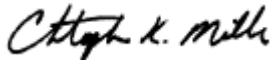


  
**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 9/12/2016  
Item No.: 13.a

Department Approval

City Manager Approval



Item Description: Adopt a Preliminary 2017 Tax Levy and Budget

**BACKGROUND**

State Statute requires all cities in excess of 2,500 in population, to adopt a preliminary tax levy by September 30th for the upcoming fiscal year. Once the preliminary levy is adopted it can be lowered, but not increased. Historically, the City has also adopted an accompanying preliminary Budget which establishes *why* a tax levy is needed.

The adoption of a preliminary tax levy and budget does not preclude further review. It is anticipated that additional budget-related discussions will be held later this year leading up to the adoption of the final 2017 levy and budget on December 5, 2016.

The City Council received the 2017 City Manager Recommended Budget on July 18. This was followed by a subsequent CIP discussion on August 15 and a budget hearing on August 22. A summary of the 2017 Recommended Tax Levy & Tax-Supported Operating Budget is included in *Attachment D*.

**2017 Recommended Budget (as amended) & Tax Levy**

The 2017 City Manager Recommended Budget is \$52,110,685, a slight decrease of \$1,935 from the previous year. The Budget for the property tax-supported programs is \$29,417,290, an increase of \$671,800 or 2.3%.

This does *not* however translate into a corresponding increase in the tax levy. In addition to providing for added spending, the proposed tax levy is also increasing to address long-term funding gaps in the City's asset replacement programs (\$225,000), as well as offset the net reduction of non-tax revenues (\$149,650) such as court fines and interest earnings.

The tax-supported Budget includes new funding to strengthen the City's asset replacement programs and address a number of organizational priorities including:

- ❑ \$160,000 in *new* funding for street improvements
- ❑ \$65,000 in *new* funding for pathway and parking lot improvements
- ❑ \$86,120 in *new* funding to address organizational priorities:
  - a) Continue to Transition to Full-time Firefighters (Net) \$11,000 (*Crime Reduction/Safety*)
  - b) Employee Safety & Loss Control \$12,450 (*Crime Reduction/Safety & Human Capital*)
  - c) Volunteer Recognition Efforts \$6,600 (*Human Capital & Addressing Demographic Change*)

- d) Employee Training & Tuition Reimbursement \$8,350 (*Human Capital*)
- e) PT Administrative Office Assistant \$30,000 (*Human Capital*)
- f) Youth outreach in SE Roseville \$17,720 (*Addressing demographic change*)

The 2017 Recommended Tax Levy required to fund the Budget is \$19,991,170, an increase of \$1,046,450 or 5.5%. The impact on residents will vary depending on the property’s value and change in value relative to other properties in the city. The estimated impact for a typical single-family home that experiences an expected 4.8% increase in value is shown below.

<b>Estimated Tax Impact - Residential with 4.8% valuation increase</b>					
<u>Value of Home</u>	<u>2016</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>	
167,680	631	669	37	5.93%	
188,640	710	752	42	5.93%	
226,800	854	904	51	5.94%	
246,280	927	982	55	5.93%	
267,240	1,006	1,065	60	5.93%	

Based on the Recommended Budget & Tax Levy, a median-valued home can expect to pay approximately \$75.35 per month, an increase of \$4.22 in 2017. This is independent of the impacts that will result from the EDA Levy (estimated at \$1.51 per month) and utility rate increases (estimated at \$2.88 per month).

We will mention that since the submittal of the Recommended Budget & Tax Levy earlier this year, the City has learned that our healthcare costs will not be increasing as expected and in fact will drop slightly in 2017. This will create a savings of approximately \$40,000 which affords us a variety of opportunities including reducing the levy, reducing our on-going reliance on cash reserves, or address another unmet need such as the CIP funding shortfall.

It’s worth noting that the State of Minnesota provides a number of property tax relief programs that are designed to offset local tax increases. For 2015, eligibility for homeowners was capped at household incomes of \$107,930, while renters were eligible up to an income of \$58,490. Depending on household income, residents could potentially receive a partial refund of their increased taxes which would effectively reduce the tax impacts noted above.

**POLICY OBJECTIVE**

Adopting a preliminary budget and tax levy is required under Mn State Statutes.

**FINANCIAL IMPACTS**

See above.

**STAFF RECOMMENDATION**

Staff Recommends the Council adopt the preliminary 2017 Tax Levy and Budget as outlined in this report and in the attached resolutions.

**REQUESTED COUNCIL ACTION**

The Council is asked to take the following separate actions:

- a) Motion to approve the attached Resolution to adopt the 2017 Preliminary Tax Levy
- b) Motion to approve the attached Resolution to adopt the 2017 Preliminary Debt Levy

72 c) Motion to approve the attached Resolution to adopt the 2017 Preliminary Budget

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Prepared by: Chris Miller, Finance Director

Attachments: A: Resolution to adopt the 2017 Preliminary Tax Levy  
B: Resolution to adopt the 2017 Preliminary Debt Levy  
C: Resolution to adopt the 2017 Preliminary Budget  
D: Summary of the City Manager Recommended Tax Levy Changes

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**EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF ROSEVILLE**

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Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 12th day of September, 2016 at 6:00 p.m.

The following members were present: and , and the following were absent:

Member introduced the following resolution and moved its adoption:

**RESOLUTION**

**RESOLUTION SUBMITTING THE PRELIMINARY PROPERTY TAX LEVY  
ON REAL ESTATE TO THE RAMSEY COUNTY AUDITOR  
FOR THE FISCAL YEAR OF 2017**

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, as follows:

The City of Roseville is submitting the following tax levy on real estate within the corporate limits of the City to the County Auditor in compliance with the Minnesota State Statutes.

<b>Purpose</b>	<b>Amount</b>
Programs & Services	\$ 16,661,170
Debt Service	3,330,000
Total	\$ 19,991,170

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof: and , and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

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State of Minnesota)  
    ) SS  
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 12th of September, 2016 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 12th day of September, 2016.

\_\_\_\_\_  
Patrick Trudgeon  
City Manager

Seal

**EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF ROSEVILLE**

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 12th day of September, 2016 at 6:00 p.m.

The following members were present:  
, and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION \_\_\_\_\_**

**RESOLUTION DIRECTING THE COUNTY AUDITOR TO  
ADJUST THE APPROVED TAX LEVY FOR 2017 BONDED DEBT**

WHEREAS, the City will be required to make debt service payments on General Obligation Debt in 2017; and

WHEREAS, there are reserve funds sufficient to partially reduce the originally scheduled levy for General Obligation Series 2009A, 2011A, 2012A, and 2013A; and

WHEREAS, General Obligation Series 2008A requires a slightly higher amount.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, that

The Ramsey County Auditor is directed to change the 2017 tax levy for General Improvement Debt by \$295,742.08 from that which was originally scheduled upon the issuance of the bonds as follows:

	Originally Scheduled	Additions or Reductions	Certified Debt Levy
<u>Bond Issue</u>	<u>Levy Amount</u>		
GO Equip Certs 2008A	\$ 353,364.38	\$ 1,635.62	\$ 355,000.00
GO Housing Imp 2009A	117,337.50	(117,337.50)	-
GO 2011A	841,532.70	(6,532.70)	835,000.00
GO 2012A	1,433,932.50	(58,932.50)	1,375,000.00
GO 2013A refunding	879,575.00	(114,575.00)	765,000.00
Total	\$ 3,625,742.08	\$(295,742.08)	\$ 3,330,000.00

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

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State of Minnesota)  
    ) SS  
County of Ramsey)

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WITNESS MY HAND officially as such Manager this 12th day of September, 2016.

\_\_\_\_\_  
Patrick Trudgeon  
City Manager

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**EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF ROSEVILLE**

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 12th day of September 2016 at 6:00 p.m.

The following members were present:  
and the following were absent:

Member introduced the following resolution and moved its adoption:

**RESOLUTION \_\_\_\_\_**

**RESOLUTION ADOPTING THE PRELIMINARY 2017 ANNUAL BUDGET  
FOR THE CITY OF ROSEVILLE**

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, as follows:

The City of Roseville's Budget for 2017 in the amount of \$52,110,685, of which \$29,417,290 is designated for the property tax-supported programs, be hereby accepted and approved

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.



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State of Minnesota)  
    ) SS  
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 12th day of September, 2016, with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 12th day of September, 2016.

\_\_\_\_\_  
Patrick Trudgeon  
City Manager

Seal

2017 Proposed Budget Reconciliation: *Tax-Supported Funds*

	Operating Budget <u>Expenditures</u>	Tax Levy <u>Revenues</u>	<u>Notes (Pertains to budget impacts unless otherwise noted)</u>
2016 Adopted Budget / Levy	\$ 24,270,865	\$ 18,944,720	
<b>2017 Proposed Subtractions</b>			
S1: Reduced costs for one-time spending	(8,000)	(8,000)	
S2: Reduced costs for supplies & materials	(43,345)	(43,345)	See Appendix S2
S3: Reduced costs for contractual services, other charges	(142,510)	(142,510)	See Appendix S3
S4: Reduced costs for labor: position reductions	(219,935)	(219,935)	See Appendix S4
S5: Reduced costs for labor: health insurance & benefits	-	-	See Appendix S5
S6: Reduced costs for debt service	-	-	
S7: Reduced levy due to increased non-tax revenues	-	(45,875)	Add'l Park & Rec Program Fees
S8: Reduced contributions to capital reserve funds	-	-	
Total Subtractions	\$ (413,790)	\$ (459,665)	
<b>2017 Proposed Additions</b>			
A1: Increased costs for one-time spending	30,000	30,000	See Appendix A1
A2: Increased costs for supplies & materials	43,100	43,100	See Appendix A2
A3: Increased costs for contractual services, other charges	195,880	195,880	See Appendix A3
A4: Increased costs for labor: cost-of-living adjustment	263,000	263,000	Includes 2.75% COLA; 2.0% for IAFF
A5: Increased costs for labor: wage steps (net)	218,000	218,000	
A6: Increased costs for labor: new positions	376,385	376,385	See Appendix A6
A7: Increased costs for labor: health insurance & benefits (net)	50,325	50,325	
A8: Increased costs for debt service	-	-	
A9: Increased contributions to capital replacement funds	-	225,000	\$65K Pathways, \$160K for PMP
A10: Makeup of use of reserves in current/previous years	-	375,500	
A11: Increased levy due to decline of non-tax revenues	-	209,425	GF: Court Fines, Interest Earnings
Total Additions	\$ 1,176,690	\$ 1,986,615	
Proposed for 2017 (Before Tax Relief Measures)	\$ 25,033,765	\$ 20,471,670	
\$ Change	762,900	1,526,950	
% Change	3.1%	8.1%	
Less Use of Reserves for Property Tax Relief (Discretionary)	\$ -	\$ (480,500)	\$375,500 GF; \$30K Transp. Plan; \$75K Forfeitures
Note: Per Cash Reserve Policy, reserves may be used for tax relief if over target levels, or they may be allocated for other funds			
Proposed for 2017 (After Tax Relief)	\$ 25,033,765	\$ 19,991,170	
\$ Change	762,900	1,046,450	
% Change	3.14%	5.52%	= \$4.22 per month for median-valued SF home