

**APPROVED MINUTES
OF THE SPECIAL COUNCIL MEETING
CITY OF EAST GRAND FORKS
MONDAY, DECMEBER 5, 2016 – 7:00 PM**

CALL TO ORDER:

The Special Meeting of the East Grand Forks City Council for December 5, 2016 was called to order by Council President Mark Olstad at 7:00 P.M.

CALL OF ROLL:

On a Call of Roll the following members of the East Grand Forks City Council were present: Mayor Lynn Stauss(7:04pm), Council President Mark Olstad, Council Vice-President Chad Grassel, Council Members Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten, and Marc DeMers.

Karla Anderson, Finance Director; Dan Boyce, Water & Light Manager; Paul Gorte, Economic Development Director; Charlotte Helgeson, Library Director; Reid Huttunen, Parks and Recreation Superintendent; Gary Larson, Fire Chief; David Murphy, City Administrator/Clerk-Treasurer; Keith Mykleseth, Water & Light Manager; and Megan Nelson, Executive Assistant.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

SCHEDULED PUBLIC HEARINGS:

1. Public Hearing for the consideration of the 18% increase to the tax levy.

A MOTION WAS MADE BY COUNCIL MEMBER GRASSEL, SECONDED BY COUNCIL MEMBER DEMERS, TO OPEN THE PUBLIC HEARING.

Voting Aye: Olstad, Grassel, DeMers, Vetter, Pokrzywinski, Buckalew, and Tweten.

Voting Nay: None.

Mr. Murphy stated this meeting was being held to obtain public comment on the proposed tax levy for 2017. He explained the property tax levy is apportioned to each property in the City and the proposed tax levy for 2017 is \$4,527,998 which represents an 18% increase over the 2016 levy. He continued saying the increase in the levy is to cover the costs of increases in personnel, to increase the fund balance to 32%, and to cover the City's capital needs for 2017. He said again that this meeting was being held to hear public comments about the proposed levy. Council President Olstad asked if there was anyone that would like to address the Council with any questions or comments.

Mr. Dennis Larson, 205 6th St NW, told the Council that he had moved here four years ago and in that time he had experienced a 40% increase to his property taxes which did not include the special assessments that he has been charged over the last two years. He continued saying he was curious if others have had the same experience and rate increases that he has. He said he had never experienced the tax rate increases like he has since he moved here. He added how Minnesota is rated in the top 10 of

the worst tax states but he failed to realize how high it would be. He commented that people who are close to his age bracket may have limited incomes, their earning power was behind them, and if they are receiving the same amount in increases that he is he is guessing some of them are going to be experiencing some lows based on the 2017 tax increases. He asked if the proposed levy was going to be an actual 18% levy increase for property owners in 2017. Council President Olstad asked Mr. Murphy to explain more about how the levy works.

Mr. Murphy explained his personal property tax has been estimated to increase 9.6% which included the 18% levy increase. He said the \$4,527,988 levy is divided up among the properties in East Grand Forks and it is the taxable market value on the tax statement that determines what portion of the levy each property is responsible for. He stated some reasons for the lower increase instead of the 18% increase to each individual property is because there is new construction or new homes being built. He added that a change in property values can also cause a change to the portion of property tax that is paid on a property. Mr. Murphy said that both of the TIF Districts were going to be decertified at the end of 2016 which would add additional revenue to general fund reducing the overall impact of the 18% levy. He stated again the reasons for people having a reduced rate and not an 18% increase was because of additional market values, additional properties being developed in the City, and the additional revenue from the TIF Districts.

Mr. Larson asked if the proposed rates listed on the proposed taxes for 2017 was a firm number. He stated that it showed his increase would be 13%. Mr. Murphy asked if that was his overall number. Mr. Larson said it was for 2017. Mr. Murphy stated that if all entities that are listed approve what their preliminary tax rate was then that would be a firm number. Mr. Larson said that would be a 13% increase and a 40% tax rate increase over a four year period based on when they purchased the home in 2012. He commented that it was quite substantial and his thought that this will be debilitating to a lot of older people based on where they stand financially and it may even be so much to say they will be put into a quagmire of quick sand financially. He said he wanted to confirm exactly where he stood and if he will be experiencing a 40% increase in four years.

Council President Olstad commented that over the last few years market values have risen quite a bit in the City, that the increases to the market values are not controlled by the City but by the County, and everyone has experienced that. He added how the State mandated the County to increase the market values. He stated how the increases are hitting harder in part because of those market value increases. Mr. Larson said he is aware of that and how his thought was more along the lines of wonderment of where people are going to stand if some of them financially speaking will be able to endure these rate increases. He stated how there are people that are no longer working who do not have a way to increase what is being received financially and there has been three years without a cost of living increase for those receiving social security even though the tax rates and cost of items continues to increase. He said that he wanted to bring this item up, that he knows the Council is aware of these things, and that he was curious about exactly what the Council's authority was in the realm of increasing taxes.

Council member Pokrzywinski commented that he lives a couple doors down from Mr. Larson, that the valuation on his home went from \$160,000 to over \$210,000 in the last four or five years. He stated that is a significant portion of the increase. He said the Council has increase property taxes in the last couple years, that the City is playing catch up from when there was no raises in taxes, and how one year it was even lowered. Mr. Larson said that was all he had. Council President Olstad asked if anyone else wanted to address the Council. No one else came forward.

A MOTION WAS MADE BY COUNCIL MEMBER DEMERS, SECONDED BY COUNCIL MEMBER BUCKALEW, TO CLOSE THE PUBLIC HEARING.

Voting Aye: Olstad, Grassel, DeMers, Vetter, Pokrzywinski, Buckalew, and Tweten.

Voting Nay: None.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER GRASSEL, SECONDED BY COUNCIL MEMBER DEMERS, TO ADJOURN THE DECEMBER 5, 2016 SPECIAL MEETING OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 7:10 P.M.

Voting Aye: Olstad, Grassel, DeMers, Vetter, Pokrzywinski, Buckalew, and Tweten.

Voting Nay: None.

David Murphy, City Administrator/Clerk-Treasurer