

**MINUTES OF A BUDGET MEETING OF THE PRINCETON CITY COUNCIL HELD ON  
NOVEMBER 23, 2010, 7:00 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

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Mayor Jeremy Riddle called the meeting to order. Council members present were Paul Whitcomb, Dick Dobson, Lee Steinbrecher and Victoria Hallin. Staff present was Administrator Mark Karnowski, Finance Director Steve Jackson, Community Developer Jay Blake, Public Works Director Bob Gerold, Chief Brian Payne, Sergeant Joe Backlund, Fire Chief Jim Roxbury, Liquor Store Manager Nancy Campbell and City Clerk Katie Hunter. Also present: City Attorney Damien Toven.

**BUDGET AND LEVY**

Jackson brought the council's attention to the listed the 2011 Preliminary Levy Increase. 18.30 percent is the introduced increase in estimated net tax capacity. Steinbrecher asked if this increase would be seen more in the commercial or the residential side of things. Jackson stated that the residential is looking at more of an increase.

Riddle asked if staff had any guesses on how much Local Government Aid (LGA) would decrease. Hallin said that as she attended the Coalition of Greater Minnesota Cities Convention, she was made aware that the cities are generally kept in the dark; especially with the recount.

Riddle mentioned the \$310,000.00 surplus that the city was under budgeted from 2010 which provides a sort-of cushion. Although, Steinbrecher seemed uncomfortable about 'dipping' into the extra cushion because there was no way of knowing how long the decrease in aid was going to go on.

Hallin commented that Zapp Sporting Goods (JAM Properties LLC) in Zimmerman recently went out of business because they paid something like \$32,000.00 in taxes last year compared to the nearly \$4,000.00 in the City of Princeton. Hallin realizes where the City of Zimmerman is coming from, but there are several businesses in Sherburne County that have been put out because of taxes and the council does not want to see that happen to the City of Princeton's commercial building owners. Blake observed that the updates in Sherburne County's Industrial Park have not yet been completed and will appear in next year's tax statements.

Jackson said the increase is based on the County's tax capacity and decreased values.

Karnowski stated that if everybody's tax capacity dropped the same percent, no one would go up. But, in not knowing what the County Assessor evaluated on the various types of properties, it's a tough call.

Jackson added that the budget overview is just a continuing reflection of the staff's, supervisor's and the employees' efforts to do as much as they can to keep the budget as low as possible. There is nothing significant, no new increases, and no new programs. Everyone did well as coming in at level budget. The only increase may have been for changes in fuel costs, or step increases for employees.

Hallin asked Jackson if the City's insurance increased. Karnowski said that the health insurance has stayed the same for employees, but the City's insurance went up a little bit. Jackson said liability went up \$10,000 or \$12,000.

Steinbrecher asked about if any significant dollars that were not used in 2010 and not planned on not being used in 2011, could be used elsewhere. Are there any accounting laws that say you cannot mingle the money within funds? Jackson said you could do whatever you wanted with the money and move it around as you wish. Jackson added that once a fund is designated as capital, you try to keep it as capital. But, these times are different. Steinbrecher asked if

Jackson had a feel for Capital Improvement for 2011. Jackson said it looks as if the Capital Outlay may be \$115,000.00 less than what it had originally been budgeted for in 2010. Jackson thought a lot of that will not be spent.

Steinbrecher suggested earmarking the \$115,000.00 and Jackson commented that he is comfortable with that.

Riddle said that there are big changes in the Legislator going on and huge changes in staffing at the capital where employees are being cut out. He added that it looks like the Legislator is going to focus more on new spending bills coming through the pipeline so they wouldn't have to hit small dollar levels. They would like to restrict the number of bills heard to cut down on committee time and focus on core functions.

Steinbrecher asked if the amount of construction taking place in the Princeton Industrial Park would benefit the 2012 taxes. Blake said about ninety percent of USDP was completed but that Trident Development would not be completed or seen on the taxes until the following year. In addition, there is Glenn Manufacturing and Inline Packaging that are both complete now. Although, that will not be seen until 2012.

Riddle asked if the Council decided on a General Fund Levy 0% increase; could the LGA be fixed after the Council knows what the LGA cut will be. Jackson said a Special Levy can be done by State Law at this point. Hallin commented that she would not want to go less than three or four percent decrease.

Steinbrecher said that an eighteen percent increase is a scary deal. He said if an average real estate tax is \$2000.00 a year, which would be an increase of \$400. Riddle noted that the eighteen percent increase is not in a dollar rate, so the increase would actually be \$100.00. The Council agreed that either way, though, the increase for a commercial site would be huge.

Karnowski said the budget forecast will come in about ten days if the Governor decides to unallocated, the Council will have time between then and when the tax statements go out to "correct" it, if needed. Once tax statements go out, the "correction" can no longer be done.

Gerold questioned the Council on whether or not the city should have a rink attendant for the skating rink. Dobson would like to leave the skating rink unmanned.

Riddle asked if Jackson had any other specific highlights from the proposed budget.

Jackson suggested reducing or eliminating the furlough requirement. This will be the third year for furloughs and the second year with a zero percent Cost of Living increase.

Dobson would like to benefit the employees. The unions and employees have been easy to work with in what has been asked of them. Jackson said the employees realize that everyone is going through rough times. Steinbrecher said the private industry is eliminating jobs though.

Jackson suggested making a final decision for the budget at the next Study Session scheduled for Thursday, December 2, at 4:30 PM. Then, the Council will have time to look over the paperwork that was handed out tonight.

There being no further business,

DOBSON MOVED TO ADJOURN AT 7:50 P.M. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

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Katie Hunter; City Clerk

ATTEST:

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Jeremy Riddle, Mayor