

MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD MONDAY, JULY 9, 2007 – 7:00 P.M. – ROCKVILLE CITY HALL.

The meeting was called to order by Mayor Brian Herberg. Roll Call was taken and the following members were found to be present: Mayor Herberg, Council member Vern Ahles, Jeff Hagen, Susan Palmer, Jim Pflapsen, Don Simon & Randy Volkmuth. Absent: None.

Staff members present were: Administrator/Clerk Rena Weber, Engineer Scott Hedlund, and Attorney Jim Mogen.

Others present were: Marie Skaja, Mel & Lucille Marthaler, Ev Balko, Mary Ann Hermanutz, Phyllis Schinghammer, Harold Jungels, Mr. & Mrs. Henry Massmann, Jerry & Joyce Schlangen, Doris Smith, Mike Kosloski, Brian & Joanne Hatten, Barbara Iverslie, Gilbert Otto, Glenn Johannes, Mary Kay Kraemer, Jerry Schmitt, Robert Eder, Donald & Pat Danzl, Donald Voigt, Richard Jecha, Rick Wurst, Judy Ikeogu, Tim & Sue Jeffrey, Roxann Fuchs, Dale Ostby, Gordon Massmann, Clara Hall, Michael Walz, Jean Walz, Agustin Casillas, Eric Kunz, Jan Neyssen, Todd Beumer, David Lang, Bruce Conrad, Ken Kunkel, Janet & Peter Schaefer, Paul Ludwig, Pat Sell, Shannon Wicker, Joe & Sharon Sponheim, Bill Phillips, Donna McGovern, Mark & Donna Gross, Larry & Judy Kunz, Vince & Audrey Schaefer, Herb & Joanne Schlangen, LeRoy Weber, Ron Westrup, Ken Maritsch, Shirley Tonnell, Dave Billig, Mark & Donna Alvord, Barbara Schmitt, Tina Ginelisned, Jeff Baggenstoss, Carl Musielewicz, Inge Seelen, Ted Williams, Darnell & Gary Klein, Dorothy Porwoll, Alice Schneider, Kim & Jay Keeville, Jim & Kathy Weatherby, Dorothy Fritz, Mary VanGrinsven, Carol Dietman, John Kapsner, Doug Hodel, Jerry Tippelt, Clarence Bloch & George Bechtold.

Mayor Herberg announced that a public hearing would now be held to consider adoption of a resolution ordering an improvement project.

Rena Weber read the notice of public hearing.

SCOTT HEDLUND – CITY ENGINEER – Scott Hedlund was present and reported this is actually the preliminary assessment hearing. He was also present to explain the project limits (scope of project) CASH 8 (from State Highway 23 to Marty), what will be done, and the potential assessments based on the current assessment policy:

This is a reclamation project whereby the contractor will pulverize the road, blend it with the base below it and then repave the road.

How the rate is affected by the zoning (i.e. Ag-40 or SP-1 charged for 200') Vs the front footage for residences.

Estimated total construction cost within the City of Rockville is \$660,000 of which \$152,000 is to be assessed and \$33,000 deferred.

There will be a final assessment hearing where any issues people have should be worked out.

JIM MOGEN – ATTORNEY – Jim Mogen reported that this is an ordering hearing and the issue is to determine if the county will go ahead with the project. This is a county project. The city has adopted an assessment policy that established a procedure to be used so that each property owner is treated the same in order to proceed with each project. The policy indicates that this should be assessed 30% of the reclaim amount according to the schedule of costs as prepared by the city engineer. Attorney Mogen indicated further options the council could consider and that the policy allows for determination to be made on a case by case basis. It does not require the council to assess for each project. This policy indicates that the council recognizes that 3rd party funding of projects can be accepted and still allows for special assessments.

At this time these are preliminary estimates as the law requires the city to indicate such, but that does not preclude the council from adjusting those numbers before the final assessment hearing.

Scott Hedlund reported that the road re-alignment will not occur. The bid opening for this project is tomorrow and completion is expected by the end of August.

Public hearing – Mayor Herberg announced the rules for the public hearing and opened up the public hearing portion.

Ron Westrup - 21325 County Road 8, indicated that like many of the people he did not understand the project and was referred by City Hall to Scott Hedlund. Scott Hedlund informed him that this is a separate issue and no matter what the assessment policy is in place. Mr. Westrup sent a letter to city hall and he also called Jeff Hagen. Mr. Westrup cited Jeff Hagen's response to him:

- 1) "As City Councilors we need to maintain and fix roads." No problem.
- 2) "No one should unfairly benefit from being located on a state or county funded road while their neighbor has to completely fund and maintain the road next door." Mr. Westrup assumes this means Hubert Lane which is a dead end private road where County Road 8 is a through road and has thousands of vehicles each day.
- 3) "Everyone should pay a minimum to have a road by your house." Again, he has lived here for 14 years and he feels this is an impediment to him. This is more like a race track and he has a problem with the word benefit.

The first line of the new policy states the purpose of the assessment policy is to recover the cost of the project and I submit there is no cost to the City of Rockville.

Bill Phillips – 22446 County Road 8, stated that he read the past meeting minutes and it seems the ordinance was passed very quickly. Mr. Phillips asked if someone can explain what the improved benefit to him will be. Mr. Phillips added that having been a member of the Planning Commission, working on drafting the ordinances, and watching the council trample the ordinance, he asked the council to please reconsider the facts. He can just see this being passed and a year from now the ordinance is rescinded and they will have paid the assessment. He further knows how the wind blows in politics.

Ken Kunkel - 21409 County Road 8, stated that he has lived there for 16 years. It used to be that 3 cars per hour used to drive past his house. Now he walks two miles in 30 minutes and there are 40 cars that pass through which is about one per minute. It is of no benefit to him to use this road. No, thank you.

Gordon Massmann - 19627 County Road 8, stated he owns property in Rockville and Maine Prairie Township and he has not gotten anything from Maine Prairie Township regarding an assessment. He is wondering what this is going to benefit him. Show him a reason, then okay.

Bob Eder - 21674 County Road 8, noted the fact this is a county project, not a city project. The city has no right to assess unless they are in a 10% agreement with the county that they will benefit for this including water/sewer, single systems, or curb & gutter. He has lived out there for 40 years, has seen road projects come and go from 2 ton, 5 ton, to a 10 ton State Aid County road. This road benefits everybody in the county and city, not just the people living on it.

Bruce Conrad – 11381 Hubert Lane, stated he was thrown for a loop as to why we have this. The Township never had problems. Questions/concerns raised were:

- What happened with the money from the township? Was it thrown into the general fund?
- Why don't you have a legal way to secure this money to spend where it came from?
- He does not understand why we don't have money set aside for the future.
- He can see this as the only reason why we are coming up with a tax now is to pay for some project down the road.
- How can you tax for a project that is not yours?
- Hope you aren't paying for the architect or engineer or attorney on a county project.
- Have there been studies done that this improvement is needed?
- If this hasn't been proven I don't know how you can assess for more of the benefit received.
- Go back to the way the township did things.

Mr. Conrad stated he is trying to run a business downtown, build a shop along the highway, and buy the cabin at Pleasant Lake. He has been shopping around the area as he is screwed whatever way he turns. He can't understand why the attorney and engineer can't come up with a way to make this work. City roads should be paid by everybody on every road. Nobody should pay twice for a county or state road.

Mr. Conrad talked about the dirt road past his lot on 234th street and the fact that he can't afford to get city services to this lot and pay for a tarred road. The problem you have now is that a few people are getting a big hit.

The Rockville Business Association has lost membership. He stated that he hears a lot about Rockville and he is looking to relocate in Cold Spring. It costs too much with the cost of water, sewer and street. He does not want to lose his equity.

Mr. Conrad also reported that he added 30% to his bid for SJ Louis as it is a "highway heavy" project due to the JOBZ program.

Don Danzl – 23335 County Road 8, stated he doesn't believe in charging taxes when you don't get charged anything. He has seen other county roads get fixed and they were not assessed. The city is charging double. Mr. Danzl stated the council should make the people who work for the city live in the city and see how much taxes are.

Alice Schneider – 642 Caroline Lane, stated that she thinks this is a bunch of crock. She goes on bus trips and people ask her where she lives. She says Rockville and they say you live in that big city with a lot of problems. She says "you got it man!"

Tudie Hermanutz - 211 1st St W, stated that she does not live on either street (County Road 8 or Main Street), but she lives in the city. She is one of those people who will have to help pay for any project and she is willing to do that. She has talked to her neighbors and they are willing to pay for projects. The whole city should pay for city road projects. This seems like double taxation. The whole city would be better off if we all paid for projects.

Barbara Iverslie - 132 W Broadway Street, stated that she agrees that everybody should pay for the roads. We all use them.

Judy Ikeogu – 23305 County Road 8, indicated that she may be naïve but questions if you are going to assess for a project when you are not assessed, then what are you planning on doing with this money?

Bill Phillips – 22446 County Road 8, asked if he is going to get assessed if Backes property develops because they are increasing the value.

Member Hagen asked if he was referring to the interior roads.

Mr. Phillips asked if he would get assessed because he is right next to the property and say they went on his property. Mr. Phillips was informed that this project would be 100% developer paid. Attorney Mogen indicated that any road impact would be paid by the development as well.

Mayor Herberg reported that part of the thought process of the assessment policy concerning county roads and city streets is that everybody, whether you live on a county road or city street, would get assessed at some time. We can put this on the taxes and it may be it a 10%, 20% or more increase. The problem with that is if we try to develop a road and bridge fund there is criteria that we can't meet in our ability to bond for project. Without assessing parts of projects back to specific property owners we are strapped for what we can bond. There are 55 miles of roads including county road and we have \$3 million in projects that we keep putting off. We are not getting any farther ahead. There was a question of what happened to the money that came in as part of the merger – that money has been spent on projects already. It was there, accounted for and spent. We are trying to come up with a fair and equitable way that everybody pays. This may not be the perfect solution, but we have been working on this for 5 months. If we do an across the board tax levy there will be more of you in here at the same time. Mayor

Herberg urged the people to look at the big picture. He further thanked people for calling him and other members of the council as we are listening.

Gordy Massmann – 19627 County Road 8, asked how did we get in such bad financial shape. Is it because of what we are sitting in right now?

Mayor Herberg stated that we are sitting well and urged residents to look at our tax rate and compare it to our neighbors. We are one of the lowest around dollar for dollar. We are less than Waite Park, Cold Spring and St. Joseph. We are sitting fine that way.

Gil Otto - 21546 County Road 8, stated that it is evident, whether everybody gets up or not, that what has been said tonight is the consensus of the audience. Mr. Otto asked why are we being assessed when the county is paying for this. If we are in such good financial condition then why should a small group pay for a county road? Not everybody is going to get up and say something, but they all feel the same way.

Don Voigt – 21042 County Road 8, stated that for many years he has heard about County Road 8 being moved. Where is that at? Is that going to happen as soon as the road gets resurfaced?

Scott Hedlund reported that Stearns County correspondence to him today is that any re-alignment may not happen for 7 to 10 years.

Ron Westrup –21325 County Road 8, reported that he had correspondence (e-mail) from Jodi Teich stating that Stearns County is planning to resurface County Road 8 this year using state aid funds and Stearns County's share of gas tax revenues. We plan to grind up the existing pavement and gravel below and place 3 ½" of pavement on top of that. The project got moved up to 2007 from 2008 in our road program because another project got delayed. Bids will be opened on Tuesday. We have been investigating relocating a portion of County Road 8 in the Grand Lake area and will not have any money available for (several) years. Mitch Anderson has been working with the City and the neighbors. This is a minor relocation.

Don Voigt – 21042 County Road 8, stated that if this is a minor relocation, is that just for a few property owners on County Road 8? The value of those properties will be greatly affected. They will have a road in front and back of them and will truly pay the brunt for the relocation.

Mayor Herberg indicated that he talked to the county and if the property owners would bear the brunt of the cost, the county would go along with it. Right now Stearns County doesn't have the funds set aside for it not have they budgeted for it.

Joe Sponheim – 21556 County Road 8, stated that he understands the meeting was held to see if we should go ahead with this project. His vote is to cancel the assessment, let the county pay for it and we will go home.

Larry Kunz – 23373 County Road 8, stated that instead of taxing everybody why aren't we out trying to find businesses to bring into town like Cold Spring? Is anybody doing anything about this?

Member Hagen reported that he has only been on the EDA for a few months but there is the SJ Louis project, Voigt Bus relocated, and they had one deal fall through. It is not for a lack of trying.

Larry Kunz stated this was due to taxes getting higher. Cold Spring went down because they are getting businesses there. We have corners up here that businesses could use. Maybe we need to do an audit of books to find out where the money is disappearing to.

Jerry Tippelt – 12318 State Highway 23, asked if the assessment ordinance has been passed.

Mayor Herberg indicated that it is a policy and it is in place.

Jerry Tippelt asked then why are we having this meeting if it is already in place.

Mayor Herberg stated the policy is in place, but it is not automatic. We still have to sit in front of the public, explain the project and get their input before we decide to go ahead.

Jerry Tippelt suggested the city should try to have a state representative at these meetings to find out why some of the money does not come back to the small cities.

Mayor Herberg reported that we have been working with state representatives to restore the LGA, the tax law was approved by House and Senate, but the Governor vetoed the bill. Mayor Herberg spoke of the amount the City of Cold Spring gets (\$600,000) so it is not just the business they have. The problem here too is that the taxable valuation in Rockville is bigger than the City of Cold Spring.

Dale Otsby - 21563 County Road 8, stated that he has lived here 4 years and his taxes have gone up 1/3 in that time. He thinks it is odd that what the city is looking at assessing is real close to that amount that they didn't get from the state. Is there a reason for that?

Mayor Herberg stated that we had to make that money (loss of LGA) up somewhere, but he was talking about the fact that everybody's taxes went up.

Dale Otsby indicated that a comment was made earlier about money being spent on the roads in town and you were asked who was going to pay for that and you said everybody. Isn't that what the first gentleman that stood up here was trying to get across that everybody should pay for that? The comment was no and then you come back later and say the people here will pay for it.

Don Danzl – 23335 County Road 8, stated he knew he was up here before, but if you ain't got money you don't spend it and you should be realistic when you spend it anyhow. Cold Spring's got something to offer. They got business and stuff. What have we got? If we want anything we have to drive 8 miles to get it. Get something to benefit the people instead of spending money on buildings or buying land when you have land next door.

Carol Dietman – 10059 County Road 47, stated that people are asking whose brain child this was. How did you come up with the 30% which seems to be exorbitant? Ralph Walz was not here tonight and he got a notice which seems kind of ridiculous based on what he told her. If this includes all the roads in Rockville will that include Highway 23 and all the people that live along Highway 23 will get assessed as well?

At one time on County Road 8 they were looking at an interchange or cloverleaf. Are they going to be assessed again on that?

Bill Phillips – 22446 County Road 8, stated that what has got us here appears to be a bad policy. What does it take to rescind a bad policy? If it takes more people action then this then that is what it takes. 30% is exorbitant and you are going to run into this with every project.

Herb Schlangen – 23049 County Road 8, stated that he owns quite a bit of land along County Road 8 and the assessments are outrageous. If you do 230th Street he will get assessed there too? There has to be a limit set for what they can pay for.

Jean Walz – 11053 230th Street, stated that Herb Schlangen said what she wanted to say. They have land on 230th Street and abutting County Road 8. Will they get assessed there again? The Fire Hall is a sore spot with her. If anybody has not seen how dedicated these firemen are, how much time they put in and how cramped there were at the old fire hall. People should see that the fire hall was needed.

Ken Kunkel – 21409 County Road 8, stated that we have a nice fire hall. St. Augusta put up a fire hall bigger than ours and it probably cost half the money than ours did.

Kathy Weatherly - 21832 County Road 8, asked what is the reason for the project. Is it so that semi's can get to Marty faster? There are many children and pets living along here and this is an accident waiting to happen. Will it be widened to a four lane highway? People go by way too fast.

Member Hagen informed her that this is a county decision.

Mayor Herberg added that County Road 8 was resurfaced from Highway 15 to Marty a few years ago. This section was postponed because of the Bloch development. That hasn't happened so the project is going through now.

George Bechtold – 244 West Broadway, asked if it is illegal to assess for profit. I don't know how you can do that?

Joanne Hatten – 242 West Broadway, stated that she does not understand why the city is assessing 30% when the county is paying for it. She has traveled down County Road 8 and other people with boats are right on her tail. People have to literally step into the ditch. She also does not see the 30% assessment on her road.

Nellie Klein – 21840 County Road 8 (or the Killer Road), stated that it occurred to her that this project was initiated because another project did not want to go ahead with their project. She is wondering why did we jump to the foreground and make such a hasty decision to construct the road. She kind of marvels at whomever the other project manager is that cancelled their project for whatever reason or lack of financial ability to pay or whatever. She is appalled that the city jumped into this so quickly and this is July. The road is going to be torn up in August. Is this doing any good at all? She is just horrified of the quickness of making a fantastic decision to assess property owners when there is going to be no benefit. She understands the you pay now or you pay later down the road concept. Maybe the city should have jumped off the band wagon and figured out an easier way to work with the county. If we are to assess for the needs of other areas why assess us?

Kim Keeville - 23060 County Road 8, stated she understands this is a county decision and that we don't have a choice, but problem here is that we are paying 30% for a project that is 100% paid for. I understand you are trying to be fair to everybody in the city. If you are assessing 30% to everybody in the city then we should be charged too, but everybody is getting a benefit from getting their road done. Fixing County Road 8 is not a benefit to us. It is just a better truck road. The increased traffic on County Road 8 is not benefiting us that live there. She agrees to pay for Main Street because everybody uses it, but no way is this going to benefit people on County Road 8.

Carol Dietman – 10059 County Road 47, had one more question. Is there any other community in the state that has a policy like this or just Rockville?

Member Hagen indicated that we had a financial consultant who has told us that we need to look at something like this and a lot of cities are looking at something like this. There are more benefits that have not been discussed. There are people who come to us that want improvements to their road. If you tell someone that they are going to have to pay something for it then you can control the number of people coming in. The more private the road is the higher percentage they should pay for the cost of a better road. That is the philosophy behind this.

The philosophy is the more public the road is the higher percentage they should pay for it. The more private the road the higher percentage the people who live along there should pay for it as they benefit from it more. So how do you handle the people who live on a dirt road and come to the city wanting their road to be fixed and ask everybody to pay for it? If you tell them they don't have to pay anything for this then they are going to be blamed with the person who already has a road that is halfway through there and they want that road improved. So if the person who wants their road improved and knows they are going to have to pay a high percentage of that they are going to think twice about how hard they are going to argue with the city and get into that pool of money. That's another reason we came up with this assessment policy. As to the 30% assessment being right or wrong and to the person who asked if on Broadway the Council is paying 100% I know the council agreed to drop that percentage to 15. I voted against it because I knew this was going to come up and I did not want to treat one area of the city different than another area of the city.

Member Hagen asked the engineer how much money the city would have to set aside each year in taxes to fund projects.

Scott Hedlund indicated that if you were to do a reconstruct it costs \$500,000 per mile. If you were to do a project every other year you would have to set aside \$500,000 per year.

Member Hagen's recommendation is to build a 10 year projection of what the road needs are and figure out how much the increase in taxes will be on \$200,000, \$300,000 or \$500,000. Then we would hold a public hearing and bring everybody back in and we will decide if we want an assessment policy along the lines that we are thinking or we do a Road & Bridge fund and build up a fund to start doing roads. What he hears is that people want is an equivalent of a Road & Bridge Fund where everybody shares in the cost and the only way to do that is to increase taxes and start building money up for it. We can't borrow for it as we have to assess 20% of the project.

Member Palmer stated that people would have to understand that roads may not get done for a very long time until we save enough money to pay for the project because we won't be able to bond.

Mayor Herberg indicated that in order to fund where we need to be on an annual basis we would need \$500,000 to 600,000/year to fund this at today's costs. If you are paying \$1000 now in taxes you would be paying \$1500. We are dealing with 100 people tonight and if we do that you can expect 2600 people at the hearing.

Todd Beumer – 311 & 317 County Road 8, stated he does not live here, but owns property in the city. With some of the assessments they are looking at he is thinking about getting out. He grew up here. Mr. Beumer referred back to when the city resurfaced his parking lot they just put in sand and seed. He can stick a shovel in and there is a lot of sand and the same seed mixture as in their lawn. The lawn is never going to grow. He has repaired some lawns for other projects in the city already and asked why is the city spending money on doing things twice?

Doris Smith – 216 East Broadway, stated that all you have to do is tax everybody and it will get done. Let's get along as a city. Mrs. Smith would be very willing to help. She asked how you are going to clean that road when you have a bike path.

Ken Kunkel – 21409 County Road 8, asked how many of the people living in the City of Rockville have Rockville addresses?

Don Danzl – 23335 County Road 8, stated it must be nice to assess people and get extra money. If you keep assessing people they are going to move out. People are on a fixed incomes.

Motion by Member Volkmuth, second by Member Ahles, to close the public hearing at 8:35 p.m.

***AYES: Ahles, Hagen, Herberg, Palmer, Pflepsen, Simon & Volkmuth
Motion passed on a 7 to 0 vote.***

Mayor Herberg suggested the council could pass the resolution ordering the project and reconvene the assessment policy committee.

Motion by Member Volkmuth, second by Member Ahles, to pass Resolution No 2007-16 ordering the project. (A copy is hereby attached and marked Exhibit A).

***AYES: Ahles, Hagen, Herberg, Palmer, Pflepsen, Simon & Volkmuth
Motion passed on a 7 to 0 vote.***

Member Palmer asked if we can do something to get the county to slow down the traffic. Mayor Herberg cautioned the council and to be careful for what you ask. He has seen where there are big changes made in reducing the speed limit.

Mayor Herberg informed the public that we would make a list of questions and provide answers.

Member Volkmuth asked if we were to reduce the assessment to 15% could we still bond. Jim Mogen stated no, but if you combine with another project that is fully bonded you could ratchet the percentage up and possibly make the 20%.

Member Pflapsen asked if the people in this room looked at a 15% assessment. Member Pflapsen indicated that if a city wide tax is put on a \$150,000 house would pay more than a \$75,000 house. The most equitable way is to assess based on the front footage.

Member Pflapsen explained the process and scenarios that were looked at stating there was no policy ever created that does not have flaws. Everybody on the council is discharged with planning and financial responsibility for 20 to 30 years. A reduced amount of 15% would be his suggestion. Maybe with some of the comments he has made will move somebody from the audience to take the ball and run with it. If that road degrades any more then there is wear on your tires. The big dilemma here is that we have a project that is funded. Many cities across the state do assess, but maybe the 30% should be reviewed.

Jim Mogen suggested the discussion occur at the assessment policy.

Clarence Bloch asked how come you can't run it like they did years ago. He does not agree with the 15% assessment. He urged the council to do it like the township. The assessment is \$4000 for his property. He suggested the council to let everybody pay over the whole city.

Mayor Herberg polled the audience and it appeared that nobody was in favor of the 15% assessment.

Member Simon voiced his concern regarding assessing for a county project that the city is not paying for. Member Simon stated that no way are we going to assess on this project.

SPECIAL ASSESSMENT POLICY MEETING - 7/17/07 6 p.m.

Motion by Member Herberg, second by Member Palmer, to adjourn the meeting at 8:54 p.m. Motion carried unanimously.

**VERENA M. WEBER-CMC
ADMINISTRATOR/CLERK**

**BRIAN HERBERG
MAYOR**