



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.

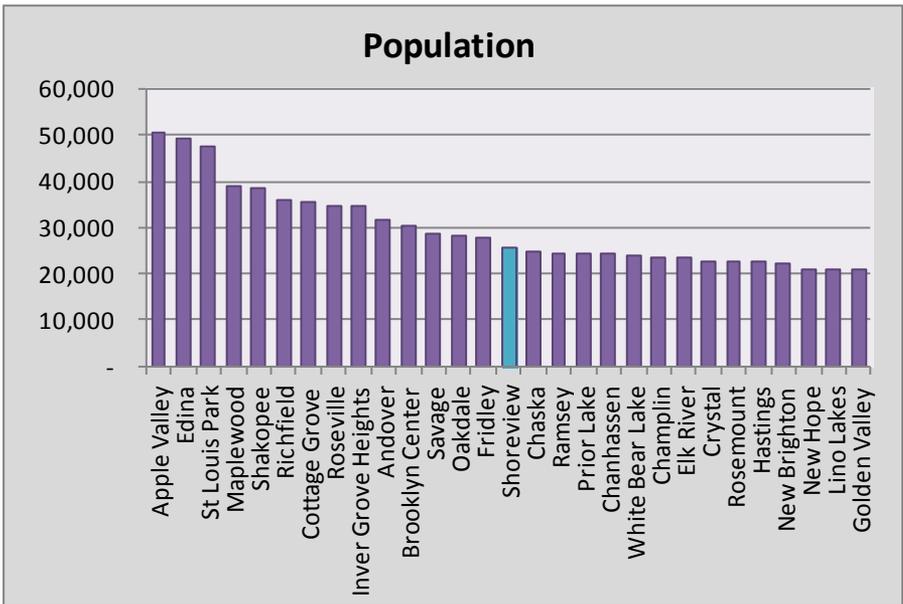
Shoreview uses both the LMC and OSA information to assemble two sets of data:

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.

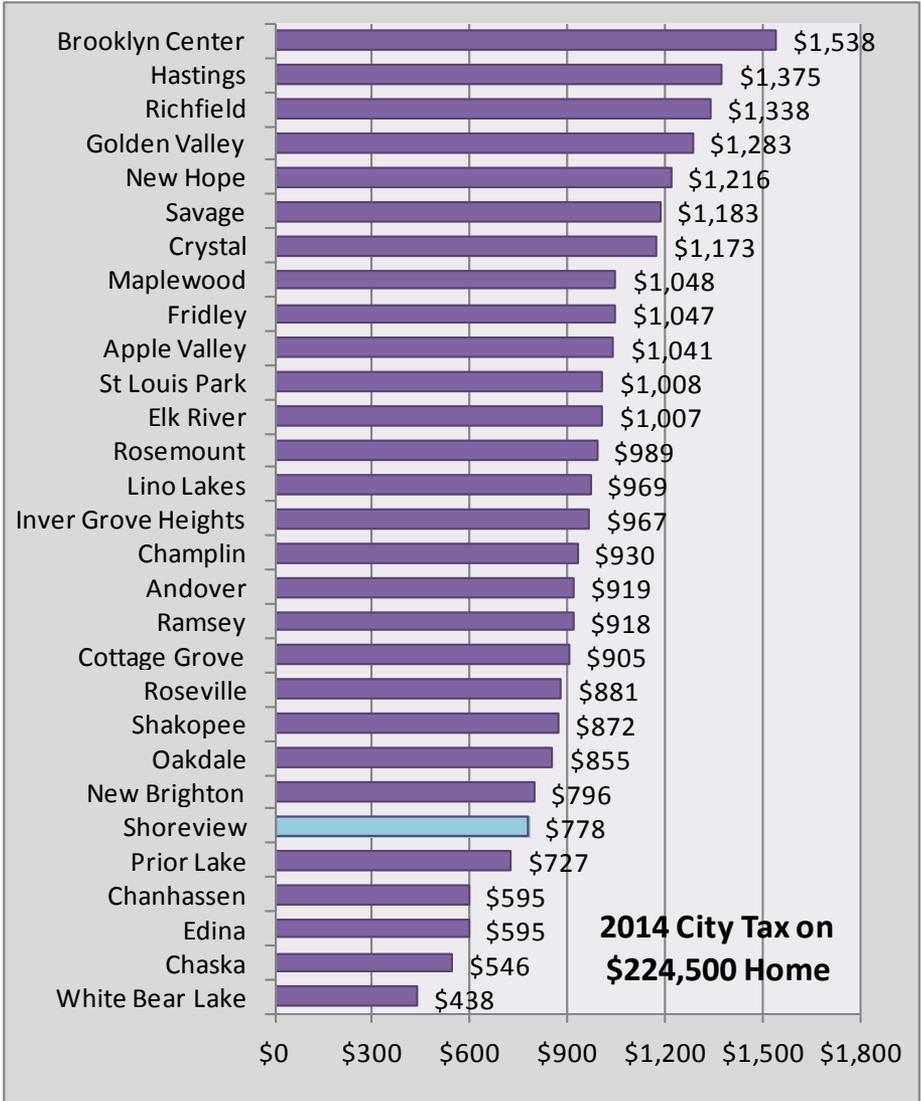
Population

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

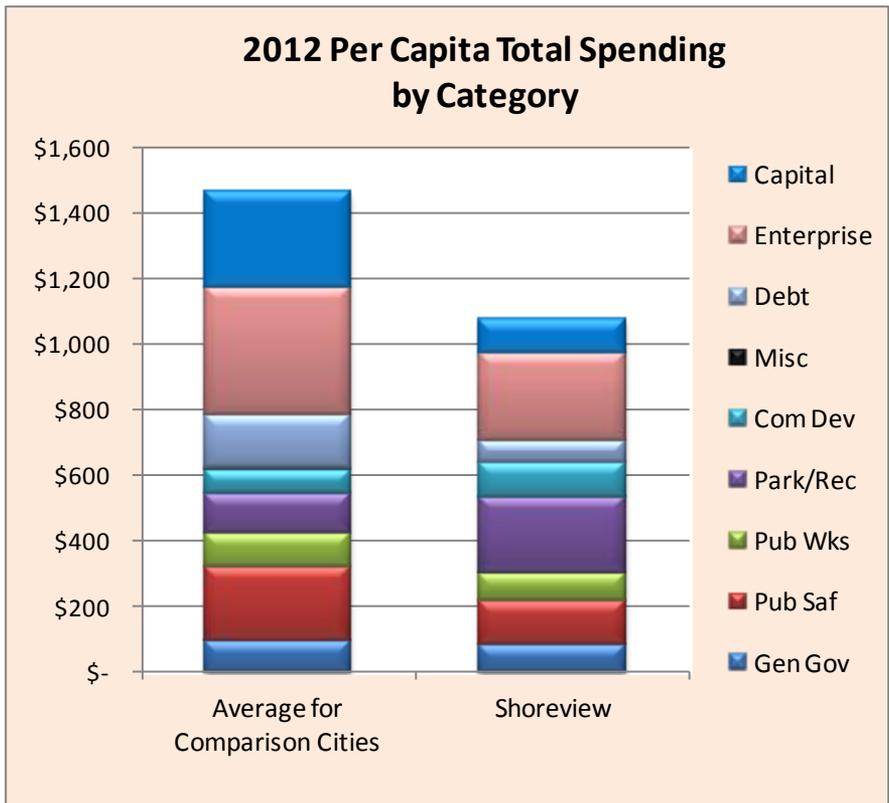
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 5th and 6th lowest in 2004 and 2014 respectively. For 2014, Shoreview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

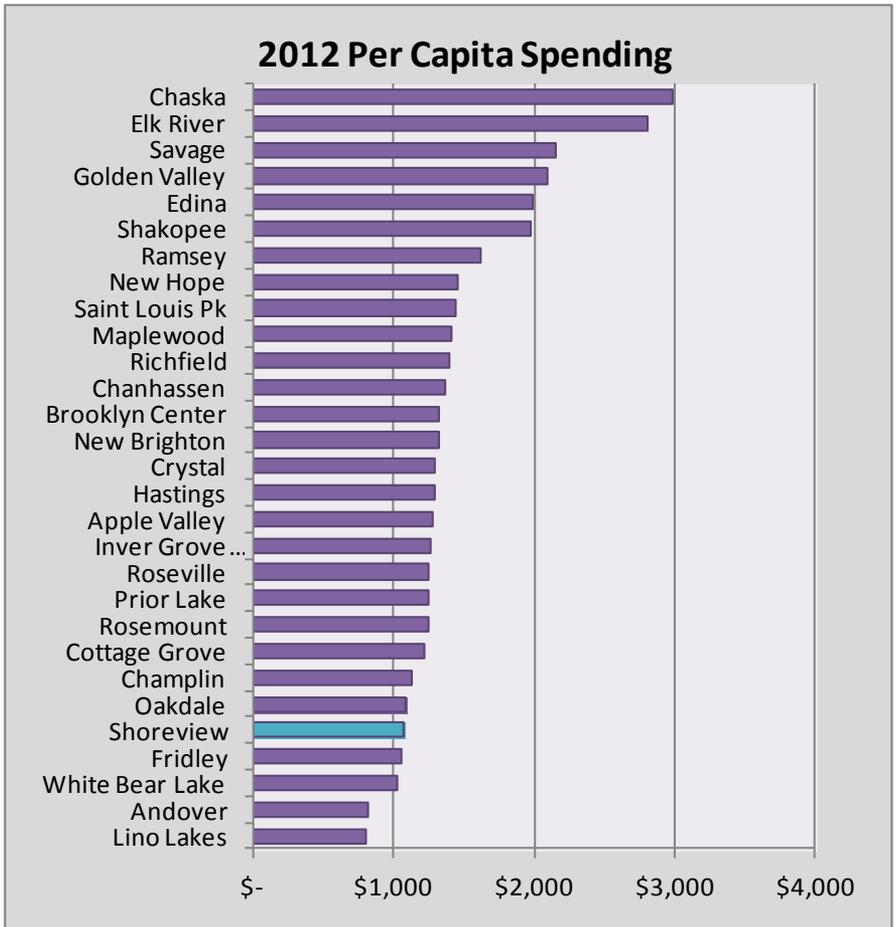
When reviewing spending in more detail, Shoreview is below average in all activities except parks, community development and traditional utility operations (water, sewer, storm and street lighting).

- 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.

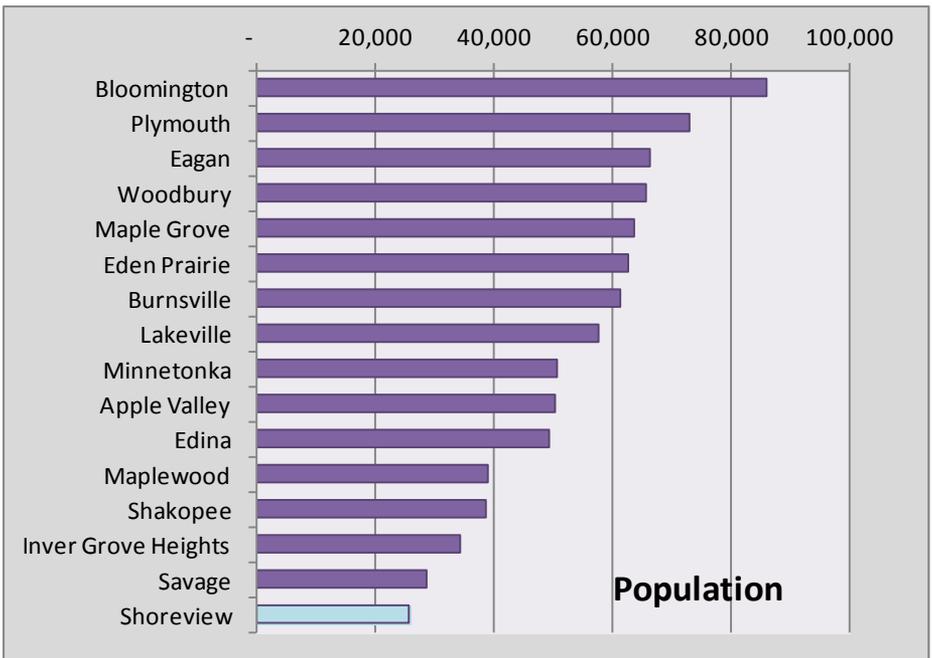
- Shoreview's 2012 spending per capita ranks 5th lowest
- Shoreview's assessment collections per capita are 2nd lowest among comparison cities
- Shoreview's share of the 2014 property tax bill, on a home valued at \$224,500, is 6th lowest
- Shoreview receives no state aid (LGA) to help pay for city services 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

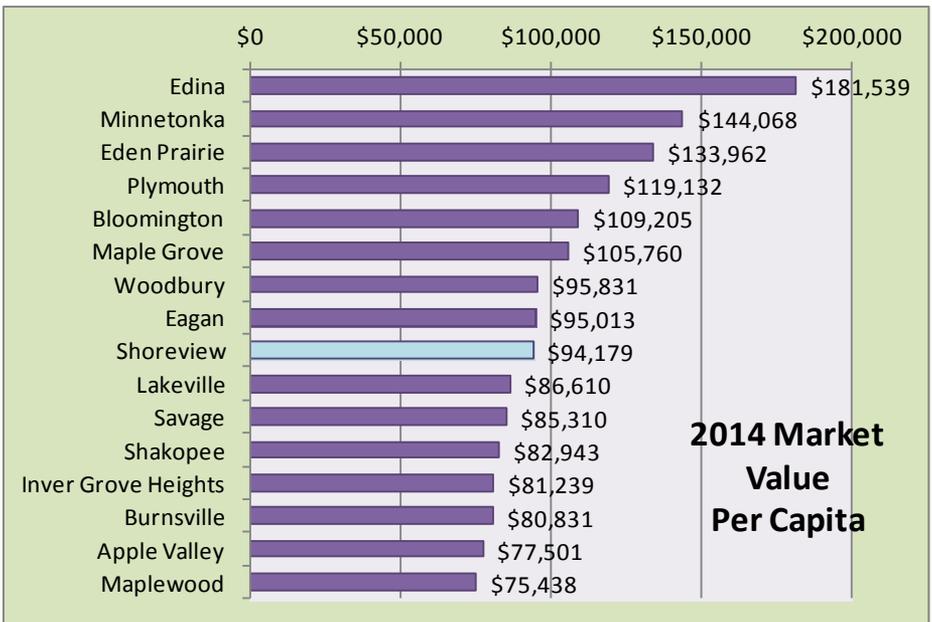
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial 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.

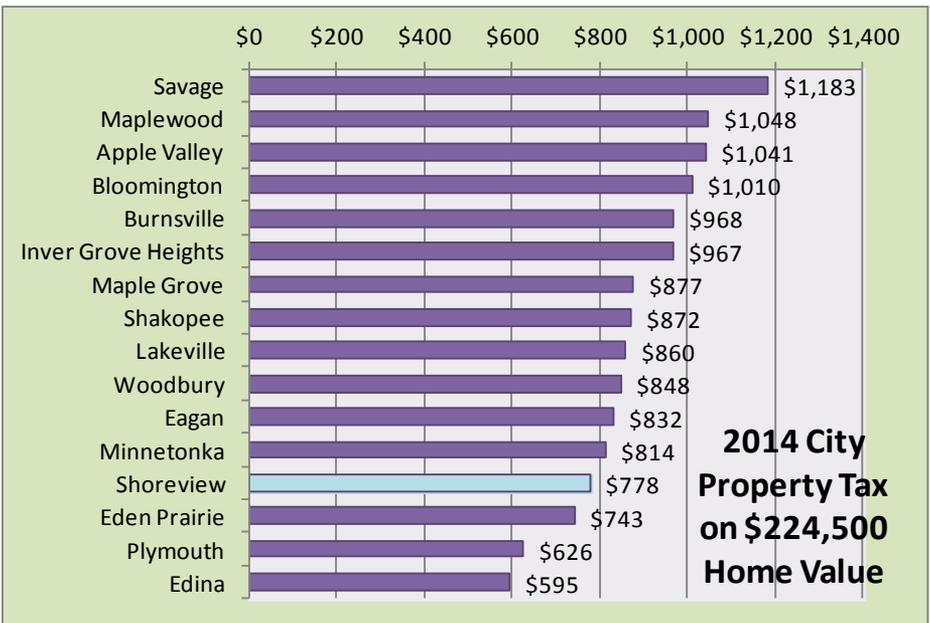
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$94,179 (about 8.6% below the average of \$103,035).



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).

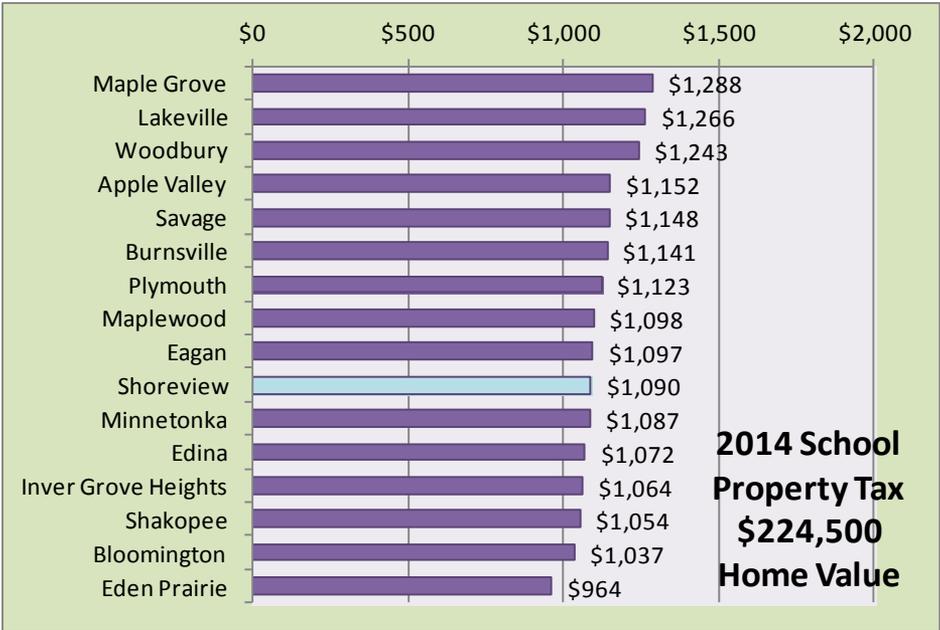
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

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.

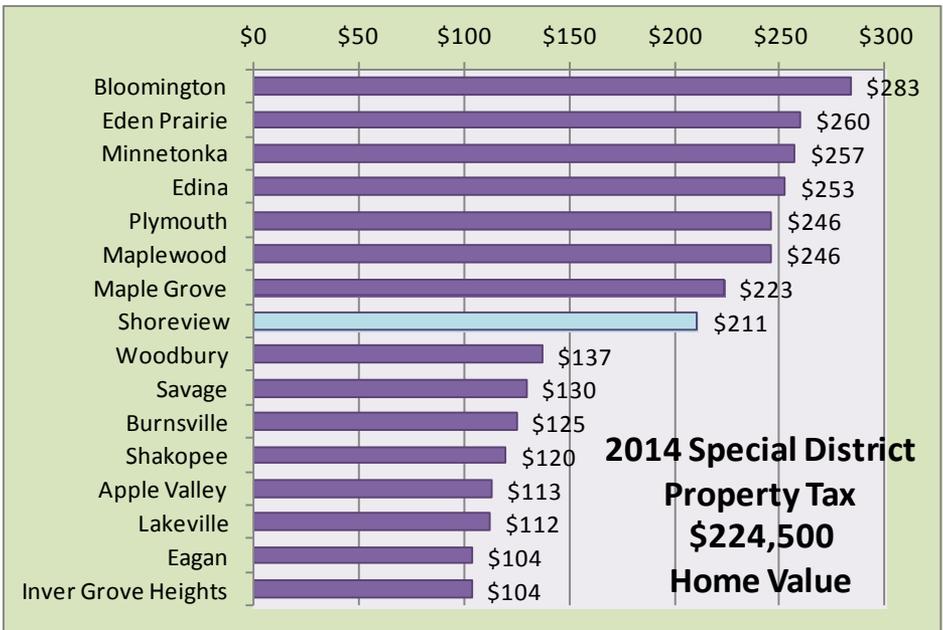
Property taxes in the Mounds View school district rank about 2.7% below the MLC city average.



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.

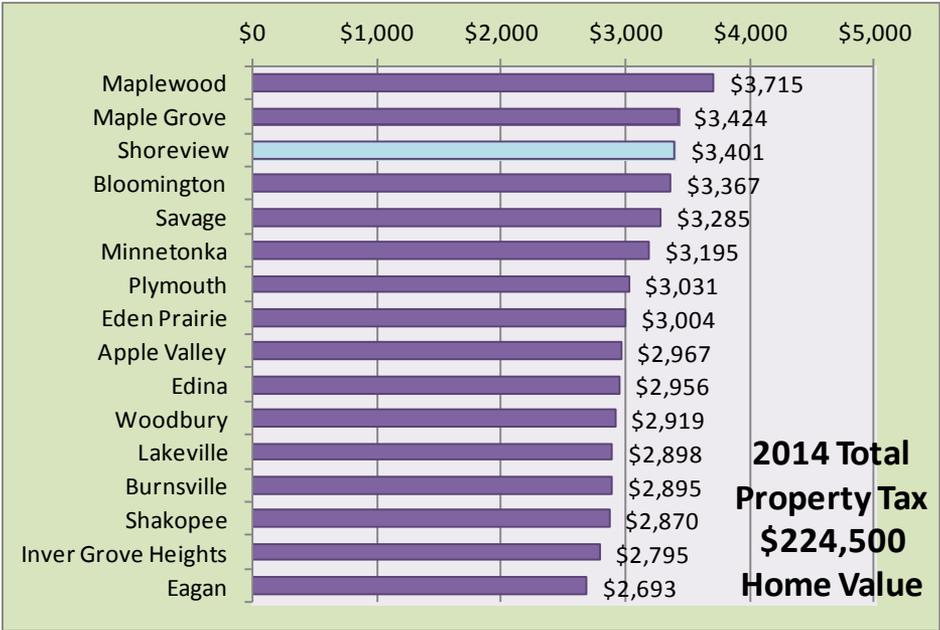


County property taxes vary the greatest among MLC cities.

- 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.

