

City of Rockford, Minnesota Council Workshop Minutes
5:00 p.m., Tuesday, May 28th, 2019

The meeting was called to Order by Mayor Renee Hafften at 5:00 p.m. Council members Debbie Buoy, Rick Martinson and Ted Hill were present. Councilman Scott Seymour was absent.

City Administrator / Special Counsel, Dan Madsen; Public Works Director, Trevor Brummer; and, Steve Hegland, of Wenck and Associates were also in attendance.

Members of the Council and Staff discussed the potential for waiving the arrears owed by former Rockford Mall and Rental House tenants. The discussions included the burden of litigation, the concern of precedence set and challenges locating parties. While no formal action was taken, it was decided that Staff would explore using a collections agency to secure the city's arrears.

Members of the Staff and Council then discussed the listing agreements for the city-owned residential property located at 8905 State Highway 55. Derrick Monroe, Bill Fischer and LeAnn Sather all provided listing agreements for the Council's consideration and review. No formal action was taken as this matter was set on for informative and discussion purposes only.

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City Administrator / Special Counsel, Dan Madsen; Public Works Director, Trevor Brummer; Steve Hegland, of Wenck and Associates; and Sue Van Cleaf of the Crow River News were also in attendance.

Approve Agenda and Set Consent Agenda Items:

A **MOTION** was made by Buoy, and seconded by Hill, to approve the Consent Agenda Items 3A through 3C, with removal of the Resolution to Approve Waiver of Rent and inclusion of approving and updating the Privy Dig and set the Agenda for the Council Meeting as listed:

- 3A. Approve Minutes from the May 14th, 2019 Workshop and Regular Council Meeting
3B. Approve Payment of Claims, Check Number: 30008 through Check Number 30038 totaling \$24,687.05.
3C: Approve Updated Privy Dig Agreement for the Rockford Area Historical Society

Motion Carried: Voting in favor; Hafften, Hill, Martinson, and Buoy.

New Business: 1st Quarter Financial Review

Jennifer Swendsen, Finance Director, reviewed the General Fund, Fire Department, Water Utility and Wastewater Utility budgets from January to March. Staff and the Council discussed and reviewed detailed line item updates and learned that the City was in strong financial shape through the 1st quarter of 2019. No formal action was taken, as this matter was set on for discussion and update purposes only.

New Business: Geotechnical Service Agreement

City Engineer, Steve Hegland, reviewed the 2019 Street Mill and Overlay Project with Staff and the Council and explained that geotechnical services were required to test the pavement during this project to insure it meets standards and will not have issues that would be avoided with proper installation. The City received quotes from Braun Intertec in the amount of \$4,990; Haugo Geotechnical Services in the amount of \$5,277; and Northern Technologies, Inc., in the amount of \$12,600. After additional discussion and review, **MOTION** was made by Hill, and seconded by Martinson, to award the project to Braun Intertec for the quoted amount of \$4,990.

Motion Carried: Voting in favor; Hafften, Hill, Martinson, and Buoy.

New Business: RESOLUTION #19-21 / Redemption and Partial Payment of GO Bond Series 2014A

Administrator/ Attorney Madsen explained that the City had bonded for purchase of the Rockford City Centre Mall in 2014 and took out a GO Bond, a 2014A Series, in the amount of approximately \$2.2 Million to fund the purchase. The City sold an out-lot to Dollar General and then sold the Mall in 2017 to Westrock Development, and during ownership collected funds for maintenance and repair; all of which total approximately \$1,130,025.11 and are invested in interest bearing CDs. Shannon Sweeney of David Drown and Associates assisted Staff and calculated that prepayment of this bond in the amount of \$1,555,000 would reduce the annual principal and interest payments to a level that could be covered by the approximate \$19,000 received by the City annually as the TIF Increment created by redevelopment and improvements made on the Mall property and in the TIF District. To attain sufficient funds to pay down the debt as

discussed, approximately \$439,957 would need to be spent from the General Fund cash reserves. This expenditure, if made, would drop the existing cash reserves to 44.31% of the 2019 budgeted General Fund Expenses. The City's policy and the Governmental Accounting Standards Board state that Cities should have 50% of their annual budgeted General Fund expenses in unrestricted cash balance.

Madsen explained that the past two years, governmental operations and sound fiscal management added \$260,000 and \$195,211 respectively to the cash balance.

Additionally, the City was in the process of selling a residential property which was projected to bring in an excess of \$200,000, some of which would be transferred to the General Fund cash balance to repay the City for the cost of original acquisition of the property. Madsen noted that the General Fund would need to net \$132,000 additional revenue funding to bring the General Fund back to 50% of the 2019 budgeted expenses, and budgeting for 2020 would need to be carefully done to ensure the city had 50% of the budgeted expenses for 2020 covered as well.

Members of the Staff and Council then discussed the policy involved in paying down debt, the impact on the property tax levy if we do not pay down the debt, and what would be in the best interests of the community and future financial health and wellbeing of the City. After additional discussion and review, **MOTION** was made by Mayor Hafften, and seconded by Hill, to approve the Resolution #19-21 and pay down the bond debt for the 2014A Series bond as discussed.

Motion Carried: Voting in favor; Hafften, Hill, Martinson, and Buoy.

New Business: Listing Agreement, 8905 Highway 55

Madsen explained that the City-owned residential property was no longer needed for realignment of Autumn Oaks Road and, based upon past workshops and meeting discussions, should be sold. Three local real estate agents submitted proposals for the listing of the property, and all provided their required commissions and proposed listing prices. After discussion and review, the Council decided the proposal of Derrick Monroe was the best fit based upon the commission charged, administrative fee proposed and recommended initial listing price. Members of the Staff and Council continued to discuss the commission, timing and listing of the property. After additional discussion and review, **MOTION** was made by Hill, and seconded by Martinson, to approve the Listing Agreement of Derrick Monroe, but at 5% commission instead of the original 6% commission.

Motion Carried: Voting in favor; Hafften, Hill, Martinson, and Buoy.

New Business: Accept Resignation of Marlys Elsen

Madsen explained that Marlys Elsen had submitted a letter of resignation to become effective August 30th, 2019. Ms. Elsen plans on retiring and, after decades of dedicated service to the City of Rockford, has decided it is time to relax and travel. Madsen strongly urged the Council to reject the Letter of Resignation and stated he would feel very sad and alone if Marlys were allowed to retire. It was discussed that it would not be legal to force someone to work beyond their desired retirement date. After additional discussion and review, including additional sulking by Madsen, **MOTION** was made by Mayor Hafften, and seconded by Buoy, to accept the Letter of Resignation.

Motion Carried: Voting in favor; Hafften, Hill, Martinson, and Buoy.

Staff Reports:

Members of the Staff and Council then discussed various updates from around the city, including the Crow River reaching minor flooding stage, the street sealing of County Roads 33 and 20, the 2019 Street Project, Biosolid hauling and land application, the Veteran's Memorial Parade and the upcoming Privy Dig at the Stork House.

Open Forum:

Mayor Hafften called for open forum, no one from the public spoke.

Adjournment:

MOTION was then made by Hill, and seconded by Buoy, to adjourn the meeting.

Motion Carried: voting in favor; Hafften, Martinson, Hill, and Buoy and the meeting was adjourned at approximately 7:00 p.m.

Typed this 30nd day of May, 2019.

Dan Madsen
City Administrator, Special Counsel
City of Rockford Minnesota

All meetings of the Rockford City Council are video recorded and available for viewing on-line at www.cityofrockford.org. Meeting minutes are intended to be a general synopsis of the meetings of the City Council, and more detail regarding discussions and policy considerations is provided by watching the recording of the meeting.

Approved:

Renee Hafften
Mayor

Attest:

Dan Madsen
City Administrator, Special Counsel