

# 2020 Budget & Property Tax Levy Public Meeting

December 3, 2019

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City of Shakopee | (952) 233-9300 | [www.ShakopeeMN.gov](http://www.ShakopeeMN.gov)



# 2020 Budget & Property Tax Levy

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

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# 2020 Budget & Property Tax Levy

- How did we get to this point?
  - The 2020 budget process began in June with public input meetings. Followed by:
    - The preparation of the 2020-2024 Capital Improvement Plan (CIP) and council work session in August
    - A preliminary levy and budget council work session on September 3
    - Preliminary levy and budget approval on September 17
    - CIP approval on September 17
    - Proposed levy and budget council work session on November 19

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# 2020 Budget & Property Tax Levy

- Levy Request & Impact

| Year                            | Levy Amount   |
|---------------------------------|---------------|
| 2020                            | \$20,730,500* |
| 2019                            | \$19,580,500* |
|                                 |               |
| Increase from 2019 (Dollars)    | \$1,150,000   |
| Increase from 2019 (Percentage) | 5.86%         |

\*Includes \$350,000 EDA levy for both 2019 and 2020



# 2020 Budget & Property Tax Levy

- Budget Overview - Local Economy
  - Market value of property in Shakopee heads north of \$6 billion
    - Up almost \$250 million year over year
  - Tax rate drops for the 4<sup>th</sup> straight year!
    - 35.663% to 34.576%
    - Includes EDA levy

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# 2020 Budget & Property Tax Levy

- Budget Overview - Priorities
  - Maintains current service levels
  - Begins to align actual investment with council priorities in both constructing and maintaining capital infrastructure; streets, parks, trails in accordance with comp plan and parks master plan
    - If not for increased capital infrastructure investment – Levy increase would be approx. 2.5%

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# 2020 Budget & Property Tax Levy

- Budget Overview - Priorities

- Ensuring fiscal stability

- Building inspection revenue commitment – 795k
      - Revenue collected in 2019 will be used to pay for services rendered in 2020 and 2021
    - Accelerates our ability to invest in infrastructure

- Transparency

- Accurate (to the best of our ability) expenditure and revenue projections

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# 2020 Budget & Property Tax Levy

- Budget Overview
  - Future considerations (aligning with strategic planning)
    - Continue working on diversification of revenues (especially in Parks and Recreation)
    - Establishing basic service level standards
    - Incorporating long term financial projections
    - Improving prioritization and extending timeframe of Capital Improvement Plan (CIP's)

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# 2020 Budget & Property Tax Levy

- Budget Impact Issues

- Wages & Benefits

- Current contracts expire 12/31/19. Currently in negotiation. 3% COLA is budgeted: +\$510k
    - Health insurance increased 6.5%, City contribution: +\$70k
    - Police and Fire Pension (state mandate): +\$41k

- Presidential election: +\$45k

- 2 primaries and general election
    - Staffing for early voting at City Hall

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# 2020 Budget & Property Tax Levy

- Budget Impact Issues
  - Staffing Adjustments
    - Parks maintenance: +\$188k
      - Add 1 Parks Maintenance Foreman
      - Add 1 Parks Maintenance Operator
    - Parks and Recreation: -\$40k (savings)
      - Eliminate 1 community center manager
      - Add 1 guest services specialist, Increase grade of guest service specialist position
      - Increase grade of Parks and Rec Facilities Manager and Programming and Services Manager
    - Engineering: +\$14k
      - Increase grade of Assistant Engineer
      - Increase grade of Project Engineer
    - Public Works (increases approved in 2018 for 2019)
      - Fully implement departmental re-org approved in December 2018 (incl. promote 2 lead maintenance operator to foreperson)
      - Increase grade of mechanic foreperson

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# 2020 Budget & Property Tax Levy

- Budget Impact Issues

- Rent Charges –

- Implementing inflationary factor, year 2 of 4: +\$63k
    - Updating schedules of fixed assets, ensuring complete inventory – one time: +\$343k

- Revenues

- Increased building inspections revenues to 3 year average: -\$415k (revenues)
    - Ice arena and community center revenues continue to be strong, only projected SWCHS increase in Rev: -\$40k (revenues)
    - Cable tv Franchise fee revenues are declining – 6% in 2019, projected the same in 2020: +\$25k (lost revenue)

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# 2020 Budget & Property Tax Levy

- Budget Impact Issues

- EDA Levy

- EDA has statutory authority to levy up to 0.0183% of the city's estimated market value
      - Cap is limited to approx. \$902,600
    - EDA special market value levy applies to all taxable properties within the city including properties that are receiving tax abatement or TIF proceeds
    - Budget neutral change – eliminates an annual transfer from the city's General Fund
    - Proposed 2020 EDA Levy is \$350,000
      - 2019 EDA Levy was \$350,000
      - estimated \$19 tax impact

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**City of Shakopee  
Levy Analysis  
November 19, 2019**

|                                      | <b><u>2019 Final</u></b>    | <b><u>2020 Final</u></b>    | <b><u>Increase/<br/>(Decrease)</u></b> | <b><u>% Change</u></b> |
|--------------------------------------|-----------------------------|-----------------------------|----------------------------------------|------------------------|
| <b>City Levy</b>                     |                             |                             |                                        |                        |
| 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%                |
| <br>Debt Service                     |                             |                             |                                        |                        |
| 2010 A Improve                       | 115,000                     | 69,900                      | (45,100)                               | -39.22%                |
| 2016 Abatement                       | 2,068,600                   | 2,118,000                   | 49,400                                 | 2.39%                  |
| Total Debt Service                   | <b><u>2,183,600</u></b>     | <b><u>2,187,900</u></b>     | <b><u>4,300</u></b>                    | <b><u>0.20%</u></b>    |
| <br>Total City Levy                  | <b><u>\$ 19,230,500</u></b> | <b><u>\$ 20,380,500</u></b> | <b><u>\$ 1,150,000</u></b>             | <b><u>5.98%</u></b>    |
| <br><b>Shakopee EDA Special Levy</b> | <b><u>\$ 350,000</u></b>    | <b><u>\$ 350,000</u></b>    | <b><u>\$ -</u></b>                     | <b><u>0.00%</u></b>    |
| <br><b>Total City and EDA Levies</b> | <b><u>\$ 19,580,500</u></b> | <b><u>\$ 20,730,500</u></b> | <b><u>\$ 1,150,000</u></b>             | <b><u>5.86%</u></b>    |

# 2020 Budget & Property Tax Levy

- Levy Request & Impact

- 9.80% growth in tax capacity for taxes payable 2020, 16% of growth is related to “new” growth.
- This new growth creates \$1,025,000 of new tax capacity.
- New growth would allow the city to increase the levy by 1.77% or \$346,000 without having a tax impact on existing properties.

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# Residential Valuation Changes

| Payable 2019 Value | Properties in Category | Average of Net %<br>Change for pay 2020 |
|--------------------|------------------------|-----------------------------------------|
| <\$100,000         | 153                    | 12.3%                                   |
| 100,000 - 149,999  | 577                    | 10.1%                                   |
| 150,000 - 199,999  | 3,516                  | 8.3%                                    |
| 200,000 - 249,999  | 2,813                  | 7.6%                                    |
| 250,000 - 299,999  | 1,773                  | 7.3%                                    |
| 300,000 - 399,999  | 2,308                  | 4.6%                                    |
| 400,000 - 499,999  | 755                    | 4.6%                                    |
| 500,000 - 699,999  | 199                    | 5.2%                                    |
| 700,000 - 999,999  | 22                     | 3.0%                                    |
| >\$999,999         | 3                      | 1.3%                                    |
| <b>Grand Total</b> | <b>12,119</b>          | <b>6.7%</b>                             |

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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 = \$39 tax  
increase



Pay 2020 Market Value of  
\$369,500 = \$24 tax  
increase



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# 10-Year Tax Levy History

| Budget | Levy       | Increase/<br>(Decrease) | Tax Capacity | Tax Rate | Debt Service<br>Levy | Total Levy | Levy<br>Change % |
|--------|------------|-------------------------|--------------|----------|----------------------|------------|------------------|
| 2011   | 14,717,438 | 481,300                 | 37,680,587   | 34.731%  | 120,000              | 14,837,438 | -0.54%           |
| 2012   | 14,717,438 | -                       | 35,402,744   | 36.655%  | 120,000              | 14,837,438 | 0.00%            |
| 2013   | 15,333,223 | 615,785                 | 32,445,035   | 41.996%  | 150,000              | 15,483,223 | 4.35%            |
| 2014   | 15,793,220 | 459,997                 | 34,210,957   | 41.437%  | 518,959              | 16,312,179 | 5.35%            |
| 2015   | 16,138,000 | 344,780                 | 38,705,002   | 37.862%  | 635,267              | 16,773,267 | 2.83%            |
| 2016   | 16,825,900 | 687,900                 | 40,933,710   | 37.902%  | 784,295              | 17,610,195 | 4.99%            |
| 2017   | 16,735,815 | (90,085)                | 44,238,206   | 38.226%  | 2,190,526            | 18,926,341 | 7.47%            |
| 2018   | 17,426,900 | 691,085                 | 46,102,556   | 37.971%  | 2,183,648            | 19,610,548 | 3.62%            |
| 2019   | 17,396,900 | (30,000)                | 48,623,147   | 35.663%  | 2,183,600            | 19,580,500 | -0.15%           |
| 2020   | 18,542,600 | 1,145,700               | 53,508,486   | 34.576%  | 2,187,900            | 20,730,500 | 5.86%            |

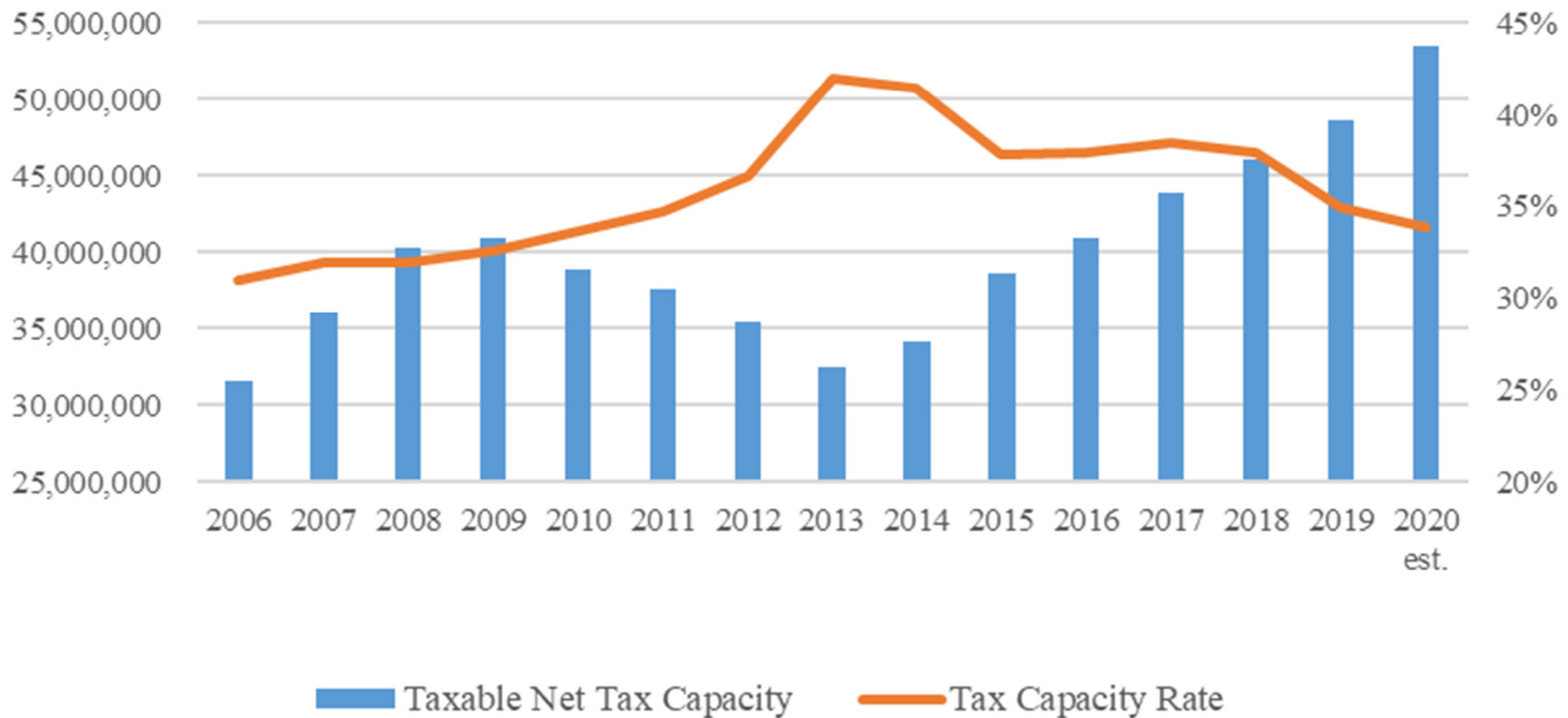
Levies include EDA and/or HRA respective levies

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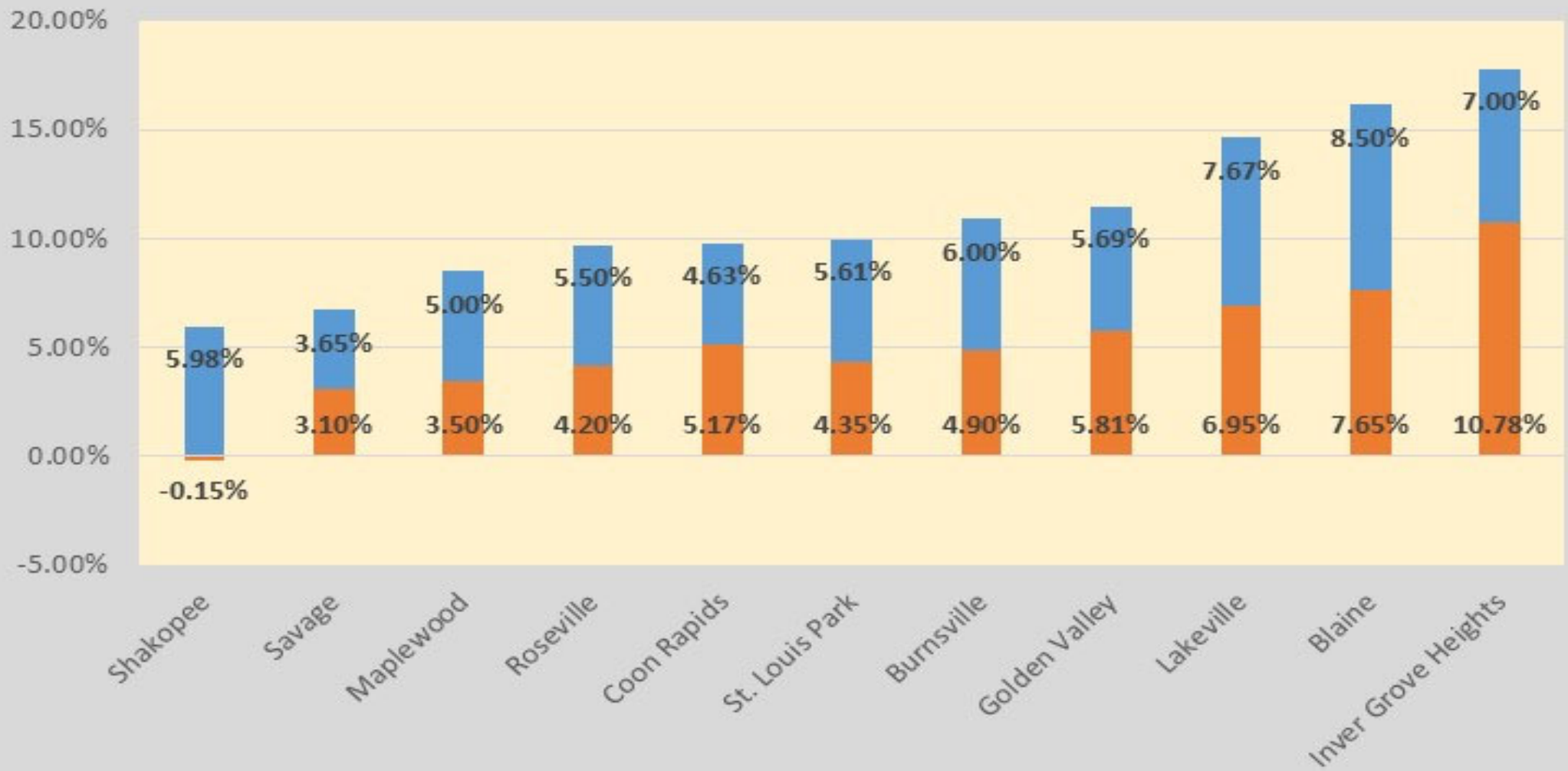
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## Tax Capacity & Tax Rate Comparison



## 2019 & 2020 Tax Levies - Comparable Cities



## 2019 Annual Cost of Services for Comparable & Surrounding Cities



# 2020 Preliminary Budget & Levy

## 2020 Annual Budget GENERAL FUND SUMMARY

|                                        | Actual<br>2017         | Actual<br>2018         | Original<br>Budget<br>2019 | Revised<br>Budget 2019 | Requested<br>Budget 2020 |
|----------------------------------------|------------------------|------------------------|----------------------------|------------------------|--------------------------|
| TAXES                                  | 16,771,524.02          | 16,981,069.68          | 17,174,900.00              | 17,129,200.00          | 17,584,900.00            |
| SPECIAL ASSESSMENTS                    | 3,874.61               | 7,416.10               | 7,300.00                   | 7,000.00               | 7,000.00                 |
| LICENSES AND PERMITS                   | 2,391,941.59           | 2,606,017.99           | 1,759,700.00               | 4,299,300.00           | 2,191,100.00             |
| INTERGOVERNMENTAL                      | 1,369,027.55           | 1,460,417.32           | 1,431,600.00               | 1,617,100.00           | 1,326,600.00             |
| CHARGES FOR SERVICES                   | 5,653,773.86           | 6,782,395.19           | 6,395,700.00               | 6,852,800.00           | 6,778,500.00             |
| FINES AND FORFEITURES                  | 2,718.80               | 1,814.97               | 1,000.00                   | 7,400.00               | 1,700.00                 |
| MISCELLANEOUS                          | 163,615.83             | 268,081.22             | 198,000.00                 | 211,200.00             | 208,200.00               |
| <b>TOTAL REVENUES</b>                  | <b>26,356,476.26</b>   | <b>28,107,212.47</b>   | <b>26,968,200.00</b>       | <b>30,124,000.00</b>   | <b>28,098,000.00</b>     |
| GENERAL GOVERNMENT                     | (4,387,638.96)         | (4,628,230.83)         | (4,714,600.00)             | (4,806,700.00)         | (4,880,700.00)           |
| PUBLIC SAFETY                          | (11,004,434.14)        | (11,626,545.73)        | (12,518,400.00)            | (12,855,800.00)        | (13,264,200.00)          |
| PUBLIC WORKS                           | (5,032,230.39)         | (5,671,323.36)         | (5,924,400.00)             | (6,116,500.00)         | (6,651,400.00)           |
| RECREATION                             | (3,111,739.77)         | (3,576,444.33)         | (3,907,300.00)             | (4,010,200.00)         | (4,188,300.00)           |
| UNALLOCATED                            | (27,619.38)            | (39,823.69)            | (131,300.00)               | (130,100.00)           | (130,300.00)             |
| DEBT SERVICE                           | (16,605.00)            | (22,140.00)            | (22,200.00)                | (22,100.00)            | (22,100.00)              |
| CAPITAL OUTLAY                         | (93,341.00)            | (276,781.02)           | 0.00                       | (17,600.00)            | (6,000.00)               |
| <b>TOTAL EXPENDITURES</b>              | <b>(23,673,608.64)</b> | <b>(25,841,288.96)</b> | <b>(27,218,200.00)</b>     | <b>(27,959,000.00)</b> | <b>(29,143,000.00)</b>   |
| TRANSFERS IN                           | 250,000.00             | 262,525.99             | 250,000.00                 | 250,000.00             | 250,000.00               |
| PROCEEDS FROM SALE OF ASSETS           | 4,660.88               | 0.00                   | 0.00                       | 0.00                   | 0.00                     |
| BOND PROCEEDS                          | 79,100.00              | 0.00                   | 0.00                       | 0.00                   | 0.00                     |
| TRANSFERS OUT                          | (1,800,000.00)         | (2,187,000.00)         | 0.00                       | 0.00                   | 0.00                     |
| <b>TOTAL OTHER FINANCING</b>           | <b>(1,466,239.12)</b>  | <b>(1,924,474.01)</b>  | <b>250,000.00</b>          | <b>250,000.00</b>      | <b>250,000.00</b>        |
| COMMITTED FUNDS - BUILDING INSPECTIONS | 0.00                   | 0.00                   | 0.00                       | 0.00                   | 795,000.00               |
| <b>NET</b>                             | <b>1,216,628.50</b>    | <b>341,449.50</b>      | <b>0.00</b>                | <b>2,415,000.00</b>    | <b>0.00</b>              |

**2020 Annual Budget**  
**Company: 01000- GENERAL FUND EXPENDITURES**

| <b>Division</b>                   | <b>Actual<br/>2017</b> | <b>Actual<br/>2018</b> | <b>Original<br/>Budget<br/>2019</b> | <b>Revised<br/>Budget 2019</b> | <b>Requested<br/>Budget 2020</b> |
|-----------------------------------|------------------------|------------------------|-------------------------------------|--------------------------------|----------------------------------|
| <b>01000 - GENERAL FUND</b>       |                        |                        |                                     |                                |                                  |
| 11 - MAYOR & COUNCIL              | 173,657.94             | 232,313.42             | 193,800.00                          | 189,000.00                     | 191,100.00                       |
| 12 - ADMINISTRATION               | 1,619,391.24           | 1,818,575.48           | 1,966,500.00                        | 1,976,600.00                   | 2,102,700.00                     |
| 13 - CITY CLERK                   | 291,284.92             | 388,439.30             | 364,200.00                          | 364,400.00                     | 426,600.00                       |
| 15 - FINANCE                      | 1,237,510.39           | 910,602.35             | 937,400.00                          | 932,200.00                     | 966,700.00                       |
| 17 - PLANNING & DEVELOPMENT       | 681,744.00             | 707,536.11             | 657,200.00                          | 735,000.00                     | 592,300.00                       |
| 18 - FACILITIES                   | 384,050.47             | 628,264.17             | 595,500.00                          | 609,500.00                     | 601,300.00                       |
| 31 - POLICE DEPARTMENT            | 8,027,246.89           | 8,586,558.19           | 8,988,800.00                        | 9,006,900.00                   | 9,214,600.00                     |
| 32 - FIRE                         | 2,148,623.17           | 2,434,888.03           | 2,530,100.00                        | 2,647,800.00                   | 2,762,700.00                     |
| 33 - BUILDING INSPECTIONS         | 828,564.08             | 822,285.18             | 999,500.00                          | 1,202,100.00                   | 1,286,900.00                     |
| 41 - ENGINEERING                  | 676,594.23             | 913,440.59             | 907,400.00                          | 1,018,400.00                   | 1,119,900.00                     |
| 42 - STREET MAINTENANCE           | 1,882,591.58           | 2,207,180.01           | 2,269,200.00                        | 2,320,700.00                   | 2,405,300.00                     |
| 44 - FLEET                        | 414,654.47             | 428,615.26             | 464,700.00                          | 429,300.00                     | 450,500.00                       |
| 46 - PARK MAINTENANCE             | 1,889,509.67           | 2,085,751.81           | 2,150,000.00                        | 2,207,800.00                   | 2,531,000.00                     |
| 66 - NATURAL RESOURCES            | 183,121.44             | 36,335.69              | 133,100.00                          | 140,300.00                     | 150,700.00                       |
| 67 - RECREATION                   | 3,207,444.77           | 3,600,679.68           | 3,929,500.00                        | 4,048,900.00                   | 4,210,400.00                     |
| 91 - UNALLOCATED                  | 27,619.38              | 39,823.69              | 131,300.00                          | 130,100.00                     | 130,300.00                       |
| <b>Total 01000 - GENERAL FUND</b> | <b>23,673,608.64</b>   | <b>25,841,288.96</b>   | <b>27,218,200.00</b>                | <b>27,959,000.00</b>           | <b>29,143,000.00</b>             |

# 2020 Budget & Property Tax 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 17<sup>th</sup> for final approval
- No action is required tonight other than to invite to the public to speak

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