

Dear Residents:

At its September 1 meeting, the City Council set a preliminary budget levy for the fiscal year which begins January 1, 2010. This continues a process that started in January of this year, and recognizes the current difficult financial situation being experienced globally, nationally, and here in Shakopee.

The City experienced a decline in its net tax base of 3.1 percent, which is a reflection of the decrease in property values that many property owners have seen. The Council had given City staff direction to prepare a budget that would result in a City property tax burden that would not increase from FY2009's level. While the actual impact will vary depending upon what happened to specific property values, we are pleased that approximately 90 percent of Shakopee property owners will see a property tax bill that is essentially unchanged, or with a slight decrease. Please note that this is for the City portion of your property tax; other jurisdictions may have other results.

Attached is a memo from the City's Finance Director providing details about the levy. There is also a budget memo from the August 11 City Council workshop that provides more explanation as to how a preliminary budget gap of \$312,000 was to be closed.

The City Council will hold a public hearing regarding the FY2010 budget at its regular meeting of December 1. The meeting will begin at 7 p.m. and will be held in the City Council Chambers. We invite you to attend that meeting in person, or watch it on Government Access Cable Channel 16 or online.

The City's budget must be made final and certified to Scott County by December 28.

If you have questions, please contact us at budget@ci.shakopee.mn.us.

Mark McNeill
City Administrator

City of Shakopee
Memorandum

TO: Mayor and Council
Mark McNeill, City Administrator
FROM: Gregg Voxland, Finance Director
RE: 2010 Proposed Tax Levy and Budget Resolution
DATE: August 19, 2009

Introduction

Attached is Resolution Number 6930, which sets the proposed maximum 2009/10 tax levy.

Time frames

The existing law requires that Shakopee certify a proposed budget, budget hearing date and proposed maximum tax levy to the county by September 15. The City has to certify the final levy to the county by December 18, 2009.

Tax Levy

The proposed maximum tax levy for 2009/10 is shown below. The decrease in the gross levy is \$50,000 or 0.3% due to the decrease in the referendum based levy for the fire station bonds.

	<u>Proposed</u> 2009/10	<u>Levied</u> 2008/09
Operating levy	\$13,814,206	\$13,652,000
City levy for EDA	-0-	60,000
Debt levy reclassification	341,932	253,115
Limited levy	<u>13,814,206</u>	<u>13,965,115</u>
Debt service levy	898,244	1,005,438
Debt levy reclassification	(341,932)	(253,115)
Debt Service referendum	<u>201,227</u>	<u>246,239</u>
Total gross levy	<u>\$14,913,677</u>	<u>\$14,963,677</u>

The decision to reduce the levy can be made at a later date because it is the maximum proposed levy being adopted now.

The levy for the fire station bonds is already set by previous action and is \$251,227. Due to funds on hand, the levy is being reduced by \$50,000. This levy is on the market value of real estate and not the tax capacity value.

The fiscal disparity distribution number for 2010 has been received. The estimated impact of setting the same levy as pay

2009 has changed from a \$7 increase on the largest block of home to being a \$7 decrease. In other words, 56% of the residential parcels would see a tax decrease.

Governmental Funds Budget

The City is required to certify a proposed budget (expenditures) to the County Auditor by September 15th. Council may change the amount up or down for the final budget. The resolution includes the Governmental Funds Budget proposed expenditures in the amount of \$31,001,370. The budget is not fixed. The comparable number last year was \$31,188,200.

Public Hearing Date

The date for the official "Truth in Taxation" public hearing on the tax levy and budget is December 1st at the regular Council meeting. A special separate meeting is no longer required.

Alternatives

1. Adopt resolution as drafted.
2. Increase or decrease amounts for tax levy or budget in the resolution.

Action

Move to set the public hearing date for the 2010 tax levy and budget on December 1, 2009 at 7:00 PM located at City Hall, 129 Holmes Street.

Offer Resolution Number 6930 A Resolution Setting Proposed Maximum 2009 Tax Levy, Collectable In 2010, and move its adoption.



Gregg Voxland
Finance Director
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RESOLUTION NO. 6930

A RESOLUTION SETTING PROPOSED MAXIMUM 2009 TAX LEVY,
COLLECTIBLE IN 2010

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHAKOPEE, COUNTY OF SCOTT, MINNESOTA, that the following amounts be levied as the proposed maximum tax levy in accordance with existing law for the current year upon the taxable property in the City of Shakopee;

General Levy	\$14,717,438
Plus Economic Development Authority	-0-
Debt Service - Fire Referendum (Market Value)	201,227

BE IT FURTHER RESOLVED, that the proposed expenditures for the Governmental Funds Budget for 2010 is \$31,001,370.

BE IT FURTHER RESOLVED, that the public hearing on the tax levy and budget is set for December 1st at 7:00pm.

Adopted in _____ session of the City Council of the City of Shakopee, Minnesota held this _____ day of September, 2009.

Mayor of the City of Shakopee

ATTEST:

City Clerk

CITY OF SHAKOPEE

Memorandum

TO: Mayor and City Council
FROM: Mark McNeill, City Administrator
SUBJECT: FY 2010 Budget
DATE: August 11, 2009

Comment:

Introduction:

At the August 11th budget workshop, the Council may choose to establish the preliminary 2010 budget for the City of Shakopee.

Current Status:

As of this writing, the budget is approximately \$312,000 out of balance. While sizable, it is certainly more positive than the preliminary budget directions from a few months ago. At that time we were anticipating a shortfall of \$541,000 to \$1.12 million.

The \$312,000 deficit is based on the following assumptions:

1. *Elimination of three currently vacant positions:*
 - a. Custodian (recently resigned; leaves 3 FT custodians)
 - b. Graduate Engineer
 - c. Natural Resources Coordinator
2. *No Employee Cost of Living adjustments for 2010*
3. *Eliminates outside GIS consultant--savings \$32,000.*
4. *Elimination of vehicle allowances for the City Administrator and four designated employees.*
5. *Elimination of all out of state travel for 2010, except those that are fully or substantially funded through outside grants.*
6. *Reduction of legal fees due to settlement of the BIA Trust issue--savings \$60,000.*
7. *Supplies and Services reduction--we had anticipated a 3% increase, but departmental requests came in at 1%. This provides for no increase in utility costs, and a reduction in gas/diesel from the \$4/gallon that was originally budgeted in 2009.*

Spending Reductions/Transfers

Attached is Appendix A, which outlines spending reductions, as well as fund transfers which might be used to close the gap for FY2010. Included are the internal and external prioritization results which were discussed at the May 20th City Council workshop. The recommendations do not correspond directly to the priorities.

Recommendation:

Any of these will impact the users of City Services, or departments. However, in order to close the \$312,000 shortfall, it is staff's recommendation to do a combination of revenue increases, and expenditure cuts.

Our recommendation is as follows:

1. Eliminate EDA levy for 2010	\$ 60,000
<i>The current fund balance is \$500,000, and no projects are Anticipated for FY 2010</i>	
2. State Aid Transfer	122,000
<i>For pavement preservation, State Aid maintenance in the amount of \$248,000 is coming directly into the General Fund. This would be a transfer of an additional \$122,000 from the State Aid Fund.</i>	
3. Reduce amount of increase in park asset fund transfer	100,000
<i>Would still provide for \$187,000 to go to this recently established account</i>	
4. Reduce R&D Telecommunications Budget	18,000
<i>Would still provide \$17,000 for unanticipated technology needs identified throughout the year</i>	
5. Levy to FY2009 level	112,000
<i>Council earlier approved a flat levy, but that would provide a majority of residential property-tax payers with a slight overall increase (an average of \$7 annually). However, reducing the levy for FY10 will make the FY11 levy that much more dramatic</i>	
6. Increase Transfer to Building Fund	(100,000)
<i>Building fund balance is approximately \$1 million, which is less than 20% of where it should be.</i>	
Total	<u>\$312,000</u>

Action Required:

Council should give direction.

Mark McNeill
City Administrator

MM:cn

Appendix A

Possible Savings:

The following is a list of potential fund transfers, and budget reductions and their estimated impacts. The list includes items that ranked as lower priorities in one of the prioritization exercises earlier this spring, as well as items presented by specific circumstances (vacant positions, internal accounting practices, etc.)

1.	Eliminate Huber Park performances	\$20,000
2.	Eliminate Home Town Messenger	\$23,000
3.	Eliminate Public Access Channel	\$15,000
4.	Close Community Center on Sunday	\$12,000
5.	Fill vacant Community Service Officer position on a seasonal basis only (\$25,000) rather than year round; or leave vacant (\$44,400)	
8.	Eliminate the R& D fund in the Telecommunications Division	\$35,000
9.	Eliminate morning receptionist at City Hall and cover front desk by rotating other administrative support staff	\$20,400
10.	Eliminate new PT position at Community Center Front desk	\$13,000
11.	Reduce the amount being placed in the park asset fund from the currently budgeted \$270,000	\$270,000
12.	Switch pavement preservation funding from taxes; use MSAS funds	\$122,000
13.	Eliminate EDA levy	\$60,000
14.	Bring 2010 levy up to current amount	\$112,000