

FRIDAY, SEPTEMBER 21, 2018 COLD SPRING CITY COUNCIL SPECIAL MEETING MINUTES

Mayor Dave Heinen called the meeting to order at 9:00 a.m. The following members were found to be present: Mayor Dave Heinen, Jayme Knapp, Gary Theisen, and Doug Schmitz. Absent: Shannon Miller. Others present: Brigid Murphy, Kris Dockendorf, Jon Stueve, Jason Blum, and Cyril Erkens.

APPROVAL OF THE AGENDA

MOTION WAS MADE BY THEISEN, SECONDED BY SCHMITZ, TO APPROVE THE AGENDA OF THE SEPTEMBER 6, 2018 CITY COUNCIL MEETING. MOTION PASSED 4-0.

REVIEW OF 2019 PROPOSED BUDGET DISCUSSION

Murphy and Dockendorf discussed the county information that was originally received regarding the tax capacity increase of 15.41%. After talking with Jeff Johnson, the county assessor, this number reflects roughly a 9% increase in assessed value increases and a little over 5% increase based on new construction. Murphy explained that with this huge increase in both, it became evident that the city has always levied on the combined increase in assessed value and new construction, when the levy should have been based on the new construction increase only. The county does only new construction. Murphy distributed a calculation sent by Johnson that explained the last couple year's breakdown by assessment increase and new construction. Theisen asked if we have never done this adjustment, why do it now. Dockendorf stated that in years prior, the difference between the two parts of levy increase was roughly 1 percent or so. With the assessed values jumping this year, we realized we were painting an inaccurate picture of the increases. Murphy says there are cities that are not revising it to just new construction. Murphy provided a new additional budget option.

Murphy provided the council with the newest version of the tax calculation for discussion purpose. Knapp asked if at this point nothing has been approved and that any approval would only then be able to be decreased, Murphy confirmed this. Murphy ran through the items that all departments could remove from the budget to get the levy increases down to a more defensible increase. Murphy stated that staff was able to take out over \$100,000 to get the levy to 3.47% increase.

Jon Stueve asked what the council will plan to do regarding tax capacity calculation plan in the coming years and a discussion was had about what a typical annual increase from new construction versus the combined increase of new construction and assessed value. Dockendorf spoke on the relationship between the tax capacity, tax increases due to levy and the effect of both on the tax rate of the city. As part of this more transparent way of calculating taxes, the discussion focused on those years when there is little growth. Discussion was that in those situations, taxes will have to go up. Knapp proposed that the website and the law enforcement equipment needs to stay in the budget. Theisen and Heinen agreed with Knapp's proposal. Murphy did remind the council that the website design is a three year budget amount. Schmitz was concerned that if we buy it all right now, how do we get into a rotation for equipment? Blum stated that this year with the reductions as discussed, he could start the rotation schedule for the items. Dockendorf reran the tax calculation with maintaining the police equipment and the website to determine that the increase in taxes will be 4.81%.

MOTION WAS MADE BY THEISEN, SECONDED BY KNAPP, TO ACCEPT THE 4.81% INCREASE. DISCUSSION WAS OFFERED AND SCHMITZ ASKED THAT SHOULD THERE BE CONCERNS RAISED BY CITIZENS AT THE DECEMBER MEETING, THAT ALL ARE WILLING TO HAVE A DISCUSSION ON WHAT CAN BE CUT. ALL AGREED AND THE MOTION CARRIED 4-0.

ADJOURN

MOTION WAS MADE BY SCHMITZ, SECONDED BY MILLER, TO ADJOURN AT 9:52 P.M., SEEING NO FURTHER BUSINESS TO COME BEFORE THE CITY COUNCIL. MOTION PASSED 5-0.

Mayor David Heinen

Brigid Murphy, City Administrator