



**Advisory Budget Work Group Agenda**  
**August 12, 2015 - 4:00 PM**  
**Boardroom - 1st Floor City Hall**

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**Advisory Budget Work Group**

1. Preview of *Proposed* 2016 Operating & Capital Budget Planning Parameters \_\_\_\_\_
2. Summary of Advisory Budget Work Group Meetings \_\_\_\_\_

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**CITY OF MOORHEAD**  
**GROWTH IMPACT ON PROPERTY TAXES**  
**(Residential, Apartments & Commercial/Industrial)**

**CHANGES IN MARKET VALUE**

	<b>Residential</b>	<b>Apartments</b>	<b>Commercial &amp; Industrial</b>	<b>Total</b>
<b>2014 Estimated Market Value</b>	\$ 1,687,828,800	\$ 262,010,800	\$ 420,594,500	\$ 2,370,434,100
<i>Value Added New Improvements</i>	44,050,900	13,193,300	15,814,900	73,059,100
<i>Market Value Adjustments</i>	161,305,000	18,665,700	9,429,600	189,400,300
<b>2015 Estimated Market Value</b>	<b>\$ 1,893,184,700</b>	<b>\$ 293,869,800</b>	<b>\$ 445,839,000</b>	<b>\$ 2,632,893,500</b>
	12.17%	12.16%	6.00%	11.07%

**CHANGES IN TAX CAPACITY**

	<b>Residential</b>	<b>Apartments</b>	<b>Commercial &amp; Industrial</b>	<b>Total</b>
<i>Value Added New Improvements</i>	439,996	164,917	310,837	915,750
<i>Market Value Adjustments</i>	1,613,050	233,321	188,592	2,034,963
<i>Exemptions Expired in Pay 2015</i>		3,125	129,188	132,313
<i>New Exemptions for Pay 2016</i>		(14,000)	(184,766)	(198,766)
	<b>\$ 2,053,046</b>	<b>\$ 387,363</b>	<b>\$ 443,851</b>	<b>\$ 2,884,260</b>

**TAXES GENERATED BY PROPERTY TYPE**

	<b>Residential</b>	<b>Apartments</b>	<b>Commercial &amp; Industrial</b>	<b>Total</b>
<i>Value Added New Improvements</i>	173,000	64,840	122,210	360,050
<i>Market Value Adjustments</i>	634,210	91,740	74,150	800,100
<i>Exemptions Expired in Pay 2015</i>	-	1,230	50,790	52,020
<i>New Exemptions for Pay 2016</i>	-	(5,500)	(72,650)	(78,150)
	<b>\$ 807,210</b>	<b>\$ 152,310</b>	<b>\$ 174,500</b>	<b>\$ 1,134,020</b>
<i>Tax Levy Increase on 2015 Tax Capacity</i>				163,850 <sup>(1)</sup>
<i>Total Property Tax Increase</i>				<b>\$ 1,297,870</b>

(1) <i>Estimated 2016 Tax Rate</i>	39.31774%
<i>2015 Tax Capacity Rate</i>	38.66153%
<i>Proposed Tax Rate Increase</i>	0.65621%
<i>Pay 2015 Tax Capacity</i>	<b>\$ 24,967,900</b>
<i>Tax Rate Increase Impact</i>	<b>\$ 163,850</b>

# Summary of ABWG meetings

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## February 11, 2015

- Review of reports from 2015 Budget that were presented to council in 2014.
- Overview of the budget process
- Explanation of the budget reports staff runs and what software staff works with
- Financial software needs

## March 11, 2015

- Explanation of fund balance and reserves
  - Explanation of City's cash reserves
  - Difference between fund balance and reserves
  - Rating agency's perspectives on reserves
- Financial Software
  - Capabilities of current software
  - IT staff and workload
  - The Work Group encouraged an RFP be developed to solicit proposals to replace the existing software.

## April 8, 2015

- 5 year Capital Improvement Plan projects and tax levy impact
- Projects scheduled for 2015 were reviewed
- Bond cash flows
  - City is experiencing general improvement in collection of special assessments having dealt with tax forfeit lots.
  - Discussion of prepayment of special assessments and the effect they have.

## May 13, 2015

- Street Light Utility updates
  - Discussed how the current street light utility fee is going.
  - Addressed questions and concerns that have been received from citizens.
  - The Work Group agreed to recommend going with a flat fee of \$4 for 2016.

## June 10, 2015

- Brief overview of changes in market value, new construction, and overall growth.
- Explanation of the budget process from beginning to end.
  - Order of looking at accounts
- Budget timeline
  - Target date of September 30<sup>th</sup> for a proposed levy deadline was stressed so staff can spend the Fall looking for new, innovative ways to do things that could save costs or increase revenues.
  - Staff asked for specific direction from the group on what they need in order to get to the point of having a budget by September 30<sup>th</sup>.
  - Ultimate goal is to have a budget by September 30<sup>th</sup>, knowing that it is the final because nothing usually changes between September 30<sup>th</sup> and the final budget in December.

## Summary of ABWG meetings

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**July 8, 2015**

- Work group brought up looking into financial software again.
- Staff reiterated that if we could get a budget wrapped up in September, we would be able to work on looking into the new software options and new, innovative techniques to reduce expenditures/increase revenues.
- Revenue and expenditure forecasting
  - City's Growth and that impact on taxes
  - Revenue priorities
  - Expenditure priorities
    - Maintain high quality service levels
    - Class & Comp implementation
    - Accommodate issuance of debt to support additional growth
    - Internal Service fund support
  - Tails from 2015
    - Bond issue for approved 2015 projects
    - Authorization of additional staff
      - Building Inspector
      - Assessing Department Reorganization
      - IT Programmer/Analyst
    - 3 Yr phase in of Vehicle and IT charge increases
  - What today's growth means for the future
    - Significant investment in new infrastructure will be needed to accommodate the next ring of growth.