



**ALBERTVILLE CITY COUNCIL**  
**Monday, August 29, 2011**  
**BUDGET WORKSHOP NOTES**

**ALBERTVILLE CITY HALL**

**7:12 p.m.**

**MEMBERS PRESENT:** Mayor Mark Meehan, Council members John Vetsch, Larry Sorensen, Dan Wagner, and Jillian Schommer

**STAFF MEMBERS PRESENT:** City Administrator Larry Kruse, Finance Director Tina Lannes, Utilities Superintendent John Middendorf, City Clerk Bridget Miller, Building Official/Zoning Administrator Jon Sutherland, and Fire Chief Tate Mills; and Albertville Fire Department Fire Relief Representative Bob Marquette

Mayor Meehan called the 2011 Fourth Budget Workshop Session to order at 7:12 p.m.

City Administrator Kruse began by going over a report that recapped the outcome of the August 15, 2011 meeting. At the meeting, staff informed the Council that the 2012 Health Insurance rates are estimated to remain the same, which would be a decrease in the prior proposed budget in the amount of \$6,500. With the reduction in the Health Insurance budget amount the proposed Tax Levy went from an estimated 2.29% to 2.1%.

At the Monday, August 15, 2011 meeting, Council discussed and reviewed the 2012 Budget and Tax Levy in detail requesting staff to seek additional reductions. One area the Council directed staff to look into was the Cost of Living Allowance, increasing staff hours that have been reduced in 2010 and 2011, and the promotion of Economic Development.

Staff has proposed a 3.0% Preliminary Tax Levy with continued evaluation through the fall when the 2012 Final Tax Levy and Budget are adopted.

Kruse continued stating that staff prepared a budget with the Cost of Living Allowance decreased from 3.0% to 2.4%, which reduced the budget by \$5,391. The City of Albertville's Library portion went down \$13,011, which helped with lower the budget. In the area of Family Youth Community Collaboration resulted in a \$570 reduction; however, Animal Control expenses went up by \$900. Taking all the about decreases and the one increase came to a total of \$18,072 decrease in the 2012 Preliminary Budget making the 2012 Preliminary Tax Levy set at 1.49%.

City Administrator Kruse went on to explain that staff received word that the CSAH18 (School) trail jointly applied for on behalf of the STMA School District 885 was unsuccessful in receiving the Safe Routes to School Grant (SRSG). There were over 82 applications for the \$4.2M available funds with over \$23M of projects that were submitted. Albertville's portion alone is estimated at \$80,000 to \$100,000 for completion of the trail/sidewalk route to Fieldstone Elementary and the STMA High Schools. Albertville staff hopes were to get 75% of the project funded. If the Council wants to complete this project it is suggested to budget for the full cost of the improvement. There are about three (3) options to complete the trail. 1<sup>st</sup> Option would be to construct the trail and budget the expense over the next three (3) years. 2<sup>nd</sup> Option is to budget the trail and when there is sufficient funds construct it. 3<sup>rd</sup> Option is to continue applying for grants in hopes of obtaining the funds that way. In the 1<sup>st</sup> scenario with the three (3) year phase approach would result in about a 1% budget item.

Council had minimal response to the trail with the thought that something should be done to provide a safe trail for the elementary school agers to get to school.

Next item up for presentation was the Albertville-St. Michael-Hanover Library Debt Payment, with some good news that the debt service is \$21,200 compared to the estimated cost of \$37,311. The debt payment reduction is due to the lower interest rate and the fact that the principal is back loaded. Taken the good news of the debt service payment staff is recommending budgeting \$24,300 to begin building the reserve for the debt payment increase in 2027.

Council member Vetsch directed staff to get a Debt Service Library Schedule to make sure everything is on time. Kruse and Lannes would look into getting a schedule; however, they are confident in the numbers and are working at obtaining an updated Library Agreement.

Council member Sorensen challenged the amounts making sure the percentage of the debt was divided or calculated appropriately. Kruse shared that the calculations were based on market value, population, and number of library cards. Using those numbers is how the debt was spread out amongst Albertville, Hanover, and St. Michael. This may be viewed as an advantage or calculated in Albertville and Hanover's favor as the populations are lower than St. Michael.

Council member Vetsch appeared hesitant in putting an additional 15% into the library fund. Council member Wagner acknowledged where Council member Vetsch was coming from; however, gave the scenario that the additional funds will most likely end up in the General Budget.

City Administrator Kruse went over the various options for Council consideration related to employee's increase in hours and/or increase in wages (COLA) that would possibly include steps.

Mayor Meehan put the consideration of taking funds from Capital Funds to balance the budget, which other members were not in favor of reducing the Capital Reserves as they are for specific purchases.

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Council reviewed the five (5) Scenarios that staff prepared. Council commented that in their jobs they have not received pay increases making it difficult to accept the COLA increase. Council acknowledged that it has been a couple years and would like to consider something just not the 3% that was previously proposed.

As the Council discussed the scenarios the consensus was to go with Scenario Two: The current budget with a 2.4% COLA, steps and increasing the City Clerk, Building Official, and the Permit Technician's hours by 10%, which would equal a 1.5% increase in the Preliminary Levy.

City Administrator Kruse reported on Council member Vetsch's request for becoming more aggressive in the Economic Development area. Kruse stated that having staff and the City get more aggressive in promoting Albertville can be costly. Kruse gave the following numbers:

Industrial Park breakfast (3 each) at a cost of	\$ 1,000
Breakfast speakers (3 each) at a cost of	\$ 450
Initiative Foundation Donation	\$ 500
Travel and conference	\$ 1,000
Billboard (advertisement \$1,000/month)	\$ 7,000 - \$13,000
Advertising (general-flyers-word of mouth)	\$ 6,000
Main Avenue NE Monument Sign upgrade	\$ 36,000
Industrial Lot (Incentive)	\$100,000

Kruse commented that Council has the option to reduce or expand on any of the areas. It all depends upon how aggressive the Council wants to be in the area of Economic Development.

Council member Vetsch wanted to exclude the billboard portion of the proposed Economic Development promotion as it is too costly to rent the billboard.

Kruse went over the potential of the Tax Increment Financing (TIF) that the City could offer in areas that meet all of the requirements. Should the Council want to consider going with a TIF keep in mind that it takes additional time to prepare and process the paperwork to ensure everything is completed correctly.

Kruse then brought up the fact that the Market Value Credit that has affected the City's financial status. Kruse wanted to bring it to Council's attention that a resent MVC Law has been amended and it is unknown as to how this will reflect the calculations of the taxes.

Kruse wanted the Albertville Fire Department representative Marquette to approach the Council in relation to the Fire Relief Association increase.

Fire Relief Association Representative Marquette reported that it has been a while since the Association received an increase. There are some Rookies learning about the Fire Relief

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Association bookkeeping who are trying to comprehend why there has not been an increase in the amount of contribution towards the Fire Relief Plan since 2008.

Council member Vetsch wanted to let those firemen present know that he would like to help them out in some way but with these trying times or economic woes makes it a hard decision.

Marquette reported that at the last Fire Fighter meeting a vote was taken with the majority would like whatever amount of COLA that is approved be converted into the Fire Relief Pension Plan. At the same meeting, there was a discussion in regards to appointing or voting for the Officers. The majority of the Fire Fighters expressed that they want to continue with the process of Election of Officers; and were not in favor of appointment.

Council member Wagner summarized the budget process and wanted to thank staff for their time, talent, and efforts in putting the 2012 Preliminary Levy and Budget together. Having the additional information was a good refresher for the veteran Council and detailed information for the two (2) new members.

Council member Wagner concluded with the comment that he would go with Scenario Two, which is going with a 2.4% COLA, Steps, and increase the City Clerk, Building Official, and Permit Technician's hours by 10% for an increase of approximately 1.5% in the proposed Levy.

Council member Sorensen agreed with Wagner; however, had concerns with the recent amendment in the law related to the Market Value Credit and not knowing how that will affect the property taxes. In the same thought I disagree with Mayor Meehan's comment to reduce the Capital Reserve to accommodate balancing the budget.

Council member Schommer took all five (5) scenarios into account and also wanted to thank staff for distributing the detailed budget information so she can make a fair sound decision on approval of the levy and budget. Schommer is in agreement with Sorensen and Wagner with hopes of a 0% levy or budget increase; however, does realize that is hard to accomplish. Schommer agrees with Wagner and Sorensen, which is to consider going with Scenario Two and limiting it to a 1.5% and no higher than that.

Mayor Meehan agreed with Council members Schommer, Wagner, and Sorensen in Scenario Two, but not to let it go any higher than 1.5%.

Council member Vetsch appeared to be leaning towards Scenario Two with the rest of the Council. Vetsch did state that he too was not in favor of the 2.4% COLA, but took into account the fact that the employees have not received an increase since 2008.

Mayor Meehan took roll call. Sorensen-Yes; Vetsch-reluctant to respond for the fact of the I-94 Improvement Project included in the budget; Meehan-Yes; Schommer-Yes; and, Wagner-Yes.

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Meehan stated the majority of Council members are in favor of Scenario Two with one member in agreement if the I-94 Improvement Project were eliminated.

**ADJOURNMENT**

CMs Sorensen/Wagner **motioned** to adjourn the Monday, August 15, 2011 City Council Budget Workshop session at 8:50 p.m. Motion carried unanimously.

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Bridget Miller, City Clerk (recording secretary)