

**CITY OF SHOREVIEW
AGENDA
CITY COUNCIL WORKSHOP
NOVEMBER 10, 2014
7:00 P.M.**

1. ROLL CALL
2. REVIEW OF I-694 CORRIDOR IMPROVEMENTS
3. DISCUSSION OF PROPOSED 2015 OPERATING BUDGET AND TAX LEVY
4. OTHER ISSUES
5. ADJOURNMENT

TO: MAYOR, CITY COUNCIL, AND CITY MANAGER
FROM: MARK J. MALONEY, PUBLIC WORKS DIRECTOR
DATE: NOVEMBER 6, 2014
SUBJ: I-694 CORRIDOR IMPROVEMENTS

MnDOT has prepared a preliminary layout for “3rd Lane” improvements to the segment of I-694 through Shoreview. This approx. \$42 million project is being funded via the State’s Corridors of Commerce Program, with construction work tentatively scheduled for 2016/2017. Attached are materials showing the limits of the construction as well as a brief description of the proposed improvement. The current proposal requires no financial participation by the City of Shoreview.

The Council may recall that this segment of I-694 was previously planned to be improved by repurposing the shoulders near the outside lanes as “managed or dynamic lanes” in accordance with the 2030 Metropolitan Council Regional Transportation Policy Plan. The City has publically commented in the past on the need for added general purpose lanes for this congested segment of I-694, especially in light of the I-35 improvements north of St. Paul and the “Unweave the Weave” initiative that underscore the bottleneck through Shoreview.

Besides congestion, we expect that the topic of noise wall construction/extension will be examined in MnDOT’s development of final plans. Given the nature of these improvements (to add/improve capacity), MnDOT is required under State Statutes 161.164 (attached) to obtain Municipal Consent from the City of Shoreview. That process requires City Council action following a public hearing, which is being scheduled for the regular meeting on December 15, 2014.

Staff is supportive of the preliminary layout for the 3rd general purpose lane improvements to the I-694 corridor through Shoreview. MnDOT staff is planning to review the preliminary layout with the City Council at the workshop meeting scheduled for Monday, November 10, 2014.

Attachments



Minnesota Department of Transportation

Metropolitan District
Waters Edge
1500 West County Road B-2
Roseville, MN 55113-3174

October 29, 2014

City of Shoreview
Mr. Mark Maloney, P.E.
Public Works Director
4600 Victoria St. N
Shoreview, MN 55126

RE: Municipal Consent of TH 694 – Lexington Ave. to Rice St.

Dear Mr. Maloney:

MnDOT is proceeding with plans to complete State Project 6285-143, (addition of a third lane in each direction of I-694). In accordance with Minnesota Statute 161.164, I am submitting for City approval the project's Final Layout, identified as Layout No. 1A, S.P. 6285-143.

The City's approval (municipal consent) is required for this project because it increases highway traffic capacity (addition of a third lane) and requires acquisition of permanent rights of way (land is required for water treatment/control). Municipal consent of MnDOT projects is described in Minnesota Statutes 161.162 through 161.167 (<https://www.revisor.mn.gov/statutes/?id=161.162>).

Approval or disapproval of the final layout is by resolution of the City Council. (A sample resolution is attached). However, if the City neither approves nor disapproves the final layout within 90 days of the public hearing, the layout is deemed approved (per MN Statute 161.164).

The deadlines (per MN Statute 161.164) for the City's responsibilities regarding municipal consent of the attached layout are as follows, based on a submittal date of the final layout to the City of Shoreview on Oct. 29, 2014:

- Within 15 days of receiving the final layout, schedule a public hearing (by Nov. 13, 2014).
- Within 60 days of receiving the final layout, conduct the public hearing (by Dec. 29, 2014).
- Provide at least 30-days' notice of the public hearing.
- Within 90 days of the public hearing, approve or disapprove the layout by resolution.

MnDOT will attend the public hearing to present the final layout and answer questions, as required by statute.

An Equal Opportunity Employer



I-694

Arden Hills, Shoreview

About this project

Summary of work

- Add a third general purpose lane in each direction between Rice Street and Lexington Avenue.
- Reconstruct I-694 between Rice Street and Lexington Avenue.
- Rebuild interstate ramps at Lexington Avenue, Victoria Street and Rice Street.
- Open the right lane of the bridge from northbound I-35E to westbound I-694. The right lane will become an exit-only lane to Rice Street.
- Improve storm water drainage throughout the corridor.



Click map for larger PDF version.

Cost

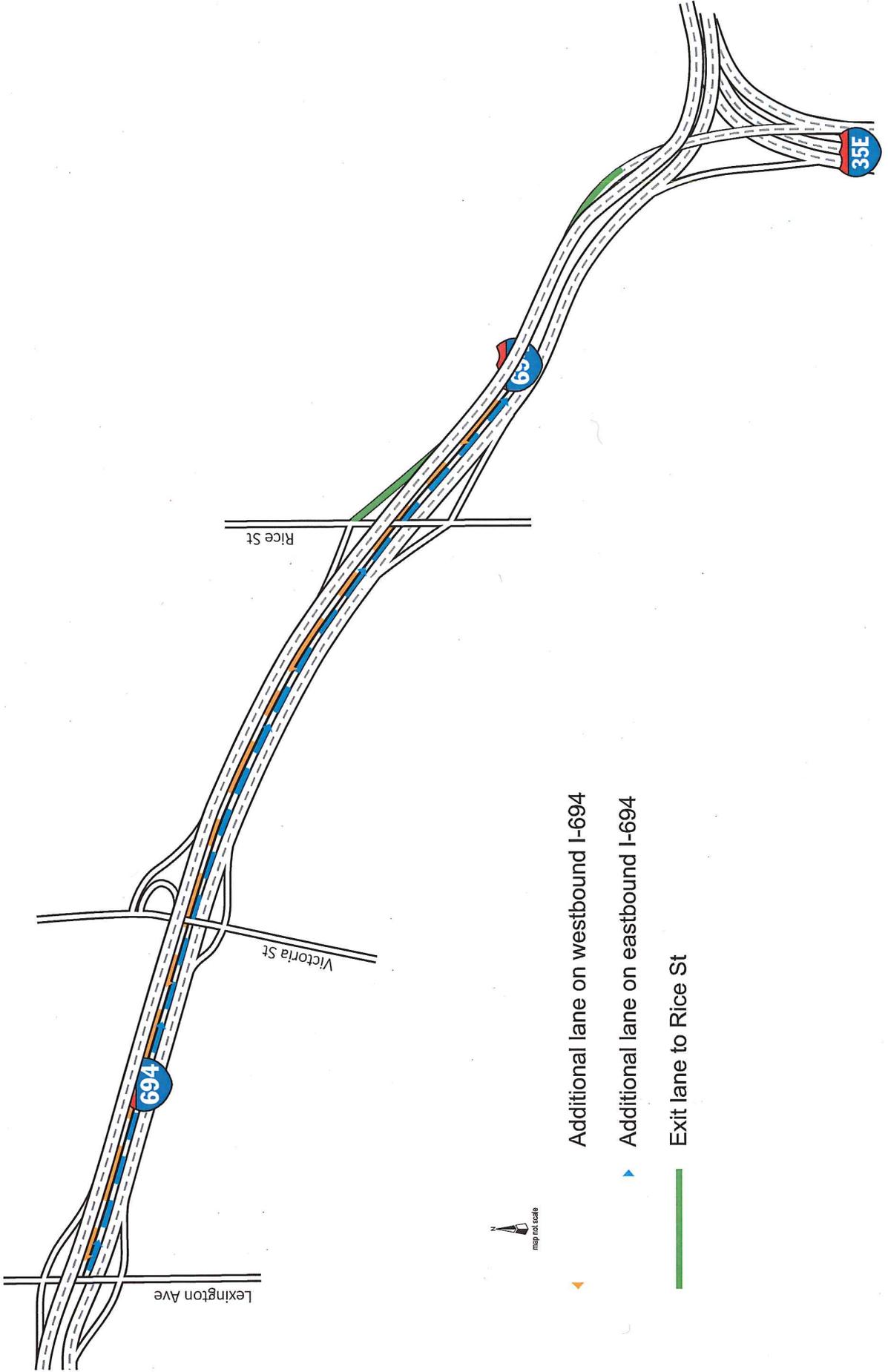
- Approximately \$42 million funded through the [Corridor of Commerce](http://www.dot.state.mn.us/corridorsofcommerce/index.html) (<http://www.dot.state.mn.us/corridorsofcommerce/index.html>) program.

Schedule

- Construction: 2016 through fall 2017

Location

- I-694 between Rice Street in Shoreview and Lexington Avenue in Arden Hills



161.164 FINAL LAYOUT APPROVAL PROCESS.

Subdivision 1. **Submission of final layout.** Before proceeding with the construction, reconstruction, or improvement of any route on the trunk highway system lying within any municipality, the commissioner shall submit to its governing body a final layout and project report covering the purpose, route location, and proposed design of the highway. The final layout must be submitted as part of a report containing any supporting data that the commissioner deems helpful to the governing body in reviewing the final layout submitted. The supporting data must include a good-faith cost estimate of all the costs in which the governing body is expected to participate. The final layout must be submitted before final decisions are reached so that meaningful early input can be obtained from the municipality.

Subd. 2. **Governing body action.** (a) Within 15 days of receiving a final layout from the commissioner, the governing body shall schedule a public hearing on the final layout. The governing body shall, within 60 days of receiving a final layout from the commissioner, conduct a public hearing at which the Department of Transportation shall present the final layout for the project. The governing body shall give at least 30 days' notice of the public hearing.

(b) Within 90 days from the date of the public hearing, the governing body shall approve or disapprove the final layout in writing, as follows:

(1) If the governing body approves the final layout or does not disapprove the final layout in writing within 90 days, in which case the final layout is deemed to be approved, the commissioner may continue the project development.

(2) If the final construction plans contain changes in access, traffic capacity, or acquisition of permanent right-of-way from the final layout approved by the governing body, the commissioner shall resubmit the portion of the final construction plans where changes were made to the governing body. The governing body must approve or disapprove the changes, in writing, within 60 days from the date the commissioner submits them.

(3) If the governing body disapproves the final layout, the commissioner may make modifications requested by the municipality, decide not to proceed with the project, or refer the final layout to an appeal board. The appeal board shall consist of one member appointed by the commissioner, one member appointed by the governing body, and a third member agreed upon by both the commissioner and the governing body. If the commissioner and the governing body cannot agree upon the third member, the chief justice of the Supreme Court shall appoint a third member within 14 days of the request of the commissioner to appoint the third member.

Subd. 3. **Appeal board.** Within 30 days after referral of the final layout, the appeal board shall hold a hearing at which the commissioner and the governing body may present the case for or against approval of the final layout referred. Not later than 60 days after the hearing, the appeal board shall recommend approval, recommend approval with modifications, or recommend disapproval of the final layout, making additional recommendations consistent with state and federal requirements as it deems appropriate. It shall submit a written report containing its findings and recommendations to the commissioner and the governing body.

History: 2001 c 191 s 5

TO: Mayor and City Council

FROM: Terry C. Schwerm, City Manager
Fred Espe, Finance Director

DATE: November 6, 2014

RE: 2015 Budget and Tax Levy

Preliminary Property Tax Levy

The table below provides a comparison of the 2014 adopted levy, the 2015 levy as originally planned in the biennial budget, and the revised City Manager’s recommended levy that was adopted by the City Council in September. When reviewing the areas impacting the total levy (as shown in the column at the far right-hand side of the table), the portion of the levy supporting City services (including the tax supported share of staff costs) causes a 2.26% increase in the tax levy. The remaining 1.26% increase in the levy is the result of debt, capital replacement funds, capital improvement funds, and the EDA. The modest increase in the General Fund share of the levy is due primarily to the increase in police and fire contract costs (\$208,015 cost increase for the two contracts combined).

Description	2014	2015	2015	Change from 2014 Adopted		Impact on Total Levy *
	Adopted Levy	Original Levy	Recommended Levy	to 2015 Recommended Levy Dollars	Percent	
General fund	\$ 6,837,154	\$ 7,180,671	\$ 7,060,918	\$ 223,764	3.27%	2.26%
EDA	80,000	90,000	90,000	10,000	12.50%	0.10%
Debt (including Cent Garage)	732,000	752,000	752,000	20,000	2.73%	0.20%
Street Renewal fund	900,000	950,000	940,000	40,000	4.44%	0.40%
General Fixed Asset Repl fund	1,350,000	1,425,000	1,400,000	50,000	3.70%	0.51%
Capital Acquisition Fund (IT)	20,000	25,000	25,000	5,000	25.00%	0.05%
Total City Levy	\$ 9,919,154	\$10,422,671	\$ 10,267,918	\$ 348,764	3.52%	3.52%
HRA tax levy	\$ 90,000	\$ 95,000	\$ 95,000	\$ 5,000	5.56%	
Total Levy (City and HRA)	\$10,009,154	\$10,517,671	\$ 10,362,918	353,764	3.53%	
Taxable value (estim for 2015)	\$23,951,981	\$26,712,038	\$ 26,712,038	\$ 2,760,057	11.52%	
City tax rate (estim for 2015)	37.490%	35.402%	34.823%	-2.667%	-7.11%	
HRA tax rate (estim for 2015)	0.345%	0.322%	0.322%	-0.023%	-6.67%	
Fiscal disparity (estim for 2015)	\$ 939,456	\$ 965,979	\$ 965,979	\$ 26,523	2.82%	
Net tax paid by property owners	\$ 8,979,698	\$ 9,456,692	\$ 9,301,939	\$ 322,241	4.07%	
Change in Tax Paid by Prop Owners	2.51%	5.31%	3.59%			

* Percent change in this column is computed as the impact on the "Total City Levy"

It should be noted that the proposed 2015 preliminary tax levy as shown in the table above is \$154,753 lower than adopted as part of the biennial budget for 2015.

A listing of specific items impacting the preliminary tax levy is provided on the next page.

The first section of the box shows changes resulting from a reevaluation of all General Fund revenues to reflect current development activity, preliminary capital projects, transfers from the Cable TV fund for communication costs, and transfers from Utility funds. All revenue changes combined account for a 1.11% decrease in the total tax levy.

The second section of the box shows changes in General Fund expense. These items account for 3.37% increase in the total proposed tax levy.

The net impact of General Fund changes is a 2.26% increase in the total tax levy.

The EDA, debt funds and capital funds account for a 1.26% increase in the tax levy (for a combined change in the City levy of 3.52%).

Note: (brackets) indicate a decrease in the tax levy	2015 Change	
	Increase (Decrease)	% Impact on Total Levy
General Fund Revenue Changes		
License and permits	(5,600)	
MSA Maintenance	(47,000)	
Administrative charges to other funds	1,800	
Administrative charges to capital projects	(20,000)	
Engineering fees	20,000	
Plan check fees	(4,000)	
Administrative citations	4,000	
Investment earnings	(5,000)	
Other revenues	1,381	
Transfer from Cable TV	(7,000)	
Transfer from Utility Funds (PILOT)	(49,000)	
General Fund Revenue Changes	(110,419)	-1.11%
General Fund Expenditure Changes		
Park & Recreation Director - salary & benefits	(27,923)	
Finance Department accounting assistance - salary & benefits	(16,248)	
Wages all employees - step & 2% COLA	37,605	
PERA/FICA/Medicare	13,525	
Group insurance - \$70/month	30,914	
Workers' compensation	18,736	
Community Survey	13,000	
Election	(27,500)	
Property/Liability insurance	7,210	
Legal	5,000	
Police	95,895	
Fire (contract)	112,120	
Administration postage	(4,000)	
Forestry & Nursery	(6,469)	
Building inspection - inspection contractual	8,900	
Central Garage equipment/building charges	22,565	
Misc. other adjustments by department:		
Council and commissions	5,500	
Administration	1,863	
Human resources	735	
Communications	2,600	
Finance	(360)	
Information Systems	2,840	
Public works administration & engineering	5,500	
Streets	12,200	
Trail management	4,500	
Municipal buildings	400	
Parks & Recreation administration	300	
Park maintenance	5,825	
Planning & zoning administration	(350)	
Building inspection	300	
Transfers out	9,000	
General Fund Expenditure Changes	334,183	3.37%
Total General Fund changes	223,764	2.26%
Levy Changes in All Other Funds		
EDA Levy	10,000	
Debt (Debt & Central Garage funds)	20,000	
Street Renewal fund	40,000	
General Fixed Asset fund	50,000	
Information Technology fund	5,000	
Levy Changes in All Other Funds	125,000	1.26%
Total Change in City Levy	348,764	3.52%
HRA Levy	5,000	5.56%

Below is a brief listing of specific items having an impact on the 2015 tax levy:

- Revenue changes reflect slightly higher permit-related revenues, an increase in MSA maintenance revenue (due to State reallocation with construction aid), increased administrative charges, lower engineering fees for capital projects and lower administrative citations.
- Elimination of the Park & Recreation Director position in 2015 results in a \$27,923 impact on the levy.
- Elimination of accounting assistance in the finance department results in a \$16,248 impact on the levy.
- Wage costs include a 2% wage adjustment, an \$80 per month increase in the City contribution for health insurance, contributions to PERA (.25% increase) and social security, and step increases for employees not yet at the regular rate of pay for the position.
- Workers' compensation costs increased by \$18,736 due to a change in the City's experience modification factor from 81% in 2014 to 101% in 2015. The experience modification factor is an indicator of risk based on past losses and increases the insurance premium if over 100%.
- An allowance of \$13,000 is included for a community survey.
- Election costs are deleted for 2015.
- Property/liability insurance rates are increasing slightly in 2015.
- Legal costs increased due to both general and prosecution legal expense.
- Police costs are increasing \$95,895 or about 4.9% due to cost of living and health insurance adjustments and vehicle and equipment replacements.
- Fire service costs are increasing \$112,120 nearly 11%, due to full implementation of the duty crew program beginning July, 2015, as well as an increase in calls for service in Shoreview. The duty crew will be staffed 24/7 beginning in July 2015.
- Forestry & Nursery supplies are down as a result of costs associated with the Emerald Ash Borer (EAB) treatment program being less than originally anticipated.
- Building inspection changes include the cost of contracted inspection services.
- Central garage charges paid by the General Fund are up due to equipment replacements.
- Council and commission changes include slight increases for Northeast Youth and Family Services, increased dues and subscriptions, and Council goal setting.
- Information system costs include increased training and professional development.
- Public works administration & engineering increases are a result of traffic count studies and training and professional development.
- Street supply increases include asphalt, signs and salt for ice and snow removal. Other increases relate to street striping and curb repairs.
- Trail management increases are a result of repair supplies and contractual costs.
- Park maintenance increases are primarily a result of supplies and contractual fees.
- The impact of all other General Fund changes net to a \$5,488 increase.
- The EDA and HRA levies each increase \$10,000 and \$5,000 respectively to cover additional staff time dedicated to EDA, HRA and Economic Development Commission costs.
- Combined debt levies increase \$20,000, for existing debt funds and maintenance center debt. The City is able to keep a modest debt levy increase due to the utilization of General Fund surpluses set aside in the Closed Bond Fund at the end of 2010 and 2011. As planned, these surpluses help mitigate the impact of debt levies.

Potential Levy Changes

The preliminary levy that was approved by the City Council on September 2 included an estimated health insurance increase of 11% and a monthly increase in the maximum City contribution to employees of \$80 (8.5%). The City has received insurance rate renewals that are significantly lower than the amounts anticipated in the preliminary budget (health 2.65%, dental 0%), and staff is now recommending that the City health contribution increase by \$20 (2.1%). A \$20 increase in the City contribution would result in the 2015 cost sharing percent for employees with family insurance coverage remaining the same as 2014 (City 63.3%, employee 36.7%). These favorable insurance rates have resulted in cost savings of \$33,628 in the general fund and additional savings of \$37,724 in all other funds for a total savings of \$71,352. Personal changes since the adoption of the preliminary levy have resulted in general fund wage decreases of \$10,238, and other employee benefit reductions of \$1,951. Total personal cost savings (wages & benefits) in the general fund are projected to be \$45,817.

Staff has prepared a few options for Council consideration regarding the tax levy as follows:

- Option #1 replace the capital levies in the Street Renewal (\$10,000) and General Fixed Asset Replacement (\$25,000) funds that were reduced when the preliminary levy was adopted, and reduce the final levy by \$10,817. Increasing these capital levies to the amounts planned for in the original 2014-2015 biennial budget would provide greater flexibility in these funds, and moderate future planned levy increases. This option will result in a levy increase of 3.43%.
- Option #2 provide for an additional .5% COLA increase effective 7/1/15 for regular employees, \$8,234 (general fund share) and replace the capital levies in the Street Renewal (\$10,000) and General Fixed Asset Replacement (\$27,583) funds that were reduced when the preliminary levy was adopted (no reduction to preliminary levy). This option will result in a levy increase of 3.53%.
- Option #3 Reduce the final levy by \$45,817, which would lower the levy increase to 3.08%.

The table below provides a comparison of the three options and their effect on the City's levy, tax rate and City tax on a median value home.

Description	2014	2015		Option #1	Option #2	Option #3
	Adopted Levy	Adopted Preliminary Levy	Option #1			
General fund	\$ 6,837,154	\$ 7,060,918	\$ 7,015,101	\$ 7,023,335	\$ 7,015,101	
EDA	80,000	90,000	90,000	90,000	90,000	
Debt (including Cent Garage)	732,000	752,000	752,000	752,000	752,000	
Street Renewal fund	900,000	940,000	950,000	950,000	940,000	
General Fixed Asset Repl fund	1,350,000	1,400,000	1,425,000	1,427,583	1,400,000	
Capital Acquisition Fund (IT)	20,000	25,000	25,000	25,000	25,000	
Total City Levy	\$ 9,919,154	\$ 10,267,918	\$ 10,257,101	\$ 10,267,918	\$ 10,222,101	
HRA tax levy	\$ 90,000	95,000	\$ 95,000	\$ 95,000	\$ 95,000	
Total Levy (City and HRA)	\$ 10,009,154	\$ 10,362,918	\$ 10,352,101	\$ 10,362,918	\$ 10,317,101	
Change in Levy (City and HRA)	3.40%	3.53%	3.43%	3.53%	3.08%	
Taxable value (estim for 2015)	\$ 23,951,981	\$ 26,712,038	\$ 26,712,038	\$ 26,712,038	\$ 26,712,038	
City tax rate (estim for 2015)	37.490%	34.823%	34.783%	34.823%	34.652%	
HRA tax rate (estim for 2015)	0.345%	0.322%	0.322%	0.322%	0.322%	
Fiscal disparity (estim for 2015)	\$ 939,456	\$ 965,979	\$ 965,979	\$ 965,979	\$ 965,979	
Net Tax paid by property owners	\$ 8,979,698	\$ 9,301,939	\$ 9,291,122	\$ 9,301,939	\$ 9,256,122	
% Change in Tax Paid by Prop Owners	2.51%	3.59%	3.47%	3.59%	3.08%	
City tax on Median value home	\$ 777.92	\$ 809.63	\$ 808.70	\$ 809.63	\$ 805.66	

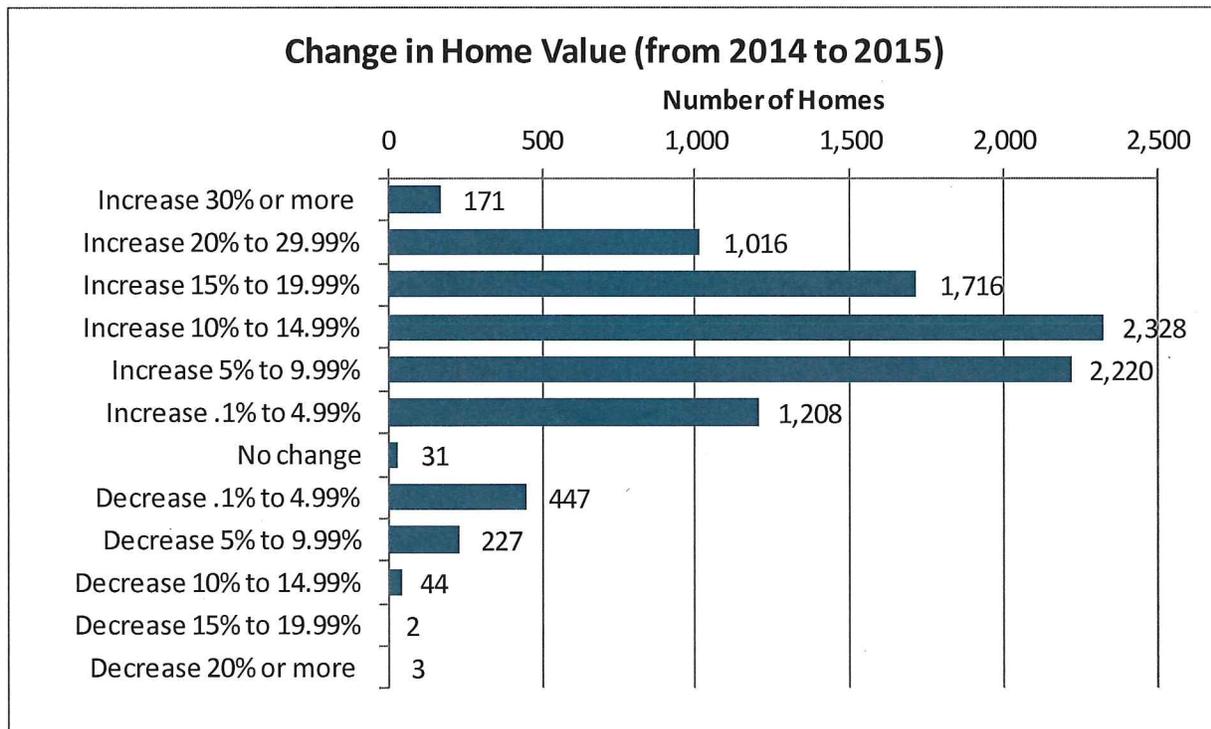
Residential Property Values

According to information provided by the Ramsey County Assessor, the median home value in Shoreview will increase from \$224,500 for 2014 taxes, to \$247,500 for 2015 taxes (a 10.2% increase in value). The table at right shows the change in Shoreview's median single family home value since 2006.

Year	Median Home Value	Annual Percent Change
2006	265,050	12.2%
2007	279,900	5.6%
2008	286,600	2.4%
2009	275,600	-3.8%
2010	262,200	-4.9%
2011	249,350	-4.9%
2012	235,700	-5.5%
2013	222,200	-5.7%
2014	224,500	1.0%
2015	247,500	10.2%

Change in home values (all residential)	Number of Parcels	Percent of Parcels	Sub-totals	
			Number of Parcels	Percent of Parcels
Increase 30% or more	171	1.8%		
Increase 20% to 29.99%	1,016	10.8%		
Increase 15% to 19.99%	1,716	18.2%		
Increase 10% to 14.99%	2,328	24.7%		
Increase 5% to 9.99%	2,220	23.6%		
Increase .1% to 4.99%	1,208	12.8%	8,659	92.0%
No change	31	0.3%	31	0.3%
Decrease .1% to 4.99%	447	4.7%		
Decrease 5% to 9.99%	227	2.4%		
Decrease 10% to 14.99%	44	0.5%		
Decrease 15% to 19.99%	2	0.0%		
Decrease 20% or more	3	0.0%	723	7.7%
Total Residential Parcels	9,413	100.0%	9,413	100.0%

Values are increasing for the majority of Shoreview homes. As shown in the table at left and the graph below, 8,659 homes experience an increase in value, 31 home values remain the same, and 723 home values decrease.



Impact on Residential Property Taxes

The table below provides estimated changes in the City, HRA and total property tax bill (using the assumptions on page 1 of this report) for a median value home in the Mounds View School District and Rice Creek Watershed District. A description of the change in tax for a median home under each assumption follows the table.

Market Value Before MVE		Market Value After MVE			City Portion of Property Tax		Change in City Property Tax		HRA Portion of Property Tax		Change in HRA Property Tax	
2014	2015	2014	2015	Value Change	2014	2015	Dollars	Percent	2014	2015	Dollars	Percent
\$ 204,800	\$ 247,500	\$ 186,000	\$ 232,500	25.0%	\$ 697.31	\$ 809.63	\$ 112.32	16.1%	\$ 6.42	\$ 7.49	\$ 1.07	16.7%
\$ 219,600	\$ 247,500	\$ 202,100	\$ 232,500	15.0%	\$ 757.67	\$ 809.63	\$ 51.96	6.9%	\$ 6.97	\$ 7.49	\$ 0.52	7.5%
\$ 228,000	\$ 247,500	\$ 211,300	\$ 232,500	10.0%	\$ 792.16	\$ 809.63	\$ 17.47	2.2%	\$ 7.29	\$ 7.49	\$ 0.20	2.7%
\$ 224,500	\$ 247,500	\$ 207,500	\$ 232,500	12.0%	\$ 777.92	\$ 809.63	\$ 31.71	4.1%	\$ 7.16	\$ 7.49	\$ 0.33	4.6%
\$ 237,250	\$ 247,500	\$ 221,400	\$ 232,500	5.0%	\$ 830.03	\$ 809.63	\$ (20.40)	-2.5%	\$ 7.64	\$ 7.49	\$ (0.15)	-2.0%
\$ 258,700	\$ 247,500	\$ 244,700	\$ 232,500	-5.0%	\$ 917.38	\$ 809.63	\$ (107.75)	-11.7%	\$ 8.44	\$ 7.49	\$ (0.95)	-11.3%
\$ 271,000	\$ 247,500	\$ 258,200	\$ 232,500	-10.0%	\$ 967.99	\$ 809.63	\$ (158.36)	-16.4%	\$ 8.91	\$ 7.49	\$ (1.42)	-15.9%

- 25% increase in value – City taxes increase \$112.32 and HRA taxes increase \$1.07
- 15% increase in value – City taxes increase \$51.96 and HRA taxes increase 52 cents
- 10% increase in value – City taxes increase \$17.47 and HRA taxes increase 20 cents
- 12% increase in value – City taxes increase \$31.71 and HRA taxes increase 33 cents
- 5% increase in value – City taxes decrease \$20.40 and HRA taxes decrease 15 cents
- 5% decrease in value – City taxes decrease \$107.75 and HRA taxes decrease 95 cents
- 10% decrease in value – City taxes decrease \$158.36 and HRA taxes decrease \$1.42

The estimated change in property tax for a median valued home (using preliminary tax rates for each taxing jurisdiction) is shown in the table at right. Under these assumptions, taxes for the median valued home increases about \$170. The City's portion of the increase is about \$32.

Mounds View Schools & Rice Creek Watershed	Payable 2014	Payable 2015	Dollar Change	Percent Change
Home value	\$ 224,500	\$ 247,500	\$ 23,000	10.2%
HMVE home value	\$ 207,500	\$ 232,500	\$ 25,000	12.0%
Taxable value	\$ 2,075	\$ 2,325	\$ 250	12.0%
Property Tax				
City	\$ 777.92	\$ 809.63	\$ 31.71	4.1%
HRA	7.16	7.49	0.33	4.6%
All other jurisdictions	2,616.37	2,754.68	138.31	5.3%
Total Property Tax	\$ 3,401.45	\$ 3,571.80	\$ 170.35	5.0%

The next 3 tables provide the estimated change in the City portion of the tax bill as well as the total tax bill under 3 different sets of value assumptions, for home values ranging from \$100,000 to \$900,000.

The first table assumes that property values increase 10.2% (median value home increase). Under this assumption the City portion of the tax bill increases between \$19.09 and \$123.57 (depending on the home value), and the total tax bill increases from \$94.02 to \$638.32.

Market Value Before MVE			Market Value After MVE			City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2014	2015	Value Change	2014	2015	Value Change	2014	2015	Dollars	Percent	2014	2015	Dollars	Percent
\$ 90,745	\$ 100,000	10.2%	\$ 61,600	\$ 71,800	16.6%	\$ 230.94	\$ 250.03	\$ 19.09	8.3%	\$ 1,060.55	\$ 1,154.57	\$ 94.02	8.9%
\$ 136,115	\$ 150,000	10.2%	\$ 111,100	\$ 126,300	13.7%	\$ 416.51	\$ 439.81	\$ 23.30	5.6%	\$ 1,854.73	\$ 1,974.30	\$ 119.57	6.4%
\$ 181,490	\$ 200,000	10.2%	\$ 160,600	\$ 180,800	12.6%	\$ 602.09	\$ 629.60	\$ 27.51	4.6%	\$ 2,648.93	\$ 2,794.04	\$ 145.11	5.5%
\$ 224,500	\$ 247,500	10.2%	\$ 207,500	\$ 232,500	12.0%	\$ 777.92	\$ 809.63	\$ 31.71	4.1%	\$ 3,401.45	\$ 3,571.80	\$ 170.35	5.0%
\$ 226,860	\$ 250,000	10.2%	\$ 210,100	\$ 235,300	12.0%	\$ 787.66	\$ 819.39	\$ 31.73	4.0%	\$ 3,443.11	\$ 3,613.77	\$ 170.66	5.0%
\$ 272,230	\$ 300,000	10.2%	\$ 259,500	\$ 289,800	11.7%	\$ 972.87	\$ 1,009.17	\$ 36.30	3.7%	\$ 4,235.88	\$ 4,433.50	\$ 197.62	4.7%
\$ 317,600	\$ 350,000	10.2%	\$ 308,900	\$ 344,300	11.5%	\$ 1,158.07	\$ 1,198.96	\$ 40.89	3.5%	\$ 5,028.66	\$ 5,253.23	\$ 224.57	4.5%
\$ 453,720	\$ 500,000	10.2%	\$ 453,700	\$ 500,000	10.2%	\$ 1,700.92	\$ 1,741.15	\$ 40.23	2.4%	\$ 7,359.01	\$ 7,610.76	\$ 251.75	3.4%
\$ 635,210	\$ 700,000	10.2%	\$ 635,200	\$ 700,000	10.2%	\$ 2,508.08	\$ 2,611.73	\$ 103.65	4.1%	\$ 10,779.92	\$ 11,306.82	\$ 526.90	4.9%
\$ 816,700	\$ 900,000	10.2%	\$ 816,700	\$ 900,000	10.2%	\$ 3,358.73	\$ 3,482.30	\$ 123.57	3.7%	\$ 14,364.55	\$ 15,002.87	\$ 638.32	4.4%

The next table assumes that property values increase 15%. Under this assumption the City portion of the tax bill increases between \$34.09 and \$283.28 (depending on the home value), and the total tax bill increases between \$158.44 and \$1,311.39.

Market Value Before MVE			Market Value After MVE			City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2014	2015	Value Change	2014	2015	Value Change	2014	2015	Dollars	Percent	2014	2015	Dollars	Percent
\$ 86,960	\$ 100,000	15.0%	\$ 57,600	\$ 71,800	24.7%	\$ 215.94	\$ 250.03	\$ 34.09	15.8%	\$ 996.13	\$ 1,154.57	\$ 158.44	15.9%
\$ 130,440	\$ 150,000	15.0%	\$ 104,900	\$ 126,300	20.4%	\$ 393.27	\$ 439.81	\$ 46.54	11.8%	\$ 1,755.27	\$ 1,974.30	\$ 219.03	12.5%
\$ 173,900	\$ 200,000	15.0%	\$ 152,300	\$ 180,800	18.7%	\$ 570.97	\$ 629.60	\$ 58.63	10.3%	\$ 2,515.80	\$ 2,794.04	\$ 278.24	11.1%
\$ 215,220	\$ 247,500	15.0%	\$ 197,300	\$ 232,500	17.8%	\$ 739.68	\$ 809.63	\$ 69.95	9.5%	\$ 3,237.94	\$ 3,571.80	\$ 333.86	10.3%
\$ 217,400	\$ 250,000	15.0%	\$ 199,700	\$ 235,300	17.8%	\$ 748.68	\$ 819.39	\$ 70.71	9.4%	\$ 3,276.41	\$ 3,613.77	\$ 337.36	10.3%
\$ 260,870	\$ 300,000	15.0%	\$ 247,100	\$ 289,800	17.3%	\$ 926.38	\$ 1,009.17	\$ 82.79	8.9%	\$ 4,036.95	\$ 4,433.50	\$ 396.55	9.8%
\$ 304,350	\$ 350,000	15.0%	\$ 294,600	\$ 344,300	16.9%	\$ 1,104.46	\$ 1,198.96	\$ 94.50	8.6%	\$ 4,798.93	\$ 5,253.23	\$ 454.30	9.5%
\$ 434,780	\$ 500,000	15.0%	\$ 434,800	\$ 500,000	15.0%	\$ 1,630.07	\$ 1,741.15	\$ 111.08	6.8%	\$ 7,052.37	\$ 7,610.76	\$ 558.39	7.9%
\$ 608,700	\$ 700,000	15.0%	\$ 608,700	\$ 700,000	15.0%	\$ 2,383.99	\$ 2,611.73	\$ 227.74	9.6%	\$ 10,256.93	\$ 11,306.82	\$ 1,049.89	10.2%
\$ 782,600	\$ 900,000	15.0%	\$ 782,600	\$ 900,000	15.0%	\$ 3,199.02	\$ 3,482.30	\$ 283.28	8.9%	\$ 13,691.48	\$ 15,002.87	\$ 1,311.39	9.6%

The final table assumes that property value remains the same in both years. Under this assumption the City portion of the tax bill decreases between \$19.15 and \$266.70 (depending on the home value), and the total tax bill decreases between \$69.43 and \$1,006.34.

Market Value Before MVE			Market Value After MVE			City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2014	2015	Value Change	2014	2015	Value Change	2014	2015	Dollars	Percent	2014	2015	Dollars	Percent
\$ 100,000	\$ 100,000	0.0%	\$ 71,800	\$ 71,800	0.0%	\$ 269.18	\$ 250.03	\$ (19.15)	-7.1%	\$ 1,224.00	\$ 1,154.57	\$ (69.43)	-5.7%
\$ 150,000	\$ 150,000	0.0%	\$ 126,300	\$ 126,300	0.0%	\$ 473.50	\$ 439.81	\$ (33.69)	-7.1%	\$ 2,098.51	\$ 1,974.30	\$ (124.21)	-5.9%
\$ 200,000	\$ 200,000	0.0%	\$ 180,800	\$ 180,800	0.0%	\$ 677.82	\$ 629.60	\$ (48.22)	-7.1%	\$ 2,973.01	\$ 2,794.04	\$ (178.97)	-6.0%
\$ 247,500	\$ 247,500	0.0%	\$ 232,500	\$ 232,500	0.0%	\$ 871.64	\$ 809.63	\$ (62.01)	-7.1%	\$ 3,802.73	\$ 3,571.80	\$ (230.93)	-6.1%
\$ 250,000	\$ 250,000	0.0%	\$ 235,300	\$ 235,300	0.0%	\$ 882.14	\$ 819.39	\$ (62.75)	-7.1%	\$ 3,847.52	\$ 3,613.77	\$ (233.75)	-6.1%
\$ 300,000	\$ 300,000	0.0%	\$ 289,800	\$ 289,800	0.0%	\$ 1,086.46	\$ 1,009.17	\$ (77.29)	-7.1%	\$ 4,722.02	\$ 4,433.50	\$ (288.52)	-6.1%
\$ 350,000	\$ 350,000	0.0%	\$ 344,300	\$ 344,300	0.0%	\$ 1,290.78	\$ 1,198.96	\$ (91.82)	-7.1%	\$ 5,596.53	\$ 5,253.23	\$ (343.30)	-6.1%
\$ 500,000	\$ 500,000	0.0%	\$ 500,000	\$ 500,000	0.0%	\$ 1,874.50	\$ 1,741.15	\$ (133.35)	-7.1%	\$ 8,109.95	\$ 7,610.76	\$ (499.19)	-6.2%
\$ 700,000	\$ 700,000	0.0%	\$ 700,000	\$ 700,000	0.0%	\$ 2,811.75	\$ 2,611.73	\$ (200.02)	-7.1%	\$ 12,059.58	\$ 11,306.82	\$ (752.76)	-6.2%
\$ 900,000	\$ 900,000	0.0%	\$ 900,000	\$ 900,000	0.0%	\$ 3,749.00	\$ 3,482.30	\$ (266.70)	-7.1%	\$ 16,009.21	\$ 15,002.87	\$ (1,006.34)	-6.3%

Operating Budget

The 2015 budget is the second year of the biennial budget. This means that the City will formally amend the second year of the biennial budget and no new formal budget document will be prepared. Instead, the City Council will authorize amendments to the budget and CIP, and will pass resolutions setting the funding level and documenting the changes. This section of the memo provides a summary of budget changes for each operating fund, along with general discussion about the changes to each budget. The following schedules assume a 2% COLA increase and a \$20 increase in the City contribution to health insurance.

General Fund revenue changes include modifications to license and permit revenue, changes to intergovernmental revenue due to state fire and MSA street maintenance aid, a decrease in administrative charges, increase in plan check fees, and a reduction in administrative citations. A significant portion of expense reductions are related to health insurance savings and the delay of filling the park and recreation director position. The increase in public safety is offset in part by \$219,410 of State Fire Aid revenue. Community development changes are the result of increases in contracted electrical inspection fees.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
General Fund						
Revenue						
Property Taxes	\$6,623,723	\$6,837,154	\$6,837,154	\$7,180,671	\$(165,570)	7,015,101
Licenses and Permits	648,306	324,500	533,935	308,300	21,800	330,100
Intergovernmental	395,433	188,622	558,990	188,622	266,410	455,032
Charges for Services	1,619,489	1,303,110	1,348,631	1,302,400	1,410	1,303,810
Fines and Forfeits	52,440	52,800	47,271	52,800	(4,000)	48,800
Interest Earnings	(118,405)	45,000	45,000	50,000	-	50,000
Other Revenues	31,532	26,108	26,124	26,227	-	26,227
Total Revenue	9,252,518	8,777,294	9,397,105	9,109,020	120,050	9,229,070
Expense						
General Government	\$2,112,851	\$2,227,053	\$2,169,444	\$2,269,274	\$(39,966)	\$2,229,308
Public Safety	3,069,177	3,000,223	3,329,274	3,144,020	280,815	3,424,835
Public Works	1,437,557	1,556,726	1,532,727	1,603,772	(32,338)	1,571,434
Parks and Recreation	1,576,576	1,726,055	1,707,630	1,850,037	(92,049)	1,757,988
Community Development	577,796	590,237	604,691	611,917	3,588	615,505
Total Expense	8,773,958	\$9,100,294	\$9,343,766	\$9,479,020	\$120,050	\$9,599,070
Other Sources (Uses)						
Transfers In	519,000	692,000	692,000	748,000	-	748,000
Transfers Out	(829,963)	(369,000)	(369,000)	(378,000)	-	(378,000)
Net Increase (Decrease)	167,597	-	376,339	-	-	-
Fund Equity, beginning	4,136,009	4,257,497	4,303,606	4,679,945		4,679,945
Fund Equity, ending	\$4,303,606	\$4,257,497	\$4,679,945	\$4,679,945		\$4,679,945

Recycling Fund changes are the result of reduced personal costs, increases in supplies for fall and spring clean-up events and lower administrative charges.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Recycling Fund						
Revenue						
Intergovernmental	\$ 68,210	\$ 66,000	\$ 66,000	\$ 65,000	\$ -	65,000
Charges for Services	475,716	493,500	499,520	515,500	-	515,500
Interest Earnings	(3,790)	-	-	-	-	-
Total Revenue	540,136	559,500	565,520	580,500	-	580,500
Expense						
Public Works	\$ 497,335	\$ 529,569	\$ 539,717	\$ 546,629	\$ (2,397)	\$ 544,232
Net Increase (Decrease)	42,801	29,931	25,803	33,871	2,397	36,268
Fund Equity, beginning	162,182	204,983	204,983	230,786		230,786
Fund Equity, ending	\$ 204,983	\$ 234,914	\$ 230,786	\$ 264,657		\$ 267,054

Community Center Fund changes include the reduction of annual memberships and an increase in seasonal memberships, reduced personal costs (park and recreation director position, health insurance) increased workers' compensation costs and an increase in electrical utilities. The transfer out has been eliminated due to the delay in the Community Center expansion project. The 2014 fund equity is anticipated to increase by more than \$100,000.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Community Center Fund						
Revenue						
Charges for Services	\$ 2,351,488	\$ 2,431,850	\$ 2,417,750	\$ 2,470,330	\$ (26,500)	\$ 2,443,830
Interest Earnings	(42,835)	8,000	8,000	5,000	-	5,000
Other Revenues	14,750	13,000	13,000	12,500	-	12,500
Total Revenue	2,323,403	2,452,850	2,438,750	2,487,830	(26,500)	2,461,330
Expense						
Parks and Recreation	2,576,200	2,667,676	2,673,426	2,792,201	(30,833)	2,761,368
Other Sources (Uses)						
Transfers In	312,000	339,000	339,000	366,000	-	366,000
Transfers Out				(200,000)	200,000	-
Net Increase (Decrease)	59,203	124,174	104,324	(138,371)	204,333	65,962
Fund Equity, beginning	989,336	1,048,539	1,048,539	1,152,863		1,152,863
Fund Equity, ending	\$ 1,048,539	\$ 1,172,713	\$ 1,152,863	\$ 1,014,492		\$ 1,218,825

Recreation Programs Fund changes include reduced revenue estimates for fitness and preschool programs, and increased revenue estimates for the summer discovery program. Expense changes include personal costs (park and recreation director position, health insurance, fitness and preschool programs associate wages) and increased workers' compensation costs. The transfer out has been eliminated due to the delay in the Community Center expansion project.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Recreation Programs Fund						
Revenue						
Charges for Services	\$ 1,385,140	\$ 1,460,213	\$ 1,443,555	\$ 1,548,900	\$ (76,812)	\$ 1,472,088
Interest Earnings	(26,234)	4,200	4,200	2,000	-	2,000
Other Revenues	121	-	48	-	-	-
Total Revenue	1,359,027	1,464,413	1,447,803	1,550,900	(76,812)	1,474,088
Expense						
Parks and Recreation	\$ 1,235,931	\$ 1,365,753	\$ 1,278,510	\$ 1,473,775	\$ (130,270)	\$ 1,343,505
Other Sources (Uses)						
Transfers In	70,000	70,000	70,000	72,000	-	72,000
Transfers Out	(80,000)	(100,000)	(100,000)	(320,000)	200,000	(120,000)
Net Increase (Decrease)	113,096	68,660	139,293	(170,875)	253,458	82,583
Fund Equity, beginning	648,639	761,735	761,735	901,028		901,028
Fund Equity, ending	\$ 761,735	\$ 830,395	\$ 901,028	\$ 730,153		\$ 983,611

Cable Television Fund changes are the result of increased administrative charges and reductions in personal costs.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Cable Television Fund						
Revenue						
Charges for Services	\$ 313,361	\$ 314,000	\$ 314,000	\$ 318,000	\$ -	\$ 318,000
Interest Earnings	(5,218)	1,600	1,600	1,700	-	1,700
Other Revenues	2,174	1,200	1,200	1,200	-	1,200
Total Revenue	310,317	316,800	316,800	320,900	-	320,900
Expense						
General Government	\$ 265,821	\$ 149,587	\$ 149,454	\$ 178,763	\$ 14,157	\$ 192,920
Other Sources (Uses)						
Transfers Out	(116,941)	(160,000)	(160,000)	(167,000)		(167,000)
Net Increase (Decrease)	(72,445)	7,213	7,346	(24,863)	(14,157)	(39,020)
Fund Equity, beginning	250,624	178,179	178,179	185,525		185,525
Fund Equity, ending	\$ 178,179	\$ 185,392	\$ 185,525	\$ 160,662		\$ 146,505

The EDA Fund changes include reductions in personal and supply costs, increased workers' compensation, printing and training costs.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
EDA Fund						
Revenue						
Property Taxes	\$ 59,653	\$ 80,000	\$ 80,000	\$ 90,000	\$ -	\$ 90,000
Interest Earnings	(6,377)	-	-	-	-	-
Total Revenue	53,276	80,000	80,000	90,000	-	90,000
Expense						
Community Development	\$ 48,797	\$ 71,007	\$ 75,925	\$ 82,629	\$ 3,148	\$ 85,777
Other Sources (Uses)						
Transfers In	-	-	-	-	-	-
Net Increase (Decrease)	4,479	8,993	4,075	7,371	(3,148)	4,223
Fund Equity, beginning	190,484	194,963	194,963	199,038		199,038
Fund Equity, ending	\$ 194,963	\$ 203,956	\$ 199,038	\$ 206,409		\$ 203,261

HRA Fund changes include reductions in personal costs and increased workers' compensation costs, all adjustments net to zero.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
HRA Fund						
Revenue						
Property Taxes	\$ 74,513	\$ 90,000	\$ 90,000	\$ 95,000	\$ -	\$ 95,000
Interest Earnings	(1,980)	-	-	-	-	-
Total Revenue	72,533	90,000	90,000	95,000	-	95,000
Expense						
Community Development	\$ 60,506	\$ 81,371	\$ 81,873	\$ 85,485	\$ -	\$ 85,485
Other Sources (Uses)						
Transfers In	-	-	-	-	-	-
Net Increase (Decrease)	12,027	8,629	8,127	9,515	-	9,515
Fund Equity, beginning	62,170	74,197	74,197	82,324		82,324
Fund Equity, ending	\$ 74,197	\$ 82,826	\$ 82,324	\$ 91,839		\$ 91,839

The Slice of Shoreview Fund budget has no proposed changes for 2015.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Slice of Shoreview Fund						
Revenue						
Charges for Services	\$ 25,397	\$ 26,000	\$ 26,000	\$ 26,500	\$ -	\$ 26,500
Interest Earnings	(2,537)	-	-	-	-	-
Other Revenues	38,190	32,000	33,155	32,000	-	32,000
Total Revenue	61,050	58,000	59,155	58,500	-	58,500
Expense						
General Government	\$ 67,343	\$ 65,735	\$ 67,872	\$ 67,485	\$ -	\$ 67,485
Other Sources (Uses)						
Transfers In	10,000	10,000	10,000	10,000	-	10,000
Net Increase (Decrease)	3,707	2,265	1,283	1,015	-	1,015
Fund Equity, beginning	62,110	65,817	65,817	67,100		67,100
Fund Equity, ending	\$ 65,817	\$ 68,082	\$ 67,100	\$ 68,115		\$ 68,115

The Debt Service Fund changes are a result of the 2014 debt refunding.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Debt Service Funds						
Revenue						
Property Taxes	\$ 498,259	\$ 548,000	\$ 548,000	\$ 544,000	\$ -	\$ 544,000
Special Assessments	115,885	100,850	100,850	199,945	-	199,945
Intergovernmental	1,256	1,270	1,180	1,210	(630)	580
Interest Earnings	(66,683)	13,950	13,950	11,670	-	11,670
Total Revenue	548,717	664,070	663,980	756,825	(630)	756,195
Expense						
Debt Service	\$ 1,986,794	\$ 2,534,973	\$ 2,541,022	\$ 2,972,156	\$ 114,241	\$ 3,086,397
Other Sources (Uses)						
Debt Proceeds	2,653,739	-	105,822	10,000	-	10,000
Transfers In	1,168,109	839,610	839,610	814,921	-	814,921
Transfers Out	(50,000)	(66,610)	(66,610)	(50,000)	-	(50,000)
Net Increase (Decrease)	2,333,771	(1,097,903)	(998,220)	(1,440,410)	(114,871)	(1,555,281)
Fund Equity, beginning	2,179,756	4,513,527	4,513,527	3,515,307		3,515,307
Fund Equity, ending	\$ 4,513,527	\$ 3,415,624	\$ 3,515,307	\$ 2,074,897		\$ 1,960,026

Central Garage Fund changes include a reduction of intergovernmental revenue (BAB reimbursement) as a result of the debt refunding in 2014. Changes to expenses include reductions of personal costs, increases in workers' compensation, electrical utilities and a reduction of bond interest as a result of the debt refunding.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Central Garage Fund						
Revenue						
Property Taxes	\$ 183,111	\$ 184,000	\$ 184,000	\$ 208,000	\$ -	\$ 208,000
Intergovernmental	78,711	83,170	77,099	80,850	(68,023)	12,827
Central Garage Charges	1,207,379	1,242,855	1,242,855	1,256,090	-	1,256,090
Interest Earnings	(35,588)	9,500	9,500	10,500	-	10,500
Other Revenues	6,068	-	-	-	-	-
Total Revenue	1,439,681	1,519,525	1,513,454	1,555,440	(68,023)	1,487,417
Expense						
Central Garage Operations	568,179	599,799	617,185	617,652	3,348	621,000
Debt Service	243,127	238,054	238,054	234,187	(32,201)	201,986
Depreciation	641,112	660,000	660,000	660,000	-	660,000
Total Expense	1,452,418	1,497,853	1,515,239	1,511,839	(28,853)	1,482,986
Other Sources (Uses)						
Sale of Asset-Gain	56,763	29,000	29,000	-	-	-
Sale of Asset-(Loss)	-	-	-	-	-	-
Transfers In	200,900	119,400	119,400	119,400	-	119,400
Transfers Out	(4,802)	-	-	(14,000)	-	(14,000)
Net Increase (Decrease)	240,124	170,072	146,615	149,001	(39,170)	109,831
Contributed Capital Assets	-	-	-	-	-	-
Fund Equity, beginning	3,963,820	4,203,944	4,203,944	4,350,559	-	4,350,559
Fund Equity, ending	\$4,203,944	\$4,374,016	\$4,350,559	\$4,499,560	-	\$4,460,390

Note: Excludes contributed assets

The Short-term Disability Fund budget has no proposed changes for 2015.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Short-term Disability Fund						
Revenue						
Charges for Services (misc)	\$ 7,540	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
Interest Earnings	(1,471)	450	450	500	-	500
Total Revenue	6,069	7,950	7,950	8,000	-	8,000
Expense						
Miscellaneous	4,416	8,000	12,000	8,000	-	8,000
Total Expense	4,416	8,000	12,000	8,000	-	8,000
Net Increase (Decrease)	1,653	(50)	(4,050)	-	-	-
Fund Equity, beginning	39,604	41,257	41,257	37,207	-	37,207
Fund Equity, ending	\$ 41,257	\$ 41,207	\$ 37,207	\$ 37,207	-	\$ 37,207

The Liability Claims Fund budget has no proposed changes for 2015.

	2013 Actual	2014		2015		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Liability Claims Fund						
Revenue						
Interest Earnings	\$ (7,582)	\$ 2,100	\$ 2,100	\$ 2,200	\$ -	\$ 2,200
Other Revenues	33,053	30,000	30,000	30,000	-	30,000
Total Revenue	25,471	32,100	32,100	32,200	-	32,200
Expense						
Miscellaneous	19,874	32,000	72,000	32,000	-	32,000
Total Expense	19,874	32,000	72,000	32,000	-	32,000
Net Increase (Decrease)	5,597	100	(39,900)	200	-	200
Fund Equity, beginning	222,282	227,879	227,879	187,979		187,979
Fund Equity, ending	\$ 227,879	\$ 227,979	\$ 187,979	\$ 188,179		\$ 188,179

Benchmarks Booklet

An updated version of the Community Benchmarks booklet is provided for Council review and feedback.

Summary

The proposed budget is consistent with Council direction received prior to adoption of the preliminary tax levy. Staff is seeking feedback from the City Council on the budget and proposed tax levy before designing the budget hearing presentation and completing budget handout materials.



Community Benchmarks

How does Shoreview compare?

August 2014

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

Introduction

Comparisons of taxes and spending among cities are a topic of interest as the City moves through the annual budget process. Benchmark comparisons are assembled for metro-area cities closest to Shoreview in size (using population levels), and for peer cities that generally receive high quality-of-life ratings from citizens in their respective community surveys.

The comparisons are useful to illustrate how taxes and spending in other cities compare to Shoreview, as well as to evaluate how Shoreview's ranking changes over time. This document provides a summary of the information in preparation for the annual budget hearing.

Statistical information is derived from two key sources:

1. League of Minnesota Cities (LMC) publishes a report each fall on City property values, tax levies, tax rates and state aid for the current year. The most recent report provides 2014 data.
2. Minnesota Office of State Auditor (OSA) publishes a report in the spring on final City revenue, spending, debt levels and enterprise activity for two years prior. The most recent OSA report provides 2012 data.

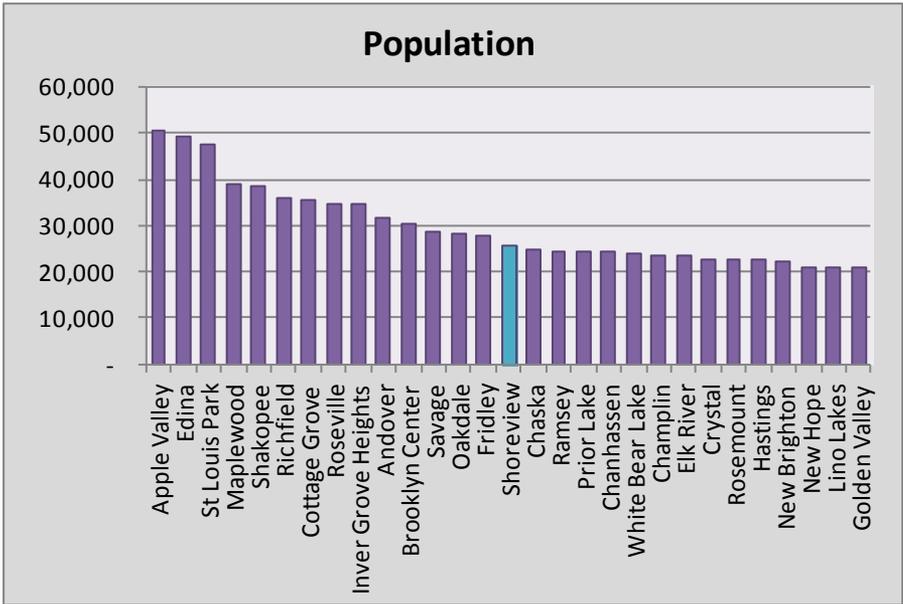
Shoreview uses both the LMC and OSA information to assemble two sets of data:

1. Comparison Cities - to illustrate how Shoreview ranks in relation to metro-area cities with population levels closest to Shoreview by selecting 14 cities larger and 14 cities smaller. These are cities with populations between 20,000 and 51,000.
2. MLC Cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 16 peer cities represented by the Municipal Legislative Commission (MLC) provide important comparisons because these cities have achieved high quality-of-life rankings from their residents in their respective community surveys, and they are often recognized as having sound financial management. In fact, most of the 16 cities have AAA bond ratings, as does Shoreview.

Population

The graph below contains the 2013 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. A similar graph with population levels for MLC cities is presented on page 13.



City-Share of Property Taxes

The 2014 City-share of property taxes for a \$224,500 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 6th lowest at \$778, and is about 19% below the average of \$963. It should be noted that for property tax purposes, the home value is reduced from \$224,500 to \$207,500 due to market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has risen one position in the last 10 years in relation to comparison cities. For instance, in the year 2004 Shoreview ranked 19, and has risen 1 position to rank 18 in 2014. Shoreview's tax levy was 25.5% below the average of comparison cities in 2004, compared to 22.5% below the average for 2014.

2004		
Rank	City	Levy
1	Edina	\$18,123,386
2	Woodbury	16,687,586
3	Apple Valley	16,442,303
4	St. Louis Park	16,323,310
5	Lakeville	12,569,081
6	Maplewood	12,193,692
7	Golden Valley	11,354,430
8	Inver Grove Heigh	10,764,786
9	Richfield	10,257,383
10	Cottage Grove	9,777,861
11	Brooklyn Center	9,760,300
12	Roseville	8,885,940
13	Shakopee	8,340,383
14	New Hope	7,829,564
15	Hastings	7,503,737
16	Oakdale	7,426,065
17	Chanhassen	7,313,842
18	Andover	6,781,908
19	Shoreview	6,645,411
20	Fridley	6,483,836
21	West St Paul	6,209,990
22	Crystal	6,189,096
23	Prior Lake	5,817,765
24	New Brighton	5,760,147
25	Champlin	5,703,033
26	South Saint Paul	5,249,794
27	Ramsey	5,122,080
28	White Bear Lake	4,606,670
29	Chaska	2,670,803
Average		\$ 8,923,937
Shvw to Avg		-25.5%

2014		
Rank	City	Levy
1	Edina	\$26,828,758
2	St Louis Park	25,578,545
3	Apple Valley	21,843,173
4	Richfield	18,013,301
5	Maplewood	17,912,641
6	Golden Valley	17,435,924
7	Roseville	17,178,721
8	Shakopee	16,137,178
9	Savage	15,711,006
10	Inver Grove Heigh	15,056,932
11	Brooklyn Center	14,361,164
12	Cottage Grove	12,699,129
13	Hastings	11,610,971
14	Fridley	11,172,148
15	Andover	10,656,849
16	Rosemount	10,621,449
17	Oakdale	10,088,705
18	Shoreview	9,919,152
19	Chanhassen	9,885,256
20	Elk River	9,853,831
21	New Hope	9,718,247
22	Crystal	8,800,325
23	Ramsey	8,564,600
24	Champlin	8,322,281
25	Lino Lakes	8,296,179
26	Prior Lake	8,292,125
27	New Brighton	6,800,344
28	Chaska	5,145,864
29	White Bear Lake	4,755,000
Average		\$ 12,802,062
Shvw to Avg		-22.5%

State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services. The table below shows the total LGA received by each comparison city, as well as the amount of LGA per capita. The highest city (on a per capita basis) is Crystal at \$72.59 of LGA per capita. A majority of comparison cities receive LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,643,830	\$ 72.59
White Bear Lake	\$ 1,532,448	\$ 63.59
Richfield	\$ 1,937,907	\$ 53.77
Brooklyn Center	\$ 1,352,440	\$ 44.45
Fridley	\$ 1,211,026	\$ 43.46
New Hope	\$ 532,819	\$ 25.49
Hastings	\$ 510,137	\$ 22.58
New Brighton	\$ 493,136	\$ 22.29
Chaska	\$ 462,669	\$ 18.65
Maplewood	\$ 530,709	\$ 13.63
Golden Valley	\$ 219,081	\$ 10.59
Champlin	\$ 237,533	\$ 10.11
St Louis Park	\$ 458,830	\$ 9.70
Elk River	\$ 225,894	\$ 9.67
Roseville	\$ 224,940	\$ 6.52
Oakdale	\$ 106,035	\$ 3.77
Ramsey	\$ 91,381	\$ 3.76
Andover	\$ 74,655	\$ 2.36
Cottage Grove	\$ 59,626	\$ 1.68
Apple Valley	\$ -	\$ -
Edina	\$ -	\$ -
Shakopee	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Prior Lake	\$ -	\$ -
Chanhassen	\$ -	\$ -
Rosemount	\$ -	\$ -
Lino Lakes	\$ -	\$ -

Tax Rates

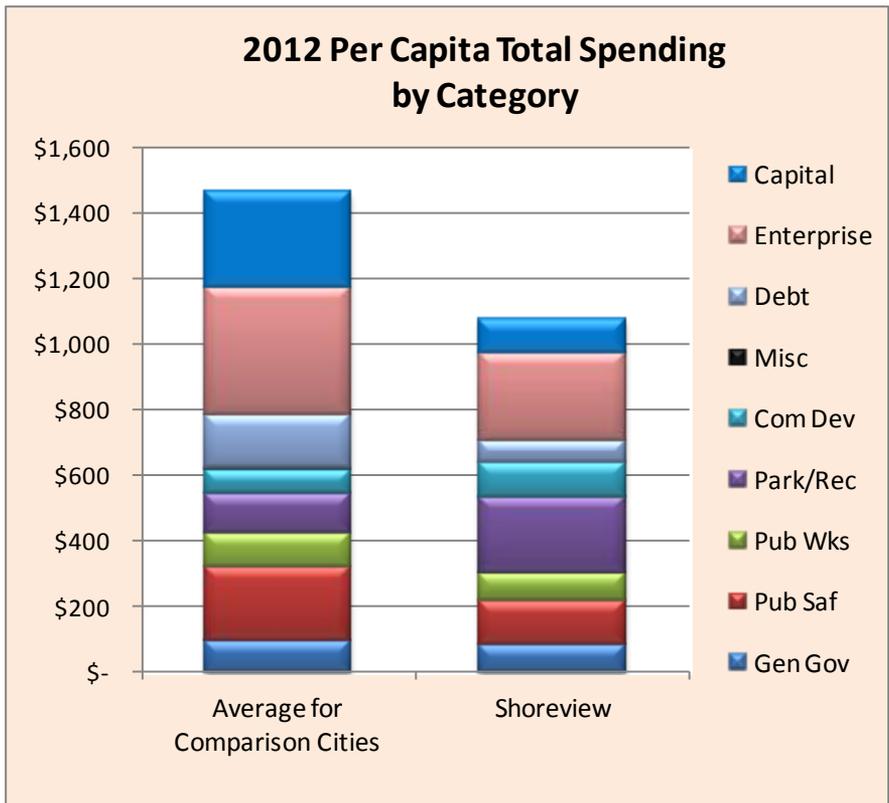
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 5th and 6th lowest in 2004 and 2014 respectively. For 2014, Shoreview is about 18% below the average tax rate of 45.73%.

2004		
Rank	City	Tax Rate
1	Brooklyn Center	52.44%
2	Hastings	50.11%
3	New Hope	49.19%
4	Golden Valley	45.45%
5	Cottage Grove	43.56%
6	West St Paul	41.68%
7	Inver Grove Heigh	40.78%
8	Richfield	40.51%
9	Crystal	40.22%
10	Apple Valley	39.61%
11	South Saint Paul	39.45%
12	St. Louis Park	39.37%
13	Ramsey	37.81%
14	Oakdale	35.83%
15	New Brighton	35.80%
16	Champlin	35.74%
17	Maplewood	35.68%
18	Prior Lake	34.44%
19	Chanhassen	32.88%
20	Shakopee	32.43%
21	Andover	31.35%
22	Woodbury	31.01%
23	Fridley	30.32%
24	Lakeville	30.05%
25	Shoreview	27.07%
26	Edina	25.56%
27	Roseville	23.83%
28	White Bear Lake	23.08%
29	Chaska	19.23%
Average		36.02%
Shvw to Avg		-24.8%

2014		
Rank	City	Tax Rate
1	Brooklyn Center	74.13%
2	Hastings	66.25%
3	Richfield	64.46%
4	Golden Valley	61.84%
5	New Hope	58.60%
6	Savage	55.28%
7	Crystal	54.77%
8	Fridley	48.58%
9	St Louis Park	48.57%
10	Elk River	48.54%
11	Maplewood	48.38%
12	Apple Valley	47.89%
13	Rosemount	47.68%
14	Lino Lakes	46.68%
15	Inver Grove Heigh	46.61%
16	Champlin	44.80%
17	Ramsey	44.24%
18	Cottage Grove	43.61%
19	Andover	43.36%
20	Shakopee	41.44%
21	Oakdale	41.20%
22	Roseville	40.12%
23	New Brighton	38.38%
24	Shoreview	37.49%
25	Prior Lake	30.69%
26	Edina	27.92%
27	Chanhassen	27.23%
28	Chaska	26.33%
29	White Bear Lake	21.10%
Average		45.73%
Shvw to Avg		-18.0%

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 2012 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2012 spending is about \$1,075 per capita, which is about 26% below the average of \$1,463.



Spending Per Capita by Activity

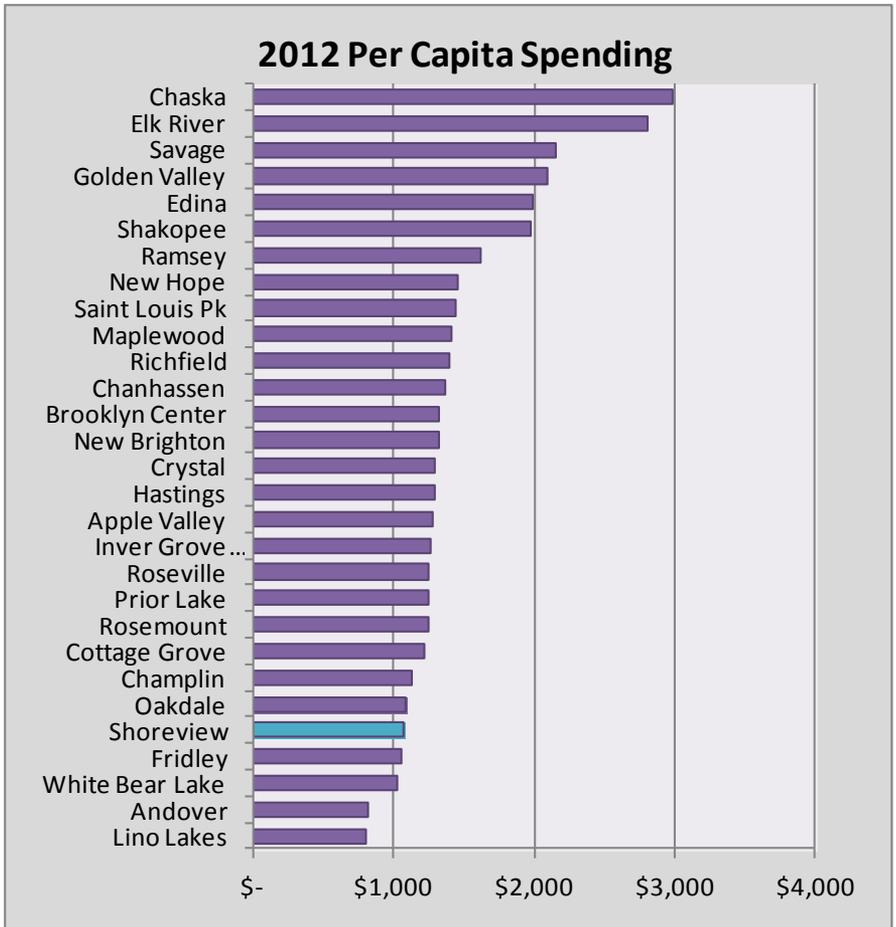
When reviewing spending in more detail, Shoreview is below average in all activities except parks, community development and traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher in Shoreview 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.
- Community development is higher due to one time developer assistance payments.
- Public safety spending in Shoreview is third lowest for all comparison cities, at \$133.13 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 57% below average in Shoreview due to lower overall debt balances.

2012 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 94.62	\$ 83.60	\$ (11.02)	-11.6%
Public safety	225.68	133.13	(92.55)	-41.0%
Public works	103.87	82.01	(21.86)	-21.0%
Parks	117.24	234.01	116.77	99.6%
Commun devel/EDA/HRA/Housing	76.14	107.48	31.34	41.2%
All other governmental	5.50	-	(5.50)	-100.0%
Water/sewer/storm/st lights	242.89	266.70	23.81	9.8%
Electric	119.12	-	(119.12)	-100.0%
All other enterprise operations	26.17	-	(26.17)	-100.0%
Debt payments	160.61	68.54	(92.07)	-57.3%
Capital outlay	290.80	99.74	(191.06)	-65.7%
Total All Funds	\$ 1,462.64	\$ 1,075.21	\$ (387.43)	-26.5%

The graph below shows total 2012 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,987 in Chaska to a low of \$805 in Lino Lakes.

Shoreview ranks 5th lowest at \$1,075 per capita, and is 26% below the average of \$1,463.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2012 except charges for service, traditional utility revenue, and tax increment. 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.

2012 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 424.28	\$ 354.37	\$ (69.91)	-16.5%
Tax increment (TIF)	68.87	77.87	9.00	13.1%
Franchise tax	19.06	11.86	(7.20)	-37.8%
Other tax	1.94	0.62	(1.32)	-68.1%
Special assessments	52.48	7.12	(45.36)	-86.4%
Licenses & permits	32.17	21.27	(10.90)	-33.9%
Federal (all combined)	12.12	0.05	(12.07)	-99.6%
State (all combined)	74.72	40.53	(34.19)	-45.8%
Local (all combined)	17.61	6.95	(10.66)	-60.5%
Charges for service	135.51	223.75	88.24	65.1%
Fines & forfeits	8.87	2.63	(6.24)	-70.4%
Interest	12.73	8.52	(4.21)	-33.1%
All other governmental	32.76	4.78	(27.98)	-85.4%
Water/sewer/storm/street lighting	256.11	320.98	64.87	25.3%
Electric enterprise	131.97	-	(131.97)	-100.0%
All other enterprise	32.50	-	(32.50)	-100.0%
Total Revenue per capita	\$ 1,313.69	\$ 1,081.30	\$ (232.39)	-17.7%

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 utility fees, 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 further states "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 significantly higher in Shoreview to generate the resources needed to fund capital replacements, yet 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.

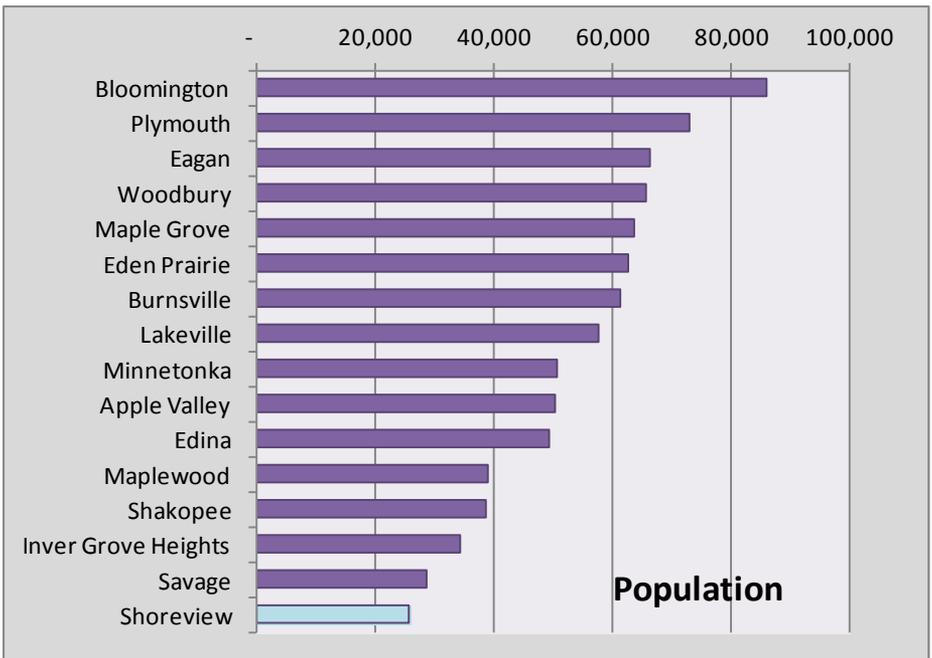
- Shoreview's 2012 spending per capita ranks 5th lowest
- Shoreview's assessment collections per capita are 2nd lowest among comparison cities
- Shoreview's share of the 2014 property tax bill, on a home valued at \$224,500, is 6th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 6th and 5th lowest among comparison cities in 2014 and 2004 respectively.

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

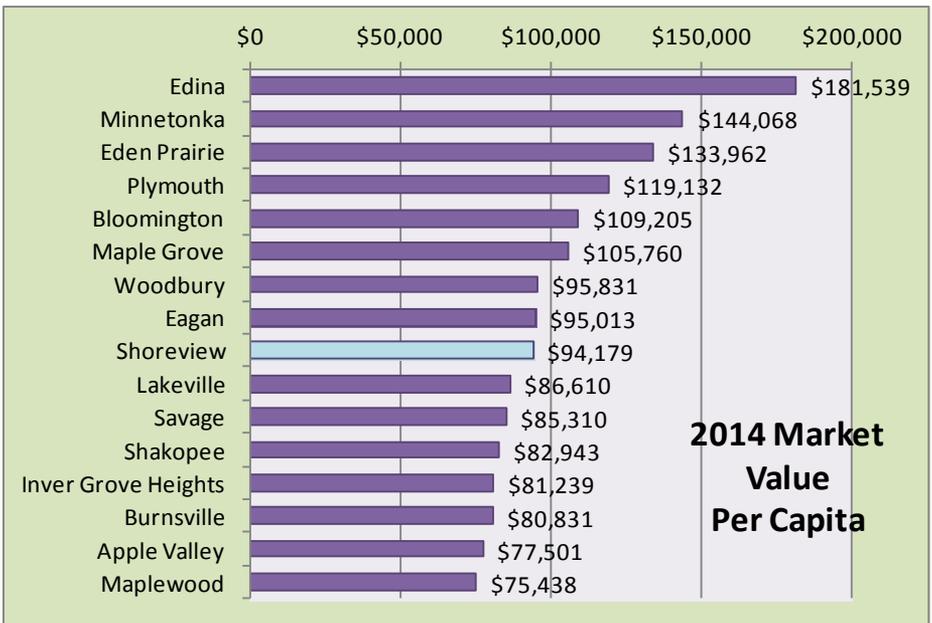
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and most have AAA bond ratings, like 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 and total market value of each community can vary greatly. For instance, Bloomington has the highest total market value at \$9.38 billion followed by Edina with total market value of \$8.93 billion. Once the value is divided by population, Edina ranks highest at \$181,539 of value per resident, while Bloomington ranks 5th at \$109,205.

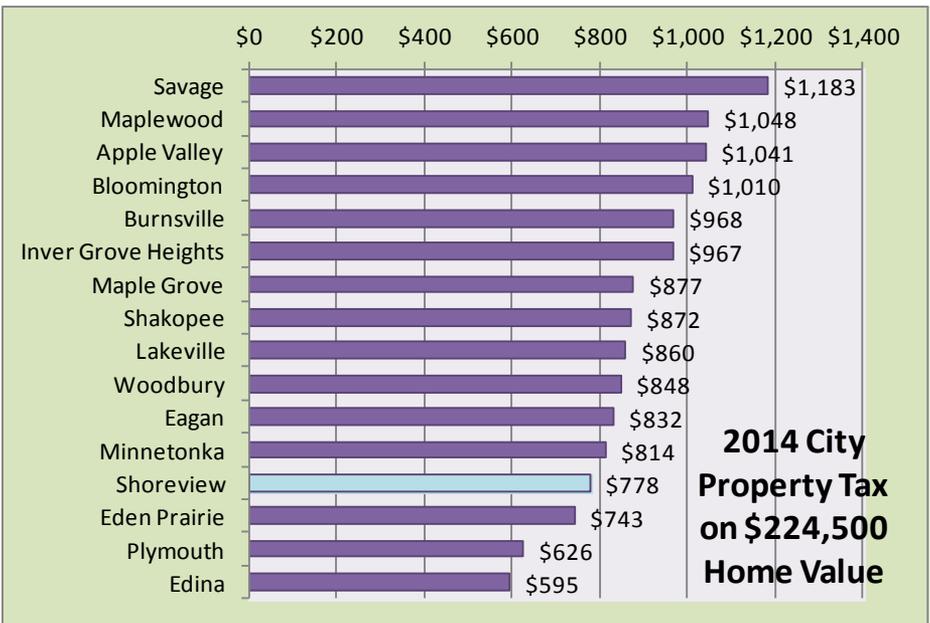
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$94,179 (about 8.6% below the average of \$103,035).



Property Tax by Component Unit comparisons are perhaps the most revealing because taxes are compared for each type of component unit (i.e. city, county, school district and special districts).

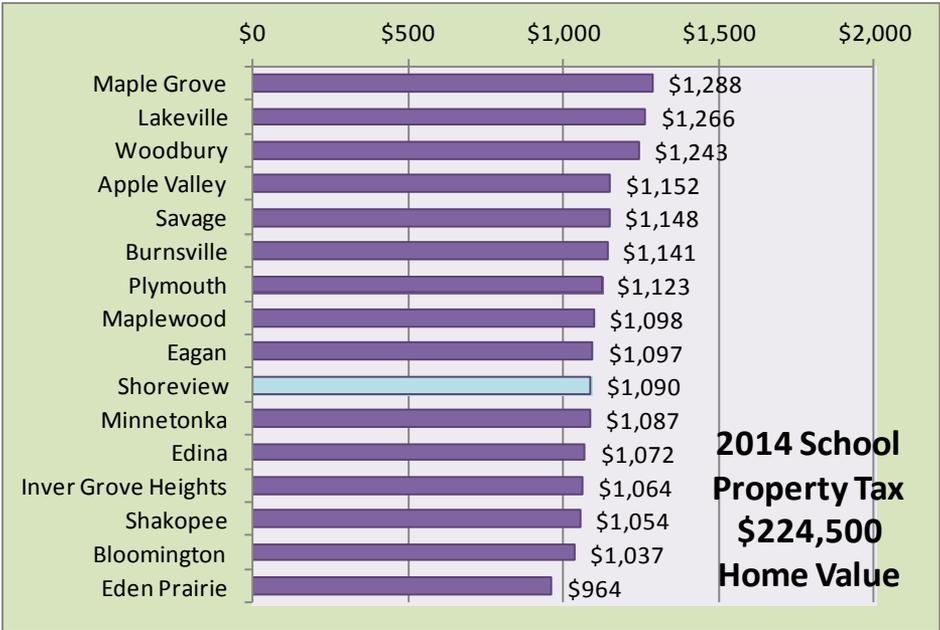
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$224,500 (Shoreview’s median value). Shoreview ranks 4th lowest at \$778, compared to a high of \$1,183 in Savage, and a low of \$595 in Edina. The average City tax for MLC cities is \$879.



School District property taxes are presented in the table below. It should be noted that the estimate for Shoreview assumes that the property is located in the Mounds View school district. Since MLC cities are located throughout the metro area, this illustration provides a comparison for a variety of school districts.

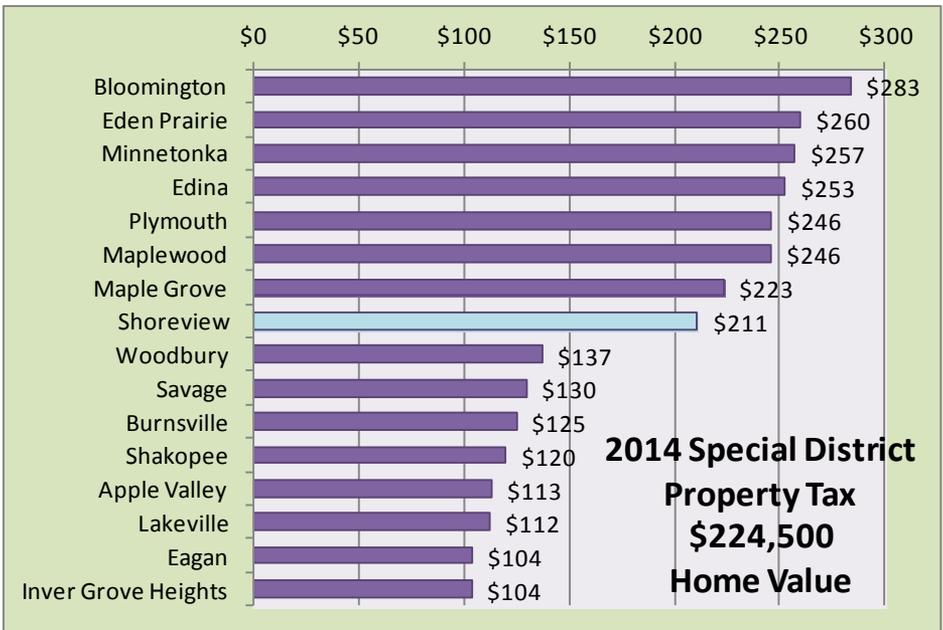
Property taxes in the Mounds View school district rank about 2.7% below the MLC city average.



Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

Regional Rail	\$ 87
Metropolitan Council	57
Mosquito Control	11
Rice Creek Watershed	49
Shoreview HRA	<u>7</u>
Total Special District Tax	\$211

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 15% above the average of \$183.

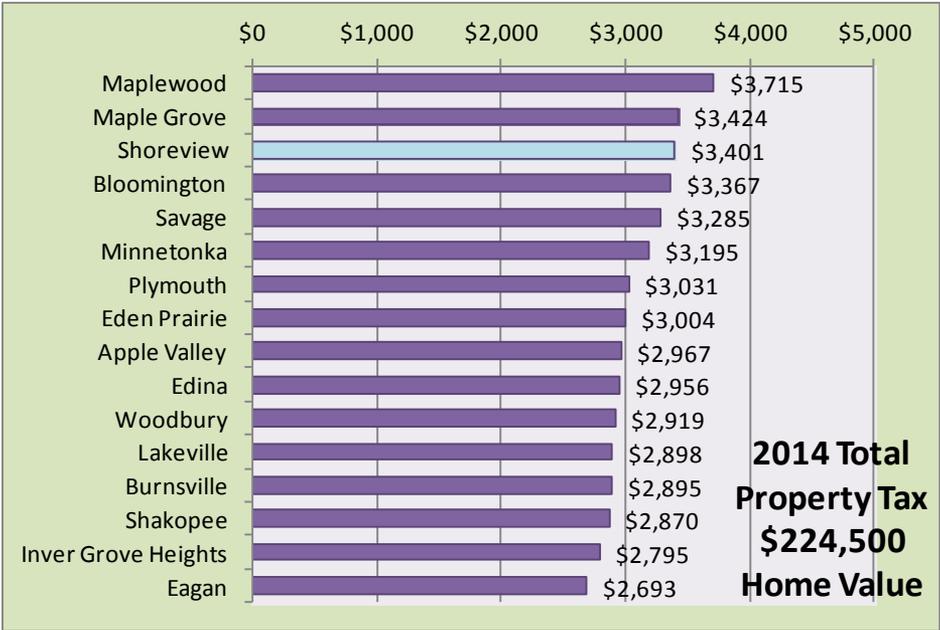


County property taxes vary the greatest among MLC cities.

- Ramsey County taxes are \$1,322, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,037, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$824 (including the cities of Savage and Shakopee).
- Washington County taxes are \$691 (Woodbury).
- Dakota County is lowest at \$660 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 3rd highest among MLC cities (see graph below).



To further put the difference into perspective, the table below provides a side-by-side comparison of the total tax bill in Shoreview compared to the total tax bill in Eagan (the lowest MLC city). For the same value home, county property taxes are \$708 higher in Shoreview, school district taxes are \$7 lower, special district taxes are \$107 higher and City taxes are \$54 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,322	\$ 660	\$ 662
School District	1,090	1,097	(7)
City	778	832	(54)
Special Districts	211	104	107
Total	\$ 3,401	\$ 2,693	\$ 708

Summary

Additional information on the City's budget, tax levy and utility rates will be made available in late November on the City's website and at city hall through two other informational booklets:

- Budget Summary
- Utility Operations

The budget hearing on the City's 2015 Budget is scheduled for December 1, 2014 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 and utility rates is scheduled for December 15, 2014 (the second regular Council meeting in December).

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

