WELCOME TO ROSEVILLE UNIVERSITY

City Budget 101

May 21, 2015

Budget 101: Understanding The City Budget

Tonight's Syllabus:

- Section 1: General overview of the Budget
- Section 2: Discussion on the Budget process
- Section 3: Determining Budget priorities
- Section 4: Summary of the 2015 Budget

Section 1: General overview of the Budget:

- How do we define the City Budget?
  a) A general plan on how we allocate (spend) resources
  b) All spending must be for a lawful public purpose
  c) Adopted by the City Council
  d) The Budget can be amended (modified) at any time

Section 1: General overview of the Budget:

- Why does the City have a budget?
    a) It's required under MN State Law
    b) To ensure resources are allocated properly
    c) To demonstrate transparency

Section 1: General overview of the Budget:

- There are 2 primary budget categories
  a) Restricted
  b) Unrestricted
- There are 2 primary program/service categories
  a) Property tax-supported
  b) Non property tax-supported

Section 1: General overview of the Budget:

- What role does the City Council & Staff play with the Budget?
  a) City Council *establishes* the Budget
  b) City Staff *manages* the Budget

Section 1: General overview of the Budget:

- Before we move on to Section 2 . . . Any Questions?

Section 2: Discussion on the Budget Process:

- The Budget process has 5 major components:
  a) Citizen/Stakeholder input (community visioning, citizen survey, budget hearings)
  b) Long-term planning (Council goal-setting, strategic plan, CIP)
  c) Operational planning (budget priorities, program priorities)
  d) Short-term planning (annual budget, work plans)
  e) Results monitoring (financial reviews, performance measurement)

Section 2: Discussion on the Budget Process:

- Budget component relationship:

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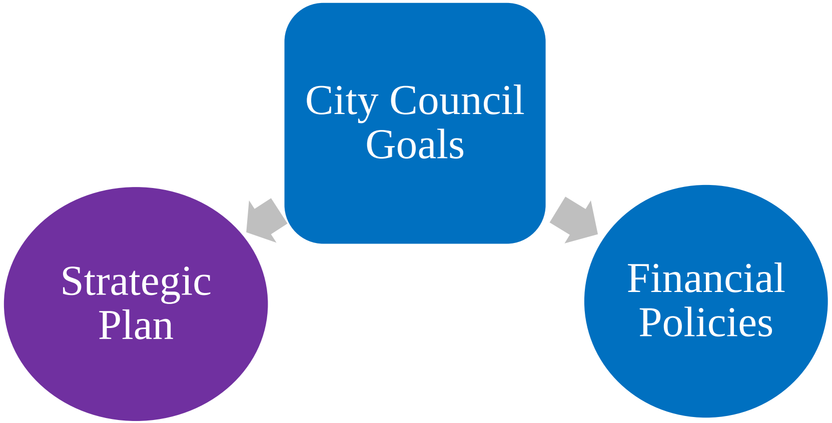

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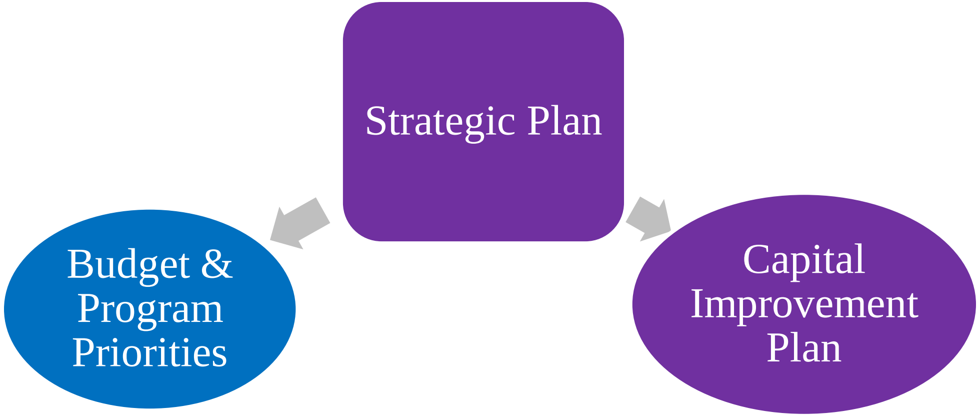

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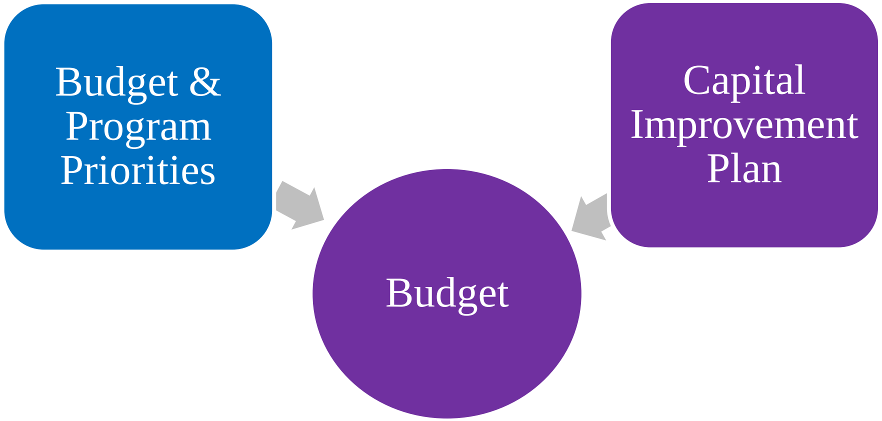

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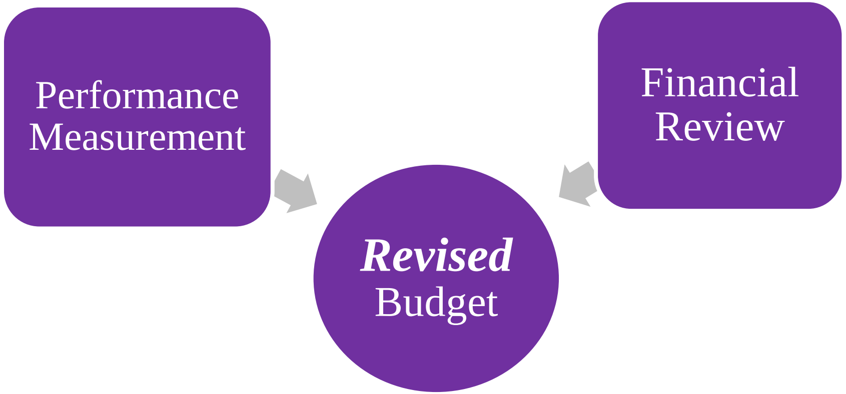


Section 2: Discussion on the Budget Process:

- Before we move on to Section 3 . . . Any Questions?

Section 3: Determining Budget Priorities:

- City Council begins by reviewing long-term budget goals
- Comprehensive assessment of capital replacement needs
- City Staff presents operational challenges and opportunities
- City Council determines higher-priority and lower-priority budget needs and sets budget targets accordingly
- City Staff presents a *recommended* Budget

Section 3: Determining Budget Priorities:

- After the *recommended* Budget is presented, a budget hearing is held to solicit citizen/stakeholder input
- City Council reflects on citizen/stakeholder input and any new information that is available.
- Last step . . . City Council adopts the final budget

Section 3: Determining Budget Priorities:

- Before we move on to Section 4 . . . Any Questions?

Section 4: Summary of the 2015 Budget:

- 2015 citywide Budget is $52 million
- 2015 property tax-supported budget is $26 million ** (50% of total)

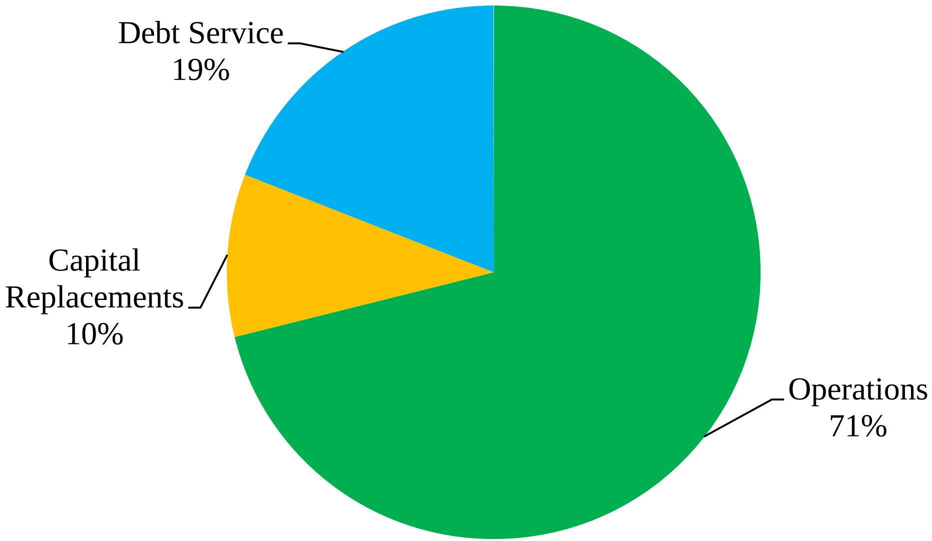
** 2015 property tax is $18.3 million. Remainder is funded by other sources

Section 4: Summary of the 2015 Budget:

- How is the Budget allocated? (Top 6 categories)
  - a) 32% Water & Sewer
  - b) 17% Public Safety
  - c) 8% Capital replacements
  - d) 7% Parks & Recreation
  - e) 7% Debt Payments
  - f) 5% Streets & Pathways

Section 4: Summary of the 2015 Budget:

Tax Levy
by Category



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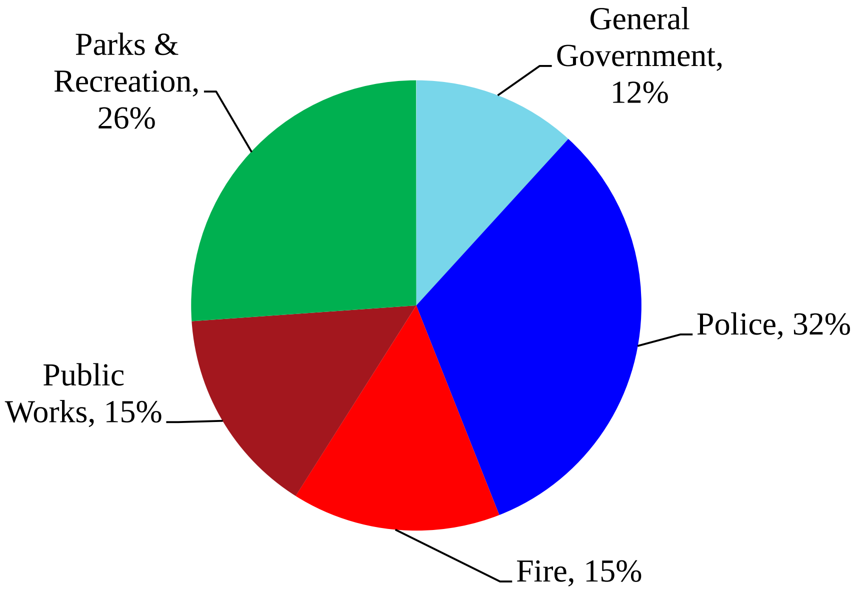
Section 4: Summary of the 2015 Budget:

Tax Levy
by Function



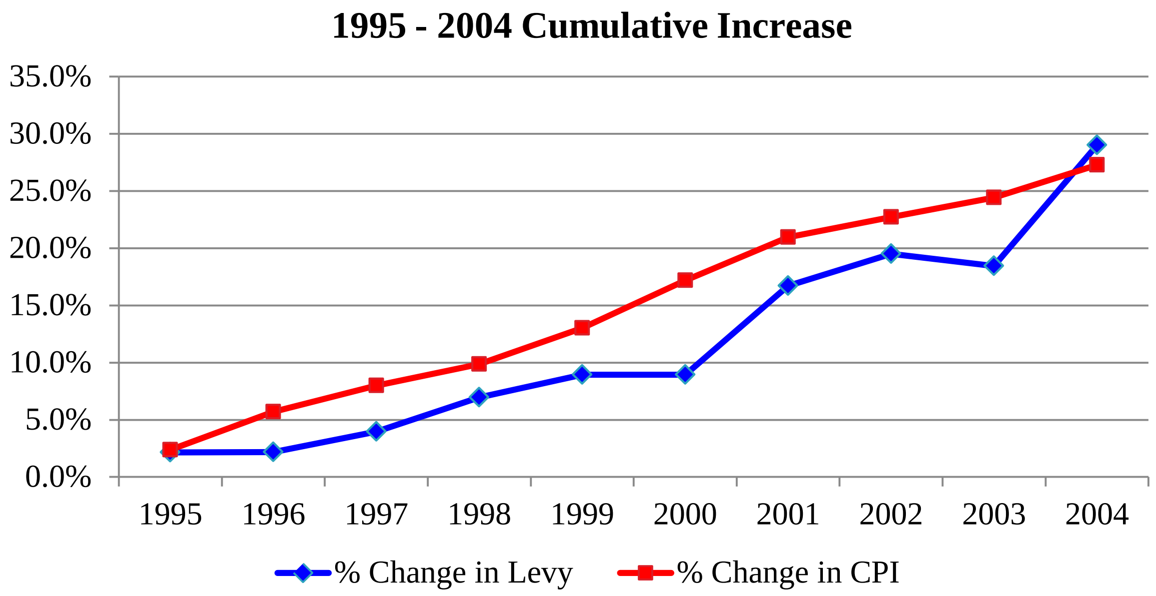
Section 4: Summary of the 2015 Budget:

- 2015 citywide Budget is $52 million.
  a) Question: How does this compare to previous years? Is the City spending responsibly?
- Over the past 5 years, *operational* spending for core services (police, fire, streets, parks & recreation) has increased 2% per year
- If we include *capital* core service spending has increased 4% per year . . . In other words, we're currently in a reinvestment period which requires higher spending

Section 4: Summary of the 2015 Budget:

- 2015 property tax levy is $18.3 million.
  a) Question: How does this compare to previous years?
  b) Answer: To provide the complete picture, we must look back 20 years

Section 4: Summary of the 2015 Budget:



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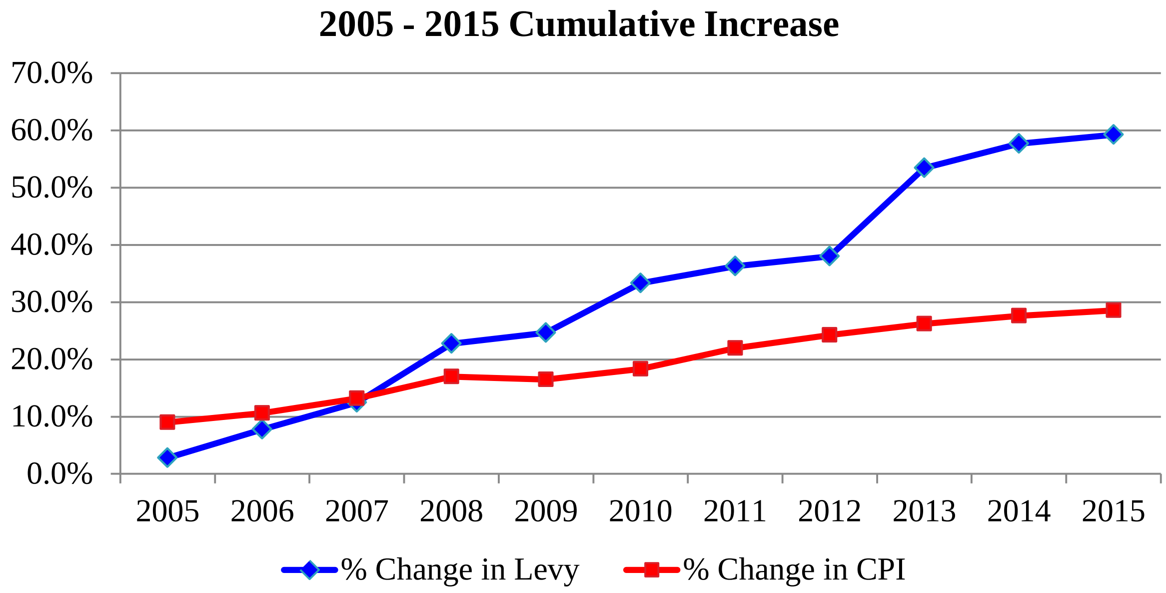
Section 4: Summary of the 2015 Budget:



Section 4: Summary of the 2015 Budget:

- Question: What did we learn from the past 20 years of imposing property taxes?

  a) We affirmed that cities, including Roseville, move in cycles . . .

  b) Emergence & Growth period (1950’s - 1970’s)

  c) Stabilization period (1970’s - 1990’s)

  d) Reinvestment period (2000’s - ???)

Section 4: Summary of the 2015 Budget:

- Question: What did we learn from the past 20 years of imposing property taxes?
  a) Infrastructure is expensive and eventually requires reinvestment
  b) The longer you delay reinvestment, the more abrupt the impact will be
  c) Establishing a City's unique identity requires *added* investment

Section 4: Summary of the 2015 Budget:

- Question: What can we do to reduce property taxes?
  - a) Identify non-tax revenue sources (** this effort is on-going)
  - b) Foster innovation, create efficiencies (this too is on-going)
  - c) Reduce or eliminate programs and services . . . but which ones?
  - d) Public Safety? Streets? Parks & Recreation?

Section 4: Summary of the 2015 Budget:

- How is my utility bill impacted by the Budget?
  - a) Roseville's water and sewer systems are 100% funded by water and sewer rates (fees that appear on your quarterly water & sewer bill)
  - b) Unlike other cities, Roseville does not use property taxes or special assessment to pay for these services

Section 4: Summary of the 2015 Budget:

- Utility rate changes are driven by operating and capital replacement costs including:
  a) Costs to purchase water from St. Paul
  b) Wastewater treatment costs paid to the Met Council
  c) Costs to maintain and replace water and sewer mains

Section 4: Summary of the 2015 Budget:

- Budget challenges for 2016 & beyond:
  a) Replacing assets at the end of their useful lives
  b) Achieving financial sustainability for core services and programs
  c) Establishing funding mechanisms for new initiatives

Section 4: Summary of the 2015 Budget:

- Any questions?

Thank You

- Next Sessions – Two sessions on May 28

- **Finance Department** 5:30 p.m.

Property Tax 101 Understanding Your City Property Tax Bill

- **Police Department** 6:30 p.m.

Identify Theft and Fraud; Substance Abuse

Thank You!

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