

Maximum Tax Levy Discussion

Sept 6, 2016

Council Worksession

2017 Budget Process

Meeting Dates	Discussion Topics
June 14	Financial Management Plan Review Budget Pressures
August 8	Council Gives Direction to Staff to Prepare Maximum Tax Levy
September 6	Council Adopts Maximum Tax Levy
October 20	Virtual Open House Video Release
October 25	Department Budget Presentations at Worksession
November 15	Council Worksessions on the Budget: General Fund & Other Property Tax Supported Funds
November 29	Capital Projects, CIP, & Enterprise Funds
December 6	Council Adopts Tax Levies and Budget

Two Resolutions

1. Adopting a proposed budget and certifying the 2017 proposed tax levy for the City of Burnsville to the Dakota County Treasurer-Auditor
2. Approving the 2017 proposed tax levy by the Burnsville Economic Development Authority (EDA)

Proposed tax statements mailed to property owners in November

Proposed City & EDA Property Tax Levy

Total Maximum Levy \$32,693,174

3.6% increase

- 2.7% Current service level cost increases
- 0.8% Capital plans
- 0.1% EDA plan funding

- No increase for the levy for the facilities plan is proposed for 2017

Estimated Impact of 3.6% Levy Increase



Effect on Residential
Average Home \$222,000
(Home value growth 3.4%)



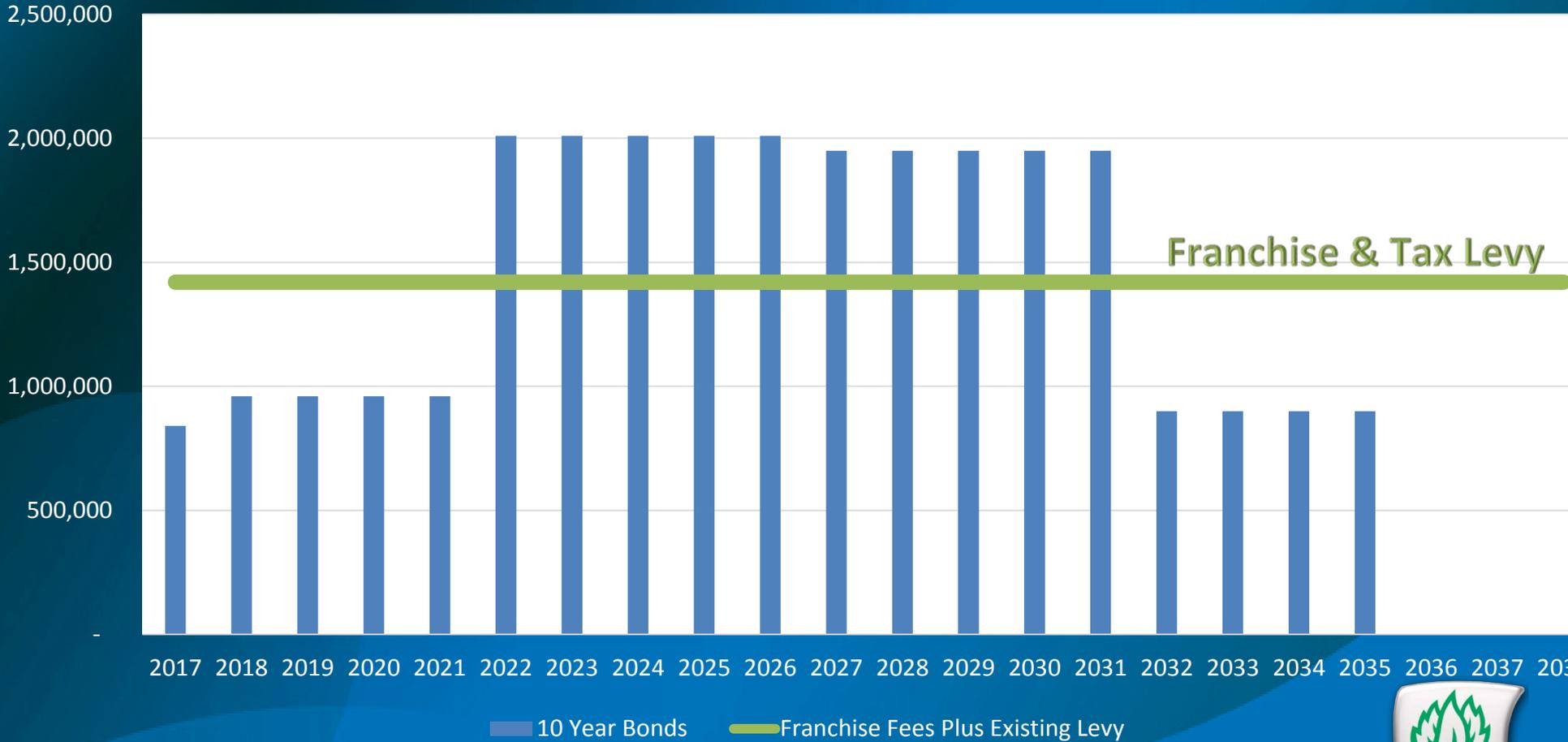
Effect on a \$1 Million
Commercial Property
(Property value growth 0%)

Franchise Fees

Implemented in July 2016

- Dedicated to fund 20 year phased facilities plan
- 2016 franchise fees to provide cash funding to reduce phase 1 bonding
- Planned to replace the increases to the facilities levy to fund debt service
 - 2017 \$420,000
 - 2018 \$125,000
- Expected to generate approximately \$800,000-\$1,000,000.
- Balance planned to provide cash for phase 2 to reduce amount to be bonded for phase 2

Debt Service - 2016 Phased Plan

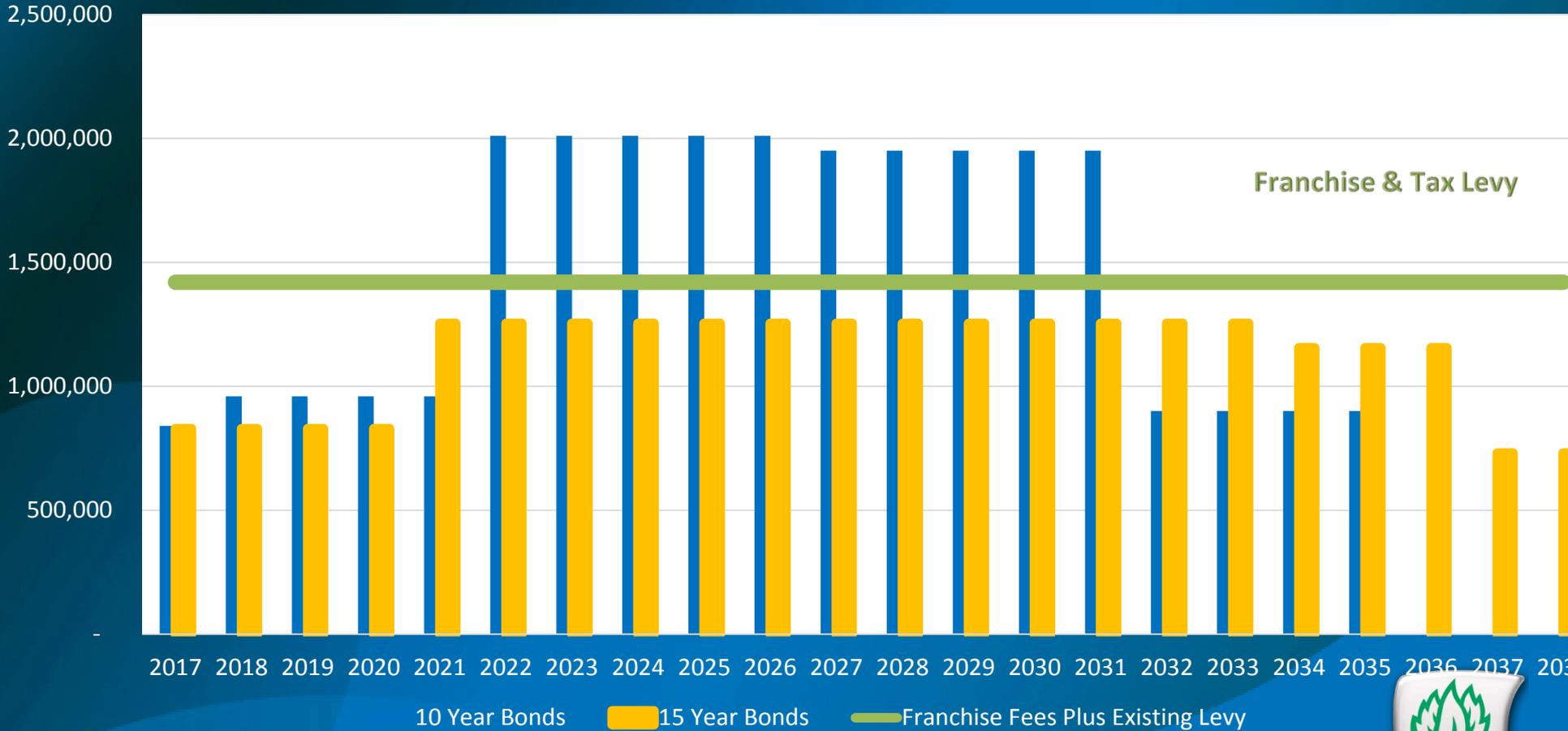


Changes

- **Facilities Project added**
 - \$0.7m for air handling (added)
 - \$2.5m for police garage (moved from phase 2)
 - \$0.5m for generator (moved from 2019)
- **Use 2016 & 2017 revenues as cash funding for the project to reduce bonding & delay first payment to 2018**
- **15 year vs. 10 year debt for level debt service**

Garage from Phase 2 to Phase 1

Change from 10 to 15 year bonds



Facilities Plan Funding

- General facilities maintenance and deferred maintenance needs will be funded on a pay-go basis through planned General Fund Transfer and some use of franchise fees
- Without the project additions, current tax levy for the maintenance General Fund Transfer could be replaced by franchise fees reducing the tax levy by 1%
- Generator originally planned for use of one-time general fund balance on \$500,000 in 2019 – now will be funded with franchise fees

Total Debt Balance Management

- Garage was planned for phase 2 – moved to phase 1
- PFA loan principal is lower than budgeted
- Existing debt service cash balances and options for future utility CIP bonding are being reviewed for lowering future debt balances

Proposed Resolutions to Set Maximum Property Tax Levies for 2017 Budget

	Total Levy	Increase	Annual % Chg
General Fund Levy	\$27,029,000	\$1,074,000	3.4%
Debt Fund (existing)	1,169,349	-	0%
Facilities Fund	420,000	-	0%
Forestry Emerald Ash Borer (EAB) Fund	250,000	-	0%
Infrastructure Trust Fund (streets, parks, etc.)	3,250,000	50,000	0.1%
City Levy	\$31,264,211	\$1,124,000	3.5%
Economic Development Authority (EDA) Levy	617,500	25,000	0.1%
Total City + EDA Levy	\$32,693,174	\$1,149,000	3.6%

Proposed EDA Property Tax Levy

Total Maximum Levy \$617,500

Represents 0.1% increase in total City/EDA
Levy

Upcoming Dates

The following dates have been set to discuss the budget and levy and final adoption

October 25, 6:30 p.m. Department Budget Presentations

November 15, 6:30 p.m. Council Work Session to discuss 2017 budget

November 29, 6:30 p.m. Council Work Session to discuss 2017 budget

December 6, 6:30 p.m. Council to adopt final 2017 budget and levy

The public is invited to attend and will have the opportunity to speak at these meetings.

