

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD WEDNESDAY, AUGUST 20, 2008 - 6:00 P.M. – ROCKVILLE CITY HALL.

The meeting was called to order by Acting Mayor Don Simon. Roll Call was taken and the following members were found to be present: Acting Mayor Simon, Council Members Vern Ahles, Bill Becker, Susan Palmer, Jim Pflapsen & Randy Volkmuth. Absent: Mayor Herberg.

Staff members present were: Administrator/Clerk Rena Weber, Finance Director Julie Zimmerman, Financial Consultant David Drown, EDA Executive Director Heidi Peper & Engineer Scott Hedlund.

Others present were: Tудie Hermanutz, Aaron Cheeley, Dick Nieters and Sharon Sponheim.

ADDITIONS TO THE AGENDA – Motion by Member Volkmuth, second by Member Ahles, to approve the additions to the agenda for discussion purposes only.

AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth
Motion passed on a 6 to 0 vote.

CONSENT AGENDA: Motion by Member Ahles, second by Member Palmer, to approve the consent agenda as presented:

- a) **Approve minutes of 8/6/08, 8/7/08, & 8/11/08**
- b) **Approve Treasurer's report of 8/20/08**
- c) **Approve List of Bills and Additions of 8/20/08**

Accounts Payable CK #010469 to 010528	\$43,630.85
Payroll CK #003159 to 003180	11,810.44
EFT #000145	377.16
- d) **Approve Mary Kremer as election judge 9/9/08 & 11/4/08**

AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth
Motion passed on a 6 to 0 vote.

BOARD/STAFF REPORTS

POLICE DEPARTMENT – The department presented a written report indicating 43 contract hours for the month of July along with the listing of the activities.

PLANNING COMMISSION – Rena Weber reported that the Planning Commission reviewed an administrative plat presented by Joe and Tom Molitor to Curt Gohmann.

RE: ADMINISTRATIVE PLAT

76.41620.800/001 Owners: Thomas & Joseph Molitor Farms Partnership
 Property Address: 8554 County Road 47, St. Cloud, MN 56301

REQUEST

Approval to sub-divide 0.03 Acres from Parcel A (Molitor's) to Curt Gohmann for non-building purposes only.

RELEVANT INFORMATION

1. Property is zoned SP-1
2. Property is 0.03 Acres approximately.
3. Curt Gohmann is asking approval to square off the NE of his property for sale to Darrin Massmann. Thomas and Joseph Molitor originally sold the property (5.0 acres) in 1996 to Curt Gohman, however, the survey was incorrect and this conveyance is merely for correction of a lot line. This will not be built upon.
4. Darrin Massmann has paid the required application fee.
5. Thomas and Joseph Molitor have signed the necessary quit claim deed to see this process through.

RECOMMENDATION

1. Approve as presented.

The Planning Commission approved the administrative plat as presented.

Motion by Member Pflapsen, second by Member Volkmuth, to approve the administrative plat for Molitor/Gohmann/Massmann as presented.

AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth

Motion passed on a 6 to 0 vote.

PARK & RECREATION BOARD – The 6/5/08 Park & Recreation Board minutes were presented for information purposes only.

NEW BUSINESS

RESOLUTION ACCEPTING GRANT - Heidi Peper was present to discuss Resolution 2008-21 accepting the grant \$372,000 from the State of Minnesota. Heidi pointed out the following:

- 50% match – we have the match of the \$576,000 grant already received
- Project will not move forward if we don't get the full grant money
- 5 years to use the funding
- The group is pursuing the use of Stearns County as the paying agent
- The group will go beyond the \$372,000 state program
- Costs may come down
- Opportunity to further reduce costs should the rail be abandoned

Member Volkmuth introduced the following resolution and moved for its adoption:

RESOLUTION #2008-21

WHEREAS, the City of Rockville supports the grant application made to the Minnesota Department of Natural Resources for the Federal Recreational Trail Grant Program. The application is to construct twelve (12) miles of paved trail for the Glacial Lakes Trail System. The Trail system is located between 178th Avenue in Richmond, through Cold Spring, to the Northeastern limits of Rockville.

WHEREAS, the City of Rockville recognizes the fifty (50) percent match requirement for the Federal Recreational Trail Grant Program, and has secured the matching funds.

NOW, THEREFORE, BE IT RESOLVED, if the City of Rockville is awarded a grant by the Minnesota Department of Natural Resources, the City of Rockville agrees to accept the grant award, and may enter into an agreement with the State of Minnesota for the above referenced project. The City of Rockville will comply will all applicable laws, environmental requirements and regulations as stated in the grant agreement, and BE IT FURTHER RESOLVED, the City Council of the City of Rockville names the fiscal agent for the City of Rockville for this project as:

***Verena M. Weber-Administrator/Clerk
City of Rockville
Po Box 93 229 Broadway St. E
Rockville, MN 56369***

The motion was duly seconded by Member Palmer with the following vote being taken:

AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth

Motion passed on a 6 to 0 vote.

COMMITTEE REPORT

FINANCE COMMITTEE – Chair Sue Palmer reported on the following:

- The Finance Committee met 8/14/08 for the 2009 budget review
 - City is under a levy limit for 3 years – 3.9% or 759,000
 - Replacement schedule of all the capital items were reviewed
 - It is not realistic going forward that there will not be any capital equipment
 - Department heads were present and we walked through their budget
 - All prepared a 5 year budget looking forward at the needs of the city
 - Committee is meeting again 8/28/08 – 6 p.m.
- Susan gave her appreciation to all staff for the work done in preparing the budgets. Member Simon also felt that something has to be done in regards to the roads.

Motion by Member Palmer, second by Member Volkmuth to schedule another Finance Committee meeting for 8/28/08 at 6 p.m.

AYES: Ahles, Becker, Palmer, Pflepsen, Simon & Volkmuth

Motion passed on a 6 to 0 vote.

ADDITIONS TO THE AGENDA

ACCEPT RESIGNATION OF FINANCE DIRECTOR & AUTHORIZE REPLACEMENT PROCESS– Member Becker asked what happens if we don't accept this request.

Motion by Member Palmer, second by Member Volkmuth, to accept the resignation of Julie Zimmerman effective 9/2/08, thanking for her hard work, wishing her luck in her new job, and further authorize the replacement process to occur.

AYES: Ahles, Becker, Palmer, Pflepsen, Simon & Volkmuth

Motion passed on a 6 to 0 vote.

Julie Zimmerman stepped to the podium and thanked the city for allowing her to work. Julie also offered suggestions for the future of the city:

- Purchase the Financial management plan tool developed by Springstead
- Develop more policies on financial guidelines such as Waconia
- Investing long term
- Cash flow management – hire a replacement with a strong background in this field

SERIES 2008-A G.O. IMPROVEMENT BONDS \$230,000– David Drown was present to report that the amount of the bond is being reduced to \$230,000 to reflect the pre-payments received. David indicated that he looked at the 1st National Bank, an investment banker and MN Rural Water Assn. Based on his review/negotiation he recommends the 1st National Bank @ 4.50% Net effective interest rate.

Member Volkmuth introduced the following resolution and moved for its adoption:

RESOLUTION NO. 2008-22

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$230,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2008A, PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF

(A complete copy is hereby attached and marked Exhibit A)

The motion for the foregoing resolution was duly seconded by Member Palmer with the following vote being taken:

AYES: Ahles, Becker, Palmer, Pflepsen, Simon & Volkmuth

Motion passed on a 6 to 0 vote.

PAYBACK TO PFA – Julie Zimmerman and David Drown presented information on the payback of funds to the PFA using the pre-pays on the assessments.

Since construction of the Lakes Area Sewer Project is basically complete (except for grinder station issues that are still being resolved), it is now time to pay back the pre-paid Sewer Assessment monies received by the city.

City staff and David Drown met recently to review cash flow information and there is reason to believe that of the approximately 400,000 of assessments to be collected each year for the sewer project, close to half may be delinquent (due primarily to developers at this time). This, combined with some delinquents on Sewer Access Charges (SAC'S) could result in the city possibly being short \$200,000 per year. Therefore, while we have 1,200,000 as a fund balance the city should reserve at least 400,000 to help offset the cash flow issues that may result from the delinquents.

With this in mind, it is recommended that the city council approve paying back to the PFA the amount of \$800,000 at this time.

This amount would be transferred out of the 4M Plus Fund and deposited electronically to the Public Facilities Authority. Once received a revised amortization schedule will be provided by the PFA to the city which will show the revised repayment schedule.

Julie Zimmerman reported the remaining bond money owed is \$7,092,000 after the \$800,000 is paid.

The Council discussed the delinquents and recourses available which is a lien on property essentially. This could amount to \$180,000 to \$200,000 per year which would deplete the excess \$400,000 in two years. *(Staff later determined that amount to ½ the amount therefore the excess money could potentially be spent in four years if not paid).*

Jim Mogen has been contacted for his input on the legal status of the contracts signed with developers and the next steps.

David Drown informed the council about arbitrage and that cities cannot make more money in interest on the bond funds than what we are paying for in the loan.

Motion by Member Volkmuth, second by Member Pflapsen, to table action on this request until the next meeting whereby an opinion should be received from the attorney.
AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth
Motion passed on a 6 to 0 vote.

ROCKVILLE SPORTSMAN'S CLUB RAFFLE APPROVAL – *Motion by Member Volkmuth, second by Member Ahles, to approve the request of the Rockville Sportsman's Club for a raffle on 10/18/08 – 400 Supper Club.*
AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth
Motion passed on a 6 to 0 vote.

ADMINISTRATOR REPORT

NUISANCE COMPLAINT – Administrator/Clerk Rena Weber reported that the city has met with the property involved on two separate occasions and as of this date has done nothing to remedy the situation.

Motion by Member Becker, second by Member Ahles, to clean up the problem and assess said costs back to the property owners.
AYES: Ahles, Becker, Palmer, Pflapsen, Simon & Volkmuth
Motion passed on a 6 to 0 vote.

OPEN FORUM –

Tudie Hermanutz – 211 1st Street West asked if anything has happened with the railroad or CR 82 punch list. It was reported that nothing has been done since she last asked.

Tudie also reminded all that Rock Fest will be held this weekend.

ENGINEER REPORT –

400 CLUB DRAINAGE SYSTEM – Scott Hedlund reported that the DNR contacted him on the 400 Club drainage system plan. The State is okay with our plan. Trygve Hanson doesn't think we need to go through quiet title, but wants a more formal design. The system probably can't get built this year unless we plead a hardship case with the DNR.

Member Simon asked now that summer is over can we move the meeting back to 7 p.m. as he has been asked this by some people. No action was taken.

Member Simon also reported that he went to a meeting regarding changes in legislature for the green acres program. Some changes are quite drastic and will affect a lot of people.

ADJOURNMENT – *Motion by Member Volkmuth, second by Member Palmer, to adjourn the meeting at 6:55 p.m. Motion carried unanimously.*

VERENA M. WEBER-CMC
ADMINISTRATOR/CLERK

DON SIMON
ACTING MAYOR