

2021 Preliminary Budget

City Council Work Session
September 1, 2020



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

2021 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
September 1, 2020**

	2020 Final	2021 Preliminary	Increase/ (Decrease)	% Change
City Levy				
General Fund	\$ 17,136,900	\$ 17,759,600	\$ 622,700	3.63%
Abatements	155,700	194,600	38,900	24.98%
Capital Improvement Levy	700,000	700,000	-	0.00%
Park Development Levy	200,000	200,000	-	0.00%
Debt Service				
2010A Improvement	69,900	-	(69,900)	-100.00%
2016 Abatement	2,118,000	2,188,600	70,600	3.33%
Total Debt Service	2,187,900	2,188,600	700	0.03%
Total City Levy	\$ 20,380,500	\$ 21,042,800	\$ 662,300	3.25%
Shakopee EDA Special Levy	\$ 350,000	\$ 350,000	\$ -	0.00%
Total City and EDA Levies	\$ 20,730,500	\$ 21,392,800	\$ 662,300	3.19%



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Impact of Budget Levy Request

- City tax rate decreases from 33.97% to 31.89%
- With an increase in home value of 6.3%
 - A median value home = tax increase of \$6 or about 0.7%
- If a resident's home value stays the same
 - The median value home = tax decrease of \$49 or about 6%
- Fourth year of lowering the tax rate
- Continue to be among the lowest taxed communities in Metro
- New construction – allows the city to increase the levy \$420,000 (2.1 percent) with no impact on existing properties.



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2021 Preliminary Budget and Levy

- Budget impact issues (net increase of \$371,300)
 - Wages and benefits
 - COLA (No increase proposed)
 - Health insurance (8 percent increase, \$122,600)
 - Pension expense
 - Workers compensation
 - Step increases
 - Administrative staffing reduction (net decrease of \$94,700)



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2021 Preliminary Budget and Levy

- Budget impact issues
 - Internal rent charges
 - Equipment fund
 - Phased increase for future replacement cost - \$67,200 (Year 3 of 4)
 - Increase in other replacement costs added - \$41,400
 - Other ISF's (building, park assets and IT equipment)
 - Other services and charges (\$159,800 net reduction)
 - Community Center advertising, training, contractual cleaning services-\$90,500
 - 2020 budgeted purchase of Tyler building permit software - \$130,000



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2021 Preliminary Budget and Levy

- Revenue forecasts (net decrease of \$14,585, excluding property taxes)

Description	2020 Budget	2021 Budget	\$ Change	% Change
Building Permit Revenues	\$1,803,800	\$1,544,800	(\$259,000)	(14.4%)
Recreation Revenues:				
SandVenture	196,500	185,000	(11,500)	(5.8%)
Ice Arena	895,000	880,000	(15,000)	(1.7%)
Community Center	1,006,300	1,200,000	193,700	19.25%
Park Services	40,000	45,000	5,000	12.50%
Recreation Programs	181,500	181,500	-	- %



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Estimated Market Value

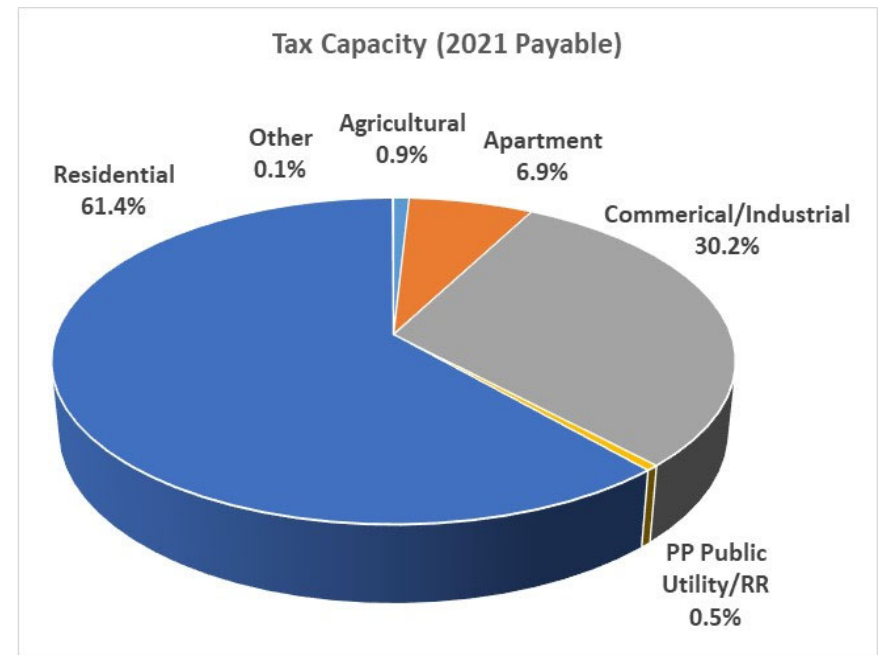
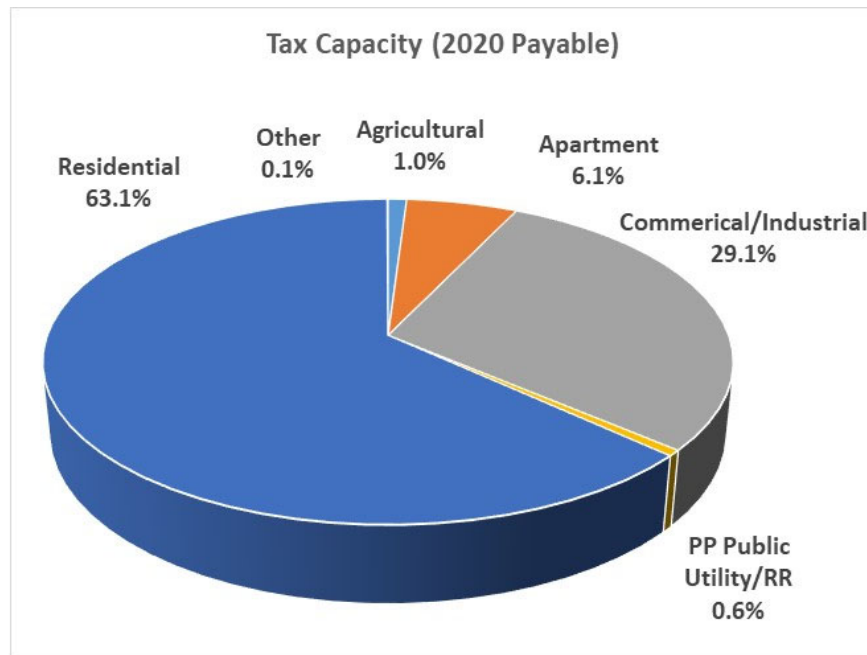
Class	Payable 2020	Payable 2021	Change (%)
Agricultural	\$103,793,600	\$104,479,000	0.7%
Apartment	308,852,300	380,988,200	23.4%
Commercial/Industrial	1,471,217,600	1,682,420,000	14.4%
Public Utility/Railroad	29,725,500	29,725,500	0.0%
Residential	3,357,848,000	3,570,136,800	6.3%
Exempt	778,460,100	802,534,200	3.1%
Other	<u>2,652,700</u>	<u>3,009,900</u>	<u>13.5%</u>
Totals	\$6,052,549,800	\$6,573,293,600	8.6%

New construction accounts for 22.2% of the increase

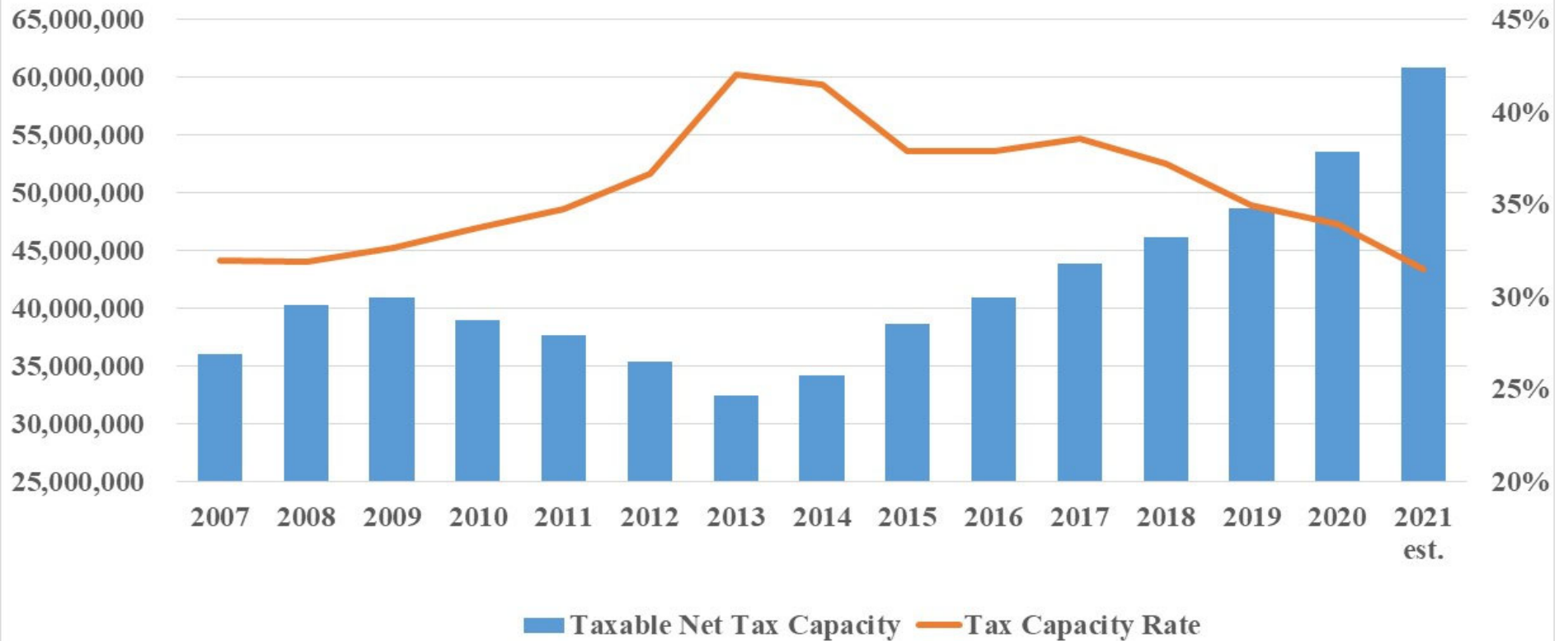


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Tax Capacity

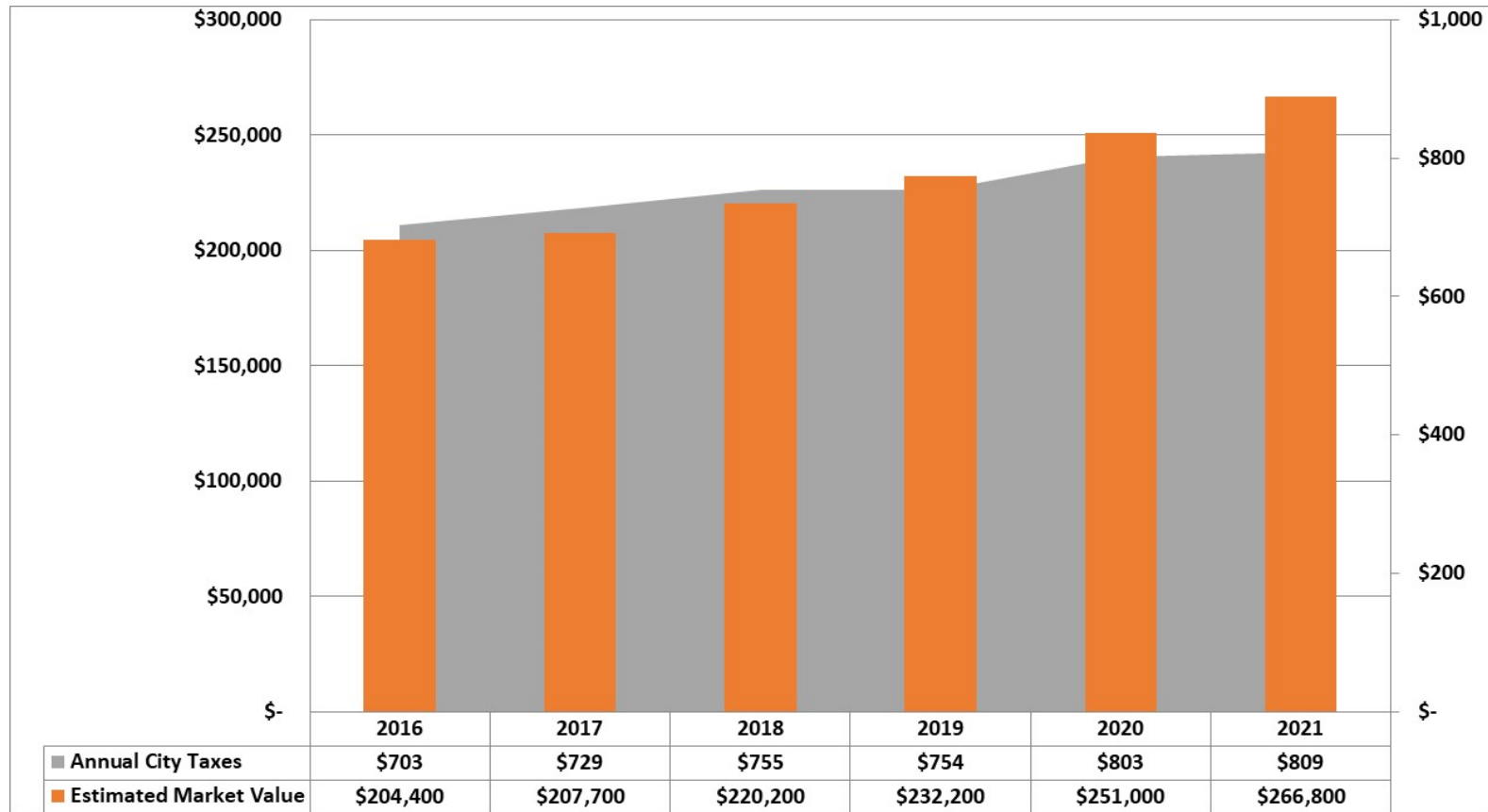


Tax Capacity & Tax Rate Comparison



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Median Value Home



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2021 Preliminary Budget & Levy



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2021 Annual Budget GENERAL FUND SUMMARY

	Actual 2018	Actual 2019	Original Budget 2020	Requested Budget 2021
TAXES	16,981,069.68	16,794,801.18	17,584,900.00	18,193,600.00
SPECIAL ASSESSMENTS	7,416.10	6,483.68	7,000.00	7,000.00
LICENSES AND PERMITS	2,606,017.99	4,656,994.54	2,191,100.00	1,934,100.00
INTERGOVERNMENTAL	1,460,417.32	1,573,434.61	1,326,600.00	1,376,200.00
CHARGES FOR SERVICES	6,782,395.19	7,084,697.22	6,778,500.00	6,997,400.00
FINES AND FORFEITURES	1,814.97	8,138.00	1,700.00	1,700.00
MISCELLANEOUS	268,081.22	581,819.17	208,200.00	235,000.00
TOTAL REVENUES	28,107,212.47	30,706,368.40	28,098,000.00	28,745,000.00
GENERAL GOVERNMENT	(4,628,230.83)	(4,705,860.79)	(4,880,700.00)	(4,795,000.00)
PUBLIC SAFETY	(11,626,545.73)	(12,731,159.55)	(13,264,200.00)	(13,763,900.00)
PUBLIC WORKS	(5,671,323.36)	(5,955,457.05)	(6,651,400.00)	(6,682,700.00)
RECREATION	(3,576,444.33)	(3,863,476.17)	(4,188,300.00)	(4,122,900.00)
UNALLOCATED	(39,823.69)	(25,250.92)	(130,300.00)	(125,000.00)
DEBT SERVICE	(22,140.00)	(22,140.00)	(22,100.00)	(5,500.00)
CAPITAL OUTLAY	(276,781.02)	(93,702.71)	(6,000.00)	0.00
TOTAL EXPENDITURES	(25,841,288.96)	(27,397,047.19)	(29,143,000.00)	(29,495,000.00)
TRANSFERS IN	262,525.99	250,000.00	250,000.00	250,000.00
PROCEEDS FROM SALE OF ASSETS	0.00	577.62	0.00	0.00
BOND PROCEEDS	0.00	0.00	0.00	0.00
TRANSFERS OUT	(2,187,000.00)	0.00	0.00	0.00
TOTAL OTHER FINANCING	(1,924,474.01)	250,577.62	250,000.00	250,000.00
COMMITTED FUNDS - BUILDING INSPECTIONS	0.00	0.00	795,000.00	500,000.00
NET	341,449.50	3,559,898.83	0.00	0.00

Fire Department Staffing Alternative

- Staffing fire department with four part-time firefighters
 - Monday - Friday 3pm to 7am
 - Saturday/Sunday 7am to 7pm & 7pm to 7am
- Data shows reduction in response time from 6 minutes to 1:30.
- Potential to improve recruitment and retention
- Proposing to reduce fleet, by eliminating the replacement of Rescue 2 Fire Truck (scheduled to be replaced in 2026 for \$450,000)
- Would require a levy increase from 3.25% to 4.11% (0.86%)

Description	Amount
Additional Part-time Wages	\$266,173
Reduction to Equipment Rent Charges	40,800
Operational Adjustments	35,000
Township allocation	15,210
Rounding Adj.	<u>163</u>
Net Levy Increase	<u>\$175,000</u>



ESTIMATED PRELIMINARY TAX LEVY INCREASES FOR 2021



Budget Calendar

Date	Who	What
July 14, 2020	Council/Staff	Review Preliminary Capital Improvement Plan (CIP)
September 1, 2020	Council/Staff	Review proposed levy, initiatives and requests
September 15, 2020	Council	Adopt proposed maximum tax levy for City and EDA. Adopt final 2021-2025 CIP
September 30, 2020	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 1, 2020	Council	Hold public meeting to discuss levy and budget. Review and approve utility rates for 2021.
December 15, 2020	Council	Adopt final tax levy and budget
December 30, 2020	Staff	Certify final tax levy and budget to County and State



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Council Consideration Items

- 1) Input on the proposed preliminary levy and budget
- 2) City Council consideration to continue the current fire department staffing model
 - Would require an additional levy increase of \$175,000 (0.86%)



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