

# 2024 Proposed Property Tax Levy & Budget

City Council Meeting – Public Presentation

December 5, 2023



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# 2024 Budget highlights

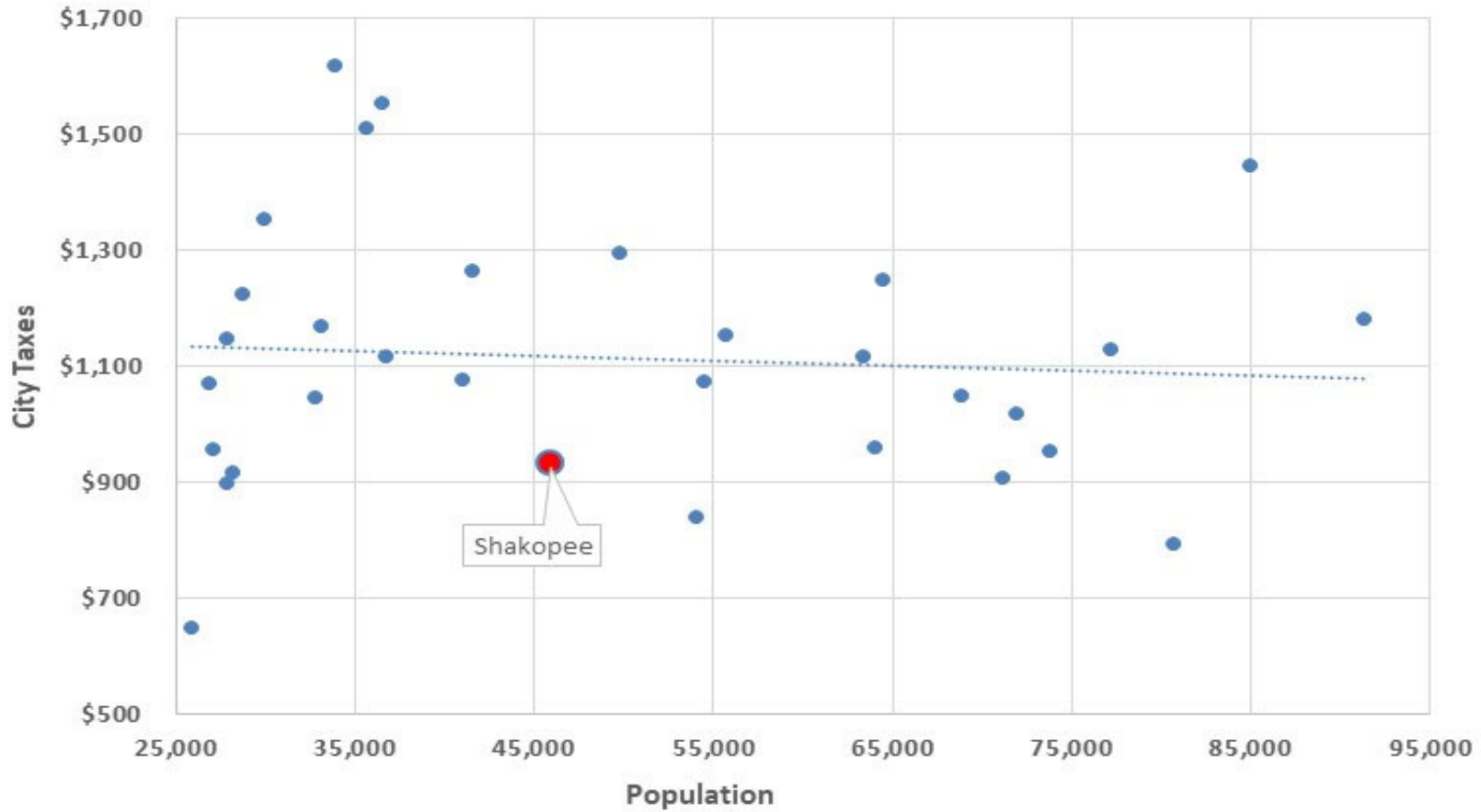
- ✓ 8% growth in City taxable market value
  - \$182 million (29% of growth) from new construction
- ✓ Decrease in the City tax rate (28.59% to 27.70%)
  - ✓ Continue to be one of lowest taxed communities in the state (tax rate based on 2022 was 14<sup>th</sup> lowest out of 100 cities with 10k in population)
- ✓ Anticipated property tax decreases for residential
  - Median Value Home will see a decrease of \$54 (-5.6%)
- ✓ Investment in public safety – 2 additional Patrol Officers



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Property Taxes in MSP Metro Area for a \$300,000 Home



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Cities in the metro with population between 25,000 and 100,000, based on 2022 property taxes.

# 2024 Budget & Property Tax Levy

- The City of Shakopee annually adopts a budget and property tax levy for the upcoming year.
- Tonight’s public meeting provides the public an opportunity to comment on the budget and levy.

## Where do My Property Taxes Go?



Shakopee  
25.82%

Scott County  
24.49%

Shakopee  
School District  
45.40%

Other Taxing  
Districts  
4.29%



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# 2024 Budget Process

- April 18 – Long-term Financial Plan council work session
- June 27 – Budget listening session
- August 1 - 2024-2028 Capital Improvement Plan (CIP) council work session
- August 15 - Preliminary levy and budget council work session
- September 19 - Preliminary levy and budget approval
- October 3 - 2024-2028 CIP approval
- December 5 – Public meeting on proposed levy and budget



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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

**How much do I pay for city services?**  
*See your city property taxes broken down.*

**View your city tax receipt**  
See an itemized breakdown of how the city uses your property taxes.

**YOUR 2022 CITY OF SHAKOPEE PROP**

- General Government
  - Mayor & Council ⓘ
  - Administration ⓘ  
**More Information**  
Maintain software and data of the City, including protecting from outside threats.
  - Human Resources ⓘ
  - Information Technology ⓘ
  - City Clerk/Elections ⓘ
- Finance ⓘ
- Property Assessing (County contract) ⓘ
- Planning & Development ⓘ
- Facility Maintenance ⓘ
- Library Building ⓘ



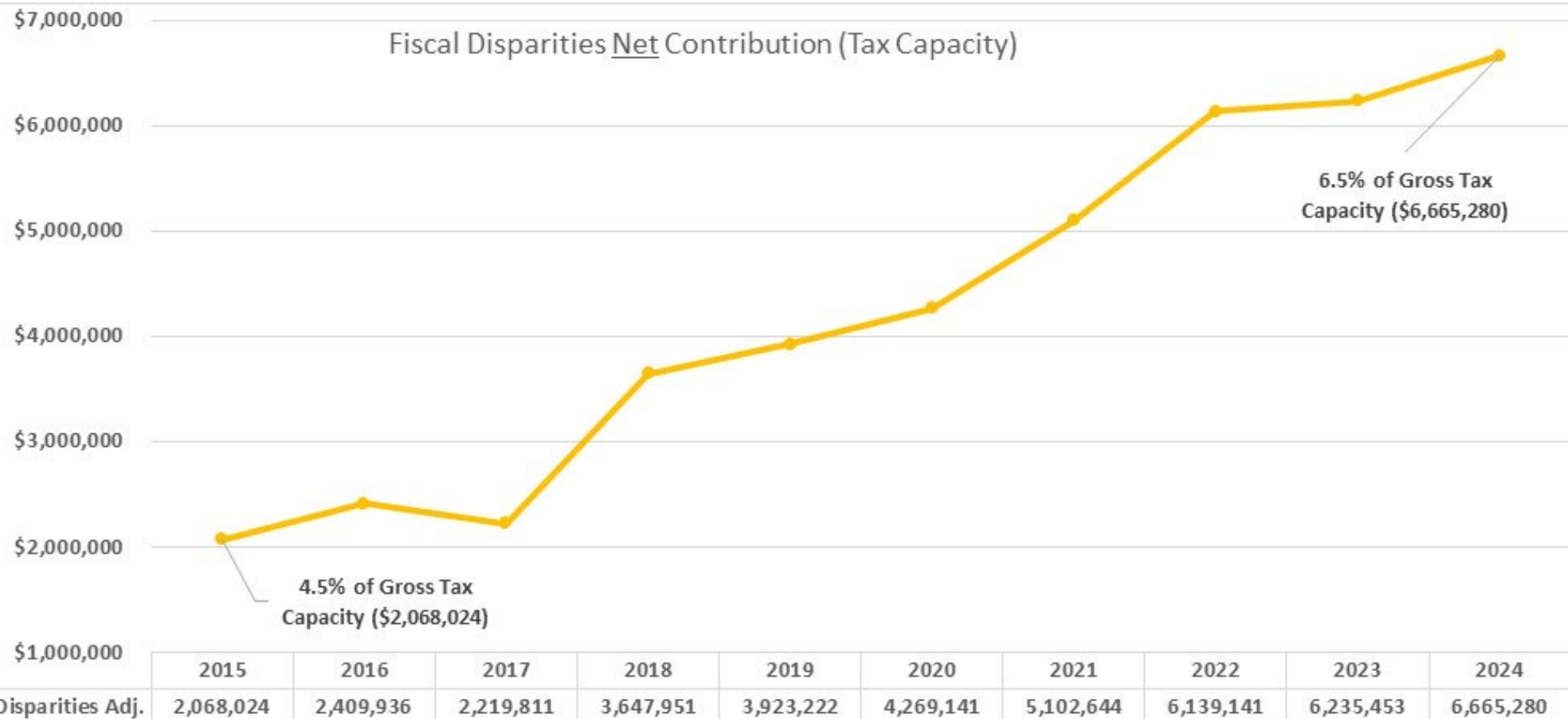
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# Residential Market Value

- 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 increased in value, 83% had no change or a decrease
- 2% had an increase in value greater than 5%
- 10% had a value decrease greater than 5%

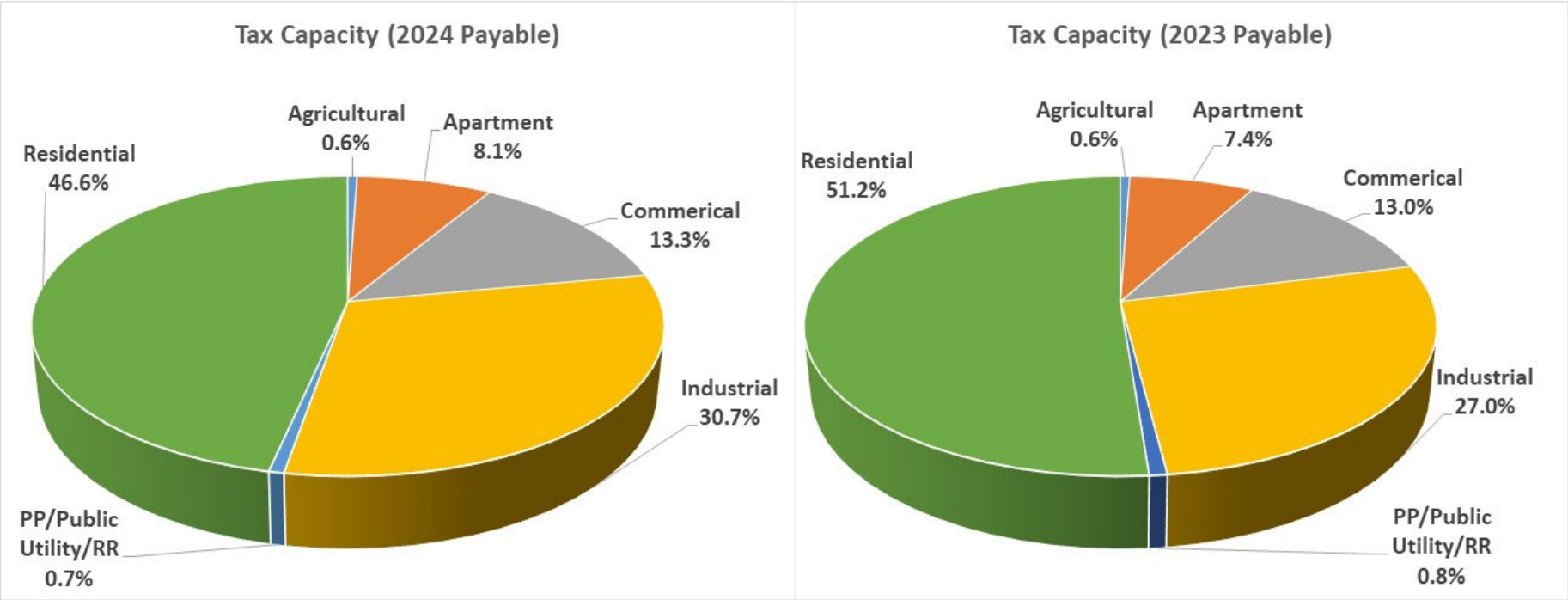


# Fiscal Disparities (net contribution)





# Tax Capacity



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**City of Shakopee  
Levy Analysis  
December 5, 2023**

	<u>2023 Final</u>	<u>2024 Recommended</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
<b>City Levy</b>				
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>
<b>Total City Levy</b>	<u>\$ 23,892,000</u>	<u>\$ 25,473,000</u>	<u>\$ 1,581,000</u>	<u>6.62%</u>
<b>Shakopee EDA Special Levy</b>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>0.00%</u>
<b>Total City and EDA Levies</b>	<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	22,569,800.00
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	(538,070.87)	333,400.00	379,200.00
<b>TOTAL REVENUES</b>	<b>36,824,321.89</b>	<b>34,799,558.66</b>	<b>33,967,700.00</b>	<b>36,247,000.00</b>
GENERAL GOVERNMENT	(5,008,070.06)	(5,157,127.79)	(5,422,400.00)	(6,226,450.00)
PUBLIC SAFETY	(14,323,609.45)	(15,255,048.92)	(15,995,900.00)	(17,019,800.00)
PUBLIC WORKS	(6,926,789.07)	(7,473,400.08)	(7,934,600.00)	(8,260,450.00)
RECREATION	(4,184,907.28)	(4,828,598.28)	(4,886,600.00)	(5,208,560.00)
UNALLOCATED	(40,426.74)	(7,279.98)	(128,200.00)	(343,100.00)
DEBT SERVICE	(5,535.00)	(44,095.00)	0.00	0.00
CAPITAL OUTLAY	(73,415.15)	(37,911.06)	(126,000.00)	0.00
<b>TOTAL EXPENDITURES</b>	<b>(30,562,752.75)</b>	<b>(32,803,461.11)</b>	<b>(34,493,700.00)</b>	<b>(37,058,360.00)</b>
TRANSFERS IN	605,400.00	400,000.00	400,000.00	611,360.00
PROCEEDS FROM SALE OF ASSETS	0.00	0.00	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
<b>TOTAL OTHER FINANCING</b>	<b>(4,617,462.00)</b>	<b>231,208.38</b>	<b>400,000.00</b>	<b>611,360.00</b>
COMMITTED FUNDS - BUILDING INSPECTIONS	0.00	0.00	126,000.00	0.00
ASSIGNED FUND BALANCE- SAND VENTURE	0.00	0.00	0.00	200,000.00
<b>NET</b>	<b>1,644,107.14</b>	<b>2,227,305.93</b>	<b>0.00</b>	<b>0.00</b>



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# 2024 Proposed Budget and Levy Changes

<b>Description</b>	<b>Levy Impact</b>
Revenues (increase)	\$(883,160)
Expenditures:	
Wages & benefits	1,368,400
Operating expenses	468,705
Internal rent changes	376,300
One-time adjustments	186,255
Budget placeholders	165,000
Fund balance	(74,000)
Debt Service	(26,500)
<b>Change in property tax levy</b>	<b>\$1,581,000</b>



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# 2024 Preliminary Revenue Changes

- Revenue forecasts (net increase of \$883,160, 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
Community Center revenues	79,000
Building permit revenues	75,000
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)
Other (net adjustments)	(74,700)
<b>Change in Revenues</b>	<b>\$883,160</b>



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# 2024 Preliminary Expenditure Changes

- Change in wages and benefits (\$1,368,400)

<b>Description</b>	<b>Change</b>
Cost of living adjustment – 3%	\$508,600
Health Insurance - 20.9%	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	(9,130)
Parks & recreation part-time	(111,970)
<b>Change in wages &amp; benefits</b>	<b>\$1,368,400</b>



# 2024 Preliminary Expenditure Changes

- Change in operational expenditures (\$468,705)

<b>Description</b>	<b>Change</b>
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 self contained breathing apparatus	9,000
Misc. other adjustments	138,815
<b>Change in operational expenses</b>	<b>\$468,705</b>



# 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.

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





# 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)
<b>Change in internal rent charges</b>	<b>\$186,255</b>

- 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.
    - Approved 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
  - Required debt cancellation of \$51,155



# EDA Budget/Levy (preliminary)

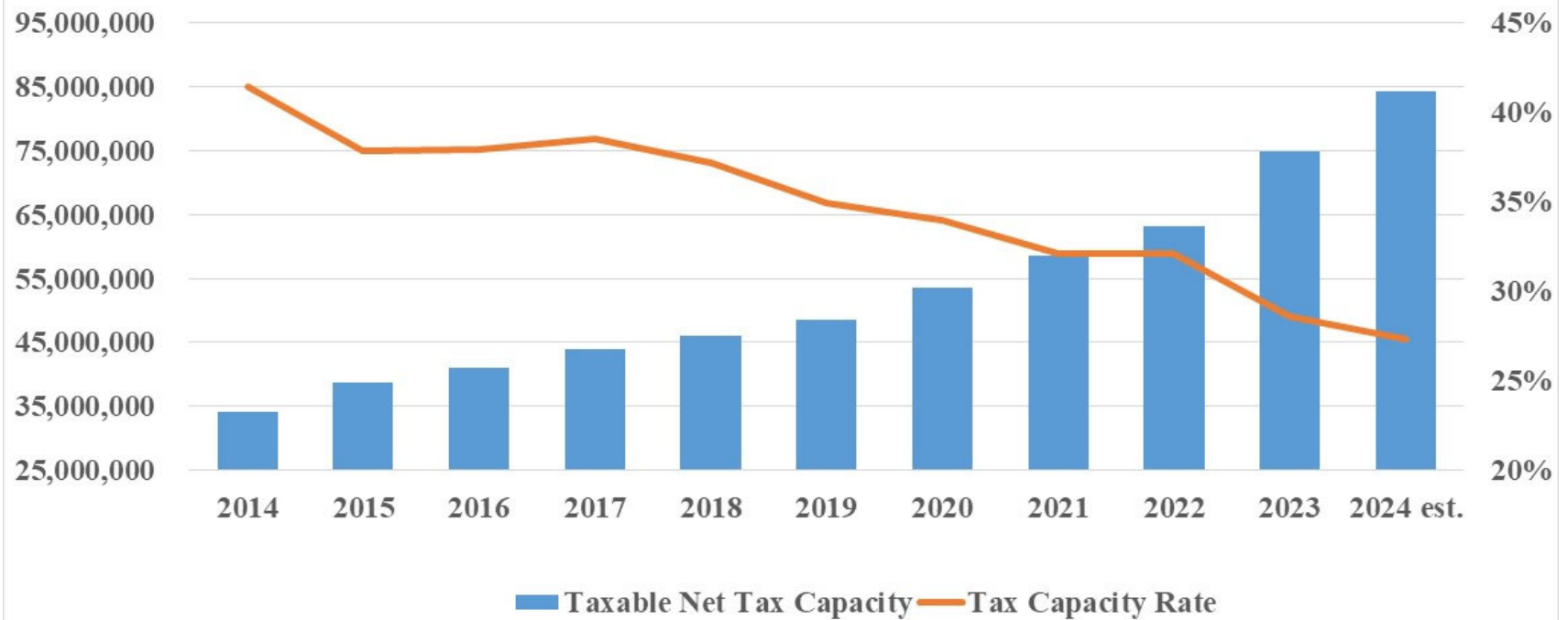
- Proposed 2024 levy of \$500,000 (no change)
- Personnel includes Economic Development Coordinator and 50% of the Planning & Development Director
- SPUC contribution of \$300,000 (half percent of revenue)
- River City Centre – activity included as a separate fund of the EDA



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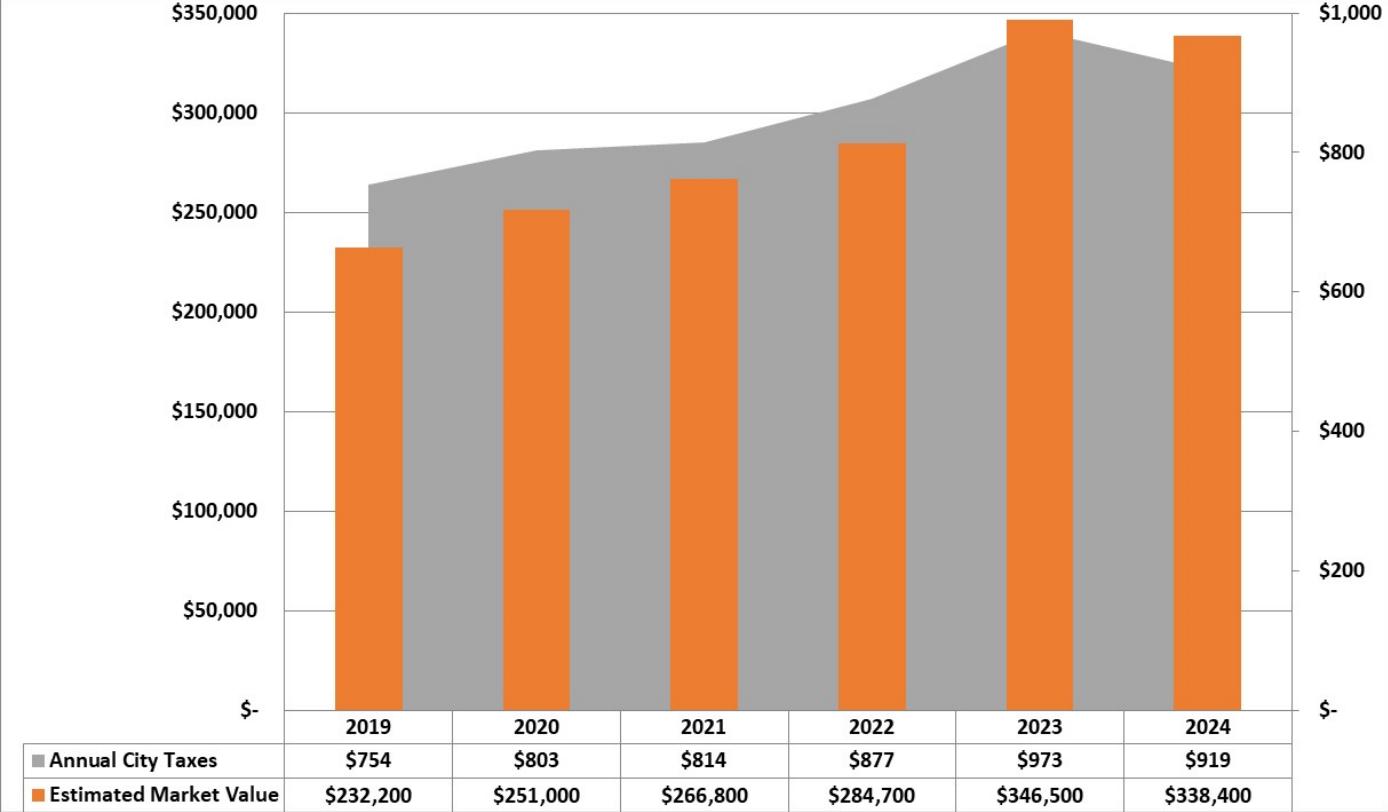
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### Tax Capacity & Tax Rate Comparison



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# Median Value Home



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# 2024 Property Tax Levy Comparison

Pay 2024 Market  
Value of \$264,000 =  
\$41 tax decrease



Pay 2024 Market  
Value of \$338,400 =  
\$54 tax decrease

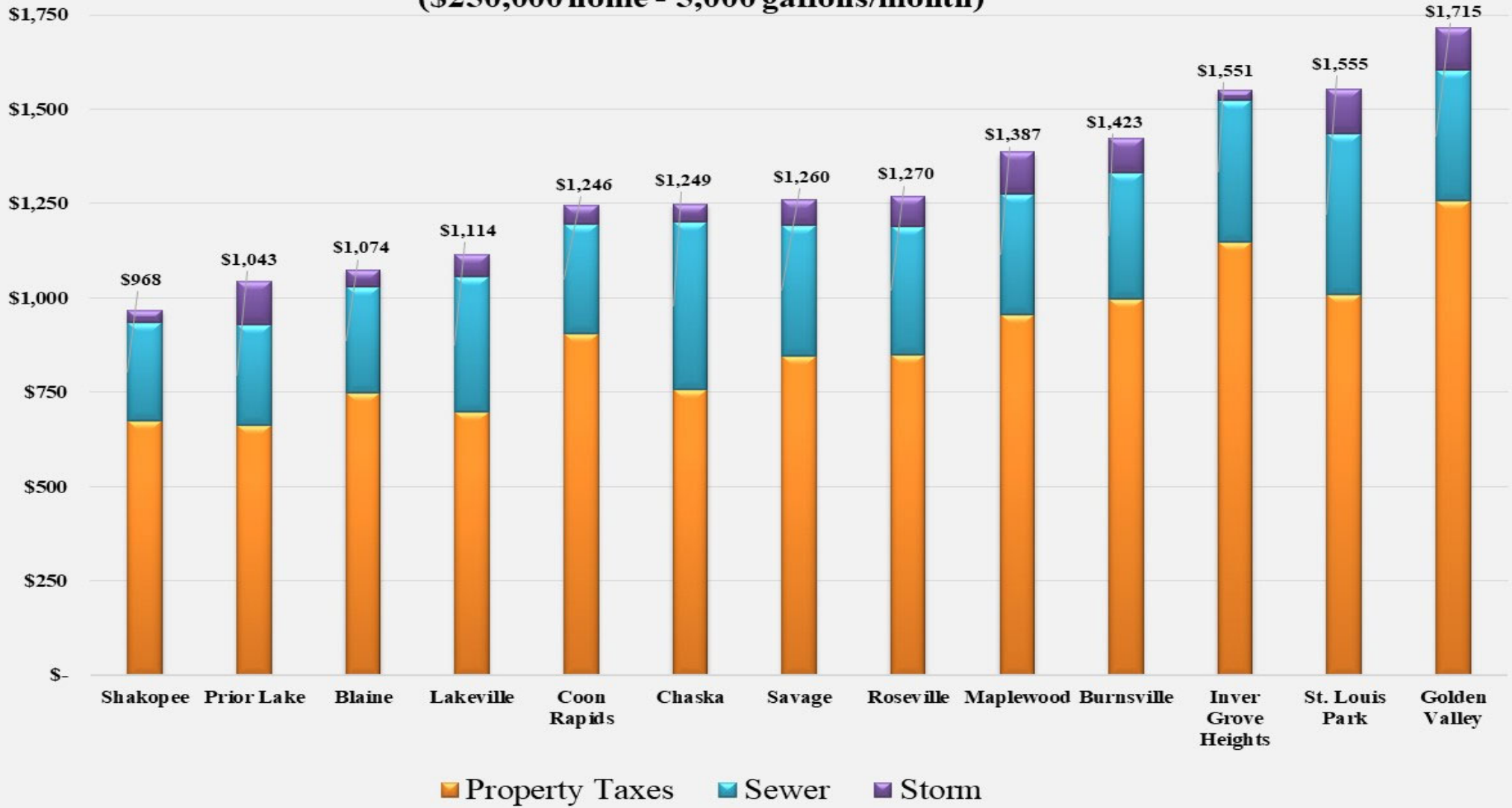


Pay 2024 Market  
Value of \$433,000 =  
\$69 tax decrease



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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



# 2024 Proposed Budget and Levy (Next Steps)

- This is a public meeting and the public is welcome to speak on the budget and/or tax levy.
- After tonight's meeting, the budget and levy will come back to the Council on December 19 for final approval.
- No action is required tonight other than to invite to the public to speak.



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