

2023 BUDGET AND FINAL LEVY ADOPTION

CITY MANAGER'S RECOMMENDATION

DECEMBER 12, 2022



OVERVIEW

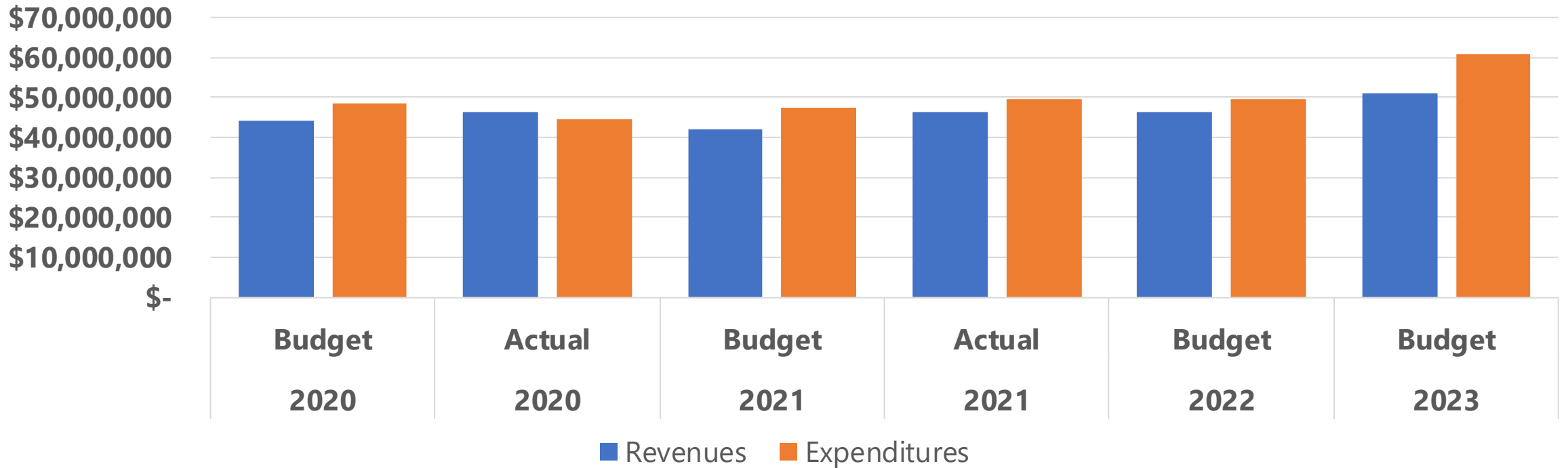
- 2023 Budget Process
- 2023 Budget
- Final Property Tax Levy
- Next Steps

2023 BUDGET PROCESS

May 9	Discuss Outlooks and Objectives with City Council
June 27	Discuss Proposed 2023–2027 Capital Investment Program (CIP) with City Council
August 22	Discuss Proposed 2023 Budget and Property Tax Levy with City Council
September 12	Discuss Proposed 2023 Budget and Property Tax Levy with City Council
September 26	Adopt Proposed 2023 Budget and Property Tax Levy and Final HRA Levy
October 24	Discuss Proposed 2023 Utility Budgets/Rates and 2023-2027 CIP with City Council
November 14	Adopt 2023 Utility Rates / 2023 Budget Discussion with City Council
November 28	Conduct Truth-in-Taxation Public Hearing
December 12	Adopt Final Levy, 2023 Budget and 2023-2027 CIP

2023 BUDGET

Figure No. 2: Revenues and Expenditures Summary, All Budgeted Funds



FINAL PROPERTY TAX LEVY

CITY PROPERTY TAX LEVY

- The 2023 Budget assumes an overall property tax levy increase of 12.82%. Generally, this change supports:
 - 1st Year of levying for General Obligation (GO) Tax Abatement Bonds as part of funding Park System Improvement Plan (PSIP)
 - <https://fridleymn.gov/1412/Park-System-Improvement-Plan>
 - Inflationary cost pressures on various City activities; and the
 - Long-term financial plans for both the Springbrook Nature Center and IT Capital Projects Fund

PROPERTY TAX LEVY, CONTINUED

Property Tax Levy History and Detail						
Levy Component	2020	2021	2022	2023P	Change %	Change \$
General Fund	12,458,025	13,220,201	13,682,908	14,235,000	4.03%	552,092
IT Capital Projects Fund	58,708	63,405	68,477	73,955	8.00%	5,478
SNC Fund	411,807	427,249	461,429	498,343	8.00%	36,914
Debt Service Funds	3,181,017	3,179,229	3,179,256	3,135,549	-1.37%	(43,707)
PSIP Bonds	-	-	-	1,678,023	-	1,678,023
Totals	16,109,557	16,890,084	17,392,070	19,620,870	12.82%	2,228,800

Levy Component	2020	2021	2022	2023P	Change %	Change \$
GF, IT, SNC, DS	16,109,557	16,890,084	17,392,070	17,942,847	3.17%	550,777
PSIP Bonds	-	-	-	1,678,023	-	1,678,023
Totals	16,109,557	16,890,084	17,392,070	19,620,870	12.82%	2,228,800

Note: Per the bond covenant, the City is required to levy the full amount (105%) of the 1st year's principal & interest, or \$2,028,023, for the PSIP bonds. The use of \$350,000 in fund balance would need to be reflected in the General Fund levy, i.e., approximately \$350,000 less. For illustrative purposes, we're showing the use of fund balance lowering the PSIP levy as the intention is to lessen the impact of the PSIP Bonds portion of the property tax levy.

PROPERTY TAX LEVY, CONTINUED

City Property Taxes Payable (Residential Homestead)					
Payable Year	Levy Change	Median Value	Est. City Taxes	Change (\$) vs. PY Change	
2019	4.64%	202,900	886	37	
2020	3.97%	217,200	954	68	
2021	4.85%	234,000	1,014	60	
2022	2.97%	247,200	1,051	37	
2023	12.82%	288,300	1,220	169	

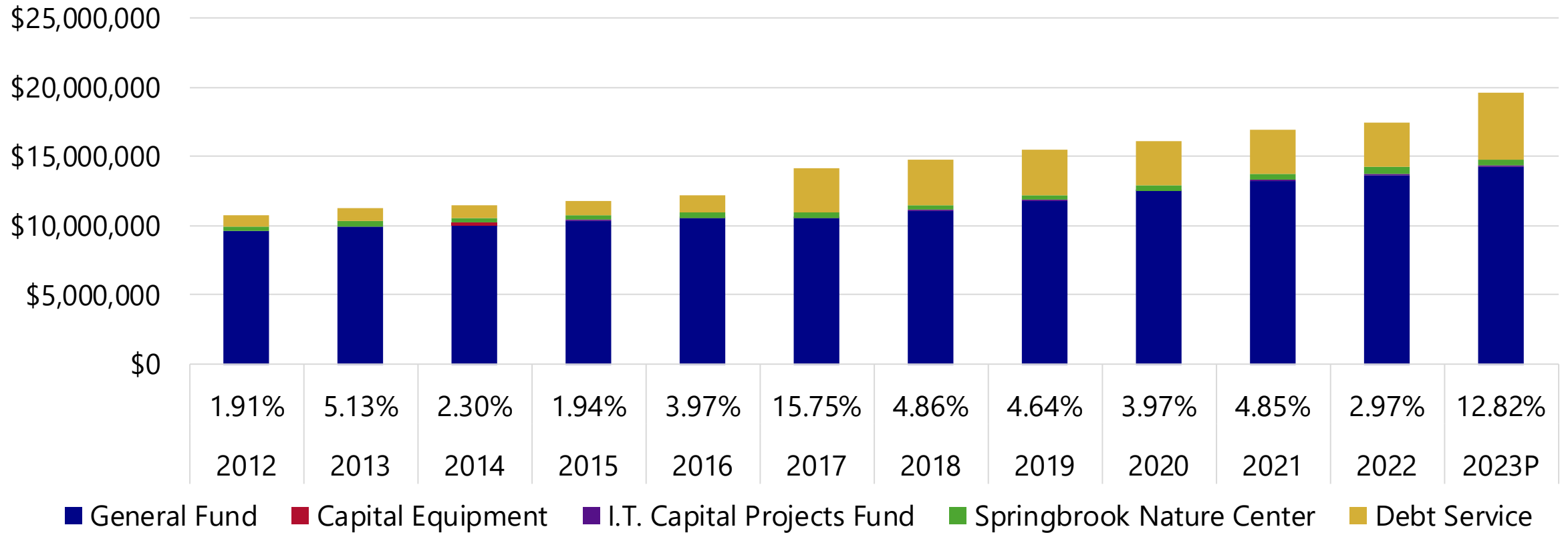
Levy Component	Est. City Taxes 2022	Est. City Taxes 2023	Change (\$) vs. PY
GF, IT, SNC, DS	1,051	1,100	49
PSIP Bonds	-	120	120
Totals	1,051	1,220	169

- Between 2021 and 2022, the median-valued residential homestead increased about 16.6%, compared to 5.6% the previous year
- Assuming the proposed property tax levy change, a property owner with a \$288,300 residential homestead would pay an estimated \$14 more per month.
- Had the median value from the prior year (\$247,200) held constant, the owner would pay \$28 less than last year.



PROPERTY TAX LEVY, CONTINUED

Property Tax Levy, 2012–2023P



2023 PROPOSED LEVY COMPARISON

City	2023P Change (%)
Fridley - Net of PSIP Bonds	3.17%
New Hope	4.51%
Minneapolis	6.50%
Richfield	6.60%
Roseville	7.00%
Coon Rapids	7.50%
St. Louis Park	7.50%
Columbia Heights	8.10%
Shoreview	9.09%
Crystal	9.50%
New Brighton	9.88%
Savage	11.40%
St. Francis	12.60%
Fridley	12.82%
Burnsville	14.53%
Rogers	15.00%
St. Paul	15.30%
Oak Grove	19.41%
Lexington	20.00%

Average = 10.96%



PROPERTY TAX PROGRAMS AVAILABLE

- Regular Property Tax Refund

- Provides refund to those who meet certain income guidelines
- Must be homesteaded (owned/occupied as primary residence)
- Maximum refund = \$2,930
- <https://www.revenue.state.mn.us/property-tax-programs>

- Special Property Tax Refund

- Provides refund to those who's property tax bill has increased by more than 12%
- Must be homesteaded (owned/occupied as primary residence)
- Maximum refund = \$1,000
- <https://www.revenue.state.mn.us/property-tax-programs>

- Senior Citizen Property Tax Deferral Program

- Allows you to defer a portion of property taxes owed
- Property tax bill you pay will be 3% of total household income (prior year income)
- Deferred portion plus interest must be repaid
- <https://www.revenue.state.mn.us/property-tax-deferral-senior-citizens>

NEXT STEPS

Based on the process to date, staff recommend the City Council adopt:

- Resolution No. 2022-139, certifying the final tax levy requirements for 2023 to the County of Anoka
- Resolution No. 2022-140, approving a budget for the fiscal year 2023 and the 2023-2027 capital investment program

Assuming the Council adopts the resolutions, staff will then transmit them to Anoka County

The 2023 Budget documents may be found on the City website under “City Financials”

<https://www.ci.fridley.mn.us/233/City-Financials>

THANK YOU!

2023 BUDGET

