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**CITY COUNCIL WORKSESSION**  
**Monday, August 3, 2015 - 6:00 p.m.**  
**Council Chambers**

**Purpose: Budget Presentation**

*(by Powerpoint)*

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# CITY OF ANOKA

**2016 PROPOSED BUDGET AND LEVY**

**6:00 P.M., MONDAY, AUGUST 3, 2015**

# PRESENTATION SCHEDULE



Meeting purpose

Budget process

Budget goals, philosophy and parameters

Highlight proposed 2016 Budget changes compared to 2015 budget

Summarize proposed 2016 Levy

Impact to taxpayers

# What is the purpose of the meeting?



City Charter requirement that City Manager present a proposed budget to Council in August.

Explain budget process and budget goals.

Set the stage for more detailed discussions throughout the next several weeks.

Outline factors affecting 2016 budget.

Highlight major decisions for 2016 budget.

Set budget decision making schedule.

# BUDGET PROCESS



June-July – City Staff reviews needs of City based on previous years budgets and Council directives.

August – Staff presents proposed budget to Council at work sessions for review and direction.

September – Council adopts proposed budget and levy to certify with the County for tax statements.

December – City holds public hearing. If necessary, a continuation hearing may be held. After this, Council adopts the final levy and budget for certification to County.

# What are budget goals?



- Provide quality services
- Provide services that are consistent with Council goals and that are desirable to the Community.
- Plan for the future of the Community to:
  - provide for sound infrastructure
  - insure financial stability
  - preserve character, and
  - protect overall well-being

# BUDGET PHILOSOPHY



- Long-term solutions need to be continued; budget challenges are not short term problems.
- The City should continue supporting core services with property taxes.
- Emphasize providing quality services rather than quantity.
- Reduce reliance on local government aid.
- Continue planning for and following capital and equipment replacement plans.
- Fund balances should be increased whenever possible for long term capital planning, funding and credit considerations.

# 2016 BUDGET PARAMETERS



- Five year capital improvement plan and the equipment replacement plan have been adopted.
- Continue to balance new operating needs with staffing resources.
- Continue to rely on fund balance for transfers to other funds for the next few years.
- Rely on Enterprise funds for future financing possibilities.
- Ability to increase levy without impacting taxpayers as a result of decertification of Tax Increment District in 2015.

# 2016 BUDGET PARAMETERS



- Levy \$6,553,475 – increase of \$841,210  
(99% of capacity)
- Move \$379,650 of Debt service into  
General fund.  
(future levy limits)
- Allocates \$550,000 to capital funds from  
local government aid.  
(capital funding flexibility)
- Adds new police officer  
(foot patrol & rental licensing)
- Includes \$341,000 of capital  
improvements projects in general fund.
- Election year

# HISTORIC LEVY CHANGES



YEAR	LEVY	% CHANGE	TAX RATE
2015	0	0 %	45.01%
2014	(143,840)	(2.46)%	49.84%
2013	(43,000)	(0.73)%	54.01%
2012	0	0 %	50.37%
2011	(83,885)	(1.40)%	43.02%
2010	0	0 %	40.53%
2009	175,445	3.02%	37.69%
2008	187,905	3.34%	37.04%
2007	282,560	5.25%	37.33%
2006	468,278	9.30%	38.74%
2005	93,935	1.96%	37.40%
2004	84,717	1.80%	41.06%
2003	392,917	9.11%	43.90%
2002	335,302	8.43%	40.90%

Difference between most recent seven years and seven years before that is **\$1.9 million**. Recommending capturing only \$841,000 of that.

# PROJECTED LEVY



1<sup>st</sup> CHANGE in levy in SIX years

Assumptions are:

move \$550,000 of LGA to support capital improvements.

increase permit revenues \$83,800

Use (\$1,361,950) of general fund reserves for capital & debt transfers

Available fund balance reserves drop to 37% of expenditures.

# FUTURE PROPOSED LEVY CHANGES



<u>YEAR</u>	<u>LEVY</u>	<u>% CHANGE</u>
<b>2017</b>	<b>378,000</b>	<b>5.8%</b>
Issue debt in 2016 for Street Renewal improvement projects.		
2018	466,000	6.7%
2019	338,000	4.6%
2020	165,000	2.1%

**Assumes levy limits imposed** by state.

**Assumes** using fund balance for transfers for capital through 2018.

# 2016 BUDGET



- Levy \$6,553,475 – (increase of \$841,210, 14.7%).
- Reduce LGA support of general fund by \$550,000 and use those funds for capital (buildings & parks).
- Increase Electric transfers into general fund by \$20,000.
- Use \$1,361,950 of general fund balance for transfers to Garage, Park capital and Debt.

# OVERALL PROPOSED 2016 LEVY



PROPOSED OPERATING LEVY	\$6,397,575
(\$1,073,895 increase)	
SPECIAL LEVY (debt)	<u>\$ 155,900</u>
<b>2016 TOTAL LEVY</b>	<b>\$6,553,475</b>
2015 TOTAL LEVY	<u>\$5,712,265</u>
<b>Total levy change</b>	<b>\$ 841,210</b>

# REVENUE **CHANGES** 2016

## GENERAL FUND



Levy	\$1,073,895
LGA revenue	(520,830)
Other intergovernmental	35,300
Permit revenue	78,800
Fines	(7,750)
Charges for services	(44,800)
Franchise fees	26,000
Other revenues	37,275
Transfers in from other funds	29,000
Fund balance use	<u>1,190,965</u>
Total	\$1,897,855

# EXPENDITURE **CHANGES** 2016

## GENERAL FUND



<b>Salary &amp; Benefits</b>	<b>\$ 185,190</b>
(new police position, 2.5% increase wage, decrease in health savings account contribution, new CM)	
<b>Materials and Supplies</b>	<b>500</b>
<b>Professional Services</b>	<b>76,335</b>
(Information Technology & new phone services)	
<b>Maintenance</b>	<b>71,105</b>
(vehicle maintenance)	
<b>Capital outlay</b>	<b>127,400</b>
<b>Contingency</b>	<b>10,500</b>
<b>Fire</b>	<b>46,175</b>
<b>Transfer out</b>	<b><u>1,380,650</u></b>
(Increases transfers to other funds)	
<b>Total</b>	<b>\$1,897,855</b>
(17.9% increase)	

# 2016 GENERAL FUND BUDGET



**Requested 2016**

**\$12,516,305**

**Includes new position, wage increase, increase in vehicle maintenance, increase in capital, increase in fire for equipment, transfers of \$650,000 for equipment, \$445,000 for park capital and \$379,650 for debt service.**

**2015 budget was \$10,618,450**

# 2016 PROPOSED CITY BUDGETS



	<u>2016 Proposed</u>	<u>2015 Adopted</u>	<u>% Change</u>
General	\$12,516,305	\$10,618,450	18.3 %
Urban Redevelop.	900	1,740	(48.3)
Round Up	41,000	40,000	2.5
Cemetery Care	98,190	106,160	(7.5)
Parking	210,685	185,040	13.9
Lodging	12,780	12,035	6.2
Debt Service	865,340	951,570	(9.1)
Building or Capital	474,070	269,720	75.8
Street Renewal	2,828,660	3,832,575	(26.2)
Park Capital Projects	699,185	250,385	179.2
City TIF	7,474,495	4,260,405	75.4
Electric	26,827,000	29,287,995	(8.4)
Water	1,559,550	1,485,465	5.0
Sewer	2,182,385	2,040,495	7.0
Storm Sewer	228,440	212,090	7.7
Liquor	4,075,860	4,176,780	(2.4)
Golf	982,370	1,011,445	(2.9)
Refuse Collection	106,965	137,905	(22.4)
Recycling	290,430	280,635	3.5
Garage	734,625	690,010	6.5
Information Systems	380,545	309,550	22.9
Insurance	458,655	447,055	2.6
Benefit	34,290	19,130	79.2
HRA	267,225	197,150	35.5
HRA TIF	332,455	729,065	(54.4)
<b>TOTAL</b>	<b>\$63,682,405</b>	<b>\$61,552,850</b>	<b>3.5%</b>

# 2016 BUDGET EXPENDITURE HIGHLIGHTS



- New police position
- Increased seasonal wages per law and for retention
- 2.5% increase in employee wages and 50% decrease in HSA contribution.
- Increased vehicle charges from garage fund.
- Transfer \$650,000 to garage for equipment & \$379,650 for Debt service including Greenhaven debt & \$495,000 for Park capital improvements
- Security improvements – \$125,000
- Charge more CSO time to general fund
- Sign replacements - \$117,000
- Fencing & benches at Sunny Acres - \$20,000
- Six more boat slips Aikin - \$29,000

# 2016 BUDGET HIGHLIGHTS



- HVAC for council meeting room  
\$25,000
- Fire bay floor repair - \$100,000
- Senior Center roof - \$80,000
- New phone system - \$125,000
- Pre-cast cap & parapet walls - \$75,000
- Greenhaven main floor bathroom remodel - \$89,000
- Issue Street Improvement bonds - \$4,000,000 for two additional street renewal projects
- 2016 street renewal - Adams, Brisbin, Eighth.
- Alley improvements
- Transfers to Street renewal fund from Electric \$125,000 annually
- Increase Water rate \$1.50 per month

# 2016 BUDGET HIGHLIGHTS



- Castle Field fencing - \$50,000
- CRTV park - \$50,000
- Utility upgrades near Mississippi River Park - \$130,000
- Riverbank stabilization - \$150,000
- Enclosed dumpster & landscaping Woodbury house - \$30,000
- Retaining wall in alley - \$60,000
- 7<sup>th</sup> Avenue Entrance monument - \$50,000
- Enloe court resurface - \$25,000
- Aquatic Center bottom - \$60,000
- Bonnell irrigation & restoration - \$155,000
- Stone house - \$25,000
- Playground rehab - \$25,000

# HIGHLIGHTS OF TRANSFERS AND OTHER SOURCES



General fund—(transfers in)	\$ 394,000
General fund—(fund balance use)	\$ (1,361,950)
Cemetery—(fund balance use)	\$ (15,960)
Parking—(fund balance use)	\$ (115,015)
Building fund — (Electric financing)	\$ 450,000
Building fund — (LGA)	\$ 500,000
Street Renewal fund—(bond issue)	\$ 4,000,000
Street Renewal fund— (transfers in)	\$ 125,000
Park Capital—(transfer in)	\$ 445,000
Park Capital—(LGA)	\$ 50,000
Aquatic Center—(fund balance use)	\$ (68,900)
Electric — (transfer out)	\$ (510,000)
TIF — (Electric & Enterprise financing)	\$ 4,620,000

# IMPACT TO RESIDENTIAL TAXPAYERS



Tax levy change **\$841,210**

\$675 per year 2015

**\$673 per year 2016**

(based on taxable value of \$180,000)

This is less than the taxes paid on the  
same home **in 2007**

# BUDGET SCHEDULE



## WORKSESSIONS

- August 3, 2014 – 6:00 p.m. to 7:00 p.m.
- August 10, 2014 – 5:00 p.m. to 7:00 p.m.
- August 17, 2014 – 5:00 p.m. to 7:00 p.m.
- August 24, 2014 – 5:00 p.m. to 7:00 p.m.
- (budget wrap up if necessary)

## REGULAR MEETING

- September 8, 2015 – Adopt preliminary levy
- December 7, 2015 – Initial Public Hearing
- December 21, 2015 – Continuation of public hearing (if necessary), Adopt final levy and budget