



# South St. Paul

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**SPECIAL  
MAYOR/COUNCIL WORKSESSION**  
SSP City Hall – Training Room  
125 3<sup>rd</sup> Avenue North

Monday, August 29, 2016  
7:00 p.m.

AGENDA:

1. 2017 BUDGET DISCUSSION



## COUNCIL WORKSESSION REPORT

DATE: August 29, 2016

DEPARTMENT: Finance

ADMINISTRATOR: SPK

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### AGENDA ITEM: Continued Discussion of Proposed 2017 Levy and Levy Supported Budgets

#### DESIRED MEETING OUTCOMES:

- Review and discuss proposed 2017 budget and levy as currently presented
- Review and discuss Option 2 for increased debt service related to potential capital equipment note issuance.
- Review and discuss HRA and EDA Levy requests
- Provide direction to Staff with desired additions, deletions or other modifications to the draft 2017 budget calculations/background and/or specify additional requested information and analysis.

#### *Attached are a number of items relating to this discussion:*

1. Proposed summary budgets for 2017.

#### OVERVIEW:

Changes made at the August 22<sup>nd</sup> worksession have been incorporated into the preliminary budget. The total operating levy is increasing \$631,438 or 7.51%. There are two options for the debt service levy, dependent on whether the City issues capital equipment notes in 2016. Option 1 has a debt levy increase of .18%, Option 2 has a debt levy increase of .97%. The operating and debt levies are not shown separately on the property tax statements that are mailed out in November. The combined tax levy is either 7.69% or 8.48% depending on the debt option selected.

The HRA and EDA levies have been reviewed by the separate HRA and EDA boards earlier tonight. The HRA levy is at the maximum statutory level and the EDA levy reflects recommended reductions from the August 22<sup>nd</sup> EDA board meeting. The levies are authorized under Minnesota Statute 469.033 and 469.107 respectively.

#### SOURCE OF FUNDS:

The budgets are funded by a mix of general and special purpose tax levies, special revenues and fees/charges.

## MAJOR CHANGES in 2017 BUDGET - affecting City Tax Levy Supported Funds

### **NEW POSITIONS REQUESTED**

Police - 2 part time CSO	43,000	.44%
Parks Fac & Maint-2 full time (net of \$20,000 reduction)	122,000	1.24%
Planning & Zoning-1/4 of PT Clerical	11,300	0.11%

### **CHANGES ACROSS MULTIPLE LEVY SUPPORTED DEPARTMENTS**

Settled Union Contracts/Insurance	183,800	1.87%
Central Garage Surcharge Increases-Maint & Equip Replacement	88,800	0.90%
Technology Equipment Charge - 2nd yr implementation increases	52,500	0.53%

### **NEW INITIATIVES OR NEW REQUESTS**

Police - Body Cameras	31,500	0.32%
ADA Transition Plan - Engineering, Pools, Buildings	40,000	0.41%
EAB Assmts- Engineering, Public Works, Parks Maint.	50,000	0.51%
Finance-Professional Svcs for Hsg Transition	45,000	0.46%
IT - New Contracted Svcs: Fiber JPA, Phone system, GIS services, Airwatch	70,000	0.71%
Public Works - New Vehicle 50% in Streets & Parks Maintenance	14,000	0.14%
Bldgs - Tables& chairs for worksession room, landscape&mulch	45,000	0.46%
Parks Facilities - new equipment requested and mulching at parks	124,928	1.27%
Pools - Interior painting NV-Splash & floor refinish at Splash	4,500	0.05%

### **INCREASED (Decreased) COSTS**

IT - Svcs: Internet, Microsoft, Laserfiche, email increases	15,045	0.15%
Police - Training, Copier, Squad computers	10,200	0.10%
Fire - personnel & capital (adding 1 position)	166,930	1.70%
Public Works - tree trim-removal, misc Fence/Concrete/Asphalt	40,000	0.41%
Planning & Zoning - comp plan consultant increase from 2016 amt	30,000	0.31%
Parks Admin - Admin support fee to CSCC inc due to staff costs in CSCC	8,166	0.08%

### **EXPENDITURE CHANGES SINCE 7-25-16**

Public Works - furniture & carpet for PW Bldg - moved to CIP	-35,000	-0.36%
Public Works - moved misc Fence/Concrete/Asphalt Repairs back to CIP	-30,000	-0.31%
Reduced Contingency Fund based on new estimates and offset w/fund balance - amt reduced to \$40,000	-100,000	-1.02%

### **EXPENDITURE CHANGES SINCE 8-8-16**

Police Body Cameras paid through Donation Account	-31,500	-0.32%
Interior Painting NV-covered in 2016	-1,500	-0.02%
PW - reduced repair-main & seal coating-tree main & minor equip	-47,000	-0.48%
Bldgs-removed Tables&Chairs for worksession room	-5,000	-0.05%
Finance professional services moved to housing and HRA levy	-45,000	-0.46%

### **EXPENDITURE CHANGES SINCE 8-22-16**

City Clerk removed temp help for scanning	-3,000	-0.03%
Licensing & Code Enforcement removed temp help for scanning	-8,000	-0.08%
Parks Facilities - only 1 new maintenance position, restore temp/OT	-41,000	-0.42%

Planning & Zoning - correct staffing & remove pt position	-47,823	-0.49%
Parks Admin -remove seasonal field attendant	-4,160	-0.04%

Major expense changes only (not all changes)	<u>797,686</u>	
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**REVENUE CHANGES**

Removed Tax Rate generated off TIF parcels	-280,000	2.85%
Franchise fees reduced based on history	-35,000	0.36%
LGA for general fund (increased CIP fund	-19,000	0.19%
MSA increased	21,000	-0.21%
Admin Support Charges	20,100	-0.20%
Transfers In - HRA/EDA	-53,800	0.55%
Woog Arena revenues	-47,533	0.48%

**REVENUE CHANGES SINCE 7-25-16**

Restored Tax Rate generated off TIF parcels - allocate reduction over 8yrs	35,000	0.36%
Woog Arena revenue increases 8-8-16	47,500	-0.48%

Larger revenue changes - other than tax levy	<u>-311,733</u>	
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**TAX LEVY CHANGES**

General Fund	689,659	
Library Fund	31,913	
Doug Woog Arena	16,500	
Debt Service	18,027	
	<u>756,099</u>	7.69%

1% levy increase = \$98,276

**SPENDING AND TAXES  
ALL TAX LEVY SUPPORTED FUNDS**

Option 2

	Revised	Revised	Prelim	16 TO 17	
	Budget	Budget	Budget	CHANGE	
	2015	2016	2017	\$	%
<u>TAXES</u>					
General Fund	\$7,291,431	\$7,574,557	\$8,264,216	\$689,659	
Library	707,493	713,287	745,200	31,913	
Doug Woog Arena	206,534	254,061	270,561	16,500	
Capital Program	-	-	-	-	
Debt Service	1,072,606	1,285,704	1,380,931	95,227	
<b>TOTAL</b>	<b>\$9,278,064</b>	<b>\$9,827,609</b>	<b>\$10,660,908</b>	<b>\$833,299</b>	<b>8.48%</b>
<u>SPENDING</u>					
General Fund	\$12,707,554	\$13,602,396	\$14,167,174	\$564,778	4.15%
Library	720,000	724,987	756,900	31,913	4.40%
Doug Woog Arena	928,585	984,742	1,001,209	16,467	1.67%
Capital Program	881,720	881,720	900,000	18,280	2.07%
Debt Service	1,072,606	1,285,704	1,380,931	95,227	7.41%
<b>TOTAL</b>	<b>\$16,310,465</b>	<b>\$17,479,549</b>	<b>\$18,206,214</b>	<b>\$726,665</b>	<b>4.16%</b>

Total Tax Increase by Category:

Operations	7.51%
Debt Service on Voter approved Referendum	0.97%
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	8.48%

**SPENDING AND TAXES  
ALL TAX LEVY SUPPORTED FUNDS**

Option 1

	Revised	Revised	Prelim	16 TO 17	
	Budget	Budget	Budget	CHANGE	
	2015	2016	2017	\$	%
<u>TAXES</u>					
General Fund	\$7,291,431	\$7,574,557	\$8,264,216	\$689,659	
Library	707,493	713,287	745,200	31,913	
Doug Woog Arena	206,534	254,061	270,561	16,500	
Capital Program	-	-	-	-	
Debt Service	1,072,606	1,285,704	1,303,731	18,027	
<b>TOTAL</b>	<b>\$9,278,064</b>	<b>\$9,827,609</b>	<b>\$10,583,708</b>	<b>\$756,099</b>	<b>7.69%</b>
<u>SPENDING</u>					
General Fund	\$12,707,554	\$13,602,396	\$14,167,174	\$564,778	4.15%
Library	720,000	724,987	756,900	31,913	4.40%
Doug Woog Arena	928,585	984,742	1,001,209	16,467	1.67%
Capital Program	881,720	881,720	900,000	18,280	2.07%
Debt Service	1,072,606	1,285,704	1,303,731	18,027	1.40%
<b>TOTAL</b>	<b>\$16,310,465</b>	<b>\$17,479,549</b>	<b>\$18,129,014</b>	<b>\$649,465</b>	<b>3.72%</b>

Total Tax Increase by Category:

Operations	7.51%
Debt Service on Voter approved Referendum	0.18%
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	7.69%

2017 BUDGET SUMMARY

ALL TAX LEVY SUPPORTED FUNDS

	2017						<i>Revised</i>		
	General	Library	Doug Woog Arena	Capital Programs	Debt	Total Budget	2016 Budget	16 TO 17 Change	
<b>REVENUES:</b>									
Property Tax Levy:									
Property Taxes	8,264,216	745,200	270,561	-	1,303,731	10,583,708	9,827,609	756,099	7.69%
Total Property Taxes	8,264,216	745,200	270,561	-	1,303,731	10,583,708	9,827,609	756,099	7.69%
Tax Rate off TIF parcels	245,000					245,000	280,000	(35,000)	-12.50%
Local Government Aid (LGA)	1,504,587	-	-	900,000	-	2,404,587	2,397,914	6,673	0.28%
Fees and Fines	1,632,900	8,000	-	-	-	1,640,900	1,659,570	(18,670)	-1.12%
Intergovernmental	683,928	-	-	-	-	683,928	663,422	20,506	3.09%
Charges for Services	1,475,043	1,700	730,648	-	-	2,207,391	2,157,414	49,977	2.32%
Miscellaneous	96,500	2,000	-	-	-	98,500	86,400	12,100	14.00%
Transfers In	225,000	-	-	-	-	225,000	278,822	(53,822)	-19.30%
Fund Balance-offset contingency	40,000					40,000	-	40,000	100.00%
<b>TOTAL REVENUES</b>	<b>14,167,174</b>	<b>756,900</b>	<b>1,001,209</b>	<b>900,000</b>	<b>1,303,731</b>	<b>18,129,014</b>	<b>17,351,151</b>	<b>777,863</b>	<b>4.48%</b>
<b>APPROPRIATIONS</b>									
General Government	1,855,682	-	-	-	-	1,855,682	1,675,898	179,784	10.73%
Public Safety	7,468,024	-	-	-	-	7,468,024	7,081,593	386,431	5.46%
Public Works	3,287,746	-	-	-	-	3,287,746	2,950,527	337,219	11.43%
Community Development	683,129	-	-	-	-	683,129	673,383	9,746	1.45%
Recreation and Library	812,593	756,900	841,313	-	-	2,410,806	2,297,392	113,414	4.94%
Contingency	40,000	-	-	-	-	40,000	300,000	(260,000)	-86.67%
Debt Service (external)	-	-	159,896	-	1,303,731	1,463,627	1,448,937	14,690	1.01%
Capital Improvements	-	-	-	900,000	-	900,000	903,421	(3,421)	-0.38%
Transfers Out	20,000	-	-	-	-	20,000	20,000	-	-
<b>TOTAL APPROPRIATIONS</b>	<b>14,167,174</b>	<b>756,900</b>	<b>1,001,209</b>	<b>900,000</b>	<b>1,303,731</b>	<b>18,129,014</b>	<b>17,351,151</b>	<b>777,863</b>	<b>4.48%</b>

GENERAL FUND								
SUMMARY OF REVENUE								
Description	2014 ACTUAL	2015 ACTUAL	2016		2017		Revised 2016 vs 2017	
			ORIGINAL	REVISED	Request	Proposed	\$	%
PROPERTY TAXES								
Total Property Taxes	7,051,119	7,348,256	7,574,557	7,564,997	8,264,216	8,264,216	699,219	9.24%
TOTAL PROPERTY TAXES	7,051,119	7,348,256	7,574,557	7,564,997	8,264,216	8,264,216	699,219	9.24%
OTHER TAXES								
Tax Rate generated off TIF parcels	354,677	364,183	280,000	280,000	245,000	245,000	(35,000)	-12.50%
FEES AND FINES							-	
Franchise Fees	866,070	831,283	1,138,500	1,138,500	1,107,000	1,107,000	(31,500)	-2.77%
Fines and Forfeits	102,268	107,954	97,600	97,600	107,100	107,100	9,500	9.73%
License and Permits - Business	104,973	117,849	112,070	112,070	117,900	117,900	5,830	5.20%
License and Permits - Non-business	287,235	313,886	303,400	303,400	300,900	300,900	(2,500)	-0.82%
TOTAL FEES AND FINES	1,360,546	1,370,972	1,651,570	1,651,570	1,632,900	1,632,900	(18,670)	-1.13%
INTERGOVERNMENTAL REVENUE								
State Grants and Aid (includes LGA)	1,882,036	2,008,015	1,973,194	1,973,194	1,982,617	1,982,617	9,423	0.48%
County Grants and Payments	58,390	59,347	58,305	58,305	59,275	59,275	970	1.66%
Local Grants and Payments	181,256	139,647	148,117	148,117	146,623	146,623	(1,494)	-1.01%
TOTAL INTERGOVERNMENTAL	2,121,682	2,207,009	2,179,616	2,179,616	2,188,515	2,188,515	8,899	0.41%



GENERAL FUND								
SUMMARY OF REVENUE								
Description	2014 ACTUAL	2015 ACTUAL	2016		2017		Revised 2016 vs 2017	
			ORIGINAL	REVISED	Request	Proposed	\$	%
TRANSFERS IN								
Transfers in Storm Water Fee	40,000	40,000	40,000	40,000	40,000	40,000	-	0.00%
Transfers in Water/Sewer	100,000	100,000	100,000	100,000	100,000	100,000	-	0.00%
Transfers In Street Light Utility	20,000	20,000	20,000	20,000	20,000	20,000	-	0.00%
Transfer from HRA/EDA					65,000	65,000	65,000	100.00%
TOTAL TRANSFERS IN	160,000	160,000	160,000	160,000	225,000	225,000	65,000	40.63%
TOTAL REVENUES	12,508,154	13,263,038	13,355,176	13,345,616	14,127,174	14,127,174	781,558	5.85%
Surplus/(Deficit)	462,912	983,828	(118,822)	(256,780)	(398,983)	(40,000)		
*Use of fund balance to offset contingency								
<b><u>DETAIL OF TAX LEVY</u></b>								
Current and Delinquent	4,712,177	5,117,942	5,389,960	5,380,400	6,079,619	-	(5,380,400)	-100.00%
Fiscal Disparities	2,338,942	2,230,314	2,184,597	2,184,597	2,184,597	-	(2,184,597)	-100.00%
General Fund Levy	7,051,119	7,348,256	7,574,557	7,564,997	8,264,216	-	(7,564,997)	-100.00%

GENERAL FUND								
SUMMARY OF EXPENDITURES								
Description	2014 ACTUAL	2015 ACTUAL	2016		2017		Revised 2016 vs 2017	
			Original	Revised	Request	Proposed	\$	%
<b>GENERAL GOVERNMENT</b>								
Mayor and Council	109,386	109,751	109,597	109,597	126,850	126,850	17,253	15.74%
City Administration	417,176	338,548	355,578	360,875	389,613	389,613	28,738	7.96%
Human Resources	-	106,525	133,983	136,194	114,658	114,658	(21,536)	-15.81%
City Attorney	223,893	216,847	227,000	227,000	232,000	232,000	5,000	2.20%
City Clerk	175,005	160,722	120,354	130,402	126,656	123,656	(6,746)	-5.17%
Finance	440,848	411,812	457,750	449,186	510,471	465,471	16,285	3.63%
Information Technology	173,945	196,044	228,829	231,717	364,555	364,555	132,838	57.33%
Recycling	45,515	46,905	42,807	43,612	38,879	38,879	(4,733)	-10.85%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,585,768</b>	<b>1,587,153</b>	<b>1,675,898</b>	<b>1,688,583</b>	<b>1,903,682</b>	<b>1,855,682</b>	<b>167,099</b>	<b>9.90%</b>
<b>PUBLIC SAFETY</b>								
Police Protection	4,672,985	4,804,470	4,977,276	5,049,898	5,226,724	5,195,224	145,326	2.88%
Fire Department	1,942,657	2,078,821	2,104,317	2,104,709	2,272,800	2,272,800	168,091	7.99%
<b>TOTAL PUBLIC SAFETY</b>	<b>6,615,643</b>	<b>6,883,291</b>	<b>7,081,593</b>	<b>7,154,607</b>	<b>7,499,524</b>	<b>7,468,024</b>	<b>313,417</b>	<b>4.38%</b>
<b>PUBLIC WORKS</b>								
Engineering	385,327	409,424	472,380	489,454	495,079	495,079	5,625	1.15%
Streets, Alleys and Boulevards	1,419,660	1,331,725	1,543,473	1,562,032	1,656,221	1,579,221	17,189	1.10%
Buildings	266,553	220,006	288,416	291,498	329,539	294,539	3,041	1.04%
Parks Facilities and Maintenance	577,168	611,488	646,258	653,167	964,907	918,907	265,740	40.68%
<b>TOTAL PUBLIC WORKS</b>	<b>2,648,708</b>	<b>2,572,643</b>	<b>2,950,527</b>	<b>2,996,151</b>	<b>3,445,746</b>	<b>3,287,746</b>	<b>291,595</b>	<b>9.73%</b>

## GENERAL FUND

## SUMMARY OF EXPENDITURES

Description	2014 ACTUAL	2015 ACTUAL	2016		2017		Revised 2016 vs 2017	
			Original	Revised	Request	Proposed	\$	%
			<b>COMMUNITY DEVELOPMENT</b>					
Planning & Zoning	116,858	114,083	206,570	219,976	268,926	221,103	1,127	0.51%
Licensing & Code Enforcement	347,357	352,660	466,813	441,541	470,026	462,026	20,485	4.64%
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>464,215</b>	<b>466,743</b>	<b>673,383</b>	<b>661,517</b>	<b>738,952</b>	<b>683,129</b>	<b>21,612</b>	<b>3.27%</b>
<b>PARKS AND RECREATION</b>								
Parks Administration	273,838	305,994	327,968	329,304	343,456	339,296	9,992	3.03%
Splash Pool	74,290	72,768	76,561	77,600	86,434	86,434	8,834	11.38%
Northview Pool	75,728	70,294	77,010	78,049	84,084	82,584	4,535	5.81%
Recreation Programs	174,074	181,742	182,575	184,712	187,634	187,634	2,922	1.58%
Community Affairs	107,784	108,583	108,483	111,873	116,645	116,645	4,772	4.27%
<b>TOTAL PARKS AND RECREATION</b>	<b>705,714</b>	<b>739,381</b>	<b>772,597</b>	<b>781,538</b>	<b>818,253</b>	<b>812,593</b>	<b>31,055</b>	<b>3.97%</b>
<b>CONTINGENCY</b>	-	-	300,000	300,000	100,000	40,000	(260,000)	-86.67%
<b>TRANSFERS OUT</b>								
Transfer to Capital Project Funds	-	-	-	-	-	-	-	-
Street Light	20,000	30,000	20,000	20,000	20,000	20,000	-	0.00%
Library	5,194	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>25,194</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>12,045,242</b>	<b>12,279,210</b>	<b>13,473,998</b>	<b>13,602,396</b>	<b>14,526,157</b>	<b>14,167,174</b>	<b>564,778</b>	<b>4.15%</b>