

City of Excelsior  
City Council Special Meeting

AGENDA

Thursday, September 22, 2022

5:30 – 6:30 P.M.

1. Call to Order/Roll Call
2. Agenda Approval
3. Approval of 2023 Preliminary Budget
4. Adjournment



# MEMORANDUM

**Re:** Item 3-Preliminary 2023 Budget

**Date:** September 22, 2022

**To:** City Council

**From:** Jenny Palmer, Finance Director

## Background

At the Preliminary Budget work session on September 19<sup>th</sup>, staff was asked to remove some items from the project list and to update the operating budget by removing the part time scanner position for \$17,936 and remove the cemetery software from operating expenses for \$16,000. Below is the updated project list for 2023.

2023 Project List	
	WISH LIST ITEMS
<del>30,000</del>	Artspace preliminary feasibility study—look for grant funds
<del>700,000</del>	Mill Street trail connection (project scheduled for 2024 or 2025)—other funding sources
	CAPITAL PROJECTS
100,000	Crack sealing—levy or draw down capital fund
124,000	Minor projects/small equipment for Public Works—levy or draw down capital fund
<del>175,000</del>	St. Albans Bay Bridge—2024 possibly grant funding
<del>350,667</del>	One-third City share of MCES project—levy or draw down capital fund—other funding sources
	STAFFING
25,000	Grant consultant to help find and write grants
25,000	Lobbyist
79,090	New Planner position \$60,000 base + benefits—need more information
9,500	Staff Market Rate Adjustments—need more information
362,590	TOTAL PROJECT/STAFFING LIST

Council also directed staff to run new tax rate and levy scenarios based on these updated numbers and include utility rate increase projections with the new tax scenarios. The following scenarios are calculated below.

The updated tax rate and levy scenarios are:

Scenario I includes all of the remaining projects listed above for \$362,590. This scenario results in a tax rate increase of 0.63% and a tax levy increase of 17.85%.

Scenario J includes minor projects/small equipment for \$124,000, grant consultant for \$25,000, lobbyist for \$25,000, planner position for \$79,090, and staff market rate adjustment for \$9,500. This scenario results in a -0.06% decrease in tax rate and a 13.28% increase in tax levy.

Scenario K includes minor projects/small equipment for \$124,000, grant consultant for \$25,000, lobbyist for \$25,000, and staff market rate adjustments for \$9,500. This scenario results in a -1.58% decrease in tax rate and a 9.66% increase in tax levy.

Scenario L includes minor projects/small equipment for \$124,000, grant consultant for \$25,000, and lobbyist for \$25,000. This scenario results in a -1.69 % decrease in tax rate and a 9.23% increase in tax levy.

2023 Tax Rate Projections							
KNOWN:				PROPOSED (Henn County - 7/2022):			
2022 Total Tax Capacity	8,101,932	2023 Estimated Total Tax Capacity	9,211,538				
Less Fiscal Disp.	(889,496)	Less Fiscal Disp.	(879,637)				
Less Increment	(214,170)	Less Increment	(214,170)				
Tax Capacity - Local Rate	6,998,266	Tax Capacity - Local Rate	8,117,731				
Scenarios	Levy \$ (Includes Debt Levy)	2023	2022 Tax Rate	2021 Tax Rate	Tax Rate Increase/Decrease over 2022	levy \$ increase	
A. Increase of \$339,425 with same tax rate	2,528,362	30.31%	30.311%	29.460%	0.00%	339,425	
B. Requested budget 3.56% levy increase	2,266,918	27.09%	30.311%	29.460%	-3.22%	77,981	
C. 10% levy increase	2,407,831	28.83%	30.311%	29.460%	-1.48%	218,894	
D. No Increase; leave Levy at 2022 Amount	2,188,937	26.13%	30.311%	29.460%	-4.18%	0	
E. Planner & Mkt adj	2,355,508	28.18%	30.311%	29.460%	-2.13%	166,571	
F. Sm Equip, Planner & Mkt adj	2,479,508	29.71%	30.311%	29.460%	-0.60%	290,571	
G. Sm Equip & Staffing	2,529,868	30.33%	30.311%	29.460%	0.02%	340,931	
H. All CIP & All Project items	3,885,175	47.03%	30.311%	29.460%	16.71%	1,696,238	
I. Updated Project List-all	2,579,654	30.94%	30.311%	29.460%	0.63%	390,717	
J. Sm Project, Grant, Lobbyist, Planner, Mkt Adjst	2,479,564	29.71%	30.311%	29.460%	-0.60%	290,627	
K. Sm Project, Grant, Lobbyist, Mkt Adjst	2,400,474	28.74%	30.311%	29.460%	-1.58%	211,537	
L. Sm Project list, Grant, Lobbyist	2,390,974	28.62%	30.311%	29.460%	-1.69%	202,037	
<b>Scenario I - Tax Rate Increase of .63% - Levy Increase of 17.85%</b>							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490			-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	30.94%	30.94%	30.94%	30.94%	30.94%	30.94%	
<b>net tax payable</b>	<b>728</b>	<b>1,149</b>	<b>1,547</b>	<b>2,514</b>	<b>3,481</b>	<b>5,415</b>	
<b>Scenario J - Tax Rate Decrease of 0.60% - Levy Increase of 13.28%</b>							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490			-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	29.71%	29.71%	29.71%	29.71%	29.71%	29.71%	
<b>net tax payable</b>	<b>699</b>	<b>1,104</b>	<b>1,486</b>	<b>2,414</b>	<b>3,342</b>	<b>5,199</b>	
<b>Scenario K - Tax Rate Decrease of -1.58% - Levy Increase of 9.66%</b>							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490			-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	28.74%	28.74%	28.74%	28.74%	28.74%	28.74%	
<b>net tax payable</b>	<b>676</b>	<b>1,068</b>	<b>1,437</b>	<b>2,335</b>	<b>3,233</b>	<b>5,030</b>	
<b>Scenario L - Tax Rate Decrease of 1.69% - Levy Increase of 9.23%</b>							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490			-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	28.62%	28.62%	28.62%	28.62%	28.62%	28.62%	
<b>net tax payable</b>	<b>673</b>	<b>1,063</b>	<b>1,431</b>	<b>2,325</b>	<b>3,220</b>	<b>5,009</b>	
<b>Incremental Tax Payable over Prior Year</b>							
2022 taxes	713	1,137	1,516	2,463	3,410	5,304	
Est Market Value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	

<b>Scenario I - Tax Rate Increase of .63% - Levy Increase of 17.85%</b>	\$ 15	\$ 13	\$ 31	\$ 51	\$ 71	\$ 110
<b>Scenario J - Tax Rate Decrease of 0.60% - Levy Increase of 13.28%</b>	\$ (14)	\$ (33)	\$ (30)	\$ (49)	\$ (68)	\$ (105)
<b>Scenario K - Tax Rate Decrease of -1.58% - Levy Increase of 9.66%</b>	\$ (37)	\$ (69)	\$ (79)	\$ (128)	\$ (177)	\$ (275)
<b>Scenario L - Tax Rate Decrease of 1.69% - Levy Increase of 9.23%</b>	\$ (40)	\$ (73)	\$ (85)	\$ (137)	\$ (190)	\$ (296)

Staff was also directed to include the effects of the proposed utility rate increases in the calculation for an overall picture of the increase. Below are the tax rate and levy scenarios for a home valued at \$500,000 using 15,000 gallons per quarter for scenarios I through L.

	Current	Proposed	Difference
Home Value	\$ 500,000.00	\$ 500,000.00	
<b>Scenario I Tax Rate 0.63% Tax Levy 17.85%</b>	\$ 1,516.00	\$ 1,547.00	\$ 31.00
Water Base	\$ 50.34	\$ 67.83	\$ 17.49
Water Volume	\$ 109.50	\$ 131.40	\$ 21.90
Sewer Base	\$ 26.49	\$ 29.54	\$ 3.05
Sewer Volume	\$ 107.70	\$ 120.15	\$ 12.45
Storm	\$ 43.20	\$ 46.98	\$ 3.78
<b>Total</b>	<b>\$ 1,853.23</b>	<b>\$ 1,942.90</b>	<b>\$ 89.67</b>
	Current	Proposed	Difference
Home Value	\$ 500,000.00	\$ 500,000.00	
<b>Scenario J Tax Rate -0.60% Tax Levy 13.28%</b>	\$ 1,516.00	\$ 1,486.00	\$ (30.00)
Water Base	\$ 50.34	\$ 67.83	\$ 17.49
Water Volume	\$ 109.50	\$ 131.40	\$ 21.90
Sewer Base	\$ 26.49	\$ 29.54	\$ 3.05
Sewer Volume	\$ 107.70	\$ 120.15	\$ 12.45
Storm	\$ 43.20	\$ 46.98	\$ 3.78
<b>Total</b>	<b>\$ 1,853.23</b>	<b>\$ 1,881.90</b>	<b>\$ 28.67</b>
	Current	Proposed	Difference
Home Value	\$ 500,000.00	\$ 500,000.00	
<b>Scenario K Tax Rate -1.58% Tax Levy 9.66%</b>	\$ 1,516.00	\$ 1,437.00	\$ (79.00)
Water Base	\$ 50.34	\$ 67.83	\$ 17.49
Water Volume	\$ 109.50	\$ 131.40	\$ 21.90
Sewer Base	\$ 26.49	\$ 29.54	\$ 3.05
Sewer Volume	\$ 107.70	\$ 120.15	\$ 12.45
Storm	\$ 43.20	\$ 46.98	\$ 3.78
<b>Total</b>	<b>\$ 1,853.23</b>	<b>\$ 1,832.90</b>	<b>\$ (20.33)</b>
	Current	Proposed	Difference
Home Value	\$ 500,000.00	\$ 500,000.00	
<b>Scenario L Tax Rate -1.69% Tax Levy 9.23%</b>	\$ 1,516.00	\$ 1,431.00	\$ (85.00)
Water Base	\$ 50.34	\$ 67.83	\$ 17.49
Water Volume	\$ 109.50	\$ 131.40	\$ 21.90
Sewer Base	\$ 26.49	\$ 29.54	\$ 3.05
Sewer Volume	\$ 107.70	\$ 120.15	\$ 12.45
Storm	\$ 43.20	\$ 46.98	\$ 3.78
<b>Total</b>	<b>\$ 1,853.23</b>	<b>\$ 1,826.90</b>	<b>\$ (26.33)</b>

Please keep in mind that the Preliminary Budget is the high-water mark for the budget. This amount can be reduced before the end of the year but cannot be increased. The Preliminary budget needs to be certified to the County before September 30<sup>th</sup>, 2022.

**Council Action: Approve Resolution 2022-40 A Resolution Certifying the 2022 Preliminary Property Tax Levy Collectible 2023, Proposed General Fund Budget, Public Meeting Date, Times, and Location and approve Resolution 2022-41 A Resolution Reducing Debt Service Levies for Taxes Payable in 2023.**

City of Excelsior

Resolution No. 2022-40

A Resolution Certifying

2022 Preliminary Property Tax Levy Collectible 2023,

Proposed General Fund Budget,

Public Meeting Dates, Times, and Location

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WHEREAS, a Preliminary Budget has been prepared by the City Manager and presented to the Council for review; and

WHEREAS, the Minnesota Truth in Taxation Law requires the City Council to establish a Preliminary Property Tax Levy and Proposed General Fund Budget prior to September 30, 2022, for Tax Payable in 2023.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Excelsior, Minnesota, that the following sums of money be certified as the Preliminary 2022 Property Tax Levy, Collectible 2023, upon the properties in the City of Excelsior:

General Revenue	\$ _____
Debt Service	\$ _____
Total Tax Levy	\$ _____

BE IT FURTHER RESOLVED, the City Manager is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Hennepin County, Minnesota.

BE IT FURTHER RESOLVED, the Preliminary 2023 General Fund Budget, totaling \$XX.XX, be hereby adopted.

BE IT FURTHER RESOLVED, the City Council will hold a public meeting and take public comment regarding the levy for taxes payable in 2023 and the 2023 Budget on Monday, December 7, 2022, at 6:30 p.m. in the Excelsior City Council Chambers, 339 Third Street, Excelsior, Minnesota 55331. The City Council is scheduled to adopt the final property tax levy and final budget at their regularly scheduled meeting on Monday, December 19, 2022.

Adopted by the City Council of the City of Excelsior, Minnesota, this 22<sup>nd</sup> day of September 2022.

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Jennifer Caron, Acting Mayor

ATTEST:

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Nalisha Williams, City Clerk

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Kristi Luger, City Manager

City of Excelsior

Resolution No. 2022-41

A Resolution Reducing Debt Service Levies for Taxes Payable in 2023

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BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF EXCELSIOR, COUNTY OF HENNEPIN, MINNESOTA, that the following debt service levies are reduced by the following amounts, as there are sufficient reserves for the bond:

2019A GO Street Construction Bonds	\$211,307
2021A GO Street Construction Bonds	\$1,992

Adopted by the City Council of the City of Excelsior, Minnesota, this 22<sup>nd</sup> day of September 2022.

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Jennifer Caron, Acting Mayor

ATTEST:

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Nalisha Williams, City Clerk

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Kristi Luger, City Manager