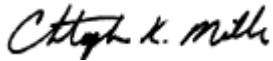


**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 12/05/2016  
Item No.: 13.a

Department Approval

City Manager Approval




Item Description: Adopt a Final 2017 Tax Levy and Budget

**BACKGROUND**

State Statute requires all cities in excess of 2,500 in population, to adopt a final tax levy and budget by December 30<sup>th</sup> for the upcoming fiscal year. The final levy amount must not exceed the preliminary levy that was established in September. However, the Council has discretion in modifying the budget at any time.

At the September 12, 2016 City Council meeting, the Council adopted a 2017 preliminary, not-to-exceed tax levy and budget. A summary is presented below.

**2017 Tax Levy & Levy Impact**

The 2017 preliminary tax levy is \$19,991,170, an increase of \$1,046,240 or 5.52%. A summary of the increase is shown in the table below.

<b>2016 Tax Levy</b>	\$ 18,944,720
<b>2017 Levy Reductions</b>	
Supplies, materials, contractual services	\$ (193,855)
Personnel-related costs	(219,935)
Total Levy Reductions	\$ (413,790)
<b>2017 Levy Additions</b>	
Supplies, materials, contractual services	\$ 289,305
Employee cost-of-living-adjustment	263,000
Employee wage step increases	218,000
Employee position changes/reorg.	331,385
Capital replacements	225,000
Change in non-levy revenue sources (net)	133,550
Total Levy Additions	\$ 1,460,240
<b>Net Levy Change</b>	\$ 1,046,450
<b>2017 Tax Levy</b>	\$ 19,991,170
<i>% Increase</i>	5.52%

17 As shown above, the tax levy is scheduled to increase by 5.52% in 2017. For a median-valued home that  
 18 experiences a 4.8% valuation increase (citywide average), the tax impact will be \$4.22 per month or an  
 19 increase of 5.9%. This excludes the impact from the City's EDA levy.

20  
 21 A Summary of the 2017 Tax Levy by major category is presented below

<b>2017 Proposed Tax Levy</b>			\$ Increase	% Increase
	<u>2016</u>	<u>2017</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Operations	\$ 13,478,720	\$ 14,365,170	\$ 886,450	6.6%
Capital	2,136,000	2,296,000	160,000	7.5%
Debt	3,330,000	3,330,000	-	0.0%
Total	\$ 18,944,720	\$ 19,991,170	\$ 1,046,450	5.5%

23  
 24  
 25 It's worth noting that the State of Minnesota provides a number of property tax relief programs that are  
 26 designed to offset local tax increases. For 2015, eligibility for homeowners was capped at household  
 27 incomes of \$107,930, while renters were eligible up to an income of \$58,490. Depending on household  
 28 income, residents could potentially receive a partial refund of their increased taxes. This would effectively  
 29 reduce the tax impacts noted above.

30  
 31 **2017 Budget**

32 The 2017 Preliminary Budget as currently amended is \$52,035,685. The Budget for the tax-supported  
 33 programs including capital replacements is \$29,342,290, an increase of \$596,800 or 2.1%.

34  
 35 Spending increases in the tax-supported programs is detailed below.

<b>2016 Operating Budget</b>	\$ 28,745,490
<b>2017 Budget Reductions</b>	
Supplies, materials, contractual services	\$ (193,855)
Personnel-related costs	(219,935)
Capital Replacements	(91,100)
Total Budget Reductions	\$ (504,890)
<b>2017 Budget Additions</b>	
Supplies, materials, contractual services	\$ 289,305
Employee cost-of-living-adjustment	263,000
Employee wage step increases	218,000
Employee position changes/reorg.	331,385
Total Budget Additions	\$ 1,101,690
<b>Net Budget Change</b>	\$ 596,800
<b>2017 Operating Budget</b>	\$ 29,342,290
<i>% Increase</i>	<i>2.08%</i>

37  
 38  
 39 It should be noted that the 2017 Operating Budget for the tax-supported programs continues to rely on  
 40 \$375,000 in cash reserves from the General Fund.

41

42 **POLICY OBJECTIVE**

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

44 **FINANCIAL IMPACTS**

45 See above.

46 **STAFF RECOMMENDATION**

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

49 **REQUESTED COUNCIL ACTION**

50 The Council is asked to take the following separate actions:

- 51
- 52 a) Motion to approve the attached Resolution to adopt the 2017 Final Tax Levy
  - 53 b) Motion to approve the attached Resolution to adopt the 2017 Final Debt Levy
  - 54 c) Motion to approve the attached Resolution to adopt the 2017 Final Budget
- 55

Prepared by: Chris Miller, Finance Director  
Attachments: A: Resolution to adopt the 2017 Final Tax Levy  
B: Resolution to adopt the 2017 Final Debt Levy  
C: Resolution to adopt the 2017 Final Budget  
D: Memo on Projected 2016 Cash Reserve Levels

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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 5th day of December, 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 FINAL 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.

State of Minnesota)  
 ) SS  
County of Ramsey)

93 I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State  
94 of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of  
95 minutes of a regular meeting of said City Council held on the 5th of December, 2016 with the original  
96 thereof on file in my office.

97  
98 WITNESS MY HAND officially as such Manager this 5th day of December, 2016.

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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 5th day of December, 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>	<u>Reductions</u>	<u>Debt Levy</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.

148 I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State  
149 of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of  
150 minutes of a regular meeting of said City Council held on the 5th day of December, 2016, with the original  
151 thereof on file in my office.

152  
153 WITNESS MY HAND officially as such Manager this 5th day of December, 2016.

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158 Patrick Trudgeon  
159 City Manager

160 Seal

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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 5th day of December 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 FINAL 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 \$52,035,685, of which \$29,342,290 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.

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 5th day of December, 2016, with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 5th day of December, 2016.

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

Seal





## Memo

**To:** Roseville City Council  
Pat Trudgeon, City Manager

**From:** Chris Miller, Finance Director

**Date:** December 5, 2016

**Re:** Projected 2016 Cash Reserve Levels

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### **Background**

In preparation for finalizing the 2017 final budget, the Council has asked to have the most recent projection of the 2016 Budget results to gain a greater understanding of the City's current financial condition and the resources available moving forward.

As noted in previous years there are a number of challenges and pitfalls associated with financial projections – even when done towards the end of the fiscal year. Millions of dollars in transactions take place in the final months including purchases that are delayed throughout the year until it becomes more certain that budget monies would be available. Expenditures in the months of November and December in particular can fluctuate significantly. In addition, we won't know what our final 2016 property tax collections will be until mid-January of 2017.

That being said, we can analyze general year-to-date revenue and expenditure trends and extrapolate that information to arrive at year-end projections. It should be noted that this approach, although generally sound, does carry a certain margin of error. The 2016 budget-to-actual results presented below is based on the most recent trend analysis for the following selected operating funds:

- ❑ General Fund
- ❑ Parks & Recreation Fund
- ❑ License Center Fund
- ❑ Communications Fund

Each of these funds are presented separately below.

General Fund

The 2016 General Fund's projected results are as follows:

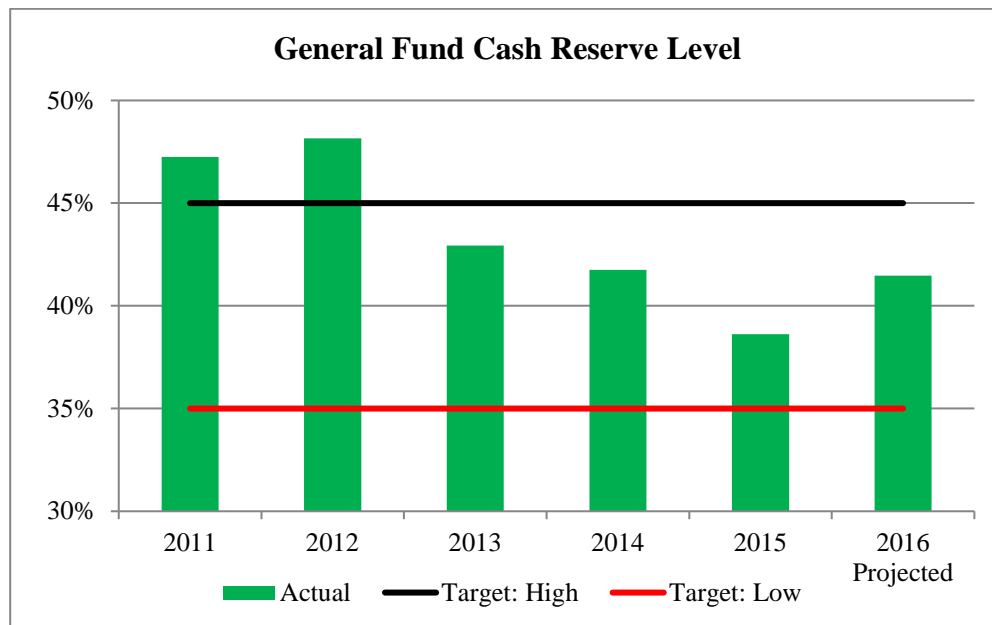
<b>General Fund</b>	2016	
	<u>Budget</u>	<u>Projected</u>
Revenue	\$ 13,763,635	\$ 15,610,960
Expenditures	14,139,135	13,887,010
Surplus (Deficit)	\$ (375,500)	\$ 1,723,951

As shown in the table, the General Fund is projected to realize an operating surplus of approximately \$1,723,000 as compared to an originally forecasted deficit.

The significant turnaround is the result of several large one-time occurrences. The most prominent contributor is the one-time collection of \$1.1 million in excess tax increment due to the recent closure of a tax increment district. In previous discussions, Staff has recommended that these excess TIF monies be earmarked for Building Replacement Fund and public improvements near the Snelling/Lydia/Lincoln Drive area.

A second prominent factor is the collection of \$356,000 in property tax valuation petition reversals filed last year. These monies were withheld from the City's property tax collections in 2015 pending the outcome of the petitions. Additional revenues were also collected from contractual engineering services provided to the City of Falcon Heights as well as right-of-way and erosion control permits.

Based on these results, the General Fund's 12/31/16 unrestricted cash reserve level, excluding the \$1.1 million in excess TIF is projected to be as follows:



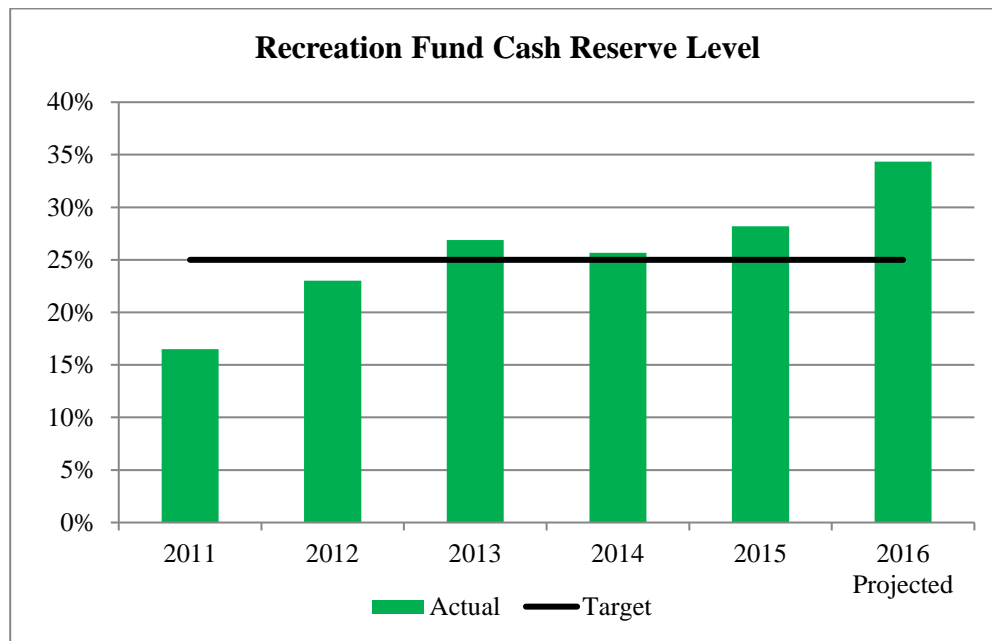
The General Fund's 12/31/16 cash reserve level is projected to be approximately \$6.1 million which is within the targeted range. However, the 2017 Recommended Budget calls for the use of \$405,000 in cash reserves.

Parks & Recreation Fund

The 2016 Parks & Recreation Fund's projected results are as follows:

<b>Recreation Fund</b>	2016 <u>Budget</u>	2016 <u>Projected</u>
Revenue	\$ 4,551,710	\$ 4,489,389
Expenditures	4,551,710	4,164,389
Surplus (Deficit)	\$ -	\$ 325,000

The Parks & Recreation Fund is projected to realize an operating surplus of \$325,000. This is primarily due to lower-than expected operating costs across most major program areas. Based on these results, the Recreation Fund's 12/31/16 unrestricted cash reserve level is projected to be as follows:



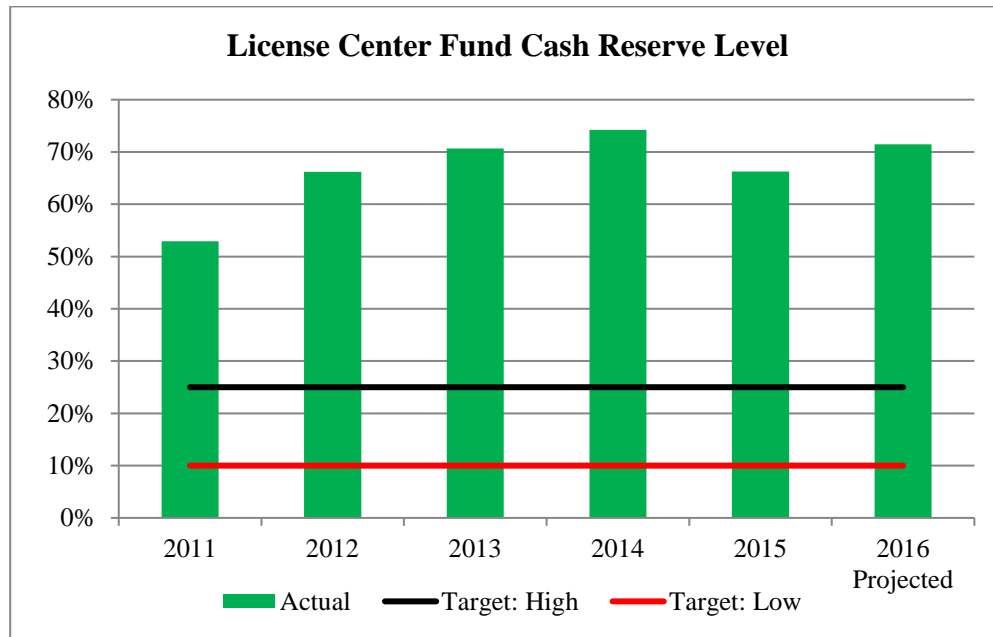
The Parks & Recreation Fund's 12/31/16 cash reserve level is projected to be approximately \$1.6 million or 9% above the targeted range.

License Center Fund

The 2016 License Center Fund's projected results are as follows:

<b>License Center Fund</b>	2016 <u>Budget</u>	2016 <u>Projected</u>
Revenue	\$ 1,603,500	\$ 1,761,332
Expenditures	1,877,625	1,737,425
Surplus (Deficit)	\$ (274,125)	\$ 23,907

The License Center is projected to realize an operating surplus of \$23,907. This results from significantly higher revenues than expected and reduced personnel, supply, and other costs. Based on these results, the License Center's 12/31/16 unrestricted cash reserve level is projected to be as follows:



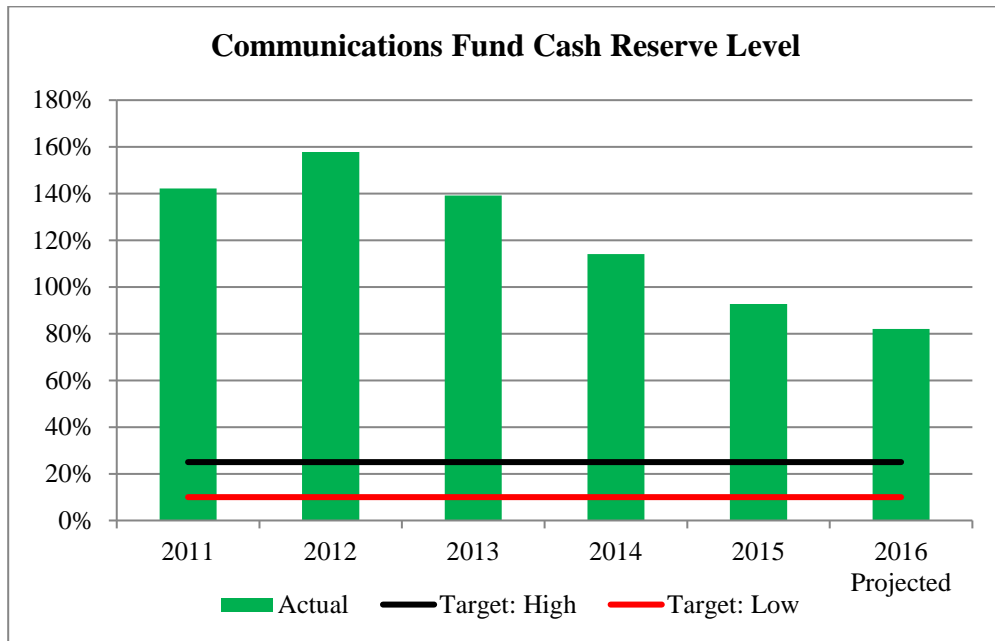
The License Center Fund's 12/31/16 cash reserve level is projected to be approximately \$1.3 million which is within the targeted level needed to sustain day-to-day operations. However, a significant portion of this cash is tentatively earmarked for the financing of a new or renovated facility.

#### Communications Fund

The 2016 Communications Fund's projected results are as follows:

<b>Communications Fund</b>	2016 <u>Budget</u>	2016 <u>Projected</u>
Revenue	\$ 480,000	\$ 441,536
Expenditures	506,275	481,715
Surplus (Deficit)	\$ (26,275)	\$ (40,179)

The Communications Fund is projected to realize an operating deficit of \$40,179. The deficit was greater than expected primarily due to lower cable franchise fees. Based on these results, the Communications Fund's 12/31/16 unrestricted cash reserve level is projected to be as follows:



The Communications Fund’s 12/31/16 cash reserve level is projected to be approximately \$429,000 which is about 82% above the targeted range.