

**MINUTES
MINNETONKA CITY COUNCIL
REGULAR MEETING, MONDAY, DECEMBER 5, 2005**

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.

Councilmembers Terry Schneider, Jan Callison, Al Thomas, Tony Wagner, Bob Ellingson, Brad Wiersum, and Karen Anderson were present.

4. APPROVAL OF AGENDA.

Callison moved, Wiersum seconded a motion to accept the agenda. Wagner advised that he would abstain on item #13A due to a conflict of interest (his employer is Carlson Companies). All voted "yes." Motion carried.

5. APPROVAL OF MINUTES:

A. November 21, 2005 executive meeting.

Schneider moved, Thomas seconded a motion to approve the minutes of the November 21, 2005 Minnetonka City Council special closed executive meeting. Ellingson noted that he arrived late for the November 21 meeting. All voted "yes." Motion carried.

B. November 28, 2005 regular council meeting.

Schneider moved, Thomas seconded a motion to approve the minutes of the November 28, 2005 Minnetonka City Council regular meeting. All voted "yes." Motion carried.

6. SPECIAL MATTERS:

A. Retirement recognition of Duane Lenarz, public works.

Anderson recognized D.J. Lenarz as he retired after 25 years of service with the city's public works department. She noted that he received two EIA awards, and demonstrated outstanding customer

service. Anderson presented him with an award in recognition of his service. Lenarz expressed his appreciation.

7. REPORTS FROM CITY MANAGER & COUNCIL MEMBERS.

Gunyou reported on the schedule for upcoming council meetings.

Anderson reported that she, Schneider and Callison attended the grand opening for the Minnwest Bank at T.H. 7 and Williston Road. She noted that this construction cleaned up a blighted corner, and said that it was a wonderful architectural addition to the city. She acknowledged the efforts of the TwinWest Chamber with the grand opening.

Anderson also reported that she attended the League of Minnesota Cities annual conference in Rochester. The meetings were interesting and instructive. Anderson distributed copies of the draft legislative policies and asked that staff and council members submit any comments to LMC before the policies are adopted in January. She also noted that City Manager John Gunyou received the President's Award at the conference, in recognition of his participation on the League's Financing Government Task Force.

8. CITIZENS WISHING TO DISCUSS MATTERS NOT ON THE AGENDA.

Fred Mulvaney, 10417 Crestridge Drive, asked the council to consider regulating temporary structures to cover boats. These structures are often greater than 120 square feet in size, but because they are temporary, do not fall under the building code or setback rules. He said that they are an eyesore, and can be built on property lines. He noted an example where such a structure straddles two property lines.

Anderson explained the process for issues raised under this item, and asked if other council members would want more information on the topic.

Gunyou said that staff was not aware of any complaints about these types of structures, but could look into it. Anderson asked if the structures would fall into the nuisance category.

Schneider said that although the setback requirements would not apply to temporary structures, most lots have five foot easements around their exterior boundaries for utilities and the city does not allow construction within those easements. He suggested using those regulations rather than adopting new regulations.

Mulvaney said that staff visited his property and looked at the problem. He complained about a property where one of these temporary structures

exceeds 1,000 square feet in size, and that property already has two sheds.

Anderson said that the council had not heard from others with similar concerns. She thanked Mulvaney for bringing the matter to the council's attention.

Mulvaney said that staff told him that these structures do not meet the definition of a building in the city's ordinances.

Peterson said that there is probably nothing in the ordinances regarding temporary structures, and thought that Mulvaney was asking the city to enact a regulation about them.

Wagner, who drives this road three times a day, said that he would look at the situation, talk with Mulvaney, and then work with staff.

9. BIDS AND PURCHASES:

A. Consideration of bids for an aerial lift bucket.

Gunyou provided the staff report. In response to Anderson's question, Gunyou said that the old unit would likely be sold through the county auction or through an on-line auction service.

Callison moved, Thomas seconded a motion to award the bid to furnish and install an aerial lift bucket to ABM Equipment and Supply, Inc. for \$38,160.00. All voted "yes." Motion carried.

10. CONSENT AGENDA (Items Requiring a Majority Vote):

A. Authorization of formal agreement with Sojourner Project Inc. for domestic abuse services for 2006.

Wiersum moved, Wagner seconded a motion to renew the agreement with Sojourner Project for 2006 domestic abuse services. All voted "yes." Motion carried.

B. Authorization of formal agreement with the Learning for Life Program of the Northern Star Council for a community-based juvenile diversion program for 2006.

Anderson pulled this item from the consent agenda. She supports the program and said they do a good job for the city. She previously served on an advisory group to this organization, and noted that Callison currently serves in that capacity. Anderson noted the

difficulty of measuring the program's success due to the private nature of juvenile records. However, Police Chief Rikala advised her that such data were beginning to be collected. She asked Rikala to explain the program.

Rikala said that the diversion program is community based and helps juveniles who have committed low level property offenses. The program offers quicker consequences and a community service component. Statistics from 2004 indicate that 27 percent of the program participants re-offended, which is actually an excellent result. Most of those who re-offended did so as a result of use of alcohol, tobacco or drugs. Those who re-offend must go through the Juvenile Court system. Rikala said that over the past 10 years, the program has brought quick consequences instead of the long delays of Juvenile Court, and has provided an opportunity to work with juvenile offenders and their families.

In response to Callison's question, Rikala said that approximately 100 to 120 offenders participate in the program annually.

In response to Wiersum's question, Gunyou said that the agreements in items 10A-C typically run close to the budgeted amounts. The providers do not receive more money if they go over the set amounts. Anderson noted that there were some adjustments made last year because the programs had consistently incurred additional expenses.

Callison moved, Wagner seconded a motion to authorize an agreement with the Learning for Life Program of the Northern Star Council for the 2006 community-based juvenile diversion program. All voted "yes." Motion carried.

C. Renewal of the mediation services agreement.

Wiersum moved, Wagner seconded a motion to renew the mediation services agreement. All voted "yes." Motion carried.

D. Memorandum of Understanding between the city of Minnetonka, Hopkins School District and CommonBond Communities for the Crown Ridge Advantage Center.

Wiersum moved, Wagner seconded a motion to approve a Memorandum of Understanding between the city of Minnetonka, Hopkins School District and CommonBond Communities for the Crown Ridge Advantage Center. All voted "yes." Motion carried.

E. Proposed Order for a Tobacco License Stipulation.

Wiersum moved, Wagner seconded a motion to issue Findings of Fact, Conclusion, and Orders for tobacco license violations, as follows:

Knutson's Markets Corporation \$250
Spielmann Standard Inc. \$250

All voted "yes." Motion carried.

F. Resolutions pertaining to tax-forfeited land within the city of Minnetonka.

Wiersum moved, Wagner seconded a motion to adopt Resolution No. 2005-145 authorizing the reconveyance of certain tax-forfeited land to the state of Minnesota and Resolution No. 2005-146 requesting the conveyance of certain tax-forfeited land to the city of Minnetonka for drainage purposes. All voted "yes." Motion carried.

G. Adoption of an ordinance regarding building permits and easements.

Wiersum moved, Wagner seconded a motion to adopt Ordinance No. 2005-21 amending City Code Section 500.015 and 500.040 regarding building permits and easements. All voted "yes." Motion carried.

H. Resolutions ordering the abatement of nuisance conditions.

Rankin advised that the property on McGinty Road West was now in compliance. Peterson noted that the owner of the Loretta Lane property advised that he was unable to abate the nuisance because his insurance company had not made payment for the fire damage. Due to those circumstances, staff asked that the resolution only address the landscaping issues, and staff would bring a hazardous building order to the council in the future.

Wiersum moved, Wagner seconded a motion to adopt Resolution No. 2005-147 ordering the abatement of nuisance conditions existing at 4407 Loretta Lane as modified. All voted "yes." Motion carried.

11. **Items requiring Five Votes:** None.

12. **INTRODUCTION OF ORDINANCES:** None.

13. PUBLIC HEARINGS:**A. Public hearing to consider applications by Bon Appetit Management Company, for on-sale and Sunday on-sale intoxicating liquor licenses for Café Carlson restaurant, 701 Carlson Parkway.**

Community Development Director Ron Rankin provided the staff report.

Schneider moved, Thomas seconded a motion to continue the public hearing to consider applications by Bon Appetit Management Company, for an on-sale and Sunday on-sale intoxicating liquor licenses for Café Carlson restaurant, 701 Carlson Parkway to January 9, 2006.

Anderson opened the public hearing at 7:01 p.m.

Fred Mulvaney, 10417 Crestridge Dr., suggested limiting the license to the rotunda. Rankin responded that for purposes of this license, specific areas were requested, including the rotunda, the adjoining area of the café, and part of the rotunda balcony.

Anderson noted that this was the first hearing for this license. She asked staff to look at the logistics for this license before the second hearing to determine the practicality of limiting the area of the license.

Schneider, Callison, Thomas, Ellingson, Wiersum and Anderson voted "yes." Wagner abstained due to a conflict of interest. Motion carried.

B. Truth-In-Taxation Hearing.

Gunyou gave a presentation on the proposed 2006 budget, noting the following:

- The council previously discussed the proposed budget at public meetings in August, September and November. The proposed budget was in keeping with the council's direction at those meetings.
- Truth in Taxation notices were mailed to residences and businesses. Minnetonka holds Truth in Taxation hearings, even when they are not required, because Minnetonka believes that residents have a right to be heard.

- The 2006 budget will be adopted on December 19, pending any changes directed by council tonight.
- Additional information was included in the presentation at the request of council members due to the questions raised by residents about total tax impacts. The presentation, and detailed budget information will be available on the city's Web site. Staff plans to make budget information, which is now being prepared in a more easily understood format, available to the public earlier in future years.
- This is the first year that all of the city's funds have been included in the budget document.
- In keeping with Minnetonka's practice of long-term financial planning, the budget avoids major changes from year to year—even when there are major outside impacts. For example, the city lost one million dollars from the state a few years ago, but moderated the impact of that loss through proper preplanning. This long term planning approach allows the city to ensure its ongoing capacity to provide quality services at a reasonable price.
- The biggest challenge to this year's budget continues to be state-imposed mandates, which have been increasing over recent years. The 2006 budget reflects in excess of one million dollars of unfunded state mandates: the market value home credit costs the city \$622,000; state sales tax on city purchases, \$260,000; the PERA bailout \$94,000 (this will cost over \$1 million over the next five years); and private utility locates \$60,000. This is not unique to Minnetonka-- every city is faced with similar issues.
- In August, the city council directed staff to reduce the proposed budget by \$280,000. Staff did that, which held the budget growth to 4 percent - comparable with the city's historic budget growth. This increase will maintain current services, and will place a priority on streets and public safety (police and fire) services.
- In addition, the council recently adopted a road revitalization program, which is designed to renew all local streets over the next ten years. The new program addresses the constraints created by flat state aid revenues over the past decade, and the increasing need for the city to provide matching funds for county and state road projects in Minnetonka, which will continue over the next decade. The new program has been publicized in local papers and in the *Minnetonka Memo*. The council directed that the program be phased in over two years to minimize the tax impacts.

- Examples were provided to show the total tax impacts on various Minnetonka homes. A \$330,000 home in the Hopkins School District would pay \$9 more to maintain current city services, \$30 more for the state mandates, and an additional \$50 for streets. This increase puts Minnetonka in the upper middle range of cities throughout the metropolitan area.
- An explanation was provided for the variance in numbers that people will see on their Truth in Taxation notices. Minnetonka's share of the tax only represents 25% of the total property tax bill – Hennepin County and area school districts have a larger portion of the bill. Another major impact is the change in market value. Many people think that as property values increase, their property taxes automatically go up too.
- That is not the whole picture because many state formulas apply. Homes with values that increase faster will see greater tax increases. Another factor is commercial values. Although they have increased this year, commercial values have been flat for several years, which has increased the relative share that residential property taxes must pay. In addition, the state made major changes to their formulas, which put even more of the burden on residential properties.
- The state also artificially capped the value growth of residential properties. The state began to phase this program out a few years ago, so those homes saw increases in value even though the actual value might not have increased in that year. About one-third of the residential properties in Minnetonka are still affected by this limited market value program. Cities, counties and schools have absolutely no control over these factors.
- Another factor in the tax bill is the school district in which the property is located. About 60% of Minnetonka is in the Hopkins School District, 30% in the Minnetonka School District and 10% in the Wayzata School District. Due to major changes in the state formula, school property taxes are rising considerably statewide. District referendums also affect the property tax bill.
- Home improvements also can affect the tax bill, over and above general value increases.
- Minnetonka has consistently lowered its tax rate each year. This year, 12% of our homeowners will see a decrease in their property taxes, about 50% will see an increase of up to 10%, and others will see increases in the 10 to 15% range. A small share (about 12 properties) will see increases in the 15 to 20% range. These changes reflect total property taxes,

including the city, county, school district, and regional agencies. Examples were provided for homes of differing values and factors.

- Many of Minnetonka's services are supported by fees (water and sewer, development reviews and enforcement, and recreation services). Property tax dollars primarily go to police and fire (37% of the total city tax bill), streets (31%, an increase from past years due to the revitalization program), and the park program (20%, also more than traditionally due to the referendum).

Gunyou summarized that the greatest impact to the city budget was due to state-imposed mandates. Staff cut \$280,000 from the budget to hold the increase to 4%, the traditional annual growth.

Schneider stressed the impact of the state reductions, and noted that the city cannot control that or inflation. He noted that callers often express skepticism, and the explanation needs to be made available so people can understand how the system works. He also noted the impact of fiscal disparities, which also affects Minnetonka taxpayers.

Gunyou explained the fiscal disparities program, which was enacted in the 1970's so that growth in the commercial tax base could be shared throughout the metropolitan area. Cities with a large growing tax base for commercial properties would share that benefit to avoid competition among cities. The net effect is that Minnetonka's residential property taxes are about 10% higher than they would be without the program. Minnetonka has supported the fiscal disparity program because our city is regionally minded, but we are encouraging a review of the program, which has generally remained unchanged since its enactment.

Wiersum thanked staff for adding the example slides to the presentation. He noted the frustration of residents in trying to understand the 9% increase and the impact of that on various properties.

Wagner asked that the presentation be posted on the city's Web site because it is a good educational tool. He noted that the council discussed several options for funding the road program. The city hasn't used assessments, and bonding would have been expensive. He appreciated the feedback that the council received during the review of that program.

Anderson opened public hearing at 7:33 p.m.

Jerry Bich, 3320 Hazelwood West, asked that in the future the *Minnetonka Memo* contain more detail. He wondered if the state revenue cuts and the mandates were the same. He asked how long it would take to shore up the PERA retirement plan and if those assessments would go away when that plan was solvent. He would also like more information about the mandates. He is an engineer and likes details. He has lived in Minnetonka for 25 years, and finds Minnetonka to be a very well-run city. He did not support the fiscal disparity program, and thought that it penalized well-run cities.

Gunyou noted the changes to the format of the 2006 budget made by Finance Director Merrill King. In the past, the budget was mostly line items, information that was not very useful. The new format provides a detailed cover page for each department, including various tracking data. This information will be posted on the Web site. Gunyou encouraged residents to contact King for more information. He noted that the PERA bailout will be phased in over the next five years, and that the increased assessments to both employers and employees will be permanent.

Anderson introduced King. Anderson asked for more details on the state mandates. She noted that there were cuts in the state revenue two to three years ago through a reduction in local government aid. Although Minnetonka didn't get much revenue from the state, it lost all of its HACA revenue.

Gunyou said that the city lost about \$800,000 in market value homestead credit, and had to absorb that loss midway through a budget year. This created a great deal of problems for many cities, but Minnetonka had anticipated the loss and accommodated it by delaying some Capital Improvement projects—the five year program became a 5.5 year program. Some vacant positions were cut, but a road maintenance worker was added back last year when the resources were available.

Schneider, who also has an engineering/architectural background, also appreciates detail, but noted the challenge of including all of the information in the *Minnetonka Memo*. He suggested that the Web site provide the details through sequential links, and the *Memo* continue to focus on the big picture. He noted that 85% of Minnetonka residents have Internet access. Anderson added that the budget is available in paper form for those without Web access.

Greg Slater, 2500 Woodruff Spur, noted that the Plymouth Web site provides revenue and expenditures information, and he didn't find

similar information on Minnetonka's site. He said that the average citizen is being overwhelmed by taxes and long term debt, and that has to change. The funding status quo won't work in the future. It is frustrating for residents to figure out who is in charge of property taxes—every organization points the finger at another. The assumption is that the average citizen won't pursue the information, but frustrations will be expressed at the ballot box next year. He noted that much of the onus for Minnetonka's increase has been placed on the state. He asked what the council is doing to argue its position with the state.

Anderson referred to the LMC policies she mentioned earlier in the meeting as a way for cities throughout the state to lobby the legislature and advise them that the city is hearing from its residents. The city is closest to the citizens and is easiest to approach. Minnetonka works with other cities to get the point across. The city manager and mayor attended a meeting last week with the Hopkins School District, and the mayors and managers of the largest cities in the district. About half of the local legislators attended. Information was shared that even though there wasn't a tax increase at the state level, it was being exhibited at the local level through a trickle down effect. The recent discovery of a state surplus may provide some relief.

Callison noted that cities don't vote, so it doesn't matter if every city does not support the current state policies. The council will meet with local legislators in February and they need to hear from residents about the impact on them. This is a very complex issue.

Gunyou noted Slater's comment about debt, and said that both the federal and state governments are going into more debt than they have traditionally. Minnetonka emphasizes a "pay as you go" policy. Our only debt is for utility bonds (supported by a utility fee) for a new water tower and treatment plant, and for park and open space bonds (supported by a voter-approved referendum). Minnetonka does not assess for streets or use assessment bonds, which cost more in the long run.

Anderson said that the council discussed partial use of bonds for streets, but after looking at the long-run costs, decided that option would cost more than through property taxes.

Wiersum said that the state has been operating under a no new taxes pledge. Everyone knows that there have been inflationary factors, but the state has insisted on not increasing taxes, and has

shifted the burden to cities. The city has tightened its belt and cut positions since the state's pledge.

Bob Clemenhagen, 16501 Elm Drive, complimented Gunyou on his many communications about both local and state budgets, and appreciated the increased visibility of the information. He is a member of the Senior Federation's Tax Committee. At a recent meeting, they heard many of the same questions raised tonight. The issues are complicated and there is a lot of finger pointing. He noted that in addition to the state imposed mandates, there have been similar federal mandates, such as No Child Left Behind. The federal and state governments cannot pay for the things they have paid for in the past. The cities and counties must cut programs or raise taxes. Citizens fail to realize this. Citizens have to choose if they want to continue the service level and if they want to educate our children. If we don't maintain the programs, the quality of life in the future will be adversely affected. Citizens are confused as to where to get the answers. The state is responsible for the property tax law. If citizens are upset about the market value system, they need to ask the governor and the legislators for changes. The city and county cannot do anything but be responsible for their budgets and for carrying out the mandates.

Clemenhagen noted that last year, one percent of the increase in the budget was attributable to the shift in valuation from residential to commercial, and asked about the correlation for this year. He noted that the Binger estate was responsible for a good share of the state's newly projected surplus. Clemenhagen thought that commercial property values would have increased this past year. He noted that the Senior Federation does not support the market based concept, which requires the property tax refund program to moderate impacts on lower-income homeowners. The program is unwieldy and costly to administer. An income approach is used to value the Mall of America. The existing system was established in 1850, when we lived on the land and raised crops, so it was a pseudo income tax. There is very little relationship between the values of our homes to the services we receive. Citizens should look to the state and legislators for answers.

Anderson said that the Senior Federation does a good job of educating people, and is especially helpful for seniors on a fixed income.

Gunyou said that Clemenhagen was correct that these factors have played a major part in recent residential tax increases. The changes made by the state to the formula consciously put more

burden on residential property owners. Commercial growth was flat for several years, and the disparity increased. This is the first year commercial and residential value growth has been similar.

Schneider said that federal mandates are difficult and insidious—we don't know where they come from. Many are well-meaning, designed to improve the quality of life and the environment. There are new clean water mandates coming from the EPA through the state's PCA, that will have major financial impacts to developers and cities—costs that will be borne by local residents.

Fred Mulvaney, 10417 Crestridge Drive, said that there are several retired people in his neighborhood. He does not know how much their taxes increased, but his went up 17.26%. He does not know how people on a fixed income handle the increases. He said that the increases cannot continue forever. He asked if cities were tax exempt, like non-profits. Anderson said that cities are not exempt from the state sales tax. Mulvaney said that in his industry businesses are proactive and don't just react to things, such as mandates.

Gunyou reiterated that Minnetonka uses long term planning, which helped mitigate the service impacts of the state cuts. Anderson said that the city does not receive advance notice of federal and state mandates. Although the PERA problems were apparent for three to four years, there was no legislative solution until last session. The city does not have a crystal ball. She provided explanations of the examples that were given during Gunyou's presentation.

Mulvaney noted Clemenhagen's suggestion that income be taken into account. Anderson said that the state requires cities to base property taxes on the true market value of the property, and not on the income of the people who live in the home. That was an idea of the Senior Federation, but it is not the system in effect. The state is responsible for the property tax law. She noted that the city will hold Board of Review hearings in April when people can challenge their home's value.

Gunyou noted the state's 15% cap on increases in value. That program is confusing and is being phased out. The city has no control over it. The only control the city has is to set its budget. We then tell the county how much money the city needs. That amount is plugged into the formulas and tax bills are distributed across all properties pursuant to state law. He noted that Hennepin County allows seniors to work off a percentage of their tax bill. The 10% increase he used earlier was an example—each of Minnetonka's

20,000 properties are different--some will go up more, and some less. Gunyou said that long term planning is difficult for local officials, since the state can change the rules overnight. Cities, counties and school districts provide the actual services citizens receive – not the state. The state collects the money and distributes it to cities, counties and school districts to provide those services. When they change the rules, there are often major impacts, since it takes time to adjust.

Gunyou noted that when the state had financial difficulties a few years ago, we thought the budget crisis could not affect Minnetonka because we did not receive any local aid. However, the state instead required cities to pay for the state's market value homestead credit program. No one could have predicted that. Minnetonka does an exceptional job of long term planning given the constraints put on us by the state.

Mary McKee, 3842 Baker Road, appreciated the comments of the other speakers. She noted the frustration of knowing who to call. She appreciated the information in the *Minnetonka Memo*, and suggested that the city provide contact information for the other levels of government. Anderson said that the city does that occasionally, but could do so more frequently.

In response to McKee's question, Gunyou said that there will not be any special assessments for the new road program, which is unique among most cities. Minnetonka spreads those costs over the city's entire tax base because over time, everyone benefits. He also noted that property taxes are tax deductible for income tax purposes, but special assessments are not. He clarified that assessments are no longer used for storm water projects, since the storm water fee was enacted. Gunyou also clarified that the 15% cap is on the market value, not on the taxes. In addition, the cap does not apply to home improvements.

Callison noted that the federal government is considering deleting the deductibility of local taxes for income tax purposes.

Oscar Erickson, 2721 Stone Circle, asked if there was a set percentage the city charges on taxable market values. Anderson said that there is a rate. Gunyou noted that the nomenclature had changed, and what was once called the mill levy is now called the tax capacity rate. Minnetonka's is 28.473%. Minnetonka's rate has gone down, and he could not remember a year where it had gone up. In response to Erickson's question, Gunyou explained the calculations.

Schneider explained that Erickson was referring to two different numbers. Thomas said that there is the increase for the operating budget, and an additional 5.5% increase for the roads. Anderson suggested that Erickson contact King to understand the specific impacts to his tax bill. Erickson said that his taxes have increased more than 58% since the storm sewer fee was imposed. Anderson said that change was in response to a federal clean water mandate.

David Christenson, 15140 Lloyd Lane, had questions about home improvements. He felt that property owners were paying a premium in property taxes for improvements. They pay sales tax on materials, and then are taxed again for the increased value. Anderson agreed, and said that was because of the state laws.

Anderson thanked the people who spoke. They raised important questions and good information came forward that would not otherwise have been heard. She closed the hearing at 8:29 p.m.

Schneider noted the increase in the number of people who spoke. Their comments were thoughtful and reflected their desire to understand the process. In conversations with council members from other cities, he learned that people came to their hearings shouting and yelling, and asking the city to lower the taxes. He is amazed by the knowledge and involvement of Minnetonka residents—they ask serious and solid questions. He hoped that would continue in the future.

At Callison's prompting, Anderson reminded people of the citizenship academy which takes place in February. For one night each week, residents can get information about how the city is run. She encouraged people to sign up for the program through city hall.

Thomas noted that in past years, few people showed up to speak. The questions raised tonight were good. He suggested that people with specific questions make an appointment to meet with staff. He noted that the process is difficult to understand. It is also difficult for the council when mandates are thrown on us, and the city has no control over that. It is a challenge for the city and staff to provide quality services. He noted that the tax changes can occur daily and weekly during the legislative session. He urged people to get the answers to be well informed and help the process.

Wagner appreciated that the process used to consider the new road program, which allowed for feedback from residents through the community survey. The council found there was support for

rebuilding the roads. It was good that decision happened earlier in the year, before the budget process.

Anderson noted that the council will consider adoption of the budget on December 19. She didn't see any council indication for changes to the proposed budget.

Wiersum thanked the residents who came out on a cold night to express their concerns about taxes. The city takes seriously the spending of the public's money. Although the council was not completely comfortable with a 9.8% increase, the reality is that road improvements have been delayed and 5.5% of the increase relates to roads. Additional money could have been spent, but the council was uncomfortable increasing the budget by more than 10%. The operating budget increase is less than the rate of inflation - mandates and roads are driving the increase. He doesn't like to raise taxes, but the city is getting a pretty good deal. Minnetonka doesn't assess for road improvements. Compared to cities that do, Minnetonka's increase isn't higher. We have a fair tax rate compared to our peers.

14. OTHER BUSINESS: None.

15. APPOINTMENTS and REAPPOINTMENTS:

A. Appointment to the planning commission.

Anderson provided background information for this item, noting that Brandt's term would run to 2008.

Anderson moved, Thomas seconded a motion to approve the appointment of Michael Brandt, to the planning commission, to serve the remainder of the term vacated by Terri Bonoff, effective upon Ms. Bonoff's resignation date from the planning commission and expiring on January 31, 2008. All voted "yes." Motion carried.

16. ADJOURNMENT.

Thomas moved, Wiersum seconded a motion to adjourn the meeting at 8:37 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Kathleen Magrew
City Clerk