

BAXTER CITY COUNCIL MINUTES
Special Budget Informational Meeting
November 30, 2015

Mayor Darrel Olson called the Special City Council Budget Informational Meeting to order at 6:00 p.m.

COUNCIL MEMBERS PRESENT: Mayor Darrel Olson and Council Members Quinn Nystrom, Steve Barrows, Todd Holman, and Mark Cross

COUNCIL MEMBERS ABSENT: None

STAFF PRESENT: City Administrator Gordon Heitke, Finance Director Jeremy Vacinek, and Assistant City Administrator Kelly Steele

Finance Director Vacinek explained the purpose of the meeting is to review the 2016 budget and levy, not to review property taxes for individual properties, as this meeting was conducted by Crow Wing County last spring.

Finance Director Vacinek reviewed legislation affecting the 2016 budget, including property tax rate calculations, explained the city continues not to receive Local Government Aid, the variability of the Market Value Homestead Credit funding, and the Market Value Homestead Exclusion Program.

In 2015, \$14.9 million in new market value was added to the City for taxes payable in 2016. Based upon conservative estimates, \$196,622 in new tax capacity was added to the City for 2015. The city's tax base is within \$1million of the 2007 high. The proposed budget contains a 2.37% or \$132,700 levy increase from 2015. The 2016 proposed levy of \$5,734,600 is an increase of \$84,600 from 2010, or 1.5% over the last seven years. During the same period, inflation has increased 10.02% overall.

Finance Director Vacinek explained the 2016 property tax levy comparison to 2015 on select valued properties. Due to residential valuations increasing faster than commercial valuations, a shift in a portion of the property tax burden is changing from commercial to residential.

The 2016 general, special revenue, capital project, and enterprise fund budgets were highlighted. Finance Director Vacinek is not proposing water or sewer utility rate adjustments at this time, but is proposing a 5% rate adjustment to storm water changes. The last change to the storm water charge was in 2008. Monthly user charges, development activity, and availability charges will continue to be monitored to ensure adequate debt coverage.

Doug Stenberg, 5005 Brentwood Road, questioned the increase on his property tax statement.

The adoption of the final levy and budget is scheduled for December 1, 2015.

Brainerd Lakes Area Economic Development Commission (“BLAEDC”) is requesting 2016 funding in the amount of \$26,500, a \$4,000 increase over 2015. Staff has budgeted \$23,500, an increase of \$1,000 over the 2015 budgeted amount. The council consensus was to approve the requested funding amount and to utilize the contingency fund to support. Finance Director Vacinek explained the 2016 contingency fund is \$19,000 or reduced to \$16,000 with the BLAEDC request. The Council asked for organizations requesting city funding to attend a council meeting to explain their request.

MOTION by Council Member Barrows, seconded by Council Member Nystrom to adjourn at 6:55 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Kelly Steele
Assistant City Administrator/Clerk