

  
**REQUEST FOR COUNCIL ACTION**

Date: 11/28/16  
Item No.: 13.a

Department Approval

City Manager Approval

*Christopher K. Miller*

*Paul J. Truog*

Item Description: Hearing to Solicit Public Comment on the 2017 Budget & Tax Levy

**BACKGROUND**

Earlier this year, the City Council established a 2017 Budget Calendar which outlined a series of steps to establish an eventual budget. The calendar is as follows:

**2017 Budget Calendar**

|                                                                 |                    |
|-----------------------------------------------------------------|--------------------|
| Presentation of Organizational Priorities.....                  | May 16, 2016       |
| Review a Variety of Budget Information Packages .....           | June 20, 2016      |
| Presentation of the City Manager Recommended Budget.....        | July 18, 2016      |
| Review 2017-2036 Capital Improvement Plan.....                  | August 15, 2016    |
| Receive Budget Recommendations from the Finance Commission..... | August 15, 2016    |
| Preliminary Budget Hearing.....                                 | August 22, 2016    |
| Adopt the Preliminary Budget .....                              | September 12, 2016 |
| Review Proposed Utility Rates.....                              | November 14, 2016  |

----- Pending Dates -----

|                                         |                   |
|-----------------------------------------|-------------------|
| Final Budget Hearing.....               | November 28, 2016 |
| Adopt the 2017 Water & Sewer Rates..... | December 5, 2016  |
| Adopt the 2017 Final Budget.....        | December 5, 2016  |

The next step in the Budget Calendar is to hold a final hearing to solicit comment on the 2016 budget and tax levy. The purpose of the hearing is to provide citizens with an opportunity to provide input on City programs and the budget and to gauge their willingness to pay higher property taxes and fees in order to maintain programs at current service levels. The City Council can then use this input to help guide the setting of a final tax levy and budget.

For reference purposes, the 2017 Recommended Budget (as amended) calls for a City tax levy increase of \$1,046,450 or 5.5%. With this increase, homeowners will pay approximately \$904 annually or \$75 per month for core services including; 24x7x365 police and fire protection, well-maintained streets and parks, street lighting, and other services.

In addition to the proposed City levy, the 2017 Recommended EDA levy is \$356,585. Currently there is not an EDA levy. With this increase, homeowners will pay approximately \$18 annually for on-going economic & housing development programs.

The 2017 taxpayer impacts from the Recommended Budget is summarized in the table below:

|                              | Monthly       | Annual    |
|------------------------------|---------------|-----------|
| <b>2017 Impact Items</b>     | <u>Impact</u> | Impact    |
| New Initiatives              | \$ 0.76       | \$ 9.12   |
| Existing Programs & Services | 2.79          | 33.48     |
| CIP Funding Deficit          | 0.67          | 8.04      |
| Utility Operations           | 2.88          | 34.56     |
| EDA Programs                 | 1.51          | 18.12     |
| Total                        | \$ 8.61       | \$ 103.32 |
|                              |               |           |
| % Increase                   | 6.9%          |           |

A PowerPoint summary outlining the recommended 2017 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: 2017 Budget & Tax Levy Presentation

# **City of Roseville**

## **Proposed 2017 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**

1. To provide information on the upcoming year's budget, tax levy, and utility rate impact
2. To provide citizens an opportunity to express their views on those impacts

Note: Tonight's presentation will focus on the City portion of the property tax bill as well as your utility bill

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

| Impact Item                 | 2016     | 2017     | \$ Chg. | % Chg. |
|-----------------------------|----------|----------|---------|--------|
| City Property Tax (monthly) | \$71.13  | \$ 75.35 | \$4.21  | 5.9%   |
| EDA Property Tax (monthly)  | -        | 1.51     | 1.51    | n/a    |
| Utility Bill (monthly)      | 54.03    | 56.92    | 2.88    | 5.3%   |
| Total                       | \$125.16 | \$133.78 | \$8.61  | 6.9%   |

\* For a median-valued home of \$226,800 that uses an average of 5,000 gallons of water per month

### Topic #3 of 5: Budget & Tax Levy Summary (City only)

| Tax Levy   | 2016         | 2017         | \$ Chg.     | % Chg. |
|------------|--------------|--------------|-------------|--------|
| Operations | \$13,298,720 | \$14,185,170 | \$886,450   | 6.7%   |
| Capital    | 2,316,000    | 2,476,000    | 160,000     | 6.9%   |
| Debt       | 3,330,000    | 3,330,000    | -           | 0.0%   |
| Total      | \$18,944,720 | \$19,991,170 | \$1,046,450 | 5.5%   |

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

\$160,000 increase in *New* Capital Tax Levy Due to:

❑ \$160,000 for on-going street replacements \*\*

\*\* \$9.5 million funding gap over the next 20 years

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

\$886,450 increase in *New* Operational Tax Levy Due to:

- ☐ \$263,000 for employee cost-of-living-adjustments
- ☐ \$218,000 for employee wage steps
- ☐ \$148,795 for new positions/*new initiatives*
- ☐ \$50,325 for ~~employer insurance~~ *new initiatives*
- ☐ \$206,330 for supplies, utilities, contractual services, professional services, & decline in non-tax revenues

\*\* Note - all amounts depict net impact

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

**New Initiatives** (based on organizational priorities):

- ☐ Crime Reduction / Safety Items
- ☐ Infrastructure Sustainability
- ☐ Human Capital
- ☐ Strategic Technology Initiative
- ☐ Addressing Demographic Change

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

\$199,120 increase for **New Initiatives:**

- ☐ \$30,000 for 0.50 FTE for administrative/HR support
- ☐ \$11,000 (net) for 3.0 Full-time firefighters
- ☐ \$30,000 for 0.50 FTE for PD admin support for body cams
- ☐ \$20,000 Police crisis intervention training
- ☐ \$17,720 youth outreach in SE Roseville
- ☐ \$8,350 employee tuition & training
- ☐ \$12,450 Safety & loss control program
- ☐ \$4,600 volunteer recognition
- ☐ \$65,000 for pathway maintenance

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

| Budget          | 2016         | 2017         | \$ Chg.    | % Chg. |
|-----------------|--------------|--------------|------------|--------|
| Tax-Supported * | \$28,745,490 | \$29,342,290 | \$596,800  | 2.1%   |
| Fee-Supported   | 23,367,130   | 22,693,395   | (673,735)  | (2.9)% |
| Total           | \$52,112,620 | \$52,035,685 | (\$76,935) | (0.1)% |

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

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

RECAP: In 2017 Residents will Pay approximately \$134 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:

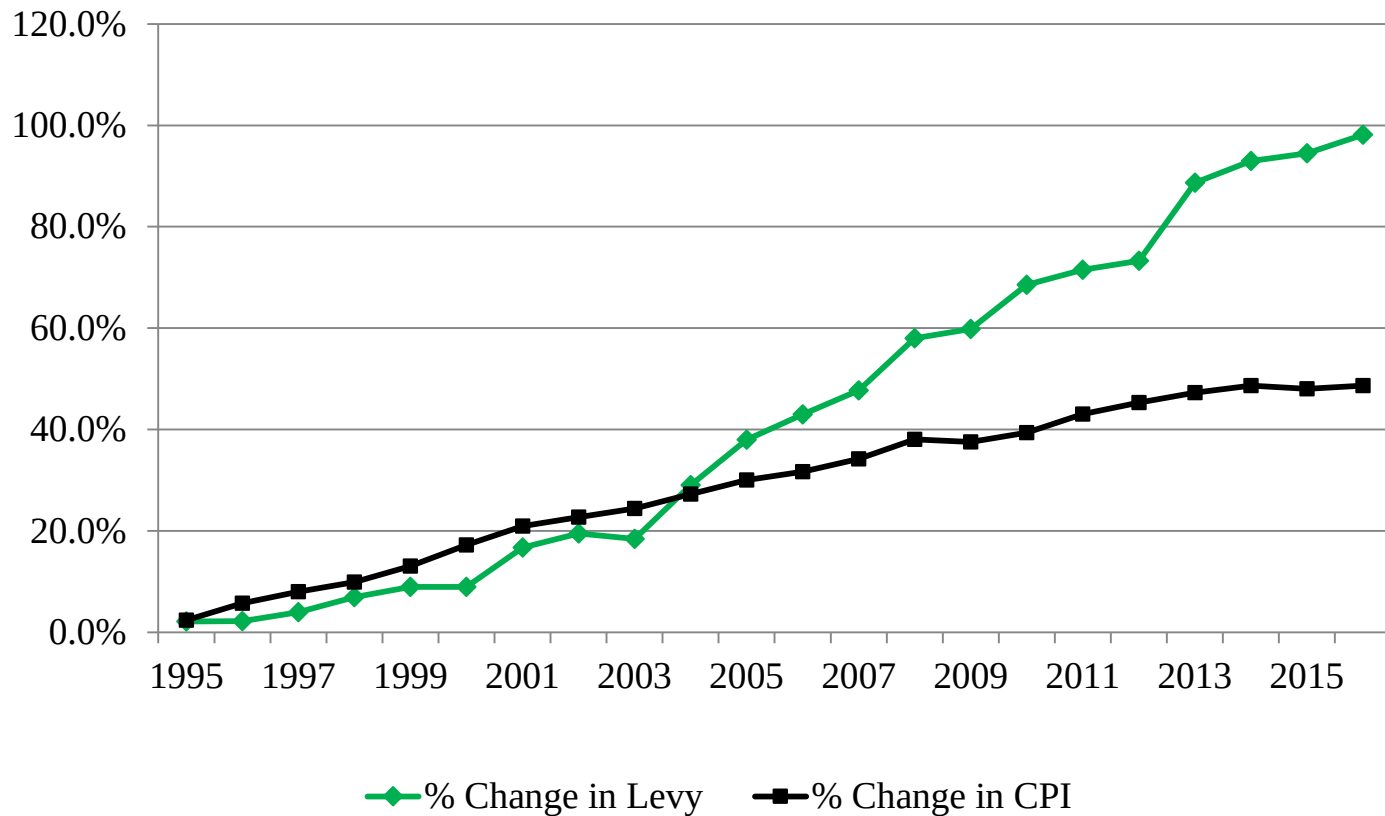
- ☐ For 2015, eligibility for homeowners capped at household incomes of \$107,930
- ☐ Renter incomes capped at \$58,490
- ☐ For more information visit the MN Department of Revenue's website:  
[http://www.revenue.state.mn.us/individuals/prop\\_tax\\_refund/Pages/File-and-Pay.aspx](http://www.revenue.state.mn.us/individuals/prop_tax_refund/Pages/File-and-Pay.aspx)

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

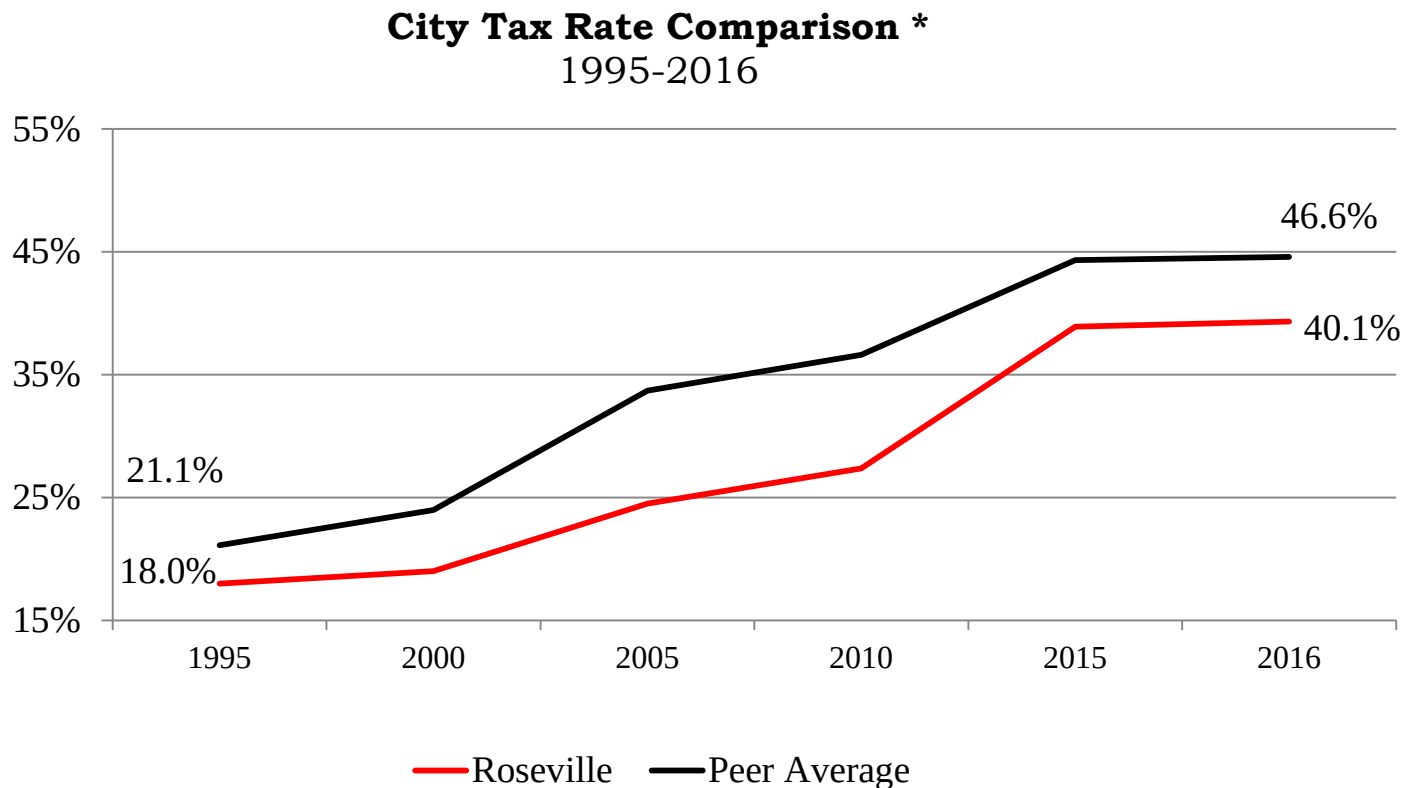
- ☐ 1995-2004: This era preceded by a period of significant street replacement and park facility construction programs . . . allowing for lower capital investments from 1995-2004.
- ☐ 2006-2009: Recessionary period that resulted in stagnant or declining non-tax revenues.
- ☐ 2008-2016: Reinvestment period of additional capital replacement.

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

**1995 - 2016 Cumulative Increase**



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



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

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

#### **Utility Rate Impact**

- ☐ 2017 Utility Bill = \$56.92 per month
- ☐ An increase of \$2.88 per month, or 5.3%

\* For a typical single-family home that uses 5,000 gallons of water per month

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

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

- ☐ 20-Year Capital Improvement Plan – 5.4% increase
- ☐ Rate Increase from St. Paul Water = 4.7%
- ☐ Rate Increase from Met Council = 5.7%
- ☐ \$48K Decline in Revenue Sharing from Recycling Contractor

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

☐ In exchange for \$57 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**

| <b>Quarterly Utility Rate Impact: Single Family Home</b> |             |             |                    |                   |  |
|----------------------------------------------------------|-------------|-------------|--------------------|-------------------|--|
|                                                          |             |             |                    |                   |  |
| <u>Service</u>                                           | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> | <u>% Increase</u> |  |
| Water - base fee                                         | 51.60       | 53.15       | 1.55               |                   |  |
| Water - usage fee                                        | 33.75       | 33.75       | -                  |                   |  |
| Sanitary Sewer - base fee                                | 35.40       | 36.45       | 1.05               |                   |  |
| Sanitary Sewer - usage fee                               | 23.40       | 27.95       | 4.55               |                   |  |
| Storm Sewer                                              | 12.35       | 12.95       | 0.60               |                   |  |
| Recycling                                                | 5.60        | 6.50        | 0.90               |                   |  |
| Total per Quarter                                        | \$ 162.10   | \$ 170.75   | \$ 8.65            | 5.33%             |  |
|                                                          |             |             |                    |                   |  |
| Avg. Water consumption (1,000 gals.)                     | 15          |             |                    |                   |  |
| Avg. Sewer consumption (1,000 gals.)                     | 13          |             |                    |                   |  |

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

#### **Utility Discount Eligibility – *SF Homeowners Only***

- ☐ 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: \$19,602
- ☐ 2-Person household: \$26,433
- ☐ 4-Person household; \$40,095
- ☐ Discount = \$10.45 per month (\$31.35 per quarter)

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

#### **Peer City Comparisons**

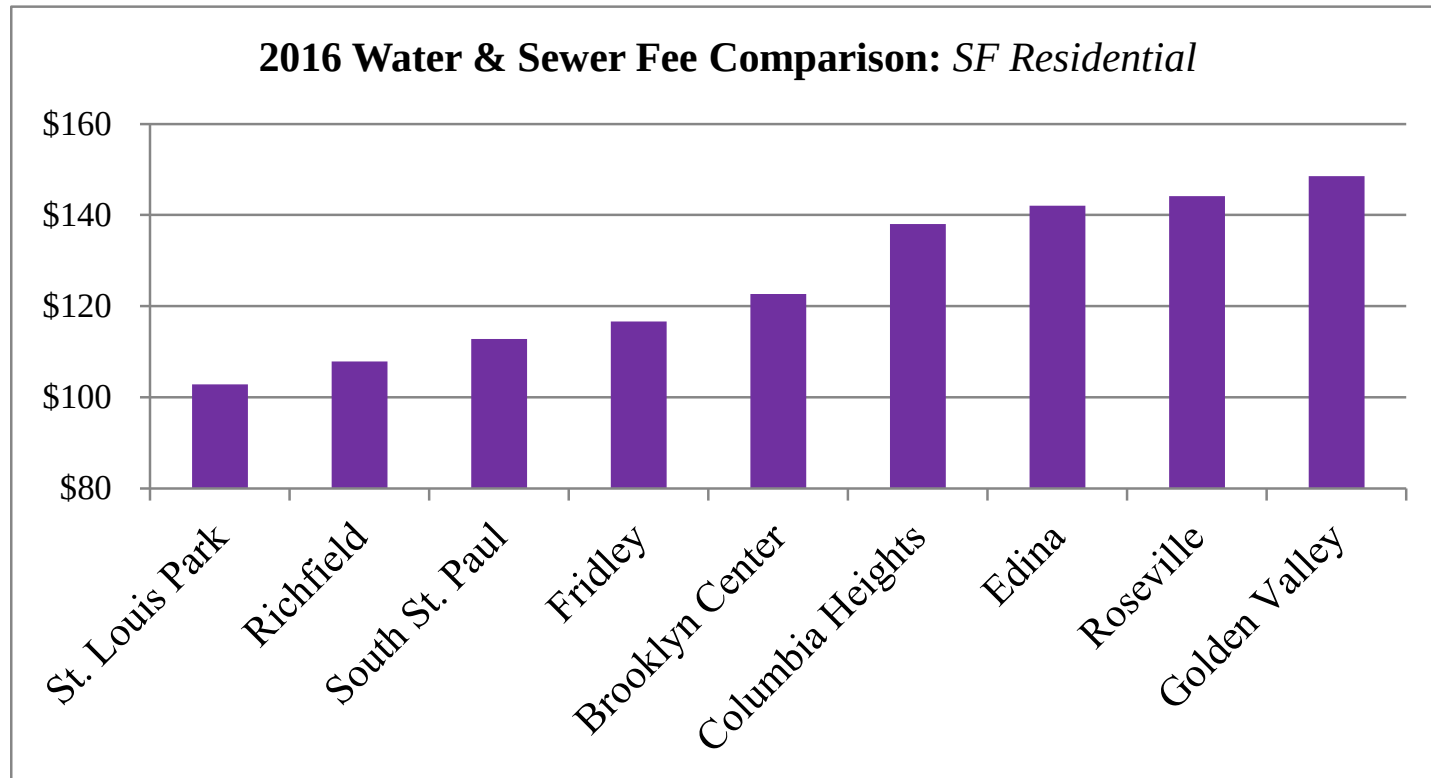
☐ Peer Cities include:

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

☐ Rate Comparison Notables:

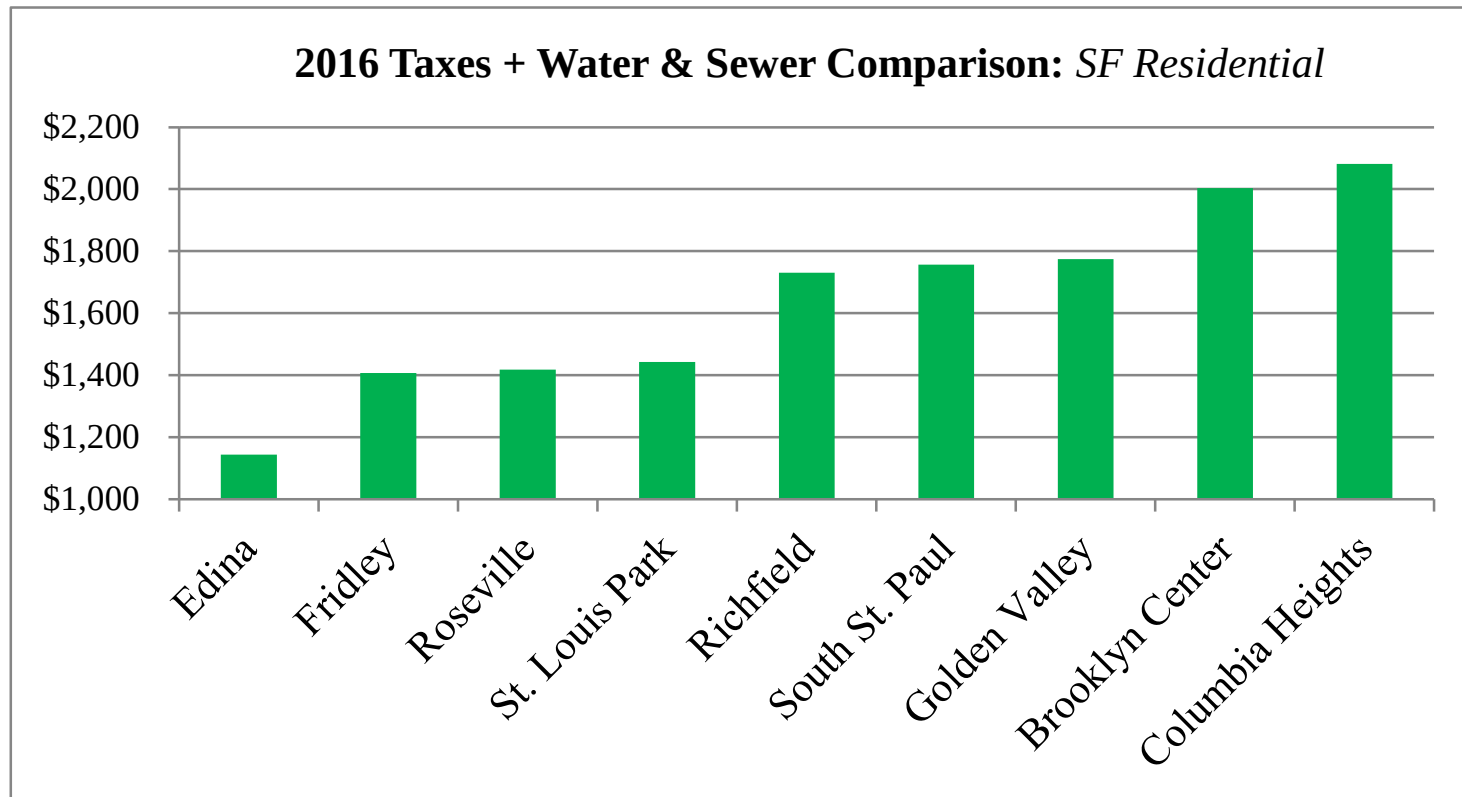
- a) Local priorities and funding philosophies can create wide disparities in rates
- b) Use of Special Assessments can vary

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



\*\* Note – Roseville’s rates are higher partially due to; 1) Water & sewer improvements are funded through rates rather than assessments, and 2) Roseville remains in an infrastructure replacement cycle.

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



# Questions?

\*\* Final Step - Budget Adoption on December 5, 2016