

**MINUTES
CITY OF DELANO
SPECIAL WORKSHOP
City Council/Economic Development Authority
Tuesday, December 1, 2009
6:00 PM**

1. CALL TO ORDER

Mayor Joe McDonald called the regular meeting of the Delano City Council/Economic Development Authority of Tuesday, December 1, 2009 to order at 6:05 PM.

2. ROLL CALL

Members Present: Joe McDonald, Mayor
Holly Schrupp, Council Member
Larry Bartels, Council Member
Betsy Stolfa, Council Member

Members Absent: Brad Hotchkiss, Council Member

Also Present: Phil Kern, City Administrator
Brian Bloch, Finance Director
Wendy Biel, Recorder

3. SPECIAL ORDER OF BUSINESS

A. Discuss the 2010 Budget and Tax Levy.

Brian Bloch presented the 2010 Tax Levy and Budget Proposal for Council. Bloch started with an outline describing the Budget Purpose and Process, Proposed 2010 General Fund Budget, Proposed 2010 Tax Levy and Summary.

Budget Purpose and Process:

The budget is a tool utilized by the City to allocate resources towards goals and priorities for the City. The Budget is a tool to reach an end - providing the highest quality services in a fiscally responsible manner. The process involves prioritizing needs and demands, establishing goals of the City by Staff and Department Heads, Capital Improvement Plan reviewed, preliminary budget and tax levy proposal, review by Council, revisions to the preliminary budget and tax levy proposal as requested and final budget and tax levy presented and approved by Council prior to January 2010. This year the proposed balanced budget is \$2,506,782.

Proposed 2010 General Fund Budget:

Expenditures – The General Fund Expenditure proposal by department is: General Government 24%, Community Services 24%, Public Safety 21%, Public Works 17%, Capital Outlay 5% and Other 9%.

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Revenues – The General Fund Revenue is supported by: Property Tax 73%, Franchise Fees 12%, Intergovernmental Aid 5%, Transfers In 5%, License and Permits 3% and Other 2%.

Proposed 2010 Tax Levy:

Items discussed that are impacting the expenditures and revenues is the present state of the economy, revenue restrictions (i.e. property tax levy limits and local governmental aid unallotment), the need to fund matching grant/project awards and the decrease in licenses and permit revenues.

Bloch continued detailing that property tax supports three levels of government: City, County and School District. The State establishes a formula for how taxes are divided amongst property types: residential, commercial, industrial, etc.. The proposed 2010 City Tax Rate is 42.432%; the City establishes a levy amount based on three factors: general fund (general operations of the City), debt service, and tax abatement.

In clarifying the tax rate, Bloch explained that each property has an assessed market value and there is a classification rate applied to the market value; each type of property has a different classification rate (homestead – 1%, commercial – 1.5%, etc). Then each taxing entity (City, County, and School) establishes a rate and the sum equals the total tax rate. For example a home assessed at \$200,000 x 1% (homestead classification rate) = \$2,000 + City Tax Rate 42.432% + County Tax Rate 36.049% + School Tax Rate 26.869% = \$2,107 Proposed Property Tax.

Bloch continued by noting that of the 17 cities within Wright County, Delano has the sixth lowest proposed City tax rate and the third lowest total proposed tax rate.

In summary, Bloch concluded the proposed the 2010 General Fund Budget of \$2,506,782; the expenditures are lower in 2010 than they were in 2007 and the overarching goal is to provide the highest quality services in a fiscally planned manner.

Mayor McDonald commended Staff and Department Heads for compiling such an efficient budget proposal without negatively affecting community services. The Mayor also encouraged comments from any local residents through December 15, 2009 when Council will approve the 2010 Budget and Tax Levy.

Betsy Stolfa questioned if there could be any changes to the tax levy; Bloch responded that the tax levy can not go up but could be reduced from where it is today. Bloch supported suggestions for additional expenditure savings or options for an increase in revenue which could be submitted to the final budget prior to approval in two weeks.

4. ADJOURNMENT

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Motion Number (M-09-289) Motion by Larry Bartels, second by Betsy Stolfa to adjourn the Special Workshop of the City Council/Economic Development Authority of Tuesday, December 1, 2009. Motion Carried.

There being no further business to discuss the special workshop of the Delano City Council/Economic Development Authority of Tuesday, December 1, 2009 was adjourned at 6:35 PM.

Joe McDonald, Mayor

Marlene Kittock, City Clerk

ATTEST:

Wendy Biel, Recorder