

City Council  
Date: 12.1.08  
T-N-T HEARING  
No Action

ITEM: Hold a Truth in Taxation Public Hearing on the proposed 2009 Budget

SUBMITTED BY: Joe Rigdon, KDV, finance support consultant

REVIEWED BY: Susan Hoyt, City Administrator  
Tom Bouthilet, Finance Director

---

**SUMMARY AND ACTION REQUESTED:** The city council is being asked to hold a Truth-In-Taxation Public Hearing on the proposed 2009 Budget. The city council discussed the draft budget in three workshops and adopted the proposed general fund budget and the city's overall preliminary property tax levy on September 2, 2008. The proposed overall city 2009 budget includes the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, and a draft five-year capital improvement plan (CIP). The CIP, including capital projects and enterprise fund impacts, will be reviewed by the planning commission and scheduled for city council review, discussion, and final adoption in 2009.

On September 2, 2008, the City of Lake Elmo adopted the proposed 2009 general fund budget of \$2,892,060 revenues and \$2,892,060 expenditures. In addition, the city adopted the "2009 Proposed Levy Certification" for submission to the Washington County Auditor, as follows:

General Fund Levy	\$2,332,130
2004 G.O. Capital Improvement Plan Bonds	319,885
2006 G.O. Equipment Certificates of Indebtedness	<u>56,188</u>
Total	\$2,708,203

Overall 2009 general fund expenditures are budgeted at \$2,892,060, or a 1.4% decrease from the amended 2008 general fund budget. The 2009 general fund budget is considered "balanced", with overall general fund budgeted revenues also at \$2,892,060, or a 1.4% decrease.

As part of the general fund revenues budget, the general property tax levy is proposed at the state-determined levy limit amount of \$2,332,130. This amounts to a 5.0% increase over the 2008 general fund levy amount of \$2,221,486. The increase in total general fund tax levy dollars is attributed to an overall city preliminary market value increase of 5.6% from \$1,146,659,500 in payable 2008 to \$1,210,377,300 in payable 2009. The market value increase correlates to a 7.6% increase in the city's preliminary adjusted net tax capacity from \$12,681,137 in payable 2008 to \$13,639,580 in payable 2009.

By both utilizing the adjusted net tax capacity increase to fund expected declines in permit and fee revenues while maintaining levels of government services, the City is proposing to decrease the payable 2008 city tax rate by 3.6% from 20.553% in 2008 to 19.810% in 2009. In other words, property owners with no change in market values from payable 2008 to payable 2009 should experience a 3.6% decrease in the city portion of their overall property tax bill. In the event of a market value decrease or increase from payable 2008 to payable 2009, city property taxes would change proportionately.

The 2009 budget includes a 3% increase to all pay grades on the city's salary chart and a 12% increase to health insurance coverage.



The city is proposing to enact certain special levies for payable 2009 of \$376,073. This includes \$319,885 and \$56,188, respectively, for the pre-existing special levies for the 2004 G.O. Capital Improvement Plan Bonds (city facilities), and the 2006 G.O. Equipment Certificates of Indebtedness (fire truck).

## **ORDER OF BUSINESS**

Presentation	Joe Rigdon, KDV
Questions to presenter	Mayor and Councilmembers
<b>OPEN TRUTH IN TAXATION HEARING</b>	City Council
Questions/comments from the public	Mayor facilitates
<b>CLOSE TRUTH I N TAXATION HEARING</b>	City Council
ADOPTION OF BUDGET/LEVY	December 9, 2008 city council meeting

## **ATTACHMENT:**

- 1 Proposed 2009 budget