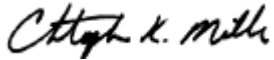


**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 11/30/15  
Item No.: 13.a

Department Approval



City Manager Approval



Item Description: Hearing to Solicit Public Comment on the 2016 Budget & Tax Levy

**BACKGROUND**

At the April 20, 2015 City Council meeting the Council established a 2016 Budget Calendar which outlined a series of steps to establish an eventual budget. The calendar is as follows:

**2016 Budget Calendar**

Departmental Budget Presentations.....	May 27, June 1, 2015
Discussion on City Council Budget Goals & Priorities.....	June 15, 2015
Present the City Manager Recommended Budget.....	July 13, 2015
Present the City Manager Recommended Budget to the Finance Commission .....	July 14, 2015
Preliminary Budget Hearing.....	August 10, 2015
Joint Meeting with the Finance Commission/Review CIP Funding Strategies....	August 17, 2015
Adopt the Preliminary Budget.....	September 14, 2015
Continue Discussions on the Budget/Review Water & Sewer Fees.....	October 19, 2015
Final Budget Hearing.....	November 30, 2015
Adopt the 2016 Water & Sewer Rates.....	November 30, 2015
Adopt the 2016 Final Budget.....	December 7, 2015

A PowerPoint summary outlining the recommended 2016 Budget & Tax Levy will be presented at the Council meeting and is included in *Attachment A*.

**POLICY OBJECTIVE**

Establishing long-term financial plans and planning processes is consistent with municipal best practices as well as the goals and objectives established by the City Council.

**FINANCIAL IMPACTS**

Not applicable.

**STAFF RECOMMENDATION**

Not applicable.

**REQUESTED COUNCIL ACTION**

For information purposes only. No formal Council action is required.

Prepared by: Chris Miller, Finance Director  
Attachments: A: 2016 Budget & Tax Levy Presentation

# City of Roseville

## **Proposed 2016 Budget, Tax Levy & Utility Rates**

**Discussion Topics:**

- Purpose of the Hearing
- Snapshot of the Budget Impact
- Budget & Tax Levy Summary
- Tax Levy Comparisons (*historical and peer city comparisons*)
- Utility Rate Overview

**Topic #1 of 5: 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 as well as your water & sewer bill

**Topic #2 of 5: Budget Impact Snapshot for a Single-Family Home\***

<b>Impact Item</b>	<b>2015</b>	<b>2016</b>	<b>\$ Chg.</b>	<b>% Chg.</b>
Property Tax (monthly)	\$70.13	\$ 72.02	\$1.89	2.7%
Water & Sewer Bill (monthly)	53.23	54.03	0.80	1.5%
Total	\$123.36	\$126.05	\$2.69	2.2%

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

**Topic #3 of 5: Budget & Tax Levy Summary**

<b>Tax Levy</b>	<b>2015</b>	<b>2016</b>	<b>\$ Chg.</b>	<b>% Chg.</b>
Operations	\$12,840,902	\$13,298,720	\$457,818	3.6%
Capital	1,956,000	2,316,000	360,000	18.4%
Debt	3,480,000	3,330,000	(150,000)	(4.3)%
Total	\$18,276,902	\$18,944,720	\$667,818	3.7%

\* For a median-valued home of \$216,500

**Topic #3 of 5: Budget & Tax Levy Summary**

\$360,000 increase in *New Capital Tax Levy* Due to:

- \$7.2 million *long-term* funding gap in Facility improvements
- \$12.1 million *long-term* funding gap in Street replacements
- \$15.1 million *long-term* funding gap in Park improvements

\$34.5 million funding gap over the next 20 years



### **Topic #3 of 5: Budget & Tax Levy Summary**

\$457,000 increase in *New* Operational Tax Levy Due to:

- \$175,000 for employee cost-of-living-adjustments
- \$106,000 for employee wage steps
- \$176,000 for additional operating supplies, utilities, contractual services, & professional services

**Topic #3 of 5: Budget & Tax Levy Summary**

<b>Budget</b>	<b>2015</b>	<b>2016</b>	<b>\$ Chg.</b>	<b>% Chg.</b>
Tax-Supported *	\$28,055,340	\$28,745,490	\$690,150	2.5%
Fee-Supported	23,989,950	23,367,130	(622,820)	(2.6)%
Total	\$52,045,290	\$52,112,620	\$67,330	0.1%

\* Programs & Services funded in part, or in whole, by property taxes

### **Topic #3 of 5: Budget & Tax Levy Summary**

RECAP: In 2016 Residents will Pay approximately \$126 per month for City services. In exchange for:

24x7x365 police, fire, & emergency medical services protection

Well maintained city streets

Full offering of park amenities

Sidewalk and pathway connections

Street lighting, nuisance code enforcement, and other services

Safe, potable water

Sanitary sewer collection & treatment

Storm sewer runoff protection

Professionally-managed administrative, financial, and legal functions

### **Topic #3 of 5: Budget & Tax Levy Summary**

#### State of Minnesota Property Tax Rebate Programs:

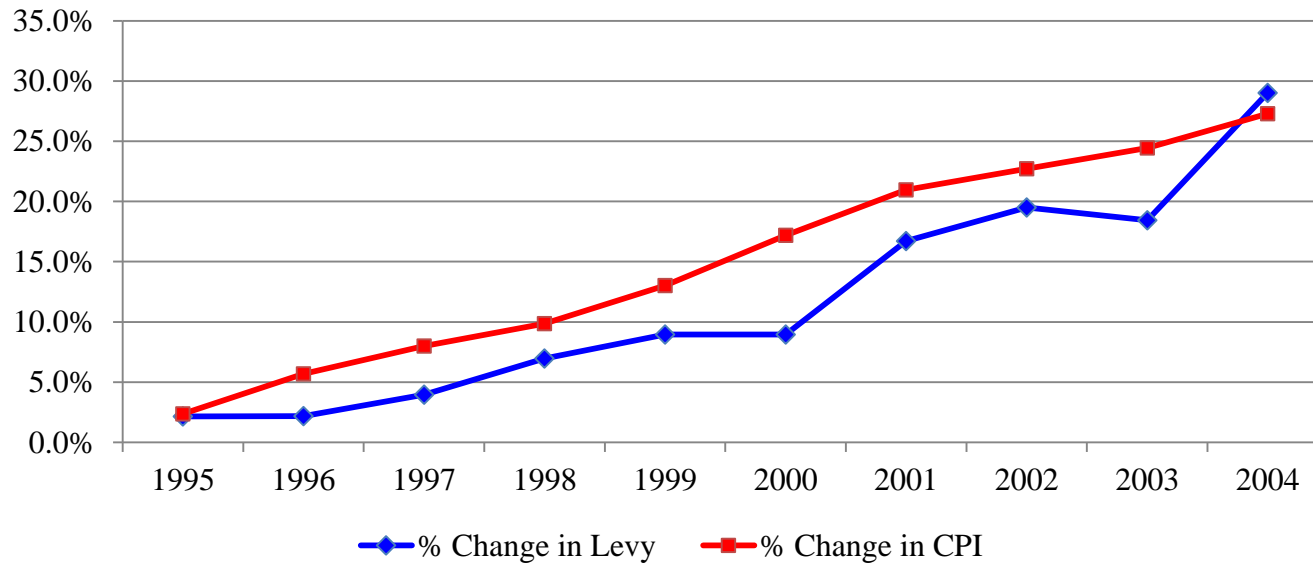
- For 2014, eligibility for homeowners capped at household incomes of \$107,150
- Renter incomes capped at \$58,060

**Topic #4 of 5: Tax Levy Comparisons**

- For historical context . . . let's begin with the past (1995-2004)

**Topic #4 of 5: Tax Levy Comparisons**

**1995 - 2004 Cumulative Increase**

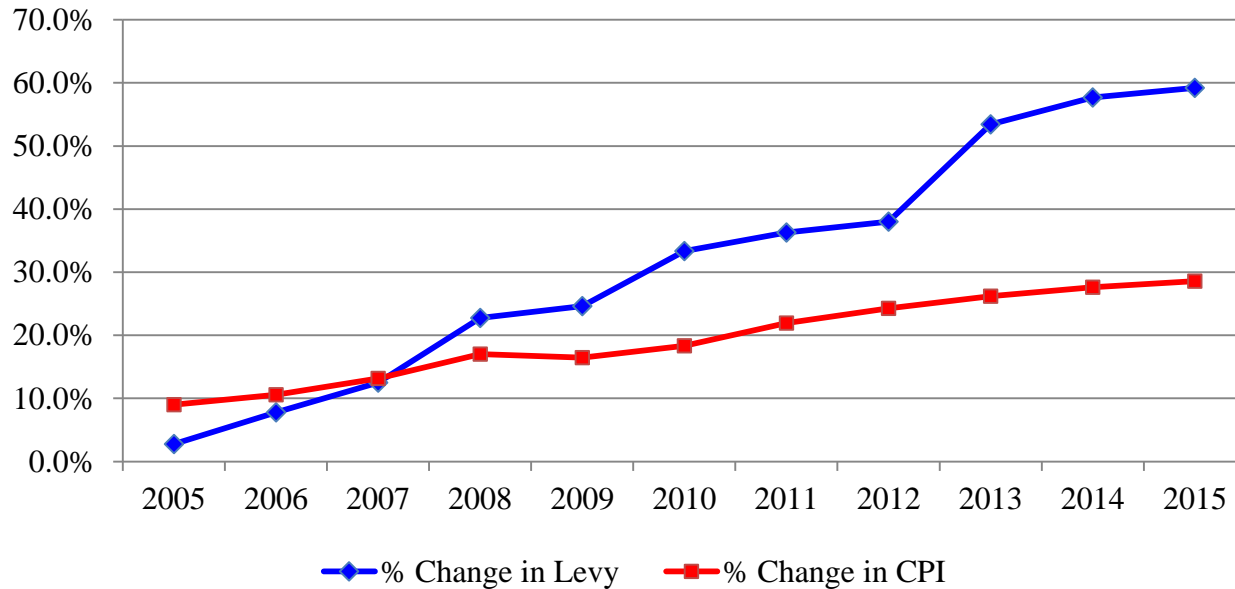


Comments:

- 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

**Topic #4 of 5: Tax Levy Comparisons**

**2005 - 2015 Cumulative Increase**

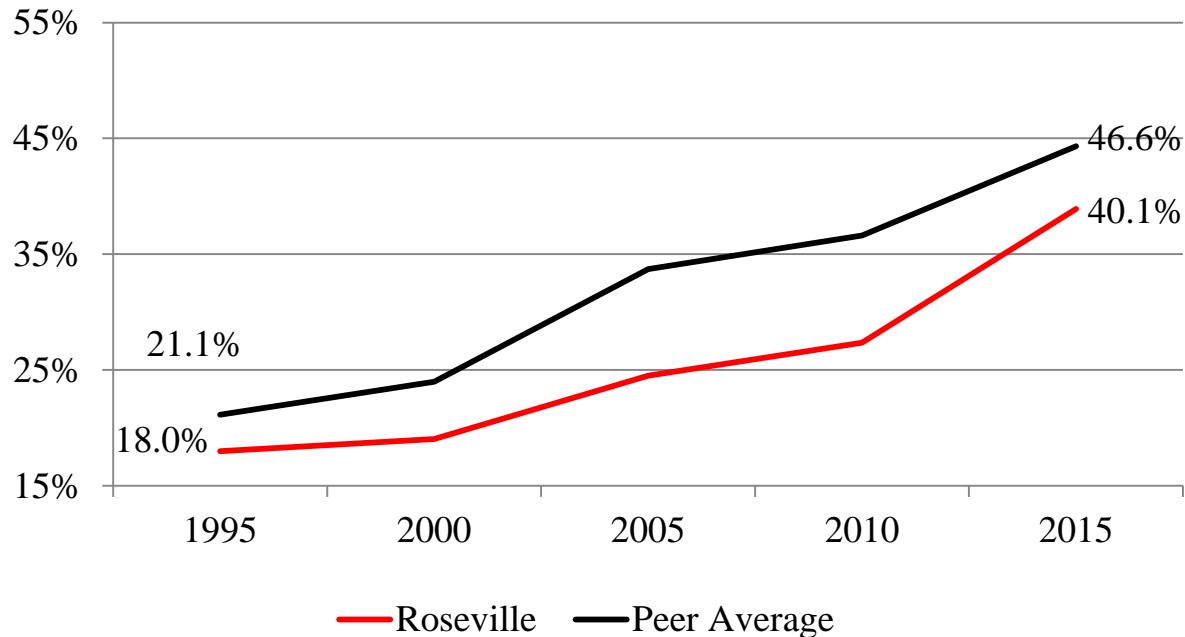


Comments:

- ❑ 2006-2009: Recessionary period that resulted in stagnant or declining non-tax revenues
- ❑ 2008-2015: Reinvestment period of additional capital replacement

### Topic #4 of 5: Tax Levy Comparisons

**City Tax Rate Comparison \***  
**1995-2015**



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



**Topic #5 of 5: Utility Rate Overview**

**Utility Rate Impact**

- 2016 Water & Sewer Bill = \$54.03 per month
- An increase of \$0.80 per month, or 1.5%

### **Topic #5 of 5: Utility Rate Overview**

#### **Utility Discount Eligibility**

- Based on household income @ maximum of 165% of the federal poverty guidelines
- Applies to income only . . . savings and other assets are excluded
- 1-Person household: \$19,420
- 2-Person household: \$26,285
- 4-Person household; \$40,010
- Discount = \$10 per month (\$30 per quarter)

### **Topic #5 of 5: Utility Rate Overview**

#### **Utility Rate Impact Items**

- 20-Year Capital Improvement Plan - unchanged
- Rate Increase from St. Paul Water = 0.0%
- Rate Increase from Met Council = 5.4%
- Decline in Revenue Sharing from Recycling Contractor

**Topic #5 of 5: Utility Rate Overview**

<i>Quarterly Utility Rate Impact: Single Family Home</i>					
<u>Service</u>	<u>2015</u>	<u>2016</u>	<u>\$ Increase</u>	<u>% Increase</u>	
Water - base fee	51.60	51.60	-		
Water - usage fee	33.75	33.75	-		
Sanitary Sewer - base fee	35.40	35.40	-		
Sanitary Sewer - usage fee	21.45	23.40	1.95		
Storm Sewer	12.00	12.35	0.35		
Recycling	5.50	5.60	0.10		
Total per Quarter	\$ 159.70	\$ 162.10	\$ 2.40	1.50%	
Avg. Water consumption (1,000 gals.)	15				
Avg. Sewer consumption (1,000 gals.)	13				

**Topic #5 of 5: Utility Rate Overview**

In exchange for \$54 per month, residents receive:

Safe, potable & softened water

Sanitary sewer collection & treatment

Storm sewer runoff protection

Bi-weekly curbside recycling pickup service

No assessments for water & sewer mainline replacements

**Topic #5 of 5: Utility Rate Overview**

**Peer City Comparisons**

Peer Cities include:

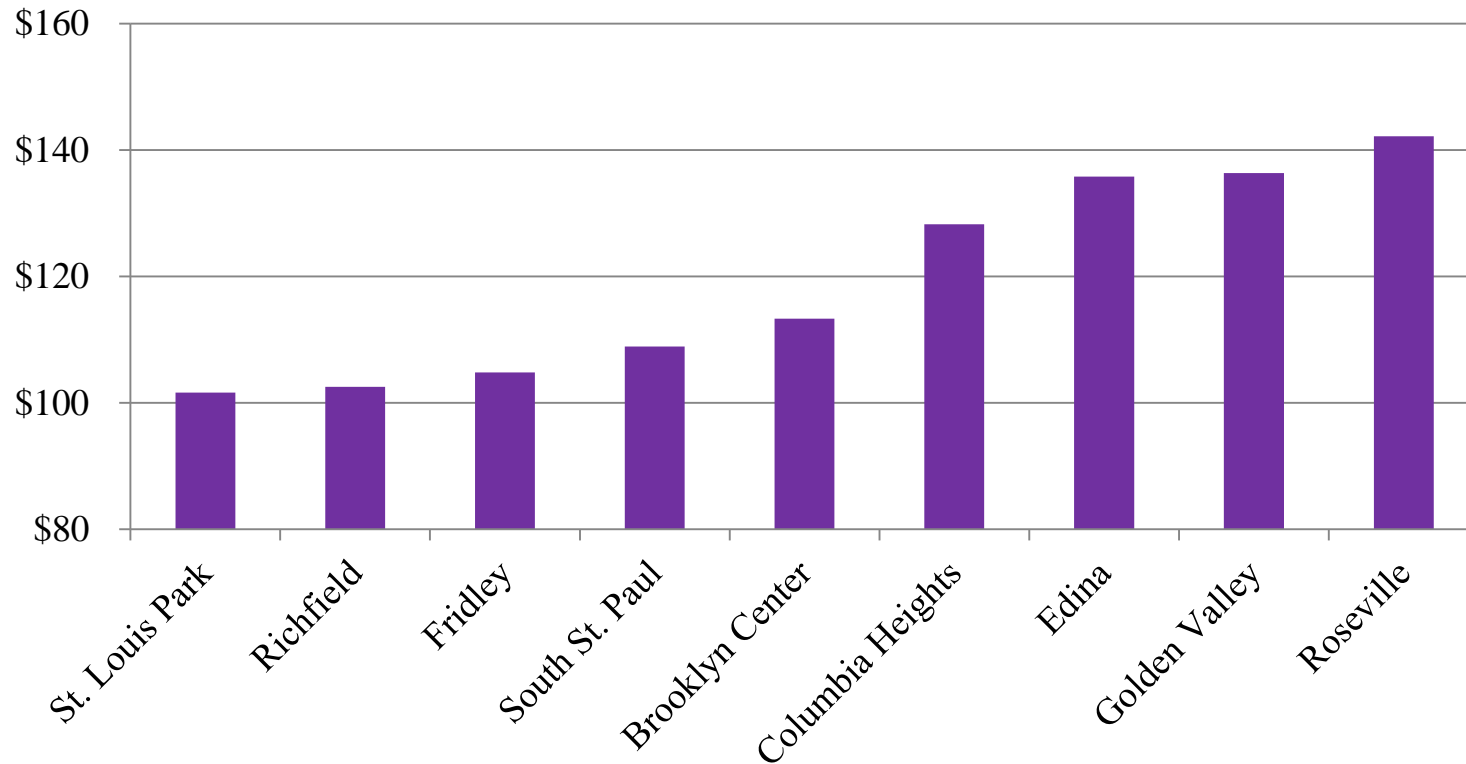
- a) 1st ring suburbs
- b) Population 18,000-50,000
- c) Stand-alone systems

Rate Comparison Notables:

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

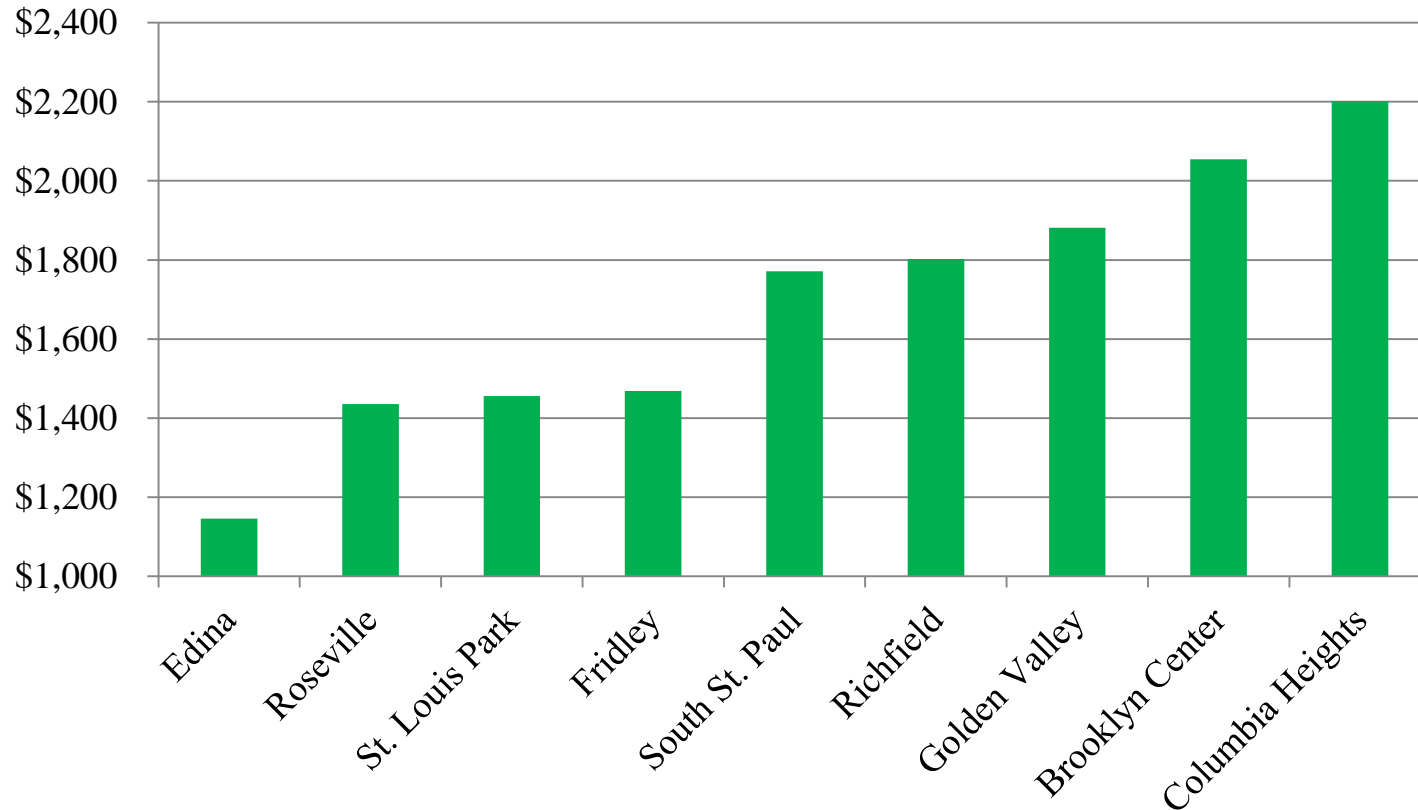
**Topic #5 of 5: Utility Rate Overview**

**2015 Water & Sewer Fee Comparison**



**Topic #5 of 5: Utility Rate Overview**

**2015 Taxes + Water & Sewer Comparison**





# Questions?

\*\* Final Step - Budget Adoption on December 7, 2015