



2023 Initial Budget and Levy

Small Group Discussions | Finance

8/3/2022

Agenda

- ▶ Process Improvements
- ▶ Operating Budget Overview
 - ▶ Base Budget
 - ▶ City Manager Initial Budget
- ▶ Trends
- ▶ Discussion

Budget Process Improvements

Section 1 of 3





August

- Special revenue funds
- Enterprise funds

September

- Capital equipment
- Preliminary levy
- Preliminary EDA levy

October

- General fund
- Economic Development Authority (EDA)
- Internal Service funds
- Capital Improvement Program

November - December

- Final adjustments
- Budget and levy adoptions

Upcoming Topics

August – October: Council Workshops

November – December: Council Meetings

Service Level Focus

Council Established Guidance



Restore



Maintain



Shift

Seeking Council Guidance



Enhance



New

Enhanced long-ranged planning

5-year staffing plans



5-year capital improvement program

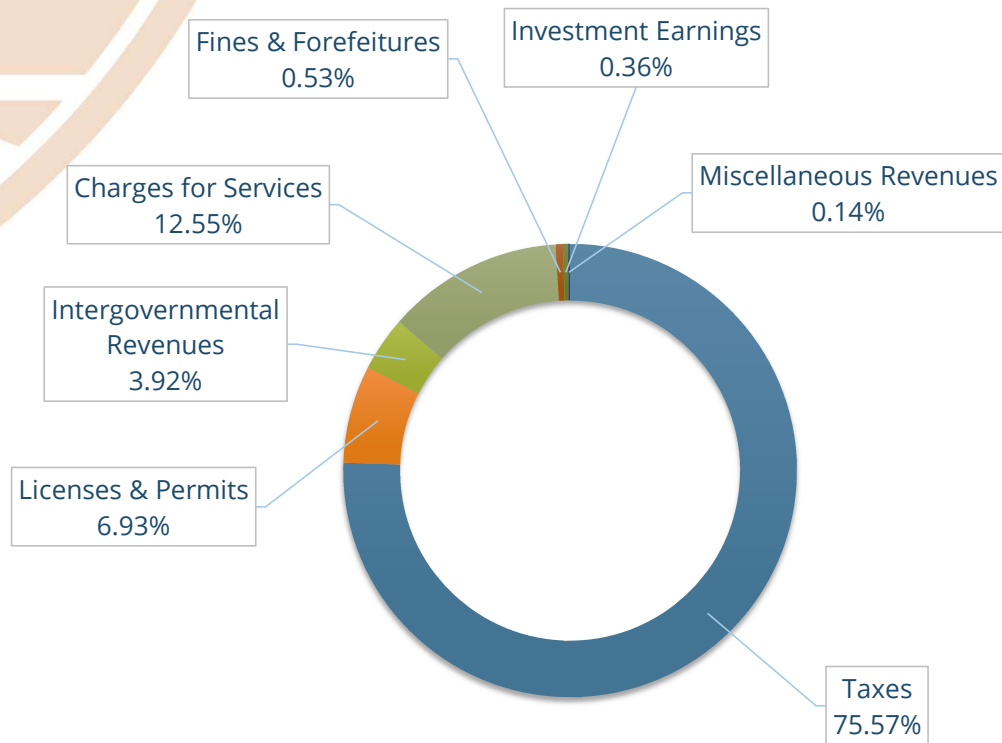


Operating Budget Overview

Section 2 of 3

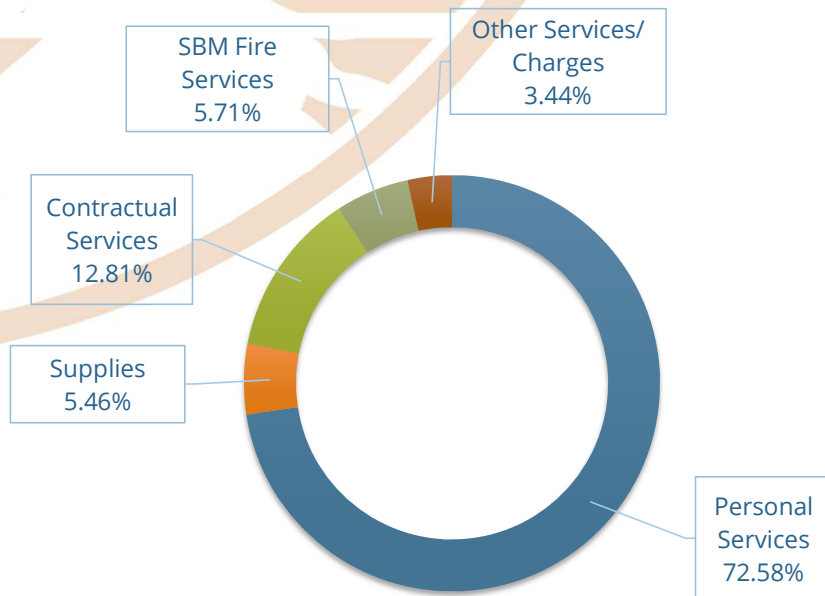


Revenues by Source



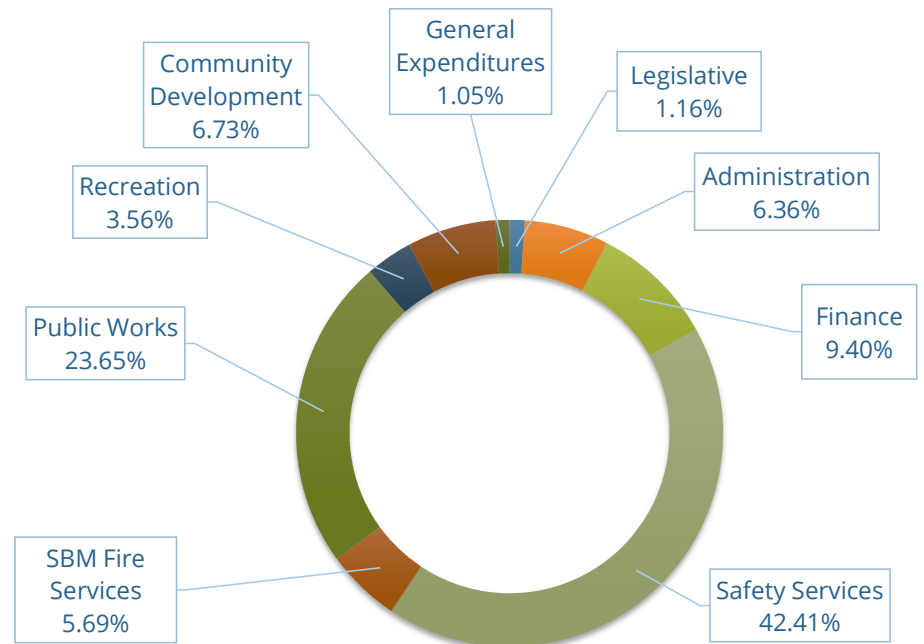
Expenditures by Category

*Detailed Information on Slide 10



Expenditures by Department

*Detailed Information on Slide 11



2023 Initial City Manager (CM) Budget

Expenditures Summarized by Account Category

	2022 Adopted Budget	2023 Base Budget	2023 Base vs 2022 Adopted		2023 CM Initial Budget	2023 CM Initial vs 2022 Adopted	
Fund: 101 General Fund							
Revenue							
Taxes	29,350,000	31,488,500	2,138,500	7.3%	31,488,500	2,138,500	7.3%
Licenses & Permits	2,415,500	2,874,500	459,000	19.0%	2,874,500	459,000	19.0%
Intergovernmental Revenues	1,568,000	1,626,000	58,000	3.7%	1,626,000	58,000	3.7%
Charges for Services	4,733,500	5,206,000	472,500	10.0%	5,124,400	390,900	8.3%
Fines & Forfeitures	245,500	220,500	(25,000)	-10.2%	220,500	(25,000)	-10.2%
Investment Earnings	155,000	150,000	(5,000)	-3.2%	150,000	(5,000)	-3.2%
Miscellaneous Revenues	73,000	60,000	(13,000)	-17.8%	60,000	(13,000)	-17.8%
Revenue Totals:	38,540,500	41,625,500	3,085,000	8.0%	41,543,900	3,003,400	7.8%
Expenditures by Account Category							
Personal Services	27,997,880	29,361,890	1,364,010	4.9%	30,040,660	2,042,780	7.3%
Supplies	2,092,110	2,214,810	122,700	5.9%	2,259,680	167,570	8.0%
Contractual Services	4,758,740	4,620,740	(138,000)	-2.9%	5,312,910	554,170	11.6%
SBM Fire Contractual Services	2,281,125	2,281,125	-	0.0%	2,361,320	80,195	3.5%
Other Services & Charges	1,185,930	1,414,160	228,230	19.2%	1,409,040	223,110	18.8%
Total General Fund	38,315,785	39,892,725	1,576,940	4.1%	41,383,610	3,067,825	8.0%
Net Operating Surplus/(Deficit)	224,715	1,732,045			160,290		

2023 Initial City Manager (CM) Budget

Expenditures Summarized by Department

	2022 Adopted Budget	2023 Base Budget	2023 Base vs 2022 Adopted		2023 CM Initial Budget	2023 CM Initial vs 2022 Adopted	
Fund: 101 General Fund							
Revenue							
Taxes	29,350,000	31,488,500	2,138,500	7.3%	31,488,500	2,138,500	7.3%
Licenses & Permits	2,415,500	2,873,770	458,270	19.0%	2,874,500	459,000	19.0%
Intergovernmental Revenues	1,568,000	1,626,000	58,000	3.7%	1,626,000	58,000	3.7%
Charges for Services	4,733,500	5,206,000	472,500	10.0%	5,124,400	390,900	8.3%
Fines & Forefeitures	245,500	220,500	(25,000)	-10.2%	220,500	(25,000)	-10.2%
Investment Earnings	155,000	150,000	(5,000)	-3.2%	150,000	(5,000)	-3.2%
Miscellaneous Revenues	73,000	60,000	(13,000)	-17.8%	60,000	(13,000)	-17.8%
Revenue Totals:	38,540,500	41,624,770	3,084,270	8.0%	41,543,900	3,003,400	7.8%
Expenditures by Department							
Legislative	469,610	475,810	6,200	1.3%	467,760	(1,850)	-0.4%
Administration	2,420,520	2,379,210	(41,310)	-1.7%	2,644,360	223,840	9.2%
Finance	3,665,770	3,793,790	128,020	3.5%	3,901,080	235,310	6.4%
Safety Services	16,262,230	17,137,800	875,570	5.4%	17,595,390	1,333,160	8.2%
SBM Fire Services	2,281,125	2,281,125	-	0.0%	2,361,320	80,195	3.5%
Public Works	8,958,230	9,397,230	439,000	4.9%	9,710,130	751,900	8.4%
Recreation	1,401,890	1,464,910	63,020	4.5%	1,476,890	75,000	5.3%
Community Development	2,421,410	2,527,850	106,440	4.4%	2,791,680	370,270	15.3%
General	435,000	435,000	-	0.0%	435,000	-	0.0%
Expenditure Totals:	38,315,785	39,892,725	1,576,940	4.1%	41,383,610	3,067,825	8.0%
Net Operating Surplus/(Deficit)	224,715	1,732,045			160,290		



Base Budget Assumptions

Assumptions	2022 staff levels at 2023 compensation rates	3% cost of living adjustment	565,000
		Cafeteria adjustment (\$50 per month)	111,500
		Full year Patrol Officers hired in 2022	208,600
		Other adjustments (see notes)	457,900
	Commodity cost increases	Fuel (Gas and Diesel) costs	122,700
	Non-election year adjustment	Election judges and related expenses	(138,000)
	Facility charge adjustments	Physical space maintenance and improvement charges	207,000

2023 Department Requests Under Consideration

Council Established Guidance

Reclassifications	• K-9 Detail	7,500
	• Fire Inspector II	5,000
Additions - General Fund	• Building Inspections Intern	33,610
	• Facilities Maint. Coordinator**	109,500
	• IT Specialist	89,500
	• Patrol Officer (2)	261,160
	• Planning Technician	95,850
	• Public Service Worker (Parks)	96,930
Additions - Utilities	• Water Treatment Plant Foreman	116,660
	• Public Service Worker (Sewers)	95,700

Seeking Council Guidance

New Addition - General Fund

• Mental Health Advocate*	123,330
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*The Mental Health Advocate will be presented to Council in August 2022

** The Facilities Maintenance Coordinator is funded through internal service fund chargebacks to General Fund & Enterprise Funds



Established Guidance – Reclassifications

General Fund

Maintain Fire Inspector II | Safety Services

- Promotes a Fire Inspector I on staff
- Permanent assignment to housing services
- Consistently high service level

Maintain K9 Patrol Detail | Safety Services

- Provides K9 unit coverage for all shifts
- Promotes and outfits a patrol officer currently on staff
- In line with growth of city/increase in calls for service

Established Guidance – Additions

General Fund

Restore

Facilities Maintenance Coordinator | Safety Services

- Facilities suffer from historical understaffing and insufficient management
- Responsible for managing day-to-day operations and supervision of maintenance staff
- Relieve workload from Deputy Fire Marshal allowing more time on development activities

Restore

IT Technician | Finance

- Retirement in 2015 led to internal promotion. Position not backfilled
- Workload, city staff, and supported devices increasing
- Entry level position to better align tasks with skillsets



Established Guidance – Additions

General Fund



Maintain Patrol Officer (2) | Safety Services

- Additions projected in the 2020 Patrol Staffing Analysis
- Maintains target performance objectives 40-52% on-duty time addressing calls for service plus administrative time
- Greater community engagement and proactive enforcement activities

Restore Public Service Worker | Public Works (Parks)

- Parks assets increasing
- Address feedback from residents to staff and council that Blaine park's conditions are deteriorating
- Provides greater coverage for small park maintenance and landscaping

Maintain Planning Technician | Community Development

- Reviews zoning for building permits and development projects
- Entry level position to better align tasks with skillset for planners and building inspectors
- Consistently high customer service and quality control



Established Guidance – Additions

Enterprise Funds

Maintain

Water Treatment Plant Foreman | Public Works

- Funded through water utility user rates revenues
- Water utility assets increasing
- Focus on Water Treatment Plant #4 operation: implement safety, operating, and maintenance programs to industry standards

Restore

Public Service Worker | Public Works (Utilities)

- Funded through storm drainage and sewer utility user rates revenues
- Storm drainage and sewer utility assets increasing
- Focus on maintaining storm drainage and sewer assets



Seeking Guidance – Enhancements

General Fund

Enhance Mental Health Advocate | Safety Services

- Full-time behavioral health services to community members in need
- Remove barriers between community partners and persons in need
- Funded by appropriation for contractual services and opioid settlement funds

Trends

Section 3 of 3





Personnel Additions Trends

2023

General & Other Funds

- 7 FTEs
- \$ 762,550
- 1.7% budget

Utility Funds

- 2 FTEs
- \$ 214,560
- 0.8% budget

5-year Averages

General & Other Funds

- 6.3 FTEs
- \$ 641,900
- 1.6% budget

Utility Funds

- 0.8 FTEs
- \$ 59,700
- 0.2% budget

10-year Averages

General & Other Funds

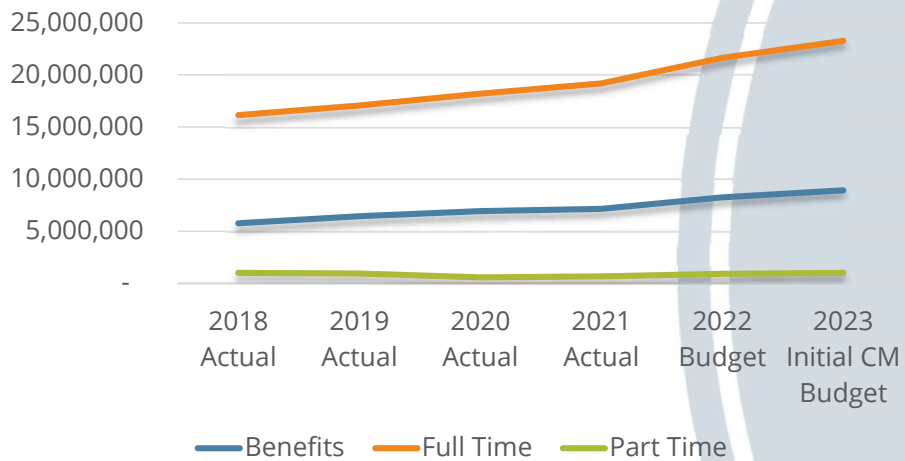
- 4.6 FTEs
- \$ 469,300
- 1.3% budget

Utility Funds

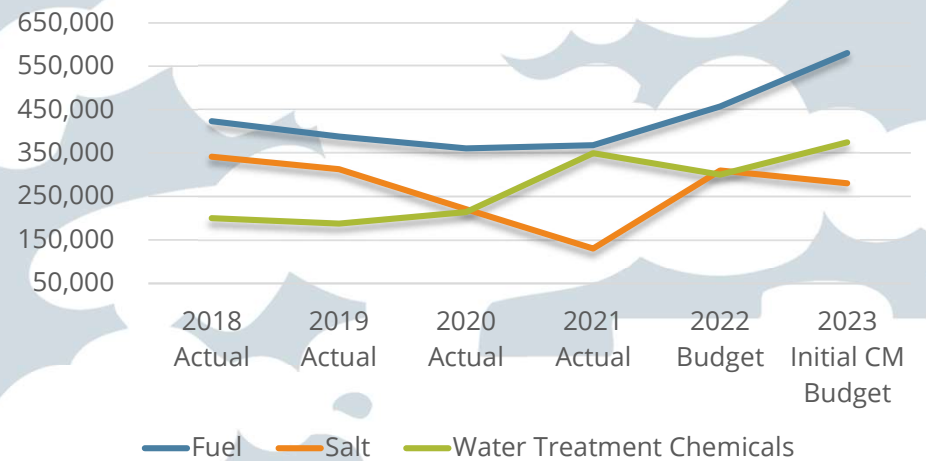
- 0.6 FTEs
- \$ 48,500
- 0.2% budget

Blaine Wages and Commodities

All Funds Wage & Benefit Expenditures



All Funds Commodity Expenditures



Blaine Market Value Trends

Blaine Taxable Market Value - All Categories



2023

- -29.9% Agriculture
- 24.8% Residential
- -4.2% C/I
- 10.5% Personal
- 19.5% Total

5-year

- -2.0% Agriculture
- 56.9% Residential
- 26.3% C/I
- 1.1% Personal
- 50.9% Total

10-year

- -23.2% Agriculture
- 154.4% Residential
- 59.5% C/I
- 40.8% Personal
- 132.7% Total

Anoka County Market Value Trends

2023

- 15.0% Agriculture
- 24.9% Residential
- 8.7% C/I
- 10.9% Personal
- 22.5% Total

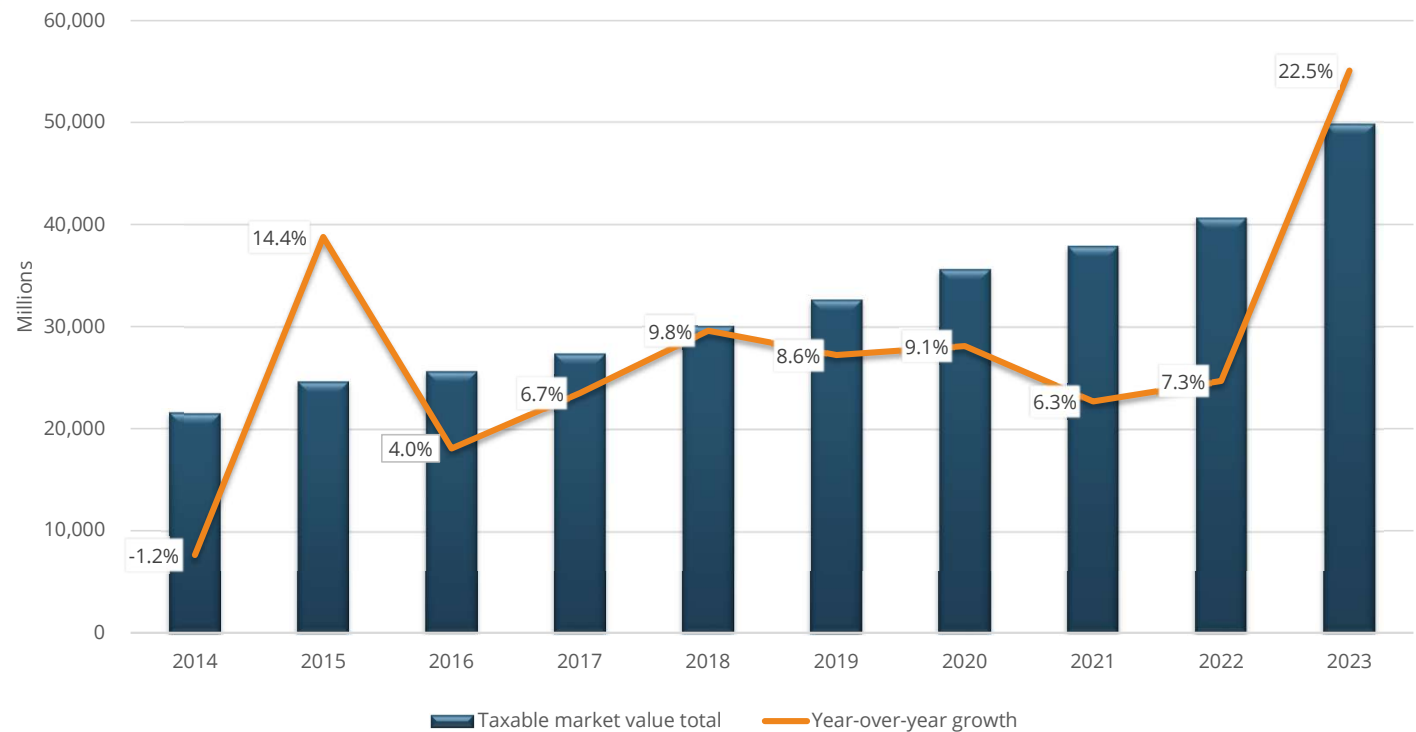
5-year

- 39.0% Agriculture
- 57.1% Residential
- 30.2% C/I
- 6.3% Personal
- 52.5% Total

10-year

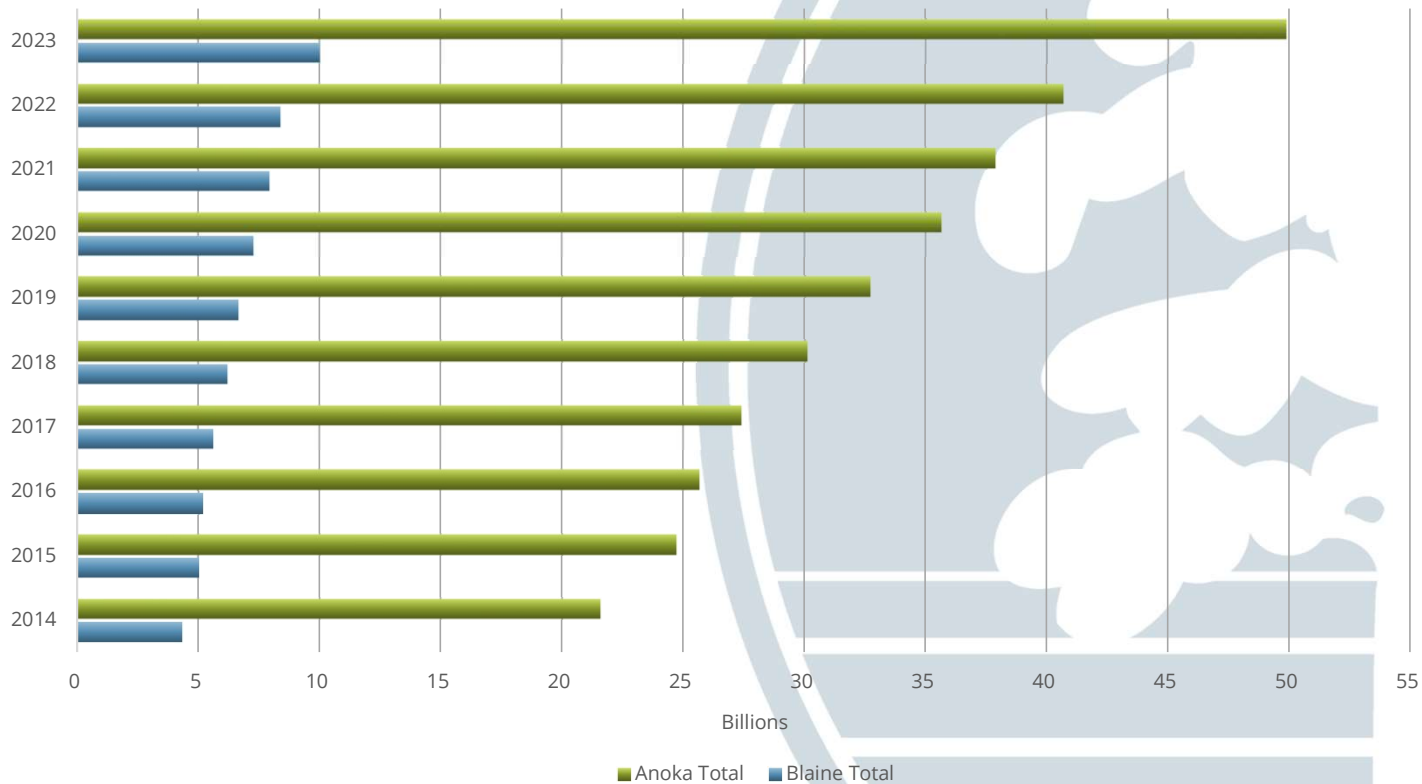
- 52.5% Agriculture
- 147.5% Residential
- 64.9% C/I
- 19.2% Personal
- 131.0% Total

Anoka County Taxable Market Value - All Categories



Market Value Trends

Taxable Market Value - All Categories



Blaine

- 50.9% 5 Year Growth
- 132.7% 10 Year Growth

Anoka

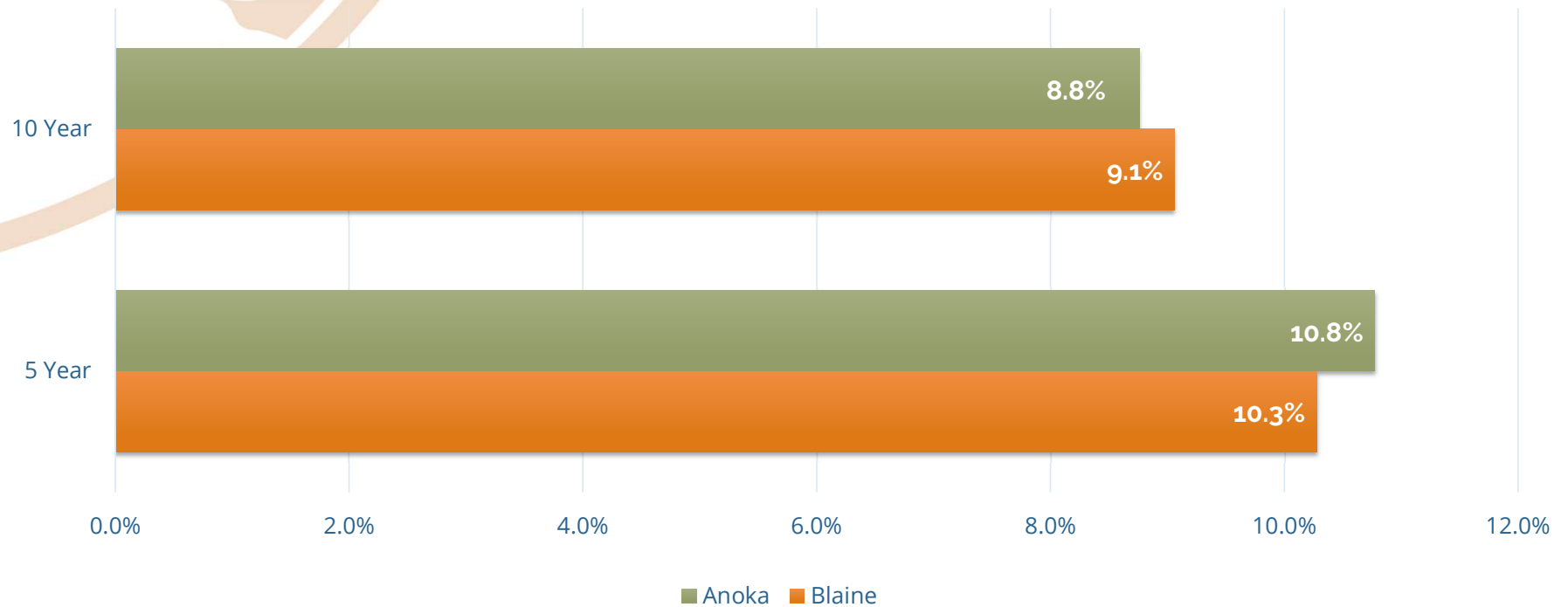
- 52.5% 5 Year Growth
- 131.0% 10 Year Growth

Overall

- Blaine is approximately 20% of the County's total value in 2023.
- The City has consistently maintained this ratio for the past 10 years.

Market Value Trends

Average Taxable Market Value Growth



Proposed Levy

	<u>2022 Levy</u>	<u>2023 Allocation</u>	<u>2023 Preliminary Levy</u>
General Fund	\$29,525,000	\$1,963,500	\$31,488,500
PMP	\$100,000	\$0	\$100,000
Debt	\$4,800,000	\$0	\$4,800,000
EDA Levy	\$750,000	\$25,000	\$775,000
Parks and Trails	\$350,000	\$0	\$350,000
Strategic Priorities/Additional Levy Capacity	\$200,000	(\$200,000)	\$0
Other	\$0	\$0	\$0
Total Levy	\$35,725,000	\$1,788,500	\$37,513,500
<u>Tax Rate</u>	35.875%		31.792%



Supplemental Information

Question and Answers | Future Topics

09/07/2022



Question

What are the costs included in the "other services and charges" category of the budget (slide 10)? What is included in the increase that is not facilities?

Other Services and Charges - Detailed			
Account Description	2022 Adopted Budget	Adjustments	2023 CM Initial Budget
Travel, Schools & Conferences	218,730	26,130	244,860
Dues & Subscriptions; Books & Pamphlets	87,300	4,350	91,650
Tuition Reimbursement	18,500	0	18,500
Licenses & Taxes	9,650	0	9,650
Facilities Operations Charges	831,350	191,630	1,022,980
Other Charges & Services	20,400	1,000	21,400
	1,185,930	223,110	1,409,040

Question

What are the total costs to furnish a role? Wages, benefits, equipment, furnishings?

Title	Operating Expenses			Capital		Notes	Net Total Cost
	Wages	Benefits	Expenses	Equipment	Offsets		
IT Specialist	60,100	26,900	2,500	3,500	(14,800)	Administrative charges from other funds	78,200
Patrol Officer 1	84,340	38,240	8,000	3,000	-		133,580
Patrol Officer 2	84,340	38,240	8,000	3,000	-		133,580
Mental Health Professional	89,970	31,360	2,000	3,000	(68,500)	Contractual services, -12,500; Opioid settlement funds, -56,000	57,830
Public Service Worker-Parks	64,800	31,130	1,000	-	-		96,930
Planning Technician	67,820	27,030	1,000	3,000	-		98,850
Building Inspections Intern	31,030	2,580	-	1,200	-		34,810
Facilities Maintenance Coordinator	73,870	34,130	1,500	3,000	(23,800)	Distribution of costs to other city funds.	88,700
Water Foreman - Treatment plants	82,350	33,310	1,000	-	-		116,660
Public Service Worker-Sewers	64,800	29,900	1,000	-	-		95,700

Question

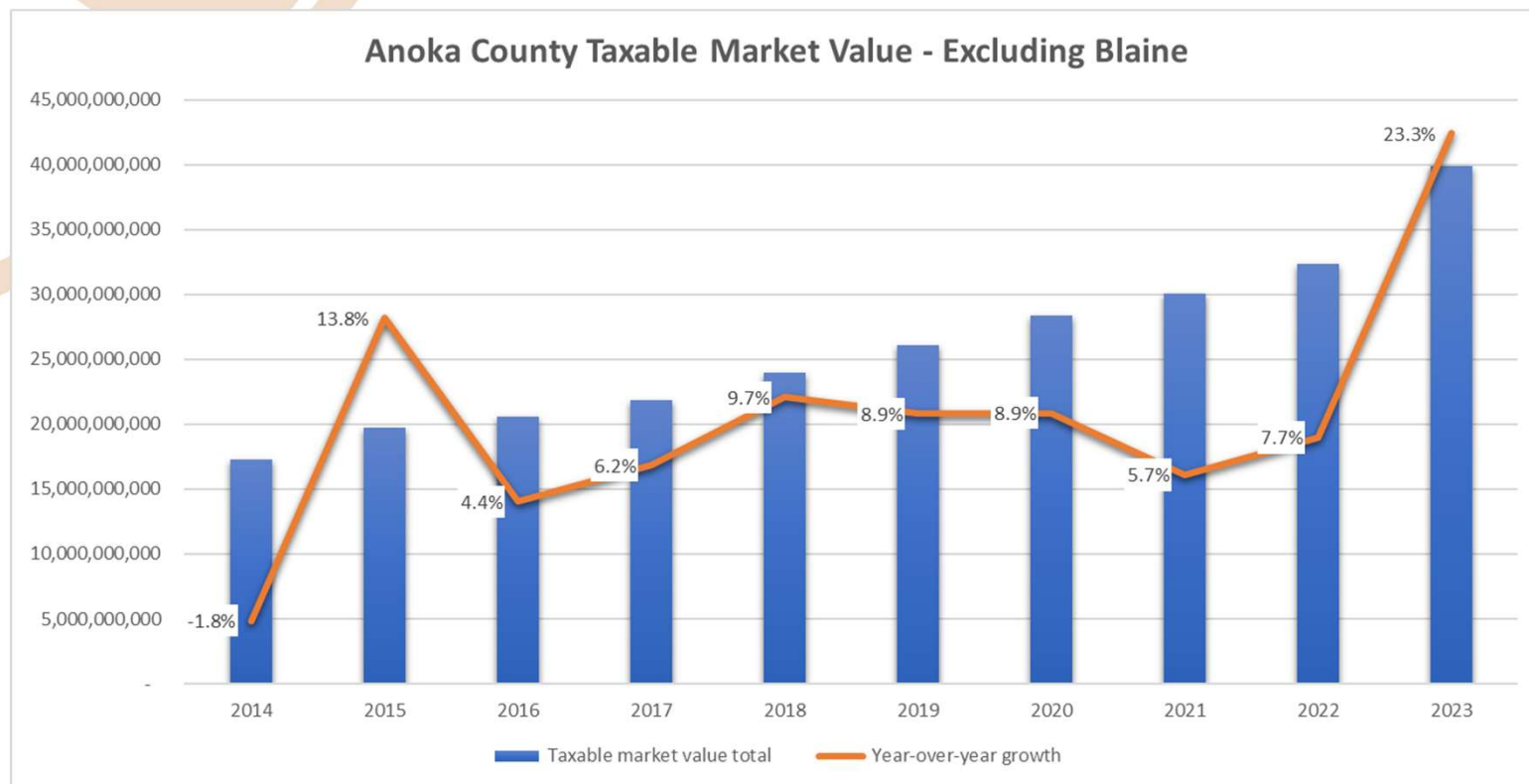
What is the current composition of the building inspections team; how many FTEs and what titles?

Building Inspections Staffing - 17	
Chief Building Official - 1	
<u>Inspections Staff</u>	<u>Permit Technician Staff</u>
Building Inspector Supervisor - 1	Permit Technician Manager - 1
Senior Building Inspector - 1	Senior Permit Technician - 2
Plumbing/Mechanical Inspector - 1	Permit Technician - 2
Commercial Building Inspector - 1	
Building Inspector - 4	
Seasonal Inspections Intern - 3	



Question

What is the growth of the county if Blaine is removed?





Preliminary Levy Recommendations

Other Metro Cities

	General Fund Budget	2022 Total Tax Levy	Tax Rate	2023 Recommended levy increase
Blaine	38,315,785	35,600,000	35.112%	5.40%
Bloomington	85,301,172	71,015,410	40.730%	10-12%
Brooklyn Park	58,411,914	53,644,808	47.523%	7.00%
Burnsville	46,058,112	41,209,755	43.054%	14.50%
Eagan	46,360,100	43,067,923	36.119%	6.00%
Edina	52,231,751	45,367,336	28.936%	10%
Hopkins	16,173,620	18,531,402	65.426%	4.00%
Inver Grove Heights	28,500,700	28,064,780	51.925%	5-10%
Lakeville	37,083,694	35,590,000	32.846%	10-12%
Maple Grove	44,048,400	39,426,600	31.287%	4.91%
Minnetonka	43,777,800	45,140,229	36.763%	7%
Plymouth	46,955,697	44,273,522	27.187%	7.10%
Richfield	27,868,330	25,777,380	53.681%	6.60%
St Louis Park	44,312,567	40,383,579	44.681%	7.00%
Woodbury	44,059,000	41,976,885	32.180%	6.80%

Question

How does the tax rate affect the average and median valued home? A million-dollar commercial enterprise? Base budget only tax rate; City manager preliminary tax rate; 300,000 GF levy increase

Impact of Various Tax Rates on Median and Average Valued Homes and Commercial Properties

	Pay 2022 Levy			Pay 2023 Levy		
	Valuation	Adopted Levy	Valuation	CM Initial	Initial + 3%**	Initial + 5%**
Tax Rate		35.874%		31.792%	32.877%	33.600%
Median Home Value	\$ 270,600	\$ 924.52	\$ 320,400	\$ 991.90	\$ 1,025.75	\$ 1,048.31
Average Home Value	\$ 306,700	\$ 1,065.68	\$ 337,382	\$ 1,050.74	\$ 1,086.60	\$ 1,110.50
Commercial*	\$ 1,000,000	\$ 7,174.80	\$ 984,000	\$ 6,256.67	\$ 6,470.19	\$ 6,612.48
Increase (Decrease) from 2022						
Median Home Value	\$	49,800	\$	67.37	\$ 101.23	\$ 123.78
Average Home Value	\$	30,682	\$	(14.94)	\$ 20.92	\$ 44.82
Commercial*	\$	(16,000)	\$	(918.13)	\$ (704.61)	\$ (562.32)

*Commercial property values reflect overall 1.6% decline in existing; excludes new construction. This is included for informational purposes only.

**Increases include both EDA and General Fund. Increase shown due to council member requests for increased levels of service and conservative budget practices as the final levy cannot exceed the preliminary levy

Preliminary Levy Scenarios

	2022	2023		
	<u>Final Levy</u>	<u>CM Initial</u>	<u>Initial + 3%</u>	<u>Initial + 5%</u>
General Fund	29,350,000	31,488,500	32,238,900	32,739,170
PMP	100,000	100,000	100,000	100,000
Debt Service	4,800,000	4,800,000	4,800,000	4,800,000
EDA	750,000	775,000	1,000,000	1,200,000
Parks and Trails	350,000	350,000	500,000	550,000
Strategic Priorities	250,000	-	-	-
Total Levy	\$ 35,600,000	\$ 37,513,500	\$ 38,638,900	\$ 39,389,170
<u>Tax Rate</u>	35.875%	31.792%	32.877%	33.600%

Council Proposed Discussion Topics

Development

- EDA revenues – should there be additional levy? What are ways that sale of city property could affect revenues?
- Banners – market events, themed by economic identifier (funding through project area revenues?) Potential for selling space to private agencies
- Business loan grant relief
- Educational campaign – arial view of the city (heavy tree canopy) is not representative of the residential and commercial/industrial
- Strategic priority/future of housing within the city
- Zoning code and how it affects customer service and residents
- Upcoming development and service levels – How to contract/staff to manage a high level of service and meet project needs? Customer success position proposed.
- What happens when growth slows?

Parks

- A splash park facility (near NSC)
- What are the results of the Braun trail assessment?
- Communications to survey residents “what services do you want from parks?”

Council Proposed Discussion Topics

Public Works

- Core corridor identification – what corridors leave impressions during critical events
- Core corridor beautification – sell the city
- Medians – poorly maintained; give a poor impression of the city during 3M open. Maintenance and associated expenditures, agreements with Anoka, opportunities for cost sharing
- Pavement management program – what is the appropriate level of funding via the levy?

Safety Services

- K-9 unit home accommodations current investment level and current service level – what are opportunities to increase investments in safety precautions
- BPSA and possible ways to manage the funding received through donations in the future

Other

- North Metro Mayor's association – future partnership and advocacy if Blaine re-enrolls
- Fund reserves status update
- Is it safe to lower the tax rate?

Summary

Tax Rate

- Decrease
- 35.874% - 2022 Adopted
- 31.792% - 2023 Initial Proposed

Tax Levy

- Increase
- 5% - 2023 Initial Proposed

General Fund Expenditures

- Increase
- 8% - 2023 Initial Proposed
 - 5.7% - Public Safety; Public Works; SBM
 - 2.3% - All other city functions