ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 09/14/09
Item No.: 12.d

Department Approval | City Manager Approval

Item Description: Adopt Resolutions Adopting the 2010 Preliminary Tax Levy and Budget

BACKGROUND

State Statute requires all cities in excess of 2,500 in population, to adopt a preliminary tax levy and budget by September 15th for the upcoming fiscal year. The preliminary levy is certified to the County, who in turn uses the information to prepare truth-in-taxation notices for individual property owners. Once the preliminary levy is adopted it can be lowered, but not increased. The Final 2010 levy and budget is scheduled to be adopted in December.

Because the 2010 Budget process is expected to continue over the next few ore months, the City Council is asked to adopt a preliminary levy based on aggregate City needs. Before looking at those needs however, it is helpful to revisit the 2009 Budget for comparison purposes.

The 2009 Citywide Budget was $37.5 million. The total budget for those programs that are supported in full, or in part, by property taxes was $17,973,195 million. These programs have non-tax revenues in the amount of $4,834,335, necessitating a tax levy of $13,138,860.

For discussion purposes, the City's budgetary needs within the tax-supported funds have been placed into three separate categories. They include:

- Priority 1: Compliance with Federal or State mandates
- Priority 2: Compliance with City Code or contractual obligations
- Priority 3: Discretionary expenditures

Using the current budget, these needs can be categorized as follows:

Priority 1: Compliance with Federal or State mandates

Expenditures	$ 2,357,675
Less Program Revenues	(885,000)
Net Tax Levy Obligation	$ 1,472,675

Priority 2: Compliance with City Code or Contractual Obligations

Expenditures	$ 3,933,515
Less Program Revenues	(622,400)
Net Tax Levy Obligation	$ 3,311,515

Priority 3: Discretionary Spending

Expenditures	$ 11,682,005
Less Program Revenues	(3,326,935)
Net Tax Levy Obligation	$ 8,355,070

As noted above, the expenditures for the property tax-supported programs are $17,973,195. Of this amount, only $11.7 million, or 65% can be considered discretionary spending. $6.3 million is needed just to satisfy all mandates.

This is an important distinction because the City must adhere to established service standards for mandated or required services. Attempting to reduce costs or ignoring inflationary impacts could result in the City failing to meet its statutory or legal obligations. As a result, the City must continue to allocate additional (i.e. inflationary) dollars in subsequent fiscal years to ensure that it meets these obligations. Absent an increase in non-tax revenues, these additional dollars must come in the form of new property taxes, or from monies that are reallocated from discretionary programs.

2010 Tax Levy Needs

The City lost $200,000 and $422,000 in market value homestead credit (MVHC) aid in 2008 and 2009 respectively. This resulted in the draw down of General Fund reserves, reduced staffing, and delayed replacement of equipment. For 2010, the City expects to lose $450,000 in MVHC. The mechanics by which this occurs is straightforward: Once the City sets its 2010 Levy, the State of MN will reduce that levy by $450,000. Therefore, in order to achieve a balanced budget, the City needs to establish a levy that is $450,000 higher than the adopted budget.

Staff Recommendation #1: For 2010, it is recommended that the Council set the 2010 Levy $450,000 higher than what is needed to balance the budget.

For 2010, it is projected that the City will require $453,000 in new monies just to continue meeting all federal and state mandates and contractual obligations (priority categories #1 and 2). This includes the following:

Debt service for the Arena refrigeration project	$ 100,000
Fire Relief pension obligation	250,000
Elections	50,000
Police and Fire dispatching	30,000
Janitorial, legal, and auditing contracts	13,000
Police, Fire, and Finance software maintenance	10,000
	$ 453,000

Staff Recommendation #2: For 2010, it is recommended that the Council set aside $453,000 in new monies to ensure the City meets all statutory and contractual obligations.

The City must take measures to begin funding its vehicle, equipment, and computer replacement programs at sustainable levels. For 2009, 100% of all vehicle and equipment replacement funding was eliminated. The 2010-2019 Capital Investment Plan identified an annual funding need of $900,000 for vehicles and equipment. Under current levy limits, the City is precluded from re-establishing funding at this level. However, governmental best practices would dictate that the City establish funding at some level accompanied by a plan on how it will achieve fully-sustainable funding in the future.

Staff Recommendation #3: For 2010, it is recommended that the Council set aside $500,000 in new monies for vehicles and equipment replacements.

It is estimated that the City has absorbed approximately $300,000 in inflationary-type costs over the past two years in its supplies, materials, maintenance, training, and other budgets. These inflationary-type costs can vary widely among the hundreds of service inputs the City relies on each and every day.

Absorbing these costs has resulted in reduced street and park maintenance efforts, delayed replacement of police and fire equipment, as well as other operational changes. Continuing to ignore these inflationary impacts will result in a permanent reduction in service levels. These inflationary-type impacts, as shown in general categories, include:

Street maintenance materials	$ 80,000
Diseased and hazardous tree removal	50,000
Vehicle supplies	25,000
Facility supplies and small repairs	40,000
Professional services (street striping, trash pickup, weed control, etc)	35,000
Telephone services	15,000
Postage and printing	10,000
Office and other operating supplies	20,000
Training and Staff Development	25,000
	$ 300,000

Staff Recommendation #4: For 2010, it is recommended that the Council set aside $300,000 in new monies to offset inflationary impacts from the past couple of years.

The Council is reminded that the figures noted above are <u>not</u> recommended budget items for 2010. They are merely designed to show the general need for tax levy dollars.

2010 Budget

As noted above, the 2010 Budget process is expected to continue for the next few months. Therefore, the Council is asked to adopt a preliminary budget that merely sets forth a tentative spending plan based on the levy recommendations outlined above as well as preliminary fee-based budgets that will be subject to subsequent Council review. A resolution adopting a preliminary budget is attached.

The Council is reminded that the preliminary budget can be amended up or down before making any final spending decisions.

POLICY OBJECTIVE

Adopting a preliminary budget and tax levy is required under Mn State Statutes.

FINANCIAL IMPACTS

Based on the Staff recommendations noted above, the 2010 preliminary, not-to-exceed tax levy would be $14,941,860, an increase of $1,803,000 or 14%. With this increase, a typically-valued home would pay approximately $57 per month. This represents an increase of $8.60 per month or 18%. In exchange, residents receive 24x7x365 police and fire services, well maintained streets, and a full offerring of parks and recreation programs and facilities.

$57 per month is comparable to the monthly cost for cable or satellite tv, telephone/mobile phone, gas, electric, and some broadband internet connections.

STAFF RECOMMENDATION

Staff Recommends the Council adopt the 2010 Preliminary Budget and Tax Levy as outlined in this report and in the attached resolutions.

REQUESTED COUNCIL ACTION

The Council is asked to take the following separate actions:

a) Motion to approve the attached Resolution to adopt the 2010 Preliminary Tax Levy
b) Motion to approve the attached Resolution to adopt the 2010 Preliminary Debt Levy
c) Motion to approve the attached Resolution to adopt the 2010 Preliminary Budget

Prepared by: Chris Miller, Finance Director
Attachments: A: Resolution to adopt the 2010 Preliminary Tax Levy
B: Resolution to adopt the 2010 Preliminary Debt Levy
C: Resolution to adopt the 2010 Preliminary Budget

EXTRACT OF MINUTES OF MEETING OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE

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Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 14th day of September, 2009 at 6:00 p.m.

The following members were present: and , and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION

RESOLUTION SUBMITTING THE PRELIMINARY PROPERTY TAX LEVY ON REAL ESTATE TO THE RAMSEY COUNTY AUDITOR FOR THE FISCAL YEAR OF 2010

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, as follows:

The City of Roseville is submitting the following tax levy on real estate within the corporate limits of the City to the County Auditor in compliance with the Minnesota State Statutes.

Purpose	Amount
Programs & Services	$ 12,861,860
Debt Service	1,980,000
Total	$ 14,841,860

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof: and , and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 14th of September, 2009 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 14th day of September, 2009

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William J. Malinen
City Manager

Seal

EXTRACT OF MINUTES OF MEETING OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE

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Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 14th day of September, 2009 at 6:00 p.m.

The following members were present:
, and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _____________

RESOLUTION DIRECTING THE COUNTY AUDITOR TO ADJUST THE APPROVED TAX LEVY FOR 2010 BONDED DEBT

WHEREAS, the City will be required to make debt service payments on General Improvement Debt in 2010; and

WHEREAS, there are reserve funds sufficient to reduce the levy for General Improvement Issues Series 2003A, and 2004A, 2009A, and 2009B; and additional amounts are needed for Series 1994A; and

WHEREAS, General Improvement Issues Series 22 has been defeased and is no longer outstanding; and series 23 has been refunded and replaced with series 2004A and series 25 has been refunded and replaced with series 2009B.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, that

The Ramsey County Auditor is directed to change the 2010 tax levy for General Improvement Debt by $84,533.56 from that which was originally scheduled upon the issuance of the bonds, which is being paid by debt service reserves or are for debt issues no longer outstanding.

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 14th day of September, 2009, with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 14th day of September, 2009.

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William J. Malinen
City Manager

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EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

*** * * * * * * * * * ***

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 14th day of September 2009 at 6:00 p.m.

The following members were present:
and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION ______________

RESOLUTION ADOPTING THE PRELIMINARY 2010 ANNUAL BUDGET FOR THE CITY OF ROSEVILLE

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, as follows:

The City of Roseville's Budget for 2010 in the amount of $38,755,745, of which approximately $19,000,000 is designated for the property tax-supported programs, be hereby accepted and approved

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 14th day of September, 2009, with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 14th day of September, 2009.

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William J. Malinen
City Manager

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