

Mayor Hafften called the **September 9, 2014** Regular Meeting of the Rockford City Council to order at 6:00 p.m. The meeting was held in the Council Chambers of City Hall at 6031 Main Street, Rockford, MN.

Roll Call

Roll call was taken. The following Council Members were present: Hafften, Graner, Kesanen, and Martinson. Absent: Wenz. Also in attendance were: Engineers Ward, Administrator/Special Counsel Madsen, Public Works Supervisor Peterson, Public Works Staff: Desens, Duda, King, and Quirk, Deputy Clerk Etzel, Finance Clerk Swendsen and Accounting Secretary Elsen.

The Pledge of Allegiance to the Flag was given.

Approve Consent Agenda/Set Agenda

MOTION was made by Martinson, seconded by Graner to approve all items on the consent agenda 3.A. to 3.G. and set agenda item 4.A to 4.B.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Approve Regular Council Minutes/August 26, 2014**

MOTION was made by Martinson, seconded by Graner to approve the minutes of the August 26, 2014, Regular Council Meeting.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Approve Payment of Claims**

MOTION was made by Martinson, seconded by Graner to approve the payment of claims #23680 to #23730 in the amount of \$70,350.35

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Approve August 2014 Building Permits**

MOTION was made by Martinson, seconded by Graner to approve the August Building Permits #14-82 to #14-98.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Resolution #14-41/Schedule Truth and Taxation Hearing**

MOTION was made by Martinson, seconded by Graner to approve Resolutions #14-41 to schedule the Truth and Taxation Hearing for December 9, 2014 at 6pm in the Council Chambers, 6013 Main Street, Rockford, MN and the continuation shall be scheduled for December 23, 2014 at 6pm if needed.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Pay Request #4/2014 Utility Improvement Project – LaTour Construction**

MOTION was made by Martinson, seconded by Graner to approve Pay Request #4 for the 2014 Utility Improvement project to LaTour Construction in the amount of \$433,375.80.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Pay Request #3/Wastewater Treatment Facility Improvements – KHC Construction, Inc.**

MOTION was made by Martinson, seconded by Graner to approve the Pay Request #3 for the Wastewater Treatment Facility Improvement project to KHC Construction, Inc. in the amount of \$142,651.00.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

***Approve Rockford City Center Mall Façade Contract**

MOTION was made by Martinson, seconded by Graner to approve the Rockford City Center Mall façade contract with KUE Contractors, subject to review by Attorney Couri.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

RES #14-42/Approve Preliminary Levy 2014/2015

Staff informed the City Council that the general fund budget has been reviewed by the departments and there has not been any major shifts in the numbers since the last workshop two weeks ago. The city needed to set the maximum to allow a base line for the Counties.

The preliminary levy increase was projected to be 10-12%, but the proposed levy increase is 6.17% from 1.468 to 1.565 million. The proposed levy is all Mall bond debt with a 0% increase for operations.

Staff will continue to review debt services.

The Truth and Taxation Hearing is scheduled for December 9, 2014 at 6pm.

MOTION was made by Graner, seconded by Kesanen to approve Resolution #14-42 approving the Preliminary Levy for 2014/2015 of \$1,565,559.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

RES #14-43/Approve Water and Wastewater Rates

Administrator Madsen discussed the utility water and wastewater rates approved by City Council on June 10, 2014. The rates applied to the billing period commencing July 15, 2014 and was reflected on the utility billing cards sent August 26, 2014. The City immediately heard from residents regarding the impact of these bills and saw unanticipated and unprecedented increases on the utility bills; specifically those with high amounts of outdoor water use – as that full amount of outdoor water use was charged for wastewater services.

The City immediately called for a town hall meeting on September 4, 2014 where about 300 people attended. The City discussed three phases for installing the utility rate increases needed to balance the utility budgets. The phases would begin with an immediate installment of the averaging method retroactively to the August billing, keep the base fees for the utilities as established at \$4.95 per unit, reducing the increase in water to \$4.54 per 1,000 gallons (an increase of \$1.20 per 1,000 gallons over the old rate) and put the wastewater rate back at \$5.40 per 1,000 gallons.

Phase two would commence on January 1, 2015 and proposed to consider removing the averaging method for wastewater and install a wastewater rate of \$6.45 per 1,000 gallons (an increase of \$1.05 per 1,000 gallons over the old rate).

The third Phase would increase wastewater rate to \$7.45 per 1,000 gallons and water rates to \$5.54 per 1,000 gallons starting January 1, 2016.

Staff and Council listened to the residents' comments and concerns. A variety of suggestions were proposed on how to calculate the wastewater and how to balance the budget.

Shannon Sweeney of David Drown Associates has offered to prepare a rate schedule at no charge to the City.

Staff noted 250 resident's bills increased over \$140 and 87 resident's bills went down with the new actual method to calculate wastewater rates.

Staff and Council will hold workshops to discuss how to calculate the rates going forward and will invite the residents.

Retro to the August 2014 billing, staff will calculate if actual or average will benefit the resident based on their billing. A letter will be sent to each property owner explaining the changes to the utility billing and allowing them to choose between actual or averaged to calculate their wastewater. An open enrollment period will be open through December 2014 to choose one method. Going forward, staff will amend the ordinance to allow for actual or averaged to be changed once a year in December going forward.

MOTION was made by Hafften, seconded by Martinson to approve Resolution #14-43 approving the following:

- 1) Property owners in the City of Rockford, Minnesota will be assigned to have their wastewater utility bills averaged by their usage November 15th to April 15th or be billed based upon their actual water use each month based upon whichever would have resulted in the lower August, 2014 utility bill.
- 2) The Water and Wastewater Utilities will each have a base rate of \$4.95 per month.
- 3) Retroactive to the August 2014 utility billing, the water rate per 1,000 gallons of use will be set at \$4.54.
- 4) Retroactive to the August 2014 utility billing, the wastewater rate per 1,000 gallons of use will be set at \$5.40.
- 5) Effective January 1, 2015, the wastewater rate per 1,000 gallons of use will be increased to \$6.45.
- 6) David Drown and Associates will conduct a rate study of the city's utilities and provide rate recommendations for consideration by the City Council.
- 7) The required Ordinance Amendments will be drafted to this effect and set on the Consent Agenda for approval at the September 23, 2014 Council Meeting.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

Administrator's Report

Administrator's update included: meeting with businesses, there are 2-3 brewery's interested in the area, traffic counts should increase with mall - driving a traffic light, the budget is in process, and staff needs to catch-up after the utility billing issues are resolved.

Engineer's Report

The Engineer's report included the following: WWTF is moving forward, a grant of \$213,000 was received for the plant – which was more than expected, 2014 Utility Improvement Project has had some issues with intersections and moving onto the next phases, the Wellhead Protection Plan is being finalized by the MN Department of Health, and assisting with building permits.

Council asked why the Maplewood project does not happen in order of the houses, but hopping around. It has to do with the loops. Council asked to have this explained in the weekly update provided to the affected residents. The digging is coming to an end. The sewer lining will be starting – residents will have limited use for up to 8 hours. If water pressure is low since the fix, residents should contact Engineer Ward. There are also some trees that were impacted by the repairs and residents were notified, again if there are issue the residents should contact Engineer Ward.

Public Works

John Quirk/Lead Streets stated staff has been busy jetting the sewer lines, doing patching and working on the Rockford City Center ditch where they received material from a contractor.

Council Reports

Martinson – nothing to report.

Kesanen – nothing to report.

Graner – thanked those that helped with the Town Hall Meeting on September 4th: Rockford Fire Department, Rockford Township, and staff

Hafften – nothing to report.

Open Forum

Mayor Hafften called for open forum.

Elise Lallier of 3015 Aspen Circle North, Rockford wanted to know if a study has been done on the long term affects and what the rate increases do to residents? Other cities such as Cokato have had similar issues. Suggested the mission statement be read at the opening of future meetings.

Wayne Olfert of 5430 Basswood Circle, Rockford likes some of the proposals and would like the rate increase for 2015 to be held for further information. He understands there are inadequacies with the averaging method and has questions regarding: calculation method, how the weather factors in, the deduct meter costs and being too small of a city to have a tiered system. In the future he doesn't want to be surprised and would like better communication. He is willing to volunteer as part of a committee/group going forward to review the rate proposals.

James Neumeister of 6235 County Road 10, Rockford felt a 60% increase was too significant. Would like better communication. Noted agenda item 4.C. on the engineer's report is incorrect with the wording phosphorus, it is phosphates.

Meda Rogich of 8630 Park Street, Rockford wanted the council to know she was disappointed in how they were treated by some residents, the residents need to rise above their anger. She is concerned about current and future costs: living in Maplewood Manor and their development is looking at a future street assessment, addition to higher utility bills, the school levy, the current project in Maplewood, property taxes, and the mall purchase – in their home they are already working four jobs. Would the city consider hiring outside consultants to come up with a different rate plan since the citizens have lost faith! Also,

would like a meeting and survey for the resident's to choose and set a date. Does not want the City to use the current Financial Consultant.

Michael Finger of 6009 Nathan Blvd, Rockford feels a lot of work has been done in the last two weeks. The stage approach to the rate increases was a good step. Would like each resident to receive a letter tailored to their property, the numbers are confusing and this may help to make a more educated decision. Questioned if people should be paying to the gallon.

Craig Cihlar of 3005 Red Maple Court, Rockford declined to comment stating his questions have been answered.

Michael Potter the Wright County Commissioner for District 4 address the Council, staff and audience. He gave an update regarding transportation issues (knows the stop light at the Rockford City Center is a priority for the City), Wright County's budget process, the new public works building, the parks department will be hiring more people and the court house that was built in 1958 needs to be updated.

Amy Pederson of 7006 Greenwood Court, Rockford appreciated the reasonable proposal and would like the City to communicate more with the community going forward. She suggested the city spend the money on future notices to have a full paged letter and marking it important. Amy's husband is in marketing and she is in communications and has offered their services to review communications before sending to the public.

Jackie Pool of 8771 Autumn Oaks Rd. said the information sent out was hard for people to understand. Suggested a task force be assembled moving forward. Felt the 2014 rate studies for the upper Midwest were challenging to understand. Would like a consultant hired.

Council Member Rick Martinson complimented Wright County on the great job they are doing on County Road 33.

Deputy Adam Fournier from Wright County reminded the residents to watch for busses and children with school back in session

ADJOURNMENT

MOTION was made by Graner, seconded by Kesanen to adjourn the meeting.

MOTION CARRIED-VOTING IN FAVOR: HAFFTEN, GRANER, KESANEN, AND MARTINSON.

Mayor Hafften adjourned the meeting at 7:40 p.m.

Renee Hafften, Mayor

Audra Etzel, Deputy Clerk