



**Advisory Budget Work Group Agenda  
August 23, 2016 - 2:00 PM  
City Hall - Boardroom (1st Floor)**

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**Advisory Budget Work Group**

1. Budget Discussion with Interim City Manager \_\_\_\_\_

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# 2017 Proposed Operating & Capital Budget

August 22, 2016  
City Council Meeting

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

	CHANGES IN MARKET VALUE				
	Residential	Apartments	Commercial & Industrial	Total	
<b>2015 Estimated Market Value</b>	\$ 1,893,184,700	\$ 293,869,800	\$ 445,839,000	\$ 2,632,893,500	
<i>Value Added New Improvements</i>	47,466,800	26,902,200	11,552,600	85,921,600	35.2%
<i>Market Value Adjustments</i>	130,223,700	20,563,800	7,090,600	157,878,100	64.8%
<b>2016 Estimated Market Value</b>	\$ 2,070,875,200	\$ 341,335,800	\$ 464,482,200	\$ 2,876,693,200	
	9.39%	16.15%	4.18%	9.26%	

	CHANGES IN TAX CAPACITY			
	Residential	Apartments	Commercial & Industrial	Total
<i>Value Added New Improvements</i>	474,654	343,778	241,490	1,059,922
<i>Market Value Adjustments</i>	1,302,237	257,048	141,812	1,701,097
<i>Exemptions Expired in Pay 2016</i>		61,875	72,519	134,394
<i>New Exemptions for Pay 2017</i>		(152,001)	(192,876)	(344,877)
	\$ 1,776,891	\$ 510,700	\$ 262,945	\$ 2,550,536

TAXES GENERATED BY PROPERTY TYPE

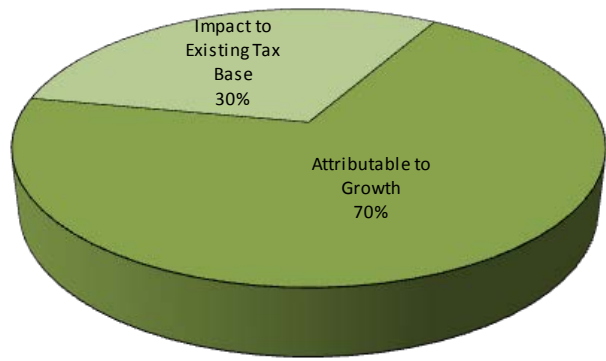
	Commercial &			Total
	Residential	Apartments	Industrial	
<i>Value Added New Improvements</i>	187,690	135,940	95,490	419,120
<i>Market Value Adjustments</i>	514,950	101,650	56,080	672,680
<i>Exemptions Expired in Pay 2016</i>	-	24,470	28,680	53,150
<i>New Exemptions for Pay 2017</i>	-	(60,110)	(76,270)	(136,380)
<i>Expiring Rebates</i>	124,825			124,825
<i>Additional Rebates</i>	(221,327)			(221,327)
	<u>\$ 606,138</u>	<u>\$ 201,950</u>	<u>\$ 103,980</u>	<u>912,068</u>
<i>Impact to existing taxpayers due to rate increase</i>				<u>398,475</u>
<i>Total Property Tax Increase</i>				<u>\$ 1,310,543</u>

**CITY OF MOORHEAD  
2016 TAX LEVY PAYABLE 2017**

<b>2015 Tax Levy Payable 2016</b>		\$ 11,112,844	
<u>Increases resulting from growth</u>			
New Construction	\$ 282,740		
Market Value Adjustments	672,680		
Expiring Rebates	124,825		
Expiring Exemptions	53,150		
Additional Rebates	<u>(221,327)</u>		
		912,068	<u>70%</u>
<u>Increases to existing tax base</u>			
Existing Tax Base for Debt	\$ 223,972		
Existing Tax Base for Operations	\$ 14,503		
Additional Public Safety Staff	<u>\$ 160,000</u>		
		<u>398,475</u>	<u>30%</u>
<b>2016 Tax Levy Payable 2017</b>		<u><u>\$ 12,423,387</u></u>	

**Note:** This increase does not impact Commercial, Industrial or Apartment property owners. Border Cities legislation caps their property tax liability at 1.6% of Market Value, which is a decrease from 1.9% in 2014 and 2.3% in 2013 for a 2-year reduction of 30%.

***Impact due to Growth***



# What does this mean?

- This results in a 2.5% increase in the proposed pay 2017 tax rate over pay 2016
- Without new construction and the growth in market value the proposed tax levy would have resulted in an 11.2% tax rate increase
- Impact to median value home (\$170,600) of \$14.50

# What will we accomplish?

- Increase staff to be able to provide a level of service which meet community expectations
  - +1.0 FTE – Patrol Officer - 1/1/17
  - +1.0 FTE – Firefighter – 1/1/17
  - +0.75 TFE – Aquatics Coordinator – 1/1/17
  - +1.0 FTE – Engineering Tech – 10/1/16
- Additional cost to equip one patrol officer and one firefighter not included in the figures presented – add \$20,000



# What will we accomplish?

- Recommendation of ABWG to add one more FTE patrol officer for a total of 2
  - Increase to tax levy of \$111,650 which is approximately \$5.50 to the median value home
- Invest in and retain current workforce
  - Provides for city council recommended 2% wage adjustment and step increases under the City's compensation program

# What will we accomplish?

- Implement the final year of a 3-year phase-in for increases to IT and Vehicle fees
- Accommodate an additional \$524,000 in tax levy for bonding of projects approved throughout 2016 as identified in the following table

# New Payable 2017 debt

- 2016 Projects as Presented at the January 19<sup>th</sup> COW Meeting



## 2016 Project Prioritization & Potential Property Tax Levy Impact

Rank	Project	Total Cost	City Cost	Tax Levy	Cumulative Tax Levy
N/A	CIMS / Main Ave	\$15.28M	\$2.42M	\$144,000	\$144,000
1	40 <sup>th</sup> Ave S	\$1.00M	\$0.241M	\$15,000	\$159,000
2	24 <sup>th</sup> Ave / 40 <sup>th</sup> St / 45 <sup>th</sup> St S	\$3.50M	\$3.0M	\$180,000	\$339,000
3	Industrial Park Area	\$2.55M	\$1.65M	\$99,000	\$438,000
4	Angela's Area	\$1.74M	\$1.355M	\$81,000	\$519,000
5	Ridgewood Area	\$1.749M	\$1.249M	\$75,000	\$594,000
6	Phase 2 Seal Coat Project	\$1.00M	\$1.00M	\$60,000	\$654,000
				Total	\$654,000

- Actually debt levy requirement is projected to be approximately \$524,000

# How are we able to do this?

- Refunding of two (2) special assessment bond issues for a total savings of \$270,000 annually in debt service payments
- Tax forfeit lot sales resulting in collection of special assessments previously unpaid
- Additional transfers from enterprise funds:
  - Electric - \$125,000
  - Water - \$11,000
  - Other Enterprise Funds - \$13,820

# How are we able to do this?

- Similar to last year – GROWTH!!
  - New Construction
  - Increase in Market Value
  - Expiration of Property Tax Exemptions

# Adjustments after ABWG

- Additional costs attributable to a supplemental patrol officer and public safety staff equipment total \$131,650
- Potential impact of labor negotiations relating to health insurance and wage adjustments
- Proposed tax rate increase at 4.2% after adjustments (\$25 on median value home)

# Additional 2017 Budget Initiatives

- Transfer Maintenance Shop activities from General Fund to an Internal Service Fund
  - Resulting in tax levy savings of \$100,000
- Restore the City contribution to health insurance to 10% from 5%
  - \$95,000 in tax supported funds
  - \$28,000 in fee supported funds
- Call Golf Course Bonds in December 2016
  - Use debt and operating reserves - \$1,043,883
  - Use General Fund reserves - \$550,000