

PROPOSED MINUTES OF THE CROOKSTON CITY COUNCIL, POLK COUNTY, MINNESOTA. THE SPECIAL MEETING OF DECEMBER 9, 2008, COUNCIL CHAMBERS, CITY HALL.

Mayor David Genereux called the meeting to order at 6:30 p.m.

Council Members present in answer to roll call were: Craig Buness, Marlys Mjoen, Harry Manole, Tom Vedbraaten, Guy Martin and Frank Lindgren.

Council Members absent: Keith Mykleseth and Wayne Melbye.

Staff present were: Tom Lindo, Aaron Parrish and Betty Arvidson.

APPROVAL OF AGENDA

On motion by Council Member Vedbraaten, seconded by Council Member Mjoen and duly carried to approve the Agenda as presented.

PUBLIC HEARING

4.01 Mayor Genereux opened the public hearing for the Truth in Taxation on the proposed 2009 Budget.

Betty Arvidson, City Clerk-Treasurer, proceeded with a presentation on the proposed budget and levy for 2009.

Arvidson went through a history of the City of Crookston, noting the incorporation date of February 14, 1879 and that it is a Home Rule Charter City. She then went through the list of the current Mayor, Council and Department Heads. The City of Crookston currently has 62 full-time employees and is proposing that in 2009 it will have the same. Compensation costs have gone up slightly from 2008 to 2009. That is based on contracts that are currently in place for two of the unions and the agreement for exempt employees.

The City has many sources of revenue. The three main sources are Receipts for Services, State Aid and our Local Property Tax Levy.

54% of our revenue comes from receipts, 32% from Local Government Aid (LGA) and 16% from Property Tax Levy. Arvidson went on to talk about the General Fund. The General Fund expenditures are made up primarily of Police Department at 37%, Fire and Building Official Department at 16% and Public Works at 24%. In the General Fund, as well as a hand full of other funds, the proposed revenue is subtracted from the proposed expenditures and there is a balance that is needing funding of \$5,040,959.00. Of that balance needing funding, the proposed amount of LGA expected to be received in 2009 is \$3,471,724, leaving an amount to levy of \$1,569,235. This amount is a 0% increase over what was levied in 2008. When you look at the history of our levy and aid that we received in 2004, our levy was at \$1,622,057.00. We are proposing \$1,569,235.00 in 2009. Our LGA in 2004 was \$2,506,420.00 and in 2009 proposed to be \$3,471,724.00. Arvidson went on to inform the Council of our current market values in the City of Crookston. Since 1997 our residential market value has over doubled as well as our total market value for the City. In 1997 it was \$132,415,797.00 and 2009 it is at \$244,930,400.00. Each category, whether it was residential, apartments, farm, other, or commercial and industrial, has all increased since 1997.

The proposed tax rate for 2009 is 56.02%. Polk County is at 68.07% and the School District is at 25.33%. The Red Lake Water Shed is at 5.02%. The Northwest RDC is at .32% totaling up to a proposed 2009 tax rate of 154.76%. This is a significant decrease from 2005, which the total tax rate was at 211%. The proposed tax rate breakdown for the citizens of Crookston; 46% of their property taxes will go to Polk County, 37% to the City of Crookston and 17% to the School District. The chart that was shown was from 2004 through 2009. The City's tax rate is 29.63% less than it was in 2004. This is derived from not only a reduction in the Levy but from an increase in the market value through the City of Crookston. Arvidson showed what this would mean for an owner of a \$75,000.00 valued home. In 2004 an owner of a \$75,000.00 valued home would have paid approximately \$1,261.88 in property tax. That same value with the 2009 proposed tax rate would pay \$1,034.78. Some citizens have commented that their taxes went up, but really what is happening is their property valuation has increased, not the tax rate.

In summary, the City of Crookston is faced with levy limits and an expansion of special levies for 2009. LGA is anticipated to increase by \$212,000.00 plus an additional \$100,000.00 that was part of special legislation awarded to the City of Crookston in lieu of a local option sales tax. The City was able to maintain a level amount of capital improvements. They were able to maintain the current staffing level. We realize an increase in market value, which allowed us to maintain a 0% increase in our levy.

Arvidson asked if there were any questions regarding the information that was presented.

Council Member Mjoen wanted clarification on the was included in the total compensation.

Arvidson stated that it included wages plus all benefits. City contribution to PERA, FICA, Medicare, Health and Life.

Mjoen asked then if it was correct that our total compensation costs make up about 40% of our total budget.

Arvidson indicated that yes it does.

Mjoen commented that we often hear that salaries make up a great portion of a businesses expenses and it also holds true for the City of Crookston.

Mayor Genereux asked if anyone else wished to be heard and upon hearing none closed the public hearing.

REGULAR AGENDA

5.01 On motion by Council Member Lindgren, seconded by Council Member Mjoen and duly carried to approve setting the final adoption hearing for the 2009 budget for December 23, 2008. (RES. No. 24962)

Mayor Genereux declared the meeting adjourned at 6:50 p.m.

David W. Genereux, Mayor

Betty Arvidson, City Clerk-Treasurer