

**MINUTES
CITY OF ISANTI
CITY COUNCIL
DECEMBER 6, 2011
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:00 p.m.

The Pledge of Allegiance was recited.

Members Present: Mayor George Wimmer, Councilors Jim Kennedy, Sue Larson, Steve Lundeen and Ross Lorinser

Members Absent: None.

Staff Present: City Administrator Don Lorsung, City Attorney Clark Joslin, Finance Director Kristi Smith, Human Resources/Deputy City Clerk Karissa Henning, Economic Development Director Sean Sullivan, Chief Ron Sager, and City Engineer Brad DeWolf

Motion by Kennedy, second by Larson to approve the agenda as presented. Motion carried unanimously.

E. Proclamations/Commendations/Certificate Awards

None.

F. Approve City Council Minutes

Motion by Lundeen, second by Larson to approve the minutes of the November 15, 2011 City Council Meeting, Work Session Meeting and Closed Session. Motion carried unanimously.

G. Citizens Input

Citizen 1:

Linda Danielson, who owns property on 118 West Main Street, inquired about a proposed property tax bill. The proposed bill she received increased the value of her property by \$1,900 dollars. She asked if this was correct; she stated that it seemed unlikely. Danielson added that her taxes were raised around \$112 dollars. Mayor Wimmer stated the new property valuation was done through the County and she would have received something earlier in the year to challenge the valuation before her proposed property tax bill came. Smith explained that the valuation that Mayor Wimmer is talking about should have come around the same time her property taxes came in April. Mayor Wimmer added the reason why the proposed property tax bill she has just received is 'proposed' is because the levels have not been set as final yet, although her valuation has been set as final. Danielson made comment that she then has missed the opportunity to challenge the assessed evaluation. Mayor Wimmer confirmed this was correct.

Mayor Wimmer explained that the state changed the homestead credit to the homestead exclusion. Mayor Wimmer continued that because of the legislature's change from the homestead credit to the homestead exclusion, the values of homestead properties were pushed down; however, the non homestead properties and commercial properties were raised. This created a redistribution of taxes, which resulted in a higher tax placed on businesses.

Smith stated that if there are further inquiries about the assessed evaluation that she would need to get in contact with the County Assessor's Office.

Lorinser questioned if it was standard for businesses to go up in value with the new homestead exclusion. Mayor Wimmer said overall businesses have more or less held their value or went down slightly. They did not get hit the same way that residential properties did. The State used the exclusion to artificially suppress the homestead property values, leaving it to the City's decision as to whether they want to increase the levy rate to bring in the same amount from property taxes that they had brought in previously.

In the City's case, the City cut about 11% in property taxes, however, with the amount the City is bringing in, and because the valuations changed so dramatically, it looks like, in some cases, the percentage has gone up.

Citizen 2:

Mark Sundrud, JMD, LLC, 302 Credit Union Drive, explained that he has two different properties, one in East Bethel and one in Isanti. East Bethel increased his property taxes by \$200 dollars and Isanti raised his property taxes by \$750 dollars. Sundrud questioned why his property taxes went up so much for Isanti. Mayor Wimmer asked to see the bills that Sundrud had brought with him. While looking at the bills, the Mayor made comment that due to the State change commercial properties have been going up; opposite of what is going on with the homestead properties. Mayor Wimmer went on to mention that Sundrud's property valuation for East Bethel has gone down by \$13,000, but the Isanti property remained the same, which plays a part in why the property taxes have gone up \$750 dollars for his Isanti property.

Sundrud questioned what he receives as a result of the \$750 dollars property tax increase and what the City has done for budget cuts. Mayor Wimmer said the City in 2008 had brought in around 1.8 million dollars in property taxes and the City is planning to bring in 1.5 million dollars in 2012 for property taxes. The estimated 1.5 million dollars for 2012 is a little over \$300,000 dollars less than what the City had received in 2008.

Unfortunately, the City is unable to control how the taxes are distributed. This was decided by the State through the homestead exclusion. The City is doing all it can and has already cut down the property taxes down approximately 11%, which is substantial. Mayor Wimmer briefly mentioned that in addition to the 11% property tax cut, the City is now at 20% from previous staffing levels and has also cut a lot of costs in regards to health care.

Sullivan asked Mr. Sunsrud if he could see the proposed property tax statements. Sullivan noted that Isanti County was not subject to the Fiscal Disparities Tax that Anoka County and other metro counties are subject to. The Fiscal Disparities Tax pulls out approximately 33-40% of the commercial tax base out the value that taxing jurisdictions can levy against. Sullivan pointed out to Mr. Sunsrud that the East Bethel proposed property tax statement has a line for fiscal disparities and the City of Isanti statement does not and is not subject to this tax. If Anoka County was not subject to a fiscal disparities contribution and tax, that amount would essentially be spread over the City, and other taxing jurisdictions, showing a greater increase for the East Bethel City portion total tax as well. Due to this difference on how the tax is calculated it is not an apples to apples comparison and looking at the tax bill as a whole would be a better comparison than comparing line items.

Citizen 3:

Warren Thunstrom, 310 Dahlin Avenue, stated that on his property tax bill, his taxable market value did not change, but his taxes for the City portion are up 15%. The bill does not say how much of that 15% may have been from the exclusion. Thunstrom asked if the City raised the commercial bill rate. Mayor Wimmer replied that the City did not; the City only sets the overall levy amount that they are bringing in, the valuations are controlled elsewhere. Smith stated that the State sets percentages of what is considered taxable, and that the valuation is controlled by the County. The only thing the City controls is how many dollars they want to collect. This amount the City then turns into the County and the County spreads that percentage throughout the properties. The City did not set the amount that commercial properties are currently experiencing.

Larson made comment that the legislators are the ones to thank for this because they are the ones who got rid of the market homestead program. The legislators are taking this money from the exclusion and using it to offset the State budget, and this actually balances the budget some. However, this offset is hurting us in the real world, and it is hurting businesses, especially small businesses, really bad. This is nothing that the City can control; it is all at State level.

Mayor Wimmer mentioned that previously, the City received \$138,000 dollars, from the State, for the homestead credit. The State would give the homestead credit, by cutting a check that makes up the difference in the amount of money that each locality: your city, your county and your school district gets. In sum, the State would give the tax credit to the Cities, and pay the bill for the localities. Now, the State has stopped cutting the homestead credit check that Cities had received to make up the difference for the localities. The new program artificially suppresses the homestead properties values. By doing this, the State has only fixed one side of the equation – therefore the City now absorbs the \$138,000 because the state no longer cuts the check. Regardless, with the City now paying the extra \$138,000, the City has still lowered the amount of taxes it is bringing in as much as it possibly could.

H. Announcements

Announcements were read.

I. Council Committee Reports

Councilor Larson reported on:

- **Isanti Area Operating Fire Board**
 - Audit
 - ISO evaluation
- **Highway 65 Coalition**
 - 2 MN Dot representatives attended
- **League of Minnesota Cities**
 - Approved policies
 - Isanti will receive a dividend of around \$2,000 back from league insurance
- **Isanti Area Library Friends**
 - Cutting library services in the County by 10%
- **Santa Days**
 - Youth Hockey gave a substantial donation
- **Snowmobile ATV parade**
 - January 1, 2012 with the line up at 3:00 p.m. at the Isanti Middle School, the parade starts at 3:30 p.m. and ends at the Community Center with a free Chili feed and awards to follow
- **East Central Regional Development**
 - U.S. Senator Al Franken will be attending the Legislative Forum on January 9th in Cambridge at 7:00 p.m.

J. Public Hearings

None.

K. Business Items

1. Isanti County Sportsman Club Request for Waiving of the Exempt Gambling Permit Application Fee

James Fridstrom from 36407 Hastings Street NE requested of the Council to waive the \$50 application fee for the Isanti County Sportsman Club's exempt gambling permit. Last year through error, no application fee was requested of the Isanti County Sportsman Club. Staff researched the exempt gambling permit application fee and found it is required for all applications. Fridstrom requested the fee be waived because of the short notice and unexpected fee that was not issued in the previous year. There was consensus that all application fees need to be paid. Kennedy directed staff to apply the fee for the Isanti County Sportsman Club to him and made comment that in the future all fees will need to be paid.

2. Establishing a Date for the City Council Goal Setting Meeting

There was consensus that the City Council Goal Setting Work Session will take place on Friday, January 13, 2011 from 8:30 a.m. to 12 noon.

3. Joint Resolution Naming Bridge Outlook on Cambridge Isanti Bike Walk Trail

Motion by Larson, second by Kennedy to approve Resolution No. 2011-2271 as presented. Motion carried unanimously.

Mayor Palmer from the City of Cambridge and Mayor Wimmer from the City of Isanti did a joint signing for the naming of the bridge outlook on the Cambridge Isanti Bike Walk Trail and the first amendment to the Joint Powers Agreement. The outlook will be named after Congressman James L. Oberstar in his honor, as without Oberstar's assistance the trail would not have been accomplished. Mayor Wimmer made comment that this is a great step for both of the Cities and it lays a roadmap for future projects.

4. 2012 Final Budget and Levy Presentation

a. Resolution No. 2011-272 Adopting the Final Budget for the Year 2012

b. Resolution No. 2011-273 Adopting the Final 2011 Tax Levy, Collectible in 2012

c. Resolution No. 2011-274 Adopting the Final Budget for the Enterprise Funds for the year 2012

Smith presented the final budget for the year 2012 and outlined the new changes from the last budget presentation. For revenue changes, there has been a transfer of the Park and Recreation dedication interest and the general fund balance reliance. For expenditure changes, there were alterations for the insurance on street light and water budgets, the water debt service payments adjusted for PFA water project, a correction of formula for a Public Works employee and inclusion of costs related to the Public Works employee obtaining a license which affects streets, parks general maintenance, sanitation, water and sewer budgets. The Planning and Parks Director position change and related costs, and correction of error on CSO costs affected the parks, planning and police budgets. The Police Department copier costs adjusted the Police Department budget. Additionally, the Police Department wages and benefits portion has been altered to add one officer back on the budget; it is unlikely at this time that the City will be able to receive the COPS grant, which would have covered the wages and benefits of one of the officers for the Police Department.

Smith referenced a graph showing how the budgeted expenditures have changed from the 2006 actual to the proposed 2012 expenditures. The expenditures for 2012 are less than the past several years. Mayor Wimmer made comment these numbers have not been adjusted for inflation, if they had been, the numbers would have been significantly less. Smith showed the departmental breakdown for the 2012 budgeted expenditures and transfers from the general fund: general government 26%, public safety 39%, public works 14%, debt 13%, park and recreation 5%, transfers/miscellaneous 3%. Smith presented the 2012 general fund budgeted revenues: taxes 60%, intergovernmental (state aid) 6%, licenses and permits 3%, transfers 6%, fines and forfeitures 1%, charges for services 2%, fund balance and 2011 carryovers 18%, interest earnings 1%, miscellaneous 2%. Smith stated if the budget is approved as it is laid out, the property tax levy would be a total of \$1,742,703 dollars which is a decrease of \$192,707 as compared to the 2011

levy. The primary piece included in that is the attempt to remove the market value homestead credit, which is about \$148,000. Lorinser questioned the percentage decrease in property taxes. Mayor Wimmer responded that it was about an 11% decrease.

Motion by Lorinser, second by Kennedy to approve Resolution No. 2011-272, 2011-273, and 2011-274 as presented. Motion carried unanimously.

5. Resolution No. 2011-275 Approving Revised Job Description and Salary Increase for City Administrator Lorsung

Mayor Wimmer reported that the revised job description and salary brings the City Administrator's position in line with the duties he has taken on since the City Clerk has retired. Larson made comment that after a lot of consideration she did not feel that she could not support the total wage increase this year. With the financial situation as is, and the economy, she would like to look at the available options for doing a wage increase over the next three years and would like more discussion on this in a work session. Mayor Wimmer stated that from a budget standpoint, the City still comes out ahead financially and saves a lot of money since the City Clerk has retired. Additionally, the Mayor noted, that this still would not bring the City Administrator to a comparable pay level with other City Administrators. Lorinser made comment that when the Planning and Parks Director gained more responsibility she was compensated for it.

Mayor Wimmer clarified that the changes in salary are not in the approved budget, and will go into the budget upon approval; the increase in salary will be taken from the general fund balance.

Motion by Lorinser, second by Kennedy to approve Resolution 2011-275 as presented. Motion carried with a 3-2 vote (Larson and Lundeen opposed).

6. Resolution No. 2011-276 Approving the Adoption of the TIF Management Plan

Sullivan reported that the TIF document is a roadmap of all of the TIF districts moving forward and how the City will address the balances within the district and development into the future.

Motion by Larson, second by Kennedy to approve Resolution No. 2011-276 as presented. Motion carried unanimously.

7. Resolution No. 2011-277 Approving Option 3 as Presented on Plans Provided by Bolton and Menk and Accepting the Scope of Work and Cost Estimate Provided by Bolton and Menk for Preparation of Final Design Plans and Specifications for a Trail Through Legacy Park

DeWolf reviewed the Park Boards approval of the trail concept for Legacy Park. It is a two tier trail for Legacy Park, with an overlook of Rum River. DeWolf mentioned the project is not large, but very complex and deals with many different agencies. The total length of the trail would be close to a mile. The costs are estimated to be around \$100,000 which would come out of park dedication fees. Larson questioned what would

be done for crossing the brook. DeWolf explained that a culvert of adequate size is being looked at, and then it would be built up with earth to fill above the flood points. Larson questioned about the path surface, DeWolf said it would be aggregate and not paved.

Motion by Kennedy, second by Larson to approve Resolution No. 2011-277 as presented. Motion carried unanimously.

8. Resolution No. 2011-278 Accepting Bank Site Phase 2 Development and Placing in a Two Year Warranty

All project punch list items for Bank Site, Phase 2 development have been completed, which includes the Prairie Senior Cottages and Krayola Kids Daycare Center, as required by the development agreement. The City Engineer has provided a final inspection and recommends the City accept the improvements and commencement of the two year warranty period.

Mayor Wimmer made comment that the road is not on center and that he does not recall the street being approved to *not* be on center. DeWolf stated that the Mayor is referring to Golden Way Street NE. Golden Way was platted with an 80 foot right of way and is a 42 foot wide street, back-to-back, leaving basically 38 feet behind the curb. When the road was built, which precedes DeWolf's time with the City, the right of way on the South side of the road was made 14 feet long, and the right of way on the North side of the road was made 24 feet long. DeWolf stated that as businesses go in, with signs, it will be noticeable that some will be closer to the road than others in reference to the right of way.

Motion by Kennedy, second by Lundeen to approve Resolution No. 2011-278 as presented. Motion carried unanimously.

9. Resolution No. 2011-279 Allowing Temporary On-Street Parking Under Certain Circumstances for the Street with No Parking Zones in the 2011 Improvement Project

Lorsung reported that staff has been contacted by residents that live adjacent to the street areas that were recently constructed in the 2011 Improvement Project and were designated as no parking areas. The street sections were designated as no parking since they are of a narrow width and were not reconstructed with a permanent parking lane that would meet MSA requirements. Residents contacted staff, understanding that, but believe that there should be allowance for on-street parking on a limited, temporary basis when they have occasional family/holiday gatherings or events (such as garage sales). Staff reviewed the matter with the Police Committee and prepared a resolution allowing the Police Department, at their discretion, to issue temporary in-street parking.

Motion by Kennedy, second by Lundeen to approve Resolution No. 2011-279 as presented. Motion carried unanimously.

10. Resolution No. 2011-280 Approving the Request from Cambridge-Isanti Youth Hockey Association for the Placement of a Portable Warming House in the Bluebird Park and Use of Electricity

The City has provided a warming house facility in the past years; however, due to budget constraints the City will be unable to provide such amenities in recent and upcoming years. The C-I Youth Hockey Association had received approval from the City of Isanti to place a warming house within Bluebird Park for the previous season 2010-2011. The Association is requesting approval to place a portable warming house within Bluebird Park and is requesting that the City cover any electrical expenses associated with the facility for the next 5 years.

Motion by Kennedy, second by Lundeen to approve Resolution No. 2011-280 with an addendum to include that each year a representative must be present at the October Park and Recreation Board meeting to review use for the upcoming season. Motion carried unanimously.

11. Resolution No. 2011-281 Approving Assessment Deferrals for the 2011 Street and Utility Improvement Project

Lorsung reported that deferments of special assessments for the 2011 Street and Utility Improvement Project are recommended to be granted for the following homestead property owners: Thomas and Eleanor Englund, 111 2nd Ave SW, PID 16.050.0730, Susan Carlson, 111 Broadway Street SW, PID 16.050.0850, and Sherill and B.J. Powell, 501 Elizabeth Street SW, PID 16.048.0120. Lorsung stated that all three applicants meet all the requirements for the deferrals.

Motion by Kennedy, second by Larson to approve Resolution No. 2011-281 as presented. Motion carried unanimously

12. Health Insurance

Mayor Wimmer stated that the City would be saving about \$20,000 in the reduction of the increase for health insurance. The Mayor reported that the City is seeing good rates because of the grouping the City is in for health insurance. The City has had more usage, but the grouping the City is in has seen overall better usage.

L. Approve Consent Agenda

1. Consider Accounts Payable in the Amounts of \$176,578.80 and Payroll in the Amount of \$67,355.21
2. Approval of the 2011 Watermain Improvements Change Order
3. **Resolution 2011-282** Approving the Police Reserves to Apply for Three Grants Through East Central Electric/ Operation Round-Up, Minnesota Police Reserve Officers Association and Walmart to Purchase a Portable Radio for the Reserve Unit
4. **Resolution 2011-283** to Approve Sale of Forfeited Vehicles
5. Approval of October 25, 2011 Park and Recreation Board Minutes
6. Approval of September 27, 2011 EDA Minutes

7. **Resolution 2011-284** Approving Corey Spencer for the Part-Time Peace Officer Position
8. **Resolution 2011-285** Canceling City Council Work Session for December 20, 2011

Motion by Kennedy, second by Lundeen to approve the Consent Agenda as presented.
Motion carried unanimously.

Adjournment

Motion by Kennedy, second by Lorinser to adjourn. Motion passed unanimously.
Meeting adjourned at 8:09 p.m.

Respectfully Submitted,

Karissa Henning
Human Resources/Deputy City Clerk