



City of New Hope

2012 Budget Public Hearing

City Council Meeting

Presentation

December 5, 2011



THE CITY OF NEW HOPE



Presentation Outline

- ★ Budget process review
- ★ Budget calendar review
- ★ Present preliminary general tax levy
- ★ Review specific tax levy detail
- ★ Implementation of property tax levy limits
- ★ Local Government Aid (LGA) review



Budget Process Review

☀ September 12, 2011

- Present 2012 preliminary tax supported budgets
- Present 2012 preliminary tax levy (note limits to levy)

☀ October 3, 2011

- Council work session with city manager, AEM, department heads

☀ December 5, 2011

- Public input meeting

☀ December 2011

- Present approved budgets and tax levy – Final meeting December 12, 2011
- Certify final levy to Hennepin County Auditor and Department of Revenue



2012 Budget Initiatives

☀ Key points:

- 0% levy increase from 2011
- All sources of state funding (LGA and MVHC) eliminated as revenue sources
- Continue to provide existing services and programs with reduced resources
- No new staffing positions are budgeted and cross-training as well as organizational review will continue
- Continue contract for financial services with AEM; continue with long-range planning and other improvements
- No cost of living adjustment or increase in health insurance costs included; however, compensation plan adjustments will be implemented



2012 Budget Initiatives

★ Key points:

- Police and fire operations are high priority, mobile radios to be replaced
- West Metro Fire District issues will either need to be resolved or other options considered and implemented (fire capital fund established)
- Emergency preparedness is a high priority and CERTS program implementation to continue
- Property maintenance and redevelopment are high priorities; especially city center area
- Infrastructure and environmental improvements will continue; 8-inch watermain replacement near 169 between Bass Lake Road and 62nd Avenue



2012 Budget Initiatives

★ Key points:

- Complete ice arena project and maintain parks/recreation facilities and programs serving all age groups in cost-effective manner; Civic Center Park play equipment replacement is scheduled
- Continue Emerald Ash Borer program on public property and continue invasive species (Buckthorn) removal program in parks
- 2012 election to be conducted
- Phone system replacement
- Encourage public participation and recognition, conduct community events and build sense of community
- Participate in local performance measure program that solicits feedback from residents and businesses on the delivery of services



THE PROPOSED TAX LEVY

Program or service	Adopted	Requested	2011 to 2012	
			Increase (Decrease)	% Change
Base Levy				
General fund	\$ 7,085,735	\$ 7,452,622	\$ 366,887	0.05 %
Street Improvements	1,182,500	1,182,500	-	-
Park Improvements	296,000	296,000	-	-
Bassett Creek Watershed	23,440	25,533	2,093	0.09
Shingle Creek Watershed	28,080	25,273	(2,807)	(0.10)
Economic Development Authority	85,000	85,000	-	-
Special Levy				
MVHC/LGA Unallotment	335,870	-	(335,870)	-
Debt Service				
G.O. Taxable Bonds of 1996	38,005	-	(38,005)	-
2010 Fire Truck Certificates	154,100	161,802	7,702	0.05
Total Property Taxes	\$ 9,228,730	\$ 9,228,730	\$ (0)	(0.00) %



Property Tax Relief Programs

- State provides direct property tax relief to taxpayers
 - Targeting – If increase is more than 12% and more than \$100. Contact MN Dept of Revenue 651-296-4444. <http://www.taxes.state.mn.us>
 - Homeowners' refund – If property taxes are in excess of a percent of income, file an M-1PR
 - Renters' circuit breaker – same as homeowners' but for renters, file an M-1PR



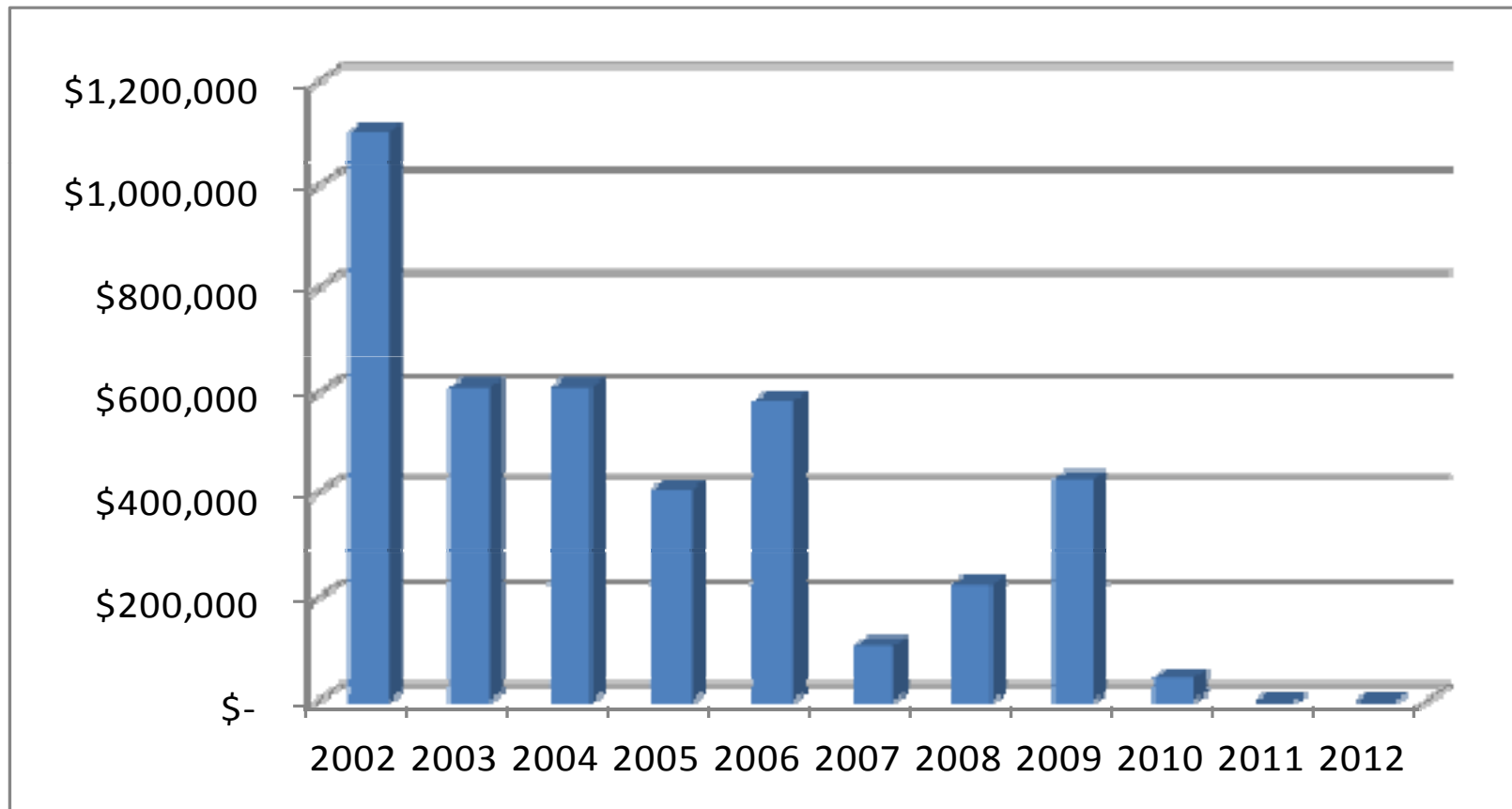
2011 Legislative Session Impacts

- No levy limits
- 2012 LGA allotment limited to 2011 (approx \$43k)
- MVHC program changed to be a reduction in tax capacity of residential. Will shift burden to other classes.



2012 LGA

Compared with Last Ten Years





MV Exclusion – Tax base composition

- ★ Unique mix of different property types will determine how much tax burden shifts
- ★ Larger portion of lower-value homesteads will mean more shifting
- ★ Maximum exclusion is for homes valued at \$76,000 or less
- ★ Exclusion phases out as home value grows
- ★ No exclusion at all for homes over \$413,800
- ★ Remember county and school taxes will shift as well



Key Points - MV Exclusion

- ★ Current MVHC program is eliminated beginning with taxes payable 2012
- ★ New MV Exclusion program begins for taxes payable 2012
- ★ ALL cities will see an increase in the city tax rate even if levies stay flat
- ★ The shifting effects are similar to what would happen if the MVHC program continued at \$0 funding level



City Tax Rate for the Past 8 Years

	<u>Rate</u>	<u>Change</u>
2005 City Tax Rate	46.086	
2006 City Tax Rate	42.098	-8.65%
2007 City Tax Rate	42.101	0.01%
2008 City Tax Rate	41.930	-0.41%
2009 City Tax Rate	41.062	-2.07%
2010 City Tax Rate	45.741	11.39%
2011 City Tax Rate	48.941	7.00%
2012 City Tax Rate - Estimated	54.940	12.26%



Tax Capacity Information

- ★ 2012 Tax levy impact will vary by property type
- ★ Commercial and Industrial properties have higher tax rates than Residential and Apartment properties
- ★ Tax impact is based on estimated market value
- ★ Parcel specific tax estimates prepared by county



Summary of 2011 Assessors Report

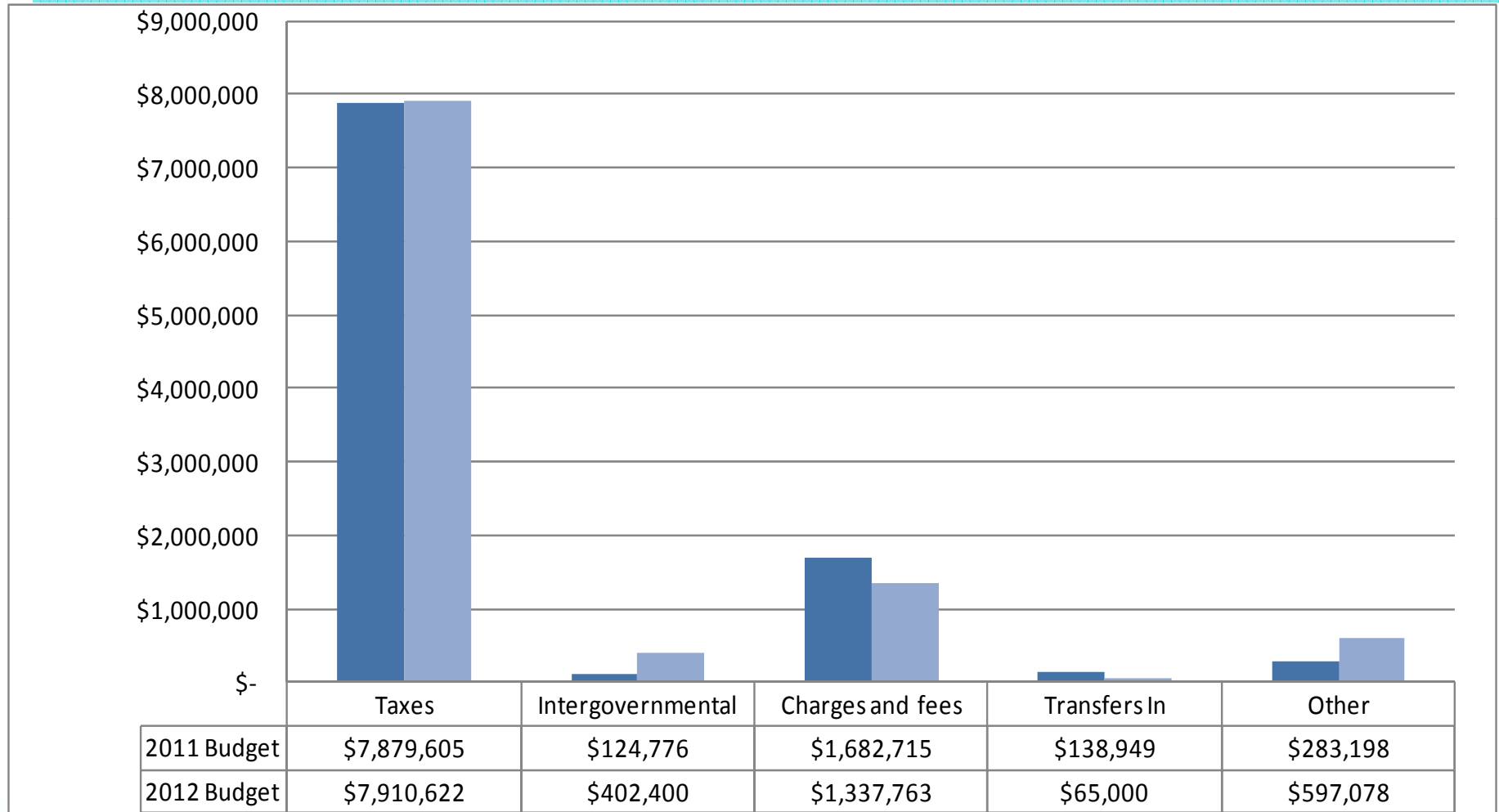
New Hope Tax Capacities

Property Type	2010 Pay 2011	2011 Pay 2012	Percent Decrease
Commercial	\$ 1,545,053	\$ 1,507,781	-2.41%
Industrial	4,861,413	4,780,289	-1.67%
Apartment	2,269,881	2,254,591	-0.67%
Residential	9,786,449	8,154,063	-16.68%
Total	<u>\$ 18,462,796</u>	<u>\$16,696,724</u>	<u>-9.57%</u>



General Fund Revenues

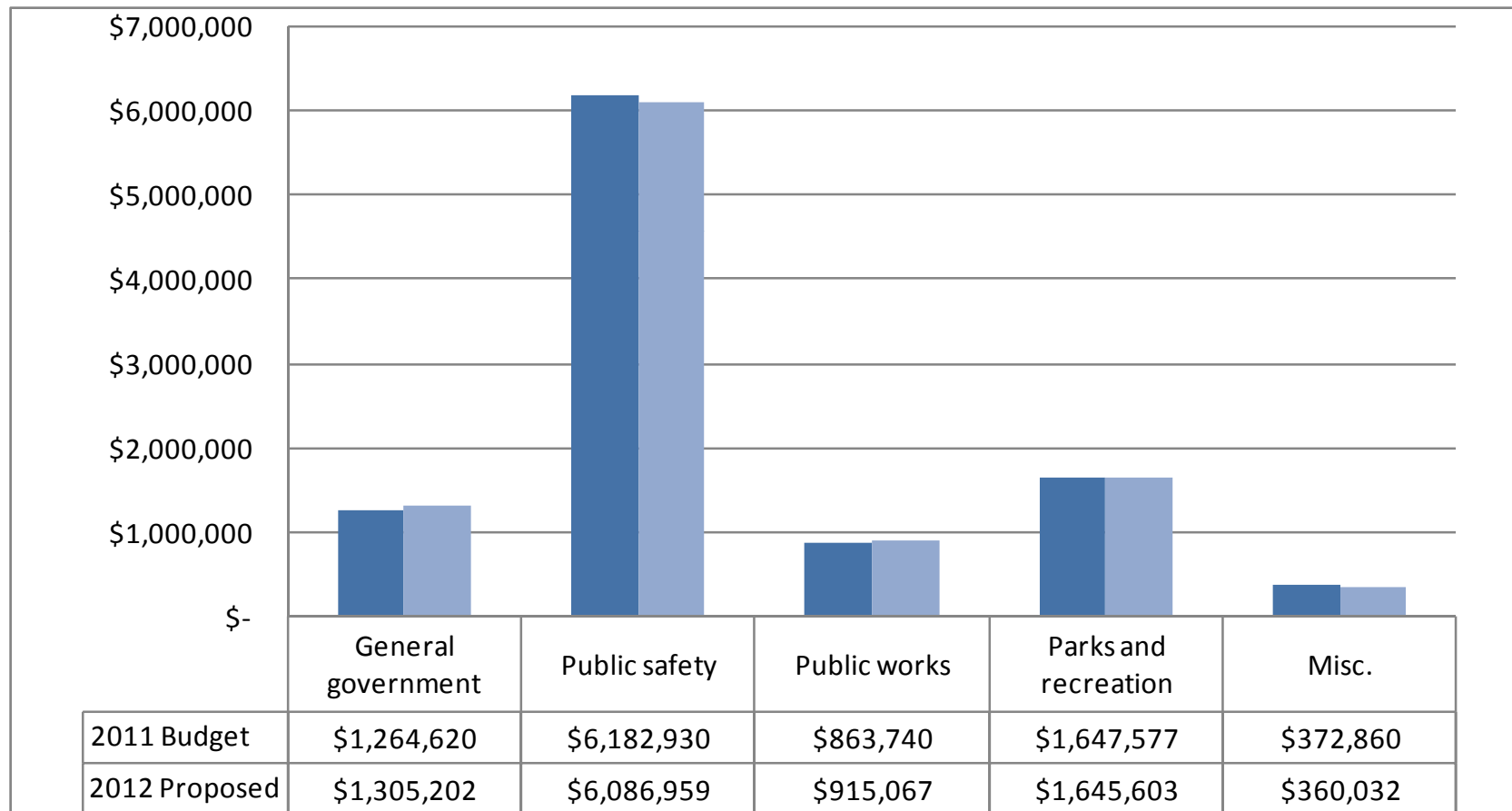
2011 Amended Budget & 2012 Preliminary Budget





General Fund Expenditures

2011 Amended Budget & 2012 Preliminary Budget





Current budget summary

- Fund balance maintains at 43% of expenditures if this budget is maintained
- Overall levy increase is 0%. Prior year preliminary increase was 2.87% and final was 1.50%
- No State Aid through LGA or MVHC is Budgeted



2012 Budget

- ★ Council and staff will continue to review budgets and programs
- ★ Tax supported and rate supported budgets will be reviewed and finalized
- ★ Final document will be submitted for adoption by Council on December 12, 2011
- ★ Budget document also available at city hall
 - 763-531-5117 (city clerk)
 - cityhall@ci.new-hope.mn.us