

# City of Roseville

City Manager Recommended 2018 Budget



# 2018 City Manager Recommended Budget

## For tonight, we intend to:

- Provide the City Council and public more detail on the proposed 2018 operating and capital budget for the City of Roseville and subsequent property tax impact
- Identify key priorities needed to continue our level and quality of services to the community
- Provide context for the City Council in making the decision on the not-to-exceed levy on September 25

# 2018 City Manager Recommended Budget

## Primary Goal

To provide the residents and businesses of Roseville the needed, necessary, and desired services in the most efficient way while limiting the amount of financial burden to taxpayers

## Additional Goals

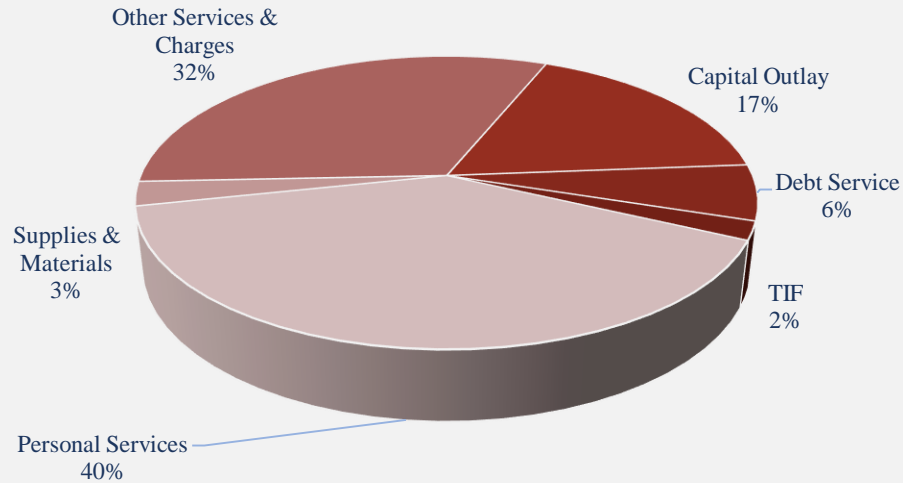
- Allocate resources to meet the identified Community Aspirations and the 2017-18 Policy Priorities
- Meet the needs identified in the most recent City survey
- Factor in public input to regarding spending priorities

# 2018 City Manager Recommended Budget

Total Budget Allocation

## 2018 Budget Allocation

2018 Budget by Category



**Total Budget : \$54,239,230**

- Overall Increase of \$2,275,495 or 4.4%
- Non-Property Tax Supported: \$23,795,515
- Property Tax Supported: \$30,443,715

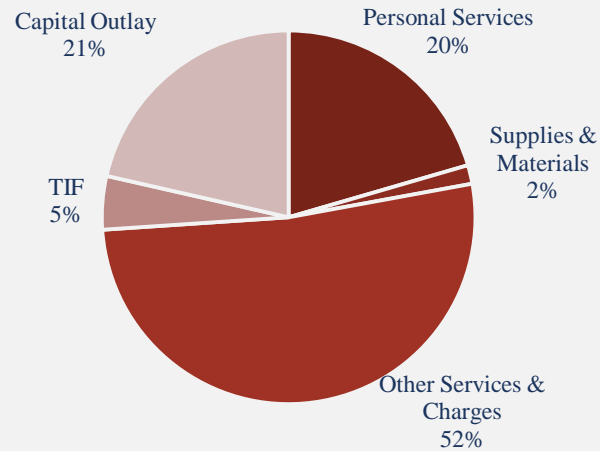
2018 Proposed Budget by Funding Source		\$ Increase	% Increase
	2017	2018	
			(Decrease)
Property Tax-Supported	\$ 29,270,340	\$ 30,443,715	\$ 1,173,375
Fee-Supported	22,693,395	23,795,515	1,102,120
<b>Total</b>	<b>\$ 51,963,735</b>	<b>\$ 54,239,230</b>	<b>\$ 2,275,495</b>
			4.0%
			4.9%
			4.4%

# 2018 City Manager Recommended Budget

Non-Property Tax Supported Budget Allocation

## 2018 Budget Allocation

**Fee-Supported Budget by Category**



### Fee-Supported Budget : \$23,053,395

- Increase of \$1,102,120 or 4.9% increase
- Majority of increase due to higher capital replacements for water and sanitary sewer

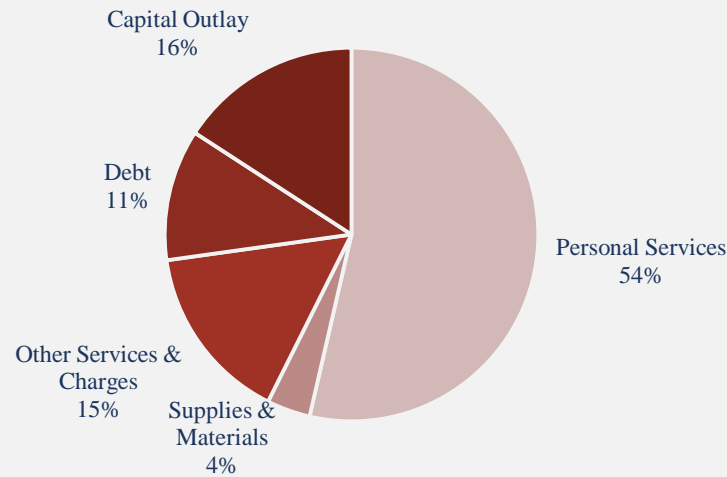
2018 Fee-Supported Budget by Category			\$ Increase	% Increase
	2017	2018	(Decrease)	(Decrease)
Personal Services	\$ 4,650,125	\$ 4,878,485	\$ 228,360	4.9%
Supplies & Materials	314,145	385,260	71,115	22.6%
Other Services & Charges	12,353,955	12,329,510	(24,445)	-0.2%
TIF	1,435,000	1,101,000	(334,000)	-23.3%
Capital Outlay	3,940,170	5,101,260	1,161,090	29.5%
	\$ 22,693,395	\$ 23,795,515	\$ 1,102,120	4.9%

# 2018 City Manager Recommended Budget

## Property Tax Supported Budget Allocation

### 2018 Budget Allocation

**Tax-Supported Budget by Category**



### Property Tax Supported Budget: \$30,443,715

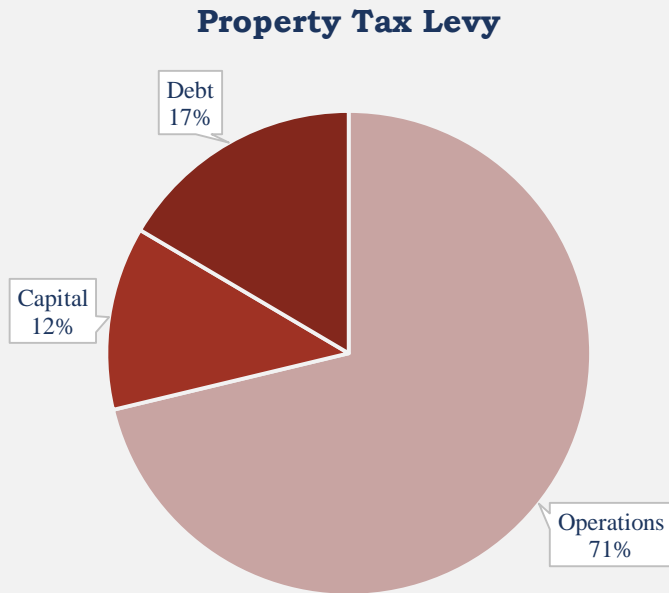
- Budget increase of \$1,173,375 or 4%
- Tax levy comprises 67% of this budget
- Majority of increase due to personal services

2018 Tax-Supported Budget by Category			\$ Increase	% Increase
	2017	2018	(Decrease)	(Decrease)
Personal Services	\$ 15,689,895	\$ 16,666,950	\$ 977,055	6.2%
Supplies & Materials	1,103,090	1,068,475	(34,615)	-3.1%
Other Services & Charges	4,513,830	4,954,985	441,155	9.8%
Debt	3,330,000	3,330,000	-	0.0%
Capital Outlay	4,633,525	4,423,305	(210,220)	-4.5%
	\$ 29,270,340	\$ 30,443,715	\$ 1,173,375	4.0%

# 2018 City Manager Recommended Budget

## Tax Levy Allocation

### 2018 Budget Allocation



### Total Proposed Levy: \$20,175,505

- Increase of \$662,445 or 3.39% increase over 2017 levy
- Of levy increase:
  - \$488,445 74% of levy increase going towards operating budget.
  - \$174,000 or 26% of levy increase going towards planned capital spending

2018 Proposed Tax Levy			\$ Increase	% Increase
	2017	2018	(Decrease)	(Decrease)
Operations	\$ 13,887,060	\$ 14,375,505	\$ 488,445	3.5%
Capital	2,296,000	2,470,000	174,000	7.6%
Debt	3,330,000	3,330,000	-	0.0%
Total	\$ 19,513,060	\$ 20,175,505	\$ 662,445	3.39%

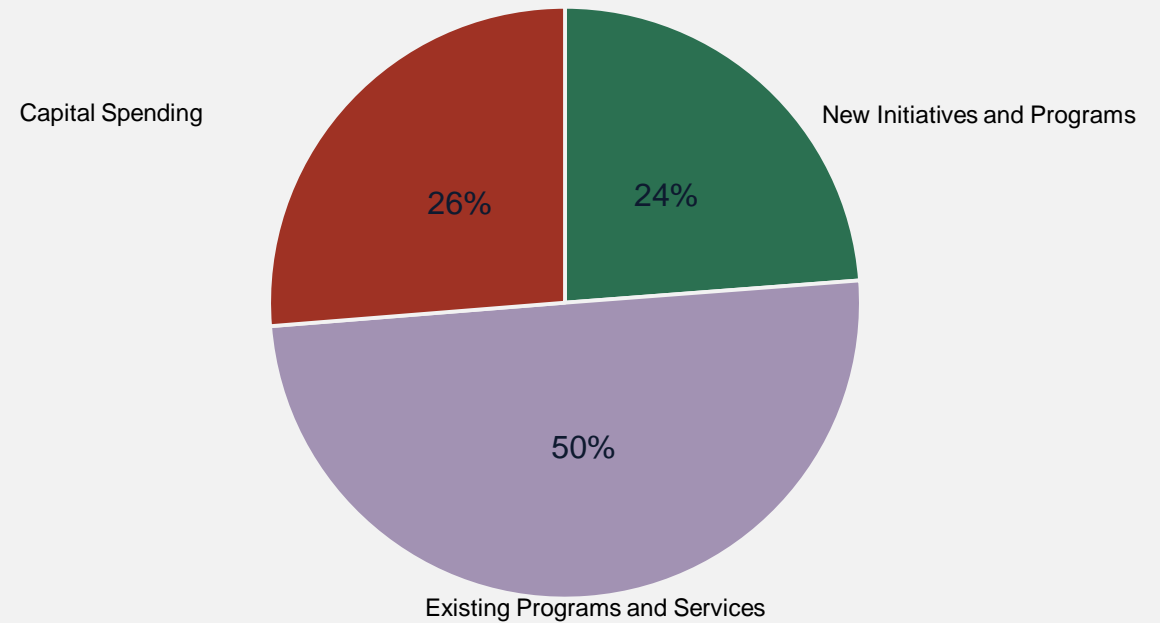
# 2018 City Manager Recommended Budget

Costs attributed to the tax levy increase can be listed into three categories:

- New Initiatives and Programs
- Existing Programs and Services
- Capital Spending

Allocation of New Tax Levy	
New Initiatives and Programs	\$ 157,655
Existing Programs and Services	\$ 330,790
Capital Spending	\$ 174,000
Total	\$ 662,445

Allocation of New Tax Levy





# 2018 City Manager Recommended Budget

Tax Levy Increase

## New Initiatives and Programs

- Continue to Transition to Full-time Firefighters—Three New Full-Time Firefighters (Net) \$122,515
- Funding for Police Cadet Position (2017 funding from budget savings) \$35,140
- The total levy impact to implement these items is \$157,655
  - While not having a levy impact, the following items are new initiatives/programs/expenditures included in the 2018 City Manager Budget.
    - Government Alliance on Race and Equity (GARE) Training - \$15,000 funded from General Fund Reserves
    - Outdoor Warning Siren Controls - \$52,595 funded from Fire Vehicle and Replacement Fund

# 2018 City Manager Recommended Budget

## Tax Levy Increase

### Existing Programs and Services

- Levy increase needed to maintain the City's existing programs and services.
- These cost increases are due to several factors including inflationary cost increases for supplies and services, planned employee wage step increases, employee cost of living adjustment of 2.25% non-union/2.75% union, and increased costs for health care
- The total impact to the 2018 levy for the existing programs is \$330,790

### Capital Spending

- A portion of the levy increase is attributable to additional capital spending. New levy support for capital items are broken down as follows:
- An increase of \$160,000 for the Pavement Management Program (PMP)
- An increase of \$14,000 into the Building Replacement Fund for the recently approved Cedarholm Community Building
- The total impact to the 2018 levy for additional capital spending is \$174,000

# 2018 City Manager Recommended Budget

## New Employee Positions

- **Funding for 3.5 new FTE positions are proposed to be included in the 2018 City Budget with a total levy impact of \$157,655**
- These positions have been previously discussed by the City Council. They are:
  - Three Full-Time Firefighters (\$122,515 levy impact) This amount is a net increase to levy and budget due to reduced costs for paid on-call part-time firefighters. The addition of these three positions completes the first phase of the transition to full-time firefighters. With the addition of the three new full-time firefighter positions in the 2018, the City will now have a total of 15 full-time firefighters that will allow the City to schedule all shifts with full-time firefighters
  - *Funding to pay for the costs of the Police Cadet position (Levy Supported) – \$35,140.* The Police Cadet position was created in 2017 by using funding for a currently budgeted part-time Community Service Officer along with budget savings from the Police Department budget. Moving forward, there will need to be levy support to fully fund the position. For the 2018 Budget, an additional \$35,140 is being allocated which will pay for the remaining 0.5 FTE costs for the Police Cadet position

# 2018 City Manager Recommended Budget

## Department Head Requests Not Funded

**There are several budget requests not included in the 2018 City Manager Budget. The City Manager did not include a total of \$173,020 of Department Head requests. These cuts are as follows:**

- Police Mental Health Liaison Officer
- Rice Larpenteur Community Safety Center Rent
- Additional Emerald Ash Borer Funding

# 2018 City Manager Recommended Budget

## Tax Levy Impact on Homeowners

- The City that Roseville overall tax capacity is projected to grow at 8.4%.
- Since the median single-family home value in Roseville only increased 4.3% compared to the overall tax capacity growth, a significant shift in the tax burden has moved to non-single-family properties
- The 2018 City Manager Recommended Budget, with the spending proposals identified above and continuing to use General Fund Reserves to balance the budget, will have a tax levy of \$20,175,505 and a levy increase of 3.39%
- The overall tax capacity increase for Roseville will result in the owner of the median valued single-family home (\$236,900) paying a total of **\$2.52 less** in 2018 for city (non-EDA) taxes compared to 2017
- With the recommended City and EDA levy and projected utility rate increases, the budget impact for the median valued home is expected to be \$1.72 per month or \$20.64 annually

Budget Impact on Median-Valued Home (monthly)				
	2017	2018	\$ Chg.	% Chg.
Property Tax Levy: City (a)	\$ 75.96	\$ 75.75	\$ (0.21)	-0.3%
Property Tax Levy: EDA	1.50	1.45	(0.05)	-3.3%
Utility Rates	56.17	58.15	1.98	3.5%
<b>Total</b>	<b>\$ 133.63</b>	<b>\$ 135.35</b>	<b>\$ 1.72</b>	<b>1.3%</b>
<b>(a) 3.39% City Levy increase, 1% EDA Levy increase, 3.5% Utility Rate Increase</b>				

# 2018 City Manager Recommended Budget

## Use of Reserves

- A total of \$811,610 of General Fund Reserves were used to balance the 2017 City Budget, which was over double the amount of General Fund Reserves that were used to balance the 2016 City Budget (\$375,000)
- The 2018 City Manager Recommended Budget currently includes the use of \$796,610 of General Fund Reserves
- Shift in tax burden provides for an opportunity to take measures to make the long-term funding for the City Budget more sustainable without significantly impacting the owner of a median single-family home
- If additional levy dollars were used to lessen the use of General Fund Reserves by half (to \$398,305); the owner of a median-valued single-family home will pay an additional *\$3.33 monthly* or *\$39.96 annually* with the combined increase of the City and EDA levies and the utility rates

Budget Impact on Median-Valued Home (monthly)				
	2017	2018	\$ Chg.	% Chg.
Property Tax Levy: City (b)	\$ 75.96	\$ 77.36	\$ 1.40	1.8%
Property Tax Levy: EDA	1.50	1.45	(0.05)	-3.3%
Utility Rates	56.17	58.15	1.98	3.5%
	\$ 133.63	\$ 136.96	\$ 3.33	2.5%
<b>(b) 5.44% Levy (50% Reduction in Use of Reserves) + 1% EDA Levy Increase, 3.5% Utility Rate Increase</b>				

# 2018 City Manager Recommended Budget

Cash Carry Forward Fund

## Future Initiatives Fund Program

- The City Council has previously indicated a desire to identify operating budget surpluses and place them in a separate fund that could be utilized for future needs, including tax relief
- The Future Initiatives Fund is intended to capture annual operation budget surpluses for future uses while keeping in mind the target cash reserve levels identified in the Operating Fund Reserve Policy
- The policy as drafted only applies to operating budget surpluses that end up in the General Fund since they generally do not contain any outside restrictions on the use of the funds
- Other funds that provide budget support for operations (Park and Recreation, License Center, Information Technology, etc.) should be excluded from this policy since these funds were created with an objective of generating revenues for current and future operations in lieu of a larger reliance on the property tax levy
- Any excess dollars above the minimum General Fund cash reserve level (35% of the City's operating budget), may be transferred to Future Initiatives Fund by specific City Council vote on a case-by-case basis

# 2018 City Manager Recommended Budget

## City Budget Next Steps

- September 18- Joint Meeting with Finance Commission to received budget recommendations
- September 25- Adopt Preliminary City and EDA Tax Levy and Budget
- November 13 – Review and adopt 2018 Utility Rates and Fee Schedule
- December 4 – Conduct Final Budget Hearing (Truth-in Taxation Hearing)
- December 11 – Adopt Final City and EDA Tax Levy and Budget



# 2018 City Manager Recommended Budget

## City Budget Summary

- 2018 City Manager Recommended Budget
  - \$54,239,230 ( 4.4% increase)
- Total Proposed Levy: \$20,175,505 (3.39% increase)
- Funding for 3.5 new FTE positions
  - 3 Full-time Fire Fighters
  - Funding for full-time Police Cadet position
- Use of General Fund Reserves in the amount of \$796,610 to balance the budget
- Owner of the median valued single-family home will paying a total of **\$2.52 less** annually in 2018 for city (non-EDA) taxes compared to 2017.
- The budget impact for the median valued home is expected to be \$1.72 per month or \$20.64 annually with the recommended City and EDA levy and projected utility rate increases
- Due to the shift in tax capacity to non-single-family residential properties, there is opportunity to address long-term funding for City operations without the use of reserves to balance the budget

**Q & A**

Questions?