

**WALKER CITY COUNCIL
PUBLIC TNT HEARING MINUTES
WALKER FIRE HALL MEETING ROOM
Monday December 1, 2008**

CALL TO ORDER – Mayor Walhof

- Mayor Walhof called the TNT Hearing to order at 6:30 pm.
- Council members present: Fjelstul, Finney, Wilkening, Walhof
- Council members absent: Worth
- Others present during portions of the meeting included:

Terri Bjorklund, Administrator
Wayne Tennis, Police Chief

Sylvia Bakker, City Employee
Dean Morrill, Pilot

The Walker City Council will receive comments and concerns pertaining to the proposed Tax Levy. Since Wilkening has not arrived yet, John Fjelstul from the Budget and Finance Committee would you like to say anything?

Council member Fjelstul stated “well the Budget Committee met several times, and you will recall back in I think 9/4 we made a proposal, we had to come up with a Tax Levy at that point, and our percentage of change recommended at that time was 9.5% increase, and that would have given us a budget requirement of, I think we had identified that night \$1,700,000.00 dollars as the total levy, that was a significant increase, but it was the understanding that, that was just the top, we could go down, but we couldn’t increase it, so we had several meetings and as a result the recommendation we are going to be making to the council at the budget meeting the middle of December, the third Thursday, we actually set the Levy, will be a 3% increase, rather than a 9.5% increase. That means the increase that we had originally proposed was \$94,597.00 dollars, and the actual increase that we are going to be recommending when we set the budget is \$32,333.00 dollars. The 3% increase for most property owners in the City of Walker is based on evaluations, the information that we got from the County, and almost everyone is going to see a slight decrease in their taxes, for the year payable in 2009. You have a chart in your packet tonight to show you that, and that is different from what the County Assessor mailed out on the proposed tax, that you all got in the mail a couple of weeks ago, but it’s always understand that’s a proposed tax, because the entities that figure into the proposed tax have not made their final decisions until after the Truth and Taxation meeting. Barring some comments on the part of the Council members and the Public, which we don’t have a lot of tonight we are going to be recommending a 3% increase, and that’s essentially a hold the line tax for the residents of the City of Walker for homestead, seasonal, recreational, and preferred commercial”.

Mayor Walhof addressed Council member Wilkening. "Gary you are on Finance Committee, would you like to say anything"?

Council member Wilkening stated, "Everyone one worked very hard and I think it's a good sound budget, I believe that any potential shortfalls that may come along to the cuts that we did in an effort to not raise taxes can be worked out. John and I have committed to do monthly budget meetings this year, in an effort to keep an eye on the expenditures, so that we ensure that we are following the budget. Interesting article in USA Today this morning about Cities cutting back, and reducing services. Now interesting enough we haven't had to do that. We were able to make a good solid budget without increasing our taxes, that's fair (inaudible), and next year we will try and do it again."

Council member Fjelstul stated " One of the things we would like to do, cause we realize that the infrastructure in town needs considerable maintenance. If we were flushed with money we would probably be resurfacing additional streets at this point in time, and putting in some additional curbing, but that has to be a long-range plan. One of the things that we have started to build into the budget is some engineering costs, to take a look at what it's going to cost us when we have to re-do Michigan Avenue, which is probably going to have to happen in the next five years. We had originally talked about putting about \$40,000.00 dollars into some early engineering study's to give us an ides as to what kind of money it is going to take, so we can set kind off a frame work for how much we want to put aside every year in order to accomplish re-doing Michigan Avenue, and we decided that rather then put \$40,000.00 into that, which was our original thought we would cut it back to \$20,000.00. There has been some contact with Terri and the City Engineer was to what we could get done for that amount. We've got some ideas and preliminary costs, and we will be working on getting us some additional information. We don't want to wait until the last minute to figure out what it's going to cost us about five years to do that, cause we want to start putting aside a little bit of money. But this didn't appear to be the year to set aside any significant amount of money, because of the economy, cause you know the people on Main Street and the property owners in general are hurting, and will probably continue to hurt for sometime. There actually are a couple of other things that have happened, one of the employees that has had group health insurance for this family, decided not to be covered anymore, that saved a significant amount of money, the City's share of that, and we had originally put about \$35,000.00 into a contingency fund that we thought might be necessary for unusual things that might come up, but we decided not to do that. The reason we decided not to do that is we have this healthy balance that we have put aside in the Ambulance Fund, and we continue to generate money every month in collections, and we're not suggesting that we tap that, but if we really get a urgent situation we could probably tap a portion of that to take care of our needs, and we would pay it back as we're able to. We're pretty confident as the Budget Committee that with the 5 year present arrangement with North Ambulance expires, the way things are going now, it'll probably continue and then we will probably be in a position to decide what we want to do with a portion of that sizable amount of money that we have left in the Ambulance Fund in case we have to back to paying out an Ambulance Service. Now that money is in an interest bearing account, so that should grow. Fiscally the City is generally in pretty good shape, but we can't close our eyes to the fact that considering expenditures of significant amounts that have to take hits, hitting

the infrastructure in particular. On the income side, we indicated a minimal amount of revenue from the Liquor Store, and it's doing fairly well, and I think we can expect that our income is going to be a little higher than we prepared in the budget, so that should help us to continue to offset it."

Mayor Walhof stated, "I would like to thank the Budget Committee for their work on this. Um, I'm happy to see a cut from 9.5 to 3%. I feel very bad for our businesses downtown with the economic times that we are in, so I think that it is very imprudent that we deal with this issue and hold the line. One thing I will say though having experience with Michigan, the portion of Michigan we've had to re-do so far there is no Class 5 base under any of Michigan, so it's going to be expensive. I know when we had to re-do the far end of Michigan down by the clinic, what was that third Street, and we ran into a house buried in the middle of the street, and continued to dig until a point where we were down to 20 feet, and then finally decided that's enough, it was all sawdust and stuff underneath there, and ended up putting the geo-textile fabric underneath that, so who knows what we'll find when we get into re-doing Michigan. It may be such a thing that we what to develop a plan to do it block by block, instead of going through the whole project in one year. The other thing I was going to say is, next year's task will possibly be harder, because I just saw the budget estimates from the State of Minnesota, right now they are predicting a 2 billion dollar shortfall at the state, with the latest estimates between 3 and 4 billion, they should have a firm number on Thursday. If you remember the last time the state ran into a 2 billion dollar shortfall, where they robbed most of the money to balance the budget was from Cities and Counties, so I guess I'm preparing the Council that we are probably going to have a fight on our hands this next Legislative Session, because they will try and take the last of our Local Government Aid if we indeed have a 3 to 4 billion dollar shortfall. (inaudible) Local Government Aid is a mechanism in which small towns that were poor in Real Estate Taxes are able to maintain infrastructure that you have. None of the Metro suburbs receive any LGA, because most of their property has expensive homes on it, and everything has a business or home on it, so there not effected, so it's easy to cut Cities because their not cutting where all the votes are, so I think the Council better be prepared that if the state is 3 or 4 billion dollars short, I think that they are going to come after us again."

Council member Fjelstul stated, "the other thing that can happen in tough times like this is that the Revenue that you anticipated from property tax collections, sometimes does not arrive on time, cause the people cannot afford to pay their taxes when they are due. Now the system is set up so that if they don't they have to pay penalties, but I anticipated that that list that we see in the Pilot about people in the Counties and City's and the Township's who are tax delinquent is going to increase in size, so that our revenue may not necessary arrive the way we would like it to, and on time. That's one reason why Gary and I and Terri have talked about the need to have monthly budget committee meetings, so that we can quickly as possible put a fix on things that appear to be straining, the potential wellness of our budget in the City, and if Terri in particular is aware of any special needs that Gary and I might not be aware of, because of her working with like Public Works for example, and you anticipate that there's some expenditures that have to take place, there usually are when it comes to streets and water systems, but

we can get a handle on it as early as possible. So we've commented to having these monthly review meetings, and we're not going to charge for these meetings like we naturally do when we do the budget, because we feel it's important that we also do what we can to hold the line on some of those, but we feel that it's very important that we get a good grasp on it, and that will also help in trying to develop our budget in 09, and make it a little easier for us, to be accurate when we submit our first proposal to the City Council."

Mayor Walhof stated, "I'm really glad you guys decided to meet on a monthly basis in the coming year because the legislature will be back in session in February, so we're going to be in that situation again where we were that last budget session, two years ago, where we don't have to the last minute, whether or not we are going to be cut from Local Government Aid, and of course our budget has to be done by September 15th, so that doesn't leave us a whole lot of time if the state starts hacking away at our budget."

Council member Fjelstul said, "that the other thing he wanted to comment on, and I'm sure Gary also appreciates it, is the fine work our accounting department is doing to provide information for us. Whenever we need something, it's back as soon as we need it, and they are doing an excellent job of giving us information we need, and trying to look for dollars that we might not have even anticipated, dollars that could be savings to us somehow."

Mayor Walhof said, "one of the things that might be good this winter is the cost of gasoline going down and hopefully LP will go down, and we'll have some savings this winter."

Council member Fjelstul said, "we tried to factor that into the budget as much as we could but we didn't know exactly what to do, we were hoping it wouldn't go any higher than it was when we started working on the budget in July, but cost have gone down fortunately, but there will be some other things that pop-up that we are on aware of. Mayor Walhof addressed Council member Finney and asked if she had any questions. Any questions from the audience?"

Upon receiving no questions Mayor Walhof Adjourned the Public TNT Hearing at 6:50 p.m.

Bradley J. Walhof, Mayor

Attest: _____
Terri Bjorklund, Administrator