



Community Benchmarks

How does Shoreview compare?

November 2011

City of Shoreview, Minnesota
4600 Victoria Street North
Shoreview, MN 55126

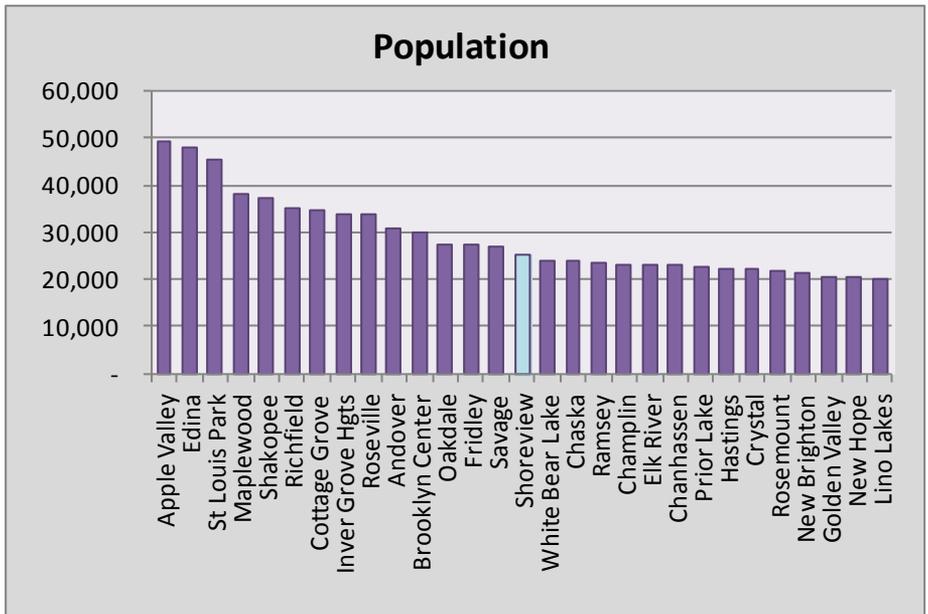
Introduction

Each fall the League of Minnesota Cities (LMC) publishes a report on City property values, tax levies, tax rates and state aid for the current year. In the spring of each year, the Minnesota Office of State Auditor (OSA) publishes an annual report on final City revenue, spending, debt levels and enterprise activity for two years earlier. The most recent LMC information is for the year 2011, and the most recent OSA information is for the year 2009.

Shoreview uses both the LMC and OSA information to evaluate how we compare to metro-area cities closest to Shoreview in size by selecting 14 cities larger and 14 cities smaller.

Population

The graph below contains the 2011 population reported for each of the cities in the comparison group. By design, Shoreview falls exactly in the middle.



City-Share of Property Taxes

A comparison of the City-share of the property tax bill for a \$249,350 home (Shoreview's median value) shows that the City ranks 5th lowest at \$765 (about 22% below the average of \$980). It is important to note that these tax estimates are before the market value homestead credit allocation of \$38 (for a net City tax of \$727), because the allocation varies between communities.



Tax Levy Ranking

Shoreview's tax levy rank (before market value credit cuts) has improved in the last 10 years in relation to comparison cities. For instance, in the year 2001 Shoreview ranked 18, and has dropped 2 positions to rank 20 in 2011. Shoreview's tax levy was 21.1% below the average of comparison cities in 2001, compared to 23.8% below the average for 2011.

2001		
Rank	City	Levy
1	Edina	\$ 14,438,771
2	Apple Valley	12,815,701
3	St Louis Park	10,354,979
4	Golden Valley	8,024,418
5	Maplewood	7,821,683
6	Brooklyn Center	7,512,837
7	Roseville	6,897,489
8	Richfield	6,537,688
9	Inver Grove Heigh	6,522,803
10	Chanhassen	6,215,004
11	Cottage Grove	6,177,571
12	New Hope	6,079,441
13	Rosemount	5,177,997
14	Oakdale	4,912,509
15	Lino Lakes	4,766,321
16	Hastings	4,762,462
17	Savage	4,684,064
18	Shoreview	4,617,369
19	Andover	4,548,876
20	Elk River	4,457,306
21	Fridley	4,205,159
22	Crystal	4,126,306
23	Shakopee	4,064,969
24	Prior Lake	3,923,417
25	Champlin	3,799,537
26	Ramsey	3,726,143
27	New Brighton	3,482,035
28	White Bear Lake	3,040,861
29	Chaska	1,975,041
Average		\$ 5,850,647
Shvw to Avg		-21.1%

2011		
Rank	City	Levy Before MVHC Cuts
1	Edina	\$ 25,174,000
2	St Louis Park	23,364,067
3	Apple Valley	21,036,001
4	Maplewood	16,785,754
5	Golden Valley	16,410,253
6	Richfield	16,330,772
7	Inver Grove Heigh	15,633,338
8	Savage	15,162,314
9	Shakopee	14,717,436
10	Roseville	13,878,068
11	Brooklyn Center	12,905,748
12	Cottage Grove	12,241,250
13	Hastings	11,263,990
14	Elk River	11,112,447
15	Rosemount	10,818,697
16	Andover	10,717,442
17	Fridley	10,195,151
18	Oakdale	9,980,087
19	Chanhassen	9,772,002
20	Shoreview	9,345,734
21	New Hope	9,229,405
22	Prior Lake	9,008,763
23	Crystal	8,988,830
24	Lino Lakes	8,660,077
25	Ramsey	8,128,869
26	Champlin	7,766,249
27	New Brighton	7,397,958
28	Chaska	4,880,352
29	White Bear Lake	4,665,990
Average		\$ 12,261,070
Shvw to Avg		-23.8%

Levy and State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services, and loses an additional \$350,000 of its adopted levy in 2011 due to state cuts to market value homestead credit. The table below shows the amount of LGA received by each comparison city, as well as the amount of LGA per capita. The highest city is White Bear Lake at \$64.40 of LGA per capita. Most comparison cities receive no LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
White Bear Lake	\$ 1,532,448	\$ 64.40
Crystal	1,455,066	\$ 65.69
Richfield	1,218,346	\$ 34.58
Fridley	759,414	\$ 27.91
Brooklyn Center	411,378	\$ 13.67
New Hope	41,843	\$ 2.06
Chaska	37,441	\$ 1.58
Andover	-	\$ -
Apple Valley	-	\$ -
Champlin	-	\$ -
Chanhassen	-	\$ -
Cottage Grove	-	\$ -
Edina	-	\$ -
Elk River	-	\$ -
Golden Valley	-	\$ -
Hastings	-	\$ -
Inver Grove Heights	-	\$ -
Lino Lakes	-	\$ -
Maplewood	-	\$ -
New Brighton	-	\$ -
Oakdale	-	\$ -
Prior Lake	-	\$ -
Ramsey	-	\$ -
Rosemount	-	\$ -
Roseville	-	\$ -
Savage	-	\$ -
Shakopee	-	\$ -
Shoreview	-	\$ -
St Louis Park	-	\$ -

Tax Rates

Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 7th lowest in 2001 and 6th lowest in 2011.

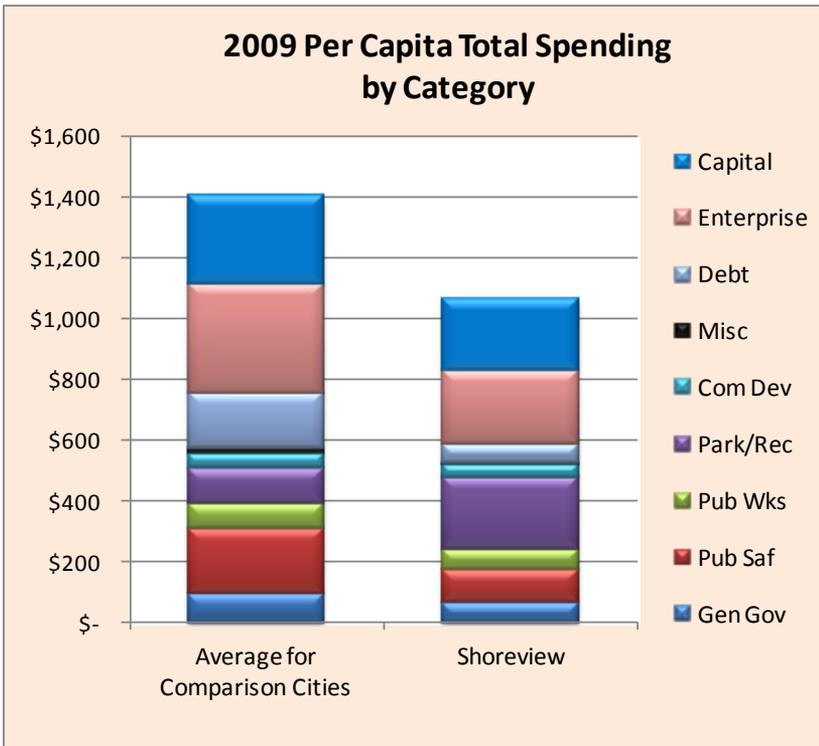
2001		
Rank	City	Tax Rate
1	Rosemount	36.55%
2	Brooklyn Center	36.05%
3	Lino Lakes	35.90%
4	New Hope	34.50%
5	Hastings	33.15%
6	Apple Valley	31.32%
7	Elk River	30.60%
8	Chanhassen	28.93%
9	Ramsey	28.01%
10	Cottage Grove	27.34%
11	Champlin	26.93%
12	Golden Valley	26.79%
13	Savage	26.56%
14	Prior Lake	26.41%
15	Crystal	25.87%
16	Richfield	25.85%
17	Inver Grove Heigh	25.62%
18	Oakdale	25.00%
19	Andover	22.53%
20	St Louis Park	20.83%
21	New Brighton	20.40%
22	Maplewood	19.97%
23	Shoreview	18.73%
24	Roseville	18.52%
25	Shakopee	18.20%
26	Edina	17.23%
27	Fridley	16.41%
28	Chaska	16.14%
29	White Bear Lk	14.60%
	Average	25.34%
	Shvw to Avg	-26.1%

2011		
Rank	City	Tax Rate
1	Brooklyn Center	57.22%
2	Richfield	54.98%
3	Golden Valley	53.06%
4	New Hope	49.22%
5	Savage	48.28%
6	Crystal	47.35%
7	Elk River	45.72%
8	Rosemount	44.66%
9	Inver Grove Heigh	43.61%
10	Apple Valley	42.39%
11	Lino Lakes	42.04%
12	St Louis Park	41.46%
13	Ramsey	39.80%
14	Champlin	39.21%
15	Maplewood	39.05%
16	Andover	38.54%
17	Cottage Grove	38.11%
18	New Brighton	37.88%
19	Fridley	37.01%
20	Hastings	36.80%
21	Oakdale	35.87%
22	Shakopee	34.73%
23	Prior Lake	30.71%
24	Shoreview	30.67%
25	Roseville	29.76%
26	Edina	24.66%
27	Chaska	23.21%
28	Chanhassen	17.73%
29	White Bear Lake	11.80%
	Average	38.47%
	Shvw to Avg	-20.3%

For 2011, Shoreview is about 25% below the average tax rate of 36.78%.

Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2009 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2009 spending is about \$1,063 per capita, which is about 24% below the average of \$1,401.



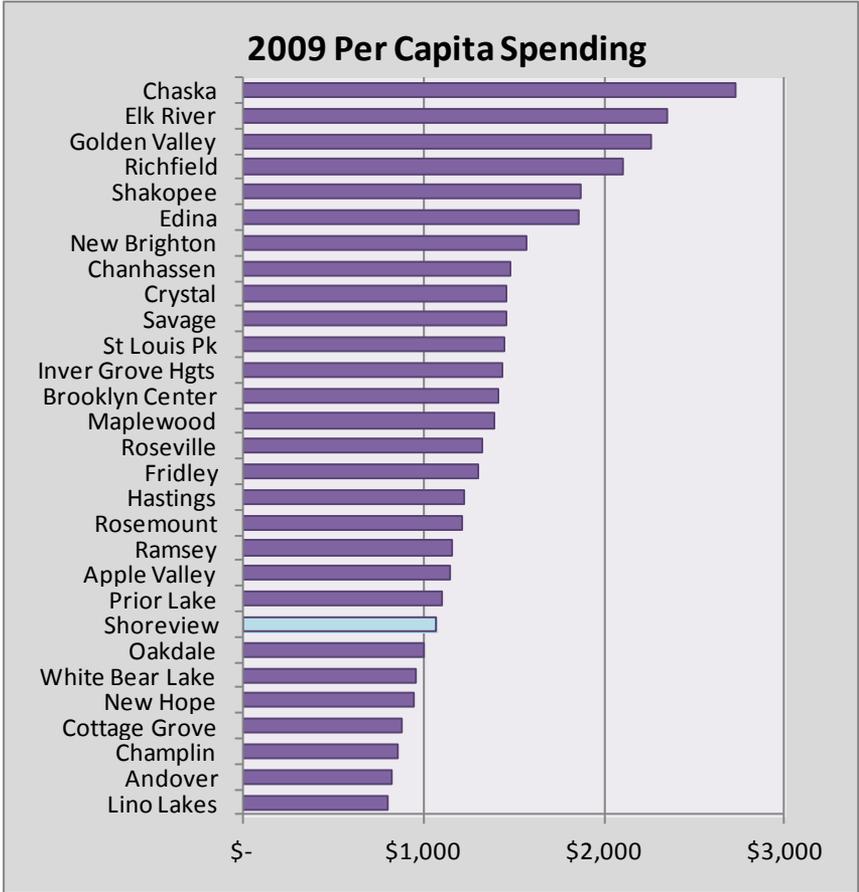
Spending Per Capita by Activity

When reviewing spending in more detail, Shoreview is below average in all activities except parks and recreation and traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher due to the Community Center and Recreation Program operations (largely supported by user fees and memberships)
- Utility spending is higher due to differences in how cities account for storm sewer and street light operations. For instance, some cities support these operations with property tax revenue.
- Public safety spending in Shoreview is the lowest for all comparison cities, at \$106.84 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 65% below average in Shoreview because debt balances are lower than in comparison cities.

2009 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 92.89	\$ 65.74	\$ (27.15)	-29.2%
Public safety	214.41	106.84	(107.57)	-50.2%
Public works	82.90	69.46	(13.44)	-16.2%
Parks	114.80	231.52	116.72	101.7%
Commun devel/EDA/HRA/Housing	48.65	46.39	(2.26)	-4.6%
All other governmental	16.39	4.33	(12.06)	-73.6%
Water/sewer/storm/st lights	231.64	242.12	10.48	4.5%
Electric	101.51	-	(101.51)	-100.0%
All other enterprise operations	22.97	-	(22.97)	-100.0%
Debt payments	184.34	63.77	(120.57)	-65.4%
Capital outlay	290.80	233.28	(57.52)	-19.8%
Total All Funds	\$ 1,401.29	\$ 1,063.45	\$ (337.85)	-24.1%

The graph below shows total 2009 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,734 in Chaska to a low of \$802 in Lino Lakes.



Shoreview ranks 8th lowest at \$1,063 per capita, and is 24% below the average of \$1,401.

Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2009 except charges for services and traditional utility revenue. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 2nd lowest for special assessments, and lowest for state aid (from all sources combined), and other governmental revenue, while remaining more than 21% below average in property taxes.

2009 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 405.01	\$ 319.72	\$ (85.29)	-21.1%
Tax increment (TIF)	82.70	77.56	(5.14)	-6.2%
Franchise tax	16.00	10.84	(5.16)	-32.2%
Other tax	1.45	0.59	(0.86)	-59.3%
Special assessments	50.27	10.05	(40.22)	-80.0%
Licenses & permits	23.78	14.25	(9.53)	-40.1%
Federal (all combined)	27.45	-	(27.45)	-100.0%
State (all combined)	66.83	13.29	(53.54)	-80.1%
Local (all combined)	23.40	2.32	(21.08)	-90.1%
Charges for service	118.33	191.59	73.26	61.9%
Fines & forfeits	8.17	2.15	(6.02)	-73.7%
Interest	20.24	6.95	(13.29)	-65.7%
All other governmental	32.69	6.91	(25.78)	-78.9%
Water/sewer/storm/street lighting	229.79	256.28	26.49	11.5%
Electric enterprise	109.97	-	(109.97)	-100.0%
All other enterprise	27.56	-	(27.56)	-100.0%
Total Revenue per capita	\$ 1,243.66	\$ 912.50	\$ (331.16)	-26.6%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

Shoreview's policy states that "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be higher in Shoreview to generate the resources needed to fund capital replacements, but this is not the case. The tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

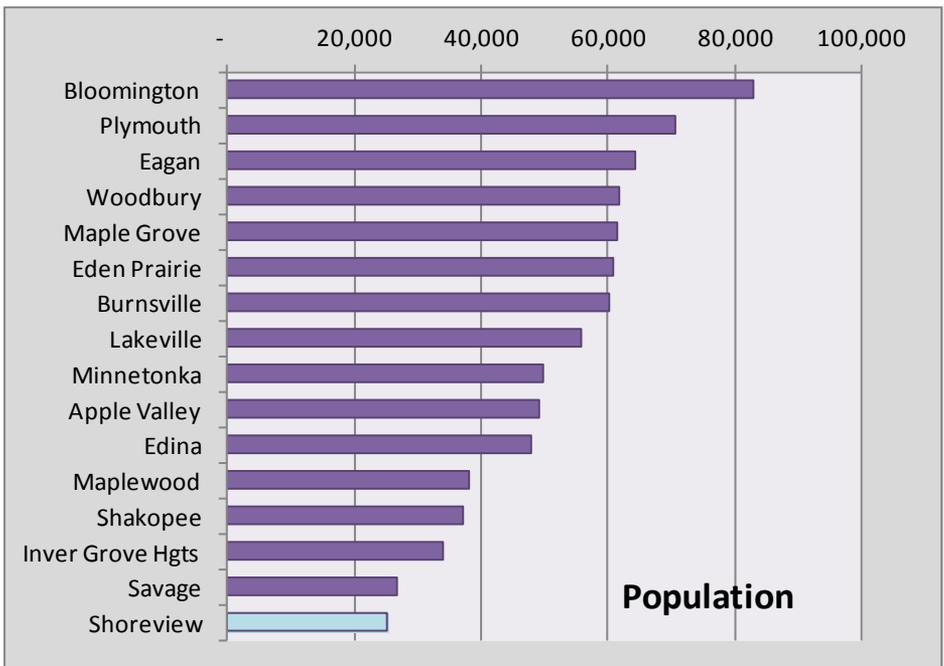
- Shoreview's 2009 spending per capita ranks 8th lowest
- Shoreview's assessment collections per capita are the lowest among all comparison cities
- Shoreview's share of the 2011 property tax bill, on a home valued at \$249,350, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, dropping one rank position from the year 2001 to 2011

In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.

Comparison to MLC Cities

Shoreview also prepares comparisons to cities belonging to the Municipal Legislative Commission (MLC). These 16 cities provide an important comparison because many achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management. In fact, most of the 16 cities have AAA bond ratings, as does Shoreview.

Shoreview has the smallest population in the group, and is roughly half of the average for the group.

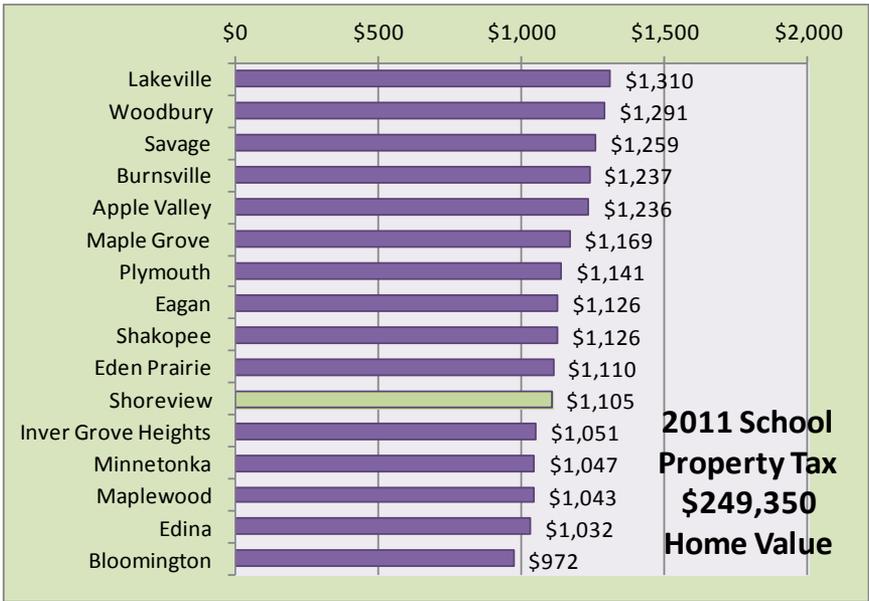


Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size of each community varies. The graph at the top of the next page shows the market value per capita for each MLC city, with Shoreview in the middle of the group (about 2.7% below average).



Median Home Tax - Perhaps the most revealing comparisons come from examining the property tax by component unit. The graph below shows the city share of the tax bill on a \$249,350 home (the median value in Shoreview). Shoreview ranks 3rd lowest at \$765, compared to a high of \$1,243 in Savage.



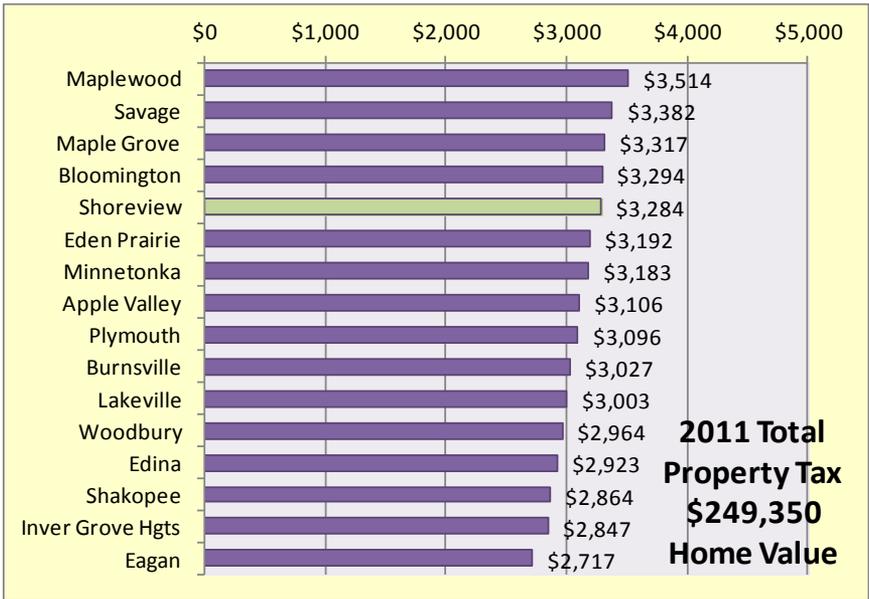


School District property taxes (Mounds View) rank about 3% below average in Shoreview (see graph above), while the combined taxes for Special Districts rank 4% above the average (see graph below).





County property taxes for cities located in Ramsey County (including Shoreview) rank 38% above average (see graph above). Total taxes in Shoreview rank 5th highest among MLC cities (see graph below). Note: the average school district tax is used for Shoreview, and the total tax estimate includes the \$148 homestead credit allocated to all taxing jurisdictions.



Summary

Additional information on the City's budget, capital improvement program and tax levy will be made available in late November on the City's website and at city hall.

The budget hearing on the City's 2012 Budget is scheduled for December 5, 2011 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program, utility rates and Five-year Operating Plan fund balance goals and targets is scheduled for December 19, 2011 (the second regular Council meeting in December).

Other informational booklets on City operations that will be available in December include:

- Budget and Capital Improvement Summary
- Utility Operations
- Property Tax System

This document was prepared by the City's finance department.

