

BAXTER CITY COUNCIL MINUTES
Special Budget Work Session
December 5, 2016

Mayor Darrel Olson called the Special City Council Budget Work Session to order at 6:03 p.m.

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

COUNCIL MEMBERS ABSENT: Council Member Steve Barrows.

STAFF PRESENT: Finance Director Jeremy Vacinek and Interim City Administrator Kelly Steele.

Mayor Olson explained the purpose of the meeting is to review the 2017 budget and tax levy and to provide an opportunity for the public to ask questions. Finance Director Vacinek stated this meeting was formerly known as Truth in Taxation.

Finance Director Vacinek explained the presentation will include information regarding new legislation affecting property taxes and the 2017 budget; a summary of market values and tax capacity; the proposed tax levy; the 2017 general, special revenue, capital project, debt service, and enterprise funds budget; and the steps to adopt the budget and tax levy. The public will have an opportunity to comment and ask questions about the proposed property tax levy and budget.

Finance Director Vacinek explained the calculation of property taxes for residential and commercial properties is unchanged from 2016. The City of Baxter does not receive local government aid from the State of Minnesota. The market value homestead credit was replaced with the market value exclusion program. The exclusion program reduces homesteaded property taxes by excluding a portion of the homestead property's value from taxation.

For 2017, \$15.2 million in new market value will be added to the City of Baxter. Based upon conservative estimates, in 2016 about \$191,000 in new capacity was added to the city for 2017. Finance Director Vacinek provided historical new construction figures. Examples of the property tax impacts from 2016 compared to proposed 2017 were provided for various valued residential homes and a small-valued commercial-industrial business.

Finance Director Vacinek reviewed 2017 budget highlights including revenues and expenditures by department. Total budgeted revenues, net of transfers, are proposed at \$14,941,800 and budgeted expenditures, net of transfers, are proposed to be \$16,146,100. Enterprise funds were reviewed and no utility rate adjustment is recommended for water and sewer. A five percent increase in the storm water rates is being proposed. The cash flows for the debt service funds and sales tax revenue fund were also reviewed.

Finance Director Vacinek explained the next steps are to adopt the 2017 property tax levy and budget at the December 6, 2016 city council meeting. The city council meeting will begin at 7:00 p.m.

Mayor Olson opened the public hearing at 6:27 p.m. With there being no public comments on the 2017 budget and tax levy, the mayor closed the public hearing at 6:29 p.m.

MOTION by Council Member Cross, seconded by Council Member Nystrom to adjourn at 6:30 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Mary Haugen
Administrative Assistant