

2020-2021 Preliminary Budget

Presented below is the budget overview and several graphs, spreadsheets and tables is information on the 2020 and 2021 preliminary budget. By September 30, the City is required to certify the preliminary budget and preliminary tax levy to the County. For the City of West St. Paul, this means by the second council meeting on 9/23/2019 the City Council must set and approve the preliminary budget and tax levy for 2020. In this budget packet, council will find information on the current proposal for 2020-2021, proposed tax rate, proposed tax levy as well as historical information on prior year's operating, capital and debt expenditures. At the end of the budget discussion, city management is looking for direction on the preliminary tax rate, tax levy and the new EDA tax levy and budgeted items.

Budget Overview: [\(2019-2021 Summary Budget Graph-Pg. 4\)](#)

Personnel Costs:

Health insurance is currently budgeted for an 18.5% increase. Currently, HR is seeking quotes from three other providers to see if the City can obtain a lower cost.

No new full-time positions are in this budget

2.75% increase in all contracts plus non-union

No change to Long-term disability (LTD) or Life insurance premiums

A 4% lane change for staff that are not at the top of their pay range scale.

Merit pay for salaried employees

Charges for Services

Election Judges for 2020

Police-DCC charges and other professional service charges utilized by the department

Fire contract-our share of the shared services provided by SMFD

EDA-Increased the Business subsidy/programming provided by the EDA. This is funded by the EDA levy; which is new this year. The increase funding will provide for the following activities:

Business Subsidy	\$100,000
South Robert St. Business Assoc. Special District	\$ 40,000
Robert Street maintenance	\$ 80,000
Unallocated (Other activities)	<u>\$105,000</u>
Total EDA Levy	\$325,000

I have included a chart in which shows the past 8 years of budget history. The average annual spend is \$50,000 excluding 2017 in which a pass through grant was awarded to Tape Mark and IEM. ([Business Subsidy Chart-Pg. 5](#))

Increases in Worker's Comp insurance, General Liability, Auto Premiums

Increase for additional street maintenance needs. Patching and salt costs

Increase for Annual sewer lining and televising and MCES charges.

Capital

Decrease for 2020-Road construction will be a small mill and overlay project on Marie. This will allow the sales tax to be collected for a year before we add it to the budget for street construction program in 2021. Details are in the CEP-CIP plan that was adopted on June 24, 2019.

Debt

Increase levy per debt service schedule. The goal is to issue no new debt for road construction improvements. With the revenues of sales tax, LGA, Franchise fees and State aid the City should be able to fund the street improvements without issuing debt. This will allow the city's outstanding debt of \$58 million at the end of 2019 to start to decline by \$3million a year. This will improve the City's overall financial outlook. S&P during this year's rating call had concern on the amount of debt the City has. This is the one comment in which the City was considered weak. As part of the documentation for this discussion, the S&P's Rational for affirming the City's AA rating was included. The last two sections of the report were dedicated to the City's debt. Below is some excerpts from that report:

....S&P believes the city's debt profile will likely remain weak over the next few fiscal years.

Outlook: The stable outlook reflects our opinion that West St. Paul will maintain its very strong budgetary flexibility, with reserves in compliance with the city's formal fund balance policy, and at least adequate budgetary performance. Therefore, we do not expect to change the rating within the two-year outlook period.

Upside scenario-If West St Pau's economic profile were to experience significant and sustained improvement, coupled with moderation of the city's direct debt profile, we could raise the rating. Downside scenario-If financial performance were to experience significant deterioration, leading to sustained decreases in reserves, or if the city were to experience a material decline in its economic or debt profile, such that either was no longer consistent with that of comparably rated peers, we could lower the rating.

It is a goal for West St. Paul to attain the highest rating of AAA. To attain that rating the City needs to reduce debt, increase cash balances and lower the tax burden on the citizens of West St. Paul. The financial plan the city has adopted should achieve these steps over the next 5-8 years.

City Levy and Tax Rate (Pg. 6)

The City has experienced an 8.58% increase in Total Tax capacity for pay 2020. This results in an estimated market value (Mean) of \$238,635 up 9.63% from pay 2019, in which the estimated market value was \$217,669.

The preliminary budget is presented with an increase to the total overall levy of \$1,042,682 for 2020 or 7.84% and \$472,493 or 3.40% for 2021. There is a new piece to this rate. The EDA levy is a new separate tax rate in which the City’s EDA business subsidy program and other EDA activities will be funded. Currently this EDA levy is budgeted at \$325,000. For 2020, this separate levy is 1.67% of the overall tax levy of 71.992%. Which is a slight decrease from 2019. In a previous report to council, we were projecting a much higher increase to the tax rate. At one point, the projected 2020 tax rate was 81.139%

The taxes from this tax rate based on the market value of \$238,635 is up 151.87 from 2019. See Break down below:

	Final 2019	Previously Projected-2020	Proposed 2020	Proposed 2021
ESTIMATED MARKET VALUE-MEAN VALUE	217,669.00	217,669.00	238,635.00	245,794.05
Homestead Exclusion	(17,649.79)	(17,649.79)	(15,762.85)	(15,118.54)
Taxable Market Value	<u>\$ 200,019.21</u>	<u>\$ 200,019.21</u>	<u>\$ 222,872.15</u>	<u>\$ 230,675.51</u>
Calculated City Tax Rate	72.624%	81.139%	70.322%	70.567%
EDA Levy	0		1.669%	1.619%
Total Overall City Tax Rate	72.624%	81.139%	71.992%	72.186%
Estimated City Tax	\$ 1,452.62	\$ 1,622.94	\$ 1,567.29	\$ 1,627.81
Estimated EDA Tax	\$ -		\$ 37.20	\$ 37.35
Total Overall City Tax	<u>\$ 1,452.62</u>	<u>\$ 1,622.94</u>	<u>\$ 1,604.49</u>	<u>\$ 1,665.16</u>
Increase due to change in MV	110.00	110.00	160.70	55.07
Increase/decrease due to change in City tax rate	66.59	60.40	-46.04	7.24
Increase due to separate EDA Levy			37.10	0.14
Total Increase Year over Year	<u>\$ 176.59</u>	<u>\$ 170.40</u>	<u>\$ 151.87</u>	<u>\$ 60.67</u>

Summary

For Council’s consideration:

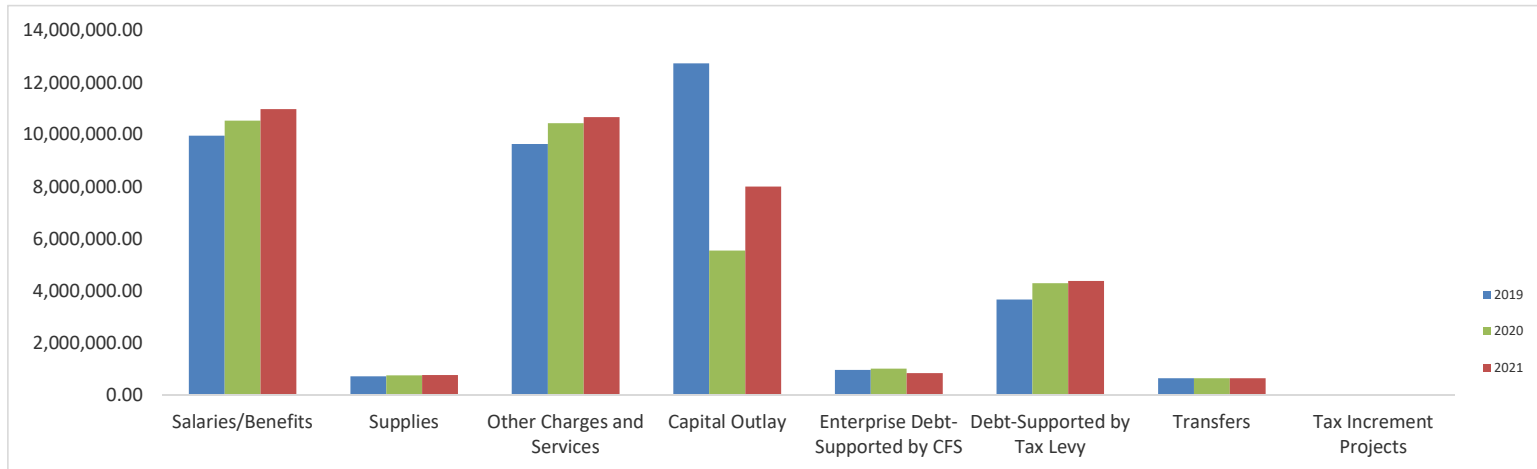
1. Should the EDA levy-be a separate levy or should we combine it all as one City levy?
2. Should the EDA levy be the maximum \$325,000? Given the fact that the historical spend has the City EDA spending about \$50,000 a year should this levy be budgeted nearer to the lower amount? Are the new allocations for the special district for marketing of RS and the maintenance of RS be allocated out of this EDA levy?
3. Does Council agree to the overall tax levy as presented? Is there a consensus on another tax rate?

Business Subsidy

2019 Vendor	Amount	Description	
LRG Tech)Mobile Pro	49,999.00		
Auto Zone	1,780.20		
More Space	25,000.00		
Beissel Window	10,000.00		
SRST LLC	10,000.00		
2019 Total	96,779.20		
	10,696.94	Property taxes on MAACO	
Hosch Appraisal	4,980.00	Proposed trail easement	
2018 Total	15,676.94		
Lohman Tom & John	25,000.00	Grants	
Saman RE Holdings LLC	10,000.00	Dunkin Donuts	
2017 Total	35,000.00		
Dakota Co Property Taxes	3,340.04	Taxes on 1010 Dodd Rd	
Liesenfeld Properties	15,000.00	MAACO-soft costs	
Cherokee Tavern	10,000.00	Exterior Grant	
Gerherts Joe	6,106.50	Sign Replacement Grant	
Westview Park Apartments	65,000.00	Demo assistance	
Midwest Plastics	5,484.80	Sign Replacement Grant	
2016 Total	104,931.34		
IEM, Inc	150,000.00	Prime Design DEED Grant	pass through
TapeMark	500,000.00	DEED Grant	pass through
IEM Inc	15,000.00	Business Subsidy	
Alternative Energy Group	6,234.00	Demo assistance	
2015 Total	671,234.00		
Cherokee Service	5,000.00	Exterior Grant	
J&J Inc	25,000.00	Exterior Grant	
Riley Family Investment LMTD Partnership	10,000.00	Exterior Grant	
Deckci Décor	5,140.62	Exterior Grant	
Lyndale 92,LLC	25,000.00	Demo subsidy	
2014 Total	70,140.62		
Midwest Plastics	10,000.00	Exterior Grant	
2013 Total	10,000.00		

2019-2021 Summary Budget City and EDA Levy

Highlights	2019 Budget	2020 Budget	Change to Net City Cost	% Change	2021 Forecast	Change to Net City Cost	% Change
Salaries/Benefits	9,973,474	10,551,348	577,874	5.79%	10,991,010	439,662	4.17%
Supplies	731,510	764,960	33,450	4.57%	776,665	11,705	1.53%
Other Charges and Services	9,652,478	10,448,287	795,809	8.24%	10,680,689	232,403	2.22%
Total Operating Budget	20,357,462	21,764,595	1,407,133	6.91%	22,448,365	683,770	3.14%
Capital Outlay	12,743,469	5,558,870	-7,184,599	-56.38%	8,010,416	2,451,546	44.10%
Other Financing Uses - Transfers Out	650,000	650,000	0	0.00%	650,000	-	0.00%
Debt Service-Enterprise Funds	968,839	1,019,627	50,788	5.24%	851,789	(167,838)	-16.46%
Debt Service-Governmental Funds	3,682,280	4,303,676	621,396	16.88%	4,383,577	79,901	1.86%
Total Capital and Debt Budgets	18,044,588	11,532,173	-6,512,415	-36.09%	13,895,782	2,363,609	20.50%
TOTAL BUDGET	38,402,050	33,296,768	(5,105,282)	-13.29%	36,344,147	3,047,379	9.15%



PROPOSED 2019-2020 CITY TAXES ON A MEDIAN SINGLE FAMILY HOME

	Final 2019	Previously Projected-2020	Proposed 2020	Proposed 2021	
Total Tax Capacity	20,297,891.00	20,377,899.00	22,039,624.00	22,700,812.72	Estimated a 3% inc to tax cap
Captured Tax Increment Tax Capacity	(518,424.00)	(597,461.00)	(597,461.00)	(597,461.00)	
Fiscal Disparity Contribution	(1,913,093.00)	(1,913,093.00)	(1,970,485.79)	(2,029,600.36)	Estimated a 3% inc to tax cap
Value for Local Rate (Taxable Net Tax Capacity)	17,866,374	17,867,345	19,471,677	20,073,751	
Net City Tax Levy	12,975,284.00	14,497,408.00	13,692,966.21	14,165,459.68	
New EDA Tax Levy-funding EDA business subsidy-other activities	-	-	325,000.00	325,000.00	NEW
Total Overall City Tax Levy	12,975,284.00	14,497,408.00	14,017,966.21	14,490,459.68	
Calculated City Tax Rate	72.624%	81.139%	70.322%	70.567%	
EDA Levy	0		1.669%	1.619%	
Total Overall City Tax Rate	72.624%	81.139%	71.992%	72.186%	
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Taxable Market Value	200,019.21	200,019.21	222,872.15	230,675.51	
Class Rate	1%	1%	1%	1%	
Net Tax Capacity	2000	2000	2229	2307	
Estimated City Tax	\$ 1,452.62	\$ 1,622.94	\$ 1,567.29	\$ 1,627.81	
Estimated EDA Tax	\$ -		\$ 37.20	\$ 37.35	
Total Overall City Tax	\$ 1,452.62	\$ 1,622.94	\$ 1,604.49	\$ 1,665.16	
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Increase/decrease due to change in City tax rate	66.59	60.40	-46.04	7.24	
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Total Increase Year over Year	\$ 176.59	\$ 170.40	\$ 151.87	\$ 60.67	

West St. Paul-Historical Expense per Cost Center (Department)

Cost Center	Actual-Historical Cost							Budget	Proposed Budget	Conceptual Budget
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Mayor and Council	135,679	171,459	168,071	163,172	145,731	149,959	133,624	145,790	152,054	138,654
Building & Inspections	267,888	361,071	293,717	286,979	376,857	381,886	335,868	371,298	397,768	409,703
Charter Commission	7,738	325	4,774	1,582	2,880	1,404		1,500	1,500	1,500
City Manager/City Clerk	525,753	514,769	604,721	678,712	757,462	836,102	658,308	720,494	713,569	770,095
Civil Defense	7,666	13,604	13,885	13,859	17,316	15,575	15,173	15,860	18,580	17,658
Elections	22,661	2,071	24,628	205	32,433	3,753	36,353	7,450	60,348	10,250
Engineering	149,720	156,614	165,579	197,210	173,994	186,342	186,181	192,391	196,069	219,913
Facilities-City Hall	225,846	180,243	193,745	167,670	175,524	208,141	204,727	255,445	229,258	228,002
Facilities-Public Works		60,374	63,420	58,314	64,775	71,429	69,925	72,635	73,745	74,960
Finance	360,927	319,140	331,163	343,822	368,187	332,224	319,729	343,072	374,346	392,843
Fire-SMFD	2,019,870	1,826,694	1,925,800	2,101,737	2,125,394	2,290,089	2,320,454	2,476,969	2,582,003	2,711,103
Human Resources	94,328	83,570	101,481	76,321	77,130	93,790	102,720	181,708	137,003	139,823
IT	306,145	306,751	329,508	376,123	401,228	377,337	402,561	458,420	466,817	481,042
Legal	272,883	287,422	338,941	366,748	412,291	345,730	342,936	357,000	362,000	367,000
Marketing & Communications						116,520	121,870	157,743	159,577	163,764
Parks & Recreation	640,933	652,494	716,749	753,096	828,884	853,854	882,466	978,065	1,040,118	1,072,169
Planning & Comm. Developme	97,761	147,060	295,724	295,414	282,975	348,885	413,791	442,771	451,566	489,696
Police	3,983,738	4,201,298	4,338,132	4,595,847	4,811,142	5,179,532	5,278,551	5,704,019	6,061,359	6,261,000
Recycling		6,291	11,401	8,080	20,467	36,912	62,777	64,241	67,699	70,841
Streets	1,055,564	1,147,899	1,215,298	1,223,291	1,177,691	1,180,333	1,297,366	1,346,465	1,397,350	1,449,235
Street Lighting	121,606	132,796	118,733	122,152	120,845	113,818	129,851	142,000	143,125	144,125
Insurance										
Unallocated	2,777	159	3,924	2,671	2,936	-	-	-	-	-
Special Revenue Funds										
Community Events						29,984	23,599	34,000	34,000	34,500
Economic Development	556,986	1,079,092	596,989	1,041,551	731,898	384,009	866,752	400,538	623,797	590,810
Insurance Fund	295,250	310,670	348,487	378,935	412,613	505,789	551,132	508,800	552,615	585,186
Innovation Fund							28,462	-	-	-
Capital Funds										
Government Facility Capital Pr	429,726	194,094	5	12,500	227,825	134,256	1,031,589	503,000	566,900	253,000
Parks Improvement Fund	581,730	390,357	2,829,952	3,573,176	48,205	631,253	335,538	400,000	164,500	185,000
Police & Fire PERA		12,033	1,570	1,310	-	24,619	7,583	-	-	-
Street Improvement Fund	2,345,324	4,705,879	5,417,154	19,485,032	18,006,127	10,815,737	6,032,147	7,705,175	1,123,408	5,344,623
Street Maintenance Fund								315,000	319,250	354,305
Technology Replacement Fund	24,852	319,732	174,603	113,355	197,443	111,876	70,011	57,000	95,000	168,000
Vehicle & Equipment Reserve	422,060	221,773	443,304	544,071	668,945	705,016	562,174	832,000	631,500	872,612
River to River Trail						21,347	10,360			
Thompson Oaks										
Debt Funds										
	2,489,023	2,579,139	2,235,587	11,215,444	3,818,945	2,721,550	3,108,269	3,682,280	4,303,676	4,383,577
Enterprise Funds										
								9,850	63,610	-
Golf Course	219,177	170,714	217,254	236,564	221,688	176,289	18,677	451,493	518,196	351,961
Ice Arena	293,344	255,413	253,677	1,920,388	386,199	395,566	402,459	1,082,194	1,087,539	1,093,356
Regional Athletic Center	5,680,753	1,894,653	1,148,335	1,036,121	1,015,176	1,069,851	962,619	7,046,240	7,262,121	5,524,848
Sewer	2,698,734	2,501,501	2,685,828	3,767,437	4,588,900	4,133,035	4,164,439	837,740	645,376	766,763
Storm Sewer	24,313	210,550	211,786	447,608	336,468	380,216	488,327	101,404	152,529	159,332
Swimming Pool	82,619	89,555	82,121	79,924	81,124	92,261	80,738			
TOTAL ALL FUNDS	26,443,374	25,507,259	27,906,046	55,686,421	43,117,698	35,364,008	31,979,368	38,402,050	33,229,871	36,281,249