

City of Minnetonka Beach
2011 TRUTH IN TAXATION HEARING
Monday, December 6, 2010
7:00 PM

ROLL CALL

Mayor Joann Anderson, Council Members: Jill Bartel, Michelle Kroll, and Treasurer Dennis Fischer. Absent: Council Members Linn Ferguson and Mike Taylor.

1. Call to Order

Mayor Anderson called the meeting to order at 7:06 P.M.

2. Approve Agenda

Mayor Anderson reported Council would not be voting on any items this evening because there were two Council members absent so there wasn't a quorum. Council would be taking public comments. She presented the agenda for the meeting.

3. Truth in Taxation Hearing

3.1 Comments

Administrator Griffin gave an overview of the budget process this year. She said there were changes made to the preliminary budget since it was approved in September and to avoid confusion it is now being called the proposed budget. The 2011 Preliminary Budget approved on September 13, 2010 in the amount of \$1,120,211 is \$69,869 higher than the 2011 Proposed Budget of \$1,050,342. Of that amount, the \$66,000 Capital Improvement Plan (CIP) Budget was removed because the City expects to fund the CIP with bond proceeds for the water project. The proposed budget also includes a recommended \$4,000 reduction in the Parks and Recreation budget. The proposed budget includes increases in Police and Fire service over 2010, and a \$40,000 legal bill.

This proposed budget moves from a system where property taxes pay for some basic services to increased or new fees that accurately reflect the cost to provide that service. The proposed changes since the preliminary budget include new fees on the quarterly utility bills of \$6.00 for leaf pick up and \$7.17 for recycling. In addition, the charge for garbage pickup will increase from \$39.00 to \$63.00 and the water base fee will increase \$5.00/qtr. to \$19.50. The quarterly utility bill increase, including state tax on the garbage fee, will be \$44.00. It was pointed out the leaf pick up charge will cover the cost of leaf disposal, not staff time.

The dock fee increases approved in the preliminary budget will remain at the increased amounts of \$450 to \$600, depending on the size of slip. Expenses within the dock budget include 15% of administrator salary and benefits being moved to Dock Administration. It also includes maintenance, application fees, legal fund and the LMCD levy, but that is not part of dock fee revenues. Revenue for the remaining \$10,000 in legal fees would be generated from a new Dock Legal fund.

The expenses include \$30,000 in legal fees from the General Fund. Council could choose to take all or part of this from Reserves.

Proposed Changes since September 13, 2010 Preliminary Budget:

Account Code	Description	Revenues
1125	Dock Permits	11,000
1140	Building Permits	5,000
1120	Leaf Pick Up fee	5,500
1335	Garbage Receipts	22,080
1337	Recycling Fee	6,596
1520	Water Base Fee (net increase)	4,140
Sub-total		54,316
	Cuts or Reductions	Expenditures
2960	Capital Improvement Program	66,000
2250	Fire Service	2,498
2525	Parks & Recreation	4,000
Sub-Total		72,498
Added Revenue		+54,316
Reductions		-72,498
Total	Property tax reduced from Preliminary to Proposed	112,595
	Net property tax change for 2011 over 2010	1,525 or 0%

After going through the overview, Dave Smith asked about the fee increases relating to the property statement residents received showing an increase in property taxes. Administrator Griffin noted the difference from the preliminary budget to the proposed budget means a zero increase in property taxes.

Kathie Doerr said she would like to put in a plug for composting (leaves) under recycling in the city. She also thought residents could be encouraged to use rain barrels because their use to collect rain water would make the amount of water usage go down.

Alain Frecon talked about calling leaf pick up a “user fee” when not everyone uses the service; he thinks it should be referred to as a tax. He wanted to know what the residents would be getting from having the tax and Mayor Anderson said he would be getting a lower property tax.

Kathy Gillum asked what the resolution was regarding a tunnel under the highway. Mayor Anderson said we would not spend any more city money unless state or county funding would be forthcoming, then we would explore it.

Dave Smith said he appreciates how earnestly the city has worked to keep the numbers level. He also said associating the services with their actual cost is good economics as it will cause people to evaluate what they are using and why.

Treasurer Dennis Fischer noted about 80% of the budget is really beyond Council's control with fire and police contracts and a few other items. Previous Council's philosophy has been to put as much of the services in the property taxes as possible because of the potential tax shield, but the impact of that has changed. Council is looking to do what most other cities do and that is to have fees based on actual costs.

Alain Frecon commented because fire and police keep increasing he wondered when it might be a good idea to look at annexing. Mayor Anderson said they watch those budgets very closely. There was restructuring of the Orono police for 2010 and 2011 after Spring Park dropped their full-time police officer. They assigned policing districts and because of it they are now in our city more often. The police have increased their budget by 9%. Long Lake didn't like the increase and how it was based, so they are going with Wayzata in 2011 so we may be looking at increases in the future. Orono police have laid off 2 full time officers, 1 part time officer and 1 part time clerk.

3.2. Budget Review

The Council did not go through the budget line item-by line-item review because they felt it wasn't necessary due to no quorum as this meeting and the changes made from the time of the preliminary budget to the proposed budget presented at this meeting.

3.3. Proposed Budget

At the September meeting, Council approved a preliminary total income budget (with tax levy) of \$1,120,211, about a 15% property tax increase. Between the September budget meeting and this Truth in Taxation meeting an additional \$54,316 in proposed revenue was added and reductions of \$72,498 were made, leaving the budget at \$1,050,342, making a 0% increase in property taxes. The GO bond payment in 2011 will be \$109,794.58 and \$655,800.73 will be levied for general property tax, for a total property tax levy of \$765,595.31. Council will need to adopt the budget at the December 13th meeting.

4. Adjournment

Mayor Anderson said this meeting will be continued on Monday the 13th at 7:00 p.m. and she adjourned the meeting at 7:40 p.m.

Public Present:

Dave Smith, Alain Frecon, Bob & Kathy Gillum, Kathie Doerr, Steve Inglis, Alain Frecon

Staff Present: City Administrator Susanne Griffin, City Clerk Marilyn Regnier, and Public Works Director Ben Young.