

MINUTES

1. CONVENE CITY COUNCIL SPECIAL MEETING

Mayor Zerby called the meeting to order at 7:01 P.M.

Due to the Centers for Disease Control's recommendation limiting the number of people present at a meeting, and pursuant to MN Statute 13D.02, the Shorewood City Council meeting was held via electronic means.

A. Roll Call

Present. Mayor Zerby; Councilmembers Siakel, Labadie, Sundberg and Johnson; Administrator Lerud; Finance Director Rigdon; Planning Director Darling

B. Review Agenda

Siakel moved, Johnson seconded, approving the agenda. Upon roll call vote, Motion passed 5/0.

2. TRUTH-IN-TAXATION HEARING

A. Staff Presentation

Finance Director Rigdon walked through the presentation for this public meeting.

The Truth-in-Taxation requirements are to present the City's 2021 General Fund Operating Budget and 2021 property tax levy, discuss the budget and tax levy, and to take public comment. Council will be asked to adopt a property tax levy and balanced budget during its December 14 meeting.

The City's portion of the property taxes pay for a number of services funded out of the General Fund. There are four major main operational areas – administration (including finance, planning and zoning, elections, and other miscellaneous services); public safety (police and fire protection, building inspections); public works; and, parks and recreation.

The assumptions used in preparing the 2021 General Fund Operating Budget are as follows.

- A 2.0 percent tax levy increase over 2020.
- Communication/Recycling Coordinator increasing from 0.8 to 1.0 FTE
- Administrative Assistant position increased from 0.5 to 1.0 FTE.
- Other staffing levels remain the same as 2020.
- 3.0 percent cost of living increase.
- Employer contribution toward insurance premiums to increase from \$1,180 to \$1,230 per month.

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The City's 2021 general fund budgeted expenditures are estimated to be \$5,579,120. Rigdon said that beginning in 2021, the city will levy directly into funds where transfers from the general fund used to be done. The only remaining transfer from the general fund will be to the Shorewood Community and Event Center. The source of general fund revenues include; breakout of the revenues and transfers is 87 percent from property taxes, four percent from licenses and permits, four percent from miscellaneous revenues, three percent from intergovernmental, one percent from fines and forfeitures, and one percent from charges for services.

General fund expenditures include 43 percent for public safety, 28 percent for general government, 22 percent for streets, and seven percent for parks and recreation. The City's 2021 general fund expenditures are budgeted to increase 3.3% from 2020. Reserves of \$193,482 are budgeted to balance the 2021 General Fund budget, as compared to \$56,385 budgeted use of reserves for 2020. The reason for the larger increase in use of reserves is the city receiving \$579,593 in CARES funding related to COVID-19.

The property tax assessment and levy timeline for property taxes payable in 2020 was as follows. The market values were established on January 2, 2020. Valuation notices were sent out in March 2020. The Board of Review process to hear appeals on property values took place during April 2020. Council discussed the 2021 General Fund Budget and property tax levy from July through September 2020. The City certified its maximum tax levy increase of 2.0 percent for 2021 to Hennepin County in September 2020. The County mailed out Truth-in-Taxation notices to property owners in November 2020. The Truth-in-Taxation hearing is being held on December 7, 2020. The City will certify its final tax levy to the County by the end of 2020.

Rigdon clarified that this presentation is about the City of Shorewood's portion of the total tax bill is approximately 29 cents of every dollar paid by residents. The remaining goes to the county school district, and other jurisdictions. He highlighted some trend graphs. The taxable market value payable in 2021 will be \$1,941,634,635. Tax capacity, a derivation of market value that is calculated by applying a class rate to the market value of a property, with the resulting number is used in calculating tax rates and tax dollars to the property owners will be \$21,711,140 for 2021. The increase in tax capacity over the last several years has led to a decrease in the city's tax rate over the past four years, with the 2021 tax rate estimated to be 27.648 percent, compared with 29.008 percent for 2020. Rigdon reviewed a property tax impact example for a \$600,000 residential property indicating a general decrease, even if the value of the property increased by 3.6 percent.

Rigdon also discussed the Capital Improvement Plan. He said this is not something that is required by law, but a plan that the city has annually put together for many years. He said the plan was previously discussed and it includes expenditures in parks, equipment, streets and utilities, along with identified financing sources.

Rigdon noted Council will be asked to adopt the 2021 General Fund Budget and property tax levy during its December 14, 2020 meeting. Council will also be asked to approve the 2021 Shorewood Community and Event Center, Enterprise Fund Budgets, along with the 2021 Capital Improvement Program.

B. Public Comment

Mayor Zerby opened the public comment portion of the hearing at 7:20 P.M.

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Guy Sanschagrín, 27725 Island View Drive, asked what the status was of the city's balance sheet. Finance Director Rigdon said the balance sheet is cash heavy right now due to bond funds received but not expended, and the city recently receiving the second half of the property tax payments. He said that there are no significant receivables, and payables are current. Sanschagrín asked about the city's ability to pay for the planned projects. Rigdon replied that the city has adequate reserves to meet the current and future needs. He said the city has a conservative reserve policy that sets a goal of having 60 percent of next year's budgeted expenditures.

Petra Cripe, 450 West Lake Street, said she made a pledge to come to every council meeting until the fence is constructed between her property and the dredging company. Mayor Zerby said there is no public forum tonight except for the budget, but the city council has been receiving updates on the progress of the fence.

Councilmember Siakel said she appreciated the detail of the presentation.

With no further comments, Mayor Zerby closed the public comment period at 7:26 P.M.

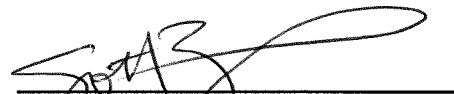
3. ADJOURN

Sundberg moved, Johnson seconded, Adjourning the City Council Special Meeting of December 7, 2020, at 7:27 P.M. Upon roll call vote, Motion passed 5/0.

ATTEST:



Sandie Thone, City Clerk



Scott Zerby, Mayor