

September 15, 2016 City Council Budget Workshop

Notes/observations regarding the budget/levy summary presented to you tonight:

-Staff understands there is still a lot of work to do on this before adoption of final budget/levy in December

-\$120,000 of the \$295,521 levy increase (or 41% of the levy increase) shown is due to an increase in bond payments (\$85,000 for Westside II Street Project Bond and \$37,100 for the Library Bond

-Preliminary figures from Goodhue County show a tax capacity increase of approximately 3.81% from \$3,780,956 to \$3,925,130

-The levy of \$2,619,936 would result in an increase of the tax capacity rate from .61477 to .66748, or a property tax rate increase of 8.574%

**For someone with a \$200,000 home (tax capacity of \$2,000), their city property taxes would increase from \$1229 ( $\$2,000 \times .61477$ ) to \$1334 ( $\$2,000 \times .66748$ )- or \$104/yr (or \$8.75/mo)**

**The primary objective for this meeting is to set a maximum levy that, preliminarily, Council is ok with and can approve on Tuesday (9/20). More work on the budget and levy will take place prior to the final adoption in December.**

For reductions in the city tax rate, the following examples are given:

-A levy of \$2,581,965 (11.08% levy increase) results in a 7% increase in city tax (tc rate .6578)  
\$86/yr increase on \$200,000 home

-A levy of \$2,557,835 (10.04% levy increase) results in a 6% increase in city tax rate (tc rate .6516)  
\$74/yr increase on \$200,000 home

-A levy of \$2,533,704 ( 9.00% levy increase) results in a 5% increase in city tax (tc rate .6455)  
\$62/yr increase on \$200,000 home

-A levy of \$2,509,574 ( 7.96% levy increase) results in a 4% increase in city tax (tc rate .6393)  
\$49/yr increase on \$200,000 home

-A levy of \$2,485,443 ( 6.93% levy increase) results in a 3% increase in city tax rate (tc rate .6332)  
\$37/yr increase on \$200,000 home

-The levy would need to be reduced to \$2,413,052 for the city tax rate increase to be zero

The following info was presented at the earlier budget workshop:

Highlights regarding the preliminary budget-

-The increase in bond levy, due primarily to the inclusion of the new Westside II bond issue, increases our levy by 5.17%

-8.5% health insurance premium increase (actual premiums aren't usually known until November)

-3% Cost of Living Adjustment

-Inclusion of a half-time planning dept employee to allow Director of Economic Development and Planning to focus primarily on economic development; employee would work with Planning Commission items, zoning ordinance update, comprehensive plan update and other miscellaneous planning activities. Potential collaboration with Goodhue County Land Use Department.