

Truth in Taxation Public Hearing #40A
Monday, December 3, 2007, 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. and led the audience in the pledge of allegiance to the flag.
- Roll Call** *Present:* Mayor Winstead, Councilmembers R. Axtell, S. Elkins, A. Grady, K. Nordstrom, S. Peterson (arrived @ 6:09 p.m.), and V. Wilcox.
- Introduction** Mayor Winstead explained that staff would make their presentation of the 2008 Proposed Budget and Tax Levy and then the public would be invited to speak.
- Presentation of the Proposed 2008 Budget & Tax Levy** Lori Economy-Scholler, Chief Financial Officer, presented the proposed 2008 Budget and Tax Levy, which highlighted the following information:
- How to Address Property Questions
 - The Available Handouts
 - General Fund Budget and Budget Impact
 - Budget Principles
 - Key Issues (substantial increases in lodging revenues in 2008)
 - What's Happened?
 - Proposed 2008 Revenues (\$51,992,043)
 - Proposed 2008 Expenditures (\$51,992,043 includes a 12% increase in health care costs)
 - Monthly Cost of Services (\$61.81 per month for a median valued home of \$247,900)
 - Services Remain Reasonably Priced (checkbook example)
 - Quality Services at an Affordable Price
 - City Property Tax Levy
 - Tax Levy History (Proposed 2008 gross levy is an increase of 4.97%)
 - Comparison of Levies (all funds)
 - 2008 Tax Levy
 - Minnesota Property Tax System
 - 2001 Property Tax Reform
 - Minnesota Property Tax System
 - Limited Market Value
 - Minnesota Property Tax System
 - Effect of State Changes on Bloomington
 - Market Value Credit
 - Market Value and Tax Capacity By Tax Year
 - Tax Capacity Comparison
 - Market Values
 - Residential Property Comparison
 - Ten-Year Total Value History on Residential Property
 - Market Value Ten-Year History (\$207,200 Valued Home)
 - Market Value and Tax Ten-Year History (\$207,200 Valued Home)
 - Market Value Ten-Year History (\$247,900 Valued Home)
 - Market Value and Tax Ten-Year History (\$247,900 Valued Home)
 - Market Value Ten-Year History (\$539,000 Valued Home)
 - Market Value and Tax Ten-Year History (\$539,000 Valued Home)

**Presentation of the
Proposed 2008
Budget & Tax Levy**

- Market Value and Tax Ten-Year History (\$2,300,000 Commercial Property)
- Bloomington Tax Rate Impact (Does not include school referendum)
- Composition of Tax Levy by Taxing Authority for 2008 (not including school referendum)
- Dividing Up the Tax Dollar (not including school referendum)
- Factors Impacting Individual Property Taxes
- Monthly Cost of City Utilities for Median Bloomington Home for 2008
- Responses from Community
- Overall Message: (General Fund increased 4.63%, overall levy increased 4.97%)
- 2008 Tax Levy (4.97%)
- General Fund Budget (\$51,992,043)
- Next Steps (Adoption of Final Levy on December 17)

Nordstrom inquired as to how much the State owes the City and if this is typical in other states.

Economy-Scholler replied the City didn't receive \$6.1 million in Market Value Credit.

As Winstead explained it, the State agreed to pay a portion of the individual property owner's tax bill for the citizens in Bloomington but when it came time to pay they bill, they didn't.

Axtell stated payroll and benefits make up 80% of the General Fund Budget increase of 4.63%.

Grady inquired as to what percentage of the budget increase is attributed to energy costs.

Mark Bernhardson, City Manager, stated the overall costs for the City is approximately 3%.

Mayor Winstead invited the public to speak:

Speaker #1: Warren Bigelow, 5712 Auto Club Circle

He is a senior citizen and said they've lived in a single-family home for 20 years. He commented his water bill is half the cost of his sewer bill. He stated the cost for sewer used to be steady but since 2003, it has increased every year. He inquired if the Council just rubber stamps the water and sewer increases and questioned why a steel roof was put on the water reservoir that was replaced.

Winstead stated staff would provide Mr. Bigelow with a detailed response but that the Council discusses and approves the rates for water and sewer.

Bigelow added the water and sewer bill is less for residents living in apartments.

City Manager Mark Bernhardson replied the City kept the water and sewer rates flat for a long time but the sewer rates are handled on a regional basis. He stated in addition, the City has to put money aside for replacement of infrastructure. He reported any purchase over \$50,000 goes out for bid. He stated the City Council stays in contact with Bloomington's representative on the Met Council and added apartments generally use less water and sewer services, therefore, their rates are less.

Bigelow made an additional comment that the City of Burnsville does a very nice job of snowplowing and stated in his Bloomington cul-de-sac, the plows clean up the circle good but the last push of the plow piles so much snow into his driveway.

Bernhardson responded that cul-de-sacs are the hardest streets to plow because while there is more surface area, there is less area in which to dump the snow. He stated staff would look to see if his house is treated unfairly with regard to snow storage.

Peterson remarked that he grew up on a cul-de-sac and that they used to have to shovel it.

**Public Testimony
Continued**

Speaker #2: Jim Farrell, 8153 Pennsylvania Circle

He inquired if this TNT hearing was being broadcast to the citizens live. Staff replied that it was. He stated he brought his all of his past tax statements from 1979 and inquired if the assessment process was one year behind the market. He stated he's lived in Pennsylvania, Maryland, Delaware, California and Minnesota. He stated in those other states, residents get an overall property value when they get their tax statements but in Minnesota, he stated he can't get his building value without coming to City Hall or going onto the County's Website. He stated his structure value has continued to decline while his property value is accelerating way beyond what inflation is or should be. He believes his land value is increasing due to the unavailability of more land to develop in Bloomington. He stated most of his increases have been in land and not in structures.

Jack Pasternacki, City Assessor, explained that the annual valuation notice that gets mailed to the property owners at the end of February/March lists both the structure and land values and suggested Mr. Farrell call the City Assessor's office to get some help. He restated the City's valuation notices include both the building value and the land value and that the County's tax information should coincide with the City's assessment information.

Winstead explained the City forwards the assessed value to Hennepin County for their calculations and then the County sends out the tax notice.

Motion was made by Peterson, seconded by Elkins, and all voting aye, to close the public hearing on the 2008 Budget and Tax Levy.

Winstead stated the Council would be adopting the General Fund Budget and setting the final Tax Levy at its regular meeting on December 17. He reminded the audience that staff from the City Assessor's office is available to help answer questions for the residents. The public was invited to send in their comments on the General Budget and Tax Levy up until the December 17 meeting.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:41 p.m.

Barbara Clawson
Council Secretary