

**MINUTES
MINNETONKA CITY COUNCIL
SPECIAL MEETING, MONDAY, DECEMBER 8, 2003**

1. CALL TO ORDER.

Mayor Anderson called the meeting to order at 6:30 p.m.

2. PLEDGE OF ALLEGIANCE.

All joined in the Pledge of Allegiance.

3. ROLL CALL.

Assistant City Manager Geralyn Barone called the roll. Council members Ken Tauer, Brad Wiersum, Terry Schneider, Al Thomas, Jan Callison, Dick Allendorf, and Karen Anderson were present.

4. REPORTS FROM CITY MANAGER & COUNCIL MEMBERS.

Gunyou reported that the next regular council meeting will be held on December 15, and that will be the last meeting of the year.

5. Truth in Taxation Hearing.

Anderson introduced this item, noting that the city council discussed the proposed budget at two study sessions. She said that the Truth in Taxation hearing would allow for public input about the budget before the council adopts it on December 15.

Gunyou provided a Powerpoint presentation about the proposed budget.

Gunyou said that the council follows a very open process in developing the budget, including two study sessions that were open to the public. Gunyou said that Minnetonka was not required to hold a Truth in Taxation hearing this year, since the tax levy increase was under the state threshold. However, Minnetonka was holding the hearing because of the city's belief in an open process.

Anderson opened the public hearing.

Deborah MacRae, 17720 Breconwood Road, requested a property tax freeze for senior citizens. She said that people are living longer and earning less money. She asked if the city considered that Breconwood's roads are private when the taxes were set.

Gunyou said that the program she referenced was a state circuit breaker program based on income. He said that cities are not allowed to tax people differently. The city can only set the total amount of revenue, and the remainder is controlled by the state. Anderson said that the circuit breaker system applied to those with lower incomes, not just seniors, and the State Legislature controlled the program.

Mary McKee, 3842 Baker Road, was concerned about being able to continue to live in Minnetonka. She suggested that since property taxes are largely a state issue, the names of state representatives be included in the *Minnetonka Memo*. She felt that non-profits resulted in fewer property tax dollars. She supported the new fees related to fire alarms.

Schneider clarified that some non-profits are exempt from property taxes, but not all. Callison further clarified that property taxes are paid for the land owned by the West Hennepin Affordable Housing Land Trust.

Gunyou said that non-profit developments couldn't be prohibited under the city's authority over land use decisions. Non-profits that make money typically pay property taxes, while charitable institutions and governments do not. Gunyou said that Minnetonka has few non-profits compared with cities like St. Paul.

Gunyou said that a list of legislators will be published in the *Minnetonka Memo*, and a link will be provided on the city's Web site.

Anderson said that the city has never weighed the potential property tax revenues in land use decisions. She said that the city's tax base is strong enough, so Minnetonka is able to make land use decisions based on use rather than on tax revenues. She noted that state law has shifted more of the property tax burden onto residential properties, but that commercial properties still pay a higher rate than residential properties.

Bruce Stillman, 2404 Sherwood Hills Road, asked if the statement he received from Hennepin County concerning his proposed taxes was correct. Anderson responded that the increase stated in the county's notice is based on the proposed levies of all jurisdictions. She noted that the city can reduce its levy, but cannot increase it. She said that Stillman's taxes would not be higher than the figure on the county's statement. She noted that Wayzata School District just passed a referendum which would increase property taxes in that district.

Gunyou clarified that the *Minnetonka Memo* article shows the increase for an average valued home in Minnetonka. Many factors determine each specific homeowner's taxes.

Wiersum agreed that the county tax statement was confusing. He said that there are a number of factors that could increase property taxes.

Stillman suggested improvements to the way the city is spending the proceeds of the park referendum. Thomas asked for his ideas, and noted that the city based the projects on input from residents. Stillman questioned the interpretation of the surveys. Thomas responded that park renewal decisions are based on neighborhood meetings as well as the surveys. Stillman questioned the accuracy of the information the city provides, and alleged that he had been threatened by staff. Thomas said that he had been to a number of meetings, and disagreed with Stillman. He offered to meet with him to discuss any specific concerns.

Jim Kohrt, 16512 Seymour Avenue, is involved with the Senior Federation. He was not concerned with property taxes at the local level, but was concerned about the decisions at the state level. He suggested an educational process for Minnetonka residents, because he did not think they understood the process. He suggested an ongoing "primer" comparing activities at the local and state levels. He thought it would be interesting to determine the number of seniors whose continued residency is threatened by increasing property taxes. Anderson appreciated his comments and said there might be ways for the city to help.

Wiersum said that the squeeze seniors are feeling is an affordable housing issue. He said that the city must deal within state law, and wondered if the city could advocate changes.

Schneider said that it would be good to enlighten the constituency. The issues are complicated, but it would be worthwhile to hold a workshop. He said that the issue is difficult to communicate in an article. He sympathized with seniors who are being priced out of their homes and said that there are some programs to help them, including reverse mortgages.

Robert Schmidt, Tonkawood Court, thought that the fence at Mini-Tonka Park was a mistake. He said that the city's information about the budget only referred to percentages and not dollars. He questioned being told that taxes would increase by 2%, when they would increase by 8%.

Anderson said that the fence at Mini-Tonka Park will be replaced due to poor performance, but the cost will not come from the referendum funds. She said that percentages are more appropriately used because each home is valued differently.

Allendorf recalled that dollars were referenced in Gunyou's presentation, including \$737 for city services.

Gunyou said that both dollar and percentage information on property taxes was provided in the *Minnetonka Memo*. He said that the total budget figure was not provided, and would be in next year's article. He noted that budget details are available on the web site.

Schneider supported that and said that giving people the total budget figure gives them an idea of the magnitude of the city's operation.

Anderson suggested that residents with questions contact the city.

Tauer said that the city council serves as the Board of Review in April, and suggested that residents call assessing if they have questions about their property values.

Schneider said that the first buyer in developments with private streets got a lower value, and that was a choice of the developer who built the project.

Allendorf supported a public workshop about the property tax system. He noted that a few years ago, someone complained to the city about the school district's taxes. He said that residents should be responsible to learn and understand the system.

Schneider suggested that Representative Abrams could participate in the workshop.

Kohrt supported the workshop. He suggested a series of short and uncomplicated sessions with speakers on a variety of topics.

Anderson closed the public hearing. She said that the city council would consider adoption of the 2004 budget at its December 15 meeting. She asked for any changes from council members, and there were none.

6. ADJOURNMENT.

Thomas moved, Allendorf seconded a motion to adjourn the meeting at 7:40 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Kathleen Magrew
City Clerk