

2022 Recommended Budget and Property Tax Levy



Truth in Taxation Hearing 12-7-2020
Andy Splinter, Acting Finance Director

Agenda

- Budget Process
- Strategic Priorities
- Proposed Levy
- Revenue/Expenditure Overview
- Property Taxation
- Public Hearing
- Council Consideration of Proposed Levy, Budget and Capital Improvement Plan



Purpose of this Hearing

- Discuss the 2022 Proposed Budget
- Discuss the 2022 Proposed Tax Levy
- To hear input from the public on the proposed property tax levy for City services in 2022
- Following the hearing City Council will be asked to consider the adoption of the 2022 Proposed Budget and Property Tax Levy



The Budget Process

- Chapter 7 of the City Charter requires that the City Manager submit an annual operating budget to the City Council.
- Budget Study Sessions held with the Financial Commission:
 - July 7 Capital Improvement Plan and Capital Funds
 - August 2 2022 Budget Overview
 - August 16, Sept 1 General Fund Department Budget Requests
 - September 13 City Manager Recommended Property Tax Levy



The Budget Process

- Budget Study Sessions held with the Financial Commission:
 - October 4 Special Revenue, Debt Service, Capital Project Funds
 - October 18 Utility Funds, Cash Flows and Rates for 2022 Enterprise Funds (BC Liquor, EBHC)
- Regular City Council Meetings
 - September 27 Adoption of Preliminary Levy
 - November 22 Adoption of 2022 Utility Rates



Strategic Priorities

- Resident Economic Stability
 - The economic stability of residents is essential to vibrant neighborhoods and to retail, restaurant, and business growth. We will lead by supporting collaborative efforts of education, business, and government sectors to improve income opportunities for residents.
- Targeted Redevelopment
 - Redeveloping properties to the highest value and best use will accomplish our goals regarding housing, job creation, and growth of the City's tax base. We will appropriately prepare sites and provide the necessary supporting infrastructure investments to guide redevelopment of publicly- and privately-owned properties.



Strategic Priorities

- Enhanced Community Image
 - Our ability to attract and retain residents and businesses is influenced by the perception of the City. We will take specific actions to assure that Brooklyn Center is recognized by residents, businesses, stakeholders, and visitors as a high quality, attractive, and safe community.
- Inclusive Community Engagement
 - In order to provide effective and appropriate services, we must clearly understand and respond to community needs. We will consistently seek input from a broad range of stakeholders from the general public, non-profit, and for-profit sectors. Efforts to engage the community will be transparent, responsive deliberately inclusive, and culturally sensitive.



Strategic Priorities

- **Safe, Secure, and Stable Community**
 - For residents and visitors to fully appreciate and enjoy a great quality of life, it is essential that all neighborhoods are safe, secure, and stable. We are committed to assuming compliance with neighborhood conditions and building safety standards, providing proactive and responsive public safety protection, wise stewardship of City resources and policies that promote safety, security, and a lasting stable environment.
- **Key Transportation Investments**
 - Proactively maintaining an efficient and effective infrastructure will meet the high level or community expectations. We will plan for and invest in critical infrastructure improvements that enhance safety, improve life quality and support opportunities for redevelopment, while sustaining the natural environment.



Budget Headlines 2022

- Reduction in property tax bills despite 6.93% levy increase
 - 62.3 Percent of properties will see their City tax liability decrease
- Decertification of TIF District Number 3
 - Increase in taxable market value was 6% but tax capacity increased 19.4%
- Utility Rate Increases 6.7% on Water, Sewer, Storm, however, the City remains 15% lower than the peer group average.
 - Cities contracting for purchased water seeing significantly higher bills, building our own treatment plant is saving our residents from significantly higher increases



Property Tax Levy

**CITY OF BROOKLYN CENTER
 2022 BUDGET - TAX IMPLICATIONS
 PRELIMINARY ESTIMATES AS OF NOVEMBER 1, 2021**

Note: A
 property tax
 levy
 increase/decrease
 of 1% is
 approximately
 \$200,000 in
 revenue.

	Tax Levies		Change
	Payable 2021	Estimated 2022	
General Levy	\$ 18,402,263	\$ 19,532,263	6.14%
Debt Levy	1,540,648	1,791,762	16.30%
Total Levy	<u>\$ 19,942,911</u>	<u>\$ 21,324,025</u>	6.93%
HRA Levy	<u>\$ 452,913</u>	<u>\$ 482,206</u>	6.47%



2022 General Fund – Revenues



City of Brooklyn Center General Fund - Revenues by Source

Description	2020 Actual	2020 Budget	2021 Budget	2022 Budget	Percent Change	Dollar Change
Property Tax (net)	\$ 18,066,564	\$ 17,967,857	\$ 18,317,857	\$ 19,447,394	6.17%	\$ 1,129,537
Excess Tax Increment	172,347	400,000	230,500	-	(100.00%)	(230,500)
Lodging Tax	561,602	1,180,000	500,000	900,000	80.00%	400,000
Licenses & Permits	991,972	1,075,001	1,016,093	1,397,250	37.51%	381,157
Intergovernmental Revenue	3,371,120	1,813,781	1,854,590	2,857,952	54.10%	1,003,362
Charges for Services	293,498	790,150	825,750	631,100	(23.57%)	(194,650)
Fines & Forfeits	155,462	246,500	216,000	161,000	(25.46%)	(55,000)
Other Revenues	486,055	320,700	398,100	303,500	(23.76%)	(94,600)
TOTAL	\$ 24,098,620	\$ 23,793,989	\$ 23,358,890	\$ 25,698,196	10.01%	\$ 2,339,306



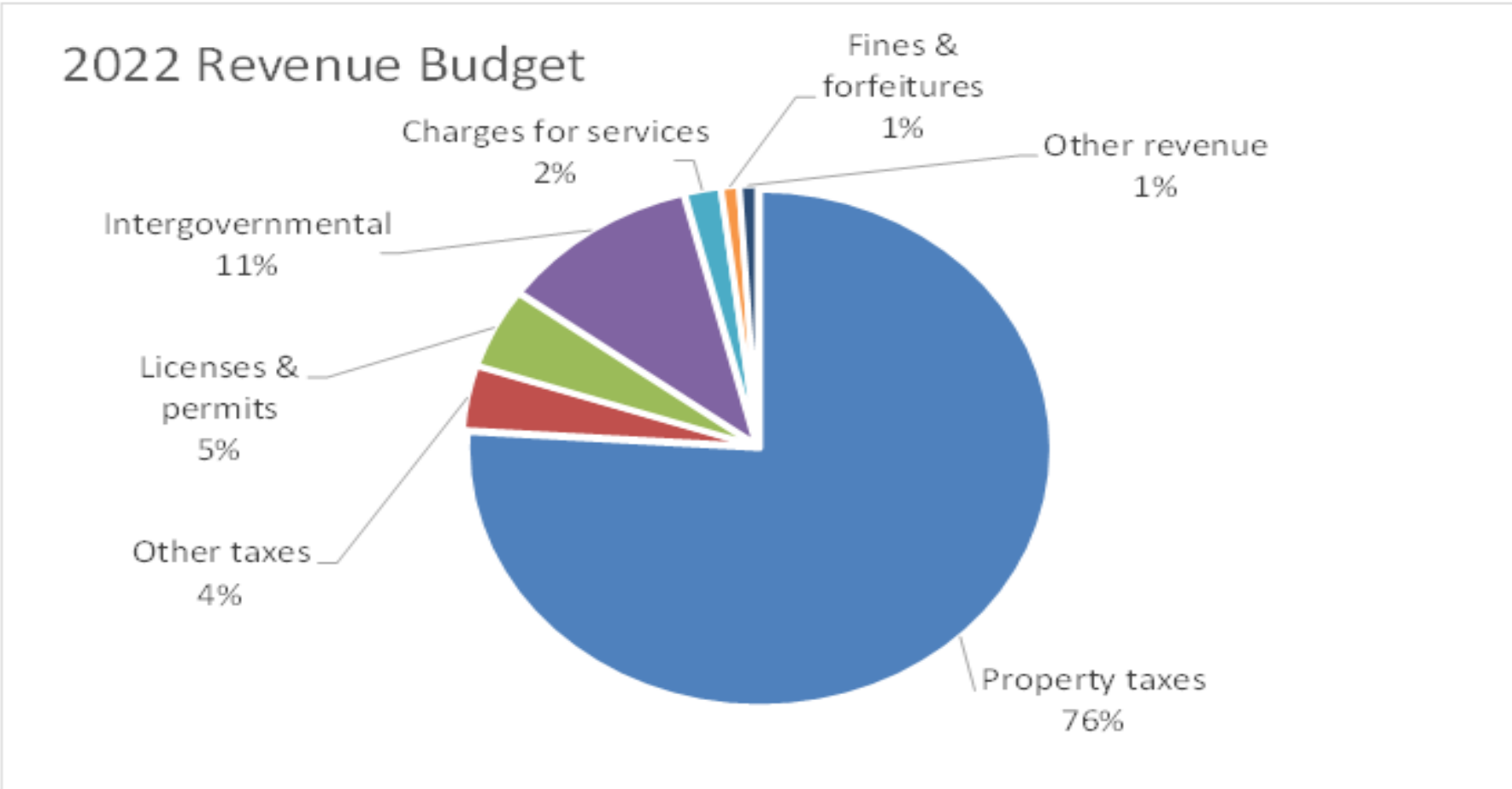
2022 General Fund - Revenues

Revenues	
Description	Change
General Fund Property Taxes	\$1,100,674
Excess Taxes (Tax Increments)	(230,500)
Lodging Taxes	300,000
Permits	387,500
Charges for Services	(198,050)
Fines and Forfeits	(55,000)
Special Assessments	(50,000)

* Also added grant revenue totaling \$725,000 related to Public Safety Resolution Initiatives.



2022 General Fund – Sources of Revenues



2022 General Fund – Expenditures



City of Brooklyn Center General Fund - Expenditures by Function

Expenditures	Actual 2020	Budget 2020	Budget 2021	Budget 2022	Percent Change	Dollar Change
General Government	4,388,664	4,487,620	4,505,738	4,948,878	9.84%	443,140
Office of Prevention Health and Safety	-	-	-	1,321,807	100.00%	1,321,807
Police	9,138,339	9,484,284	9,793,962	9,635,030	(1.62%)	(158,932)
Fire	1,640,144	1,568,294	1,665,497	1,980,128	18.89%	314,631
Public Works	3,767,712	4,187,070	4,217,639	4,366,372	3.53%	148,733
Community Development	2,095,788	1,969,723	2,006,800	2,056,241	2.46%	49,441
Community/Recreation Services	1,190,653	1,886,524	1,831,698	2,217,388	21.06%	385,690
Other Services	984,830	1,148,625	1,032,290	606,167	(41.28%)	(426,123)
Miscellaneous	(790,653)	(938,154)	(1,298,097)	(1,423,817)	9.68%	(125,720)
Total	\$ 22,415,477	\$ 23,793,986	\$ 23,755,527	\$ 25,708,194	8.22%	\$ 1,952,667



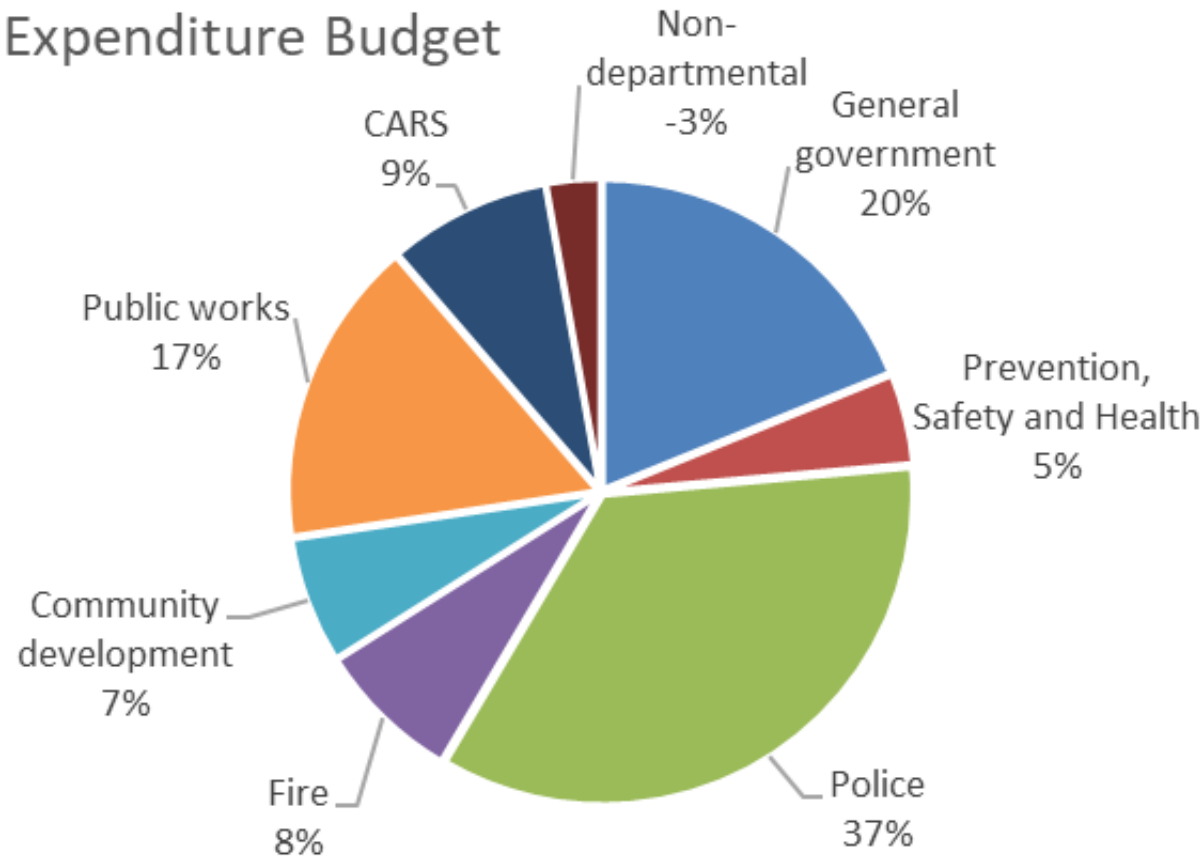
2022 General Fund – Levy Increase

Description	Amount	Levy Change
Debt Service	\$ 251,114	1.26%
Prevention Health and Safety	154,850	0.78%
COLA/Cafeteria	345,000	1.73%
PT livable wage increase	155,000	0.78%
Reduced Charges for Services and fines Rec/PD	213,000	1.07%
Excess Increment and PERA aid loss	264,000	1.32%
	<hr/> 1,382,964	6.93%



2022 General Fund – Expenditures by Function

2022 Expenditure Budget



Police share decreased from 41% in 2021 to 37% in 2022.

Capital Improvement Projects

- 15-year Capital Improvement Plan (CIP)
- Projects includes public utilities, street improvements, park improvements, and capital maintenance building improvements
- 2022 Capital Improvements totaling \$14.4 million
 - Woodbine Area (\$9.4 million)
 - Capital Building Maintenance Projects (\$1.3 million)
 - Park Playground Equipment Replacement (\$605K)



Capital Improvement Projects

- Proposed \$8.25 million debt issue (Funded through water utility fees, sanitary sewer utility fees, storm sewer fees, and property taxes. There is also a special assessment component to the Woodbine Area project, however cash available in that fund is sufficient that bonding for that portion in 2022 is not considered necessary.
- Levy impact for 2023 is estimated at \$213,000 to finance repayment of first year principal and interest.



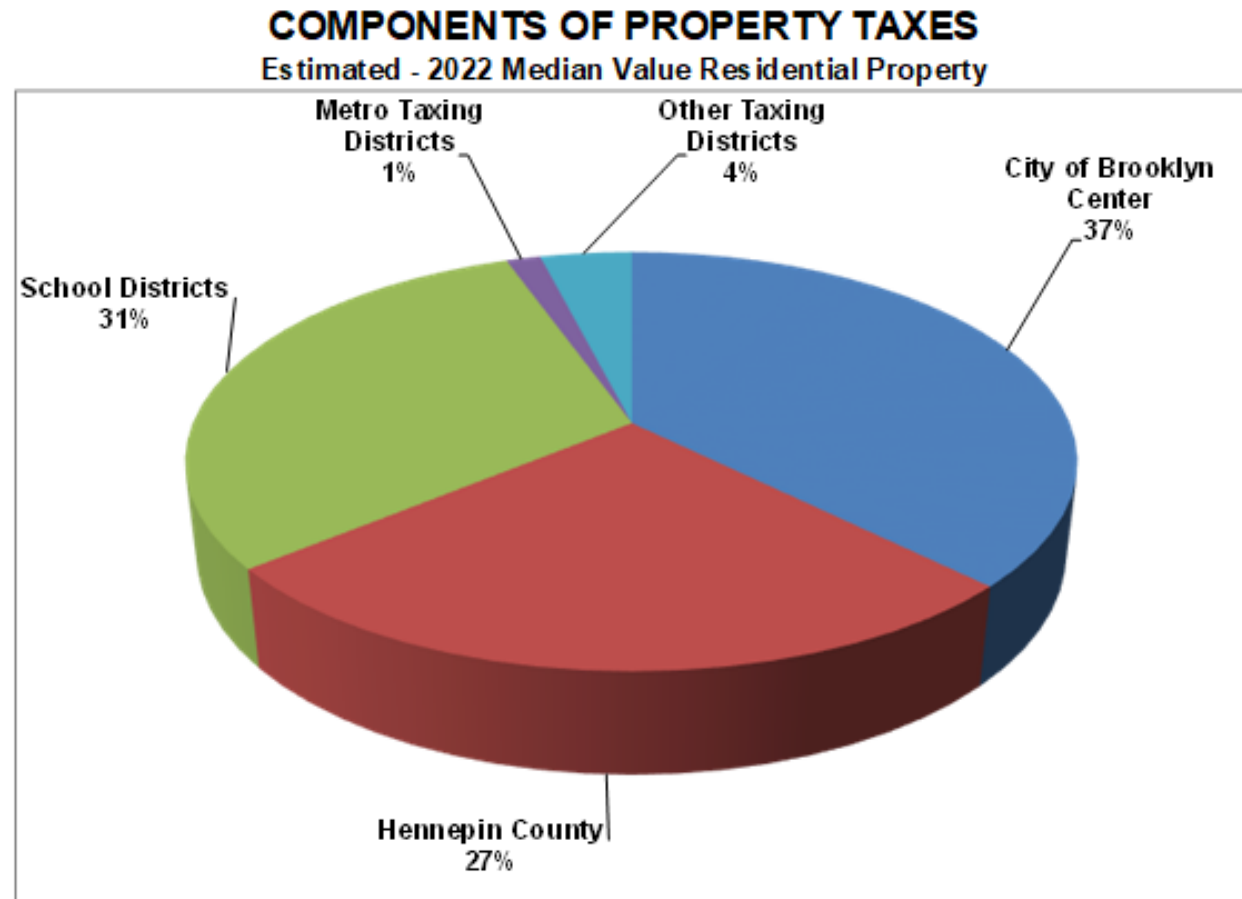
Property Taxes - Introduction

- Why is my property tax bill changing?
 - Change in value of your property
 - Change in the relative proportion of your property to the total property value in BC
 - Increase in property taxes requested for operations of City General Fund activities and programs
 - Four different school districts in Brooklyn Center with different levies and property tax implications



How are your taxes distributed?

Sample residential property within School District #279



Market Values Payable 2021 Compared to 2022

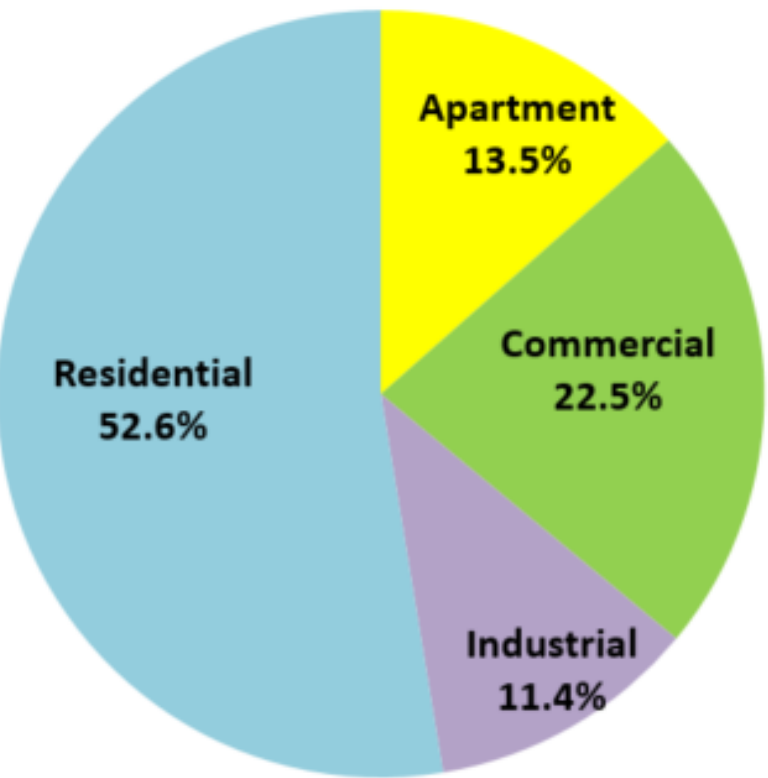
CITY OF BROOKLYN CENTER
2022 BUDGET - TAX IMPLICATIONS
PRELIMINARY ESTIMATES AS OF NOVEMBER 1, 2021

	Taxable Market Value		Change
	Payable 2021	Estimated 2022	
Commercial	\$ 383,340,000	\$ 362,542,100	-5.4%
Farm			
Industrial	176,852,000	187,365,900	5.9%
Residential	1,539,577,305	1,671,790,823	8.6%
Apartment	341,589,850	380,923,270	11.5%
Other	537,000	456,000	-15.1%
Personal property	26,330,300	14,297,900	
Totals	<u>\$ 2,468,226,455</u>	<u>\$ 2,617,375,993</u>	6.0%

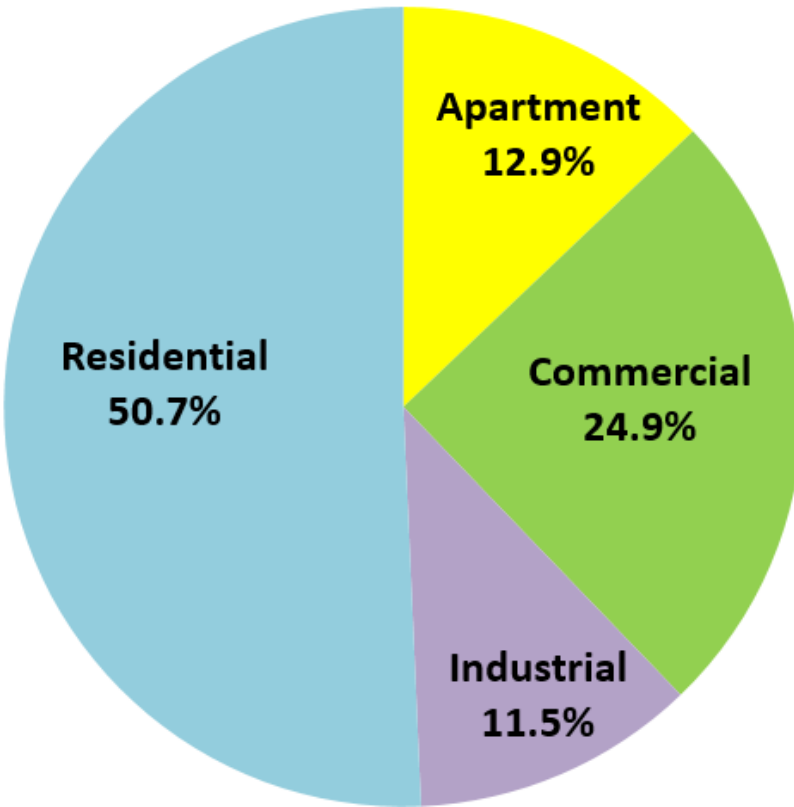


Tax Capacity Pay 22 vs. Pay 21

Tax Capacity - Payable 2022



Tax Capacity - Payable 2021

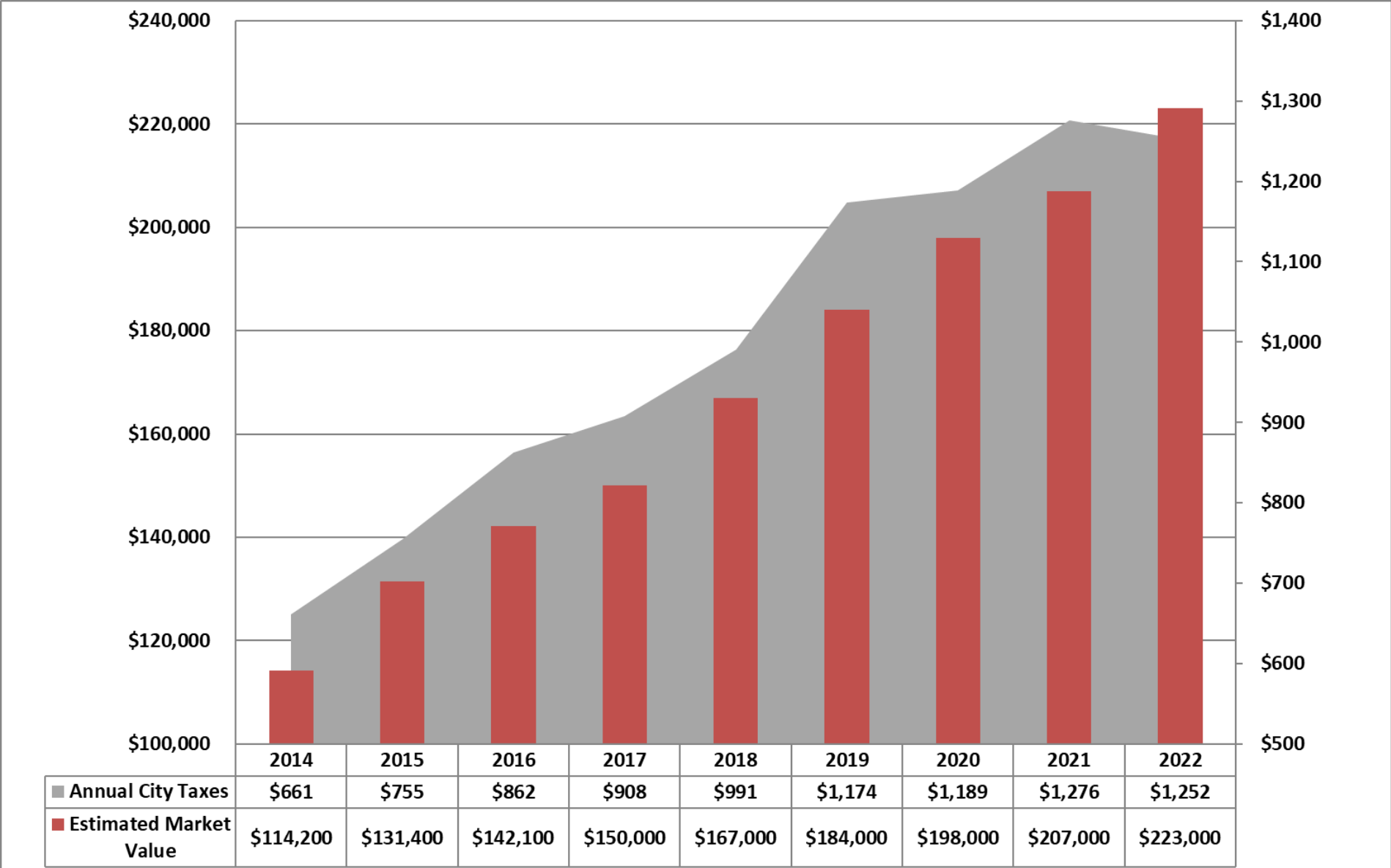


Median Residential Value

- Pay 2021 Median Estimated Residential Value
 - Estimated Market Value: \$207,000
 - Estimated Taxable Value: \$188,390
- Pay 2022 Median Estimated Residential Value
 - Estimated Market Value: \$223,000
 - Estimated Taxable Value: \$205,830
- Change in Median Value
 - Increase in Estimated Market Value: 7.7%
 - Increase in Estimated Taxable Value: 9.3%



Median-Value Home Property Tax



Property Tax Considerations

- Tax Rates estimated to decrease, meaning if you had no change in your assessed value, your City taxes will decrease
- If levy increase was zero, median value home would see a \$84 (6.56% property tax decrease)
- Each 1% levy increase/decrease is approximately \$10 per year for the median value home



Will my property taxes go up or down?

Distribution of Total Property Tax Amount Changes by Number of Properties in Each Category

# of Properties in Category		Decrease 15% or more	Decrease 5.0% to 14.9%	Decrease 0.0% to 4.9%	Increase .1% to 4.9%	Increase 5.0% to 14.9%	Increase 15% or more
7,717	Single Family Residential	12 0.2%	2,261 29.3%	2,480 32.1%	2,171 28.1%	779 10.1%	14 0.2%
74	Apartments	- 0.0%	27 36.5%	31 41.9%	13 17.6%	3 4.1%	- 0.0%
156	Commercial & Industrial	18 11.5%	54 34.6%	67 42.9%	7 4.5%	6 3.8%	4 2.6%
7,947	Total # of Properties % of Total Properties	30 0.4%	2,342 29.5%	2,578 32.4%	2,191 27.6%	788 9.9%	18 0.2%

61.6% of residential properties will see a decrease, 99.4% will increase \$300 or less 0.6% will increase more than \$300



Remaining Steps

- Open the Public Hearing
- City Council Consideration of Resolutions
 - Adoption of the HRA Levy & Budget
 - Adoption of the EDA Budget
 - Adoption of the 2022 City of Brooklyn Center Levy & Budget
 - Adoption of the Capital Improvement Plan



Further Questions

- Reggie Edwards, City Manager
 - redwards@ci.Brooklyn-center.mn.us
- Andrew Splinter, Finance Director
 - asplinter@ci.Brooklyn-center.mn.us
 - Phone: 763-569-3352
- Josh Whitney, Hennepin County Assessor
 - Joshua.whitney@Hennepin.us
 - Phone: 612-715-6181

