

2020 Preliminary Levy & Budget

September 17, 2019

Shakopee
Minnesota

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We can only affect what we have the ability to...

- Our “Box”
 - City Budget
- No ability to address:
 - Valuation
 - School Taxes
 - County Taxes
 - Special Districts Taxes

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2020 City Council Financial Objectives

- Council
 - Low Taxes
 - Continued Financial Stability
 - Stable Tax Rate
 - Increased Tax Capacity
 - Increased Bond Rating
- Administration
 - True Fiscal Transparency
 - Budget Reflects how we spend Tax Dollars

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2020 Preliminary Budget & Levy

- In addition to focusing on our defined financial objectives, this year's budget also focuses on:
 - Maintaining operational service levels which includes an infusion of tax dollars dedicated to maintaining street infrastructure.
 - The levy also includes an investment in the regional park development as a result of the Parks, Trails & Recreation Master Plan and 2040 Comp Plan.

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2020 Preliminary Budget & Levy

- Similar to all cities, Shakopee is experiencing budget pressures, most notably from increasing infrastructure construction and maintenance costs, as well as general personnel costs.
- Fortunately, these pressures are mitigated by our previous work to financially position our budgets and by right-sizing our operations.



2020 Preliminary Budget & Levy

- Budget Impact Issues
 - Wages & Benefits
 - Internal Rent Charges
 - Other Services & Charges
 - Strong Revenue Forecast
 - Capital Project Funds

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2020 Preliminary Budget & Levy

- New growth over the last 3 years.
 - Estimated market value has increased \$1.2 billion to more than \$6 billion.
 - New construction accounts for \$244 million or 20 percent of this increase.
 - New construction allows the tax levy to be spread across a larger base, which reduces the tax burden of existing taxpayers.
- 2019 new construction creates approx. \$346,000 of levy capacity without effecting current property owners.

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- Staff recommends increasing the city's preliminary levy 5.98% or \$1.15 million.
 - Budget workshop discussion of implementing rents over 2 years versus 1 year
 - This action would reduce 2020 levy by \$175,000, reduce tax increase from 5.98% to 5.07%, and reduce average-valued home impact by \$8 annually.
 - Deferment would impact the next year's levy increase.



**City of Shakopee
Levy Analysis
September 3, 2019**

	<u>2019 Final</u>	<u>2020 Preliminary</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
City Levy				
General Fund	\$ 16,677,400	\$ 17,136,900	\$ 459,500	2.76%
Abatements	169,500	155,700	\$ (13,800)	-8.14%
Capital Improvement Levy	200,000	700,000	\$ 500,000	250.00%
Park Development Levy	-	200,000	\$ 200,000	100.00%
Debt Service				
2010 A Improve	115,000	69,900	(45,100)	-39%
2016 Abatement	2,068,600	2,118,000	49,400	2%
Total Debt Service	<u>2,183,600</u>	<u>2,187,900</u>	<u>4,300</u>	<u>0.20%</u>
Total City Levy	<u>\$ 19,230,500</u>	<u>\$ 20,380,500</u>	<u>\$ 1,150,000</u>	<u>5.98%</u>
Shakopee EDA Special Levy	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>0.00%</u>
Total City and EDA Levies	<u><u>\$ 19,580,500</u></u>	<u><u>\$ 20,730,500</u></u>	<u><u>\$ 1,150,000</u></u>	<u><u>5.86%</u></u>

2020 Preliminary Budget & Levy

- So what does this mean for residential property taxpayers?
 - The average valuation increase in Shakopee residential properties for taxes payable 2020 is 6.7%
 - 57% of Shakopee homes saw a 5 to 15 percent increase
 - Average value increased from \$255,400 to \$272,600
 - Impact for average value home increasing in value by 6.7% will see a \$39 or 4.6% increase.
 - Same home saw a \$39 decrease in 2019



2020 Preliminary Budget & Levy

Payable 2019 Value	Properties in Category	Average of Net % Change for pay 2020
<\$100,000	153	12.3%
100000-149999	577	10.1%
150000-199999	3,516	8.3%
200000-249999	2,813	7.6%
250000-299999	1,773	7.3%
300000-399999	2,308	4.6%
400000-499999	755	4.6%
500000-699999	199	5.2%
700000-999999	22	3.0%
>\$999,999	3	1.3%
Grand Total	12,119	6.7%

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2020 Property Tax Levy Comparison

Pay 2020 Market Value of
\$188,800 = \$38 tax
increase



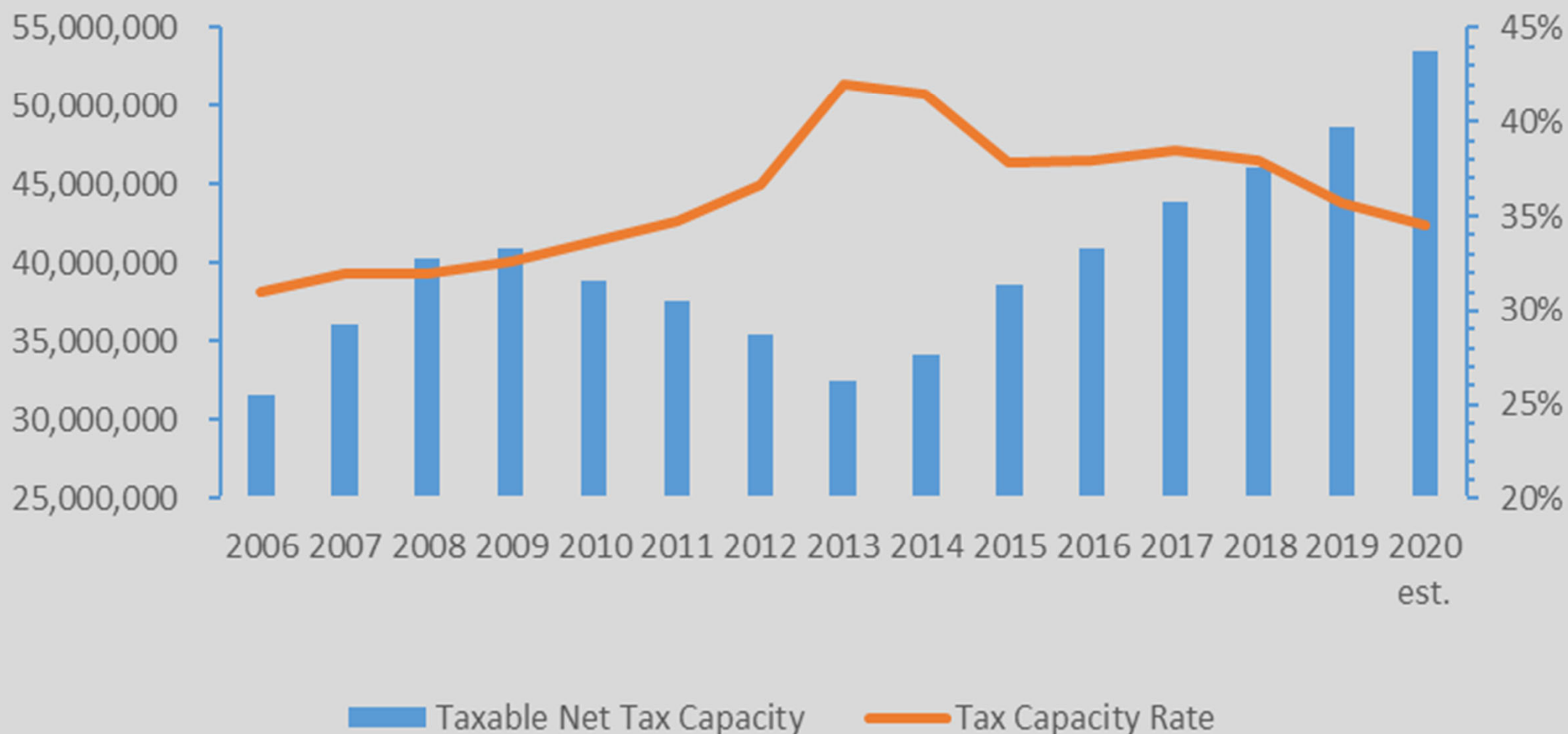
Pay 2020 Market Value of
\$272,600 = \$44 tax
increase



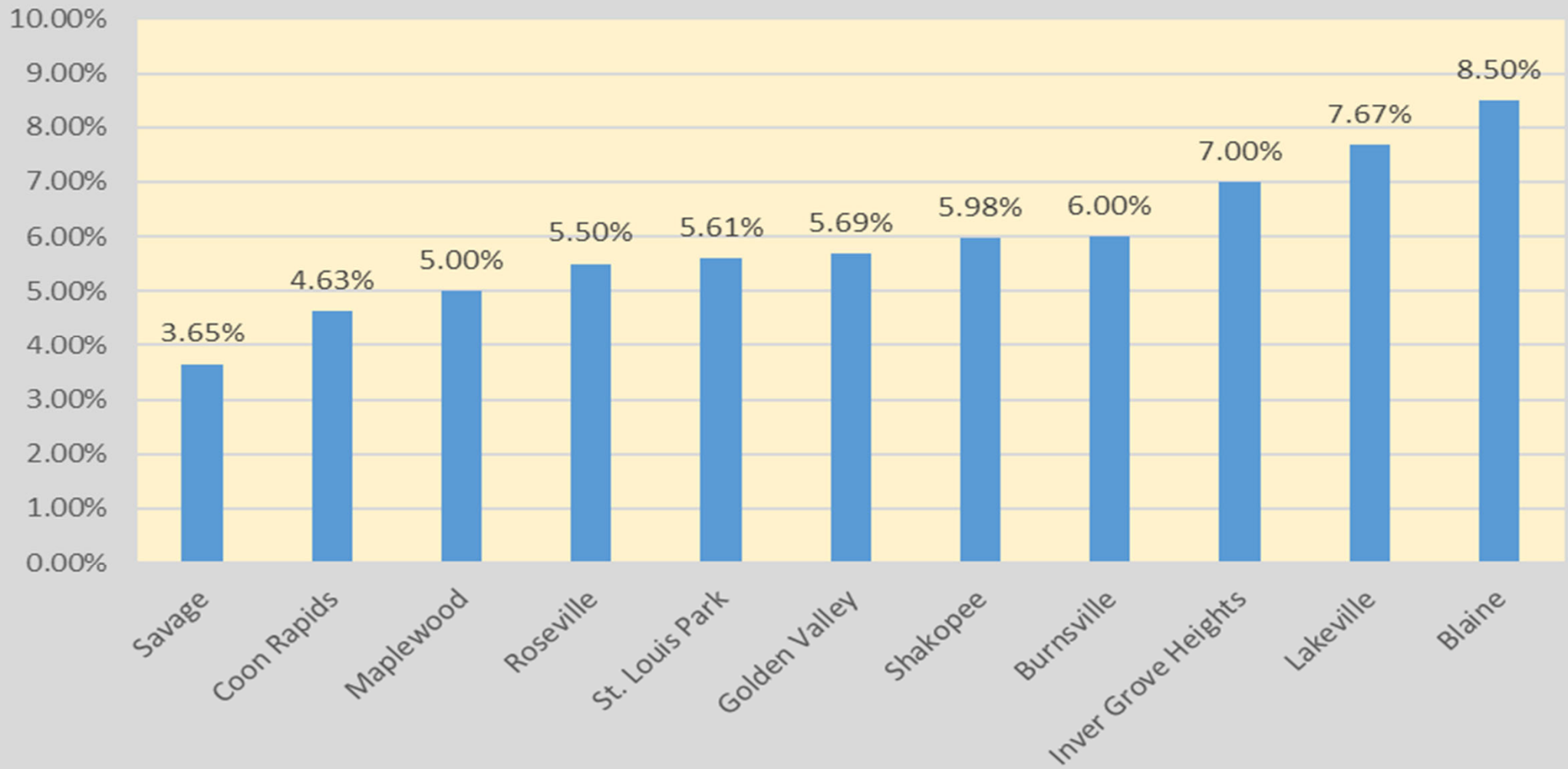
Pay 2020 Market Value of
\$369,600 = \$24 tax
increase



Tax Capacity & Tax Rate Comparison



2020 Tax Levies - Comparable Cities



2020 Preliminary Budget & Levy

2020 Preliminary Annual Budget				
General Fund Summary				
	Actual 2017	Actual 2018	Original Budget 2019	Requested Budget 2020
REVENUES				
TAXES	16,771,524.02	16,981,069.68	17,174,900.00	17,569,200.00
SPECIAL ASSESSMENTS	3,874.61	7,416.10	7,300.00	7,000.00
LICENSES AND PERMITS	2,391,941.59	2,606,017.99	1,759,700.00	2,101,000.00
INTERGOVERNMENTAL	1,369,027.55	1,460,417.32	1,431,600.00	1,294,700.00
CHARGES FOR SERVICES	5,653,773.86	6,782,395.19	6,395,700.00	6,752,300.00
FINES AND FORFEITURES	2,718.80	1,814.97	1,000.00	1,700.00
MISCELLANEOUS	163,615.83	268,081.22	198,000.00	209,900.00
TOTAL REVENUES	26,356,476.26	28,107,212.47	26,968,200.00	27,935,800.00
EXPENDITURES				
GENERAL GOVERNMENT	(4,387,638.96)	(4,628,230.83)	(4,714,600.00)	(4,898,170.00)
PUBLIC SAFETY	(11,004,434.14)	(11,626,545.73)	(12,518,400.00)	(13,068,280.00)
PUBLIC WORKS	(5,032,230.39)	(5,671,323.36)	(5,924,400.00)	(6,513,650.00)
RECREATION	(3,111,739.77)	(3,576,444.33)	(3,907,300.00)	(4,242,800.00)
UNALLOCATED	(27,619.38)	(39,823.69)	(131,300.00)	(130,300.00)
DEBT SERVICE	(16,605.00)	(22,140.00)	(22,200.00)	0.00
CAPITAL OUTLAY	(93,341.00)	(276,781.02)	0.00	0.00
TOTAL EXPENDITURES	(23,673,608.64)	(25,841,288.96)	(27,218,200.00)	(28,853,200.00)
TRANSFERS IN	250,000.00	262,525.99	250,000.00	250,000.00
PROCEEDS FROM SALE OF ASSETS	4,660.88	0.00	0.00	0.00
BOND PROCEEDS	79,100.00	0.00	0.00	0.00
TRANSFERS OUT	(1,800,000.00)	(2,187,000.00)	0.00	0.00
TOTAL OTHER FINANCING	(1,466,239.12)	(1,924,474.01)	250,000.00	250,000.00
PRIOR COMMITTED FUNDS	0.00	0.00	0.00	667,400.00
NET	1,216,628.50	341,449.50	0.00	0.00

2020 Preliminary Budget & Levy

- General Fund Preliminary Budget
 - Building Permit Revenue Impact
 - High volume of commercial/Industrial activity
 - Long-term/multi-year projects
 - Commitment of current year's surplus for future years.
 - Balances budget for 2020



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Budget Calendar

Date	Who	What
August 20, 2019	Council/Staff	Review Preliminary Capital Improvement Plan (CIP)
September 3, 2019	Council/Staff	Review Maximum Levy, review initiatives and requests
September 17, 2019	Council	Adopt proposed maximum tax levy for City and EDA. Adopt final 2019-2023 CIP
September 30, 2019	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
November	County	Proposed tax notices sent to owners
November	Council/Staff	Work session to review budget document
December 3, 2019	Council	Hold public meeting to discuss levy and budget. Review and approve utility rates for 2020.
December 17, 2019	Council	Adopt final tax levy and budget
December 30, 2019	Staff	Certify final tax levy and budget to County and State

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- Summary
 - The preliminary levy is the maximum levy that can be levied.
 - The final levy can be reduced but cannot be increased.
 - Between the preliminary levy and the final levy staff will be working on fine tuning the current unknowns.

