

A G E N D A
NORTH MANKATO CITY COUNCIL
NORTH MANKATO COUNCIL CHAMBERS
7 P.M.

DATE: September 12, 2011

TYPE OF MEETING: Special

1. Call the meeting to order.
2. The Pledge of Allegiance.
3. Roll Call.
4. Determination of a Quorum.
5. Discussion of Proposed 2012 Budget.
 - a. Resolution Approving a Proposed Tax Levy.
6. Other Business.
7. Adjourn.

MEMORANDUM

TO: Honorable Mayor and City Council

FROM: Wendell Sande, City Administrator

DATE: September 9, 2011

SUBJECT: Tax Capacity

In reflecting on some of the comments that have been made by citizens regarding our economic development efforts, I wanted to highlight the continuing increase in our tax base. I have attached the budget page reflecting our total tax capacity and the changes over the last 10 years. What I believe the schedule demonstrates is that despite reductions in certain residential property values, our economic development efforts have enabled us to continue to increase the tax base of the community.

I believe we need to continue our economic development and redevelopment efforts and continue to make the investments necessary to ensure our future success. Our efforts in the Central Business District are now showing tangible results. The additional housing units being constructed and the upgrade of other buildings will provide the type of momentum needed to attract additional retail activity. The increased property values will add to the tax base.

CITY OF NORTH MANKATO
2012 BUDGET

ASSESSED VALUATION, TAX CAPACITY, TAX CAPACITY RATE, TAX LEVY AND
MILL RATE

	TAX CAPACITY *	INCREASE	%	TAX CAPACITY RATES
2001-2002	7,181,760 ***	(1,166,036)	(13.97)	36.963%
2002-2003	7,759,123	577,363	8.04	37.236%
2003-2004	8,540,232	781,109	8.51	39.888%
2004-2005	9,241,924	701,692	8.22	42.462%
2005-2006	9,514,933	272,748	3.01	41.246%
2006-2007	9,750,656	235,723	2.47	43.267%
2007-2008	10,342,161	591,505	6.07	44.513%
2008-2009	10,484,247	142,086	1.37	44.581%
2009-2010	10,551,259	67,012	0.64	45.626%
2010-2011	10,598,032	46,773	0.44	45.425%
2011-2012				

TAX COLLECTIONS	
YEAR	TAXES LEVIED
2002	\$ 2,654,594 **
2003	\$ 2,889,189
2004	\$ 3,406,602
2005	\$ 3,924,419
2006	\$ 3,924,419
2007	\$ 4,218,750
2008	\$ 4,603,569
2009	\$ 4,674,079
2010	\$ 4,814,154
2011	\$ 4,814,154
2012	\$ 5,400,223

* Net of Tax Increment District Captured Valuations/Capacities.

** Tax Levy Changes Due to 2001 Legislative Changes.

*** Tax Capacity Decreases are the result of Class Rate changes adopted by the State Legislature.

MEMORANDUM

TO: Honorable Mayor and City Council
City of North Mankato

FROM: Steve Mork, Finance Director

DATE: September 9, 2011

SUBJECT: Tax Levy Information

Enclosed is a schedule showing levy reduction scenarios and the levy reduction necessary in order to arrive at each of the levy increases you requested. I have also enclosed a worksheet showing detailed reductions necessary to reach these goals. Our original proposed budget only included a 1.67% increase in general fund expenditures compared to a current inflation rate of 3.8% based on the C.P.I. increase from July 2010 to July 2011. The remainder of the levy increase relates to LGA cuts from the State of Minnesota.

I also wish to respond to some of the claims that were made at the meeting last night. First was that our comparable data with other cities aren't comparable since some of the other cities have civic centers or new water treatment facilities. The information included in my comparison is governmental fund current expenditures. Civic Centers and water treatment facilities are accounted for in business type funds also known as Enterprise Funds and are not included in the analysis. We used the current expenditures in governmental funds for this comparison since all cities have the same basic types of governmental fund activities and therefore the comparisons are valid.

The other item is the reference to North Mankato as a bedroom community. The official statement prepared for our 2010 bond issues shows that for taxes payable in 2010, 23.57% of our tax capacity was commercial/industrial and this does not include the record industrial construction that we have had in the past two years. In addition, the listing of the top 20 employers in the North Mankato/Mankato area shows that eleven of the top 20 employers are located in the City of North Mankato with a total employment for the eleven employers of 4,775. The second ranked employer is ISD 77 which has four schools in North Mankato. The latest information on employers from the Minnesota Department of Trade and Economic Development show a total of 6,358 employees within the City of North Mankato and a labor force of 7,327 from 5,864 households. This is a ratio of 86.7% employees compared to the labor force or 1.08 jobs per household. From the definitions that I have found for bedroom communities, I don't believe that with these statistics anyone could refer to North Mankato as a bedroom community.

Please review the attached estimates of the impact on selected property values at the various levels of increase in the City levy. With regard to the District 77 levy referendum their request is for a renewal of the existing levy and will not increase property taxes.

CITY OF NORTH MANKATO
LEVY REDUCTION SCENERIOS
2012

	<u>Levy</u>	<u>Incremental Levy Reduction</u>	<u>Total Levy Reduction</u>	<u>Levy Increase %</u>
Proposed Budget Levy	\$5,400,223			12.17%
Levy Back LGA	\$5,284,649	\$115,574	\$115,574	9.77%
7.5% Levy Increase	\$5,175,216	\$109,433	\$225,007	7.50%
5.0% Levy Increase	\$5,054,862	\$120,354	\$345,361	5.00%
2.5% Levy Increase	\$4,934,508	\$120,354	\$465,715	2.50%

CITY OF NORTH MANKATO
LEVY REDUCTION SCENARIOS

DETAIL
2012

Category	12.17%		9.77%		7.5% Levy		5.0% Levy		2.5% Levy	
	Proposed Levy	Levy Back LGA	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Building Inspection Non-Capital Equip		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Summit Center Appropriation		\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Twin Rivers Council for the Arts		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Street Non-Capital Equip		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Maint of Equip Non-Capital Equip		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Crossing Guards		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Mass Transit		\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Street Roof Repair			\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
Street Pipe			\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Swim Facility			\$58,850	\$58,850	\$58,850	\$58,850	\$58,850	\$58,850	\$58,850	\$58,850
Street Asphalt 50%			\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Street Seal Coating Oil 50%					\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500
Street Seal Coating Rock 50%					\$15,500	\$15,500	\$15,500	\$15,500	\$15,500	\$15,500
Street Salt and Sand for Ice 33%					\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Increase Licenses 25%					\$19,900	\$19,900	\$19,900	\$19,900	\$19,900	\$19,900
Eliminate Parkland Levy					\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
Increase Building Permits Fees 10%					\$21,800	\$21,800	\$21,800	\$21,800	\$21,800	\$21,800
Reduce Newsletter to 2 Times per Year									\$11,000	\$11,000
Defer Equipment Certificates 1 Year									\$69,000	\$69,000
Implement Street Lighting User Fee									\$80,690	\$80,690
	<u>\$0</u>	<u>\$115,000</u>	<u>\$222,350</u>	<u>\$344,550</u>	<u>\$344,550</u>	<u>\$505,240</u>	<u>\$505,240</u>	<u>\$505,240</u>	<u>\$505,240</u>	<u>\$505,240</u>
Reduction Goal	\$0	\$115,574	\$225,007	\$345,361	\$345,361	\$465,715	\$465,715	\$465,715	\$465,715	\$465,715
Balance		\$574	\$2,657	\$811	\$811	(\$39,525)	(\$39,525)	(\$39,525)	(\$39,525)	(\$39,525)

CITY OF NORTH MANKATO
 Potential Expenditure Reductions and Revenue Enhancements - 2011
 Budget Workshop
 09/06/11

	<u>Proposed Budget</u>		
<u>Expenditure Reductions</u>			
Crossing Guards	\$15,000		
Building Inspector Non-Capitalized Equipment	\$10,000		
Street Roof Repair	\$26,000		
Street Pipe	\$7,500		
Street Asphalt	\$30,000		
Street Seal Coating Oil	\$85,000		
Street Seal Coating Rock	\$31,000		
Street Salt and Sand for Ice	\$42,000		
Street Non-Capital Equipment	\$8,000		
Maintenance of Equip Non-Capital Equipment	\$7,000		
Swim Facility	\$58,850 Net		
Mass Transit - Bus Service	\$53,000		
Summit Center Appropriation	\$12,000		
Eliminate Parkland Levy	\$8,500		
Reduce Newsletter to 2 Times per Year	\$11,000		
Defer Equipment Certificates 1 Year	\$69,000		
Twin Rivers Council for the Arts Appropriation	\$10,000		
Total Expenditures	<u>\$483,850</u>		
<u>Revenue Enhancements</u>			
Licenses	\$79,600	<u>\$19,900</u>	25%
Street Lighting User Fee \$1.00 /Month or \$4.35 / Acre	\$0	<u>\$80,690</u>	
Building Permits and Plan Review Fees	<u>\$218,000</u>	<u>\$21,800</u>	10%
Total Revenues	<u>\$297,600</u>	<u>\$122,390</u>	

CITY OF NORTH MANKATO
TAX ESTIMATE COMPARISON
2011 VS 2012
PRELIMINARY ESTIMATE

	12.17%	9.77%	7.50%	5.00%	2.50%
	Taxes	Taxes	Taxes	Taxes	Taxes
	Payable	Payable	Payable	Payable	Payable
	2011	2012	2012	2012	2012
<u>Residential</u>					
Market Value	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Tax Capacity Value	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Tax Capacity Rate	117.877%	123.407%	121.284%	120.148%	119.013%
Market Value Rate	0.15011%	0.15011%	0.15011%	0.15011%	0.15011%
Gross Tax	\$1,329	\$1,384	\$1,363	\$1,351	\$1,340
Education Credit					
Market Value Homestead					
Credit	(\$282)	(\$282)	(\$282)	(\$282)	(\$282)
Net Tax	\$1,047	\$1,102	\$1,081	\$1,069	\$1,058
Increase in City Share		\$55	\$34	\$22	\$11
Percent Change		5.25%	3.25%	2.10%	1.05%

CITY OF NORTH MANKATO
TAX ESTIMATE COMPARISON
2011 VS 2012

PRELIMINARY ESTIMATE

	12.17%	9.77%	7.50%	5.00%	2.50%
	Taxes	Taxes	Taxes	Taxes	Taxes
	Payable	Payable	Payable	Payable	Payable
	2011	2012	2012	2012	2012
<u>Residential</u>					
Market Value	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Tax Capacity Value	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Tax Capacity Rate	117.877%	123.407%	121.284%	120.148%	119.013%
Market Value Rate	0.15011%	0.15011%	0.15011%	0.15011%	0.15011%
Gross Tax	\$1,993	\$2,076	\$2,044	\$2,027	\$2,010
Education Credit					
Market Value Homestead					
Credit	(\$237)	(\$237)	(\$237)	(\$237)	(\$237)
Net Tax	\$1,756	\$1,839	\$1,807	\$1,790	\$1,773
Increase in City Share	\$83	\$67	\$51	\$34	\$17
Percent Change	4.73%	3.82%	2.90%	1.94%	0.97%

CITY OF NORTH MANKATO
TAX ESTIMATE COMPARISON
2011 VS 2012
PRELIMINARY ESTIMATE

	12.17%	9.77%	7.50%	5.00%	2.50%
	Taxes	Taxes	Taxes	Taxes	Taxes
	Payable	Payable	Payable	Payable	Payable
	2011	2012	2012	2012	2012
<u>Residential</u>					
Market Value	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Tax Capacity Value	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Tax Capacity Rate	117.877%	123.407%	121.284%	120.148%	119.013%
Market Value Rate	0.15011%	0.15011%	0.15011%	0.15011%	0.15011%
Gross Tax	\$2,658	\$2,768	\$2,726	\$2,703	\$2,680
Education Credit					
Market Value Homestead					
Credit	(\$192)	(\$192)	(\$192)	(\$192)	(\$192)
Net Tax	\$2,466	\$2,576	\$2,534	\$2,511	\$2,488
Increase in City Share	\$110	\$88	\$68	\$45	\$22
Percent Change	4.46%	3.57%	2.76%	1.82%	0.89%

CITY OF NORTH MANKATO
TAX ESTIMATE COMPARISON
2011 VS 2012
PRELIMINARY ESTIMATE

	12.17%	9.77%	7.50%	5.00%	2.50%
	Taxes	Taxes	Taxes	Taxes	Taxes
	Payable	Payable	Payable	Payable	Payable
	2011	2012	2012	2012	2012
<u>Residential</u>					
Market Value	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Tax Capacity Value	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Tax Capacity Rate	117.877%	123.407%	121.284%	120.148%	119.013%
Market Value Rate	0.15011%	0.15011%	0.15011%	0.15011%	0.15011%
Gross Tax	\$3,322	\$3,460	\$3,407	\$3,379	\$3,350
Education Credit					
Market Value Homestead					
Credit	(\$147)	(\$147)	(\$147)	(\$147)	(\$147)
Net Tax	\$3,175	\$3,313	\$3,260	\$3,232	\$3,203
Increase in City Share		\$138	\$85	\$57	\$28
Percent Change		4.35%	2.68%	1.80%	0.88%

CITY OF NORTH MANKATO
TAX ESTIMATE COMPARISON
2011 VS 2012
PRELIMINARY ESTIMATE

	12.17%	9.77%	7.50%	5.00%	2.50%
	Taxes	Taxes	Taxes	Taxes	Taxes
	Payable	Payable	Payable	Payable	Payable
	2011	2012	2012	2012	2012
<u>Residential</u>					
Market Value	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Tax Capacity Value	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Tax Capacity Rate	117.877%	123.407%	122.316%	120.148%	119.013%
Market Value Rate	0.15011%	0.15011%	0.15011%	0.15011%	0.15011%
Gross Tax	\$3,986	\$4,152	\$4,089	\$4,054	\$4,020
Education Credit					
Market Value Homestead					
Credit	(\$102)	(\$102)	(\$102)	(\$102)	(\$102)
Net Tax	\$3,884	\$4,050	\$3,987	\$3,952	\$3,918
Increase in City Share		\$166	\$103	\$68	\$34
Percent Change		4.27%	2.65%	1.75%	0.88%

RESOLUTION APPROVING A PROPOSED TAX LEVY

WHEREAS, Minnesota Statute 275.065 requires that on or before September 15th, each taxing authority shall certify to the County Auditor, the proposed property tax levy for taxes payable in the following year; and

WHEREAS, an estimate of the required property taxes for collection in the City of North Mankato for the tax year payable 2012 has been made;

WHEREAS, the City Council will hold subsequent meetings at which the budget and levy will be discussed and at which public comment will be permitted. The meetings will be held in the Council Chambers of the Municipal building, 1001 Belgrade Avenue, North Mankato, Minnesota as follows:

December 5, 2011	7 p.m.	Public Hearing
December 12, 2011	7 p.m.	Public Hearing (if necessary)
December 19, 2011	7 p.m.	Adopt 2012 Budget and Tax Levy

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, that a proposed tax levy in the amount of \$_____ be certified to the Nicollet County Auditor on or before September 15, 2011. This levy shall be subject to modification by the City Council.

Adopted by the City Council this 6th day of September 2011.

Mayor

ATTEST:

City Clerk

ATTACHMENT TO LEVY RESOLUTION

<u>Percentage Increase</u>	<u>Amount of Levy</u>
12.17	\$5,400,223
9.77	\$5,284,649
7.50	\$5,175,216
5.00	\$5,054,862
2.50	\$4,934,508

MEMORANDUM

TO: Wendell Sande, City Administration
City of North Mankato

FROM: Steve Mork, Finance Director

DATE: September 9, 2011

SUBJECT: Valuation for 1619 Clare Court

I went Nicollet County Assessor website to verify Paul Herzberg's claim that the County had increased the value of his land 66%. After confirming the data with the County Assessor, the following of the valuation history:

<u>Year</u>	<u>Land Value</u>	<u>Dwelling Value</u>	<u>Total Value</u>
2011	\$65,300	\$96,900	\$162,200
2010	\$65,300	\$88,900	\$154,200
2009	\$65,300	\$94,400	\$159,700

This show the land value not changing with only changes in the dwelling value. In 2011 the dwelling value increased \$8,000 but he took out a building permit to reside for \$9,400.

Mr. Herzberg also stated that his taxes increased by \$1,400. The following are the taxes payable on this property for the past 4 years.

2011	\$1,836
2010	\$1,900
2009	\$1,670
2008	\$1,588

I talked to Mr. Herzberg after I talked to the County and he informed me that the increase was with the 2009 assessment which was an increase from 2008 that were as follows.

<u>Year</u>	<u>Land Value</u>	<u>Dwelling Value</u>	<u>Total Value</u>
2008	\$39,300	\$108,200	\$147,500

He appealed the value with the city and county equalization boards and his appeal was denied. He stated that a realtor friend told him that his house had been worth \$180,000 but now he would be lucky to get \$160,000, which is very close to the assessors market value.

June 24, 2011

TO: Nancy Gehrke, Clerk
City of North Mankato

FROM: R. Thomas Gillaspay
Minnesota State Demographer

SUBJECT: 2010 Census Counts

Here are the April 1, 2010 counts from the U.S. Census Bureau:

Total Population:	13,394
Household Population:	13,346
Group Quarters Population:	48
Total Housing Units:	5,864
Occupied Housing Units (Households):	5,580
Vacant Housing Units:	284
Persons per Household:	2.39

These data are provided as a courtesy by the State Demographic Center. The State Demographic Center cannot make any changes to these numbers. Questions about these numbers should be directed to the Census Bureau.