

**MINUTES  
CITY OF LONSDALE  
REGULAR CITY COUNCIL MEETING  
January 5, 2009**

**1. CALL TO ORDER**

Mayor Rud called a meeting of the Lonsdale City Council to order at 7:00 pm in the Council Chambers at 415 Central Street West.

**2. PLEDGE OF ALLEGIANCE**

Everyone stood and recited the Pledge of Allegiance.

**3. ROLL CALL**

Present: Daleiden, Kodada, Rud, Smith, and Furrer

Absent: None

Staff Present: City Administrator Joel Erickson and City Planner Benjamin Baker

**4. AGENDA**

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

A motion was made by Kodada and seconded by Furrer to approve the agenda as presented. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried.

**5. APPROVAL OF MINUTES**

None

**6. PUBLIC HEARINGS**

a. Ordinance 2009-227, an Ordinance Amending Ordinance 2008-218 (2009 City Fee Schedule)

Rud read the public hearing notice and officially opened the public hearing. Erickson stated that reviewing the City's Fee Schedule is an annual event. Erickson provided a list of the proposed amendments to the City Council for review. He went through and explained the rationale behind each proposed change. The changes included an increase in 17 land use permit fees and an increase in the water rate. Erickson stated that the City has been subsidizing the cost to process many of the land use applications, and he suggested that the City recoup the costs associated with each application request. He said that the cost to review an application usually runs anywhere from \$500 to \$2,500 depending how much consulting, engineering, and legal guidance is needed. He said that public hearing notices, publications, staff time, and overhead costs can range from \$300 to \$500 alone.

Erickson reviewed the proposed water rates including a \$7 monthly base fee, \$2.40 for the less than 3,000 gallons used, \$2.65 for 3,001 – 6,000 gallons, \$2.90 for 6,001 – 9,000,

and \$3.15 for over 9,000 gallons. Erickson also provided a proposed water/sewer bill comparison examples based on an average user of 6,000 gallons per month which showed Lonsdale at \$53.35 lower than Montgomery, \$23.34 higher than New Prague, and \$8.28 higher than Elko/New Market. Rud asked if anyone from the audience wanted to speak on the issue.

Dave Anderson, 408 7<sup>th</sup> Avenue NE, provided the Council with a letter and a cost analysis spreadsheet regarding the proposed water rate increase. He said that the rate increase doesn't seem too bad when using little numbers, but he said that the reality of the increased rates will have a substantial impact on most households. He stated that fees are really indirect taxes and all fees get passed on to the consumer. He talked about the cost of development and new public facilities. He mentioned that he was aware of State's LGA cuts, and he agreed that the City does need to recoup its costs spent on providing services. He said that the proposed fees are unreasonable, and he stated that more people would have been present at the meeting if they knew that they rates would be going up by 30% - 50%.

Gary Skluzacek, 601 Railway Street SW, said that he agreed with the comments made by Mr. Anderson. He also said that based on his numbers the City would be spending an additional \$20,000 to go to monthly billing. He said that he talked to ten different residents, and they were not for it.

John Duban, 800 8<sup>th</sup> Avenue NW, said that he sat down and figured out what his new monthly rate would be, and he said that monthly rates would be way out of line. He said the rates need to be more equitable.

A motion was made by Kodada and seconded by Smith to close the public hearing. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried. The public hearing closed at 7:17 pm.

**7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS**

None

**8. APPROVAL OF THE CONSENT AGENDA**

None

**9. OLD BUSINESS**

None

**10. NEW BUSINESS**

- a. Consider Approval of Ordinance 2009-227, an Amending Ordinance 2008-218 (2009 City Fee Schedule)

Erickson responded to the statement made by Mr. Skluzacek regarding the City possibly having to pay \$20,000 extra to implement monthly billing. Erickson said that the cost for the City to go to monthly billing would only be \$4,000 - \$7,000, and he reminded the Council that monthly billing costs were already accounted for in the adopted budget. He

said that no one, including City staff or elected officials, want to raise any type of fees or rates.

Furrer asked when the Council last increased the land use permits application fees. Erickson said that it has been more than four years ago. Rud said that he appreciated all the comments made by the public. He said that the City Treasurer's report showed a loss in the water/sewer accounts. He reminded everyone that the City has an aging infrastructure that needs to be replaced. He said that the City may need to construct a water treatment plant in the near future. He mentioned that bonds need to be paid on the recently expanded wastewater treatment plant. He posed the questions: how do you pay for water and sewer improvements without development money coming in. He said that the Council recognizes that money is tight in today's economy, but they are left with few other options but to raise water rates. He said that the last rate increase took place in 2006, and the amount was \$0.25.

Kodada mentioned that during the budget process the Council actually lowered the rates compared to the initial rate increase proposed by City staff. He mentioned the City is not in the utility business to make money but to provide a service and cover its operating expenses. Furrer said that it was a tough decision for the Council, but she hoped that the new rates would help promote conservation and responsible use of water. Kodada mentioned that he likes the idea of monthly billing over quarterly billing. He said that in the instance of a water leak, monthly billing would allow the problem to be caught sooner. Rud said that it's a difficult situation, and he reminded everyone that the City will continue to pursue grants to help keep costs down. Rud said that according to the City Treasurer's report that the City needs to break even, and he said that's why the Council is considering an increase in water rates. Kodada mentioned that there were a lot of water and sewer projects listed on the capital improvement plan. Smith stated that it is always difficult to propose any type of rate increase, but he said that there are not any other choices. He said that throughout the budget process the Council has been cognoscente of the economic conditions, and therefore the Council chose the lowest increase step to lessen the impact on consumers.

Erickson explained the reasoning behind the proposed land use permit fee increases. He stated that the City has been subsidizing the costs on many of the land use application requests because the fees do not match the cost to review the applications. He said that the taxpayers of Lonsdale should not have to pay for individual land use requests. Rud said that he was concerned about the price for everyday land use requests such as variances and conditional use permits. He said that most developers can accept the rationale for land use fees, but average citizens and potential businesses may be discouraged from applying if fees are too high. Erickson recommended that both the permit fee and escrow be paid up front. He said that the City will need to keep track of the costs associated with each land use application. Erickson provided the Council with a couple of examples of land use requests that highly exceeded the current \$200 fee. Daleiden said that application fees for conditional use permits, rezoning requests, and variances should all be lowered. Rud agreed that the day-to-day applications should be kept as low as possible.

Kodada said that the City Council came up with proposed numbers through the budgeting process, and he said he doesn't see how the numbers can be lowered at this time. He said that the City can't run the funds at a loss. Daleiden asked about the reasoning behind monthly billing. Erickson said that the City is going to monthly billing to increase cash flow, to help residents budget on a monthly basis, and to catch leaks quicker. Erickson said that sewer rates will be figured off of January's usage. Rud mentioned that even more budget cuts are likely to come. Erickson recommended approval of the proposed fee schedule.

A motion was made by Kodada and seconded by Daleiden to approve Ordinance 2009-227, an ordinance amending Ordinance 2008-218 (2009 City Fee Schedule) with the following land use application fee changes:

- Conditional Use Permit request should be \$300 + \$500 escrow
- Zoning Map Amendments should be \$400 + \$750 escrow
- Variance requests should be \$300 + \$500 escrow

Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried.

b. Consider Approval of Resolution 2009-01, a Resolution Designating Official Appointments

Erickson said that by State Statute, the Mayor makes the annual appointments and the City Council considers and approves the Mayor's recommendations. Mayor Rud read through each appointment candidate on the proposed appointments list and briefly talked about each one's qualifications and/or accomplishments. He mentioned that he had interviewed candidates over the last couple of weeks for all the advisory board positions, including the new Library Board. He mentioned that it is going to be exciting to be part of the initial formation and design of the new Lonsdale Public Library. He commented that the new library was quite an accomplishment and it will be a remarkable asset to the community.

A motion was made by Kodada and seconded by Furrer to approve Resolution 2009-01, a resolution designating the appointments as presented. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried.

c. Consider Approval of Resolution 2009-02, a Resolution Designating Official Depositories for City Funds

Erickson said that State Statute requires each city to designate its official depositories within 30 days of the start of the new fiscal year. He proposed the following banks as official depositories: 1) Frandsen Bank & Trust – Lonsdale, MM for general checking and investments; 2) Premier Bank – Northfield, MN for money market investments; 3) MBIA – 4M and 4M Plus Fund (investment accounts through a program sponsored by the LMC); 4) Pershing, LLC (only used when bonding for a project); and 5) Bank of New York (only used when for a project).

A motion was made by Kodada and seconded by Furrer to approve Resolution 2009-02, a

resolution designating official depositories for city funds. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried.

d. Consider Approval of Resolution 2009-03, a Resolution Designating Official Newspaper for 2009

Erickson said that the City is required to adopt an official newspaper at the first meeting of every year. He said that the City has explored the possibility of going with the Montgomery Messenger but all Lonsdale residents currently receive the Lonsdale Area News Review for free.

A motion was made by Smith and seconded by Furrer to approve Resolution 2009-03, a resolution designating the Lonsdale Area News Review as the official newspaper for 2009. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried.

e. 2008 Community Development Review

Baker provided the Council with land use permit and building department statistics from 2008. He listed each land use item along with the amount of application requests and reviews processed by the Planning and Zoning Department. He also provided the City Council with a yearly building permit report table, total permits chart, total residential dwelling units chart, new homes chart, and miscellaneous permits chart. He said that Lonsdale had the same number of new residential units as Faribault and four more new residential permits than New Prague. He noted that Villages of Lonsdale was not included in the tally.

**11. OTHER BUSINESS**

a. Project Updates

None

b. Department Reports

*Council Member Daleiden*

None

*Council Member Kodada*

None

*Council Member Smith*

None

*Council Member Furrer*

None

*Mayor Rud*

Rud thanked former Councilmember Duban for his many years of community service to the City. He also thanked the entire City staff for the difficult job duties that they perform each day.

## **12. ADJOURNMENT**

A motion was made by Daleiden and seconded by Kodada to adjourn the meeting. Vote for: Daleiden, Kodada, Rud, Smith, and Furrer. Against: None. Vote 5-0. Motion carried. The meeting closed at 8:27 pm.

Respectfully Submitted:

---

Joel A. Erickson, City Administrator