



City of Blaine
Anoka County, Minnesota
Minutes - Final

10801 Town Square Dr.
Blaine MN 55449

City Council Workshop

**While this is a public meeting where interested persons are welcome to attend, it is a work session for Council and staff to discuss issues before them. It is not for the purpose of receiving public input.*

Thursday, December 1, 2011

6:30 PM

Cloverleaf Farm Room A

NOTICE OF WORKSHOP MEETING

The meeting was called to order by Mayor Ryan at 6:30 p.m. A quorum was present.

ALSO PRESENT: Clark Arneson, City Manager; Bryan Schafer, Community Development Director; Bob Therres, Public Services Manager; Mike Ulrich, Public Works Director; Chris Olson, Public Safety Manager/Police Chief; Joe Huss, Finance Director; Thomas Sweeney, Nyle Zigmund, Fire Chief; Roark Haver, Communications Technician; City Attorney; Jane M. Cross, City Clerk; and Recording Secretary Amanda Staple.

Present: 7 - Councilmember Clark, Councilmember Kolb, Councilmember Bourke, Councilmember Herbst, Mayor Ryan, Councilmember Hovland, and Councilmember Swanson

City Manager Arneson noted that Fire Chief Zigmund was present to discuss a proposed truck.

Fire Chief Zigmund provided information regarding the new vehicle to the Council, and estimated that the department would come in under budget on this purchase.

City Manager Arneson confirmed that truck has been ordered.

Community Development Director Schafer advised of a property located at 105th and Radisson Road, with an asking price of \$600,000, and noted that there is pooled TIF available. He stated that the property is three acres in size and noted that all personal property would need to be removed from the site by the sellers. He explained that the discussion with the broker specified that after closing, funds would be escrowed until the time when all personal property is removed. He provided comparable property prices.

City Manager Arneson stated that he would like direction from the Council on whether staff should continued to investigate the deal.

Councilmember Hovland suggested that an appraisal be conducted to ensure the value of the property. The cost for an appraisal was estimated at \$2,500.

Councilmember Clark questioned the purpose for acquiring the property. He stated that if the purpose is to simply clean-up the lot, that objective would most likely be completed when another party purchases the lot.

Council consensus was to direct staff to gather additional information regarding the

possible purchase of the property located at 105th and Radisson Road.

1 [WS 11-05](#)

2012 PROPOSED UTILITIES FUNDS BUDGETS

Sponsors: Huss

Attachments: [2012 Sanitation Fund Overview](#)

Finance Director Huss presented the preliminary budget for 2012. He stated that since the preliminary tax levy had been set the budget had slightly decreased. He reviewed specific budget information which affects the general fund balance and provided comparable data information from the past few years. He stated that the most significant change to the 2012 budget is the Market Value Homestead Credit (MVHC) and explained the changes which took effect. He stated that the previous Council direction had been to establish a levy that results in 2012 rate that is comparable to 2011 rate as calculated under new legislation. He provided the recalculated rate for 2011, the preliminary rate for 2012, and the proposed rate for 2012; noting that Blaine's proposed 2012 tax levy is six percent lower than its 2009 tax levy. He further explained the effect of the MVHC Exclusion Program and provided examples for homes of different values in the City. He reviewed the budget discussions which have taken place and noted that the Truth in Taxation Hearing would be held the following week. He asked for direction from the Council for that presentation to the public regarding the current state of the budget.

Councilmember Swanson confirmed that the valuation of lower priced homes remained more stable and questioned how different elements of the budget would affect the proposed levy rate and budget.

Finance Director Huss advised that the preliminary levy rate had not been adjusted.

Councilmember Swanson stated that the MVHC exclusion has provided the illusion that the value of some homes has dropped significantly, when in actuality the market value shown on the tax statement is simply the taxable value of the home and not the actual market value of the home.

City Manager Arneson stated staff estimates that the 2011 performance will be positive, in an estimated amount of \$300,000.

Councilmember Herbst commended City staff for their hard work on the budget and the positive outcome. He noted that Blaine is the only city in Anoka County to lower the levy rate for the past three years. He stated that he would like to see the Council support the budget unanimously, as proposed, utilizing \$650,000 from the reserve fund.

The workshop recessed at 7:28 p.m.

The workshop reconvened at 8:45 p.m.

City Manager Arneson stated that staff would need direction as to the Resolutions to prepare.

Mayor Ryan stated that he was in favor of the proposed budget.

Councilmember Herbst stated that he also was in favor of the proposed budget.

Councilmember Kolb stated that she would also be in favor of the proposed budget,

with the figure of \$650,000 being used from the reserve fund.

Councilmember Bourke stated that he would also be in favor of the proposed budget, with the figure of \$775,000.

Councilmember Hovland stated that he would also be in agreement with \$775,000.

Councilmember Clarke stated that obviously the budget cannot be cut by \$650,000 at this time. He proposed that spending targets be set for 2012 and 2013, which could be completed at a Council retreat in January. He also asked for a commitment to document budget assumptions, and noted that the process would take several years. He stated that if commitments are made to complete those items he would vote in favor of the budget.

Councilmember Kolb stated that she believed that the Council would need to commit a weekend to discussing those items rather than discussing those items in a regular length workshop.

Mayor Ryan commented that a resident survey could also be beneficial.

City Manager Arneson advised that the City is currently in the process of obtaining RFP's for survey services.

Council consensus was to direct staff to prepare a Resolution for the budget, using \$650,000 from the reserve fund; and to also set spending targets for 2012 and 2013 and document budget assumptions.

Councilmember Kolb stated that the Council should bring available dates for January to the next meeting to in order to schedule the discussed retreat.

Finance Director Huss explained how the budget process could be tweaked in 2012 to build on the information from the Council in January, rather than beginning presentations to the Council in June.

Councilmember Kolb stated that residents in her neighborhood are satisfied with the level of City services and the cost for those services. She stated that the residents she spoke with do not want to lose City services.

Mayor Ryan commented that there will still be at least another two years of tough budgeting and did not believe that the reserve fund should be drawn upon at this time. He noted that the City portion of his taxes is comparable to the amount he paid in 2005.

Councilmember Hovland stated that he believed that the additional \$125,000 should be used from the reserve fund budget to provide relief to residents, for a total amount of \$775,000.

Councilmember Bourke stated that he also believed that with the amount of decrease in the budget and the level of services provided, additional relief could be provided through the reserve fund in the amount of \$125,000, for a total amount of \$775,000.

Councilmember Clarke stated that he did not believe that the funds should be spent from the reserve as he believed that there is at least two more years of low housing values.

Councilmember Herbst stated that if the \$650,000, or \$775,000, is not pulled from the

reserve fund, cuts would need to be made to City services or taxes would need to be raised in order to cover those funds. He stated that the tax rate could not be raised as the preliminary levy rate had already been set.

Councilmember Hovland stated that his hope is not to draw on the reserves every year into the future but noted that is a hard thing to predict.

Councilmember Clarke stated that there is information regarding the direction of the housing market, noting that there is a very slow recovery for home values and the unemployment rate remains high. He did not believe that reserve funds should be used.

Councilmember Herbst explained that the preliminary levy rate had been set, and could not be increased; meaning that if the reserve funds were not used additional cuts would need to occur in the budget.

Councilmember Bourke questioned how many staff members would need to be cut in order to reach the decrease of \$650,000, if the reserve funds are not used.

Finance Director Huss estimated approximately ten staff members which would need to be cut, at a certain pay rate, in order to decrease the budget by \$650,000.

Discussed

City Manager Arneson advised that interviews for the Park and Planning Commissions would need to be completed on either Monday, January 9th or Monday, January 23rd. He also asked that the Council review the County's fiscal disparities information in order to direct staff. He briefly reviewed items which would be on upcoming agendas.

The workshop was adjourned at 9:03 p.m.

Adjourned