



2018 Budget Update
September 12th, 2017

9/8/17

Budget Scenarios

- 4 Levy Options presented
 - Option 1: No increase in expense beyond previously approved pay plan implementation
 - Not recommended, would require cuts to existing programs)
 - Option 2: Modified request
 - includes updated revenue/expense
 - Option 3: Initial request of levy
 - Option 4: Initial request plus additional items

Budget Scenarios

- Range of options from 6.2% to 16.4% increase
 - Option 1: 6.2% levy increase
 - \$513,060 previously approved pay plan implementation only
 - Option 2: 8% levy increase
 - Option 3: 10.3% levy increase
 - \$883,837 general fund shortfall
 - Option 4: 16.4% Levy increase
 - includes additional items (body cams, new headcount) approximately \$500,000

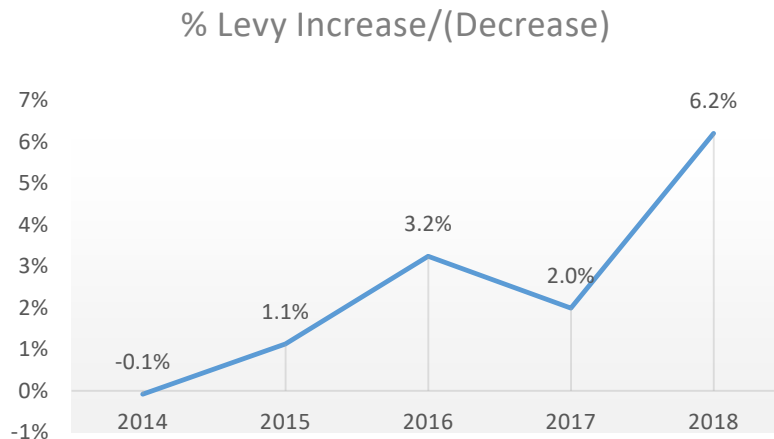
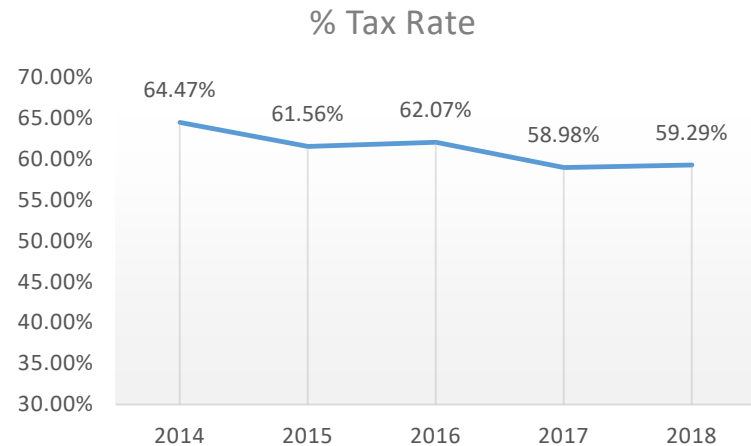
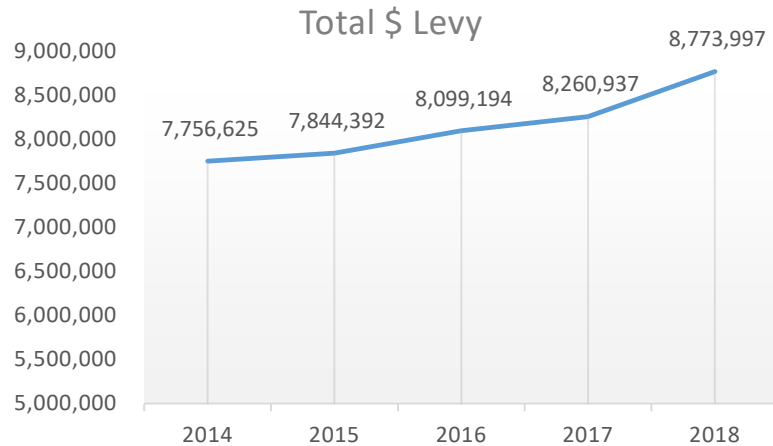
Tax Capacity

- Estimated Tax Capacity increase of 5.7%
 - Rice County – initial estimate of 5.5% increase
 - more accurate numbers should be available next week
 - Rice County includes new construction of \$8,091,100 in residential and \$254,100 in commercial, a 0.7% increase
 - Dakota County – initial estimate of 7.3% increase
- An increase in tax capacity helps offset the impact of an increase in the levy

Budget Option 1

- Option 1: 6.2% levy increase
 - Total City wide Levy of \$8,773,997
 - \$513,060 previously approved pay plan implementation only
 - Not recommended

Budget Option 1 – 6.2% increase

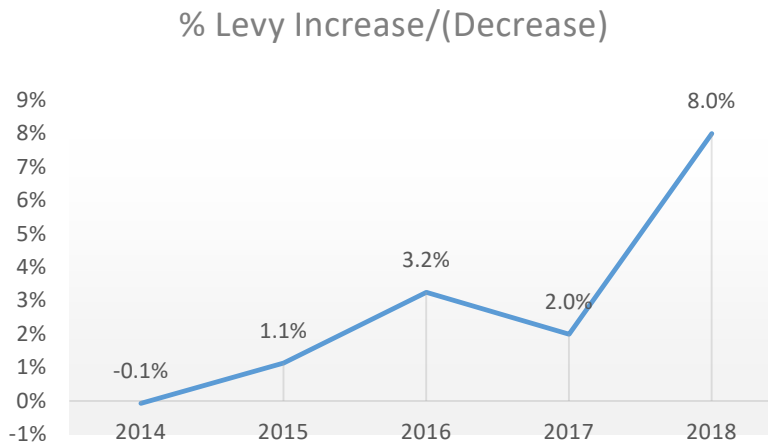
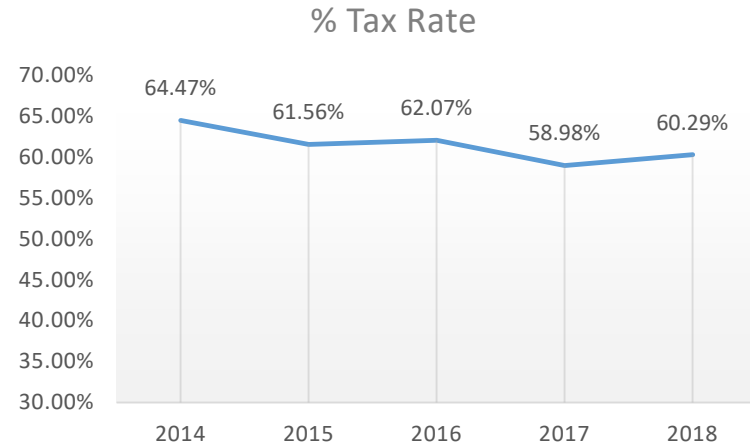
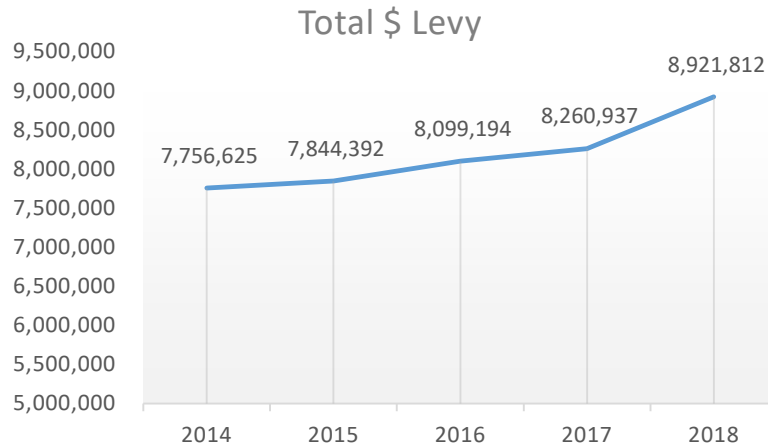


Estimated Tax Impact on Residential Home (no change in property tax valuation)							
Initial Budget Submission - 6.2% levy increase							
Residential				2018 v 2017		2018 v 2016	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$748.81	\$3.90	0.52%	(\$35.13)	-4.48%
175,000	\$952.77	\$905.34	\$910.08	\$4.74	0.52%	(\$42.70)	-4.48%
200,000	\$1,122.23	\$1,066.36	\$1,071.94	\$5.58	0.52%	(\$50.29)	-4.48%
250,000	\$1,460.51	\$1,387.80	\$1,395.06	\$7.26	0.52%	(\$65.45)	-4.48%
300,000	\$1,798.79	\$1,709.24	\$1,718.18	\$8.94	0.52%	(\$80.61)	-4.48%

Budget Option 2

- Option 2: 8.0% levy increase
 - Total City wide Levy of \$8,921,812
 - \$513,060 previously approved pay plan implementation 6.21%
 - \$147,815 other expense increases 1.79%
 - Would need revenue/expense adjustments totaling \$29,596 from the 9/5/17 adjusted budget presentation
 - Recommend as initial preliminary budget “baseline”, other additions (staffing, etc.) would increase the levy proportionally

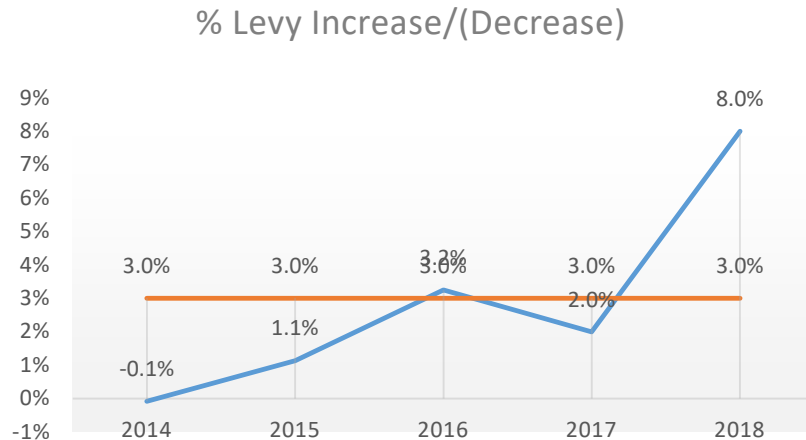
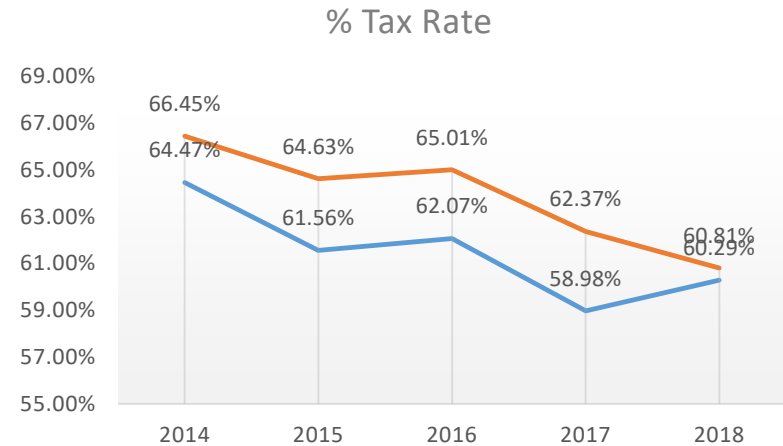
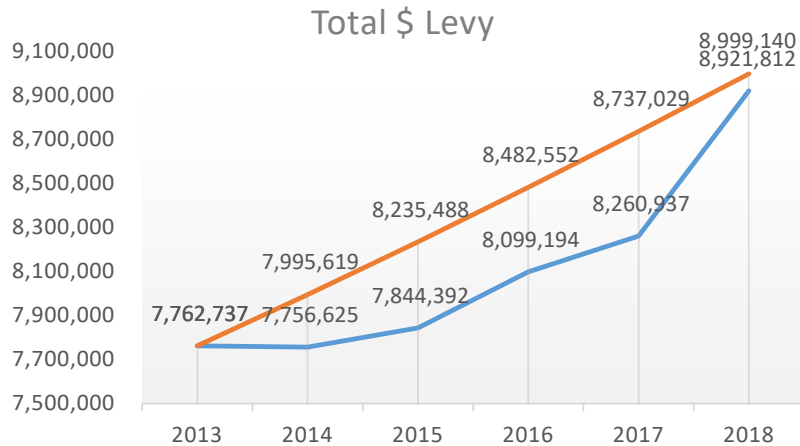
Budget Option 2 – 8.0% increase



Estimated Tax Impact on Residential Home (no change in property tax valuation)							
<u>8.0% Levy Increase</u>							
<u>Residential</u>				<u>2018 v 2017</u>		<u>2018 v 2016</u>	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$761.43	\$16.51	2.22%	(\$22.52)	-2.87%
175,000	\$952.77	\$905.34	\$925.41	\$20.07	2.22%	(\$27.36)	-2.87%
200,000	\$1,122.23	\$1,066.36	\$1,089.99	\$23.64	2.22%	(\$32.23)	-2.87%
250,000	\$1,460.51	\$1,387.80	\$1,418.56	\$30.76	2.22%	(\$41.95)	-2.87%
300,000	\$1,798.79	\$1,709.24	\$1,747.13	\$37.89	2.22%	(\$51.66)	-2.87%

Budget Option 2 – 8.0% increase

(with 3% steady growth scenario – orange line)

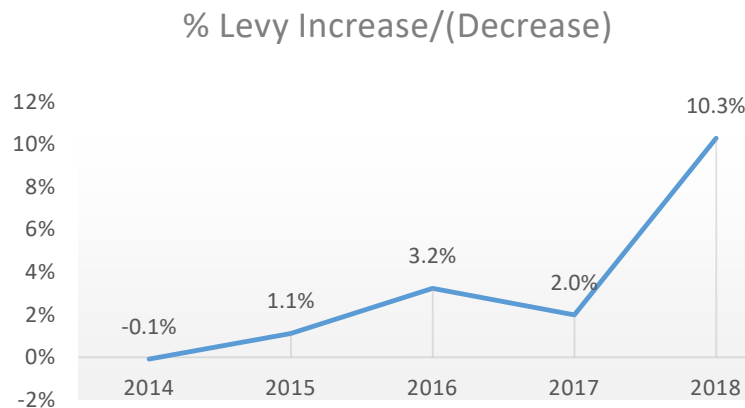
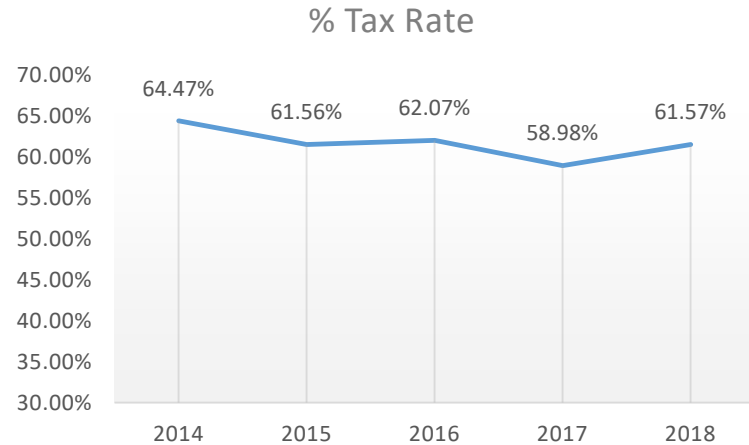
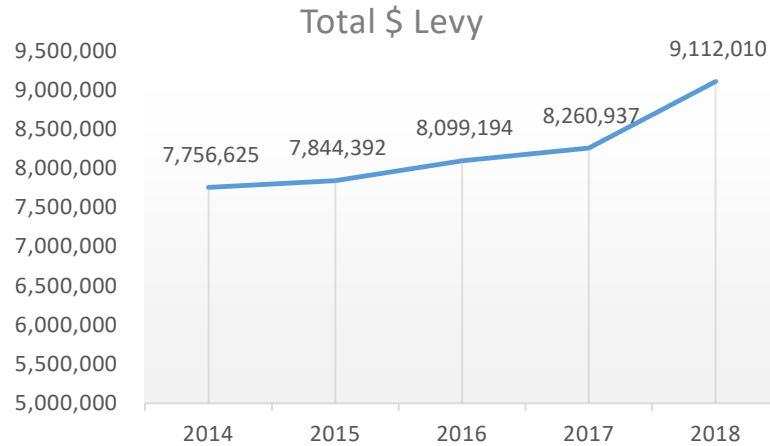


- An 8% increase in the levy for 2018 yields similar results as a 5 year average 3% growth rate

Budget Option 3

- Option 3: 10.3% levy increase
 - Initial budget submission on 8/15/17
 - Total City wide Levy of \$9,112,010
 - \$833,837 General Fund levy
 - (\$37,552) Debt levy
 - \$ 20,487 HRA/EDA levies

Budget Option 3 – 10.3% increase

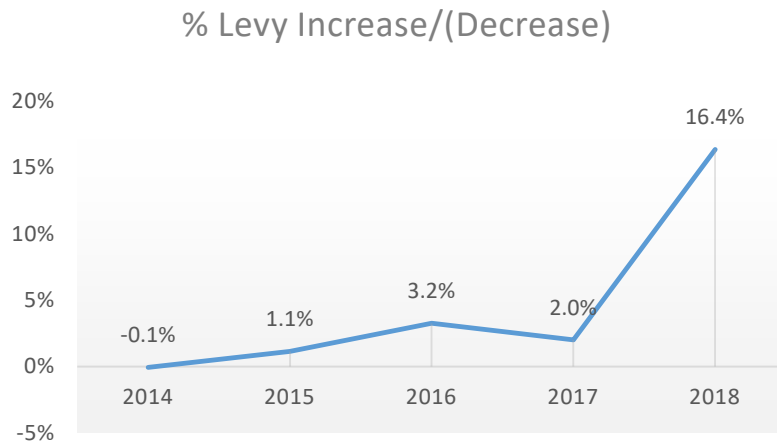
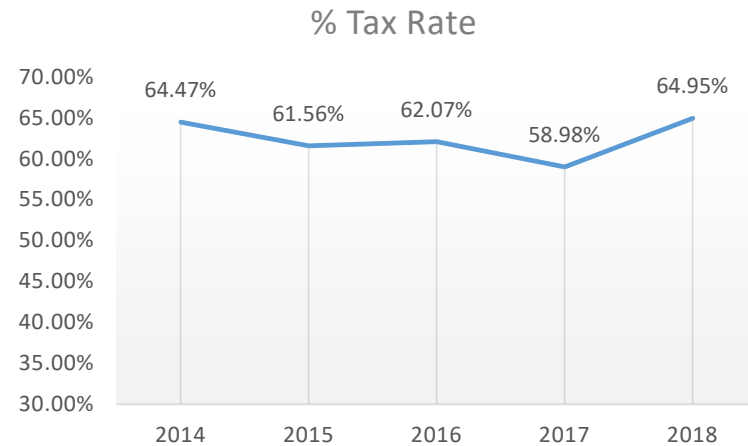


Estimated Tax Impact on Residential Home (no change in property tax valuation)							
10.3% Levy Increase							
Residential				2018 v 2017		2018 v 2016	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$777.66	\$32.74	4.40%	(\$6.28)	-0.80%
175,000	\$952.77	\$905.34	\$945.14	\$39.80	4.40%	(\$7.64)	-0.80%
200,000	\$1,122.23	\$1,066.36	\$1,113.23	\$46.87	4.40%	(\$8.99)	-0.80%
250,000	\$1,460.51	\$1,387.80	\$1,448.80	\$61.00	4.40%	(\$11.71)	-0.80%
300,000	\$1,798.79	\$1,709.24	\$1,784.37	\$75.13	4.40%	(\$14.42)	-0.80%

Budget Option 4

- Option 4: 16.4% levy increase
 - Includes an additional \$500,000 in requests
 - Total City wide Levy of \$9,612,010
 - \$1,333,837 General Fund levy
 - (\$37,552) Debt levy
 - \$ 20,487 HRA/EDA levies
 - Not recommended, for illustration only

Budget Option 4 – 16.4% increase



Estimated Tax Impact on Residential Home (no change in property tax valuation)							
16.3% Levy Increase							
Residential				2018 v 2017		2018 v 2016	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$820.33	\$75.42	10.12%	\$36.39	4.64%
175,000	\$952.77	\$905.34	\$997.00	\$91.66	10.12%	\$44.23	4.64%
200,000	\$1,122.23	\$1,066.36	\$1,174.32	\$107.96	10.12%	\$52.09	4.64%
250,000	\$1,460.51	\$1,387.80	\$1,528.30	\$140.50	10.12%	\$67.79	4.64%
300,000	\$1,798.79	\$1,709.24	\$1,882.29	\$173.05	10.12%	\$83.50	4.64%

Budget Options

- Additional options for consideration
 - \$50,000 HCI
 - \$12,500 HCI Reimbursable
 - \$35,000 NDDC
 - \$15,000 Strategic Planning Software
 - \$20,000 Finance Consulting
 - \$45,000 Liquor Store transfer
 - \$25,792 Historical Society
 - \$ 5,000 SMIF
 - \$15,000 Fireworks
 - \$?? Other revenue/expense adjustments

Budget Options

- Items not included in Options (\$500K in Option 4)
 - Additional expenditure items
 - \$ 55,000 Police body cams + potential FTE
 - \$700,000 Emerald Ash Borer treatment
(pending Council review, but not recommended)
 - \$ 5,000 Administrative Intern
 - \$ 5,000 Youth Intern
 - \$ 15,000 EQC Climate Goals
(getting added to Storm Water Fund)
 - Additional headcount
 - \$224,000 Police 2 additional headcount
 - \$ 75,000 Utilities
 - \$40,000 Communication PT to FT
(\$7,100 if increased PT hours to 29hrs/week)
 - \$23,000 Building Inspections .5FTE

Discussion

- September 19th adoption of levy
 - Levy can go down, but not up
- September 19th adoption of budget
- Staff currently recommending levy resolution at 8% for approval
 - Seeking feedback at work session on any alternative levy resolutions, so staff can prepare in advance of September 19th