

**CITY OF GILBERT**  
**MINUTES OF REGULAR COUNCIL MEETING**  
**TUESDAY, OCTOBER 13, 2015**  
**COUNCIL CHAMBERS**

Mayor Kutsi called the meeting to order at 6:30 p.m.

Present: Mayor Kutsi, Councilors Skalko, Pontinen, Bol and Liimatta.

Absent: None.

Staff Present: City Attorney Michael Kearney, City Engineer Jamnick, Chief Techar, Public Works Operations Director Lautigar, Library Director Miller and City Clerk/Treasurer Sakrison.

Mayor Kutsi led the audience in the Pledge of Allegiance to the Flag.

Motion by Skalko second by Bol to approve the agenda. All approved.

St. Louis County Commissioner Keith Nelson was invited to speak and educate the Council and the public on the Real Estate Tax System of MN.

- Nelson noted that the state of MN has one of the most complicated tax systems in the United States of America.
- The numbers that he is presenting today are specific to the city of Gilbert, they have no relevance in any other city.
- For 2016 the St. Louis County Levy will be 0%, and IF the city of Gilbert's levy was set at 10%, the overall taxes should decrease. NOTE: Taconite Aid was not factored in to this information.
- Mayor Kutsi asked that three parcels be presented with the 2015 vs. 2016 tax estimates. Commissioner Nelson provided this request.
- County wide property assessments have stabilized values. The city of Duluth was undervalued for a very long time. One township in St. Louis County had \$10 million of missed property values. A lot of properties that had not been paying their fair share in the past, are now paying.
- Commissioner Nelson speculates that St. Louis County's levy for next year could be at the 1 to 3% level.
- The city of Gilbert's tax base has grown 5.27% per the SLC Auditor's Office.
- Each year the Proposed Levy Increase Estimate is given to the cities of Duluth, Virginia, Hibbing and Ely. Like the one that was given to the city of Gilbert today.

Councilor Pontinen asked Commissioner Nelson if he was aware of the randomness of tax increases from last year's taxes. The levy as proposed at 8%, but there were increases of 12.2% - 23%. The state of MN has a very complicated and convoluted property tax system. Commissioner Nelson stated that he would be more than happy to look into what happened with the taxes last year. Councilor Pontinen would like to meet with Commissioner Nelson individually. Commissioner Nelson would feel more comfortable if the directive came from the City Council so that everyone would receive the same information.

Al Olsen asked Commissioner Nelson if it was true that the Board of Appeal & Equalization and Truth-in-Taxation meetings did evaluations of the properties, but do not set the taxes.

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Commissioner Nelson stated that SLC's role by state statutes is to do the assessments of all parcels. The assessors are only responsible for setting the market value of the property. The St. Louis County budget is what ultimately impacts the property tax bill.

Charlie Erjavec and his wife own three parcels in Gilbert, they are all non-homestead. They pay \$4,720 in property taxes for all three parcels, \$3,040 is the City of Gilbert's portion. He stated that 99% of the people do not understand levies, budget, etc. He is also a real estate broker, he used to hear that Gilbert is a great place, centrally located, low crime, but in the last year he has heard anywhere but Gilbert because the taxes are too high. All people understand is the bottom line, which is the actual tax number.

Al Olsen spoke regarding the issue of the budget committee being formed, and noted that as per the City Charter this won't happen until January. He also stated that during the City Council meeting of March 15, 2015, Councilor Pontinen asked about forming a budget advisory board, and Mayor Kutsi noted that they are elected officials and the Council and all department heads get together and set budgets. Olsen also attended the May 7, 2015 Board of Appeals & Equalization meeting. He recited the Ore-Be-Gone court home tax rates. After looking at the city website and noticed some "Clear signs of trouble ahead". He noted the "mandated" mercury limits by 2017 by the MPCA. There were three options discussed at the July 28, 2015 council meeting. They are all between \$6 - \$7 million.

Mayor Kutsi stated that they are looking into a feasibility study to combine facilities with Eveleth and Fayal, and possibly getting more funding from the state and the MPCA. Engineer Jamnick stated that the mercury limit mandate is removing approximately 2 tablespoons a year out of the water supply. Jamnick had a productive meeting with Senator Tomassoni and Commissioner Stine of MPCA. We are in the Lake Superior Watershed, so that is why the standard is the way it is. The city of Eveleth's permit is 3 - 4 years out. Gilbert's rates will affect the Fayal Township also. Other cities will need to meet these standards as permits come due. It was discussed at the last legislature to take a look at the cost/benefit analysis to do this standard.

Al Olsen asked if we could declare an emergency and invite all the state heads to come to Gilbert and discuss this issue. Olsen urged the council to vote yes to a 0% tax levy increase, and wants it done prior to the December Truth-in-Taxation meeting. Olsen stated that we need to be a community and work together, it is a "shared emotional connection".

Motion by Liimatta second by Bol to approve the September 22, 2015 City Council Budget Work Session meeting minutes & the September 22, 2015 Regular City Council meeting minutes. All Approved.

Motion by Pontinen second by Skalko to read into record the 2<sup>nd</sup> reading of the Amended Ordinance 2015-02 Chapter 54 - Electrical Systems. Roll call vote: Pontinen - Yes, Skalko - Yes, Mayor Kutsi - Yes; Bol - Yes and Liimatta - Yes. Approved.

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Motion by Pontinen second by Skalko to approve the Bylaws as amended of the Range Association of Municipalities and Schools (RAMS), dated September 24, 2015. Approved.

Motion by Skalko second by Liimatta to accept Attorney Kearney's recommendation to work with a realtor to establish the fair market value of the property Anton & Betty Udovich need to clear up the issue with their mortgage with no money changing hands. Approved.

Motion by Liimatta second by Bol to approve the Management Plan and to pass Resolution 2015-18 to make application to the IRRRB for funding to conduct a feasibility study regarding the forming of a Sanitary Sewer District. Approved.

Councilor Pontinen stated that even if the mercury standard is eliminated, the Wastewater Treatment Plant still needs a lot of work, a complete and total upgrade.

Attorney Kearney discussed the "Establishment of Budget Committee", and that the city works under the City Charter, and as per Section 2.02 of Boards & Commissions, Appointments shall be made in January and terms commence February 1<sup>st</sup> following. A budget board could not be formed tonight, but they can get together and discuss the budget.

Motion by Mayor Kutsi to have Councilors Pontinen and Bol meet with Gilbert citizens to come up with budget ideas, second by Pontinen. Approved.

Motion by Pontinen second by Bol to add to the January Agenda the forming of a Budget Committee. Approved.

Motion by Liimatta second by Skalko to have Councilors Bol & Skalko and Chief Techar meet with John Shega of Aspire Insurance to discuss what direction the city would like to proceed with the Ore-Be-Gone Cliffs and report back to the Council. Approved. (Potentially 10/19/15)

Motion by Liimatta second by Skalko to approve Josh Erickson as a new Gilbert Fire Fighter. Approved.

Motion by Liimatta second by Bol to have a Special City Council Meeting on Tuesday, October 20, 2015 at 6:00 p.m. for Mary Lou Sixberry's Variance request for a chain link fence, if approved by the Advisory Committee, and then adjourn to open Budget Work Session. Approved.

Councilor Skalko noted that the neighbors are not in favor of this variance. Mayor Kutsi stated he had heard the same from neighbors.

Motion by Pontinen second by Liimatta to have an insert in the city's utility bills containing the curling schedule for Curl Mesabi. Approved. (Gilbert is a member of the Range Recreation Civic Center)

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Motion by Skalko second by Liimatta to approve Debra Sakrison's attendance at the Civic Systems Minnesota User Conference in Orono, MN on Thursday, October 22, 2015 and to pay costs of mileage. Approved.

Motion by Liimatta second by Skalko to approve Public Works Operations Director Lautigar to advertise for two rink attendants. Approved.

Motion by Skalko second by Pontinen to appoint Sam Lautigar to the EGFSJ Joint Recreation Board. Approved.

Mayor Kutsi noted that there is still one position open on the EGFSJ Joint Recreation Board, and noted that there are other boards with positions available if anyone is interested they are posted in City Hall.

Motion by Pontinen second by Bol to put action on tax levy to set at 0% for 2016 Budget on October 27, 2015 agenda.

Motion by Kutsi second by Bol to acknowledge Revenues and Expenditures through September 30, 2015.

Mayor Kutsi

- Met with Habitat for Humanity, will be on the next agenda. They are looking for families to apply for a home in Gilbert. There is a 0% 30 year mortgage. There will be flyers at City Hall, the Library or at the Habitat for Humanity website. The average house value is \$110,000 once completed.
- He attended a Polymet Rally today in Aurora to support, it would bring more jobs to the community.

Councilor Bol wanted to show his support for the Library, and that the city needs to be creative because there are budget problems, and that volunteers are needed. He had a list of ideas:

1. Library budget solutions ó have a bake sale.
2. Library sponsored rummage sale. Could bring a non-perishable food item for the food shelf. Baked goods sales.
3. Silent Auction.
4. Businesses could pledge a certain amount of money a year and have some recognition.
5. Spaghetti feed.
6. Forfeit 20% of wages of 2016, for council & Library Director and that money would stay with the Library.
7. List of Volunteers for the Library, and give appreciation gifts for hours donated.

City Engineer Jamnick:

- Lower Florida project is moving along, ran into a number of unknowns. IRRRB funding for the East Industrial Park, would be a contingency for award of a contract to Mesabi Bituminous. Council already accepted bids. The IRRRB Board Meeting is not until October 30, 2015. This project would continue next year.

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- The CDBG Grant Pre-Applications are due October 15, 2015. The Genoa sanitary sewer upgrade is a priority.

Chief Techar:

- They had 379 calls for the month of September.
- Reminder: November 1, 2015 calendar parking is in effect.

Public Works Operations Director Lautigar

- He is meeting with MnDOT at 8:30 a.m. on October 14, 2015 regarding Highway 37 reconstruction.
- He is meeting with John Thomas of MPA at 10:30 a.m. on October 14, 2015 regarding the variance for the mercury mandate.
- Reminder: November 2 ó 6 will be alley pick-up, bagged leaves, brush ó no longer than 4 feet long.

Library Director Miller:

- Lego Club meets Wednesdays afternoons from 3:30 p.m. to 4:30 p.m. thru November.
- Teen murder mystery at 6:00 p.m. October 14, 2015 for ages 14 ó 18.
- A Norwegian event on October 15, 2015.
- Coloring event on October 26, 2015 at 5:00 p.m.
- 321 Arts Studio, a legacy event, on October 28, 2015 at 6:00 p.m.
- October 30, 2015 showing the movie *Tomorrowland*.
- Toddler tales on Thursday mornings at 10:30 a.m.

Motion by Liimatta second by Kutsi to approve bills and payroll subject to audit by Mayor and Clerk. All approved.

Motion by Liimatta second by Bol to acknowledge the Police Commission Minutes of July 14, 2015; Library Board Minutes of August 3, 2015 & September 1, 2015; Campground Committee Minutes of September 21, 2015 and the MacNeil Environmental Account Manager Report of September 30, 2015. All approved.

Councilor Pontinen thanked the public for attending and showing their concern and keep coming to the meetings.

Motion by Bol second by Mayor Kutsi to adjourn the meeting at 8:00 p.m.

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Debra Sakrison, City Clerk

ATTEST:

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Robert Kutsi, Mayor