

TRUTH IN TAXATION HEARING
CITY OF CROSSLAKE
MONDAY, DECEMBER 6, 2004
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 6, 2004 for the purpose of holding a Truth in Taxation Hearing. The following Councilmembers were present: Mayor Darrell Swanson, Councilmembers Dean Eggena, Bettie Miller, Dick Phillips and Irene Schultz. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Public Works Director Ted Strand, Park and Recreation Director Jon Henke and Clerk/Treasurer Darlene Roach. Mayor-Elect Jay Andolshek and Council Member Elect Dean Swanson were also in attendance. There were approximately six individuals in the audience. (Sign in sheet included as a permanent part of the minutes.)

Mayor Swanson called the meeting to order at 6:00 P.M. and turned the meeting 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 2005.

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 complete packet starting with a document that compares the 2004 Adopted Revenue Budget with the 2005 Proposed Revenue Budget. The 2005 Proposed Budget in the amount of \$3,170,548 reflects an increase over the Adopted 2004 Revenue Budget of \$2,859,278. A transfer from the Sewer Project Fund to the Sewer Operating Fund of \$77,474 is a new category in the proposed 2005 revenue budget. Other areas where a significant change is evident is in the M.V. Homestead Credit Reduction, Capitalized Interest Reserve and Debt Service Tax Levy. On the expenditure side, the 2004 Total Adopted Budget was \$2,859,278. The proposed 2005 budget is \$3,170,548. The third handout shows the impact on the tax levy incorporating the adopted preliminary 2005 budget, taking into account the expected increases in market value and tax capacity for new construction. When taking a conservative number of \$40,000, the proposed spread levy increase on the existing tax base is 8.1%. A handout showing the Adopted 2004 Revenue Budget and the Proposed 2005 Revenue Budget by revenue source was included in the packet. The Adopted 2004 Expenditure Budget and the Proposed 2005 Expenditure Budget by department was also included in the handout. Included in each department's budget is a category for Capital Outlay and these items were also included in the handout. 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 2004. A bar graph showing the estimated annual increase in market value due to new construction from 1995 through November 30, 2004 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, 2004. The number of permits issued in 2004 includes the permits issued for connection to the municipal sewer resulting in a higher number over the previous years.

One letter was received from Jim Stubbs which was read into the record by City Administrator Swenson. Mr. Stubbs stated that his proposed city tax on his property in Crosslake shows an increase of 23.6% over last year. Councilmember Eggena stated that this Council can only take credit for an 8.1% increase so the additional percentage must be related to an increase in the market value of the property. City Administrator will send a letter to Mr. Stubbs along with a copy of the handout of this meeting.

George Gibbons addressed the Council and asked what the City gets for each \$1 million dollars in new property value and he was informed that the City gets approximately \$3,000 for each million dollars.

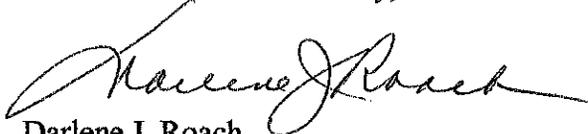
It was noted that the increase in property taxes is due largely in part to the County raising their levy by almost \$8 million dollars.

Councilmember Elect Dean Swanson complimented the Council on holding the increase at 8.1%. He stated that a large part of the problem lies in St. Paul at the Capitol and we need to get the message to the legislators.

The proposed budget and proposed levy will be presented to the City Council for adoption on Monday, December 13th at 7:00 P.M.

There being no further comments, MOTION PH01-12-01-04 WAS MADE BY BETTIE MILLER AND SECONDED BY DICK PHILLIPS TO ADJOURN THIS TRUTH IN TAXATION HEARING AT 6:40 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach
Clerk/Treasurer

