



Chanhassen City Council Workshop

Preliminary Budget, Levy, & CIP Discussion
September 26, 2022

Agenda



Preliminary General Fund Budget

Review and discuss proposed preliminary General Fund Budget

Preliminary CIP

Review and discuss the preliminary CIP for 2023-2027 for tax-supported funds

Market Values

Review County Assessment report and historical data

Preliminary Levy, Tax Rate, & Taxes

Review and discuss the proposed preliminary levy and impact on taxes

Next Steps

Review upcoming meeting dates and deadlines
Council input and questions

Preliminary General Fund Budget

Revenues & Transfers In

Total projected revenues & transfers in \$14,343,095

Increase of \$1,142,549 over 2022 budget

Expenditures & Transfers Out

Total projected expenditures & transfers out \$14,343,095

Increase of \$892,549 over 2022 budget

Ending Fund Balance

Balanced budget results in year-end fund balance of \$7,739,515

Revenue Stabilization Arrangement

Amend Fund Balance Policy to commit equivalent of one year of permit revenue and investment income?



[Link to Strategic Plan](#)

Priority - Financial Sustainability

Desired Outcomes

- Financial Stability in all Funds
- Financial Policies Guide Decision Making

Priority – Operational Excellence

Desired Outcomes

- Satisfied Workforce
- Competent Workforce
- Improved Operational Effectiveness, Including Through the Use of Technology and Innovation

General Fund Revenue Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
Property Taxes	\$10,194,746	\$10,749,000	\$554,254	5.4%
Cable Franchise Fees	\$0	\$154,000	\$154,000	NEW
Licenses & Permits	\$1,341,600	\$1,579,475	\$237,875	17.7%
Intergovernmental	\$550,000	\$585,000	\$35,000	6.4%
Charges for Services	\$547,500	\$587,800	\$40,300	7.4%
Other Revenue	\$566,700	\$642,820	\$76,120	13.4%
Transfer In	\$0	\$45,000	\$45,000	NEW
TOTAL	\$13,200,546	\$14,343,095	\$1,142,549	8.7%

Highlights of Revenue Changes

Cable Franchise Fees were previously recorded in the CATV fund along with Communications expenses – reallocated revenue is \$154,000

Transfer in from CATV Fund – \$45,000 to offset increased expense in General Fund due to moving of Communications expenses from CATV fund

Building Permit Revenues – recommend using three-year average of 2018, 2019, and 2020 revenues to budget for 2023 (2021 was an unusually high year)

Interest Earnings – interest rates have increased so budgeting an additional \$80,000 in 2023



General Fund Expenditure Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
General Government	\$2,982,968	\$3,338,149	\$355,181	11.9%
Public Safety	\$4,566,659	\$5,169,017	\$602,358	13.2%
Public Works	\$2,697,379	\$2,624,274	\$(73,105)	-2.7%
Community Development	\$587,581	\$613,887	\$26,306	4.5%
Parks & Recreation	\$2,365,959	\$2,597,768	\$231,809	9.8%
Transfer to Park Renovation Fund*	\$250,000	\$0	-\$250,000	-100%
TOTAL	\$13,450,546	\$14,343,095	\$892,549	6.6%

**The budgeted transfer in 2022 was designated as a use of fund balance, as such, total expenditures and transfers out exceeded revenues by \$250,000 for the budget*

General Fund Expenditure Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
General Government	\$2,982,968	\$3,338,149	\$355,181	11.9%

Key Changes for General Government:

- Communications Department now includes expenditures that were previously accounted for in the CATV Fund – no significant change to Communications spending
- About \$114,000 (3.8%) of the increase is due to wage/benefit changes and inflationary increases

General Fund Expenditure Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
Public Safety	\$4,566,659	\$5,169,017	\$602,358	13.2%

Key Changes for Public Safety:

- The police contract is up 10%, or \$163,592 from 2022 (no increase in PY) - same level of service as in 2022 – expect 10% increase in 2024 also
- Fire Department wages and benefits are up \$434,000 from 2022
 - Includes the hiring of 3 new captains – cost offset by reduced on-call hours
 - Plan to use \$110,000 in ARPA funding in 2023 toward this staff addition
 - Closing of Station 2 results in further cost reductions and eliminates the need for a new truck estimated to cost between \$800K and \$1M

General Fund Expenditure Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
Public Works	\$2,697,379	\$2,624,274	\$(73,105)	-2.7%

Key Changes for Public Works:

- The 2022 budget was set up with Internal Service Funds for facilities and fleet maintenance, with an internal service charge to be paid from the General Fund to the Internal Service Funds
- The expenses for facilities and fleet maintenance are now back in General Fund, which overall results in little change to the budget
- Staff reviewed the allocation of wages to the Surface Water Management Fund and determined an additional allocation of \$194,000 is warranted
- The budget includes \$90,000 for replacement of streetlights and lighting cabinets

General Fund Expenditure Comparison

	2022 Budget	2023 Preliminary	\$ Change	% Change
Community Development	\$587,581	\$613,887	\$26,306	4.5%

Key Changes for Community Development:

- The increase is due to wage/benefit changes and inflationary increases

General Fund Expenditure Comparison

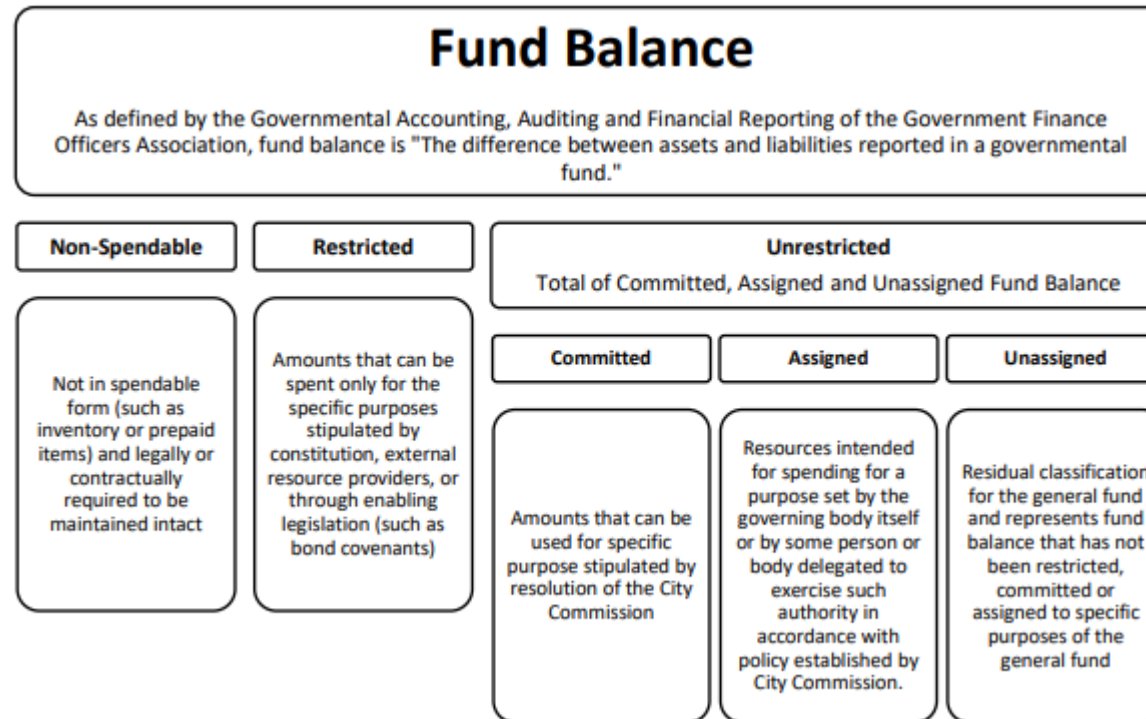
	2022 Budget	2023 Preliminary	\$ Change	% Change
Parks & Recreation	\$2,365,959	\$2,597,768	\$231,809	9.8%

Key Changes for Parks and Recreation:

- Park maintenance expenses are budgeted about \$100,000 higher than 2022, largely due to wage and benefit increases for both permanent and seasonal employees
- Recreation program expenses are about \$25,000 higher due to increased events costs, such as fireworks and rental of tents, tables, portable restrooms, and other equipment for events
- Dance and other program fees are higher, but are offset by increased revenue

General Fund Balance & Revenue Stabilization

What is Fund Balance?



General Fund Balance & Revenue Stabilization

- Current Fund Balance policy – For General Fund maintain minimum Unassigned Fund Balance at year-end equal to 50% of following year levied property taxes and anticipated state aid
 - Suggest removing state aid portion
- Suggest creation of Revenue Stabilization Arrangement for General Fund via amendment to Fund Balance policy
- Revenue Stabilization Arrangement – Formally set aside amounts for use in revenue shortfall (e.g., building permit revenue and investment income)
- Amount would be set aside as Committed Fund Balance in the General Fund in an amount up to the succeeding year's budgeted building permit revenue and investment income

General Fund Balance & Revenue Stabilization

Council approves revenue stabilization arrangement effective December 31, 2022

Revenue Stabilization helps to determine how much unassigned fund balance is available for use

Calculate amount to set aside as committed fund balance for December 31, 2022:

100% of 2023 Budgeted Building Permit Revenue	\$ 1,402,000
100% of 2023 Budgeted Investment Income	\$ 140,000
Total committed fund balance	\$ 1,542,000

Financial Statement for year end December 31, 2022 prepared:

Fund Balance Presentation	No RSA	With RSA
Nonspendable	\$ 70,000	\$ 70,000
Committed		\$ 1,542,000
Unassigned	\$ 7,670,000	\$ 6,128,000
Total	\$ 7,740,000	\$ 7,740,000

Question - Does unassigned FB meet policy of minimum 50% of following year property tax levy?

2023 Property Tax Levy	\$10,749,000	\$ 10,749,000
50% of Levy	\$ 5,374,500	\$ 5,374,500
Meet Policy	YES	YES
Amount available for fund balance reduction or other uses	\$ 2,295,500	\$ 753,500

General Fund Balance & Revenue Stabilization

<i>Scenario 1 for 2023 - Revenues meet budget for 2023 and assume 3% increase in budget for 2024</i>		
Fund Balance Presentation	No RSA	With RSA
Nonspendable	\$ 70,000	\$ 70,000
Committed		\$ 1,588,260
Unassigned	\$ 7,670,000	\$ 6,081,740
Total	\$ 7,740,000	\$ 7,740,000
 <i>Question - Does unassigned FB meet policy of minimum 50% of following year property tax levy?</i>		
2024 Property Tax Levy	\$11,071,470	\$ 11,071,470
50% of Levy	\$ 5,535,735	\$ 5,535,735
Meet Policy	YES	YES
Amount available for fund balance reduction or other uses	\$ 2,134,265	\$ 546,005

General Fund Balance & Revenue Stabilization

<i>Scenario 2 for 2023 - Revenues below budget for 2023 by \$300,000 and 3% increase in budget for 2024</i>		
Fund Balance Presentation	No RSA	With RSA
Nonspendable	\$ 70,000	\$ 70,000
Committed		\$ 1,588,260
Unassigned	\$ 7,370,000	\$ 5,781,740
Total	\$ 7,440,000	\$ 7,440,000
 <i>Question - Does unassigned FB meet policy of minimum 50% of following year property tax levy?</i>		
2024 Property Tax Levy	\$11,071,470	\$ 11,071,470
50% of Levy	\$ 5,535,735	\$ 5,535,735
Meet Policy	YES	YES
Amount available for fund balance reduction or other uses	\$ 1,834,265	\$ 246,005

Note - Amount required to meet the 50% of levy in unassigned FB will increase each year as levy increases, this may ultimately result in need for planned FB increase (i.e., budgeted revenues exceed budgeted expenditures)

Preliminary CIP 2023-2027

Capital Facilities Fund

Accounts for the replacement, renovation, and major repairs to City facilities

Transportation Infrastructure Management Fund

Accounts for roadway preventative maintenance, such as sealcoating and crack sealing, along with trail and parking lot maintenance, and other items, such as ADA improvements

Pavement Management Fund

Accounts for major street construction and reconstruction projects

Funding comes from property taxes, franchise fees, special assessments, and other governments

Capital Equipment/Vehicle Replacement Fund

Accounts for City's annual equipment/vehicle purchases and leases

Does not include purchases/leases for City's utility funds

Unfunded or Uncertain Items

Park Renovation

Park Development



[Link to Strategic Plan](#)

Priority - Financial Sustainability

Desired Outcomes

- Financial Stability in all Funds

Priority – Asset Management

Desired Outcomes

- Effective Utilization & Protection of Assets
- Ability to Pay for Critical Assets
- Assets Adequate to Support Adopted Levels of Service

Capital Facilities Fund

Source	Project #	Priority	2023	2024	2025	2026	2027	Total
Facilities Capital Fund								
Deferred Maintenance Allowance - All	MB-048	n/a	200,000	205,000	210,000	215,000	220,000	1,050,000
City Hall Roof Replacement	MBCH-033	n/a		300,000				300,000
Fire Station 1 Improvements	MBFire-047	n/a	80,000					80,000
PW Facility - Fuel island canopy	MBPW-042	n/a	100,000					100,000
PW Facility - Fuel Tank Monitoring Sytem Upgrade	MBPW-043	n/a	7,000					7,000
PW Security Fencing & Access Control	MBPW-045	n/a		235,000				235,000
PW Anti-Icing Tank	MBPW-060	n/a	12,000					12,000
Recreation Center Revitalization Project	MBRec-140	n/a	25,000	25,000				50,000
Civil Defense Siren Maintenance	PS-001	n/a	45,000	12,000	12,500	13,000	13,500	96,000
Facilities Capital Fund Total			469,000	777,000	222,500	228,000	233,500	1,930,000

Capital Facilities Fund

	2022 Budget	2023	2024	2025	2026	2027
REVENUES						
General Property Taxes	\$ 125,000	\$ 155,000	\$ 185,000	\$ 215,000	\$ 245,000	\$ 275,000
Investment Earnings	\$ -	\$ 1,215	\$ (3,414)	\$ (12,345)	\$ (12,643)	\$ (12,577)
TOTAL REVENUES	\$ 125,000	\$ 156,215	\$ 181,586	\$ 202,655	\$ 232,357	\$ 262,423
EXPENDITURES						
Civil Defense Sirens		\$ 45,000	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500
Fire Station 1 Improvements	\$ -	\$ 80,000				
PW Facility - Fuel Island Canopy		\$ 100,000				
PW Facility - Fuel Tank Monitor Sys Upgrade		\$ 7,000				
PW Facility - Anti-Icing Tank		\$ 12,000				
City Hall Roof Replacement			\$ 300,000		\$ -	\$ -
Rec Center Revitalization Project		\$ 25,000	\$ 25,000			
PW Security Fencing & Access Control	\$ -		\$ 235,000			
Deferred Maintenance Allowance	\$ 100,000	\$ 200,000	\$ 205,000	\$ 210,000	\$ 215,000	\$ 220,000
TOTAL EXPENDITURES	\$ 100,000	\$ 469,000	\$ 777,000	\$ 222,500	\$ 228,000	\$ 233,500
REVENUES OVER/(UNDER) EXPENDITURES	\$ 25,000	\$ (312,785)	\$ (595,414)	\$ (19,845)	\$ 4,357	\$ 28,923
OTHER FINANCING SOURCES/(USES)						
Transfers In	\$ 56,000	\$ 4,200	\$ -		\$ -	\$ -
OTHER FINANCING SOURCES/(USES)	\$ 56,000	\$ 4,200	\$ -	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ 81,000	\$ (308,585)	\$ (595,414)	\$ (19,845)	\$ 4,357	\$ 28,923
FUND BALANCE - JAN 1	\$ -	\$ 81,000	\$ (227,585)	\$ (822,999)	\$ (842,844)	\$ (838,486)
FUND BALANCE - DEC 31	\$ 81,000	\$ (227,585)	\$ (822,999)	\$ (842,844)	\$ (838,486)	\$ (809,564)

Transportation Infrastructure Management Fund

Source	Project #	Priority	2023	2024	2025	2026	2027	Total
Streets - TIM Funds (Transp Infr Mg								
ADA Transition Plan Improvements	ST-047	n/a	40,000		40,000		40,000	120,000
Trails & Parking Lots Pavement Mgmt	TIM-02	n/a	80,000	82,000	84,000	87,000	90,000	423,000
Streets - TIM Funds (Transp Infr Mgmt)			120,000	82,000	124,000	87,000	130,000	543,000
Total								

Transportation Infrastructure Management Fund

	2022	2023	2024	2025	2026	2027
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUES						
General Property Taxes	\$ 394,490	\$ 406,000	\$ 418,000	\$ 430,000	\$ 442,000	\$ 454,000
Intergovernmental*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	\$ -	\$ 11,402	\$ 10,633	\$ 9,999	\$ 9,231	\$ 8,567
Refunds & Reimbursements						
TOTAL REVENUES	\$ 394,490	\$ 417,402	\$ 428,633	\$ 439,999	\$ 451,231	\$ 462,567
<i>*MSA Maint funds go to PMP fund in years 2022 and beyond</i>						
EXPENDITURES						
Current:						
Public Works	\$ 311,500	\$ 348,700	\$ 388,900	\$ 367,200	\$ 408,500	\$ 386,900
<i>(Sealcoating, crack sealing, pavement inspection, patching materials, contract patching, pavement marking, bridge inspection and minor repairs)</i>						
Capital Outlay:						
ADA Transition Plan Improvements	\$ 40,000	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 40,000
Trail & Parking Lots repairs/rehab	\$ 72,000	\$ 80,000	\$ 82,000	\$ 84,000	\$ 87,000	\$ 90,000
TOTAL EXPENDITURES	\$ 423,500	\$ 468,700	\$ 470,900	\$ 491,200	\$ 495,500	\$ 516,900
REVENUES OVER/(UNDER) EXPENDITURES	\$ (29,010)	\$ (51,298)	\$ (42,267)	\$ (51,201)	\$ (44,269)	\$ (54,333)
FUND BALANCE - JAN 1	\$ 789,149	\$ 760,139	\$ 708,841	\$ 666,574	\$ 615,372	\$ 571,103
FUND BALANCE - DEC 31	\$ 760,139	\$ 708,841	\$ 666,574	\$ 615,372	\$ 571,103	\$ 516,769

Pavement Management Fund

Department		2023	2024	2025	2026	2027	Total
Category							
Street Improvements							
<u>Street Improvements</u>							
Pavement Management Program (PMP)	ST-012	6,430,000	6,515,000	6,599,000	6,687,000	6,775,000	33,006,000
MSA-Galpin Blvd Imp (Hwy 5 N to City limits)	ST-040	5,525,000	5,525,000				11,050,000
MSA-TH 41 and 82nd Street Signal	ST-042	160,000					160,000
Downtown Traffic Signals	ST-043		320,000	200,000			520,000
MSA Roadway Improvements - Market Blvd	ST-048			4,000,000			4,000,000
MSA Street Imprv - Lake Drive East/Great Plains	ST-049				700,000		700,000
Crimson Bay Road/Dogwood Road Connection	ST-050	1,500,000					1,500,000
TH41 MMSW Access Improvements	ST-051		2,800,000				2,800,000
Bluff Creek Boulevard Extension	ST-052	450,000	90,000	90,000	90,000	90,000	810,000
Sub-Total		14,065,000	15,250,000	10,889,000	7,477,000	6,865,000	54,546,000

**Note – Utility costs (to be paid from the utility funds) are included in the above totals*

Pavement Management Fund

	2022 Budget	2023	2024	2025	2026	2027
REVENUES						
General Property Taxes	\$ 900,000	\$ 918,000	\$ 936,000	\$ 955,000	\$ 974,000	\$ 994,000
Intergovernmental-Non MSA	\$ 1,398,000	\$ 4,200,000	\$ 6,260,000	\$ -	\$ -	\$ -
MSA Construction		\$ 1,038,922	\$ 1,070,090	\$ 1,102,192	\$ 1,135,258	\$ 1,169,316
MSA Maintenance		\$ 346,308	\$ 356,697	\$ 367,398	\$ 378,420	\$ 389,773
Franchise Fees	\$ 1,860,000	\$ 1,860,000	\$ 1,860,000	\$ 1,860,000	\$ 1,860,000	\$ 1,860,000
Special Assessments	\$ 208,000	\$ 177,000	\$ 126,000	\$ 88,000	\$ 88,000	\$ -
Investment Earnings	\$ 37,200	\$ 63,530	\$ 55,067	\$ 52,935	\$ 57,457	\$ 76,524
TOTAL REVENUES	\$ 4,403,200	\$ 8,603,760	\$ 10,663,854	\$ 4,425,525	\$ 4,493,135	\$ 4,489,613
EXPENDITURES						
TOTAL EXPENDITURES	\$ 5,162,000	\$ 11,140,000	\$ 12,670,000	\$ 8,780,000	\$ 5,310,000	\$ 4,840,000
REVENUES OVER/(UNDER) EXPENDITURES	\$ (758,800)	\$ (2,536,240)	\$ (2,006,146)	\$ (4,354,475)	\$ (816,865)	\$ (350,387)
OTHER FINANCING SOURCES/(USES)						
Project Financing Issued	\$ 1,736,000	\$ 1,972,000	\$ 1,864,000	\$ 4,656,000	\$ 2,088,000	\$ 1,900,000
NET CHANGE IN FUND BALANCE	\$ 977,200	\$ (564,240)	\$ (142,146)	\$ 301,525	\$ 1,271,135	\$ 1,549,613
FUND BALANCE - JAN 1	\$ 3,258,157	\$ 4,235,357	\$ 3,671,117	\$ 3,528,971	\$ 3,830,496	\$ 5,101,631
FUND BALANCE - DEC 31	\$ 4,235,357	\$ 3,671,117	\$ 3,528,971	\$ 3,830,496	\$ 5,101,631	\$ 6,651,244

**Project Financing Issued is for the special assessment or TIF portion of each project – the debt is repaid solely from special assessments or TIF and does not require a tax levy*

Capital Equipment Replacement Fund

Source	2023	2024	2025	2026	2027	Total
Fleet Capital	685,900	585,500	840,900	638,300	577,000	3,327,600
Fleet Leased	275,575	340,857	356,457	378,072	409,970	1,760,931
Technology Capital	79,930	12,000	196,000	147,000	28,000	462,930
GRAND TOTAL	1,041,405	938,357	1,393,357	1,163,372	1,014,970	5,551,461

Capital Equipment Replacement Fund – Fleet Capital

2023 Items Include:

• Hot Box with Asphalt Premix Heater	\$ 50,000
• Annual Skid Loader Trade In	\$ 32,000
• Mower – Replace 2009 Toro Groundsmaster 5900	\$119,000
• Weed Sprayer	\$ 9,900
• Replace 2009 Felling Tandem Axel Trailer	\$ 9,000
• Mats with Skidsteer Attachments (25% portion)	\$ 7,000
• Tow-Behind Vactor/Jetter (25% portion)	\$ 25,000
• Attachments (Plows) for Leased Vehicles	\$ 12,000
• Replace 2001 John Deere 5520 Tractor	\$ 90,000
• Replace 2003 Sterling Streets Dump/Plow Truck	\$255,000
• Perkins Satellite Lifter System	\$ 30,000
• 1-Ton Pickup for Satellite Lifter System	<u>\$ 47,000</u>
TOTAL	<u>\$685,900</u>



Capital Equipment Replacement Fund – Technology Capital

Department	Project #	Priority	2023	2024	2025	2026	2027	Total
Technology								
BS&A Cloud-Hosted Service Migration	T-016	n/a	63,930					63,930
Computer/Network Equipment Purchase/Upgrades	T-015	n/a	16,000	12,000	96,000	47,000	28,000	199,000
Finance Software Replacement	T-177	n/a			100,000	100,000		200,000
Technology Total			79,930	12,000	196,000	147,000	28,000	462,930

Capital Equipment Replacement Fund

	2022	2023	2024	2025	2026	2027
REVENUES	<i>*Effective 2022 and beyond - Fund is for Fleet & Equipment Capital Only</i>					
General Property Taxes	\$ 565,000	\$ 615,000	\$ 675,000	\$ 735,000	\$ 795,000	\$ 855,000
Investment Earnings	\$ 20,000	\$ 27,901	\$ 23,959	\$ 28,164	\$ 22,308	\$ 20,728
TOTAL REVENUES	\$ 585,000	\$ 642,901	\$ 698,959	\$ 763,164	\$ 817,308	\$ 875,728
EXPENDITURES						
Lease Payments:						
General Government	\$ 234,395	\$ 275,575	\$ 340,857	\$ 356,457	\$ 378,072	\$ 409,970
Capital Outlay:						
Technology		\$ 79,930	\$ 12,000	\$ 196,000	\$ 147,000	\$ 28,000
Public Safety		\$ -		\$ 23,500	\$ -	\$ -
Public Works	\$ 263,000	\$ 390,000	\$ 404,500	\$ 542,800	\$ 555,300	\$ 418,000
Parks & Rec		\$ 295,900	\$ 181,000	\$ 274,600	\$ 83,000	\$ 159,000
TOTAL EXPENDITURES	\$ 497,395	\$ 1,041,405	\$ 938,357	\$ 1,393,357	\$ 1,163,372	\$ 1,014,970
REVENUES OVER/(UNDER) EXPENDITURES	\$ 87,605	\$ (398,504)	\$ (239,398)	\$ (630,193)	\$ (346,064)	\$ (139,242)
OTHER FINANCING SOURCES/(USES)						
Sale of Capital Assets	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Sale of Capital Assets - Light Duty Leased Vehicles	\$ 223,500	\$ 115,650	\$ 125,600	\$ 51,100	\$ 114,600	
Sale of Leased Vehicles			\$ 374,130	\$ 168,735	\$ 106,117	\$ 54,568
OTHER FINANCING SOURCES/(USES)	\$ 243,500	\$ 135,650	\$ 519,730	\$ 239,835	\$ 240,717	\$ 74,568
NET CHANGE IN FUND BALANCE	\$ 331,105	\$ (262,854)	\$ 280,332	\$ (390,358)	\$ (105,347)	\$ (64,674)
FUND BALANCE - JAN 1	\$ 1,528,993	\$ 1,860,098	\$ 1,597,244	\$ 1,877,576	\$ 1,487,218	\$ 1,381,871
FUND BALANCE - DEC 31	\$ 1,860,098	\$ 1,597,244	\$ 1,877,576	\$ 1,487,218	\$ 1,381,871	\$ 1,317,197

Note – Due to closing of Fire Station #2 no longer need to replace truck at estimated \$800K to \$1M

Unfunded Items

The Park Renovation fund does not have a dedicated, ongoing funding source. There are several Park Renovation projects that lack funding:

Project	2023	2024	2025	2026	2027
Carver Beach Playground	\$ 85,000				
Sugarbush Park Playground	\$ 85,000				
South Lotus Lake Park Playground	\$ 80,000				
Lake Ann Park Ballfield Playground		\$ 220,000			
Lake Ann Park Batting Cages		\$ 30,000			
Bandimere Park (2 Playgrounds)			\$ 250,000		
Meadow Green Park Playground				\$ 120,000	
Meadow Green Park Tennis Court				\$ 130,000	
Skate Park (Resurface & Replace Equipment)					\$ 220,000
Lake Ann Park (Irrigation Pumps)					\$ 30,000
Total Per Year	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

Unfunded Items

The Park Acquisition & Development fund does have a dedicated, ongoing funding source in park dedication fees. There are several projects in process that will generate park dedication fees totaling \$1,437,000. However, these fees will not generate enough revenue for all the

Project	2023	2024	2025	2026	TBD
Lake Ann Park Beach Improvements				\$350,000	
Bandimere Park Picnic Shelter					\$640,000
Bandimere Park Sport Court					\$245,000
Rec Center Fenced Dugouts/Backstop					\$150,000
Lake Ann Ballfield LED Lighting					\$1,000,000
Total Per Year	\$0	\$0	\$0	\$350,000	\$2,035,000

*Note - The Lake Ann Park Reserve project is not included above. The Council has preliminarily reserved \$1.3M of ARPA funds to start this project.

Market Values

County Assessor's Report for Taxes Payable in 2022

Assessment Summary	Residential	Commercial/ Industrial	Apartment	Ag	Total
2022 EMV	\$5,021,676,900	\$597,575,100	\$164,133,200	\$42,390,100	\$5,825,775,300
2021 EMV	\$4,265,530,100	\$555,369,300	\$142,259,600	\$39,774,700	\$5,002,933,700
Total Value Change	\$756,146,800	\$42,205,800	\$21,873,600	\$2,615,400	\$822,841,600
New Construction	\$52,979,600	\$3,034,000	\$2,309,500	\$20,000	\$58,343,100
Market Change	\$703,167,200	\$39,171,800	\$19,564,100	\$2,595,400	\$764,498,500
% New Construction	1.24%	0.55%	1.62%	0.05%	1.17%
% Market Change	16.48%	7.05%	13.75%	6.53%	15.28%
2022 Total % Change	17.73%	7.60%	15.38%	6.58%	16.45%

Preliminary Levy, Tax Rate, and Taxes

Preliminary Levy

Last year we estimated 2023 levy increase of 7.2%, which results in a levy of \$13,575,000 (increase of \$911,924)

A levy increase of 5.2% would result in a levy of \$13,325,000 (increase of \$661,924)

Levies are expected to increase in the next few years if the new City Hall Campus and/or Park Referendum move forward

Tax Rate

Projected tax rate for taxes payable in 2023 would be between 19.9% and 20.3% compared to 22.4% in 2022

Taxes on Sample Homes

Table to follow showing impact to various homes assuming a 16.48% increase in market value

Preliminary Levy Options

	5.2% Levy Increase				7.2% Levy Increase		
	2022 Levy	2023 Levy	\$ Change	% Change	2023 Levy	\$ Change	% Change
General Fund	\$10,194,746	\$10,749,000	\$554,254	5.4%	\$10,749,000	\$554,254	5.4%
Capital Funds							
Fleet & Equipment	565,000	615,000	\$50,000	8.8%	615,000	50,000	8.8%
Facilities	125,000	155,000	\$30,000	24.0%	155,000	30,000	24.0%
Park Renovation	-	-	-	N/A	250,000	250,000	New
Pavement Mgmt Program Fund	900,000	918,000	\$18,000	2.0%	918,000	18,000	2.0%
Transportation Infrastructure Mgmt	394,490	406,000	\$11,510	2.9%	406,000	11,510	2.9%
Total Capital Funds	1,984,490	2,094,000	\$109,510	5.5%	2,344,000	\$359,510	18.1%
Debt Levy	483,840	482,000	(\$1,840)	-0.4%	482,000	(\$1,840)	-0.4%
TOTAL TAX LEVY	\$12,663,076	\$13,325,000	\$661,924	5.2%	\$13,575,000	\$911,924	7.2%

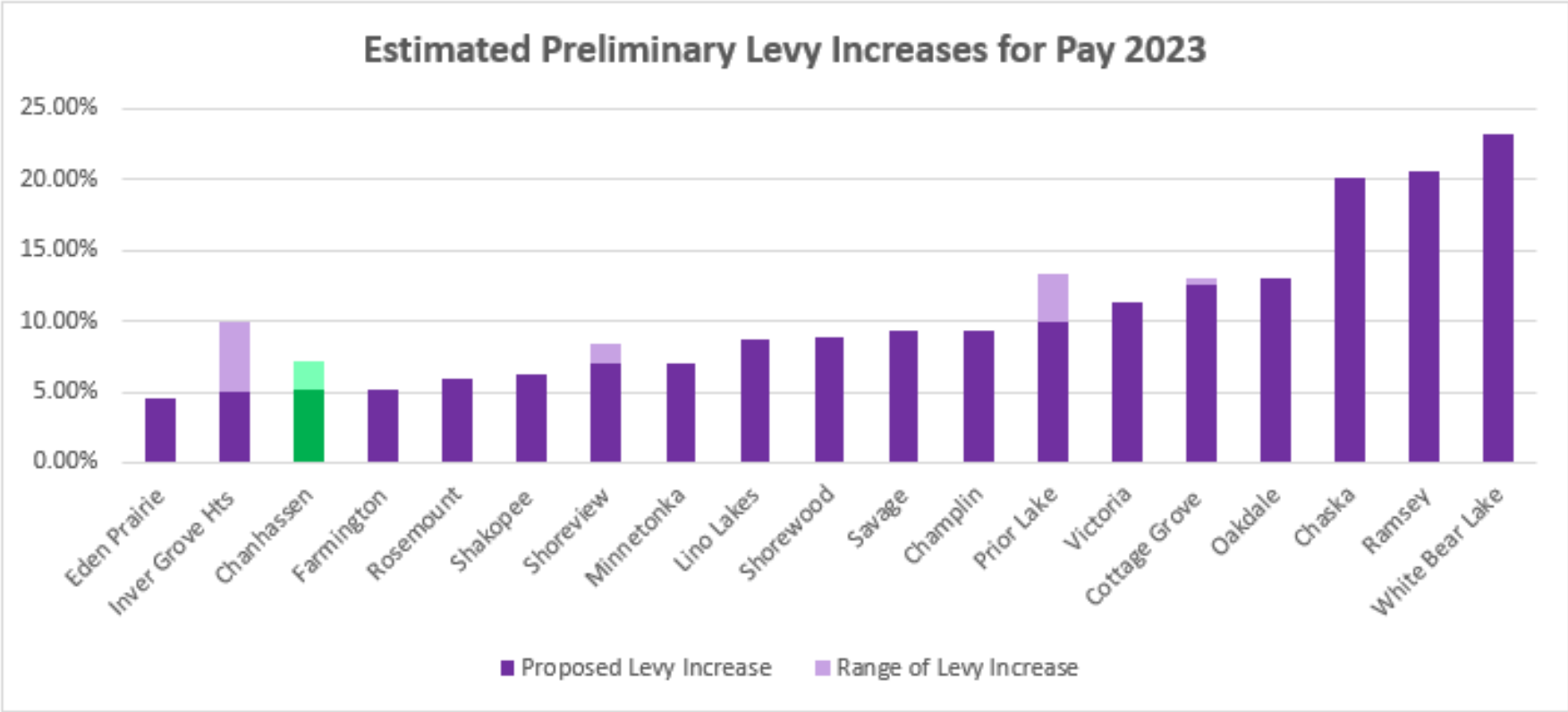
Levy Projections (5.2% Inc)

	2023						
	Proposed	2024 Levy	2025 Levy	2026 Levy	2027 Levy	2028 Levy	2029 Levy
General Fund	\$10,749,000	\$11,389,000	\$11,914,000	\$12,439,000	\$12,964,000	\$13,489,000	\$14,014,000
Fleet & Equipment	615,000	675,000	735,000	795,000	855,000	915,000	975,000
Facilities	155,000	185,000	215,000	245,000	275,000	305,000	335,000
Pavement Mgmt Program Fund	918,000	936,000	955,000	974,000	994,000	1,014,000	1,035,000
Transportation Infrastructure Mgmt	406,000	418,000	430,000	442,000	454,000	466,000	478,000
PW Facility Debt Levy	482,000	482,000	1,260,000	0	0	0	0
New City Hall Debt Levy	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000
Parks Referendum Debt Levy	-	-	-	500,000	500,000	500,000	500,000
TOTAL TAX LEVY	\$13,325,000	\$14,085,000	\$15,509,000	\$16,655,000	\$17,302,000	\$17,949,000	\$18,597,000
Levy Increase	\$661,924	\$760,000	\$1,424,000	\$1,146,000	\$647,000	\$647,000	\$648,000
Percent Levy Increase	5.2%	5.7%	10.1%	7.4%	3.9%	3.7%	3.6%

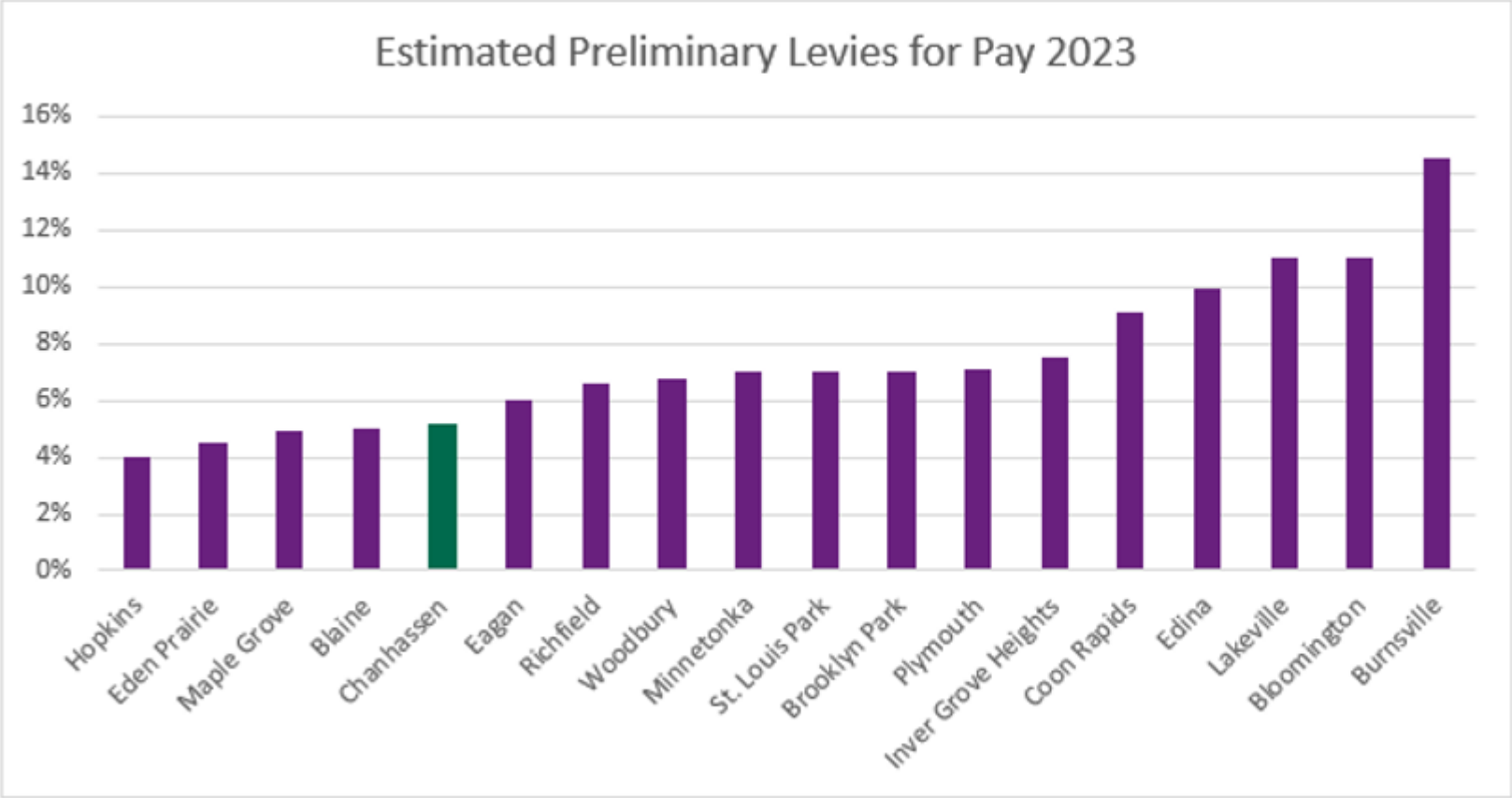
Levy Projections (7.2% Inc with smoothing)

	2023						
	Proposed	2024 Levy	2025 Levy	2026 Levy	2027 Levy	2028 Levy	2029 Levy
General Fund	\$10,749,000	\$11,389,000	\$11,914,000	\$12,439,000	\$12,964,000	\$13,489,000	\$14,014,000
Fleet & Equipment	615,000	675,000	735,000	795,000	855,000	915,000	975,000
Facilities	155,000	215,000	215,000	245,000	290,000	350,000	380,000
Pavement Mgmt Program Fund	918,000	936,000	955,000	974,000	994,000	1,014,000	1,035,000
Transportation Infrastructure Mgmt	406,000	418,000	430,000	442,000	454,000	466,000	478,000
PW Facility Debt Levy	482,000	482,000	1,260,000	0	0	0	0
Park Renovation or Other Use	250,000	440,000	100,000	75,000	250,000	250,000	250,000
New City Hall Debt Levy	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000
Parks Referendum Debt Levy	-	-	-	500,000	500,000	500,000	500,000
TOTAL TAX LEVY	\$13,575,000	\$14,555,000	\$15,609,000	\$16,730,000	\$17,567,000	\$18,244,000	\$18,892,000
Levy Increase	\$911,924	\$980,000	\$1,054,000	\$1,121,000	\$837,000	\$677,000	\$648,000
Percent Levy Increase	7.2%	7.2%	7.2%	7.2%	5.0%	3.9%	3.6%

Comparable City Preliminary Levy Increases



Other City Preliminary Levy Increases



Average Levy Increase
for 2016-2022:

Bloomington	4.6%
Brooklyn Park	4.6%
Chanhassen	3.0%
Eden Prairie	3.5%
Edina	6.2%
Maple Grove	2.5%
Minnetonka	4.6%
Plymouth	5.6%
St. Louis Park	4.8%

Impact on Example Homes

Assume 16.48% Increase in Value

Taxes based on a 5.2% levy increase
or 7.2% levy increase (in brackets)



**\$300,000 Home in 2022
now worth \$349,440**

Tax in 2022 - \$650
Tax in 2023 - \$685 {\$698}
Increase \$35 {\$48}
\$3 {\$4}/month



**\$500,000 Home in 2022
now worth \$582,400**

Tax in 2022 - \$1,121
Tax in 2023 - \$1,202 {\$1,224}
Increase \$81 {\$103}
\$7 {\$8}/month



**\$700,000 Home in 2022
now worth \$815,360**

Tax in 2022 - \$1,682
Tax in 2023 - \$1,782 {\$1,815}
Increase \$100 {\$134}
\$8 {\$11}/month



**\$900,000 Home in 2022
now worth \$1,048,320**

Tax in 2022 - \$2,242
Tax in 2023 - \$2,363 {\$2,406}
Increase \$121 {\$164}
\$10 {\$14}/month

Impact on Example Commercial Properties

Assume 7.2% Increase in Value

Taxes based on a 5.2% levy increase
or 7.2% levy increase {in brackets}

Taxes DECREASE due to lower
tax rate and higher residential
MV increase



**\$1,000,000 Value in 2022
now worth \$1,076,000**

Tax in 2022 - \$2,607
Tax in 2023 - \$2,497 {\$2,547})
Decrease \$110 {\$60}
\$9 {\$5)/month



**\$5,000,000 in 2022 now
worth \$5,380,000**

Tax in 2022 - \$13,441
Tax in 2023 - \$12,847
{\$13,105}
Decrease \$594 {\$336}
\$50 {\$28)/month

Revenue Comparison – State-Wide Averages

Governmental Funds Revenue per Capita With State-Wide Averages by Population Class

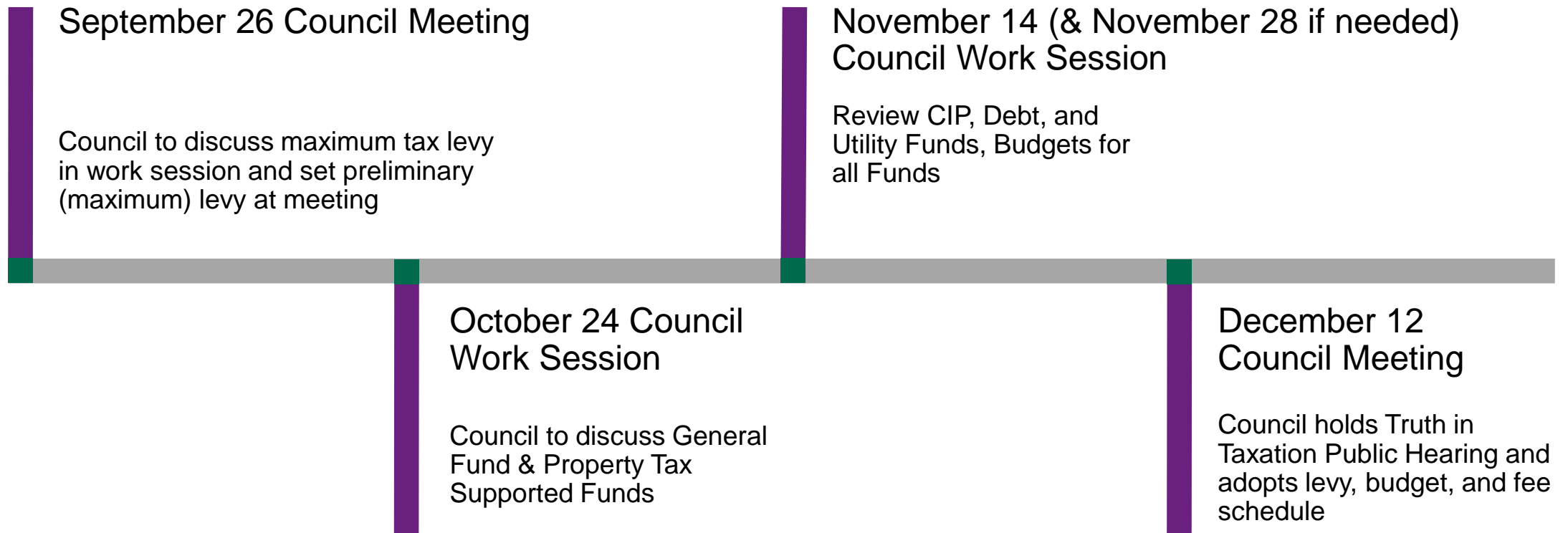
Year Population	State-Wide		City of Chanhassen
	December 31, 2020		2021
	10,000-20,000	20,000-100,000	25,936
Property Taxes	\$ 517	\$ 537	\$ 464
Tax Increments	33	44	11
Franchise & Other Taxes	60	46	78
Special Assessments	39	54	38
Licenses & Permits	39	46	101
Intergovernmental Revenues	367	273	265
Charges for Services	89	91	21
Other	69	69	19
Total Revenue	<u>\$ 1,213</u>	<u>\$ 1,160</u>	<u>\$ 997</u>

Expenditure Comparison – State- Wide Averages

Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class

Year Population	State-Wide		City of Chanhassen
	December 31, 2020		2021
	10,000-20,000	20,000-100,000	25,936
Current			
General Government	\$ 140	\$ 118	\$ 133
Public Safety	288	320	149
Public Works	122	112	124
Parks & Recreation	112	95	87
All Other	108	104	34
Total Current	770	\$ 749	\$ 526
Capital Outlay	429	331	400
Debt Service			
Principal	149	91	14
Interest and Fiscal	42	33	4
Total Debt Service	191	\$ 124	\$ 17
Total Expenditures	\$ 1,390	\$ 1,204	\$ 944

Next Steps



Questions for Council

Is Council comfortable with the preliminary General Fund budget and levy?

Does Council agree with the methodology for budgeting building permit revenues?

Is Council supportive of creating a Revenue Stabilization Arrangement in the General Fund?

Is Council supportive of a levy increase and/or use of fund balance for unfunded items such as park renovation projects?

What are Council thoughts on the preliminary CIP presented?

