



2016 Property Tax Levy & 2016 General Fund Budget

**City Council Meeting
Monday, December 7, 2015**

**Presenters:
Lori Economy-Scholler, CFO
Matt Gersemehl, City Assessor**



Agenda

- Property Tax and Assessments
- 2016 Proposed Budget
- Community Tax Comparisons



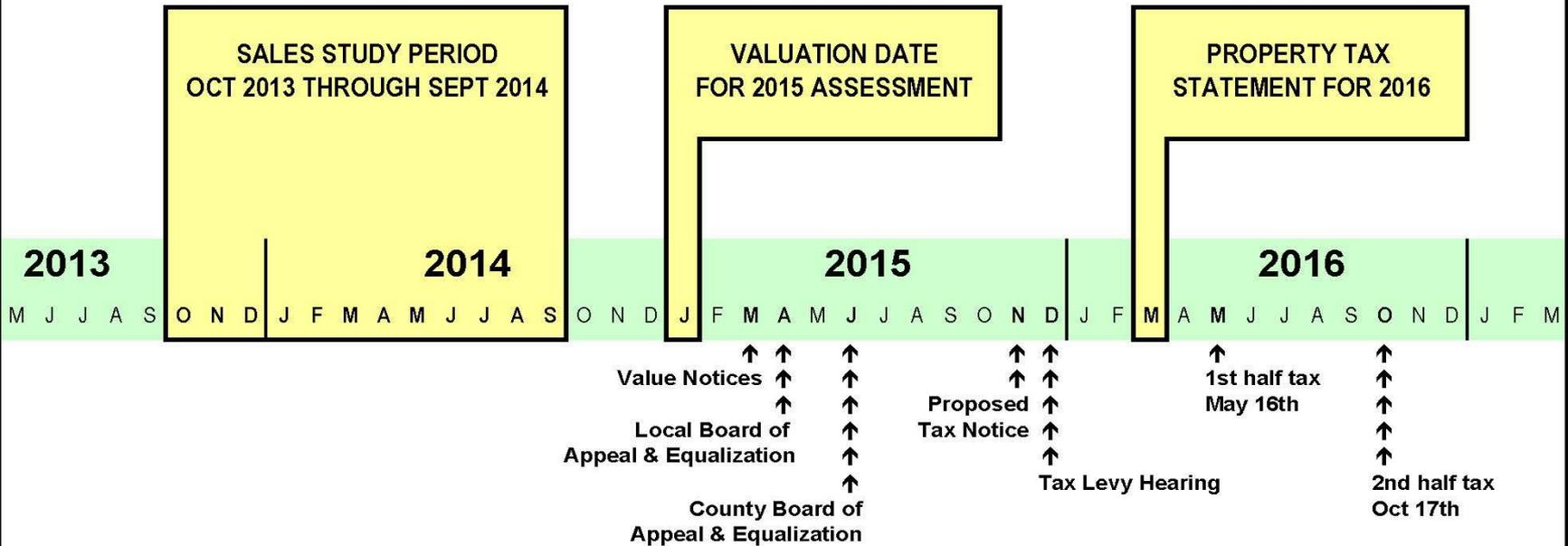
Property Tax & Assessments

Matt Gersemehl

MINNESOTA STATE LAW PROPERTY TAX TIMELINE

Assessment Year 2015 for Property Taxes Payable in 2016

Understanding the Sales Study Period, Valuation Date and Property Taxes



Sales Ratio Study analyzes sales from October 2013 through September 2014.

This study determines the value for the January 2, 2015 assessment date.

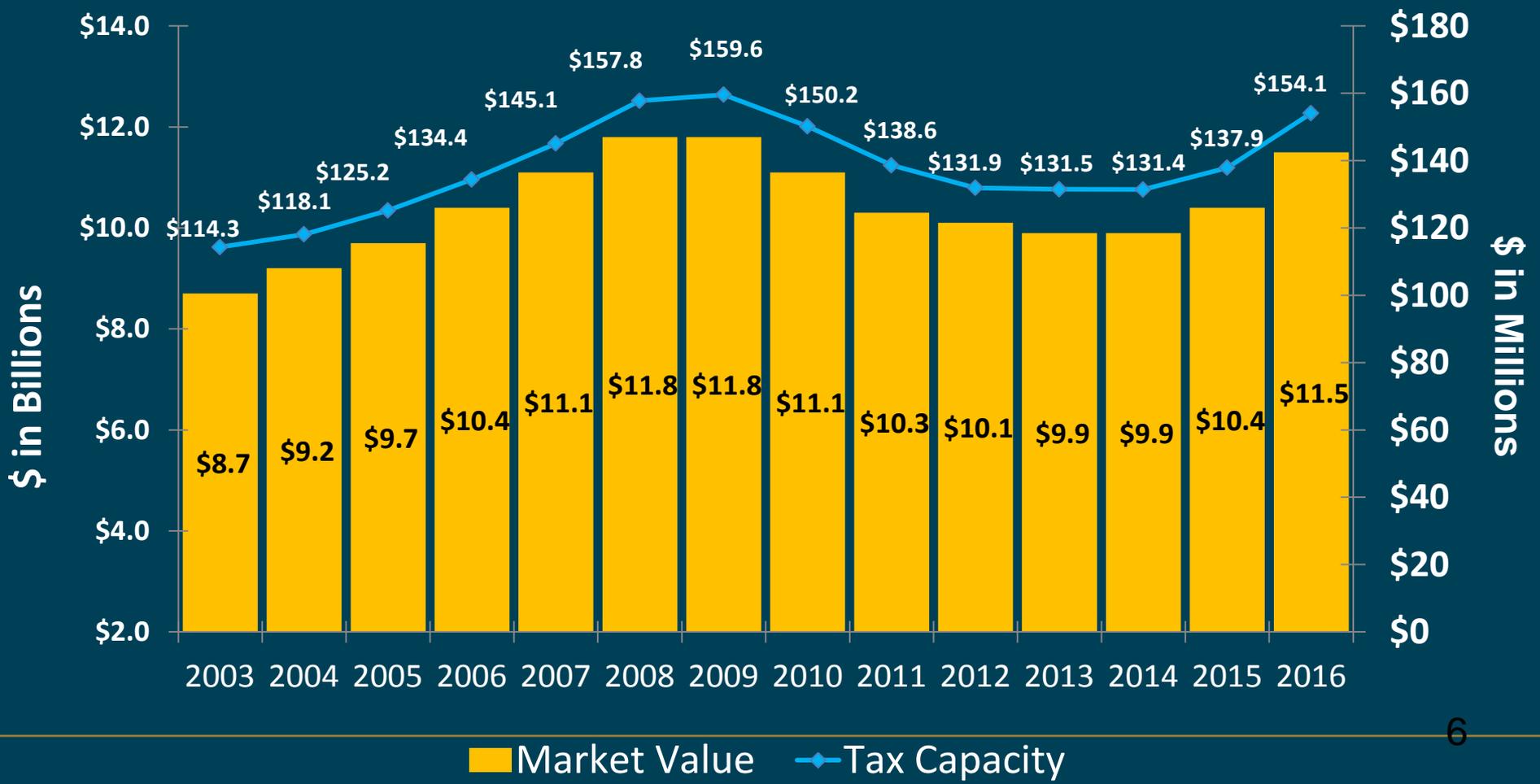
The January 2, 2015 assessment is the basis for property taxes payable in 2016.



Factors Impacting Property Taxes

- State Legislation
 - Tax Classification
 - Fiscal Disparities
- Market value changes
 - Within and between property classifications
- Property tax levy amount
 - Budget changes at County, School and City

Historical View: Total City Market Value and Tax Capacity By Tax Year





2015 Assessment for Pay 2016

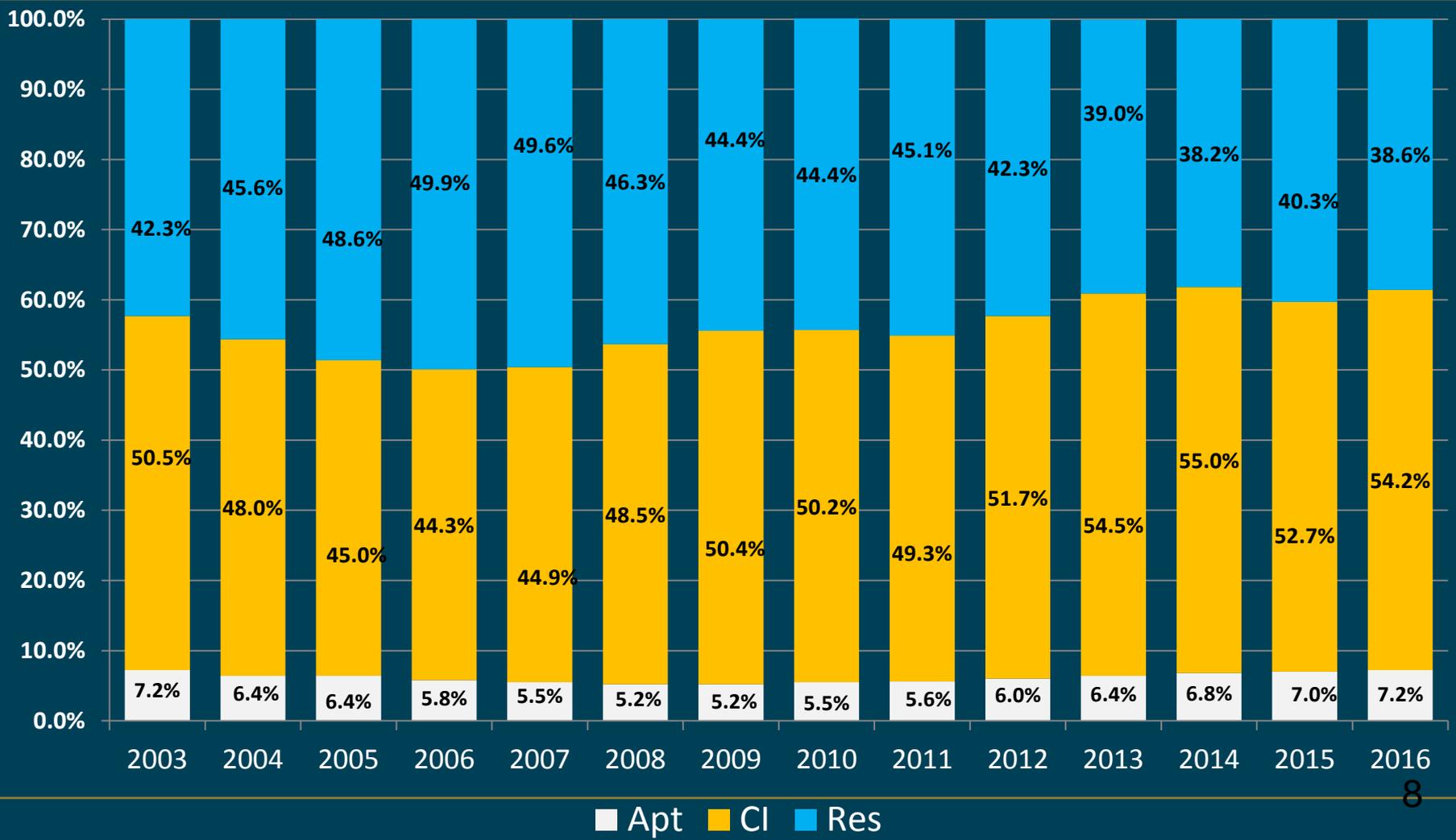
2015 Assessment for Pay 2016

Total Tax Capacity Growth

Bloomington	+ 11.8%
Minneapolis	+ 9.6%
Brooklyn Park	+ 9.0%
St. Louis Park	+ 8.4%
Edina	+ 6.8%
Eden Prairie	+ 6.4%
Golden Valley	+ 6.4%
Minnetonka	+ 6.3%
Richfield	+ 5.4%
Maple Grove	+ 4.9%
Plymouth	+ 4.5%
Suburban Hennepin	+ 6.8%
Total Hennepin County	+ 7.6%



Historical View: Total Gross City Tax Capacity Comparison by Property Segments





Commercial Industrial Share of Total Tax Base – Pay 2016

Community	CI Contribution Of Tax Base
Bloomington	54.2%
Rochester*	41.1%
Minnetonka	36.9%
St. Louis Park	36.8%
Eden Prairie	36.3%
Richfield	36.1%
Brooklyn Park	35.1%
Minneapolis	34.5%
Plymouth	32.3%
Maple Grove	31.4%
St. Paul*	31.0%
Duluth*	27.9%
Edina	26.7%
Suburban Hennepin Total	34.4%

* Denotes cities not included in the Suburban Hennepin Total



2015 Assessment Results

Market Value for Taxes Payable in 2016

	2015 to 2016 % Change
Residential	+6.5%
Apartment	+15.3%
Commercial	+17.3%
Industrial	<u>+1.6%</u>
Total Real Property	+9.9%

Property Segments Market Value Changes



Pay Year	SFR	Commercial	Total EMV	Total Tax Capacity	Market Changes
2003	13.3%	1.6%	9.8%	5.7%	Residential Strength
2004	10.2%	-2.0%	5.9%	3.4%	
2005	8.8%	-0.7%	5.5%	6.0%	
2006	8.1%	6.7%	6.9%	7.3%	Balanced Strength
2007	6.0%	10.0%	7.2%	8.0%	
2008	1.1%	17.6%	6.2%	8.7%	Commercial Strength
2009	-2.8%	5.9%	0.1%	1.2%	
2010	-5.6%	-6.7%	-5.7%	-5.9%	Balanced Weakness
2011	-5.6%	-10.1%	-7.2%	-8.0%	
2012	-3.6%	0.5%	-2.0%	-4.8%	Commercial Strength
2013	-6.2%	6.0%	-1.8%	0.3%	
2014	-2.6%	1.8%	-0.6%	-0.1%	
2015	9.0%	1.6%	5.7%	4.5%	Residential Strength
2016	6.5%	17.3%	9.9%	11.8%	Commercial Strength
Average	3.7%	3.7%	3.6%	2.7%	



2015 – Large Commercial Value Changes

- Value growth strongest in highest grade commercial property
- Of 30,200 total parcels
- 33 commercial properties accounted for
 - 40% of total City value increase
 - 51% of total City Tax Capacity increase



Residential Market Value History

Average & Median Valued Home

Assessment Year	Average Value	Annual Change	Median Value	Annual Change
2002	\$ 202,500	13.3%	\$ 178,800	14.0%
2003	\$ 223,000	10.1%	\$ 195,700	9.5%
2004	\$ 242,400	8.7%	\$ 214,400	9.6%
2005	\$ 262,300	8.2%	\$ 231,200	7.8%
2006	\$ 278,100	6.0%	\$ 244,800	5.9%
2007	\$ 280,700	0.9%	\$ 247,900	1.3%
2008	\$ 273,400	-2.6%	\$ 242,800	-2.1%
2009	\$ 258,300	-5.5%	\$ 228,600	-5.8%
2010	\$ 244,100	-5.5%	\$ 212,800	-6.9%
2011	\$ 235,500	-3.5%	\$ 207,300	-2.6%
2012	\$ 221,200	-6.1%	\$ 194,500	-6.2%
2013	\$ 214,400	-3.1%	\$ 188,000	-3.3%
2014	\$ 234,000	9.1%	\$ 206,900	10.1%
2015	\$ 248,700	6.3%	\$ 219,700	6.2%



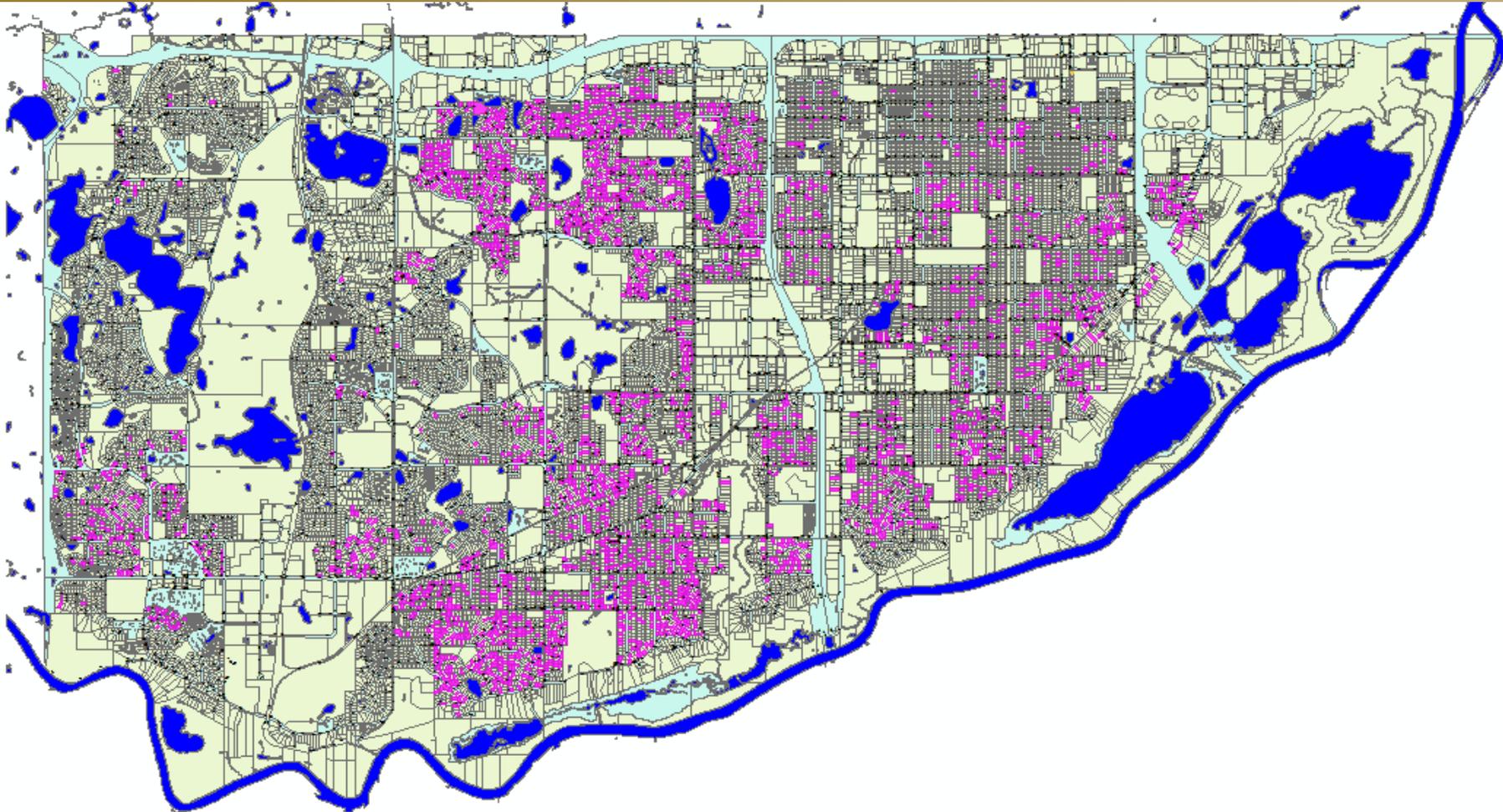
Median Value Breakdown

Median Value = \$219,700

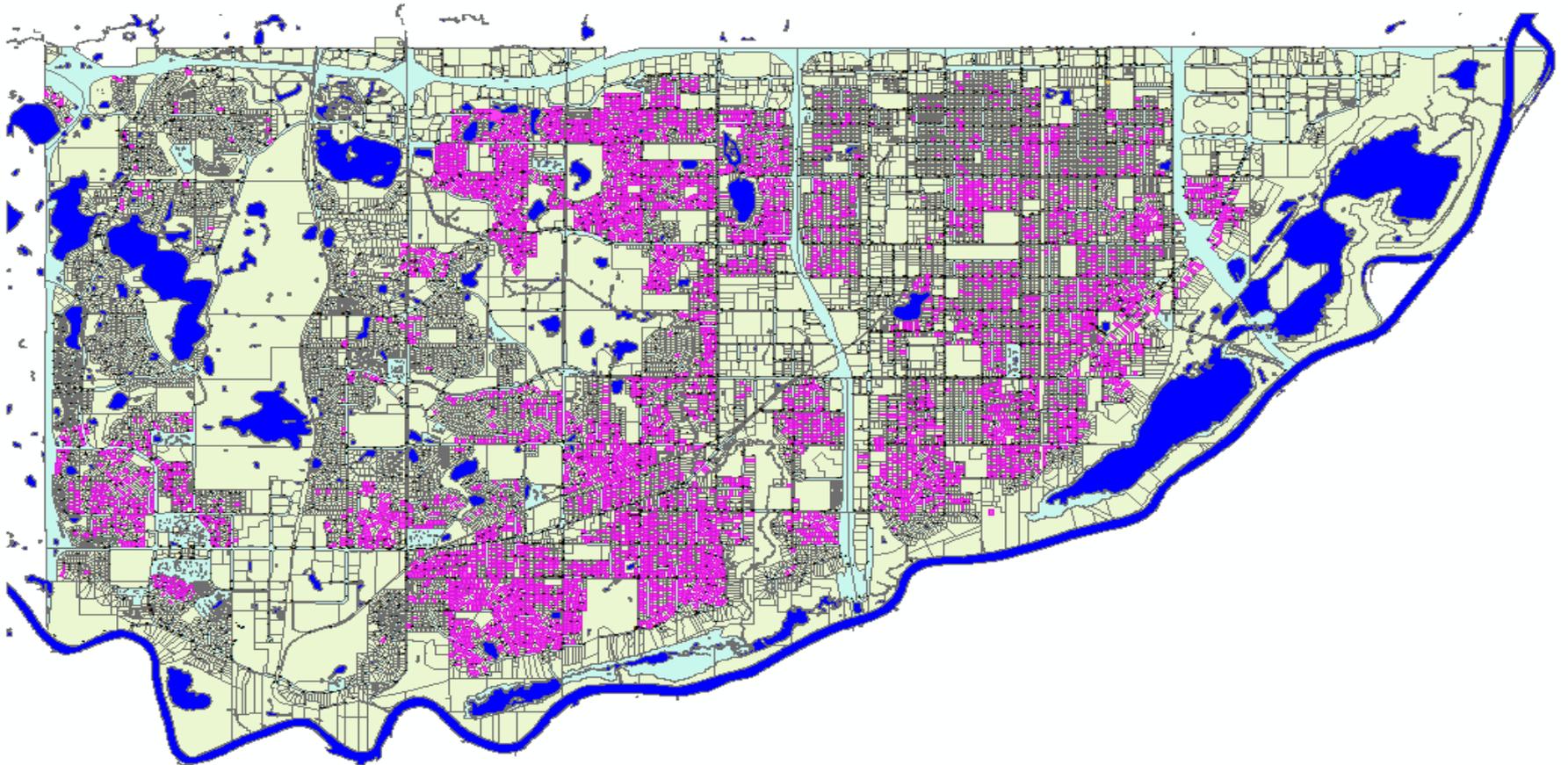
- Median Value +/- 5% = 2,968
- Median Value +/- 10% = 5,908

- Above 110% = 8,046
- Below 90% = 7,332

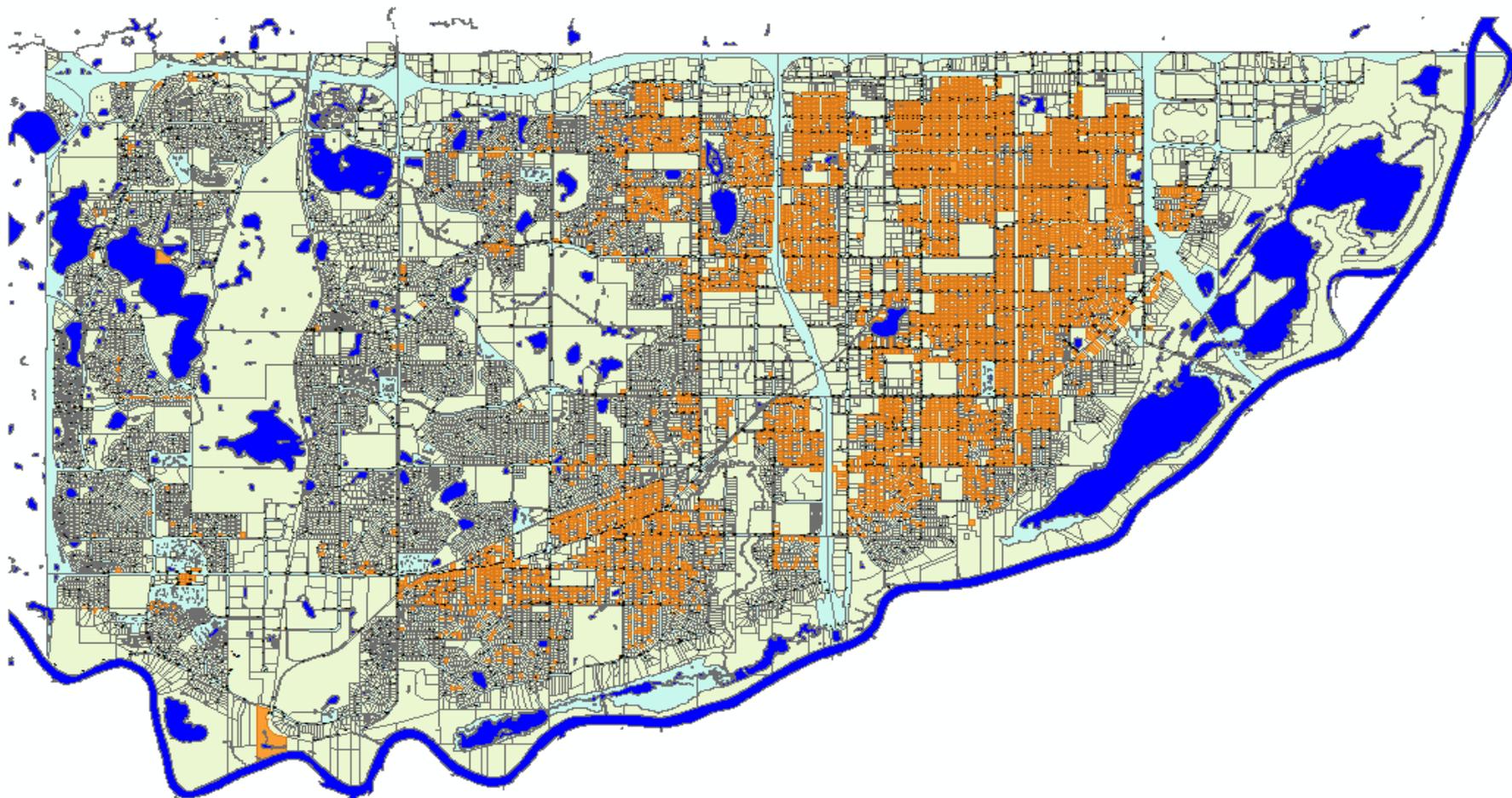
Median Value +/- 5%



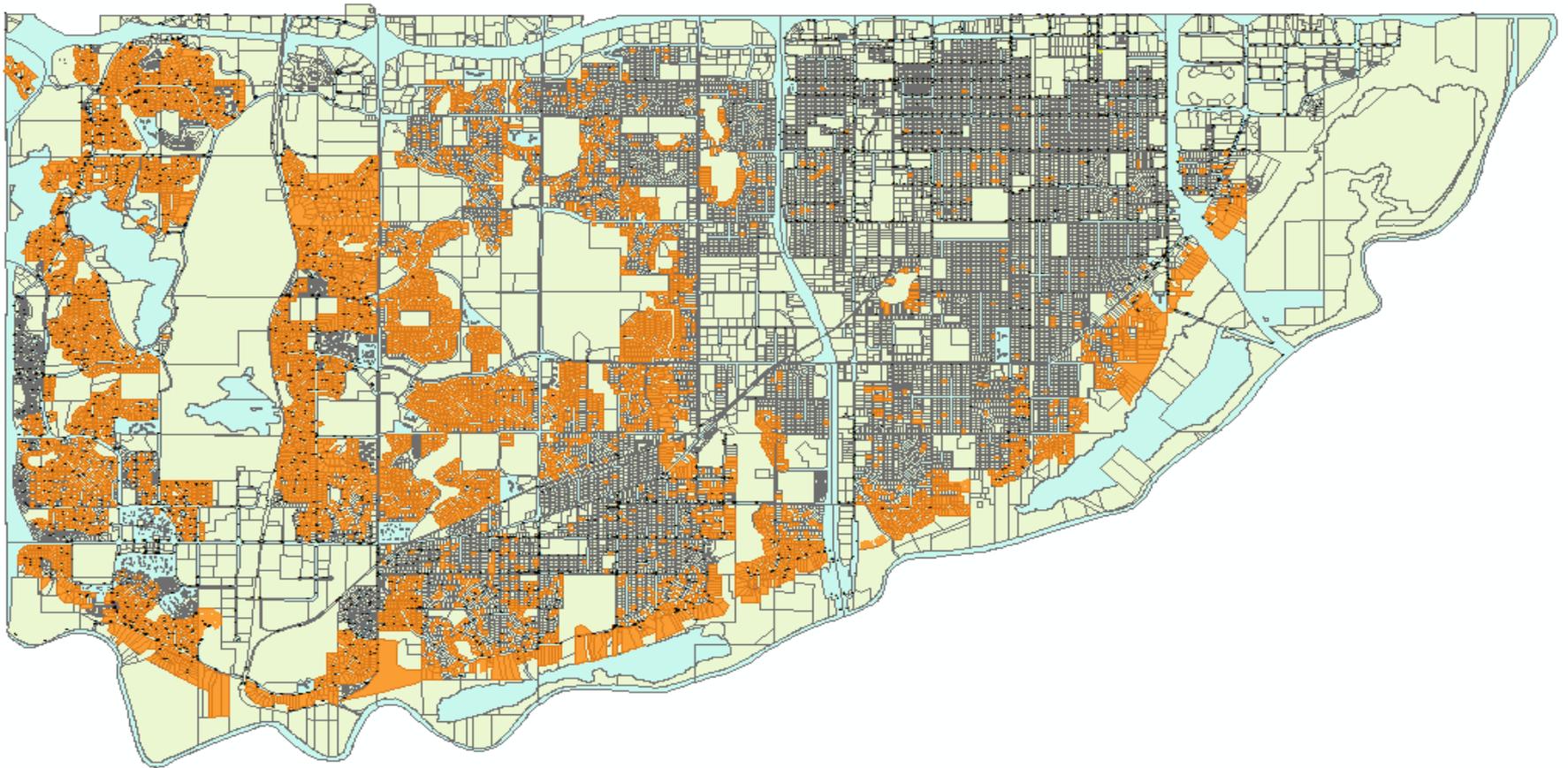
Median Value +/- 10%



Median Value below 90%



Median value above 110%



Dividing up the Dollar 2016

Residential (includes school referendum)

Residential



31¢ Hennepin County

31¢ City of Bloomington

30¢ Bloomington School District

8¢ Other agencies

2016 Commercial Dollar



25¢ Fiscal Disparities

26¢ State General Tax

16¢ Hennepin County

16¢ City of Bloomington

13¢ Bloomington School District

4¢ Other agencies



Minnesota Homestead Credit Refund and Renter's Property Tax Refund

- Homeowners and Renters
- Principal place of residence
- New legislation in 2013 enhanced the program
- Two types available
 1. Regular Property Tax Refund
 - » Property taxes versus your total household income
 - » Renter \$58,060, Homeowner \$107,150
 2. Special Property Tax Refund
 - » Increase in taxes beyond State Set level – not income based.
 - » For 2014 to 2015: increase of 12% AND at least \$100 increase.

The form required for filing for this refund is known as Form M1PR. Contact www.taxes.state.mn.us or 651-296-4444 or 1-800-657-3676 or call your Assessor's office for more information.

Property Tax Refund

2014 Value

\$206,900

2015 Tax

\$2,860

(Median-Value)

Refund Table

Household <u>Income</u>	<u>Refund</u>	<u>% of Tax Paid</u>
\$30,000	\$1,464	51.2%
\$40,000	\$1,335	46.7%
\$50,000	\$1,206	42.2%
\$60,000	\$994	34.8%
\$70,000	\$833	29.1%
\$80,000	\$660	23.1%
\$90,000	\$475	16.6%
\$100,000	\$182	6.4%
\$107,150	\$101	3.5%
> \$107,150	\$0	0.0%



BLOOMINGTON
MINNESOTA

Budget



2016 Budget Discussion Items

- Overview of Bloomington's Vision 2015
- Citizen Survey
- Tiered Services
- 2016 Property Tax Levy and 2016 General Fund Budget



Bloomington 2025

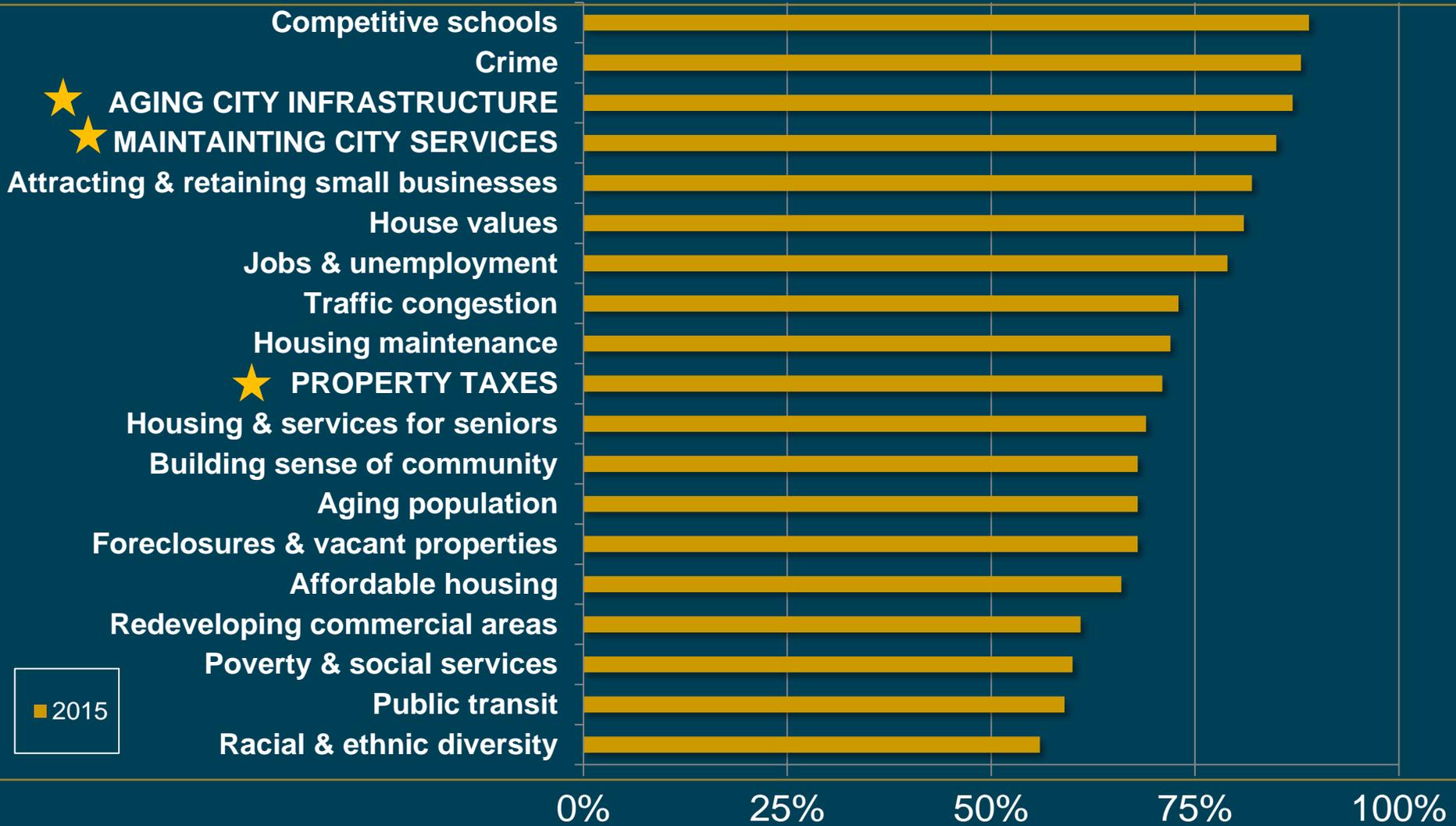
Strategic Community Vision

“To build and renew the community by providing services, promoting renewal and guiding growth in an even more sustainable, fiscally sound manner.”

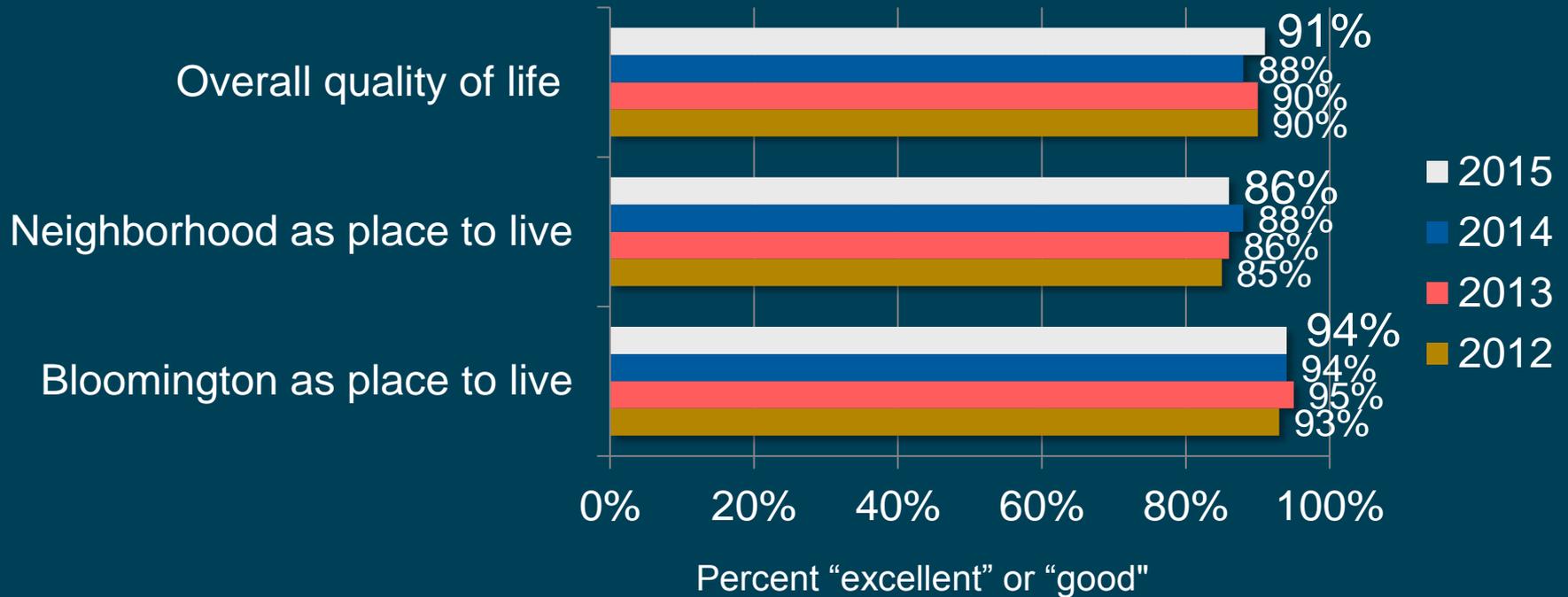
City Service and Community Investment and Renewal Costs

- **City Services to Homes Independent of Property Value**
 - Police and Fire send the same response and provide the same prevention regardless of property value
 - Public Works provides the same level of snow removal, street repair and maintenance to a home on an 80-foot lot regardless of property value
 - Parks Maintenance and Parks and Recreation services are a function of the people who use them, regardless of their property value
- **Older Communities have larger community renewal and infrastructure replacement costs**
- **Use adjusted median value of single-family homes to determine this service cost**

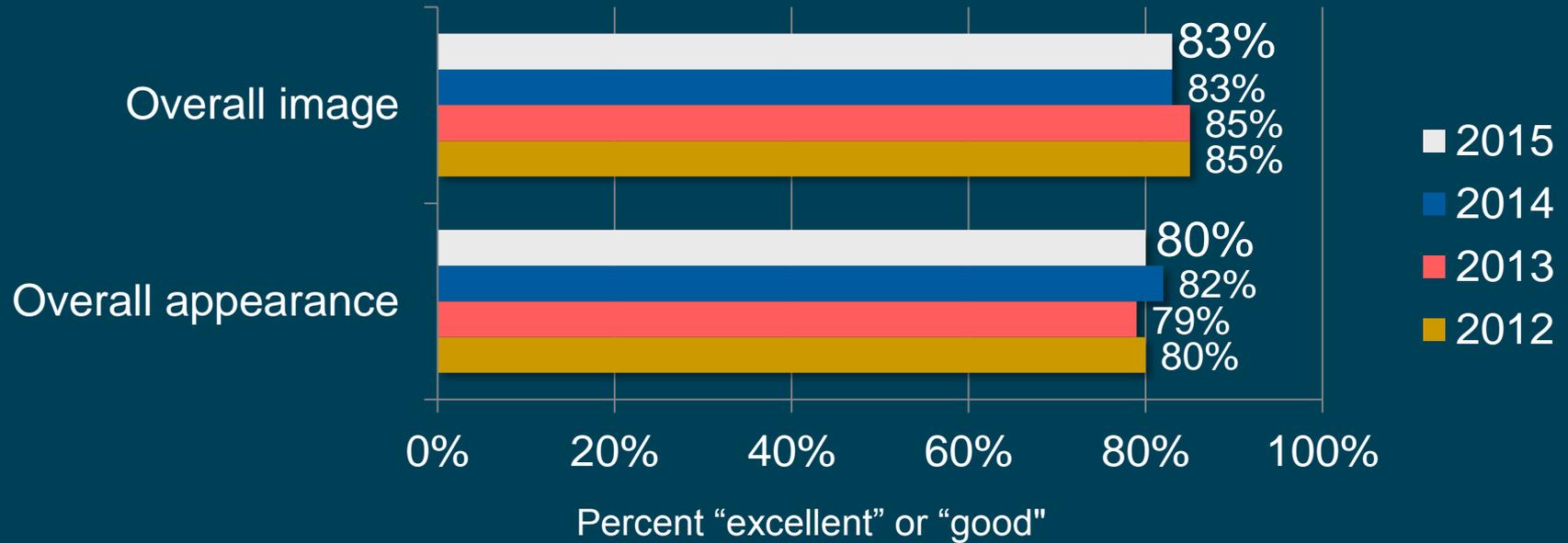
How important is it for the City to address the following over the next 5 years?



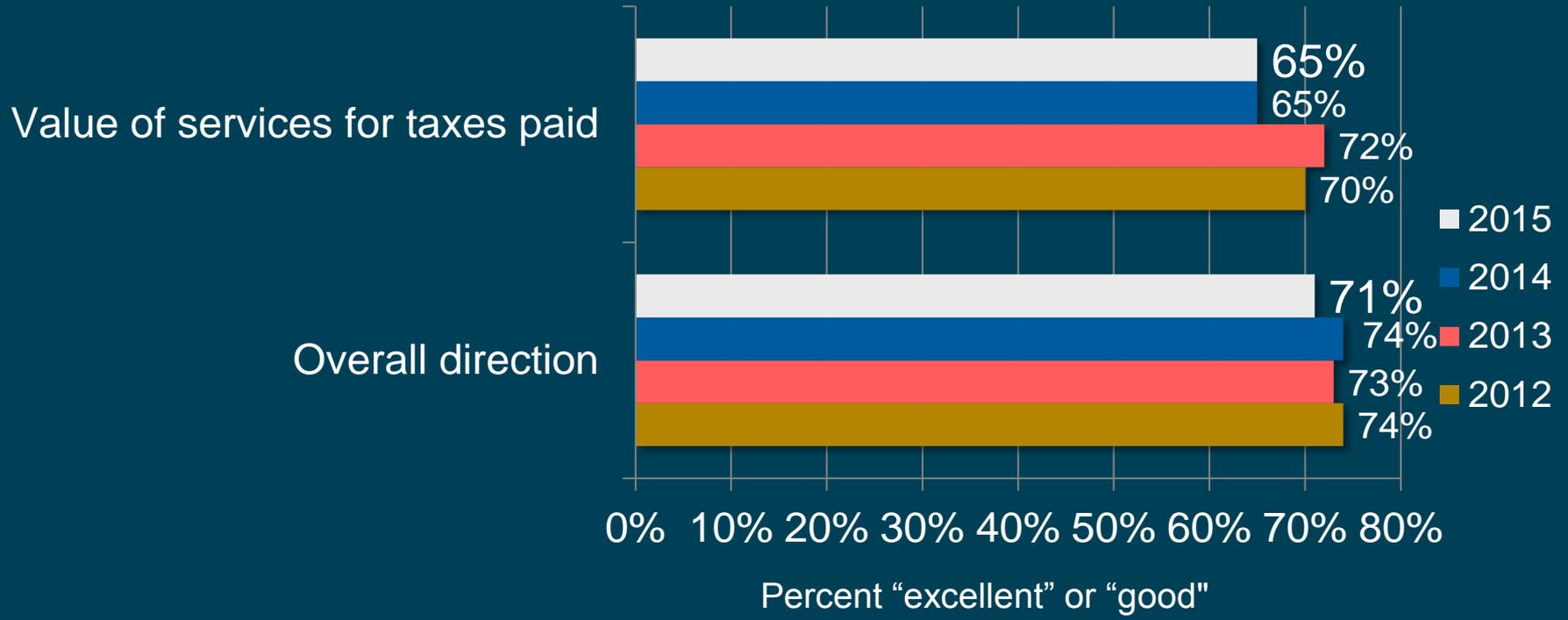
Quality of Life in Bloomington



Quality of Life in Bloomington

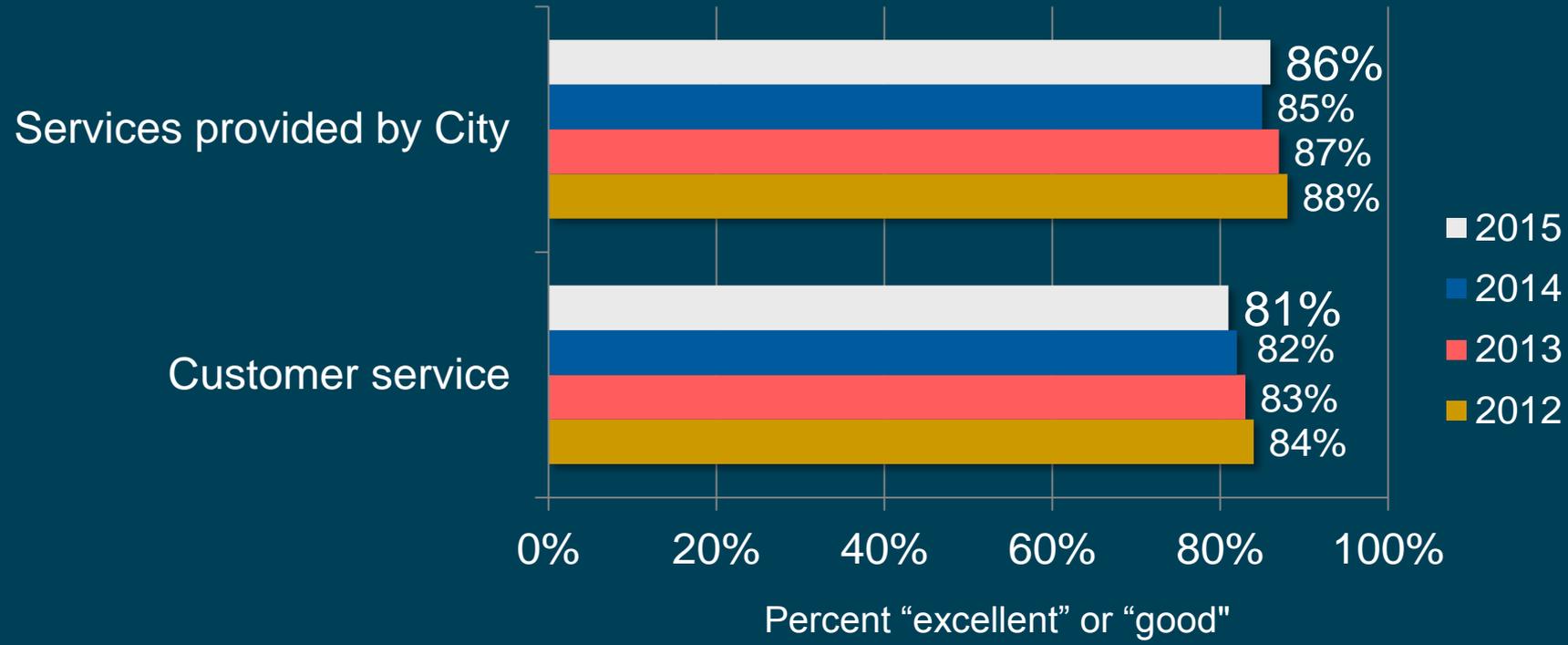


City Services



Benchmark Comparisons	
✓	Value of services for taxes paid: Top 25% nationwide.
✓	Overall direction: Top one-third nationwide.

City Services cont.



Benchmark Comparisons

✓ **Services provided by City:** Top 20% nationwide.

Definition of Terms

- Tier One – Public Safety and Infrastructure
- Tier Two – Community Safety, Planning, Prevention, and Maintenance
- Tier Three – Quality of Life Services



2016 Priority Services

Tier I	\$46.16
Tier II	\$19.82
Tier III	<u>\$ 8.75</u>
Total	74.73



Services – 2016 at 5.75%

Tier I:		Tier II:		Tier III:	
Public Safety and Infrastructure		Community Safety, Planning, Prevention and Maintenance		Quality of Life	
Police/Patrol (including EMS)	\$19.11	Parks Maintenance	\$5.66	General Recreation	\$3.54
Street Maintenance	8.86	Street Lights & Traffic Lights	3.32	Aquatics	1.51
Police Investigation	4.50	Human Services	2.90	Center for the Arts	0.96
Capital/Debt	8.19	Engineering	2.45	Public Health	1.06
Fire Suppression	4.59	Environmental Health	1.54	Cultural & Special Events	0.77
Pavement Management Program (PMP)	0.00	Community Planning	1.78	Strategic Priorities	0.91
Bomb Squad	0.06	Crime Prevention	0.93		
Building & Inspections	0.00	Fire Marshall	1.12		
Fire Pension	\$0.85	Emergency Preparedness	0.12		
Total	\$46.16		\$19.82		\$8.75

Fire Pension

BFRA Funding Ratio based on Year End 1991-2014





Fire Pension Obligation

Strategic Priorities- Transfer

Modeled- Pension Residual Fund	2016	2017	2018	2019	2020
Revenues:					
Fire Pension Reserve Annual Levy	500,000.00	750,000.00	1,000,000.00	1,250,000.00	1,500,000.00
Transfer In Strategic Priorities	1,057,350.00	1,000,000.00	1,000,000.00	500,000.00	500,000.00
Expenditures:					
Pension Obligation & Estimate	1,057,350.00	1,250,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Estimated Fund Balance & Future Reserve	500,000.00	1,000,000.00	1,500,000.00	1,750,000.00	2,250,000.00



Strategic Priorities Model

Fund 4200 Strategic Priorities	Expected 2015	Modeling				
		2016	2017	2018	2019	2020
Revenues						
Property Taxes	363,536	535,037	732,000	500,000	500,000	500,000
Local Governmental Aid	561,071	628,207	628,207	628,207	628,207	628,207
Interest (Mkt Value Adj)	15,000	15,000	15,000	15,000	15,000	15,000
Transfers In						
General Fund-Positive Budget Variance	525,000					
Information Systems Repayment		200,000	200,000	200,000	200,000	200,000
Total Revenues	1,464,607	1,378,244	1,575,207	1,343,207	1,343,207	1,343,207



Strategic Priorities Model

Fund 4200 Strategic Priorities	Expected 2015	Modeling				
		2016	2017	2018	2019	2020
Expenditures						
Operating Transfers Out						
Bloomington Fire Relief- Pension Obligatio	1,313,600.00	1,057,350.00	1,000,000.00	1,000,000.00	500,000.00	500,000.00
Funds for HRA Deferred Home Improvemen	-					
Dirty Dozen Funding (Acquire and Demo)						
Dwan Bldg Project & Golf Course		225,000.00				
Alternative Transportation Plan (B)	43,613.93					
<i>Available for projects</i>		1,100,000.00	500,000.00	500,000.00	800,000.00	900,000.00
Audit & Accounting	2,000.00					
Prof Svs - Oth- OCAB	780,792.45					
Total Expenditures	2,140,006.38	2,382,350.00	1,500,000.00	1,500,000.00	1,300,000.00	1,400,000.00
Net Income (Loss)	(675,399.38)	(1,004,106.00)	75,207.00	(156,793.00)	43,207.00	(56,793.00)
Beginning Fund Balance	3,669,431.01	2,994,031.63	1,989,925.63	2,065,132.63	1,908,339.63	1,951,546.63
Ending Fund Balance	2,994,031.63	1,989,925.63	2,065,132.63	1,908,339.63	1,951,546.63	1,894,753.63



Strategic Priorities Available Projects

The request for Neighborhood Programs was \$1,080,000.

Expanded Home Improvement Loan Program

- City contribution: \$480,000
- *HRA contribution: \$480,000*

Curb Appeal Loan Program

- City contribution: \$150,000

Model Home Program

- *HRA contribution: \$250,000 (net \$40K after sale of home)*

Park Improvements

- City contribution: \$300,000

Infrastructure Improvements

- City contribution: \$150,000



Proposed 2016 General Fund Revenues

	Proposed 2016
Property Tax (net)	\$ 45,131,723
Hotel/Motel & Admission Tax	\$ 8,510,583
Business Licenses	\$ 1,926,550
Non Bus.Licenses & Permits	\$ 2,882,000
Court Fines & Forfeitures	\$ 1,158,219
Program Income	\$ 2,165,458
Intergovernmental Revenue	\$ 2,313,816
Interest Earnings	\$ 78,797
Transf. from Other Funds	\$ 3,153,630
All Other	\$ 834,346
TOTAL	\$ 68,155,122



Proposed 2016 Expenditures

	Proposed 2016
City Council/Commissions	\$ 569,503
City Manager	\$ 622,222
Legal	\$ 1,391,135
Human Resources	\$ 657,548
Finance	\$ 1,072,679
Police	\$ 24,205,148
Fire	\$ 4,539,596
Community Development	\$ 6,960,471
Community Services	\$ 13,880,368
Public Works	\$ 11,394,532
Technical Services Group	\$ 2,930,315
Offset for Est. Unspent	\$ (2,132,733)
Contingency	\$ 1,714,338
Transfer Out	\$ 350,000
TOTAL	\$ 68,155,122



2016 Proposed Levy 5.75%

	General Fund	Debt Service	Capital Projects			Enterprise	Spec. Rev.	Changes		
	General Fund	Debt	Tax Abatement	Strategic Priorities	PMP Overlay	Rec. Fac.	Fire Pension	Total Levy	2016 Monthly Cost	Increase from 2015 at \$71.66
6.85%	45,566,707	3,983,999	813,535	30,780	1,053,947	1,445,874	500,000	53,394,842	\$ 75.56	\$ 3.90
5.75%	45,566,707	3,983,999	813,535	535,037	-	1,445,874	500,000	52,845,152	\$ 74.73	\$ 3.07
Changes	-	-	-	504,257	(1,053,947)	-	-	(549,690)	(0.83)	



Key Tax Levy Area Changes

- General Fund
 - Wages & Benefits \$1,240,000
 - Internal Service Funds \$1,000,000
 - Materials & Supplies \$ 620,000
- Tax Abatement \$ 260,000
- Strategic Priorities \$ 171,500
- PMP Overlay (\$ 960,000)
- Fire Pension \$ 500,000



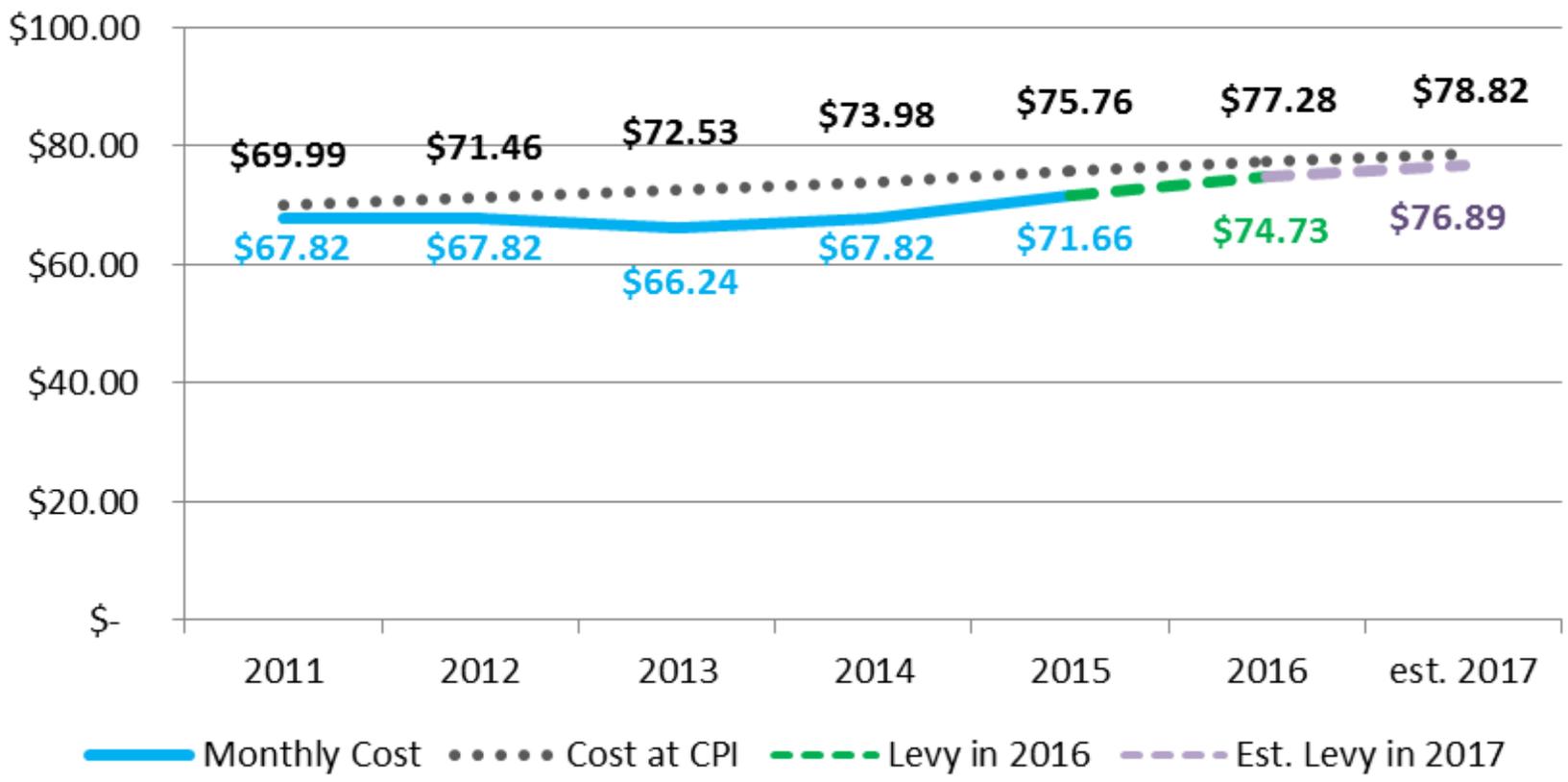
CITY OF
BLOOMINGTON
MINNESOTA

Community Tax Comparisons



Levy Comparison at 5.75%

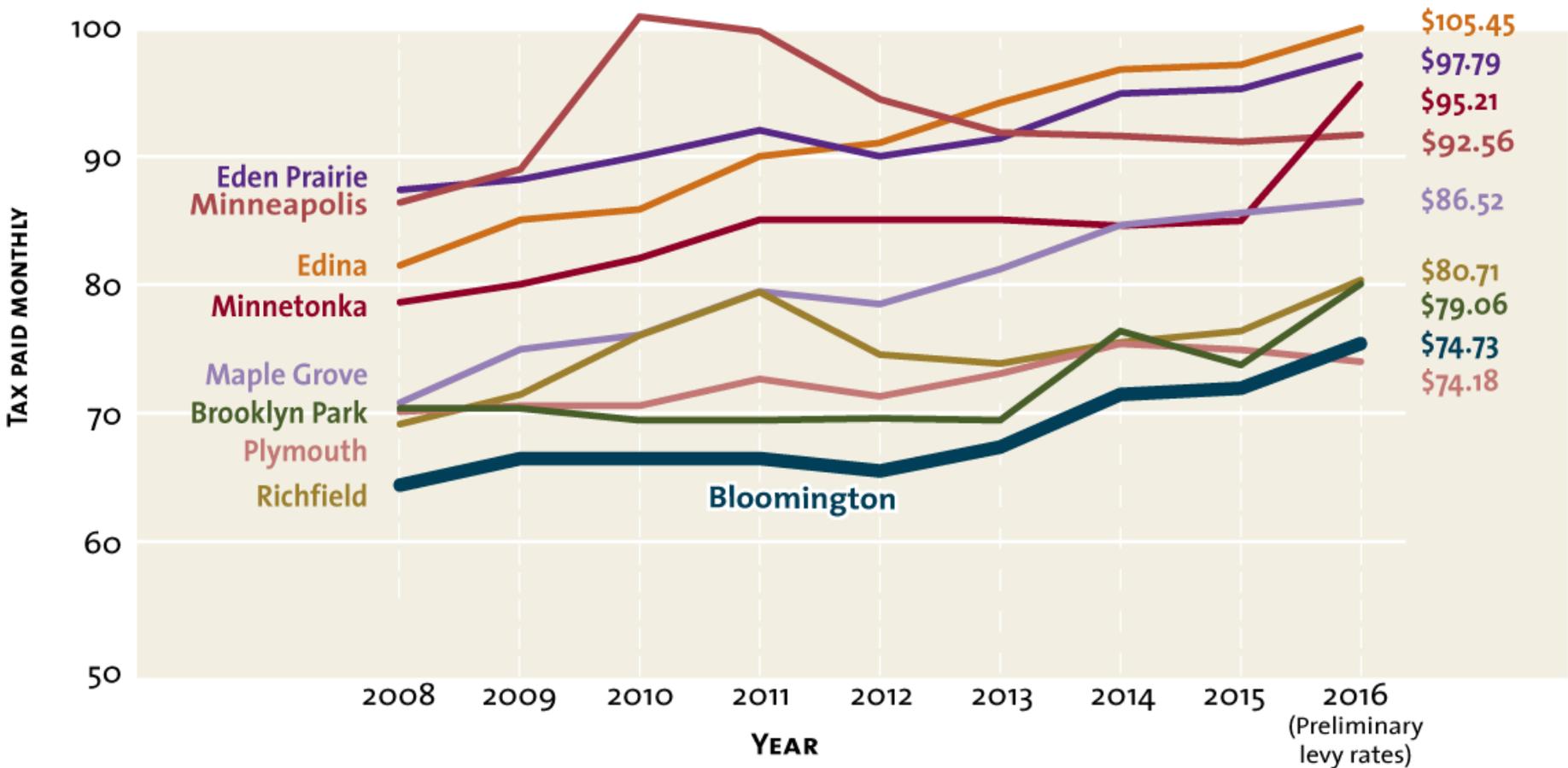
Preliminary Levy and Median Monthly Cost vs. CPI





City Property Tax on Median Value Single-Family Home

CITY PROPERTY TAX ON MEDIAN VALUE SINGLE-FAMILY HOME





Total Cost Comparisons

Location	2015 monthly cost of single-family property taxes (not adjusted for aids)	Monthly cost for single-family water and sewer charges	Solid Waste	Water softened at this city's water treatment plant?	Additional cost for home softening of water	Franchise Fees	Total monthly cost of city property taxes plus water, sewer & softening, and Franchise Fees
Edina	\$97.21	\$38.01	--	No	\$37.95	\$2.90	\$176.07
Eden Prairie	96.29	44.29	--	Yes	--	5.00	145.58
Minneapolis	92.34	70.78	--	Yes	--	0.00	163.12
Maple Grove	84.47	32.06	--	No	37.95	0.00	154.48
Minnetonka	84.41	56.20	--	No	37.95	2.50	181.06
Richfield	75.83	57.02	--	Yes	--	8.20	141.05
Brooklyn Park	74.26	40.96	--	No	37.95	14.00	167.17
Plymouth	73.15	43.70	--	No	37.95	4.00	158.80
Bloomington	\$71.66	\$46.28	-\$9.00	Yes	--	\$7.50	\$116.44

Dividing up the Dollar 2016

Residential (includes school referendum)

Residential



31¢ Hennepin County

31¢ City of Bloomington

30¢ Bloomington School District

8¢ Other agencies

2016 Commercial Dollar



25¢ Fiscal Disparities

26¢ State General Tax

16¢ Hennepin County

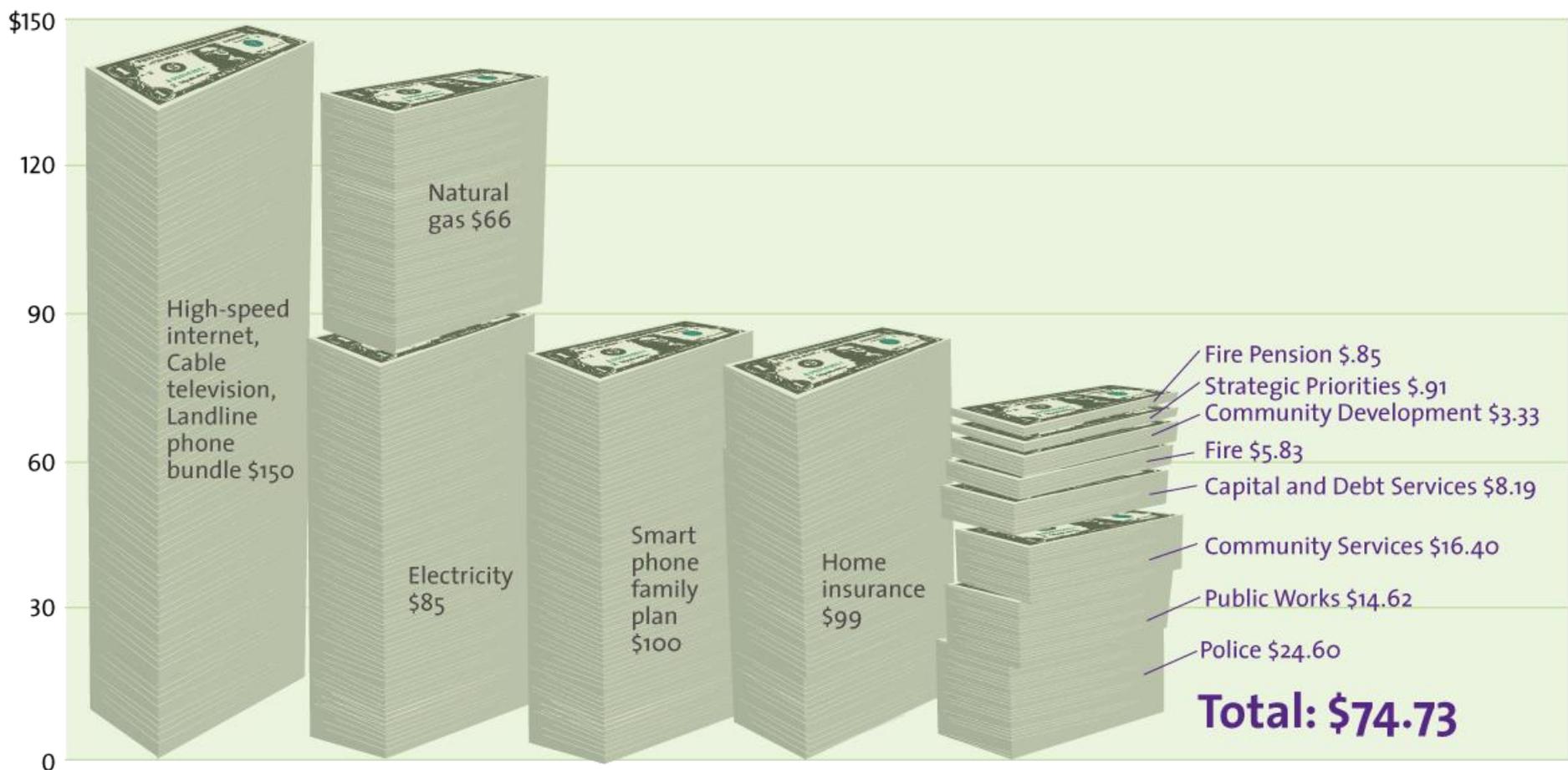
16¢ City of Bloomington

13¢ Bloomington School District

4¢ Other agencies

COMPARISON OF MONTHLY COST OF SERVICES

PER AVERAGE SINGLE-FAMILY HOME ON A LOT



Estimated cost of common services

Cost of City services for median-valued home



Important Date

- Final Levy and General Fund Approval –
December 21st



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Public Hearing



CITY OF
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MINNESOTA



CITY OF

BLOOMINGTON

MINNESOTA



Levy Rate History

	Levy Amount	Levy Change Percentage
1999	\$27,440,855	
2000	\$28,187,236	2.72%
2001	\$29,356,835	4.15%
2002	\$30,765,963	4.80%
2003	\$32,274,623	4.90%
2004	\$34,129,453	5.75%
2005	\$36,091,897	5.75%
2006	\$38,167,181	5.75%
2007	\$40,062,746	4.97%
2008	\$42,053,864	4.97%
2009	\$43,315,480	3.00%
2010	\$44,606,281	2.98%
2011	\$44,552,753	-0.12%
2012	\$44,441,371	-0.25%
2013	\$46,641,219	4.95%
2014	\$48,049,784	3.02%
2015	\$49,971,775	4.00%