

OFFICIAL PROCEEDINGS OF THE COUNTY BOARD
WASHINGTON COUNTY, MINNESOTA
TRUTH IN TAXATION PUBLIC HEARING
DECEMBER 4, 2008

The Washington County Board of Commissioners convened at 7:00 p.m. in the Washington County Government Center, County Board Room, to conduct a Truth-in-Taxation public hearing for the purposes of review of the proposed 2009 county budget. Present were Commissioners Peterson, Pulkrabek, Hegberg, Weik, and Kriesel. Absent none. Board Chair Hegberg presided. Also present were James Schug, County Administrator; Molly O'Rourke, Deputy Administrator; Melinda Kirk, Budget/Financial Analyst; Sheriff Bill Hutton; Don Theisen, Director of Public Works; Dan Papin, Community Services Director; Lowell Johnson, Director of Public Health and Environment; Patricia Conley, Library Director; Harley Will, Accounting & Finance Director; Kevin Corbid, Director of Property Records and Taxpayer Services; Joanne Helm, Assessment/Taxation Program Manager; Kay McAloney, Human Resources Director; Tom Adkins, Community Corrections Director; Barb Fritsche, Information Technology Supervisor; and Nancy Brase, Administrative Services Manager.

Board Chair Hegberg opened the hearing with a welcome to those in attendance including a group from the Stillwater Area High School. Each of the Commissioners introduced themselves and indicated the areas they represent.

Jim Schug, County Administrator, noted the budget presented this evening was developed in a challenging environment that includes the economic stress everyone is facing, declining property values, probable reductions in State funding, a continued strong demand for services and increasing and additional unfunded mandates from the State that have been moved on to county government and the county property tax levy. The proposed budget is a sound budget and meets the guiding principles that were established by the County Board. Mr. Schug identified the proposed budget includes a recommendation for a 4.9% levy increase with an additional increase of 1% used to fund the voter approved referendum for land protection, known as the Land and Water Legacy Program. Mr. Schug noted, in spite of the 4.9% and 1% increase the actual median increase for the county property taxpayers is approximately 1.6%. Most taxpayers will be paying somewhere between a 5% decrease and a 5% increase. He stated that final action on the budget and levy will take place on December 16 at the County Board meeting. He noted that various Department Heads are here this evening and are available to provide information or answer questions. He also mentioned that staff from the Assessment Division is available in the cafeteria to help those who have questions about their property valuations.

Molly O'Rourke, Deputy Administrator, presented an overview of the proposed 2009 budget.

Kevin Corbid, Director of Property Records and Taxpayer Services, presented an overview of the property valuation process.

The Board Chair opened the meeting for comments from the audience.

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Bob Schumacher, 9155 28th Street North, Lake Elmo – Mr. Schumacher stated that his tax increase is 175.3%. He addressed the Lake Elmo City Council on Monday evening with the same comments. They told him to check with the assessor which he has done here tonight and both tell him this is normal. He's just listened to lowest, lowest, lowest for the last half hour and feels this increase is unfair.

Mark Prokop, 1033 Helmo, Oakdale – Mr. Prokop explained he's a Ramsey County resident but owns commercial property in Oakdale. He stated his assessed value is going up and in 2008, for a 15,000 sq. ft. center with approximately 6 tenants, the taxes were \$59,414. The appraised value is going up and he feels the taxes of \$87,182 are appalling for this property to make things work. This is his third meeting he's attended and continues to hear the same thing "we're keeping it down". One particular tenant, Anytime Fitness, has 4000 sq. ft. and their 2008 taxes were \$16,000. In 2009, the property taxes are increasing to \$23,000. He doesn't feel this amount of tax makes sense on a small business. He asked for an explanation for a Fiscal Disparity Tax which is also showing an increase on his tax record.

Commissioner Hegberg explained this is a state law that adjusts the taxes for the metro area and asked Kevin Corbid, Director of Property Records and Taxpayers Services to give a clearer explanation.

Mr. Corbid gave a brief overview of the Fiscal Disparities Program and invited Mr. Prokop to discuss this program with Joanne Helm, Taxation Program Manager for more details.

Mr. Prokop also commented there was 1500 sq. ft that he's been unable to rent over the past four years. Another center in close proximity has over 3000 sq. ft. of unrented space. He expressed concerns about a loss of tenants he'll have difficulty re-renting this space especially under the current cost, resulting in him being unable to make his mortgage payment and then the bank will get it back and as a result no one will be able to pay the taxes.

Commissioner Pulkrabek addressed Mr. Prokop and told him he'd been made aware of this information and agrees it's a very high increase and will be contacting him next week.

Erik Hansen, 2225 Hynes Avenue, Oakdale – Mr. Hansen explained his taxes in Oakdale went up 51.8%. He called around and discovered most of Oakdale was reassessed and many received huge hikes. He would like the county to rethink their process. He explained he grew up listening to people complain about their taxes and he didn't want to be that way. Mr. Hansen has contributed his time to keep taxes low by volunteering in Washington County. Due to the recent tax increases he feels he needs to reassess and determine a new direction. He heard before the meeting a humming in the air "oh I'm on the Board, this isn't my job, it's someone else's job", but he advised the Board to think that through because ultimately the Board is responsible and he guarantees that if everyone got a 58.1% increase in their taxes this year none of the Board members will be sitting here at the next election period. He asked the Board to rethink its process. He knows a number of people hit with huge increases.

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Commissioner Hegberg invited Mr. Hansen to speak with one of the assessors about his increase because normally they don't see those kinds of increase in value or taxes. Mr. Hansen expressed that his tax increase was higher than the person who spoke before him so he'll be expecting a phone call too. Commissioner Hegberg asked for his phone number.

Steve Radke, 7642 Neal, Hastings – Mr. Radke said he enjoyed the presentations earlier in the evening and liked to see how we compare to other counties. He grew up in Washington County, spending the first 20 years here and really enjoyed it. He lived in Chicago for a while and liked that too but he wanted to return to where he grew up. In 2005 he built a house in Washington County and wanted help on how to plan his budget when his taxes go up 100% in 3 years. He expressed salaries aren't going up by 100%. One option his family is considering is a move to an area where he has an understanding of how to budget. Mr. Radke responded to Commissioner Hegberg's questions that he did build a new house on acreage on the family farm and this property is in Green Acres. Commissioner Hegberg indicated they would look into it and give him a call back.

Deanna Storbakken, 663 Hillside Lane, Stillwater – Ms. Storbakken expressed that after hearing these other people complain about their property taxes she said she'd be very happy with her 10.9% increase. In the last five years her property has gone up at a rate of \$10,000 per year. Seven years ago they downsized from a larger house on Maryknoll Drive in Croixwood. They are now paying more for taxes on their smaller house than they did on their larger one. Ms. Storbakken stated she was in real estate in Stillwater for 13 years and was dismayed at the number of phone calls she received from seniors in tears because they could no longer afford to stay in their homes due to real estate taxes. She never expected to be in the same shoes especially after getting out of her big house. This issue is not just in Washington County but across the State of Minnesota. She commended the County Board on how it manages their money, but they need to look under every stone to save. She stated the county needs to cut more than just two people. She asked how big is the county payroll. She wants the county to consider getting rid of jobs. She suggested every single county in the state go to the legislature and tell them some of these programs have to be eliminated. She does not believe she's getting two cents worth out of metro government. She feels they are getting killed by all the add-ons, plus the regular tax increases, electric and gas bills and there's a limit.

Commissioner Peterson told Ms. Storbakken that \$12 of the metro tax is for Mosquito Control.

Commissioner Hegberg explained that part of the metro tax is for transit and Met Council. He also commented that the county has shifted employees around due to a change in priorities as a result of the economy.

Mr. Schug addressed Ms. Storbakken's question about the total amount paid from Washington County taxpayers for the metropolitan government to be about \$7.1 million dollars. This is a combination of the Metropolitan Council, Metropolitan Mosquito Control District and the Metropolitan Council Transportation

Division. This money is paid to Washington County but distributed to these three organizations at the metro level. Ms. Storbakken questioned the County Board on the value they receive for this \$7.1 million dollars. Commissioner Hegberg commented the Mosquito Control District is about \$1 million dollars, more or less. Metropolitan Council provides other aging services and stated there have been arguments or disagreements among the commissioners on how that money is spent. The transit district is the bus services that come to areas of Washington County like Stillwater, Woodbury, and Cottage Grove.

Commissioner Pulkrabek commented he agreed with about 90% of Ms. Storbakken's comments and if it were up to him he'd fold the Met Council.

Commissioner Peterson explained part of the Met Council is sewer and water, transit, and transportation planning for the metropolitan area. She noted that many of Ms. Storbakken's concerns have to do with a number of mandates where the county has to maintain a certain level of service which has been very difficult for county government.

Ken Brooks, 1599 Park Avenue North, West Lakeland – Mr. Brooks stated he is a business owner and also a landlord, he has friends, relatives and business acquaintances who own business who have in the last year gone down in size by eliminating staff. Staff have agreed to reduce their hours, decreased medical benefits, dental and 401k's to help the companies continue to move forward with the staff they have and still stay alive. He personally has decreased his medical benefit to employees from 75%-50% and has eliminated two employees to ensure his company stays afloat. He's not the auto industry begging for billions. He asked what has the county done to hold the taxes as they were last year and balance the budget. He noted the county just offered \$4 million dollars more to county staff. Why didn't the Board say it was holding payroll and benefits stagnant this year so they can balance the budget and not increase anybody's taxes? He built his house in West Lakeland 17 years ago, he reviewed his property taxes five years ago and figured by 2008-2010 he'd be taxed out of his house.

Commissioner Kriesel asked whether Mr. Brooks's employees were union employees. Mr. Brooks indicated they were not. Commissioner Kriesel indicated the county has union negotiated contracts and suggested, respectfully, if Mr. Brooks moved his house into any of the other 86 counties he'd be paying more taxes. He commented that the County Board strives very hard to focus on core and essential services and there isn't a whole lot of fat. Washington County does a pretty good job in the employee numbers per capita in comparison to other counties. He noted appraisers aren't very popular this time of the year but when they go out and do appraisals they're required by State law to do an appraisal within a certain range of the actual market value of that home so when the home sells it has to fall within it. The county is generally around 97% and much of the challenge is this is a requirement by law and he believes our appraisers do a good job.

Kevin Corbid, Director of Property Records and Taxpayers Services confirmed that Commissioner Kriesel was correct. The requirement the State sets is to be within 90-105% of market value. If the county chose to

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do something where it lowered values outside of that range the State Department of Revenue would step in and raise values to ensure equalized values amongst counties throughout Minnesota.

Commissioner Peterson commented that county employees have taken a greater responsibility for their healthcare and it is significantly different than in 1993.

Mr. Brooks commented the question of why \$4 million in pay raises has yet to be answered. Everybody else is doing what they can and his staff has agreed to no pay increases. Mr. Brooks commented that maybe the county should get rid of the unions.

Dave Nechrebecki, 1701 Newberry Avenue North, West Lakeland – Mr. Nechrebecki indicated a number of his questions had been answered and he'd gotten resources for his questions. He lives in West Lakeland and he's pleased with the McPherson Company out there and the work they've done. His recent experience with an appraiser has been excellent because of a discovery of charges over the years for more square footage and bathrooms than he had. The appraiser was willing to adjust that. He also owns an office condo in Oakdale and has similar experiences like Mark. He'd like to thank that appraiser who assisted in getting that dropped down in 3-4 years to an amount he actually could get on the market. His question was about the 59% of his taxes go into the Fiscal Disparity Tax and the State general tax and he's got the same question, what does he get for that?

Chloette Haley, 924 6th Avenue South, Stillwater – Ms. Haley has been a resident here for 20 years and hoped she was here tonight to lift the spirits a bit. Her 20 year old son has William's syndrome and autism. She expressed how blessed she's been by the contribution of taxes in Washington County. It has helped to keep her family together, keep her son at home and not be placed in another facility where it would cost more to care for him and her son is now a beautiful young adult. She also understands unfunded mandates and how unpopular they are. Her son relies on support from the Federal and State tax system which is underfunded and results in supplements from the county. The reason these services are mandated is it fits into the core functions of what the Community Services Department is committed to, which is, vulnerable persons will be safe, will be able to have their basic needs met and will live as independently as possible. She thinks we'd all agree, when we don't take care of the most vulnerable people in our population there's a big price to pay and it's not always in terms of money. She thinks it's great for those in attendance speaking on behalf of using our money wisely. She encouraged those in attendance to keep doing what they're doing and go to the State Capitol if they're upset. The Board of Commissioners don't have control over a lot of these things. Her understanding for the reason our property taxes are going up is because of decisions made at the state level. She believes Governor Pawlenty's administration is one of our challenges in terms of why our local property taxes are going up. That's been a shifted cost. We all need to stay engaged and talk to our state representatives about what matters to us. She thanked everyone for their contribution, taxes do many beautiful things for us, by giving us roads and parks and allow us to get to work on safe roads, they provide us with security in our homes through a good police force, and it brings many quality things to our lives that

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we take for granted. She always holds her breath at times when taxes are unpopular resulting in worrying about what happens to her son, Luke, when she dies? Does that mean he could be homeless because people all of a sudden don't want to pay taxes anymore? That's why there are mandates, if we went by popular opinion and go with what people want it leaves many vulnerable people homeless.

Commissioner Hegberg expressed thanks to Ms. Haley, as out of home placement is much more expensive.

Lee Becker, 8990 107th Street North, Stillwater – Mr. Becker did not wish to address the County Board. Commissioner Hegberg read his comment card question regarding the appraisal process. He explained the evaluations take place in March and the process of attending city council meetings with different processes. If you don't like what you hear at that time the County Board acts as an appeals board in June involving a couple of days of hearing concerns from people on their evaluations. From there you have the option of having an outside appraisal. Commissioner Hegberg read Mr. Becker's second comment card regarding waste haulers. He explained there was a time when the county looked into having this countywide and looking at zones. The cities have that jurisdiction and determine who the garbage haulers are in the particular cities some of which are open with different haulers providing different services. In Forest Lake, where he lives, it's a negotiated contract with the hauler. He believes the City of Stillwater has a negotiated contract with Waste Management so this would be a city issue.

John Voorhees, Dellwood – Mr. Voorhees expressed he has most of the same issues that most of the people here have regarding the rapid increase in property taxes. One thing he'd like to see is how much is mandated and what is the dollar value of that? He doesn't get hung up on how many employees there are in the county because it has as many employees as it has programs. He gets hung up with the types of programs. The cost of maintaining a prisoner per day versus the cost of what is spent on education per day is appalling. He believes in increasing the value of education. He believes too much is spent on social issues. He doesn't own a \$150,000 home, he owns a \$900,000 home that increased 25%, which is okay and he'll pay it this year but next year using the evaluation process, in theory, it should be going down because it's not selling for \$900,000 or a million dollars, it'll probably be selling for \$850,000. Programs need to be prioritized; spend it on education, on the needy, and on the people who need medical help. He has a problem with spending more on medical insurance and medical help for a prisoner than we do a lot of families in this county. He believes there will be a bigger problem in 2010 than now based on the fact of how the evaluations are done.

Commissioner Kriesel commented that he agreed with everything Mr. Voorhees said and if you want to see change, when folks come here for Truth in Taxation meetings we should have the legislators here too and the other municipal governments that seem to opt the radar screen on your tax bill. They're the ones who make the rules and we administer the rules and the programs. To bring about change the Truth in Taxation should include a process for all others to be present who have an impact on your taxes. He told Mr. Voorhees he looks forward to having his help.

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Commissioner Hegberg commented about the Washington County jail system and that they're turning into mental health institutions more than jails and it's becoming more of an issue today than before. He explained Washington County does have sentence to serve and is one of the leading counties in the State. It also has bracelets so the person can stay at home as it's much cheaper for them to be at home than in our facilities. There is good communications with the Washington County judges in support of these types of savings. He sits on the Board for the insurance trust for the State of Minnesota and one of the biggest areas are the lawsuits involved in the law enforcement areas. Re-insurance is going up 21% next year due to the losses in some areas of the State and our incarceration areas and law enforcement areas due to suicides in our jails or other activities. He said the county doesn't have any golf courses or recreational facilities. They deal with the core functions and responsibilities of government so that we don't have our energies spent in the wrong areas.

Joseph McCarthy, 4 Peninsula Road, Dellwood – Mr. McCarthy expressed his appreciation for the opportunity to be here and to hear the comments from his fellow citizens. He too will experience an increase of 32% in taxes. He has also been on a fixed income since 1992. He said an increase of 6% seems normal and they've seen that year after year after year and it does accumulate and it starts to become unaffordable. He agrees with the young lady who talked about the excellent service provided by the county for her autistic son and the others that are in similar circumstances and supports that. He quoted an article about a meeting on truth in taxation in Dakota County. For 2009 the proposed county budget was \$338.5 million dollars which is 5.2% lower than the budget of the previous years adopted budget. A day or two later he found a report on the Washington County meeting and it said during an informational workshop county officials discussed the proposed changes for next year overall there will be a 6.1% increase in the amount of county taxes billed. He realizes these are two different counties, but it seems that Dakota County will be reducing its budget while Washington County is increasing it. He reiterated some of the same points made, that in this period of financial crisis it can't be business as usual. A 6% increase can't be accepted as normal. The taxpayers don't have any choice, they have to pay. He thanked the County Board for its time and support.

Commissioner Peterson responded to Mr. McCarthy that Washington County's operating expenditures and capital expenditures were decreased by 10.6%.

Commissioner Hegberg commented that capital goes up and down with road projects and Dakota County is Washington County's competitor to be the lowest in the metro area. Dakota County does have a landfill they receive some funding from and they can charge the fees on it. Washington County decided a number of years ago that it didn't want anymore landfills and it does make a slight difference.

The Board Chair asked for further comments; none were heard.

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A member of the public voiced a request that a copy of the video be sent to the Capitol and hoped they'd get time to review it.

Commissioner Hegberg indicated copies of the video from tonight's meeting will be distributed to all the cable networks in our area. He also indicated Washington County is not required by law to hold this meeting but it has always opted to hold this meeting so we could hear from the public and receive their comments.

The Board Chair thanked everyone for coming to this evening's meeting and for being so polite and courteous

Commissioner Peterson commented that Washington County approximately 10 years ago made the decision to no longer give grants as this was not a core function. She believes the County Board has been innovative, creative and fiscally responsible. She stated over the last 15 years Washington County has taken every opportunity to reduce non-essential expenditures and feels quite frankly there's no meat on our bones, the budget is bare bones and the budget has been reduced. There has been a significant decrease in our county program aid. Unfortunately until there's a change in the management for mandated services, for maintenance of effort, we are held responsible for those programs and when they cut our aid we have no choice other than to increase our property taxes. The number of workers we have in central areas have very high caseloads in corrections and in social services. She thanked the citizens for coming and sharing their concerns about how properties are valued and she encouraged them to take their energies and bring them forward this spring to address their new property evaluations.

A member of the public spoke out she feels the county should refuse to run the programs until the state provides the money.

Commissioner Kriesel informed the audience the County Board has a legislative agenda and the commissioners including himself went down to the state to testify. He gave an example of how the courts are state employees and by law Washington County is required to provide them with facilities. The needs of the courts have expanded and we built a new facility and a request was made to the state to waive the sales tax. The state refused to waive \$1.5 million dollars in taxes. Our local legislators were there trying too. He expressed his agreement with the comment made.

The Board Chair thanked the crowd again. The meeting adjourned at 8:55 p.m.

Dennis Hegberg, Chair
County Board

Attest:

James R. Schug
County Administrator