

Truth In Taxation Public Hearing #38A
Monday, December 5, 2005, 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 6:04 p.m.

Roll Call

Present: Mayor Winstead, Councilmembers D. Abrams, S. Elkins, A. Grady, H. Harden, and S. Peterson.

Absent: Councilmember V. Wilcox.

**Presentation of 2006
Budget and Tax Levy**

Mayor Winstead stated that staff would be presenting the 2006 Budget and Tax Levy and announced that the City's Assessor Jack Pasternacki was in attendance and available to meet with individual property owners who had questions regarding the value of their property and that they could do that out in the hallway. He stated public testimony would be taken upon completion of staff's presentation for anyone desiring to comment on their property valuation, the budget and levy, or the taxation process. He proceeded to introduce Chief Financial Officer Lori Economy-Scholler who presented the 2006 Budget and Tax Levy. Highlights from her presentation included the following slides:

- General Fund Budget & Budget Impacts
- Budget Principles
- Key Issues
- What's Happened?
- Proposed 2006 Revenues
- Proposed 2006 Expenditures
- Monthly Cost of Services
- Services Remain Reasonably Priced
- Quality Services at an Affordable Price
- City's 2006 Property Tax Levy
- Comparison of Levies
- 2006 Tax Levy
- Levy is Less Than CPI Plus Growth
- Bloomington Ranks Lowest in Tax Comparison (2005) Average Household
- Minnesota Property Tax System
- 2001 Property Tax Reform
- Effect of State Changes on Bloomington
- Loss of Market Value Credit
- Limited Market Value
- Market Value & Tax Capacity By Tax Year (\$ in millions)
- Tax Capacity Shifted from C/I to Residential Properties
- All Taxing Jurisdictions (Market Values & Total Property)
- Residential Property Comparison
- Ten-Year Market Value History - \$165,900 Home
- Ten-Year Market Value & Tax History - \$165,900 Home
- Ten-Year Market Value History - \$231,200 Home
- Ten-Year Market Value & Tax History - \$231,200 Home
- Ten-Year Market Value History - \$593,200 Home
- Ten-Year Market Value & Tax History - \$593,200 Home

**Presentation of 2006
Budget and Tax Levy
continued**

- Composition of Tax Levy by Taxing Authority for 2006
- Ten-Year Taxes Payable History on (3) Parcels Commercial/Industrial in 2006
- Bloomington Tax Rate Impact (Not including School Referendum) Dividing Up the Tax Dollar
- Factors Impacting Individual Property Taxes
- Quality Services at An Affordable Price
- 2006 Monthly Cost of City Utilities for Median-Priced Bloomington Home
- Responses from Community
- Overall Message
- 2006 Tax Levy (*5.75% increase over 2005.*)
- General Fund Budget (*4.79% increase over 2005.*)
- Next Steps (*Final recommendations for General Fund Budget & Levy on December 19.*)

**Council Inquiries &
Comments**

Council inquired as to the level of Local Government Aids (LGA) Bloomington has received annually in the past.

Staff replied that it has been in the range of \$300,000 - \$500,000 but that it was in the range of \$3.6 - \$8 million six to eight years ago.

Winstead explained that since 2001, the State has not returned to the City its buy down of property taxes or its Local Government Aids, which is funded through sales tax and the income tax that the residents of Bloomington pay to the State. The City is not getting that money back from the State as it was promised.

**Opened Public
Hearing**

Mayor Winstead opened the public hearing and invited residents to testify.

Speaker #1: Tom Hulting, 6717 Auto Club Road

He disagreed with staff's statement that his tax burden is less today than it was ten years ago. He stated his tax burden has almost doubled since 2001 and that considering just the City's portion of his tax increase, his taxes have increased as follows: 2002 (up 18%), 2003 (up 7%), 2004 (up 21%), 2005 (up 12%), and 2006 (up 15%) for a cumulative increase of almost 73%. He stated the numbers presented by staff are not representative of his tax burden. He stated it's unsettling to learn that: Bloomington is losing Byerly's due to a higher cost for them to do business in Bloomington than they're getting in return, that the city manager makes a higher salary than the governor of Minnesota, that the Parks & Recreation Commission advanced a plan to float a \$27 million bond to acquire more park and recreation land, presumably paid for by the residents of Bloomington at a time when the City can't resurface the hockey rinks and skating rinks until the second week into the Christmas break, that the City Council is considering charging fees to homeowners for cutting down trees, that there is over \$1 million in revenue that comes to the City from the issuance of traffic tickets that isn't on the books or isn't recorded, that at least two-thirds to three-quarters of the lights are burning nightly at Civic Plaza when there are no activities happening, that the printing and mailing costs of the Bloomington Briefing are huge and could be reduced by putting kiosks in the lobby of Civic Plaza and at Cub Foods or having copies available for the public to pick up at those locations. He stated it's insulting and aggravating to hear that he is paying less in taxes than he was ten years ago when they've been going up \$1,000 per year. He inquired where he could go to look at City salaries and stated the Planning Division is adding head counts and managers at a time when Bloomington isn't experiencing nearly the growth it was ten years ago.

Winstead responded to some of Hulting's remarks by stating that staff would be happy to sit down with him and explain the different percentages he has seen in his taxes over the years and stated that the shift of the tax burden from commercial to residential has affected how the City pays for services. Regarding Byerly's, he stated that their 20-year lease is now expiring and that they have made a business decision to let their lease go, which was very favorable when they went into the shopping center 20 years ago. He stated Byerly's decision not to continue operating in Bloomington had nothing to do with the City or their expenses to operate in Bloomington.

**Public Hearing
continued**

Regarding the Manager's salary, Winstead explained that it is a hired position, not an elected one, and that the City Council reviews the City Manager and his compensation. He remarked he has worked with Mark Bernhardson for years and that he earns every nickel of his salary. With regard to the bond Hulting referred to for parks, Winstead explained that the Parks, Arts & Recreation Advisory Commission identified what it would take to do anything and everything for Bloomington's park system over a long period of time. He stated there has been no conversation or intent on floating a bond referendum for that. Regarding tree removal, he stated there has always been a fee for residents who do not remove their diseased trees, as identified by the City, and is not aware of any fees being charged for the removal of trees from public lands. Regarding the revenue generated by traffic tickets, he stated that it amounts to approximately 2% of the City's budget and that it is solely driven by the fact that traffic safety is a top priority among the residents of this community.

Abrams remarked that the revenue collected by the City in court fines and forfeitures is not hidden and is listed as a line item right in the budget.

Winstead stated City staff would look into the situation regarding lights on at night at Civic Plaza to see if that cost could be trimmed down. With regard to the expense involved in producing and mailing the Bloomington Briefing, he stated he believes it's worth it, as the Council gets many positive remarks from citizens who appreciate receiving the information contained in it.

Bernhardson commented that the cost of the Briefing equates to approximately \$3 per household per year.

Harden commented that the City can't go onto private property to distribute the Briefing.

Regarding staffing, Winstead stated that Bloomington is starting one of the largest resurgents of growth in the form of development and redevelopment it has ever seen.

Hulting stated he has seen a 5% increase in the City's budget and yet he hasn't seen a 5% increase in his compensation over that same time nor has there been any inflation and Bloomington's head count hasn't increased. He requested an explanation on fiscal disparities.

In response to the Fiscal disparities inquiry, Winstead explained that the taxes from commercial growth in cities like Bloomington is put into a regional pool for use by those cities that do not get the benefit of commercial/industrial growth. He stated the Bloomington City Council is going to ask the State Legislature to look at reforming Fiscal disparities, as it's not necessarily working as it was intended and Bloomington's legislators agree.

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

He stated that some of the City's services have been good and some not so good. He disagreed with a City inspector who he claimed recommended a certain plumber. He stated he had trouble with some sign vandalism and when he was told by the City that it would take two years to get a street light replaced, he bought the light and replaced it himself, which ended the street vandalism. He stated that the City might be short of revenue due to the City's smoking ban while Dakota County's are increasing. He believes the public should have more say in those types of decisions. He inquired as to how much the smoking study cost the City and where is the City's Reserve Fund today. He inquired why the City couldn't cut spending 4% across the board. He mentioned specifically one area to cut might be the Bloomington Revitalization Program, in which he stated City inspectors walk around and tell people to clean up their debris.

Winstead stated staff would provide Taylor with the numbers regarding the reserve fund balances and that the Neighborhood Revitalization Program is one that the Council decides whether or not to pursue.

**Public Hearing
continued**

Speaker #3: Barbara Palmer, 8143 Upton Avenue South

She stated her taxes increased 13.5% but doesn't believe she could even get \$90,000 for her house, as she needs to make a repair that she can't afford to make. She doesn't believe it's fair for her taxes to increase \$238.

Bernhardson suggested that Ms. Palmer talk to the Assessing staff to be sure that she is paying the proper prorated share of the overall taxes based on the value of her property. It was stated that there are also programs Ms. Palmer could inquire about from the City's Housing & Redevelopment Authority that might help her make the necessary repairs for which repayment of those costs could be deferred until the sale of her home.

Speaker #4: Kevin Thompson, 650 East 82nd Street

He believes it's a time in the nation's economy that everyone, including the City, needs to look at their budget and deal with the tough issues. He suggested printing the Briefing newsletter on a lesser quality paper to save costs.

Speaker #5: Russell Burnison, 4716 Nine Mile Creek Parkway

He questioned why a neighboring residence is paying \$1,900 in property taxes while he is paying \$2,900 for a difference of only 300 square feet. He added that the cost of sidewalk plowing could be cut by requiring residential property owners to shovel their own while having the City continue to maintain those in commercial areas.

Staff suggested Burnison speak with the City Assessor regarding the difference in the valuation of his home versus others in his neighborhood.

Speaker #6: Mark Lapham, 8709 Wyoming Avenue South

He stated the City can't continue to increase taxes 5.75% each year and that the Council will have to find ways to cut its budget if the commercial properties continue to pay less of the tax burden. He stated that taxes should be less in 2007, as most of Bloomington's property has reached its market value and won't require market value credit. He mentioned that a Brooklyn Center Council member had remarked that their tax levy is only going up 2.98% in 2006.

Bernhardson commented that Brooklyn Center, based on the average household when adjusted for aids, is a winner in fiscal disparities, in Local Government Aids, and that they get all of their Market Value Credit and yet based on the average home, which is less than the average value of Bloomington's home, their total taxes are approximately 50% higher than Bloomington's.

Closed Public Hearing

Motion was made by Abrams, seconded by Peterson, and all voting aye, to close the Truth In Taxation public hearing. Council will act upon and respond to the General Fund Budget and Tax Levy on December 19, 2005.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 7:10 p.m.

Barbara Clawson
Council Secretary