

January 14, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 14, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gorius, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Oath of Office was given to re-elected Council members S. Ferrazzano, C. Snyder and K. Enderson.

Motion by Snyder, seconded by Stobb to approve the minutes for December 10, 2012. All voted in favor of the motion.

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

R. Gorius reported that he and Daniels met with Curt Weisman and Chris Larson of I & S Engineering on January 9 to discuss the status of the WWTF Project. They have been waiting for a response from the FAA regarding the proposed sediment ponds in relation to the need for more surface water space than originally anticipated. Larson informed them the FAA will not approve ponds with such a requirement to be placed on the Fultz property as previously intended. They also are not in favor of the smaller aerated ponds for this site. Rural Developments has requested that alternate locations with viable gravitational fall e researched for possible purchase by the city. At this time there are no interested parties other than the Fultz's within a reasonable distance from Tracy. RD has submitted a recommendation that the search extend for a five mile radius of Tracy. In discussion it is felt this would be much farther out than would be economically feasible due to cost of pipe and possible need to create lift or pumping stations. I & S now feel that site one with a mechanical plant may be the best option. This decision was based on the findings by the FAA and the consideration that land acquisition would be both expensive and derisive to families residing near the site. The reasoning is that the City owns this land and therefore reduces project costs considerably by not having the land acquisition cost factor into the project. Also a mechanical plant, offers the ability to cope with increasing reduction in phosphors levels that are projected in the near future.

Gorius stated that he will be talking to Larson about this and who it was that talked with the FAA. Stobb asked if a recent timeline of the project has been received. Gorius stated he has not seen a recent timeline and other than the preliminary report he has not seen anything solid. The argument from I & S is that it depends on what RD indicates. Gorius stated that Pettipiece cannot do anything until more decisions have been made. If there is no land acquisition required this would cut the price on the project. Stobb asked if they had received anything in writing from the Mayor of Walnut Grove stating that they are not interested in pairing with Tracy for these projects. Gorius stated that they have nothing in writing but the Mayor of Walnut Grove

was very adamant they were not interested. Mayor Peterson authorized Gorius to get something in writing from Walnut Grove regarding their denial and also to find out from I & S who had talked with the FAA.

Gorius stated that he will be attending a meeting in Mankato with I & S and the MPCA for discussion on the project. He will keep the Council updated on any other information he receives.

Motion by Ferrazzano, seconded by Snyder to authorize the advertising for board and commission vacancies. All voted in favor of the motion. Vacancies at this time include:

- Planning Commission – One 4 year term
- Hospital Board – Two 3 year terms and one Walnut Grove representative 3 year term
- Library Board – One 3 year term
- Cemetery Commission – Two 5 year terms
- Multi-Purpose Center – Two 3 year terms
- EDA – One 5 year term and one vacated seat with term to expire in 2014
- Police Commission – One vacated seat with term to expire 2013
- HRA Board – One 5 year term
- Charter Commission – Three 3 year terms
- Airport Commission – One vacancy

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Economic Development minutes for November 16, 2012 and December 7, 2012, Cemetery Commission minutes for November 15, 2012 and Fire Relief Association minutes for December 1, 2012. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to approve the following Mayor Appointments.

1. City Clerk/Administrator – Roger Gorius
2. Deputy Clerk – Robert Gervais
3. Public Works Director – Shane Daniels
4. City Attorney – Frank Nielsen
5. Fire Chief – Dale Johnson III
6. Assistant Fire Chief – Mike Erbes
7. 2nd Assistant Fire Chief – Tony Rolling
8. Police Chief – Jason Lichty
9. City Forester – Tim Jacobs
10. Building Inspector – Shane Daniels
11. City Assessor – Pam Friesen
12. Civil Defense Director – Jason Lichty

All voted in favor of the Mayor Appointments.

Motion by Enderson, seconded by Ferrazzano to approve the following Council Appointments.

1. President Pro-Tem – Steve Ferrazzano
2. Community Ed. Advisory Board – Charlie Snyder
3. Planning Commission – Kurt Enderson
4. Economic Development Authority – Tony Peterson and Charlie Snyder
5. Attorney Meetings – Steve Ferrazzano and Kurt Enderson
6. Hospital Advisory Board – Steve Ferrazzano and Russ Stobb
7. Labor Management Committee – Tony Peterson and Charlie Snyder
8. Wheels Across the Prairie Museum – Charlie Snyder

All voted in favor of the Council Appointments.

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

Motion by Stobb, seconded by Enderson to adopt Robert's Rules of Order and the standard agenda format as the determination of the rules and order of business for Council proceedings. All voted in favor of the motion.

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

Motion by Ferrazzano, seconded by Stobb to approve Minnwest Bank South, the 4-M Fund, Morgan Stanley Smith Barney, Bremmer Bank and State Farm as the official municipal depositories.

Charlie Snyder presented a check from the Wheels Across the Prairie Museum in the amount of \$500 for the Tornado Tree Project. The City expressed their appreciation.

Ferrazzano stated that he has been the Council liaison for the Library Board and questioned the need for him to attend the meetings. If there is an issue that arises and the Board feels they need someone to help with it, he would be willing to attend the meeting. Mayor Peterson did not feel they needed a Council liaison at this time. Stobb asked if there was anything in the City Charter that requires the Library Board to have Council representation. Mayor Peterson said the reason for Council members on some of the boards was due to lack of members to fill some of the positions. Gorius stated he will continue to attend the Library Board meetings and keep the Council informed of any issues.

Motion by Ferrazzano, seconded by Enderson to adjourn the meeting at 6:50 p.m. to hold a closed session to update the Council on the sale of property. All voted in favor of the motion.

Nielsen stated that before the meeting is actually closed they are required to state on the record the meeting is being closed to develop or consider offers or counter offers for the purchase or sale of real estate and the real estate involved is the hospital property on the east side of the City

of Tracy. The meeting will be taped and recorded and the tape record will be preserved confidentially and released only after the appropriate time periods or in accordance with Minnesota law.

January 28, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 28, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gorius, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Enderson to approve the minutes for January 14, 2013. All voted in favor of the motion.

Additions to the agenda included: 9D – Request from Fire Chief for replacement equipment and 14A – Purchase of tax forfeited property. Motion by Snyder, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

Gorius presented a thank you from the girls' basketball team for the new water station that has been installed.

S. Barstad, CEO of Sanford Tracy Medical Center stated they have been very busy the past several weeks with the influenza outbreak. There are seeing a gradual decline in cases. The flu vaccination rate for the employees is at 98%. The center has had a recent turnover in providers and they are hoping to be fully staffed in February. Greg Wiegand, P.A. started in October and hope to have the second P.A. position filled by the first part of March. The physicians have been very busy and have an uptake of 200 more visits compared to last year for the same time period. As with any new provider there is no guarantee they will stay for long periods of time, especially with new generation of retention and recruitment. The average time one provider spends in a location is three to four years. Barstad stated the financials for July 2012, start of the fiscal year, through December 2012 show patient revenue up about \$180,000 compared to prior year and expenses are being held and are at approximately \$10,000 more than the prior year. The profit for that time period is \$375,000 and increase of about \$450,000 over the prior year for the same time period. The contractual are extremely variable or write offs from insurance companies, both governmental and private. Barstad stated they are cost based reimbursed and this percentage varies on the payer mix. They are closely watching the Obama Care effects and the impact on reimbursements. The outreach specialists have been busy and have another day a month of cardiology with Dr. Stanton. They are still working to find an Ears, nose and throat specialist as they lost this service last fall. Barstad thanked the City Council for their continued

support for the medical center and appreciates discussion and clear communication. They are putting together some long term plans and projects that are coming up and capital items.

Snyder stated that the provider turnover is industry wide and not just the Tracy facility. Barstad stated that nationally facilities have that turnover and physicians start as Family Practice and Internal Med and are able to go into other specialties. Stobb stated the contracts with Dr. Ali and Dr. Kahn were longer than contracts in the past and still have years before the contract expires. Barstad stated they do and stated they are J-1 visa providers and that means typically they fulfill a three year contract to get their immigration paperwork, etc. A five year contract was signed but with any physician after the three years they could go to another medical facility and buy-out the contract for the remaining two years.

Barstad stated that Worthington has hired a medical oncologist from Baltimore. Worthington has a cancer center with radiation and now has added the medical oncology and Dr. Weng will be coming in March to do oncology outreach so patients do not have to travel for chemotherapy. The nurses at Tracy are trained and do chemotherapy. The facility does get referrals from many different oncologists.

B. Nelson, Tracy Library Director, stated the Library Board has approved preliminary plans to renovate the basement. He will be working with Dale Johnson to sketch out some rough blue prints. They have cleaned out the basement and the medical records have been removed by the nursing home staff. Nelson is working on finding grants to write and will be doing that right away. Nelson has created a Facebook page for the library and has put some of the events on there and book recommendations. The first Book Club meeting and turnout was excellent and were reading Waters Ship Down and will be reading The Secret Life of Bees. He has placed an order for most adult fiction and non-fiction. Nelson is starting an Amazon.com account for the library for ordering and have the best prices compared to other vendors. He has also subscribed to two professional library publications which feature professional book reviews and articles. Another project is they have been weeding the adult non-fiction titles to see which are circulating and which are not and making the decision to withdraw them from the system. The weeded books can be used for book sales. The Friends of the Library group is reorganizing. He and others will be going to Redwood Falls to talk their Friends group and they will help to guide the Tracy group. He has borrowed some of the children's Manga collection from Redwood which is Japanese animation comics. He will have the books for about three months and if they prove popular he will purchase some for Tracy Library. The Writer's Group has started and has about nine members so far and working on submissions. The library will have guest Patricia Lubek who wrote "Murder in Gales – A Rose Hanged Twice" on Tuesday, January 29 at 5:00 and she will have copies of her book for sale. This novel is about a murder that took place around the Redwood Falls area. Saturday, February 2 they will have storyteller, Kevin Strauss and will be doing two storytelling workshops at the library and a sign- up sheet is available at the front desk of the library for those interested.

R. Radke, Liquor Store Manager stated the end of the year is done and a report was provided to the Council. He does not have the final end of the year and did get something today but has not had a chance to look at it. He stated the year was a good year as far as being up. The comparisons of December 2011 through December 2012. There is information also provided

from 1994 until 2012. Radke stated that December was a very good month and outside of that he does not have a lot to add unless the Council has questions. As he gets deeper into the numbers he will look deeper but that is all he has for now. Radke stated there is approximately an 8% increase in off-sale and 2% decrease in on-sale. Stobb stated this is not a question and Radke does not have to comment but since about 2007 it seems like the on-sale trend is declining and was wondering if this is typical in all liquor stores. Radke stated this is happening everywhere in the state of Minnesota and that is something that has to be looked at and considered in Tracy. On sale is going down and Off Sales are going up. Stobb stated it is unfortunate that most of the overhead relates to On-Sale rather than Off-Sale. Radke does not feel that this is unique to Tracy. As what he has seen today and does not want to comment on it because it is not total but he feels they are in the black from what it looks like. Gorius stated they are aware of the disparity between On-Sale and Off-Sale and know that the bulk of the expenditures from the Liquor Store lie in personnel, primarily coverage, wage, etc. Radke stated they will be looking at this and trying to look at but does not want to say anything at this time. It is definitely not something they are not aware of.

R. Gervais, EDA Director reported that work has continued with the aquaculture business. Vince Wixon has informed the EDA Board that he is not interested in selling property west of Tracy. The EDA has focused on another potential site in the industrial park/city farm area as a primary location.

Gervais stated they have met with owners of the Tracy Bakery, the bank and Lyon-Lincoln Electric and at this point there will be a liquidation of property and auction and the date and time has not been yet determined. This could happen within the next 30 to 60 days.

Gervais stated there are two issues that need to be taken care of at O'Brien Court with the windows and sprinkler system. The shingles were replaced six to seven years ago. All bay windows were replaced in the facility. The single hung windows now need to be replaced and there is a quote from February 2010 from Ace Hardware for \$28,000 for the windows themselves. The EDA Board has decided to move forward with that and when the weather allows they will get that done.

The EDA has been working with Nielsen, Nicole Larson and Tom Karlson of the MN State Attorney General's Office as to what is a capitalized asset and what is not. It has always been the determination of the EDA that the sprinkler system was not part of the City responsibility. Karlson stated in his e-mail that it is his opinion that replacing the pipes would be a repair from an accounting perspective, and Sanford Tracy's responsibility. Three estimates were done by three different replacements. Gervais explained the pipe system is a dry system with a compressor that keeps constant air pressure in the lines. Small pin holes have formed in those lines and the compressor runs to keep the air pressure up and keep that system active. A new system would come in and they would leave the existing pipe in there and plumb in new pipe and plug into the compressor. The cost would be approximately \$25,000 expenditure. Sanford Tracy and Sanford Sioux Falls have been informed of this and their lawyer indicated that he thought it would be the City's expense. Daniels has indicated that one of the potential hazards is if the pump fails, the system could activate and cause water damage. Gervais stated that Sanford feels it is part of the building and would be the expense of the City. The way the lease is set up

that anything attached to the building is the responsibility of the City. Mayor Peterson stated that this has been ongoing for three years and with the information provided it indicates it is Sanford's repair. Gorius stated the repair is Sanford's responsibility and the water damage that could occur if not taken care of would be the responsibility of the City. Gervais stated if there is a fire, the system will work, the failure would be if the system would activate without a fire and everything will get wet. Snyder asked if they go ahead and get it repaired and then bill them or does the City have basis to go back to them to get the money back. Nielsen suggested they send Sanford a letter and tell them it is their obligation and they need to get it done. If they do not do the repairs and there are damages or consequences to the property because they did not do the repairs they were supposed to do, the City would hold them responsible for the damages. Ferrazzano asked when the last correspondence was sent to Sanford. Gervais stated the e-mail from the State Attorney General's office was July 11, 2011 and was left at that. Snyder questioned having Nielsen put a letter together to that effect. Gorius stated that the City Attorney should draw up a letter and send to them and stated that it has been determined by supporting evidence that this repair is their responsibility. Ferrazzano suggested that this be discussed at the next Hospital Board meeting instead of sending a letter. He feels they need to bring this to their attention again and if they refuse to do anything, then send a letter. Gorius stated they are aware of the problem and have identified it in their list of things they have to do. The next Hospital Board meeting would be February 20, 2013. Stobb asked if the letter that Nielsen is proposing carries with it a threat to Sanford, would it actually provide the coverage in a court of law if it came to that. Nielsen stated the lease is supposed to be doing the repairs and the EDA as landlords need to enforce that with them. If that is their obligation and they are not doing it and there are repercussions, it is not a threat, it states they need to do this and if they do not and there are other damages and at that point the EDA will be looking to Sanford because they did not live up to their obligations under the lease. A judge would review all the circumstances and decide from the beginning if it was their cost or the City's. The only thing the City can go by is the legal work that has already been done that says it was their repair and go from that. Stobb felt the tone of the letter sounds like a threat. Nielsen stated it is not a threat, it is so they understand there are potential for to increase the cost to them significantly if it fails. Gervais stated that Jerry Thompson is aware of this. Stobb felt maybe Barstad was not well informed on it herself. Gervais stated that Thompson and Kopperud are aware of this. Mayor Peterson suggested that Ferrazzano and Stobb set up an appointment with Barstad and make her aware of this and find out what the situation is and report back to the Council. Gervais stated that he would provide the documentation to Ferrazzano. Gervais stated that the EDA Board has always been behind what has come from Nielsen, Nicole Larson and the State Attorney General's office. Ferrazzano stated that once he gets the documentation he will get in touch with Barstad. Gorius asked if they are looking at eminent failure or something that could happen tomorrow. Gervais stated that it could go anytime and it does run at this time to keep the pressure up. The holes are not going to fix themselves and will continue to grow and multiply and the more holes there are, the more air gets out and the compressor runs more. Ferrazzano asked if the holes could be filled. Daniels stated this problem is common in dry pipe that the bacteria eat holes and the pipe is not coded at this time. Stobb asked if it would be possible to put in a back up compressor in the event the first one fails. Daniels stated that at some point it will fail and no one knows how long it would take.

Gervais has met with an interested party interested in purchasing the former Food N Fuel property. He has discussed the business and financing options but has no further updates at this time.

The EDA currently has two vacancies at the 5th Street townhomes, one at 3rd Street East and will have an opening at Orchard Lane starting February 1. Gervais said they do have a waiting list and will be contacting individuals on the list. It is difficult to get people to move this time of year.

Work continues with Brent DeRuyter with his business. Gervais stated DeRuyter's business continues to grow and expand. He will be making repairs to the property when weather permits.

Gervais said that work also continues with a business in Tracy on a potential expansion. Gervais has met with adjacent property owners of this business and they continue to take steps forward.

S. Daniels, Public Works Director asked the Council for any questions regarding his monthly report. Stobb asked if anything that needs to be done at the pool would be covered by warranty. Daniels stated that most of the parts and materials are covered by warranty, but labor is not. The repair on the light pole will be finished this spring and there will be insurance reimbursement. Stobb questioned what would be happening when the water tower is having rehab work done. Daniels stated he has been meeting with the engineers on the best way to run the water plant with the tower down. He stated the main concern is the backwash of the filters as both filters are backwashed twice weekly. There is not enough in one pump to run the town and backwash the other filter at the same time. Daniels stated they may have to do some digging and tapping into the well line and doing backwash with well water because those pumps can run at the same time. The ones in the plant cannot and it takes about one hour for a backwash. The problem is that if the system goes dry, scale will be dropping in the lines. Samples were taken today of the well water to send to the state to check the quality from there. Stobb questioned that when they are working inside the bowl, the well pumps will be running continually and the water plant will be running to maintain the pressure and various spots around town the hydrants will be opened. Daniels stated there will be relief valves for pressure so at night the pumps can be turned down but the relief valve will be blowing more water out at night than during the day depending on the usage. Daniels stated this could go on for 45 days. Stobb stated that could be a large amount of ground water that is being pumped out. He is troubled by this because of the drought and they will be wasting water. Stobb asked if the engineers have any kind of alternative to this. Daniels will be checking with other cities that have done rehabs to their water towers. Gorius stated they have been discussing this with the engineers and are taking every contingency they can and they are pretty much in the infancy and have not set anything in stone.

Fire Chief, D. Johnson stated they started their fiscal year on November 1 and have been busy and have had approximately 20 fire calls since then. They have been doing the annual fire hall maintenance with cleaning and they have changed the office to a storeroom and the storeroom has been made into an office. There is more and more work that needs to be done on computers, more digital filing and on line training. Johnson stated there has been a large turnover in firemen in the last six months and have seven new firemen. Some of them have started the First Responder and the others will wait till the next class. They will all start Firemen I and II on

February 11. This will cost approximately \$1,300 per fireman. They were able to get some grant funds to cover the majority of the cost and a portion of the First Responder course. Johnson informed the Council it is time to start the rural contract discussions with the townships and the meeting is scheduled for February 7 at 7:00 p.m. He would appreciate as many of the Council attend if possible to hear some of the questions and concerns as to how this is being. They are still implementing the formula from the Township Association and the LMC. The formula the department received was immediately cut in half as it was extremely high and was set out for a ten year period. It increased the cost \$33 per section last year and this raised a huge concern in the rural community. The increase was tabled this year to maintain what they were at last year. Johnson stated they will be mandated in the next five years to do something and this formula is the only formula out there that he is aware of. This year Johnson will be doing a walk-through for anyone interested in seeing the equipment. There will be open discussion as to where the numbers come from and why they are the way they are. The contracts will be drafted up the same as last year. Johnson stated the numbers the townships were given over a ten year period were their big concern and there will probably be a lot of discussion if they want to stay with the Tracy Fire Department or move on with someone else. That will not work because eventually at some point in time every department will be on the same page. Johnson stated that last year they received about \$30,000 in rural contracts. Gorius stated the reason for resistance is that the land is only in production for about 25% of the time and the City has to fund the Fire Department 100% of the time. The department did reduce it to 25% of the taxable value right away. Gorius stated the \$30,000 in rural contracts is not a lot of money for replacement and maintenance of the equipment. Johnson stated they lost one-half of a township last year but it was a situation where the department had to go out of their area to reach this area. This squared up the map which makes it easier for dispatchers. Part of the problem is the LMC and the Township Association wrote this formula and as with anything, the entities that wrote this had to do with the larger population of the state. Each township has the ability to use whatever fire department they want. Gorius stated that it is a matter of education and letting people know what the obstacles out there are and this is going to happen. This is being mandated out by the state as to what the formulas are and the smaller communities cannot compete with larger communities and this cost has to be transferred out in order to maintain the protection that they do. There have also been higher call rates and more wear and tear on equipment and personnel. Ferrazzano questioned if departments are undercutting each other. Johnson does not feel there is any of that going on at this time. All the departments in this area work well together and it is not the fire departments trying to generate more revenue, it is the fact that some of the townships did not know about this policy and maybe do not want to take the time to go through the policy to try and implement the changes. Johnson stated there was a lot of time put into this and the townships were notified of the meeting.

Chief Johnson stated that the turn out gear they purchased in 2005, which is only good for seven years and have used it past its life expectancy and the equipment is showing wear and tear and the department needs to start replacing it. They started last year with replacement gear and there was money budgeted for it this year. One of the fire reps called and told Johnson there is going to be increase in price beginning in February. There is approximately \$14,000 set aside in the replacement account for personnel protective equipment. Turn out gear is about \$1,800 per set. The newest fire helmets have been in service for 17 years and they have a seven year mandatory NFPA replacement. Fire helmets are \$419 each and \$356 till February 1 if all twenty-six

helmets were replaced. They are also short of hoods worn under the jackets and up over the air-packs and also gloves are needed. Gorius stated the money in the Equipment Replacement Fund is there for that reason and the balance at this time in that fund is adequate. To stay within the \$14,000 the department needs a minimum of three sets of turn out gear and the helmets do need to be replaced. Motion by Stobb, seconded by Snyder to authorize the purchase of the helmets, hoods, gloves and four sets of turn out gear if the money is in the Equipment Replacement Fund. All voted in favor of the motion.

Johnson asked that if they are not making any changes to the rural fire contracts and it will stay the same as last year. He asked if the Council could approve handing the contracts out at the February 7 meeting. Johnson is not making any changes from last year's contract. Stobb asked if they could have a copy of the contract e-mailed to them before the February 7 meeting. Motion by Snyder, seconded by Enderson to approve the rural fire contracts and hand them out at the February 7 meeting. All voted in favor of the motion.

R. Gorius, City Administrator stated that work with the auditors continues. The Banyon system has been a valuable asset in this area. Concerns from the auditors over the years are being addressed and have established separation of duties. Will continue to work on providing the auditors with information so work can be continued on the audit.

Gorius and Gervais have been continuing the research and ground work for the proposed aquaculture business. They met with Ralco and there were some concerns discussed. One of the concerns was Royal Caridiea. Royal Caridiea is basically a subsidiary. Dr. Lawrence is the creator of the design and Maurice is the businessman that has the patent on this. Texas A&M allowed him a specific amount of time to bring so many of these plants into production and if he did not bring more plants on line, A&M would bring the patent back under their control and Texas A&M would have the say of what they were going to do with it at that time. Ralco does not feel that Royal Caridiea has that strong of business plan and want to see where this goes if it reverts. It was supposed to revert as of January 1. Gorius will be looking at this closely before they go any further

Gorius contacted Jason Swanson from Prairie View and the medical records have been removed from the basement of the library and taken to a secure site. A dumpster has been placed in the City parking lot and they have been removing any refuse left over from renovation of the library. Gorius stated the Library Board has requested he contact Dale Johnson III Construction to design and give a bid quote on renovating the basement for library use. A lift system would possibly be incorporated for all three levels. They are looking at grants to do the renovation work.

Gorius and Daniels will continue to proceed on the Capital Improvement Project list. There are seven primary areas and they will be assigning a five year priority list to them.

Gorius stated \$25,000 was budgeted for maintenance to address problems at the Aquatic Court. There are about \$35,000 of repairs that need to be done. The pool is an asset to the community and we do not want the warranty to be violated out. The repair of the light pole will bring insurance money in that the City has not seen yet and much of the parts for repair are covered under warranty.

Gorius and Daniels have been in contact with I & S to begin preparations for the water tower rehabilitation project. They will continue to work with the engineers and Champion Coatings to minimize the impact the project will have on the residents of Tracy. They have been contacting other towns to see what the best possibly scenario would be for this project. They have been working with Fire Chief Johnson to make sure there is availability of adequate water in case of a fire emergency.

There has been contact with various board and commission members as to their term expirations and whether they wish to continue on these various boards. Gorius has submitted an ad for the board openings in the next two editions of the Headlight Herald. He will also be advertising for a manager for the Aquatic Center at this time.

Gorius stated he continues to attend the various board meetings in the City. The Police Commission has met and successfully chose a successor for Officer Daniels position as part-time. There may be a possibility of losing another officer at this time but they do have contingencies in place with two of the applicants.

Police Chief Jason Lichty reported the radio receivers have arrived and will be installed before March 1, 2013. He has been updating evidence collection kits. Lichty presented Call for Service numbers for 2012 which were up considerably from 2011. The new squad car is here and been in service. The Officers are providing positive feedback on the squad and its equipment. The computer is functioning in the new squad and will be hooked to the state driver system in the near future.

The hiring process for a new officer went well. Twelve of the thirteen came to Tracy for the written test. The top five written tests scorers were interviewed. Lichty stated they have hired Shawn Bohnen from Sleepy Eye. Background has been completed and his peace officers license applied for. He is scheduled to start on January 29, 2013. There is another possible candidate if needed from Rochester, Minnesota.

The H1 project is going well. The vehicle is currently at Kurt's Body Shop. Lichty said there has been lots of interest from the public on the vehicle and have received lots of positive feedback on the Police Department Facebook log. There has been outside agencies as well as local interest in the vehicle. The Crown Victoria has been put in storage for the time being. The equipment will be taken out of the vehicle and will be prepared to sell.

Chief Lichty has been busy with reviewing school security, buildings and procedures. Lichty has been randomly taking time to walk the halls during the day, attend noon lunch times and have been speaking with both students and faculty during the school days. Principal Anderson and he has discussed the random visits and he and his staff welcome them in light of the Newtown, Conn., event.

February 18 he will be conducting a training session at the fire hall. Chief Lichty has invited 22 agencies along with the Tracy Fire Department. It is the regular drill for the fire department. It is going to cover mass casualty situations and will use the school as a scenario. There will be a PowerPoint presentation and let everyone know what their job is going to be when they get there,

what is expected of them as mutual aid and other issues that need to be covered. They will then have an open session where they will have discussion where the plan is now and how they can make it better. This will start at 7:00 p.m.

Chief Lichy stated that he received a grant for night vision and received the scope last week. He tested it over the weekend and it works very well. It also has an infra-red on it. This is a grant lease where the piece of equipment would cost \$3,000 and the department can use it for one year for \$300. When they send it back in and does not need any professional cleaning or show wear and tear they will refund part of the \$300. Chief Lichy stated this is not something he can budget for and keep up with technology so he could return this one after a year and apply for another one next year and the technology might be better. Chief Lichy will have the new squad outside to show it to the Council after the meeting.

Stobb stated that he had attended a funeral recently and was part of the procession going out to the cemetery and was surprised that at the Stop Sign at Center and Pine, there was no police car there and traffic was not being controlled. He questioned if it was the duty of the funeral director to notify the police department. Chief Lichy stated the funeral director gets in touch with them and the family when making arrangements can deny payment of a funeral escort which is \$25. A funeral procession is not top priority so if the police department is on another call, there could have been that also.

Gervais stated the tax forfeiture list has come out and he and Gorius discussed potential purchase of the Masonic Building. His concern is that in the past the City has purchased buildings to gain control of them to prevent what goes in there and what type of business would go in there also. With the Masonic Building someone could come in and purchase for \$500 and \$2,000 special assessments and use it for storage. If the City owned it, they could come to the City if someone wanted to buy it and the Council would then approve what went in there. The \$2,060.56 could be waived by the City Council and could buy the building for \$500. At some point the building may have to come down without a lot of money being put back into that building. Gervais's recommendation is to purchase that property at the sale in Marshall on February 13, 2013. Mayor Peterson stated he would support the idea of purchasing the building as a pro-active stance. Enderson asked if that building would qualify for any historical property designation. Gorius stated that has been looked into and it is not determined that it would be at this time. Gervais stated the cost to raze that building would be substantial and leave a vacancy in downtown Tracy. Renovation would also take substantial funds. Stobb stated that he is not opposed to the idea of the purchase and asked if there were any structural issues with the building that would be an immediate expense. Gervais stated there is a leaky roof but the integrity of the building itself is good but has experienced some water damage. Motion by Stobb, seconded by Ferrazzano to attempt the purchase of the Masonic Building for forfeited taxes. Nielsen questioned if the bid is put in first they would get the building or would they be bidding against someone else. Gervais stated since the City would be buying it they would have the ability to make the purchase and property would be taken off the auction. Mr. Stelter still has till the day of the auction to pay off the taxes. All voted in favor of the motion.

Gorius presented an update on the waste water project as there were questions he was not prepared to answer at the last meeting. Stobb had some questions about a timeline and nothing

had been received from Chris Larson of I & S. A timeline has been submitted and is included in the Council packet. Gorius explained they are dealing with many different agencies on this project and there seem to be roadblocks along the way. Gorius is surprised they have not seen more considering that everything the FAA says, then MPCA has input and then RD has an input and seems to go around and around. The engineers have not been able to provide them with a solid PER and have one to RD that is preliminary. I & S has indicated that on February 25, they will give a decision or recommendation to the Council as the strongest possible alternative of how this should move forward.

May 1, 2013	Receive initial PER review comments from RD and respond accordingly.
July 1, 2013	Receive PER concurrence from RD
August 31, 2013	Receive funding commitment from RD
November 30, 2013	Prepare Construction Document Complete Infrastructure Improvements Construction Documents & submit to RD for review
January 31, 2014	Complete Treatment System Construction Documents & Submit to RD for review
February 1, 2014	Advertise for Bids – Infrastructure Improvements
March 1, 2014	Open Bids – Infrastructure Improvement Advertise for Bids – Treatment system
April 1, 2014	Open Bids – Treatment System
April 15, 2014	Begin Construction – Infrastructure Improvements
May 15, 2014	Begin construction – Treatment System

Gorius cautioned the Council that where it indicates to submit to RD for review that is where a hiccup will occur in this timeline. I & S has been up front since the beginning that when it is submitted to RD there is going to be a ping pong game that goes back and forth. RD will review it, send it back to I & S for revisions and once they are made it will go back to RD.

Gorius stated another concern was who was talked to at FAA. It was the same conversation with Kandice Krull, Sandy Depotty and Steve Obenauer that originally had the conversation with representatives from Tracy. When the City was talking with them originally, the preliminary idea for the sediment ponds was somewhere around 80 to 90 surface acres. Because of varying factors such as wetland mitigation and size of the project it is up to about 120 surface acres. The FAA is not in favor of that at all close to the airport. The FAA has recommended a mechanical plant on Site 2 or Site 1 if they could have more information on the proposed structure. The aerated lagoon system is still on the table as a viable option. Gorius stated that he and Daniels

continue to put together a Capital Improvement Project list that addresses the most imminent of the infrastructure concerns, but not basing this solely on the Wastewater Project. These things are going to have to be addressed whether they move forward on the first part of the infrastructure repairs or go directly to the WWTF project. He and Daniels have prioritized seven areas in the City and will look at each one and determine how they are going to do this based on a five year plan. The intent is to start with the 4th Street Project in 2014 to take advantage of the County contributed road funds. Gorius stated that he would welcome any ideas of how to speed the process up. This has been on the boards for a long time; the Council has known about it for a long time and feels they have come a long way in a relatively short time. Gorius stated that he, Daniels and Gervais will be going to Mankato on February 6 to meet with I & S and MPCA to discuss their concerns on the proposals. Stobb had a question regarding the information from I & S about other land sites for the ponds and wondered if the City needs to provide more information. Gorius stated they are looking at the historical search that has been done so far. Gervais has provided the information from a meeting with several individuals of what I & S wants so they can show MPCA the City has investigated other sites prior to considering the Fultz property. Stobb stated his concern that this is not a big list and they are all gravitationally downhill from the present site. Gorius stated that RD wants to look at a broader area. If they decide to go out further it is going to require more piping, lift stations and a great deal more infrastructure. Gorius stated the only thing that seems reasonable in talking with the engineers and if they are going to go further out, would have been a regionalization with Walnut Grove and that is not going to happen. He is expecting documentation from the Mayor of Walnut Grove that they are not interested in regionalization with Tracy.

Daniels stated the utility truck is in need of replacement. He is requesting authorization to research a chassis with a utility box on it instead of a pickup. They can put a rack on it to carry tools and pipe. He is requesting \$20,000 for this purchase. He had earlier requested a purchase of an enclosed trailer to haul materials needed for main breaks. Tracy Equipment can order them in and the trailer would be heavier than the one he had previously looked at. The price would be \$4,800 with delivery and options and tax. Daniels is requesting \$5,500 fully equipped with shelving and a small generator. Daniels stated the funds are available in the 801 Equipment Replacement Fund. Motion by Snyder, seconded by Ferrazzano to approve the funding request for the truck and trailer. All voted in favor of the motion. Motion by Ferrazzano, seconded by Enderson to sell the 1999 pick up on sealed bids once they have the replacement truck. All voted in favor of the motion.

Daniels stated that the blue Dodge has been donated to the custodial staff for their use. They are not going to replace it at this time.

Gorius stated there is a \$63,740.41 cost on the 5th Street Water Main Project. When this was discussed before, the Council did not really decide what part of the cost they wanted assessed to the properties affected. The project is not entirely complete and there is some curb and gutter work to be done. The curb stops are in place and that was the expense the Council had discussed to assess to the property owners. Daniels stated this was approximately \$2,300 per property for six curb stops. Gorius stated that if the Council decides to assess that portion they can then determine for how long a time period. Stobb questioned the Council had discussed assessing 25% of the cost of the project. Mayor Peterson stated a decision had not been made at that time,

but they need to be consistent. Gorius stated the discussion was also that \$10,000 assessment on each of those properties was excessive. The discussion then continued to assess the cost of the curb stops. Stobb indicated that if curb stops were installed only where there were homes, there would be some lots that perhaps could have a house in the future. Nielsen suggested to the Council that rather than charging those property owners where there is no home, as over time that is going to get lost in the mist, and someone could come back 15 years from now and want to hook up the water and they will get charged a hook up fee and not pay their share of the assessment. To avoid this happening, if anyone is going to benefit from that line, they would pay their fair share the same as the existing property owners. Those properties should be assessed and defer it. It is on the books that if that property would be hooked up, they have to pay the same assessment that everyone else did. Gorius felt it was a good suggestion and speaks to consistency that if this is started, it should be continued. Nielsen stated that the whole purpose of doing it this way is if someone wants to buy property without hook ups, they have that information coming into the sale and see exactly what is going to happen. Nielsen stated he was not thinking in terms of "X" number of dollars and it would be divided amongst the properties, he was thinking in terms that the Council had proposed "X" dollars per property. Nielsen stated that an assessment hearing will also need to be held before this is finalized. Stobb asked if Cooreman should be included on the expenditure list for the project. Daniels stated Cooreman was subcontracted by B&D Plumbing and Heating and would pay Cooreman.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2013-1 A RESOLUTION UPON ENTERING INTO A CONTRACT WITH A COUNCIL MEMBER. Councilman Enderson is the business that will be doing the work on the Humvee and that he understands the price is \$4840 is as low as or lower than the bids at which the goods can be obtained elsewhere at this time. Nielsen stated that when Enderson submits his request for payment, he would sign an affidavit stating this was a fair price. Enderson was asked to abstain from the vote. All other members voted in favor of the motion.

The Consent Calendar included: Municipal Accounts Payable and Tracy Economic Development Authority minutes from January 4, 2013. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adjourn the regular meeting at 8:30 p.m. to have a closed session to update the Council on the sale of the Sanford Tracy Hospital. All voted in favor of the motion.

Nielsen stated that before the meeting is actually closed the Council is required to state on the record the meeting is being closed to developer consider offers or counter offers or develop offers or counter offers for the purchase of real estate involved in the east side of Tracy involving the hospital property. The meeting will be tape recorded and the tape record will be preserved confidentially and released only after the appropriate time periods or expired or in accordance with Minnesota law.

February 11, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 11, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gorius, City Administrator. Absent was F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Stobb to approve the minutes for January 28, 2013.

Deletion to the agenda was 7A – Update of Animal Permit – Jennifer Roach as she was not able to attend the meeting. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

R. Gorius, City Administrator informed the Council that due to weather related issues, Chris Larson of I & S was unable to attend. Gorius stated on Wednesday February 6, 2013 he and R. Gervais attended a meeting at the Mankato office of I & S Engineering to discuss ongoing WWTF project. Present at the meeting were Chris Larson, Brad Potter and Curt Wiseman of I & S. MPCA was represented by Lisa McCormick, Minnesota River Basin Coordinator, and Brad Gillingham MPCA Compliance person for the Southwest Sector, Ashley Wahl, MPCA Permit writer for the Southwest Sector and Gene Erickson, Project Review Engineer Metro Unit. Also present by phone were Bill Dunn, MPCA Clean Water Revolving Fund Coordinator and Steve Weiss, Unit Supervisor Effluent Limit Group.

The discussion centered on what steps Tracy has taken and continues to take pertaining to the ongoing I/I problem in Tracy. MPCA is most concerned that we eliminate as much of the I/I prior to the project moving onto the facility planning stage. They feel that to present a facility plan without addressing the problem will result in a facility unable to handle the present flow patterns. The primary concern that the engineers had in talking with MPCA was the upcoming change in phosphorus limits and what steps will be taken to limit nitrate levels in the future. The discussion we had after MPCA left the meeting centered on how a pond system whether aerated or sediment would handle these issues in the future.

In the past a mechanical system would be too expensive to build and would not be necessary for the City's needs. Given the information that was presented at a past meeting, it now seems the most economical option, when considering land costs and future ability to adapt to changing limits, is the mechanical system. This is not a final recommendation from the engineers. It is however the direction they are considering as the most practical for Tracy. Chris Larson would be able to lay it out in a more detailed manner and this is just to bring the Council up to date on the project.

In a memo from I & S, Chris Larson also reported the MPCA has emphasized the need to alleviate I/I before proceeding with the design of a treatment facility. As it has been discussed, a

large scale I/I abatement project would be very costly and would take a few years of average weather precipitation to determine the effectiveness. I & S does not believe this is the best approach for the City of Tracy. I & S feels that I/I should continue to be addressed, as discussed previously a large scale abatement project would not be as cost-effective as constructing a larger conveyance pipe such that bypasses would not be necessary. Reduced flow on a facility's ability to treat the wastewater really only significantly affects the stabilization ponds. An aerated pond could meet the treatment requirements with the existing flows, but there is concern that future nitrogen limits would require a significant upgrade. A mechanical plant would be able to meet the limits of today and would not likely require as extensive of modifications for future nitrogen limits. A bonus of the mechanical plant would be that additional land purchase would not be required due to the smaller footprint. Larson reported she will finalize the recommendations of the PER and will plan on presenting it to the City Council on March 11, 2013. The 4th Street Reconstruction project is scheduled for 2014 and will have components of Wastewater Collection System improvement. I & S suggests that the preliminary planning and engineering for this project commence. The first recommended step would be to set up a kick-off meeting with the Lyon County Engineer. Larson also recommended that with many pending improvement projects, it is important that the City's assessment policy be reviewed to ensure that a consistent methodology is used to determine assessment amounts throughout the coming years.

Charles Reinert and Bill Chukuske were present to address the issue of local business being allowed to advertise for free in the VMC gymnasium. The Council reaffirmed that they had previously deliberated on this issue and had approved the advertising for free at Council and did not feel there was a reason to change that standing. Those wishing to advertise will contact the Administrator's office or staff and the business itself is responsible for placing and maintaining the advertising banners.

A request was presented by the Tracy Tornado Committee to use the VMC gymnasium on February 14, 2013 for a charity event. They have requested that the Council waive the fee associated with the facility. Motion by Snyder, seconded by Snyder to approve the request by the Tracy Tornado Committee. All voted in favor of the motion.

R. Gorius has recommended that Bernie Holm be re-appointed as the Cemetery Superintendent for 2013 with salary to remain the same as the salary of 2012. Snyder asked if there was any objection by the Cemetery Commission and Gorius affirmed that there were no objections. Motion by Enderson, seconded by Stobb to re-appoint Bernie Holm as the Cemetery Superintendent. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Economic Development Authority Minutes for January 18, 2013 and Tracy Relief Association minutes for January 7, 2013. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson presented a donation of \$200.00 to the Tornado Tree Committee on behalf of himself and his wife Peggy.

Motion by Enderson, seconded by Snyder to adjourn the meeting at 7:05 p.m. All voted in favor of the motion.

February 25, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 25, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Absent was R. Gorius, City Administrator. Present was F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Enderson to approve the minutes for February 11, 2013. All voted in favor of the motion.

An addition to the agenda included: 9-C Tornado Memorial. Motion by Stobb, seconded by Enderson to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

Chris Plott was present to report on the animal permit for Jennifer Roach. Plott stated at this time they still have 15 dogs. He has 13 at the house and Roach take two with her as she drives truck and is gone for periods of time. Ferrazzano asked if there have been any complaints from the neighbors. He stated he has not received any complaints. Chief Lichty stated that he has not had any complaints regarding the dogs. Motion by Enderson, seconded by Snyder to approve the renewal of the animal permit. All voted in favor of the motion.

B. Nelson, Head Librarian, reported that they have two new members who have joined the book club. He is still working on organizing a story time. Nelson is working on a grant through the Minnesota Department of Education to help renovate the basement. Dale Johnson and Shane Daniels are assisting him with this. The deadline for application of this grant is March 13, 2013. He, P. Peterson and two other board members have visited Redwood Falls Library for ideas to restart the Tracy Friends of the Library group. Ideas for fund raising were also discussed. Nelson has set up two tables for puzzles and is hoping this will catch on with the public. He is also planning to set up a chess set. There will be Tracy Reads again this year in late April and have selected the book "Home" by Toni Morrison. This will be funded again by Kurt Paulson who pays for the books. Nelson has read the book and has reserved the Twin Circles location for the book discussion. Nelson would not only like to have the book discussion, but have some community events surrounding the book. There is a member of the community who has donated some more Hmong books for the special collection.

R. Radke, Liquor Store Manager stated he has nothing exciting in his report. The Profit/Loss and department report was provided to the Council. Off-sale is up and On-sale is down for the month but it is basically a break even. Radke asked the Council for any questions they may have. If the Liquor Committee if they want something done, they will have to let him know. Stobb stated that he liked the format of the Profit/Loss statement. Radke stated that it is user friendly and he knows they are still working on trying to get it done. He wishes it could be out sooner than it is. Stobb stated it has everything except a comparison to last year. Radke feels the percentage is good at 45% which is a good profit margin. What hurts is the on-sale goes down but there is more profit in the off-sale. Radke stated that if you can break even in January, February and March and hopefully make up for it during the middle and end of the year. Gervais asked if Radke knew what was going to happen with the Sunday Off-sale. Radke stated he did not know but he knows that he does not want it. Gervais asked if it got introduced or will be introduced. Radke stated this has been going on for years and is not a one year thing. He understands that if you are on a border state, and his opinion is that if you lose sales on Saturday and have to be open on Sunday and only doing a few hundred dollars on Sunday, it is not a profitable thing. He understands it may be needed on the border states and that is something the Liquor Committee would have to decide if they wanted to do or not. Stobb stated that he heard on the news there are only 15 states that do not have Sunday Liquor. Stobb agrees with the decision not to do Sunday liquor and spread six days of receipts over seven days and adding the seventh day expense. Radke can understand why a border town would agree with Sunday liquor. Radke does not feel that as a group the Liquor Association is not in favor of it and do not feel that they will take a stand on it. Major liquors companies are for it.

Police Chief Lichty stated that Officer Baumann has accepted a position with the Marshall Police Department and his last night of work is February 27, 2013. Corey Leighton from Rochester has started with the department today as a part time position. Lichty has been busy getting "I-Mobile" set up to the squad computer. This should be up and running by the end of the week. Lichty asked the Council for authorization to list the Crown Vic for sale on Mnbid. The cost for putting on the Mnbid website is minimal. Motion by Stobb, seconded by Enderson to authorize Chief Lichty to advertise the Crown Vic on the Mnbid site. All voted in favor of the motion. Chief Lichty stated that he will present his next department head report at the March 11 Council meeting as he will be on vacation March 25. He stated the disaster training was hampered by the weather. There were individuals from the Murray County Sheriff's Department, Walnut Grove Ambulance, Tracy Ambulance, DNR and Tracy Fire Department. He may repeat the training for other departments that were not able to attend.

S. Daniels, Public Works Director reported that he has been working on the water tower rehab project and researching what needs to be done. The Department has also been busy with two water main breaks, snow removal and working on renovations to the city shop. Stobb asked if the colors had been selected for the water tower. Daniels stated the blue on the water tower was selected to hide the mildew. If a darker blue is used, there is the possibility of the color fading over the 15 year life of the coating. Mayor Peterson asked that Daniels obtain a picture of how the water tower would look once it is painted and present it at the next meeting. Daniels stated they will be having a preconstruction meeting in April. Stobb had received a comment that the City had better things they could be spending money on than a fancy paint job on the water tower. Mayor Peterson stated the paint job is a necessity. Stobb agreed but there was an extra

fee for the graphics on it. Mayor Petersons recalled it was a \$3,000 extra. It was discussed at that time and the Council agreed to go that way with it.

Enderson asked that the snow that has been pushed off the runway and the pile at the end of the runway be removed to avoid any problems. Daniels stated that they had been working on that today. Stobb asked if the fueling station is functioning. Daniels stated they are still waiting for some wiring to be completed. They are also waiting for fuel so that final testing of the system can be completed. The contractors from Sioux Falls were here today and Daniels is hoping the system will be operational by the end of the month.

R. Gervais stated that nine of the fifteen projects for the CDBG have been completed and this will be wrapping up shortly. The business that has plans to build on the Lau Seed Plant property plan to break ground yet this spring. He has been attending meetings on discussion of the waste water treatment facility. Gervais stated that the Preliminary 4th Street (CSAH 11) Reconstruction Cooperative Agreement with Lyon County is included in the packet for Council review. This was just received and he has not had time to review it yet. Gervais has completed the DEED report for business subsidy on dental practice. Gervais said the Masonic Building has been purchased and on a walk through there has been some water damage and appears there is a large amount of asbestos in the building. Gervais had expected more damage to the building than there actually was. Chris Larson from I & S also did a walk through, took some pictures and did some rough investigations as to the condition of the building. There has been an interest in the Food N Fuel building by a couple parties and Gervais talked to someone today about the BP gas station property. The Tracy Bakery equipment sale will be held on April 13. The windows for O'Brien Court have been ordered and will be installed as weather permits. The owner of a business that is planning a potential expansion has decided to use their own property for the expansion. Gervais asked Ferrazzano if he had a chance to talk to the Hospital Board about the sprinkler system. Ferrazzano stated that he has not heard back from Stacy Barstad at this time.

Gervais stated that S.E.H. has approved payment to Dale Johnson III Construction LLC for work on the 2012 Airport Improvements Project. Daniels asked if this was the final payment. Mayor Peterson stated that is the way it appears. Daniels asked if there was any retainage on that. Gervais stated that he is not aware if there was. Daniels stated the fuel system is not quite operational and retainage is typically put on a project. Nielsen stated the retainage is generally 5% and if that is to be done, it has to be stated in the contract that they are going to do that. Gervais stated the payment could be approved and ratify the resolution when R. Gorius returns and drafts the resolution. Mayor Peterson stated he is not sure the specifics of what the contract states regarding the contract. Enderson asked if Johnson's part of the project is complete and if he is overseeing the project. Gervais stated that Johnson is the General Contractor. Mayor Peterson stated he did not think that Johnson would pay his subcontractors until the work is done. Nielsen stated the contract would state if there would be retainage or not. A telephone conference with Johnson was held and Johnson stated this is the where the project was left with S.E.H. and Gorius before he left; the fueling system is to be up and operational other than the testing and the fuel calibration system. Gorius told Eric Hansen with S.E.H. there would not be fuel for at least a month. Because they are waiting for the fuel they cannot do the final calibrations till the fuel arrives. The fueling contractor gave a Letter of Guarantee to S.E.H. and to Gorius stating they would come to the testing and calibration once the fuel is in place. Mayor

Peterson asked if that is why S.E.H. signed off on this. Johnson stated that S.E.H. signed off on it because there is a Letter of Insurance from himself and Sioux Equipment that the testing will be completed, the calibration and the training for the credit card system and going over the maintenance of the system with the City staff, Public Works and credit card system with the City office staff. This will be completed once the fuel is in and Gorius wanted to be present for the discussion and the training. The decision was then made to bring request for payment to this meeting and not waiting for another month. Johnson stated everything else is installed and in place other than the tank monitoring wires that were supposed to be installed today by G & R and the final wires cannot be cut until there is fuel in the system. Stobb states it seems they are covered. Motion by Stobb, seconded by Ferrazzano to approve the final payment to Dale Johnson Construction III in the amount of \$78,640.90 and ratify the resolution at the next Council meeting. All voted in favor of the motion.

Enderson commented that he has seen work being done in the Food N Fuel building and questioned if it had been sold. Gervais stated that he is not 100% sure where they are at with the sale of that building.

Motion by Stobb, seconded by Snyder to approve a gambling permit for Shetek Prairie Chapter of the Minnesota Waterfowl Assoc. to hold a raffle. All voted in favor of the motion.

Mayor Peterson stated the cost of the Tornado Memorial has gone up. Enough funds have been raised to make the down payment to get the monument construction started. Last fall it was approved to go ahead at the cost of about \$7,000. With the size they had decided on it would make the writing very small and then decided to go with the stone measuring 18 x 18 x 18 by 6 foot marker and the committee is asking for approval the committee to spend \$14,511 for the memorial instead of the \$7,000. This includes the set-up fees and granite base. The monument company has agreed to no interest and no carrying charges on the payment plan to pay as the funds are received till it is paid for. Mayor Peterson stated there is approximately \$1,300 in sales tax, \$800 for the base and foundation and the rest is the cost of the stone and the carving. Snyder stated there are not going to charge an installation fee. Enderson questioned that all this would be done with donated money. Mayor Peterson stated it would be done with donated money. If the committee is going to continue with the fund-raising he would be in favor of approving the request. Stobb asked why the Council is approving this if it is going to done with donated funds. Mayor Peterson stated the money comes into the City and there are accounting rules that apply and if the \$7,000 is approved, a check cannot be written for more than that. Nielsen questioned if the site is City owned real estate. Mayor Peterson stated he is not sure on that. Nielsen stated that it is being maintained as a City park and that is a partial answer as to why the City needs to have some oversight into that process. Motion by Enderson, seconded by Ferrazzano to approve the construction of the larger monument at the cost of \$14,511. Ferrazzano asked if the payment plan is once a month or once a year. Mayor Peterson stated it is as donated money is received until it is paid for. The committee would like to have the money raised by the time the monument is set. All voted in favor of the motion.

The Consent Calendar includes the Municipal Accounts Payable and Cemetery Commission minutes from December 13, 2012. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. Stobb stated he was pleased to see the direction the Cemetery Commission is

going and getting a handle on things at the cemetery. Snyder agreed with Stobb's statement. All voted in favor of the motion.

Enderson asked if the Council could get a list of what the owners of property are not compliant for. Daniels stated he can provide those and he and Gorius have copies. Enderson questioned those that are in the court system having been ongoing since 2009 and 2010. Nielsen stated none of the top three on that list are currently pending in court and have all been in the court process at one time or another. Daniels state that they go back to court and they are given more time to finish up and if not then they end up going back to court at some point. Nielsen stated that three of the four on the court list have made significant progress. Daniels stated those are very close to being completed.

Ferrazzano questioned Gorius's update on making the position in the City office a full time position. He wanted to make sure it is everyone's understanding and he was under the impression that when that position would become full-time they were to advertise for it. Snyder felt that was discussed and that was the Council's feeling they should do, but did not feel they officially stated that. Ferrazzano stated that when he got the update, he thought they stated the part time would be fine initially for this temporary position and if they needed to make it full-time they were going to advertise for it. Mayor Peterson stated that he had reviewed the minutes but did not see that the Council had made an official decision on that. He will send a copy to the other members by e-mail for their review. Ferrazzano stated that if they did say that, the other individuals have an opportunity. Mayor Peterson stated people can make an application whether there is an open position or not and this is where this individual had an application on file. In the past they have put someone on as a temporary part-time and filled as a full-time without advertising for it. Snyder stated that he does not have an issue with this incident. Stobb felt he was the one that brought it up initially and did not who applied or how many applications had been received already. He questions and feels they should be advertising for any position that is filled. He does not know that they had come to a firm decision on that.

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

March 11, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 11, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present was F. Nielsen, City Attorney. Absent was R. Gorius, City Administrator.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for February 25, 2013. All voted in favor of the motion.

Additions to the agenda included 8-B Liability Insurance and 12-A Hiring Practices. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Police Chief Jason Lichty reported the Crown Vic was sold today on Mnnbid for \$1,650. After fees are paid the profit will be \$1,485. The buyer has contacted Lichty and will come Wednesday of this week to pick up the car. The H1 project is moving forward and it should be in service in about two weeks. The Civil Defense sirens were tested on March 6. The wiring diagrams on the old sirens were not correct and the sirens had to be tested three times to make sure the wiring was correct and the sirens were in good working order. They are now ready for the April testing. Chief Lichty said he conducted a training today for the school staff on staying safe and what to watch for. Chief Lichty stated the training of the new officers has gone very well and the new officers are doing very well.

Gervais reported the PER has been received. Chris Larson and Curt Weisman were not able to attend the meeting tonight due to weather conditions. Larson will talk with Gorius tomorrow and Gorius will inform the Council with steps to move forward as recommended in the PER. Larson and Weisman will be at the Council meeting on March 25.

Included in the packet are pictures as to what the water tower will look like after the rehab to be done this spring. Gervais stated that S. Daniels has recommended going with the pedestal and lower portion of the bowl painted blue and the three logo design.

Motion by Ferrazzano, seconded by Enderson to approve a Private Bottle Club license for the Tracy Eagles Club contingent on submitting paperwork and fees. All voted in favor of the motion.

Motion by Snyder, seconded by Ferrazzano to approve a Set-Ups license for Tracy Lanes contingent on submitting paperwork and fees. All voted in favor of the motion.

The Liability Coverage Waiver form was reviewed. Cities obtaining liability coverage from the LMC Insurance Trust must decide whether or not to waive the statutory tort liability limits to the

extent of the coverage purchased. Peterson stated that the insurance company is going to provide a quote for insurance. The limits of \$500,000 and \$1.5 million are the same as limits as previously. Motion by Enderson, seconded by Snyder to not waive the monetary limits on municipal tort liability established by Minnesota Statutes 455.04. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Relief Association Minutes for February 4, 2013. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Ferrazzano stated that he reviewed the minutes of the meeting when the new position in the city office was created and after the temporary period was over and what would happen then. There was discussion about having it opened for applications once it became full-time. At the end it was decided to let Gorius proceed the way he wanted. Ferrazzano wondered if they should continue to do that in the future. He feels that after the temporary period is over and the position becomes full-time, it should be opened for people to apply for the position. Mayor Peterson felt the precedence has already been set. It would be unfair to the person in that position now, to come back and say the procedure was done incorrectly and want to open it for applications. It can be corrected as to the way it is done in the future. The idea to say the City always accepts applications, someone's application was laying over, therefore they can go into a temporary position and that temporary position become a full-time position. Ferrazzano asked if that is a published policy of the City that if you file an application it is kept and if there are any temporary positions the City will only look at who has already applied. Stobb felt that it did not give the public the impression the City is very open with the hiring process. Stobb would like to see the City advertise for every position that they hire for, whether it be part-time or full-time. Ferrazzano stated there are a lot of job seekers out there and everyone should be given an opportunity to apply for positions. Mayor Peterson stated the City website there is an application process that encourages people to apply for positions at any time. He does not want to hinder flexibility of hiring. Ferrazzano agreed with Stobb that even if it was a temporary position it should be opened to the public to apply. He understands needing temporary help, but once the temporary becomes a full-time paid position, it is a different scenario. Regardless of what has been done in the past, he feels it needs to be opened up. If they continue the way it has been done, if they come across this issue again, he will not be in favor of changing a temporary position into a full-time position. Mayor Peterson stated the other discussion at that Council meeting was to use the same hiring practice as the police department does and interview a pool of applicants and keep them on file and ready to go without re-advertising to fill vacancies. Ferrazzano felt the public needs to know what they are doing, such as if they apply, their application is held for a year or two to be considered for temporary positions. He would be more in favor of opening it up and having people apply and it provides more transparency to what the City is doing. Stobb questioned if they hire someone for a part-time position, the Council knows somewhat if it will become a full-time position or not and could then advertise for a part-time position stating there is a possibility of it becoming a full-time position. The best of the applicants are selected and he would be okay at that point that after the six months, if it is decided to make it full-time, to go ahead and make that same individual full-time. That would give numerous individuals a chance to apply under the same conditions. Mayor Peterson stated on the other side of that, there is a part-time position each year for the pool manager and

wondered if they would advertise every year. Stobb said they would advertise each year unless they state in the initial advertisement that this may be a continuing position over several seasons. Nielsen asked if that is classified as a part-time position as to him it seems it is more temporary position. Enderson felt this issue should be tabled until Gorius is present to input on this issue. Ferrazzano felt it was important to discuss future hiring practices. Mayor Peterson stated they need to establish hiring practices and have them posted on the City website with the application process.

Mayor Peterson stated the Memorial Fund has gone up to \$5,318.25. The next fund raiser will be held on the April 6, 2013 with a Black Light Dodge Ball Tournament.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting at 6:50 p.m. All voted in favor of the motion.

SPECIAL MEETING March 19, 2013

A special meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, March 19, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, K. Enderson, S. Ferrazzano and R. Stobb. Absent was C. Snyder. Also present was R. Gorius, City Administrator.

Pledge of Allegiance was given to the flag.

Mayor Peterson stated the purpose of the meeting was notification on the PER status for the Wastewater Project and discuss the City Administrator position due to the resignation of Roger Gorius.

By e-mail consensus of the City Council to move forward with presenting the PER to Rural Development. The PER states based on the concerns of future land availability and FAA constraints I & S recommends a mechanical treatment facility be constructed on existing City property. Sandy Depotty and Candace Krull had a concern about the height of the building.

Mayor Peterson stated that on March 12, 2013 Gorius submitted his resignation letter and is leaving the community. Mayor Peterson had Gorius attempt to contact Rebecca Rupp who was the second choice at the last hiring of the City Administrator. E-mail notifications were sent to the Council on the PER and electronic ads for the replacement position. The morning of March 15, he received an e-mail from a concerned citizen and three Council members to call for a special meeting to discuss an interim administrative position. During that afternoon Mayor

Peterson received a call from Rebecca Rupp and she was unable to accept any position as she had been called to active duty. Since that time he has discussed the situation with the Department Heads and Robert Gervais to make sure there were no issues they had, and he feels the City has a very professional group of Department Heads and indicated they can deal with the situation as it comes.

Mayor Peterson feels that it is not necessary to appoint an interim administrator and through job descriptions, City Charter and Ordinances the Deputy Clerk acts as administrator in his absence and to appoint him seems redundant. That being said, the administrator will still need to be replaced. With the issues coming up in the near future, Robert Gervais has his hands on it anyway and is fully aware of what the issues are. Mayor Peterson recommends moving forward and get some print out along with electronic ads and solicit more applications and do the same type of process that was done the last time an administrator was hired.

Gorius stated the advertisement as written previously for the position and has been amended to drop the salary and substituted dependent on qualifications. Gorius as contacted the three new applications received and told them they have been received and will be reviewed and given to the Council for consideration. The ad went out on the LMC on Friday and also posted to the Strategic Government Resources job board and so is nation-wide now. Of the three new applicants, two are MPA qualified and he would expect to see more applications come in. Ferrazzano asked when the cut-off date was. Gorius stated that was left open until filled. Ferrazzano asked for clarification that the Council did not have to appoint Gervais as he would fill the position once Gorius leaves. Gorius stated that when he took office, he replaced the Public Works Director with Gervais as Deputy Clerk as it made sense since he knew what is going on in the area.

Stobb stated from the day someone is chosen and they accept the position, depending on their situation, they may need to give notice to their present employer that could push it out another 30 days. If a situation like that does arise, he feels the Council needs to give consideration to the Deputy Administrator for some extra compensation for that. Mayor Peterson stated this would be similar to what they did with the Police Department and the Acting Chief. Stobb asked for Mayor Peterson to expand on the use of the same process as used before. Mayor Peterson stated that when they filled the City Administrator position, the applications were collected and a committee of five was formed with community members to go through the applications and the top ten were selected. The Committee then got together and selected the top five applicants. He feels this gets the community involved in the selection process. The Department Heads have volunteered to assist in any way they can with the selection process. Stobb would ask that when it comes time for that committee to get together and to decide on the top selections, they do actually do get together and discuss the candidates. He is not sure that happened last time and feels it is important they get together and discuss the candidates. Mayor Peterson stated that he knew where Stobb was coming from, but that also adds time to the process and could also sway someone or eliminate someone from the chance. Stobb felt it could also do the opposite. Stobb feels the more insight and discussion they have the final candidates is nothing but a plus. Gorius stated that it is his intent as long as he is here to take all the applications and provide them to the Council as they come in so they have the same information that is coming across the website to the office here. Gorius stated that if they are going to form a committee the Council would need

to set criteria of what they wanted and provide them to the committee. Mayor Peterson stated the only difference in this search versus the last search the candidate has to be aware they will also be involved in finance direction as there is no longer a Finance Director. Gorius stated the office has been set up to a point where the fund accounting is not a big issue. There is the investment portion and the fund accounting. Anybody who is going to have the experience to do the budget should have that experience to do the finances.

Ferrazzano stated that one problem he has with leaving it open ended and no deadline, it is weeded down to three applicants, and more applications would still come in. So if some of those applications come in and they may be qualified, is the Committee going to stop everything and consider them if no one has yet been appointed. Mayor Peterson said they could pick out a close date, Gorius stated it can be modified on the electronic ad if a close date is selected. Ferrazzano stated they could not advertise anymore because there is a pool of applicants from before and pick from those. Ferrazzano stated that if the process is they collect applications over the years and then pick from that when there are positions available, it should be done with this position. Mayor Peterson stated that could be considered and he has no problem with that at all. It is not a pool of applicants that was five years ago and it is recent at two years. Enderson asked if they would include the new ones received and what other applications come in. Ferrazzano felt they should pull the ad and say they have enough. Mayor Peterson stated that his concern with this is as in the instance of Rebecca Rupp, the other applicants may be employed. They could contact them and see if they are available otherwise they select a pool and pick the limited candidates, and add a time to it which would limit it further. Ferrazzano stated it is no different than the applications for City Hall.

Stobb agreed that some of the applicants from before were not qualified and they do not need to be contacted, but for some of those that were in the consideration and higher ranking, could be contacted and ask them if they would like to have their application considered again as the position is now open again. Mayor Peterson does not want the City to be limiting themselves to the possibilities out there. Ferrazzano stated his opinion is if there are three applicants now, close the ads now, and add those three to the others from the previous opening and pick from there. Gorius stated realistically the field will not be the full 80 as there are some that may have already gotten employment elsewhere. Stobb stated that he does not mind considering some of the better applicants from the past, but there could be the perfect person out there that is working on an application right now. Ferrazzano stated that he is just going off the discussion they had in the past. Mayor Peterson stated that nothing was decided and it was going to be discussed at the next meeting. Ferrazzano stated that it is apparently still the policy, and if it is the policy for one job it should be the policy for the other job. Gorius stated there is no set policy concerning hiring and not all city jobs are advertised for now.

Enderson stated that a little over a year ago there was a committee before it was narrowed down and asked if they need to consider that again. Mayor Peterson personally felt that is the way to do it and you get a greater cross reference. Ferrazzano would be in favor of contacting the top candidates and feel they need some preference for them applying initially and being the top candidates and should not have to go through the whole application process again. Mayor Peterson still has the notes from last time with the top candidates. Mayor Peterson stated they telephone interviewed five candidates and personnel interviewed three candidates. Stobb

recalled there was a number scale and some people with the same rating, some of them were chosen to be interviewed and some of were not. Mayor Peterson stated some of the differences in those was experience. Ferrazzano stated if there was a number scale, cut off at a certain number and anyone below that certain number would not be reconsidered, or look at the whole pool of applicants again and go through them again. Ferrazzano does not feel that they need any more applications. Mayor Peterson would like to see the ad run for three weeks before it is closed out. That would be around April 7. That gives him time to go through his notes and gather up those top ten candidates. Stobb would like to see the timeline shortened and close the ad on March 29. He feels the good candidates will apply promptly. Mayor Peterson stated that he understands the logic but does not understand the hurry. It was not that long ago he got chastised for being in too much of a hurry. Stobb stated at that time they had a budget that needed preparing. Mayor Peterson stated the budget was prepared. Gorius stated the first budget he did was disorganized but the budget is in good enough shape right now and feels that Madonna Peterson has a good understanding of what they are doing in the fund accounting and the next person that comes in the transition will be much easier and smoother. If anyone has any budget experience they should be able to come in and do that. Gorius stated on the Wastewater Project the hard part has been done and the PER has been submitted, the engineers have a firm idea of where they want to go and what needs to be done. Ferrazzano stated they also have a Deputy Clerk that is up to date with these issues.

Ferrazzano stated that his preference is to not take any more applicants and take what they have, but if they say go to April 7, that is fine with the understanding that once Gorius is done, Gervais will be taking over. Mayor Peterson stated they could act on it or wait and get C. Snyder's input and vote on it. Ferrazzano felt they should just vote on it. Motion by Enderson, seconded by Ferrazzano to close the ad on April 7, 2013. All voted in favor of the motion.

Stobb added his request earlier that the committee get together to determine the top candidates. One of the committee members expressed to him last year their disappointment that they did not have the opportunity to do that, they just handed in their results without being able to discuss it with the rest of the committee. Mayor Peterson stated that he personally gave them to the committee and again picked them up and no one said anything to him about that. He stated he does not have a problem with this and at that point and time they were getting to the point that they had to select someone and trying to get a smooth transition, this time it is not necessary because they have Gervais who is up to speed on everything. Mayor Peterson stated that if there are any other concerns they want this committee to be told, get it up front now so when the committee is selected they can move forward.

Homer Dobson stated that he was on the last committee and the committee was given the responsibility and the committee did exactly what the Council told them to do. When they set the qualifications that are necessary, then the committee is supposed to follow those qualifications and the committee is not to bend them because of someone's favoritism. If the committee does as they are told and they make recommendations to the Council, the Council needs to accept and no belly-aching.

Enderson stated he is glad to see that they will accept more applications as some of the applicants from last time may not be available. He is also glad to see there is interest in the position with the receipt of new applications in just a few days.

Gorius stated that he will modify the ad for April 7 deadline.

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

March 25, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 25, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gorius, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Enderson to approve the minutes of March 11, 2013 and the Special Meeting on March 19, 2013. All voted in favor of the motion.

Additions to the agenda included 7A Report by Redwoods Company on proposed Card reader system, 7B is amended to include the 4th Street Project, 7-C Update on Hospital Boiler Project, 8A updates on Boards and Commissions appointments and 11C Tracy Public Library Board Minutes for February 19, 2013. Motion by Stobb, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

A report was given by Robin Hanson from the Redwoods Company on a proposed card reader system. Hanson explained that the fee would be set with them and there is a rate guarantee for the standard three year agreement. According to the transactions now, with the Redwoods Company there would be .09¢ per transaction savings and does not include the transaction fee of .10¢ where now it is .15¢. If the average was taken and based on the February invoice, it would save the Liquor Store \$68.85 and the total monthly saving would have been \$137.05. Ferrazzano asked if this had been discussed with Radke. M. Peterson stated she is waiting for the company he goes with to get back to her as to when the contract expires. Hanson stated the length of contract is usually 36 months. She has discussed this with the CEO of the Redwood Company regarding this and if there is a situation where there is a cancellation fee, the Redwood Company

would take part in that. After doing samples, she recommends an interchange rate. There is a tiered program and there is an interchange rate. If you Goggled MasterCard and Visa current rates you will get 450 Visa and 450 MasterCard. Hanson used the example of using a standard Visa card issued by a bank. The basis points for this example would be 25 which would be the profit for the company and the rate would come from that and then the .10¢ transaction fee. The fee would be \$1.09 charged by interchange which is Visa or MasterCard or Discover. When she met with M. Peterson and R. Gorius they discussed the new law that went into effect January 27, 2013 which allows the merchants to pass on the surcharges. She used a 2% number when she met with Peterson and Gorius and suggested that they set a straight across the board 3% surcharge on every transaction, by the time you pay your annual fee and tax it will average out to be about 3%. The City would have to disclose to the customer that the City is charging the surcharge. Ferrazzano asked if people are asking to use a credit card. Peterson stated this is becoming more and more common they are asking to use cards. Gorius stated they have seen a volume over the last three to four months to justify looking at this. Ferrazzano asked if they would utilize this service, would there be way to do the automatic withdrawal per month from the card. Peterson has contacted Banyon and asked them about on-line bill pay for the utility billing. She does have some quotes, but Redwood Company was going to contact Banyon and see what it would be as Redwood Company could propose on-line billing to the City also. The cost for on-line pay would cost the City \$8 in addition to the other charges. Ferrazzano states he uses his bank to on-line pay and was wondering if there would be a place to put the meter reading. Peterson stated the goal in the future to replace all water meters with radio read meters. Hanson stated the application set up fees would include a \$30 merchant ID. The equipment cost would be a terminal which would be sold to the City would cost \$195 and the utilities; DMV/DNR and pool could be on the same terminal. The terminal at the Liquor Store can be reprogrammed. The total upfront cost would be \$315. The monthly fixed costs would include a statement fee of \$9.50. The minimum fee would be \$10 per month if no charges were processed. The other monthly fees are based on usages. The annual fees would include a \$79 PCI compliance fee and \$79 annual fee which is pad at the end of the processing year. Hanson provided a list of companies and cities currently using the Redwoods Company system. Hanson stated the Redwoods Company was established about six years ago and is a local Minnesota based company. The first point of contact would be Hanson who lives in Rochester and have several merchants in the area. Ferrazzano states this sounds like a good idea. Gorius stated this would reduce costs and would be more convenient for the customers. Mayor Peterson asked if the City has enough information to move forward with this. Hanson stated they would set the City up for a 90 day trial period to try it out. There is no early termination fee. The City will also receive a rate guarantee certificate so if another company comes in and states they can save the City more money, Redwoods Company will match or beat that price. Stobb asked if the City is putting themselves in a bad position when some of the retail stores are not charging the 2% or 3%. Hanson stated that more and more retailers are charging this. Debit card rates are going to be the lowest rate. Peterson stated that last year with DMV, the City applied for a variance so that the City would not have to use the state's credit card machine because the office also accepts utility payments. The State automatically charges a convenience fee. Peterson feels this is a good way to go as more and more people are asking to use cards. Hanson stated the turn-around time for the payments to go into the City's accounts is 24 hours. Motion by Ferrazzano, seconded by Enderson to enter into the agreement with Redwoods Company for use of credit cards for city services. All voted in favor of the motion.

Chris Larson and Curt Weisman from I & S to provide updates on the PER for the WWTF and the 4th Street Project. Larson stated that he received work from the FAA that they would not be supportive of the stabilization ponds that large and that location by the airport. They would have been okay with aerated ponds with additional mitigation measures and they were okay with the mechanical facility the FAA was okay with two of the four sites. There was some concern with the level of treatment the plant would have to provide. They met with the MPCA in early February and found they want the City to go after I & I more and the purpose of that is to get rid of the by-passes. They are proposing larger pipe that would eliminate the need for the by-passes. Any one of the three options would meet the current phosphorus levels but there are nitrate limits that are pending and within the next 10 years they would expect them to come out and with the stabilization they would need to construct a mini-mechanical facility at the downstream end to meet those limits. Aerated would still need a significant upgrade and mechanical would be much more flexible to be able to handle those limits. Even though the land cost was figured into the various project costs, there was a concern of how much land was being taken out of production. I & S is proposing the mechanical plant and the PER has been submitted to Rural Development and would expect the first round of comments in about two months. Everything in the City is essentially the same as what was proposed back in November of 2012. They would be upsizing the infrastructure from the by-passes downstream and then reroute some things to get into the public right of way out from under existing houses and also redo everything under 4th Street because the City would get a better deal as the County through state aid fund were paying for the restoration of that project, which is a significant portion of the construction cost.

Larson stated they met with the County officials and the original understanding the state aid would be from South Street to Craig Avenue which is Highway 14. Talking with them today it sounds like they also want to do south of South Street to Pine Street. The talk was that it was better to do it all at once. There was discussion as to what portions the County would be able to participate and there was a \$625,000 cap and after today's discussion it was whatever state aid eligible they would be able to help the City out with. The next step before the agreement is finalized and set an amount they would do some preliminary engineering to determine what their portion of the cost would be. There is an amount they will pay but it can only go towards certain items. Preliminary engineering is a necessary step of the process if the City is going to be assessing a portion of the street reconstruction to the property owners. Gorius stated that I & S has done some work at looking at assessment policies for different cities as to how they assess costs and Larson will work with Tracy to revamp the assessment process as the City is not really consistent on how it is done. What they are looking at now is if the City Council would be agreeable to begin the Preliminary Engineering Report that would be needed for the 4th Street Project. Larson would like to get the report done earlier than September. This will not be a report as with the WWTF and not as much testing needs to be done. Larson would like to get it done in June as there will need to be assessment hearings and the sooner this can be done, the better it is. Gorius stated they would like to start the project in the Spring of 2014 as early as they can. Gorius stated that Suhail Kanwar with the County wants to see a capital improvements project plan developed for the City. He wants the City to be able to come to him in 2014 and tell him what the City wants to do in 2015. That way he can go to his board in December and tell them the amount of funds they need to allocate out. Gorius stated that if the City continues to do that, projects can be done with the aid of eligible funds. The preliminary engineering report that

is needed at this time is basically going to tell them what the city going to put in the ground, what it is going to cost, what the bids amount are and where the City is looking. This would be a huge step forward in eliminating I&I and go a long way in soothing MPCA if this could be done in the next year. Mayor Peterson stated they would be replacing the sanitary sewer, water, storm sewer and adding interceptor lines for the sump pumps along 4th Street. Gorius stated that once they get past Front Street the infrastructure would not be in the roadway and should not have to disturb the roadway in future if there is a problem. He stated there is going to be an inconvenience in traffic patterns and for people that live on the street. The end result what you get for the amount of money the County will contribute to the project. Motion by Snyder, seconded by Ferrazzano to authorize moving forward with the preliminary engineering report for the 4th Street Project. All voted in favor of the motion.

Stobb asked that when I & S gets a report back from the USDA, would that only be on the mechanical plan and the engineering of it and not on funding. Larson stated it will be a little of both and will receive comments back on the engineering. When this was submitted to RD, they invited them for the first round of comments instead of getting a multi-page letter with their comments they will go to RD and work out the comments. Ferrazzano asked how many rounds of comments do they usually get. Larson stated it can be several rounds and they have been talking with them on previous projects. This will be split into multiple contracts so there will be a construction contract for street reconstructions and then a separate one for the mechanical facility and one for the pond decommissioning. Larson is confident they will be in the ground next year but some aspects may not start till later in the year. Larson feels they are on schedule and it is a process.

Larson stated they are going to be setting up a Preconstruction meeting set up for the water tower project in the next couple weeks. At that time the contractor will provide the pressure release valves that they will be putting on hydrants. They will try to do a dry run of taking the tower off line and make sure the plant can operate. Gorius stated I & S will keep the residents and Council updated on what is going to torn up and why it is going to be torn up. Larson stated that the meeting this discussed setting up a website and sending out notifications weekly. Ferrazzano asked if they have an estimation of how long the 4th Street Project will last. Gorius stated they did not discuss this but feels it would be a summer long project. Snyder asked they include the ambulance and fire departments when this happens. Stobb stated that he had voiced his concern at an earlier meeting about water conservation with water tower and trusts they are going to do this as efficiently as they can and lose as little water as possible. Larson stated they will but there will be running water on the streets.

Gorius stated that when the boilers were delivered they were significantly damaged and there was no way the City could accept them at this point. Other than damage on the outside, they did not know how damaged they were inside. Barstad has secured a three month extension on the grant and the contractor was told the boilers needed to be replaced, new ones from the factory with warranties and guarantees that were previously in place. Bisbee was not happy but when it comes down to it, the contract language is in favor of the City. It states the product was to be delivered from the manufacturer in the original package and this was not adhered to.

Blair Nelson, Library Director stated that he has completed the Accessibility Grant of the Minnesota Department of Education. This weekend they are having an Easter Egg Hunt at the Library followed with a movie. They have not yet confirmed a definite time for Story Hour. Nelson stated they separated the Beginner Readers from Picture Books so now they have their own section and this is appreciated by the parents.

Robert Gervais, EDA Director reported leaking water in the 5th Street Apartments. The way they are built they catch a lot of snow and then the addition of rain, it backed up. 3rd Street and 5th Street apartments are now full. There are a couple openings in Orchard Lane right now. The EDA has been working with a potential new business and looking at industrial site at this time. There will be a meeting the first part of April with an individual looking to expand into southwest Minnesota. They are moving forward with the O-Brien Court window replacement and will be opening bids on April 19 at the EDA meeting. Gervais has been working on the Aqua-culture project and doing some research there and have met with the LLC. Gervais stated that a lot of his time has been spent with Gorius trying to get up to speed and stay up to speed on all the projects. Ferrazzano asked what is going on in the Food N Fuel building. Gervais stated the new owner has approached the EDA Board and requested some funding through the EDA. At this time it seems to be more convenience store with possible Asian food as well. The EDA will review this at the upcoming April meeting. Gervais stated they should know something in the near future regarding the Lau Seed building.

Shane Daniels, Public Works Director stated the material order for the pool will be leaving the factory in Italy late this week. To start the repairs they need 40 degree temperatures. Daniels stated he has found a possible supplier for airport fuel and they are waiting for another shipment to this area. They are going to deliver 1500 gallons for a good starting number to have on hand and if this amount needs to be adjusted and need more in the future, they can deliver more. Daniels stated he attended a meeting with the County regarding the 4th Street Project. He stated the bike bath is in need of seal coating and may need some crack sealing done also. He did receive one quote of polymer coating which is about \$15,000 which includes the trail from Premium Plant Service all the way round and back to County Road 11. He has been working with the elevator on the new bin set-backs. Stobb asked what fund they would be using to seal coat the bike path. Daniels stated he has not looked into that yet and as far as final approval, he will be getting more quotes for this project. Daniels stated that 8th Street also needs to be done soon and was quoted \$8,600 to do that. It is not emergent to do that this year. Gorius stated the bike path was also discussed in the 4th Street meeting and are going to be looking into some funding for the Safe Routes to Schools and possibly tie that into some of the 2014 funding. He and Daniels have been discussing expanding the bike trail to encompass the City and also branch out in certain areas to be allowed access to the schools, using the areas behind Orchard Lane. We look into some grant money and assistance from the State for this. Ferrazzano asked when the roads would be painted for the path as in some areas it cannot easily be seen and you wonder where you are driving. Daniels stated this is the County's responsibility. Ferrazzano stated that it should be properly marked.

Gorius stated a new hand held meter reader was installed with Public Works. The training, implementation and software have been installed. This should cut cost in labor and help with revenue collection documentation. This will help with funding and engineering the new WWTF

to divide out those areas of revenue. Gorius has been keeping Gervais updated with issues and projects. Gorius stated they continue to receive applications for the Administrator Position and at the request of the Council he has replaced the old advertisement and put out a deadline out for 5:00 p.m. CST on April 7, 2013 and the packet will be ready for distribution to the Council with all the applicants.

Board and Commission appointments were discussed. Gorius stated that Deb Ohman has been added to the Cemetery Commission and it has been brought to his attention that Sis Beierman would like to be removed from the Housing and Redevelopment Board and she would like to be placed on the EDA Board.

Motion by Enderson, seconded by Ferrazzano to appoint David Algyer to the Airport Commission. All voted in favor of the motion.

Motion by Enderson, seconded by Stobb to appoint Elaine Fischer and Deb Ohman to the Cemetery Commission. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to recommend to the Charter Commission, the appointment of Rhonda Fredericks to the Charter Commission. All voted in favor of the motion. There are still two opening on the Charter Commission.

Motion by Enderson, seconded by Ferrazzano to appoint Dennis Fultz and Sis Beierman to the EDA Board. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to appoint Con Rettmer to the Housing and Redevelopment Board. All voted in favor of the motion.

Gorius stated there are three openings on the Hospital Board and they have received no applicants.

Motion by Enderson, seconded by Snyder to appoint Peggi Peterson and Valerie Quist to the Library Board. All voted in favor of the motion.

Gorius stated the Multi-Purpose Center Board has two openings and have applicants Dallas Petit, Mary Blanchette, Adeline Johnson, Vera Anderson and Ralph DesLauriers. Mayor Peterson states that in the past they have had members of the Council do interviews of the applicants and have them make a recommendation to the Council. Enderson and Gervais will conduct the interviews and bring back their recommendations

Motion by Enderson, seconded by Ferrazzano to appoint Rhonda Fredericks to the Planning Commission. All voted in favor of the motion. There is still one opening on the Planning Commission.

Motion by Snyder, seconded by Enderson to appoint Dallas Petit to the Police Commission. All voted in favor of the motion.

Mayor Peterson stated they will continue to advertise the openings on the Planning Commission, Hospital Advisory Board and the Charter Commission. Stobb stated the Library Board has been short one member with six instead of seven. He stated that these appointments bring them back to seven and has heard that one member will be leaving. There will be another vacancy at that time on the Library Board. Enderson stated that if there is anyone in the public that would like to serve on any of these boards or commission, they need to submit their application. Gorius stated that service on the boards and commissions is vital as it gives input from the community to the council on various avenues that are funded through the city such as the library, multi-purpose center, airport, and hospital.

Mayor Peterson stated that as per request from Council members to define the hiring process for municipal employment opportunities, he went through the Council minutes from 1998 to 2012 and listed positions that were hired and the other list included advertising for position. He found was a track record where there was no advertisement for any of the openings in the administrative side to replace the administrative assistant twice or some of the accounting clerks without any advertising. It was brought to attention when they hired the assistant manager for the liquor store; the council was made aware of it a year later. Mayor Peterson stated the policy that is written on the website is a non-discrimination policy but it also states in Section 2.1 in the Duties, Subsection B, Item J and K. it states the head of each department shall perform all duties by the laws of the office according to the Charter and Administrator. One of the duties of the department head is to recommend to the City Administrator the appointment, promotion, discipline, demotion, suspension or removal of employees. They do have the authority to hire, subject to the Administrator all regular part time and temporary employees for their departments. Ferrazzano said that they can hire temporary and part time work and he does not have a problem with that. But it did not say they could hire full-time permanent.

Gorius stated that obviously the problem is that April Lichty was put into a position after the Council was told that she was going to have a part-time position for six months and then they would look at it for a full-time position. He stated he followed the same policy that had been done with Tim Jacob on and off again. Robinson hired him, let him off for one month, hired him again and let him off a month until Jacob stated he was going to work somewhere else. Daniels came to Gorius and explained that Jacob was a good worker and he would like to keep him. Jacob was brought on, the Council was informed and there was no problem. The same thing was done with Kim Burch. D. Spencer brought her on and her six months came up, she knew the job and she was offered the position. There were no problems voiced by the Council at that time. Now, they have done the same procedure with Lichty and there seems to be a problem. He would like to know what the ground root of this problem. Ferrazzano stated that initially at the meeting when Gorius asked for the temporary position and he went back and reviewed the minutes, three Councilmen mentioned that it would probably be a good idea to advertise for the position once it was determined to become full time. Ferrazzano agrees that at the end of the discussion there was nothing stating that this is what Gorius would have to do. The difference being it was mentioned at the meeting. Ferrazzano understands what Gorius is saying and he is not saying anything is wrong with this position now, because it is not the employee's fault if they get hired. What he is trying to say, he feels the procedure needs to be changed. If the hand book states part time or temporary, that is fine. Once it become permanent, he does not see what the problem is to have it advertised. Gorius stated then there is no argument between himself and

Ferrazzano and Gorius has told him before, if the Council wants to have consistent policy, they enforce it and put it in place. This has not been done in the past. If what the Council is for every position to be advertised, you put it in front of the Council, you vote and if that is the way you come up with it that is the way it will done. Ferrazzano stated every full-time permanent position should be advertised. Mayor Peterson stated that when advertisements were compared to the names, the only ones that were advertised where for those specialty positions such as wastewater treatment, building inspector or department head position. Stobb stated that he remembers reading ads in the Headlight Herald for summer employment to work with Public Works. Mayor Peterson stated that is an annual ad. Stobb asked why do that and not with other positions. Stobb stated they are not trying to change the department heads or administrators power to hire, promote or fire employees. All they want is to let the public know there is a position open for somebody to be hired. Gorius states that he has no problem with that as long as it stays consistent. Gorius stated that it cannot be done for part time summer help for Public Works and not for part time bartenders because that would not be consistent. It needs to be across the board consistently. Ferrazzano stated that if it is temporary and it is an emergency, he does not feel they need to advertise for it. When a position becomes permanent, then other people need an opportunity to apply. Gorius states he has no problem with that and does not care how they want to do the part time advertising, as long as it is consistent. He cannot tell Public Works every summer he has to run an ad for part time people and let the liquor store pick anybody off the street and put them on as part time. Ferrazzano stated that if there is a permanent full time position, he feels they should advertise for that. If it is part time at the liquor store or part time for the street department, that is different. He does not feel they need to advertise for those positions but if the policy or consensus was that they should, he would not have a problem with that either. His bone of contention was if there is a position that is permanent full time it should be advertised. Gorius stated that if you appoint someone for six months and put them into a position, once they go into a full-time application they will follow the City's point system and at that point the person that has been in that position for six months, already has knowledge of the job, time in the position and will probably be ahead of most applicants to begin with. Stobb stated that he would like to add something to Ferrazzano's proposal that if it is a part time position and there is a potential that it may become full-time then they should advertise for that also. Gorius agrees with that. Mayor Peterson feels that would be consistent. Gorius feels if they do not do that, the person in that position has been given six month's training is going to end up being hired anyway. You are then spending money on advertising that is worthless. Snyder stated he does not have a problem with advertising, but if they are going to advertise for one, then they need to advertise for everything. Ferrazzano agreed to be consistent that is what they would need to advertise for everything. Mayor Peterson asked if Gorius would be willing to draft a policy with Nielsen and bring it to the Council for review at the next meeting. Mayor Peterson encouraged that a statement be put on the website that states applications are available for any position at any time whether there is an opening or not.

Art Peterson from the Wheels Across the Prairie was present and would like authorization to go through the Masonic Building and if there are artifacts or something they could use for display. Mayor Peterson stated that if by chance someone stepped up and purchased the building and wanted to put on the historical register, structural items such as doors. Would the purchaser be willing to give it back? Peterson asked for instance if it was a door and it had a doctor's name on it would the City want them to just take the glass. Gervais asked Peterson if he would be willing

to make a list of items from the building they would like and then the Council could approve. Nielsen stated that would be better than just going and taking things out. Nielsen stated that another thing that the City needs to keep in mind, the City does not have clear title to that property yet. The prior owner still has a claim to that property and nothing structural should go out of there until that is clarified. Peterson stated that the only structural thing he can see at this time is glass in the doors. Nielsen stated that if the City wanted to give the Museum dibs on something and when it is clarified they can take it, that would be fine but to remove it now would be premature. Nielsen stated he does not know what they are with the personnel property, the City bought the building but the personnel property is in there and the City should take some legal steps to notify the prior owner. The needs to tell the owner that the City has purchased that property and if there is personnel property that he needs to remove it. Gorius felt it was a precaution the City should take. Peterson feels that would be opening a can of worms. Stobb stated there is only one prior owner that they bought the building from. Peterson stated he had talked with the previous owner and he showed no interest giving anything to the Wheels and he just wanted to walk away. Nielsen does not see any issues with the Museum going through the building and making of list of things they want.

Motion by Snyder, seconded by Enderson to go through the legal process to obtain the title for the Masonic Building. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution No 2013-2 A RESOLUTION APPROVING PAYMENT TO DALE JOHNSONN III CONSTRUCTION FOR WORK COMPLETING THE AIRPORT RENOVATION PROJECT in the amount of \$78,640.90 as the final payment. All voted in favor of the motion.

The Consent Calendar contains the Municipal Accounts Payable, Tracy Economic Development Authority minutes for February 1, 2013 and Tracy Public Library Board minutes for February 19, 2013. Motion by Enderson, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Enderson did have someone talk to him about the Multi-Purpose Center that there needs to be more involvement there, but obviously with the applicants that will happen.

Motion by Enderson, seconded by Snyder to close the regular meeting at 8:00 p.m. to go into closed session to discuss hospital sale negotiations. All voted in favor of the motion.

April 23, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, April 23, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, K. Enderson, S. Ferrazzano and R. Stobb. Absent was C. Snyder. Also present was R. Gervais, Deputy Clerk. Absent was F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Corrections to the meeting minutes from March 25, 2013 included on Page 28, Paragraph 3, Line 1 – Gorius stated a new hand held ~~meeting reading~~ meter reader was installed with Public Works. April 8, 2013 Page 32, Paragraph 7 – Mayor Peterson stated Chief Lichty's report is included in the packet as he was ~~able~~ unable to attend the meeting tonight. Motion by Ferrazzano, seconded by Enderson to approve the minutes as amended. All voted in favor of the motion.

Additions to the agenda included 8-A Delinquent Water Bills and 8-B Snow Removal Process. Motion by Stobb, seconded by Enderson to approve the agenda as amended. All voted in favor of the motion.

There were no Public comments.

B. Nelson reported the library had an Easter egg hunt with 80 people attending. A movie was shown after the egg hunt. Forty people attended the Tracy Reads discussion on Sunday night. All 70 books were given away. To coincide with Tracy Reads they are extending the poster contest to include children. The Writer's Group project is "What Home Means to Us". A few attended Story Hour last week and off to a good start. Nelson stated that last week was National Library's Week and he asked people on the Facebook page to post their favorite books. They also had a display in the window of books by Minnesota authors. The next book the Book Club will be reading is "Night" by Elie Wiesel. The author was the winner of the Nobel Peace Prize and the subject of the book is the Holocaust. Nelson said he will be talking with the Tracy Public Schools Foundation to see if the Tracy Public Library can be added to the Foundation. This may be possible since the Library partners with the school on the Accelerated Reader program. He has created a teen survey to send to teens at the Elementary and High Schools in Tracy and want to get more teens into the library and this is a way to gauge their interest. The next Teen Club meeting is this coming Sunday and will be focusing on the upcoming summer reading program. There will be a Kindle tutorial and including how to download onto the device. There will be an upcoming speaker on May 7, Chad Lewis will be doing a presentation on Minnesota Gangsters.

R. Radke asked if there were any questions regarding the Liquor Store report. He stated that March was not a good month but April is looking good so far. It has been a slow three months and the weather contributed to that. He asked if anyone had any questions regarding his report. Mayor Peterson asked if Radke has received any feedback on the discussion at the last meeting regarding the numbers and looking at closing the on-sale/off-sale. Radke stated that he has had quite a fair amount and his take is that it seems to him the public received the discussion in a negative manner.

S. Daniels asked if there were any questions regarding the Public Works monthly report. Mayor Peterson appreciated that they have not used the blower for snow removal with the wet snow and using the vacant lots for a snow field was a good idea. Enderson stated that he had had residents ask him when they will be repairing potholes. Daniels stated that usually in mid-May is when fresh mix will be available and that is usually when they repair potholes. They also have to wait

until the frost is completely out of the ground. There is one at Subway where they had placed rock and it got pushed back out. Enderson stated that on Hollett and 1st Street East there is a bad pothole. They are trying to repair some of the bigger potholes and the smaller ones after that. Mayor Peterson asked if that is a County tile on Highway 14 that is barricaded. Daniels stated that he had come out of the alley with the tractor and when was going to back up, the road was gone. There was a hole in the pipe and the dirt underneath it washed away. This is across the road from Tracy Equipment. Daniels stated the County and the State would meet regarding this but they are unable to do anything until the snow melts as water is pouring in there right now. The involvement of the City would be to have the new Administrator meet with the County and DOT to determine what to do with that line. It is about 11 feet deep and used to drain everything from the swampy area on the other side of Highline Road but has been redone and now drains into the drainage ditch by the lumber yard. Now this line is draining everything from the propane plant over Tracy Equipment. This will need to be redone and dig a new line or divert the water into the storm sewer but the problem is if the storm sewer will take it and elevations. It will have to take some re-piping as it cannot be abandoned. Stobb asked if there was another drain on the north side of Highway 14 that is also involved in this. Daniels stated there is a storm sewer that runs down Highway 14, but it is only five feet deep and is 52 inch diameter where it comes out by Tracy Equipment. The City's is up higher and to the side and the County one runs beside the City line. The County tile is pretty much a larger size field tile but it turned into catch basins and such. Daniels stated he talked with Todd Hammer and he had mentioned it back a few years back before the sanitary and storm were separated that they were using that at one time for sanitary sewage and the sewage ate away at the pipes.

Daniels stated the total price to Replay the bike trail which is a polymer seal coating and penetrates one and half inches to one and three quarters inch into the asphalt and can last up to nine years. To do the bike path from in front of Premium Plant Services all the way round back to County Road 11 was \$14,901.70. Daniels discussed this with M. Peterson and she stated there would be funds available and best to wait till after June. The company told Daniels the cost would be going up 8%, they would need to lock in this price now. Peterson's concern was waiting till the money received is from state aid and some of the County money back. There is the ability to do it now, but the company states that if the City would lock in that price, they would order the materials and guarantee the price. They would wait till June or July to do the work. Mayor Peterson asked what account they would take the money from. Daniels felt it would come from improvements. If the Council is okay with proceeding with this tentative on what account to take the funds from, he could get the price locked in for now. This is the only company he has found that has this product and otherwise it would be chip seal and does not feel that would be good for a bike path. Stobb felt that to avoid the 8% increase in cost, the Council should lock in that price. Daniels will go over the numbers and see where which account this should come from. Gervais asked if Daniels knew what comes from the Park Improvement Fund. Daniels stated that he understood that every year they figured \$5,000 from the 801 fund for parks improvement. Gervais stated there is almost \$42,000 in Parks Improvement. Mayor Peterson stated that other than wood chips there have not been any capital expenditures from Parks Improvements. Gervais asked if there was anything else that Daniels would need for park improvements such as equipment, etc. Daniels stated there is a committee for the parks and was concentrating on fund raising and the first thing they want to get done in Greentown is to build a

shelter. It was the consensus of the Council to lock in the cost for Replay at \$14,901.70 and then discuss which account this would be taken from.

Ferrazzano asked if there was any follow-up about marking the roads for the bike trail. Daniels stated the County said they would be responsible for doing that and will look into when the weather improves.

R. Gervais stated the EDA has approved an EDA loan for Sunny Vue in the Food N' Fuel building that is now called Tracy Food Mart. Gervais stated that he is impressed with what Vue has done with the building and the food was excellent. Friday, May 3 the EDA will be visiting DeRuyter Pallets after the EDA meeting and invited the Council if they would be interested. DeRuyter has done a lot of work in the building and continues to move more of his business to Tracy. Mayor Peterson, S. Snyder, R. Gorius and he met regarding the off-sale portion of the Liquor Store. Gervais has met with an owner of a potential location that has been considered and has been approached by another person on a potential site. Mayor Peterson is also in the process of meeting with someone and this would provide three options for review. Gervais attended a Multi-Purpose Center meeting, Hospital Board meeting and assisted Daniels today on interviews for the Public Works Department. O'Brien Court window contract was approved and Dale Johnson Construction was awarded the contract. Nielsen will be getting the paperwork drafted for that. There were a couple meetings regarding the Aquaculture business the EDA has been working with and has been working on daily Administrator duties. There was a Bakery meeting yesterday after the sale and depending on how things roll he is not sure if the City will get any money from the sale of it. They had a chance to talk and he delivered his pitch from the EDA perspective on funding. Gervais, Mayor Peterson, C Snyder, R. Gorius and Jeff Ellingson met and discussed what they wanted from Ellingson in regard to the potential lot sales in the Industrial Park and have a verbal commitment from Ellingson on that.

A vicious dog notice has been issued to a resident. No written appeal has been received by the deadline indicated in the letter sent to the resident.

A walk through was done on the Masonic Building by the Wheels Museum and they have supplied a list of articles that they would be interested in. Nothing will be done there until the City has control of the building. Ferrazzano asked if there is anything they would be giving away that is valuable that they could resell. Mayor Peterson stated there is. Stobb asked if they would be giving it away or the City would maintain ownership and loan it to the Museum. Mayor Peterson said there has not been any monetary mention. There are some items there is more than one of, one could be kept and the other could be sold. Gervais stated the cost of the building \$587.50. The piano is in very good shape and not sure what it is worth. There are some items that Gervais agrees they should try to recoup some money out it as it is tax payer's money. Stobb suggests that for a historical perspective it would be interesting to have pictures of the items as they are in the building before they are removed. Gervais stated that once the City owns the property, he feels the merchandise belongs to the taxpayers of the City and they should try to recoup some money from the items that do have value.

Gervais over the last few weeks having to deal with individuals regarding their water bills he wanted some clarification of the procedure. In the ordinance it states the Director of Public Works shall be authorized to shut off the consumer's supply of water if the consumer's water bill

becomes delinquent for a period of thirty (30) days. Before shutting off said water supply, the Director of Public Works shall notify the consumer of such delinquency and that the water supply is to be shut off on account of said delinquency. The Director of Public Works shall turn on said water supply upon the consumer paying the water bill in full, along with such penalties that may have accrued on account of such delinquency. Gervais stated the current balance of the shut off notice is \$17,079. The amount of what the trailer park owes is not included in this total. He dealt with an individual with a bill of \$242 with the reconnect fee. He indicated he would be in to pay half, which he did, and stated he would pay the other half either on Friday or Monday. He did not do this. Gervais said that in talking with the office staff, past practice was that if he paid enough to become current, the water would be left on. Gervais discussed this with F. Nielsen today and the way the ordinance is read, once the bill becomes delinquent, it should be shut off and not turned back on until the bill is paid in full. Gervais feels these needs to be black and white and easier moving on from here with a new administrator coming in. In the past some people's water was shut off and some was left on. Gervais stated that if they are going to have the ordinance in place, then it should be enforced and shut the water off. Talking with Nielsen today it should be paid in full before it is turned back on, and full includes the current bill also. The bill that is being paid now is actually two months old and if the water is shut off today, two more bills will be sent out. Gervais stated there will be circumstances that can cause a person to become delinquent, but the City can work with them. The majorities of the people that are delinquent are continual and never get caught up. The bills include sewer, water and garbage. The City is paying the total garbage bill every month, and the City is not collecting full garbage, so in essence the City is floating that money. Ferrazzano feels that consistency is key and do agree it is problematic. Mayor Peterson agrees that consistency is the big thing. In discussion Nielsen read it that once the bill is delinquent, it is delinquent and to get the water back on, they pay up to current. Gervais stated that if the bill is not paid, it gets assessed to the property and does not feel it is fair to the buyer of the property to have to pay for a bill that is not theirs. Mayor Peterson and the Council agreed that going forward to enforce the ordinance. Gervais stated that once the city is 100% radio read meters it will help with the billing to be current and not two months behind.

Daniels stated there are some issues with the current snow removal policy. He feels there needs to be clarification on who does what and who to go to for dispute. Daniels stated that yesterday afternoon he called the Tracy Police Department according to the ordinance indicating snow removal operation would begin at 2 a.m. It was put on the radio and Nixel but no tickets were issued. Daniels was under the impression if a snow emergency was declared, the police are supposed to automatically ticket. Gervais stated on the public access channel from October till April there is a public service announcement that continually runs on there. Mayor Peterson stated it seems like the same individuals are ticketed. Mayor Peterson stated it is the Public Works that can call a snow emergency. Daniels had heard from a local business, they did not want a ticket as the street department was not going curb to curb anyway. That should not matter because the vehicle is still in the way. Ferrazzano is cautious about saying the police have to automatically write a ticket. Mayor Peterson felt the resolution is very vague about even ticketing at all. If a snow emergency is called at 6 p.m., all vehicles should be off the street and if not off the street by 10 p.m., ticket them. If the vehicle gets moved at 10:15 p.m., before snow removal begins, there should be a number to call to verify that the vehicle has been moved and the officer can then remove the ticket. Daniels stated that he was not around when the ordinance

was adopted, but he was told that in the past for the owner to get a ticket, they need to plow around the vehicle. Ferrazzano felt they needed to amend the resolution to state they can be ticketed so the ordinance and resolution are consistent. If cars are left and they have to go around them it leaves a mess. Mayor Peterson stated that going way back, during the winter months there was absolutely no parking on streets after 10 p.m. until whatever time in the morning. The only way around that was if you had company, they would have to call the police department and let them know and if it snowed the vehicle would be removed. Ferrazzano asked Daniels as last night as an example, how many vehicles are in the way. Daniels stated there were four in the downtown area. Ferrazzano felt that if there were 10-15 vehicles on the streets, with the procedure of putting tickets on the vehicles would not be that burdensome and would not be that many calls. Mayor Peterson felt that if it was enforced that way consistently, where there would be an option to avoid a fine, the problem could resolve itself. Daniels asked who people are supposed to go to when there is a dispute over a snow parking ticket. Now they have been going to the police department and the police department has been sending them to Daniels. Mayor Peterson felt that if it is an administrative fine, the dispute would come to the City Council. Mayor Peterson felt depending on the cost, tickets could be printed up with all the information on them and that disputes can be brought to the City Council. Daniels felt this is something to look at over the summer in preparation for next snow season. Gervais will work with Daniels on verbiage for the resolution and will also talk to Chief Lichty about cost on tickets and would it would cost.

Ferrazzano stated that individuals have complained about snow at the edge of the driveway. Daniels stated they could not raise the plow every time they go past a drive way. Ferrazzano asked about plowing into the middle of the road instead of plowing out. Daniels stated the streets are not wide enough to do this and provide space for emergency vehicles. There are wider streets and no boulevards in the downtown area so they can do curb to curb in this area. Daniels stated to straighten out the plow, there would not be any pins left in the plow. They do straighten it out for intersections but if they did it for driveways it would destroy the equipment.

The Consent Calendar contains the Municipal Accounts Payable, Tracy Relief Association minutes for March 4, 2013 and Tracy Economic Development Authority minutes for March 15, 2013. Motion by Stobb, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Daniels stated he has some numbers regarding the 5th Street Assessments and the last discussion was the curb stops would be assessed and they also discussed the deferred assessments on two undeveloped properties. The total cost for the curb stops installation was \$13,128.60. If this is divided by the six properties the assessment would be \$2,188.10 for each of those properties. Daniels asked for the Council's direction regarding the deferred assessments. He wanted to know if the Council wanted the deferral amount to be the same as the others as if that property was developed they would have to pay for connection to the main and the cost of installation. Mayor Peterson felt they would have to divide the total cost by eight but those two properties would not be responsible to pay until the property is developed. The assessment cost includes the connection to the main, new curb stop and valve box. Item 3 in the Statute of Deferments states the Council must include all benefited properties with proceedings and when the Council approves the assessment they may levy the assessment but defer the first installment for

unimproved property until a designated future year or when the property is developed. The cost would have to be divided by the eight properties and the deferred properties would pay their own cost to put it in. Ferrazzano stated they would buy the property knowing that. The cost divided by eight is \$1,641.08. The Council agreed it should be divided by eight, the six properties will pay that and the other two will be deferred until such time as that property connects to the main. Mayor Peterson stated that a public hearing will be held on that assessment. Daniels felt it may be better to wait till the curb and gutter and grass is repaired. The public hearing can be held the first Council meeting in June.

Mayor Peterson reminded everyone that the Board of Equalization will be on Tuesday, April 30, 2013 at 7:00 p.m. in the Council Chambers.

A letter from Chief Lichty was received regarding the success of the Tracy Police Department and the use of the H1 to rescue people stranded in the recent bad weather. He stated the H1 performed flawlessly.

Ferrazzano stated that the Council received an e-mail message from C. Snyder regarding the issue of Gervais's salary since he is assuming new duties. Mayor Peterson agrees and he had checked with Snyder and he would rather wait to discuss this when they have a full Council.

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

May 13, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, May 13, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Enderson to approve the minutes from the meeting April 23, 2013. All voted in favor of the motion.

R. Gervais asked that 8-E VMC Boilers be deleted and postponed until the June 10, 2013 meeting as there is not enough information at this time. Addition of 8-J Wheels Museum Request for annual payments for sign, electricity and yearly contribution. Addition of 10-H

Memorandum of Agreement for the Cemetery Groundskeeper. Gervais would like to postpone the Closed Session until June 10, 2013 to gather more information. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

Bill Chukuske indicated he had a couple things he would like to bring to the attention of the Council and if merit is found in them, it could be discussed at another council meeting. Chukuske stated the next time a committee is needed to search for a new Administrator; he would volunteer his time to be on the interview committee. He does not want to speak to or at those on the committee but feels they should have someone on the committee that has experience in recruiting, interviewing and applicant sorting. He has 25 years of experience at Schwan's in the Human Resources and Recruiting Department. Chukuske stated that two years ago he came before the Council to express his concern of the applicants that came forward and felt at that time the committee missed one and did not have that person for the interview. He is here tonight to do that again. He is not speaking on behalf of this person and has not talked with this person, but knowing this person and the qualifications of this person he feels a "diamond in the rough" has been missed. If someone could be added to the applicant process, he strongly recommends they add Melody Caron to the list. She lives in Tracy and will be a resident for a long time and he believes she has the qualifications and the experience in the financial world.

Chukuske stated the second thing he wanted to discuss was the downtown. This seems to be an ongoing issue and as a business owner with a building downtown, he is concerned about the Ordinance and it not being enforced. There are too many buildings that have turned into storage buildings. The Ordinance is in place and this has been discussed many times and is concerned why it is not being enforced. There are three buildings, the old bakery and the Enderson building. The reason for concern is that now there will be more buildings, the Masonic Building and soon will have Tracy Computer. Chukuske stated that if they are going to allow them to be storage, the ordinance should be changed and he and his business partners will be the first to start buying those buildings and using them for storage.

The variance request to build a garage at 249 State Street was discussed. Chukuske stated that at the last Planning Commission meeting they did not have a quorum so were not able to take any action. However, the members that were there and S. Daniels agreed they would like the Council to approve this. The new garage will be further away from the lot line that what the current garage is. The Planning Commission is recommending the Council vote on this request. Daniels stated the only thing sticking past the three feet is the two points of the garage so they are requesting a three foot variance. Snyder asked if there were any issues by neighbors. Gervais stated the neighbor to the east and stated there were no issues with them. Motion by Snyder, seconded by Stobb to approve this variance for the property at 249 State Street. All voted in favor of the motion.

Chukuske stated that the Planning Commission did not have a quorum to make a decision on the request by St. Mary's School for no parking signs. The members present did not have any issues with the request and the only thing the Commission requested is that S. Daniels and Chief Lichty are involved to make sure the signs are in the proper location. It is mainly for no parking during school time for the buses to get in and out of there. The Commission is requesting that Council to approve the request for the no parking signs. F. Nielsen asked if the request was for the whole

block. Chukuske said it was for two signs in front of the school. Snyder asked if the expense of the signs would be their expense. Daniels stated the ones downtown the City pays for. It would be \$25 per sign. The school would only need one sign as the second would be too close to the stop sign. Motion by Snyder, seconded by Ferrazzano that pending approval of the Public Works Director and Chief of Police that the request from St. Mary's School for no parking signs be approved. All voted in favor of the motion.

Gervais stated a meeting was held with Mayor Peterson, C. Snyder, M. Peterson, S. Daniels, Kim Burch and himself to discuss potential impact of raising user rates. He has nothing concrete at this time for the Council to review. He contacted Chuck Pettipiece in regard to how any potential rate increase would affect the ability to get funding for the wastewater treatment facility. Pettipiece felt it would not affect any financing at this point. Gervais and M. Peterson did talk with Brad Potter from I&S and he agreed the sewer rates should be looked at and he will pull some more information on the clients they deal with to get a better handle on different sewer rates for our type of community. Daniels was able to get Minnesota Rural Water information and M. Peterson was able to filter that out for the seven counties around us and will get that information as well. Part of this involves the 2015 legislation that could take effect with the Water Conservation Act and part of that involves the City's rates. Something else that needs to be discussed would be the potential rate increase on the water. In 2012 and 2013, the rates were to be increased 0.5¢ and this did not happen. The reason being the City Administrator has to make a report to the Council in July as to where this is at and that is why Gervais is bringing this up now. Gervais stated part of this will involve the Wastewater Treatment Facility and how funding structures with our rates could affect any potential loans and grants and might have to spin this in the City's favor in order to get grants. Gervais stated that with the new treatment facility it will cost more. I & S will run some cost estimates and base on the number of users the City has now and potential costs of the wastewater facility and what those rates could possibly be.

The resident at 447 Emory Street has applied for an Animal Permit for having five dogs. Chief Lichty stated they are new to town and did not realize that the City of Tracy had an ordinance that stated they could not have more than three dogs. Lichty stated there have been a couple neighbor complaints but not any recently. Snyder stated they could handle this request the same way the last application was handled and approve year to year. It was the consensus of the Council to table this request until more information is provided and fees paid.

Gervais is requesting authorization to purchase an ARMER radio for the City Office in the event of a natural disaster such as a tornado or ice storm where power would be lost. It would be a point of contact for the City office to stay in contact with emergency personnel. The Fire Department is two radios short at this time and the Police Department is short one radio. S. Daniels stated that he could pay for ½ the radio from the Public Works budget and take that from the Sewer/Utility account. Snyder agreed the city office should have some type of contact. Mayor Peterson stated a base unit could be at the City office and the others could be portable. Snyder stated that if there is a natural disaster, and the municipal building was affected, where ever the command is set up is where the radio needs to be. Gervais feels a portable would be good for the fact that it could be moved around. Chief Lichty stated there may be a deal that if they purchased four they would get the fifth one free. Motion by Stobb, seconded by Ferrazzano

to try to get five radios for the price of four radios. Chief Lichty stated there may be a grant through the gas company. All voted in favor of the motion.

Mayor Peterson asked Daniels if he had any input regarding the softball field request. Daniels stated that as far as getting things picked up and raked it can be done. Daniels does not feel that the gravel in the parking lot is that bad and 300 yards were put in there last year. They could grade it. The north field dug-outs could not be completed by May 21 and Gervais does not feel that is an immediate issue. Daniels stated he would have an electrician look at the lights. With the bathrooms the school called last week about one day before they wanted them open. They were opened but as far as cleanliness, Public Works will get to that. The light pole is an Xcel Energy issue and they have been called on this. Gervais stated one of the issues with Xcel is there is no physical address for the softball field and they do not know where it is. Peterson stated there is an on line form that she can try. Gervais stated the school said the Building

Trades class could potentially do that. Daniels stated the City would provide the shingles for that. Nielsen said if the school is using this for this type of activity that really is beyond what those fields were designed for and when they used it years ago as a game field, there was a contract with the City. They had specified responsibilities and did that because it is a public park and it is not right that any association or the school can just come in and say it is theirs for any length of time they want it. Maybe some of the requirements would be that they do some cleaning out there when they have activities that generate a lot of trash and potentially have damage that can occur to the property. Nielsen stated there was an agreement at one time which is probably expired and if they are using it the way they were before without an agreement, he does not feel that is a good thing. Stobb felt they should look at this before the next season. Gervais stated they have an agreement to use the VMC and it may not hurt to have a contract with the Chamber for Box Car Days and to have the Softball Association help with the clean-up, etc. Daniels stated they often call and complain that the garbage is full and they could just dump them in the dumpster. A little contribution on their part would be beneficial to the City. This time of the year the Public Works is busy getting the pool ready for the season. Daniels stated they have contributed agri-lime that was needed at Sebastian Park last year. They split the cost with the City.

Chief Lichty stated that Resolutions 2013-4 and 2013-4-2 had been approved in 2011, but were not written up. It needed to be refreshed to get the I-mobile contract through with the state. They were extremely fussy with the wording and dates. I-mobile is up and running and running well. Resolution 2013-6 is to transfer money from an account the auditors did not like and he had budgeted it there. Motion by Stobb, seconded by Snyder to adopt Resolution 2013-4, A RESOLUTION APPROVING A JOINT POWERS AGREEMENT BETWEEN THE CITY OF TRACY, ON BEHALF OF THE POLICE DEPARTMENT THEREOF, AND THE STATE OF MINNESOTA and Resolution 2013-4-2, A RESOLUTION APPROVING A JOINT POWERS AGREEMENT BETWEEN THE CITY OF TRACY, ON BEHALF OF THE POLICE DEPARTMENT THEREOF, AND THE MINNESOTA STATE PATROL. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution 2013-6, A RESOLUTION APPROVING A TRANSFER OF FUNDS FROM CITY BUDGET ACCOUNT 101-421-331 TO ACCOUNT 101-421-223. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution 2013-5, A RESOLUTION APPROVING CHANGE ORDER FOR THE TRACY WATER TOWER REHABILITATION PROJECT decreasing the original contract price by \$750.00 from the original amount of \$156,000 to \$155,250 with a copy of the engineers change order as signed by Champion coatings, Inc. to accompany this resolution on file. All voted in favor of the motion.

Chief Lichty stated that recently they forfeited a vehicle on a DWI stop. The forfeiture has gone through and is waiting for the title to come back to the City of Tracy so it can be listed on Minnbid for sale. The auditors are asking that a resolution be passed that states the brought into the Department from the sale of this vehicle have its own line item for revenue. 70% of the revenue will go to the Police Department, 20% to the City Attorney and 10% goes to the State. It has to be kept separate from the equipment replacement budget money because the forfeiture money is audited by the State every month. Peterson stated they are looking at it to be labeled as dedicated funds. The money has to be used for traffic enforcement. Motion by Stobb, seconded by Snyder to adopt Resolution 2013-7 creating a line item for accounting for money received from seized property. All voted in favor of the motion.

Stobb alerted Chief Lichty that they would like to see the ordinance enforced regarding storage in buildings in the Business District. Daniels stated there is a zoning ordinance that states what buildings can be used for in that district and storage is not one of them. Snyder suggested this issue be put on the next agenda. Nielsen stated it is not just the Business District that faces the zoning restriction, in residential area, storage buildings are not considered an appropriate zoning use if they are used apart from the residence. If there is a residential lot that has only a storage building that is used solely for storage purposes that is not permitted in the residential zone. There are some of those in town.

Daniels is requesting a small area for storage location for gravel, etc. on the Central Livestock land that is currently leased to the FFA. Gervais stated the City did not have a contract last year for this land and have not received payment for this. Daniels indicated the area needed is indicated on the enclosed map. He said the area where they now store their gravel, etc. is owned by the railroad and in return for that the City does mowing for them. For that mowing it is costing the City about \$2,000 in wages and equipment to do this. It would be better to store it on land that the City already owns. Daniels stated this area is the easiest for access, especially in the winter months. Daniels spoke with the County and they are allowing an approach off 4th Street so they do not have to go through the Central property to get there. When they get things moved and the way they want it, they would like to fence this area to prevent people from taking gravel during evenings and weekends. Gervais stated the FFA is currently renting 18.74 acres and the City using some of the property it would reduce this by 1.57 acres. Gervais has discussed this with Paul Skoglund if the lease was extended for a year; they currently pay \$120 per acre and then look at negotiating a new term with them next year. The last contract on file was for two years for 2010 and 2011. Gervais stated that he has talked with Skoglund and Jeanette Lerohl at the school and they will be making the 2012 payment based on the last year. Motion by Snyder,

seconded by Stobb to extend the lease with the FFA for one year at \$120 per acre and redo contract for 2014 reducing the acreage by 1.57 acres. Nielsen asked if they are farming far enough from the drainage ditch. Daniels stated he will come up with set-back footage for the new contract. All voted in favor of the motion.

Gervais said the City now has a contract with the school for use of the VMC for only school activities. There are groups that are using the gym that are not affiliated with the school. The City has never negotiated a price with these groups for a fee. Gervais said that JO was waived as they paid for the nets and standards for the school district and public to use as necessary. Gervais is asking for direction as to what should be charged. There is opportunity for the City to generate funds, but yet have not received anything. Gervais understood that in the past the Community Ed was part of the school contract, but the last contract does not include Community Ed. M. Peterson stated Community Ed has never been a part of the contract, just the assumption. Stobb stated the contract states grades seven through twelve, if the fourth through sixth graders are there under the same stipulation and supervision as the seven through twelve would be, his suggestion would be to amend the contract for grades four through twelve. M. Peterson states it is parents that come in with these groups and not school coaches. Mayor Peterson stated they normally waive the fees for the Women's Expo. Ferrazzano felt they should collect fees and if the prices are suggestions of what should be charged. M. Peterson stated they are the prices that were set years ago. Ferrazzano asked if they are given a key to come and practice. M. Peterson stated that most times the keys are passed around. Gervais stated that Southwest Glass from Marshall has been contacted over a year ago and has recently called them again. They were here in March to look at the doors for re-keying the locks on the three front doors and re-keying the west entrance to a card or fob entry and it could be monitored as to who keys are being used and how often to keep a better handle on it. Nielsen stated the last contract addressed the issue of someone out there being in charge of keys and knowing where they are at and handing them around. Gervais asked who is liable for this if one of one of the kids got hurt during practice. It is assumed that the City would be liable. Ferrazzano felt it is not good if no one knows who is using the facility and when they are here. Gervais stated there are times on the weekend when we don't know that it is being utilized. Mayor Peterson asked who the point of contact would be. Gervais stated Bill Tauer at the school could be contacted. Gervais felt that if they can get doors re-keyed that makes all the keys out there void and then use can be better monitored. Gervais stated they got a check for \$500 from youth wrestling and based on what was used and if the custodian time was extended due to the event that could be deducted from that deposit. Maybe going forward with some of the other organizations, this could be done. It does not take care of the liability issue though as far as someone getting hurt. M. Peterson stated that no one has directed the staff to do with the \$500 from youth wrestling. Mayor Peterson asked when they have large events, does the City incur any additional garbage costs. M Peterson stated they do not. Gervais used as an example, he said he can say what they get charged for having the Miss Tracy pageant, they had to have a custodian on site in case there were any issues and it was extensive what that bill was with it being close to \$1,200 for the weekend. He can guarantee that if any of the City staff were at the gym at the high school when they were not supposed to be, they would get led out. Ferrazzano felt they should be charging for practices like we have. If the keys and locks are changed, we can do that with the getting things changed this summer.

Ferrazzano feels it is not a way to capture revenue, it is a liability issue. If someone does get hurt, they can come back on the City. Gervais stated the state has given the City so much time to get the bleachers up to code and he said there is a red tag on the bleachers. He is thinking the date is in 2015. Mayor Peterson felt they need to get a letter to Community Ed. and Athletic Director at the school; there are fees that are not part of the contract. Also the City needs to control access to that part of the building. Gervais stated the City requires a deposit of \$50 for keys to the building. Gervais stated the orange bars on the west doors is that if they are pulled hard enough they pop off and they can gain access. In talking with SW Glass those doors cannot be permanently secured and to replace and put a push bar on each of them would cost approximately \$1,500 per door. M. Peterson suggested getting a schedule to the police officers and if they come in and the gym is being used, the officers could collect a name.

Gervais said he was contacted by Ed Engels to reserve the Swift Lake Campground on June 7th and 8th and they would be out by the 9th. This is for the annual fly in of their ultra-light aircraft. Stobb suggested that signs be posted that the campground is not available for those dates. Mayor Peterson stated that Engels does have signs ready to be put up once the Council approves their request. Motion by Stobb, seconded by Snyder to approve the request for Swift Lake Park Campground for June 7-9 for the Fly In. All voted in favor of the motion.

Gervais indicated that I & S has sent some recommendations regarding the Assessment Policy and a sample policy from Hanska, MN. Stobb felt I & S was recommending policy rather than ordinance and ordinances have been revised in the past. He asked Nielsen what process the City would be for deleting part of an ordinance. Nielsen stated they would have to repeal the ordinance and incorporate it into a policy. Nielsen stated there is a model ordinance on the LMC website and the Hanska policy looks like they used that as the basis, but using the Hanska policy would change some of the assessment levels Tracy has currently. Part of the problem with the Hanska ordinance is that some of the things, it talks about paying for costs of certain types of improvement from a fund they have. Tracy does not have those funds, or the City can make that change, or if they City does have them, the fund levels are limited it will not provide enough funds to do the type of work that would be paid from that fund. If Tracy is going to assess, what is the dollar amount or percentage. Stobb suggested they take the format of that policy and modify to what is right for the City of Tracy. Nielsen stated he did not draft the ordinance with the current figures, but knows when it was worked on; they did not pick figures out of thin air. He has a file where they gathered ordinances from different communities and looked at what they were charging and maybe obtained some information from the engineers at that time. It could be changed now if the Council decides the current ordinance is not fair or should be a different policy. Mayor Peterson asked if what is needed is a definition of the percentage the property owners are going to pay and what percentage the City would pay. Nielsen stated the Hanska policy talks about what they call sanitary water main lines and he is not exactly sure what that is. They may be collecting enough tax money or from whatever sources are putting enough money in that fund to pay for that. Tracy cannot do that because the City does not have that type of fund or if we have a fund like that, the dollar amount going into that fund may be restricted. Stobb stated the City is to have a utility repair fund for replacing and maintaining utilities that are in place and not a private individual connection. Nielsen stated there are two specific funds; he gave a Gorius a memo of where those funds were and the limitations. One has a \$50,000 or \$30,000 limitation on what is supposed to be in that fund and it is not enough to do

anything. The other one is not limited to a specific utilities and states underground utility. Since it does not really specify what it is used for and it is first come, first serve. Stobb stated they could change that by separating it and dedicating it for a certain purpose. Nielsen said they need to make sure that whatever funding mechanism the City is going to use to put money into those funds, that enough money is put into that fund to realistically expect that it is going to pay the expenses the City is asking it to pay. Stobb stated that raising the rates as they discussed before, that would also help. Mayor Peterson stated the City has two separate surcharge funds, one for the mains and shut-offs that is supposed to be repairs from the main to the shut-offs. The way the money is being collected now; there is nothing other than the total amount. Nielsen stated that is the misperception that is out there and has happened the past few times when the City has specially assessed a project. Mayor Peterson stated the ordinance states the Council has the authority and basically the responsibility to take each case and make on a ruling on special circumstances may be such as 5th Street. Nielsen stated those same special circumstances theoretically should justify themselves over and over again in the future, rather than saying it is unfair. There should be some specification as to why it is unfair. Nielsen did not feel that a policy does not have more leeway than an ordinance does, because a policy should mean something also, and should be followed unless there is a sufficient reason not to. That is what the present ordinance states. Stobb stated he personally likes the format of the policy but knowing that some things need to be revised; where do they go from here. Gervais stated on Page 1, No. 3, would a storm water assessment be something that would help. Nielsen stated in the ordinance now it specifies there is a five year range or a ten year range and the capacity the storm sewer is supposed to have. Over and above that, the City is not building systems to cover that extra water, so when the City has a storm that has not occurred for many, many years, the property owner is expected to bear the burden of the system not being able to handle that by having their own insurance coverage in place. That is the trade-off instead of building a huge system to cover 20 year floods, there is a smaller system built to cover a 5 year and expect the resident has to purchase more insurance to cover this. Mayor Peterson feels the special circumstances need to be defined as the rest is cut and dried. For the 5th Street Project are they installing new service which would be 100% assessable back to the property owner or is an existing service line being repaired, which would be 25% back to the property owner. Snyder felt if you are talking about new, it was never there before and if not it is repairing or replacing. Nielsen stated with that definition there would never be a special assessment made for new on water, because the only new would be to put in a new sub-division. Stobb said the engineers are saying they should not refer to life cycle of these underground utilities. Nielsen stated they are not saying do not do it at all. Mayor Peterson asked if they should do the same thing they did from 8th Street to the alley over by Central Park and 5th Street or change in mid-stream and do something different. He feels versus of changing the whole ordinance if the Council agrees on the definitions, they can add a definition in as a policy. Mayor Peterson suggested that between now and the June 10 meeting they have Nielsen view some other ordinances and policies and go from there.

Gervais stated the Wheels museum has made a request for their annual contribution of \$2,000 and the other is for \$646.97 for the calendar year for the electricity for the Welcome to Tracy sign. Motion by Enderson, seconded by Ferrazzano to approve their request for payment. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Enderson to approve the Satisfaction of Mortgage from Dale D. Johnson III and Lori A. Johnson, Christopher Schmidt and Camille J. Snobl-Schmidt, Daniel and Pamela Anderson and Bliia Moua and Yer Thor. All voted in favor of the motion.

The Deferred Assessment Application form had been redone to be Tracy specific. On Page three letter D was added and going forward this is an application form that could be utilized. Nielsen stated that back in 2009 when the City had discussed adding in the hardship deferment for military reserve people, he tried to find whether that resolution was adopted. He recalled it was adopted but could not find in the minutes where it was. There was some criteria in the military deferment that are not mentioned in this form. The resolution specified there would be a hardship that would entitle a deferment to military reserve members under specific conditions. Nielsen suggested they table this until there those specific conditions were identified.

Gervais stated that he has been in contact with Dan Lanoue regarding the contract for rental of 155.5 acres at the cost of \$22,344. The current contract expires the end of 2013. The Council expressed appreciation with how Lanoue has farmed the land and how careful he has been around the airport runways. Snyder felt that the negotiations should not exclude offers from other possible renters. Nielsen is working on the updates to the contract. Gervais did inform the Council that Lanoue had expressed interest to pay more in rent on the new contract. No numbers have been discussed at this time.

The Cemetery Commission has asked that the Council approve a Memorandum of Agreement with Dale Johnson Construction for mowing of the cemetery. Johnson is requesting an increase of \$50 per mowing to \$750 from the previous year. In the contract the default period has been changed to a requirement of a 30 day notice. Motion by Enderson, seconded by Ferrazzano to accept the recommendation of the Cemetery Commission to approve the mowing contract with Dale Johnson Construction for \$750 per mowing and trimming. All voted in favor of the motion.

The Consent Calendar includes the Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Economic Development Authority Minutes for April 5 and April 19, 2013, Cemetery Commission Minutes for March 21, 2013 and Tracy Relief Association minutes for April 1, 2013. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Gervais made recommendation to the Council to give promotions and pay raises to Madonna Peterson and Kim Burch. He felt these promotions were warranted based on the employee's responsibilities and job performance. He recommended that M. Peterson be given a 3% compensation increase and be moved from an hourly wage to a salaried Office Manager position. M. Peterson will no longer be a member of the City's AFCME labor union. He recommended that K. Burch be promoted to Finance Clerk and given a raise of \$2.00 per hour. The Mayor and Council members agreed that they are competent and deserving.

Compensation for Gervais was requested to reflect his added responsibilities he has taken on since resignation in April of Administrator, Roger Gorius. Based on the starting pay scale for the City Administrator position and 12 year experience of Gervais as the City EDA Director, Gervais was granted a raise of \$92.50 per week. The Council agreed that Gervais has done an

excellent job filling in for Gorius and Mayor Peterson expressed appreciation for Gervais tackling issues such as the water shut off policy for delinquent utility bills. Motion by Ferrazzano, seconded by Enderson to approve the pay raise for Gervais retro-active back to April 15, 2013 with an undetermined end date. All voted in favor of the motion.

Motion by Stobb, seconded by Enderson to approve promotions and pay increases to M. Peterson and K. Burch. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to reschedule the May 27, 2013 meeting date to May 28, 2013 due to the Memorial Day Holiday. All voted in favor of the motion.

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

Interviews with the candidates for the City Administrator Clerk position will be held in the Council Chambers on May 24, 2013 starting at 6:30 p.m.

May 28, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, May 28, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

A moment of silence was held in honor of Ron Radke, Liquor Store Manager who passed away recently.

Motion by Stobb, seconded by Ferrazzano to approve the minutes from May 13, 2013. All voted in favor of the motion.

Deletions to the agenda included 7-B Department Head Reports, 7-C Multi-Purpose Center Job Description and 13-A Liquor Committee. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

Todd Hagen from Ehlers and Assoc. and Jack Fay from Ehlers Investment Partners were present to talk about investments. Hagen stated a meeting was held this past Friday with Gervais, Stobb and M. Peterson and Jack Fay. There is a possible refinancing of a 2007 Bond. The City has refinanced some bonds in the past. With interest rates as low as they are but varies from day to day, the City can save some money. They also discussed financial management at this meeting of financial analysis and utility rate analysis, debt studies and some investments. Hagen presented a Pre-Sale Report that talk about the possible setting of a refinancing or refunding bonds and they would take a look at this and possibly setting a bond sale for a future date. This would be a refinancing of 2007A Bonds which were for a combination of purposes. There were

some special assessments that were pledged to that bond and some water/sewer revenues that were also pledged along with some tax abatement. Ehlers along with M. Peterson and Gervais took a look to see if there was any accumulated cash in the debt account that pays the bonds that could be applied towards the refinancing and preliminarily they found \$400,000 in that fund that could be applied to lower this new borrowing to save some more money on that. They are proposing they would convert this bond issue that ranges from a 4.25%, 4.6% and they were hoping to get that down to more of a 2% or 2.05% on average. This would be about \$215,000 over the next 15 years of a savings. This equates to an almost 5% present value savings on the refunded principal. Under state law 3% is the minimum. This bond is not callable under 2017, but with rates this low, it is up to the Council if they want to capture these low rates. The City would not save any money until after 2017, so would be locking for those years and after 2017 they would be looking at about \$55,000 per year that would be from 2018 to 2028. There would be two bonds out there but the one would be in escrow until 2017. This is anticipation of interest rates going up between now and then. This would be a bond for 15 years keeping the same structure and would not be extending the term and manipulating anything. They would be going in for another bond rating to sell it out into the market and see if the City maintained an A rating with Standard and Poor's or an upgrading on that rating. A bond sale would be set tonight for June 24 and Hagen would come back and present the bids. The only cost to try this would be the cost of the rating. Hagen stated they did take a quick look at some financial management and the City had a 2002 Bond that matured and M. Peterson and Gervais looked to see if there was any cash that remained in that account and found there was about \$100,000 in there. With this the City could pay off the 2000 Minnesota Public Facilities with \$63,000 outstanding on that and appears to be an interest rate of 4.16% but this needs to be confirmed. By paying off that bond would be like making 4% in the bank. Hagen presented some preliminary numbers of what the bond issue would look like and would be refinancing of over \$2 million of bonds but what would be using the \$400,000 in that account to lower this bond issue to \$1.870 million. There is a resolution attached to the report if the Council wants to move forward with this refinancing. Hagen will also review the financial management process that would be helpful to the City engage Ehlers in doing some of that analysis that would help the staff and the transition for a new City Administrator and would provide continuity to the finances in the City. Included in the packet is a memo that quickly outlines the financial management process, utility rate analysis and debt study.

Mayor Peterson asked if the refinancing of bonds would negatively impact the City's ability to secure any grants or bonding for the Wastewater Project. Hagen felt that should help the process and shows that the City has actively pursued a refinancing and there is some freed up debt payments that would come after 2017. Depending on when that project comes on line and those first payments appear, and the savings may come close to when those payments start. Mayor Peterson asked what the fees that would incur other than the rating process to go through this process. Hagen stated all the costs of issuance are net in that savings and preliminary estimates for this bond issue is \$46,000 for the cost of issuance plus underwriter fee of about \$18,700 and this may vary. The minimum cost of a rating is about \$8,000. Hagen stated he does try to get this reduced for refunding and generally can get about \$1,000 trimmed from the fee. Stobb asked that if they do refinance, the new bond will go into the escrow account but until 2018 will the City be still paying interest on it. Hagen stated the same payments will be made on the old bonds until 2017 and the new bonds will be interest only till 2017 and that will be paid from

escrow. Even though there are two bonds that are outstanding, the new bond would be paid from escrow and then in 2017 there is a crossover so the escrow pays interest on the new bond and then crosses over and then it pays off the principle on the old bond. There is a fee for the financial managements plan and the utility financial analysis and the debt study. Hagen stated he has some flat fees that would be charged for and these could possibly be reimbursed from the sewer project that is coming. He has preliminarily \$5,500 to do the general fund study, utility financial analysis would be \$3,500 per fund and the debt study would be \$3,750. This works well with the engineers where Hagen works with them on the financing of those projects. It works well with public meetings and public hearings. He, Brad Potter and Chuck Pettipiece have a good working relationship and felt the Council should know that to make this process as smooth as possible.

Stobb felt that after the meeting last Friday, that doing these studies would provide the City better resources and information for making future decisions on Capital expenses and also an educational tool for the office staff in order to better understand and have a handle on the financial system. Hagen stated they would then hand that off to the office staff and they could take those spreadsheets and put into the system here. They would be easy to understand. This would allow the staff to see where the fund balances are and that works well with the funding agencies. It is important for the Council to get updated also and be aware of where the finances stand. It also makes it easier for budgeting, setting levies, etc. Mayor Peterson questioned if this would be a one-time shot to get it all set up and if any additional fees would come at an hourly rate. Hagen stated it would come as an hourly rate and sometimes it would be every other year depending if the staff sinks their teeth into this and gets it, then it is just some phone calls and spreadsheets can be e-mailed back and forth and update them. When the audit is completed, it will be updated and will have the newer benchmark for the future.

Jack Fay stated that he had provided some information to the Council and from the meeting last Friday it seemed there was a need to consolidate and talk about the investments of the City to get a clearer picture to the Council as to where the money is and try to maximize the investments. They will provide a cash flow analysis. They first work with local banks and going through the City's investments; Fay noted the City also works with State Farm with CDs. Ehlers and Assoc. consolidates this down into one report for Council. From a rating agency standpoint, they look to see the Council has all the tools provided to make decisions. They have resources on their side from an independent custodian which verifies all assets on an independent basis. This is very auditor friendly. Ehlers Investment Partners stated work only with municipalities. Fay stated the important thing is they have to act in the best interest of the City and want to give the Council the correct tools make the right decisions. Working with Hagen, they can look at the complete picture for the City, debt, investments, etc. to maximize the money in the best possible way. Stobb stated that one of the problems has been when a department head requests a purchase; they are asked if it is in the budget. What the department head and what is not always known in the office is, is that accessible funds or is it tied up in a CD or would it be better to wait a couple months when the funds are more available. He assumes that Ehlers Investment Partners would be able to provide that information. Snyder asked the cost of this service. Fay stated they charge a flat fee based on the assets under management. On \$2 million it would be about \$3,000 per year and this is billed monthly. Fay noted the City works with Smith Barney now and they do not charge an upfront fee but they do make money on the other side of the equation. Ehlers

chooses to be more transparent about it. Fay stated they would request a duplicate statement from State Farm and MinnWest. Smith Barney that would be a decision the Council would make. Fay stated they can provide the same services they can, but that would be the call of the City. Fay stated that a benefit working with Ehlers vs. Smith Barney would be on the brokerage side, as Ehlers can shop around. Hagen stated that Ehlers Investment Partners would help with the bidding on the escrow on the refinancing. Fay stated there is a contract called an Investment Advisory Agreement that if 30 days down the road the City decides not to work with Ehlers Investment Partners all they ask is a 30 day notice. It outlines the relationship, how Ehlers is held to responsibility to act in the best interest of the City and the expectations of the City as well.

Motion by Stobb, seconded by Snyder to adopt RESOLUTION PROVIDING FOR THE SALE OF \$1,870,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A. Res. No. 2013-9. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to enter into an agreement with Ehlers for a Financial Management Plan at a cost of \$16,250. Gervais told the Council they may be able to recoup some of that cost through the Wastewater Treatment Project financing. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to work with Ehlers Investment Partnership to analyze the City's investments. Stobb asked Fay in regards to the 30 day notice, if Ehlers also decides to withdraw, would they give the City a 30 day notice. Fay did not think they would ever do that but will check into that. All voted in favor of the motion.

Pam Mastbergen, 447 Emory Street was present requesting an animal permit for five dogs. She stated they are her therapy following her stroke and diagnosis of MS. If they do park while outside the dogs are brought inside. She presented pictures to the Council of the fencing she has installed for them. She stated they sleep inside the house at night in kennels. Mastbergen said that the Police Department has talked to them about the barking before they got the fence together. If the dogs are outside, then someone is home. If there is no one home, the dogs are put in their kennels inside the house. Julie Holm, 449 Emory stated that when they come home from work in the evening or if someone comes to their home, the dogs are barking and growling. There is a privacy fence, but if the dogs are out in the yard, they can still hear them and the dogs start barking. Mastbergen stated that her dogs are neutered, have had all their shots and have never bitten anyone. She is willing to build whatever type of fencing is needed for privacy. Mayor Peterson stated that he has received complaints regarding her dogs barking. In the other instance the Council granted an animal permit there were conditions that needed to be met. As the dogs got older and passed away, they could not be replaced with another dog. The owners are required to come back to the Council on a yearly basis for review and renewal of their permit. Snyder felt that with Mastbergen having moved into Tracy for only two months, the dogs maybe need more time to adjust to their surroundings. Ferrazzano stated that granting the permit for four months would give Mastbergen time to work on minimizing issues with the neighbors. Motion by Ferrazzano, seconded by Snyder to allow for a four month permit with conditions set forth to prevent any situation set as an animal nuisance. All voted in favor of the motion. This permit will be reviewed at the meeting on September 23, 2013.

Motion by Stobb, seconded by Enderson to approve an Off Sale 3.2 Malt Beverage license to Tracy Eagles Club and Casey's General Store contingent on submission of paperwork and payments of fees. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to approve an On Sale 3.2 Malt Beverage license to Tracy Eagles Club and Tracy Lanes contingent on submission of paperwork and payments of fees. All voted in favor of the motion.

Gervais stated that Knakmuhs Agency has sent a notice regarding the renewal of the City's insurance policy. They are estimating an increase in premiums of approximately \$5,000 to \$7,000 due to an increase in the experience factor modifier, which is based off of claim history and frequency, as well as a liability rate adjustment. The biggest factor appears to be the claims that were paid out from the sewer damage from 2010.

Discussion was held on the use of Central Business District Buildings being used as storage buildings. S. Daniels has talked with Police Chief Lichty as far as it being a violation of the nuisance ordinance. It is felt to be more a zoning issue. Daniels is asking for direction as far as enforcement by the zoning ordinance and also what is considered to be a non-business storage or business storage. Nielsen stated this is also a land use issue. Nielsen stated that defining a non-business storage would be if the building is never open for business. Also once a business is closed, any signage should be removed from the building. Ferrazzano did express his feeling if there is an ordinance it needs to be enforced. Stobb felt that if there is no ordinance, then one needs to be drafted. Gervais stated that allowing people to use downtown buildings as storage, takes away availability of buildings to be used for a store front business. Nielsen will work with Daniels to draft a letter to be sent to those owners of buildings in the Central Business District that are using the building for storage and request that any signage be removed from the buildings if there is no business conducted there.

A Resolution Establishing Standards and Guidelines for Determination of the Existence of a Hardship in Cases Covered by Minnesota Statutes §435.193(a)(2). Ferrazzano suggested that 1. A be deleted and B and C be changed to A and B. Motion by Ferrazzano, seconded by Snyder to adopt a RESOLUTION ESTABLISHING STANDARDS AND GUIDELINES FOR DETERMINATION OF THE EXISTENCE OF A HARDSHIP IN CASES COVERED BY MINNESOTA STATUTES §435.193(A)(2) as amended. Res. No. 2013-8. All voted in favor of the motion.

S. Daniels gave an update on the water tower project. He received a call this morning from the contractor that they will be setting up to wash the outside of the bowl. Public Works will shut the water plant down tomorrow and let the water tower drain and a complete shutdown will be done on Thursday. The residents should not notice any difference in water pressure as when they are doing hydrant flushing.

The Consent Calendar includes the Municipal Accounts Payable and the Cemetery Commission Minutes for April 15, 2013. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Gervais asked for clarification on the 5th Street Assessment procedure. It was the consensus of the Council that the cost of the installation of the curb stops would be divided by eight properties that benefit from the project. Daniels will get the total cost and divide that by the eight properties. A public hearing for the 5th Street Assessment will be held on June 24, 2013.

On May 24 one interview was done for the City Administrator/City Clerk position. At that time the Council decided they would open applications till June 28, 2013. Once applications are received, the Council will go through the applicants and make a selection as to which ones will be interviewed. Gervais stated that ads have been placed for this position.

Gervais reminded the public that there are still positions open on various commission and boards. Ferrazzano questioned if people were given some type of monetary incentive, it would be easier to find individuals to fill these openings. Mayor Peterson stated he has talked with other cities that have done this and the consensus was they were not happy with the return on their investment. Ferrazzano felt it would be something they could consider.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting at 8:15 p.m. All voted in favor of the motion.

June 10, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, May 28, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, D. Enderson and R. Stobb. Absent was S. Ferrazzano. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Snyder to approve the minutes from May 28, 2013. All voted in favor of the motion.

Additions to the agenda included: 8-E Elm St. Sidewalk, 8-F Crystal Glass Estimate for Lock Changes for Municipal Building, 8-G Masonic Building Inspection and 9-C Resolution Approving the City of Tracy Public Works Department to Replace Defective Sidewalk. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

David Spencer indicated that he had sent an E-mail yesterday to the Mayor and Council members regarding his health insurance coverage. He feels that he has been overcharged since his resignation. It was the consensus of the Council to add this to the next agenda for the meeting to be held on June 24, 2013.

Chris Larson from I & S Group told the Council that USDA Rural Development (RD) has provided its initial round of comments in draft form on April 29, 2013. A meeting was held with RD on May 29, 2013 with R. Gervais, S. Daniels and himself in attendance. I & S plans to have a revised report submitted to RD and the City by the end of next week. They will need information from the audit which will be needed when applying for loans and grants for the Wastewater Project.

The construction on the water tower is underway and things are going well. The contractors have not been able to complete as much as they would have like due to weather delays. The water tower has been off line for about two weeks and there have not been any reported complaints from citizens on water pressure or quality. There was one complaint from a citizen regarding the noise during the sandblasting.

Larson told the Council the feasibility study for the 4th Street (CSAH 11) Reconstruction should be completed by the end of the month. The cost estimate developed as part of this study will be used to establish the terms of the cooperative agreement between the City of Tracy and Lyon County. The preliminary assessment roll will then be provided to the County.

Larson reported I & S will have a meeting with school district representatives and Gervais to discuss the potential of Safe Route to School funding. SRTS provides communities with the opportunity to improve infrastructure to help promote children bicycling and walking to school in a safe manner. Larson said communities are eligible to apply for up to \$300,000 in funding for this program. Most communities receive between \$100,000 to \$300,000. K-8th grade usually get most of the funding. This funding program has become very competitive and a great deal of support from a number of community stakeholders will be required and a number of information will be required. Larson stated that historically the application period begins in October, funding applications are due in February the following year and awards are announced by the end of May.

Gervais has included a copy of the Multi-Purpose Center Attendant job description. This has been approved by the Board and they have made recommendation to the Council to approve this job description. This position is currently held by Linda Petit. Motion by Stobb, seconded by Snyder to approve the job description for the Multi-Purpose Center Attendant. All voted in favor of the motion.

Gervais stated he was asked if the Council had approved the outdoor construction/renovation for the library. He was not aware if this was done. He spoke with the Mayor and he asked that it be put on the agenda. Nielsen stated that independent boards seem to be under the impression that it can enter into contracts and spend donated funds for the library purposes without first seeking the approval of the City Council. He thought this was cured with the Library Board last time. It was discussed with them that before they cannot be doing these things on their own. Mayor Peterson felt this had been discussed before and thought it was approved to go ahead and they were quoted an estimate of about \$14,000. When they decided on what product option they were going to go with, the Library Board never brought it back to the Council. Nielsen stated the track record of the Library Board has been instead of coming back to the Council or City

Administrator, they feel they can spend their own money without it being approved. Mayor Peterson suggested they place a Council member on the board to monitor meetings as they had done in the past. He felt that going forward the librarian should remind the board that before they can spend money, they need to get final approval from the Council. Nielsen asked if a contract with Dale Johnson Construction was signed and if insurance certificates, warranty information, bonds, etc. were required. Nielsen felt they had decided to go with Johnson from the beginning but other contractors should be given an opportunity to bid the project. If there is no binding contract he is not sure if the Workman's Comp would be eligible. The board needs to go through the contractive process. Mayor Peterson stated that going forward they need to develop a process to prevent this in the future. Possibly a checklist could be developed for building improvement. Mayor Peterson said the bill should be paid through donated funds. Stobb felt in a prior meeting there was no motion but it was the consensus that the Library Board was in charge of donated funds. The Library Board is speculating if they have charge of the funds, they can move forward with projects. Mayor Peterson said the librarian cannot just buy things with funds without approval. He felt going forward the librarian should be responsible in the future for following the policy. The Board needs to be reminded they need to bring their requests to the Council for approval before spending donated funds. Since the bill came in under the estimate and looks tremendous, they should pay the bill this time and learn from their mistakes. Nielsen felt that the Council should not be approving a contract if they have not seen it. Snyder agreed it would be nice to know what they are paying for. Nielsen stated if there is not contract it would be hard to do one now but things like warranty should be clarified. Daniels stated a building permit was issued. Mayor Peterson felt a checklist for other boards should also be developed and he asked Nielsen if he could develop a checklist for the bidding process and contract procedures. Snyder suggested they wait till the June 24 meeting and discuss this further. Stobb said he would be okay with paying the bill if they have the warranty information. Mayor Peterson will check and see if that information is available and then forward it to the other Council members for review.

Gervais told the Council he has approved wireless internet capability for the Aquatic Center. There were some issues last year but feel that problem has been rectified. Have wireless internet would allow the capability to accept credit cards at the Aquatic Center.

Gervais reported there was a Liquor Committee meeting with Mayor Peterson and Councilman Enderson and there was also a meeting with all the liquor store employees to discuss operations. The position for Liquor Store Manager will be open to city employees first and be give a reasonable date to respond. Gervais felt the meeting went well. He said Sandy Lau has been doing a very good job in the interim. At the meeting the employees had ideas to expand sales and exposure of the liquor store. M. Peterson stated they need to contact the software company and get training. She stated the Council needs to be more aware of issues there and immediate help is needed at the liquor store. They are also waiting for information for the pull tabs and also they need to discuss lottery operations. Peterson stated that works also needs to be done on inventory sales. Stobb felt that by the Council not appointing someone as an official assistant manager, they have created this situation. Peterson stated the timecard entry stopped working because Total Registers was allowed to remotely access computers and taking control of the computer. Total Registers wanted to disable and delete the anti-virus program and thought it was interfering with operation of the software and this unshared computers and the time card

application stopped working. Allowing them to go into the computer was in the software agreement that Radke had signed. Mayor Peterson suggested they call the software company tomorrow and get this issue resolved. There will be a tour of the liquor store after the meeting to get a better idea on what can be done to improve operations.

Motion by Stobb, seconded by Enderson to appoint Rosemary Martin to the Planning Commission for a term to expire in 2015, Charter Commission for a term to expire in 2016 and Police Commission for a term to expire in 2016. All voted in favor of the motion.

Motion by Stobb, seconded by Enderson to appoint Karen Cleland to the Multi-Purpose Center Board for a term to expire in 2016. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to table the appointment of Shirley Anderson and Mary Ann Blanchette until the Council is informed of the term lengths that need to be filled. All voted in favor of the motion.

Gervais stated that he and Daniels had been approached by a resident on Elm Street. On the map provided the sidewalk ends just past the Hubbard property and it has been requested because so many kids use the sidewalk to that point and then out in the street to get to the pool. It is a safety concern. He and Daniels went and looked at it and it is a five foot sidewalk of about 200 feet with a cost estimate of approximately \$1,500 for the city employees to install the sidewalk. The Ordinance states existing sidewalks are assessed at 25% and 75% where a new sidewalk construction of a new sidewalk to assess back to benefited properties at 100%. Gervais stated that if the Council chooses to go forward with this project go through the correct process for getting this done. Snyder asked if there was sidewalk there at one time that was removed. Daniels stated the Ordinance now reads that a partial block cannot be done. Daniels stated that a handicapped approach would need to be installed. It was discussed to cut the corner and go diagonally and meet up with the other sidewalk going into the pool. Daniels stated it could be t-ed off if the right of way allows it. Daniels stated after Hubbard's driveway the ground takes a dip and there are two shut-offs in there so doubt there was any sidewalk put in there. Snyder felt it was a good idea and warrants further investigation and getting it done. Mayor Peterson asked if they would assess all the properties in that block or just the three properties that have no sidewalk now. Daniels was not sure if both sides of the street would be assessed or just the side that gets the new sidewalk. Stobb asked if the sidewalk that is there is in good condition at this time. Daniels stated the sidewalk in front of the house that had the explosion has been damaged from equipment when the house was removed. A letter has been sent to the property owner with a 10 day notice that it needs to be repaired. If this is not repaired, it could be discussed at the next Council meeting.

Nielsen asked the status of the water line that went to the house on that property and if it had been terminated at the main. If there are things that the insurance would be paying for things that relate to that fire, getting that water line properly tapped off, now would be a good time to get that done. Daniels stated the main is on the south side of the road and the sewer is cemented shut as it was shared with the neighbors. Daniels did tell the owners they needed to go outside the foundation to make sure any footing drains were removed. Daniels stated there was a water main break on that water main and could dig a little further to the west to find that line before the

yard is fixed. Nielsen stated when there was an abandoned water main issue with the Masonic Building, it was put in the ordinance that it was the position of the City Council to discourage abandoned water lines. Snyder felt that if it is not that much to go a little further that line should be capped off. Mayor Peterson stated they should move forward with this project.

Gervais has received an estimate from Crystal Glass, Inc. to install a new lock system for the municipal building. This company also did the system for the Wellness Center. The estimate received is \$3,930.36. Mayor Peterson said this would provide better control of who and when people are using the building. Gervais stated Crystal Glass will provide training for the staff. Gervais said the funds for this could be taken from Building Maintenance. Motion by Snyder, seconded by Stobb to accept the estimate from Crystal Glass, Inc. of \$3,930.36 for a new lock system for the municipal building. These funds will be taken from Building Maintenance and not to exceed \$4,500 at which time it will need to come back to the Council for approval. All voted in favor of the motion.

Gervais indicated that at the last EDA meeting on Friday, June 7, 2013 a motion was made, seconded and passed to recommend that the City Council approve MAAC to inspect the Masonic Building for asbestos-containing materials for the amount of \$1,500. This inspection will help determine future plans of the property. Motion by Stobb, seconded by Snyder to approve the recommendation of the EDA to approve MAAC to inspect the Masonic Building for asbestos-containing materials for the amount of \$1,500. All voted in favor of the motion.

After discussion the following changes were made to Resolution 2013-10 A RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT. WHEREAS, an improvement of Fifth Street Water Main Project between Morgan Street and South Street and the ~~contract price for each improvement~~ amount to be assessed is \$13,128.60. 1. The cost of such improvement to be assessed against each benefited property owners is declared to be \$1,641.08. Motion by Enderson, seconded by Snyder to adopt Res. 2013-10 A RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT as amended. All voted in favor of the motion.

The Council asked that the interest rate of 3.25% for five years be included in Resolution 2013-11. Motion by Snyder, seconded by Enderson to adopt Resolution 2013-11 A RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT as amended for the cost of the Fifth Street Water Project. A public hearing will be held at 6:45 p.m. on July 8, 2013. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution No. 2013-13 A RESOLUTION APPROVING THE CITY OF TRACY PUBLIC WORKS DEPARTMENT TO REPLACE DEFECTIVE SIDEWALK. The owner of the property of 224 Emory St. was notified by registered mail date August 9, 2012 of a defective sidewalk. The 10 day repair period has passed with no extension requested and with no repair being completed. The City Council has authorized the city of Tracy Director of Public Works to make such repairs as necessary and the property owner billed accordingly. All voted in favor of the motion.

The Consent Calendar contains Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Relief Association Minutes for May 6, 2013. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Nielsen had been asked to survey other communities in our area as to assessment policies. Mayor Peterson stated the big question was the definition of new or repair. Gervais stated that one of the issues at the last meeting was if the Council wanted an ordinance or policy for assessments. Nielsen stated that last page of his memo it states that either new or repair can be assessed. With the way the ordinance now reads as far as water and sanitary, there is no difference between new construction or repair it is assessed 100% and 50% on storm sewer. When they discussed sidewalks tonight repairs are the homeowner's responsibility and not considered part of the assessment process if they do damage to their sidewalk. Larson from I & S feels the most important thing is to have something they can be consistent with that will not put too much financial stress on the homeowners. If you get a group of people with a concerted effort, it can be refuted. Nielsen stated they did do some sidewalk repairs in the past. Snyder said he recalls at that point there were a couple blocks where all the residents decided they did not want sidewalks and it was completely removed. Nielsen said that if they were starting from scratch they could choose to do a policy because an ordinance has the built in expense every time something is done with it. At this point it may be cheaper even though it may take a couple ordinances at the beginning to get rid of the ordinance they have. Another ordinance needs to be passed to get rid of the ordinance they no longer want. Larson felt it was easier to go with a policy. Nielsen stated the two funds the City has now for water main replacement one is limited to \$60,000 and the project that was completed with the one block of 5th Street was over \$60,000 and that fund is not going to provide any material help to any major project. That fund is not just restricted to water, it says improvements. The other surcharge fund does not have a limit dollar amount on it, but that also is not limited to water and can be any kind of improvement. If the fund does not have enough money in it to do that and if not, how can the City get money in the account. Stobb was of the impression the utility surcharge intended to do work on utilities that are in place but need repair or improvements. Nielsen is not sure the ordinance states that specifically but feels that has been the idea as they have always assessed for the other kind. Peterson said that when they do the wastewater project a fund will be set up and how they have done in the past is there will be transfers in and transfers out of that fund. With this the surcharge fund may still pay for part of the project. Nielsen indicated another thing is the fund thing maybe leaves a hole as on this 5th Street there are properties that are do not have water service, sewer/sanitary service and not paying anything to those funds, but they are getting benefits from the service because of the fire hydrants. They get a "free ride" if it is all from funding and not specially assessed. Stobb said to hit everyone it would become a property tax issue. Larson stated a lot of cities will bond for the project, pay as much as they can off the assessments and the rest goes on the levy.

It was the consensus of the Council to go with a policy rather than an ordinance. Nielsen stated they will say they are repealing that ordinance and at the same time indicate they are putting it into a policy. Motion by Snyder, seconded by Enderson to waive the first reading to change the ordinance to a policy and set the second reading at a public hearing on July 22, 2013 at 6:45 p.m. Larson stated changing the ordinance to policy will not change the cost of the Wastewater Project, but it will have to be done before they do the improvement hearing. Stobb stated they

can then look at other suggestions by I & S about life cycles, prohibiting of cutting open streets and other material changes. All voted in favor of the motion.

Snyder asked Nielsen if he had received the information the Council had received from D. Spencer. Mayor Peterson stated that Nielsen is familiar with some of the information but probably not the last packet. Nielsen asked if the Council has seen the previous memos that he had provided. Nielsen stated that he spoke last week with Gervais about because of the way the insurance is currently billed to present employees, if there is a basis to change Spencer's premium, that will change the employees premium and the rest of the employees needs to be involved in the process in some way. They may have some insight on that. He does not feel it is right to raise their premiums without giving them a change to state if it should be done or what the background is to the issue. Gervais will forward the memos from Nielsen to the Council.

Mayor Peterson and the Council expressed appreciation for the extra work done at the airport recently for the fly-in and it looked great.

Stobb asked if they have received applications for the City Administrator positions. Mayor Peterson stated that four applications have been received. Stobb asked if they could receive copies periodically as they are received for review. The Council felt it would be better to receive copies rather than an E-mail. Copies will be sent to the Council members.

Motion by Enderson, seconded by Snyder to adjourn the meeting at 8:05 p.m. All voted in favor of the motion.

June 24, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 24, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayo Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Snyder to approve the minutes from June 10, 2013. All voted in favor of the motion.

Additions to the agenda included 8-E Elm Street Sidewalk Repair and 8-F Morgan Street Water Main Study. Motion by Stobb, seconded by Enderson to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Gervais informed the Council that the City was given a bond rating of A. Ehlers has recommended that the bond sale be postponed until after July 4 as the interest rates have risen higher than they previously had been. Hopefully the markets are settled by then and another bond sale could be done between July 22 and August 26, 2013.

Stacy Barstad presented an update on the hospital/medical center. They are in the process of recruitment of a nurse practitioner or PA. A few candidates were interviewed but none have committed to taking the position. Barstad said they have engaged in search firm and has had one person for an interview. The medical center has been presently using locum providers to cover in the interim but it is expensive so to fill this position as soon as possible with the right candidate is key. Barstad stated the end of June is the end of their fiscal year and through July 2012 to May 2013 the patient revenue is up about \$43,000 compared to last year at this time. Revenues for this fiscal year have been relatively soft. The past six months have been slow in volumes. Expenses are held steady and are coming in about \$118,000 less than last year and Barstad feels the managers and facility have done a good job holding down expenses. The bottom line shows a profit of \$327,000 and an increase of about \$324,000 over last year's bottom. They are off budget by about \$311,000. Health reform is the biggest issue at this time and seeing many insurance companies gearing up to have some big cuts to many of the health care facilities. It is not only Tracy that has experienced decreased patient revenues. Health care during the down turn of the economy was going strong and now seeing a lot of people not coming in for those elective procedures or services and a lot of that has to do with high out of pocket costs and higher deductibles. The medical center is taking a proactive approach to anticipate the unknown changes in the future. They are presently taking some cuts from Medicare. The insurance exchange will start this fall for the State of Minnesota and that is a huge unknown of how that will play out for health care. Nielsen asked if Sanford was going to have plans in the exchange. Barstad stated she was not sure at this time and at this time she has heard they are not, but does not know if that is a definite answer. Dr. Weng, Oncologist from Worthington is seeing patients in Tracy and the facility is able to do chemotherapy.

Gervais asked Kopperud to explain the asbestos abatement process with the boiler project. Kopperud stated that during a remodel or improvement project and asbestos abatement is required, it is separate from the bid. This was not in the contract with Bisbee's. This was acted on at the same time that Bisbee's contract was approved. Generally the owner is responsible for the cost of the asbestos abatement. Kopperud did find a contract with Gorius's signature but Gervais was not able to find a resolution. Gervais stated a resolution was not found but the first bill was paid and the second is on the agenda for tonight. Kopperud stated there will be a meeting with S. Daniels, R. Gervais and Todd McInerney on Tuesday morning. Kopperud stated the boilers and burners have been received. The dented boilers were replaced.

Barstad stated the Health Fare will be held on July 20, 2013 at the End of the Line Park in Currie. Reduced cost screenings and presentations by the health care providers will be provided. B. Nelson stated that since school is out he has seen a lot more kids come in with families. Scott Thoma was present during the week for the anniversary of the Tracy Tornado. He gave a presentation and talked about his book, "Out of the Blue". The people that attended added a lot to the discussion and shared memories from 1968. They have had close to 100 kids sign up for the summer reading program compared to 17 last year. There is a lot of sponsorship for the

program and have sufficient prizes and incentives. The library has secured a grant from SAMMY for the teen part of the program. Nelson stated that his focus in the next couple months is to update the Facebook page and make much more interactive. He will be working with a graphic designer who will provide free services. Val Quist has recommended a speaker for the Laura Ingalls Wilder pageant who is a scholar who lives in Massachusetts but she will be coming to the library and will be in character. Nelson will be marketing that soon. There are two new teen club members and have added to the club with ideas, etc. One of the summer reading program events will be Buster the Reading Clown. At the June event there were 30 attendees. He will be doing one in July and one in August and he is dressed to fit the summer reading program theme which is "Dig into Reading". The Time to Read program that was put on by two teens from the Teen Club and have had more kids coming in than last year and have received donations to buy more supplies. Before school was let out Nelson distributed a teen survey and received feedback that the teens are happy with the present materials but did recommend some titles.

Gervais asked if Nelson had received the notification of the grant from the Minnesota Department of Education. He has not received anything from them yet. Snyder stated the letter states there are some housecleaning items to be done yet. Gervais stated that he will meet with Nelson to see what needs to be done regarding the matching of the grant.

J. Lichty reported that calls are down from last year's May but still a high number of calls for a month. The department was passed over this round for the COPS Grant. A clutch fan was replaced in the Dodge Squad. This was replaced at 40,000 miles and the warranty expired at 36,000 miles other than the drive trains which is warrantied until 100,000 miles. Lichty has met with the Alliance Company about a program to implement in the elementary school in February 2014 and February 2015. This program targets first grade and fourth grade and provides each student a hard cover book that they will get to keep. The book contains short stories about character building skills and community involvement, and not just a "don't do drugs" theme. Lichty has issued 32 public nuisance warnings and with the time he had to spend with this, he addressed the large and obvious warnings at this time. When he does the recheck on those, he will check for new violators. Lichty is looking into starting a program called "Elder Watch". Elder Watch will be a voluntary program and open to seniors, people with health concern, people living alone or new to the community or anybody else that wants to. Most people carry cell phones and do not have land line and with emergencies are running into problems with contacting family members because they carry cell phones and are not listed in the phone book. Individuals will preregister with the police department and with the computer dispatch coming soon, when they are going to an address there will be a note box or an alert box on the address they are going to and will have that information so when arriving on scene can see what they had been there for previously and the people that should be contacted so the family can meet them at the hospital and preferred doctors. Lichty is asking for authorization to move forward with this as there will be a minimal cost involved. Refrigerator magnets will be made so emergency staff know that if there is the magnet, the police department has the information that they need. Stobb was concerned with the magnets; the emergency staff will have to be in the house to see the magnet and was wondering if a window decal would be beneficial. Lichty said he would also look into that.

S. Daniels asked for any questions regarding his monthly report. Today the Public Works removed some trees on 3rd Street East and Union that were blocking the view in that intersection. There was another water main break Thursday p.m. about three feet from the break the week before.

Gervais reported that Sandy is getting more comfortable with the procedures and he has received one application for the manager position. Cleaning the basement has been going well and hope to get at the last remaining portion of the basement cleaned out. The merchandise that has been brought from the basement has been cleaned and things such as glasses, shirts and other merchandise have been selling well. Gervais observed the water main repair on Friday and was able to understand the work and the age of the infrastructure in Tracy. After the 4th of July holiday, he and M. Peterson will begin work on the budget and getting that ready to go. The cigarette tax increase is on July 1 and some other minor things. January of 2014 there will be more changes that will take place.

David Spencer has sent an e-mail to the Mayor and Council and feels that he has been overcharged on his medical insurance and requesting reimbursement. Mayor Peterson asked when he had brought this back to Gorius. Spencer stated that when he separate his employment when he retired, he had it set up correctly and he was paying the average premium. After that he was not sure if he had received any written communication or anything but it was told the City would check with the LMC and LMC stated the City was to charge Spencer the full premium. He then returned on the first of year and requested information and never heard back from anyone and that was when Gorius was still here. In March at the Clerk's conference, they had a seminar on that subject and that is when he gathered his information and brought it to the attention of the Council. Mayor Peterson stated that Memos were received from F. Nielsen, City Attorney that explained his position on this. Mayor Peterson asked if the City had any obligation under contract to provide insurance for retirees. F. Nielsen stated there is no obligation under contract. Spencer stated that under state law the City does. F. Nielsen stated there is nothing in the collective bargaining agreement because that covers employees and retirees are not employees so unless there is something in the Personnel Handbook that he is not aware of there is no contractual obligation. Mayor Peterson stated he is not seeing where the City should spread the cost of Spencer's insurance that the employees that are presently paying their insurance. Spencer stated the law states that the City has to treat him, the retiree, same as an active employee. On page 12 of the 2010 Union Contract it states was \$277 dollars and the 2011 states \$295 and lays out what the premium is per person. Nielsen stated that was not the premium per person, the premium is what the insurance company bills the City and that may be the charge the City has computed for employee. Spencer stated that was in the contract and that is what each employee is charged, therefore that is what the City should charge him. Nielsen explained that Spencer is ignoring the part in the statute that specifically states, "A former employee must pay the entire premium for continuation coverage, except as provided in a collective bargaining agreement or personnel policy." The collective bargaining agreement does not cover Spencer as he is no longer an employee and there is no personnel policy that says the City is to subsidize retired employees. Spencer stated that Minnesota law states the City has to. Nielsen stated that is Minnesota law and comes right out of the material provided by Spencer to the City. Spencer stated that Minnesota law states that the City has to provide him with insurance coverage as part of the same pool. Snyder stated they are providing him under the same pool. Nielsen stated the

part he just read was from the Minnesota Statute, the statute that Spender provided, it states “the former employee must pay the entire premium” and the premium that is billed for him from the insurance company is what he is being asked to pay. Spencer states that he understands that, but they are charging the employees \$300 a month this year and so therefore that is what they would charge him. That is because it is reduced to a true group policy when it comes in. He stated an older employee would be receiving a lot less in their HSA than someone that is younger. So the premium has to be averaged so it is all equalized. Nielsen stated that it did not have to be averaged. Spencer stated in the contract it is because of that. It is not averaged in the collective bargaining agreement. Nielsen states it does not say what the premiums are per person; it says the amount the City will pay per employee for their benefits. If it was billed directly from the insurance company, a younger employee would put a lot of money into his HSA because he would get the same as an older employee, but his premium is different. Nielsen stated he is not in the Union at this time. Spencer stated he was when this was decided. Nielsen stated he is not now. Nielsen asked him how he could claim a benefit under that contract. Spencer stated that he retired under that contract. Nielsen stated Spencer is not currently an employee. A contract only covers employees. Spencer asked then that everything the LMC says or the state law or anybody else does not matter. Nielsen stated he just read the state law and it states the former employee must pay the entire premium. What Spencer is paying is what the insurance company says is his premium. Spencer stated the retirees under the age 65 must be pooled with active employees and both premiums and benefits must be the same for pre-65 employees as for active employees. Nielsen stated the premium for anybody else in Spencer’s age category that works for the City and is still an employee is the exactly the same as his. Spencer stated the premium charged by the City is \$295. Nielsen stated the City does not charge a premium, the insurance company does. Spencer told Nielsen he is only mixing words up. Nielsen stated that Spencer is trying to make the statute sound like he is entitled to be treated the same as an employee and he is not entitled to that. Spencer stated it says that right in front of him. Nielsen then asked why it states a former employee must pay the full premium. Spencer stated the City is not obligated to pay the premium, the employee is, but he is to be pooled with the rest. Nielsen stated that Spencer’s premium is more because of his age. Spencer states it should not be because it is averaged. Nielsen stated that is the way the insurance company sends the statement out. Nielsen stated that all he can say is that the insurance company is the one that sets the premium, not the City. Premium for Spencer is the same for anyone else that is his age whether they are an employee or not. Spencer felt that Nielsen was the only one interpreting it that way. Nielsen stated he is not the only one that is interpreting it that way. Nielsen stated he has contacted the LMC and they gave a contrary opinion to what Spencer is providing. Spencer stated the whole memo that he gave him was written by the LMC. Nielsen stated that the LMC supplied Spencer with the same statute number and cited at nauseum here tonight that states he must pay the whole premium. Spencer asked if the employees had to pay part of the premium, what would the City charge them. Nielsen stated the City does not charge them anything; the insurance company sets the premium. Spencer asked if an employee had to pay their own insurance what would it be? Mayor Peterson stated it would need to be negotiated. Spencer did not feel it would matter if it is negotiated or not but what would the employee be required to pay, would it be part of that \$295 or would it be a portion of the actual premium. Nielsen stated it would be negotiated at an “X” number of dollars they would pay. M. Peterson asked how it was done with a previous insurance company. Spencer stated the premium was averaged already and was not based on age. M. Peterson asked why it was averaged out that way. Spencer stated to make it fair to everyone.

Spencer stated the employees did have to pay a percentage but does not remember what year it was. M. Peterson stated that way the younger employees are paying more for the older employees to come down. She asked if that was decided by the employees. Spencer stated that every move that was made on insurance was decided by all employees. Stobb stated that if Spencer is not being pooled, if the cost of his insurance is pooled with the other employees, how can that \$300 stay where it currently is? Spencer said it wouldn't and it would have to go up. Stobb said the average single rate is \$431.62 when it is pooled, including Spencer's. Nielsen did not know if that has been computed with Spencer included with the other employees and they averaged it out where it would go up. Spencer stated the original average came from an agent from the Cities and Bill Chukuske handles it now. Went the premiums went up it has been figured on percentages since then. Nielsen stated these laws that provide insurance coverage to individuals are retired; it is designed to give them a chance to have their insurance coverage if they are willing to pay and nobody else is supposed to subsidize that coverage. If they pay the full rate calculated by premium with the same age group as the employees then they get their insurance. If it was done any different way and that premium was less, then somebody has to pay it. The insurance company is not going to do it for free. That means someone else has to subsidize that retiree's insurance company and it is either the City or the active employees. That runs contrary to what the law, in his mind, is designed to do. They just have to provide the coverage and not guarantee any rate. Mayor Peterson stated that is the way he understands it. Spencer stated that when the insurance is bid, the older person, such as himself is figured right in the pool with the employees when the company bids it. Nielsen stated that is required by law that retired employees have to be kept in the same age group if age based premium as the employees do. That is where the pooling comes in. The pooling does not come in with the paying of the premium, the pooling comes with employees. Spencer stated if it was any other insurance company but this one, it would be. That is why this one is pooled down so an older employee's premium is the same as a younger employee's premium. That is why it was always averaged to get a fair premium for everybody. Snyder does not feel that is fair either because if he was the younger employee he would be angry because being a young person, their premium should be much less than someone older and why should that younger employee pay more just to subsidize someone who is older. Spencer stated that going by that explanation the younger employee should also be upset because the older employee is getting the same HSA as the younger employee and the older employee is getting the same. Spencer stated the benefits do not change on it so that the older employee has the same deductible as the younger employee and they are getting the same HSA. Mayor Peterson stated that Spencer is pooled in a group that has gotten him some pretty reasonable rate and a lot more reasonable than anyone else would get. Ferrazzano stated his question was if he understands how the employees handle this premium cost, Spencer is paying \$563.70 per month, would he be paying that same premium if he was not involved in the City at all, what the premium would be. So Spencer is getting some benefit of being included with the City to give him a lower premium. Nielsen explained to Spencer that he is not entitled to be treated the same as an employees or his insurance would be paid in full by the City. Spencer states the law states he has to pay his own premium and he cannot have the City pay it unless there is a written agreement that they pay part of the premium like the school. Nielsen stated there is not such agreement for retirees. Spencer stated there is the agreement for the employees in that contract and he has to be treated the same as the other employees. Snyder stated they only have to pool him in the same group for the insurance premiums. Spencer says it states that is what the premium is in the Union contract is \$300. Snyder stated the insurance

company states his premium is \$563.70. He stated that Spencer is not in the Union anymore. Snyder stated he is covered under Minn. Statute 47161. Spencer stated that every employee of the City is treated the same as what is in that contract. Spencer stated the City still has to treat him as an active employee. Nielsen stated the premium billed for Spencer is the same for an employee of his age. Spencer told Nielsen that he is just trying to twist words around again. Nielsen again stressed that the insurance company is the one that sets the premium, not the City. Spencer stated the premium is averaged by the City afterwards for each employee. Nielsen said it is not a premium then, because when the premium gets paid to the insurance company is what they are billed. Spencer said it is that way in the Union contracts. Nielsen told Spencer he is not an employee and not entitled to what the contract said. Spencer felt the amount should carry through with the LELS and should also be carrying through to the employee handbook and all three documents should be changed at the same time when those contracts go into effect. All the insurance for the City is done the same for all employees. Nielsen told Spencer he is not an employee of any kind. Spencer stated he has rights as an active employee. This is what he is basing his decision on. Nielsen asked Spencer if he recognized he is not entitled to have his premium paid by the City. Spencer said he was.

Mayor Peterson polled the Council as to if they are treating Spencer fairly under the contract and the amount for his insurance is correctly charged based on the legal information received. It was the consensus that he is being charged fairly. Ferrazzano felt Spencer is getting a benefit since he would be charged more if he was not included with the City insurance. Stobb stated that he would not have received any insurance benefit from the school for a limited number of years if it had not been part of negotiated contract agreement. Stobb stated he could have had COBRA benefits, but would not have received any financial assistance with his health insurance. Mayor Peterson stated it was not the answer that Spencer wanted to hear. Spencer thanked the Mayor and Council for their time and he now knows what he has to do also.

Gervais stated that in looking at the Tracy Liquor Store security/loss prevention one of the areas of concern is the back door on the off-sale side. He had asked Daniels to get a quote. The quote for the door is \$2,426.06 plus an additional \$300.00 to paint the door. This would allow the back door to be secured and used only as an emergency exit and would not be an entrance. The only way to access the Off-Sale would be through the front. The door would have an alarm. Snyder feels it is expensive, but the potential for savings of product loss will make up for that. Ferrazzano asked if there is any estimate of how much product is lost. Gervais stated he does not know how you would measure that, but there is the potential for product. Mayor Peterson stated the door is due for replacement and has been damaged many time. Nielsen stated that as a prosecutor there has been any number of cases of theft and attempted theft involving that door. Motion by Snyder, seconded by Ferrazzano to replace the rear door at the Liquor Store with a security door with one way exit and alarm. Stobb questioned the disruption of any traffic through that door. Gervais stated that he had discussed this with S. Lau and she is in favor of the new door. There are times the alarm is heard, but on the way out the customers may grab something. All voted in favor of the motion.

Mayor Peterson stated members of the Wheels Museum were helping with clean up at the liquor store and have a wish list sitting in the Council Chambers that they would like to receive as donated property to the museum. It may have some collector value but not enough to preclude a

donation. Stobb stated they do not have any idea of what the collector value is on those items. When A. Peterson was at the Liquor Store, Stobb told him that he would vote no, at least on the two mirrors. He feels the mirrors have potential to have some value and feels the function of the museum is to promote the history of Tracy and does not know what Budweiser and Schmidt did for the history of Tracy. Mayor Peterson stated it is the fact it came from the Liquor Store. He said it is City property and part of the City history and the City is an active supporter of the museum and personally have no problem with giving this to the museum. Stobb asked if it has been evaluated for value. Mayor Peterson feels it may be worth about \$800 and is basing that on experience. Bill Chukuske, 875 Rowland has no idea why they would want that for the museum. To him, coming to our town and going through the museum he would wonder why that would be hanging in the museum. As a collector of memorabilia like that, right now he would give the City \$500 for the whole works. He suggested putting it up for silent auction and sell it to recuperate some of the money for the new security door. Gervais asked Nielsen if this falls under the process for getting rid of City property. Nielsen stated that if it has value, but if just junk, it does not apply. Ferrazzano stated he does not mind giving the museum property, but the City does not know what they have. It is not the City's to give; it is the community's property and cannot give away their property without knowing what it is worth. Snyder agreed and does not know what historical significance it has other than it was hanging in the liquor store at one time. M. Peterson questioned as a tax payer why does the Wheels get first choice of it. Mayor Peterson stated they did not get first choice; it was in the liquor store and needed to be cleaned from there to be sold. M. Peterson asked why the museum was there. Mayor Peterson stated it was to help with clean up. K. Burch stated the individual from the museum was not really helping with the clean-up but was helping himself to items in the basement. She was down there at the time and he had his arms full of items, not cleaning but searching for things that he wanted. Gervais some of the stuff that was in the stuff removed for the museum was key chains with no value to the city and does not have Tracy printed on them, there is an old faded shirt that he has no idea why the museum would want. Some of the things in the box are being sold at the liquor store right now for profit. The Budweiser mirror could be put on EBay or do an auction and would bring some good money. The Schmidt mirror has three holes from when it was hung. The Hamm's clock could be cleaned up and there are Hamm's collectors out there. There is one sign that had any reference to Tracy. The other could be hung anywhere in any bar and would never know it. Gervais feels it is wise to look at taxpayer's money and try to protect that. Ferrazzano stated they could loan it to the museum. Stobb stated he was told the museum would not accept anything on loan. Ferrazzano felt they should find out what those items are worth. Mayor Peterson asked Stobb if that was the board's answer or an individual's answer. Stobb answered it was an individual's answer. Ferrazzano is not in favor of giving it to the museum unless they know what it is worth. Ferrazzano felt they should not treat this property any different than unused City property in the past. Mayor Peterson asked what the charge would be to put it on Minnbid. J. Lichty stated it was 8% under \$1000. Stobb felt if it was done locally maybe someone would purchase it and donate it to the museum. Motion by Ferrazzano, seconded by Snyder to treat the items from the liquor store as with any other City property and dispose of City property. Nielsen said they can dispose of the items any reasonable manner that the City decides. It can be done any number of ways as with silent bids or any reasonable means of disposal. Enderson stated there are a couple items that should be pulled and donated to the museum. Chukuske felt they should ask the museum if they wanted it first. One person wanted

it and not the Board. Gervais stated there is an old ledger book but has not looked through it to see what it is. All voted in favor of the motion.

Motion by Stobb, seconded by Snyder to approve a plumber's permit for E.T. Plumbing and Cooling contingent on submission of paperwork and fees paid. All voted in favor of the motion.

S. Daniels stated a letter was sent to the owner of the property at 213 Elm Street regarding repair of the sidewalk. There has been no response from the owners in the past ten days. Daniels is requesting approval of a resolution to repair the sidewalk. Money would be taken from the escrow account from the fire at that residence to repair. They could then bill the owner for the remainder of the bill. Motion by Snyder, seconded by Stobb to adopt Resolution 2013-15 to replace the sidewalk at 213 Elm Street and bill the fire escrow account for the repairs and any balance to be billed to the property owner. All voted in favor of the motion.

Gervais stated that Chris Larson is present to discuss adding the repair of the water main on Morgan Street from 2nd Street to 6th Street. In the past eight years there have been several water main breaks in this area. The idea would be to do a feasibility study to see what it would cost to run a new main from 2nd Street to 6th Street. Chris Larson from I & S felt it should be added to the 4th Street project and do as one project. There would be a full reconstruction of water main, sewer main and curb, gutter and sidewalks would be saved in that area as much as possible. Larson is hoping to work with the County to get under the same contract with everything and will be cleaner if one contractor will be doing all the work. Mayor feels it would be good to tie it in with the 4th Street Project. They could possibly get rid of some of the I & I problems in the downtown area plus will get the mess done in one year rather than drag it out. Larson stated they would be able to run some sub-drain which dries out the roadbed and at the water main break site last week, he noticed there is about two feet of black dirt under the road section which is not a good situation. They could also stub in sub-drain services for some of the properties downtown that are discharging their roof water right onto the sidewalk right under ground and prevent ice hazards in the winter. Daniels stated that he has a 1911 map that shows 3rd Street, 4th Street and Morgan Street all existing at that point. It was probably laid in the late 1800s. Daniels is thinking that 3rd Street has six inch main and there is less area for pushing than the eight inch main on Morgan. Larson stated that as part of this they would model the whole city system to make sure replacing with an eight inch pipe is the appropriate size vs. maybe it should be a ten or twelve inch main to have main trunk lines as the larger skeleton and up on the edges the where the water main can be downsized. Larson stated that part of that will be verifying what they are proposing as part of the Wastewater Improvement Project and some mains will be replaced there and sizes of the main can be verified. Mayor Peterson stated that at the same time some of the streets will get repaired and start a better cycle as far as keeping ahead of the projects. Motion by Ferrazzano, seconded by Snyder adopt Resolution 2013-16 to do reconstruction on Morgan Street from 2nd Street to 6th Street and tie it in with the 4th Street Project. Larson stated they will expand the 4th Street report to include this. A resolution was passed for the assessment process that define the 4th Street project and he will work with Gervais and Nielsen to order the feasibility study. All voted in favor of the motion.

Gervais stated that G. Kopperud was able to get the contract that was signed by R. Gorius with MAAC. There was a resolution drafted for the payment of the \$16,400 and are down to the

\$12,800 that is remaining. Motion by Snyder, seconded by Stobb to adopt Resolution 2013-14, a Resolution Approving Payment to MAAC, Inc. for Work Completed on the Hospital Boiler Replacement Project in the amount of \$12,800. Ferrazzano asked if they should be concerned that something was signed without the Council knowing about it in terms of a contract being signed without the Council knowing it. Mayor Peterson stated this was discussed was in the past. Gervais stated that according to Kopperud the contract was drafted in 2010 but not signed until the whole boiler project was talked about in 2012. All voted in favor of the motion.

The Consent Calendar consists of the Municipal Accounts Payable, Tracy Economic Development Authority minutes for May 3 and June 7, 2013 and Cemetery Commission Minutes for May 9, 2013. Motion by Stobb, seconded by Snyder to approve the Consent Calendar.

At the Multi-Purpose Center there is a vacant term that expires in 2014 and one that expires in 2016. There are two applicants. Mayor Peterson stated that one applicant was a prior member of the board and resigned from her term early and the other applicant was an employee in the position that was done away with. Motion by Ferrazzano, seconded by Snyder to appoint Shirley Anderson to the vacancy that expires in 2014 and appoint Mary Ann Blanchette to the vacancy that expires in 2016. All voted in favor of the motion.

Mayor Peterson stated included in the agenda packet is the estimate for the Library Entrance Project, a final bill and a warranty on the product used in the project. He stated the work is done and it looks great. Nielsen was wondering if some of the work of this project could have been included in the grant that was recently received from the Minn. Depart. Of Education. One thing that should be considered in any major project is if there is something that should be done at the same time that would make the project more economical that doing it separately. This may be an example where if this had been duck-tailed into the grant type of thing, the project could have been delayed and included in the matching funds. Motion by Snyder, seconded by Enderson to pay the invoice to Dale Johnson III Construction LLC in the amount of \$12,201.56. All voted in favor of the motion.

The City of Tracy has received a request from the Southwest Initiative Foundation for \$1,250 in support for the calendar year 2014. The last donation was in October 2011 in the amount of \$500. Snyder asked if this was budgeted for. M. Peterson stated it was not but there is money in the budget because the City did not pay the Coalition of Minnesota Cities as the payment was higher than anticipated. M. Peterson stated that \$2,300 was budgeted for the CGMC and the bill came in at \$3,400 or \$3,800 and they did not pay for that. Snyder would rather see it go to SIF. Motion by Snyder, seconded by Stobb to use the 2013 budget amount for the CGMC to pay the Southwest Initiative Foundation at \$1,250. All voted in favor of the motion.

Mayor Peterson reminded the residents that grass clippings should not be put on the streets when mowing as it collects and blocks water from draining into the storm sewer. The newspaper add has not been effective so if anyone sees anyone putting clippings in the street, to remind them this is not allowed.

Motion by Enderson, seconded by Snyder to adjourn the meeting at 8:05 p.m. All voted in favor of the motion.

July 8, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 8, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Enderson, seconded by Snyder to approve the minutes from June 24, 2013. All voted in favor of the motion.

Additions to the agenda included 9-C Airport Fueling Station and Water Tower Update and 9-D Flower Gardens. Motion by Snyder, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Nicole Larson from Kinner & Company, Ltd presented the Financial Audit Report for the year ended December 31, 2012 for the City of Tracy. She stated the report has some major look changes from what it has in the past. There have been changes that have come down from the auditing organizations that have required that but does contain the same information. Pages 2 and 3 are the actual auditor's report and that contains the auditor's opinion on the overall financial statements. Larson stated the opinion is that the City's financial statements are fairly presented and did not find anything majorly wrong with them.

Page 10 is the Statement of Net Position which is essentially the balance sheet for the City. The look of the statement has changed and some items have been removed. Larson stated bond costs have been treated as an asset and amortized over the life of the bond. There are no Gasmy pronouncements that said that will not be the case and when you incur the costs you take the expense. The overall assets for the Governmental Activities include the General Fund, Fire, Ambulance, EDA, and any debt service funds. Those show assets of around \$10 million dollars

and liabilities of \$7.4 million leaving a net position of \$2.6 million. This is very close to last year's but down \$17,000 from last year. Larson explained the business types are those that should be operating positive basis and includes the apartments, Orchard Lane, liquor store, and utilities. Total assets for the Business type are \$7.4 million with \$2.7 million in liabilities leaving \$4.67 million net equity which is up by \$43,000. Larson stated the next pages are the General Fund which is the general operations and where the City's activities are done out of. The General Fund itself for the year ended at a net decrease of \$103,500 as shown on Page 24. That is the result of redoing the roof of the VMC as it was not a budgeted expenditure. Larson recommended that when doing the budget for 2014, base it on what the City is really going to get in. For some reason the tax levy budget was actually more than what the City levied for general operations. There was a \$90,000 discrepancy there. Larson stated they did catch up in other areas but that is something that needs to be watched as the budget is prepared for the upcoming year.

Page 57 addresses last year's findings in reference to internal controls. In 2011 there were five findings and of those, two have been corrected. Larson stated the three that have not been corrected are the three that appear every year and are not going to go away. One is the segregation of duties which is difficult to eliminate due to the size of the office. It is tough to have enough segregation to keep one person who does the deposits separate from the person who does the bank reps separate from the person who does the writing of the checks that has access to cutting checks. Second is the reporting of accounting adjustments. Larson stated that essentially the City is to give her a packet of paper and she is to put a couple extra pages to it and she does not have anyone that does that or anyone that could do that without some guidance. She has to write the City up on the fact that she has to propose adjustments, which is finding number two and prepare the financial statements which is finding number three. Without hiring a CPA to do all that for the City that finding is not going to go away.

Larson pointed out on Page 17 are the Proprietary Funds are enterprise funds that should operating at a profit. There are several of the major funds that are not operating at a profit that will have to be watched closely. One is the 5th Street Apartments with a loss of about \$1,000 and last year it was \$3,600. Occupancy and financing costs are the reason for this. The Tracy Liquor Store operated at a profit in 2012 of about \$1,400 and in 2011 was a \$17,000 loss. The Medical Center has a \$60,000 loss and has to do with the reimbursement formula with Sanford and that is something that will have to be looked at closer. The biggest part of that loss was depreciation at \$110,000. Orchard Lane was also at a loss of \$6,200 and the year before was \$6,600.

Larson directed the Council to page 58 for the 2012 findings. The first finding is; "The City does not maintain adequate segregation of duties among its accounting personnel." That one will not go away unless there is quite a few more people in the office and due to financial constraints, cost benefit analysis, etc., that will stay there. Finding two is: "Year-end closing procedures" As part of the audit Kinner & Company proposing adjusting entries as well as the financial statements preparation, without the City passing this packet to Kinner & Company, which will not go away as well.

Larson stated the next two findings are things that need to be worked on and are found on page 60. Larson has been working with M. Peterson on this and towards the end of the year there was

some confusion and the Cash and Investments did not get reconciled properly towards the end of the year. Some pretty sizeable adjustments needed to be made and Larson discovered the adjustments were being done backwards and had to do with the market value adjustments. This adjustment was in the amount of about \$65,043. Larson stated a couple situations were found where items should have been bid and there should have been copies of bids available. One of those was the Laraway Roofing Project where there was not the proper bidding procedures done. This can cause the City to pay than they should have and also a violation of state guidelines because it was over the amount that did require a bid. Stobb asked what the amount is that requires a bid. Larson felt that they needed to get quotes if the project is over \$25,000.

Larson stated in the graphs the first page is a summary of revenues separated out by fund type and a schedule over the past five years. On the second page it is summarized for all funds city wide. Larson prefers the bar graphs to determine if there is a major decline and at this time there are small increases in each of the revenues, other than Miscellaneous there is a little reduction there that can be caused by Refunds and Reimbursements, Insurance Dividends, etc. The next page is the schedule of expenditures by fund type by major category over the past five years. Here they look for any big jump in expenditures that cannot be explained with something logical. The biggest jump is in Housing and Economic Development. That is the CDBG grant program going on. There is a lot of activity with that and it is expected to have a significant jump. That is offset by revenues on the other side because there were grant proceeds that went with that. The rest of the funds are about where they have been, down a little bit or up a little bit. Asset graphs are looking at current assets meaning something the City has access to relatively quickly within the next 30 to 60 days. It is divided by fund type and history by the City as a whole for the past five years and here they need to watch for any major decreases. Cash investments are down a little and this has been the trend over the last couple years. Larson is not concerned about the level of cash and investments. The City is also paying down on debt and that is going to eat into the cash some. Liability they looked at items that will be paid within 30 to 90 days and not looking at long term debt. There is a large jump in accounts payable and found it was a combination of a couple things. The Fire Department had about \$5,000 of shelving and tings due at the end of the year and that is an asset. There are also boiler expenses that were starting to be incurred and due at year end. It is an asset and not there every year. A big jump was shown in accrued salaries. That is going to happen and will eventually get to a point where it will go back down. Accrued salaries are what is due in January for wages earned for wages that were earned in December. Larson stated that overall there is work that needs to be done as always. M. Peterson is great about e-mailing and asking questions on a regular basis. They have been working with Banyon.

At 6:50 a public hearing was held regarding the 5th Street Water Main Assessment. Mayor Peterson stated there was one correspondence from Dick Kelley in objection to the proposed assessment. There was no water service to that property at 482 South Street when he purchased the lot and there has not been any installed since. There were no other public comments and it was referred back to the Council for discussion.

Mayor Peterson asked Larson if Banyon and cash reporting and receipting was getting better. Larson stated that it is getting better and has come a long way since it was not ever being utilized before. There were the problems with entries being done backwards with the change in

investments and watching timing on things. Stobb asked if they have as much Banyon as needed to do the job here. Larson stated there are modules that the City does not have and she recommended that the ones they have are working exactly where they want them to be working before any more are purchased.

Jack Fay from Ehlers Investment Partners stated that he is looking at one slice of the audit, the cash and investment piece. He was at the City office a couple weeks ago and worked with M. Peterson and went through and looked at the last three years of cash activity with the City. The first sheet provided shows Total Funds Balance and this incorporates all cash at Minnwest Bank, payroll accounts and general operating accounts along with investments also. From the graph it shows that it has not significantly, but has dropped over the past three years. From a bonding perspective, the City has incurred about \$174,000 worth of expenses for the utility project and those will be able to be refunded to the City in the future. Even though the City was not able to take care of the refinancing, but coming away with Standard and Poor's rating of an A with solid outcome is great news for the City. Fay stated there was nothing surprising that come out of the analysis. The second page looks at just the checking account and shows that up to this point the City has not gone below a balance of \$600,000 in the account. Fay stated that would be another avenue that could be utilized and use some of the idle cash.

Fay talked about the investment side and put together a summary of the City's current portfolio and everything the City currently holds at this time. With the cash balance it is nice to have the buffer but after looking at the investment portfolio it looks a little bit long for the City. A lot of the CDs were initiated at five to ten year increments and for the size of the City of Tracy they recommend not going past five years. Fay feels the three to five year margin is where the City of Tracy needs to be. Looking at the current portfolio the 4M fund is a pooled fund and there has not been any activity in three years and not being used being used at this time. The Smith Barney MM is also not being used at this time. There will be two Minnwest CDs maturing in 2015. They are both 30 month CDs and rates are not great. Minnwest is putting up collateral to be able to hold the City's deposits at the bank and because the balance is over \$250,000 they have to buy securities as insurance to hold the deposits there. With the CDs they need to purchase more securities which can affect your lower rates. Right now a six month CD as opposed to a 30 month CD, the six month CD is at about 0.4% in the national market today. Fay recommends the City to cash out the CD at 0.30% CD and feels the fee would be around \$200. Aside from that the three pillars of municipal finance include safety of equity, which is staying under FDIC limits with institutions. With the checking and CDs the amount at Minnwest is almost \$2 million. If something happened to Minnwest, that would create a problem from a risk and safety standpoint Fay advises spreading that over several banks. Secondly the City needs liquidity and putting investments out ten years does not promote liquidity and that is why he is recommending to go shorter in term. Thirdly there is yield and this is the least important. The maturities at this time are pretty varied and would like to see more spread of maturities. On the graph 2014 and 2016 does not have any maturities. Fay presented a proposed investment portfolio to keeping more cash short term with short term CDs. At this time a three month CD is getting 0.20% to 0.25%. He kept the \$600,000 Minnwest CD and broke up the \$500,000 CD between in the 2014 maturity area. The other investments stayed the same so anything locked in from a few years ago is going to be a lucrative return.

Fay stated that what Ehlers can do to help out is to merge all statements into one statement. That is where the communication piece of the S & P rating comes from is getting the Council involved and understanding where the City stands. Fay explained the \$60,000 investment loss that Larson talked about and explained that CDs are technically considered bonds and they value will vary depending on interest rates. Bonds are purchased at a certain price and they mature at par. Mayor Peterson asked what the overall cost would be for the City to implement this investment strategy. Fay stated they work on a fee basis and use a flat fee based on assets under management and this would be about \$3,000 per year for the City's portfolio of about \$2.6 million. This fee includes the reporting, management and collecting all the reports from the different brokers. Mayor Peterson asked if this would make it easier for the office staff or add another link in a chain that makes it difficult to keep track of it. Fay stated that from an accounting standpoint from talking about the investment accounting changes, he feels this would simplify it as all of the interest earnings on one statement as opposed to several. Gervais feels that having someone on the professional side helping the City on the investment side hopefully makes us more money as a City. Ferrazzano asked how often they would provide reports. Fay stated they would give monthly reports and also supply monthly reports to the Council to give an idea of how this all works. Fay stated that at budget time he can work with Gervais. Motion by Ferrazzano, seconded by Enderson to execute into the agreement with Ehlers Investment Partners at \$3,000 for managing the investments. All voted in favor of the motion.

Daniels stated the Public Works dug down into the fueling station at the airport. The specs were not real clear on that and he discussed this with S.E.H. today. They did put pea rock in there but the compaction was more on the top. With they lifted the tank there was a filter cloth on the clay walls before they put the old tank in. Some of the filter cloth peeled away from the wall and created voids and when they put the pea rock in, it was compacted solid towards the top but then over the winter with the freeze/thaw it all dropped down and filled in the voids which created a settling of about 7.5 inches on the cement. The Public Works dug all that down and took out the filter cloth, all the clay down to the cement foundation of the original 2,000 gallon tank and filled with pea rock and gravel on the top. They are now wetting it down to make sure it is compacted solid. Daniels stated he talked with S.E.H. as far as costs and was told they would be better off dealing with the contractor on this. Daniels then talked with D. Johnson and came to the agreement that since the spec was written vaguely on S.E.H.'s part, Johnson will replace the cement and restripe it at his cost. The Public Works will talk care of what they have done. This should all be completed within the next couple weeks. Gervais stated this does fall under the warranty of one year. Mayor Peterson asked if S.E.H. say anything about it. Daniels stated they would charge for investigative fees and as long as everyone is willing to work it out, they will keep S.E.H. out of it. They collected photos of everything. There were no tile lines found. Gervais asked if there was still some work to be done with the beacon at the airport. Daniels stated there is a foundation for the old beacon which should be able to come out now that the area has dried.

Daniels spoke with Chris Larson today and Skandia stated they are a little over 50% complete. Skandia has not yet talked about filing for an extension as the deadline is July 15, 2013. Gervais stated there is \$600 per day liquidated damages that was written in the contract. They are thinking it will take a couple more weeks. Daniels stated they have a well pump that the bearings are starting to go out and leaking at this time. Mayor Peterson asked how they are

doing with the inside of the tower. Daniels stated it is substantially complete and are working on the bottom third of it at this time. Two days after completion before the water tower can be filled. Once it is filled and chlorine added it will have to sit for 24 hours and a sample then submitted to the Department of Health. Once that report comes back then the tower can be put back on line.

Ferrazzano stated that someone had asked him about spraying for mosquitoes. Daniels stated he called Tracy Publishing today to run the notice and will spray next week depending on the weather. July 15 is the deadline for anyone to give notice if they do not want their property sprayed.

Sis Beierman and Elaine Fischer from the Cemetery Commission were present to request funds to do some repair work at the cemetery. At the last Cemetery Commission meeting she was asked to a couple contractors that would be able to remove stones and do repairs. The Commission decided they would start with the south section of the old part of the cemetery. This is the baby section. It was measured out and she contacted Dale Johnson III and Joe Pallansch and picked an area that is 30 feet by 70 feet. There are approximately 30 stones that would need to be lifted and graves filled in due to settling. The stones would have to be removed, take pictures from above so that they know where all the stones are and log them so that they get back to exactly where they belong. He would put the stones on a flatbed and then pack the area where the stones would go back on, place them back where they belong and then fill the rest of it in so it could be planted with grass. Johnson presented a cost of \$4,000 for this work that he and Pallansch would do. The Cemetery Commission is asking if the Council would finance this to get them started with repairs at the cemetery. Enderson stated that he was at the cemetery this weekend and agrees that the old section is in dire need of repairs. Beierman stated there are a lot of big monuments that are tipping and have no idea where family could be found for those. She feels it is a liability of the City that if one of them would tip on someone. If they could get started on the smaller part to get a feel for how it would go and how they can handle it and maybe from there they can figure out some financing for next year. This work would not be done till fall. The City would have to supply the black dirt for filling that in and if the contractors need to supply that, there will be an extra cost. Nielsen asked if there was a perpetual care cost to maintain some of the repairs. What they are doing now is perpetual care. Beierman stated the larger stones that are tipping is not under perpetual care as the family owns the monuments. They are tipping due to settling which the Superintendent feels is because there were no vaults at that time. They should have been filled a little at a time but has not been done. Nielsen asked if there was someone else that would have responsibility for some of the larger monuments. Some of those monuments have been out there for several years and she has no idea and am sure most of the people in the City have no idea where to find family, if there is any family for those monuments. Nielsen stated maybe that is a policy that needs to be changed as he can see that family disappears and there is no way to make the family responsible for care of the monuments and falls back on the taxpayers to do that. Beierman feels that the condition of the cemetery reflects on the City and how the deceased are treated. Nielsen felt that since that is an ongoing process where families are allowed to put up large monuments, that the family is somehow in the future going to be responsible for those things and they can see now where that cannot happen. Maybe the fees need to be adjusted or an adjustment in the rules that they cannot do that and they have to pay more if they are going to put up a larger monument. Enderson felt

that once the old section is repaired they should not have as much problem since in the new part there have been vaults used. Beierman stated there are some monuments where the stones are shifting on the bases because the adhesive has a small space where water gets under the stone and it freezes and thaws and moves the stone. They then have families coming to the Commission meetings saying it is the people that mow that are moving the stones. Stobb felt they needed to find funds now for this work and as next year's budget is prepared, funds need to be put into the budget to do more work next year. M. Peterson stated that when graves are sold, the money is separated out 90% and 10% and feels it is a statute that says they can only spend the interest from the one fund. Mayor Peterson asked if they had increased the cost of lots. Nielsen stated that maybe they need to be looked at again and increase the cost of lots. Gervais stated there was money budgeted for 2012 and then it was removed from the 2013 budget. Ferrazzano asked where they would get the \$4,000 now. Mayor Peterson felt they need to look at that and also need to figure out if a lot is sold and 90% is put in an investment account and 10% to spend, how this can be changed. Ferrazzano asked if they cut put more than 10% into that fund. Mayor Peterson stated they needed to find a way to budget the Cemetery Commission some money and also make sure there is real money in the perpetual care fund also as things come up. Stobb asked if they are paying for mowing at the cemetery from the 90% fund. Gervais stated that money is levied for the mowing. Daniels stated the ordinance reads that not less than 10% of the sale of the lots should be put in a fund devoted to the care and maintenance and improvement of the cemetery and designated as a permanent care and improvement fund. In Section B it states that not less than 90% for the sale of lots should be in credited and deposited in the fund designated as cemetery operating fund of the City of Tracy. Nielsen stated if they want to change it they would have to look at changing the ordinance. Mayor Peterson felt this needs to be looked at. Stobb stated that if the 90% is going into an operating fund, he does not see why some of those funds can be used for the \$4,000 needed. M. Peterson stated that when Beierman is being told there are no funds available, the more accurate statement is that there was no money budgeted which makes a big difference. Gervais commented that the funds may not be available if they are invested. It was the consensus of the Council to provide the \$4,000 to the Cemetery Commission for the repair work as Beierman described. Mayor Peterson stated they need to find out what funds are available, include the cemetery in the budgeting process and by the next meeting they should have enough answers to tell them which funds the money would come from. Snyder felt the Cemetery Commission should prepare some type of paperwork of what they want done and if quotes need to be obtained, there might be another contractor that would like to provide bids. Beierman stated that the reason she contacted Dale Johnson was because she knew he had the equipment to do the project. Ferrazzano felt that in light of what Larson explained to them, the Council needs to know what the dollar amounts are that they need to get quotes from because she said it fluctuates all the time. M. Peterson stated the easiest way to do a budget adjustment by resolution. The resolution will be drafted and presented at the next meeting.

Gervais stated the Planning and Zoning Commission met on July 1, 2013 and a motion was made and seconded and passed to recommend to the Tracy City Council to amend Section 3.31, Section 1, 3-A and strike this from the Code and insert a \$10 Administration Fee. The motion also included the addition of Enforcement under Section 3.31, Section 3, under Violation with this enforcement being conducted by the Building Official. Daniels stated that according to the building code, they cannot legally charge for a dog kennel and building permits are needed for

anything over 120 square feet. Six foot fences are also less are exempt from a building permit. Daniels recommended changing this to an administrative fee such as dog licenses, etc. Concrete slabs are also exempt. Daniels would enforce the construction of the kennel and the police department already enforces such things vicious dogs. Daniels stated the specs are in place but as far as who enforces it and fees. Enderson stated it was the consensus of the Planning Commission to keep the fee low which would help with better compliance. Stobb stated he is in favor of the changes, but worried that if new people come to down and even some of the current residents are aware there are these standards for dog enclosures or how do they find that out. Nielsen stated that it had been talked about in the past to make a booklet to give to people some of the rules and regulations that they should be aware of as new residents to the City. M. Peterson stated they do have a pamphlet that addresses some of these issues, but not all of them. This is given to them when they come to the office to sign up for utilities. M. Peterson stated they are also given to Minnwest Bank who runs the Welcome Wagon. Gail Whiting suggested that they distribute the pamphlets through the post office and somehow tie into that. Nielsen will draft something up with the changes. Motion by Stobb, seconded by Ferrazzano to waive the first reading and set the second at a Public Hearing on August 12, 2013 at 6:56 p.m. All voted in favor of the motion.

Gervais stated that the Tracy Planning and Zoning Commission met on Monday, July 1, 2013 and a motion was made, seconded and passed to recommend to the City Council to initiate the process of installing the remaining sidewalk in front of the properties located at 249 Elm, 261 and 273 Elm. Mayor Peterson asked if anyone knew if there was a sidewalk there before. Daniels stated he talked with Mel Hubbard and he said as long as he has lived there, there was no sidewalk. Stobb asked if anything has been heard from any of the property owners. Gervais stated they could call for a public hearing on the proposed project. The cost was estimated at \$1,500 for materials and the City would cover the labor part of the project. Hubbard may have a small piece that will need to be placed. Motion by Stobb, seconded by Snyder to set a public hearing on the sidewalk improvement for August 12, 2013 at 7 p.m. All voted in favor of the motion.

Gail Whiting was present and explained that she has gotten involved with the gardens as help was needed for watering, weeding and planting. She has been volunteering her time and is presenting a proposal to repair the landscape on the two Tracy signs. She is asking for six barberry bushes with a two year warranty and are long lasting. She has talked with Jeff Farber and he is willing to donate two of the buses. The four remaining bushes would cost about \$163. As far as labor and clearing the dead stuff that is in there and putting in the new bushes, she would do it. Whiting stated there are three of them right now that are doing watering, weeding and planting. She has gone to the garden clubs and there are other gardeners who are willing to donate perennials. Whiting is also asking for some rose fertilizer and osmocote because the rose bushes really need fertilizing. The total cost of the buses and fertilizer and osmocote is about \$200.90. Whiting suggested for the budget going forward, when you look at the back of the Tracy sign going west, it is blank. She would like to see a message on the back such as "Come Again, Visit Again or Come See Us Again or something similar. Nielsen stated in the past years there was some money that was put forward to those who wanted to volunteer to work on some of those gardens. Mayor Peterson stated the City had purchased some flowers. Motion by

Snyder, seconded by Stobb to authorize the \$200 for care of the gardens. Daniels stated that he had discussed this with Whiting and asked that she get a list of what they would like to get done next year and get an amount and he will keep that list and then next year will know what that amount is without adding another line item to the budget. This would be included in Maintenance and Repair, Other which is where the cost of the flowers this year came out of.

Daniels said that only \$75 was spent last year and he did not budget that much for that, based on last year's purchase. All voted in favor of the previous motion.

The Resolution Adopting the Assessment for the 5th Street Water Main Project. Mayor Peterson questioned because of his age, Dick Kelley would be eligible for the deferment. Nielsen felt it was discussed at a previous meeting to defer his assessment as he is not benefitting from the improvement as there is no water service to his property. He felt that it needs to be specified in the resolution what the condition will be in the future that would require payment of this assessment. Nielsen explained that in this case, they do not need to apply for the deferment. Nielsen will incorporate those changes into the resolution. It would be deferring the assessment until further time as actual water service would be requested and provided to the properties. It would be recorded and the person purchasing the property if they do want to have water service, they are facing a financial obligation. Motion by Ferrazzano, seconded by Enderson to adopt Resolution No. 2013-12 A Resolution Adopting the Assessment for the Improvement to the 5th Street Water Main with two deferments. All voted in favor of the motion.

At the last meeting a grant application for the City of Tracy Public Library was discussed. B. Nelson stated that for the city to be qualified they need to submit a revised budget list as well as expenditures along with a resolution. It is a matching grant of \$29,332.94. Mayor Peterson stated the City would then need to budget that amount. Nelson stated they have money in the Library Trust Fund but will be short and will do fund-raising to get the remaining amount so it can be matched. If they cannot Nelson was going to ask the Council to check on other options. There is also the option and he will be contacting the Plum Creek Library System Council to get money for this as it is a project that they support. Nelson stated there is \$25,000 to \$26,000 in the Library Trust Fund. Gervais stated that the resolution will be drafted for signatures. Ferrazzano asked if there is a time it needs to be matched by. Nelson stated he would ask Bruce Pomerantz who is the State Libraries person that he is working with on this. He needs the resolution part by July 17. Nelson stated that he does not want to drain the Trust Fund but the funds are for this type of project. Motion by Ferrazzano, seconded by Snyder to have Resolution No. 2013-18 A Resolution Approving a Grant Application for the City of Tracy Public Library drafted and obtain necessary signatures by July 17, 2013. All voted in favor of the motion.

The Consent Calendar includes Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Public Library Minutes for March 18, 2013 and May 28, 2013. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

M. Peterson presented a memo on the trailer park utility bill. Gervais stated the company that currently owns the trailer park on record at the county is Bayview Loan Servicing LLC. He has been trying to get in contact with Paul Katen who is over the property, but has not returned any phone calls. Gervais stated there was a sheriff's auction and a six month redemption period and

no one purchased the property. As of June 21, 2013 it goes back to Bayview as they are the lien holder. Gervais stated the residents are still delivering money to the City for the water usage. M. Peterson was concerned moving forward if the residents do not continue paying the utilities. There is no one to send a bill to. Mayor Peterson stated since there is an address and company name, it could be sent there. M. Peterson stated the City does not put accounts in someone's name without them requesting it. Mayor Peterson stated that the accounts are being updated and has come to our attention that this company is now the owner of the property and unless they specify otherwise, this account will be put in their name and start sending them the bills. This should be sent certified. M. Peterson stated that Meadow Ridge was sent a bill and it was returned to the City and the shut off notice back with a note from Maddie Amundsen saying she is no longer responsible for the bill or the property as of June 15, 2013. Since this bill was from April it would still be her responsibility. Mayor Peterson suggested getting in touch with Southwest Housing Partnership and setting up an account for the residents of the trailer park. M. Peterson stated that if the property owner does not come in, the ordinance states the City has to collect a deposit if anyone other than the owner comes in and puts an account in their names. Snyder felt the first step would be to contact the Bayview Loan Servicing. M. Peterson stated that she talked with one of the residents this morning and they have no idea where to send the rent and they have not been notified. Mayor Peterson recommends that the residents continue to pay the water bill in a timely manner until individuals responsible are contacted. Snyder recommended that the certified letter be sent and should hear something back in a couple weeks and this can be revisited at the meeting on July 22. Daniels suggested that they send a copy of the letter to Southwest Housing Partnership. Mayor Peterson said they may have some avenues maybe they could put some pressure on also and have resources that the City does not.

Motion by Enderson, seconded by Ferrazzano to adjourn at 8:25 p.m. All voted in favor of the motion.

July 22, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 22, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were R. Gervais, Deputy Clerk and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Ferrazzano to appoint Michael Votca as City Administrator/Clerk. All voted in favor of the motion. Oath of Office was conducted by Frank Nielsen, City Attorney.

Motion by Ferrazzano, seconded by Stobb to appoint Ehlers Investment Partners as an official municipal depository. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to approve the minutes from July 8, 2013. All voted in favor of the motion.

An addition to the agenda included 11-A Satisfaction of Mortgage. Motion by Snyder, seconded by Enderson to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

S. Lau, Liquor Store Manager reported that she has been very busy updating at the liquor store. Lau asked for authorization to do some painting in the off-sale area of the liquor store. It was the consensus of the Council to authorize Lau to do painting in the off-sale area. Stobb said at one time there was discussion of doing a mural on the west wall on the outside of the liquor store. S. Daniels stated they have the stencil from the logo on the water tower that could be used for a design for the wall. Lau stated that she has hired two waitresses for the liquor store and they are working out well at this time. Ferrazzano asked if they plan to possibly move the liquor store to Highway 14, would it be beneficial to do updating. Gervais suggested that they wait and see what Lau can do with the business and review it again in six to twelve months and see where the liquor store is standing at that time.

J. Lichty, Police Chief he is about ready to promote the ElderWatch program and will be getting the program running soon. He said the forms are in place and has received the refrigerator magnets and window vinyl decals. He is hoping by the end of the week the information will be posted on the website and arranged so that the ElderWatch form can be downloaded and filled out on line and directly submitted to the Police Department. The department officers have been briefed on their responsibilities for the program. Lichty plans to do informational meetings at the Multi-Purpose Center and Hospital. The first grant submitted for purchase of radios was denied but have submitted another grant application that was due last Friday. If they receive any funds from the grant, the radios will be ordered. Stobb stated in addition to the telephone scams, are they seeing any other scam trends. Lichty stated it is generally the telephone scams but the public needs to be aware and not fall for these scams.

S. Daniels, Public Works Director reported they are in the process of filling the water tower and hope to have the tower back on line by Wednesday. Samples will be taken to the Dept. of Health tomorrow. The only item that needs to be completed is the fall protection for the bottom stairway. Once that is received it will be installed. Daniels stated they will be spraying for mosquitoes tomorrow night. They have the spray and equipment and are waiting for the company to come and calibrate the sprayer. They will be starting at 9:00 pm when the wind is

generally calmer. The house on the corner of Center St. and State St. has been removed. This should be filled in by the end of the week. These expenses will be billed back to the property owner and if not paid will be assessed to the property. This is not a buildable lot, but it is possible that one of the neighboring properties would be interested in purchasing the property. Enderson asked if it was the responsibility of the city to fix the shoulders of the streets by Food Pride and Subway. Daniels stated they have filled this areas with gravel and pea rocks but it continues to get washed out. Food Pride did repair the one area. Daniels stated the area at 10th Street and Morgan Street has sunk down from water main break repairs. He suggested that the shoulders be paved to last longer and eliminate the need to grade them. Daniels stated they will finish spraying weeds in curbs and sidewalks this week. Once the die, they will use the broom to remove the dead weeds.

R. Gervais, EDA Director reported he attended Cemetery Commission, Hospital Board and EDA meetings. An energy audit was conducted on city properties to identify potential business savings with a solar company. A report should be received by August 20 with the results. He attended a meeting regarding the Aquaculture project. There had been work done on an agreement but the group here did not approve the proposal. There is also interested from a company that would like to expand into the Tracy area. Enderson asked if there has been any progress in the construction of a dollar store. Gervais said they are waiting for some issues to be cleared by Pollution Control. Daniels stated that someone has called regarding signage for the business. Gervais stated that he has received notification that the letter was received by the Bayview company associated with the Meadow Ridge Trailer Court. Other than that, no other communication has been received. He stated some of the residents contact SW Housing Partnership and a group of tenants are working on getting legal assistance. Gervais stated that his phone calls to Bayview have not been returned. As far as private resident billings, in May they sent out about 88 disconnect notices and the next month the amount was cut in half. It has been steadily improving and residents are gradually getting more receptive to the rules.

M. Votca stated that his first day was spent settling in and getting acquainted with operations of the City. He will continue to meet with department heads and employees to learn their procedures and what their workload includes.

A copy of the building inspection report from MAAC was reviewed. Many suspect materials were observed and analyzed and a summary of those materials found to contain asbestos was provided. Gervais stated they now have an idea of what the Masonic Building contains and what would be needed to be done in the future. He stated the roof is not in good condition and the Council will need to make a decision of what to do about this in the future. Ferrazzano felt they are limited as to what can be done with the building as the cost of rehab or demolition would be extensive. Ferrazzano suggested they could get an estimate of what it would cost to repair the roof. Mayor Peterson agreed with getting estimates from local contractors for repair of the roof. S. Daniels said the roof has widespread damage and also the roof drains empty into the sanitary sewer. Estimates of roof repair will be brought to the next Council meeting.

Gervais stated that he missed submitting the public hearing notice in regard to changing the assessment ordinance to a policy. Motion by Snyder, seconded by Ferrazzano to reschedule the

public hearing regarding the assessment ordinance to August 12, 2013 at 7:15 p.m. All voted in favor of the motion.

Gervais stated there is an opening on the Planning Commission and Police Commission due to one of the members of the Commissions will be moving out of town. An ad has been submitted to fill these positions.

Todd McInerney has submitted a proposal to remove and replace some pressure tanks at the hospital. Bisbee Plumbing & Heating would furnish and install the following:

2 – Expansion Tanks
Demolition Labor
Insulation – sub
Piping and Vents
Install Labor

Total Sum \$8,804.00

Gervais stated there are four pressure tanks that sit up above the mechanical room at the hospital and with the new piping being installed for the new boilers some of that new piping would run underneath the old pressure tanks. It would make sense to pull the old pressure tanks out now and replace with two new ones and avoid having them fail in the future and having to remove the new piping to get to the pressure tanks. Daniels stated there are also some support legs that land in front of the new boilers. Snyder felt it would help to clean that up down there also. Gervais stated there would not be any further engineering fees with this. If this is approve it would go back to McInerney for an actual change order. Mayor Peterson asked if the specs are available so they could check to see if anybody else could put them in cheaper. Ferrazzano asked if this is something they suggested that be done or did the hospital know this had to be done. Gervais stated that once they got into the project and know that they are going to have to run those pipes underneath the old pressure tanks and if something failed it would make sense to get rid of them now versus trying to work around pipes in the future. Mayor Peterson felt if they could save some money by letting it out to other sources they should check. Gervais stated the only thing with that would be working in conjunction with Bisbee as they continue to move forward to make sure that if they did go with a different plumber that they could be on that same timeline. Stobb stated he would hate to spend too much time looking for another contractor that is not going to save money anyway and end up doing something twice. Mayor Peterson stated the frustrating part is that the whole boiler project, Sanford contact McInerney and got them set up and McInerney presented a proposal. The City really did not get to select the engineering firm and in the middle of the project they decided to add a control panel. Mayor Peterson feels they if someone is paid to engineer something that should have been engineered in. They knew they were going to run those pipes and should have caught it. Stobb stated that they can second guess people as long as they want and it will not change. Mayor Peterson felt it is not a second guess, it is a fact that they have overlooked items on the last two projects. Ferrazzano suggested they get other quotes to see what price they could get.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution 2013-20 A RESOLUTION APPROVING PAYMENT TO CHAMPION COATINGS FOR WORK COMPLETED ON THE

TRACY WATER TOWER RENOVATION PROJECT in the amount of \$113,240. Champion has requested the initial payment of \$119,200. The City shall retain 5% (\$5,960). All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution 2013-21 A RESOLUTION APPROVING PAYMENT TO MCINERNEY ENGINEERING, INC. FOR WORK COMPLETED ON THE HOSPITAL BOILER REPLACEMENT PROJECT in the amount of \$680. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution 2013-22 A RESOLUTION APPROVING THE CERTIFICATE OF DEPOSIT AGREEMENT WITH EHLERS INVESTMENT PARTNERS, LLC. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution 2013-23 A RESOLUTION AUTHORIZING TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIRPORT MAINTENANCE AND OPERATON. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to approve the Satisfaction of Mortgage between the City of Tracy and Patricia Beierman. All voted in favor of the motion.

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

Mayor Peterson stated there were some questions on the dollar amounts in regards to the Grant Agreement for the Tracy Public Library Project. Gervais stated the \$10,000 is part of the project but not part of the match or grant itself. The \$59,000 is actually the correct amount.

Daniels stated there was a leak at the trailer park and the plumber did not find any underground leaks but they found a trailer that was using substantial amount of water that the park manager will have to deal with. There was a broken sewer there that they fixed. Daniels stated they are going to hold the bill for this until they find the correct owner. Mayor Peterson asked if the Mn Dept of Health was notified as to what was going on. Gervais stated that he contact the Housing Partnership and they were going to contact the Dept of Health.

Gervais stated the request from the Cemetery Commission was approved for \$4,000 and after there was \$1,000 in one of the Cemetery accounts. The \$3,000 will be taken out of the General Fund – Other Financial Use and put in the Cemetery Fund. M. Peterson stated the \$1,000 out of their Memorial Fund money. This is money from donations for improvements. The 803 Fund which is the Cemetery reserve, she understands that they can spend the interest from that account. There is no budgeted money in it, but there are funds and if the Council chooses they could revisit the \$3,000 and instead of taking it from Unallocated, they could use the interest from the 803 Account. Gervais asked if they found out if there was an interest balance. Peterson stated it is not separated out but she could run out a report and try to figure out the interest for the past five years at least. She thought there is about \$60,000 in that account. Stobb said they could use that this year or designate it for use next year. Peterson stated the money that is

accrued in interest in the 803 Fund they could use they could think of using it as a budgeted transfer each year so they know what is available in that account. Nielsen stated they all agreed at the last meeting that the ordinance is not worded exactly the way everyone is comfortable with and suggested they go back and review it and decide if it should be changed. Ferrazzano felt it would be beneficial for everyone to know what can be spent. Peterson is not aware if the interest was ever separated out or not. She does not feel that it was ever done because she would have done the entries from prior years or would have been instructed to do the entries. Stobb said the Other Financial Use account will have some money left in it if the \$3,000 were used from there. Peterson stated the overall fund balance would still be there and the Other Financial Use is part of the General Fund. It is not budgeted money but again would come off the fund balance. It was the consensus of the Council to check back five years to see what the total of the interest is for that period.

Mayor Peterson stated that he recently visited the Wheels Museum and it is amazing what has been done out there. He encourages everyone to take the time to visit the Museum.

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

August 12, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 12, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, K. Enderson, S. Ferrazzano and R. Stobb. Absent was C. Snyder. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of allegiance was given to the flag.

Motion by Stobb, seconded by Ferrazzano to approve the minutes from July 22, 2013. All voted in favor of the motion.

Deletion to the agenda was 3-A. Motion by Enderson, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

Lori Johnson, representing the MN Angels stated they will be having their 3rd annual Walk of Hope on September 28, 2013. She is requesting to use city streets for the walk. Arrangements have been discussed with Chief Lichty. Motion by Ferrazzano, seconded by Stobb to approve the request from the MN Angels. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Enderson to approve an On-Sale 3.2 Malt Beverage license to the Tracy Area Chamber for the beer tent and the softball tournament, contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Enderson to approve requests and requests for street closures from the Tracy Area Chamber for Box Car Days. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to adopt Resolution 2013-24 A RESOLUTION APPROVING CHANGE ORDER ON TRACY WATER TOWER RENOVATION PROJECT FOR REMOVAL OF CHATHODIC PROTECTION SYSTEM. The change order requests removal of chathodic protection system to be removed and not replaced for \$1,200.00. Stobb asked why it did not need to be replaced if it has been there. S. Daniels explained the chathodic system has always been there but Champion Coatings, Inc. stated that they do not replace them in towers because they are not that effective. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to adopt the Investment Policy for those funds that are under the authority of the City Tracy, MN. General Objectives of this policy include; safety, liquidity, and yield. All voted in favor of the motion.

Nielsen asked that the Secretary's Certificate Regarding Corporate Resolutions from Ameritrade be tabled until the next Council meeting for him to review the wording of the document. Mayor and Council elected to table this until the August 26, 2013 meeting.

An amendment to the City Farm Lease with Leonard Lanoue. The amount of the lease increased from \$150 to \$190 per acre over 3 years. Installments would be \$14,152.15 for the years 2013, 2014 and 2015. The City has received a payment of \$11,172.75 due March 1, 2013. The difference of \$2,979.40 will be made with the installment due November 1, 2013. Motion by Enderson, seconded by Ferrazzano to approve the amendment to the farm lease with Leonard Lanoue. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to approve the Satisfaction of Mortgage for Irene Bakker. All voted in favor of the motion.

At 6:45 p.m. a public hearing was held to consider the making of an improvement on the north side of Elm St., starting at 235 Elm St. and running east to the entrance of the Tracy Aquatic Center. Mel Hubbard of 235 Elm St. asked in a memo since the sidewalk is going to a public facility that the City is not paying for this repair. Gervais stated that there are households where no one is living at the present time, but the repair will be assessed to those taxes. Daniels stated that part of Hubbard's sidewalk is in good shape and there is only a small portion that would be assessed to his property. The Public Works has replaced the sidewalk from the house explosion

and that has been assessed back to the property owners. Nielsen stated the ordinance reads that this sidewalk repair should be 100% assessed back to the property owners. There being no further public comment the public hearing was closed for Council discussion. Motion by Ferrazzano, seconded by Stobb to order the improvement on the north side of Elm St., starting at 235 Elms Street and running east to the entrance of the Tracy Aquatic Center and the cost will be assessed back to the benefitting property owners. The Public Works Department will make the repairs. All voted in favor of the motion.

Gervais explained a public hearing needs to be scheduled to close out the Small Cities grant. Motion by Anderson, seconded by Ferrazzano to hold a public meeting at 6:45 p.m. on September 9, 2013 to close out the Small Cities grant. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Economic Development Authority minutes for June 21, 2013. Motion by Anderson, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Votca there was not much local interest in price quotes for the pressure tank installation for the boiler project at the hospital. The local plumbers stated it would probably be better if Bisbee did the work since he is the one that has been working on this project. Motca felt by doing this project now would clean up the boiler room and put more value in the building. Mayor Peterson stated he also discussed this with local plumbers and this could be done at any time but it would be difficult to do it at a later date. Motion by Stobb, seconded by Ferrazzano to accept the bid from Bisbee Plumbing & Heating at a cost of \$8,804 for the expansion tank replacement. All voted in favor of the motion.

Department Head requests for the 2014 budget were reviewed. Motca explained that work is still being done on the revenue portion of the budget so some of the transfers are not included at this time.

Motca stated in Dept. 411 Mayor and Council the only change was increasing the wages by 2% which is consistent with everything throughout the budget concerning wages.

Dept. 412 Elections Motca included an amount based on the 2012 elections.

Dept. 413 Administration Workmen's Comp was adjusted based on current expenditures and added \$4,000 under Other Contractual and this was estimated on bank fees. MinnWest will not be charging bank fees and this is the best that could be figured for that. Ferrazzano asked if they were normally charging fees. Motca stated they had not been charging fees up until now. M. Peterson stated they will be starting with these charges September 1. M. Peterson stated that another change is that the checking account is an interest bearing account right now and MinnWest will no longer be giving interest on the account. She stated they will be adding fees for each deposit and a statement fee. Motca stated there is a certain amount for every transaction. M. Peterson stated they will be giving so many transactions free and after that it becomes .15¢. Motca stated the bank has different accounts with different charges and the bank gave the City the best one depending on how many transactions the City does. Peterson did some research on other banks and most of them do charge fees and some of the smaller banks do not charge fees at

this time. Mayor Peterson asked Nielsen if once the City names their official banking institution, if the City would be able to change at any time. Nielsen stated it can be changed when the City wishes to. M. Peterson stated the closest free one is Walnut Grove. Stobb asked if some of the money market have checking options. Enderson asked if the City could use credit unions or can the city be a credit union. Votca said the will look into it.

At 7:00 p.m. a public hearing was held to consider an amendment of Tracy City code §3.31 for dog enclosures. The amendment would state that before a dog enclosure could not be constructed until an administrative fee of \$10.00 is paid to the City of Tracy and the City Building Official needs to authorize the work. Also the City Building Official (Building Inspector), his or her designated subordinates or any Peace Officer may enforce the provisions of Tracy City Code § 3.31 Subd. 7. There were no public comments. Motion by Ferrazzano, seconded by Enderson to approve Ordinance No. 318 AN ORDINANCE AMENDING PARTS OF TRACY CITY CODE SECTION 3.31. All voted in favor of the motion.

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Votca stated the other increases in the Other Contractual there are credit card fees for about \$2,400 but those fees get recaptured in the Revenue side.

Dept. 415 Assessing was increased by \$1,200 to what the agreement is at. Votca stated they have set up meetings with other auditors coming up so see if the City can make savings there and what the options are.

Dept. 416 Legal Nielsen did submit a proposal and he is asking for a \$2,000 increase in the dollar amount for the next coming year. He also stated that if the City would deem to appoint him next year, at the end of that year he would have served eight years and he would have received an increase twice of a total of about 10% over eight years and he is hoping the Council feels that is a fair exchange of value in connection with the services he provides.

Dept. 417 Economic Development Gervais added a 2% increase in wages. Transfers out is the amount of money that would go into the Revolving Loan Fund that is requested each year. Gervais stated the bond with O'Brien Court has been paid off and the Transfers Out he would put in \$80,000 and propose to look at building a spec building in the industrial park or another property in town and they would also take part of that \$80,000 and put it into a reserve for O'Brien Court in case improvements are needed in the future. Stobb felt to keep O'Brien Court competitive and attractive to people who want to live there, he has heard there are some improvements that need to be made and is hoping the EDA can take a look at that and act on some of them. Gervais stated that the roof has been done and most of the windows. There is some carpet and linoleum left to do. Gervais stated he is budgeting a little extra for Eastview in Maintenance and Repair – Building as it has come to the point the carpet needs to be replaced. The loan on Eastview is now down to about \$80,000. On the 5th Street apartments the only major increase is on Maintenance and Repair – Building and looking at doing the carpets there as well.

Orchard Lane Other Contractual Services this fall they will be bidding all three of the townhome complexes together to do the snow removal and lawn care. Gervais increased Other Contractual on Orchard Lane as there is a road there as well.

The CDBG includes money to write the grant for the new Small Cities Grant for next year. This would be the housing portion of it and would not include the wastewater treatment side of it.

806 is the operating fund for the EDA. Everything is basically the same and the only significant change is the Temporary Loans and right now that is a guess of what they will do in loans next year and Gervais is estimating it to be in the \$30,000 to \$35,000 range.

Votca stated the wages for the Municipal Building were increased the normal 2%. He stated they are looking at fixing the windows in the municipal building with an increase in Maintenance and Repair of the Building to \$21,000 and Equipment & Improvements it is planned to do the boilers in this building as they are close to the end of their life cycle. Stobb stated the utilities took a big jump. Votca stated all the utilities when looking at historical payments made this year, it appeared they would break the budget from last year so he put an estimate in for utilities of what he thought is being spent currently. Votca stated they have a meeting regarding the energy audit and they will recommend how the City can conserve energy in the buildings.

Dept. 421 Police Protection Lichty stated that wages and deductions were calculated by the City office. He added \$1,000 to the Office Supplies as they are seeing an increase in cost of printer inks and do more photo work for court now with having to supply three copies of everything. They are doing more with DVDs for digital regarding and DVRs for video recording. This also includes the price for a new paper shredder for the police department. In Motor Fuels and Lubricants he added \$750 to the fuel budget and seem to be doing well with the fuel budget for this year but is adding to have a little cushion for next year. For Maintenance and Repair he added \$1,000 as the Dodge will be three years old and he had dropped that budget substantially in years past as the squads were going to be new. They may require more maintenance next year. Lichty added \$4,000 into the Maintenance and Repair – Other and this gets into things that are going to be necessary for next year due to the Sheriff's Department going to computer dispatch and the Police Department will have to go along with this. The Police Department will need to purchase two driver license scanners, two in car ticket printers, a second laptop which would comparable to the one they purchased for Ford when that was put together. That would be \$2,850 of the \$4,000. The department has a little over \$1,000 in DWI forfeiture money which will also go to the equipment for the computer dispatch. He increased Communications \$1,600 as the average cost for Verizon Wireless per month is \$175 and the cable package is \$160 per month. Travel and Conferences he increased \$300 to help cover cost of ammunition needed to get officers qualified. Printing and Publishing was increased \$300 for stationary, citations, envelopes, etc. are purchased from this money. Other Contractual Services was increased \$400 which covers car impounds, dog impound, employment pre-screening costs, title transfer costs, etc. Depending on what the Supreme Court does for next year for DWI case law they may be going strictly with blood draws only which will have to be done at the hospital. Transfers Out he added \$3,250 and this is to cover computer program cost for computer dispatch to go to the Sheriff's Office in 2014. The total cost for this is about \$9,000 so is hoping to space this out over the next three to four years instead of having the initial cost for next year.

At 7:15 p.m. a public hearing was held to consider an ordinance amending the Tracy City Code to repeal Section 4.40 thereof. The City Council finds that the assessment policies contained in §4.40 of the Tracy City Code can be more flexibly amended, at less cost, if said policies are incorporated into a statement of policy, rather than in ordinance form. There were no public comments. Motion by Ferrazzano, seconded by Enderson to approve Ordinance No. 319, AN ORDINANCE AMENDING THE TRACY CITY CODE TO REPEAT SECTION 4.40 THEREOF. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution No. 2013-23 A RESOLUTION ADOPTING POLICIES FOR THE ASSESSMENT OF BENEFITS IN PUBLIC IMPROVEMENT AND OTHER PROJECTS IN THE CITY OF TRACY. All voted in favor of the motion.

Lichty explained the computer dispatching would allow the department to enter data into the computer and the entry is saved with the Sheriff's Office server. E-tickets will be printed in the car after entering the offense, driver license information from the scanner. The ticket is automatically sent to the state when print is touched. Ferrazzano asked if there was any grant money to help local law enforcement to purchase the equipment need for this. Lichty stated he is not aware of any grant for that and if there was anything it would be for the department putting in the server.

Dept. 424 Fire Protection D. Johnson stated wages were the same as last year and deductions were based on the calculations of the wages. Uniform Allowance was increased by \$400 to cover the purchase of dress uniforms, badges, etc. The State Aid is from a calculation by the state and he does not know what that amount will be until the check comes. The Fireman's Relief – City Aid was based on the Schedule 1 and 2 that the auditing firm does based on the investment accounts. Office Supplies was increased for burning information on discs and making copies of report and documents. Motor Fuels & Lubricants is kind of hit and miss. Last year they had just short of 100 fire calls, they went over budget. The year before that they had close to 70 fire calls and went over budget. Johnson increased Maintenance & Repair – Equipment by \$5,000 as that account is used for testing and maintenance and things that need to be contracted out, serving and testing of pump trucks, air packs, air bottles, air compressor, etc. One of the pump trucks is getting older and has quadrupled to have it pass testing and service it. Johnson decreased the amount in Maintenance and Repair – Building by \$3,000 to the amount where it had been in past years because the bulk of the major repairs other than the roof leaking have been done. Utilities was increased to \$13,000 because there was still a budget for the ambulance garage portion and last year it was combined to one utility bill. Subs, memberships & contributions was increased to \$1,831 for the National Fire Code membership. This is an on-line version that allows the department to go online and check all the fire codes each year. Johnson increased the Transfers Out back to \$40,000 as they were targeted to be at when LGA cuts started to help balance the budget. Last year with the billable fire calls they had, they were able to get it back to \$39,000. Mayor Peterson asked if they would look forward with the roof repair. Johnson stated they are going to look at it and see what needs to be done. There are numerous spots where it is leaking and some are worse than others. Johnson will try to look into it before the next Council meeting.

Dept. 441 Library Nelson stated he wants to go over some other funds before going to wages. The utilities were very under budgeted so it was put back at \$8,000 based on costs this year. Printing and Publishing is mainly for books and would like to increase that increase the collection development. He would also like to build up the movies and audiobooks. The other funds pretty much stayed the same. Nelson did increase the Maintenance & Repair – Building as it was only at \$500 for 2013. Nelson stated that he and Votca have talked about personnel and Nelson is requesting more hours primarily because of overlap. Usually there is only one person working at a time and it is difficult to take breaks. He feels that if they worked more together they could get more done and he could focus on his administrative and director duties more. When he first started he was working more with his co-worker but because of things he needed to do, it took his time from that. Nelson stated that he is at 28 hours at this time. He would not need health insurance as he can get through his wife. He is requesting four more hours per week. Votca stated they need to review staffing for the library and have had a volunteer but should have city employees in there. Stobb stated that he is receptive to the idea and is glad that this is being reviewed. Nelson stated they had talked about the experienced work program and hiring someone to be a substitute for times when it happens that both he and Livingston need to be gone.

Dept. 419 Liquor Store S. Lau stated there was a decrease in wages due to the loss of the previous manager. There was also a decrease in wage related deductions due to the decrease in wages. Miscellaneous was cut 100% and those funds caused an increase in some of the other areas. Overall there was a 5% decrease from last year. Stobb stated the other half of the roof needs to be finished. It has been four years since the one half of the roof was done. Lau stated that sometimes they get water in the basement. Votca commented Lau on the work that is being done at the liquor store and they have been doing painting, etc. Lau stated the next thing that will be done is the wall and will use the water tower stencil. Daniels stated that the new door will be put in the back. Stobb asked if there was a question with the west wall and what may have formerly been a doorway. Daniels stated there are areas where there are 3 layers of bricks and has deteriorated down to chalk behind the plywood that is painted blue. Daniels stated that is one thing that will need to be taken care of. Daniels stated to replace the bricks and stucco would cost about \$600 to \$800. To re-tin would cost about \$3,000 to \$4,000. Mayor Peterson suggested they increase the budget to tin it and then there will be room to adjust as needed. Maintenance and Repair of Building would be increased to \$7,000.

Dept. 425 Building Inspection Daniels said the wages are included in the Street Department and Utilities. Telephone was increased to \$700 according to cost. Travel, Conferences and Schools was increased by \$500 for the extra person to go to training. Licenses and Taxes was increased due to increase in surcharge for building permits and reporting to the State.

Dept. 431 Street and Parks Daniels stated wages were increased by 2% and one person was added in there as B. Holm is looking at retirement and they are looking at a combined person that would learn his duties and do the superintendent position when Holm retires from that position. Payroll reductions were adjusted according to wages. Uniform allowance needs to be increased by \$275 for the new hire. M. Peterson explained that since appears the health insurance went up because there was one person that was budgeted for last year and has declined the insurance.

Motor Fuels and Lubricants was increased by \$3,000 due to the increase in use of fuel for snow removal. Maintenance and Repair Building was increased to allow for repairs to the buildings at Swift Lake Park. Printing and Publishing was increased due to the ads they need to run such as no blowing grass on the streets, mosquito spraying, etc. Utilities were increased to reflect actual costs. Gas has been holding steady but electricity has increased. Votca stated they do have a group coming in to discuss ways of saving costs with solar panels and wind turbines. He stated there are grants out there for municipalities and businesses. Rentals was put at \$2,500 as there are times they need to rent packers and backhoes, etc. Snow removal was moved from Rentals to Other Contractual. In Licenses and Taxes was increased as all the trucks are coming due this year. Mayor Peterson asked if they have looked at a fuel contract recently to see if it is worth the time. Daniels stated in the past they got bit by it but will check into it. Enderson asked if it was an issue for the city to have their own tanks and pumps. Daniels stated the regulations on having your own tanks change often.

Dept. 442 St. Mark's Daniels is questioning if that should be moved to another department since it owned by the museum now. He questioned moving it to Streets and Parks. Votca stated that if a donation is given that has to be kept track of.

Dept.451 Aquatic Center Daniels stated because of the cool weather more gas was needed to keep the water warm.

Dept. 432 Street Lighting Daniels included an increase in Maintenance and Repair to \$1,500 due to costs with fuses, light bulbs, etc. They do have a spare pole and outlet cover and they will be sending a new head.

Dept. 462 Airport Maintenance Daniels stated that Building Maintenance was increased to cover small repairs needed. There was a call on the air conditioner. Maintenance and Repair Other is for maintaining the markers, fuel station, hangers, and runway lighting. Utilities was increased according to cost. Resale Purchases was eliminated and should not have to use it. M. Peterson that will depend on what the auditors want the city to do with this.

Dept. 463 Unallocated Votca stated Insurance and Bonds was increased \$6,000 according to costs. Other Contractual is for audit services and Ehlers Financial Services combined. Votca stated that Transfers-Out was set at \$31,000 based on revenues.

Dept. 471 Senior Center the only significant change was the increase in Maintenance and Repair of Building by \$2,400 to provide money to make improvements there. The utilities were increased as they have in all other departments. Stobb suggested they change that account name to Multi-Purpose Center.

Dept. 461 Cemetery Operating Fund the increase in wages is what they had discussed previously with Daniels hiring another person and part of that cost is from the Cemetery Fund to train with Holm. Daniels stated the wages should be 100% Street for the full-time person. The \$9,500 is for mowing next year. Other Contractual was decreased as the street person will be doing grass cutting and try to do it internally by the City and should be able to save money that way. In Equipment and Improvements \$6,000 was put in for the purchase of a mower. Daniels stated

they do have a mower that was used as a cemetery mower in the past. They are planning to get a smaller mower that would work better for mowing around the monuments. Votca stated the Cemetery Commission is looking at doing some repairs to the older portion of the cemetery so the \$12,000 in Maintenance and Repair Other would be used for. M. Peterson pointed out that the Memorial Fund and this does not show what the fund balance is, but there is a fund balance in there to spend which they are not spending plus the interest in the 803 fund that they are not spending which may help out with this.

M. Peterson stated in Dept. 431 in the 401 and 402, the reason the 401 shows back on here is it needed to be reactivated the 2009 Street Improvement Fund and closed 401 and moved the funds to 503.

Dept. 433 Infrastructure Daniels stated they did not figure much in the fund right now and are waiting to see how the expenditures work with the revenues and use this account to balance for infrastructure next year. Until they have the revenues, this will be hard to figure that out. Votca stated they had a Capital Improvement Plan for the 2010 Budget was the last one he found through 2014. There is not a Capital Improvement plan for five years that is in effect right now that he can find. That will need to be worked on in the future. Daniels stated this would be more for roads, curb and gutter and sidewalks. He stated that seal coating is going to have to be done next year and they are still waiting on some costs on that. 7th Street would only need a mill and overlay unless they wanted to get into the sewer on that. The water line is new and there have been no problems with the sewer and that was put in in 1991. Manholes and catch basins would be the things he would be concerned about right now. Votca stated they need to discuss with the County about the work to be done to 4th Street as what they told the City last did not add up. I & S came back and stated the money the County was going to spend on the portion of the project did not add up to what they had talked about earlier. Suhail had told them it would be \$600,000 from Highway 14 to South Street and then at the meeting if they went further, would there be more funds available and he said there would be. Daniels would advise overlaying 4th Street from South Street because of the infrastructure that is under there. They have had breaks by CHS four or five times.

Dept. 431 Fund 409 Daniels stated the \$5,000 could be used for more mulch. Greenwood Park they are looking to have a sand volleyball court that has been brought up to the committee. Once they get the Tornado Memorial paid for they want to look at get fund raisers set up for the parks out there.

Dept. 462 Airport Maintenance there are no projects planned for next year. On the Capital Improvement for 2015 there is scheduled runway rehab. Enderson asked if 90/10 was still available for the hangars. Daniels stated that is a revenue generating project and they have to wait two year, they could possibly do it in 2015. Daniels stated it will depend if they are looking at repairing or doing a complete rehab of the hangars. If the city does the repairs they would have to pay 100%. They could do the roof part one year and do the walls the next year. Enderson stated it is the side of the roof towards the highway that is really rusted. Enderson stated the hangars work fine but are kind of an eyesore at this time. Daniels stated that structurally they are in pretty good shape. Enderson stated the hangars are too small for the modern airplanes, even some of the older ones will not fit in there. Most general aviation planes

will fit in the hangars. Enderson stated another thing that was discussed was asphalt on the west side of the hangars. Stobb asked if the Airport Commission met and discussed these things. Enderson stated they do not meet that often. Stobb felt it would be beneficial to get them more active. Daniels can get estimates of what it would take to fix the roof. Enderson suggested that if they replace the roofing, the old roofing could be sold for scrap and that would reduce the cost. Mayor Peterson asked when the last time there was a rate increase for rent on the hangars. M. Peterson it has been a long time, Daniels recommends they wait with the rate increase until improvements are made. Mayor Peterson stated the airport is a tangible asset that they should be collecting some revenue off of.

Dept. 483 2009 Improvement Bond is off the regular schedule.

Dept. 486 2007 St/Util/Abtmnt Improvement Bond is increased off the schedule.

Dept. 487 2008 Refunding bonds is the same and Dept. 490 2002 Improvement the payment was completed on that and this is the last year of that bond.

Dept. 492 Utilities - Water the wages were increased by 2% and overtime was also increased. Temporary and Part Time wages and Standby were left the same. Wage deductions were adjusted accordingly. Office Supplies are joint between the water plant, sewer and office staff with the water billing. Another computer was also purchased for the office from that fund. Motor Fuels and Lubricants were adjusted to actual for what they have been using. Equipment Maintenance was split as it is \$6,500 for a new blower for the Jet-Vac truck, so \$4,000 in the 602 fund. Building Maintenance and Repair was increased as the water plant has a leak in the part they added in 1990. Maintenance and Repair Other was increased to \$5,000 for safety equipment and PSE. Chemicals actually went down 16% based on what was used this year. This year may be more than they normally use due to the rehab of the water tower. M. Peterson stated there is a drop in Insurance & Bonds as they insurance company is billing differently than they did before. She called them and instructed them to put it back to the way it was before because of the specific way it was separated out. She was told by the insurance company that this is the way it is going to be from now on so there is no way for her to tell what it is for. Utilities was increased. Daniels stated that once they get some improvements with the lighting and insulation, it will hopefully drop. Other Contractual was increased as there are some improvements that need to be made to the computer repairs and panels. Equipment and Improvements was increased \$40,000 due to filters the epoxy is starting to let loose on and starting to rust. He is waiting for some quotes. They are going to see if they can do one this year and one next year contingent on the cost and the department does much of the work themselves. They will hire someone to sand blast it. Service fees is for the credit card machine. M. Peterson stated that is recaptured on the revenue side.

Dept. 493 Utility Surcharge Maintenance and Repair they added \$10,000 as there are quite a few hydrants that need to be replaced in the next few years and this would be a good start to get about three of them done. Otherwise most everything else stayed the same.

Dept. 494 Refuse Collection Votca they increased Other Contractual was increased by \$5,000 for the garbage contract.

Dept. 495 Licensing Votca stated the Equipment and Improvements was the only significant change. M. Peterson stated the transfers out was \$36,000 in 2012 and this is the fund that A. Lichty was hired under. She stated that this fund is doing very well. Mayor Peterson stated that he has heard nothing but compliments on the office staff.

Dept. 496 Tracy Medical Center the Loans and Interest payments were based on the schedule.

Dept. 451 Wages were computed by the office staff. Some expensive parts have been replaced in the boiler room. They will have to look at boilers within the next five years as they are getting corroded. They are thinking of making a separate room for the acid. There is a new acid now that is supposed to be better but it still will create erosion. The water heater has also had corrosion. In Building repair they will need to replace shower heads and faucets just from age. They were first installed in about 2001. Printing and Publishing was increased for advertising. Utilities were reduced for actual cost. Daniels stated the slide will need to be redone as fair as the fiberglass part of it and the structure underneath it. Equipment and Improvements was reduced because most of that type of work was done in 2013 and in 2014 they are looking at a new pool cleaner that move around by themselves and they cost about \$4,000. Funbrellas need to be replaced on hope to replace about three of them next season. There are nine total. The cost at this time for three Funbrellas \$5,400. Resale purchases are for the concessions.

Dept. 498 Utilities – Sewer after Daniels met with I & S and they suggested that some of the wages coming out of sewer for funding. They need to get the time card program to function like it should. At this time they are logging it separately. About 30% of the wages go to sewer for A. Schultz and the rest of the staff is substantially less. M. Peterson suggested that the software is going to give a good percentage of what being spent but not paying the wages and deductions. At the meeting in December they can possibly ask for a budget transfer to take the percentage that is manually calculated. M. Peterson stated it is not only in this fund but when the custodians go to the library and clean, that money is coming from library wages and when they go to the liquor store it is taken from liquor store wages. It is not doing the same for the Public Works Department and feels they need to do it the same all the way across. Mayor Peterson stated they should do whatever is easiest for the office staff to do. Office supplies are split between water and sewer. Motor Fuels and Lubricants is increased due to the split between vehicles. Maintenance and Equipment is the other \$3,000 for the blower for the Jet Vac. Building repair was decreased as the roof is almost complete and will be working on the walls. M Peterson asked if they need a resolution so the bond payment is from sewer instead of Surcharge. Mayor Peterson stated they would have to since they are changing accounts.

Dept. 431 Fund 801 Equipment and Improvements was increased to purchase a grapple bucket for the pay loader. Daniels is also looking at a rear discharge for the Toro mower deck. He added \$8,800 for a rotary disc mower. This would be used to mow the drainage ditch and city dump. Salt truck is also getting rusty in the frame so will need to look for a replacement.

Dept. 425 Building Inspection for code enforcement Other Contractual they put in \$10, 000 to cover the cost of removing one house if needed.

Votca stated the bottom line numbers was less than what was spent last year due to payment of bonds.

Enderson stated he had been asked why the City does not have a spring or fall clean up. Ferrazzano stated that they have to contract with someone to come and pick up. Daniels stated that the salvage yard does not give anything for appliances. They do not accept motors or circuit boards and they only they will take is the outside shell. Ferrazzano questioned if it could be done every other year. Mayor Peterson suggested that they discuss this with Southwest Sanitation to see if this kind of pick up could be figured into the contract with them. Ferrazzano suggested discussing with Southwest Sanitation that a day in the spring and fall could be arranged with a cheaper rate and they come that one day and get everything that needs to be picked up.

Mayor Peterson reminded the public there is still an opening on the Library Board, Planning Commission and Police Commission for anyone interested in helping in those position.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting at 9:30 p.m. All voted in favor

August 26, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 26, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K Enderson, S. Ferrazzano and R. Stobb. Also present was M. Votca, City Administrator. Absent was F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Stobb to approve the minutes for August 12, 2013. All voted in favor of the motion.

Additions to the agenda included 8-B Police Commission appointment and 15-A Information Regarding Heating of Aquatic Center. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

Joe and Sis Beierman, 385 Emory Street were present to discuss trimming of trees on their property. J. Beierman asked why they were not notified that trees were to be trimmed. He questioned the policy of the City for trimming, by what authority and by whose order is this done. Beierman stated that in the spring each year he does any trimming that needs to be done. The City had trimmed the trees up 13 ½ feet on his rental property. S. Daniels stated that the trees are trimmed so that the department can use snow removal equipment, street sweepers and if there are branches that rub on the equipment, they are trimmed. They are also trimmed so that there is no obstruction of their view on the street corners. Sis Beierman asked if the City trims them on the street side, why they were trimmed on the property side. Daniels stated they were trimmed to make them even on both sides. S. Beierman felt that trimming is different than massacring. Mayor Peterson stated that this cannot be undone. He asked if the Street Department cleaned up after the trimming and if anyone apologized. S. Beierman stated that it was cleaned up but they did not apologize. Daniels apologized and stated that he had instructed his workers to trim so it does not damage city equipment. Every year the street department does tree trimming before the parade. S. Beierman stated with the City never having any money, maybe they can ask the residents to do the trimming themselves. Mayor Peterson apologized for the poor communication between the city and residents and the Council and City are open to suggestions as they move forward. Daniels stated that he has received more compliments than complaints about the trimming. Sis asked if this incident would be put on record and considered when the times comes for pay raises. Ferrazzano suggested that they could look into making contact with resident or putting out a notice when trees will be trimmed. Stobb suggested that they also need to take a look at the policy and discuss possible changes. J. Beierman felt the city should take time to discuss the tree trimming with the owner. He takes pride in his yard and has guests at their Bed and Breakfast and his clients enjoy sitting on the porch and likes the privacy that his trees provide. Now that has been taken away. Mayor Peterson again apologized for the inconvenience and this matter will be discussed further to prevent this happening in the future.

Police Chief Lichty reported the department handled 220 calls in July which is substantially increased from 2012 when 156 calls were handled. The ElderWatch program is gaining popularity and going well. They are working on completing the data base program for the city website still and have taken in over 18 applications currently. There were no questions regarding his report.

B. Nelson, Library Director reported the summer reading program ends August 31 but will still take records until September 7. There are still many prizes available. He will be organizing a party for the top 20 readers, 10 from the elementary and 10 from the teen group. This will be held sometime in September. They had 120 kids sign up for the program but still have to tabulate how many finish. Nelson is planning a LEGO contests for the kids this fall. It will be themed around something such as building cars, houses, etc. He will be organizing a Halloween

party for the library this fall. Nelson stated he would like to try Readers' Theatre for the kids will time allows to get it going. Last month the Teen Club played softball and had a good time. They have watched the movie "The Lightning Thief" and will be discussing the differences between the book and film for their upcoming meeting. Nelson was able to get a \$100 grant from SAMMIE for the Teen portion of the Summer Reading program. Through SAMMIE the library is able to get \$400/year for Teen programming. He has been able to do great things with a limited budget this year and have learned many ways to save money while keeping with quality library items needed. He just ordered 50 new movies, many with double and triple features and will be ordering more. The book budget is doing well and still have time to order more such as Manga, audio books, Juvenile fiction titles and will work on collection development in nonfiction. New library signs with hours are not up in the front and back. Nelson stated he is still working with the library grant and is working on getting official bids. Will have more updates for the next meeting. The book sale is being planned for September 27 & 28. Nelson asked the Council for authorization to have permission to have the sale in the basement as there is still some asbestos down there. He is encouraging donations from the public and the sale. An ad and more information will run in the Headlight Herald and Nelson will be talking about it in his column.

S Daniels, Public Works Director, stated they will be working on preparation for Box Car Days the end of the week. The compost site was recently burned. Mayor Peterson had questioned from the public on when the compost piles will be turned. Daniels stated they will probably be doing that after Labor Day. Daniels stated they are hoping the JetVac truck makes it through the year. It is not as efficient as it used to be.

Daniels reported that trees along the parade route have been trimmed and one tree had to be removed. He states the department does not remove whole trees without permission for the resident. Ferrazzano felt the residents should be notified when the public works will be doing tree trimming and it could be possible to save man hours if the resident chooses to do the trimming themselves. Votca suggested maybe running a notice in the newspaper when trees are to be trimmed. Snyder suggested that if they know they will be doing the trimming in August, they could put a note on the water bill that it will start and that way they are notified. Daniels said that in the past there have been no issues with trimming. They trim so that branches do not interfere with the street equipment.

S. Lau, Liquor Store Manager asked for authorization from the Council to approve Sunday liquor for September 1, 2013 for Box Car Days. Motion by Ferrazzano, seconded by Enderson to approve Sunday liquor for September 1, 2013 for Box Car Days. All voted in favor of the motion. Lau asked if there were any questions regarding her monthly report. Mayor Peterson complimented Lau on the painting, cleaning and reorganizing of the liquor store and it is looking very nice. Stobb asked why there was such different in regular wages. M. Peterson explained that it has to do with the payout for Ron Radke and there were three pay periods in one month.

R. Gervais, EDA Director reported that the townhomes are full again and they are in the process of replacing the carpeting in the 5th Street apartments and will do the 3rd Street apartments next. It has been approximately 17 to 20 years since the carpet was placed. They are nearing completion of the lot sale for Jeff Ellingson and F. Nielsen is working on the easement for the

sewer pipe. Gervais has been working on an energy survey and ways for the city to save money with lighting and lamping. He has not received a report back yet. He has been approached by the owners of the bakery building to see if the EDA is interested in taking the property. The progress of the Family Dollar store has been interrupted by the MPCA as there was an apparent petroleum spill on the property in 1999. They are working through this issue and hope to have something going by December 2013. The EDA has been looking into the construction of an industrial spec building and has been receiving calls on this and feels it is a good investment for the city. Gervais has been approached by Chuck Dueber about the Dueber's building and there is a local businessman interested in the building. The EDA has given a G & R a revolving loan. Gervais stated that all residents will be given a Small Cities Grant survey to fill out. With the application will be a self-addressed envelope. It is very important that all residents fill it out and return it in the envelope as this could affect the grants, interest rates and funding for the wastewater project. The application is private and goes to Western Community Action. This will be sent from the city and also enclosed in the envelope will be the monthly water bill. If any resident does not receive this letter, please contact Gervais's office and he will get one to them. Gervais again stressed how important it is to return this letter.

M. Votca reported that he has been getting acquainted with the citizens of Tracy by attending meetings and event through the city. Most of his work over the past few weeks has been focused on budget preparation. They are on track to have the budget ready for presentation at the September 9, 2013 City Council meeting. Votca stated the 2014 budget for the State of MN exempts all cites from sales tax starting January 1, 2014. He said he has participated in a webinar on this topic last week. Reporting documents for the county and state were discussed. M. Peterson and K. Burch will also be participating in a webinar regarding this change. He encouraged all department heads to participate if possible. Votca enclosed a presentation of his recommended course of action for library personnel in 2014. His recommendation is Option 1 which would be hiring a new additional library aide for 16 hours per week. This would give 4 hours of flexible time in the schedule and 14 hours of overlapping employee time. The cost of this option would be \$49,104. Option 1 also allows for better coverage of employee absences. Stobb appreciated the thoroughness of Votca's report and it makes it easier to make a decision. Stobb was of the understanding that Nelson wanted more hours for himself. Votca stated Nelson would like 32 hours which is included in Option 1. Nelson would receive health insurance through his wife but would like vacation and leave time for extra hours. At this time he does get compensatory time for hours past his allotted time. Stobb feels that Nelson does a good job and would to hate to have him to elsewhere.

Reed Kimball of 285 Hollett Street was present to discuss the overbilling of their refuse collection. Since July 2007 the have been billed for a 95 gallon waste container instead of the 65 gallon container that they had requested. M. Peterson had contacted Southwest Sanitation and this has nothing to do with their billing. This is billed through the City. Motion by Ferrazzano, seconded by Snyder to reimburse Reed Kimball \$423.36 for the overbilling of their refuse collection. This will be taken from the Refuse Fund. All voted in favor of the motion.

An application for the Police Commission has been received from Dale Johnson, Jr. Motion by Ferrazzano, seconded by Snyder to appoint Dale Johnson, Jr. to the Police Commission with a term to expire in 2016. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution 2013-25 A RESOLUTION DECLARING PROPERTY NO LONGER NEEDED FOR PUBLIC PURPOSE. The Tracy Liquor Store has advertising items that are no longer needed for public purpose. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution 2013-26 A RESOLUTION APPROVING PAYMENT TO CHAMPION COATINGS FOR WORK COMPLETED ON THE TRACY WATER TOWER RENOVATION PROJECT. The remaining balance is \$40,810 and the retainage amount is \$7,700 which will be held until completion of the project. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution 2013-27 A RESOLUTION APPROVING TRANSFER OF FUNDS WITHIN THE 605 FUND. The City of Tracy agreed to pay Plum Creek Cabinets and Construction, Inc. \$4,637.60 for a new desk in the Administration and Licensing office. This resolution approves the transfer in the amount of \$2,637.60 from line item 605-495-701 to line item 506-495-701 for payment of the new desk construction. All voted in favor of the motion.

The Consent Calendar includes the Municipal Accounts Payable, Tracy Economic Development Minutes for July 19, 2013 and Cemetery Commission minutes for July 17, 2013. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca asked if there were any questions regarding the 2014 Budget. At this time he does not have a levy amount. He is needs to make changes in reference to the need for municipal building boilers, requests from the cemetery and library personnel changes. He will also be working with the budget for the Aquatic Center and work on way to cut any costs for 2014. Votca will be presenting the 2014 Budget at the next meeting, September 9, 2013.

Stobb stated that he has received information on pool heating possibilities. This is a method of using black pipe with water and gathering solar heat to get water to pool. This will not replace the current pool heating but could help decrease the use of gas and this method has the possibility of raising the temperature in the poll by 10 degrees. Stobb stated that funds could be available through a grant. The materials would have to be from a different sort of fund from a grant or out of pocket for the city. The cost of this method is not real expensive and the more efficient the system is the higher the cost. Stobb felt they should look into this further and let the company know the City of Tracy is interested in this method. Mayor Peterson asked if there are any communities in the area that are using this method. Stobb is not aware of anyone in the area, but there are other communities that have aquatic centers that could be interested in doing this. Enderson asked it would be beneficial to cover the pool at night. Daniels said it is a high dollar item and has heard good and bad reports about them. It would help save on chemicals and prevent chlorine loss from sunlight and wind. Stobb will forward the information to the Council regarding the operation of the system.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting at 7:40 p.m. All voted in favor of the motion.

September 9, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 9, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney,

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for August 26, 2013. All voted in favor of the motion.

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

There were no public comments.

M. Votca reported that on September 3, 2013 a public hearing was held by the Planning and Zoning Commission regarding a special use permit to sell appliances at 927 4th Street E. which is not allowed in the Industrial park. The request was refused by the Planning and Zoning Commission by a vote of 4 to 1. Since that time the appliance business has decided to use the Dueber's building.

S. Barstad, CEO of Sanford Tracy Medical Center was present to discuss the O'Brien Court sprinkler system. She stated that the pipe is not up to quality and is leaking. Due to a liability issue, she feels this should be replaced. This has been discussed for the past three years and no decision has been able to be made if this is a capital improvement or a maintenance issue and there have been arguments on both sides. Barstad is proposing to the the Council to resolve this issue and get the system replaced if the City would be willing to go half and half with Sanford Tracy Medical Center and City and move on. Barstad states that maintenance is O'Brien Courts responsibility and any capital improvements are the responsibility of the EDA according to the lease. Snyder felt this needs to be resolved and have been discussing this for three years and he feels that Sanford is not going to agree that it is their responsibility to replace the sprinkler

system. Barstad said she had received bids in 2010 and since that time the cost to replace this system has increased from about \$23,000 to about \$39,000. If they were to replace some pipes above the lounge and dining room would be about \$7,600 plus labor. They probably could get by without replacing the pipes above the dining room and lounge, but if they are going to do the project, they might as well replace them as it is not going to get any better. Stobb feels this would be a good resolution to go half and half as it is not a capital improvement as it does not increase the value of the building and it is also not a maintenance issue as the pipes are not up to code now. Mayor Peterson stated there will be a similar issue in the future because of how the system works. Mayor Peterson felt that they should advertise for bids. Ferrazzano agreed they should get bids and made a decision and get this project done and it is not as if they will not work if there is a fire, but they could work sometime when you do not want them to work. Enderson was also in agreement to split the cost with Sanford Tracy Medical Center. Mayor Peterson stated they should advertise for bids and accept it that way. Barstad stated that typically they do not advertise for bids for capital projects. Sanford has some preferred vendors that know what they are doing and done them in hospitals before and have a good reputation. Ken Mettler usually gets involved and has been with building specialists at Sanford to help guide with the contractor to select. Stobb stated there were three bids three years ago and assume those were three okay companies at that time. If they could get bids from them, that would fall in line with the Sanford. Stobb stated that Barstad had revealed some details of one bid already and hopes it is not a detriment to opening it up. Mayor Peterson did not feel that it did as it was not a bid, but an estimate. Motion by Ferrazzano, seconded by Enderson to advertise for bids to upgrade the O'Brien Court sprinkler system and the cost of that repair will be split with Sanford. Nielsen stated they are resolving the disagreement but not solving any future problems of the same type. There is still language in the lease that is maybe not what it should be to guide the City as where the dividing line is between repairs versus improvements. Mayor Peterson stated that they could tie renewing the lease with verbiage that would be agreeable to both parties. B. Gervais stated the lease is due in 2017 and negotiations should start on that shortly. Snyder feels this issue needs to be addressed and cleared so this does not happen again. Stobb stated that by doing this now they are getting out from under potential liability if something does go wrong with the system. All voted in favor of the previous motion.

Nielsen asked who will now handle this process of making this improvement and if the City is going to put it out for bids and go from there. Ferrazzano stated if there is input from Sanford with the sprinkler system, if the question is, is the City the one going to initiate the bidding process or if Sanford is initiating the bidding process, Ferrazzano feels the City can do it. Nielsen feels there should be an understanding who is going to do what and does not feel it matters who it as long as there is an understanding and both sides agrees. Barstad stated that she could bring back to the next meeting three bids, unless the City wants them to be advertised. Ferrazzano stated it did not matter to him either way as long as there is an opportunity for people to bid on it. If Sanford has contractors they work with, then get bids from them. Mayor Peterson stated there may be someone local that could do that job. Ferrazzano felt they should advertise and go from there. Mayor Peterson agreed with this. M. Votca stated that he will advertise it and then there will have to be some type of agreement on this process.

Barstad stated that the Planning Commission had discussed signage for the hospital for some parking. She stated there may be a possibility of some parking spots. She is proposing on State

Street to put some signs that indicate patient and visitor parking only. She stated there is problems with patients have no place to park as parking is limited. She stated that the area where the mobile trucks park and over to the east, there could be about ten spaces there that could be used for parking. She is proposing that from the street at Avera up to the light pole, there be two signs at the start of this space and the end of it that state visitor and patient parking only between the signs. This would give the hospital and the eye clinic spots for their patients. "Barstad understood the City was going to pay for those and Sanford would pay for the handicapped sign in front of the facility. Snyder was concerned that it being a public street will there be other businesses that are going to want to put up signs.

A public hearing was called at 6:45 for the Small Cities Development Grant close out. Jeff Gladis from Western Community Action is present to close out the City of Tracy and Milroy SCDP grant. Gladis has worked with the City on a number of SMD programs. WCA is a non-profit organization and he is the Housing Director. The Tracy grant was written in 2011 and two and one half year grant process that is supposed to close out by the end of this year. All the work has been completed. It was applied for and received \$310,500 from the Dept. of Employment and Economic Development to rehab 15 homes in Tracy and Milroy. They were able 16 homes with the money they received. This is a grant program and depending on your income, a certain percentage forgives. There were two tiers in Tracy of either 90%/10% or 80%/20% and that means that as long as the residents stay in their homes for 10 years that the 90% or 80% forgives. If they would leave their home or sell they would owe for the years not living there. That money comes back to the City of Tracy to be put in their local dollars fund that can be loaned back out for housing rehab or commercial rehab. When everything was done there was a total of rehab of \$384, 646 that went into the homes. That works out to about a 69%/31% split. The funding actually exceeded the split requirements that DEED requires. There was \$817 left in the fund that will be sent back to DEED. This leaves a little cushion for late changes in a project. They need to close this out by the end of the year, but he can do it prior to October 15, 2013 and can do it in one report rather than two reports. Gladis asked for any questions or comments. Snyder feels this is agree this is a great program and he appreciates all the work that WCA puts into it and feels it is great that \$384,000 can be put into homes in our communities. Gladis stated they will be applying again because Tracy had a strong waiting list. The program has changed a little since 2011, so they are going to have to target an area this time and will be working with Pettipiece and Associates with wastewater and housing combination. They are surveying right now and have a number of those surveys back already. He stated that the stronger the survey responses the more favorable it is. Gladis stated what they will do with that is use those surveys as to what area of the City they should target. B. Gervais expressed thanks to Gladis and his staff, they are great to work with and it is a great program. They are timely and their reporting is great. Gladis stated that Jeff Buesing did the rehab coordination.

Mayor Peterson opened the hearing for public comments. Gladis stated that he will need a copy of the minutes from this meeting and he has a form that he will fill out and send end that states there were no comments that require any further response. Mayor Peterson closed the public hearing and referred it back to the Council for discussion.

Barstad stated they are proposing for two signs between the light pole and start of the sidewalk in front of the Avera building. The handicapped will be right in front of the hospital. Ferrazzano

asked out of curiosity who parks there besides patients for the clinic. Barstad stated there are non-patients that park there. Motion by Ferrazzano, seconded by Stobb designating that portion of State Street for patient and visitor parking only and purchase two signs designating that area as such. Snyder asked Nielsen if there is any issue of this being a public street. Nielsen stated that there is not if the Council has determined this is in the public's best interest to do this. All voted in favor of the motion.

M. Votca stated that the last Cemetery Commission meeting on August 22, 2013, they passed a motion to recommend increasing fees for purchasing plots with the City of Tracy Cemetery. They are basically increasing the fees by \$75 each and \$100 for cremains. A study on the local area what the cemetery plot prices are and the City of Tracy is significantly lower than Marshall and Slayton and some of the other areas. These prices have not been changed in a long time. Stobb asked if the intention to use this increase to help maintain the cemetery in the future. Votca stated they are looking at changing the funding for the work that gets done at the cemetery and Public Works staff to make that happen. The current fees are \$275 for a grave in the new portion of the cemetery, \$175 for a grave in the old portion of the cemetery and \$100 for a grave in the cremains portion of the cemetery. The Cemetery Commission voted to recommend raising the fees to \$350 for a grave in the new portion of the cemetery, \$250 for a grave in the old portion of the cemetery and \$200 for a grave in the cremains portion of the cemetery. Motion by Ferrazzano, seconded by Stobb to adopt the recommendation from the Cemetery Commission to increase the fees for plots at the cemetery and take effect on January 1, 2014. Nielsen stated this prompted him to take a look at the ordinance that talks about these cemetery funds, the 90%/10% issue. This is worded in a way that does not make sense to him and they need to look at changing some language. It talks about gifts going to one fund and not to the other. This was discussed a couple council meetings ago about this ordinance and it is not very good. It needs to be changed in some way to eliminate those funds or make it clear what is going in there and what it can be used for. Ferrazzano felt they should do whatever to keep the up-keep of the cemetery and whatever simplifies the process that the money they get in, they should keep to do the issues they need to do. Nielsen is not sure if they are required to have both those funds. Votca stated the intent of the one fund was to make sure there was money for the duration of time so the cemetery gets maintained. The other fund was to keep up the year to year costs. The language could be clearer. Nielsen felt they did not need two separate funds for a municipal cemetery. The idea of having a fund that you cannot tap into the principal over time was probably a good idea then but at this point and time it is not. All voted in favor of the previous motion.

Votca stated there are no real changes to the Expenditure Summary. There could be some changes to utility rates depending on ways to save money on rates. There will be some changes to revenue on the licensing side and the state is increasing the rate the City receives for licensing and this was not included in these numbers yet. Votca stated the EDA is looking at increasing their housing rates for next year and that will change their revenue and funds also. Votca will be focusing on changes for the Aquatic Center to improve the budget on that. He has been working on trying to figure out what fees could be changed to improve their revenue and the fees would have to be changed significantly to an amount that would change sales drastically. Votca does not feel that is the answer to the problem, the answer to getting that transfer number down is to look into recapturing heat from the sun and heating the pool differently with energy saving techniques plus electrical. He has received feedback on the electrical audit and it seems the City

including the hospital, could save \$90,000 per year. The City could save about \$30,000 annually if lights were changed in some of the building. The hospital could save about \$60,000. He will report the result of the electrical survey once he gets a clear picture on that. Ferrazzano agreed that this needs to be under better control but if the fees are changed to get into the pool it would hurt the attendance. Stobb also felt they should cut costs and try to increase use of the pool. Votca stated they also need to study what they are making at the concession stand and he is not sure how competitive their prices are. He will be looking at this before they put out the final budget to make sure they are maximizing the expenditures. Votca stated that M. Peterson got the final numbers with the last payroll will be paid this week and they can start looking more closely at this. Stobb stated that when he looked at the proposed levy and went back to see what they had last year for the proposed levy and this year it is about \$110,000 less than year. Votca stated the reason for this is the General Fund went up a lot but the Debt Service went down significantly. He stated they want to stay like that with the wastewater project and other projects coming up they want to leave as much room for expansion in that area as possible. Votca stated the numbers for the electrical survey is not included yet and they have not calculated in the exemption of the City from sales tax next year by the law. He and M. Peterson had done an estimate as the City owes the County an estimate when what they would have saved in 2012. They picked the funds that have sales tax and the ones that are exempt and did a rough estimate on what that would be. This came to about \$86,000 so that will be another savings that will come back to the City on sales tax. Stobb asked Votca if he had figured out the percent on the levy compared to last year. Votca stated that he did not go off the proposed for last year and went off the full levy from last year and that was about 13% to 14% increase. Votca stated the one for this year is a decreased in the proposed from last year. The proposed is about 10% from last year on the proposed levy. Votca feels with the cuts they should be able to closer to 4% increase or even less after they go over the numbers again.

Motion by Ferrazzano, seconded by Enderson to adopt Resolution No. 2013-28 A RESOLUTION ADOPTING THE PROPOSED TAX LEVY. The following sums of money be levied for the current year, collectible in 2014 upon taxable property in the City of Tracy for the following purposes:

General Fund	\$716,013
Permanent Improvement	\$ 14,600
Debt Services	\$350,558
TOTAL LEVY	\$1,116,171

All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Library Board Meeting Minutes for July 23, 2013 and Tracy Relief Association Minutes for August 5, 2013. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson extended appreciation to the Public Works Department, Police Department, and Fire Department for their services and extra time put in over Box Car Days. He also thanked the volunteers and their labor at the airport to make it such a success.

Stobb asked if anyone had time to look at the solar concept on line for heating the Aquatic Center and have any comments. There is an application and RFP from CERT, Clean Energy Resource Team. This is out and available and if the City wanted to use that it is due October 18, 2013. That can only be used for labor involved with this project. If the City wants to do anything with this, it is up to the City to do it. There will not be an expert coming in telling the City what they should do and how they should do it. Snyder feels that the project has potential but has not spent a lot of time looking at it. He feels they should look more into this. Ferrazzano did not feel it would hurt to put in an application. Stobb stated they are going to need some numbers to put in the application of what they are applying for and how much they are applying for. Ferrazzano suggested they discuss this at the next meeting and decide if they are going to apply or not and put in the numbers required. M. Votca has done some research on this and looking at systems and it is all decided on the size of the pumps and pool and definitely feasible to do and whatever savings gained would be worth it. He was interested in the way the system works, the system funnels the water down into really small tubing that is heated from the sun. It can be mounted anywhere they want and will not affect the way the pool looks. There is going to be some engineering because the Aquatic Center is as large as most the systems are for home pools. Stobb stated there are different variations on how to do this. Some of the commercial products and they were also for a home pool that is much smaller but the units were 20 feet long by 10 feet high. For the Aquatic Center they would need multiple numbers of those. Stobb is not aware of how close they need to be to the pool and need to get maximum sun exposure to them. Enderson stated that he is in favor of Daniel's idea of recapturing some of the wasted heat that is already generated and still need to look into covering that to prevent loss of heat and chemicals. Votca stated there is also a liquid pool covers that he has been researching. A chemical is added and will retain heat in the water. Votca feels they need engineering expertise and pricing to help make the right decision. Stobb stated the expertise needed can also be paid for through this grant.

Enderson stated that someone suggested on re-tinning of the hangars, the new sheeting would be a lighter weight material and maybe it could be screwed right over the existing steel and not waste the money having it removed. If it is taken off, it can be recycled to help pay for the new tin. There was discussion on re-sheeting them five or six years ago and thought there was a 50/50 with the FAA. Votca stated the airport lay-out plan should be updated every six years and the last time it was done was 2008, according to what he can see in the records. An Airport Commission meeting should be set up to discuss what the future lay-out is for the airport so that it can be put in the CIP to get federal and state funding for projects. The deadline for this is October 15, 2013. Stobb stated S.E.H. completed something for the airport in the last year. Mayor Peterson stated that was the fueling system that they did and did not update the improvement plan. Stobb asked Votca to check and see what S.E.H. had done.

Ferrazzano felt they should discuss the pool heating project at the next meeting and figure out what should be done. Stobb will e-mail the link to the website where there is information about the application and the process for filling it out. Nielsen asked if there were any other

communicates in the area doing something like that. Stobb stated that Slayton, Lamberton and Pipestone are looking into this system.

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

September 23, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday September 23, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were M. Votca, City Administrator and F. Nielson, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Snyder to approve the minutes for September 9, 2013. All voted in favor of the motion.

Addition to the agenda included 8-B Library Board Application and 9-C Resolution 2013-31. Motion by Stobb, seconded by Enderson to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Police Chief Lichty asked for any questions regarding his report. He stated that Officer Leighton has resigned and taken a job with the Lyon County Sheriff Office. He has met with the Police Commission and have a plan to replace him that involves the current hiring list and will also seek fresh candidates. Chief Lichty is looking for Council approval to the hiring process to replace Officer Leighton's part-time position. Motion by Snyder, seconded by Stobb to approve the hiring process to replace Officer Leighton's part time position. Lichty stated they plan to have a new officer hired by the second week of November.

Public Works Director Shane Daniels asked if there were any questions regarding his report. The department is about 75% complete with hydrant flushing. Stobb stated that a citizen was concerned about moving the gravel pile and drainage on the 4th Street South location. Daniels stated that received permits from the County and were advised on the size of pipes and culverts needed for drainage. They still need to bring in more fill.

Liquor Store Manager Sandy Lau reported sales for August were up approximately \$16,706.00. She has been running sales in the middle of the month that are good till the end of the month. She has had a wine of the month and in the on-sale she has been having a drink and beer of the week with a .50 cent discount. The Council complimented on how nice the liquor store was looking.

Library Director Blair Nelson reported that 45 participants have completed the summer reading program which is below the goal of 60, but they had more participants than last year. The Library is planning a Halloween fest and will start organization of that. Nelson is planning a display with books that have been banned by schools throughout the part years. This includes many classic books. In October William Kent Krueger a Minnesota and high profile author who has received many awards for his books, will be at the library. Nelson extended a thank you to the public for donating books for the book sale. September 26 there will be a Read for the Records which is provided by Unite Way. This is a children's story with activities. Many of the libraries in the area are doing this. Nelson is also planning a Star Wars read day and will have Star War activities.

EDA Director Robert Gervais reported he will be discussing the potential for spec building at the next Planning and Zoning meeting. Potential sites include Front Street property or in the industrial park. The EDA and S. Daniels have been working with the land developer on land elevations at the Lau Seed building. The EDA will be acquiring the Tracy Bakery property and he has been contacted by two individuals that are interested in the property. Gervais has been working on ways to marker bare lots in the city. In October the EDA will be reviewing contracts for mowing and snow removal for the rental properties. The EDA will be advertising and taking bids for three year contracts. Gervais recently attended meetings regarding the Aquaculture project and works continues on that. He is presently working with a group of investors on a potential new business for the city. Approximately 300 Small Cities surveys have been returned would like to have about 50 to 100 more of the surveys returned. If there is anyone from the public interested in housing rehab, there are surveys available for completion in the City offices.

City Administrator, Mike Votca stated there will be an advertisement in the local newspaper requesting bids for the replacement of the O'Brien Court sprinkler system. Once the bids are received he and Sanford Medical Center will provide them to the City Council for approval. He has received an energy audit from Jackie Buysee regarding the re-lamping of city buildings with LED fixtures in order to save on energy costs. Votca provided a spreadsheet that outlines the cost and savings. Votca's recommendation is to consider using LED lights when fixtures are replaced over time. There are already plans to replace the street lamps in the downtown area and parks and it would be reasonable that they purchase LED fixtures for the replacement. The Public Works shop is planning to replace some lights this fall and these can be replaced also with LED lights. Votca feels the Liquor Store has the best return and it would be a good idea to consider this as one of the first project for re-lamping. The Sanford Tracy Medical Center could save a lot of money since they do 24 hr/day lighting and Votca has forwarded this information to Stacy Barstad and Gordon Kopperud. The Police Department has been re-lamped and this has provided more light for them. It saves energy with not have ballests. Votca will be starting the process of negotiation of the Union contract for city employees. He will keep the

council informed as the contract is discussed. The Airport Planning Commission will meet on September 26 to discuss any issues with the airport and discuss any planning effect that must be completed to continue with on the airport CIP. The Cemetery Commission will be holding a fall clean up on October 12 at 9 a.m. until work is completed. If necessary they will continue work at 1 p.m. on October 13. There will be an advertisement in the paper with additional information. Votca stated that he has had discussions with Stobb regarding the pool. Votca will be working with some mechanical contractors with expertise with this type of heating systems for the pool and will be ideas how to go forward with that.

Ferrazzano asked if there were any bids received for the mowing at the cemetery and what the plan is. Votca explained that the Cemetery Commission was trying to seek revenue by having someone cut the hay in an area of the cemetery and have them pay a fee for that hay. If a new city employee is hired, they will mow that area. Mayor Peterson suggested that if someone is willing to cut it at no cost, they could continue to have it done that way. Stobb stated that he attended a meeting at the medical center in Slayton the administrator said they have LED lights in the new portion of the hospital and the old part has been retrofitted. Stobb stated the LED is nice lighting.

Motion by Snyder, seconded by Ferrazzano to approve an On Sale Liquor License and Sunday Liquor License for Bonnie and Clyde's contingent on submission of paperwork and payment of fees. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to appoint Vicki Streifel to the Library Board. All voted in favor of the motion.

Votca stated there is still an opening on the Planning Commission for anyone from the public who is interested.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution 2013-29 A RESOLUTION DESIGNATING PUBLIC DEPOSITORY AND AUTHORIZING WITHDRAWAL OF CITY MONEYS with State Farm Bank. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution 2013-20 A RESOLUTION DECLARING 8 OCTOBER 2013 LSS SENIOR NUTRITION DAY. Congratulations and appreciation is extended to all customers, staff, volunteers, funders, and friends for 40 years of a successful, quality, and fruitful expression of service. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution 2013-31 A RESOLUTION APPROVING FINAL PAYMENT TO CHAMPION COATINGS FOR WORK COMPLETED ON THE TRACY WATER TOWER RENOVATION PROJECT. This final payment is in the amount of \$7,700.00. Votca stated that he has talked with S. Daniels and he is satisfied with the work done by Champion Coatings. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to approve the Amendment to Farm Lease between the City of Tracy and Leonard Lanoue. The term of the lease is extended through December 31, 2016. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to approve the Satisfaction of Mortgage with Richard Helleson and Sheila Helleson. All voted in favor of the motion.

F. Nielsen stated the paperwork for the annexation of the property occupied by the Wheels Across the Prairie Museum is basically the same paperwork reviewed by the Council some months ago. It was forwarded to Monroe Township who has signed and approved the proposed annexation. The Council also joined in this resolution. The paperwork will be forwarded the appropriate state board for further action. Motion by Snyder, seconded by Enderson to forward this paperwork on to the next stop in the annexation of the museum property. All voted in favor of the motion.

The Consent Calendar includes the Municipal Accounts Payable and Cemetery Commission minutes for August 22, 2013. Motion by Ferrazzano, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca stated that he plans to have meetings over the next few months discussing the budget with the department heads and making changes to the proposed budget. Departments that he will be looking at are issues with the Aquatic Center, especially energy and other personnel issues at the pool. The sales tax exemption piece needs to be addressed along with the improvement projects and capital type projects. He will take a hard look at them and determine which projects need to be priority. Stobb asked if the tax exemption takes place January 1, 2014. Votca answered that it is January 1, 2014. Last month when information was sent to the county, residents will receive this information on their proposed tax statement, it will say how much the City thinks was saved in 2012. It is estimated the City would have saved \$86,000 in tax in 2012 if the City did not have to pay sales tax. This was estimated based on the accounts that have sales tax. Votca stated he feels this will be a significant savings in 2014.

Mayor Peterson extended a thank you to the individuals and businesses and their donations, time and work done on the Tornado Tree Memorial.

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

October 14, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 14, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, S. Ferrazzano and R. Stobb. Absent was K. Enderson. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for September 23, 2013. All voted in favor of the motion.

Additions to the agenda included 9-A 2013-32 A Resolution Approving Gambling Premise Within City Limits, 7-C Update on Small Cities Grant, 7-D Update by Chris Larson from I & S and in the Closed Session – Sale of Hospital. Motion by Stobb, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

The animal permit review for Pam Mastbergen, 447 Emory Street was discussed. Mayor Peterson stated the Police Department has not received any complaints regarding her dogs, but Mayor Peterson has received a letter of complaint from a neighbor. Ferrazzano asked if they should continue the review when Mastbergen shows up at a council meeting. Mayor Peterson stated that he feels that the permit should be denied due to the pet owner not attending the meeting and the letter of complaint from the neighbor. Mayor Peterson stated the pet owner was to come to the Council for a three month review. Stobb stated they get themselves in trouble when they make exceptions to the Ordinances. Snyder stated he feels the same way that Mayor Peterson does. The permit was denied due to no motion.

The Liquor Store Profit/Loss statements for July and August were reviewed. Votca said the reason for the large loss in June was due to pay out of wages. The Profit/Loss is going the right direction not. Also in May and June the liquor store disposed of outdated inventory.

Gervais gave an update on the Small Cities Grant. They have determined a target area. The grant application needs to be completed. Gervais stated they will be mailing out 200 surveys within the target area and a buffer around that area asking residents to complete the surveys. The only letters that are being sent out are the ones that a survey was not received from the first time. The deadline for those surveys is October 22. Within the target area there are 52 homes that would qualify for a grant next year if the City qualifies. The more surveys they get back the better it is when they talk to DEED about the grant. Obviously they cannot do that many homes and it is on a first come, first serve basis. Gervais stated that back in 2007 there were 180 residents in the gym that evening for the informational meeting, but it makes a better case for the City the next time they apply for a grant. The area basically runs along the east side of Center Street and there is a little triangle along Craig Avenue and then comes back to Emory. The deadline for the grant application is November 15 and should know in early spring if the City qualifies. Gervais stated it is only a survey at this time and if the City is awarded the grant next spring a public hearing will be held and go through the process. It is very important for the surveys to be sent in.

Chris Larson from I & S stated the audit information for the Wastewater Project was received about a month ago and they are sorting through that with the auditor and have some questions for Rural Development. Larson stated they met with the County Engineers about three weeks ago to discuss the 4th Street Project and how much money the City could be getting from the County's State Aid funds. They have a cap and according to their policy the cap does not come anywhere near what the policy says they should be paying. They are working on splitting out a three block segment from South to Harvey and using that as a starting point. Stobb questioned if you lived north of Harvey would anything be done to 4th Street or would it be resurfaced. Larson stated that is something they have to sort through and it may be something that the condition of the utilities, the City may still want to do; it is just that the City will not get as much reimbursement from the County. Larson stated that part of the Wastewater Project they had from Craig Avenue to South Street as part of the infrastructure improvements and the south half from South Street to Pine was added in and then some part were taken out.

G. Kopperud from Tracy Sanford Health Center stated that bids were advertised for the sprinkler system at O'Brien Court and none were received. Votca and Barstad discussed getting an addition bid. Kopperud stated that he was not able to do that in the time frame he was given. The company that he contacted wanted to come down and have another look as they had not bid it for three years and the meantime the person that had bid it, has left that company. Kopperud suggested that based on the information that Barstad presented and the 50/50 split, they could do a cost not to exceed based on that bid or they could wait for that other company to put in their bid. Then the Council could have whoever they want review the bid and go from there. Gervais asked if Kopperud felt comfortable with either one of the companies. Kopperud stated the reason he chose the bid that Barstad presented was because it was the low bid in 2010 and Total Fire Protection from Brandon, South Dakota were the second lowest bid. Kopperud feels there is no local company that does sprinkler systems. Ferrazzano stated that he is not in favor of waiting. Snyder felt the bid thing from the Council's standpoint was to open it up and give anybody that was relatively local the opportunity. Kopperud stated the max of the bid was \$39,201.80 which includes over the dining room, lounge and attic sprinklers. This excludes removal or replacement of ceiling or walls and removal of existing sprinkler piping. Motion by Snyder, seconded by Stobb to approve not to exceed 50% or \$19,600 for replacement of the sprinkler system for O'Brien Court. All voted in favor of the motion.

Votca stated that he was contacted by Charles Bjorklund regarding his parcel of property 31-884001-2. This property was a farm homestead, but the house was sold separately from farm land, thus creating a piece of land strictly used for agriculture within city limits. Bjorklund was wondering if there are ways to lower the tax rate on that piece of property because of it was outside of the city, the county would have a significant reduction in tax rate. Votca did some research into the Rural Service District and talked to Dean Champine, County Assessor about Rural Service Districts. Champine gave him six parcels of land that are included in the Rural Service District per ordinance. There are three other properties that are agricultural land only. Two of the properties are smaller than the 10 tillable acres. Votca stated the Rural Service Districts are to be reviewed annually. Snyder stated there is only one property that qualifies according to the ordinance. Stobb questioned why 10 acres was the number. Votca stated there is something in the state statute that states the property classification they use to determine

property taxes and he needs to do some more research regarding the limit of acres. Votca stated the spirit of the ordinance was to reduce the tax rate for individuals that were just doing agriculture within city limits. Nielsen questioned if Edwards would give some consideration to combining their property. Votca stated that the Edwards property is adjoining to another parcel that is part of the Rural Service District and maybe there is a way to combine those two plats. Snyder asked if the Council needed to take any action on this. Votca stated that only if they wanted to go forward to adjust the ordinance. These properties have the legal description of the property written into the ordinance as part of the Rural Service District. Snyder felt Votca should go forward with his research to determine why 10 acres was used and the Council can go from there. Stobb stated there was something about the ordinance that he did not understand in Subd. 7 where they talk about the 10 tillable acres and the second sentence states that any parcel within the Rural Service District for 10 years without development shall be considered by the City Council for exclusion from the Rural Service District. Votca feels this is backwards and does not understand it. Nielsen stated that he is not positive but it reads further on in the next sentence or two that follows that sheds some light on why it is worded the way it is. Stobb stated that some of the areas in questions are next to residential areas that are developed. Nielsen agrees that there needs to be some research done on a couple areas. Mayor Peterson stated that nothing has been done to these properties in the past 10 years without changing the ordinance just do it that way at the Board of Equalization. Votca stated that he will check into this. Nielsen stated that if the state statute says it needs to be 10 acres, nothing can be done about it but if it does not, then the Council can give that some thought and change it. Stobb stated that he would rather do an amendment to the ordinance rather than grant an exception to it. Ferrazzano stated that if they wait till the Board of Equalization meeting, that does not affect that tax period. If individuals want relief now, it should be done now before the calendar year. If brought up at the Board of Equalization, the changes would be effective the following year. Mayor Peterson felt they would have that situation at this time anyway as it close to the end of year.

Motion by Snyder, seconded by Ferrazzano to adopt resolution 2013-32 A RESOLUTION APPROVING GAMBLING PREMISE WITHIN CITY LIMITS. This approves the application for lawful gambling by the Currie Town and Country Boosters at Bonnie and Clyde's Restaurant. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Planning Commission Minutes for July 1 and September 3, 2013 and Tracy Economic Development Authority minutes for September 20, 2013. Motion by Stobb, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

The regular meeting was closed at 7:00 p.m. for a closed session to discuss Labor Negotiations and Sale of Hospital.

October 28, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 28, 2013 in the Council chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, K. Enderson and R. Stobb. Absent was S. Ferrazzano. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Snyder to approve the minutes for October 14, 2013. All voted in favor of the motion.

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

Pam Mastbergen of 447 Emory apologized for not attending the last council meeting. She stated she is present to appeal the decision made by the Council at the last meeting to deny her permit to have five dogs. She has talked with neighbors and has obtained signatures on a petition that there are no complaints about her dogs. She has taken measures such as building a fence between her and her neighbors. Her dogs are not outside past 9:30 to 10:00 p.m. She stated her dogs have a high pitch bark and do bark when someone goes past their home. Mastbergen stated she has a paper route in town and there are other dogs that bark when she walks by some homes. As she stated before, her dogs are house dogs and do not stay outside. The dogs are kenneled when she is away from home. She is asking that this be put back on the agenda for the next meeting.

Marlene Hoffman of 436 Harvey Street stated that she lives right behind Mastbergen across the alley. She stated the dogs are not a problem. She stated the do bark if someone walks down the alley but do not continually bark. She stated that if the dogs were a problem she would file a complaint. She has talked with other neighbors that agree the dogs are not a problem. Hoffman stated she hopes the Council gives Mastbergen a chance to keep her dogs.

Stobb asked if they are going to reconsider the Council decision regarding her dogs, he would like to have copies of the petition and any other correspondence regarding this issue provided before the next meeting. Mastbergen stated that she will provide any correspondence that she has and she will provide Mastbergen with copies of the May 28, 2013 about the permit and the complaints. Votca stated he will get the correspondence to the Council.

This issue will be placed on the agenda for the next Council meeting.

B. Nelson, Library Director reported that William Kent Krueger will be at the library tomorrow. He is a New York Times bestselling author. There will be a potluck supper starting at 5:00 p.m. and Krueger will give a presentation at 6:00 p.m. Reads Day was successful and the Lego contest was a big hit with the kids. He received a call from one of the parents saying the kids had a blast. The Friends Group is planning to do something around the Parade of Lights. They are planning a fund raiser such as a crafts building and another book sale. Santa Claus will be present for the kids.

Nelson stated they met with one of the contractors for the lift. It was an informative meeting of what needs to be done. There is another vendor coming out this Friday to talk to him. Mayor Peterson asked if the handicapped door openers and entry way are going to be included with this. Nelson states it is a very specialized part of this and they provided a good price. They have not had any interest in the door part except the company he first talked to.

Nelson stated they had their Halloween Fest over the weekend and 55 kids came to the Kid's movie and 15 came to the Teen's scary movie. About 70 kids stayed for Buster the Reading Clown. Snyder stated that even though the crowd may have been light, what he heard from people that were there they really enjoyed it.

J. Lichty, Chief of Police asked if there were any questions regarding the activity reports. The job test went well and there were 24 applicants. Thirteen showed up for the written job test and interviews. Five candidates were interviewed and three candidates will be background. Nicole Gehrke of Waterville was top test taker. Andrew Dierks of Fulda was the top interviewer and Aaron Thibert of Marshall was also high ranking. Lichty plans to background these candidates over this week and meeting with the Police Commission on Thursday night or Friday and make a decision by the end of the week of who they will recommend to hire. This will be contingent on them passing a psychological and physical. Her reviewed budget numbers to make sure there are enough funds for field training and equipping them before the end of the year. Money was received back from the county for the equipment that Officer Leighton took with him when hired by the County.

Mayor Peterson was asked by someone if there is a dog barking in the neighborhood and they call 911, are the officers reporting back what they found to the person calling in. Lichty said they are.

S. Lau, Liquor Store Manager reported that cleaning was done last week in the basement and it is looking good. She would really appreciate it if the Council would stop by and check it out. She asked if there were any questions regarding her reports. Snyder commented the Profit/Loss Statement is looking good. Lau reported the Karaoke was not good in October. She is thinking of not having it in December as everyone is busy with the holidays.

S. Daniels, Public Works Director asked if there were any questions regarding his report. Daniels stated that the water meters they were getting were distributed by Dakota Supply Group and were made by Badger Meters. Badger is pulling their meters from DSG. He has not had a letter back on what can be done next. Both the heads and the meters are made by badger. Daniels had sent an e-mail to Badger to see if they could be purchased directly from them. He will try to research this and hopefully be able to get the same type of meters they have been getting.

Daniels reported that they hauled more iron to Marshall. He met with Bollig Engineering and reviewed the CIP for the airport. This meeting was set up by the Airport Commission. Stobb asked if the City was no longer with S.E.H. Votca stated they were just talking with the Commission and nothing has changed and they have not contracted with anyone to anything. Mayor Peterson stated they looked things over and will be coming back with a proposal.

Daniels stated they were hoping to get done with the roof last week, but the wind prevented them from doing that. They have about nine feet to go before they will be done. They will be doing some patching here and there from the water repairs. There are some sidewalks that also need to be repaired.

K. Enderson stated there are a lot of potholes showing up. Daniels stated he will see if he can get any mix for repair. He said the mix does not stick well when repair is done in the fall or winter.

D. Johnson, Fire Chief stated they have had 70 fire calls so far this year and this is down from last year. Fire Prevention week was held and spent time at the school and did some fire training for the kids. The Chili Feed was a success and they did the ride in the fire truck event. That was a huge success. He wrote another training grant and received about \$4,000 in training money. The trainings they try to do in house for about three years and then hire the college to do them one year for license requirements. The tech school is putting on a driving course for the larger trucks tonight. They did a 3 hour classroom training last Monday. The driving course is being instructed by a Mn West instructor and Mn State Patrol. This is covered 100% by the training grant. The Fire Department will do a grass rig driving course themselves at the city dump, as each truck drives differently.

Johnson is working on another house burn. The Department is currently at full staff with a waiting list of one. He met with Votca and went through some excess property that the department has. About twelve years ago a grant was written and the department got all new turn out gear. At that time they kept the existing gear so everyone had a spare set. Technically they are not to use them since they are over ten years old. The Department is back to replacing three to four sets a year and now the storage room is getting full. Johnson stated this equipment has no value to a fire service as it is out of its life expectancy. Another thing for excess property the trailer they used to haul the ATV on. The Department used their fund-raising money to purchase a tandem axle trailer to haul the current UTV. Johnson is asking to dispose of property that has no value and sell some of the other stuff and trailer. The problem with disposing of the turnout gear is there are some people that would buy it on a public auction, but it has Tracy in reflective letters. There are some entities that go around and do different fire prevention things that would probably use them. Enderson felt they should not be selling them to just anyone to wear. Enderson asked if there is an older set that could be donated to the museum. Johnson stated they give the museum a turn out gear when they change. Some of the firemen that retire and have worn the turn out gear for the time they have been on the department, take their coat and hand it on the wall with their plaque. Mayor Peterson felt they should trust Johnson's judgment as who they should be donated to and his ability to destroy so they are not misused. Motion by Enderson, seconded by Snyder to sell the trailer as surplus property. All voted in favor of the motion. Motion by Enderson, seconded by Snyder to allow Johnson to use judgment in disposal of the excess turnout gear. All voted in favor of the motion.

Johnson stated that an item that was missed on the depreciation schedule was the multi-gas detector that was purchased several years ago. The current one is giving them problem and it is used about four times a year. It can be used in a mop up scene in a fire or explosion. The one the Fire Department has is the same as the one the Public Works Department has. It is beneficial

to have two units that can be shared. The current one the fire department has is not working correctly and the cost to repair it is about \$1,000 to update it to read properly. It also works as an explosive gas meter. Johnson got one from a company to try. The older unit they have to manually calibrate and it is a timely process to repair and do the quarterly calibration. The one that the department has been using is one of the simplest gas detectors on the market. The units cost about \$1000. The unit comes with rechargeable batteries. When it is on the charger, the units are heat activated and ready to use. OSHA changed their rule and anytime a unit like this is used, you are to have a bump unit to test it. The department currently does not have anything like that. The bump unit provides proof that the testing was done. The cost of a bump station is about \$600 and the tanks that go in them are \$279. Alex Air had two meters identical to the one he has tonight, a bump station and tank of fuel and are willing to sell them to the City for \$2,250. In that \$2250 there are actually two meters and the bump station is capable of doing up to seven meters. Johnson had talked with Daniels and they have the same issues with their machine and they probably use theirs more frequently where to having the record system would be beneficial. Snyder asked how many test can be done on a tank. With both departments using the bump station, the likely hood of using a tank before it expires would probably not happen. When it runs out they would just buy a new tank. Johnson stated the cost would be split between the Equipment Replacement Fund for the fire department and public works department. Motion by Snyder, seconded by Enderson to purchase the two meters with the bump station and tank for \$2,250. All voted in favor of the motion.

M. Votca, City Administrator reported the second bid for the sprinkler system was received. The first bid from Building Sprinkler, Inc. for \$39,201.80 was the lowest bid. He is working on developing the formal agreement between the City of Tracy and Sanford to split the cost 50/50. A meeting of substantial completion was held to review the progress of the boiler project. The boilers are up and running and there are only minor items such as pipe insulation and ceiling patching remaining to complete the project. Votca received a notice from the State of Mn. Department of Transportation that they will be resurfacing U.S. Highway 14 from Florence, Mn through Tracy. He has been talking with Eric Rehm from the MN. Department of Commerce, Energy Resource Division about the guaranteed energy savings program. This coming week he has a video teleconference with Rehm and will discuss exactly what the City's bills are and get into the program and see what projects they may be able to support. They try to get packages of about \$300,000. The capital that is put into these projects will be paid back with the savings the City will receive. This is guaranteed by these companies that are contracted with the Dept. of Commerce. The City would be reallocating money spent on utilities into that capital and transparent to your organization the cost of that. If the saving were not received that were promised by that company they will send you a check for the difference. Eventually the City may have to sign a Joint Powers Agreement with them. He enclosed an explanation of how it moves forward.

Votca thanked the Cemetery Commission members and other citizens who attended the cemetery clean up. It was successful and he feels that if they continue to do things like that over time, it will look great at the cemetery.

Votca reported the Canadian Pacific Holiday Train will coming to Tracy on December 7 at 1:00 pm. It is a good way to get donations for food and get those to the local food shelves.

Votca reminded the public there is still an opening on the Planning and Zoning Commission.

Votca reported that Gervais was not able to attend the meeting but provided a written report. Votca asked if there were any questions regarding his report. The EDA has control of the bakery building and still moving forward with the other projects such as the Small Cities Grant and Spec building. Stobb stated that he was asked today if the Dollar Store was still coming and he told them it was. Votca said that Gervais received a call from a different type dollar store that is looking at possibilities. Daniels said the dollar store has been e-mailing back and forth with zoning questions. Votca stated the Family Dollar had sent pictures of what the store would look like on the outside.

Votca stated the Multi-Purpose Center had a motion during their meeting and want to try to change the ordinance so that only citizens of the City of Tracy can be on the board. They then discussed opening it to the rural area of Tracy since there were a lot of Country people who also come in and use the facility. It does affect one board member that has moved to Marshall. Votca states the ordinance for that board the only stipulations are that three of the five members have to be senior citizen, which is age 55 and above. Snyder felt it would be interesting to know what their reasoning for this sudden change. Votca stated that from listening at their board meeting is they want to make sure they have people on the board that regularly use the facility and be able to provide input on their use of the facility. Without speaking for the board, one of the members is not able to do that right now. Stobb said he would rather see some type of change that is worded that way that they have to be in attendance and "x" amount of time. Mayor Peterson stated that if they want to make any changes, they should make all changes and get it done once. Votca stated for the next meeting he could bring any proposed changes. Nielsen stated that he could see the usage thing hard to define.

Stacy Barstad, CEO of Sanford Tracy Medical Center was present to ask for funding for the replacement of the softeners used at the hospital. The last two weeks they discovered the softeners are failing very fast and are nearly 20 years old. Currently they are running at about 35 grains of hardness and the city water coming into the building is running at 80 grains and most of the hospital equipment is geared to run at about 2 grains or less. It is causing problems for the surgery area where the hard water is causing problems with the autoclave, used to clean surgical equipment. The staff has to do a manual soak with the equipment which is very inefficient and also less safe for staff to use this process. They do not want to risk any safety or quality issues for the patients. The washing machines and other equipment that they are not even aware of at this time are being affected by the hard water. Barstad is recommending the City fund the softener with the bid from Culligan for \$5,695 plus tax. This would be a two tank system that would replace the three tank system they currently have. Culligan is a local vendor and have a ten year warranty on the resin compared to a two and five year on the other vendors. Stobb stated that he thought there was already approval from three of the Council members to go ahead and install the Culligan system and is confused why they are discussing this now. Snyder felt this was just to verify or ratify. Stobb is under the impression Culligan has not started the process yet. Barstad stated they have talked with Denny Beers. Stobb stated he is disappointed that a week has gone by and nothing has happened. Mayor Peterson felt it needed to be discussed before the money is spent and feels that e-mailing without the pertinent information is not a good way of doing it. Mayor Peterson wanted Nielsen's input on it whether this is a fixed

asset or it is something the hospital should be paying themselves and why they could not lease the softener. If they would have leased it on their own, they could have had it in and running already. Stobb said that if they are doing a boiler system, why would this not also be a part of that. Stobb did not feel there is any question that it is the expense of the City. There were three Council members that approved that. Mayor Peterson stated he was not aware of that and did not get the e-mail and Votca did not get the e-mail that Peterson had sent. He does not think that is the best way to do business. Mayor Peterson asked Nielsen who is responsible for paying for this. Nielsen stated that when he first saw it, his initial reaction was that this is very similar to the fire suppression issue at O'Brien Court. This is a more clear expense for the hospital to pay as opposed to the City. This is an appliance coupled with the fact the hospital is mainly looking at this to benefit themselves. Nielsen feels it is the hospital's expense. Barstad stated O'Brien Court has had softeners replaced and those have been considered fixed assets. She has thought of them as buildings and would not remove the softener system and move it. She agreed that it does benefit the equipment but so do a majority of fixed assets. Mayor Peterson tends to agree with Nielsen. Stobb asked how this is different than the boiler system. Nielsen stated they have to have heat and do not have to have soft water. Nielsen agrees that it is a necessity for the operation of the hospital. Enderson stated that he rents houses and he does not provide them with a water softener, and they have to provide their own. Stobb stated that if he provided one in a house that he owned and then sold the house, would he sell it with the water softener. He would leave the softener with the house if it was any good. Enderson asked if there was anything in the lease that states about replacing water softeners. Nielsen asked why it is different than the fire suppression thing at O'Brien where the City had accountants give their opinion that this was the hospital's responsibility. To him it is more clear in this case because fire suppression is a safety issue, but you do not have to have one. It is an appliance. Barstad stated they have to have one. Nielsen felt they could then obtain one. Barstad stated they would be taking care of maintenance of the unit and the salt. Nielsen stated if they bought their own unit they would take care of that also. Stobb stated the fire suppression system wore out long before it was supposed to. Nielsen felt that makes it clearer that it is the hospital's responsibility and in the accountant's mind it would be. Stobb said when it went to the state it was a shaky decision that it could be the hospital's expense. They admitted it was a gray area. Nielsen stated the accountants looked at the actual lease terms and interpret those and the interpretation is was the hospital's cost. Stobb stated when it went to the State; they said it was a gray area. Nielsen stated that he did not recall seeing that. Stobb stated that they have not discussed this and three Council members gave approval to the Culligan proposal, does that mean anything? Mayor Peterson felt it was not the proper way of doing it. Stobb asked Votca if there were three council members that approved the Culligan. Votca said there were three. Mayor Peterson asked which one made the motion to approve it. Motion by Stobb, seconded by Snyder to approve the purchase of the water softener system from Culligan for \$5,695.00. Stobb asked if they can have a written statement from the absent council member to be included. Mayor Peterson stated they cannot vote by e-mail and cannot vote by proxy. Mayor Peterson stated that he agreed with Nielsen it is Sanford's responsibility and agrees with Sanford they need the water softener to make the equipment run better, but does not see where it is the taxpayer's responsibility to foot the bill for it. Upon roll call the following vote was recorded with Stobb and Snyder voting aye and Mayor Peterson and Enderson voting nay. Vote was a tie. Stobb asked if they could revote when they have a full council. Nielsen stated it would be a question of parliamentary procedure. The exact issue could not be a revote but could be brought up as new motion. Barstad stated the

hospital could not wait till the next Council meeting and this has to be purchased and if they have to figure out who is paying for what, they will have to do that,. She said this is affecting their surgery business and the scopes. There are patients that are scheduled and would have to turn them away or go to other facilities to get their surgeries done. The hospital cannot afford to be turning away patients because of this. Stobb said that if they go ahead and get the Culligan unit and at the next meeting, the motion could be how they are going to handle the softener expense that Sanford as incurred.

Stobb stated that it bothered him that Mayor Peterson's opinion seems to carry more weight in this issue than three council members giving their consent to it. Nielsen stated that is the risk they run when they do not have debate and interaction amongst all council members and have the vote taken in a less formal setting than it should be. How can they say considering the debate tonight that the third council member would not have changed his vote? There is no way to know that and that is why there should be debate and discussion and getting all the facts. Stobb then he would say that they should never take a vote on anything unless all council members are present. Nielsen stated that when he says present, present in what form? Stobb said at a meeting. Nielsen stated that council members cannot be forced to come to meetings. Mayor Peterson feels that when they are dealing with that type of capital outlay, that it should be discussed in a public forum before any agreement to spend the money is done. He sees no difference in holding it to a public forum, than here is the bill for the air conditioning that they had put in; it is the same thing. It is not the judicious way of treating the tax payer's money. Nielsen stated that instead of having the requirement to have all the council members present at every meeting and voting everything, why don't they dispense with council meetings altogether and handle everything by e-mail or phone calls. That is the distinction here. Stobb stated the previous City Administrator did numerous polls of council members. Nielsen said that was always done with the provisos of the caveat that somebody might change their mind at some point. Snyder stated that he would appreciate in the future that they do not do another poll, because what is the point in doing it then. If it to try and rush something through because it is a needed item regardless of what it is, obviously that cannot be done. Enderson stated that they have special meetings at times. Snyder stated he has no problem with special meeting, but feels there should be no more polling about any expenditure or any decision. Obviously it cannot happen. Votca did it this time because it was requested by the chairperson of the Hospital Advisory Board. Mayor Petersons stated that if they are going to poll about sending flowers to someone and get well thing, that is one thing but when you spend \$5,000 a special meeting should be called without any problem at all. Snyder feels this is something they need to act on. Stobb stated the hospital is then going to go through with getting the Culligan system and at the next meeting they will discuss the payment again.

Motion by Stobb, seconded by Enderson to adopt Resolution No. 2013-33, A RESOLUTION APPROVING PAYMENT TO ROADSIDE DEVEOPERS INC. FOR WORK COMPLETED ON THE HOSPITAL BOILER PROJECT. Enderson asked if the work has been completed. Votca said they are just finishing up and still need to insulate the pipes but they still have the retainage of \$69,690.01. Votca stated the payment goes to McInerney and they provide the payment to Roadside Developers, Inc. It is resolved by the City Council of Tracy to approve the payment in the amount of \$100,909.99. All voted in favor of the motion.

The Consent Calendar includes Municipal Accounts Payable, Cemetery Commission minutes for September 19, 2013, Multi-Purpose Center Board Report and Library Board Minutes for September 24, 2013. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca stated they are working on the Capital Improvement and the department heads are working on that per Ehler's gave them a format for doing this. They are fine tuning the numbers right now trying to get even with last year's levy or a slight increase.

Motion by Enderson, seconded by Snyder to reschedule the next council meeting from November 11, 2013 to November 12, 2013 due to the Veteran's Day Holiday. All voted in favor of the motion.

Mayor Peterson thanked the Cemetery Commission and the workers. He told them to keep up the good work. Votca stated they are going to try to do it again during the spring. Stobb asked if they had not some money to have some tombstones reset this fall and he asked if they are still planning on doing that. Votca stated they are looking at trying to fix some of the older stones from the late 1800's or early 1900's that are falling down. They will see if they can get some of those permanently put back in the ground. In the budget for next year there is \$5,000 they want to use to fix about 10 to 12 larger ones that are going to take a contractor and some heavy effort to get it done. Stobb was under the impression that \$4,000 was given to them this year to do that type of repair. Votca stated that was to repair the stones in the baby section before the end of this year and the work will be done by two local contractors.

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

November 12, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, November 12, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Enderson, seconded by Stobb to approve the minutes for October 28, 2013. All voted in favor of the motion.

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

There were no public comments.

Votca stated the Police Commission and Chief Lichty have decided to hire a new officer. Her name is Nicole Gerhke from Waterville, MN and she will be starting work on November 18, 2013.

The Planning/Zoning Commission received a request to review the City ordinances regarding fence construction. A citizen had a neighbor that constructed a fence directly on the property line. This citizen brought this issue to the Commission to prevent future instances of this type of action. The Planning/Zoning Commission discussed this issue and basically made the motion to not make any changes to the ordinances and forward to the Council to let them know they had considered that and if the Council had any further recommendations. Votca stated one of the reasons they decided not to change the ordinance in case there is a shared fence between properties or any kind of stipulations like. There is already an ordinance for trespassing and if you cannot maintain the fence by going on the other person's property technically that is trespassing. Enderson stated there was a recommendation to move it in from the property line for maintenance. Ferrazzano asked if there was something now that says it cannot be put on the property line and in order to maintain it you need to go on your neighbor's property. Votca stated there is not but they would be trespassing on someone else's property if you do that. There are some things about corner lots in the ordinance that have to be followed. Other than that there is no rule where you have to put your fence as long as it is on your property. Stobb asked where the statement in the lower right corner came from. Votca explained that is a copy of a paper that is given by Daniels or the City Office will give to whoever is considering putting in a fence or they request to put one in. Daniels put that note there and has nothing to do with the ordinance and was put there for consideration of their neighbors. Stobb questioned if this was not a requirement by the city and not a requirement that comes from any other city or statute. Votca stated that they are not issuing building permits for fences unless they are over six feet high. Nielsen stated that if there is a building permit issued for anything, it only authorizes construction on the property of the person seeking the permit. That would preclude building a fence that would be on the property line. Votca stated instances like this do not come up very often as people look at that note in the corner and follow it and Daniels stated that this does not come up very often since he has been the Public Works Director. Ferrazzano asked if the remedy was to call the police and report that someone is trespassing. He stated that if this does happen and even though the ordinance does not state anything about the note that Daniels has provided, if someone is continually trespassing to maintain their fence, civilly could they bring action to have the fence removed. Maybe something should be included in the ordinance because if the remedy is to go to civil court or call the police every time, this does not make any sense. Ferrazzano feels that if Daniels thinks enough of this particular issue to have it printed on the paper that is provided, why is it not in the ordinance. Mayor Peterson asked how far of a setback would be applied to the property line. Ferrazzano stated that would have to be something that would have to be discussed. Enderson stated that the reason the Planning Commission did not want to include that note in the ordinance is because of neighbors that share

a fence. Stobb stated he saw merits in including the note in the ordinance and would not want people to go back and change their fences after the ordinance is changed. Stobb suggested that they have the set-backs at two or three feet as that would allow a lawnmower to pass through. Stobb stated that if they include the set-back and make it retro-active and do something for shared fences. Ferrazzano stated that if there is trespassing now with an existing fence and the neighbor is complaining about the continual trespassing, eventually the fence would probably be removed. It was the consensus of the Council to refer it back to the Planning/Zoning Commission to determine set-backs of two feet and include verbiage for this.

Mayor Peterson stated that the Council has copies of the minutes from May 28, 2013 and October 14, 2013, letters from the dog owner, petition from neighbors and a letter of complaint from one neighbor and also he has received another letter of complaint from the same previous neighbor in regards to the dog permit for Pam Mastbergen at 447 Emory. Mayor Peterson stated that Mastbergen was granted a four month permit with conditions and review in four months. At this time there have been no complaints to law enforcement on barking but there have been consistent complaints from a neighbor. Part of the definition of a nuisance ordinance, "an animal that makes noise in such a manner and such intensity of such continued duration as to annoy or disturb the comfort or repose of any person with normal nerve sensibilities." It was also pointed out in the letter a nuisance is an animal that bites or attempts to bite other animals or person without provocation.

Mastbergen stated that one of the dogs is gone. She has four remaining dogs. She stated she has taken every means she can to keep the dogs from barking. She brings them in the house so they discontinue barking. Charter Communications was at her home today and the dogs did not bother them. Her dogs are far from vicious. She stated they do play rough with each other. She said two dogs she has have high pitched voices and now it seems louder as things carry easier when there is snow and certain weather conditions. The dog that she gave to a friend ran away from its new home and she is not going to give up her four remaining children. She does agree that at times they are barkier and does not really know why. It does not matter how many dogs she has they are still going to bark at times. Mayor Peterson stated they are not trying to keep her from having a dog; the issue is the permit for more than three dogs in your house. Everyone knows that dogs bark. Mayor Peterson stated that if she has nothing more to add, he would like to see if there is anyone else that would like to comment on this situation.

Stobb stated that he has driven through their alley about three times in the last few days and have not seen the dogs out. The two oldest dog's mother was a Bassett hound and the father was a Miniature Yorkie and they are seven years old. The female is a Border Collie/Chinese Crescent, and is small and the fourth dog is a miniature Poodle/Chinese Crescent and weighs about 12 pounds. The dogs are not left out in the kennel and are outside to do their business and in the summer she is out in the yard with them. In the spring she is planning to install a new fence that looks like a shrub and will be completely around the fence and the dogs will not be able to see through it. They have never had any police reports in any cities they have lived in regarding their dogs being vicious or excessive barking.

Phil Woitaszewski, 465 Harvey Street. There have been many times that he has gone to his Mother's home and all the dogs are barking. His uncle has been at the home and goes in the

backyard and they are all barking. His Mother has talked with other people in town and they feel that she should not have that many dogs. There is an Ordinance and the Council should enforce it and there should not be any exceptions. If they do make an exception, why do they have the ordinance? His Mother did talk with one of the neighbors about the petition and the neighbor stated that Mastbergen had only talked with a couple neighbors, not the whole neighborhood. He stated that if the dogs come loose or come at him, he will shot or kick them because he has the right to protect himself and so does his Mother. The last time Mastbergen got the permit, she did the crying act and she got the permit with sympathy. Ferrazzano stated the letter from his Mother references a kid in the neighborhood being bitten by a dog, he asked which dogs. Woitaszewski stated it was not Mastbergen's dogs. Ferrazzano stated the letter also states that the fence had to be fixed four times, does that mean four separate times the dogs were running loose. Woitaszewski stated Mastbergen did fix the fence four times as it was falling apart but the dogs were not running loose. Stobb asked why they did not call the police if the dogs were barking so the police could substantiate it. Woitaszewski felt in their opinion the police do not do their job. Stobb felt they do but they cannot do their job with barking dogs if they are not called about them. Woitaszewski's mother felt it was pointless as they would not do anything about it anyway. Ferrazzano stated the answer to that is that you do not know unless you call. Mastbergen stated that she spoke with the neighbors that live closest to her that would be affected by her dogs. They did some things to the fence to make sure they were unable to get out of the fence.

Mayor Peterson stated that he is not in favor of allowing a permit in this situation specifically because someone has complained, whether they complain to law enforcement or not. Back in May when this was discussed, it was to prevent any nuisance and let the animals get acclimated to their new surroundings. There is one other resident that has a permit for more than four dogs and there have been no complaints from this residence. Stobb wonders if they do not grant the permit, and if Mastbergen gets rid of one dog, she will still have three dogs and they are still going to bark. Mayor Peterson stated that if you do have a barking dog, and he brought that up specifically at the last meeting, call it in. Nothing can be done without law enforcement verification. Mayor Petersons stated that back in May that law enforcement had talked with Mastbergen about barking dogs before the fence was put up. It is not that they never had the police involved, it is just they have not been involved since May. Ferrazzano stated the one issue is they do not know it is an animal nuisance until law enforcement and if the law is never involved then there is no way to know it is a nuisance. Mayor Peterson stated there is still the complaint about the barking dog. Ferrazzano said it is law enforcement that usually makes that determination and if they are not involved how can it be determined anything existed. Mayor Peterson asked if that determination is only for the permit or it that determination for anytime it is declared a nuisance. Ferrazzano stated he is trying to figure out the definition of an animal nuisance and an animal nuisance is when law is involved and give them a ticket for an animal nuisance. Stobb stated that if they decline the permit, this matter will come back again because then there will be three dogs that are barking. Mayor Peterson stated it will be up to the neighbor to call 911 when the dogs are barking. Ferrazzano felt the issue is not going to be resolved if there are three or four dogs barking. It is unfortunate that the police were not called after May if there was barking. Ferrazzano felt if there is no verification from law enforcement or even if there was an incident and law enforcement is called and they arrive at the address and there is no barking, they cannot give a ticket. They at least called so have the law come and they did not

even have that in this situation. Since they have a petition from neighbors saying everything is fine and there is one neighbor states there is barking, but they do not call the law enforcement about it. Verification is needed. Snyder agrees with Stobb's statement that it does not matter if there are four dogs or three dogs. Mayor Petersons stated the issue is if they should have more than three dogs without a permit. Ferrazzano stated the basis is that the permit should not be granted because there is a neighbor complaining because of an animal nuisance, they do not know that unless the cops are called to investigate. Mayor Peterson felt they needed to take into consideration there is a letter of complaint from a neighbor.

Snyder stated that if they go by what Woitaszewski's testimony, they all bark, not just one dog. Stobb stated Woitaszewski's complaint is barking dogs and the only thing the Council can handle is the number of dogs. Snyder felt the number of dogs is not causing them to bark. Stobb stated that changing the number is not going to change the situation. Motion by Snyder, seconded by Stobb to grant the permit for the four dogs. Mayor Peterson asked if this is going to be an annual review and the definition is when nuisance complaints are corroborated by law enforcement, the permit will be revoked. Ferrazzano stated that if corroborated or not, they need to be called. There needs to be some police involvement to justify not granting the permit. Mayor Peterson asked if everyone was in agreement to the conditions of granting a permit and if there was any other comments. Upon roll call the following vote was recorded with Enderson, Snyder, Ferrazzano and Stobb voting aye and Peterson voting nay. Motion carries. The permit will be reviewed again in November 2014.

A request was received from the Kimberly Roggatz, Tracy Area Chamber Director for street closures for the Parade of Lights on Saturday, November 20, 2013 from 6:00 p.m. until 8:00 p.m. The request is to close 4th Street from South Street to Rowland Street; Rowland Street from 4th Street to 3rd Street; 3rd Street from Rowland to South Street and South Street from 3rd Street to 4th Street. For the closure on South Street and 4th Street a request has been sent to Lyon County. Motion by Ferrazzano, seconded by Snyder to grant the list of street closures for the Parade of Lights. This is assuming Lyon County grants the request to close 4th Street and South Street as these are county roads. All voted in favor of the motion.

Charles Reinert representing the Mason's is present to request to allow the Masons to move out the remaining courtroom furnishings. They would like to dismantle them hoping there is no intent to use them ever again. The Masons are willing to dispose of the wood. Reiner stated they are getting along with it and if they have to will live with it. They were hoping to get rid of it to make the room more useable for their purposes. Mayor Peterson asked what type of timeline there are looking at. Reiner stated the timeline would be at the convenience of the Council. The Masons would like to do it in the next month or so. Mayor Peterson questioned if the Museum would be interested in any part of the removed pieces. Reinert stated it has been installed in a very sturdy manner and would doubt it would be useable when it is disassembled. Masons would be willing to do that and talk with the Museum about this. Stobb asked if the carpet goes under this furniture. Reinert stated that it is under the furnishings. Stobb stated that he would not want the removal of the desk to lead to replacing the carpet also. Stobb asked if the old Council chairs are still up there. Nielsen stated that before the Masons started using the room, he checked and most of the chairs were broken. Enderson stated the desk was built into a step so would not sit level once removed. Stobb recommended they should check with the

Museum and if they have no interest in it, then the Masons can remove it. Nielsen stated a thing related to the lease is the second room the Masons have been using is a shared room, they can use it but others can also use that room. The Masons are permanently storing things in there and that is not a shared usage. Nielsen stated that if they want to use it but remove their things out of there when they are done, that is fine. He only brings this up because others have inquired about using that room and when people ask him, he tells them they can use it. Reinert stated they will have to find another place. Nielsen asked if there was still Boy Scout stuff in the back closet. If they are not using it, then the Masons could use it. Someone will check what is in there.

The Consent Calendar includes the Municipal Accounts Payable, Municipal Accounts Receivable, Planning Commission Minutes for October 7, 2013, Tracy Economic Development Authority Minutes for October 4, 2013 and Tracy Relief Association Meeting Minutes for October 7, 2013. Motion by Stobb, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Ferrazzano asked if the water softeners have been installed at the hospital. The cost to replace them was \$5,695.00 plus tax. Mayor Petersons stated that as part of parliamentary procedure is the motion was made to pay 100% of the cost from Culligan. The only individuals that can reintroduce that as a motion would be the descending voters. If there is another motion to be entertained whether it is a split in cost can be made by anyone. Ferrazzano stated that if he brings a new motion and if it cannot be that the City pays 100% of the bill, he makes a motion they pay 99% of the bill. Stobb asked what the wording of the previous motion was. Snyder said it read to purchase the water softener system from Culligan for \$5,695.00. Stobb stated the motion does not directly address who is paying for it. A motion tonight could address who pays for it. There was a choice between three different providers and nothing said about who pays for it. Stobb said he stated at the last meeting they could have a motion tonight as to who pays for the new softener.

Snyder said that technically the hospital has paid for the softener, so they would be voting to reimburse Sanford and not purchase the softener. Enderson stated that if the softener is something the hospital needs to take care of their equipment, and if not part of the lease, he does not know why the tax payers should pay for it. Snyder stated it will come out of the hospital fund which comes from the lease payment to technically it is not tax payer money anyway. Stobb stated they can make the argument it is a tax payer's money. The water tower, the desk they are sitting at and the chairs belong to the tax payer. He thinks the big point here is that if the City purchases the water softener, there will be no money that came from taxation. Every month Sanford pays to the City as part of their lease, \$11,333.00. \$3,590.00 of that goes to the Tracy Medical Center Improvement Fund. In a year that amounts to over \$43,000 and that is where expenses like this should be coming from. The remainder of the Sanford payment goes to the Medical Center Trust Fund and that money is repaying the money taken from that fund to clinic remodeling. Nielsen asked why that was an important distinction. He pays his water bill and that is not a tax and yet the City uses that money for whatever purpose it needs to use it. There are other situations where moneys are paid to the City and once it comes to the City, it belongs to the tax payers. Stobb agreed that Nielsen was correct and only bring it up because when it is said it is not good use the tax payer's money, then the citizens who hear that think the city is wasting the money they pay in taxes. Nielsen stated the tax payer sees things that belong

to the City including money acquired other than taxation. Mayor Peterson stated his point as the property owner; it is his responsibility as a property owner to take care of the building so they can have a leased facility. Since the facility is used by surrounding areas, some of the cost should be shared with them. Mayor Peterson stated he has no problem splitting the cost. He does have a problem where this is broke, fix it but there is no time to discuss it. Barstad stated that does not go with the lease they have. Mayor Petersons stated the City's legal authority says it is clearly not a capital improvement. Barstad stated that when they came into the lease, the softener was there. Ferrazzano stated he read all the minutes from the last meeting and if they want to talk about it more that is fine and why don't they just vote. Motion by Ferrazzano, seconded by Snyder to reimburse Sanford 100% for the water softener. Ferrazzano rescinds his previous motion.

Nielsen asked what the legal basis is to make that payment to Sanford. Stobb stated the only thing they have to go by is past practices and this lease. According to the lease in Section 2.2 Repair and Maintenance it states the lease, Sanford should maintain both the interior and exterior of the leased facilities in as good repair and operating condition as when received, normal wear and tear and depreciation excepted. Maintenance items as compared to capital improvement items shall be determined in accordance with general accounting principles. Stobb stated that when they put in there they exception of normal wear and tear and depreciation, that seems to be an acknowledgement that things wear out, break and have a life span. In Section 2.3 Capital Improvements is says the lessor shall have the right to make capital purchases and capital improvements from its own resources. Lessor has the right to make capital purchases and capital improvements with borrowed funds as provided and lease payments will not be adjusted unless mutually agreed upon both lease and lessor. Lessor shall be responsible for making capital improvements, capital repairs or capital replacements. Stobb stated the softener is a capital asset of the building. Nielsen stated that it is not according to the accounts. Stobb said you could ask a dozen different accountant and get a dozen different answers. Nielsen stated there have been three reliable people from the City of Tracy that have looked at this basic issue before and have said these types of things are repairs and maintenance and not capital expenses. He referred back to the fire suppression piping at O-Brien Court and that was submitted as a demand to the City of Tracy to pay that as a capital expense. The then finance director who had 30 years of experience in dealing with those things right away stated it was a repair and maintenance and the City was to pay for that. When that issue came up again it was referred to a private accounting firm, who said basically the same thing and despite the information that was given last week, stating the State Auditor stating it was a gray area. Nielsen stated he saw the report from the OSA, state.mn which is assumes means Office of State Administrator, Tom Carlson. Stobb stated in that report in the first paragraph GASB does not provide a lot of guidance on the whether the cost is an improvement or repair, therefore his response was solely professional judgement and non-authoritative. Nielsen stated he was using the same logic that Nicole Larson provided that it does not increase the service capacity and basically replacing something that is already there. That does not change what the lease says what the City has to do, a determination needs to be made if the general accounting principles is a repair or capital improvement.

Stobb stated they try to write something that is non-ambiguous, it is very difficult. He felt that not all accountants are going to agree on it. The tenant at that time is the one that drafted the lease and the City has never received anything from anyone referring to those principles and

saying it is a capital improvement. The Financial Officer was the only who provided his opinion and it had nothing to do with the general accounting principles and based his opinion on the fact it was attached to the building, which is not really the determining factor. It is the idea of utility, is something being replaced to make it better, providing more utility or replacing something because it is worn out. Stobb stated that if there is a broken water softener and it is replaced, it is an improvement. Nielsen stated it is an improvement because it is broken. Ferrazzano stated Nielsen's legal opinion and the Council can vote the way they want to vote. He wanted to make it clear with Mayor Peterson's position, Nielsen would not support because Nielsen feels the City should not pay anything. Nielsen stated that his opinion is the City has no obligation under the lease to pay anything. Mayor Peterson agreed with Nielsen and as to find some common ground and get things worked together, he would be willing to split the difference and go half on it like they did on sprinkler system. The precedence is set there. Stobb stated that if they go back to the air conditioner of 2012, the City paid for that.

Ferrazzano stated they should move forward on the vote on the motion by himself and seconded by Snyder to reimburse Sanford 100% for the softener. Upon roll call the following vote was recorded with Snyder, Ferrazzano and Stobb voting aye and Enderson and Mayor Peterson voted nay. Motion carries.

Stobb stated he feels they need to clarify something. Back to the air conditioner incident, the Council was upset when the hospital had what they deemed to be an urgent situation with a failed air conditioner in 2012. They had it replaced and they presented the Council with a bill from an out of town contractor. There were a couple Council members upset about that because the Council had not been consulted ahead of time and local contractors did not have a chance to bid on it. It was decided that in the future when something like this happened at the hospital, they would inform the City through the City Administrator, give the Council the opportunity to act on that and let the Council know what was happening and approve a purchase. This time that was done with the water softener. The hospital followed the procedure that was set, they informed the Council, they had bids from including an in town contractor and yet nothing happened. What was an urgent situation for them, did not get settled for two week. Stobb asked what process do they want the hospital to follow in the future.

Snyder felt the hospital's process remains the same the Council's process has to change. If a situation like that arises, regardless of the cost, the Council needs to call a special meeting and that is the way it has to be handled. Stobb felt that as long as that is stated and everyone is clear that is what they can do. Ferrazzano stated that reading through the minutes, he is fine with that also. If the answer is to no longer poll the Council, and if that is the case, there may be a lot of special meetings. If the issue is the council does not want to vote on stuff unless they have a chance to debate it, then they need to have special meetings all the time. Snyder felt it cannot be any other way. Ferrazzano stated they have polled the Council quite a few times in the past. Mayor Peterson stated that if they go back all the Council members agreed to it. Nielsen stated a polling was never intended to be a substitute of a council meeting. Ferrazzano said you don't know if all the Council members are going to agree until the poll is sent out. Stobb stated that even in the past, he did not know how all the Council members voted. It is a tricky situation because they feel they are bound by the poll and they do not have the chance to communicate amongst themselves and no chance to ask staff who may need to input expert advice on the

questions. Ferrazzano stated from this point forward the Council will not poll anymore, that is fine. Then don't poll. If there is something that needs to be taken care of, a special meeting should be held. If it is an emergency and they cannot do surgical procedures because the softener is broke, that is fine. Nielsen stated that even when the poll results were done, they still did not do the work and how much of an emergency was it. It could have been very important but it was not an emergency. Ferrazzano stated it was important enough that things were going to happen before the next Council meeting and if they would have to cancel procedures. Mayor Peterson suggested that if it was such a big issue, "roll the dice." Barstad stated they got their hands slapped when they "rolled the dice." Mayor Petersons stated that what he is saying they may not be able to get the money back from the City. Barstad stated they did that on the air conditioner and through the mill on that one. They are trying to get a process that works for everyone. Barstad stated that last year they supplied a list of things that are breaking down and there are things that are going to come up.

Everyone on the Council is in agreement that if situations like this arise again, a special meeting will be called.

Mayor Peterson stated the Mn. Assoc. of Small Cities would like the membership of the City of Tracy of about \$1,200. He does not see where it would be beneficial to the City. Mayor Peterson stated the League of Mn Cities covers about everything the Council needs. It was decided not to get a membership to the Mn. Assoc. of Small Cities.

Mayor Peterson thanked the High School and the local Legion Post for the Veteran's Day Program and was a very good program.

Motion by Ferrazzano, seconded by Enderson to close the regular meeting to hold a closed session to discuss the sale of the hospital and labor negotiations for the police department. All voted in favor of the motion.

November 25, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 25, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for November 12, 2013. Nielsen stated there is one potential correction on the minutes. Page 112, Paragraph 2, Line 19

to 21 should read; The then finance director who had 30 years of experience in dealing with those things had right away stated it was a repair and maintenance and the City was not to pay for that. Motion by Stobb, seconded by Ferrazzano to amend the minutes as described. All voted in favor of the motion.

Addition to the agenda included 10-B Subordination of Mortgage. Motion by Stobb, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

Sandy Lau, Liquor Store Manager reported they had Karaoke in October and it was slow so she decided not to have it in November and December. The Liquor Store had its annual Halloween party but sales were down in on-sale. There was another party the same night. On November 27th the Liquor Store will be offering free samples in off-sale of a variety liquor and wine for the Thanksgiving holiday. The samples will be available from 3:00 p.m. to 10:00 p.m. They have been continuing to work on cleaning the basement and it is looking much better. There are still things that need to be done. Enderson stated he did look at the basement and it is a nice improvement. Mayor Peterson stated he also looked at it and looks much better. He commented the numbers are also looking good.

Blair Nelson, Library Director stated they had 30 people come for the last speaker and author, Duane Osie. He spoke about his Alaskan Wilderness experiences. They decorated for Christmas over the weekend, including putting up the new tree. This coming Saturday from 10:00 a.m. to 4:00 p.m., the Friends group will be having a book sale and with any purchase of \$5.00 or more in books, patrons are eligible for a Christmas wreath. Children can make an ornament to take home and there will be hot chocolate. Santa will be there from 10 a.m. till 12 p.m. and a professional photographer will be present to take pictures of Santa with the kids. On December 14, 2013 a genealogist from Redwood Falls will be at the library and final times are to be determined. They will be having the Sahlstrom's come to the library on December 23 at 5:00 p.m. for a Christmas music program. Mayor Peterson asked about the bidding of the library project. Nelson said they are rebidding the specifications and should be nearing an agreement very soon. Votca said they had to readjust some of the specifications as they did not receive comparable bids from two companies. Votca stated the deadline of the grant is February 2, 2014 when the work needs to be started.

Shane Daniels, Public Work Director asked if there were any questions regarding his written report. The Christmas decorations have been put up. Stobb mentioned that they were changing the light bulbs on the water tower with LED. Daniels stated they were replacing them on the inside of the water tower and with the Xcel rebate he got them for \$1.00 each. Votca stated that bulbs for \$1.00 each were received from a rebate from Xcel and most screw in bulbs have been changed in the City facilities. Stobb asked if there was an LED bulb for the top of the water tower so they would not have to go up there often to change it. Daniels stated that light was supposed to strobe, and has not for quite some time. He stated the panel up there is fried and looks like they have by-passed the wires and let them steady burn.

Jason Lichty, Police Chief asked if there were any questions regarding his written reports. Mayor Peterson stated that having met the new officer, Nicole Gehrke, she was a good choice and feels she will do a good job.

Mike Votca, City Administrator report the water softeners for the hospital have been installed and paid for by the City. The only part of the boiler project that needs to be done is some patching to the ceiling. Votca stated that in the packets he included the expenditures and revenues that are projected to go into the budget for the December 9, 2013. The way it is formulated at this time there should be a 0% increase to the levy for 2014. The main reason for this is the state legislature gave the City it's LGA back at a 5% increase over last year and the City does not have to pay sales taxes this coming year. Votca reminded everyone that the Canadian Pacific Holiday Train will be stopping in Tracy at 1:00 p.m. on Saturday, December 7, 2013. Stobb stated the sales tax reminded him at a Rural Development Commission meeting, the sales tax is not across the board and there are still things the City will have to pay sales tax on some things. Votca stated the main thing to think about is that any way the City uses their money that competes with a business; we cannot get the tax exception. For example the Liquor Store, there are other private liquor stores out there that are trying to make a business so the state did not want City's to have an advantage in competition with those businesses. The pool, camp ground and liquor store will still pay sales tax to the state and anything to do with utilities or roads or any other type of government service, the City does not pay sales tax to provide those items. Votca stated there is confusion as there are gray area and different issues that will have to be clarified with the Department of Revenue. Stobb questioned if the City purchased a new squad car or vehicle sales tax would be paid on that. Votca stated that any marked car or fire truck there is already exemptions for sales tax because they are a marked vehicle.

Blair Nelson wanted to ask for a refund for charges from the dog pound. Nelson stated that his dog got out at 10:00 p.m. on Sunday, October 13. He called at 10:45 on the same day and left a description of him, Nelson's name and cell phone number. They found out by someone on line that there was a pound and Nelson was not aware there was a pound and they had a dog that looked like Nelson's dog and that was on Friday, October 18. Nelson called the police number and left a message. The police called back the same day and confirmed their dog was there and Nelson picked him up after work. His wife was home all day Monday through Wednesday, calling all over for their dog and they could have picked him up anytime on those days. They spent a lot of personnel time looking for the dog that week. That is why he is asking for a refund as they had called and when he called on Friday, it was stated there must have been a miscommunication and he was not communicated that the pound had the dog. Mayor Peterson asked who Nelson called. Nelson stated that he called the non-police number and talked with someone at dispatch. Mayor Peterson asked if the dog was registered. Nelson stated he is now but was not registered at the time he run away. Ferrazzano asked what the charge was. Nelson stated that it was five days at \$22.00 a day. Mayor Peterson asked if the dog had been registered would they have been able to contact the owner when the dog was found. Chief Lichty stated that they would have. Stobb questioned if Lyon County had a log of the call. Chief Lichty stated that Nelson was not treated any different than anyone else would have been. The Police Department still incurs the fee as they have to pay Steve Larson to house the dog for five days. Mayor Peterson asked Nelson how many times he called. Nelson stated that he called once that night and he was under the assumption they would get a call if they found him and was not

aware that Tracy had a pound until they saw it on Facebook and he called back as he was afraid that they would put the dog down after a certain time. Mayor Peterson then questioned that he made two calls in one week, one when the dog was discovered missing and then one a week later when Nelson found out there was a pound in town. Mayor Peterson asked if he came to the office during that week and asked the office staff if there was a report of a missing dog. Stobb asked what he was told when they called dispatch. Nelson stated that his wife had talked to dispatch and his wife stated that she sounded kind of rude about it. They assumed she was going to transfer the information to the officer on duty so they would be aware of it. Nelson stated that when they picked the dog up on Friday and talked to the officer he did not know anything about it and was not notified with the information. Mayor Peterson did not feel the charges should be forgiven. Had the dog been registered, the police would have had a way to identify the dog and they contact the owner right away. He felt two calls in one week were not sufficient. Nelson stated they were not given any type of information about a pound or anything. Mayor Peterson stated that was why he should have come down to the office and checked. Enderson felt the City cannot be responsible for everybody's dog that gets loose and if it was not registered, he feels the charges should not be forgiven. Mayor Peterson stated that Nelson could be cited for an unregistered animal and a loose animal. Nelson stated he was not charged for either of those. Ferrazzano stated part of the confusion could be that his wife did not know that she was talking with someone in Marshall and not Tracy. Denied due to lack of motion.

Votca presented a proposed Snow Hauling Equipment Rental Agreement/Rates for the following. This agreement pays per cubic yards of capacity per hour. Votca stated they wanted to make it official for the upcoming season. Motion by Ferrazzano, seconded by Stobb to enter into the Snow Hauling Equipment Rental Agreement/Rates. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution 2013-34 a Resolution Approving Agreement between Lutheran social Services and the City of Tracy. All voted in favor of the motion. Lutheran social Services is offering to pay the City of Tracy \$2,579 to offset the costs of operating the Multi-Purpose Center to host their operations from January 1, 2014 to December 31, 2014.

Votca explained a Satisfaction of Mortgage is needed from 1984, executed by C. Vernon LeClaire and Mary I. LeClaire and the City of Tracy. It has been satisfied as far as his knowledge goes. He would like to get this approved so the sale of the property can progress. Motion by Stobb, seconded by Ferrazzano to approve this Satisfaction of Mortgage. All voted in favor of the motion.

Votca explained that a resident would like to refinance their mortgage and they had a mortgage with the City of Tracy in 2008 for \$14,520. They have five years to relieve them of that mortgage and the Bank of America wants to refinance that mortgage for \$18,242 maximum. This does not put the City in any danger of not getting the money back if they do not live in that house for the five years. The Bank of America will be the primary mortgage holder on that property. Nielsen asked if the City was already in a subordinate position. Votca stated the City has a lien against that property. Votca stated the property owner is trying to establish a new mortgage and they used refinance because the City has a lien against the property. Nielsen stated that if they foreclosed the first mortgage that would foreclose any subordinate. Nielsen stated the

City needs to understand that sometimes it is a situation where there is not a lot of risk involved, but generally there is a risk if in a priority position and now going to be under someone else. Ferrazzano felt they were probably Junior before since the lien was only \$15,000. Nielsen felt there was another mortgage but does not come out and say that as it should. Motion by Ferrazzano, seconded by Stobb to subordinate the mortgage. Stobb stated for the public's knowledge that is this resident remains in the home for the next five years; it is going to be forgiven in its entirety anyway. All voted in favor of the motion.

The Consent Calendar consists of: Municipal Accounts Payable, Cemetery Commission Minutes for October 17, 2013 and Multi-Purpose Board Minutes for October 15, 2013. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Votca asked for any questions regarding the 2014 Budget. Stobb questioned if the new person they are going to be hiring will be split between public works and cemetery. Votca stated for that person they put all the wages towards the street department. One of the seasonal employee's wages in the Cemetery since their primary duty will be cutting grass and fixing things in the cemetery. They have the person that will be working as cemetery superintendent in there right now and he could work part of it into the cemetery to make it more accounted for. Votca stated the cemetery budget increased a significant amount.

Motion by Ferrazzano, seconded by Snyder to close the regular session to go into a closed session to discuss labor negotiations. All voted in favor of the motion.

December 9, 2013

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, December 9, 2013 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, S. Snyder, K. Enderson, S. Ferrazzano and R. Stobb. Also present were M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Enderson to approve the minutes for November 25, 2013. All voted in favor of the motion.

Addition to the agenda included 7D Merle Hamilton mortgage satisfaction and 6A Truth in Taxation hearing. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

A public Truth in Taxation hearing was held. Votca voiced thanks to the Department Heads and Council for working with him this first time. He is looking forward going into the future. The new things that will be funded in the budget this coming year are adding an addition full time Street Department providing assistance to Public Works and the Cemetery. Another service will be a part time Library employee to provide more flexibility and provide better services there. There are some purchases in the budget this year including street equipment and automated dispatch for the Police Department. Votca stated there will be some general building repairs at the Liquor Store, Multi-Purpose Center and Municipal Building. Some of the reasons that they are able to add some of these services and keep the spending lower than last year. The City will be spending \$217,364 less than the previous year. The reason for this is the debt service reduction of \$92, 274 and the LGA is increased by 5%. The budget was reduced by \$19,900 as far as the sales tax exemption the City will not have to pay this coming year and will maintain the Tax Levy at 0% increase.

Mayor Peterson thanked the department heads for putting a tight belt on spending. The preliminary property tax statements showed a 14% increase in taxes but with the tax levy at 0%, the tax statements will show a decrease when they are received for payment.

Brian Lavoie questioned why his taxes have doubled from last year. Mayor Peterson stated it is due to the preliminary statements being an estimate with a 14% increase. Because the tax levy is at 0%, this should be reduced substantially. If he feels that his property has been assessed higher than it worth, he will need to attend the Board of Equalization meeting which is held in the spring of each year.

Bill Heern stated that his proposed tax statement showed an increase of 62%. He questioned if it was because he put a new roof on his building. Mayor Peterson stated he would have to check with the City Assessor about that. Ferrazzano asked that he be clear that the City does not control the value of his property. If his property has increased in value since the previous tax year, he could see an increase in the taxes he pays. Snyder stated that the Board of Equalization meets in the spring and that is when he should come and talk to the assessors. Stobb suggested that if Heern feels there was a mistake made by the assessor, he should contact the assessor.

There being no further public comment, the public hearing was closed. Mayor Peterson stated they will be approving the levy by resolution later in the meeting.

Chris Larson from I&S Group was present to give an update on various projects they are working on with the City of Tracy. They are still waiting for some information from the auditor and hoping they will get that this week. If they do not get the information, they will submit the PER to RD next week and if necessary they will supplement RD with the information from the auditor when it is received. A lot of the comments from USDA-RD were about the existing financial status of the utility funds. They were also looking to get some information from MPCA as the design by I&S was partially based on some pending affluent limits from the MPCA that

will be set in the future. Because of this the funding company thinks the City is trying to overdesign and will try to get something from MPCA that states what the City is proposing. While they have been waiting the reformatted the report as RD has a typical format what they like to see. The previous submittal to RD does not match what they have now.

Larson stated the County as \$600,000 committed for the 4th Street (CSAH 11) project from Craig Avenue to South Avenue and their plans were to only mill and overlay and from the meetings, I&S and the City was under the impression it was going to be full reconstruction. They are doing a block by block breakdown to see how far the \$600,000. This should cover the project, but trying to see how much money the City will have left over and how many blocks they can switch from a mill and overlay to a full reconstruction. This will allow the City to address any utilities. Anything beyond the \$600,000 would be the City's cost. The County was doing some soil borings and there were a couple areas and there was concrete pavement underneath.

For Front Street, Larson stated that he has been working with EDA on this. AET did some soil borings and the results are back so they should be able to get some estimates for improvements to Front Street to turn that into a 9 Ton Road.

Larson stated that a detailed cost estimate for the reconstruction of Morgan Street has been provided to the City for budgeting purposes. Pending on the scope of the 4th Street analysis, this project may be rolled into the 4th Street project. Larson stated that budgetary estimates have been provided for various street improvements as requested by the City with intent to develop a capital improvement plan.

Ferrazzano asked for clarification that the \$600,000 from the County is over and above the mill and overlay that they plan to do. Larson stated the \$600,000 is how much the County has to go towards that project. Larson stated that if the mill and overlay costs \$400,000, there would be an extra \$200,000 to spend on that segment of road. That is the amount the City can put towards doing a full reconstruct. Stobb asked if the County changed their mind part way through or did the Council misunderstand. Stobb felt that initially they were talking about reconstruction. Larson stated that is what they thought. It was probably due to some turn over in County staff in both the City and more so the County. On the road south of South Street they plan to do just a mill and overlay and that is a whole separate pool of money. Whatever that cost is the County will take care of entirely. Votca stated the City will know what they are doing there, but the County will be taking the lead on that project. Larson stated there is not much need for utility improvements and everything is in the ditch. Stobb was under the impression there was a need from the railroad to the veterinary clinic. Mayor Peterson stated there is a main by the railroad tracks they were going to try to channel somewhere else. Mayor Peterson questioned when Larson stated that he is waiting for information from the auditors, is it the City auditor that he is not getting the information from and he asked if there have been a lot of delays from the auditor. Larson stated that he has not been the one requesting the information, it has been one of their planners, but he has not been getting a lot of feedback from the City auditor. It is not much they are asking for. Previously the way the utility funds were kept was combined and they needed to split them out. I&S talked with the auditor on the phone and they agreed but they need some type of concurrence from them to support this information. RD will not accept a partial report, they need the whole thing. Stobb asked as the City do they need to request this information from

them also. Votca stated that he will get in touch with the auditors and discuss this with them. Ferrazzano questioned if there were sections that needed a lot of work, would the County do a reconstruction of four blocks instead of doing a mill and overlay the whole street. Mayor Peterson stated they are looking at this. Larson stated the County does agree that the area downtown does need a full reconstruct and the rest just mill and overlay. Ferrazzano understands it is the County's money but hopes they can work with the City. Votca stated the reason they do not like to do the reconstruct, because of dealing with the utilities. Ferrazzano does not want to put a band-aid on something they know is going to fall apart. Stobb questioned if \$600,000 is the County limit for 2014, if they look beyond that, have they talked about any additional funding coming. Votca stated it is not on their plan right now.

Votca stated the City has solicited for audit services with a deadline of December 2, 2013 to receive proposals. Two firms have submitted proposals with competitive pricing and experience. The proposals were received from Kinner and Co. in Tracy and Abdu,Eick & Meyer from Mankato. Kinner and Co. quoted \$22,000 per year for the three year period they asked for. This is to audit the City, Fire Relief and EDA. The proposal from Abdu,Eick & Meyers in their first year is \$23,040, the second year was quoted at \$23,970 and the third year was \$24, 875. This is about \$5,885 more than the overall total bid for the three years from Kinner and Co. Votca stated he has talked with both companies and got a feel for their staffing and understanding what they are going to provide. He stated they are both very good companies and can do the job. They both have professional staff and the difference becomes how many audits they do for the City. Abdu,Eick & Meyer has about 175 units of government and they focus solely on government audits and government finances. Kinner and Co. does about nine to ten different municipal governments locally and the focus on private taxes. That is the main difference between the two companies. His plan was to have some meetings with either a couple Council members and himself with these companies within the next few weeks and then make a decision. If the Council feels comfortable with the proposals, they could select a company at this meeting. Ferrazzano asked Votca what the answers to his questions from the firm in Mankato about their staff and availability. Votca stated that every time he has called that company or sent an e-mail they respond within an hour of his contact. There are very responsive and have not had any problems working with them. The way they do their audits is they do their field work and they will send a package what the City needs to fill out and provide to them. They will come out here for a few days later on and do their actual on site work they have to do. Read reports, take samples of things and make sure the City is following procedures and all the other things they have to do. They will go back to the office and compile all the information. They stated it takes them about 18 days before they provide a preliminary audit report after they come out to the field. The reason they have to do that is because they have so many cities that they are doing and they have to keep on schedule and they focus on each or a few cities at a time and that is all they work on until they get them done and then they move on to the next ones. Votca stated they have a list of clients that they do audits for if the Council is interested in viewing it. Mayor Peterson asked Votca if he would be comfortable if the Council made their selection at this meeting. Votca stated that he would be fine with selecting a firm at this meeting. Mayor Peterson stated that he would prefer to make a selection tonight based on the timeline and would be inclined for a change to have a different set of eyes review everything. He also would like a quick response when they are contacted. Mayor Peterson stated that he would select Abdu,Eick & Meyer for audit services for the next three years. Stobb stated the present City auditor has

provided some day to day input on changing the City accounting system, updating, etc., and is wondering if they are going to get that same type of service from the Mankato company. Votca stated Abdu,Eick & Meyer are experts in the Banyon system that the City uses for their accounting. He has talked with other cities that get auditing services from them and that is true according to them also. A big point of their presentation that they gave to Votca was talking about how they would exactly do that and want to make sure the cities understand where they can make improvements. They compare cities to the state auditor's data in their audit report. They will give feedback how you compare to other cities. The fees between the two proposals for extra time that was not anticipated in the audit are relatively the same and are based on the wages of the type of person providing the answers to your questions.

Snyder asked M. Peterson if she has looked through audit. Stobb stated that goes along with what he was thinking that they are asked to make a decision here and would be interested in what the office staff feels. Votca stated that M. Peterson was at the meeting with Abdu,Eick & Meyer and has dealt with Kinner and Company. Stobb felt some of the office staff should be at the interviews if they went that route. Ferrazzano asked Votca if he has visited with the Fire Department as they have to deal with the auditor. Votca stated that Dave Vogl was fine with what the Council decides. Gervais did read through the proposals as the EDA has a portion of it as well. Ferrazzano stated that having an example tonight of about not having information that was requested from Kinner and Co., it makes him think about choosing something different. Ferrazzano asked Votca would having any concerns about the City asking questions of Abdu,Eick-Meyers and getting information from them when they are not in an active audit with the City. Votca gets a feeling from them they will respond to anything or any time you ask them. Ferrazzano stated that one thing he does like, is that the only thing they do is cities. It is tough not going someone that is local that you have worked with before, but then again, since the fees are not that much different and getting someone that specializes in what the City needs. Mayor Peterson felt that if they have someone that is going to meet the deadline that is a plus for the City on the Wastewater Treatment Project and what data is needed for that. Mayor Peterson stated there have been problems with meeting deadlines the past three years. Kinner was to provide the City with a preliminary audit by April 15 and to the state by the end of June and has not been the past three years. Stobb asked Votca if he was close to making a recommendation. Votca feels that talking with staff about the past history with Kinner and looking at some of the documents provided by Abdu-Eick-Meyer, he recommends going with Abdu,Eick & Meyers. The cost is relatively close and feels they will get a better product for their money. He understands that Kinner is a local company and they are a professional company. Motion by Ferrazzano, seconded by Snyder to accept the proposal from Abdu, Eick & Meyers for City audit services. All voted in favor of the motion.

Elaine Fischer is present on behalf of her father, Merle Hamilton. He had a Small Cities grant and he has a buyer for his property and she would like permission to pay the City back in December at the time of closing. The total dollar amount is \$4,756.80. In return she is requesting the City provide a Satisfaction of Mortgage. Votca stated that Fischer presented that they wanted to sell this property and the next meeting is not till January 13, 2014. There were concerns the City could not satisfy that mortgage in time and hold up the sale of the property. Motion by Ferrazzano, seconded by Snyder to pay the mortgage payment on closing on the

property at 436 Park Street and provide a Satisfaction of Mortgage at that time. All voted in favor of the motion.

Motion by Snyder, seconded by Ferrazzano to approve a 2014 Cigarette License to Tracy Food Pride, 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 Snyder, seconded by Ferrazzano to approve a 2014 Plumber License to Christianson Plumbing, GH Plumbing & Heating, Heartland Mechanical, Kropp Sewer Service, Sahlstrom Heating, Cooling and Refrigeration, Sanderson Mechanical, Wilk's Plumbing, Water's Edge Plumbing, Steven Zens Plumbing and Hearing and E.T. Heating & Cooling contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to approve a 2014 Split Liquor License to The Caboose and Bonnie and Clyde's contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Enderson, seconded by Stobb to approve a 2014 Sunday Liquor License to The Caboose and Bonnie and Clyde's contingent on paperwork and submission of paperwork. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to approve a 2014 Dance License to the Caboose contingent on paperwork and submission of paperwork. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2013-35 A RESOLUTION APPROVING THE 2013 TAX LEVY COLLECTIBLE IN 2014. All voted in favor of the motion. The following sums of money will be levied for the current year, collectible in 2014, upon the taxable property in the City of Tracy for the following purposes:

General Fund	\$555,971
Permanent Improvement	\$10,000
Debt Service	\$342,558
TOTAL LEVY	\$908,529

Motion by Snyder, seconded by Ferrazzano to adopt Resolution No. 2013-36 A RESOLUTION APPROVING THE 2014 BUDGET FOR THE CITY OF TRACY, MN. All voted in favor of the motion. The 2014 budgeted expenditures will be as follows:

GENERAL FUND	\$1,933,990
General Government	\$ 578,871
122	
Public Safety	\$ 715,826

Public Works	\$ 553,927
Recreation	\$ 75,750
Library	\$ 77,415
Other	\$ 130,201
PUBLIC ENTERPRISE	\$3,566,814
Multi-Purpose Center	\$ 35,873
Cemetery	\$ 35,878
O'Brien Court	\$ 74,000
Eastview Apartments	\$ 59,500
5 th Street Apartments	\$ 66,348
Orchard Lane Apartments	\$ 124,250
Liquor	\$ 811,500
Utility – Water	\$ 470,471
Utility – Surcharge	\$ 181,200
Refuse Collection	\$ 131,200
Licensing	\$1,132,004
Tracy Medical Center Improvement Fund	\$ 48,500
Aquatic Center Operations	\$ 128,050
Utility – Sewer	\$ 268,000
DEBT SERVICE AND BOND FUNDS	\$ 566,451
OTHER	\$ 300,211
TOTAL ALL FUNDS	\$6,367,466

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2013-37 A RESOLUTION APPROVING BUDGETED TRANSFERS. All voted in favor of the motion. The following transfers were authorized and permanently made.

AMOUNT	FROM	TO
\$134,000	Utility – Water	2008 Bond
\$165,000	Utility – Sewer	General
\$ 18,000	Utility – Water	Surcharge
\$ 16,000	Utility – Water	2007 Bond
\$ 9,750	General – Police	Equipment Reserve – Police
\$ 10,100	EDA Reserve	O'Brien Court
\$ 50,035	General – Street	Equipment Reserve
\$ 97,072	General – AQ Center	Aquatic Center Operations
\$ 32,000	Surcharge	2007 Bond
\$ 39,567	General – Fire	Fire Equipment Replacement
\$ 9,297	Eastview Apts.	General
\$ 5,000	General – Building Inspection	Code Enforcement
\$ 4,000	Refuse Collection	General
\$ 25,000	General – Unallocated	Senior Center

\$ 10,000	Liquor	General
\$ 9,050	General – Cemetery	Cemetery Operating
\$ 5,000	General – Street	Park Improvement
\$638,871	TOTAL TRANSFER	

Motion by Ferrazzano, seconded by Stobb to adopt Resolution No. 2013-38 A RESOLUTION CHANGING THE CITY EMPLOYER FLEX PLAN. All voted in favor of the motion. The Internal Revenue Service Notice 2013-71 (the “Notice”) modified the “use-or-lose” rule for health flexible spending arrangements (FSAs) to allow, at the plan sponsor’s option, employee’s participating in health FSAs to carry over up to five hundred (\$500.00) of unused amounts remaining at year end.

A proposed agreement with Frank Nielsen for legal services for the City was discussed. The total amount of dollars is \$44,000. Motion by Snyder, seconded by Ferrazzano to accept the agreement with Frank Nielsen for legal services for the City of Tracy. Stobb stated the agreement states the attorney shall track time and periodically provide copies or summations to the City. Nielsen stated that he has not submitted any to Votca since he has been administrator but does have all the time records that are involved and can certainly provide them as a year-end summary unless someone wants to see something sooner. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Economic Development Authority Minutes for November 1, 2013. Motion by Snyder, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson stated the Canadian Pacific Holiday Train was in Tracy on December 7. The City thanks them for their generous donation of \$6,000 to the Tracy Food Shelf.

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