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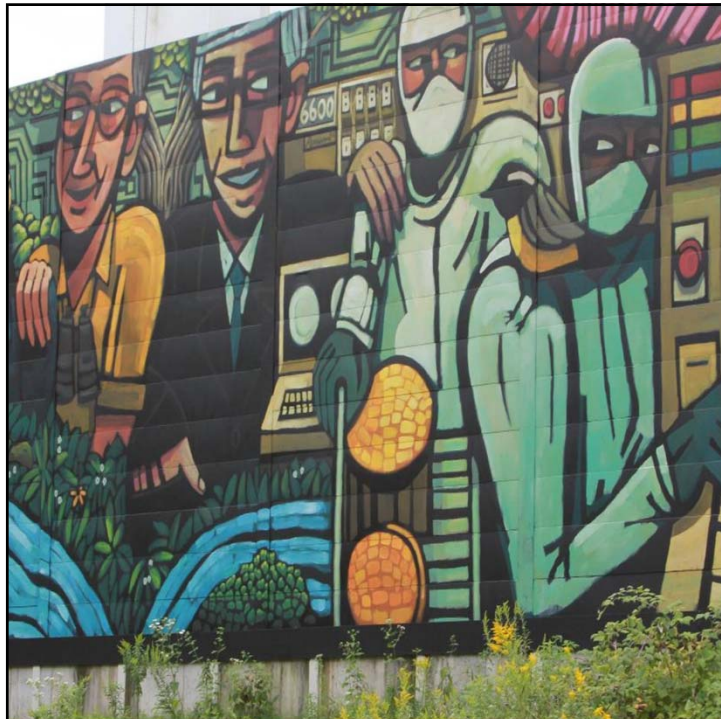


City Council Special Budget Meeting 2024 Tax Levy and Budget Discussion

Monday, November 20, 2023



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AGENDA

- *Budgetary Approach*
- *Budget Process*
- *Increased Public Engagement*
- *Key Expense Drivers*
- *Proposed Final Tax Levy*
- *Impacts to Median Value Home*
- *Comparison to Other Cities*
- *Follow-up Items from Budget Presentations*

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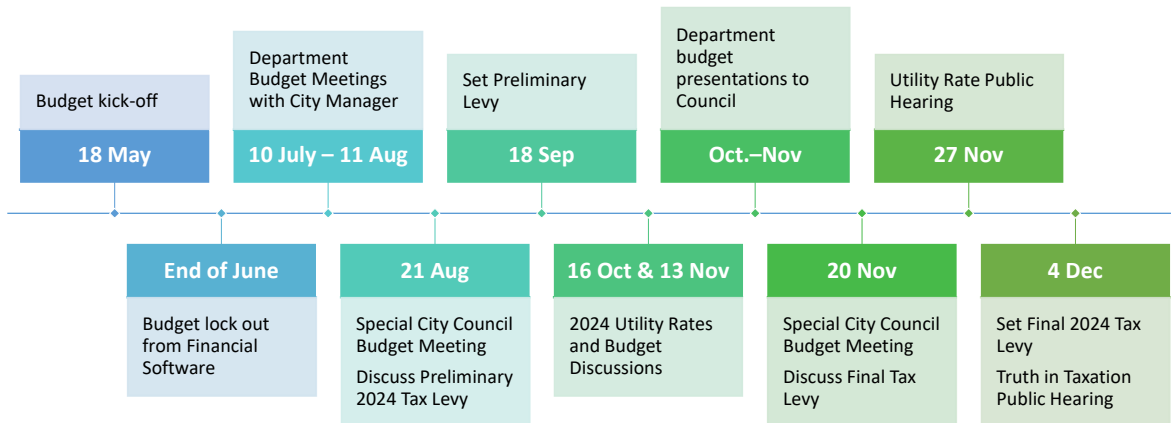
Budgetary Approach

- Continued investments in Public Safety
- Maintaining services that residents value
- Focus on strategic allocation of resources
- Aligned budget requests with the City’s Strategic Plan, *Bloomington. Tomorrow. Together.*
- Increased public engagement



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Budget Process



Budget Public Engagement at events from May 20 – October 14



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Budget Public Engagement

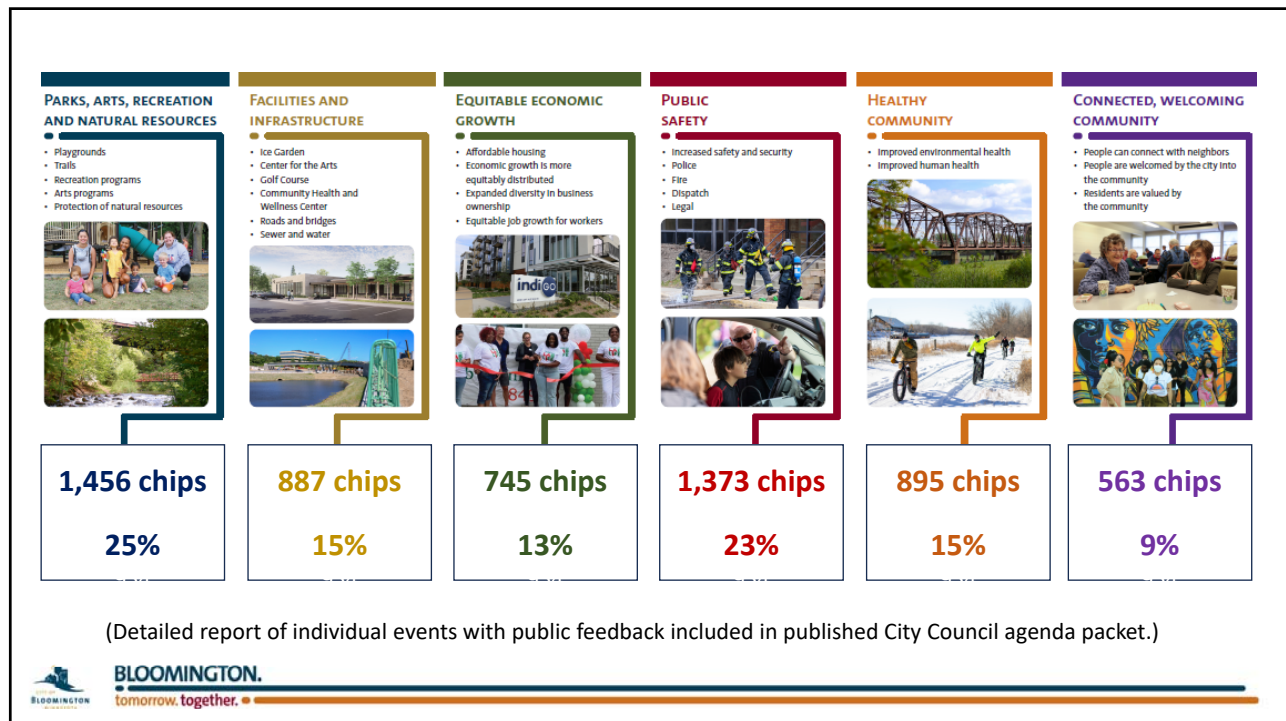


As of November 13

- 13 events completed with 916 resident interactions
- Let's Talk Bloomington 271 survey responses



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Let's Talk Bloomington

271 survey responses *(Full report with 178 written responses included in agenda packet)*

Rank your budget priorities! : Survey Report for 10 May 2023 to 13 November 2023

Q1 Rank the following areas by priority with 1 being your highest and 6 being your lowest priority.

OPTIONS	AVG. RANK
Public Safety	2.01
Parks, Arts, Recreation, and Natural Resources	2.71
Facilities and Infrastructure	2.93
Healthy Community	3.77
Equitable Economic Growth and Affordable Housing	4.73
Connected, Welcoming Community	4.84

Mandatory Question (271 response(s))
Question type: Ranking Question



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Key Expense Drivers

Expected labor market pressure

- Competitive salaries and benefits are needed to attract and retain skilled personnel

Continued commitment to Public Safety

- Transition from Paid-on-Call Part-Time Fire Fighters to hybrid of Part-Time and Full-Time

Economic volatility

- Affecting costs of materials and services



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Investments in Public Safety

Police

2023

- Added 4 new police officers
- Added 1 new dispatch training coordinator

2024

- Budget request includes 1 new dispatcher

Fire

2023

- Added 21 new full-time firefighters

2024

- Budget request includes 6 new full-time firefighters



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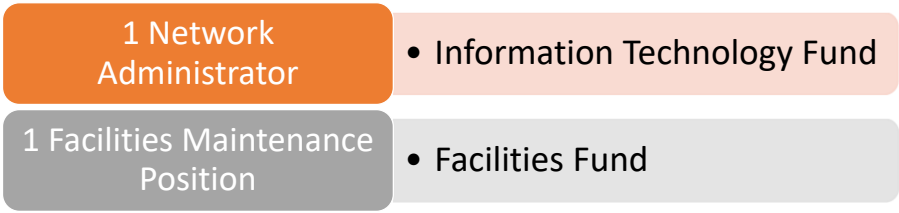
2024 Full-Time Staffing Requests (General Fund)

6 Firefighters	
1 Dispatcher	
1 Volunteer Coordinator	• part-time Parks & Rec. position move to full-time Community Services
2 Parks and Recreation positions	• cost neutral due to cost reductions in other areas (moving from PT to FT)
1 Assistant Building Official	• succession Planning for Building Official retirement
1 Legal Office Support Specialist	• funded for 2 years with Public Safety State Aid
13 Police officers	• succession planning for planned retirements • funded by Public Safety State Aid (temporary increase)

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2024 Full-Time Staffing Requests (Internal Service Funds)



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2024 Preliminary Tax Levy

	2023 Tax Levy	2024 Tax Levy	Tax Levy \$ Change	Tax Levy % Change	Median Value Home Monthly City Tax	Median Value Home City Tax \$ Change	Median Value Home City Tax % Change
General Revenues:							
General Fund	\$63,991,380	\$70,456,098	\$6,464,718		\$101.32		
Communications	\$400,000	\$400,000	\$0		\$0.58		
Forestry / Diseased Trees (Solid Waste Fund)	\$185,000	\$185,000	\$0		\$0.27		
Fire Pension	\$1,000,000	\$1,050,000	\$50,000		\$1.51		
Aquatics	\$465,000	\$500,000	\$35,000		\$0.72		
Art Center	\$1,000,000	\$1,000,000	\$0		\$1.44		
Golf	\$161,343	\$105,565	(\$55,778)		\$0.15		
Ice Garden	\$125,000	\$125,000	\$0		\$0.18		
Tax Abatement	\$300,000	\$400,000	\$100,000		\$0.58		
Total General Revenues	\$67,627,723	\$74,221,663	\$6,593,940	8.85%	\$106.74		
Debt Service	\$6,918,155	\$7,397,156	\$479,001	0.64%	\$10.64		
Total Tax Levy	\$74,545,878	\$81,618,819	\$7,072,941	9.49%	\$117.37	\$6.28	5.65%



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2024 Preliminary tax levy reduced \$384K



Majority due to increase in permit revenue forecast



Increased estimate of Police COT overhead transfer



Budget relief from Public Safety State Aid Funds



Small adjustments throughout departments

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2024 Lodging and Admission Tax Revenue forecast unchanged from preliminary forecast

- Staff continued to analyze lodging and admission tax revenue throughout year as it is the second largest revenue source in the General Fund.
- It was determined that the preliminary forecast for 2024 LLA in the budget is still the most appropriate based on the data we have.
- 2024 budget for lodging and admission tax is \$693K more than the 2023 budget
- 2024 lodging tax budget only 3% lower than 2019 benchmark
- 2024 admissions tax budget 10% higher than 2019



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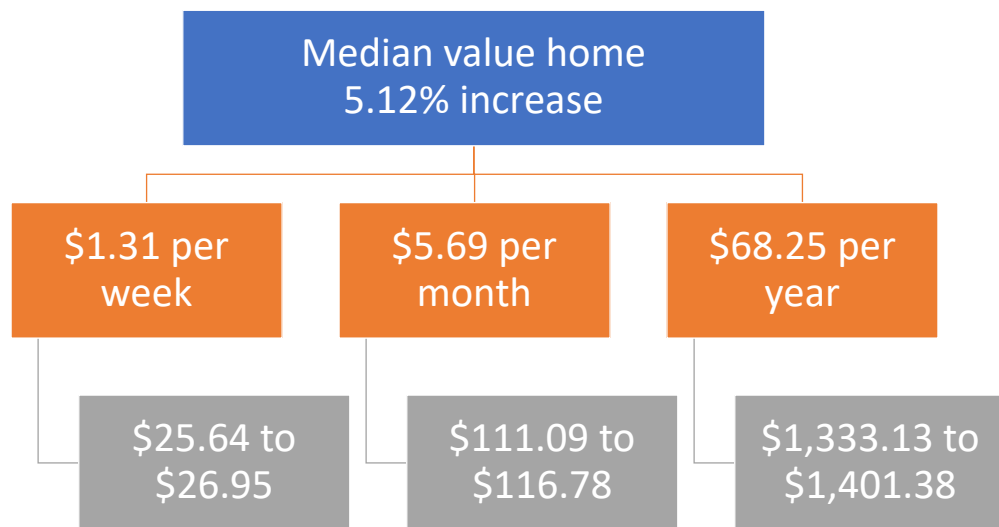
2024 Proposed Final Tax Levy

	2023 Tax Levy	2024 Tax Levy	Tax Levy \$ Change	Tax Levy % Change	Median Value Home Monthly City Tax	Median Value Home City Tax \$ Change	Median Value Home City Tax % Change
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Ice Garden	\$125,000	\$125,000	\$0		\$0.18		
Tax Abatement	\$300,000	\$400,000	\$100,000		\$0.58		
Total General Revenues	\$67,627,723	\$73,837,121	\$6,209,398	8.33%	\$106.15		
Debt Service	\$6,918,155	\$7,397,156	\$479,001	0.64%	\$10.63		
Total Tax Levy	\$74,545,878	\$81,234,277	\$6,688,399	8.97%	\$116.78	\$5.69	5.12%



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Impact of 8.97% Tax Levy Increase



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Average Preliminary 2024 Tax Levy increase for Minnesota Cities 8.4%



For immediate release:
November 16, 2023

Cities - The 2024 preliminary property tax levies for cities will total approximately \$3.462 billion compared with a final levy of \$3.194 billion in 2023, an 8.4% increase.

Counties - The 2024 preliminary property tax levies for counties will total approximately \$3.981 billion compared with a final levy of \$3.757 billion in 2023, a 6% increase.

Townships - The 2024 preliminary property tax levies for townships will total approximately \$314 million compared with a final levy of \$294 million in 2023, a 6.8% increase.

Schools - The 2024 preliminary property tax levies for schools will total approximately \$4.036 billion compared with a final levy of \$3.702 billion in 2023, a 9% increase.

Special Taxing Districts - The 2024 preliminary property tax levies for special taxing districts will total approximately \$494 million compared with a final levy of \$459 million in 2023, a 7.8% increase.



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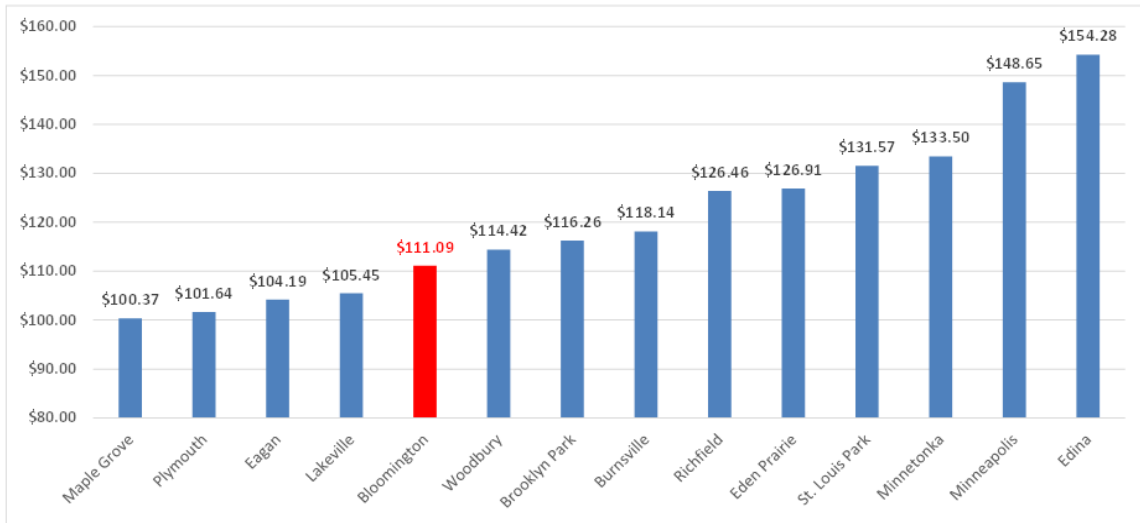
Proposed Final 2024 Tax Levy % Increase compared to other Cities Preliminary %'s

City	Increase	City	Increase
St Paul	3.70%	Plymouth	7.52%
Eden Prairie	4.96%	St Louis Park	7.65%
Minneapolis	5.12%	Minnetonka	7.75%
Richfield	5.89%	Woodbury	8.81%
Golden Valley	6.55%	Bloomington	8.97%
Maple Grove	6.68%	Edina	9.36%
Eagan	6.94%	Lakeville	10.84%
Burnsville	7.25%	Brooklyn Park	11.77%

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2023 Final Property Tax

Comparison of Median Value Home \$ per Month



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Follow-up on items discussed during 2024 Budget Presentations

- SAFER Grant Transition Planning
- Retaining Walls
- Compensation Study
- Animal Shelter
- Sidewalk Snowplowing Service
- Communications Strategic Plan Implementation

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SAFER Grant Transition Planning



- Staffing for Adequate Fire and Emergency Response (SAFER) grant awarded at the end of September 2022
- Funds from Federal Emergency Management Agency (FEMA)
- Enabled Bloomington Fire Department to hire 18 full-time firefighters in April 2023 to better service Bloomington and provide much-needed additional staffing for the department (funding available for 2nd quarter 2023 to 1st quarter 2026)
- Beginning in the second quarter of 2026, the City will be responsible for the salary and benefit costs of the 18 full-time firefighters.
- Staff will apply for additional SAFER grants, but we have a plan to use some of the Fire Pension Reserve to help with the transition of the costs to the General Fund.

Fire Pension Fund Strategy

Transitioning cost of 18 Fire Fighters from SAFER Grant to General Fund 2026-2028

YEAR	ESTIMATED \$	TRANSER-IN	REMAINING	CHANGE FROM PREVIOUS YEAR
2026 (April-Dec)	\$1.7 MILLION	\$915K	\$789K	\$789K
2027	\$2.34 MILLION	\$770K	\$1.57 MILLION	\$781K
2028	\$2.41 MILLION	\$50K	\$2.36 MILLION	\$790K
2029	\$2.48 MILLION			

Fire Pension Fund

DESCRIPTION	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	ACTUAL	ACTUAL	ESTIMATED	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
REVENUES											
Property Tax	1,050,000	1,050,000	1,050,000	1,000,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Interest Income	109,604	(22,672)	(214,930)	57,359	67,433	62,466	43,802	28,802	28,183	13,842	11,940
State Aid	649,689	672,339	719,546	804,969	813,019	821,149	821,149	829,380	837,654	846,030	854,491
Operating Transfers In	500,004		92,266								
Transfer in (Repay Loan)			500,000				1,300,000	1,300,000		1,300,000	1,400,000
TOTAL REVENUE	2,309,297	1,699,667	2,146,882	1,862,328	1,930,452	1,933,615	3,214,951	3,208,162	1,915,837	3,209,872	3,316,431
EXPENDITURES											
Fire Pension Obligation	2,541,359	1,379,113	719,546	804,969	2,163,247	2,500,000	2,500,000	2,500,000	2,000,000	2,000,000	2,000,000
Professional Services-Actuarial Study				50,000							
Transfer for Debt Service			341,606								
Transfer to General Fund - SAFER Transition							915,000	770,000	50,000		
Transfer (Loan) for Fire Station		500,000				1,300,000	1,300,000		1,300,000	1,400,000	
TOTAL EXPENDITURES	2,541,359	1,879,113	1,061,152	854,969	2,163,247	3,800,000	4,715,000	3,270,000	3,350,000	3,400,000	2,000,000
NET GAIN (LOSS)	(232,062)	(179,447)	1,085,730	1,007,359	(232,795)	(1,866,385)	(1,500,049)	(61,838)	(1,434,163)	(190,128)	1,316,431
	207%	206%	285%	366%	386%	289%	181%	166%	78%	67%	131%
WORKING CAPITAL BALANCE	4,565,754	4,386,307	5,472,037	6,479,396	6,246,601	4,380,216	2,880,167	2,818,329	1,384,166	1,194,038	2,510,469
WORKING CAPITAL GOAL	2,206,617	2,128,159	1,917,654	1,768,188	1,617,402	1,516,701	1,595,173	1,698,225	1,784,838	1,771,803	1,910,823



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Retaining Walls

- Staff will explore possibility of requesting budget carryover for two walls that need to be addressed in 2024.
- Staff has inspected and rated retaining wall conditions throughout the City.
- Street Maintenance will determine long-term plan to address funding to replace 1-2 deteriorated walls each year.



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Compensation Study

- 5 years since the last compensation study.
- Crucial to remain an employer of choice that our compensation is fair and competitive.
- Helps to attract and retain talent that reflects the community that we serve.
- Staff will explore possibility of requesting budget carryover for 2024.



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Animal Shelter

- Current Animal Shelter building was built in 1962 and is inadequate to provide proper separation of animals and office space.
- Staff will focus on improvements that can be done now to improve shelter conditions and bring that to Council as a Strategic Priorities Fund transfer request as they continue to work on a long-term solution.



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Sidewalk Snowplowing Service

- Staff will be engaging Council and the community in a discussion of possibly reducing sidewalk snowplowing service to allow for a reallocation of park maintenance staff for winter work towards parks, forestry, and natural resources in a more efficient and impactful manner.
- Changes could potentially be implemented for the 2024-2025 snow plowing season.



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Communications Strategic Plan Implementation

- Communications Staff will give a detailed presentation and discussion regarding the Communications Strategic Plan Implementation at a future Council meeting.



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Discussion



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