



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Julie Flaten, Interim City Administrator
Date: September 16, 2019
Item: 2020 Preliminary Levy and Budget

Council Action Requested:

Approve the resolutions:

- 2020 Preliminary Budget, Property Tax Levy and Public Hearing Date for 2020 Budget
- 2020 HEDRA/HRA Special Tax Levy

Background Information:

The budget represents the financial plan and priorities of the City of Hastings, within established limits set by the City Council. It is intended to communicate the City's goals and how resources are allocated to those priorities. The budget is created in alignment with the Council directives and our CORE values.

Council/Finance Committee Direction:

The City Council held a workshop on May 6, 2019 where staff presented historic information and a 2020 preliminary base budget and tax impacts. The market value increased by \$1,518,613 or 7.16% to \$22,720,326.

During June, departments prepared their budget requests for 2020, including updating their Five-Year Capital Improvement and Capital Equipment Plan data.

The Finance Committee (Folch*, Braucks, Vaughan) met on Thursday, July 25, 2019. At this meeting, each department provided an overview of their top priorities for capital, staffing, and new initiatives and the Finance Committee asked questions and provided feedback.

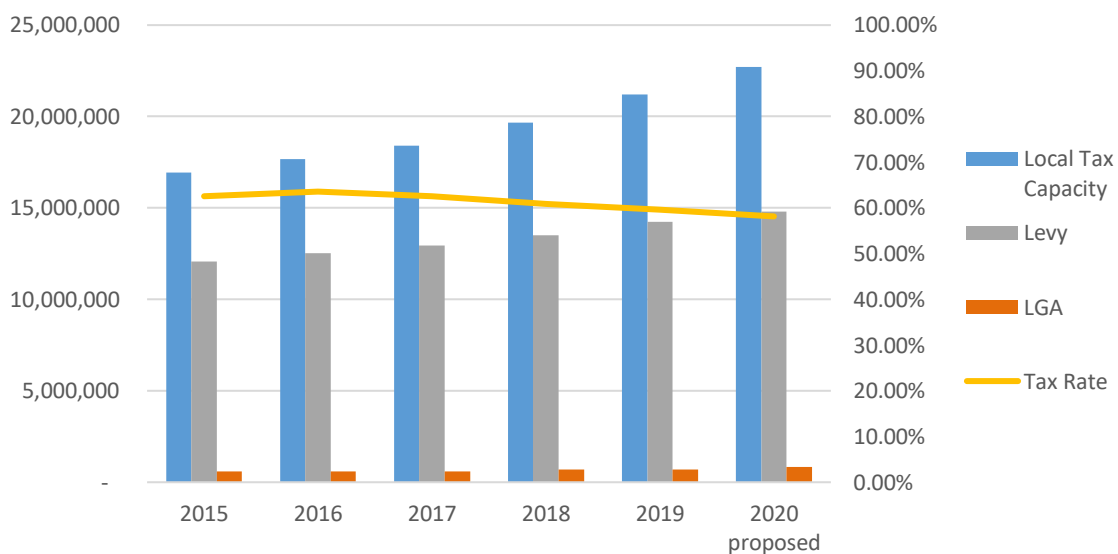
The City Council held two subsequent workshops on August 19 and September 9, 2019 for further refine the budget and discuss long-term priorities. Based on department top priorities, review of debt and revenue projections, uncontrollable costs, the Council provided direction to set a preliminary levy at \$14,788,179 and the preliminary budget at \$33,609,080. The preliminary proposal as recommended by the City Council would reduce the City's tax rate from 59.61% to approximately 58.15%.

Year	Tax Rate
2014	66.25%
2015	62.58%
2016	63.58%
2017	62.52%
2018	60.86%
2019	59.61%
2020*	58.15%

* proposed rate

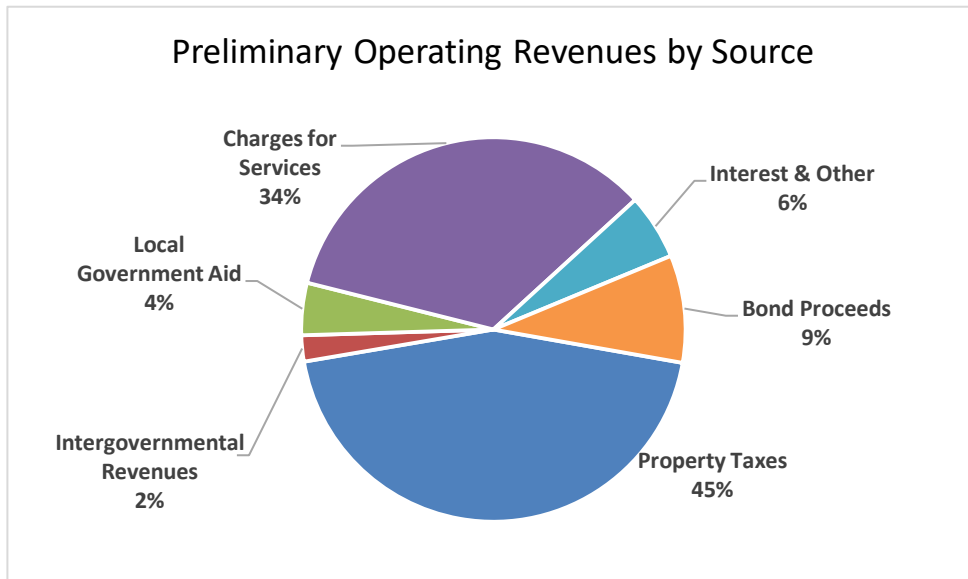
Historical Information

The City’s tax capacity has steadily increased since 2015. In 2020, that increase is estimated at approximately 7.16% (\$1,518,613), bringing the overall market value to \$22,720,326. This is the highest level since pre-2008. The chart below provides a historical view of this increase as well an overall continual reduction in the tax rate.



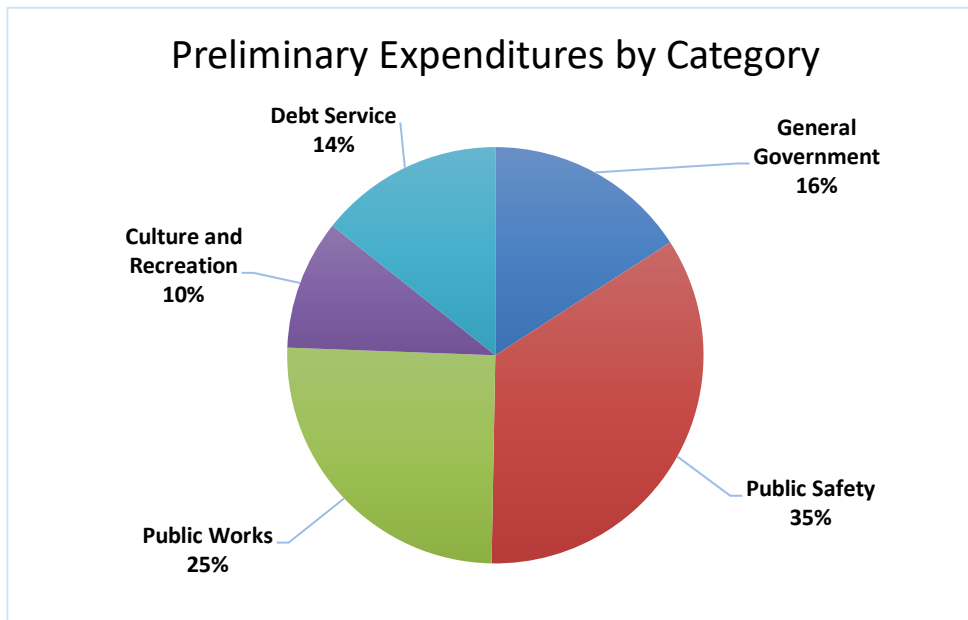
Preliminary Budget Revenues

As we prepare our annual budget recommendation, we review our available funding, potential revenue, and how we can present a responsible budget that supports the services we offer. The City has resources from our levy supported budget as well as our non-levy supported budget. These non-levy supported sources include our utility funds (water, wastewater, hydro), franchise fees (cable), and dedicated funding (LeDuc) and Parks capital (Parks dedication fees).



Preliminary Budget Expenses

Each year we are challenged with meeting service delivery needs with limited resources. Unfortunately, unmet needs are part of each and every budget cycle. Staff are tasked with preparing budgets that are creative, innovative, cost sensitive, and responsive. We also work to create a budget that takes care of our current assets and amenities including our buildings, parks, and recreational facilities. Additionally, the City has taken on many sustainability efforts, in addition to being a Green Steps City, that provide direction as we create our budget proposals.



Preliminary Recommended Budget

As part of the preliminary budget and levy we have the following items identified within the recommendations. This list is not comprehensive and is subject to change prior to final budget adoption. It should be noted some of these items are capital and not included in the operating graphs presented above.

- LED Lighting for Public Works
- Police Training Room Upgrades
- Computer/IT Updates
- Replace Building Inspection Vehicle
- Remount Ambulance
- Pool Improvements (slide step replacement, current play structure refurbish)
- Zamboni replacement
- Parks trail improvements
- Economic Development Initiatives
- Infrastructure Improvements (Neighborhood improvement project, Mill and Overlay)

Impact on Homeowner

The City Council has consistently shown a sensitivity to how our budget decisions impact the homeowners and businesses in the City of Hastings.

***Estimated tax impact from proposed levy- Residential
(0% Market Value Increase vs 7.6% Market Value Increase)***

<i>Home Value</i>	<i>Market Value Increase</i>	<i>City Estimated Tax 2020</i>	<i>City Tax 2019</i>	<i>Due to change in Value</i>	<i>Due to change in tax rate</i>
199,000	0.0%	\$ 1,038	\$ 1,071	\$ -	\$ (33)
214,124	7.6%	\$ 1,141	\$ 1,071	\$ 70	\$ -
245,000	0.0%	\$ 1,336	\$ 1,370	\$ -	\$ (34)
263,620	7.6%	\$ 1,454	\$ 1,370	\$ 84	\$ -
345,000	0.0%	\$ 1,970	\$ 2,020	\$ -	\$ (50)
371,220	7.6%	\$ 2,136	\$ 2,020	\$ 116	\$ -

Next Steps

The 2020 preliminary budget and levy must be set by October 1, 2019. The HRA/HEDRA levy must be set by October 1, 2019. Once set, the City Council cannot establish a final levy which is higher than the preliminary levy. A Truth-in-Taxation hearing will be held at the City Council meeting on Monday, December 2, 2019. The final budget and levy will be acted upon at the City Council's December 16, 2019 meeting.

**CITY OF HASTINGS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION 09- -19

**A RESOLUTION ADOPTING THE PRELIMINARY
2020 CITY PROPERTY TAX LEVY, PRELIMINARY BUDGET,
AND SETTING TRUTH IN TAXATION HEARING DATE**

WHEREAS, the City must annually prepare a budget that is responsive, responsible, and in alignment with our CORE values and strategic plan; and

WHEREAS, departments prepare requests with are discussed and reviewed as a team and with the Finance Committee of the Council (Vaughan, Folch*, Braucks,); and

WHEREAS, the Finance Committee and the City Council have met several times over the last few months to discuss the preliminary budget information; and

WHEREAS, the committee has directed the City Administrator and staff to prepare a preliminary 2020 tax levy and budget, a special levy, and set a truth in taxation hearing date; and

WHEREAS, provisions of the Minnesota Truth and Taxation Law require Cities to certify a Proposed Property Tax Levy and City Budget to the County Auditor by October 1, 2019; and

WHEREAS, City staff was directed to set the 2020 City Preliminary levy at \$14,788,179, the Preliminary Budget at \$33,609,080, and to schedule a truth in taxation public hearing date at 7:00 p.m. on Monday, December 2, 2019 in the City Council Chambers at Hastings City Hall, with a continuation date (if needed) of Monday, December 16, 2019 ; and

WHEREAS, the City has sufficient cash on hand to reduce the debt levy to \$2,523,681.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Hastings, Minnesota; that the preliminary Property Tax Levy of the City of Hastings, for the 2020 City Budget to be certified is hereby adopted.

Adopted this 16th day of September, 2019.

Attest:

Mary Fasbender, Mayor

Julie Flaten, City Clerk