



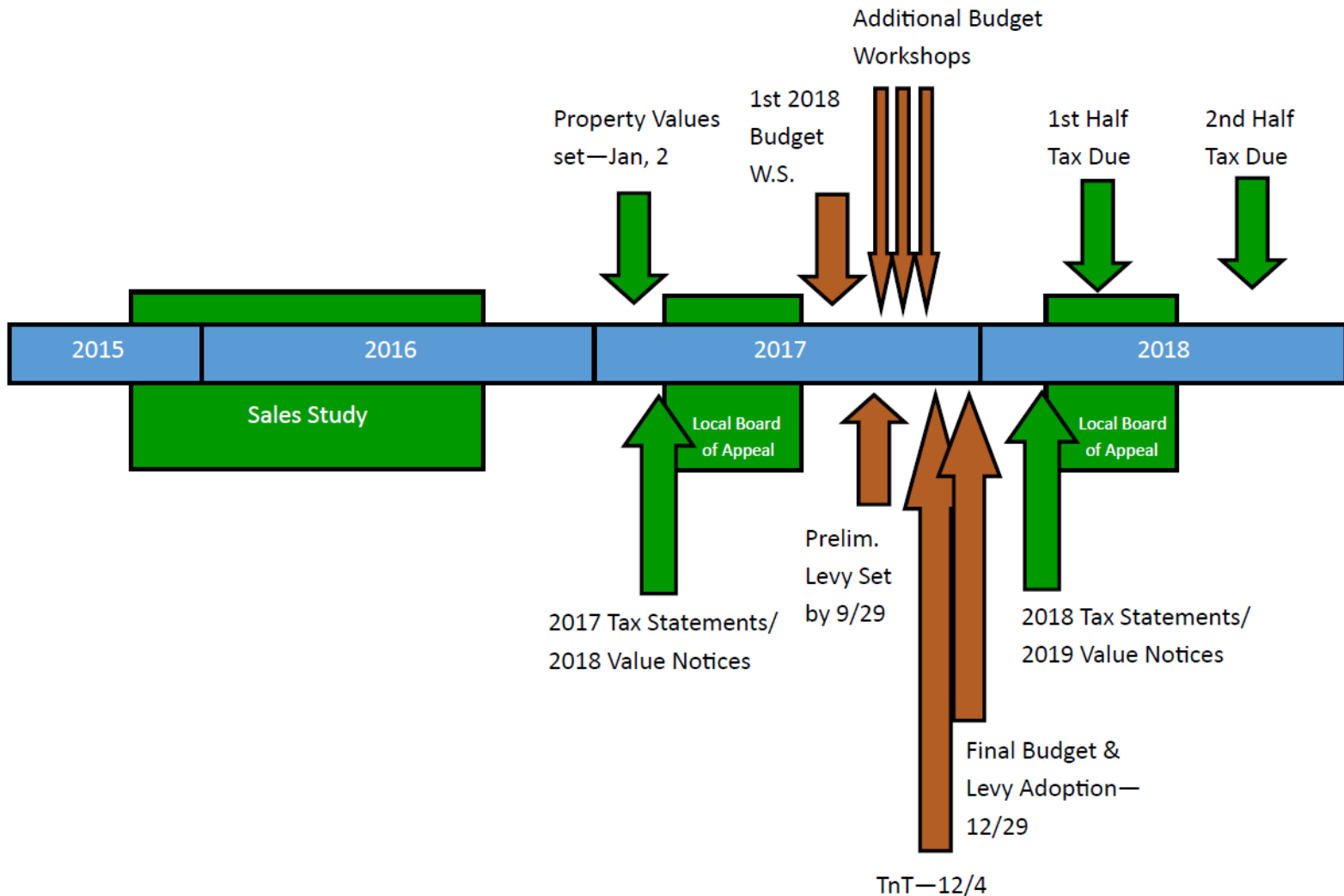
# **2018 Proposed Property Tax Levy, Budget, & CIP**

**December 4, 2017**

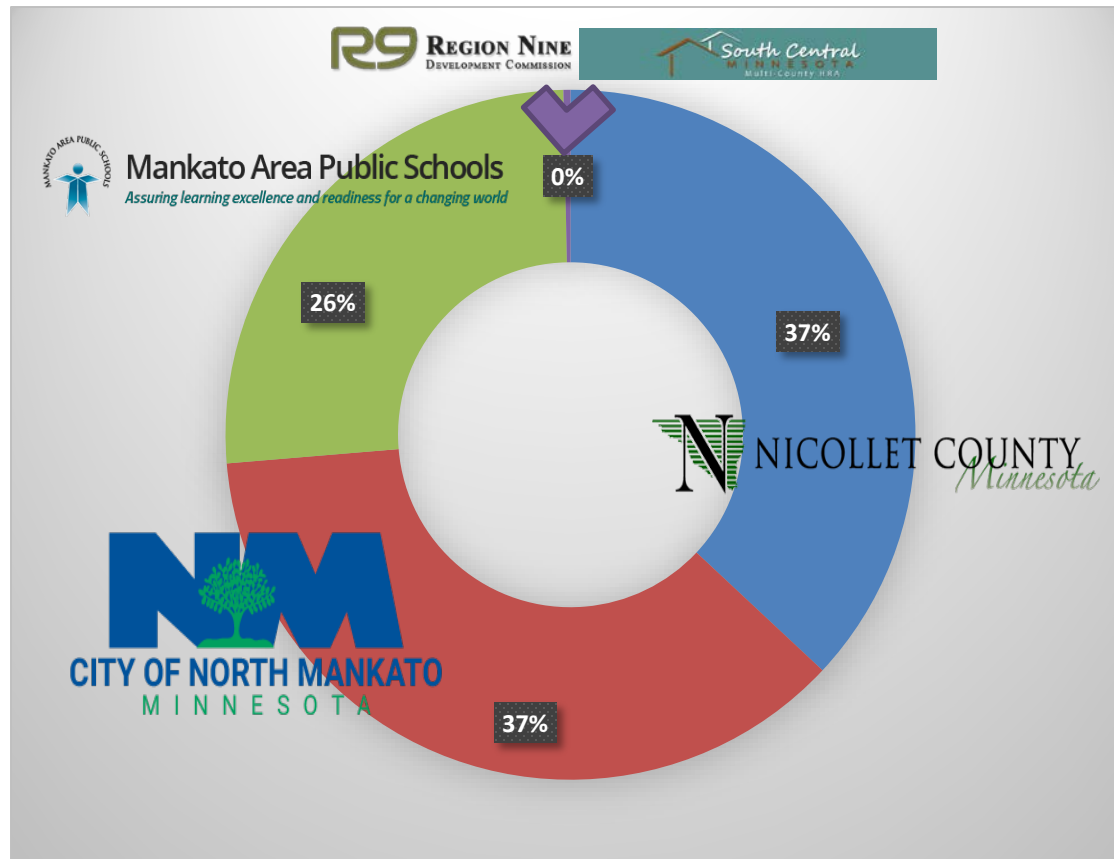
# Purpose of Tonight's Meeting

- Solicit input on the City's proposed tax levy and budget for 2018;
- State law requirement – Truth-in-Taxation;
- Held after property owners receive their proposed property tax statements for 2018 –
  - Statement received is based up the preliminary budget and tax levy approved by the Council in September

# Property Tax and Budget Process Timeline



# Components of Your Property Taxes



Each component has its own Tax Rate

# 2018 Property Taxes

- Preliminary levy set in September (basis of tax notice received).
- No change in final levy dollar amount requested.
- Tax Rate to remain flat at 52%
- Final 2018 levy dollar amount is \$378,000 (6.4%) more than the 2017 levy

# 2018 Property Taxes, cont.

- 7.0% growth in total market value. (approximately \$66 million)
  - 20% is new construction.
    - 17 new homes and one new industrial building (Palmer Bus) in 2017 (2018 Payable)
  - 80% is increased property values.
- \$780,000 increase in the tax capacity
- This growth is expected to offset the tax levy increase of \$378,000



# 2018 Property Taxes, cont.

- The total general property taxes needed by the City of North Mankato for 2018 is \$6,288,751
  - General Fund \$ 4,621,889
  - Port Authority \$ 75,000
  - Debt Service \$ 1,370,848
  - Abatement Levy \$ 221,014
- Final 2017 levy dollar amount is \$378,000 (6.4%) more than the 2016 levy
- Tax Rate = Tax Levy/Total Tax Capacity (remains the same)
  - Total tax capacity increase is larger than the tax levy increase which means a decrease in tax levy



52.485 → 52.251  
2017 2018

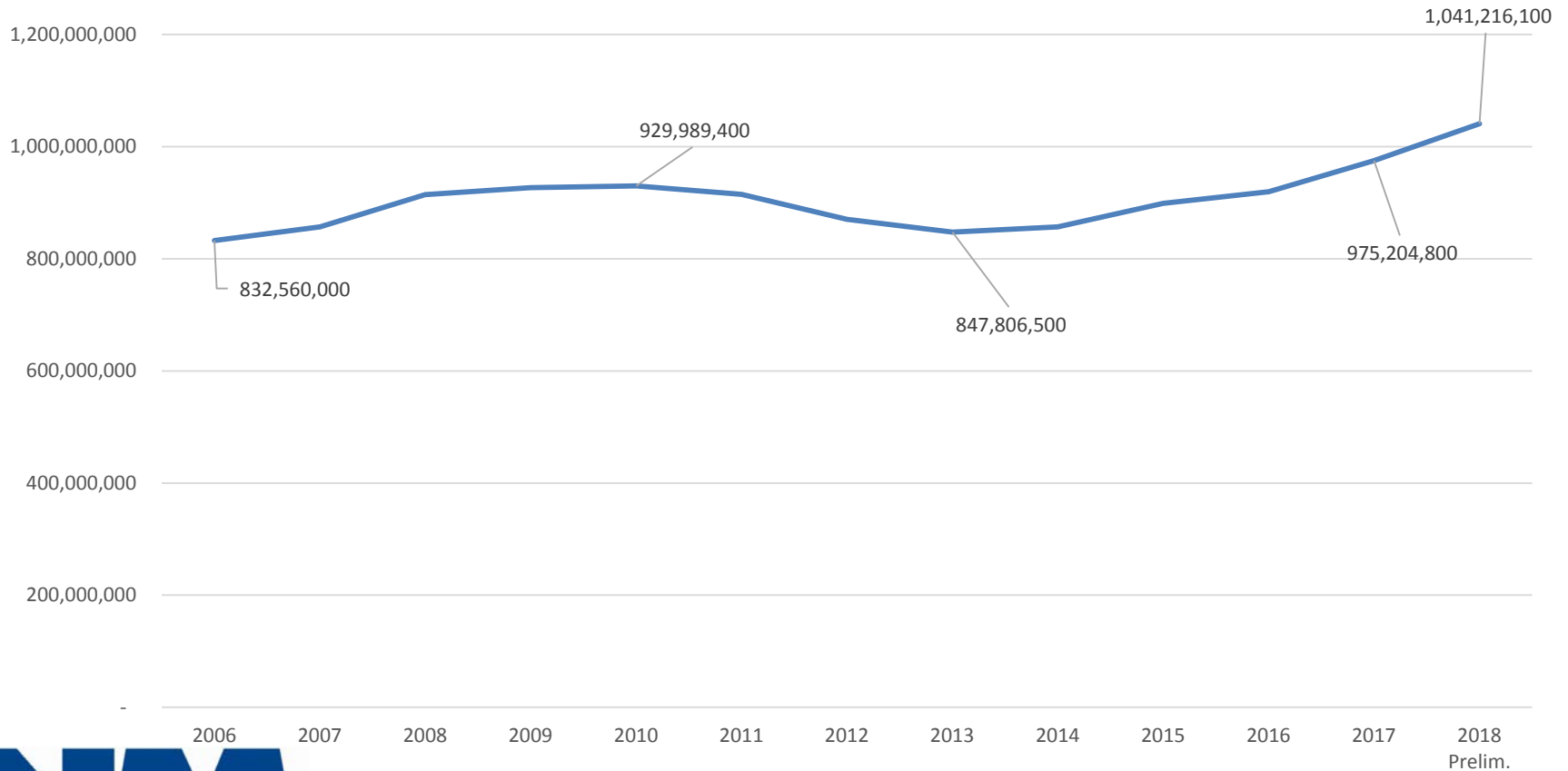
# Levy Comparison

	<b>2017 Amount</b>	<b>2018 Amount</b>	<b>Dollar Amount</b>	<b>% Change</b>
General Fund Levy	\$ 4,282,256	\$ 4,621,889	\$ 339,633	7.93%
Port Authority	75,000	75,000	\$ -	0.00%
Debt Service	1,440,953	1,370,848	\$ (70,105)	-4.87%
Tax Abatement	112,083	221,014	\$ 108,931	97.19%
<b>Total Tax Levy</b>	<b>\$ 5,910,292</b>	<b>\$ 6,288,751</b>	<b>\$ 378,459</b>	<b>6.40%</b>

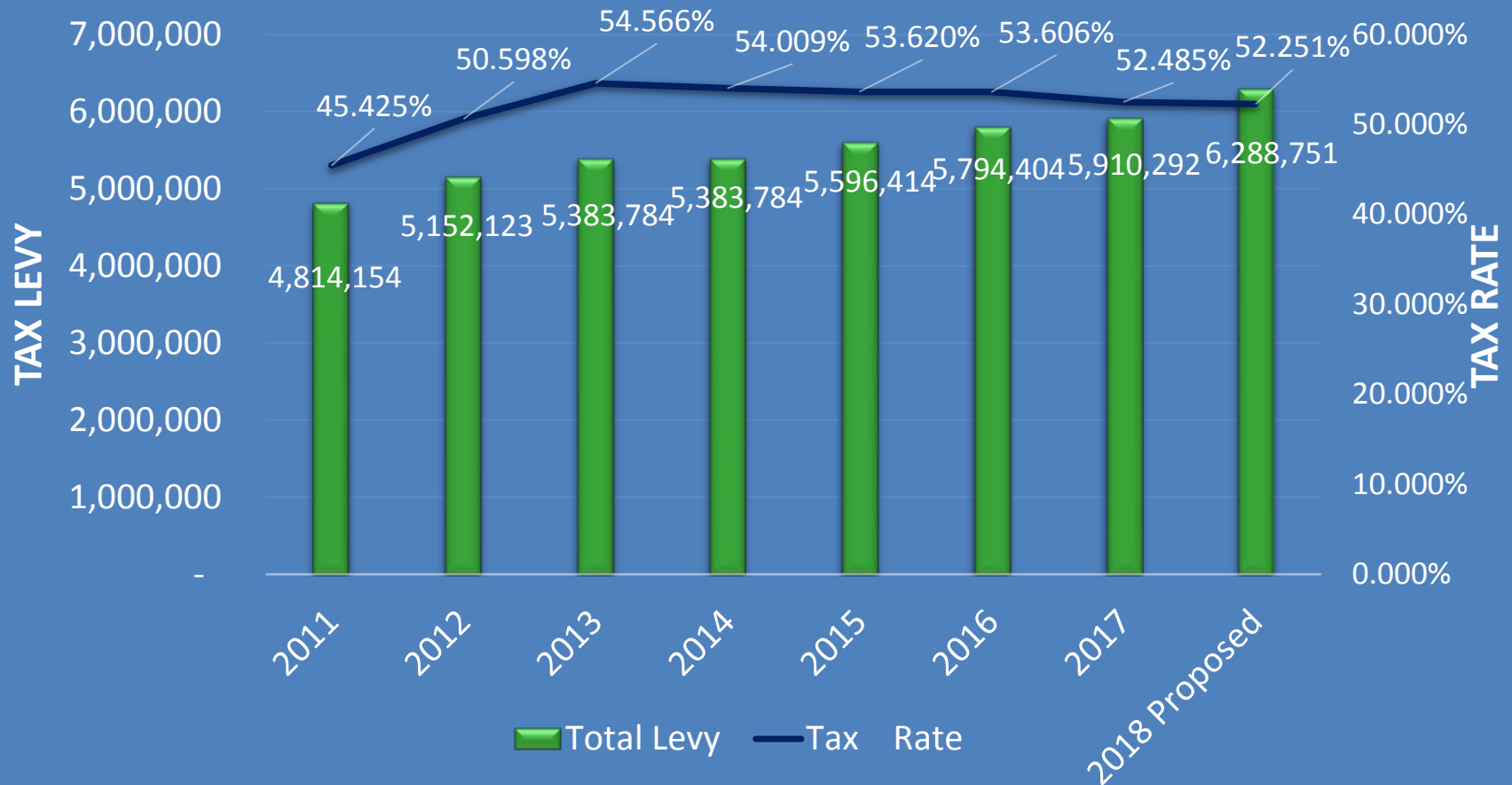


# Taxable Market Value

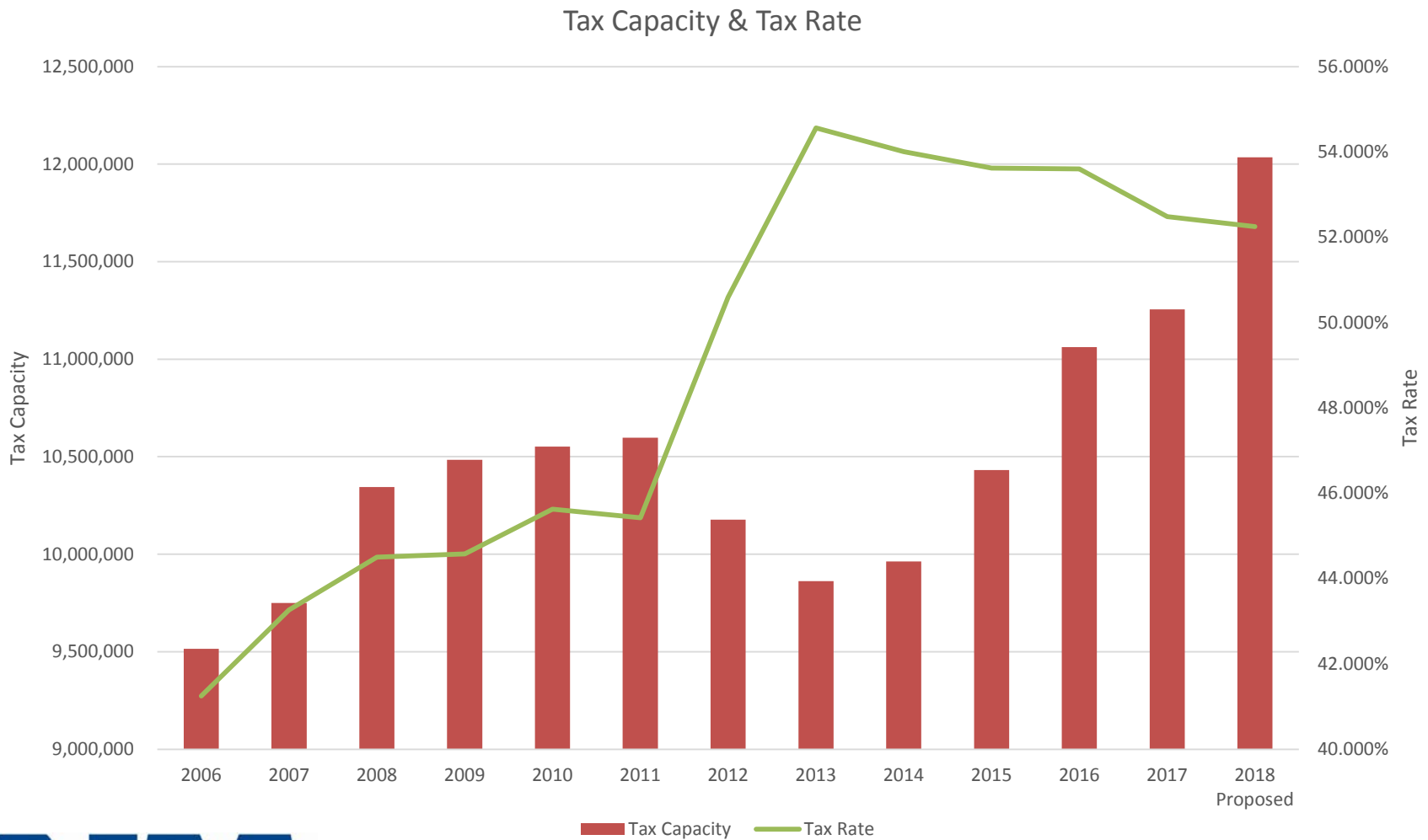
Taxable Market Value



# Tax Levy History – Dollar Amount vs. Rate



# Tax Capacity vs. Tax Rate

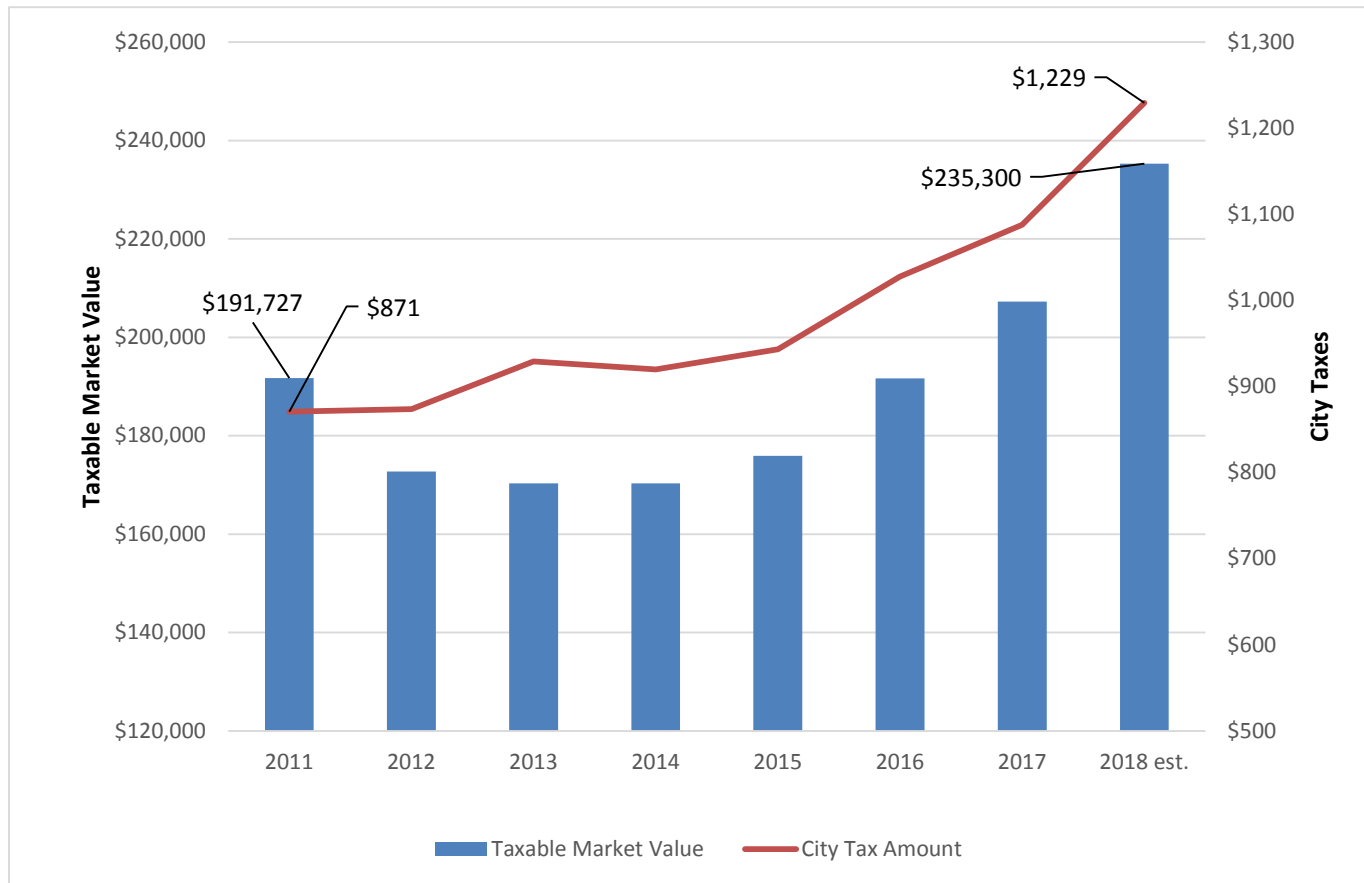


# 2018 Tax Base and Market Values

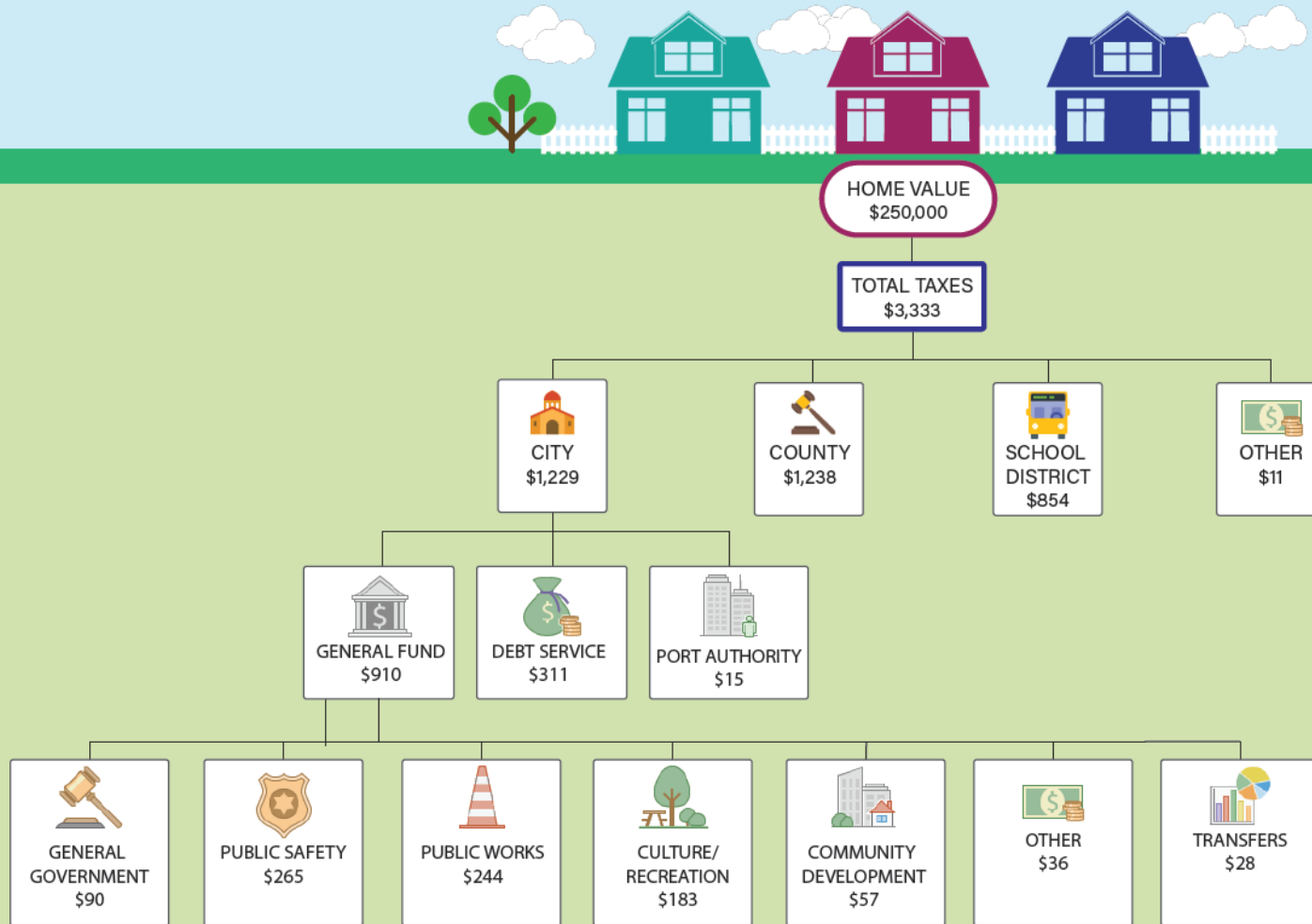


- Home Value increases ranged from 0% to 19%
- Majority saw 3-5% increase
- Tax levy impact will vary depending on home's value

# City Tax vs. Taxable Home Value



# MEDIAN HOME VALUE TAX IMPACT



# Where do your General Fund tax dollars go?

Public Works  
\$0.27

General Gov.  
\$0.10

Other  
\$0.04



Public Safety  
\$0.29

Transfers  
\$0.03

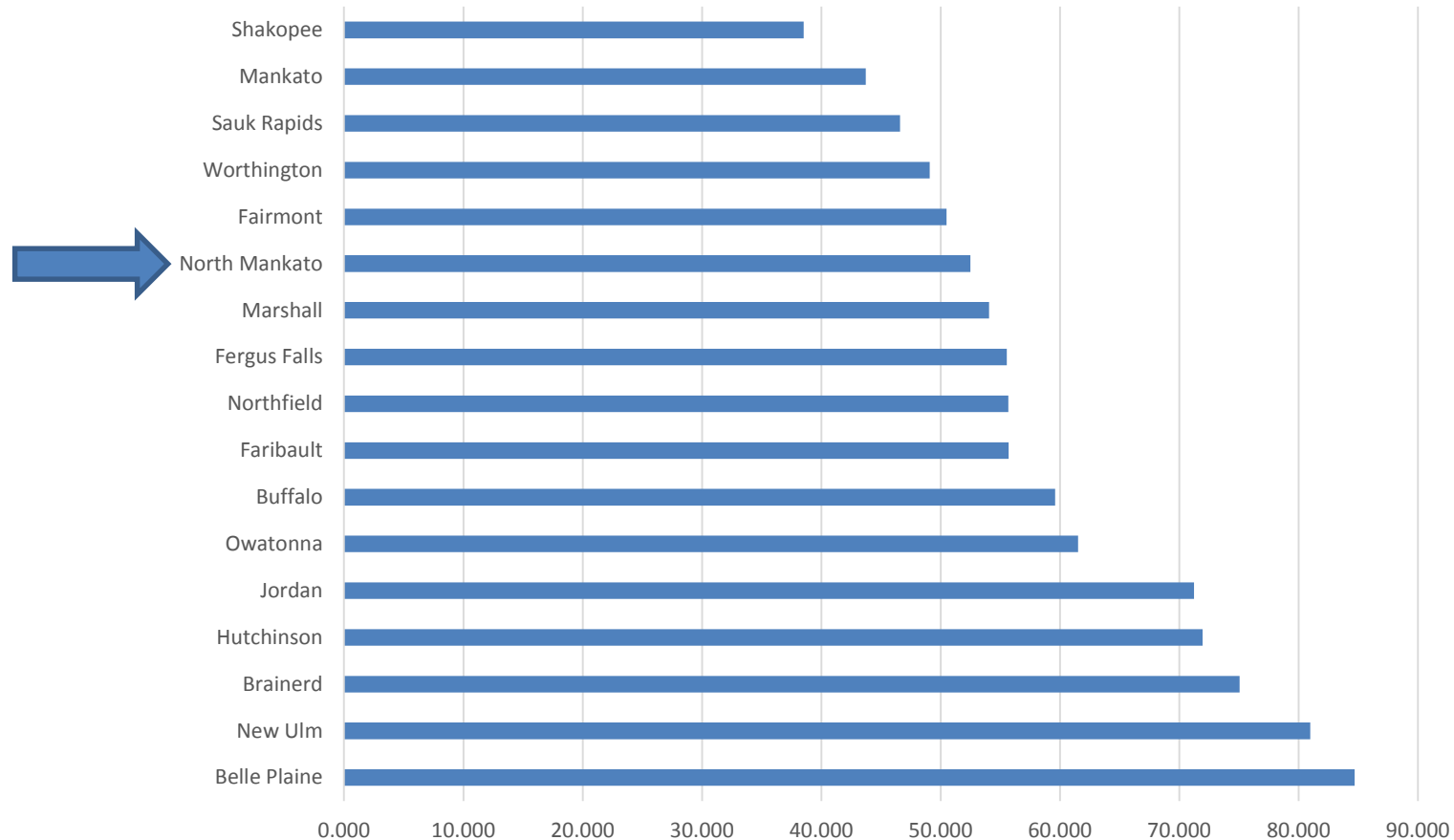
Parks, Rec, Leisure  
\$0.20

Community  
Development  
\$0.07



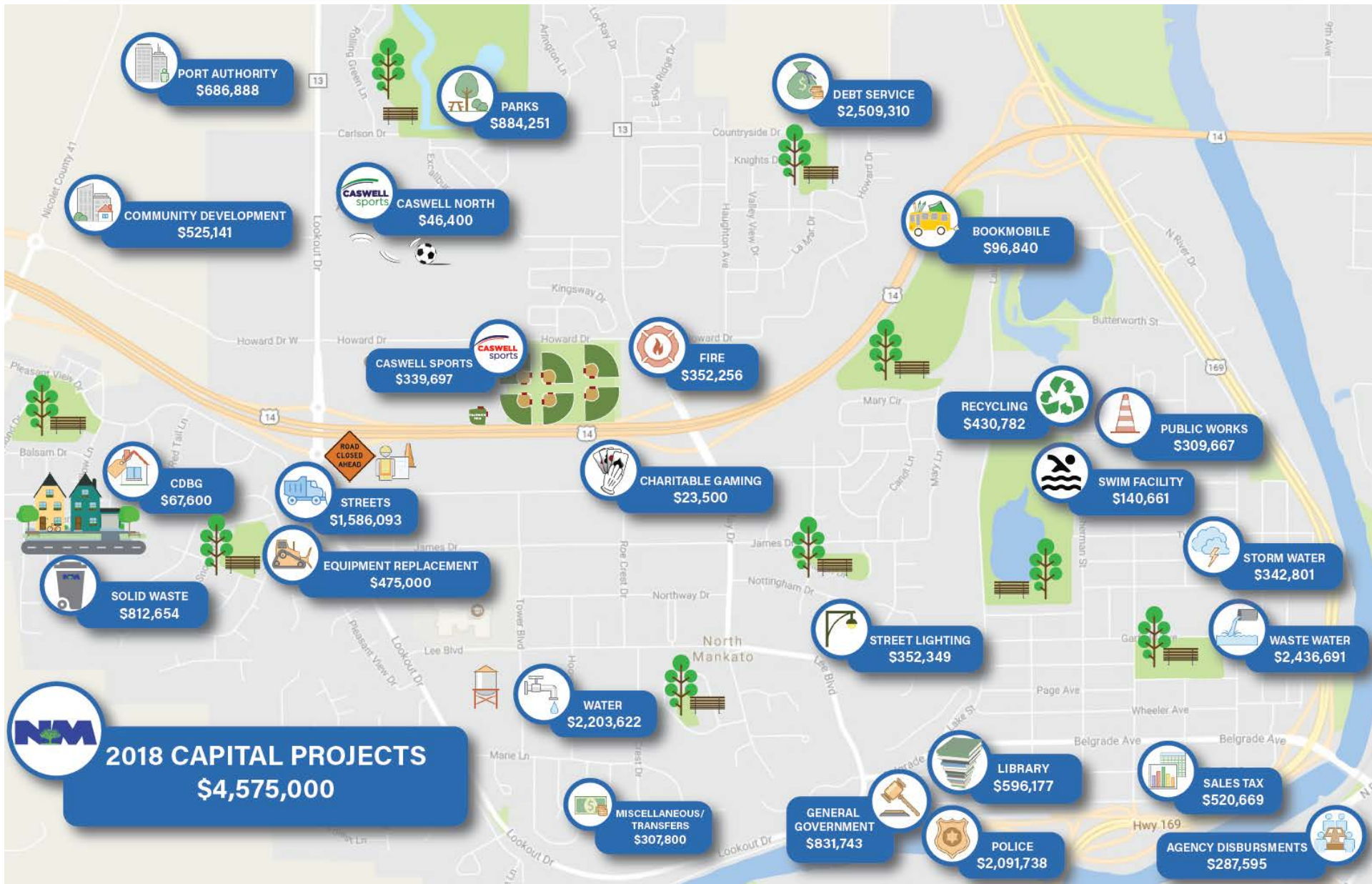
# 2016/2017 Comparable City Tax Rate

Tax Rates for Area and Comparable Cities





# 2018 North Mankato Budget

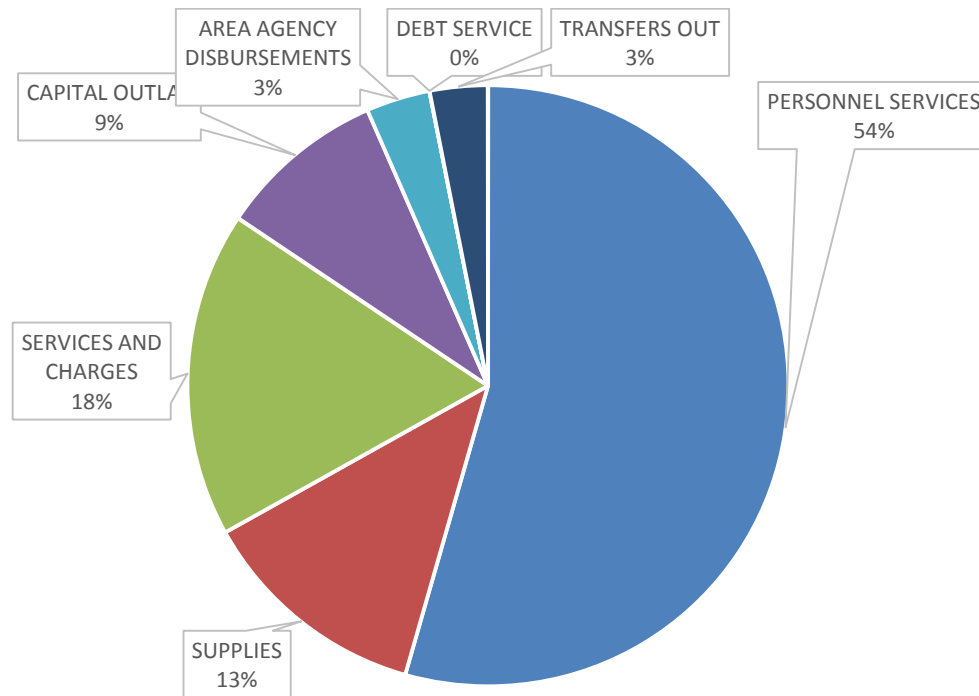


# 2018 Budget by Department

BUDGET SUMMARY FOR FY 2018				
2018 EXPENDITURES BY FUND				
Fund	2017	Proposed 2018	2017/2018 +/-	Notes
<b>General Fund Expenditures By Department</b>				
General Government	\$ 815,518	\$ 831,743	\$ 16,225	Proposed increase in Council pay
Public Safety	\$ 2,219,302	\$ 2,443,994	\$ 224,692	Proposed new police officer & Safety Equip
Public Works	\$ 2,132,793	\$ 2,248,109	\$ 115,316	New employee in 2017 & Engineering
Parks, Recreation, Leisure	\$ 1,912,315	\$ 1,690,512	\$ (221,803)	Caswell moved to new fund
Community Development	\$ 497,005	\$ 525,141	\$ 28,136	Wage adjustments
Other	\$ 264,168	\$ 335,395	\$ 71,227	KTV to be in General Fund
Transfers	\$ 231,885	\$ 260,000	\$ 28,115	Transfer to Caswell Sports Fund
<b>GENERAL FUND TOTAL</b>	<b>\$ 8,072,986</b>	<b>\$ 8,334,895</b>	<b>\$ 261,909</b>	

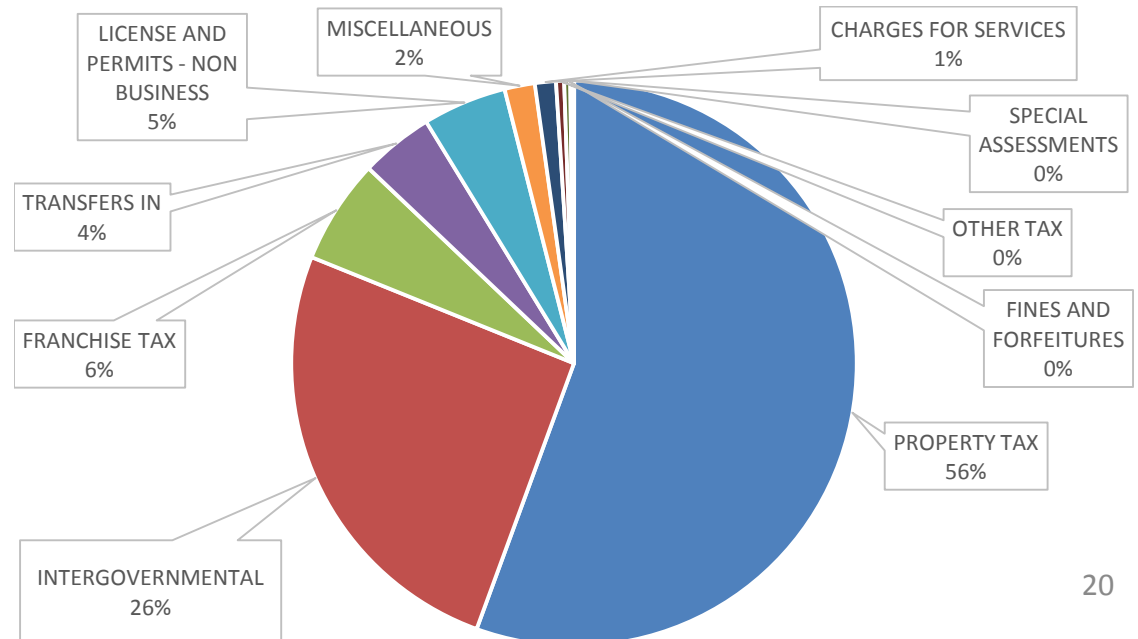
# 2018 Budget by Category

GF Expenditure Breakdown by Type	2017	2018	+/-	%+/-
PERSONNEL SERVICES	4,267,704	4,537,247	\$ 269,543	6%
SUPPLIES	1,173,173	1,038,475	\$(134,698)	-11%
SERVICES AND CHARGES	1,415,856	1,458,878	\$ 43,022	3%
CAPITAL OUTLAY	769,700	752,700	\$ (17,000)	-2%
AREA AGENCY DISBURSEMENTS	214,668	287,595	\$ 72,927	34%
DEBT SERVICE	-	-	\$ -	
TRANSFERS OUT	231,885	260,000	\$ 28,115	12%
<b>General Fund (Total)</b>	<b>\$ 8,072,986</b>	<b>\$ 8,334,895</b>	<b>\$ 261,909</b>	<b>3%</b>



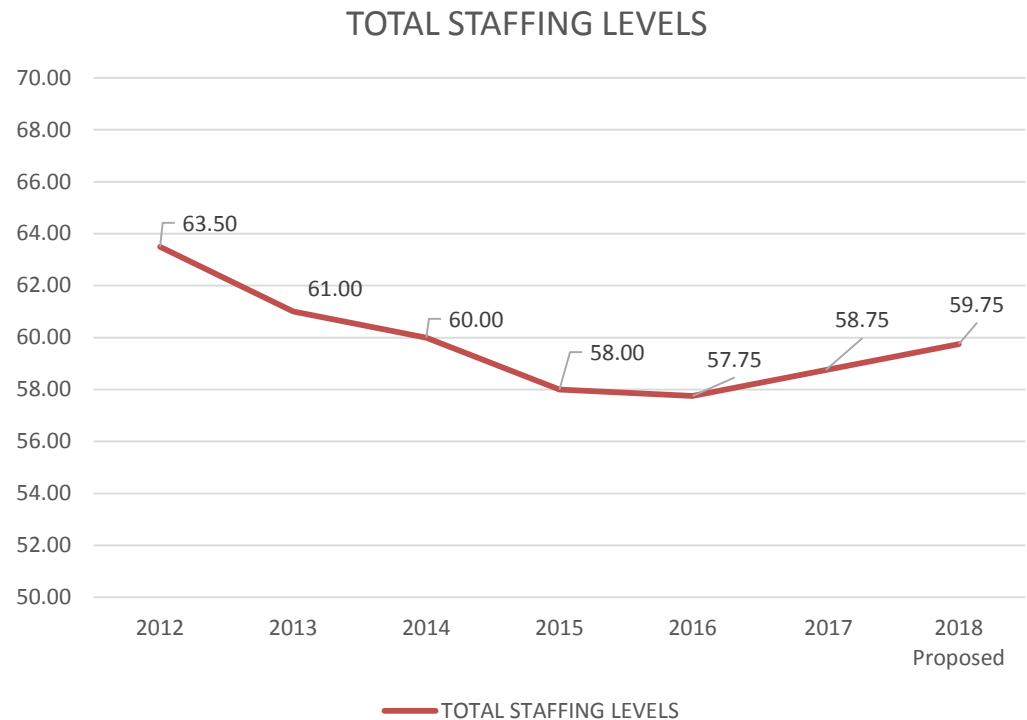
# 2018 General Fund Revenue Overview

GF Revenue Breakdown by Source	2017	2018	+/-	%+/-
PROPERTY TAX	4,319,836	4,673,889	354,053	8%
INTERGOVERNMENTAL	2,018,342	2,144,846	126,504	6%
FRANCHISE TAX	522,000	502,000	(20,000)	-4%
TRANSFERS IN	267,602	350,982	83,380	31%
LICENSE AND PERMITS - NON BUSINESS	368,028	402,148	34,120	
MISCELLANEOUS	155,112	145,868	(9,244)	-6%
CHARGES FOR SERVICES	251,250	100,755	(150,495)	-60%
OTHER TAX	79,300	38,800	(40,500)	-51%
FINES AND FORFEITURES	29,000	29,000	-	0%
SPECIAL ASSESSMENTS	17,650	17,650	-	0%
<b>General Fund (Total)</b>	<b>8,028,120</b>	<b>8,405,938</b>	<b>377,818</b>	<b>5%</b>



# 2018 Personnel Costs

- Merit increases up to 3% for performance
- 11% increase in health insurance
- 2018 FTEs proposed to increase for PD



# 2018 Utility Fund Expenditure Overview

BUDGET SUMMARY FOR FY 2018					
2018 EXPENDITURES BY FUND					
Fund	2017	2018	+/-	%+/-	Notes
Water	\$ 2,300,952	\$ 2,203,622	\$ (97,330)	-4%	Decreased Capital Outlay
Wastewater	\$ 2,340,949	\$ 2,436,691	\$ 95,742	4%	Increased Debt Service & utilities
Solid Waste	\$ 787,181	\$ 812,654	\$ 25,473	3%	Spring and Fall Cleanup Charges
Recycling	\$ 428,871	\$ 430,782	\$ 1,911	0%	
Storm Water	\$ 276,253	\$ 342,801	\$ 66,548	24%	Mankato Flood Station Op. Agreement

# 2017 Utility Fund Revenue Overview

BUDGET SUMMARY FOR FY 2018					
2018 REVENUES BY FUND					
Fund	2017	2018	+/-	%+/-	Notes
Water	\$ 2,028,790	\$ 2,033,873	\$ 5,083	0%	
Wastewater	\$ 2,274,193	\$ 2,417,676	\$ 143,483	6%	Rate Increase better than anticipated
Solid Waste	\$ 809,300	\$ 811,000	\$ 1,700	0%	
Recycling	\$ 428,871	\$ 467,021	\$ 38,150	9%	Recycling commodity sales
Storm Water	\$ 278,408	\$ 381,500	\$ 103,092	37%	Rate increases

# 2018 Storm Water Fund Overview

Current Customer Charges		Current Collections		Proposed Customer Charges		Current Collections	
Storm Water Surcharge	Monthly Charge	Monthly	Annual	Storm Water Surcharge	Monthly Charge	Monthly	Annual
Single Family Residential & Commercial Under 10,000 Sq. Ft.	\$3.25	\$ 16,073	\$ 192,873	Single Family Residential & Commercial Under 10,000 Sq. Ft.	\$3.75	\$ 18,562	\$222,747
10,001 Sq. Ft. or more - price/1,000 sq. ft.	\$0.325	\$ 7,155	\$ 85,865	10,001 Sq. Ft. or more - price/1,000 sq. ft.	\$0.60	\$ 13,210	\$158,519
TOTAL		\$ 23,228	\$ 278,737	TOTAL		\$ 31,772	\$381,266



# 2018 Storm Water Fund, cont.

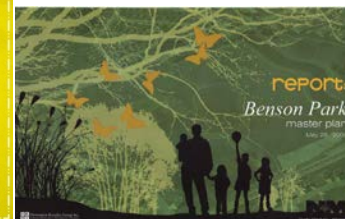
Area Utility Rates (based on residential 5,000 gallon monthly use)				
<u>City</u>	<u>Storm</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Albert Lea	\$0.00	\$21.80	\$28.45	\$50.24
North Mankato - Current	<b>\$3.25</b>	<b>\$25.15</b>	<b>\$32.46</b>	<b>\$60.86</b>
North Mankato - Proposed	<b>\$3.75</b>	<b>\$25.15</b>	<b>\$32.46</b>	<b>\$61.36</b>
New Ulm	\$0.00	\$29.00	\$34.60	\$63.60
Mankato	\$3.50	\$30.25	\$30.70	\$64.45
Eagle Lake	\$3.16	\$24.85	\$40.00	\$68.01
Willmar	\$0.00	\$18.39	\$50.36	\$68.75
Hutchinson	\$4.03	\$29.55	\$38.51	\$72.09
Waseca	\$3.00	\$25.33	\$48.31	\$76.64
Marshall	\$5.08	\$35.27	\$41.69	\$82.04
Le Sueur	\$0.00	\$22.25	\$87.50	\$109.75
St. Peter	\$7.50	\$50.24	\$70.80	\$128.54

# CIP Policy

- Purpose of the CIP
  - CIP is a flexible planning tool to be reviewed and updated on an annual basis
  - Major projects and equipment over \$15,000
  - Incorporates needs and future goals from planning documents such as the comp plan
  - Expanded to 10 years – first 5 years are capital budget, last 5 years are for future consideration
  - Goal – Minimize fluctuations in expenses and create orderly replacement of facilities, infrastructure, and equipment

# 2018-2022 CIP

- 2017-2021 – \$16.0 Million
- 2018-2022 – \$21.8 Million
  - \$1.5 Million – lack of 2017 project added to 2018
  - \$2.5 Million increase in projects (\$1.5M to \$2.0M/annually)
  - \$379,000 in new equipment
  - \$1.5 Million reserve toward swim facility costs
  - (\$100,000) in utility fund capital outlay



# 2018-2022 Projects/Purchases

Project or Activity	2017-2021	2018-2022	Variance
Loader		150,000	150,000
General Equipment - Trucks, Skid loaders, Mowers, etc.	400,000	240,000	(160,000)
Police Cruiser	200,000	190,000	(10,000)
Squad Cameras		35,000	35,000
Detective Squad		40,000	40,000
Land purchase 233 Wheeler, 231 Wheeler	308,000	284,000	(24,000)
Sirens - Upgrade (from 2012), Plant #2, Expansion, City Shop	56,000	54,000	(2,000)
Tandem Dump Truck with Plow, Wing and Sander (3)	450,000	675,000	225,000
Roller (2)	60,000	60,000	-
Street department roof / Public Works Yard Evaluation	20,000	20,000	-
Mechanics Shop - update doors		15,000	15,000
Community Room Police Annex	20,000	-	(20,000)
New Printer for community Development Department	15,000	-	(15,000)
Front Desk and Community Development Desk Remodel	30,000	50,000	20,000
Lower Level Remodel		15,000	15,000
Fire Engine		110,000	110,000
Sub-Total Cash / Capital Facilities & Equipment Replacement	1,559,000	1,938,000	379,000

# 2018-2022 Debt Expenditures

Project or Activity	2018 PROPOSED	2019 FORECAST	2020 FORECAST	2021 FORECAST	2022 FORECAST	Estimated 5 year costs
Swim Facility Project	3,000,000					3,000,000
Jefferson Ave. Reconstruct	400,000					400,000
North Port Expansion	425,000					425,000
Anchorage Dr. Extension	500,000					500,000
Marie Lane Extension	250,000					250,000
Methane Gas	-					-
Safe Routes to School - Dakota Meadows			151,000			151,000
Safe Routes to School - Monroe/Bridges				168,000		168,000
Commerce Dr. with Grant Funding		382,000				382,000
TBD Project		-				-
TBD Project	-					-
TBD Project	-	1,618,000				1,618,000
TBD Project			1,849,000			1,849,000
TBD Project				1,832,000		1,832,000
TBD Project					2,000,000	2,000,000
<b>Sub-Total Bonds</b>	<b>4,575,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>12,575,000</b>

# Sales Tax Project

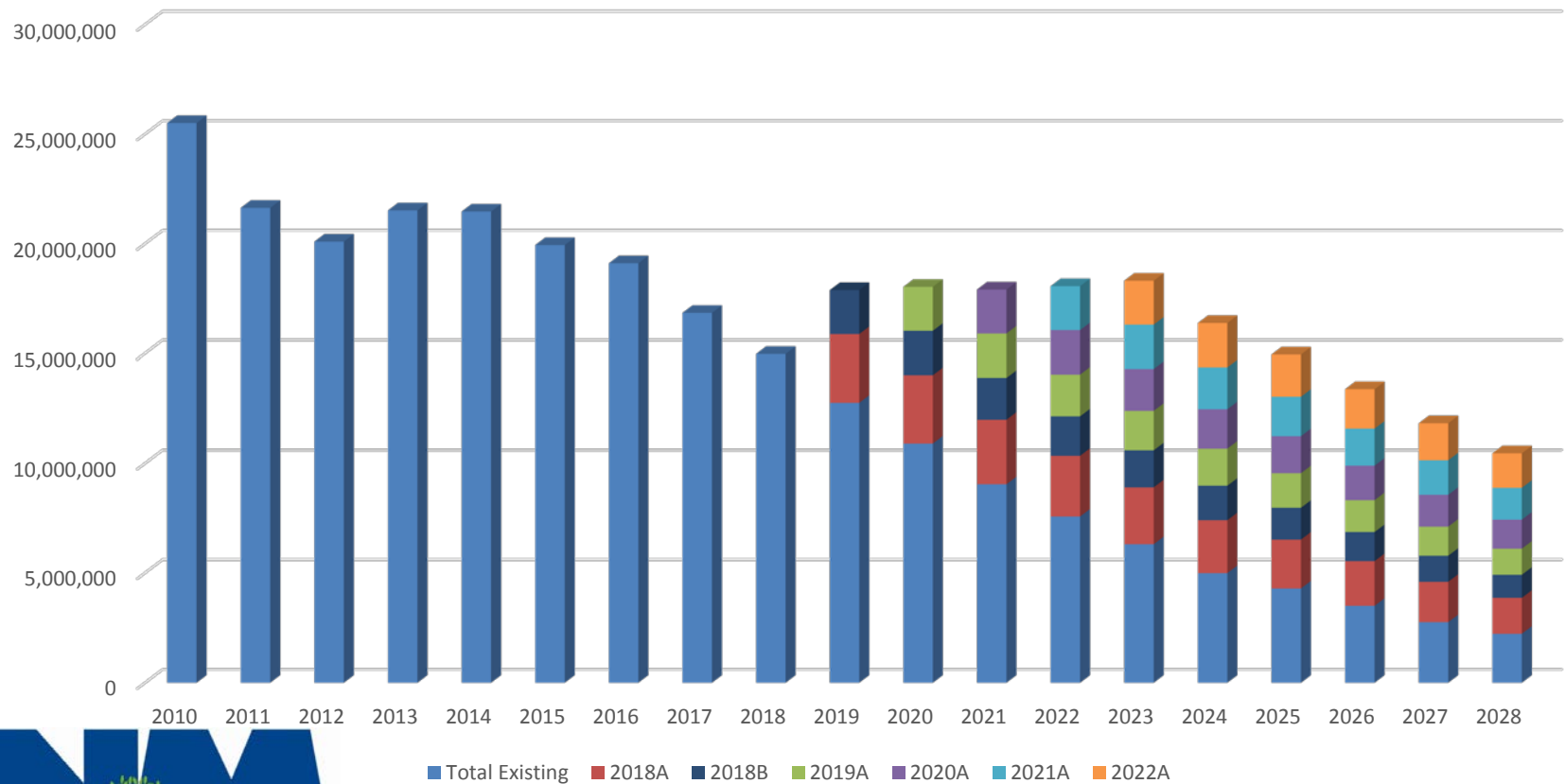
- Citizens and Legislature approved sales tax extension
- \$5.0 Million in sales tax funding capacity is available in 2018 or an estimated \$8.0 million is available in 2020
- No project identified to date
- Staff will work with Council on proposed project options

# Parks Plan

Parks Plan						
		2018	2019	2020	2021	2022
<b>Sources of Funds</b>	General Fund Parks Funding	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
	<b>Total</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>
<b>Uses of Funds</b>	Emeral Ash Borer Mitigation	\$ 30,000	\$ 25,000	\$ -	\$ 45,000	\$ 45,000
	Benson Parking Lot	\$ 200,000				
	Bluff Overlook	\$ 100,000				
	Benson Park Restroom & Shelter		\$ 325,000			
	Benson Park Water Features			\$ 209,000		
	Benson Park Bridge			\$ 75,000		
	Benson Park Fishing Pier			\$ 157,000		
	<b>Total</b>	<b>\$ 330,000</b>	<b>\$ 350,000</b>	<b>\$ 441,000</b>	<b>\$ 45,000</b>	<b>\$ 45,000</b>
	<b>Net</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ (91,000)</b>	<b>\$ 305,000</b>	<b>\$ 305,000</b>
	<b>Beginning Balance</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ (71,000)</b>	<b>\$ 234,000</b>
	<b>Ending Balance</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ (71,000)</b>	<b>\$ 234,000</b>	<b>\$ 539,000</b>

# Debt Analysis

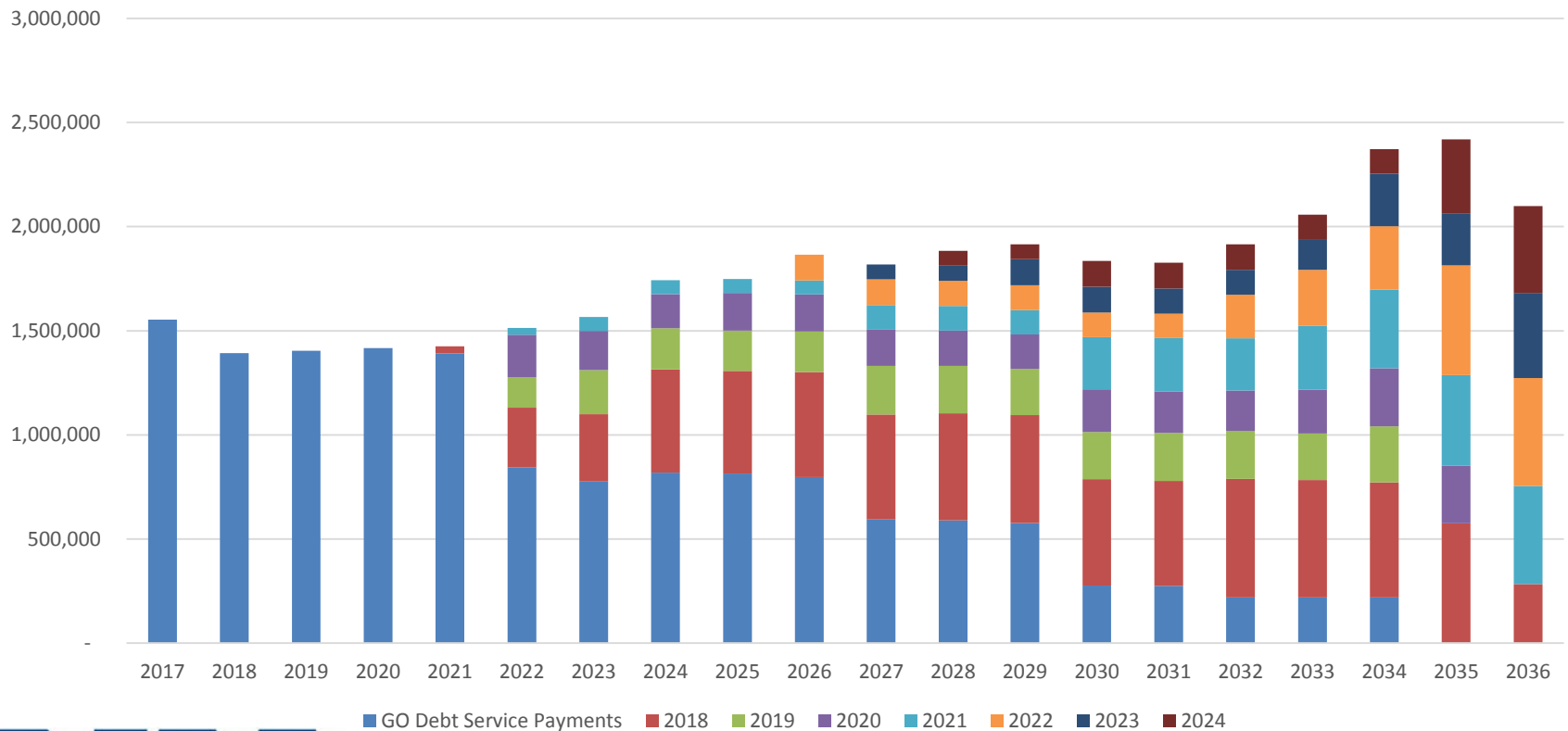
Current & Future G.O. Debt of \$2.0 Million/Annually





# Debt Analysis

Current and Future Debt Service Levy



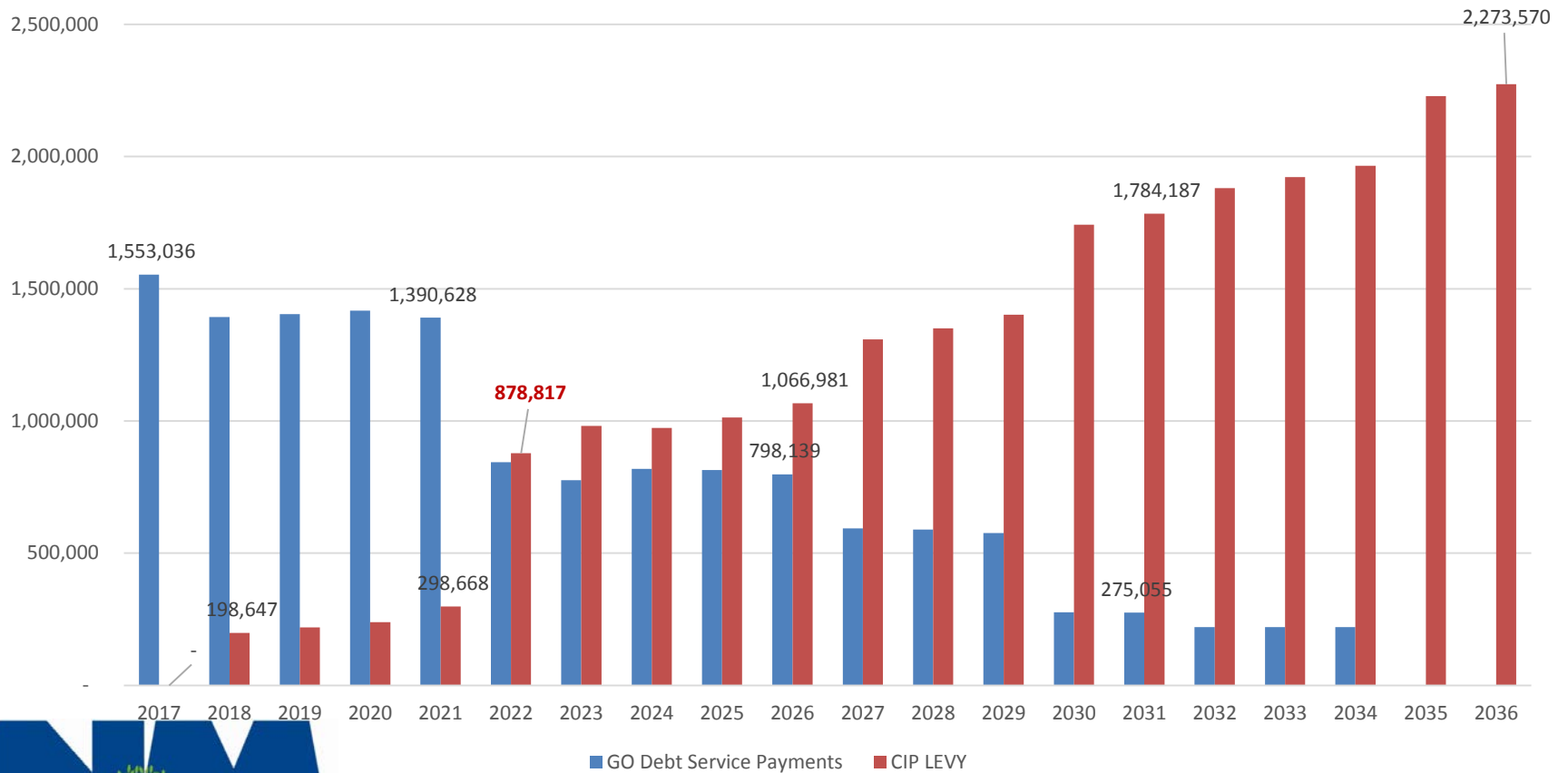
# Debt Analysis

Proposed Tax Levy and D/S Payments



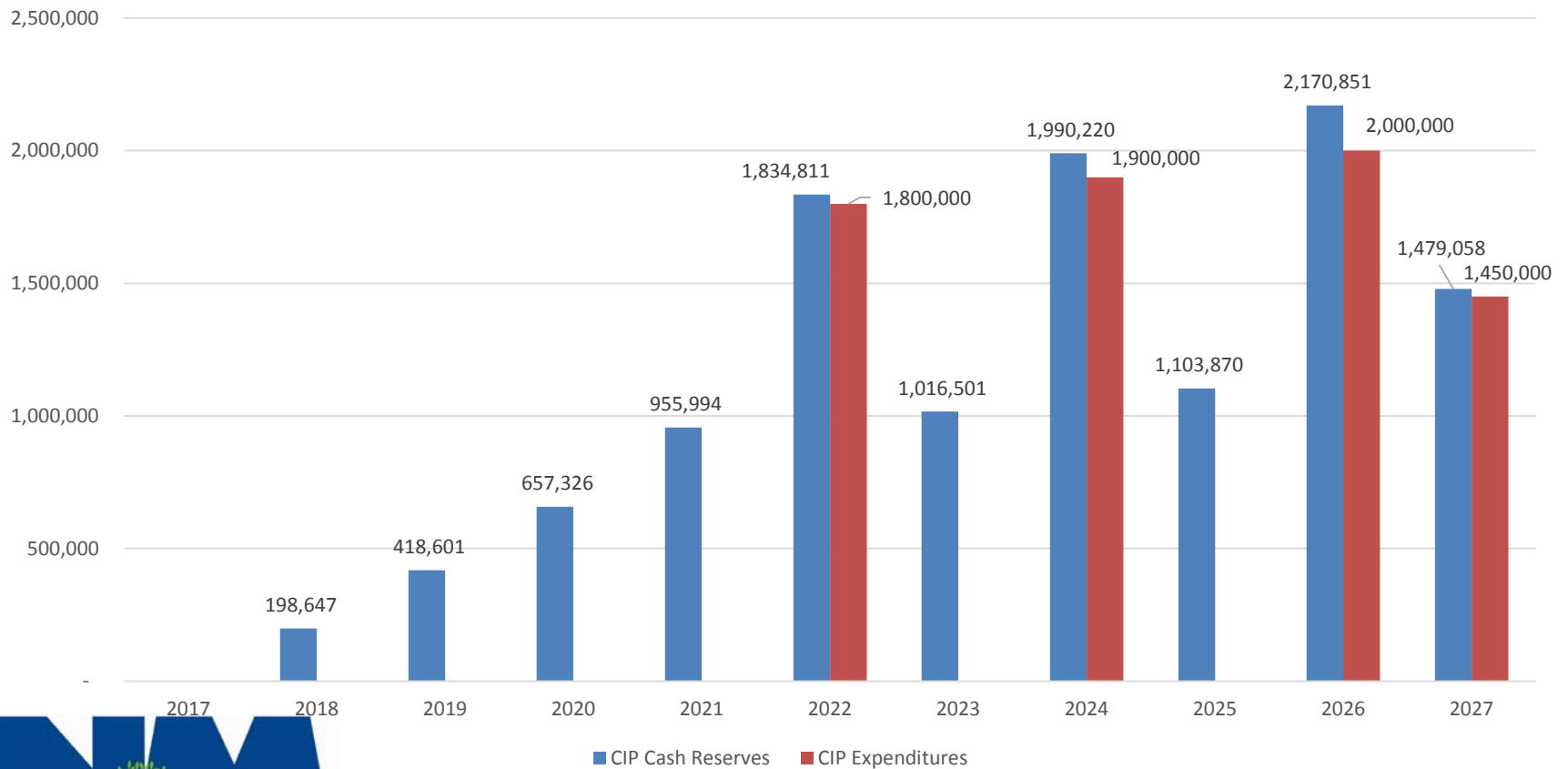
# Theoretical No Debt Scenarios

G.O. Debt Payments to Theoretical CIP Levy



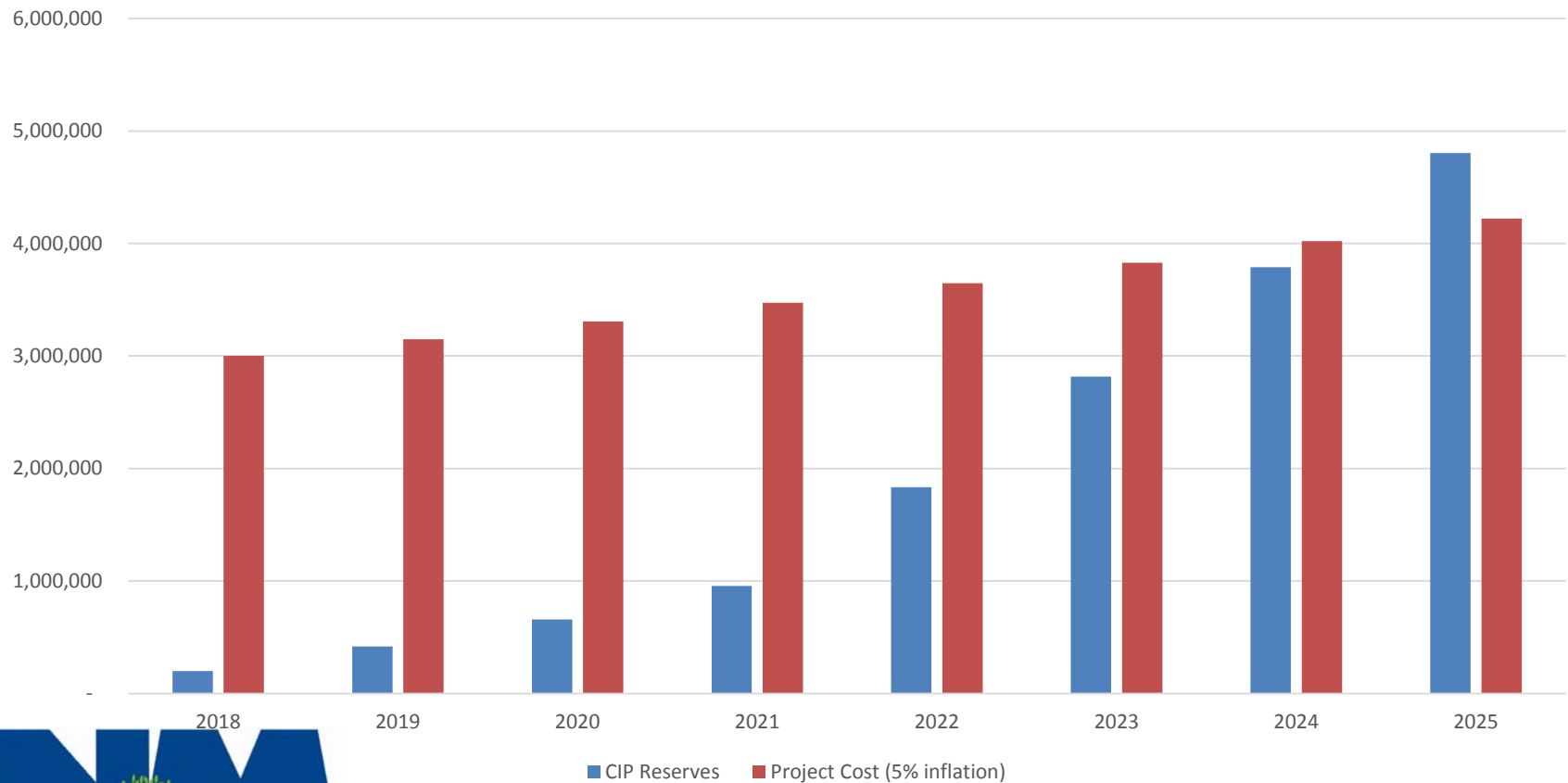
# Theoretical No Debt Scenarios

Theoretical CIP Cash Payments and Cash Balances



# Theoretical No Debt Scenarios

CIP Reserves vs. Swim Facility Construction Costs



# What's Next

- **Final Budget Adoption**
  - December 18, 2017 as part of the Regular City Council Meeting
- **Market Value Questions**
  - Nicollet County Assessor (507) 934-7060
- **North Mankato Budget and Tax Levy Questions**
  - Kevin McCann, Finance Director (507) 625-4141
  - [kmccann@northmankato.com](mailto:kmccann@northmankato.com)