

NOTES FROM A FINANCE COMMITTEE MEETING HELD WEDNESDAY, AUGUST 14, 2008 – 6:00 P.M. – ROCKVILLE CITY HALL

The meeting was called to order by Acting Chair Brian Herberg. Roll Call was taken and the following members were found to be present: Brian Herberg & Randy Volkmuth. Absent: Chair Palmer & Bill Becker.

Staff members present were: Rena Weber, Julie Zimmerman, Mike Hofmann & Rick Hansen.

Discussion was held regarding:

2009 LEVY - Rena Weber and Julie Zimmerman reported that with the 3.9% levy limit in place there is still a shortage in revenue for the general fund.

\$32,430 short due to:

-10,000 EDA Fund 209

-17,000 Road Maintenance Fund 215

- 5,430 Rock Fest Fund 408

Rena noted that there is a \$5,000 plus surplus in the proposed Revenue Vs Expenditure proposal which brings the number down to \$26,430.

Motion by Member Volkmuth, second by Mayor Herberg, to recommend reducing the Road Maintenance Fund to \$3,000, include the excess \$5,000, and spend the remaining shortage from General Fund reserves. Motion carried.

FIRE DEPT. Rena wished to point out that the city levies \$110,000 for the fire department with \$170,000 in expenses. The difference is due to training and the loss of St. Augusta contract for services. In the future this number will have to be re-adjusted and monitored.

MAYOR/COUNCIL RAISE – Mayor Herberg reported that if the city is considering a raise for the Mayor/Council it would have to occur before the election. Mayor Herberg reported that the proposal was:

\$250 – \$300/month for Mayor

\$200/month for council

Randy Volkmuth suggested \$250 Mayor and \$175 Council and also asked for copies of what other cities are paying by 9/3/08. This will require an ordinance amendment.

Motion by Member Volkmuth, second by Mayor Herberg, to recommend \$250/Mayor and \$175/Council with the amount being financed from the general fund. Motion carried.

CAPITAL OUTLAY – Rena noted that there were no allocations for capital outlay in the budget. Julie recommended the council consider spending down designated funds or use the general fund for the balance.

ADDITIONAL LEVIES FOR IMPROVEMENTS – Discussion was held regarding ways to start saving for projects. Rena had obtained information from David Drown regarding options. (*Refer to attached e-mail from David Drown*)

Randy suggested going 50,000 instead of \$200,000 as this will be a real hardship.

Mayor Herberg suggested a minimum of \$100,000 as \$50,000 will not go very far.

Ask David if this can be for more than one year? Julie did a quick review of what such an increase would mean:

\$1,252,438 +200,000

1,013,954

\$ 238,484 = 23.5% increase

\$1,152,438 +100,000

1,013,954

\$ 138,484 = 13.6% increase

It was determined that full council discussion needs to occur on this matter.

PFA PAYBACK – Julie reported that she updated the delinquent tax figures which were less than reported at the last council meeting. (*Refer to attached e-mail from city attorney regarding delinquent taxes*) Discussion was held regarding ways to help people catch up on their taxes.

ADJOURNMENT – *Motion by Member Volkmuth, second by Mayor Herberg, to adjourn the meeting at 6:58 p.m. Motion carried unanimously.*

Submitted by Rena Weber
Administrator/Clerk

Rena Weber

From: David Drown [david@daviddrown.com]
Sent: Wednesday, August 27, 2008 1:23 PM
To: Rena Weber
Subject: RE: Elections for additional levies

Rena: As I see it, you have two options to create a special levy for 2009 street work. These are:

1) Hold a referendum election to levy and extra \$200K for street repair work. To do this, we should ask Mary Ippel at Briggs to draft a resolution for the Council approval. That resolution will contain the language to be printed on the ballot, etc. The latest day for the election vote would be the first week in November -- concurrent with the general election, I believe. So, should be plenty of time to get the paperwork ready for that.

2) Issue bonds. You can levy as a special levy to make payments on bonds. To issue bonds this year, you will have to complete the initial public hearing for assessment projects, or adopt a 5-year capital plan for roadway improvements and burn through the 30day reverse referendum process. You theoretically have time to do this too, but I question whether your council is willing to take this level of initiative in the current economy.

So, I'm seeing option #1, where you ask the voters to approve an extra \$200K as the most likely route. I do not believe you need to be specific on which streets will get the work, but you can expect the voters to ask for an answer to that questions.

I can work with Mary to have the initial resolution prepared, and also calculate for your use impact information to share with tax payers -- "i.e., the proposed special levy will increase taxes on a \$200,000 house by \$350 per year, etc."

Dave

-----Original Message-----
From: Rena Weber [mailto:rweber@rockvillecity.org]
Sent: Wednesday, August 27, 2008 12:49 PM
To: David Drown
Subject: Elections for additional levies

Dave - if the city were to hold an election for establishing a levy for improvement projects not yet identified (like for \$200,000/yr) how and could we do that?
Rena

-----Original Message-----

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2007 Minnesota Statutes

275.73 MS 1998 [Expired]

275.73 ELECTIONS FOR ADDITIONAL LEVIES.

Subdivision 1. **Additional levy authorization.** Notwithstanding the provisions of sections 275.70 to 275.72, but subject to other law or charter provisions establishing other limitations on the amount of property taxes a local governmental unit may levy, a local governmental unit may levy an additional levy in any amount which is approved by the majority of voters of the governmental unit voting on the question at a general or special election. Notwithstanding section 275.61, any levy authorized under this section must be levied against net tax capacity unless the levy required voter approval under another general or special law or any charter provisions. When the governing body of the local governmental unit resolves to increase the levy pursuant to this section, it shall provide for submission of the proposition of an additional levy at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and the maximum yearly amount of the additional levy.

Subd. 2. **Levy effective date.** An additional levy approved under subdivision 1 at a general or special election held on or before the first Tuesday after the first Monday in November in any levy year may be levied in that same levy year and subsequent levy years. An additional levy approved under subdivision 1 at a general or special election held after the first Tuesday after the first Monday in November in any levy year shall not be levied in that same levy but may be levied in subsequent levy years.

History: 1Sp2001 c 5 art 16 s 9; 1Sp2003 c 21 art 7 s 7

Julie Zimmerman

From: James Mogen [jmogen@rnoon.com]
Sent: Monday, August 25, 2008 5:34 PM
To: Julie Zimmerman; Rena Weber
Subject: Tax forfeit question

Julie and Rena,

Following up on my response on the question regarding property that is past due on special assessments, the process for tax forfeiture is as follows:

1. A property is delinquent. Of course, this happens the year after the tax was due. Therefore, if the first year a tax bill was unpaid was 2008, the property is not delinquent until 2009;
2. The County will obtain a judgment regarding the delinquent tax. This would be in 2009;
3. Three years after the judgment, the property is conveyed to the state's name. This is 4 years after tax was due, or 2012, in our example;
4. The next spring, the property will be put on sale (approximately May of 2013);
5. Proceeds are distributed the next January (Jan. 2014 for today's taxes and special assessments).

As you can see, the process is pretty drawn out. If the property is homesteaded, it is even longer (by two years).

Please let me know if you have any questions.

Jim

James A. Mogen
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www.rnoon.com

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8/26/2008

Julie Zimmerman

From: James Mogen [jmogen@rnoon.com]
Sent: Friday, August 22, 2008 3:07 PM
To: Julie Zimmerman
Cc: Rena Weber
Subject: Re: Delinquent Special Assessments and request for discussion on process

Julie,

I am looking into the process for tax forfeiture. Contrary to my initial thoughts, the City doesn't not have any ability to initiate forfeiture. This is handled exclusively by the County, and is based on state law.

I will get back to you about the specific procedures that happen when property is tax forfeited, but am still waiting for information from the County.

However, if you are asking how the City can prevent this from happening in the future, then I would suggest the method that we discussed last week. Namely, that the City require long-term security of developers when they are doing an Chap. 429 project. the financial security would be drawn upon any time there were not enough collections to pay for ongoing bond payments.

Of course, the other prospective option is to refuse to do Chap. 429 projects for private developments. Most developers are refusing to do Chap 429 projects, anyhow, so I am not sure there will be must demand in the future.

Anyhow, I will get back to you about the process for tax forfeiture. But, it would appear that the City has no say in the timeline, and would be required to wait until the County takes action.

Please let me know if you have additional questions.

Sincerely,

Ji

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>>> "Julie Zimmerman" <jzimmerman@rockvillecity.org> 8/15/2008 12:33 PM >>>
Hi Jim,

8/22.2008

David Drown and I met today regarding analysis on the payback of special assessments for the Lakes Area Sewer Project. In this year's tax collections the city is seeing substantial delinquencies in special assessments- primarily by developers. David, based on his experience, has suggested the city contact you to begin discussions on a process by which we could address this issue. I will be leaving this afternoon, but will be back in the office on Monday. Have a good weekend.

Julie Zimmerman
Finance Director
City of Rockville
320-251-5836
jzimmerman@rockvillecity.org

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Detachment Issue with Maine Prairie Township-Costs

8/25/2008

Vendor	Inv Date	Amount	Comments	Detachment Mtgs	# Members/Staff Present @ \$25	
Rinke Noonan	12/4/2007	No charge	Legal	3/12/2008	6	150
Rinke Noonan	2/12/2008	176.00	Legal	3/31/2008	6	150
Rinke Noonan	3/10/2008	1,054.50	Legal	4/16/2008	7	175 (R Hansen wage incl)
S EH Engineers	3/17/2008	272.50	Road Analysis	4/30/2008	7	200 (R Hansen wage incl)
Rinke Noonan	4/10/2008	1,017.50	Legal	8/11/2008	7	175
S EH Engineers	4/18/2008	283.61	Road Analysis, Attend Mtg			
Rinke Noonan	5/13/2008	980.50	Legal			
S EH Engineers	5/16/2008	140.00	Detach Mtg of 4/30/08			
Rinke Noonan	6/9/2008	425.50	Legal			
Rinke Noonan	7/11/2008	1,054.50	Legal			
Rinke Noonan	8/13/2008	2,149.00	Legal			
Total expense to date		7,553.61				850.00

Detachment Costs.Detach issue.Acctg

ASSESSMENT POLICY DOCUMENTATION

8/25/2008

Costs associated with Assessment Policy **Sub Committee**

<u>Date bill pd</u>	<u>Inv date</u>	<u>Inv #</u>	<u>Legal</u>
1/16/2008	1/10/2008	124953	715.00
2/20/2008	2/12/2008	126458	608.00
5/21/2008	5/13/2008	130686	288.00
7/2/2008	6/9/2008	131961	464.00
7/16/2008	7/11/2008	133532	464.00
8/20/2008	8/13/2008	135035	64.00
Total			2,603.00

<u>Date bill pd</u>	<u>Inv #</u>	<u>Engineering</u>
2/6/2008	172689	163.50
4/16/2008	200490	1,650.22
6/4/2008	202898	291.11
Total		2,104.83

Staff Costs

<u>Meeting Date</u>	<u>Attendance</u>	<u>\$ Amt</u>
12/17/2007	VA/BH	50.00
1/7/2008	VA/BH	50.00
1/23/2008	VA/BH	50.00
2/13/2008	VA/BH	50.00
2/27/2008	VA/BH	50.00
3/13/2008	VA/BH/CA	76.56
3/26/2008	VA/BH	50.00
4/9/2008	VA/BH/CA	64.49
4/30/2008	VA/BH	50.00
Total		491.05
Grand Total		5,198.88

Assessment Policy documentation. Assess pol Doc. Acctg

(Sub-Committee tab)