

MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD WEDNESDAY, MARCH 12, 2008 - 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 Brian Herberg, Council Members Vern Ahles, Jim Pflapsen, & Don Simon. Absent: Council Members Jeff Hagen, Susan Palmer & Randy Volkmuth.

Staff members present were: Finance Director Julie Zimmerman, Public Works Director Rick Hansen, Attorney Jim Mogen, Engineer Scott Hedlund & Financial Consultant David Drown.

Others present were: Maine Prairie Township Supervisors Dennis Lowen, Jim Unterberger, & John Wicker & Petitioner Mike Loesch. Also present at the meeting were: Gene Merten, Fritz Hansen, Mike Hiltner, Charles Craft, Jodi Schneider, Bob Kunkel, & Mike Ohmann.

PURPOSE OF MEETING – Mayor Herberg announced that the special meeting had been called for the purpose of discussing the detachment request with petitioner and Maine Prairie Township.

City and Township officials and staff introduced themselves.

FINANCIAL CONSULTANT REPORT– David Drown reported on the following: David Drown went through the information his firm had prepared Titled “Financial Analysis of Detachment of Sections 31-36”.

Mr. Drown presented the Financial Impact Analysis-

-**Table 1** discussed population, area, tax capacity and road miles for the subject area, city total and percentage.

-**Table 2** analyzed service expense impacts of detachment looking at various city services and the cost savings (if any) that may be seen if detachment were to occur. The total savings of not providing services to the detachment area might possibly range from \$9600-13,200 but would not be a savings in proportion to the loss in population, etc.

-Loss of Revenue

Municipal State Aid for Streets-

The city doesn't receive now so this doesn't affect the city directly at this time but detachment would postpone by a year or two when the city nears the population that would allow the city to receive this aid.

LGA-

Based on Mr. Drown's analysis there would be a modest affect of about \$300. (This could be more of a factor in the future if the LGA formula changes).

Mr. Drown calculates the overall financial impact as follows:

Loss of Property Tax Revenues	(\$62,115)
Service Delivers Savings (best case)	\$13,200
LGA reduction	<u>(\$300)</u>
Overall Gain (loss)	(\$49,215)

The loss of \$49,215 in net revenues for the City will require cuts to other budgets or service reductions in other areas or the City must raise property taxes on other residents to recover the loss. This would require an increase in the City tax rate from 41.3% to 43.3%, increasing property taxes on a typical \$150,000 home by approximately \$30 each year. If that occurs the city burden would shift from the detaching area to the other city residents.

Question from John Wicker regarding road maintenance- Scott Hedlund spoke to the fact that something needs to be done on roads in the future but the city is behind so what would have been spent on roads in the potential detachment area would have been shifted. Jim Pflapsen noted that in the condition of roads there were roads listed in the proposed detachment area that needed addressing. It is believed there were no roads that were in the Capital Improvement Plan for the next five years.

It was discussed that as far as road improvements it might be approximately \$37,000 for that area if it were on average. It's hard to cut the budget except for material and fuel.

Rockville Council Member Jim Pflapsen believes that the township area should be responsible for its share of 15% of the total roads.

It was noted that Capital Improvements are not in the city baseline budget at this time and therefore Capital Projects were not included in the analysis.

It was stated that 202nd Street is listed as being in poor condition based on the Rockville City road condition report. 210th Street was also discussed.

A question was asked about what the city could be spending in the future vs. what is the current expenditures? Engineer Scott Hedlund's thinking was that there hasn't been the current practice for capital road improvements.

David Drown noted that the financial information was based on current city practices.

The Road Condition report was the most recent stab at it, according to Scott Hedlund, but there has been no conclusion by the City Council.

Mr. Drown noted that if there were a more comprehensive city program then this analysis would say there are 2 types of costs—one being maintenance and the other for capital improvement projects. He hasn't done that comparison unless the city decides how it will do the projects in the future and then he could certainly do that analysis. If we are guessing on cost savings we need the revenue sources and he doesn't have enough information yet.

John suggested they discuss boundaries first. Council Member Pflapsen stated he is uncomfortable—he represents the City, as well as living in the proposed detachment area, and sympathizing with the petitioners. He has to wear two hats here. He thinks there may be benefit in losing the township area.

Member Pflapsen believes philosophically that this area is rural and they want to identify with the township area. They identify more with Kimball. Member Pflapsen feels it's valid to look at the petitioners based on that level. He believes that the city will be able to carve out boundaries with the existing property owners.

Dennis Lowen, Maine Prairie Township Supervisor, asked petitioner how many people had signed the petition to detach. Mike Loesch stated there are 82 of 84 that have signed. Dennis Lowen questioned whether the city could accept the petition as it was. Attorney Jim Mogen stated that if the council had consented to detachment and if they had all the signatures they could have avoided the process. The detachment can go forward with a partial petition. There are options moving forward. Now we need to discuss what we like and don't like about it. These three meetings are for discussing anything anyone wants to discuss.

Mr. Lowen asked if it would be good to come to some agreement? Attorney Mogen stated it would be good to decide if there is anything we can agree to like procedure, sharing of costs, etc. The Administrative Law Judge can determine these things but if it can be agreed upon between the parties that could be better for all.

Rockville Council Member Jim Pflapsen questioned whether, if the parties can all agree to the boundaries, then could it be easier to proceed? Attorney Mogen indicated this can be resolved without going to trial if desired.

Dennis Lowen, Township Supervisor, questioned Attorney Mogen if he had any idea on costs of the process. Mr. Mogen stated some will depend on if the parties hire attorneys, hire experts, etc. Dennis Lowen stated the township would like to discuss boundaries. Attorney Jim Mogen stated to council members and township members that each could present the issues and concerns to this group and then think about it before making decisions on moving ahead.

John Wicker, Township Supervisor, stated that at the Township level the township residents don't have an idea of the financial analysis.

Mr. Wicker indicated he would like to discuss fire protection.

The group proceeded to discuss boundaries. They discussed that Grand Lake Road could be a boundary and Maine Prairie Township doesn't want that road in the township. They also discussed the possibility of setting boundaries outside of the shoreland area around Grand Lake.

Henry Massmann (Ed Massmann property) who resides in section 9 stated he would like to be in Maine Prairie Township.

The group broke out to look at maps and discuss possible boundaries.

John Wicker mentioned that the city tax rate is 40.6% for 2008 while the township tax rate is approximately 27.167% for 2008 so they will get a different revenue than the city receives. (Note: The merger area tax rate for the city is 37.458% for 2008, while the old city tax rate is 40.645%). Maine Prairie residents don't want to see Maine Prairie Township take this on if it comes with a lot of extra cost.

Don Simon stated that it comes down to who pays for what-the township and city both need to know this.

John Wicker asked for possible scenarios about how this could be structured. Attorney Jim Mogen believes that it will probably be an agreed to amount over about 6-7 years. The city hall/fire hall levy could be carried over to this proposed detachment property and it would be a special area of the township that can be levied against those properties. Stearns County would collect the taxes from the affected Maine Prairie Township residents and reimburse those collections to the city until the debt is retired. That is the County's preferred method for handling the debt associated with the City Hall and Fire Hall according to Mr. Mogen.

David Drown was questioned whether he had those figures. 2008 fire contract calculations have been completed including debt and also showing without debt. So, now is the time to hammer that out.

It was noted that the current Maine Prairie township residents are concerned about picking up the fire hall debt.

John Wicker, Maine Prairie Township Supervisor, stated there is an agreement with the township and city on how maintenance of 200th Street is handled. How does the city deal with other shared roads in the city? Mayor Herberg noted that the city has an agreement with Wakefield Township where they plow one road and we plow another. He also stated that on 260th Street the city plows the road and we charge St. Joseph Township for the time involved in plowing.

John Wicker questioned whether the city contracts out for any roads? It was reported that the city contracts just for road grading.

Mayor Herberg asked if there were any questions from the audience?

Maine Prairie Township Supervisors were asked about 210th Street/Tower Road. What is the township looking for? They suggested that one year Maine Prairie could maintain and then the next year the city could maintain. Mayor Herberg reported that a factor that he sees regarding 210th Street if the road maintenance is shared is what time will the township get there to plow? The city gets there early in the plowing cycle and the Maine Prairie Township residents will be looking for that road being plowed earlier, especially for the bus.

Township Supervisor John Wicker noted that maybe the township would need to look into whether contracting with another contractor would help them get to more roads faster.

They also discussed a short piece of gravel road by Grand Lake Road.

The city applies calcium chloride to certain roads for dust control. Supervisor Wicker asked where the city applies this and how is it paid for?

Public Works Director Rick Hansen stated the city uses calcium chloride on all of 205th Street and some of Haus Road.

Supervisor Wicker stated the township does a cost share with the public, the resident pays half and the township pays half. Money is collected before the dust control is applied.

Mayor Herberg noted the city used to do that but had trouble with collection and not all people wanting the dust control. Now the city includes this in the budget and the general levy pays for it. The city decides on where the dust control will be applied.

Council Member Jim Pflapsen questioned the differential of tax rates. How does that relate to the annexation process where funds can be specially handled for 6-7 years? Is it possible that if the city could demonstrate a shortfall that at the end of the process that rate would settle in at the actual Maine Prairie Township rate?

Attorney Jim Mogen explained that usually we are discussing annexation, and it is an issue of transferring tax proceeds from the city to the township. Therefore, this is pretty unusual. It is most likely that any transfer from the township to the city will be a negotiated amount. Mr. Mogen stated the County Auditor's office typically doesn't like to establish unique or separate districts because it requires manual calculations and lots of procedure.

Council Member Pflapsen noted that if there is an approximate cost of \$30 additional to Rockville residents for allowing this detachment that it might be a cost of consolidation that has to be absorbed by the city.

Attorney Jim Mogen suggested that the next meeting be scheduled for further discussion. It was reported that the deadline is April 21, 2008.

SPECIAL MEETING SCHEDULED-The next meeting was set for March 31, 2008- 7 pm. at Rockville City Hall.

A township board member asked how the city feels about this issue now? Mayor Herberg stated that other city residents are saying to him that if this goes through others will be looking to do the same thing.

Gene Merten, potential detachment area resident, asked about the boundaries. It was reported there is nothing formal being proposed at this time. The discussion tonight was just informal sharing of ideas or possibilities.

Mr. Merten asked whether the others who might seek detachment are in the same situation by bordering a township? It was reported there are other sections in the city that border a township.

Maine Prairie Township Supervisor, John Wicker, asked if the city is in the process of looking at having an A-10 District? It was reported that the city is looking into that option.

ADJOURNMENT-Motion by Member Vern Ahles, second by Member Don Simon, to adjourn the meeting at 8:24 pm.

***AYES: Ahles, Herberg, Pflapsen, & Simon.
Motion passed on a 4 to 0 vote.***

**JULIE ZIMMERMAN-CMC
FINANCE DIRECTOR**

**BRIAN HERBERG
MAYOR**

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