



**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.*

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Thursday, August 23, 2012

6:30 PM

Cloverleaf Farm Room A

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**Meeting Number 12-48**

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

Quorum Present.

**ALSO PRESENT:** Clark Arneson, City Manager; Patrick Sweeney, City Attorney; Bob Therres, Public Services Manager; Bryan Schafer, Community Development Director; Joe Huss, Finance Director; Ward Brown, Budget/Fiscal Analyst; Chris Olson, Safety Service Manager/Police Chief; Nyle Zikmund, S/B/M Fire Chief; Al Thorp, Senior Engineering Technician; and Recording Secretary Linda Dahlquist.

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

**NOTICE OF WORKSHOP MEETING**

1. [WS 12-42](#)

**2013 PRELIMINARY GENERAL FUND BUDGET**

**Sponsors:** Huss

The Council discussed the purpose for the additional Workshop meeting tonight. The discussion was on keeping the tax levy the same as 2012 or increasing the levy slightly knowing the levy could be reduced after it's set.

Finance Director Huss stated the Workshop tonight is the last meeting for the Council to discuss the budget and tax levy that will be adopted at the Council meeting on September 6, 2012. He stated the City has received from Anoka County updated data showing a declining tax base with a net tax capacity of -9%, residential property of -9% and Commercial/Industrial property of -10%. He noted the City will again be a net recipient from the Fiscal Disparities Program. He stated if the Council decides for a no increase to the levy tax equals an estimated tax rate of 36.973%. Finance Director Huss stated when home values go down, residents' tax burden goes down. He noted the lower valued homes get the greatest reduction in taxes. Finance Director Huss

stated there is \$500,000 gap in the 2013 budget even with using \$500,000 from reserves. He stated December 13 is the Truth-in-Taxation public hearing and December 20 is the public hearing to adopt 2013 tax levy and general fund budget. He gave an overview of the budget calendar and process to date.

Councilmember Herbst questioned about the market valuation average of -9%. Finance Director Huss replied no property is really at the average.

Councilmember Swanson asked about taxes on new houses. Finance Director Huss replied taxes will be collected from approximately 275 new houses, which were built in September 2010 to August 2011.

Councilmember Herbst asked about the percentage of reserves used for first half taxes. Finance Director Huss replied 5% of the reserve is held for the first half taxes.

Councilmember Herbst questioned the unrestricted fund's gain that the audit showed for last year. Finance Director Huss replied the audit did not show that the Council had approved \$650,000 to be used for 2012 capital.

City Manager Arneson reminded the Council that the EDA has one year of funding left. He noted EDA funding pays for staff, the golf tournament, and economic development. He stated a new funding source is needed. He noted Curt Larson will be leaving in the fall. He is concerned that the City would not be able to hire a quality person with only funding for one year. He stated if the budget is not increased, funding would need to come from the general fund or a land sale. Finance Director Huss stated \$500,000 would be needed to fund the EDA.

Councilmember Clark stated when the budget was discussed in July, Council's direction was that there was no change in the levy and the proposed budget has increased over \$600,000. City Manager Arneson stated Council direction is needed on services that should be cut. He noted the proposed budget includes 2% increase for salary adjustments. Council discussion took place on the proposed increases.

Councilmember Hovland left at 7:08 p.m. and returned at 7:10 p.m.

City Manager Arneson asked the Council to review the budgets at the program level and decide what services can be cut.

Councilmember Herbst asked about the surplus budget from 2012. Finance Director Huss replied at this point the budget is good, but the next five months are unknown.

Councilmember Bourke commented he thought the budgets would start at zero and built up. Finance Director Huss replied the departments did not start with the budgets from last year and build up. Councilmember Clark asked staff for a zero increase budget. Council discussion took place on breaking down the budget by program.

Councilmember Bourke requested from staff further program breakdowns on the 2013 budget. Finance Director Huss stated the Safety Services Administration Division are fixed costs. Council discussion took place on emergency and non-emergency response times.

Mayor Ryan asked what if the reserve funds were not there. Councilmember Kolb stated the budget is not portrayed correctly to the public. Councilmember Herbst replied the Council was smart in the past with the rainy day funds.

Councilmember Clark commented the Council is split on holding or raising the tax levy.

Councilmember Kolb pointed out the survey of the residents clearly states the City's services are important.

Mayor Ryan and Councilmember Kolb stated the reserve funds should be used for emergencies.

Councilmember Clark stated the survey results stated the City over performs with services. Council discussion took place on the athletic fields services.

Mayor Ryan stated the residents choose to live in Blaine for its services.

Councilmember Swanson suggested removing \$100,000 from the Parks Department. He noted the survey stated the residents are willing to give up.

Councilmember Clark suggested ranking and voting on the program budgets individually for cuts.

Councilmember Kolb suggested raising the tax levy for now in order for the Council to not be locked in and then reduce the levy later.

Mayor Ryan stated a tax increase now with using the reserves will balance the budget. He noted costs have been rising and the City has taken the hits. He stated the EDA has not been levied for 10 years.

Councilmember Kolb stated the City has grown tremendously, but the City is running out of buildable land. She stated the staff has been asked to do more with less for years. Mayor Ryan stated the City cannot continue to cut.

City Manager Arneson stated there is not a majority that wants to raise the levy. He stated the Council has to raise the levy, moving reserves, or cut the budget by going through the programs.

Mayor Ryan commented in the 1980s and 1990s the City had to have an excess levy.

Councilmember Hovland stated the budget needs to be held, but the staff cannot be cut. He stated cuts are needed with programs.

City Manager Arneson stated at the September 6 meeting, the levy will be set at the same level.

Councilmember Hovland stated service cuts do not mean the service is eliminated. He gave an example of a volunteer party that was eliminated for a cost saving. He stated he would like to look at programs.

Councilmember Kolb stated reductions always equal cutting staff.

Mayor Ryan stated if park services are cut and the park is not maintained it is more expensive to fix.

Council discussion took place on the City's staff and services. Council reached consensus that they want to see salaries and equipment broken out. Council also wants to get a break down on services in order to rate them as A, B, and C (being the lowest).

Councilmember Swanson requested to see the reasoning for the increases. City Manager Arneson stated there is no new staff or program increases. He stated increased costs are related to the existing services.

Councilmember Hovland asked about RFPs for expiring contracts. City Manager Arneson replied the discussion is planned for an upcoming Workshop.

Councilmember Hovland commented the second dog for the K9 program increased expenses. He stated the funds for the dog came from a citizen's group. He commented when the City receives funds from external organizations, the Council needs to review what expenses would be incurred in the future. Councilmember Kolb replied a K9 dog's longevity is not long and the organization raised funds for that cause.

Councilmember Bourke asked if the budget includes retirements. City Manager Arneson replied there are no retirements included in the budget currently.

Councilmember Bourke asked about forfeiture funds in the Police Department. Chief Olson replied those funds are limited.

Councilmember Swanson asked about Finn Park and it being a heavy maintenance park and questioned moving forward on building the park. City Manager Arneson replied yes, it will be a heavy maintenance park. Councilmember Clark suggested the park be built over a three to four year timeframe. He suggested the sports groups contribute to maintaining the fields or increase the user fees. Council discussion took place on raising user fees.

Mayor Ryan commented all cities within Anoka County are adjusting their garbage fees. He stated the residents are not complaining about their taxes. Councilmember Kolb stated the Council's responsibility is to reflect the value of the people the Council represents. She stated residents are not complaining about their taxes.

City Manager Arneson stated at the September 6 Council meeting the preliminary levy will be set at the same level as 2012. He stated the budget has a \$500,000 deficit, which will have to be made up from program cuts and/or reserve transfer. He stated the Council will review existing programs for cuts through the fall. He stated the Council will review 2012 actuals for staff and equipment, 2013 staff, equipment and programs, until December 6.

Mayor Ryan stated he would not be in favor of keeping the levy the same.

Councilmember Kolb stated she is not in favor.

Councilmember Hovland stated the Council could cut programs now and bring them back later.

Councilmember Clark asked staff to include service assumptions with the program breakdowns.

Mayor Ryan stated the City used to have a citizen budget group and each year they suggested raising the tax levy.

Council had a discussion on the tax levy rate and how the rate is not as important compared to the actual dollar amount.

Councilmember Herbst left the meeting at 8:11 p.m. and returned at 8:14 p.m.

Councilmember Swanson asked about the Drug Task Force. City Manager Arneson stated the City fully uses the service of the Drug Task Force. He stated some service cuts will cause residents to call the City (i.e., snow plowing, park maintenance, etc.).

**Discussed**

**OTHER BUSINESS****Board of Review Update**

City Manager Arneson reported he met with Board of Review members: Jane Daniels, Chair, Laurie Pekarik, and Randi Erickson, Vice Chair. He noted that when the members heard there was no compensation for the work, Laurie and Randi dropped out, leaving Jane Daniels to research data on residential market values through the MLS in order to provide a report to the Council. Council discussion took place on if a RFP is needed for additional work.

**Northtown Boulevard Renaming**

City Manager Arneson reported the estimated cost for re-signing the road is now estimated to be \$400,000 by MnDOT. The Council's consensus is it is not worth the cost.

**ADJOURN**

The Workshop adjourned at 8:15 p.m.