



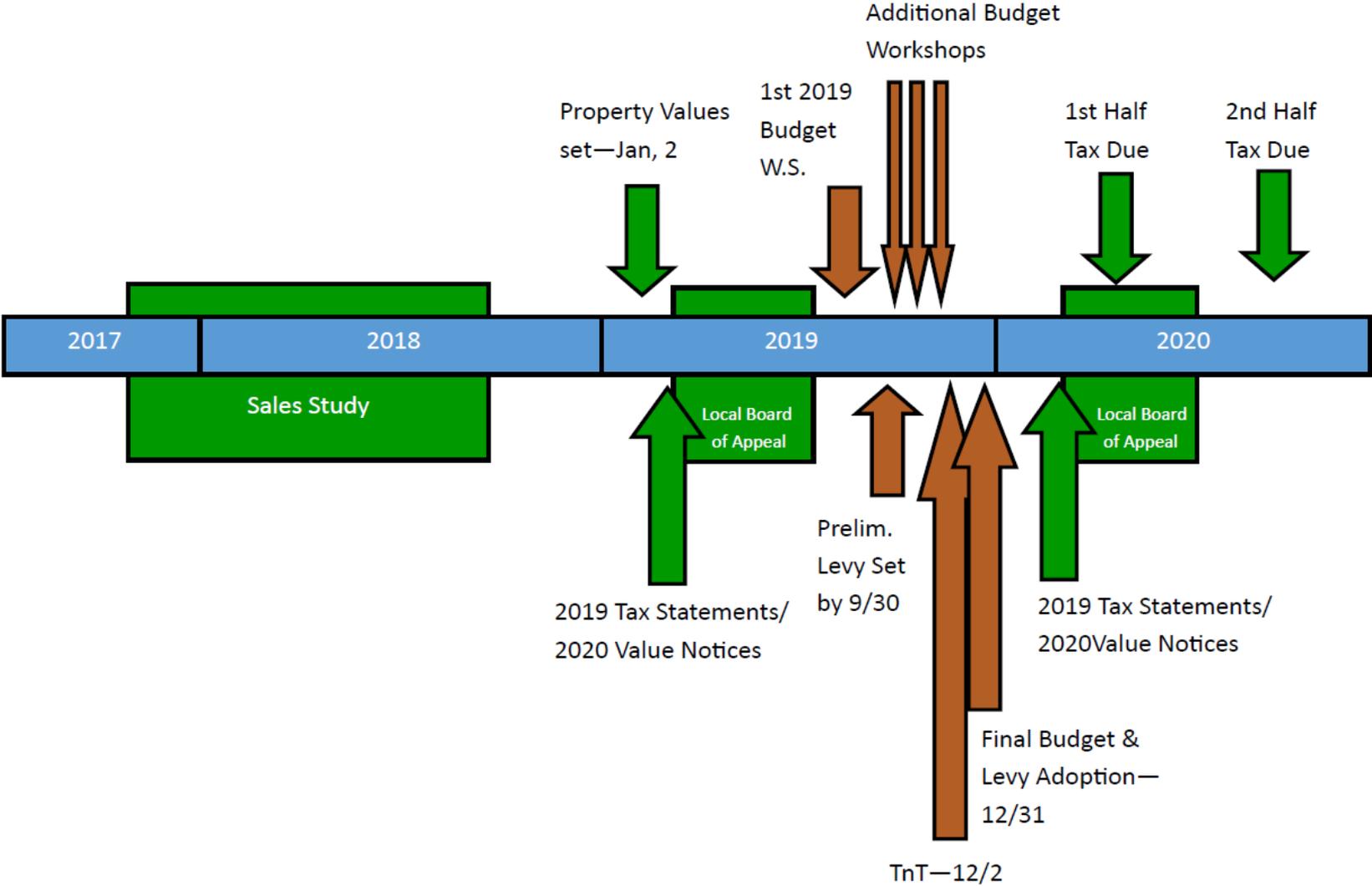
2020 Proposed Property Tax Levy, Budget, & CIP

December 2, 2019

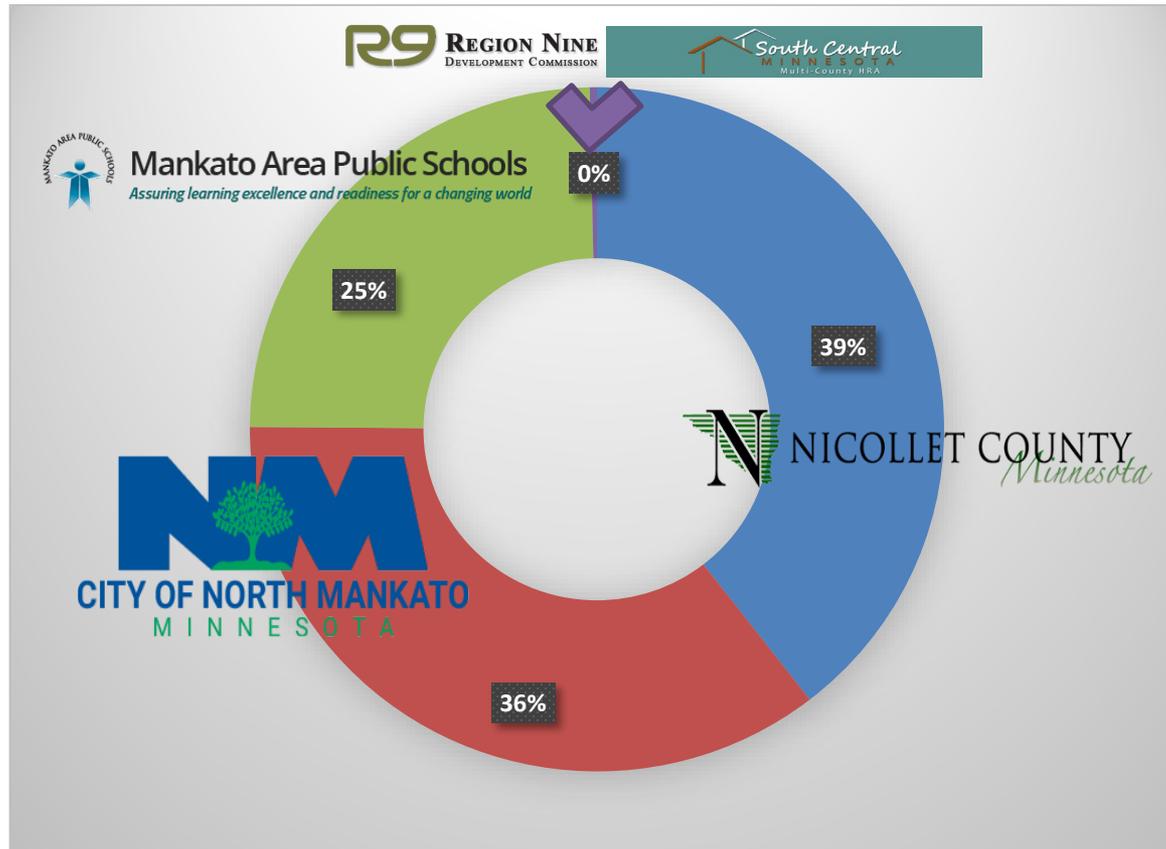
Purpose of Tonight's Meeting

- Solicit input on the City's proposed tax levy and budget for 2020;
- State law requirement – Truth-in-Taxation;
- Held after property owners receive their proposed property tax statements for 2020 –
 - 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

2020 Property Taxes

- Preliminary levy set in September (basis of tax notice received)
- No change proposed in final levy dollar amount requested
- Tax Rate reduced from 50.950% for 2019 to 49.563% for 2020.
- Proposed final 2020 levy dollar amount is \$110,721 (1.7%) more than the 2019 levy

2020 Property Taxes, cont.

- 4.4% growth in taxable market value. (approximately \$50 million)
 - 40% is new (\$20 million) construction/improvements.
 - 22 new homes and one new or expanded commercial/ industrial buildings (Creative Companies, Peterbilt, two apartment buildings)
 - 1,056 building permits issued
 - 60% is increased property values (\$30 million)
- \$1 million increase in the tax capacity
- This growth is expected to offset the tax levy increase of \$110,000



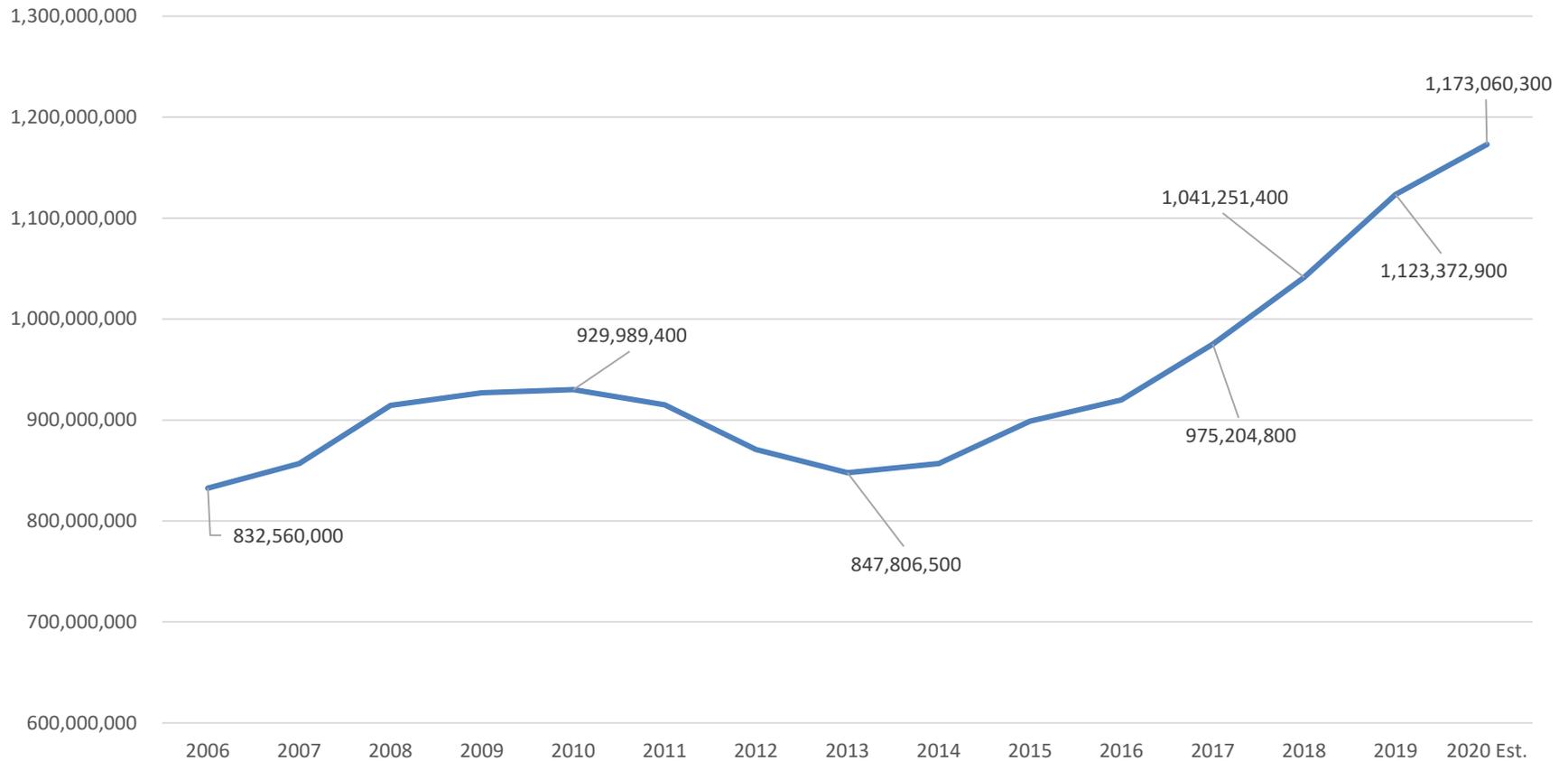
Levy Comparison

	2019 ADOPTED Amount	2020 PROPOSED Amount	Dollar Amount	% Change
General Fund Levy	5,040,048	\$5,119,393	\$79,345	1.57%
Port Authority	75,000	75,000	\$0	0.00%
Debt Service	1,375,458	1,143,970	(\$231,488)	-16.83%
Tax Abatement	193,332	456,196	\$262,864	135.97%
Total Tax Levy	\$6,683,838	\$6,794,559	\$110,721	1.66%

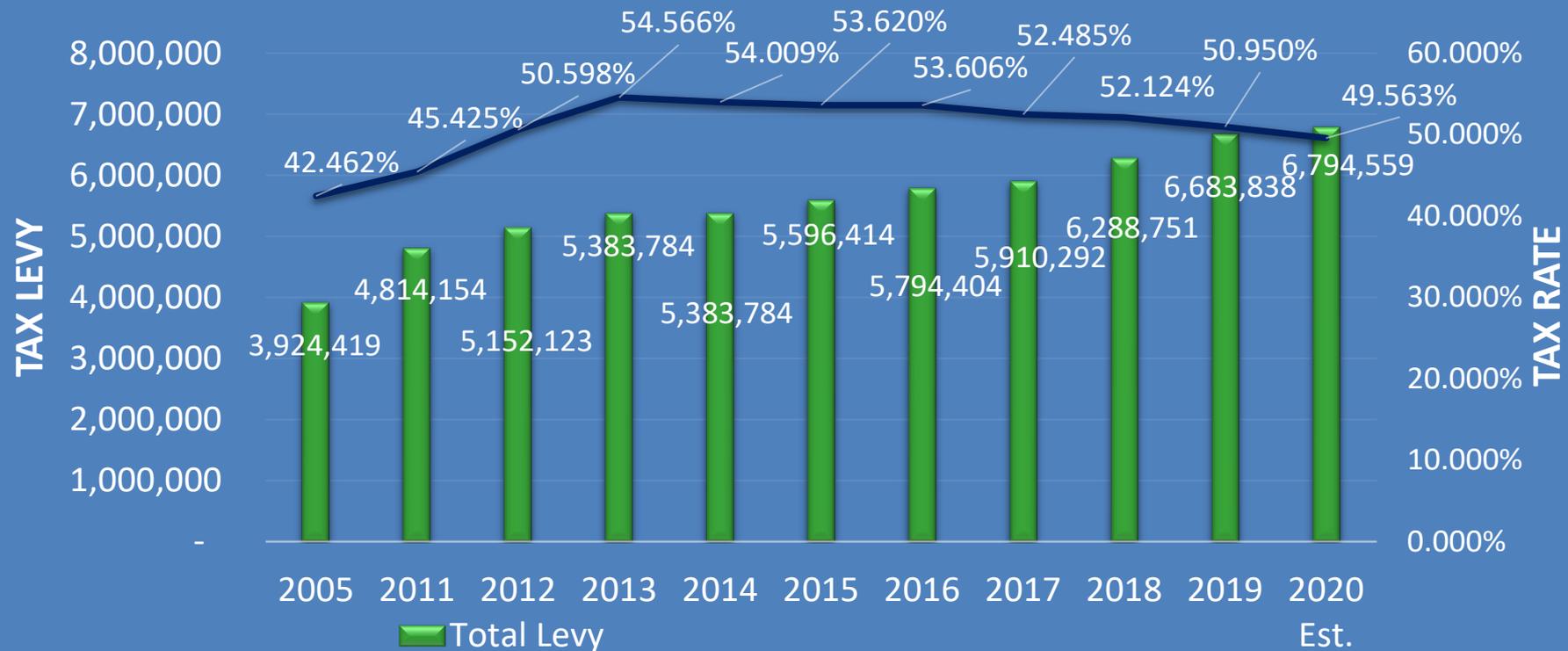
Total debt:
\$31,376
increase/2.0%

Taxable Market Value

Taxable Market Value



Tax Levy History – Dollar Amount vs. Rate



Tax Capacity vs. Tax Rate

Tax Capacity & Tax Rate



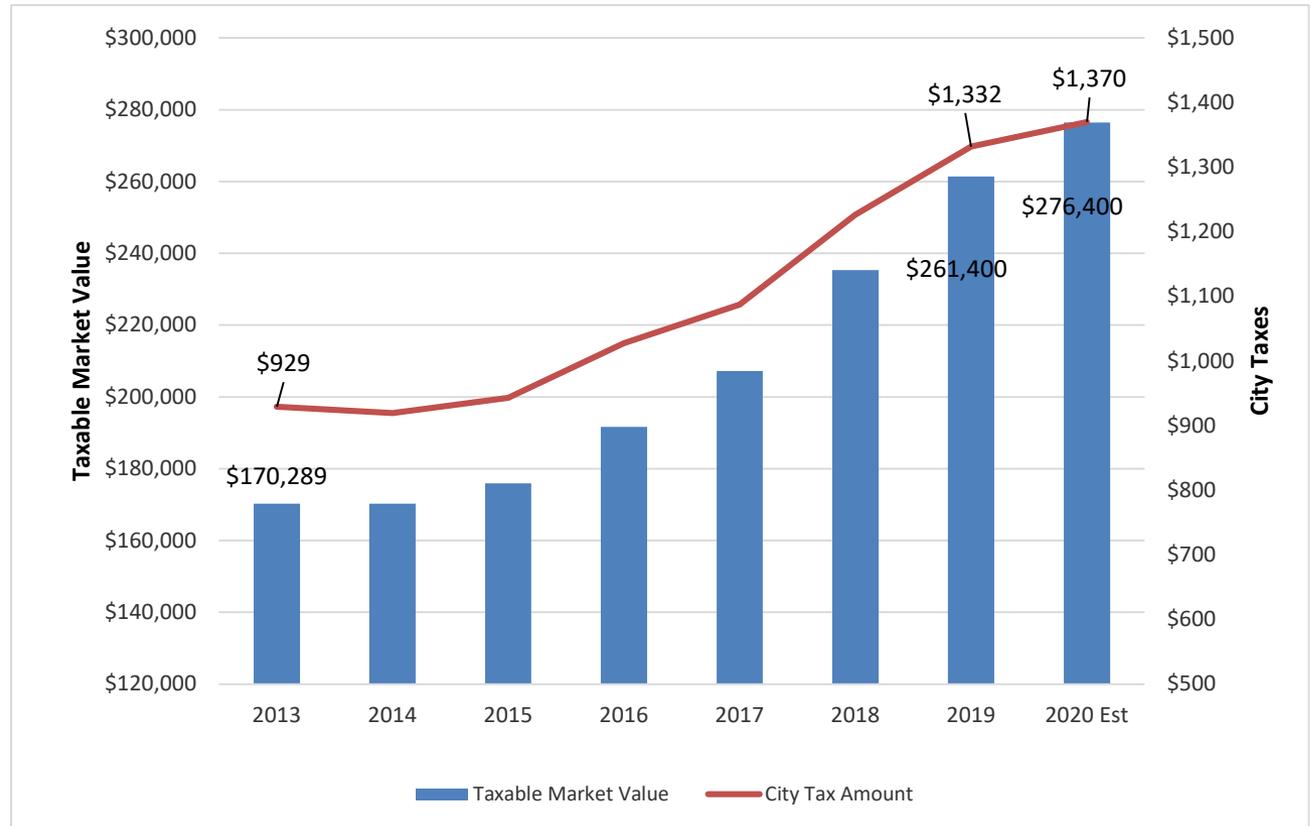
Tax capacity is a unique property taxing tool that is equivalent to multiplying the taxable market value of a property by its relevant class rate. The local tax rate of a taxing jurisdiction is determined by dividing the jurisdiction's levy by the jurisdiction's taxable net tax capacity. Rates often move in the opposite direction of tax capacity as shown in the chart above.

2020 Tax Base and Market Values



- Home Value increases ranged from -5% to 14%
- Majority saw 5-10% increase
- Tax levy impact will vary depending on home's value

City Tax vs. Taxable Home Value



Eight year history of a median home in North Mankato (currently \$287,700) with taxable market value of \$276,400.
 2020 Changes - Taxable value increase of \$15,000 & City tax increase of \$38.

MEDIAN HOME VALUE TAX IMPACT



HOME VALUE
\$287,700

TOTAL TAXES
\$3,836


CITY
\$1,370


COUNTY
\$1,495


SCHOOL DISTRICT
\$958


OTHER
\$13


GENERAL FUND
\$1,032


DEBT SERVICE
\$323


PORT AUTHORITY
\$15


GENERAL GOVERNMENT
\$87


PUBLIC SAFETY
\$259


PUBLIC WORKS
\$337


CULTURE/ RECREATION
\$204


COMMUNITY DEVELOPMENT
\$62


OTHER
\$37


TRANSFERS
\$46

Where do your General Fund tax dollars go?

Public Works
\$0.33

General Gov.
\$0.08

Other
\$0.04

Public Safety
\$0.25

Transfers
\$0.04



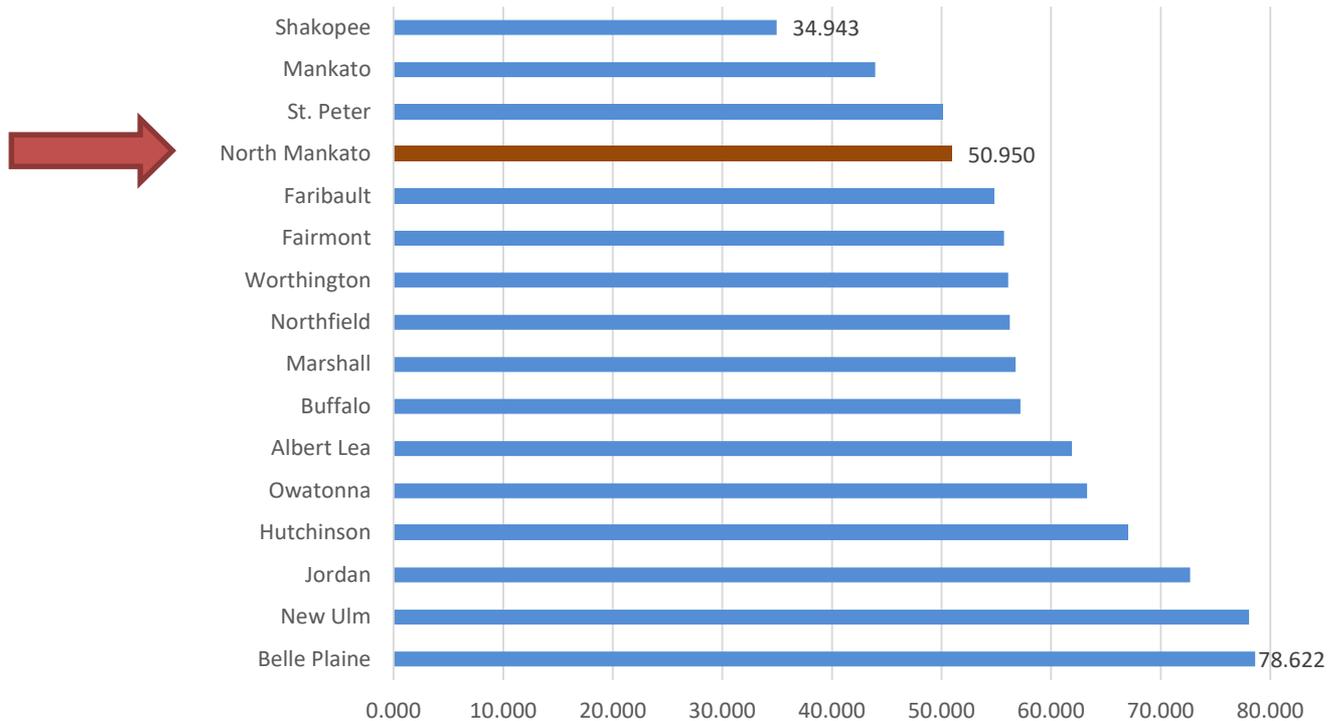
\$- \$0.10 \$0.20 \$0.30 \$0.40 \$0.50 \$0.60 \$0.70 \$0.80 \$0.90 \$1.00

Parks, Rec, Leisure
\$0.20

Community
Development
\$0.06

2018 Comparable City Tax Rate

2019 Tax Rates for Area and Comparable Cities

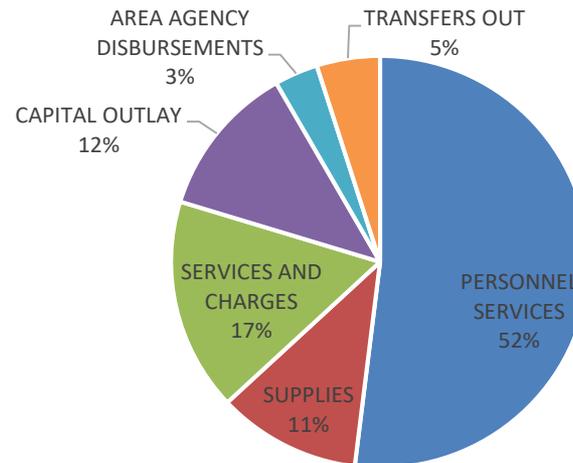


2020 Budget by Department

BUDGET SUMMARY FOR FY 2020					
2020 EXPENDITURES BY FUND					
Fund	2019 Adopted	2020 Proposed	2019/2020 +/-	% +/-	Notes
General Fund Expenditures By Service Area					
General Government	\$ 838,905	\$ 863,064	\$ 24,159	3%	Wage increases
Public Safety	\$ 2,516,887	\$ 2,554,276	\$ 37,389	1%	
Public Works	\$ 2,648,361	\$ 3,331,521	\$ 683,160	26%	MnDOT State-Aid for street maintenance
Parks, Recreation, Leisure	\$ 1,872,183	\$ 2,014,473	\$ 142,290	8%	Swim facility costs
Community Development	\$ 590,484	\$ 615,959	\$ 25,475	4%	Wage increases
Other	\$ 363,007	\$ 367,196	\$ 4,189	1%	
Transfers	\$ 455,000	\$ 451,100	\$ (3,900)	-1%	Capital set asides
GENERAL FUND TOTAL	\$ 9,284,827	\$ 10,197,589	\$ 912,762	10%	

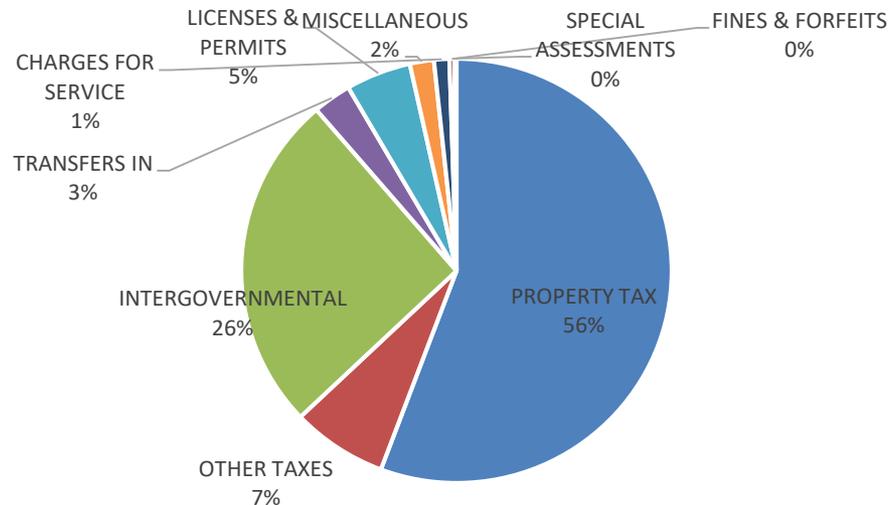
2020 Budget by Category

GF Expenditure by Type	2019 Adopted	2020 Proposed	2019/2020 +/-	% +/-	Notes
PERSONNEL SERVICES	\$ 4,822,586	\$ 5,176,547	\$ 353,961	7%	Pay plan, health insurance
SUPPLIES	\$ 1,031,040	\$ 1,129,650	\$ 98,610	10%	Concessions, street maint.
SERVICES AND CHARGES	\$ 1,548,784	\$ 1,496,018	\$ (52,766)	-3%	
CAPITAL OUTLAY	\$ 1,114,710	\$ 1,623,250	\$ 508,540	46%	MnDOT street maint.
AREA AGENCY DISBURSEMENTS	\$ 312,707	\$ 321,024	\$ 8,317	3%	
DEBT SERVICE	\$ -	\$ -	\$ -		
TRANSFERS OUT	\$ 455,000	\$ 451,100	\$ (3,900)	-1%	
TOTAL GF EXPENDITURES	\$ 9,284,827	\$ 10,197,589	\$ 912,762	10%	



2020 General Fund Revenue Overview

GF Revenue by Source	2019 Adopted	2020 Proposed	2019/2020 +/-	% +/-	Notes
PROPERTY TAX	\$ 5,040,048	\$ 5,119,393	\$ 79,345	2%	Tax Levy increase
OTHER TAXES	\$ 651,300	\$ 651,300	\$ -	0%	
INTERGOVERNMENTAL	\$ 2,334,583	\$ 3,143,661	\$ 809,078	35%	MnDOT Street Maintenance & LGA
TRANSFERS IN	\$ 261,750	\$ 261,750	\$ -	0%	
LICENSES & PERMITS	\$ 443,470	\$ 490,320	\$ 46,850	11%	Building permit activity trending up
MISCELLANEOUS	\$ 163,267	\$ 213,903	\$ 50,636	31%	Interest & Reimbursements
CHARGES FOR SERVICE	\$ 104,438	\$ 270,375	\$ 165,938	159%	Swim Facility
FINES & FORFEITS	\$ 33,500	\$ 33,500	\$ -	0%	
SPECIAL ASSESSMENTS	\$ 13,800	\$ 13,800	\$ -	0%	
TOTAL REVENUES	\$ 9,046,156	\$ 10,198,002	\$ 1,151,847	13%	



2020 Personnel Costs

- Pay plan increases up to 3% for performance
- 7.5% increase in health insurance
- 2019 59.00 FTEs (includes current vacancies)
- 2020 62.50 FTEs (filled positions)



2020 Utility Fund Expenditure Overview

BUDGET SUMMARY FOR FY 2020					
2020 EXPENDITURES BY FUND					
Fund	2019 Adopted	2020 Proposed	+/-	%+/-	Notes
Water	\$ 2,168,219	\$ 2,169,850	\$ 1,631	0%	Wage increases, meters, utilities, capital outlay
Wastewater	\$ 2,485,108	\$ 2,486,506	\$ 1,398	0%	1997&1998 PFA Loans retired
Solid Waste	\$ 800,741	\$ 813,500	\$ 12,759	2%	
Recycling	\$ 484,974	\$ 530,034	\$ 45,060	9%	Spring and Fall Cleanup costs, Hauling fees
Storm Water	\$ 440,509	\$ 1,243,661	\$ 803,152	182%	Northridge Ravine Project

2020 Utility Fund Revenue Overview

BUDGET SUMMARY FOR FY 2020					
2020 REVENUES BY FUND					
Fund	2019 Adopted	2020 Proposed	+/-	%+/-	Notes
Water	\$ 2,128,600	\$ 2,106,000	\$ (22,600)	-1%	Water use trending down
Wastewater	\$ 2,461,000	\$ 2,514,810	\$ 53,810	2%	Rate increase
Solid Waste	\$ 819,360	\$ 821,600	\$ 2,240	0%	
Recycling	\$ 559,721	\$ 486,500	\$ (73,221)	-13%	Nicollet County Contribution ended

2020 Wastewater Fund Overview

Wastewater		
	Current	Proposed
Base Rate (up to 2,250 gal)	\$15.00	\$17.00
Cost per 1,000 (over 2,250 gal)	\$6.35	\$6.35

Area Utility Rates (based on residential 5,000 gallon monthly use)				
City	Storm	Water	Sewer	Total
Faribault	\$4.35	\$16.35	\$15.54	\$36.24
Albert Lea	\$0.00	\$26.82	\$29.76	\$56.58
North Mankato - Current	\$3.75	\$25.15	\$32.46	\$61.36
North Mankato - Proposed	\$3.75	\$25.15	\$34.46	\$63.36
New Ulm	\$0.00	\$29.00	\$34.60	\$63.60
Willmar	\$1.00	\$19.62	\$50.40	\$71.02
Eagle Lake	\$3.16	\$24.85	\$43.30	\$71.31
Hutchinson	\$4.43	\$29.55	\$38.51	\$72.49
Mankato	\$4.76	\$34.02	\$34.57	\$73.34
Buffalo	\$5.00	\$28.04	\$48.60	\$81.64
Marshall	\$5.28	\$35.27	\$44.53	\$85.08
Waseca	\$3.00	\$31.92	\$52.01	\$86.93
Fairmont	\$3.96	\$63.60	\$29.73	\$97.29
Belle Plaine	\$3.56	\$64.36	\$53.49	\$121.41
Le Sueur	\$0.00	\$35.00	\$87.50	\$122.50
St. Peter	\$7.50	\$50.24	\$70.80	\$128.54

2020 Special Funds Expenditures

BUDGET SUMMARY FOR FY 2020

2020 EXPENDITURES BY FUND

Fund	2019 Adopted	2020 Proposed	+/-	%+/-	Notes
Debt Service Fund	\$ 2,789,004	\$ 2,787,269	\$ (1,735)	0%	
Local Option Sales Tax	\$ 587,144	\$ 593,503	\$ 6,359	1%	
Capital Facilities & Equipment Fund	\$ 530,000	\$ 183,648	\$ (346,352)	-65%	Contract for Deed Balloon payments in 2019
Construction Funds	\$ 3,110,000	\$ 2,351,000	\$ (759,000)	-24%	2020 CIP projects
Port Authority - General Fund	\$ 84,057	\$ 85,520	\$ 1,463	2%	
Joint Economic Development Fund	\$ 387,000	\$ 67,000	\$ (320,000)	-83%	Final Rist payment
Federal Revolving Loan	\$ -	\$ -	\$ -	N/A	
Local Revolving Loan	\$ 57,700	\$ 57,700	\$ -	0%	Northside Revivals program
TIF 8 - Marigold	\$ 108,475	\$ 70,000	\$ (38,475)	-35%	To reflect 2019 figures
TIF 14 - Webster Avenue	\$ 11,442	\$ 11,595	\$ 153	1%	
TIF 2 - Webster Avenue (FX Fusion)	\$ 6,182	\$ 6,182	\$ -	0%	
TIF 18 - LJP	\$ 79,468	\$ 79,468	\$ -	0%	
TIF 20 - Ziegler	\$ 80,347	\$ 87,089	\$ 6,742	8%	To reflect 2019 figures
TIF 1-19 422 Belgrade	\$ 33,778	\$ 33,215	\$ (563)	-2%	
TIF 19 - Lindsay Windows	\$ 18,616	\$ 20,670	\$ 2,054	11%	To reflect 2019 figures
TIF 21 - Allstate	\$ 30,234	\$ -	\$ (30,234)	-100%	District decertified in 2019
TIF 23 - D&K Powder Coating	\$ 36,693	\$ 37,000	\$ 307	1%	
TIF 24 - Birchwood Cottages	\$ -	\$ 30,108	\$ 30,108	N/A	2020 First year of TIF - est.
TIF 25 - Blue Star Power Systems		\$ 95,168	\$ 95,168	N/A	2020 First year of TIF - est.
Caswell Sports Fund-Caswell Park	\$ 362,953	\$ 488,319	\$ 125,366	35%	Caswell run softball league
Caswell Sports Fund-Caswell Park North	\$ 47,622	\$ 50,652	\$ 3,030	6%	
Charitable Gaming	\$ 15,500	\$ 17,000	\$ 1,500	10%	Additional requests
Library Endowment	\$ 30,400	\$ 45,000	\$ 14,600	48%	Increased programming costs

2020 Special Funds Revenues

BUDGET SUMMARY FOR FY 2020

2020 REVENUES BY FUND

Fund	2019 Adopted	2020 Proposed	+/-	%+/-	Notes
Debt Service Fund	\$ 2,800,842	\$ 2,865,911	\$ 65,069	2%	Tax levy increase, assessment increases
Local Option Sales Tax	\$ 590,000	\$ 600,000	\$ 10,000	2%	
Capital Facilities & Equipment Fund	\$ 455,500	\$ 457,500	\$ 2,000	0%	
Construction Funds	\$ 2,000,000	\$ 2,251,000	\$ 251,000	13%	*2018 CIP project
Port Authority - General Fund	\$ 91,207	\$ 98,223	\$ 7,016	8%	New TIF District Admin Fees
Joint Economic Development Fund	\$ 382,746	\$ 162,275	\$ (220,471)	-58%	Less anticipated land sales
Federal Revolving Loan	\$ 21,394	\$ 29,676	\$ 8,282	39%	Next Gen RF repayment
Local Revolving Loan	\$ 1,498	\$ 2,950	\$ 1,452	97%	Northside Revivals loan repayments
TIF 8 - Marigold	\$ 66,548	\$ 70,000	\$ 3,452	5%	To reflect 2019 figures
TIF 14 - Webster Avenue	\$ 22,616	\$ 22,616	\$ -	0%	
TIF 2 - Webster Avenue (FX Fusion)	\$ 6,182	\$ 6,182	\$ 0	0%	
TIF 18 - LJP	\$ 79,468	\$ 79,468	\$ 0	0%	
TIF 20 - Ziegler	\$ 80,347	\$ 87,089	\$ 6,742	8%	To reflect 2019 figures
TIF 1-19 422 Belgrade	\$ 29,460	\$ 29,460	\$ (0)	0%	
TIF 19 - Lindsay Windows	\$ 18,616	\$ 20,670	\$ 2,054	11%	
TIF 21 - Allstate	\$ 25,081	\$ -	\$ (25,081)	-100%	District decertified in 2019
TIF 23 - D&K Powder Coating	\$ 36,693	\$ 37,000	\$ 307	1%	
TIF 24 - Birchwood Cottages	\$ -	\$ 30,108	\$ 30,108	N/A	2020 First year of TIF - est.
TIF 25 - Blue Star Power Systems		\$ 95,168	\$ 95,168	N/A	2020 First year of TIF - est.
Caswell Sports	\$ 411,399	\$ 568,712	\$ 157,313	38%	Caswell run softball & volleyball leagues
Charitable Gaming	\$ 20,600	\$ 32,000	\$ 11,400	55%	Collections up
Library Endowment	\$ 30,500	\$ 47,300	\$ 16,800	55%	Additional city contribution

2020 Total Budget

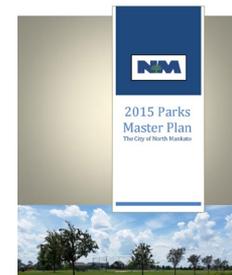
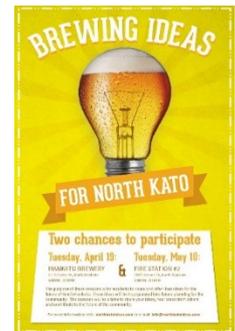
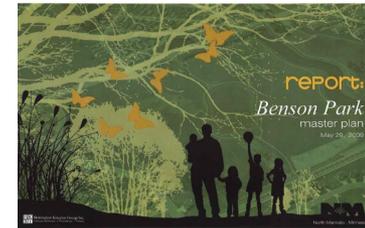
BUDGET SUMMARY FOR FY 2020				
2020 REVENUES OVER/(UNDER) EXPENDITURES				
Fund	2020 REVENUES	2020 EXPENDITURES	+/-	Notes
TOTAL ALL GOVERNMENT	\$ 24,380,220	\$ 24,638,246	\$ (258,026)	

CIP Policy

- Purpose of the CIP
 - CIP is a flexible planning tool to be reviewed and updated on an annual basis with plans for the next five years
 - Major projects and equipment over \$15,000
 - Incorporates needs and future goals from planning documents such as the comp plan
 - first year are capital budget, last 4 years are for future planning and consideration
 - Goal – Minimize fluctuations in expenses and create orderly replacement of facilities, infrastructure, and equipment

2020-2024 CIP

- 2019-2023 – \$20.1 Million
- 2020-2024 – \$29.2 Million: +\$9.1 Million
 - \$5.50 Million – increase in for Caswell improvements
 - (\$0.70) Million – decrease in equipment
 - (\$0.40) Million – decrease in Park improvements
 - \$0.50 Million – Increase in Street maintenance
 - \$0.70 Million – increase in water and sewer funding
 - \$3.50 Million – increase in in projects (specific streets ID'd and estimated vs. plug of \$2.0/annually)



2020-2024 Equipment/Facilities

Project or Activity	2019-2023	2020-2024	Variance
Loader	150,000	175,000	25,000
Loader Snow Blower Attachment		160,000	160,000
Excavator		200,000	200,000
General Equipment - Trucks, Skid loaders, Mowers, etc.	240,000	209,000	(31,000)
Police Cruiser	190,000	295,740	105,740
Squad Cameras		-	-
Police Radios		25,000	25,000
Police evidence room heat		3,000	3,000
Detective Squad	40,000	-	(40,000)
Land purchase 233 Wheeler, 231 Wheeler	272,000	-	(272,000)
Truck - Community Development	25,000	-	(25,000)
Sirens - Upgrade (from 2012), Plant #2, Expansion, City Shop	54,000	27,000	(27,000)
Tandem Dump Truck with Plow, Wing and Sander (3)	500,000	270,000	(230,000)
Roller (2)		-	-
Fire Engine	110,000	110,000	-
Replace roof on Station #2		90,000	90,000
Replace HVAC units at Station #2		72,000	72,000
Breathing Air Compressor & Cascade Bottles	40,000	40,000	-
Overhaul Air Pack/Work Room	25,000	-	(25,000)
Exhaust Capture System		7,500	7,500
Overhaul Community Room Kitchen		50,000	50,000
Replace overhead doors at Station #2 (5 Doors: 4 in front and one in back)		30,000	30,000
Fire Pumper		-	-
Mower Replacement	180,000	90,000	(90,000)
Bluff Park Overlook		75,000	75,000
Library Bookdrop Off Station		6,000	6,000
Facility Improvements - City Hall		60,000	60,000
Facility Improvements - General	1,000,000	-	(1,000,000)
Computers		3,000	3,000
Caswell Parking Lot Improvements		140,000	140,000
Sub-Total Cash / Capital Facilities & Equipment Replacement	2,826,000	2,138,240	(687,760)

2020 Equipment & Facilities Replacement

- New for 2020-2024
 - Snow blower attachment for blower (\$160,000)
 - Excavator (\$200,000)
 - Loader price increases
 - General equipment decreases
 - Land purchases completed in 2019
 - On plow truck purchased
 - Fire station improvements
 - Facility improvements held for future discussion

2019-2023 Debt Expenditures

Project or Activity	Strategic Program Area	2019 Forecast	2020 FORECAST	2021 FORECAST	2022 FORECAST	2023 FORECAST	2024 FORECAST	Estimated 5 year costs
Tyler Ave. Reconstruct	Infrastructure	590,000						-
Caswell Indoor Recreation - City Portion	Recreation			5,500,000				5,500,000
Safe Routes to School - Dakota Meadows	Infrastructure		151,000					151,000
Safe Routes to School - Monroe/Bridges	Infrastructure			168,000				168,000
Howard Dr. Improvements	Infrastructure		TBD					
Commerce Dr. City Portion	Infrastructure	900,000						-
Ravine Improvements	Infrastructure	800,000	500,000	500,000	500,000	500,000	500,000	2,500,000
The Reserve Deep Sewer	Infrastructure	279,000						-
Carol Ct. Forcemain	Infrastructure	230,000						-
Harrison Ave. (Cross to Range)	Infrastructure		600,000					600,000
Monroe Ave. (Center to Range)	Infrastructure		1,000,000					1,000,000
Garfield Ave. (Center to Range)	Infrastructure			1,300,000				1,300,000
McKinley (Center to Range)	Infrastructure				1,300,000			1,300,000
Cross St. (Monroe to Webster)	Infrastructure					1,706,250		1,706,250
Sherman (South to Garfield)	Infrastructure						1,750,000	1,750,000
Howard Dr./Lor Ray Dr. Roundabout - City Portion	Infrastructure					500,000		500,000
Cliff Ct.	Infrastructure			650,000				650,000
Wheeler Ave (300 Block)	Infrastructure				625,000			625,000
Page Ave (Center to Range)	Infrastructure				650,000			650,000
Valerie Lane (Marvin to Cliff)	Infrastructure					750,000		750,000
Sub-Total Bonds		2,799,000	2,251,000	8,118,000	3,075,000	3,456,250	2,250,000	19,150,250

Sales Tax Project

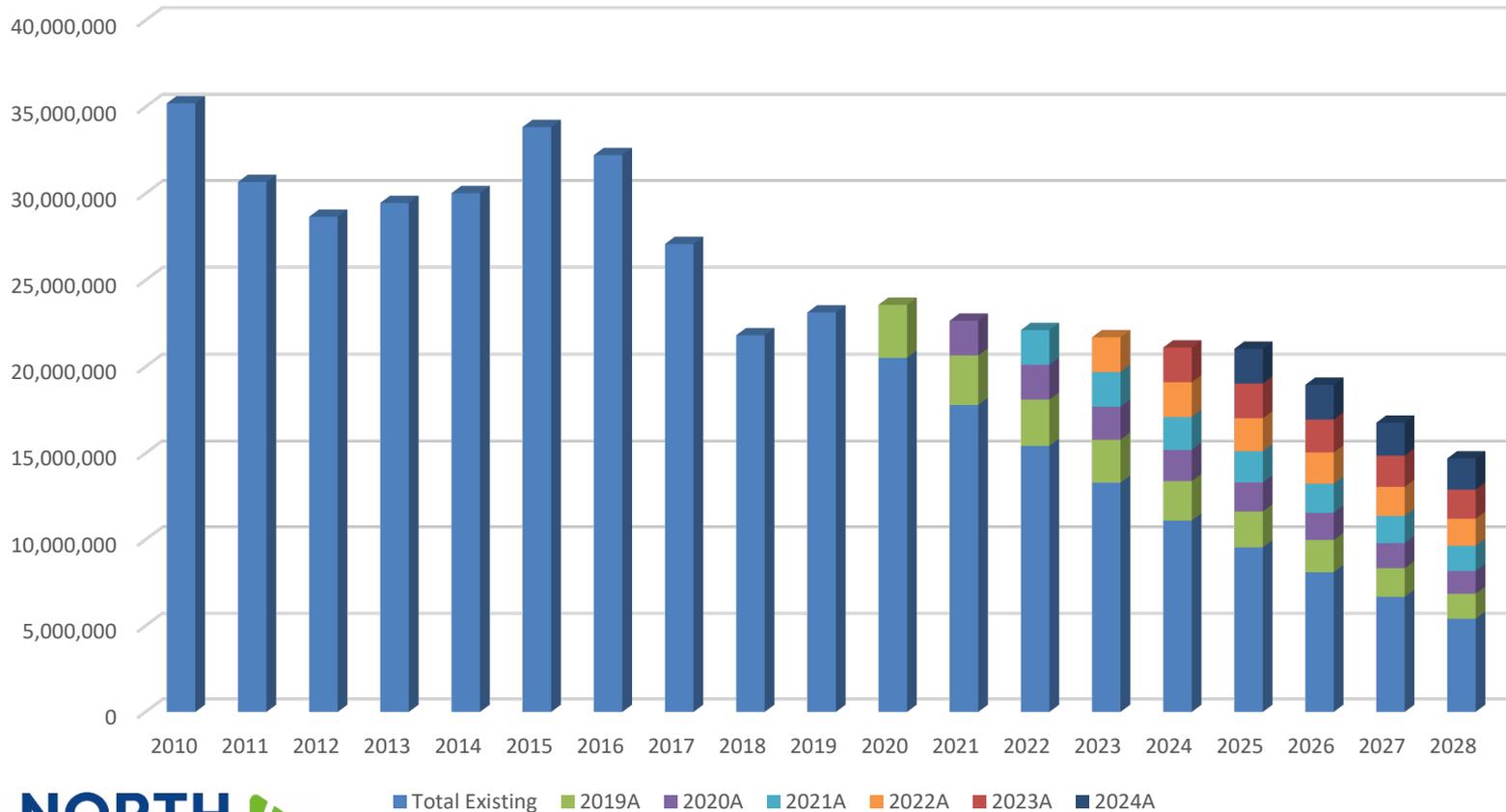
- Citizens and Legislature approved sales tax extension
- \$5.0-\$8.0 Million in sales tax funding capacity is available in 2020
- Pursuing State bonding appropriation for Caswell indoor recreation facility

2020 Parks Plan

- Benson Park: Final Lift of Asphalt in Parking Lot
- Benson Park: Babbling Brook near Shelter or Pedestrian Bridge
- Bluff Park Overlook
- Smaller Park Amenity Replacements (Rocking toys, digging toys, etc.)
- Park Sign Replacements
- Spring Lake Park Shelter #1 Updates (Shingles, repaint, etc.)
- Crack seal and Resurface Forest Heights Tennis Courts
- Replace Backstop at Walter S Farm and King Arthur Ball Fields
- Replace Centennial Park Decorative Concrete
- Spring Lake Park: Hockey Rink Board Repairs
- Update Lower Webster Batting Cages
- Budget of \$390,000 for parks capitol improvements

Debt Analysis

Current & Future Debt of \$2.0 Million/Annually



What's Next

- **Final Budget Adoption**
 - December 16, 2019 as part of the Regular City Council Meeting
- **Property 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