



2024 PRELIMINARY BUDGET

New Hope City Council Meeting • Nov. 27, 2023

Presentation Outline

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- Review budget process
- Review revenues and expenditures
- Present preliminary tax levy and general fund
- Review debt levies
- Review estimated tax impact and tax rate
- Review utility rates (typical bill)
- Review city survey results



Budget Process

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- September 11, 2023 Council Meeting
 - ▣ Approved 2024 preliminary tax supported budgets
 - ▣ Approved 2024 preliminary tax levy (maximum amount)
 - ▣ Scheduled public hearing date for 2024 budget (November 27 at 6:30 pm)
 - ▣ City Clerk submitted maximum tax levy to county auditor for certification along with public hearing date
- September 18, 2023 Work Session
 - ▣ General fund budgets reviewed with city manager, Abdo and department heads



Budget Process

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- October 16, 2023 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 20, 2023 Work Session
 - ▣ County assessor information reviewed
 - ▣ City services survey results presented
 - ▣ Budget public hearing presentation reviewed



Budget Process

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- November 27, 2023 Budget Public Hearing
 - ▣ Presentation and comments from residents
- December 11, 2023 Council Meeting
 - ▣ Final budget approved
 - ▣ Utility/recycling rate changes approved
 - ▣ Certify final levy to Hennepin County Auditor and Department of Revenue



Revenue Budgets

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	2023 Adopted Budget	2024 Preliminary Budget	2023 to 2024 Increase (Decrease)	2023 to 2024 Increase (Decrease)
General Fund	\$ 5,158,252	\$ 5,903,614	\$ 745,362	14.45 %
Economic Development Authority	78,000	66,000	(12,000)	-15.38
Park Infrastructure	56,149	64,690	8,541	15.21
Street Infrastructure	537,500	2,838,333	2,300,833	428.06
Sanitary Sewer	4,064,500	4,202,000	137,500	3.38
Water	6,139,500	6,153,000	13,500	0.22
Solid Waste Management	267,700	366,052	98,352	36.74
Golf Course	396,150	435,500	39,350	9.93
Ice Arena	1,439,355	1,457,070	17,715	1.23
Storm Water	1,375,500	1,442,000	66,500	4.83
Street Lighting	180,100	186,000	5,900	3.28
Internal Service Funds	3,147,283	3,513,609	366,326	11.64
 TOTAL ESTIMATED NON-TAX RECEIPTS	 <u>\$ 22,839,989</u>	 <u>\$ 26,627,868</u>	 <u>\$ 3,787,879</u>	 <u>16.58 %</u>
 TOTAL PROPERTY TAX REVENUE	 <u>\$ 19,053,316</u>	 <u>\$ 20,075,244</u>	 <u>\$ 1,021,928</u>	 <u>5.36 %</u>
 TOTAL REVENUE	 <u>\$ 41,893,305</u>	 <u>\$ 46,703,111</u>	 <u>\$ 4,809,806</u>	 <u>11.48 %</u>



Expenditure Budgets

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	2023 Adopted Budget	2024 Preliminary Budget	2023 to 2024 Increase (Decrease)	2023 to 2024 Increase (Decrease)
General Fund	\$ 17,235,207	\$ 18,578,101	\$ 1,342,894	7.79 %
Economic Development Authority	824,811	825,400	589	0.07
Park Infrastructure	1,948,000	855,000	(1,093,000)	-56.11
Street Infrastructure	5,272,095	4,622,599	(649,496)	-12.32
Debt Service	3,462,088	3,467,116	5,028	0.15
Sanitary Sewer	3,722,548	4,142,439	419,891	11.28
Water	10,852,121	5,687,595	(5,164,526)	-47.59
Solid Waste Management	318,164	366,016	47,852	15.04
Golf Course	596,197	561,490	(34,707)	-5.82
Ice Arena	2,478,733	1,313,778	(1,164,955)	-47.00
Storm Water	1,445,940	1,564,821	118,881	8.22
Street Lighting	625,706	137,206	(488,500)	-78.07
Internal Service Funds	4,202,830	10,246,504	6,043,674	143.80
 TOTAL EXPENDITURES	 <u>\$ 52,984,440</u>	 <u>\$ 52,368,065</u>	 <u>\$ (616,375)</u>	 <u>-1.16 %</u>



2024 Preliminary Major Revenue Budget Changes

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- ▣ \$458,326 increase in Local Government Aid.
- ▣ \$203,500 increase in Public Safety Aid to be used in 2024.
- ▣ \$2,037,333 increase in Municipal State Aid grant for the 36th Avenue bridge replacement and 56th, Xylon and Louisiana street project.
- ▣ \$273,000 increase in franchise fees for new rates implemented in March 2023.



2024 Preliminary Major Expenditure Budget Changes

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- \$601,767 increase to fund 3% increase in wages/benefits; step increases, adjustment to health insurance contributions, and Council salary increase.
- \$177,132 increase in West Metro Fire-Rescue District joint powers agreement (includes aerial lease and two truck leases).
- \$58,366 increase in IT charges, including WatchGuard, records management through LETG, and LOGIS software.
- \$272,960 increase in central garage charges.
- \$64,768 increase in elections budget for election judge costs.



Property Tax Levy

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Program or service	<u>2023 Levied</u>	<u>2024 Requested</u>	<u>Increase / Decrease</u>	<u>% Change from Prior Year</u>	<u>% of Total Change</u>
Base Levy					
General fund	\$ 12,076,955	\$ 12,674,488	\$ 597,533	4.95	3.14 %
Street Improvements	1,698,622	1,783,553	84,931	5.00	0.45
Park Improvements ⁽¹⁾	925,185	946,444	21,259	2.30	0.11
Economic Development Authority	160,650	168,683	8,033	5.00	0.04
Housing and Redevelopment Authority	437,850	459,743	21,893	5.00	0.11
Fire Capital	-	100,000	100,000	100.00	0.52
Swimming Pool Capital	-	100,000	100,000	100.00	0.52
City Hall Capital	-	100,000	100,000	100.00	0.52
Debt Service					-
2015A GO TIF Bonds (City Center)	237,853	235,017	(2,836)	(1.19)	(0.01)
2015B GO Imp Bonds (Northwoods South)	208,745	206,685	(2,060)	(0.99)	(0.01)
2016A GO Imp Bonds (Northwoods North)	263,709	259,352	(4,357)	(1.65)	(0.02)
2017A GO Bonds (Police Dept/City Hall)	1,705,515	1,706,828	1,313	0.08	0.01
2018A GO Tax Abatement Bonds (Pool and Park)	867,464	865,784	(1,680)	(0.19)	(0.01)
2019A GO Tax Abatement Bonds (Pool and Park)	470,768	468,668	(2,100)	(0.45)	(0.01)
Total Property Taxes	<u>\$ 19,053,316</u>	<u>\$ 20,075,245</u>	<u>\$ 1,021,929</u>	5.36	<u>5.36 %</u>

(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.



2024 Preliminary Tax Levy

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- General fund tax levy is \$12,674,488, which is \$597,533 or 4.95% increase over 2023 general fund levy of \$12,076,955.
- Total tax levy, including:
 - ▣ General Fund
 - ▣ Street and Park Infrastructure Funds (New Hope does not assess taxable properties for street improvements)
 - ▣ EDA Levy
 - ▣ HRA Levy
 - ▣ Fire, Swimming Pool and City Hall Capital
 - ▣ Prior Debt Levies
- Total tax levy is \$20,075,245, which is 5.36% increase over 2023 total levy of \$19,053,316.

2024 Preliminary Tax Levy

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- Total tax levy includes:
 - ▣ 5% (\$84,931) increase in street infrastructure levy
 - ▣ 2.3% (\$21,259) increase in park infrastructure levy
 - ▣ 5% (\$8,033) increase in EDA levy for redevelopment projects
 - ▣ 5% (\$21,893) increase in HRA levy to achieve long-term funding plan for scattered site housing program
 - ▣ New levies for future capital needs for the fire station, aquatic center and city hall/police facility; \$100,000 each, totaling \$300,000.

2024 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
 - ▣ Five of the bond debt levies are decreasing for a total of \$13,033
 - ▣ One of the bond debt levies is increasing by \$1,313
 - ▣ Overall, the combined debt levies are decreasing by \$11,720

Estimated Tax Impact

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- Median home value in 2023 is \$326,050, which is an 0.32% increase from 2022.
- Current estimated impact on residential homes based on 5.36% increase in city tax levy is 3%
- For homes valued between \$175,000 and \$500,000 the tax increase estimate is \$29 to \$93.

2023 Market Value of a Home	Taxable Market Value	2023 Actual	2024 Estimated	\$ Increase / (decrease)	% Increase / (decrease)
\$ 175,000	\$ 153,500	\$ 877	\$ 906	\$ 29	3%
200,000	180,800	1,033	1,067	34	3%
225,000	208,000	1,189	1,228	39	3%
250,000	235,300	1,345	1,389	44	3%
300,000	289,800	1,657	1,710	54	3%
350,000	344,300	1,968	2,032	64	3%
400,000	398,800	2,280	2,354	74	3%
450,000	450,000 (1)	2,572	2,656	84	3%
500,000	500,000 (1)	2,858	2,951	93	3%

(1) For 2023 the Homestead Market Value Exclusion is phased out at a value of \$413,800.

Tax Rate

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- Based on current information:
 - ▣ The city tax rate is projected to increase from
 - 57.162% in 2023 to
 - 58.831% in 2024
 - ▣ The total tax rate is projected to increase from
 - 125.085% in 2023 to
 - 127.004% in 2024

	2022	2023	2024
City Tax Rate	62.826%	57.162%	58.831%
HRA Tax Rate	1.497%	1.342%	1.592%
County Tax Rate	38.535%	34.542%	34.542%
School Tax Rate	26.507%	24.092%	24.092%
Other Tax Rate	8.742%	7.947%	7.947%
Total Tax Rate	138.107%	125.085%	127.004%

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



Utility Rates – typical bill

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Based on 5,000 gallons of water usage	Increase	Rate 2023	Rate 2022
Water	5%	\$50.54	\$52.89
Sewer	4%	\$40.39	\$42.02
Street Lights	5%	\$9.50	\$9.88
Recycling	\$.90	\$1.52	\$1.60
Storm Drainage	4%	\$5.00	\$5.90
Total (increase of \$5.34)		\$106.95	\$112.29



2023 Performance Measures: Overview

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- City Services Survey conducted July 1 to Oct. 1, 2023
- 561 total responses
 - ▣ 360 paper surveys returned
 - ▣ 201 surveys completed online
- Decrease in response rate from past years:

2022 (ML)	2021	2020	2019	2018	2017
400	663	839	610	679	632

2023 Performance Measures: General

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- City Services Survey conducted July 1 to Oct. 1, 2023; 561 responses
- Rating of the overall quality of city services
 - ▼ 81% excellent or good; 12% neutral; 6% fair; 0% poor
- Percent change in the taxable property market value
 - ▲ 16.68% increase (\$2,308,596,615 payable in 2022 to \$2,693,654,510 payable in 2023; 6.03% increase 2021 to 2022)
- Citizens' rating of the overall appearance of the city
 - ▼ 74% excellent or good; 12% neutral; 12% fair; 1% poor
- Bond rating
 - * AA
- Citizens' rating of the quality of city recreational programs & and facilities
 - ▼ Programs: 56% as excellent or good; 19% neutral; 2% fair; 1% poor; 21% N/A
 - ▼ Facilities: 81% as excellent or good; 11% neutral; 3% fair; 2% poor; 3% N/A
- Citizen's rating of the quality of communication/distribution of information
 - ▼ 66% excellent or good; 17% neutral; 9% fair; 4% poor

* = No significant change from last year
▲ = Increase from last year
▼ = Decrease from last year

2023 Performance Measures: Public Safety

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- Group A and B crime rates (for 2022)
 - * Group A – 1,281; Group B – 95
- Citizens' rating of safety in the community
 - ▼ 88% very or somewhat safe; 10% somewhat unsafe; 1% very unsafe
- Average police response time (for 2022)
 - ▼ 3.33 minutes for Priority 1 calls
- Insurance industry rating of fire services
 - * 3
- Citizens' rating of the quality of fire protection services
 - * 81% excellent or good; 16% neutral; 1% fair; 0% poor
- Fire calls per 1,000 population
 - ▼ 49.99 (1,099 calls for service in 2022)

* = No significant change from last year
▲ = Increase from last year
▼ = Decrease from last year

2023 Performance Measures: Public Works

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- Average city pavement rating index
 - * 81 (81 in 2022, 2021)
- Citizens' rating of overall condition of city streets
 - ▼ 62% excellent or good; 17% neutral; 18% fair; 3% poor
- Citizens' rating of quality of snowplowing on city streets
 - ▼ 82% excellent or good; 8% neutral; 8% fair; 2% poor
- Citizens' rating of dependability & overall quality of city water supply
 - ▲ 89% excellent or good; 6% neutral; 4% fair; 1% poor
- Citizens' rating of the quality of stormwater management in the city
 - ▲ 79% excellent or good; 16% neutral; 4% fair; <1% poor
- Citizens' rating of the dependability & quality of city sanitary sewer service
 - ▲ 85% excellent or good; 11% neutral; 3% fair; <1% poor
- Number of sewer blockages on city system
 - * 2 in 2023 (through Oct. 25)

* = No significant change from last year
▲ = Increase from last year
▼ = Decrease from last year

Summary

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- Council will be asked to adopt the final budget and tax levy at the December 11 Council Meeting.
- Budget document will be posted on the city's website.

