

Proposed 2023 Budget and Finance Plan

September 13, 2022



Work Session Goals

- To continue the discussion from the...
 - All-Day Work Session
 - Financial Management Plan (FMP) Review
 - FMP Update Review
 - Proposed 2023–2027 Capital Improvement Plan (CIP) Review
 - Proposed 2023 Budget and Finance Plan Review
- To receive City Council guidance on the Proposed 2023 Budget and Property Tax Levy

Work Session Overview

- Economic Development Authority (EDA)
Fund Review
- Property Tax Levy Review
- Recommendations

Proposed 2023 Budget Calendar

Date(s)	Discussion Topics	
January 24	All-Day Work Session	
February 15	“One-Time” Funding Sources, Budget Calendar	Plan
March 8	Review Financial Management Plan	
April 5	“Outlook and Objectives” Review	
June 21	Review Annual Comprehensive Financial Statements	
July 19	Discuss Proposed 2023-2027 Capital Improvement Plan	Review
July 25–29	Department Meetings with the City Manager	
August 23	Discuss Proposed 2023 Budget and Property Tax Levy	
September 13	Discuss Proposed 2023 Budget (if needed)	
September 20	Adopt Proposed City & EDA Property Tax Levy/Budget	
November 7	Discuss Proposed 2023 Budget (if needed)	Decide
November 29	Discuss Proposed 2023 Budget (if needed)	
December 6	TNT Hearing, Adopt City & EDA Property Tax Levy/Budget	



EDA Fund

Proposed 2023 Budget

Why does the City have an EDA?

**Advance Job
Creation**

**Build and
Maintain
Housing**

**Enhance
Community
Amenities**

**Influence
Development
Activities**

**Remove and
Remediate
Blight**

**Support the
Property Tax
Base**

EDA Strategic Planning Efforts

2000s

- Heart of the City
- Minnesota River Quadrant
- 2030 Comprehensive Plan

2010s

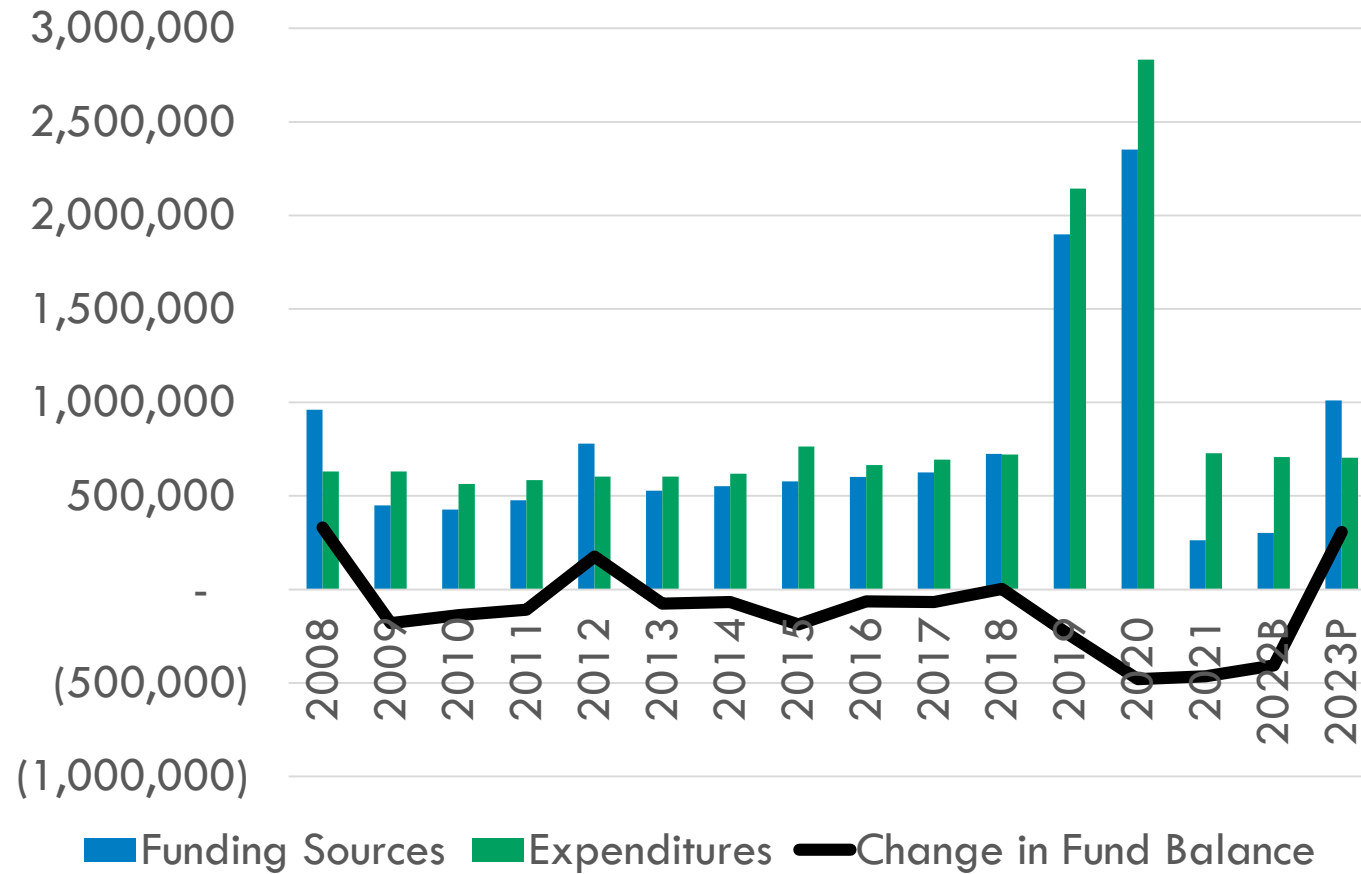
- 2040 Comprehensive Plan
- Economic Development and Redevelopment Strategic Plan
- Center Village Vision
- Vision, Organizational Values and Strategic Priorities

2020s

- Revised Strategic Priorities
- Housing Strategy Plan
- Economic Development and Redevelopment Strategic Plan Update (2023)

Historic EDA Resources

EDA Fund, Sources and Uses 2008–2023P



Proposed 2023 Budget, EDA Fund

- To support the Strategic Priorities and adopted EDA plans, the Proposed 2023 Budget included:

<u>Account</u>	<u>Amount</u>
Professional Services	568,200
Placemaking and Recognition	61,500
Advertising and Publishing	52,800
Travel and Training	10,010
Other	8,500
Office Supplies and Printing	2,825
Total	703,835

EDA Programs, Current

Program	Program Summary	Budget Authority (as of 2022)
Home Improvement (Policy No. 5.320)	<ul style="list-style-type: none"> Provides between \$20,000 and \$50,000 for between of 10 and 20 years 	<ul style="list-style-type: none"> Source: EDA Fund Amount: \$200,000 (\$100,000 for 2022; \$100,00 carried over from 2021)
Senior Home Improvement Loan (Policy No. 5.330)	<ul style="list-style-type: none"> Provides between \$10,000 and \$15,000 for a term of up to 30 years 	
Code Cash (Policy No. 2.100)	<ul style="list-style-type: none"> Provides a one-to-one match between \$50 and \$2,000 to resolve City Code violations. 	<ul style="list-style-type: none"> Source: General Fund Amount: \$70,000 (\$35,000 for 2022; \$25,000 carried over from 2021; \$10,000 from the Lions Club)
Renovation Grant (Policy No. 1.134)	<ul style="list-style-type: none"> Provides up to \$10,000 for the expansion, renovation or attraction of businesses. 	<ul style="list-style-type: none"> Unfunded
Site Assembly & Land Acquisition (Policy No. 1.131)	<ul style="list-style-type: none"> Helps to purchase land to assist with larger scale development or expansion 	<ul style="list-style-type: none"> Unfunded

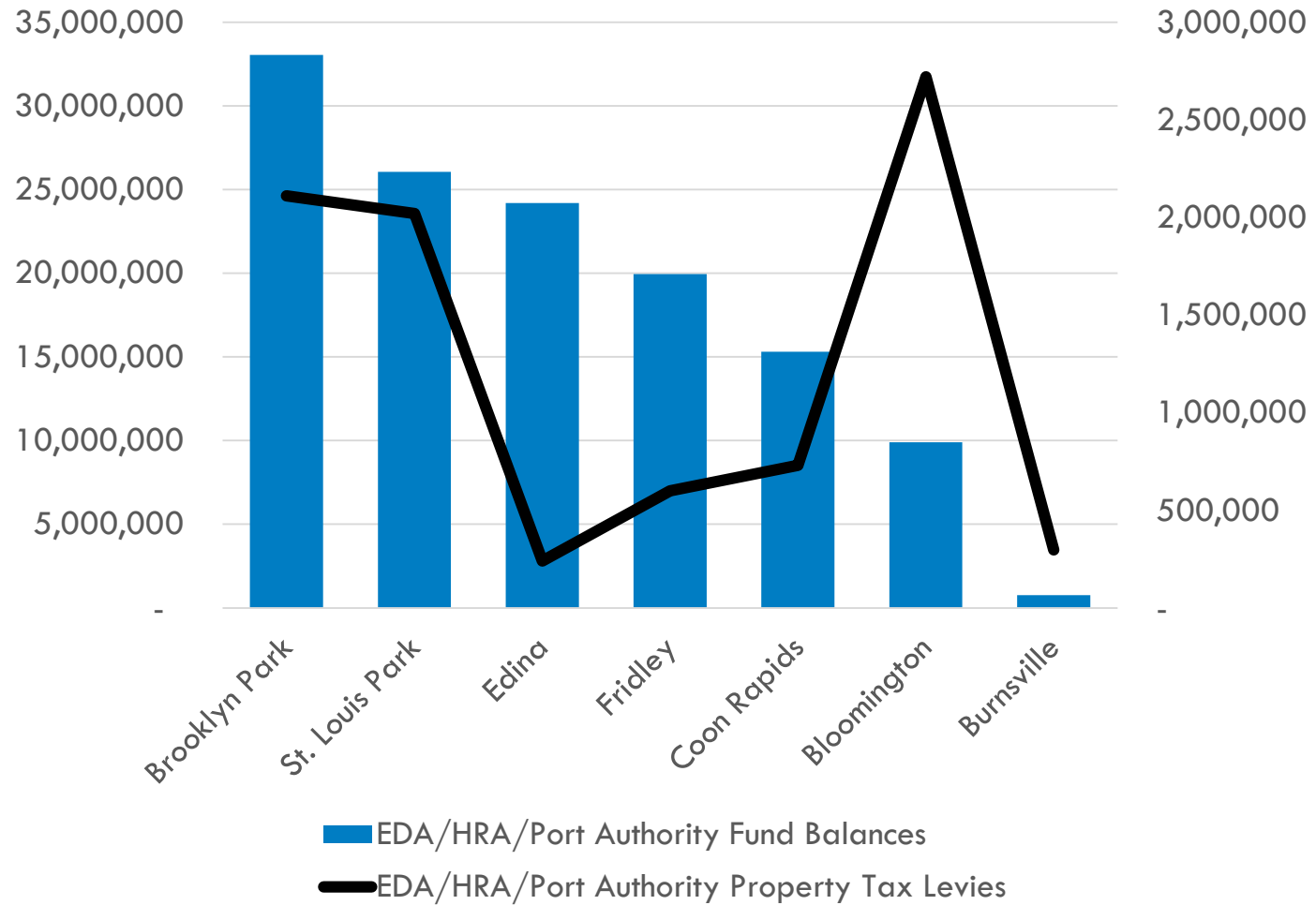
EDA Program, Future

- Generally, the City and EDA lack the funding to achieve the vision provided by the various strategic planning efforts
 - Reliance on EDA fund balance to accomplish certain initiatives
 - TIF District No. 2 funds remain insufficient to support program costs

Activity or Program		Resource Need
Residential	Rehabilitation Loans	~\$5M
	Technical Assistance	~\$200K
Commercial and Industrial	Rehabilitation Loans	~\$10M
	Property Acquisition	~\$10M

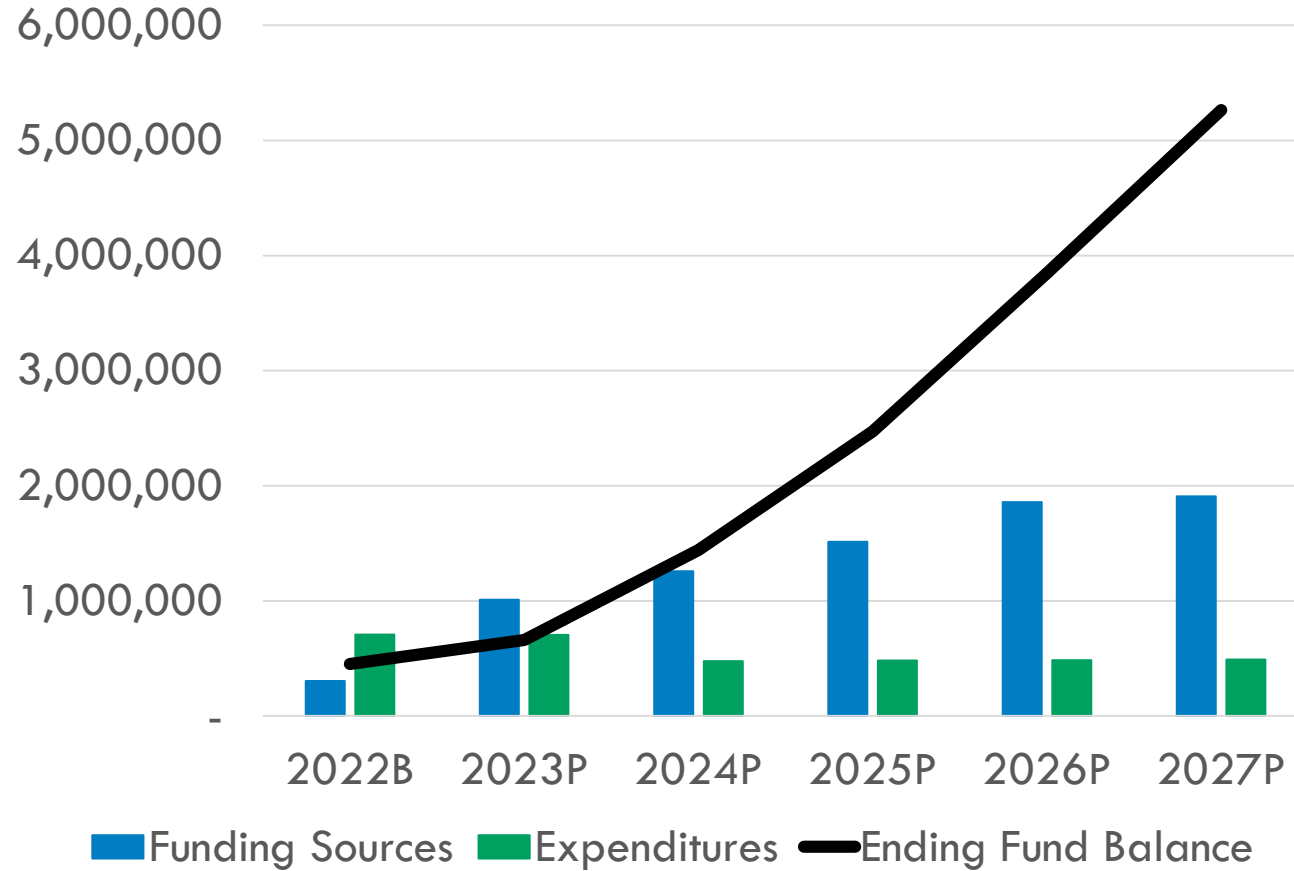
Economic Development Funds – Other Communities

Economic Development Fund Balances, By City



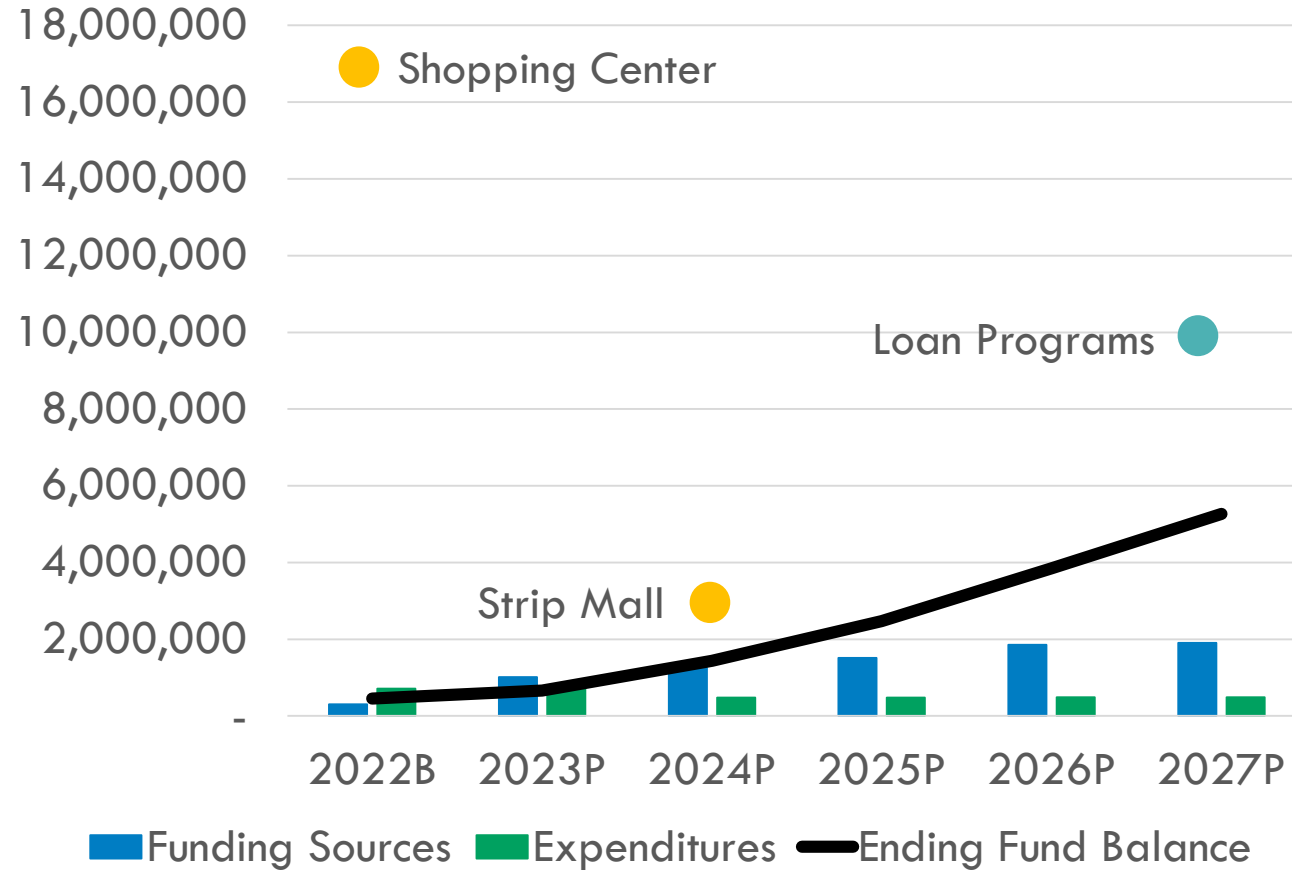
Proposed 2023 Budget and Finance Plan, EDA Fund

Economic Development Authority Fund 2022B-2027P



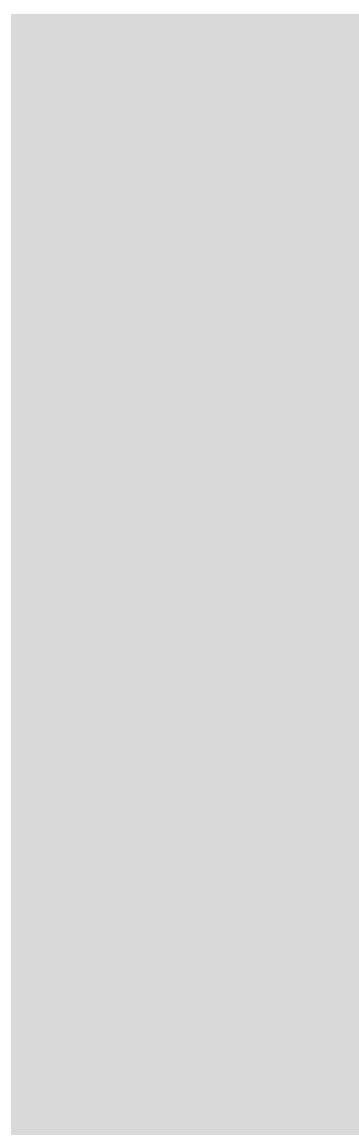
Proposed 2023 Budget and Finance Plan, EDA Fund

Economic Development Authority Fund 2022B-2027P



EDA Fund, Property Tax Levy Alternatives

Fund	Final 2022	Proposed 2023	Change (\$)	Change (%) (previous year)	Change (%) (of Total Levy), EDA Only	Change (%) (of Total Levy) Overall	Estimated Annual Cost, EDA Only	Estimated Monthly Cost, EDA Only
Total City Levy	40,912,255	46,199,176	5,286,921	12.92%	12.83%	12.83%	n/a	n/a
EDA Fund, Alternatives	297,500	297,500	-	0.00%	0.00%	12.83%	\$ 8.92	\$ 0.74
	297,500	400,000	102,500	34.45%	0.25%	13.08%	\$ 12.44	\$ 1.04
	297,500	500,000	202,500	68.07%	0.49%	13.32%	\$ 15.86	\$ 1.32
	297,500	600,000	302,500	101.68%	0.73%	13.56%	\$ 19.29	\$ 1.61
	297,500	700,000	402,500	135.29%	0.98%	13.81%	\$ 22.72	\$ 1.89
	297,500	800,000	502,500	168.91%	1.22%	14.05%	\$ 26.15	\$ 2.18
	297,500	900,000	602,500	202.52%	1.46%	14.29%	\$ 29.57	\$ 2.46
	297,500	1,000,000	702,500	236.13%	1.70%	14.53%	\$ 33.00	\$ 2.75



EDA Fund, Recommendations

- To support the strategic vision of the EDA, staff recommend the City Council:
 - Increase the EDA property tax levy to \$1,000,000 for taxes payable in 2023
 - Authorize the use of TIF District No. 2 funds to support housing rehabilitation programs



Proposed 2023 Property Tax Levy

Proposed 2023 Budget

Property Tax Levy Analysis, Background

- At the July 19 Work Session, the City Council reviewed two property tax levy options
 1. Support the Organizational Analysis (OA)
 2. Maintain the Property Tax Rate

- The City Council guided staff to conduct more analysis and staff presented three alternatives at the August 23 Work Session

Meeting	2023P	2024P	2025P	2026P	2027P
FMP Review	10.9%	10.5%	13.6%	3.8%	2.2%
FMP Update	10.0%	10.1%	11.7%	3.8%	2.2%
CIP Review	8.9%	10.9%	12.9%	7.6%	3.3%
Budget Review	14.5%	7.6%	7.1%	7.4%	7.7%

Property Tax Levy Alternatives, Continued

Organizational
Analysis
Implementation

Alternative
No. 1



Levy Increase
Reduction

Alternative
No. 2



CIP
Enhancement

Alternative
No. 3



Each alternative only adjusts property tax revenue projections – proposed expenditures do not change

Property Tax Levy Alternatives Summary

Alternative	For Property Taxes Payable In					Total	Difference, Alt. No. 1
	2023	2024	2025	2026	2027		
Alternative No. 1: Organizational Analysis Implementation							
Property Tax Levy Change (%)	8.88%	10.85%	12.87%	7.62%	3.30%	n/a	n/a
Property Tax Levy Change (\$)	3,658,489	4,869,991	6,398,903	4,275,592	1,990,603	21,193,578	n/a
Property Tax Rate (%)	40.82%	44.26%	49.32%	52.08%	52.90%	n/a	n/a
Additional Property Tax (\$)	143.90	148.01	210.43	136.43	71.19	709.96	n/a
Additional Property Tax, Monthly (\$)	11.99	12.33	17.54	11.37	5.93	59.16	n/a
Alternative No. 2: Levy Increase Reduction							
Property Tax Levy Change (%)	14.53%	7.63%	7.06%	7.40%	7.69%	n/a	n/a
Property Tax Levy Change (\$)	5,989,421	3,599,559	3,588,403	4,025,592	4,490,603	21,693,578	500,000
Property Tax Rate (%)	43.21%	45.32%	47.61%	50.15%	53.37%	n/a	n/a
Additional Cost (\$)	223.79	104.21	114.52	127.43	157.30	727.24	17.28
Additional Cost, Monthly (\$)	18.65	8.68	9.54	10.62	13.11	60.60	1.44
Alternative No. 3: CIP Enhancement							
Property Tax Levy Change (%)	14.53%	10.59%	12.28%	7.42%	3.28%	n/a	n/a
Property Tax Levy Change (\$)	5,989,421	5,000,359	6,410,403	4,349,792	2,067,003	23,816,978	2,623,400
Property Tax Rate (%)	43.21%	46.71%	51.74%	54.53%	55.38%	n/a	n/a
Additional Cost (\$)	223.79	151.89	211.19	139.55	74.22	800.63	90.67
Additional Cost, Monthly (\$)	18.65	12.66	17.60	11.63	6.19	66.72	7.56


**Majority
Alternative**

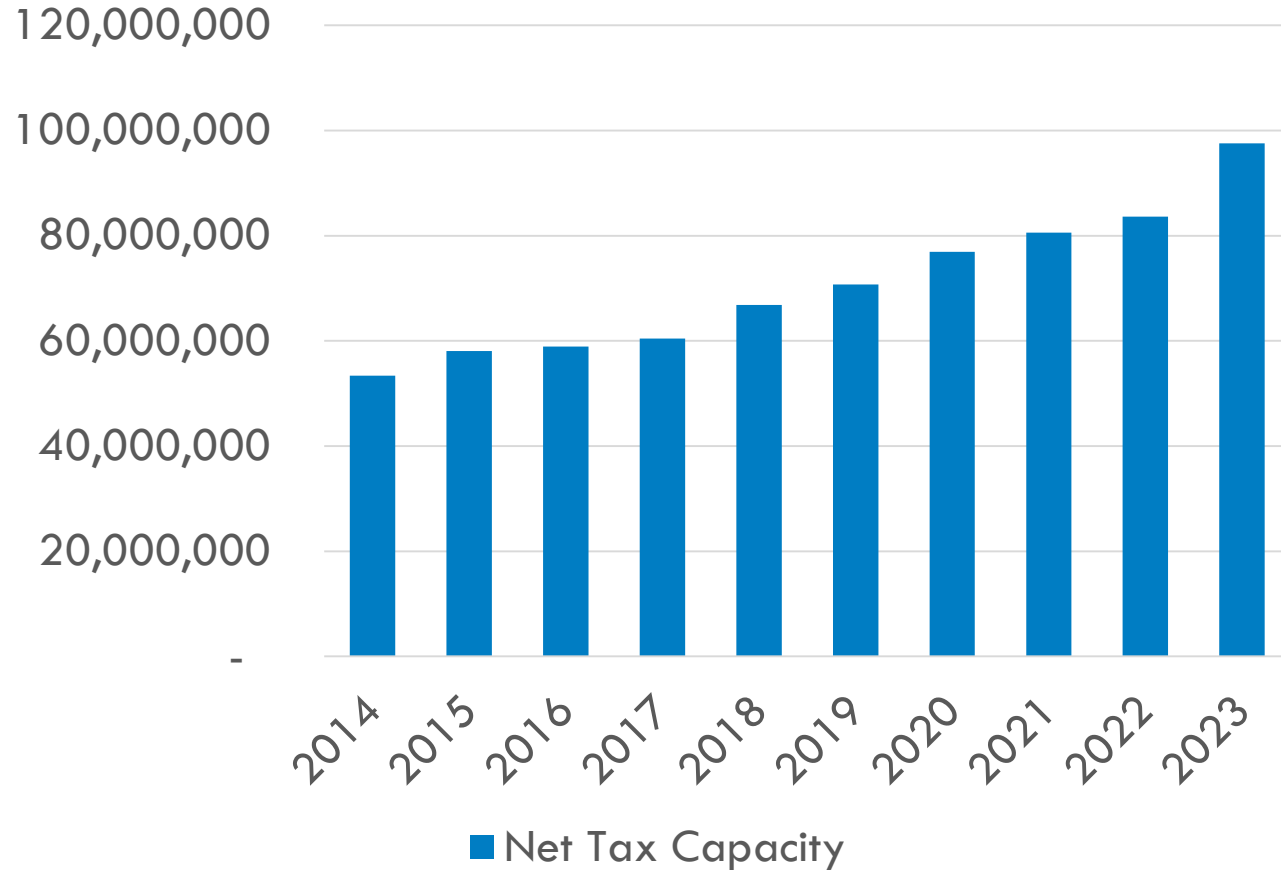
Property Tax Levy Summary, Majority Alternative

Levy Increase Reduction

Fund	Final 2022	Proposed 2023	Change (\$)	Change (%) (previous year)	Change (%) (of Total Levy)
General Fund	30,979,156	37,500,000	6,520,844	21.05%	15.82%
Debt Service	2,638,745	3,127,441	488,696	18.52%	1.19%
Infrastructure Trust	3,246,354	2,343,745	(902,609)	-27.80%	-2.19%
Forestry	250,000	257,500	7,500	3.00%	0.02%
Facilities Capital	-	-	-	0.00%	0.00%
Equipment & Vehicle Capital	1,992,000	1,551,800	(440,200)	-22.10%	-1.07%
IT Capital	344,000	412,800	68,800	20.00%	0.17%
Parks Capital	1,462,000	1,005,900	(456,100)	-31.20%	-1.11%
Total City Levy	40,912,255	46,199,186	5,286,931	12.92%	12.83%
EDA Fund	297,500	1,000,000	702,500	236.13%	1.70%
Total City + EDA Levy	41,209,755	47,199,186	3,658,499	14.53%	14.53%

Net Tax Capacity

Net Tax Capacity 2014-2023



Potential Property Tax Levy Strategy, Majority Alternative

Category	Property Tax Payable		
	2022	2023P (07/19)	2023P (08/23)
Median-Valued Home	\$ 292,400	\$ 340,800	\$ 340,900
Change (\$)	\$ 15,100	\$ 48,400	\$ 48,500
Change (%)	5.4%	16.6%	16.6%
Property Tax Rate	43.370%	40.786%	43.207%
City and EDA Tax	\$ 1,220.75	\$ 1,363.21	\$ 1,444.57
Change (\$)	\$ 77.39	\$ 142.46	\$ 223.82
Change (%)	6.77%	11.67%	18.33%
Monthly Change (\$)	\$ 6.45	\$ 11.87	\$ 18.65

Majority Alternative

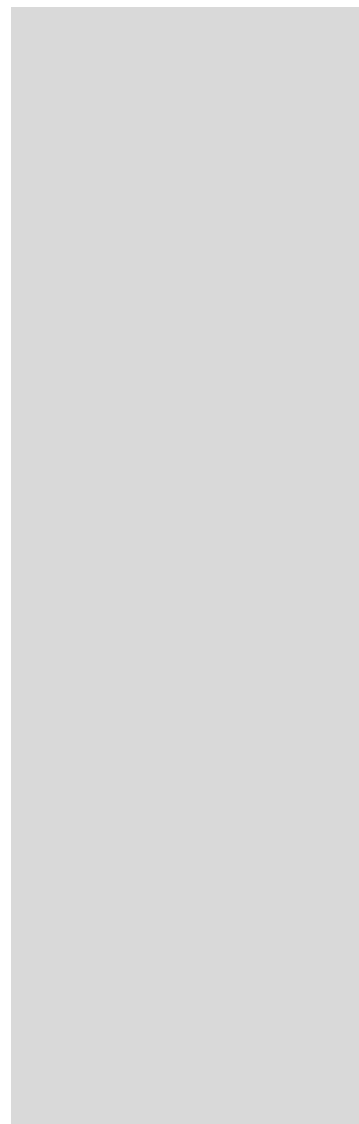
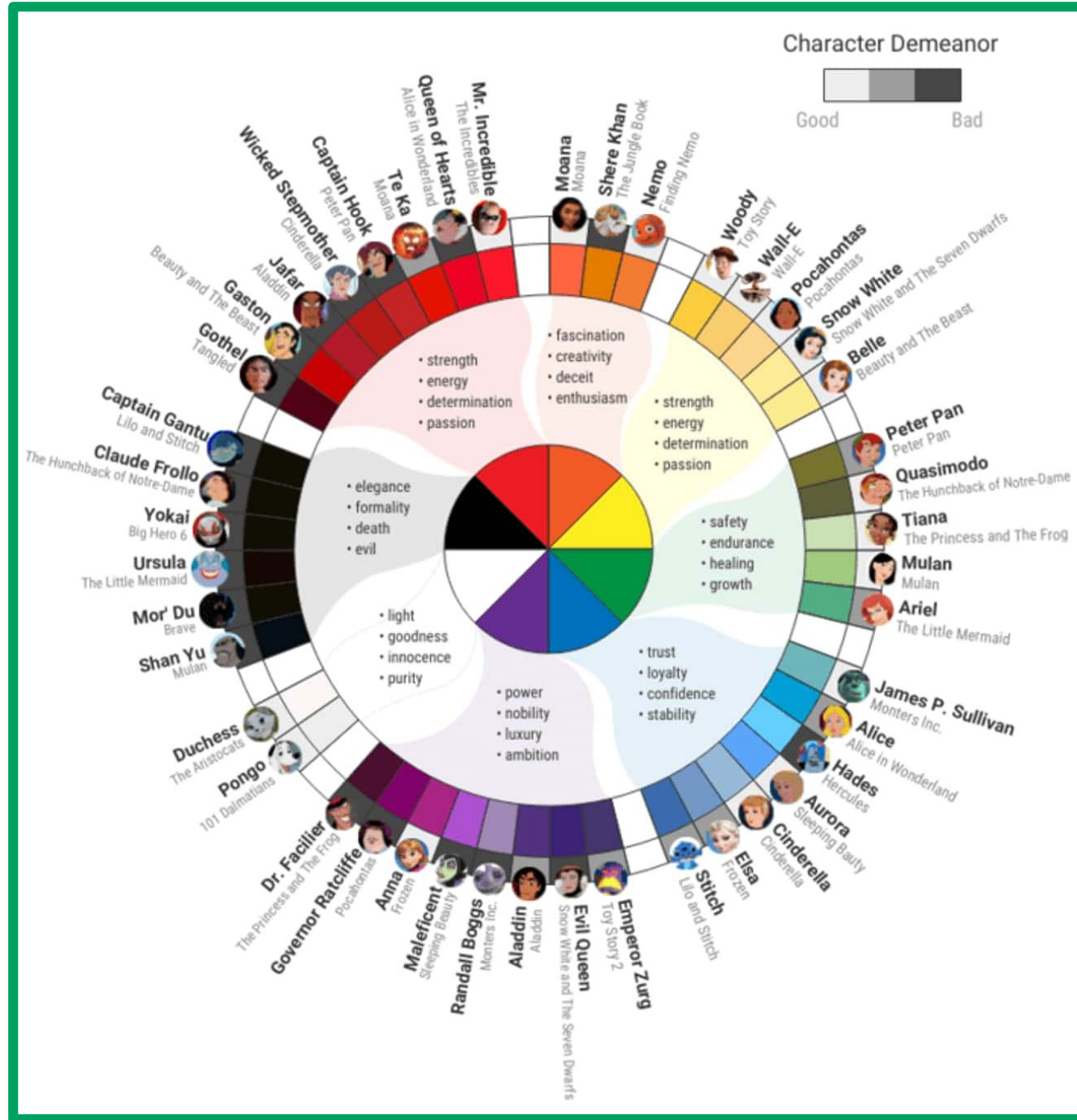
- Staff incorporated the Majority Alternative into the Proposed 2023 Budget.

Generally, the Majority Alternatives:

- Reflects on the past while planning for the future
 - Provides a down payment for the Organizational Analysis
 - Enhances flexibility for the City Council in future years
 - Maintains appropriate General Fund balances
- Strengthens the EDA Fund
- Funds a vibrant community
 - Stabilizes the property tax levy
 - Invests in the future without increasing the 2023 tax rate
 - Costs about \$18 per month for a median-valued, residential homestead property owner

Property Tax Levy Comparison, Peer Cities

City	Proposed Levy
Apple Valley	7.4%
Blaine	5.0%
Bloomington	11.6%
Brooklyn Park	7.0%
Burnsville	14.5%
Coon Rapids	7.5%
Eagan	6.0%
Eden Prairie	4.40%
Edina	9.0%-10.0%
Lakeville	10.0%-12.0%
Maple Grove	4.9%
Minnetonka	7.0%
Plymouth	7.2%
St. Louis Park	8.0%
Woodbury	6.8%
Average	7.9%



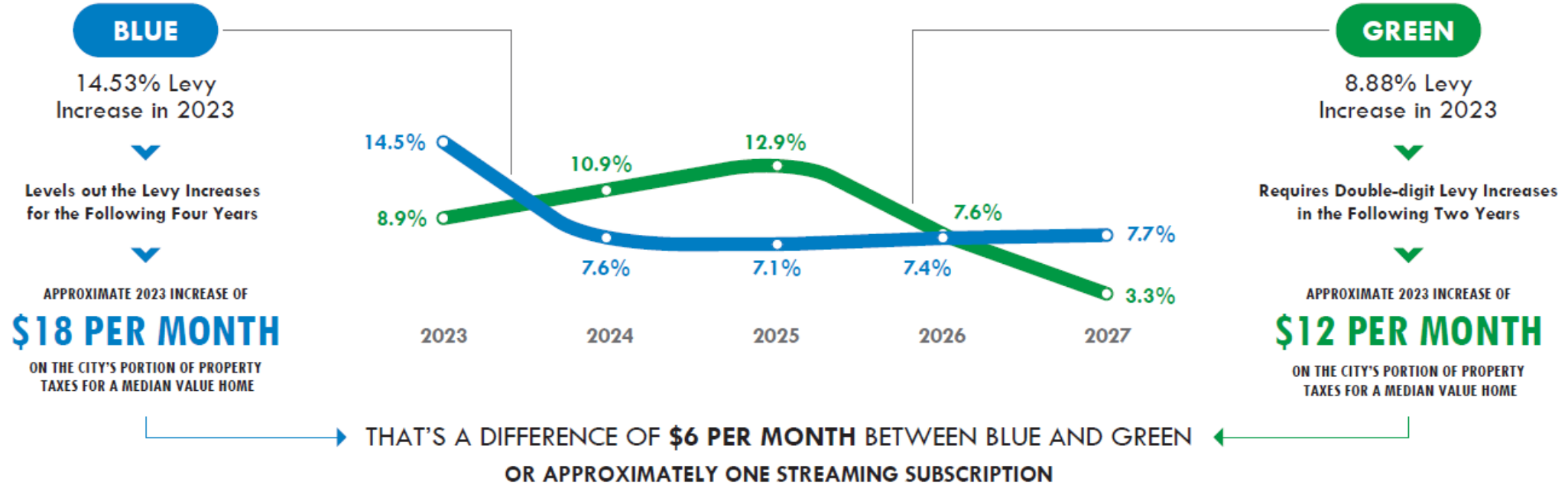


Thank You!

Questions?

2023 Property Tax Levy: Two Possible Alternatives

COMPARISON OF LEVY INCREASES OVER 5 YEARS



BLUE IS AN INVESTMENT IN BURNSVILLE'S FUTURE!



Stable Levy Changes with No Double-Digit Increases from 2024-2027



Flexibility for Funding City Council Strategic Priorities and Initiatives



"Down Payment" on Additional Staff Per the Organizational Analysis



Increased Funding for EDA Covers Planned 2023 Expenditures and Invests in Future Projects



INCREASING MARKET VALUES MEANS CITY CAN INVEST IN BURNSVILLE'S FUTURE WITH INCREASED LEVY WHILE NOT INCREASING TAX RATE ON PROPERTY OWNERS