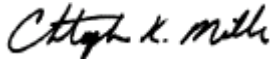


REQUEST FOR COUNCIL ACTION

Date: 11/19/12
Item No.: 12 . b

Department Approval



City Manager Approval



Item Description: Continue Discussions on the 2013 Tax Levy and Budget

BACKGROUND

In 2011, the City Council committed to a 2-year budget process which included the adoption of the 2012/2013 Budget last December. It was noted at the time that State Statute requires cities to formally adopt a budget on an annual basis. As a result, the 2013 portion of the Budget adopted by the Council last year essentially serves as a preliminary budget and planning tool in conjunction with other long-term goal setting and strategic planning processes. The Council will need to formally adopt the final 2013 Budget and Tax Levy in December, 2012.

To date, the City Council has had numerous discussions on the 2013 Tax Levy and Budget. The following table provides an outline of those discussions.

Date	Discussion Topic / Action
Aug 13, 2012	Receive the 2013 City Manager Recommended Budget
Aug 27, 2012	Public Hearing on the 2013 City Manager Recommended Budget
Sep 10, 2012	Receive Updated Recommendations from the CIP Subcommittee
Sep 10, 2012	❖ Adopt Preliminary Tax Levy and Budget ❖ Review Staff Memo on Historical Tax Levy Changes ❖ Review Staff Memo on Cash Reserves ❖ Receive Market Value Report from Ramsey County ❖ Receive Tax Levy Analysis prepared by Mayor Roe
Oct 15, 2012	Review Tax Levy impact items and decisions packages

In addition to continuing discussions on the 2013 Tax Levy and Budget, the Council is also scheduled to review the 2013 Utility Rate and Fee Schedule adjustments at the November 19, 2012 City Council meetings.

A few of these discussions points are briefly revisited below.

2013 Preliminary Tax Levy

The preliminary tax levy for 2013 is \$17,319,826, an increase of \$2,357,532 or 15.8%. Much of the increase can be attributable to prior Council decisions or contractual obligations. The increase can be categorized as follows:

Pre-existing Obligations

Description	Amount
Debt service on Park Renewal bonds	\$ 980,000
Debt service on Fire Station bonds	670,000
Police and Fire Dispatch	31,611
Fire Relief Pension Obligation	45,000
Total	\$ 1,726,611

Items included in the Original 2012/2013 Biennial Budget

Description	Amount
Employee 2% COLA	110,000
Employee Wage Step increases	105,000
Employee pension contributions	21,837
Healthcare Premium increases	55,000
Inflationary increases on supplies, maintenance, etc.	64,084
Total	\$ 355,921

CIP Subcommittee Recommended Items

Description	Amount
Equipment replacement	85,000
IT Equipment replacement	75,000
Street Light replacement	25,000
Total	\$ 185,000

New Considerations

Description	Amount
Human Resources Information System	40,000
Implement Compensation Study results	50,000
Total	\$ 90,000

Based on the preliminary tax levy, a median-valued home would pay \$5.18 per month more in 2013 than they did in 2012. Each of these categories was reviewed in greater detail in the form of decision packages at the October 15, 2012 Council meeting.

For each \$100,000 reduction in the tax levy increase, there will be a savings of \$0.41 per month for a median-valued home.

The Council has also adopted a preliminary HRA Levy of \$698,471, an increase of \$344,971. This is expected to have an added impact of \$1.28 per month for a median-valued home.

2013 Preliminary Budget

The 2013 City Manager Recommended Budget for the tax-supported programs is \$21,832,042, an increase of \$2,363,482 or 12.1%. The majority of this increase (\$1,650,000) is for added debt payments related to the 2011 and 2012 Bonds issued for the new fire station and Park Renewal Program.

The City Manager Recommended Budget for the non tax-supported programs is \$23,653,968, an increase of \$1,621,774 or 7.4%. The increase is due to added cost of wholesale water purchase from the City of St. Paul and wastewater treatment charges from the Met Council, as well as general inflationary increases. It also includes an additional staff position for the License Center and Information Technology divisions. Both of these positions are funded by non-tax revenue sources.

2013 Preliminary Capital Improvement Plan (CIP) Budget

Under separate action, the City Council will be asked to formally accept the reports and recommendations submitted by the Capital Improvement Plan (CIP) Subcommittee at the November 19, 2012 City Council meeting. In accordance with those recommendations, the 2013 Preliminary Budget includes an appropriation in the budget for the 2013 scheduled items listed in the CIP.

A listing of the 2013 CIP scheduled for purchase is included in *Attachment A*. It should be noted, that the items listed in the CIP will not equate to the funding amount included in the annual Budget. The annual Budget represents the amount set aside each and every year to provide for capital replacements over the long-term. In contrast, the CIP represents that actual schedule of capital purchases.

Using Cash Reserves

On several previous occasions there has been discussion on the merits of using cash reserves to provide for capital replacements or other purposes. The memo referenced above and included in the Council's 9/10/12 packet addresses the role and relationships these reserves have with the City's long-term financial success.

There has also been discussion about the merits of using operational savings from the 2012 fiscal year and applying it to 2013 thereby allowing for a reduction in the 2013 Preliminary Tax Levy. However, this is problematic for a couple of reasons. First, while the accuracy of projected operational savings improves as the City nears its fiscal year-end, unforeseen events can take place in the final weeks and months that can erode or significantly diminish those projections. This may include snow or ice-related events that require additional supplies, materials, and overtime. Or higher-than-expected police and fire calls which also require additional supplies and personnel-related costs. It also might include reductions from the City's property tax collections due to delinquencies or valuation appeals which aren't fully known until January of the following year.

A second consideration stems from the commitment the City Council made when it instituted a 2-year budget process. At the time, it was assumed that any operational savings in year 1 (2012) would be available for year 2 (2013). This allowed City Staff the added flexibility to respond to unforeseen circumstances and take advantage of pricing discounts and other opportunities by moving a portion of the money from one year to the next. In some cases, departments have already taken measures to create operational savings in 2012 with the knowledge that these monies will be needed to offset higher-than-expected increases in 2013.

The 2013 City Manager Recommended Budget reflected this reality, by removing nearly \$100,000 in additional funding requests that had been submitted by Department Heads – in exchange for the ability to retain and use 2012 operational savings.

A summary of the projected cash reserves for December 31, 2012 is included in Attachment B.

95
96 Staff will be available at the Council meeting to address any Council inquiries.

97 **POLICY OBJECTIVE**
98 Not applicable.

99 **FINANCIAL IMPACTS**
100 See above.

101 **STAFF RECOMMENDATION**
102 Not applicable.

103 **REQUESTED COUNCIL ACTION**
104 For information purposes only. No formal Council action is necessary.

105
Prepared by: Chris Miller, Finance Director
Attachments: A: CIP Items scheduled to be purchased in 2013.
B: Estimated cash reserves as of December 31, 2012

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Vehicles	Police	Marked squad replacement (5)	\$ 143,145	Tax Levy
Vehicles	Police	Unmarked vehicles (2)	45,320	Tax Levy
Vehicles	Police	Community Relations vehicle	22,000	Tax Levy
Vehicles	Fire	First out medic unit	45,000	Tax Levy
Vehicles	Fire	Utility foam - transport/trailer	25,000	Tax Levy
Vehicles	Fire	Refurbish ladder truck	45,000	Tax Levy
Vehicles	Engineering	Project Coordinator vehicle	35,000	Tax Levy
Vehicles	Streets	Replace Vehicle #124	125,000	Tax Levy
Vehicles	Streets	Replace Vehicle #141 asphalt roller	16,000	Tax Levy
Vehicles	Streets	Replace Vehicle #144 3-ton dump	159,000	Tax Levy
Vehicles	Streets	Replace Vehicle #158 trash vacuum	15,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #529, 3/4 ton	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #507, 3/4 ton	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #523, 3/4 ton with plow	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #534, field liner	25,000	Tax Levy
Vehicles	Water	Replace zero turn mower (1/4)	5,000	Water Fees
Vehicles	Water	Self propelled paver (1/4)	25,000	Water Fees
Vehicles	Sanitary Sewer	Replace zero turn mower (1/4)	5,000	Sanitary Sewer Fees
Vehicles	Sanitary Sewer	Self propelled paver (1/4)	25,000	Sanitary Sewer Fees
Vehicles	Storm Drainage	Replace zero turn mower (1/4)	5,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace trash vacuum	20,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace Vehicle #147, 2-ton dump	155,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace Vehicle #145, 3-ton dump	159,000	Storm Drainage Fees
Total Vehicles			\$ 1,204,465	

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Equipment	Administration	Voting equipment	\$ 60,000	Tax Levy
Equipment	Police	Computer equipment	6,000	Tax Levy
Equipment	Police	Office furniture	2,000	Tax Levy
Equipment	Police	Microwave	1,000	Tax Levy
Equipment	Police	Squad conversion	15,000	Tax Levy
Equipment	Police	Outdoor warning siren	5,000	Tax Levy
Equipment	Police	New K-9	10,000	Tax Levy
Equipment	Police	Non-lethal weapons	1,500	Tax Levy
Equipment	Police	Long-gun parts	3,000	Tax Levy
Equipment	Police	Sidearm parts	2,000	Tax Levy
Equipment	Police	Tactical gear	5,000	Tax Levy
Equipment	Police	SWAT vests	6,000	Tax Levy
Equipment	Police	Defibrillators	1,500	Tax Levy
Equipment	Police	Shredder	1,500	Tax Levy
Equipment	Police	Radar units	4,000	Tax Levy
Equipment	Police	Stop sticks	1,000	Tax Levy
Equipment	Police	Rear transport seats	2,625	Tax Levy
Equipment	Police	Control boxes	2,500	Tax Levy
Equipment	Police	Visibars	8,000	Tax Levy
Equipment	Police	Radio equipment	15,000	Tax Levy
Equipment	Police	Emergency Management exercises	15,000	Tax Levy
Equipment	Fire	Firefighter turnout gear	52,800	Tax Levy
Equipment	Fire	AED's	8,000	Tax Levy
Equipment	Fire	Camera for fire rescue	9,500	Tax Levy
Equipment	Fire	Water-related response	6,000	Tax Levy
Equipment	Fire	Air monitoring equipment	5,000	Tax Levy
Equipment	Engineering	Office furniture	10,000	Tax Levy
Equipment	Streets	Replace Unit #169 zero turn mower (1/4)	3,000	Tax Levy
Equipment	Streets	Sign equipment/plotter/cutter/signs	25,000	Tax Levy
Equipment	Park Maintenance	MainTrac software	25,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #551 mower	50,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #531 mower	50,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #547 tractor	25,000	Tax Levy
Equipment	Skating Center	Replace Zamboni	115,000	Tax Levy
Equipment	Skating Center	OVAL Boiler	15,000	Tax Levy

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Equipment	Skating Center	Bandy shelters	15,000	Tax Levy
Equipment	Skating Center	Perimeter fence pads	65,000	Tax Levy
Equipment	Skating Center	Black divider pads	12,000	Tax Levy
Equipment	Skating Center	Arena Scoreboard - Large	30,000	Tax Levy
Equipment	Communications	Audio equipment for Council Chambers	70,000	Cable Franchise Fees
Equipment	Information Technology	Computers, monitors, servers, etc.	173,350	Tower Rentals, Tax Levy
Equipment	Water	Water meters, AMR system	350,000	Water Fees
Equipment	Storm Drainage	Self propelled paver (1/4)	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #115 flair mower	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #110 leaf machine	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #168 compost turner	100,000	Storm Drainage Fees
Equipment	Storm Drainage	Walsh Lift Station repairs	45,000	Storm Drainage Fees
Equipment	Golf Course	Greens covers	5,000	Golf Course Fees
Equipment	Golf Course	Tee mower, zero turn	20,000	Golf Course Fees
Equipment	Golf Course	Turf equipment, mowers	20,000	Golf Course Fees
Total Equipment			<u>\$ 1,547,275</u>	

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Bldgs & Infrastructure	General Facilities	Replace PW Garage heaters	\$ 20,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Replace City Hall carpetting	20,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Rehab City Hall roof (old portion)	60,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Central Park gymnasium improvements	4,500	Tax Levy
Bldgs & Infrastructure	General Facilities	Gymnastics Center improvements	10,000	Tax Levy
Bldgs & Infrastructure	Street Lighting	Replace streetlight fixtures	25,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Replace fuel management system	50,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Lubricating filling heads, hose, reel	6,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Vehicle analyzer update	1,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Replace custom vehicle lifts	2,000	Tax Levy
Bldgs & Infrastructure	Skating Center	Arena rubber flooring in changing area	8,000	Tax Levy
Bldgs & Infrastructure	Skating Center	OVAL garage doors (2)	12,000	Tax Levy
Bldgs & Infrastructure	Pathways	Pathway Maintenance	175,000	Tax Levy
Bldgs & Infrastructure	Pavement Mangement	Mill & Overlay	900,000	Interest earnings, reserves
Bldgs & Infrastructure	Pavement Mangement	MSA Street Construction / Overlay	1,000,000	MSA Funds
Bldgs & Infrastructure	Park Improvements	Park Renewal Program	5,169,370	Bond Proceeds (Tax Levy)
Bldgs & Infrastructure	Water	Water system improvements	600,000	Water Fees
Bldgs & Infrastructure	Water	Booster station improvements	128,000	Water Fees
Bldgs & Infrastructure	Sanitary Sewer	Sanitary Sewer improvements	700,000	Sanitary Sewer Fees
Bldgs & Infrastructure	Sanitary Sewer	I & I reduction, Lift station repairs	175,000	Sanitary Sewer Fees
Bldgs & Infrastructure	Storm Drainage	Pond Improvements, sewer replacement	600,000	Storm Drainage Fees
Bldgs & Infrastructure	Golf Course	Sidewalk, exterior repairs	7,000	Golf Course Fees
Bldgs & Infrastructure	Golf Course	Clubhouse furniture, carpetting, flooring	12,000	Golf Course Fees
Bldgs & Infrastructure	Golf Course	Replace furnace / AC	18,000	Golf Course Fees
Total Buildings & Infrastructure			\$ 9,702,870	

Total - All 2013 CIP Items \$ 12,454,610 **

** The Original 2013 CIP Items to expand the geothermal system to the PW Building (\$400,000), and new Pathway Construction (\$300,000) were removed due to lack of funding.

City of Roseville
Cash Reserve Levels

Attachment B

Operating Funds

<u>Fund</u>	<u>2011</u>	<u>Estimated 2012</u>	<u>Target Pct.</u>	<u>Actual Pct.</u>	<u>\$\$ Over (Under)</u>	<u>\$\$ Amount Unrestricted</u>
General	\$ 5,864,386	\$ 5,964,386	40%	48%	\$ 999,707	\$ 5,864,386
Parks & Recreation	321,089	346,089	25%	9%	(630,127)	346,089
Community Development	163,163	173,163	40%	16%	(247,451)	-
Communications	521,444	532,444	20%	145%	459,097	-
Information Technology	109,199	101,199	20%	8%	(148,447)	101,199
License Center	598,391	657,391	20%	58%	431,286	657,391
Water	-	-	50%	0%	(3,501,375)	-
Sanitary Sewer	1,694,303	1,792,303	50%	37%	(626,546)	-
Storm Sewer	2,614,527	2,599,527	50%	136%	1,644,558	-
Recycling	136,342	157,342	50%	30%	(105,104)	-
Golf Course	\$ 391,242	\$ 375,242	50%	91%	\$ 168,167	\$ 375,242
Total	\$ 12,414,086	\$ 12,699,086			\$ (1,556,234)	\$ 7,344,307

Capital Replacement Funds

<u>Fund</u>	<u>2011</u>	<u>2012</u>	<u>Target Pct.</u>	<u>Actual Pct.</u>	<u>\$\$ Over (Under)</u>	<u>\$\$ Amount Unrestricted</u>
Police Vehicles & Equipment	\$ 133,242	\$ 141,242	n/a	n/a	n/a	\$ 141,242
Fire Vehicles & Equipment	368,041	377,041	n/a	n/a	n/a	\$ 377,041
Parks & Rec Vehicles & Equipment	25,358	39,358	n/a	n/a	n/a	\$ 39,358
Public Works Vehicles & Equipment	204,329	220,329	n/a	n/a	n/a	\$ 220,329
Central Svcs. Equipment	93,928	24,928	n/a	n/a	n/a	\$ 24,928
Vehicle Replacement	-	-	n/a	n/a	n/a	\$ -
Fire Vehicle Replacement	-	-	n/a	n/a	n/a	-
Equipment Replacement	-	-	n/a	n/a	n/a	-
Building Replacement	576,280	658,280	n/a	n/a	n/a	658,280
PIP	322,823	351,823	n/a	n/a	n/a	-
Street Replacement	\$ 12,829,107	\$ 12,788,107	n/a	n/a	n/a	\$ 12,788,107
Total	\$ 14,553,108	\$ 14,601,108				\$ 14,249,285

Citywide Total \$ 26,967,194 \$ 27,300,194

\$ 21,593,592