

**MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD WEDNESDAY,
DECEMBER 10, 2008 – 6:00 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 members Vern Ahles, Bill Becker, John Koerber, Susan Palmer, Don Simon & Randy Volkmuth. Absent: None

Staff Members present were: Administrator/Clerk Rena Weber, Finance Director Amy Goerger, Public Works Supervisor Rick Hansen, & 1st Assistant Chief Ralph Walz.

Also present were: Barb Nichols, Duane Willenbring, Jerry Schmitt, Dave Volkmuth, Jeff Hagen & Wayne Miller.

PURPOSE OF MEETING – Mayor Herberg announced that the special meeting had been called for the purpose of truth in taxation. Rena Weber reported that even though the city is under the maximum levy limit and also due to the fact that we are now under 2500, the council chose to hold the Truth in Taxation hearing to get citizen input.

BRIEF OVERVIEW – Finance Director Amy Goerger gave a brief overview of the 2009 budget and presented charts on history:

- a) Local Government Aid
- b) Total Net Tax Capacity
- c) Tax Capacity Rate Vs area cities
- d) Debt Service Breakdown
- e) General Fund Expense Breakdown
- f) Tax Capacity Historical Analysis
- g) Tax Levy

Mayor Herberg reported that he attended a rally at the capital today in response from a League of MN Cities e-mail seeking council input on the possible un-allotment of state aid payments. Mayor Herberg indicated what information was given out:

- The State is facing an estimated short-term deficit of \$426 million for the remainder of the current 2008-2009 biennium, which ends June 30. The state currently has a budget reserve of \$155 million, leaving a \$271 million gap that must be closed before June 30, 2009.
- The House & Senate hearings today are largely focused on the State's response to the short term \$426 million deficit.
- Later this month, the state is scheduled to distribute \$242 million in city LGA and \$38 million in city MVHC.
- According to statements made by legislative leaders and the governor, the solution to the short-term deficit will apparently include reductions in state aid paid to cities and counties this December 26th.
- The state is facing a projected long-term deficit of \$4.8 billion for the upcoming 2010-2011 biennium.

FOR ROCKVILLE THIS MEANS:

2008 – Loss of LGA	\$7,896
Loss of MVHC	30,744

Rena Weber reported that the city did not budget for the MVHC as we were told we would not receive it anymore. Staff sat down and came up with a list of additional reductions that could be made to the budget to make up the shortfall. Staff previously made changes to the budget since 9/15/08 to reflect the difference in wages for the Finance Director, health insurance, and re-distribute the interest earnings.

Member Volkmuth had questions regarding:

- 1) 5 year capital Equipment Plan 2009
Utility Mapping in water/sewer for \$17,400 for the next five years. *It was determined that this was in error and will be removed.*
- 2) Look at this and the Water/Sewer budgets as well since the utility mapping is carried out further there.
- 3) 800 MHz should be looked at
- 4) City staff did come up with an additional \$18,500 in cuts

Mayor Herberg also reported that it would not be in the best interest of the city to reduce the tax levy at this time, but rather to keep it at the current level in order to weather the financial storm for the next few years.

Rena Weber reported that she did talk to Kathleen Stanger about the Rock Fest levy and felt this should be reduced to \$4500 from \$5430.

Member Volkmuth indicated that we should be okay next year as we are not losing the revenue from the detachment area but we need to be on board early.

Mayor Herberg also reported that at the state level they are considering allowing cities to go back and re-certify their tax levies. This will be a mess and he does not want the city to get behind the 8 ball. If we can trim our budget, put that money aside and then use it when it really gets tough in two years.

Member Simon voiced concern that the equipment needs are such that this should be looked at.

Member Palmer indicated that we do not have adequate funding for capital equipment and need to address this.

Mayor Herberg indicated that a suggestion was made to cut departments 10% and how to do you do that when you are a 1 person operation.

Member Simon reported that certain services can't be reduced.

Member Palmer suggested there are ways to look at it - cut hours, salaries, etc.

Mayor Herberg indicated that he was surprised that some cities the cut in LGA will amount to 50% to 60% of their levy and here is a case where Rockville will be in a better position by not relying on LGA. Mayor Herberg opened the floor up to comments from the public.

Duane Willenbring, 25123 County Road 139 commented that he agrees with the comments made by the council as to the challenge the budget will be in the coming years by hunkering down. He reported that single family new home building permits for the past five years for: Foley, St. Augusta, St. Cloud, St. Joseph, Sartell, Sauk Rapids, Waite Park, Rice, Rockville were:

2003	879
2004	815
2005	915
2006	567
2007	338
2008	116

There are 151 registered builders in the St. Cloud Metro area and with 116 homes being built this past year that is less than one home per builder. He voiced concern that the DATA CADD system was purchased due to the new development. He asked if this could be put on hold for a while. He agreed that the levy limits should be kept up to where we are at. He was also glad that we are not overly leveraged. In the future we should look at LGA as non-existent.

David Volkmuth, 24754 Lake Road stated he likes what they are saying. PL did not allow LGA to be in their budget and many time they said thank you. When they had it they put it into a line item.

2nd – we have increased our budget from last year to this year. We are in strong, tough times. He urged the council to look at each line item and reduce it. From 2004 to 2006 we spent a lot of money. Understand dearly that the people who have to pay the taxes, even a dollar, are having a tough time of paying. Legal, engineering are out of line, wages & health insurance have gone up substantially. We need to be prudent with our funds. He would like to see us have a 0 increase.

Wayne Miller, 25868 Lake Road questioned the assessed value of his property and whether this was the right meeting to discuss that. Rena Weber reported that the meeting to discuss this is the Board of Review and usually occurs in May.

Ralph Walz asked the Council if he should continue to seek grants for equipment as the problem in doing so requires a 50/50 match. He wishes to be fiscally prudent and needed to know that he can continue looking for grants. He was told the message is not that the council wants him to not purchase equipment, but that we need to be fiscally responsible.

CLOSE TNT HEARING – Motion by Member Becker, second by Member Palmer, to close the Truth in Taxation hearing at 6:40 p.m. Motion carried unanimously.

Mayor Herberg announced that final approval of the tax levy would occur at the 12/17/08 meeting.

ADJOURNMENT – Motion by Member Becker, second by Member Ahles, to adjourn the meeting at 6:41 p.m. Motion carried unanimously.

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

**BRIAN HERBERG
MAYOR**

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