

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 12/01/2014

Item No.: 11.a

Department Approval

Christopher K. Miller

City Manager Approval

Samuel J. Truog

Item Description: Conduct a Final Hearing on the 2015 Tax Levy, Budget, & Utility Rates

1 **BACKGROUND**

2 Under State Statutes, most cities are required to hold a budget hearing before adopting a final tax levy
3 and budget. The purpose of the hearing is to provide citizens with an opportunity to express their views
4 on the budget and tax levy, as well as any other information the Council deems important.

5

6 City Staff will present an overview of the proposed budget at the hearing. The final tax levy and budget
7 are scheduled to be adopted at the December 8, 2014 Council meeting.

8 **POLICY OBJECTIVE**

9 Conducting a budget hearing before adopting a final budget and tax levy is required under Mn State
10 Statutes.

11 **FINANCIAL IMPACTS**

12 See attached.

13 **STAFF RECOMMENDATION**

14 Not applicable.

15 **REQUESTED COUNCIL ACTION**

16 Not applicable.

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Prepared by: Chris Miller, Finance Director

Attachments: A: Presentation of the 2015 Proposed Budget, Tax Levy, and Utility Rates

City of Roseville

Proposed 2015 Budget, Tax Levy & Utility Rates

Discussion Topics:

- ❖ Purpose of the Hearing
- ❖ Budget Impact Snapshot
- ❖ Budget Process Chronology
- ❖ Budget Impact Items
- ❖ Budget & Tax Levy Summary
- ❖ Tax Levy Information (*historical and peer city comparisons*)
- ❖ Utility Rate Overview

Purpose of the Budget Hearing:

- ❖ To provide information on the upcoming year's budget, tax levy, and utility rate impact
- ❖ To provide citizens an opportunity to express their views on those impacts
- ❖ Tonight's presentation will focus on the City portion of your property tax bill and other local fees

Budget Impact Snapshot for a Single-Family Home*

- ❖ 2015 Property Tax Bill = \$71.40 per month
- ❖ An increase of \$6.54 per month or 10%
- ❖ Amount is based on a property valuation increase of 11%. If value stayed the same, homeowner would see a tax decrease.

- ❖ 2015 Utility Bill = \$56.47 per month
- ❖ A decrease of \$0.89 per month

- ❖ 2015 Total Cost of City Services = **\$127.87** per month
- ❖ An increase of \$5.65 per month or 4.6%

* For a median-valued home that uses an average amount of water

Budget Process Chronology – Key Dates:

- ❖ Preliminary report on budget and levy impacts (*May 12, 2014*)
- ❖ Departmental budget presentations (*May 22, 2014*)
- ❖ Discussion on City Council budget goals & priorities (*June 16, 2014*)
- ❖ Presentation of the City Manager recommended budget (*July 14, 2014*)
- ❖ Public hearing to solicit comments on the budget and taxes (*August 11, 2014*)
- ❖ Review the 2015-2034 CIP & funding strategies (*August 25, 2014*)
- ❖ Adopt preliminary budget and tax levy (*September 8, 2014*)
- ❖ Continue discussions on the 2015 budget and tax levy (*October 20, 2014*)
- ❖ Continue discussions on the 2015-2034 CIP (*November 10, 2014*)
- ❖ Discussion on the proposed 2015 utility rates (*November 17, 2014*)

Budget Impact Items (levy supported):

- ❖ Employee cost-of-living adjustment - \$177,000
- ❖ Employee wage step increases - \$129,000
- ❖ New employee positions - \$101,000
- ❖ Employee healthcare & benefit increases - \$67,000
- ❖ Elimination of cash reserve spending - \$175,500

Budget & Tax Levy Summary:

- ❖ Proposed Budget overall is \$52,045,290
 - ❖ Proposed Budget for the tax-supported programs scheduled to increase by \$608,485 or 2.5%
 - ❖ Proposed Tax Levy** is \$18,659,050, an increase of \$655,325 or 3.6%
 - ❖ Single family home property taxes ** = \$71.40 per month, an increase of \$6.54 or 10%
-
- ❖ ** Excludes HRA Levy. HRA Levy impact = \$0.16 per month

Budget & Tax Levy Summary:

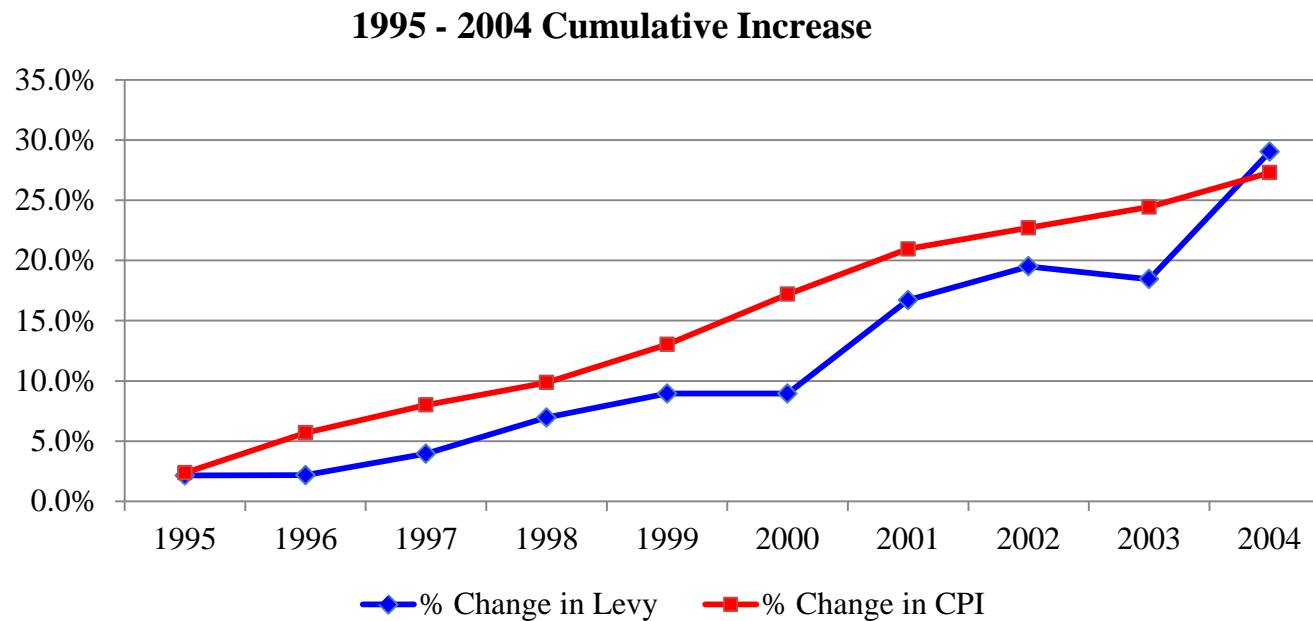
❖ In exchange for \$71 per month, residents receive:

- a) 24x7x365 police, fire, & emergency medical services protection
- b) Well maintained city streets
- c) Full offering of park amenities
- d) Sidewalk and pathway connections
- e) Street lighting, nuisance code enforcement, and other services
- f) Professionally-managed administrative, financial, and legal functions

Tax Levy Information:

- ❖ Before we look at the data . . . a little background/context is useful
- ❖ First . . . Let's review the past (1995-2004)

Tax Levy Information:

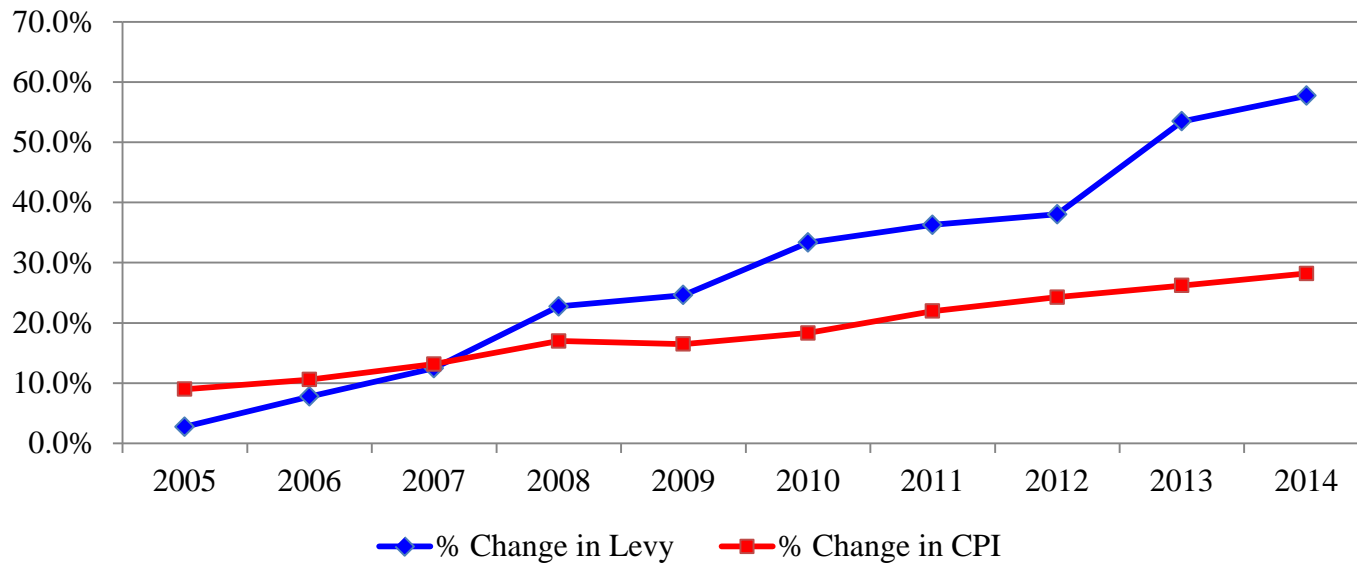


Comments:

- ❖ 1995-2004: General policy that limited tax levy increases to the CPI
- ❖ This era was preceded by a period of significant street replacement and park facility construction programs . . . allowing for lower capital investments from 1995-2004

Tax Levy Information:

2005 - 2014 Cumulative Increase

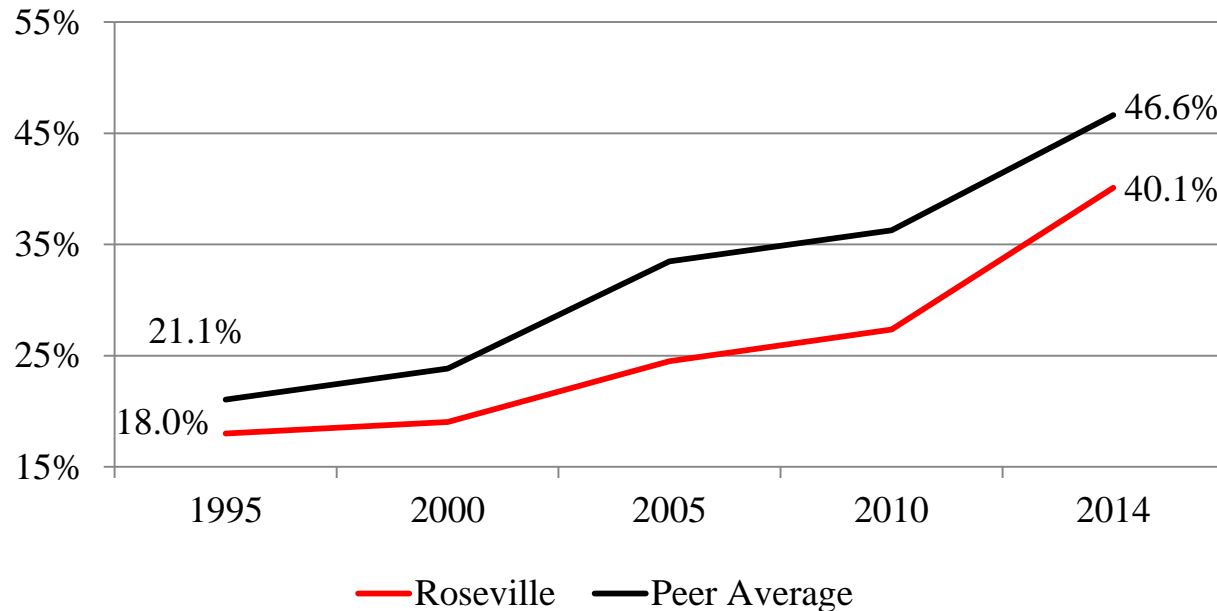


Comments:

- ❖ 2006-2009: Recessionary period that resulted in stagnant or declining non-tax revenues
- ❖ 2008-2014: Reinvestment period of additional capital replacement

Tax Levy Information:

City Tax Rate Comparison *
1995-2014



** For Metro area cities with a population greater than 10,000

Utility Rate Impact for a Single-Family Home

Homes without the Discount (a)

- ❖ 2015 Utility Bill = \$56.47 per month (\$677 per year)
- ❖ An decrease of \$0.89 per month
- ❖ Decrease due to change in Utility Discount eligibility criteria

Homes that Lose the Discount (b)

- ❖ 2015 Utility Bill = \$41.98 per month (\$503 per year)
- ❖ An increase of \$9.78 per month

(a) Based on average consumption of 18,000 gallons per quarter

(b) Based on average consumption of 6,000 gallons per quarter

Utility Rate Impact for a Single-Family Home

Utility Discount Eligibility

- ❖ Based on household income @ maximum of 165% of the federal poverty guidelines
- ❖ Income only . . . savings and other assets are excluded
- ❖ 1-Person household: \$19,255
- ❖ 2-Person household: \$25,955
- ❖ 4-Person household; \$39,353

Utility Rate Impact Items:

- ❖ 20-Year Capital Improvement Plan - unchanged
- ❖ Rate Increase from St. Paul Water = 7.5%
- ❖ Rate Increase from Met Council = 3.5%
- ❖ Decline in Revenue Sharing from Recycling Contractor

Utility Rate Summary

Single Family Homes				
<u>Service</u>	<u>2014</u>	<u>2015</u>	<u>\$ Increase</u>	<u>% Increase</u>
Water - base fee	54.45	51.60	(2.85)	
Water - usage fee	39.60	40.50	0.90	
Sanitary Sewer - base fee	37.35	35.40	(1.95)	
Sanitary Sewer - usage fee	24.00	24.72	0.72	
Storm Sewer	11.70	11.70	-	
Recycling	5.00	5.50	0.50	
Total per Quarter	\$172.10	\$ 169.42	\$ (2.68)	-1.56%
Avg. Water consumption (1,000 gals.)	18	-		
Avg. Sewer consumption (1,000 gals.)	15			

Utility Rate Summary

Single Family Homes That Lose the Utility Discount				
<u>Service</u>	<u>2014</u>	<u>2015</u>	<u>\$ Increase</u>	<u>% Increase</u>
Water - base fee	35.40	51.60	16.20	
Water - usage fee	13.20	13.50	0.30	
Sanitary Sewer - base fee	23.30	35.40	12.10	
Sanitary Sewer - usage fee	8.00	8.24	0.24	
Storm Sewer	11.70	11.70	-	
Recycling	5.00	5.50	0.50	
Total per Quarter	\$ 96.60	\$ 125.94	\$ 29.34	30.37%
Avg. Water consumption (1,000 gals.)	6			
Avg. Sewer consumption (1,000 gals.)	5			

Utility Rate Summary:

❖ In exchange for \$56 per month, residents receive:

- a) Safe, potable water that is already softened
- b) Reliable sewer service
- c) Diversion and collection of storm water away from private property
- d) Bi-weekly curbside recycling pickup service
- e) No assessments for water & sewer mainline replacements

Peer City Comparison:

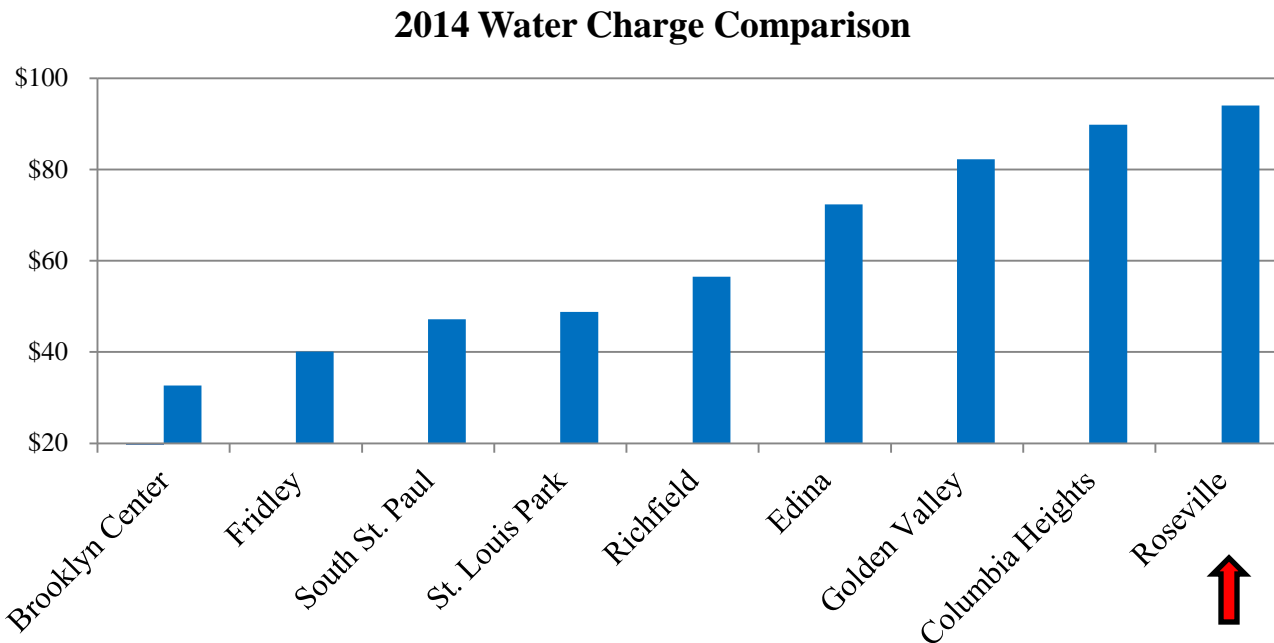
❖ Peer Cities include:

- a) 1st ring suburbs
- b) Population 18,000-50,000
- c) Stand-alone systems

❖ Rate Comparison Notables:

- a) Local priorities and funding philosophies can create wide disparities in rates
- b) Use of Special Assessments can vary

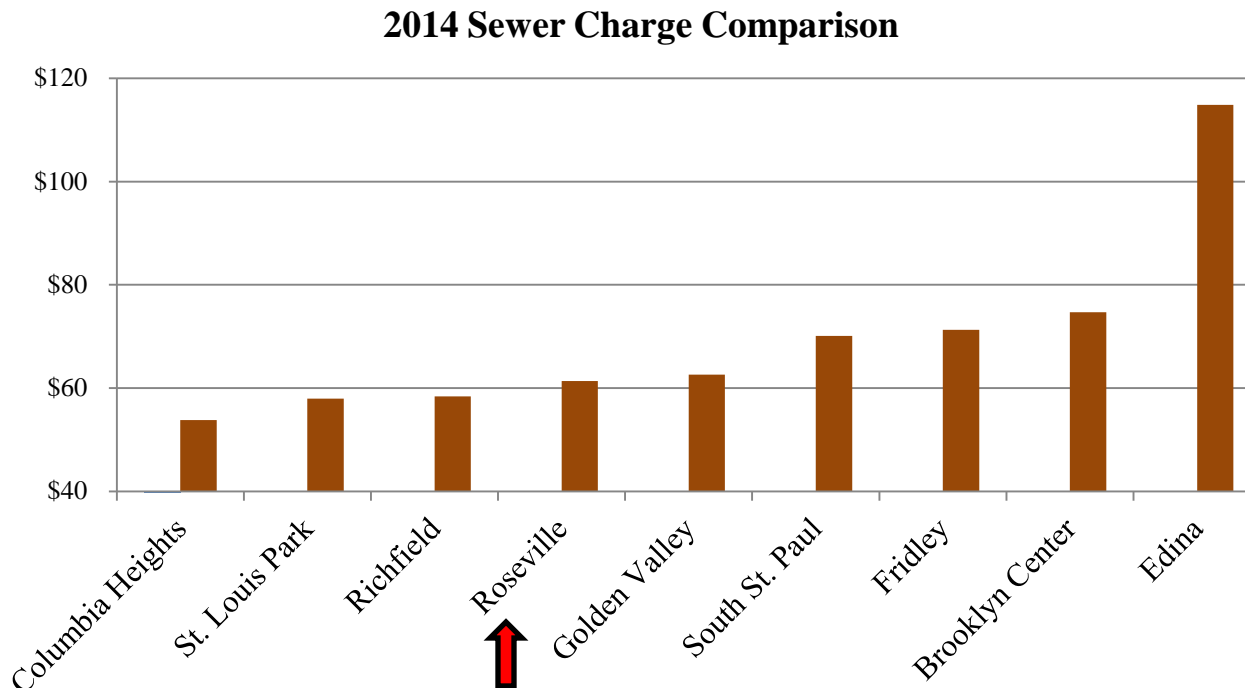
Peer City Comparison



❖ Roseville’s water rates (base + consumption) are higher than peer cities, however:

- a) Water delivered to customers is already softened
- b) Water infrastructure is funded through rates not assessments like other cities
- c) Roseville is in an infrastructure replacement cycle requiring higher funding levels

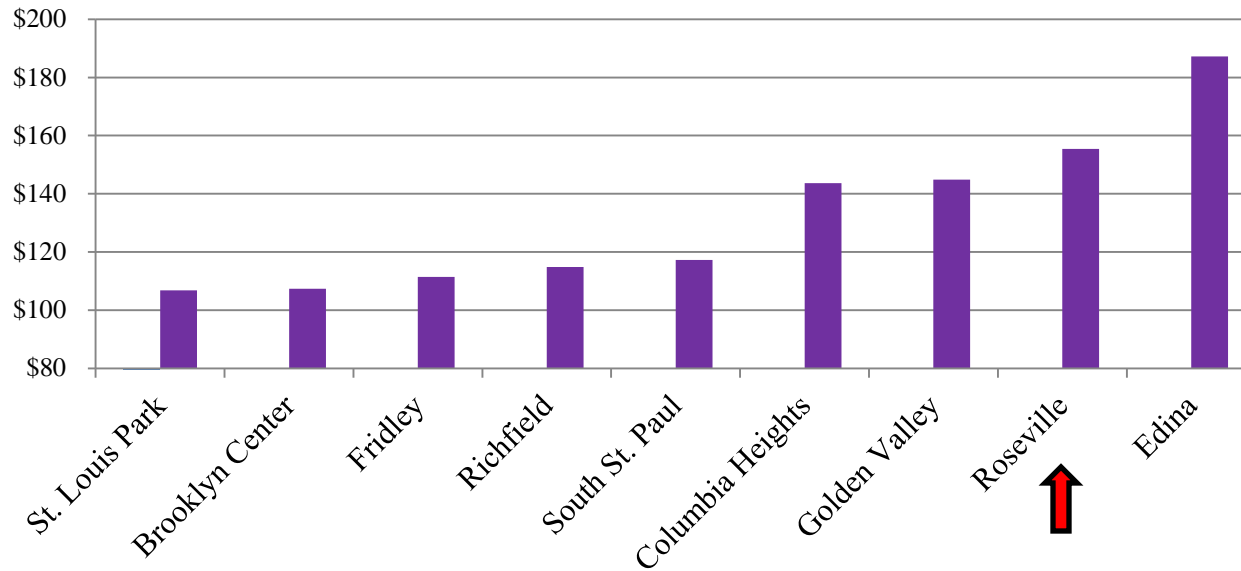
Peer City Comparison



- ❖ Roseville's sewer rates (base + consumption) are slightly below the average for peer cities

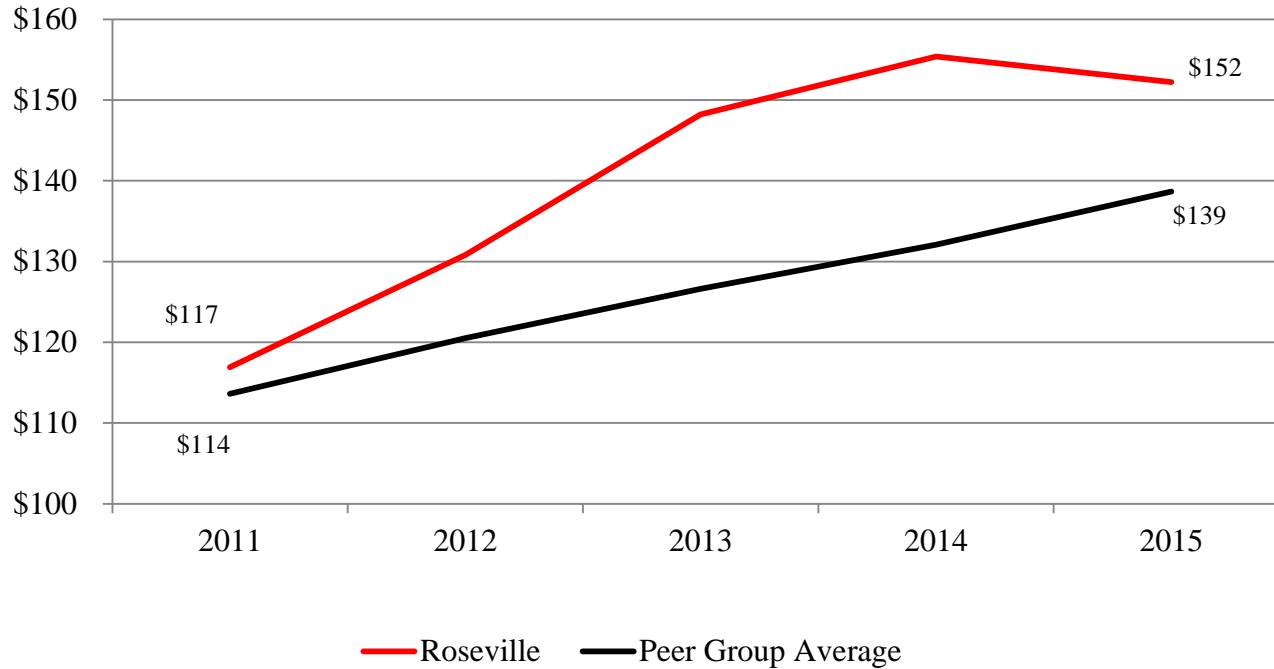
Peer City Comparison

2014 Water & Sewer Charge Comparison



Peer City Comparison

Comparison of Quarterly Water & Sewer Charges
for a typical single-family home



Questions?