

**MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD WEDNESDAY, MAY 23, 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 PflEPSen, & Don Simon. Absent: Randy Volkmuth.

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

Others present were: Vince & Audrey Schaefer, Mitch Anderson, Inge Seelen, Tудie Hermanutz, Doris Smith, Mandy Schutz, Harold Jungels, Ray Schreiner, Brian & Joan Hatten, Duane & Diane Willenbring, Earl & Jackie Pierskalla, Greg Schaefer, Jerry Tippelt, Jodi Teich, Dick & Jan Neyssen, Corey Schreifels, Bill Thull, Carol Dietman, Bonnie Ring, Linda Marquart, Amanda Marquart, Mike Kosloski, Jeanna Ring, Jeremiah Denn, Marie Skaja, Dale & Cheryl Nieman, & Rodney Schaefer.

**COUNTY ROAD 82** – Mayor Herberg announced that the special meeting had been called for the purpose of considering improvements to County Road 82. Rena Weber read the notice of public hearing.

**DAVID DROWN – FINANCIAL CONSULTANT** – David Drown was present to explain what the council has been doing lately in regards to the assessment policy and why the city will have to assess for improvement projects. David Drown also explained what it will do to the taxes if the city does not assess anything.

It will not be reasonable for the council to just set aside money each year to do projects. The city will have to find a legal way within the law to pay for projects. Assessment bonds have one requirement that at least 20% of the cost has to be assessed. The council is going to have to borrow money and to assess for it.

Current tax rate is at 41% and would increase to 44% with no assessments. The tables assume the city will continue to grow at 10%. If growth is at 5% the tax rates would be up to about 50%.

The policy that is being proposed is 30% and this would bring the level up to 46 or 47%. David Drown's recommendation is to approach things this way. The big picture is to do things that are sustainable.

**SCOTT HEDLUND – CITY ENGINEER** – Scott Hedlund was present to explain the project limits, what will be done, and potential assessments.

Reclaim a portion of the project

Reconstruct a portion of the project (downtown area)

Bid date is June 28<sup>th</sup>

Estimated total construction cost today is 2.0 millions or more

City share would be \$240,000 so the project is not completely paid for by turn back funds.

The Council is intending to collect for more than the \$240,000 to help offset the cost of other roads. The Council has also determined they would assess by the same types of rates across the city to be fair using a "schedule of costs" as established by the city engineer.

Public hearing –

Bonnie Ring – 316 Broadway Street East presented a petition on behalf of 45 residents stating: "We the property owners along Broadway Street (Co Rd 82) in the City of Rockville disagree with the proposed assessments for the upcoming Co Rd 82 turn back improvements. This project does not service only the property owners, but more so, the entire City. It is our Main Street. This project is a once in a lifetime opportunity for this city and all of its residents and should not cause a financial hardship for a select few. We will not be a test case!"

Bonnie Ring stated she remembers MNDOT paying 90% of the project and the city 10%. The City was supposed to put money away for this project.

Doris Smith – 216 Broadway Street East – stated this is just ridiculous. We don't even want a bike trail. Why should we have to pay for the road?

Jerry Tippelt – 12318 State Hwy 23 asked why we get so little State Aid. We are borrowing money to get this road done. How will we pay it back tomorrow if we don't have the money today? Do you just keep borrowing money to get out of the hole?

David Drown indicated this project is rather minimal and the City does not have cash in the bank to do this project. There are projects coming that are \$1,000,000 and to put things into perspective the total tax levy is \$1 million dollars so if we were to set aside \$100,000 per year for a million dollar project it would be 10 to 15 years before we would have enough money. My guess is the City can't wait 15 years to that. By using debt you are devoting 15 years of property taxes. The difference is you are able to do the project on the front end instead of the back end. If you don't have the cash and don't want to see the property taxes double next year the only real way to approach these projects is to borrow some money and then think about paying off that debt as quickly as possible.

Jerry Tippelt voiced concern about the resolution to ever getting things paid off. What % of the people own land touching the road and what % don't. He has a piece of property that a city road runs the length of an 80 acres. There are people living on the end of his road that have no property touching that road. It just serves them so they will use this road and will never have to pay. Everybody drives and everybody should pay.

SJ Louis is going to be hauling some very heavy equipment down County Road 82. Does that mean we are going to be doing this road every 10 years? The City needs to look at a fair way of doing this. If we were still a township – how would that have been handled?

Vince Schaefer – 541 Caroline Lane stated he has been involved in this long enough to know when he is getting the shaft. He has heard a lot of numbers in the last weeks – months. The notice at the post office indicated \$381,005.36, the County (this is a county project) figures are \$2.15 million, and the city share is around \$240,000. To me this is a \$240,000 project for the city and as he told the engineer at the last meeting how can you think only the people living on County Road 82 will use this? How did people get to the meeting tonight? How do they get to church or the softball diamond? We have to pay to provide roads just us people living on County Road 82, for the whole city. The critical part of the decision to relocate Hwy. 23 was the financing project proposed by MNDOT. At that time it was 90% MNDOT and 10% city. David Drown indicated the state mandates that the city has to assess 20% in order to bond for a project and I repeat this is a \$240,000 project.

Vince Schaefer indicated that he heard from two council members that 30% is going to be assessed. 30% of \$240,000 is \$72,000. Divide this into 48 parcels and it would come to \$1,500 per parcel. The total, which nobody has said tonight, is \$484,522.29. That is what the city wants from the property owner to pay for a \$240,000 bill. From what I see, this should go in a kitty to pay for projects in the future in other parts of the city that they expect us to foot the bill to start the project. I don't see no fairness in this.

Has the city applied for any grants whatsoever to do this?

Another comment I hear every time I go out in the City is this city government does not have anyone that has any concern for the downtown Rockville. A good example of this is to look at the boulevard or at the weed patch in the back yard. If this were a resident the city would probably have them spray the weeds. You put a multi million dollar building here and then you leave the rest of it to go to hell.

Where is the justice for residents on County Road 82 being assessed the excess just to go in the kitty for future projects?

Don Schwinghammer – P.O. Box 424 stated the railroad owns all the property before it touches his property so he does not really have any property touching the road. How does he get assessed for property that does not touch the road?

Mr. Schwinghammer stated he was also assessed for so many feet of sidewalk and he knows there will not be sidewalk to his property. That is a \$1500 assessment that he really does not mind paying for, but not if there is not sidewalk he is going to get.

Mr. Schwinghammer asked has there been any other projects done like this in regards to financing a project like this. This is a little different way of doing assessing by banking the money for future projects.

You have the SJ Louis project and the development usually pays for the project. Mr. Schwinghammer asked if 200' is the standard procedure for assessing as he has not seen this before. Mr. Schwinghammer stated that everybody has to do something, but the way it is now it is really one sided.

Duane Willenbring – 25123 CR 139 indicated he has a number of questions.

1. Mayor Herberg would you share with public please, the information you have with the quandary regarding state aid. Mayor Herberg spoke of the LGA status in that both the House and Senate had included an increase in LGA in the tax bill; however, it is in the hands of the Governor now.
2. Bonnie Ring shared or made comments (for the benefit of the council) about the Main Street revitalization project that started many years ago. There were lots of suggestions, many hours spent, but nowhere does she ever recall that 20% must be assessed against benefiting property. Why was this never shared?  
Tudie Hermanutz stated that she could answer that question as the 20% was never applied for this project as we were never going to have to borrow money for it. David Drown indicated that if the City Council chose to spend cash for this project would they be required to assess anything and the correct answer is no. However, if the City Council recognizes this project is the first in a long list of construction projects, then they need to adopt a policy that works for your project as well as others. The policy probably will have special assessments of at least 20%. Your project is a relatively modest project, but most of the other projects on the list are large enough and the city won't have the ability to do them without borrowing.
3. Duane Willenbring stated that from the comments by the financial planner a policy should be in place and he has been to a lot of council meetings where he thought this was still a moving target. Rena Weber indicated that there is a policy that is in place today and that the council has been meeting to review and update it.
4. Duane Willenbring stated in regards to the big picture storm water is a part that he sees comes into the assessment, and curb & gutter comes into play as part of the storm sewer, so if the lay of the land is that only the area touching the project is being assessed there is a problem. He is here on behalf of the John Clark housing development as being on the Board of Directors. Mr. Willenbring asked isn't there a larger area that drains into storm sewer and shouldn't the area behind the John Clark housing property that is higher which drains into this system be assessed. In his simple mind there is a flaw in the thought process. If we are going to do it then why not have more than just the core city pay for it rather than just the parcels abutting the road?  
Scott Hedlund reported that storm sewer type costs are factored into the typical street rates. It used to be 15 cents per square foot as opposed to including it in the cost of the street. The intent is to be fair to every one and that in time everyone will have paid for storm sewer. There is wiggle room in the policy and this project is proposed with 30% to be assessed, but 70% is picked up by the whole city.
5. Duane Willenbring indicated that there are 72 total parcels (75) this is a test case. There is some infallicity in the thought process as to how the numbers were put together? One being that storm sewer is not figured with the larger area behind it, but he is not trying to have enemies tonight. Another is if one sidewalk is 12' deep from the curb to the building and another would be narrower he would like to see it go by lineal footage as opposed to the square foot. They would prefer to have it just as narrow as they can in front of their property.  
Scott Hedlund indicated that sidewalk is based on a 5' sidewalk and the rest is picked up by the city.
6. Duane Willenbring then asked why we are assessing this only on 7 years or 10 years. Why just us on this short of time? Why not stretch it out longer? Our kids are going to have this free highway.

7. Have those portions of the public improvement area with existing curb & gutter and sidewalk been assessed prior? Did they pay for their sidewalks once before? Doris Smith, resident at 216 Broadway Street East stated that yes they did. She would gladly pay if everybody did. Duane indicated that answered his question.
8. The township used to levy taxes for everybody and then they established a pecking order. It would be interesting to see the people coming to a Street Committee meeting lobbying for their road improvement and the urged the council to look at this.
9. State Statute has another mechanism for assessing by establishing a sidewalk improvement district under Chapter 435. Mr. Willenbring would strongly recommend that the council look at that also. It is a split by benefit rather than by lineal footage where sidewalk widths are wider than standard sidewalks of the district and you are assessed by the amount of the benefit.
10. Lastly as a member of the Board of Directors on behalf of the John Clark Cooperative Mr. Willenbring presented a petition regarding deferment of special assessments stating: The property owners of John Clark Cooperative Housing are asking for Deferment of Special Assessments. The senior housing complex meets the criteria designated in Mn Statutes 435.193-195. To not defer assessment will create additional hardships to the senior citizens 65 years of age or older and person retired by virtue of a permanent and total disability. Signed by 5 members.

Earl Pierskalla – 212 West Broadway thanked the council for their work. As a business owner they were promised by MNDOT that the turn back was going to be paid by the project. This is not a test. Mr. Pierskalla indicated that he lost 30% in drive by business of storage units because of no traffic flow. He did not know how the property tax value goes up, while he feels the value is going down. When you get to special assessments the biggest picture is this is not a test project and the council can pick and chose when they will start a test project. This was a special project.

Harold Jungels – 164 Broadway Street East stated that he has served on a street committee for five years. One thing the committee said no way there is going to be a bike path on Main Street, but it is going to go through. I can kiss those 5 years goodbye. The bike path being considered is way too dangerous and why not use the parkland on the north side of the river that could serve better. Eagle Park and the Peck land could be better enjoyed. The railroad right of way was another option. With \$1000 worth of lumber the city would build a bridge over the creek. They said they would be okay with us using the railroad. Now the bike trail is coming down Main Street. Where is it going to go once it leaves Main Street? Has anybody thought of that? How much is the city kicking in?

Mr. Jungels stated that the property at 315 West Broadway is getting charged for curb & gutter and sidewalk and he wanted to know what about the other side of the road?

Mr. Jungels stated that in City property taxes he pays for road maintenance and snow removal but last winter his street (Cedar Street) did not get plowed. When he talked to the guy running the bobcat he was told they would get to it, but it did not happen. He called city hall and was told they were tired and they went home.

What share is the county paying? That \$240,000 should be assessed to the whole city.

Scott Hedlund reported that the bike trail is not planned to be assessed as part of the project.

Cheryl Nieman – 325 Broadway Street East indicated that she has been here for 15 years. No one has plowed her sidewalk, but now they are good enough to pay.

The City built the city hall and fire hall. Last summer there was flooding and she asked why nobody did anything sooner. You are asking us to pay for past bills.

Tudie Hermanutz - 211 1<sup>st</sup> St West believes that the whole city should pay the 10% because she was on the main street committee. They went through the process and never talked about assessments. MNDOT said we will take care of 90% and the city 10%. It should not make any difference, this is the Main Street. It is not the time to get into a test project. This is a separate project because that's the way it has been promised and if you want anybody to believe in

government – you have to live up to what your predecessors said. Our elected people have to live up to promises made by their predecessors.

Joan Hatten - 242 West Broadway was happy to get rid of the puddle of water by their house, but if they are going to be assessed \$10,000 for this she is not for it. Ms. Hatten does not know how we are all going to pay for this.

Rick Schmidt – 246 Broadway Street West indicated that he bought the old car wash 6 months ago and was not informed that he would be assessed for this. The realtor told him it would be taken care of. The assessment is worth 20% of the property. These people are paying for all of Rockville. This just does not seem to be just and maybe this should be spread out.

Jerry Tippelt -12318 State Hwy 23 asked if the majority of the people want a bike trail. Is this something that should be asked by the people?

Inge Seelen – P.O. Box 83 thinks the street is in good condition. It was good enough for Hwy 23 and should be good enough for the County. She paid for sidewalk, and the storm sewer is fine. The bike path is good. Ms. Seelen indicated she has thought about the boulevard and asks why do we need it. It is stupid because she has to drive over the boulevard when she backs out of her driveway. She was billed for the street and she gets only \$398 social security.

George Bechtold – 244 West Broadway stated his proposed assessment is \$28,000 which equals \$3000 year added to the \$5,000 per month he pays now. Mr. Bechtold asked how much can you expect us to pay. When he bought the property he was under the same understanding that everything would get paid for. He owns 2/3 acre of property.

Amanda Marquart - 306 Broadway Street East stated that she can understand if you assess for the back streets, but not the Main Street. You are asking just the people who live here to pay for it. You can't ask for a select few people to pay for that.

Jeanna Ring – 316 Broadway Street East stated that when we got the letter my mom told me that just the property owners on Broadway are going to be assessed. I asked her are you sure and she said yes. We are all here because this is in our best interest. I understand the money has to come from somewhere, but it needs to be done in a fair way. She is too young to remember what promises were made, but there are people who are here that do remember and I just don't think you can go back on promises that were made by MNDOT paying 90% and the city 10%.

Vince Schaefer – 541 Caroline Lane stated he doesn't believe this is fair to these people. This should be a benchmark to launch a new assessment policy. He has heard from different council members that this will set a precedent for future projects. This should not be setting a precedent for future projects. This is a unique project. It is the first time in 103 years that the City of Rockville has a turn back project from the State. He can understand the street going past his house. That street was there for a specific purpose to serve a specific number of people mainly the residents on that street. This is not a residential street and can't only be assessed to the property owners on the street. This is a unique project not to be compared to any other project and should not a benchmark to launch an assessment policy for the city.

Don Schwinghammer – P.O. Box 424 reported that the last assessment project he was involved in was the reconstruction of downtown St. Cloud which was a very minimal cost to them. The costs were covered by someone else, state aid, etc. Mr. Schwinghammer still wants to know how he was assessed for property that does not abut the road.

Jim Mogen stated that if you had a pie shaped lot the assessment policy would ignore the frontage of the narrow driveway, but would take the width of the property at the building line. The policy takes it even further for lots that are bigger to get an adjusted footage of 200'. You are accessing that property through that easement/road. The 88' of sidewalk is based on the fact that sidewalk serves the street.

Scott Hedlund indicated that a portion of the sidewalk is on the other side of the street and this will be reviewed.

Harlan Platzer -Unit 101 at John Clark Cooperative Housing stated that he was promised that the State was going to pay for this project. We older people don't have the money and why should we be hooked up for it. The State was going to pay for it. What happened to that? His unit sits closest to Broadway so he will get nailed for money he does not have.

***Motion by Member Ahles, second by Member Hagen, to close the public hearing at 8:45 p.m.***

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

***Motion by Member Ahles, second by Member Simon, to table action on the project until 6/6/07.***

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

Member Hagen asked Vince Schaefer what the county policy is on assessments. Vince Schaefer indicated the county pays.

Member Hagen also asked Vince Schaefer what was the old city policy on assessments. Vince Schaefer indicated they had a road and bridge fund.

Member PflEPSen asked David Drown what is the threshold for where we bond \$240,000. David Drown stated the question is, is there enough money to fund this? Mr. Drown and staff have reviewed this and would like to include this with another bond. David also indicated that if we were to pay for this we would need to declare our intent.

***Motion by Member Palmer, second by Member PflEPSen, to adjourn the meeting at 8:50 p.m. Motion carried unanimously.***

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

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**BRIAN HERBERG  
MAYOR**