

TRUTH IN TAXATION HEARING
CITY OF CROSSLAKE
MONDAY, DECEMBER 3, 2007
6:00 P.M. – CITY HALL

The Council for the City of Crosslake, Minnesota met in the Council Chambers of City Hall on Monday, December 3, 2007 for the purpose of holding the Truth in Taxation Hearing. The following Councilmembers were present: Mayor Jay Andolshek, Steve Roe, Irene Schultz and Rusty Taubert. Councilmember Dean Swanson was absent. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Police Chief Bob Hartman, Public Works Director Ted Strand and Clerk/Treasurer Darlene Roach. There were three residents in the audience. (Sign in sheet included as a permanent part of the minutes.)

Mayor Andolshek called the meeting to order at 6:00 P.M. and stated that the purpose of the public hearing was to allow property owners the opportunity to express comments on the proposed budget. The meeting was then turned over to City Administrator Tom Swenson to review the City's proposed budget and amount of property taxes proposed to be collected to pay for the costs of services the City will provide in 2008.

City Administrator Tom Swenson stated that a Notice of Hearing, which included the location, date and time of the hearing was posted at three locations within the City, namely at City Hall, Crosslake Communications and the Post Office as required by law. The hearing notice was also posted on Cable TV Channel 12, the local access channel. In addition to postings by the City, each property owner received a Notice of Proposed Tax Statement from Crow Wing County, which lists the location, date and time of the hearing. No correspondence was received in writing from any taxpayer within the City.

City Administrator Swenson prepared a packet of information beginning with a document that compares the 2007 Adopted Revenue Budget with the 2008 Proposed Revenue Budget. The Proposed 2008 Revenue Budget is \$3,826,992, which is an increase over the 2007 Adopted Budget of \$3,675,595. On the expenditure side, the 2007 Adopted Budget was \$3,675,595 and the proposed 2008 Expenditure Budget is \$3,826,992 or an increase of 4.1%. A proposed resolution for adoption by the Council at the Regular Council Meeting in December showed a detailed breakdown by general property tax levy and debt service tax levies to be levied for the current year, collectible in 2008, upon taxable property in the City. These items bring the total levy to \$2,614,255. The next handout showed the impact on the proposed tax levy incorporating the new construction values. When incorporating a conservative number of \$65,000 being generated from new construction, the proposed spread levy increase on the existing tax base is 3.6%. A detailed breakdown of revenues and expenditures by department as well as a listing of proposed capital expenditures was included in the information provided in the handout.

A handout showing a comparison of surrounding cities' ranks Crosslake 4th lowest in Average City Tax Rate among 29 area cities and 3rd lowest in Average Total Tax Rate for 2007. Information taken from the September 2007 League of Minnesota Cities Monthly

Magazine compared area cities by population, city net tax levy, LGA, County Tax Rate, Average City Tax Rate, School Tax Rate, Special Tax Rate and Average Total Tax Rate. A report from Crow Wing County dated October 5, 2007 shows for payable 2008 taxes, the estimated market value in the City is \$1,446,777,200. Two bar graphs were included in the information provided which shows the estimated increase in market value due to new construction between January through November 2007 and the number of permits issued during the same period of time. The spike in the number of permits issued in 2004 includes permits issued for connection to municipal sewer, which resulted in a higher number over the previous years. It was noted that the projected tax rate for 2008 will be 22.093%.

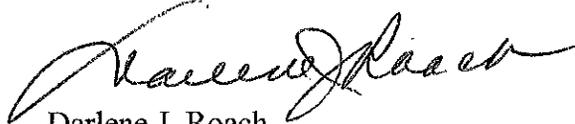
The meeting was open to questions and comments from the Council. Alma Siemers of 14562 Whitebirch Lane addressed the Council and questioned why her taxes increased 24.5%. Her property is classified as commercial and the valuation increased from \$177,100 to \$224,600. Mrs. Siemers was advised to contact Ron Rydh of the Crow Wing County Assessor's Office for an explanation on what caused the increase in valuation on the property.

Dean Eggena addressed the Council on behalf of Cindy Holden's property situated along County Road 66. Eggena stated that this commercial property saw an increase from \$212,900 to \$329,300 in market valuation which represents an increase of 54.5%. Eggena stated that the commercial district is going through hard times with more and more empty buildings in the City. Eggena felt that when the Town Square property was approved they were allowed 80% impervious coverage which gives them an advantage over other commercial property. Eggena stated when more and more existing businesses move into Town Square a distressed downtown area is being created and property owners will want a reduction in value which will affect the City's future budgets. Eggena felt the proposed budget with a 3.6% increase looks good, but in the future that type of increase may not be feasible. Eggena stated that he wanted to bring these thoughts to the Council for their consideration and emphasize that it is a zoning problem with impervious coverage within the City that is creating the unfair advantage. Councilmember Schultz asked Mr. Eggena if he had spoken to the County Assessor's Office in regards to the increased market valuation on the Holden property and he stated that he had spoken to Mr. Rydh. Eggena stated that the Assessor's Office will react as property values decrease but the City needs to initiate action pertaining to the budget. Eggena felt that Town Square was promoted at the expense of the rest of the commercial district. City Administrator Swenson commented that the largest increase on the tax statement for the Holden property is the State's portion which reflects an increase of 45%. Councilmember Roe asked what was causing the increase in market valuation and Swenson stated that market valuation is based on sales. Eggena stated that it is the Town Square businesses that are selling which is affecting the rest of the commercial property. The Council stated that they would consider the information as food for thought. Discussion ensued regarding the difference between the Truth in Taxation Hearing and the Board of Review Meeting and how market valuation is affected.

City Administrator Swenson noted that the proposed budget and proposed levy will be presented to the City Council for adoption at the Regular Council Meeting on December 10, 2007 at 7:00 P.M.

There being no further comments, MOTION PH01-12-01-07 WAS MADE BY STEVE ROE AND SECONDED BY IRENE SCHULTZ TO ADJOURN THIS TRUTH IN TAXATION HEARING AT 6:50 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,



Darlene J. Roach
Clerk/Treasurer

Shared: Truth in Taxation Hearing December 3, 2007

