

MINUTES OF COUNCIL/BUDGET AND LEVY MEETING

December 5, 2011

A regular council meeting was duly called to order by Mayor Robert Roesler at 6:00 p.m. on Monday, December 5, 2011 with members Robert Roesler, Kurt Olson, Jeff Ross, Carroll Behne and Brad Ringnell present. Absent, none. Also present City Admin/EDA Dir Jamie Letzring and Deputy Clerk Irene Schlaphoff.

Motion by Ringnell to approve the agenda, second by Olson, carried.

Motion by Ringnell to approve the minutes as written and sent to each council member for study, second by Olson, carried.

Consent agenda including payment of bills and 2012 off-sale beer and cigarette licenses for Casey's General Store and Kum & Go was declared approved.

At this time the Budget and Levy Public Hearing was called to order with five citizens present to hear a presentation by City Administrator Jamie Letzring explaining the purpose of the public hearing, definition of funds, changes made to the proposed levy since September resulting in a levy increase of 1.6% rather than 4.7%, history of tax levies and local government aid cuts, city income and expenditures, and the 25-year set-aside plan for equipment replacement. Mrs. Letzring went on to explain the major changes to the property tax system enacted by Governor Dayton and the Minnesota State Legislature that resulted in a significant sliding scale increase in the property taxes of homes valued at more than \$76,000. These changes, called Homestead Market Value Exclusion (HMVE), replaced the Homestead Market Value Credit (HMVC) program in which the state was to reimburse cities for lost revenue from the market value credit issued to property owners. In only two of the nine years the program was in place did the state provide full reimbursement, leaving cities with repeated budget shortfalls. Because MVHC was so unpredictable, many cities like Sherburn set their levy based on no MVHC reimbursement.

Mrs. Letzring explained that the impact of the HMVE actually caused a reduction in the overall tax base of a community, so even with little or no increase in the levy, tax rates will have to rise.

Citizens Pastor Steve Wilson and Doug Hartke expressed concern for the future of Sherburn and its growth if costs of owning a home in Sherburn continue to increase, and inequity of the tax burden. Mayor Roesler stated that the legislature is being pressured to change the method of taxation from property valuation to consumption, and encouraged all present to speak to our legislators about a more equitable taxation system. City Administrator Letzring said the only way for the City to help solve the problem is to reduce the levy and cut services, and/or begin to share more services with neighboring communities. She went on to say that these dialogues are crucial regarding taxation and changes in services, and asked that the citizens help to get the word out. Mayor Roesler encouraged citizens to call, email or lobby our representatives, and to voice opinions to city officials regarding expansion of services, street reconstruction and purchase of fire equipment.

The budget and levy will be adopted at the December 19th council meeting; motion to adjourn the budget and levy public hearing by Ringnell, second by Ross, carried.

The regular council meeting reconvened at 7:05 p.m. with a mayoral invitation to all to stay for a presentation by financial advisor Shannon Sweeney of David Drown Associates who was present to explain the refinancing of two bond issues, 2002A and 2005, that will reduce interest rates of 4.75% and 4% respectively to 1.4%, resulting in a net savings to the City of Sherburn in the amount of \$22,923 over the life of the bond. Mr. Sweeney explained that there are fees associated with this refinancing and without another A+ rating, the new interest rate could be up to 1% higher, which is still a significant benefit.

Motion by Ringnell to approve Resolution 2011-20 Approving the Issuance of \$610,000 GO Refunding Bonds, Series 2012A, second by Ross. Olson, yea; Ross, yea; Behne, yea; Ringnell, yea; Roesler, yea; Resolution 2011-20 approved. A discussion of the capital improvement plan will take place in January, gathering information for the next ten years.

Motion by Ross to rescind action regarding refinancing taken at the November 21st council meeting to be replaced by tonight's action, second by Ringnell, carried. Future discussion will be planned with Shannon Sweeney about the proposed Temperance Lake Ridge expansion, estimated costs and cash flow including a clinic, and the potential pharmacy location.

Motion by Roesler to approve the City of Sherburn/EDA Revolving Loan Program Small Cities Grant Policy on Loan Waiver/Forgiveness as proposed, second by Ringnell, carried.

Motion by Ringnell to approve the City of Sherburn Fund Balance Policy in Compliance with GASB Statement No 54, second by Olson, carried. This policy outlines further requirements on fund balance classifications.

Administrator report:

- October theatre ticket sale information has been received, showing positive attendance figures.
- A valve replacement on the water tower took place on Monday, November 28 during which time the tower was emptied and citizens experienced very low water pressure. Public Works Foreman Travis Schuett was on duty throughout the night and into the following morning until water was restored to the city.
- Stuart Bailey of Miller & Associates will advertise and host a bidders meeting for the proposed Temperance Lake Ridge expansion project.

Mayor Roesler spoke of a Mayors Meeting he attended in Trimont on December 3rd where plans were laid out for a number of items; area towns are interested in the purchase of a local jetter truck for sale and the question was posed as to assignment of one person to attend this truck where ever it is used. All agreed that Joint Powers Equipment should be billed for storing the jetter truck beginning in 2011, after a fair amount is determined. Mayor Roesler also thanked the Sherburn Theatre managers for providing a report and attendance numbers.

In other business, Councilor Olson reported a leak in the Community Hall men's restroom; Councilor Ringnell inquired about the condemned garage on S Lake Street; Councilor Ross asked about the garage on N Main Street, the feelings of the area mayors regarding the purchase of a leaf mulcher, and snow removal on the Town House sidewalks and mailboxes. He also commented on the positive meeting with the townships on November 29th. Councilor Behne asked if the Christmas lights could be put up earlier. Traditionally, the decorations are put up as soon after Thanksgiving as possible, but this year's emergency water tower valve replacement caused a two-day delay. City Administrator Jamie Letzring stated that the intention is to display the lights throughout winter from mid-November until the end of February.

Mayor Roesler announced that the budget and levy will be adopted at the 5:00 meeting on Monday, December 19, 2011 and commended City Administrator Jamie Letzring for her thorough presentation at the public hearing.

Motion to adjourn by Ross, second by Ringnell, carried. Meeting declared adjourned at 7:52 p.m.

Deputy Clerk Irene Schlaphoff