

Councilpersons:
First Ward: Gallenberger, Friedmeyer
Second Ward: Schmidt, Hiers
Third Ward: Meurer, Bricher

Mayor: Rollin Hall
Clerk-Treas. Susan Schamaun
City Adm: David Schmidt
City Atty: Peter Ekstrand
Date: February 22, 2011

***SPECIAL WORKSHOP
PROCEEDINGS OF THE CITY COUNCIL***

The special workshop of the City Council of the City of Wabasha was held on Tuesday, February 22, 2011, and was called to order at 6:00 pm by Mayor Rollin Hall.

Present were Councilpersons Friedmeyer, Gallenberger, Schmidt, Hiers, Bricher, Meurer, and Mayor Hall.

Pledge of Allegiance was recited.

Mayor Hall announced the workshop was a financial planning workshop in which Mr. Mike Bubany, David Drown & Associates, would outline his presentation in reference to the City's financial outlook based on current financial standings compared to neighboring regional communities.

Councilpersons Bricher and Friedmeyer moved to approve the following consent agenda: Adopted by the following vote: Adopted unanimously.

Approved Call for Public Hearing – 2011 Street Project – March 22, 2011
Adopt the Revised Feasibility Report (Water Main Added)
1st Reading – Change Public Improvement Assessment Policy – March 1, 2011
Authorize the Cooperative Agreement for the Wabasha County Small Cities Development Program
Authorize Contract for 2011 Road Seal Coating

Financial Workshop – Mr. Mike Bubany:

David Schmidt introduced Mr. Mike Bubany to the Council and public.

Mr. Mike Bubany came forward and guided Council through his Financial Model for the City of Wabasha and stated he would help Council establish a Capital Improvement Plan which is identifying a list of projects, and then prioritizing them and then outlining the following:

- How to pay for projects
- How to schedule the projects
- What revenues to use to pay for the projects
- How will it affect the City's credit rating
- How will it impact the residents in terms of how much will come out of their pocket, etc.

He showed a comparable analysis showing how the City compared to City's of similar size in southeastern Minnesota and then also how the City compares to Cities of similar size across the whole State of Minnesota. He explained that this would show the City of Wabasha's strengths and weaknesses and where to focus on and what items to avoid. It would also reflect the financial strength of Wabasha.

In the Financial Presentation he showed tax base (tax capacity). He stated Wabasha is slightly below average compared to regional cities of comparable size. Once the TIF districts are finalized, the City would be slightly ahead of the game and then Wabasha would a slightly above average tax base for the future. Mr. Bubany stated it is impossible to TIF too much if you are doing things legally. He stated the City of Wabasha has five TIF Districts and that is not a high number. In reference to tax rate, the city of Wabasha was 10 points less than the regional average. With adding school and county taxes, the City of Wabasha is still below average in terms of tax rate. Going into 2011, the City of Wabasha raised their tax levy to deal with the potential of losing a significant amount in Local Government Aide. He stated Wabasha is well ahead of other cities in regards to not relying on LGA for operations. He further stated Wabasha is financially sound and by not depending on LGA for operations, it is going to save a lot of pain later. The City of Wabasha's tax rate jumped from 44% to 52% for this year compared to similar sized regional cities that jumped from 54% to 59% so despite the big spike in the City's taxes, the City of Wabasha is still below average.

Mr. Bubany stated the City of Wabasha's 2010 levy was well below average because the City had more revenue in LGA so didn't need to tax the citizens as much. For 2011, the City's tax levy increased to off-set the budget reflecting only \$68,000 for LGA.

The regional cities used for comparisons in the Financial Report were Hayfield, Dodge Center, Plainview, Zumbrota, Wannamingo, Lake City, Cannon Falls, Kenyan, Lewiston, St. Charles, Goodview, Eyota, Stewartville, Kasson, Pine Island, Mantorville, Oronoco, and Byron.

The Financial Report showed that the City of Wabasha had the lowest median income.

The Financial Report showed the City of Wabasha's water/sewer rate based on 5,000 gallons of usage compared to the regional cities and it showed the City of Wabasha is below average in terms of the water portion. The City of Wabasha's sewer rate is high but for a total of both funds, the City is below what the other regional cities are charging.

Mr. Bubany stated the City of Wabasha is financially sound and feels the City would get an A+ bond rating.

The City of Wabasha is above average in terms of Debt Per Capita compared to regional cities but lower compared to cities statewide. This takes in effect total outstanding debt of the City divided by the population. He stated in respects to total debt level in terms of a credit rating perspective, the City is fine.

Mr. Bubany presented financial scenarios for the proposed 2011 street project as well as other projects scheduled for future years and showed how it impacted the City as well as citizens in regards to taxes, assessments, paying cash and bonding. Mr. Bubany stated he supports assessments and recommended the City implement assessing for the 2011 street project at an agreed upon percentage that is fair to the residents as well as the City.

Mr. Bubany showed a graph whereby a resident has a house with a value of \$150,000 with assessments of 75% for utilities and 60% for streets which averages to 64% for the project which includes everything like streets, water, sewer, and sidewalks to be paid by the homeowner. He also showed 35% of the project being paid by sewer revenues. The project cost for an affected property owner would be approximately \$150 a running foot and times this number by the size of their lot. This would add approximately \$118/month to that property owner's taxes which would be approximately \$11,000 per lot in assessments. He went on to show other scenarios with reference to 50% utilities assessment and 50% street assessments as well as 30% utility assessments and 30% street assessments as well as revenue sources such as GO Bonds, raising of taxes, etc.

Mr. Bubany further stated he supports assessments due to the fact that the more the City assesses, the less the City has to tax which keeps the tax rate competitive and the City can afford to take on the next project and then the next project and still make things look good to other people and yet it also deals with fairness as the City gets to get revenues from properties that don't have to pay regular taxes like churches, post offices, schools, etc.

In conclusion of his presentation, Mr. Bubany asked for the consensus with Council on assessments. All Councilpersons concurred that they were in favor of assessing for the 2011 Street Project with the exception of Councilperson Schmidt.

It was concluded Mr. Bubany would prepare an assessment report showing street assessments at 40% and utilities assessments at 50%. Mr. Bubany asked Mr. Bill Anderson for an e-mail with dollar amounts in reference to the 2011 street project.

At 8:00 pm, the financial workshop unanimously adjourned.

Susan Schamaun, City Clerk/Treasurer