

TRUTH IN TAXATION

Public Informational Hearing on the 2022
Budget and Tax Levy

December 7, 2021

6 p.m.

AGENDA

- Budget Process to Date
- General Truth in Taxation Hearing Information
- How do we compare?
- Property Taxation 101
- Tax Levy and General Fund Budget
- Enterprise Fund Budgets
- Capital Improvement and Debt Management Plan
- Conclusion/Summary
- Next Steps

BUDGET PROCESS TO DATE

- City Council and Staff have held 5 public work sessions over the past 7 months. The first work session was held on May 25 with the last one taking place on November 23
- The City Council adopted the preliminary budget and tax levy in September
- Truth in Taxation Notices were mailed to all City property owners last month

BUDGET PROCESS TO DATE

Truth in Taxation Hearing Purpose

The main purpose of the Truth in Taxation hearing is to enhance the public participation in the property tax system by allowing a public forum to:

- Discuss the Budget
- Discuss the Proposed Tax Levy
- Explain the Increases
- Hear Public Comments and Questions on the Budget and Tax Levy

BUDGET PROCESS TO DATE

- **TONIGHT** – Truth-in-Taxation Hearing
- **TUESDAY, DEC. 14:** Continuation of Truth-in-Taxation Hearing (*if necessary*)
- **TUESDAY, DEC. 28:** Final Budget and Tax Levy will be Adopted by the City Council



General Truth in Taxation Hearing Information

DATA SOURCE:

**CITY OF HUTCHINSON
UNLESS NOTED**

**A CITY
ON PURPOSE.**


HUTCHINSON

A REMINDER

Tonight we discuss the City's share of your total 2022 proposed tax bill, not property valuations

As a taxpayer, at what time of the year do I do what?

NOVEMBER

- I receive the Notice of Proposed Taxes for next year.

OCTOBER

- I pay this year's second half of property taxes.

SUMMER

- The county, city or town, school district and other taxing districts decide on budgets and what portion must come from the property tax levy.

DECEMBER

- Attend meetings about the proposed budget and tax levy to express concerns about the amount of tax I will pay.

MARCH

- I receive my property Tax Statement (based on last year's valuation notice).

APRIL

- I receive the Notice of Valuation for next year's taxes.
- I can talk to the assessor about next year's value.
- Tax court petitions must be filed by the end of this month to appeal last year's estimated market value.

MAY

- I have the right to Appeal next year's value at the local board of review.
- I pay this year's first half of property taxes.

JUNE

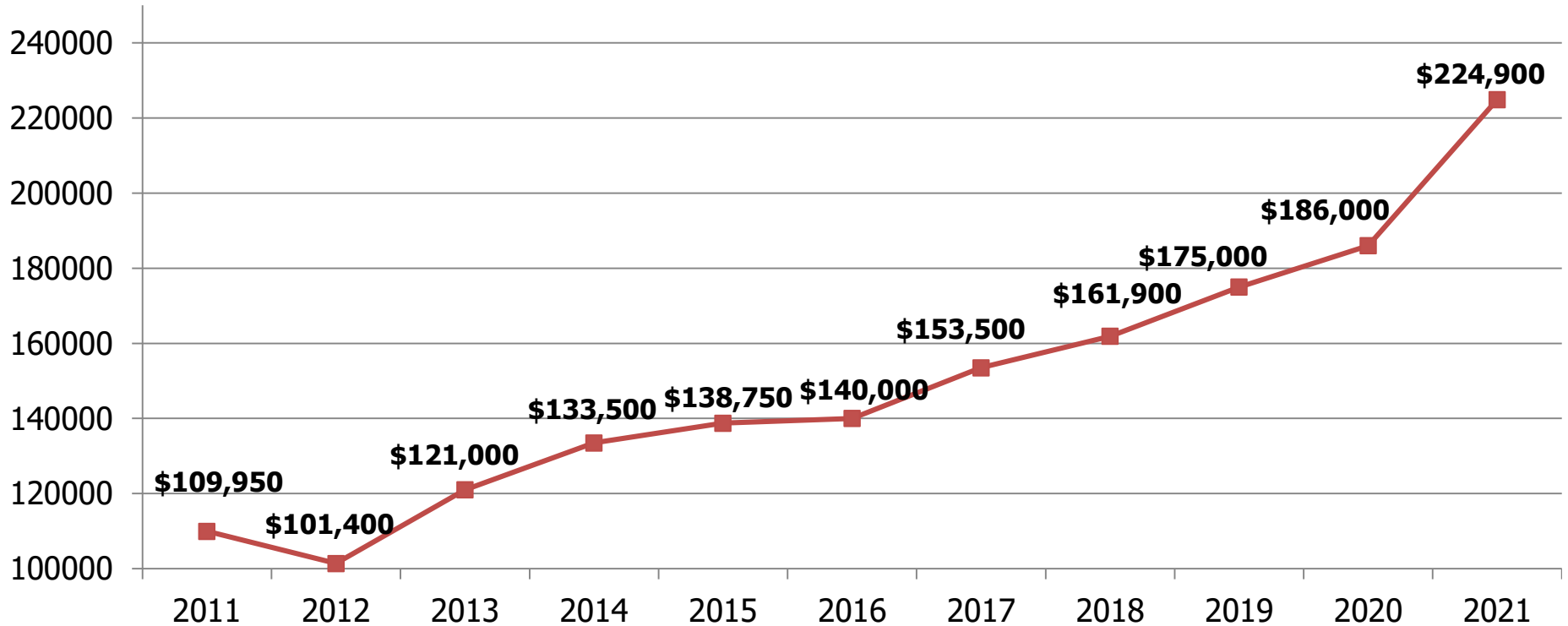
- I have the right to appeal next year's value at the county board of equalization.



BRIEFLY ON VALUATIONS

- In Minnesota, the market value of a property is determined by January 2 of the year prior to the year in which taxes on that property are due. In other words, market values for taxes payable in 2022, were set in January 2021.
- Property Values on Statements recently received are based off of home sales from October of 2019 to September of 2020.
- Property owners will receive new notices of market values from the assessor in March/April of 2022. Questions on Valuations should be addressed at the Open Book Meeting in May/June.

MEDIAN HOME VALUES



Source: Minneapolis Area Realtors & City of Hutchinson

FIRST OFF!

- The preliminary tax levy set in September, and the property tax affect (statement you got in the mail) showed a City tax increase of **7.0%**
- The preliminary budget was balanced
- The revised budget being discussed tonight includes a **4.2%** tax levy increase and a balanced budget
- The City has adjusted its revenue & expense projections and eliminated roughly **\$212,000** in taxes since it's preliminary budget was adopted in September



Truth in Taxation

How do we Compare?

WHERE WE STAND

Where does Hutchinson stand in regards to the rest of the County when it comes to our average City property tax rate?

Hutchinson's 2021 Average City Tax Rate ranked the 2nd lowest in McLeod County!

			<i><u>Preliminary</u></i>	<i><u>Proposed</u></i>
1.	Biscay	61.13%		
2.	Hutchinson	63.88%	61.88%	60.27%
3.	Glencoe	74.21%		
4.	Winsted	74.66%		
5.	Plato	77.80%		
6.	Lester Prairie	86.10%		
7.	Silver Lake	100.49%		
8.	Stewart	140.90%		
9.	Brownton	147.08%		

Source: McLeod County/City of Hutchinson

WHERE WE STAND

Other Outstate Regional Centers (2021)

1.	Cloquet	34.02%
2.	Alexandria	39.08%
3.	Willmar	40.52%
4.	Winona	42.03%
5.	Bemidji	49.19%
6.	Faribault	52.57%
7.	Austin	54.16%
8.	Fergus Falls	55.17%
9.	Worthington	56.53%
10.	Northfield	56.60%
11.	Marshall	58.90%
12.	Owatonna	59.53%
13.	Fairmont	59.65%
14.	Albert Lea	60.34%
15.	Hutchinson	63.88%
16.	Red Wing	66.29%
17.	Brainerd	72.86%
18.	New Ulm	77.97%
19.	Hibbing	93.92%

Regional Center Average = 57.54%

State-Wide City Average = 74.19%

2022 Proposed

60.27%

Source: League of MN Cities

**A CITY
ON PURPOSE.**



HUTCHINSON

WHERE WE STAND

9.0% -- Percentage of population below poverty level – **2nd Lowest** of all Outstate Regional Centers (2019 Census)

\$57,672 – Median Household Income – **4th Highest** of all Outstate Regional Centers (2019 Census)

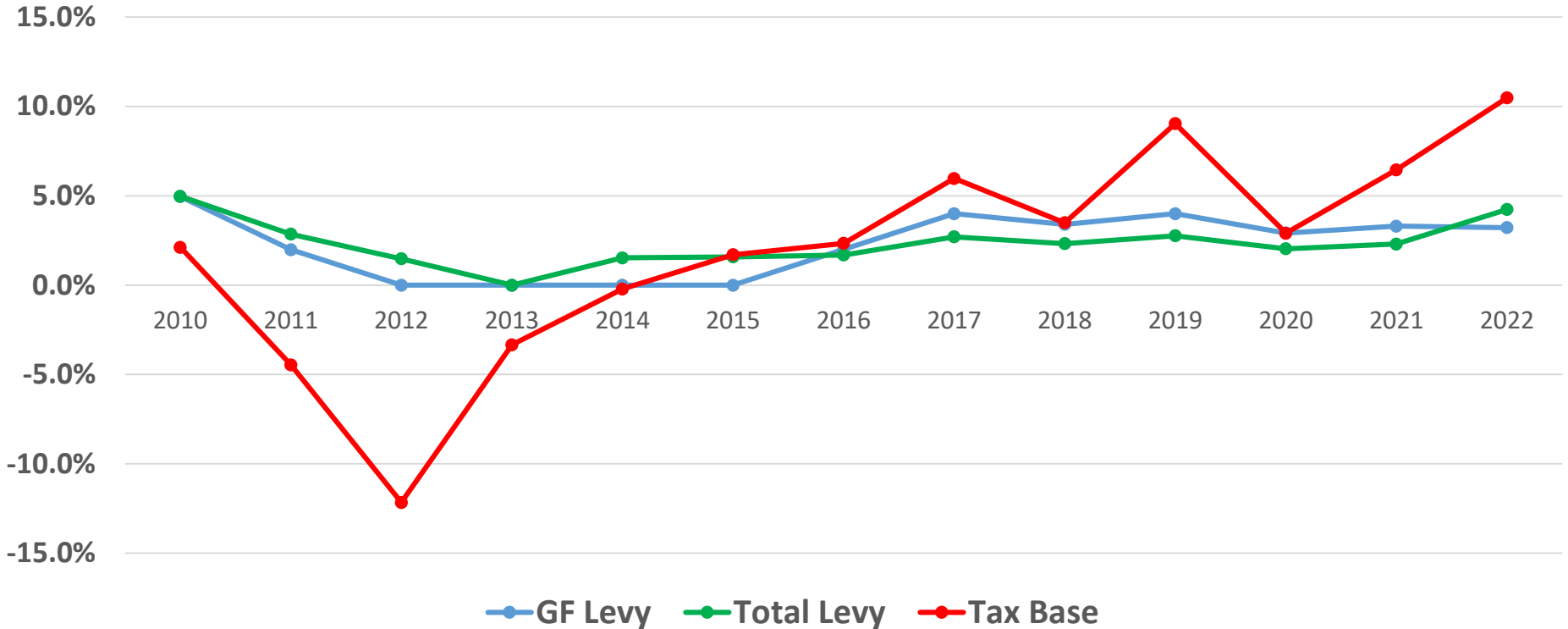
\$149,200 – Median Home Value – **7th Highest** of all Outstate Regional Centers (2019 Census)

\$2.65 Million – LGA payment in 2021 – **3rd Lowest** of all Outstate Regional Centers

6.6% -- 2022 State-Wide Proposed Property Tax Increase for Cities

Source: U.S. Census Bureau/Minnesota Dept. of Revenue

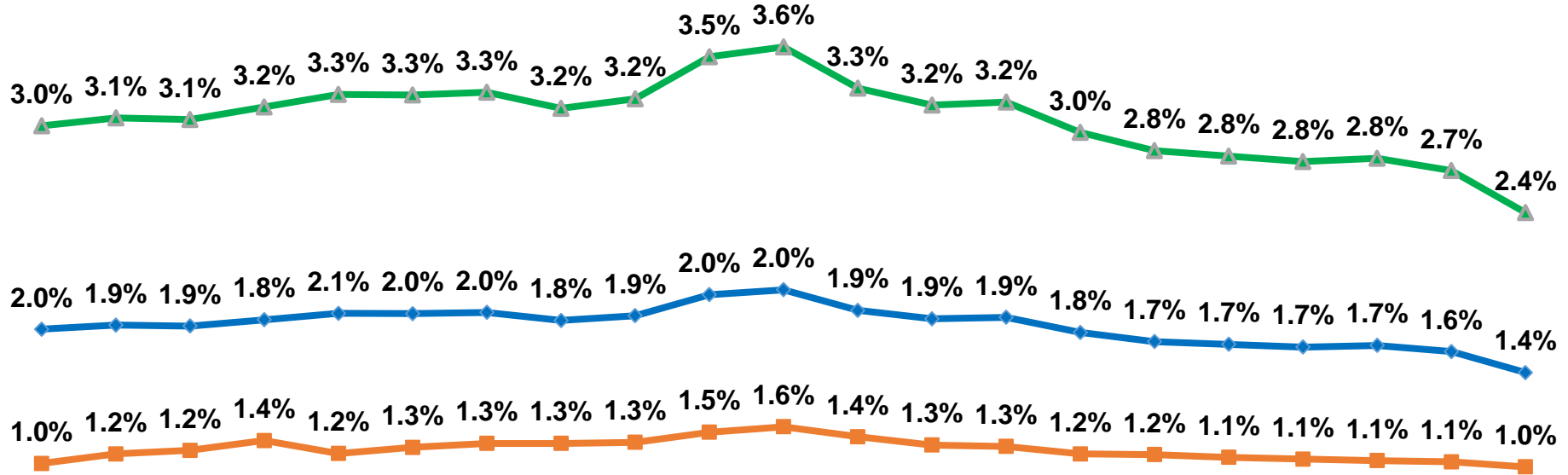
TAX LEVY COMPARISON TO TAX BASE



Price of Government for the City of Hutchinson

(percent of every dollar earned going to pay for City services, excluding Electric and

Enterprise Funds Governmental Funds Total



2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020



Truth in Taxation

Property Taxation 101

14 REASONS PROPERTY TAXES VARY FROM YEAR TO YEAR

1. The market value of property may change
2. The market value of other properties in your taxing district may change, shifting taxes from one property to another
3. The State general property tax may change
4. **The City budget and levy may change**
5. The Township budget and levy may change
6. The County budget and levy may change
7. The School District's budget and levy may change
8. **A Special District's budget and levy may change**
9. **Special Assessments may be added to your property tax bill**
10. Voters may have approved a school, city/township, county or special district referendum
11. Federal and State mandates may have changed
12. Aid and revenue from the state and federal governments may have changed
13. The State Legislature may have changed the portion of the tax base paid by different types of properties
14. Other state law change may adjust the tax base

Source: League of MN Cities

PROPERTY TAXATION 101

Minnesota's property tax system is based off of **5 components**.

1. Local Property Tax Levies (**City**, School District, County, Etc.)
– Which create your local Property Tax Rate
2. Property Tax Classification Rates (Ranges from 0.25% to 2.0% - **Set by the State**)
3. Property Value (Based off of property sales and is set by the **County Assessor**)
4. Tax Credits (Only certain properties get this)
5. State General Tax (**Set by the State** and are assigned to mainly commercial/industrial properties)

EXPLANATION OF THE PROPERTY TAX RATE

Hutchinson's Property Tax Rate is set by taking the city's tax levy and dividing it by its total tax capacity.

$$\$7,953,808 / \$13,196,969 \text{ [Total Tax Capacity]} = 60.27\%$$

Total Tax Capacity = Tax capacity is determined by multiplying a property's market value by its classification rate. Each property rate is assigned a classification rate depending on its use by the State Legislature. Properties associated with income production (commercial & industrial) have a higher classification weight than other properties. The City's total tax capacity is an accumulation of all parcels within the city, minus adjustments.

PROPERTY TAXATION 101

How do I determine the City's portion of my proposed tax bill?

[parcel market value] – [homestead exclusion] x [parcel class rate] x [city tax rate] = City portion of your tax bill

Example:

\$200,000 (home) – \$19,200 (exclusion) x 1.0% (class rate) x .6027 (city tax rate) = **\$1,090**

Glencoe = \$1,342

Winsted = \$1,350

PROPERTY TAXATION 101

		2022 Tax Levy Options					
		Adopted 2021	Option #1	Option #2	Option #3	Current Option #4	Sept Prelim Option #5
General Fund levy:		3.3%	0.0%	0.0%	2.5%	3.2%	3.3%
Debt levy:		0.0%	0.0%	6.7%	6.7%	6.7%	16.2%
TAX CAPACITY		\$ 11,945,110	\$ 13,196,969	\$ 13,196,969	\$ 13,196,969	\$ 13,196,969	\$ 13,196,969
% Change			10.5%	10.5%	10.5%	10.5%	10.5%
Tax Levy - General Fund		5,430,779	5,430,779	5,430,779	5,566,548	5,605,556	5,610,096
Tax Levy - Debt Service		2,200,000	2,200,000	2,348,252	2,348,252	2,348,252	2,555,797
TOTAL LEVY		\$ 7,630,779	\$ 7,630,779	\$ 7,779,031	\$ 7,914,800	\$ 7,953,808	\$ 8,165,893
Total Levy % Increase over 2021			0.0%	1.9%	3.7%	4.2%	7.0%
Tax Rate		63.882%	57.822%	58.946%	59.974%	60.270%	61.877%
Change in Tax Rate			-6.060%	-4.936%	-3.908%	-3.612%	-2.005%
		2022 Tax Levy Options					
		Adopted 2021	Option #1	Option #2	Option #3	Option #4	Option #5
Median Home Value		\$ 186,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Homestead Exclusion		(20,500)	(19,200)	(19,200)	(19,200)	(19,200)	(19,200)
Net Taxable Value		\$ 165,500	\$ 180,800	\$ 180,800	\$ 180,800	\$ 180,800	\$ 180,800
% Change			9.2%	9.2%	9.2%	9.2%	9.2%
Estimated City Tax		1,057	1,045	1,066	1,084	1,090	1,119
Change from 2021			\$ (11)	\$ 9	\$ 28	\$ 33	\$ 62
% Change			-1.0%	0.9%	2.7%	3.2%	5.9%

HOMESTEAD EXCLUSION

2011: State repealed the Market Value Homestead Credit (MVHC) and replaced it with the Homestead Market Value Exclusion.

Benefit: City is able to receive its entire Levy amount

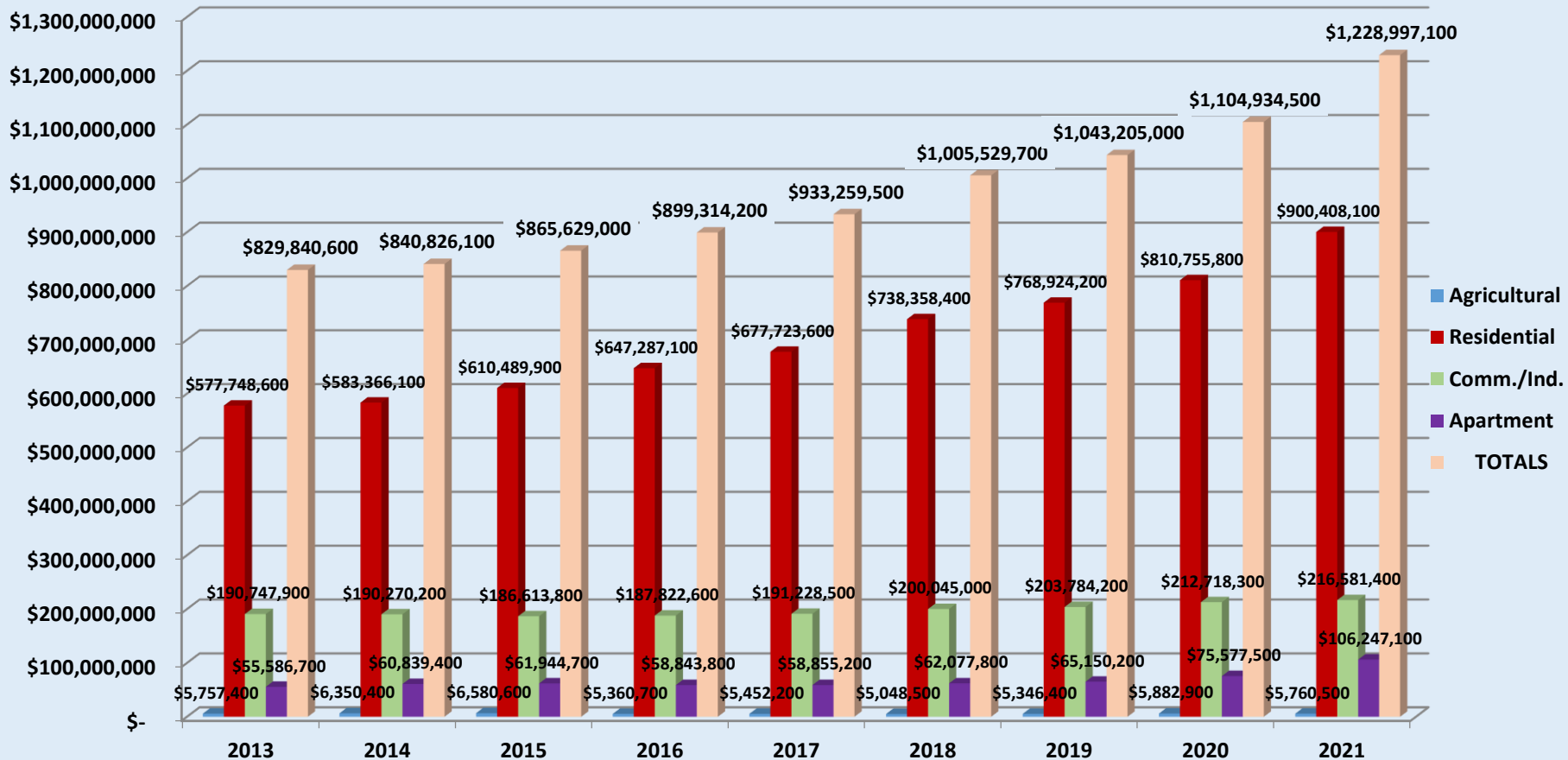
The MVHC reduced the City's collected taxes with the State funding the shortfall. State budget cuts resulted in cities not receiving their entire levy amount.

Homestead Market Value Exclusion:

- Excludes from taxation 40% of the first \$76,000 of the property's value.
- The exclusion is reduced by 9% of the property's value exceeding \$76,000.
- Homesteads valued at more than \$413,800 receive no value exclusion.

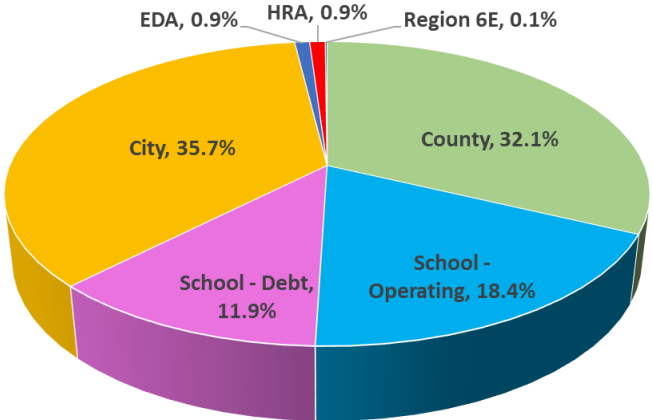
Homestead Market Valuation:	\$ 76,000	\$ 144,000	\$ 250,000	\$ 413,800
Full Exclusion \$76,000 x 40%:	(30,400)	(30,400)	(30,400)	(30,400)
Less: 9% of value above \$76,000:	-	6,120	15,660	30,400
Total Market Value Exclusion:	(30,400)	(24,280)	(14,740)	-
Homestead Valuation for Taxes	\$ 45,600	\$ 119,720	\$ 235,260	\$ 413,800

MARKET VALUE HISTORY



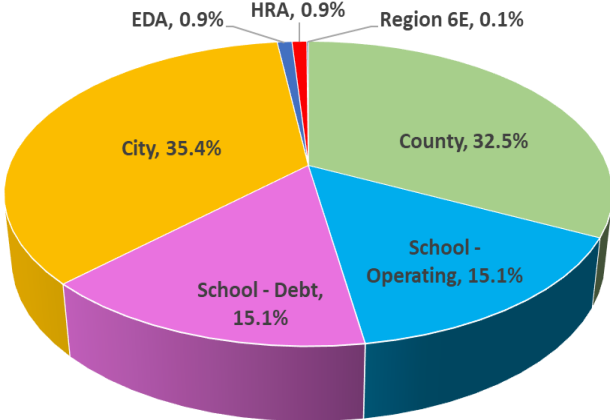
TAX BILL BREAKDOWN

2020 Actual Tax Bill Share by Entity



■ County ■ School - Operating ■ School - Debt ■ City ■ EDA ■ HRA ■ Region 6E

2021 Actual Tax Bill Share by Entity



■ County ■ School - Operating ■ School - Debt ■ City ■ EDA ■ HRA ■ Region 6E

Truth in Taxation

**Proposed 2022 Tax Levy and General
Fund Budget**

MISSION STATEMENT

“The City of Hutchinson exists so that residents, businesses, property owners and visitors are provided with quality services and programs that support a safe, healthy, sustainable and business-friendly community with a small town atmosphere, for a cost of government similar to, or less than, comparable out-state Minnesota cities.”

6 CORE AREAS OF FOCUS

1) Public Safety

- Provide residents & visitors a “Safe” environment with protection of property

2) Health & Recreation

- Provide and Contribute to a “Healthy Quality of Life”

3) Transportation

- Provide safe and effective movement throughout the City

4) Economic Development

- Provide diversification, job growth and employment opportunities

5) Environment

- Provide concepts that are sustainable and environmentally friendly

6) Good Government

- Citizens perceive the City is delivering quality services at a reasonable price and that there is adequate planning for the future

TAX LEVIES FOR 2022

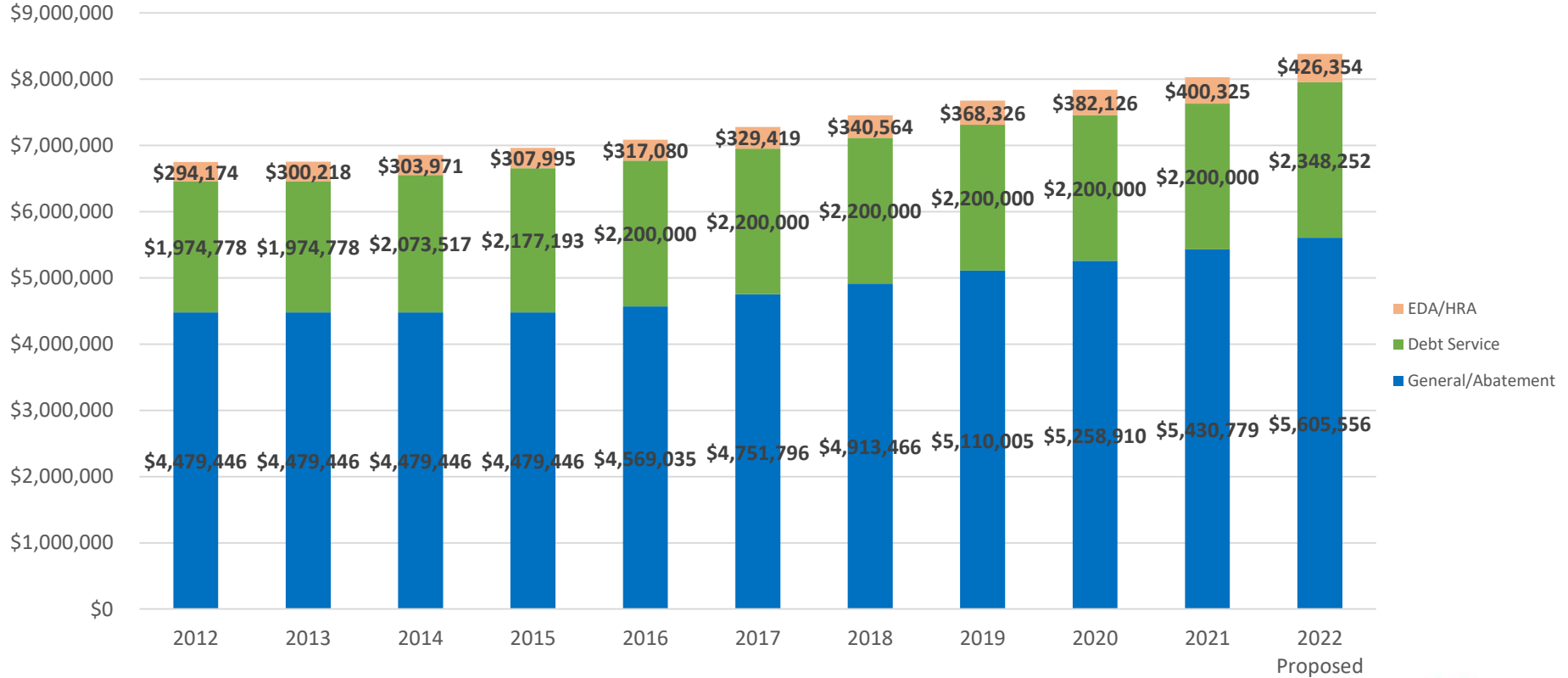
	<u>2021</u>	<u>2022</u>	<u>% ↑</u>
General Fund	\$5,400,779	\$5,575,556	3.2%
Tax Abatement	\$30,000	\$30,000	0.0%
Debt Funds	\$2,200,000	\$2,348,252	6.7%
Total:	\$7,630,779	\$7,953,808	4.2%
Other Levies	<u>2021</u>	<u>2022</u>	<u>% ↑</u>
EDA Levy	\$200,325	\$218,354	9.0%
HRA Levy	\$200,000	\$208,000	4.0%
TOTAL TAX IMPACT	\$8,031,104	\$8,380,162	4.3%

- Statewide preliminary average levy for cities was at a 6.6% increase
- Overall preliminary statewide increase is at 4.5%

2022 DEBT LEVY

G.O. Bond Issuance	Maturity Date	2022 Debt Levy	Special Assessments	Total Revenue	2022 Debt Payments	
2008	2/1/2023	119,254	-	119,254	113,575	
2014	2/1/2030	127,681	32,926	160,607	212,825	
2015	2/1/2031	140,548	13,222	153,770	187,430	
2016	2/1/2032	145,213	29,837	175,050	264,000	
2017	2/1/2033	194,100	6,712	200,812	211,300	
2018	2/1/2034	227,832	30,380	258,212	322,400	
2019	2/1/2035	218,888	18,087	236,975	289,088	
2020	2/1/2036	153,932	37,964	191,896	131,630	
2021	2/1/2037	170,998	50,776	221,774	69,588	
Police Facility	2/1/2052	831,328	-	831,328	197,422	*
Totals		\$ 2,329,774	\$ 219,904	\$ 2,549,678	\$ 1,999,258	
* Majority of the 2022 levy for the Police Facility will be used to pay the February 2023 principal repayment						

TAX LEVY COMPARISON



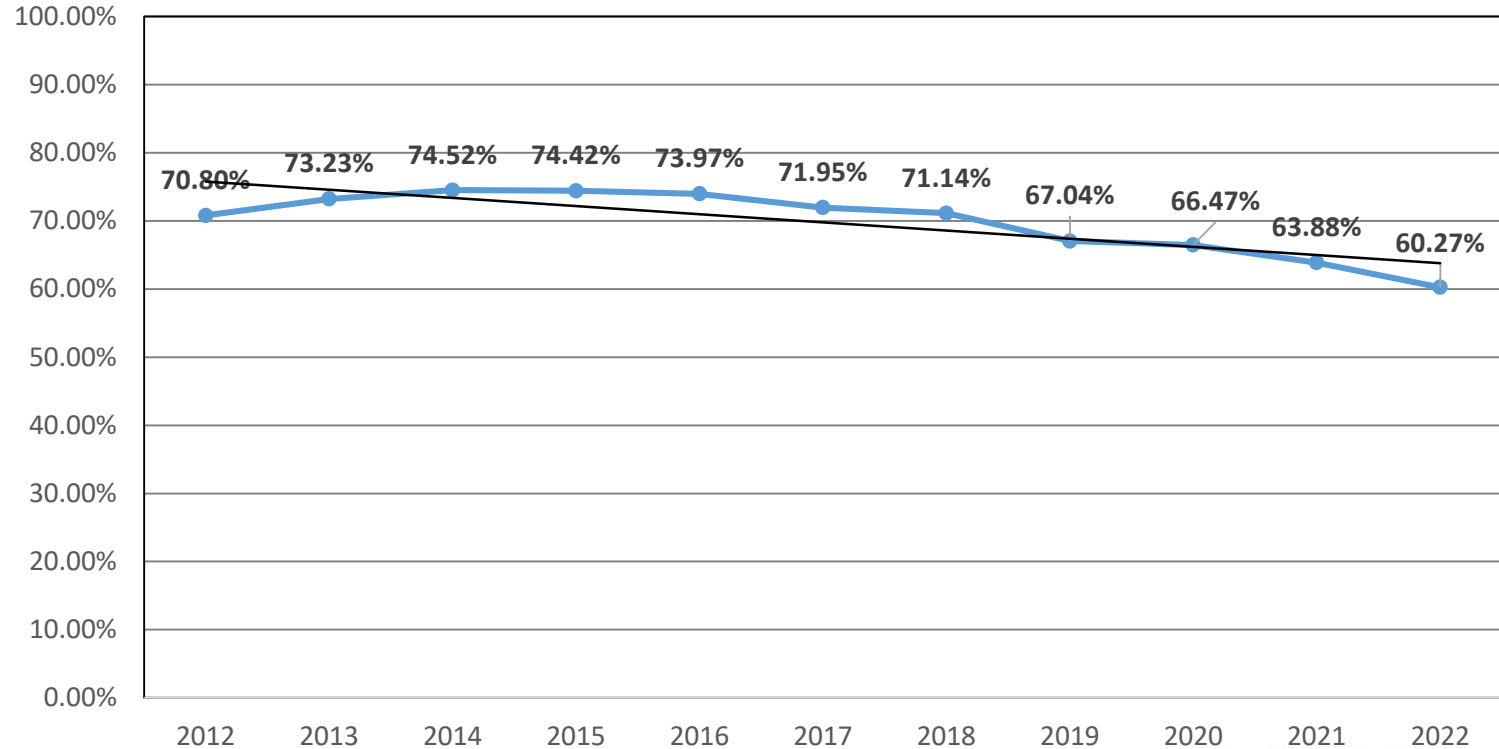
ADDITIONAL INFORMATION ON THE TAX LEVY

- The proposed 2022 tax levy includes the seventh straight year of an increase in the general fund portion of the levy since 2012
- The proposed 2022 tax levy includes the first year of an increase to the debt fund portion of the levy since 2016. (6.7%)
- Compared to 2012, the City's total tax levy has increased by 24.2%
- The average annual tax levy increase since 2012 has been 2.2%
- The 2022 city tax levy accounts for a per capita tax of \$545, up from \$534 in 2021

ADDITIONAL INFORMATION ON THE CITY'S TAX RATE

- The City's growth in tax capacity (10.5%) continues to outpace the tax levy (4.2%), resulting in a decreasing city tax rate
 - The 2022 city tax rate is expected to be 3.61% lower than the 2021 tax rate
 - Hutchinson's tax rate has decreased each year since 2014
- The median home value would see a \$33 city tax bill increase, based on an estimated 9.2% increase from \$186,000 to \$200,000
 - A property possibly might not see a city tax increase if its value does not increase at the same rate as the median home value
 - A property valued at \$186,000 in 2021 with the same value in 2022 would see a \$69 decrease in its city tax bill

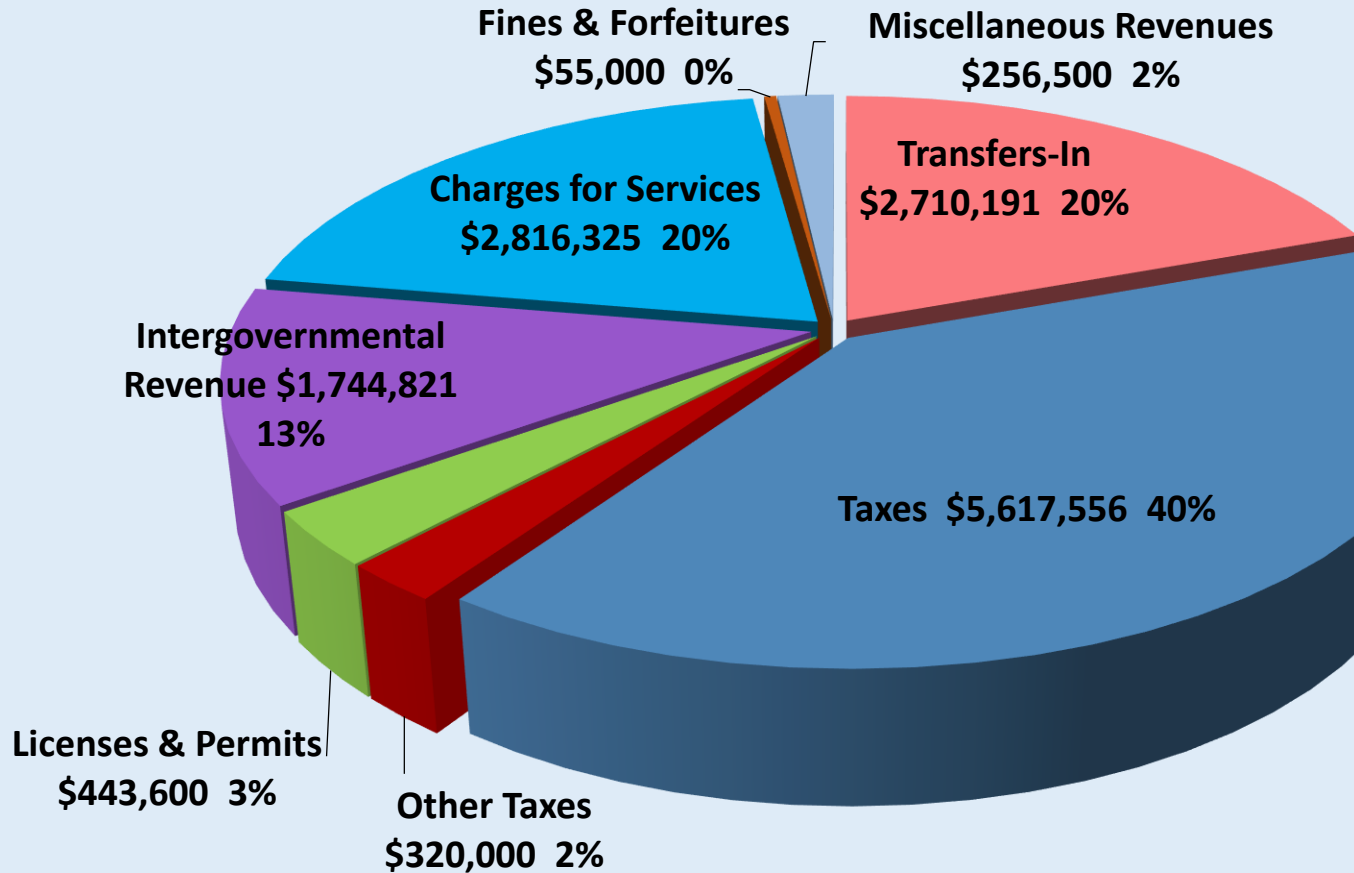
10-YEAR TAX RATE TREND



GENERAL FUND REVENUES

	<u>2021</u>	<u>2022</u>	<u>% ↑</u>
Property Taxes	\$5,442,779	\$5,617,566	3.2%
Other Taxes	\$305,000	\$320,000	4.9%
Licenses & Permits	\$380,300	\$443,600	16.6%
Intergovernmental Revenue	\$1,716,788	\$1,744,821	1.6%
Charges for Service	\$2,786,834	\$2,816,325	1.1%
Fines & Forfeitures	\$55,000	\$55,000	0.0%
Miscellaneous Revenue	\$246,250	\$256,500	4.2%
Transfers-In	\$2,723,191	\$2,710,191	-0.5%
Fund Balance	\$40,000	\$0	-100%
TOTAL GENERAL FUND	\$13,696,142	\$13,963,993	2.0%

GENERAL FUND REVENUES



ADDITIONAL FACTS ON GENERAL FUND REVENUES

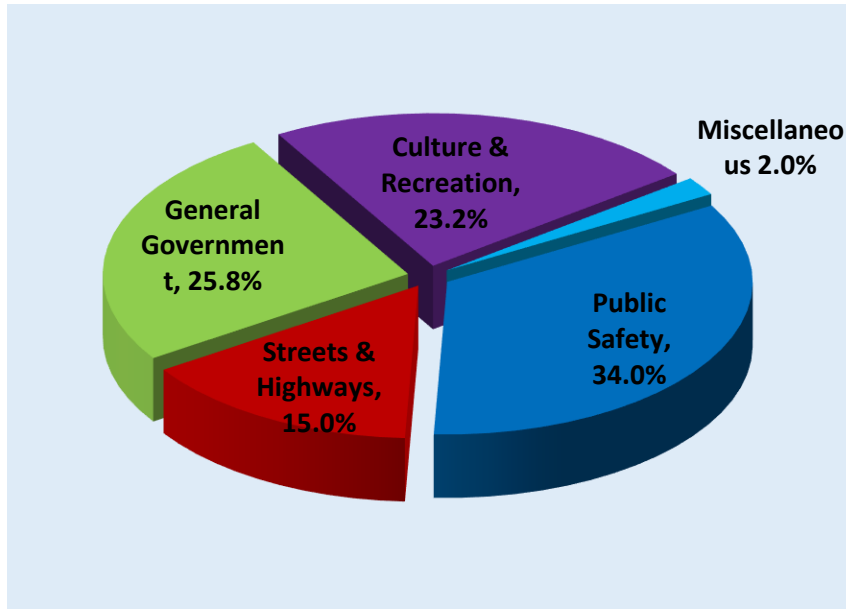
- General Fund revenues include a 3.2% tax levy increase (\$174,777)
 - \$30,000 of the levy is allocated to the Uponsor tax abatement
- Property Taxes account for about 40% of the General Fund Revenues
- PILOT Payment from HUC remaining steady
- Year 4 of 5 of phasing out HSA funding from Self Insurance (\$23,000)
- \$10,000 increase from Creekside to the general fund
- Projecting a 16.6% increase in Licenses and Permits due to building activity
- LGA increase (\$65,732) is being offset with the loss of E911 money (\$44,600)
 - The allocation of LGA between the General and Capital Projects Funds was changed to a 50/50 split
- Park and Rec Fee increases and regular programming expected to bring in an additional \$54,000 in revenue
- Expecting most of the other revenue sources to remain relatively flat
- A 1% tax levy increase to the general fund is equivalent to \$54,427

GENERAL FUND EXPENSES

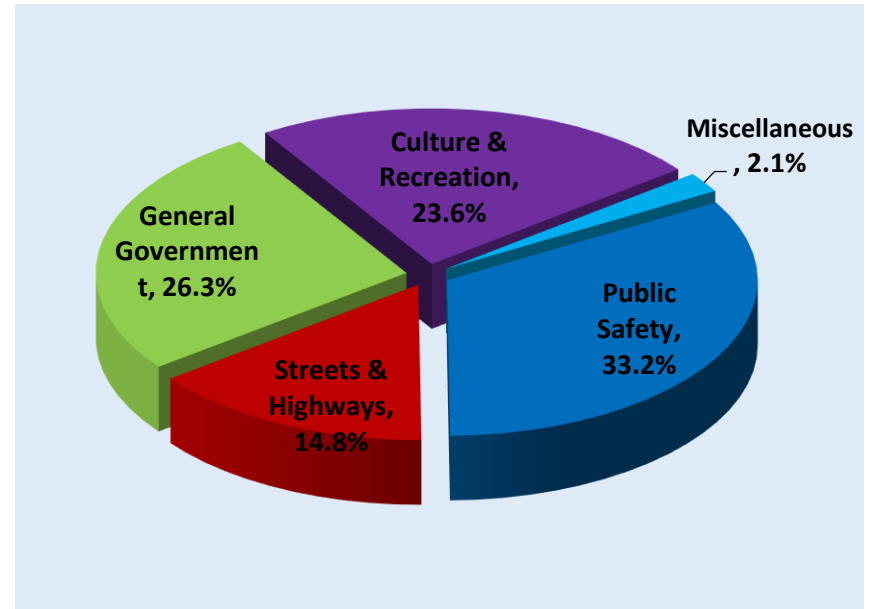
	<u>2021</u>	<u>2022</u>	<u>% ↑</u>
Wages & Benefits	\$9,245,778	\$9,443,650	2.1%
Supplies	\$882,622	\$934,515	5.9%
Services & Charges	\$2,755,282	\$2,756,429	0.0%
Miscellaneous Expenses	\$684,310	\$714,086	4.4%
Transfers-Out	\$108,150	\$110,313	2.0%
Capital Outlay	\$20,000	\$5,000	-75.0%
TOTAL GENERAL FUND	\$13,696,142	\$13,963,993	2.0%

GENERAL FUND EXPENSES

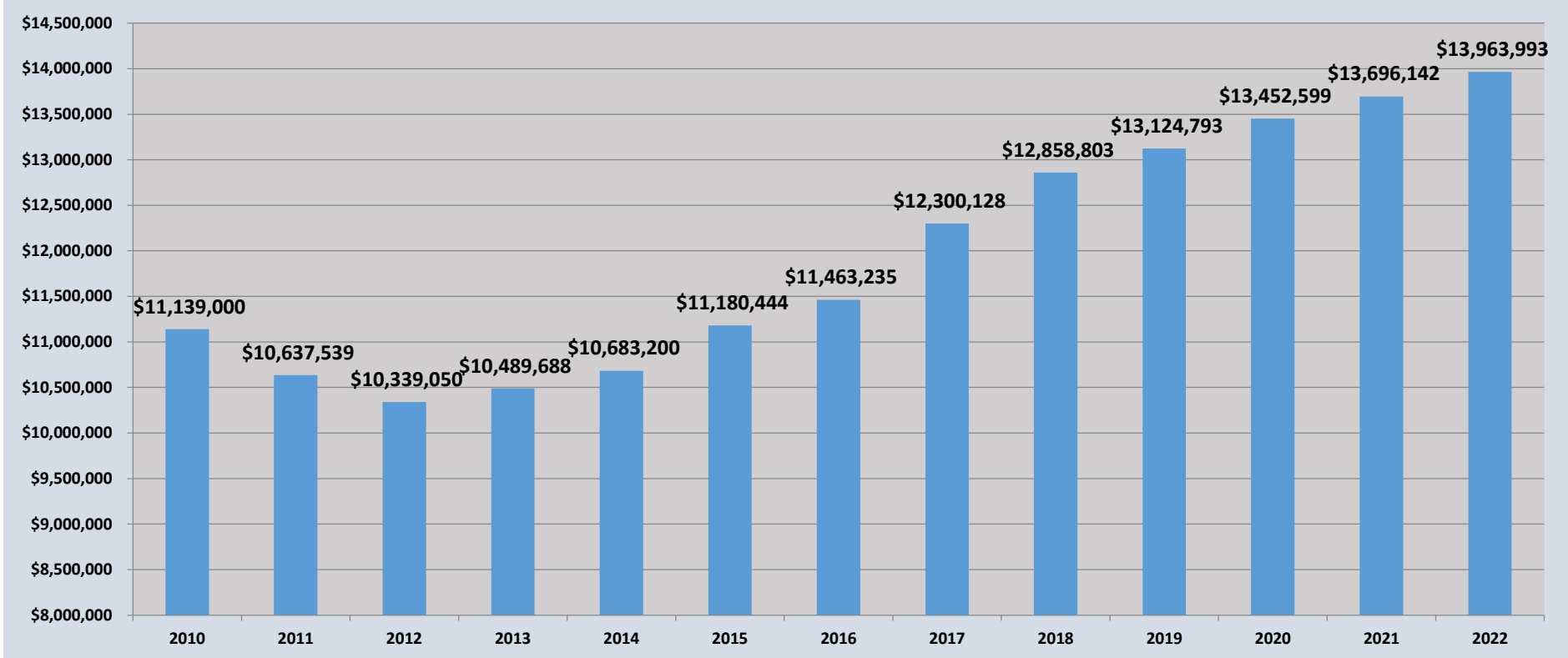
2021 General Fund



2022 General Fund



GENERAL FUND BUDGET HISTORY



ADDITIONAL FACTS ON GENERAL FUND EXPENSES

- Wages & benefits increased by \$197,872 in 2022 (2.1%)
 - Costs include performance and other annual adjustments
 - Includes the removal of the dispatch center (\$234,000 savings)
 - Includes adding one additional FT employee at the DMV
 - Includes higher wages for seasonal/PT staff
- Wages & benefits account for **68%** of general fund expenses
 - Largest expense in the general fund
- Increased funding for fleet replacement (\$25,000)
- Supply costs going up (\$52,000) due to higher fuel costs and the need for equipment parts
- Departments have held budgets flat other than wages & benefits
- The 2022 budgeted expenses are balanced with revenues

Truth in Taxation

**Proposed 2022 Tax Enterprise Funds
Budgets**

ENTERPRISE FUNDS

	<u>2021</u>	<u>2022</u>	<u>%\updownarrow</u>
Liquor Revenue	\$6,811,500	\$7,427,000	9.0%
Liquor Expenses	\$6,847,446	\$7,427,158	8.5%
Compost Revenue	\$2,391,000	\$2,825,000	18.2%
Compost Expenses	\$3,030,746	\$3,070,356	1.3%
Refuse Revenue	\$1,302,100	\$1,339,300	2.9%
Refuse Expenses	\$2,191,053	\$2,600,482	18.7%
Water Revenue	\$3,114,650	\$3,190,635	2.4%
Water Expenses	\$4,763,416	\$4,751,423	-0.3%
Wastewater Revenue	\$4,198,650	\$4,230,300	0.8%
Wastewater Expenses	\$6,733,099	\$5,612,044	-16.6%
Stormwater Revenue	\$1,023,650	\$1,055,650	3.1%
Stormwater Expenses	\$1,731,288	\$1,916,390	10.7%

ENTERPRISE FUNDS - CASH

	<u>2021</u>	<u>2022</u>
Liquor Estimated Cash Flow	\$41,054	\$70,542
Liquor Estimated Ending Cash Balance	\$520,000	\$590,542
Compost Estimated Cash Flow	(\$286,846)	\$103,894
Compost Estimated Ending Cash Balance	\$2,444,000	\$2,547,894
Refuse Estimated Cash Flow	(\$726,953)	(\$1,092,182)
Refuse Estimated Ending Cash Balance	\$1,958,000	\$865,818
Water Estimated Cash Flow	(\$488,766)	(\$428,788)
Water Estimated Ending Cash Balance	\$3,865,000	\$3,436,212
Wastewater Estimated Cash Flow	(\$1,374,574)	(\$164,869)
Wastewater Estimated Ending Cash Balance	\$5,700,000	\$5,535,131
Stormwater Estimated Cash Flow	(\$467,638)	(\$606,740)
Stormwater Estimated Ending Cash Balance	\$1,300,000	\$693,260

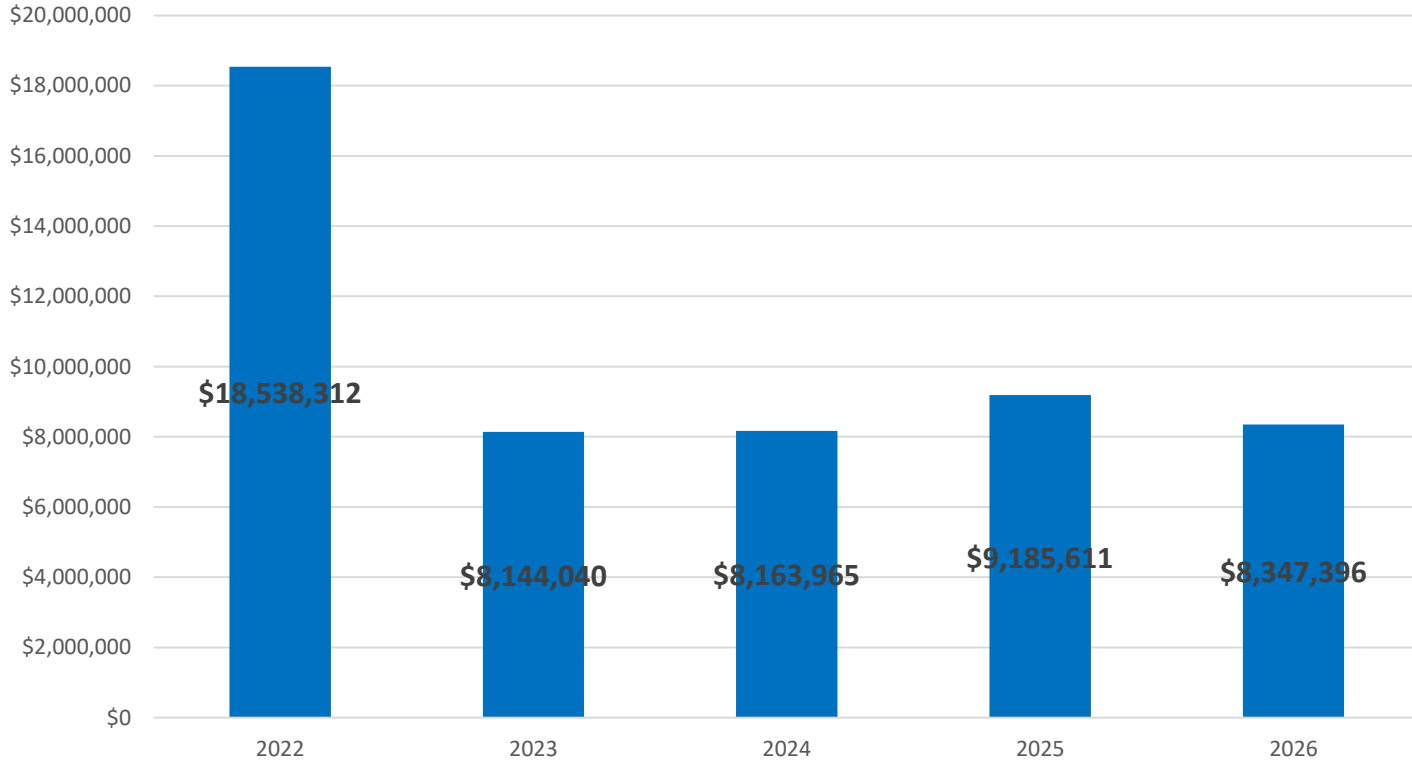
ADDITIONAL FACTS ON ENTERPRISE FUNDS

- Liquor Hutch (\$550,000) and Creekside (\$120,000) continue to do well and will contribute \$670,000 to the general fund in 2022
- No increases in garbage, water and sewer rates
 - Garbage was last increased in 2008
 - Water & Sewer was last increased in 2011
- All enterprise funds continue to have healthy fund balances
- Slight rate increase to stormwater rates (3%)
- Transfers to the General Fund from the Enterprise Funds will be at \$820,000 in 2022.
- Total Enterprise money is \$2,687,191 when you include the HUC money
- Capital needs due to the age of all of the facilities are starting to increase

Truth in Taxation

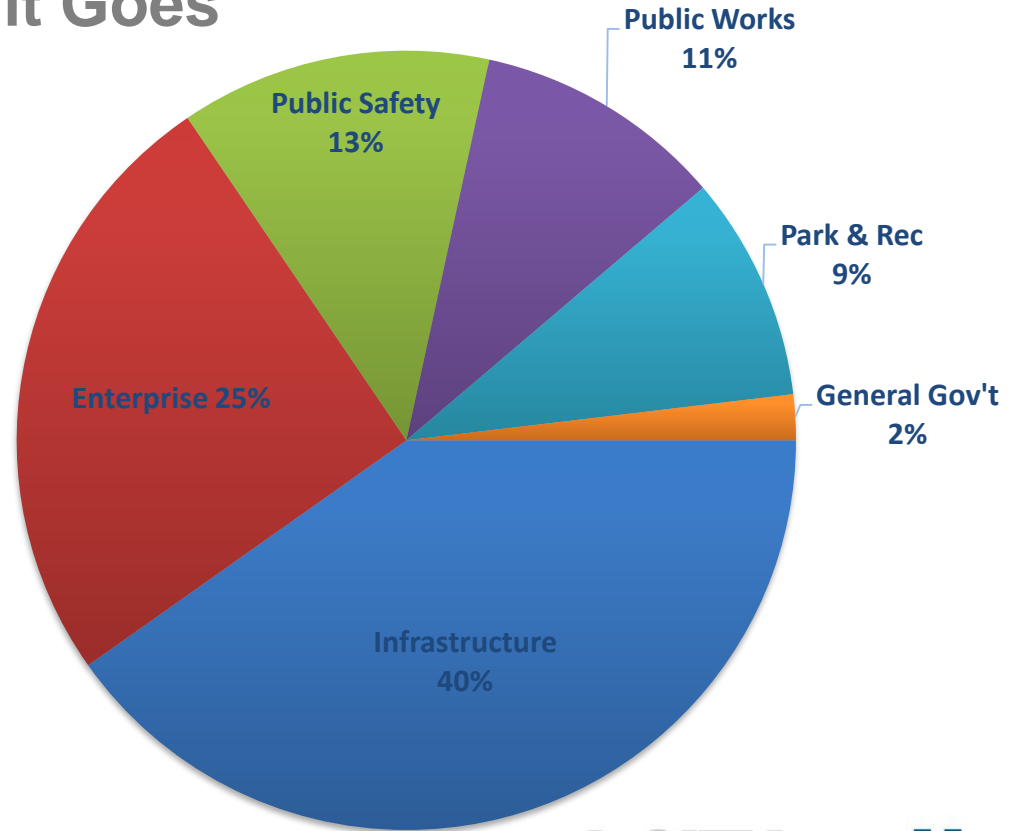
Proposed 2022 Capital Improvement Plan (CIP) and Debt Management Plan

2022 – 2026 CIP



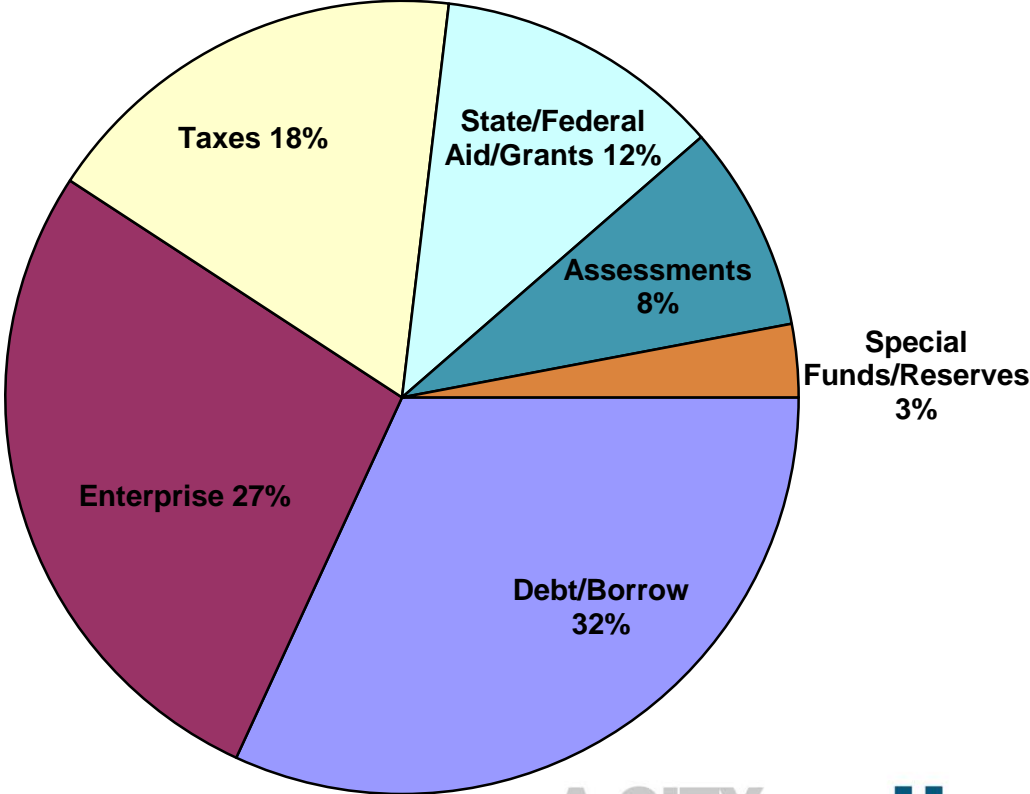
2022-2026 CIP – Where it Goes

- Infrastructure (\$21.06 million)
 - New Construction
 - Reclaims
 - Partial Reconstruction
 - Pavement Management
 - LED Streetlight Retrofits
- Enterprise Funds (\$13.25 million)
 - Creekside/Refuse
 - Liquor Store
 - Water, Sewer, WW, Storm
- Public Safety (\$6.76 million)
 - Police
 - Fire
 - Inspections
- Public Works (\$5.42 million)
 - Airport
 - Cemetery
 - Engineering
 - Streets (buildings/vehicles)
- Park & Rec. (\$4.89 million)
 - Pool/Rec Center
 - Civic Arena
 - Event Center
 - Parks
 - Library
- General Government (\$990,531)
 - Admin/Technology
 - Elections
 - City Center



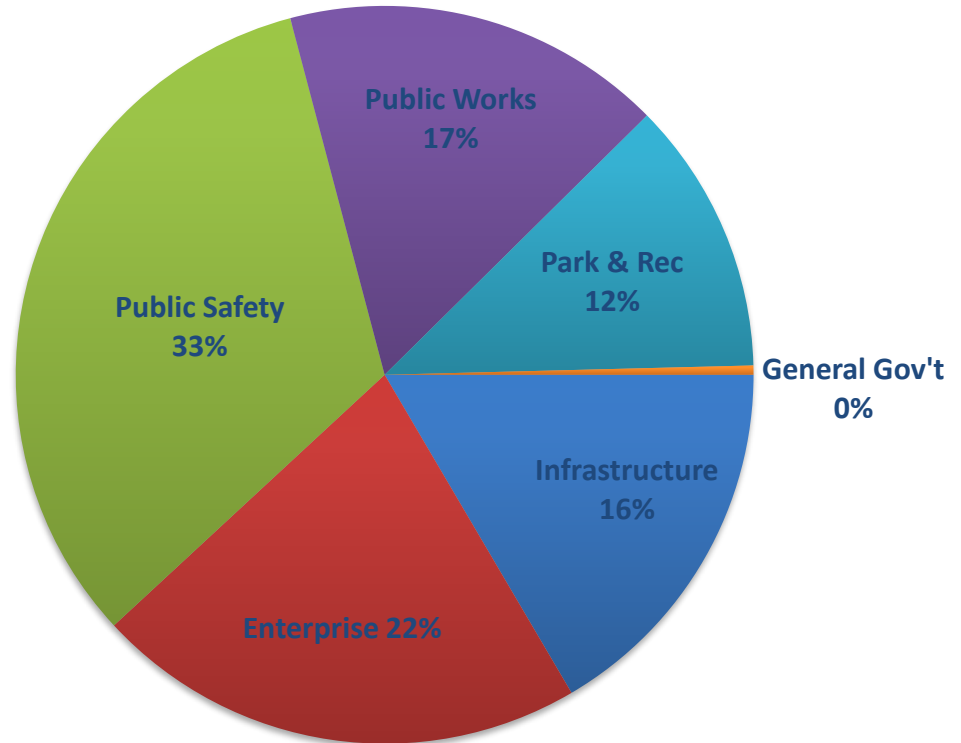
2022-2026 CIP – Where it Comes From

- New Debt (\$16.69 million)
 - Amount of money that we need to borrow to pay for capital projects
- Enterprise Funds (\$14.32 million)
 - Creekside, Liquor Store, Refuse, Water, Sewer, WW, Storm
 - Revenue generated by these funds help pay for capital projects
- Taxes (\$9.26 million)
 - Money from our tax levy that gets designated towards capital projects
 - \$1.85 million/year
 - About 20% of our overall levy
 - Could come from Capital Fund balances
- Special Assessments (\$4.41 million)
 - Direct costs that will be assigned to property owners adjacent to projects
- Aid/Grants (\$6.14 million)
 - State Aid
 - State & Federal Grants
 - Bridge Funds
 - Donations
- Special Funds/Reserves (\$1.56 million)
 - HUC
 - Cooperative Agreements



2022 Portion of the CIP

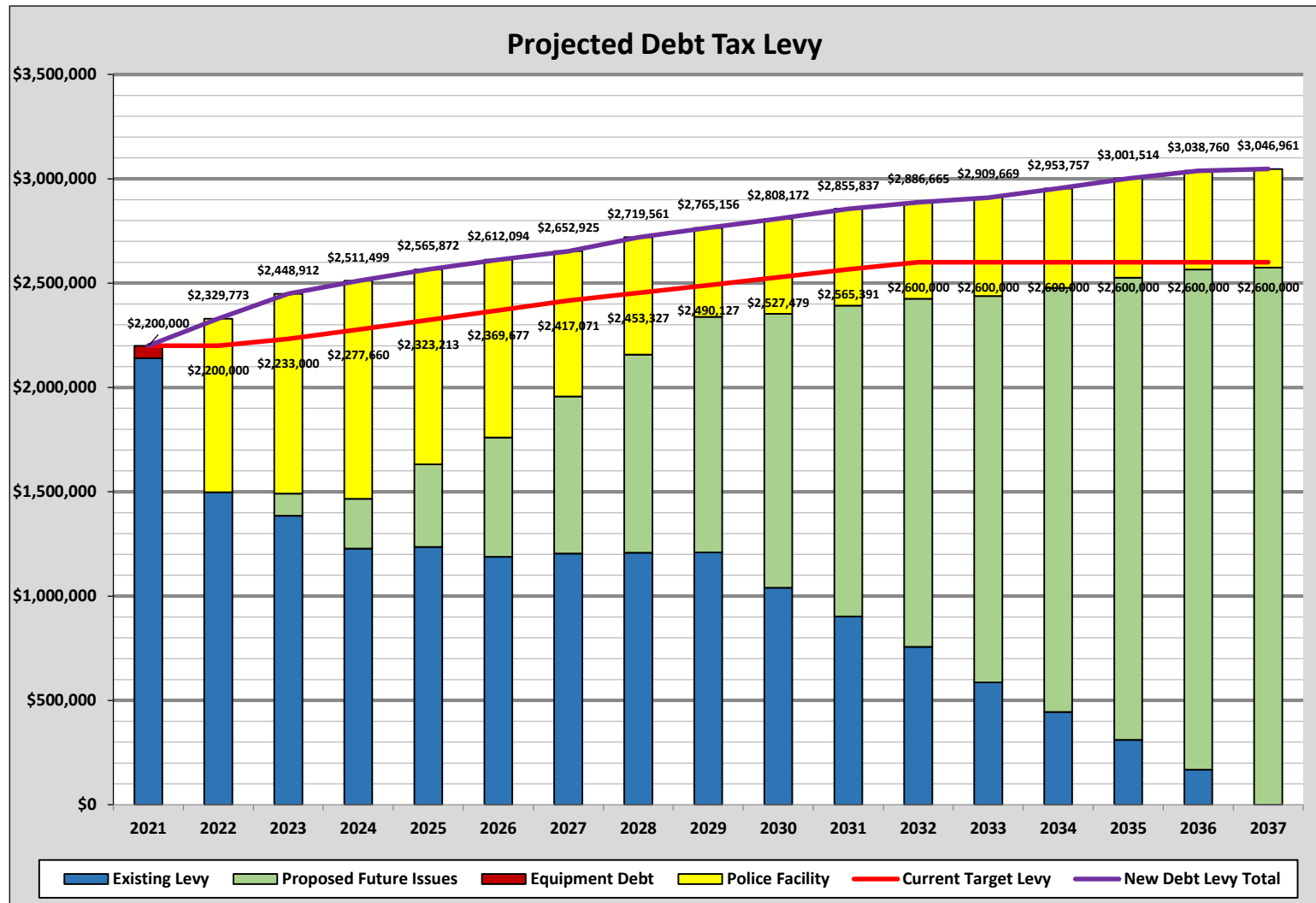
- Infrastructure (\$3.07 million)
 - School road, Century Avenue, Linden Avenue, Sunset Street, Neal Avenue
 - LED light retrofits
 - Seal Coating
 - Other Misc. Streets
- Enterprise Funds (\$4.00 million)
 - Creekside Facility/Equipment
 - Water, Wastewater, and Storm Water Improvements and Equipment
- Public Safety (\$6.07 million)
 - New Police Station
 - Police Vehicles
 - Inspection Vehicle
- Park & Rec. (\$2.23 million)
 - Vehicles
 - East Rink Roof & HVAC
 - Playground Upgrades/Splash Pad
- Public Works (\$3.10 million)
 - HATS Facility
 - Cemetery
 - Street Vehicles
- General Government (\$75,000)
 - General Facility Upgrades
 - Election Equipment



DEBT MANAGEMENT PLAN

Target Debt Levy expands with new Police Facility

- The 2022 Debt Management Plan increases our previous target limit of \$2.6 million.
- 2022 will be the first year of an increase in our debt levy since 2016
- Low interest rates in recent years have allowed for higher project limits
- The main reason for the higher tax levy increase proposed for next year
- City planning on using \$1 million in reserves to soften the levy impact for 2022 (reason for decrease in levy from September)



NEW POLICE FACILITY

- Project includes a new Department of Motor Vehicle Office and Emergency Operations Center (EOC)
- New Facility will house all vehicles inside (garage)
- New facility will not have a dispatch center (savings of around \$250,000/year)
- Total current project costs are at \$13.96 million (includes acquisition of property)
- Funding Sources:
 - \$3 million from Hospital proceeds
 - \$1 million from other city reserves
 - ?? Proceeds from the eventual sale of the current police facility/EOC
 - Bonding/borrowing to cover the remaining costs
- Does not include costs for the Jefferson Street Extension/Storm Pond
- Final costs/bonding won't be known until next year

Truth in Taxation

Conclusion of the Proposed 2022 Budget Presentation and Truth in Taxation Hearing

ADDITIONAL INFORMATION

CURRENT TAX SCENARIO FOR 2022							
						Change from Prelim	
						Amount	%
		2021	2022	% Chg			
General Fund		\$5,400,779	5,575,556	3.2%	(\$4,540)	-0.1%	
Tax Abatement		30,000	30,000	0.0%	-	0.0%	
Total General Fund		5,430,779	5,605,556	3.2%	(4,540)	-0.1%	
Debt Funds		2,200,000	2,348,252	6.7%	(207,545)	-9.4%	
Total City Tax Levy		\$7,630,779	\$7,953,808	4.2%	(\$212,085)	-2.8%	
EDA Levy		200,325	218,354	9.0%	(4,463)	-2.2%	
HRA Levy		200,000	208,000	4.0%	-	0.0%	
TOTAL TAX IMPACT		\$8,031,104	\$8,380,162	4.3%	(\$216,548)	-2.7%	

ADDITIONAL INFORMATION

	<u>2021</u>	<u>2022</u>	
General Fund Revenue	\$13,696,142	\$13,963,993	2.0%
General Fund Expenses	\$13,696,142	\$13,963,993	2.0%
General Tax Levy	\$5,400,779	\$5,575,556	3.2%
Tax Abatement	\$30,000	\$30,000	0.0%
Debt Tax Levy	\$2,200,000	\$2,348,252	6.7%
Total:	\$7,630,779	\$7,953,808	4.2%
EDA Tax Levy	\$200,325	\$218,354	9.0%
HRA Tax Levy	\$200,000	\$208,000	4.0%
TOTAL TAX IMPACT	\$8,031,104	\$8,380,162	4.3%

BIGGEST FACTOR BEHIND A LEVY INCREASE

General wage and benefit increases, along with staff changes and additional seasonal/temporary pay increases are expected to cost us an additional \$197,872 in 2022

Debt for the New Police Facility will increase our debt levy by \$148,252

Reminder: A 1% levy increase is equal to \$76,308 (\$54,308 – General)

ADDITIONAL INFORMATION

- Outside of eliminating the Dispatch Center, the budget includes no other significant increases or cuts in staffing or changes in service
- **Staffing costs and capital needs are the biggest “driver” of our budget**
- The new police facility will have a financial impact on the City
- Fund balances continue to remain high and the fiscal condition of the City is healthy
- The State’s budget forecasts has a surplus and there are no anticipated shortfalls for the 2022-23 budget
- Home values continue to increase and the city is continuing to see growth at all levels (residential including multi-family, commercial, industrial)
- Inflation and supply chain issues are impacting the City as well

NEXT STEPS

- Additional Questions from Council Members and the Public
- Council to approve final budgets and levies at their December 28 city council meeting.
- Certify Final Levies to the County by December 30

THANK YOU!