



**ABRIDGETO
THE FUTURE**
BUILDING A COMMUNITY OF CHOICE

Agenda

- Background
- Committee Process
- Final Budget Scenarios
- Items for future consideration

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Lodging and Admissions Taxes down due to pandemic

- 2019: Local lodging and admission taxes generated \$10.4 million
- 2020: down by \$6 million
- 2021: expected to be down by \$5 million
- These taxes, combined with property taxes, fund many city services



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Examples of City Services with Property Tax and Hospitality Tax Support

- | | |
|---|--|
| • Police Department | • Hyland Golf Course |
| • Fire Department | • Valley View Pool |
| • Community Development | • Bush Lake Beach |
| • Building Inspections | • Creekside Community Center |
| • Environmental Health | • Bloomington Ice Garden |
| • Public Health | • Bloomington Art Center |
| • Motor Vehicle Office | • Street Maintenance |
| • Community Engagement | • Snow Plowing |
| • Communications (Website/Monthly Newsletter /Public Access Television) | • Engineering |
| • Parks and Recreation Programming | • Forestry / Removal of Diseased Trees |
| • Park Maintenance | • City Clerk (Elections, Data Requests, Passport services) |
| • Dwan Golf Course | |



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Background

- Committee web site (<http://blm.mn/cbac>) contains useful background:
 - Recorded meetings
 - Budget documents
 - Staff presentations
 - Service assessment reports
 - Options considered
 - Community survey results



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Information sources

- Committee gathered information at 40+ hours of meetings
- Community listening sessions
- Targeted listening sessions
- Phone calls
- Emails
- Staff input
- Committee member knowledge

100+ ideas
considered



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Committee Approach

- Reduction in revenue is the “new normal” for the next few years
 - Goal is structural balance in budgets
- Focus where property taxes and hospitality tax revenues go
 - General Fund
 - Internal Service Funds
 - Tax-supported Enterprise Funds
- Only consider changes that the City can do on its own – which rules out:
 - Changes that require Legislative approval
 - Changes that require negotiations with other parties
 - County
 - Neighboring cities
 - Complex labor negotiations



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Sources of revenue besides taxes

- Fees
 - In most cases fees are set to marketplace prices (Golf) and can't be increased substantially
 - Other fees (building permits) are limited by law to actual cost of service
 - Committee is proposing a new fee to youth athletic organizations for field use
- Other funds
 - We looked carefully at other funds and took \$1.3 out of savings where prudent
 - Lots of money in South Loop funds, but restricted by law to use in that area



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Largest General Fund expenses are staff

- City management has been targeting 0% cost of living increase in wages for 2021
 - Wage freeze negotiated with one union
 - Same goal for remaining union contracts and non-union employees
- Pay reductions difficult for committee to put in place
 - Can work in organizations where most workers have similar jobs, but City is opposite of that
 - Other cities are giving raises this year, gives rise to competitive pressures for good employees
 - Effects of pandemic on wages varies based on specialty of employee, which makes one-size-fits-all difficult
- Committee focused on reducing or eliminating services



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How scenarios were developed

Identify capital project savings



Determine revenue scenarios



Identify budget reductions

Item	2021 Savings
Skip planned savings toward Valley View Pool replacement	\$663,000
Reduce Normandale Lake abatement	\$650,000

Scenario	Levy
A	+ 5%
B	+ 3%
C	No change

Hospitality Revenue Forecast

Scenario	Budget Reductions Needed
Scenario A	\$1,579,411
Scenario B	\$2,873,208
Scenario C	\$4,813,904



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Budget Scenarios – Tax Revenue

	Monthly City Property Tax Change			Monthly City + County + Schools Property Tax Change	
	Levy Change	Median valued home	Average apartment	Median Valued Home	Average apartment
Scenario A	5%	+ \$3.40	+ \$4.35	- \$2.25	+ \$7.58
Scenario B	3%	+ \$1.51	+ \$3.14	- \$4.14	+ \$6.63
Scenario C	0%	- \$1.33	+ \$1.34	- \$6.99	+ \$5.20



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Budget Scenarios - Expense

	Original budget	Scenario A			Scenario B				Scenario C			
		Reduction	% of reductions	% of budget	Reduction	Cume Reduction	% of reductions	% of budget	Reduction	Cume Reduction	% of reductions	% of budget
Admin.	\$ 2,707,935	\$ 348,000	21.8%	12.9%		\$ 348,000	12.0%	12.9%		\$ 348,000	7.2%	12.9%
Comm. Dev	\$ 9,610,124	\$ 144,791	9.1%	1.5%	\$ 298,857	\$ 443,648	15.2%	4.6%	\$ 109,176	\$ 552,824	11.4%	5.8%
Comm. Ser	\$ 6,130,829	\$ 148,000	9.3%	2.4%	\$ 50,474	\$ 198,474	6.8%	3.2%	\$ 26,512	\$ 224,986	4.6%	3.7%
Finance	\$ 1,200,204	\$ 75,000	4.7%	6.2%		\$ 75,000	2.6%	6.2%		\$ 75,000	1.5%	6.2%
Fire	\$ 5,410,368		0.0%	0.0%	\$ 122,936	\$ 122,936	4.2%	2.3%	\$ 3,500	\$ 126,436	2.6%	2.3%
IT	\$ 6,762,209	\$ 15,000	0.9%	0.2%	\$ 172,500	\$ 187,500	6.4%	2.8%	\$ 37,500	\$ 225,000	4.6%	3.3%
Legal	\$ 1,971,800	\$ 100,700	6.3%	5.1%		\$ 100,700	3.5%	5.1%		\$ 100,700	2.1%	5.1%
Parks & Re	\$ 10,056,514	\$ 345,815	21.7%	3.4%	\$ 246,025	\$ 591,839	20.3%	5.9%	\$ 868,048	\$ 1,459,887	30.1%	14.5%
Police	\$ 28,303,005		0.0%	0.0%	\$ 171,823	\$ 171,823	5.9%	0.6%	\$ 798,824	\$ 970,647	20.0%	3.4%
Public Wor	\$ 14,301,474	\$ 416,850	26.1%	2.9%	\$ 252,900	\$ 669,750	23.0%	4.7%	\$ 93,000	\$ 762,750	15.7%	5.3%
Grand Total	\$ 86,454,462	\$ 1,594,156			\$ 1,315,515	\$ 2,909,671			\$ 1,936,560	\$ 4,846,230		

Capital project savings are included in the Original Budget column.



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A Median home: +\$3.40/month
Average apartment: +\$4.35/month
5% City Levy Increase

- Close Motor Vehicle Office
- Fee increases
 - Greens fees – Dwan and Hyland
 - Ice rental
- Reduce ice rinks from 13 to 8, no warming houses
- No lifeguards at Bush Lake Beach
- Eliminate one playground site
- 1/3 cut in cultural arts grants
- Cut concrete street maintenance contract
- Reduce Creekside services
- Public health service reductions
- Reduced ball field maintenance
- Travel (includes admin travel)
- Other staff reductions

B Median home: +\$1.51/month
Average apartment: +\$3.14/month
3% City Levy Increase

- All items in Scenario A
- Fee increases
 - Dwan greens fees
 - New charge for youth athletic field use
- Park maintenance position unfilled
- Fire maintenance position unfilled
- Dispatch supervisor unfilled
- Permit Tech position laid off
- 1/3 cut in cultural arts grants
- Community Development Director unfilled
- No on-site coordinator at Bush Lake Beach
- Eliminate most sidewalk plowing
- Eliminate Neighborhood Traffic Calming program
- Arts Center reduced hours
- Other staff reductions

C Median home: -1.33/month
Average apartment: -1.34/month
0% City Levy Increase

- All items in Scenarios A and B
- Homeland Security Coordinator position unfilled
- Reduced special investigations in PD
- Police commander position unfilled
- Dispatcher position unfilled
- Patrol officer position unfilled
- Crime analyst position laid off
- Eliminate Police roll call overlap
- Fee increases for ice rental and pool
- 1/3 cut in cultural arts grants
- Move senior programs to Arts Center; close Creekside
- Eliminate Galaxy Youth Center funding
- Eliminate street weed spraying
- Artistry grant elimination
- Police Records position unfilled
- Other staffing changes



People Impacts of Service Reductions/Eliminations

Scenario	2020 Actual	Proposed 2021	Total
Scenario A	18	1.125	19.125
Scenario B	18	6.55	24.55
Scenario C	18	13.55	31.55





Items for future consideration

Not in scope for FY2021 budget, but committee recommends consideration by council for future years.

- Port Authority funds
- Misdemeanor prosecution
- Increased collaboration with Three Rivers Park District
- Increased collaboration with Hennepin County
- Public safety dispatch consolidation
- Land sales
- Other revenue streams



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Committee Members

Neil Peterson (co-chair)
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Questions



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