

2025 Preliminary Budget

City Council Meeting

September 3, 2024



INNOVATING. ENTERTAINING. THRIVING.

City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

SHAKOPEE

2025 Financial Objectives

- City Council
 - Low taxes/stable tax rate
 - Increase tax capacity
- Administration
 - True fiscal transparency
 - Long-term perspective

City of Shakopee 2024 Budget and Levy



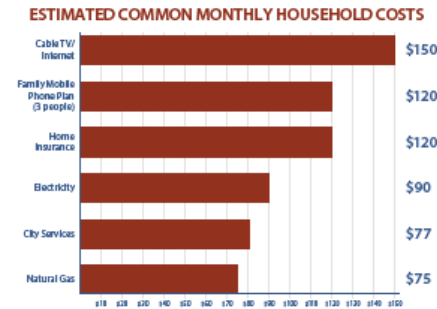
PREPARED BY THE CITY OF SHAKOPEE FINANCE DEPARTMENT

2024 Budget Fast Facts

- The City of Shakopee's tax rate is the 14th lowest out of 100 cities in Minnesota with a population of 10,000+
- The median value home of \$338,400 will pay approximately \$919 annually in city property taxes, a decrease of \$54 from 2023
- On average, City of Shakopee taxes only comprise 25% of a homeowner's total property tax bill
- Approximately 44 cents of every \$1 in city property taxes is paid by commercial and industrial properties
- Property taxes help fund the maintenance and snow removal of 174 miles of local road—the distance from Shakopee to Duluth—85 miles of trail, 94 sports fields, and 47 parks

MONTHLY COST COMPARISON

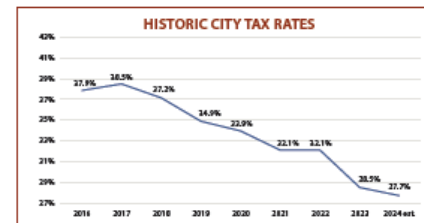
The 2024 estimated property tax cost of city services (public safety, public works, parks and recreation programs, general government, infrastructure and debt service, and more) for the median valued home (\$338,400), is \$77 per month. The graphic compares that cost to estimated common monthly household costs.



ANNUAL COST OF SERVICES

Total annual cost of city services in 2023 on a \$250,000 home, including city property taxes, sewer and storm drainage.

COMPARABLE & SURROUNDING CITIES	ANNUAL TOTAL COST <small>Property Taxes, Sewer, Storm Water</small>
Golden Valley	\$1,715
St. Louis Park	\$1,555
Inver Grove Heights	\$1,551
Burnsville	\$1,423
Maplewood	\$1,387
Roseville	\$1,270
Savage	\$1,260
Chaska	\$1,249
Coon Rapids	\$1,246
Lakeville	\$1,114
Blaine	\$1,074
Prior Lake	\$1,043
SHAKOPEE	\$968 (2023) \$954 (2024)



\$37,058,360
Adopted 2024 General Fund Operating Budget
Where the General Fund dollars go...

Category	Percentage
PUBLIC SAFETY	46%
PUBLIC WORKS	22%
GENERAL GOV'T	18%
RECREATION	14%

Your 2024 City of Shakopee Property Tax Receipt

General Government	\$165.60
Mayor & Council	\$5.88
Administration	\$25.00
Human Resources	\$21.75
Communications	\$11.21
Information Technology	\$19.44
City Clerk/Elections	\$10.29
Finance	\$24.98
View your 2024 city tax receipt	\$9.73
Planning & Development	\$17.72
Facility Maintenance	\$13.29
Library Building	\$6.31

How much do I pay for city services?
See your 2024 city property taxes broken down.

CHECK OUT OUR TAX RECEIPT TOOL!
See an Itemized breakdown of how the City uses your property taxes

www.ShakopeeMN.gov/budget

Shakopee Sustainable Cycle of City Government



**City of Shakopee
Levy Analysis
September 3, 2024**

	<u>2024 Final</u>	<u>2025 Preliminary</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
City Levy				
General Fund	\$ 22,336,500	\$ 23,235,050	\$ 898,550	4.02%
Abatements	126,000	120,000	(6,000)	-4.76%
Capital Improvement Levy	700,000	1,200,000	500,000	71.43%
Debt Service				
2016 Abatement	2,189,000	2,189,000	-	0.00%
2022A Improvement	121,500	-	(121,500)	-100.00%
Total Debt Service	<u>2,310,500</u>	<u>2,189,000</u>	<u>(121,500)</u>	<u>-5.26%</u>
Total City Levy	<u>\$ 25,473,000</u>	<u>\$ 26,744,050</u>	<u>\$ 1,271,050</u>	<u>4.99%</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>\$ 25,973,000</u>	<u>\$ 27,244,050</u>	<u>\$ 1,271,050</u>	<u>4.89%</u>



2025 Preliminary Budget

2025 Annual Budget GENERAL FUND SUMMARY

	Actual 2022	Actual 2023	Budget 2024	Requested Budget 2025
TAXES	19,649,595.58	20,790,614.32	22,569,800.00	23,446,450.00
SPECIAL ASSESSMENTS	76,312.19	56,189.70	14,000.00	17,000.00
LICENSES AND PERMITS	6,088,411.99	6,393,007.06	3,491,450.00	3,810,750.00
INTERGOVERNMENTAL	5,384,242.38	5,592,884.81	4,979,000.00	5,430,000.00
CHARGES FOR SERVICES	4,129,796.08	5,425,467.91	4,813,350.00	5,236,800.00
FINES AND FORFEITURES	9,271.31	327,215.22	200.00	325,200.00
MISCELLANEOUS	(538,070.87)	1,470,310.13	379,200.00	537,100.00
TOTAL REVENUES	34,799,558.66	40,055,689.15	36,247,000.00	38,803,300.00
GENERAL GOVERNMENT	(5,157,127.79)	(5,272,823.10)	(6,226,450.00)	(6,039,670.00)
PUBLIC SAFETY	(15,255,048.92)	(16,248,819.34)	(17,019,800.00)	(19,386,190.00)
PUBLIC WORKS	(7,473,400.08)	(7,539,353.18)	(8,260,450.00)	(8,398,550.00)
RECREATION	(4,828,598.28)	(5,017,323.89)	(5,208,560.00)	(5,558,990.00)
UNALLOCATED	(7,279.98)	(34,004.24)	(343,100.00)	(127,900.00)
DEBT SERVICE	(44,095.00)	(64,781.17)	0.00	0.00
CAPITAL OUTLAY	(37,911.06)	(296,648.07)	0.00	(168,000.00)
TOTAL EXPENDITURES	(32,803,461.11)	(34,473,752.99)	(37,058,360.00)	(39,679,300.00)
TRANSFERS IN	400,000.00	400,000.00	611,360.00	876,000.00
PROCEEDS FROM SALE OF ASSETS	0.00	0.00	0.00	0.00
BOND PROCEEDS	57,208.38	85,898.43	0.00	0.00
TRANSFERS OUT	(226,000.00)	(4,048,650.00)	0.00	0.00
TOTAL OTHER FINANCING	231,208.38	(3,562,751.57)	611,360.00	876,000.00
COMMITTED FUNDS - BUILDING INSPECTIONS	0.00	126,000.00	0.00	0.00
ASSIGNED FUND BALANCE- SAND VENTURE	0.00	0.00	200,000.00	0.00
NET	2,227,305.93	2,145,184.59	0.00	0.00



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Summary of Levy Changes

Description	Levy Impact
Revenues (increase)	\$ (1,663,750)
Transfers from other funds (increase)	(264,640)
Expenditures:	
Wages & benefits	1,969,200
Operating expenses	581,090
Internal rent changes	155,200
One-time adjustments	(84,550)
Fund balance	200,000
Capital Improvement Levy	500,000
Debt Service	(121,500)
Change in property tax levy	\$1,271,050



2025 Preliminary Revenue Changes

- Revenue forecasts (net increase of \$1,663,750, excluding property taxes)

Description	Change
Shakopee Public Utilities PILOT	\$330,000
Court Fines (pass through)	325,000
Building permit revenues	303,000
SandVenture	181,000
Contracted police services (offset by overtime)	175,000
Interest income (General fund)	150,000
Other (net adjustments)	199,750
Change in Revenues	\$1,663,750



2025 Preliminary Revenue Changes

- Transfers from other city funds (covers General Fund operating costs)

Description	Amount	Change
2024 Transfer from public safety fund (Cost of two patrol officers)	\$211,360	
2025 Transfer from public safety fund (Cost of 50% of two patrol officers)	126,000	
Net change in transfer from public safety fund		(85,360)
Transfer from self-insurance fund		350,000
Change in transfers		\$264,640



2025 Preliminary Expenditure Changes

- Change in wages and benefits (\$1,969,200)

Description	Change
Cost of living adjustment – 3%	\$601,000
2024 Fire Staffing Changes	421,000
Health Insurance – 16.7%	375,000
2024 Union Agreement Adjustments	198,000
Police OT (offset by contracted revenue)	175,000
Building Official (partially grant supported)	114,000
Fire Part-time/Overtime	88,000
Full-time Fire Inspection (July 1 start date)	63,000
Other (net adjustments)	182,200
Non-election year	(109,000)
Engineering Technician staff reduction	(139,000)
Change in wages & benefits	\$1,969,200



2025 Preliminary Expenditure Changes

- Change in operational expenditures (\$581,090)

Description	Change
County prosecution costs	\$342,500
Utilities (electric/water/gas)	99,500
Software	135,900
Misc. other adjustments	348,190
Fire state aid payment (retained by city)	(\$345,000)
Change in operational expenses	\$581,090



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

2025 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	\$120,000
Building Rent	25,000
Park Facilities Rent	10,000
Information Technology Rent	200
Change in internal rent charges	\$155,200



2025 Preliminary Expenditure Changes

- One-time Adjustments (not recurring in future) **(\$84,550)**

Description	Change
Fire Inspector vehicle (offset by permit revenue)	\$75,000
Building Inspector Ford Lightning (offset by permit revenue)	68,000
Police side-by-side (offset by tribal funds)	25,000
ERP Software Implementation Cost (2024 budget)	(252,550)
Change in one-time costs	(\$84,550)

- Fund Balance (\$200,000)
 - \$200,000 previously utilized in the 2024 budget, has been added back for 2025



Capital Improvements Levy (proposed increase of \$500,000)

	Capital Improvement Fund					
Revenues	2024 Projected	2025 Budget	2026 Projected	2027 Projected	2028 Projected	2029 Projected
CIF - Levy	700,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Franchise Fees	900,000	950,000	950,000	950,000	950,000	950,000
Special Assessments	350,000	350,000	350,000	350,000	350,000	350,000
Municipal State Aid	711,141	1,989,800	2,075,600	2,127,000	2,127,000	2,127,000
Other	2,024,044	3,058,800	4,442,289	649,089	513,714	692,339
Total Revenues	4,685,185	7,548,600	9,017,889	5,276,089	5,140,714	5,319,339
Expenses						
Annual (overlay/recon.)	4,843,396	9,375,400	7,607,500	7,202,500	7,142,000	8,637,000
Other Project Costs	2,880,367	4,883,000	8,863,300	3,483,000	0	0
Total Expenses	7,723,763	14,258,400	16,470,800	10,685,500	7,142,000	8,637,000
Net	(3,038,578)	(6,709,801)	(7,452,911)	(5,409,411)	(2,001,286)	(3,317,661)



Debt Service (levy decrease of \$121,500)

- 2022A Improvement Bond Levy \$0
 - Provided funding for the Capital Improvements Fund
 - Net year over year reduction of \$121,500
 - Reduced in 2024 reduction of \$226,000 from year-end fund balance
 - Proposed 2025 reduction of \$346,500 from year-end fund balance
 - Requires debt cancellation of \$346,500
- 2016 Abatement Bond Levy \$2,189,000 (no change)
 - Funded Community Center and Ice Arena construction
 - Requires debt cancellation of \$49,800



Taxable Market Value

Class	Payable 2024	Payable 2025	Change (%)
Agricultural	\$65,302,703	\$170,996,310	161.9%
Apartment	713,349,600	775,437,500	8.7%
Commercial	702,496,200	757,419,500	7.8%
Industrial	1,571,476,000	1,762,431,500	12.2%
Public Utility/Railroad	31,337,200	41,592,700	32.7%
Residential	4,692,583,394	4,927,465,807	5.0%
Other	<u>2,279,600</u>	<u>3,849,500</u>	<u>68.9%</u>
Totals	\$7,778,824,697	\$8,439,192,817	8.5%

New construction accounts for \$250 million or 38% of the increase



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

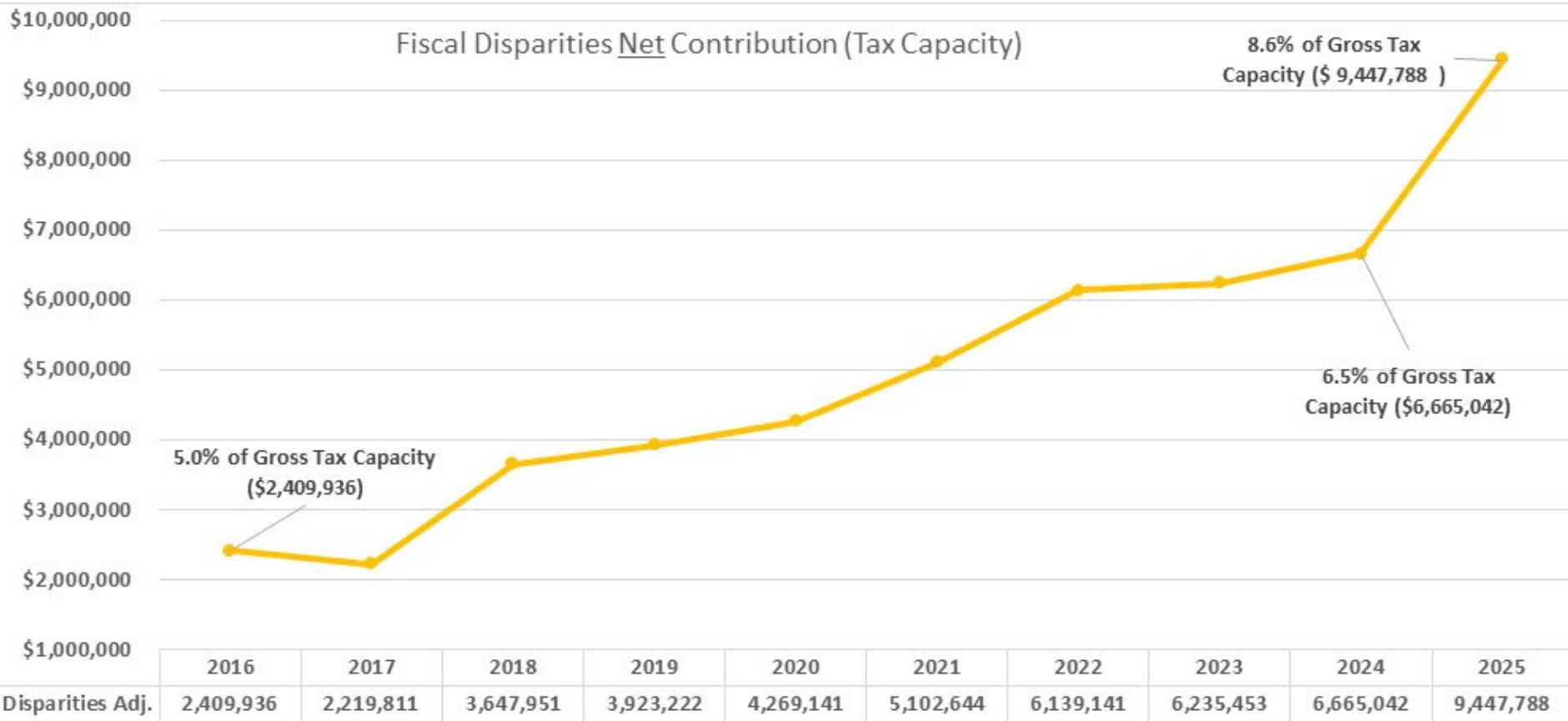
Residential Market Value

- Average value change was 3.6%
- Homestead Market Value Exclusion increased from \$417,000 to \$517,000 for taxes payable in 2025

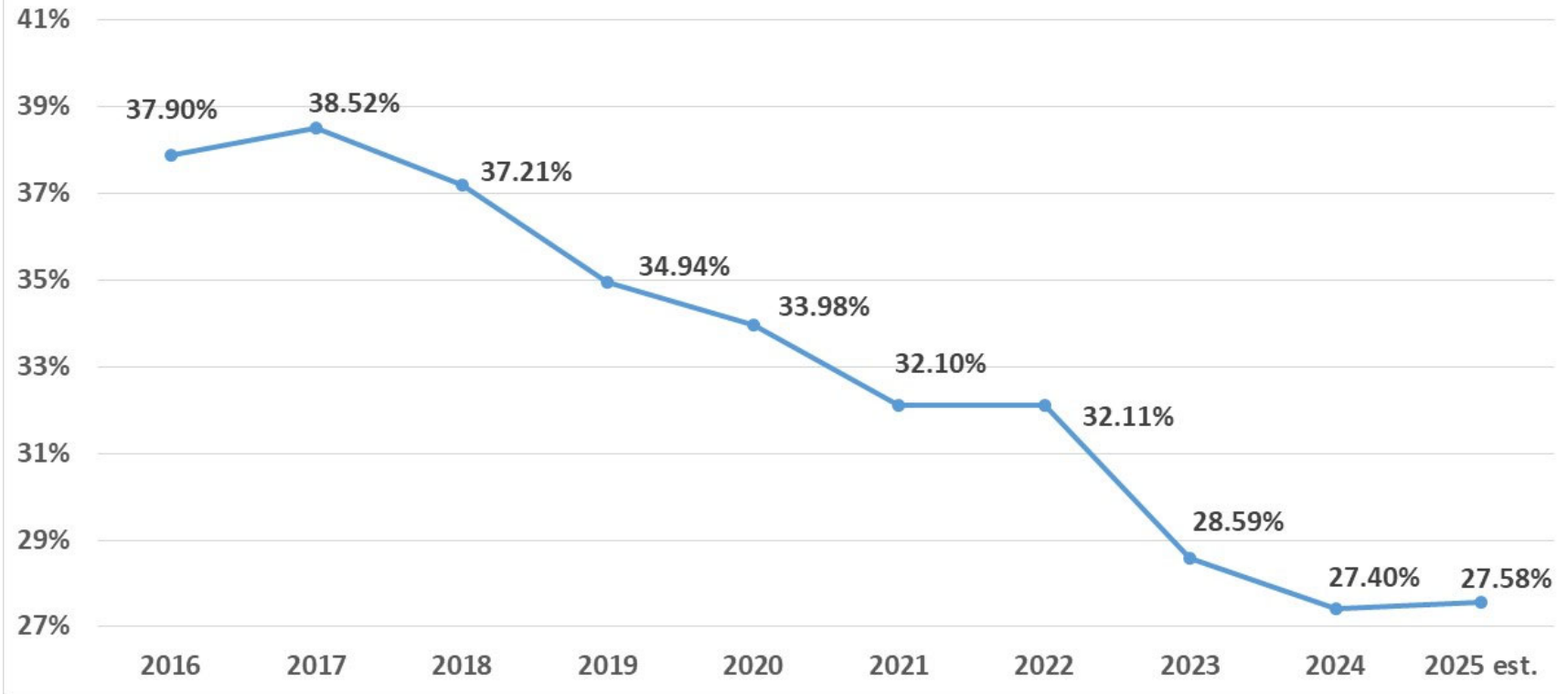
Residential Impacts - Shakopee		
Estimated Market Value Range Increase/Decrease	Number of Residential Properties	Percentage of Total
+15.01+%	411	3%
+10.01-15.00%	579	4%
+5.01-10.00%	2,210	17%
+0.01-5.00%	9,120	70%
No Change	17	0%
-0.01-5.00%	505	4%
-5.01 - 10.00%	63	0%
-10.00 - 15.00%	35	0%
-15.01% +	6	0%
	12,946	100%



Fiscal Disparities (net contribution)

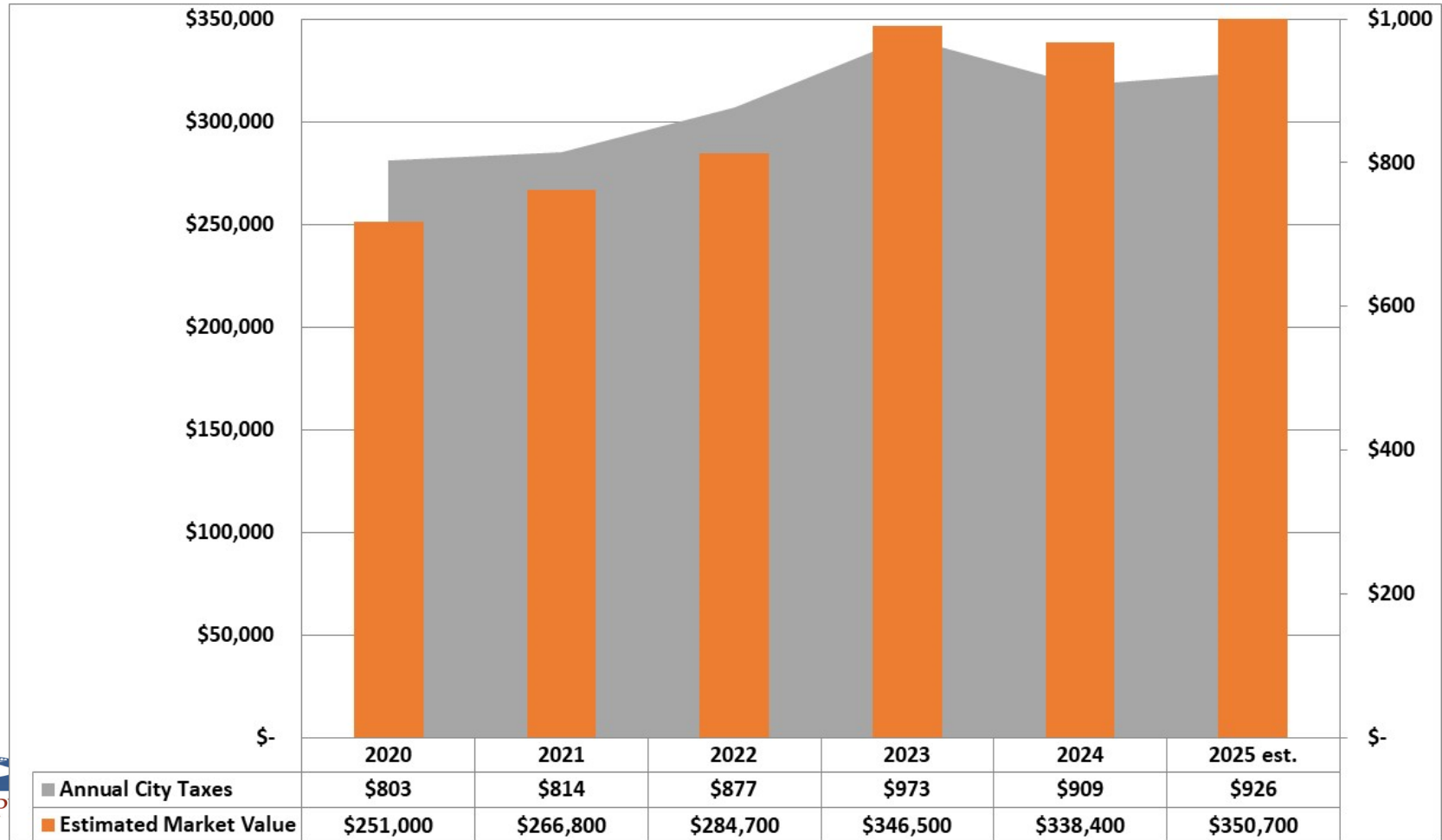


Historical City Tax Rates

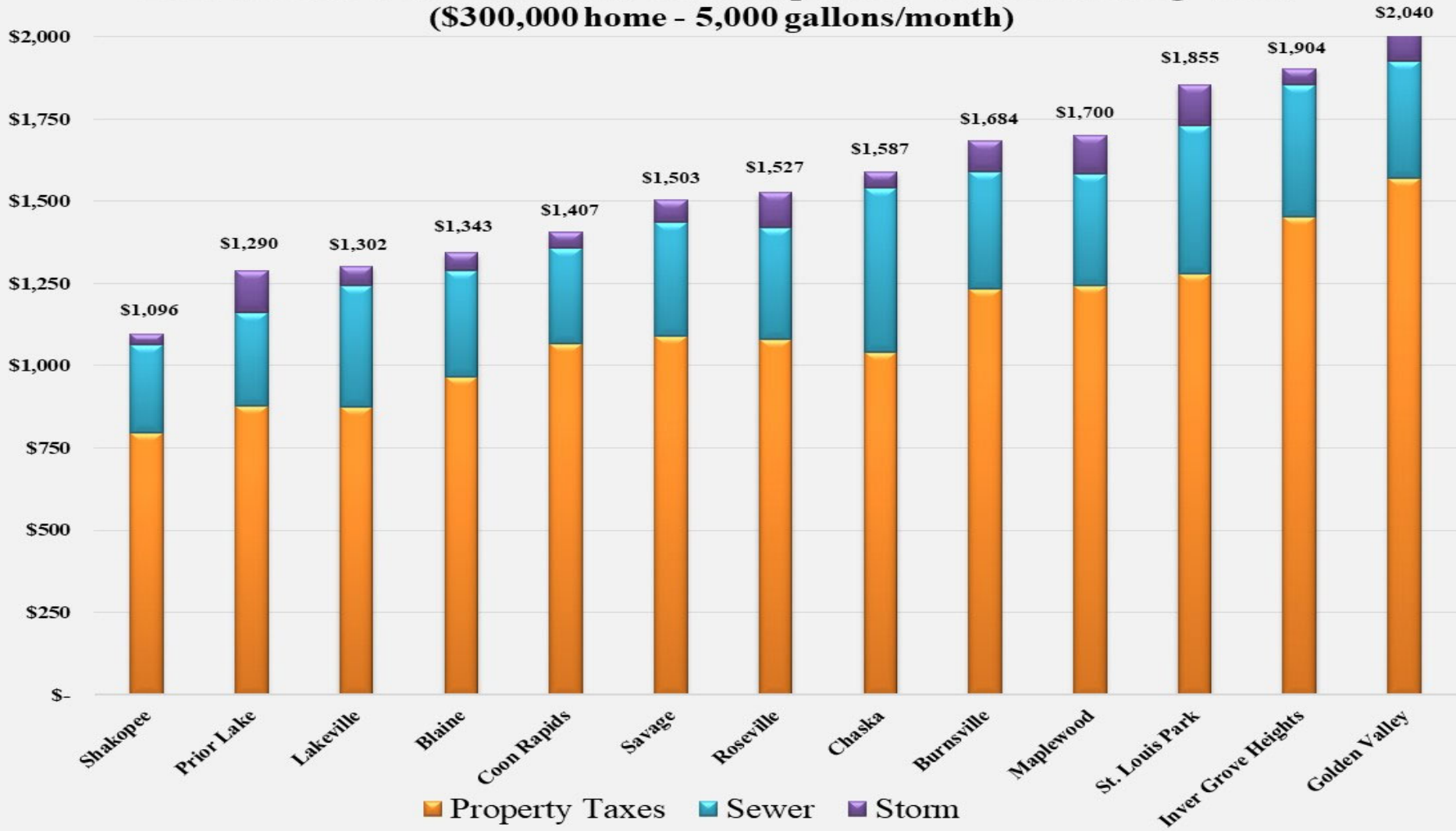


INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Median Value Home

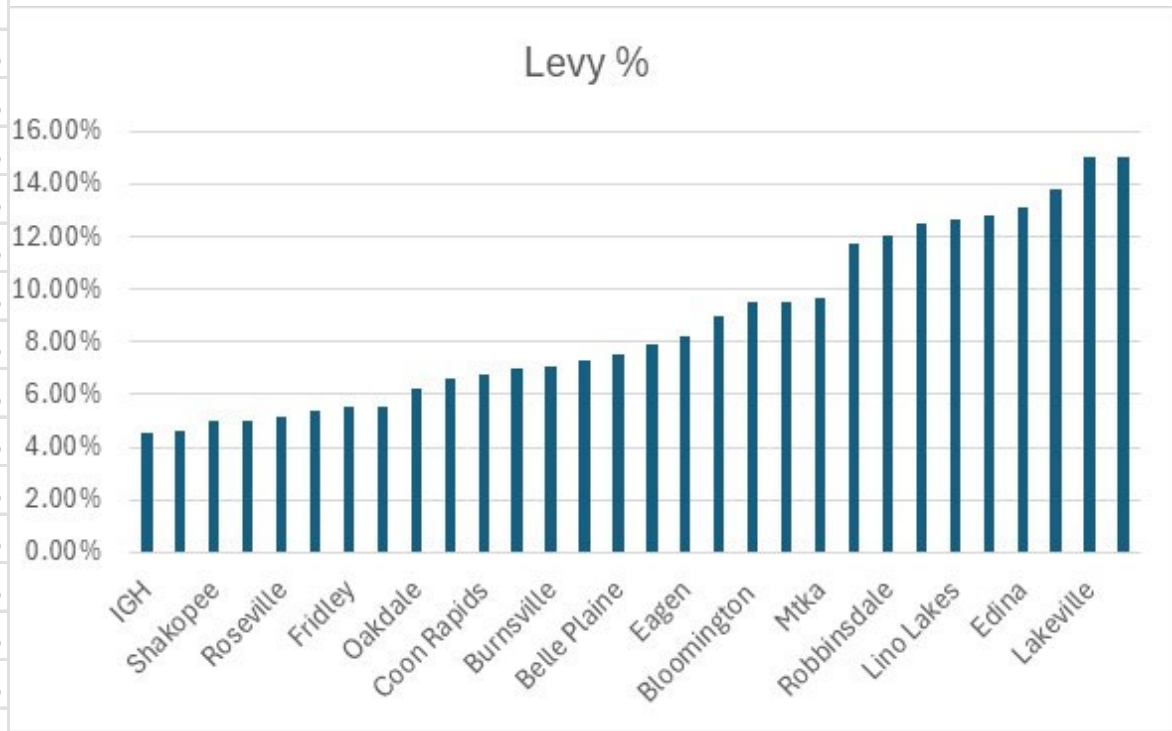


2024 Annual Cost of Services for Comparable & Surrounding Cities (\$300,000 home - 5,000 gallons/month)



Estimated Preliminary Levies (via survey)

City	Levy %	City	Levy %
Lakeville	15.00%	Eagan	8.20%
New Prague	15.00%	Woodbury	7.90%
Apple Valley	13.76%	Belle Plaine	7.50%
Edina	13.14%	Maple Grove	7.30%
Maplewood	12.79%	Burnsville	7.06%
Lino Lakes	12.65%	Prior Lake	6.98%
Cottage Grove	12.48%	Coon Rapids	6.75%
Robbinsdale	12.00%	Chanhassen	6.60%
Edina	10.00%	Oakdale	6.20%
Bloomington	12.00%	Fridley	5.50%
Savage	11.70%	Eden Prairie	5.50%
Mtka	9.63%	Richfield	5.36%
Bloomington	9.50%	Roseville	5.17%
Minnetrista	9.50%	Plymouth	5.00%
Saint Louis Park	9.00%	Shakopee	4.99%
		Inver Grove He	4.60%



Budget Calendar

Date	Who	What
May 7, 2024	Council/Staff	Review Long-term Financial Plan
July 10, 2022	Public/Staff	Budget Listening Session
August 7, 2024	Council/Staff	Review Preliminary Capital Improvement Plan (CIP) Budget Overview
September 3, 2024	Council/Staff	Review proposed levy, initiatives and requests
September 17, 2024	Council	Adopt proposed maximum tax levy for City and EDA.
September 30, 2024	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
October - November	Council	Adopt final 2025-2029 CIP
Mid-November	County	Proposed tax notices sent to owners
November	Council/Staff	Work session to review budget document
December 3, 2024	Council	Hold public meeting to discuss levy and budget. Review and approve utility rates for 2025.
December 17, 2024	Council	Adopt final tax levy and budget
December 31, 2024	Staff	Certify final tax levy and budget to County and State

Council Consideration Items

- Input on the 2025 preliminary levy and budget



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

SHAKOPEE