

City of Chanhassen 2021 Budget

Truth in Taxation Meeting
December 7, 2020

Budget Calendar

Feb 10 Council Work Session – Discuss Early 2021 Budget Estimates

June 8 Council Work Session - Discussion of 2020 and 2021 Budget

Aug 10 Council Work Session – Initial 2021 Budget Discussion

Aug 24 Council Work Session – Detailed Budget Discussion

Sept 14 Council Work Session – Max Tax Discussion

Sept 28 Council Meeting – Set Preliminary Tax Levy

Oct 12 Council Work Session – Special Revenue & Enterprise Funds

Oct 12 Council Work Session – Capital Improvement Plan (CIP) 2021-2025

Oct 26 Council Work Session – Review of 2020 Utility Rate Study

Nov 9 Council Work Session – Long-term Financial Planning

Nov 23 Council Work Session – Budget Follow-up

Dec 7 Council Meeting – Truth In Taxation (TNT) Hearing

Dec 14 Council Meeting – Adopt 2021 Tax Levy and Budget

About the Truth in Taxation Meeting

- Process first enacted by the legislature in 1988 to enhance public participation in Minnesota's Property Tax System
- Amendments in 2009 provided some flexibility on requirements and timing of hearing
- City sets "Maximum Levy" by September 30 – Chanhassen set max levy at 2.77%
- County sends draft property tax statements to taxpayers based on the maximum tax levy set by all taxing jurisdictions
- Local government required to hold public meeting where testimony is allowed prior to adopting the final levy
- Final levy adoption is scheduled for December 14

NOTE: Questions on valuations should be directed to the Carver County Assessor at (952) 361-1960

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Expenditures

| | 2020 Final Budget | 2021 Recommended Budget | % Change from 2020 |
|-----------------------|----------------------|-------------------------------|-----------------------|
| General Government | \$2,244,700 | \$2,341,800 | +4.3% |
| Law Enforcement/Fire | \$3,966,900 | \$4,034,000 | +1.7% |
| Public Works | \$2,745,000 | \$2,825,500 | +2.9% |
| Community Development | \$577,800 | \$597,100 | +3.3% |
| Park & Recreation | \$2,365,300 | \$2,287,800 | -3.3% |
| Total | \$11,899,700 | \$12,086,200 | +1.6% |

Revenues

| | 2020 Final Budget | 2021 Recommended Final Budget | % Change from 2020 |
|------------------------|----------------------|-------------------------------------|-----------------------|
| Property Tax | \$9,161,833 | \$9,444,000 | +3.1% |
| Licenses & Permits | \$1,128,600 | \$1,191,600 | +5.6% |
| Intergovernmental Rev. | \$442,000 | \$410,000 | -7.2% |
| Charges for Services | \$636,900 | \$518,900 | -18.5% |
| Fines & Penalties | \$116,500 | \$106,500 | -8.6% |
| Other Revenue | \$413,867 | \$415,200 | +0.3% |
| Total Revenue | \$11,899,700 | \$12,086,200 | +1.6% |

What factors change the budget for 2021?

- \$293,432 (2.5%) increase in levy
- No increase in healthcare costs
- Two percent (2%) cost of living/merit pay increase
- Includes adjustments to police contract and police state aid
- New technology fee for enhanced permit software
- Planning intern funded by sign permit fee
- Revenue estimate updates for shortfalls
- New partnership for congregate dining
- Streets & Parks Snowplowing policy savings (\$19,000)

Max Levy at 2.77%

| | 2020 Levy | 2021 Levy | Dollar Change | Percent Change |
|---|--------------|--------------|------------------|-------------------|
| General Fund | \$9,181,833 | \$9,503,900 | 322,067 | 2.74% |
| Capital Replacement Fund (for equipment) | 800,000 | 800,000 | | |
| Revolving Imp Street Reconstruction | 728,523 | 930,000 | | |
| Pavement Mgmt Fund (Sealcoating) | 93,000 | 353,000 | | |
| Total Capital Levies | 1,621,523 | 2,083,000 | 461,477 | 3.93% |
| DEBT LEVY | | | | |
| Public Works Facility | 480,600 | 479,800 | | |
| Library Referendum | 457,412 | | | |
| Total Debt Levies | 938,012 | 479,800 | (458,212) | -3.90% |
| TOTAL TAX LEVY | \$11,741,368 | \$12,066,700 | \$325,332 | 2.77% |

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Levy at 2.5%

| | 2020 Levy | 2021 Levy | Dollar Change | Percent Change |
|---|--------------|--------------|------------------|-------------------|
| General Fund | \$9,181,833 | \$9,472,000 | 290,167 | 2.5% |
| Capital Replacement Fund (for equipment) | 800,000 | 800,000 | | |
| Revolving Imp Street Reconstruction | 728,523 | 930,000 | | |
| Pavement Mgmt Fund (Sealcoating) | 93,000 | 353,000 | | |
| Total Capital Levies | 1,621,523 | 2,083,000 | 461,477 | 3.9% |
| DEBT LEVY | | | | |
| Public Works Facility | 480,600 | 479,800 | | |
| Library Referendum | 457,412 | | | |
| Total Debt Levies | 938,012 | 479,800 | (458,212) | -3.9% |
| TOTAL TAX LEVY | \$11,741,368 | \$12,034,800 | \$293,432 | 2.5% |

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Reference for Impact of Changes to the Levy

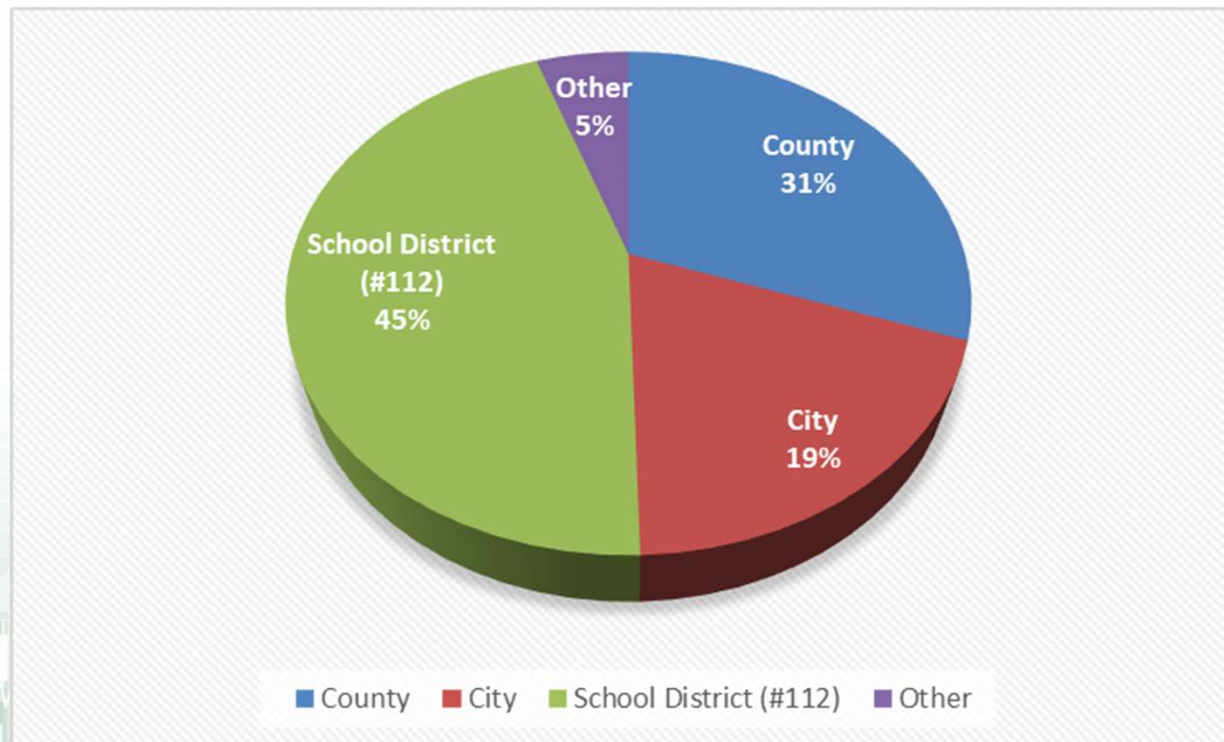
| Percent Change in the Levy | Total Dollar Increase |
|-------------------------------|--------------------------|
| 0.1% | \$12,000 |
| 1.0% | \$120,000 |

Estimated Impact of Changes to the Levy on Sample Property Values

| | 2020 Tax Levy + Ref Levy | 2021 Prelim Levy 2.77% increase | 2021 Proposed 2.5% increase | Net Change from Prelim |
|-------------------------------|-----------------------------|------------------------------------|--------------------------------|---------------------------|
| City Tax on \$300,000 Home | 642 | 641 | 638 | -3 |
| City Tax on \$450,000 Home | 997 | 995 | 991 | -4 |
| City Tax on \$600,000 Home | 1,382 | 1,382 | 1,377 | -5 |

Note: Market value increases will vary on individual properties.
This table does not reflect market value increases.

Property Tax Distribution – All Jurisdictions



Note: "Other" includes Metro Council, Metro Mosquito Control, Metro Transit District, Carver County CDA and Watershed

Preliminary Levy Changes (Max Tax) - KFS Cities

| City | Population | Pay 2020 | Pay 2021 Preliminary | \$ change | % change |
|---------------------|---------------|----------------------|----------------------|-------------------|--------------|
| Chanhassen | 25,955 | \$ 11,741,368 | \$ 12,066,700 | \$ 325,332 | 2.77% |
| Chaska | 26,941 | \$ 10,350,385 | \$ 11,241,539 | \$ 891,154 | 8.61% |
| Cottage Grove | 36,399 | \$ 16,914,400 | \$ 17,589,285 | \$ 674,885 | 3.99% |
| Elk River | 24,567 | \$ 12,865,770 | \$ 13,510,920 | \$ 645,150 | 5.01% |
| Inver Grove Heights | 35,106 | \$ 24,810,277 | \$ 26,435,652 | \$ 1,625,375 | 6.55% |
| Lino Lakes | 21,117 | \$ 10,491,518 | \$ 11,141,815 | \$ 650,297 | 6.20% |
| Prior Lake | 25,735 | \$ 13,601,137 | \$ 13,965,457 | \$ 364,320 | 2.68% |
| Rosemount | 23,965 | \$ 12,967,538 | \$ 13,424,838 | \$ 457,300 | 3.53% |
| Savage | 30,713 | \$ 18,687,907 | \$ 20,026,872 | \$ 1,338,965 | 7.16% |
| Shakopee | 41,519 | \$ 20,380,500 | \$ 21,017,800 | \$ 637,300 | 3.13% |
| Stillwater | 19,748 | \$ 14,654,103 | \$ 15,042,589 | \$ 388,486 | 2.65% |
| Average | 28,342 | \$ 15,224,082 | \$ 15,951,224 | \$ 727,142 | 4.75% |

Preliminary Levy Changes (Max Tax) – Carver County Cities

| City | Pay 2020 | Pay 2021 Preliminary | \$ change | % change |
|-------------------|----------------------|----------------------|-------------------|--------------|
| Chanhassen | \$ 11,741,368 | \$ 12,066,700 | \$ 325,332 | 2.77% |
| Chaska | \$ 10,350,385 | \$ 11,241,539 | \$ 891,154 | 8.61% |
| Victoria | \$ 5,708,000 | \$ 6,415,543 | \$ 707,543 | 12.40% |
| Mayer | \$ 1,226,160 | \$ 1,375,421 | \$ 149,261 | 12.17% |
| Carver | \$ 3,038,375 | \$ 3,220,948 | \$ 182,573 | 6.01% |
| Waconia | \$ 8,530,964 | \$ 8,608,629 | \$ 77,665 | 0.91% |
| Watertown | \$ 2,545,000 | \$ 2,660,000 | \$ 115,000 | 4.52% |
| Cologne | \$ 1,442,297 | \$ 1,530,089 | \$ 87,792 | 6.09% |
| Norwood YA | \$ 2,935,657 | \$ 3,017,107 | \$ 81,450 | 2.77% |
| New Germany | \$ 423,627 | \$ 446,153 | \$ 22,526 | 5.32% |
| Hamburg | \$ 511,877 | \$ 583,419 | \$ 71,542 | 13.98% |
| Average | \$ 4,404,883 | \$ 4,651,413 | \$ 246,531 | 6.87% |

Discussion Points

- City Council considers final tax levy, CIP and fees on December 14
 - Levy at 2.5% includes previously discussed reductions
 - Levy at 2.77% could add IT position mid-year or additional resources to Equipment Fund
- Recommended One-Time uses
 - Compensation Study
 - Unplanned COVID-related expenses (including COVID paid sick leave)

Thank you!

