



2023 Initial Budget and Levy

Small Group Discussions | Finance

8/3/2022

Slide 1

Agenda

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

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Budget Process Improvements

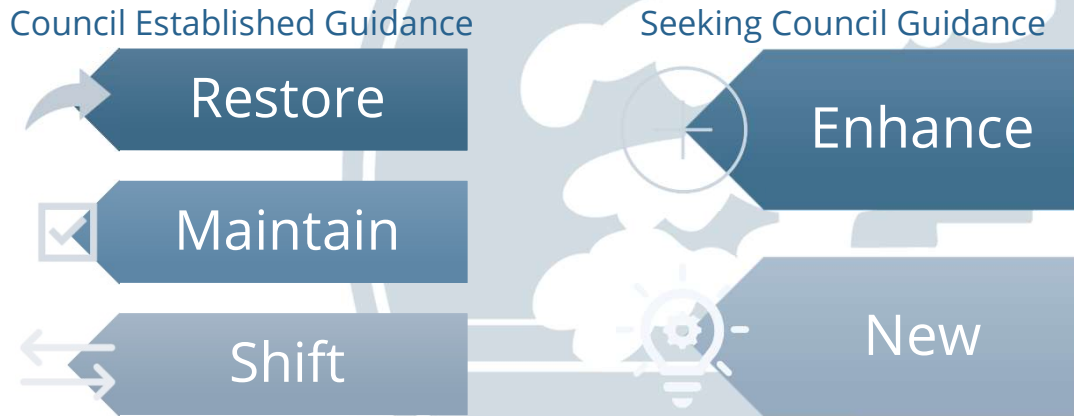
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- Special revenue funds
 - Charitable Gambling; Communications
 - Communications has a change in regulatory use of communications funding for 2023
- Enterprise funds
 - Water, Sewer, Storm, and Refuse/Recycling utilities
 - Rate study planned before end of year for Water, Sewer, and Storm
- Capital equipment
 - Long-term equipment assets such as vehicles, computers, and heavy equipment,
- Preliminary levy adopted at September 19 meeting
 - State statute requires adoption and certification to county auditor on or before Sept. 30, 2022
 - Establishes Truth-in-Taxation date, place, and time
- General fund
 - Main operating fund of Blaine
 - Will be presented earlier than October pending council feedback
- Economic Development Authority (EDA)
 - Blaine's fund for economic development activities
- Internal service funds
 - 2023 includes Facilities only
 - As of 2024, internal service funds will be established for Fleet, and Information Technology
- Capital Improvement Program (CIP)
 - 5-Year CIP being developed for parks, utilities, pavement management, and facilities
 - The 2023-2027 CIP is being developed using software program called ClearGov
- Final adjustments
 - Presentations and updates shared as applicable based on council feedback
- Budget and levy adoptions
 - Council to adopt final and final tax levy

Service Level Focus



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- Service levels:
 - Council Established Guidance - encompasses continuing current service levels set by council
 - Seeking Council Guidance - staff is asking for council guidance on new or enhanced initiatives, programs, and services
- Council Established Guidance:
 - Restore - resources needed to get back to previous service levels
 - Maintain - resources needed to keep up with established service levels
 - Shift - resources realigned due to changes in how services are provided or regulatory changes
 - Example: shifting services from internal to contractual
- Seeking Council Guidance
 - Enhance - additional resources requested to fund an existing initiative, program or service
 - Example: adding funding for tree removal to increase community safety
 - New - additional resources requested to fund a council, staff, or community driven request for an initiative, program, or service

Enhanced long-ranged planning

5-year staffing plans



5-year capital improvement program



Slide 6

- 5-year staffing plans are prepared annually as a first step in the budget development process
 - Analysis of staffing needs in response to city growth
 - Key long-range planning component required to maintain AAA rating
- 5-year capital improvement program
 - Moving towards a formal capital program for 2023-2027 that identifies the city's capital project needs, funding options, and operating budget impacts for facilities, pavement management, parks, and utilities to enable Blaine to allocate resources in both the short and long-term
 - 2023 plan will become the 2023 capital budget
 - Submissions are being submitted through ClearGov, a new capital budgeting software

COUNCIL QUESTION

Are there plans that extend past 5 years?

RESPONSE

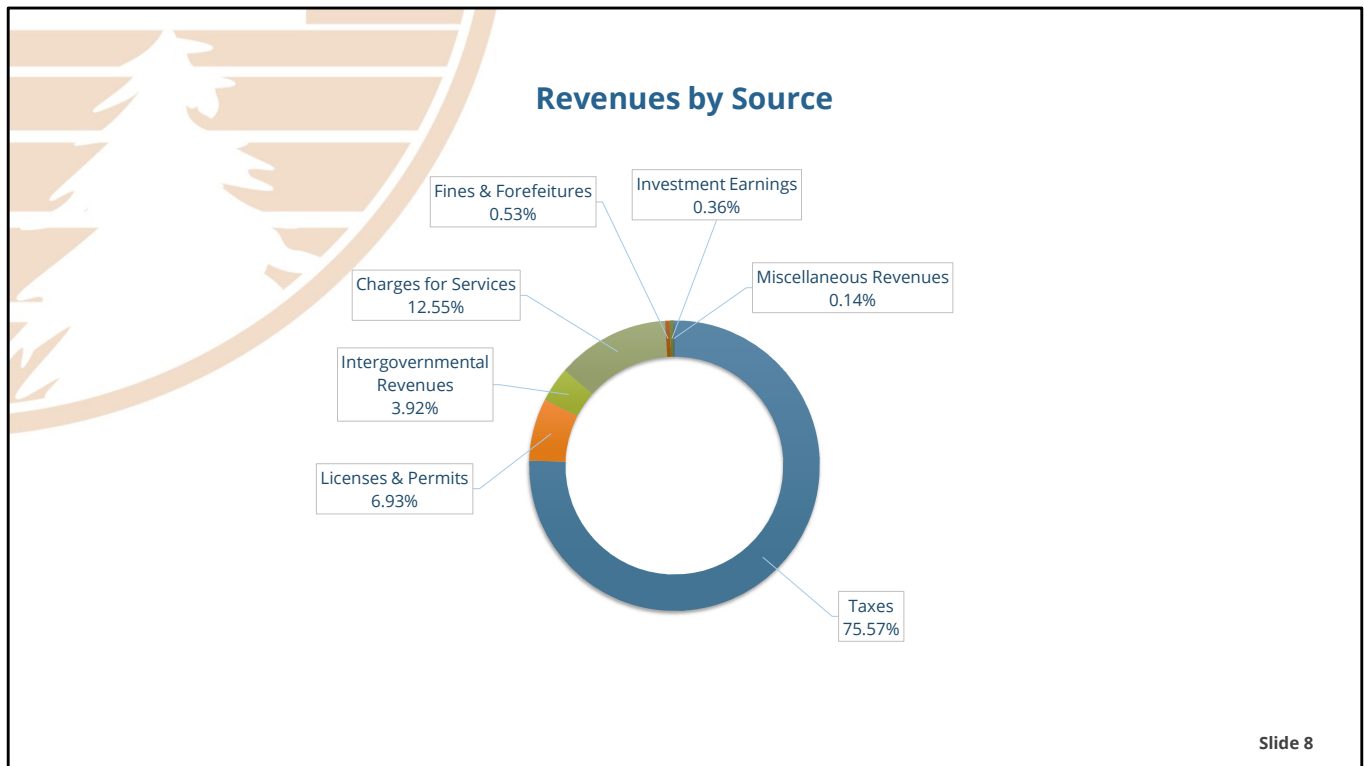
- Finance is working on standardizing long-range planning with Qwestica budgeting software
- Current Department Plans
 - Facilities – has a 7-year pavement plan for all city buildings and public works roof plan that goes out 9 years
 - Facilities is working on a longer-range capital plan for other facility assets
 - If the Facilities Maintenance Coordinator is hired, further long-range plans can be developed
 - Fleet – no plans beyond 5 years; a longer-range replacement plan could be developed in conjunction with the Fleet Replacement Study
 - IT – no formal CIP in place, but follows a standard replacement schedule for equipment
 - Police – no formal CIP in place, but follows a standard replacement schedule for equipment
 - Streets – no plans beyond 5 years
 - Utilities – some general long-range planning exists for sewer up to 30 years



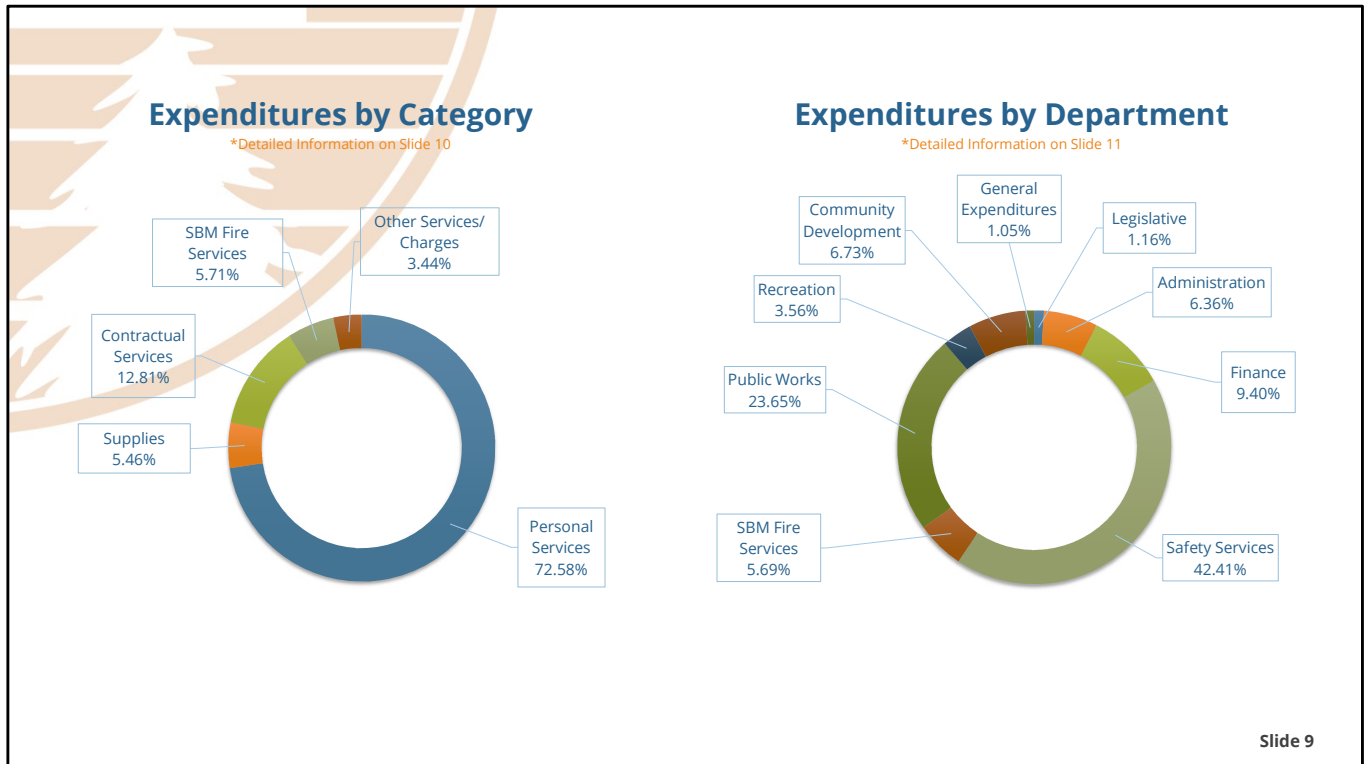
Operating Budget Overview

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- The majority (75.57%) of General Fund revenues come from property taxes



- Of the total General Fund budget, approximately 72.58% is allocated to personal services
- From a department perspective, 71.75% of the General Fund expenditure budget is dedicated to public works and safety services operations
 - Within those departments, if we apply the same category breakdown assumptions as the total general fund, we can estimate that 73% of those department's budgets are also allocated to personnel

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		

Slide 10

- A narrative of the department increases is included on slide 11
- The increase to other services & charges expenditures, which equals 0.6% of total revenues, is related to facility chargebacks needed to restore declining facility assets as a result of deferred maintenance
- Appropriations in the Other Services and Charges category include: Travel, Schools and Conferences - \$244,860; Dues, Subscriptions, Books and Other Periodicals - \$91,650; Tuition Reimbursement - \$18,500; Licenses and Taxes - \$9,650; Facilities Maintenance and Improvement chargebacks - \$1,023,000; and other miscellaneous expenses for which no other category is appropriate - \$21,350.

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 & 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	41,624,770	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	

Slide 11

- Legislative appropriations include \$10,450 (3%) increase in legal services contract.
- Administration contractual expenditures increase \$50,000 for federal lobbying services and \$50,000 for human resources, labor relations, and recruiting services.
- Communications expenditures for newsletter production, \$92,000, CivicClerk legislation management system, \$30,000, and website related applications \$26,500, are moved to the Administration budget due to a change in regulatory use of funds in the Communications special revenue fund. Newsletter and website expenditures return to general fund for first time since 2015
- In the Safety Services budget, technological support for police operations increase \$45,000, including a \$27,000 video system for the interview rooms.
- The fire services joint powers agreement with SBM Fire increases 3.5% (\$80,000) over 2022 appropriations.
- Public Works proposes an increase from \$250,000 to \$300,000 for forestry and tree maintenance efforts. This additional \$50,000 will enhance the Emerald Ash Borer program and reduce hazards created by city trees encroaching on power lines.
- Increased appropriations for street maintenance materials, \$20,000, and parks maintenance materials, \$20,000, are partially offset by a proposed \$30,000 reduction in the road salt budget.
- In Community Development, Building Inspections management are proposing a \$135,000 appropriation to continue contracted building inspections services begun this past summer. Community Development staff indicate that development activity in the city will continue at a level that necessitates this continued contractual arrangement through 2023.



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

9/9/2022

- 2022 Budget appropriations for four added patrol officers were calculated under the assumptions that two were to be hired at the beginning of April and two hired at the beginning of August. This item represents the budget for those positions for the full 2023 budget year.
- The 'Other adjustments' category includes adjustments to individuals' compensation pursuant to the new compensation plan which was fully implemented in at the end of 2021 for non-union staff. Base assumptions include compensation increases according to the labor (union positions) and the decision band method (DBM) compensation plan for non-union positions.
- Facility charge adjustments
 - Facility charges come from the Facilities internal service fund and are used to fund maintenance of Blaine facilities
 - Facilities funding not sufficient to keep up with facility needs; 2023 facility chargeback fees were increased by 25%
 - Working to balance catching up on deferred maintenance and having reasonable chargeback rates
 - Will be requesting a transfer of 2021 General Fund surplus to Facilities to help cover some deferred maintenance

QUESTION

What is the tax rate using only base budget assumptions?

RESPONSE

The tax rate would be 30.121% and would result in funding levels that would not support current service levels. No additional staffing or resources, including core services Public Safety and Public Works.

2023 Department Requests Under Consideration

Council Established Guidance		Seeking Council 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	
Additions - Utilities	• Public Service Worker (Parks)	96,930	
	• Water Treatment Plant Foreman	116,660	
	• Public Service Worker (Sewers)	95,700	
		New Addition - General Fund	
		• Mental Health Advocate*	123,330

*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

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Position reclassifications include wage adjustment and associated fringe benefits, plus an allocation for operating equipment/expenses related to new duties.

- K-9 detail: Wage = \$3,600; Benefits = \$890; expenses = \$2,500. Acquisition of the dog is funded by Blaine Public Safety Association. Other equipment will be programmed in Capital Equipment fund.
- Fire Inspector: Wage = \$4,150; Benefits = \$850.



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

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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

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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

- The mental health advocate will fulfill services currently provided by a contractual arrangement with People Inc. and shared equally with Coon Rapids.
- The arrangement is set to expire at the end of February 2023; appropriations for contract will be shifted to offset personnel cost.
- Opioid funds can be used to at least partially offset the remaining cost of the advocate position.



Trends

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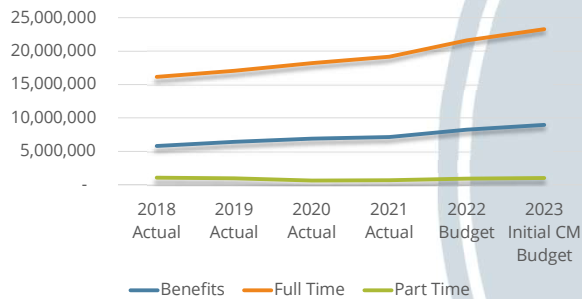
Personnel Additions Trends

2023	5-year Averages	10-year Averages
General & Other Funds <ul style="list-style-type: none">• 7 FTEs• \$ 762,550• 1.7% budget Utility Funds <ul style="list-style-type: none">• 2 FTEs• \$ 214,560• 0.8% budget	General & Other Funds <ul style="list-style-type: none">• 6.3 FTEs• \$ 641,900• 1.6% budget Utility Funds <ul style="list-style-type: none">• 0.8 FTEs• \$ 59,700• 0.2% budget	General & Other Funds <ul style="list-style-type: none">• 4.6 FTEs• \$ 469,300• 1.3% budget Utility Funds <ul style="list-style-type: none">• 0.6 FTEs• \$ 48,500• 0.2% budget

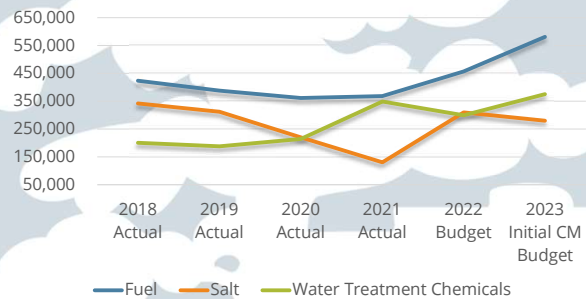
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Blaine Wages and Commodities

All Funds Wage & Benefit Expenditures



All Funds Commodity Expenditures



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- Wages – All Funds
 - Average change from 2019-2023 Initial City Manager Budget
 - Benefits increase of 9.3%
 - Full Time Wage increase of 7.6%
 - Part Time Wage increase of 3.4%
 - Total all funds wage and benefit increase of 7.8%
 - 2023 Initial City Manager's Budget change from 2022 Budget
 - Benefits increase of 8.6%
 - Full Time Wage increase of 7.6%
 - Part Time Wage increase of 13.1% due to 2022 addition of a CSO, building inspection intern, and wage increases for all building inspection interns
 - Total all funds wage and benefit increase of 8.0%
- Commodities – All Funds
 - Average change from 2019-2023 Initial City Manager Budget
 - Fuel increase of 7.6%
 - Salt increase of 10.0%
 - Water Treatment Chemicals increase of 16.4%
 - Total all funds commodities increase of 6.0%
 - 2023 Initial City Manager's Budget change from 2022 Budget
 - Fuel increase of 27.1%
 - Salt decrease of 9.7%
 - Water Treatment Chemicals increase of 25.0%
 - Total all funds commodities increase of 15.8%

Blaine Market Value Trends



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- The City has seen steady growth over the last 10 years.
- Even in the last 5 years, Blaine has continued to grow despite the global pandemic and the fluctuation of the current economy.
- Blaine's growth is primarily due to residential and commercial development, which in turn depletes the agricultural spaces.
- 2023 totals are not final yet as we will continue to collect funds throughout the rest of the year.

Anoka County Market Value Trends

Anoka County Taxable Market Value - All Categories

2023

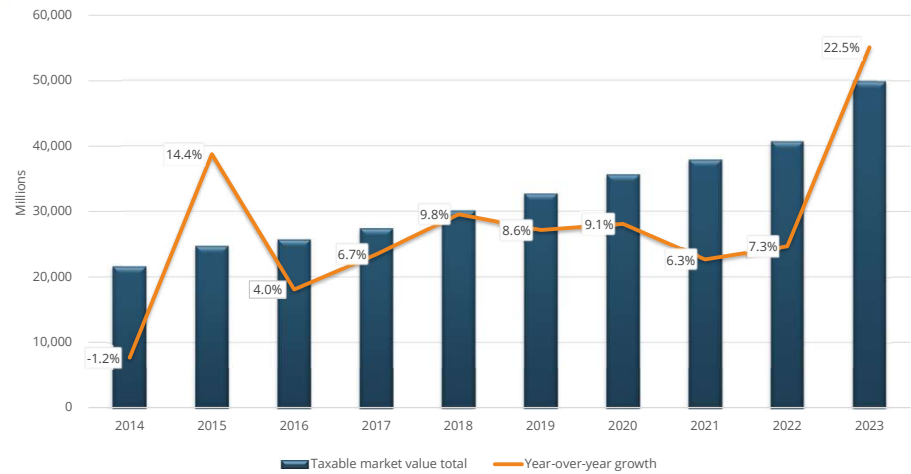
- 15.0% Agriculture
- 24.9% Residential
- 8.7% C/I
- 10.9% Personal
- 22.5% Total

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

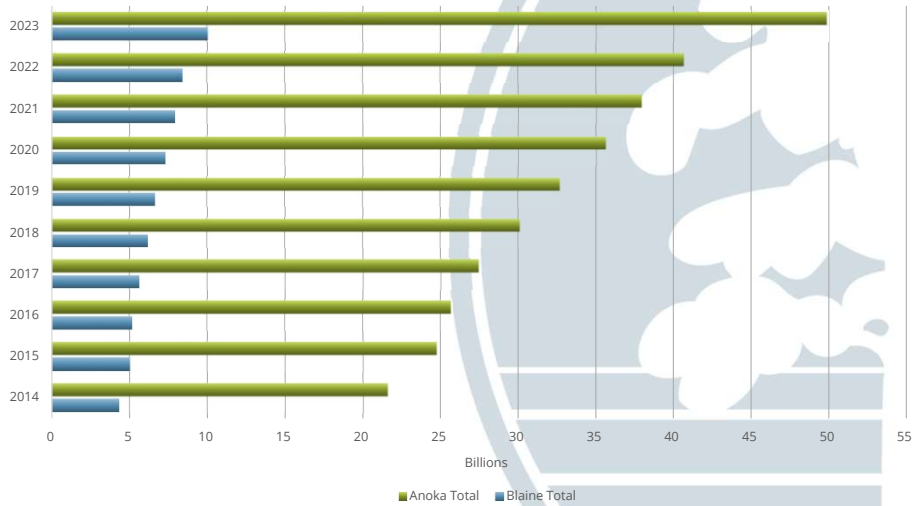


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- Overall, Blaine is a driving force of growth for the County.
- 2023 totals are not final yet as we will continue to collect funds throughout the rest of the year.

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

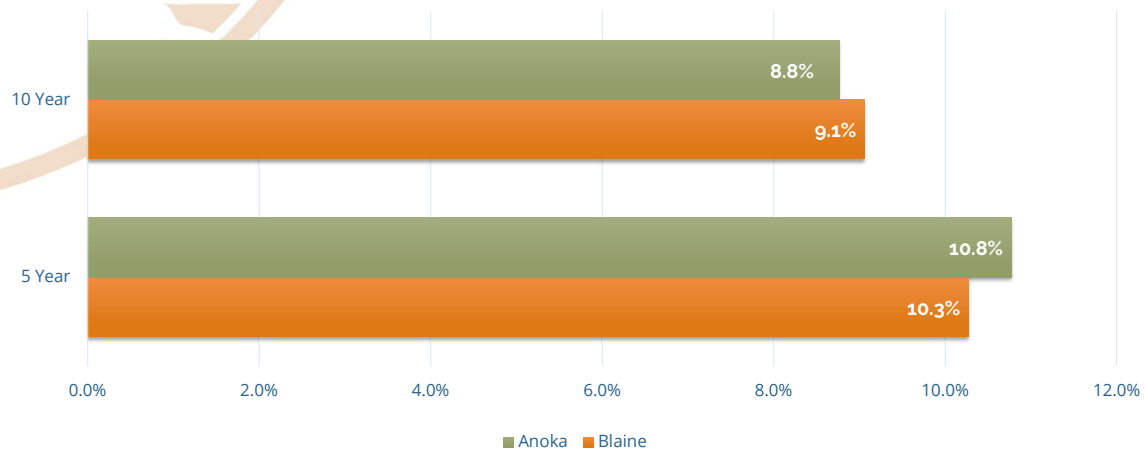
Overall

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

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Market Value Trends

Average Taxable Market Value Growth



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- On average Blaine has maintained a similar growth pattern to that of Anoka County.

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%

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The proposed levy would result in the following increases:

- 7.29% to the General Fund
- 3.33% to the EDA
- 5.38% to the Total Levy



Supplemental Information

Question and Answers | Future Topics

09/07/2022

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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

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Question

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

Title	Operating Expenses			Capital		Offsets	Notes	Net Total Cost
	Wages	Benefits	Expenses	Equipment				
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

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Question

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

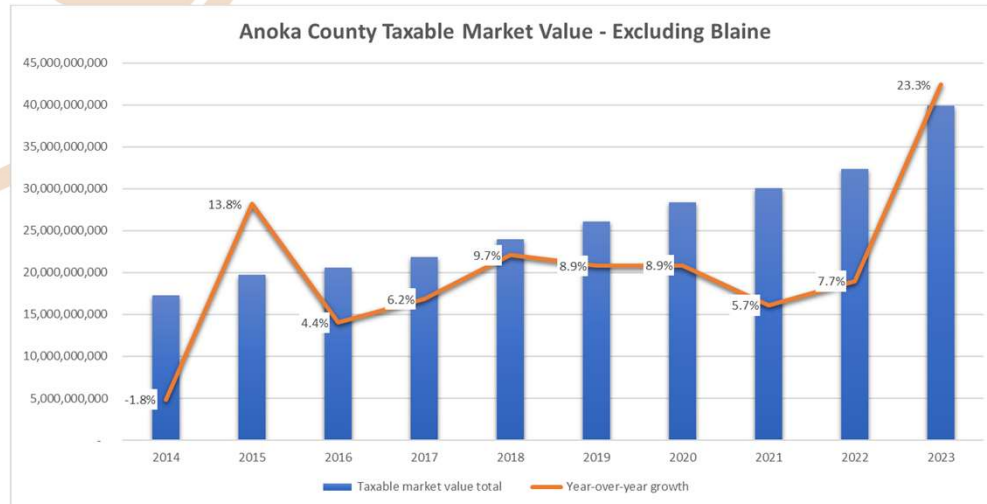


Building Inspections Staffing - 17	
Chief Building Official - 1	
<u>Inspections Staff</u>	<u>Permit Technician Staff</u>
Building Inspector Supervisor - 1	Permit Technician Manager - 1
Senior Building Inspector - 1	Senior Permit Technician - 2
Plumbing/Mechanical Inspector - 1	Permit Technician - 2
Commercial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

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Question

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



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- There are 21 cities and townships in Anoka County, including the City of Blaine.
- The chart shows the year-over-year growth of the County, excluding Blaine's taxable market value.



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%

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- Data received from other metro area cities indicates that the initial proposed levy increase (5%) is lower than the average recommendation of 8% and median of 7%.
- The recommended 5.4% increase is calculated using the City Manager's proposed levy increase.

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			
Tax Rate	Valuation	Adopted Levy	Valuation	CM Initial	Initial + 3%**	Initial + 5%**	
		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

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- Best practice is to adopt a preliminary levy that provides adequate flexibility for the council to react to changing economic conditions and needs of the community. Because the final levy cannot exceed the preliminary levy, staff has prepared a few scenarios for council to consider for a preliminary levy. These scenarios provide adequate opportunity for discussion of council proposed initiatives and inclusion in the 2023 budget and final levy. Staff recommends consideration of the proposed levy + 3% scenario to ensure adequate flexibility.
- The increase over 2022 to the total levy for each of the following scenarios is:
 - 5.4% - City Manager Proposed
 - 8.5% - City Manager Proposed + 3% increase
 - 10.6% - City Manager Proposed + 5% increase

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%

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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?”

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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?

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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

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