

# 2025 Proposed Property Tax Levy & Budget

City Council Meeting – Public Presentation

December 3, 2024



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# 2025 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?



Entity	Percentage
Shakopee	26.3%
Scott County	25.8%
Shakopee School District	43.5%
Other Taxing Districts	4.4%

# 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



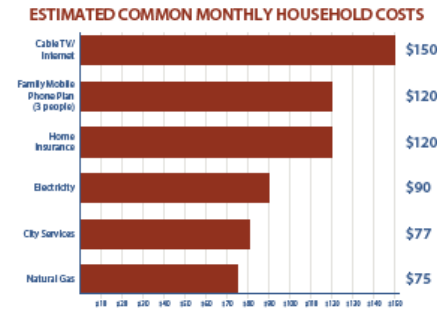
PREPARED BY THE CITY OF SHAKOPEE FINANCE DEPARTMENT

### 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

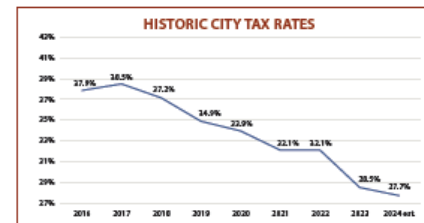
The 2024 estimated property tax cost of city services (public safety, public works, parks and recreation programs, general government, infrastructure and debt service, and more) for the median valued home (\$338,400), is \$77 per month. The graphic compares that cost to estimated common monthly household 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
<b>SHAKOPEE</b>	<b>\$968 (2023) \$954 (2024)</b>



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

Category	Amount
PUBLIC SAFETY	46c
PUBLIC WORKS	22c
GENERAL GOV'T	18c
RECREATION	14c

Your 2024 City of Shakopee Property Tax Receipt

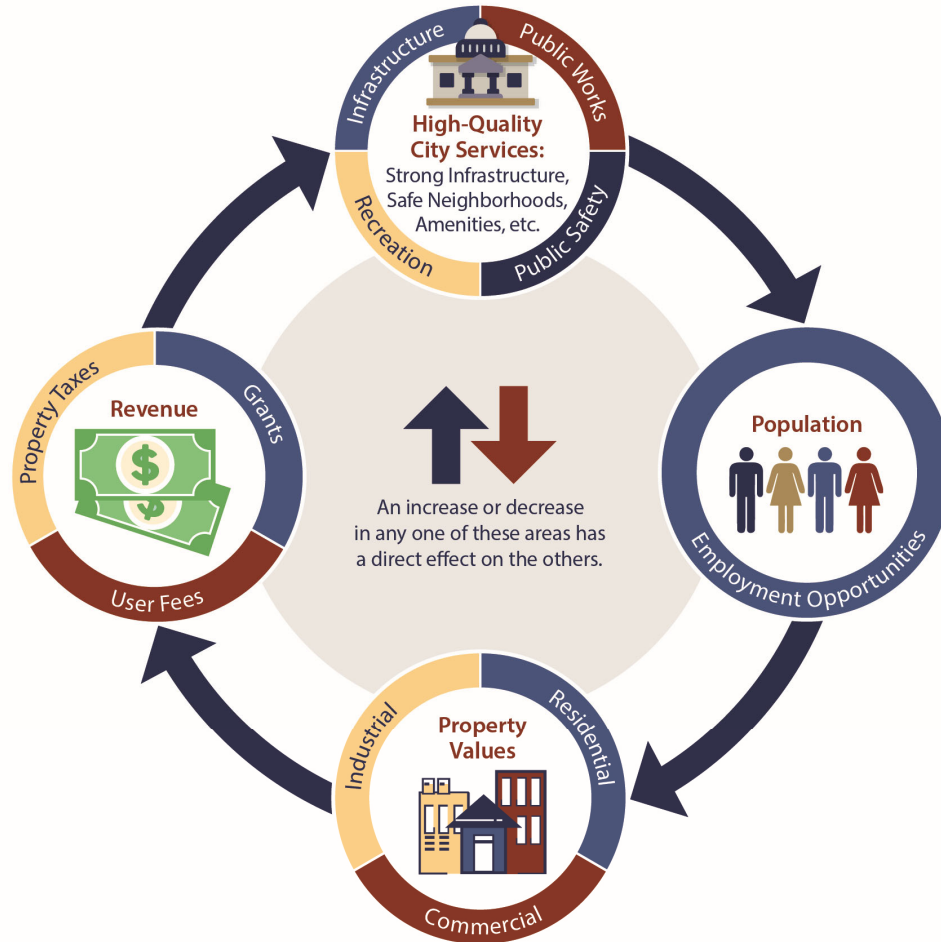
General Government	\$165.60
Mayor & Council	\$5.88
Administration	\$25.00
Human Resources	\$21.75
Communications	\$11.21
Information Technology	\$19.44
City Clerk/Elections	\$10.29
Finance	\$24.98
<b>View your 2024 city tax receipt</b>	<b>\$9.73</b>
Planning & Development	\$17.72
Facility Maintenance	\$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](http://www.ShakopeeMN.gov/budget)

# Shakopee Sustainable Cycle of City Government



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# 2025 Budget Process

- May 7 – Long-term Financial Plan council work session
- July 10 – Budget listening session
- August 6 - 2025-2029 Capital Improvement Plan (CIP) council work session
- August 7 & September 3 - Preliminary levy and budget presented to council
- September 17 - Preliminary levy and budget approval
- November 5 - 2025-2029 CIP approval
- December 3 – Public meeting on proposed levy and budget



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# 2025 Budget highlights

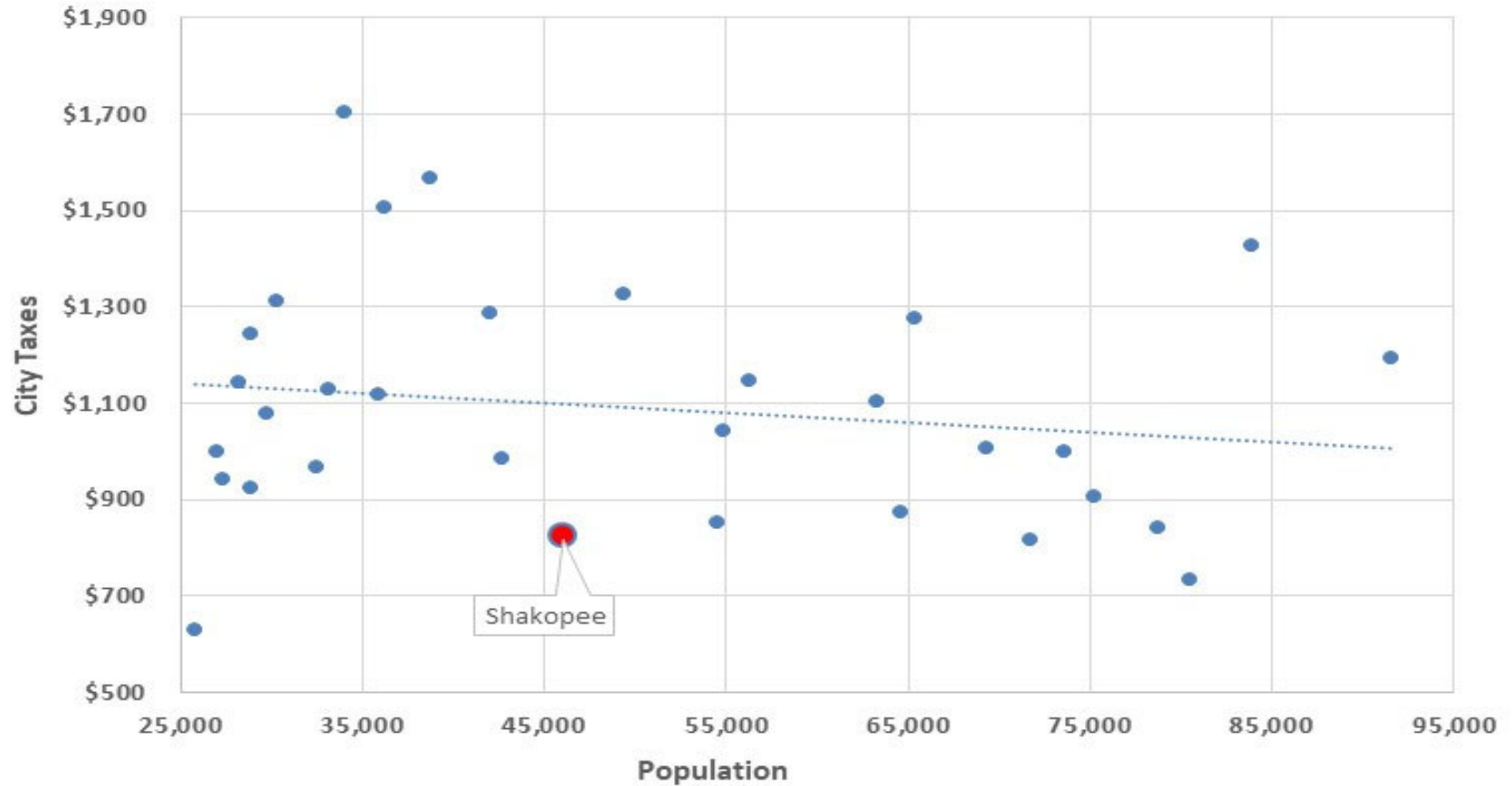
- ✓ 8.5% growth in City taxable market value
  - \$250 million (38% of growth) from new construction
- ✓ Minimal Change in City tax rate (27.40% to 27.73%)
  - Continue to be one of lowest taxed communities in the state (tax rate based on 2023 was 11<sup>th</sup> lowest out of 103 cities with 10k in population)
- ✓ Continued investment in public safety
  - Second year of phased in additional of two patrol officers
  - Police union contracts settled through 2026
  - Transition of paid on-call firefighters to full-time/part-time staffing model
  - Full-time fire inspector position added
- ✓ Provides additional funding to maintain city streets
  - \$500k increase in capital improvement levy for existing street overlay and reconstruction needs



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

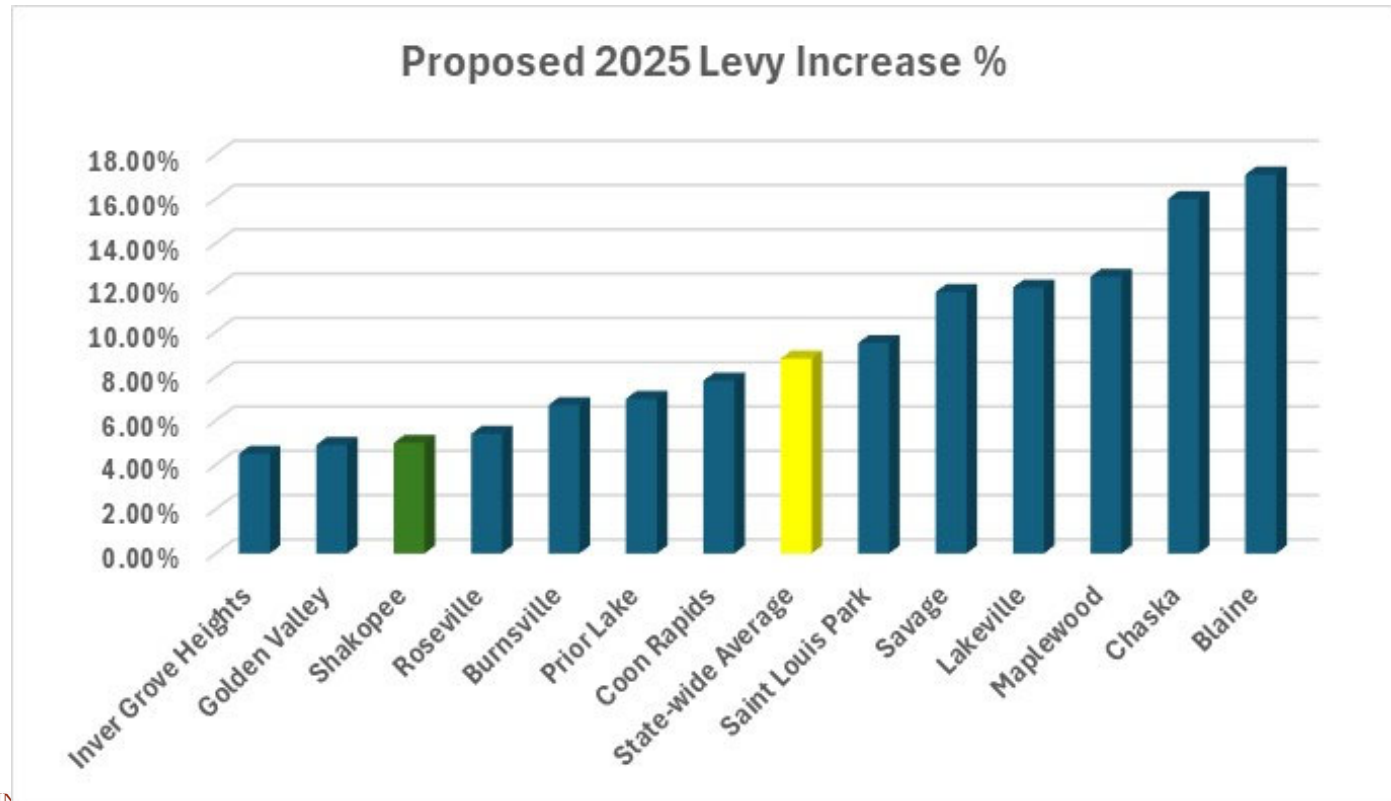


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Cities in the metro with population between 25,000 and 100,000, based on 2023 property taxes.

# 2025 Preliminary Levies – of comparable and surrounding cities

City	Levy %
Inver Grove Heights	4.50%
Golden Valley	4.90%
<b>Shakopee</b>	<b>4.99%</b>
Roseville	5.40%
Burnsville	6.70%
Prior Lake	6.98%
Coon Rapids	7.80%
<b>State-wide Average</b>	<b>8.80%</b>
Saint Louis Park	9.50%
Savage	11.80%
Lakeville	12.00%
Maplewood	12.49%
Chaska	16.00%
Blaine	17.10%



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

	<u>2024 Final</u>	<u>2025 Preliminary</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
<b>City Levy</b>				
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%
<b>Total Debt Service</b>	<b><u>2,310,500</u></b>	<b><u>2,189,000</u></b>	<b><u>(121,500)</u></b>	<b><u>-5.26%</u></b>
<b>Total City Levy</b>	<b><u>\$ 25,473,000</u></b>	<b><u>\$ 26,744,050</u></b>	<b><u>\$ 1,271,050</u></b>	<b><u>4.99%</u></b>
<b>Shakopee EDA Special Levy</b>	<b><u>\$ 500,000</u></b>	<b><u>\$ 500,000</u></b>	<b><u>\$ -</u></b>	<b><u>0.00%</u></b>
<b>Total City and EDA Levies</b>	<b><u>\$ 25,973,000</u></b>	<b><u>\$ 27,244,050</u></b>	<b><u>\$ 1,271,050</u></b>	<b><u>4.89%</u></b>



# 2025 Proposed 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
<b>TOTAL REVENUES</b>	<b>34,799,558.66</b>	<b>40,055,689.15</b>	<b>36,247,000.00</b>	<b>38,803,300.00</b>
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)
<b>TOTAL EXPENDITURES</b>	<b>(32,803,461.11)</b>	<b>(34,473,752.99)</b>	<b>(37,058,360.00)</b>	<b>(39,679,300.00)</b>
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
<b>TOTAL OTHER FINANCING</b>	<b>231,208.38</b>	<b>(3,562,751.57)</b>	<b>611,360.00</b>	<b>876,000.00</b>
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
<b>NET</b>	<b>2,227,305.93</b>	<b>2,145,184.59</b>	<b>0.00</b>	<b>0.00</b>



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# 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)
<b>Change in property tax levy</b>	<b>\$1,271,050</b>



# 2025 Revenue Changes

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

<b>Description</b>	<b>Change</b>
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
<b>Change in Revenues</b>	<b>\$1,663,750</b>



# 2025 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
<b>Change in transfers</b>		<b>\$264,640</b>



# 2025 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)
<b>Change in wages &amp; benefits</b>	<b>\$1,969,200</b>



# 2025 Expenditure Changes

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

<b>Description</b>	<b>Change</b>
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)
<b>Change in operational expenses</b>	<b>\$581,090</b>



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





# 2025 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)	<b>(252,550)</b>
<b>Change in one-time costs</b>	<b>(\$84,550)</b>

- 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	2025 Budget	2026 Projected	2027 Projected	2028 Projected	2029 Projected
CIF - Levy	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Franchise Fees	950,000	950,000	950,000	950,000	950,000
Special Assessments	350,000	350,000	350,000	350,000	350,000
Municipal State Aid	1,989,800	2,075,600	2,127,000	2,127,000	2,127,000
Other	3,708,400	4,438,489	661,089	571,714	600,339
<b>Total Revenues</b>	<b>8,198,200</b>	<b>9,014,089</b>	<b>5,288,089</b>	<b>5,198,714</b>	<b>5,227,339</b>
Expenses					
Annual (overlay/recon.)	9,215,400	6,349,000	7,175,000	8,652,000	6,239,000
Other Project Costs	4,883,000	8,863,300	3,483,000	-	450,000
<b>Total Expenses</b>	<b>14,098,400</b>	<b>15,212,300</b>	<b>10,658,000</b>	<b>8,652,000</b>	<b>6,689,000</b>
<b>Net</b>	<b>(5,900,201)</b>	<b>(6,198,211)</b>	<b>(5,369,911)</b>	<b>(3,453,286)</b>	<b>(1,461,661)</b>

2023 Community Survey – 67% willing to pay more to keep roads well-maintained.



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# 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
  - Required debt cancellation of \$346,500
- 2016 Abatement Bond Levy \$2,189,000 (no change)
  - Funded Community Center and Ice Arena construction
  - Required debt cancellation of \$49,800



# Taxable Market Value

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

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



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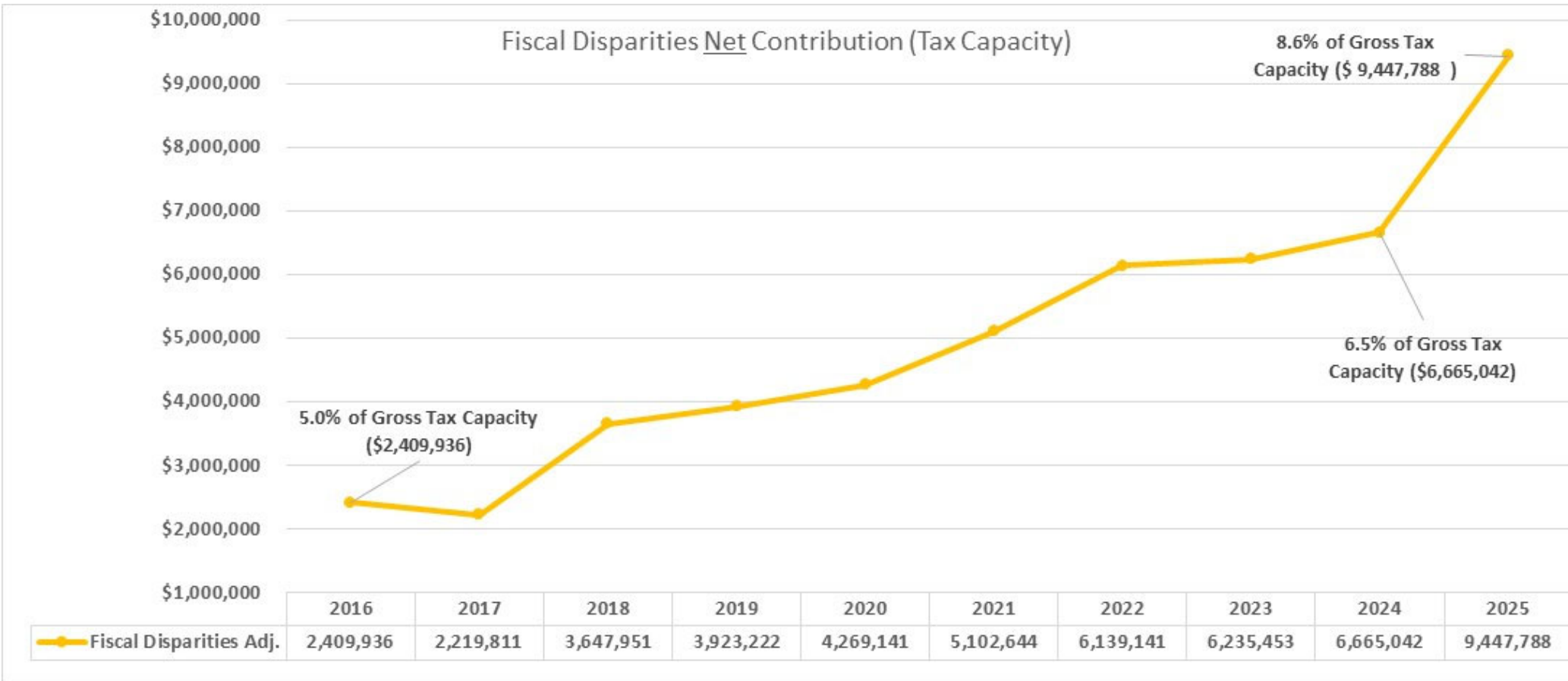
# Residential Market Value

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

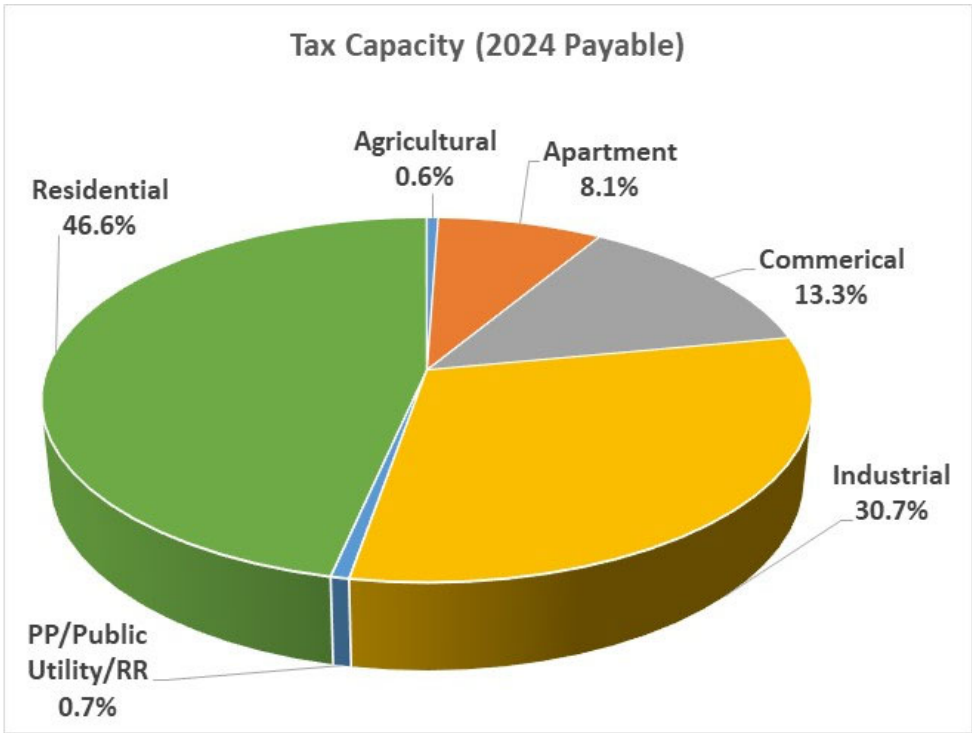
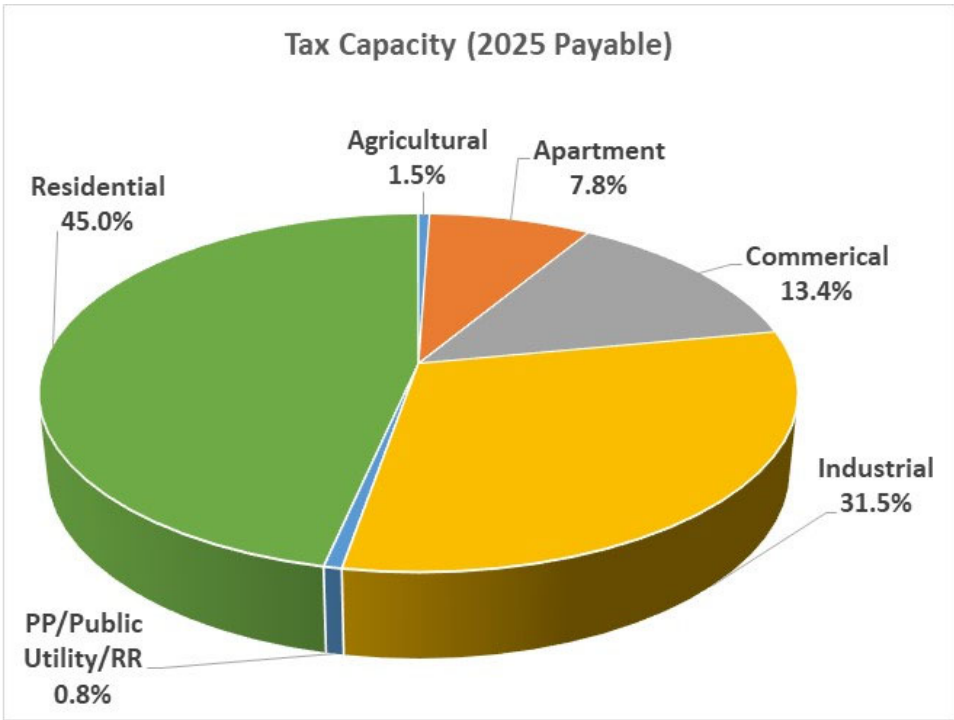
Residential Impacts - Shakopee		
Estimated Market Value Range Increase/Decrease	Number of Residential Properties	Percentage of Total
+15.01+%	411	3%
+10.01-15.00%	579	4%
+5.01-10.00%	2,210	17%
+0.01-5.00%	9,120	70%
No Change	17	0%
-0.01-5.00%	505	4%
-5.01 - 10.00%	63	0%
-10.00 - 15.00%	35	0%
-15.01%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



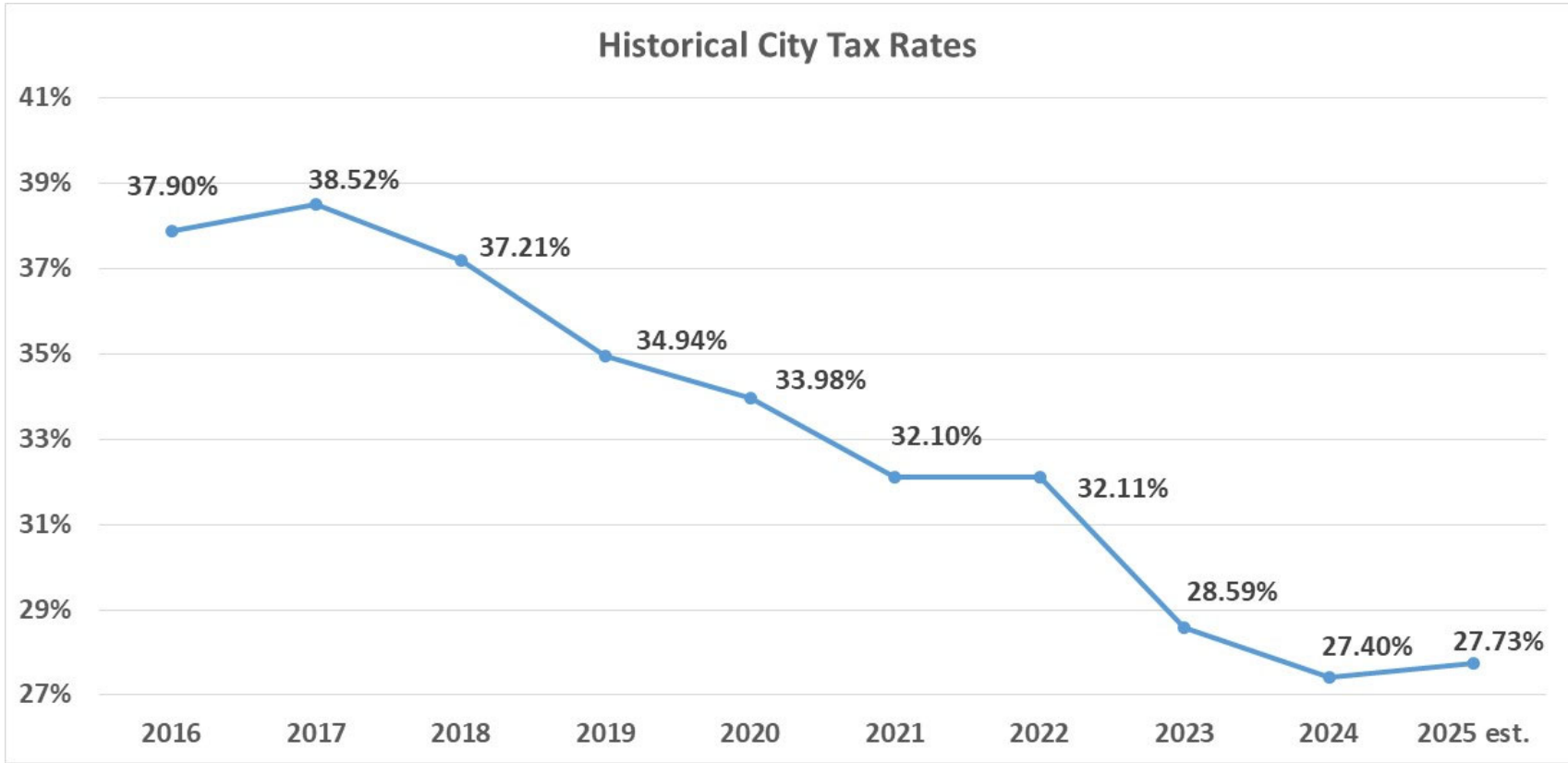
# Fiscal Disparities (net contribution)



# Tax Capacity



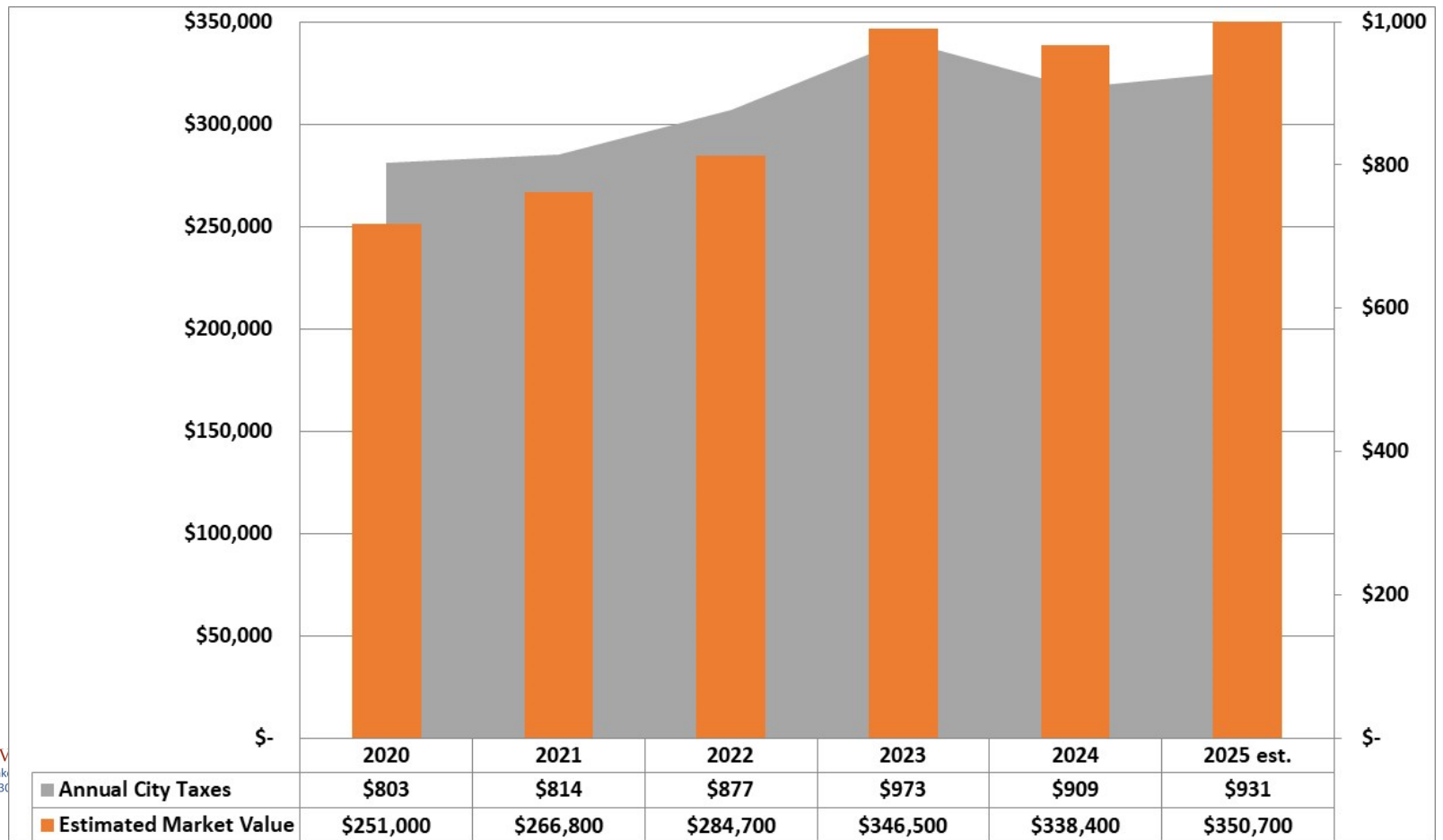
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# Median Value Home



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City of Shak  
952-233-930

# 2025 Property Tax Levy Comparison

Pay 2025 Market  
Value of \$270,000 =  
\$12 tax increase



Pay 2025 Market  
Value of \$350,700 =  
\$22 tax increase

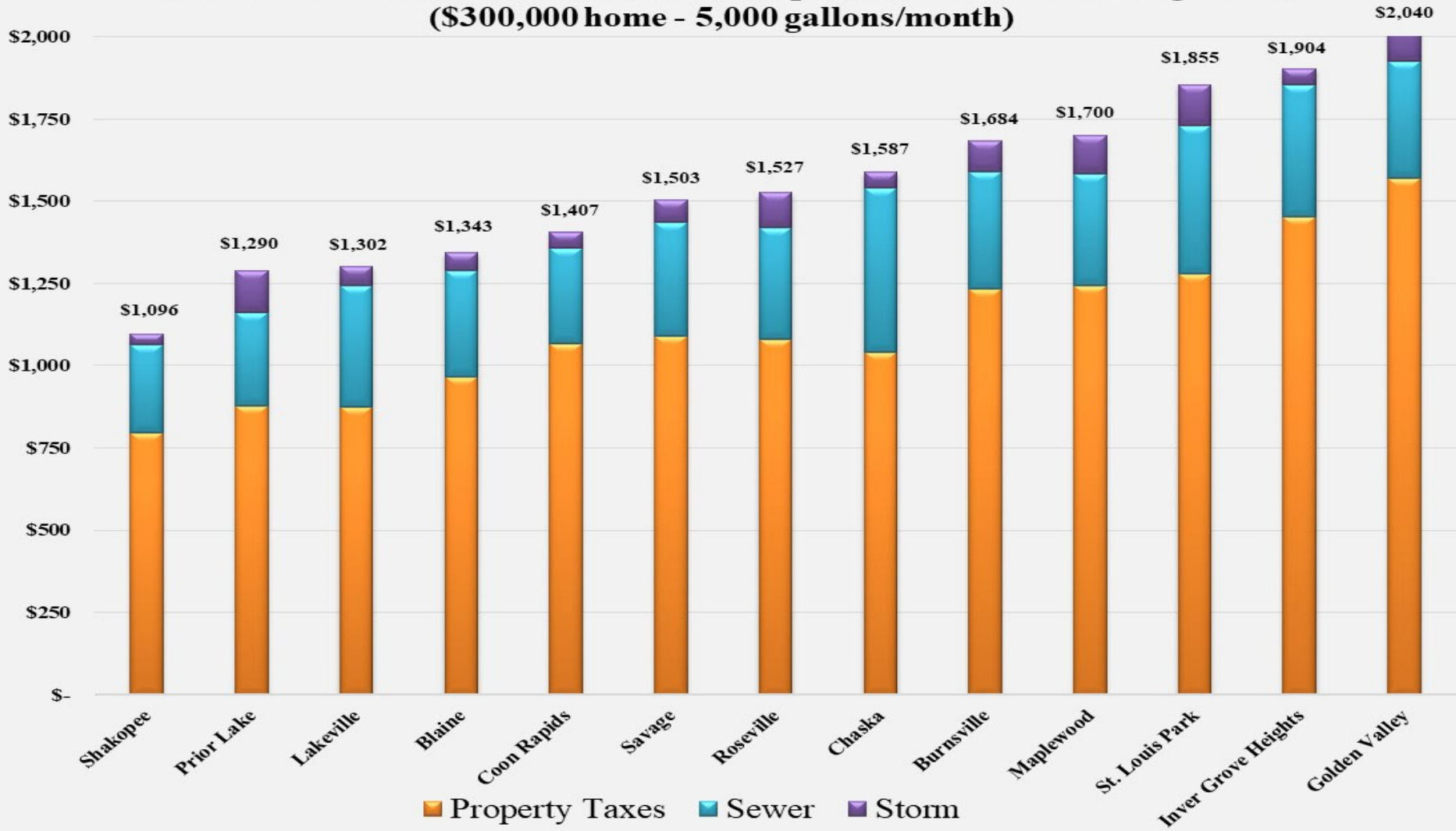


Pay 2025 Market  
Value of \$433,000 =  
\$37 tax increase



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



# Budget Calendar

Date	Who	What
May 7, 2024	Council/Staff	Review Long-term Financial Plan
July 10, 2024	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 Final EDA Levy.
September 30, 2024	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
November 6, 2024	Council	Adopt final 2025-2029 CIP
Mid-November	County	Proposed tax notices sent to owners
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

# 2025 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 17 for final approval.
- No action is required tonight other than to invite to the public to speak.



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