

The background features a light yellow-to-gold gradient with several semi-transparent gear shapes scattered across it. On the left side, there is a vertical strip with a colorful, abstract, and textured pattern in shades of purple, blue, orange, and green.

# 2012 Levy and Budget

# Taxation Process

- Preliminary Levy was set in September
- Proposed tax notices mailed
- Public hearing for final proposed levy and general fund budget.
- Final adoption of budget and levy
  - December 20<sup>th</sup> council meeting.

# 2012 Tax Levy

Purpose	2011	2012 Net Levy Proposed	2012 Net Levy Revised
<b>General Operations</b>			
General Fund	\$ 8,539,064	\$ 8,881,428	\$ 8,784,091
Capital Levy	100,000	\$ 125,000	\$ 125,000
	<b>\$ 8,639,064</b>	<b>\$ 9,006,428</b>	<b>\$ 8,909,091</b>
<b>Special Levies:</b>			
PERA Levy	35,500	35,500	35,500
MVHC Levy	222,850	-	-
<b>Subtotal Special Levies - Other</b>	<b>\$ 258,350</b>	<b>\$ 35,500</b>	<b>\$ 35,500</b>
<b>Debt Levies:</b>			
2002B GO Improv Revolving Bonds	59,000	-	-
2003 HRA Revenue Bonds	200,000	220,000	220,000
2007B GO Improv Revolving Bonds	172,000	184,500	184,500
2007 Capital Improvement Bonds	710,000	765,900	765,900
2010A GO Improvement Bonds	100,000	77,000	77,000
2010B Refunding Bonds	-	59,000	59,000
<b>Subtotal - Debt Levies</b>	<b>\$ 1,241,000</b>	<b>\$ 1,306,400</b>	<b>\$ 1,306,400</b>
<b>Subtotal Special Levies</b>	<b>\$ 1,499,350</b>	<b>\$ 1,341,900</b>	<b>\$ 1,341,900</b>
<b>TOTAL LEVIES</b>	<b>\$ 10,138,414</b>	<b>\$ 10,348,328</b>	<b>\$ 10,250,991</b>
<b>Increase over prior year</b>	<b>\$ 212,729</b>	<b>\$ 209,914</b>	<b>\$ 112,577</b>
<b>Percentage Incr (Decr) - Total</b>	<b>2.14%</b>	<b>2.07%</b>	<b>1.11%</b>

# Tax Levy Changes

General Levy Increase	\$245,027
Capital Levy	25,000
Special Levy Decrease (For MVHC unallotment)	(222,850)
Debt Levy Increase	<u>65,400</u>
Total Levy Change	\$112,577

# 2012 General Fund Budget and Levy

## General Fund Budget

\$10,470,526

This is an increase from the 2011 budget of 1.66%.

## Tax Levy

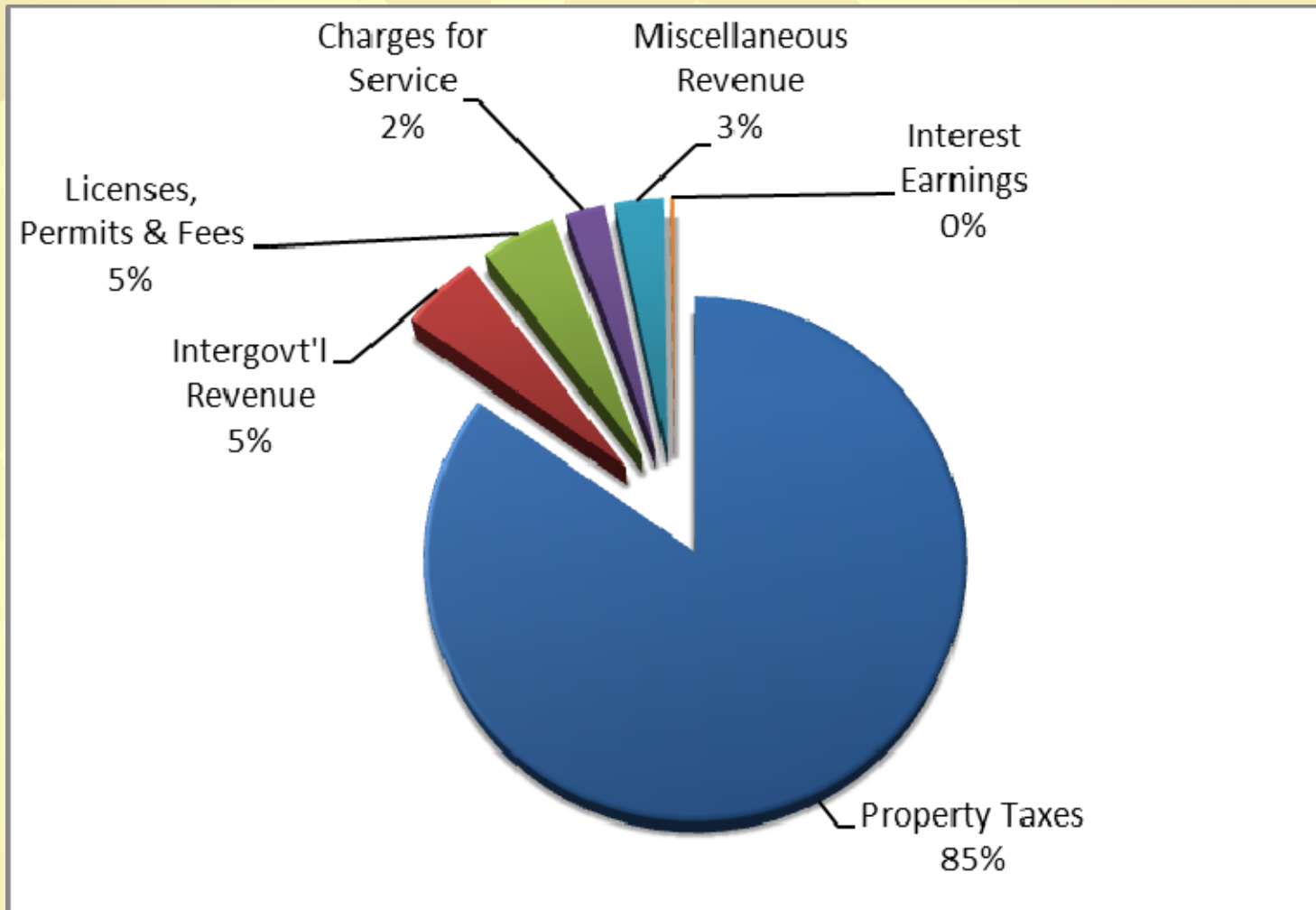
\$10,250,991

This is an increase over the current year's levy of \$112,577 or 1.11% and a .96% decrease from the preliminary certified levy.

# Revenue Budget

<b>General Fund</b>	<b>2011 Budget</b>	<b>2012 Budget</b>	<b>% Incr/(Decr)</b>
Property Taxes	\$ 8,630,564	\$ 8,887,591	2.98%
Intergovernmental Revenue	442,070	512,370	15.90%
Licenses, Permits & Fees	544,790	487,115	-10.59%
Charges for Service	161,200	245,150	52.08%
Miscellaneous Revenue	314,900	313,300	-0.51%
Interest Earnings	75,000	25,000	-66.67%
Use of 2009 Savings	130,803	-	-100.00%
<b>Total Revenues</b>	<b>\$ 10,299,327</b>	<b>\$ 10,470,526</b>	<b>1.66%</b>

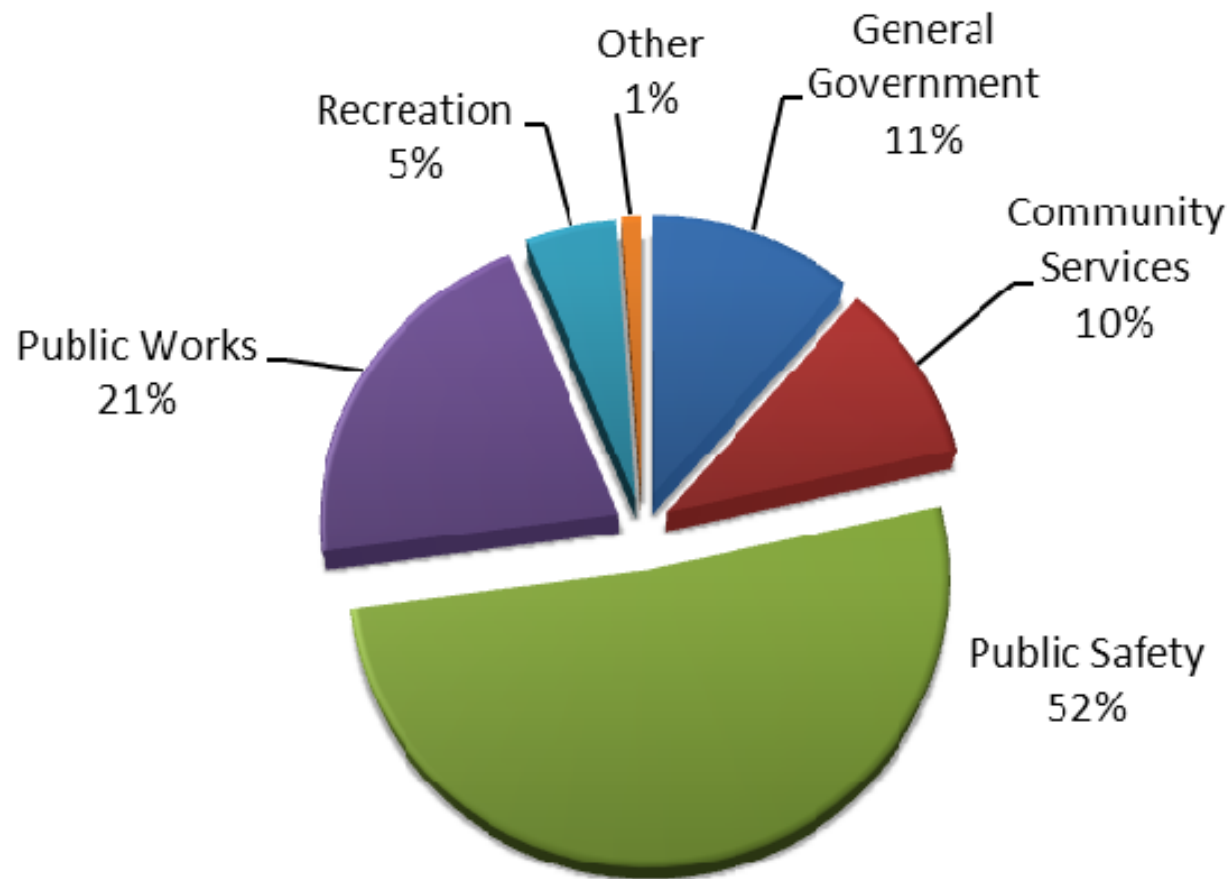
# General Fund Revenues



# Expenditure Budget

<b>General Fund</b>	<b>2011 Budget</b>	<b>2012 Budget</b>	<b>Budget % Incr/(Decr)</b>
City Council	\$ 71,547	\$ 68,697	-3.98%
Administrative Services	451,670	469,132	3.87%
Finance	203,243	209,726	3.19%
Legal	135,000	135,000	0.00%
Municipal Building	294,818	296,863	0.69%
Receptionist	44,172	44,846	1.53%
Assessing	167,236	173,091	3.50%
City Clerk	99,415	109,970	10.62%
Inspections	616,607	613,167	-0.56%
Police	4,484,387	4,530,032	1.02%
Fire	838,258	855,424	2.05%
Public Works	2,174,400	2,198,677	1.12%
Recreation	199,721	205,099	2.69%
Activity Center	333,471	323,765	-2.91%
Planning & Zoning	125,182	126,837	1.32%
Other Financing Uses	60,200	110,200	83.06%
<b>Total Expenditures</b>	<b>\$ 10,299,327</b>	<b>\$ 10,470,526</b>	<b>1.66%</b>

# GF Expenditures



# General Fund Budget Three Year Comparison

<u>Year</u>	<u>Budget</u>	<u>Incr/Decr</u>	<u>% Change</u>
2010	\$ 10,073,003	\$ (2,489)	-0.02%
2011	\$ 10,299,327	\$ 226,324	2.25%
2012	\$ 10,519,463	\$ 220,136	2.14%

Change over three year period = 4.43%

Average change over three years is approximately  
1.48% per year

The rate of inflation from 2010 to 2011 was 3.8%

# Analysis of Average Valued Home

- 2012 Home Valued at = \$225,000

- Assuming constant market value

- 2011 City Taxes \$1,252

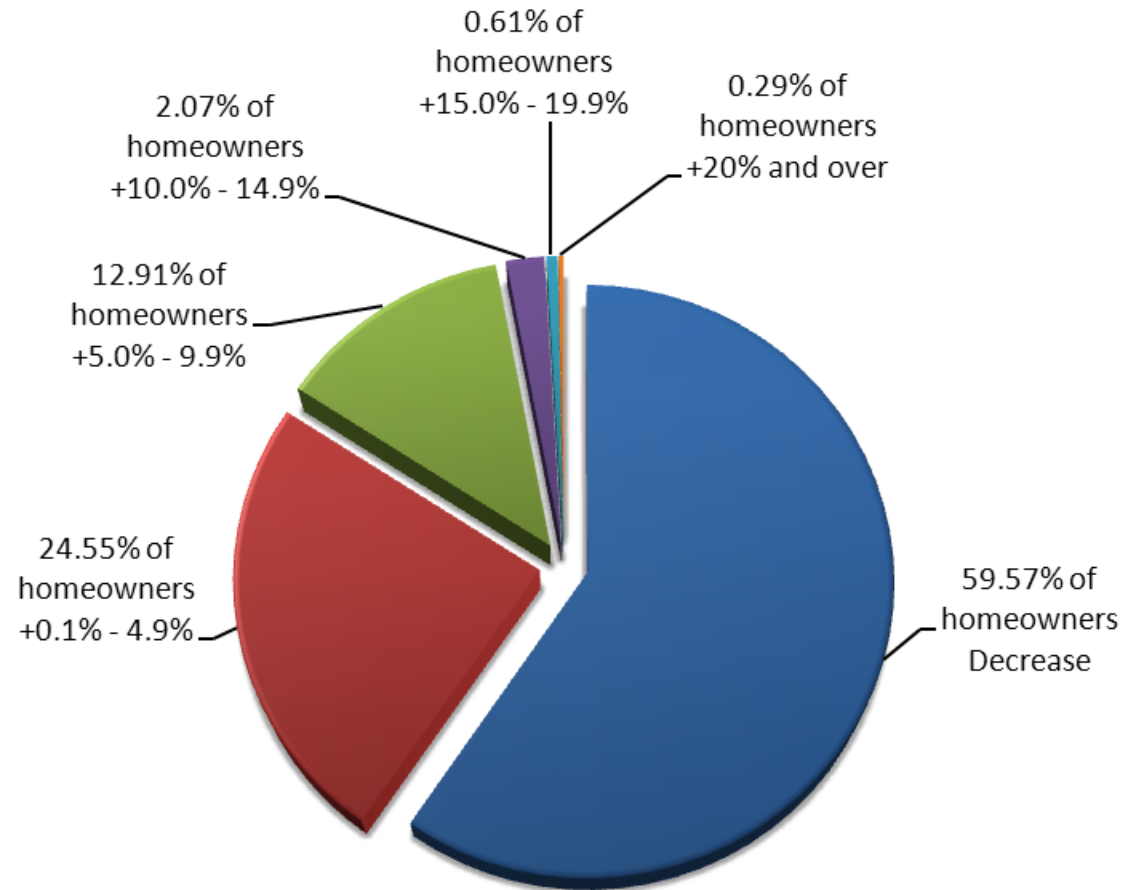
- 2012 Proposed City Taxes \$1,334

- Increase of \$82 from 2011

- 2012 Revised City Taxes \$1,319

- Decrease of \$15 from preliminary levy

# RESIDENTIAL PROPERTIES TAX CHANGES FROM 2011

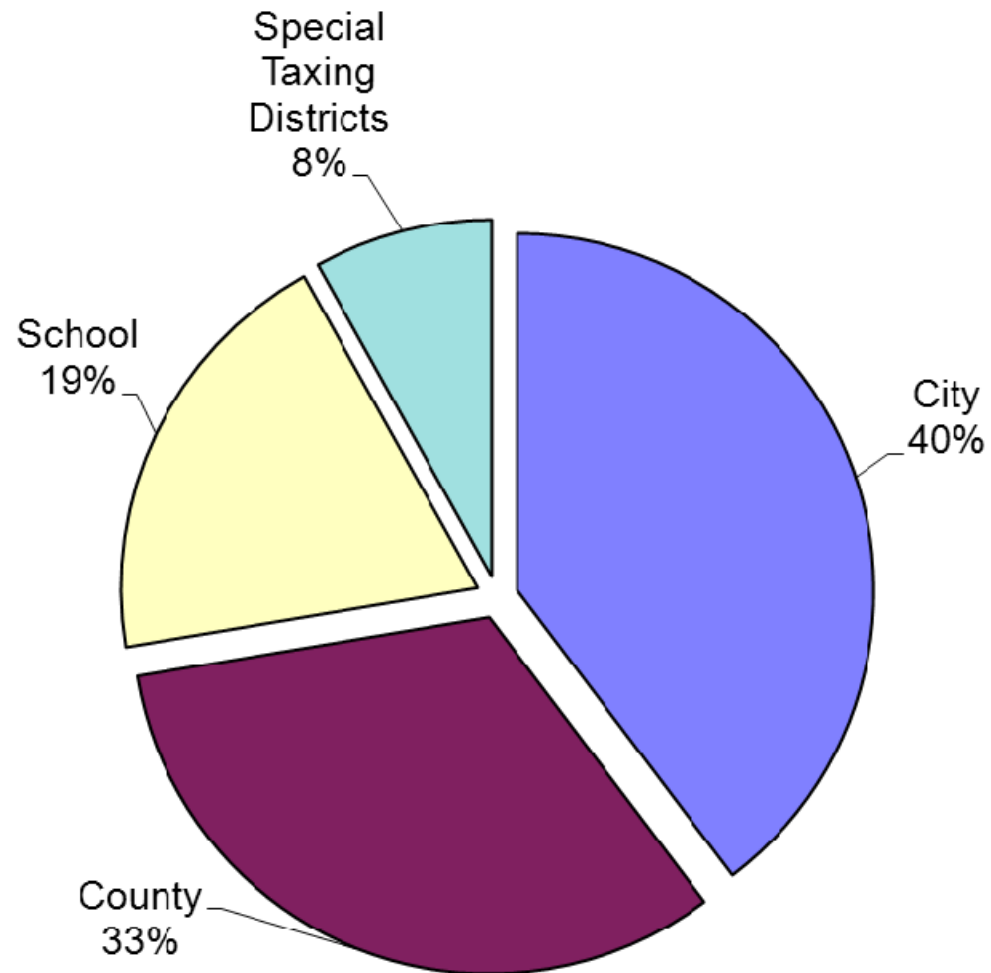


# Property Tax Breakdown on Home Valued at \$225,000

★ City	\$1,334
★ County	\$1,097
★ School District	\$ 657
★ Special Districts	<u>\$ 272</u>
Total Taxes	\$3,360

This does not include referendum market value taxes levied by the school district(s) or reduction for the market value homestead exclusion which is new for 2012.

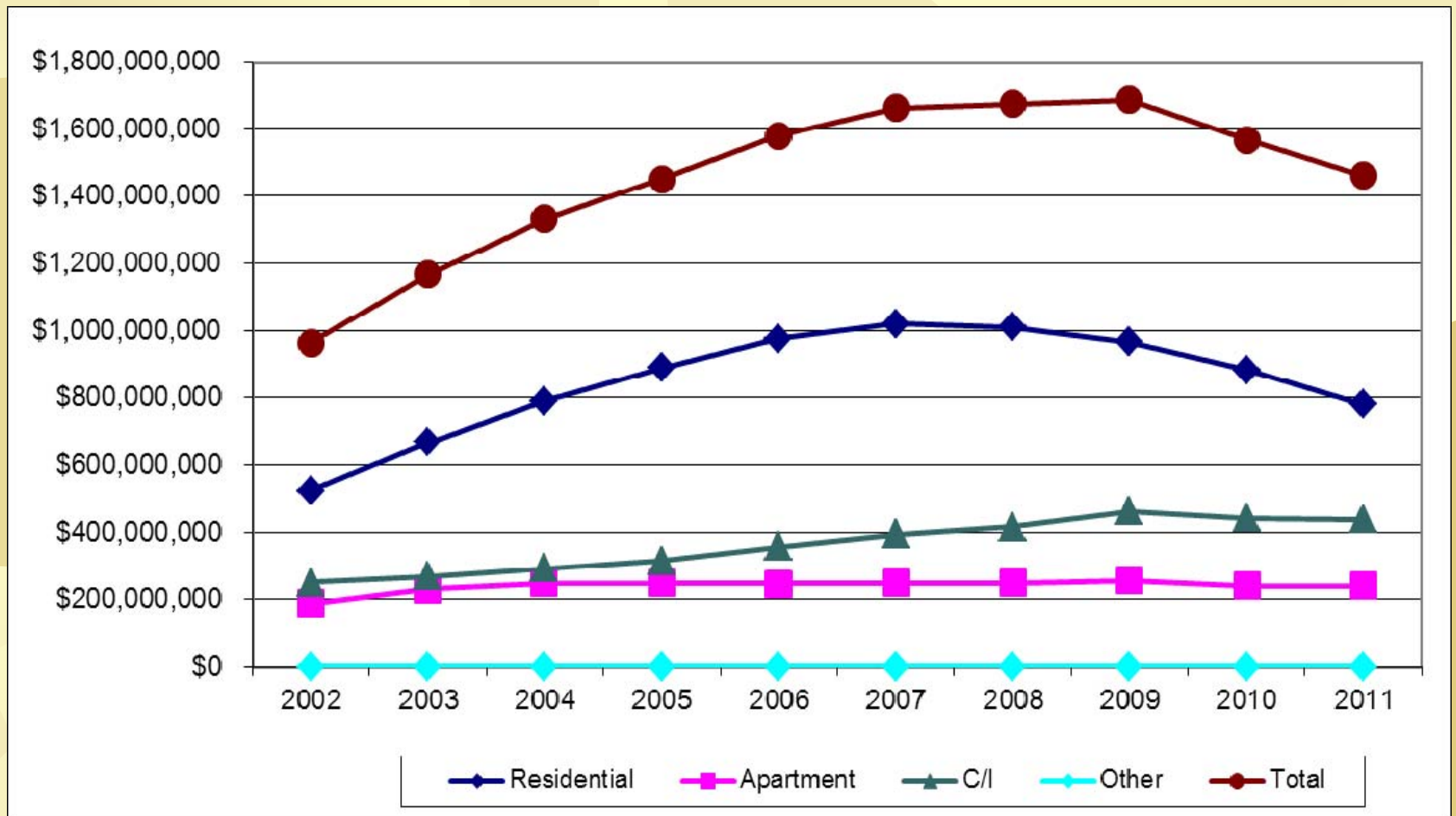
# Where My Taxes Go



# Budget Challenges

- ✿ Loss of significant revenue sources
  - ✿ Inspection revenues
  - ✿ Decline in investment income
- ✿ Change in Homestead Credit Program
- ✿ PERA rate increase – state mandated
- ✿ Inflation
  - ✿ Energy costs
  - ✿ Fuel & fuel related projects
  - ✿ Property & liability insurance

# Market Values



# MVHC vs MVHE

- ★ Market Value Homestead Credit
  - ★ After tax credit
  - ★ Direct reduction of taxes
- ★ Market Value Homestead Exclusion
  - ★ A portion of your home value is excluded from being tax
  - ★ Value is reduced before taxes are calculated

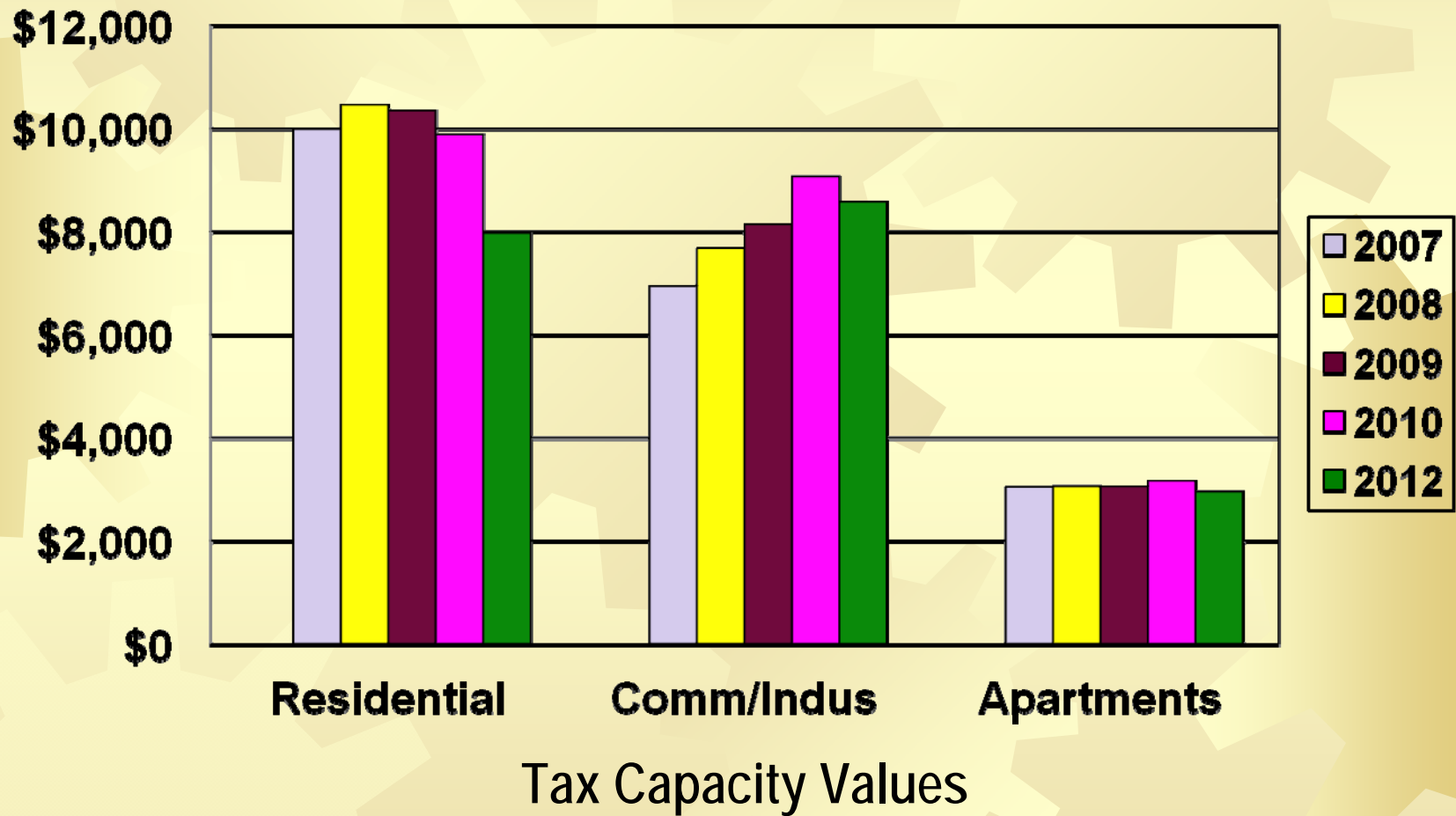
# Theoretical Illustration

## ★ Average Tax Rate Illustration

	Old Law Credit	New Law Exclusion
Estimated Market Value	\$116,000	\$116,000
Exclusion	\$0	\$26,800
Taxable Market Value	\$116,000	\$89,200
Class Rate	1%	1%
Net Tax Capacity	\$1,160	\$892
Tax Rate	105.81%	110.92%
Gross Tax	\$1,227	\$989
Credit	\$268	\$0
<b>Net Tax Capacity</b>	<b>\$959</b>	<b>\$989</b>



# Tax Shift



# Fiscal Disparities

- ★ Spreads commercial growth among all metro cities and benefits cities that are not experiencing commercial growth
- ★ Hopkins had been a net “gainer” – we received more than we contributed
- ★ Hopkins is now a net “contributor” – meaning we contribute more that we receive
- ★ Results in higher tax rate

# Fiscal Disparities Changes

- Changes in the Fiscal Disparities Program affects the tax rate for Hopkins properties.

<u>Year</u>	<u>Contribution</u>	<u>Distribution</u>	<u>Net Gain/(Loss)</u>
2012	3,092,328	2,650,437	(441,891)
2011	3,324,078	2,645,025	(679,053)
2010	2,858,921	2,913,208	54,287
2009	2,766,202	2,840,070	73,868
2008	2,450,063	2,405,483	(44,580)
2007	2,116,466	1,997,455	(119,011)
2006	1,952,996	1,836,753	(116,243)
2005	1,526,509	1,673,106	146,597

# Responses to Budget Challenges

- ★ Smart Growth and Development
- ★ Innovation
- ★ Savings and Efficiencies
- ★ Grants
- ★ Debt Savings/Refinancing
- ★ Delayed hiring of vacant positions
- ★ Eliminated capital items

# Smart Growth and Development

- ★ LA Fitness
- ★ Excelsior Crossing Phase III
- ★ Hopkins Health & Wellness Center Expansion
- ★ Marketplace & Main Apartments
- ★ Pizza Lucé

# Innovation

## ★ Partnerships

- ★ Hopkins School District
- ★ Hennepin County
- ★ Minnetonka – Joint Recreation Program
- ★ Other Neighboring Cities
- ★ Three Rivers Park District
- ★ Watershed Districts, etc.

# Savings & Efficiencies

## ★ Go Green

- ★ Implemented police vehicle fuel monitoring system to save on fuel costs
- ★ Building and Facility Changes have saved over \$15,000 annually
- ★ Organics recycling
- ★ Scanning of documents to digital storage
- ★ Paperless Packets

# Grants - Police

- ★ Bullet Proof Vests - \$32,945
- ★ Operation Nitecap - \$16,862
- ★ Glen Lake Optimists – school patrol and project alert - \$4,000
- ★ ISD 270 – One Voice Grants - \$2,000
- ★ SAFR/Alcohol Enf Grant - \$3,682
- ★ Recovery Justice Assistance - \$39,900

## Grants – Police (cont.)

- ★ Met Life – Community Police Partnership - \$20,000
- ★ COPS Grant 2008-2010 - \$73,050
- ★ COPS Grant 2011-2015 - \$242,266
- ★ Hopkins Crime Prevention Fund – rifles & bait car training - \$26,762
- ★ Fed CEDAP – night vision goggles - \$5,432
- ★ Indiv & Community Groups - \$6,200

# Grants - Fire

- ★ HazMat Grants - \$526,300
- ★ Firefighters Assistance Prevention – State and Private - \$37,500
- ★ MN Resuscitation Consortium - \$5,000
- ★ MBFTE Training - \$4,000
- ★ CERT Grants – State and private - \$16,100
- ★ FM Global – Sparky Costume - \$1,740
- ★ Donations from individuals - \$1,150

# Grants – Public Works

- ★ 9 Mile Creek – anti-icing machine - \$5,400
- ★ Federal ARRA – boiler grant - \$75,000
- ★ Refuse Fund
  - ★ Hennepin Co Recycling Grant - \$121,420
  - ★ Hennepin Co – Organics Grant – \$27,750

# Grants – Economic Devel.

- ★ DEED & Met Council – clean up grants  
- \$3,004,650
- ★ Hennepin Co – TOD Grant - \$875,000
- ★ Hennepin Co. – Active Living - \$16,670
- ★ Hennepin Co. – Blake Road Sidewalks  
- \$240,200
- ★ MRAC – Art Street - \$10,000
- ★ Hennepin County - Grocery Market  
Study Grant - \$11,700

## Grants – Econ Devel. (cont.)

- Hennepin Co – Blake Rd Pedestrian Study - \$6,000
- Hennepin Co – Bike Racks - \$5,125
- HRA/DOW Towers
  - ROSS Grant - \$446,648
  - Federal Stimulus - \$128,120
  - County Stimulus - \$200,000
  - MHF – Elevator Grant - \$200,000

# Grants - Recreation

- ★ Park Bench donations - \$5,900
- ★ HYHA Donation - \$1,500
- ★ Hennepin Co. Youth Sports Grant—  
Shady Oak Beach Play Area - \$62,500
- ★ Developers – Park Dedication Fees -  
\$385,475
- ★ LISC – Cottageville Park - BB courts  
and soccer goals - \$12,000

# Grants – Depot Coffee House

- ★ General Mills Foundation - \$30,000
- ★ Park Nicollet Foundation - \$100,000
- ★ McKnight Foundation - \$20,000
- ★ Hennepin Co. – Composting Grant - \$9,500
- ★ MRAC - \$12,700 (2 grants)
- ★ DNR – Solar Grant - \$87,000
- ★ Individual Donations - \$12,375

# Grants – Art Center

- ★ MSAB Grant - \$33,629
- ★ Friends of the Hopkins Center for the Arts - \$64,700
- ★ Corporate and Individual sponsorships - \$15,120

# Value for Taxes

- 24-Hour Police and Fire Protection
- Emergency medical treatment and management services
- Well Maintained Streets, Trails, and Sidewalks
- Elections
- Boulevard Tree and Forestry Program
- High Quality Recreation programs
- Hopkins Activity Center and Hopkins Depot
- Hopkins Center for the Arts
- Community and Economic Development
- Housing Services and Programs
- Building Inspections, Licensing, and Code Enforcement
- Beautiful Parks and Open Space