



2023 PRELIMINARY BUDGET

New Hope City Council Meeting • Sept. 12, 2022

Presentation Outline

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- Review budget process
- Review general fund budget
- Present preliminary tax levy
- Review debt levies
- Review estimated tax impact and tax rate



Budget Process

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- September 12, 2022 Council Meeting
 - ▣ Approve 2023 preliminary tax supported budgets
 - ▣ Approve 2023 preliminary tax levy (maximum amount)
 - ▣ Schedule public hearing date for 2023 budget (December 5 at 7:00 pm)
 - ▣ City Clerk submits maximum tax levy to county auditor for certification along with public hearing date
- September 19, 2022 Work Session
 - ▣ General fund budgets reviewed with city manager, Abdo and department heads



Budget Process

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- October 17, 2022 Work Session
 - ▣ Utility and enterprise fund budgets reviewed with city manager, Abdo and department heads
 - ▣ HRG budget/program/rates discussed
 - ▣ Utility rate recommendations reviewed
- November 21, 2022 Work Session
 - ▣ County assessor information reviewed
 - ▣ City services survey results presented
 - ▣ Budget public hearing presentation reviewed



Budget Process

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- December 5, 2022 Budget Public Hearing
 - ▣ Presentation and comments from residents
- December 12, 2022 Council Meeting
 - ▣ Final budget approved
 - ▣ Utility/recycling rate changes approved
 - ▣ Certify final levy to Hennepin County Auditor and Department of Revenue



General Fund Budget

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2021 Adopted Budget	2022 Adopted Budget	2021 to 2022 Increase	2021-2022 % Increase
\$15,936,977	\$16,179,193	\$242,216	1.5%

2022 Adopted Budget	2023 Preliminary Budget	2022 to 2023 Increase	2022-2023 % Increase
\$16,179,193	\$17,235,207	\$1,056,014	6.5%



2023 Preliminary General Fund Major Budget Changes

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- \$643,628 increase to fund 3% increase in wages/benefits; increase includes evidence technician, new union contract rates, adjustment to health insurance contributions, and Council salary increase.
- \$145,000 increase for portable radios, due to phase out of current equipment.
- \$133,595 increase in West Metro Fire-Rescue District joint powers agreement (includes aerial lease and two new truck leases).
- \$62,158 increase in IT charges, including WatchGuard, records management through LETG, and LOGIS software.



2023 Preliminary General Fund Major Budget Changes

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- ▣ \$62,661 decrease in central garage charges.
- ▣ \$38,000 decrease in elections budget for election judge costs.
- ▣ City to receive \$847,830 in Local Government Aid (LGA) which is a decrease of \$18,812 over 2022; LGA used for equipment replacement savings – it is not used for general operations.



2023 Preliminary Tax Levy

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- General fund tax levy is \$12,076,955, which is \$683,601 or 6% increase over 2022 general fund levy of \$11,393,354 (4.72%).
- Total tax levy, including:
 - ▣ General Fund
 - ▣ Street and Park Infrastructure Funds
 - ▣ EDA Levy
 - ▣ HRA Levy
 - ▣ Prior Debt Leviesis \$19,053,316, which is \$822,305 or 4.51% increase over 2022 total levy of \$18,231,011 (4.67%).

2023 Preliminary Tax Levy

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- Total tax levy includes:
 - ▣ 5% (80,887) increase in street infrastructure levy
 - ▣ 2.24% (20,247) increase in park infrastructure levy
 - ▣ 5% (7,650) increase in EDA levy for redevelopment projects
 - ▣ 5% (20,850) increase in HRA levy to achieve long-term funding plan for scattered site housing program due to CDBG funding changes

2023 Preliminary Tax Levy

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- Total tax levy includes:
 - ▣ Prior Debt Levies:
 - 2015 City Center infrastructure
 - 2015 Northwood South infrastructure
 - 2016 Northwood North infrastructure
 - 2017 Police Department/City Hall
 - 2018 Pool and Park
 - 2019 Pool and Park
 - ▣ Two of the bond debt levies are decreasing for a total of \$2,993
 - ▣ Four of the bond debt levies are increasing for a total of \$12,063
 - ▣ Overall, the combined debt levies are increasing by \$9,070

Property Tax Levy

PROPERTY TAX LEVY - ALL FUNDS
COMPARISON OF PROPERTY TAXES

Program or service	2022 Levied	2023 Requested	Increase / Decrease	Change from Prior	% of Total Change
Base Levy					
General fund	\$ 11,393,354	\$ 12,076,955	\$ 683,601	6.00	3.75 %
Street Improvements	1,617,735	1,698,622	80,887	5.00	0.44
Park Improvements ⁽¹⁾	904,938	925,185	20,247	2.24	0.11
Economic Development Authority	153,000	160,650	7,650	5.00	0.04
Housing and Redevelopment Authority	417,000	437,850	20,850	5.00	0.11
Debt Service					-
2015A GO TIF Bonds (City Center)	235,227	237,853	2,626	1.12	0.01
2015B GO Imp Bonds (Northwoods South)	205,240	208,745	3,505	1.71	0.02
2016A GO Imp Bonds (Northwoods North)	262,502	263,709	1,207	0.46	0.01
2017A GO Bonds (Police Dept/City Hall)	1,706,828	1,705,515	(1,313)	(0.08)	(0.01)
2018A GO Tax Abatement Bonds (Pool and Park)	862,739	867,464	4,725	0.55	0.03
2019A GO Tax Abatement Bonds (Pool and Park Ph. 2)	472,448	470,768	(1,680)	(0.36)	(0.01)
Total Property Taxes	\$ 18,231,011	\$ 19,053,316	\$ 822,305	4.51	4.51 %

(1) Includes an increase of 5% as the annual Park Infrastructure Levy increase, plus an additional \$500,000 levy to support Ice Arena debt service.



Estimated Tax Impact

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- Median home value in 2023 is \$325,000, which is an 18% increase from 2022
- Current estimated impact on residential homes based on 4.51% increase in city tax levy is 8%
- For homes valued between \$150,000 and \$400,000 the tax increase estimate is \$61 to \$192.

2022 Market Value of a Home	Taxable Market Value	2022 Actual	2023 Estimated	\$ Increase / (decrease)	% Increase / (decrease)
\$ 150,000	\$ 126,300	\$ 793	\$ 854	\$ 61	8%
175,000	153,500	964	1,038	74	8%
200,000	180,800	1,136	1,223	87	8%
225,000	208,000	1,307	1,407	100	8%
250,000	235,300	1,478	1,591	113	8%
300,000	289,800	1,821	1,960	139	8%
350,000	344,300	2,163	2,328	165	8%
400,000	398,800	2,506	2,697	192	8%

Tax Rate

- Based on current information:
 - ▣ The city tax rate is projected to decrease from
 - 62.826% in 2022 to
 - 57.225% in 2023
 - ▣ The total tax rate is projected to decrease from
 - 138.107% in 2022 to
 - 132.544% in 2023

	<u>2021</u>	<u>2022</u>	<u>2023</u>
City Tax Rate	62.596%	62.826%	57.225%
HRA Tax Rate	1.344%	1.497%	1.535%
County Tax Rate	38.210%	38.535%	38.535%
School Tax Rate	25.529%	26.507%	26.507%
Other Tax Rate	8.598%	8.742%	8.742%
Total Tax Rate	<u>136.277%</u>	<u>138.107%</u>	<u>132.544%</u>

*Amounts for County, School, and Other are estimates.



Summary

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- Staff feels this is a reasonable place to start for the preliminary maximum budget and tax levy.
- More detailed discussions to take place over next several months.
- Council needs to determine if preliminary budget/tax levy is acceptable for September 12 Council Meeting where maximum budget/tax levy will be adopted.

