

Truth in Taxation Public Hearing #35A
Monday, December 4, 2006, 6:00 p.m.
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027

Call to Order

Mayor Gene Winstead called the meeting to order at 6:00 p.m.

Roll Call

Present: Mayor Winstead, Councilmembers R. Axtell, S. Elkins, A. Grady, K. Nordstrom, S. Peterson, and V. Wilcox.

**Presentation of the
2007 Budget & Tax
Levy**

Lori Economy-Scholler, Chief Financial Officer opened the Truth In Taxation Public Hearing on the 2007 Budget and Tax Levy. Her slide presentation highlighted the following:

- Background on the levy and budget to date recommending a 4.9% levy increase.
- Property Value Questions: (Assessing staff was available for resident questions in the hallway.)
- Description of Available Handouts
- Presentation of the General Fund Budget & Budget Impact
- Budget Principles
- Key Issues
- Market Value Credit - Background
- Proposed 2007 Revenues: (Overall increase is 5.22%)
- Proposed 2007 Expenditures: (Overall increase is 5.22%)
- Monthly Cost of Services
- Services Remain Reasonably Priced: (Checkbook example)
- Quality Services at an Affordable Price
- 2007 City Property Tax Levy: (Proposed increase of 4.97%)
- Comparison of Levies
- 2007 Tax Levy: (Proposed levy of \$40,062,746)
- Comparison Monthly Cost of Services
- Bloomington Ranks Lowest in Tax Comparison (2006) Chart
- Minnesota Property Tax System
- 2001 Property Tax Reform
- Minnesota Property Tax System
- Limited Market Value
- Minnesota Property Tax System
- Effects of State Changes on Bloomington
- Non-Payment of Market Value Credit
- Market Value & Tax Capacity By Tax Year (\$ in millions) Graph
- Tax Capacity Comparison
- All Taxing Jurisdictions Market Values & Total Property (Taxes by Property Type – 2007)
- Residential Property Comparison
- Ten-Year Market Value History on Residential Property (bar graph)
- Ten-Year Total Tax History on Residential Property (line graph)
- 10-Year Comparison Residential Market Value Appreciation
- Market Value Ten Year History - \$175,700 Home
- Market Value and Tax Ten Year History - \$175,700 Home (line graph)
- Market Value Ten Year History - \$244,800 Home (bar graph)
- Market Value and Tax Ten Year History - \$535,200 Home (line graph)
- Bloomington Tax Rate Impact
- Composition of Tax Levy by Taxing Authority for 2007
- Dividing Up the Tax Dollar

**2007 Budget & Tax
Levy Presentation
continued**

- Factors Impacting Individual Property Taxes
- Quality Services at Affordable Price
- Monthly Cost of City Utilities for Median Bloomington Home for 2007
- Responses from Community
- Overall Message
- 2007 Tax Levy
- General Fund Budget
- Next Steps
- Council Questions
- Public Comment

City Manager Mark Bernhardson commented that although the residential market value may have come down, because the commercial/industrial might improve, the average home could see a flat increase.

Grady inquired how the City budgets for increased fuel costs in 2007.

Bernhardson explained energy costs make up only a small percentage of the budget and there is a cushion for 2007. If the situation get critical, he stated there is a contingency if needed.

Nordstrom inquired as to when cities were last paid by the State.

Economy-Scholler replied the City received some State and Market Value Credit (MVC) in the fall of 2002 but no aids or MVC have been received by the City since then.

At this time, Mayor Winstead invited the public to speak.

Speaker #1: Wiktor Meller, 11141 Washburn Avenue South

He stated the market value of some homes has gone down in other places but not in Bloomington. He talked about how his market value has increased. He commented on the large amount of space at Civic Plaza resulting in a large area to heat and cool. He stated he is over 60 years old and is a bus driver. He commented he has seen City of Bloomington vehicles in other cities such as Edina, Eden Prairie, and in his neighborhood taking photos. They're taking photos of weeds on properties. He stated the City has no right to raise property taxes when market value goes down. He commented the City is financing too much of the "Mega Mall."

Speaker #2: Jim Taylor, 10112 1st Avenue South

He stated he is not getting his money's worth living in Bloomington. He mentioned the difficulty has had in dealing with City staff on his construction project. He referenced the price tag of \$2,500 per resident for a speed bump in the street. He read from the City's mission statement posted on the Website stating he doesn't think City staff is doing their job. He mentioned the taxes that have been lost due to the businesses that closed on the fourth floor of the Mall of America. He stated since 1998, the City's population has gone down so why has the City raised taxes – his bill will go up 24% in 2007. He asked the City to quit spending so much money. He suggested each department cut their expenses by a flat 5% and try doing more with less people. He requested the City not give the "Mega Mall" any Tax Increment Financing, as they don't need a welfare check. He stated it's sad that Bloomington taxpayers need to make up for it. He read the following statistics: Inflation in the U.S. has increased 2.85% between the years of 1990-2005 and unemployment is currently at 4%. He requested the City not waste City resources on smoking but rather worry about delivering public safety. The City should live within its means - don't raise additional levies. He told the City to rethink the budget and think of the City as their home, not as an ivory tower.

**2007 Budget & Tax
Levy Presentation
continued**

Speaker #3: John Bergin, 4315 Overlook Drive

He stated he's lived in Bloomington since 1968 and presented information regarding the NAFTA Super Highway. He referenced Dr. Robert Pastor, Vice Chair of the Council on Foreign Relations Task Force on North America, who believes the United States, Mexico and Canada should merge in a North American union stretching from Prudhoe Bay to Guatemala. He suggested the 35W freeway could be extended all the way south into Mexico by use of a Border Pass, which would permit cars to speed through these areas for a fee like the existing toll roads in this country.

Speaker #4: Lisa McIntire, 2006 West 89th Street

She stated her market value has gone up the maximum amount every year and asked the Council to think about the combined effect of the increased market value and increased property tax. She stated sewer and water is going up this year – the second increase for water and stormwater in five years. She requested the Council not give away the TIF on Mall of America Phase II, as the City still isn't collecting the property tax on Phase I.

Bernhardson explained that the base value on the Mall of America pre-development does go into the tax base and as a result of having the Mall located in Bloomington; it contributes approximately \$1 million per year to the General Fund, which benefits the taxpayers. He stated Bloomington's amount of monthly property tax paid for city services per household ranks lowest among Hennepin County communities as a result of the commercial investments that have been made in Bloomington.

Speaker #5: Alan Glass, 9609 Vincent Avenue South

He stated he moved to Bloomington in 1967 and although his property has increased in value, he doesn't plan to take advantage of it. He doesn't plan to move. He stated he deserves to have the City and State government look at what they're providing to the people to see determine what's necessary. Does the City need the number of employees it currently has on the payroll? Is it necessary to have four people working on one crew? He stated he's noticed only one worker out of a crew of four actually working. He suggested every department head look to see if all of their employees are really needed, as he doesn't believe many of them would make it in private industry.

**Closed the Public
Hearing**

A motion was made by Elkins, seconded by Peterson, and all voting aye, to close the public hearing on the 2007 Budget and Tax Levy.

Winstead explained staff will be providing Council with more information in response to the specific inquiries made tonight so they can take final action on the 2007 Budget and Tax Levy at the regular meeting on December 18.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:54 p.m.

Barbara Clawson
Council Secretary