



2017 Proposed Budget and Property Tax Levy

December 6, 2016





What do the priorities mean for the budget?



Thriving Business Climate

- City Code changes to reduce "red tape."
- Upgrade appearance of commercial areas.



Strong neighborhoods

- Park improvements and recreation programs.
- Highly responsive police and fire protection.
- Home improvement assistance and code enforcement.



Fiscally Sound and Stable

- No more street assessments for mill and overlay projects.
- Fire Department moves to lease instead of purchase trucks.
- Costs regarding landscaping/facility maintenance moved from capital to operations.
- Seeking long-term efficiencies (electronic records, space needs)
- Pay off pool bonds.



Proposed Budget and Comparison

General, EDA Funds, and Pool Bonds

Department	2016 Adopted Budget	2017 Preliminary Budget	COST Per Capita
City Council, Admin., Elections, Legal, Finance	\$2,344,979	\$2,383,046	\$104.28
Police	4,586,881	5,057,200	221.30
Fire Protection	1,229,697	1,300,110	56.89
Community Development	541,389	559,814	24.50
Streets, Parks, Buildings, Engineering, Forestry	2,368,989	2,451,239	107.27
Recreation	1,404,942	1,460,008	63.89
EDA	457,037	493,304	21.57
Pool Debt Service	204,500	207,500	9.08
Total	\$13,138,414	\$13,912,221	\$608.78



2017 Preliminary Budget

Key Cost Drivers To Maintain Service Levels

- | | | |
|---|--|-----------|
|  | Includes wage adjustment allowance for all employees. | \$448,000 |
|  | 2016 budget assumed some staff positions would be vacant for part of the year. 2017 budget assumes all staff positions will be filled for the entire year. | \$100,000 |
|  | Increasing cost of technology: software licenses, increasing costs of applications. | \$58,900 |
|  | Increasing costs of property and liability insurance. | \$33,970 |
|  | Landscaping and facility maintenance costs moved from capital to operating budgets. | \$30,000 |



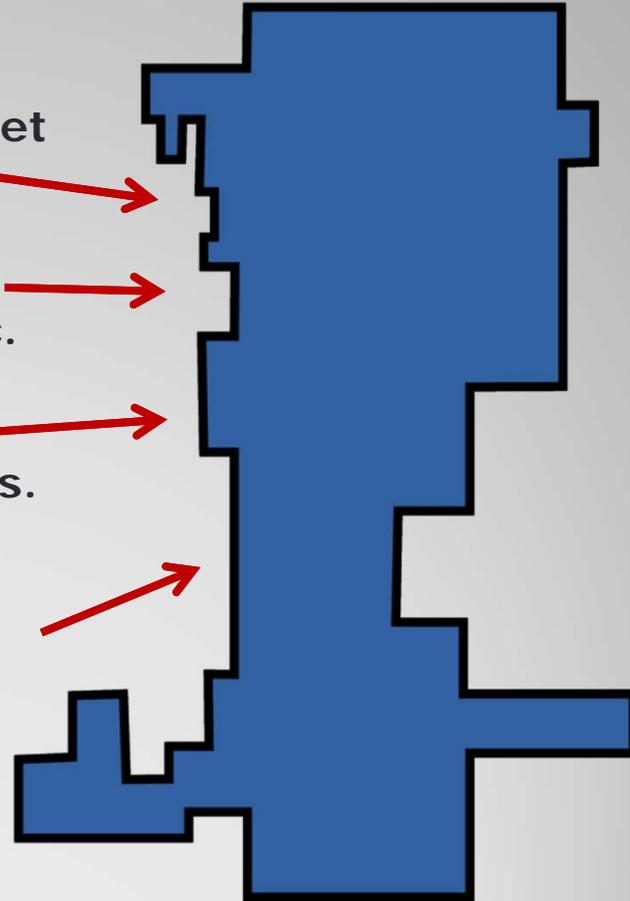
Tax Levy and City Budget

The levy is part of the total city budget and is set by the council.

The budget includes other revenue sources like state aid, fees, fines, etc.

Changes in any of these revenue streams can affect how big the levy is.

The size of the levy determines how much the property owners in Crystal will pay in property taxes for city services.





Revenue Summaries

General, Capital and EDA Funds, and Pool Bonds

Category	2014 Actual	2015 Actual	2016 Adopted	2017 Preliminary
Property Taxes	\$9,217,153	\$9,313,153	\$9,591,900	\$10,287,820
Intergovernmental Revenue	1,962,509	1,968,309	1,965,609	1,973,909
Licenses & Permits	772,080	844,420	842,680	836,256
Charges for Services	663,730	743,225	772,862	775,677
Investment Income	92,262	84,728	94,093	97,900
Sale of Property	1,324,860	170,322	155,732	100,000
Transfers from other funds	8,000	343,286	345,086	345,461
Other	283,109	530,535	492,200	346,200
TOTAL	\$14,323,703	\$13,976,305	\$14,260,162	\$14,763,223



Improving the Tax Base



The Cavanagh used to be a tax-exempt school property but in 2017 it will pay \$229,071 in property taxes, including \$62,684 to the city.



The Cub Foods TIF district will expire at the end of 2016, so in 2017 the city will receive \$39,077 more in property taxes.



The Industrial Equities TIF District will be decertified at the end of 2016, so in 2017 the city will receive an estimated \$23,000 more in property taxes.



Preliminary Levy

Maintaining Service Levels

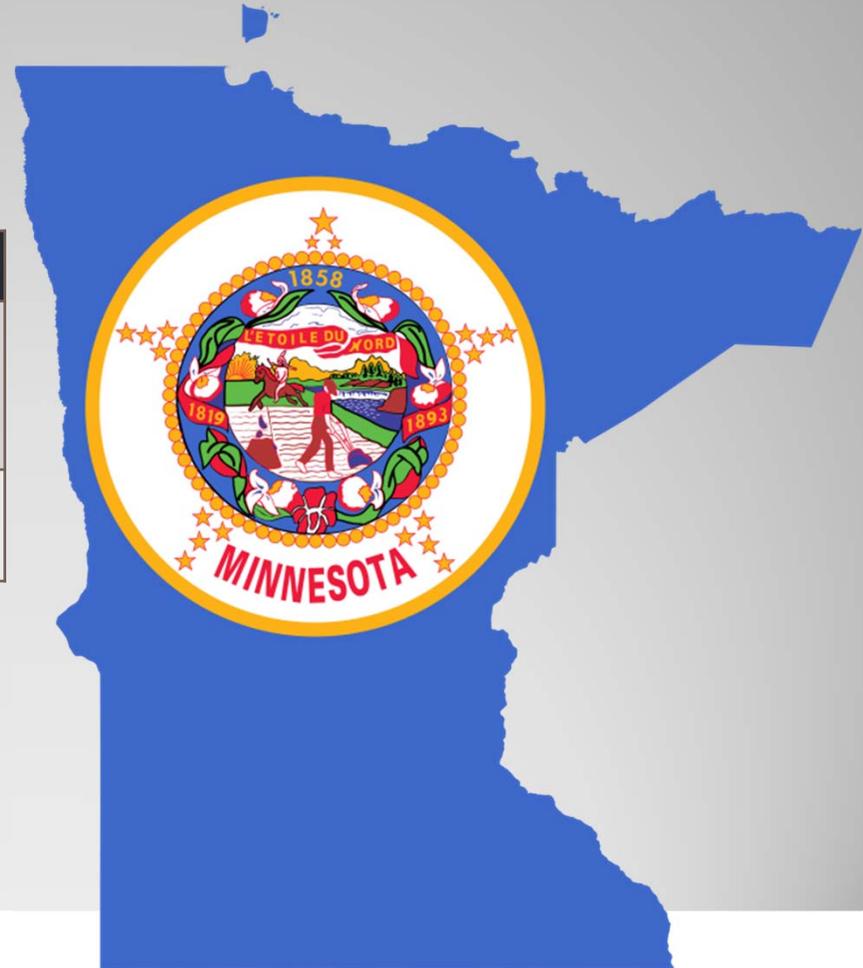
Fund	2014 Actual	2015 Actual	2016 Adopted	2017 Levy Preliminary	\$ Change	% Change
General Fund	\$8,238,974	\$8,262,652	\$8,015,940	\$8,657,000	\$641,060	8.00
Pool Bonds Debt Service	208,991	208,849	210,600	212,000	1,400	0.66
County Rd. 81 Debt Serv.	561,698	566,245	-	-	-	-
Capital Improvement Funds	-	-	1,119,160	1,141,620	22,460	2.01
Total General and Debt Service	\$9,009,663	\$9,037,746	\$9,345,700	\$10,010,620	\$664,934	7.11
EDA	208,206	237,577	246,200	277,200	31,000	12.59
Total Tax Levy	\$9,217,869	\$9,275,323	\$9,591,900	\$10,287,820	\$695,920	7.26



How much are cities increasing the property tax across the state?

Total Tax Levy for Minnesota Cities

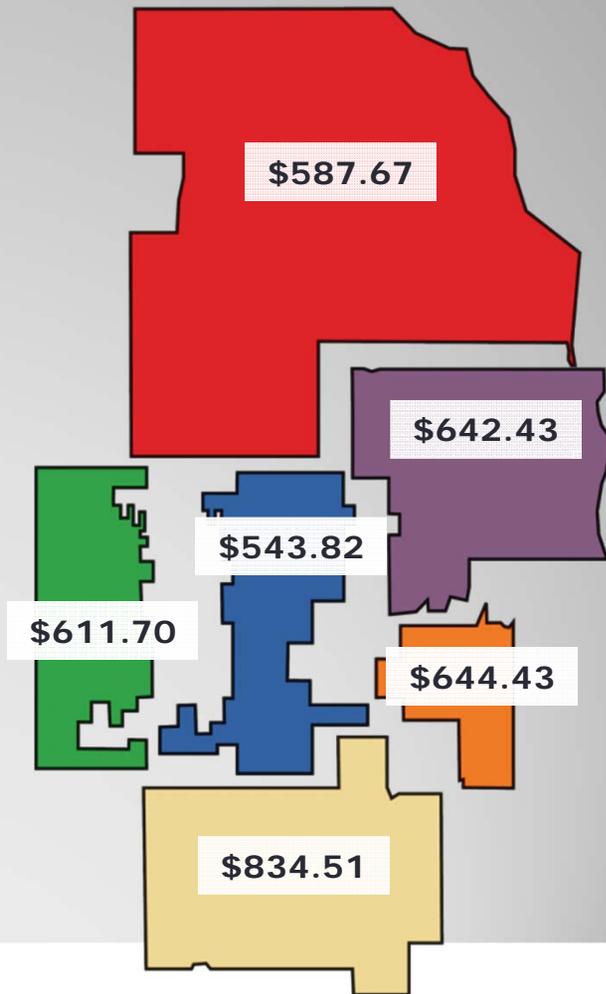
2016	2017 (Preliminary)
<u>\$2.129 Billion</u>	<u>\$2.261 Billion</u>
<u>+6.2% Increase</u>	





General Fund Spending

CITY	General Fund (2016)	Pop. (2015)	Spending Per capita
• Golden Valley	\$17,750,190	21,270	\$834.51
• Robbinsdale	\$9,291,456	14,418	\$644.43
• Brooklyn Center	\$19,783,160	30,770	\$642.94
• New Hope	\$12,865,300	21,032	\$611.70
• Brooklyn Park	\$46,513,166	79,149	\$587.67
• Crystal	\$12,476,877	22,943	\$543.82

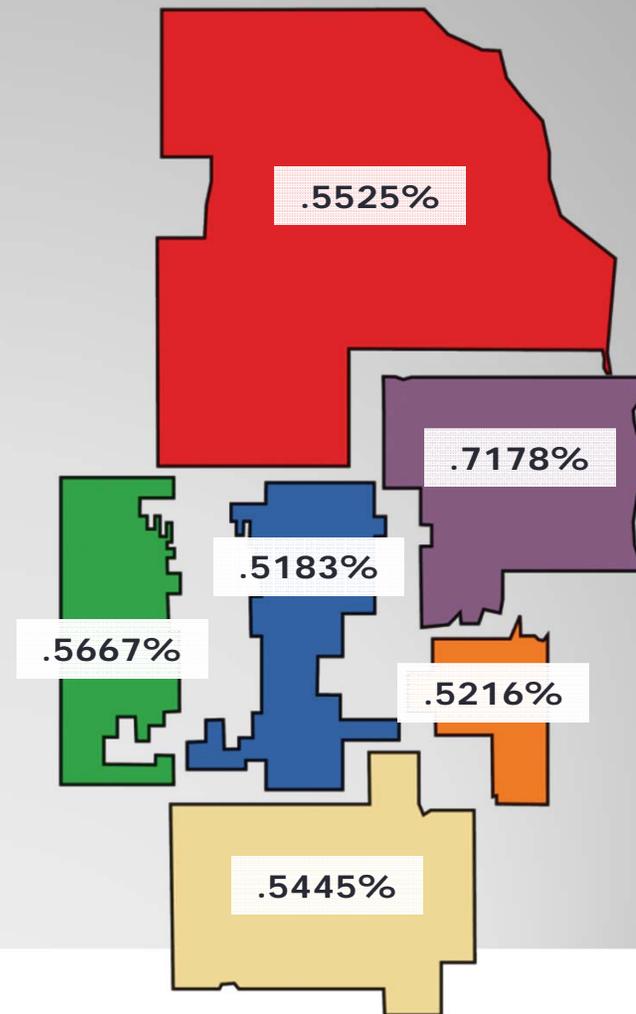




Tax Rate Comparison

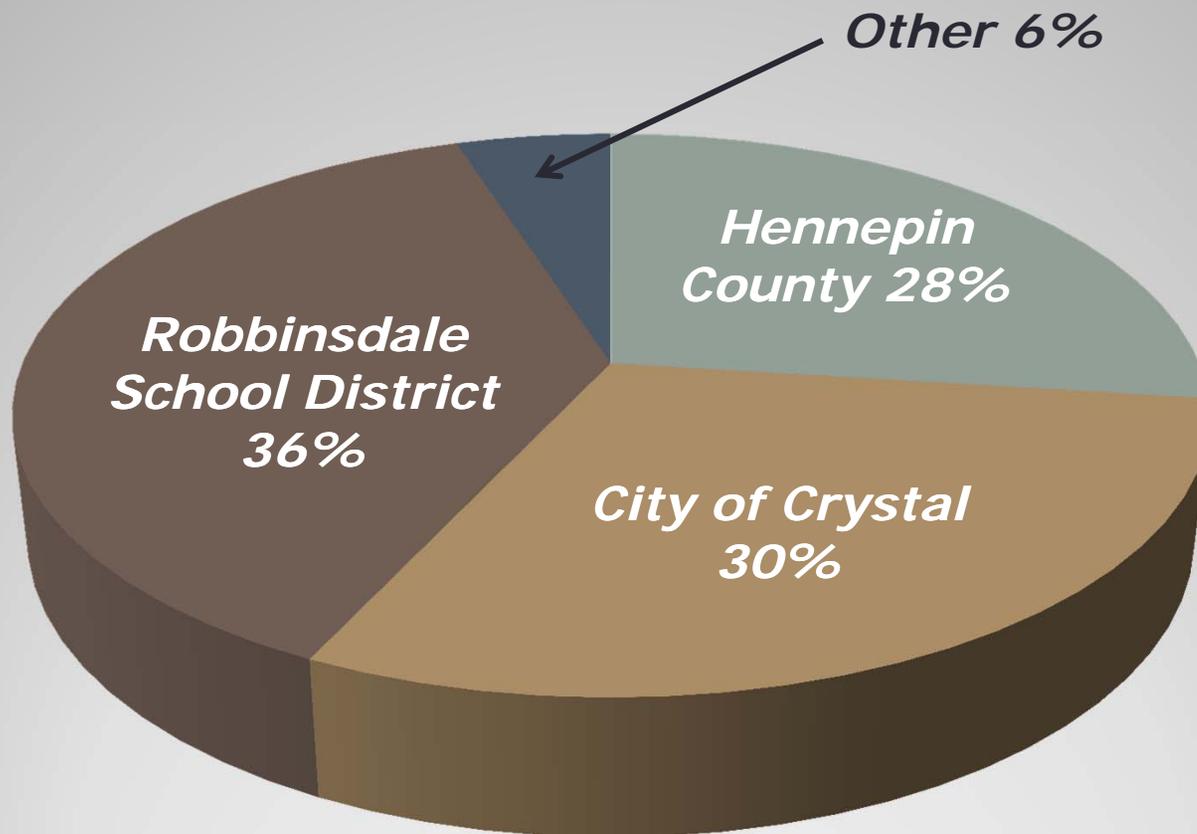
CITY	2016 TAX RATE *
● Brooklyn Center	.71775%
● New Hope	.56668%
● Brooklyn Park	.55251%
● Golden Valley	.54452%
● Robbinsdale	.52162%
● Crystal	.51831%

This is the effective tax rate for Residential-Homestead property. The effective tax rate is different for other property classifications.





Crystal's Portion of the Tax



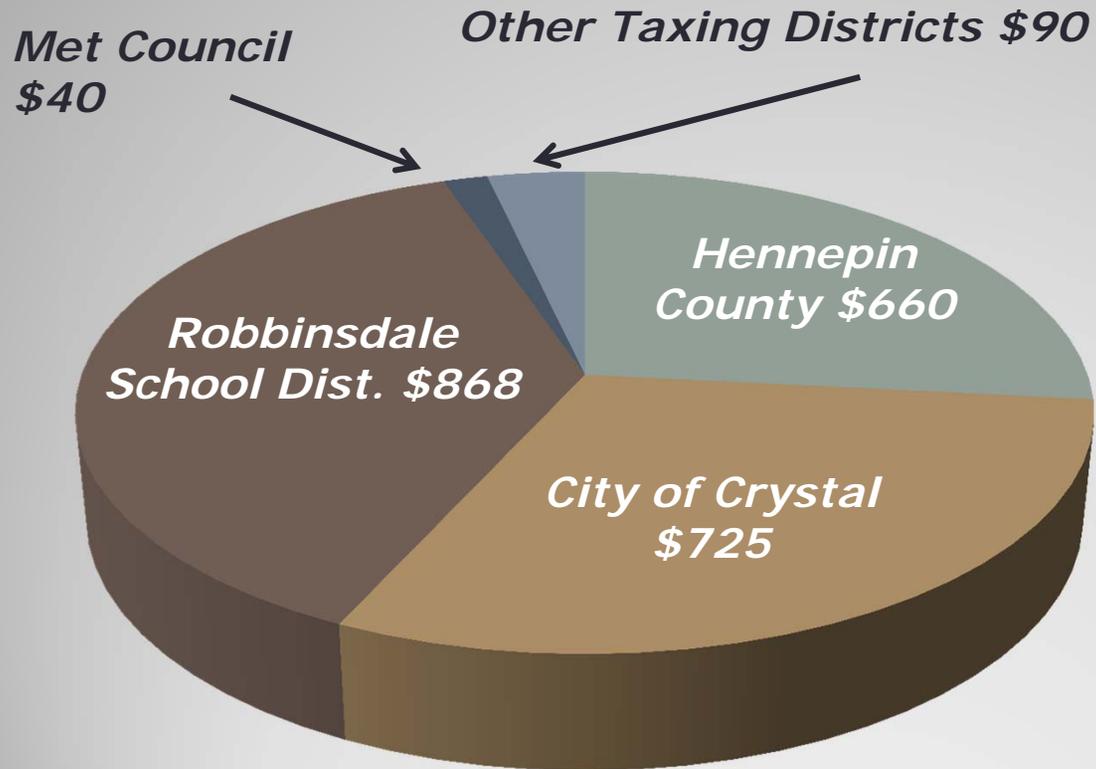
How Property Taxes Work (video)





Taxes on Median-valued Home

Estimated 2017 Crystal Tax Bill



Estimated Market Value: \$166,000

Taxable Market Value: \$143,700

TOTAL : \$2,383



Estimated 2017 Tax Bill

Based on Truth in Taxation Notice



Valuation Percentile of Residential-Homestead properties in Crystal	10 th	30 th	50 th (Median)	70 th	90 th
Estimated Market Value	\$135,000	\$152,000	\$166,000	\$182,000	\$213,000
Taxable Market Value	109,910	128,440	143,700	161,140	194,930
Hennepin County	505	590	660	740	895
City of Crystal	555	648	725	812	981
Robbinsdale Schools	684	785	868	963	1,147
Metropolitan Council	31	36	40	45	55
Other Taxing Districts	69	80	90	111	134
TOTAL	\$1,844	\$2,139	\$2,383	\$2,671	\$3,212



What's Happening in Crystal



Market values determine how much of the property tax “pie” is allocated to each property.

- Residential Homestead and Apartment values are increasing (median tax increase of 4.6%).
- Residential Non-Homestead values are increasing at a slower rate (median tax increase of 3.3%).
- Commercial/Industrial values are generally flat (median tax decrease of 3.1%).



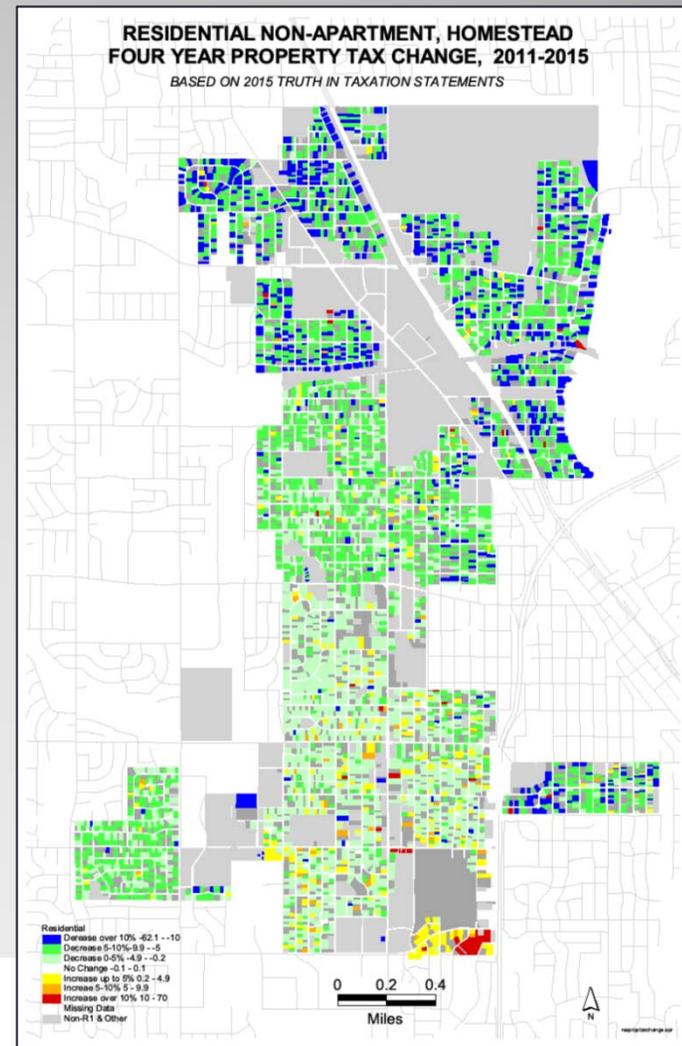
Property tax changes from 2016-2017 are generally:

- A continuation of the 2015-2016 trend.
- The opposite of the 2011-2015 trend.



Residential Homestead Tax Change (2011-2015)

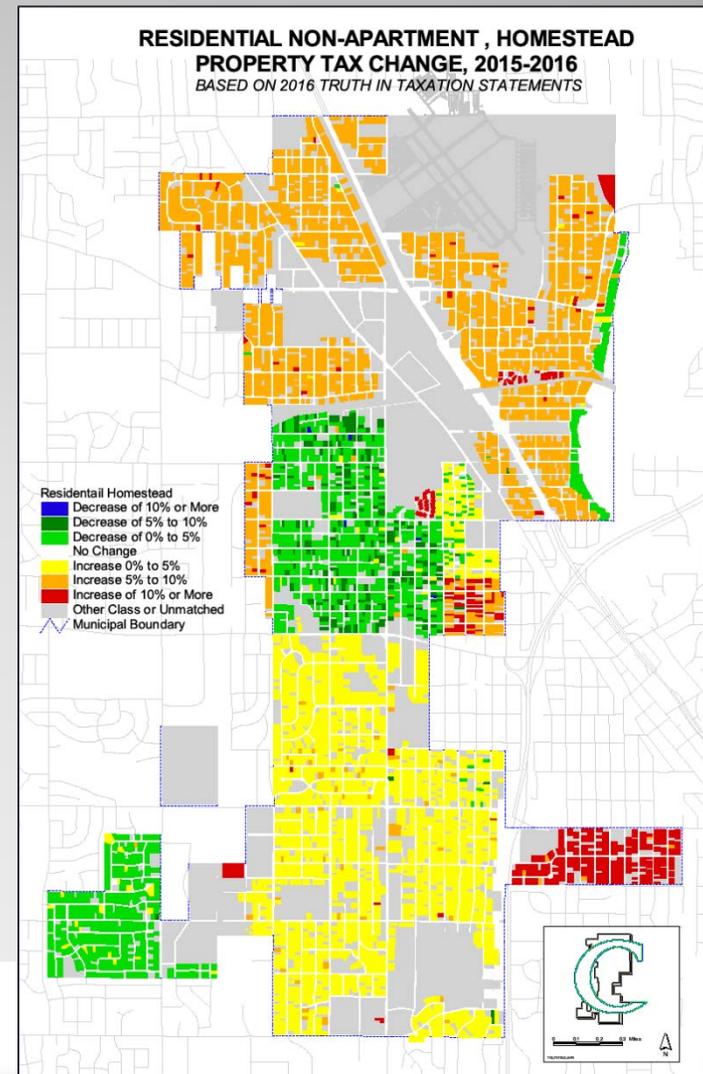
- It takes 2-3 years for market changes to affect property taxes.
- The housing market began deflating in 2007 then bounced along the bottom from 2009-2012.
- As residential values declined, tax burden shifted to apartments and commercial/industrial property.
- Most Crystal homeowners saw their property taxes decrease from 2011-2015 (green & blue on map).
- **Residential areas that saw a larger decline in home values also saw a larger tax decrease.**





Residential Homestead Tax Change (2015-2016)

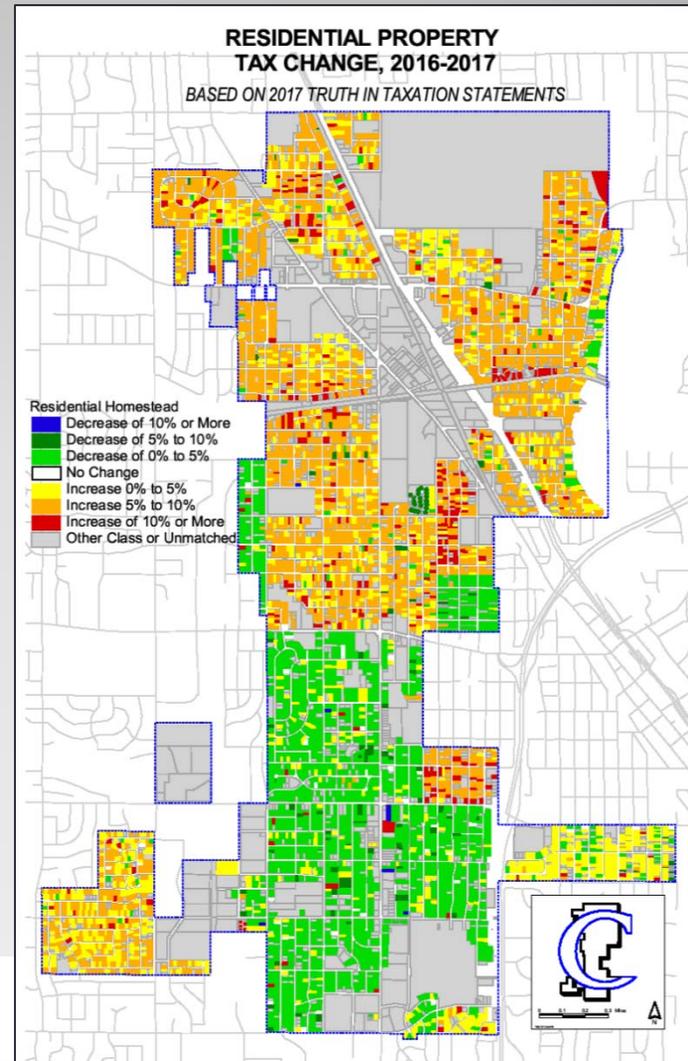
- The housing market recovery took off after 2012.
- 2-3 years later the tax burden started shifting back to residential property.
- Residential areas that lost more value during the crash were now seeing a larger increase in value.
- **Areas that received a larger tax reduction in 2011-2015 had a larger tax increase in 2016.**





Residential Homestead Tax Change (2016-2017)

RESIDENTIAL HOMESTEAD PROPERTIES	
Map Legend:	
7	Decrease of 10% or more
139	Decrease of 5 - 10%
1,875	Decrease of 0 - 5%
40	No Change (zero \pm 0.1%)
1,387	Increase of 0 - 5%
2,688	Increase of 5 - 10%
387	Increase of 10% or more
6,523	Residential Homestead Properties
4.60%	Median Percentage Change
\$105	Median Dollar Change



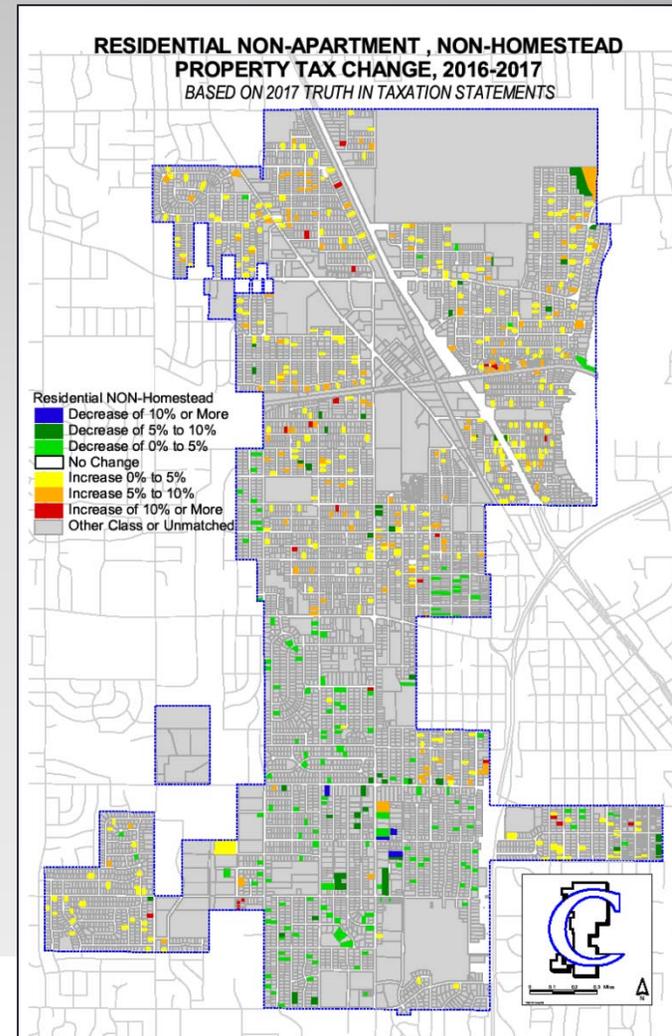


Residential Non-homestead Tax Change (2016-2017)

RESIDENTIAL NON-HOMESTEAD PROPERTIES

Map Legend:

6	Decrease of 10% or more
72	Decrease of 5 - 10%
152	Decrease of 0 - 5%
3	No Change (zero \pm 0.1%)
302	Increase of 0 - 5%
150	Increase of 5 - 10%
27	Increase of 10% or more
712 Residential Non-Homestead Properties	
3.14% Median Percentage Change	
\$75 Median Dollar Change	



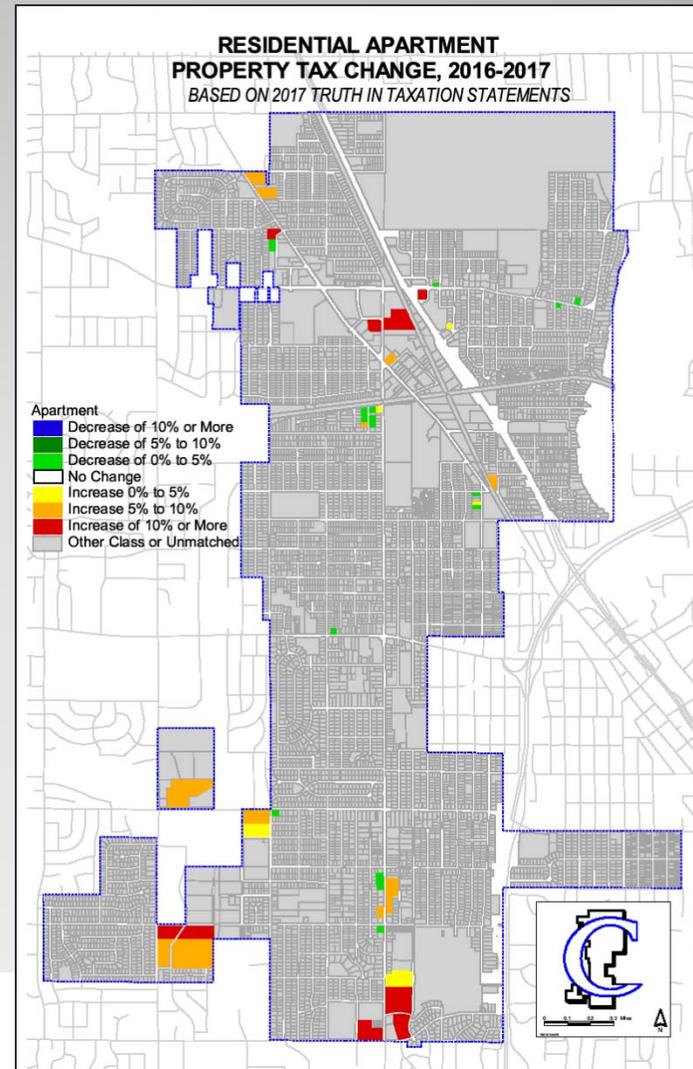


Apartments Tax Change (2016-2017)

APARTMENT PROPERTIES

Map Legend:

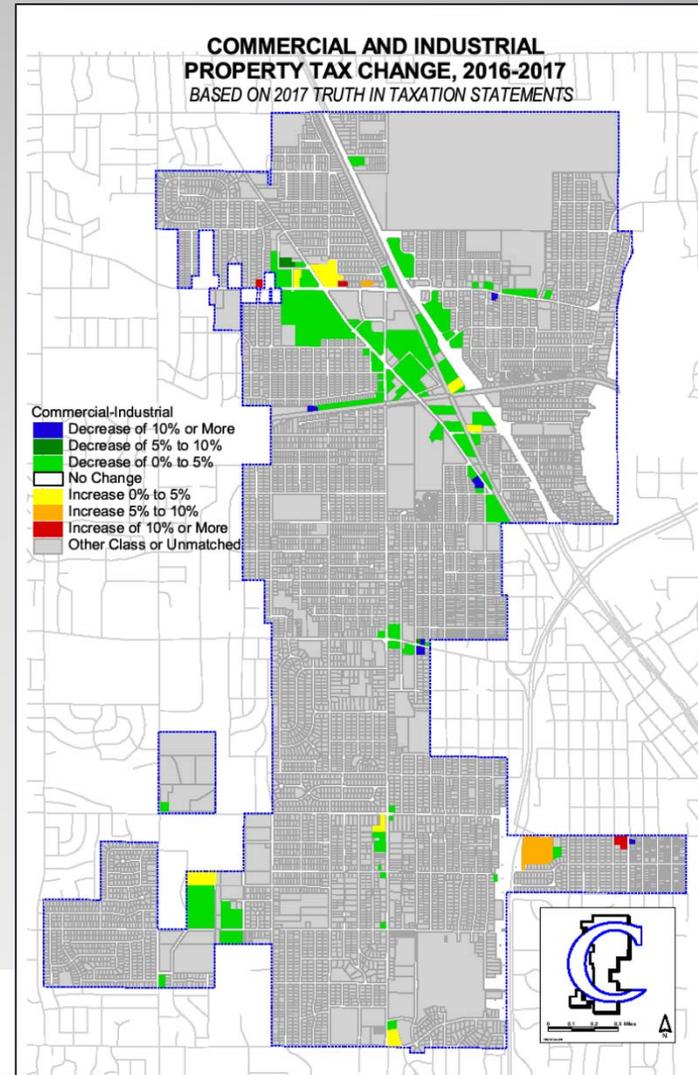
0	Decrease of 10% or more
0	Decrease of 5 - 10%
17	Decrease of 0 - 5%
0	No Change (zero \pm 0.1%)
5	Increase of 0 - 5%
13	Increase of 5 - 10%
11	Increase of 10% or more
46 Apartment Properties	
4.68%	Median Percentage Change
\$621	Median Dollar Change





Commercial & Industrial Tax Change (2016-2017)

COMMERCIAL/INDUSTRIAL PROPERTIES	
Map Legend:	
13	Decrease of 10% or more
2	Decrease of 5 - 10%
119	Decrease of 0 - 5%
0	No Change (zero \pm 0.1%)
10	Increase of 0 - 5%
5	Increase of 5 - 10%
16	Increase of 10% or more
165	Commercial/Industrial Properties
-3.87%	Median Percentage Change
(\$553)	Median Dollar Change





MN Property Tax Refund

- Homeowners Regular Property Tax Refund (based on household income).
- Homeowners Special Property Tax Refund – Property tax must have increased by at least 12% and at least \$100.
- Increase must not be related to improvements to property.
- Renters Property Tax Refund (based on household income).
- Form M1PR and instructions available @ www.taxes.state.mn.us
- Paper forms may be obtained by calling the Minnesota Department of Revenue at 651-296-3781 or 1-800-652-9094.