



# **City of Bloomington**

## **2011 Preliminary Tax Levy and General Fund Budget Agenda item 6.2 A & B**

September 13, 2010



# City of Bloomington

Delivering Quality  
Services at an Affordable  
Price

# Strategic Goals



- Encourage Sustainable Land Use
- Support Transportation Improvements
- Guide Higher Density Mixed Use Transit Oriented Development Where Appropriate
- Effectively and Efficiently Engage Resources and Continually Improve Quality
- Maintain a Sustainable Organization

# **Achieve An Even More Financially Sustainable Organization**

- **Developed Downturn Strategies in the late 1990's.**
- **Staff services only at the level that can be carried through a normal downturn.**
- **Used these Strategies Successfully in the downturn in the early 2000's and returned to normal prior to the most recent downturn/recession.**
- **Anticipated Current Downturn - starting utilization of these Strategies since 2008.**

# What's Happened?



- General Fund Budget for 2010
  - \$54,759,553 in 2009,
  - Recommended \$54,710,503 in 2010
  - **Decrease of .09%**
- General Fund Budget for 2011
  - \$54,710,503 in 2010,
  - Recommended \$54,486,414 in 2011
  - **Decrease of .41%**

# What's Happened?



- **Local Governmental Aid**
  - **No LGA since 2003**

# What's Happened?



## Market Value Homestead Credit:

- State has given Credit to Homeowners but **not paid** to the City-

– 2003	\$1,696,280
– 2004	1,630,492
– 2005	1,488,406
– 2006	1,362,763
– 2008	598,530
– 2009	1,264,708
– 2010	<u>1,375,348</u>
<b>Total Not Paid</b>	<b>\$9,416,527</b>

# Proposed 2011 General Fund Revenues



	Adopted 2010	Proposed 2011	Change In Budget
Property Tax (net)	\$36,848,928	\$35,887,824	<b>-2.61%</b>
Hotel/Motel Adm. Tax	5,980,000	6,100,000	2.01
Bus. Lic. & Permits	1,425,000	1,470,291	3.18
Non. Bus. Lic. & Permits	2,000,000	2,242,000	12.10
Court Fines & Forfeits	900,000	1,000,000	11.11
Program Income	1,997,207	2,400,000	20.17
Intergovt. Revenue	2,239,013	2,100,000	<b>-6.21</b>
Interest Earnings	361,856	382,800	5.79
Transf. from Other Funds	2,608,304	2,553,304	<b>-2.11</b>
All Other	350,195	350,195	0.00
	<b>\$54,710,503</b>	<b>\$54,486,414</b>	<b>-0.41%</b>

# Proposed 2011 Expenditures



	Adopted 2010	Proposed 2011	Est. change in budget
City Council/Commissions	\$549,568	\$527,384	<b>-4.04%</b>
City Manager	330,118	325,963	<b>-1.26</b>
Legal	1,112,337	1,132,400	1.80
Human Resources	694,254	689,838	<b>-0.64</b>
Finance	1,030,772	958,177	<b>-7.04</b>
Police	19,552,055	20,339,481	4.03
Fire	2,481,919	2,684,717	8.17
Community Development	6,116,997	6,195,991	1.29
Community Services	8,712,560	8,886,537	2.00
Public Works	11,906,382	11,948,966	0.36
Technical Services Group	2,403,897	2,404,070	0.01
Offset for Est. Unspent	(1,827,130)	(1,895,647)	3.75
Contingency	1,396,774	1,410,153	.96
Transfer Out	250,000	305,000	22.00
Other – Unfilled Positions	0	(1,426,616)	
	<b>\$54,710,503</b>	<b>\$54,486,414</b>	<b>-0.41%</b>



# 2011 Preliminary Tax Levy

Recommended at: **-.12%**

General Fund	\$37,918,497
Debt Service	4,226,741
Recreation Facilities	1,086,642
PMP	1,054,175
Tax Abatement	<u>266,698</u>
Total Levy	\$44,552,753

# Property Value Changes

(not adjusted for aids)



- **The Median Value Single Family Home has averaged annual increases over the past:**
  - 15 years 1996-2010 4.80%
  - 10 years 2001-2010 4.40%
  - 5 years 2006-2010 -1.60%
- **The Total City Market Value has averaged annual increases over the past:**
  - 15 years 1996-2010 4.70%
  - 10 years 2001-2010 3.70%
  - 5 years 2006-2010 1.20%

# 2011 Preliminary Tax Levy



- **Recommended:**

- **2011 Preliminary Levy**      **-.12%**

- The average annual Property Tax Levy increase has been over the past (**not adjusted for aids**) :

– 15 years 1996-2010	3.86%
– 10 years 2001-2010	4.70%
– 5 years 2006-2010	4.33%

# Factors Impacting Individual Property Taxes



- Market Value changes within and between property classifications
- Property Tax Levy Amount
- Budgets change at County, School and City
- State
  - Tax Classification Changes
  - Market Value Homestead Credit
  - Fiscal Disparities
- Special Assessments

# Historical Rate Comparison



- The 15 year average Median Single Family Property Market Value Increase is **4.80%**
- The 15 year average Total City Property Market Value has averaged annual increases **4.70%**
- The 15 year average Property Tax Levy increase is **3.86%**

# Monthly Cost of Services



- For 2011 the Monthly Cost of City Services for the “**Median**” valued residential property is expected to remain the same as 2010 with the Recommended Preliminary Levy **at -.12**
- The Median Cost of City Services in 2010 is \$67.82 and is expected to be the same in 2011

# Monthly Cost of City Services



● Police	<b>\$23.89</b>
● Public Works	<b>17.90</b>
● Community Services	<b>10.60</b>
● Capital and Debt	<b>7.19</b>
● Community Development	<b>4.58</b>
● Fire	<b><u>3.66</u></b>
<b>Total</b>	<b><u>\$67.82</u></b>

# Dividing up the Dollar 2010

(Residential - includes school referendum)



**33¢** Hennepin County

**29¢** City of Bloomington

**29¢** Bloomington School District

**9¢** Other agencies

# Dividing up the Dollar 2010

(Commercial/Industrial - includes school referendum)



**32¢** Fiscal Disparities

**27¢** State General Tax

**14¢** Hennepin County

**12¢** City of Bloomington

**11¢** Bloomington School District

**4¢** Other agencies

# Community Comparisons

# City Service Comparisons



- **City Services to Homes Independent of Property Value**
  - **Police and Fire send same response services and same prevention regardless of size of property**
  - **Public Works provides the same level of snow removal, street repair and maintenance to a home regardless of size**
  - **Parks Maintenance and Parks and Recreation services are a function of who uses them**

# Community Investment and Renewal Costs



- **Older Communities have larger community renewal and infrastructure replacement costs**

# Preliminary Levy Survey



## Preliminary Levy ~ Metro Community Comparison Survey

Identification Number	Increase or Decrease In Levy	Estimated Levy Percentage Change	Base Tax Capacity Change
<b>Bloomington</b>	<b>Decrease</b>	<b>.12%</b>	<b>-7.90%</b>

# Preliminary Levy Survey



## Preliminary Levy ~ Metro Community Comparison Survey

Identification Number	Increase or Decrease In Levy	Estimated Levy Percentage Change	Base Tax Capacity Change
<b>Bloomington</b>	<b>Decrease</b>	<b>.12%</b>	<b>-7.90%</b>
Plymouth	Increase	1.12%	
Golden Valley	Increase	1.48%	
Edina	Increase	2.34%	
Brooklyn Center	Increase	2.53%	
Eden Prairie	Increase	2.80%	
New Hope	Increase	2.97%	
Champlin	Increase	3.25%	
Minnetonka	Increase	3.40%	
Brooklyn Park	Increase	3.72%	
Crystal	Increase	3.81%	
St. Louis Park	Increase	4.88%	
Maple Grove	Increase	5.50%	
Richfield	Increase	7.00%	
Minneapolis	Increase	7.50%	

# Preliminary Levy Survey



Preliminary Levy ~ Metro Community Comparison Survey			
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<b>Bloomington</b>	<b>Decrease</b>	<b>.12%</b>	<b>-7.90%</b>
Plymouth	Increase	1.12%	-5.80%
Golden Valley	Increase	1.48%	-8.73%
Edina	Increase	2.34%	-6.20%
Brooklyn Center	Increase	2.53%	-11.40%
Eden Prairie	Increase	2.80%	-7.80%
New Hope	Increase	2.97%	-7.40%
Champlin	Increase	3.25%	-8.70%
Minnetonka	Increase	3.40%	-5.30%
Brooklyn Park	Increase	3.72%	-12.20%
Crystal	Increase	3.81%	-10.20%
St. Louis Park	Increase	4.88%	-4.60%
Maple Grove	Increase	5.50%	-4.30%
Richfield	Increase	7.00%	-10.20%
Minneapolis	Increase	7.50%	-8.60%

# Community Comparisons



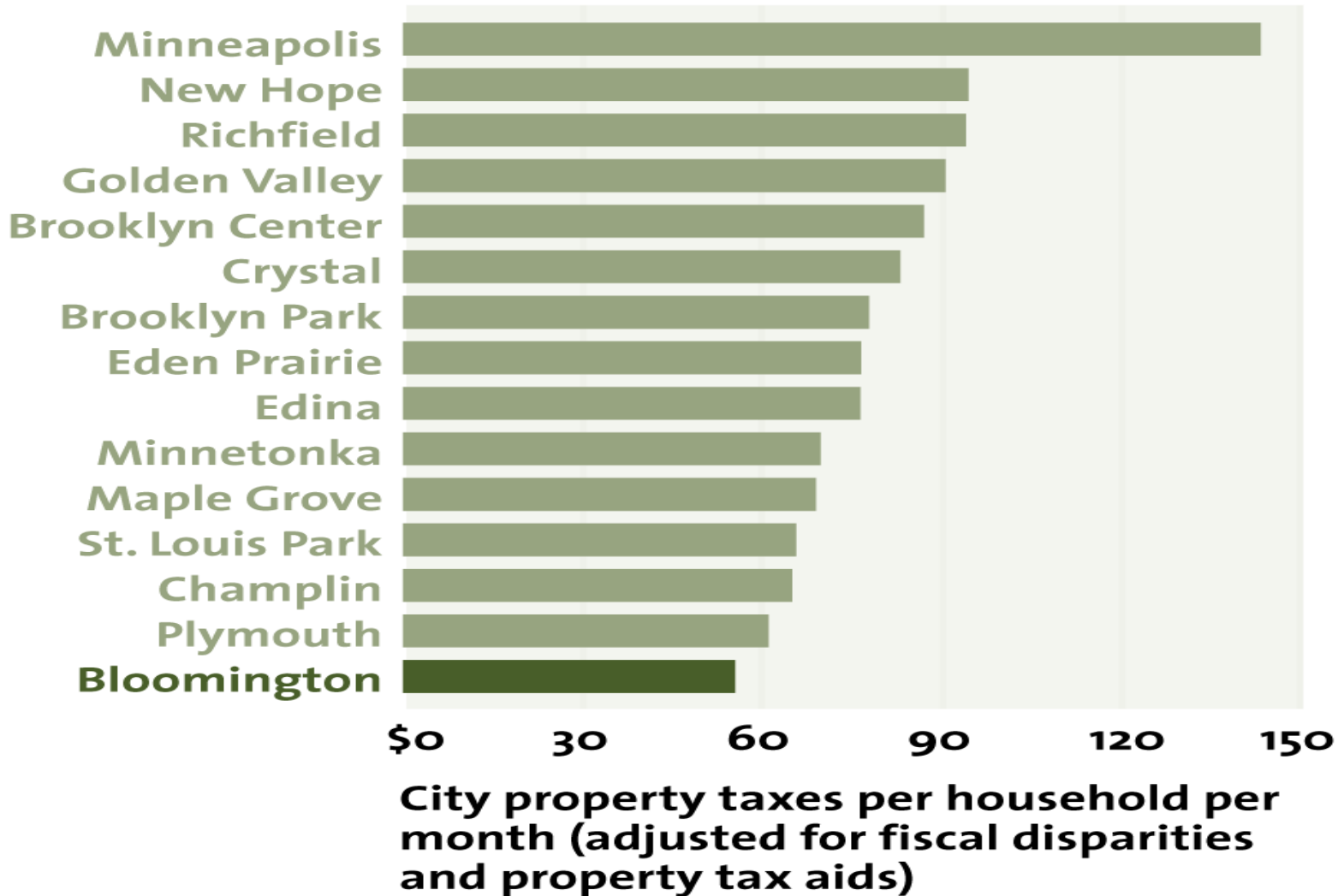
- **Bloomington lowest or among the lowest in all 4 of the following Community Comparisons**

# Looking at Comparison From Several Perspectives

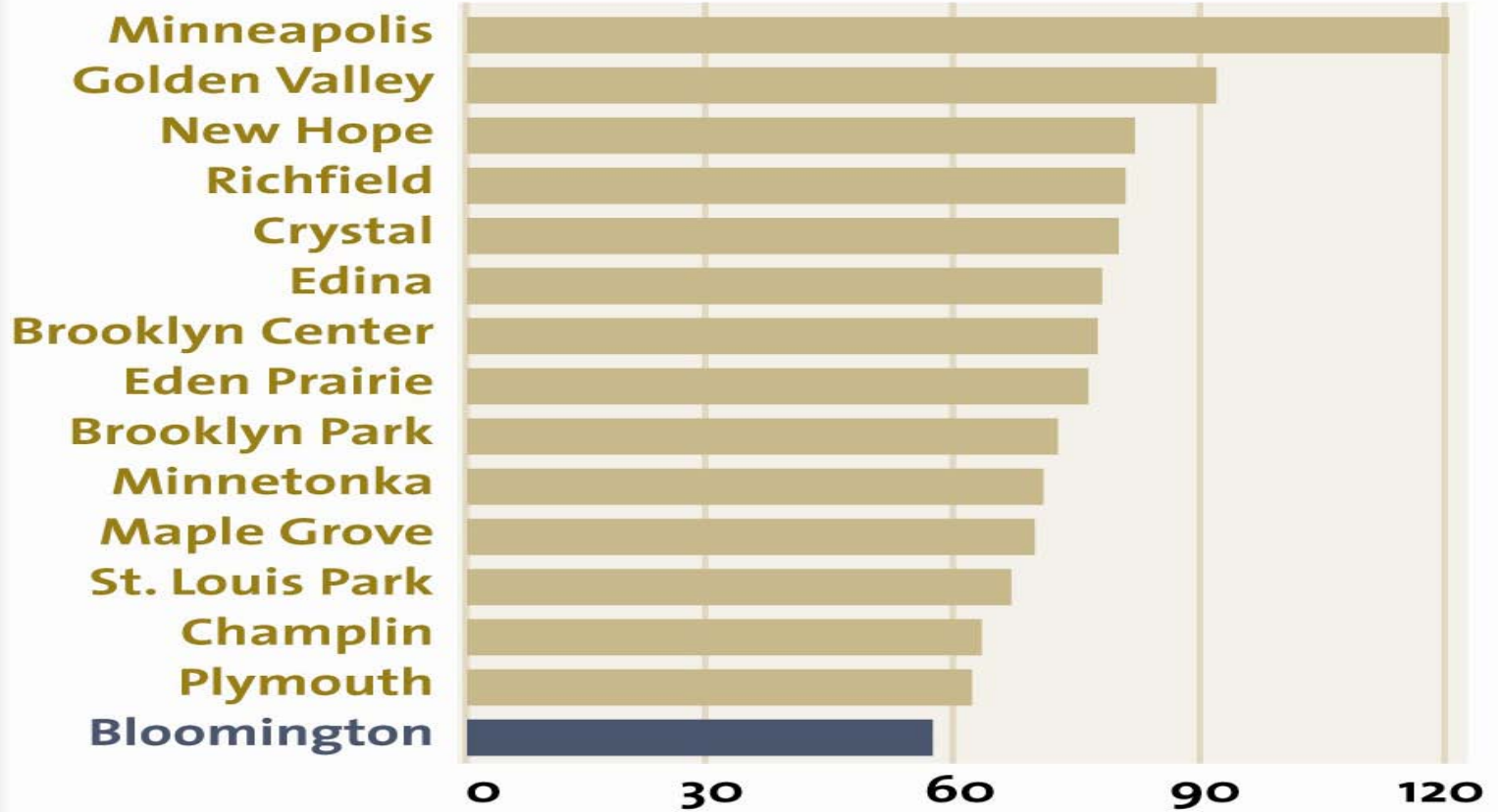


- **Average Household ~ Cost of Services  
(Adjusted for Aids)**
- **Median Valued Single Family Home ~ Cost of  
City Services (Adjusted for Aids)**
- **Median Valued Single Family Home ~ Cost of  
City Services (Not Adjusted for Aids)**
- **Average Valued Single Family Home ~ Cost of  
City Services (Not Adjusted for Aids)**

# Average of All Household Cost of Property Tax Related Services in 2009 (Adjusted)



# Median Value Single Family Home Cost of Property Tax Related Services Payable in 2010 (Adjusted)

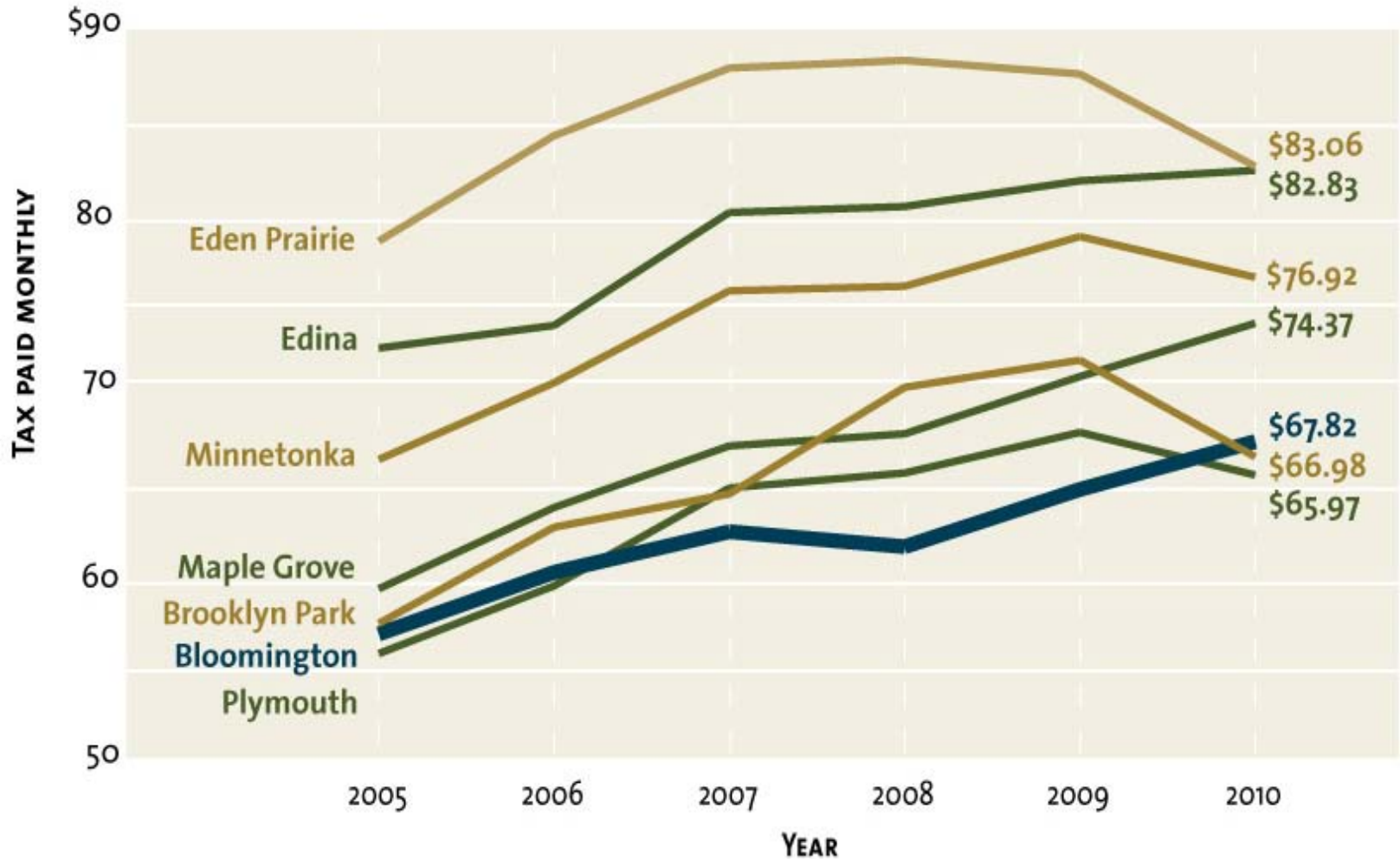


City property taxes for median value single-family home per month (adjusted for property tax aids and fiscal disparities)

# City Tax on Median Single-Family Value Home – (Not Adjusted)



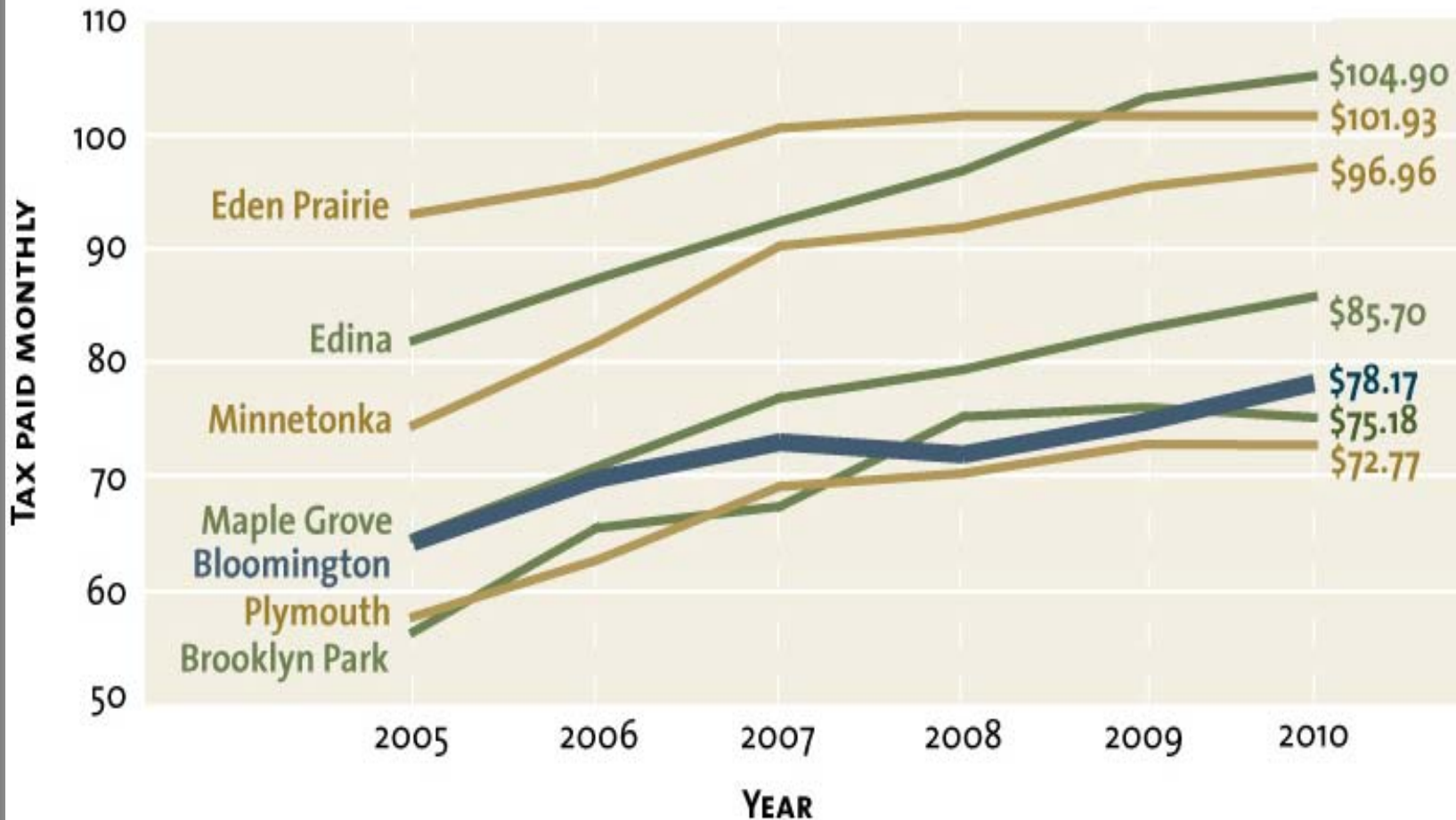
*Not adjusted for property tax aids and fiscal disparities*



# Single-Family City Tax Share Comparison – (Not Adjusted)



*Not adjusted for property tax aids and fiscal disparities.*



# Recommended 2011 Preliminary Levy

- Recommend adopting the 2011 Preliminary Levy at:
  - \$44,552,753 a decrease of **-.12%**

# General Fund Budget

- Recommend adopting the 2011 General Fund Budget at **\$54,486,414 – a .41% decrease**

# Next Steps



- Taxation Public Hearing Schedule
  - Initial Hearing
    - December 6, 2010
  - Public Hearing Continuation Date  
(if necessary)
    - December 13, 2010
  
- 2011 General Fund Budget and Final Levy Adopted
  - December 20, 2010

# Ranked Priority Services



● Tier I	\$45.65
● Tier II	11.20
● Tier II	<u>10.97</u>
<b>Total</b>	<u><b>\$67.82</b></u>

# Definition of Terms



- **Tier One** – Very important for the City to provide. There are few, if any, alternate providers of this service. Citizens depend on this service or consider having this service a quality of life issue.
- **Tier Two** – This service is important to citizens, but is not a Tier One service.
- **Tier Three** – Services provided that are not in Tier One or Two.

# Budget Priority Setting Exercise

## Tier One



Tier One	Tax Support/Month
Building Inspections	\$0.00
Capital/Debt Service	5.79
Crime Prevention	0.83
Fire Prevention – Community Development	0.90
Fire Suppression	3.43
Pavement Management Program	2.26
Police Investigations	6.53
Police Patrol (including EMS)	16.15
Street Maintenance	6.70
Traffic Control and Street Lights	3.06
<b>Total Tier One</b>	<b>\$45.65</b>

# Budget Priority Setting Exercise

## Tier Two



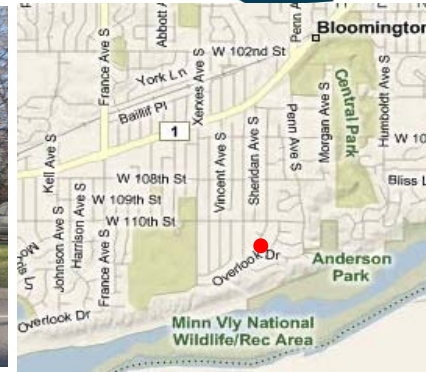
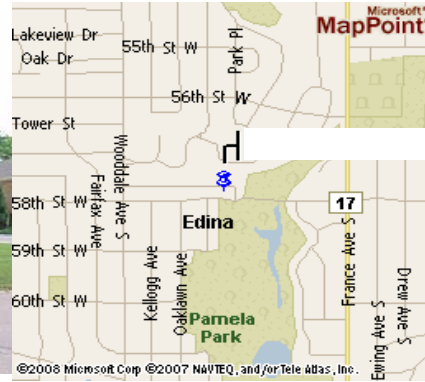
Tier Two	Tax Support/Month
Bomb Squad	\$0.05
Community Planning	1.84
Emergency Preparedness	0.30
Emergency Response Unit	0.29
Engineering	2.50
Environmental Health	1.99
Fire Prevention – Public Safety	0.02
Park Maintenance	4.02
Property/Cemetery Maintenance	0.19
<b>Total Tier Two</b>	<b>\$11.20</b>

# Budget Priority Setting Exercise

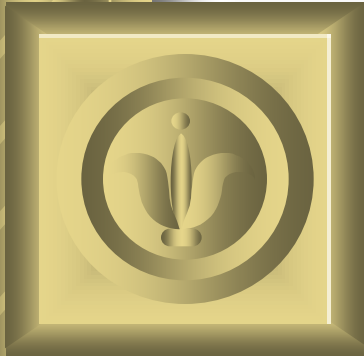
## Tier Three



Tier Three	Tax Support/Month
Animal Control	\$0.40
Aquatics Facilities	0.94
Center for the Arts	0.72
Cultural and Special Events	0.82
Deer Control	0.03
General Recreation	4.07
Human Services	2.74
Public Health Services	1.25
<b>Total Tier Three</b>	<b>\$10.97</b>



	<b>Edina Home</b>	<b>Bloomington Home</b>
<b>PID#:</b>	<b>19-028-24-13-xxxx</b>	<b>29-027-24-11-xxxx</b>
<b>Year Built:</b>	<b>1955</b>	<b>1958</b>
<b>Bed/Bath:</b>	<b>3/2</b>	<b>3/2</b>
<b>Above Grade:</b>	<b>1,533 square feet</b>	<b>1,300 square feet</b>
<b>Total Finished:</b>	<b>1,966 square feet</b>	<b>1,820 square feet</b>
<b>Lot Size:</b>	<b>9,375 square feet</b>	<b>23,754 square feet</b>
<b>2009 EMV:</b>	<b>\$433,200</b>	<b>\$249,000</b>
<b>2010 Taxes:</b>	<b>\$4,938.50</b>	<b>\$3,037.64</b>
<b>2010 EMV:</b>	<b>\$415,900</b>	<b>\$221,100</b>



# Council Questions