



# City of New Hope 2010 Recommended Budget

City Council Meeting  
Presentation  
November 30, 2009

THE CITY OF NEW HOPE



# Presentation Outline

- ★ Budget process review
- ★ Present property tax levy
- ★ Local Government Aid (LGA) review
- ★ Review of tax rates
- ★ Property and market value review
- ★ Program priorities for 2010



# Budget Process Review

- ☀ **September 14, 2009**
  - Approved preliminary tax supported budget
  - Adopted preliminary tax levy (7.75% increase)
  - Set public hearing date for November 30, 2009
- ☀ **July through November**
  - Reviewed budget data in work sessions (reduced increase to 3.69%)
- ☀ **November/December**
  - Hold public hearing – November 30, 2009
  - Adopt budget and tax levy - December 14, 2008
  - Certify final levy to county auditor and Dept of Revenue



## 2010 Budget Emphasis

### ★ Key points:

- Streamline the budget and enhance understandability
  - 🔑 Remove interdepartmental allocations through personnel services
  - 🔑 Remove use of labor pool
  - 🔑 Consolidate expenditure categories for analysis in one location (insurance, rent, postage, and telephone)
  - 🔑 Added goals, performance measures and staffing levels
  - 🔑 Change in budget methodology will result in transitional period for comparison with prior years.



## 2010 Budget Emphasis

### ★ Key points:

- Hold the line on spending but provide existing services with reduced resources
- No across the board wage increases
- Active pursuit of all outside funding opportunities
- Police and Fire operations are high priority



## 2010 Budget Emphasis

### ★ Key points:

- Property maintenance and redevelopment are high priorities
- Implement an Emerald Ash Borer program
- Infrastructure and water quality improvements will proceed
- Park programs will be maintained in a cost effective manner
- Elections with related cost will be conducted in 2010



## 2010 Tax Supported Budget Summary

	2009	2010	
	Budget	Budget	Change
General fund	\$ 6,725,848	\$ 7,443,152	\$ 717,304
Street Improvements	1,182,500	1,182,500	-
Park Improvements	296,000	296,000	-
Bassett Creek Watershed	24,517	22,605	(1,912)
Shingle Creek Watershed	24,050	24,186	136
Economic Development Authority	85,000	85,000	-
Public Safety and 2005 Certificates	390,090	-	(390,090)
G.O. Taxable Bonds of 1996	40,960	39,268	(1,692)
<b>Total tax levies</b>	<b>\$ 8,768,965</b>	<b>\$ 9,092,711</b>	<b>\$ 323,746</b>
		Increase	3.69%



# 2009 Legislative Session Impacts

- State has imposed limits on the tax levy
  - 2009, 2010 and 2011 levies
    - 2010 inflationary increase is only .83 percent
- Local Government Aid significantly un-allotted for 2009 and 2010 budget year
  - Decreased funding from 2009 level of \$729,673 to the 2010 level of \$44,807
  - Levy limit adjustment allowed for un-allotted amounts in 2008 and 2009.
    - 2008 - \$375,352
    - 2009 - \$314,966
- If further un-allotment occurs before year end – City can recertify by 1/15/10



# 2009 Economic Challenges and Mid-Year Action Plan Implemented

<b>Economic Challenges</b>	
LGA Reductions	\$ 314,996
Decrease in building permits/reviews	110,000
Contingency for other shortfalls	75,004
Revenue shortfall	<u>\$ 500,000</u>
<b>Mid Year Action plan</b>	
Shortfall addressed as follows:	
Additional revenues identified	\$ 90,600
Unfilled positions	81,689
Operating expense reductions	233,932
Capital equipment elimination	95,700
Total savings implemented	<u>\$ 501,921</u>



# 2010 Preliminary vs. Final

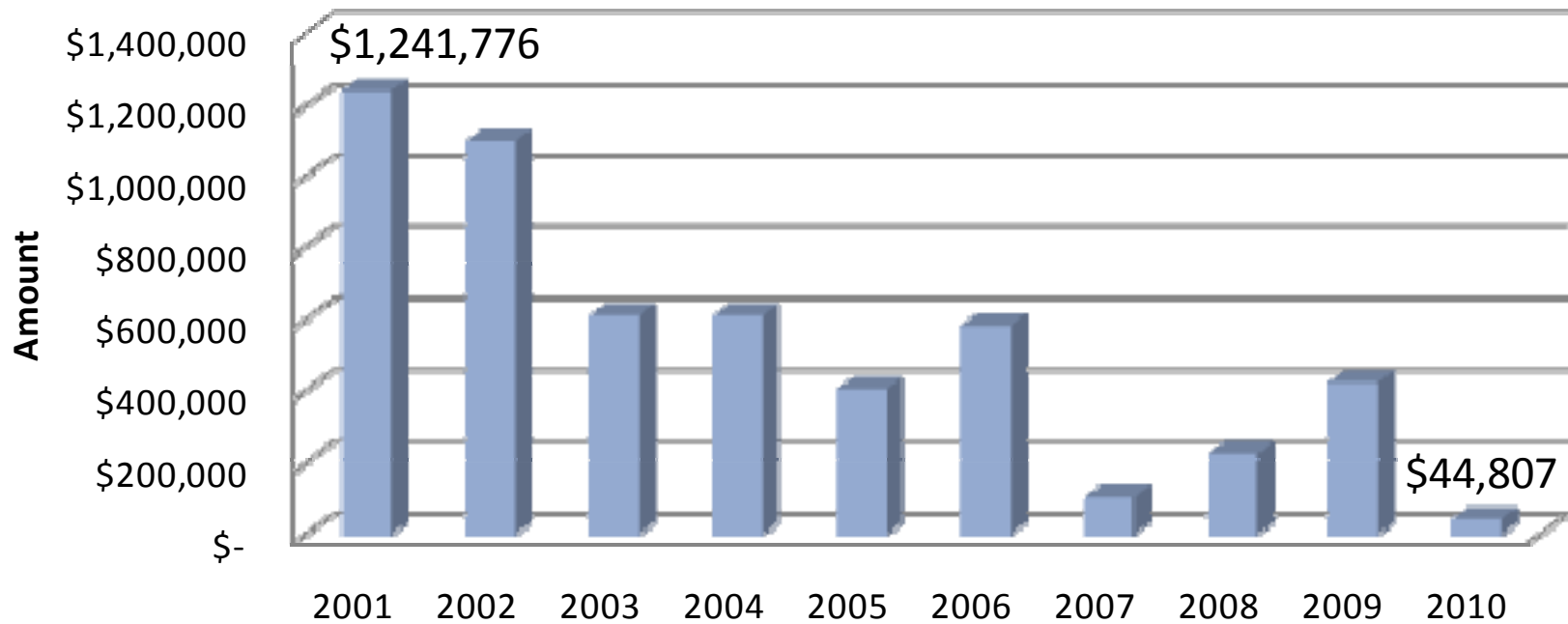
- Original budget expenditure gap was \$1,271,420 and tax levy increase was \$679,544.
- Budget reduction plan
  - \$509,355 new revenue sources
  - \$782,363 in expenditure reductions
  - \$335,500 adjustment
- This plan eliminated the gap and cut levy increase in half



# 2010 LGA

## Compared with Last Several Years

### LGA 2001 through 2010





# Estimated tax capacity

	2009 Actual	2010 Estimated (as of (10/19/9))
Gross Net Tax Capacity	\$ 22,544,776	NA
Less Captured Tax Increment	(1,365,233)	NA
Net Tax Capacity for Local Rate	\$ 21,179,543	\$ 19,889,755
Tax Levy	\$ 8,768,965	\$ 9,092,711
Local Tax Rate	41.062%	45.716%
Source:		

2009 - Hennepin county Taxpayer Services Department - Property Tax - Final 2009 Property Tax Rate Breakdown Report

2010 - Hennepin County Munic Totals - Estimated Market Values - 2009 Assessment report run 6/2/9



# The Proposed Tax Levy

	<u>Rate</u>	<u>Change</u>
★ 2004 City Tax Rate	48.932	
★ 2005 City Tax Rate	46.086	(5.8%)
★ 2006 City Tax Rate	42.098	(8.7%)
★ 2007 City Tax Rate	42.101	0.5%
★ 2008 City Tax Rate	41.930	(.4%)
★ 2009 City Tax Rate	41.062	(.2%)
★ 2010 Estimated Rate	45.716	11.3%



# The Proposed Tax Levy

- ★ 2010 Tax levy impact will vary by property type
- ★ Comm/Ind properties are higher tax rates than Res/Apt properties
- ★ Tax impact is based on estimated market value
- ★ Parcel specific tax estimates prepared by county



# Community Property Value Information

Based on the October 2009 Assessors Report:

- ★ City-wide market value has declined in 2009
- ★ City has experienced a 23% and 9% decrease in value in condominium and townhome properties, respectively
- ★ Comm/Ind properties value fell in 2009 for the first time; will be reviewed by county assessor
- ★ Of the 5055 PID's, 56% will see a decrease in total taxes



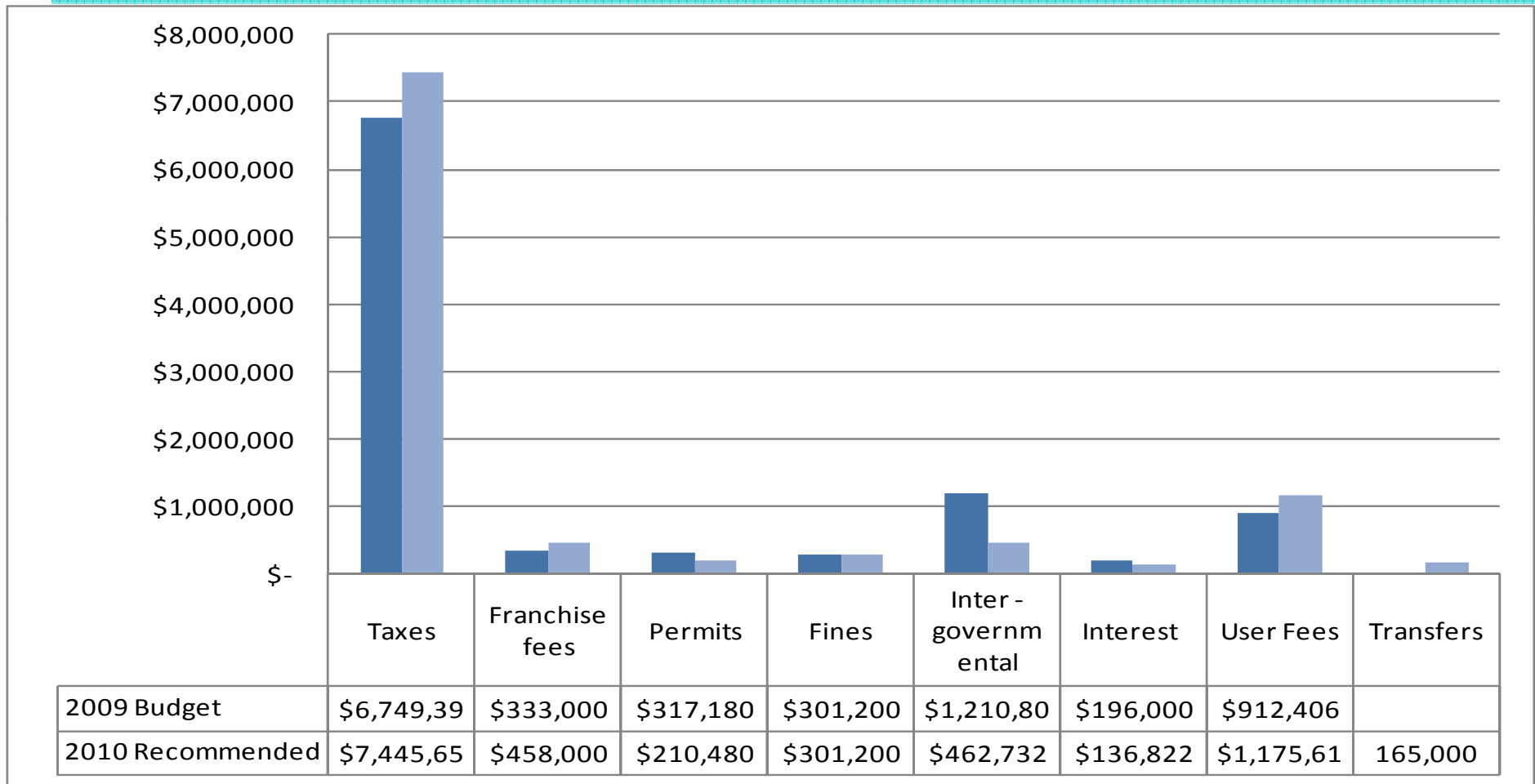
# Estimated effect on home

Value of a Home	2009 Actual	2010 Estimated	\$ Increase / (decrease)	% Increase / (decrease)
\$ 150,000	\$ 616	\$ 686	\$ 70	11%
175,000	719	800	81	11%
200,000	821	914	93	11%
225,000	924	1,029	105	11%
250,000	1,027	1,143	116	11%



# General Fund Revenues

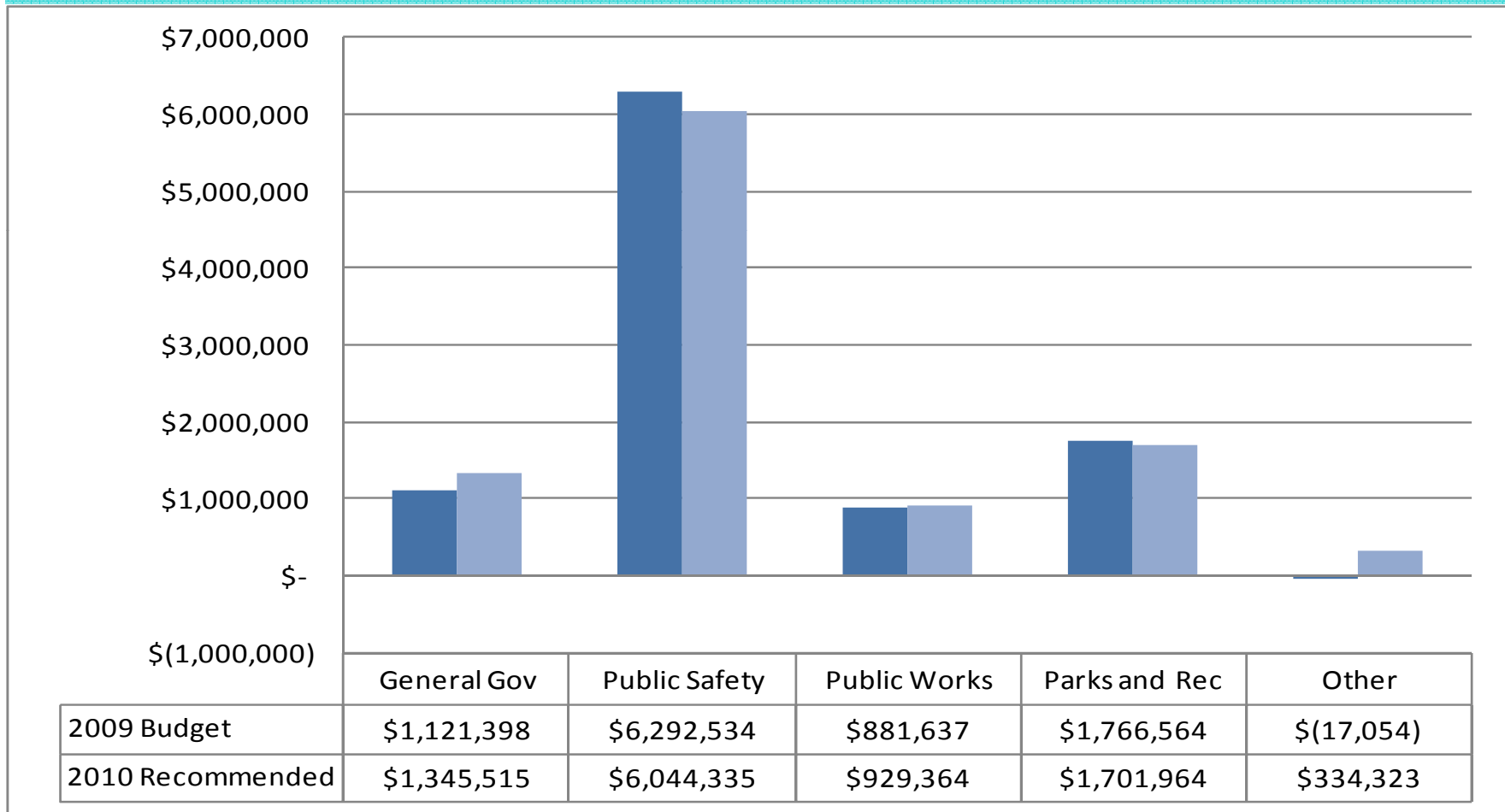
## 2009 Adopted Budget & 2010 Recommended Budget





# General Fund Expenditures

## 2009 Adopted Budget & 2010 Recommended Budget





# Property Tax Relief Programs

- State provides direct property tax relief to taxpayers
  - Targeting – For an increase of 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



## 2010 Budget Data

- Summary budget data will be posted on the city website
- Also available for inspection at city hall
  - 763-531-5117
  - [cityhall@ci.new-hope.mn.us](mailto:cityhall@ci.new-hope.mn.us)
- Public input and comment welcome at any time