



**ALBERTVILLE CITY COUNCIL
DECEMBER 7, 2009
MINUTES**

ALBERTVILLE CITY HALL

6:30 PM

PLEDGE OF ALLEGIANCE – CALL TO ORDER

The December 7, 2009 regular City Council meeting was called to order at 6:30 p.m. by Mayor Klecker.

ROLL CALL

PRESENT: Mayor Ron Klecker, Council members John Vetsch, Dan Wagner, Larry Sorensen, and Tom Fay

OTHERS PRESENT: City Engineer Adam Nafstad, City Planner Al Brixius, Finance Director Tina Lannes, City Administrator Larry Kruse.

ABSENT: none

Mayor Klecker called on Finance Director Tina Lannes to make a presentation on the 2010 Budget and proposed Levy.

Finance Director Lannes gave a PowerPoint Presentation showing the following:

- 2009 Budget was \$3,105,896
- 2010 Preliminary Budget \$2,979,997
- 4.05% budget decrease
- Levy Increase 4.5% (due to loss of state aid and increased debt service CSAH 19)

Lannes went on to say the City has experienced a number of decreases in revenue as follows:

- Loss of Market Value Credit of \$141,000
- Decreased Building Permit Fees of \$52,321
- Decreased Administrative fees of \$16,378
- Decreased Developer Fees of \$35,000
- Decrease in Fire Protection Services Contract Fees of \$39,783
- Decrease Interest Earnings \$38,000

Lannes reported the City has used a one time \$97,000 of Municipal State Aid for Road to provide some relief in the City's debt service, as CSAH 19 begins to impact the levy by another \$150,000.

Finance Director Lannes stated the City's fund reserves are below what the State Auditor Recommends and acknowledged the difficulty in growing those funds during these challenging times.

City Administrator Kruse stated expenses have been reduced substantially for the past several years. In 2010 the City's wages are frozen, and some capital maintenance is being postponed. Although building is down, more attention is now dedicated toward housing maintenance, rental licensing and code enforcement. Vacant properties in foreclosure need to be managed to make sure neighborhoods don't deteriorate. Kruse said the Council is aware that the proposed levy is below what is really needed, but politically, it is the only acceptable option.

Kruse shared information from Wright County showing that residential properties decreased in value slightly over 10 percent, whereas commercial property only went down a fraction of one percent. The result you will see is a shift of the cost burden of government from residential to commercial. Perhaps next year the trend will reverse when there are more commercial sales and those values adjust.

In summary Kruse stated the General Fund was cut by 4.5% and City's increase is largely due to loss of revenue including state aid and added debt coming on the City from the CSAH 19 project.

Mayor Klecker opened the Hearing for public comments:

Mike Savitski, owner of commercial property on CSAH 37 spoke to the City Council about how difficult business was for him. He said that he had four vacancies and knew of others in town and now an 8.5% increase in his property taxes. Mr. Savitski questioned the City's lack of cuts and layoffs saying much more could be done.

Bob Fueling, owner of Westside Liquor and renter from Mike Savitski also commented on how difficult the economy is and the need for restraint in spending and the need to help business.

Steve Holstad, owner of Holstad Barber Shop, rents from Mike Savitski also and commented that he can not afford an increase in property taxes, as Mr. Savitski passes those cost onto the renters.

Mayor Klecker thanked those in attendance and assured them that the City has been and will in the future scrutinize our operations and do what is best for all for the long run.

ADJOURNMENT

MOTION BY Council member Wagner, seconded by Council member Fay to adjourn the Monday, December 7, 2009 regular City Council meeting at 6:55 p.m. Motion carried unanimously.

Larry R. Kruse, City Administrator (recording secretary)