

WADENA COUNTY SPECIAL BOARD OF COMMISSIONERS MEETING
SEPTEMBER 14, 2009, 8:30 A.M.

The Wadena County Special Board of Commissioners Meeting was held on Monday, September 14, 2009, at the Wadena County Courthouse Auditorium at 415 Jefferson St. S., Wadena Minnesota. The meeting was called to order at 8:30 a.m. by Chairman Dave Schermerhorn and the pledge of allegiance to the flag was said.

Also present; Commissioners Lane Waldahl, Rodney Bounds, Ralph Miller, William Stearns, and Auditor/Treasurer Char West.

Ms. West presented the Board with six Preliminary 2009/Payable 2010 Property Tax Levy option pointing you that she had been requested to provide several additional Levy options following the previous Budget Meeting for their consideration that day. She reviewed the six options;

- #1 – Partial Special Levies which resulted in a \$0 Levy increase (0%) over the 2009 Final Levy;
- #2 - all Special Levies excluding the Unallotment Special Levy which resulted in a \$7,281 (.098%) Levy increase over the 2009 Levy;
- #3 – all Special Levies reflecting a 0% Levy increase (Option #1) plus the addition of the 2008 Unallotment of \$133,049 which resulted in a \$133,049 (1.79%) increase over the 2009 Levy;
- #4 – all Special Levies reflecting a 0% Levy increase (Option #1) plus the addition of the 2009 Unallotment of \$100,295 (1.35%) increase over the 2009 Levy;
- #5 – all Special Levies reflecting a 0% Levy increase (Option #1) plus the addition of the 2008 and 2009 Unallotment of \$233,344 (3.14%) increase over the 2009 Levy;
- #6 – all Special Levies available to Wadena County reflecting a \$240,625 (3.23%) Levy Increase (Option #2 & #5) over the 2009 Levy.

Ms. West informed the Board that she had received information from County Assessor Lee Brekke that the MinnCan Pipeline was completed and would be reflected in Wadena County's market values for Payable 2010. She stated that, based on the County Assessor's information, the Pipeline had an assessed market value of \$7,846,600 in Payable 2009 and the assessed market value of \$43,555,400 in Payable 2010.

Commissioner Miller questioned whether the Pipeline value depreciated each year.

Ms. West responded that the County Assessor received the valuation from the Department of Revenue each year, so she was not sure.

The Board requested Ms. West contact Mr. Brekke to request his attendance of the Meeting to answer valuation questions the Board had.

Commissioner Bounds questioned whether the County received actual money from this Pipeline.

Chairman Schermerhorn responded that the County did not receive additional funds but that was what MinnCan had informed residents would occur.

Ms. West pointed out that all County taxpayers would benefit as their County property taxes would reduce due to MinnCan paying more of the Tax Levy; Wadena County did not receive more than what the Tax Levy was certified for.

Lee Brekke, County Assessor, came before the Board informing them that in Payable 2008 the MinnCan Pipe value was \$6,162,900, as the Pipeline value had been included in Blueberry Township in Payable 2009, for a total County Pipeline value of \$7,846,600; Payable 2010 Pipeline valuation was \$43,555,400.

Commissioner Stearns clarified that what this meant was that all the County taxpayers could receive a tax break in 2010.

Mr. Brekke pointed out that the Pipeline would be taking more of the County tax capacity.

Further discussion was held on the calculation of the County tax capacity.

Mr. Brekke and Ms. West reported that the MinnCan Pipeline would pay approximately \$680,000 of the Wadena County Property Tax Levy.

Further discussion was held as to how this increase in the Pipeline's valuation and property tax payment of the Tax Levy affected Wadena County; pointing out that Wadena County did not receive any funds over and above the Tax Levy; Wadena County taxpayers would see a reduction in their County property tax as the Pipeline was paying more of the Tax Levy.

Commissioner Miller questioned how much increase there was in general which would result in a lower tax rate for the rest of us.

Mr. Brekke explained the calculation of assessed valuations and tax capacity. He also pointed out the shift of tax capacity for exempt programs such as the Veterans program.

Commissioner Miller pointed out that new construction would also add to tax capacity.

Commissioner Waldahl questioned whether the Pipeline property had previously been taxed and paid by the property owner.

Mr. Brekke responded that the land was still owned and taxes paid by the property owner but additional valuation was being taxed for the pipe.

Commissioner Miller questioned why the new Pipeline was worth approximately six times more than the existing three lines.

Mr. Brekke responded that he did not have that information as the Department of Revenue

provided the valuation for all pipelines throughout the State but felt confident that they calculated a depreciation for the pipelines.

Commissioner Miller questioned if the Board chose Option #5 would the 3.14% Levy increase, in considering the addition of the Pipeline valuation, decrease in property tax to taxpayers.

Mr. Brekke responded that there were so many other factors involved.

Commissioner Stearns questioned if the Pipeline property tax increased \$680,000 and the Payable 2010 Property Tax Levy increased approximately \$250,000 would the rest of the taxpayer be responsible for less in property taxes if all things were equal.

Further discussion was held regarding how the increase in the MinnCan Pipeline assessed value, tax capacity and property taxes would affect County taxpayers as it related to the Wadena County Preliminary Payable 2010 Tax Levy.

Further discussion was held regarding the fact that this was the Preliminary Levy that could be lowered prior to the December 2010 Final Levy but it could not be raised.

Commissioner Stearns stated that in light of the information that day and low reserves he would suggest the Board set the Preliminary Payable 2010 Tax Levy at the maximum outlined in Option #6. He pointed out that the Payable 2010 Tax Levy was 2.5% less that the Payable 2009 Tax Levy; it was Preliminary and many things were unknown at this time.

**2009/PAYABLE 2010
PRELIMINARY LEVY RESOLUTION**

Commissioner Stearns offered the following Resolution and moved for it's adoption.

NOW THEREFORE BE IT RESOLVED: That the Wadena County Board of Commissioners adopt and certify the Preliminary 2009 Property Tax Levy for Taxes Payable in 2010. Distributed to the various funds as follows;

| | <u>LEVY</u> | <u>LESS COUNTY PROGRAM AID</u> | <u>LEVY LIMIT</u> | <u>PLUS SPEC. LEVIES</u> | <u>TOTAL LEVY</u> |
|-----------------|-----------------------|--------------------------------|-----------------------|--------------------------|-----------------------|
| Revenue | \$4,103,834.00 | \$568,221.00 | \$3,535,613.00 | \$852,564.00 | \$4,388,177.00 |
| Road & Bridge | \$1,630,300.00 | \$171,000.00 | \$1,459,300.00 | \$ 15,951.00 | \$1,475,251.00 |
| Social Services | \$1,909,037.00 | \$255,728.00 | \$1,653,309.00 | \$ 72,729.00 | \$1,726,038.00 |
| Library | \$ 90,587.00 | | \$ 90,587.00 | \$ 0.00 | \$ 90,587.00 |
| Total | \$7,733,758.00 | \$994,949.00 | \$6,738,809.00 | \$941,244.00 | \$7,680,053.00 |

Commissioner Miller seconded the motion,

Adopted at Wadena, Minnesota this 14th day of September, 2009.

Charleen West, Auditor/Treasurer

David Schermerhorn, Chairman

Further Board discussion was held as to the effect the MinnCan property tax valuation would have on other Wadena County taxpayers.

Commissioner Bounds questioned how many times industries were built and taxes went down.

Commissioner Stearns responded that anything that had been built in the City of Wadena was JOBZ or Tax Increment Financing so new construction had not been taxed.

Mr. Brekke pointed out that WalMart was not eligible for these programs so had been taxed.

Further discussion was held regarding the increase or decrease of all County valuations and how it would affect property taxes; pointed out property taxes were still being paid by business that had closed or banks that had foreclosed on property.

Commissioner Miller commented that he felt this was a unique opportunity to increase the Levy while decreasing the Property Taxes.

Commissioners Stearns, Miller, Waldahl, Schermerhorn voting aye; Commissioner Bounds voting nay, motion carried.

The Board adjourned at 9:30 a.m.

The Board reconvened at 9:31 a.m.

Commissioner Stearns clarified that Option #1 ended up reflecting a \$0 increase by talking with Sheriff Carr who was in agreement to reduce the Jail Medical expense by \$7,281.

Chairman Schermerhorn adjourned the Special Board of Commissioners Meeting at 9:33 a.m.

Charleen West, Auditor/Treasurer

David Schermerhorn, Chairman