

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: March 22, 2011

**SPECIAL MEETING
PROCEEDINGS OF THE CITY COUNCIL**

The special workshop of the City Council of the City of Wabasha was held on Monday, May 16, 2011, and was called to order at 7:00 pm by Mayor Rollin Hall.

Present were Councilpersons Friedmeyer, Gallenberger, Schmidt, Hiers, Bricher, Meurer, and Mayor Hall. City Administrator was not in attendance.

Mr. Bill Anderson, City Engineer, was also present.

City Staff present: Dave Vosen and Tony Johnson

Pledge of Allegiance was recited.

Mayor Hall explained special meetings may be called by either the Mayor or three Councilpersons and this special meeting was called by Councilpersons Schmidt, Bricher and Friedmeyer.

Mayor Hall announced the sole purpose of the Special Meeting were the following:

1. Consideration of alternative means of funding for the Proposed Road Project.
2. Consideration of Resolution calling for the holding of a special election on a ballot question relating to the City's issuance of general obligation bonds to finance construction road improvements within the city.

Councilperson Hiers stated the following:

- City has two options: 1) Do the street project and pay for it or 2) do nothing.
- Felt "doing nothing" is not good governance on Council's part.
- City hired Mr. Mike Bubany as a Financial Advisor who came up with a plan that allows to do roads and also looks at the other City's got going on (emergency radios, ambulance, equipment replacement funds, well, etc.) and all the sources of financing that we have and it gets us there and it is sound financial planning.
- The City's financial plan also keeps the taxes in Wabasha slightly below what most of the surrounding communities are doing.
- Felt there was a fair amount of resistance to assessment, so the other way to go would be to go with the 20/20 assessments.
- Felt referendum is not a good form of governance.
- Also felt the referendum, if passed, would raise taxes sky high.

Councilperson Bricher stated:

- Felt the "do nothing" option is off.
- City has to do something. Streets are getting worse and the City can't let the community degrade.
- None of the options lower the taxes. All options have a tax increase.

Councilperson Meurer questioned what the safety nets were for residents 65 and older. Mayor Hall stated one was deferments. Attorney Peter Ekstrand stated the deferment would be for residents 65 or older as well as being permanently or totally disabled. He further explained it would be due upon death or transfer of ownership. Councilperson Meurer asked if assessments could be written off as tax deductions in which Attorney Peter Ekstrand stated assessments are not tax deductible.

Councilperson Gallenberger stated the following:

- Asked if getting a bond to be taxed against all residents was astronomical, what about the 150-200 people who would be assessed on top of the raise in taxes?
- Passed out a proposal that would save \$350,000 a year without raising the levy, would bring our City wages more in line putting everyone below \$55,000, takes a lot of the management out of managing less people, eases the crunch out of another possible loss of LGA.
- This is a 1-2 year strategy where the City reduces the staffing, it reduces the City's costs and develops capital out of the present levy.
- If the City gets LGA in the amount of \$350,000 which would make \$700,000 the City could be putting towards roads instead of putting toward overpriced staffing.
- Feels City staff is paid more than 80% of residents and people cannot afford anymore money out of their pockets.
- City needs to be doing more cuts and start using the money we already have. The only place the City has to cut now is employees.
- Stated she presented this strategy in February to Mayor Hall.

Mayor Hall stated he would add Councilperson Gallenberger's proposal to his list of alternatives.

Councilperson Friedmeyer stated the following:

- Has witnessed first-hand how busy City Hall is and what happens on a daily basis really surprised him.

- It comes to a point where there is a minimal number of people you have and sometimes that minimum number of people have to be very good at what they do.
- Stated he doesn't know if the City Administrator salary is appropriate or not, but the City knows what they get for that money.
- City should not rely on LGA.
- Stated with being in the real estate business, nearly every single deal he does, he deals with assessments. Throughout southern Minnesota, that is how City government fixes streets, sidewalks, utilities, etc.
- His parents who are retired and live in Plymouth have just gotten a \$12,000 assessments for street, curb and gutter, sewer and water etc.

Councilperson Schmidt stated at the last Council meeting, Council told people by a 6-1 vote to hold a referendum and now the referendum question is written per Resolution to hold a special election on July 19th. In order to expedite things, this special meeting was called.

Councilpersons Friedmeyer and Meurer moved to approve the Resolution calling for the holding of a special election on a Ballot Question relating to the City's issuance of General Obligation Bonds to finance construction road improvements with the City.

Discussion:

Councilperson Gallenberger stated she doesn't think having a special election to vote for the street project is fair because not all voters are property owners so consequently somebody who owns several properties and rents them out and could not afford the increase would vote no and all his renters could vote yes. She also stated there could be a trickle down effect whereby the increase would result in an increase in rent and right now landlords are having trouble collecting rents. She stated she also heard that if Council votes down the referendum they'll just assess and bond anyway.

Councilperson Hiers stated feedback that she has heard is that it is ludicrous for Council to be doing a referendum. She stated she is hearing just do something and get it done and Council is there to make these decisions.

Councilperson Bricher stated Council can't have a referendum every time it wants to do something like buying a fire truck, or putting in a new well, etc. At some point Council has to make the decision.

Councilperson Schmidt asked why the amount in the Resolution to call for a Special Election is \$3.6M which is almost \$900,000 more than what was bid. It was explained that it has been recommended to add between 10-15% of contingencies due to anticipated increases in 2012. He asked if any leftover money that was not spent on the project could be spent to pay down the bonds if Council chose to go that route. Attorney Ekstrand stated that could very well be done but Council should remember the fiscal agent that prepares and sells the bonds costs a lot of money as they earn a percentage.

Councilperson Meurer stated he has been hearing from people that they don't want to pay 100% of the cost by raising taxes and that they are willing to pay 70% of the project and if their street gets assessed down the road then they are willing to pay their 30% when the time comes.

The motion failed by the following vote:

Ayes: Schmidt

Nays: Meurer, Hiers, Bricher, Gallenberger, Friedmeyer, Mayor Hall

At 7:39 pm, Councilpersons Gallenberger and Hiers moved to adjourn. Adopted unanimously.

Susan Schamaun, City Clerk/Treasurer