

2021 Proposed Levy & Budget

City Council Work Session
November 17, 2020

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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Budget Adjustments Since September

- Building Official (\$94,900) & Grant Award (\$65k)
- Health Insurance Reduction (8% to 3%, \$60.2k)
- Misc. Staffing Adjustments (revised projections - filled vacancies, \$11k)
- Union Contract Negotiation - Patrol, Sergeants, Public Works (\$134.7k)
- Fire Townships Contracted Revenues (\$22k)
- Building Permit Revenues Offset (\$205k)
- Community Center Revenues (\$133.6k decrease)

Levy Impact	
	\$29,900
	(60,200)
	(11,000)
	134,700
	(22,000)
	(205,000)
	<u>133,600</u>
	\$0

Net levy impact of \$0

Enhanced Fire Department Staffing Model

- 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
- Will reduce fleet, by eliminating the replacement of Rescue 2 Fire Truck (scheduled to be replaced in 2026 for \$450,000) and removal of the planned construction of Fire Station 3 from the CIP (\$5.5 million)
- Net levy impact of \$175,000 (following operation adjustments, allocation of costs to townships)



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**City of Shakopee
Levy Analysis
November 17, 2020**

	2020 Final	2021 Preliminary	Increase/ (Decrease)	% Change
City Levy				
General Fund	\$ 17,136,900	\$ 17,934,600	\$ 797,700	4.65%
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)	-100.00%
 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	\$ 21,017,800	\$ 637,300	3.13%
 Shakopee EDA Special Levy	\$ 350,000	\$ 350,000	\$ -	0.00%
 Total City and EDA Levies	\$ 20,730,500	\$ 21,367,800	\$ 637,300	3.07%

*Park Development Levy removed (\$200k)



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2021 Annual Budget

GENERAL FUND SUMMARY

2021 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	18,368,600.00
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	2,139,100.00
INTERGOVERNMENTAL	1,460,417.32	1,573,434.61	1,326,600.00	1,441,200.00
CHARGES FOR SERVICES	6,782,395.19	7,084,697.22	6,778,500.00	6,929,500.00
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	29,122,100.00
GENERAL GOVERNMENT	(4,628,230.83)	(4,705,860.79)	(4,880,700.00)	(4,817,500.00)
PUBLIC SAFETY	(11,626,545.73)	(12,731,159.55)	(13,264,200.00)	(13,895,700.00)
PUBLIC WORKS	(5,671,323.36)	(5,955,457.05)	(6,651,400.00)	(6,849,300.00)
RECREATION	(3,576,444.33)	(3,863,476.17)	(4,188,300.00)	(4,156,300.00)
UNALLOCATED	(39,823.69)	(25,250.92)	(130,300.00)	(131,200.00)
DEBT SERVICE	(22,140.00)	(22,140.00)	(22,100.00)	(22,100.00)
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)	(29,872,100.00)
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 INSP	0.00	0.00	795,000.00	500,000.00
NET	341,449.50	3,559,898.83	0.00	0.00

Change in non-tax revenues
+\$240,400 (2.3%)

Change in expenditures
+\$729,100 (2.5%)

Change in use of prior year revenue
(- \$295,000) (-37.1%)

2021 Proposed Budget and Levy

Revenues

- Building permits revenues (-\$54K, -3%)
- Recreational revenues +\$39k, 1.7%
- Change in use of prior year revenues (-\$295k)

2021 Proposed Budget and Levy

- Implementation of 24-7 fire staffing model +\$175k
- New Building Official (\$30k)
- Wages & benefits
 - Proposed “zero” cost of living adjustment
 - Union contracts expire December 31, 2020 (+\$135k)
 - Elimination of administrative assistant position (-\$95k)
 - Health Insurance (3%, +\$63k)
 - Reduction of \$60k from September 1st
 - Step increases/workers comp/other (+\$349k)
- Community Center reductions to advertising, training, contractual cleaning services (-\$91k)



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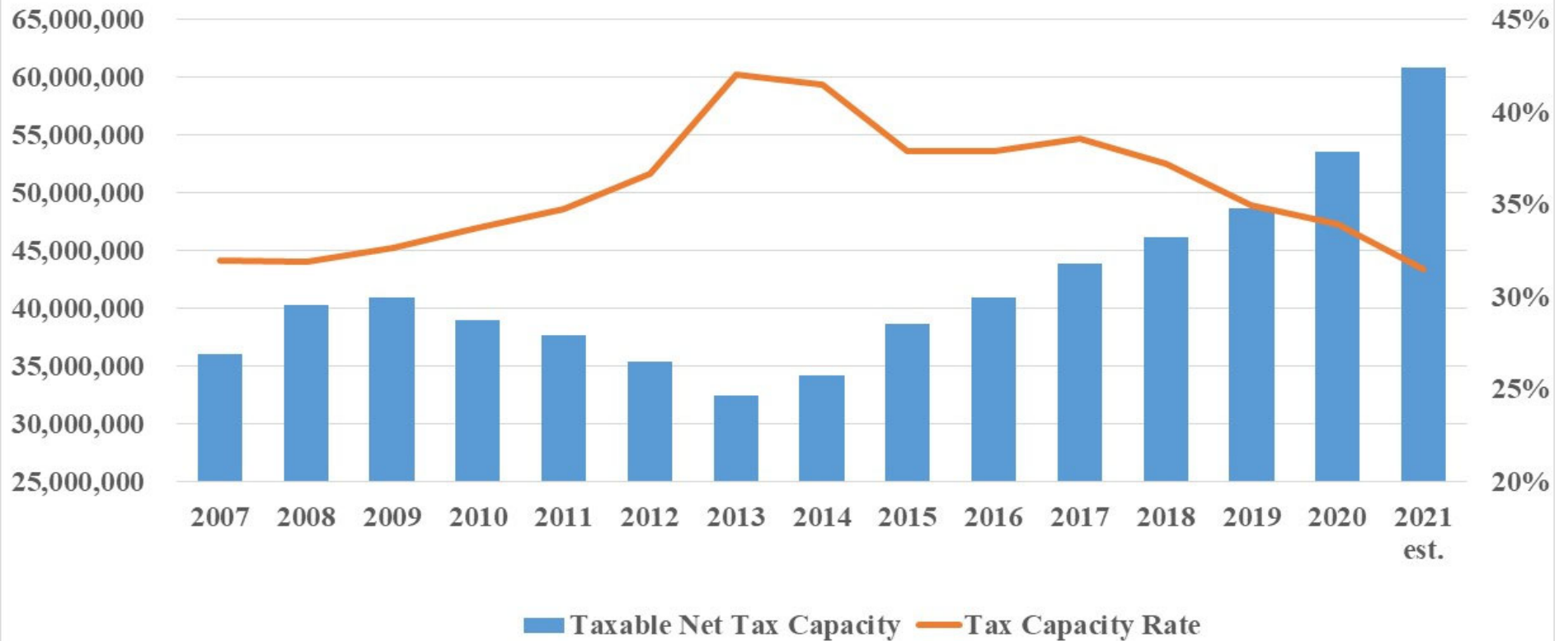
Estimated Market Value

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
- Since 2018, estimated market value has increased by over \$1.4 billion

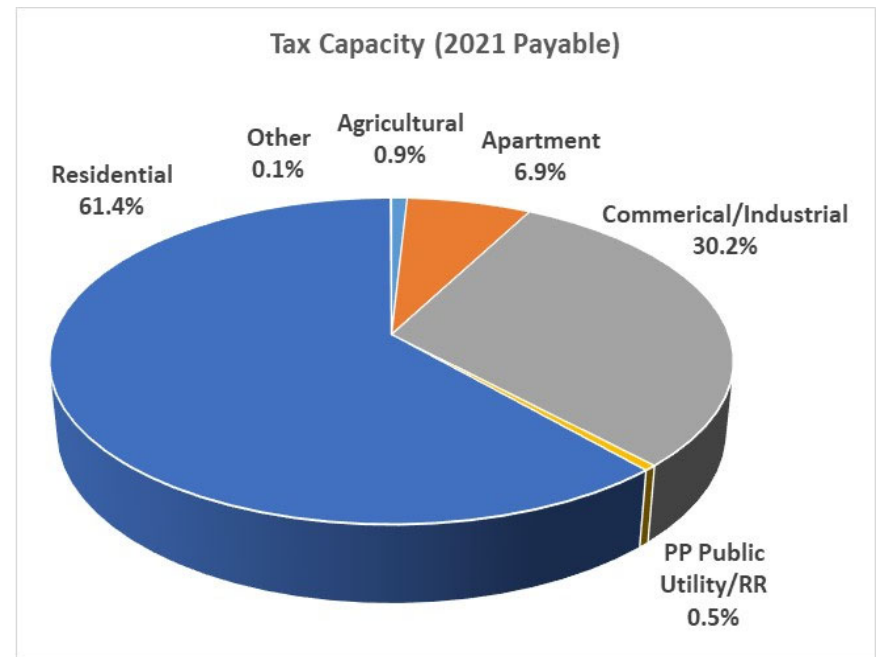
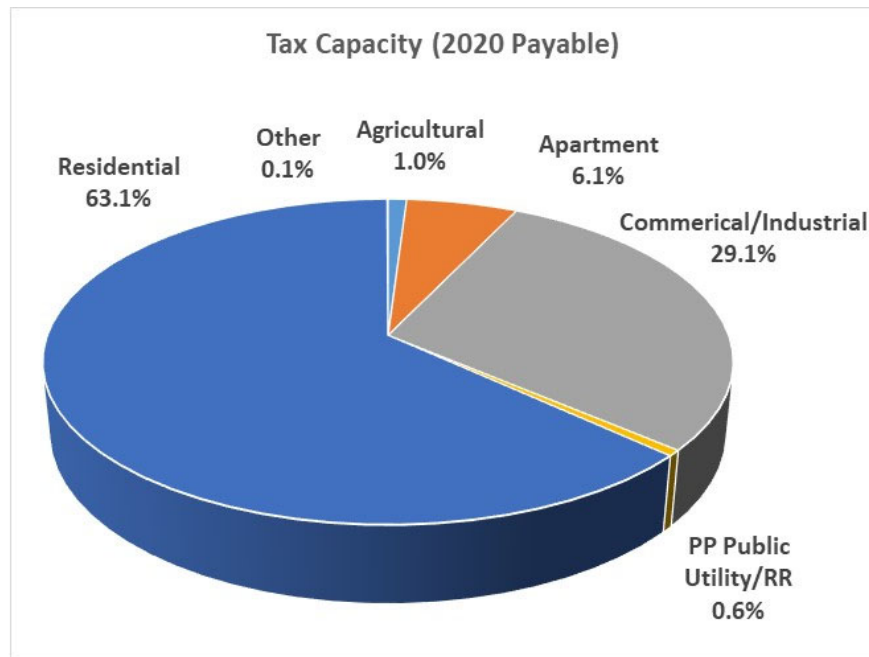


Tax Capacity & Tax Rate Comparison



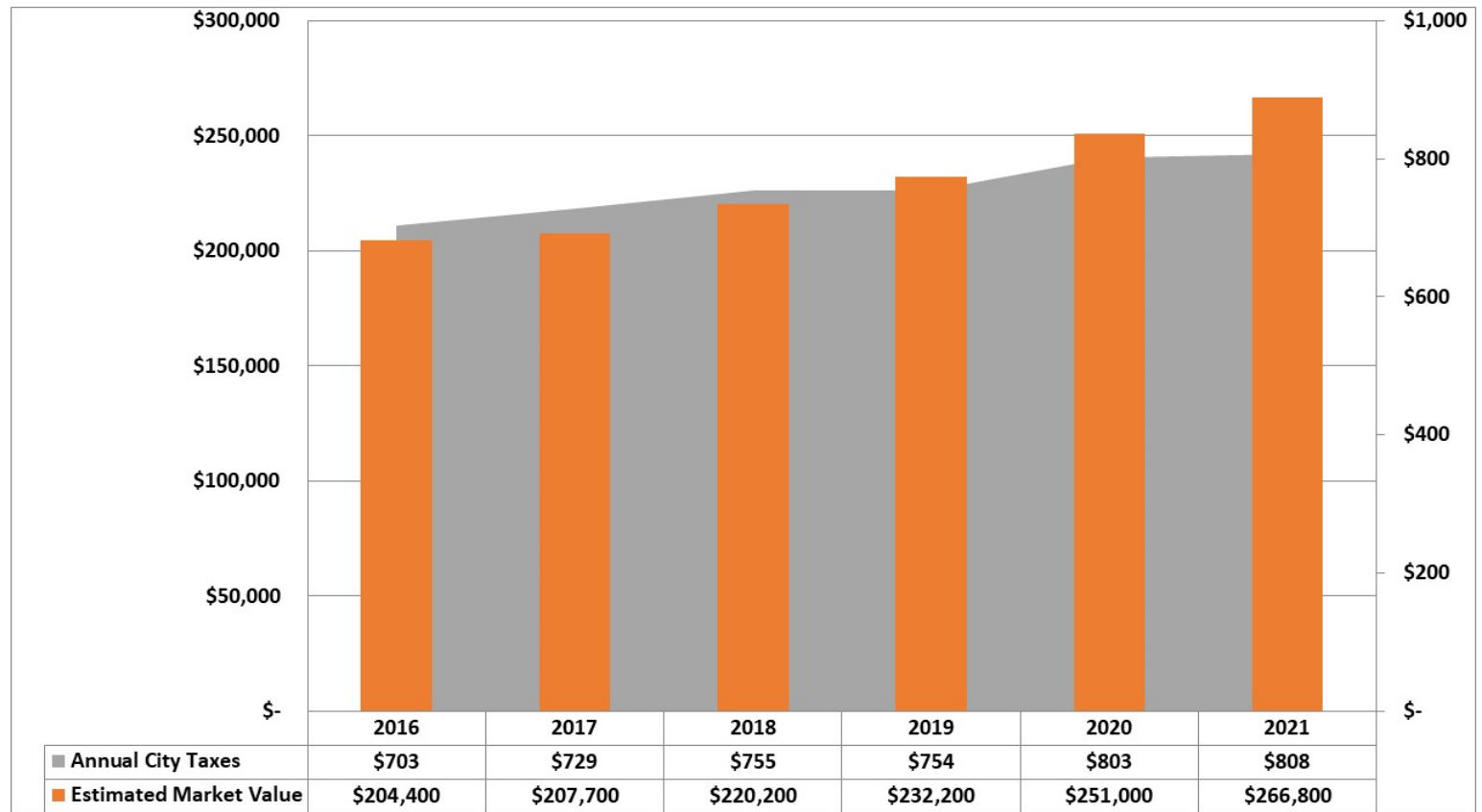
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Tax Capacity



*Residential % of tax capacity decreases by 1.7%

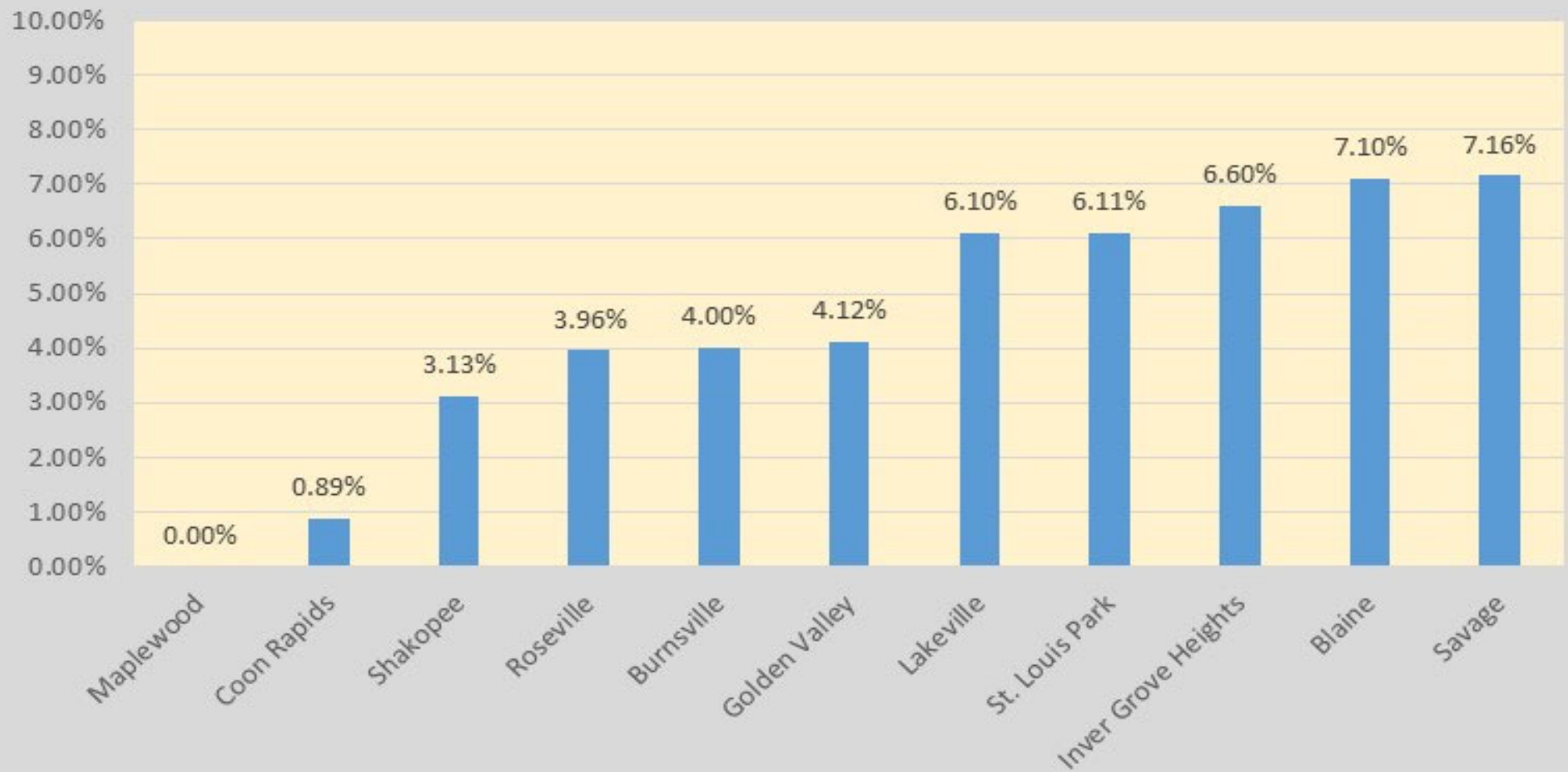
Median Value Home



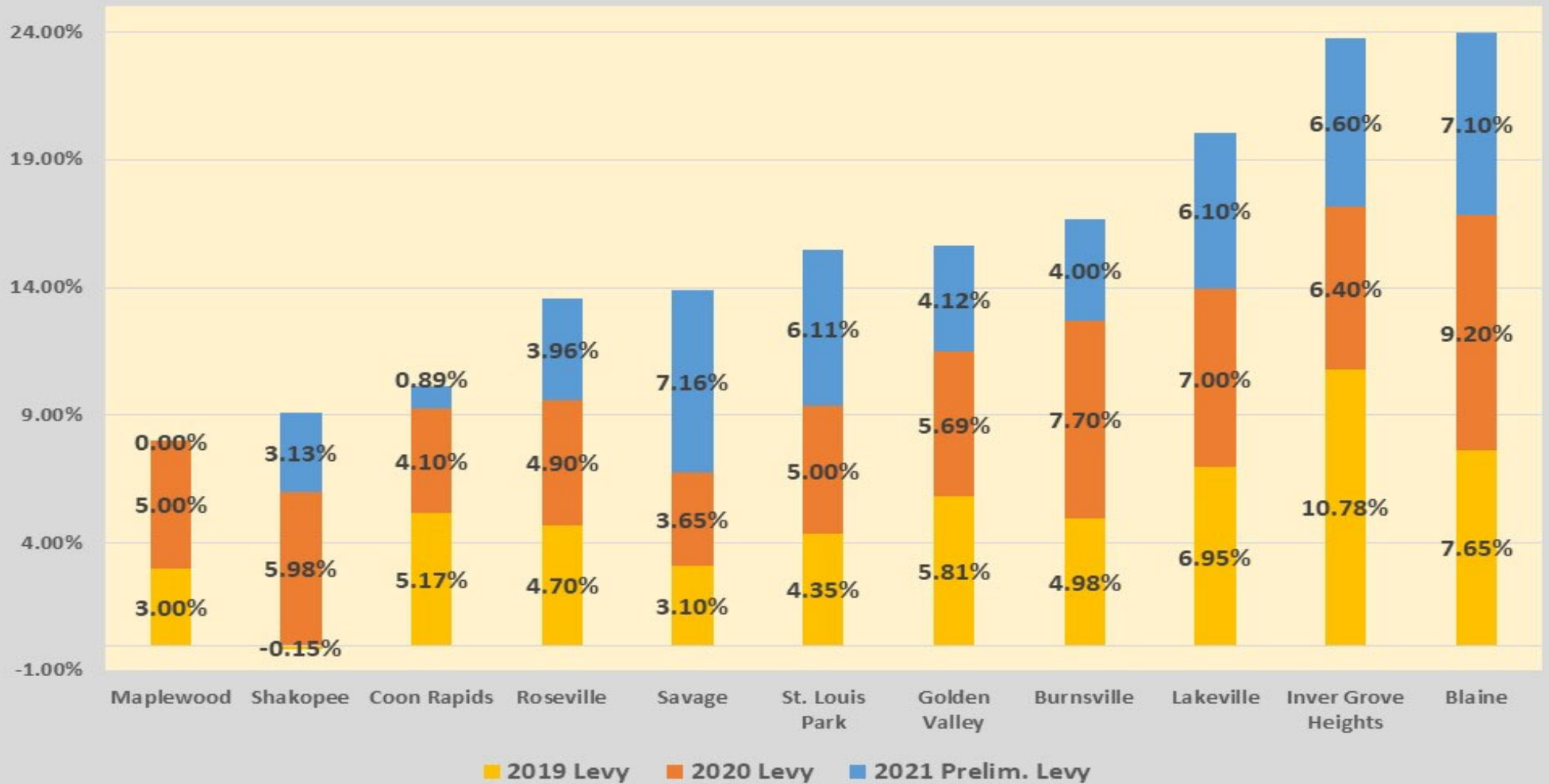
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Note: 1% levy increase/decrease amounts to \$9 on the median value home

2021 Preliminary Tax Levies - Comparable Cities



2019, 2020 & 2021 Tax Levies - Comparable Cities



2021 Proposed Utility Rates

- Sanitary Sewer

Description	2021 Proposed	2020	Change
City Rate (Per 1,000 Gallons)	\$0.85	\$0.85	-
Met Council Rate (Per 1,000 Gallons)	2.74	2.60	(0.14)
Flat Rate (Per Household)	2.90	2.90	-

- Storm Water

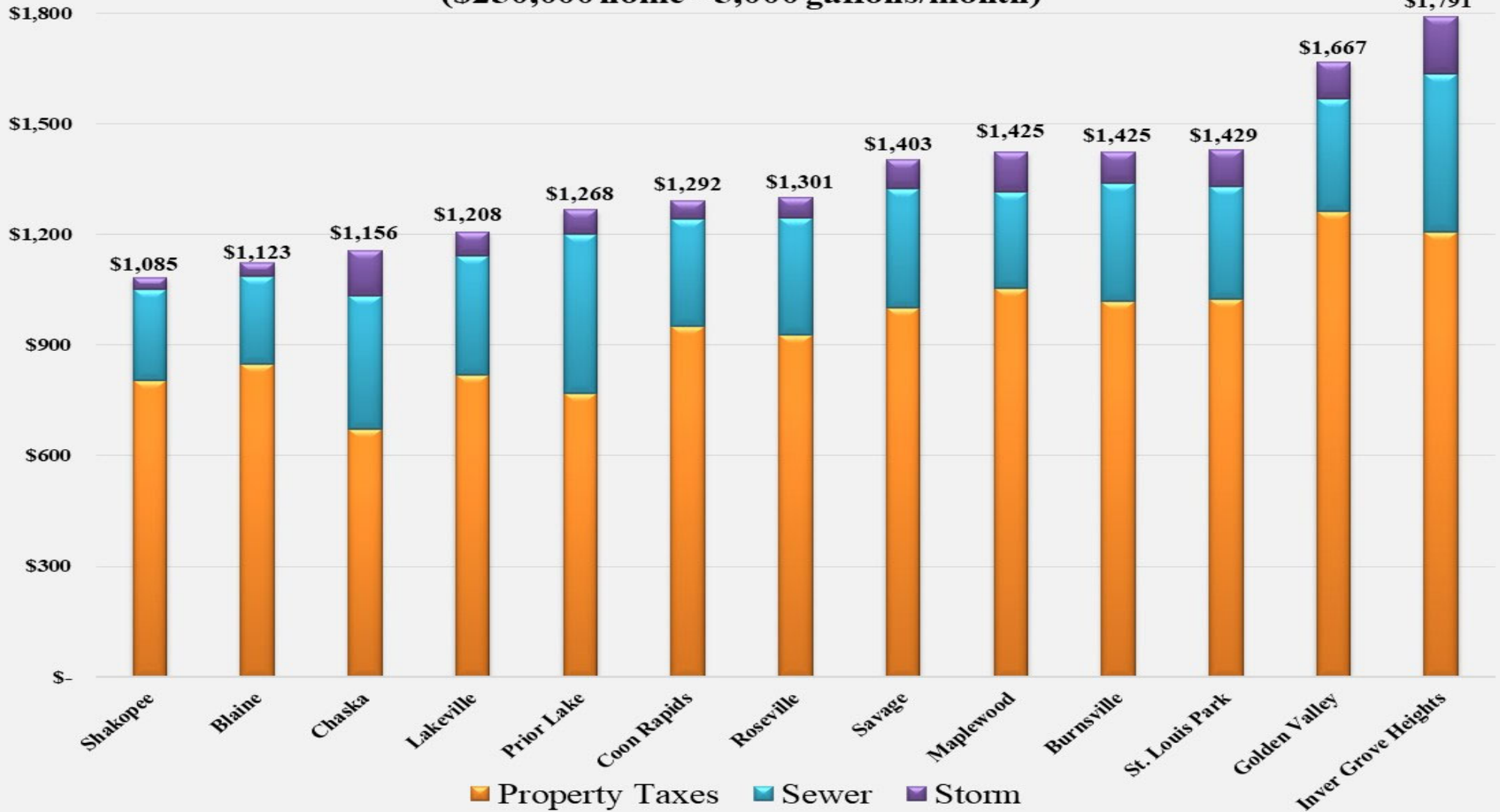
Description	2021 Proposed	2020	Change
Residential Rate Per Lot	\$2.68	\$2.68	-
Commercial Rate Per Acre Per Month	8.04	8.04	-

Decrease of \$8 per year on a typical residential user (5,000 gallons/month)



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2020 Annual Cost of Services for Comparable & Surrounding Cities (\$250,000 home - 5,000 gallons/month)



Impact of Preliminary Levy Request

- ✓ City tax rate decreases from 33.97% to 31.85%
 - 4th straight year of a tax rate decrease
- ✓ Median value home of \$266,800 (6.3% increase in value)
 - Annual tax impact of \$5 (0.6%)
 - Absent of a change in value – that home would see a \$50 (6%) decrease
- ✓ New construction – allows the city to increase the levy by \$420,000 (2.1%) with no impact on existing properties



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Budget Calendar

Date	Who	What
July 21, 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 12-24, 2020	County	Proposed tax notices sent to owners
November 17, 2020	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

