

Pipestone, Minnesota
January 6, 2025

Pursuant to due call and notice thereof, a special meeting of the Pipestone City Council was duly held in-person and via Zoom in the Municipal Building at 5:30 p.m. on the 6th day of January 2025. Mayor Dan Delaney called the meeting to order. Roll call was taken, and a quorum was declared. Members present: Dan Delaney, Danielle Thompson, Scott Swanson, Rodger Smidt, and Verdeen Colbeck. Absent: none. Others present: City Attorney Jason Hill Via Zoom, City Financial Advisor Rebecca Kurtz Via Zoom, Kyle Kuphal, Cable Access Coordinator Steve Moffitt, Assistant City Administrator/City Clerk Stephanie LaBrune, and City Administrator Deb Nelson.

Mayor Delaney stated that the Council is holding a special meeting to discuss the city's special assessment policy. He said the Council has been talking about the policy for the last 18 months.

DISCUSSION ON THE SPECIAL ASSESSMENT POLICY

Administrator Nelson, started the discussion by stating that she had worked with the City Engineer and Attorney on drafting a revised assessment policy and also gathered input from them as well as the city's Financial Advisor for the Council to be able to move forward with discussions on possibly amending the city's assessment policy. Nelson presented numbers from the City Engineer showing the impact to the city if a ten percent cap were to be incorporated into the policy based on figures from the city's most recent street improvement project.

City Financial Advisor, Rebecca Kurtz, expressed concern about implementing a cap. Stating that she recognizes that in this specific year the project had some challenges in having assessments that are reasonable based on property values, but is fearful that amending a policy to address a specific problem may have a negative effect on funding and the ability to continue to do improvement projects.

City Engineer, Travis Winter, explained that the Minnesota State Statute does not allow cities to assess more than what is determined to be the added benefit to parcels based upon their estimated property valuation. He said with costs going up significantly and property values being on the lower end there becomes a gap in what can legally be assessed versus what the policy states can be assessed. Winter also reminded everyone that tax dollars will have to offset costs if a cap is put into place. Winter agreed that the policy should be revised but said the council needs to be careful because the cap will have a big impact on the levy.

Mayor Delaney said it has been twenty years ago since the policy was last looked at and added that it is out of date. He said that he respects Kurtz' comments and asked her if she had any solutions to the problem. Kurtz said that she did not have any specific solutions.

Councilman Smidt stated that no matter how the costs are distributed, they are still there. He went on to say that projects are getting to be unaffordable and said that he does not want to assess people out of their houses.

Kurtz then shared a story of when she first started working with the city of Pipestone. She said originally the city funded projects 100% with tax dollars because there was a mayor who believed that the entire city should pay for projects. She went on to explain that Minnesota law made it challenging because the costs eventually left the city with only \$15,000 remaining in the city's

debt limit to fund public projects which could include projects such as a new fire department of city hall building. She said keeping the twenty percent assessment policy will help preserve the city's debt limit for important capital projects.

Further discussion was then held on how the city can address assessments to low valued homes. Kurtz stated that the city could look at issuing a different kind of debt. Winter also stated that the city will need to look at the individual properties to ensure that the assessment is not more than ten percent of the estimate market value of the home.

Attorney Hill reminded the Council of the lawsuits that the city is currently dealing with revolving around the current assessment policy. He said appraisals or something needs to be done in advance of projects to ensure that the assessments do not exceed the special benefits.

Delaney said that there maybe needs to be a change in how the city plans for projects in addition to looking at property valuations prior to beginning any projects. Winter also stated that the city could hold assessment hearings first before project bids are received and any debt is issued.

Councilmember Thompson commented by saying that there are many residents who do not know how assessments work and Delaney said that the city has a responsibility to educate people on these things. Continued discussion was then held regarding how to provide more education to the public on assessments.

Kurtz then gave her last statement saying that the city has approximately a 7.6 million debt limit with about \$900,000 of debt currently outstanding which results in 6.7 million dollars available.

ADJOURNMENT

Motion made by Thompson, seconded by Colbeck and unanimously carried to adjourn the meeting at 6:18 p.m.

Dan Delaney
Mayor

ATTEST:

Stephanie LaBrune
Assistant City Administrator / City Clerk