

**NOTES FROM A PUBLIC WORKS COMMITTEE MEETING HELD WEDNESDAY,
NOVEMBER 28, 2012 – 3:30 P.M. – ROCKVILLE CITY HALL**

The meeting was called to order by Chair Don Simon. Roll Call was taken and the following members were found to be present: Chair Simon and Jerry Schmitt. Absent: Jeff Hagen arrived at 3:45.

Staff members present were: Administrator/Clerk Rena Weber, Public Works Director Rick Hansen, Nick Pung, Jeff Howe, and Engineer Dave Blommel.

NICK PUNG REPLACEMENT:

Rena Weber reported that after the Human Resources meeting whereby approval was given to advertise of the full-time replacement of Nick Pung a few of the council members expressed concern that a full-time person may not be needed. To avoid any chance of being sued for misleading advertisement the Administrator/Clerk wished to meet with the Public Works Committee to get their thoughts on the issue. The safety of our residents and staff is the concern.

- What to do about snow plowing?

Rick Hansen reported on the following:

- Cold Spring – will not help us
- Kraemer Trucking – looking into a bid, but have to decide first if they are willing to help
- Has not heard back from People Services
- A short survey of area cities was done to compare number of PW employees Vs miles of roadway

Jeff Howe asked if a retired person could be hired part-time just to plow snow.

Concern was voiced on:

- Finding someone who have the commercial license
- \$15.00/hr – would like to avoid going over the \$425 per month so PERA does not kick in
- Payment in cash – not allowed so if someone is getting unemployment they would not want to get another part time job
- Snow removal policy only allows for 12 hours worked and then they have to be off
- Two-person job requirement – when a snow plow has gotten stuck the other driver has helped to pull the first truck out.
- Fixing equipment often times requires two people – welding the blade onto the plow, loading salt sand from the pile to the trucks

Confined space – how many times do we do this?

Rick reported that the air release valves on the sewer system amount to 24 that need to be redone twice a year.

Motion by Mayor Hagen, second by Member Schmitt, to authorize advertising of a part-time temporary snow plow driver with the Administrator/Clerk approving the hiring. Motion carried.

RICK TALLMAN – REQUEST TO PLOW ALLEY – Rena Weber reported that Rick Tallman, owner of Broadway Apartments would like the city to plow the alley behind Stoney's and his apartments. Dave Blommel reported that this is a dedicated alley so it would be city responsibility to do this.

Mayor Hagen indicated that we will plow it straight through and then Mr. Tallman will be responsible to clear out the remaining area. Don and Rick to look at.

2013 ROAD IMPROVEMENT PROJECTS – Engineer Blommel was present to discuss setting up an open house for the County Road 8 project. The following was determined:

December 11th – 4:30 to 6:30 Open house – City Hall

We need some council members there

Staff to send out notices

Jeff Howe asked where we at with the Reconstruction Bond info. Rena to obtain info from David Drown.

County Road 138 Turn back – Rena reported that Stearns County would like to turn back County Road 138 (gravel portion) and it sounds like the city has not recourse but to accept it. The neighbors would like it tarred, but closed to through traffic. It was suggested that the city initiate discussions with the county about tarring the road, meeting with the residents, and coming up with a solution – possibly including room for the Rocori Trail.

Burg Street – Dave Blommel stated that he will be at the 12/19 to request approval for soil borings on Burg Street. This will be needed as part of the feasibility report.

ADJOURNMENT –Motion by Mayor Hagen, second by Member Schmitt, to adjourn the meeting at 4:30 p.m.

Submitted by Rena Weber
Administrator/Clerk



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June 15, 2011

City Council
Ms. Rena Weber, Administrator
City of Rockville
PO Box 93, 209 Broadway St E
Rockville, MN 56369-0093

RE: Street Reconstruction Policy and Alternatives

Dear Council Members and Ms. Weber:

Back in 2007, DDA conducted a capital planning seminar with the Rockville City Council and staff which, together with considerable discussion and public input, led to the City's current policy to special assess 30% of street reconstruction costs to abutting/benefitting property owners. I understand there is some interest in looking at a revision to this policy, to eliminate the use of assessments.

This letter provides a brief review of bonding options for reconstruction projects under Minnesota law and then summarizes some of the thinking and recommendations of the 2007 study.

Street Funding Options

Minnesota law provides two (2) workable options for funding a program of street and/or utility reconstruction through the issuance of bonds.

Improvement Bonds

By far the most common approach to funding street reconstruction work is through the issuance of Improvement Bonds under the Authority of M.S. Chapter 429. The primary requirement of this statute is that a minimum of 20% of project costs be paid by special assessments levied on property abutting the street. The remaining 80% of project costs can be paid using any other source of revenue available to the City, including property taxes.

To finance a project with assessments, the Council must mail a notice to the owners of all property to be assessed, publish a general notice in the official newspaper, and hold a public hearing before any construction commences. The Council must also be prepared to demonstrate that each property to be assessed will be benefitted (increased in value) by an amount at least equal to the assessment amount. Most communities find that limiting assessments to 25% to 35% of costs produces assessment amounts in line with actual benefits, while higher assessment percentages seem to be unsustainable.

There is no statutory limit to the amount of improvement bonds a city can have outstanding.

Reconstruction Bonds

M.S. 475.58 subd. 3b allows cities to issue G.O. Bonds for street re-construction under the following conditions:

- Streets to be reconstructed must be detailed in a street reconstruction plan which must be adopted unanimously by all members of the council after a public hearing;
- The bonds can finance costs of reconstructing existing streets and utilities and adding safety improvements, but *cannot* pay for street widening, adding curb and gutters or similar expansion-type improvements.

- The plan may not be implemented if a petition opposed to the plan is signed by 5% of the voters in the last general election is submitted within 30 days of the public hearing.

Debt issued under this statute is subject to the 3% statutory net debt limit, and Rockville has about \$7 million of net debt capacity remaining. These bonds can be paid entirely with property tax revenues and assessments are not required.

Financial Advisor's Discussion

A decision on what financing works best for reconstruction projects should take into account both political factors and financial factors. On the finance side, two issues are most important:

Are the assessments that result from the policy reasonable?

In other words, does a 30% assessment rate in Rockville produce assessment amounts that routinely exceed the benefits? If the policy produces assessments that are too high, these assessments will ultimately be overturned by the courts. In my experience Rockville's 30% rate is likely in line with benefits – most communities with similar rates have historically not had assessment problems.

Is the policy sustainable in the long run?

This may be a more complicated question that depends in large part on how much street reconstruction work is needed in Rockville and how quickly it must be done. Back in 2007 when we developed a financial model of the City, we focused on the impact on tax rates of a street reconstruction program that completed a \$2.0 million project every three years – an average of \$670,000 annually. I have attached four graphs that we considered at that time:

Graph #1: This graphic shows historic and projected tax rates in Rockville assuming no new projects were undertaken. As tax supported debt is paid off over time and the City's tax base grows at a 10% pace, tax rates predictably diminished over time.

Graph #2: This graphic shows how tax rates would change if all reconstruction work were done entirely with property tax revenues.

Graph #3: This graphic shows how tax rates would moderate if 25% of project costs were assessed.

Graph #4: This graphic shows how tax rates would change from #3 if the City's growth rate were to decline from 10% to 5% per year. (Remember, this analysis was done in 2007, prior to the housing downturn.)

If Rockville's actual reconstruction needs are lower than \$670,000 per year, the impacts shown may be overstated. If tax base growth remains low, the impacts may be understated. I believe the prior Council's decision to use assessments was based in part of concerns that a reconstruction needs were too great to be handled entirely with property taxes without risking a significant increase in future rates.

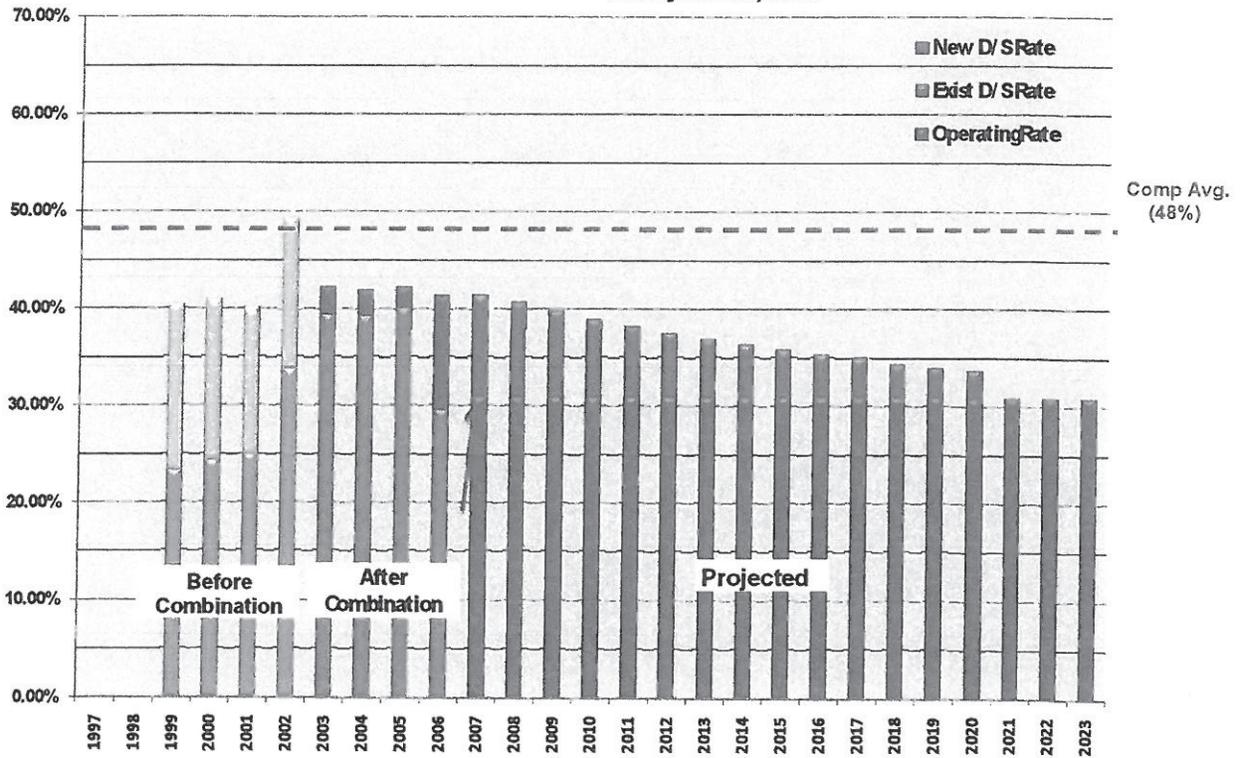
Regarding the new debt limit posing a practical constraint on the use of reconstruction bonds, this should not be a concern unless the City's pace of reconstruction starts to exceed \$1 million annually, or the City proposes a large new capital building project in the near future.

Respectfully submitted:



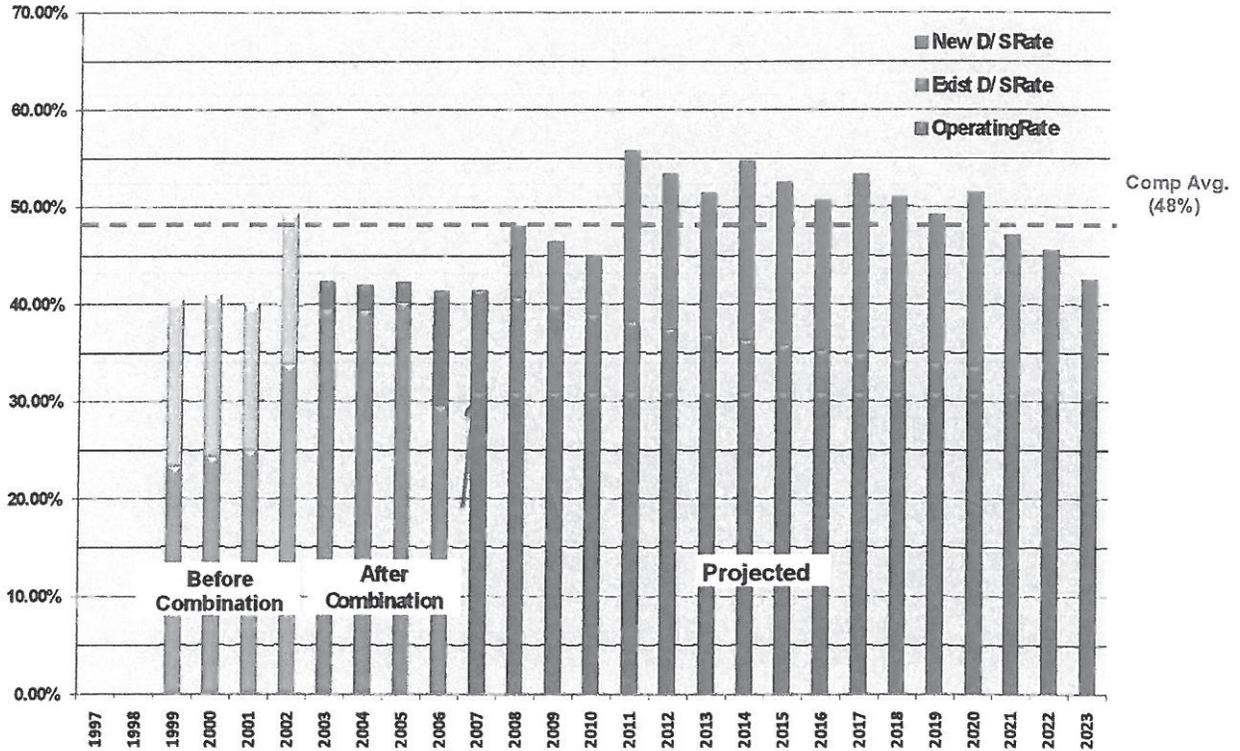
David P. Drown, President
David Drown Associates, Inc.

City Tax Rates: History & Projections *No Projects Completed*



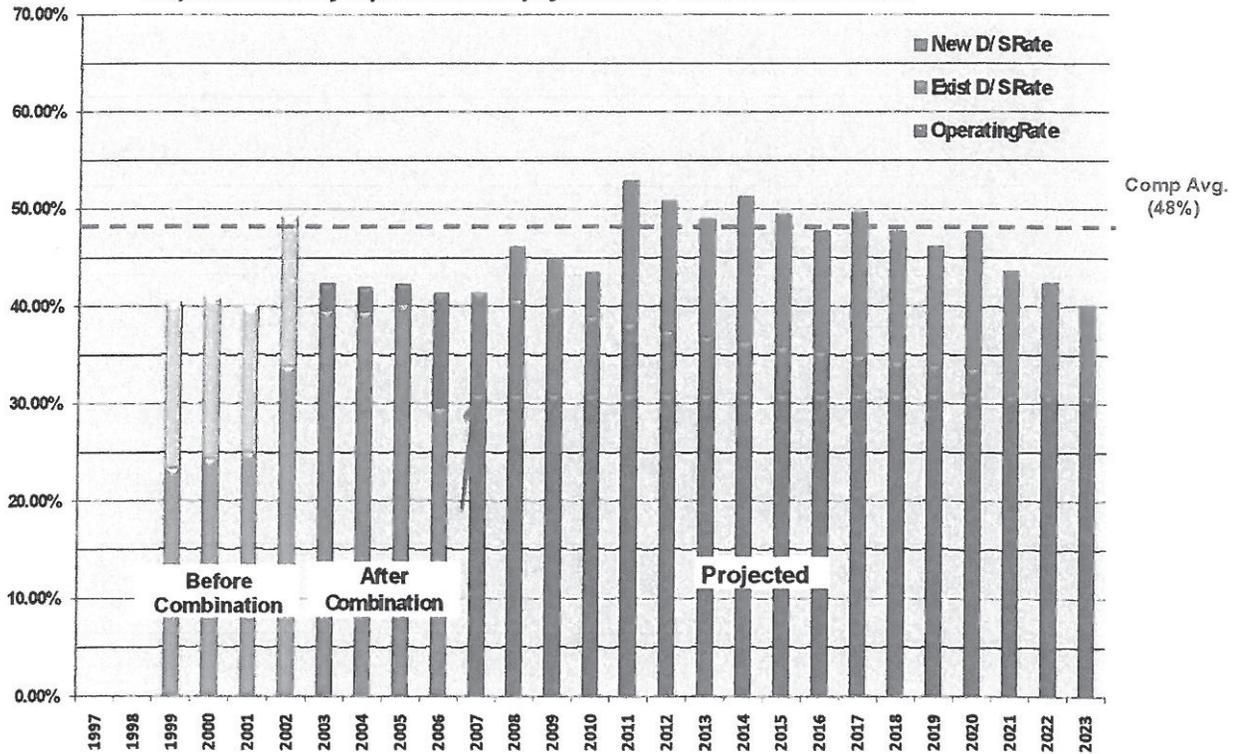
City Tax Rates: History & Projections

Perpetual Street Project plus a \$2 million project in 2010, No Assessments, 10% Growth



City Tax Rates: History & Projections

Perpetual Street Project plus a \$2 million project in 2010, 25% Assessed, 10% Growth



City Tax Rates: History & Projections

Perpetual Street Project plus a \$2 million project in 2010, 25% Assessed, 5% Growth Instead of 10%

