

NOTES FROM A FINANCE COMMITTEE MEETING HELD WEDSDAY, MARCH 11, 2009 – 6:06 P.M. – ROCKVILLE CITY HALL

The meeting was called to order by Chair Susan Palmer. Roll Call was taken and the following members were found to be present: Chair Palmer, Randy Volkmuth, & Mayor Hagen. Absent: John Koerber arrived at 6:14 p.m.

Staff members present: Rena Weber, Amy Goerger, Mike Hofmann, Ralph Walz, & Rick Hansen.

Also present: Jerry Schmitt, Duane Willenbring & Bill Becker.

5%, 10% & 20% REDUCTIONS IN BUDGET – Finance Director Amy Goerger presented a 5%, 10%, & 20% reduction in the 2009 current budget based on discussions with staff. A line item review was done with the following being noted or discussed:

Civil Defense – Mike Hofmann stated that we can hold off on funding \$3500 for a siren since the detachment. In Pleasant Lake he would like to go to a battery operated model. Mike Hofmann further volunteered to cut his wage if everybody does.

Highway/Street – Total designated \$160,000

- Seal Coating use – designated \$35,440

Rick Hansen reported that by 2012 street signs will need to be replaced due to a mandate.

- Member Volkmuth questioned blading roads and can this be reduced – will review
- Member Willenbring questioned street lighting – need energy audit done
- Member Willenbring questioned purchase of gravel – Rick Hansen indicated this is what we purchase when we gravel roads

Rena Weber presented cost reductions implemented and cost reduction suggestions to reach 5, 10 & 20% reductions

- Member Volkmuth agreed that a survey would be good to find out what are the most important facets are for the residents
- Chair Palmer suggested the Pleasant Lake City Hall close down be a survey of residents
- Member Volkmuth stated in the survey we need to let residents know we have to reduce, ask them what is the most important and make sure they know we need their input
- Member Volkmuth stated there are options on short term, long term disability insurance such as percentage change
- Chair Palmer voiced concern about employee retention and moral
- Chair Palmer indicated that mowing lawns it depends on the rain
- Member Koerber volunteered to mow the Pleasant Lake Park lawn
- Mayor Hagen urged staff to contact Stearns Electric on street light plans such as for \$10 dollars a month, see if they have plan

Rena Weber presented staffing comments

- Mayor Hagen questioned grinder station repairs and the fact that the Toolkat was purchased along with a tripod w/ winch on it so it would only require one person
- Ralph Walz indicated that grinder station repairs really needs two people because the pump part that slides down the stainless steel pipe is starting to rust

FIRE DEPARTMENT ACCURED LIABILITY - Rena Weber reported the information was presented for information only. Chair Palmer had voiced concern previously.

Member Willenbring questioned the ratification of fire relief benefit and how it worked

Rena Weber reported it is based on how well their investment fund does and last year the city contribution was \$7,512. Rena Weber added that a letter from state auditor's office indicated there is no required contribution for 2009.

Member Volkmuth asked does the income average over the years or does it reset each year. Amy Goerger will look into this question.

Chair Palmer indicated the question is "Do you ratify this or not?"

It was determined that more information would be available for the next meeting.

POTENTIAL REFUNDING OF BONDS

Rena Weber presented e-mails and a schedule from Monte Eastvold – Northland Securities regarding re-financing of certain bonds. David Drown also reviewed the information and recommends at this time that we wait until the interest rates come down. Rena Weber reported the savings decreased in the past month, but staff feels that certain information was not included in the estimate.

Chair Palmer indicated that St. Ben's uses a 3% savings or more whenever they consider refinancing.

Motion by Chair Palmer, second by Member Volkmuth, to recommend refunding of bonds if rates become favorable (3% or more). Motion carried unanimously.

RFP'S FOR BUILDING OFFICIAL

Rena Weber reported that four notices were sent out to people who responded at the last RFP. RFP's will be accepted until 3/18/09. This will then be sent to the Personnel Committee for their review as they recommend hiring of consultants.

Mayor Hagen asked if we need to take the lowest bid on building inspectors. Rena Weber reported that there are interviews, questions are asked and the Personnel Committee will rate the firm by how the questions were answered.

MUNICIPAL STREET IMPROVEMENT DISTRICT AUTHORITY – Rena Weber reported that this information was presented for council information only and also that we are prepared to adopt such authority if it passes state legislation.

Mayor Hagen suggested this be included in the survey to the public, but lay out options of how this could work.

WATER RATES – Amy Goerger presented the water rate study information:

Water Rate Study W/O Interest & Water Tower Rental Income 2009

Water Rate Study 2009

Water Rate Study 2009 - 0%, 5%, 10%, 15%, & 20% Increase

Water Rate Study 2009 " " " " " " " W/O Int. & Rental

Amy reported the Variance column is the difference from the 2007 actual numbers (yellow) column and the 2007 numbers presented at the last rate study – one billing was missing. David Drown agreed with Amy in her suggestion to take out the interest and rental so that you don't count on that. The council needs to decide what to do with the rental income.

Member Volkmuth indicated the interest should be going to the fund from which it was earned or at least figure on ½ of the interest in this study.

Amy Goerger suggested the council doesn't count on it and use for the major repairs.

Discussion was held in using \$5,000 to count on for the study and put the rest in a capital account.

Member Volkmuth suggested water tower rent (\$40,739.64) be put in the Road Fund and the \$36,500 additional interest be used to make up some of the loss and reduce the 5%, 10%, 20%. We might all get a compromise out of this.

Rick Hansen voiced concern that 275 connections paid assessments for the initial water tower. A watermain break is \$10,000 so why shouldn't this money be put aside and used to fix a repair.

Mayor Hagen indicated he just wants to get away from segregating the city.

Motion by Mayor Hagen, second by Member Koerber, to recommend the tower rent income goes into the General Fund. Motion carried unanimously.

Motion by Mayor Hagen, second by Member Volkmuth, to further recommend the increase amount from the tower rental go to a capital improvement fund for the Street Dept. by this amount. Motion carried unanimously.

Further review was held and it was determined that Amy should revise her rate increase using 3.5% increase factor instead of 6% and also to include the \$5,000 interest.

Member Willenbring questioned the average yearly base amount on the MN Rural Water compilation stating the \$9.20 is the monthly base rate and Amy needs take this times 12 so it amounts to \$110.40.

BUDGET AMENDMENTS – Amy Goerger reported that in doing the audit this year it was recommended by the auditors that we condense a lot of the funds and are handled internally. Rena Weber concurred with this idea.

Motion by Member Volkmuth, second by Chair Palmer, to recommend approval all requests for council action as presented. Motion carried unanimously.

NEXT MEETING – Rena Weber reported that in talking to Tom Ohlinger – ABDO auditing firm, he would either meet with the council and do an in depth workshop as opposed to presenting the audit at a council meeting. The Finance Committee determined that a 20 minute workshop would be in order. The following agenda was determined for 4/13/09 – 6 p.m.:

- Fund Balance – ABDO
- Fire Relief funds – ABDO
- Revenues/Expenditures – update
- What reductions should be made?

Member Willenbring stated that there has been a long standing issue in the city regarding the water rates so we have to keep the base rate down and raise the usage fee. Amy Goerger asked to survey other cities rates before making a recommendation.

Mike Hofmann suggested that he and Duane Willenbring meet with certain utility companies and look into an energy audit for the city.

Rena Weber reported that St. Augusta has asked the City of Rockville to switch meeting dates for the Area Cities meeting with them and host the 3/31/09 meeting.

ADJOURNMENT – Motion by Chair Palmer, second by Member Volkmuth, to adjourn the meeting at 8:08 p.m.

Submitted by Rena Weber
Administrator/Clerk