

CITY OF NEW HOPE
4401 XYLON AVENUE NORTH
NEW HOPE, MINNESOTA 55428

City Council Minutes
Special Meeting

December 5, 2011
City Hall

CALL TO ORDER The New Hope City Council met in special session pursuant to due call and notice thereof; Mayor Hemken called the meeting to order at 7:00 p.m. in the Council Chambers.

ROLL CALL

Council Present: Kathi Hemken, Mayor
John Elder, Council Member
Andy Hoffe, Council Member
Eric Lammle, Council Member
Daniel Stauner, Council Member

Staff Present: Kirk McDonald, City Manager
Tim Fournier, Director of Police
Guy Johnson, Director of Public Works
Valerie Leone, City Clerk
Susan Rader, Director of Parks and Recreation

2012 PROPOSED BUDGET
Item 11.1 Mayor Hemken introduced for discussion, Item 11.1, public hearing on the proposed 2012 budget.

Mr. Kirk McDonald, city manager, introduced himself and Steve McDonald of Abdo, Eick, & Meyers LLC (AEM). He stated he will provide a brief update regarding the budget process, and Steve McDonald will present the budget powerpoint presentation. He stated department heads are also in attendance and are prepared to respond to questions regarding departmental operations. Mr. Kirk McDonald stated public comment will be accepted following the presentation, and formal action on the budget and tax levy will take place on December 12, 2011.

Mr. Kirk McDonald explained that on September 12 the City Council adopted the preliminary tax levy of \$9,228,730 which is a zero percent increase from the 2011 tax levy. He stated the preliminary budget that was adopted was \$10,312,863 which is a decrease of \$18,864 from the 2011 adopted budget. Mr. Kirk McDonald stated the budget does not contain any state aid revenue; however, the city is scheduled to receive \$41,843 in local government aid in 2012.

Mr. Kirk McDonald stated the City Council conducted a work session on October 3, 2011, after the preliminary tax levy was certified and had a productive dialogue with department heads on programs, services, projects and initiatives for 2012. He reported a minor change was requested to the budget to increase the city contribution to the Off Broadway Musical Theatre group by \$1,000 and that change was incorporated by making a minor

reduction in another area so the total amount of general fund expenditures did not increase. He stated the consensus of the Council was to proceed to the budget public hearing with the zero percent levy increase as originally presented in August.

Mr. Kirk McDonald commented regarding the 2012 budget initiatives:

- Zero percent levy increase from 2011
- All sources of state funding (LGA and MVHC) eliminated as revenue sources
- Continue to provide existing services and programs with reduced resources.
- No new staffing positions are budgeted and cross training as well as organizational review will continue.
- Continue contract for financial services with AEM; continue with long-range planning and other improvements.
- No cost of living adjustment or increase in health insurance costs included, however compensation plan adjustments to be implemented.
- Police and fire operations are high priority, mobile radios to be replaced.
- West Metro Fire District issues will either need to be resolved or other options considered and implemented (fire capital fund established).
- Emergency preparedness is a high priority and CERTS program implementation to continue.
- Property maintenance and redevelopment are high priorities, especially city center area.
- Infrastructure and environmental improvements will continue; 8" water main replacement near Hwy. 169 between Bass Lake Road and 62nd avenue.
- Complete ice arena project and maintain parks/recreation facilities and programs servicing all age groups in cost effective manner; Civic Center Park play equipment replacement is scheduled.
- Continue Emerald Ash Borer program on public property and continue invasive species (Buckthorn) removal program in parks.
- 2012 elections to be conducted.
- Phone system replacement.
- Encourage public participation and recognition, conduct community events and build sense of community.
- Participate in local performance measures program that solicits feedback from residents and businesses on the delivery of services.

Mr. Steve McDonald, Abdo, Eick, & Meyers LLC, was recognized. He illustrated the 2012 tax supported budget with a zero percent tax levy increase:

General Fund	\$7,452,622
Street Infrastructure Fund	1,182,500
Park Infrastructure Fund	296,000
Bassett Creek Watershed	23,533
Shingle Creek Watershed	25,273
Economic Development Authority	85,000
Debt service (2010 fire truck certificates)	<u>161,802</u>
Total tax supported budgets	\$9,228,730

Mr. Steve McDonald reviewed contact information regarding property tax relief programs.

Next, Mr. Steve McDonald reported on the elimination of the market value homestead credit program and the new market value exclusion program which begins for taxes payable 2012. He stated the exclusion provides for a portion of each home's market value to be excluded from its value for property tax calculations. The amount of value excluded is directly proportional to the MVHC the home received under the old law. He noted residential properties will contribute less to the city's tax base and the tax burden to other properties will likely decrease. He noted all cities will see an increase in the city tax rate even if levies stay flat.

Mr. Steve McDonald stated upon adjournment of the last legislative session the city was allotted \$43,000 for 2012 Local Government Aid (LGA). He noted due to the uncertainty of LGA funding, the budget was prepared without considering it a revenue source. He illustrated the impact of LGA over the past 10 years when the city received greater than \$1 million in 2002 compared to the 2012 budget that contains zero LGA.

Mr. Steve McDonald reviewed the city's tax rate for the past eight years and stated the estimated rate for 2012 is 54.94 or a change of 12.26% which is driven by property market values in the city.

Mr. Steve McDonald compared the city's general fund revenues and expenditures proposed for 2012 to the 2011 adopted budget. He noted the decreases shown for public safety and parks and recreation. He stated the city will maintain a fund balance reserve level of approximately 43% which is within the guidelines recommended by the state auditor, city auditor, and GFOA. Mr. McDonald stated last year's preliminary tax levy increase was 2.87% and the final was 1.5%. He stated the 2012 overall levy increase is zero percent. Mr. McDonald pointed out the significance of being state aid independent. He noted the city is positioned well going into the 2012-13 budget cycle.

Mr. Steve McDonald informed the Council and audience that the budget will be presented to the Council for adoption at its meeting of December 12, 2011, and subsequent to adoption of the budget and tax levy, the tax levy will be certified to the state auditor as required by state law. He stated the budget document will be available at city hall and posted on the website.

Mayor Hemken opened the public hearing for comments from the Council and audience.

There were no comments from the audience.

Council thanked the city manager, AEM, and department heads for their efforts related to the 2012 budget preparation. The city manager extended appreciation to the Council for the teamwork effort on the budget.

MOTION

Motion was made by Council Member Hoffe, seconded by Council Member Stauner, **to close the public hearing**. All present voted in favor. Motion carried.

Mayor Hemken encouraged audience participation.

Mr. John Reiss, 4026 Louisiana Avenue North, was recognized. He stated his property value has significantly declined but property taxes have slightly increased. He questioned the tax consequences when the property value increases in the future.

Council Member Stauner pointed out the three primary taxing jurisdictions (city, county, and school district). He noted the various factors related to property tax equation most notably the market value exclusion program.

Mr. Dick Sievert, 7929 59th Avenue North, was recognized. Mr. Sievert reported Hennepin County's property tax website lists the amount of the homestead market value exclusion for the 2011 assessment for taxes payable 2012.

OTHER BUSINESS

Mayor Hemken polled the Council regarding their interest in interviewing the applicant for the fire board citizen representative in light of recent events regarding the West Metro Fire-Rescue District. The majority of the Council chose not to interview the applicant at this time. The city clerk was directed to notify the applicant of Council's decision.

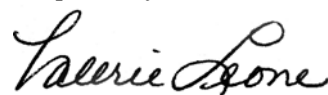
Council Member Elder agreed to serve on the fire board at this time. Staff was directed to place a resolution of appointment on the December 12 council agenda.

Mr. Kirk McDonald informed Council of a recent application received by a student interested in serving on the Human Rights Commission. Council agreed to conduct an interview on December 12 prior to the regular council meeting.

ADJOURNMENT

As there was no further business to come before the Council, the New Hope City Council adjourned at 7:33 p.m.

Respectfully submitted,



Valerie Leone
City Clerk