

TRUTH IN TAXATION  
PUBLIC HEARING  
DECEMBER 5, 2005

The Bagley City Council held their Truth In Taxation Public Hearing on December 5, 2005 at 5:30 p.m. in the Bagley City Council Chambers.

All Council Members were present.

Mayor Beltz opened the Public Hearing at 5:30 p.m.

Clerk Lindgren went over all papers that were handed out. Handed out were the Proposed 2006 City Budget, the 2006 Proposed Levy, and a sheet showing why the Council is proposed the raise in the levy.

Clerk read a letter from City Resident Perry Nelson, to the Council and to the large audience, about his stand on the large raise in taxes and the City levy.

Mayor Beltz explained what the biggest reason was behind the raise in the City levy. Three main projects were done in the City recently with payments due this year that haven't been due in recent years. Lake Lomond Loop project bond-\$56,454 (some special assessments are being received); Industrial Park Project bond-\$28,720 (a grant was received of \$535,000 plus from the State and some special assessments will be gotten); and a New City Street Garage was built-\$51,852 (a \$400,000 no interest loan was received). These three projects alone raised the levy by \$137,026. Then you have the day to day expenses and a pay raise for the employees. If grant funds and zero percent loans were not taken, they may never be available again. Mayor explained what would be done in the Industrial Park.

Dr. Reeber asked about why everyone is paying for the projects and about bonding. Clerk explained that the projects did have bonds taken out on them and the people that the projects directly effect have been assessed a special assessment. Such as the people around the Lake Lomond project were assessed a \$9,000 special assessment.

Discussion was held on the proposed \$2.00 per hour pay raise. Dr. Reeber asked what kind of percentage of pay raise this was for the employees. Clerk stated she has not figured what percentage it would be for each employee. An example would be if an employee were making \$19.00 per hour it would be a 10.1% increase. Comments were heard that this is a very generous increase. Mayor explained that it is a very generous increase and it is probably the one area on the budget that can be decreased. When the proposed budget was set up this was put in high because after you set the proposed budget you cannot increase if again, but you can decrease it. This dollar amount was tossed you by one Council member as a figure to look at and should be refigured. Dr. Reeber asked that that Council Member justify the 10% increase. Councilman Mark Edevold stated he was the Councilman who put that amount in. Edevold stated that some of the Department Heads had come to the Council about the wages and small increases gotten over the years. They wanted larger wages. Compared to other cities, Bagley employee's wages are low and some catch up and adjustments are needed. \$2.00 an hour is being used for budget reasons and set across the Board. City Resident Carol Anderson asked how the Council comes up with the numbers, is there a point system they go by because when she worked for the City the people were given points. Council Member Anderson stated that the City does not have a point system. Clerk Lindgren explained that when Anderson worked for the City, Pay Equity was put in effect. This puts points on the job description, not the employees themselves and there are no step wages except with union employees. C. Anderson stated she worked for the City 9 ½ years and never got that kind of raise. Todd Gabrelcik stated that he feels these pay increases are coming at a very poor time. The City employees are probably some of the highest paid employees around, and not to say they are not worth it, but this high a raise right now is poor timing when all of the special projects are due also.

Lee Skunes spoke to the group about the Police Department. The budget they have is also high. He feels people are being double taxed because we also pay taxes to the County for Police Protection. He feels also that he gets more help from the County than the local Police Officers. He would like to see \$100,000 chopped off the Police Dept. budget. The County has to give the City the same kind of protection it gives to any other area in the County. Mayor Beltz spoke about contracting with the County. Skunes stated other towns are contracting and they like it. He feels the City Council should seriously attempt to contract and cut the police department.

Greg Leintz stated the Council is caught in a hard spot. He has reduced his budget for his business three years in a row. The Council is in a tough area and should reduce, not increase.

LuWayne Loiland stated that valuations are skyrocketing and there are needed decreases in the City budget.

Don Holm asked what the future holds – will there be tax increases every year.

Dennis Merschman questioned the levy and mil rates. City does not have mil rates.

Mayor Beltz spoke about the way funds are gotten. He also stated that it is very hard to lay off any employees, such as the street department, because being a small city we only have two employees working for that department.

Marvel Edelbach questioned about using volunteers for mowing the park or hauling snow. Clerk Lindgren explained the insurance and liability issues in using volunteers.

L. Skunes stated he has no complaints in the area of the Street Department and he has not heard any complaints from anyone.

Dennis Merschman asked questions about property tax values. These need to be directed to the County Assessor.

Questions were asked about increases for next year and the years after. Mayor stated that at this time no new huge projects or large growth, are being looked at. His hope is that the increase next year will fall back to a 5 to 10% increase.

M. Edevold stated that the City of Bagley is like Park Rapids was last year. They had a large increase to catch up. Doug Lindgren disagreed because Park Rapids did a large airport project plus some other projects. Edevold stated there was debt incurred and thinks it is a safe assumption that Local Government Aid won't be reduced. He would like to see income taxes increased and not property taxes.

Don Trefz asked questions on the special assessments. Mayor explained that these are paid over 20 years and towards the end there will be more funds coming in. Trefz is looking into the future where older ones are on fixed assets. Would like to keep the taxes down.

Todd Gabrelcik asked where the Council is looking at cutting. Double figure pay raises can't be afforded. He feels the Police Department could be looked at.

Mayor explained that one area to look at would be the Parks & Recreation. Last year there were no lifeguards. This year it was proposed to put them back in. This cost \$10,000. That could be cut. A lot of cities don't have guards. The pay raise of \$2.00 per hour was just plugged in to work towards a budget.

Todd Gabrelcik asked how much it would save to cut an Officer after Davis retires and is this something the Council is looking at. Mayor stated about \$30,000 a year and it is unknown if another officer will be hired. It has not been discussed. L. Skunes again asked about the City contracting with the County. What would be the downside of it? There would be one less shift covered. Noel Anderson stated that the biggest push not to contract was made by the County Sheriffs Dept. when he was on the Council. Skunes still feels the Council should explore it and work with the County Commissioners. Big expense to put in the handicap ramp and the present PD and it is located in a poor spot.

He feels the residents are being double taxed and he doubts there would be a reduction in help. Mayor stated that it has been explored in the past and could be again. J. Brovold talked about the County budget and the City budget for the department. Much discussion was held on the cutting of the Police Department budget.

Curt Backer asked about the projects that are listed to have bond payments. They must be put in the budget to be paid but the other areas of wages and daily costs can be looked at. Mayor stated that \$20,000 to \$30,000 might be cut in these areas. Juane Johnson would like to see at least 25% of the budget cut off.

Attorney Ed Rasmussen spoke briefly on the valuations of commercial sites and what the state said had to be done. County Assessor Don Holm had put in a 10% increase and the state said it had to be higher, more like 19.5%. D. Lindgren stated that has been in effect for a long time because sales of properties effect the other property valuations.

Noel Anderson stated that the Counties overall taxes/budget went down. What would the Council work towards in a percentage raise? M. Edevold stated that it would not be a 20% increase. Anderson stated the employees must be happy where they are at because there has been about a 0% turn over in employees. Mayor stated that one area to look at would be the wages and reevaluate the lifeguards.

Discussion was held on comp time and overtime. Sutherland stated that one problem with comp time is that when one person takes off on comp time, you have to pay another employee overtime to cover the employee on comp time. Edelbach feels overtime should be whittled down. Taxes are higher in our city than in larger cities. Edevold stated he is not in favor of comp time.

C. Backer stated that the Council has some hard choices to make and the people present are trying to come up with some ideas to help them. Mayor stated that the Council appreciates the people coming and voicing their opinions. All ideas will be taken under consideration.

M. Elelbach asked about the employees taking a pay cut.

Mayor Beltz announced that there would be a Continuation of the Truth In Taxation Meeting held on Monday December 12 at 5:30 p.m. in the Council Chambers. Hearing was closed at 6:40 p.m.

\*\*\*\*\*

The Bagley City Council met in regular session at 6:45 p.m. in the Council Chambers following the Truth In Taxation Hearing. All Members were present.

The Clerk swore John Sutherland into office.

Moore would like to see numbers on what it would cost to not hire another employee when Officer Davis retires. Also, what would it cost to drop the lifeguards. It is a known fact that the Department heads want a raise but instead of \$2.00 per hour look at other amounts. No amount was figured in the budget for a health benefit increase. Discussion was held on the costs of health insurance and the City caps on it.

Edevold stated that the \$2.00 an hour was never intended to be given but as a figure to work with. Clerk Lindgren stated that there was a rumor going around that it was her that gave the \$2.00 per hour raise and she wants people to know it was not her idea. Edevold stated that wages need to be dealt with. Employees are worth more than what they are getting paid. A percentage raise is insulting.

H. Moore stated he feels 2% is good for now because of the unhappy taxpayers. Mayor asked if he would look at that plus the increase in the health insurance. Sutherland asked about the increase in health insurance. Clerk explained the cap, which is on the health benefits. Employees voted earlier this fall to raise the cap on their insurance in order that they would not have more taken out of their paychecks. Mayor Beltz stated that being the cost of health insurance has not changed, why change the cap but adjust the hourly wages to incur that deductible so employees don't go backwards.

Moore agreed that employees want raises and need raises but do it small time. Edevold stated that the Utilities Commissioners are tending to keep to a very modes raise. He wants to keep parity in the City but there is a limit to what can be done. His suggestion is to figure in the following wage increases: Haugen, Halverson, Teige, Coyer-\$1.50/hour; Moen, Larson, Arnold, Lindgren-\$1.50; and Jacobs-\$1.50.

Moore would like to see it cut more and cut the Officer position when Davis retires. Sutherland stated that there are already people complaining there is not enough Police protection. Moore stated that \$1.00 per hour is still a large raise. Most of the employees are making a very decent wage. He would like to see a 25-cent raise. Edevold stated then it should be a zero percent raise if you only give 25 cents. Moore stated there are stills ways to cut.

Mayor Beltz stated there is a 28% increase written in stone. The position of hiring someone to replace Officer Davis could be looked at. Sutherland and Edevold feel that position should be kept in the budget. The \$5,000 put in for city signs could be eliminated. Anderson stated that she is not real convinced the issue of redoing the ditch behind the USDA office was needed. This could be a \$6,000 cut also. Moore would like to see \$33,000 in pay raises cut, lifeguards \$10,000 cut, Police Officer of \$30,000 cut and the Police squad car of \$12,000 cut. Edevold stated he could not support eliminating one Officer.

Discussion was held on the following items as proposed cuts. \$8,000 in the hiring of an Officer after Davis retires; \$6,000 USDA ditch; \$5,000 city signs; \$8,990 park water lines; \$5,000 park manhole; \$10,000 R&B building; \$6,000 ½ of PD squad car; \$10,500 for lifeguards.

Discussion was held on wages again. Moore would like to see the proposed wages cut in half for sure. Anderson agreed that \$2.00 is a lot but maybe they could go to \$1.50 per hour. Moore still disagreed. Anderson stated she felt Jacobs was hired at too low of a wage and that \$1.50 per hour should be given so

no one gets a \$2.00 per hour raise. Council asked that the Clerk figure in the amounts stated earlier in the meeting just as a figure to work with again.

Discussion was held on contracting with the Sheriffs Dept. This will be looked into at a later date.

Being there was no further business to discuss, motion to adjourn was made by Moore at 8:10 p.m. Seconded by Anderson, passed unanimously.

---

Steven M. Beltz  
Mayor

ATTEST:

---

Colleen R. Lindgren, CMC  
City Clerk Treasurer

TRUTH IN TAXATION  
CONTINUATION HEARING  
DECEMBER 12, 2005

The Bagley City Council held their Truth In Taxation Continuation Hearing on December 12, 2005 at 5:30 p.m. in the Bagley City Council Chambers.

Mayor Beltz explained the cuts, which the Council worked on at a special meeting held after the first Public Hearing. The Council cut over \$83,000 from the budget, which would bring the levy down from 37.5% increase to a 15.15% increase. This is very close to the increases, which the City has had on normal years.

County Assessor Don Holm explained that a 9% increase was put on the commercial properties and then the state raised it 10% more. Commercial owners have gone up the most. Everyone's percentage is a little different.

The City cut the proposed levy by about half.

Clerk Lindgren explained where the Council cut. A lot was in salaries and benefits. Under City Wide Improvement, \$5,000 was cut for new signs. Under Roads & Bridges, \$10,000 for a cold shed was cut and also \$6,000 was cut on the ditch improvement behind the USDA office. \$6,000 was cut from the Police budget for a used squad car. Under City Park the new water lines and manhole were cut at a cost of \$13,990. In the Park budget lifeguards were also cut at a cost of \$11,265. All of these are just proposed cuts at this time.

LuWayne Loiland asked about the proposed salaries. It is hard to see that large a raise. State Patrol Officers have had a two-year pay freeze. 5 to 18% increases are too much. He said it is too hard to swallow as a taxpayer. He understands everyone wants a raise but the Council needs to swallow their pride and tell the employees they are worth it but the Council just can't justify it right now. Lief Haugen stated that what bothers him is that his Social Security check doesn't cover all this and for elderly people it is very hard. Ione Lillegaard agreed that it is a very hard time for the businesses right now.

Noel Anderson asked what the County Sheriffs office increase is. J. Sutherland stated he does not know but there is one year left on the contract. Loiland asked if there was more talk about the retirement in the Police Dept. Mayor Beltz stated that \$8,000 was cut from the salary budget due to maybe hiring someone at a lower wage after Davis retires.

James O'Bryan stated he feels it is a shame to cut the water lines and improvements in the City Park. These are items that would bring more revenue into the park. Moore stated that he is in favor of cutting wages and adding back into the budget the water lines for the park.

Karen Edelbach asked if the comp time and double taxing of police services has been looked into. Mayor Beltz said those items would be explored further.

Lyle Colligan stated he had heard that there were severe problems in the area of the water lines and electrical. Edevold stated there are some electrical problems. There are problems in the water & sewer lines. They are very old, some are clay lines and major fix up will be needed at some point.

Loiland stated that as long as the Council knows that, they should take the increases in the wages and put into the water & sewer lines. Edevold stated that small funds are not going to do the whole job and that state and federal funds will be looked into.

O'Bryan asked how the wage increases were determined? It is not uniform. Moore stated that a large amount was put in to figure the budget and they were cut from there. The hourly wage does not include benefits. Loiland asked what the percentage increase was on the benefit package. Clerk explained that there were no increases in the health benefits. The benefit increases that are shown are for PERA and FICA increases only. The City employees voted to take a higher deductible on their health insurance so their premiums were not increased.

Curt Backer asked if the City has reserved funds. Clerk Lindgren explained that any reserves that the City has, are all designated towards projects. If you have funds not designated, the state can come in and take them over.

Moore asked the audience if they would be happy with the proposed budget, and work down the wage increase and put that back into the City park improvements.

K. Edelbach asked about looking at just a cost of living increase, which is about 2-3%.

C. Anderson asked about the cemetery salaries and benefits. Clerk Lindgren explained that she herself is the Cemetery Sexton. Wages are at \$125.00 per month to do the work on the cemetery and to stake graves, whether it be during the workday or on weekends. When she needs to go to the cemetery during the day, she must clock out of her time at the city hall.

O'Bryan stated that he would like to see a more uniform percentage raise. Water quality has been great since new system put on but he would like to see more money go into the infrastructure instead of the raises. He is not against seeing people make more money but that is a pretty good increase. Edevold said that some of the increases are for the job/responsibilities that a person has. Loiland asked what the difference in the job description of the street department employee was. K. Anderson said that job descriptions maybe should have been looked at 7 to 8 years ago to get the employees wages up to what they really do.

Mayor Beltz stated the Council would reevaluate the salary scale. N. Anderson would rather see a 3-5% increase. Edevold asked how long should the city keep playing catch-up. O'Bryan does not mind a cost of living increase. Edevold asked if as a community do we want to bring the wages down so that we have a high turn over of City employees.

Moore stated that he thinks the wages can get down to a sensible cost of living increase.

K. Edelbach told the Council thank you for the cuts they did make.

C. Anderson asked if the Council plans on going with a straight across the board raise and not a percentage. Edevold stated he personally does not agree with cutting without looking at each case-by-case pay increase for fairness to the employees. Percentage raises will not be given.

Mayor Beltz closed the hearing at 6:10 p.m.

\*\*\*\*\*

Mayor Beltz opened a special meeting of the City Council at 6:15 p.m.

Present: Mayor Beltz, Council Members Howard Moore, John Sutherland, Karen Anderson, Mark Edevold, and Clerk Treasurer Colleen Lindgren.

Mayor Beltz asked for comments on making changes in the budget. Clerk Lindgren asked to speak before the Board. Lindgren stated that she does not agree with the wages, especially hers. The Police Chief had asked for a \$2.00 an hour raise to begin with. Proposed wages are the Chief \$1.00/hour and the Clerk \$1.50/hour. Lindgren does not feel that she should be given the \$1.50 because it will make hard feelings and she has to work with the Dept. heads daily. Lindgren refuses to take the \$1.50 raise. Speaking with Liquor Store Manager Ken Moen, he also refuses to take the \$1.50 raise. J. Sutherland stated he had also spoken to Moen and said he did not agree will getting the \$1.50 raise. H. Moore stated he feels they should look at the 25-50 cent raise. It seems like that is what the public would agree with. Edevold disagreed. Lindgren stated that she doesn't feel it is right and she also pays taxes in the City and from that point they are high wages. She also stated she also knows where all the funds come from. Edevold does not think that the employees are being over paid and need to catch up in the wages. Anderson agreed with Edevold but people are right when they say it is coming at a bad time. Edevold thought that was true but when will the right time come. Anderson asked where the Public Utilities was standing on wage increases. Edevold stated that nothing has been figured yet but he is hoping to keep it low. There have been comparisons done between the departments. Sutherland stated that he does not know what the Utility Manager does job wise but he does know what the Police Chief does because he worked with him. He asked how the wages compared to other cities our size. Clerk stated it is on the League web site but she has not looked into it. Sutherland stated that people work at their positions because it is their choice to work in that position. If they don't like it they need to go to another area of job.

Sutherland asked about comp time. Does everyone fill out the comp time sheets? Clerk explained that she has never seen any from Chief Haugen, Halverson used to, Peterson does, and the Street Dept. employees do. There is an 80-hour max on comp time. Salaried positions were discussed.

Edevold stated that the City employees do a fine job and statewide increases are not out of line. Anderson stated that maybe similar size cities should be looked at. Sutherland stated that at the County level they were lucky to get a 3% increase but that is not the Chief position. Moore stated that the City could only pay so much. After much discussion Mayor Beltz asked what the Council could agree on. People looked at the \$1.00 and the 5% and didn't like that. Anderson said she heard the people talk about a cost of living raise. Mayor Beltz stated that a cost of living increase at 3½% would make it so the

employees would not be going backwards. In the employee's defense, they voted to absurd a \$600 increase in their out of pocket health care expenses. Sutherland stated that 40 cents per hour would not cover the insurance increase plus a cost of living raise. After much discussion, Anderson asked about giving Gary Coyer and Faye Jacobs 75 cents/hour to bring them more up to scale and all others 50 cents. It is something but it won't make everyone happy. Mayor Beltz agreed with Anderson. Normally people would be happy but because of the larger increase in taxes proposed they aren't happy. Some employees will not be happy with this increase. Edevold stated that the people voted them in to make good decisions. Anderson does not like percentages. Moore asked to do a 2 1/2% plus a step increase next year. Sutherland stated that a 2 1/2% increase is not fair to the lowest paid employees. Edevold stated that a flat % is not based on reality.

After more discussion, motion was made by Edevold to approve the revised pay increases schedule from the last meeting and to figure the Liquor Clerks at a later date. Mayor Beltz asked for a second three times. No second to the motion was heard. Motion died for lack of a second. Mayor asked if someone had a new motion. Anderson made the motion to increase wages as follows: 50 cent increase to Haugen, Halverson, Teige, Lindgren, and Moen; 75 cent increase to Jacobs and Coyer; 50 cent increase to Larson and Arnold. She does not feel comfortable with the raises proposed from last week. Seconded by Sutherland. Voting for the motion were Anderson, Moore, Sutherland. Voting against was Edevold. Motion carried.

Moore asked about putting the dollars cut from wages back into park repairs. Discussion was held on whether or not to put the lifeguards back into the budget. Motion was made by Edevold to put the money back into the park and not label it as water lines and manhole but to label it as park upgrades. Seconded by Moore, passed unanimously.

Residents have asked Sutherland about the beautification budget of \$4,000. Do we need it? Moore stated that has always been a big issue. He would like to see what it really takes to take care of the flowers on time to water the flowers and on overtime.

Concerns were heard on major water & sewer lines that may be needed next year. Edevold informed the Council that Frank Beaver would be the new Public Utilities Manager.

Alden Wold spoke with the Council about the City entrance signs. He would like to figure up a way to do the signs at a lower cost. Mayor Beltz stated that the HUB group was looking into finding funds for the signs.

Being there was no further business to come before the Council, motion to adjourn was made by Anderson. Seconded by Edevold, passed unanimously.

---

Steven M. Beltz  
Mayor

ATTEST:

---

Colleen R. Lindgren, CMC  
City Clerk Treasurer