

CITY OF FALCON HEIGHTS
Truth in Taxation Hearing
City Hall
2077 W. Larpenteur Ave.

AGENDA
December 9, 2002

- A. CALL TO ORDER: 7 p.m.
- B. ROLL CALL: GEHRZ ___ KUETTEL ___ LAMB ___
 LINDSTROM ___ TALBOT ___
 WORTHINGTON ___ PHILLIPS ___
 ATTORNEY ___ ENGINEER ___
- C. COMMUNITY FORUM:
- D. APPROVAL OF MINUTES:
- E. PUBLIC HEARING: Truth in Taxation
- F. CONSENT AGENDA:
 - 1. None
- G. POLICY AGENDA:
 - 1. Consideration of Resolution 02-24 adopting the 2003 property tax levy of \$874,338
 - 2. Consideration of Resolution 02-03 adopting the 2003 budget
 - 3. Appointment of Deputy Clerk
- H. REPORTS FROM COUNCILMEMBERS:
- I. INFORMATION AND ANNOUNCEMENTS:
- J. ADJOURN

**Policy 1
12/9/02**

ITEM: Consideration of Resolution 02-24 adopting the 2003 property tax levy of \$874,338

SUBMITTED BY: Heather Worthington, City Administrator

**REVIEWED BY: Mayor Gehrz, Councilmembers Lamb, Lindstrom, Kuettel and Talbot
Roland Olson, Finance Director**

EXPLANATION:

Summary: The council is being asked to adopt Resolution 02-24, approving the property tax levy for 2003 in the amount of \$874,338 to support the \$1,383,971 operating budget for 2003. The council held a public hearing on the 2003 Budget on December 9, 2002.

Purpose: To promote a community that is a good place to work, live, and visit.

ATTACHMENTS:

Resolution 02-24

CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION

Date: December 9, 2002

RESOLUTION CERTIFYING THE 2003 PROPERTY TAX LEVY

BE IT RESOLVED that the city council authorizes the city to levy taxes in the amount of \$874,338 for the year 2003; and

BE IT FURTHER RESOLVED that the county auditor should extend the tax levy in the amount of \$874,338 for the year 2003.

Moved by:

GEHRZ
KUETTEL ___ In Favor
LAMB
LINDSTROM ___ Against
TALBOT

Approved by: _____
Mayor
December 9, 2002
Date

Attested by: _____
City Clerk
December 9, 2002
Date

Policy 2
12/9/02

ITEM: Consideration of Resolution 02-23 adopting the 2003 budget

SUBMITTED BY: Heather Worthington, City Administrator

**REVIEWED BY: Mayor Gehrz, Councilmembers Lamb, Lindstrom, Kuettel and
Talbot
Roland Olson, Finance Director**

EXPLANATION:

Summary: The council is being asked to adopt Resolution 02-23, approving and adopting the 2003 budget in the amount of \$1,383,971. The council held a public hearing on the 2003 Budget on December 9, 2002.

Purpose: To promote a community that is a good place to work, live, and visit.

ATTACHMENTS:

Resolution 02-23
2003 Budget Summary

No. 02-23

CITY OF FALCON HEIGHTS

COUNCIL RESOLUTION

Date: December 9, 2002

RESOLUTION ADOPTING THE 2003 BUDGET

BE IT RESOLVED by the city council of the City of Falcon Heights that the General Operating Budget for the year 2003 in the amount of \$1,383,971 is adopted.

Moved by:

Approved by: _____

Mayor

December 9, 2002

Date

GEHRZ ___ In Favor

KUETTEL

LAMB

LINDSTROM ___ Against

TALBOT

Attested by: _____

City Administrator

December 9, 2002

Date

GENERAL FUND BUDGET SUMMARY

REVENUES BY CLASSIFICATION

	ACTUAL 2000	ACTUAL 2001	BUDGET 2002	ESTIMATED 2002	BUDGET 2003
PROPERTY TAXES	618,556	644,364	851,600	851,600	874,338
LICENSES & PERMITS	62,605	61,615	29,950	55,400	29,950
INTERGOVERNMENTAL	481,476	498,447	320,630	350,290	299,445
CHARGES FOR SERVICES	36,217	37,141	25,600	30,425	25,500
FINES & FORFEITS	110,498	87,283	82,000	87,000	82,000
MISCELLANEOUS	125,921	96,213	47,000	53,200	50,000
TOTAL REVENUES	1,435,273	1,425,063	1,356,780	1,427,915	1,361,233
OTHER FINANCING SOURCES	0	0	0	0	22,798
TOTAL REVENUES & OTHER FINANCING SOURCES	1,435,273	1,425,063	1,356,780	1,427,915	1,383,971

EXPENDITURES BY DEPARTMENT

	ACTUAL 2000	ACTUAL 2001	BUDGET 2002	ESTIMATED 2002	BUDGET 2003
GENERAL GOVERNMENT	352,586	359,446	412,343	391,182	409,657
PUBLIC SAFETY	532,412	555,864	595,776	586,982	601,868
PARKS & PUBLIC WORKS	285,470	303,178	321,261	323,883	303,596
MISCELLANEOUS	13,870	5,599	12,000	19,000	13,850
TOTAL EXPENDITURES	1,184,338	1,224,087	1,341,380	1,321,047	1,328,971
OTHER FINANCING USES	15,400	615,400	15,400	15,400	55,000
TOTAL EXPENDITURES & OTHER FINANCING USES	1,199,738	1,839,487	1,356,780	1,336,447	1,383,971

GENERAL FUND BALANCE

	ACTUAL 2,000	ACTUAL 2,001	BUDGET 2,002	ESTIMATED 2,002	BUDGET 2,003
GENERAL FUND BALANCE 01/01	1,086,096	1,321,631	907,207	907,207	998,675
CHANGE IN FUND BALANCE	235,535	(414,424)	0	91,468	(0)
GENERAL FUND BALANCE 12/31	1,321,631	907,207	907,207	998,675	998,675

**Policy 3
12/9/02**

ITEM DESCRIPTION: Appointment of Deputy Clerk

SUBMITTED BY: Heather Worthington, City Administrator

REVIEWED BY: Sue Gehrz, Mayor
Pat Phillips, Deputy Clerk

EXPLANATION:

Summary: Falcon Heights' long-time deputy clerk, Pat Phillips is retiring at the end of December. The City Administrator, Mayor, and Pat have conducted interviews of three candidates, and are pleased to recommend Mary Shea Kodluboy for the position of Deputy Clerk. Mary has excellent qualifications, and can begin work on December 23rd. This will allow for some overlap with Pat's schedule, so that Mary can acquaint herself with the specific duties in Falcon Heights.

ATTACHMENTS:

- Mary Shea Kodluboy's resume
- Deputy Clerk Job Description

ACTION REQUESTED:

- Discussion
- Motion to approve the appointment of Mary Shea Kodluboy as Deputy Clerk

Mary Shea Kodluboy

484 Pelham Bouleyard, Saint Paul, Minnesota 55104
Home #: 651-644-8497 Work #: 651-426-3344

EXPERIENCE - MUNICIPAL GOVERNMENT

2001 - Present City Clerk - City of Mahtomedi, 600 Stillwater Road,
Mahtomedi, Minnesota 55115

1987 - 2001 Deputy Clerk - City of Mahtomedi

Assist with collection, preparation and distribution of City Council packet materials. Attend Council meetings and joint workshops; prepare and transcribe minutes. Prepare ordinances, resolutions and other items related to Council activity. Prepare public notices and legal notices and submit them for publication.

Prepare periodic payrolls for City staff, City Council, Fire/Ambulance Department and election judges. Prepare and submit payroll reports to appropriate governmental entities. Maintain and track worker's compensation files/claims and property damage files/claims. Assist City City Administrator with human resources function and matters of a confidential nature.

Process all City licensing, bringing attention to City Council those licenses requiring their approval.

Conduct the yearly elections. Maintain voter registration, purchase election supplies, coordinate 'election judges' trainings and schedules. Remain current with appropriate State and County laws and procedures.

Answer a variety of public inquiries regarding municipal practices, policies and ordinances. Where necessary, refer complaints and inquiries to proper individual.

Prepare, from draft or dictation, City Administrator letters, reports and other materials.

Maintain records of current materials in files and archive.

Job Description
Deputy Clerk
Updated 10/02

Reports to: City Administrator

Type: Hourly, non-exempt; full time

Primary objective:

Provides a broad range of administrative duties including support to the mayor and councilmembers, city administrator and other staff members in a wide variety of areas. Receives and provides information to the public. Independently maintains city records and licenses. All is done under minimal supervision.

Job responsibilities:

- First resource to answer telephones and cover front desk, responding to concerns/complaints or forwarding to appropriate staff person
- Processes applications for all permits and city contractor licenses.
- Receive and process registrations for recreation programs, reservations of city hall and park facilities. Mail quarterly invoices to regular users of city hall.
- Initiates, writes articles and oversees newsletter materials before submitting for layout and printing. Prepare newsletters for bulk mail and take to St. Paul post office (quarterly)
- Organize and manage elections
- Invoices City of Lauderdale monthly for fire calls
- Sends monthly notices/invoices to residents regarding false security/fire alarms
- Provides answers to questions on assessments and maintains the assessment files
- Maintains, organizes and updates the city's files
- Oversees maintenance of city records
- Opens mail and receipts in money (3 days/week)
- Works with the city accountant to stamp and mail all disbursements (semi-monthly)
- Updates the city calendar monthly and phone information line as needed
- Updates new residents list and provides new residents with packet of information
- Notifies, renews and distributes parking permits for resident permit parking, and State Fair parking. Issue temporary parking permits to residents as requested.
- Copies and assembles council agendas and arranges for distribution to councilmembers
- Attends council meetings, takes and records minutes of each meeting
- Assists with the preparation of the annual budget as needed
- Handles licensing of city businesses and annual renewal of contractor licenses
- Handles renewals of liquor licenses held by city businesses
- Assist other staff members with copy and distribution of agendas if needed

- Keeps the front desk area neat and orderly
- Anticipates and seeks out accurate information from the appropriate parties that the public needs access to and the city can help provide
- Maintains notary status
- Checks city e-mail address daily for incoming email and responds accordingly
- Orders office supplies
- Performs other duties as assigned

Minimal qualifications:

- Ability to operate a personal computer including; word processing, spread sheets using word, excel and internet
- Ability to write and edit
- Ability to organize, manage and prioritize a variety of tasks
- Ability to maintain an organized work environment and record keeping
- Ability to communicate effectively both orally and in writing
- Ability to maintain and enhance effective working relationships
- Willingness to initiate and follow-through on communication with the public
- 3 years as a secretary or administrative aide
- 3 years as a secretary or administrative aide in an environment dealing with a variety of responsibilities that require prioritizing tasks and moving from one task to another task on short notice
- Ability to organize and understand official city records

Desirable qualifications:

- Experience in city government beyond 3 years
- Familiarity with city codes

Necessary Physical skills:

- Ability to communicate verbally in person and over the telephone
- Ability to navigate around and through the city office building
- Ability to use a personal computer and office equipment
- Ability to lift 30 pounds



CITY OF
FALCON HEIGHTS


*Fete-
Council
Workshops 2002*

2077 W. LARPEUTEUR AVENUE FALCON HEIGHTS, MN 55113-5594 PHONE (651) 644-5050 FAX (651) 644-8675

December 2, 2002

MEMORANDUM

TO: Mayor Gehrz, Councilmembers Kuettel, Lamb, Lindstrom and Talbot

FROM: Heather Worthington, City Administrator 

RE: Wednesday, December 4, 2002 Workshop

I think I have included everything else here. I did get to the notes from the Farmer's Market meetings, but I have decided to get your reactions to the information before I draft the zoning amendment or CUP. I will have some additional info on the city attorney discussion at the meeting.

Here's what I've included in this packet:

Budget

2003 Budget Book—including contingency budget
Cash Balance Inflows and Outflows
Fund Balance Inflows and Outflows
Variable Analysis 2003 Cash
Notice of Proposed Total Budget and Property Taxes (legal notification required in newspaper)

Farmer's Market

Notes from 11/25 meeting
Map showing rear parking lot at TCU

Storm Sewer

Memo on 2003 Rates
Survey
Current storm sewer rate card

Other information

Decision Resources information—FYI
Article from Star Tribune—FYI
SE Corner site plans—set of four, for your perusal. These will be on the 12/17 Planning Commission agenda, and I just got them today, so I thought you'd like to see them ASAP

I think that's it. I will be talking to each of you on Tuesday about the packet to make sure I've covered all the bases. Thanks!

HOME OF THE MINNESOTA STATE FAIR AND THE U OF M ST. PAUL CAMPUS



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CITY OF
FALCON HEIGHTS

2077 W. LARPELLEUR AVENUE FALCON HEIGHTS, MN 55113-5594 PHONE (651) 644-5050 FAX (651) 644-8675

December 2, 2002

MEMORANDUM

TO: Mayor Gehrz, Councilmembers Kuettel, Lamb, Lindstrom and Talbot

FROM: Heather Worthington, City Administrator *HW*

RE: Storm Sewer Rates—2003

Roland and I have been discussing the 2003 Storm Sewer Rates in regard to the National Pollution Discharge Elimination System (NPDES) Phase II permit regulations handed down by the Minnesota Pollution Control Agency. We have estimated that it will cost the city approximately \$50,000 for the initial five-year Phase II permit, with an additional \$10,000-15,000 in ongoing costs each year for compliance. In order to adequately budget for these costs, the city needs to ensure that it has adequate funds going forward. At our current rate of \$3.25 per residential unit, we will not be able to cover our NPDES costs, let alone hold any money in reserve for capital expenses (such as repairs).

I have attached a survey done by St. Anthony's finance director on Water and Sewer Rates earlier this year. As you can see, we are already one of the lowest in the metro area.

Roland and I are recommending that we double our fee to \$6.50 per residential unit, \$65.00 per acre for apartment buildings, and \$130.00 for commercial property. We know that this is a very large one-time increase, however, we have not raised this fee for at least 10 years, and now that we have a looming unfunded mandate on the horizon, we must look for revenue increases in the fund that directly corresponds to this expense—Storm Sewer Enterprise.

Also, the large increases for apartments and commercial directly correlate to their discharge of water from their properties. Commercial properties and apartments contribute more to our storm sewer system because of the amount of impervious surface taken up by parking lots on their property. Residential customers usually have more soft-surfacing such as gardens or grass, and that encourages infiltration rather than runoff.

HOME OF THE MINNESOTA STATE FAIR AND THE U OF M ST. PAUL CAMPUS



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Water & Sewer Rate Survey: (Per 100 Cubic Feet)		
(sorted by Stormwater)		Residential
		Annual
City		Stormwater
Fridley		\$11.64
Bloomington		\$12.00
Falcon Heights		\$13.00
New Hope		\$14.60
Prior Lake		\$15.00
New Brighton		\$19.40
Chanhassen		\$20.00
Roseville		\$21.90
Edina		\$24.00
St. Louis Park		\$24.00
Eagan		\$26.28
Rosemount		\$33.60
Richfield		\$35.20
Plymouth		\$39.00
Brooklyn Center		\$46.00
St. Anthony		\$52.00
Golden Valley		\$56.00
Shakopee		\$98.24
Chaska		N/A
Minnetonka		N/A
Hastings		N/A
Lino Lakes		N/A
Little Canada		N/A
Inver Grove Hghts		N/A
South St. Paul		N/A
Coon Rapids		N/A
White Bear Lake		N/A
Shoreview		N/A
Brooklyn Park		N/A
Andover		N/A
Convert Gallons to CCF = Divide price per gallon/1000 multiply by 750. (100 CF = 750 gallons)		
Cities with sliding scale rates – Rate is based on 21,000 gallons or 2800 CCF		
* Water purchased from St. Paul		
** Water purchased from Minneapolis		

Falcon Heights

Sewer Rates & Miscellaneous Charges

Effective January 1, 2001

About Sanitary Sewer Charges

Saint Paul Regional Water Services handles only the billing services for Falcon Heights sewer customers. All other aspects of the sewer utility continue to be operated and maintained by the City of Falcon Heights. Sanitary sewer charges pay for the operation, maintenance, and capital cost of Falcon Heights' sewer system, and for treatment costs levied by the Metropolitan Council, Environmental Services Division.

Sanitary Sewer Rates

Sanitary Sewers: On residential accounts, a flat rate of \$35.00 per residential unit will be assessed for each billing period. For commercial accounts, the sanitary sewer charge per billing period will be based on \$1.0325 per unit of water consumption, with a minimum monthly charge of \$11.67. (A unit equals 100 cubic feet, or 748 gallons.)

Storm sewers: A flat rate is charged for each billing period as follows:

- \$3.25 per residential unit
- \$32.50 per acre for apartment buildings
- \$65.00 for commercial property

Miscellaneous Charges

Recycling fee: A recycling fee of \$4.38 per residential unit is charged each billing period on all residential accounts.

Water/hydrant charge: A 4 percent sewer surcharge on residential and commercial water consumption is collected each billing cycle by Saint Paul Regional Water Services as a service on behalf of the City of Falcon Heights.

The sewer rates and miscellaneous charges, as described above, are determined by the City of Falcon Heights. If you have any questions about these rates and charges, call the City of Falcon Heights at (651) 644-5050.

**NOTICE OF PROPOSED
TOTAL BUDGET AND PROPERTY TAXES**

The City of Falcon Heights will hold a public hearing on its budget and on the amount of property taxes it is proposing to collect to pay for the costs of services the city will provide in 2003.

SPENDING: The total budget amounts below compare the city's 2002 total actual budget with the amount the city proposes to spend in 2003.

<u>2002 Total Actual Budget</u>	<u>Proposed 2003 Budget</u>	<u>Change from 2002 – 2003</u>
\$3,333,622	\$3,047,279	(8.6%)

TAXES: The property tax amounts below compare that portion of the current budget levied in property taxes in the city of Falcon Heights for 2002 with the property taxes the city proposes to collect in 2003.

<u>2002 Property Taxes</u>	<u>Proposed 2003 Property Taxes</u>	<u>Change from 2002 – 2003</u>
\$851,600	\$897,076	5.3%

LOCAL TAX RATE COMPARISON: The following compares the city's current local tax rate, the city's tax rate for 2003 if no tax levy increase is adopted, and the city's proposed tax rate for 2003.

<u>2002 Tax Rate</u>	<u>2003 Tax Rate if NO Levy Increase</u>	<u>2003 Proposed Tax Rate</u>
28.411%	25.203%	26.864%

All Falcon Heights city residents are invited to attend the public hearing of the city council to express their opinions on the budget and on the proposed amount of 2003 property taxes. The hearing will be held on:

Monday, December 9, at 7:00 p.m.
Falcon Heights City Hall
2077 W. Larpenteur Ave.
Falcon Heights, MN 55113

ATTEND THE PUBLIC HEARING

If the discussion of the budget cannot be completed, a time and place for continuing the discussion will be announced at the hearing. You are also invited to send your written comments to:

City of Falcon Heights, 2077 W. Larpenteur Ave., Falcon Heights, MN 55113

Notes from Community Meeting

November 25, 2002

**On the proposed Farmer's Market at Twin Cities Coop Federal Credit Union Building,
2025 Larpenteur Avenue West**

15 residents attended the meeting, which began at 7:00 p.m. Jack Gerten of St. Paul Farmer's Market, Cindy Hartley and Todd Barduson of TCU, and Councilmember Kuettel were in attendance, along with Heather Worthington, City Administrator.

The meeting was precipitated by a request from Twin Cities Co-op Federal Credit Union that the city consider granting a Conditional Use Permit to allow a weekly farmer's market in their parking lot at 2025 Larpenteur Avenue West.

Mr. Todd Barduson of TCU presented the idea for a Farmer's Market to the group, and indicated the following details:

- 423 parking spaces in the rear lot, approximately 1/3 of which would be used for setting up the market at the far east end of the lot (see attached map which was handed out at the meeting).
- Noted that customers did not like to walk too far, so it was advantageous to locate the parking for the market near the location of the market.
- Access would be via two driveways, the south driveway for entrance only, and the north driveway for exit only.
- Noted that this activity was in keeping with TCU's commitment to providing services or programs beneficial to the Falcon Heights community, such as the upcoming flu shot clinic, and parking during the State Fair benefiting the Falcon Heights Fire Relief Association. The Minnesota Horticultural Society has requested that they be allowed to use the space from time to time.
- TCU does not charge any user for rental of the space, and would not make any money from this endeavor.
- TCU initiated this proposed activity by contacting the St. Paul Farmer's Market and inquiring about locating a Farmer's Market in Falcon Heights. The Har-Mar market was available, and they began discussions with the St. Paul Farmer's Market about the possibility of locating it at their site.

Mr. Gerten presented the plan for a proposed Farmer's Market at the TCU Building at 2025 Larpenteur Avenue West.

The St. Paul Farmer's Market is 150 years old. They have 15 locations, and in each instance have been asked by the host community to start markets. They currently have markets in several suburban cities, including Burnsville, Cottage Grove, Woodbury, and several satellite locations

in St. Paul, including one at St. Luke's Catholic Church on Summit Avenue, and at Aldrich Arena.

He noted the following:

- Market would be held from 8:00 to noon, on Tuesdays.
- Set-up would begin at 6:30 a.m., and market would be closed and gone by 1:00 p.m.
- There would be approximately 60 selling stalls, and 40 vendors.
- They would take up 72 of the 423 parking spaces, leaving 351 spaces for customer parking.
- Typical customer visit is 10 minutes.
- Market draws approximately 3,500 people (not cars) during peak from July-September.
- There is an emphasis on orderly, quiet set-up, and vendors are not allowed to play radios, or have loud vehicles.
- There are no sales prior to 8:00 p.m.
- Vendors are responsible for leaving the area clean when they leave
- The Market is selective about vendors, and they must grow what they sell. (Mr. Gerten has done spot "inspections" of vendors, and if they are selling something they did not grow, they are asked to leave).
- The market has been at Har-Mar for 15 years.
- They are members of the Minnesota Horticultural Society.
- They have master gardeners on site at the markets.
- Their vendors accept WIC coupons for the purchase of vegetables.
- Har-Mar has changed its fee structure, and it is quite expensive for the Market to lease space in their parking lot.
- The St. Paul Farmer's Market is a non-profit.
- Mr. Gerten takes complaints/concerns very seriously, and keeps regular office hours in order to handle them.
- If this site did not work out, they could stay at Har-Mar, but they have concerns about parking, access, and long-term affordability of the site.

The meeting was then opened to questions.

Several residents noted concerns about traffic on Prior Avenue. Residents of the townhomes at Maple Knoll were concerned about not being able to exit their homes during the market, and cited increased congestion during the State Fair as a comparable situation. Many of them noted that they used the market at Har-Mar, and had seen the congestion in that lot during the market. Mr. Gerten mentioned that the parking lot at Har-Mar is not conducive to the market use because of traffic patterns, and thought the TCU lot would be better suited to moving traffic in and out of the lot.

A resident on Lindig stated that he shops at Har-Mar, and that before the TCU owned the building, Hewlett-Packard had rented the space to Ford for storage of Ranger pickpus. In addition, he stated that since Prior Avenue is a full-width street, there should be adequate access, but the city might consider limiting turns on to Larpenteur to right-turn only during the market. He stated that the "clientele is like myself, not Fairgoers, and I fully support it".

A resident of Tatum had concerns about cut-through traffic on Tatum (which he said was already troublesome) becoming worse because of the market. He noted that speed was a major problem on Tatum, and that he thought that several cars were exceeding 50 mph routinely. He suggested some signage to prevent "cut-through", or a sign that limited the street to "local traffic only". Ms. Worthington stated that such signs were usually of limited value, but that enforcement of the local speed limit was necessary, and that she would notify the police department immediately about the need for stepped-up enforcement. He also stated that the dance studio on Lindig and Larpenteur was bringing about 100 more cars into the area each day, and that he had concerns about wear and tear on the streets, and added air pollution. He thought that "additional uses" in the area were not acceptable.

Mr. Gerten stated that while the traffic concern was certainly legitimate, he had never experienced problems in other areas with impact from the market, and mentioned that in Burnsville, they had approximately 6,000 cars, with no police or turn restrictions necessary.

Another resident spoke in favor of the market, calling it a "wholesome activity", and noting that 1,500 cars sound like a lot, but a car every few minutes during a four-hour period is "not bad". He also noted that he and his wife were in favor of having places and events in Falcon Heights where you could walk to them.

Worthington wrapped up the meeting, asking for a show of hands of those who supported the market, if the city could address the following through the Conditional Use (CUP) process:

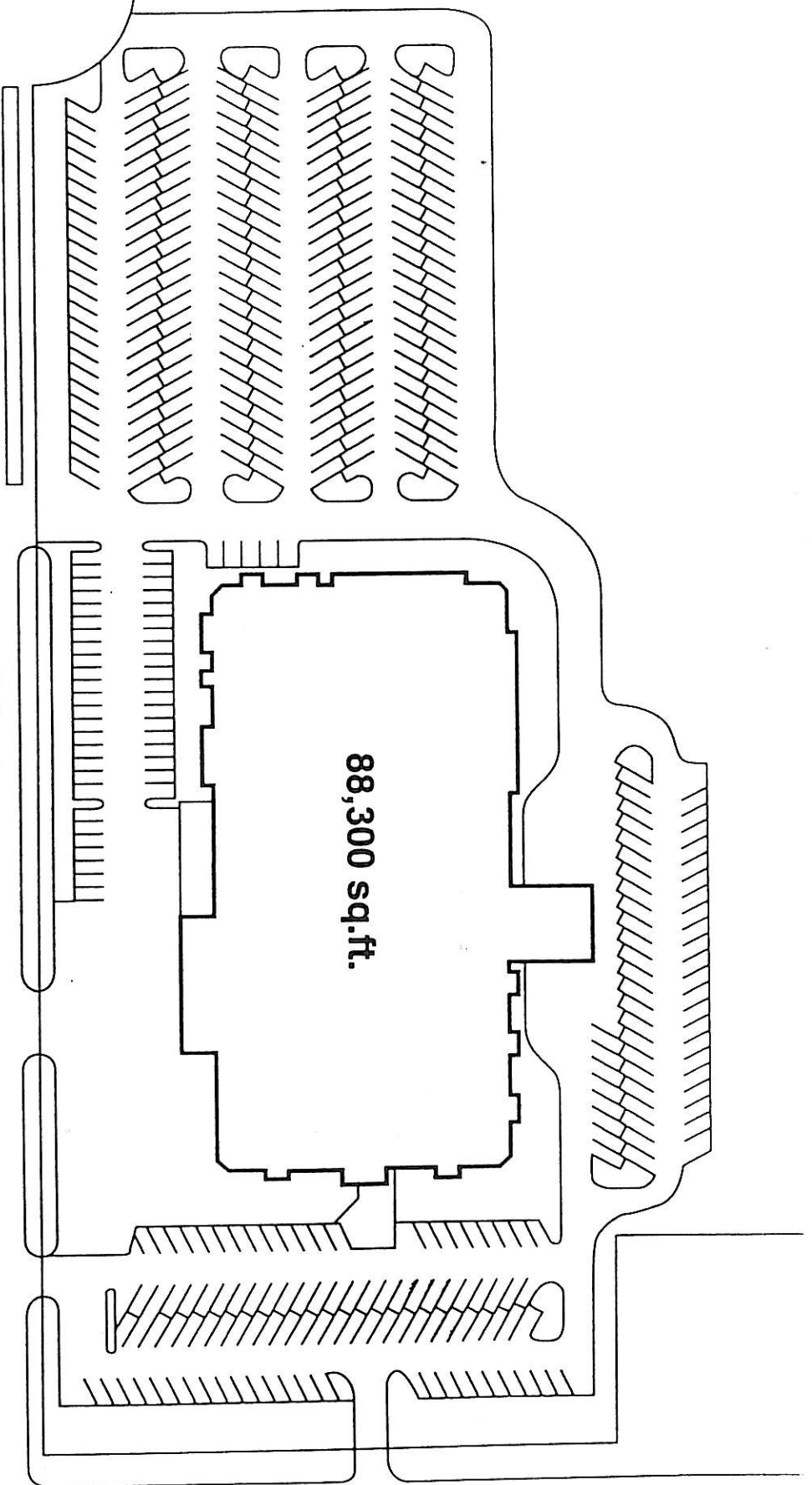
1. Access to site—traffic concerns.
2. More speed enforcement/possible signage to discourage cut-through traffic on Tatum.
3. If the City Council were to approve the CUP, the city would check in with residents again after one-year to see how things went, and if additional fine-tuning was needed.

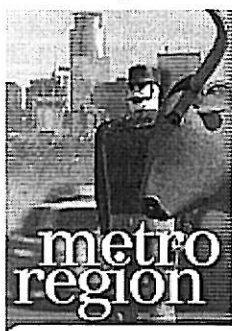
All but three attendees raised their hands in support of the market. Worthington said that she would take their comments back to the City Council, and they would be discussing the amendment to the zoning, and the conditional use permit at an upcoming meeting, most likely in December. She said that copies of the map and the notes from the meeting, as well as an invitation inviting them to the city council meeting would be mailed to everyone between Fairview and Cleveland, and Larpenteur and Roselawn again.

Prior Avenue

88,300 sq.ft.

Larpenteur Avenue West





metro/region

faith & values

education

police/court

news

lotteries

obituaries

paul wellstone

traffic

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Taxation statements: What you see may not be what you pay

Dan Wascoe Jr. and David Peterson

Star Tribune

Published Dec. 1, 2002

TAX01

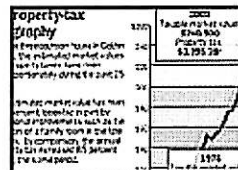
They're called Truth in Taxation statements. But this year, more than most, they're not telling the whole truth. And what's missing could be costly.

If you own a house or other property in Minnesota, you recently should have found the statements in the mail. They're supposed to report what a property's taxes would be if cities and counties adopt their current budget proposals and school districts approve the amounts they need to raise from the annual levy.

For most homeowners, those taxes, payable next May and October, will be sharply higher -- 15 percent on average statewide -- following a year in which they were sharply lower, according to the Minnesota Revenue Department.

But here's some of what the counties' statements aren't saying:

• **Missing school tax.** If voters in your school district approved an excess levy or bond issue in a referendum on Nov. 5, the extra tax doesn't show up on your statement. But it will be part of the tax bill you receive next year. (In some cases, a voter-approved levy might appear on your statement, but that refers to an earlier referendum -- not the ones on Nov. 5.)



• **Vanishing shield.** The shield that the Legislature provided against high annual increases in market value will begin fading away in 2003.

The shield allowed no more than an 8.5 percent increase each year in the limited market value of your property -- the amount on which your property tax is based. In 2003, it will be 10 percent. It will rise to 12 percent in 2004 and to 15 percent after that.

By 2008, the entire estimated market value will be used to help calculate the tax -- no more limits, unless the Legislature changes its mind.

Tom May, Hennepin County's assessor, said that about \$9.4 billion in property value has gone untaxed in the county because of the limit -- about 10 percent of the county's total tax base. As that gets added to the tax rolls, cities and counties can raise more revenue without raising tax rates. They also, in theory, could reduce tax rates to account for the windfall.

• **Shifting numbers.** In some cases, spending increases and the taxes that go with them might be camouflaged. In St. Paul, for example,

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Truth in Taxation hearings

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Mayor Randy Kelly has proposed moving snowplowing, tree-trimming and sidewalk-maintenance expenses from the citywide property tax levy to special assessments on individual properties. Such assessments aren't itemized on the Truth in Taxation statements. But they would be added to next year's tax bills.

It's uncertain whether Kelly's proposal will be approved. Recent tax-court rulings suggest that officials must prove that an improvement will benefit a particular property financially if its cost is to qualify as a special assessment.

Some omitted information can work in the taxpayer's favor:

- **Future trims.** The proposed 2003 tax identified on the statements often is reduced a bit after public hearings. Those hearings are scheduled during the next few weeks. Hennepin County's May said that the county's levy increase, now estimated at 3 percent, could drop to 2.5 percent when county commissioners approve the 2003 budget later this month.

- **Aid programs.** For eligible taxpayers, state programs can reduce or offset rising property tax bills. One program can generate a refund for people whose taxes are unusually high in relation to their income. Another provides a refund if the tax jumps more than 12 percent in one year. And another allows seniors to defer property taxes, with interest, if an increase would push them out of their homes.

Only a snapshot

Behind the numbers on the tax statements are swirling economic and political forces such as rapid escalation of residential property values and legislative formulas that shift part of the tax burden from businesses to homeowners.

The numbers offer only a snapshot of those changing forces. They show little of the past, except for a comparison of this year's property tax with the proposal for next year's. And they show nothing of increases beyond 2003, although some already are called for under state tax law.

For such reasons, the Truth in Taxation statement "is still a convoluted message," said Gordon Folkman, senior analyst in the Minnesota Revenue Department. "It may be unrealistic for taxpayers to sort out."

After talking to friends who'll be seeing bigger tax increases on their homes, Keith Arnold of New Hope said he decided that the 6.6 percent increase on his house isn't so bad after all.

"At this point, I have nothing to be outraged about," he said. "But I wouldn't want [6.6 percent increases] to happen every year."

In St. Paul, Lori Klemovich is fuming over Mayor Kelly's special-assessment plan. Kelly proposed the new assessment to close a \$6 million gap in the city's 2003 budget rather than raise property taxes. He repeatedly vowed during last year's mayoral campaign that he wouldn't

raise taxes in 2003.

"All it is is a hidden tax," said Klemovich, who bought her West Side house last year. "If you're going to do a tax, then don't play games."

Last week, the Revenue Department said that, judging by statewide averages, homeowners could see 15 percent increases in their 2003 tax bills, compared with a 2 percent increase for business properties, a 6 percent increase for farms and a 4 percent decline for apartment owners.

But those are only averages. Some homeowners could see an increase of 30 percent or more, reflecting in part the rising value of their homes.

For some businesses, meanwhile, taxes could decline.

Steve O'Malley, Burnsville's deputy city manager, said that most of the city's businesses will see a decrease in taxes, but that homeowners will see a percentage increase. While the value of a typical home rose 5.7 percent, greater than the overall city increase of 4.6 percent, that's mainly because of the shift from commercial-industrial to residential.

The shift is part of a legislative decision several years ago to provide tax relief to the state's businesses -- although businesses also pay a new state property tax that is indexed to inflation.

Steve Hinze, longtime tax analyst for the Legislature, said that part of the difference between residential and business property taxes reflects a low point in the business cycle. Many businesses' market values are stagnant, for example, because of high office-vacancy rates, a condition besetting downtown Minneapolis and downtown St. Paul.

But house values have risen rapidly. The tax statements reflect estimated values as of Jan. 2, 2002, before it appeared that the increase might be leveling off.

Hinze speculated that the willingness of many voters this fall to raise their taxes by approving school-district excess levies and bond issues might reflect the property tax relief that benefitted mid-to upper-level homeowners this year. The reductions resulted from the state's takeover of most education funding.

Those reductions may have made future increases appear more palatable, he suggested. In other circumstances, he said, a double-digit percentage increase "would be a cause of apoplexy."

A bit of hedging

Some city and county officials have tried to cushion their budgets against potential cuts in state aid -- cuts prompted by Minnesota's \$3 billion deficit.

"There are some tax increases in anticipation of state aid cuts," said Gary Carlson, intergovernmental relations director for the League of Minnesota Cities. He added that declining investment earnings and

potential increases in property tax delinquencies also could crimp local budgets.

Rick Neumann, Dakota County's financial services director, said there's no such cushion in his county's budget.

"Whatever [budget] is set in December is set, so we'd have a deficit to deal with" if the state cuts local aid, he said.

Whatever the numbers on individual tax statements, taxpayers can ask questions and challenge spending plans by their local governments at Truth in Taxation hearings starting this week. After the hearings, officials will approve final budgets for 2003. Those decisions will determine how much will be collected through property taxes next year.

Folkman urged taxpayers to "get to the hearings to see how the Truth in Taxation statements translate" into actual spending by their elected officials.

"In recent years, the hearings haven't been well attended," he said. "We may see more activity this year."

If not now, then the reality of the higher taxes may sink in next spring, said Molly O'Rourke, Washington County's deputy administrator.

"I expect the time we get the phone calls is next March," she said, "when tax [bills] actually go out."

***Mary Lynn Smith and Kevin Duchscher contributed to this report.--
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Variable Analysis 2003 Cash

100% Levy Increase:	45,476	100% LGA:	213,738
50% Levy Increase:	22,738	50% LGA:	106,869
0% Levy Increase:	-	0% LGA:	0

	#1 2003 INFLOW	#2 2003 OUTFLOW	#3 2003 EOY CASH	#4 CHANGE fr 2002	#5 #3 / #2	
Full LGA	Max Levy	2,692,162	3,047,279	5,262,297	(355,117)	1.727
	Normal Budget					
	1/2 Levy	2,669,424	3,047,279	5,239,559	(377,855)	1.719
	Normal Budget					
	0 Levy	2,646,686	3,047,279	5,216,821	(400,593)	1.712
	Normal Budget					
	Max Levy	2,692,162	2,823,375	5,486,201	(131,213)	1.943
	Cont Budget					
	1/2 Levy	2,669,424	2,823,375	5,463,463	(153,951)	1.935
	Cont Budget					
	0 Levy	2,646,686	2,823,375	5,440,725	(176,689)	1.927
	Cont Budget					
1/2 LGA	Max Levy	2,585,293	3,047,279	5,155,428	(461,985)	1.692
	Normal Budget					
	1/2 Levy	2,562,555	3,047,279	5,048,559	(484,724)	1.657
	Normal Budget					
	0 Levy	2,539,817	3,047,279	4,941,690	(507,462)	1.622
	Normal Budget					
	Max Levy	2,585,293	2,823,375	5,379,332	(238,082)	1.905
	Cont Budget					
	1/2 Levy	2,562,555	2,823,375	5,272,463	(260,820)	1.867
	Cont Budget					
	0 Levy	2,539,817	2,823,375	5,165,594	(283,558)	1.830
	Cont Budget					
0 LGA	Max Levy	2,478,424	3,047,279	5,048,559	(568,855)	1.657
	Normal Budget					
	1/2 Levy	2,455,686	3,047,279	4,941,690	(591,593)	1.622
	Normal Budget					
	0 Levy	2,432,948	3,047,279	4,834,821	(614,331)	1.587
	Normal Budget					
	Max Levy	2,478,424	2,823,375	5,048,559	(344,951)	1.788
	Cont Budget					
	1/2 Levy	2,455,686	2,823,375	4,941,690	(367,689)	1.750
	Cont Budget					
	0 Levy	2,432,948	2,823,375	4,834,821	(390,427)	1.712
	Cont Budget					

Contingency Budget would have a decrease of:	General Fund:	110,554
	Capital Funds:	<u>113,350</u>
		223,904

FUND BALANCE INFLOWS AND OUTFLOWS
 COMPARING EOY 2002 TO EOY 2003

NAME OF FUND	2002		2003		2003		2003		CHANGE IN FUND BALANCE EOY 2002 COMPARING TO EOY 2003
	PROJECTED END OF YEAR FUND BALANCES	INFLOWS	OUTFLOWS	PROJECTED END OF YEAR FUND BALANCES	INFLOWS	OUTFLOWS	PROJECTED END OF YEAR FUND BALANCES		
GENERAL FUND: (IF LOSE 50% (GA FOR 2003-\$106,869)):	998,675	1,383,971	1,383,971	998,675			998,675	0	
SPECIAL REVENUE FUNDS:		1,277,102		891,806			891,806	-106,869	
PARKS PROGRAM 201	723	25,450	34,227	-8,054				-8,777	
WATER: 204	155,011	14,875	1,000	168,886				13,875	
SOLID WASTE: 206	38,447	41,861	39,617	40,691				2,244	
COMMUNITY DEVELOPMENT 208	16,484	1,567	15,500	2,551				-13,933	
LAWFUL GAMBLING 209	1,159	629	1,900	-112				-1,271	
DEBT SERVICE:									
1993 IMPROVEMENT BONDS 313	525,354	19,134	129,836	414,652				-110,702	
1993 TIF REFINANCING BONDS 315	13,011	60,325	56,845	16,491				3,480	
1996 TIF LARPEMTEUR BONDS 316	523,341	13,084	154,215	382,210				-141,131	
1999 GO NE QUADRANT BONDS 317	112,248	137,806	188,015	62,039				-50,209	
CAPITAL FUNDS:									
GENERAL CAPITAL 401	110,702	2,214	15,400	97,516				-13,186	
PUBLIC SAFETY CAPITAL 402	228,784	4,576	24,400	208,960				-19,824	
PARKS/PW/ FACILITIES CAPITAL 403	322,357	6,447	81,950	246,854				-75,503	
TIF DIST 1-2 (COFFMAN) 412	435,105	136,982	5,400	566,687				131,582	
TIF DIST 2-1 (BULLSEYE) 413	105,244	38,225	65,400	78,069				-27,175	
INFRASTRUCTURE 419	1,640,131	147,803	282,400	1,505,534				-134,597	
ENTERPRISE FUNDS:									
SANITARY SEWER 601	1,456,520	576,513	479,195	1,553,838				97,318	
STORM DRAINAGE 602	1,292,018	80,700	88,008	1,284,710				-7,308	
TOTAL ALL FUNDS OF CITY:	7,975,314	2,692,162	3,047,279	7,620,197				-355,117	

IF LOSE 50% GA:

7,513,328

-461,986

CASH BALANCE INFLOWS AND OUTFLOWS

COMPARING EOY 2002 TO EOY 2003

NAME OF FUND	2002 PROJECTED END OF YEAR FUND BALANCES		ESTIMATED ADJ TO REMOVE NONCASH ITEMS FROM FUND BALANCES	2002 PROJECTED CASH BALANCES EOY 2002		2003 INFLOWS		2003 OUTFLOWS		2003 PROJECTED END OF YEAR CASH BALANCES		CHANGE IN CASH BALANCE EOY 2002 COMPARING TO EOY 2003
	998,675	17,000		981,675	1,383,971	1,383,971	891,675	891,806	-106,869			
GENERAL FUND: (IF LOSE 50% LGA FOR 2003- \$106,869):												0
SPECIAL REVENUE FUNDS:												
PARKS PROGRAM 201	723			723								-8,777
WATER: 204	155,011			155,011								13,875
SOLID WASTE: 206	38,447			38,447								2,244
COMMUNITY DEVELOPMENT 208	16,484			16,484								-13,933
LAWFUL GAMBLING 209	1,159			1,159								-1,271
DEBT SERVICE:												
1993 IMPROVEMENT BONDS 313	525,354			507,354								-110,702
1993 TIF REFINANCING BONDS 315	13,011			11								3,480
1996 TIF LARPEUR BONDS 316	523,341			491,341								-141,131
1999 GO NE QUADRANT BONDS 317	112,248			-149,752								-50,209
CAPITAL FUNDS:												
GENERAL CAPITAL 401	110,702			110,702								-13,186
PUBLIC SAFETY CAPITAL 402	228,784			228,784								-19,824
PARKS/PW/ FACILITIES CAPITAL 403	322,357			322,357								-75,503
TIF DIST 1-2 (COFFMAN) 412	435,105			435,105								131,582
TIF DIST 2-1 (BULLSEYE) 413	105,244			105,244								-27,175
INFRASTRUCTURE 419	1,640,131			1,408,131								-134,597
ENTERPRISE FUNDS:												
SANITARY SEWER 601	1,456,520			505,920								97,318
STORM DRAINAGE 602	1,292,018			458,718								-7,308
TOTAL ALL FUNDS OF CITY:	7,975,314.0	2,357,900	5,617,414	2,692,162	3,047,279	5,262,297	-355,117					-461,986

NOTE: THE NONCASH ITEMS CONSIST OF DEFERRED SPECIAL ASSESSMENT REVENUES IN THE GOVERNMENTAL FUNDS AND IN THE ENTERPRISE FUNDS THE NONCASH ITEMS CONSIST OF INTEREST RECEIVABLE AND FIXED ASSET VALUATIONS

IF LOSE 50%LGA: 5,172,428 -461,986