

2024 Preliminary Budget

City Council Work Session

September 19, 2023



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2024 Budget highlights

- ✓ 8% growth in City taxable market value
 - \$182 million (29% of growth) from new construction
- ✓ Decrease in the City tax rate (28.59% to 27.46%)
 - ✓ Continue to be one of lowest taxed communities in the state (tax rate based on 2021 was 13th lowest out of 100 cities with 10k in population)
- ✓ Anticipated property tax decreases for residential
 - Median Value Home will see a decrease of \$62 (-6.4%)
- ✓ Investment in public safety – 2 additional Patrol Officers



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Budget Changes/Update Since Aug. 15

- Assessment Data (most recent date provided by Scott County)
 - Estimated/Taxable Market Value (slight decrease)
 - Fiscal Disparities Distribution (\$177,500 decrease)
 - Requires an increase in the property tax levy to offset the reduction
- Health Insurance Renewal Rates - \$104,100 increase
 - Previously included 15% increase, adjusted to 20.9%
- HR Specialist - \$54,400 increase
 - Changed from proposed part-time to full-time position (added admin responsibilities)
- Budget placeholders
 - \$150,000 allotted for department budgets allocated (\$0 remaining)
 - \$300,000 for legislative, union negotiations and insurance reduced to \$165,000



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2024 Financial Objectives

- City Council
 - Low taxes/stable tax rate
 - Increase tax capacity
 - Strategic priorities
 - Financial stability
 - Enhanced community strengths
 - Effective public services
 - Communication

- Administration
 - True fiscal transparency
 - Long-term perspective

The image shows a digital interface for viewing property tax information. The main heading asks "How much do I pay for city services?" and includes the subtext "See your city property taxes broken down." Below this is a call to action: "View your city tax receipt" with the subtext "See an itemized breakdown of how the city uses your property taxes." To the right, a sidebar titled "YOUR 2022 CITY OF SHAKOPEE PROP" lists various city departments with expandable icons: General Government, Mayor & Council, Administration, Human Resources, Information Technology, City Clerk/Elections, Finance, Property Assessing (County contract), Planning & Development, Facility Maintenance, and Library Building. A tooltip for "Human Resources" is visible, stating "Maintain software and data of the City, including protecting from outside threats."



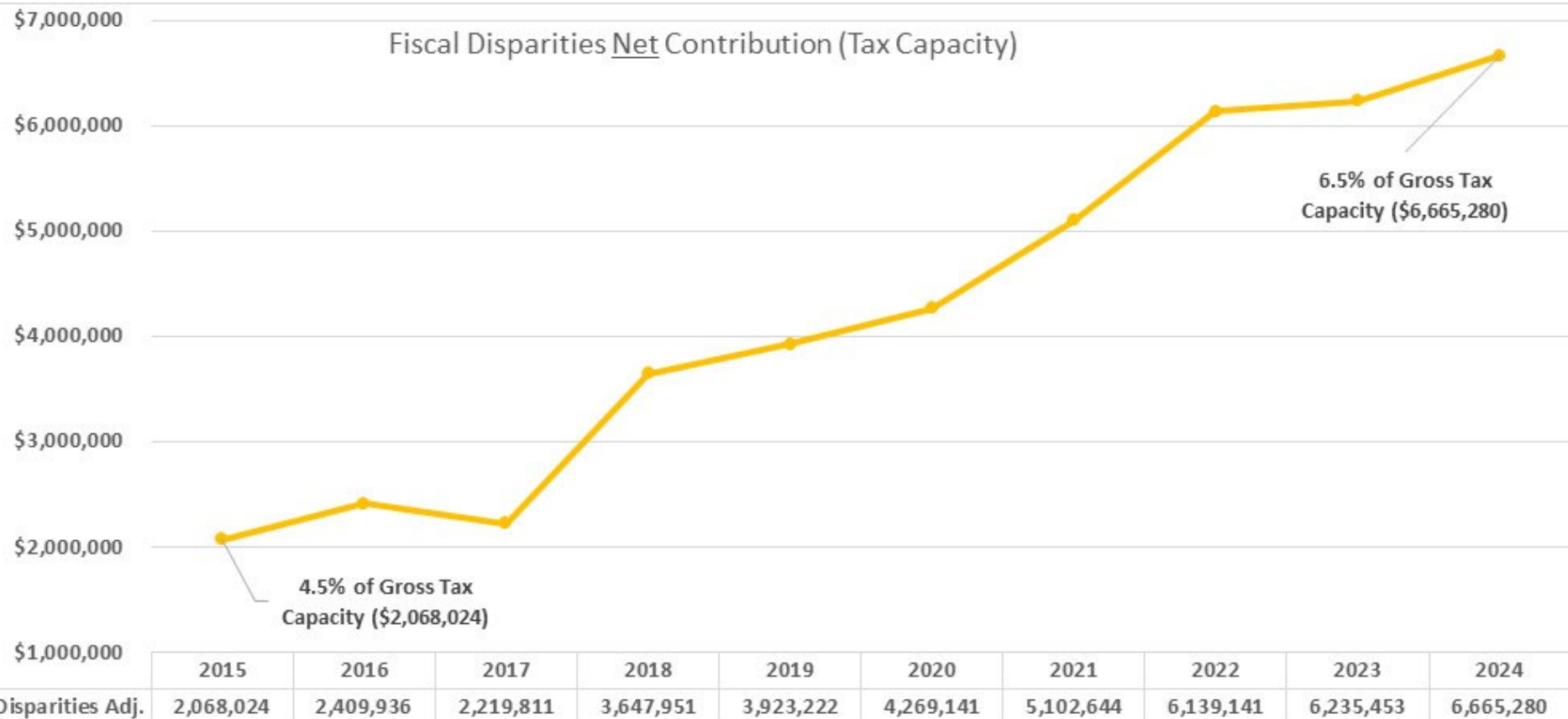
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Residential Market Value

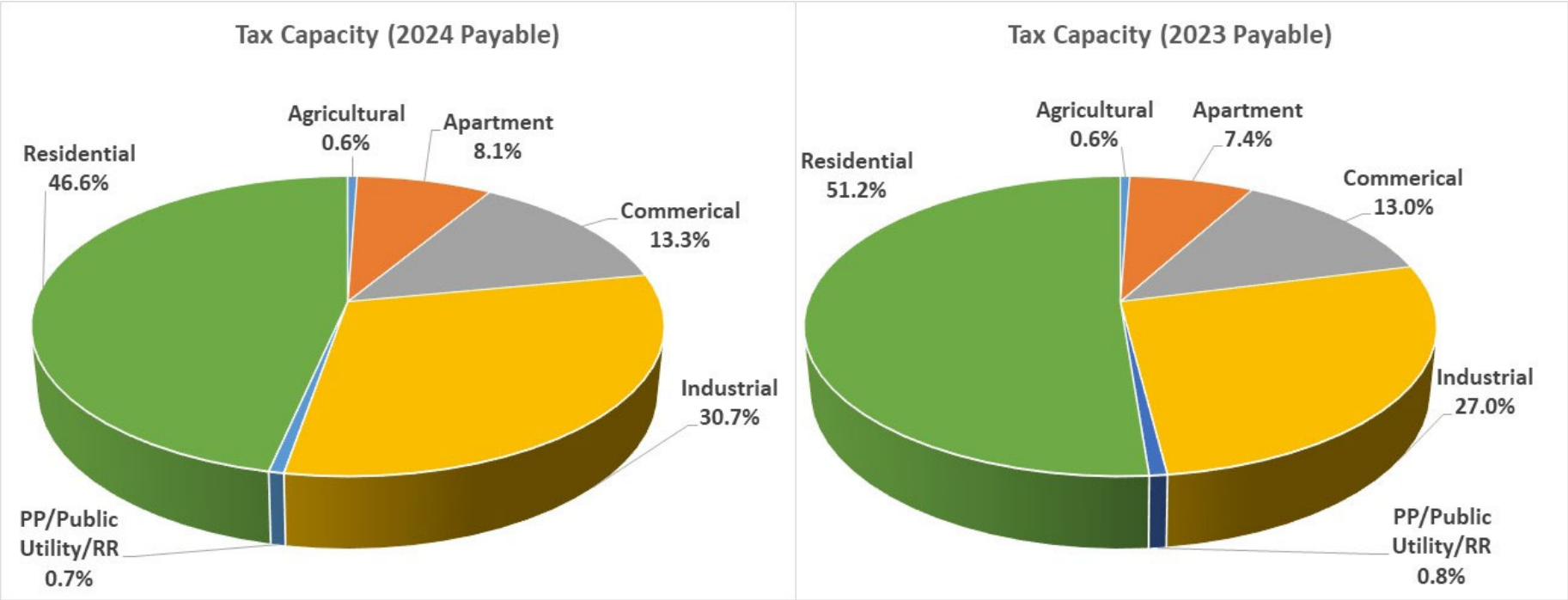
- Total residential taxable market value increased \$40 million from \$4.66 billion to \$4.7 billion.
 - New Construction +\$91 million
 - Existing Value -\$51 million
- 17% of homes had an increase in value
- 2% had an increase in value greater than 5%
- 83% had no change or a decrease
- 10% had a value decrease greater than 5%



Fiscal Disparities (net contribution)



Tax Capacity



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**City of Shakopee
Levy Analysis
August 15, 2023**

	<u>2023 Final</u>	<u>2024 Recommended</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
City Levy				
General Fund	\$ 20,590,000	\$ 22,336,500	\$ 1,746,500	8.48%
Abatements	265,000	126,000	(139,000)	-52.45%
Capital Improvement Levy	700,000	700,000	-	0.00%
Debt Service				
2016 Abatement	2,189,000	2,189,000	-	0.00%
2022A Improvement	148,000	121,500	(26,500)	-17.91%
Total Debt Service	<u>2,337,000</u>	<u>2,310,500</u>	<u>(26,500)</u>	<u>-1.21%</u>
Total City Levy	<u>\$ 23,892,000</u>	<u>\$ 25,473,000</u>	<u>\$ 1,581,000</u>	<u>6.62%</u>
Shakopee EDA Special Levy	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>0.00%</u>
Total City and EDA Levies	<u>\$ 24,392,000</u>	<u>\$ 25,973,000</u>	<u>\$ 1,581,000</u>	<u>6.48%</u>

Note:

- A 1% increase/decrease in the levy = \$239k



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2024 Preliminary Budget & Levy

2024 Annual Budget GENERAL FUND SUMMARY

	Actual 2021	Actual 2022	Budget 2023	Requested Budget 2024
TAXES	18,481,045.21	19,649,595.58	20,938,500.00	22,507,900.00
SPECIAL ASSESSMENTS	7,393.60	76,312.19	2,000.00	14,000.00
LICENSES AND PERMITS	4,640,345.19	6,088,411.99	3,432,700.00	3,491,450.00
INTERGOVERNMENTAL	8,674,772.48	5,384,242.38	4,666,000.00	4,979,000.00
CHARGES FOR SERVICES	4,990,850.42	4,129,796.08	4,593,400.00	4,813,350.00
FINES AND FORFEITURES	2,483.92	9,271.31	1,700.00	200.00
MISCELLANEOUS	27,431.07	(539,055.56)	333,400.00	379,200.00
TOTAL REVENUES	36,824,321.89	34,798,573.97	33,967,700.00	36,185,100.00
GENERAL GOVERNMENT	(5,008,070.06)	(5,157,127.79)	(5,422,400.00)	(6,224,350.00)
PUBLIC SAFETY	(14,323,609.45)	(15,255,048.92)	(15,995,900.00)	(16,945,000.00)
PUBLIC WORKS	(6,926,789.07)	(7,473,400.08)	(7,934,600.00)	(8,257,950.00)
RECREATION	(4,184,907.28)	(4,828,598.28)	(4,886,600.00)	(5,207,360.00)
UNALLOCATED	(40,426.74)	(7,279.98)	(128,200.00)	(293,100.00)
DEBT SERVICE	(5,535.00)	(44,095.00)	0.00	0.00
CAPITAL OUTLAY	(73,415.15)	(37,911.06)	(126,000.00)	(68,700.00)
TOTAL EXPENDITURES	(30,562,752.75)	(32,803,461.11)	(34,493,700.00)	(36,996,460.00)
TRANSFERS IN	605,400.00	400,000.00	400,000.00	611,360.00
PROCEEDS FROM SALE OF ASSETS	0.00	984.69	0.00	0.00
BOND PROCEEDS	0.00	57,208.38	0.00	0.00
TRANSFERS OUT	(5,222,862.00)	(226,000.00)	0.00	0.00
TOTAL OTHER FINANCING	(4,617,462.00)	232,193.07	400,000.00	611,360.00
COMMITTED FUNDS - BUILDING INSPECTIONS	500,000.00	250,000.00	126,000.00	0.00
ASSIGNED FUND BALANCE- SAND VENTURE	0.00	0.00	0.00	200,000.00
NET	2,144,107.14	2,477,305.93	0.00	0.00



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2024 Preliminary Budget and Levy Changes

Description	Levy Impact
Revenues (increase)	\$(821,360)
Expenditures:	
Wages & benefits	1,356,600
Operating expenses	418,705
Internal rent changes	376,300
One-time adjustments	186,255
Budget placeholders	165,000
Fund balance	(74,000)
Debt Service	(26,500)
Change in property tax levy	\$1,581,000



2024 Preliminary Revenue Changes

- Revenue forecasts (net increase of \$821,360, excluding property taxes)

Description	Change
Transfer from Public Safety Funds	\$211,360
Shakopee Public Utilities PILOT	150,000
Tax abatements (net decrease in required levy)	139,000
Traffic safety officer grant	119,000
Building permit revenues	75,000
Community Center revenues	79,000
State Fire Aid (pass through)	45,000
Engineering grade fee	45,000
Sand Venture revenues	40,000
Interest income (General fund)	35,000
Go Gymnastics recreational programming	30,000
Fire Township Agreements	24,500
Building Official Grant	(35,000)
Fiscal disparities distribution	(177,500)
Other (net adjustments)	41,000
Change in Revenues	\$821,360



2024 Preliminary Expenditure Changes

- Change in wages and benefits (\$1,356,600)

Description	Change
Cost of living adjustment – 3%	\$508,600
Health Insurance - 20.9% (est.)	378,280
New Patrol Officers (2)	238,820
Election judges	108,940
Full-time HR specialist	107,310
Fire department supervisors (3)	102,920
Workers Compensation (est.)	44,630
Other	(20,930)
Parks & recreation part-time	(111,970)
Change in wages & benefits	\$1,356,600



2024 Preliminary Expenditure Changes

- Change in operational expenditures (\$418,705)

Description	Change
Electric (10% increase)	\$63,500
Fire relief state aid payment (pass through)	45,000
County prosecution costs	38,690
Building inspection software	34,900
ERP software annual cost	25,600
Motor fuels (8% increase)	22,000
Go gymnastics programming (offset by revenue)	22,000
Natural gas (10% increase)	19,500
Custodial contractual increase	18,000
Assessing/Audit contractual increase	11,700
Street striping	10,000
Annual park bench replacement	10,000
Fire <u>self contained</u> breathing apparatus	9,000
Misc. other adjustments	88,815
Change in operational expenses	\$418,705



2024 Preliminary Expenditure Changes

- The city utilizes internal service funds to accumulate fund for the purchase or replacement of city equipment and facilities. The funding source are annual rents (internal charges) to the appropriate departments.

Description	Change
Equipment Rent	\$145,900
Building Rent	167,700
Park Facilities Rent	23,200
Information Technology Rent	39,500
Change in internal rent charges	\$376,300



2024 Preliminary Expenditure Changes

- One-time Adjustments (\$186,255)

Description	Change
ERP Software Implementation Cost	\$252,555
Elections Pollpad/Tabulators (purchased in 2023)	(66,300)
Change in internal rent charges	\$186,255

- Budget Placeholders
 - \$165,000 unknown legislative impacts, union negotiations, insurance, etc.
- Fund Balance (-\$74,000)
 - \$126,000 added back from 2023 budget (building permit revenues)
 - \$200,000 Sand Venture operations offset



Debt Service

- 2022A Improvement Bond Levy \$121,500
 - Provided funding for the Capital Improvements Fund
 - Net year over year reduction of \$26,500
 - Reduced in 2023 by \$200,000 from local projects funds to phase increase over two-year period.
 - Proposed 2024 reduction of \$226,000 from year-end fund balance
 - Requires debt cancellation of \$226,000
- 2016 Abatement Bond Levy \$2,189,000 (no change)
 - Funded Community Center and Ice Arena construction
 - Requires debt cancellation of \$51,155



EDA Budget/Levy (preliminary)

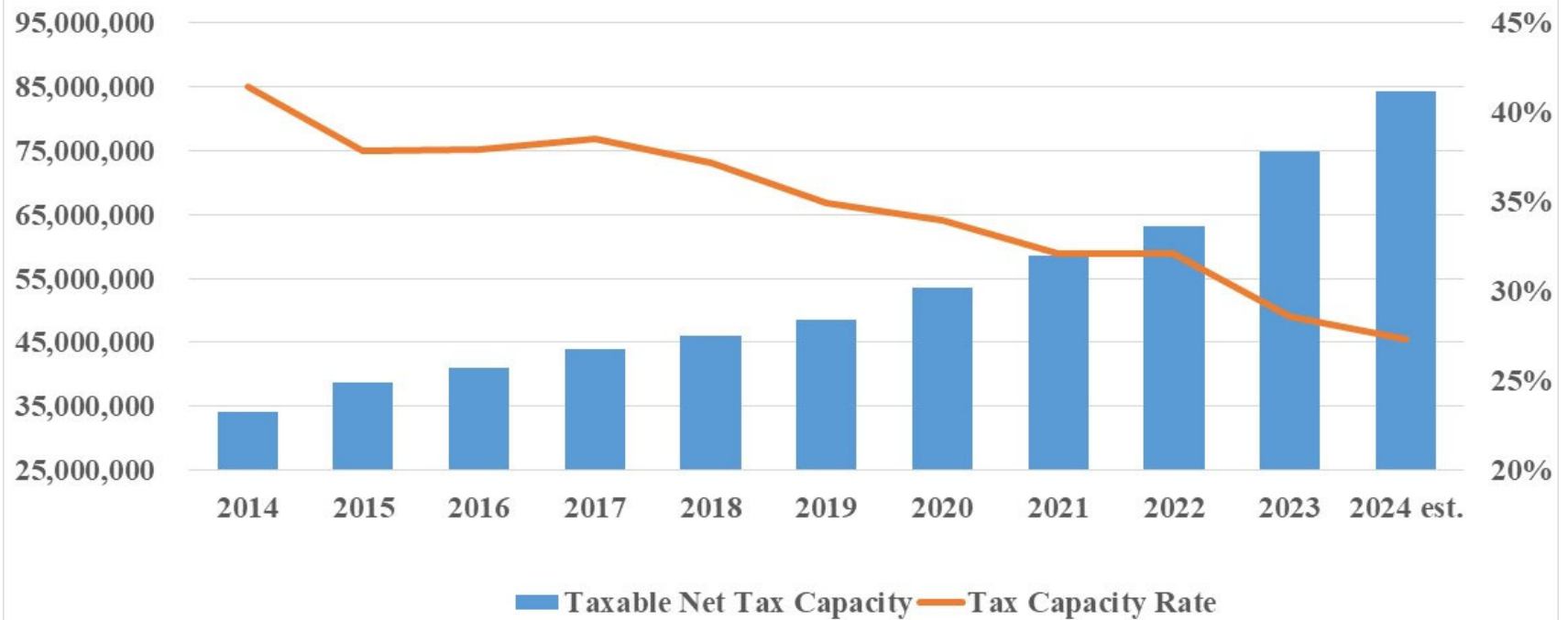
- Proposed 2024 levy of \$500,000 (no change)
- Personnel includes Economic Development Coordinator and 50% of the Planning & Development Director
- SPUC contribution of \$300,000 (half percent of revenue)
- River City Centre – activity included as a separate fund of the EDA



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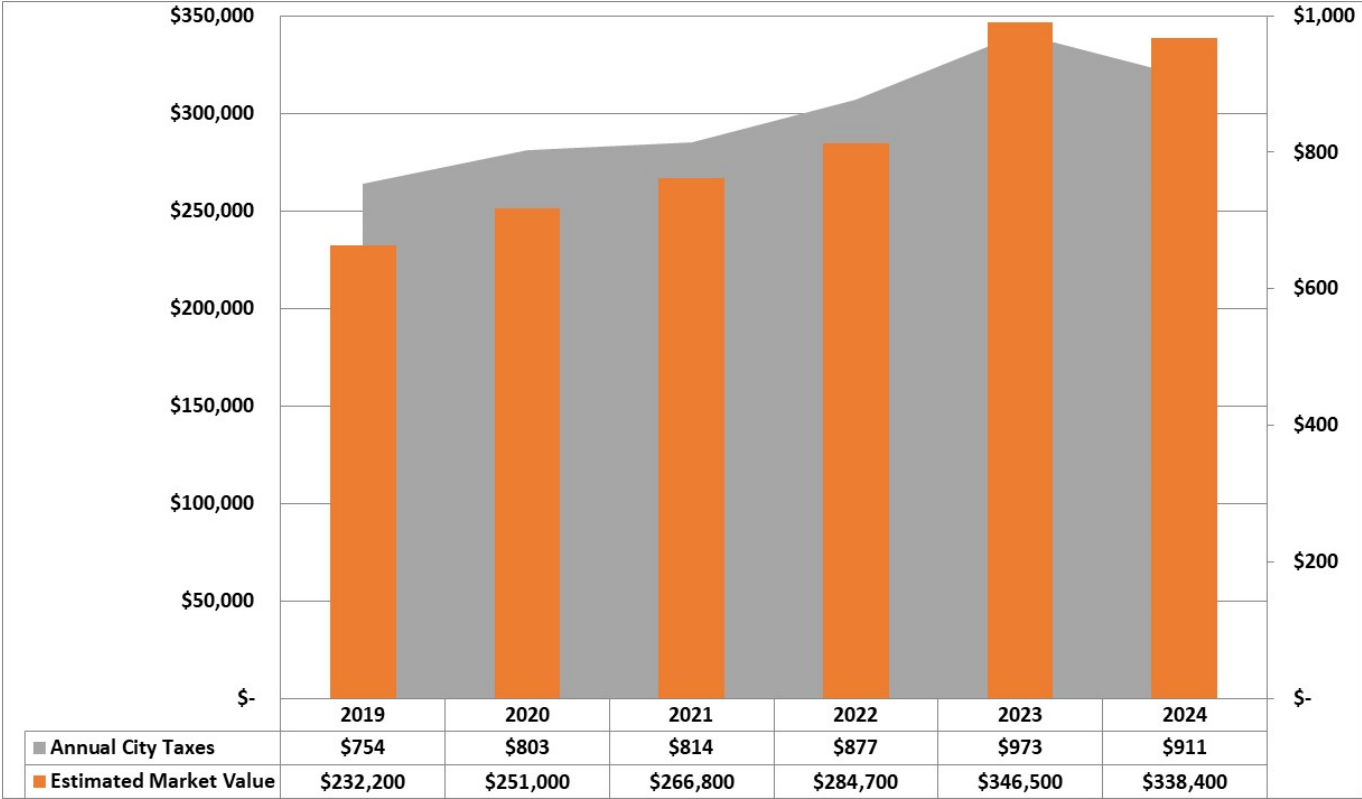
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Tax Capacity & Tax Rate Comparison



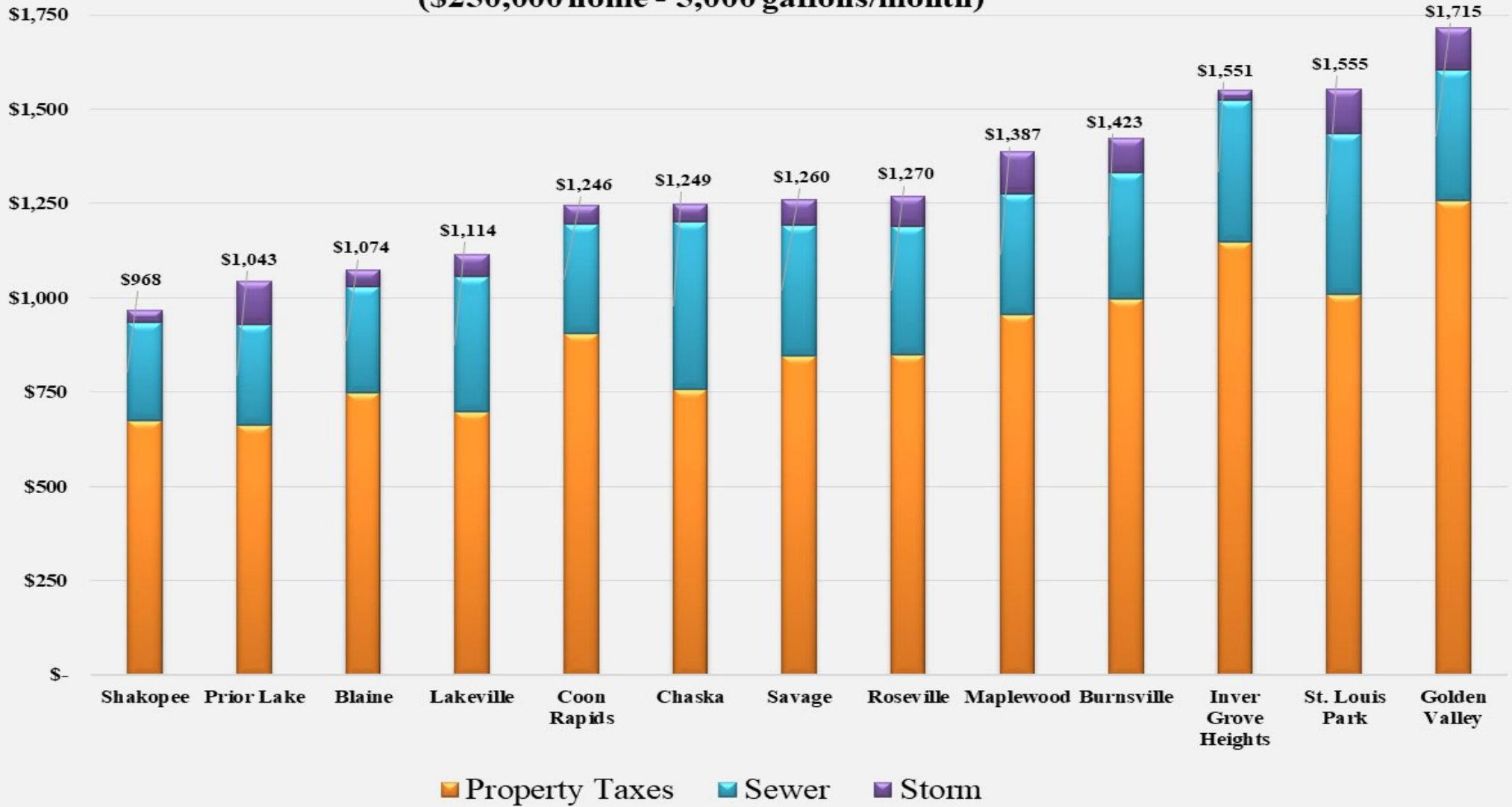
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Median Value Home



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2023 Annual Cost of Services for Comparable & Surrounding Cities (\$250,000 home - 5,000 gallons/month)



Budget Calendar

Date	Who	What
April 18, 2023	Council/Staff	Review Long-term Financial Plan
June 27, 2023	Public/Staff	Budget Listening Session
August 2, 2023	Council/Staff	Review Preliminary Capital Improvement Plan (CIP)
August 15, 2023	Council/Staff	Review proposed levy, initiatives and requests
September 19, 2023	Council	Adopt proposed maximum tax levy for City and EDA.
October 3, 2023	Council	Adopt final 2024-2028 CIP
September 30, 2023	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
Mid-November	County	Proposed tax notices sent to owners
November	Council/Staff	Work session to review budget document
December 5, 2023	Council	Hold public meeting to discuss levy and budget. Review and approve utility rates for 2024.
December 19, 2023	Council	Adopt final tax levy and budget
December 31, 2023	Staff	Certify final tax levy and budget to County and State

Requested Actions

1. R2023-106 – Cancels (adjusts) the debt service levy on the 2016A Abatement Bonds and 2022A GO Improvement Bonds.
2. R2023-107 – Sets the preliminary (maximum) city levy of \$25,473,000 (6.62% increase) and sets the truth in taxation meeting for December 5.
3. R2023-108 – Approves the preliminary EDA levy of \$500,000.



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