
To: Mayor and City Council
CC: Kevin McCann, City Administrator
From: Jessica Ryan, Interim Finance Director
Subject: 2023 Levy Options
Date: November 10, 2022

Overview

The 2022 total tax levy was \$7,122,995, with a tax rate of 47.833%. During the September 19th Council meeting, the maximum tax levy was set to a 10.4% increase, totaling \$7,861,932 for 2023, and is projected to reduce the tax rate by 2.642% to 45.191%.

Options

Staff has prepared four different tax levy options. Each option presented applies \$5,724,621 to the general fund, \$75,000 to the Port Authority Fund, \$1,400,405 to the Debt Service Fund, \$469,334 to the Tax Abatement Fund, and any remaining funds could be designated for an additional officer and funding towards Somerset Lane.

1. 10.4% Levy Increase – this is the maximum amount and would generate \$192,572 in additional tax levy. Overall, this levy increase would still lower the overall tax rate by 2.642%, bringing it to 45.191%. The additional levy funds could be used to fund two additional police officers, fund our portion of the All Seasons Arena repairs, fund the transit increase, as well as apply \$84,263 toward the debt service fund for Somerset Lane.

The future Debt Service Levy forecast would remain at the 7.5% annual increase and the tax rate would remain flat over the next five years, using an annual growth rate of 3.8% which is the 20-year average annual growth.

2. 9.8% Levy Increase – this increase is slightly lower than option 1 but would still generate \$150,640 in additional levy funds. This option would lower the overall tax rate by 2.883%, bringing it to 44.95%. The additional funds would cover the same items as option 1 and apply \$42,331 toward the debt service fund for Somerset Lane.

The future Debt Service Levy forecast would go to an 8.5% annual increase and the tax rate would increase 0.70% over the next five years, using an annual growth rate of 3.8% which is the 20-year average annual growth.

3. 9.2% Levy Increase – this increase is the minimum needed for us to fund the additional two police officers that the Police Department requested. This option would lower the tax rate by 3.127%, making it 44.706%, and still generate an additional \$108,340 in levy funds. It would cover the All Seasons Arena repairs and the transit increase. It would not apply any extra funds toward the Somerset Lane project.

The future Debt Service Levy forecast would go to a 9.5% annual increase, and the tax rate would increase by 0.70% over the next five years, using an annual growth rate of 3.8%, which is the 20-year average annual growth.

4. 7.67% Levy Increase – this increase has the most significant decrease to the current tax rate by 3.749%, bringing it to 44.084%. It would generate the base funds requested in the budget presented at previous work sessions. It would fund one additional police officer, our portion of the All Seasons Arena, and the transit increase.

The future Debt Service Levy forecast would go to a 9.5% annual increase, and the tax rate would increase by 0.70% over the next five years, using an annual growth rate of 3.8%, which is the 20-year average annual growth.

Summary

Staff is requesting that you review the 2023 Tax Levy Options and what each option would provide for the City. Should you wish to move forward with two police officers as requested by that department, it is recommended that you consider options 1-3. Staff will use the preferred option to prepare the Truth in Taxation materials for December 5th. The final tax levy will be adopted at the December 19th Council meeting.

To: Mayor and City Council
CC: Kevin McCann, City Administrator
From: Jessica Ryan, Interim Finance Director
Subject: Auto Read Meters
Date: November 4, 2022

Overview

Over the years, residents have inquired about technology that would eliminate the need to read and submit monthly meter readings to the City of North Mankato. In 2018, it was approved to start using auto-read meters. This was after much discussion about our current meters, our processes, and the various costs associated with the change. While the City had no direct costs associated with reading the actual meters, other costs needed to be considered. The current self-read meters, some of which are over 20 years old, have slowed down and are not accurately reading the water flowing through them. This means that more water is used than the City is billing for. Another cost that needs to be considered is staff time entering the meter readings from residents and the time needed to contact those residents when the readings were too high or too low.

The following is a summary of the auto read meters that we have installed, what we currently have pending, our processes, and our goals going forward. We started installing auto read meters in January 2019. Currently, residents have the option of installing an auto read meter if they choose but it is not required. When meters are replaced and when new meters are installed for street projects, the auto read meters are installed.

Current Statistics

We currently have 5,560 active utility accounts with 7,522 total meters. Of that, 1,007 have been replaced with the new auto read meters which is approximately 13.39%. We currently have 35 people on our waiting list. This list is for residents who have requested that our water service technicians replace the meter instead of contracting with their own plumber.

Our Process

All current self-read meters are read by the resident and submitted to City Hall with their utility payment. The resident can write the reading on their water bill, submit it online, or call the office. The reading is then entered manually into the billing software. The software will then calculate the usage for the next billing. If high usage is determined, the resident is notified and another reading is requested. Often, it is found that the

original submission was incorrect. The self-read meters allow for opportunities where inaccurate readings could be provided either accidentally or on purpose. The staff has conducted sporadic meter reading checks to verify the readings provided. Also, when the occupancy of a home changes, readings are obtained from both the resident moving out and the resident moving in. Individuals who fail to provide readings are charged a no reading fee of \$3.00 and after three consecutive months of not reading their meter, they are charged a \$20 fee with the possibility of also having their water being disconnected.

Auto read meters are currently read once per month. A staff member will drive past homes with an auto read meter device and the computer in their vehicle will pick up the current readings as well as information for the previous month. This data is then sent to City Hall and uploaded automatically into the billing software. This process reduces data entry time and errors as well as provides additional information that self-read meters cannot. The additional data is especially helpful when determining when a leak may have occurred.

Currently, if a resident wishes to have City staff install a new meter, they simply need to visit the City website and fill out a short form with their basic information. This process notifies City staff of their interest, and the resident is added to the waiting list. Staff then contacts the homeowner and sets up a time to have the meter installed. Since the meter is owned by the homeowner, payment is made for the meter prior to the installation date. The labor charges are billed afterwards. Please note, the homeowner does have the option to add the charges to their water bill and/or make monthly payments. They also have the option to hire their own plumber. That plumber will come to City Hall to get a permit and the meter and then do the installation.

Meter Costs

This chart lists the current meter sizes and prices. Our supplier has informed us that there is a good chance these prices will increase at the beginning of 2023. We pass on our costs for these meters and no more. No revenue is gained from these sales.

Meter Size	Cost including taxes
5/8" (most common residential)	\$ 201.74
3/4"	\$ 267.53
1"	\$ 366.78
1 1/2"	\$ 959.36

Goals

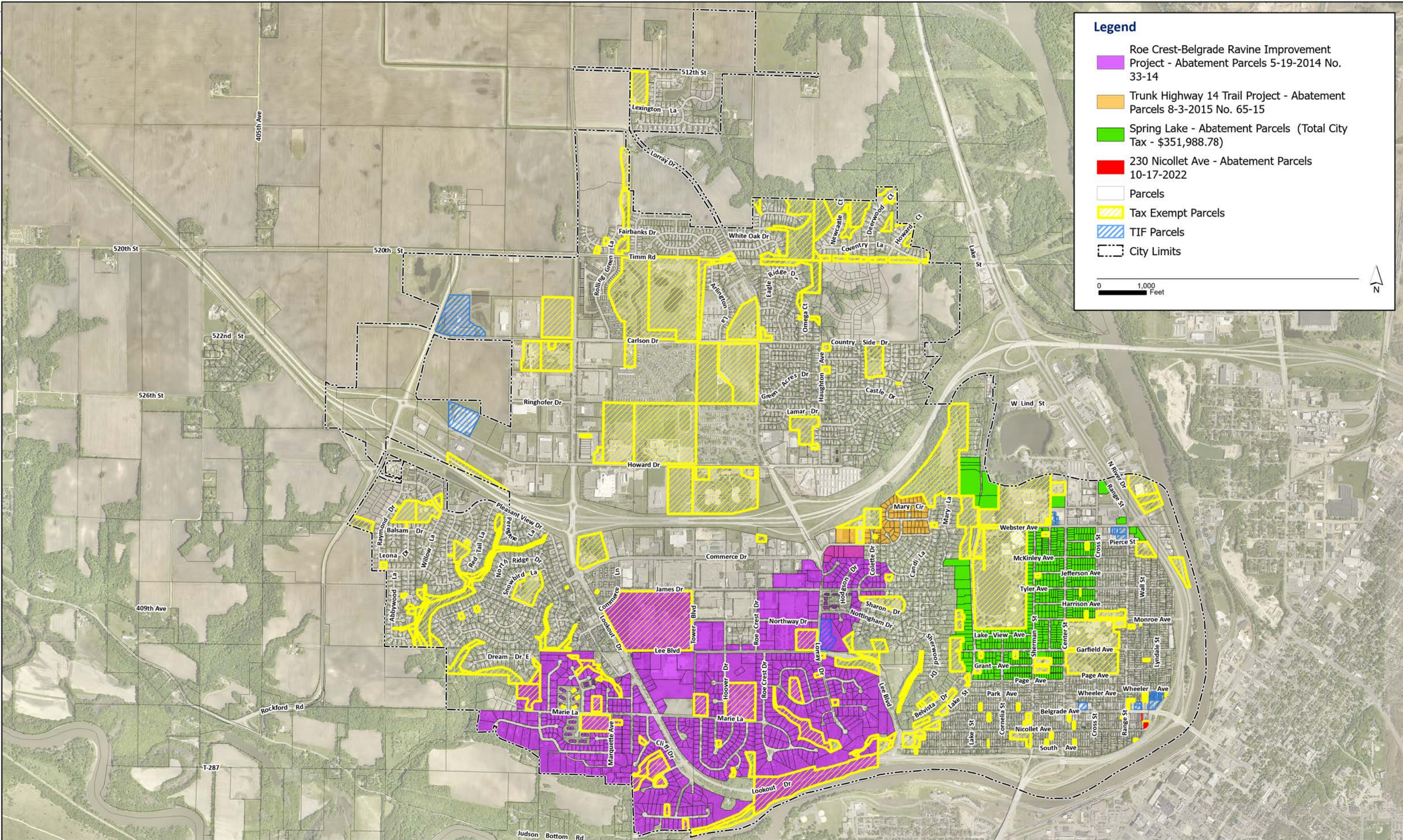
Our goal is to increase the rate at which these meters are being installed. This will help with more accurate readings of water usage, reduces the fees to residents for not reading the meter, and will help reduce the paperwork during the move in/move out process.

Options

1. Include requiring an auto read meter as part of the rental license renewal policy for 2024. This would require Council approval and notices to be sent to those landlords as soon as possible.
2. Increase the base water bill slightly and then give a discount to those who have converted to an auto read meter.
3. Requiring sections of the town to convert to the auto read meters during different phases. The homeowners would have the option to hire their own plumber, or have our staff install them. This may mean that we need to temporarily hire an additional staff member that focuses only on meter installations. We would then charge a fee for those who chose not to convert their meter during or before their phase.

Next Steps

If the City Council wishes to pursue increasing the number of auto read meters in the City, staff requests direction on the aforementioned options and is open to feedback and suggestions.



Legend

- Roe Crest-Belgrade Ravine Improvement Project - Abatement Parcels 5-19-2014 No. 33-14
- Trunk Highway 14 Trail Project - Abatement Parcels 8-3-2015 No. 65-15
- Spring Lake - Abatement Parcels (Total City Tax - \$351,988.78)
- 230 Nicollet Ave - Abatement Parcels 10-17-2022
- Parcels
- Tax Exempt Parcels
- TIF Parcels
- City Limits

0 1,000 Feet

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