

2022 Budget & Property Tax Levy Public Meeting

Public Presentation

December 7, 2021



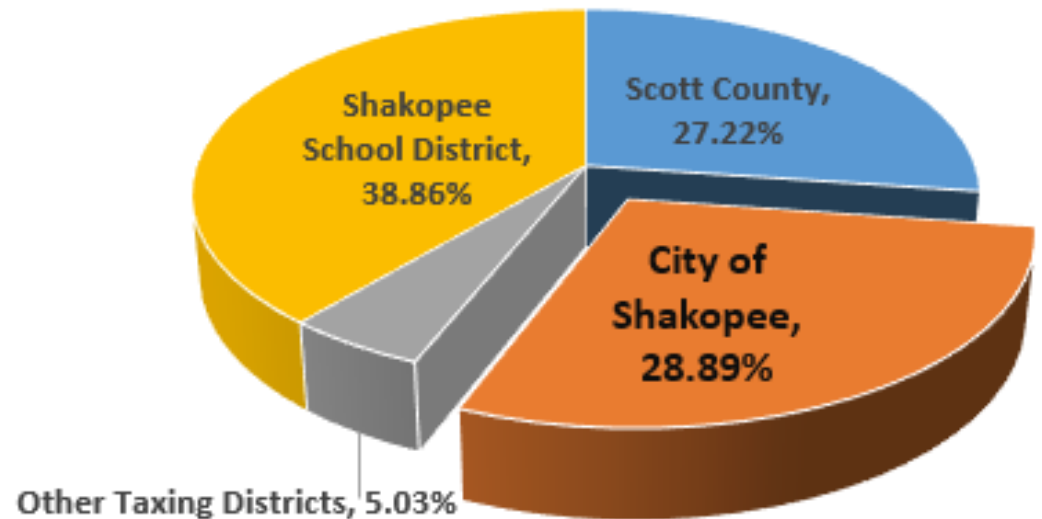
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2022 Budget & Property Tax Levy

- The City of Shakopee annually adopts a budget and property tax levy for the upcoming year.
- Tonight's public meeting provides the public an opportunity to comment on the budget and levy.



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2022 Budget Process

- May 18 – Long-term Financial Plan council work session
- June 22 – Budget listening session
- July 20 - 2022-2026 Capital Improvement Plan (CIP) council work session
- September 1 - Preliminary levy and budget council work session
- September 15 - Preliminary levy and budget approval; CIP approval
- December 7 – Public meeting on proposed levy and budget

2022 Financial Objectives

- City Council
 - Low taxes/stable tax rate
 - Increase tax capacity
 - Strategic priorities
 - Financial stability
 - Enhanced community strengths
 - Effective public services
 - Communication
- Administration
 - True fiscal transparency
 - Long-term perspective



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**City of Shakopee
Levy Analysis
December 7, 2021**

	2021 Final	2022 Recommended	Increase/ (Decrease)	% Change
City Levy				
General Fund	\$ 17,934,600	\$ 19,381,000	\$ 1,446,400	8.06%
Abatements	194,600	216,000	21,400	11.00%
Capital Improvement Levy	700,000	700,000	-	0.00%
Park Development Levy	-	-	-	0.00%
Debt Service				
2016 Abatement	2,188,600	2,189,000	400	0.02%
Total Debt Service	2,188,600	2,189,000	400	0.02%
Total City Levy	\$ 21,017,800	\$ 22,486,000	\$ 1,468,200	6.99%
Shakopee EDA Special Levy	\$ 350,000	\$ 500,000	\$ 150,000	42.86%
Total City and EDA Levies	\$ 21,367,800	\$ 22,986,000	\$ 1,618,200	7.57%



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**2022 Annual Budget
GENERAL FUND SUMMARY**

	Actual 2019	Actual 2020	Original Budget 2021	Requested Budget 2022	
TAXES	16,794,801.18	17,277,737.95	18,368,600.00	19,724,500.00	
SPECIAL ASSESSMENTS	6,483.68	(17,705.65)	7,000.00	4,000.00	
LICENSES AND PERMITS	4,656,994.54	3,577,062.61	2,139,100.00	2,858,400.00	
INTERGOVERNMENTAL	1,573,434.61	4,707,146.53	1,441,200.00	1,444,200.00	
CHARGES FOR SERVICES	7,084,697.22	5,242,149.68	6,929,500.00	7,384,800.00	
FINES AND FORFEITURES	8,138.00	7,061.63	1,700.00	1,700.00	
MISCELLANEOUS	581,819.17	619,835.77	235,000.00	233,200.00	
TOTAL REVENUES	30,706,368.40	31,413,288.52	29,122,100.00	31,650,800.00	
GENERAL GOVERNMENT	(4,705,860.79)	(4,981,703.45)	(4,817,500.00)	(5,196,300.00)	
PUBLIC SAFETY	(12,731,159.55)	(13,538,331.95)	(13,895,700.00)	(14,938,100.00)	
PUBLIC WORKS	(5,955,457.05)	(6,551,230.44)	(6,849,300.00)	(7,487,800.00)	
RECREATION	(3,863,476.17)	(3,537,763.26)	(4,156,300.00)	(4,506,000.00)	
UNALLOCATED	(25,250.92)	(25,625.00)	(131,200.00)	(130,600.00)	
DEBT SERVICE	(22,140.00)	(22,140.00)	(22,100.00)	0.00	
CAPITAL OUTLAY	(93,702.71)	(226,730.14)	0.00	(42,000.00)	
TOTAL EXPENDITURES	(27,397,047.19)	(28,883,524.24)	(29,872,100.00)	(32,300,800.00)	
TRANSFERS IN	250,000.00	250,000.00	250,000.00	400,000.00	
PROCEEDS FROM SALE OF ASSETS	577.62	10,284.00	0.00	0.00	
BOND PROCEEDS	0.00	0.00	0.00	0.00	
TRANSFERS OUT	0.00	(2,535,510.00)	0.00	0.00	
TOTAL OTHER FINANCING	250,577.62	(2,275,226.00)	250,000.00	400,000.00	
COMMITTED FUNDS - BUILDING INSPECTIONS	0.00	795,000.00	500,000.00	250,000.00	
NET	3,559,898.83	1,049,538.28	0.00	0.00	

2022 General Fund Summary

Change in non-tax revenues
+\$1,172,800 (10.9%)

Change in expenditures
+\$2,428,700 (8.1%)

Change in transfer
+\$150,000 (60.0%)

Change in use of prior year revenue
(- \$250,000) (-50.0%)

2022 Preliminary Budget and Levy

- Revenue forecasts (net increase of \$1,210,500, excluding property tax levy)

Description	2021 Budget	2022 Budget	\$ Change	% Change
Allowance for Uncollectible	\$ -	\$79,500	(\$79,500)	(100.0%)
SPUC Pilot	2,600,000	2,850,000	250,000	9.6%
Building Permit Revenues	1,900,800	2,633,800	733,000	38.6%
Engineering Fees	885,000	992,000	107,000	12.1%
Municipal State Aid	526,000	485,000	(41,000)	(7.8%)
Recreation Revenues:				
Sand Venture	185,500	188,500	3,500	1.9%
Ice Arena	880,000	975,000	95,000	10.8%
Community Center	1,066,400	1,092,100	25,700	2.4%
Recreation Programs	210,000	162,000	(48,000)	(22.9%)
Transfers From Utility Funds	250,000	400,000	150,000	60%



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2022 Preliminary Budget and Levy

- Budget impact issues (net total expense increase of \$2.43 million)
 - Wages and benefits (net change of \$1.66 million)
 - 2021 unbudgeted adjustments (\$745k)
 - Added positions – building inspector, engineering technician, communication specialist, recreation and ice arena specialists (previous part-time)
 - 2 percent cost of living adjustment
 - COLA (2.5 percent proposed) (\$303k)
 - Union contracts settled through 2023 (patrol, sergeants, public works) (\$286k)
 - Market adjustments and 2.5 cost of living adjustments
 - Election judges (\$65k)
 - Health insurance (4.5 percent \$76,500)
 - Workers compensation (10 to 20 percent increase, \$106k)
 - Step increases, other changes (\$71k)



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2022 Preliminary Budget and Levy

- Budget impact issues
 - Internal rent charges
 - Equipment fund
 - Phased increase for future replacement cost - \$103,600 (Year 4 of 4)
 - Increase in other replacement costs added - \$72,800
 - Buildings fund
 - Modification in useful life of certain improvements - \$112,500
 - Other ISF's (park assets and IT equipment)
 - Other services and charges (\$462,600 net increase)
 - Tribal contribution spending (\$96k), Emerald Ash Borer (\$50k), building inspections software (\$40k), recreational software (\$34k), fleet vehicle tracking software (\$30k), county prosecution costs (\$26.5k), and salary study (\$25k).
 - Other increases related to material/contractual service increases



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Estimated Market Value

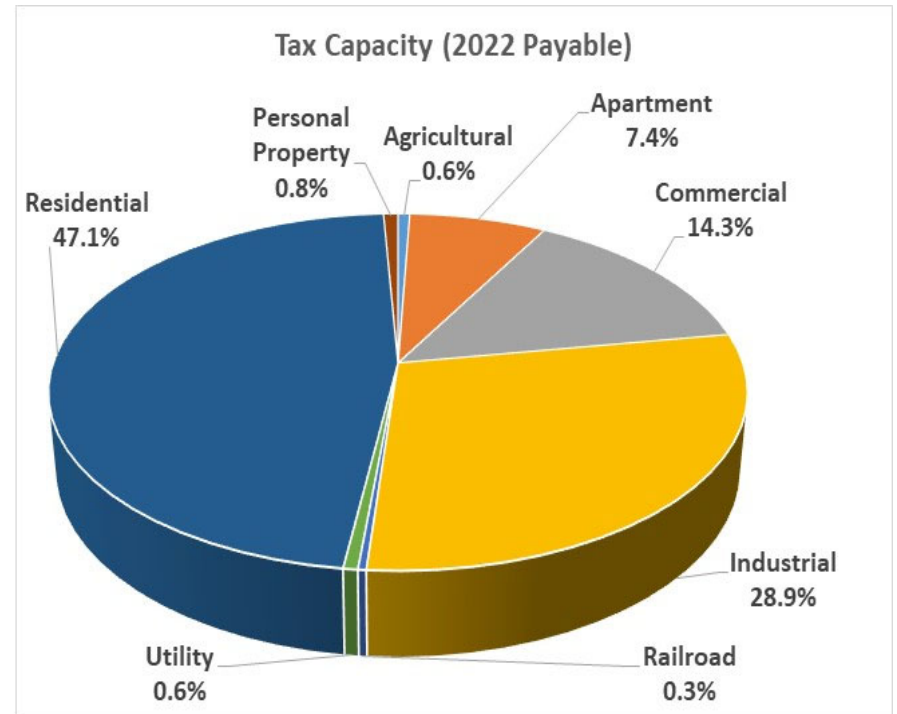
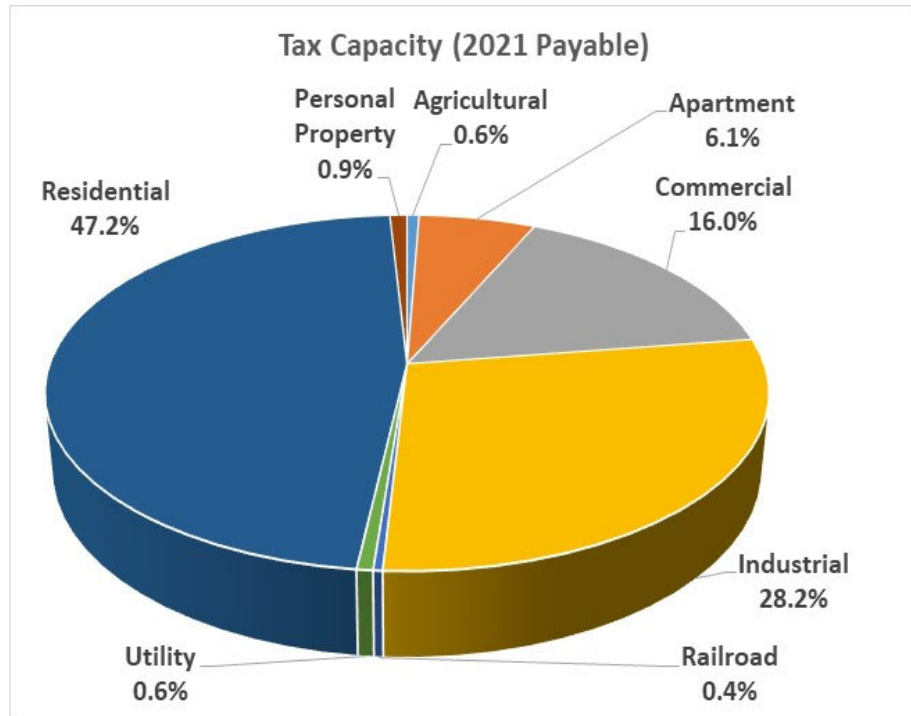
Class	Payable 2021	Payable 2022	Change (%)
Agricultural	\$104,479,000	\$105,865,500	1.3%
Apartment	379,573,200	493,449,300	30.0%
Commercial	593,119,100	573,305,400	-3.3%
Industrial	1,032,049,600	1,144,920,900	10.9%
Railroad	13,078,900	12,922,100	-1.2%
Public Utility	22,650,200	22,650,200	- %
Residential	3,570,040,700	3,816,832,200	6.9%
Exempt	802,467,400	813,379,900	1.4%
Personal Property	<u>32,791,300</u>	<u>31,162,800</u>	<u>-5.0%</u>
Totals	\$6,550,249,400	\$7,014,488,300	7.1%

New construction accounts for 34.9% of the increase



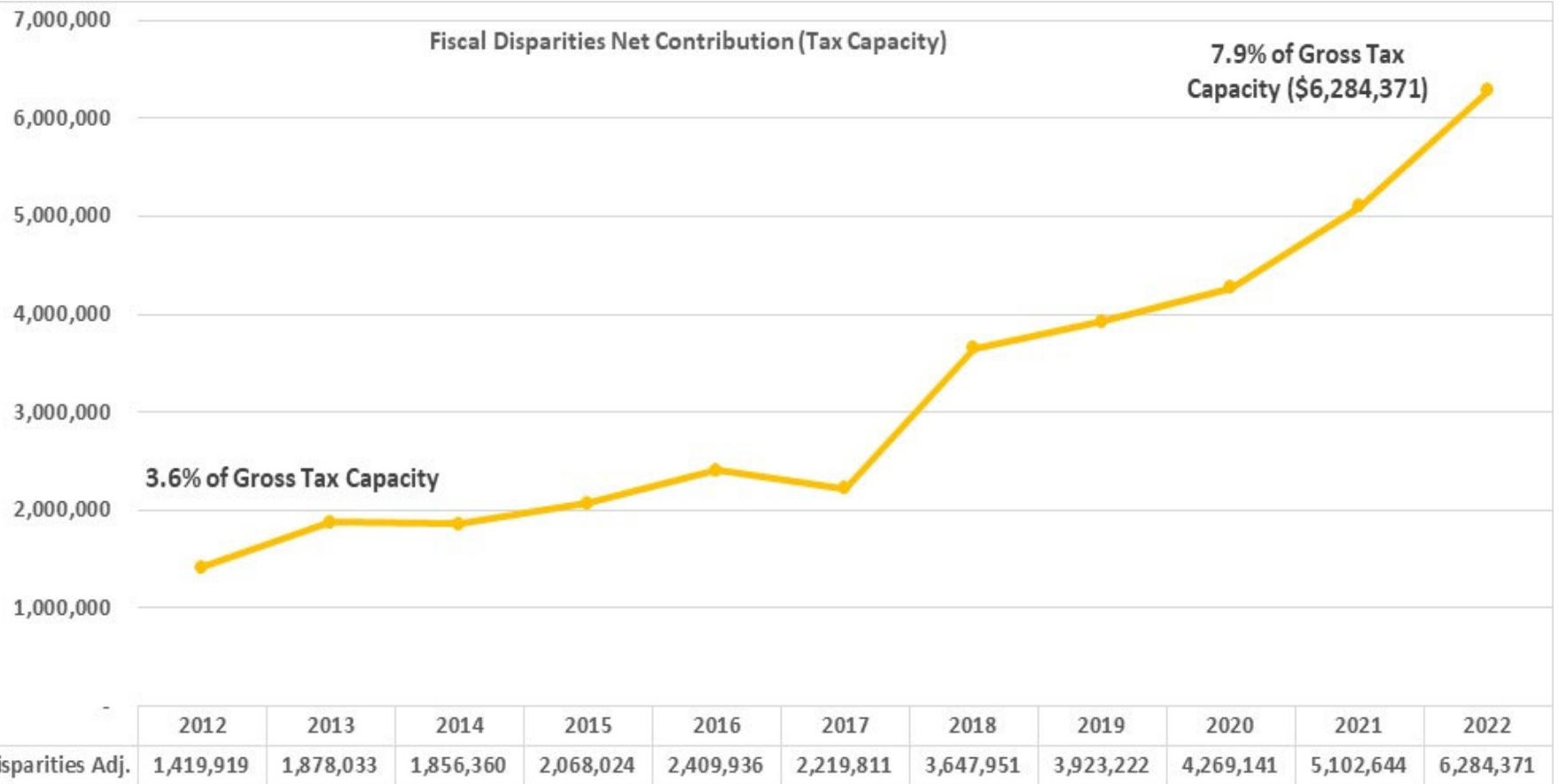
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Tax Capacity

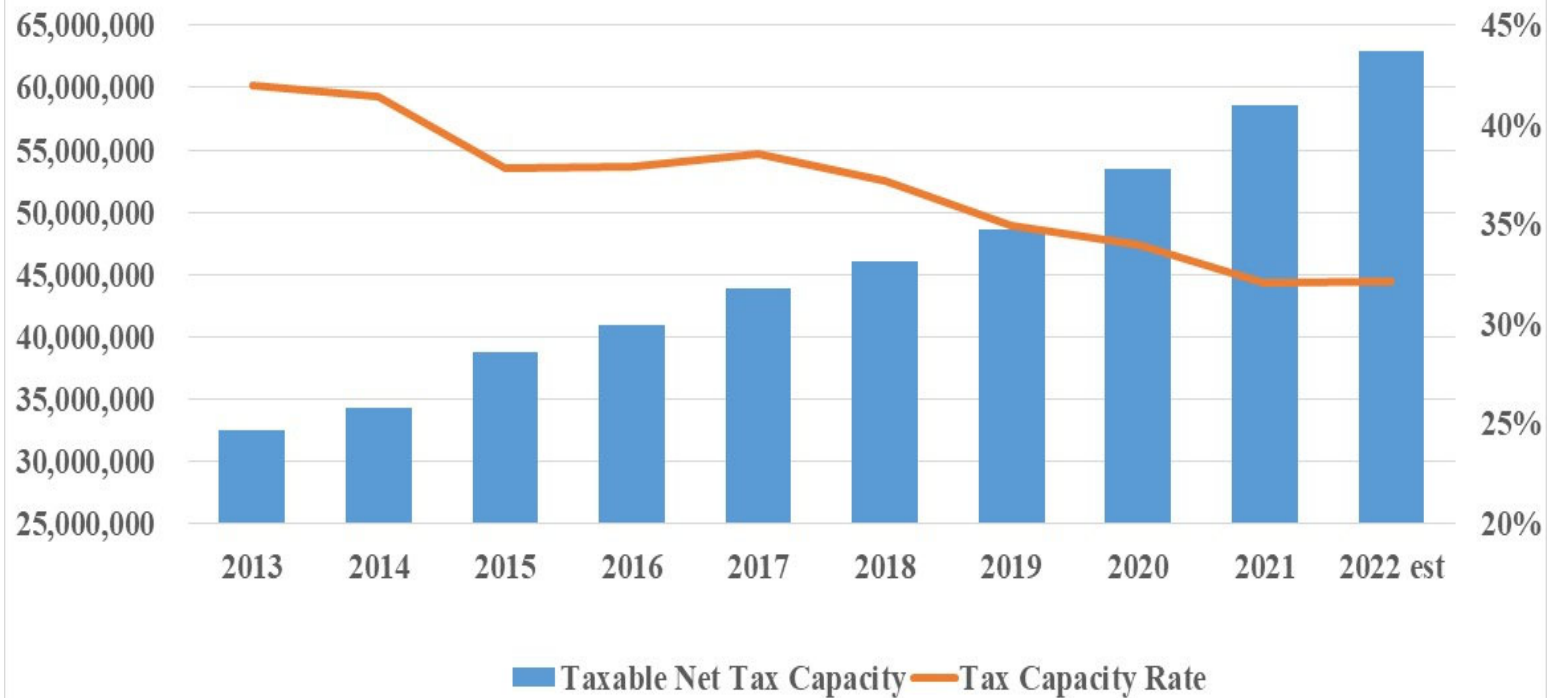


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Fiscal Disparities (net tax capacity contribution)



Tax Capacity & Tax Rate Comparison



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2022 Property Tax Levy Comparison

Pay 2022 Market Value of
\$222,000 = \$46 tax
increase



Pay 2022 Market Value of
\$284,600 = \$65 tax
increase

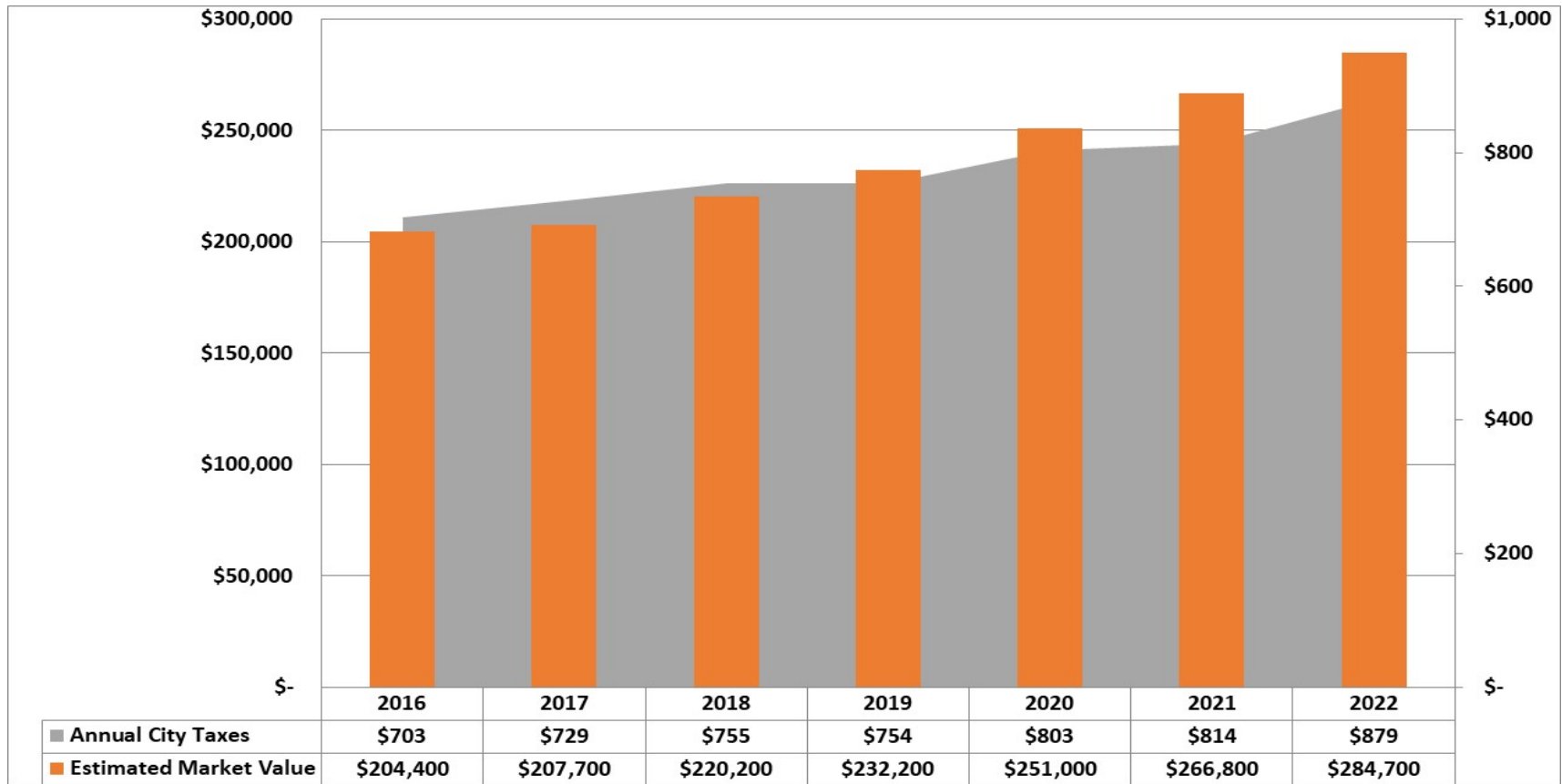


Pay 2022 Market Value of
\$363,900 = \$71 tax
increase



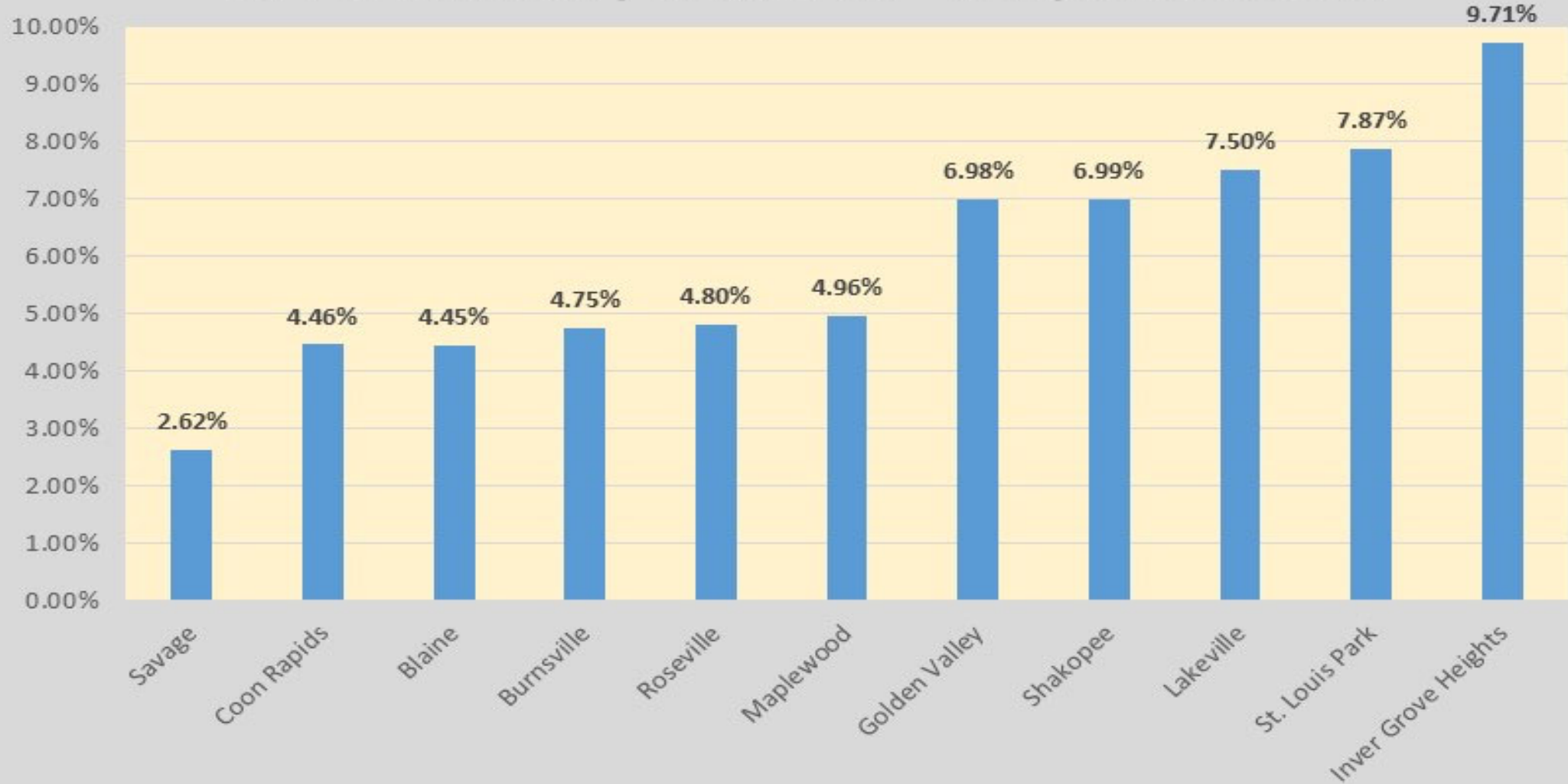
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Median Value Home

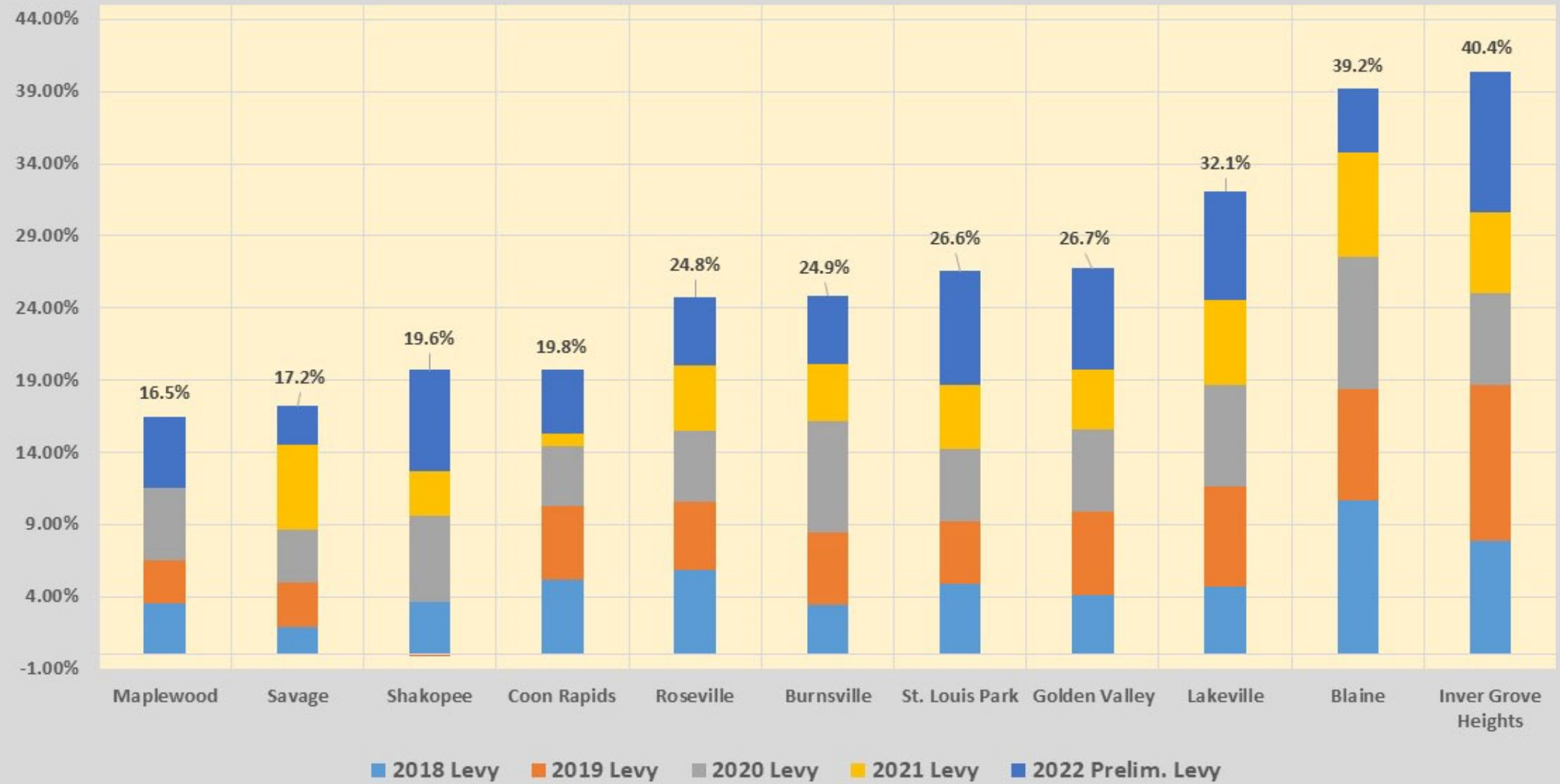


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2022 Preliminary Tax Levies - Comparable Cities



2018, 2019, 2020, 2021 & 2022 Tax Levies - Comparable Cities



2022 Proposed Utility Rates

- Sanitary Sewer

Description	2022 Proposed	2021	Change		*Rate Study
City Rate (Per 1,000 Gallons)	\$0.90	\$0.85	0.05		\$0.88
Met Council Rate (Per 1,000 Gallons)	2.74	2.60	0.14		2.80
Flat Rate (Per Household)	3.25	2.90	0.35		3.00

- Storm Water

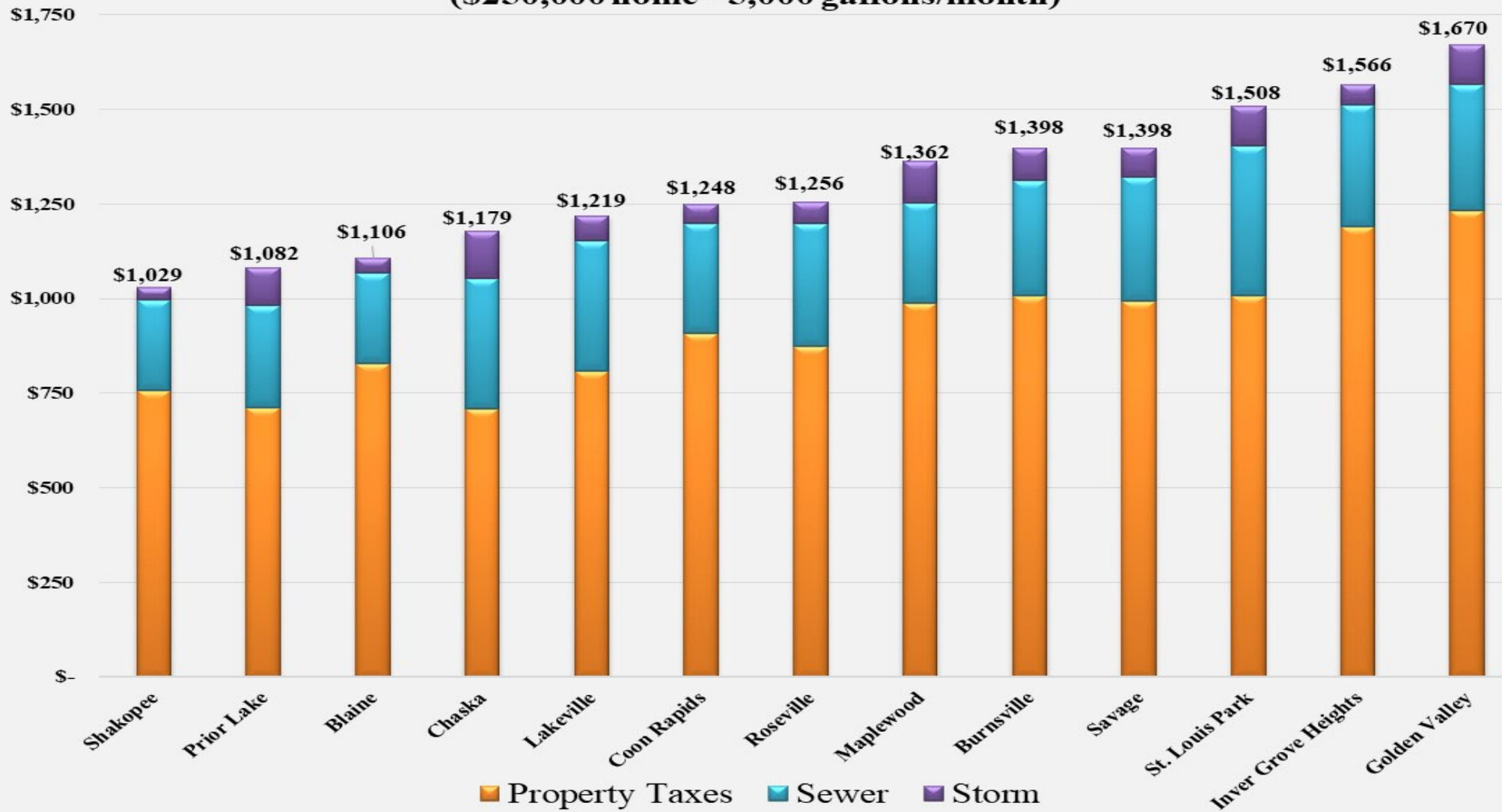
Description	2022 Proposed	2021	Change		*Rate Study
Residential Rate Per Lot	\$2.68	\$2.68	-		\$2.71
Commercial Rate Per Acre Per Month	8.04	8.04	-		8.12

Increase of \$15 per year on a typical residential user (5,000 gallons/month)



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2021 Annual Cost of Services for Comparable & Surrounding Cities (\$250,000 home - 5,000 gallons/month)



Impact of Budget Levy Request

- ✓ Minimal change in City tax rate from 32.11% to 32.17%
 - Decreased each of the previous four years
 - 2020 payable rate was 33.97%

- ✓ Median value home of \$284,700 (6.7% increase in value)
 - Annual tax impact of \$65
 - Absent of a change in value – that home would see a \$2 increase



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2022 Proposed Budget and Levy (Next Steps)

- This is a public meeting and the public is welcome to speak on the budget and/or tax levy.
- After tonight's meeting, the budget and levy will come back to the Council on December 21st for final approval.
- No action is required tonight other than to invite to the public to speak.