these funds. At that time, the EDA will provide financial information for each fund available and how much from each fund will be utilized. Aquapower representatives will be in Tracy on Thursday, January 11, 2007 and Nielsen will be working on a lease as they would like to get started as soon as possible.

Police Chief Hillger told the Council a new officer has been hired and will introduce him at the next Council meeting. Martin asked what items are included in Misc. Public on the Activity Report. Hillger indicated these are items that really do not fit in any of the other categories. Stobb asked what the percent is of unlicensed pets that are picked up. Hillger said most of the animals that are picked up are not licensed and if they are licensed he attempts to get them back to their owners. If there is a repeated offense then the animals are taken to the pound.

Robinson reported the Public Works Department repaired one water main break with a rented backhoe on Hwy 14 and 2<sup>nd</sup> Street East. They have also been installing new water meters and mulch and netting was put over the area to prevent frost where a new force main will be installed. The Public Works will continue to install new meters and take down Christmas decorations. He indicated that since a purchase agreement has been made to acquire the Central Livestock Property, did the Council want the engineers to continue with the Greenwood Project. Koopman said the plans need to be put in place for construction.

Koopman told the Council in December she attended three meetings regarding the revised hospital lease. She conducted an orientation session for the two new Council members and has attended several meetings.

Koopman has prepared a summary of the intent of the Maintenance Code. Stobb explained this was prepared with the intent to get rid of fears and rumors that the City is going to be doing more than intended, such as entering properties, etc. The intent of the code is to help people fix up properties and the Planning Commission has discussed a painting program and this is the first step in getting that program started. They hope to make paint available to those that otherwise could not afford it or cannot do the painting. Koopman said rather than allow these rumors to germinate, this document was established to put into simple terms the intent of the ordinance and publish it so that everyone has an understanding of the ordinance. There are provisions in the ordinance that do allow the City to enter the home under certain circumstances such as a suspected fire hazard or illegal drug production. Rettmer voiced that they are trying to make the City of Tracy a source of pride and clean up property and has nothing to do with how you live within your property. Peterson said it does not indicate who will be enforcing this and who is responsible for what. Peterson said he has received numerous calls and letters from concerned citizens. Koopman said a committee will be established to conduct inspections. Rettmer said the community may be confusing this ordinance with the Public Nuisance Ordinance. Koopman said the committee will be responsible for rating the condition of the property and identifying those that are in need of paint and make it available to them. Stobb stated that public labor will be needed to help those individuals that cannot do the labor themselves. Groups that would volunteer to do this would be greatly appreciated. Koopman said this ordinance was intended to be a benefit and not a detriment to the residents of the City. If anyone feels that they have been wrongly accused, they may appeal to the City Council. Koopman said that it would be ideal for two or three members of the community to come forward and serve on this committee with

a Council member and a Planning Commission member. Martin said the public also needs to be aware the committee is not arbitrarily responsible for the results of the survey. It was the consensus of the City Council to have this notice submitted to the media.

Snyder informed the Council that concerned individuals have talked to him about an evergreen tree located on the southeast corner of Center Street and Highway 14 that obstructs the view of driver's. Robinson said this has been an on-going issue and he has discussed this with the home owner and MnDOT. MnDOT does not want to do anything about it at this time. Chukuske said that if you pull up to the corner, this tree is one of five that obstruct the view when looking to the left. Koopman stated that MnDOT had cut that tree down three to four years ago and the next day the home owner planted a new tree. Stobb felt they should contact MnDOT to check into it as it is in their right-of-way. Mayor Ferrazzano felt the County should be contacted as well, since it involves a County road. Koopman will get in contact with MnDOT and the County.

Motion by Snyder, seconded by Stobb to adopt a resolution approving increase in pledged securities at Minwest Bank South. All voted in favor of the motion. (Res. No. 2007-2)

Motion by Chukuske, seconded by Rettmer to adopt a resolution declaring property no longer needed for public purpose. This is for the 2002 Dodge. All voted in favor of the motion. (Res. No. 2007-3)

The Consent Calendar included: Monthly Financial Report for November, Municipal Accounts Payable, Multi-Purpose Center minutes for December 29, 2006, Planning Commission minutes for December 5, 2006 and EDA minutes for December 15, 2006. Motion by Stobb, seconded by Rettmer to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman said at the last regular City Council meeting, it was suggested that a committee be established to hear employee concerns and/or resolve issues employees feel they cannot share with their supervisor. She did contact the League of Minnesota Cities and various options were reviewed. LMC felt the most logical approach to use would be to establish a "Labor-Management Committee". This committee could consist of two City Council members, a Department Head and two Union members. The main function of the committee would be to listen to the employee's problems and reach some sort of recommendation, which employee could still reject and proceed with a formal grievance process. The League advised that she contact the Bureau of Mediation Services. The Bureau does provide training, such as outlining the perimeters, responsibilities and how to handle the issues, and would be beneficial to the committee that is established. Koopman felt the committee would only meet on an as need basis. Chukuske feels that something needs to be done and this would be a good place to start in moving forward with a positive manner to resolve issues. Sharon Hohler asked how this would fall in the chain of command. Mayor Ferrazzano indicated the chain of command would be:

1. Department Head
2. City Administrator
3. Labor-Management Committee
4. Union Grievance
5. Department Head meeting with the City Council

Koopman added 5 as the Department Heads are not members of the Union and cannot voice grievance before the Union and their grievance would have to be brought to the City Council. Peterson is concerned there is not that many City employees and if they are having an issue following the normal chain, he feels they do not need a Department Head on the committee because their may be an issue between the employee and that particular Department Head. Mayor Ferrazzano indicated alternates will be needed if that occasion arises. Chukuske agrees that a Department Head would not be needed on the committee and agrees with the chain of command. Rettmer disagrees and feels that a Department Head is needed on the Labor-Management Committee. Koopman stated that she would have to be excluded as she is in the chain of command. Mayor Ferrazzano suggested that if the Council agrees with having two Council members on the committee, they will be appointed tonight and then they would decide who would be needed on the committee, meaning Union employees and Department Head. Motion by Peterson to not have a department head on the Labor Management Committee. Motion died for lack of a second to the motion. Motion by Chukuske,

seconded by Peterson to move forward with the Labor Management Committee, appointing two Council members to it and have that group put together suggestions as to what the committee would look like subject to approval by the City Council. Koopman stated the name of the committee “Labor-Management” defines the composition of the committee and management does include Department Heads and feels that they should be included for a well-rounded committee. Stobb suggested they go with the suggested format and give it chance and see how it works and if need be, it can be changed later. Motion carries with Chukuske, Martin, Peterson, Snyder, Stobb and Ferrazzano voting aye and Rettmer voting nay.

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. Fire Chief – Dale Johnson III
7. Assistant Fire Chief – David Engesser
8. Weed Inspector – Tom Greenfield
9. City Forester – Rick Robinson
10. Building Inspector – Gary Garrels
11. City Assessor – Orlin Bruss
12. Civil Defense Director – Police Chief Bryan Hillger

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

Council Appointments as follows:

1. President Pro-Tem – Russ Stobb
2. Community Ed Financial/Advisory Board – Charlie Snyder
3. Planning Commission – Russ Stobb
4. Economic Development Authority – Sandi Rettmer and Charlie Snyder
5. Attorney Meetings – Steve Ferrazzano and Michael Martin
6. Hospital Advisory Board – Steve Ferrazzano and Tony Peterson
7. Labor Management Committee – Bill Chukuske and Tony Peterson

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

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

Motion by Peterson, seconded by Chukuske to adopt Robert’s Rules of Order and the standard agenda format. All voted in favor of the motion. Mayor Ferrazzano stated that in the future if there is anyone from the public that would like to make a statement at the Council meetings, they need to come to the podium, identify themselves and their issue will be added to the agenda.

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

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

Koopman reminded the new Council Members if they would like to attend the Newly Elected Officials Conference in February, they need to get in contact with her.

Motion by Chukuske, seconded by Stobb to adjourn the meeting at 8:35 p.m.

ATTEST:

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City Administrator

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Mayor

**January 22, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 22, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present was A. Koopman. Absent was F. Nielsen.

Motion by Stobb, seconded by Rettmer to approve the minutes from January 8, 2007 as presented. All voted in favor of the motion.

Added to the Agenda were 4-A CDBG hearing at 6:30 p.m.; 7-C Subordination Agreement; 11A-1 Mediation Schedule and 11A2 Chamber of Commerce Banquet. Motion by Snyder, seconded by Peterson to approve the agenda as amended. All voted in favor of the motion.

A public hearing was held at 6:30 p.m. regarding the CDBG grant. Jennifer Schuller from Southwest MN Housing Partnership was present to explain how the application will be submitted and to make sure the public understands what is involved with submitting this grant. The communities of Tracy, Currie and Des Moines River and Holly Townships in Murray County face similar community/housing rehabilitation needs and have joined together to make an application to seek funding for this. The total budget is \$837,860 and \$514,152 of that is being requested from the State. That amount is leveraged by \$323,708 from sources such as Greater Mn Housing Fund or Federal Home Loan Bank. The applicants have committed a total of \$22,466 in matching funds to the project with the City of Tracy committing \$17,466 from the program income, the City of Currie committing \$5,000 and Murray County did not have any figures to commit at this time. There is a total of 22 owner occupied units to be rehabilitated with twelve units in Tracy, seven in Currie and three is rural Murray County. There are six rental units that are single family and two that are duplex rental units and these are all located in Tracy. There are four demolitions in the budget. The displacement assistance is for those that need to relocate short term. The Contractor Certification is to certify contractors as lead contractors. Schuller indicated the application is due February 1, 2007 and she will complete the draft this week. To ensure that grant funds are expended in an expeditious manner, the allocation of funds will be monitored. A mailing will be going out to anyone that submitted a pre-application and funds will be on a first come, first serve basis based on the allocations and there has to be a readiness, such as getting a contractor and signing contracts, etc. Western Community Action will be doing the field administration and make sure that inspections get done.

Gervais indicated there is \$47,000 in the fund that has been re-paid over the last two years as program income. \$30,000 has been dedicated for projects that have been applied for. Rettmer asked when the funds would be available and what has been awarded. Schuller indicated notification should be in April and the program would be implemented when the funds are actually allocated.

The public hearing closed for City Council discussion. Motion by Snyder, seconded by Stobb to enter into the Cooperative Agreement with City of Currie and Murray County in support of a Small Cities Development Program Project. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt a resolution in support of a small cities development program project. All voted in favor of the motion. (Res. No. 2007- 4)

Mark Evers, representing the Tracy Chamber of Commerce, told the Council the Chamber supports the idea of replacing the downtown street lights and will assist with funding as much as they can. The estimated cost of Phase I which includes 43 new light poles and fixtures and sidewalk repair where needed is \$230,000 with 25% or \$57,500 being assessed back to the business owners. New lighting would attract people to the downtown area and a safe walkway would also be provided. Phase II would tie businesses along Craig Avenue into having new lighting also. Mayor Ferrazzano asked if the Chamber would be replacing any of the lights on the downtown buildings. Evers said they have been trying to replace lights that do not work, but they are very susceptible to the inclement weather and they are looking into replacing the present lights with some type of rope lighting. Lary Parker stated that he also felt that replacing the downtown lights would be a great idea

and there are sidewalks that do need repair and both would help with safety issues. Motion by Martin, seconded by Stobb to set a preliminary assessment hearing for February 12, 2007 at 6:45 p.m. All voted in favor of the motion.

A public hearing was held at 7:00 p.m. on the proposed street improvement which includes 4th Street East from State Street to Circle Drive and State Street from 4th Street East to 5th Street East by reconstruction of the streets with installation of bituminous surfacing, curb and gutter, water mains, sewer mains, ground water interceptor and appurtenant items.

Shirley Strand of 601 4th Street E. was concerned about the number of heavy trucks that use 4th Street East and was wondering if there is any way of enforcing them not to use that street and use the designated truck routes. Robinson said 4th Street E. is an emergency route to the hospital and many delivery trucks also use that route. Police Chief Hillger said it is very difficult to prevent trucks from using that street and service vehicles are exempt. One solution would be to make 4th Street E. a 9 ton road. Koopman suggested that before the Council makes a decision to go ahead, they should see what the cost difference would be from a 5 ton road to a 9 ton road.

James Vandendriessche of 340 4th Street E. questioned the need to replace all the curb and gutter. Robinson said that the gutter was constructed in the 1950's and would not be uniform if they did spot repair. Also about 60% of the present gutter has settled and would be hard to match up. S. Robinson indicated that 50% of the curb and gutter is borderline and will need to be replaced at some time. It is more cost effective to replace it all than to spot repairs. The settling has caused some ponding to occur along 4th Street E. when it rains.

Koopman read a letter from Dale Krog who lives at 343 4th Street. He felt that if 4th St. East is built to accommodate heavy truck, the residents along that street should not be assessed the costs for a truck route. He feels that many of today's street, water and sewer problems are the result of poor mapping, engineering and supervisory work years ago and it is unfair to assess only certain residents that are affected by these mistakes. He feels the entire community should share in these expenses.

There being no further comments from the public, Mayor Ferrazzano closed the public hearing.

Koopman said because this is a preliminary hearing, based on the estimate of cost, using the current assessment policy, for the cost for the street reconstruction would be \$18.56 per linear foot. Cost for curb and gutter replacement would be \$45.71 per linear foot. The ground water inceptor would be based on a hook up fee of \$2,129 per hook up. The bonds have not been sold, but will probably be looking at a fifteen year bond. Rettmer suggested getting the price difference between a five ton road and a nine ton road before a decision is reached as this is the cost the City would have to pay for. Snyder felt the CT and scanner trucks are the heaviest that use this road. He feels since the road needs to be done, it should be done heavier to accommodate this traffic.

Motion by Rettmer, seconded by Peterson to continue public hearing on February 12, 2007 at 7:00 p.m. once cost estimates are available on the difference of a five ton road versus a nine ton road. All voted in favor of the motion.

Peterson reported that David Spencer, Chukuske and himself met and has appointed Peterson as chairperson of the Labor Management Committee. Other members appointed were David Spencer, Kathie Christians and Chief Hillger. Madonna Peterson and Gary Garrels were selected as alternates. They are now waiting to hear word regarding the training. The committee will have no authority for actions and if there is something that needs to be acted on, it will be brought to the Council. David Spencer volunteered to be the "point person", but anyone on the committee can be contacted for any complaint. Rettmer feels the wording that if the individuals does not receive the outcome they desire, needs to be reworded. Peterson clarified that if the individual does not feel their issue has not been handled by going through the chain of command and there are still employment issues they can come to this committee. Rettmer commented she feels the Labor-Management Committee has been blown out of proportion in that she was not aware that there are Union Labor grievances to be concerned with and thought it was employee's dissatisfaction with some of the management issues and is dismayed that the Union is so actively involved and represented. Peterson indicated that the employees are members of the Union. She hoped it could

be the employees, the supervisors and the management without having to get the Union involved. She is hoping this will serve the purpose of management relations. Peterson said he does not have the complete process because of not knowing what the authority the committee will have once they receive their training through the BMS. Koopman indicated that she was told by Spencer that the Union Representative is planning to sit in on the first few meetings. Peterson said that he was not aware of this.

Motion by Stobb, seconded by Snyder to approve the appointments of the committee and proceed with the training as it can be scheduled. All voted in favor of the motion.

Gervais stated at the EDA meeting of January 19, 2007, a motion was made, seconded and passed declaring Lots 5 and 6, Block Two of the Sunrise Addition (502 Union St. and 504 Union St.) no longer needed for housing development. The EDA board recommends that the City of Tracy work with Sioux Valley Tracy Medical Center to develop permanent, adequate parking for employees and customers. He said because of the covenant in the Eastview Addition, 100% approval from the residents is required. Rettmer asked if the hospital had the option to buy these lots and Gervais has not actively marketed those lots for housing. Gervais said that he would advertise these lots if the Council would like him to and the Hospital has the right to match any and all offers on those lots and they have thirty days to react to that offer. There was an offer made to purchase those lots for two three-plexes and the hospital did decline to purchase those lots at that time, but the deal did fall through. Rettmer feels these lots should be marketed as they have not. Koopman indicated that the City already owns that property and parking is a major issue for the hospital and the lots are not favorable lots for construction because of the location to the helipad. Mayor Ferrazzano felt that it is unfortunate to give up some housing lots, but the parking issues needs to be addressed. Motion by Snyder, seconded by Peterson to designate Lots 5 and 6 of the Sunrise Addition as not favorable for construction and use those lots for parking. Motion carries with Martin, Mayor Ferrazzano, Peterson, Snyder and Stobb voting aye and Rettmer voting nay.

Motion by Stobb, seconded by Snyder to enter into the Subordination Agreement executed by Karen J. Smith to the City of Tracy. All voted in favor of the motion.

Motion by Stobb, seconded by Snyder to adopt a resolution approving funding for the acquisition of the Daniels/Peterson Construction building. This would permanently close the Home Loan Assistance Fund and transfer the remaining balance of \$62,300 into the Revolving Loan Fund and approve a loan in the amount of \$92,000 from the Eastview Apartment fund balance to the Revolving Loan Fund with annual interest rate of 5% to purchase the building. No further investigation was initiated after funds were found to be available within the City. Peterson states that he is not terribly comfortable with this proposal. Rettmer is disturbed that they are looking at the acquisition of the building because they want to give that building to a business that wants to come to Tracy, Aquapower. Snyder voiced the clarification that the City is not "giving" them this building. Rettmer said the cost of this building is \$154,050. There is approximately \$4,200 to be expended for water and sewer connection. Donated labor will be used for remodeling this building for Aquapower's use. They are also agreeing to a rent-free, two bedroom townhouse for the manager for one year, as well as lease free for one year for the building. Rettmer pointed out that Aquapower has not been asked for one red cent of contribution to commit them to make this project work in Tracy. Rettmer feels Aquapower has made no attempt to give any monetary compensation or to pitch in with any costs. She said that Aquapower has purchased a couple of pumps that cost \$100,000 to be used in this installation. She feels that the purchase of those pumps does not benefit Tracy in any way. The City wants a business that provides jobs for the people of Tracy, part of the contract with Aquapower is that employees need to live within a radius of 40 miles of Tracy and she feels it this is a bad deal. She does not feel that Tracy needs to "give away the farm" to get people here. She feels the City should request a financial commitment from Aquapower to be sure this project works for them as well as the City. Aquapower put out a proposal to a number of communities in Southwest Minnesota back in November 2006. Gervais stated the reason Tracy is at the top of the list was that Tracy was committed to getting them here. Gervais said this is the first time the EDA has been this aggressive in trying to get a business here besides the building of the prison. Stobb asked if Aquapower would provide a 100% commitment before the building is purchased. Gervais noted that the purchase agreement is contingent upon the lease with Aquapower and by the end of the week; this would be put in place. Snyder listed some issues that the lease

requires. For every full-time equivalent employee that they have in years two and three, the monthly lease amount of \$2,000 would be reduced by \$200. Snyder did some rough figures with 8 full-time equivalents at 32 hours per week and only ten part-time at 32 hours per week, that would come to \$6,336 paid in one week and does not include the secretary or manager. That would be about \$329,000 per year paid in wages and if those employees spent 25% of their income in Tracy, that would be \$82,000 income to various businesses in Tracy. They have stated they would support the local businesses by buying all their fuel, repair parts, utilities and office supplies here. He does not feel they are giving them everything and not getting anything back. Martin asked what the City would be left with if they would not renew their lease. Gervais indicated the City would be left with a 55x160 foot insulated building with shop and office space. Motion carries with Martin, Mayor Ferrazzano, Snyder and Stobb voting aye and Rettmer and Peterson voting nay. (Res. No. 2007-5)

Motion by Stobb, seconded by Rettmer to adopt a resolution approving payment to Art Peterson Construction for work completed on the Liquor Store project. Amount of payment would be \$21,600. All voted in favor of the motion. (Res. No. 2007-6).

The Consent Calendar included: Monthly Financial Report, Ambulance Report, Municipal Accounts Payable, Hospital Board minutes for December 20, 2006, EDA minutes for January 12, 2007 and Planning Commission minutes for January 2, 2007. Motion by Snyder, seconded by Rettmer to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman told the Council that she has received word from Jeff Coleman that mediation will be held on March 15, 2007. He asked that Koopman attend or be available by phone. She indicated that she would prefer to be available by phone than travel to the Cities. This mediation may bring resolution to the outstanding monies to be received for the Tracy Aquatic Center law suit.

Koopman informed the Council that the Chamber of Commerce banquet is scheduled for February 3, 2007 and tickets are \$15 and if anyone would like to attend to let her know.

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

ATTEST;

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City Administrator

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Mayor

### **February 12, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 12, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present was A. Koopman.

Motion by Peterson, seconded by Rettmer to approve the minutes from January 22, 2007 as presented. All voted in favor of the motion.

Motion by Rettmer, seconded by Snyder to approve the agenda for February 12, 2007 as presented. All voted in favor of the motion.

Koopman explained that the Christmas decorations will not fit on the new downtown lighting that is being proposed. There was a meeting held with a representative from Wayne Manufacturing, (the company the exiting Christmas lights were purchased from) and representatives from the Chamber of Commerce. The Downtown Revitalization Committee met this afternoon and Koopman explained the situation to them.

It is proposed to trade in the decorations that were used on Highway 14 and some of the larger ones used in the downtown area. The trade-in value would be \$4,396.00. The decorations that were used in the downtown area would be used on Highway 14. New decorations would be installed on South and Morgan Street between 2<sup>nd</sup> and 4<sup>th</sup> Street and on 3<sup>rd</sup> and 4<sup>th</sup> Streets between South and Rowland. All the poles would be wrapped in lighted garland. The total cost would be \$8,990 and would be shared on a 1/3-1/3-1/3 basis between the Chamber of Commerce, Downtown Revitalization and the City. The Chamber and Revitalization Committee have agreed to this funding. The City's 2007 budget includes \$3,000 for Christmas decorations. The price of \$8,990 is good until February 28, 2007. After this date the price would go up. Motion by Snyder, seconded by Stobb to approve this expenditure for the Christmas decorations. Rettmer questioned if there should be a resolution or public hearing regarding the street light project before this expenditure is approved. Snyder rescinded his previous motion.

Motion by Snyder, seconded by Stobb to approve the expenditure contingent on the adoption of a resolution ordering the improvement and preparation of plans for the downtown street lights and sidewalk repair. Stobb said the decorations are very attractive, but he is concerned if the 5 foot diameter could be a problem in windy weather conditions. Koopman felt that if that did become a problem, they could be sent back to the company to be reinforced as was done with some of the decorations along Highway 14. Those in the downtown area are not as susceptible to the wind as those on Highway 14. After further discussion, all voted in favor of the motion.

Radke reported that Total Register Systems would no longer be able to supply the liquor store with a maintenance contract because the computer system at the liquor store is outdated and there is no guarantee of finding parts to fix any problems. A new computer was installed on January 24, 2007.

Police Chief Hillger asked for any questions from the Council regarding the Police Activity Report. He reported that the new officer is working full time, but one of the current officers is out on sick leave.

Public Works Director Robinson asked the Council if there were any questions regarding his monthly report. Peterson asked since they have installed some of the radio read water meters, when they will be able to use the software for these. Robinson responded after they receive the necessary training. Peterson feels they should move forward with the training for this. Robinson's monthly report reflects that they have been repairing private water service lines that were leaking and have capped off a live water line at a demo house. They have performed snow removal and salted intersections as necessary. Robinson has been working with the Engineers on the Fourth Street project. Denny Schroeder and Paul DeSmith attended a two day certified pool operator school and both passed the test and are now certified. He will continue with the meter installation and will continue to work on the upcoming 2007 projects.

Koopman reported that she has been focused on completing the application for the Safe Routes To School grant and if funding is received, the bike trail can be completed that would link Pine Street (Co. Rd. 14) to Craig Avenue (Highway 14). Also during the month she conducted interviews for the Multi-Purpose Center Director and attended various meetings.

Fire Chief, Dale Johnson III said the Fire Department had sixteen fire calls this past year. Other than the regular meetings the members of the fire department recently did maintenance on all the fire vehicles. Air compressors and air packs have been inspected and all passed the inspection. The department has received a surplus water rescue suit from the Lyon County Sheriff Office. The Fire Department and Ambulance Service made sure all radios were in working order. Mayor Ferrazzano asked that Johnson come every three months with a report from the Fire Department.

A public hearing was held at 6:45 p.m. on the downtown street lights and sidewalk repair. Koopman said this has been initiated due to the hazard created by street lights that do not work and also the deterioration of the sidewalks in areas of downtown. This project would include approximately 43 new light poles and fixtures and sidewalk repair where needed. The cost of this project would be approximately \$230,000 with 25% or \$57,500 being assessed back to the business owners.

George Hebig feels the new light project and sidewalk repair is a very good idea as the junction boxes, plug ins for the Christmas lights and wiring are no longer working properly. He feels the downtown area is a good place to start.

Cookie Cooreman, representing the Chamber indicates that this is a much needed project. She feels that if they want people to come and shop in Tracy, ambiance of the shopping area is important. The Chamber is very supportive of this project and are ready to assist in anyway they can.

Dean Salmon commented that people do not drive through town in the downtown area; they drive through on Highway 14. He feels that Highway 14 is very unattractive and feels the Highway 14 area should be done along with the downtown lighting project. Salmon feels if Xcel energy is not willing to work with the City on this project, they should have Nobles Cooperative supply energy to the City. As a business person, he can get a rebate from Xcel Energy and has talked to them about putting lighting in his shop and have been very generous and if they are not generous with the City of Tracy, they should go elsewhere. Koopman noted that this may be difficult because we have a franchise with Xcel Energy. Before the City starts assessing business owners for new street lighting they should "get their ducks in a row" and check into getting grants and financial help and do the project right.

Mayor Ferrazzano closed the public hearing. Rettmer asked if any numbers were available for the light project for Highway 14. Koopman suggested that the Council continue with public hearing until they have the numbers to include Highway 14. Motion by Rettmer, seconded by Peterson to continue the public hearing and do a little more investigation in the project. Mayor Ferrazzano asked if the same type of pole that will be used downtown can be used on Highway 14. Koopman said that MnDOT requires the poles on Highway 14 to be thirty feet tall and a break-away pole. Koopman said that she would check with MnDOT to be sure of what can be placed along Highway 14. After further discussion all voted in favor of the previous motion. The public hearing will be continued on March 12, 2007 at 6:45 p.m.

A public hearing was continued at 7:00 p.m. on the 4<sup>th</sup> Street East and State Street proposed street improvement. At the January 22, 2007 City Council meeting, SEH was requested to reviews the pavement design of 4<sup>th</sup> Street East and compare the cost differential between a "5-ton" roadway and a "9-ton" roadway. Steve Robinson noted that the current pavement design methods analyze the number of daily vehicle trips and the distribution of heavier vehicles vs. passenger vehicles on a roadway. Normal distribution of traffic for a residential street is 94% passenger cars and 6% heavier vehicles. Based on information regarding the number of trucks serving the hospital and nursing home, averaged out to about three per day. Based on this information, SEH is proposing a street design of 3-inches of bituminous over 9-inches of aggregate with a Fatigue Life of greater than 50 years and a design Rutting Life of 25 years for a roadway with 1,000 trips per day. Two additional design options included:

1. 4-inches of bituminous over 9-inches of aggregate:
  - a. Fatigue Life greater than 50 years; Rutting Life of 37 years
  - b. Estimated additional cost: \$28,900
  
2. 3-inches of bituminous over 12-inches of aggregate:
  - a. Fatigue Life greater than 50 years; Rutting Life of 39 years
  - b. Estimated additional cost: \$14,400

It is the opinion of SEH that no modifications to the conceptual street section are necessary.

Jim Vandendriessche did a survey of residents on 4<sup>th</sup> Street East regarding the replacement of the curb and gutter. One resident indicated their curb and gutter needed to be replaced and two said they did not know what condition their curb and gutter was in, all others did not feel that theirs needed to be replaced. Most of the residents feel that the street work can be done without replacing the curb and gutter. Vandendriessche encouraged the Council to talk to some of these residents. He stated that no one is questioning the fact the street needs to be repaired and was last done in 1984. He understands that with the water interceptor project they are going to be bringing a two-inch pipe within five feet of their structure and it is then the homeowners responsibility from that point. He is estimating it is going to be about \$1,000 to have the hole drilled through the wall. Vandendriessche feels that each resident is looking at the cost of \$3,500 to \$5,000 to replace curb and gutter if it is not needed. Peterson stated that it gets more costly to spot repair than it does to replace it and the improvement costs with the sanitary sewer are only going to get more expensive.

Harold Drackley feels they need to make sure that a proper base is made so the street can handle the heavier traffic. Police Chief Hillger stated that all service vehicles such as buses, snowplows, delivery truck, etc. are exempt and can use that road for their services.

The public hearing was closed by Mayor Ferrazzano. He asked Steve Robinson to again explain the need for replacement of the curb and gutter. There is the option that the street can be replaced and only spot repair of the curb and gutter be done. Robinson said you may cut your linear foot to half but the unit cost would rise. The question is what constitutes needed repair. There are some areas of deterioration that can cause drainage problems. The present curb is 22 inches wide and the standard is 24 inches. He explained that the way they arrived at the cost of \$45 per linear foot is they allocated total project cost into the various aspects of the project, including engineering fees and administrative fees, so the construction costs was \$118,000. They also added 10% contingency, 19% engineering design and 11% construction administration and 4% legal administration. Koopman added that this project cost is in line with what other communities have paid for this type of project. Robinson suggested that the curb and gutter repair be included in the construction costs and the areas of repair be identified with the cost to be assessed to all homeowners and not just those whose curb and gutter needs the repair work. Snyder felt that if they do spot repair and then put in the extra 3-inches of aggregate to increase the Rutting Life would make more sense. Martin asked if over 50% of the owners would need spot repair, would that cost more than to replace the whole curb and gutter. S. Robinson stated that they would have to go out and mark the areas that would need repair and add up that cost and also how much of the drive-ways would need to be repaired. Robinson would not recommend the sharing of service lines for the groundwater interceptor between neighbors due to the fact that if the line gets plugged or needs service, the cost to have this repaired could cause problems. Koopman suggested that if the Council wishes to go ahead with the project that need to adopt a resolution ordering the improvement and preparation of plans and if they wish to wait for the cost differences of replacing the curb and gutter vs. spot repair they may need to continue the public hearing. S. Robinson said if they can get started relatively soon, they can get some of the preliminary design work started and the curb and gutter can be addressed in another month or so.

Motion by Peterson, seconded by Stobb to adopt a resolution ordering the improvement and preparation of plans with the most cost effective plan for curb and gutter replacement and including the additional 3-inches of aggregate for an estimated cost of \$14,400. All voted in favor of the motion. (Res. No. 2007-7)

Koopman presented the 2007 Capital Improvement Budget which is a five year plan designed to identify the project needs for each department. Motion by Snyder, seconded by Stobb to approve

the Capital Improvements Budget 2007. All voted in favor of the motion.

Koopman indicated that one of the changes to the Cemetery Superintendent Contract was the verbiage in the Insurance section which states that the Superintendent shall, during the whole period of this contract, maintain and file policies and certificates of insurance with the City relating to workers' compensation with statutory limits and then it will be covered as the amounts change. Another change would be the amount of compensation which includes a 3% increase and also the staking of new lots has been removed for Exhibit "A" as this is a very time consuming project. Motion by Stobb, seconded by Rettmer to approve the Cemetery Superintendent Agreement. All voted in favor of the motion.

Koopman presented a letter regarding the Transfer of Control of Cable Television Franchise of PrairieWave Communications to Knology, Inc. She referenced a note from City Attorney, Frank Nielsen. He indicated that the City Council will have to decide how deeply it wants to get into this, and whether Mr. Grogan should be retained. He also noted that the reference to PrairieWave paying the review costs is not very specific. She pointed out that the City Council did not have to take any action on this issue tonight and could wait for Mr. Grogan to let the City know if there will be any costs and what those costs would be.

Motion by Peterson, seconded by Snyder to wait for Mr. Grogan to let the City know if there are any costs and what those costs would be. All voted in favor of the motion.

R. Robinson informed the Council that he has researched the purchase of a tractor backhoe that would be best for the City of Tracy. Robinson noted that it costs \$45 per hour to rent a backhoe and there are projects coming up in the future that will require a backhoe. Robinson recommended to the Mayor and council to approve the purchase of a used 2001 Case 590 at a cost of \$47,165. After further discussion the Council felt that since they have access to rental backhoes and it is not in the best interest of the City at this time. The request died for lack of a motion.

Koopman presented a resolution requesting comprehensive road and transit funding in 2007. It was recommended by the League of Minnesota Cities that cities to adopt this resolution. Motion by Snyder, seconded by Stobb to adopt this Resolution Requesting Comprehensive Road and Transit Funding in 2007. Motion carries with Martin, Rettmer, Snyder, Stobb and Ferrazzano voting aye and Peterson voting nay. (Res. No. 2007-8 )

The Consent Calendar included: Tracy Firemen's Relief Association minutes for 12/2/06 and 1/2/07, Economic Development Authority minutes for January 5 and 19, 2007, Tracy Public Library Board minutes for January 30, 2007, Municipal Account Payable and Cemetery Commission minutes for January 25, 2007. Motion by Snyder, seconded by Stobb to approve the Consent Calendar as presented. All voted in favor of the motion.

Motion by Stobb, seconded by Snyder to close the meeting to discuss union negotiations. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**February 26, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 26, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Absent was S. Rettmer. Also present was F. Nielsen. Absent was A. Koopman.

Motion by Peterson, seconded by Snyder to approve the minutes from February 12, 2007 as presented. All voted in favor of the motion.

Additions to the agenda included: 5B Waterfowl Banquet Gambling Permit, 7B Curb and Gutter Replacement and 4<sup>th</sup> Street East Reconstruction and 7C Engineering Services for 4<sup>th</sup> Street East Street Improvements. Motion by Chukuske, seconded by Snyder to adopt the agenda as revised. All voted in favor of the motion.

Nielsen presented the latest information regarding legal representation in the proposed transfer of control of the cable system and franchise of PrairieWave Telecommunications, Inc. to Knology, Inc. Mr. Grogan explained in his letter the question of reimbursement of costs to the various cities for review of the proposed franchise transfer has not revolved so much around whether there will be reimbursement, but how it will be apportioned among the various cities that his firm would represent. He is very confident that there will be reimbursement. Mayor Ferrazzano asked Nielsen if he felt confident in handling this matter. Nielsen felt it was more an accounting issue rather than a legal issue.

Motion by Snyder, seconded by Stobb to enter into the Engagement Agreement between the City of Tracy and Moss & Barnett concerning legal representation in the transfer of the cable system and franchise of PrairieWave Telecommunications, Inc. to Knology, Inc. All voted in favor of the motion.

R. Nordahl, CEO of Sanford Tracy Medical Services has recommended to the Hospital Advisory Board that the City of Tracy consider engaging the firm of Horty Elving for architectural and engineering services for renovation of the medical facility. This firm is the one that originally designed the present facility with the exception of the clinic facility. Nordahl said that this firm is proficient in the architectural and engineering services for small rural facilities and presented great references. Their cost estimate is 8.25% of construction cost, plus reimbursables of approximately \$25,000 Total cost of the project based on the 3D1 drawings of work scope, the probable construction cost per phase, including infrastructure and corridor updating to complement the renovation, is as follows:

Phase I	\$1,192,000
Phase II	\$1,160,000
Phase III	\$ 600,000
<b>TOTAL</b>	<b>\$3,392,000</b>

Motion by Peterson, seconded by Stobb to engage the firm of Horty Elving for plans and specifications for renovation of the Outpatient Services area of the Sanford Tracy Medical Services. All voted in favor of the motion.

Eric Squires presented a request from the Minnesota Waterfowl Association, Shetek Prairie Chapter for a temporary gambling permit for their annual banquet to be held on March 24, 2007. Motion by Stobb, seconded by Chukuske to approve the gambling permit for the Shetek Prairie Chapter of the Minnesota Waterfowl Association. All voted in favor of the motion.

Bids for the Eastview Addition Lift Station were received and opened at 2:00 p.m. on February 22, 2007. Three bids were received with the appropriate documentation included. Robinson indicated that the bids received were very competitive. Bids received were:

GM Contracting, Inc.	Lake Crystal, Mn	\$123,387
Hydro Tech Services	Pipestone, MN	\$ 99,886
Waldor Pump & Equipment	Bloomington, MN	\$105,700

It was the recommendation of Short Elliott Hendrickson to award the contract to Hydro Tech Services. Motion by Stobb, seconded by Snyder to adopt a resolution accepting the bid for the Eastview Addition Lift Station to Hydro Tech Services in the amount of \$99,886.00. All voted in favor of the motion. (Res. No. 2007-9)

Motion by Stobb, seconded by Snyder to approve the contract between the City of Tracy and the LELS Union. The duration of the agreement will run from January 1, 2007 through December 31, 2008 with wage increases of 3.3% for 2007 and 3.3% for 2008. Standby pay is increased 3% to equal \$3.72 per hour. All voted in favor of the motion.

Robinson reported that Steve Robinson from SEH, Tom Greenfield, Public Works Supervisor, James Vandendriessche, resident of 4<sup>th</sup> Street East and himself reviewed the existing curb and gutter on 4<sup>th</sup> Street East from State Street to a point between Summit Avenue and Circle Drive. This was done to identify and quantify the areas of existing curb and gutter that would be designated for replacement if the City opted to perform spot repairs rather than complete reconstruction of the curb and gutter. Findings included:

Of the 3,731 linear feet of existing curb and gutter within the 4<sup>th</sup> Street East project area, 2,083 (56%) linear feet has been identified as in need of replacement.

The estimated project total cost for complete curb and gutter replacement is \$159,206 and the estimated project total for selected curb and gutter replacement is \$89,629.

The curb and gutter selected replacement quantities may increase due to damage or stresses incurred during construction.

It is the recommendation of SEH to the City of Tracy to authorize complete replacement of the curb and gutter at the 4<sup>th</sup> Street East project area.

Chukuske asked Vandendriessche if he was comfortable with the replacement of the curb and gutter after the inspection and findings. Vandendriessche indicated that he is not happy with the cost, but feels that complete replacement needs to be done. There are things that you do not see by driving by. There is apparent shifting and sand has been washed out of the curb. There are also many areas where the aggregate is visible. Stobb said there is about a \$70,000 cost difference but appreciates Vandendriessche's input and time associated with this issue.

Motion by Chukuske, seconded by Peterson to authorize complete replacement of the curb and gutter at the 4<sup>th</sup> Street East Reconstruction project area. All voted in favor of the motion.

Robinson presented a proposal from SEH for engineering services for the 4<sup>th</sup> Street East Street Improvements project. The proposed fees are as follows:

Phase I Feasibility Report:	\$ 2,400
Phase II Construction and Bid Documents	\$39,500
Phase III Construction Observation and Administration	\$46,600
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<b>TOTAL FEE:</b>	<b>\$88,500</b>

Motion by Stobb, seconded by Peterson to accept the proposal from SEH for engineering services for the 4<sup>th</sup> Street East Street Improvement Project contingent on review of the proposal by Robinson and Nielsen. All voted in favor of the motion

The Consent Calendar included: Multi-Purpose Center minutes for December 12, 2006 and January 23, 2007, Monthly Financial Report for January, Lyon County Development Corp. minutes for January 23, 2007, EDA minutes for February 2, 2007, Hospital Community Board minutes for January 17, 2007 and Municipal Accounts Payable. Motion by Snyder, seconded by Peterson to approve the Consent Calendar as presented. All voted in favor of the motion.

Motion by Snyder, seconded by Peterson to adjourn at 7:00 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**March 12, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 12, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Absent was M. Martin. Also present was A. Koopman.

Motion by Peterson, seconded by Stobb to approve the minutes from February 26, 2007 as presented. All voted in favor of the motion.

A change to the agenda to delete 5A – Randy Hohler: Linda Holstein to be discussed at a closed meeting following the regular meeting. Motion by Chukuske, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Board and Commission applications were reviewed. Motion by Stobb, seconded by Peterson to appoint Wanda Apperson to the Library Board. All voted in favor of the motion.

Motion by Rettmer, seconded by Peterson to appoint Bernie Holm to the Police Commission. All voted in favor of the motion.

Two applications, Rhonda Fredericks and Dale Krog, were received for one vacancy to the HRA Board. Chukuske and Koopman were appointed to conduct interviews for this vacancy.

Motion by Stobb, seconded by Chukuske to appoint Deb Schenkoske to the EDA Board. All voted in favor of the motion.

Motion by Chukuske, seconded by Stobb to appoint Claire Hannasch to the Hospital Community Board. All voted in favor of the motion.

Two applications, Gwen Nelson and Seneca Almlie were received for one vacancy to the Cemetery Commission. Koopman and Chukuske were appointed to conduct interviews for this vacancy.

Dates were discussed for the Labor Management Training. Koopman will the Bureau of Mediation Services and arrange this training to be held on March 27 with an alternate date of March 29.

Head Librarian J. Verdeck reported that in November and December the library was open in coordination with the businesses that were open Thursday evenings and also on Sunday, but the library had very little activity. In January there were 26 patrons added to the library and this was 6% of the total that Plum Creek Library added. In 2006 we added 3% of the total numbers for Plum Creek Library. Twenty-five adult books and fourteen juvenile books were added to the collection in January and \$1,500 was paid to Plum Creek for licensing and e-mail. In February there were 14 new patrons at the library which is 4% of the total for Plum Creek. Twenty new adult books and ten juvenile books were purchased. On February 24 when it snowed there was some water by the windows in the computer area and entrance. Garrels felt it was condensation. Verdeck will be attending a workshop in Marshall in March on developing collections and weeding out of material that the library has.

R. Radke reported the work on the patio is at a standstill until the weather allows them to work on it again. The patio furniture has been delivered.

Mayor Ferrazzano questioned if there was a procedure in place for closing the office during inclement weather. Koopman said that if the weather is bad and the office is closed, the employees are only compensated for the hours that they work. Mayor Ferrazzano felt it not fair that if Administration closes the office that the staff has to use vacation or compensation hours or take the time without pay if the office is closed. Koopman felt this issue should be discussed during union negotiations.

At 6:45 a public hearing for Downtown Street Lights was continued. Cookie Cooreman, Chamber President stated that if the lights on Highway 14 are adequate, another way to beautify Highway 14

could be explored. She felt it is important to improve the lighting in the downtown area.

Koopman pointed out that Xcel Energy has a franchise with the City, so any improvements would be incorporated through their company. She did place a call to Xcel but at this time has not received a call back and is hoping to have more information by the next Council meeting. Koopman will also check with MnDOT to see if they would financially participate with putting new lighting along a state highway. Koopman suggested that they could leave the present lighting on the south side of the highway and put the decorative on the north side. Stobb responded that the Planning Commission discussed doing the downtown area as a priority with Highway 14 being done at a later time. Rettmer felt it was a safety issue to improve the lighting in the downtown area. Stobb questioned the possibility of leaving the present poles along Highway 14 and replace the fixture with a more decorative type.

Mayor Ferrazzano directed Koopman to pursue with the collection of information regarding issues such as leaving the present poles and changing the fixtures along Highway 14, wattage and type of bulbs that can be used, etc. Stobb asked if there is a deadline of when this needs to be decided as far as the bonding procedure goes. Koopman said they have some time to go over this information as the projects have not gone to bid yet.

Motion by Snyder, seconded by Peterson to continue the public hearing on April 23, 2007 at 6:45 p.m. All voted in favor of the motion.

Gervais reported the EDA is working with Aquapower and are about 75% completed on the building issue. Sewer and water were dug in last week with the cost a little higher than previously thought as they had to have Kendall Cooreman dig that in. AquaPower has been running ads in the paper and have had some success in finding employees and continue to look for more employees. They would like to have three or four employees start in the near future as they have some jobs in the area.

There are three Eastview Addition lots the EDA will be giving away on Union Street and are requiring \$1,000 deposit to help cover costs associated with closing on the property. There are some deferred assessments on those lots as well at about \$4,400 per lot. Two of the three could have some assessments with the water drainage project. There are stipulations that the house needs to be complete within 18 months. March 19 proposals will be accepted as long as they have the \$1,000 deposit ready and if there is more than one party that shows interest with their deposit, at 4:00 p.m. on Monday the bids will be cut off and those parties will be entered into a lottery and the first one drawn will have first choice on the lots. After that on March 20, 2007 it would be a first come/first serve basis.

The Home Show in Marshall was attended and a booth was shared with the Chamber of Commerce and information was handed out on the free lots and some of the home building incentives.

The house located at 62 Morgan Street was purchased so it could be demolished and Gervais has been contacted by a couple interested parties that would potentially like to move that structure and the EDA Board has decided to accept bids. Nielsen will be addressing any legal issues. They would require a \$1,000 deposit that would be refunded when the move is completed and they must remove the entire structure by October 1, 2007. This would save the City dollars in demolition costs. The foundation will be demolished when 58 Morgan is demolished. Chukuske asked if there is any asbestos in this basement and Gervais said they are not aware that there is.

In the front page of the Headlight Herald there were some conceptual drawings of potential housing additions for the Edwards and Glaser property and are now waiting for cost estimates from I&S Engineering for the infrastructure. No property has been purchased; they are just in the process of finding what the cost would be if they would move forward with this housing addition.

The EDA has partnered with the Chamber to come up with a new Tracy brochure and also some post cards to help market Tracy. Gervais attended a meeting with Nort Johnson, Lyon County Enterprise Director, and Mark Hanson, Marshall EDA Director and Charlie Siepel, the Cottonwood EDA Director. They plan to meet monthly and the last meeting they discussed potential bike paths for Lyon County in different phases. They would start in Marshall and have a bike path go to Camden

State Park, and then phase two running from Tracy to Garvin Park and try to hook up with the Casey Jones Trail which is currently northwest of Currie and Lake Shetek. There are also plans to run from Pipestone to Currie and then from Currie to Redwood Falls. They also discussed the needs for employees as there are 400 openings in Marshall right now with an estimate of a little over 200 people in Marshall to fill those positions. Employee base continues to be a huge issue. They will be trying to recruit employees from outside the area to come and live here and the jobs targeted would be in the \$10 to \$12 an hour range. It would be hard to find housing for those types of jobs in Marshall. Tracy and Cottonwood could see the benefits of this. Marshall has been considered as a site for a regional sports facility and if chosen they will be adding ten soccer fields and a couple more sheets of ice and will be able to hold regional events in Marshall. There could be benefits for Tracy if they use the hotel or increase traffic through Tracy. Letters were sent to the residents and property owners in the Eastview Addition in regards to the hospital parking lot and waivers were attached. They are asking that those be returned by March 16, 2007 and if there are any questions or concerns they have, they can discuss them with himself or Koopman. The waiver was drafted by City Attorney, Frank Nielsen and Gervais and Koopman drafted a letter and included a map of the Eastview additions with the lots and color rendering drafted by Dan Anderson of what the lot could potentially look like. There have been many questions on the CDBG and approval has not been received at this time. Notification letters will go out once anything is heard back. The house at 100 Union Street is in the process of being deeded over to Western Community Action and Nielsen is preparing the deed. This home could possibly be sold at this time. Western Community Action would like to work with Tracy on two to three more potential houses similar to this in Tracy. They did receive money through MURL project and that money needs to be spent by April 2008. Gervais did meet with Dave Marlette from the high school regarding group work camp. This was in town a few years ago and 250 kids with supervisors painted and fixed up about 60 houses in and around the Tracy area. They are trying to get that back here in 2008 or 2009, depending on the schedule.

Police Chief Hillger asked for any questions on the Activity Report. He told the Council he had attended a one day seminar at SMSU regarding the Pandemic Flu response. He felt the seminar was informational and had more to do with private companies and entities.

Koopman reported that in February interviews were conducted for the Multi-Purpose Center Director and Mary Ann Blanchette has accepted the position. She attended many meetings during the month of February.

The Consent Calendar included: Multi-Purpose Center minutes for February, 2007, Municipal Accounts Payable and EDA minutes for February 16, 2007. Motion by Chukuske, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

The date for mediation regarding the Aquatic Center Lawsuit has been moved from March 15, 2007 to April 19, 2007.

Motion by Chukuske, seconded by Peterson to close the regular meeting at 7:15 p.m. to hold a closed meeting for Attorney/Client privilege meeting regarding the employment of Randy Hohler. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### March 26, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 26, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Snyder to approve the minutes from March 12, 2007 as presented. All voted in favor of the motion.

Additions to the agenda included 6E – Engineering Agreement for Eastview Addition Ground Water Interceptor Project and 6F – Mass Shelter Agreement from the American Red Cross. Motion by Chukuske, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Koopman indicated that this afternoon, she, Steve Robinson, Rick Robinson, Dave Marlette and some Board members met to discuss concerns about the Greenwood Storm Sewer Project. After a length meeting they came to a consensus that the following items would be addressed.

1. An agreement would be prepared that would allow the school district to tie into the Spring Street storm sewer line, sometime in the future with no additional assessment.
2. The 24 inch tile line that would be placed as deeply as possible on 4<sup>th</sup> Street to allow for sufficient fall.
3. The School District would give the City approximately ¼ acre of land in the northeast corner of the high school property where there will be a water collection point with a depression created there. The school does not want the liability and then City would be responsible for the future maintenance.

If this is acceptable to the Council, they could proceed with the resolution. Nielsen felt there should be more clarification on the first point. Nielsen feels there is no problem with the first condition, there needs to be clarification what the school is going to tie into and what areas would be drained into that area. He feels this should be addressed so the system is not overloaded in the future. If there are any costs to modify the plans to do it as the school district is suggesting, the Council should be aware of this. S. Robinson indicated that the plans would not need to be modified as they are extending the storm sewer to Spring Street, it would be simply having access to tie into the existing line. There should be some evaluation to the size of the tile line the school would like to use to tie in. Robinson recommended that the school not use any tile larger than 12 inch. Nielsen asked if there would be any additional costs for excavation in the northeast corner that the school would give to the City. Robinson estimated it would cost about \$500 to \$1,000 for a legal survey of this area. The construction is part of the plan and the transfer of the real estate from the school to the City would be an additional cost. Marlette indicated the school would be responsible for about \$150,000 of the \$190,000 assessment as they own the most land. There is a lot of water that is coming from outside the City and running across the school property. Koopman explained that the cost of the project has not been firmly decided and will not be until the project is complete. Once the bids have been accepted and project complete, then a final assessment hearing is held and the property owners are notified of what their assessment will be. Motion by Snyder, seconded by Stobb to adopt a resolution approving the plans and specifications and ordering the advertisement for bids for the Greenwood Storm Sewer Project and to include the provisions with the school as outlined above. All voted in favor of the motion. (Res. No. 2007-10)

Motion by Chukuske, seconded by Snyder to adopt a resolution approving the plans and specifications and authorizing the advertisement for the bids for the Groundwater Interceptor Project. All voted in favor of the motion. (Res. No. 2007-11)

Time and costs associated with ACH direct payments of utility accounts was discussed. The City received 41 responses from customers interested in using the service. David Spencer, Finance Director indicated that based on just the 41 customers using the service, the cost for the first year would be approximately \$25 per customer. Koopman felt that if the service were available, others

may take advantage of this service and residents would recognize the benefits. Spencer noted the biggest set back would be that once the customer does not need to return the stub from the utility bill with the payment, they will not read the meter either. If the Council chooses to implement this service, he would like to see it coordinated with the meter replacement program (electronically read meters). Martin felt this service would be great to have in the future, if it is not done now. Rettmer felt they should postpone initiating this service until more people are on the radio read meters. After discussion, it was the consensus of the Council to wait with this project and review it again in the future.

Radke indicated there were some concerns regarding the liquor store patio. His assumption was that the front was not included in the initial bid. He was under the impression that Halgerson from Group II Architects was going to get things prepared and be ready to go and if Peterson wanted to do the construction, he could be doing that now as an add on. This has not been done either. Chukuske stated that he had stopped at the Liquor Store to visit with Peterson to see how things were going. Chukuske asked when he was going to start on the front wall. Peterson said that was not part of the bid. Chukuske was under the assumption that when they approved the patio to be done, that included the entire patio, not just the three walls. Peterson reported that he had bid only on the east and west wall, back wall and floor. Chukuske felt this was a complete package and that was what was voted on. Rettmer and Snyder were also under the impression that this was a complete package. Radke reported that Halgerson said it would cost approximately \$4,700 to \$5,200 to complete the front wall. This would include structural back of the existing brick, metal cap flashing on top of the brick, trimming on the horizontal beam, cleaning up and painting of the vertical columns, new door at the opening of the courtyard and ornamental metal work in the window openings. Chukuske asked why this was not a part of the whole project that was voted on about a year ago. Radke stated that Halgerson was not ready with the front design at that time. Snyder and Rettmer both said that their decision was based on the drawing that was presented to them. Koopman told the Council that they had scheduled a meeting with Halgerson for this coming Wednesday to try to get this issue pushed up and Radke is concerned that the weather is changing and once the farmers start their work in the fields, DeSmet who may be doing the metal work, will be tied up with that. Farmers will take priority and the project will be pushed back. Chukuske would like to see copies of all the minutes and plans that were done. Mayor Ferrazzano felt that if any of the Council thought the front wall was not included, they would not have voted for it because the most public part of this project is not in the bid. Mayor Ferrazzano asked when this was going to be brought to the Council, if they thought something was going to be done in the winter and nothing happened. He stated that something needs to be done with the front wall and it cannot be left as is. If someone feels there are timetables that are not being met, the Council needs to be made aware of it without having to do their own investigation. Chukuske wants an investigation to be done immediately and wants to know what was to be done and who it was to be done by. It was voted to have this patio completed and if the front was not part of it and was supposed to come to the Council for winter or spring completion, something has gone array. Peterson stated that he was not on the Council at the time; he was watching it on television and was under the understanding they were going to come back in the spring and get bids on the south side. Mayor Ferrazzano suggestee that if they want to get something done, a special meeting needs to be called to get a design in place and get it out for bids. Chukuske and Rettmer want to know who dropped the ball and want to see exactly what was agreed on for \$60,000 as they felt it was a complete project and that was what they based their vote on and wants to know why it is not done. Mayor Ferrazzano set a special meeting for April 3, 2007 at 6:30 p.m. to review these preliminary drawings of the front and minutes from previous meetings.

Robinson told the Council that the flows in the sanitary sewer have tripled with the recent thaw and rains and they are putting out approximately 1 million gallons per day. Robinson encouraged everyone to move the sump pump hoses outside and if the flows do not decrease, the Public Works Department will need to go door to door to check that the pumps have been routed outside. Notices will be placed in the newspaper.

Motion by Stobb, seconded by Chukuske to appoint Chris Kamrud to the Hospital Community Board. All voted in favor of the motion.

Interviews were conducted for the vacancy on the H.R.A. Board. Rhonda Fredericks was interviewed on March 22. Chukuske told the Council that a telephone interview was attempted with

Dale Krog and prior to asking interview questions, he indicated he had some questions. He was concerned that he and Fredericks were being interviewed at the same time and he was assured by Koopman and Chukuske that they were only interviewing him. Krog asked if the interview was being taped. Krog told them he had read the Headlight Herald online and it stated that Fredericks had been appointed for a 5-year term on the HRA Board. Koopman explained that this was a mistake; however he asked to have his name withdrawn. It is the recommendation of Koopman and Chukuske to appoint Fredericks to a 5-year term on the HRA Board. Motion by Peterson, seconded by Stobb to appoint Fredericks to a 5-year term on the HRA Board. All voted in favor of the motion.

Seneca Almlie's interview for the Cemetery Commission was conducted on March 22. Due to a medical emergency, Gwen Nelson was unable to attend her interview. Her interview will be done as soon as arrangements can be made. At this time there is no recommendation for appointment.

Mayor Ferrazzano told the public there are still two vacancies remaining on the Planning Commission, two vacancies on the Multi-Purpose Center Board and two vacancies on the Library Board. If anyone is interested, they are encouraged to apply.

In 2004, the FAA Airport Entitlement Funding program appropriated funds for the City of Tracy in the amount of \$150,000. The City has no plans for these funds and if not used, these funds can be used by another airport or they go back to the Federal Government. The City of Luverne would like to utilize these unused funds for their proposed airport project which includes developing a new runway at the airport. John Call, City Administrator for Luverne indicated that while their own entitlement funds are scheduled to be used on the proposed runway project for the foreseeable future, they would pledge the City of Tracy to get first access to any future airport entitlement funds the City of Luverne can not use. Motion by Snyder, seconded by Martin to appropriate the \$150,000 unused funds to the City of Luverne for their runway project. All voted in favor of the motion.

In a letter from Charter Communications, they indicate they would like to achieve the improvements of the interconnect by combining the Tracy channel line-up with the Marshall line-up. Because of time lines, Charter is asking the City to waive the 30 day notice period to the customers of Tracy to complete this interconnection on April 9, 2007. Nielsen explained there are different levels of service that Charter provides and one is Basic Service. The City ordinance requires a minimum of thirteen unduplicated channels consisting of broadcast networks and access channels for their basic service. There are other levels that can be purchased. The Franchise Ordinance states that if there is a "change to the mix of service", the City has to approve and normally there would be 30 days for the City to consider this. Nielsen indicated there would be some changes with losing some channels and gaining channels. He feels that the City would be gaining more than losing as the basic subscriber would gain more. Koopman explained that even if the Council did not waive the 30 days, they can make these changes on their own after the 30 day has expired. Motion by Chukuske, seconded by Peterson to waive the 30 day notice period as requested by Charter Communications. All voted in favor of the motion.

William Heaston, Vice President and General Counsel from PrairieWave was present to answer any questions regarding the proposed transfer of PrairieWave Telecommunications, Inc. to Knology, Inc. Nielsen indicated that on review of the documents by the City's cable counsel, they feel there is no reason to deny their request. Heaston explained that it is a very good deal for PrairieWave to proceed with this transfer. It will still go by the name PrairieWave Telecommunications and everything will be done as it was before. Motion by Chukuske, seconded by Rettmer to adopt a resolution approving this proposed transfer. All voted in favor of the motion. (Res. No. 2007-12)

Stobb stated that he has received some comments from concerned individuals in the area of 641 Greenwood in regards to house harboring rodents and its overall general condition. Stobb feels that this is not a safe home to live in and this should be investigated. Koopman said there is another structure on 200 Morgan Street described as the gray apartment building across from the Methodist Church and appears to be in very poor condition. Nielsen stated they could inquire for a consensual search and if not then they would need the administrative search warrant. Motion by Chukuske, seconded by Rettmer to proceed with the inspection of the homes at 641 Greenwood Ave and 200 Morgan Street. Chief Hillger noted that up until about three months ago, there was a party living in 200 Morgan and this property is not livable and there is no garbage or water service at this address.

He asked Nielsen if there was a form or something that can be done to declare a property uninhabitable that can be posted. Nielsen indicated that there was and noted that about two weeks ago there were two trailers at the trailer court where the police department and building inspector posted notices that these structures were uninhabitable. Those were a much more immediate concern and apparently the heating sources in those homes was totally inadequate and one person had gone to the hospital because of malfunctioning heating system and upon release went back to the home. Forms were prepared and determined those were emergency situations and the property was marked as uninhabitable and the residents were not allowed to return to the home until repairs had been made. If the Police Chief has firm facts that the property does not have water service, and the property maintenance code indicates that if there is no water service for a certain period of time, that could lead to a finding by the building inspector that the property is not fit for human occupancy. The same forms that were prepared for those instances could be used. After further discussion, all voted in favor of the previous motion.

Stobb asked if anything more has been done about the house on the corner of Pine and Center Street that has the collapsing foundation. Koopman said that she has been in contact with the daughter and has been willing to work with the City. The last contact Koopman had with her, she indicated that she wanted to get into the house to remove a possession and she was informed that it is a hazardous building. Koopman informed the Council that this property has not been probated and as the daughter, she does not have the right to make decisions regarding that property. Koopman will talk with her and ask her if the City would agree to pay for probate, if they as a family, then deed the property back to the City. It would be a nice piece of property once that house is removed. Motion by Chukuske, seconded by Snyder to authorize Koopman to contact the family and offer this solution. Nielsen indicated that he has talked to the EDA Director about this property and some of the costs and procedures, there are a lot of variables that have to be considered. Koopman can introduce this to them to see if it is an option and if they are agreeable. After further discussion, all voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt a resolution approving plans and specification and authorize the advertisement for bids for the Eastview Addition Ground Water Interceptor project. The bid opening will take place at 2:15 p.m., Thursday April 19, 2007. All voted in favor of the motion. (Res. No. 2007-13)

Motion by Peterson, seconded by Chukuske to accept the agreement from the Red Cross to use the Veteran's Memorial Center for a mass shelter. Nielsen indicated this an agreement from three years ago and was modified from a form that the Red Cross had and basically to require that if there is damage done to the City property through their use they would pay for that or if someone would make a claim against the City based upon their use of the property, the Red Cross would indemnify the City. Nielsen would rather use the City's form of agreement again as opposed to the form that they have provided. Motion was amended to use the City's form of agreement for the Red Cross to use the Veteran's Memorial Center for a mass shelter. All voted in favor of the motion.

Motion by Chukuske, seconded by Snyder to approve a Private Bottle Club license to Tracy Eagles Club contingent on payment of fees. All voted in favor of the motion.

Motion by Peterson, seconded by Chukuske to approve a Set-Ups license to Tracy lanes contingent on payment of fees. All voted in favor of the motion.

Motion by Chukuske, seconded by Snyder to approve a Set-Ups license to Ross Eastside, LLC contingent on payment of fees. All voted in favor of the motion.

Motion by Chukuske, seconded by Snyder to accept the recommendation of the Planning Commission to grant a variance request to Tonia and Kevin Nordsiden to construct an addition to the present residence at 431 Adams St. All voted in favor of the motion.

There is a dumpster at 200 Morgan that has been there for sometime. Koopman indicated that she has been told that neighbors have seen things being tossed out the window into the dumpster at 2:00 a.m. and 3:00 a.m. and neighbors have had complaints about the dumpster. She felt this demonstrated a need for a time limit for dumpsters to be allowed on residential properties. This was

discussed by the Planning Commission and their recommendation was to approach this from a nuisance standpoint. This needs to be more definitive to state this as a nuisance. Koopman did talk to Ritter and two of the three have been removed. She suggested to Ritter that a better way to force one's hand would be started charging a fee after a period of time. Peterson asked that they wait on this and see if the hauler takes better care of their equipment. Chukuske said the Council can ask the hauler to come and pick it up and the nuisance ordinance is in effect throughout the year so, if something is being abused, it should be taken one case at a time. Nielsen feels there are instances where dumpsters are being used as emergency garbage receptacles as they are not meant to have garbage in them for a long period of time. It was the consensus of the Council to approach this as one case at a time and if it is found to be a nuisance, the hauler will be called to pick up the dumpster.

Koopman stated that the Planning Commission has discussed the possibility of creating a Memorial Garden on the St. Marks Museum property. She has been contacted by the neighbor that owns the property to the south of the St. Marks property and asked if the City would be willing to sell this property. She explained to him that at the Planning Commission discussed placing a gazebo there along with some walkways leading to it and flowers surrounding the walkways. They would solicit funds through memorials and plan a way to identify the donations. This property is a very focal point because of the way it is situated. She would hate to lose this possibility as it would be attractive way to preserve that property. Chukuske feels the City should keep this property if there are plans for future use and it would be minimal for tax dollars coming back to the City. Nielsen indicated that he has some of the same ideas for that property as the Planning Commission. He had thought about a water feature there or a peace pole, that are anywhere from eight to twelve feet high and has a peace message in different languages around the pole. There are organizations that promote and try to get the school student involved in coming out and helping set it up and making it a civic project. Stobb indicated that when it was discussed by the Planning Commission there was a thought expressed regarding the memorials, that they did not want to see it become a bidding contest that the more money given, the larger the memorial is, but rather if someone wishes to donate money in memory of a loved one, that everyone is treated the same, with the same type of recognition.

The Consent Calendar included: Planning Commission minutes for March 5, 2007, EDA minutes for March 6, 2007, Cemetery Commission minutes for March 15, 2007, Monthly Financial Report for February, Municipal Accounts Payable and Hospital Community Board of Directors minutes for February 21, 2007. Motion by Chukuske, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Date for the Board of Equalization hearing will be conducted on April 30, 2007 at 7:00 p.m. in the Council Chambers of the Municipal Building. This hearing offers property owners an opportunity to question the assessed value of their property. Chukuske has received that training and Koopman has not received anything on any training this year. Chukuske indicated it is beneficial to have the Council members present and learn how the taxes get assessed. Mayor Ferrazzano stated that in the past they have heard from property owners that have problems and it is a way to get information that the Council did not know about.

Koopman indicated that she has received calls from property owners indicating that dogs have been leaving debris in other's yards. She has informed those calling there is an ordinance in place and this is considered a nuisance and advised them to call the Police Department. She told the public that this is an ongoing battle and if residents have pets, it is their responsibility to keep these pets under control.

Mayor Ferrazzano told the Council the City received a Small Cities Grant with Currie, Holly Township and Des Moines River Township in Murray County in the amount of \$447,542. Gervais will be attending the workshop in regards to this grant.

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

ATTEST:

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City Administrator

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Mayor

### April 9, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 9, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from March 26, 2007 as presented. All voted in favor of the motion.

An addition to the agenda was 5-E Report on property at 200 Morgan Street and 641 Greenwood Ave. Motion by Stobb, seconded by Chukuske to approve the agenda as revised. All voted in favor of the motion.

A letter was received from Lonnie Cochran requesting to purchase Lot 1 and half of Lot 2 in Cowels & Davis Addition. The City acquired these lots through tax forfeiture and Cochran has been maintaining them for the past ten years. He would like to purchase these lots for \$280 as this would cover the outstanding assessments due. He would also pay the fees associated with transfer of title and other legal fees. Koopman said this lot was acquired by the City in 1990 as tax forfeited property and has been vacant since. This property measures 75x140 and is large enough to build a home on. Chukuske asked if it could be sold as a buildable lot. Koopman said they could advertise if the Council wished to do that. After further discussion, Peterson moved and Stobb seconded to accept Cochran's offer of \$280 plus closing fees to purchase this property. All voted in favor of the motion.

Radke presented a quote from Greenwood Nursery for landscaping of the Liquor Store patio. For plantings and mulch the cost would be \$2,449.50 and \$1,100.00 for planting. The total cost for materials and installation by Greenwood Nursery would be \$3,549.50. Radke indicated there are also some security issues that need to be addressed. Chukuske apologized for his harsh comments at the last meeting and just wished that the questions regarding the progress of the project would have been asked in January. A design by Ron Halgerson for the front of the patio and liquor store was viewed by the Council. This includes a decorative ironwork gate and a fence. Koopman told the Council that Halgerson has agreed to design the patio's front at no additional cost to the City and project cost estimates would be available at the next Council meeting. Halgerson estimates the cost of \$4,700 to \$5,200 for the front portion of the patio. Chukuske indicated that heat needs to be put on Halgerson to get specifications on the project to allow the City to get quotes. Koopman indicated there is more to this project than what is shown on the picture of the design.

Radke provided three options to deal with security issues:

1. Leave all doors into the patio open at all time during business hours but there would be no control of who is coming and going.

2. Keep the back gate locked and open the front gate and the entrance from bar. I bolt latch would have to be placed on the inside of the front gate. Customers would need to enter the patio through the bar, but could escape through the front gate by moving the bolt latch to exit in case of fire.

3. This would be the same as #2 with the addition of security cameras outside with a monitor on the inside. The cost of this option would be \$3,927.95 as estimated by Crystal Glass, Inc. of Worthington, Mn.

Radke recommended option 2 and consider the security cameras in the future to tie in with placing them in the off-sale area. The Council also recommended option 2 at this time.

Motion by Chukuske, seconded by Rettmer to approve the estimate of \$3,549.50 from Greenwood Nursery for plants, mulch and installation of the materials. All voted in favor of the motion.

Shorty Engel presented proposed pool fees for the 2007 season to help offset costs. Last year

\$60,000 loss was budgeted but we lost an additional \$13,000. He indicated that nothing has been done with the fees since the Aquatic Center opened. Engel indicated they have proposed a 10% increase at each level of membership and they have also changed the structure of the family fees. party rental fees would be increased by \$50 at each level. Proposed fees include:

**SEASON PASSES**

	<b><u>Residential</u></b>	<b><u>Non-Residential</u></b>
1-4 People	\$110	\$165
5-8 People	\$130	\$185
8+ People	\$150	\$205
Single	\$ 65	\$110

**PARTY RENTAL**

1-30 People	\$200
31-60 People	\$250
60+ People	\$300

The concessions will also be adjusted and the Pool Committee will be looking at products that sell the best and employees schedules will also be looked at. Motion by Stobb, seconded by Chukuske to approve the proposed fee schedules for the Aquatic Center. Mayor Ferrazzano stated he understood the rationale, but hates to see any increases in fees after all the conflicts and expense of repairing the pool to reopen it. J. Arvizu explained that they need to incorporate a gentle increase each year instead of a steep increase every five years. Engel said there are chemical costs and energy costs that continue to rise and the fees for the pool also need to increase to help cover these costs. Koopman told the Council the Pool Committee spent a great deal of time and debate in setting the rates and once these rates are broken down into daily rates, it is very reasonable. She stated because of the deficit of last year, they have an obligation to generate more revenue. Arvizu indicated they need to break even on concessions and last year they had a loss of \$1,500. There will also be coupon books available which allow a daily admission of \$4 instead of the regular daily admission of \$5. After further discussion the previous motion passed with Martin, Rettmer, Peterson, Chukuske, Snyder and Stobb voting aye and Mayor Ferrazzano voting nay.

Gervais told the Council the O'Brien Court re-shingling project completion date has been extended for another 90-days from April 15, the first completion date. This has been extended as they have not received the information from the shingle company as far as the cost of the project through the warranty. Once this information is received Campbell Construction will proceed with the project.

The EDA has been looking at ideas in regards to extending streets and infrastructure in the Industrial Park. They have not received any cost estimates at this time from SEH engineers. The EDA feels that one of the best options would be to trade lots with MnDOT and extending 4<sup>th</sup> Street East.

Gervais will be attending a mandatory seminar in Mankato in reference to the CDBG. He will be instructed on any changes in processing of this grant. Tracy, along with the City of Currie, Holly Township and Des Moines River Township has received \$447,542. Gervais estimated that of the funding for 18 owner occupied homes, Tracy will receive funding for 12. The residents have shown a great interest, but they will not be able to do as many as the last time they received grant funds. This process takes time and may not hear anything further until May. At this time the application process can begin, Western Community Action will review the applications and selection would take place this fall. The projects can then be bid and starting of the projects would take place at this time next year. Gervais indicated the public needs to be patient and they will be notified about the meetings for this in the future.

I & S Engineers will be providing preliminary costs and plans for a housing addition and infrastructure for the Anderson Property.

Gervais has submitted an ad for the sale of the house at 62 Morgan to be moved. They will be accepting bids until May 4, 2007 and the house needs to be removed from the property by October

1, 2007. There has been discussion with Western Community Action of the City acquiring and demolishing uninhabitable homes in Tracy for similar projects as the house at 100 Union Street.

The Storm Ready Trailer will be on display at the Sportsmen Show. This is Severe Weather Awareness Week and there will be severe weather drills in the state of Minnesota this coming Thursday, April 12.

J. Verdeck reported seven new library patrons in March which is 2% of the total of new patrons in the Plum Creek system. Thirty-eight adult books and twenty children's books were purchased in March. Also, two books were donated by the Garden Gate Club. Two new lights have been purchased from Lights and Beyond for the outside of the building. The ones there were made of plastic and non-repairable. Verdeck and others from the Plum Creek system visited the library in Duluth to look at their computer program called Polaris. It is about one-third the cost of the contender, Sirsi, but has not been used in a system such as Plum Creek. No decision has been made yet as to which program they should purchase. Verdeck also attended a class on Developing Collections in the library. The class gave direction on which materials to keep, throw, buy and information on companies that help get the present collection up to date. Verdeck did not open the library over the snowstorm on March 1 and 2. The rain during the last week of March left the windowsills in the entry and computer room damp. The large window on the north room did not leak until Saturday the 31<sup>st</sup> and she had left a message on Garrel's answering machine. Verdeck will be attending two classes in April making the library more assessable with its computers, finding funding, advocates and classes for staff and the public. There will also be instruction on building web pages and including things that draw people into the library.

Police Chief Hillger asked if there were any questions regarding the department's activity report. Chief Hillger told the Council that for security of the Liquor Store patio, he strongly encourages the Council to consider some type of alarm system. He suggested some type of audible alarm when the doors are opened or some type of call system. Martin suggested that even motion lights would be helpful.

Robinson reported the Public Works Department and Office Staff attended a 2-day training for the new radio read metering system. During the training one home with a leak and another incident were the old meters had not been working properly and a substantial increase in the water bill was noted. Because of this, Robinson asked the Council to consider including money in the 2007 bond for more meter replacement to help identify these types of problems. The Public Works Department has also been busy with projects such as dump flushing sewers, repairing equipment for the pool, filling pot holes and sweeping streets. They will be renting a backhoe in the next few weeks to perform some utility repairs and install a flush hydrant at the pool.

Koopman reported that she attended the annual Clerk's conference in Alexandria. She was able to talk to the presenters of the sessions "Ways to Take Your Council Packets Paperless." To do this, laptops would have to be provided to each Council member. Mayor Ferrazzano felt this is something that should be researched and think about incorporating it into next year's budget. It may be more cost effective to purchase used laptops and eliminate the time consuming task of photocopying and assembling the packets to be delivered. In April her focus will be to begin updating personnel records and conducting performance evaluations. Hopefully the City will be in a position for Koopman to begin preparing for the bond sale for all the City projects.

Koopman spoke with the family of the Schaffer property and Rita is very willing to work with the City to transfer ownership of the property to the City. Nielsen will draft a document that will be sent to her for her signature and the signature of the other siblings.

Inspection of 200 Morgan Street was conducted by Garrels with the cooperation of the owners. The owners are to provide Garrels with a plan as to what they propose to do with the property. This needs to be provided by next week. Garrels found large amounts of debris in the building and there is no heat or water at this time. The roof is not in prime shape and will need lots of repair work. Garrels informed the owners that the building is in very poor shape and will need to be gutted, plumbed, wired and insulated before it will habitable. He is estimating the cost to be about \$150,000.

There is an issue with a contract for deed in the property at 641 Greenwood because it is not clear who the actual owner of the property is. The property has been posted that it is uninhabitable. Nielsen is doing some investigation into who the owner is and issues with the contract for deed.

Chukuske asked about the old bakery property as there seems to be more and more stuff stored in there. Koopman will have someone check into this as there is an ordinance against warehousing in the Central Business District.

Motion by Chukuske, seconded by Rettmer to adopt a resolution approving payment to Art Peterson Construction for work completed on the Liquor Store project. This payment is in the amount of \$19,770.21. All voted in favor of the motion. (Res. No. 2007-14).

Dan Anderson, President of YM2G, Inc. was present to ask the Council to consider providing the water and sewer services into the boulevard of the property of Genesis 1, Four-Plex Project on Morgan Street. From there the contractor would be able to make necessary hook-ups to the building. It has been determined that the water service is approximately \$3,050.00 with the sewer portion adding \$800 to \$1,000 with machine time, roadwork and repair adding an additional \$1,000 for a total cost of approximately \$5,000, depending on the bidder. The condition of the existing lines is not known at this time as this would require the City to dig in the street and repair the old lines. Anderson states they have been told that they are to provide and pay for the expense of all new connections from the main lines to the boulevard, including the fittings to connect to the lines of the 4-plex. The ownership then goes to the City so they can control it and maintain it with no reimbursement. Up to this point, no concessions have been asked of the City and he is now asking for consideration of this proposal for the completion of this project. Koopman informed the Council that this request does not comply with the ordinance that states it is the responsibility of the City to maintain sewer and water mains and any tapping expenses is responsible by the private property owner. Also this needs to pass unanimously and a special circumstances need to be found in order to make any adjustments in the costs. Peterson feels that agreeing to this proposal would set precedence to others coming in and constructing new homes. Motion by Rettmer, seconded by Snyder for the City to provide water and sewer lines into the boulevard of the property to help prevent roadblocks for individuals that want to come and invest time and money to help the City grow. Upon roll call, the following vote was recorded, voting aye: Martin, Rettmer, Mayor Ferrazzano, Chukuske, Snyder and Stobb; voting nay: Peterson. The motion fails because a unanimous decision was needed for passage.

Motion by Stobb, seconded by Chukuske to appoint Dan Anderson to the Planning and Zoning Commission. All voted in favor of the motion. There is one vacancy that still remains.

Motion by Stobb, seconded by Chukuske to appoint Elverne Ziemke to the Multi Purpose Center Board. All voted in favor of the motion. Once vacancy remains on the Multi-Purpose Center Board.

An interview was conducted with Gwen Nelson for the Cemetery Commission vacancy. An interview with was also conducted with Seneca Almlie in March. It is the recommendation of the Interview Committee to appoint Gwen Nelson. Motion by Peterson, seconded by Stobb to appoint Gwen Nelson to the Cemetery Committee. All voted in favor of the motion.

Three vacancies remain on the Library Board and if there is anyone that is interested, they are encouraged to fill out an application.

Koopman reported that it is time for the city-wide nuisance inspections to be conducted. She suggested to the Council that a committee consisting of the Police Chief and one or two residents conduct this inspection. The Public will be notified that they have until the first week of May to clean up their property and remove any nuisances. The inspection will then be done the first week of May and anyone cited during the inspection would be charged \$25 and if the nuisance is abated, this charge would increase. After this initial inspection is done and the nuisances have been removed the Police Department would be responsible for citing any future violations throughout the year and not be limited to one inspection. Chief Hillger feels this would be workable if the Council is in full support of his decisions. If the residents understand that they have a responsibility to maintain their property throughout the year, it could help eliminate further violations. Motion by Chukuske,

seconded by Snyder to approve this plan for the elimination of nuisances and the Council will fully support Chief Hillger's decisions in this matter. All voted in favor of the motion.

Motion by Chukuske, seconded by Martin to grant a gambling permit for the Waterfowl Association for the Sportsmen Show. All voted in favor of the motion.

The Consent Calendar included: Lyon County Development corporation minutes for February 27, 2007, Fireman's Relief Association minutes for March 5, 2007 and Municipal Accounts Payable. Motion by Chukuske, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

A letter was received from Nort Johnson, Executive Director of the Lyon County Development Corp. stating the April meeting is scheduled for Tracy on April 24, 2007 at 7:00 p.m. They would like to invite the Tracy EDA and Council Members to attend. Dick Stelter will be contacting them with more information regarding this.

Koopman said the Council needs to appoint three Council members to attend the Board of Equalization Hearing on April, 30, 2007. The Council may as a whole attend. Appointed to attend were Mayor Ferrazzano, Snyder and Peterson. Koopman will check with the County as Chukuske will not be able to attend and he is the only one trained at this time.

Chukuske suggested the next time there is a City project, a committee be appointed to work with Koopman and Department Heads to make sure things are on schedule and follow up to any issues. Mayor Ferrazzano and the Council suggest instead of another committee it would be the responsibility of the department head to give periodic progress reports on the project.

Koopman told the Council that word was received from the MnDOT Safe Routes to School that the City of Tracy will not be receiving any of the grant money. One Hundred Eleven applications were received with twenty-three of the applications receiving a portion of the \$1.55 million available. Koopman will submit another application later this year.

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

ATTEST:

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City Administrator

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Mayor

### April 23, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 23, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Chukuske to approve the minutes from April 9, 2007 as presented. All voted in favor of the motion.

An addition to the agenda was 5-D Appletree Addendum to Joint Powers Agreement. Motion by Chukuske, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Steve Robinson, SEH, Inc. informed the Council that eight bids were received, opened and tabulated on Thursday, April 19, 2007 at 2:00 p.m. for the 4<sup>th</sup> Street Storm Sewer Project. The following bids were received:

D&G Excavating	\$272,956.50
Midstate Utilities	\$246,898.80
R&G Construction	\$269,624.55
Schmidt Construction	\$270,865.70
States Border Construction	\$211,493.40
Thompson Excavating	\$243,426.55
Voss Plumbing	\$248,470.00
Russell Drainage	\$331,381.00

The engineers estimated cost of the project was \$272,706. States Border of Graceville, Mn. appears to be the lowest responsible bidder. Robinson contacted States Border to verify if they were comfortable with their bid and there are no concerns. States Border was able to lower their bid after calling their supplier and found that the cost of pipe and concrete was lower than originally anticipated. Robinson feels comfortable with their bid and called references that they had listed and received good reports. Stobb asked if they were ready to start immediately. Robinson indicated that there is no start date at this time but there is a completion date of September 2007. Robinson recommends accepting the bid from States Border Construction. Motion by Stobb, seconded by Martin to adopt a resolution accepting the bid from States Border Construction in the amount of \$211,493.40 and enter into a contract for the 4<sup>th</sup> Street Storm Sewer Project. All voted in favor of the motion. (Res. No. 2007-15)

Robinson reported that five bids were received, opened and tabulated on Thursday, April 19, 2007 at 2:15 p.m. for the Groundwater Interceptor Project in the Eastview Addition. The following bids were received:

Cooreman Contracting	\$51,480.00
D&G Excavating	\$52,804.00
Midstate Utilities	\$44,948.00
Russell Drainage	\$74,777.00
Schmidt Construction	\$45,576.00

Robinson said that he has been working with them on a project in Worthington, so he did not call any of the references listed. Robinson recommends to the City to enter into a contract with Midstate Utilities of Slayton, Minnesota. Motion by Chukuske, seconded by Rettmer to adopt a resolution accepting the bid from Midstate Utilities for \$44,948 and enter into a contract for the Eastview Addition Ground Water Interceptor Project. All voted in favor of the motion. (Res. No. 2007-16)

Koopman told the Council that Nielsen had drafted the Agreement between the City of Tracy and Monroe Township to allow the City to re-grade or reshape the northerly edge of the ditch that runs along the south side of the Cemetery. This will allow provide a less severe edge to promote safe and efficient mowing in this area without altering the flow line of the ditch. The City will do the work and any repair of grass in this area. This has been approved by the officials of Monroe Township.

Motion by Stobb, seconded by Chukuske to enter into this agreement with Monroe Township. All voted in favor of the motion.

Ordinance 302, an ordinance amending City Code Section 9.40 ratifying the creation of the Tracy Cemetery Commission was introduced. Added to the ordinance was "No Commissioner shall, at the time of appointment or while serving be an owner or employee of a Funeral Home." Mayor Ferrazzano asked why this issue has been brought up now. Koopman explained this was discussed by the Cemetery Commission that the purpose of the Cemetery Commission is to monitor the activities at the cemetery. With a member of the Commission being an owner or employee of a Funeral Home would make it difficult to enforce the rules and could cause a conflict of interest. She said that all Cemetery Commission meetings are open to the public and they can attend any meeting that they wish to express their concerns or questions. Motion by Rettmer, seconded by Peterson to waive the first reading and set the second reading and public hearing for May 14, 2007 at 6:45 p.m. All voted in favor of the motion.

Koopman presented a Memorandum of Agreement between the City of Tracy and Thad V. Lessman, Groundskeeper of the Tracy City Cemetery. A change in the agreement from previous agreements was a 3% increase in compensation to \$664 per mowing and trimming and \$10 per hour for miscellaneous work for this contract term. The insurance provision was modified to reflect the same as that of the Superintendent, which references a statute requirement versus putting in a monetary amount. This prevents having to amend it each time the statutory limits change. Motion by Chukuske, seconded by Snyder to enter into this agreement for services of Groundskeeper for the City Cemetery. All voted in favor of the motion.

The Appletree Amendment to the Joint Powers Agreement was presented. Chukuske asked if it is known what the master agreement date is. Koopman stated that she had Nielsen review this before it was placed on the agenda. Nielsen explained this would take place whether the City amended it or not. There was a statutory change last year that mandated the items in the addendum; it is part of the contract. Koopman stated that she will check into the master agreement date. The reason Chukuske is asking about the agreement date is as part of the agreement with Appletree it could be a five year or one year date. Rettmer asked for clarification of what this is about. Nielsen indicated that there is a group the state has formed to go out and seek insurance coverages and by combining cities, school districts and various other public agencies they hope to get better bids and packages for coverages. Chukuske indicated that Appletree has the contract with Blue Cross/Blue Shield for the health insurance for the city employees. Motion by Chukuske, seconded by Peterson to approve the addendum of the Master Agreement with the clarification of the master agreement date. All voted in favor of the motion.

At 6:45 p.m. a continued public hearing was held on the downtown street lights project. Cookie Cooreman stated that the businesses on Highway 14 were given a mini-survey regarding the beautification process for Highway 14 and the majority have no problem with the process itself, but are concerned about the financial aspects of the project. Cooreman suggested that business owners' opinion be taken into account if a project is initiated. The Chamber received many positive responses for doing this survey and some of the respondents had some very good ideas to contribute. Koopman met with a representative from Echo Electrical Supply regarding the improvements of lighting along Highway 14. It was found this project would be more costly and complex than previously anticipated as 27 poles would be needed and the existing poles on the south side of the highway support several different utility wires. Echo suggested leaving the existing poles on the south side and place new fixtures on the north side. Koopman recommended focusing on the downtown project this year and she feels that the City would not be able to coordinate the time and funding to include the Highway 14 project. Koopman suggested that because of the possibility of unknowns with these projects, the projects should be engineered to collect information for installing electrical wiring, footings, number of fixtures needed, proper location of the lights and candle power needed. Robinson from SEH estimates the cost of engineering in this area to be approximately \$10,000 for the downtown and \$8,000 for Highway 14. It is recommended to do all the engineering for both phases of the project at the same time to assure the businesses and homeowners along Highway 14 that they will not be forgotten. Koopman said it is very important to get this assessment completed so financing can be worked out with the bonding company. Motion by Rettmer, seconded by Snyder to have engineer Steve Robinson of SEH to do background work for the lighting projects

and report back information at the next Council meeting. All voted in favor of the motion.

Don Hansen from Murrayland Realty was present to request financial help from the city regarding recent waterline repairs needed for the property at 130 3<sup>rd</sup> Street. The repairs have been done but Hansen has not received a billing yet at this time. Chukuske explained the water was not working and the street had to be torn up to the west side of the street where the water main is located. The pipes leading to the main were lead pipes that had corroded shut. Because of the distant the pipe needed to be replaced there was more cost. Chukuske stated that at the March 16, 2007 EDA Board meeting, it was discussed that R. Robinson, Public Works Director had contacted Gervais concerning the poor water supply. Gervais stated that the EDA was unaware of any issues with water in the building. R. Robinson stated that repairs would be quite high and was inquiring if the EDA would be willing to help cover the cost of the repairs. Gervais told R. Robinson that the purchase agreement stated "as is" in regard to the building and the EDA Board agreed by consensus to not take any action on this issue. Hansen feels that the businesses on the west side of 3<sup>rd</sup> Street have an advantage for any repairs since the main is located on the west side of 3<sup>rd</sup> Street. City ordinance states it is the responsibility of the City to maintain sewer and water mains and any tapping expenses is the responsibility of the private property owner. Street repair will be done by the Public Works Department and the private property owner will be responsible for the cost of the street repair. Rettmer felt before any decisions can be made; it would be helpful to know the total cost of the repairs. Mayor Ferrazzano asked that Hansen bring back the costs to the Council for review.

Koopman said that she has been contacted by Steve Johnson from the Lyon Council Engineer's office informing her that they had received very favorable bids for the Highline Road project. Because of these bids, the County is offering to pay 50% of the cost to construct a bike path on Highline Road and that paved shoulders require less maintenance in the future for County. The City of Tracy did not receive funding from the Safe Routes to School Grant and Johnson estimates the City's cost to construct the bike path to be between \$28,000 and \$30,000. If the City independently constructs the bike path in the future the City would be charged for engineering, whereas the engineering is provided in this project because it is a County road. Koopman encourages the Council to give consideration to this project. If this project is done, it would complete the City's bike path. If the Council agrees to go forward with this project, it could be included in the bond issue and would have minimal financial impact on the tax payers. Stobb feels it would be beneficial from a safety standpoint. Motion by Stobb, seconded by Martin to incorporate the completion of the bike path in the bonding issue. Upon roll call, the following vote was recorded, voting aye: Martin, Mayor Ferrazzano, Chukuske, Snyder and Stobb; voting nay: Rettmer and Peterson. The motion carries.

A change order for the Liquor Store Patio was presented for the Council's review. The cost for the additional work is as follows:

Windows	\$ 250.00
Electrical Boxes	\$ 265.00
Old Store Front	<u>\$4,903.00</u>
	\$5,418.00

Motion by Chukuske, seconded by Rettmer to adopt a Resolution Approving Change Order on the Liquor Store Patio in the amount of \$5,418.00. All voted in favor of the motion. (Res. No. 2007-17)

The Consent Calendar included: Multi-Purpose Center minutes for March 27, 2007, EDA minutes for March 16, April 6, and April 17, 2007, Monthly Financial Report and Municipal Accounts Payable. Motion by Chukuske, seconded by Rettmer to approve the Consent Calendar as presented. All voted in favor of the motion.

Koopman informed the Council there will be a Lyon County Development Corporation meeting on April 24, 2007 at 7:00 pm at the Multi-Purpose Center.

The Regional League of MN Cities meeting will be held in Tracy in October and plans are being made at this time.

Motion by Chukuske, seconded by Rettmer to adjourn the meeting at 7:25 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### May 14, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, May 14, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from April 23, 2007 as presented. All voted in favor of the motion.

Koopman read the following statement regarding employee Randy Hohler. "The City and Public Works Department employee Randy Hohler have agreed, pending Council approval, that Hohler be allowed to take a personal, unpaid Leave of Absence until January 4, 2008 at the latest, at which point he agrees to voluntarily resign from his employment. The agreement between Hohler and the City settles and releases all disputes between them, including Hohler's pending Union grievance, and including any and all disciplinary actions against Hohler by the City. Hohler will be paid his union severance, as well as various earned benefits and/or cash in lieu of benefits and finally, payments to the PERA Association, all of which total \$22,805.00 prior to applicable tax withholding." Throughout this process, Mr. Hohler was represented by a private attorney.

Steve Robinson from SEH presented a proposal for engineering services to prepare a Feasibility Report, prepare Construction and Bid Documents, and to provide Construction Administration services for street light improvements along South Street from 4<sup>th</sup> Street to 2<sup>nd</sup> Street; 4<sup>th</sup> Street from South Street to Rowland Street; 3<sup>rd</sup> Street from South Street to Rowland Street; and lighting and sidewalk improvements on Morgan Street from 4<sup>th</sup> Street to 2<sup>nd</sup> Street. This would include the removal of an existing lighting system and the installation of a decorative lighting system equipped with festoon outlets for seasonal lighting. This work includes the replacement of approximately 1,600 linear feet of curb and sidewalk. There is a separate proposal which provides costs for a Feasibility Report and light design only for the installation of lighting along Highway 14. The proposed fees with each phase are as follows:

<b>Phase One</b> – Feasibility Report	\$ 5,700.00
<b>Phase Two</b> – Construction and Bid Documents:	
Sidewalk and Curb/Gutter Replacement (Estimated):	\$14,700.00
Lighting:	\$ 3,900.00
Topographic Survey:	\$ 5,200.00
<b>Phase Three</b> – Construction Observation and Administration	\$10,300.00
<b>Phase Four</b> – TH 14	
Feasibility Report:	\$ 3,000.00
Construction Documents:	\$ 5,400.00
Topographic Survey:	\$ 4,900.00

S. Robinson's recommendation is to proceed with Phase One and Item One of Phase Four. The feasibility report would be completed and with that. This would present a maximum expenditure for construction that SEH would work within to identify the areas of most need. Koopman noted that the key element is that the City needs to know a dollar amount of the project so it can be included in the bond issue. We will have a bid opening and consider approval at the next meeting Council for the 4<sup>th</sup> Street East project. She was wondering if there was anyway this report could be completed by the May 29<sup>th</sup> meeting. Ken Tallion, SEH, Inc., design specialist for street lighting, had indicated to her, this would be possible. Robinson stated that they would push to have the feasibility report completed for the Council on May 29, 2007 which would include an updated proposal to proceed with construction documents. Robinson explained that estimates for additional phases of the Highway 14 lighting project could be completed after the feasibility study. The only numbers that are concrete in the proposal are those for the Feasibility Report. Motion by Rettmer, seconded by Martin to proceed with Phase One and Item One of Phase Four. Stobb added that he has had comments presented to him about the downtown that if the sidewalks were to be replaced, they

would like to see something that can be done to make the downtown area more attractive but keep costs in hand. Robinson will present costs for items such as stamped concrete or colored concrete. After further discussion, all voted in favor of the motion.

At 6:45 p.m. a public hearing was held on Ordinance No. 302, an ordinance amending City Code Section 9.40 ratifying the creation of the Tracy Cemetery Commission. This would include a statement “No Commissioner shall, at the time of appointment or while serving be an owner or employee of a Funeral Home.”

Steve Almlie stated this ordinance defies the definition a commission which is: ‘a group authorized to coordinate a specific task, formed from those with expertise or with knowledge of the general over-all task at hand and report to the entity that formed the commission.’ He states he did not understand the reasoning behind the amendment, as there has been a precedence with two different funeral directors on the commission in the past. He states that his father was on the initial commission when it was formed and there were no arguments at that time. He feels there would be no conflict of interest and it would be a benefit to have commission members with knowledge of cemeteries and cemetery law. Almlie stated that he deals with 30 other cemeteries. Other cemeteries have called him asking his advice on issues, but the City of Tracy has never called and asked his advice or communicated with him about issues at the cemetery. With regard to Mr. Holm as sexton of the cemetery, not on the commission but sees conflict of interest with his sister-in-law sitting on the Commission. Almlie feels that the whole ordinance issue is a total ignorance or lack of understanding of the commission’s representation or else a conscious effort of individuals to control the cemetery to their own ends.

Dale Klein commented that the Commission had concerns about procedures that have not been followed through, such as the placement of temporary markers for new graves, monuments have been placed in the wrong areas and bases not being properly placed under monuments and there is no follow up on things being done at the cemetery. Klein feels this amendment would allow the commission to operate as best they can under the guidance of the City Council. Almlie said that he had never been contacted about or received written requirements for placement of temporary markers, etc.

Mayor Ferrazzano closed the hearing to public hearing and referred to the Council for their consideration. Koopman said the Commission is composed of five (5) members and their duty is to monitor the activities at the cemetery and the Commission felt this could best be accomplished by an impartial commission. Snyder was concerned that if there were issues, they have not been addressed and feels that there may be more going on than what is being said. Chukuske felt there was no reason that a funeral director or employee would cause conflict of interest and the reason that the person was re-appointed is that she had already served and saw no reason not to reappoint her. Martin stated that he feels a blanket restriction is too broad. After further discussion, Rettmer moved and Peterson seconded to adopt Ordinance No. 302, an ordinance amending City Code Section 9.40. Upon roll call, the following vote was recorded: voting aye: Rettmer; voting nay: Chukuske, Martin, Peterson Stobb, Snyder and Ferrazzano. The motion failed.

Radke reported that he has received a letter from MMBA stating that the Tracy Liquor Store has been selected to receive a 2007 MMBA Facility of the Year award. With this award Tracy will receive \$1,000.00 to be used by the city for a specific community project. Suggestions by the Council for uses of this award included school playground equipment or for the Welcome to Tracy sign. Radke will present these ideas to MMBA and let the Council know what their ruling on this is. He has been talking to the Health inspector about having a grill outside and said he would need approval from the State Fire Marshall before the City before he could proceed with this. The Fire Marshal said it would be all right as long as it was five (5) feet from any entrances. Motion by Chukuske, seconded by Peterson to approve the installation of a grill. All voted in favor of the motion.

Gervais reported the EDA has recently run ads to advertise the property at 62 Morgan Street for sale. No bids were received and the EDA will proceed with utilizing the CDBG demolish money to remove the structures from this property in the near future. SEH did a cost proposal on extending 4<sup>th</sup> Street East in the Industrial Park 430 feet and the estimate was just under \$270,000.00. At this

time no formal action was taken to extend the street. The project would include bituminous, curb and gutter and infrastructure to accommodate the two lots east and west of that street.

The four-plexes are currently full and there is an extreme shortage of rental units right now in Tracy. Twin Circles and Tracy Area Housing is full and even some of the homes that have been on the market for sale that have been rented in the meantime have been sold. The EDA is waiting on a cost proposal for the Central Livestock property with some conceptual drawings of what it could look like with the water retention area.

Tracy Kid's World was approved for their loan from USDA and grants and the board met last week and signed some of the documents to continue with that and would like to start construction this fall with a proposed opening in June 2008. This will be a curriculum based child care facility. The capital fund raising campaign will commence in the next week or two and there are some matching funds out there. Local businesses have been approached to help with equipment, etc. If the fund raising campaign does not meet their goals, they will scale back plans. It is the hopes of the board that this facility will help attract young families to the community.

New Marketing ads for Tracy will be coming out in June and would be on the schools, including the Public schools, St. Mary's school and Tracy Kid's World.

Campbell Construction will be starting on the shingling of O'Brien Court and have received a settlement from GAF shingles just under \$24,000 which was more than originally anticipated. Between the settlement with GAF and the hospital insurance, there should not be any out-of-pocket expenses. They will continue to look at replacement of windows and some issues with siding. He and Nordahl have continued talks with residents of Eastview on the proposed parking lot south of the hospital and Nordahl was going to send out a new waiver on the covenants of Eastview and hope to have an agreement in the near future.

There will be a Lyon County EDA meeting in regard to bike trails in the county and also employee recruitment. There is a shortage of employees in the area with 400 openings. Aquapower has been extremely busy and have not had time to hire enough people locally. They will be down this week to hire more employees and to hire an office manager. They would like to hire more local people if they are interested. The pay rate starts at \$11.00 per hour and they have an opportunity to get .50 cents an hour increase every 90 days. There are no benefits but do receive cash bonuses from time to time.

Peterson reported that going through the minutes of the last EDA meeting there was a forgivable loan given to YM2G and was wondering where this money was taken from. Gervais said it was given from the revolving loan fund. Peterson asked if tax dollars are put in that fund. Gervais said this fund consists of tax dollars and money that has been paid back through the revolving loan. Peterson said going back to the City Charter and City Ordinance, the Charter says the Council approves how the money is spent and the Council already voted to deny YM2G's financial request for installation of the waterline from the main to the curb stop for the four-plex. He would like the EDA to explain how they can turn around and give a forgivable loan on something that has already been decided by ordinance and by vote that no tax dollars would support this. He has no problem with a loan, but has a problem with the forgivable part. He would also like to know the legalities of this issue. Snyder felt they were approached in the same way they have been approached by other businesses about helping them with a loan and approved a forgivable loan as long as they own that property for three years. Peterson could understand if it was a business, but to him it is an investment group and not a business that is hiring local people. Snyder said it is local people and local business built as a rental unit. Rettmer said the ordinance states it is special circumstances. Peterson noted that special circumstances were not determined because there was not a unanimous vote. Rettmer feels that loaning the money is different than the City putting out the money. Peterson stated that forgivable is not a loan, that is a donation. Gervais stated the EDA has broader guidelines and have done that in the past. Gervais pointed out that the four-plexes would generate about \$30,000 in taxes and this is quite substantial. Gervais agrees that it is \$5,000 investment. Peterson said if the issue had never been brought before the Council, and it was elected to give this loan, he would not be pleased but would not be bringing it up. It was already decided that the answer was no. Peterson requested a legal opinion on this matter.

Police Chief Hillger asked if there were any questions regarding the Police Activity report. Hillger reported the Public Nuisance survey has been completed with 33 violations. Letters and citations will be going out to the violators. He feels the advertising and publicity made a difference in the number of violations that were cited.

Robinson reported there was a water main break this past Friday that has now been repaired. Martin asked if he was keeping record of how much money has been spent on backhoe rental and Robinson confirmed that he has been keeping record. Chukuske asked if there was an ordinance against putting grass clippings on the streets. Robinson acknowledged that these clippings clog storm drains and slows drainage. Koopman said they could place an ad in the paper similar to the one that was placed for public nuisances. Stobb asked if the schedule with projects is being met in regards to the opening of the wellness center in June. Robinson said the schedules are being met. Robinson said that planned activities include prepping the pool for opening, sweep streets, install benches around new play equipment at Sebastian Park, place ag-lime at ball fields, place wood chips around play equipment, flush hydrants and dump flush sewers.

Koopman said the Planning Commission has recommended that it would be in the best interest of the City to use an outside firm to conduct an unbiased survey in support of the newly adopted maintenance code. Western Community Action (WCA) and Southwest Minnesota Housing Partnership have submitted proposals. The Planning Commission recommends accepting the proposal from Western Community Action in the amount of \$2,300 for this survey. Peterson asked if this was in the budget. Koopman said that \$5,000 was budgeted last year for this type of project, but no funds were expended. She recommended funding be provided by the Other Financial Use Fund. Koopman feels that it would be less controversial for WCA to conduct this survey and they have experience in this type of survey. Motion by Stobb, seconded by Chukuske to accept the proposal from Western Community Action in the amount of \$2,300 for a city wide survey. Motion carries with roll call vote with Mayor Ferrazzano, Martin, Rettmer, Chukuske, Snyder and Stobb voting aye and Peterson voting nay.

Snyder read an editorial regarding Ultimate Fighting and had asked Koopman to research what other cities are doing. Koopman presented articles and responses from other cities as to actions they are taking. Marshall is considering a committee to prepare an ordinance to banning this sport. Police Chief Hillger stated there are some misconceptions about ultimate fighting and many ultimate fighters have wrestling backgrounds and use mainly submission holds to defeat their opponent. He feels the state needs to regulate this sport with some sort of Sports Commission. Martin commented said there is a place for mixed martial arts and a distinction should be made between ultimate fighting and unregulated brawls. Hillger commented there have been no deaths reported in relation to ultimate fighting as there have been with boxing, track and football. He feels that alcohol should be banned at this type of fighting and if the City did make an ordinance, it would be moot if the state decides to regular ultimate fighting. The Council decided that no action on Ultimate Fighting is needed at this time.

Robinson reported the Utility Department is in need of a cut off saw used in water main breaks. The one they presently have has failed and are in need of a new one but this was not included in the budget. With the approval of the Council, Robinson would take scrap meters in and use the proceeds for purchase of a new saw. This would be purchased at Morey's and would cost \$1,350. Robinson said there is that much money in meter brass that has been sold. Motion by Snyder, seconded by Stobb to approve the purchase of a new cut off saw. All voted in favor of the motion.

Koopman said the 2007 budget includes \$12,500 for the hiring of part-time employees for the Street Department. She recommends that instead of hiring a full-time employee right away, the vacancy be filled with the use of part-time employees. There is enough remaining in the budget to allow the hiring of an additional part-time employee through mid-August, and then continue through the month of October with one less part-time employee. During the months of November and December, a part-time employee would be hired that would be capable of running snow removal equipment and doing general labor including meter installation at a rate of \$15.00 per hour. A second "on call temporary" employee would be hired at a rate of \$15.00 per hour, but would only work on an "as need" basis for snow removal, which is estimated at 20 hours per week. The rate of \$15.00 per hour exceeds the starting salary of a street department labor, based on the wage scale, but, if you include

benefits for a new full-time employee, their starting salary would be \$18.13. This does not include worker's compensation. If this was done, the department would stay within the budgeted amount for a full and part-time employee in the street department. This applies only to 2007 and that would give staff an opportunity to explore all options before hiring another full-time employee in 2008. At that time, options will be presented for the consideration to the City Council. Motion by Snyder, seconded by Stobb to approve the plan outlined for the hiring of part-time employees. All voted in favor of the motion.

The Consent Calendar included: Hospital Board minutes for March 21, 2007, Library Board minutes for April 23, 2007, Multi-Purpose minutes for April 24, 2007, EDA minutes for April 20, 2007, Lyon County Development Corporation first quarter 2007 activities, Municipal Accounts Payable, Firemen's Relief Association minutes for April 2, 2007 and Planning Commission minutes for May 7, 2007. Motion by Chukuske, seconded by Peterson to adopt the Consent Calendar as presented with the legal clarification on the forgivable EDA loan to YM2G. All voted in favor of the motion.

Motion by Peterson, seconded by Chukuske to ratify a resolution approving plans and specifications contingent on approval of the Public Works Director and ordering the advertisement for bids for the 2007 Street Project. All voted in favor of the motion. (Res. No. 2007-18)

Snyder presented the idea of ordering shirts for the Council or any employees that would like to order shirts with the Tracy logo on them. He has attended conferences where other cities wear shirts that identify which city they are associated with. Stobb suggested that this could be personal expenditure. Koopman will research this and present to the Council at the next meeting.

Koopman suggested that future plans for the St. Mark's property be placed on the next agenda. We need to decide if the Council would like to keep this property for a project in the future or offer it for sale. Tax dollars from this property would be minimal. Rettmer stated that she has heard comments that the City does not need another park and encourages the public to present any ideas that they have for this property to the Council.

Mayor Ferrazzano said the next Council meeting will be May 29, 2007 at 6:30 p.m. due to the Memorial Day Holiday on May 28.

Mayor Ferrazzano said there has been some concern regarding dandelions in the city. Koopman will check with the Weed Inspector, Greenfield to find out if this is a noxious weed and can be monitored in the City.

Motion by Peterson, seconded by Stobb to close the regular meeting at 8:00 p.m. to conduct a closed meeting to discuss pending litigation regarding the Tracy Aquatic Center. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### May 29, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, May 29, 2007 in the Council Chambers of the Municipal Building. The following Council members were present Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Members absent: Chukuske. Staff present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from May 14, 2007 as presented. All voted in favor of the motion.

Additions to the agenda included 6-C; YM2G Loan and 5C – Public Nuisance. Motion by Rettmer, seconded by Stobb to approve the agenda as revised. All voted in favor of the motion.

Steve Robinson, PE from SEH presented the Street Lighting Feasibility Report. This report included street light improvements for eight (8) blocks within the downtown area and the length of Highway 14. Sidewalk and curb and gutter replacement was limited to the downtown area and generally associated with the street light improvements. Estimated costs for the project included:

#### **Downtown**

Lighting	\$311,000
Sidewalk, Curb and Gutter	\$174,600
Contingency	\$ 48,600
Engineering Design	\$ 23,800
Engineering Construction Services	\$ 10,300
Legal/Administration/Fiscal	\$ 9,700
<b>Project Total</b>	<b>\$578,000</b>

#### **Highway 14**

Lighting	\$267,000
Contingency	\$ 26,700
Engineering Design	\$ 10,300
Engineering Construction Services	\$ 4,100
Legal/Administration/Fiscal	\$ 5,300
<b>Project total</b>	<b>\$313,400</b>

Robinson told the Council they need to be aware that the new acorn shaped lighting fixtures would have less glaring, and will light the sidewalk and store fronts, but there will not be much light that would extend into the street. The lights that are present now are properly placed for adequate lighting and construction is restricted due to canopies on some buildings and lights could not shifted one way or the other. Some of the canopies may have to be modified. Conduit would be run from light to light and could be done most economically by saw cutting the sidewalk, rather than boring due to underground interference of other utilities. There are areas where this has been done in the past with narrow trenches and repaired with concrete over that. These areas have had some settling. To avoid this, the saw cut would be a wider width to allow for a tamper to fit in the trench and the area can be properly tamped down. Stobb asked if pavers could be used in these areas as indicated in the Sabongi plan. Robinson explained that pavers are more expensive than cement and there is a possibility that with the frost cycle in this area, the ground could either settle or heave which would require constant maintenance. Pavers will run about \$10 plus per square foot versus \$7 per square foot for cement. Robinson said that using either stamped or colored cement would be more expensive. He also suggested paving the alley beside the Municipal Building. This would cost about \$7,400 and indicated that if Duinink Bros., Inc. was contracted to do an add on this would be the most efficient and cost effective way to do that. It could be paved with a valley gutter to allow for water drainage. Nielsen asked if SEH had identified any other projects that could be done at the same time. Robinson stated that they have checked for other repairs that needed to be done and also looked at improvements to any of the concrete approaches and concrete areas within the eight (8) block downtown area.

Peterson suggested that the parking area at the Fire Station needs repair. Stobb noted that there is another issue with the tunnel underneath that could add expense. Koopman explained that the

problem with the tunnel would need to be resolved before any repairs could be made to the parking lot. Koopman noted that a preliminary assessment hearing has already been held, but questioned with the increase in the estimated cost would another hearing be required?. Nielsen indicated that they would probably have to hold another public hearing. If another public hearing is needed to be held and time has become a major factor as they want to try incorporating this entire thing into one bond issue. Koopman stated that to incorporate this into the bond issue, 25% of the cost needs to be assessed back. Information would be available at the public hearing as to how the cost of the projects would affect the bond payments. Motion by Stobb, seconded by Rettmer to adopt a resolution receiving the report and call for a public hearing on the improvement. The public hearing will be held on June 18, 2007 at 6:30 p.m. (Res. No. 2007-19)

A letter was received from Margie and Frank Nielsen regarding the former St. Marks Church/Museum property. They support the concept of allowing this property to be used as a memorial and/or peace garden. This is a very public and highly visible location and would make it a very positive addition to the City if developed for this use. Peterson said he had no issue with this concept as long as there would be no tax money involved to maintain it. He has talked to some individuals that would like to see this property back on the tax roll and an adjoining property owner would like to purchase this property to construct a garage. If this was sold, the City would not be responsible for the maintenance of this property. Motion by Peterson to put this property up for bids for development by the buyer. Mayor Ferrazzano indicated that he is not in favor of a garage there and has not received any complaints that the City has too many parks. He felt the City would not be offered any substantial amount of money for this property. Rettmer agreed that this is a focal point and would not care to see a garage there. Koopman wondered if the setbacks would be met for a building there due to the shape of this piece of property. This concept was favorable by the Planning Commission and no one spoke against it becoming a park. The Sabongi report recommended that the City capitalize on the focal points of the City, and this is one of them. The motion by Peterson to put the property out for bids died due to lack of a second.

Koopman presented a proposal from Bill Chukuske regarding the construction of a gazebo for this property. He had Tracy Ace draw up some rough plans for the project and attached a cost estimate for the material for a 16 foot gazebo. The estimated cost for materials was \$3,516.25. Chukuske offered that his insurance business would donate \$500 towards the cost of the materials of this project and his handyman business would donate 40 hours of time toward the building of the project. She said that other contractors could be asked if they would be interested in helping with the funding and construction of this gazebo. Funds could also be solicited from private individuals or groups. Mayor Ferrazzano said that one of the suggestions for the money received by the Liquor Store was to be used for this project. Rettmer favored the idea of buying a brick in memory of someone as a way to raise funds. Motion by Stobb, seconded by Martin for the City to retain the former St. Marks Church/Museum Property for City use. Upon roll call, the following vote was recorded: voting aye: Martin, Rettmer, Mayor Ferrazzano, C. Snyder and R. Stobb; voting nay: Peterson. The motion carried. This project will be turned over to the Planning Commission for a plan for development of this property.

Mayor Ferrazzano asked how the welcome to Tracy sign project was coming. Koopman talked with Brad Lindberg, and he is running behind and is hoping to start the project by the end of June. She has it in writing from the DM&E railroad that the sign can be placed where ever they chose on their property. Once the project progresses they will know where they stand with the funds for the project.

Stobb had received a call from someone that lives in the area of 1<sup>st</sup> and Rowland, concerning a house that is located east of the Church of Christ. The house is in very poor condition, the lawn is not being kept up, there is garbage on the property and shingles are blowing off the house. Stobb did not know if it was on the nuisance list. Nielsen indicated that the person that did live there is deceased and does not know if someone lives there or not. Stobb questions if it is livable or not. Gervais indicated that the last owner that he was aware of was Vicki Thamert and she was contacted about two years ago as the EDA was interested in that property. It was appraised at about \$5,600-\$5,800 and at that time no action was taken with the idea of having to purchase the house and another demolition cost on top that. There was an investment of about \$10,000 for that lot. Gervais said he thought it had been sold as there was a dumpster in the street and things were being removed from the house. Koopman indicated that notices have been sent in regards to mowing. Koopman

said this is an ongoing problem for Tracy with vacant houses and landlords not maintaining the property and the City cannot do anything until it becomes tax forfeited property unless the condemnation procedure is initiated. Mayor Ferrazzano asked how many lawns the City crew mows of house like that in town. Robinson thought there are about 20 and bills are sent to the property owners. Koopman stated if the bills are not paid, they are applied against the taxes when the assessments are certified in November. Rettmer asked why they have to wait for property to go tax forfeited before action can be taken. Koopman stated that they do not have to now that there is a maintenance code in effect. Stobb reported that in the past they had the building inspector inspect some buildings to see if they were habitable or up to code and some buildings were demolished as a result of that. There is a process but it takes about six to nine months. Koopman hopes that once they get the survey report back from the windshield survey, we will have a basis for the Council to make some concrete decisions. Robinson explained that mowing this vacant lots is very hard on the equipment due to debris in the yards. The rate now is \$47 per time and then an additional hourly rate to mow. Gervais said that tax forfeiture on a non-homestead property takes three (3) years and on a homestead property it takes five (5). The County does not hold a forfeiture sale each year and there has not been one for about one and one-half years. Nielsen said that if the property was maintained, it would not go to tax forfeiture, and when they start to decay and people do not want to invest money, they go tax forfeit. There has never been a way to intervene before when the property starts to decline. Koopman gave an example of the well kept properties in Edgerton. She stated that when they move into the community, they are told at City Hall that they are expected to maintain their property. Koopman feels Tracy needs to take a more aggressive approach and inform people that they have an obligation to maintain their property.

Nielsen presented a letter regarding the proposed bylaws for the Labor Management Committee. He feels it is appropriate for the committee to enact rules for its internal governance and procedure such as who will chair meetings, having a recording secretary, setting of agendas, providing for quorums, and matters of that nature and this would be subject to the right of the City Council to later amend alter those provisions if it feels the need to do so. Matters of substance concerning committee composition and authority are solely within the control of the Council as the body which constituted the committee, and he does not believe the committee itself can define its own powers. Matters such as termination of a committee assignment for non-attendance and anything to do with terms of office probably are not within the purview of regulation by the committee itself. Nielsen stated there are a couple of points in the proposed bylaws that may need clarification such as 2d bullet point in Article IV, Article VII (how can you determine an agenda at the end of a meeting?) and Article III (1/2 of 5 does not produce a whole number). Any attempt to deal with open meeting requirements must be scrutinized closely for compatibility with the Open Meeting Law.

Peterson said a Labor Management training was held with Levi Babbia from the Bureau of Mediation Services. He assigned Peterson and Chukuske to come up with by-laws, letter of understanding and mission statement and have it prepared for the next training session. The committee then had an informal meeting and reviewed the bylaws to the satisfaction of the committee members. They are compiled from bylaws of other cities and used what pertains to the Labor Management Committee for the City of Tracy. Peterson said he didn't know how the by-laws got in the hands of the attorney, but he feels the purpose of the Labor Management Committee was to allow City employees an option to air a grievance at the lowest level. He feels that it is something that should be done. Koopman stated that she was the one that presented the by-laws to our City Attorney because bylaws should be reviewed by the Attorney and presented to the City Council for approval. Mayor Ferrazzano said there was some question as to if the Union representative would be at any hearings. Peterson said a Union representative would not be there unless specifically invited. Nielsen asked how this fits in with Open Meeting requirements. Peterson stated there will be minutes taken and the nature of the complaint would indicate how open the meeting could be. Mayor Ferrazzano feels the Union representative does not need to be at the committee meetings as they can file a grievance with the Union. Rettmer feels this has gotten extremely out of hand from the original intent. Peterson responded it has not gone anywhere and how could it get out of hand. Rettmer explained the employees have supervisors and if they cannot be adult enough to talk to their supervisor about a problem, then that in itself is the problem. One of the duties of the supervisor is to resolve these types of issues. Mayor Ferrazzano said this Labor Management Committee does not prevent the employee from going to their supervisor and so that employees do not end up calling the Council at home and complaining about employment situations and the Council cannot do anything

about it. Peterson said this is the rule that the committee has to follow and cannot just make up the rules as they go along. Peterson said they will make the changes recommended by Nielsen. Motion by Stobb, seconded by Snyder to approve the Bylaws, Mission Statement and Letter of Understanding for the Labor Management Committee with revisions as indicated by Nielsen. Upon roll call, the following vote was recorded: voting aye: Martin, Peterson, Snyder, Stobb, Mayor Ferrazzano; voting nay: Rettmer. The motion carries.

Gervais explained the Satisfaction of Mortgage in on a CDBG loan made to Ruth Craig on her home. She passed away last October and this property has been sold and the proceeds would pay off that loan. The check has been received and deposited. Motion by Snyder, seconded by Peterson to approve the Satisfaction of Mortgage for Ruth B. Craig. All voted in favor of the motion.

An explanation was received from Frank Nielsen regarding the Tracy EDA loan to YM2G (Morgan Street Project). Nielsen feels the loan was not properly authorized for the following reasons:

- A. The EDA did not follow its own guidelines/criteria for making revolving loan fund loans. The EDA Director has indicated that the loan applicant did not submit any documentation in connection with the loan request, and that the loan was applied for, considered and made within a span of less than four days after the City Council had denied relief to the loan applicant for the same expenses that the loan was made to cover. The guidelines/criteria require a credit report and a business plan, which do not appear to have been provided; they also appear to contemplate a written application (by referring to an "application packet") which also was not submitted. Further, the guidelines/criteria indicate "loans can only be made to individuals who can substantiate a financial need" through one or more of the three (3) possible reasons, and it does not appear any facts were submitted to allow consideration of these reasons.

While it is certainly possible that a minor degree of flexibility or deviation from these guidelines/criteria might be overlooked, that does not appear to be the case here. It is important that the EDA, as a governmental subdivision, substantially abide by criteria as it has been established so as to avoid allegations of favoritism or unequal treatment by future loan applicants who might feel they have not been accorded a similar degree of flexibility.

- B. The EDA was established by the City Council resolution, as provided by law, in 1987. A further resolution in 1995 attempted to clarify the nature of the authority granted to the EDA in regards to housing and redevelopment. Nielsen stated these resolutions are not as clear as they could be in regards to the degree of authority reserved from the EDA and to the City Council, it is clear that the resolutions intended to reserve some significant amount of authority to the City Council over the activities of the EDA. While uncertainty may exist as to the extent of the reservation of powers made, there is no indication the City Council intended for the EDA to have authority to specifically or impliedly overrule the decisions of the City Council on matters that had already been raised before the Council and decided by it. Along the same line of argument, it would be inconsistent with the power of the City Council to detail a means or procedure by which relief might be sought for a specific issue (in this case, relief from the requirements of paying for water hook-up charges and the cost of restoration of public improvements incurred as a part of the hook-up, as enacted by City ordinance), then allow a subordinate department to grant relief that had been specifically denied by the City Council. In this case, since the loan applicant elected to first go before the Council to seek relief for the same expense that was involved with the EDA loan, and had been denied that relief by the Council, the EDA was without authority to circumvent the decision of the Council by, in essence, granting relief that had already been denied by a superior authority.

Nielsen further stated it is not intended to imply that the EDA, in the appropriate

circumstances and in the absence of specific intervention by the City Council in the same matter, could not consider the costs of supplying utilities in a project as a part of an overall review of all aspects of a potential project for assistance from the EDA.

Nielsen stated that this loan, while characterized as for economic development, appears much more clearly to be related to housing or redevelopment. The EDA, through a 1995 resolution clarifying and amending its authority, received certain powers of a housing redevelopment authority. The general tenor of the laws in regards to redevelopment projects is that they should encourage projects that might otherwise not occur in the absence of assistance (e.g. Minnesota Statutes §469.028 Subd. 2 (1), authorizing redevelopment projects to proceed only if “land in the project area would not be made available for redevelopment without the financial aid sought”). Here the project was apparently undertaken as a private endeavor, relief was requested only after the project was committed to and construction well underway, and was sought apparently because the applicant did not want to itself pay the expense involved and because it had, allegedly, not sought any help from the City prior thereto. Nielsen felt it was unclear how assistance in such circumstances, with the project already well past commencement, can be considered as encouraging a project to be undertaken, and may lead to the appearance, whether substantiated or not, that public moneys were expended only to reward the proprietor of a nearly completed project. The fact that the loan applicant or some other developer might undertake a similar project at a later date, is not relevant to the consideration of assistance for the current project, since such a future project was, at best, only speculative.

Nielsen suggested the EDA examine more closely any practice of extending so-called forgivable loans in development projects for two reasons.

1. Minnesota Statutes §469.106, which authorizes advances for redevelopment purposes and approves the “revolving loan fund” concept, also states that such advances “must be repaid from the sale or lease, or both, of developed or redeveloped land”.
2. Even if a loan can be forgiven, the forgiveness factor should be tied to some public benefit received; in the present case, the loan was to be forgiven in three years, and prorated forgiveness allowed commencing immediately, if the applicant retained ownership of any part of the property involved. Nielsen is uncertain as to how retained forgiveness; presumably, the applicant could increase the asking price on the retained property for any sale of it by the balance amount for the loan, gradually reducing it by the amount of the periodically forgiven loan balance and thus realize an amount equivalent to the loan amount whether paying back the loan or not. It is also uncertain how the public benefit would substantially differ between the applicant retaining ownership of the property and the passing into other hands.

Chukuske arrived 7:40 p.m.

Gervais indicated that this issue will be discussed at the next EDA meeting scheduled for Friday, June 1, 2007.

Peterson said his intent for asking about this loan was for clarification. He was not against the idea of a loan, but against the idea of a “forgivable loan.”

Motion by Snyder, seconded by Peterson to grant a license, contingent on payment of fees, to sell Off Sale 3.2 malt beverages to Tracy Eagles Club, Amoco, Ross Eastside, LLC and Casey’s General Store. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to grant a license, contingent on payment of fees, to sell On Sale 3.2 malt beverages to Tracy Eagles Club, Ross Eastside, LLC and Tracy Lanes. All voted in favor of the motion.

Motion by Peterson, seconded by Martin to grant a plumbing license, contingent on payment of fees, to Wilk's Plumbing LLC. All voted in favor of the motion.

Quotes for City Shirts were received from Plum Creek Embroidery and Brown-Saenger. Kathie Christians will further research the shirts.

The Consent Calendar included: Monthly Financial Report, Municipal Accounts Payable, Hospital Board minutes for April 18, 2007 and Cemetery Commission minutes for May 17, 2007. Motion by Snyder, seconded by Stobb to adopt the Consent Calendar as presented. All voted in favor of the motion.

Mayor Ferrazzano had received a question from a resident regarding snow removal. They questioned if all the downtown businesses and empty building are billed for snow removal. Koopman said all businesses and empty buildings are charged by the lineal foot for snow removal from the sidewalks.

Motion by Rettmer, seconded by Snyder to adjourn the meeting at 7:50 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### June 11, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 11, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: President Pro-tem R. Stobb, M. Martin, S. Rettmer, T. Peterson, B. Chukuske and C. Snyder. Absent was Mayor Ferrazzano. Also present A. Koopman and F. Nielsen.

Motion by Rettmer, seconded by Peterson to approve the minutes from May 29, 2007 as presented. All voted in favor of the motion.

An addition to the agenda was 6-B Subordination Agreement with John and Jodi Carlson. Motion by Snyder, seconded by Peterson to approve the agenda as revised. All voted in favor of the motion.

Nicole Larson representing Kinner & Company Ltd, Certified Public Accountant explained and reviewed the Annual Financial Report for 2006. Pages two and three of the audit report is the actual auditor's report as far as opinion on the financial statement for the City of Tracy ended December 31, 2006. This states there was no evidence that caused the auditors to find the financial statements had any major errors or irregularities that would be alarming to them. Page five is a Statement of Net Assets. This is a relatively new format and the Governmental Activities column is comprised of general operations, special revenue funds, debt service funds and capital projects funds. At the end of 2006 the City of Tracy had \$7.8 million in assets which included depreciated value for all of property and equipment for the governmental activities. This is up from \$7.0 million in 2005. There is an \$800,000 increase in total assets. The liabilities for the governmental activities this year are \$6.5 million which includes all the long term debt as well. Larson stated that at the end of 2005 it was at \$6.7 million, so it is up \$200,000 but the net of the two results in an increase in the total net assets of \$300,000 over 2005. This is a positive and direction that the City wants to be moving. Business type activities are activities which have a for-profit type nature such as utility fund, deputy registrar fund, liquor store fund, Eastview apartments, 5<sup>th</sup> Street apartments and others. In a consolidated format, the total assets are \$7.2 million at the end of 2006, which is down \$200,000 from 2005; however, the liabilities are also down from \$2.8 million in 2006 and \$3.0 million in 2005. Such the change in assets is virtually nothing. Larson directed everyone to page 39 where there are three (3) funds within the City that at the end of 2006 were having a deficit fund balance. One is the 2001 Aquatic Center Interfund Loan Fund which has the loan with the other funds throughout the City which is sitting at \$(234,622) negative and this is down from 2005 negative so is moving in the right direction. The Aquatic Center Replacement Fund has a deficit of \$(809,489) and the 5<sup>th</sup> Street Apartments has a deficit of \$(47,654) and this are increased deficits. Larson directed everyone to page 56 through 63 which is a detail of the revenues and expenditures for the General Fund for the City of Tracy. This includes the main property tax levy and the main expenditures for running the City of Tracy, the administrative and operational aspect of things. The City had budgeted a deficit after transfers in and out of \$87,000 and the actual result of operations resulted in a lower deficit of \$19,000 for the current year and this is a favorable budget variance. Pages 126 and 127 are the balance sheets for the Statement of Net Assets and the Statement of Revenues, Expenses and the Changes in Fund Net Assets for the Liquor Fund. The Liquor Store did not have a great year in 2006. The payables were up at the end of the year and the actual gross profit margin is down. In 2005 the gross profit margin was 40% and dropped to 36% for 2006. Changes have already been made to rectify that and get back on track for 2007 and Larson has heard a lot of positive comments about the outdoor patio and seen a lot of activity with that. The operating expenses are increased, but not significantly so as is expected. This showed a income loss of \$(900). Pages 138 and 139 of the financial report is the 5<sup>th</sup> Street Apartment Fund and this year was a better year with more rent revenue, rent proceeds and expenses held in check and within less than \$100 of the 2005 expenses, which is amazing to be that close. Larson said there was a loss of \$(8,700). The EDA is aware of this and will work to make it a positive balance. Page 141 and 142 is the Aquatic Center Operations and 2006 is the first year that it was back in operation so there was a little of extra expenses to get it back in operation. The Loss for 2006 was \$(77,424.67). In 2003 year of operation there was a loss of \$(60,000). The graph analysis was reviewed. Larson indicated the first page is a detail of all the revenues and indicated by a five (5) year history by fund. The revenue graphs show Local & County is made up of primarily property tax revenues and has increased slightly over the last few years. Licenses and Permits show very little change with less than \$300 different than 2005. Intergovernmental shows a significant change and this includes the LGA payments and the biggest

cause for change is the CDBG grant. Revenues were coming in for 2004 and then bulk coming in for 2005. If another grant is received, there will be more spikes in that coming again in the future and can have a lot of fluctuations depending on the type of grants received. Charges for Services and Fines and Forfeits had very little change and also Sales had very little change. Miscellaneous and the main spikes are in the reimbursements the City has been getting in the Aquatic Center Reimbursement and legal side of things. Details of Expenditures include General Government shows very small increases. Public safety up with increase in insurance, new squad car and additional officer hours. Public works increase included the new bathrooms at Sebastian Park at \$40,000 of the \$70,000 increase. The spike in Recreation is due to the reconstruction project in 2005. There is a small change in Debt Service and this will be seen as the City continues to pay down on debt, the interest portion will go down and will hit more of the principal. Capital Outlay is down. Operating expense were down overall this year and in 2005 there were more major repairs and maintenance done in the utilities that did not have to be done in 2006. Miscellaneous Expenses the greatest impact was the CDBG. Consolidated graphs for Assets shows that cash has increased and has to do with timing. Main funds are received at the end of the year, collections on the litigation and things were prepaid before the City was reimbursed for that and so when it would have been going up, it went down and then back up in 2006. Receivables are down somewhat and the reason for increases the past couple years was the CDBG added a new layer of receivables and this is good as the loans will be able to be loaned back out to individuals to do more projects down the road. Other Current Assets is not showing up on the graphs. Larson explained that the Liabilities by fund over the past 5 years shows that Accounts Payable has come down as expected as there were a lot of year end payables with the Aquatic Center, engineering fees, etc. Accrued Salaries there was a huge pay-out after 2004 and will start seeing slight increases again until more is paid out. Taxes Payable is payroll and sales tax and there will be only small fluctuations there. Larson stated that in a nutshell the financial report is looking good and it is moving in the right direction with some issues that need to be looked at. She indicated Kinner & Company had great cooperation working with the City Staff and appreciate that.

Rick Nordahl told the Council that several months ago; discussions regarding plans for a better health care campus were initiated with Prairie View Nursing Home. Also discussed was the need for more parking space for patients and staff. The lots where this parking space would be made available are owned by the City, but there is currently a covenant with homeowners in Eastview Addition guaranteeing that the Eastview lots would be used only for housing. In order to proceed with the construction of the parking lot, both the City and the homeowners must agree to waive the covenant. Nordahl said the property owners in the Eastview housing addition were not responding to attempts to negotiate for parking on these two lots across from the Sanford Tracy Medical Center helipad. Nielsen indicated the covenant was originally put in place several years ago by the Tracy EDA as an incentive to build homes in the Eastview addition. In a letter from Richard and Sheila Helleeson, Sue Babcock and David and Karen Reese, they presented a list of what they described as “reasonable stipulations” they felt would be necessary.

1. The City/Hospital must install a 6-foot privacy fence, which they must maintain in good condition. On the south side of the privacy fence, they require a row of 4’ Black Hills Spruce with a row of 2’ high or taller lilacs in front of the evergreens.
2. Proper storm drainage must be provided by the City/Hospital. There can be no runoff onto any other lots.
3. The City or EDA absorbs the cost of the sump pump water retention project that would otherwise have been assessed to the owners of Lots 12, 13 and 14.
4. The owners of Lots 12, 13 and 14 would be given a 99-year lease for the price of \$1 each for the exclusive use of the 63 remaining feet between their property and the parking lot on lots 4, 5 and 6 of Block 2. The 63’ of Lot 6 goes to the owners of Lot 12. The 63’ of Lot 5 goes to the owners of Lot 13 and the 63’ of Lot 4 goes to the owners of Lot 14. If the owners of Lots 12, 13 or 14 sell their property, these 63’ parcels of Lots 4, 5 and 6 must transfer with the sale. The owners of Lots 12, 13 and 14 would keep the 63’ parcels mowed.

5. Any damage done to the landscape of above-mentioned lots during the construction of the parking lot must be restored to the condition it was in before construction.
6. Lights must shine from south to north and not into their yards.
7. The parking lot must be monitored for hospital use only on nights and weekends.

In a letter dated June 6, 2007, the City offered the following in regards to the stipulations.

1. The hospital will plant 4' Black Hills Spruce and a row of 2' or taller lilacs.
2. Proper drainage is part of the design.
3. The city will not absorb assessments for the sump pump water retention project. It would be unfair to expect their neighbors and other tax payers to pay their assessment when only they would benefit from this improvement.
4. The remaining footage after the planting of the spruce and lilacs the City would agree to free use of this property, but would be unwilling to grant them a 99-year lease.
5. Damage that occurs to the landscape would be restored to its original condition.
6. Lights will shine from the south to the north.
7. This parking lot will be intended for use by the hospital staff, patients and visitors, however, this will be a public parking lot and the hospital cannot restrict its use.

The residents were also told that other options were explored, including approaching John Glaser about purchasing an acre of their land directly east of PBR, but the family has taken a very strong position about subdividing their property and will only consider selling the entire 50 plus acres and this is not economically feasible to pursue this matter and further. The hospital needs the 75 parking spaces because as they continue to offer more services, more parking is needed. The City has allowed for the fact that OT and PT staff and patients will be using the parking lot at the Wellness Center and the nursing home staff has been asked not to park in front of the hospital, but being a public street they cannot dictate who parks there. The assessments on Union Street are deferred and the sump pump assessments will also be deferred until these lots are developed for residential purposes. The snow will be removed and hauled away by the City Street Department. The fill dirt will be wasted at the City's fill pile. Also Block One will be included in the waiver.

Nordahl stated that the residents of Eastview were asked to respond to the letter dated June 6, 2007 by 5:00 p.m., Monday, June 11, 2007 at which time it would be presented at the City Council meeting that evening. Koopman said only one homeowner of 11 had signed the initial waiver and only the Hellesons had accepted the revised waiver. Koopman added the reason a response is needed is so that the project can move forward in the most cost effective manner and this needs to be incorporated into the street improvement project. If the waiver is not signed, the only other recourse would be to proceed with the eminent domain process which would be a cost to the City taxpayers. Koopman said if they were to proceed with the eminent domain process, they would be required to do an appraisal of every property and a second appraisal would be required after completion of the project and the City would have to provide monetary compensation if there was any monetary compensation required. Koopman said Gervais talked with the assessor and he could not see where it would decrease the value of any of the properties. Nielsen said the eminent domain would only waive homeowners' right in regard to the housing-only covenant. Gervais said he had asked the property owners if they would build a house on this property and no one would say yes. He noted that the property is not ideal for residential purpose due to its location directly across from the helipad. Stobb said some community members had contacted him about the waiver and feels part of the problem may be differences in perception between the City and the homeowners. He feels they should not rush to start the eminent domain process and this needs to be all be done in a delicate

manner. Rettmer felt the intention of the covenants was a good thing, but the residents need to take into account that times have changed and the hospital has become involved with Sanford Health and they need to become aware of what it could grow into if Sanford would bridge with Prairieview Nursing Home, we need to be prepared for the future. Snyder said he appreciates the fact that if the residents felt they were offended and not approached right, "aren't they adults". "How can a problem be fixed if they don't answer. We are not in the third grade here. If they have legitimate complaints and legitimate problems, why aren't they here talking about them."

Martin asked if the changes in the last year in the eminent domain law would have any effect on what the City is planning to do here. Nielsen said some changes were made that he is not completely familiar with, and does not think it would change the City's rights in this manner as they are not taking away someone's home and they are not giving the property away to someone else. What would be taken from the property's owners in Eastview would be their contract right of the covenant. Chukuske stated that the City does own the property and can go after it and get it and it is going to cost the taxpayers a lot of money when the City has tried to give them what the City can and they are not responding. Snyder asked what would happen if they just went and built the parking lot without going through eminent domain. Nielsen stated they could probably try to stop the parking lot and not sure if they would have a lot of success there. They could ask the court to require the City to do eminent domain process.

Motion by Rettmer, seconded by Chukuske that if no response is received from the property owners in Eastview by June 18, 2007, accepting the proposal by the City dated June 6, 2007, the City will move forward with the eminent domain process for the three lots. All voted in favor of the motion.

Fire Chief Dale Johnson III told the Council the fire department has had eleven (11) calls in the past three (3) months. Every year ten to twelve members of the fire department are sent to weather watch training. They cover an area from four (4) miles north of Amiret then to Milroy, Garvin and Lake Shetek. They have received some spotter software on the computer at the fire hall where members man the radio and watch the computer to let the spotters know what is developing in the way of severe weather. They have been using the new truck for spotting because it has radio communication abilities. They have been training in auto extrication procedures. The department is in the process of a fund raiser for new airbags and 25% of the needed \$11,000 have been collected. A custom bumper and wench was installed on the new truck for vehicle stabilization in vehicle accidents. Johnson received a phone call about two weeks ago from Cenex HarvestStates and did their fire protection coverage area with the state and the City's water flow, hydrant flow and truck pumping capacity was excellent. They were a little short on master stream nozzles that are huge nozzles that sit on the ground and flow water without someone having to man them. CHS brought it to their board meeting that the fire department was riding the line. Johnson received a call and asked him about what the cost was for a nozzle and he told them it was about \$4,000. The fire department has received a check for \$4,100 from CHS to purchase this nozzle. The fire department, hospital and ambulance service will be doing a mass casualty drill on June 18, 2007. Johnson told the Council the money is in the budget for the fire hall parking lot. Cooreman is planning to start the project in the next three weeks and his estimated price was figured into where they were replacing furnaces. They chose to postpone the furnace project and decided to do the parking lot to take care of the tunnel. Cooreman will be removing the tunnel and filling it back in with sand.

Robinson reported the Public Works repaired a broken water main on Morgan Street near the Headlight Herald and repaired a broken curb stop at 350 S. 4<sup>th</sup> Street. The force main for the Eastview lift station is currently being installed. There will be a pre-construction meeting on the 4<sup>th</sup> Street East project on June 13, 2007 at 10:00 a.m. The Eastview tile line interceptor project is in progress. Fire hydrant flushing will start next week.

The Public Works has planted new trees at the softball field complex and they have also planted new bare root trees in the City tree farm. There are not over 400 trees in the tree farm and these will be available for transplanting in a few years. Thirteen dead trees were removed from the softball field area and Swift Lake Park. In Sebastian Park two semi loads of Ag-lime were added to the ball fields, four new benches were built and installed facing the playground equipment and 100 cu. yards of wood chips were added to the playground equipment.

Curbs and gutters and sidewalks were replaced in areas where there had been water main breaks or where fire hydrants were replaced last fall. Alleys have been graded and gravel has been added with more gravel to be added to the alleys soon. Streets were swept as time allowed. The South 4<sup>th</sup> Street/Central Livestock storm water project will start June 11, 2007.

Robinson reported the fueling system at the airport was inspected by MPCA and found to be out of compliance. A fusible link become buried in the pea-rock below the pump and had to be more exposed and an overflow tube was missing. When a transport comes in and puts fuel in the tank, there is a device that is supposed to be there that shuts the truck off. Koopman told the Council that the City was given a deadline to have this repaired by July 7, 2007 or a fine of \$600 would be imposed. Robinson said the repairs have been made and the tank was filled with fuel and did pass the leak test. They are now waiting for the MPCA to come and do their re-inspection.

Police Chief Hillger asked for any questions regarding the Police Department monthly activity report. He reported that public nuisance notices have been sent and are waiting for responses from those property owners that received them. Koopman indicated that four or five individuals have called her and were upset about receiving the nuisance notices. Rettmer asked when the re-inspection would be done. Hillger said they would be done 2 weeks after they know that the property owners have received their certified letter. Hillger plans to begin next week to re-inspect the property of the owners that have paid their fine.

Robert Gervais, EDA Director told the Council that at the June 1, 2007 EDA meeting a motion was made and passed to rescind the motion from the April 20, 2007 meeting, to give YM2G a forgivable loan. YM2G was offered the option of proceeding with a conventional loan and have chosen not to at this time. Gervais said the EDA reviewed a preliminary outline for a Housing Development Fund that would be used to stimulate housing development with developers for multi-family style homes. This fund would be managed similar to the Revolving Loan Fund. I&S Engineers and Architects have presented information for a potential housing development on the north side of Front Street. The cost estimate from I&S to develop ten (10) lots for housing development was \$69,585 and could rise to \$89,735 if the plan was to incorporate a water retention pond. No formal action was taken by the EDA but will be placed on the agenda for the next meeting to see if they would like to proceed with this project. Gervais has received notice from SWMPH on the grant that HUD has not sent the contract yet at this time and by the end of this month they hope to have a date set to hold a public meeting with those that have previously filled out applications for the grant money. Gervais indicated the townhouses are currently full and have a waiting list. Gervais said that he has a verbal commitment to purchase the last lot on the south side of Sunrise Drive between Andy Leonard and Andres'. Nielsen will be working on getting the purchase agreement drafted for that and this has been placed on the agenda for Friday.

Gervais will be meeting with Rick Anderson from Lyon County Parks and Denny Alexander on the Park Board to discuss potential future trails from Tracy to Walnut Grove. The Casey Jones Trail right now, is proposed to come up to three (3) miles south of Tracy and angle off over to Walnut Grove. They are looking at a way to link Tracy and Walnut Grove and also try to extend the trail to Garvin Park. This is very preliminary and it is a timely process as this has been going on for quite some a while. The funding cycle for this even if approved in 2008, it would not be until 2012 that the project could begin. The County is also looking at other trails from Marshall to Lynd and Camden State Park and possibly Ghent.

Gervais stated help is needed for employee recruiting and Lyon County Enterprise Director, they believe there are over 400 openings in Marshall right now. Suzlon in Pipestone continues to try to hire as well as Dactronics in Brookings. AquaPower has hired two (2) more local individuals, but cannot find enough people locally and have turned down work as they do not have the man-force to handle the jobs that they do have.

Radke was not present, but would be present next week if the Council would like him to be in regards to the Liquor Store deficit and changes that he is making. The Council agreed that he could wait until the first meeting in July. Rettmer asked Koopman if Radke had contacted her about the award that the liquor board gave to the City. Koopman will follow up with that.

Koopman informed the Council that the Governor vetoed the tax bill and that does have a financial impact on the community. She does not have an exact dollar amount of the impact to the community. She had an opportunity to talk with Senator Vickerman last Sunday. Right now the current law does state that expenditure estimates must not include an allowance for inflation. That was the key element that caused the Governor to veto the tax bill. Senator Vickerman implied to her there is a real possibility that a special session will be called. Koopman asked that if anyone had any time to write Senators Vickerman, Senator Fredrickson, Representative Seifert or Governor Pawlenty, it would be worthwhile because this is a very important issue, especially for rural Minnesota and encourage them to call for a special session. The tax bill did include \$70 million for additional Local Government Aid. Koopman is concerned where the City is going financially and the City needs every resource available. State aids represent approximately 60% or more of the City's revenue.

Koopman voiced concern on the proposed bond issue and noted that is going to be two things that needs to be looked at. She said that had it not been for the Aquatic Center situation, we would be sitting very well. The new debt obligation would have meshed in with the existing debt and would have actually be less than we currently levy. However, the City is faced with the Aquatic Center reconstruction which cost the City \$1.2 million. There were some upgrades from what the City previously had such as the Myrtha liner. This was a \$250,000 upgrade over what was previously had. Temporary bonding was done for \$1.195 million to cover the cost of reconstruction and in addition to that, litigation and extra work done in association with the pool, such as the sewer line, etc. totaled \$2.2 million. Koopman explained that we have collected a total of \$1.345 million which includes the last and final settlement which leaves a negative balance of \$900,000. This \$900,000 will considered long term debt and will be spread over a 15 year period. The City is looking at a \$2.2 million dollar improvement bond. This covers the street projects, the Greenwood storm sewer project, the Highline Road bike trail, hydrant replacement, land acquisition, Eastview Groundwater project, street lights, engineering fees for the pond study that was done and meter replacement. Koopman has been talking to Todd Haugen, bond consultant with Ehlers and Associates. Mr. Hagen recommended that we would take both the improvement bond and the \$900,000 and average them out over the 20 year period and then structure it so that it does mesh better with the existing debt. The overall impact would increase the annual debt obligation by \$30,000. The City would be calling for the sale of the bonds at the next Council Meeting on June 25, 2007 and then the actual sale would be conducted at a special Council meeting on July 16, 2007. Once the sale is called the exact amount of the bond will be determined. Koopman stressed these are very rough figures and has great concern of where things are going and how to get there.

Ron Stephens indicated that when he met with Koopman regarding the nuisance complaint he received he was upset with the way things were handled. He has had a chance to think and write a letter that is addressed to the City Council. "Most of the time citizens are asked to be placed on the agenda to complain about how they feel they have been wronged in one way or another. This is not the case with me. I appear today to apologize to the City of Tracy, City Council and Chief Hillger. Six years ago I built a storage shed in my backyard and stacked four tires in front of it to keep it from being hit as vehicles were driven in and out of my yard. I was not aware that I was in violation of the City nuisance ordinance. It was surely embarrassing for me to receive a citation for this offense and not knowing of the violation. It must have been even more difficult for Chief Hillger to issue this violation. This entire matter could have been resolved long before now if this violation would have been brought to my attention. I feel that it is too bad that the hard working officers of our fine community have to take time to seek out the people, such as myself, whom are in violation of these City ordinances. As citizens of our community, what we feel is not an eyesore to us, may be to another. Again, I apologize for creating a problem for the City, the City Council and Police Department. During times like this it is easy to forget what is really important, when our soldiers are fighting and dying overseas and all some people do is complain about how tough we have it here. This is when our thoughts and prayers should be with them and how tough they have it there. In closing, I would like to say that not only am I willing to pay the fine but also reimburse the City for the cost of the certified letter. Thank You.

The Pit Stop has offered the mini-golf course for sale to the City. Koopman said there is concern regarding the cost to the City. They are offering the entire mini-golf course for \$14,000 and the original cost to the Pit Stop was \$20,130. A rough estimate to prepare the site and move the course

would be approximately \$3,500. If the cost for city labor was added, there would be an additional \$3,750 cost. Rettmer asked Brenda Ness how much revenue this has supplied. Ness answered they have made a "few thousand" each year and what it cost them for an investment, they are ahead of the game. She indicated they do have an EDA loan and there is a potential to make more money. Right now, it is only open five (5) days a week and there is not enough advertising and would possible do better at the pool. Stobb asked how many hours it is used per week. Ness said it is used 30 to 40 hours per week. Snyder felt it is a good idea, but at this time the expenditure could not be justified. Chukuske agreed that the City is not in position to spend the money for this project at this time. It was the consensus of the City Council not to move forward with this project.

The Tracy Area Chamber of Commerce submitted a list of requests, including street closure requests for Box Car Days which will be held on Friday, August 31 through Monday, September 3, 2007. Motion by Chukuske, seconded by Peterson to approve the Chamber's request and list of street closures contingent on receiving insurance coverage for activities. All voted in favor of the motion.

Koopman informed the Council that Mayor Ferrazzano had been contacted by a citizen requesting that 1<sup>st</sup> Street between South and Morgan Streets be paved. He acknowledged that this matter came up before and it was decided to exclude this street from the project. Mayor Ferrazzano questioned if it would be possible to include this with the 2007 Street Improvement Project. Steve Robinson was contact to find out what the time schedule was before construction would being on 4<sup>th</sup> Street East and Robinson indicated that Duininck planned on a tentative completion date of July 19<sup>th</sup>. With that schedule, he did not feel it would be feasible to add one block of 1<sup>st</sup> Street to the project given the requirement for a feasibility report and public hearing. This has also not been budgeted for. Peterson asked where this area was included in the five year plan. Koopman indicated that she could not find that information and said they could consider this improvement when other improvements are done in that area. It was the consensus of the Council to consider incorporating this project with a future street improvement project.

Gervais presented an easement agreement between the EDA and the City because the City is in need of certain easements over real estate owned by the EDA for utility-related purposes. This easement is on the EDA meeting agenda for approval at the June 15, 2007 meeting. This easement is needed for the interceptor projects in the Eastview Addition. Motion by Snyder, seconded by Peterson to approve this easement agreement. All voted in favor of the motion.

Gervais presented a subordination agreement for John and Jodi Carlson. The Carlsons have a loan through the Small Cities program with the original amount of \$14,112 and remaining amount of \$8,467.20. As of November 17, 2007 another \$2,822.40 will be forgiven for a balance due of \$5,644.80. The City would have a third position behind Minnwest Bank South (1<sup>st</sup> position of \$15,844 remaining) and State Farm Bank (2<sup>nd</sup> position of \$45,000). Motion by Snyder, seconded by Chukuske to approve the subordination agreement for John and Jodi Carlson. All voted in favor of the motion.

Motion by Peterson, seconded by Chukuske to adopt a resolution approving payment to Mooreseal, Inc. for work completed on the airport project with a final payment in the amount of \$3,574.44. All voted in favor of the motion. (Res. No. 2007-20)

The Consent Calendar included: Multi-Purpose Center minutes for May 22, 2007, EDA minutes for May 18, 2007 and Municipal Accounts Payable. Motion by Chukuske, seconded by Snyder to adopt the Consent Calendar as presented. All voted in favor of the motion.

City shirts were discussed and an order list will be set up and if anyone is interested in purchasing one, they can contact Kathie Christians.

Koopman reminded everyone that a public hearing will be conducted at 6:30 p.m. regarding the street lighting project on June 18<sup>th</sup>. A quorum is needed at this meeting.

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

ATTEST:

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City Administrator

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Mayor

**SPECIAL COUNCIL MEETING  
June 18, 2007**

A special meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, June 18, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske and R. Stobb. Absent was C. Snyder. Also present was F. Nielsen. Absent was A. Koopman.

Mayor Ferrazzano asked the audience if there was anyone that would like to make a comment or have any questions regarding the Hospital Parking Lot.

David Reese, a resident of Eastview Addition, read from a letter written by him. He voiced frustration with the EDA and City of Tracy, Council and Staff. He feels that he and his wife have made a big mistake by investing tens of thousands of dollars to build what they thought was going to be their retirement home in the Eastview Addition, only to find out that creditability and integrity is lacking from many in city government. He feels that residents of Eastview have invested financially substantially more in the City of Tracy than the majority of those sitting at the table. He and his neighbors pay \$23, 806 in real estate taxes – for an average for each of \$2,381 per year. He states this average is greater than what is paid by three members of the Council combined and one neighbor pays more in taxes that four members of the City Council combined. He gave a timeline of events that led to where the situation is at the present time. The first notification that a parking lot was planned for their “back-yard” was a letter from Mr. Gervais, dated February 21, 2007. The first letter of invitation for the residents was a mediocre follow up to Mr. Nordahl and Mr. Gervais’ door-to-door, unannounced, on a weekday morning when all but two of the residents were at work. March 19<sup>th</sup> they received a memo from Mr. Gervais inviting them to a monthly hospital board meeting on Wednesday, March 21 at 7:00 a.m. They were invited to an EDA meeting that was also held at 7 a.m. on a workday. They were then invited to the City Council meeting of June 11, 2007 by letter dated June 8 informing them the parking lot issue was going to be discussed at the City Council meeting. This was received in the mail June 9, 2007. Reese felt it was unrealistic to expect folks to meet the schedule of the Council when it is convenient for the Council.

In his letter, Reese acknowledged the effort by Audrey Koopman to work out the specifics of an acceptable agreement. Koopman contacted them and asked them when they could meet, and didn’t set up a time which was convenient for her and then tell them to be there, if they cared.

The residents of Eastview have not hid the fact they don’t want a parking lot. Reese was told by a Minnesota licensed real estate owner/broker that a parking lot would negatively affect our “back yard appeal” and the salability of the properties abutting the parking lot. Mr. Gervais was very quick to quote the city tax assessor about a parking lot not negatively affecting the property valuation. The taxes won’t go down, what does go down in the resale value of the property.

Reese said there is little he and his wife can do to change what is being forced upon them, short of costly civil litigation. They can change where they spend their money. Unless there is clearly, an overwhelming financial advantage to them, they will spend their money out of town and if anyone asks why they do not support local businesses, they'll be sure to tell them to thank the Tracy EDA and each and everyone of the Council for the support given them after they invested in this community. He would caution anyone considering building on any property developed by the City of Tracy to think twice and prepare to get "stiffed when it is no longer politically or financially advantageous to them. He quoted Mrs. Rettmer; "Times change and needs change." He feels that unfortunately, the concept of honesty, integrity and credibility also seems to have changed.

Sheila Helleson indicated that she had talked to Kathie Christians on Friday after receiving the waiver to point out an error in the waiver. Page 3, Letter C should have read "South of the fence described in subparagraph B, above, a planting of approximately 2 foot lilacs will be made and not as printed; "South of the fence scribed in subparagraph B. above, a planting of approximately 4 foot tall spruce trees will be made and south from that planting, a further planting of approximately 2 foot tall lilacs will be made." Christians had discussed this with Nielsen and he instructed the property owners to strike out the error and initial it. Helleson indicated that no one from the City staff indicated they would contact the property owners and she took it upon herself to do that. She did not know all the names of the homeowners in Eastview. The residents that she talked to either had to get babysitters to attend. Some were not home and she left messages and others indicated they could not be in attendance for various reason. She felt that most of the residents were in favor of the waiver but could not make it to this meeting. Nielsen told the Council and Homeowners that all the terms that were discussed in the meeting with Koopman on June 13, 2007.

At the June 13, 2007 meeting, the following terms were agreed upon.

The parking lot would be placed on the northerly 65 feet of lots 4, 5 and 6, Block 2, Eastview Addition.

The Hospital would construct a six (6) foot high privacy fence on the south edge of the parking lot (design would be subject of the approval of Sue Babcock, Eastview resident)

The Hospital would plant a row of two (2) foot high lilacs on the south side of the fence.

Abutting property owners would have exclusive use of the remainder of the lot until the year 2026 with certain limitations, i.e., no permanent structures would be allowed to be placed on this land.

If there is a need for future expansion of the hospital, these residents would be agreeable to consider renegotiating the use of this land.

Koopman stated in her memo that at her meeting with Eastview residents, they expressed a number of concerns primarily relating to being invited to attend meetings to discuss the parking lot, with minimal notice that would conflict with their normal work schedule. They also felt they were treated rudely, not given an opportunity to express their thoughts regarding the proposed construction of the 4-plexes. She also stated that the above provisions would be included in a waiver of covenants. These waivers need to be signed so they can proceed with the parking lot project. This parking lot is needed primarily to eliminate the current safety situation on State Street and the parking lot would be used primarily by staff thereby opening up the remaining parking for patients and visitors. Koopman recommended the EDA and City Council agree with the terms as outline so this parking lot can be included in the 2007 Street Improvement Project.

Martin felt this was a fair resolution. Motion by Stobb, seconded by Chukuske pending receiving signed waivers, to approve the terms of the waiver with the residents of Eastview. Chukuske asked that Reese rethink his statement about not shopping locally with the businesses of Tracy, as they should not be punished for differences that he has with the EDA and the City Council. All voted in favor of the motion.

A public hearing was held at 7:00 p.m. regarding the Street Light project. Steve Robinson from SEH

was present to give an overview of the project. The City of Tracy had directed SEH to prepare a feasibility report and costs estimates. Estimated costs for the project for Downtown street lighting, sidewalk, curb and gutter was \$578,000. The estimated cost for the Highway 14 lighting project was \$313,400.

Don Polzine, representing the Eagles Club presented a petition signed by members of the Eagles Club. They do not feel it is feasible for them to pay assessments for this project. There are too many other projects that need to be taken care of. Polzine estimated the property taxes have risen 36% in the last four (4) years.

Dale Klein, representing the American Legion stated that he had been approached by four (4) young couples that live in town and all work in Marshall. They are concerned that if the City continues to spend money, that their taxes here will soon equal those in Marshall. Klein stated he thought the present street lighting was installed in 1966. He feels that the present lighting system does not threaten the safety of the community. He also looked at the curb and gutter that was marked for replacement and the present curb and gutter would probably last another 30 years and does not need to be replaced. He feels the money should be spent on street repair as some streets have many potholes. If the City is going to spend the money, they need to justify where the money is being spent. He does not feel that new street lighting will bring people downtown. Stobb stated that there are a lot of street lights that do not work and some areas of the sidewalk, curb and gutter have become a hazard for people walking.

Jerry Gladis asked where the areas are that need repair of sidewalk, curb and gutter. He indicated that they had recently repaired the sidewalk in front of their property. Robinson said the majority of the repair work needs to be done on Morgan and 4<sup>th</sup> Street. It is very limited on 3<sup>rd</sup> Street and South Street. The greatest need for repair would be where the new lighting would be installed. He did not feel the lighting would improve with the new street lights and they would be mostly for looks.

Jeff Salmon agrees there are other ways to spend the money right now. He agrees that the lighting is important and feels there are ways to improve the present lighting. He feels that 4<sup>th</sup> Street and South Street could be eliminated from the project. He feels there are other opportunities for better lighting and other ways to resolve the problem without replacing the lights with new fixtures and poles. Salmon feels there are better ways to spend the money at this time.

Mary Stephens presented concerns from Chuck Dueber. Dueber wanted to know how the cost was going to be assessed. Stobb responded that it was discussed at a meeting with the Chamber and they talked about each business owner having equal assessment. Stephens indicated that if all businesses were going to be assessed equal money, the Chamber needs to be aware that the businesses are going to have to raise the prices of their products. She wanted to know how long businesses would be closed down when the project would be worked on. Robinson indicated there would not be any prolonged closure and there will be areas where pedestrians would not be allowed during the process. They would work with the contractor to minimize restrictions for pedestrian traffic. He cannot guarantee that there would not be any time that no pedestrian traffic would be allowed.

Dennis Fultz told the Council that he would encourage the City not to forget about downtown lighting. He agrees there are improvements that need to be made and if the City cannot afford to do it now, maybe the project needs to be scaled down. Creative minds could come together and find a solution that would benefit the community and not allow the project to get put on the back burner and not get done.

Mark Evers from Tracy Chiropractic feels that new lighting is very much needed. He used the example of fire hydrants as how the project kept being put off until there was no other choice but to have them replaced. He estimated the lighting project would cost the property owners about \$1.00 per day to do and there would not be that great an impact on the taxes. There would be some inconveniences with the project but feels that a majority of the property owners would like to see the project done.

Brent Larson stated that if you kick the lights just right they go off and felt that we should repair the

lights we have.

Marlin Meyer represented the Presbyterian Church. He feels the lighting would mainly be decorative. He stated that he is not sure who the City is trying to impress as there is not that much traffic downtown at night. He stated the sidewalk, curb and gutter by the church does not need to be repaired.

Deb Schenkoske feels that attractive lighting would make a difference and is in favor of this project. She is concerned with the awning of the bakery being attached to the light pole. Robinson indicated that the awning was recognized as an issue and found to be attached to the light pole. There would have to be some modifications made to the awning to accommodate the new pole. Chukuske stated they would have to make sure the pole is not supporting the awning as to what modifications would be needed.

There being no further discussion, the public hearing was closed at 7:40 p.m.

Mayor Ferrazzano felt this is a very worthwhile project and understands that it is costly. He feels the city has suffered from neglect and if there are ways to improve the looks of the City, then it needs to be done. To answer Meyer's question of who the City is trying to impress, Mayor Ferrazzano would hope that the citizens of Tracy would be impressed and proud of the appearance of the City. He feels that all people see something like attractive lighting in other communities and asks themselves "why can't our downtown look like that?"

Rettmer stated she would be much more in favor of the project if Tracy was a "bustling, energetic night city" and if the businesses were open in the evening. In answer to Klein's comment regarding the potholes in the streets, she indicated that in December 2006 the City Council adopted a pavement management program. SEH engineers surveyed every street in town and presented the City with a Five Phase plan over a period of time where the City could feasibly do these projects. Phase One and Two will begin on Wednesday, June 20, 2007 on 4<sup>th</sup> Street East and State Street. Phases Three, Four and Five are slated for 2009. Rettmer feels the City should postpone the street light project until the next wave of street reconstruction in 2009. She does not think the City can financially handle the street light project at this time.

Peterson said they are looking at a \$3.1 million bond to be paid over 20 years of which \$900,000 is needed for the Aquatic Center Project. Stobb asked if they were delaying the lighting project, what about the sidewalk portion of the project. Rettmer feels they should delay the complete project for two (2) years. Peterson thinks they should do what needs to be done now for preventive maintenance and if there is any bad curb, gutter or sidewalks, do them also. The Public Works department could do these repairs. Stobb said the present light poles are rusting and wonders if they are sound.

Martin voiced agreement with what Mayor Ferrazzano said but wonders if there is anyway of doing something that does not cost that much, somewhere in middle ground that would also be attractive. He feels the consensus of the businesses is to fix what we have to make it look nice and not spend as much. Chukuske feels they need to move forward and the City cannot afford to continue to apply band-aides and not do a complete project. Peterson said he is not aware that any numbers were presented in great detail from Xcel. Rettmer stated that a lease agreement had been discussed.

Motion by Peterson, seconded by Rettmer to postpone the Downtown Street Light Project until the next Phases of the Pavement Management Plan are done to allow for information to determine if 4<sup>th</sup> Street needs any repair work. Upon roll call, the following vote was recorded: Chukuske, Stobb and Ferrazzano voting nay and Martin, Peterson and Rettmer. Motion fails.

Motion by Chukuske, seconded by Stobb to adopt a resolution ordering the improvement and preparation of plans so this project can be included in the upcoming bond issue. Upon roll call, the following vote was recorded: Chukuske, Stobb and Ferrazzano; voting aye and Martin, Peterson and Rettmer. Motion fails.

Rettmer asked if any of the citizens had any solutions or if they felt this project could get done with a fund raiser or benefit. Salmon felt this was not a fund raiser project and is a "tax project" for lack

of a better term. He feels they need to study this project further such as particular issues such as scaling down the project to exclude 4<sup>th</sup> street and Front Street and the cost to repair the present lighting. "What can be done differently?"

Mayor Ferrazzano voiced that he feels this project is a way to improve the looks of the City and coincide with the Sabongi Improvement Plan.

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

ATTEST:

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Mayor

### June 25, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 25, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Stobb to approve the minutes from June 11 and June 18, 2007 as presented. All voted in favor of the motion.

An addition to the agenda were 4-C a resolution declaring property no longer needed for public purpose and authorize sale thereof. Rettmer added 9-B St. Mark's Property. Rettmer asked to read a prepared statement regarding a change to the agenda.

"The first item on the agenda requests the approval of a resolution providing for the sale of general obligation bonds in the amount of \$3.125 million. This amount includes the street lighting project totaling \$578,000 and I believe that figure is in error. The total of the bond sale should be \$2,426,408. At the special public hearing meeting on June 18, regarding the street lighting project a motion was made and seconded to include the project in the total bond sale and that motion did not pass. Those in attendance at the meeting as well as those that watched the Council meeting on television surmised and rightfully so, that the street lighting project would not be included in the sale of the bonds. Now the issue is being re-introduced in a manner that I feel is somewhat unethical and somewhat underhanded. Audrey, you are fond of saying that you act upon the wishes of the Council. I think you may have overstepped your bounds in three ways. I don't think the Council directed you to come up with alternate plan. I know that notices were either sent out or handed out to businesses located on 3<sup>rd</sup> Street, Morgan Street and South Street. Proponents that obviously support the street lighting project. No notices were sent to those who opposed the project and people on the street knew that the project was going to be re-introduced at this meeting before the Council members did. According to your scaled back project, Audrey, depending on the various streets being done, the cost would range between \$373,217 and \$493,003. I also find it interesting that the resolution to approve the total bond sale appears as the first item on the agenda and the last item on the agenda under Unfinished Business is the Downtown Street Lights. With that being said, prior to the resolution coming before the Council for a vote, I would like to make the motion that the resolution providing for the sale of general obligation bonds be amended to reflect the correct amount so there is no misunderstanding in the amount of \$2,426,408. Thank you.

Mayor Ferrazzano suggested the resolution for the sale of the bonds be moved to the end and make 4A either 9B or 9C. Rettmer asked Ferrazzano if he was going to act on her motion. Koopman stated that she had discussed this with the bond consultant in regards to the Council's action on June 18 and his response was, after sharing with him that she had talked to the League and this issue was going to be reconsidered, that it was much easier to leave that amount in when the sale is being called, and it could be deleted before the award if necessary. Rettmer disagreed with this and wants it clearly stated what resolution is being adopted for what dollar amount. She does not want it put in for \$3.125 million and then have to go back and change it, she would rather have it changed tonight. Koopman added that the reason the bond consultant said to leave it in, is that if, there is enough votes to go ahead with the street lights and it is done in a separate bond issue, it is going to cost another \$20,000. Rettmer feels that she still wants it changed so that they are clear on the dollar amount they are voting on. Peterson felt that Rettmer is trying to change the dollar amount on the agenda, and will second her motion as there are other things that he would like to question before they go into the bond issue. Mayor Ferrazzano feels it would be easier to move it down in the agenda. Martin said that once they are done talking about this issue, it would be clearer and would know what number they are dealing with. Stobb stated he would rather move it until the issues are decided and then finalize the amount. Chukuske is confused because Rettmer made a motion that was seconded and they are now in discussion. Mayor Ferrazzano said they could have a change to the agenda without a specific dollar amount and that is why he suggested they move it. Chukuske asked if she is making a motion to move it or making a motion to change the dollar amount before it is moved. Mayor Ferrazzano recommended Rettmer make a motion to move 4A to 9C. Rettmer answered no. Rettmer then withdrew her motion and agreed to move the resolution to 9A-1 so they can discuss the street lights first and then decide on the bond sale amount. Peterson seconded that.

All voted in favor of this change.

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

Motion by Snyder, seconded by Stobb to adopt a resolution approving change order in the amount of \$28,052.34 for miscellaneous as outlined in Exhibit A. Snyder asked what miscellaneous work needed to be done for this amount. Koopman indicated it was an extensive list and summarized it. This included:

1. The application of special surface finish on the north elevation of the retaining wall for \$2,484.
2. Work related to unsuitable backfill soils for retaining wall, remove unsuitable soils from the site and furnish proper material for backfill for \$15,263.19.
3. Installation of membrane on the east end of retaining wall over a joint for \$250.30.
4. Cut down top of plunge pool wall for \$460.53.
5. Special inspections related to retaining wall construction for \$738.52
6. Adding manhole and related sanitary piping for \$9,868
7. There were some credits in there for patching some of the holes and extra cold joint repair for \$417.50.

Koopman explained that this change order reflects work already completed, but a formal change order is needed so payment can be made to the contractors. This was held up until the final punch list items were addressed. Punch list items was a very extensive list and most issues have been addressed. The original contract was \$790,800 and previously change orders were approved in \$107,627 for a total contract amount of \$898,427. With the \$28,052.34 raises the contract amount to \$926,479.79. All voted in favor of the previous motion. (Res. No. 2007-21)

Motion by Stobb, seconded by Peterson to adopt a resolution declaring property no longer needed for public purpose and authorize the sale thereof. This is for the lift station and control panel removed at the Eastview Addition. All voted in favor of the motion. (Res. No. 2007-22)

The consent calendar included: EDA minutes for June 1, 2007, Firemen's Relief Association minutes for May 7, 2007, Monthly Financial Report for May, Hospital Board Minutes for May 16, 2007 and Municipal Accounts Payable. Peterson questioned Check #043045 as to why it is broke down and not put in one line. Koopman explained they are charged to different departments. She stated that this amount reflects the amount agreed upon in the contract with Kinner & Company to conduct the audit for the City. Koopman stated that each individual department can be listed in the future for clarification. Peterson noted that he did some quick numbers on the AquaPower expenditures. There was a resolution on January 22, 2007 to purchase the building and set up for \$154,300 and to date there is \$163,591 that has been spent. He questioned if the \$9,290 was from the EDA fund. Koopman will ask Gervais to present something at the next meeting. Peterson feels this is quite an "over-run" on something that was supposed to have been done relatively cheap. Motion by Stobb, seconded by Chukuske to approve the Consent Calendar as presented. All voted in favor of the motion.

Mayor Ferrazzano asked Koopman to read her memo on the Street Lighting Project before he opened it up for discussion. The following is her memo:

It sounds as if I missed an interesting meeting last Monday night. Also from what I have been told, there were some unanswered questions as well as inaccurate information that was presented. Two motions were made and both failed due to a tie vote. After talking with the League of Minnesota Cities, they confirmed that this matter can be reintroduced by a council member because of the tie vote. I have discussed this matter with the Mayor and he agrees that this item

needs to be placed back on the agenda for further discussion/consideration. I would also like to offer some options for your consideration.

I found some interesting information I would like to share with you. The existing downtown street light system was installed in 1960. Home Light & Power of Jasper submitted the low bid in the amount of \$27,950. (This did not include the street and curb and gutter restoration). Here we are 47 years later and looking at the same project with a cost estimate of \$578,000 (this does include sidewalk and curb and gutter restoration). The downtown street lights are owned by the City. Xcel maintains the light bulbs, but we maintain the poles. In the residential area the fixtures are owned by Xcel and they maintain both the pole and lights.

I have talked with both Hebig Electric and G&R Electric to get their opinion on the condition of the existing street lighting system. I asked them if they were to rate it on a scale of 1 to 10, what would it be. One said between 2& 3 and the other said at the most 4. Two years ago when the new Christmas decorations were purchased, the three fixtures in front of City Hall worked for a short period of time. Last year they didn't work at all because the wiring is shot. Both agree that the wiring needs to be upgraded. They also agreed in its current condition we have a major safety problem. The wiring system is not placed in conduits, and there are bare wires lying in the ground. If there were ever a water main break in this area, which as you know, we seem to have frequently; these exposed wires would create a very dangerous situation. Granted, I'm not overjoyed with the cost estimate, but looking at the big picture, it would be a small price to pay compared to the loss of life or another expensive law suit or both. I also understand that an individual from the public stated that all you have to do is kick the pole and it comes on. If in fact that is true, it merely confirms that the existing lighting system needs to be improved.

I understand that it was suggested that we repair the existing poles. The conditions of these poles are not in the best shape. A lot of the covers protecting the fuses are missing. I would also question the structural soundness of these poles. I know sometime ago one of these poles simply fell over. Fortunately no one was hurt. Yes, anything can be done, but in order to do it, we would have to saw off the poles because the bolts embedded in the concrete have rusted. The footing would have to be removed and then replaced before the pole could be reinstalled. Hopefully you will all agree that the wiring needs to be replaced if for no other reason for safety purposes. With the replacement of wiring and placement of the pole, whether it's new or old, we will be looking at concrete repair. Granted, we would be saving the cost of the poles but I would question whether it is feasible to continue to use the existing poles given their age and condition.

Another question that was raised Monday night was how this project would be assessed. I met with members of the Chamber and business owners and presented a couple of different scenarios regarding how assessments could be charged. One was based on lineal feet and the other was an equal amount per business (I did not include the three residential properties or vacant lots). I asked the Chamber Director to determine the number of businesses within the target area and she came up a total of 54, four of which is owned by the City. I took 25% of the total project cost and arrived at approximately \$257.00 per property owner per year for 15 years. The equal amount per property was the method those in attendance preferred. Please note that since this meeting, we are now looking at a 20-year bond, so the annual amount would be reduced. Also keep in mind, that these figures are based on estimated costs.

When I originally contacted Xcel about street lights, they provided two options. One for leasing and the other for owning. The figures they quoted at that time were as follows: (these figures represent a total of 40 fixtures and does not include curb, gutter or sidewalk repair)

Estimate = \$132,000 if Xcel installs, owns and maintains

Estimate = \$159,000 if Xcel installs and City owns and maintains.

The rate Xcel proposed for the system that they own and maintain was \$21.35/light compared to \$6.54/light if the City owns and maintains. Comparing the two examples over a 30-year period the total if Xcel owns is \$439,440 compared to \$253,176 if the City owns the fixture. Due to the sizeable difference, all future inquiries were focused on City ownership.

I am also attaching an example of the tax impact with the \$30,000 increase in the debt obligation which was prepared by Ehlers and Associates. With two bonds being paid off and the new debt of 3.1 million dollars in bonds it is difficult to put it into perspective. Hopefully this attachment will help.

With that being said, I would like to suggest considering a “scaled back” project. I have requested the engineers to prepare a revised cost estimate listing each street individually. From what I was told, at least four affected property owners on 4<sup>th</sup> Street voiced an objection to this project. Maybe a better alternative would be to do it in phases. For an example, what if we did 3<sup>rd</sup> Street and Morgan Street this year and perhaps South and 4<sup>th</sup> Street in coordination with the next street project. The cost for 3<sup>rd</sup> between South and Rowland and Morgan Street between 2<sup>nd</sup> and 4<sup>th</sup> is \$373,217. Assessing 25% to the affected property owners their assessment would be approximately \$211.00 per year for 20 years. If we also did South Street, the total project cost is estimated at \$493,003. Again, assessing 25% the estimated assessment per property owner would be \$234.40.

I know I have once again given you a lot of information, but I hope this information will help you to make an informed decision. I believe the term “decorative street lights” have been blown out of proportion. The focus really needs to be providing a safe environment for our downtown area. If the appearance is improved in the process, it’s a win-win situation. Although stores are not open late into the evening on a regular basis, during the winter months, it gets dark at 5:00 p.m. Again, I go back to last Labor Day when all lights on 3<sup>rd</sup> were out and the only light available was coming from the rides on the midway. With cables running every direction, I was very concerned that someone was going to be hurt.

I hope you give favorable consideration for this project. Even if you feel we can’t afford to do the entire downtown area, maybe a scaled back version is the answer. If 4<sup>th</sup> Street is eliminated, we would still run the conduit to the intersection to connect to the existing wiring and in the future hopefully add new fixtures.

Peterson stated he could not find any money budgeted in 2007 and 2008 for street lights and if it is not in the budget, how did it come to this point. Koopman said that it is not in the budget as it is an improvement project and the City would not be able to include that in the budget to spread a levy within one year and pay \$500,000 for a project. This type of project would be put in a bond issue so that the cost can be spread over a period of years versus trying to levy for it and pay for it within one year if it appeared in the budget. Peterson still questioned what the impetus to drive to this point was. According to what he has read and discerned, and could not get a consensus on the Council if it was too dark, too old or bad wiring. Koopman indicated it is all of the above. This came before the Planning and Zoning Commission in discussion regarding future projects. Peterson feels it appears that “oh boy, we are going to go for a loan, let’s throw a little more on there and buy this and this.” Peterson feels that since this was not in the budget and not thought out properly, they should not even be discussing this issue. Mark Evers said that it was in the Sabongi Study from six years ago. Peterson said nothing ever happened with it and he offered the Revitalization Committee a chance on a property with one caveat and that was no tax dollars. The first thing they said was he was out for something and you have an idea there and we will take, they ran to the Council and were approved to spend money. That was the only rule he gave them was that they could not spend money, and they did it. He feels it is too late to throw it back to that. The City is looking at sewer improvement and other capital improvements that are more important than a half million dollar light project. If the lights can be fixed for \$100,000, he feels they should fix the lights. Koopman questioned how the lights could be fixed for \$100,000. Peterson said he was using that as an example. Koopman said that just because it does not appear in the budget, doesn’t mean it isn’t a worthy project. Peterson said he is not saying it is not a worthy project, he feels they do not need to go one-half million dollars in the hole for it. This should have been thought out and tie it with another project such as street repair. Rettmer said the Pavement Management plan Phases 3, 4 and 5. Phase 3 is \$585,320, Phase 4 is \$136,800 and Phase 5 is \$191,200. Koopman explained that if Phase 3 is crack seal and seal coating, the City would not be assessing for that, therefore, to include this in the bond issue would be difficult. Out of the total bond issue, the City would have to be able demonstrate that 20% of the cost would be assessed. Rettmer indicated that these phases were scheduled for 2009. Steve Robinson stated that there are no years assigned to any of the Phases in the Pavement Management Plan and they can be done whenever the City likes.

Mayor Ferrazzano asked if there were any further questions from the Council before he allowed the public to comment. Peterson asked why the information was given to the Chamber of Commerce before it was given to the Council members. Koopman explained that she had talked to Val Lubben, Chamber Director, because it is the business owners that are the ones who will be responsible for assessments and they needed to be informed of what that amount would be and that this issue was going to be reconsidered. With the tie vote this would not have gone anywhere and that is why she checked with Mayor Ferrazzano and he wanted to place it on the agenda, which is legal according to the League of Minnesota Cities. There were revised figures due to the scaled back proposal and that is what she gave to Val. The Council packets are prepared on the Friday prior to the Council meeting. Although the business owners received this information earlier, it was never intended to keep the Council in the dark. Peterson felt they were very selective of what businesses received these notices. Val Lubben stated that this was wrong, as she had distributed the notices to businesses on 3<sup>rd</sup>, Morgan and South Street as they are the ones that would be affected by the scaled back proposal. A number of businesses on 4<sup>th</sup> Street indicated they were not interested. Rettmer asked if the business owners that were not in favor of the project were notified that this was going to be brought up again. Lubben stated that she distributed them to everyone that she could find on 3<sup>rd</sup>, Morgan and South Street. Koopman stated that this may be a very mute point, because, if it is the Council's decision to move forward with this project, there will be another hearing if 25% is going to be assessed back. Another option to consider is to not assess and merely levy for this improvement, then another hearing would not be necessary. Rettmer asked how another public hearing would affect the sale of the bonds. Koopman stated this is why she asked the question of the bond consultant and he said to leave the project in the bond and it can be removed when the actual sale is held. It does not hurt to leave it in.

Mayor Ferrazzano felt that everyone is fired up and if people are upset, then they should blame him. He explained that this did not have to be on the agenda, but he wanted it on.

Jerry Shannon, financial advisor with Ehlers for 30 years, explained the proper procedure for this bond is that since they have not had a public hearing and have not ordered the project, they need to go through the Chapter 429 proceedings. A public hearing would be held, which requires a mailed and published notice and after the public hearing the project could be ordered. Once the project is ordered then it can be financed with the issuance of improvements bonds. At least 25% of the project cost has to be assessed against benefitted property owners. There are other improvement projects that are in process now, which is included in the bond issue that is up for consideration later. This project can be combined with the other projects so that the net result is that the improvement projects that are being financed, a minimum of 20% of project costs must be assessed against benefitted property. Then there is the authority to issue the bonds pursuant to Chapter 429. Shannon also explained that it is a lot easier, prior to the bonds being offered for final sale, to reduce the size of the issue, rather than come back and tell the underwriters it is going to be increased by \$550,000. They will then have to remarket bonds and make sure they are able to place that \$500,000 bonds. He explained that the sale is scheduled for July 16, 2007 and it can be rescheduled at the next Council meeting or special Council meeting. If July 16 does not work, another date can be selected.

Mayor Ferrazzano opened the meeting for any public comments.

Cookie Cooreman was present on behalf of the Chamber of Commerce Board of Directors. She explained that the Chamber has a very proactive board, that is concerned and energetic. They have the best interest of the membership and the community and want to see a thriving and energetic community and the place where young families would come to live. They took many extra hours to listen to the information regarding the lighting project. They feel going forward with the lighting project would resolve safety issues and the downtown have the beginning of a beautification project. The Board is not looking to put people in debt but wants to be proactive community that is willing to look at the future as a bright future, and personally would like to see this accomplished as a united community.

Mary Stephens was present for herself and Chuck Dueber. Dueber wanted the Council to know that when they make decisions on beautification, it affects the business owners and patrons. He has gone along with projects such as this in many communities and it took business away from him. It takes less than six (6) weeks for a customer to change their buying habits and if there are any projects that

take a considerable amount of time, if the customers are inconvenienced, they will change their habits and way of shopping and do not come back after the projects. Stephens asked if the businesses were assessed 25% and using a figure of \$211.00, in 20 years that totals \$4,220 and the businesses would hand a check right away, would that decrease the amount and bring more money to the City so they have extra funds for what they need to have done. Koopman explained that when a final assessment notice is sent to the property owner, options are presented to them. If the assessment is paid within thirty (30) days after the final assessment hearing is held, the principal amount is paid with no interest. After the thirty (30) day period has expired, then it starts with interest being accrued. The money paid goes into the Bond Fund and cannot be used for any other purpose. Stephens shared remarks from customers that she has heard and stated that because the project may be scaled down, it does not make it more palatable to people. They are wondering if this is something that can be fixed by the City employees or cannot be fixed and have to be replaced with new poles and fixtures. She expressed concern that a lot of residents of Tracy are on a fixed income and cannot afford more taxes.

Jeff Salmon expressed appreciation for opening the meeting to questions, but the truth is this should not have been put on the agenda. The public hearing was a week ago and it does not matter than some liked the vote and some did not like the vote, it is a mute point. He resents the fact "tremendously" that everyone present, was either totally against it or totally for it does not matter. Everyone is here for a second week in a row, because those here a week ago did not have all the facts and does not feel at this time that they have all the fact but have a lot of estimates. Safety was mentioned and a suggestion was made to put in the General Levy. Peterson had asked if it was in the budget this year or next year and maybe it does need to be in the budget. Salmon indicated that maybe at that time they can light Highway 14 so people can find their way downtown. He agrees that the downtown needs to be lite. Nobody has discussed the sewer issues and costs and feel that it will be a tremendous cost from experience. Salmon feels that this portion of the meeting should be stopped and this discussion tabled for a future time. It is not fair that the public was notified for a public hearing a week ago and now only a few people knew what was going on the agenda tonight. He hopes that someone will table this discussion and get on the meeting as far as the bond issue is concerned, without the lighting project included at this time. "This is just not right - period."

Wendy Haney stated that she was not present at the last meeting. She noted that financially we try to teach the next generation the difference between a want and a need and when there are not funds there to pay for something, it should not be bought. She would love to see the downtown improved, but given everything that is on the table and the things that absolutely need to be done, it does not seem the right time for the lighting project. If this was not so important that it did not get on a budget, this falls in the want category and not the need category. If it is a safety issue, the property owners should not be the only ones paying for it. This project should be delayed until it can be placed in the budget.

Chuck Reinert owns the property of Helping to Heal and he and his wife are in favor of lighting and sidewalk repair project which would include 3<sup>rd</sup> Street. Proper lighting, safe and attractive sidewalks and other amenities will help businesses to further upgrade what we have to offer to those visiting and living in the community. He indicates that he has had people from out of town, as far as 500 miles and they come to his facility to get care and they suggest that they take a look at the other shops. They are very impressed with the effort that the others have taken to upgrade the 3<sup>rd</sup> Street area. It seems that with each additional new business on 3<sup>rd</sup> Street, the efforts are paying off. Reinert is comfortable in paying their fair share of what it takes to make the community more attractive. He has no preference for one plan or the other, but would tend to go with the somewhat more extensive plan rather than one very limited in scope. Taxes will increase a few hundred dollars as a result, he feels that the income from the patients that they are able to serve, will also increase as more are drawn to the community. One takes a risk by not acting as well by acting. He and his wife support the street lighting project. To those that suggest we wait until more data is available, he would respond that in all truly important decision one always proceeds on the basis of insufficient information as there just is never enough. We can only gather some information and we then trust the heart to know the right course of action. He and his wife would vote yes for an upgrade with their hearts.

Marlene Buck, former business owner, indicated that the lighting issue has been discussed for a long

time and is not just something that has recently been brought forward. She feels that action needs to be taken to improve the lighting issue.

Marlin Meyer voiced confusion as to the scope of the project and asked Koopman how and when it would be decided to decrease the scope of the project and wondered if they were going to vote again on this project. Koopman stated that it would be decided how and when by the City Council and explained that her opening statement she had talked with the League of Mn Cities regarding the tie vote and asked if that item can be reintroduced and LMC informed her that it can be reintroduced at the request of a Council member. She talked with the Mayor and he asked for it to be placed on the agenda. Meyer feels that projects such as this could well be under general taxation and the only justification for special assessment is that the property owner gains some benefit. He does not see any benefit for the Presbyterian Church from this project.

Jay Fultz has purchased the Coast to Coast building and is in the process of renovating it. He moved back to the Tracy area last fall and on one of his visits two years ago and there was only one light working. He is surprised at the deterioration of the lights over the years. At Box Car Days the only light were those of the midway and it was dark in that area. His son did trip over a cable and was fortunately not hurt. He is in favor of the project, either through repairing the present lights or replacing them with new lights that could last 40 to 50 years and eliminate the patchwork type process.

Lary Parker from Tracy Computer stated he is in favor of the lighting project. With events such as Box Car Days, etc., that represents the City and agrees with taking care of safety issues and does not take much more out of everyone's pocketbook to make them a little fancier and put in something that looks nice. Springfield has installed new lights and it has helped their businesses and there is more activity in their downtown. He feels this project would help everyone in the long run.

Mayor Ferrazzano closed the public hearing at 7:45 for discussion by the Council. He asked how a general levy could be implemented now. Koopman explained that if the Council agrees to move forward with the project, they may decide that instead of assessing to benefitting property owners, they could consider making this part of the general levy. Because this is a bond that encompasses more than just the street lights, the 20% can still be met and be able to do the projects as listed. She provided a breakdown of the projects and how the revenue will be generated in order to pay off the bond. There are portions that are going to be paid by the Utility Fund, some by the Surcharge Fund and the other would be by General Levy.

Rettmer asked Shannon that in the information they were provided regarding the bond, it is estimated that there will be an annual tax increase and was wondering if this is for the \$3.125 bond. It states a tax increase of 27%. Shannon stated the \$3.125 bond is a combination of three (3) different types of projects. There is an improvement bond of \$1.660 million for street improvements. From that amount \$541,205 would be assessed against benefitting properties. That would result in a net tax increase of initially \$59,302. After 2022, that tax levy increases some and then goes up considerably from 2023 through 2028. That will be the estimated tax levy assuming the maturity schedule in the bond issue for the improvement portion of the project, less the special assessments of \$541,000. Koopman asked if this takes into account the two bonds that will be paid off prior to this sale and the \$59,000 would actually be less than the amount that the City is levying for. Shannon understands that this is correct.

Shannon explains the second component of the bond issue, is the utility revenue portion. There is \$540,000 of financing over a 20 year period. This portion of the bond issue of about \$40,000 per year would be payable from net revenues from the utility fund. A total \$925,000 of the bond issue is to refinance the temporary tax abatement bonds that were issues in 2005 for the Tracy Aquatic Center. A procedure identified certain properties in the Community for which a tax abatement district was established. This means that the increased taxes that are being paid from the property within the district, do not go into the General Fund of the City, but go to this portion of the bond issue. This will come from tax abatement revenue. There is an estimated projection averaging about \$153,000 per year as far as debt service levy is concerned. Shannon indicated that if you take away the new revenues of the utility of \$40,000 per year and take away the \$950,000 tax abatement revenue that is coming in from the district, the net levy for this financing program would be the

\$130,000 less than what is already scheduled. The statute requires the General Obligation bonds payable from special assessments, utility revenues and tax abatements. Upon sale of the bonds, a tax levy will be certified for the amount exclusive of the special assessments. Each year the tax levy will be reduced by the amount of abatement expected by the amount of net revenue so the net levy, is significantly less than what is shown in the information provided. When the bonds are actually sold and the net tax levy computed, this would be the tax levy that would be certified to the County Auditor. The County Auditor is required to spread that tax levy over the 20 year period of time that the bonds are outstanding. If a tax levy is not certified for debt in the budget, the County Auditor must, by statute, impose this tax levy. .

Stobb stated that one of the questions asked is “How much will this cost?” We know how much this is going to cost, approximately, the downtown businesses. This was prepared by Ehlers and Associates and this is for the \$30,000 per year that will be paid on a bond. For a residential homestead home with taxable market value of \$50,000, it would be \$25 a year, for a \$100,000 home it would be \$50 per year, for a \$200,000 home it would be \$101. On Commercial/Industrial valued at \$100,000 it would be an additional \$75 per year, \$250,000 it is \$214 per year. This is idea of what it would cost. Peterson stated that these amounts are for the bond issue and that does not reflect what the County would decide to increase or if the school district decides to put a bond forward. Stobb stated that we can only control the City’s financing, we can not control either the school or the County.

Martin questioned the safety issue and if there is anyway to decouple that from anything else such as wiring. There is an issue with wiring and another with rusted bolts and poles. Koopman asked if he is saying to do everything but not replace the fixture. In order to do the wiring, concrete work will need to be done as well because they will have to saw the concrete to get to the wiring. Basically this is about \$300,000. The primary concern is safety. Poles can be replaced and if they are going to go through this expense, the question is; “is that what you want to see?” Peterson stated that if the safety issues are addressed and light the area, then budget for new fixtures down the road, “wouldn’t that be the smartest thing to do?” Koopman feels there is a misconception when the term budget is said. If a project the project equals \$311,000 this will not be included in the general budget. She explained that if this was included as part of the general fund levy, the amount would then be submitted to the County Auditor and spread on next year’s taxes. We could delay this and include it with the next bond issue. Koopman also stated that if the footing is going to have to be removed and replaced, the concrete work will also need to be redone.

Stobb said that in the past he has had personal things break, and did not want to pay to get it fixed and so they were band-aided together for awhile. In the end that usually ended costing more. It was put off; the cost went up, plus he had to pay for the band-aide. Martin felt this was more like fixing the plumbing before the faucet and tub were replaced. Martin agrees the City needs nice looking lights and should be a goal for the City. The safety issue speaks to liability and other things. Having lights on would be a great improvement. Martin feels that putting in super-nice fixtures at a time when the City has a \$900,000 liability issue with the Aquatic Center and having large sewer costs in the future, strikes as a fool-hardy enterprise. If it can be done, even if it costs more, over a period of years and pay for the essential things that is needed such as safety and light.

Robinson clarified that the \$311,000 for the new lighting includes wiring, fixture, pole, the footing and lamp. There is not a break out. This would be \$7,532 per light. Peterson agrees with Salmon to table this issue because there are still too many unknowns.

Based on what occurred at the special public hearing and approval did not pass, motion by Rettmer, seconded by Peterson to abide by that decision, decrease the sale of the general obligation bonds and table the downtown street lighting project to a future date, when obviously, we need to do more research on it and find options to find a less expensive way to get this done. Rettmer would like to see a committee formed with a couple members of the Council and a couple members of the Chamber and see if a consensus can be arrived at what is wanted in the downtown area. She feels that we need new street lights and would like to see consensus of what we really feel we need in the downtown area. Rettmer stated at the special meeting, if Tracy was a vibrant, exciting, stores open some evening, and she could understand why they would need lighting. Lori Hebig took offense to that statement as her store is open Thursday evening. Rettmer apologized as she does not read the

ads. Chukuske asked that she make her point as she seemed to be rambling. Upon roll call the following vote was recorded: Martin, Rettmer and Peterson voting aye and Chukuske, Snyder, Stobb and Ferrazzano voting nay. Koopman asked Nielsen if a 4/5 vote is required. Nielsen indicated that Rettmer was only trying to reduce the amount and not necessarily approve the bond one way or the other so he feels it does not require a 4/5 vote. Due to this the motion failed.

Nielsen indicated that if you were going to approve a project that would partially be specially assessed, that would require a 4/5 vote. A new public hearing would need to be conducted to approve or disapprove the project. If there would be no special assessment it would not require a 4/5 vote. Peterson noted that the project was defeated on a tie vote at the special meeting, so the \$578,000 project cannot be brought up again. Mayor Ferrazzano explained that it was defeated because it was to be included as part of the bond. Koopman reminded the Council that she contacted the League of MN Cities; they stated that it can be reintroduced by a member of the City Council. Peterson stated that according to Robert's Rules of Orders, which the Council adopted back in January, it cannot except unless amended by the original motion. Koopman reported that the questions she asked the LMC was with a tie vote on an improvement project, can it be reintroduced. They informed her that it can be reintroduced by a Council member. Rettmer asked if she indicated that they had already had a public hearing. Koopman indicated that she did state that and it goes with it. Rettmer assumed that "it does not go with anything." Mayor Ferrazzano asked if the bond is approved without the lighting project included, but pay for the lights through a general levy, it can still be part of bond, but a different way of funding that portion. Koopman stated that according to what Nielsen had explained, if the lights are not going to specially assess all that is needed is a majority vote if we do not plan to assess for this improvement.

Mayor Ferrazzano expressed that if everyone is concerned about the downtown lighting, all the citizens of Tracy should contribute. Snyder stated that all it is going to take is one lawsuit and we'll be a lot more than one half million dollars and the whole City would have to pay for that. He agreed it is a lot of money, but questioned do we pull all the lights and put up gates to close downtown at night.

Stobb asked if this would be approve tonight, would it then be put out for bids and if they wanted to consider a different type of light on Morgan Street, it could be done. Koopman concurred with Rettmer's statement that a committee could be established to work with the Chamber or business owners to determine what they do want. Tonight we could determine the dollar amount needed to do the improvement, but we do not have to determine the specifications regarding the improvement.

Motion by Stobb, seconded by Chukuske to adopt a resolution calling for the sale of \$3.125 general obligation bonds. Peterson stated that a surcharge was put on the taxpayers to pay for these projects and now it will be put in a bond to tax them again to pay for these projects. Koopman explained the surcharge and utility are revenue bonds. Those revenues are generated from the surcharge fund or the utility fund. If the balance in either of those two funds are not sufficient, then we would look at raising rates but the property owners are not taxed for the utility and surcharge portions of the bond. General levy is a direct tax. Peterson said they are looking at a sewer project for 2009 with two new lagoons. He wants to know how many times the people are going to be surcharged and then turn around and do a bond issue. He feels that in reality people are paying for it twice even though on paper it does not appear that way. Koopman directed them to look under Wastewater Engineering Fees, Land Acquisition and Hydrants as what is being done, is that they are reimbursing the utility fund because the fund balance got low from all the projects that were being done. The bond itself is going to be paid off through revenues generated through the utility fund or the surcharge funds for those particular projects. Peterson asked what was in the utility fund and surcharge fund to date for the lagoons. Koopman answered there is nothing specified there, but if we proceed with lagoon improvements we would be looking at another form of financing such as grants, low interest loans such as PFA funding, USDA loans or WIF funding.

Koopman added that there is no doubt that the amount of this bond sale is extremely high, but the problem is, these are projects that are needed. She said the Aquatic Center bond is going to be present for the next fifteen years whether anyone likes it or not. "Do we in the meantime just stick our head in the sand and hope that everything is going to keep functioning?" The City is trying to play catch-up and the only way we can do that is to bond for this amount. She feels that with the

existing debt service, this can be meshed in fairly well. These are needed projects and have been delayed for too long. Peterson said he is not arguing that the improvements are needed, but the logic behind the way they are lumped together. He feels it is like a mentality that "I am going to go in debt and am going to go in deeper because I want this." Sooner or later, there is not going to be enough left to pay off the bill. He felt he would much rather be able to flush his toilet, than walk down the street on Box Car Day and worry about a cable. Peterson agreed that lights are needed, but questioned if the City need one-half million dollars worth of lights?

Snyder found about six different funds that have to do with sewer and water treatment and lagoons and was surprised there were grants and low interest loans for this type of project. They are in the process of getting some funding in place for this project, but are still in the early stages.

Peterson said they need to plan ahead for these types of projects as it did not just crop up and say, let's throw one half million dollars at it and get what we want. Snyder felt the cost of the pole and light is minimal, in comparison to the cost of the footing, cement and wiring. Robinson said he did not have that cost but felt it would be pretty even. Peterson feels that just doing the wiring and concrete, the project can be done for half the cost.

Koopman said as a taxpayer she does not relish the idea of more taxes, but also recognizes that a stage has been reached in this community where something has to be done. The lagoon is a very lengthy process; you have to get on a project priority list, follow all the steps to get to the final step. The lights are not as lengthy a process as you are not dealing with the agencies that you would be with the lagoon project.

Upon roll call, the following vote was recorded to adopt a resolution calling for the sale of \$3.125 million dollars: Chukuske, Stobb, Snyder and Ferrazzano voting aye and Martin, Rettmer and Peterson voting nay. Motion carries. (Res. No. 2007- 23)

Shannon stated that a 4/5 vote of the Council is needed to order a project for which you are going to assess benefitting property owners. If this is to be financed then at least 20% of those project costs must be assessed against benefitting properties. In order to authorize the bond issue, a majority vote of the Council is needed. The street lighting project would be coupled with another 429 projects, which together 20% would be assessed against benefitting property. If the street lighting does not get assessed it gets put on the tax roll and then everyone pays. There is the option for financing purposes, on a 429 any project costs that are going to be financed pursuant to Chapter 429 improvement bond, 20% of those costs must be assessed against benefited properties. If there is a project that has no assessments and a project that 15% is going to be assessed and another that will be assessed 70% and you need to finance all of those projects. All those can be combined under Chapter 429 and order the projects together as one and collectively 20% of those project costs would be assessed against benefitting properties. You then have the authority to issue bonds to finance the project. Shannon said that if the street light project were to stand on its own and if you were not going to assess any of it, you do not have the authority to finance through the issuance of general obligation bonds unless it is contained in a capital improvement program, SCIP program that is already approved pursuant to a public hearing or the process of a public referendum needs to be gone through in order to issue the debt. This process gets the money here now and the project can be done and pay for it over a period of time.

Mayor Ferrazzano wanted to make sure everyone was clear, that since the resolution for the \$3.125 obligation bonds passed, of that money we "can or cannot" use some of that money for street lights. Shannon indicated the money for the street lighting is in the principal of the bonds to be issues. If the money for the street lighting is assessed, another public hearing will need to be held.

Motion by Stobb, seconded by Chukuske to proceed with the downtown street lighting project and combine with another project that will be assessed, and the street lighting project not be assessed to abutting property owners. Martin asked if the street lights would be the \$578,000 then. Stobb indicated that is what is in the bond for it, but is hoping the bids come in less than that. Koopman stated that the bond would include the \$578,000 but the Council may chose to scale the project back to some lesser amount, and what is not used will be put back into the bond fund for repayment. Shannon explained the City has three years in which to spend the bond proceeds and to the extent

that the bond proceeds are not spent, unused bond proceeds can either be used for a similar project or the money must go into the debt service fund and cannot be used for general purposes of the City.

Rettmer stated that in good conscience, the street lighting project was not included after the public hearing and cannot believe that this is coming up for a vote again.

After further discussion on proceeding on the downtown street lighting project, the following vote was recorded with Chukuske, Snyder, Stobb and Ferrazzano voting aye and Martin, Rettmer and Peterson voting nay. Motion carried.

Rettmer indicated that she has seen people working on the St. Mark's property and she does not recall that anything was authorized to happen over there. Robinson explained that the property has been tilled out by the public works department so that grass can be planted there to prevent the weeds from growing. Stobb reminded Rettmer that the Council did request the Planning Commission to develop a plan to improve this lot and the Planning Commission did talk about this at the last meeting. Gary Garrels went there to measure the setbacks to see if a gazebo would fit on that property and will be discussed again at the July meeting.

Mayor Ferrazzano received a note regarding barking dogs and what can be done about it. Koopman indicated that it is a violation of an ordinance and the Police Department needs to be notified.

Mayor Ferrazzano received a letter about the gravel road in town and wanting it paved. The citizen indicated the need to have 1<sup>st</sup> Street South blacktopped. The new residents in the complex would appreciate this. Before fancy lights are placed downtown, they would like the streets, sidewalks and lighting in residential areas. Mayor Ferrazzano indicated that when this was discussed, it was the consensus to think about including it in the next street improvement project.

Motion by Peterson, seconded by Chukuske to adjourn at 8:45 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**July 9, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 9, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from June 25, 2007 as presented. All voted in favor of the motion.

An addition to the agenda was 7-C, A Resolution Approving Payment to Hydro Tech Service for Work Completed on the Eastview Lift Station Project. Motion by Stobb, seconded by Rettmer to approve the agenda as revised. All voted in favor of the motion.

Koopman informed the Council that an easement is needed on the south side of Eastview Addition for the installation of the groundwater interceptor. This would allow for a cleaner installation and eliminate having to work around existing utilities. She has contacted David Daniels and Pat Benson, owners of this property and they are agreeable to granting a 30-foot construction/15-foot permanent easement. They are requesting \$1,000 for this easement. Based on the average price per tillable acre in Monroe Township which is \$2,780, this appears to be an acceptable request. The City would also be responsible for any crop damage that may occur. The permanent easement would consist of just over 1/3 acre. Motion by Stobb, seconded by Martin to enter into this easement agreement with Benson and Daniels. All voted in favor of the motion.

Koopman reported that the Tracy Medical Center made a commitment when the Aquatic Center opened and pledged a monetary donation to the City in the amount of \$50,000. She explained that they agreed to fulfill the pledge even though the staff who made the original pledge is no longer employed. The agreement drafted indicates that Sanford will commit to the \$50,000 to be paid over a period of ten (10) years in annual installments of \$5,000 each, with the first such installment to be paid July 1, 2007 and subsequent installments on each and every July 1 up to and including July 1, 2016. In return, the City agrees to allow Sanford to use the Tracy Aquatic Center facilities on a non-exclusive basis, in connection with the provision of physical therapy-related services by Sanford, for up to 20 hours per week during that part of the year when the Aquatic Center is open and operational. Stobb said the agreement states that the payments would be spread over ten (10) years but in paragraph 6, 2. it does not give a date or state that the use privilege is also over ten (10) years. Nielsen indicated that it should be written as Stobb has stated and he will modify the agreement to reflect this change. The actual times of use will be as arranged between the Aquatic Center Director and City Administrator for the City and the physical therapy department of Sanford. Rettmer questioned if the physical therapy personnel are capable of providing life guard services to their patients since the City will not furnish lifeguards or other safety personnel during the period of use by Sanford unless it is required by law. Engel has reviewed this and is aware of what this entails and the therapist will be working one on one with clients. Koopman stated that the city would be liable for anything that would happen because the Aquatic Center is owned by the City. Stobb indicated that on the second line of Page 2 it states that "unless provision of same is required by law". pertaining to providing or safety personnel. He asked if it is required by law. Koopman felt they would have to get Engel's input on that issue. Koopman feels they have made a substantial commitment and from the perspective of the City, it would be beneficial to work with Sanford. Motion by Stobb, seconded by Peterson to approve this agreement conditionally on changes regarding the use of the facility for a ten (10) year time and also checking to see if it is required by law to have life guards available at the time that the therapy department is using the pool. All voted in favor of the motion.

Daniel Richter from Minnesota Valley TV Improvement Corporation was present requesting that they be allowed to lease space on the Tracy water tower for their electronic transmit and receive equipment. Richter indicated that he came and talked with Koopman about three (3) weeks ago about their company. He explained that they started with one tower and now they have 34 different access points. In the middle 1990s they purchased the southern half of the Willmar/Marshall basic trade area from a company in Colorado. They are proposing 2.4 and 5.8 GHZ unlicensed frequencies. He presented a one page agreement that can be changed if needed. Mayor Ferrazzano

asked if they had any customers in the City of Tracy. Richter stated that they do not have any customers here in Tracy but have customers outside the City. Broadband is typically from an access point to a location rather than going through miles of cable wire connections and amplifiers. This being an access point to location service, it will not go through trees or buildings. Mayor Ferrazzano asked if they have put their equipment on other water towers in the area. Richter replied there are several including Echo, Watson, Belview and Sacred Heart that have this equipment. Stobb stated that if this is exclusive internet service, would there be a problem with the cable franchise since this would provide a service that is part of that franchise. Nielsen indicated that he does not know the answer to that and does not feel it would be a problem since the franchise is for the cable TV service and these franchises are providing the internet service of their type and one or both are also providing phone service and the City is not regulating that. He will look at that point and there are also other legal points that would have to be examined. Martin asked if this would interfere at all with the school's internet tower. Richter stated there are eleven (11) different channels that can be used on a 2.4 GHZ and not sure on the 5.8 GHZ. If the school would be in a frequency, MVTM does not try to push through their frequency and allows their frequency just as well as the one of MVTM. Different cable systems run different types of speeds, downstream up to 3 meg and upstream 256 k. This system is a symmetrical system. Stobb feels this would be very beneficial for anyone that is living outside the City and the City would be doing them the biggest favor by doing this. Mayor Ferrazzano asked for clarification of what the City would receive. Richer guessed that the water tower would be about 110 to 125 feet and going rate for getting on other towers, they would pay the City \$1.00 per foot per month for use of the water tower or they would provide one meg service to the City at no cost. If the City would choose free service they would come and do a free site survey and installation at that time if they can. Richter indicated that to place equipment on the water tower, permission is needed from the City and has presented this agreement to get this all done in one trip. He is the only employee of MVTM and they have a contracted engineer, accounting firm, installers and he is the one that makes decisions. To get the ball rolling they have to have permission from the City to do this and then they need to check the site for other signals that may interfere and to check for any structures that would be in the way of the signal. Nielsen asked how high this tower is above the water tower as the City of Tracy has a special airport zoning ordinance that limits the height of structures in the City. Richter said there is an omni antenna currently on the water tower and it would not be any higher than that. They are usually mounted on the railing and there would be no addition height. They are looking at coming from Cottonwood to here and also will be doing something on the elevator at Milroy and have made redundant system with switches and most of the participating facilities, if the service should go down it can be activated to go in the opposite direction so that there are two ways for incoming or going out. Mayor Ferrazzano felt they should check to see if there would be an conflict with the cable franchises that are here now and see if it would be worth it for the city to get the internet service from MVTM if the City would agree to lease the space. Richter said they would check all the frequencies that are around the city so they can fit theirs in between the others to eliminate problems with other companies. Adjustments can be made for all types of topography to allow for customers to be able to use this type of service. Mayor Ferrazzano thanked Richter for his presentation and will have Koopman contact him after the Council decides the course of action they would like to take. Nielsen said there are businesses that are not in Tracy that are needing a signal here for customers here to use and they are not regulating them as a franchise. Hopefully it will not be an issue with the franchises in the City.

Police Chief Hillger asked for any questions regarding the Activity Report. Hillger presented a status report on the public nuisances. Of the 29 original public nuisance citations, 3 were dismissed prior to any action being taken, 11 paid the fine of \$25 and abated the nuisance, 6 did not sign for or pick up the certified letter and these 6 were served either in person or by posting on the residence and 9 either did not pay the citation or abate the nuisance, or both, and will be re-issued a new administrative citation with a fine amount of \$75.

Gervais reported that the EDA is continuing to explore options on the Central Livestock property for housing development. More additional costs and possible repayment options have been reviewed. This property was purchased on a bond and if lots were to be sold along front street for housing development, that money would have to go repay that bond. If the EDA chooses to pursue this, they will be working with the Planning and Zoning Commission. Two revolving loan funds have been made. Nicole Larson reviewed the EDA portion of the audit with them. The 5<sup>th</sup> Street apartments continue to be a concern as in the past with cash flow. A lot has been officially sold to

Al Landa in the Eastview Addition and there are four (4) lots remaining, two (2) along Union Street and the two (2) along 2<sup>nd</sup> Street East.

Tracy Kid's World continues to move forward and he and Noomen will be meeting from representatives from Sanford Medical Services in Sioux Falls and the DM&E, requesting donations from them. Gervais had a conference call with the DM&E recently regarding the possible sale of the railroad. Schaefer did comment that there have been investors interested, not only in investing in the company, but also purchasing the DM&E. Nothing has been done at this point. Gervais met with Rick Anderson and Denny Alexander to review the potential bike trail from Tracy to Walnut Grove and to eventually pick up with the Casey Jones Trail. They came up with a preliminary plan to link Tracy to Walnut Grove and then to a larger scale plan with the County. Gervais has been working with a potential buyer for the Tracy Bakery and getting closer to a decision. He does not have any news on the CDBG public meeting date to go through that and have been receiving many calls from residents requesting those funds and have not been given the go ahead from HUD.

Gervais included a memo regarding the Aquapower Building and asked for any questions. He indicated that expenditures exceeded the original estimate by \$3,200. Aquapower is in the process of tinning the interior of the facility that will add value to the building at no expense to the City. They are also interested in paving the parking lot west of the building at very little cost to the City, as some fill may have to be moved in or take some out. Peterson said that the EDA minutes from January 5, 2007 state that the total cost of project subtracting Daniels/Peterson donation of labor and including the City installing sewer/water service would be \$156,850. Gervais said the \$156,850 would have been with the roughly \$17,000 for the city to install the sewer/water service and that was assuming the City would get its own backhoe and be able to install them themselves. Peterson said the Public Works Department have a twelve month work plan of what they are supposed to get done and then put them on these other projects, and they have to hire someone to do what they are supposed to be doing such as trimming trees and cleaning streets, his question is who is picking up this extra expense and how do we justify it to the taxpayers. On top of that overruns do not add up. Gervais said that as far as the City crew doing the work themselves, conversations was held with Robinson and Koopman as to how this would be paid for and who was responsible and obviously the City would be responsible. It is City property and the City crew installing the water/sewer. It was hoped to get this done in March, when they were not trimming trees or blowing snow. Peterson indicated it is expenses that are not fitted into these numbers and decisions are based on the numbers given to the Council. Gervais said the EDA agreed to buy the property for \$154,150 and based on Robinson's estimates to run the sewer and water to the building, option 1 would be \$7,570 and option 2 at \$4,200 with a possibility of reducing option 2 to \$1,700. If the City were to do it using their own backhoe it would have been around \$1,700. Using those figures adding the \$7,570 on to that it comes to a total of \$161,720. Peterson said the January 5, 2007 minutes state that the \$156,850 includes the cost of the service. It does not say "if". Peterson feels that the Council is not getting the information needed to make decisions. Mayor Ferrazzano asked if there have been any complaints from Robinson about his employees being occupied with other things they should get done. Koopman asked Peterson if there was something specific that he was referring to that they were supposed to get done that they did not get done. Peterson said he had to get on the phone the day before the 4<sup>th</sup> of July because the Public Works department was busy at the hospital parking lot, and the flags were not getting put up. Nobody was getting an answer and he went and talked to the Public Works Department. Koopman indicated that she and Robinson had discussed this earlier in the day and they were going to try and get at it, but the base work had to be completed before the pavers could start the hard surfacing and she felt this project took priority. She said it was a judgment call that may not have been the best, but ultimately they did get the flags up. Peterson said he is not here representing Robinson and his staff, he is here representing the taxpayer and the taxpayer is not happy with it from the information that he has received. Peterson said they need to be a little more responsible. Mayor Ferrazzano asked how it has been since Aquapower came to Tracy. Gervais said they have two gentleman hired and neither live in Tracy. They have not been able to keep people employed that live in Tracy. They are considering increasing their minimal starting wage. They have a gentleman hired that lives between Slayton and Fulda and one from Echo that are currently working for them. Gervais feels that they are taking the responsibility of tinning the inside of the building and also potentially paving the parking lot at their expense shows they are here long term.

Gervais also had a comment regarding the wireless broadband. This has been considered in the past and with the cost at that time was prohibitive. He stated that they are better prepared today with this ability to reroute the signal if necessary.

In absence of Radke, Koopman presented two estimates to paint the rest of the liquor store to match the patio. One estimate was from Tom Rignell for \$1,075 and one from Dave Engesser for \$1,715 for the first coat of paint and \$990 for a second coat if needed. Stobb feels that no more money should be spent on the liquor store this year. Mayor Ferrazzano stated that Radke is not concerned about the cost of it now and if he can work this in his budget, the painting should be done. Koopman said it was not recognized in the budget as Capital Improvement for 2007. It is not an emergency thing that has to be done but it would make it the liquor store and patio look like it is all one unit. Mayor Ferrazzano felt they have gone through the expense of the patio, they should spend some money to paint it. Mayor Ferrazzano asked if there was a motion to accept the estimate from Rignell for \$1,075. The issue dies for lack of a motion.

Koopman reported that in June her schedule included the usual meetings and a two-day hospital conference in Duluth. A lot of her time has been spent discussing the proposed bond issue and in July work will start on the 2008 budget.

Louise Noomen, Director for Tracy Kid's World presented a request for a waterline extension. At the EDA meeting on July 6, 2007 a request was made for \$10,000 to cover the expenses projected by I&S Engineers & Architects to have the waterline infrastructure extended approximately 400' to the Tracy Kid's World Building site. The current water service ends at the Tracy Elementary School. There is a sanitary sewer line already there. The EDA Board recommended that Tracy Kid's World ask the City Council if the City would cover the cost of this waterline infrastructure extension. Noomen explained that the costs the city would incur would be of value to Tracy Kid's World in the form of an in-kind contribution for a matching grant that Tracy Kid's World is pursuing. She is targeting filing the grant application for the first part of August. Their review period is four to six months and then actual grant award would be about nine months from now. Noomen is asking for \$350,000 in grant funds and have achieved about \$134,000 with \$260,000 in capital campaign dollars to raise. She said they will be meeting with Sanford Health Services and DM&E and working on securing some significant dollars through corporations and then working on community fund raising and individual fund raising. Koopman stated that when the master water plan was done it was intended to loop the waterline in this area. This line was eliminated along with the one along Highline Road. Snyder indicated that the engineers requested an 8 inch line from the 12 inch line for sprinkler requirements. Snyder suggested than rather than an 8 inch line, the City look at installing a 12 inch to the building site, then Tracy Kids World would re responsible for providing their own service line. Stobb felt if there is a way this can be done, they should do it and asked where the money would come from. Koopman indicated it would have to come from the utility fund. Koopman said she has not talked with Robinson about this but would agree with what Snyder has proposed. After further discussion it was decided to table this issue until the next meeting to get cost estimates for this type of project.

The Tracy Fire Department voted on June 4, 2007 to raise the retirement benefit from \$1,200 to \$1,300. This raise would not require any additional money from the City. The Schedule 1 and 2 shows the Fire Department has assets to support the raise. The last raise was in 1999 which raised the benefit level from \$1,000 to \$1,200. Motion by Snyder, seconded by Peterson to raise the Tracy Fire Department retirement benefit from \$1,200 to \$1,300. All voted in favor of the motion.

A letter was received from Kim Rolling at 400 Adams Street regarding the Monroe Street park. She indicated that she would like to see some improvements made to the park or new park equipment. The park currently does not accommodate the amount of children on the South end of Tracy and she feels that the park equipment is not well maintained. Rolling stated there are approximately 35-45 children that live in the "Greenwood" neighborhood that could benefit from the park equipment. There are also two daycares in the "Greenwood" neighborhood with a third to soon come. Rolling asked that the City Council consider upgrading or purchasing new park equipment for that part of town. Koopman said that this property was acquired by the City through tax forfeiture and has extremely limited park equipment. Koopman said she had tried to contact Mr. Marlette and Mr. Loeslie from the Tracy school to see what has been done with the old playground equipment from

the elementary school. Stobb said he thought the school was offering to give the equipment away and if more than one party was interested in the equipment it would be put up for bids. Snyder suggested that maybe some of the residents in that area would be willing to help update the park. Koopman will wait for a call from Marlette or Loeslie and report back at the next meeting.

Motion by Peterson, seconded by Stobb to adopt a resolution approving payment to Duinnick Bros, Inc. in the amount of \$146,764.10 for work completed on the 2007 street improvement project. All voted in favor of the motion. (Res. No. 2007-24)

Motion by Stobb, seconded by Snyder to adopt a resolution approving payment to Midstates Utilities in the amount of \$23,504 for work completed on the Eastview groundwater interceptor project. All voted in favor of the motion. (Res. No. 2007-25)

Motion by Stobb, seconded by Peterson to adopt a resolution approving payment to Hydro Tech Services in the amount of \$77,478.20 for work completed on the Eastview lift station project. All voted in favor of the motion. (Res. No. 2007-26)

The Consent Calendar included: Firemen's Relief Association minutes for June 4, 2007, Multi-Purpose minutes for June 26, 2007 and Municipal Accounts Payable. Peterson asked for clarification regarding Check #43119 to Discover Bank for 36.19, Check #43122 and 43122 to Campbell Construction for the reshingling of O'Brien Court, Check #43133 to Dakota Supply Group, Check #43157 to Safety First for \$2,280 and Check # 43180 to BC Handyman Services for \$82.28. Koopman will verify these charges and let Peterson know the explanation. Motion by Stobb, seconded by Snyder to adopt the Consent Calendar as presented. All voted in favor of the motion.

Mayor Ferrazzano suggested to set up a street light committee to determine whether this project should be pursued and if so, what the scope of this project should be. He suggested two Council members be on this committee with some business owners. Koopman suggested a five (5) member committee. George Hebig is okay with being on the committee and feel that his input would be important as he is an electrician and has previously worked on the street lights. Mayor Ferrazzano also appointed Rettmer and Peterson to the committee. Koopman suggested that they meet before the next Council meeting so a recommendation can be made regarding the bond issue. Rettmer said she would also like information from Xcel for the committee to review. Koopman will get copies of what she has received from the engineers. Koopman also stated that if the bond money is not spent for what it was originally designated for then it has to go back to the bond fund to retire the bond. Mayor Ferrazzano directed this committee meet before the next Council meeting to give recommendations of what should be done on the street lighting project.

Mayor Ferrazzano received an e-mail suggesting that the Tracy zip code be put on the homepage of the website. Also, he received an e-mail from someone that uses the bike path and is happy that this is available. They would like to see it be cleaned the same way the streets are cleaned. They feel it can be dangerous if not cleaned. Koopman will talk David Spencer about putting the zip code on the web page and will talk to Robinson regarding the cleaning of the bike path.

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

ATTEST:

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City Administrator

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Mayor

### July 23, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 23, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske and R. Stobb. Absent was C. Snyder. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Stobb to approve the minutes from July 9, 2007 as presented. All voted in favor of the motion.

Additions to the agenda were 5-B Update on Construction Projects and 6-C a resolution approving payment to Art Peterson Construction for work completed on the Liquor Store project. Motion by Chukuske, seconded by Peterson to approve the agenda as revised. All voted in favor of the motion.

David Spencer submitted a memo regarding the Minnesota Valley TV Proposal to place an antenna on the water tower. He stated that the City of Tracy currently receives its internet service from Prairie Wave Communications at three (3) different locations throughout the City which includes 13 computers in the Municipal Building and Veterans Memorial Center, 2 (soon to be 3) in the Public Works Department and one in the Multipurpose Center. These are operating with a bandwidth of two (2) megabytes per second on the download and upload speeds up to 512 kilobytes per second. The City is currently upgrading the system to eight (8) mbps on the download and 640 kbps on the upload speed. These speeds are maximum so vary at different times throughout the day depending on how many customers are on line at the time. Spencer included a copy of a speed test that he took from one of the computers. Spencer feels that allowing MDTV to use the water tower to expand their system would be great for anyone that has no internet access. Taking the internet speed and economic feasibility into consideration, he feels the City would get a better value from a monthly fee from the company instead of accepting free Internet access for City offices. Nielsen found no legal conflicts concerning the City's cable franchises. Robinson asked that a decision be postponed to allow him time to do further research on this project. He was concerned that placing an antenna on the water tower could create an electrical field that can cause electrolysis and cause pitting damage to the inside of the water tower. Robinson said he would have a report to present to the Council at the next regular meeting. Peterson said he would like to see costs to the City for Prairie Wave Internet service. Koopman will collect that information for the next Council meeting.

Approval of the Small Cities Development Grant documents was discussed. Nielsen has reviewed these and found two minor points that can be worked out with Western Community Action or Southwest MN Housing Partnership on the form format. One deals with language that Minnesota law requires some type of lien that is not in this form and there may be a reason why it is not in these forms, but Nielsen would like to have this clarified. The other point is that some properties are in life estate, which means the person occupying the property technically does not own the property but has the right to live there and use the property. These types of properties are usually mortgaged and the person who owns the lifetime rights as well as the other parties that have own the other rights to the property would all sign the documents. These documents only requires two-thirds of those other persons sign. Nielsen wanted the City to know that it would not be changed and they would not be getting a good position lien wise against the property compared to the requirement of all parties signing. Peterson asked if the grant money will come to the City of Tracy, would the city be the holder of the liens and doing the loans of the funds. Nielsen said that once the money is lent to the person doing the improvements, it is forgiven as time goes and there are different provisions based on rental or residential properties. That is the lien that if by some chance it is not fully forgiven, that is the way the City would recoup the remaining on the unpaid balance by having a lien against the property. Peterson asked why the City is involved in this if this involves other communities. Nielsen did not feel it is in the plan for the City of Tracy to be the lien holder on properties that are not in the city. Peterson felt reading the documents that the funds would be deposited to the City and the City would loan it out. Nielsen said it is possible if any of these monies do have to be paid back because they are not fully forgiven, they would come back to the city and could be used for other loans. Motion by Peterson, seconded by Chukuske to approve the SCDG documents pending clarification of the two issues discussed. All voted in favor of the motion.

The three (3) appointed members of the Street Light Committee; Rettmer, Peterson and George

Hebig met on July 12, 2007 to inspect the downtown street lights and sidewalks. Another meeting was held on July 20, 2007 at which time the committee would identify the following:

1. What brought us as a committee into being
2. Identify if the committee is a legally authorized committee; and
3. If able, submit to the Council properly researched options to repair, improve or replace local street lighting.

It was the consensus of the committee that the reason they were appointed is due to the following:

Poor planning and no budgeting of the project. After looking at the Sabongi study, (which recommended the existing poles be painted black and flower baskets hung on them until the downtown area improvements were implemented) dated 2001, it is clear that no planning other than “coffee” conversations have taken place. A single estimate from Xcel Energy was used to prompt action on a lighting project and did lead to an extensive engineering survey on both the downtown area and Craig Ave. During all of this the Chamber ordered \$4,000 worth of Christmas lights (non-refundable) specifically for decorative light poles. A public hearing was held on the downtown light project and the project was defeated due to lack of 4/5ths majority. Both votes ended in a tie. The first vote was to delay the project; the second vote was to go ahead with only the downtown area. The matter was again placed on the Council agenda inappropriately, and the public was allowed to again address the issue at the Council meeting. The cost of the project was added to the upcoming bond sale and an attempt was made to go forward with the project. Again, there were not enough votes to go forward with the project.

At this point, this committee requests the City Attorney to investigate and render a legal opinion on the creation of this committee, the addition of the funds in the upcoming bond sale, and the committee authority.

Peterson stated that according to Robert’s Rules of Order, an issue that is defeated cannot be brought back unless the parties defeating the motion bring it up. Stobb asked the committee if they had researched options for the downtown lighting project and had any estimates of the cost of these options. Peterson answered that the committee felt they were maybe not legally authorized to do this and needed to know this before addressing those options. Mayor Ferrazzano felt this committee had the same authorization as any other appointed committee. Rettmer felt that without the four-fifths vote, the street lights should have been a dead issue. She stated they did not have any options to present as they were waiting for City Attorney Nielsen to present any legal issues. Rettmer felt it was a waste of time to present options if the project was not going to go forward and the project has not been ordered at this time. Stobb said it was directed at the last meeting that the committee was to come to the meeting tonight with options that could be added to the bond issue. The committee determined the biggest issue with the street lights is the wiring, but the poles and fixtures are okay. Rettmer indicated it was also discovered there is one junction box behind the bakery that has bare wires and needs to be repaired. Peterson again indicated his concern if this committee was legally authorized to make these decisions and if it is legal to bring this issue back up again. Koopman told the council the project has not been added to the bond sale, and if it is to be added, it needs to be decided tonight. She said that a four-fifths majority is needed to add the project to the bond which requires all council members present to vote for it to go through. Koopman added that the \$578,000 also included sidewalk repair in addition to the wiring and street lights. If the council decided to decrease the scope of the project, the bond money not used for this project would be used to pay off the bond obligation and this would also lower taxes. Peterson asked if a user fee could be billed to the businesses that benefit from the new lights. He questioned if the user fee could be used for replacement and maintenance cost of the project. Peterson said that he has been approached by residents of the city that feel the street light issue needs to be addressed and could be done for less than one-half million dollars.

Nielsen stated that after researching if the July 25<sup>th</sup> vote to proceed with the project was legal, he felt the second vote was legal because the issue voted on was not the same as the first issue. The first time this was voted on it included a special assessment to property owners to finance the project.

The second vote did not include this special assessment and it specified that the project would be paid for through the City's annual tax levy. He indicated that a four-fifths majority was still needed to add the project to the bond issue. Nielsen felt there were no violations of the Robert's Rules of Order and the appointed committee was valid. He said a four-fifths majority is still needed to add the project to the bond issue.

Motion by Stobb, seconded by Chukuske approve \$578,000 to be included in the bond issue. This motion passed on a 6-0 vote.

Koopman recommended the council also adopt a resolution ordering the project not to exceed \$578,000. Motion by Stobb, seconded by Chukuske to adopt the resolution ordering the improvement and preparation of plans for the street lighting project with the project not to exceed \$578,000. This resolution passed on a 6-0 vote. The council members agreed the committee should continue to research option for downtown lighting and bring their recommendations back to the council. Chukuske felt that safety issues need to be addressed first when the committee considers options. Koopman will have Robinson check the bare wires that were discovered in the committee's walk through examination of the street lights. (Res. No. 2007-27)

Al Murra from SEH gave an update report on the projects that are underway in the City. Some are coming to a close. He said the new lift station was started up last week and everything was running smoothly. There are some punch list items that need to be done and they are waiting for manuals from the supplier. Work on the ground water interceptor will begin soon, once the Easement Agreement is signed by all involved parties. A portion of the South 4<sup>th</sup> Street storm were project has been completed along with the grading of the collection ponds. Permits have been signed and they are waiting for the schedule for completion. There is approximately 400 feet of pipe left to install. The 4<sup>th</sup> Street East project is almost complete and was paved last week. There is still some restoration work and concrete work that needs to be completed. There is still some crack sealing and seal coating that will be done. Murra said he will talk with the contractor so work is not being done on Labor Day weekend.. Chukuske asked if the residents needed to have some of this type of work to be done, who would they need to contact. Robinson said they need to contact Duinnick Construction.

Jim Vandendriessche asked if the Council was aware of the changes in the original proposal for the groundwater interceptor project. The interceptor was to be buried at a depth of four (4) feet and now has been installed at a shallower depth. Chukuske asked why this was changed. Murra explained that it is because of the depth of the storm sewer. He knows of several systems that are buried at eighteen (18) inches and a lot of time there is enough water passing through the pipe to keep it open and prevent freezing. Koopman said she had discussed this with Steve Robinson and because it is being buried at a shallower depth and is being built for a dual purpose with road drainage, this portion of the project can be included as part of the road reconstruction instead of groundwater project. With this 25% will be assessed to the property owners. Koopman said this would reduce cost for the project and will provide a reduction in the assessment amounts for the affected properties. The exact numbers will not be available until a final assessment hearing can be held.

Dale Krog indicated that the black dirt used for restoration was not very good dirt and seeding was done before the residents had an opportunity to clean the rock and debris from their property. On his property once the concrete forms were removed, he was very short of dirt. Krog also felt it wasn't very prudent to go in and seed at this time with the drought conditions. He asked if the City would consider allowing the property owners to get some dirt without additional costs to fill in the low areas. Robinson said the project has a one year warranty and will be making a punch list. The contractor will come back and fill in these areas before the true completion date.

Motion by Stobb, seconded by Chukuske to adopt a resolution approving increase in pledged securities at Minnwest Bank South. All voted in favor of the motion. (Res. No. 2007- 28 )

Motion by Stobb, seconded by Martin to adopt a resolution approving payment of \$45,021.72 to States Border Construction, Inc. for work completed on the South 4<sup>th</sup> Street storm sewer project. All voted in favor of the motion. (Res. No. 2007- 29 )

Motion by Stobb, seconded by Peterson to adopt a resolution approving final payment of \$11,722.69 to Art Peterson Construction for work completed on the liquor store project. All voted in favor of the motion. (Res. No. 2007- 30)

Stobb told the council that the Planning and Zoning Commission recommends that the council grant a variance and special use permit to Tracy Kid's World to construct a facility on property acquired from the Tracy elementary School. Their application requested a rear yard variance as well as a special use permit for a day care serving more than six (6) individuals. The Tracy Elementary School has no objection to this request. Motion by Chukuske, seconded by Stobb to approve the request for variance and special use permit. All voted in favor of the motion.

The Consent Calendar included: Planning Commission minutes for June 4 and July 10, 2007, Economic Development minutes for June 15, 2007, Municipal Accounts Payable and Monthly Financial Report. All voted in favor of the motion. Koopman told the Council that if they have any questions regarding the Municipal Accounts Payable, if possible, they should contact her before the meeting so that she would have an explanation for any questions they may have.

Robinson presented a memo stating the cost to extend the twelve (12) inch water main east from the grade school to the proposed new daycare facility is estimated to cost \$25,000 to \$30,000. This only includes placing the main in the right-of-way of Pine Street and not extending it to the day care facility. Tracy Kid's World would be responsible for the cost to hook up to the system. Robinson said it would cost approximately \$16,000 for parts and supplies and the remaining would be the cost for contracted labor. Koopman said they could assess 100% of the standard design. If the standard design was to include an eight (8) inch pipe, if something larger than that was used the city would be responsible for any costs in excess of the standard design. Stobb asked if this cost would come from the Utility Fund. Koopman stated that the Utility Fund balance is low at this time and an increase in utility rates will probably have to be considered. Chukuske suggested adding this to the bond issue. Stobb felt it was important for the City to do this project. After discussion it was the consensus of the council the City should pay to extend the main and not assess the cost back to Tracy Kid's World. Motion by Stobb, seconded by Chukuske to extend the 12-inch water main not to exceed \$30,000 and to add this amount to the city's bond issue. All voted in favor of the motion.

Koopman had requested Tom Greenfield and Gary Garrels to check into the condition of the Elementary School playground equipment. They reported that most of the main beams would have to be replaced because they were split. Everything would have to be sanded down and resealed to avoid splinters. They felt it would not be worth the time it would take to remove it, replace necessary parts, sand and reseal boards and then reconstruct it. Koopman said the Greenwood Park has some equipment that has been there for years and some is fairly new. She did comment that pea rock needs to be placed under the present equipment for safety purposes. She told the Council that all parks in the City, excluding Sebastian Park have been neglected for years and need to be updated. Koopman plans to address upgrading the parks in the 2008 budget.

Motion by Stobb, seconded by Chukuske to adjourn the meeting at 7:50 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**SPECIAL MEETING**  
**July 30, 2007**

A special meeting of the Tracy City Council was called to order at 6: 30 p.m., Monday, July 30, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson and R. Stobb. Absent were B. Chukuske and C. Snyder. Also present was A. Koopman.

Mayor Ferrazzano said this meeting was to discuss the results of the bond sale and also Audrey received a bid to have the alley by the Municipal Building paved.

Rebecca Kurtz, Ehlers and Associates was present to explain the results of the bond sale. Three bids were received for the \$3.155 million general obligation bonds which included projects that consisted of improvement projects, the Aquatic Center and some revenue utility projects. Bids were received from Northland Securities, Inc., United Bankers' Bank and Cronin and Co. The low bidder was Northland Securities, which is out of Minneapolis with a true interest cost of 4.5755%. These bonds were non-rated, however, Northland Securities, Inc. did decide to purchase insurance on these bonds and the results of that is an equivalent of an S&P rating of "AA". Ms. Kurtz presented a Cash Flow Analysis/Debt Service Schedule of what will be happening. These bonds will be paid by a combination of assessments totaling about \$397,000, revenue from utilities of approximately \$555,000 and abatement at approximately \$900,000. The balance of that being a tax levy that will be subject to change depending on increases and property values, new development, etc. Mayor Ferrazzano asked if once the bond is issued, can it be refinanced to get a better rating and better interest rate. Ms. Kurtz said these bonds have a call date of February 1, 2017, and at that time the City could choose to refinance them or prepay them or pay a portion of them and then review them. Koopman said that they have done this in the past and Ehlers monitor the debt obligation and periodically will let the City know if there is one coming due, given the interest rate at that time, it may be wise to refinance.

Koopman asked Ms. Kurtz if the \$596,130 annual debt obligation recognizes the revenues that will be generated or paid for by the Utility Fund. Ms. Kurtz stated that the amount she mentioned was in error, the actual annual debt obligation will be approximately \$200,000 annually. Koopman also asked that if the Council approves the sale of the bonds, when would the money would be available. Ms. Kurtz answered the money would be available on August 21, 2007.

Motion by Rettmer, seconded by Stobb to accept the bid for Northland Securities, Inc. and adopt a resolution providing for the issuance and sale of \$3,155,000 General Obligation Bonds, Series 2007. All voted in favor of the motion. (Res. No. 2007-31)

Koopman told the Council she has received a verbal estimate for paving the alley in the amount of \$3,200 if the Public Works Department does the preparation work. This alley does get a lot of use due to the water department payment box. The paving company will be in town on Wednesday. This would be part of the overall 2007 project bond. Koopman indicated they would be looking at the drainage problem and looking at an inverted crown and go either to Morgan Street or the other connecting alley. It was the consensus of the Council to go ahead with this project and will ratify at the next meeting on August 13, 2007.

Meeting was adjourned at 6:50 p.m.

ATTEST:

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City Administrator

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Mayor

### August 13, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 13, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present was A. Koopman.

Motion by Peterson, seconded by Rettmer to approve the minutes from July 23 and July 30, 2007 as presented. All voted in favor of the motion.

An addition to the agenda was 6-E Compensation for Public Works Employee. Motion by Stobb, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Certificates of appreciation were presented to John Swanson and Bradley Stelter for their service in the United State Military. Certificates will also be sent to Dean Johnson, Travis Domine, James Otto, Robert Miller and Jeremy Parker.

Rick Nordahl, CEO, Sanford Tracy Medical Center explained that in the boiler room at the hospital, the elbows are wrapped with asbestos and are now deteriorating. When they deteriorate, the asbestos becomes airborne. At this time Nordahl does not have exact cost of removal of the asbestos, but estimates the cost to be about \$20,000. They are now looking at ways to reseal the joints until a major project such as replacing the boiler is done, at which time the asbestos would be removed. Rettmer asked if there was any danger of it drifting out of the boiler room. Nordahl said it would not as it is not connected to the ventilation system which is on the roof of the hospital. They hope to do the resealing in the next couple weeks.

Marla Verlinde, CHS Energy Sales and Dave Hartlan, Risk Management were present to present a fuel proposal for the City of Tracy. CHS is offering:

1-1,000 gallon fuel tank for gasoline including the fuel pump and cement containment installed at no charge.

1-560 gallon fuel tank for Diesel fuel including the fuel pump and cement containment installed at no charge.

CHS will put in a Keytrol system which will allow each vehicle to have their own key so that fuel usage can be easily tracked. The only way that an employee would be able to access the fuel is by having a key to the system; which means peace of mind that no one that is unauthorized will have access to the City's fuel. This system would also be installed at no charge to the city.

CHS will also install a monitor system for no charge that will allow remote monitoring of the tank levels to ensure the City would never be out of fuel. The monitor system allows CHS to give a city employee access to check tank levels via the internet or the system can also send an email update upon the fuel tanks reaching a certain level. As a customer on the monitor program the city would be offered the Consumption Billing Program, which allows you to pay for only the fuel that is used. CHS would retain ownership of the fuel until it is pumped out of the tanks.

The City of Tracy will also have the ability to contract fuel when market conditions are right which makes budgeting fuel needs much easier. With the monitor system you can lock in a price without paying any money down and the fuel would be billed out as it is consumed. If the City decides not to contract fuel, they would be billed the average truck price for the month taking the risk out of when to purchase fuel.

Current contract programs include:

Fixed Price Contract – The city would lock in a fixed price that does not change with the markets. The City would pay for the fuel as it is used; which will be reflected in the monthly statement.

Max Price Contract – The City would lock in a “Maximum” price. If the price goes higher you pay the “maximum” price only. If the market goes down, you get the lower price. This contract has a fee for the low price protection: which is currently \$.15/gallon in addition to the cost of the fuel

Koopman said that with Swen’s closing their business, the only other facility that carries diesel fuel is Amoco and they are not open 24 hours a day. It would be a savings to the City if they are able to buy fuel when the price is right and lock it in. She feels that it would be a sound investment for the City. Verlinde stated it helps with preparing the yearly budget when you have numbers. Hartlan said they try to be cheapest everyday, but it is beneficial to hit that number rather than paying \$3.25 and get locked in at a reasonable number for the year with buying the fuel from CHS. Mayor Ferrazzano asked if they had a similar arrangement with any cities close to Tracy. Hartlan said they have a contract with the City of Pipestone. Robinson said that the Public Works Department and the Fire Department do not have after hours access to fuel right now. They use about 9,000 gallons of diesel and 4,000 gallons of gas per year. Robinson asked if they put in this system for six months and something more beneficial would come along, how is the City of Tracy obligated to CHS. Hartlan stated there would be no obligation. Martin asked who would be liable if there was a leak in the tank or a fuel spill. Hartlan answered that the City is liable. The State of Minnesota would cover any clean-up costs after the \$10,000 out of pocket is paid by the City. Stobb asked if the Council was considering that if they purchased fuel from CHS, they would be taking business away from local businesses. Koopman said that when diesel fuel is needed in the middle of the night for things such as snow removal, right now it is not available. Snyder felt the benefits from this proposal outweighs the detriment in this situation. Eugene Hook asked if they would be considering any type of card access availability in Tracy. Hartlan said they have looked into this and it is going nowhere at this time. It is the goal of CHS to be able to provide that, but there is nothing in the schedule for that right now. Hillger asked if this system would be operable if there was a power outage. Robinson said they have a generator in the Public works shop that could provide power for the system.

Motion by Peterson, seconded by Stobb to enter into a Fixed Price Contract with CHS for fuel for the City of Tracy. All voted in favor of the motion.

Stobb told the Council that the Planning and Zoning Commission reviewed the request from Lee Wyffels for a Non-conforming Permit to use the metal building south of the Tracy Nursing Home building (R-1 Zone) for storage. Two property owners were present at the hearing and had no objections if the property was used only for storage of Wyffels personal property and if it changed ownership or he would take in other parties property for storage, this would have to be reviewed. Martin understood from the ad in the paper that the terms of the sale stated, if the building was sold, it was to be removed from the lot. Stobb said the Planning Commission had no knowledge of this and it was the understanding of them that the building and property were to be sold. Koopman said that was the case only if a permit was not approved to have allowed a storage facility in an R-1 Zone. This building would be used solely for personnel storage and Wyffels would not be allowed to run a business from this building or rent it out for storage. If this would happen, then it would be reviewed. Motion by Stobb, seconded by Snyder to approve the Non-conforming Permit for Lee Wyffels to use the building for storage of his personal property. All voted in favor of the motion.

Gervais reported at the Tracy EDA meeting on August 3, 2007, a motion was made, seconded and passed recommending the Tracy City Council send a Letter of Intent to the Lyon County Assessor, for the purpose of purchasing the tax forfeited property located at 58 Morgan Street. The property at this time has been assessed at \$4,900 and would be re-assessed during the 60 day process and at that time the property would be assessed at a considerably less amount. This would be another step in the process of clearing portions of Morgan Street for redevelopment. Motion by Stobb, seconded by Snyder to send a Letter of Intent to the Lyon County Assessor for purchasing the tax forfeited property at 58 Morgan Street. All voted in favor of the motion.

Robinson represented a compensation request for Denny Schroeder, a Public Works employee. Robinson said he has been performing exceptional work in areas of installation, programming and troubleshooting with the new water metering system, metal fabrication, has taken and passed the test to become a Certified Pool Operator and taken a lead role in backhoe operations. Robinson asked that Schroeder’s job description be changed to Laborer/CPO and increase his hourly wage \$1.00 per hour. The current pool staff performs daily operations fine, but when something breaks, fails or there

are chemical problems they call Paul DeSmith, from the Public Works Department. There is too much reliance on one person. Motion by Rettmer, seconded by Stobb to change the job description of Schroeder to Laborer/CPO and approve a \$1.00 per hour increase in salary for this responsibility effective January 1, 2008. Koopman indicated they are over budget in this area and the raise would take effect January 1, 2008. Snyder felt that the work should be paid for now if he was performing these tasks. Peterson disagreed due to the fact that Schroeder is not completely trained at this time. Stobb added that the pool season is almost over. All voted in favor of the previous motion.

Motion by Snyder, seconded by Stobb to adopt a resolution approving payment of \$73,528.43 to Pool Construction/ABHE & Svoboda for work completed on the Aquatic Center. All voted in favor of the motion. (Res. No. 2007-32)

Motion by Stobb, seconded by Snyder to adopt a resolution ratifying the order to improve the alley between the Masonic Building and the Municipal Building in the amount of \$3,200 by Duininck Bros. Inc. All voted in favor of the motion. (Res. No. 2007-33)

Mayor Ferrazzano questioned when Duininck Bros. will be doing the project. Robinson said they would be doing it the week of August 27<sup>th</sup>. Due to the Labor Day weekend and Box Car Days, Mayor Ferrazzano asked if it could possibly be done sooner. Robinson will contact Duininck, Bros. regarding this.

Peterson questioned the added items for the change order of 354 ton of course mixture as he was under the impression that they would be using the wasted gravel. Robinson said this was 354 tons of asphalt for the hospital parking lot. Peterson also asked about the plumbing changes such as the six (6) inch perforated pipe for \$50,400. He thought this was supposed to save money by installing the two (2) lines but it cost more even adding the \$22,000 that was not planned for the hospital parking lot, it is still costing \$13,000 more. It was estimated that six (6) inch pipe was cheaper than twelve (12) inch pipe and they did not have to dig as deep so it was to cost less. Peterson questioned why the two (2) 6"x6" cleanout are \$500 each. Robinson said they have to determine this by how long the jetting machine hose is. They have to be able to reach from one to the other. Stobb said if they subtract the \$22,656 which is not in the top list, it is cheaper. He said the parking lot is what made it go over what it was before. If this charge is taken out, it is still about \$10,000 cheaper. Peterson felt that the clean out should have been engineered and they should know how long the equipment is on the jetting truck and should have been in the original bid. He asked why they have an engineer that does not know what type of equipment the City has. Peterson was under the impression that the hospital would be paying for the parking lot and the city was responsible for the prep and now it is in the change order that the City is paying for the parking lot. Koopman said the hospital will be paying for it, that it is part of the assessment but was included in the project and added to the change order. Koopman said the \$22,000 would be paid back at what the Council sets at the assessment hearing. Robinson said with the hospital parking lot they would be over the bid, but that will be paid back by the hospital. Peterson said the City has spent so much money for engineering to keep from spending extra money and the engineering firm does not understand the reach of the equipment when they let a project for bids. Snyder disagrees that it was mis-engineered, as it makes sense that they had to put in two clean-outs as they put in two lines instead of one line. Robinson said that going the way they did was a better way to do it. Peterson said he is not arguing that, he is arguing that they spend money for engineering and then when the project is underway, it is re-engineered. "Why do they have to engineer it twice? That is all I have to say." Motion by Stobb, seconded by Snyder to adopt a resolution approving change order No. 1 for the 2007 Street Improvement Project in the amount of \$13,079. Upon roll call the following vote was recorded: Voting aye: Martin, Peterson, Snyder, Stobb and Ferrazzano; voting nay: Rettmer. Motion carries. (Res. No. 2007-34)

Motion by Snyder, seconded by Stobb to adopt a resolution approving payment of \$359,502.92 to Duininck Bros., Inc. for work completed on the 2007 Street Improvement Project. Stobb asked if they are done on East 4<sup>th</sup> Street. Robinson said there is some clean up work to be done and prepare a punch list. Rettmer asked if there were any more change orders. Robinson said there would be the one for drops in manholes yet. Rettmer asked, "So we are not done yet with the Duininck Bros.?" Upon roll call the following vote was recorded: Martin, Mayor Ferrazzano, Snyder and Stobb voting aye and Rettmer and Peterson voting nay. Motion carries. Upon roll call the following vote was

recorded: Voting aye: Martin, Peterson, Snyder, Stobb and Ferrazzano; voting nay: Rettmer. Motion carries. (Res. No. 2007-35)

Motion by Snyder, seconded by Stobb to adopt a resolution forgiving Aquatic Center Loan with a remaining balance of \$279,623 due to the Hospital Improvement Fund. Koopman stated in her memo that in November, 2001 the Council approved a loan of \$355,000 from the Hospital Improvement Fund to the Aquatic Center for the purchase of the amenities. The loan was to be paid back through donations. A payment of \$94,746.99 was made in 2002 leaving a principal balance of \$260,253.01, or \$279,623 if interest is applied. With the difficulties of having to reconstruct the pool, then having it closed for two years, has eliminated receiving any donations. There are two choices the Council could make.

1. Set up an amortization schedule over a period of years. For example, a 20 year amortization schedule, the levy would have to be increased by \$20,000 each year to pay off the balance.

2. Forgive the outstanding balance. This fund is used for on-going improvements at the hospital and currently has a bank balance of \$658,592. The proposed capital improvements that are still in discussion stage would be financed by other sources, such as a USDA loan.

Koopman recommends that the Council consider forgiving the outstanding balance. Peterson was under the impression that \$900,000 was put in the recent bond to pay off the pool debt. Koopman explained that the \$900,000 was actually part of the reconstruction and this has been a loan since the pool was first constructed. The Council knew they were going to be short on funds before the election was conducted due to the revised engineer's estimate of costs. Because they had to call for the election and specify the amount of the bond, it could not be changed. It was the decision of the Council at that time that there would be a loan from the Hospital Improvement Fund in the amount of \$355,000, with the understanding that it would be paid back through donations. Koopman indicated the Council has two options either keeping it on the books or forgiving the outstanding balance. Peterson asked who was in charge of the fund-raising for the amenities. Koopman said there were a couple co-chairs that worked with the project. She said that it is very difficult to request people to donate towards a project that they have paid for once already. Koopman said it can be left on the books but then the interest continues to accrue. Rettmer commented that borrowing from one fund to the other fund is why the City continues to get themselves in trouble. Rettmer asked if the hospital has this kind of bank balance for improvements, why can't they pay the \$22,000 for the parking lot. Stobb commented that the \$658,592 was intended to maintain the facility as a hospital, which the asbestos falls into. Rettmer said it is amazing to her the turn of words that come out of these Councils when it comes down to dollars. "Certainly the parking lot is an improvement for the facility, is it not?" Stobb does not feel that it is and that money should be used to maintain that building as a working hospital. Rettmer feels that the parking lot is maintaining the campus and does not see why the parking lot cannot be paid from that money and she is not in favor of forgiving the loan because this is the way the Council gets into trouble. Rettmer felt that a lot of money is being taken from the Utility Fund for projects that are not utility projects. She feels that the City is always borrowing money from one fund into another fund and now the Council is being asked to pass this resolution which allows this money to be forgiven and not put back into the hospital fund. Martin asked when the interest accrues, where does it go? Koopman said it goes back into the balance and the balance due continues to grow. Koopman felt the question to ask of the Council would be do they feel that the balance of \$658,592 is sufficient to meet the ongoing maintenance needs of the hospital. If it is, then for the City to increase the levy by \$20,000 to pay back a loan seems silly. Rettmer wondered why they are just hearing about this now. Koopman said this is brought back every year at budget time and money was budgeted to pay back the interest portion of the loan. Koopman said they could continue to do that for this year as there was a small balance and if they are going to levy to make that payment that is what is going to have to be done now. Peterson does not feel that the \$658,592 is a sufficient balance if Sanford pulls out and a kitchen has to be placed back in the hospital to make it self sufficient again, there would not be enough money. Koopman said this is a maintenance fund and there is a Trust Fund for the \$900,000 and the balance that was already in there. The Trust Fund was created when Sioux Valley leased the facility and paid for the equipment. That is the fund that the \$900,000 was borrowed from, which will be paid back when the bond funds are received. That is the fund that will be used to buy back the equipment if needed.

Mayor Ferrazzano asked what has been the highest balance in this fund? Koopman the current balance is the highest this fund has ever had. Motion by Snyder, seconded by Stobb to adopt a resolution forgiving the Aquatic Center loan in the amount of \$279,623 to the Hospital Improvement Fund. Upon roll call the following vote was recorded: Voting aye: Martin, Snyder, Stobb and Ferrazzano; voting nay: Rettmer and Peterson. Motion carries.

Police Chief Hillger presented the monthly activity report for July 2007. There were no questions from the Council members at this time.

Robinson reported the majority of time in the Public Works department this past month was spent on the construction of the parking lot for the hospital. The hospital parking lot has now been paved and striped and now only needs backfilling and restoration. The hospital will be responsible for installing the fence and planting of trees. Public Works employees have been busy trimming branches around street signs and low hanging limbs. Also performed were the normal maintenance and operations of the City facilities. Robinson spent the majority of this time overseeing the many projects the City has on going this year. Peterson said he has had reports from the public that there are issues with the liner of the wading pool creating a pillow like effect. Robinson said he is not aware of any problems and the liner is supposed to work like that to provide safety for anyone that may fall in the pool.

Verdeck said there are 41 ceiling tiles that have become rusted and discolored because of a leaky roof over the years and eventually will have to be replaced and the paneling removed from the walls. Caulking has helped the problem somewhat but the windows in the north building and some of the windows in the other building continue to leak when it rains. The summer entertainment program with puppets was on Friday, July 27 and there were about 40 people that attended. Plum Creek Library System is offering to provide a wireless program for the computers the expense to the Tracy Library would be \$60. The Council approved for Verdeck to go ahead with this.

Gervais reported the EDA continues to discuss the option of constructing lots on the north side of Front Street for residential development. If the board chooses to go on with this, Gervais will be talking to the Planning and Zoning Commission. EDA is accepting bids for the groundskeeper contract for 3<sup>rd</sup> Street and 5<sup>th</sup> Street four-plexes. Gervais has spent a considerable time with the CDBG and meetings with SWMHP and discussion with WCA in regard to that. There was a meeting held at the VMC on July 30, 2007 and had about 80 people attending. The applications are now being accepted by WCA in Marshall and depending on their time frame they would be able to get in and review some of those properties this fall and award bids for re-construction over this winter and next few years. A large part of that has been involved with demolition and looking at some housing demolition. HUD changed to specify owner occupied and are working within that list of applicants looking at their properties and if unable to get enough properties, they feel they could go after the vacant properties and make statement to get rid of those instead. The CDBG application is first come and first serve and WCA has received a number of applications already.

This Thursday evening, August 16, 2007, there will be a meeting with the DM&E held at Shetek Bend in regard to a historical preservation meeting. This is in regard to their expansion and upgrade project.

Campbell Construction is winding things up at O'Brien Court on the shingling replacement. Gervais met with Campbell last Friday along with Dave Buysse and Claire Hannasch to look at some issues with the windows. There have been some leaks in the past and they were hoping the shingle, soffit and fascia replacement would take care of those. In doing some of the work the windows were wrapped with tar paper and some were not and water has run down behind the siding along the OSB and one window was replaced some time ago. They are waiting for Campbell to submit an estimate and see what it would take to actually wrap and insulate the windows. When it was built in the mid-90's they had placed metal sheeting underneath the bay windows and some of those are vented and wind blows in underneath the windows. Gervais took part in a meeting with Sanford Health Care last Thursday. There is exciting news with the Sanford donation of \$400 million with the research facility that they plan to build, physician recruitment and the children's hospital currently being built.

Mayor Ferrazzano asked if there was any further news from the business that Gervais had visited in North Carolina. Gervais had received an e-mail from Kathy White and she had indicated that they have put everything on hold for 2007. They opened a facility last year in Kansas and at this time they have not chosen to expand even though they are doing well. The big detriment to this area is there is no employee base. If there were higher paying jobs, employees could be recruited. But with general labor of \$8 to \$15 an hour there is not a large labor pool in southwest Minnesota. Unless there is recruiting effort to bring higher paying jobs here and also employees, that will be the struggle. Peterson asked where AquaPower's local employment is sitting at right now. Gervais said the last information he had received, there were some employees from the area but no one from Tracy. They have hired people from Tracy, but they have not stayed employed there. He said it is hard, physical and dirty work and they have not been able to keep anyone from Tracy hired.

Dale Johnson III, Tracy Fire Chief reported that the fire department recently took part in a bus roll over drill and have been having drills every Monday evening at their meetings. The fire department continues with the airbag fund raiser and is now within \$4,000. All pumps on the trucks have been serviced and tested last week. One pump is in need of an over-haul which will cost about \$4,000 to \$8,000 and will have to be done in the next few months. Cooreman Construction will begin work on the parking lot before the ground freezes. This work includes the collapse of the tunnel. Some of the members from the fire department helped at the combine and demo derby at the fair.

Koopman reported that in July her primary focus was spent on developing the bond issue. Brad Lindberg has started construction of the Welcome to Tracy sign on the west end of the City. The goal is to have this completed before Box Car Days. Koopman spent two days in the Cities attending the Advanced Academy. During July Koopman attended meetings with the pool committee, City Council, Planning Commission, Wellness Center open house, Hospital Advisory, engineers regarding close out of the airport layout plan, and the Multi-Purpose Center board to explain the budgeting process and help them to understand the monthly financial reports.

The Consent Calendar included: Multi-Purpose Center minutes for July, 2007, EDA minutes for July 6, 2007 and Municipal Accounts Payable. Peterson had a question regarding the amount of checks 43459 and 43462 for airport mower fuel. He felt this was a large amount for mower fuel. Koopman will check to make sure this numbers are correct and will report back to Peterson. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Koopman said the City pays \$179.80 per month for internet service that is provided to the Public Works, Fire Department, Multi-Purpose Center and the Municipal Building. The proposal from MVTV includes an option of one internet service or pay \$1.00 per foot per month. The one connection they would provide would not meet the needs of the City and the internet speed would no equal what the City presently has. Koopman encouraged the Council to allow MVTV to place an antenna on the water tower as this would provide service to the surrounding area that currently may not have access to the internet. Robinson said there are no issues with putting the antenna on the tower. Motion by Peterson, seconded by Stobb to allow MVTV to place an antenna on the water tower and will pay to the City \$1.00 per foot each month. All voted in favor of the motion.

Each Department Head presented their requests for the 2008 budget. Koopman will present a balanced budget at the next Council meeting August 27, 2007. The preliminary budget needs to be certified by September 15, 2007 and if more time is needed to review the budget, a special meeting may have to be scheduled.

Peterson said the street light committee is still collecting information as far as MnDOT regulations and also need to contact Xcel again and have no cost estimates or plan at this time. They had one public meeting and plan to have another meeting with the business owners and one or two more public meetings. Mayor Ferrazzano asked Koopman if there is a time period before an answer is needed as to how they are going to spend the funds in the bond issue. Koopman said the bond consultants had indicated there is up to three (3) years to spend the money and that would not be the issue. She said the \$578,000 was included in the bond for the street lights and the intention of the committee is to look for cost effective ways of reducing that project. Even if it is determined that the cost will be \$300,000 with a savings of \$278,000, the City will continue to have to levy that full amount until the call feature has passed. So the savings will not be realized until the call feature is

passed in 2017. Peterson asked if at the end of the three (3) years or when done with the light project, the saving will be used only and strictly for retirement of the debt. Koopman confirmed that this is true. Mayor Ferrazzano asked if there were are measures to take during Box Car Days when the lights are not working. Peterson said that what he and Rettmer are trying to implement first is a way of reporting which lights are out because Xcel is responsible for the repair and needs to be notified if they are out and if they are not notified more and more of the lights will be turned out. Mayor Ferrazzano said the issue that was concerning him was that in discussion someone indicated that the only lights that were working were from the rides. Rettmer felt that was not true. Peterson felt it is not the responsibility of law enforcement to see if the lights are off or on. Anyone in the community should be able to call the City office and say there are lights are not working, the City office then needs to call it in and follow up on it. He feels that will eliminate a lot of the lighting issues. Peterson stated that they would like to come up with some way of fixing what they have so they work properly.

Koopman provided a letter with dates and times of Local Board of Appeal & Equalization training sessions. All council members are encouraged to attend and need to notify the Lyon County Assessor's office by August 29, 2007 as to which meeting they will be attending.

Motion by Peterson, seconded by Rettmer to adjourn the meeting at 8:45 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### August 27, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 27, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Rettmer, seconded by Peterson to approve the minutes from August 13, 2007 as presented. All voted in favor of the motion.

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

A temporary on-sale Sunday liquor license for the Liquor Store Patio was discussed. Nielsen researched the issue and told the Council that since it is a temporary license, it can be granted for any day of the week. Radke asked if the building itself could be open also. He is not against the idea, but it may be difficult to find workers for that day as it takes 10 to 12 workers. Radke had not planned to be open on Sunday as he thought the city ordinance stated they needed to be able to serve a certain amount of food to be eligible for a Sunday liquor license. Chukuske feels that it would be a mistake not to have the liquor store and patio open on Sunday of Labor Day weekend. He thought this was one of the reasons for having the patio completed by this weekend and thought it was already in the process or he would have asked the question six months ago. If getting enough help is a concern, Chukuske volunteered to work that day. Motion by Chukuske, seconded by Rettmer to apply for a temporary Sunday liquor license and work on getting workers to man the liquor store and patio. All voted in favor of the motion.

Motion by Snyder, 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. 2007-37)

A resolution approving expenditure of funds from the other financial use fund was discussed. Koopman explained there were some unanticipated legal expenses incurred involving personnel related matters that was paid from the Other Contractual Services budget in the Street Department. The Other Financial Use Fund is intended for unanticipated expenditures. The resolution would allow payment for these legal expenses to be made from the Other Financial Use Fund rather than the Street Department's budget. Peterson asked if this should not have been on last year's budget as the incident arose last year. Koopman explained that payment for these services was made this year in the amount of \$19,000. She reminded the Council that the lawyer informed the Council that her expenses could go as high as \$30,000 if we would have gone to court. Koopman stated that the payment for health insurance for the individual was in the budget, but the legal fees were not as they were not anticipated in 2006 when the budget was prepared for 2007. Koopman said that what she is trying to do is rather than making this payment out of the Street Department other Contractual use line item in the budget, she would like the expenditure to come from the Other Financial Use because it was not a budgeted expenditure and was an unanticipated expense that was incurred that was not part of that budget. Peterson asked if something else comes up, what would they use. Koopman said this is an issue that the Council can decide. They can chose to charge this against the Street Department's budget or use the Other Financial Use Fund. The Other Contractual Services in the Street Department was set at \$17,000 which was intended to cover the cost of tree removal and the gardeners. This line item in the Street Department's budget will be overspend by a substantial amount of \$19,000. Stobb asked if they know what the cost will be to remove the diseased trees. Robinson said they have fewer trees this year to remove but expects the cost to be in the \$10,000 range. Robinson said that some of the trees are on private property but the City pays Campbell and the City collects from the property owners. Koopman said this is something that Robinson will be discussing later as the payments are processed through the City books, even though it is a private tree. The City becomes the bill collector. She feels they need to participate in the boulevard trees because the City shares in that cost, but the City does not share in the cost of the private trees. She feels the property owner needs to be notified and leave it up to them to contract to have it removed and the City would not have the expense and waiting sometimes for months and sometimes never being able to collect anything. Koopman said there is only \$15,000 in the Other Financial Use fund and the Other Contractual Use fund will be over \$4,000. Stobb suggested they

wait till the bills are in and maybe the whole \$15,000 would not be needed. It was the consensus of the Council to wait until the bills are in and revisit this again.

The Consent Calendar included: EDA minutes for July 20 and August 3, 2007, Hospital Board minutes for July 18, 2007, Monthly Financial Report, and Municipal Accounts Payable. Peterson asked why is there such a disparity in cell phone bills and this is consistent each month and does not understand why one runs \$20 to \$25 more a month than the rest. Robinson explained that he spends a lot of time around Ortonville in his off-duty hours and he carries his city phone where ever he goes and responds back as needed. In order for him to have coverage at Ortonville, it takes a different plan than the standard plan the City would normally use. He reimburses the City \$150 from his own pocket so he can take his city phone with him to his cabin. Koopman said that Robinson gets a lot of calls especially from contractors with the projects that are in progress in the City. Peterson said he had no issue if it is all for City business but he does have an issue if it is personnel, but now Robinson has explained that he reimburses the City for the personal side, but also aware that he has contractual agreements with other cities and would consider that a personal call. Robinson also explained that he reimburses the City for any minutes in excess of the City's standard plan. Peterson commented that the going out and coming in has to come out the bottom line and he is not coming out where it adds up. There seems to be a lot going out and he does not see what is coming in. That is why he asks these questions. He also had a question about the check to Titan Machinery for Street Equipment Maintenance. Robinson explained that is for repairs for the 1990 Cat end loader. Robinson said the street department is running a very old fleet of equipment and takes a lot of parts for repairs. Peterson asked about Dan's Shop Inc. Robinson said they have used Dan's Shop for about four years and when they try to save money for the City they try to get the lowest price on oil, oil filters, air filters and fuel filters and they are able to get the lowest price from Dan's Shop, Inc. Peterson asked about Elan Financial Services for pool ladders and asked why they are buying pool ladders at the end of the season. Koopman said that it was for repair of the ladders and Elan Financial is a credit card. Peterson asked where the samples were taken for the LLMP Public Services. Robinson said that on the 10<sup>th</sup> of each month, they need to take two bacteriological samples from five selected sites brought to LLMP and this is ongoing bill as it is cheaper to go there than New Ulm and cannot be done at Marshall Labs as this is for wastewater testing. Peterson asked about the payment of \$70 to Quest for utility phone line and if everyone has a cell phone, why is a landline needed there. Robinson indicated this is for the pay phone at the airport. Peterson asked about street lighting improvement to Short Elliott Hendrickson, Inc. for \$85. Koopman said this would be associated with the engineering for the street lighting project. Peterson said there is a list of advertising with no office behind them. There is also a payment to WJE for \$2,553.09 for pool reconstruction and asked if this was from the \$900,000. Koopman explained this was an outstanding bill for engineering by Brian Pashina. Peterson asked if this was the company that has a local subcontractor that has not been paid. Koopman explained that Brian Pashina is employed by WJE who is the head engineer and has coordinated all pool construction. Peterson asked if they are running the Revitalization money through the City checkbook and paying Lindberg for the sign. Koopman said this is correct. Peterson said it appears they are paying for swimming lessons again and the City has paid the trainer to train someone for swimming lessons. Koopman explained this is an in/out transaction, that person that received the training from her paid for that training. Peterson said that all he seen was three outs as the young lady that did the training got paid also. Koopman explained that Red Cross is where all the swimming lessons have to be filed and everything is processed through the Red Cross. Peterson had a question about a payment to SEH for \$2,745 for airport layout plan and a payment for 2006 airport improvements when we are in 2007. Koopman explained that we were just billed for these services. She thought the airport layout plan was completely done but the federal government had not approved it and this is part of that final billing process. Peterson said it is hard for him to sit here and when you deal with numbers you should be able to sit down with "this and this and put two and two together and have it come out. It does not come out." Nielsen asked if it would be possible to run accounts receivable. Koopman said they could do that. Peterson said it would eliminate a lot of his questions if he could see where it is going. Peterson said that the expenditure report shows there are five lines that are over 100% including funds 303 at 110.44%, 403 at 3638.58%, 606 at 212.37%, 806 at 440.24% and 807 at 387.24%. Peterson asked if he is the only one that looks at these reports. Rettmer said that only accounts payable are supplied and they have never been given a report of what comes in. Koopman said to keep in mind that the Revenue summary and the Expenditure summary is based on budget projections. It is not actual cash in hand. Peterson said he is aware of that, but before you let an

account get to 3,000% over budget, it should have been discussed. Koopman said the budgeted amount was \$250, and \$9,096 was expended from that fund, therefore, it caused that percentage to be that 3,000. The Permanent Improvement fund is intended to cover up-front costs for construction projects until bond monies are available. She reiterated percentages are based on the budget. Peterson said he understands that, but as a manager, as she sees that percentage creep up with this much of the year left and that much money has gone over the top and at the end of the year, the budget should show everything at 100%. When there are six months left and already at 3,000%, that; "a. we are not budgeting right or b. we are spending more than what we are bringing in." Snyder said that in the Revenue Summary that same fund revenue is 42,083.76% of what was budgeted. Koopman said more has been received than what was budgeted. The year to date revenue that has been received is \$105,209.40 so the difference between that and \$250 is the \$104,959.40. If you see a negative balance on a revenue summary, that is a good thing. That tells us that we are receiving more money than we thought we were going to get. If there is a negative balance on the expenditure summary, that is when there is a problem. Peterson felt it does not make sense for one to be negative on the same date of report and the other to be positive. Koopman said that both are budgeted at \$250, because a balance budget is done, the projected expenditures are balanced to equal the projected revenues. Expended year to date totals \$9,096.44, creating a percentage of 3,638.58%. On the revenue side budgeting \$250 and have actually received \$105,290.40. Peterson said that it may be a good thing, but logic tells him that if you know you are going to have projects come up, why just budget \$250. Koopman said that at the time the budget was put together, nothing had been decided if any projects were going to be done. Usually when it is gone into and there is nothing specific in mind, it goes with a fairly low figure. Koopman said that personally she is not concerned with this, because it is a good thing having more revenue than expenditures. There is a higher percentage than anticipated. She explained that the budget is a best estimate at the time it is being done. She will continue to present the budget to the Council from now through the last week in December when the final levy is certified. The Council members are given ample time to find fault with whatever recommendations are being presented. If the Council would like more detailed information than they are currently receiving, this can be provided. Peterson said he would like to receive a summary of accounts receivable so he can make sense out of this. Peterson said that he did budget work with a lot bigger budgets than what is here and did not have near the confusion factor as what is presented here. He did not have as many accounts broke down into such detailed line items. Koopman indicated that the chart of accounts is established by the government. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Koopman presented information on the 2008 preliminary budget. She has met with any department head who's experiencing any major change in what they have requested. Koopman stated in her memo there were a number of issues this year. There is a decrease in Local Government Aid that is definitely having a major impact on the budget for 2008. The City will be receiving \$39,143 less in LGA in 2008, unless the legislature calls a special session and includes action on the tax bill. Had the tax bill been approved by the governor and the legislature the City would have received a \$70,000 difference in revenue projections. Koopman and the League recommend that the City include the LGA figure that they had received from the Department of Revenue. If this does change with the tax bill adoption, it can be adjusted as the City goes through the budget process. If all requests had been funded as presented it would have created a 38.3% increase in the General Fund. Koopman reduced the General Fund expenditures from the amount requested by \$76,890 and that leaves an increase of 21.6% in the General Fund and an overall tax levy increase of 12.5%. This gives the Council some leeway to really work with the budget. Koopman told the Council if they feel uncomfortable with the 12.5%, it needs to be addressed definitely by the next meeting as the preliminary levy will have to be certified by September 15, 2007.

The proposed budget includes a 3.3% salary increase, which is based on the agreement reached with the LELS Union. AFSCME has not started negotiating at this time but she assumes they will be requesting equal to or larger than the 3.3%. This year there was another major hit in health insurance with a 38% increase. Koopman is trying to work out some alternatives and at this time does not really have anything firmed up. Last year they did go to a higher deductible and she will continue to look at other options. The employer's share of PERA has increased from 6.25% to 6.50% and the employees share went from 5.75% to 6%. The employer's contribution for Police increased from 11.70% to 12.90% with the employees share increasing to 8.60% to 7.8% in 2007.

Koopman was requested to check into the possibility of purchasing lap tops for each council member that would allow for paperless agendas. David Spencer priced both ACER and Dell and both came in at \$717.80 per computer or a total of \$7,178.80 for ten computers. At this time she did not include this in the budget. Chukuske indicated that he is not in favor of purchasing computers and feels there is no reason for the City to spend \$7,000 on laptops. He also stated that as far as an increase in the Council's pay, if there are cuts needed, then the Council's should be the first one cut. Koopman informed the Council she did include a survey prepared by the LMC for Mayor and City Council salaries and limited the survey to the Southwestern part of the state with population of between 2,000 and 3,000. Chukuske said he is willing to give up his salary completely if it is needed to balance the budget. Koopman stated the average salary for the Mayor is \$3,125 and right now the Mayor is set at \$2,500. The average for the Council is \$2,270 and they are currently set at \$2,000. With the additional amounts for the meeting for Mayor and Council at the \$38 and \$37 respectively, the total increase to the budget would be \$5,387. Rettmer asked when the last time was that the Council had a raise. Koopman said they have increased the meeting salary, but the base pay has not been increased for about twelve years. Stobb did not feel they should take an increase. Chukuske stated that he did not take the position for the money and did not think it should be an issue. He is on other councils such as church and school and there is no compensation. Rettmer felt that none of the members do it for financial gain, but it does take time. Mayor Ferrazzano said that there has not been a raise in twelve years; so obviously, there are no other City employees that have not gotten a raise in twelve years. Mayor Ferrazzano said they are city employees as they get paid by the city. Mayor Ferrazzano feels they should figure out a fair salary and eliminate the pay per meeting, as he does not feel that is necessary to do that. It would be easier to figure out a salary and not have to anticipate how many special meetings there will be. If there is a salary and if it takes 60 meetings a year to get your work done, then you do it. Mayor Ferrazzano feels it should not be a hindrance to someone who may say, they would like to run for the positions, but cannot afford the time. He feels the salaries should be comparative to what other communities pay. Mayor Ferrazzano feels they are city employees and if there has not been a raise in twelve years, it is something to think about. Stobb pointed out that if you have poor attendance and you are not present, you are still getting. Maybe they should do the opposite and have a higher per meeting reimbursement and not a salary. Mayor Ferrazzano feels it is easier to set a budget when there is a set salary, without having to anticipate how many meetings will be held. Stobb said he was not looking at any increase in the salary. Rettmer feels they should have a raise and have a salary and forget the special meeting salary. She feels also that it is not for the present council but for those that come after. Motion by Rettmer that the Mayor and City Council members get a raise in salary of \$500 and eliminate the per meeting salary. Mayor Ferrazzano said with the increase of \$500 they would be getting paid less than what they are now. Martin feels that with the cut in government aid, a raise in the council salary would not be something that he would support. Maybe the discussion next year will be different and they can establish a raise in salary. Mayor Ferrazzano expressed that they are always going to run into this same situation, because nobody is going to want to be a Council member having people think they are here to get more money. If you look at the time the Council puts in, having an increase in salary is appropriate, because there is no one that has worked for twelve years that would not want an adjustment. Peterson sees both sides and if Chukuske does not want the money, he can always give it back to the City. Peterson stated he would not support any type of increase and should be up to each individual if they want to give it back to the City if they choose. Previous motion by Rettmer failed due to lack of a second. It was the consensus of the Council to leave the salary at the present rate.

Peterson asked what the annual cost is for having Council packets prepared. Koopman said it is hard to give an exact figure on that, it is more the time involved to prepare the materials for the meeting. Chukuske said there is also a lot of time involved in putting the material in a PDF file and sending them out.

Mayor Ferrazzano noted that the survey on wages that was prepared, showed that most cities had only 4 Council members and maybe that would be one way of reducing the budget. Koopman said that came up in past Councils and it was never changed. Chukuske said pay wise the Council would be above the average given the number of council members.

In Administration the amount for Equipment & Improvements was reduced by \$3,000. This amount was intended to be used for the cost of additional Christmas decorations, but until a decision is made

regarding the street lights, there is no need to budget for this.

The City Attorney Committee met prior to the last Council meeting to discuss the 2008 City Attorney contract and Nielsen agreed to continue providing legal services for the same amount as 2007. He has been very accessible with him having his office in the Municipal Building and he has been very responsive to requests for his services.

In Economic Development, Koopman is recommending the transfer out be reduced by \$5,000. The current bank balance of is \$36,276.93 plus they generate \$3,042 per month in loan receipts. With the \$10,000 transfer scheduled in 2007 there should be a bank balance of \$58,445 and with the \$10,000 transfer in 2008 there would be a balance of \$68,445 and should be sufficient to address any needs in that area.

Koopman reduced the amount budgeted for utilities for the Municipal Building by \$3,000 based on the amount expended so far this year.

The Administrator noted that she addressed this last year when they requested a \$500 increase in the City's Aid contribution. A few years ago there was a deficit in this account and the City had make up the difference. At that time, it was agreed that the City would put in a minimum of \$2,500 annually and this is the amount Koopman is recommending and she is also recommending reductions in the following: \$100 in office supplies, \$500 in Motor, Fuels & Lubes, \$5,000 in Maintenance, Repair, Eq., \$5,000 in Maintenance, Repair of Building, \$1,000 in Travel, Conf, & Schools and amount requested for the Transfer Out to Equipment Replacement was reduced by \$37,500 to coincide with the depreciation schedule. These miscellaneous reductions were based on where the expenditures that have been made so far this year. Dale Johnson said their retirement was only increased \$100 per fireman and not \$1,000 per fireman. Johnson stated that the balance of the Maintenance, Repair of Equipment fund looks healthy. All equipment is tested and inspected at the end of the year. At the time it is fixed or replaced and there is presently \$7,096 will be in the hole by \$2,000 and that is not fixing the pump in the truck at \$4,800. The \$5,000 would cover the amount to test and maintain and not purchase any new equipment. The \$5,000 reduction of Maintenance, Repair of Building, and the big portion was to replace garage doors. Earlier this year when they did the Capital Improvement survey, the garage doors have been in the building a long time and they paid for a garage door specialist to come and re-tension the springs, beyond their point. The doors are heavy and the springs are wore out and they need to be replaced. They will have to be done one at a time. It takes about eight guys to lift the door and should only require one person to do it. Koopman asked if that was something they could do this year. Johnson said the money that is left in that account will go to Cooreman Construction and the front door. Cooreman's estimate was \$3,900 and that account is at \$8,508.64 at this time. They are waiting on prices for the door for the front of the building. There would not be a balance to replace a garage door this year. A door and opener is roughly \$5,000. The department had considered replacing the furnace but with the condition of the front door, that needed to be replaced first. Johnson said that once a year the state holds a actual fire chief conference, which is a 3 day event with class room training. The \$1,000 for Travel, Conf. & Schools would cover the motel room and registration for three firemen to go. The way the sessions are set up, it takes three people to cover the three different sessions each day. Johnson said with the decrease in Transfer out to Equipment Replacement, with purchasing turn out gear and radios every ten years out of \$27,000 the department will end up in big trouble when it comes time to replace fire trucks. The \$65,000 that Johnson had requested was from a list they had made earlier of things needed. When it was redone this time, the \$27,500 seems to work, but is concerned that the depreciation schedule includes \$6,000 a year in billable fire calls, which has happened once in the past seven years. The fire calls rate is increased each year. Koopman said she would have David Spencer here at the next meeting to explain the depreciation process. The Council delayed action on adjustments to the Fire Department's budget until the next meeting.

Koopman is recommending a \$5,000 reduction in the budget for code enforcement. Currently there is a \$25,000 bank balance and we will be transferring in \$15,000 into this account before the end of the year. With the \$10,000 transfer scheduled in 2008 there will be approximately \$50,000 to use for the removal of dilapidated buildings next year.

Koopman recommends reducing the amount requested for part-time employees by \$3,125 in the

Street and Parks Department. The additional expended this year for part-time employees was to use a part-timer to fill the vacancy on the street department. Snyder asked if they will be looking at replacing this vacancy in 2008. Robinson is working on different options. She also recommended reducing the following line items: \$250 for Travel, Conf. & Schools; \$250 for Printing & Publishing; \$2,465 for the transfer out. The depreciation schedule was also redone for the street department equipment. In the future, all depreciations schedules will be reviewed annually to reflect current needs. Peterson asked about the number of part-time employees. Robinson said there are two part-timers that work 20 hours per person per week. There is one that does airport mowing that averages about 13 hours per week during the growing season and another one with a six month duration at 40 hours per week. Robinson said that the part-time employees are the cheapest labor as they receive no benefits. Stobb asked if they did not decrease this amount, would there be a chance that they would continue one full-time employee short. Robinson said that last year during snow removal there was an employee that was injured and there was a temporary person and the wages that were paid to that person affected this year's part-time budget. Robinson told the Council that a lot of his budget is not under his control. Examples are that the street department hauls dirt and gravel and pea rock around town and the Cat to deliver these materials costs \$90/hr to operate and money is lost hauling the small amounts around town. He suggested allowing the cement plant or somebody else that deals with these materials sell it. Robinson said there is a fee schedule for renting out City equipment. They rent such things as the jackhammer at the cost of \$25 and bits have to be replaced at a cost of \$600 as they come back broken. Equipment is rented, comes back broken and it makes no sense to continue this. Koopman said this has been done for years and people have come to expect it. Chukuske said that if this is going on, it needs to be discontinued right now. There are times when a contractor may be doing work in town, that may have difficulty with their equipment and the City does let them use equipment to keep the flow of the project moving and it is billed back. Motion by Chukuske, seconded by Martin to discontinue renting equipment out unless it is for a specific City function. All voted in favor of the motion.

Motion by Chukuske, seconded by Rettmer to discontinue the sale of black dirt, pea rock or gravel unless it is for a project that benefits the public as a whole. All voted in favor of the motion.

Robinson said another area where money is lost is when a business or resident digs into the street to install, repair or replace a sewer or water line. The property owner is responsible for all connections to the water or sewer main and costs for restoring the street. The City pays this cost and then tries to collect the money from the property owner. This money comes for the parks and street budget. There is no control over this line item it is unknown how many private parties or businesses are going to have asphalt put down. Robinson feels that the City should follow the same procedure that the County uses. If the City digs in their road, it is the City's responsibility to get it repaired according to the standards of the County. Chukuske feels the procedure should be changed that parties have to have this type of damage repaired according to the standards of the City. Robinson said they would have some control of the process by which they have it done. Koopman said the City does have a liability there as it is a public right of way and the repair would have to be done properly. Stobb asked if they could give the owner the option of doing it themselves or if the City does it, have the supplier of the asphalt bill them directly. Robinson said this was not an option, as this had been tried in the past and it did not work. What happens is that with fixing different areas, the provider cannot determine how many tons of asphalt was used to fill each different area. Robinson said the only fair way they have come up with is a formula that takes length x width x inches deep x .0006 = tons. This is the same formula that the contractor uses. A private individual could call a asphalt contractor and ask for them to fill a hole. Robinson said the reason his budget is taking a fall is that private work comes out of his budget and it looks bad and he has no control over it. Koopman cannot recall certifying any patch work that has not been paid. Martin asked why the money coming in does not go to the same account that it came out of. Koopman answered that it goes to the general fund of which the street department is part of, but the City does not have that type of a budgeting system where each department is totally independent of each other.

Robinson said there are 38 or 39 elm trees that need to be removed. They have had as many as 90 in the past. The property owner pays half the cost and the City pays the other half of the cost to have boulevard trees removed. The home owner is responsible for diseased trees on private property. There are some out there that cost as much as \$1,500. The City pays for the tree removal and then tries to collect the cost. Robinson said there is a Minnesota Statute that says that diseased elm trees

are to be identified and removed. Sometimes the City does not get reimbursed from the property owner for this cost. Koopman said if the cost does not get paid it gets assessed to the property. Robinson said the City will mark the diseased trees and the property owner should make arrangement for the removal and pay for the removal without running it through the City books. Koopman said that the tree service may also not want that kind of exposure as it does leave him as a contractor wide open. There are some property owners that do contract with someone of their choice to have it removed. Robinson said a public works employee goes along with the contractor to remove these trees. Koopman said this was a policy that was started back when there were grant funds provided by the State of Minnesota for the removal of Dutch Elm diseased trees. This has been continued through the years. Rettmer does not feel that they need to be in this private sector business arrangement. Robinson explained that once a year the public works employees mark diseased trees and then Robinson and Campbell look at these marked trees, it is clarified as to which property the tree is on. Campbell then gives a cost for tree removal, the property owner is sent a letter and they have the option of taking the bid from Campbell or calling another contractor or taking it down themselves. If the person pays the private bill by the next October 31<sup>st</sup>, then the cost for labor provided by the public works employee is not included in the cost. If the bill is not paid by that deadline, the employee tracks the time needed to remove that tree and the property owner also gets charged for the public works employee's time. Koopman said the advantage of the city's involvement is that the City is guaranteed that the tree will be removed and done in timely manner. Even though it is run through the City books, the City has the recourse of collecting that money by placing it as an assessment against that property. If this responsibility is left with the property owner to remove the diseased tree, we may have to go back and forth many times before that tree is removed. Chukuske does not agree with sending the City workers to help Campbell remove the trees. Koopman said that policy can be changed without a problem, but she thinks the City has an obligation to make sure these diseased trees are removed in a timely manner. Koopman said there are property owners that do not have the money readily available to pay for the removable, but do come to the office to make arrangements for payment. In the future it could be a policy change that the City does not provide personnel to assist in tree removal. Stobb said that if the City does not stay involved, that \$1500 tree could become a \$2,000 because the business owner has to cover the losses for bills that cannot be collected. Koopman said if the bill is not paid, the City could add a percentage to the bill if the bill has to be certified as there is administrative time and cost for certifying these bills. Koopman said there is an 8% penalty assessed on unpaid bills from the date of notice. Motion by Chukuske, seconded by Stobb that for next year's tree removal we let the tree service contract for removal of the trees, but do not provide City worker's to help with the removal. All voted in favor of the motion.

Robinson said there are no plans for any improvements at the airport. They did want to do some renovation to the office building and put asphalt on the west side of the old hangars, but this will not be done at this time. Chukuske asked if there was anything budgeted for the bike trail. Robinson did get some quotes today for next spring. What is done with bike trails, instead of seal coating, you just fog seal. A watered down emulsion oil is used and it goes down into the cracks. This is included in the 2008 budget.

Robinson said they will be applying asphalt to the alley next to the Municipal Building this next Wednesday. After that is done, they will go to the place where the ambulance unloads at the hospital and also some private work in town.

Chukuske indicated that he has talked to people from out of town that have used Swift Lake Park and were impressed with the condition of the park. Robinson said that they took the whole camp ground apart and Minnesota Campground rules indicate there is supposed to be 2,000 square foot in a campsite. The sites were rearranged and dogwoods were planted.

Robinson said that one other thing that is done that affects the budget is mowing thirteen lots that the City does not own. He said there is a lot of debris in these lots and it is very hard on the equipment. He asked if the Council had any suggestions as how to handle this situation. Chukuske asked if there was any recourse on this issue. Koopman said it is basically the vacant landlord that does not maintain their property and each year the City is faced with about the same number of properties and each year it is assessed against their property. There is a minimum charge to go out and so much per hour for mowing it. Whoever owns the properties are not phased by this cost at all

and they continue to pay or it gets assessed to the property. Koopman does not feel there is any other alternative, but to continue to mow these properties. Chukuske asked if maybe they could try and work something out with the neighbors to have this mowed. He feels it is important to continue mowing these lots. Chukuske asked if Robinson would remind his employees not to blow the grass clippings on the street, since we have an ordinance for it and if the city employees are doing it, it looks bad. Robinson will pass this message on.

Koopman recommends a reduction of \$1,700 for the Cemetery based on projected expenditures and revenues.

Koopman did add \$4,000 in the airport for Misc. Purchase for resale to cover the cost of purchasing fuel for resale at the airport.

In Unallocated the amount that appears in Transfer out represents the City's contribution to the Multi-Purpose Center and as it has been previously discussed they are looking to install a membrane roof on the lower part of the building.

Koopman indicated she left the Other Financial Use fund at \$15,000 to cover the cost for unanticipated expenditures that occur throughout the year.

In Permanent Improvement Koopman is recommending to levy \$10,000. The current bank balance is at \$46,000. The purpose of this fund is to provide front end money for improvement projects until the financing is in place. This is also used to cover the seal coating cost.

In summary, Koopman said they are looking at a overall levy increase of 12.5%. She will continue to look at ways to reduce the cost for health insurance. This is higher than what the final levy should be, but it does give some room to look at various options throughout the budgeting process and decide what can be done. Snyder asked that if they decide to put the \$10,000 back in for the fire department, his concern for this year would the two \$5,000, would that make it 12.7% or so. Koopman stated that the levy would increase by 1% for every \$9,000 that is added back into the budget. Peterson asked what ambulance building they are talking about in the budget. Koopman said this is not a building, but represents a contract that the City entered into in 1993 and was amended in 2002 to carry over for two years. The contract was intended to provide ambulance service within the City, based on a price per capita. The City provided financing for them when they purchased the one ambulance and that is how the contract came about. Technically there is no valid contract at this time, but an unwritten or verbal agreement that the City will continue to provide an amount per capita for them providing that service to the City. The utility that is listed there is actually what was the old ambulance garage and is now connected to the fire department. Mayor Ferrazzano asked why they do not have a contract. Peterson suggested they negotiate for a lower one. Koopman stated that she received a letter from Nielsen today because there has been discussion requesting a financial statement. Nielsen has been in touch with Mr. Garvin, who represents the ambulance. The City could enter into a new contract or simply continue with the existing contract or not pay them anything. Mayor Ferrazzano stated for accountability purposes, there should be some evidence as to where the money is going and there should be a contract. Koopman said the contract was first started in 1993 and they also contracted with the surrounding area at that time. The contract amounts were based on an amount per capita and it started at \$5.88 per capita. Charlie DeSchepper was in her office and indicated they may be asking for an increase. Mayor Ferrazzano feels if they are asking for increase, then a contract needs to be negotiated. Snyder said the money is going for ambulance operations to provide service. Snyder asked if they got financial reports from other organizations they contract with. Mayor Ferrazzano stated that other groups provide minutes when they have meetings. Snyder felt if they are going to ask for a financial print-out from the ambulance then it needs to be done for everybody. Koopman said they did give a report in the past and the old contract requires that one be provided. The amendment that was done in 2000, kept that in place and because there has not been an actual renewal date on the contract, technically the provisions may not apply. Snyder indicated they are a not for profit service. Peterson said it was an assumption because there is no financial statement. He asked if the object was to break even each year. Snyder said that it was and they are a volunteer, not for profit service. Koopman will include a copy of the letter from Nielsen in the next agenda packet. Nielsen has also talked with a person from Emergency Medical Service Regulatory Board and has information regarding that. Chukuske

said that the bottom line is they need to get a contract done for 2008 where everyone agrees to the terms. Koopman said that DeSchepper was very adamant about the idea of providing a financial statement and would like to see that removed if a new contract was needed.

Rettmer was concerned with the fact that David Spencer is the Union Steward and is also working with Koopman on the budget. She does not know how they can negotiate with AFCSME when Spencer knows already that there is a 3.3% increase in the budget for wages. Peterson feels that he would know anyway based on his position. It is not management's decision to decide who is the Union Steward and he suggests that they should wait until Spencer retires to make any changes. Koopman recommends that when that position is filled again, make that position a confidential employee and not part of the Union. Stobb indicated that if Spencer did take advantage of that they could see a much larger % increase.

The only issues that need to be revisited will be the budget regarding the fire department after the depreciation schedule is discussed at the next council meeting. Koopman indicated that at the September 10, 2007 the Council will have to certify the preliminary levy. Whatever the Council decides to do with the Fire Department will determine the percentage increase in the levy. She again reminded the Council that the final levy can be reduced, but can not be increased.

Koopman announced that Tracy will be hosting the regional league meeting this year and will held on October 23 at Shetek Bend and she asked that the Council write that on their calendar as it will be important to have as many there as possible. Mayor Ferrazzano will be required to give a welcome speech. There will be an afternoon session and then an evening meal with an evening session.

Koopman also wanted to verify the number of Council members that will be attending the Board of Equalization training on September 5, 2007 from 6:30 pm to 9 pm at Slayton. We are mandated to have two council members trained.

Motion by Chukuske, seconded by Snyder to adjourn the meeting at 8:50 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

### September 10, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 10, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from August 27, 2007 as presented. All voted in favor of the motion.

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

Nielsen said he had nothing to add to the letter that was sent to Koopman regarding the contract with the Tracy Ambulance. His letter states that he had spoke with Jim Garvin, legal counsel for the Tracy Ambulance and Garvin was not aware of any legal requirement that Tracy Ambulance provide a financial statement. He was also not aware of any requirement that there be an agreement between Tracy Ambulance and the City in order for City residents to be provided with ambulance service. The old Kerr & Associates file on this shows a "Memorandum of Agreement" dated August 23, 1993, and an Amendment that was provided in July, 2000, concerning Tracy Ambulance and the City, and provision of ambulance service with payments to Tracy Ambulance. This would have expired at the end of 2002. Nielsen feels that if the City has continued to make payments to Tracy Ambulance after that, it would have to be viewed that; a) this is an illegal contract (if not considered as approved by the City Council) with the possibility that repayment is required, or b) an informal extension of the contract on an annual basis. If the latter, then Nielson notes that paragraph 22 of the 1993 agreement states that Tracy Ambulance provide an "annual report" (which is described as something very much having some aspects of a financial statement) to the City, and will also allow examination of "records and books of account". Nielsen talked with Ms. Buss, the regional contact person for the Emergency Medical Services Regulatory Board. After his discussion with her he has concluded that the City of Tracy is not required to have any sort of agreement with Tracy Ambulance in order for City residents to receive ambulance service. If the City feels an agreement with financial assistance might help to promote a sounder or better ambulance service to its residents, then it may be justified both as a legitimate public purpose expenditure and an authorized expenditure of public monies. If the City Council feels it needs financial information about the ambulance service it is being asked to help, it will have to determine that; Tracy Ambulance is free to decline to enter into an agreement with such a requirement if it does not wish to provide financial information. Peterson feels the Council needs to be aware of the financial situation of the Tracy Ambulance to know if the ambulance is in need of financial support. Rettmer agreed that some type of annual report would show how the funds are being used. Mayor Ferrazzano stated the ambulance service is an important service to the residents of Tracy and surrounding area and is in agreement to continue to subsidize ambulance, but also feels that a yearly report would justify the needs for funds. Snyder said he could not speak for the Ambulance Board, but does not feel a financial report if justified. Motion by Chukuske, seconded by Martin that a contract between the City of Tracy and the Tracy Ambulance service be drafted with what is expected of the ambulance service and it will be up to the ambulance to accept or not accept the contract. Chukuske stated that he is not concerned about the financials. Martin did not agree that no financials should be supplied. Chukuske then rescinded his motion. Motion by Martin, seconded by Peterson to update the expired agreement and amendment, or create a contract with a provision that Tracy Ambulance provide an annual financial report. Upon roll call the following vote was recorded; Martin, Rettmer, Peterson, Chukuske, Stobb and Mayor Ferrazzano voting aye and Snyder voting nay. Motion carries.

Radke provided a breakdown of activity at the liquor store from the 2006 and 2007 Box Car Day weekend. For this year Labor Day was up \$5,041.21 over last year and \$15,011.43 over the previous week. It did take 15 extra people to help at the liquor store for the weekend at a cost of about \$1,950. He also noted that on the report of expenses for the patio construction, approximately \$50,000 of the cost was work that had to be done such as tearing down of the building and the finishing of the walls of the remaining buildings whether or not the outdoor patio was constructed..

Gervais reported that all the EDA apartments are full at this time with a good waiting list to get in. He and Campbell Construction are working out issues at O'Brien Court concerning the 15 bump out windows that will have to be repaired. There has been weatherization causing severe deterioration and water damage. CDBG is moving forward and some residents have been surveyed and approved for funds. They will now be collecting estimates from construction companies. Jill Houseman from Western Community Action has passed away from cancer. Gervais has worked with her on many projects and she was a great asset to WCA. No replacement for her position has been named at this time. Gervais attended a bike trail meeting with citizens and individuals from Lyon County Development and discussion was held on developing bike trails. This is a lengthy process and even if the project would be funded in 2009, funds would not be available until 2014. Gervais will be meeting with Lyon County Commissioners and will be asking them about providing funds to help with demolition projects. He will be bringing this information to their attention and asking for help with dumping costs or the cost of demolition. Gervais stated the DM&E Railroad has been sold to Canadian Pacific. Gervais sees this as a way to open up rail service coast to coast and this would benefit the farm markets and even transportation. Gervais took part in the filming of a documentary regarding rural communities and how they can go forward to sustain themselves and get people to move back to the community. Copies will be made available to other communities hoping to attract calls from other communities wanting to do similar projects such as Tracy Kids' World. Gervais said there will be a labor force recruitment campaign as Watertown, SD has a large turkey facility that will be closing. He will be providing a packet of information on Tracy including employment opportunities, schools, health care facilities, etc. There are hopes of attracting people to the community.

Hillger asked for any questions regarding the monthly police activity report. Stobb stated that he was surprised to see two public nuisance citations in the month of August. Hillger indicated they will be doing a second survey soon. Koopman stated that after the city wide inspection was completed, residents could be cited as incidents occur through police inspection or receiving calls from residents regarding incidents. Peterson was under the impression that a committee was formed to handle this. Rettmer stated a plan was devised for an ongoing inspection process and there was no need for a committee to be formed. Koopman felt Peterson was confusing the nuisance ordinance with the maintenance code as they are two separate things. Hillger also reported that Box Car Days went well this year and everyone was well behaved and there were no problems at the liquor store.

Koopman reported that she spent a considerable amount of time on the 2008 budget with preparing, reviewing and recommending changes in the preliminary budget. She also attended meetings including Planning Commission, two City Council meetings and Hospital Board. Stobb indicated that he was made aware there is a vacancy on the Airport Commission. Koopman said there should be and she will advertise to fill this position. Rettmer and Stobb stated they have been approached by someone that is interested in the position.

A resolution approving a loan from the Equipment Replacement Fund to the Liquor Fund was introduced. Rettmer asked that this be discussed after the agenda item relating to Principal Health Insurance De-mutualization Payment. Rettmer said the resolution is asking for \$85,000 be loaned from the Equipment Replacement Fund to the Liquor Fund to be paid back with interest over a ten year period. Instead of having this money tied up for ten years, could the money from the de-mutualization payment be used to fund the \$85,000? She said it states this money is technically General Fund money and can be used for any purpose as is seen fit. It was the consensus of the Council to discuss this resolution after the de-mutualization discussion.

Koopman has been trying to work out some alternatives for health insurance. Currently the City pays \$129.17 into an employee VEBA account for single coverage and \$241.67 for those with family coverage. Koopman has contacted employees who were receiving family coverage, but had a spouse who was eligible for insurance coverage through their employer. She has asked if they would consider removing their spouse from the City's insurance if their spouse was able to receive coverage from their employer, with the understanding that the City would continue to contribute the same (\$241.67) into their VEBA account. Two of the employees have agreed to this proposal. Koopman said she met with all employees informing them that a proposal was going to be submitted to the Council that would allow all eligible employees to receive \$241.67 for their VEBA account regardless if they received single or family coverage. The employees unanimously approved this

proposal. The result would be a savings of \$12,349.92 for the City. Motion by Stobb, seconded by Chukuske to accept the proposal by Koopman regarding changes in the health insurance. All voted in favor of the motion.

David Spencer presented a memo regarding the Principal Health Insurance De-mutualization payment of \$99,678. This payment was received from profits that principal Health Insurance (also formerly known as The Bankers Life Co.) shared with their customers. This de-mutualization occurred after the company had been bought out by Mutual of Omaha. This money is still sitting in the old Aquatic Center Construction Fund that was used for litigation purposes. The money now needs to be dealt with due to the winding down of the lawsuit and reconstruction project. At the time the City council had various suggestions as to what to do with the money. It was not placed in the General Fund as Governor Ventura was threatening to make Minnesota Cites spend their reserves instead of receiving any State Aid Funds that year. Spencer indicated that this money is technically General Fund money and can be used for any purpose the Council wishes. Spencer suggested that since there are a number of employees that are still working here that were paying part of the premiums out of their own pockets when the company was Bankers Life and Principal Financial and felt that some of the money should be theirs, maybe a grant could be done to their VEBA accounts similar to the \$600 given to them by Appletree Institute a year ago. He stated that this may improve employee morale. Rettmer asked if there was a concern about employee morale. Spencer stated that there were some employees that felt slighted when they saw this money getting “gobbled up” in lawyer fees for the litigation of the pool. Rettmer suggested that some of this money be used for the loan to the Liquor Store. Spencer told the Council that the Liquor Store is a public enterprise fund and they in theory, are supposed to be self sustaining. After further discussion, motion by Peterson, seconded by Rettmer to adopt a resolution moving the \$99,678 to the General Fund with \$85,000 of this amount be given to the Liquor store as a gift. Stobb suggested that they keep the \$99,678 in the General Fund and help reduce next year’s levy. Koopman agreed this would make a substantial change in the levy. Martin suggested that it could be used to offset the reduction in Local Government Aid. Upon roll call, the following vote was recorded with Rettmer, Peterson, Chukuske, Snyder and Mayor Ferrazzano voting aye and Martin and Stobb voting nay. Motion carries. (Res. No. 2007-38)

Koopman asked for clarification of the issue regarding the removal of diseased Elm trees. She was under the impression at the last Council meeting that the City would still contract with Campbell Tree Service for removal whether it was public or private, collect the money from the property owners and if not paid, that amount would be assessed to the property. The Council agreed to still follow this procedure with the change that the City would not be providing city employees to help remove these trees.

The Consent Calendar included: Fireman’s Relief Association minutes for July 2, and August 6, 2007, Municipal Accounts Payable, Municipal Receipts, Monthly Financial Report, Multi-Purpose Center minutes for July and August, 2007 and EDA minutes for August 17, 2007. Peterson asked on Page 1 if the \$5,400 to the Liquor Store for petty cash was for the Box Car Day Weekend. Koopman indicated that this was correct. Peterson asked what the Lima NSF Check was for \$130. Koopman said that was a NSF check from a private party. Peterson also questioned the payments made to Brockway-Brown Vet Clinic for \$110 for kenneling a cat. Koopman stated that she wanted to check with Chief Hillger if the City was reimbursed for this amount. Peterson said there was a payment to Duininck Brothers, Inc. for \$3,372.64 for the hospital parking lot. He was under the impression this was for a change order. Koopman said the change order was for \$13,000. Koopman will have to check what this all included. She does not think the parking lot was included and this could be for the strip done by the emergency entrance to the hospital. Peterson asked what the payment to McLaughlin & Schulz, Inc. for \$276.58 for bituminous mix was for. Koopman explained this is a mix used for patching. Peterson asked what was with a cell phone car charger for \$31.93. Spencer stated this was for a charger for the new cell phone for Robinson. Peterson indicated the Municipal Receipts report is something that makes sense. Spencer said the reason they have never received these before is the Council only needs to approve expenditures and do not have to approve receipts. Rettmer said it is good to see what is coming in, instead of only what is going out. Motion by Chukuske, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

David Spencer provided information regarding the depreciation schedule for the Fire Department. He and Fire Chief Johnson redid the depreciation schedule to reflect more realistically and compare it to what was done before indicated in black and what has been changed is in blue. Johnson is concerned that a lot of the items we upgraded dramatically to get closer. He is concerned that with the depreciation schedule and cuts in the budget that in 30 years the department would show a deficit of about \$331,000. He is also concerned with the five and ten year break down on some of the smaller items and in the Capital Improvements are broken down by year. He does not know how they should be replacing the smaller items and feels that it needs to be more on a yearly basis. Koopman said that Johnson’s two main areas of concern for the 2008 budget are the \$5,000 reduction of Maintenance, Repair of Building and the \$5,000 reduction in Maintenance and Repair of Equipment. Rettmer asked why there is not any inflation figured into the depreciation schedule. Spencer explained on the hand-out on the left side is true depreciation schedule. It depreciates an amount each year based on what you paid for it and it is depreciated out over the expected life of the equipment. Stobb asked if they are putting enough away to replace the units. Spencer said that he had some plugging in for 2009 and putting \$2,000 in the schedule at the end of 2034 that will add \$100,000 to the schedule. Rettmer asked when they had looked at the building and doors, if they were looking to replace the whole door unit or just the springs. Johnson said for the complete door system replacement with opener would cost approximately \$5,000 per door. Rettmer asked if they could use the de-mutualization money to put back into the Fire Department request for building repair. Mayor Ferrazzano felt they should do that. Johnson said they had asked for \$5,000 for the replacement of a door and the other \$5,000 was for Equipment Replacement for testing and repair of equipment. They are through the testing and repair phase. There is one pumper that is out of service and were waiting until December to get it fixed so if they are looking at monies now, this could be fixed at the end of next week. The doors were planned to be replaced one door at a time as it would take a large amount of funds to replace all five doors in one year. Motion by Rettmer, seconded by Peterson to fund the Fire Department’s request for the \$10,000 from the de-mutualization funds that are to be placed in the General Fund. Peterson asked if with his budget, if Johnson gets the \$10,000 back into it, if \$500 is taken from each of those, it would give him about \$50,000 at the end of 30 years. Johnson said this would work if everything runs good throughout the year. Koopman said that in a perfect world you finance this fleet 100%. The Council is talking about a substantial difference between what Johnson had originally asked for and what the depreciation schedule shows, which is a difference of \$37,500. Even looking at the depreciation schedule, there is a period of time where a negative balance is being shown. If the needs of the Fire Department are such that equipment or a vehicle has to be purchased, she does not feel there is any problem in this community of passing a bond issue for a fire truck. She has yet to see one fail. If the need is there, the people will support it. Koopman said they are trying to fund this 100%+ when who knows what the future holds. Spencer said that the number of fire calls right now is way down, which in theory should extend the life of the equipment. Just because it says in 2034 that a new truck has to be bought, does not mean they have to either. Just adding one or two more years to that schedule, greatly increases that amount and other options are with equipment bonds. All voted in favor of the previous motion.

Motion by Snyder, seconded by Chukuske to adopt a resolution adopting the proposed tax levy with the following sums of money levied for the current year:

General Fund	\$538,882
Permanent Improvement	\$ 10,000
Debt Service	\$337,000
 TOTAL LEVY	 \$885,882

All voted in favor of the motion. (Res. No. 2007-39)

This would represent a 10.4% increase, compared to the initial estimate of 12% at the last Council meeting. Koopman is concerned that this may be excessively high, but it is preliminary. She stated that a special meeting may be warranted to discuss possible alternatives to reduce the final levy.

The Truth In Taxation hearing is scheduled for December 3, 2007 at 6:30 p.m. with a continuation at the Council meeting on December 10, 2007 at 6:30 p.m.

Mayor Ferrazzano stated he received an idea from a citizen that attended the fly-in breakfast. They suggested changing the name of the airport to the Homer Dobson Airport. Mayor felt this would be a good idea due to the amount of time Dobson has put into the airport. Koopman was directed to check with aviation agencies to see if there are any legal issues associated with a name change of the airport.

Snyder received a note from a resident on 4<sup>th</sup> Street East that was concerned why the manholes and drains are so low in the street. Koopman stated this was to avoid them being hit with snow removal equipment.

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

ATTEST:

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City Administrator

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Mayor

### September 24, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 24, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske and R. Stobb. Absent was C. Snyder. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Chukuske to approve the minutes from September 10, 2007 as presented. All voted in favor of the motion.

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

Motion by Chukuske, seconded by Stobb to approve the appointment of Neil Daniels to the Airport Commission. All voted in favor of the motion.

Koopman informed the Council that the City farm lease is due to expire at the end of this year. She has been approached by the current renter as well as another prominent farmer from this area, and both are interested in leasing this land. The current rent is \$80 per acre. She felt the fairest way to deal with the renewal of the lease would be to arrive at a fair rental price and give Mr. Lanoue, the current renter, the first right of refusal. She has checked with agencies such as Farm Service Agency in Marshall, the U of M Extension office, Regional Farm Center in Worthington and Northwestern Farm Management in Marshall to see what the average rental price is in Monroe Township and Lyon County. She also contacted two local farmers. Based on her discussion with these farmers as well as the various agencies, Koopman feels that \$120 per acre is a fair price. If Mr. Lanoue rejects this proposal, it can be opened up for bids. Stobb asked if this would be a three (3) year lease. Koopman said it is up to the Council to decide the term of the lease. Stobb said he had no problems with the arrangement, but knew that Lanoue's had talked about wanting part of it tiled, not close to the sewage treatment, but further to the east. If this is something they really want to do, maybe something could be worked out with them if they do the tiling and then maybe the lease amount could be lessened. This would make an improvement to the property. Peterson asked if they were maintaining all the proper set backs to the runways out there. Robinson said FAA wants them to be moved back and the engineers are working on that as the FFA wants 250 foot setback and trying to get it back to what it was originally. Peterson said with past experience if they want 250 foot setbacks, it would be good to do 300 foot setbacks. He feels the more room that is given, the safer it will be and less trouble with inspections. Robinson said that the Department of Aeronautics got a new person that took over and a fly-over was done and he stopped in and not aware of the situation of having ponds in one of the safety zones and a fence that is too close. There is a park that should not be there and things that the new aeronautics employee did not realize. Robinson feels they should not allow tiling in the area where some changes may be made to the lagoons. If a lot of improvements are made, there may be not much return on the land. Motion by Chukuske, seconded by Stobb to accept Koopman's recommendation to offer this to Mr. Lanoue at a price of \$120 per acre and if he rejects the proposal, to open it up for bids. Legal setbacks would be maintained and the lease would be for three (3) years. All voted in favor of the motion.

Koopman said when the Central Livestock property was purchased, the agreement included leasing it to the seller for one year. There are approximately 19 tillable acres. The FFA has indicated an interest in this property. Koopman feels this land is comparable to the City farm and the Council could establish an amount per acre and offer it to the FFA and if they choose not to accept, it could be let out for bids. Stobb suggested that the FFA be made aware of any plans the EDA has for development of this property. Motion by Rettmer, seconded by Martin to offer the 19 acres to the FFA at a price of \$120 per acre with a one (1) year lease. All voted in favor of the motion.

Koopman said she has been contacted by a resident of 4<sup>th</sup> Street East questioning when the property owners are required to hook-up to the interceptor line. James Vandendreissche said the residents originally understood that lines to allow the ground water to go on their lawn, would be disconnected and the residents are concerned that if the interceptor line would freeze at the depth the line was placed, where would the water go. Robinson stated that the interceptor line is laid in at a 2% grade. If the connecting line is also laid in at an angle from their houses, an inverted "V" shape would be

formed. As long as there is no check valve in place, all the water in the line would either drain into the interceptor main or back into the sump hole. Some of the residents would like to use the groundwater for watering of their outdoor plants, shrubs. This could be easily done with the installation of a valve that would allow them to divert the water into their outside hose. Mr. Vandendreissche expressed concern if the line did freeze the only recourse there would be is to divert the water into the sanitary sewer. Robinson said it is very important that the City demonstrate to MPCA that they are taking a proactive approach to preventing ground water from entering the sanitary sewer system. Robinson said he understands the concern of the residents, but other cities have used this type of system with no problems. A valve could be placed diverting the water into the sanitary sewer as long as a seal was in place and only removed in case of an emergency. Property owners would be required to notify the City if they had to break the seal. Koopman had recommended that the mandatory hookup be completed no later than October 31, 2007. Robinson asked if this could be extended due to the work load of the utilities department. Motion by Peterson, seconded by Chukuske that the mandatory hookup to the interceptor line be completed by November 15, 2007 and notify the Public Works Department to put a seal on the valves. All voted in favor of the motion. All residents will be notified by letter of this requirement.

Motion by Rettmer, seconded by Chukuske to adopt a resolution approving payment to Duinick Bros. Inc. for work completed on the 2007 Street Improvement Project in the amount of \$78,743.52. All voted in favor of the motion. (Res. No. 2007-40)

Motion by Chukuske, seconded by Stobb to adopt a resolution of the City of Tracy, Minnesota to establish a local Board of Appeal and Equalization pursuant to Minnesota Statute 274.014, Subd. 3 Paragraph C. This establishes the City Council as the local board of appeal and equalization. All voted in favor of the motion. (Res. No. 2007-41)

Motion by Rettmer, seconded by Chukuske to adopt a resolution declaring cost to be assessed and ordering preparation of the proposed assessment for the 2007 street improvement project and hospital parking lot. The total cost of the improvement will be \$811,532.55 with \$478,715.35 to be paid by the City and \$332,817.21 to be assessed against benefited property owners. Assessment shall be payable in equal annual installments extending over a period of 15 years at the interest rate of 5.575% per annum from the date of the adoption of the assessment resolution. All voted in favor of the motion. (Res. No. 2007-42)

Koopman said the completion of the Eastview groundwater interceptor was delayed until easements were secured for the property owners on the south side of the Eastview Addition. The engineers were notified and the contractor Midstates Utilities, will not be able to return to complete the project until the end of October or first part of November. The assessment hearing will have to be based on estimated costs. Koopman explained this is not unusual as a number of cities conduct their assessment hearings prior to commencing the project in order to avoid contested assessments. She feels comfortable proceeding with this project as it is fairly straightforward and the only obstacles they should run into would be existing drain tiles which will be connected into the groundwater interceptor. Koopman stated the bond payment schedule included certification of assessments for collection in 2008 so it is important that they be certified this year. If the project costs come in substantially higher or lower, there is the option of reassessing. Motion by Stobb, seconded by Chukuske to adopt a resolution declaring cost to be assessed and ordering preparation of the proposed assessment for the Eastview Groundwater Interceptor project with assessments payable in equal annual installments extending over a period of 15 years with the first installments to be payable on or before the first Monday in January, 2008 with an interest rate of 5.575%. All voted in favor of the motion. (Res. No. 2007-43)

Motion by Stobb, seconded by Chukuske to adopt a resolution for hearing on proposed assessment for the 2007 street improvement project and hospital parking lot project. The hearing will be held on the 15<sup>th</sup> day of October 2007 in the city hall at 6:30 p.m. All voted in favor of the motion. (Res. No. 2007-44)

Motion by Stobb, second by Rettmer to adopt a resolution for hearing on proposed assessment for the Eastview Groundwater Interceptor project. The hearing shall be held on the 22<sup>nd</sup> day of October in the city hall at 6:30 p.m. All voted in favor of the motion. (Res. No. 2007-45)

The Consent Calendar included: Hospital Board minutes for August 14, 2007 and Municipal Accounts Payable. Peterson had questions regarding the Accounts Payable. Check #43740 to Mn. Dept. of Labor & Industry in the amount of \$3,470.68 for Tracy Kid's World Plan Review. Koopman said that Tracy Kid's World has paid the City this amount, but the payment had to come through the City. This will be listed in the Accounts Receivable list that the Council will receive in the next agenda packet. Peterson asked that this be pointed out in the receivable list. Check #43697 in the amount of \$332.39 for Building Code Books. Koopman explained these are the current code books that the city is required to have. Check # 043696 in the amount of \$50.00 for EDA membership. Koopman is not clear on what this is and will check this and report back to Peterson. Check #43718 in the amount of \$113.32 for Central Park pea-rock. Robinson said this was for pea-rock for the playground equipment. Check #043766 in the amount of \$9,694.00 for the hospital parking lot. Koopman explained this is a bill that had to be run through the City and will be reimbursed 100% by the medical center. Check #043769 in the amount of \$477.24 for the Aqua Power Building. Koopman said it was for an outstanding bill that had not been paid. Check #043776 in the amount of \$250 for deductible on water main repair. Robinson said that when Public Works was repairing a water main break, another main was hit because of improper marking and this was the deductible through City insurance. Check #043780 for Veba/Flex Admin Fees. Koopman said she will check with David Spencer and get back to him with an explanation of this.

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

Koopman asked the Council if they felt they wanted to set a time for a budget meeting before the final adoption. Meetings are scheduled for every Monday in October so it would be possible to do it in November or on a night other than Monday in October. Rettmer felt they do need to go through the budget again. Mayor Ferrazzano set the budget meeting for October 9 at 6:30 p.m.

Peterson received a call from a resident that had concerns about the placement of the new church sign on the corner of Center St. and Highway 14. Robinson will discuss this with members from the church and see if the sign can be moved back to avoid obstruction of traffic. If the church does not want to do this, Robinson will then check with the County to see if it needs to be moved.

Robinson also had a concern about the installation of the water line for Tracy Kid's World. He feels they should wait until bids have been awarded for construction to ensure that the project will go forward. Robinson said that the permits are in place for construction. Martin questioned if there would be sufficient time to install the water line once the bids have been awarded. Robinson said it depends on the contractor, but expects it to take about two weeks to complete the installation of the main. The Council agreed they should wait and go ahead with the project once the bids have been awarded.

Chukuske asked if there were any issues with the liquor store patio as far as the smoking ban is concerned. Koopman said there are no issues and smoking will be allowed on the outside patio.

Mayor Ferrazzano asked if there is a time line for completion of the Tracy sign on the west side of town. Koopman will check on the status of construction of the sign and report back to the Council.

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

ATTEST:

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City Administrator

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Mayor

**October 8, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 8, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Motion by Peterson, seconded by Rettmer to approve the minutes from September 24, 2007 as presented. All voted in favor of the motion.

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

Nielsen explained the conditions of the farm lease between the City of Tracy and Leonard Lanoue. There are a total of 155.55 tillable acres with two installments of \$9,333.00. The tillable acreage may be reduced when setbacks for the airport are determined and the installments will be reduced accordingly. Peterson explained the state has hard set setback requirements of 250 feet and they are farming within 150 feet of the runway. He feels that they should abide by these requirements and be done with it. Motion by Stobb, seconded by Martin to approve the recommendations of the farm lease as explained by Nielsen. Upon roll call the following vote was recorded: Martin, Chukuske, Snyder, Stobb and Mayor Ferrazzano voting aye and Rettmer and Peterson voting nay. Motion carries.

David Vogl from the Tracy Fire Department presented changes to the By Laws of the Tracy Fire Department Relief Association. The written application fee has increased from \$10 to \$11. Section 3 now states that a member that has resigned from the department has two (2) years from the date of resignation to become an active member of the Tracy Fire Department. If the member does not become an active member in these two years, the member will be moved to retired status and if vested the member's pension will be accordance with Article VIII. If a previously retired members of the fire department becomes an active member, he will be eligible to join the relief association but will not be vested. Starting from the date of rejoining he must serve the minimum number of years required by Article VIII of these by laws for vesting of pension rights as an active member of the Tracy Fire Department. The previous by laws stated that the board of trustees would meet as necessary to comply with Article II, Section 5. This has been changed to state the regular meeting of the Relief Association shall be held the first Monday of the month at 7:00 PM. Article VI, Section 2 has been deleted as the Tracy department does not pay disability benefits. In Article VII the sick and disability benefits has increased from \$1,200 to \$1,300 for each year that the member served as an active member of the department. Article VIII Death Benefits and Pensions will state that upon the death of any member of the who is in good standing at the time of death, the association shall pay to the designated beneficiary if any, and if there is no designated beneficiary, benefits will be paid to the surviving spouse, surviving child or children, and if no children, to the estate of the member at the sum of \$1,300 for each year that the member served as an active member of the Tracy Fire Department. Payments will be made in on lump sum and not multiple payments. Vogl stated that upon approval by the City Council, a copy of the revised by laws will be sent to the state for their approval. Motion by Snyder, seconded by Stobb to approve the revised By Laws of the Tracy Fire Department Relief Association. All voted in favor of the motion.

Marla Verlinde told the Council that after inspection by the State Fire Marshal and the Fire Chief it was determined that CHS could not put single-walled fuel tanks in the proposed location as it would be to near the city shop. The alternative would be to install double-wall tanks but this would quadruple the expenses of the tanks. CHS agrees to provide the City of Tracy with two 560-gallon double walled fuel tanks and pumps and Keytrol system which will allow the city to track fuel use per individual vehicle. The complete fuel system will be provided to the City of Tracy for no charge however, CHS would like a purchase commitment from the City of Tracy for 24 months due to the higher cost of installing the specialized fuel system. Peterson asked if there is any other city property where the tanks could be installed other than by the City Shop. Koopman said it would be more convenient for the department if located at the city shop and the system needs electric and phone lines for operation. Motion by Stobb, seconded by Chukuske to enter into this agreement for the double walled fuel system from CHS with a fixed rate fuel contract of 24 months. All voted in favor

of the motion.

Police Chief Hillger presented the department monthly activity report. There were no questions regarding this report.

Gervais stated the EDA has been working on issues with replacement/repair needed on the water damaged bump out windows at O'Brien Court. The EDA has approved six (6) home owner projects and there are three (3) left to approve in the next few weeks for the CDBG grants. They will be ready to award bids in the near future. There are rental properties to be approved also. The EDA purchased the tax forfeited property at 58 Morgan Street at the auction today for \$500 and \$97 transfer fees. There were six (6) other properties in Tracy that did not sell or receive a bid. There are nine (9) total tax forfeited properties in the City of Tracy at this time. Gervais had an opportunity to speak at the Lyon County Commissioners meetings in September. He asked the commissioners to budget money for the specific purpose of helping communities in Lyon County, like Tracy, with demolition projects. Gervais stated the commissioners had approved \$50,000 to develop a county-wide HRA and that this money could be used to help leverage more money for future projects. Gervais said he will continue to work with the commissioners as projects arise. Gervais is working on an EDA loan that should be completed soon. Gervais put together a packet of information regarding opportunities in Tracy, such as school system, health care and job information that was presented in Watertown, South Dakota to recruit employees from the turkey plant that will be closing. There will also be an informational booth at the upcoming LMC Regional Meeting to market Tracy for business recruitment. Peterson asked Gervais regarding the \$50 EDA membership fee that was presented on the last Accounts Payable list. Gervais said this is a group of EDA directors that meet quarterly to discuss issues in the communities and they are presently working on an entrepreneur network.

Koopman indicated that a majority of her time as been spent on compiling final projects costs and preparing the assessment rolls for the 2007 Street Improvement, the Eastview Groundwater Interceptor project and the Greenwood Storm Sewer project and drafting the necessary resolutions and hearing notices to correspond with respective projects. She has also attended City Council meetings, Fire Hall Tour, Hospital Advisory Board, Cemetery Commission, met with Dan Lanoue to discuss the farm lease and Pool Committee meeting. Snyder asked when a report for the Aquatic Center would be done. Koopman said that once all the information was compiled and it is usually in November before the information is available to complete the report. Snyder said that he had a call regarding an issue at the liquor store over the weekend. There were customers that were disappointed in the service at the liquor store and one of the employees in on-sale was outside smoking. This group eventually got up and left. Koopman will pass this information to Radke at the liquor store. Mayor Ferrazzano asked if there was any information in regards to the completion of the Tracy sign. Koopman said that one of the businesses involved in the construction has been very busy during the harvest season, but should be able to complete the work soon.

Mayor Ferrazzano asked if there were any objections to him signing an American Music Month Mayoral Proclamation. This is designed to give worthy United States composers recognition, encouragement and support, and to impress upon the public of the United States that it has creative as well as performing musical artists and a musical culture equal to that of other countries. There were no objections from the Council.

Koopman explained that the assessment for the Greenwood Storm Sewer Project will need to be adopted before completion of the project and the assessment hearing will have to be based on estimated costs since the city bond requires the assessment payments be made in 2008. This will have to be done similar to the Eastview groundwater interceptor project. The declared cost of the storm sewer totaled \$250,330 with additional expenses of \$101,461 so the total cost of the improvement will be \$351,791. Peterson said he would like to see the original amount that was bid and a breakdown of engineering costs as this is not going with what he recalled of the project before.

Motion by Stobb, seconded by Snyder to adopt a resolution declaring cost to be assessed and ordering preparation of the proposed assessment for the Greenwood Storm Sewer Project. Upon roll call the following vote was recorded: Martin, Rettmer, Chukuske, Snyder, Stobb and Mayor Ferrazzano voting aye and Peterson voting nay. Motion carries. (Res. No. 2007-46)

Motion by Stobb, seconded by Snyder to adopt a resolution for hearing on proposed assessment for the Greenwood Storm Sewer Project. All voted in favor of the motion. (Res. No. 2007-47) The hearing will be held on October 29, 2007 in the city hall at 6:30 p.m. Koopman reminded the Council members that a hearing for the proposed assessment for the 2007 street improvement project and hospital parking lot will be held on October 15, 2007 in the city hall at 6:30 p.m.

Motion by Stobb, seconded by Snyder to adopt a resolution to participate in a hazard mitigation planning process. This will establish a framework for the development of a county hazard mitigation plan. All voted in favor of the motion. (Res. No. 2007-48)

The consent calendar included: Fireman's Relief Association minutes for September 4, & 18, 2007, Multi-Purpose Center minutes for September, 2007, Economic Development minutes for September 7 & 21, 2007 and Municipal Accounts Payable. Koopman said the administrative cost on the VEBA that was questioned at the last meeting, is the fee to put money into the employee's accounts. Peterson questioned check 043835 to American Eng. Testing, Inc. for \$90. Koopman said this was soil testing on the south hospital parking lot. Motion by Stobb, seconded by Snyder to approve the consent calendar. All voted in favor of the motion.

Koopman reminded the Council that the budget meeting scheduled for October 9, 2007 has been rescheduled for November 6, 2007 at 6:30 p.m. in the council chambers. Stobb said that at the September 10, 2007 meeting, the Council approved a gift to the Liquor Store in the amount of \$85,000. He felt that the liquor store is a public enterprise and it should be self sustaining as well as make a profit. The patio was added in hopes that it would help generate funds. He asked the Council to consider using \$15,000 to \$20,000 of the \$85,000 received from demutualization of insurance funds to be used to reduce the levy with the remaining \$45,000 to \$50,000 being issued as a loan to the liquor store. This matter will be considered at the budget meeting.

Motion by Rettmer, seconded by Stobb to close the regular meeting at 7:20 p.m. to discuss labor negotiations. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**SPECIAL MEETING  
ASSESSMENT HEARING  
October 15, 2007**

A special assessment hearing was called to order at 6:30 p.m., Monday, October 15, 2007 in the Council Chambers of the Municipal Building. Council members present were: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present was A. Koopman, City Administrator.

Al Murra, representative of Short Elliott Hendrickson presented a project update. Murra said that the major portions of the project have been completed and the project was a success. There are some restoration items on the punch list and will be evaluated next spring. This includes things such as raising manhole castings on the street to allow for any settling that may occur over the winter. Murra stated the interceptor program was a success and this is something new for the city to install a mainline interceptor in the street and provide these services for each of the residents. There are some special situations that warrant a special permit, where the sump pump is allowed to run during times of freezing. This will be handled on a case by case basis and if any of the residents have concern regarding this, they need to contact Rick Robinson, Public Works Director. There were some savings to the homeowners as the assessed cost for the curb and gutter replacement is \$17.49 instead of the original estimate of \$45 per linear foot. The homeowners also saved \$800 for the interceptor hookup and \$1.00 per linear foot for the street reconstruction. Murra explained this was due to the very good prices on materials for the project. Due to redesign of the interceptor line, the cost per lot decreased from \$2,129 per lot to \$1,281 per lot.

The Mayor opened the hearing to public testimony at 6:35 p.m. on the proposed assessment for the 2007 Street Improvement on 4<sup>th</sup> Street East from State Street to Circle Drive and State Street from 4<sup>th</sup> Street East to 5<sup>th</sup> Street East by the reconstruction of said street with the installation of bituminous surfacing, curb and gutter, water mains, sewer mains, ground water interceptor and appurtenant items.

Mayor Ferrazzano read the following appeal letter that was received from resident Dale Krog, 343 4<sup>th</sup> Street East:

10-15-2007

Mayor & Council Members  
City of Tracy, Minnesota

This letter is addressed to you in order to comply with a portion of the September 28, 2007 letter regarding the assessment hearing for the 4<sup>th</sup> Street East improvements.

This letter states that no appeal may be taken as to the amount of the assessment unless a written objection is filed by the property owner.

I intend to appeal a portion of the assessment as well as ask for completion or reimbursement for unfinished work on our property.

This is my written notice and I will address such issues in person at the assessment meeting.

Sincerely,  
Dale S. Krog

Krog also presented pictures of his property. Krog stated the finished street looks wonderful and appreciates how quickly the work was done without excessive delays to the property owners. When the construction work was to begin, Krog was on an extended vacation. Prior to his leaving, Rick Robinson had contacted him and said there were to be pictures taken to determine whether there was tile around his basement that goes to the sanitary sewer. This was delayed until Krog returned for his vacation. When he was gone, an interceptor line had been dug through his property and not his neighbor's property. He had not granted permission for the contractors to dig in his yard as he does not have a sump pump. He indicated he had called the engineer to inform him that he did not have

a sump pump and ask why they dug on his property. Krog said his call was not returned. His second issue was concerning some decorative rock that he has on his property. When the contractors had to take out some concrete to bring it up to the level of the new street, they had piled the rock and there was an accumulation of dirt that was also shoveled with these rocks. Krog had attended a prior council meeting and had asked for dirt from the city and was told no, due to the warranty on the project. If this was done by the homeowner, the warranty would be void. He also asked about the decorative rock and was told by Rick Robinson it would be put on the "to do" list. When workers came to fill in areas along the curb that had not been seeded real well, he asked if they could put additional dirt in the area that had been dug in his yard. He was told that they could not throw the dirt that far. Krog then offered the use of his wheelbarrow and dirt was added to this area. Krog then asked Rick Robinson about more dirt and was told that the city was not in the dirt business any longer. Krog then asked the construction workers about his rock and was told it was not their problem, it was the city's problem. Krog then called Audrey Koopman and she said she would talk to the engineers and had not heard anything back. Koopman reminded him that she told him he should bring up these issues at the assessment hearing. Krog, referring to photographs that he provided to the Council, said that it is very obvious there is dirt in the rock and he is asking that the city or contractor shovel out this rock and replace it with clean rock and that he should be reimbursed for this cost. He stated that he takes pride in the way his property looks and does not feel that this has been taken care of properly by the contractors. Krog said he had talked with Scott LaVoy and was told that they would try to do minimal cutting of the cement. When Krog returned from his vacation, they had cut two (2) feet of the existing driveway to do curb and gutter work. When they had finished with the curb and gutter, the new driveway was level with the street and there was no grade to it. The engineer came back and said they would go back to the first cut and replace it to make a grade. Krog does not feel that the total cost should be assessed to him and is asking the Council to consider his proposal to pay half the cost of his curb and gutter assessment in the amount of \$3,200. Mayor Ferrazzano asked Krog if he had any estimate of cost for the rock that he wants replaced. Krog said he did not know the cost and would check with Greenwood Nursery.

James Vandendreissche of 340 4<sup>th</sup> Street East also had a complaint about his driveway assessment. He voiced concerns about the pricing mechanisms used for the interceptor and street project. Vandendreissche discussed these costs with Murra from SEH and feels that the city is getting charged too much for the needed materials. He did some price checking on his own and feels the city is getting charged double what the cost should have been and the taxpayers are having to pay for this. He also made an appeal on the cost of the driveway work. The contractors accidentally broke off part of his driveway and four (4) additional feet needed to be repaired. Vandendreissche does not feel that he should be responsible for the cost of the additional four (4) feet and feels that he should only be responsible for half of the \$800 assessed to him.

There being no further public testimony, the Mayor declared the hearing closed at 7:00 p.m. and referred to the Council for their consideration.

Chukuske stated he appreciated the comments and if there were any errors by contractors, the cost should have been absorbed by the contractors. He commented that when any job is put up for bids, the Council is unable to negotiate prices for each individual line item when a project is bid. The bid is based on the specifications. You then chose the lowest responsible bidder. The Council agrees on an overall cost and the cost is assessed from there.

Murra commented on the issue concerning the decorative rock that Krog had referred to. Murra indicated that pictures were taken prior to construction and it was hard to tell how much rock was there but the amount does not appear to have changed. There was already dirt present in the rock before construction. There is no final completion date set at this time and the warranty for the project is in effect for up to one year from the final completion date. Restoration issues will be addressed next spring. Murra felt that if the contractor was responsible for breaking something, they should be obligated to pay for it. Murra will check with the inspectors and also follow up with the contractor regarding this matter.

Koopman asked both Vandendreissche and Krog, if in fact the Council does reduce the amount, would he waive the right to appeal. Vandendreissche as if there was any grounds to appeal the pricing mechanism. Murra answered that he did not feel that the numbers they had were out of line

and does not think there is anything legally that can be done to change the cost once the bid is accepted. They do negotiate prices and had received several bids to compare numbers and if there were out of line, they would have discussed this with the contractors. Murra also stated that the project cost did come in under the numbers that were estimated. Vandendreissche withdrew that part of his complaint, but he did want a cost reduction on his driveway repairs. Krog also would not appeal as long as there was a cost reduction on his driveway and there was a replacement of his decorative rock. Robinson stated the cost to replace the rock would be about \$60 a yard and a yard should be sufficient to fill in this space. Murra said the dirt problems would be taken care of in the spring.

Motion by Stobb, seconded by Snyder to adopt a resolution approving the assessment roll for the 2007 Street Improvement project and reduce Vandendriessche’s driveway assessment by \$401.19 and Krog’s driveway assessment by \$1601.17 and provide one yard of decorative rock for Mr. Krog. All voted in favor of the motion. (Res. No. 2007-49)

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

ATTEST:

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City Administrator

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Mayor

**October 22, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 22, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman and F. Nielsen.

Stobb asked for a correction to the minutes concerning the loan to the liquor store. He was asking the Council to consider using \$15,000 to \$20,000 of the demutualization of the insurance funds to be used for a loan to the liquor store and not \$45,000 to \$50,000 being used as a loan. Motion by Peterson, seconded by Rettmer to approve the minutes as revised. All voted in favor of the motion.

Additions to the agenda included: 5-B Water Main Extension and 11A-1 Future Council Meeting on November 13, 2007 at 6:30 p.m. Motion by Stobb, seconded by Rettmer to approve the agenda as revised. All voted in favor of the motion.

An assessment hearing on the Eastview Groundwater Interceptor project was held. Mike Kuno, a representative of Short Elliott Hendrickson, presented a project update. This project is an effort to reduce groundwater from entering the sanitary sewer. It consists of 2 interceptor mains and service connections to the individual properties. One of the two (2) interceptor mains is complete and the second will be installed in November. This hearing is being held before the completion of the project to allow collection of the assessments to be made in 2008. A total of seventeen (17) lots on Sunrise Drive and Union Street are being assessed a hookup fee for the interceptor system. David Reese, 501 Sunrise Drive wanted to clarify if his "garden lot" would not be assessed a hook-up fee since this is an undeveloped lot. Koopman said that all properties would be assessed a hook-up fee, however, any undeveloped lots would have their hook-up fees deferred until they are developed. Reese stated that one of the benefits of this project would be to prevent an accumulation of water behind lots 12, 13 and 14 when large amounts of moisture are received. On October 5, 2007 there was a heavy rain and water accumulated in this area. Koopman and Kuno indicated this issue has been addressed and when the interceptor is completed there will be an intake installed to take care of the ponding. There being no other public testimony, the public hearing was closed referred to the Council for their consideration. Motion by Rettmer, seconded by Stobb to adopt a resolution adopting the assessment roll for the Eastview Groundwater Interceptor project and deferring the hook-up fee for undeveloped lots. All voted in favor of the motion. (Res. No. 2007-50)

Koopman informed the Council that the League of Minnesota Cities recommended the Fire Department to have a Human Resources policy in place. These policies developed by the Fire Department are the first documents that address those issues. She said that she and the LMC have reviewed the policies and they appear to be in order. Motion by Stobb, seconded by Chukuske to adopt the Volunteer Fire Department Policies 2007 as presented. All voted in favor of the motion.

Robinson presented some specifications for the water main extension for Tracy Kid's World. The scope of the project is to install approximately 375 feet of ten-inch water main, one new fire hydrant, one replacement fire hydrant and four mainline gate valves. The City has purchased the materials and the project has been advertised. Price quotes are to be submitted to the City of Tracy Clerk by October 25, 2007 at 4:00 p.m. Due to conflicting maps, the Public Works Department did some digging to verify that there is an eight (8) inch main present. There is a difference in cost of pipe. A twelve (12) inch pipe would cost about \$17/foot and the ten (10) inch pipe would be \$11/foot.

At their October 1, 2007 meeting, the Planning and Zoning Commission conducted a public hearing for a special use permit request from Jay Fultz to construct an extended stay facility in the former Coast to Coast building. The Commission passed a motion to recommend to the City Council to grant a special use permit to Fultz. Peterson asked Fultz if the parking issue has been resolved. Fultz indicated that he has been having discussion with neighboring business owners regarding this and nothing definite has been decided. Fultz said he can fit four (4) vehicles behind his building. Nielsen had some concerns about this business may cause conflicts with city zoning laws as city ordinances allow only certain kinds of projects in certain areas. Nielsen wanted the Council to be aware of the precedent they would be setting and that this project may require a change in ordinance for this project to be started in the downtown area. Stobb made reference to the apartment building

located on 4<sup>th</sup> Street. Nielsen said this may have been grandfathered in since the building was previously a hotel. Stobb felt that if they need to, the ordinance should be changed to avoid any conflicts that could get in the way of Fultz's project. Motion by Snyder, seconded by Stobb to grant Fultz's request for a special use permit contingent that any parking issues are resolved with one parking space for each of the seven (7) planned rooms. All voted in favor of the motion.

Mark Evers presented a petition signed by 24 business owners from 20 different businesses that are in favor of downtown decorative lighting. Evers said he did was not able to reach everyone and some of those contacted did not return his calls. Rettmer said they have not "forsaken" this project. She said the Council has been preoccupied with the 2008 budget and bonding issues. They have been trying to meet with Xcel Energy to walk the grid area to find out what types of repairs need to be done to the existing lights. She and Peterson plan to hold public hearings for all residents to come and share ideas of where to go with this project. Peterson commented that they are still collecting numbers and does not feel the taxpayers should have to pay for sidewalks, etc and plan to meet with the residents to give them more specific cost options. Evers stressed to the Council that the petition is for new decorative street lights, not repair of the old ones. Mayor Ferrazzano thanked Evers for coming forward with the petition and assured him that the issue will not die because he also feels there is a need for new street lighting.

A letter was received from the Tracy Ambulance Service regarding the agreement document between the Tracy Ambulance Service and the City of Tracy. The Ambulance Service will agree to the terms of the agreement except number 12. Tracy Ambulance Service will agree to submit an Annual Report in the form of a Balance Sheet prior to the annual payment for the previous year's service. Motion by Peterson, seconded by Chukuske to change the wording of number 12 to read:

12. ANNUAL REPORT. AMBULANCE shall maintain in accordance with accepted accounting practice during the term of this Agreement records and book of account recording all transactions connected with the operations of AMBULANCE. AMBULANCE shall prepare and file with the CITY on or before \_\_\_\_\_. (NOTE: date should be approximately 90-120 days before the annual payment would be made to AMBULANCE per para. 4) of each year an annual financial report in detail of the ambulance operations for the previous year including a complete state of receipts, disbursements, liabilities and assets. Mayor Ferrazzano suggested leaving the payment amount blank until they receive a report back from the ambulance service. All voted in favor of the motion.

Motion by Snyder, seconded by Chukuske to accept the Fuel System Lease Agreement with CHS, Inc. for a two (2) year period for two (2) 560 gallon tanks. All voted in favor of the motion.

Motion by Stobb, seconded by Chukuske to adopt a resolution approving change order No. 1 for the Greenwood Storm Sewer Project in the amount of \$27,590.50. All voted in favor of the motion. (Res. No. 2007-51)

Motion by Stobb, seconded by Chukuske to adopt a resolution approving payment in the amount of \$144,151.30 to States Border Construction, Inc. for work completed on the Greenwood Storm Sewer Project. All voted in favor of the motion. (Res. No. 2007-52)

Motion by Chukuske, seconded by Peterson to adopt a resolution authorizing the execution of a grant agreement with the Minnesota Department of Transportation for airport maintenance and operation. The State will reimburse the Municipality for 2/3 of the direct, actual maintenance and operation costs not reimbursed by any other source, not to exceed \$18,910 of State aid for each State fiscal year. Peterson felt it is necessary to maintain the setbacks of the runways to avoid not getting reimbursed this amount. All voted in favor of the motion. (Res. No. 2007-53)

Peterson said he feels the Council needs to establish a policy requiring a summary/report on projects in excess of \$5,000. He feels that when a resolution is presented the Council is not presented with the numbers or enough information to recall as to how they arrived at that point. If the information is presented, there are no doubts. Peterson states it would be good practice to attach a summary report, such as a payment application from the contractor, with each resolution for any spending over \$5,000. The Council agreed with this concept and this will be done in the future with any resolutions.

The consent calendar included: Monthly Financial Report for September, Monthly Receipt Register, Economic Development Authority minutes for October 5, 2007, Cemetery Commission minutes for September 20, 2007, Municipal Accounts Payable, Lyon County Development Corporation minutes for August 28, 2007 and Planning Commission minutes for October 1, 2007. Peterson asked for clarification of the following items on the Accounts Payable.

- |                        |   |
|------------------------|---|
| Check 43893 - \$14.59  | Gervais stated that he took a resident for lunch. The resident had questions to the EDA in regard to the hospital parking lot, Eastview Covenants and sewer interceptor projects. These things were discussed at lunch. |
| Check 43894 - \$313.26 | This was for perennials that the City Gardeners are placing in the flower beds to try to reduce the amount spent on annuals each year.  |
| Check 43906 - \$22.25  | Reimbursement of mileage for travel to pick up fund for a NSF check. Personnel vehicle was used.  |
| Check 43907 - \$256.62 | Materials for the Border States Project. City did the work and will eventually try to deduct from the contract price.   |
| Check 43910 - \$32.20  | Gervais used the City vehicle to go to Lynd for a Lyon County Bike Trail Meeting, Marshall for Lyon County Commissioners Meeting and Marshall for Southwest Initiative Foundation Entrepreneur Workshop.                |
| Check 43912 - \$46.00  | Deed Tax for EDA Loan. Reimbursed by the borrower.  |
| Check 43918 - \$6,162  | The City gets grant money for CDBG and then releases it in "draws" to SWMHP as requested.   |
| Check 43921 - \$35.00  | Reimbursement to resident for half-price season pass to the Aquatic Center.   |

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

Motion by Chukuske, seconded by Peterson to close the regular meeting at 7:35 p.m. to hold a closed meeting to discuss labor negotiations. All voted in favor of the motion.

ATTEST:

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Mayor

**SPECIAL MEETING  
ASSESSMENT HEARING  
October 29, 2007**

A special assessment hearing was called to order at 6:30 p.m., Monday, October 29, 2007 in the Council Chambers of the Municipal Building. Council members present were: Mayor Ferrazzano, M. Martin, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Absent was S. Rettmer. Also present were A. Koopman, City Administrator and F. Nielsen, City Attorney.

The Mayor opened the hearing to public testimony at 6:35 p.m. on the proposed assessment for the Greenwood Storm Sewer Project including Greenwood Avenue and Pine Street from Highline Road and 4<sup>th</sup> Street plus all that area east of 4<sup>th</sup> Street extending approximately 850 feet between an extended line of Greenwood Avenue and Pine Street by the installation of storm sewer, ditch improvements and other appurtenant items.

Jeff Farber of Greenwood Nursery, 601 South 4<sup>th</sup> Street stated he is looking for fairness and he is being assessed 100% commercial. He had discussed this with Audrey and does not agree that it is 100% commercial. Lots seven through twenty were originally plotted as residential and he has been using it for agricultural since he purchased it. Because they are city lots and there is a mowed street that is taken care of by the City and the alley is where they run the pipe going back to Spring Street. He feels these lots should be classified as residential instead of commercial and the assessment that is charged against these lots almost equal the estimated market value. The nursery area is 9.11 acres and he agrees that half should be commercial and the other half is in fields. Koopman had explained to him there is no agricultural classification for the assessment of storm sewer and that is why it was designated commercial. Farber feels that the back half should be the same as what the school is being assessed for their open area. Mayor Ferrazzano asked what the difference would be of being assessed between the commercial and residential. Koopman said that residential has a runoff factor of 1.0 and commercial has a 2.3 run off factor. The only areas of the school that are being assessed as planned open space is the area east of the tennis courts to 4<sup>th</sup> street. All other school property is assessed at institutional rate. The institutional rate has a 1.7 run off factor. Farber indicated that he still has to do a lot of tiling to drain that area as there is no intake or area where the water is going to get away from his property until it goes through the property. The storm sewer that was extended from the vet clinic going west to Spring Street has no additional intake except the one that was there originally. He will have to tile and spend more money and that is why he feels that his assessment of \$35,000 should be reduced. Farber knows that by taking it away from his assessment it will put the burden on someone else, but looks at some of the other assessments and some of the people have water in their basement or going through their businesses and they are not paying a large sum of money for the benefits that they are getting from the project. Koopman said that if Farber's assessment is adjusted, the ordinance reads that it is assessed 50/50, and if he is charged at a lesser run-off factor, the 50% is distributed to those in that drainage area. Chukuske asked Farber if he has put any dollar amounts to what he wants. Farber says he has not. Stobb said that the area west of the business is used for his commercial business. Farber said that some of it has crop on it, but it is not all used for tree production. He said he is an agricultural entity as defined by the state and federal government and trees are not different than corns or beans, but it takes longer for that product to be harvested. By definition of the law, it is agricultural and he does not get that much production as it takes seven to nine years to harvest. Chukuske asked what they would be talking about in dollars that would be divided by the other property owners and the City. Koopman said she could not provide a definite answer at this time as she would have to reconfigure the numbers. Farber said the estimated market value of Lots 18, 19 and 20 is \$2,100 and the assessment is \$1,681.05. The state law says that is cannot be assessed for more than what you could sell it for. Lots 11 through 18 have a \$4,482.81 assessment and the market value is estimated to be \$5,700. Lots 7 through 10 have an assessment of \$22,041 and estimated market value of \$26,000. Nielsen said there is no such thing as plotting something to residential and the lots are plotted out and they can be used for whatever the zoning would permit it to be. Farber is asking that the 9.11 acres be assessed as 4.5 acres commercial and 4.5 acres assessed as something other than commercial.

Rod Benson, representing the school board and Mr. Marlette asked him to point out some issues on their behalf. The school district is a big land owner and they are disappointed in the large project cost of the school district of \$107,000 and the benefit at this point. The benefit at this point is

virtually nothing until the district spends more dollars to get the water to the project. Another concern was that it seemed that from the beginning, there was not a lot of desire to seek input from the entities involved and it was more this is how it is, this is where water goes and this is how it will be worked. It was discovered a week ago that all the water west of the school does run north and does not run into this project. The school board and Mr. Marlette felt that the meetings with the City were adversarial. The school board is not contesting the assessment and being a large land owner, they are going to pay it. But, the board asks that in future projects that affect the school, the City do a better job of communicating with the district on something that involves this large amount of dollars and seek some consensus instead of saying this is how we are going to do this. Stobb remembers talking about this whole plan and at the meeting the engineers were present and Farber spoke in favor of this plan and Mr. Marlette was sitting in the second row on the end and does not recall if he said anything, but was present during this discussion. Koopman said they had meetings with the school before the design was complete and tried to keep the line of communication open. It was never intended to be adversarial. The school district felt the City was adversarial to the comments and input by the district. Benson said the school district was behind the project and had requested an elevation at the bottom of the pipe so they could drain the elementary school property to gain some benefit from this project. The school district felt up to that point there was no benefit for them. Two years ago the school district had bids put together in draining the perimeter of the elementary school and high school and taking it to the county ditch. They were stopped and told there was a water project coming and an outlet would be provided for the school. A week and one-half ago in seeking clarification on what was thought to have been said and what the school district thought they heard, before the end of the project had to be redone to get the lowest elevation. Things like this should not have had to happen. Peterson said he thought this was covered in the contract where the school would donate the area for the pond, and the school would have access for their drop bank. Nielsen said the contract included these provisions. Koopman added that the contract was sent to the school and was never returned. She said the last meeting that was held with the school district, was when the school provided the engineers with the elevation that was needed. Up till then, that information was not available. Benson was at those meetings and it was previously stated that the engineers would get them the lowest elevation that can be achieved. Last Friday this was accomplished and Benson feels that it should have already been done.

Jeff Morey handed out a list of questions that he had regarding the project and the assessments. Morey said that he has objection to the \$2,513.17 that he is being assessed. He feels that he did not have a water problem before and now it seems he does because the sump pump is running every twenty minutes and it didn't run like that before. He had no access to his property. One of his concerns was when Styrofoam was put around the pipes to fill in so the gravel would not get in the inside. He was told it would be cemented on the inside when they were done with construction and he knows that cement will crack. If this cement cracks he will be getting all the water. Morey also was confused why they haul snow out to the school property if there is a water problem already there. Morey feels that he should not have to pay the assessment and maybe even be compensated for all the inconveniences he has had to endure during construction. Morey wants to know if the property is going to be put back to the way it was. Mayor Ferrazzano said that the only thing that is helpful if Morey would have a dollar amount that he feels he should be fairly assessed. Morey does not feel that he should have to be assessed for something that has no benefit for him. All the construction was done on his side of the street and he had no access to bring in any equipment and the property was tied up for about two months and the project was only supposed to take about three weeks to complete.

There being no further public testimony, the Mayor declared the hearing closed at 6:55 p.m. and referred to the Council for their consideration.

Steve Robinson, representing Short Elliott Hendrickson, commented about the meetings and discussions with the school district. They had been asking to have drainage access from their property and when they were saying that, they were told they had surface drainage. What the school district meant was they wanted drainage for their footings. The pipes were not set with the intent to drain the footings. When they met a couple of weeks ago, after some discussion, they finally realized what each of them were saying and when SEH understood what their desire was, was to have the inlet pipe low enough to drain their footings, they went back and made that accommodation. Stobb questioned if Morey's sump pump is running due to the ground being dug up and there was

loose material during a wet period of time. Robinson said this is the first he has heard about this problem. He said that during construction there could be some diversion of drainage that may have caused that. Robinson said the Styrofoam is being taken out and grouted. Robinson said there are no ponds; there are collection areas graded for water to collect and not designed to hold water at all and flows directly into the pipes. Robinson said the property will be restored to original state and the property owner's satisfaction prior to the contractor receiving final payment of the project. The contractor has had some difficulty finishing up the project due to weather conditions.

Mayor Ferrazzano understands Farber's argument about the residential and does not have as much feeling about saying that it should not be categorized as commercial if there is no other designation for it when it is being used for commercial purposes on the west side of his buildings. Martin feels that Farber has a good case regarding lots seven through twenty, but the back part of the property that is being used for business might be agricultural and within the City and is being used for his commercial business. Chukuske asked if they were to adjust the assessments for lots seven through twenty, how would that affect the other property owners that are on the assessment roll and would they need to have another public hearing. Nielsen said there are only really two choices if any assessments are reduced, the excess would have to be paid by the City as the notices have been sent to the other property owners as to what their assessments are. The second option would be to take that excess that someone else has been given a break on, to spread that over the other properties, he feels they would have to be sent a new notice. Chukuske said that if every taxpayer in the City would pay that, which would be much more minimal than the other properties on the assessment roll having an increase in their assessment. Snyder feels the situation with Greenwood Nursery is no different than the City assessing themselves on the Central Livestock property as commercial. Nielsen said that if you look at the assessments in the three areas that are listed as commercial, the assessments come to \$8,405.27 and if this is changed now it would be somewhat less than that Farber would have to pay, and roughly \$4,500 would fall back on the City to pay.

Farber said that Koopman had indicated that the City could change the ordinance to add agricultural as there are several properties in the City that are agricultural. He is trying to get his assessments down as low as possible as this is a large amount of money for him to pay out. Farber feels there is definitely more benefit to others in that area than they are actually being assessed for.

Koopman said there are a number of parcels within the City that are being used for agricultural purposes, including the City with the Central Livestock property. Chukuske said there is no easy way to fix the problem to make it better for everyone and how do you be completely fair to everyone. Koopman said that when the assessment ordinance was adopted in 1977, that was the reason why storm sewer was assessed at 50/50, to recognize the variables and there is no 100% fair way of assessing property, especially a drainage project. When water is being dealt with, it is the most difficult thing to be able to show benefit received. Morey had stated that he does not have an outlet and receiving no benefit. This may be true to some degree, but is his property then causing the problems downstream.

Stobb asked how it was determined which properties were to be assessed. Robinson said it is hard with storm water projects to assess the full benefit. Some people cause the problem and some have the benefit. SEH looked at the various drainage basins and if the project impacted that basin, the entire basin was identified as having an improvement to it. At this time there may not be a direct outlet on some properties to the storm sewer, but in the future, there would be access. The storm sewers are sized to accommodate a much larger area than what is actually draining into it at this time. They are sized for future development and it is difficult to assess storm water projects.

Farber asked how you define commercial property. He feels that commercial property is buildings, driveways, parking and other impervious type structures. The agricultural land can be tiled and a lot of water could be sucked up before it would ever go through the storm sewer areas and that is his argument. He still has to tile his property. He is trying to recognize the benefit of \$35,000 worth and he still has to spend another \$10,000 to \$20,000 to tile this area to make it work. He said some of that area in the back is not that great of ground and it could potentially become residential someday with the storm sewer project in place. Farber said that when he tiles he would be using part of the system and that is the benefit that he has gotten out of this that he agrees with, but still has to spend more money for that benefit to work. Peterson asked how it was determined that lots seven

through twenty was commercial. Koopman said it is a commercial operation and receiving revenue from the land. That same theory was applied to the City portion in the Central Livestock property even though that is zoned as industrial. The ordinance is limited to only four categories. She did not feel it was residential because it does generate revenue. Robinson said the livestock property that fell within the basin was the five acres that the City is being assessed.

Motion by Martin, seconded by Chukuske to assess lots seven through twenty at the residential rate and the 9.11 acres will be assessed as commercial. All voted in favor of the motion.

Mayor Ferrazzano asked for any comments on the request from Morey to not be assessed any portion of the project. Chukuske feels they need to make sure the items on the list are cleaned up and the property be restored. Rick Robinson said the issue with the sump pump running could be a water line leak as he did not see anything in the project that would cause the property to have a water problem. He will go in with leak detecting equipment to check for any leaks and noted that sump pumps are running all over the City right now due to the rain received in the past weeks. Robinson said there was a culvert on the northwest corner that was replaced to get the water to move through and goes under Front Street. That was part of the project. Robinson said the inlet on the elementary school side will help Morey's property.

Peterson asked what the compensation would be for Morey concerning the inability to get in and out of the property for the extended construction time. Morey said, "You guys would know better than I would". Chukuske asked how often he needed to access the property and how would they know without knowing how often and for what he needs to access the property for. Morey does not feel that he should be assessed for anything as there is a potential for him to have problems with that large of pipe going through the property. Stobb feels there was maybe a larger inconvenience for Farber to have the access to his business blocked off for a period during construction.

Motion by Peterson, seconded by Stobb to reduce Morey's assessments by 10% for the inconveniences caused by the project construction. All voted in favor of the motion.

Motion by Snyder, seconded by Peterson to adopt a resolution adopting the assessment roll for the Greenwood Storm Sewer project as amended. All voted in favor of the motion. (Res. No. 2007-54)

Motion by Chukuske, seconded by Snyder to approve a plumber's license for Christianson Plumbing contingent on submission of proper documents and payment. All voted in favor of the motion.

The meeting was adjourned at 7:35 p.m.

ATTEST:

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City Administrator

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Mayor

**SPECIAL MEETING  
BUDGET REVIEW  
November 7, 2007**

A special meeting was called to order at 6:30 p.m., Wednesday, November 7, 2007 in the Council Chambers of the Municipal Building to discuss the 2008 budget. Council members present were: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, B. Chukuske, C. Snyder and R. Stobb. Also present were A. Koopman, City Administrator and David Spencer, Financial Director.

Koopman's recommended budget revisions included:

**REVENUES:**

32120 NON BUSINESS LICENSES - \$1,000 increase based on current balance.

33230 FIRE-STATE AID - \$1,000 reduction based on an actual amount received this year.

36520 RENT PROCEEDS - \$2,000 increase based on an increase in per acre cost for the farm lease

36521 GYM RENTAL - \$2,000 increase. Current rental agreement in the amount of \$12,000 per year expires in July 2008. In 2006 when this agreement was last renewed, the council was informed that the "break even point" for utility costs only, was \$16,803, but the Council chose to charge only \$12,000 for unlimited use of this facility. Keep in mind that the \$16,803 does not include any additional janitorial services we provide at an overtime rate when there are weekend activities, nor does it recognize equipment needs such as a new floor scrubber that is included in the 2008 budget. I have stated in the past and will do so again for the record that we should not make money when we rent this facility to another governmental agency, but we should at least break even. The additional \$2,000 is a very conservative estimate because it still does not represent the "break even" point from two years ago.

36540 REFUND & REIMBURSEMENTS - \$3,000 reduction. Both revenues and expenditures have been reduced by \$3,000 because we will no longer be selling gravel or black dirt.

36550 INSURANCE DIVIDEND - \$2,000 increase. At the Regional League meeting they indicated that dividends should be higher.

37650 SALE OF INVESTMENTS - \$16,080 represents a total of \$14,780 from the insurance demutualization funds. (\$10,000 for the fire department and \$4,780 remaining after the \$85,000 gift to the Liquor Store) although it is great to have these funds to draw from. keep in mind that this is a "one time shot." In other words, next year we are going to be faced with increasing the levy to sustain the same level of services, or hope that revenues such as LGA are increased sufficiently to off set this gap. The remaining \$1.300 comes from the unspent funds remaining in the Municipal Building. Monies were to purchase tables. The tables were actually purchased before the end of 2006.

**EXPENDITURES:**

MUNICIPAL BUILDING - \$2,451 increase. Due to a combination of an increase in health insurance and insurance and bonds and a decrease in utilities.

POLICE - \$4,825 increase in health insurance.

FIRE - \$9,000 increase. Combination of a \$10,000 increase in maintenance repair eq. and maintenance repair building (\$5,000 each) and \$1,000 decrease in utilities based on the amount spent.

BUILDING INSPECTION - \$5,000 decrease. Reduced transfer out by \$5,000. With the transfer-In scheduled for 2007, and the current bank balance we will have a sufficient amount

available for demolition of dilapidated buildings in 2008.

AMBULANCE GARAGE - \$413 increase. This reflects a \$.50 per capita increase. Please note: I have not authorized release of the 2007 appropriation until an agreement for ambulance service is entered into. Although the Council has not officially acted on this matter, this is the position I think you have taken. If I am mistaken, please notify me so these monies can be released.

STREET - \$23,824 reduction. Health insurance was reduced \$18,424. Maintenance Repair Other was reduced \$3,000 due to discontinuing the same of gravel and black dirt and there is a \$2,400 reduction in Equipment & Improvements. \$2,400 was intended for the purchase of radios. This expenditure has been moved to the Equipment Replacement Fund.

CEMETERY – Transfer out was reduced by \$2,000 based on the current bank balance.

UNALLOCATED – The Senior Center transfer out was reduced by \$6,590 to reflect the savings from the 2007 health insurance appropriation. The previous employee terminated her employment and reimburses the city for her health insurance. The existing employee doesn't qualify for health insurance benefits.

The above recommended changes represent an overall levy increase of 7.5% compared to the preliminary levy that was certified at 10.4%.

Koopman said there were no changes or anything to add to the memo regarding her recommendations for the 2008 Budget. Spencer said the PFA bonds which are part of the surcharge fund will be recognized as two different bonds. One is for water and one is for sewer and according to the accounting standards they have to be broken out. The numbers will not change, but will be profiled as two different bonds when the final budget is prepared.

Rettmer asked why the demutualization funds are included in the budget. Koopman explained that these are monies that are received in 2007 or 2006 that were not used. They are identified as Sale of Investments on the revenue side of the budget and are used to off set an expenditure. She noted that previously the Council approved the expenditure of \$10,000 in the Fire Department for Maintenance and Repair of Equipment and Building by using the de-mutualization insurance funds the remaining amount went into the General Fund to reduce the levy. The revenue has to be adjusted to reflect this expenditure. Rettmer thought the amount would reduce the budget. Spencer explained that we are actually reducing the cash balance, meaning the money was received this year and it will be expended next year, therefore the cash balance will be decreased. The remaining \$85,000 of the de-mutualization funds was used as a gift to the Liquor Store and leaving a balance of \$4,780 that was put in the General Fund to reduce the levy.

Peterson asked if the \$3,000 reduction because of black dirt and gravel, if this would reduce expenses. Koopman said it would and is reflected in the budget. Stobb said under the Street department there was a reduction of \$18,424 and wondered if that was because of changes the employees have made in their health insurance. Koopman said there were employees that went with single coverage versus family. Stobb asked if funds are going to be available to demolish the Schaeffer house next year. Koopman said once the transfer for 2007 is made plus what is anticipated for 2008, there should be about \$50,000 available for removal of dilapidated buildings. That will include the Schaeffer house as well as two on Morgan Street. Koopman said a plan needs to be developed to determine the most cost effective method of demolishing buildings. She noted that the city has to take a more proactive approach to remove the dilapidated and hazardous buildings.

Stobb asked if, Other Financial Use Fund in the amount of \$15,000 remains at the end of the year, would that carry over into next year and then could we reduce the levy by that amount. Koopman said if they get to the final adoption of the budget, they could look at reducing the budget by the amount that amount remains in the fund. The disadvantage of doing that you are "playing a game" because that exposure will still be there next year and if you use that fund to reduce the levy, the expenses are still going to remain the following year and there could possibly be an increase in levy

if the \$15,000 is used. This fund is used for unexpected expenses that come up during the year that are not budgeted for. Spencer said the Street Department Contractual Services may not come within budget as what is in there does not include tree removal. There were also the lawyer fees for the Hohler situation. Stobb asked if there will be other funds where there will be money left at the end of the year that could be applied in the General Fund for next year. Spencer explained the reason for the separation of funds is dedicated money and debt service funds are for designated purposes and there is nothing that can be done with those funds. Unless more money is donated back from the Liquor Store, that can be put back in the General Fund to lower taxes. The Enterprise Funds have to be maintained in the black. Spencer said the one thing that has been emphasized is the declining balance in the General Fund. It has gradually been going down and none of those monies get replenished. That is because there has been that eagerness to spend it. The Council has to maintain better control over spending. If an item is not budgeted for you may have to delay the expenditure. Spencer said the \$15,000 looks good on paper but the whole General Fund has to be looked at. If the Police Department or Street Department is going to be over by \$15,000, that money has to come from somewhere, otherwise the balance declines again. Koopman said a report could be prepared by the last meeting in November to show where all the funds are standing and decide at that time what the best strategy would be. Spencer said the biggest share of the City's revenues do not come in until the last ten days of the year. Another unknown is the insurance dividend that is received at the end of the year.

Peterson asked if there has been anything received back on the Ambulance Service position on the contract. Koopman said she had talked with DeSchepper and he indicated he wanted to talk with Jim Garvin again and she feels the Ambulance Service still has issues as far as what the Council is specifically asking them for. Koopman also asked the Council for direction in releasing the 2007 appropriation for ambulance service. She wanted to know if the Council wanted an agreement in place before it is released. Peterson said that he has gathered more information on that subject and the common thread is that the organization has omitted substantially all of disclosures required by generally accepted accounting principles. Peterson said he has an issue with giving tax funds to any organization that will not be upfront with their accountants. Rettmer felt the contract they were proposing was to replace the non-existing contract and feels it would go into effect immediately once the contract is signed by both parties and would put it into effect yet in 2007. She still does not understand what the problem is with a simple financial statement. Why do they have to check with the lawyer about providing the City with a financial statement? Rettmer feels the Board of Directors should be contacted to request financial statements. Spencer says that the disclosure that Peterson referenced is standard verbiage on any financial report. It is basically a way for the accountants to cover themselves and when every accounting standard is not followed, the Board of Accountants will put that disclaimer in there. Stobb said that the IRS and the federal authorities would have to be receiving the needed information for the ambulance service to maintain their non-profit status. Chukuske had the understanding the contract was going to be signed with the changes that were made and the payment would be made. Koopman said she had talked with DeSchepper right after the meeting when the motion was made and he told her they wanted to talk with Jim Garvin before a decision was made. She had suggested that if he wanted clarification, it would be best to come before the Council and have the Council tell him what was specifically asked for. No mention of dates was made when the motion was passed. Mayor Ferrazzano feels that by not giving them a payment would be an incentive for them to sign the contract and if it is in the works, then it will not be that long off. Motion by Chukuske to pay the obligation for 2007 to the Ambulance Service. Motion dies for lack of second. Motion by Peterson, seconded by Stobb to pay the 2007 obligation when the contract is signed. All voted in favor of the motion.

Martin asked why the City is not charging the utility rates for the usage of the Veteran's Memorial Center. Stobb said that part of the reason; we are currently charging the school \$12,000 is that it is double the amount that they were paying in the past. The School district was previously paying \$6,000 per year. Martin asked if there were any other opportunities that could bring in revenue for the gym. Chukuske said the utilities have to be on and the City is fortunate to get what they are getting. Koopman said the recommendation does include a \$2,000 increase in the gym rental fees and if it is to be kept at \$12,000, this will have to be reflected accordingly in the budget. The present agreement expires in July 2008. The school does not pay any of the janitorial fees. Mayor Ferrazzano does not see any problems with a \$2,000 increase considering the cost of energy and would have to be negotiated in the contract. Koopman was hoping to meet with Mr. Marlette soon

to set the groundwork for future negotiations. Spencer said that other rentals through the end of October 2007 are \$1,835 beyond what the school has paid. Peterson is in favor of charging a janitorial fee on top of the rental and does not have to be a large amount, but something to help make up the difference. Koopman said there is no official advertising of the facility. Stobb feels that more should be done to promote the building. Koopman said it is not the intention to make money off of the school district, but feels that they should try to break even or come as close to breaking even as they can. Koopman said since it is a city owned facility; the EDA should be responsible for marketing. Koopman suggested that Rettmer and Snyder could possibly present it at the EDA meeting for discussion.

Peterson asked about Department 414, Page 4 of the Expenditures. Koopman said the \$5,000 is intended to be "seed money" for the paint program that is being proposed in coordination with the maintenance code. Peterson objected to using tax payer's money to enforce the code. Koopman said the plan was to work with ACE Hardware and Midwest Supply and they would match what the City would provide. Stobb said the Planning Commission knew there was going to be a cost with this project. Peterson does not feel it is right for the tax payers to take care of the places and pay for someone who is not maintaining their property. He does not feel it is a function of the city government. Koopman said this was intended to be seed money and if it is matched by ACE and Midwest we would have \$10,000 and that would provide a large amount of paint. She said the problem with individuals not maintaining their property is that the neighbors that surround this piece of property are the ones that are being penalized, not the owner who is negligent. Peterson said there are service organizations that could help with this project. Koopman said that Western Community Action used to have a lot more programs, than what they currently have and she had asked them to provide her with a list. Peterson does not feel that it makes a lot of sense that when it is time to tighten the budget, to turn around and find another pot to put money into. He feels this money could be used for other things that are needed for the City. Mayor Ferrazzano stated his opinion is that one of the functions of the Council is to improve the town and if that could be done with spending as little as \$5,000, it should be done. Martin feels that someone needs to take leadership. Snyder feels they need to take a proactive approach and if they do not use the \$5,000 to take care of these properties, then \$50,000 is needed to demolish these properties that no one takes care of. Mayor Ferrazzano said that out of this \$5,000 investment they could get more people to move to the city because the properties do not look so bad and do not see the financial impact having a decent looking town would have. Peterson said a lower tax base would draw more people to town than having every house painted. Martin feels the \$5,000 is an investment in the quality of life in Tracy and will pay back, maybe not on the balance sheet, but with people moving in and keeping Tracy looking nice. Mayor Ferrazzano stated the Council has not been proactive enough and a \$5,000 expenditures is a cheap investment.

Stobb asked if they are trying to save the tax payers money, why was \$85,000 taken from the General Fund and gifted to the Liquor Store. That money could have been used for the infrastructure that needs help or lowering the taxes for the residents. Peterson said the Enterprise Fund needs to be in the black at the end of the year and the money would have had to come from somewhere. Stobb asked if they know that the Liquor Store is not going to be in the black. Peterson commented the Liquor Store is an Enterprise Fund that money can be taken from there if there is a profit. Why sit with a balance running in the red for four months, betting if they are going to make enough money or not when money has been sitting there. Snyder felt that Stobb made a good point, it did not have to be a gift, and it could have been a loan. Stobb said part of it could have been a loan to take care of some of the other problems. Stobb said he did not make the motion and cannot bring up a motion to do something different, but wish that someone else would. Rettmer does not understand the difference if they are gifting the money or if it would have been a loan. Stobb wanted them to borrow \$15,000 to \$20,000 of that from the Equipment Replacement Fund where it was originally going to come from. They could take an amount of time to pay it back. Rettmer said she does not understand his pension for borrowing money. If the cash is in hand, why would you borrow the money? Stobb said because the cash at hand may have a better use than to pay for part of a liquor store patio. This could be applied to individual's taxes. Not every resident in town uses the patio and drink beer. Rettmer does not feel that he should bring up the patio, because the Council voted on that to be installed to help and provide revenue. Stobb said that he hopes it does increase revenue. Rettmer said that the "patio" cannot be blamed for the liquor store being in the red. Stobb commented that from the beginning, with the exception of the demolition of the building that was

there, the liquor store was going to pay off this expense and then because there was a \$99,000 insurance check and it got wiped clean. Peterson said he was under the impression of the same thing Stobb is saying, but Spencer said that Enterprise Fund was operating in the red, that is when Peterson said they should do something and take care of it. Any business needs operating capital and cannot run in the red and no money can be taken out of the liquor store if they are not making any money. Stobb said he wished he had a rich uncle like that so he would not have to borrow it. Peterson said the money was the City's money and why would you want to charge yourself interest. Stobb said he understands it is the City's money, but why can't some of that money be used to pay for some of next year's expenses that the City will have so the City will not have to charge the taxpayers for it. Mayor Ferrazzano said that one thing that could be looked at would be to increase the transfers out of the liquor store in the coming years, more or less paying back their loan even if there is no loan. It doesn't make sense to him to have a city entity paying off a loan to ourselves. Peterson said that the thing the Council has the most control over is the General Fund. This has been on a downhill slide for several years now. Mayor Ferrazzano asked if this coincides with receiving less LGA, so not entirely because of the expenditures. Spencer said that when the balance declines and when you have \$500,000 here and there is a \$1 million budget the next year with \$1 million going out and \$1 million coming in, those expenditures have to exceed the revenues for that \$500,000 to go down. There is no other way to get around it, there is overspending. An example would be the new sirens that were a one time shot that cost \$26,000 and it was chosen to spend down that balance. This cannot continue to happen year after year as it will catch up with you in the end.

Snyder asked if the Aquatic Center operations report is ready yet. Spencer said the he can have that ready by the next Council meeting, November 13 as the only thing that has not been paid yet is the sales tax. Spencer said that it is going to be very close to the amount that was budgeted for 2007.

Koopman said the question that needs to be addressed is that the recommended revisions results in an overall levy increase of 7.5%. Mayor Ferrazzano said that to lower it any further would result in cutting services and he is not in favor of that.

Stobb said they are scheduled to hire another public works employee, could that be delayed. Koopman said that right now, they are down two employees. Robinson will be presenting in his monthly report, to speed up the process and hire someone before the end of the year, because of the shortage of two employees.

Snyder asked if the Senior Center was planning any major repairs on the building. Koopman said they are planning to repair the roof.

Koopman said it is a problem for a City this size to come up with innovated ways to generate extra revenue.

Motion by Peterson, seconded by Chukuske to adjourn at 7:40 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**November 13, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, November 13, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Absent was B. Chukuske. Also present were A. Koopman, City Administrator and F. Nielsen, City Attorney.

Motion by Stobb, seconded by Rettmer to approve the minutes for October 22 and 29, and November 7, 2007 as presented. All voted in favor of the motion.

A deletion to the agenda was 4-A. Review and consider bid for Wheel Loader will be discussed at the next Council meeting on November 26, 2007. Additions to the agenda included: 6B. – Plumbing license for Parker Plumbing and Heating; 8F. – Resolution approving increased pledged securities from State Farm Bank; 10B. – AFSCME Union Contract and 6C. – 3.2 malt liquor license for Betty's Kitchen. Motion by Rettmer, seconded by Peterson to approve the agenda as revised. All voted in favor of the motion.

Shauna Davis representative from the Tracy Women of Today, requested permission to sponsor the Jose Cole Circus at the Veteran's Memorial Center. Jose Cole has owned his circus business for the past 30 years and prior to that had worked for the circus for 25 years. She said that proof of insurance would be provided on a \$2 million dollar policy including the City of Tracy as additional insured. The circus would provide a thick mat to place over the flooring to protect the floor from the animals and the circus equipment. The circus will be held on March 16, 2008. Davis had received a list of requirements and has discussed this with Bruce Rhykus, custodian for the VMC. Jose Cole will be providing concessions and the Women of Today will be responsible for tickets sales. The profit from the circus will go towards programs that the Women of Today will sponsor. Davis also requested that one-half the rental fee be waived. Motion by Snyder, seconded by Stobb to approve the request from the Tracy Women of Today to sponsor the Jose Cole Circus at the VMC and waive one-half of the rental fee. All voted in favor of the motion.

Head Librarian Verdeck said that a new drop box has been ordered and should be installed in two to three weeks. Plum Creek will be installing a new software system for the library and should be up and running by the end of November.

Radke said the patio furniture has been put away for the winter and is being stored in the basement of the fire hall. Radke said that two of the umbrellas have been stolen. It is not known at this time what effect the smoking ban will have on business at the liquor store.

Gervais said he attended the SW Initiative banquet in Marshall and a mini-documentary was shown highlighting Tracy Kid's World and the importance of child care in this area. Groundbreaking for the Tracy Kid's World was held on November 9. He has been discussing ideas for housing in Tracy and the possibility of procuring funds to clean up properties in the City with Rick Goodman from SWMHP. There has been 150 contacts for the nine owner occupied opportunities for the CDBG funds. Rental goal was eight with four approvals and 35 contacts for those spots. Bids have been let for contractors to do projects that can be done in the winter. Gervais has been working with Georgia Hansen on loans for Betty's Kitchen. Gervais said there will be work done on work force recruitment and at this time SW Minnesota has suffered from the reduction in the labor force. There are many quality jobs in this area. Canadian Pacific Railroad continues to work on the purchase of the DM&E. Gervais took part in a conference call regarding the buyout and many of the current employees will continue to work for railroad after the merger.

Peterson asked Gervais, "Did you buy a new car lately?" Gervais answered, "Yes, I did." Peterson asked "locally?" Gervais, "Nope". Peterson, "May I ask why?" Gervais, "Sure, if you would like to talk after the meeting." Peterson, "The reason I bring it up, and I don't care where you buy it, it does not matter to me, but the reason I bring up and tell you a little story of why I am bringing it up. It has nothing to do with or where I work, so you can eliminate that. Back in 1990 my in-laws drove down to Oklahoma to visit us and they piled up their truck. He ran a small business in Granite Falls at the time. He drove around where I was in Oklahoma and found a truck that he wanted and called

back to the local dealership and bought the truck through him from Oklahoma. It is a credibility thing is why I am bringing it up. You do what you want to do, I don't care. I don't think you are supporting the community or the local portion of the state when you go all the way across state to buy a product. That is all I am going to say. Do what you want." Stobb said, "I don't think that's fair to single out one person like that with one incident, I don't think that is fair at all." Snyder added, "I have to agree with that." Gervais responded, "If I can respond, Tony, ya I am the Economic Development Director. I don't think this is the proper place for you to ask what I do on my own time with my own money, at a meeting. If you want to speak about it afterwards, I would be more than happy to." Peterson said, "the only reason, I don't mean to offend anybody and if they are offended it really does not bother me. Your money is from the taxpayers and I am representing the taxpayers. It was brought up and I do not believe in letting rumors go, bring it up, air it out and be done with it." Gervais said, "if you feel this is the proper venue to do that, so be it. I don't believe it is. But I would be more than happy to talk to you after the meeting. Any other questions?" Mayor Ferrazzano answered, "no."

Police Chief Hillger asked for any questions regarding the monthly activity report. Officer Vaith has resigned from the department and will be returning to Owatonna. Isaac Wahl has been selected from the eligibility list and will be starting employment in the first part of December.

Robinson said the Public Works Department has been struggling with work force at this time and would like to start the hiring process as soon as possible and possibly put the new hire on staff before the first of the year. Licensed Wastewater Operator Alan Schultz had back surgery in October and will be out for an undetermined time and the department is already short one position. Robinson and Garrels have been performing the water-wastewater duties. The new position would be:

Class Title: "Public Works Laborer" a Union position at approximately 35hrs/week.

"Certified Building Inspector" a Non-Union position at approximately 5 hrs/week.

This would give the City the opportunity to have a new hire work with and under Garrels to accumulate credit hours and write the license of "Limited Building Inspector" after one year and eventually "Certified Building Inspector". Garrels currently works under this situation of two Class Titles. Robinson said he has no answer for funding this position before the first of the year. Koopman said this issue has become difficult because of the work load for the Public Works department. Funds could come from the Other Financial use fund. Motion by Snyder, seconded by Rettmer to authorize the opening of the application process for the Public Works Laborer/Certified Building Inspector position. All voted in favor of the motion.

The construction of Tracy Kid's World is moving forward and they are happy the water main work has been completed. A request for quotes to install the Tracy Kid's world water main extension was given to three local contractors, G&H, Heartland Mechanical and Cooreman Construction. The only quote returned was from Cooreman construction for \$12,200. This project was done on November 9 as this was a day of no school.

A 12-inch water main gate valve has broken in the closed position at the intersection of Pine Street and South 4<sup>th</sup> Street. This is the main feed to both schools and was causing problems at the schools due to low pressure. This valve was replaced on November 9 also because this was a day of no school. There are presently 40 valves in the city that do not work or are snapped off and have not been fixed due to the denial of the valve program by the City Council.

The Public Works Department has been performing fall spraying for noxious weeds, grading of gravel roadways, placed mix in settled areas on Morgan Street and dormant seeding where needed. Monuments at the cemetery were moved to facilitate grinding out tree roots. The setbacks from the centerline of the runway at the airport are at the required 250 feet. This is a loss of 8.25 acres or \$990 in rent. They are in the process of repairing two door closers at the airport hangars. There have been some problems with the quotes received on the front end loader so this will be discussed at the next Council meeting.

Koopman said October was a busy month and primarily consisted of meetings and three assessment hearings. A large share of her time was spent compiling final cost estimates and working with the

engineers to prepare the final assessment roll for the 4<sup>th</sup> Street East/State Street Project, Groundwater Interceptor Project and the Greenwood Storm Sewer Project. During the month of November her focus will be on updating personnel records, certifying assessments for collection to the County Auditor and finalizing the 2008 budget. Mayor Ferrazzano asked when the Welcome to Tracy sign will be completed. Koopman said she has talked with Eugene Hook and he said DeSmet is still busy at his welding business and as soon as he is finished with the harvest season work, he will get this completed.

Motion by Peterson, seconded by Stobb to approve a plumber's license for Parker Plumbing and Heating contingent on completion of paperwork and payment of fees. All voted in favor of the motion.

Motion by Peterson, seconded by Snyder to approve an Off/On Sale 3.2 Non-intoxicating Beverage license to Betty's Kitchen contingent on completion of paperwork and payment of fees. All voted in favor of the motion.

Motion by Peterson, seconded by Stobb to adopt a resolution approving a gambling license for the Tracy Eagles Club. All voted in favor of the motion. (Res. No. 2007-55)

Motion by Peterson, seconded by Snyder to adopt a resolution approving a gambling license for the American Legion Post 173 for Betty's Kitchen and the Municipal Liquor Store. All voted in favor of the motion. (Res. No. 2007-56)

Motion by Stobb, seconded by Snyder to adopt a resolution establishing a fair housing plan of action for the City of Tracy, Minnesota. All voted in favor of the motion. (Res. No. 2007-57)

Motion by Peterson, seconded by Stobb to adopt a resolution adopting the residential anti-displacement and relocation assistance plan. All voted in favor of the motion. (Res. No. 2007-58)

A resolution closing the Sidewalk fund and transferring the remaining balance was discussed. It was the consensus of the Council to leave the funds in the Sidewalk Fund for future use if needed when the street light project is done.

Motion by Peterson, seconded by Stobb to adopt a resolution approving increase in pledged securities at State Farm Bank. All voted in favor of the motion. (Res. No. 2007-59)

The Consent Calendar included: Hospital Advisory Board minutes for September 19, 2007, Municipal Accounts Payable, Multi-Purpose Center minutes for September 24 and October 23, 2007 and Firemen's Relief Association minutes for October 1, 2007. Peterson asked for clarification of the following items on the Accounts Payable.

- Check 43961 Coffee on Third - \$10.65 This was budgeted in Travel, Schools/Conferences.  
This was for a mandatory Sexual Harassment meeting that employees attended
- Check 73975 Lavoy's Repair - \$88.24 & \$33.15 Repair of tires on mower and salt truck
- Check 43977 League Ins. Trust - \$250 Pool incident – some stepped wrong on edge of pool, broke their ankle.
- Check 43980 MN West Bank – NSF check charges, 6 from Liquor Store, 1 Motor Vehicle, 1 Swift Lake Park, 2 City for water bills. These are bank charges that we cannot do anything about.
- Check 43985 Praxair Dist. - \$20.18 Oxygen/acetylene for shop torches
- Check 43989 SW Initiative - \$20.00 Banquet Fee for Annual Fall Banquet Gervais attended
- Check 43992 Food Pride - \$5.30 Distilled water for in house water testing for the Water Plant
- Check 43993 Tracy Medical Center - \$46.00 DUI testing Police Department
- Check 44008 Petty Cash - \$48.75 Express Mailings to State Farm Bank, Ehlers & Assoc.
- Check 44032 City of Tracy - \$2,749.05 Copy machine counts taken yearly and charged out to each dept and then receipted into equipment maint. Hohler flex.
- Check 44036 Dakota Supply Group - \$11,276.08 Kid's World supplies for water main
- Check 44038 Davis Typewriter - \$1,325.92 Bulk reams of paper. Buy bulk yearly.
- Check 44048 Hanson Const. - \$35.00 Disc mowing of Cemetery – NE section weed trimming

- Check 44049 Hoffman Filter Svc. - \$50 Recycle oil filters  
 Check 44055 MII Life - \$49 VEBA participant fee \$2.45 per employee for deposit of VEBA funds  
 Check 44063 Southwest Concrete - \$669.25 Cement to anchor water main to be deducted from Border States contract.  
 Check 44077 Mina Atkins - \$25 Hillger uniform allowance, show on patches  
 Check 44084 Davis Typewriter - \$44.91 Reams of paper, same as #44038, just separate inv.  
 Check 44085 Denny's Napa - \$5.00 Finance charge  
 Check 44098 Tracy Bakery - \$22.20 Budgeted from Travel/School/Conferences. Mandatory Employee training on Sexual Harassment  
 Check 44099 Food Pride - \$6.24 Distilled water for in-house water testing at Water Plant

Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

An agreement has been reached with the AFSCME Union that includes the following:

Agree to develop joint language for part-time employees reflecting 30 hours or less  
 Group health insurance is capped at \$367 for single and \$1,200 for family. Language detailing the dollar contribution into VEBA Plan will be included in the agreement. The City will pay 100% of the premium for life and disability due to the rate being based on age.  
 Uniform allowance for Street, Parks and Utilities was increased \$25.00 to a total of \$275  
 Wage increase of 3.3% for 2008  
 Wage increase of 3% for 2009  
 Two year agreement for 2008 and 2009

Motion by Stobb, seconded by Martin to approve the AFSCME union contract as outlined above. All voted in favor of the motion.

Peterson said he has been approached by the public with complaints of barking dogs. He said that no citations have been issued for these incidents. Koopman said that the owners are responsible for control of their pets and if not, they should be cited. Peterson said it seems that the complaints are not resolved and there is no follow up by the police department of these complaints. Koopman will discuss this issue with Chief Hillger.

Rettmer said she has not researched any ordinances or charters but is questioning if she can remove her sidewalk due to deterioration. Koopman said there is an ordinance that does regulate if a sidewalk can be removed or not. Rettmer asked if there was any program that the City would share in the cost for her to have it repaired/replaced. Robinson said there is no funding available at this time and it would have to be done at her expense, unless the Council would approve to use what remains in the Sidewalk Fund.

Motion by Stobb, seconded by Peterson to adjourn the meeting at 7:40 p.m. All voted in favor of the motion.

ATTEST:

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City Administrator

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Mayor

**November 26, 2007**

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 26, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Also present were A. Koopman, City Administrator and F. Nielsen, City Attorney.

Motion by Peterson, seconded by Rettmer to approve the minutes for November 13, 2007 as presented. All voted in favor of the motion.

Additions to the agenda included: 4-C Fire Department Grant and 8-B a resolution approving transfer of funds. Chukuske would like to add 10-B Ambulance Contract. Motion by Rettmer, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Rick Nordahl, CEO of Sanford Tracy Medical Center told the Council that an opportunity has come up in the past week that he felt should be brought to the Council as soon as possible as it affects how the medical center delivers service in the CT department. Currently the center has a mobile system that has been owned for three years and the three years prior to that, we were serviced by mobile CT for ten years. They had budgeted to upgrade that machine next year from a single slice to a 4-slice and the transfer of the machine in and out would be about a \$15,000 expense. The provider for the machine, GE, has told them that instead of a \$15,000 in and out charge; it is a \$100,000 in and out charge plus another \$35,000 a year for a maintenance fee. They have debated if it would make sense to put another \$100,000 into a tractor-trailer rig to provide the 4-slice or look at the opportunity to put the machine in-house. It can be done in-house more effectively for the patients and make it a permanent structure in the building. Nordahl had discussed this with the Hospital Board last week and they unanimously approved that the City Council should be asked for funding for the remodel of the ambulance garage to accommodate the in-house CT unit. Nordahl has contacted the architects, Harty Elving. The estimated cost of the remodel is about \$230,000. The way the current lease is structured, that is about \$11,000 a year that is paid to the City for the upgrade based on the depreciation schedule. Nordahl indicated there are funds available in the Hospital Improvement Fund and in order to make it happen, instead of waiting for the architect's estimate, knowing that it is about \$230,000, he wanted to get started on this right away, as this is the first step in the process to see if the project will move forward or look at alternatives. Nordahl is asking for approval from the City Council to go ahead and engage the architect on the basis that it is a \$230,000 project and move that forward so Sanford can approve the capital expenditure in this fiscal year versus next fiscal year. Nordahl said that the ambulance garage has been allocated for CT and it would be further down the road than when it is going to happen. Sanford Tracy Medical Center had an opportunity to write a capital improvement grant to the State of Minnesota for \$125,000 and is hoping to receive that to fund part of this project. Snyder asked what type of machine they would be hoping to install. Nordahl indicated it would be a GE 4-slice. At this time they have a negotiating contract with GE for the 4-slice right and before the unit is installed, he will check the contract to see if there is an opportunity for 16-slice. This is the amount of slices through the body in a certain amount of time and space. Nordahl said the present one slice unit does not allow testing that the radiologists use to read a single slice on. As technology has grown the radiologist refuse to read one slice and they need to be sent out for reading. Four slice gives more detail as it moves through body. Peterson asked how close they felt they were with the \$230,000. Nordahl said the quote was from GE for the \$15,000 and when they came out with the 4-slice unit GE said they do not want to put one-slice in a mobile unit anymore and jumped the price to make sure that no one would want to trade it out. Nordahl feels that the \$230,000 may be a little high, but did not know for sure and will have a better idea when he talks to the architects on Friday. The \$230,000 is the remodel and the machine is a lease agreement and that would be \$56,000 that is paid on the lease each year. The \$230,000 cost would also depend on what utilities would be needed for this unit. Nielsen asked what size space they would end up with this remodeling. Nordahl said it would be a 25x30 space with room for the unit and control station. Peterson asked how this would affect ambulance arrivals and departures. Nordahl feels it will make it easier as they plan to take out the overhead door and put in a double sliding glass door and another sliding glass door so it is an automatic entry. As they move forward, they will put a canopy over the entrance area. Motion by Stobb, seconded by

Chukuske to approve the request to remodel the ambulance garage at a cost not to exceed \$230,000. All voted in favor of the motion.

Shorty Engel reviewed the Profit/Loss Compared Statement 2006-2007 for the Tracy Aquatic Center. Cost to heat the mechanical room during the winter will cost approximately \$2,600. This could possibly be eliminated as the mechanical room as been winterized. There were \$2,000 of one time expenses that will not have to be repeated such as repair of the umbrellas and a system that allowed flushing of all the systems at the beginning of each season. It has been decided by the Pool Committee to have only two sessions of swimming lessons for 2008 instead of the three sessions done in 2007. There would be a savings of \$1,730 if one lifeguard position was eliminated. They have discussed raising the fees. The gas was shut off September 1, but there still was a high gas bill in October. There is concern that there may be a problem with the meter and this will be investigated. Engel said the pool was open 86 days and closed seven days. There were 12 days in August that were cooler than normal which affected the number of persons using the Aquatic Center. Engel said the current fees are:

Family Non-resident	1-4 people	\$165
	5-8 people	\$185
	8+ people	\$205
Single Non-resident		\$110
Family Resident	1-4 people	\$110
	5-8 people	\$130
	8+ people	\$150
Single Resident		\$ 65

Stobb felt that it is important to find solutions to raising the revenues. Chukuske asked if they know how other centers in the region operate. Koopman said the City of Slayton subsidizes their Aquatic Center to keep rates lower and she will check as to how much they subsidize. Their investment is not as large and they do not have as many play amenities as the Tracy Aquatic Center. Chukuske asked if there were any downsides to turning off the heat in the mechanical room. Robinson said this will not be known until they try it. Everything is winterized and drained at this time but the ceiling of the mechanical room is unheated. Robinson said it is unknown how the cold would affect the computerized components and filters. He will research the options of heating versus insulation of the mechanical room and will report back to the Council. Stobb asked if there were any other options of heating this room. Stobb did not feel that cutting a life guard would be a good decision as attendance for next season is unknown. Peterson felt it would work until the attendance increases. Mayor Ferrazzano felt this was not a long term answer and once the report is back regarding the heating issue the lifeguard issue will be discussed again.

Fire Chief Dale Johnson III said the skid unit is due to be replaced in 2008 and the cost was expected to be about \$12,500. There was a grant applied for through the DNR and the Tracy Fire Department has received \$5,000 through this grant. Johnson called the supplier and they have a demo unit at a cost of \$10,500. The funds received from the grant have to be spent by January 1, 2008. The balance of \$5,500 would be paid from the Equipment Replacement Fund. Motion by Snyder, seconded by Chukuske to approve the purchase of the new skid unit. All voted in favor of the motion.

Johnson was not at the last Council meeting as he was attending a drill. He said the Department got to within \$800 of their grant and received a check from TransCanada Pipeline for \$5,000 last week and will be ordering the air bags. The truck sent to have the pump rebuilt had an estimate of \$4,000 to \$6,000 and the truck came back with a bill of \$10,041.65. The fiscal year for the fire department runs from November 1 to November 1, ended with 48 fires. Between fires, training and meetings it came to 3,182 man hours. Johnson had a discussion with Koopman today, he is wondering if they could set an hourly rate for the firemen for this year's hours that were put in. The process used before was there were x number of dollars in for wages and then there is another account for Travel, Conference and Schools. The Travel, Conference and Schools account is the account where the money is taken to pay Mn West Technical College or to pay to have someone come in and conduct

an anhydrous demonstration. At that the end of the year, the funds that remain in that account go into paying the firemen to go to those schools. It is \$1,100 to send someone to firefighter school and after three people attend, that leaves \$200 in that account and there are approximately 300 hours to attend and divide that by \$200, they are getting paid \$.75 to \$.80 an hour to go to school. Johnson is looking for an answer to motivate individuals to go to the schools and also compensate them for leaving their regular employment to attend these schools. Koopman said what was suggested is to use the amount remaining in Travel, Conference and Schools and the amount budgeted in wages and divide by the number of training and fire hours. That way each fireman would receive an equal hourly rate for training and fires. Motion by Peterson, seconded by Chukuske to pay the members as Johnson has explained. All voted in favor of the motion.

Johnson said the parking lot at the fire hall was completely dug out, filled back in and put in curb. This \$3,000 to \$4,000 project ended up costing approximately \$9,000. They ended up with about three times more debris that needed to be hauled out and had to bring in more fill. They had planned on removing one or two sections of the curb and ended up taking out the curb from the food shelf to the road. The company that did the bank parking lot and the 4<sup>th</sup> Street East project were in town and they were lined up to take care of the fire hall also to prevent water from running into the bank.

Robinson said that at the last meeting the award of the bid on the wheel loader was delayed because they had realized the Caterpillar had changed the way their machine was configured. It was a safety concern as Caterpillar has gone to a single boom on the front instead of two arms that raise the bucket up. Schroeder was sent to look at it and run it to make sure there were no concerns. They are the low bid and the Public Works Department is satisfied with the operation of the machine. Bids included:

Titan Machinery	Wheel Loader	\$99,831.00
	Trade-In	\$25,000.00
	Sales Tax	\$ 4,864.00
	TOTAL	\$79,695.00
Ziegler	Wheel Loader	\$97,799.00
	Trade-In	\$25,500.00
	Sales Tax	\$ 4,699.44
	TOTAL	\$76,998.44
RDO	2008 JD 444J	\$103,000.00
	Trade-In	\$ 29,000.00
	Sales Tax	\$ 4,810.00
	TOTAL	\$ 78,810.00

Robinson recommends that they accept the bid from Ziegler Caterpillar in the amount of \$76,998.44. A total of \$108,000 was budgeted for this machine in the Capital Improvement Budget. Motion by Martin, seconded by Stobb to accept the bid from Ziegler Caterpillar in Marshall. All voted in favor of the motion.

Stobb said that at the assessment hearing for the Greenwood Storm Sewer Project, Steve Robinson had assured them there would not be water standing for a length of time and it seems the grading has been done, seeding done and there is water standing on the Central Livestock property. R. Robinson explained there is no established turf on the banks at this time and when rain or moisture is received, silt is washed into the ditch. As it moves east, it slows up on the other end and this holds the water back. They are holding \$35,000 back from the payment to States Border Construction until the turf is established by the contractor. There will still be this same problem in the spring. The contractors and engineers are aware of this and the money will be held back until the turf is established and there is no erosion problem. Robinson said the ditch is somewhat flat and it was designed that way and re-grading this will not remedy the problem. Motion by Stobb, seconded by Snyder to adopt a resolution approving payment to States Border Construction, Inc. in the amount of \$38,642.57 for work completed on the Greenwood Storm Sewer Project. All voted in favor of the motion. (Res. No. 2007-60)

Motion by Stobb, seconded by Peterson to adopt a resolution approving transfer of funds in the amount of \$1,272,731.20. All voted in favor of the motion. (Res. No. 2007-61)

The Consent Calendar included: Economic Development Authority minutes for October 11 and November 2, 2007, Municipal Accounts Payable and Monthly Financial Report for October. Peterson asked if the \$2,100 for heating of the AquaPower building, was in the original or in addition to what they have already spent there. Snyder said it was in addition to what was already spent there but was included in the original agreement. Peterson asked what fund that would come out of. Koopman said she would check but assumes it came from the Reserve fund. Motion by Stobb, seconded by Chukuske to approve the Consent Calendar. All voted in favor of the motion.

Peterson said he has gone through the budget in an attempt to identify ways to reduce expenditures without any loss of services or creating any unnecessary expenses. If adopted, these revisions would increase the levy by only 4.4% instead of the 7.5% that is currently projected for 2008. He said it does not look like a lot singly, but collectively it is a lot. Koopman said she reviewed his memo and submitted the following comments:

Page 3 E101-413-201 office supplies – reduce by \$100.00. She said, that would be fine if it is not there, it cannot be bought.

E101-413-291 Sub, memberships & contracts reduce by \$263. She explained that the reason it was increased by \$263 is that the membership fee with Mn. Assoc. of Small Cities increased \$193 and the League’s dues increased by \$70 which equals the \$263. Koopman said memberships to both organizations are really needed. The remaining amount in this line item includes \$50 for Mn Counties Ins. Trust. They provide drug testing, \$190 for International Institute for Municipal Clerks, which is an organization that is utilized for different information and \$1,183 is fees for Mn. Assoc. of Small Cities, Mn Clerk and Finance Officers membership for Koopman and Spencer for \$70, League Dues of \$1,933. These fees come to the total of \$3,426.

E101-413-331 Miscellaneous – reduce by \$100. Koopman explained the reason Miscellaneous does appear is sometimes there is really nothing that certain items can coded under. An example would be the suggested \$300 decrease for the Police Department which is blood testing for DUI. That does not fall under any other category in the chart of accounts so it is put under miscellaneous. Bullet proof vests are also purchased for new officers, which the City is required by law to do. Peterson asked if that would be Equipment Replacement. Koopman said that it is not replacement of equipment, it is a piece of merchandise that goes directly to that individual. Mayor Ferrazzano asked if there was the option of taking the blood testing for DUI to Marshall as there is no fee for that. Koopman said the expense would be the officer’s time.

Page 4 E101-414-331 Miscellaneous – reduce by \$4000. Koopman said this is the \$5000 budgeted for paint for the “seed money” needed for the painting program that they hope to get implement this year in coordination with the Maintenance Code enforcement. The survey has been done by Western Community Action and properties identified. The Planning Commission is in the process of developing a letter to send out to the identified properties and in the letter listing what programs are available to assist the property owners. Chukuske said this had been addressed previously and voted on. Peterson said this would not be eliminating the program and he thought there was suppose to be a committee set up as discussed at the public hearing. He said this is a “seed” or start and how to you determine that \$5000 is what is needed. Koopman said the \$5000 was to be used as “seed” money to be matched by Midwest Supply and Ace Hardware. The survey identifies the properties and an attempt would be made to get as many done as possible with cooperation of the owners. A committee was discussed at one time, but later on the Council voted to hire WCA versus using a committee. Peterson understood the committee was to act upon those recommendations as he remembers it from the

public hearing. Peterson said he would like to see the report from WCA to see what properties were identified. Stobb said the Planning Commission has received this report and had decided that it would become too political if people from Tracy were making judgments on other people in Tracy. Peterson feels that it would be easier to solicit matching funds at a \$1000 than it is for \$5000. Average cost for paint is \$20/gallon. That would be 150 gallons of paint that can do quite a few homes. Rettmer asked how many properties were identified. Koopman does not know exactly how many were identified, and she estimates the number to be greater than 50 properties. Mayor Ferrazzano said this it has been voted on and the money should stay there and the administration of that money is a separate issue. Peterson feels this is putting the “cart before the horse.”

- Page 5 E101-415-321 – reduce by \$1000 the same as 2007. Koopman said this is in relation to the assessor, Orlin Bruss. He had sent her a letter in July asking for a raise and this was not actually voted on, but historically this is what happens and he does it for a two year period and then submits a request for an additional amount. He states that due to increase in costs of insurance and travel expenses, he is increasing the assessment contract for 2008-2009. Koopman said this is an unique situation because a certified assessor is needed to determine the assessed value of properties. The City has contracted with Mr. Bruss for many years. Koopman feels this amount of compensation is fair considering the amount of time and effort involved and it is a specialized field. Rettmer asked if this contract has been brought before the Council. Koopman said they do not have “a contract”, he is hired for his services and there is no written contract. His contract is dictated by the County Assessors and the State of Minnesota. Peterson asked if there was anyone else that could do this. Koopman said she is not aware of anyone else in this area that does assessing for Cities.
- Page 8 E101-418-331 – reduce by \$50, same as 2005. Koopman noted as a point of information, in the amounts listed in the 2005 and 2006 columns, they reflect actual amount expended, not the budgeted amount. The zero amount listed in 2005 merely indicates that nothing was expended in 2005 and in 2006 \$62.50 was spent.
- Page 9 E101-421-231 – reduce by \$100 allows an increase.  
E101-421-331 – reduce by \$300 allows an increase.  
This is the police department and this is what was requested. Peterson said by what is shown, they spent \$1,705 and were given \$1,500 in 2007. They have not yet reached the \$1500 and giving them \$1700 for 2008. If he would have known that these were spent amounts when he was going through this, it would have given a different light on it. Koopman is assuming that would be okay according to what has been expended but she has not had a chance to talk to Chief Hillger. Mayor Ferrazzano suggested that Koopman talk to Hillger about this and the \$300 for Miscellaneous, if they could take individuals to Marshall to do the Intoxicator.
- Page 12 E101-425-101 – reduce by \$500 the same as 2007  
E101-425-331 – reduce by \$50 not used in 2007.  
Koopman strongly recommends that they leave those amounts as is She wishes there were more funds available as they will have to pay double for the Building Inspector position to allow for training of a new employee under the direction of Gary Garrels for one year. At the time the preliminary levy was set, they did not know that they would be replacing that person for that position. There is money budgeted for Code Enforcement which is somewhat in that same category and can be used to offset that if necessary. The \$50 for Miscellaneous, there was \$25 spent in 2005 and nothing in 2006. She recommended leaving the \$50 for bottom line as it will be needed.
- Page 14 E101-428-271 – eliminate this account and (3500) – add \$1000 to E101-424-271 as the Fire Department controls the utilities in that building.  
E101-428-321 – reduce contribution by \$3,749, this is not a reduction in service.

As per the information that Frank received from the state, no contribution is required. Peterson tied this into what was discussed at the last meeting about trying to eliminate funds. Basically, the Fire Department controls the utilities in that building. He suggests to take \$1000 budgeted for utilities and give it back to the Fire Department based on what has gone on in the past. Koopman said the problem with that is that it is metered separately and they have already expended \$2572 in 2007. That leaves \$900 for the rest of the year and will be short. Peterson did not realize this was metered separately for gas and electricity. Peterson said that looking at numbers he felt they should reduce the ambulance contribution to \$10,000 for 2008. Chukuske said that dollar amount had been agreed on. Mayor Ferrazzano agrees that this was voted on and should remain at the amount agreed upon.

Page 15

E101-431-221 – Reduce by \$2000. This allows a \$4000 increase and will not affect service. A new piece of equipment will be purchased in 2008

E 101-431-281 – Reduce by \$1000, same as in 2007.

Peterson felt with the purchase of new equipment, they could reduce the budget. Robinson said that with 101-431-221 the way they come up with those numbers, every year, with the age of the equipment fleet, they use more parts to keep it running and parts become more expensive. In 2007 \$20,000 was budgeted and as of October \$20,700 has been expended and there are 2 months left to go. If there is a lot of snow to move, anytime snow is moved, there are equipment repairs needed. Robinson feels that by the end of this year, they will probably be about \$3000 to \$4000 over budget. Robinson says that the amount of expenditures will not be any less for 2008 and it is impossible to predict accurately what is going to be needed. Because of the depreciation program they presently have, the grader will be replaced when it is 49 years old and they are keeping pick-ups till they are 29 years old. Robinson said the Council can reduce it, but needs to know when the department comes next September or October and they are over budget, what tasks will have to be eliminated for the rest of the year. Robinson commented that, “if you reduce it, we will just go over it, and that is all there is to it.” Peterson said, “that is kind of a poor attitude, if you reduce it, we’ll just going to go over it.” Peterson said, “I was just taking in account that you were getting new equipment, Rick. That’s all it was and I have had people come up to me saying they have seen lawnmowers doing donuts in the middle of the street and wound broke the next day and we talked about that.” Robinson said they stop it when they see. Peterson said all he is just trying to take a little break off the taxpayer. Robinson said that Peterson needs to understand they do a tremendous amount of mechanic work in the Department due to the older fleet of equipment. Robinson said that rentals for their department is snow hauling trucks. For the last three years, the haulers have wanted a raise. The fee they received is based on the length of the box of the truck and how much snow they can haul. They have considered the idea of leaving the windrows of snow a little longer and trying to haul the snow themselves. It comes down to what everybody will put up with. In 1996 that line item was up around \$20,000 which is now at \$7,000 and it is hard to predict how much snow we will get. No action was taken.

Page 17

E101-441-331 – Reduce by \$300, not used in 2007.

Koopman said this is the Library and was not able to get in touch with Verdeck today and in 2005 they spent \$391 and 2006 they spent \$250 and this has been used for things that are relating to the Plum Creek Library System. Mayor Ferrazzano felt maybe the suggestion was to carry over the \$300 that has not been spent this year. Peterson asked what they do at the end of 2007, if these amounts are carried over. Koopman said that any funds that remain in the General Fund become part of the cash balance. There has been a decrease in the cash balance, rather than increase, so the little \$300 amounts are needed to increase the cash balance.

Page 18

E101-442-321 – Reduce by \$1000, same as in 2007.

Koopman said this is the Museum and it was asked by a Council Member to increase this by \$1000.

- Page 22 E101-463-331 – Reduce by \$150  
Koopman said this is a Miscellaneous account under Unallocated. This was put in this account to cover expenses associated with repairs to the Explorer. This is the city vehicle and is not charged to any department.
- Page 23 E101-464-331 – Reduce by \$10,000. This account has grown from \$1900 in 2005 to \$15,000 in 2007. A cut of \$10,000 will not affect service as none of the 2007 money has been spent so far. Koopman said this is the Other Financial Use fund, the amount in 2005 was the the amount actually expended, not the amount budgeted. Since 2003 through 2007 the budget has gone from a low of \$12,637 in 2005 to a high of \$16, 200 in 2006. Otherwise, they have been looking right at the \$15,000 amount. This fund is for things that come up during the year that are not expected to provide a cushion to make those expenditures without jeopardizing the budget.
- Page 39 E409-431-331 – Reduce by \$2500, this maintains 2007 amount and will not affect service as no 2007 funds have been spent as of yet. Koopman said that a number of years ago the Council decided that \$5000 should be budgeted annually for park improvements with the intention of upgrading the parks, equipment or safety improvements. Last year it was reduced to \$2500, but this is a fund that is dedicated solely to parks. It has been years since any improvements have been done to any of the parks. One of the parks that needs new equipment is Central Park and we have also been purchasing gravel and wood chips to make the parks safe. If this is taken away, this project is pushed back again. Snyder said the Council has been approached by residents of Greenwood to do something with that park out there. Peterson said that if it is not used it goes back to the general fund. Koopman said this does not go back to the General Fund. General Fund is always code 101 and this is a dedicated fund for parks. Peterson asked what the total balance is for that fund. Koopman said it is at \$12,854.
- Page 47 E602-492-222 – Reduce by \$1500, same as in 2007  
E602-494-291 – Reduce by \$200, same as in 2007  
E602-494-501 – Reduce by \$5000, allows for an increase of \$8500 over 2007  
Koopman said this is the Utility Fund and that is an enterprise fund and does not affect the levy at all. Whatever reductions are done there are merely changing a dollar amount.
- Page 63 E808-425-321 – Reduce by \$5100, this still allows an increase of \$400 over 2007 and will not effect services. This account is dedicated to the demolition of dilapidated buildings. Koopman said this a Council decision on what they want to do with code enforcement. There are a number of buildings that need to be demolished. Koopman said the balance of this account is \$24,760.

Mayor Ferrazzano asked if answers to the questions could be available by the Truth In Taxation hearing on December 3. Koopman said that by Monday she should be able to tell the public, this is what it is going to be. Chukuske said the only questions that need to be answered are the \$200 in Administration and the \$300 for the Police Department. Peterson said he understood that each \$5000 equals one-half percent. Koopman said that is true in the General Fund, but not the total overall levy. Mayor Ferrazzano said most of the items have been discussed and voted on to have it designated. Peterson said the last meeting they wanted to get rid of the Sidewalk account and yet there is a \$400 balance.. Koopman said on Page 12 on the Revenue side, there is \$400 listed under interest, which is represents the interest that accrues on the fund balance. This has to be offset on the expenditure side and is listed as a purchase of an investment. It is a balancing factor to offset the interest that is accrued on the revenue side. Mayor Ferrazzano said he is in favor of leaving the Park money alone and except for the \$800 that Koopman will research, there is good explanations of why they should keep it in there.

Chukuske questioned the status of the ambulance contract. Koopman said that she thought she had sent it out and talked to DeSchepper and Meyer today and she discovered that it had not been mailed. She assured the Council that it will be in the mail tomorrow. DeSchepper said that based on the recommendation he does plan to sign it. Rettmer asked if they would provide the Council with a financial statement. Koopman said they do agree to the changes.

Future meetings include Truth in Taxation hearing on December 3, 2007 at 6:30 p.m. and the last regular meeting for the year will be December 10, 2007 at 6:30 p.m.

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

ATTEST:

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City Administrator

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Mayor

### Truth In Taxation Hearing December 3, 2007

The Truth In Taxation hearing was called to order at 6:30 p.m., Monday, December 3, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: President Pro-Tem R. Stobb, M. Martin, T. Peterson, B. Chukuske and C. Snyder. Absent were Mayor Ferrazzano and S. Rettmer. Also present was A. Koopman, City Administrator.

Koopman said the 2008 budget was presented several months ago with the preliminary levy being adopted in the middle of September and set at 10.4%. A budget workshop was held on November 7, which reduced the levy to 7.5%. A considerable amount of time was spent analyzing proposed expenditures to insure that they clearly reflect the needs of the community. The 2008 levy is 1.9% higher than then 2007 levy. One of the reasons for the increase is due to a reduction in Local Government Aid. The City of Tracy will be receiving \$39,143 less in LGA compared to 2007. If the City had received the same amount as in 2007, the total overall levy would have increased 2.65%. Expenditures have been adjusted accordingly with the reduction in LGA. Referring to the graph on the orange sheet, the case reserves are showing a downward trend. She noted that in an article in the recent League magazine entitled "*Fund Balances for Local Governments.*" it is recommended an appropriate fund balance level is approximately 35 to 50% of the fund operating revenues. The General Fund budget for the City is just less than Two Million, which means that the City should maintain a balance of approximately \$700,000 to \$1,000,000. The year 2007 started with a fund balance of \$432,000. Koopman said fund balances appear to be a little more stable this year, but the City still has a long way to go to achieve a 50% fund balance.

Koopman included one additional graph this year that illustrates how the General Fund cash reserve compares to the General Fund expenditures. On the graph entitled, "*General Fund Cash Reserves Compared To General Fund Expenditures*", the red line identifies the expenditures while the black and red line shows the cash reserves. The spending compared to the cash reserves from 1997 through approximately 2002 is somewhat similar; however from 2002 through 2007 there is a definite separation between the two lines. Expenditures are on the rise while the cash reserves show a downward trend. This is something that will have to be watched closely.

The Blue Sheet illustrates how the 2007 levy compares to the 2008 levy. The 2008 levy is 1.9% higher than 2007. Although the Debt Service levy decreased, the General Fund levy increased as illustrated on the Red and Green Graph entitled "*Levy Comparison 2007-2008*". The 2007 levy did not include a levy for Permanent Improvement because the seal coating was included in the improvement bond. This year \$10,000 is being levied for Permanent Improvement.

This year a concerted effort has been made to contain costs in the 2008 budget. The General Fund levy increased 12.7%. This was due in part to the increase in health insurance rates. This continues to be a struggle for everyone, but the City has taken a proactive approach to prevent future increases from impacting futures budgets by capping the insurance rates at the current level. The Yellow Sheet shows how the monies in the General Fund are being spent. The larger share goes to Public works as this is the most unpredictable because it is primarily based on the weather. The General Fund provides funding for Administration, Planning & Zoning, Assessing Legal, Police, Fire, Street, Parks and Library.

Koopman said the majority of the General Fund revenue, or 51% is received in the form of State Aids. 27.7% is received from local taxes leaving 21.3% to come from other sources. This is illustrated on the Green Sheet.

The Pie Chart shows that 59.8% of the levy is needed for General Fund operations, 39.1% is applied toward our debt obligation and 1.2% will be used for Permanent Improvement.

The Lilac Sheet entitled "*Debt Service Levy By Year*", shows that the Debt Service levy is either on a downward trend or remaining constant. This is the City's goal and it is very important to maintain a fairly constant levy whenever possible.

Koopman touched briefly on the State Budget Forecast. She noted that the legislature doesn't

reconvene until February 12, 2008, but the legislators, governor and other watch the budget forecast very closely and use it as their initial assessment of the financial status of the state budget. The State projects a \$373 Million Dollar deficit for the 2008-2009 biennium. Analysts point to sluggish economic growth as a factor. It is difficult to say at this point what type of an impact this deficit will have on future LGA funding.

Koopman said this meeting is intended to provide information to the public and provide an opportunity for the public to comment and made recommendations. The actual adoption of the budget will occur at the regular meeting on Monday, December 10, 2008 beginning at 6:30 p.m.

Seth Schmidt asked when the water bonds from 1994 or 1995 for the new water tower would be paid off. Koopman said they would be paid off in 2020.

Donald Polzine asked if the valuation on Estimated Tax Notices has gone up equally on all homes or a certain percentage of homes in the City. Peterson states that they have all gone up equally one to two years ago. Polzine stated the estimated value on his home has gone from \$58,000 to \$82,000 and the assessor has never been in his home. Koopman said that would be a question that could be asked at the next Board of Equalization hearing.

Stobb felt the funds that were gifted to the Liquor Store for the patio should be revisited as some of those monies could be used to lower the levy. He did not feel that it was fair for everyone to have to pay for something that only a few would be using. He felt that part of it should be paid by those who use the patio. There were not further comments by the other Council members regarding this issue.

Motion by Peterson, seconded by Chukuske to adjourn the hearing at 6:50 p.m.

ATTEST:

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Mayor

### December 10, 2007

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, December 10, 2007 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Ferrazzano, M. Martin, S. Rettmer, T. Peterson, C. Snyder and R. Stobb. Also present were A. Koopman, City Administrator and F. Nielsen, City Attorney.

Motion by Martin, seconded by Snyder to approve the minutes for November 26 and December 3, 2007 as presented. All voted in favor of the motion.

Additions to the agenda included: 7-D a resolution closing the Swimming Pool Reconstruction Fund and the Aquatic Center Construction Fund and transferring the remaining balances; 8-E Monthly Receipt Book, 8-F Cash Balance Summary and 9-A Ambulance Contract. Motion by Chukuske, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

Radke reported that sales for the month of November at the Liquor Store were up approximately \$5,200. Off-sale was up \$2,600 and On-sale was up \$2,600. He does not know what effect the smoking ban has had to date but has noted that it is not as busy and some smokers seem not to stay as long. He has not seen any increase in new customers because there is no smoking.

Police Chief Hillger asked for any questions regarding the Monthly Activity Report. He said the new officer will be starting training on December 20, 2007 and will be riding with another officer for about one month. Rettmer asked if there was any update on the barking dog situation. Hillger said there have not been any further complaints.

Gervais reported that Jeff Buesing was present at the last EDA meeting and six housing projects were approved for Currie and the reason that Tracy approved these is they are the lead city on the grant process. Also approved were one in Holly Township and one in Des Moines Township in Murray County. There are many funds that go into helping these residents with the project. In one house there were over six different funds that were utilized for this \$54,000 project. Buesing was pleased with the number of local contractors that were involved in these projects and there were some very fair and competitive bids. Depending on the situation with lead based paint, it can be difficult to find lead based paint certified personnel in the area. Gervais said that in the City of Tracy, nine projects have been approved or are in progress and four on the rental that have been approved or are in progress. Gervais met with CEO of the DM&E, Kevin Schaeffer and others to discuss the potential partnership with an energy company locally. This would be to use the railroad for right-of-way purposes to run transmission lines. The DM&E is also looking for potential land along their line to off-load windmill equipment and parts. They would need twenty to thirty acres to do this. Many of the towers and wind generators come from overseas. They come in through New Orleans and take the Mississippi up. They would then be railed across Iowa and Minnesota and then off-load them. Tracy is located near these wind farms and would be a good location. Gervais will meet with Tim Carlson with the DM&E to look for some potential sites in and close to Tracy. Gervais reported he is working with party that is interested in the Central Livestock building. The interested party would purchase the building and would manufacture erosion control mats. He has also talked with David Anderson and is interested in working with the City on this. Gervais said they were able to get a quick claim deed from the state for the property at 58 Morgan Street and he will be working with Nielsen to get the title quieted so they can continue on the Morgan Street Project and clean up those properties. In the future Gervais will be working on getting the certificate of rent paid out to the 4-plex residents and new leases for the upcoming year.

Robinson reported that during November the Public Works Department set up snow removal equipment and put away summer equipment. The Public has been asking why Public Works does not remove snow earlier or asking what the cost is to remove snow in Tracy. Robinson added up the cost to remove the snow from December 1, which was a typical snow event with six inches of snow. Some averages were used and no machine hour cost or depreciations were included.

Diesel	\$ 630.00
Gas	\$ 155.00
Salt	\$ 116.00

Labor	\$2,280.00
Hired Snow Hauling Trucks	\$1,900.00
Repairs	\$1,000.00
Next Day Clean Up	<u>\$ 200.00</u>
 TOTAL	 \$6,281.00

Due to the cost of rock salt doubling in price per ton, they are mixing pea rock with the rock salt to keep costs down. The down side is that the loose pea rock will need to be picked up in the spring. Stobb asked if there was a problem with the pea rock getting in the storm sewer. Robinson said this is one of the issues that will have to be monitored. Christmas decorations have been put up with some not working due to faulty poles that Public Works is not able to fix. They also assisted with installing the Hospice tree lights. They were not able to install the decoration on the East end of Hwy 14 because that pole was hit by a truck recently and there are no guy wires on the pole to install the decoration. Xcel will try to have the pole ready by next Box Car days for the banner. The new front-end loader will be delivered in about 10 to 12 weeks.

Robinson reported there was a major breakdown on the Toro snow blower that is used to clean downtown sidewalks. The part needed to repair the blower would cost about \$2,500 and the repair budget line item is already well over budget. Robinson searched the internet and found a used blower located in Iowa Quad Cities for \$700. A new blower to fit the existing machine was priced at \$7,000. The used blower will be delivered in two to three days.

Robinson and Koopman will be interviewing eight people for the Public Works position. If any of the Council would like to be on the Interview Committee, they are to let Robinson or Koopman know.

Koopman reported the majority of her time in November was spent preparing the assessments for certification. She attended a workshop on Conflict Resolution sponsored by the League of Minnesota Cities. She also attended two sessions conducted by the Rural Health Resource Center that was hired by the Hospital to evaluate Tracy’s facility and operations. The ground breaking ceremony for Tracy Kid’s World was held and Koopman commended Louise Noomen and Board members for all their efforts for this project. Koopman attended two City Council meetings, Hospital Advisory Board and Community Education meeting. She invited Mr. Marlette to meeting with her to discuss the importance of our entities working together. The remainder of last week was spent preparing for the Truth In Taxation hearing. In December she plans to work on personnel records.

The Tracy Charter Commission met on December 6, 2007 to review a number of proposed amendments. These amendments will be presented to the City council at their first meeting in January. The Charter Commission discussed if the Council should consider allowing individuals to serve on various boards or commission even though they are not residents of the City. They discussed limiting the number of non-residents allowed to serve on boards or commissions to not exceed one-third (1/3) of the membership and each board and/or commission should be considered separately. The Charter Commission unanimously passed a motion to recommend the Council to explore the possibility of allowing non-residents to serve on City boards or commissions. Koopman recommends if the Council is agreeable to this action, to delay review of the other proposed amendments until the non-resident membership is decided so it can all be done with one public hearing and ordinance. Rettmer asked what the advantage would be to have non-residents serving on City boards or commissions. Koopman said it would expand the base as there is a problem with getting people to volunteer their time. There has been a vacancy on the Planning and Zoning Commission for over a year. At the present time the Multi-Purpose Center Board, EDA board and Hospital Board allows non-residents to serve on these boards. Chukuske said that he does not have any issues with this concept and would even like to see this allowed for the City Council. He felt there are individuals that live close to the City or right outside city limits that attend Tracy schools and also have businesses in the City. Stobb said he is not opposed to this idea, but one Commission that would be in question would be the Planning and Zoning Commission as this directly involves the residents of the City. He recommends referring this back to the Charter Commission to propose it at the next Council meeting. Peterson said he was not aware that there has been a vacancy on the

Planning and Zoning and asked if this has been advertised over the local access television channel or in the papers. Snyder and Stobb said this has been discussed at two prior meetings. Mayor Ferrazzano agreed that this appointment issue should be referred back to the Charter Commission.

The Charter Commission also recommended the re-appointment of Eugene Hook, Clinton Peterson, Glenda Johnson, Marlene Buck and John Schleppenbach. Motion by Chukuske, seconded by Stobb to re-appoint Eugene Hook, Clinton Peterson, Glenda Johnson, Marlene Buck and Johnson Schleppenbach to the Charter commission. All voted in favor of the motion.

Motion by Snyder, seconded by Chukuske to approve a cigarette license to Tracy Food Pride, BP-Tri-State Petroleum, Tracy Liquor Store and Casey's General Store contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Chukuske, seconded by Stobb to approve plumber license to Christianson Plumbing, GH Plumbing & Heating, Heartland Mechanical, Kropp Sewer Service, Sahlstrom Heating, Cooling & Refrigeration, Sanderson Mechanical, Swish's Hardware, Weedman Service and Wilk's Plumbing contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Stobb, seconded by Chukuske to approve a split liquor license to Shetek Bend Banquet, Bar & Grill contingent on payment of fees and submission of paperwork. 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 submission of paperwork. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to accept the proposal from Safety First Compliance Management, Inc. for employee safety training. All voted in favor of the motion.

Peterson asked if the \$10,000 in transfers to the Economic Development was budgeted for. Koopman said that all transfers are budgeted transfers as stated in the resolution. Motion by Snyder, seconded by Chukuske to adopt a resolution approving budgeted transfers in the amount of \$586,933. All voted in favor of the motion. (Res. No. 2007-62)

Peterson asked if the amount of the total tax levy reflected the changes in the Aquatic Center budget after the heating issue for the mechanical room was resolved. Koopman said this amount was left in the budget to help cover any deficit at the end of the year. Motion by Chukuske, seconded by Snyder to adopt a resolution approving the 2007 Tax Levy, Collectable in 2008. The Total Levy is \$862,805. Upon roll call the following vote was recorded with Mayor Ferrazzano, Martin, Rettmer, Chukuske, Snyder and Stobb voting aye and Peterson voting nay. Motion carries. (Res. No. 2007-63)

Motion by Chukuske, seconded by Snyder to adopt a resolution adopting the 2008 budget for the City of Tracy, Minnesota with a total of all funds being \$7,265,302. Upon roll call the following vote was recorded with Mayor Ferrazzano, Martin, Rettmer, Chukuske, Snyder and Stobb voting aye and Peterson voting nay. Motion carries. (Res. No. 2007-64)

Motion by Chukuske, seconded by Snyder to adopt a resolution closing the swimming pool reconstruction fund and the Aquatic Center construction fund and transferring the remaining balances totaling \$59,993.61 to the 2007 Improvement Fund. Peterson asked if this transfer would be used towards retiring the bond. Koopman said that it would. All voted in favor of the motion. (Res. No. 2007-65)

The Consent Calendar included: Multi-Purpose Center minutes for November, 2007, Municipal Accounts Payable, Hospital Board minutes for October 17, 2007 and Firemen's Relief Association minutes for November 5, 2007. Peterson asked for explanation of the following check numbers.

44157 – MN Dept. of Health for \$23.00 Koopman said this was for the water operator license for Al Schultz. Peterson feels that licensing is the responsibility of the employee

if it is a requirement for their employment. He knows of many employers that require their employees to pay for their licensing. Chukuske feels this is a benefit for the City to have licensed personnel for some positions and the City should continue to pay for licensing.

44174 – Farm Plan for \$20.61. Koopman said this is for 32 oz. degreaser, 2 cans of Breakaway and two packages of paper towels.

44175 – Flaherty & Hood, P.A. for \$875.18 for Labor Consultation services. Koopman explained this was for legal information regarding the negotiation of the AFSCME contract.

44179 – Hach Company for \$125.86 This was for testing reagents for the Utilities Department.

44189 – MN Dept of Health for \$1507 This is a quarterly charge for service connections and used for some nuclear testing required by the Mn. Dept. of Health. The state charges the City based on the number of water service connections.

44199 – Signs by Patti for \$110. Koopman said this was for the Holiday decorative painting for the VMC. Peterson asked if this was budgeted for. Koopman said this was taken from the budget for Administration.

44224 – Nielsen's for \$57.98. This was for heating repair on the snow blower.

44228 – Sahlstrom's for \$2100. This was for a furnace for the Aquapower Building.

44237 – WJE Associates for \$2436.40. This is for the pool reconstruction. Koopman said this is final insurance retainer monies.

44243 – Claritus for \$465.41. This is the maintenance contract for the postage machine.

44253 – G&R Electric for \$1094.53 is for the wiring of the fuel system at the Public Works building.

44256 – Helping to Heal for \$50 was for Yoga which was a senior center activity.

Peterson asked if there is a total amount for the water connection for the Tracy Kid's World. Robinson said that Madonna is working on a total for this. He estimates it to be under \$30,000.

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

Koopman said she received a letter from the attorney for the Ambulance Service asking for a change in the wording of one article of the contract. This contract would be in effect for 2008 and the City would provide funds of \$13,800 to help support the ambulance service. Section 12 of the current contract reads:

12. ANNUAL REPORT. AMBULANCE shall maintain in accordance with accepted accounting practice during the term of the Agreement records and books of account recording all transactions connected with the operations of AMBULANCE, and shall prepare and file with CITY on or before March 30<sup>th</sup> of each year an annual financial report in detail of the ambulance operations for the previous year including a complete statement of receipts, disbursements, liabilities and assets.

The Tracy Ambulance Service is willing to sign the contract provided that paragraph 12 reads, in its entirety, as follows:

12. ANNUAL REPORT. AMBULANCE shall maintain in accordance with accepted

accounting practice during the term of this Agreement records and books of account recording all transactions connected with the operations of AMBULANCE, and shall prepare and file with CITY on or before March 30<sup>th</sup> of each year an annual Statement of Budget, Income and Equity, a copy of which report is annually provided the United States Department of Agriculture, which report is prepared in compliance with the privacy provisions of the Federal Health Insurance Portability & Accountability Act (HIPAA) of 1996.

Motion by Chukuske, seconded by Stobb to make the requested changes and enter into the contract with the Tracy Ambulance Service for 2008 and authorize the 2007 payment of \$13,336. This amount had been withheld until the 2008 contract was finalized. Peterson feels the Council should be provided with a detailed annual financial statement. Rettmer said that the annual Statement of Budget, Income and Equity would not provide the information the Council was asking for. Rettmer said that she wants to see detailed receipts, disbursements, liabilities and assets the way a complete financial statement would. She states that a "statement of budget" is not a financial statement. Snyder voiced concern about whether the ambulance service should be required to provide financial information. Snyder said the City pays many businesses for services without asking for a financial statement. Peterson felt a financial report is justified if there is taxpayer money involved. Jeff Meyer, representing the Tracy Ambulance Board, stated they were advised by their lawyer, Jim Garvin, and the USDA that only a budget, income and equity statement be provided to comply with the privacy provisions of HIPAA. He stated that if there is any specific information the Council would like to see, the ambulance service would try to comply. Rettmer said the USDA report does not even acknowledge the fact that the City of Tracy has previously provided funds to the ambulance service. Meyer said this money was accounted for, but did not know how this might be categorized in the ambulance service's financial reports. He said they could make sure this is clearly marked in the future. Rettmer again emphasized that what she wants to see are "receipts, disbursements, liabilities and assets." Mayor Ferrazzano stated that he wanted to see this information to see if there is a need for the City to make this yearly contribution. He stated the City does not have to contribute anything and the ambulance service would still be required to provide service. Meyer stated that if they did not receive these funds, they would still be able to operate but would have to do more fund-raising activities to make up this difference. Meyer stated the ambulance service does fund-raiser for specific equipment needs so that all three of the ambulances have the needed equipment for Advanced Life Support status. Chukuske voiced his support for the services that the ambulance service provides to the area. Koopman again stated this contract would be for one year. Martin stated that since the agreement was for a one-year period, if the City does not receive the information they want in the statement of budget and equity, they can revisit the issue. Upon roll call the following vote was recorded for the previous motion. Mayor Ferrazzano, Martin, Chukuske, Snyder and Stobb voting aye and Rettmer and Peterson voting nay. The motion carries.

Mayor Ferrazzano stated that he was asked to provide a verified statement on behalf of the City of Tracy to support the proposed acquisition of the DM&E by Canadian Pacific Railway. He said the City supports this acquisition because they believe this acquisition would allow continued, viable rail service to the community.

The next Council meeting will be January 14, 2008 at 6:30 p.m.

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

ATTEST:

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City Administrator

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Mayor

