

# CITY OF TONKA BAY ITEM NO. 4B

## MINUTES TONKA BAY CITY COUNCIL TRUTH IN TAXATION HEARING December 2, 2008

### 1. CALL TO ORDER

The meeting was called to order at 7:00 p.m.

### 2. ROLL CALL

Members present: Mayor LaBelle, Councilmembers Marceau, Tessness, Folley, and De La Vega. Also present were City Administrator Loftus, City Attorney Penberthy, and Public Works Superintendent Kluver.

### 3. PRESENTATION

Loftus reviewed the process for the development of the 2009 budget. She displayed the general fund revenue chart showing 80% of Tonka Bay's revenue is property taxes. Revenue sources that comprise the remaining 20% come from service charges, license and permit fees, interest earnings, fines, and miscellaneous revenues. Loftus stated it's important to note that Tonka Bay receives only a portion of your total property tax payment. The 2008 allocation was: School District 37.3%, Hennepin County 37%, City of Tonka Bay 15.2%, and other Special Districts and State 10.5%. She complimented the City Council on their work to keep the tax rate low. For comparison purposes, in 2007 the average city tax rate in Hennepin County was 31.652% and in Tonka Bay it was only 16.057%. Loftus displayed the general fund expense chart showing 52% of expenses are for Public Safety which provides 24-hour police and fire protection. She explained public works activities such as street repair, snow removal, park maintenance, and other vital tasks account for 22% of general fund expenditures. The remaining 26% of expenses are for Insurance, Buildings, Zoning, Elections, Engineering, Legal, and Administration. Specific budget pressures for 2009 include the following: operating increase in the police budget of 6.79%, operating increase in the fire budget of 4.74%, fuel costs and street repairs increase over 10%, PERA pension increases over 6%, and an LMCD levy increase over 6%. Loftus noted a "departments" page in the Citizen's Budget that details the responsibilities of city departments and highlights the monthly cost for the average taxpayer. She stated the proposed General Fund budget is in the amount of \$1,194,496. Total expenses are proposed to increase \$44,488, which is a 3.87% increase. The proposed levy for 2009 is \$979,690 which is an increase of 5.5% over 2008.

John Davis, 30 Willow Woods Lane, asked when residents can get involved in the

budget process. Loftus explained residents are welcome to attend any public meeting and the budget workshops in July and August are a good time to get involved.

**Jim Meffert, 4354 Manitou Road**, stated his taxes have increased 46% since 2006 and he is concerned about the large increase in county taxes. He also stated the assessor never followed up on his concerns last year. LaBelle explained how and why the Hennepin County Assessor services have been retained by the City and their obligation to assign value to each property. He encouraged Mr. Meffert to attend the Hennepin County hearing this coming Thursday and/or to contact County Commissioner Koblick.

**Scott Estrem, 55 Interlachen Drive**, stated the taxable value of his property is increasing to meet the market value and this has resulted in his taxes doubling in just three years. He's noted increases of 11% or 16% aren't sustainable. He asked the City Council to consider reforming the progressive system of taxing. Mr. Estrem also stated he attended the spring valuation meeting with the assessor and found the experience satisfactory. His value was adjusted and the assessor followed up with a letter. LaBelle stated the state legislature is the proper authority to address Mr. Estrem comments on tax reform.

**John Davis, 30 Willow Woods Lane** asked about the added expense for Arctic Fever. Councilmember Marceau explained the event is hosted by the three south lake cities and is intended to help promote local businesses. Mr. Davis stated the 6 month actual expense has led him to question the printing and mileage expense budgeted for 2009. He also noted the fuel costs reflect the price from mid-summer, not the current market price. LaBelle thanked Davis for taking the time to thoroughly review the budget. He stated the City Council takes its fiscal responsibility very seriously.

#### **4. ADJOURNMENT**

There being no further business the public hearing was closed and the meeting adjourned at 7:38 p.m.

Attest:

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Clerk