

**WALKER CITY COUNCIL
WORK SESSION MEETING MINUTES
WALKER FIRE HALL MEETING ROOM
MONDAY JULY 3, 2017**

CALL TO ORDER –Mayor Shaw

- Mayor Jed Shaw called the regular scheduled work session meeting to order at 5:01p.m.
 - Council members present: McMurrin, Moore, Senenfelder, Shaw and Wilkening
 - Council members absent:
 - Others present during portions of the meeting included:

Terri Bjorklund, City Administrator
Wayne Tennis, Chief of Police

Pamela Smith, City Employee

**DISCUSSION ON PARK USE FOR FOURTH OF JULY FIREWORKS-
Councilmember Wilkening**

Wilkening reviews the final plan with regarding the platform/barge information with the Board. They will be cordoning off the upper shelter at the park and the road by the water plant for loading and unloading the fireworks. It will be going out just past the lighthouse in about 13 feet of water. There are gallon jugs out on the water right now marking the 450 foot perimeter around where they will actually be. Senenfelder added that once it is over the water the City no longer has authority over it. Mayor Shaw clarifies that the area that is cordon off will reopen once the barge is loaded with fireworks and away from the docks.

LGA 101 – INFORMATION –Administrator Bjorklund

Bjorklund explains the continually declining LGA for the City of Walker. The formula calculates the need and the ability to pay and then compares them. The gap is referred to as the unmet need. A portion of the Cities unmet need is filled by LGA. According to the formula Walker has a small gap between need and ability to pay. That is why every time they redo the formula it helps others and helps us even less. Walker's need per capita is about \$642. When the need was compared to the ability to pay, Walker's unmet need was much smaller than others. The unmet need was \$39,000 compared to Cass Lake which was \$370,000 and \$400,000 for Pine River. The relatively bigger tax base in Walker means that we look less needy.

Wilkening noted that part of this reflects on our retail/business sector of downtown. We also don't spend our money frivolously. The board questions how many times they have been penalized for not being in debt and question if being in debt changes these figures. Bjorklund stated that no that it would not change these numbers since it is based on population, employees, jobs per capita, pre 1940 housing percentage, housing percentages for different eras. Being further in debt is not going to alter the LGA formula. Bjorklund added that it may alter other criteria for grants or etc. but it will not alter the LGA formula.

DISCUSSION ON ORDINANCE 2017-04, AN ORDINANCE ADDING SALES AND USE TAX TO THE CODE OF ORDINANCES AND RESOLUTION 20-2017, A RESOLUTION OF THE CITY OF WALKER APPROVING SPECIAL LEGISLATION AUTHORIZING IMPOSITION OF A ONE AND ONE HALF PERCENT SALES AND USE TAX FOR THE TWENTY YEAR CAPITAL IMPROVEMENT PLAN OF 2012-Administrator Bjorklund

Bjorklund states that in order to enact the local sales tax that was approved at the Legislature this session we have to adopt an Ordinance. The draft of the Ordinance was sent to Penny Demko at the State and she reviewed and made some suggested changes to the draft Ordinance. The biggest change is the date that we are going to start this. It has to start on a quarter and we have to have it in 90 days prior to that quarter starting; we are not going to make the October deadline. We would have had to have this in by June 30th. January 1st 2018 this Ordinance will come into effect. Another notable change is that is reflecting in the final documents in our files, in regards to construction contracts that reads under Sec. 12 number 2; *that delivery of the tangible personal property used in performing the construction contract is made before June 30, 2018*. They have 6 months from the time we enact it in which to finalize all their contracts before they are taxed on them. Bjorklund thanks Wilkening for catching the change in the wording table vs. taxable noting that the word table should be taxable. She appreciates that he took the time to review this. She added that also included in this packet is the actual wording of the bill. Wilkening states the way this is worded we will be able to start paying bond payments on the work that we did on the Southside project; it is based upon improvements identified upon the 2012 plan. The bond payments will be able be paid with the proceeds of the tax so we don't have to include the bond payment into our budget, once we see what the funds are. There is a portion of the Levy is applied to bond payments; we won't have to dedicate as much money in the levy to pay the bond, therefore everyone's taxes will go down. Senenfelder questioned if this could at a future date lower the percentage of possible assessments in future projects, also noting that they have never been the same percentages. McMurrin states that it also depends on how many people are on that street. Shaw clarified that the assessments would remain the same but potentially we would be able to lower our levy or at least keep it the same. Wilkening adds that this is something that the Council will have to decide as time moves forward. Bjorklund stated that this will be a big budget and finance discussion come 2019 when we have year under our belt and see what this is actually going to generate and how they decide to set forth a policy on how that money is used. Wilkening questioned on what the effects of this would have on business like Reed's. If you read what the State Statute says about sales tax it is all based off where their office is located. And Reed's distribution and business office is located in Walker. Wilkening stresses that someone should take a look at that and notify them, the last thing that we would want to do is have an unpaid tax bill. The Board is worried about making sure that the area businesses are notified regarding this. Bjorklund stated that by law the City is required to post on our website and we will have to keep track of our revenues and those are going to have to be kept up to date on our website, an annual letter that is mailed to all the residents of Walker regarding a reminder about the sales tax. Bjorklund stated that we have the rough draft of all those ready and waiting in a file. We have to go out of our way to make sure people are aware. Wilkening recommends that a work session in October be conducted dedicated to update the public with the changes in

the sales tax and possibly have a dedicated person there to answer questions about the sales taxes changes that they may ask how it would affect their business. Bjorklund stated that this Ordinance lays out who has to pay according to Statute. The Board notes other towns and counties that have adopted an additional sales tax. Wilkening added that Walker will have the highest sales tax in the State of Minnesota, adding that he was torn about this and reminds himself that 66% of our constituents voted for this; 2 out of 3 people say 'yes that is what I want you to do'. The board discusses higher taxes throughout the State of Minnesota noting Duluth and Minneapolis being over 12 %, however they have a higher combined tax with lodging tax, event center tax and etc. It breaks down to about \$20,000 per resident that we are saving them over a 20 year period. If we do it properly and we do it well the State may decide to use ours as a model for other Minnesota cities.

DISCUSSION ON DEMOLITION OF LOT SIX (6) AUDITORS PLAT LOT FIVE(5) CASS COUNTY MINNESOTA-Administrator Bjorklund

Public works discussed their concern with this property. Now that the City has the legal authority to demolish this property, if something were to happen to someone on this property how liable would we be? After talks with First National Bank they have a minimum of 10 weeks for redemption and they do have someone interested in purchasing it. I have a written quote from Tyler's Backhoe for \$3,800 to demolish and clean up all the garbage in the yard. The garage will remain because that was not found to be non-suitable. The \$3,800 would normally be added to the property taxes in November, however the bank has agreed if we bill them they will see that we get paid for it rather than add it to the property taxes. Does the Council want to see this demolished or does the Council want to wait 10 weeks for the process to go through the bank and for it to become the banks property and then they sell it and I don't know if the seller would demolish it or the bank? The Council agrees to just get it done and bill the bank. Chief Tennis questioned if they would reimburse attorney costs. Bjorklund answered that she had not considered that. Shaw questioned if Valen was comfortable with this decision, and it was stated that Valen is perfectly fine with this decision.

M/S Wilkening/Senenfelder to approve the addition of number 18 under the consent agenda during our regularly scheduled Council meeting to read Approve to accept the bid from Tyler's Backhoe Service in the amount of \$3,800 to demolish lot six (6) auditors plat lot five (5) Cass County Minnesota and clean up all the garbage in the yard and bill the First National Bank for such services.

Motion passed (5-0)

DISCUSSION ON PROPOSED LAND EXCHANGE /OTHER CITY OWNED PROPERTY –Councilmember Wilkening

Wilkening stated that at the Zoning meeting there was not a quorum available, however another member and himself discussed if this lot is considered buildable because of how wet this area is. Wilkening stated that when bringing the question for discussion if this would be a good deal to acquire her property for making this a buildable lot could not be answered with confidence that it could. On the other hand, this could be considered a good deal to purchase this lot for water retention. Wilkening speaks of the reconstruction

of 3rd Street and the how the water can no longer be absorbed by dirt and that it is now tarred behind quam and where the old church was located and the water that drains down that hill from the school pushing their snow over that hill and the City pushing snow in that area, that it naturally runs the direction down into the area we are talking about. It might not be a bad idea for public works to consider requesting this as water retention but not as a buildable property. Moore adds that she would rather keep this as water retention then to do something with this and have a problem. Senenfelder states that he would rather she kept it and that he is not in favor of taking over the assessment. He adds that we could be opening a door that could be swinging back at us. He questioned what the City would do the next time someone else wants us to take a piece of their property in exchange for the assessment. McMurrin questioned if anyone foresees in the future ever needing that for water retention. Shaw brings up a situation where a property owner had altered his lot and it blocked the flow of a nearby creek and that caused another property to flood. If there was an alteration to the property that redirected flows in a different way there may be a case made that we caused a problem that wasn't that big to begin with even bigger. From that perspective it makes sense to take this on for water retention. I don't disagree that it may set precedence but I believe that we can make this a reasonable argument on why in this case we need this piece for water retention. Senenfelder added that during a conversation with John Ringle from Cass County it was brought up that we need more water retention areas in town. Senenfelder noted his hesitation on acquiring this as City property stating that he wonders what demands that property owner will have once we own the property.

M/S McMurrin/Moore approve we take the piece of property from Carol and it will be used for water retention only and not be manicured.

Motion passed (5-0)

ADJOURNMENT-Mayor Jed Shaw

Mayor Shaw adjourned the work session meeting at 5:45 p.m.

Jed Shaw, Mayor

Attest: _____
Terri Bjorklund, Administrator