



City Council Report

To: **Mayor and City Council**
 Through: **Ryan Schroeder, City Manager**
 From: **Charlene Stark, Finance Director**
 Date: **September 14, 2020**

Preliminary Budget and Tax Levy for 2021

BACKGROUND INFORMATION:

Pursuant to State Law, the City is required to declare a maximum 2021 property tax levy no later than September 30, 2020. Preliminary budget and levy information was presented to the Council at the August 17 Open Council Work Session (OCWS). Additional reduction was made after the OCWS due to decreased costs for health insurance in 2021. For Council consideration, the total preliminary levy for 2021 is \$17,745,026. This is a 5.62% increase over the levy set for 2020. Below is the comparison of the 2020 final adopted budget to the preliminary 2021 Levy as well as the 2022 conceptual levy.

Fund	2020	Preliminary 2021 Levy	Change over 2020	Conceptual 2022 Levy
General Fund & Community Events	\$11,022,962	\$11,369,372	\$346,410	\$12,114,010
EDA Fund	383,879	366,199	(17,680)	379,088
Insurance Fund	479,615	525,339	45,724	514,158
Debt Service Funds	4,354,162	4,058,658	(295,504)	3,833,620
Capital Funds	150,000	1,001,845	851,845	1,000,000
Innovation Fund	25,000	-	(25,000)	-
Ice Arena	55,248	147,125	91,877	160,864
Pool	93,529	44,668	(48,861)	105,909
Regional Athletic Center	236,719	231,820	(4,899)	272,122
Total Levy	\$16,801,114	\$17,745,026	\$943,912	\$18,379,771
Percent Increase		5.62%		3.58%
TOTAL BUDGET	\$33,303,584	\$45,433,400	\$11,728,205	\$33,642,556

A summary of major changes for 2021 are outlined below:

- For 2021 debt service, levy a decrease of (\$295,504). This is a result of early redemption of bonds in February of 2021 is anticipated as well as no new issuance of bonds in 2020.
- Operating levy increase of \$691,779, which is a 3.20% increase for 2021, and \$1,053,612 or 4.72% increase for 2022.
 - Increased for salary and benefits.
 - General liability, property and auto coverage
 - Utilities for City Hall, Public Works as well as the park facilities
 - Contractual services such as Fire services provided by South Metro Fire Department and DCC services.
- The capital budget increased by \$10,972,816, which is a result of three significant changes from 2020. The first being the 2021 road construction program. In 2020, the City took a year off in order to allow the new sales tax revenue to accumulate for spending in 2021. The 2021 road construction program is a \$ 5M reconstruction of Moreland from Delaware to Robert Street. The second change is increased budgeting for the PED plan (sidewalks and trails) and increased budgeting for local street pavement plan. The goal is to continue to increase funding for the City’s infrastructure. The third change is budgeting for third party funded activities. These activities include the River-to-River trail, Marthalar Trail and Arena improvements. All of these capital projects are being funded by other parties and have no effect on the City tax levy.

FISCAL IMPACT:

		Amount
Fund:		
Department:		
Account:		

STAFF RECOMMENDATION:

Staff recommends approving the 2021 preliminary budget of \$45,433,400 and a maximum levy of \$17,745,026 for certification to the county auditor.

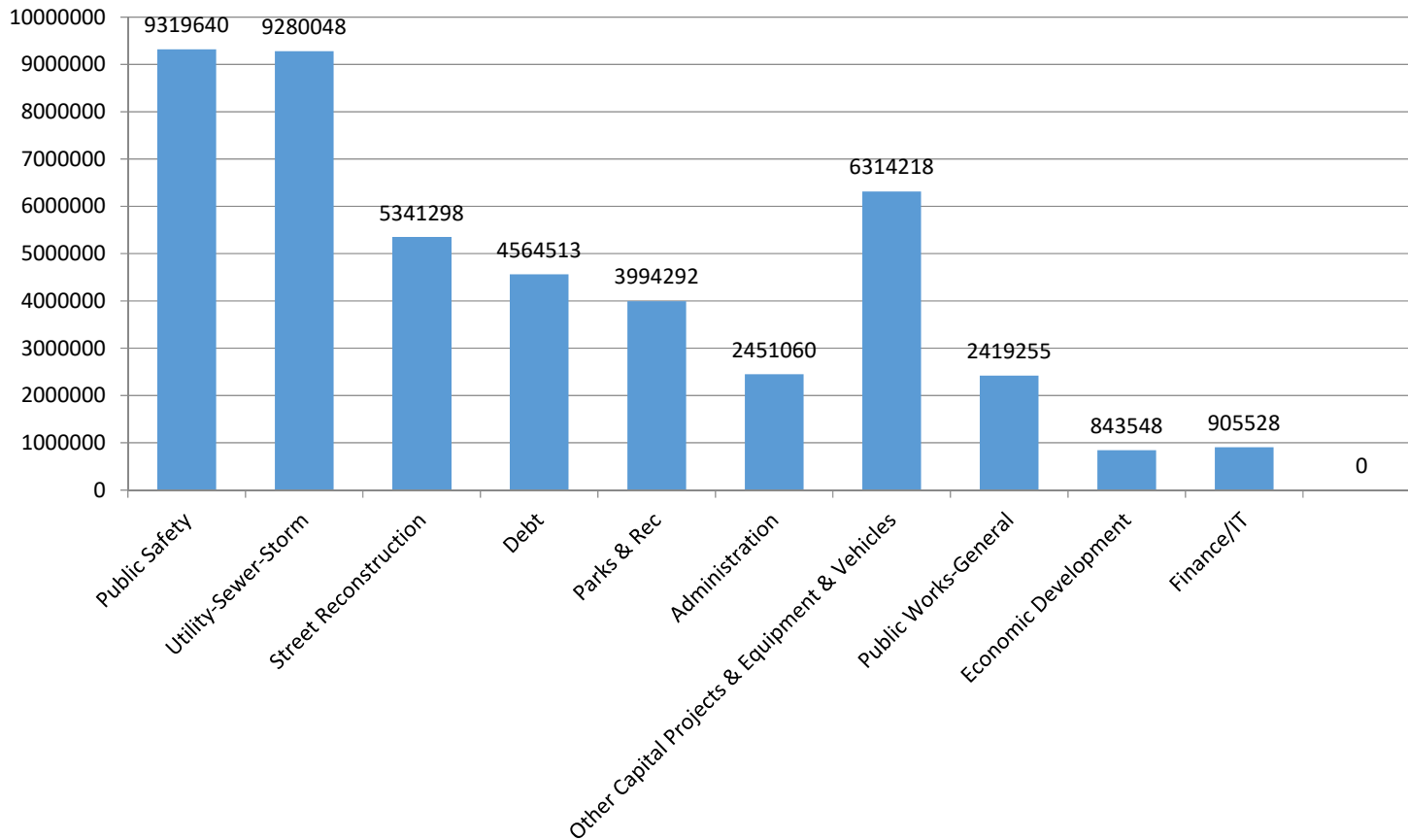
Attachments:

- Resolution for adopting the Preliminary Budget, Levy and reduction in Debt Levy
- Resolution to set Truth in Taxation hearing and Final Budget Adoption

Preliminary 2021 Budget and Conceptual 2022

Fund	2020	Conceptual 2021	Preliminary 2021	Conceptual 2022
General Fund & Community Events	11,022,962	11,490,417	11,369,372	12,114,010
EDA Fund	383,879	299,806	366,199	379,088
Insurance Fund	479,615	512,186	525,339	514,158
Debt Service Funds	4,354,162	4,516,927	4,058,658	3,833,620
Capital Funds	150,000	580,000	1,001,845	1,000,000
Innovation Fund	25,000	145,000	-	-
Ice Arena	55,248	56,832	147,125	160,864
Pool	93,529	92,832	44,668	105,909
Regional Athletic Center	236,719	231,820	231,820	272,122
Total Levy	<u>\$ 16,801,114</u>	<u>\$ 17,925,820</u>	<u>\$ 17,745,026</u>	<u>\$ 18,379,771</u>
Increase		6.69%	5.62%	3.58%
Total Budget	<u>\$ 33,303,584</u>	<u>\$ 44,927,545</u>	<u>\$ 45,433,400</u>	<u>\$ 33,642,556</u>
Tax Rate	70.31%	71.86%	69.29%	69.98%
Increase to Median Valued Home	\$ 105.96	\$ 84.24	\$ 99.00	\$ 70.04

City of West St. Paul-2021 Budget by Program/Function



2020-2022 Summary Budget City and EDA Levy

