

2010 City of Medina Proposed Taxes and Expenditures

December 1, 2009

Presentation & Public Comment

Introductory Comments – Mayor Crosby

- Overview of 2010 Budget Process, August Budget Open House, Budget Insert and Approach to Key Issues including:
 - Shortfall of Revenues and Needed Budget Reductions
 - Tax Levy Restrictions
 - Timing of Long-term capital improvement projects
- Market Value Adjustments reviewed each spring

2010 Major Budget Issues

- Tax Levy Limits -City restricted to increasing tax levy in 2009, 2010 and 2011 years in accordance w/ State law
 - 2010 limit is 1.96%, not including special levies or debt service
 - 2010 proposed increase is 1.00%, not including special levies or debt service; 1.15% with debt service special levy
- Medina receives no State Local Government Aid; Market Value Homestead Credit also being cut \$16,340
- Mandatory increases in City's retirement contribution
- Building Permit and Development Revenue shortfalls

Mailed 2010 Budget Insert



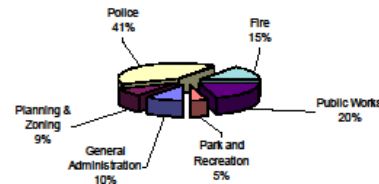
City of Medina's 2010 Proposed Budget

Proposed Budget and Tax Spending. The City of Medina's proposed 2010 budget will not increase City expenditures but will maintain all existing essential services. The City's 2010 Proposed General Fund Budget is \$3,889,685, which represents a \$92,744 decrease from 2009.

For 2010, the City is limited to a *base tax levy* increase of 1.96%. The City is proposing a 1.00% *base tax levy* increase to fund basic municipal operating services and the continuation of one *special levy* of 0.15% started in 2009 to fund debt service payments for capital equipment replacement. Therefore, the City's *total tax levy* increase is proposed to be 1.15%.

The 2009 tax levy was \$2,724,719. The proposed 2010 tax levy is \$2,756,158, an increase of \$25,811, which can be reduced, but not increased, by the Council prior to December 29th.

What Your City Tax Dollar Buys



Monthly Tax Affect on Your Home		
	\$250,000 Home	\$750,000 Home
General Administration	\$ 3.74	\$ 12.16
Planning & Zoning	\$ 3.12	\$ 10.14
Police	\$ 14.88	\$ 48.39
Fire	\$ 5.41	\$ 17.58
Public Works	\$ 7.25	\$ 23.58
Park and Recreation	\$ 1.69	\$ 5.49
Monthly Cost	\$ 36.09	\$ 117.34
Annual Cost	\$ 433.00	\$ 1,408.00

Roads. To fund improvements for the City's 56 miles of roads in 2010 and the future, the City will continue the policy adopted in 2009 to use street assessments of adjacent landowners and road bonding. The use of road bonding could result in an increase of your future taxes beginning in 2011.

Personnel. For 2010, salary adjustments have been proposed at 0%. No new staff positions will be hired in 2010. Staff vacancies in 2009 will not be filled in the Police Department and will be considered for staffing in the Administration Department and Planning Department in 2010 if development activity returns.

Capital Improvement Plan. In addition to using debt service as a long-term strategy to fund capital equipment replacement and road maintenance, the City has created a Financial Management Plan to address other long-term capital improvement needs, such as a public works facility. The project scope, schedule and funding options were discussed at the August 27th Open House. Following more public discussion in 2010, project approval of the public works facility in the next few years could result in an increase of your 2011 or 2012 taxes.

Transparency In Government. In addition to the Open House conducted in August, the City Council also held three public meeting sessions to provide information on the 2010 budget and tax levy impact on residents.

Learn More. Join us at the Public Discussion of the 2010 Budget and Tax Levy on Tuesday, December 1, 7:00 PM, at City Hall, 2052 County Road 24. The proposed 2010 Budget is available on the City's website www.ci.medina.mn.us under Regulations and Fees.

Questions. Budget or tax questions can be addressed to Jeanne Day, Finance Director at jeanne.day@ci.medina.mn.us or 763/473-8845.

Proposed Tax Levy

- The proposed 2010 tax levy is \$2,756,158
 - 2009 levy was \$2,724,719
- Preliminary levy established at a 1.15% increase (or, \$25,811). 1.00% is for general operating needs. .15% is for equipment certificates already scheduled.
- No other special levy options permitted by State law are being proposed by City.

Proposed Tax Levy

- 53.83% of Medina residential single-family properties will have a Medina tax decrease in 2010 with the proposed 1% tax levy increase
- City may decrease levy, but not increase, prior to December 29th.

2010 Proposed Budget

- Proposed General Fund Budget

- \$3,889,685

- 2009 Budget was \$3,982,429

- Decrease of \$92,744 from 2009 (However, if same level of services/expenditures from 2009 included inflationary increases, contractual adjustments, transfers to capital funds, etc. then equivalent of budget reductions are closer to \$350,000)

Major 2010 Budget Reductions

- Vacant Staff Positions
 - Planning Dept. (full-time)
 - Public Works Maintenance Worker (full-time)
 - Administration Intern (part-time)
 - Community Service Officer (part-time)
- Staff salary freezes & work furloughs
- Transfers to other capital funds
- Line item equipment and replacement

Long-Term Needs: Roads

- To fund the City's road pavement management plan in 2010, the City again plans to use general taxes, special assessments and road bonding.
- Project Expenses for 2010 = \$538,698
- Long-Term
 - 2011 = \$ 535,827
 - 2012 = \$2,097,020
 - 2013 = \$1,030,323

Other Long-Term Needs

- Fire – Equipment replacement and facility expansions continue to be reviewed but demonstrate increased funding needs under all options
- Public Works Facility – Relocation to new site and new facility planned for 2011 construction; bonding will be needed which will increase taxes even with creative cooperative efforts with Hennepin County and distributed costs from utility funds
- Equipment – Replacement of City equipment now being addressed through equipment debt service; Minor increases in taxes will be likely as fleet replacement is needed

Financial Management Plan

- Long-term plan outlines City needs considering future growth expectations of community (see wall in Council chambers)

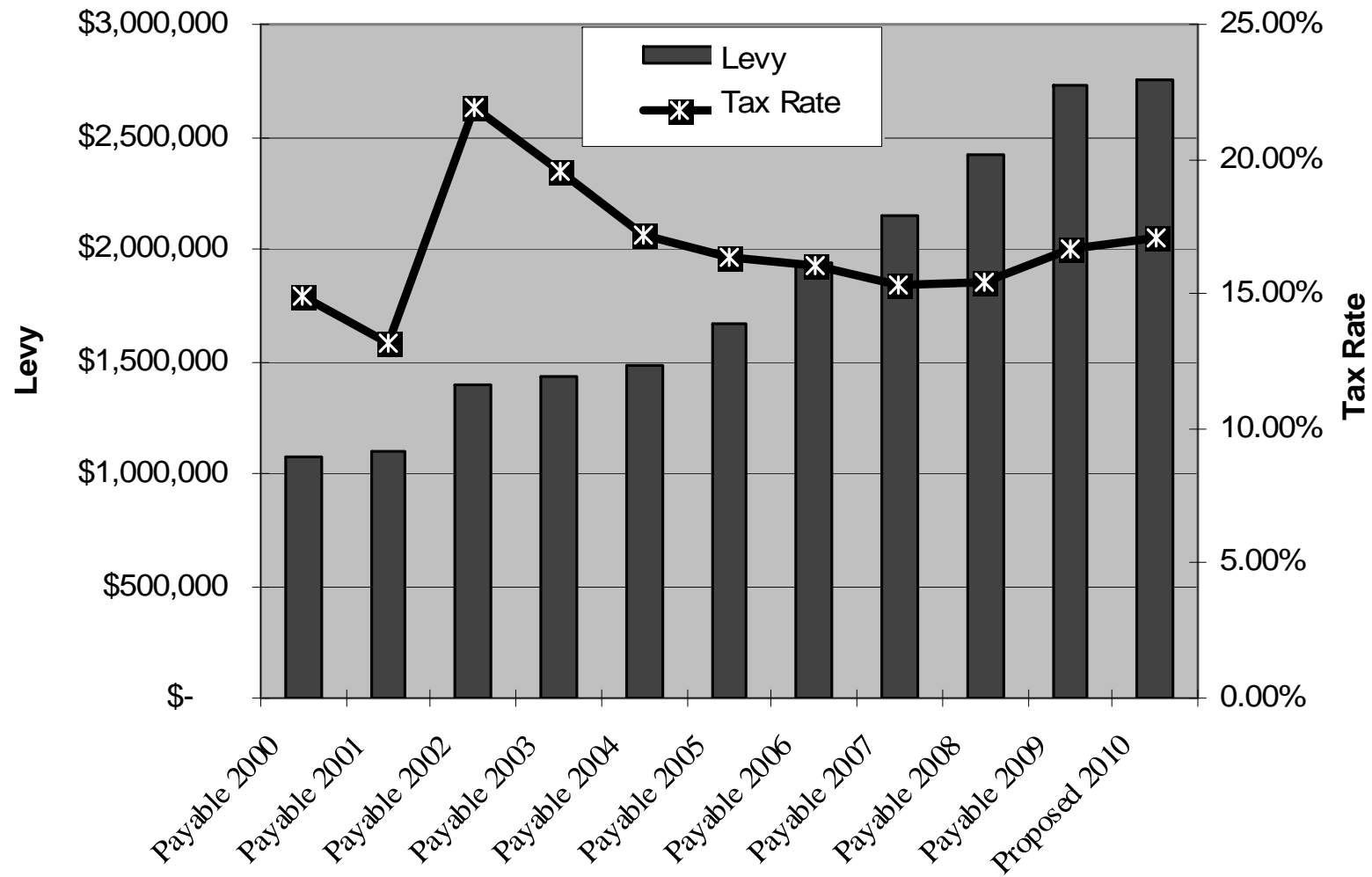
Long-Term Analysis Details

- 2010
 - 20-year financial management plan including growth analysis from Comprehensive Plan
 - Fire CIP and Hamel/Loretto Fire Merger Report
 - Road (Pavement Management Program) through 2028
 - Facilities Master Plan
 - Staff/Resource Analysis
 - Utility CIP and Rate Analysis demonstrated need to transfer funds to General Fund

20-Year Financial Mgmt. Analysis (overview)

- 2010 tax rate with debt service = 17.23%
- 2012 tax rate with debt service = 21.00%
 - Includes public works facility
- 2016 tax rate with debt service = 33.30%
 - Includes city hall/police facility
 - Does not include fire facility analysis

Taxes Payable and Tax Rate History – 2000 through 2010



Tax Rate Comparisons

- Medina's 2009 Tax rate was 16.64%
- Medina's Proposed 2010 Tax rate is 17.23%
 - Generally a result of market values decreasing
- Of eleven (11) closest neighboring cities to Medina, average tax rate in 2009 is 30.73%. Orono was lowest at 13.18%. Medina was second lowest.

2010 Proposed Tax Levy Comparisons

- Medina = \$2,756,158
- Independence = \$2,437,591
- Corcoran = \$2,713,866
- Orono = \$4,665,880
- Minnetrista = \$4,557,871

2010 PROPOSED TAX RATES & AFFECT

(compared to area city tax rates)

<u>City</u>	<u>Tax Rate</u>	<u>City Tax on \$500,000 home</u>
<i>Medina</i>	<i>17.23%</i>	<i>\$ 861.50</i>
Corcoran	33.60%	\$1,680.00
Greenfield	25.11%	\$1,255.50
Independence	34.10%	\$1,705.00
Minnetrista	27.05%	\$1,352.50
Plymouth	25.96%	\$1,298.00
Orono	13.67%	\$ 683.50

What do City taxes buy you?

(Based on \$500,000 home)

- \$30/mo = Police Services
 - \$11/mo = Fire Services
 - \$6/mo = Planning Services & Code Enforcement
 - \$7/mo = General Administration Services
 - \$15/mo = Road/Street Maintenance Services
 - \$3/mo = Parks and Recreation Services
- \$72/mo = All General City (non-utility) Services

Comparisons to other purchases

- \$70/mo = popular family cell phone plan
- \$59/mo = family cable plan
- \$35/mo = fast food meal (2 to 3 times per/month)

Per Capita/Tax Levy Comparisons

- Medina's per capita spending (tax levy):
 - 2010 estimate is \$553
 - 2009 is \$552
 - 2008 was \$493
 - 2007 was \$447
 - 2006 was \$407
 - 2005 was \$353
- 11 closest adjacent cities average was \$586 in 2009

Distribution of Total Taxes

County, School, City – Proposed 2010

Wayzata School District

County = 46.56%

School = 25.49% *does not include referendum mkt. value

City = 18.85%

Other = 9.10%

Orono School District

County = 50.00%

School = 19.99% *does not include referendum mkt. value

City = 20.24%

Other = 9.77%

2009 Major Accomplishments

- 2030 Comprehensive Plan and ordinances
- Street Assessment Policy and Road improvements
- Hamel Road Reconstruction
- Hamel Field House construction
- Financial Management Policies
- Hamel/Loretto Fire Merger coordination
- Business Tours/Economic Development Report
- Website Update
- Comprehensive Budget Document

Next Action

- After receiving public comment, Council adoption of resolutions this evening
 - Adoption of 2010 taxes payable must be equal to or less than proposed taxes payable