

TRUTH IN TAXATION HEARING  
CITY OF CROSSLAKE  
MONDAY, DECEMBER 5, 2005  
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 5, 2005 for the purpose of holding the Truth in Taxation Hearing. The following Councilmembers were present: Mayor Jay Andolshek, Councilmember's Dean Eggena and Dick Phillips. Councilmember's Dean Swanson and Terry Curtis were absent. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Police Chief Bob Hartman and Clerk/Treasurer Darlene Roach. There were four individuals 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 for residents to express their opinions 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 2006.

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 for the hearing.

City Administrator Swenson prepared a packet of information beginning with a document that compares the 2005 Adopted Revenue Budget with the 2006 Proposed Revenue Budget. The 2006 Proposed Revenue Budget is \$3,354,238, which is an increase over the 2005 adopted budget of \$3,170,548. On the expenditure side, the 2005 total Adopted Budget was \$3,170,548. The proposed 2006 Expenditure Budget is \$3,354,238 for a 5.80% increase. The third handout showed the impact on the tax levy incorporating the recommended budget adjustments, taking into account the M.V. Homestead Credit Reduction and the expected increases in market value and tax capacity for new construction. When incorporating a conservative number of \$80,000 being generated from new construction and reducing the levy by \$49,939 for the market value homestead credit which will not be paid, the proposed spread levy increase on the existing tax base is 3.9%. A proposed resolution for adoption by the Council at the meeting of December 12, 2005, shows a detailed breakdown by general property tax levy and debt service tax levies by project, to be levied for the current year, collectible in 2006, upon taxable property in the City. These items bring the total levy to \$2,317,706. A detailed breakdown of revenues and expenditures by department was reviewed. Included in each department's budget is a category for Capital Outlay and these items were also reviewed.

A handout showing a comparison of surrounding cities' ranks Crosslake 4<sup>th</sup> lowest in Average City Tax Rate among 29 area cities and 3<sup>rd</sup> lowest in Average Total Tax Rate for 2005. Information taken from the September 2005 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 shows for payable 2006 taxes, the estimated market value in the City is \$1,085,653,000. This is the first time the value has exceeded one billion dollars. A bar graph showing the estimated annual increase in market value due to new construction from 1995 through November 30, 2005 was included for Council information. A second bar graph shows a continual increase in the number of zoning permits issued between 1995 through November 30, 2005. The spike in the number of permits issued in 2004 includes permits issued for connection to municipal sewer resulting in a higher number over the previous years. It was noted that the projected tax rate for 2006 will drop to just under 25% from 26.997% in 2005.

The meeting was open to questions and comments from the Council and audience.

Jean Starkka addressed the Council and commented on a proposed 67% increase in her taxes for 2006. She stated that the only improvement she has made was the addition of taconite tailings on her driveway. She stated that her market value has gone up \$27,000 over last year. The City's increase accounted for \$60 of the overall increase in her taxes. City Administrator Swenson stated that the majority of her projected increase is a result of an increase in her market valuation, which is determined by the County Assessor's Office, and not as a result of increase in City taxes. She was advised to attend the Board of Review Meeting, which is held in the spring, or contact the County Assessor's Office for a review of her property valuation. Councilmember Eggena stated that the City Council raised taxes 4% so only that amount is attributable to any City tax increase. Mayor Andolshek agreed that persons receiving market valuation increases would see higher taxes as a result but the purpose of this meeting is to explain to property owners what the City is spending and collecting from its property owners.

There was some discussion regarding budgeted amounts versus expenditures, what limit department heads had on spending and what major expenditures should be reviewed by the Council. Councilmember Eggena stated that the Department Heads have been good about bringing items to the Council for approval.

The proposed budget and proposed levy will be presented to the City Council for adoption on Monday, December 12<sup>th</sup> at 7:00 P.M.

There being no further comments, MOTION PH01-12-01-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO ADJOURN THIS TRUTH IN TAXATION HEARING AT 6:50 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,

A handwritten signature in cursive script, appearing to read "Darlene J. Roach".

Darlene J. Roach  
Clerk/Treasurer

Shared: Truth in Taxation Hearing December 5, 2005.doc

