

City of Chanhassen 2024 Preliminary Levy & Budget

Council Workshop
September 25, 2023



Agenda

- Background and History
- Preliminary 2024 General Fund Budget
- Preliminary 2024 Levy
- Impact on Taxes
- Next Steps



Background & History

Work Session – Reviewed and discussed current levy projections based on current revenues/expenditures, capital outlay projections, and new debt service for Civic Campus

Work Session - Reviewed and discussed expenditure reductions and small increase in revenues for the 2024 preliminary General Fund budget, options for a decrease in the levy, property tax impact, and tax levy comparisons to other cities

July 12, 2023

August 14, 2023

September 11, 2023

September 25, 2023

Work Session – Reviewed and discussed 2024 preliminary General Fund Budget and projections for fund balance, preliminary 2024-2028 CIP, market value changes, preliminary tax levy for all funds, and levy impact on property owners

Tonight's Meeting

Review 2024 preliminary General Fund Budget

Review 2024 preliminary levy & make decision on amount

Approve Resolution adopting the 2024 preliminary levy & setting date for Truth in Taxation Public Meeting

Preliminary 2024 General Fund Budget

Revenues

- Total revenues = \$15,738,750
- Compared to \$14,343,070 in 2023 budget
- Increase of \$1,395,680, or 9.73%
- \$348,700 of the increase is due to shift of levy from TIM Fund

Expenditures

- Total expenditures = \$15,644,856
- Compared to \$14,513,071 in 2023 budget
- Increase of \$1,131,785, or 7.8%
- \$348,700 of the increase is due to shift of expenditures from TIM Fund

Fund Balance

- Projected ending unassigned fund balance = \$7,547,786
- Fund balance increase of \$93,895
- Could reduce overall levy by \$90,000
- Recommend allocating \$30,000 to assigned fund balance for health insurance premiums & \$60,000 for unfunded projects

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
General Government	\$3,325,974	\$3,616,502	\$290,528	8.7%
Public Safety	5,116,961	5,440,054	323,093	6.3%
Public Works	2,603,672	3,102,598	498,926	19.2%
Community Development	617,616	616,150	(1,466)	-0.2%
Parks & Recreation	2,678,848	2,869,552	190,704	7.1%
Transfers Out	170,000	0	(170,000)	-100.0%
TOTAL EXPENDITURES	\$14,513,071	\$15,644,856	\$1,131,785	7.8%



Impact of Inflation

Midwest CPI increased 4.9% between April 2022 and April 2023

Examples impacting City budget:

- Street light utility poles up 53.8%
- Road salt for plowing up 21.9%
- July 4th rentals/services up \$8,800
- Water quality testing up 8.9%
- Street signs up 20.0%
- Traffic signal cabinets up 15.7%
- Cartegraph software up 17.0%

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
General Government	\$3,325,974	\$3,616,502	\$290,528	8.7%

- Includes Council, Administration, Economic Development, Communications, Finance, Legal, Assessing, IT, City Hall & Library Facilities, and Elections
- Wage and benefit increases account for \$123,141 of the increase
- Other increases include:
 - Lobbying \$40,000
 - Software \$58,000
 - Elections \$34,000

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
Public Safety	\$5,116,961	\$5,440,054	\$323,093	6.3%

- Includes Police Contract, Fire, and Building Inspections
- Police contract increase accounts for \$270,629 of the increase
- Wage and benefit increases account for \$68,614 of the increase
- Fire includes hiring of one additional FT firefighter, which is largely offset by a decrease in paid on-call firefighter hours
- Using \$300,000 in Public Safety Aid to offset most of the increase

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
Public Works	\$2,603,672	\$3,102,598	\$498,926	19.2%

- Includes Engineering, GIS, PW Administration & Facility, Street Maintenance, Street Lighting & Signals, and Fleet
- \$348,700 of the increase is due to shift of expenditures from TIM Fund
- Wage and benefit increases account for \$111,693 of the increase
- Street lighting & signals \$42,015

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
Community Development	\$617,616	\$616,150	\$(1,466)	-0.2%

- Includes Planning and Commission on Aging
- Wage and benefits decreased by \$5,941 due to the retirement of two long-term employees
- Contractual services is up \$6,500 for assistance with ordinance and planning studies

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
Parks & Recreation	\$2,678,848	\$2,869,552	\$190,704	7.1%

- Includes Park & Recreation Administration, Recreation Center, Lake Ann Park Operations, Park Maintenance, Senior Center, Recreation Programs & Sports
- Wage and benefit increases account for \$112,161 of the increase
- Other increases include:
 - Recreation Center operations up \$33,150
 - Recreation Program expenses up \$21,950
 - Both of these increases are offset by increases in program revenues

General Fund Budget - Expenditures

Government Function	2023 Budget	2024 Preliminary	\$ Change	% Change
Transfers Out	\$170,000	\$0	\$(170,000)	-100.0%

- Transfer out of \$170,000 in 2023 was for two playground replacements
- This ultimately came out of unassigned fund balance since revenues and expenditures were balanced before this
- The 2024 preliminary budget does not include any transfers out, but Council may decide to add a transfer out if there is adequate fund balance

General Fund Budget - Revenues

Revenue Source	2023 Budget	2024 Preliminary	\$ Change	% Change
Property Taxes*	\$10,749,000	\$11,851,000	\$1,102,000	10.25%
Cable Franchise Fees	154,000	154,000	0	0.00%
Licenses & Permits	1,583,475	1,584,500	1,025	0.00%
Fines	75,000	70,000	(5,000)	-6.67%
Intergovernmental	447,795	456,000	8,205	1.83%
Charges for Services	577,900	635,750	57,850	10.01%
Other Income	575,900	657,500	81,600	14.17%
Transfers In	180,000	330,000	150,000	83.33%
TOTAL REVENUES	\$14,343,070	\$15,738,750	\$1,395,680	9.73%

*\$348,700 of the increase is due to the shift of levy/expenditures from the TIM Fund

Preliminary 2024 Levy

General Fund

- City's main operating fund
- Budgeted levy is \$11,851,000
- Up \$1,102,000, or 10.3%
- \$348,700, or 3.2%, of the increase is due to shift of levy from TIM Fund

Capital Funds

- Fleet & Equipment
- Facilities
- Pavement Management Program
- Transportation Infrastructure Management (TIM)
 - \$348,700 lower due to shift of expenditures to the General Fund

Debt Service

- Current levy is for PW Facility
- Debt service levy for PW Facility ends in 2029
- Debt service levy for new Civic Campus begins in 2025

Preliminary 2024 Levy

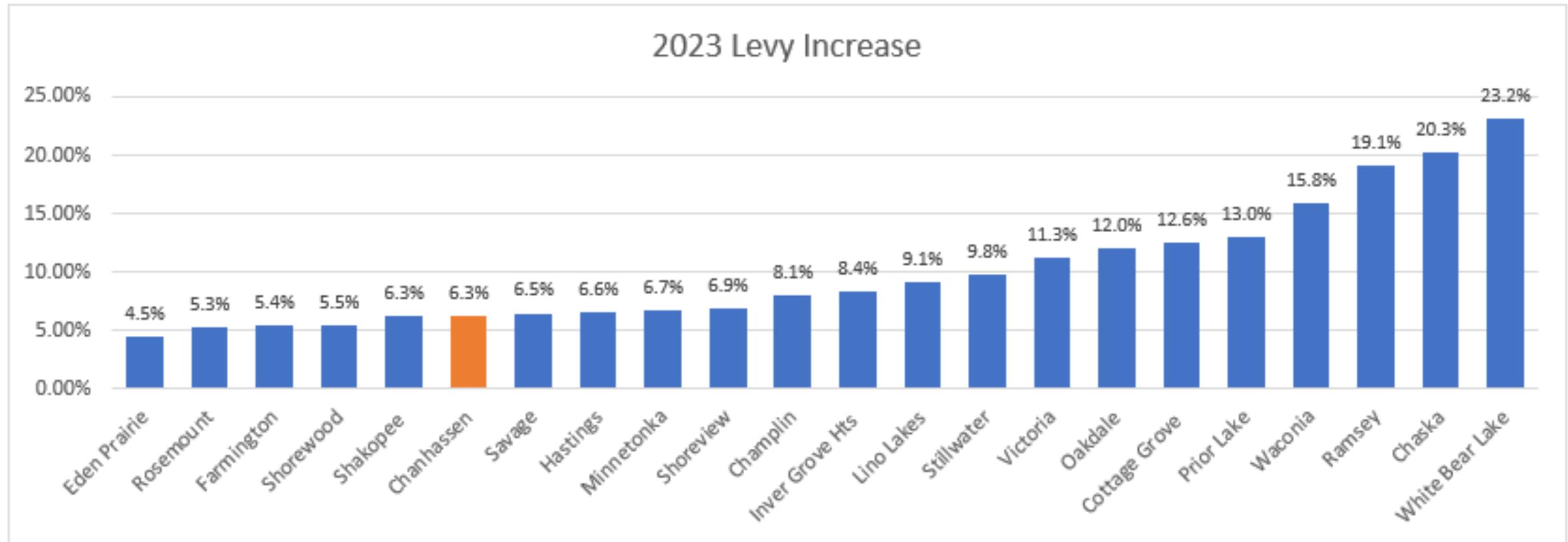
Fund	2023 Final	2024 Preliminary	\$ Change	% Change
General*	\$10,749,000	\$11,851,000	\$1,102,000	10.3%
Fleet & Equipment	615,000	658,000	43,000	7.0%
Facilities	155,000	166,000	11,000	7.1%
Pavement Management Program	918,000	982,000	64,000	7.0%
Transportation Infrastructure Management*	544,000	232,000	(312,000)	-57.4%
PW Facility Debt Service	482,000	566,000	84,000	17.4%
TOTAL LEVY	\$13,463,000	\$14,455,000	\$992,000	7.4%

*\$348,700 of the increase in General Fund (decrease in TIM Fund) is due to the shift of levy/operating expenditures

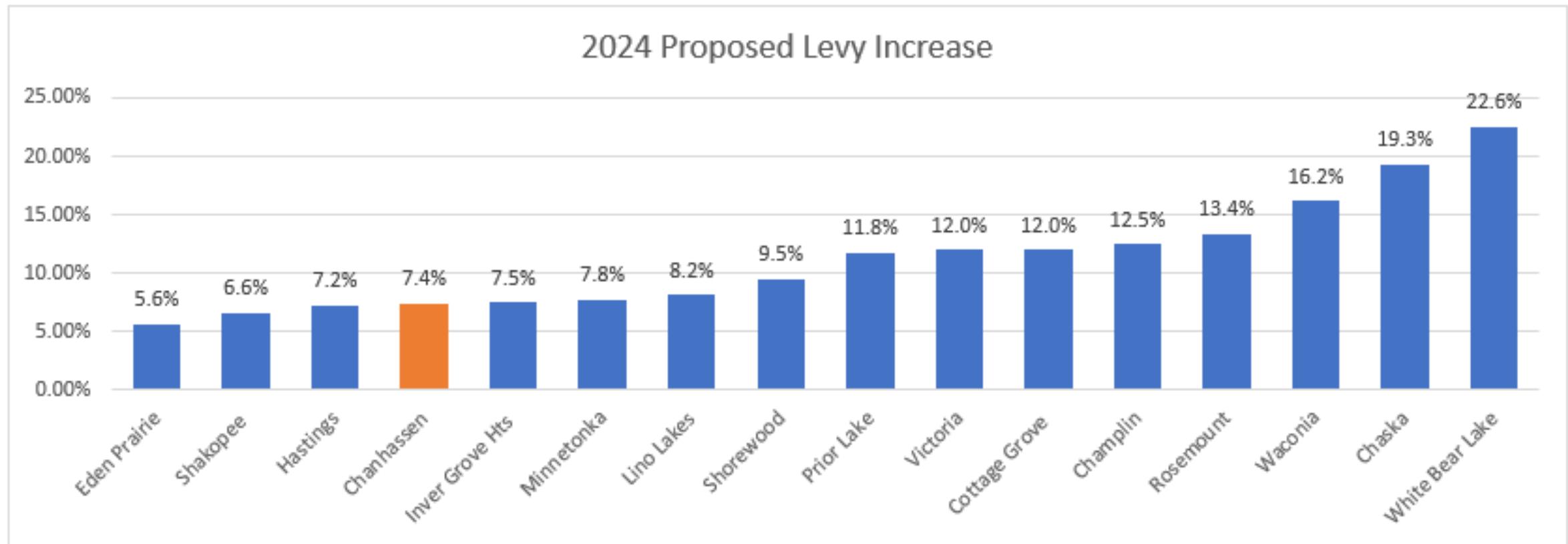
Levy Projections 2024-2028

Fund	2024 Preliminary	2025 Projected	2026 Projected	2027 Projected	2028 Projected
General*	\$11,851,000	\$12,325,000	\$12,818,000	\$13,331,000	\$13,864,000
Fleet & Equipment	658,000	678,000	678,000	705,000	733,000
Facilities	166,000	171,000	171,000	178,000	215,000
Pavement Management Program	982,000	1,011,000	831,000	1,051,000	1,093,000
Transportation Infrastructure Management*	232,000	239,000	239,000	249,000	259,000
PW Facility Debt Service	566,000	127,000	369,000	451,000	497,000
Civic Campus Debt Service	0	972,023	1,613,273	2,010,806	2,003,041
TOTAL LEVY	\$14,455,000	\$15,523,023	\$16,719,273	\$17,975,806	\$18,664,041
\$ Levy Increase from Prior Year	\$992,000	\$1,068,023	\$1,196,250	\$1,256,533	\$688,235
% Levy Increase from Prior Year	7.4%	7.4%	7.7%	7.5%	3.8%

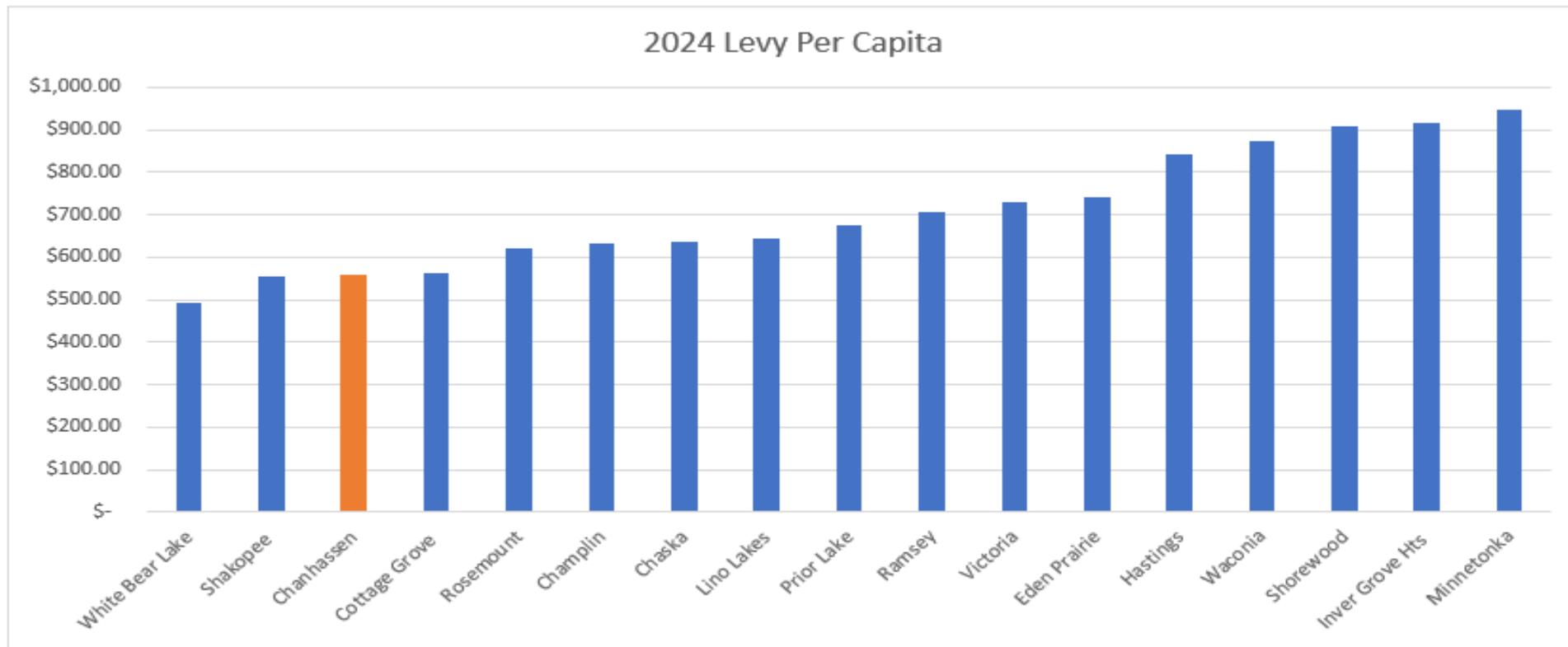
2023 Levies – Comparable Cities



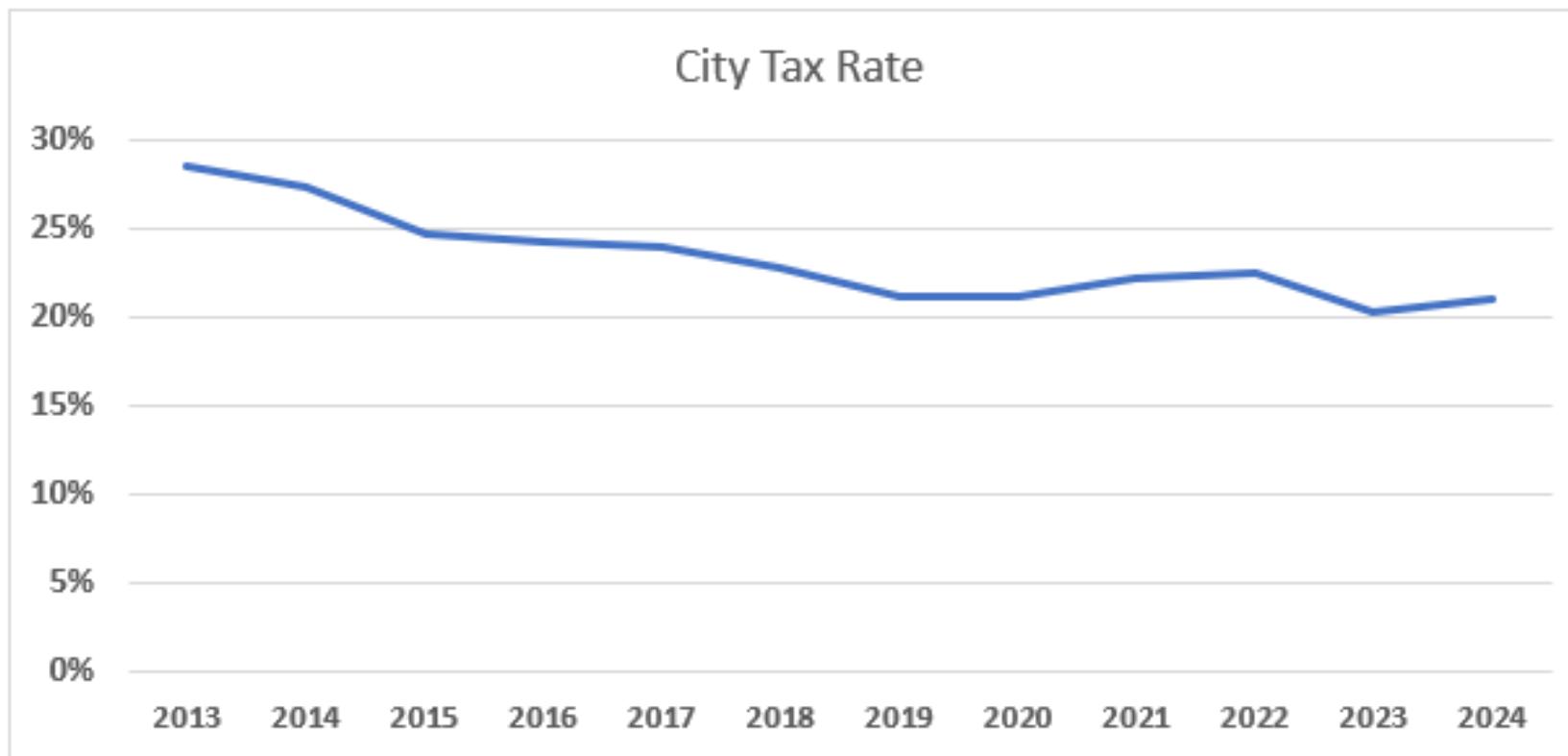
2024 Levies – Comparable Cities



2024 Levy Per Capita – Comparable Cities



City of Chanhassen Tax Rate 2013-2024



2024 Tax Impact on Various Homes

Sample Taxpayer	Tax Year	Estimated Market Value	Value Increase	Value %	City Tax	Annual Increase	City Tax % Inc	Monthly Increase
Taxpayer 1	2022	\$ 300,000			\$ 650			
	2023	\$ 349,440	\$ 49,440	16.48%	\$ 694	\$ 44	6.8%	\$ 3.70
	2024	\$ 356,464	\$ 7,024	2.01%	\$ 736	\$ 42	6.0%	\$ 3.47
Taxpayer 2	2022	\$ 500,000			\$ 1,121			
	2023	\$ 582,400	\$ 82,400	16.48%	\$ 1,218	\$ 97	8.6%	\$ 8.06
	2024	\$ 594,106	\$ 11,706	2.01%	\$ 1,293	\$ 76	6.2%	\$ 6.30
Taxpayer 3	2022	\$ 700,000			\$ 1,682			
	2023	\$ 815,360	\$ 115,360	16.48%	\$ 1,806	\$ 124	7.4%	\$ 10.36
	2024	\$ 831,749	\$ 16,389	2.01%	\$ 1,915	\$ 109	6.1%	\$ 9.12
Taxpayer 4	2022	\$ 900,000			\$ 2,242			
	2023	\$ 1,048,320	\$ 148,320	16.48%	\$ 2,394	\$ 152	6.8%	\$ 12.66
	2024	\$ 1,069,391	\$ 21,071	2.01%	\$ 2,537	\$ 143	6.0%	\$ 11.95
Taxpayer 5	2022	\$ 1,100,000			\$ 2,803			
	2023	\$ 1,281,280	\$ 181,280	16.48%	\$ 2,982	\$ 180	6.4%	\$ 14.96
	2024	\$ 1,307,034	\$ 25,754	2.01%	\$ 3,159	\$ 177	5.9%	\$ 14.78

2024 Tax Impact on Businesses

Commercial/ Industrial Property Owner	Tax Year	Estimated Market Value	Value Increase	Value % Inc	City Tax	Annual Increase/ (Decrease)	City Tax % Inc (Dec)	Monthly Increase/ (Decrease)
Taxpayer 1	2022	\$ 1,000,000			\$ 2,522			
	2023	\$ 1,076,000	\$ 76,000	7.60%	\$ 2,464	\$ (58)	-2.3%	\$ (4.87)
	2024	\$ 1,155,409	\$ 79,409	7.38%	\$ 2,763	\$ 299	12.1%	\$ 24.89
Taxpayer 2	2022	\$ 5,000,000			\$ 13,732			
	2023	\$ 5,380,000	\$ 380,000	7.60%	\$ 13,329	\$ (403)	-2.9%	\$ (33.61)
	2024	\$ 5,777,044	\$ 397,044	7.38%	\$ 14,860	\$ 1,531	11.5%	\$ 127.56

Next Steps

Council approves Resolution tonight adopting preliminary property tax levy for taxes payable in 2024 – the final levy cannot exceed this amount

Announce that Truth in Taxation Meeting will be held at 7:00 p.m. on December 11, 2023, at Chanhassen City Hall

Work Session - Review and discuss 2024 General Fund Budget , 2024-2028 CIP, tax levy for all funds, and levy impact on property owners



Work Session – Review and discuss 2024 Utility Fund Budgets, preliminary 2024-2028 CIP, tax levy and fund projections for capital funds

**Truth in Taxation Public Meeting at 7:00 p.m.
Approve Resolution adopting the 2024 final
levy & budget**