

January 13, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 13, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

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

Additions to the agenda included 9E Library Chair Lift, 6A Public Hearing for the City of Tracy Application to Small Cities Development Grant Program and 8C Request from Wheels Museum. Motion by Enderson, seconded Stobb to approve the agenda as revised. All voted in favor of the motion.

There were no Public Comments.

At 6:35 p.m. a Public Hearing for the City of Tracy Application to Small Cities Development Grant Program was held. Jeff Gladis from Western Community Action stated that when they closed the last grant they mentioned they were going to pursue another grant application because of the interest in Tracy. Since that time he has been working with Votca, R. Gervais and Chuck Pettipiece to put together another Small Cities Development grant application. This includes owner rehabilitation and waste water treatment facility. The preliminary application was done and did make it to the second round. That is the reason for the public hearing and once the public hearing is done they can then pursue getting the second round of the application. DEED takes the preliminary applications and grades them as competitive, marginally competitive or non-competitive. Only the competitive and marginally competitive are invited back to do the second application. There were 78 applications and there were 36 that were invited back in. This is not a guarantee but it means they are in the running. Gladis stated they are applying for 28 owner occupied homes and Small City funds of \$512,400 and also applying for waste water treatment facility funds of \$580,000. There are some administration funds in of \$96,860 for total grant application \$1,189,260. There are some leverage sources that do tie into this and so he, Votca and Gervais have been working with Rural Development to see if this a project that will be feasible. Chuck Pettipiece could not be present tonight but has sent a memo. The city wide low to moderate income rate is 55.8% which makes a project of this nature eligible and competitive for the Small Cities funding and ranked 10th on the state-wide project priority list. Pettipiece is applying for \$600,000 of Small Cities funds for the wastewater facility. There are other funds of \$2.45 million that are being secured to keep user costs at a level that is determined affordable by Rural Development. The other funds would be Rural Development and the Public Facilities Authority. Total estimated project at \$10.2 million. There are a lot of pieces that fall into this and asked if the Council had any questions.

Stobb stated that with an application such as this with two parts, do they accept or reject the total or may they accept one part without the other. Gladis stated that if they cannot get all the wastewater facility parts, they are still going to go forward with the application for the 28 housing projects. Gladis stated they surveyed city wide and then the surveys were reviewed. They want to find an area that is 20 blocks or less. They got it down to 19 blocks. There is a target area that showed the most interest with the most survey response and the target area was designed specifically off the responses from residents that took the time to complete the surveys and return them. Gladis stated that is the area that ended up with a 19 block area and 70 residents stated that they would be interested in participating.

M. Votca stated that as far as the water treatment plant is concerned I & S just finished the PER and was submitted last Friday. I & S answered all the questions that they had from Rural Development. There is one more supplement to put in there with some data from the auditors and some accounting numbers that need to be put in there

Gervais stated they have done 100 homes since 2004. Gladis stated there are also matching funds that go into that. Generally what they see on owner occupied and they are applying for a grant that is 80% and 20% match. Generally they run about 70% - 30% on projects. There is more match that is put in than what is generally required. Gladis stated that on the housing side they are applying for \$512,000 and he is guessing they will have about \$740,000 of rehab that will do into those homes. This has been steady over the years. He has been with the Small Cities since the early 1990s and in the past 10 years that 70-30 stays pretty steady. Gladis stated that an average is going to be about \$18,300 for each house. There is a maximum of \$24,999 which keeps them under the lead abatement rules.

The public hearing was closed at 6:43 p.m. The resolution will be discussed further in the meeting.

An animal permit was received from Susan South. Votca stated that he has discussed this with South. She would like to have an animal permit so that when she can she can take in beagles as a foster home. She will foster them for however long it would take for someone to adopt them. This is a temporary number of dogs that would be living in her resident for a foster program. She is asking for permission to have up to five dogs. Stobb stated that if they approve this permit, he would like to put in there that these dogs cannot be full-time and what every dogs there are over three would be on a temporary basis. They have not had requests for many years for extra pets and now this is the third in the last year. Ferrazzano stated it is better to deal with it this way than have them slide under the radar and not really know about it. He stated that if it is temporary but if they are going to be kept until adopted, it could turn into full-time. Ferrazzano stated that if there are two additional dogs and they are adopted and then two more come. Does they clock start ticking again for those two dogs? Stobb stated that would be his intention. Stobb stated he would like to see no dog longer than six months. Ferrazzano stated he would be comfortable with that. Mayor Peterson stated with the fact that South is not present, he would like to give neighbors an opportunity to speak before a decision is made. His suggestion is to table this until the next meeting and South could be present to explain a little more. Stobb stated that he would appreciate South's input as to how many months for her to keep the dogs is reasonable. Ferrazzano appreciates that South is being proactive. It was the consensus of the Council to table this till the next meeting. Votca will notify South about the next meeting.

Motion by Enderson, seconded by Ferrazzano to appoint Tom Dobson to the Planning Commission. All voted in favor of the motion. Dobson's application also showed interest in the Economic Development Authority. His application will be kept on file for any openings on that board.

Mayor Peterson stated that last spring the Wheels Museum went through the Masonic building and have listed items they would like for the museum. He also walked through the building with them. Enderson feels that most of the items listed should be at the museum. Mayor Peterson stated there are some items that need to be removed before they get ruined. Ferrazzano is concerned that they really do not know the value of the items and does not know why they would treat this any differently than they did the items from the Liquor Store. He stated it is not the Council's items to give away; it is the people's items. If there are some things in there that could generate \$10 an item, it is not \$10 they do not have to get. Votca stated the piano is in good condition and probably has some value. Mayor Peterson that most stuff has more historical value than anything else. Ferrazzano stated they do not know that and if they put items up like they did at the Liquor Store. Mayor Peterson stated that with the Liquor Store and all the work did cleaning up they did not produce a lot of income. Ferrazzano stated they are dealing here with items such as a glass door cabinet and if it is an antique, those things are not cheap. Stobb stated that he is not familiar with these items, but know that a lot of people had personal contact with that building because of the people they went there to see, and in his opinion the items have a greater significance to more people in Tracy than what was in the Liquor Store. He feels that a lot of these items should be in the museum, but he prefers to donate them to the museum on a loan basis than on just giving it to them. Ferrazzano felt there are some items that are part of the City's history. Enderson stated they need to avoid that eventually if the building got demolished, you would not want to lose all that history. Mayor Peterson felt by bringing those items to the Museum, residents and families could enjoy it. Ferrazzano agrees with that but does not necessarily get rid of a revenue source. He does not like just giving away assets of the City is the

best way to use the property. Stobb asked if he would be in favor of giving them on a loan basis. F. Nielsen stated that at one time they did not want loans. Enderson stated that he had asked about that at one time with his Father's military uniforms on display and they stated they do not do that. Stobb stated that a lot of museums do take things on loan. Nielsen stated they had items that were donated by family members long deceased and then other family members were showing up and stating they wanted those items as it was their family's. Enderson suggested that since they have a list of items, maybe they can go through the building and review them and make decisions. Ferrazzano felt that some of the items the Museum would appreciate. Mayor Peterson stated that the paper items are really rough. Motion by Enderson, seconded by Snyder to donate the listed items to the Wheels Museum. Enderson did not feel that the museum wanted these articles for financial gain. Ferrazzano agreed with that but it is not the Council's property alone and if they had done something before to give people a chance to bid on certain items, he does not know why this would be any different except for some things that would have historical value. Without knowing the value of these things, it could turn out to be a very large gift. Ferrazzano stated they are not in the business of just giving things away. Stobb asked if there were provisions that if the museum would want to sell any item, could they. Stobb stated they could donate the items to the museum with a provision that the items cannot be sold and should be returned to the City if the museum disbands. Ferrazzano asked if the museum has encountered anyone going to the Museum looking at a piece and stating they would like to purchase it. Snyder does not recall this. Ferrazzano stated that he is always leery of giving things away without knowing the true value of them. Enderson withdrew his previous motion. Motion by Enderson, seconded by Snyder to donate the listed items to the Museum with the provision that the items cannot be sold and must be returned to the City if the museum disbands. All voted in favor of the motion.

M. Votca presented a memorandum regarding the LELS Contract for 2014 – 2016. The following adjustments were made to the previous contract.

- a. ARTICLE 13: Increases the court time from two (2) to three (3) hours.
- b. ARTICLE 14: An employee who is scheduled to stand by during the employee's scheduled off-duty time shall be compensated at the rate of \$4.30 in 2014, \$4.40 in 2015 and \$4.50 in 2016 for each hour on standby status.
- c. ARTICLE 18: changes the current sick leave cap (960) to 1080 hours. Subd. (2): All hours earned over the cap on 1080 will be banked in a supplemental account That can only be used during catastrophic illness.
- d. ARTICLE 27: This AGREEMENT shall be effective as of January 1, 2014 and shall remain in full force and effect until December 31, 2016
- e. Appendix A: Add Duty Bag to the uniform list which can be purchased under miscellaneous.
- f. Appendix B: Wage increases as follows: 2% in 2014, 2% in 2015 and 2% in 2016.

Motion by Stobb, seconded by Ferrazzano to enter into the agreement with the Law Enforcement Labor Services Local Numbers 140 for 2014 to 2016. All voted in favor of the motion.

M. Votca presented a memorandum regarding the agreement with AFSCME Council 65 Local Union Number 1687D for 2014 to 2016. The following adjustments were made to the previous contract:

- a. ARTICLE 17.10: Vacation time shall be capped at two years' worth of accrual. Unused leave will be lost due to over accrual on January 1 of each year.
- b. ARTICLE 29: This Agreement shall become effective January 1, 2014 and shall remain in full force and effect until December 31, 2016.
- c. WAGES:
Two percent (2%) increase effective January 1, 2014
Two percent (2%) increase effective January 1, 2015
Two percent (2%) increase effective January 1, 2016.

Motion by Snyder, seconded by Ferrazzano to enter into the agreement with AFSCME Council 65, Local Union #1687D for 2014 to 2016. All voted in favor of the motion.

Votca stated the presented State of Minnesota Joint Powers Agreement is the first step in getting in the Energy Savings Program. An agreement is made between the State of Minnesota's Department of Commerce and the City of Tracy so the City can utilize the Department of Commerce's contracting capabilities that they have with the companies they use for the guaranteed energy savings program. This does not obligate any money to the City but gets the city started in the process so discussions can be started and have the Department of Commerce work on lining up contractors that give bids in this program. Motion by Snyder, seconded by Enderson to adopt Resolution No. 2013-3 A RESOLUTION APPROVING A JOINT POWERS AGREEMENT BETWEEN THE CITY OF TRACY AND THE STATE OF MINNESOTA, DEPARTMENT OF COMMERCE. All voted in favor of the motion.

Votca stated the cable franchises for Charter and Knology expire on December 31, 2014. Last time the franchises were done was 2003 and they were 10 year franchises. He has been contacted by Brian Grogan of the firm Moss and Barnett to see if the City wanted to use their services that the City has used previously for other franchises agreements. Votca stated he has the revenues from those franchises. From Charter the City has received \$11,362.35 and from Wide Open West was \$17,526.06 for 2013 and 2012 was similar numbers. Votca reviewed the previous franchise agreements and a stipulation was made that the franchisees would pay for any reasonable legal fees that were associated with renewing the franchise agreements. That is something the City could pursue in the future. Mayor Peterson asked Nielsen if this was something that he could do. Nielsen stated this is a very specialized and would depend on how far the City wants to get into it. Mr. Grogan outlines some different parts and some of it is not really legal work. Some of it is more a financial issue. Votca stated that when he spoke with Mr. Grogan on the phone he asked what the City wanted to get out of a franchise renewal. Votca asked if they needed to update technology they have with them. Some Cities have larger operations such as public access programming and news desk and does not feel that is something the City needs to pursue at this time. Votca feels that reading through his memo the City just wants to renew the franchises and make sure the City receives the 5% they have been paying the City. Ferrazzano said one thing the last time was to see if the companies were financially sound and okay to grant the franchise agreement. Stobb stated another issue was maintaining an office here that was open to the public. Votca stated that is one thing that needs to be investigated because he has received complaints that there are offices are not open and it seems Charter specifically. Stobb feels they need the assistance of Moss and Barnett. Votca stated that he did some research on Moss and Barnett. Nielsen did not think there would be a price break this time unless there is someone else renewing their franchise the same time as Tracy's. It is not like when WOW took over from Knology, that was a group deal and there were many cities and Moss and Barnett represented all those cities at one time.. Ferrazzano felt that the last time the franchise was renewed; they were with a number of cities. Ferrazzano felt the City should enter into an agreement with Moss and Barnett. Votca questioned if they should have them come in and discuss the goals of the City and where they want to go. Ferrazzano felt they could do that by phone. Stobb felt it would be nice to be able to improve the public access capabilities. Nielsen questioned if the school would be interested in getting a program together. Votca asked if the current franchise provides cable to the school. Nielsen stated that maybe early in the process they could have residents of the City come and voice topics they feel are worth looking more closely. Nielsen stated there is no one appointed to the Cable Commission and they could be a sounding board for any complaints. He is not sure if it is worth reconstituting that. Stobb felt the Council is the sounding board and he wants the community know the Council is the one to bring their concerns to. Motion by Ferrazzano, seconded by Stobb to enter into the agreement with Moss and Barnett in order to negotiate the franchise agreements with Charter and Knology. All voted in favor of the motion.

Votca stated two bids were received for the chair lift project at the Tracy Library. The first bid was from Dale Johnson III Construction, LLC of \$77,990 and if the City wants the door opener option the bid for that is \$5,050. The second bid is from Gladhome Construction, Inc. from Marshall, Mn. for \$53,660 for the first level chair lift and the lift for the second level is \$46,031 for a total of \$99,691. They did not bid the option for the door opener. Votca stated the specs on the left are basically the same. They are hydraulic lifts and both contractors stated the first year of maintenance is included in the contract. Nielsen asked if Votca was expecting the acceptance of a bid tonight. Votca stated this is the first time he has done this so is not sure. Votca stated they need to have a contract signed by February 2, 2014. The grant was for \$29,000, the County

stated they would contribute \$10,000. When they did the original resolution to enter in the grant, it stated the Library Board would donate \$10,000 from the donated funds. To spend money from the Donated Funds needs Library Board and Council approval to spend those donated funds. At this time there is approximately \$27,000 in the Donated Funds at this time. Mayor Peterson asked if anything was put in the Library budget this year for that purpose. Votca stated the library only had \$1,000 in their construction budget. Stobb asked how long it would take to prepare a contract to do this. Nielsen stated it would not take long. Stobb suggested the Board review these bids to add up the dollars where we are and then the Council could revisit this at the next Council meeting and still get a contract signed. Nielsen stated the reason he mentioned the contract, there was already a contract drawn up in draft form to help Blair Nelson understand what he was getting into and the scope of work would have to be altered to reflect what is going to be done now. The basic contract language is done. Stobb suggested they table this until the next meeting and have the Library Board review this. Mayor Peterson stated this will be put on the next agenda.

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2014-1 A RESOLUTION TO SUBMIT APPLICATION TO DEED FOR SMALL CITIES GRANT. This resolves that the City of Tracy act as the legal sponsor for the project contained in the application to be submitted on or before February 27, 2014, and that the Mayor of Tracy and the Tracy City Administrator are hereby authorized to apply to the Department of Employment and Economic Development for funding on this project on behalf of the City of Tracy. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2014-2 A RESOLUTION ALLOWING THE DESIGNATION OF AIRPORT PROPERTY TO BE CHANGED TO THAT OF CITY PROPERTY. This allows land designated as Airport Property to be reclassified as City Property. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Economic Development Authority Minutes for December 6, 2013, Multi-Purpose Center Minutes for October 15, 2013 and November 19, 2013, Tracy Public Library Board Meeting Minutes for October 22, 2013, Tracy Relief Association Minutes for December 7, 2013, Tracy Liquor Store Profit/Loss Statement, and Tracy Police Department November 2013 Report. Stobb stated the EDA minutes mentioned the counter offer that was had on the Bakery building. He asked if this has now been agreed to. Votca stated there is a public hearing on January 17, 2014 at the next EDA meeting about the sale of that property and then the EDA Board will decide if they want to sell the property or not after the public hearing. Motion by Enderson, seconded by Snyder to approve the Consent Calendar as presented. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to approve the following Mayor Appointments:

1. City Clerk/Administrator – Michael Votca
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. Assistant Fire Chief – Tony Rolling
8. Weed Inspector – Tim Jacob
9. City Forester – Tim Jacob
10. Building Inspector – Shane Daniels
11. City Assessor – Pam Friesen
12. Civil Defense Director – Jason Lichty

All voted in favor of the motion.

Motion by Ferrazzano, seconded by Enderson to approve the following Council appointments:

1. President Pro-Tem (1 member) – Steve Ferrazzano
2. Community Ed Financial Advisory (1 member) – Charlie Snyder

3. Planning Commission (1 member) – Kurt Enderson
4. Economic Development Authority (2 members) – Tony Peterson and Charlie Snyder
5. Attorney Meetings (2 members) – Steve Ferrazzano and Kurt Enderson
6. Hospital Advisory Board (2 members) – Steve Ferrazzano and Russ Stobb
7. Labor Management Committee (2 members) – Tony Peterson and Charlie Snyder
8. Wheels Across the Prairie Museum (1 member) – Charlie Snyder
9. Liquor Store Advisory Board (2 members) – Kurt Enderson and Tony Peterson

All voted in favor of the motion

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

Motion by Snyder, seconded by Ferrazzano to adopt the Robert's Rules of Order and the standard agenda formation. All voted in favor of the motion.

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

Motion by Snyder, second by Ferrazzano to approve Minnwest Bank South, the 4-M Fund, Morgan Stanley Smith Barney, Bremer Bank, State Farm Bank and Ehlers Investment Partners as the official municipal depositories. All voted in favor of the motion.

Stobb asked if the City has heard anything regarding the sale of the rail line from Tracy to Rapid City. Votca stated that the city has had no official notification at this time.

Enderson asked where the situation at the trailer park is. Votca stated there is a meeting January 18, 2014 with the Southwest Housing Partnership and the residents at the trailer park. They are talking about the residents forming a more legal body so they can have some legal authority amongst them to regular what is going on at the trailer park. Bayview Loan Services in Florida that owns the trailer park and they have paid all the assessments and taxes for this year. There was a \$22,000 assessment. They are not trying to sell the property and was listed in the \$69,000 range. The residents have been paying the water bill and now have a credit on the bill. Daniels stated that he did have a call from a realtor asking questions and expressed interest in purchasing the trailer park. Southwest Housing Partnership did do studies to see how much money it would cost to invest in the trailer park and redeveloping the property with new mobile home and it was determined it was not cost effective for them to do that. Votca felt it would be reasonable to think about what other alternatives there are for use of the land. He stated that he and Gervais have been discussing this but not ready to be discussed in public at this time. Mayor Peterson asked if there was any funding such as when Twin Circles was built. Jeff Gladis will be talking with people from DEED this week and he will ask them questions regarding this to see if there are any grants or anything out there that can be used. Stobb asked if they are ahead, if a resident moved would they qualify for a refund. Votca stated they would not as it is only one bill and that is part of the reason to form this legal organization so they can and should not be one person that holds on to their money and they need to figure it out legally.

Ferrazzano asked if there are nay updates on the 4th Street project as to what the County is going to do or not do. Votca stated that he has a meeting with I & S January 16, 2014 and they will discuss what they found on the block by block breakdown of how much it would cost and once they have those numbers he felt they should go forward and meet with the County to see if they can negotiate for more than the \$600,000. This will be on the next agenda once he has those numbers.

Ferrazzano asked where they left acquiring the compost site property. Nielsen stated the last proposal that he discussed with the neighboring property owners was about a year ago. They have 99 year leases that exist there now. The city is leasing something from them, the north end of that road for 99 years and they are getting beyond that to use as farmland for 99 years. They initially proposed that the City eliminate the north entrance to the compost site, use the south

entrance and they would give the City a fee as the City would own this to get in there and they would take the road north of the south entrance, plus what they already have and have that as farmland. At that time the Council did not sound real enthusiastic about that and did not do anything. Nielsen then reported back to the property owners and the last discussion he had with this was basically to take what the City has now and change it from a 99 year lease to have full ownership. The City would have the road as it is now, both north and south entrances, and they would transfer that to use and the City would become the actual title owners of the property. The land where they are farming now, they would get that from the City. Nielsen stated the property owners were in agreement to that but the Council did make a decision to accept or not accept that proposal. Mayor Peterson stated he thought the other problem with the annexation was it does not abut any City property. Nielson stated the problem with annexing the compost site, is that the compost site does not abut City property. The City owns road and beyond where the road goes now has been traded that on this 99 year lease. Where the old right of way was, the City does not own that so the road is split from the actual site itself, there the City does not have the connection they need and work through that. On the south end where they talk about contiguous, there are exceptions that what breaks the contiguous nature of things is a road or right of way. It was decided this will be placed on the next agenda. Nielsen stated that he will provide information and will draw something up. Daniels stated that they will leave the compost site open till the end of January so people can get rid of their Christmas trees.

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

ATTEST:

January 27, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, January 27, 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 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 January 13, 2014. All voted in favor of the month.

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

There were no Public Comments.

Chris Larson from I & S Group presented 4th Street (CSAH 11) reconstruction cost estimates. There is \$600,000 the County as for improvements on 4th Street from South Street to Craig Avenue. A block by block cost estimates were done to determine where the money would go and how much of the \$600,000 would be eligible and the remaining would be City cost. The scope of the project the County was going to do on their own. They would do a full reconstruct from South to Rowland, including curb and gutter and sidewalk and then from Rowland north, they would plan on mill and overlay. They would mill the edges and then put in a new mat of bituminous and with any state-aid job they would have to improve all the pedestrian curb ramps to meet current EDA standards. Larson stated there is City infrastructure underneath so that is where the majority of the City's portions of those costs come from. Larson presented a summary table for each block.

Segment	Total Cost	County Portion	City Portion
Craig to Hollett	\$ 119,543.30	\$ 30,323.70	\$ 89,219.60
Hollett to Emory	\$ 80,249.47	\$ 36,495.80	\$ 43,753.67
Emory to Harvey	\$ 148,544.18	\$ 36,464.45	\$ 112,079.73
Harvey to Rowland	\$ 282,764.15	\$ 35,494.80	\$ 247,269.35

Rowland to Morgan	\$ 267,578.07	\$ 141,867.55	\$ 125,710.52
Morgan to South	\$ 314,395.60	\$ 135,353.08	\$ 179,042.52
Total	\$1,213,074.77	\$ 415,999.38	\$ 797,075.39

From this table it would need to be determined how much of those six blocks does the City want to tackle? Larson stated it is probably not going to get any cheaper to do it later. It was also discussed to do Morgan Street from 2nd Street to 6th Street. That four block segment would all be City cost. The estimate on those four blocks is about \$890,000. If the City did all the 10 blocks total it would be about \$2 million. One thing that might be a little different than what they had talked about last time is, the County had talked about mill and overlay on the northerly four blocks, if the City to do full reconstruction versus the mill and overly, the City would not get any more money and it would be the City cost to do the additional work. Larson stated he would not invest any City money for further improvement of those blocks. Stobb stated that looking at the block by block estimates; he does not see anything for storm sewers and is wondering if they are not present there. Larson stated there are not many present and they are replacing at the intersection of Rowland and 4th Street and that would be County eligible. Stobb stated that he had been looking at the block Craig to Hollett and is seeing only 61 feet of water pipe. Larson stated that is not a full block of water main on that one. Stobb stated that on Hollett to Emory is states they would be removing 86 feet. Larson stated that those are crossings at the intersections and does not linear with the road on that part. Larson stated on Harvey to Rowland there is 439 feet of water main there.

Larson stated that concerning project process and schedule, it was discussed to partially assessing for the cost of the project. There is a statutory process to follow. Working backwards on a bid date of April, they would probably want to call the hearing on improvement at this meeting to allow time to send out notices and publish notices. Once there is the hearing, the Council would order the improvement and that is when I & S puts together the bidding documents and there is three weeks of open bidding. Larson stated they look at the assessment policy to make sure it is applicable. Votca stated a resolution was passed to change the ordinance to policy. Stobb asked if it would be proper or ethical for the City to bid the whole thing as it has been submitted and hoping it comes in at a lesser amount than the estimate and if it does not doing a change order to reduce part of the project. Larson stated the improvement hearing and the feasibility report would be based on the preliminary design and from that a preliminary assessment roll is put together. That is when the public comes and gets an idea of what their assessment would be. If everyone is comfortable with moving forward, that is when the final plans and specs would be put together and that is what the bid numbers are gotten off of. Larson stated there are points where the City can just stop. If after the improvement hearing there is a lot of negative feedback, the City could stop there. The further down you get, once they start doing plans and specs then the City is investing more in engineering and get the bids back, it is more costly to stop then. Larson stated they could put options in the report and present that at the hearing. Larson does not like to give too many options as it gets confusing in a public hearing setting. Mayor Peterson asked if they call for the public hearing and if they do the 4th Street and Morgan Street project, what is a ballpark completion time? Larson stated with the 4th Street project there is some coordination things as far as even when the project would start because the County the doing just mill and overlay south of South Street to deal with and Larson stated there is a school project. Things have to be balanced when school comes in and out and with the elevators for harvest. Completion date would be hard to say at this time but Larson figured it would be a three month project. Ferrazzano felt at this point they should proceed because if they do things piece meal; he is not in favor of tearing up new road to put in infrastructure. He feels they need to do full reconstruction from South to Craig. If they do it from what the County suggests as a mill and overlay from Rowland to Craig and they want to do a reconstruction later on. Stobb stated they can dig into those streets and put in water and sewer, the County can come in and do their mill and overlay. Mayor Peterson asked that where they have reconstruction is where the bulk of utilities are from Rowland to South Street. Larson stated that is correct. Larson stated there are some stretches of pipe but mostly crossings. Larson said there is only one block that has linear utilities that the County was not going to fully reconstruct. That is where the City is paying the most. Ferrazzano stated that if they do not do the full utility reconstruct they then would have to dig through new road to do it. Votca stated that the difference is from South to Rowland the County agrees that they need to do the whole bed of the road and are going to take out all the asphalt and reconstruct part of the base. Larson stated that what the City is paying for trench restoration there is up to the subgrade and the gravel base and black top on top of that would be something the County would do anyway. In the other

four blocks the City is restoring up to what is there now. Ferrazzano stated that there are parts of the reconstruction the County is going to do, but going below more so that what they were planning on doing, the City should do for the rest of the four blocks. Nielsen asked if Morgan would be complete reconstruction. Larson stated it would be and that is where all the water main breaks were. Daniels stated the mains are dated 1890s. Mayor Peterson felt that would help do some I & I abatement in the downtown area also. Larson stated it is his feeling the MPCA has been reasonable and the City gets credit back for number of new connections so this could go towards that as well.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution 2014-5 A RESOLUTION CALLING FOR A HEARING ON IMPROVEMENT and set the hearing for February 24, 2014 at 6:45 p.m. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution 2014-4 A RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT. It is proposed to improve 4th Street (CSAH 11) from Craig Avenue to South Street and Morgan Street from 2nd Street to 6th Street. All voted in favor of the motion.

Stobb asked since the City is proceeding with this, has the County decided to proceed. Larson stated he sent the estimates to the County and had some back and forth to make sure they were on the same page as far as what is eligible, etc. Larson stated he will contact the County tomorrow about scheduling and how to sequence the various projects. Stobb asked if when the request is it going to be just one bid for the 4th Street project. Larson stated it will be a unit price and that is something the City can decide after the improvement hearing if they want to do alternates or reduce or enhance the scope. The City cannot enhance the scope too much as they might be changing the areas that are assessable and would have to notify those people again but can do some increase in scope. Nielsen asked if the City would be bidding with the County. Larson stated that is how they are going to do it. Larson stated they will be working with the County but it will be a unit price contract so every component of construction, there will be X dollars per lineal of sewer, X dollars per square yard of black top. Based on those eligible items and the bid amounts for each of those is how they will determine the actual share the City will be getting from the County? I & S will be handling this.

B. Nelson, Library Director stated he has made a selection for Tracy Reads and the book is "Things I Carried" that is about the Vietnam War. He has read the book and felt it would be a good book for Tracy Reads to read this year. He will be working with the Fine Arts Council to work out the details and would like to get the schools involved. The library will be having a Genealogy program by a lady from Redwood Falls. There will be an ad in the paper with details for that. On February 8 the library will be launching the 1,000 Books Before Kindergarten with a kick-off event at 10:00 a.m. There will be a special story hour and a special mascot will be coming to visit the children. United Way provides \$100 for incentives and Nelson will be finalizing that and at the next Department Head meeting he will bring in the tote bag with the information. There are two new employees starting, Robert Knipe who has already started and Gina Kue will be starting tomorrow.

J. Lichty, Police Chief has a request for use of the Tracy airport on May 6, 2014 and August 5, 2014 for EVOG training and they have had it there before and it worked well. He is currently working with MN West Technical College to bring more training opportunities for officers to the city. Lichty included a year-end report for the Council. He did a year to year comparison of numbers to show what the trend is. There is also a mileage report to show where the vehicles are at. Lichty stated there is some maintenance issues with the 2011 squad. There was a drive chain issue that was covered under warranty. There was a transmission line blow that was probably caused by the cold weather and this was not covered under warranty. Stobb stated that on the year to year comparison it seems that thefts is up significantly from what it was before, yet burglary was not up that much. Lichty's stated the thefts were from businesses, etc. He stated that thefts and burglary kind of go hand in hand but are separate crimes. Stobb asked if the total part-time hours up over what was anticipated or cause any problems in his budget. Lichty stated that he did not utilize the whole 1,040 hours he had available.

S. Daniels, Public Works Director reported they have been working with snow removal and repairs on equipment. The snow truck is working okay and is waiting for more options. He did look at a used hoist that size and is about \$7,500 for something that is in good repair. The two

trucks they looked at one was \$6,000 and the other was \$6,500 and this one is two feet longer, tandem with diesel that is more efficient than gas. Votca stated they have hired David Peterson for the Public Works/Cemetery Worker position and Janice Landa has been hired as the Aquatic Center manager. Daniels stated that he had a lot of issues last year with their grapple on the Ford tractor. He did put in the budget for a new grapple this year to put on the pay loader. The request is for \$20,000 for this new grapple. Motion by Ferrazzano, seconded by Snyder to approve the request for \$20,000 for the purchase of the grapple. All voted in favor of the motion.

R. Gervais, EDA Director reported the EDA Board has made a revolving loan to G & R Appliance. The EDA Board has also authorized the sale of the former Tracy Bakery site to Darren Horner for Affordable Appliance Plus. They are waiting for Horner to make the down payment on that Contract for Deed and get the paperwork signed. Work continues with Jeff Gladis on the Small Cities application process. There is interest in the community for this and wish it would be possible to do more than 28 houses. He and Votca have been working on the Industrial Park options and putting together some ideas for potential sites for a new industrial park and existing expansion. Work continues on two potential new stores in town, both retail and would be located along Highway 14. They are similar type operations in the dollar chain. One has applied for a building permit and got a phone call from the other for possible annexation of land and work continues on those. Today was working on business subsidy reporting and every year they have to do this and send the reports to DEED. Apartments are full at this time and waiting for carpet put into that one and it will then be full. Stobb stated that he heard good comments about snow removal at Orchard Lanes. John and Doug Edwards took over and are doing snow removal of all the four-plexes now. He has not received any formal complaints. Contact information has been given to all the residents.

D. Johnson, III, Fire Chief prepared the year-end report and was given to the Council at the last meeting. He has discussed with Votca about equipment that was budgeted for this year. Once they receive the training grant money trainings will be put together. All the firemen are not going through the first responder training or refresher through the Ambulance Service in Tracy. They should have about \$6,000 to spend on specialized training again this year. The firemen did have their annual physicals and everyone passed so they are full staffed with 26 firemen. Rural contracts will be coming up again. Johnson would appreciate if the Council would be present at the fire hall beginning at 7:00 p.m. on February 6, 2014 for the tour of the fire hall and the information meeting. The Rural Contracts are getting better and there is a firm out of Slayton that is working with Southwest Minnesota to set up to try and find a common ground for cities, townships and fire departments. The first meeting is February 6, 2014 from 1-3 p.m. He and Votca will be attending that meeting. Johnson stated they have not had any fires in the cold weather. The last warm day they took the trucks out and pumped all the water out of them to test the pumps and keep things working. The department had some minor repairs to one of the pump trucks as the packing was leaking on it on the pump. This has been repaired.

Votca thanked the Tracy United Fund for providing donations to the Multi-Purpose Center for \$690 and to the Aquatic Center for \$650. He has started conversations this week with Mr. Brian Grogan regarding negotiation of cable franchises. The main piece that was discussed was how to upgrade the video capability and character generator for the public access channel. He also sent a message to the school district to see if they have any needs they would like included on that. He should have a proposal ready for presentation to the Council via telephone at the next meeting on February 10. Now that the Joint Powers Agreement has been completed between the Department of Commerce and the City of Tracy for the GESP program, Votca has started discussions with Eric Rehm regarding the next steps. Rehm has drafted an initial request for proposal and we will be discussing this draft during a phone conversation in the next few weeks. He has started with sorting through the property in the Masonic Building with the Wheels Museum and once the museum is ready to take control of the loaned property, they will set up a time with Votca to start the transfer process.

Susan South stated that she had put in for an animal permit as she wanted to be a foster parent to a beagle that is a lab rescue. She has been working with the Kindness Ranch in Wyoming. She explained to the Council that she is not a kennel and has no plans to be a kennel. It appealed to her to be work with one of these dogs one at a time. Her job is to housebreak them. They range in age from two years old to nine or ten. As people apply to become the adoptee, a house check is done and the applicant needs to go through the Kindness Ranch to get approved and moved for

her home. Ferrazzano asked what the time period is for her to have this extra dog that she is fostering. South stated that the time period is usually two to three months. Ferrazzano asked if it would be fair to say she could only have the extra dog for four to five months. She stated that would be fair because if she did not get someone to adopt the dog, she would send him back. Ferrazzano stated that was one of the questions the Council had at the last meeting. Mayor Peterson asked about licensing and shots. South stated they come from the lab with distemper and rabies shots. She stated that she is not going to go over having one extra dog at a time. Motion by Ferrazzano, seconded by Snyder to approve the animal permit submitted by Susan South. All voted in favor of the motion.

Motion by Snyder, seconded by Ferrazzano to approve the request from the Minnesota Waterfowl Association for a gambling permit. All voted in favor of the motion.

At the October Multi-Purpose Board made a motion that people who are board members have to have a Tracy address and live at that Tracy address. They are asking the City Council to approve this motion and adopt it into the Multi-Purpose Board rules. Motion by Stobb, seconded by Ferrazzano to approve the motion by the Multi-Purpose Board for board members to have a Tracy address and live at that address which includes the rural area. All voted in favor of the motion

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

Votca stated the Library Board held a meeting on January 20, 2014 to discuss the Library Accessibility Project. They discussed three options that are included in the Council packet. The Board had agreed at a previous meeting to use \$10,000 in donated funds towards this project. They made a motion and it passed unanimously passed to recommend that only one lift be installed at the library going to the second floor mezzanine. Option one would not be feasible at this time as the Board agreed to use only \$10,000 of their donated funds.

Option Two would be to use the \$10,000 of donated funds and an inter-fund loan from the Tracy Medical Center Trust Fund. The loan would be for \$34,157.06. This loan would be repayable over five years at 3.5% interest rate. Total loan payments for each year would be \$7,565.15.

Option Three would be to complete only the lift going to the second floor mezzanine of the library. Votca has been in contact with Ms. Jennifer Nelson from the State Department of Education and she said since there is nothing to access in the basement currently, it would not change any provisions in the current grant agreement and the Library would still receive the grant amount they authorized before of \$29,000. The County stated they would donate \$10,000 and that would go towards matching of the grant. Votca stated he has not approached them and if we only do half, they may decide they do not want to pledge the full \$10,000. Once the grant and pledged county funds are put towards the \$59,166 for one lift, there is \$19,833.06 remaining to be paid out of donated funds and/or inter-fund loan from the Tracy Medical Center Trust Fund. Snyder asked if going only with one lift would be save money. Votca stated that is correct. Snyder suggested that if the plan is to have the basement fixed so that it can be used, it would be best to put in both lifts now. He also feels that if they accept the apparent low bid and then issue a change order that would not be ethical as there was not a one lift bid from the low bidder. Mayor Peterson agreed with Snyder to move forward with the full project. If they move forward with the full project, the Library Board could take what they have left in donated funds and pledge towards renovating the basement and go for a grant to renovate the basement.

Peggy Peterson from the Library Board stated they wanted both lifts put in but did not want to use all the donated funds to do that because they then had nothing left to do the basement. Snyder feels the City has some obligation to help the library because the library is a great amenity to the City and the City benefits from having the library. Nelson stated it is the intention to apply for grants to help renovate the basement. Stobb stated the idea of a loan to library for this has puzzled him since the Library is not an enterprise fund, not a money making entity how would they repay a loan. Mayor Peterson stated it would be the same way the Fire Department does as they are not an enterprise fund. Motion by Snyder, seconded by Ferrazzano to move forward with installation of two lifts and the automatic door opener. Stobb felt they should check and see if there are some funds they can use today to just get it out of the way. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution 2014-6 A RESOLUTION ACCEPTING BID ON THE LIBRARY ACCESSABILITY PROJECT. All voted in favor of the motion. The City will enter into the contract with Dale Johnson III Construction LLC for the Library Accessibility Project according to the plans and specifications approve by the City Council.

COMPANY	Two Lifts	One Lift	Door Opener
Dale Johnson III Construction Tracy, Mn	\$77,990	\$ -----	\$5,050
Bladholm Construction Marshall, Mn	\$99,697	\$53,666	\$ -----

Further discussion was held on the compost site. Nielsen stated the property owners had talked with him basically turning this from a lease to a title transfer. Right now leases have been swapped with them taking northerly part of the road that does not go anywhere and farming that. In exchange they gave the lease to the City for the southerly part of the old right of way so there would be access into the dump site. The suggestion at that time was to turn those from leases into actual transfers and the City would now own the southerly old right of way and the City would give them the northerly roadway. It was the consensus of the Council to have Nielsen contact the property owner to see if they are still interested in making this change.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting at 7:55 p.m. All voted in favor of the motion.

February 10, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 10, 2014 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.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Stobb to approve the minutes for January 27, 2014. All voted in favor of the motion.

A deletion to the agenda was 8-A Review of Animal permit for Chris Plott at 313 7th Street. Motion by Snyder, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

Votca stated he had discussed with the auditors how to track the capital assets for the City. He said the City does not have solid policy in place that outlines how the City should treat capital assets for the City. The auditors provided a sample policy. Votca stated that he reviewed it and it sets limits on how long the City depreciates the capital assets over time and sets monetary values for the types of capital assets and how they are tracked. Votca feels that placing this policy would be beneficial so the City can continue to have a good depreciation schedule over time.

Stobb asked if it is much different from what they have been doing. Votca stated in the past it has been a \$1,000 limit in everything has been tracked as capital. He felt the may have been depreciating more things that should be. This policy makes it easier for the department heads and everyone else what the policy is. Votca stated there is established policy and more of a verbal policy. Mayor Peterson is in favor of this and it provides in writing to help make decisions and would help clean up the depreciation schedule by removing items that should not be on there. Votca stated that a lot of fire department gear, boots, etc. have been kept on the

depreciation schedule as they are expensive. He feels that is something that necessarily does not need to be tracked.

Motion by Stobb, seconded by Ferrazzano to adopt the Capital Asset Policy for Tracy as written. All voted in favor of the motion.

The City has received a request from the Southwest Initiative Foundation for an appropriation. Stobb stated this is one foundation that has been beneficial for Tracy. Mayor Peterson asked if they donated money at the end of the year. Mayor Peterson suggested that they wait closer to the end of the year to see how much they can appropriate. Ferrazzano agreed since they did not budget for this, they can wait till the end of the year to see what they can give. They should wait and see what they appropriated last year. M. Peterson stated they did not give anything last year. They will have it checked out and put it on the agenda for the next meeting.

Votca said he received a Liability Coverage Waiver Form from LMCIT to renew and last year the City did not waive the monetary amount. Nielsen recommended they do not waive the amounts this year also. Motion by Snyder, seconded by Stobb to not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04. All voted in favor of the motion.

The Consent Calendar contains the Municipal Accounts Payable, Municipal Accounts Receivable and Tracy Relief Association Minutes for January 6, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson said the Board of Equalization hearing is scheduled for April 29, 2014 at 7 p.m. This will be put in the paper.

S. Daniels stated they are having several problems with service lines freezing up. He suggested that the residents spread their water usage out so the line does not freeze or let some water trickle from your faucet. There are a couple problem areas in town. Mayor Peterson asked if there was anything the homeowner could check. Daniels stated that typical water main temperature is about 50 degrees, so if the resident's water is in the lower 30s, they are at risk.

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

February 24, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, February 24, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Snyder to approve the minutes for February 10, 2014. All voted in favor of the motion.

Addition to the agenda was 10-D Resolution 2014-10 to add PERA for Part-Time Police Officers.

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

There were no Public Comments.

Police Chief J. Lichty asked for any questions regarding his activity reports for January. He stated the program that they are putting on at the school during conferences in February is being postponed until fall conferences. There are still issues to be worked out and attendance at fall conferences is larger than the spring conferences. Stobb asked if Lichty is spending as much time at the elementary school as the high school. Lichty stated it is mostly with the senior high

and has done a few things with elementary school. When he walks in it is more a distraction for the kids.

Sandy Lau, Liquor Store Manager stated that business has been good. She asked for any questions regarding his report. Stobb stated that he was a little concerned about the margin on the profit/loss statement. Lau stated that in January inventory was done towards the middle of the month. During this time she tried to keep inventory down and the beer distributors give a discount at certain times of the year and that discount was coming up February 1, so she got a lot of beer in and did not get a chance to sell it yet. Also, there was an extra pay period in January.

Blair Nelson, Library Director stated they had their 1,000 Books kick-off and twelve children attended and at this time, 30 children have registered for the program. For Tracy Reads a lot of people have picked up the books. Nelson is finalizing two speakers to come and talk about the Vietnam War. The main discussion will probably be Sunday, April 13 at 6:30 p.m. at Twin Circles. Nelson will also be showing some Vietnam movies and documentaries. DVDs are now in cases at the front desk and locked to protect their investment as they build up the collection. The final specs for the Library Accessibility Project to create the lifts have been received and construction to begin in April or May. With the summer reading program coming up, Nelson will be booking some talks with schools to talk about the program coming up.

Nelson explained the Tracy Reads program is a community read program that is funded by two families where they fund 70 soft cover books and the books are bought directly from the publisher to get a 40% discount. In prior years there was only discussion of the book, but Nelson felt they should do more events with the book they choose, which is why they are booking speakers, watching movies and the Writer's Group is doing activities and they school is given the option to read the books.

Robert Gervais, EDA Director stated Family Dollar retail business is supposed to be closing this coming Friday on the Lau Seed House property. He has been in contact with S. Daniels as they have to remove the emergency siren off the property. There is another group interested in putting a store similar that and taking steps forward for this. The EDA gave a loan to Ron Boje. He is a leather goods man and is at the Red Rooster property. He does belts, gun cases, saddles, tack work. The EDA has also talked about a business opportunity more on the housing side, but is a business here in town. There is a meeting scheduled for this coming Thursday to enter into more discussion with them as to what the role is for the EDA and City to help them. Gervais reported they are also working on a potential sale of an Eastview lot and working with a business to try to acquire some equipment for their business as well. Gervais talked about a possible Industrial Park Expansion. He gave the Council a map with some lots. He will have Chris Larson talk about extending 4th Street E. 500 feet. This was discussed with the Planning and Zoning to try to look at options to enable to come up with some lots for industrial purposes, whether it is on Front Street, the current industrial park or a new industrial park. The idea was to come up with a short term fix to extend 4th Street E. 500 feet. The two lots on the west side of the road, there is an agreement with Jeff Ellingson and he has not come through on signing the agreement yet at this time. The other two lots on the east side of the road will be for the City development. It was felt this would be a good time at this time to look at that with the amount projects coming up this summer with sewer and water and road.

Chris Larson from I & S Group recommends doing brief feasibility study and could have it done by the next Council meeting. It is something that would be done anyway. There would be some soil borings and look at the topography and outlets for storm and sanitary. They could have something ready for bid by the end of April and about the same time as the 4th Street project. Gervais stated that preliminary numbers at this time look to be about \$385,000 to extend the street. It could maybe be better with some competitive bidding with other projects going on in town. Larson understands that it is City owned at this time and as far as financing, if the City wanted assessments recorded against the property. Since it is City owned, they would not have to go through the public hearing process as it would be 100% petitioned project. Mayor Peterson asked if there was anything with MPCA to extend those water/sewer lines. Larson stated to extend the sewer line they would have to get the extension permit and if the 4th Street project moves forward there are some other things done in the City in the last couple years. They have been good so far with trading I & I corrections for new hook-ups. Comments were received from Rural Development and those are significantly less than they were before so that is moving forward. Gervais stated the two lots that Jeff Ellingson is purchasing, although they would stub

in sewer and water in those lots, they would basically be bare lots. If they explained to MPCA, they may understand what the City is trying to do and buy some time on expanding the current industrial park or starting a new one. Gervais stated tonight they are asking for permission to move forward with the feasibility study. Motion by Stobb, seconded by Ferrazzano to move forward with the feasibility study on the extension of 4th Street E and industrial park. All voted in favor of the motion.

At 6:45 a public hearing was held considering the making of an improvement on 4th Street between Craig Avenues and South Street and Morgan Street between 2nd Street and 6th Street by repairing the road surface and replacing sanitary sewer and water lines. Chris Olson stated this hearing is one of the first steps as part of the Statute 429 process that allows the City to assess the benefited properties for all or part of the project costs. This project will extend from Craig Avenue to South Street and this will be a joint project with the County. This will consist of replacing all the utilities from Craig Avenue to South Street and surface improvements from Craig to Rowland would be just the trench restoration from the utility improvements and mill and overlay. Sidewalk would consist of modifying the pedestrian ramps to become ADA compliant which is a state requirement. The south half of the 4th Street portion, Rowland to South will be a full reconstruction, replacing the sidewalk, curb and gutter, water and sewer and a couple catch basins will be replaced. The other component of the project is Morgan Street from 2nd Street to 4th Street and that is mostly the downtown area that will be full construction of the street section and spot repairs of curb and gutter and sidewalks as necessary. Water and sewer will be replaced and will be adding storm sewer in the downtown area to intercept roof drains to help with I & I issues of properties that need to drain in the sanitary system. They will probably bid the end of April and be in the ground by early to mid-June and then wrap up the end of construction towards the end of September or October. Larson stated they have a preliminary assessment roll of the project costs. Larson stated the preliminary assessments are based on cost estimates and the actual assessments will be based on once the project goes for bids. Total project cost estimated to be about \$2.3 million. The County share would be approximately \$465,000 and about \$1.2 million will be assessed over the benefitted properties. Nielsen stated the City's percent of responsibility is different depending on the nature of the improvement. Larson stated that in general of the total project cost it is about 42% and of the city share it is about 52% based on the City's policy.

Dean Salmon felt the City did not have a policy. Nielsen stated that streets are assessed at 75% to the City and 25% to the adjoining property owners. D. Salmon felt there was no consistency to the City policy over the past 50 years. Some streets are just about done, some curb and gutter they have just about done, some sidewalks are done and some sidewalks in town they have not replaced, some sidewalks have been abandoned, so there is no really no proved consistency to the City's policy. Nielsen stated the policy is consistent, the practice is not. Dale Klein had a question in regards to the Legion. The front of the building was set for \$2,000 for a sidewalk and that sidewalk was just replaced about six to seven years ago. Larson stated a large portion is because of the service, and they are replacing the curb, gutter and sidewalk. Klein questioned why they would replace a sidewalk that is new. Larson stated that portion is on the county road and that is what the county has decided that is what they should be doing. Klein stated the Legion had to pay for this already and does not want to be paying twice for something. Salmon stated that he paid for sidewalk when 4th Street was done 30+ years ago and replaced curbing that was not necessary and he told them that if they did not do a better job than they did, it would sink again and that is what happened. Larson stated that 30 years is not a young street. Salmon feels the Council needs to decide if they are going to continue to have a downtown business district or not. If they do not want a downtown business district this is one way for it continuing to be here. If the downtown area is assessed with these assessment figures, and Highway 14 is just going to continue to go without assessments, and they are going to use the street, sewer and sidewalks just as much as we are, they better start looking at some changes in the assessments. Larson stated this is based on policy and Highway 14, there is no money coming from the City for that. Salmon stated there is City property that is abutting a good share of this project and to turn around and assess the businesses in this area, and then the project is not normally assessed is going to be paid for by the whole City, that is what you call double dipping. Larson asked how so. Salmon asked how the assessment for this City building, Masonic Building, Multi-Purpose Center and the Library is going to be determined. Larson stated it is the cost of the City. Salmon stated that he is a taxpayer and will be paying that cost. Klein felt that before anything is torn up, the people have a right to sit down with these "screwballs" that are doing it. He felt it is not feasible to replace something that is okay. Klein stated that they should not have had a public

hearing until the Council had gone through the engineering report. Mayor Peterson stressed that this roll is preliminary, that does not mean that the numbers that are there is what the property is going to be assessed. This will not be cut and dried in October when the project will be completed. This hearing gives the public a chance to give the Council input on what the assessments should be or should not be and what the grievances are and what a better course of action would be. Larson stated they needed a starting point and that is why they used the policy. That is what this hearing is for. Klein stated that since it is a County road they have to put up with trucks barreling up and down the street with all the noise and everything and wants to know why he should pay for those trucks to bounce up and down the street. He feels the County should be putting a lot more money into what they are doing. Salmon stated he does not have a problem with paying for the water line or sewer lines to his building, but has a problem with paying for the main line. That is the part of the utilities for the whole city of Tracy. Klein asked when there are main breaks if the people in front of the place pay for their stuff or does the City of Tracy. The City of Tracy includes all the taxpayers. There have been a lot of breaks this year and why should just the people abutting the project pay for it and not the whole City and the County since they are the ones beating up the road and ruining it.

Larson stated the other public hearing that is required by the Statute is the Assessment Hearing. This meeting is required to give a description of the project and a preliminary assessment roll. The other one required is when the actual assessment is presented. Depending on the outcome of that meeting is what will be certified with the County. Salmon asked if this project will be 100% completed by October. Larson stated the final lift of bituminous pavement will be done in the spring of 2015 to allow for trench settling. Salmon questioned if they will have a gravel road till this is done. Larson explained on Morgan Street there is going to be two lifts of bituminous pavement and the base course will be done this year and the second lift will be in the spring. For the south two blocks of 4th Street and the north four blocks with mill and overlay will be done in spring. Where they are cutting in with the utility trenches, they will give that a chance to settle. Klein asked if they will be repairing the driveway so they can get in and out without beating their vehicles to shreds. Larson stated the final lift of bituminous is two to three inches. Cory James from I & S Group stated that from Craig to Rowland until the following spring there would not be a lip at all. The road would be restored to where it is now and the following spring they would come and edge mill and put a three inch overlay over the entire thing. Until that time it would look like what is there except the utility trenches would be repaired to what they are. Larson stated in all the other areas, the final lift is two inches, so there would be a two inch lip from the edge of the curb to the edge of the blacktop. Larson stated the County will be funding \$465,000 towards the project. Rick Anderson stated it was great that the City of Tracy is willing to hit some of these projects head on as some are way overdue. He hopes people come together and make this happen. Anderson stated that his property is on the corner of 4th Street and Craig. His sewer runs into Highway 14 and goes underneath in a north-easterly direction, and wondered if that affected him on his assessment. His two properties touch 4th Street and wondered if people are going to be assessed individually for their needs. Neilson stated there is no sidewalk currently on the east side of 4th Street by Anderson's property. Anderson stated the sidewalk is buried because homes were removed during the tornado 1969. Snyder stated that on the preliminary it lists no assessments for sewer for Anderson's address. James stated the sewer and water mains are 100% assessed to the current landowners that they serve and in Anderson's case there is no sewer and water in front so are not assessed. Streets are assessed 75% /25%, which is basically everyone but was broken out by segments. They will not be adding sidewalk but because 4th Street is a state aid job, anytime you do anything to a state aid road, they have to bring the pedestrian ramps into ADA compliance. James stated the County was not willing to pay for sidewalk and they dictated what was going to be replaced on 4th Street. Anything above and beyond that the City is responsible. Larson stated they are proposing to replace the sewer and water before they make their improvements otherwise it would be more expensive to correct it later and there are issues with the sewer and water along 4th Street. Larson understands if they think this is not economical, but it is more economical to do it now. Mayor Peterson asked what happened to the \$600,000 the County was going to fund. Larson stated it was up to \$600,000 but there are only certain items that are eligible through the state aid and the County's policy is what adds up to the \$465,000. Seth Schmidt questioned how the assessments were calculated. Nielsen stated that on streets it is 75% to the City and 25% to the property owner. Storm sewer is 50/50% and water and sanitary sewer is 100% to the property owner. Larson stated this is to a certain size, so sanitary are proposing a 15 inch main, but the policy states the homeowners are assessed for an 8 inch which is the minimum size main and the same with water main. They are proposing an 8 inch but the assessment is based on the cost of a 6 inch. The extra size serves the

whole City so that is paid for by the whole City. If they are repairing the curb because it is necessary to replace the service, that cost was considered incidental to the service. Nielsen stated that in the policy there are life expectancies for some of these improvements and if the City and property owner do not get their life expectancy, their assessment is less. If someone was assessed 30 years ago for something and the life expectancy of that improvement was 40 years, now it has to be taken out 10 years before the end of that life expectancy, that is taken into account on the assessment also. Some of the improvements do not have any of that life expectancy thing built into it. Nielsen does not recall what they are for the other improvements. George Hebig asked what the number of years this will be assessed over. Larson stated that depends on the bond period the City gets, it is usually 10 to 20 years and that has yet to be determined. They are anticipating that to be at least 10 years.

Larson stated there are three criteria that allow for deferral. Nielsen stated there are criteria that have to be met. It means the people do not have to pay on it till a later point and then the current landowner or new property owner will have to pay it. Rick Anderson asked how this assessment is going to affect them monthly or if it will be on the water bill. Larson stated that it is assessed to your taxes and will be paid on semi-annually and that will depend on what the term of the assessment is. Larson stated that have not prepared bidding documents yet and if the City decides to move forward they will authorize for bidding and hopefully opening bids at the end of April.

Sunny Vue his home is on the corner of 4th Street and Rowland and when it rains hard the storm sewer backs up onto his yard and that corner of his home has sunk about one foot. Larson stated that would be something that would have to be discussed with the County about as they are the ones that would decide how much work they will be doing on 4th Street as far as storm sewer improvements. Vue stated that every time they have to fix his curb stop which is in the sidewalk, he has to repair the sidewalk. Votca stated there is a separate surcharge that is collected on the water bill that pays from the main to the curb stop.

There were no more public comments and the public hearing was closed and referred back to the Council for their action.

Mayor Peterson wanted to remind everyone that these numbers are preliminary and the input has been appreciated. If anyone has any specific ideas as to what a fair assessment would be, give Votca a call and let him know any concerns and he will keep the Council informed when it gets time to do the final assessments.

Ferrazzano asked if they did not do any of the infrastructures, the County is going to pay for the mill and overlay of the street. Larson stated the County will pay for the mill and overlay and will pay for the reconstruct from South to Rowland. Ferrazzano said they were looking at this assessment because of improving the infrastructure. If one option is they don't care about the infrastructure because whenever it breaks, the cost of repairs is spread through the whole City. According to the report the main that runs on 4th Street is 1892 time frame. Votca stated another piece is what the general taxpayer pays versus how much the other property owners. The policy can be modified if they feel it is not feasible. Ferrazzano stated the fundamental is if you want to improve the infrastructure or not. If not the County is going to pay for the road and do the mill and overlay. The infrastructure is then repaired when it breaks down. Mayor Peterson stated that is 4th Street and the oldest infrastructure is on Morgan Street which the County will not be paying at all. Larson stated for the City, the constant repair is going to be more costly than replacing it. Nielsen stated that over time if you add all the dollars and cents, the total cost to do all those repairs over a period of time would be way more than doing it right.

S. Daniels, Public Works Director asked if there were any questions regarding his written report. Everyone that had frozen lines, they now have service one way or another. Four of them are above ground from their neighbors and two are from hydrants. Arrangements have been made with the property owners to take care of the water usage. Daniels stated they have about 12 lines frozen this year and usually there is none. Because of the depth of the frost, the only thing keeping the main from freezing is the water flowing through the main. The Public Works had to repair a cracked main and about 10 feet there were two areas that were broken. Nielsen questioned as to why the City should be doing this for those residents. Daniels stated the \$2.00 surcharge was added and most of these are freezing in the road between the main and the curb stop. The intent of the ordinance was more for leaks and rotten saddles. Ferrazzano felt that to

avoid confusion leave it as it is, if it is from the curb stop to the main, regardless of what the issue is, the City pays for it. Snyder expressed appreciation to the Public Works Department for all the work they have had to do this past month dealing with these issues.

M. Votca, City Administrator reported the consensus of the Planning and Zoning Commission was to extend the road in the current industrial park in order to create more lots that would be ready for use by future businesses. Rural fire contract meeting was held on February 6 and went well. The contract with Dale Johnson III Construction for the Library Accessibility Project has been signed and details are being worked out on the timeline for the project. The City staff has been working on getting ready for the opening of the pool this coming summer. Votca stated that he will be bringing some recommendations to the Council of things that might need to be changed regarding the pool. Fees are being reviewed and he feels that Non-resident fees are priced a little out of range that they should be and affecting the decision of some to purchase passes. Pool Manager, Janice Landa has already been working and it is going well.

Nielsen stated that when they were taking donations for the pool, there was some deal made with Non-residents who made a donation they would get a different rate. Whatever the Council would do to make sure they do not violate those terms. Ferrazzano one of the things they were always aware of if you lower the rates for the Non-residents to what the Residents pay does not recognize the fact the City residents paid for the pool. Votca stated right now it is \$55 for each pass more than what the Residents pay. Votca stated they are also looking at adjusting the pool hours so that people can come after work from 7 pm to 9 pm. Ferrazzano stated it was cut back there were not enough people and would have to pay for staff to be there.

The Tracy Area Chamber and the Prairie Women's Expo Committee are requesting the use of the VMC and waiving the fees. Motion by Ferrazzano, seconded by Stobb to allow for the

Prairie Women's Expo to be held in the VMC and waive the fees. The dates requested are for April 12 and April 13. All voted in favor of the motion.

Votca stated if the Small Cities Grant was approved proposals were needed for someone to run the grant after it was awarded. It was sent to three different firms and Pettipiece and Associates was the only one that submitted a proposal. Votca stated they do not have to award the proposal at this time as the City has not been awarded the grant yet, but wanted to get it out there to let everyone know they went through the process to get proposals and once the grant is awarded or any time before that, the proposal can be accepted. Votca did contact Pettipiece to let them know they are the only ones that submitted and proposal and will keep in touch with him.

Motion by Stobb, seconded by Snyder to adopt Resolution No. 2014-7 RESOLUTION RECEIVING IMPROVEMENT REPORT FOR 4TH STREET (CSAH 11) IMPROVEMENTS PROJECT. This states a report has been prepared by I&S Group with reference to 4th Street (CSAH 11) Improvements Project including 4th Street (CSAH 11) from South Street to Craig Avenue and Morgan Street from 2nd Street to 6th Street. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution No. 2014-8 A RESOLUTION ORDERING THE 4TH STREET (CSAH 11) IMPROVEMENTS PROJECT AND PREPARATION OF PLANS AND SPECIFICATIONS. Stobb questioned who would be overseeing construction of the project. Larson stated the cooperative agreement puts a burden on the City to administer the project. The construction for CSAH 11 has to meet state requirements. I&S would be contracted through the City and report back to the County. The City will be making the progress payments and apply back to the County for reimbursement of items that are state aid eligible. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution No. 2014-9 A RESOLUTION SUPPORTING LEGILATION AUTHORIZING THE ESTABLISHMENT OF MUNICIPAL STREET IMPROVEMENT DISTRICTS. This resolution supports enabling legislation that would authorize cities to establish street improvement districts to fund municipal street maintenance, construction and reconstruction. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2014-10 A RESOLUTION ALLOWING PART TIME POLICE OFFICERS FOR THE CITY OF TRACY TO BE ACCEPTED AS MEMBERS OF THE PUBLIC EMPLOYEES POLICE AND FIRE PLAN.

Votca stated the last two part time police officers the City provided PERA from the City and this resolution states the City will continue do PERA to the new part time officer. All voted in favor of the motion.

The Consent Calendar consists of the Municipal Accounts Payable and Tracy EDA minutes for January 17, 2014. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Votca stated they have received comments back for the second PER that was submitted for the Wastewater Project. He will send them out to the Council to review. Doing a quick review of them, Votca states they seem favorable and there are some questions about making sure the City is exhaustive on the options for the ponds. Larson states that if things move along, he can see being in the ground by Fall 2014.

Mayor Peterson expressed thanks to Seth Schmidt for his article regarding the Masonic building and hopefully someone will come up with some ideas to save the building. Stobb stated the Council is going to have to make a decision about that building at some point and feels the Council should go through and look the building over. Ferrazzano stated it would also be helpful to know how much it would cost to renovate the building.

Enderson stated during the public hearing there was discussion about replacement of sidewalks. He has not gone out and physically looked at the sidewalks and if they are in good shape and are not that old, do they have to be included in this repair. Larson stated the County wanted to help the City get up to what they have available. Originally the sidewalk and curb and gutter were not going to be replaced. After the cost was reviewed and the County was well below the \$600,000 and the curb and gutter and sidewalk is eligible. A lot of it would have to be replaced anyway for services. He understands it looks bad when a sidewalk is replaced and now that panel is being removed but sometimes it is more cost effective to take out a six foot piece of sidewalk versus trying to protect it through the duration of construction. All the County costs are being taken off the City's portion and not the assessed portions according to policy.

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

March 5, 2014

A Special Meeting of the Tracy City Council was called to order at 5:15 p.m., Wednesday, March 5, 2014 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.

Mayor Peterson explained the purpose of the meeting is to establish some type of policy or procedure for dealing with the infrastructure as far as water line freezing. Mayor Peterson stated it is a problem throughout the state. It may be getting worse before it gets better because as the thaw process begins the frost is going to go deeper. He would like to see some kind of policy where they can incentivize the public to keep the water running in their resident or business to prevent the service lines from freezing.

M Votca stated they talked about options to incentivize the public, One would be to give a flat rate that could be done off of some estimates or could average billing from the past. Votca stated he did some research and MN Rural Water Association says that if you have a pencil lead sized stream running, in a month that would be about 5,400 gallons of water. He used this to base his math on to figure out the cost of what that would be to an average user. That is about five units of water and if you have a remote meter it is \$2.80 per 1,000 gallons of water used. The other is \$2.10 for 750 gallons of water. This would figure to be \$15.12 a month for water usage if they continuously run the water. Votca did not feel this was a big issue, but the way the sewer is billed. The three months of January, February and March are averaged and that average is what is paid the rest of the nine months of the year. If the resident is running their water extra in

February and March, that would cause a higher average for the sewer. Votca did some math on his own usage of about two units per month so if his sewer was two, two and two. If he runs is water in February and March it would be about a 5.33 average on water. He run the numbers again on with a 5 unit average and it still came out to be 3.33 higher than it was before. They would be using an extra three units of sewer throughout the next nine months. When he calculated the three units times the 12 months and the rate for sewer is \$1.47 and comes to \$52.92 a year for someone that would use more. The average user would be about \$83.16 approximately on an annual basis if water is run for the whole time. Votca stated that if the Council chose to give an incentive of a flat rate to rebate that back to someone that would be about \$75,758.76. He felt that this would be a ridiculous amount considering that everyone will run the water and they would be giving it away. Votca stated this would be expensive and he is not sure it would be worth it.

Votca stated another option is there could be a system where an average usage is given. There are 911 connections in the City and would take M. Peterson and K. Burch between two days to a week to get everything input into the system to give every user an average amount and some residents are not running their water and they would be wasting their effort on those residents. They came to the conclusion the best way would be if the resident would come to the City office and let us know they are running their water and it will be averaged out. Then maybe 200 to 300 residents come in and do that. That way they will get their average usage based on the criteria the Council decides. That would keep the workload down and would give incentive to residents to run their water throughout the City and it would keep the water and sewer under normal conditions and the revenues to the City generally averaged based how it was budgeted for the year.

Mayor Peterson felt this makes the best sense and will give those residents an opportunity that do not want to run the water due to the extra cost and it would also save the City some money in the long run.

Ferrazzano stated another option for the sewer is if you take the first three months of the year; take the data from last year. This could be applied to everyone. Votca stated the only thing with doing that is if the resident did not live in that property last year and live in it this year with a family of three and used more water. Some could end up paying more than they would. Votca stated that is why he likes the elective system when people opt into the system. M. Peterson stated that when the software system how it calculates that three month average. Each month whether it is remote read meters or the residents recording their meter readings to the City, when it is input, it is calculating the twelve month spread. In order to get the last year's average, they would have to go about it a different way to get record that information and they would have to input it for everyone.

Stobb felt that some families are going to have different figures because of when they run the water. He stated he calculated his bill out and it was interesting that he came up with about one-third of water usage. Ferrazzano stated they let their water run during the night. The residents should understand that when they are recommended to run their water but not run it full force. As long as it is dripping and moving that will do the job. The main thing if the water is not in use, keep it running so it does not freeze. Stobb definitely encouraged residents to come or call in and register for this so they are letting it run.

F. Nielsen asked how they are going to legally implement this as the water and sewer rates are set by ordinance. The City can say that this is what they are going to do and then redo the ordinance part to put this in place which would take a couple weeks. Mayor Peterson if they have to do it by ordinance to adopt a policy for these extreme conditions that would be enforced and he asked if they would have to state it to see the policy. Nielsen since the rates are set by ordinance, this should be changed by ordinance as they are changing the rate in some way. Ferrazzano felt they should amend the ordinance as to what they are going to do, so residents can look in the future as to what was done. Nielsen stated that if the Council wants to amend the ordinance to include the rate change but it is effective for the billing for the months of February and March as those are the months they will have to worry about. S. Daniels stated the frost is down about 56 inches right now and if it pushes down further it will be about five feet and there are lot of lines that are at five feet deep. S. Daniels stated that what they have been doing with the frozen lines is to contact a plumber and if they do not succeed in thawing it out, the City will try with a steamer and if that does not work, then they look at temporary service lines above

ground. Daniels felt the best option to prevent this is to run the water. It costs about \$600 to \$800 to get a plumber.

Snyder agrees there needs to be some incentive for residents to let their water run so they do not have the frozen lines and the expensive of opening them. Nielsen questioned if they should look at the part of the ordinance where it states the City will take the responsibility from the main to the shut off valve, except for frozen lines. Ferrazzano did not feel they should change that and leave the definition saying from the curb stop to the main, the City is responsible no matter what the issue is.

Ferrazzano asked where most of the frozen lines have been occurring. There are a couple where the house froze up. Ferrazzano stated he understands what Nielsen is saying but feels that leaving it so they do not have the issue again of trying to figure out who is responsible Nielsen asked what they are doing now for those now that freeze past the curb stop and if the City is paying for that. Mayor Peterson stated they have not dug anything up at this time and are just running temporary lines. Daniels stated that this has not been expensive to do. Nielsen stated that if he happens between the curb stop and the main the City is footing the entire bill and if it happens anywhere else, the homeowner is responsible. Nielsen suggested the residents be instructed the lines could freeze anywhere and if it freezes close to the house, basically the resident will be responsible for that cost of repair and feels that would help incentivize them to run the water also. Mayor Peterson asked if it is known where the long lines run. Those individuals may be most at risk and if there would be a way to notify them. Mayor Peterson stated that if someone line would freeze and they were not running water they should have some responsibility in this. If they are not taking the initiative to run the water to keep it from freezing, there some be some financial responsibility on that property. Daniels stated there was one temporary line, the water got shut off and it froze up. The Public Works had to take the hose to the shop and heat it up and replace it back. Daniels stated it depends on the depth and length of the line if it freezes and there is no way to know the depth.

Snyder stated the simple answer is for the residents to run their water. Ferrazzano stated that someone is going to pay for it and we are all a community. If they do not take the initiative, being without water would be enough punishment. Snyder stated that one of those lines could break at the main and then there are bigger issues. For the little bit expense, especially when it is spread over the year that it cost to run the water a little bit, he does not understand why they would not run it.

Motion by Ferrazzano, seconded by Snyder to amend the ordinance but have the policy of when the extreme weather conditions are such to incentivize to adjust the billing of those that chose to call the city offices to let them know they are running their water. All voted in favor of the motion.

M. Votca stated that he will advertise this decision so that everyone knows what the policy is. Snyder suggested that the Police Department send it on Nixel a couple times. M. Votca stated that he will also put it on the City website.

Ferrazzano suggested that if they are recommending others run their water, the City should also be running theirs. Mayor Peterson suggested that the Multi-Purpose Center and Library and the users of those facilities need to be made aware of that.

The special meeting was adjourned at 5:40 p.m.

March 10, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 10, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Enderson, seconded by Snyder to approve the minutes for February 24, 2014 and March 5, 2014. All voted in favor of the motion.

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

There were no Public Comments.

Chris Plott and Jennifer Roach were present for the annual review of their animal permit. They still have the 15 dogs, 14 at home and one that goes with her on the truck. There have been no complaints received regarding the dogs. Motion by Stobb, seconded by Ferrazzano to approve the renewal of their animal permit for one year. Roach asked if it the license could be reviewed again in two years instead of the one year. It was the consensus of the Council that they would review the permit annually and if need be will contact Plott and Roach with any complaints. All voted in favor of the previous motion.

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

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

The United Way of SW Minnesota has requested the use of Sebastian Park on July 24, 2014 for the Wild About Reading program. Motion by Enderson, seconded by Snyder to approve the request from the United Way of SW Minnesota program. All voted in favor of the motion.

M. Votca stated they are developing an Inflow and Infiltration to Sanitary Sewer Reduction Plan of Action because of comments made during the review of the PER by the USDA, Rural Development in Marshall. There is a good ordinance as far as not allowing clear water or storm water into the sanitary system. It is illegal for residents to hook into that and this is his plan that he would like to implement to move forward with enforcing that ordinance more clearly and helping educate the public about what that does to the system by adding additional treatment requirements for the system and how it affects them personally with rates for sewer and different items like that. Votca stated the plan would educate the residents on how the City Code is currently written and what they need to look for on their property to determine if they are contributing to the I & I. There are some homes that have their foundation drains going directly into the sanitary sewer as well as their sump pump directly in. Some have switches that they can by-pass seasonally into the sanitary system. Votca wants to make them aware that they are violating the City ordinance when they discharge white water into the sanitary system and to let them know that they need to repair that.

Votca stated the other part of this is doing inspections. The City has been doing inspections through the City but not recording them as well the City should. He wants to make sure they are recording on a good spreadsheet or system and annually put those in a data base with an engineer and they can update the map and the City has good product that records that information. Every time the Public Works would enter a property for any reason, hooking up meter or turning on water, they would do the inspection to see how that property is discharging their white water.

Votca stated I & S recommend having the sewer lines televised when projects are being done. In doing the 4th Street Project, they would go through and have the cameras see what that property

is doing to get that system into compliance with the code and get them off the sanitary system if that is where they are putting their storm water. The Council would have to decide who would be responsible for the cost. Votca feels that if they are already televising a main line, it would be the City cost or if they are doing a reconstruct that could be included in the cost of the project and determine if they want to assess that piece or not.

The most difficult part would be the as a condition of property sale. Votca stated that he would like to make that part of the ordinance so that if they sell their property there is a way to get that corrected before the new property owner takes over that property. At least they could hold the other owner accountable if they found out their property is in violation and got sold to them. Then they could maybe go back and get some money recuperated. If not they will incur that cost themselves if there is not something like that in place. Sometimes the City does not really know they sell their property and it may be hard to enforce but maybe it could help someone in the back channels later on.

Votca stated the City has seasonal permits that allow residents to discharge the water into the sanitary sewer during the winter months where there is not as much water flow going through and would cause icing in their yards. This needs to be reviewed and Votca has outlined four things that would be allowable for the permit to be given. Votca stated that he is not sure how many permits there are right now and they have lost track. They would have to renew that permit for wastewater. Stobb asked if they officially have a permit. It is a notice in the paper telling the residents they can discharge in the sanitary sewer and another notice in the spring telling them to remove them. Stobb said for himself, the alternative to this is to have an interceptor line going to the storm sewer. He stated in his area there is no storm sewer. Votca stated something to add to the plan would be when a road project is done, the make sure if an interceptor line is needed that make that part of the project. Votca stated that some residents the yard is too small to discharge and going directly into the street. Snyder that was done when 4th Street East was redone. Mayor Peterson stated that every street project done in the past five to six years interceptor lines were included in the project.

Mayor Peterson asked if the televising would be a onetime procedure to see if it is in the sanitary line. With the changes and the permitting on draining into the sanitary is going to require a change to the ordinance. Votca stated they can set the guidelines for what the permitting is and would not change the ordinance. Nielsen stated he is looking at it the same as Votca is, but it can be looked at a little closer. Nielsen stated that concerning the condition of property sale, the only thing he can think of is about ten to fifteen years ago, the counties were enacting ordinances that when properties were being sold they had to have better septic systems and needed to be inspected. They were not recording property transactions. The state does not allow them to do that anymore. You can enforce inspections but that cannot be a condition of actually transferring the property. Nielsen did not know if that was worded broadly enough to also municipal government, he is not sure. He can take a look at that. An alternative to that would be when there is a change of utility service. Votca stated that when they do this, they need to go and read the meter so that would be a time to do an inspection whenever the utilities transferred. Now as a new owner you have this big bill on you and really the previous owner's fault that it is not up to code. That is why he thought the condition of property sale was a good idea. The legality of this would need to be investigated. Nielsen stated that there is a part of Minnesota law that when a property is sold there is to be a condition of property disclosure given to the buyer. The drawback of that is the vast majority of buyers waive taking this disclosure. A lot of disclosure is what do you know and if you have a house that is putting water where they should not but if you do not know that, the disclosure is not going to enlighten the buyer to that. An inspection would need to be done to disclose that.

Ferrazzano when they do a road repair and certain lines are going to be televised, that property owner would be on notice there is a problem. Votca stated that one of the problems found, there is a procedure in the ordinance that you notify them within a certain amount of time. They are sent the notice that tells them they have a certain amount of time to correct the problem. There is a fine that has to be paid if you do not get it corrected within that period of time. He stated it is \$50 per month for residential properties and a commercial property is \$10 per day. If the property owners do not allow access to the property for inspection, the fines still go into effect. Ferrazzano felt this would be something to talk about if they are going to do this because there

are some residents that do not realize they are not in compliance. If you do not have a sump pump, you would not know where the water goes. Votca stated that I & S did an initial review and he is in review of what this but it basically lays out the diagram of a house and shows how the pipes are hooked up.

Mayor Peterson asked Daniels if he had an estimate of what it cost to televise the sewer line if a home owner wanted to have his lines checked. Daniels stated it would cost about \$200-\$300. Ferrazzano stated that televising is one thing but changing it if it is a problem is another issue. Putting in the sump pump would be something they could have done and put on their taxes. Mayor Peterson stated that when 2nd Street they ran interceptors off of 2nd Street to every property whether they had sumps or not. That is where the City stopped. If they had a sump, they could hook into it and had it corrected at that time. The interceptor was run about 5 feet into their property and would have a year to hook into the line and if they did not sump or tile drain, they had a line that did not have to be used. Daniels stated that most homes have a tile line, instead of running the tile line into the sump pump; they are intercepting the tile line into the sanitary sewer. Votca stated that most of the roof drains did that and most are fixed now. They had one sewer system. Ferrazzano stated that from this point when they do street projects the lines will be televised and let the resident know if there is a problem.

Votca stated they can do some more research on the as a condition of property sale and he brought this up tonight to start a discussion. They do need to solidify what I & I mitigation is. Daniels stated that inspections from part of 2012 and all of 2013 have been done but need to be put into the spreadsheet and the engineers put it into the GIS and they can look at the map.

Votca provided a list of opening on the boards and commissions and a copy of applications that have been turned in so far. Stobb asked if contact has been made with the members that their terms are expiring. Votca stated that he will send them a letter this week and let them know. Stobb questioned that since they have two applications for the Multi-Purpose Center Board and two openings, he asked if they should act on that tonight. Ferrazzano agreed to appoint them tonight. Motion by Stobb, seconded by Ferrazzano to appoint Shirley Anderson for a two year term and Diane Westley for a three year term to the Multi-Purpose Center Board. All voted in favor of the motion.

The agreement between the City of Tracy and the Tracy Ambulance Service and their financial statements were reviewed. The rate they are billing the City is the same as the last agreement at \$13,749 payable on March 30, 2014. Votca stated there was less revenue due to the lower numbers of calls last year. Motion by Ferrazzano, seconded by Stobb to enter into the agreement with the Tracy Ambulance Service. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Relief Association Minutes for February 3, 2014 and Tracy EDA Minutes for February 7, 2014. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson said there was a meeting with Engineers from I & S, MPCA, and Rural Development today. A Public Hearing is required in regards to the Wastewater Treatment Project. It was by consensus that it be held on April 7, 2014 at 6:00 p.m. in the Council Chambers.

Thank Yous have been received from Audrey Koopman for the flowers sent. The other from Pastor Haberman from Tracy Methodist Church extending his appreciation to the Public Works Department for job well done getting them some water back. Mayor Peterson stated that he has heard nothing but compliments with the water breaks and snow removal.

Votca stated that as of today, 45 residents have signed up to let the City know they are running their water to prevent their lines from freezing.

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

March 24, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, March 24, 2014 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 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 March 10, 2014. All voted in favor of the motion.

Additions to the agenda include 8-D Planning Commission appointment, 8-E Charter Franchise and 8-F Request from Tracy Area Chamber of Commerce for the Sportsman Show. Motion by Stobb, seconded by Snyder to approve the agenda as revised. All voted in favor of the motion.

There were no public comments.

S. Lau, Liquor Store Manager reported she had karaoke was held on March 22. She is thinking of not having it in April and May due to Easter and people being busy during those months. The Liquor Store will be participating in the Prairie Women's Expo. They will have a table set up with can coolers for sale and will also be giving out complimentary samples of wine. There will be drink specials for the women after the Expo. Lau continues to run sales in the middle of the month that are good till the end of the month and has received many compliments on the advertising. February 2014 sales are up from sales of February 2013.

Votca stated that the Council has been provided with a condensed Profit and Loss Statement. He feels it is easier to get the point of what is going on. If the Council requests back up information, they can provide that. Mayor Peterson stated the condensed version is fine with him. Stobb suggested they try it for a couple months and see if it makes sense.

B. Nelson, Library Director presented the final details for Tracy Reads and other events. The book is "The Things They Carried" by Tim O'Brien. There are still copies of this at the library at no charge. March 11 the library has a guest speaker, Bruce Neff who is a veteran and door gunner on a helicopter. He will be presenting an overview of the war. Nelson sent flyers to the schools and hope that some of the students will attend. April 5 at 7:00 pm they will be showing the movie "Platoon". On April 1 through April 4 they will be screening "Vietnam" in HD. This is a 4 ½ hour documentary and will be playing throughout the day and people can come and watch it as they want. On April 26 the library will have guest author and speaker, Michael Eckers. He is also a Vietnam veteran and will be doing a presentation on the evacuation of Saigon and the political climate at the time of the war. April 13 will be discussion of "The Things They Carry" at 6:30 pm in the Twin Circle community room. Nelson stated the writer's group will be doing essays on the "The Things We Carry In Our Life". As summer gets closer and the summer reading program coming up he will be visiting the schools to promote the summer reading program. There will also be book talks where you either select a title to highlight. Nelson has been working with Laurie Fox on bringing book for the children that do not know that they are available. Story hour will now be on Saturdays and he will be doing it and will be launching this in May.

S Daniels, Public Works Director asked if there were any questions regarding his report. He stated they had a couple of the temporary water line freeze up this morning and they got them thawed out. The staff has been working on the street sweeper. Stobb asked if the sweeper was new when they purchased it. Daniels stated it was a demo and had 260 hours on it. Daniels stated they have been having problems but the problem is hard to find because everything is electronic. Stobb asked if they got any help from the company from which it was purchased. Daniels stated they had them come down once last summer and was here for about two hours and then the City received a bill for \$900. Mayor Peterson asked if the company provided any telephone assistance. Daniels stated they did not give much information, but as far as troubleshooting they would rather the City pay them to come down and look at it. Stobb asked what was happening with well #7. Daniels stated that because of the high iron content, the screens on

the bottom get full of iron and start losing capacity of it. Eventually it can plug up solid and have to dig a new well, but if it is maintained every few years. They shoot an acid bath they shoot down in there to disperse the iron off the screen again. The estimate cost would be about \$12,000 and will wait till mid-summer to have this done. Daniels stated they will order parts as the budget allows but having it blasted they will wait till the first of next year after the new budget. They will know what it costs for well #7 and then will know what to expect on the next one.

Ferrazzano asked how many water meters they receive in a shipment. Daniels stated that they ordered 50 meters. Badger lost their franchise with Dakota Supply Group. There is now a new company that is selling meters for Badger. Daniels stated that once a year they get a large order. Now that the City has the new account established, they can get meters within a couple days. Ferrazzano asked how many there are to be replaced. Daniels stated this have replaced approximately 583 meters. Stobb asked if there have been many problems with the new meters. Daniels stated there have been no problems with meters. He stated the computer system is working more accurately now. They say there are 20 years meter accuracy and have new heads with batteries that can last 30 years. The meters are guaranteed for 20 years. There have been a few dead meters and the residents basically get free water. Those are the residents that get new meters. If those get done then they go to requests for new meters especially for elderly residents that have trouble reading their meters. Daniels is hoping that all of them will get replaced within five years.

Mayor Peterson stated the EDA report and Police reports are included in the Council packets.

Votca stated that if there are any questions on the EDA report or Police report he can relay them to the Department Heads.

M. Votca, City Administrator stated the auditors have been here and their initial report is that everything is going well and doing accounting well. They did provide helpful information on how to streamline a few processes.

Votca stated there are about 108 residents that signed up to have their water bills reviewed as they have been running their water to prevent frozen lines.

There was a meeting on March 10 regarding the Wastewater Treatment Plant with the MPCA and Rural Development. This meeting gave I & S Group good guidance on fluid limits for discharge of the system. The City needs to do more work on finding properties that would be useable for the pond system. Votca stated they are pretty much on track to get the PER done. The financial information should be available from the auditors. Votca stated that he and Chris Larson from I & S met with the FAA personnel in Minneapolis and discussed having ponds within the 5,000 meter area around the airport. They are strict on this and are reasonable when the cost analysis on those ponds. They will follow any type of litigation for wildlife hazard as long as the USDA's Wildlife Litigation agrees with the steps Tracy is taking.

Votca had his initial meeting with Chad Anderson to discuss the lease of the VMC expires July 31, 2014. One of the things Votca is considering is there needs to be some repairs made to the facility to keep it up to standard for use. He would like to come up with a way to do this between the School Board and the City that they both can contribute to that plan through the lease. The floor and bleachers are going to need to be replaced.

The LMC is holding their Annual Conference in St. Cloud from June 18-20. Votca stated they are having a new clerk's orientation and has good course for new clerks. He was planning to go to that. There is a \$250 registration fee and was budgeted for \$500 for Conferences and Training. The hotel rooms are \$85 per night and that is under the budgeted amount for this year. The consensus of the Council was that Votca should attend the conference.

Votca has been looking at some of the fees for the Aquatic Center. One of the first things he looked at were the hours of operation. Feedback has been received from the people that use the Aquatic Center it would be nice to extend the evening hours to have a 7-9 pm hours on a few days of the week. After work people could use the pool. Votca is proposing that on Thursday

and Saturday the pool would be open 1-5 pm and then reopen from 7-9 pm. It will be the same amount of hours as far as paying employees and would raise the cost any. Stobb stated that it would be good if they could survey the users of the pool as they come this summer to see what their preference is. Votca stated that they have talked with some residents and families around town to see what they thought about it. It was historically like that for quite a few years and then it was caused to the current hours. Votca stated the change may have been more of an employee complaint than a customer complaint. Ferrazzano suggested the pool stay open from 1-9 pm. He feels that seems easier. Mayor Peterson stated that scheduling could be an issue and then they need to be given break time. Ferrazzano felt that if the hours can be changed through the swimming season, he would be in favor of just keeping it open from 1-9 pm unless there is some requirement that the lifeguards need a longer break. M. Peterson stated that if it is kept open, the lifeguards are required to take a half hour break for lunch. Votca stated the lifeguards take a safety break every hour.

The next part that Votca looked at was the fee schedule. He compared the fees in Tracy with surrounding pools. What he said was that the non-resident and single passes are quite a bit over priced compared to the other towns in the area's fees. Right now the on-resident passes are \$55 more than resident passes and feels this is higher than it should be. Votca presented a sheet with the number of passes sold. It is a possibility those people are not coming here due to the rates. Due to that Votca has laid out a couple other alternatives. Votca felt that a \$20 rate increase for the non-resident instead of a \$55 was more reasonable. Votca provided a comparison charge with the \$20 increase instead of a \$55 increase. This can still be complicated and has issues of who is a family member or not. Votca presented the Option #3 of having a flat rate per person with a \$60 season pass. When he thought about that one of the cons some people could pay more for their family. Ferrazzano stated that Option #3 is the simplest and the one concern is not differentiating between the people in town. Ferrazzano felt Option #2 is workable and like the late admission stuff and the adult swim stuff. His suggestion would be to go with Option #2. Stobb felt they could go with one family rate and probably select the lower one. The fee for a coupon book could be adjusted and take a \$1 off that. Votca stated they may have to limit how many people are in a family because it gets complicated. There is a disclaimer on the brochure that explains what a family member is. There are different kind of families out there, with different names, step families and could complicate that piece of it. Stobb stated the initial plan when this pool was built, was that the concessions would be producing a lot of money for the pool. If they get more people to come to the pool, they will see more concessions and have to be more creative what they are offering out there. M. Peterson stated there are multiple families live together and want to sign up on the pass. She feels as long as they are strict about it and enforce it the way it should be enforced; there should not be a problem. As far as the concessions are concerned the pool does not have a certified food operator. They can only sell certain items and the prepared items have to be individually packaged. Mayor Peterson stated that if they are going to prepare food at the pool, the facility needs to be up to code and have someone that is a licensed food handler. Peterson stated that to have a certified food operator they need to attend a class. Peterson stated there is someone at the Liquor Store that is certified. Ferrazzano felt they should have a certified food operator at the pool because the pool is not making any money and need to do something to help lessen the burden. Votca stated he is also looking at the margins they are making off the different products. If they had the certified person, they could buy food items in bulk to prepare. Stobb stated they should look into that more. Daniels stated that one of the things they run into is expiration dates. M. Peterson stated that ice cream has been a good seller at the pool but they need to be conservative on where they purchase the products.

By consensus the Council set the prices for a resident family pass at \$110 and non-resident family pass at \$130. The coupon book will be \$30.

Motion by Stobb, seconded by Snyder to appoint Sis Beierman to the EDA Board. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to appoint Loretta Gervais as the Currie Representative to the Hospital Board. All voted in favor of the motion

Motion by Ferrazzano, seconded by Snyder to appoint Rhonda Fredericks to the Library Board. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to appoint Bill Chukuske to the Planning Commission. All voted in favor of the motion.

Votca stated that Charter Communications sent a letter saying they are going to make the network an all-digital platform and they are going to put all channels in a grouping so all the sports channels will be grouped together and all public channels will be grouped together. Charter needed permission from the City to change the number of the channels they have for public access. This is outside the franchise agreement. Motion by Stobb, seconded by Ferrazzano to approve the request from Charter Communications. All voted in favor of the motion.

Tracy Area Chamber is requesting the use of the VMC and parking lot across the street from the City offices for the Sportsmen Show. They are also asking for the street closures for the Sportsmen's Show and Car Show. Motion by Ferrazzano, seconded by Snyder to approve the request from the Tracy Area Chamber. All voted in favor of the motion.

Motion by Snyder, seconded by Ferrazzano to approve the Satisfaction of Mortgage between the City and Tammara Stimpert-Schons. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2013-11 A RESOLUTION DECLARING APRIL, 2014 NATIONAL DONATE LIFE MONTH. Citizens of Tracy are urged to consider becoming an organ donor in order to help others continue to celebrate life. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution 2014-12 A RESOLUTION APPROVING PAYMENT TO ROADSIDE DEVELOPERS INC. FOR WORK COMPLETED ON THE HOSPITAL BOILER PROJECT. The City Council is approving the payment to Roadside Developers Inc. in the amount of \$69,523.79. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Cemetery Commission Minutes for November 21, 2013 and Tracy EDA Minutes for March 7, 2014. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. Stobb asked if the Cemetery Commission has had a meeting since November. Votca stated they had one meeting this year and the contract with the Cemetery Superintendent was discussed. Nielsen is working on the draft for that. The present Cemetery Superintendent contract will be for two months with the ability to extend for additional months to have Bernie Holm train David Peterson at the Cemetery. This will be at a salary similar to the amount Holm has been paid on a monthly basis. The Cemetery Commission will be deciding who the contractor will be to fix some of the larger monuments that are sinking. All voted in favor of the previous motion.

Ferrazzano stated he has received feedback regarding the assessments for the 4th Street/Morgan Street Project and feels they need to look at the formula and get it set to see what people are going to be assessed for this project. Votca stated that once I & S gets the information they will need a working meeting to discuss this. Nielsen stated that some cities do assess it out before the project is started and if there are too many objections to change the assessment values.

Motion by Ferrazzano, seconded by Stobb to close the regular meeting at 7:30 pm to conduct a closed session to discuss the hospital lease/sale options. All voted in favor of the motion.

April 7, 2014

A public hearing was held on Monday, April 7, 2014 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 was M. Votca, City Administrator.

Pledge of Allegiance was given to the flag.

Mayor Peterson stated the purpose of the public hearing was to discuss information and updates on the Infrastructure Improvements Project.

Chris Larson from I & S stated he would be giving an update on the project and the public hearing is one of the things that need to be done for the PER process.

Larson explained the City has a parallel stabilization pond system for treatment of wastewater. The ponds are undersized, leaking and in a state of disrepair. The MPCA has imposed a moratorium on sanitary sewer extensions until the issues are resolved. Due to the proximity to the airport, land constraints and operation interruptions, it was determined that rehabilitating the existing treatment system was not feasible. Larson stated there are three primary treatment alternatives are being considered:

- Stabilization Pond System - \$8.2M
- Aerated Pond System - \$6.7M
- Mechanical Treatment System - \$7.8M

Initially about one and a half years ago there were anticipated future treatment limits from the MPCA steered the recommendation to the mechanical option due to its ability to more easily be modified to meet more stringent limits. Recently, the MPCA has indicated that the basis for design should be the current limits and the funding agency has indicated that it cannot fund a project designed based on anticipated limits. The stabilization pond and aerated pond options would be capable of achieving the current effluent limits. However, each of these options requires a sizeable footprint and locating property owners who are amicable to a sale has proven to be a challenge. They are still in the process of trying to find land and if not, the mechanical might be the preferred option based on land availability.

Larson explained that with wastewater collection and conveyance improvements, the City experiences significant I/I flows. I/I is inflow and infiltration and is defined as clear water entering the sanitary sewer system. I/I increases the infrastructure requirements for both collection, conveyance and treatment. The City operates two bypass locations and during times of high flow, the bypasses are opened to relieve pressure on the system and avoid basement back back-ups. Bypass flows are directed to the City Storm sewer system. It was determined that a City-wide I/I abatement project would cost \$17M, therefore it was determined that constructing a new outfall line and treatment system to handle the I/I flows would be the more cost-effective path. Larson said they decided to upsizing the downstream portions of the collection system such that the bypass structures can be eliminated and all flows can be adequately conveyed out of the City and to the treatment system. Larson said there were some large I/I sources that were found and will be addressed. The collection system improvements are estimated to cost approximately \$1.6M.

Much of the City's water distribution system is old, undersized and in a state of disrepair. There is a lot of it out there from 1892 and very old. As they work in town with replacing the sewer with appropriate size sewer or rerouting some of it. Any water main that is adjacent to the work, they are proposing to replace. That part of the water distribution improvements are estimated to cost \$470,000.

Larson stated that much of the City's street system is in a state of disrepair and in need of reconstruction. In areas of sanitary sewer and water main improvements, much of the street will need to be restore the trench. Instead of leaving 25 to 50% of the street width in disrepair, it is proposed to properly reconstruct the entire road width to bring the whole street up to current

standards. Those costs outside of the trench width are not eligible through the funding agencies and would be a City cost estimated to total approximately \$400,000.

Larson said while the proposed improvements are aimed to handle the existing flows, I/I cannot be ignored. The City is in the process of modifying and implementing enforcement of its current ordinance that prohibits clear water discharges to the sanitary sewers. This includes sump pumps, roof drains and footing drains.

The water distribution, sanitary collection and wastewater treatment system improvements will be primarily funded through USDA-Rural Development. The wastewater improvements costs will be funded through user rates up to a maximum rate based on the City's affordability according to RD formulas. It is anticipated that costs that cannot be funded through user rates would be covered by grant funds. Based on the City's median household income, it is preliminarily estimated that a wastewater utility bill for a 5,000 gallon per month user would be approximately \$46.50/month. This represents an increase of approximately \$24.60/month. The costs of the water distribution improvements are not anticipated to exceed the City's affordability and will not likely be eligible for grant funding. It is preliminarily estimated that a water utility bill for a 5,000 gallon-per-month user would increase by \$1.60/month. These are very preliminary numbers and once the bid results are received, RD will put it through their formula. Larson feels it is important to start giving residents an idea of what they can expect for user rates.

Larson stated I & S continues to find potential sites for the aerated or stabilization pond options. They have contacted a few people and have not had great luck so far. Larson asked that if there was anyone that has property with five miles or so of the City and are interested in selling for purposes of the wastewater treatment facility they can contact Chris Larson, I & S Group, Inc. at 507.387.6651 or chris.larson@is-grp.com

Larson present layouts of things they plan to do within the City. If they go to a different site, they may need a lift station whatever direction the treatment site is going to be located. They would run an 18 inch line through the airport property, through Swift Lake Park and out to the Industrial Park. This is upsizing the 12 inch line that is there now. One of the by-passes is located by the bike trail in that area and is basically the starting point. The by-passing should all be able to get to the treatment site. The improvements pick up at Highway 14 just north of Circle Drive. They would use Circle Drive back to 4th Street East. There is some existing sanitary in 4th Street East that is adequate size and will be able to connect onto that existing segment. There is an existing line, sanitary and storm that run under some houses and will be probably relocate those into the right of way. That will run down 4th Street East and west along Hollett to the by-pass and will be re-doing a segment along Second Street and Long Green Lane. The properties on Long Green Lane have a shared service. It is kind of hodge-podge at this time and will get that corrected. Larson stated that continuing from the by-pass and going west will come down the alley and continue west on Emory and down another alley and will be re-running services. This is another segment that runs kind of diagonal underneath some properties and want to get that corrected into the public right of way. Most of those segments, except for the alley there is some water main along Emory, a stretch of Hollett, Long Green Lane, 2nd Street and Circle Drive. There are some minor incidental storm sewer improvements that would also be included.

Mayor Peterson asked Larson under the treatment alternative under consideration, if the \$8.2M included the purchase of land. Larson stated this does include the cost of land. Mayor Peterson also questioned the ponds that the City currently have are undersized. At the time those were put in the population of Tracy was almost double of what it is now, what is making the ponds undersized now. Larson stated he has not looked at the basis of design back in 1967 when they were put it, the limits were not as stringent. At that time they were a combined system.

P. Meyer from MPCA stated that when the existing system was put in, there were not the design limitations that there are now. Now they look at the actual flows the City is getting and need a 180 day retention time for those ponds. That is what the City does not have and the other part is how badly they are leaking. Meyer stated the City is getting more and more clear water.

Mayor Peterson opened the Public Hearing for any public questions or concerns. Being none, Mayor Peterson asked if the Council had any questions or concerns. Votca asked what is

included in the \$6.7M for the aerated pond system. Larson stated the cost of the aerated system was high before as they were including the full price of that entire property. Votca stated that last time there was a 40 year cost sheet and knows that I & S were still working on the new 40 year cost sheet which will give the City the information needed to reevaluate them properly.

Larson stated they need to find a site that will work and based on the meeting with FAA a couple weeks ago, the stabilization pond did not work on the Fultz site. An aerated pond system could possibly work on that site but the City would have to show the FAA there really is no other option. They would have to show the organization that protects the wildlife to agree that the City can mitigate it enough that there would be no bird strikes with aircraft. That would be difficult to show.

Ferrazzano questioned the funding agency cannot fund a project design based on anticipated limits and if usage can be exchanged for limits. He asked if that meant they could not build something bigger than you need, even it may be anticipated a larger one is needed in five years. Votca stated you can build it larger but the funding agencies will not pay for the additional cost. Ferrazzano stated it states the MPCA has indicated the basis for the design should be the current limits. Ferrazzano asked what it means by limits. Larson stated it is concentration of phosphorus or nitrates.

Meyer from MPCA stated that when a City comes in such as Tracy, they put in a request for preliminary limits meaning the concentrations, mass loadings of pollutant they are allowed to discharge. They put in for limits and the MPCA responds in writing and if a mechanical plant is done, the limits are given for BOD, TSS, Phosphorus and other pollutants. Limits are also provided for a controlled discharges stabilization pond. Those are what can be designed on as far as limits. They cannot speculate or try to piece together what they could be in 5 years, 10 years or further down the road. Larson stated that getting rid I/I will create room for actual wastewater. Meyer stated that she met with the City and discussed the limits but the MPCA can only say what the limits will be when the new facility is built and permitted for five years.

Ferrazzano questioned that even if you could build a facility that would deal with anticipated growth but will not get the funding for it, but we may not necessarily need that because if we get rid of the I/I problem, it will increase the capacity of what the City is building. Therefore, that could accommodate more people. Ferrazzano understands that they cannot predict what the limits are going to be, but asked which of the three systems is more able to adapt to a limits change.

Meyer explained that the MPCA is not in the process of setting nitrogen and phosphorus standards. These standards are set to protect the stream and river from a low flow period which generally happens during late summer. The next standards are going to be set from June through September. Meyer stated they are not trying to advocate mechanical or pond, just give the City facts to make the decision on. At this time the stabilization pond would not be subject to the standards because they discharge at a high flow time of year. Votca stated the ponds discharge twice a year where the mechanical and aerated are discharged continuously throughout the whole year. So during the windows will be held to different standards than during the low flow versus the high flow period. Meyer stated all systems have their pros and cons.

Enderson stated one thing that is not addressed is the cost of operation. Meyer stated that is one of the things the City needs to look at because the City will need a Class B if not Class A operator. There is a lot of moving parts with the mechanical system. Votca stated they had that on the original PER, and run a 40 year cycle in the beginning when doing the first analysis. They should have that to the City soon so the City can make a decision on the system that will have the most value to the City.

Larson stated the first round the aerated, stabilization and mechanical options cost wise the present worth were all pretty close. What steered them that way that they had the indication from MPCA at the time that those future limits the City needed to be more cognizant of them and plan for them that what they do now. Larson felt that if those limits were coming in the next five or ten years, they will be more ready for it. That is not something the funding agency is agreeable to pay for and MPCA is saying the City does not need to be building for that at this

time. Larson stated it may still be that the land availability is what pushes at the mechanical anyway.

Stobb stated that when they first started looking for land, they were looking north and northeast of town to continue the gravity flow. He feels the way it is being stated now, it sounds like any direction is possible. Larson stated for gravity flow they wanted to go that direction and anywhere other than that they would need a lift station because they are going back against grade. Votca stated there are two factors eventually make the system not worth it is how much it cost to lift the sewage and how far the pipe has to be run to get it there.

Mayor Peterson asked if the current designs and numbers are they going to be designed so they would be capable to handle the heavy rain events. Larson stated the mechanical plant would be more sensitive to a surge, the stabilization ponds are holding cells and does not matter how much is coming at a time. That is why they are upsizing the conveyance system to an 18 inch based on existing flows and by-pass it should be able to handle it. Mayor Peterson asked how a mechanical plant would handle a surge like there has been in the past. Larson stated the specifics of the mechanical treatment there are not surge basins involved, but there is enough flexibility in the system that it can handle it.

Mayor Peterson asked how fast they could get the recommendation numbers to the Council. Larson stated that it is going to be dependent on if land can be found. He would like to say by the end of the month if they can get some feedback from some people they have contacted. So far there have been a couple negative responses. The main reason is that they plan on passing the farm on to the family.

Ferrazzano asked if the amount calculated for the increase in water rates is a formula the USDA uses. Larson stated the one for the \$46.50 for the wastewater is based on 5,000 per month. Votca stated this is approximately what a family of four would use on average. This is the increase they are looking at no matter what option they select for wastewater. Larson said they capped the City's affordability which is 1.5% of the median household income. The water is much lower and is a more sophisticated formula to come to that \$1.60. There are some options they can look at as part is base rate and part is actual usage. Votca stated they have a formula that figures out what the City can pay them in loan money and use that to figure out rates to pay the loan back. The rest of the project is paid for with grants. Larson stated there is also a limit to grants. It does not matter which system the City chooses, it does not make a difference of what the residents are going to have to pay. Votca stated it will levy of the City over that 40 year time period.

Snyder stated that his question to USDA if they want the City to do due diligence to try to find land for the ponds, we are already out 30 days out from the last meeting. If they have to wait another month, then they are two months out and this just keeps getting kicked down the road and then it will be fall again. Larson stated there was a public meeting in late 2011 and there was some no interest in selling any land. This has been revisited and the people that have been contacted were not interested. He asked them if he could have some type of proof of their non-interest. Larson stated that they could maybe get some numbers and present it, it would be an increase in cost of pipe to get it there. Larson stated that they would probably have to hit the streets and contact the landowners.

There being no further questions or concerns the public hearing was closed at 6:45 p.m.

April 14, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 14, 2014 in the Council Chambers of the Municipal Building. The following Council members were present: Mayor Peterson, C. Snyder, E. 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 Snyder to approve the minutes for March 24, 2014 and April 7, 2014. All voted in favor of motion.

An addition to the agenda was under New Business – Assessment Policy Committee. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

M. Votca, City Administrator reported the Planning Commission held a meeting on April 7, 2014 and discussed the request from Nic and Meghan Gramstad to purchase a lot owned by the EDA contingent on abandonment of a portion of Sunrise Drive and building inspector approve.

R. Gervais, EDA Director stated the lot in question is Lot 8, the last one on the east end, south side of Sunrise Drive. There is a 40 foot utility easement that runs through there diagonally and there is also an easement that runs across the east side of that also. At the meeting Nic and Meghan Gramstad asked that the Planning and Zoning Committee would consider vacating the remaining part of Sunrise Drive. Sunrise Drive ends at 505 Sunrise Drive on the east boundary of that. Gervais said the Gramstad's would like to build a house north and south versus running it east and west on that property to make it fit better. The Planning and Zoning did not take any action as they were not able to.

Nielsen stated this is one of those situations that at first glance it seems like a pretty straight forward thing and the more it is looked at, the deeper it gets. The main thing discussed at the Planning Commission meeting was that by statute this type of street is not subject to vacation just by City Council action. The only way it can be vacated is by court action. Even if the City Council could vacate the east end of Sunrise Drive, that would raise other issues such as the subdivision in planning regulations do not allow for dead end streets and this is not a platting but that is what is going to happen here. The offer the potential buyers had extended, they asked for the City to abandon the street and add to the lot purchase. This is something the City cannot do either. The City has no control over where the property goes after the abandonment takes place.

Gervais stated that the discussion also came up at the meeting was how in the future, if they were to extend the housing additions further east, how would you be able to access it if Sunrise Drive is vacated. He has had time to talk to different people if Sunrise Drive would be the way to get out to a future addition. His opinion is that they go down Union Street. Union Street comes off Center Street and run it straight out versus down to Sunrise and then out. Nielsen provided the legality of trying to vacate the street. Gervais said he would like to try and work with the potential buyers to get this done. Gervais stated they lack prime lots at this time. Mayor Peterson asked if there are two lots available, 410 and 412 Union Street. Gervais stated they are going to get an offer on those this coming Friday at the EDA meeting. Gervais stated for developed lots they have left if the ones they will get on offer on and one in the middle and that is not of any interest to them at this point.

Ferrazzano asked what type of streets can be vacated. Nielsen stated it would be typically a street that if platted as a dead end street, which should not be happening with any type of new streets and it might be an old street. The City has allowed for vacating an entire block so there are no dead ends left on either end. These are the two situations that come up most of the time. Stobb asked if it was made into a cul-de-sac, would that still be considered a dead end street. Nielsen stated a cul-de-sac is not a dead end street but they are frowned upon in the planning and subdivision regulations and where they are permitted that cannot exceed 500 feet in length and there would have to be a turnaround at the end of 70 feet radius. Mayor Peterson stated that from an economic standpoint, dead end streets and cul-de-sacs increase the cost of snow removal.

Stobb asked if the City has ownership of 6th Street. Gervais stated the City should actually own 6th Street. But they were told the farming may be up lot lines. Nielsen states the City does not own the street but has primary usage of right-of-way there and if someone is doing something in that area that is not consistent with the right-of-way, the City would have the authority to tell them to stop, or collect rent or do something else. Stobb asked who owns any street. Nielsen stated the adjoining property owners basically own it. There are very few streets in town that he is aware that the City actually owns the underlying title to it. One example would be the road that out to the compost site as the City actually got a deed from the owner's way back when transferring that land to the City. The other one that Nielsen is aware the City is the street between the hospital and the nursing home as the City purchased that at one time and it is not platted into lots and started using it as a street. Nielsen stated that in all the other cases that he is aware of, the City does not own the underlying street. They have the right-of-way and are able to use it for utility purposes, transportation, sidewalks, etc. If they elect not to use it for that or if allowed to be vacated, then it can be vacated which the City is giving up their right to use it for those purposes.

Mayor Peterson asked if there is anything on lots 10 and 11. Ron Gramstad stated his building is on lot 7, lot 8 and lot 11. He stated he also has lot 9 and lot 10. Ron stated there are covenants on 10 and 11. Gervais stated with the tax abatement nothing can be built on that property during the tax abatement phase. Gramstad stated there are four years left on the tax abatement. Ferrazzano felt the if the answer is the City cannot abate and a court would have to do it, and if the City is not objecting to what the Gramstads are doing, he felt the process should not be all that long. There are different inches and if the City does not object to what they are doing, but the City cannot do it, that would be the answer then. Nielsen stated that in some sense the City would have to object because by not objecting the City would be making that into a dead end street which according to the subdivision in the planning part of the City Code; dead end streets are not allowed.

Stobb stated 3rd Street is a dead end to the south and Pacific Lane is a dead end to the west. Enderson asked if they want to abandon part of Sunrise Drive, how would that affect Lots 10 and 11. Ron Gramstad stated he owned those lots and about all he would do with them is if he decided to extend the Fitness Depot. Gervais stated on the south side of Lot 8 there are about 47.25 feet on the south border and 159.13 feet on the north side, but there is an easement. They could build over the utility easement but something was to happen they would have to come in tear up part of their house. Gervais felt the cost to remove that drainage pipe could be quite costly. Gramstad stated the other homeowners in the Sunrise Addition would like to have a cul-de-sac put in at the end of the street. Mayor Peterson asked if the potential buyers would they build the cul-de-sac. Gramstad felt they might. Nielsen stated it is too long at 500 feet to be a cul-de-sac. If that part of Sunrise Drive on the east end was vacated Lot 8 would be turned into a double frontage lot, where there is street frontage on two opposing sides. This would not be a corner lot and this is not permitted either. Nielsen felt a house could be built on that property on the part that is easterly of the utility easement. He is saying that by just looking at the map. There is no setback on the easement side so they could build right up to that easement and a house could be put on the most north-easterly corner of that area and meet the setback requirements. Stobb stated that may be true, but going back to when this was established and it was understood by the Council members at that time that Lot 8 was not going to be a useable lot. Gervais asked Gramstad if they gave any possibility of vacating the part of 6th Street that would give extra room to the east. Nielsen stated the whole block would be vacated. He stated they would get the whole 60 feet, as there is no other platted lot to the east of that. If the storm sewer line was moved down the property line instead of diagonal it would maybe help. Daniels stated it would not have to be moved all the way out to the ravine and can be angled back.

Gramstad stated they wanted to start construction as soon as possible. Mayor Peterson stated with the procedure they would have to follow, it is unknown how soon everything could be arranged. Snyder stated that if the storm sewer was moved and they were given the 60 feet on the east end it would help. Mayor Peterson stated now they are back to the expense side of it and who is going to pay to move the sewer line, etc. Stobb stated that if they could have the 60 feet of street, they would have 107 feet frontage on the south side which is not bad on the narrow side. Assuming all the other setbacks could be worked in that should not restrict them. Nielsen stated the understanding was that the lot was not useable, but now they are saying if they make it

bigger than it would be useable. Nielsen asked why it is not useable right now as it is. Stobb stated because of the setbacks. Nielsen asked what would be the setback that needs to be met. There are no setbacks to the easement so they can build right up to the easement and that lot is almost a double sized lot. Within the setback from the street frontage north and from the east and the back, there should be enough room for them to build.

Mayor Peterson if the buyers want to build this spring, the issues would be how quick it would go through court and if they do not want to do that, the question is who is going to move the storm sewer and who is going to pay for it. There is then the dead street and cul-de-sac issue and who is going to pay for it. Ferrazzano stated the biggest thing he can see is they do not want to stop people from building in Tracy and if there are things they can do to help someone build a home in Tracy, they should do it. If they are on a time frame that could complicate things, but if they can't do it because this says this and that says that, then they need to look at those things and see if they can be changed to promote building in the town. If the Council is not going to change them, figure out how much it would cost to move the storm sewer because it may turn out to be just as much as them hiring an attorney to go to court and go through the process. Ferrazzano stated that as things exist now, it cannot be vacated but they have to go to court, but if they went to court, the Council would have to object what they are doing. Either change why the Council has to object to it or vacate a part of 6th Street and they can build that way. If the storm sewer needs to be moved, they would have to pay for it. Gramstad asked if it works to put the home in that corner, the City would extend Sunrise Drive to 6th Street. Mayor Peterson was going to ask who would pay for extending the street. Gervais stated to put a street out there would typically be assessed back to the property.

Daniels asked how far the sewer line goes through there. Gramstad stated that it ends in front of 505 Sunrise Drive. Mayor Peterson stated there are not a lot of options there that are not going to be inexpensive. Ferrazzano felt they should find out the cost of things and see if the buyers are willing to go that way. Ferrazzano asked what exactly the Council would have to do to be in a position that if they did go to court, what would the Council have to do to be in a position not to object to what they are doing. Nielsen stated the subdivision regulations would have to be changed to eliminate the no dead ends and would have to tweak the cul-de-sac requirements. For double frontage lots would have to find if it meets any exceptions that would allow that to happen. Mayor Peterson asked if they could add at the Council's discretion so if they came up again 30 years from now and does it have to be cut and dry so there is no question. Nielsen stated that no dead end streets are prohibited and there is no discretion there at all. Cul-de-sacs are frowned upon the way the wording is now and it states they may be allowed with topography or other conditions justify it. Double frontage are to be avoided. Nielsen stated it is supposed to be rules and exceptions are not to be granted frequently and needs to be concrete criteria as to why it is being done in this particular case. Mayor Peterson asked if the buyers were willing to pay for the cost of building the cul-de-sac and go to 6th Street, the Council could not do that. Nielsen stated that he would say no because the cul-de-sac can only be 500 feet unless all that is changed. Mayor Peterson felt that to make it work, it would have to be a zoning regulation change and/or court decision. Nielsen stated it would take ordinance amendment to get rid of the no dead end. It states that cul-do-sacs may be allowed and normally should not be longer than 500 feet. Ferrazzano questioned there is nothing that can be changed to say this is the type of street we cannot vacate. Nielsen stated that is a state statute. The only thing that could be changed is going to court and saying the Council does not object because the regulation is changed the Council does not object, but the Council could never be in a position to say this is the kind of street that can be vacated. Nielsen stated Charter Cities of the 4th class which is Tracy does not allow that type of street to be vacated.

Ferrazzano suggested is to have Ron Gramstad talk with Nic and Meghan to see if they are willing to do some of the things that have been discussed. He felt in the meantime they should explore changing some of the things they have because he does not feel they should be in a position to prohibit or put obstacles in front people in building a new home in Tracy. Mayor Peterson does not feel the City has put an obstacle to this. Ferrazzano felt they do put obstacles when they do not change things that can be changed. Snyder stated he would like to know what it would cost to move the storm sewer. Mayor Peterson stated they could work some numbers and help them out and get the answers the best we can.

M. Votca stated they had the state come and look at the office procedures. The office had 27 errors out of 1,925 Offline Transactions. The 2013 Deputy Registrar Review graded the Tracy office as Above Standards. Mayor Peterson thanked the staff for doing a good job.

Daniels stated they did some checking on frozen water line and the frost is down about 2.5 feet and of the list there were three lines that have thawed on their own and have them re-connected and disconnected from their neighbors and hydrants. Daniels advised that residents leave their water run for a bit yet as the frost is still down at five feet and there is still the potential to freeze. Mayor Peterson asked Daniels to inform the community when they can stop running the water. Daniels stated they will put it in the paper and Nixel. Mayor Peterson asked Daniels for an example where the Public Works crew worked on the lines. Daniels stated that initially they have a plumber go out and see if they can thaw it out. If they do not succeed, if it looks like a potential job the City could steam they tried that. If it was a long distance as the church parsonage was 195 feet of pipe from the hydrant. That one was plastic and the plastic seemed it was difficult to thaw. Once the plumber did not succeed in clearing it, they went to a temporary line from a hydrant or a neighbor. Mayor Peterson asked when a plumber is called, who is responsible for the cost. The homeowners have been picking up the cost. Daniels stated that most homes have anti-siphon faucets and those only let water go one way. The plumber has to change them out or get a temporary line into the home that the City can hook to provide them with water. Once there was something to connect to, they run the temporary lines above ground. Ferrazzano asked if they were billing back to the homeowner for the plumber regardless of where it is frozen on the line. The homeowners have been hiring their own plumbers. Daniels stated most of the time the plumbers call the City and ask what else can be done. Mayor Peterson asked for those that were steamed out, did the City bill that labor back to the homeowner. Daniels stated that most of them were between the main and the curb stop. Votca stated the only thing the homeowner had to pay for to change out the hose or provide a connection somewhere in the house. Daniels stated the valve inside the house to the curb stop were beyond that the Public Works hooked. Mayor Peterson asked if any of the above ground was charged to the homeowner. Daniels stated they have not charged anybody. If they did not call Public Works they have been charged.

Ferrazzano stated that was one of the reasons they wanted to decide who is responsible for what from the curb stop on or beyond the curb stop. He feels the policy should be if it is from the curb stop to the main it is the responsibility of the City. From the curb stop to the house is the homeowner's responsibility, regardless of what the issue is. If the line is frozen somewhere past the curb stop and the homeowner cannot get water, it is our responsibility. Daniels stated that changing of faucets is a condition of their house. In the case of a letter received from a resident, he paid for a line outside his home. Mayor Peterson suggested if they had to change the hose bit on the outside of the house that is the homeowner's responsibility. If it was past the curb stop and they called a plumber to open it and it could not be done and once they find out where it is frozen, the City should be responsible for the bill. Daniels stated that in this instance they were connected to the neighbors and the Public Works was not contacted on that one. Stobb stated the letter references the neighbor across the street also had a frozen line. Daniels stated they hooked them to a hydrant. Daniels stated the bill in question would have to be itemized by the plumber or whoever did the work so it is known what is the City's responsibility and what is the homeowner's responsibility. Daniels stated that if the City pays the bill, it would be the City's line and they can take what was billed out.

Daniels asked if the Council wanted him to go the homeowners that had plumbers try to open their line. Snyder felt they should approach the Council. Daniels stated that one resident came to him about three weeks ago and at that time they have not had any discussion on it. Daniels stated they had less than a dozen frozen lines. Ferrazzano felt if it was less than a dozen, they can come to the Council. Snyder stated that if someone had come to Daniels prior to this conversation, he should go back to them and have them come and talk to Votca about it.

The Tracy Lions club has requested use of the VMC and a permit for the Circus. Mayor Peterson stated they have done this for them in the past. Votca stated they have paid for the fee for the circus permit. Motion by Enderson, seconded by Ferrazzano to allow the Tracy Lions Club to have the circus in the VMC, waive the fees and grant them a permit. All voted in favor of the motion.

The Minnesota Angels 10-Mile Walk of Hope is requesting approval on using the City's resources. Mayor Peterson stated they have done this before to close the streets. Motion by Ferrazzano, seconded by Snyder to approve the request from the Minnesota Angels. All voted in favor of the motion.

There is a variance request from Matt Meiner, 223 North Street to build a garage. Votca stated the Planning and Zoning Commission had an open hearing on it and they approved it. Motion by Snyder, seconded by Ferrazzano to grant the request for the variance. Stobb asked if there were any comments from neighbors. Votca stated he has received call about it from the neighbors and they do not want to stop them but they have other issues out there with the alleyway that goes through there. All voted in favor of the motion.

Votca stated the proposed contract with Bernie Holm is to replace the current contract with him where he is the Cemetery Superintendent to change it him being a consultant to train our new, David Peterson how to operate and maintain the City Cemetery. The compensation is the same as it has been on the previous contract. It specifies the things that he will train Peterson on such as platting and selling of the lots and graves, the maintenance and recording of documents. Votca stated he has not put in the Exhibit A yet; they have to put in exactly what they want Peterson trained on. Votca stated this is a two month contract with the option to extend it up to six months. Nielsen stated he put in the hours portion as he did not know what the Council wanted. Since they are paying Holm \$458 a month the Council is not attending he would provide 40 hours per week with the consulting services for an entire month. He is not paid on an hour basis now so there is really no comparison there. Snyder explained he is not comfortable with leaving the obligated hours blank before the contract is approved. Motion by Snyder, seconded by Ferrazzano to approve the contract with Holm and amend the contract to delete the last sentence of article 3. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2014-13 A RESOLUTION ALLOWING PART TIME POLICE OFFICERS FOR THE CITY OF TRACY TO BE ACCEPTD AS MEMBERS OF THE PUBLIC EMPLOYEES POLICE AND FIRE PLAN. This resolution request that Andrew Dirks be accepted as a member of the Public Employees Police and Fire Plan effective the date of this employee's initial Police and Fire salary deduction by the governmental subdivision. All voted in favor of the motion.

Votca stated the accountants recommend that we account for the debt from the sewer and water from previous bonds. Funds have been transferred money into those funds that pay those bonds and now Abdo, Eick and Meters recommend a change to the city budget in order to add the payment amounts to the water, sewer and surcharge funds; subtract the amounts from the transfers currently budgeted; and make other budget adjustments to balance the funds. Votca stated the reason they are doing this is because for the grants and loans from the USDA if you carry that debt in that fund, it shows that we have debt for the sewer. When they give us the maximum debt the City can afford based on the median household income. In theory this will give the City more grant money. Motion by Ferrazzano, seconded by Stobb to adopt Resolution 2014-14 A RESOLUTION APPROVING CHANGE TO 2014 BUDGET. All voted in favor of the motion.

The Consent Calendar includes: Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Relief Association Meeting Minutes for March 3, 2014 and Planning and Zoning Commission Minutes for February 3, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson stated that as they get closer to the start of projects and would like to get the assessment polices in order. It had been discussed to have a committee to review this and make a recommendation back to the Council. M. Votca, S. Daniels and R. Gervais would be three of the members and would like to see five members on the committee. Ferrazzano and Mayor Peterson volunteered to be on the committee. Ferrazzano asked if Chris Larson was going to provide them with information of assessment policies from other towns. Votca stated that Larson would be their advisor. Votca will get in touch with Larson about this.

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

April 28, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, April 28, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Enderson, seconded by Snyder to approve the minutes for April 14, 2014. All voted in favor of the motion.

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

Conrad Rettmer, 236 Hollett Street stated that he has read two articles in the paper last week regarding the EDA. One had to do with location for future housing and the second was on the two lots that were sold in Eastview Addition for \$1.00. It was a unanimous vote to sell the lots for \$1.00. Rettmer was disappointed that the chairman of the EDA voted to see those lots for \$1.00 as he was on the EDA Board when they had the plan to come to the City Council to ask to annex land into the City, have it surveyed, platted and put in infrastructure. The total of what all those things would cost divided by the number of the lots they had. That would put the price of those lots at \$14,500. The very first lot was sold for \$14,500. After that there were some covenants set to protect the people that lived out there. A sale of a lot was turned down because they were not going to build a garage. One of the covenants was that they had to have a two car garage. When the hospital needed a parking lot he came to the Council and objected to that because of the covenants. The hospital or Sanford did not pay for those lots. With a developer coming and wanting to build a duplex and they are back to the covenants again that stated it had to be single family homes. Rettmer asked that when this individual comes to the Council, protect the taxpayers and have him pay the assessments.

Bill Chukuske, 875 Rowland Street publicly thanked B. Nelson for having a seminar in town last week on stray bale gardens, it was a good seminar and good to see that come to the City of Tracy. He wanted to address the same matter as Rettmer. Chukuske stated he was on the Council when they made those decisions and a member of the EDA. He feels precedence has been set and there are two lots in the Sunrise Addition and they have been there a long time and have not generated any tax dollars. There is someone now who wants to build a duplex, which he feels would be a very nice looking duplex, and add to the community and more importantly, will add tax dollars. He is in favor of doing this and hopes the Council follows through with it.

Chris Larson, I & S Group, presented a summary sheet on some costs and these are working cost estimates at this time. They have been looking for land for the pond options. The highlighted line on the summary sheet is the 20 Year Present Value Cost using the formulas that Rural Development will be looking at. Aerated Ponds is about \$8.9 million, Mechanical Treatment at \$10.5 million and Stabilization Ponds at \$8.4 million. These are different for the Aerated and Stabilization Ponds as they took out the filtration, the final process to remove the phosphorus and nitrates, because they do not need to be met immediately. These three costs are if they are located in the same spot by the existing ponds and where they are proposing the Mechanical system if that is the route that is taken. Larson stated they need to determine how far out do they go before they break even as far as length of pipe and lift stations. Aerated Ponds are 4.25 miles of pipe length and this is following township roads. Stabilization Ponds would be about 5.5 miles of pipe length. A mass mailing was sent to anyone within a five mile radius of the City regarding sale of land. Many responses have been received on sale of land, very few said yes and the yeses they have received are not really ideal locations for the Aerated or Stabilization Ponds. Larson stated that have not gotten anyone that has a nice, bit, square piece a land of 160

acres that they want to give up. They have talked with Rural Development and started conversation of MPCA, if they are unsuccessful of finding anything, will that meet their satisfaction that the due diligence has been done and proceed with an option.

Mayor Peterson asked if any consideration has been given to “hybrid stabilization” and would fit in the land that has been offered to them. Larson stated it would not because of the open water and FAA rules. Larson stated that one area that they are looking at the Airport Zoning Ordinance that was a joint between the County and the City. That has some stipulations with the industrial park with the density of whatever there is in any certain zone. The reason it was not pursued to put the mechanical plant in the industrial park so as not to give up industrial lots. If they conclude those lots within the zoning ordinance, certain types of business cannot be put there because the population density would be too high.

Mayor Peterson was under the assumption that if they could not find any suitable land, they could work with the FAA and get it back in zone. Larson stated that would probably be for the aerated option and not the stabilization. If the only other option is grossly more expensive than providing one with open water, then they could.

Mayor Peterson stated that viewing the 40-Year Life Cycle Cost, there is a considerable difference between the Aerated, Mechanical and Stabilization. It is about \$7 million over the 40 years. Larson stated that at the same time, they do not know future limits and in 15 to 20 years they may have to add that filtration system. Mayor Peterson said that in 15 to 20 years they may have to do major modifications of the mechanical plant. Larson stated the biggest challenge is finding land that does not have wetlands or stream running through it and the owner is willing to sell it. Mayor Peterson asked when they would hear from Rural Development when they have done enough due diligence on land location and the Council can make a decision. Larson stated they have started the conversations and they do not want the City to go through eminent domain. The City would like to go with the best option. Mayor Peterson stated the Council has decided they do not want to enter into any eminent domain arguments. Mayor Peterson asked Larson when he feels that the City has done enough due diligence where they can make a decision. Larson feels they are about there with sending out the mass mailing and have advertised. The hardest part will be the responses they are not getting. Mayor Peterson felt that if the non-responses are not the nice square they want anyway, stop wasting time checking with them. Stobb stated he would really like to get an answer from those individuals they have not heard from yet and then would feel that the due diligence has been done.

Larson stated they have turned in the preliminary plans for the 4th Street Project to the County. Storm sewer and sanitary sewer has been televised. There is a storm line on 4th Street was basically collapsed. Mayor Peterson asked if the County was going to help with the Storm sewer. Larson stated they did not commit to anything at the last meeting but basically once plans are pretty much completed and have bid quantities close, they will run another cost estimate and see where they are sitting with their \$600,000 cap. Larson stated there are plenty of things those funds can be used for on 4th Street. A couple of the other things they are looking at is the segment of sidewalk towards the north end that they are either completely missing or in rough shape. Ferrazzano asked when the project will start. Larson stated it will be subject to MnDOT State Aide Review and Larson stated that 80% of design is done, 50% of actual construction documents are also done. They may be bidding the end of May and starting the project mid to late June.

Votca stated the document send to the Council outlines what items that should be included into the Guaranteed Energy Savings Program and what the City wants the energy savings companies to look at when they do their bid. They will be evaluating their team that they will be providing to the City to work the project. They will show the City how that team is organized and how that team is organized and works to develop the projects. Votca is asking the Council if a committee that could be established that would evaluate these companies that reply to the RFP and help establish that this is going to be the exact RP that will be used. Votca stated he had a request from Stobb to see if the hospital can be included as part of this. Votca sent that question up and has talked with the Department of Commerce individuals that he has been dealing with and indicated they would get a response back within the beginning of this week. Votca stated they would have to make something for Sanford for repayment of the amount. Votca felt that on the committee would be two Council Members, R. Gervais, S. Daniels and himself. Stobb

volunteered to be a part of that committee. RDC talks a lot about this and his membership would help. Snyder will also be on the committee. Motion by Enderson, seconded by Snyder to accept the Request for Proposals for the Guaranteed Energy Savings Program and should include the hospital if accepted. All voted in favor of the motion.

B. Nelson, Library Director reported they will be finishing the Tracy Reads Program and it was very successful. There was a straw bales garden program with 35 people attending and it was very informative. They had 60 people attend the Easter Egg Hunt which was divided into two groups, preschool to first grade and then second grade to third grade. There was a book give away and twelve were given away to coincide with National Library's week. May 5 the library will have another presentation by author/speaker Doug Ohman. He will provide a tour of locations from each of the six Minnesota By-Way books that he has written with photos and stories featuring many historical places. This is funded through a legacy grant. Next week on Thursday at the Tracy High School will be teen author John Coy. He writes sports stories with teen themes in them. Nelson stated the summer reading program finalizing sponsors for that and this will be starting the end of May. He will be getting out to the schools to promote the program. Nelson stated that he has decided to resign his position at the library to pursue a position at the Bayfield/Carnegie Library in Bayfield, Wisconsin. This decision would best serve his family and wanted to thank the Council for their support of the library and things that have been done and also Votca for his leadership. Mayor Peterson thanked Nelson as he has done a lot at the library and received many comments from the people that use the library. Nelson has done a wonderful job.

J. Lichty, Police Chief, reported the sirens tested well other than the one that is currently disconnected and will be moved to the City Shop so it is out of the way for construction. New officer, Andrew Dirks has started and is doing well. Lichty stated that he and Officer Hansen attend the MN Police Chiefs Conference in Rochester. They did not attend the three day seminar because of the cost and felt the money could be better spent training his department. They did do over for the vendor displays for three hours and felt it was very beneficial. He stated that a company called Protec is going to come out and do a free evaluation of a couple different things for the department and what they can do for the department in the future if the police department decides to do something with security at the pool and some city issues also. Lichty stated the computer aided dispatch is still in the process and it is a long process and all the equipment should be here by the end of the week. The only thing they are missing is the driver license swipes and GPS pucks so the dispatch knows where the cars are at all times. The printers for the tickets have been installed and are ready to go. It is a matter of doing the training and having the IT from the county come in and install the software in each computer.

R. Gervais, EDA Director, reported that work continues with the developer for Family Dollar on the former Lau Seed property. Votca also received some information regarding a possible land annexation from a property owner on the edge of Tracy. At the last EDA meeting they had a request for a Section 8 Housing. This is help in financial funding for renters. They looked at the EDA to building a potential house or unit for them and at this point the EDA would like to see that more on the private side if possible. The EDA has built six four-plexes now and right now that is sufficient. There are private owners that have housing that would qualify for this. Gervais stated the EDA has a committee formed to start talking about the O'Brien Court lease with Sanford. This expires in 2017 and would like to have something in place before 2016. Gervais stated they will talk about the EDA lot offers at this meeting with the Gramstads and Dale Johnson III on a potential townhome. Gervais stated that in the paper it was discussed about a housing addition and a meeting tomorrow with a property owner and work with them as a developer on that project. The EDA has also started talks with the industrial park addition. Gervais commented on what C. Rettmer had said earlier to clarify a few things. Gervais stated the City actually owns the three lots that the parking lot sits on and the reason that Sanford did not buy this property 8s because they do not own the hospital either. The EDA transferred those lots of ownership to the City at that time. When it comes to the request from Dale Johnson III and it goes back to quite a few years when they offered those lots for free and did not get a bite. Recently they offered all the lots the EDA has, for people to make an offer on those lots and try to get them back on the tax roll. Stobb stated that for the public's information that was while the lots were not moving and there was no interest. Other cities were doing the same thing. Gervais stated the covenants do inhibit some things and there is 11,000 square feet required with an attached garage. Gervais questioned if the parking lot really decreased the property value.

D. Johnson, Fire Chief reported that fire calls and on average are higher than they have been in years past about this time of year. The department did receive a training grant again this year and with that grant the department completed an auto extrication where they brought an instructor in who does this type of training, teaching and competitions. Other than preparing the cars and getting rid of the cars, it was free training to the department. This month they will be burning down a house. The homeowner paid for all the asbestos reports and abatement and will pay for all the cleanup costs, the training part will be covered by the grant and everyone on the fire department will get trained in Level 1 and Level 2 house burn. Johnson stated the end of May the department will be doing LP training and will learn to do contain LP tanks that are over pressurized blowing off and have actually caught fire. They train you how to walk up to a fire ball and turn the tank off, put on clamp and other things needed to know about tanks. This is a full hour training session and requires numerous instructors. The grant does cover the entire portion of the training and the only cost would be for the amount of LP they burn off doing the training. Johnson found out that CHS will donate all the LP to assist them with their training. Johnson stated they just received their form SC14 back from the new accountants dealing with the department's pension and retirement and calculations that they use as to where they should be at. With the money they have at this time, they are currently allocating \$1,300 a year for each fireman for years of service. They only receive the full \$1,300 only after being vested for 20 years on the department. After five years they start gaining a percentage more of the \$1,300 per year and do not reach the full \$1,300 till after 20 years of service. In doing the calculations Johnson received from the new accountant, at this point the account is funded at 115%. The should be at \$1,700 a year for retirement and that would require 0\$ municipal contribution to the account. There was a rough stretch when the department needed more than \$2,500 kicked in by the City at the time the market was down and to keep the account balanced at zero so everything was covered. Johnson feels this is a large step from where they are at \$1,300. The accountant recommended they go to the \$1,700 and Johnson had her figure the numbers if they went to \$1,800 and the City contribution at that time would be \$3,668. Ferrazzano asked why they are recommending the \$1,700. Johnson stated that because of the numbers and the formula that is used for calculation. This is based on the numbers of members and how much each member would get if they retired today. Through the calculation, what is in the fund exceeding our balance by 15% indicates they could be at \$1,700. Johnson stated that years past he remembers numbers of \$1,300, \$1,500 and possibly even \$1,600 and when the markets crashed, it was down to \$1,150. Johnson is requesting if there would be any possibility to increase the retirement somewhere between \$1,300 and \$1,700. Johnson stated the last time it was raised was in 2007, before that was 2003 and before that it was 2001. The year before the market dropped, the department had a consistency where they were looking at going up again, and fortunately they did not because it would have required a larger municipal contribution. Stobb asked if they changed the contribution would it come from this year's budget. Johnson stated this will do nothing with the city budget. The City budget for this for 2014 is \$2,500 which they get about the same time they get their 2% money in the fall. At \$1,700 the City is still putting \$2,500 in surplus in that account each year. Mayor Peterson stated that once it is raised, it is very difficult to lower it again. He stated he is cautious, and suggests that they walk it up as they are dealing with a three year deal. Stobb stated he would like to think about this. Ferrazzano felt they could make a decision as the accountants have recommended this and they are hired for a reason. Motion by Ferrazzano, seconded by Enderson to allow the Fire Department to raise their retirement rate from \$1,300 to \$1,500 per year. All voted in favor of the motion.

S. Daniels, Public Works Director reported an update on the frozen water lines and the only two that are left now are the two on North Street and are still froze as of this afternoon. He recommends that residents can shut the water off now. He will put the notice out and have the Police Department put it out on social media.

Daniels asked if there were any questions regarding his written Department Head report. He has talked with Kendall Cooreman and he has some quotes on digging catch basins for the City. Daniels has the castings figured on what they need there and it is just getting the structure ordered. Working around the traffic control so when the state does the overlay that will cut the City some cost on resurfacing the road there. There is a couple catch basins by the ambulance garage on both sides of Center Street that are pretty much gone. The road is starting to get sucked into it. There are clay pipes that are not actual structure, that were cemented into the

horizontal pipe with grates on top. Daniels talked with the MNDOT and when they put in catch basins they do it as a project and once it is in, the City is responsible for maintenance.

Mayor Peterson stated in the packets are the reports from the Liquor Store. Votca stated the numbers are going in the right direction and is looking good.

M. Votca, City Administrator stated he and Daniels attending a meeting April 1 and they will be starting the construction project to mill and overlay U.S. Hwy 14 from Florence to Tracy. They will be to Tracy in August. He and members of the City Staff attended League of Mn. Cities Loss Prevention Workshops on April 2 in Springfield. Staff was trained on different aspects of government and how to make improvements, ADA and how that affects our government and how liability to the city can be prevented. Votca said on April 3, he and engineers from I & S Group met with the Lyon County Engineer and discussed the preliminary engineer drawings for the CSAH 11 and 4th Street Project. Things are moving forward smoothly. Votca and Daniels did a walk-through of the hospital with hospital staff on April 21 in order to better understand the construction needs of the facility. He will present a report to the Council when it is completed.

Nic Gramstad is present to discuss the sale of a lot in the Eastview Addition. Options were discussed at the last council meeting. Gramstad stated that one of the ideas was to vacate 6th Street further east of the proposed lot they were looking to buy. If that offer is still available, he would like to accept that offer. With vacating 6th Street further to the east they would be able to have the orientation of their new home match the houses that are currently on Sunrise Drive on south. If the Sunrise Drive does continue there would not be a problem. Motion by Snyder, seconded by Stobb to sell Lot 8 in the Eastview Addition for \$1,000 to include 60 feet to the east of that lot and proceed with the process to vacate 6th Street. All voted in favor of the motion.

Motion by Snyder, seconded by Ferrazzano to waive the first reading and set the public hearing for May 12, 6:35 pm on the vacation of 60 feet of 6th Street East. All voted in favor of the motion.

R. Gervais has provided information for the Council to review in regard to a potential sale of 410 and 412 Union Street. Dale Johnson III stated the contingency of purchasing the lots was upon discussing the assessments with the Council. The assessments for the storm water were deferred for \$2,573.17 per lot. He was not looking for waiving of assessment of the property. The assessments that are in question were the original assessments per lot for \$4,384 that are currently not listed on the taxes or as deferred on the taxes and could not find anywhere that they were never going to come back once the lots changed names. The clarification in the assessments is the reason he is here tonight and why he has asked the EDA to make it contingent on that. Johnson just wanted to make sure the \$4,384 per lot has been paid and taken care of. Votca stated he has the original assessments rolls and originally there were in there for that amount and recorded as deferred in that roll. Votca stated the bond for that project was paid off in 2008 and is not sure why they are not being recorded at the County as a deferred assessment. Mayor Peterson stated the bond is paid off and the street is about due for another resurfacing, and he does not feel any reason not to finalize this and not let it come up as a surprise. Stobb stated it is listed as a street assessment and wonders if it is just for the street that runs by that lot. Votca stated that assessment was for the whole project. Stobb said those lots did get a benefit from the street project. This was in 1996 and that is the same time the Eastview Development was done. Stobb wondered if they were being consistent and are they being fair. They just sold a completely undeveloped lot for \$1,000 and now selling two lots that are developed for \$2.00. Snyder stated that has been the offer for quite some time. Nielsen asked if they are making the Gramstads hook up to that interceptor line. He feels it is sort of like an assessment if they have to pay to hook up to utilities even though they do not have to pay for street as they are not adjacent to the street. Stobb stated that is his point that the Gramstads are going to have additional expenses that do not exist with the Union Street lots. Stobb stated with the building of the rental units, they would generate taxes back to the City that they are not getting right now. At that rate a couple years, they will have gotten the money back. Johnson stated they are still paying the \$2,500 per lot for the assessment for the interceptor line. Ferrazzano stated he appreciates Stobb saying in fairness they should think about it but looking at these lot purchases was it fair that in 1996 someone paid \$14,500 for a lot and then following that the lots there were sold at different prices. Stobb felt it was good for the Council to have this discussion and the

public needs to be aware of \$4,000 in taxes being paid every year and 70% of that will be coming into the City. Rather than forgive an assessment it needs to be explained to the public the benefit of doing this. These lots have been available for some time and no one has purchased them. Motion by Snyder, seconded by Ferrazzano to accept the purchase offer of \$1.00 for each lot and the purchaser pay the assessments of \$2,500 for each lot as listed on the assessment rolls, and waive the assessments of \$4,384 per lot as they are not listed on the assessment rolls. Nielsen stated the standard process of the EDA is the purchaser pays the closing costs. He has not received back the covenant papers from four properties because they covenant states they have to be a single family dwelling and they are looking to have one joined wall in the garages of the duplex. Johnson stated there were be two services for easier billing. All voted in favor of the motion.

The Consent Calendar consists of: Municipal Accounts Payable, Tracy Economic Development Authority Minutes for March 21, 2014, Cemetery Commission Minutes for March 20, 2014 and Multi-Purpose Center Board Minutes for March 18, 2014. Motion by Snyder, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Motion by Enderson, seconded Snyder to reschedule the May 26, 2014 Council meeting to May 27, 2014 due to Memorial Day. All voted in favor of the motion.

The Board of Equalization will be held April 29, 2014 at 7:00 – 8:00 p.m. in the Council Chambers.

Enderson has had questions regarding a spring clean-up. He was wondering if bringing in a dumpster, have people bring their things to a certain area and if need be charge them a fee. Votca stated he would contact Southwest Sanitation for ideas on how this could be done. Ferrazzano felt they could get a dumpster and charge people to put things in that dumpster. He does not feel that would be as expensive as contracting with someone to go around town and pick up things. Votca stated he will also check with other cities as to how they do it.

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

May 12, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, May 12, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Snyder to approve the minutes for April 28, 2104. All voted in favor of the motion.

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

There were no public comments.

At 6:35 a public hearing was called to order for an Ordinance Vacating Part of a Utility and Drainage Easement and Part of East 6th Street in Eastview Addition, City of Tracy, Lyon County, Minnesota. There being no public comment, the public hearing was closed at 6:37 p.m. for Council discussion. Motion by Snyder, seconded by Ferrazzano to approve an ORDINANCE VACATING PART OF A UTILITY AND DRAINAGE EASEMENT AND PART OF EAST 6TH STREET IN EASTVIEW ADDITION, CITY OF TRACY, LYON COUNTY, MINNESOTA. All voted in favor of the motion.

Tom Olinger from Abdo Eick & Meyers, LLP presented the audit report for the year ending December 31, 2013. Segregation of duties overall is in good shape but some adjustments were needed. The existence of this limited segregation of duties increases the risk of fraud and misstatement. The city has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will have a separate accounting clerk review adjustment reports on a monthly basis to ensure compliance. The auditors recommend that the staff review the GL yearly report and accounts reconciled on a monthly basis. The have worked with the staff to establish procedures to reconcile investment activity, payroll liability activity and miscellaneous cash accounts. There are opportunities to improve efficiencies in the accounting process to accomplish these reconciliations and assist with this evaluation to help utilize the software to make the reporting more accurate.

Ollinger stated that internal controls should be in place to provide reasonable assurance over financial reporting. The City is reviewing the financial statements, he recommends a disclosure checklist be utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements. For now the City's management accepts the degree or risk associated with this condition and thoroughly reviews a draft of the financial statements.

During the audit, adjustments were needed for recording several journal entries along with several prior period adjustments. It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency. Olinger stated they recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed. Management will thoroughly review journal entries prepared for the audit and ask questions throughout the year to attempt to eliminate future material adjustments. The staff will continue to receive training on areas that have material adjustments. During the audit, the auditors selected twenty disbursements throughout the year to test reasonableness. One of the tests was to make sure the Council approves all disbursements. The minute packet from January 2013 meeting was missing. In the future, management will ensure that all approved disbursements are filed in the future.

Ollinger reported the General Fund at the end of 2013 had about \$420,000 in unassigned fund balance. The State Auditor's recommendation is that that there should be 40% to 50% of next

year's budget in fund balance in the General Fund. December is the high point of fund balance because receiving LGA and property taxes. Now there are six months that the City needs to cash flow the General Fund until the next LGA and property tax payments. For the City of Tracy, since 2009 that has dropped from about 33% and for this year it was just under 22%. This is below what the State Auditor recommends. Ollinger stated that going forward the City needs to build up this fund balance to get to the 40%. This is one thing that as far as future bonding goes that bond rating agencies look at. Taking a comparison to where other cities are at the auditors try to get benchmarks from cities the size of the City of Tracy, and collect the information and put them in by population classes. Tracy is a Class 4 population. Stobb stated the comparisons to other cities of the same size helped.

Ollinger said revenues under budget of \$21,664 and the major sources under budget were Property taxes by \$42,556 and charges for service were higher than what actually came in by \$10,790. Expenditures were over budget by \$41,831. A portion of this is related to public safety at \$22,604. A portion of this is related to the Fire Relief this year. They did get additional state aid. Library current expenditures were over budget by \$12,230 and Airport current expenditures by \$10,981. Overall the net change in fund balance was a reduction in fund balance of about \$37,000. Going forward to build up the reserves this should be looked at as having a positive number whether it could be budgeted for an increase in reserves where revenues exceed the expenditures or stay under budget regarding the expenditures.

A comparison of General Fund revenues for the last three years shows that even though taxes were under budget, did increase from the previous year and in 2013 were \$568,863. Intergovernmental revenue did increase slightly this year and that is tied to the fire state aid that was talked about earlier. Transfers In decreased this last year and charges for services have been declining over the last three years. Overall the revenues were about \$6,000 more than the previous year was.

Comparison of the General Fund expenditures and transfers is where the peer group is looked at as to where the expenditures are by program. The General Government was at \$225,000 which is basically where administration and accounting are the main ones. The per capita was 225 versus 182 which is a little bit above the average. Miscellaneous is above the average and the airport expenditures are included in this where other cities might not have that.

Ollinger stated the capital outlay is below average and it is creeping up with the cities as the funding is coming around. Many cities have put off capital outlay and now that will come up as needs for equipment go. Transfers out there was \$243,474 and what makes up that is about \$100,000 that are going to other reserves. That is dollars that is going for future capital outlay. The remainder of the transfers out are basically for various operational items for fire operating, cemetery operating and special revenue funds.

Special revenue funds have revenue from specific sources to be used for specific purpose. Ollinger stated there were some deficits in the special revenue funds. The Cemetery operating had a small deficit of \$3,412. Ollinger suggested trying to generate revenues in excess of expenditures to eliminate this deficit moving forward. When there are these deficits, there is borrowing from another fund. The Aquatic Center operations was moved to a special revenue fund versus an enterprise fund because it was not self-sufficient with charges for services. The Aquatic Center did have a deficit of about \$13,000. That was direct result of some capital improvements of \$60,000 and did not have the cash for it at the time. Ollinger encouraged with capital items going forward, establish a five year capital plan and outline where the funding will come from. Code Enforcement had a deficit of \$12,000 and looking at the budget, it appears there was a budgeting error there as there were \$20,000 budgeted for investment earnings coming in.

Debt Service Fund is the current debt funded by special assessments or taxes. The water and sewer portion of the debt was included in the water and sewer utility funds so that charges are being paid out of that. The assets were \$1.7 million. These funds are very healthy and the city is collecting on assessments and property taxes to fund these. The 2002 Improvement Bonds did mature this year which had about \$113,000 in cash. Ollinger recommended the Council to make a resolution to close this fund going forward. Since those dollars are covered by Debt Service

that it be closed to another Debt Service Fund. They can look at projecting what the principal payments are if the dollars are transferred over, that can certainly reduce the levy going forward on a different bond issue.

Ollinger stated there were a couple deficits in the Capital Projects Funds such as the Airport Improvement Fund had about \$40,000 in deficit and these are basically dollars that were not funded by the grant. The City needs to find some kind of funding for this deficit. The Fire Department Replacement Fund did have a deficit of approximately \$200,000, unfunded capital items there so Ollinger suggested in each of these deficits, there were capital items that maybe weren't quite where the fund the dollars were funded from. The planning going forward is very important to ask where the funding in place is and does the City need to do an equipment certificate to cover that especially to look at that to try to avoid these deficits going forward.

The first graph for the Enterprise Funds shows the receipts compared to the disbursements. Enterprise Funds they are looking at cash flow and where things are at. They need to make sure they are generating enough dollars to cover the debt and operations. O'Brien Court has been generating some dollars and there were some improvements that did decrease some of the cash reserves. Overall there are some cash reserves in the O'Brien Court funds. Right now there is about \$102,000 for capital reserves and there may be some other housing projects that do not have as good cash reserves. This is where this reserve may be used for.

Ollinger stated the 5th Street Apartments the cash flow over the last several years has been below what the expenditures are. At the end of 2013 there was about \$7,000 in cash compared to \$30,000 the previous year. This is a direct result of not quite covering the debt payments. Currently there is about \$324,000 in debt remaining. A healthy cash reserve should be about \$42,000 based on the 25% operating and debt service. Ollinger stated he sees this in other cities that have various housing projects and it is sometimes difficult to cash flow and will have to continue to pay the debt down. This will need to be watched to make sure where the other funding is coming from so these do not continue go down in deficit going forward.

The Orchard Lane Townhomes had some slight decreases in cash over the last several years. At the end of the year they had an advance from another fund, so basically there is a deficit of about \$9,000. Just knowing the trend over the past couple years, this is something to look at to make sure this trend does not go down; however the fund is going to happen. For this project there is about \$1.2 million in debt this fund.

There is a comparison of the Municipal Liquor Store fund operations for the past four years. At the end of the year the income before transfers was about \$37,000. The past two years there has been profits and there is a state requirement in the last two of the three years have losses then a public hearing will need to be held regarding the liquor store. The cash in this fund has continually decreased and at the end of the year there is a \$37,000 deficit. Going forward to eliminate the deficit they need to start building up the cash and cannot rely on that \$10,000 transfer until the deficit worked out. Gross profit for 2012 was at 39.6% and Tracy was at 41% which is above the state wide average. Operating expenses are above the state-wide average. This is something that can be looked at to generate more dollars in the Liquor Store Fund.

The water utility cash flow tried to get as good as comparison as possible over the last four years and the last two years this was broke out. Ollinger has talked to Votca about various allocations on wages and making sure there are the proper revenues and expenditures going into the correct fund. There are some changes that will be implemented. Over the last couple years the cash has been decreasing in this fund. For 2012 the cash did drop because they broke out the two funds and now there is a lot of cash in the utility surcharge fund. Going forward the water rates will have to be reviewed to make sure they are covering the true water expenditures that are in there and the debt service payments. For the last year the cause of the decrease because there was a cash outflow of \$216,000 for capital assets related to the water tower expenditures. Right now there is a cash deficit of about \$91,000. With the debt for 2013, the City should be right at the \$160,000 in cash balance.

The utility surcharge cash flow was reviewed and broke some things out and the one thing to note and in talking with staff, there are two separate surcharges, one being the \$2.00 that is

basically for water repairs from street to home and then there is \$12.00 to help pay the PFA debt out there. In order to get the proper assets and liabilities, the PFA dollars are tied to sewer. Ollinger pulled out the \$12,000 surcharge which should be going to sewer to help pay that debt. This fund should basically be the water portion of it that is out there. At the end of there is about \$56,000 in cash and approximately \$91,000 of that is borrowed to the water fund. So the cash balance is about \$140,000 but \$91,000 is being handled by the water.

The Tracy Medical Center which is certainly generating a lot of dollars currently and are at about \$414,000 and the cash is well above where the recommended average is. Ollinger stated the Council needs to be aware of the dollars and have a clear idea of how those dollars should be spent going forward. This is not the Trust Fund. There are currently about \$800,000 in the Trust Fund. There is about \$46,000 in bonds.

The Sewer Utility Cash Flows, there is two years of activity since it was 2012 when this was broken out. There was some capital items related to the sewer but overall the cash is about \$116,000 and looking at the debt that is out there, it should be about \$160,000 and is a little low of what the target cash balance should be. As of 2013 there is a little over \$1 million that was transferred to the sewer utilities so that will a better look as how the charges should be to cover those particular funds.

Ollinger stated the Eastview Apartment cash flow been pretty steady over the last three years and really the cash has stayed pretty flat. At the end of 2013 there was about \$108,000 in cash in the fund and there is about \$167,000 left in debt. Overall this fund is generating enough to cover the debt service. Stobb asked whether since Orchard Lane had a \$94,000 debt owed to 5th Street Apartments which is not doing that well either, should this has been taken from Eastview which is doing considerably better. Ollinger stated that is the case, either Eastview or better yet O'Brien as there is a not a whole lot of debt tied to that. Unless there are big improvements the Council foresees going forward that the majority of that revenue is going to debt service. If the debt service goes away in 2014, the cash is going to spike for O'Brien. Stobb asked if using the proper accounting, if they could do this at any time. Ollinger stated they would need a resolution to transfer those dollars or do an operating transfer which permanently puts the case there or subsidizes that fund hoping it would eventually be paid back to that particular fund.

Ollinger stated that Refuse Collection is pretty much right on track as that is a break even type of fund. The same with the Deputy Register

On page 25 of the Management letter shows some peer group comparisons. Debt service coverage which is basically in the enterprise fund is saying if there are enough dollars being collected in operations to cover the debt service. Anything over one is good and as of 2013, Tracy is 1.8. This is something that really needs to be evaluated moving forward with the USDA project and having various debts out there. The debt per capita which is a little over \$3,400 per person and the average has been about \$3,200 for cities about the same size as Tracy, so Tracy is a little bit above average for the debt. A good chunk of that is the housing bonds that are out there and there is a big number that is inflating that debt service. Taxes per capita for 2013 is in line of what the peer group was for 2012. Current expenditures per capita which over the last couple years were a little bit higher than the peer and that would go in line with was talked about with the General Fund. Capital expenditures are low which really will kind of correspond with the Capital assets % left to depreciate and capital assets % left to depreciate. This shows what the governmental assets which are the building, streets and right now those assets are at about 40% where the peer group is at 57%. This goes hand in hand with the capital expenditures and Oberling would encourage the Council looking at five years out and what are the equipment needs going forward. He feels the same is with the business-type activities and with the new project coming up that will certainly shoot up and be more in line with where the peers are. Both of those are relatively low.

Mayor Peterson felt the peer group numbers were good to see and to see that holding the levy back, as far as the General Fund balances but and now know which way to get there. Oberling stated that if anything comes up throughout the year, to give them a call and they will help in any way possible.

Motion by Stobb, seconded by Enderson to approve the request from Ed Engels to reserve the entire Swift Lake Campground for the weekend of the Fly-In scheduled for June 6-8, 2014. All voted in favor of the motion.

M. Votca stated that with the resignation of Pam Friesen as the local assessor for the City of Tracy the City needed to either advertise for another assessor or contract with the County Assessor's Office for the assessment of the City. The City of Tracy has 1,112 taxable parcels at this time. The County Assessor is submitting a bid of \$10.50 per parcel or \$11,675 for the 2015 and 2016 assessment years. Votca stated this is compared to \$10,900 that Pam Friesen billed the City. Motion by Stobb, seconded by Enderson to approve the bid of \$11,675 for the 2014 and 2016 assessment years and enter into the contract with the Lyon County Assessor's office. All voted in favor of the motion.

Motion by Stobb, seconded by Enderson to appoint Betty Baldwin to fill the vacancy on the Planning and Zoning Commission. All voted in favor of the motion.

Votca presented his recommendation for wages for the employees of the Aquatic Center during the 2014 season. In the past a wage scale was used to determine Aquatic Center wages. Aquatic Center employees are seasonal and as such temporary employees. A wage scale implies that employees are hired for an extended period of time. Votca would like to use a person wage as the authorization of wages for 2014 to avoid implying that Aquatic Center employees are other than seasonal. Consideration has been given to the increase in minimum wage as well as previous seasonal employment to determine these wages. Motion by Snyder, seconded by Stobb to accept the proposed wages for the Aquatic Center staff and the changes to the Aquatic Center Handbook. All voted in favor of the motion.

Votca stated at the last Council meeting it was a unanimous vote to increase the Fire Department retirement rate from \$1,300 to \$1,500 per year. This has been redefined in the By Laws of the Tracy Fire Department Relief Association. Motion by Ferrazzano, seconded by Snyder to approve the By Laws of the Tracy Fire Department Relief Association as amended. All voted in favor of the motion.

Votca stated the Planning Commission held a meeting on Monday, May 5, 2014. They received a request from Dru Larson to annex a portion of his land into the city for a retail business to develop. The Planning Commission voted in favor of the annexation of the land contingent upon the sale of the property to the commercial developer and approval of building permits and approval of a septic mound system. Daniels stated that with the moratorium from MPCA, they would not be able to provide sewer service, but would be able to provide a water connection. The developer is considering a septic system. It would be up to the Council to allow them to have a mound septic system. Motion by Enderson, seconded by Snyder to contact Monroe Township and move forward with this request. All voted in favor of the motion.

Votca stated the second matter before the Planning Commission at this meeting was in regard to rezoning the area designated I-1 on Front Street. There is a developer that would like to build a four-plex on this property. The Planning Commission agreed that residential property would be a better use of this land. A motion was made and passed by the Planning Commission to move this to the City Council for approval. This property would be rezoned from I-1 to R-2. Daniels stated that on Front Street they developers would be able to tap into sewer and water if the 4-plex was parallel with Front Street. Motion by Enderson, seconded by Ferrazzano to move this issue to a public hearing to rezone this property from an I-1 to an R-2. All voted in favor of the motion.

Votca stated that two different parties have inquired about the lot owned by the City on the corner of South Street and 6th Street. Both these parties would like to purchase this lot for further development. Votca is requesting for permission to advertise this lot for sale for a period of two weeks. He would accept sealed bids for the purchase and the bids would be opened at the next council meeting. This property is no longer of use to the city. Motion by Ferrazzano, seconded by Enderson to put the City property on the corner of South Street and 6th Street for sale and accept sealed bids for this property. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution 2014-15 A RESOLUTION APPROVING FINAL PAYMENT TO ROADSIDE DEVELOPERS INC FOR WORK COMPLETED ON THE HOSPITAL BOILER PROJECT in the amount of \$8,970.22. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution 2014-16 APPROVING COUNTY PROJECT WITHIN MUNICIPAL CORPORATE LIMITS, the plan for Project No. S.A.P. 042-611-33 showing proposed reconstruction or improvement of County State-Aid Highway No. 11 within the limits of the City of Tracy as a State Aid Project have been prepared and presented to the City. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution 2014-17, A RESOLUTION FOR PARALLEL PARKING ONLY ON C.S.A.H. 14 TO C.S.A.H. 28 IN THE CITY OF TRACY, MINNESOTA which the City shall require that parking of all vehicles within the corporate limits of South 4th Street, State Aid Route No. 11 be parallel with the curb in accordance with the State Aid Standards. All voted in favor of the motion.

The Consent Calendar consists of Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Relief Association Minutes of April 7, 2014 and Planning and Zoning Commission Minutes for April 7, 2014. Motion by Enderson, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson stated that he has been approached by someone regarding the animal permit granted for 15 dogs belonging to Chris Plott and Jennifer Roach. They will be moving to a new residence in the City and it was questioned if the permit was tied their old residence or to them and their dogs. Mayor Peterson stated he did some research and the first permit was granted in 2012 and it was reaffirmed in 2013. Snyder felt the permit would be tied to the owners and their dogs and not a specific address. Mayor Peterson felt it was permitted for their old address. Ferrazzano felt it was not fair to consider complaints before Plott and Roach even move their dogs. Stobb stated he had received a concern but it was not really a complaint. Ferrazzano felt the permit should follow them and if any complaints are received, they can be reviewed by the Council. Stobb reminded the public that the complaints must go through the police department to be investigated before the Council can make a decision as to whether to rescind the permit or not.

Ferrazzano made a request to possibly change the dates for the Council Meeting in June as he would miss the last meeting in May and the regular scheduled meetings in June. He stated he would be able to attend if the meetings were changed to June 16 and June 30. Motion by Snyder, seconded by Enderson to reschedule the June Council meetings to June 16 and June 30, 2014. All voted in favor of the motion.

Enderson told the Council there is a gentleman from Walnut Grove that would come to Tracy to pick up appliances for \$10.00 each and would also go to home and remove appliances for those that are not able to get them to the curb. This gentleman would also make arrangements to collect any scrap iron. Enderson stated the only thing he would not collect would be electronics. Votca said he would also check with the county and SW Sanitation to see if they had any services that could be utilized for a cleanup day.

Enderson stated he has also received complaints regarding the potholes in the streets. Daniels said they have been working on them but they need to be dry before they can be repaired.

Motion by Ferrazzano, seconded by Snyder to adjourn the meeting at 8:00 p.m. to conduct a closed session for discussion of the hospital lease. All voted in favor of the motion.

May 27, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Tuesday, May 27, 2014 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 Snyder, seconded by Stobb to approve the minutes for May 12, 2014. All voted in favor of the motion.

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

There were no public comments.

Joe Gimse, Client Services for Bollig Engineering presented a Five-Year Task Order Agreement and Task Order No. 1. Also present was Paul Jurek, Transportation Engineer from Bollig. He stated he has been working with M. Votca, City Administrator and the Airport Commission for several months to identify issues regarding the Tracy Airport. The Five-Year Task Order is based off each project at the airport, generating a Task Order No. 1. The main agreement portion is the basis the entire agreement and has all of the general terms and conditions within it. From that for each project they would create a task order. The Task Order defines the project, develops the scope and also includes some of the basic services that would be provided by Bollig and the deliverables and estimates of the cost for that particular project. Gimse explained the engineering agreement is an overall type of agreement that is necessary and when Bollig comes with another task order, they do not have to submit all those general types of agreement and specifics with that.

Gimse stated the initial meeting with the Airport Commission was a good opportunity for Bollig to understand what some of the priorities of the airport might be. The first meeting safety issues were discussed specifically the apron area and some of the settling happening there and the way the water is being directed towards the airport hangar and the terminal building. With the settling there is the potential for prop strikes and airport rolling off the back of it. They also discussed some taxi way lighting by the hangar where planes coming in on the sod or taxing from the runway around that direction to get to the hangars, may go over an edge.

Gimse said that they carried that discussion and priorities to the second Airport Commission meeting and some of the things and discussion changed to what you are seeing in Task Order No. 1. There seemed to be more concern on the part of the Airport Commission with having the taxi way leading from northwest end of the runway to the apron itself to be widened to allow for better traffic flow. There is also a concern there is no run up area. Gimse said the discussion changed to making the next priority widening that taxi way area and run up area. This is included in Task Order No. 1 as funding is available. The focus of the task order the concentration was on the apron area and resolving issues surrounding that. The thought in incorporating that, they could use some of the spoil from the apron area because they know they will have to take down the easterly part of it so the water will drain where it should into the ditch area and move away from the hangar and terminal building. There is a question of how much all that will cost. It states in the General Terms as the construction budget allows they will be working on that taxi way project.

Gimse stated that what Bollig is proposing in Task Order No. 1 is the preliminary and final design and these are necessary to narrow down what the cost of the project will be. It also includes a project manual, bidding, construction administration and closeout. This also includes construction staking. The deliverables for this will keep the City informed and up to date and would include a copy of the Project Manual and Plans at each milestone, which includes the preliminary design, the final design, contracting, bidding process and those types of things. Gimse stated the way they are looking at approaching this is that they would provide the final documents and construction phase of it. Once they are sure that MnDOT and FAA are going to

fund their portion of the project. There is a little bit of timing and dollars that would be available and some of the continuing issues surrounding that funding.

There are the payments to the engineer. There is the Construction of the apron and taxiway with at \$437,000, the LEAF (legal, permits, administration and Finance) and the engineering services on there at \$115,000 and the Contingency (10%) at \$48,000. These items total \$600,000. In the letter that was sent by Bollig indicated that some of the things that were not included in the task order but wanted to make the City aware of the issues that need to be ferreted out with the Tracy Airport. MnDOT and the FAA have unclassified the Tracy Airport. What that means is the \$150,000 in the entitlement dollars received each year in the entitlement account goes away. Gimse stated he does not know the specifics and how it can be mitigated and feels it is a benefit to the City to go back and ask what methodology was used to determine the Tracy Airport should be unclassified. Votca stated that he does not know exactly how that was determined. Gimse said those things need to be sorted out and need to understand how they determined. When they looked at the criteria at the last Airport Commission meeting it seemed as though there were enough aircraft on the airport within the existing hangars, there is the hospital bringing in doctors on a weekly basis. If they can communicate MnDOT and FAA a basis for making an argument and appealing and at some time turn that decision around in order to get back in as a basic airport. This means a general aviation airport and have that unclassified designation taken away. Gimse stated this is included in the agreement and it has to be done to keep the upgrading of the Tracy Airport moving forward. This is embedded in Task Order No. 1. Leading the discussion with six cities, Tracy has borrowed some entitlement dollars. He believes they should be repayed at time to Tracy so they can be used on projects at your airport and need to start and coordinate and think about how to bring those dollars back to the City. Also included a completion of a needs analysis and updating the FAA Capital Improvement Program (CIP).

Gimse stated the State has some funds and know there are not a lot of funds and there is a lot of demand for me and can be more difficult to get than an automatic \$150,000 per year from the FFA. They do not reimburse at the 90% level like the federal government does. Depending on the project they are at 50% to 70% to 80% which can lead to be quite a bit of money when the project is \$500,000 or more. Gimse felt there was a sense on the part of the Airport Commission to get something going and feels that Task Order No. 1 and having Bollig become the airport engineer, it gives them the ability to engage MnDOT and FAA on behalf of the City of Tracy to begin to understand and let them know that Tracy does not want to give up their airport and do not want it to deteriorate further and want to make improvements and set to move projects forward. Bollig Engineering will work with Votca, the Mayor and Council and Airport Commission to make that case and move it forward.

Mayor Peterson stated they do not know if it was the feds or whether it was the state that gave them the unclassified designation. Votca felt the report was from the federal government. He feels they do the airport survey every two years so they should be able to get it reviewed in the next Asset Study. Mayor Peterson feels this is a great idea and was glad that Bollig Engineering got to meet with the Airport Commission and came up with a plan. He feels they need to move forward to keep the airport and keep up with improvements. It is an asset for the City.

Stobb asked if they cannot regain the classified status, would they be eligible to get those dollars that they owned to other airports when we are unclassified. Gimse felt the account stays there as far as the entitlement account and Tracy can ask the other cities to bring those dollars back. He feels the same criteria would apply that it would be a 90%/10% match as any other project. Once those dollars are gone, then they would be seeking strictly state dollars. Votca said the State aviation told him they only spend dollars on safety concern type items. It could be tough to get more dollars. Gimse stated there is a good reason to preserve the Tracy Airport. Enderson agreed that the airport is definitely as asset and wish they could have done more projects when the federal money was 95%/5%.

Stobb stated there is \$600,000 funds from FAA. Gimse said the entitlement account is maxed out at \$600,000. Stobb was concerned for Task 1, the cost is \$600,000. Gimse stated they are going to move forward with this and do not know what the actual numbers are going to be. This is as much as accomplishing the apron portion and taxiway. They will have to do the pre-engineering to figure out what those costs are going to be and report back to the Council. Stobb understands that those are important issues to get done at the airport, but yet there are more

things they would like to accomplish out there also, such as lighting issues. He was hoping the \$600,000 would go further. Mayor Peterson felt they had loaned out that much and there is nothing stopping them from writing letters and saying they are getting ready to do these projects and would now like some of those dollars back. Stobb stated they could say no and the City has to match 10% of it also. Mayor Peterson felt the main thing to do at this time is to get status back as a general aviation facility. Gimse stated that getting those loaned dollars back is a time issue as the City cannot have any more than \$600,000 in that account. Stobb asked Gimse how many airports his company works with. Gimse stated they are actively involved in two at this time.

Stobb stated that one of the things he is concerned about he does not have any reference to compare this to and what would another engineering firm be charging for this type of service. He is not trying to say anything bad about Bollig. Gimse stated that in Task Order 1, if it is helpful, if they take a look at the legal permits which includes engineering, it is about 19%. This includes all of that, engineering fees and additional investigation. Potential projects that need attention in the future is apron, taxiway, hangars, aprons for the hangars and the driveway to the airport.

Votca said that in August through October, MnDOT aviation starts discussing with people on what projects are going to go through. Mayor Peterson asked if their surveys are annual. Gimse stated that every year they do a third of the airports and rotate that. Votca said the pavement assessment stated they needed to look at improving the apron and taxiway and the runways are good for now. Gimse stated lighting is not included in Task Order 1. Daniels stated there are now about nine lights that are not working. Enderson stated the Airport Commission discussed there is no taxi-way lighting. Enderson stated the runway is not long enough for some planes that come in to the airport. Enderson stated the Airport Commission would like to go forward. Motion by Enderson, seconded by Snyder to move forward with the Five-year Task Order Agreement and Task Order No. 1

Stobb stated that he had some reservations about this agreement before the meeting and three years ago they were interviewing engineer firms and at that time he was tasked with calling the references that Bollig has provided and all that he called there were very good responses and seems like each one of the references stated that Bollig went above and beyond looking out for their concerns, thinking ahead anticipating problems and on that basis he is in favor of this also. Gimse stated they try to be attentive to their communities and meet their needs and keep costs as low as possible.

Nielsen stated that he appreciates having a master agreement over the years and as each job comes up it is a relatively short agreement to say the master agreement covers the usual stuff and the specific job can be presented. He does have some concerns in Standard Terms and Conditions as the City has not had those types of agreements with those limits of liability. In paragraph 6 he would like to see amended if at all possible to not have that so restrictive and does not feel this is a way for a professional contract to be structured. Nielsen stated that in Task Order 1, he was not sure what the \$600,000 covered because it does not indicate this. Nielsen stated this is not a construction agreement between the City of Tracy and someone to actually do the work. He does not know why the \$437,000 is mentioned as it is not something the engineers are going to be paid and it is not an estimate of the project because they have not gotten to that point yet, but it is unclear why it is worded that way. He would like to see that clarified so they understand what the compensation is to the engineers for work they are going to do. If needed, a separate paragraph stating a guess of the construction costs to an actual construction firm would be and could do that. Gimse stated that if it is okay on the Council's approval, he could have Brian Bollig work directly with Nielsen to sort out those issues and make those clarifications. Nielsen stated that would be good. Emended motion by Enderson to move forward with the Five-year Task Agreement and Task Order No. 1 subject to some terminology changes in paragraphs six and seven of the master agreement. All voted in favor of the motion. Gimse stated there have been changes requested and it is common for municipal clients that look at this agreement and ask their City Attorney to work with Bollig. It is most expeditious that they work directly with the attorney to his satisfaction.

Police Chief Lichty reported Computer Aided Dispatch is still a ways off and they are working with the Sheriff's office. The equipment has been put in the squads and are now waiting for it issues and programing. He and S. Daniels met with the Pro-Tec Design salesperson and evaluated the pool. Lichty stated this is something he is not pushing for but it is something he wanted the Council to be aware of this as an option. Daniels has more specifics regarding the costs of repairs, water, refilling the pool, re-chemical issues, when there are vandalism issues. There have been some vandalism in the past becomes costly to the City. Pro-Tec evaluated the security needs for monitoring the area of the pool and the problem areas around the pool, where they have burglarized the concession, glass issues and things thrown into the pool that cause the pool to be drained and refilled and the park area. It is more of a thing that if something happened they can go back and look at the camera to see what happened and if someone was standing at the fence throwing objects in the pool it can be taken to court and they would be responsible for the expenses to get the pool up and running again. Lichty stated the cameras could also work as a deterrent because if they know there are cameras on they are not going to be as tempted to walk up to the fence and cause vandalism. Snyder asked if there were other vendors that would be able to provide this type of security. Lichty stated that he look at other companies at the conference, but Pro-Tec had the clearest cameras.

S. Daniels, Public Works Director asked if there were any questions regarding his Department Head Report. Stobb said he was at the compost site and the bags have been removed. Now that Moyars is supervising the compost site, things have gotten better as far as people dumping illegal objects. Daniels reported that the cost projection for the repair of the hangars at the airport is \$15,000. This would be only the material costs. This would be the hangar that is closest to the road where there are eight spots. Enderson stated that re-tinning the hangars would be a major improvement. Mayor Peterson asked Daniels what his thoughts were on the security cameras. Daniels stated things last year were not so bad. Some of the lights were shot out of the light pool in the middle of the pool area. Those are made of plastic now and not glass. The other time they had to empty the pool was when the light pole fell in the pool. It costs about \$5,000 for chemicals and refilling the pool and about \$750 to \$1,000 to heat the water again. This is not counting the labor to do this work. Daniels stated the security lighting is not budgeted for this year. The lighting at the pool is bad and the three heads on the tall light pole have been retrofitted to LED to meet the N Department of Health 10 ft.-candle rule. This should provide some security also. They are going to start filling the pool in the next couple days. The pool is scheduled to open June 7. Daniels stated they have been working on filling the potholes and are trying to get the major ones done. Nielsen stated they may have to look at some major street projects. Some of them will have to be dug out with the bobcat and then repaired. There are areas that the cold mix will not stay. Mayor Peterson felt it would not hurt to check around for the price of an oil truck so they could do some seal coating themselves. He could check to see if the county would help with this at all. Votca stated that at the Memorial Day ceremony he received a lot of comments on how nice the cemetery was looking for the program. The parks are now open and the sinks, showers and lights have been replaced at Swift Lake Park.

M. Votca said that S. Lau, Liquor Store Manager was not able to be at the meeting tonight. The Liquor Store has been making about the same amount of money each month.

R. Gervais, EDA Director stated in his written report that he has been meeting with the Wixon's to see what the possibilities are with that land if the City wanted to expand for an industrial park. Gervais has met with Larry and Bonnie Buysse to see what options they would want to do if anyone would want to expand a housing project to the east. Gervais highlighted that the City received the Small City Development approved and there will be some training to do to administer that and then will be able to disperse the housing portion of it.

M. Votca reported the library accessibility project was completed. The only thing that needs to be followed up on is getting the money from the State. Lyon County already paid their \$10,000 share of the project. The rest was paid from the General Fund and that will be repaid when the State money is received. Interviews for the librarian position were done and someone was selected.

Votca stated that Ehler's Investment Partners have been working on the City's financial management plan and they have presented the plan and there were some questions that Votca

needed to answer. This information was provided to them. Votca would like to have a work session with Ehler's and the Council and provide to the City what they think the financial management should be going forward for the next ten years. This would help start the budget process by having the Council review that plan and set some goals as far as the fund balances and levy. One the guidelines have been set up with that plan, Votca could take that information with the levy and LGA and revenue information to set what revenues could be appropriated to each and the department heads could formulate their expenditures based on "allowance system". The department heads would know they have this much money and could formulate that out and if there is any shortfalls with what they were allocated, they could report that back to the Council and the Council could make some decisions based on that shortfall information they provide the Council. Votca would like to set a work session of the City Council at an open meeting on June 23, 2014 in order to discuss this plan with Ehler's Investment Partners. If the Council does not want set a date tonight, that would work. Votca will check with Ehler's and will get back to the Council at the next meeting on June 16.

Votca and S. Daniels walked around and looked at the proposed project area for the 4th Street and Morgan Street projects. The drawings were at 95%. Votca provided the Council with a map regarding sidewalks. He would like to get some feedback from the Council to see where they want to go. On 4th Street evidentially sidewalks disappear and then reappear. The map shows this and there are portions that are totally gone and some are deteriorating. I & S questioned if they wanted one side of the street to have good sidewalks and remove other side or continue to have sidewalks on both sides of the street. On the eastern portion there is a small area where MnDOT is going to put in a ped ramp in when they do the Highway 14 project so that is something that they will have to let MnDOT know if the Council decides to not put that piece of sidewalk into the eastern side. Snyder stated he would like to see sidewalk on both sides and feels they should push the County a little to see what they will fund. With the state aid it should be eligible. Votca stated that if that is the way they want to go he will put that in the plan. It can be adjusted later if the cost is significantly high or the County does not agree. They should have the drawings complete by the next Council meeting and the engineers are basically done with those and then the Council can approve and then the bidding process can be started.

Votca reported that all the rural fire contract have been signed by the townships and he has sent copies of the contracts back to each township along with a letter of intent for next year's rate of \$294 per section. He also let them know when the City Council meetings are held and which meetings usually have discussions regarding the budget.

Votca said the Moss and Barnett Attorney has sent back the draft version of a cable franchise agreement with the cable company. He and Nielsen have been discussing this and Votca has a conference call with them on May 28 and should have something for the Council to look at regarding those before they are presented to the Cable companies and gets agreements there.

Votca thanked the Presbyterian Women's Group for their donation of \$100 to the Aquatic Center.

Motion by Stobb, seconded by Enderson to approve the request from the Wheels Museum to pay \$646.97 for one year of electricity for the Welcome to Tracy sign and the yearly contribution of \$2,000. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution No. 2014-18 APPROVAL OF AGREEMENT WITH BOLLIG, INC. contingent on amending the legal language, standard terms and conditions and as long as the City Attorney solidifies this language. Bollig Inc. has provided a contract offer to provide engineering services through task order for specific project at the Tracy Municipal Airport for a period of five years. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution No. 2014-19 APPROVAL OF TASK ORDER #1 WITH BOLLIG INC FOR TRACY MUNICIPAL AIRPORT contingent on clarification of cost breakdowns. Bollig Inc. has provided task order #1` for the renovation and improvement of the taxiway and apron at the Tracy Municipal Airport. All voted in favor of the motion.

Motion by Stobb, seconded by Enderson to adopt Resolution No. 2014-20 ACCEPTANCE OF GRANT ADMINISTRATION PROPOSAL FROM PETTIPIECE ASSOCIATES, INC. to administer the SCDP grant for the City of Tracy at a price not to exceed \$20,000. All voted in favor of the motion.

The Consent Calendar includes Municipal Accounts Payable, Multi-Purpose Center Minutes for April 15 and April 23, 2014 and Cemetery Commission minutes for April 17, 2014. Motion by Snyder, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Regarding the rezoning on Front Street from I-1 to R-2 Nielsen stated he reviewed the public hearing requirements it is the responsibility of the Planning and Zoning Commission to hold the public hearing and once the Council receives the report from the Planning and Zoning Commission. It is optional on the part of the Council to hold whatever public hearing it may want to have. Votca will put this on the Planning Commission agenda for July 7, 2014. Mayor Peterson suggested that if no one attends the public hearing in opposition of this, they can bring it to the Council.

June Council meetings will be held on June 16 and June 30, 2014. Votca stated it has been published regarding the change of dates for the meetings.

Stobb asked if they have advertised for bids on the sale of the lot on South Street. Votca stated that he will try and get that done this week.

Votca stated that he did talk to the County about the clean-up day and they will not provide any additional help or anything. He talked with Mike Bottelbergh and he is willing to do clean-up of appliances for about \$10 each. Votca asked if anyone had an idea of when this should be held. He could then put together the rest of the pieces if they needed a dumpster and who would be there to collect the items, etc. He feels they should have a day and maybe in a parking lot where the public can bring everything and set up a list of the restricted items for the landfill. It was suggested to put clothes to put that the DAV bin. There are certain things that can be taken to the County such as computers, etc. for a fee. Votca will try to get the schedule for the landfill as to what days what certain items can be taken there. He also needs to talk to SW Sanitation to see what they would be able to help with. Mayor Peterson felt that if they have a plan they can make it an annual event. Votca did not know if they wanted to do it every year, because people get rid of stuff and the next year they may not have anything to get rid. Maybe they could do it every other year.

Votca stated that Nielsen had provided some information about the hospital lease/sale.

Seth Schmidt asked for clarification what is meant on the agenda by update on hospital lease and why that should be a closed session. Nielsen stated the lease to a potential sale aspect. Stobb stated it would be a lease that could be a change of ownership. Votca stated they do not want to make that information available to the prospective buyer. Schmidt asked if the talks for possible sale of the hospital to Sanford still on going. Mayor Peterson stated that would be an accurate statement. Schmidt asked if extending the lease is a consideration. Mayor Peterson stated it is not off the table.

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

**Emergency Meeting
June 6, 2014**

An Emergency Meeting of the Tracy City Council was called to order at 6:30 p.m., Friday, June 6, 2014 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.

Mayor Peterson stated the purpose of the meeting was to discuss ways to improve communication with I & S regarding the Wastewater project. He has asked M. Votca to explain in detail where the project is at this time.

M. Votca reported he talked with C. Larson from I & S and the plans are ready to go to the County on Monday. The County has acknowledged that and they will put it to the State and the State will review for State Aid money. In a couple weeks after that is approved and then the project can be put out for bids. Votca stated they are behind what they had proposed and are not moving forward at a good pace and should be seeing it out for bids the end of June and first part July. S. Ferrazzano asked if that would be enough time for the project to be completed. C. Larson stated that since they added one block of reconstruction and it was originally going to be an overlay. They talked to the County about this and based on the utilities, it will be a total reconstruction. This will be the block between Rowland and Harvey. Votca said at the next council meeting the plans will be ready to be approved by the Council. Stobb said they are aware there will be a problem with Box Car Days this year. Stobb asked at what point they can make some provisions with who is granted the bid so that Box Car Days can happen in a reasonable way. Mayor Peterson said the Chamber is aware and are making alternatives and planning as if the roads are closed.

Stobb asked if Larson was aware of what the bids were coming in this year. C. Larson stated they have been coming in high and everyone is really busy, and is expecting the cost to be higher than previously presented. Larson stated the State will not look at the plans until the County signs them.

Larson stated that on June 16 before the Council meeting they were considering doing an open house and they could be here a couple hours before the meeting to allow residents to come in and ask specific questions about the project.

Votca stated that Larson put together a letter that summarizes the process so far. In February 2014 was the last time that RD gave questions back. There was a meeting in March where it was discussed with RD, MPCA, and Council members and it was generally outlined some of the proposed responses to it and it came back that land acquisition was going to be a big issue. They discussed a hybrid system. I & S has been doing a lot of pieces to this also from March till now. Land acquisition is pretty much exhausted and the City has made it known that they are trying to get land. I & S has a design for the hybrid system that they think would work engineering wise, however MPCA is not easy to deal with as their design specifications. Each system they have state approved designs specifications to stay within for each type of system, engineering wise. Since this is out of the box, MPCA does not really have a specification for this.

C. Larson said they looked at an aerated pond option which would be a continuous discharge and would not require as large a footprint. The crutch is finding and the large footprint is what the FAA has had issue with. There is the stabilization system which holds the water for six or seven months and releases it about two times per year. What they are proposing is with the aerated system, still hold back the water in a holding pond for the six months. MPCA so far has given the design guidelines for stabilization ponds and the purpose of those guidelines is to achieve treatment so there is a maximum depth. They were going to use these as holding pond and want to go twelve or fourteen feet deep to and the MPCA has not been able to give guidance on that yet.

C. Larson said that MPCA and RD stated they will not require the City to condemn anything and have given the impression that the permitting will be more difficult and lengthy and so will the funding. The funding agency, their state engineer has a guidance of the facility must be modest

in size, cost and design. If they find land where the stabilization pond will work, there is also the mechanical route with a \$1.5 million cost differential. Larson stated they need to meet with the landowners and see where they are at. If there is no price at all and no offer they would accept, the meeting needs to be documented to help support the case that stabilization would not be an option, if that is the case. Representatives of the City and I & S can assist should be there at the meeting. Mayor Peterson asked if the people from the MPCA have the authority to approve the hybrid system or does it have to go higher than the ones that they are talking. Larson felt they do, but the person they are working with has been reluctant to give guidelines as it is not a typical situation. Mayor Peterson asked if they could present this option in a different manner or get state legislature involved. Larson stated that he has not had a situation for the legislature to lean on agency like that. It can be discussed with them. Mayor Peterson asked if they were far enough along with the hybrid design where that would be a feasible thing to do. Larson stated they have been holding off finishing the design for that as they do not know how deep they can make it. What has to be sold to the MPCA is the idea and the idea that the last pond is not for treatment at all, it is to hold everything back.

Ferrazzano felt that the reason for delays: the mechanical system may be too expensive to be funded, but if they select the hybrid system it could be delayed in the process of getting it approved because the MPCA does not have a guideline to go off of and therefore will take longer. Larson stated that the mechanical would also be a continuous discharge, and the permitting could be lengthy. The quickest would be a stabilization pond with controlled discharge, but they would need land to do this. Votca stated this could be a lengthy process to acquire also. Ferrazzano asked Larson if they are fairly certain with the cost of the mechanical system that is going to be too high to be funded. Ferrazzano felt that building the mechanical plant would be the simplest way to go, but if they are not going to fund it, it would not be worth pursuing. Larson cannot say it will not be funded. Ferrazzano asked if there was enough in the disparity in the prices that would make them take notice and not fund it. Larson felt it would take a lot more convincing. Ferrazzano felt that if they had the information and steps the City has taken documented and is wondering why it could be that difficult to convince them. Larson stated the hybrid system would be more expensive than stabilization.

Ferrazzano felt there should be a meeting with the people that are going to decide if it is too expensive or not and tell them where the City is at and they need to let the City know what can be done. Mayor Peterson felt that meet with the MPCA with some support from the state to see if they cannot get the hybrid system to work. Stobb stated he has difficulty understanding why MPCA has to approve this larger holding pond as it is not part of the water purification system. If there is an aerated system it is going to be releasing water that would meet the standards of a continuous release system. Mayor Peterson felt the problem there is how it is going to be permitted. Ferrazzano felt the questions could be answered and they will not give a definite answer if they will fund it. Larson said they will answer it at the end once all options are exhausted. When this was first done, the stabilization option was on the Fultz property and knew it would not work. The mechanical system would be the preferred route based on the limits. Those goal posts got moved but even then they wanted to find the most viable option for each treatment alternative.

Stobb felt the family mentioned in Larson's update, it would not take long to contact them and ask what price it would take. Larson stated that is one that before they sent out the mass mailing to everyone within a five mile radius of the City, they and a couple others were contacted that it was thought to be good candidates. They said no and at that point they were thinking the City would have to pay fair market value for USDA to fund. Not the City has been given a direction of if there is a price. Stobb stated there may be some health and age issues that could complicate it some, but feels there will still be a quick answer. Larson discussed with the Mayor that this family is a large farm and would it be possible to make some type of land swap. Mayor Peterson felt it would not hurt to pursue that option.

Snyder felt that in the future this could come back at the City and if you go further out there is pipe run. He feels they are going to change the levels no matter what the City has been told in the past. Larson stated they were given a set of effluent limits back in 2012 and that was what they were designing off of from the MPCA engineer. He retired and there was turn over and RD was asking why it was being designed for these unknown effluent limits. There was warning

that these were coming down the line. Now the new engineer is saying they do not have to be designing for those and design for what is on the books right now and when that does come down the road, they will likely be grant programs like there was 10 years ago when the phosphorus limits started coming out. They have tried to get some assurance that Tracy will be in the same boat as a lot of other cities. Snyder stated that does not make him feel more comfortable. Stobb stated the limits on the mechanical plants are going to change also. Snyder felt they were much easier to fix. Stobb said that mechanical plants can get to lower levels, but it will cost money to do that. Larson added another factor is whether it is a continuous or controlled discharge. Sometimes you do not have to worry if you can just not discharge during a certain period.

Stobb questioned if they could put the mechanical plant on City property and have the water go across the road to the north. Mayor Peterson felt they were defeating what the savings would be on the mechanical as there will be the land acquisition involved. It brings back to the same problem with the aerated, which bears RD to make a decision about how they would permit this. Nobody wants to step forward and say if they can permit it or not. Larson stated the stabilization pond would need 120 acres of surface area and that is at four feet of operating depth and if they could go to twelve for the holding pond that cuts the 120 down to about 40 acres. Votca was wondering why they have a limit as to how deep the ponds have to be since it is already treated water. Mayor Peterson said they need to argue with MPCA that it is already treated water and what are they going to do to permit it. Larson said they will have to press this pretty hard and have them provide more guidance for a hybrid system.

Larson suggested that the City talk to land owner of where the stabilization ponds would work. Snyder suggested they draft a letter to them that stated yes or no they would be willing to sell at whatever price. Larson felt it would be better to meet with them. Snyder was not saying do not meet with them, but have some documentation where the land owners says no matter the price or trade they are not interested in getting rid of the land or yes they would be interested. Votca stated that he and Gervais could go speak with them or if there is someone from the Council that would like to talk with them. Ferrazzano felt that if they get that answer quickly, they can then tell USDA and tell them where the City is at with this. Even if they are not going to give a definitive answer, ask them to be more precise. Larson felt they have not been responsive. Ferrazzano felt that have not given a definitive response. The situation has to be clear to USDA and feel meeting with them again would be important.

Mayor Peterson asked if a bi-monthly update from I & S to the Council be out of the question. Larson stated they can do that. Mayor Peterson asked if there were other sites that a definitive yes or no from the landowner was needed. The letters that the landowners would sign need to state definitively that the land is not for sale at any price and a trade is not possible. Larson stated it also needs to be stated in the letter that the City has the right to condemn it so the landowners are aware and can consider that when making their decision.

Larson said the RD indicated they would be funding the water main portion of the problem.

Motion by Ferrazzano, seconded by Snyder to adjourn. All voted in favor of the motion.

June 16, 2015

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 16 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Ferrazzano to approve the minutes for May 27, 2014 and June 6, 2014. All voted in favor of the motion.

Deletion to the agenda included 8-C Hospital Hot Water Heaters. An addition to the agenda included 8-G Street Closure Request by Bonnie and Clyde's. Motion by Enderson, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

There were not public comments.

Bill Chukuske was present to present an update on the Velta Park. Chukuske thanked Marge and Frank Nielsen for all the work they have done at the park. He presented drawings of what the gazebo currently looks like. Last year they put in a flag pole and that is where the next addition of pavers will be placed. Chukuske stated the final project is they want to continue the sidewalk from where the current sidewalks are to extend around the east and west side of the gazebo. He is hoping to complete that this summer. Chukuske estimated the cost for this would be about \$1,500 for concrete and stamping. He will be getting help from Dale Johnson III Construction on putting that in. In order to do that another paver drive needs to be done and will be starting that in the next week or two. Chukuske included a paver order form and anyone that would like to purchase a paver and if they can sell ten more pavers that would just about cover the cost of the concrete. The pavers sell for \$200 with no graphic and with a graphic the pavers cost is \$215. They make about \$120 off the pavers. If anyone would like to place an order, they can contact the City office and they can direct them to him. They need an order of ten before the order can be placed.

C. Larson from I & S presented plans and details for the 4th Street Project. On page 36 is the overall utility plan. This project consists of full reconstruct of Morgan Street from 6th Street to 2nd Street and that would be paid for with city funds. The CSAH 11 or 4th Street Project would be paid through county and state aid funds. 4th Street from South to Harvey Street would be a full reconstruct that would include sewer and water replacement as well as one and a half blocks of storm sewer replacement. Morgan Street is sewer, water and some storm sewer between 4th Street and 2nd Street. On CSAH 11 from Harvey to Craig will be mill and overlay and utilities crossing utilities that will be replacing anything in the 4th Street right of way. Larson stated that on pages 23 and 24 are the traffic control plans and the proposed detour that will be using County Road 73 for through traffic on CSAH 11. There will be signs for local business on South Street. There should be a period of only two weeks where the South Street intersection is closed and will put some stipulations in the contract that they limit the amount of time that intersection is closed so access to businesses will not be impacted for the whole duration of the project. Larson stated they are also planning on phasing it such that the 4th Street work would be substantially complete and open to traffic before they shut down Morgan Street and the same with the utility crossing and will have that as a separate phase. The final lift of black top and proposed to do that the year following the utility trenches. This will give them a year to settle and that way it can be paved over. The whole 4th Street should be one final shot for the final lift.

Larson stated they will be having an Open House on June 25, 2014 at 3:00 to 6:00 p.m. where the public can come in, especially those close to the project, to discuss the specific impact to their property. Larson stating that for bidding will put a completion date for the end of July of 2015 to allow bidders the flexibility. With the rain this year, the projects that were to be completed already have been pushed back. So to try and get a little more competition in the bidding and lower prices, the completion date for the project to mid-summer next year. Larson stated that if they started, they would be required to finish the project that year. Larson stated the cost of the project was \$2.4 million cost share policy of the county and the engineering and other

professional services. The County share is estimated to be about \$730,000 and had \$600,000 planned and may be discussions about that or if the County was to eliminate some things from the project. Larson stated that at this point they can bid the project and if the costs come back too high, they do not have to award the bid. Stobb asked if the final lift could come after July 30. Larson said the project needs to go through a freeze/thaw cycle so it can be included in the contract that whenever the utility trench is done, the final lift goes on the following season. Ferrazzano asked if it was expected for the state to take long to approve the project. Larson did not feel that it would. The County has been looking at it and there has minimal comments so far. The scope of the 4th Street segment has expanded and the County has been involved in those discussions. Stobb asked if the charges have been adjusted according to the increase in prices. Larson stated that construction costs have risen.

M. Votca stated the last meeting Bollig Engineering was here to talk about doing some projects for the airport. When he talked with the FAA the next day they told him there is a circular that states that the project has to be competitively bid to hire airport consultants for work related to project that are funded by the FAA. Votca talked with Joe Gimse from Bollig and is present to answer any questions the Council may have. The City can stay with the contract from Bollig as it is a task order type of contract so does not obligate the City to anything. Bollig also revised the Task Order 1 that would provide basically Liaison between MNDOT – Aviation, FAA and the City to update the airport CIP.

Joe Gimse from Bollig Engineering stated that in their conversations with MNDOT-Aviation to have a project specific task order at this time, and are a little unprepared and with MNDOT and FAA there are procedures that have to be followed very stringently in order to get the things in order in order to take a project of that type. Gimse stated that what they need to do to pursue the projects like in the original Task Order 1 is to do some pre-planning and update the airport CIP which is an important part of that process that identifies the projects that the City wants to move forward with prior to actually doing the project. That will be covered under the new Task Order 1 and assist working with MNDOT and FAA in preparing CIP and getting the Tracy Airport back in sync. The first step to bring this together in Task Order 1. It all needs to be brought together so that projects flow right through and bring the CIP up to date for five years and do the highest priority and work down to some of the less priority projects. Year after year the CIP is updated and let FAA through MNDOT know that the project wants to be pursued. The changes to the actual agreement itself are a Task Order and rather than have it be an airport specific task order agreement and would be a straight out architectural and engineering by a task order. Votca stated the engineering and project would be bid. Stobb stated that Bollig would be doing a lot of ground work and if they do not receive the bid they may not be able to follow up on it. Gimse stated that is a risk that Brian Bollig is willing to take and will know the airport better than competitors by that time which they hope will bode well in the interview process. Stobb asked during bidding, is the City required to take the lowest bid and are there are other considerations. Gimse stated that in that process dollars are not allowed to be discussed and that comes after the selection is made. Votca stated it is not based on monetary level but rank the companies by their credentials such as the ability to do the engineering and different qualities. Gimse stated that he has discussed the agreement with F. Nielsen by e-mail and is under the impression the necessary changes have been made to the agreement.

M. Votca stated the airport has \$127,006 of expiring funds from 2011. He has a request from the Bemidji Regional Airport to utilize those funds for master plan update and construction of a new taxi land to provide access to new areas for corporate hangar development. Bemidji would transfer the funds back to Tracy in 2017. Mr. Harris Baker from MNDOT-Aviation has stated that if Tracy transfers the \$127,006 to the Mankato Airport for various capital improvement projects, the State will contribute funds at the 90/10 matching levels for any funds Tracy transfers to Mankato as long as we do not require Mankato to repay the funds. Votca recommended that the funds be transferred to Mankato first but needs to get some paperwork filled out with Mankato. He also asked if the Council would allow him to make a decision between Bemidji and Mankato as to where the funds would go. Motion by Ferrazzano, seconded by Snyder to allow Votca to make a decision of where to transfer the airport entitlement dollars of \$127,006. Also to get the plans in writing from both Mankato and the State. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to approve Task Order No. 1 between the City of Tracy and Bollig for Basic Services of Planning and Coordination. All voted in favor of the motion.

Motion by Stobb, seconded by Ferrazzano to appoint Carole Snyder to the Hospital Board as that position expires in August 2014. S. Snyder abstained from the vote as Mrs. Snyder is a relative. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to appoint the list of election judges as listed on 8-B. All voted in favor of the motion.

Votca stated that he received two bids for the property at 642 South Street. The first is from Twin Circle Apartments for \$1,000 to use the property for a storage facility for their residents. The second bid is from G&R for \$1,776 and will use the property for possible expansion of the current building they have on the adjacent property. Motion by Ferrazzano, seconded by Snyder to accept the bid of \$1,776 from G&R Electric for the 642 South Street property. Nielsen stated that back in 2004/2005 when this was discussed before; they talked about rezoning that property as G&R would need that rezoned for what their usage is. He is wondering if that was ever done and he has a proposed ordinance that is not signed in his file. Motca stated that most of the buildings that are there now were part of Public Utilities so they may have gotten an exception in R-1 to build utility property. Nielsen suggested that possibly the Planning Commission needs to review this. Mayor Peterson asked if there was going to be a time limit as to when they would be building on that property. The other members of the Council indicated that they did not ask for it. All voted in favor of the above stated motion.

Dave Johnson of 551 3rd Street stated he would like to pave the alley. It was paved at one time, but has deteriorated. There are eleven families in that alley and six garages. He stated there is a curb and gutter alongside his house that was put in. Johnson stated the sidewalk is covered with the blacktop that was put down before and now it is all broken up. The area will be 12 feet wide and 125 feet back to his garage. There is only one neighbor that would be affected and he told Johnson to go ahead with his plans. He would be paying for this to make his property better. Johnsons stated that he has the garbage truck going through the alley two times in the morning and there are no garbage cans set out in that area. Motion by Ferrazzano, seconded by Snyder to approve the request from Dave Johnson to put black top in the alley in an area of 12 feet by 125 feet. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to approve Off-Sale 3.2 Malt Beverage license to the Tracy Eagles Club and Casey's General Store and On-Sale Malt Beverage licenses to Tracy Eagles Club and Tracy Lanes contingent on payment of fees and completion of paperwork. All voted in favor of the motion.

Mike McDonald from Bonnie and Clyde's is requesting permission to close 3rd Street, between South Street and the alleys for two street dances, one on July 12 and August 22 from 6:00 pm until 6 am the following morning. Motca stated that he would need to purchase a dance permit. Motion by Snyder, seconded by Enderson to approve the request from Bonnie and Clyde's to close 3rd Street from South Street to the alley for street dances. Motca stated that Police Chief Lichty has discussed this with McDonald also. Mc Donald will do the needed clean up. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2014-21, a resolution rescinding Resolution 2014-19. Motca stated this was the resolution for Task Order 1 last time. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution No. 2014-22 a Resolution Accepting Plans for 2014 Improvements Project. The following streets would be included in the project: 4th Street (CSAH 11) from South Street to Craig Avenue and Morgan Street from 2nd Street to 6th Street. All voted in favor of the motion.

Motion by Snyder, seconded by Enderson to adopt Resolution No. 2014-23 a Resolution for Parallel Parking Only on CSAH 11. The City of Tracy will require that parking of all vehicles

within the corporate limits of South 4th Street, State Aid Route No. 11 be parallel with the curb in accordance with the State Aid Standards. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution No. 2014-24 A Resolution Approving County Project Within Municipal Corporate Limits. The Plan for Project No. S.A.P. 042-611-30 showing reconstruction or improvement of County State-Aid Highway No. 11 within the limits of the City of Tracy as a State Aid Project have been prepared and presented to the City with approval. All voted in favor of the motion.

The Consent Calendar consists of Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Economic Development Authority Minutes for May 2, 2014 and Tracy Relief Association Minutes for May 5, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Votca stated there are two Council members now trained for the Board of Review but since the two members now trained will be up for re-election this year, two other members will need to be trained. Snyder and Enderson will be attending the training on September 9, 2014 from 6:00 pm to 9:00 pm at the Lyon County Government Center. Votca will get them pre-registered.

Stobb stated that he went out to the airport to view the Ultra-lights the night they were here and many of the participants came up to him and thanked him for allowing them to do this again. He said it was a great event.

Mayor Peterson thanked the Public Works Department for getting the flags out for Flag Day.

Snyder would like to put on the next agenda is the Greentown Park. There have been a lot of new and young families move in out there. Stobb stated that was also brought up to him and agrees that something needs to be done there. Mayor Peterson stated there is a Park Committee that is actively raising funds to improve the park. Nielsen stated when they discussed this before; it is not really a park. He stated there may be some advantage to dedicating it as a park.

Votca stated that on June 23, 2014 at 6:30 p.m. they will have the session with Ehler's so the City can start working on the budget and getting some goals for the budget. Jack Fay will be talking about the City's investments and Todd Haugen will talk about the Financial Management Plan.

Snyder stated the Community Blood Bank Heroes Competition between the Fire Department and EMS is that day. Everyone is encouraged to come out give blood towards either the Fire Department or the EMS.

Motion by Ferrazzano, seconded by Enderson to adjourn the meeting at 7:35 p.m. All voted in favor of the motion.

June 30, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, June 30, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Ferrazzano to approve the minutes for June 16, 2014. All voted in favor of the motion.

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

There were no public comments.

Chris Larson, from I & S reported stated they have received direction from MPCA concerning the hybrid options if it was new cells or the rehabilitation of the existing ponds. Rural Development gave direction that if land was available they would not require condemnation. Larson felt their goal and the City's goal is still to find a willing seller. They have been looking at a different one for a stabilization system, that would be like a split system. Stabilization system has primary ponds and then transfer to secondary ponds. They could split that footprint and the primaries on the Fultz property and would still have the challenge with the FAA of putting something there. The secondary pond there was a willing property owner to sell some land. That was about three miles to the east where a secondary pond could be placed. Larson stated that should save on cost if they went that route instead of relocating the whole system three miles away versus splitting it as it would be a transfer pipe and not have to convey the peak flows of the city at all times. It would be used a few times a year at a controlled rate and could be a smaller pipe. Larson stated they are working with MPCA and RD to develop a response to FAA's response or resistant to having any sort of water footprint within that setback.

Larson stated the 4th Street and Morgan Street project an open house was held last week and only four individuals showed up and had particular problems as far as business access. There is nothing real major except access concerns which they should be able to address and the district state aid engineer was supposed to have met with Aaron VanMoer last Friday. VanMoer had something come up, but got the comments from the state today. Larson stated that he will be meeting with VanMoer about this after this meeting.

Mayor Peterson questioned after his meeting with VanMoer, would they be able to go out for bids. Larson stated they will see what types of comments were made. There were not any design changes, but the way some things are noted. They will have to get final approval and signatures but Larson feels that by the next Council meeting it should be out for bids. The County wants to combine their segment of the road, they were going to do the mill and overlay south of South Street and combine into one contract. They will have to work out some logistics who the contractor under contract with. Larson feels it would be the City and then the County. The contractor applies for payment simultaneously the City would ask the County. The City would not have to front the cost and would not have to pay the contractor until the City got the County portion from them. Having a bigger project will make it more attractive to some bidders and get a better price that way also.

Votca stated the County project has been approved by the State also and the County had to work the pedestrian piece of that project so he and VanMoer looked at that this week. The plan at this time was they worried about the ADA standards for pieces of sidewalk that is already out on that portion up to ADA standard to the railroad and after they railroad they will remove any bad sidewalk and use a pedestrian lane on the road. It will be six to eight feet depending on the width of the road with pedestrian land on both sides of the street. At this time there is no sidewalk on that part of the road past Ace Hardware.

Snyder asked if it was found to be the most cost effective to do the ponds and requires condemnation, if the City chooses to do otherwise does RD then pay nothing. Larson stated that is his understanding. Votca felt they may be able to find someone that will see the City some land. Larson stated that if they can make the split system work, then they should be able to get some land from people that are willing and go with the stabilization pond option that RD is looking for. Stobb stated there is the possibility of refurbishing the present ponds for the new primary. Larson stated it is possible and more a wild card when estimating cost as it is difficult to know exactly what needs to be done to seal it until drained the sludge is removed and then they will know what has to be dealt with. Larson feels the safer way to go is with new ponds the same size and it might be easier for FAA to agree to it. It will be easier as they can keep the existing ones in operation during construction and until the other ones are ready to go.

M. Votca stated this is Val Quist's first meeting as she started has been hired as the new librarian and started work on June 9. He and Gervais attended the Small Cities Grant training last month. The contracts have been submitted to the State and Western Community Action is working submitting the environmental report and other paperwork needed to get this moving forward. Votca has been working with Brian Grogan and they had sent the first draft of the franchise agreements for Charter Communications to start the process of negotiating with them. It is basically outlined similar to what is already in place with them. WOW is requesting to transfer their franchise to a different company. He will keep the Council aware of what is going on with this. Votca attended the New Clerk's Orientation course in St. Cloud and was a good meeting. He met a lot of different local officials from there and recommended that as it can be budgeted, that some of the Council members can attend in the future. He learned that Tracy is doing a good job and has been following good practices and there are some areas where improvements could be made. The election judges will be going to training in July and the candidacy period will open July 29 through August for the position of Mayor and one council member. Votca stated the State Department of Transportation received extra money from the State and so changed the maintenance agreement at the airport. The City will be getting a 75% reimbursement for maintenance instead of the two-thirds under the current contract. It also changed the portions of payment they make for other projects at airports also.

Val Quist, Head Librarian stated the 2014 summer reading program. Fifty kids have signed up this year and the theme is Paws to Read. Upcoming programming they have the Zinghoppers, children's performance musical group and they will be doing a multi-media presentation on July 7 at 2:00 p.m. This will be held at Tracy Kid's World. In July they will have a stuffed animal sleep-over on Friday, July 25 at 6:00. They will invite the kids to bring a favorite stuffed animal, read stories and do a craft. They will be leaving their stuffed animals overnight. They will take pictures of their animals doing fun things around the library and the kids can pick up their animals the next day and see the pictures. Quist stated the first newsletter is out and small to start out and hopes to expand in the future to include more from the various groups. Mayor Peterson states the newsletter is a good idea.

S. Lau, Liquor Store Manager stated that in June instead of Karaoke, they tried a DJ but wished the weather could have been nicer. July 3 she will be offering samples in the off-sale and on July 4 will have off-sale open from 9 a.m. to 5 p.m. Mayor Peterson stated the profit/loss numbers continue to go in the right direction.

J. Lichty, Police Chief stated the public nuisance ordinance was done at the beginning of the month and 43 properties were identified. Last week he did re-evaluations and of the 43, 33 were cleared and eight had talked to him and needed extensions and there will be two that will require further actions.

R. Gervais, EDA Director the contracts have been sent into the state for the Small Cities Grant. Western Community Action has also submitted the last round environmental study. They will only be able to do 20 homes they will be able to do this time around and depending on the dollar amount spent on those houses, they may be able to pick up one or two as they have in the past. Many residents have been calling about the grant. He does not yet have a date for the meeting and if the environmental study from the last one is approved, they should be able to speed that up. Gervais stated they are looking at doing something different on the Orchard Lane drive-ways and expanding those a bit. The carpet has been replaced in the vacant units as they open up and

3rd Street East units they have been replacing the kitchen carpets with a dura-ceramic tile. At this time there are two vacancies on 5th Street and two vacancies over on 3rd Street East and are being rehabbed. The EDA has been working with two new retail businesses on Highway 14 and working through some things with the MPCA and the annexation. They are close to wrapping up things on the lot sales with Dale Johnson III and Nic and Megan Gramstad. Gervais stated that he is having a meeting tomorrow regarding rain gardens. That is a large retention area that is used for storm water and there is funding out there to help with this. This could alleviate some of the I & I issues and also a way to take some pressure off the storm water. Gervais also met with a business for a potential expansion of a product they offer. They have also have a lot on Greenwood Ave that the EDA currently owns and he received a sealed bid on that. He met with a gentleman today regarding the Masonic Building and there is some interest there. Gervais met with a gentleman in regard to land. The EDA and the industrial park there is need to look at the existing industrial park or a new location. Gervais stated that he had an opportunity to attend the election judges meeting last week and picked up some packets and will be meeting with Votca to get those in order. Gervais stated that in the news last week in the town of Harmony, MN. is offering incentives for people to build homes. From time to time the EDA takes hits regarding what they sell lots for and found that a town like Harmony would have opportunities with the surrounding communities and opportunities to attract people, are offering up to \$12,000 for people to build a brand new home in their community. The incentives range from \$5,000 based on the assessed value of the home, up to \$12,000. Stewartville, MN was offering incentives last year for families to build homes. Watertown, MN was offering to pay city water, sewer and storm water fees on new lots to attract people. Gervais feels this is something the EDA and the City Council needs to be aware of that if towns like that are offering incentives, Tracy needs to be looking at ways they can attract people here. It came up at a meeting that the lots in the Eastview Addition cost \$14,550 and about 90% of those lots were sold for \$8,000. Eastview is full now and they accomplished what they needed to accomplish.

Ferrazzano asked what the problem is with the MPCA. There was a petroleum leak at one point on the site for the retail business. The concern is the ditch that runs between John Deere and the Lau Seed property and run-off and there is a retention pond that is required for the Family Dollar and to make sure everything is to code. Gervais stated he e-mailed one of the developers last week and they are trying to work with the MPCA for them to see if there is any way they can help push that along. Gervais said he would call the Marshall office of the MPCA and see if they could help move this along.

Stobb questioned if Monroe Township has acted on the annexation of the property on Highway 14. Gervais stated a member from the board stated there should not be any issue with it.

S. Daniels, Public Works Director asked if there were any questions regarding his written report. He stated they will be spraying for mosquitoes again this week on Wednesday at 9:00 p.m. Daniels stated they did get some curb, gutter and sidewalks patched today. Votca asked him to explain the issue regarding the water wells. Daniels stated the wells will be shut down for about 12 hours. They are going to shut them down early a.m. and turn them back on later in the evening. Because the wells are such close proximity of each other they need to use acid to dilute the iron in the screen on well #7. They do not want any of the wells to be pumping to keep the other wells from taking in any of the chemicals from the other one. Enderson stated the cemetery is looking very nice. They will be replacing trees over time. Stobb questioned if there have been any Ash Borers found in the area. Daniels stated they have not seen any.

Votca stated that Kyleen Olson is new to the community and was interviewed for the position of Head Librarian and was the second best candidate. She is interested in helping at the library by being on the board. Votca recommended the Council to approve her application. Motion by Snyder, seconded by Enderson to appoint Kyleen Olson to the Library Board. All voted in favor of the motion.

Snyder stated there are a lot of younger families moving in in the Greentown area. This is not the first time the City has been approached about doing something with that park. Comments from F. Nielsen at the last meeting, Snyder felt one of the first things they need to do is designate that area as an official park. Nielsen stated they need to look at how the City acquired that property. There are times the City acquires property but cannot use them for anything they want

to. He is not sure of the history on that property and they need to make sure there are no past reservations that would prevent the City from setting that apart as park property. Once that comes back cleanly, Nielsen felt they should go ahead and designate that area as a park. Motion by Snyder, seconded by Enderson to have Votca research the history of how the City acquired that property and if able to declare it as a park. Mayor Peterson asked for clarification if it would be a park or playground type area. With limited resources is the intent to move a playground out there and the costs associated with it or to make it a park with a picnic area. Snyder envisions it with a play area and amenities such as the park by the Caboose. Mayor Peterson brought it up so they can budget for it or be ready for it as playground equipment is expensive. Votca stated the Financial Management Plan does have money for parks, and feels they should evaluate what the purpose of the nine parks is. Some of them maybe meet the purpose of what they are there for and can remain the same and the others need to be evaluated for their purpose. Votca stated they do have equipment but they need to move it around to where it needs to be. Votca would like to put together a group to evaluate this. Snyder would encourage any of the citizens interested in this and want to be part of this, to let the City know. All voted in favor of the previous motion.

The City has received a request from the Tracy Masonic Lodge 155. Nielsen stated that the Lodge is asking for some of their personal things from the Masonic Building. Mayor Peterson stated in his mind, when they sold the building they had an opportunity to move their things from that building to City Hall to where they have they meetings. Mayor Peterson stated he felt they do not have claim to it just by logic. Stobb stated it was the property of the Masonic Lodge and nothing formally has happened and they have not relinquished it and the City has not seized. He feels this is a conversation between the Lodge and the Museum. Much of what they are talking about is at the Museum. Mayor Peterson did not feel as a City entity have to be involved in this. Stobb stated there may be things still in the building that they have an interest in. Snyder felt it was fine if they want to get things they may have left there. Mayor Peterson felt they should be allowed to go in the building and stipulations they write down what they want and bring it back to the Council and the Council can decide. Snyder felt the intent with the masonry blocks was that if the building were to be removed, they would like those things. Votca stated the Museum does have some Masonic items such as books and other items that have Masonic logos on them. This was mentioned in the paper. It was the consensus of the Council the Masons can go in the building and make a list of things they would like to remove from the building and bring it to the Council.

Stacy Barstad, Sanford Tracy CEO stated they have an opening for a physician's assistant or nurse practitioner that they have been working on and going through some interviews. They have done a lot of work on the inpatient rooms with painting, some windows, wall protectors, etc. Volumes, both inpatient and outpatient and clinic have been low the past couple months. The facility did receive a grant for a new telephone system through the State of Mn. in excess of \$75,000 and will be working with Westbrook to come up with a phone system they can work together on as the grant is for both of the facilities. Barstad stated they are working hard on their telemedicine. If you come into the outreach clinic, the nephrologist does tele-video when the patient comes to the office. They are working on getting physicians licensed so they can do that type of visits. The Foundation golf tournament is being held September 5, and raising funds for another roll about tele-medicine cart that can be moved into the clinic rooms.

Barstad presented bids for the water heater replacement at the Sanford Tracy Medical Center. Now the water heater is leaking and would like to get this replaced before they are in an emergency situation at the whole thing goes down. They did not receive any bids locally. Barstad stated they are asking to replace the water heater with an indirect water heater. It is a gas fired heater that would use the boilers to heat the water and the recirculation pump needs to be replaced and is included in the bids. The warranties are better on the indirect water heaters than the regular gas fired water heaters. The bids received had five and six year warranties. Snyder questioned the need to rough in for a second water heater. Votca stated there are two water heaters now and they are replacing one at this time so they are going to put piping to the first indirect heater and then stubs for a second one to be added at a later date if necessary. Mayor Peterson stated Bisbee Plumbing and Heating has the lowest bid and they are familiar with the projects there. Motion by Stobb, seconded by Snyder to accept the bid of \$11,250 from Bisbee Plumbing and Heating for the indirect water heater replacement. Bisbee has a warranty of five years and Slayton Plumbing and Heating has a six year warranty so for an extra \$250 Ferrazzano

is questioning if the extra year of warranty would be worth it. Stobb stated he thought about that also but Bisbee has just put in these new boilers, they are familiar with the whole operation there. All voted in favor of the previous motion.

Votca stated that Clay Caron is currently rated as a street laborer and has his license to be a limited building inspector license so he can operate under Daniels full building official license. They are classifying his position of Street Laborer/Deputy Building Inspector. The Local met last week and the members of the union voted and agreed with this change. The Union members agreed that it should be back dated to March 3, 2014 as that when he got his license. Mayor Peterson felt it should be retroactive to his hire date. Votca will look this up. Motion by Ferrazzano, seconded by Snyder to enter into this Letter of Agreement between AFSCME and the City of Tracy. All voted in favor of the motion.

Motion by Snyder, seconded by Stobb to adopt Resolution 2014-25 Resolution Designating Public Depository and Authorizing Withdrawal of County, City, Village, town or School District Moneys and Other Miscellaneous Public Accounts. All voted in favor of the motion.

The Consent Calendar consists of the Municipal Accounts Payable, Tracy Economic Development Authority Minutes for June 6, 2014 and Cemetery Commission Minutes for May 15, 2014. Motion by Enderson, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson thanked the people for attending the reception for Bernie Holm's retirement and meeting the new Cemetery Superintendent, David Peterson.

Motion by Enderson, seconded by Ferrazzano to adjourn the meeting. All voted in favor of the motion.

July 14, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 14, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Corrections to the minutes included Paragraph 6; Line 2 should read Rural ~~Direction~~ Development. Paragraph 6, Line 3 should read "available they would ~~not~~ require condemnation. Paragraph 9, Line 5 should read "and use a pedestrian ~~land-lane~~ on the road. Motion by Snyder, seconded by Enderson to approve the minutes for June 30, 2014 as corrected. All voted in favor of the motion.

An addition to the agenda included 8-C Request from Bonnie and Clyde's to put a sign in the public right of way. Motion by Snyder, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

There were no Public Comments.

M. Votca stated that the last time the rural service districts were discussed was in August 2013 and also during the Board of Equalization in May 2014. There are three properties that were thought to be included in there. The Edwards property is combined so is already part of the rural service district. Mayor Peterson was comfortable with the language stating that anything of five or more acres and adjacent to agricultural land could be included in the rural service district. F. Nielsen stated that this change would require an actual ordinance. All changes except automatic removals from the Rural Service District have to be done by ordinance with 30 day public notice. Nielsen questioned if they were dropping it to five acres and include the other properties. If so, those individuals will need to provide legal descriptions of the property. Nielsen stated the notice has to be published in the paper but no certain people need to be notified. Motion by Ferrazzano, seconded by Stobb to change the City Code to allow five acres in conjunction with agricultural land and allow the Brian Lavoie and Charles Bjorklund to be included in the rural service district. Nielsen stated the Edwards property should be included because the ordinance should specify the parcels that are in the rural service district and they should provide a legal description of that property. All voted in favor of the motion. The public hearing will be August 25, 2014 at 6:45 p.m.

Votca presented an update from the July 7, 2014 Planning Commission meeting. The first item discussed was for a variance request to remodel a detached garage to an attached garage. This was table until the next meeting because they wanted S. Daniels to look at it and collect further data on it.

Votca stated the second item was a variance request for a carport that was already constructed and Daniels had sent letter notifying the owner that the carport was built without a building permit and was also in violation of the setbacks for building on the property. The Planning Commission advised the resident that he needs to apply for a building permit and go through the process of variance and things that are needed. This is in the process and the owner has applied for the building permit.

The third item on the agenda was Daniels wrote a citizen that they had some buildings that were again built without a permit and they were within the setbacks of Highway 14. The Commission decided that the property owner could not construct any new buildings on that property without going through the proper process and once the current buildings are removed, they have to go through the process if they want to replace them. The main reason for this was that this business also sells these buildings. By state code they are buildings but can be removed at any time if they needed to be removed. Nielsen stated those buildings have been there for four to five years and he has trouble accepting those as inventory when they are basically there and used to shelter equipment. Nielsen would hope the Planning Commission would look at that again and does not see where the dividing line is there. Votca stated the Planning Commission did discuss that at

length and he and Daniels also have that point of view. The Commission was told why the violation letter was written. Votca stated the business order asked for an extension because they knew they had to go forward with the appeal. He wanted the extension to allow for time for the appeal. Mayor Peterson stated that he supported the Planning Commission's findings.

Votca stated there was a public hearing in order to allow for public comment on rezoning a portion of Front St. from I-1 to R-2. There were no public comments made and the hearing was closed. The Council is now able to take action regarding the recommendation by the Planning Commission during a previous meeting to allow the rezoning. Motion by Snyder, seconded by Ferrazzano to allow the rezoning of a portion of Front Street property owned by the City of Tracy to be rezoned to R-2 from I-1. Stobb questioned if they would be rezoning the whole area or just what this person wants to build on. Votca stated it would include a majority of the length up to close to the gravel site of Public Works. Nielsen asked if the Planning Commission discussed how far back from the street they want to do that rezoning for. The ditch is quite a ways back and angles to the north once you are past the gravel pile. Stobb felt that 150 feet would be plenty deep for this purpose. This would separate whatever may be built there what is still industrial north of this area. Nielsen stated this is for zoning purposes and when it comes time that someone is going to actually buy property they will have to get more specific numbers. All voted in favor of the motion.

Votca stated there are areas in the City Code that talk about fines and fees and he tried to consolidate to make it more user friendly in the office. He and the staff have been going through this numerous times to make sure it is accurate and it is now to the point where they can make recommendations on things that need to be increased or decreased on the schedule. His recommendation to the Council would be to get their idea of creating a schedule like this to have an ordinance that states this can be passed by resolution annually so it can consistently be reviewed during the budget cycle. Votca tried to show the City Code authority for most of these. Some have not officially been city code but have been adopted over the years. Most of the fines are included in one ordinance and that refers to the authority they are violating. The fees are all over the place inside the City Code. Nielsen stated the idea of a fee sitting ordinance and seems to be a trend with other cities. The fees that are listed under Administrative Penalty schedule on the first two and a half pages are already in one place. Nielsen has mentioned before that somebody for some reason has altered the subdivision numbers in the zoning ordinance. This needs to be worked on. The ones where there is no ordinance to back them up, fees for dirt and equipment, etc. does not have to be in an ordinance. If the Council is agreeable with those fees or wants to change them. Nielsen stated the one area that they still need to work on and has not gotten done is the Fire Department call charges. Until there is an active ordinance stating the City can make those charges, technically the City cannot charge for those things. The Fire Department has charged for those services and people had paid for them, but there have been instances where people stated they did not want to pay for it. The Fire Department has asked him if that can be enforced and Nielsen told them they cannot enforce it. Nielsen stated the other thing if they do an ordinance it is going to be a lot of work because they are talking about repealing the fee schedule and ordinances and combining it all in one. The numbering will have to be done properly and it will be time consuming. Mayor Peterson stated that the fees are changing more than the fines. Votca stated they would not have to do much with the fines as they are already consolidated and in an ordinance. Nielsen felt that all the fees should be in an ordinance. None of the building permit fees are in there as it is authorized by state statutes and it has been set up as a resolution periodically to alter them. Nielsen stated that having them all in one place and stating that one part of it is being changed, that still has an advantage over the way it is now. Votca stated that if they wanted to change the water rate, they would have to do another change to the ordinance. Mayor Peterson felt that if they are going to do this they need to do it all. Mayor Peterson gave direction to move forward unless someone objects to it. There were no objections to this direction.

Melvin Klein presented a letter to the Council regarding the Wastewater Project. He is concerned regarding the placement and manner the new plans may be laid out. He feels that if a pond would be established on the Fultz farm south of his building site, he would have no choice but to sue the City of Tracy for devaluation of his property. Another concern that he Klein has is that he has four tile lines that lead up to the border of the Fultz farm to help drain his property as the movement of water in the area moves northeast and the Fultz farm slopes toward his farm

north easterly. Fultz farms had asked Klein to hook into his tile running about 70 feet from the roadway. When there is heavy rainfall the added water from the Fultz farm filled our tile line and pressured the water into his basement. He feel that if a large body of water as a sewage pond is placed above him, the pressure from the water in the pond would move NE to our borderline more than if the pond was not there. He is concerned about flooding in his basement again. Klein feels a mechanical plant system does not require all of these added loss of dollars and in the long term would add up to be the most economical and the best choice in any community and could also help attract small business to small towns such as Tracy. He feels there has to be a way to work this out with the funding agencies when the engineers, FAA, satisfaction with the City Council and desire by the people to build a mechanical plant in the Industrial Park in Tracy. Perhaps a low cost loan by the City of Tracy to assist the funding agencies could be considered. Using the Fultz property where the sewage pond would be placed in not wetlands and would center on the farm. It would be difficult for the large tillage machinery and a 32 row planter to work around the pond. This situation would decrease the value of their farm significantly. Klein closed with factoring in all the complications of a new sewage plant a mechanical plant in the City of Tracy's Industrial Park would be the best choice.

Mike McDonald from Bonnie and Clyde's was present to request authorization to put a sign on his business. Votca stated the City Code requires permission to put a sign over the City right of way. The sign has to be at least eight feet off the ground and cannot be higher than twelve feet above the ground. Motion by Snyder, seconded by Enderson to approve the request to put a sign on Bonnie and Clyde's. All voted in favor of the motion.

Pettipiece and Assoc. sent a contract making it official that they are acting on behalf of the City of Tracy for the Wastewater Portion of the Small Cities Grant. Votca stated that it has been reviewed by Nielsen and no legal issues were identified. Motion by Stobb, seconded by Snyder to enter into this contract with Pettipiece & Assoc. LLC for the Small Cities Grant. All voted in favor of the motion.

The Consent Calendar contains: Municipal Accounts Payable, Municipal Account Receivable and Planning Commission Minutes for May 5, 2014. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca stated at the last council meeting he was tasked to provide information regarding how the property that is commonly referred to as Greentown Park was acquired in order to determine if the City can use this property as a park. He found the deed to the property was acquired through the State of Mn. due to tax forfeiture in 1956. Nielsen is in conference that the City can do what they please with that property. They also discussed if they want to put together a committee to look at the purposes for each park and make a comprehensive plan that addresses how the City maintains the parks to meet these purposes. Votca stated they can do a resolution to declare that property as a park and Nielsen has drafted up one that states this property is a park and the Planning and Zoning Commission is directed to determine the size of this park and best use of that property. Snyder felt they should set up a committee. There are one or two individuals that would be interested in doing this.

Barb Johnson stated that she lived across from this property and can see all the activity on this property. There are 51 homes in that area. They like what they have in the playground, but need something for the younger kids. There is one baby swing, an older slide, ball diamond, and half of the basketball court. They do not want to lose what they have. Mayor Peterson asked Johnson if she would be interested in serving on the parks committee to evaluate all the parks, all the needs and how they could move things around and make it better. Johnson agreed to be on the committee. Ferrazzano stated this is important because when it comes to budgeting. Votca stated the Parks fund is healthy right now. Ferrazzano stated they need to prioritize the parks as to what needs the most attention. Votca stated that he and Daniels put a general plan together as far as the Financial Management Plan, but needs some help from citizens who want to tell us what they think. The tennis court need work, but is that the most important thing the citizens want or is it something that he and Daniels feel it needs to be fixed. Ferrazzano felt that usage is a big part and if a park is used more than the others, it is obvious it needs more attention than some of the others. Snyder felt this is one thing that they have to keep forefront in their minds that is a big draw to the community having nice parks. Daniels stated that he does receive

information on matching grants. Mayor Peterson felt that is one thing they need to look into and the workload on that can be spread with the committee but first they need to figure out what they need or want. Ferrazzano felt they maybe need to go through each park and see what is not safe. Then they would know what needs to be replaced. Daniels stated that one thing they need to go through is the chains on the swings as they are starting to wear. Votca will advertise for citizens to serve on the committee.

Votca stated he is revisiting the Guaranteed Energy Savings Program that the City owns the hospital building and it could be included in the energy savings program. He checked what the feasibility of this would be. He talked with Barstad and Kopperud at the hospital to see how they felt about this. If the hospital is included in the plan, their energy cost would go down and how would they get Sanford to reimburse the City or how it would be worked out. The City needs to give the funds back to the Energy Savings Program. They felt something could be worked out with Sanford to come to some type of agreement with the City they would pay the City. The liability to the City if they moved forward with the hospital included in the program, but Sanford decided they did not want to go through with the final stage, it would be 15 cents per square foot for this audit and that 15 cents is incorporated into the program if they go all the way through but if you chose to opt out of that piece of it then you would be paying for that 15 cents per square foot which would come to \$4,631.70. Votca wanted to get the thoughts from the Council if he should continue to move forward with putting the hospital as part of the program or just go with the rest of the buildings in the City. Ferrazzano felt they should leave the hospital out of the program. Votca stated he could possibly take care of the big items at such as the air conditioning. There is some risk to it. Stobb stated there was a contract they needed to agree to that stipulated even though your actual energy costs go down, they would continue to pay what they had been paying for "x" number of years to pay off this loan. Votca stated they would have to have an agreement to recoup their energy savings to the City so the City can pay the repayment for the improvements they make to the facility. Votca stated they could apply for the hospital separately if they want to revisit it in the future. Mayor Peterson felt they should keep it separate for now.

Mayor Peterson stated the LMC sent out letters to local legislatures for distinction for their work in the past year and they have recognized Senator Bill Weber. All the Mayors in Senator Weber's district got a copy of the letter.

Stobb stated his term as councilman will be up this year. The article did not state that because of our term limit regulations, he cannot run for election to this seat again. Next January there will be someone new taking his place. He wanted to let the public know and encourage people to file during the filing period which begins July 29 through August 12, 2014. He would like to see several candidates file to fill the position.

Ferrazzano asked if they need to discuss the Wastewater project. He knows they have to wait to see what the funding agencies are going to do. The Council hears from Larson from I & S about what they are going to do. If they have to go after other people's property and if that is the only option, the City has to look at other things to avoid that. Mayor Peterson feels they need more information. He stated the Council is already on the record they are opposed to eminent domain and condemnation of land. Ferrazzano stated they are going to have to deal with it and the funding agency does not care what the Council's position is. Mayor Peterson once they get the PER and all the questions from March answered, he would like to have a meeting with the Council, representative from the MPCA, representative from RD and the engineers and make it a public meeting and discuss the options and come up with the best one when everyone is in the same room and everybody can answer the questions right away instead of second or third hand. Snyder felt it needs to be players from those entities who can give answers. He does not want to pose a question and be told they need to check on that. Ferrazzano felt they need the individuals to attend that are making the decisions. Nielsen felt that if they are going to require them to do that, you need to tell them ahead of time as much as possible as to what they are going to be asked and give them a chance to research what they are going to need to bring answers with them. Mayor Peterson stated it is going to require the Council to go through the PER and look at the numbers and options. Ferrazzano stated that if the funding agencies do not agree with what the City wants to do, they need to figure out what they can do. Snyder asked that if the funding agencies do not agree can the City sell bonds or take out a loan to do it themselves. Mayor Peterson felt that Pettipiece should help with funding and the investment people to see how far

the City can go. Votca stated that Larson from I & S stated they will have a draft of their answers middle of this coming week. Once he receives it, he will provide a copy to the Council so they can see it also. Votca stated he agrees they need to get the answers from the PER that were asked back in March. That will lay out what the options are and the cost of each option is. The Council's response to the USDA's questions from their last Council's product is what the Council needs to focus on that it says what the City wants to say as far as how they want the project to go. That is the tool to express the Council's will on that agency. Ferrazzano wants the funding agency to know they are not the only game in town and maybe the City can get funding from another source. He wants them to know that if they are requiring the Council to do this condemnation, do they realize how much more it is going to cost the City. He wants them to tell him that yes it is figured in the calculus as to why they want the Council to do this. Sometimes it is easy for those that do not live here to pass judgment and say the Council needs to do this. Mayor Peterson stated they need to keep in mind the amount of debt for the City. They need to look at the complete cost of operating the system for 40 years. Votca keeps pushing the engineers to provide the PER so they can look at a document they want to send to the funding agency. Ferrazzano asked that once they send the PER to the funding agency, how long do they give them before we all need to meet. Votca stated they responded within a month when the last PER was sent. Mayor Peterson stated they need to have some type of decision by August in order to get into this funding cycle. Votca feels the funding cycle for this year is a long shot. Votca stated that once he sees something from I & S, he can work something out with the rest of the agencies to see when they would be able to get together.

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

July 28, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, July 14, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Stobb to approve the minutes for July 14, 2015. All voted in favor of the motion.

An addition to the agenda was 8-C Flagpole for Tornado Tree Memorial. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Chris Larson, PE from I+S Group presented an update regarding the cost estimates for the capital costs, operations and maintenance (O&M) costs and present worth costs for the City of Tracy Wastewater Treatment alternatives. They looked at the different treatment systems. The mechanical treatment and aerated pond system was assumed to be located within the industrial park area as this cannot be used as an industrial park due to the airport ordinance. For the Stabilization Ponds the Hemish property seemed to be the closest property and had appropriate shape and is outside the airport setbacks. The second alternative is a split system the secondary ponds would be located on the Holstein property. The primary ponds could be rehabilitating the existing ponds or new primary ponds on the Fultz property. Those would be the uphill cells the wastewater would go to and then it would be transferred through a smaller diameter pipe over to the secondary and from the secondary it would be discharged.

Larson said using the Rural Development formula for present worth cost; they determine the split stabilization ponds using the Holstein and Fultz properties to be the most economical. They did not do the full analysis on rehabilitating the existing ponds because it was found the construction costs of the rehabilitation existing ponds on the Fultz property. The funding agencies will look at the 20 year present value cost when determining the preferred route. Snyder asked what the 20 year present value cost is. Larson stated it is a complicated formula but it basically consists of what it cost to construct it, what it cost to operate it for 20 years including any replacements and any salvage value. For the Stabilization ponds it is a little less than the capital costs and in the formula it accounts for the life cycle which for the ponds is 40 years. They are not fully depreciated at the 20 year point. The 20 year present value cost is what the funding agencies will look at and even though there not being that much difference between the different options, they prefer the ones with the lowest O&M. Stobb asked if the number on the mechanical plant includes replacing equipment at the end of 20 years. Larson stated it does because there is a short lived asset amount in there. Anything with a life up to 15 years such as a \$15,000 pump, you put away \$1,000 each year to replace that pump. If it is between 15 and 20 years it is not accounted for in that amount and still would need to be replaced after 20 years.

Mayor Peterson asked if this is the information that is needed for the PER to go back to MPCA and RD, or are there still other questions that need to be answered. Larson wanted to bring this to the Council before making a recommendation. These numbers are what the FAA will want to see to show there really is not another cost effective option. The gap to the next lowest 20 year is about \$1.2 million to show that not letting Tracy do something in the set-back that is not any worse than what there is now, the cost to the city would be another \$1.2 million over 20 years. Mayor Peterson asked if there were any other questions that MPCA or RD had that needed to be answered before the PER went back to them. Larson stated this was the big questions and a lot of them were based on this report and the information has been received from the auditor. The one other point with them may be some storm sewer costs on the collection system. I + S believes it is necessary to do the sanitary system. Mayor Peterson asked that if they do not pick a system tonight, send this in to see what they say and then make a decision at the same time discuss purchasing property with Holstein and Fultz and can still move forward. Larson stated they can send in the report and the Council can discuss what they want to do for final

recommendation. They will not approve a contingent. Larson stated that until the time the funding is committed, the report can be amended. He does not feel it would swing towards the aerated ponds or mechanical plant. There would be an assumed cost having to condemn the Hemish property, but could maybe get it for cheaper if some type of agreement and have everything on one piece of property could maybe be changed. Ferrazzano asked if they review the numbers and they are different than the numbers on cost estimate summary, do they ask you to do it again or do they say even though the numbers are different; they will go off their numbers to determine what the funding will be? Larson stated they have access to a lot of other detail costs and capital costs and how each of the line items are determined. Typically their comments are things like they are seeing the cost of \$35/foot for piping versus the cost estimate shows \$38/foot. Ferrazzano felt it was strange they would fund a project that is almost \$4 million more than another project initially. Larson stated they want to make sure the ability of the system is self-sufficient so not just paying off the debt of building it, but ongoing water and sewer rates. They will have a max rate, an affordable user rate and that is how they calculate the grant amount also. Votca stated basically they will mandate the rate because they want to make sure the City can pay back whatever loan they give the city.

Mayor Peterson felt they should move forward and send in the PER. Larson felt there was not a downside to sending it in at this point. Stobb questioned if the decommissioning of the present ponds is included in the cost estimates. Larson stated those costs are included. It will take some time for the area of decommissioning to become productive farm land again. Stobb asked if where the potential ponds will be, if it will be gravity feed or are lift stations going to be required. Larson stated the stabilization ponds would be gravity fed. They are following the road so even if they have to cross a creek, there is already a culvert there. They would have to remove and replace the culvert.

Mel Klein asked with the ponds, is the engineering department pretty much ruling out a mechanical system. Larson stated they have found it is not the most cost effective effect for the 20 year present worth calculations. All the information will be presented to RD and based on the lowest number that would be the recommendation to get the funding. Klein felt that the cheapest way isn't always the best for the community in the long term.

Enderson asked if there was any possibility of rehabilitating the present ponds. Larson said it was possible to rehabilitate them but that would not be the only thing they could do. Even if they were rehabilitated to stop the leaking, they are still too small and would have to add a pond somewhere. Larson said there are too many unknowns and some things they do not know because of the proximity of the ravine there. The new primary ponds were cheaper than rehabilitating the existing ponds. Even with the best case scenario it was not that much cheaper than building new ones and it is highly unlikely they would run into the best case scenario.

Ferrazzano asked Larson if any governmental agencies have funded anything that was not the cheapest option. Larson stated not that he is aware of. If there are a couple options that are within a couple percentage points, they may have. Votca stated the City could recommend the mechanical plant, but the funding agencies would not agree. Ferrazzano stated that if the City bonded for this project, they would not get the same rates as through the funding agencies. Ferrazzano asked if it would help things move along faster and they know which way this is going to go, if these numbers presented are fairly accurate and will not change much, is it to the City's benefit to go with the cheapest option. Larson stated something could be recommended in the report and would be closer if something was recommended they would be in concurrence with. Mayor Peterson said that they have missed this funding cycle and will have to wait till next year. Larson stated he would have a recommendation in the PER and feels the City has done as much as possible to avoid going through eminent domain or condemnation.

Motion by Ferrazzano, seconded by Stobb to accept the recommendation of split stabilization ponds in the PER as it presented to Rural Development and MPCA. All voted in favor of the motion.

Mayor Peterson asked how the 4th Street and Morgan Street projects were going. Larson said they got a couple very minor comments from the County and should have those turned around

very quickly. Larson said there are the two utility crossings that might be done this year. It will probably be next year before they get started with the other parts of the project.

Val Quist, Head Librarian reported they are in the process of interviewing candidates for the Library Aide position. There were eight applicants and they are hoping to make a decision sometime this week. Quist and two members of the Library Board attended a hearing by the Lyon County Commissioners concerning the continued funding of the Marshall-Lyon County Library following their withdrawal of the Plum Creek Library System. The Commissioners are expected to make a decision next month. Quist has been assured that no matter what happens the Tracy Library can continue to work with Plum Creek as they have in the past. Two donations were received recently; one honoring Elaine Jacobsen and one honoring Anna Mae Mickelson. These donations have helped to boost the library collection. Quist stated they have been working on doing a better job of enforcing the library's late fee and overdue policy. She has created a form letter to send out to patrons who have long overdue items, and have had a good response from that so far. She is now looking into the older accounts that are long past due and hope to reclaim or repurchase library materials and bring these patrons back into good standing so they can begin using the library again. The Library has a new section dedicated to Inspirational books. These are very popular among our patrons and now are easily accessible all in one place. The Stuffed Animal Sleepover event was on July 25. The next event will be story time with the Tracy Fire Department. The department will bring a fire truck to the library and one of the firemen will read a story to the kids. This will take place on Tuesday, August 19 at 5:30 p.m. Quist said the only other thing coming up is that on Monday August 11, the library will be hosting an estate planning workshop from 1-3 p.m. The next newsletter will hopefully be ready by the end of the week.

Sandy Lau, Tracy Liquor Store manager reported that on July 3 and 4 they had samples of new product in the off-sale and actually sold out of some of the new product. Overall, off-sale was very good and it was worth being open on July 4. Included in the packet was the Profit/Loss Statement and numbers are positive again this month.

Jason Lichy, Chief of Police asked for any questions regarding the Activity Report. EVOC training will be in town on August 5, 2014. The airport has been notified and is aware. They will also be using the ambulance garage that day. Lichy reported that computer aided dispatch could be starting tomorrow evening. There are still a few things that have to happen with the state before they are able to do E-Citations or receive communication through the state. The officers will be attending training (Thursday, Friday and Monday). Stobb asked what Farm Disease Transfer training is. Lichy explained it was about if there was a disease that transferable between livestock and how it could obliterate our food supply. If this is found in a feedlot right outside of town law enforcement and fire department would have to work together to try to contain it before it becomes an epidemic. It was an interesting and a good training how serious it needs to be taken. It was also a good training in working together and problem solving. Ferrazzano asked what is wrong with the police Hummer. Lichy stated that it sat so long and he took it to Wabasso Diesel thinking the diesel pump was out of time and that is why there was a smoking issue. They took the bottom of the pan off the block and it was determined that it had sat so long before the department got it that it had rust and pit in the bottom of the block. They are taking the block out of the other Hummer and putting it in this one. Ferrazzano asked Daniels if there was going to be any extra money for the City to get this repaired. Daniels stated that it is not known at this time but there may be small costs.

Shane Daniels, Public Works Director asked for any questions regarding his report. Daniels reported a water main break with a flare fitting on a two inch line that feeds the fertilizer plant. The water cut a channel into the flare fitting and started leaking. There was a break on 5th and Morgan that measured about 39 inches long and 6 inches wide. They run into trouble at JD 23, a ditch that runs behind Ace Hardware and runs underneath the sanitary sewer line. They were flushing sewers today and water was not making it to the other manhole and they found the pipe sections in that culvert had separated and all the fill and pipe went into the top of the pipe. They will be digging that up to get that repaired. The County will be contacting Daniels to discuss how this needs to be done.

They are working on the filters at the water plant and the floors are painted and now there are still some pipes that need to be painted and then they can fill it with sand again. He has not heard back from Thein Wells regarding Well #7. They did get the acid treatment done last week and after the 5th St. break he told them to do it during the day instead of at night. Daniels stated they will be filling in some concrete on Hwy 14 patches to repair the road as it was. They will then use asphalt on top of that.

Michael Votca, City Administrator said Robert Gervais, EDA Director was not able to attend the meeting but has provided a written report. He had an update on the dollar stores that are coming to town and it is moving forward slowly. Daniels did receive the plans and drawing for Dollar General and they will remit their fee for the building permit. The annexation will be discussed later in the meeting. Gervais has been having meetings with a local group working on the aquaculture project and they are moving forward with that. The EDA has been busy.

Votca stated they are looking to hire a new library assistant and liquor store employee and should have a decision on those positions within this next. Election judges are trained and ready for the elections coming up. The candidacy filing period open tomorrow and runs till August 12. Votca has received the Department Heads initial budget submissions. By the August 11 meeting will be ready to present what the department heads have put together. The preliminary levy should be set on September 8 and the final levy needs to be set by December 30 instead of December 15 as in the past. The Aquatic Center season is coming to an end and it looks like the center will have to be closed two days early because of shortage of lifeguards who will be returning to college that week and high school activities are also starting that week. The pool will be closing on August 21 at 7:00 p.m. Votca stated that he will be on vacation the end of this week but will be available for emergencies by cell phone.

Kim Roggatz, Tracy Area Chamber Director has presented a request for the assistance of the City for Box Car Days. She has enclosed a list of requests and a list of street closure requests. Votca stated the Chamber has decided to not use Central Park for the petting zoo and vehicle display and will have this event by Tracy Kid's World where the FFA's corn maze is going to be. Motion by Snyder, seconded by Ferrazzano to approve the requests for the Labor Day celebration. All voted in favor of the motion.

Votca stated he had a meeting with Chad Anderson and Bill Tauer to start discussion on the lease of the VCM. It expires August 1, 2014. The last two years the City has been charging them \$17,500 to lease the VCM. Votca would like to see the lease define what activities are under the lease. They need to discuss how long they would like the lease for and what price the City would like to set. The school would like to see the price remain where it is. In 1998 it was about \$4,000 and has gradually increased and in 2008 and 2009 it starting going up rapidly because there was a lot of discussion about how much it cost the City to operate the building and improvements to the facility were made about that time. There have not been any major improvements since that time. The only reason to make a minimal increase would be that the operating costs are obviously increasing over time and electricity and such are going up all the time. Snyder asked if in the past two years they have broken even with the facility. Votca stated that with the way the municipal building is budgeted, it cost \$100,000 to operate the whole building. When the numbers were done in 2006 or 2008 it was thought the VMC cost was about 30% of the total cost. Mayor Peterson stated he liked the idea of defining who was eligible to use the facility under the school lease. Stobb felt that if this was enforced, it may cause more groups to be renting the facility that would not be included under the school's umbrella and could generate more revenue for the city. Votca stated the Youth Wrestling pays to use the facility and have made a request to the City to waive the fees. Motion by Ferrazzano, seconded by seconded by Snyder to keep the fees at \$17,500 for two years and define what activities are and are not covered under the school lease. Stobb questioned if the problems with clean up after use have been solved. Votca stated that it has not been as much of a problem this past year and even some of the JO Volleyball groups came in and helped with clean up. Votca said the other thing that was discussed at the meeting is eventually a renovation plan for the facility will have to be designed. The floor is starting to wear out and the bleachers will have to be replaced. Ideally the City should approach that jointly with the school board and do some type of fund raising. C. Anderson would like to see the City set up a committee and combine with the members of the school board or from the school district and start working on this. Stobb asked if

they had any ideas regarding the acoustics. Votca stated it was discussed and they need to form a group to see what the vision to see what this building needs to look like and what kind of events to have in there. They can then design the facility based on that. Stobb felt that acoustics would open it up for non-sporting event. All voted in favor of the motion.

Mayor Peterson stated the Tornado Memorial Committee would like permission to put a flagpole by the memorial. They have sufficient monies in the donation fund specifically for that and they are just asking for permission to go ahead with this. Motion by Ferrazzano, seconded by Enderson to grant permission to the Memorial Committee to put up a flagpole by the Tornado Memorial. Snyder stated the lighting will be a solar light so there will not be any ongoing electrical expense. All voted in favor of the motion.

Votca stated the Contract for Administrative Services with Western Community Action finalizes that WCA will be in charge of processing all the requests for the Small Cities Grant. The contract explains how the money is distributed and who is responsible for what. The City is responsible for all the money and WCA is acting on the City's behalf. Motion by Ferrazzano, seconded by Snyder to enter into the contract with Western Community Action, Inc. for Administrative Services for the Small Cities Grant. Votca stated this is funded by the program all ready and the cost for WCA is already part of the grant money. All voted in favor of the motion.

Votca stated the Procedural Guidelines for the Small Cities Development Program does not have any changes except for the numbers of how many projects they are targeting since the last grant and different grant amount. Motion by Enderson, seconded Snyder to accept the Residential Owner Occupied Housing Rehabilitation Program Procedural Guidelines for the Small Cities Development Program. All voted in favor of the motion.

Votca said that Wilbur Ellis Air, LLC has requested to use the Tracy Airport for their aircraft to use during agricultural spraying. In the City Code it states that a Memorandum of Agreement is needed between the parties to do that. In the past a fee of \$500 was charged to utilize the airport and will let them use it this time at that rate if the Council agrees. Daniels stated there has been an increase in fuel usage in the past two weeks since they started. Snyder states the agreement states they have to use fuel from our airport. Motion by Enderson, seconded by Snyder to enter into the Memorandum of Agreement with Wilbur Ellis Air, LLC and correct the date on the signature page. All voted in favor of the motion.

Votca stated the Annexation is for a small piece of land currently owned by Dru Larson to allow Dollar General to build on that piece of property. Monroe Township was in agreement with it and things such as road access were discussed. Motion by Snyder, seconded by Enderson to accept the Annexation Agreement between the City of Tracy and Monroe Township. Nielsen stated this will be going to the state once this is signed because once a month the State Board reviews all the pending annexations and want to get this one in to make the next meeting time. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to adopt Resolution No. 2014-25 A Resolution Establishing a City Park in the Greenwood Area. Issues concerning final sizing, potential development, name and other matters concerning the park are referred to the Planning Commission for recommendation to the City Council. The City Council reserves the right to alter the final boundaries of the park, dependent on such recommendations as the Planning Commission may make and other information. All voted in favor of the motion.

The Consent Calendar consists of Municipal Accounts Payable, Cemetery Commission minutes for July 19, 2014, Tracy Economic Development Authority Minutes for June 20, 2014, Tracy Relief Association Minutes for June 2, 2014 and Multi-Purpose Center Board Meeting for June 17, 2014. Motion by Enderson, seconded by Snyder to accept the Consent Calendar. All voted in favor of the motion.

Ferrazzano asked if there was any follow-up with City Wide Clean-up Day and contacting people about that. Votca stated some people were contact and the date would be the next item that needs to be discussed in either the spring or fall. Ferrazzano felt it would be good to do in

the fall. Enderson stated the gentleman that picks up appliances was asking him about it and Enderson feels he is willing to do it anytime. Votca stated they could set up a date after Box Car Day. There is someone that comes and picks up certain items and charges about \$10. The City would need to set up a location for collection and then take what we can to Lyon County Landfill. Mayor Peterson stated if there is someone that needs to get rid of a dialect vehicle, he knows someone that will pick them up for nothing. Votca stated the Fire Department also uses them sometimes. Votca will make a plan for this and bring it back to the Council.

Motion by Snyder, seconded by Enderson to close the regular meeting at 8:10 p.m. to move into a closed session to discuss the sale of the hospital. All voted in favor of the motion.

August 11, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 11, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

A moment of silence was held to honor Con Rettmer who recently passed away.

Pledge of Allegiance was given to the flag.

Motion by Stobb, seconded by Snyder to approve the minutes for July 28, 2014. All voted in favor of the motion.

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

Alex Chalmers of 425 6th Street stated that his curb stop had been repaired and was questioning when the mound of clay would be taken care of and when the sidewalk would be repaired. S. Daniels stated the work was done by a contractor and the sidewalk repair is the home owner's responsibility. Daniels will check into this. Mayor Peterson told Chalmers they will report back to him once they have the information.

Motion by Enderson, seconded by Ferrazzano to approve a temporary liquor license to The Caboose for the Kegs and Eggs event during Box Car Days. Nielsen stated the request needs to be more specific as to the location, when and what hours and also they need to provide proof of insurance. M. Votca will contact the Chamber about that. Motion by Enderson, seconded by Ferrazzano to amend the motion to approve the temporary liquor license to The Caboose for the Kegs and Eggs event during Box Car Days contingent on providing the needed information. All voted in favor of the motion.

Votca stated the Planning Commission had received a variance request from Eric Natwick of 551 Harvey St. to replace his old garage with a new garage. Daniels did an inspection of the area and found the present garage to be four feet into the right of way of the alley. If the variance was approved it would make it difficult for street equipment and emergency vehicles to go through the alley. The Planning Commission has recommended denying the variance request and recommending to the owner to relocate the new garage on his property. By consensus the Council agreed to deny the request. Daniels will discuss relocation of his garage with Natwick.

Votca said Justin Struchen would like to build storage units on two vacant lots currently owned by the EDA on South Street. This area would need to be rezoned from a R1 to a B1 for him to move forward with this. After the area is rezoned due to the set-back requirements and the size of the lots, a variance would then have to be requested by Struchen. Motion by Enderson, seconded by Snyder to approve the recommendation from the Planning/Zoning Commission and for them to hold a public hearing on September 2, 2014 at 6:05 p.m. to rezone the area for a half a block on South Street from 2nd Street to the alley of a depth of 75 feet from a R1 to a B1. All voted in favor of the motion.

Votca stated the City Council had adopted a resolution to designate property in the Greentown area for a park. The Council requested the Planning/Zoning Commission to determine the size, name and improvements that need to be made. The Planning/Zoning Commission decided that since this area has been used as a playground for many years and no one has inquired about purchasing some of the property it was decided the whole property would be designated as a city park. Motion by Enderson, seconded by Stobb to approve the recommendation from the Planning/Zoning Commission to make the whole area a City Park. All voted in favor of the motion.

Motion by Enderson, seconded by Snyder to approve a temporary Sunday liquor license for the Tracy Liquor Store on August 31, 2014 during Box Car Days. All voted in favor of the motion.

The Consent Calendar consists of the: Municipal Accounts Payable, Municipal Accounts Receivable, Planning/Zoning Commission minutes for July 7, 2014, Tracy Relief Association Meeting minutes for July 7, 2014 and the Tracy Economic Development Authority minutes for July 18, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Votca reported that he and Daniels discussed a fall clean up. They decided to hold this on Wednesday, September 24 and Thursday, September 25 with hours of 9:00 a.m. to either 4:00 p.m. or possibly 5:00 p.m. There will be city trucks parked at the state shop for collection and the items brought will be sorted according to landfill rules. The fees would be \$2.00 over the regular landfill fee for each item. Mike Bottlebergh from Walnut Grove will pick up appliances if needed. Votca will contact the landfill to see about the collection of electronics and a commercial rate. The trucks will be removed from the collection site the evening of September 24, to prevent anyone from putting items that cannot be taken to the landfill in them.

The 2015 Expenditure Budget was presented. Votca stated he had received the initial numbers from the different department heads. He will have numbers for the Levy at the next meeting and was able to get close to the numbers set in the Financial Management Plan.

Fund 101 General

Dept. 411: Mayor and Council: There were no changes from the previous amounts.

Dept. 412: Elections: This was reduced to zero because there will be no elections in 2015.

Dept. 413: Administration: Wages were increased based on step increases and the 2% Union increase. The Service Fees was removed and consolidated that to Allocated.

Dept. 415: Assessing: That was left at \$12,000. Dean Champine's bid was \$11,675 for assessing.

Dept. 416: Legal: Votca stated that he left that the same as they have not received a proposal from Frank Nielsen yet. Nielsen stated that his proposal would be to contract with the City for 2015 at the same terms as 2014.

Dept. 417: Economic Development: Gervais stated that his wages have gone down as part of his wages will come from the Eastview Apartments or 3rd Street East Apartments. Votca stated they will be taking Gervais's wages from the other funds this year to show that he is administering the apartments for those funds. This will take a little burden from the general fund.

Dept. 418: Municipal Building: Gervais stated there was an increase in Equipment and improvements because the floor scrubber used for the VMC floor is due for replacement. This is expected to cost about \$7,000 to \$8,000 to replace. Votca stated there might be some changes in the wages of the Municipal Building because some of the other facilities for the maintenance they provide. Gervais stated the other departments would be the liquor store, library, multi-purpose center and airport.

Dept. 421: Police Protection: Lichy said the wages were figured with the union agreements. Office supplies were cut in order to make the projected budget that Votca had proposed. With the lease through Marco for the computer/printer and not buying ink to keep up with the printer which is included in the contract. Motor, fuels and lubricants was cut as the price of gas has been pretty well this year. Maintenance and repair other is where small items are purchased. Lichy did cut Maintenance and Repair other by \$1,000 due to the computer aided dispatch price increased last year and do not have this year. He increased Travel Conferences and School, a small increase to Other Contractual Services which covers towing, impound, dog kennel fees, employment screening costs, title seizures and transfers, blood tests at hospital and other hospital expenses for having new employees and physicals. Some of those fees has to come out

of an account but get that money back in revenue. Last year the Transfers Out was increased about \$3,000 to space out the cost of going to computer aided dispatch over the next four years.

Dept. 424: Fire Protection D. Johnson said the only changes they had was an increase in insurance which is a yearly increase. There was a little change in wages versus the 2% increase and the City's contribution to the retirement. The truck maintenance is the cost of testing and the testing was done last week and slightly over budget this year with some of the repairs made. They are looking at some preventive maintenance to some of the valves that need to be replaced every year. Johnson said it is not reflected in the budget but the roof at the fire hall is in need of repair. Votca stated that is included in the Capital Improvement Plan. Mayor Peterson asked if they are just planning to repair the flat roof or put on a pitched roof. Johnson felt they should entertain the cost of both types of repair. Votca stated they would have to have that engineered and would cost extra. They are estimating that I + S could do it for approximately \$2,000. The Transfer Out was discussed and they decided to increase it and it was lowered over the LGA cuts. Votca stated there is the \$200,000 debt to the Hospital Fund.

Dept. 425 Building Inspection: Daniels most funds stayed the same. There is a wage increase due to the time card software they are able to split it out. It varies each year depending on workload. Office Supplies was increased to purchase permit software. This would be tied in with Banyon and Point of Sale to do Building Permits on that. Votca stated there are two automated things they are working on this year. One is for Daniels to be connected to our server at the Municipal Building to his office. There is some software that cost about \$4,000 so the permits, business licenses, dog licenses plus cemetery records can be automated into this system also. This system also prints out the permits also.

Dept. 426: Civil Defense: Lichty stated that last year he asked the Council to entertain the idea of doing \$1,000 for Transfers Out to start replacing tornado sirens. Snyder feels this is important to do.

Dept. 428: Ambulance Garage: Votca left the Other Contractual Services the same. Snyder felt they should change the name of this Department. It was suggested to change it to just Ambulance or add it as a line item to another Department. Votca stated he will work something out for this.

Dept. 431: Street and Parks: Daniels stated that wages were decreased because they have been split into the different departments. There was an increase in stand-by wages to account for another employee and wage increase for the Union contract. He put \$300 for the Banyon software due to right of way permits. He did increase Motor Fuels & Lubricants because they went over last year due to diesel fuel increases. The insulation that was put in the shop has greatly reduced the utility bills.

Dept. 432: Street Lighting: Daniels stated that was increased by a large amount for the preliminary to upgrade the light poles with energy efficient LED. The bid came in at about \$18,000 initially. There is a pole south of the Post Office that is LED and Daniels has not decided if it is bright enough. It was a sample bulb.

Dept. 441: Library: Quist stated there were regular increases for wages and health insurance. She said they tried to make cuts in other areas to make up for this. Printing, Publishing and Advertising has a large decrease. Currently they are taking book and movie purchases out of that budget. They have given books a separate fund.

Dept. 442: Museum – St. Marks: Votca stated there is no change in that department.

Dept. 451: Aquatic Center: Votca stated right now with current revenues and expenditures, they need to be looked at more closely. Votca stated he wants to examine the wages closely and can talk about that when they get to that fund.

Dept. 461: Cemetery: Right now with the expenditures that the Cemetery Commission wants and where they are with revenues it is about a \$31,630 transfer.

Dept. 462: Airport Maintenance: Maintenance and Repair Other was increased for some personal protective equipment, miscellaneous supplies and weed control. They have been doing some more spraying and trying to get rid of the dandelions. Part of this is reimbursed about 75% this state fiscal year. Daniels stated they need to budget for the initial expenditure. Transfers Out there is \$64,000 based off the CIP that was done by Ehler's. Votca stated that is 10% cost for any improvement projects and the rest will be covered by the entitlements. Daniels stated the fuel will have to be filled in 2015 as there is only about 1,000 gallons left in it now. A little over one half of what was put in when the tank was first put in is left.

Dept. 463: Unallocated: Votca stated that most of those things the licenses and taxes went up a bit just on cost of living. He increased Other Contractual significantly they have the investment contract with Ehler's and also the audit rate is included in there also. The \$35,000 in Miscellaneous is the amount Votca wants to increase the General Fund Balance. The General Fund is up by about \$200,000 right now. Votca stated once he sees how that affects the levy, he will inform the Council. From there they can see if they want to reduce the levy or what else they would like to do on the budget.

Fund 201 Dept. 471 Multi-Purpose Center Operating Fund: Votca stated these are the number the Multi-Purpose Center brought to him. There is a significant increase in wages to show the janitorial services from the Municipal Building crew. In Communications there were some services that were reduced such as Internet. Otherwise it is basically the same budget they had last year. The Board felt they did not need the Internet and can go across the street to the library to use their Internet. The computer at the MPC was not used that much. Ferrazzano felt maybe they could put Wi-Fi over there. Votca said the library has Wi-Fi and might be able to connect from there. Ferrazzano felt that if they want to market it as a Community Center having Wi-Fi would be good and did not think it would be that expensive. Ferrazzano felt that if possible and could get it for about \$50 per month, they should see if they can get Wi-Fi over there. M. Peterson state they have not had Internet for about two months now and have had no complaints.

Fund 203 Dept. 461: Cemetery Operating Fund: Daniels said they did incorporate D. Peterson's wages in the Regular Wages and reduced Other Contractual Services which is the fund that Bernie Holm got paid from. He was able to decrease Part-Time wages a bit as they use man power before the part time starts and during the school year it is difficult to get part time staff. Office Supplies was increased by \$50. Daniels did put \$4,000 in Maintenance & Repair – Building as there are two sheds roofs that need repair. They will try to get the soffit and fascia done this fall.

Fund 203 Dept. 461: Cemetery Memorial Fund: There was \$500 put in Maintenance & Repair - Other for repair of monuments.

Fund 303 O'Brien Court Dept. 417 Economic Development: Gervais stated Other Contractual was reduced depending on what needs to be done there as far as maintenance. Transfers Out was increased to \$52,734 and budgeted \$30,000 for Equipment and Improvements. This is an Enterprise Fund and if there are no improvements needed it just stays in that fund. The roof has been redone, windows and a lot of the carpet has been redone.

Fund 403 Permanent Improvement: Dept. 433 Infrastructure: Votca stated this was budgeted according to the plan that was put together with Ehler's. Most of that money is Elm Street from Center Street to Park Street and 7th Street from Craig Avenue to Morgan Street. Votca stated that was the initial plan but they will have to prioritize which streets they want to apply that money to. They can cut back when they get to the final levy. The Financial Management Plan with the numbers Ehler's put in so should be meeting the

goal with the levy.

Fund 405 Eastview Apartments: Dept. 417 Economic Development: Gervais stated the only big change is the wages coming out to cover his wages. He did budget a little more in Maintenance and Repair – Building as they are replacing carpets and flooring as apartments open up. The units are now 18 years old. These apartment have carpet in the kitchen and have maybe one or two units left that have carpet and as the apartments have opened up, they have been replacing this with a dura-ceramic.

Fund 406 Library Trust Fund: Dept. 441 Library: Votca stated there is not anything budgeted for that right now. He will discuss this with the Library Board and see if they have any plans for next year.

Fund 407 5th Street Apartments: Dept. 417 Economic Development: Gervais said he did budget a little more than Eastview as these require a little more maintenance. These units are 17 years old. Everything else stayed about the same.

Fund 408 Tracy Medical Center Trust Fund: Dept. 496 Tracy Medical Center: Votca stated the Investments-Cert of Deposit shows the amount invested in that fund this year from the income of leasing the hospital.

Fund 409 Parks Improvement: Dept. 431 Street and Parks: Daniels stated the \$9,000 In Equipment and Improvements if the numbers based on the CIP. Votca stated they still want the Park Board to recommend where they want to spend that money. He did not put the transfer as \$9,000 and feels they will spend part of the balance this year and have \$45,000 in the Parks fund and spend some of that off this year and save the levy some this year.

Fund 410 Airport Improvement Fund: Dept. 462 Airport Maintenance: Votca said he put the full entitlements in there in case the City decides to spend all that money. There are some CIP meetings with the State and Federal FAA to see what should be done at the airport.

Fund 411 Orchard Lane Townhomes: Dept. 417 Economic Development: Gervais said the townhomes are now five years old so there have been some minor repairs to be made. Other Contractual Services was increased for lawn care and snow removal.

Fund 503 Improvement Bond: Dept. 483, Fund 504 2007: Dept. 486, Fund 505 2008 Refunding Bonds: Dept. 487 and Fund 509 2002 Improvement Bond: Dept. 490: Votca stated these are bond funds and are based off the payment schedules. Fund 509 is going to close this year and the Council will need to decide which fund they want to transfer that money to. He will make some recommendations before the final budget.

Fund 601 Liquor Store Operating: Dept. 491: Votca stated the bottom line is he put in \$11,000 to make improvements to the store. He is predicting a profit of at least \$8,000 right now. There is not a transfer to the General Fund from the liquor store planned right now because he wanted to build up that fund to cover its operating cost. Ehler's recommended not doing that for a few years to try to build that fund back up and get a balance. Votca stated there is still enough money to get the wall and gutters and the rear door fixed this year. Hopefully they can repair the roof and work on the front of the store and maybe some things inside such as lighting and coolers in 2015.

Fund 602 Utility Water: Dept. 492: Daniels stated they worked with the wages and there are more water wages than sewer based on the time sheets for the past year. Everything stayed the same except an increase in Loans and Interest Payments.

Fund 603 Utility Surcharge: Dept. 493: Daniels stated he did increase \$5,000 on the Maintenance and Repair Other as there are getting to be quite a few curb stop repairs over the last few years whether it be a community line separation and some are the homes owner chooses not to do it. It is then hired out and charge the resident and it come back as payment from the resident or assessments. Other Contractual is the same thing with

line separations etc.

Fund 604 Refuse Collection: Dept. 494: Votca stated there are no changes in the Refuse Collection as this is still under the same contract. The contract comes up in 2015. There is a clause in the contract that the present company to come to the Council if they want to renegotiate the amount of if it needs to go back out for bids.

Fund 605 Licensing: Dept. 495: Votca stated there are no real changes except the wages went up a bit because of the 2% increase and the step increases. There may be some increase in revenue due to agreements and have been getting different customers to bring their work to Tracy. This may make the transfers to the General Fund a little higher. At this time it shows \$5,230 coming from that fund to the General Fund as profit.

Fund 606 Tracy Med. Center Imp. Fund: Dept. 496: Tracy Medical Center: Votca stated there is an investment there for \$34,000. That is extra revenue over expenditures in that fund right now. That is for the refinancing of the loan that Tracy has with Sanford.

Fund 607 Aq. Center Operations: Dept. 451: Votca stated that wages were reduced. They eliminated a bit of the system of increase in steps, etc. Daniels stated that Office Supplies were increase due to purchasing a printer. There was also an increase in Communications due to the installation of Wi-Fi there. Equipment and Improvements they included a few more Funbrellas to replace the old ones. The diving board the actual plank part is starting to delaminate at the end.

Fund 608 Utility-Sewer: Dept. 498: Daniels stated the wages have decreased and that off sets the water fund. There was a little increase for personal protective equipment and Maintenance and Repair Other. He said that other than that it is just interest payments and loan payments. Votca stated that Water and Sewer they are taking it straight from that fund to pay back those 2007 Bonds. Money used to be transferred from water and sewer into that fund to pay that full principle and now they pay it from the fund that it should come from. They are doing less transferring and make it cleaner.

Fund 800 Equipment Replacement – Police: Dept. 421: Lichty said the next squad car replacement is due for 2016 and there is enough there now for replacement. Votca stated there are some other revenues that are making the numbers for the Transfer In versus what is being spent.

Fund 801 Equipment and Replacement: Dept. 431 Street and Parks: Daniels stated this is based on the CIP and probably not going to use everything that was budgeted this year.

Dept. 462 Airport Maintenance: Votca stated there was nothing budgeted to the airport this year.

Fund 802 CDBG Grant Fund: Dept. 417 Economic Development: Gervais stated they are in the midst of getting the grant. The meeting with the public has been scheduled for Tuesday, September 2 at 6:00 p.m. Other Contractual Services this has to do with Western Community Action. The Temporary Loans is what the City will receive for the Small Cities Grant. Not that it will all be expended next year and then it will stay there.

Fund 803 Cemetery Reserve: Dept. 461 Cemetery: Votca said that Transfer Out is the interest from the Cemetery Reserve going back to the Operating Fund.

Fund 804 Equipment Replacement – Fire: Dept. 424 Fire Protection: Johnson stated in Equipment and Improvements is mostly the roof and annual purchases made for turn out gear and personal protective equipment. The roof is an estimate until they hear back from engineering.

Fund 806 Economic Dev. Reserve: Dept. 417 Economic Development: Gervais reported an increase in Printing & Publishing – Advertising and Miscellaneous. The Principal and Interest Payments is a loan that goes to O’Brien Court. That was to purchase the Premium Plant Services building and Dale Johnson pays this so it flows through to the revenue side. Temporary Loans amount is the loans they make on an average year.

Fund 808 Code Enforcement: Dept. 425 Building Inspection: Daniels stated there is a decrease since last year. They left \$8,500 for removal of old houses. Votca felt they should try to build this fund up a bit. Mayor Peterson also felt they should try to build up this fund in case something comes up and they can do it without trying to find funding for it. Votca said he has given Gervais direction to see where they City is with some of these buildings in the process of tax forfeiture and steps that need to be taken. Daniels has provided Gervais with information that he has collected over the past.

Fund 809 Police Forfeited Property: Dept. 421 Police Protection: Lichty explained that no money is allocated to this fund. This is if they have a seizure or forfeiture during the year that money has to sit in a fund and audited and accounted for. The money is specified from the seizure as to where it can be spent. This fund is regulated by state statute.

Snyder voice appreciation for Votca and the Department Heads for all the work they have done to get this ready. Votca also appreciated that the Department Heads do not put a whole lot of fluffy stuff and keep it pretty straight forward.

Steve Meyers voiced concern of the amount billed to the Township for the fire contract. He stated that Township is struggling to pay this amount.

Mayor Peterson reminded the public of the primary election and last day to file for Mayor or Council member is tomorrow.

Votca stated the Street Project bids will be opened on September 4, 2014.

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

August 25, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 25, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Stobb to approve the minutes for August 11, 2014. All voted in favor of the motion.

An addition to the agenda is 9B Request by EDA to discuss Property Maintenance Code. Motion by Enderson, seconded by Snyder to approve the agenda as amended. All voted in favor of the motion.

Dave Johnson, 551 3rd Street thanked the Council for letting him pave his alley and drive way. The problem he has is the garbage trucks. He called the refuse company and talked to the secretary and she said she would pass on the word that he had just paved it and asked that they not drive on it. There is no pick up in his alley as far as the garbage service is concerned and does not feel that they should be allowed to drive on it with without picking anything. Johnson stated the alley to the east of him there is no pick up and his alley there may be some on the other end of the alley. He had talked with Mr. Strand at the opposite end of his alley and this is where the garbage service stated that there is pick-up on that end. Johnson states he lives on the other end so he knows that is not right. When he talked with Mr. Strand he states he puts his in the street. Johnson is asking for help from the City with this because they did go through and now the tail end of tar is broke off. At \$4,500 he does not want to lose it. M. Votca stated he talked with the owner of SW Sanitation and he said if there is no pick up in those alleys that his driver should not be driving in the alleys. We can try to keep tabs on them and make sure they are doing what they told us. Votca stated that next year will be the renewal of the garbage contract and will decide if they want to do alley pick-ups and different things like that. Mayor Peterson felt it would be best for all the alleys if they could eliminate alley pick-up. Madonna Peterson stated she received an e-mail from SW Sanitation today that if the City does not want them down the alley, they will not use the alley.

V. Quist, Head Librarian reported that she and members of the library board met with County Commissioner Charlie Sanow on August 14. He offered to come down and answer any questions they may have about funding and issues surrounding Marshall-Lyon County's decision to pull out of the Plum Creek Library system. Quist stated that they learned that for many years the County's "maintenance of effort" funding has been going to Marshall. This amount currently is \$228,000. Tracy Library has not received any and has to make a special request. Quist has requested that if Marshall does go back to Plum Creek and gets funded by the County again next year that they also fund the Tracy Library. Sanow was open to that and he felt that the other Commissioners would be open to it as well. Quist said the new library employee is Dianne Raymond and is very enthusiastic about the job, especially in the area of children's programming which will be great. Last week the library had story time with the Tracy Fire Dept. on Tuesday, August 19. There were 26 children with accompanying adults attending. She heard a lot of positive comments after the event. She thanked Dale Johnson III and the department for coordinating with the library on this event. Quist reported that she attended training in Slayton on August 21 for the electronic Library for Minnesota. This gives Minnesota residents online access to magazine, journal, newspaper and encyclopedia articles, eBooks and other information resources. The website is elm4you.org. This is a free resource and paid for with tax dollars and sponsored by the Mn Dept. of Education and other types of organizations. Quist said they were able to obtain a new computer to them for the library at no charge. This was from a man who purchases and refurbishes computers and donates them to libraries in the Plum Creek Library System. The library has had a busy summer and circulation is up. There were more than 1,900 items checked out in June and more than 2,000 in July.

Nielsen stated the situation with Marshall and Plum Creek is more complicated than it really seems. There is a possibility at some point in time that Balaton and Cottonwood which are

branch libraries of Lyon Co-Marshall may not be in that situation and will start to resemble what Tracy is and may want to look at forming some partnership with Tracy at some point. The “maintenance of effort” is also very complicated issue in the sense that Tracy and Minneota get taxed differently than anyone else in the county for library services. When they say the County has been providing all of its “maintenance of effort” to Marshall and Lyon County and stated there was some rational basis to say that. Others in the County are paying taxes for that, but not sure that the amount of aid they are providing is equivalent to the extra taxes they are collecting from everyone else. Tracy should get a cut and they have been helpful to us when Tracy asked for specific money for specific projects, cut as Val said, Tracy has always had to ask and never gotten anything automatic. Nielsen stated there is the possibility that Lyon County will no longer be with Marshall in a library situation. They are talking of Lyon County and Marshall re-entering Plum Creek and right now not a member and if that stays that way the County has already given its notice that they will not continue their partnership with the City of Marshall and their library. Nielsen stated that as an active user of the library he has been trying to monitor this, not only from his personal standpoint but from the City’s standpoint as he feels there is going to be some things that the Board, Quist and the City Council may get yet involved in connection with that situation. Quist stated that Balaton and Cottonwood will have three choices; stay with Marshall, become libraries again instead of being branches or can choose to be branches of one of the other libraries which are Tracy and Minneota. Votca stated the County would have to designate Tracy or Minneota or both as a regional library. Stobb questioned if Plum Creek would take them back as there are some hard feelings there. Quist stated the Plum Creek board will have to vote to accept them back. Nielsen stated that raises the legal question if they can be denied unless there is some bad thing they have done would do that would not allow them to be a member. There are a lot of legal issues that are involved in this also and he has talked with Rick Maes, at the County Attorney’s office several times about these things and what his feelings are and he has been in contact with the Marshall City Attorney. There are a lot of different things going on with the library service. Stobb understood that every library that wants to be part of Plum Creek has to apply and if Marshall withdrew then they would have to re-apply and then there is the question if they get accepted or not. Nielsen stated that as many libraries as possible will be a member of those regional groups, that in his view if there is something specific in the law they can be denied for any reason, it is unlikely they would be legally denied if they asked. From Plum Creek’s standpoint and the other participating libraries are all playing by the rules and unanimous in their decisions as to what has transpired over the last year and half or so, to say that Marshall did what they did, why should Plum Creek just take them back.

A Public Hearing was opened at 6:45 p.m. regarding the Rural Service Districts. Votca stated the Council has a proposed ordinance for changing the rural service districts from 10 acres to 5 acres or more and add in language of all the legal descriptions of the three parcels they will add to the rural service districts with this ordinance. Votca is still waiting for the legal descriptions of the property and once they get those, they can lay those in there but should not change the base of the ordinance very much and will bring the ordinance forward. Votca stated that they are having a public hearing to see if anyone has any comment about this change. There were no public comments. Nielsen said that if the Council is in agreement with this and are just waiting for the legal descriptions, he suggested the Mayor and Council if there is any further comment or discussion tonight is fine and then the hearing should be continued until the next meeting. At that time they would hopefully have the legal descriptions and can actually enact the ordinance. Mayor Peterson closed the public hearing and will continue the hearing when the legal descriptions are received to make a decision.

S. Lau, Liquor Store Manager stated the Public Works Department installed the new back door and some customers have been upset but in time will get used to it. She is getting ready for Labor Day weekend and has figured out staffing for the weekend. There have not been any issues. Mayor Peterson feels the new door will provide control of inventory and eliminate the temptation. Stobb said it is nice to see how the last four to five months the net income has been consistent. That is a sign of what Lau is doing is good.

J. Lichty, Chief of Police said the Excel spreadsheet they have been using for the Activity Report will be replaced by the format now with the computer aided dispatch. The computer does all the adding and shows the numbers for any report. He can run a report from any starting or ending date. Computer Aided Dispatch is in both squads and both office computers, not only the

information service but also have the mobile units on both of the department's desktops. Lichty said the benefit from this is that Janelle can send a message from her computer to the car computer if a call comes in. She is learning to input ICRs and there is still a lot of information to put in. Lichty said on September 16 the department is hosting a training called Low Light/No Light. The jest is different flashlights, different lighting mechanisms and how to use shadows to your advantage. Lichty thanked Paul for doing a great job and putting the Humvee back together. The H1 did not have pitting from rust as thought at the prior council meeting and it turned out to be a broken valve spring. It saved a lot of money having the other H1 for parts and using the City shop.

S. Daniels, Public Work Director asked if there were any questions regarding his written report. Daniels stated he received a call from the well contractor and are bringing the pump back tomorrow and have made necessary repairs on it. They are going to wait to get the pump to get the final numbers on what the well will do. Preliminary testing came back well as far as chemicals treated the well. The department is getting ready for Box Car Days. Today they were fixing lights at the airport. Daniels stated the pool closed and on Friday of last week everything was drained and taken down and put away. They will get the parts that need winterizing will be done in October when they do the bathrooms. Mayor Peterson asked if the State is responsible for re-seeding the area. Daniels is thinking the State should be responsible for that and hoping they get their cones, etc. cleaned up. He will give the engineer a call as to what the plan is.

R. Gervais, EDA Director said the Small Cities Grant Program meeting will be September 2 in the VMC at 6:00 p.m. They will go through the application process, the funding side, financial information, etc. He will not have any applications before then. There has been a lot of interest and it is on a first come/first serve basis. If someone is interested they need to get their application completed and all the information needed and get the application to Western Community Action as soon as possible. The Lau seed house has been removed and the developer for Family Dollar is making progress and they are planning to put in the footings and have everything enclosed. The EDA has been discussing a residential rebate program. They are considering offering a rebate to people that would build a new home in Tracy. Harmony, MN does a rebate based on the assessed value of the home. Gervais felt they could do this in Tracy. As an example if someone were to build a house that was assessed over \$250,000 in Harmony, they would get a \$12,000 rebate back once the house is completed. They will discuss this at the next EDA meeting. Gervais stated they are also looking at doing a residential rehabilitation program and this would take the existing properties and if they increase their property value by "X" amount of dollars, the EDA would rebate a portion of the increased taxes for a period of time. The first year could be at 100%, the second year would be a 66% and third year would be a 33% and the fourth year they would have to pay their complete tax again. This might entice people to clean up their property and maybe do an addition or new siding or windows. Gervais stated he just received the tax forfeited list and there are four properties from Tracy on that list. The EDA is also looking at doing a dollar for dollar match with businesses. They are considering a \$5,000 match so if the business owner had \$5,000 to put a new store front on, the EDA would match them another \$5,000. It would be a low interest loan over three years. The EDA will further discuss this. Gervais stated he will be taking a trip to Texas on Thursday and Friday with the aquaculture project and he is part of a team the local investors are sending down. His part in this is the financial side. The idea is to acquire a license and does not know what it would be if they were able to get one. He feels they have a pretty good package put together from the USDA at the federal level all the way down to the local level. Stobb asked where they would put the aquaculture business. Gervais stated they will find a home for them.

S. Barstad, CEO Sanford Tracy Medical Center stated the volumes the past three to four days have been very busy. They are in the process of recruiting a nurse practitioner and the offer should go out this week. She will not be able to start if she accepts until the end of December when she finishes her schooling. The facility is gearing up for influenza season and vaccines have not been received yet. Once they are received, they will be putting notices to the public when they can get their vaccine. Barstad stated they will be having their annual Foundation golf tournament and will be on September 5. The Foundation is raising funds for a tele-video unit to use with telemedicine and specialists and be able to do tele-medicine from Tracy to Sanford.

M. Votca, City Administrator reported everything is filed for the upcoming election on November 4, 2014. He got the numbers put together for the budget on revenues and expenditures and this will be discussed later tonight. MnDOT Aviation is starting their airport construction meetings so will be attending the meeting in Redwood Falls in September 26. The LBAE training will be at the Lyon County Government Center will be on September 9 from 6pm to 9pm. Charlie and Kurt will be attending. Both of the annexations went to the State Board and were approved for the Wheels Museum and the property for the Larson property. Stobb asked if the annexation included the dump site. Votca stated it is just the piece of land where the new retail store will be built.

Votca said he received a Shelter Agreement from the American Red Cross and in the past there was an agreement with the Red Cross but has been 11 years according to the document they sent. Votca wants to know if the Council wants to move forward with this as a shelter and then he can get other pieces of information needed and come to the agreement. Stobb stated that he would like the City to continue with the agreement. It was the consensus of the Council to move forward with this and Votca will put together the information needed and bring it to the Council.

Sarah Willhite, 1202 Center Street is requesting is to get a permit to have “doggie daycare” and could be for cats, birds or whatever types of pets people have. Right now they are working out of their house and do have a barn on the property and fixing it up to use for the boarding. They are looking at roughly 20 animals and may or may not be enough. She feels there is a need for a business like this. Nielsen stated there were a lot of questions that were raised and he read through the request that was given to Votca. The State licensing what Willhite is planning to do and there Nielsen was confused because looking at the State Statute, they do not define kennels like we think of them. Their definition of kennels does not include animal boarding of any kind. A kennel from the State’s standpoint as far as the licensing part goes, as he understands it, covers places where abandoned, strayed, confiscated or unwanted animals are taken. Not where someone wants to leave their pet voluntarily for a period of time to have it housed there. The end result of the conversation that Nielsen had with the people in St. Paul is there is no state license for dog boarding. Nielsen stated the Willhite property is zoned R1 and not designed for the type of dog boarding that the Willhites are contemplating doing. It is not considered a home occupation because the zoning law states animal hospitals and the maintenance of animals is not considered a home occupation. The grooming business may be different as they are not going to have animals there for a lengthy period of time and would not need a variance for that. Nielsen stated there they cannot get a special use permit or variance to accept them from the type of uses permitted in any zone. Nielsen stated that he has discussed this with Votca and B1 allows for an animal or pet hospital but it also states that you can ask for a special use for a business similar to that and keeping animals for a period of time resembles a pet or animal hospital where animals are kept for a period of time. B2 allows for animal or pet shops for retail sale and a shop like that keeps animals for a period of time and can also for a special use in that zone also. Stobb stated the Willhite property is close to a R2 area, would this be allowed in a R2 zone. Nielsen stated that it would not be allowed there. Mayor Peterson stated there are horses boarded in that area. Nielsen does not know how it got to be that way and may be have been grandfathered in. Nielsen stated the only way it can be done is completely revising the zoning ordinance to allow those uses in R1 and R2 and there is no variances or special use permits that can be granted. Nielsen felt they could have this type of business in an industrial zone. Snyder stated that if they listed it as a special use in that zone, anyone wanting to do something of that manner would have to come to the Council for permission. Nielsen stated that what is going to have to happen at some point and time because they are just adding to the long list of zoning issues and another thing that should be looked at there is a significant difference in his mind between a 50x100 foot in town that has an old house on it versus property in the country several acres versus a property across from the high school that is 5 acres and have the same limitations that are associated with it. Nielsen feels the Planning Commission should look at changing the zoning ordinance and giving those that have spent money for a bigger yard and bigger properties and have neighbors further away as to what they have paid their money for. Snyder also felt this is something that needs to be done because when there is a business that is needed, and it can’t be done. Stobb asked if this should be referred to the Planning Commission and they could have a public hearing to see if there are objections from the neighbors in that area and if not, they could start to put the steps in as a special use. Nielsen would look at having the Planning Commission look at all the properties and is it worth changing the zoning ordinance to make permitted use on larger lots a

little more liberal on big lots that are on the outside edge of town. If they are agreeable to them and then look at specific areas of what can and cannot be done. Mayor Peterson said they can move this to the Planning Commission with a time limit to bring back to the Council to be acted on. It was the consensus of the Council to refer this to the Planning Commission and give an update the last Council meeting in October.

Votca stated that he, Stobb and Ferrazzano had another negotiation meeting with Sanford regarding the sale of the hospital. The Financial Overview showed there was \$916,284.32 in the Tracy Medical Center Trust Fund, \$356,679.99 in the Tracy Medical Center Improvement Fund with a total from both funds at \$1,272,964.31. Most of this comes from lease payments from the hospital and also some of the funds were from purchasing equipment by the hospital when they moved into the building. Votca said they have a receivable owed to Tracy by Sanford for \$545,605.33 as of December 2014. This was for the clinic renovations and is part of the monthly lease payment. There is money owed to Sanford for \$32,294.08 as of December 2014. This was to pay off a bond that Sanford helped Tracy with. Votca said there was a category of costs for Capital Improvements have made and will make according to the current lease. Over the time period from 2007 to 2014 they have had about \$1,529, 883.69 that was spent on capital improvement projects to the hospital. Through the next 10 years based on an assessment conducted by Sanford and verified by the City of Tracy there is about a \$1,969,000 price to make improvements to the hospital over those years. Sanford presented a draft contract to the City of Tracy at the July Hospital Board Meeting on July 16, 2014 and outlined the plan for exchanges of money. On July 28 the Council agreed to make the following offer where the City of Tracy would use their \$1.2 million as the amount of money for the deal and would take a certain portion of that money to retire our debt and pay Sanford the rest of the money and that would be the purchase amount. At the August Hospital Board Meeting Sanford gave Tracy two offers.

Offer #1: Tracy gives Sanford \$1 million to be used for Capital Improvements. A fund of \$200,000 from the current \$1.2 million and the Council would have the discretion to use the \$200,000 for any health related items locally. That would include Health Fair, Scholarships, or some education at the High School. Sanford would pay back to Tracy \$250,000 of the \$545,605.33 they are repaying for the clinic improvements and Tracy would forgive the rest of the debt at \$295,605.33. Tracy's debt of the \$32,294.08 would be forgiven.

Offer #2: Tracy gives Sanford \$900,000 for Capital Improvements. Tracy maintains \$300,000 as an unrestricted fund to be used as see fit by the City Council. Sanford's debt of \$545,605.33 is forgiven by Tracy. Tracy's debt of \$32,294.08 is forgiven.

Ferrazzano stated they had other discussions about what Tracy could respond with but he stated that wanted to get the Council's feeling of what they wanted to proceed with. They do have another option but will explain it after discussion of the two offers. Ferrazzano felt it was important to emphasize to the public what it cost the City for the Capital Improvements for the hospital and why it is important to have those facts out there from 2007 to 2014 the City spent \$1.5 million. Based on the assessments that have been done, in the next 10 years Tracy will need to spend another \$1.9 million. Nielsen said that according to the list, some of those improvements were on Sanford's side of the ledger and most was uncertain based on the language in the current division of responsibility in the lease. Stobb stated that looking through the list the large majority would be Capital Improvements that the City would be responsible for. Mayor Peterson felt they have a product they can work with. Ferrazzano asked of the two offers, which one the Council would be inclined to choose. Mayor Peterson would choose Option #2 because it gives the City flexibility. Snyder stated Option #1 would give the City the \$200,000 account for something medical and health related and then \$250,000 that would be unrestricted. Stobb said that with either of the options there would be a commitment from Sanford that whatever of Tracy's moneys they assumed they would be used for the Tracy hospital and not someplace else. Ferrazzano said they would discuss how many years they would request commitment from Sanford. Votca stated they would also discuss re-acquisition of the hospital. Stobb stated their primary interest is to keep that as a hospital and if Sanford chooses to leave, they could turn it over to someone else to run as a hospital. If there is no one to take it over as a hospital, then Tracy would have that right of first refusal. Ferrazzano stated that if they enter into either of the two options or the third one they would talk to the Council about and as soon as they enter into one of the agreement, the lease would end and Sanford would take immediate

ownership. There is emphasis on both parties to get this done by the end of the year. Stobb said their initial to Tracy talked about extending the present lease for another five years before the title would change hands. They would rather not do this as during that time span, there is more capital improvement issues coming up that Tracy could be financially responsible for. Ferrazzano said there were steps after a certain period of time but would rather pursue what they are doing now. Snyder agreed with either option but his preference would be Option #1.

Votca stated he came up with an idea that if they went with either option there is some portion of what they forgive to Sanford to go towards improvements to the Tracy hospital. So then Tracy would get \$1 million on the second option going towards the Tracy hospital. It shows a commitment from Sanford to the community of Tracy. Mayor Peterson stated he would be in favor of either option and if they could work in what Votca had to say would be fine.

Ferrazzano said they would go back to Sanford with Option #1 but would like from Sanford is Capital Improvements of \$1.2 million. This would mean the \$1 million Tracy would be given and the \$295,000 that is forgiven. It was the consensus of the Council to move forward with this.

EDA has requested an explanation of the maintenance ordinance and inspection and legal process. Gervais stated at the last EDA meeting talked about rehabilitation and dilapidated properties and tax forfeited properties. This discussed how they can prevent those and cure what they currently have. Daniels was invited to the meeting to talk about his role as building inspector and reviewing those properties and the process. Gervais met with Votca, Nielsen and Daniels met last week to discuss this process. They wanted to discuss this with the Council to see if there are ways to prevent future properties from this and how to clean up the town. Votca stated there was confusion at the EDA meeting on exactly how the property maintenance code works. Votca stated the maintenance code is for the safety of a property. It makes sure there are utilities in the residence; repairs have been done to the exterior and interior of the residence. Daniels is the building official and can enforce that code. If there is a complaint, Daniels will inspect the property and determine if it meets the property maintenance code or not. If it does not meet code, he will write up that property and explain to the property owner the deficiencies, how long they have to rectify the situation and get their property up to this standard. Votca stated for the most part it can work to get the property to put siding on or fix the property based on that code. If they do not comply it then becomes a legal matter and can go before a judge and it can be a misdemeanor crime and that sometimes is settled out of court between Nielsen and the resident's attorney and a plan is defined to get the property maintained. Sometimes the property is not repaired and it becomes a conviction and a fine. At the EDA meeting they discussed discretion on prosecution and there are not cases that Nielsen decides not to prosecute. Votca said the other side of it there is a statute that goes into properties that if they are abandoned and become a health hazard or dangerous property there is another way to pursue getting rid of that property. He feels the City has done a good job and there are properties here and there that get out of control.

Gervais stated that one thing they have done in the past is acquiring tax forfeited properties. He spoke with Dean Champine and he stated once the property was tax forfeited it become property of the state and the County manages the property and their option to sell the property. After talking with Champine if they continue to acquire the properties it would be beneficial to do a cost share on removing those properties so it does not all fall back on the City. The EDA is in the process of trying to sell those vacant lots around town. Is there an incentive for neighbor's to buy that property. They look at it if they purchase the property and there is a street assessment how it would impact them. If it is tax forfeited and it becomes a hazard, they should be approaching the County and made aware, as technically it is state property. Ferrazzano asked if the tax forfeited properties were listed on the City website. He suggested that the ones the City owns now be listed and show a picture on the City website. He also suggested those owned by the State be listed on the City website to make residents aware of what is available.

B. Chukuske, Vice Chairman of the EDA stated the real issue that came to their attention with the maintenance ordinance does not seem to be enforced fairly around town and it came to their attention that was at the discretion of the City Attorney whether or not that gets prosecuted. Is it a pick and choose or when they get written up by the police department or through the building

inspector and the maintenance items do not get taken care of, do they all get handled the same way or is there discretion involved by the City Attorney. Stobb stated that has never been discussed by the Council if they go forward or not, but his assumption is that if the owner is not compliant with what he is directed to do then it would go forward to the next step. Nielsen stated the Council does not have the authority to tell him this person must be prosecuted. Nielsen said that he cannot recall any cases that have been referred to him by the building inspector where he decided not to prosecute because it was not bad enough. Votca stated if there is not enough evidence, they cannot prosecute.

S. Beierman is still at a loss that there are four properties that do not seem to be going anyway for years. There is one at 360 Emory. Nielsen stated that has never been referred to him for prosecution as a property maintenance code violation but has prosecuted several times for public nuisances and there have been criminal prosecutions and the last one the judge told him he had to fix up his property as soon as possible and it was not done. Beierman stated they are asking as to what happens now. Nielsen stated that if the person is prosecuted that is the end of that particular issue. If he receives another report from the building inspector that the property is still defective in some way or the time lines have been exceeded then he would present it for further prosecution. He has not received that. Beierman asked so them that are citizens then need to contact Daniels or the Police Department or both. Nielsen stated they then need to do their part and then contact him. Nuisances are similar but the Police Department does that and those are not normally related to the structure itself and are related to trash in the yard or unlicensed vehicles and things that are on the property and not related to the house structure itself. Daniels and his Assistant has all the knowledge how buildings are supposed to be built and if they are good or not. The Police Department does not have that expertise built in to what they do. Beierman stated another one is the Peterson residence on 3rd and Emory that is all boarded up. Nielsen stated that he and the Daniels have discussed that property on several occasions. Votca said they are taking action now to declare it as a hazardous structure. Nielsen stated there is a guessing game with these properties, There is no reason for prospect that the owner putting one more dollar into that property to fix it. Nielsen stated they make a judgment call as to what the condition of the property is. If the owner is prosecuted and fined, the house is still going to be there. This property would be a hazardous and they would need to get direction from the court to be able to tear down the property and that has its own set of considerations such as costing a lot of money to tear it down. The defense for those that need repairs is there is a property worse than theirs and what is being done about them. The ones that are worse are so bad there is not much that can be done with them. Sometimes the property that is not the worse one is still the one you want to zero in on with the property maintenance code because that is a property that can be fixed up or there is a chance of being fixed up and then there are not the issues of the City paying money out or the property becoming a health or safety issue. Nielsen stated those concerned there are quite a few properties in town that maybe do not look as good or safe as they should be, there has been a lot of progress that has been made also. Ferrazzano said one thing to keep in mind is that if the property has not been fixed, does not mean that it has not been to court. Ferrazzano stated that Nielsen is pursuing the cases that come to him and all he can do is get a conviction. If the property owner does not do anything, they turn into a hazardous building and then something different is done. Chukuske said that some of the homes the tenant is not the owner and they would like to see them fixed up also.

Daniels stated that some of those that he has written up are contract for deed and the one that bought it for contract for deed is gone. The seller then states he does not own it anymore. Ferrazzano felt that if someone said they sold it for contract for deed, if those payments are not made and the deed has not changed, the seller still owns it. Votca it does bring up the issue of property disputes, whether it is a state dispute or a contract for deed dispute and there are some that go abandoned. Most of the time they are just trying to get out of it and the seller does not want it back. Nielsen stated the seller is still responsible for the property and most of the time they do not want it back. Mayor Peterson asked for any other questions regarding this issue.

The Consent Calendar consists of: Municipal Account Payable, EDA minutes for August 1, 2014, Library Board Minutes for July 3, 2014 and Cemetery Commission minutes for July 17, 2014. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca tried to provide a snapshot of what the levy amounts look like after the request from the Department Heads last meeting and worked over the last two weeks on the revenues. The levy is a little high in his opinion so there is work that needs to be done. Votca stated they need to refine revenues a little bit but for the most part the expenditures will have to be reduced on some items. They included the street light thing and would like to give the Department Heads to make some recommendations and see if we can get where we need to be. The preliminary levy can be set on September 8, 2014 but does not have to be set by September 15, 2014 this year and can go all the way to September 30, 2014. If it is not where the City needs to be, they can set it at the next meeting after. Stobb stated they had some big ticket items such as the roof on the fire department and the airport lights etc. He wondered if rather than levying for it all at once, are they large enough to bond for them and spread it out over time. Votca said that possibly they could take a hit in the fund balance of those accounts and finance them over time through the City's own reserves. He stated he laid out the roof of the fire department that way, although depending on the sale of the hospital maybe there will not be that big amount of money to do that anymore. Votca stated they need to lie out and see if they can do changing out of all the street lights for the City at one time. Votca stated they did work on getting the amount needed for the Aquatic Center. Those amounts are not what they are levy amounts but the transfer amounts from the General Fund to the funds of Multi-Purpose Center, Aquatic Center and Cemetery. Those are the areas where they could adjust numbers pretty easily. There are also adjustments that can be made in the Fire Department also. Votca stated they are going to have to make a decision about the airport if they want to do the project. If the entitlements are not used unless you can work a deal with another airport and they would pay Tracy back. He is not sure if the project will cost the whole entitlements to do the project. They want the cost of the improvements to a reasonable level. Snyder stated that since he has been on the Council they have tried to keep the levy down over the years and maybe that has hurt a bit. Mayor Peterson stated the fund balance shows that. Snyder felt they have trimmed over the years and now it is to the point where they cannot get back down to the numbers they are used to. Votca stated just because the levy goes up 30% does not mean the residents taxes will go up. He wants to work with Ehlers what there is for the proposal and what impact this will have on the residents taxes. If the resident is assessed higher that is independent of what the City does.

Votca stated they can set the levy a little higher than what they want to be and work down in December. Snyder stated that looking through the Department's request, there is nobody asking for anything extravagant, it is the reality of it. Mayor Peterson stated there are couple big projects and feels the roof on the Fire Department whether it is done next year or the year after that. Also the roof on the Liquor Store has to be repaired. Mayor Peterson does not feel the cost of the project at the airport will be that high but it is nice to have that number in there and that can always go back to the General Fund. Votca wanted to make the revenues as conservative as possible and the expenditures are as realistic as possible and he does not want the fund balance to go down. Snyder said they should have the final numbers of the Aquatic Center by the next couple meeting. Votca said they have made some savings there with wages. Revenue wise it was about on budget. Stobb was thinking that maybe postpone the lighting. Votca would check to see if the City would still be eligible for the program.

Stobb asked if the Internet was put back in the Multi-Purpose Center. Votca stated it will not affect the budget that much to put it in there. Stobb said he heard some reasons it should be put back in and does not feel the Board realized the LSS uses the internet for record keeping and ordering. Votca stated LSS pays the City about \$1,200 for rental per year. LSS has a lot of equipment in the Multi-Purpose Center that the City is allowed to use.

Mayor Peterson stated the City Administrator, Public Works, Police Department and others have taken the ALS ice bucket challenge. Maria Schleppeback gave him an ice bucket and in that I challenged everyone on the Council to do the challenge.

Votca stated the bid openings for the 4th Street Project will be September 4, 2014. He heard from Chris Larson that they have had numerous inquiries about the specs and different things and is assuming they will get a good number of responses. The Council will decide on September 8 if they are going to accept any of the bids.

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

September 8, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 8, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Alex Chalmers of 425 6th Street stated he had received a letter stating that he had 10 days to repair his sidewalk. He said the curb stop needs to be repaired before that as it sticks out of the ground and is higher than the level of the sidewalk. Votca stated that he will contact Public Works about this. Chalmers will be allowed more time to get his sidewalk repaired.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for August 25, 2014. All voted in favor of the motion.

An addition to the agenda was a closed session for annual review of M. Votca. Motion by Enderson, seconded by Stobb to approve the agenda as amended. All voted in favor of the motion.

Votca stated that bids were received and opened on September 4, 2014 for the CSAH 11 (4th Street) and Morgan Street Improvement projects. Bids included were:

Duininck Construction, Prinsburg, MN -	\$2,664,079.73
Quam Construction, Marshall, MN.	\$3,190,700.10
H&W Contracting, Sioux Falls, SD	\$3,271,195.60

The apparent low bidder was Duininck Construction of Prinsburg, MN. The Engineer's estimate for the project was approximately \$3.3M. Larson stated that all bids were verified for accuracy and the abstract provided represents the correct arithmetic for those bid. Larson stated in his memo that Duininck Construction is a reputable company capable of performing this work. ISG recommends awarding the contract to Duininck Construction for the amount of \$2,664,079.73, contingent upon receipt of all appropriate paperwork. Votca stated there is a resolution included if the Council wishes to adopt. They do not have the contract documents at this time and if the Council wishes they can wait for that. Mayor Peterson felt it better to wait for the contract before adopting the resolution.

Motion by Ferrazzano, seconded by Snyder to accept the bid from Duininck Construction at \$2,664,079.73 for the CSAH 11 (4th Street) and Morgan Street Improvement Projects and adopt Resolution 2014-28 A Resolution Accepting Bid on the contingency that they receive an acceptable contract between the City and Duininck Construction to do the project. All voted in favor of the motion. Votca stated the resolution will have to be changed that the Mayor and Clerk can enter the attached contract and will be changed to read that the contract will be approved by the City Council.

Votca stated he received a letter regarding Charter Communications is going to enter agreement to purchase Comcast's cable systems inside Minnesota. Moss and Barnett sent a letter advising the City about the example resolution that Charter provided could waive some of their liability they have with the franchise agreement in the future. There is the option to reword the resolution or if use Moss and Barnett to negotiate for us. Moss and Barnett did it with Clarity and they got the fees picked up by the cable company. Votca feels they are remaining the same company and as long as there is no additional changes to the franchise agreement which will be renegotiated. The City does have 120 days to make their decision, Stobb felt they should use Moss and Barnett and let them negotiate and if there are liabilities, they can be taken care of. Votca will let Moss and Barnett know that they should take care of negotiating this agreement.

Votca receive four quotes from Tracy Insurance Agency regarding liability coverage for the airport.

The quotes are as follows:

Current Carrier: Phoenix Aviation Manager	\$1,575.00
STARR	\$1,162.00
QBE	\$1,381.00
USSIC	\$1,665.00

Votca recommended that they go with STARR, because it is the lowest price and has the same coverage as the other quotes. Gregg Carlson made a recommendation that the medical expense of \$1,000 might be a little low and if they went to \$5,000 it would be an increase of \$600 for STARR to cover that. Stobb agreed that medical does seem low. Votca felt they should stay where they are at this time and if they want to check on it next time that could be done. Nielsen feels the \$1000 comes in where there are no fault issues. Motion by Stobb, seconded by Ferrazzano to accept the bid from STARR insurance for the airport liability. All voted in favor of the motion.

Votca stated there is a resolution provided by Moss and Barnett and information provided by Clarity and WOW for the cable franchise. Moss and Barnett did not find any issues on review and have recommended the City of Tracy approve the request and continue the franchise agreement that will be expiring this year and they would extend it for another year so the new company can get ready to renew the franchise again.

Aaron Boyce on behalf of Clarity Telecom, LLC stated they are excited to be in the area and the management team has been together 20-25 years and have a lot of experience in rural broadband cable providing. They are going to close the agreement the end of this month. There will not be any differences in service until around the first of February when they will transition into the Clarity brand and introduce new products. Ferrazzano stated that one thing residents are concerned about is having a local office and wondering if they are still going to have a local office here. Aaron Boyce stated there is no intention of closing any of the offices in any of the towns where there is an existing office. Votca stated the franchise agreement states they have to have an office here with some hours. Boyce stated they will be increasing the internet speeds and offer a home DVR solution. In the DVR there is a central brain to the cable box and the DVR will connect to smaller devices in other rooms of the home and then can watch recorded programming in any room in the house. Mayor Peterson asked if it will be necessary to have a cable box with all the upgrades. Boyce stated they are going to offer a DTA box and it would cost about \$.99 and in the area where he lives in Missouri, Charter recently rolled out an all-digital platform but do not offer DTAs. Stobb stated that one thing they hear from the public is the reception of the City Council and that the quality sometimes is not very good. Mayor Peterson stated this is the first recorded meeting since the customers got their digital boxes. Boyce stated they will still have their call center in Sioux Falls, SD which is a great facility.

Motion by Snyder, seconded by Ferrazzano to adopt Resolution No. 2014-26 approving the Proposed Transfer of the Cable Franchise Currently Held by Knology, Inc. All voted in favor of the motion.

Votca stated the County asked if the City had any preference with four properties in the City. He and Gervais reviewed this and agreed there is no City use for any of the properties on the forfeited list this year. He said the thing to do would be to let the County sell the properties. Nielsen stated there is one that should probably be looked at again on Blk 47 Second Railway Addition that has to be on the west side of town and the others are on the east side of town. Nielsen stated it would be the County's responsibility to check into this before they sell it. Motion by Stobb, seconded by Ferrazzano to adopt Resolution No. 2014-27 A Resolution Authorizing Lyon County to Sell Forfeited Properties. All voted in favor of the motion.

The Consent Calendar consists of Municipal Accounts Payable, Municipal Accounts Receivable, Planning Commission Minutes for August 4, 2014 and Tracy Relief Association Minutes for August 4, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar.

Votca stated that work has been done on the budget the past two weeks. They basically looked at hours and payroll to see where employees have been spending their time so it could be divided. They moved some of the payroll into water and sewer departments as they have not been fully charging them for the work that gets done in there. This means less wages coming out of the General Fund. In the new estimate that Votca put together they removed the street lighting as that does not fit in there right now. He also reduced the amount for airport improvements as he does not feel they are going to spend their full allotment on the airport right now. They would probably end of spending \$250,000 to \$300,000 if a project was done next year. Votca stated he has not gotten the levy down to where the City needs to be yet, but the preliminary levy does not need to be approved until the next meeting. The new state law states it does not need to be adopted by September 30, 2014. Votca stated that he and Daniels are working on some things with different departments to see if there are some more adjustments that can be made in Public Works and other Department Heads are working on some things also. They would like to get the levy down to at least 10% if possible. This will only make the increase to the homeowner a smaller amount than that. Votca stated they are about \$100,000 away from the General Fund side to get where it needs to be. Votca stated there is \$80,000 going toward permanent improvement so there is some adjustable money there also.

Votca stated that Ehlers have been contacted with the bids for the street project. They will be at the next meeting to present some numbers on the bonds. They will need to get the timing down and see what Ehlers thinks what the City needs to do. They have run the initial numbers from the engineers and are aware of what is going on. Jack Fey is coming this week to get involved with the hospital sale.

There is some information from the Southwest Regional Development Commission and also regarding the fall clean up. Votca will start the advertising for the fall clean-up this week and the clean-up will be held in two weeks.

Mayor Peterson thanked the Fire Department, Public Works Department and the Police Department for all the extra hours over the Box Car Day weekend. He also thanked the Tracy Area Chamber.

Motion by Enderson, seconded by Ferrazzano to adjourn the regular meeting at 7:15 pm to go into closed session to hold an employee evaluation. All voted in favor of the motion.

September 22, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, September 22, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Snyder, seconded by Ferrazzano to approve the minutes for September 8, 2014. All voted in favor of the motion.

An addition to the agenda was 8-B Appointment to the HRA Board. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Joe Gimse from Bollig Engineering presented an update on the Airport Project. There were estimates from Bollig presented for review. Gimse said they met with the Airport Commission to set priorities. The three highest priorities included: #1 terminal apron reconstruction. The issues are some sloping issues and the water is draining the AD building and hangar area. The asphalt is not standing up very well. There is some dipping around the catch basins and some hazardous situations for potential for prop strikes by the fuel station and the north side of the hangar. Priority #2 was the vintage runway lighting system is not adequate. There is difficulty with repair. Priorities #3 was reconstruction of the taxiway between the runway and the apron and not only have it reconstructed but also widened. This would be so that it would not become a pinch point when you have multiple aircraft on the field and also allows a run up area on the north side of the runway there. Priority #4 was some taxiway lighting. There is quite a bit of concern when landing on the grass strip, coming out of the northeast to the southwest and when they taxi off that there is the possibility of dipping into the squall and possibly prop strike there also. Those were the four priorities they worked on and the airport was toured with Paul Jerrick and Mike Beard who is going to be the Airport Business Development Specialist and very knowledgeable and has been a pilot for forty years, served as Transportation Chair in the Mn. House and also the lead on transportation for the other 12 years he was in the Legislature. The hangars were inspected and found the narrow space for the tail to go in them would be something they need to probably do something with because of the width of the tail of the newer aircraft being wider than the older ones. Gimse stated that over time they will probably need to adjust some of these priorities as the need is identified. One of the things that is not on the list that could be a priority and will find out for sure when they meet with FAA and MnDOT Aeronautics is the requirement for an Airport Layout Plan prior to taking on some of these projects. Gimse said that Votca has the information to update the CIP so FAA and MnDOT can look at that and gauge after the meeting the priorities they want to set for the dollars they have. Gimse stated that one of the key pieces to being re-certified as a basic airport on the national plan is to have ten aircraft that are registered on the field. An inventory of the aircraft on the field is needed. Votca will be sending a letter or card with the next hangar billing and ask the renters to send in their N numbers and get an actual accounting of aircraft on the field. Once there are the ten aircraft on the field apply for the basis airport status again. There are other justifications such as the medical use with the doctors flying in and the crop dusting. Votca stated that they know how to report now and know what counts as an aircraft. Each engine of an aircraft actually counts so an aircraft with two engines counts as two aircraft. Gimse stated another thing that came up was flying, Beard noticed he was 3-5 miles out and could barely hear the reporting of the weather at the Tracy Airport. This should beam out about 20 miles. Votca stated the State is responsible and will work with them to see what can be done to make that better.

Mayor Peterson asked the logic separating the priorities one and three. Gimse said it was money and accessibility to the entitlement program. The City has about \$450,000 in the entitlement account and getting back what the City has loaned to other airports to keep the projects moving. Votca stated it helps the budget and keep the levy down and spending the whole \$100,000 at one time. Mayor Peterson stated he was looking at the mobilization costs if there could be savings. Gimse stated the one thing in talking with FAA MnDOT, the legislature over the past couple

years has returned money that was taken from the airport fund to balance the budget and took about \$15 million from there. They have returned that now and over the next two to three years they are going to want to spend that down so they do not have that pot of money. Votca stated there might be some big projects that they will fund on airports and that could work out to the City's advantage. Gimse stated they have been asking airports that have projects underway and if Tracy would be shovel ready to go with the taxiway and runway projects at that same time, the could be contacted to see what they say about this. They may say go ahead with the project.

Chris Larson from I&S Engineering spoke with Duininck's Project Manager today and does not sound like this plan on doing anything this year and do not want to mobilize to start something. The completion date will be early August to make sure this is done before Box Car Days. Nielsen is reviewing the contracts and will be getting those out to the contractors soon.

Chris Larson said from the Wastewater Project was submitted to RD and waiting to hear back from FAA and I&S is appealing their position of the location of the ponds within the setback. Hopefully they can get RD to concur with the stabilization pond and the exact location is still dependent on FAA's stands and how hard I&S can push back on that if necessary.

Larson stated there is some chipping on the water tower and they have contacted the contractor for that project and they were going to come back sometime this summer and he checked with them this morning but has not heard from them yet. This is warranty work to repair a few spots that chipped off. It is on the base cone.

Val Quist, Head Librarian reported they are still working on re-establishing story time and finding what works to draw people in. She would like to look at options for bringing story time out into the community such as daycares. On October 21 at 5:30 pm they will be hosting "Read for the Record" which is a program sponsored by the United Way. This program will feature the book "Bunny Tracks" and the library will receive a free copy of the book. Quist was able to attend the Plum Creek directors' advisory council meeting last week. She got a lot of ideas and was able to meet with other librarians and Plum Creek Staff. She will plan to attend these meetings regularly. Plum Creek is celebrating their 40th Anniversary and having a reception in Worthington on September 25th. Quist stated this is "Banned Books Week" and there is a display at the library promoting the right to read and featuring frequently challenged books. The library received a \$100 grant for "Teen Read Week" in October and she is planning to use the theme "Page to Screen". Quist has applied for a Legacy Grant so they can host author Brian Freeman next spring. Freeman is a MN author and all his books are in the library and will be promoting them between now and April. The Friends of the Library continue to work toward 501(c)3 status. They are planning some fund raising events for the holiday season. The book sale is ongoing in the library basement and is open during regular library hours. The group is also seeking more members and anyone interested can sign up at the library. Quist stated they are working more on collecting fines for lost materials and overdue. Nielsen is helping them with that. There were some water issues a couple weeks ago and the water was not draining properly from the roof. Public Works found the roof access and got it cleaned out and is working well now. They may have to look at some tuck pointing in the back that has worn away with the water. Votca stated the Morgan Street side is deteriorating in some spots and this will have to be repaired.

Shane Daniels, Public Works Director asked if there were any questions regarding his written. He stated they got the fire hydrant installed on South and Center and got most of the catch basin installed today. Daniels stated that last winter they had a snow truck problem. There is an estate sale coming up that has a couple snow trucks. The one has an almost new box on it and would like the Council to approve \$6,500 to purchase this truck. If they cannot purchase one at least a newer box for the one they have. Motion by Stobb, seconded by Snyder to approve \$6,500 for the purchase of a snow truck. Daniels stated he will keep the Council updated regarding the mower and would like to purchase something in early spring and there are quite a few good used ones right now. All voted in favor of the previous motion.

Mayor Peterson stated the Liquor Store report and the Police Department report is included in the packets.

Michael Votca, City Administrator stated MnDOT Aviation is holding a construction meeting in Redwood Falls on September 26. In preparation a walk-through of the airport was done with Bollig Engineering last week. MN Energy Resources has a program for businesses to install programmable thermostats. These were installed in the Municipal Building, VMC, Liquor Store and Public Works shop. It was zero cost to the City. The also put in some low flow aerators on sink taps to help on heating water. Votca stated they got the RFP for the GESP program. The first site visit will be October 8, 2014. The energy savings companies will come here and go through the city buildings. After that the committee of himself, Snyder, Stobb, Daniels and Gervais and go through the proposals and make recommendations which group would be the best fit for the city based on the criteria that is evaluated. Votca said the League of MN Cities is holding a regional meeting at the Granite Falls Community Center on October 21. If any members of the Council are interested he will register them for the event. The Planning and Zoning Board has been directed to go forward and revise the zoning code. On October 6 they will meet and review the ordinance and determine what items need to be revised. They will let the Council know which items they should go after and start the discussion from there.

Robert Gervais, EDA Director reported at the Family Dollar store site they have been pouring concrete. Dollar General is waiting on some paperwork before they move forward with that project. The Small Cities program continues to move forward. He received an e-mail there were nine applications that are being certified at this time. If there is anyone in the target areas that has not turned in an application and would like to, he has some applications in his office.

Gervais stated in the Council packet there is information on three new programs the EDA is going to be starting. One is a Residential Rehab Incentive Program. These programs are for the purpose of enhancing Tracy. The Residential Rehab Program is a way to rebate money on increased property tax. If the property tax was \$1,000 and a home is fixed up with new windows, construct an addition, re-shingle and the taxes increase to \$1,600. The EDA will refund the homeowner the \$600 increase the first year, the second year they will refund \$400 and the third year will do \$200 and the fourth year would be the responsibility of the homeowner. This could be used for rental properties also. Another program the EDA will be initiating is the Residential Rebate Program. This is for new housing. On the Guideline there is an Estimated Market Value Rebate. If someone built a \$176,000 house in Tracy the EDA would rebate that person \$8,250. In the past the EDA was selling lots for \$9,000 with a \$1,000 rebate. They are looking at keeping the lot prices up but on the backside, rebating the money once the home is built. Gervais explained on the commercial side a program so if a business owner wanted to do something with the building they would do a one to one match up to \$5,000 and for the owner's responsibility over the \$5,000 from the EDA would be a 1.625% loan up to three years. Hopefully these programs will entice residents and make Tracy better. Gervais will be putting together some information packets and get on the website as well. Stobb stated he liked the programs and questioned where the source of funding would come from. Gervais stated they would use the Revolving Loan Fund and if they started the Residential Rehab the taxes will not take effect until 2016. On the building program they would rebate the larger portion and could use the Revolving Loan Fund or money from O'Brien Court. On the Commercial side they can use the Revolving Loan fund money for that. Votca stated the EDA Reserve fund is about \$100,00+. Gervais stated that if they run out of funds, it can be cut off for a period of time to allow that fund to build up again.

Votca stated that B & C Plumbing and Heating, Inc. has applied for a plumber's license. They are the company working on the Family Dollar store. Motion by Stobb, seconded by Ferrazzano to approve a plumber's license for B & C Plumbing and Heating, Inc. contingent on payment of fees. All voted in favor of the motion.

There is one applicant for the opening on the HRA Board. This applicant is Claire Hannasch. Votca stated they have advertised for two weeks for this position and Hannasch is the only one that applied. Motion by Ferrazzano, seconded by Snyder to appoint Claire Hannasch to the HRA Board. All voted in favor of the motion.

Votca stated the Tracy Area Schools has approved the lease for the VMC that the City has sent to them. The payment for the lease is \$17,500 due August 31, 2014 and August 31, 2015. The added the stipulation of what groups fall under the \$17,500 leave payment. Motion by Stobb,

seconded by Ferrazzano to approve the lease for the VMC by the Tracy Area Schools. All voted in favor of the motion.

Votca said they have negotiated the price of the sale of the hospital to Sanford. He listed the items that need to be addressed and Nielsen has also written up some language for some of these clauses. Votca wanted to bring up these five items that he feels need to be discussed and see where the Council feels we need to move forward. Ferrazzano felt they should specify that they would like to continue a community advisory board. Votca stated it will be like an advisory type board and would not have any say as to the operation of the hospital, but they could provide input from the community on what they would like to see. Ferrazzano felt Sanford should stay in Tracy for 10 years and they maintain the level of health care services they currently have. Nielsen drafted a clause that states they need to maintain the facility for 10 years and if they try to sell it, The City shall have the right to retake possession of the property. Votca stated that if they provide a service that is obsolete, they want them to provide the best medical care with an emergency room where patients can come to. Stobb asked if there was anything that would allow Sanford to drop a service if not economically profitable to them. Nielsen stated there are a couple sentences in the clauses if it has been for a period of time before they want to drop it that it is not economically feasible and there are no reasonable measures they could take to make it feasible.

Votca stated that Nielsen is still working on a clause regarding the transfer of the funds. Ferrazzano feels that what they are saying is that if there is a CD that matures on May 2015 that is when the funds would be transferred the funds. Nielsen feels the way is to say in the agreement the City will designate or allocate "X" number of dollars and not pay them anything and then as they have improvement projects they want to complete and the funds would be designated for those types of projects then they can come to the City and get paid for that. Votca said this guarantees they put the \$1 million into the hospital. Ferrazzano asked if the Council wanted them coming in all the time for projects. Votca stated that he and Nielsen discussed holding Sanford to their facility assessment. Ferrazzano stated they are basing their stuff on the assessment and if they are tied to that saying the money has to be spent designated on that assessment. Stobb asked if there is an option for an emergency thing comes up. Votca felt they should in case some bit damage happens to the exterior of the building from some emergency, the City has to respect that. Votca stated that if the Council wanted to give them more flexibility than just the assessment, they could submit their capital projects on some plan and it can be adjusted over time. Ferrazzano asked about making sure they are paying their half of the City debt for the clinic renovation and the other half was added they are not paying that the City is basically forgiving, to add it to the \$1 million.

Nielsen stated they are working on and have mentioned before, the whole property out there including 5th Street was bought at one time by the City. He discussed with Votca about a if there is a separate description for the property that O'Brien Court is on which is not going to be transferred versus the property the hospital and clinic are on which will be transferred and 5th Street East which will probably remain a street. Votca has done some research and gave him some paperwork which he has not reviewed yet which may answer some of those questions, but if it does not answer it completely they may have to have a survey done to put a line between what the City will be retaining and what they will not be retaining. The zoning ordinance may also have to be changed that states the City is not going to require setbacks and any other things that might interfere with dividing the properties. Votca said the abstract that he gave Nielsen, when the land was purchased, the City gave part of it to the EDA which is the O'Brien Court side and they did just a straight. They will have to modify that straight line so some sort of survey will needs to be done and it should be worked into the contract who would pay for the survey. Nielsen felt in the clause that is sort of a capital improvement and would come out of the money set aside. Votca stated they will need to move forward with that as the lease ends in 2017.

Nielsen stated there is a starting clause that has been provided and if Sanford wanted to sell that property during the 10 years, the City would have a chance to review that sale and step in and buy ahead of the other buyers. It gives the City some say who buys that property. If the operations out there will switch to another entity, the Council should have the chance to look at that also. If they would cease operations and nobody would be using the medical facility

consistent with terms in the agreement, Sanford would be notified they are not doing what they are supposed to be doing and need to correct this. If they do not, the City would get the property back.

Ferrazzano is in favor of the clause that they medical facilities shall contain the name “Tracy” as reflective of the fact that the people of the City of Tracy initially started the provision of medical services from the location involved. Ferrazzano asked that Votca work with Nielsen to fine tune the clauses and then send it to those who the City needs to so Sanford’s legal department look at it.

Nielsen has reviewed the Form of Agreement Between the City of Tracy and Duininck, Inc. and it talks about this contract being a cover for collectively called contract documents and there are more to it and Votca has provided him with some of that and looked at some of it, but not all of it. Votca stated the bidding documents are way longer than this contract and feels they should hold off making a decision on this until a full review is received. This Form of Agreement will be tabled to the next meeting to allow for Nielsen to review all the documents.

Votca stated he is submitting a preliminary budget with a 13% increase to the levy. He looked at the wages for administration and allocated the time spent on utility billing, office staff and public works time and utility operator. These wages were put into the water and sewer departments so that not all their wages would be from the levy and would be paying part of it with fees from the water and sewer. Some reductions were made in the General Fund and Daniels did some work on the Street Department and got some of that down over the last few weeks. One of the main moves was that he had the Permanent Improvement he had set at \$80,000 originally and put that down to \$10,000. He does not feel they would be spending that as much as Financial Management Plan says as they will be doing the 4th and Morgan Street Project and that will be paid for with bonds so will not that much money in that fund for next year. Votca stated that \$10,000 is what they have been spending the last few years in the Permanent Improvement Fund. Also he used some of the reserves in the Multi-Purpose Center and the Park Department Funds to pay the amount they would levy would be paid from their fund balance. Votca stated he got it to 13% right now and have until December 8, 2014 to make some final adjustments to the budget and feels this is a reasonable amount for the preliminary levy. It will give residents an idea of what their tax statements will be. Votca feels that some of the properties are starting to gain value again unlike years past when the tax base was starting to stay stagnant or decrease. Just because the levy is at 13% does not mean their taxes will go up 13%. Votca has provided the Council with information that explains how the taxes work. Using the Financial Management Plan briefing from Ehlers, the levy increase was 22% in their model and that cause a 14% increase to someone’s taxies for that \$90,000 home. Votca stated the 13% increase includes the \$25,000 they want to increase the General Fund. If they did not have that it would be pretty close to what they had last year.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2014-29 A RESOLUTION ADOPTING THE PROPOSED TAX LEVY. This states the following sums of money be levied for the current year, collectible in 2015, upon taxable property in the City of Tracy for the following purposes:

General Fund	\$729,184
Permanent Improvement	\$ 10,000
Debt Services	<u>\$283,694</u>
TOTAL LEVY	\$1,022,878

All voted in favor of the motion

The Consent Calendar consists of: Municipal Accounts Payable, Multi-Purpose Center Board Meeting for July 15, 2014 and August 19, 2014, Tracy Library Board Minutes for August 6, 2014 and Economic Authority Minutes for September 5, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson reminded the public of the City Clean-up scheduled for September 24 and 25.

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

October 13, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 13, 2014 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 M. Votca, City Administrator and F. Nielsen, City Attorney.

Pledge of Allegiance was given to the flag.

Motion by Ferrazzano, seconded by Snyder to approve the minutes of September 22, 2014. All voted in favor of the motion.

An addition to the agenda included 9-D Hospital Sale. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

Todd Haugen from Ehlers, Inc. presented a Pre-Sale Report for the \$2,430,000 General Obligation Improvement Bonds, Series 2014A to finance the CSAH 11 (4th Street) and Morgan Street improvements. These bonds are being issued for a 15 year term. Principal on the bonds will be due on February 1 in the years 2017 through 2031. Interest is payable every six months beginning August 1, 2015. A portion of the bond proceeds will be used to make the initial interest payments. Haugen explained that because the City is issuing less than \$10 million in the calendar year, the City will be able to designate the Bonds as “bank qualified” obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates. The City’s most recent bond issues were rated “A” by Standard & Poor’s but the City will need to request a new rating for the Bonds. Haugen stated city bond issues for water, sanitary sewer and storm water facilities are not authorized to receive credit enhancement from the State. Under current bond ratings, the state credit enhancement would bring a Standard & Poor’s “AA+” rating or Moody’s “Aa2” because the State guarantees the debt service payments on the Bonds. This would provide a significant interest cost savings. To qualify for the credit enhancement the City must submit an application and \$500 fee to the State. Ehlers will take care of the application to the State on the City’s behalf. To get the lowest interest cost to the City, we will solicit competitive bids for purchase of the Bonds from local banks in the area and also regional underwriters. Ehlers have included an allowance for discount bidding equal to 1.20% of the principal amount of the issues and this discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

Haugen said the Proposed Debt Issuance Schedule shows the approval of sale of bonds by the Council is scheduled for November 10, 2014. Because November 11 is Veteran’s Day and markets are closed, Ehlers suggested that no sales be scheduled for November 10 since they would not be able to give notification of award to the underwriters on the next day, which is Veteran’s Day. The Council can still meet on November 10 to adopt the bond resolution, but not actually consider bids and award the sale of the bonds. The bond resolution would establish a pricing committee to consider bids and award the sale of the Bonds on November 12. The pricing committee would be comprised of the Mayor and City Administrator and would be authorized and directed, with the advice of Haugen to (a) review proposals for the sale of the bonds and (b) award the sale of the Bonds to the prospective purchaser with a proposal conforming to the terms of proposal distributed by the City, including any adjustment in principal amount and offering the lowest true interest cost. Haugen stated there are no refunding opportunities at this time but will monitor the market and call dates for the City’s outstanding debt and alert the City to any future refunding opportunities. Results of the bond sale should be available by 2:00 p.m. on November 12, 2014. The Bond sale report will be presented at the last Council meeting in November to give the Community some insight into the bond sale.

Because these bonds are tax-exempt securities/tax credit securities the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. It is recommended that the City of Tracy regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist. Motion by Stobb, seconded by Snyder to have Ehlers establish an Arbitrage policy for the City and present it at the next meeting for review. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to adopt Resolution No. 2014-30, A Resolution Proving for the Sale of \$2,430,000 General Obligation Improvement Bonds, Series 2014A. This resolution authorizes Ehlers to solicit proposals for the sale of the Bonds. All voted in favor of the motion.

Motion by Anderson, seconded by Ferrazzano to adopt Resolution No. 2014-31, Resolution Authorizing the City to Enter into a Credit Enhancement Program Agreement with the Minnesota Public Facilities Authority. All voted in favor of the motion.

Chris Larson from I+S Engineering stated there have been a few revisions with the contract between the City and Duininck, Inc. for the CSAH 11 (4th Street) and Morgan Street Reconstruction. These revisions have no impact on the contract. Motion by Stobb, seconded by Anderson to approve the Agreement Between Owner and Contractor for Construction Contract (Stipulated Price). All voted in favor of the motion.

Larson reported the PER for the Wastewater Project is with Rural Development. The FAA has a new regional director and he understands the situation for the location of the wastewater ponds.

Votca said that the U.S. Department of Transportation Advisory Circular AC No. 150/5100-14D outlines the procedures for selection of a consultant engineer for FFA grant funded airport projects. If the Council wants to move forward with getting a grant funded project completed at the airport they will have to select a consultant. Votca would like authorization from the Council to advertise the attached RFG for engineering, architectural and planning services by sending it to known airport engineering firms such as SEH, Bollig and ISG as well as advertise in the Headlight Herald. The RFQs would be due for submittal on October 24, 2014 at 4:30 p.m. The Council would then select or decide to make further interviews with the firms at the October 27 City Council Meeting with interviews to be conducted at or prior to the November 10 Council meeting in order to make a selection. Grant applications for state and FAA funding are due for submittal NLT January 15, 2105. This should give the selected firm enough time to submit a grant application for the projects the City would like to complete in 2015. Motion by Stobb, seconded by Snyder to authorize Votca to advertise the RFQ for a consultant engineer for the airport projects. All voted in favor of the motion.

Gordy Kopperud from Sanford Tracy Medical Center presented three proposals for patient room window replacement at the hospital. He said that 10-12 years ago the windows were replaced but two windows on the west wing of the hospital were not as good of quality. Replacing these two sets of windows would affect three of the patient rooms. Mayor Peterson asked why this was not included on the facilities assessment. Kopperud apologized for the oversight on that. Snyder stated that his preference would be to select one of the two proposals that include completion of the whole project and not have a sub-contract do the finish work. Proposals included:

Doom & Cuypers Construction, Inc.	\$9,664.00 plus \$1,000 as per Dave Daniels Containment, mud, prep and paint.
Dru Larson Construction	\$11,850.00
Dale Johnson III Construction LLC	\$13,265.43

Motion by Ferrazzano, seconded by Snyder to accept the bid from Dru Larson Construction for \$11,850.00. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Snyder to enter into the Farm Lease agreement between the City of Tracy and the Tracy Chapter of Future Farmers of America by Paul Skoglund, Advisor. Installments of \$2,880 will be due for April 2014 and April 2015. All voted in favor of the motion. Stobb stated that one of the things that had been discussed was for the school and city to work together and maybe the FFA could do some things like shingling at Swift Lake Park in exchange for rent on that property. Votca stated the FFA is financially different than other groups.

Rezoning of the area for half block on South Street from 2nd Street to the alley of a depth of 75 feet from an R-1 to B-1. This will be put on the agenda for the next meeting. Nielsen felt that a public hearing will need to be held regarding this issue.

Votca drafted a letter to send to Randy Anderson regarding the sale of the Hospital in Tracy. The letter asked that Sanford Health draft an agreement for the sale of the Tracy Hospital and to consider the enclosed clauses that F. Nielsen has prepared for inclusion in the agreement. Ferrazzano felt this should be e-mailed before the meeting so Randy Anderson and Stacy Barstad are aware of what is included in the letter. Votca will send it tomorrow.

The Consent Calendar includes Municipal Accounts Payable, Municipal Accounts Receivable, Tracy Relief Association Minutes for September 2 and 8, 2014 and Tracy EDA minutes for September 19, 2014. Motion by Snyder, seconded by Stobb to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson read a letter of resignation from Snyder effective October 31, 2014. Motion by Stobb, seconded by Enderson to advertise the opening for Council from now till November 19, 2014 until 5:00 p.m. All voted in favor of the motion. Applications will be reviewed at the November 24, 2014 Council meeting. The Mayor and Council expressed appreciation for Snyder's service.

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

October 27, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, October 27, 2014 in the Council Chamber 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 Snyder to approve the minutes of October 13, 2014. All voted in favor of the motion.

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

There were no public comments.

V. Quist, Head Librarian stated the library held several events over MEA weekend with mixed response. Ten kids attended the movie Friday afternoon, but no attendees for the teen movie on Saturday. She is planning another movie for kids in November and would like to make this a regular event. The library has started taking story time to six daycares and will be visiting them every other week. The United Way has partnered with the Tracy Library on this program. United Way provides the materials and books, which the daycares get to keep. The Marshall-Lyon County Library board has voted to re-enter the Plum Creek Library System and work will begin to bring them back into the system. Circulation continues to be strong. In September they checked out more than 1,400 items, which is about 300 more than last year during that same period. Last week the library did sampling to see how many individuals used the library. There were 280 who used the library and they will be using this information on our annual report to State Library Services.

S. Lau, Liquor Store Manager said she has run an ad for an October sale and for the annual Halloween party which will be held on Friday, October 31. They will be serving food that will be donated. There will be a costume contest for best costume and best group costume. Gift cards will be given for first place. There will also be door prizes that will be given through-out the night and must be present to win. There will be special drink prices to anyone in costume. The Profit/Loss Statement continues to show a profit.

S. Daniels, Public Works Director reported the department has been busy with various projects. Daniels also presented a list of defective valves and hydrants in the water system. It would be more economical to make repairs when there are other projects in that area. Daniels also said that he will be sending bills to the State and McLaughlin-Schultz for work the city crew has done to clean up after the repaving of Highway 14.

R. Gervais, EDA Director report the construction of Family Dollar is moving forward. He has been asked about employment for the new store. He does not have applications and no definite opening date at this time. He has instructed those individuals to go to the Family Dollar website for any further information. The Small Cities program is progressing. There has been inspections of the units for bids. Gervais stated there are some openings yet. If there is anyone living in or near the target area should contact him for an application. There are openings in the EDA apartments and has been running an ad. Carpet has been replaced in some of the units. Gervais said the energy tour for GESP was very informative. In regards to the housing incentives program they have approved one residential rebate and the EDA will be reviewing another one at the next EDA meeting. They have also approved one commercial application. He will be attending a meeting to discuss the possible use of the Masonic building. Gervais thanked Snyder for his service on the City Council and EDA board. Nielsen asked about the solar farm they have been talking about for Tracy. Gervais said this is an Xcel project and there has been discussion on solar farms. Solar farms are low maintenance and the Tracy area is at good latitude for this solar farm.

Chris Larson, I+S Engineer reported the PER for the Wastewater Project is still with Rural Development. FAA encourages the City to continue looking for a location outside the set-back.

M. Votca, City Administrator reported the site visit for the GESP program was held on October 8, 2014. The City Staff gave a tour of the city facilities to representatives from three different ESCOs. The next step is to process and receive the ESCOs proposals on November 7, 2014. The GESP committee will review the proposals and make a recommendation to select on ESCO or to conduct interviews. Interviews are scheduled for December 4, 2014 if required. Final selection must be made prior to December 18, 2014. Since Snyder has resigned from the City Council another member must be appointed to the GESP selection committee. Ferrazzano will occupy the vacancy on the GESP committee. Votca attended the LMC Regional Meeting at the Granite Falls Community Center on October 21, 2014. He was able to bring back some lessons that could be implemented in Tracy's city operations. The Planning and Zoning Commission has started their review of zoning ordinances. The meeting scheduled for October 6 was cancelled and will not be meeting on November 3, 2014 to discuss any issues that they have found with the current ordinances. On November 24 the Commission will provide a report to the City Council with a list of items they are going to take a look at revising. The Multi-Purpose Center and Library will be participating in the Halloween parade on 3rd Street. The Multi-Purpose Center will be serving hotdogs and refreshments for all trick or treaters and their guests.

Ferrazzano stated they had a meeting with Sanford officials after the regular Hospital Board meeting. An e-mail was received last week and there did not seem to be many issues with what the City proposed. Stobb said they were looking at the balance in the Improvement Fund and the Foundation Fund. Ferrazzano said they wanted to complete the sale by the end of this year. Votca stated that he met with Stacy Barstad to make clarifications on some of the issues. Ferrazzano felt that if a response is received in the next couple weeks, they may want to meet with Sanford officials before the next Hospital Board meeting. If not, it can be addressed at the next council meeting and they can go from there. Stobb asked is a Public Hearing would be needed. Nielsen stated they may not have to have one. Ferrazzano felt it would be beneficial to have a Public Hearing to keep the community updated on the same of the hospital and also for them to make comments or suggestions. Motion by Ferrazzano, seconded by Stobb to hold a Public Hearing on November 24, 2014 at 6:45 p.m. All voted in favor of the motion.

Votca stated that four Airport Consultants Qualifications were received. Qualifications were received from Bollig Engineering, I+S Group, Bolton-Menk and TKDA. Stobb stated that he was impressed with Bollig for their interest in getting the classification issue resolved for the airport. Votca stated that Bollig Engineering, I+S Group and Bolton-Menk reached out to the City to learn about the airport and they came to the airport and also did phone interviews. TKDA did not contact the City. Enderson stated that he has no problem working with Bollig. Stobb felt they have legislative background that could help with issues relating to improvements at the airport. Motion by Enderson, seconded by Ferrazzano to approve the Airport Consultants Qualifications from Bollig Engineering. All voted in favor of the motion.

Resignations from five of the Multi-Purpose Center Board members. Votca stated an advertisement has been placed in the local newspaper. Stobb said he did not expect this after the meeting with Mayor Peterson and Votca and the Multi-Purpose Board. They thought the issues had been resolved. Votca asked the public for anyone that is willing to serve on the Multi-Purpose Center to pick up an application at the City Office.

J. Lichty, Police Chief asked if there were any questions regarding his Activity Report. He held a program, "Hidden in Plain Site". He used a bedroom scenario and where drugs or drug paraphernalia could be hidden by youths or teens. Snyder told Lichty he is doing an outstanding job with his outreach programs. Ferrazzano stated that he appreciated his presence at the school during the day.

Votca stated Lyon County will be conducting a sale of tax-forfeited property on November 7, 2014. There are four properties on the list in Tracy and since these properties are for sale by tax forfeiture the special assessments on these properties are removed. Once the property has been sold the City of Tracy may reassess these properties with the previously assessed special assessments. Doug Nackerud stated he would like to purchase the property at 101 State Street to

put up a double car garage but cannot afford the \$11,788.36 in special assessments due to removal of the house on the property and removal of a tree. Daniels stated this is not a buildable lot. Nielsen suggested that when people come and ask for assessments to be waived, they should have a plan and the City should make sure the plan is completed. Motion by Snyder, seconded by Ferrazzano to waive the assessments of \$11,788.36 on the property at 101 State Street. All voted in favor of the motion.

Nielsen stated he talked with Gervais last week as he was approached by a financing company that is doing some refinancing for a resident who owns a house that has a CDBG grant and are in the middle of the process of being forgiven. The way they approached was unique enough and Gervais questioned why they were trying to do it that way. Nielsen contacted the financing company and they have agreed to do it in a more conventional way as the City has done before with subordination. If the owners put a new mortgage on this property, the City would agree to subordinate the CDBG loan to that new mortgage. The way it was presented to him there are two mortgages ahead of the City's loan in excess of \$100,000. The owner wants to roll those two mortgages into one new mortgage that will be about \$96,000. Nielsen stated the City will be in the same position they were before and maybe a little bit better position with the one mortgage. They are asking the City to subordinate the CDBG loan so the new mortgage can continue. There is some urgency to this and Nielsen told them he would bring it to the attention of the Council and the Council would decide what how they want to handle this. Motion by Snyder, seconded by Ferrazzano to accept the subordination as explained by Nielsen. All voted in favor of the motion.

Votca stated the 2015 Lutheran Social Services site agreement was received and reviewed by Nielsen. Motca will recheck on the amount of the year fee. The present agreement states the fee is \$2,079 and the fee for the previous year was \$2,579. Nielsen felt they needed something more concrete regarding the days of the week and hours of the Nutrition Program. Motca will verify this information before signing the agreement.

The Consent Calendar contains: The Municipal Accounts Payable and Multi-Purpose Center Board Meeting for September 16, 2014. Motion by Stobb, seconded by Snyder to approve the Consent Calendar. All voted in favor of the motion.

Votca stated he did not have anything specific regarding the 2015 Budget. The staff has been working on the fee schedule and working with Ehlers on water rates. Motca said he is comfortable to where the levy is at this point but will continue to review it and make any adjustments that he can.

Les VanMeveren, candidate for Mayor asked what is being done with the Coronado Stone building. Mayor Peterson stated that it is used for storage by Running's in Marshall and CHS in Tracy. VanMeveren also questioned the availability of jobs in Tracy. Mayor Peterson stated that this is being worked on and there will be job openings at the dollar stores that are being built in the community. VanMeveren also felt the rent in Tracy is too high. Mayor Peterson explained that there is nothing the City can do about that.

Ferrazzano received a message from a resident that was concerned about the corner of Greenwood Avenue and S. 4th Street. There are vehicles parked at a business there that block the vision of drivers. The resident feels this is a dangerous corner and something needs to be done. Snyder suggested they have the police chief and his department evaluate the area.

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

November 10, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 10, 2014 in the Council Chamber of the Municipal Building. The following Council members were present, Mayor Peterson, 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 Enderson to approve the minutes of October 27, 2014. All voted in favor of the motion.

An addition to the agenda includes: 9C Defining Term Limits and Eligibility for Mayor and Council. Motion by Enderson, seconded by Stobb to approve the agenda as amended.

There were no public comments.

Ehlers, Inc. prepared the preliminary Official Statement describing the financial transaction. Votca stated this is also being distributed to potential bidders who will rely on the contents of this document in assessing the security of this issue before submitting their bid. This is for the \$2,430,000 General Obligation Improvement Bonds, Series 2014A. The proposed opening will be November 12, 2014. Votca stated that if there are not corrections or amendments Ehlers should be contacted otherwise they will use this as the statement.

Votca stated the Planning Commission met on November 3 to review and discuss Section 3.10 Building, Zoning and Land Use Regulations per the request of the City Council. The items the Commission feels that need to be reviewed are

1. Subdivision 5(D) 6. Lot Size Regulation.
2. Subdivision 5(B) with regard to legality of gardens on undeveloped lots.
3. Subdivision 2(B) 22. Home Occupations
4. Zoning allowances for Rural Residential Properties
5. Zoning regulation of fences
6. Subdivision 11(C) General Sign Provisions

The Commission has asked Votca to prioritize these items and prepare research on one or two items for them at future meetings in order to discuss possible revision of these items. Mayor Peterson asked what Votca was looking at as far as prioritizing these items. Votca stated that he has not prioritized them yet and asked the Council if they had any recommendations. Votca felt the signs and home occupations have been the ones that have recently been an issue, but he knows the gardens are affecting the sale for an EDA piece of property. Mayor Peterson felt that home occupations would be the number one thing. There have been a couple requests that they have not been able to do anything for. Mayor Peterson asked in regards to the gardening, if a vacant come up next to his property and he bought it because it was too small to build a house on and he wanted to use it as a garden and it is adjacent to what he already owns would this be prohibited. Nielsen stated that if it was adjacent it is not prohibited. Mayor Peterson asked if he bought a lot across town to buy he could not use it as a garden. Nielsen stated that technically he could not make a garden out of it. Votca stated there is only one instance with Greenwood Nursery. He knows there are stand-alone lots with gardens on them throughout the City. Mayor Peterson stated that most of the ones that he has seen are adjacent to owner's property. Nielsen stated that each of the items are inter-related. Some of the property where Greenwood is doing gardening is one large plat but not subdivided into lots. Ferrazzano also would put home occupations first also and that is the reason the ordinances are being reviewed. Votca stated the rural residential properties and lot sizes are also related to that. Nielsen felt that maybe the fences could be one of the last ones to be reviewed.

Motion by Ferrazzano, seconded by Stobb to approve the Satisfaction of Mortgage executed by Donna Ruppert as Mortgager to the City of Tracy as Mortgagee. All voted in favor of the motion.

Votca stated the Lyon County Highway Engineer, Aaron VanMoer sent the Cooperative Construction Agreement between Lyon County and The City Of Tracy For Design and Construction of CSAH #11 from US 14 to South Street. The main piece of this is the stipulation that \$600,000 of the project will be paid by Lyon County. The rest of the agreement is fairly standard. Votca stated it is up to the Council if they want to move forward with that piece to see if more funds would be available and go into negotiations with the County about that. Stobb felt the County did not discuss this with the City, the County said this is what they had. Votca stated that is what they budgeted and been in there for quite some time. He feels it would be worth discussing this with them to see if there is any ability to move that number around. Votca stated there is \$80,000 to \$90,000 that would be considered participating costs if the County followed strictly to their policy that was included with this document. Votca felt the County could be out of state funds for this project but they could be willing to use other County funds. Mayor Peterson did not feel it would hurt to ask and with discussions he has had with someone from the County that there is not any more cash out there. Nielsen stated that on Page 2 there is reference to an Exhibit B and his copy did not have Exhibit B. Nielsen stated that on Exhibit A is has a list the County made up that states as they get involved in projects, this is the guidelines and what the County will pay for certain things in certain kinds of projects. Nielsen said that in several of those types of work, by negotiation by County Engineer it leaves it open and does not have a firm amount. He feels that the Exhibit B may have been intended to lock in some of those numbers for some of those negotiable things. He is hesitant to sign an agreement that references an exhibit and there is not one to look at. Nielsen felt that should be clarified with the County. Nielsen stated there were typographical errors on Page, Paragraph D, Line 3 should read “or related to the City’s”. On Page 4 at the top, Line 4 should read, the “County City and involve...” Votca will verify these changes with the County. Stobb suggested that before Votca does that he should check with Chris Larson because he has talked about this somewhat and could be good for him to contact them.

Mayor Peterson stated that he has been asked numerous times whether or not term limits were in place. He asked Votca for a better definition as to what the term limits are. Votca said the Charter states that no Mayor or Council person shall serve for more than three consecutive terms and does not indicate anything else. Nielsen felt that if he knew more of what the questions is. Does it apply together or separately between a Mayor and Council person. Mayor Peterson is the term 12 years based on position. Nielsen stated that if you run and serve three terms and leave the Council, you can be appointed again as long as there is a break in service. Technically in January it will be Ferrazzano’s first term as Mayor. Ferrazzano does not remember the exact year it was enacted. Nielsen felt it was when they switched to five Council Members. Ferrazzano stated the five Council Members was in 2010 and his understanding was per position. Meaning it cannot be three consecutive terms as a Council member or three consecutive terms as Mayor. Nielsen feels that Votca has the right idea to go back and find the paperwork to get a date. Votca stated that he will do that for the next meeting.

Motion by Stobb, seconded by Ferrazzano to adopt Resolution No. 2014-32 A RESOLUTION AUTHORIZING THE SALE OF GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2014A SUBJECT TO CERTAIN PARAMETERS, FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT. Votca stated the bonds will actually go on sale on November 12, 2014. Nielsen did not really understand the pricing committee when they discussed it a month or two ago, but is assuming someone does understand. Votca stated that when they get the bid the pricing committee will meet and accept on the lowest interest rate. All voted in favor of the motion.

Motion by Enderson, seconded by Stobb to adopt Resolution No. 2014-33 A RESOLUTION CANVASSING THE GENERAL ELECTION HELD ON NOVEMBER 4, 2014. All voted in favor of the motion. The votes for the position of Mayor were officially counted as follows:

NAME	TOTAL
Steve Ferrazzano	316
Tony Peterson	286
Leslie VanMeveren	44

WRITE INS:	4
OVER VOTES	0
UNDER VOTES	<u>9</u>

TOTAL VOTES **659**

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

NAME	TOTAL
Pamela Cooreman	347
Dale Johnson Jr.	170
Louie Sanow	118

WRITE INS:	2
OVER VOTES	4
UNDER VOTES	<u>18</u>

TOTAL VOTES **659**

It is declared Steve Ferrazzano is the winner in sale election for the position of Mayor and shall serve a four year term commencing on the first meeting in January, 2015.

It is declared Pamela Cooreman is hereby declared the winner in said election for the position of City Council and shall serve a four year term commencing on the first meeting in January, 2015.

The Consent Calendar consists of Municipal Accounts Payable, Municipal Accounts Receivable, Planning Commission Minutes for September 2, 2014 and Tracy Relief Association Minutes for October 6, 2014. Motion by Stobb, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson stated the Truth in Taxation Hearing will be on December 8, 2014 at 6:30. Votca stated the residents should be getting their preliminary tax statements. They can either bring them to the hearing or call Votca with any questions they may have.

Votca drafted a letter on behalf of the Tracy City Council regarding the sale of the hospital in Tracy. He stated there were a few items within the Letter of Intent dated on October 30, 2014 they would like to address. Votca asked if there were any questions. Since there were no questions Votca will send this letter to Randy Anderson, Vice President of the Sanford Health Network.

Motion by Enderson, seconded by Ferrazzano to adjourn at 7:15 pm. All voted in favor of the motion.

November 24, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, November 24, 2014 in the Council Chambers of the Municipal Building. The following Council members were present, Mayor Peterson, 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 10, 2014. All voted in favor of the motion.

An addition to the agenda was 8D Energy Savings Proposal. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

There were no public comments.

Votca stated there was the sale of the bonds and the interest rate was 2.78%. There were three bids and Northland Securities, Inc. from Minneapolis, Minnesota was the winning bid for the bonds. The money will be transferred next week.

Joe Gimse from Bollig Engineering was present to update the Council on what has been happening at the airport and work that has been done to advance on projects. Back in September Votca received the CIP updated and a meeting was held in Redwood Falls with about 8 members of FAA and MnDot to discuss the overall condition of the Tracy Airport and upcoming projects that the City would like to get scheduled over the next five years. At the meeting they discussed projects, keeping the CIP updated, and airport status. Gimse stated that since that time they have been dealing with the ALP (Airport Layout Plan) which is a critical piece and need to be approved and in place before FAA will consider funding a new project. The ALP has been in sort of a limbo state and no one is sure where the pieces are. They have gathered that all together and submitted it to the FAA. The last time the engineers signed off on the ALP was back in 2008 and was never signed by the FAA, MnDot or the City. They have sent scale copies to Gina Mitchell at FAA who is in charge of the ALPs and they have scheduled the Tracy review for December 1 and on their first round of reviews. They will have about six aeronautical engineers there and they are all FAA or MnDot employees that specialize in certain areas. They will take a look at what is there and what still needs to be done or whether they can send out a letter of approval based on the information they have. A conference call was held with Dan Millenacker with FAA last week, Brian Bollig Principle Engineer and two other project engineers and himself. Gimse stated they discussed Tracy and the entitlement and the airport classification and other issues. Gimse stated he sent him justification for the runway lighting project and he directed that the apron reconstruction project would not be viewed as well as the runway lighting project would be. FAA does not have that as one of their priorities. Millinacker encouraged pursuing MnDot funding and also dual track it with FAA. The plan in Task Order No. 2 is to do those procedures which include some planning, preliminary surveying and also filling out and submitting the grant pre-application which is a requirement of MnDot and FAA and the environmental documents which is a document that must be in place before they will consider funding. Gimse stated they have a conference call scheduled with Harris Bakker who is the MnDot Regional Planner from this area and will be getting up to speed with him. Gimse stated the key components and timing are critical that they move forward with the grant pre-application to FAA and MnDot likes to see that by December 15 and FAA would then receive it by January 15. They will review the applications and prioritize them and send them up to the chain of command and sometime within a month or so after that process, a notification if Tracy is eligible for FAA funding for the runway project and he has seen the MnDot process working in tandem with that. The engineering and environmental and surveying will need to be done. When the approval is received, the project can be evolved and potentially have those two projects for 2015 calendar year. Votca stated the costs for these projects will be eligible costs once we actually get the funding from the FAA entitlement or grant dollars and this part of it will be paid out with those dollars.

Motion by Ferrazzano, seconded by Enderson to approve Task Order No. 2 for Pre-Application Funding Paperwork and Coordination and Topographical Survey in the amount of \$23,000. All voted in favor of the motion.

Mayor Peterson asked how they were doing on the getting the airport status back. Votca has done a survey and inventory and updated the based aircraft. Votca stated that he has ten based aircraft based on the information received from the pilots that are renting hangars. We need to check when that will be reviewed. Millinacker feels this was miscommunication so wants to help us get that rectified.

A Public Hearing regarding the proposed Sale of the Hospital was opened at 6:45 p.m. Ferrazzano stated they met last week to go over some of the proposals that were sent to Sanford in response to their proposal. They received a proposal from Sanford today and it appears that all the things they talked about last time are addressed, specifically about the City retaining the \$1 million from the City fund and they would go to the City Administrator for the Capital Improvement Projects and get the funds from that. Also the length of the agreement states seven years or 2022 whichever comes first. If the City were to sign something this December as planned, the agreement would be for seven years. Considering the agreement they have had with other cities it has been five years and feels they are still ahead if they get a commitment for seven years. Votca stated Sanford re-wrote the services provided piece. Ferrazzano stated they discussed trying to get that off the current lease and basically what Randy Anderson did was copied what they did in the Vermillion project. Votca said it mentions the scope that they currently have unless it becomes not economically feasible and must consult with the City before they remove the service. Ferrazzano stated that one thing they were looking at was on Page 5, Section 9, #6 may be a mistake as it does not need to be in there. Ferrazzano felt another thing they need to make clear is exactly what list capital improvements are coming off of. They reference that and it is known what it is but felt that when they sign the agreement they have that list. Ferrazzano stated that he had talked about Sanford coming to the Council to get the approval for the capital improvement projects, it would be better if they go to the City Administrator. He felt that if they get the capital improvement list and attach to the agreement, they can go ahead.

S. Barstad, CEO Sanford Tracy stated she appreciates the Council's support. Sanford is here to provide services to the community and keep them going as is their goal and mission.

Claire Hannasch feels Tracy's relationship with Sanford is one of the things that are keeping the medical facility here.

The public hearing was closed at 6:50 p.m. and brought back to the Council for discussion or action.

Stobb felt that one thing not mentioned publicly is the repayment the City received from the loan, the 50% of the \$500,000. That number is not designated in any way and is money that can be used at whatever the City chooses to use it for. Ferrazzano feels this is a good agreement and as long as they are willing to include the capital improvement list that was agreed to, he feels this is pretty much done.

Motion by Ferrazzano, seconded by Stobb to enter into this agreement with Sanford that has been proposed by Sanford today with the understanding there will be an addendum on the agreement which specifies the capital improvements that they would approach the City Administrator to get funded. Stobb stated so that it is clear to everyone that what the City is agreeing to right now is a letter of proposal and one of the steps that need to be taken before the final official document that will be signed. The provisions of the final document will be the same as this letter of proposal. All voted in favor of the motion.

S. Barstad reported the hospital has been very busy the past couple months and patient census in the hospital and clinic. They have been doing preparations for any potential Ebola outbreak. They have standards with the CDC that they have been following as well as Sanford taking the lead on that. The staff is very well trained. Barstad stated they have been working with the tele-video outreach program in getting specialists they can tele-video into the campus so the patients do not have to travel. It is hard to get some specialists out to the facility. They are ordering a

new tele-video cart and will have a total of three units that can be used for the patients. They did have a visit from the Mn Department of Transportation to look at the helipad and they did have some recommendations and reviewing the report now. The awning on the south side of the hospital has been removed as it was one of the requirements they did have. Barstad stated they are recruiting for one advanced practice provider. They do have one opening and one additional provider they just started recruiting that will help with emergency room coverage.

V. Quist stated they recently hosted author Steve Linstrom on November 13. Sixteen people attended and heard many positive comments about his presentation on writing on historical fiction. On Saturday, December 6 at 2:00 p.m. the library will be hosting author Ryan Chukuske who has written two books on running and recently made the news when he ran the Mankato marathon twice. Santa will be at the library on November 29 from 10 a.m. to 2 p.m. Minnwest Bank of Tracy is sponsoring photographs with Santa which will be taken by Greg Devereaux. The library is gearing up for the Adult Reading Program which will begin in January. Sign-ups will begin in the next few weeks. The theme is "Book Your Winter Getaway." Quist stated she found today the library board will be meeting with the Minneota and Marshall Library boards and Lyon County Commissioners to appoint representatives to the Plum Creek Governing Board. There will be one representative from Marshall and one from either Tracy or Minneota and that will rotate. Work is continuing to bring Marshall back into our system. Not quite ready to place inter-library loans between the libraries, but can accept materials that have been returned.

R. Gervais gave a Small Cities Grant update. There have been 11 homes that have been inspected and of those, six are out for bids. They were to do 20 homes with this grant. If there is anyone that has an application and have not filled it out, Gervais asked them to do so. Even if they do not make the cut, it shows need in our area which helps get more grant money in the future. He, Votca and small group of local investors met with a development company interested in bringing a hotel in to Tracy. Right now the wait is due to the Wastewater Treatment Project. They are in discussion about doing a feasibility study and the City would be responsible for that. Gervais is doing some research on that and there is interest in bringing a large chain hotel into town. He, Votca and other representatives from Tracy went to the Ralco Ag. Enovation Summit last week. It was very informative and impressed with a local company that does world-wide business. Hopefully the partnership with them continues on moving forward with the Aquaculture project. Dr. Lawrence was here from Texas A&M in regard to the shrimp project they are doing there. Gervais stated they have a couple openings in the apartments and will be sending out the leases for renewal for the coming year. The EDA has approved one residential rebate request and also had a meeting with a potential developer for the Masonic building. Waiting for information back from that individual in regard to that and hopefully will be able to move forward with that. The tax forfeiture auction is coming up. Since that information come out he averages about one or two phone calls or contacts a day about how they can buy it. The property is owned by the state and sold by the county.

S. Daniels reported the filter in the water plant is 100% painted on the interior and 432 diffusers are re-tapped and installed. They were putting sand in it today and hope to have it sanitized and in service next week weather permitting. Fuel was purchased for the airport and got a good price for it. Daniels is looking for the log in information to get into the computer to change the price. A fill lasts about 18 months. Enderson stated he had been out there and the system was not functioning and he discovered that someone had shut it off in the building. Daniels stated that this should be left on.

J. Lichty asked if there were any questions on the activity report. Lichty is considering adding a fee to the fee schedule. Probation has been asking the department to test people who do not have access to a vehicle because they have lost their driver license or never had a license. Because of sentencing they need to test once a week or twice a week the department has been doing this as assistance to Probation. This is happening more often and Lichty would like to suggest to the Council that a \$5.00 fee be established for doing a breath test. The cost to the department for this is about \$.45 in material for the PVT straw. The court mandates the party being tested has to pay the fee for testing. He does not want to make the fee too high so the City is not taking a loss. It takes the officer's time that they have to stop what they are doing and make time for these individuals. Lichty spoke with Probation today and fees run from \$5.00 to \$25.00. If a simple breath test is required the standard fee would be \$5.00 and if they ask for a urine/drug test, those

are more expensive depending on how many are purchased. Probation says the average price for doing a urine test for drugs is between \$18.00 to \$25.00. Lichty suggested \$20.00 for the drug testing. Motion by Stobb, seconded by Enderson to approve the fee schedule request by Lichty for \$5.00 for the breath test and \$20.00 for urine drug testing. All voted in favor of the motion.

Lichty stated that he met with the school board before coming to the council meeting and went over what the Police Department been doing in conjunction with the schools. The "Hidden in Plain Sight" program was discussed and the school board stated they received good reviews about it and they hope that he would present it again next year.

Votca stated that S. Lau was not able to attend to night and looking at her report they needed to do some inventory with the cigarettes and the bottom line went back negative. Votca feels they will recover that in the next few months. He will spend some time with Lau to make sure the procedures on that are better. Between the off-sale and on-sale they were not taking the cigarettes out of inventory. The events they have been doing over the past year have been successful and if they do not do them too often they will continue to be successful.

M. Votca stated on Saturday at the Multi-Purpose Center the City will be involved with the Lion's Club and will be serving a soup dinner for the Parade of Lights. Votca said he will be meeting with the County Auditor next week and will be discussing how the county and city can work together on tax forfeit properties. They can hopefully come up with some creative way to sell those properties for the state and get them back on the tax. He, Rick Anderson and R. Gervais will be there and if there is anyone else that would like to attend, they are welcome to. Votca stated that he is working with the staff on integrating the new members of the city council. He is putting together an orientation for those new members. The LMC is offering their training for newly elected officials in Mankato on January 23 and 24, 2015.

Votca said he received a letter regarding a nominee to represent Lyon County Municipalities on SRDC. Stobb said the commission needs on person from the whole Lyon County. He has served on this Commission and stated that you do learn a lot. It is overwhelming with all the things the SRDC in involved in. Votca stated that there are some members on the Council that cannot be a part of this and he was going to see if the City can request an extension from them and decide at the next meeting who the City would want to be on this commission. Ferrazzano suggested they wait till January to select someone. Mayor Peterson stated it will be tabled until the January meeting.

The Chamber has requested street closures for the "Parade of Lights" on Saturday, November 29, 2014. Motion by Ferrazzano, seconded by Stobb to grant the request for the street closures. All voted in favor of the motion.

Mayor Peterson asked Nielsen if there was a conflict of interest for siblings to be on the Council. Nielsen stated he was not aware of anything. Votca stated that conflict of interest is to do with financial gain and this incident would not qualify for that. Mayor Peterson stated that four applications for the seat vacated by C. Snyder, one of which did run for Council in the recent election and received the second most votes. The applications received were from Sarah Willhite, Tam Schons, Dale Johnson Jr. and Rhonda Fredericks. Votca stated that they all serve on one or more boards or commissions. Mayor Peterson suggested nominating Dale Johnson, Jr. to take that seat and the new Council decide who will fill the other opening. Ferrazzano felt there was some credence to that position as the person actually took the time to run for that position and residents voted for that person. Motion by Stobb, seconded by Ferrazzano to appoint Dale Johnson, Jr. to the empty Council position. All voted in favor of the motion. Votca stated that if the Council chooses, they can continue to accept applications for the position vacant January 1, 2015. Ferrazzano felt they should accept applications until January 5 and they would have a week to look through the applications and conduct interviews if needed.

Votca stated they have received the energy savings program proposals and he had a meeting with S. Daniels, R. Gervais, R. Stobb and S. Ferrazzano and reviewed the two proposals. One was from Trane and the other CTS. When they met they decided they needed further information and call some references and get background information on these companies. Votca stated he used the score sheet provided by the State of Minnesota to rate these companies. In that scoring

standard, Trane was the preferred company. They were detailed in many sections of the report more than CTS. Pricing wise the two were very close. Trane can provide certain products directly from their company whereas CTS cannot do that. Votca talked to the Brown County Administrator about Trane and he was very positive in his comments on how they conducted their business. They used local contractors to do a lot of the work and very favorable in how they did it. He also e-mailed the superintendent from Montevideo and they are just starting a project with Trane and they have been very happy with the process they have gone through with them. Votca stated that when he reached out to their CTS's contacts for references, one did respond and gave brief description of their process and stated they also stated they work with local contractors. Other references for CTS have not responded. The consensus of the selection committee is that Trane is the best option for Tracy to move forward with the GESP program. Ferrazzano did like that Trane was doing local projects and did put together a good proposal. Trane has done most of their projects in Minnesota. Votca stated the next step in the process would be they would do an investment grade audit of the buildings the City proposed in our request for proposals. They will come back to the City with a detailed report on all the buildings and they will recommend the projects on what they think and where the City could save the most and payback would be the best. To get that report it is \$.10 per square foot as put in their proposal. That will be recouped via the guaranteed energy and take it back from the City's bills when the City gets to that point. If the City does not want to go forward with any of their recommendations it would be at the cost of the City which would still be an advantage to know that the City cannot make any improvements. Motion by Ferrazzano, seconded by Stobb to accept the proposal from Trane to manage the GESP program. Votca stated they utilize the current utility bills and the amount spent on that to repay the project costs that are incurred. Trane will guarantee energy services over the term agreed on to pay back, they will guarantee those energy savings and pay back with the saving the City made and if you don't achieve energy savings, they will pay you that amount of difference and are not out any additional money. The City would lock in energy costs for the next years and after that term is up, in theory will be gaining that savings again. All voted in favor of the motion.

Votca stated the Agreement Relating to Paying Agency; Registrar and Transfer Agency states the Bond Trust Services Corporation will be handling the paying out of all the bonds and are a subsidiary of Ehlers and Associates. Motion by Stobb, seconded by Ferrazzano to enter into the Agreement with Bond Trust Services relating to Paying Agency, Registrar, and Transfer Agency. All voted in favor of the motion.

The Council had questioned why the cost of the LLS Senior Nutrition Program Site Agreement went down. Votca stated the main reason was the site was providing all the meals to Westbrook as well as Tracy and they have had a decline in the number of meals they are providing so the rate was based on \$.14 per meal. He feels the service LLS provides to the community is important. Motion by Ferrazzano, seconded by Enderson to move forward with the LLS Senior Nutrition Program Site Agreement. All voted in favor of the motion.

Motion by Enderson, seconded by Stobb to adopt Resolution No. 2014-34 GRANTING CHARTER COMMUNICATIONS, INC. A FRANCHISE EXTENSION THROUGH JUNE 30, 2015. The initial term of the Franchise would have expired on December 31, 2014. All voted in favor of the motion.

Motion by Stobb, seconded by Enderson to adopt Resolution No. 2014-35 APPROVING THE PROPOSED TRANSFER OF THE CABLE FRANCHISE CURRENTLY HELD BY CC VIII OPERATING, LLC D/B/A CHARTER COMMUNICATIONS. All voted in favor of the motion.

Motion by Enderson, seconded by Ferrazzano to adopt Resolution No. 2014-36 ADOPTING POST-ISSUANCE DEBT COMPLIANCE POLICY FOR TAX-EXEMPT AND TAX-ADVANTAGED GOVERNMENTAL BONDS. The City has determined to adopt a policy regarding how the City will carry out its compliance responsibilities via written procedures, and to that end, has caused to be prepared documents titled Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance procedures and has determined that it is in the best interest of the City to adopt the policy. All voted in favor of the motion.

The Consent Calendar consists of the Municipal Accounts Payable, Tracy Library Board Minutes for September 4, 2014, Multi-Purpose Center Board Minutes for October 14, 2014 and Tracy EDA Minutes for October 3, 2014. Motion by Enderson, seconded by Ferrazzano to approve the Consent Calendar. All voted in favor of the motion.

Mayor Peterson appreciates the research done on the term limits. He is not contesting the election results but hope that it can be defined better in the future.

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

December 8, 2014

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, December 8, 2014 in the Council Chambers of the Municipal Building. The following Council members were present, Mayor Peterson, K. Enderson, S. Ferrazzano and R. Stobb. Also present was M. Votca, City Administrator.

Pledge of Allegiance was given to the flag.

Oath of Office was given to Dale Johnson, Jr. by M. Votca.

Motion by Stobb, seconded by Ferrazzano to approve the minutes for November 24, 2014. All voted in favor of the motion.

Additions to the agenda included; 6. Truth in Taxation hearing, 7-A Fire Department Report, and Unfinished Business – Hospital Sale. Motion by Enderson, seconded by Ferrazzano to approve the agenda as amended. All voted in favor of the motion.

Truth in Taxation Hearing was opened for public comment at 6:35 p.m. Votca stated the resolutions are in the agenda for tonight to approve the levy and the budget. The levy is 13% and from the tax statements that he has seen the levy has increased the property taxes \$50 to \$100 on a property. Seth Schmidt asked if the hospital would be on the tax roll if it was sold. Votca stated nothing would change and Sanford would be paying the taxes to the City. Ferrazzano was not sure that non-profit would pay property taxes. Votca stated the County Auditor/Assessor would have that answer. The Hearing was closed at 6:40 p.m.

Dale Johnson III, Fire Chief presented his annual report. The number of fire calls was down this year but the calls were longer than ones in previous years. There was an increase in structure and car fires. Also the number of trainings for the department was increased. Johnson stated their year runs from November 1 through October 31 so everything can be given to the office and get it all processed by the end of the year. Johnson stated the year busy and had six calls in November. Johnson presented his 2015 requests which are usually done in January. Due to the 2015 Volunteer Fire Systems Grant the department received this year for \$2,500 which is a matching grant. They do have the \$14,000 they budget annually for equipment such as turn out gear and boots. Most of that takes three to six months to get so would like to order that this week so they can get it here before June 1 and the invoice has to be paid by June 1 in order to submit it to the grant.

Chris Larson from I & S stated that he was on the phone for seven hours with Rural Development. They have a new state engineer that has been assigned to the project so was getting him up to speed with the street project and the various treatment options. He will make some comments but based on the questions he had Larson does not expect anything game changing just some clarification type stuff. While he was on the phone with them, he was sending Daniels e-mails telling him what is needed. The FAA stated the best advice they would give is to find something outside of their setbacks. Larson stated that what they want from them, if the City cannot, what can and will they do and what are the consequences for the City. Mayor Peterson wanted clarification that RD is not going to commit to any type of funding till there is an agreement with FAA. If the best option is to be within the setback and a spread of \$2 million, that they will consider it. They did not say if the City comes within the setback there would be no funding. Larson feels that RD wants something more and they understand that being a government agency themselves, we may not get something definitive of what can be done. Colin Peterson's office was involved and his EDA representative met with the FAA. He was questioning if anyone had been in contact with C. Peterson's office but that if what needs to be done, then that is what needs to get done. Larson stated they could send them the most recent information and could send something now. Larson feels they are to the point where RD is in agreement that ponds are the way to go it is just which option to go with. The two options of pond sites have a road block with them. The split pond system they would need to get FAA approval and the one where the whole thing could be on one site, the owner is not willing to see. Ferrazzano felt they should contact C. Peterson's office and get the number of the EDA representative. He feels they should get this taken care of. Larson stated that RD did indicate

they should meet with FAA as well. He and Votca met with FAA this spring and PCA was included on a conference. RD was invited to join and at that time they declined.

Larson stated they got some shop drawings for the street project from the contractor and are getting some of the manuals into production and should be ready to go this spring. Votca stated the bond proceeds are deposited in the fund and ready to go there also.

Mayor Peterson felt that they should not sell cigarettes at the Liquor Store. He said they charge less per pack than anywhere else in town. Votca stated the yearly revenue from the sale of cigarettes is about \$36,000 and the cost to the liquor store for them is about \$32,000. Stobb stated he is not promoting the sale of cigarettes but there are customers that come to the liquor store to purchase liquor and get cigarettes at the same time. He is concerned that if the customers cannot purchase their cigarettes they may go elsewhere to purchase their liquor. Motion by Ferrazzano, seconded by Stobb to approve a cigarette license for 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 Stobb, seconded by Ferrazzano to approve plumber's license for GH Plumbing and Heating, Sahlstrom Heating, Cooling and Refrigeration, Wilk's Plumbing, LLC and Steven Zens Plumbing and Heating contingent on payment of fees and submission of paperwork. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Enderson to approve split liquor license for 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 Ferrazzano, seconded by Johnson to approve a Sunday 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 Ferrazzano, seconded by Enderson to approve a dance 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 Ferrazzano, seconded by Enderson to enter in the City Legal Services Agreement with Frank Nielsen. Votca stated that Nielsen has been submitting his hours on a quarterly basis. All voted in favor of the motion.

Motion by Ferrazzano, seconded by Stobb to adopt Resolution No. 2014-37 A RESOLUTION APPROVING THE 2014 TAX LEVY COLLECTIBLE IN 2015. The following sums of money will be levied for the current year, collectible in 2015, upon the taxable property in the City of Tracy for the following purposes:

General Fund	\$729,184
Permanent Improvement	\$ 10,000
Debt Service	\$283,694
TOTAL LEVY	\$1,022,878

Motion by Stobb, seconded by Enderson to adopt Resolution No. 2014-38 A RESOLUTION APPROVING THE BUDGET FOR THE CITY OF TRACY, MINNESOTA. The 2014 budgeted expenditures will be as follows:

GENERAL FUND	\$2,043,163
General Government	\$ 556,078
Public Safety	\$ 528,864
Public Works	\$ 655,885
Recreation	\$ 84,388

Library	\$ 88,613
Other	\$ 131,335
PUBLIC ENTERPRISE	\$4,213,288
Multi-Purpose Center	\$ 33,931
Cemetery	\$ 50,703
O'Brien Court	\$ 83,234
East View Apartments	\$ 65,514
5 th Street Apartments	\$ 68,544
Orchard Lane Apartments	\$ 127,126
Liquor Store	\$ 801,279
Utility – Water	\$ 458,210
Utility – Surcharge	\$ 164,400
Refuse Collection	\$ 139,700
Licensing	\$1,112,567
Tracy Med Center Improvement Fund	\$ 48,500
Aquatic Center Operations	\$ 130,580
Parks Improvement	\$ 9,000
Airport Maintenance	\$ 650,000
Utility – Sewer	\$ 270,000
DEBT SERVICE AND BOND FUNDS	\$ 411,036
OTHER	\$803,160.61
TOTAL ALL FUNDS	\$7,472,647.61

Votca stated that normally transferring was left at what was transferred in the 2014 budget but he has made some adjustments in a couple of the transfers. The transfer for the Multi-Purpose Center was reduced and transfers for the Aquatic Center were increased. Votca increased the transfer from the Refuse to the General Fund. He also increased the 5th Street, 3rd Street and Orchard Transfers – In. Votca reduced the transfer to the Parks Fund and kept some in the General Fund. He eliminated the transfer from the Surcharge Fund to Water Fun as he did not feel this needs to be done.

Motion by Ferrazzano, seconded by Johnson to adopt Resolution No. 2014-39 A RESOLUTION APPROVING YEAR END TRANSFERS. The following transfers were approved.

AMOUNT	FROM	TO
\$ 10,000	General -Unallocated	Senior Center
\$ 100,000	General – AQ Center	Aquatic Center Operations
\$ 108,953	Utility – Sewer	General
\$ 10,000	Refuse Collection	General
\$ 6,111	Licensing	General
\$ 10,000	O'Brien Court	5 th Street Apartments
\$ 24,000	O'Brien Court	Orchard Lane Apartments
\$ 14,715	O'Brien Court	EDA Reserve
\$ 27,028	General – Cemetery	Cemetery Operating
\$ 800	Cemetery Reserve	Cemetery Operating
\$ 10,000	Liquor	General
\$ 13,000	General – Police	Equipment Reserve – Police
\$ 46,750	General – Street	Equipment Reserve
\$ 3,750	General – Airport	Equipment Reserve
\$ 30,000	General – Fire	Fire Equipment Replacement
\$ 8,600	General – Bldg Inspection	Code Enforcement
\$ 32,000	Utility – Water	General
\$ 455,707	TOTAL TRANSFER	

Votca said that an intra-fund loan was approved by resolution on 28 September, 2009 from the Hospital Trust Fund to the Fire Department Equipment Improvement Fund in the amount of \$310,000 at a rate of 3.5%. The Fire Department Equipment Improvement Fund has made a total payment of \$113,142.60 since 2009 which leaves a remaining balance of \$196,857.40 in principle or a total of \$230,487.53 with interest. Votca recommended since the Hospital Trust Fund will change in purpose with the sale of the hospital to Sanford, that the intra-fund loan be forgiven. Motion by Stobb, seconded by Johnson to adopt Resolution No. 2014-40 A RESOLUTION FORGIVING LOAN FROM HOSPITAL TRUST FUND TO FIRE EQUIPMENT REPLACEMENT FUND. All voted in favor of the motion.

The Consent Calendar consists of the Municipal Accounts Payable and Municipal Accounts Receivable. Motion by Stobb, seconded by Enderson to approve the Consent Calendar. All voted in favor of the motion.

Votca stated that he was contacted today by Stacy Barstad and Randy Anderson and stated that Sanford agrees to the list for the Capital Improvements will be the facility assessment they did in December 2013. The City wanted for them to say that was that list and then the City would agree with the Letter of Intent. There is a blank on the Letter of Intent for what the closing date would be and that is the only issue right not before they had a complete document. Votca stated they had a motion and passed a motion last meeting they would enter into that with the agreement of the assessments. Ferrazzano felt they only need to fill in the date of the closing and then Mayor Peterson would sign it. He would prefer to have it by the end of the year, but don't know if that gives Nielsen and/or Sanford enough time. Ferrazzano suggested putting in the date of the first meeting on January 12. The City had asked they remove item 6 under #9. Votca stated they can talk to them about that also. Ferrazzano felt they could cross it off and sign it and then up to them to agree with that.

Mayor Petersons stated they still have an open position on the Council before the January meeting. He suggested that Ferrazzano and Enderson interview the applicants and then bring their recommendation to the Council. Votca stated at this time they have three applicants and would continue to take applications until January 5, 2015.

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

ATTEST: