2023 Proposed Property Tax Levy & Budget

City Council Meeting – Public Presentation

December 6, 2022

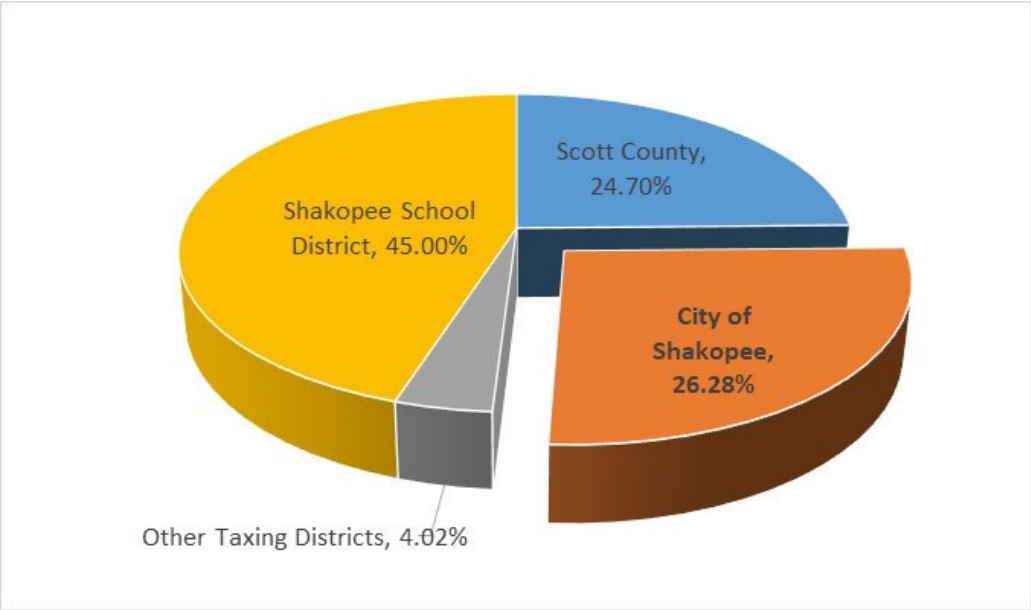
SHAKOPEE
INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Budget Changes from Preliminary (9/6)

- Minor revisions to market value data and tax rates (updated Scott County assessment data)
- Net General Fund reductions of $124,000 (offset by reducing the use of budgeted fund balance from permit revenues)
  - Allocated $78,000 of $112,000 placeholder to General Fund departments (net savings of $34,000).
  - Health/Dental insurance reduced by $32,000, primarily as a result of a decrease in dental insurance.
  - Compensation and Class Study
    - Proposed pay grade revisions for eleven positions & 2% market adjustment to non-union pay plan
    - Preliminary cost estimate of $320k reduced to $276k ($262k related to General Fund) and allocated to appropriate departments

2023 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.

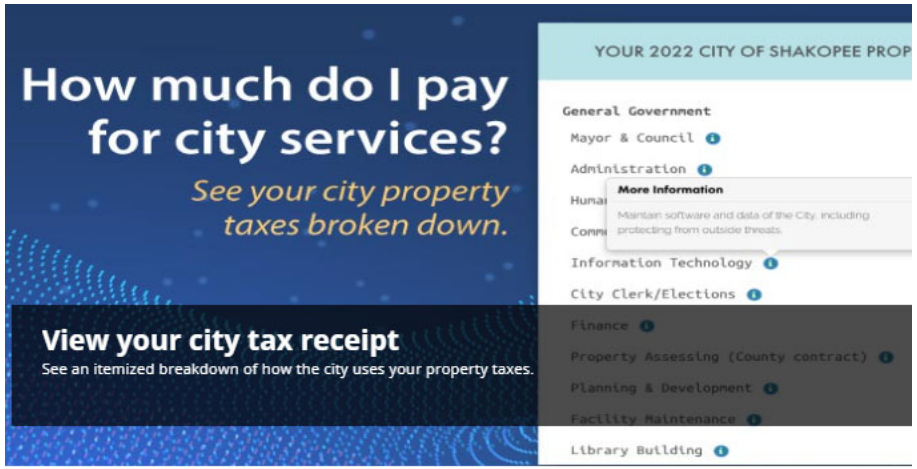


2023 Budget Process

- May 17 – Long-term Financial Plan council work session
- June 21 – Budget listening session
- July 18 - 2023-2027 Capital Improvement Plan (CIP) council work session
- August 16 - Preliminary levy and budget council work session
- September 6 - Preliminary levy and budget approval
- October 4 - 2023-2027 CIP approval
- December 6 – Public meeting on proposed levy and budget

2023 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

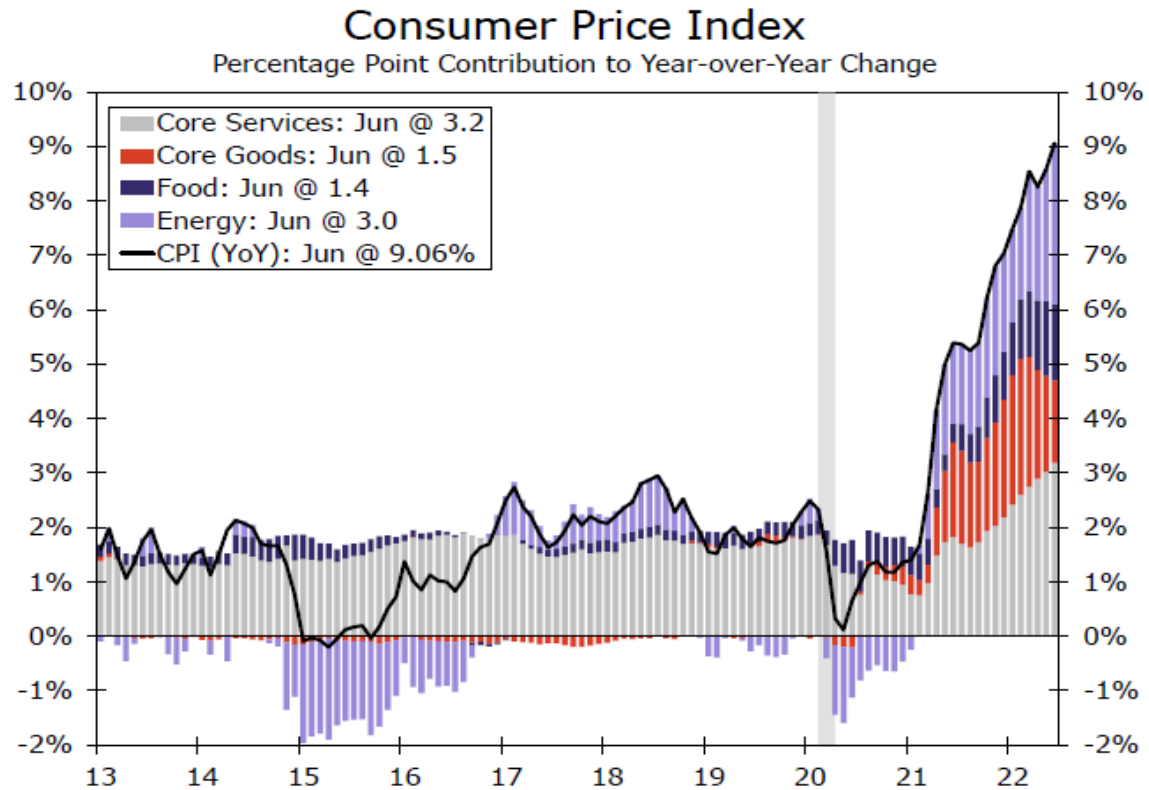


Shakopee continues to remain strong financially…

- AA+ credit rating
- Diverse tax base across all sectors
- Strong financial practices and polices
  - Long-term financial plan, 15-year capital improvement plan, financial projections
  - Internal service funds (Equipment, Buildings, Park, Technology)

Budget pressures

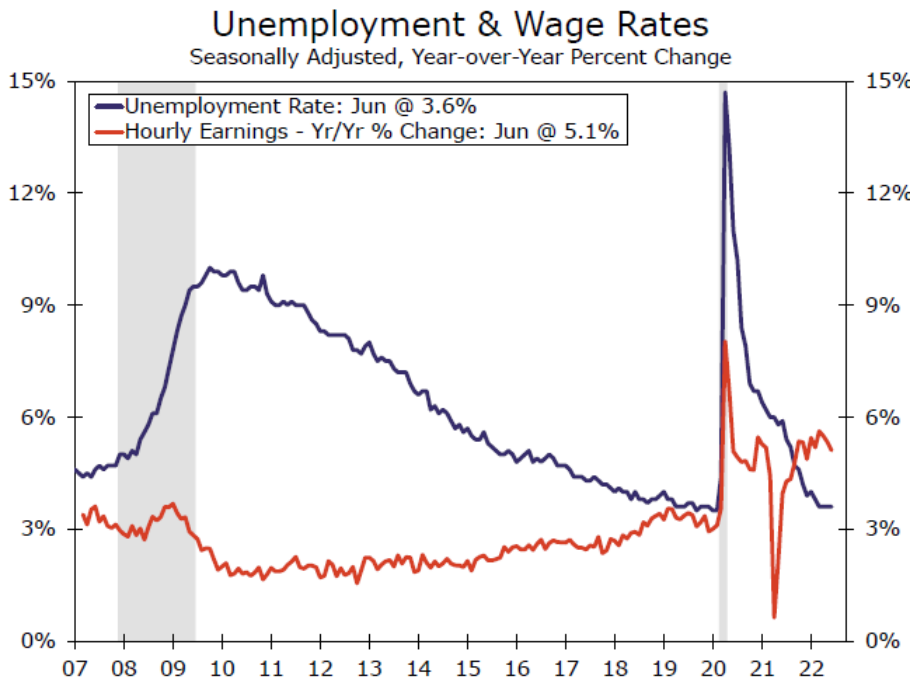
- City share of $570 million of local government aid - $0
- 10th largest contributor to fiscal disparities (8% of tax capacity)
- Consumer Price Index (9.1% annual increase)
  - Direct impact to fuel, street materials and energy costs
  - Infrastructure costs



Source: U.S. Department of Labor and Wells Fargo Economics

Budget pressures

- Staffing & personnel costs
  - Challenges to fill positions including public safety personnel, part-time positions
  - Wage rates, health insurance and workers compensation insurance costs
- Scott County prosecution cost allocation
- Population and development
  - 14.1 miles of street, 23 miles of sidewalks/trails, and 75 acres of parks/open space.
- Property tax shifts to residential properties



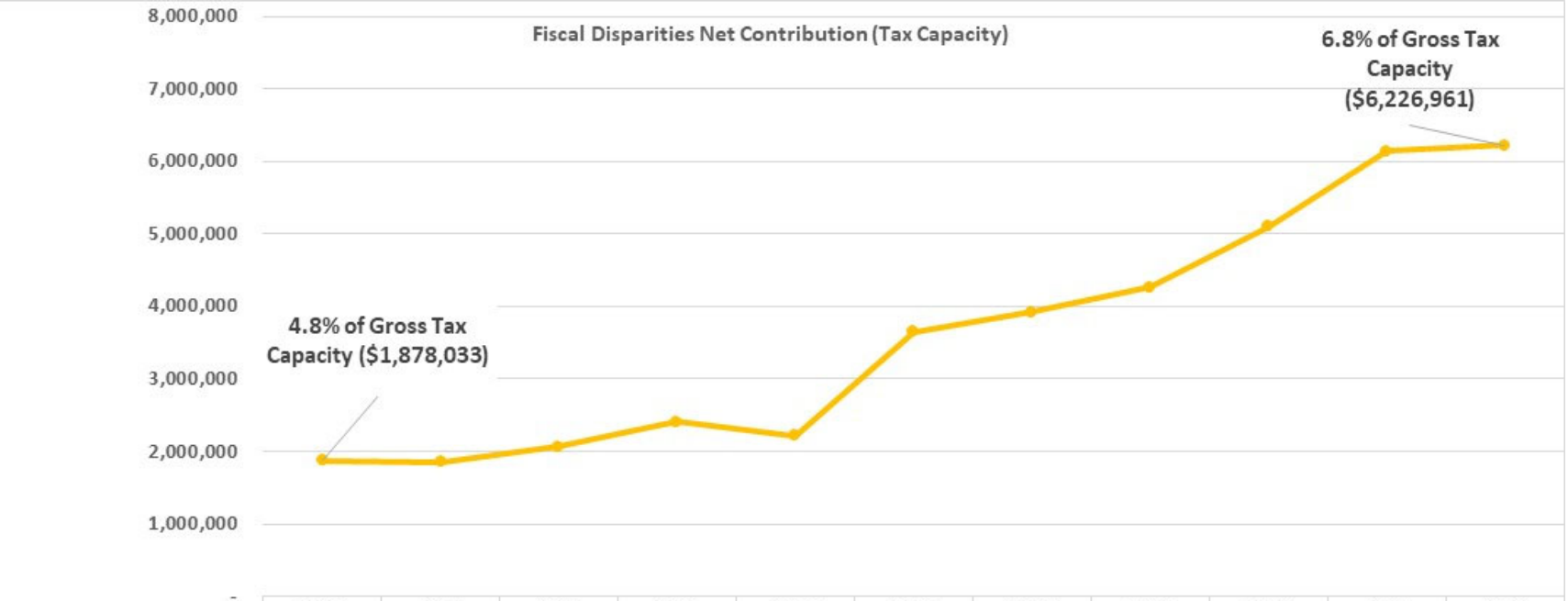
Source: U.S. Department of Labor and Wells Fargo Economics

Taxable Market Value

Class	Payable 2022	Payable 2023	Change (%)
Agricultural	$80,612,179	$61,725,686	-23.4%
Apartment	493,022,700	595,293,400	20.7%
Commercial	593,451,500	610,601,500	2.9%
Industrial	1,159,939,400	1,253,682,00	8.1%
Public Utility/Railroad	32,901,800	33,315,800	1.3%
Residential	3,682,892,656	4,660,162,836	26.5%
Other	1,976,900	2,274,280	15.0%
Totals	$6,044,797,135	$7,217,055,502	19.4%

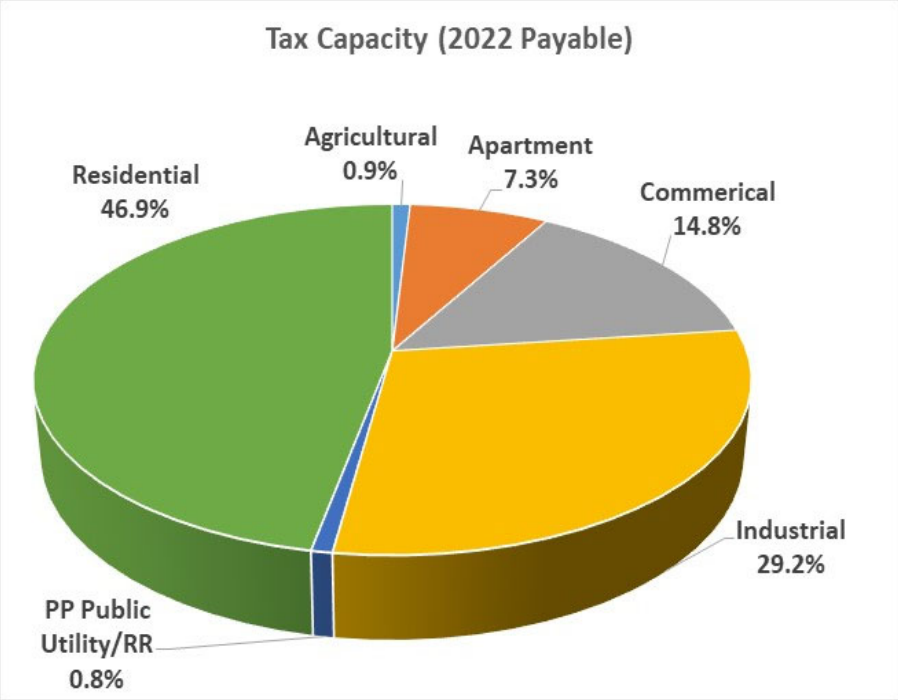
New construction accounts for 10.8% of the increase

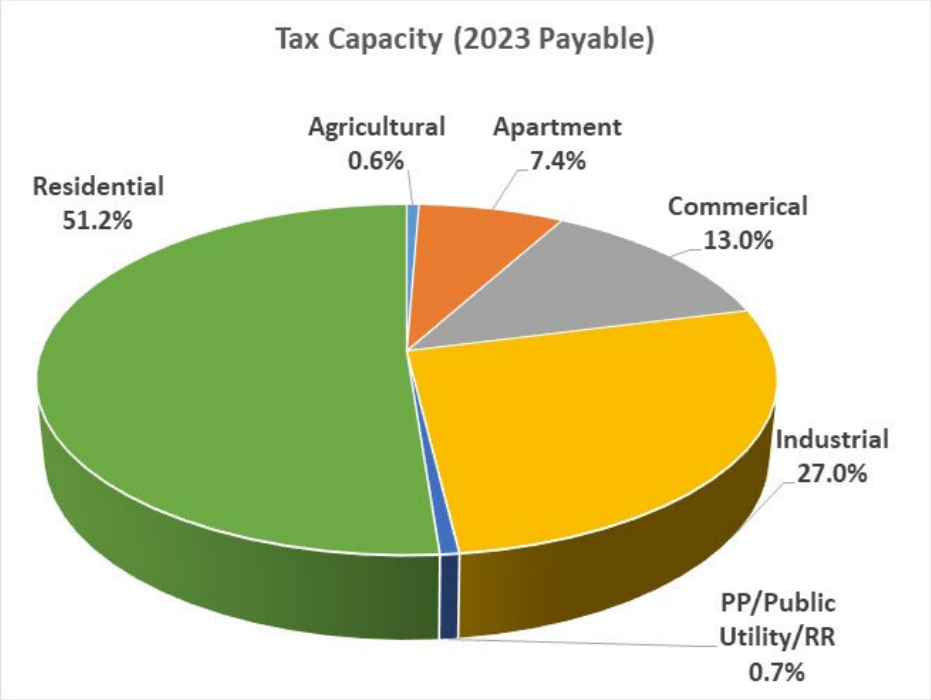
Fiscal Disparities (net contribution)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fiscal Disparities Adj.	1,878,033	1,856,360	2,068,024	2,409,936	2,219,811	3,647,951	3,923,222	4,269,141	5,102,644	6,139,141	6,226,961

Tax Capacity





Change in City Tax Allocation Illustration

Property Tax Changes (Based on a **0% Levy** Increase & Market Value Changes)*											
Classification*	Class Rate	2022 Taxable Market Value	2023 Taxable Market Value	$ Change	% Change	2022 Tax Rate	2022 City Taxes	2023 Tax Rate	2023 City Taxes	$ Change	% Change
Residential	1.00%	$ 273,083	$ 340,445	$ 67,362	24.67%	32.111	$ 877	26.665	$ 908	$ 31	3.53%
Apartment	1.25%	$ 1,160,500	$ 1,335,736	$ 175,236	15.10%	32.111	$ 4,658	26.665	$ 4,452	$ (206)	-4.42%
Commercial	1.50 - 2.00%	$ 1,173,200	$ 1,200,184	$ 26,984	2.30%	32.111	$ 7,294	26.665	$ 6,201	$ (1,093)	-14.99%
Industrial	1.50 - 2.00%	$ 2,486,800	$ 2,660,876	$ 174,076	7.00%	32.111	$ 15,730	26.665	$ 13,990	$ (1,739)	-11.06%

**Residential is the 2023 median residential estimated market value (homestead) of $346,500 (taxable market value of $340,445). 2022 median residential estimated market value (homestead) was $284,700 (taxable market value of $273,803). Multi-family residential, commercial, industrial values reflect the median value from the Scott County Assessor's report. The hypothetical properties were assumed to increase in taxable market value at the same proportion as existing total taxable market value for that classification type. Apartments will include anything 4+ units, which does bring this medial value lower that the traditional large apartment complex.*

City of Shakopee
Levy Analysis
December 6, 2022

	2022 Final	2023 Recommended	Increase/ (Decrease)	% Change
City Levy				
General Fund	$ 19,381,000	$ 20,590,000	$ 1,209,000	6.24%
Abatements	216,000	265,000	49,000	22.69%
Capital Improvement Levy	700,000	700,000	-	0.00%
Debt Service				
2016 Abatement	2,189,000	2,189,000	-	0.00%
2022A Improvement	-	148,000	148,000	100.00%
Total Debt Service	**2,189,000**	**2,337,000**	**148,000**	**6.76%**
Total City Levy	**$ 22,486,000**	**$ 23,892,000**	**$ 1,406,000**	**6.25%**
Shakopee EDA Special Levy	$ 500,000	$ 500,000	$ -	0.00%
Total City and EDA Levies	**$ 22,986,000**	**$ 24,392,000**	**$ 1,406,000**	**6.12%**

Note: 1% increase/decrease in the levy = $225k

2023 Proposed Budget & Levy

2023 Annual Budget
GENERAL FUND SUMMARY

	Actual 2020	Actual 2021	Original Budget 2022	Requested Budget 2023
TAXES	17,277,737.95	18,481,045.21	19,724,500.00	20,938,500.00
SPECIAL ASSESSMENTS	(17,705.65)	7,393.60	4,000.00	2,000.00
LICENSES AND PERMITS	3,577,062.61	4,640,345.19	2,858,400.00	3,432,700.00
INTERGOVERNMENTAL	4,707,146.53	6,153,015.36	1,444,200.00	1,516,000.00
CHARGES FOR SERVICES	5,242,149.68	7,512,607.54	7,384,800.00	7,743,400.00
FINES AND FORFEITURES	7,061.63	2,483.92	1,700.00	1,700.00
MISCELLANEOUS	619,835.77	27,431.07	233,200.00	333,400.00
TOTAL REVENUES	**31,413,288.52**	**36,824,321.89**	**31,650,800.00**	**33,967,700.00**
GENERAL GOVERNMENT	(4,981,703.45)	(5,008,070.06)	(5,196,300.00)	(5,422,400.00)
PUBLIC SAFETY	(13,538,331.95)	(14,323,609.45)	(14,938,100.00)	(15,995,900.00)
PUBLIC WORKS	(6,551,230.44)	(6,926,789.07)	(7,487,800.00)	(7,934,600.00)
RECREATION	(3,537,763.26)	(4,184,907.28)	(4,506,000.00)	(4,886,600.00)
UNALLOCATED	(25,625.00)	(40,426.74)	(130,600.00)	(128,200.00)
DEBT SERVICE	(22,140.00)	(5,535.00)	0.00	0.00
CAPITAL OUTLAY	(226,730.14)	(73,415.15)	(42,000.00)	(126,000.00)
TOTAL EXPENDITURES	**(28,883,524.24)**	**(30,562,752.75)**	**(32,300,800.00)**	**(34,493,700.00)**
TRANSFERS IN	250,000.00	605,400.00	400,000.00	400,000.00
PROCEEDS FROM SALE OF ASSETS	10,284.00	0.00	0.00	0.00
BOND PROCEEDS	0.00	0.00	0.00	0.00
TRANSFERS OUT	(2,535,510.00)	(5,222,862.00)	0.00	0.00
TOTAL OTHER FINANCING	**(2,275,226.00)**	**(4,617,462.00)**	**400,000.00**	**400,000.00**
COMMITTED FUNDS - BUILDING INSPECTIONS	484,000.00	500,000.00	250,000.00	126,000.00
NET	738,538.28	2,144,107.14	0.00	0.00

2023 Proposed Budget and Levy

- Revenue forecasts (net increase of $1,059,000, excluding property taxes

Description	2022 Budget	2023 Budget	$ Change	% Change
SPUC - payment in Lieu of taxes	$2,850,000	$3,150,000	$300,000	10.5%
Building permit revenues	2,460,000	2,885,000	425,000	17.3%
Rental housing revenues	-	150,000	150,000	100%
Municipal State Aid - Streets	485,000	575,000	90,000	18.6%
Investment income (General Fund)	210,000	290,000	80,000	38.1%
Police contracted services	291,200	332,740	41,540	14.3%
Tax Abatement (negative revenue)	(216,000)	(265,000)	(49,000)	(22.7%)

2023 Proposed Budget and Levy

- Expenditure forecasts (net increase of $2,192,900)
  - Wages and benefits ($1,519,900)
    - Cost of Living Adjustment (2.5 percent proposed for 1/1/2023, $537k)
      - Unions settled through 12/31/2023
    - Independent consultation compensation and classification studies
      - 2022 part-time pay plan adjustments ($140k)
      - 2023 non-union full-time pay plan adjustments ($262,000)
    - Health/Dental insurance (-$8k)
    - Estimated workers compensation (10 to 20 percent increase, $128k)
    - Step increases ($155k)

2023 Proposed Budget and Levy

Wages and benefits continued…

- Proposed full-time staff positions:
  - Park maintenance operation ($94k)
    - Ensures the appropriate level of staffing for growing open space, parks and streetscaping
  - Rental housing inspector ($108k)
    - Responsible for the implementation of city's rental housing ordinance and inspections
  - Three fire department supervisors (Mid-year implementation - $50,200 net cost)
    - Shift compensation would replace stipends and on-call hours of deputy chiefs, fire marshall, captains and lieutenants for night and weekends.
    - Duties include to night and weekend calls, supervising firefighters, coordinating training and fielding phone calls.
- Election judges, non-election year (-$65k)

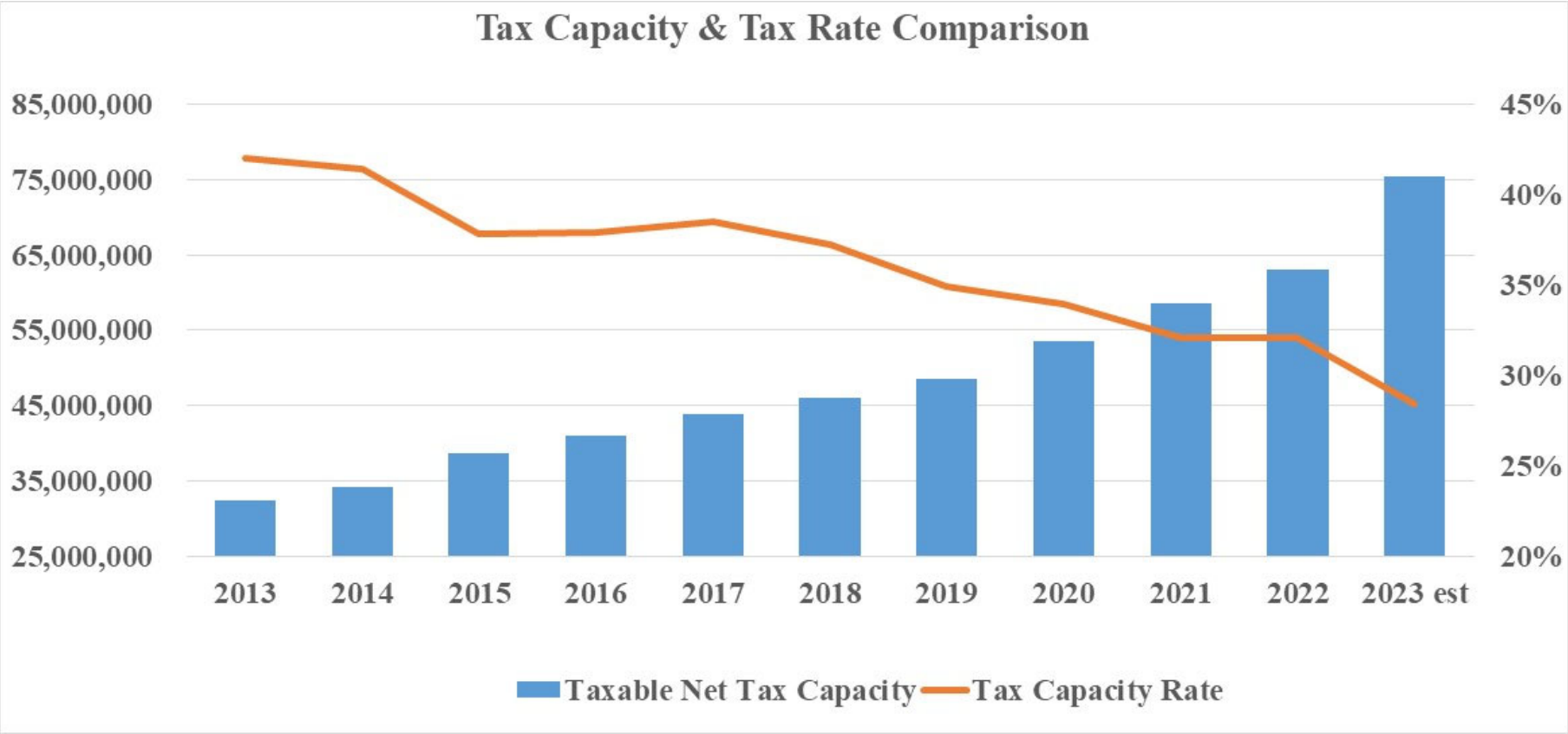
2023 Preliminary Budget and Levy

- Internal rent charges ($96,300 increase)
  - Equipment fund ($35,900)
    - Electric vehicles added, increases replacement costs
    - Reduced $59,700 – Fire Department SCBA moved to operating
  - Park Facilities ($29,900)
    - Ridge Creek, Scenic Heights, Timber Trails parks added
  - Buildings fund ($27,200)
  - Information Technology ($3,300)
- Other services and charges ($576,700 net increase)

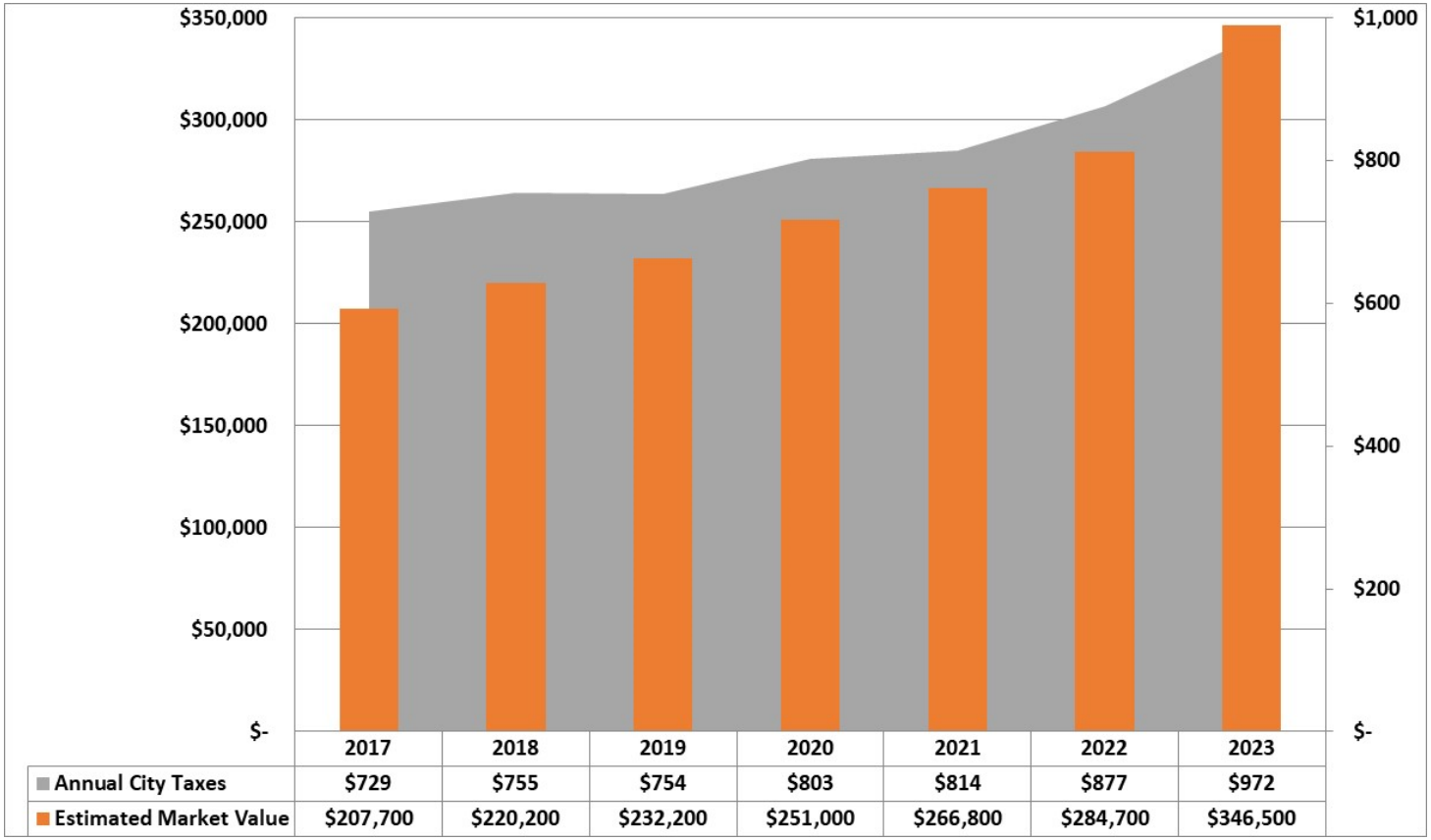
$70,000	Tyler building software (Tyler Assist and Rental Housing License Module)
$66,300	Elections pollpad/tabulator upgrades
$59,700	Fire Department SCBA moved to operating
$53,500	Motor fuels (25% increase)
$50,400	County prosecution costs
$31,500	Credit card fees
$20,000	Street sealcoat
$18,000	Car Wash Painting
$16,900	Natural gas (10% increase)
$190,400	Misc. net departments adjustments based on preliminary budget review (increases contract costs, material costs, etc.)

Debt Service

- 2022A Improvement Bond Levy $148,000 (new)
  - Provided funding for the Capital Improvements Fund
  - Approved transfer of $200,000 from local projects funds to phase increase over two-year period.
  - Required debt cancellation of $200,000
- 2016 Abatement Bond Levy $2,189,000 (no change)
  - Funded Community Center and Ice Arena construction
  - Required debt cancellation of $48,793


Tax Capacity & Tax Rate Comparison
85,000,000
75,000,000
65,000,000
55,000,000
45,000,000
35,000,000
25,000,000
45%
40%
35%
30%
25%
20%
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023 est
Taxable Net Tax Capacity
Tax Capacity Rate

Median Value Home



	2017	2018	2019	2020	2021	2022	2023
Annual City Taxes	$729	$755	$754	$803	$814	$877	$972
Estimated Market Value	$207,700	$220,200	$232,200	$251,000	$266,800	$284,700	$346,500

2023 Property Tax Levy Comparison

Pay 2023 Market Value of $270,000 = $73 tax increase

Pay 2023 Market Value of $346,500 = $95 tax increase

Pay 2023 Market Value of $443,000 = $112 tax increase

Change in City Tax Allocation Illustration

Property Tax Changes (Based on a **6.25% Levy** Increase & Market Value Changes)*

Classification*	Class Rate	2022 Taxable Market Value	2023 Taxable Market Value	$ Change	% Change	2022 Tax Rate	2022 City Taxes	2023 Tax Rate	2023 City Taxes	$ Change	% Change
Residential	1.00%	$ 273,083	$ 340,445	$ 67,362	24.67%	32.111	$ 877	28.537	$ 972	$ 95	10.79%
Apartment	1.25%	$ 1,160,500	$ 1,335,736	$ 175,236	15.10%	32.111	$ 4,658	28.537	$ 4,765	$ 107	2.29%
Commercial	1.50 - 2.00%	$ 1,173,200	$ 1,200,184	$ 26,984	2.30%	32.111	$ 7,294	28.537	$ 6,636	$ (658)	-9.02%
Industrial	1.50 - 2.00%	$ 2,486,800	$ 2,660,876	$ 174,076	7.00%	32.111	$ 15,730	28.537	$ 14,973	$ (757)	-4.81%

**Residential is the 2023 median residential estimated market value (homestead) of $346,500 (taxable market value of $340,445). 2022 median residential estimated market value (homestead) was $284,700 (taxable market value of $273,803). Multi-family residential, commercial, industrial values reflect the median value from the Scott County Assessor's report. The hypothetical properties were assumed to increase in taxable market value at the same proportion as existing total taxable market value for that classification type. Apartments will include anything 4+ units, which does bring this medial value lower that the traditional large apartment complex.*

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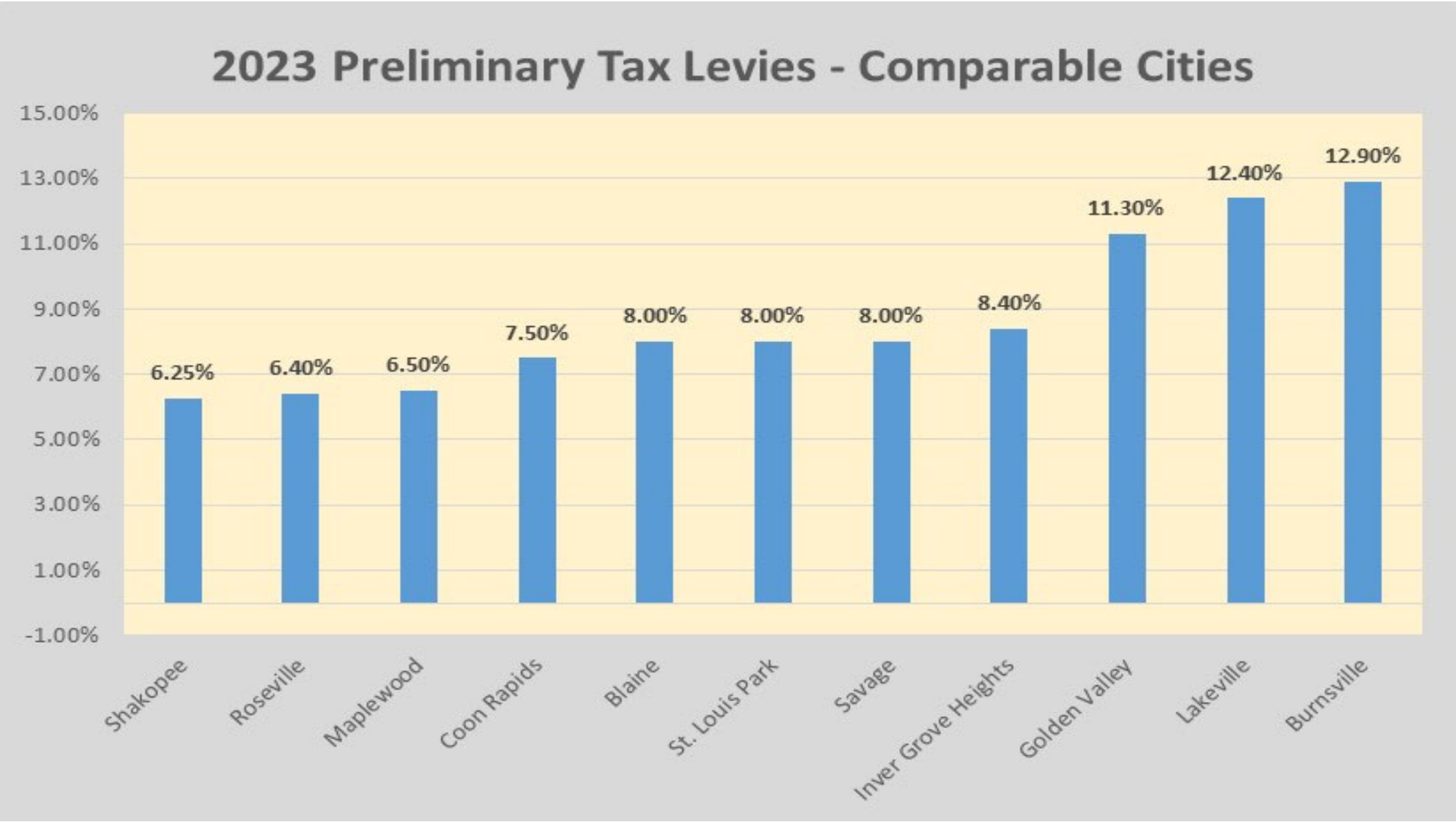

2023 Preliminary Tax Levies - Comparable Cities
15.00%
13.00%
11.00%
9.00%
7.00%
5.00%
3.00%
1.00%
-1.00%
6.25%
6.40%
6.50%
7.50%
8.00%
8.00%
8.00%
8.40%
11.30%
12.40%
12.90%
Shakopee
Roseville
Maplewood
Coon Rapids
Blaine
St. Louis Park
Savage
Inver Grove Heights
Golden Valley
Lakeville
Burnsville

2023 Proposed Utility Rates

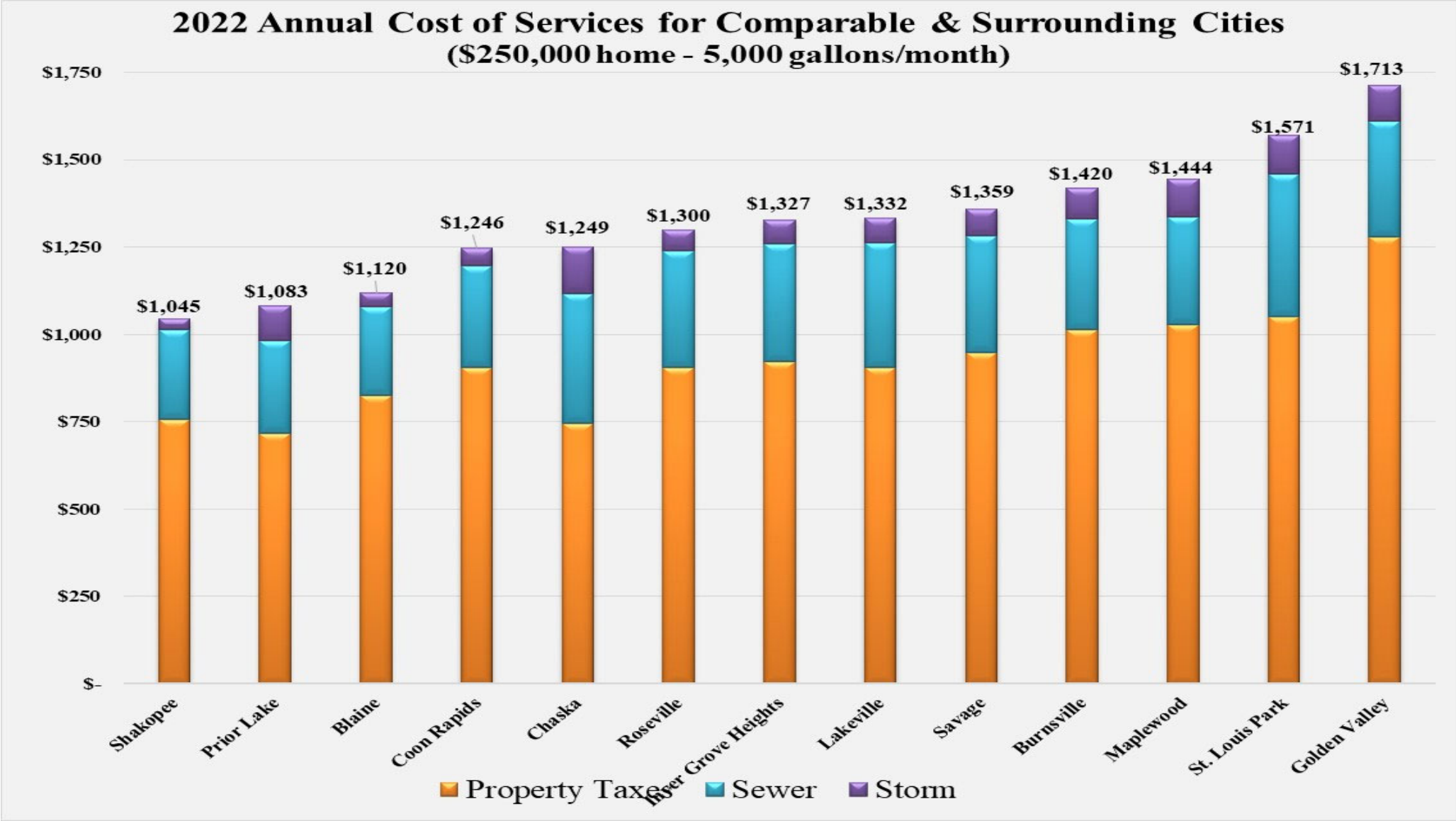
- Sanitary Sewer

Description	2023 Proposed	2022	Change		*Rate Study
City Rate (Per 1,000 Gallons)	$0.91	$0.88	$0.03		*$0.91*
Met Council Rate (Per 1,000 Gallons)	2.82	2.80	0.02		*2.81*
Flat Rate (Per Household)	3.20	3.00	0.20		*3.11*

- Storm Water

Description	2023 Proposed	2022	Change		*Rate Study
Residential Rate Per Lot	$2.76	$2.71	0.05		*$2.70*
Commercial Rate Per Acre Per Month	8.28	8.12	0.16		*8.20*

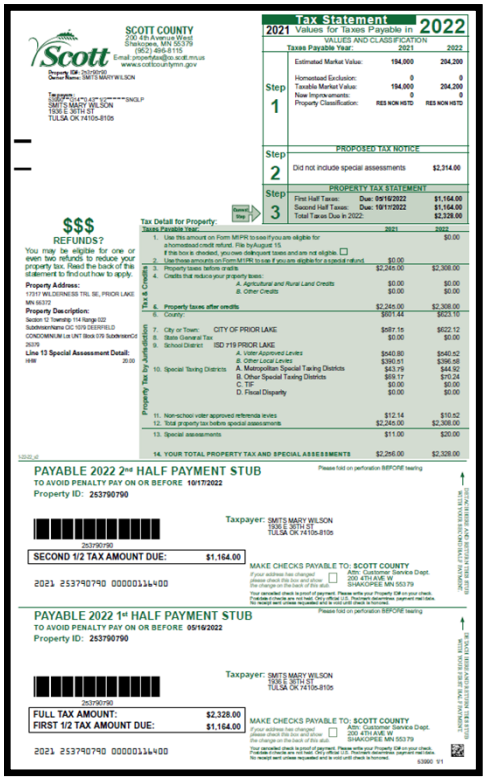
Increase of $6 per year on a typical residential user (5,000 gallons/month)


2022 Annual Cost of Services for Comparable & Surrounding Cities
($250,000 home - 5,000 gallons/month)
$1,750
$1,500
$1,250
$1,000
$750
$500
$250
$-
$1,045
$1,083
$1,120
$1,246
$1,249
$1,300
$1,327
$1,332
$1,359
$1,420
$1,444
$1,571
$1,713
Shakopee
Prior Lake
Blaine
Coon Rapids
Chaska
Roseville
Inver Grove Heights
Lakeville
Savage
Burnsville
Maplewood
St. Louis Park
Golden Valley
Property Taxes
Sewer
Storm

Property Tax Notice – State Law Change

- Effective for property taxes payable in 2023 and thereafter, a separate statement must be included with parcel-specific proposed taxes notice. MN Stat. 275.065 subd. 3b
- Separate statement must include a list of various levy and budget details for the county, city and school district the parcel is within, and the percent change in the proposed levy by jurisdiction.
  - Revenues and expenditures by type compared to prior year budget (similiar to what is shown on slide #10)
- The new supplement was mailed out with the Truth in Taxation Notice in November 2022.

https://www.revenue.state.mn.us/homeowners-homestead-credit-refund



SCOTT COUNTY
200 4th Avenue West
Shakopee, MN 55379
(952) 496-8115
E-mail: propertytax@co.scott.mn.us
www.scottcountymn.gov

Property ID#: 263790790
Owner Name: SMITS MARY WILSON

Taxpayer:
SMITS MARY WILSON
1936 E. 36TH ST
TULSA OK 74105-8105

Tax Statement 2021 Values for Taxes Payable in **2022**

VALUES AND CLASSIFICATION

Taxes Payable Year:	2021	2022
Step 1 Estimated Market Value:	194,000	204,200
Homestead Exclusion:	0	0
Taxable Market Value:	194,000	204,200
New Improvements:	0	0
Property Classification:	RES NON HSTD	RES NON HSTD

PROPOSED TAX NOTICE

Step 2 Did not include special assessments $2,314.00

PROPERTY TAX STATEMENT

Step 3

First Half Taxes:	Due: 05/16/2022	$1,164.00
Second Half Taxes:	Due: 10/17/2022	$1,164.00
Total Taxes Due in 2022:		$2,328.00

$$$ REFUNDS?
You may be eligible for one or even two refunds to reduce your property tax. Read the back of this statement to find out how to apply.

Property Address:
17717 WILDERNESS TRL SE, PRIOR LAKE MN 55372

Property Description:
Section 12 Township 114 Range 022
SubdivisionName CIC 1079 DEERFIELD CONDOMINIUM Lot UNIT Block 076 SubdivisionCd 26276

Line 13 Special Assessment Detail:
HHM 20.00

Tax Detail for Property:
Taxes Payable Year:

	2021	2022
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible. ☐		$0.00
2. Use these amounts on Form M1PR to see if you are eligible for a special refund	$0.00	
3. Property taxes before credits	$2,246.00	$2,308.00
4. Credits that reduce your property taxes:		
A. Agricultural and Rural Land Credits	$0.00	$0.00
B. Other Credits	$0.00	$0.00
6. Property taxes after credits	$2,246.00	$2,308.00
6. County:	$601.44	$623.10
7. City or Town: CITY OF PRIOR LAKE	$587.15	$622.12
8. State General Tax	$0.00	$0.00
9. School District ISD #19 PRIOR LAKE		
A. Voter Approved Levies	$640.80	$640.52
B. Other Local Levies	$390.51	$396.98
10. Special Taxing Districts A. Metropolitan Special Taxing Districts	$43.79	$44.92
B. Other Special Taxing Districts	$69.17	$70.24
C. TIF	$0.00	$0.00
D. Fiscal Disparity	$0.00	$0.00
11. Non-school voter approved referenda levies	$12.14	$10.52
12. Total property tax before special assessments	$2,245.00	$2,308.00
13. Special assessments	$11.00	$20.00
14. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	$2,256.00	$2,328.00

Property Tax by Jurisdiction

PAYABLE 2022 2nd HALF PAYMENT STUB
Please fold on perforation BEFORE tearing
TO AVOID PENALTY PAY ON OR BEFORE 10/17/2022
Property ID: 263790790

Taxpayer: SMITS MARY WILSON
1936 E. 36TH ST
TULSA OK 74105-8105

263790790

SECOND 1/2 TAX AMOUNT DUE: $1,164.00

2021 263790790 000001164 00

MAKE CHECKS PAYABLE TO: SCOTT COUNTY
If your address has changed ☐ Attn: Customer Service Dept.
Please check the box and write the change on the back of this stub. 200 4TH AVE W
SHAKOPEE, MN 55379

Your canceled check is proof of payment. Please write your Property ID# on your check. Postdate checks are not held. Only official U.S. Postmark determines payment met date. No receipt sent unless requested and is sold until check is honored.

PAYABLE 2022 1st HALF PAYMENT STUB
Please fold on perforation BEFORE tearing
TO AVOID PENALTY PAY ON OR BEFORE 05/16/2022
Property ID: 263790790

Taxpayer: SMITS MARY WILSON
1936 E. 36TH ST
TULSA OK 74105-8105

263790790

FULL TAX AMOUNT: $2,328.00
FIRST 1/2 TAX AMOUNT DUE: $1,164.00

2021 263790790 000001164 00

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63980 1/1

Who Qualifies [-]

There are two types of Homestead Credit Refund:

- Regular - based on your income and property taxes
- Special - based on how much your property tax increased

You may qualify for either or both of these refunds.

TYPE OF REFUND	REQUIREMENTS TO CLAIM THE REFUND
Regular	• You owned and lived in your home on January 2, 2022 • Your household income for 2021 was less than $119,790
Special	• You owned and lived in the same home on January 2, 2021, and on January 2, 2022 • Your home's net property tax increased by more than 12% from 2021 to 2022 • The net property tax increase was at least $100 • The increase was not because of improvements you made to the property

Budget Calendar

Date	Who	What
May 17, 2022	Council/Staff	Review Long-term Financial Plan
June 21, 2022	Public/Staff	Budget Listening Session
July 18, 2022	Council/Staff	Review Preliminary Capital Improvement Plan (CIP)
August 16, 2022	Council/Staff	Review proposed levy, initiatives and requests
September 6, 2022	Council	Adopt proposed maximum tax levy for City and EDA.
October 6, 2022	Council	Adopt final 2023-2027 CIP
September 30, 2022	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
Mid-November	County	Proposed tax notices sent to owners
December 6, 2022	Council	Hold public meeting to discuss levy and budget. Review and approve fee schedule for 2023.
December 20, 2022	Council	Adopt final tax levy and budget
December 31, 2022	Staff	Certify final tax levy and budget to County and State

2023 Budget highlights

- ✓ ≈ 20% growth in City taxable market value
  - $127 million (10% of growth) from new construction
  - Home value appreciation – 23% increase in existing residential values
- ✓ Significant (11%) decrease in the City tax rate (32.11% to 28.54%)
- ✓ Anticipated property tax decreases for commercial & industrial properties
- ✓ Investment in public safety
  - Full-time Fire Supervisor positions (3)
  - Rental Housing Program implementation
- ✓ Continued investment in parks and trails
  - $6.8 million identified in CIP for park development and replacement
  - Full-time Park Maintenance Operator position

2023 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 20 for final approval.
- No action is required tonight other than to invite to the public to speak.