City of North St. Paul
City Council
Workshop Meeting Agenda

July 5, 2022
5:00 PM

The City Council Meeting will be conducted on **July 5, 2022** at 5:00 p.m. The meeting location is the City Council Chambers of City Hall, located at 2400 Margaret St., North St. Paul.

The City Council will also be meeting by interactive TV under Minn. Stat. 13D.02. Members of the public are permitted to attend the meeting in person. However, it is encouraged to participate in the meeting remotely. Instructions can be found below.

The **July 5, 2022** Zoom meeting can be accessed via:
https://tinyurl.com/NSPCityCouncil
(from a PC, Mac, tablet, iPhone or Android device)
or by phone at 1-929-205-6099.
Participants accessing the meeting by phone please use the following meeting ID:
84409094358

You can also watch the meeting on our YouTube channel here **tinyurl.com/NSPYouTube**

I. Call to Order

II. Roll Call
Council Member Thorsen
Council Member Petersen
Council Member Wong
Council Member Cole
Mayor Furlong

III. Adopt Agenda

IV. Topic(s)
A. 2023 Levy and Budget Goal Setting Workshop

V. Other Business

VI. Adjournment

The next regularly scheduled City Council Workshop meeting is July 19, 2022.

NORTH ST. PAUL
extraordinary.

Agenda Information Memorandum

To	Date
Honorable Mayor Furlong and City Council	July 5, 2022

Agenda Placement # IV.A

Topic(s)

Subject

2023 Levy and Budget Goal Setting Workshop

Background/Facts

This is the official kick-off of the 2023 budget process. In this workshop, the City Council will have the opportunity to discuss and set the 2023 Levy target and to identify your goals and objectives for the 2023 budget.

Items for consideration will include:

- 2022 Budget and City Based Property Tax Levy
- Driving Factors for 2023
- Preliminary Valuation Changes
- 2023 Potential Property Tax Impact
- HRA & EDA Property Tax levy
- Budget Calendar

Recommended Action

Staff requests the City Council set the 2023 Levy Target and the budget goals and objectives for 2023.

Attachments

1. 2023 LEVY AND BUDGET GOAL SETTING 7.5.22

Respectfully submitted,
Daniel Winek, Finance Director

2023 LEVY
AND
BUDGET GOAL SETTING
WORKSHOP

JULY 5, 2022

City of North St. Paul

Purpose

- Provide an opportunity for the City Council to discuss and set the 2023 Levy target.
- Provide an opportunity for the City Council to identify their goals and objectives for 2023.
- Items for consideration:
  - Starting Point: – 2022 Budget and City Based Property Tax Levy
  - Driving Factors for 2023
  - Preliminary Valuation Changes
  - 2023 Potential Property Tax Impact
  - HRA & EDA Property Tax levy
  - Budget Calendar

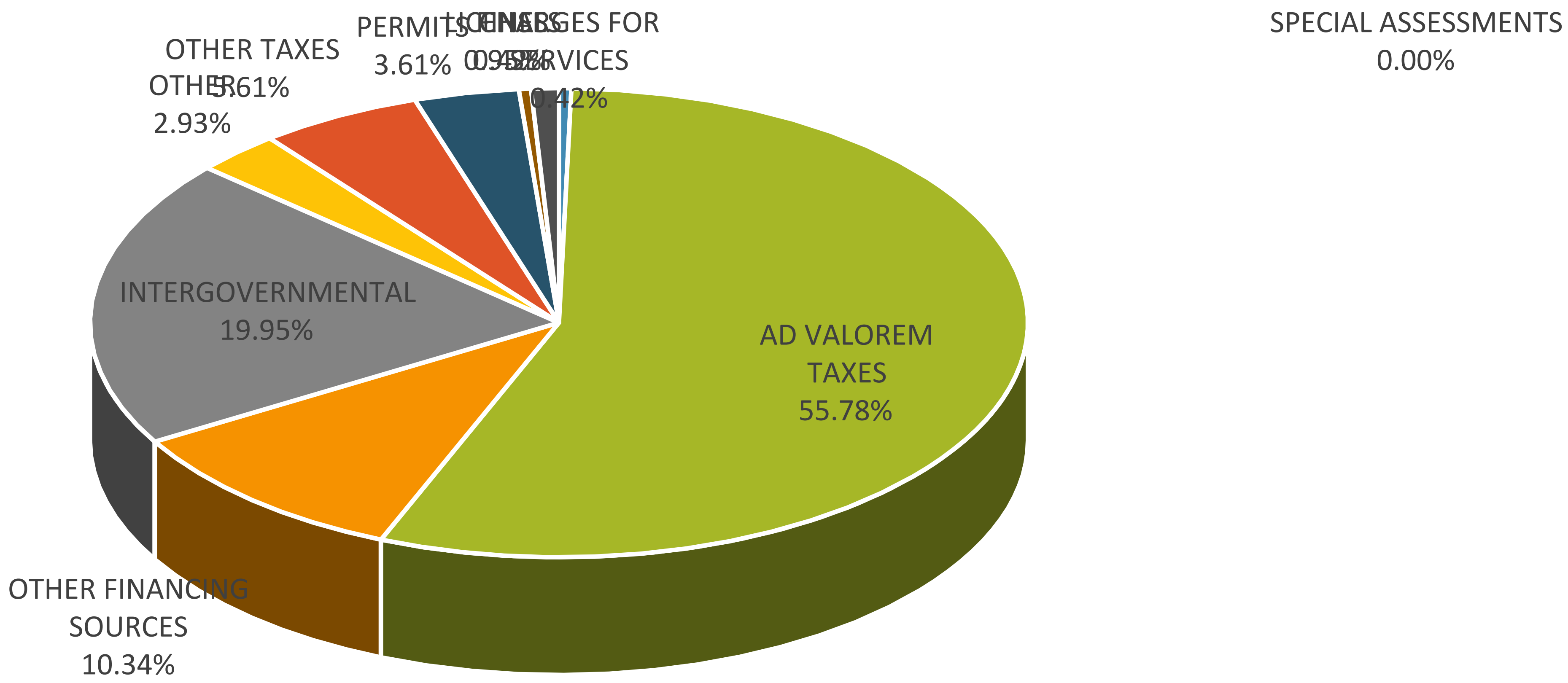
STARTING POINT: 2022 BUDGET AND CITY BASED PROPERTY TAX LEVY

Highlights

- Revenues composition:
  - Property Taxes – 56%
  - Intergovernmental – 20%
  - Other Financing Sources (Transfers) – 10%
- Expenditures composition by Category:
  - Personnel & Benefits – 64%
  - Professional Services – 14%
  - Internal Services – 12%
- Expenditures composition by Department:
  - Police – 43%
  - Fire & Code Enforcement – 14%
  - Street Maintenance – 14%
- 2022 Levy Increase 5.99% (past 13 year average – 5.32%)

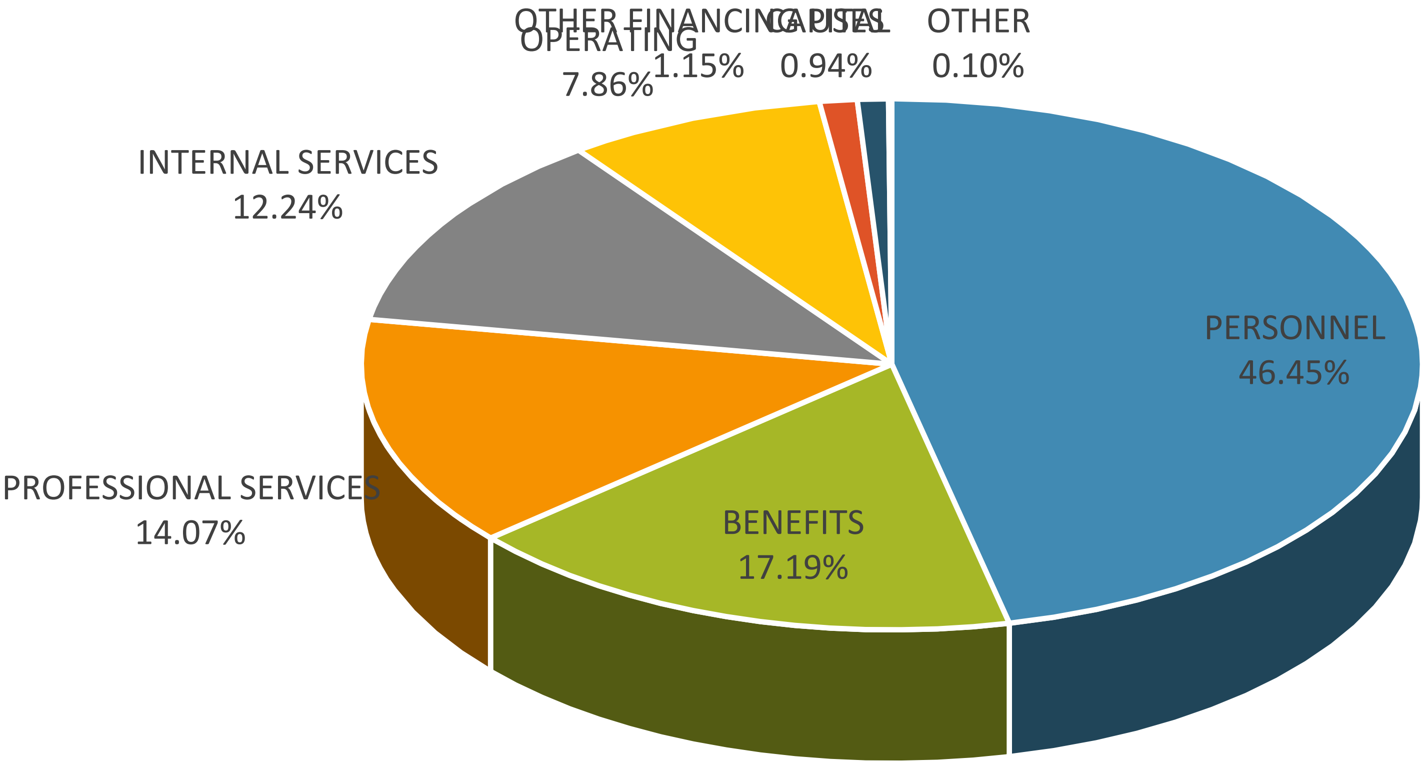
2022 General Fund Budget

- Revenue by Category



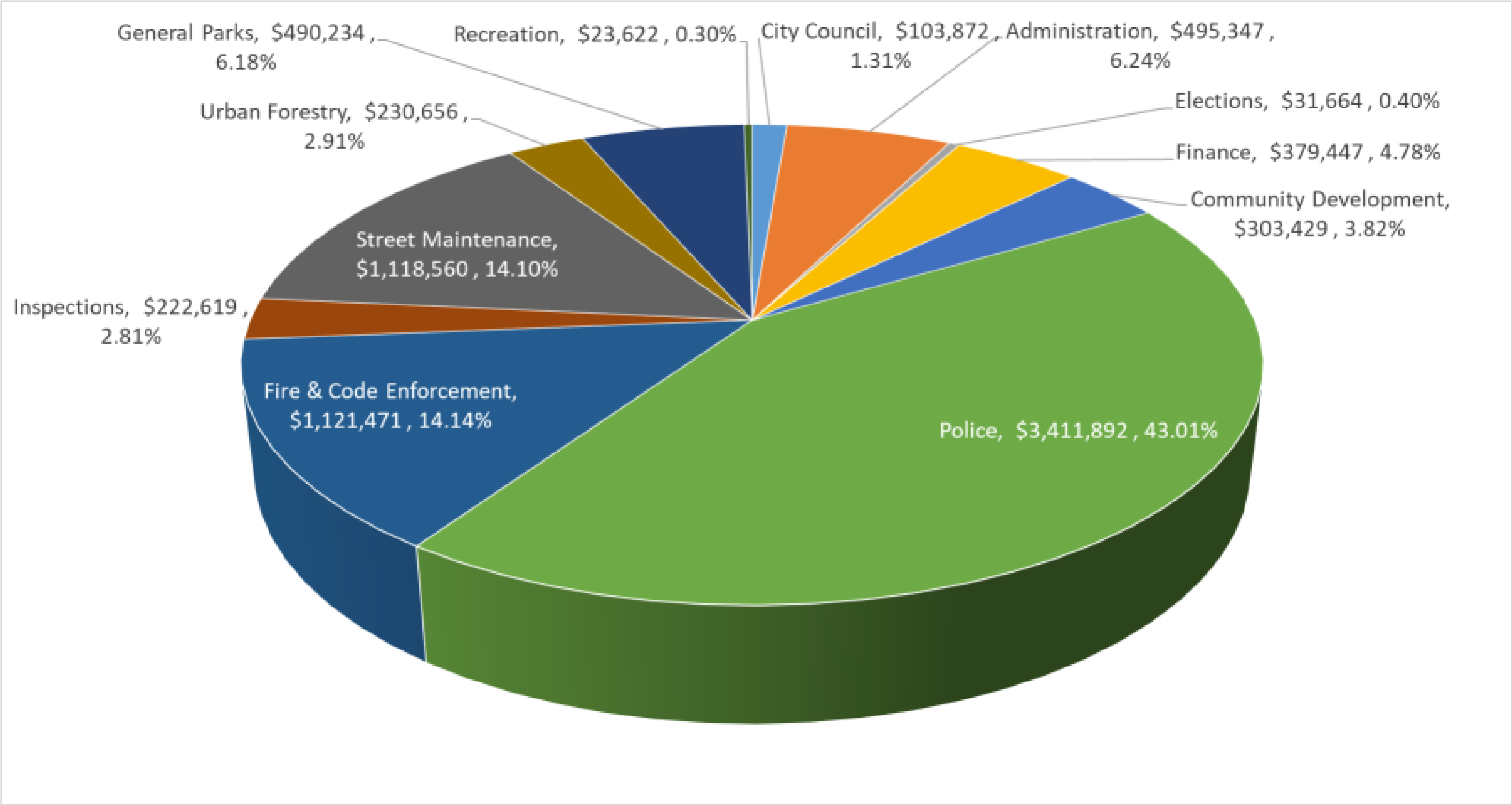
2022 General Fund Budget

- Expenditures by Category

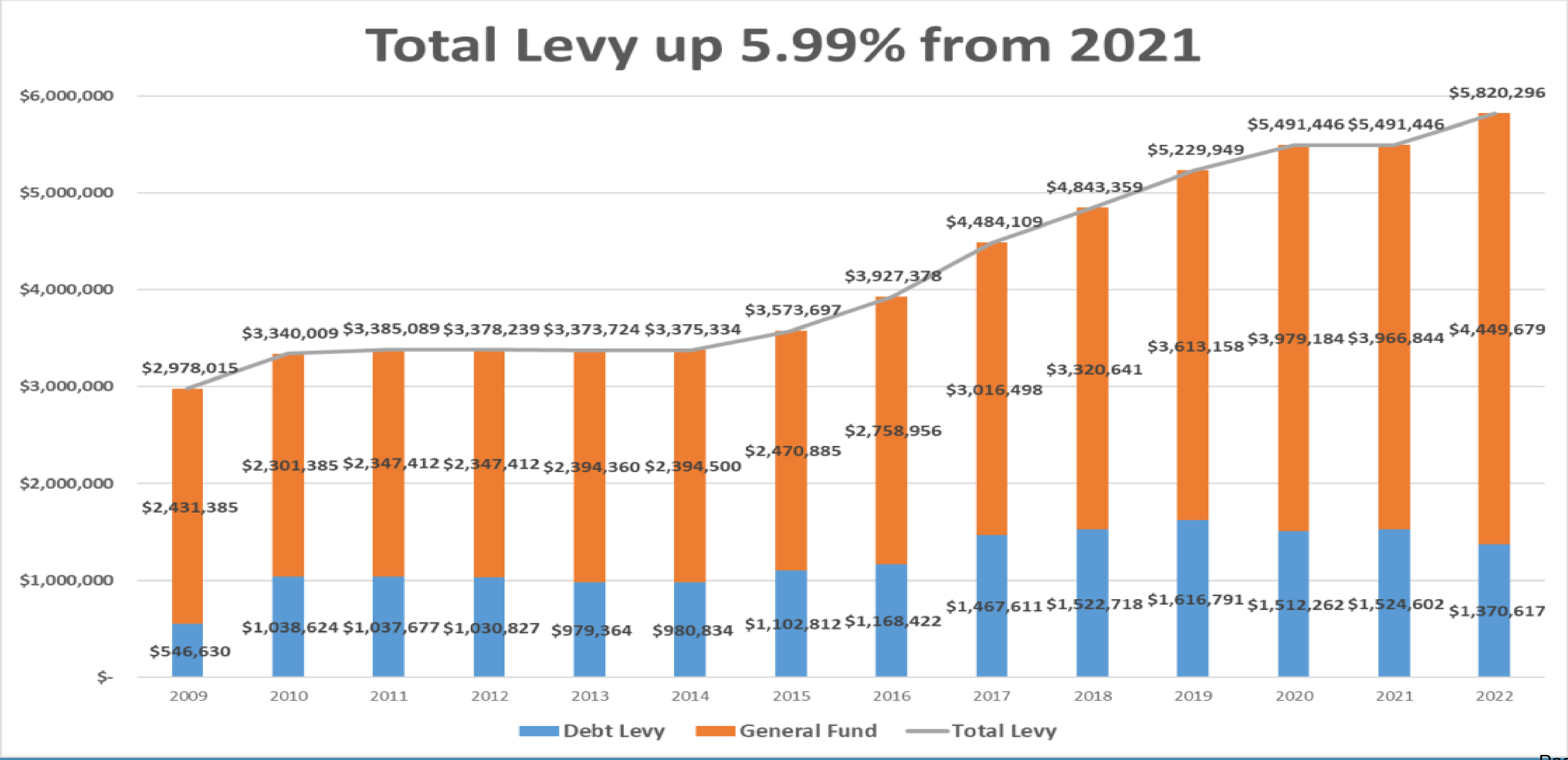


2022 General Fund Budget

- Expenditures by Department



North St. Paul Levy Components – 2009 to 2022



DRIVING FACTORS FOR 2023

Highlights

- Total Personnel Costs - $314,465 or 5.40% Levy Increase
  - Existing Personnel & Benefits – $136,770 or 2.35% Levy Increase
  - New Community Development Director - $50,441 or .87% Levy Increase (Total $168,138)
  - New Police Officer - $127,254 or 2.18% Levy Increase
- Debt Levy increase of $6,940 or 0.12%
- Local Government Aid (LGA) Reduction– ($119,184) or 2.05% Increase
- Metro-Inet increase $54,000 or 0.93% Levy Increase (Total $72,000)
- Items above increase Levy $494,589 of 8.50%
- Inflation – 8.7% Increase (CPI Minneapolis-St. Paul-Bloomington May 2022)

2022 & 2023 Debt Levy Summary

Total Levied Debt Service

Issue	Debt Type	2023 Levy	2022 Levy	Change	Final Levy Year	Final Pay Year	Description
2014A/2021A	GO Assessed Improvements & Capital Equipment Certificate (Issued Refunding Bonds in 2021)	$ 113,423	$ 107,893	$ 5,530	2029	2030	2014 Street and Utility project including surface improvements along Chippewa, Shawnee, Apache, and Mohawk; Fire Truck purchase
2016A	GO Assessed Improvements	$ 160,101	$ 156,789	$ 3,312	2031	2032	2016 Street and Utility project including surface, trail and sidewalk improvements along Helen, Navajo, Longview and 1st
2016A	GO Abatement*	$ -	$ -	$ -	NA	2037	Improvements to Casey Lake; Construction of a new park shelter and renovations to existing structures
2016B	GO Capital Improvement Refunding	$ 458,745	$ 456,855	$ 1,890	2024	2025	Refunding 2008A; Original bonds were issued for the acquisition and betterment of a new City public works facility
2017A	GO Assessed Improvements	$ 62,941	$ 63,004	$ (63)	2032	2033	Mill and Overlay, curb and gutter replacement and sidewalk repairs to various Streets East of Margaret & North of Holloway
2018A	GO Assessed Improvements	$ 247,514	$ 244,983	$ 2,531	2033	2034	2018 Street and Utility project including surface and trail improvements along Lake, Swan, Poplar, 19th, Park Row
2020A	GO Tax Increment Refund **	$ -	$ -	$ -	2046	2047	Reconstruction of 7th Avenue from Margaret Street to Helen Street and Margaret Street from 7th Avenue to 5th Avenue
2022A	GO Capital Improvement	$ 334,833	$ 341,093	$ (6,260)	2033	2034	2022 Street and Utility Reconstruction Projects
	Total Levied Debt Service	**$ 1,377,557**	**$ 1,370,617**	**$ 6,940**			

*2016A GO Abatement (Casey Lake) paid through LGA

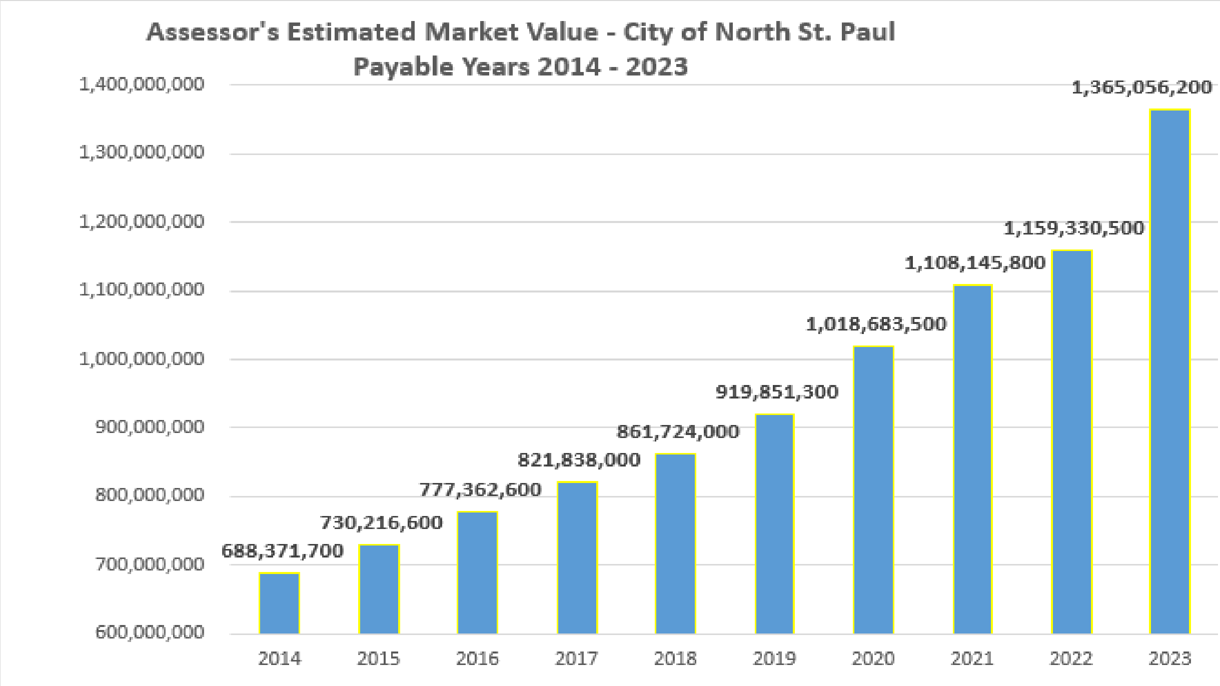
** 2020A GO Tax Increment Revenue paid through TIF funds

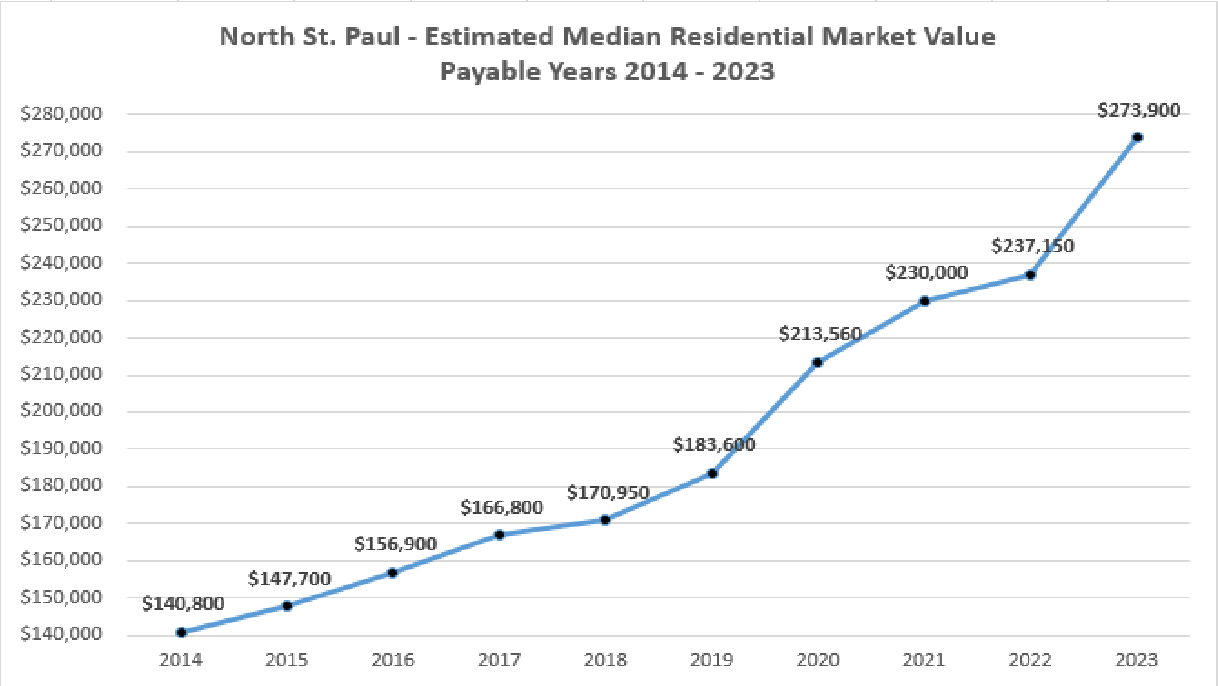
PRELIMINARY VALUATION CHANGES

Highlights

- Highest total market value increase in ten years
- Increase across all property segments
- 2nd highest median residential market value increase in ten years (only 2020 higher)

North St. Paul Market Value Trends





Market and home values in the City are continuing a positive trend, reflecting the recovery of the housing market. The assessor's total estimated market values increased 17.8 percent for payable 2023 and estimated residential market values increased on the median valued home approximately 15.5 percent for payable 2023.

While the impacts of Covid-19 will be broad and unmeasurable at this time, the preliminary assessor values for payable 2023 continue this positive trend. This outlook indicates nine consecutive years of positive market value growth for the median residential property.

* Each year, assessors must set the estimated market value for parcels of real property as of January 2. These assessments are the values that will be used when local governments set their budgets in the coming months and calculate taxes for the following year. Thus, assessments set as of January 2, 2022 will eventually form the tax base that determines the amount and distribution of property taxes paid in 2023.

*** Residential Property includes single-family, duplexes, triplexes, condos and townhomes**

Preliminary NSP 2022 Market Values = Payable 2023

Property Type	2021 Parcels	2022 Parcels	’21 to ’22 % Chg	’21 p ’22 Median Value	’22 p ’23 Median Value	’21 to ’22 % Chg Median
Residential*	3,671	3,716	1.2%	$237,150	$273,900	15.5%
Apartments	66	66	0.0%	$607,600	$695,400	14.5%
Commercial	80	80	0.0%	$452,450	$466,900	3.2%
Industrial	24	24	0.0%	$930,400	$1,027,150	10.4%

* Residential Property includes single-family, duplexes, triplexes, condos and townhomes
All data is per the 2022 Ramsey County Assessor’s Report

2023 POTENTIAL PROPERTY TAX IMPACTS

Potential Property Tax Impacts

The median value home in 2022 with a value of $237,150 has a City property tax amount of $977.

Below is the impact of the market value change on the median value home with a value of $273,900 at different 2023 tax levy options:

2023 Property Tax Levy % Increase	2023 Property Tax Levy $ Increase	2023 Property Tax on Median Value Home	2023 Annual Property Tax $ Change on Median Value Home	2023 Monthly Property Tax $ Change on Median Value Home
0%	$ -	$ 955	$ (22)	$ (1.83)
1%	$ 58,203	$ 967	$ (10)	$ (0.83)
2%	$ 116,406	$ 979	$ 2	$ 0.17
3%	$ 174,609	$ 992	$ 15	$ 1.25
4%	$ 232,812	$ 1,004	$ 27	$ 2.25
5%	$ 291,015	$ 1,016	$ 39	$ 3.25
6%	$ 349,218	$ 1,029	$ 52	$ 4.33
7%	$ 407,421	$ 1,041	$ 64	$ 5.33
8%	$ 465,624	$ 1,054	$ 77	$ 6.42
9%	$ 523,827	$ 1,066	$ 89	$ 7.42
10%	$ 582,030	$ 1,078	$ 101	$ 8.42

Fiscal Disparities Impact on Next Payable Year With No Levy Increase

2024 Property Tax on Median Value Home	2024 Annual Property Tax $ Change on Median Value Home	2024 Monthly Property Tax $ Change on Median Value Home
$ 1,003	$ 48	$ 4.00
$ 1,013	$ 46	$ 3.83
$ 1,022	$ 43	$ 3.58
$ 1,031	$ 39	$ 3.25
$ 1,041	$ 37	$ 3.08
$ 1,050	$ 34	$ 2.83
$ 1,059	$ 30	$ 2.50
$ 1,069	$ 28	$ 2.33
$ 1,078	$ 24	$ 2.00
$ 1,087	$ 21	$ 1.75
$ 1,097	$ 19	$ 1.58

HRA & EDA PROPERTY TAX LEVY

2023 HRA & EDA Levies

HRA & EDA levies

- Propose to set at statutory maximum (2022 to 2021 increase of $20,706)

HRA maximum levy for 2023 (est.) = $215,465, 5.1% increase

- HRA statutory maximum is 0.0185% of the Estimated Market Value (§ 469.033)
- Student Built Housing Program
- Future Land Acquisitions & Residential Development
- Monitoring Existing Home Improvement & Emergency Loans
- Staff Wages & Associated Expenses

- Estimated Property Tax Impact on Median Value Home - $2 increase

EDA maximum levy for 2023 (est.) = $211,155, 5.1% increase

- EDA statutory maximum is 0.01813% of the Estimated Market Value (§ 469.107)
- Future Land Acquisition
- Programs to Promote Economic Development
- Staff Wages & Associated Expenses

- Estimated Property Tax Impact on Median Value Home - $2 increase

2023 BUDGET CALENDAR

2023 Budget Calendar

July 5, 2022	City Council Work Session to discuss 2023 Operating Budget parameters.
July 6 - 12, 2022	City Manager and Finance Director review Department Budgets and Confer with Departments.
July - September	City Council Work Sessions to discuss Preliminary 2023 Budget.
September 2, 2022	City Manager's recommended Preliminary 2023 Budget distributed to the City Council.
September 6, 2022	City Council adopts the Preliminary 2023 Property Tax Levy.
September	Council Certifies date for public (TNT) hearing and continuation hearing (if necessary) to county.
September	Finance Director submits preliminary 2023 Property Tax Levy to County for certification.
October through November	City Council Work Sessions as needed.
Mid-November	Truth in Taxation Notices and Public Hearings Schedule distributed by County.
December 6, 2022	Public Hearing for Budget and Levy consideration.
December 20, 2022	Continuation Hearing, Approval of Budget and Certification of Property Tax Levy For submission to County.
Late December	Finance Director Submits final Levy to County and prepares Final Budget Document.

Discussion

Discussion