



# **2024 Preliminary Budget and Tax Levy**

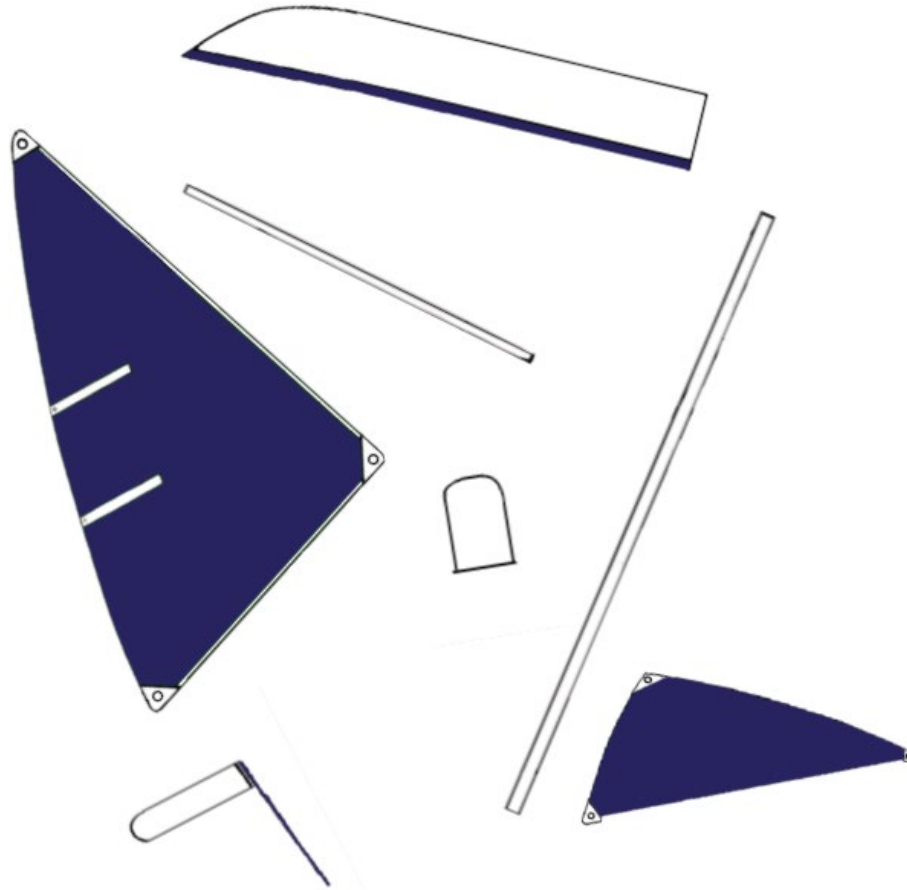
# Overview

- Building a Budget
- 2023 Revised Budget
- Budget Funding Analysis
- 2024 Preliminary Budget
- Local Government Aid
- Preliminary Tax Levy
- Levy Comparisons

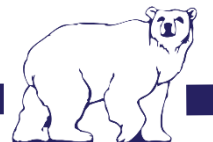


# Building a Budget

It takes many parts to make a sailboat move as it should, and without each of those parts the boat won't sail as well as it could – each component is better able to serve its function because of the other parts that work with it.



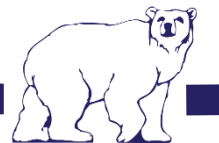
The City has many departments, and divisions within those departments, that help make a vibrant community and a desirable place to live, work and visit. Those departments can be compared to a sailing vessel that moves steadily and safely forward.



# Hull

**Hull:** The body of a boat; provides it with buoyance so it stays afloat.

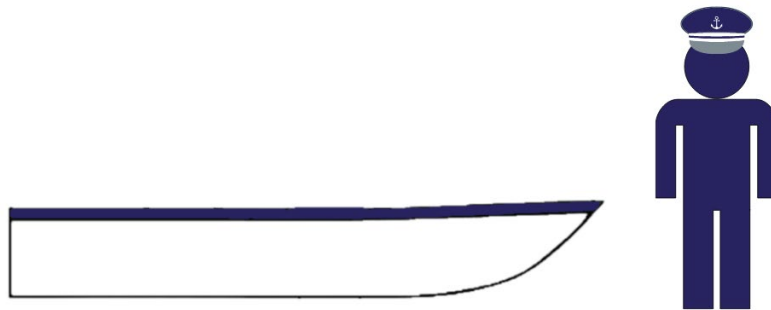
**The City of White Bear Lake:** The physical place, natural landscape, people, buildings and infrastructure in it.



# Captain

**Captain:** Sets the course and guides the tiller.

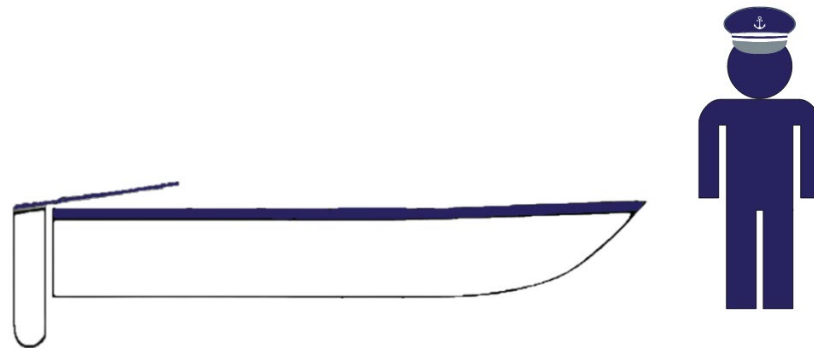
**The Mayor and City Council:** As one body, they identify the strategic priorities and decide on the tools and timing to achieve them.



# Tiller and Rudder

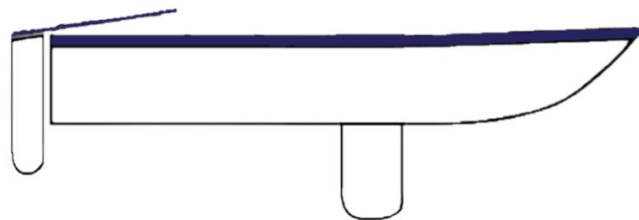
**Tiller and Rudder:** Tiller is the stick that moves the rudder and sets its direction, the rudder is the structure that makes it possible to steer the boat.

**Administration:** Guides the day to day operations and ensures we're headed the direction that the Mayor and City Council identified.

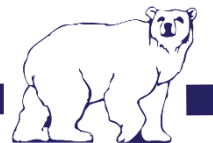


# Keel

**Keel:** Prevents the boat from being blown side to side and keeps the boat right side up; the keel is a large fin that offsets the tendency to capsize by providing counterbalance. Typically, the keel carries ballast in the tip, creating a counterweight to the wind's force on the sails.

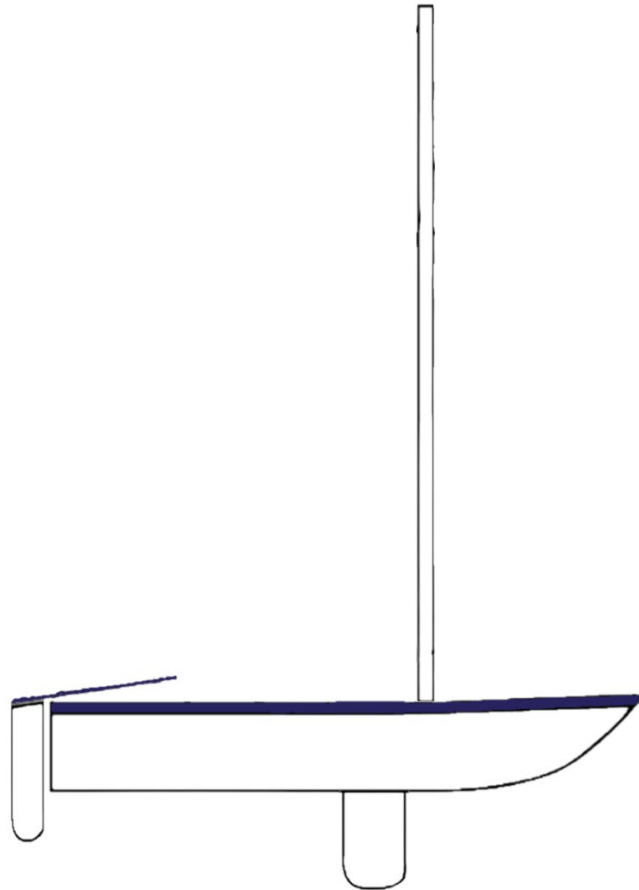


**Finance Department:** Ensures the City stays stable by managing its finances, including monitoring its revenues, expenditures and long term asset planning.

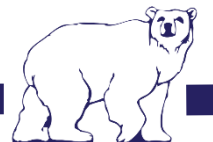


# Mast

**Mast:** Often one of the most distinctive characteristics, supports the sails ensuring the safe sailing of the vessel and contributes to the structural integrity, ensures stability and strength and contributes to the sailboat's visibility.



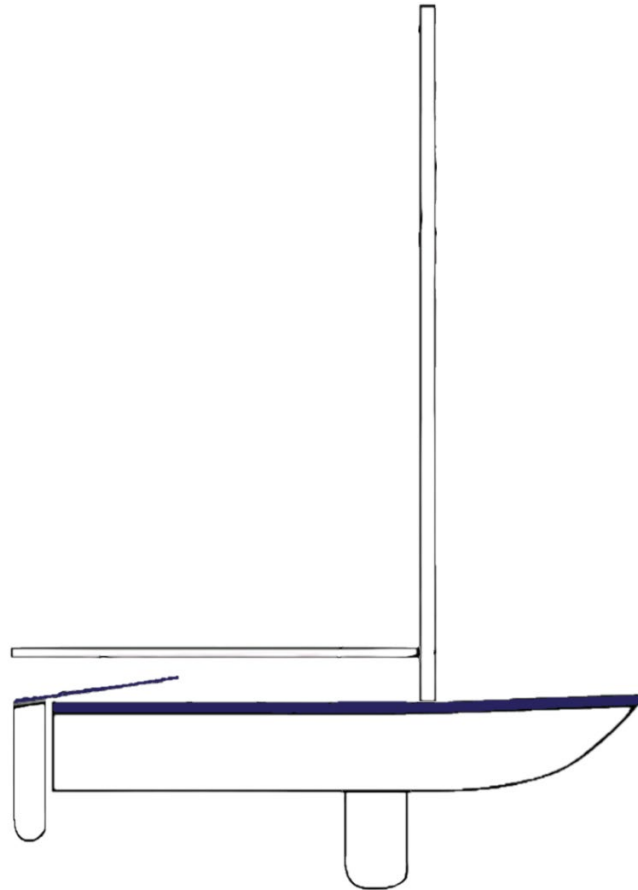
**Police Department:** Often one of the most visible parts of city government, they ensure safety of the community whether that is mitigating emergency situations, preventing crime, or planning for safe events and gatherings.



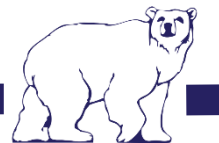


# Boom

**Boom:** The horizontal pole on the mast that holds the mainsail in place. An essential component that provides structural support; plays an important role in controlling the shape and angle of the mainsail, which allows optimizes performance in different conditions.



**Fire Department / EMS:** Provides the support to the community that keeps it safe and on course, whether it is extinguishing fires, making rescues, providing emergency medical service, preventing fires, or conducting inspections or investigations.

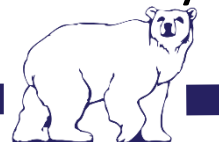


# Main Sail

**Main Sail:** Catches the wind and propels the boat forward.

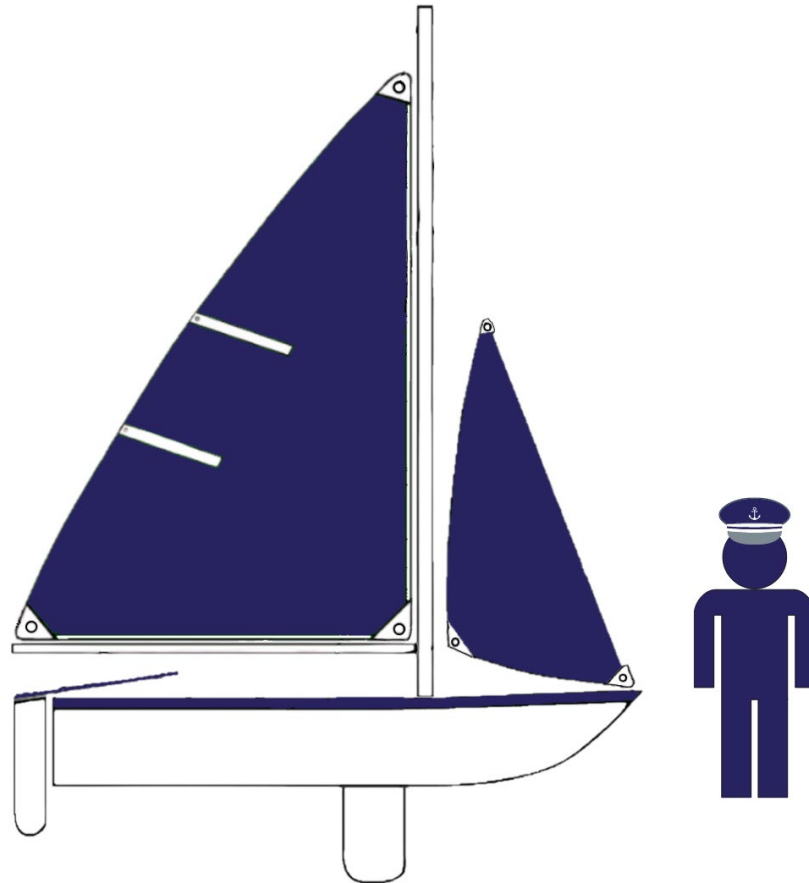


**Engineering / Public Works:** By designing, building and maintaining the its infrastructure, they keep the City moving forward each day. Their work is essential to quality of life whether that is maintaining parks that are center to a healthy and connected community, repairing roads that literally allow the community to move about or providing water and sewer systems that keep the community safe and healthy.

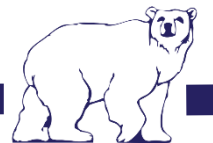


# Headsail

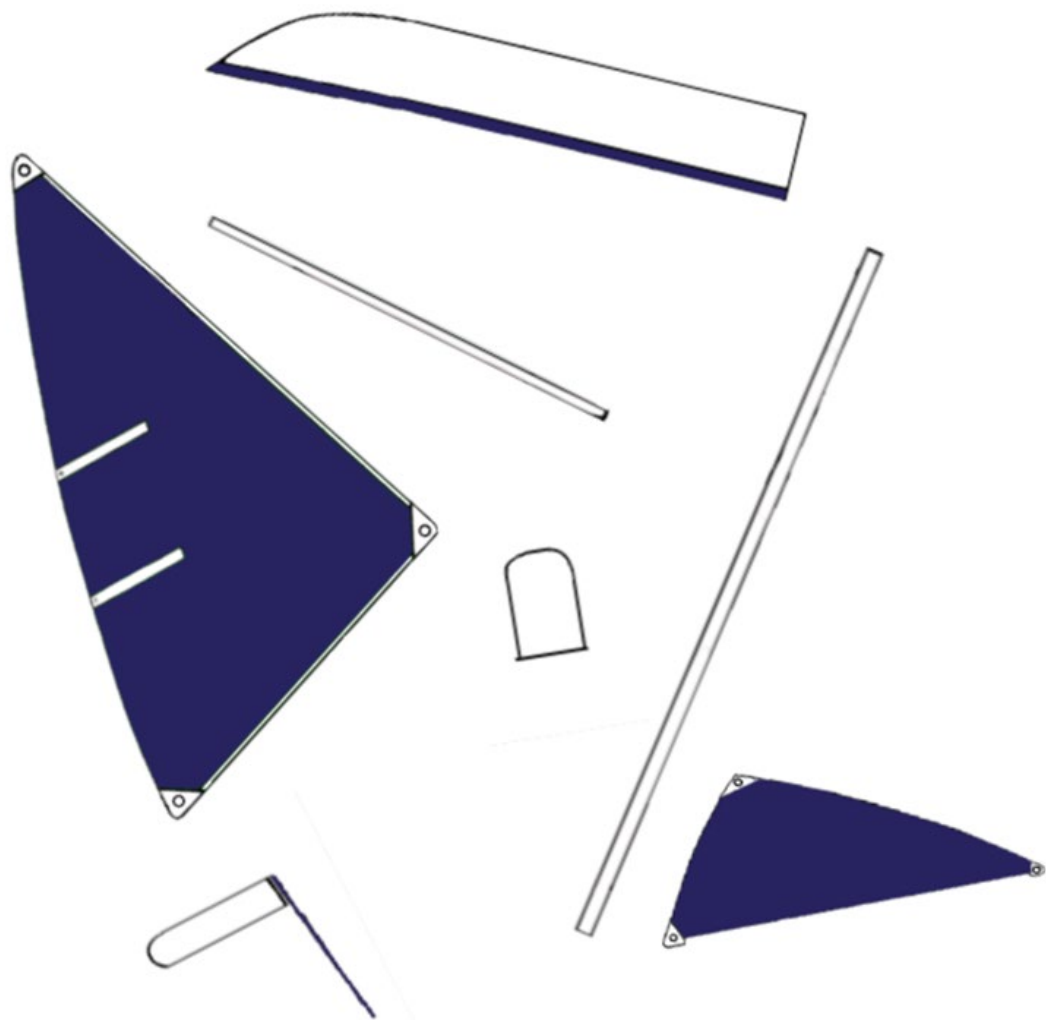
**Headsail:** Located at the front of a sailing vessel for the purpose of faster speeds and better handling. Come in various styles to adapt to different conditions. The size, angle, and type are all key to a consistent speed while keeping the crew and ship safe.



**Community Development:** Often looking to the future of the city, they help propel it forward more efficiently by ensuring compatible land use, long term investment, economic and housing vitality, building safety and livability.



# SV White Bear Lake



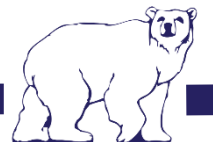
# 2023 Revised Budget

- Adopted budget planned for a deficit of \$670,021
  - Using unrestricted surplus cash to offset the difference
- Revised budget shows surplus cash is not needed
  - Multiple position vacancies
  - Higher year-to-date revenues
- Preliminary revised budget anticipates a surplus of \$55,776
  - A financial successful
  - Several departments have been significantly under staffed in 2023



# Budget Funding Analysis

- CARES / ARPA federal aid during COVID held property taxes low
  - Aid concluded returning the burden to both tax and non-tax revenues
- High-level analysis of past few years indicates expenditures are increasing faster than revenues
  - Equipment & supplies cost increases
  - Growing Fire Department
  - Personnel costs
- Future budgets will not be able to rely on surplus cash, unsustainable strategy
  - Either increase taxes further, generate additional non-tax revenues (user fees) or reduce services



# 2024 Preliminary Budget

## Significant Revenue Changes

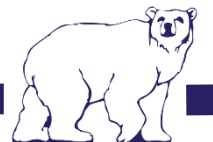
- Unavoidable decrease in building permit revenue (School district permits complete).
- Receipt of federal COVID aid has expired and is no longer a source of revenue. The City, like others, has relied on this funding over the past three years for operating and capital expenditures to offset property tax increases.
- Interest revenue estimates for the year are an extrapolation of allocated earnings based on the average cash balance as of 6/30/2023.
- Reduction of the Pavement Management Fund transfer of support for Engineering operations previously embedded in the Pavement Management Fund.



# 2024 Preliminary Budget

## Significant Expenditure Changes

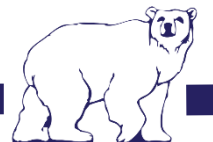
- Salary adjustments per the adopted Pay Plan and labor agreements and 3% COLA adjustment
- Increase in employee health insurance benefits
- Addition of two full-time firefighters/paramedics
- Addition of a facility maintenance position – effective July 1, 2024
- Emerald Ash Borer (EAB) diseased and dying tree removal program
- Zoning Code update project
- Critical incident appropriations
- Increase in miscellaneous technology costs and contract cleaning services





# Local Government Aid (LGA)

- Based on a complex formula to equalize a city's ability to provide an average level of service at a reasonable property tax rate. As a city's property values increase, the formula reduces the amount of aid distributed.
  - White Bear Lake began seeing decrease in 2021
  - 2023 Legislature reconfigured program formula, will receive additional \$467,020
- 2024 budget holds LGA assigned to the General Fund at the same level as in 2023.
  - Provides immediate assistance in tax relief for 2024 by providing additional non-property tax revenues.
- Could be reduced or eliminated in future
  - Will require increased property taxes to support operating and capital expenditures



# Public Safety LGA

- Will receive \$1,096,939 for recruitment, retention, and equipment costs for Police and Fire Departments.
- Use \$948,500 for operating and capital expenditures, leave remaining \$148,439 as unallocated until further analysis.

| Priority                           | Cost       | Ongoing Expense<br>(Capital / Operating) |
|------------------------------------|------------|--|
| Ambulance                          | \$ 340,000 | Capital                                  |
| Additional FF/Paramedic (1)        | \$ 135,000 | O  |
| SCBA Compressor Replacmement       | \$ 72,000  | Capital                                  |
| Police encrypted radios            | \$ 125,000 | Capital                                  |
| Police Policy & Training Software  | \$ 30,000  | O  |
| Police Admin. vehicle              | \$ 25,000  | Capital                                  |
| MASA Consulting                    | \$ 63,000  | O  |
| Police community engagement        | \$ 6,100   | O  |
| Fire community engagement          | \$ 3,100   | O  |
| NYFS crisis response contract      | \$ 29,000  | O  |
| Police officer training            | \$ 25,000  | O  |
| Fire officer training              | \$ 8,300   | O  |
| PS Facility gym renovation         | \$ 55,000  | Capital                                  |
| Fire Thermal Imagers               | \$ 28,000  | Capital                                  |
| Police cell phones                 | \$ 3,000   | O  |
| Fire Training Water Rescue Mannequ | \$ 1,000   | O  |



# Preliminary Tax Levy

- Using LGA to offset tax levy increase in the General Fund.
- Tax capacity rate of 27.755%.
- Will maintain fund balance between 35-50% as recommended by Office of the State Auditor and City Council Policy.

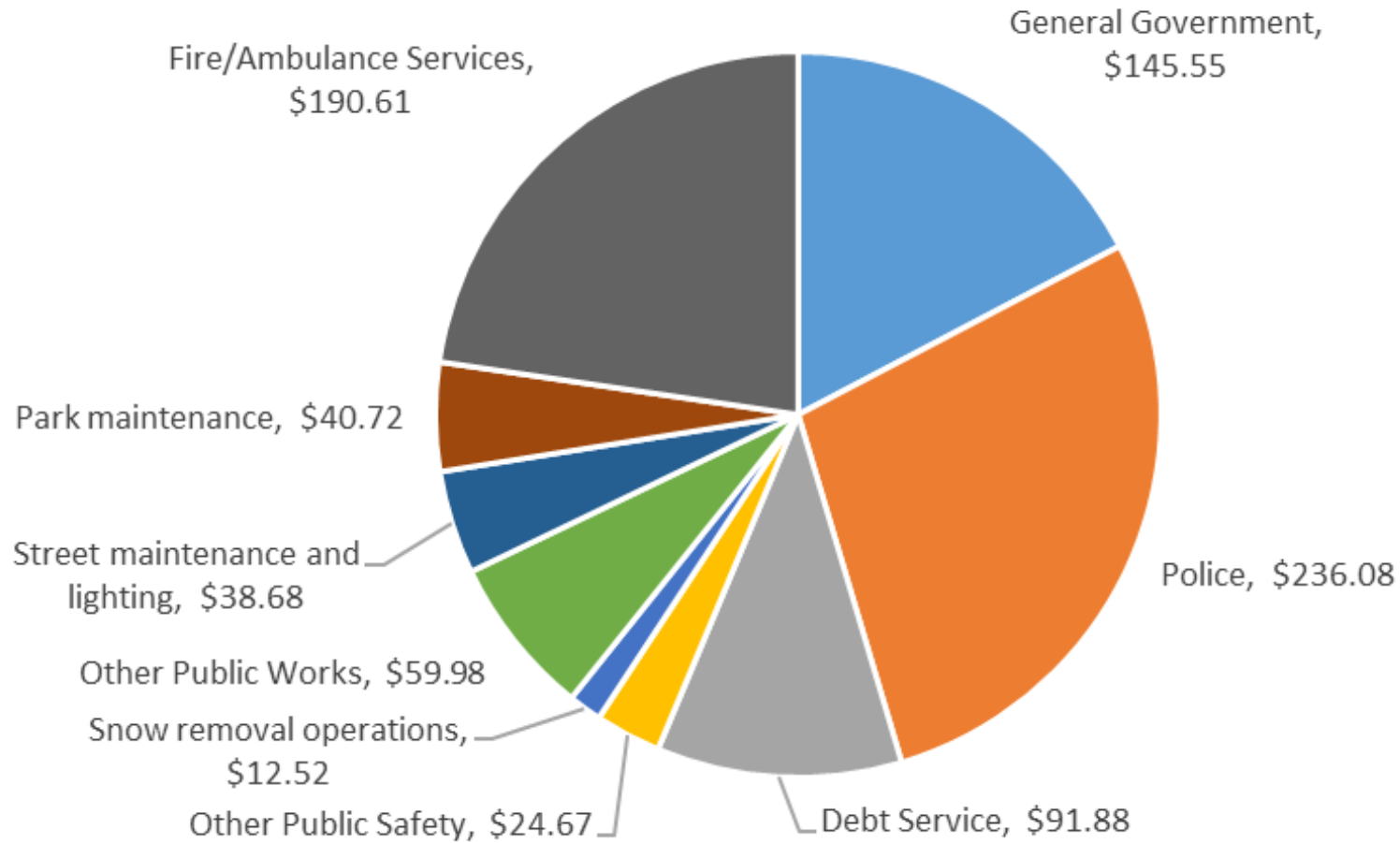
|   | Increase by Dollars | Increase by Percent |
|---|---------------------|---------------------|
| General Fund Operations                     | \$1,694,000         | 17.02%              |
| Public Safety Facility Project Debt Service | \$551,000           | 5.53%               |
| <b>TOTAL LEVY INCREASE</b>                  | <b>\$2,245,000</b>  | <b>22.55%</b>       |



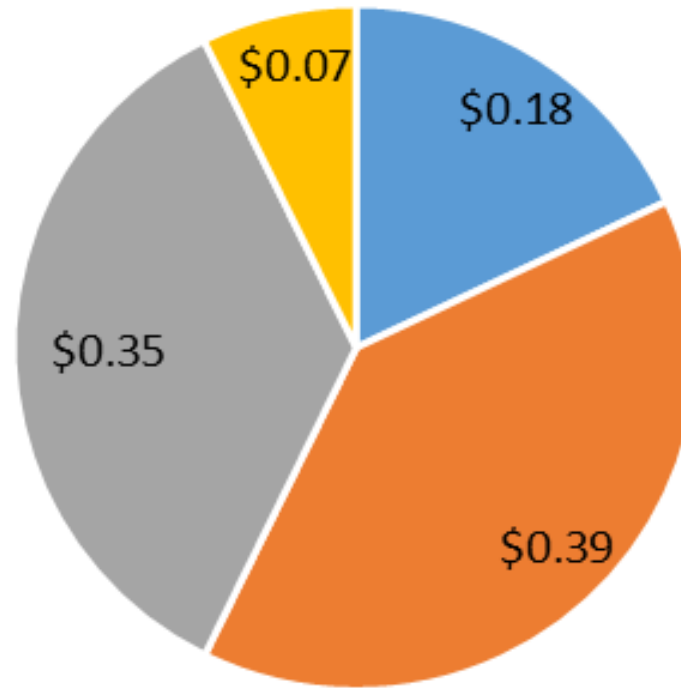
# Where do your annual City property taxes go?

Median Value Home \$312,100

Annual City Taxes \$840.70



# Where does your total tax dollar go?



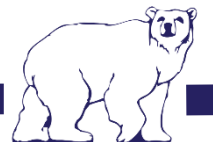
- City of WBL
- ISD #624
- Ramsey or Washington County, depending on property location
- Other Governmental Agencies, i.e. watershed districts



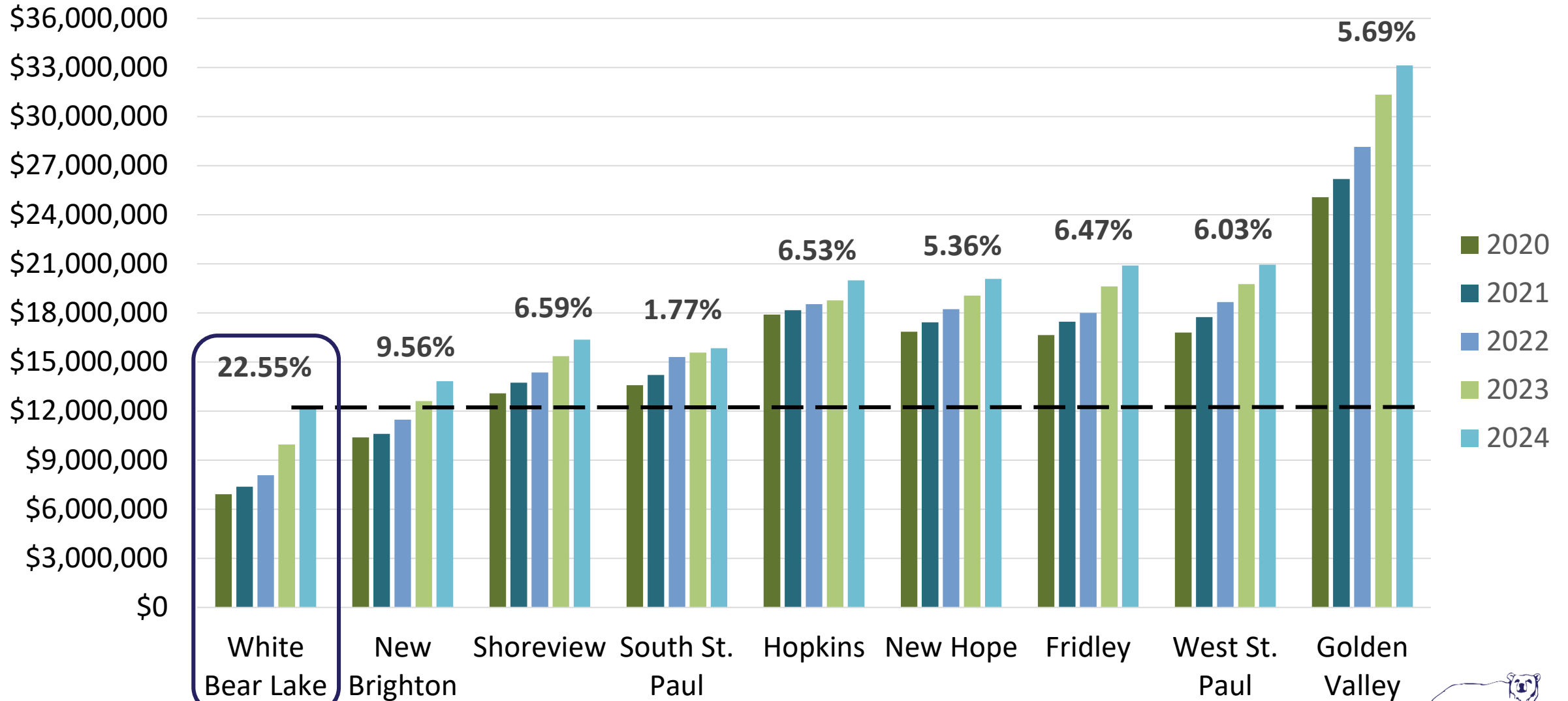
# Revenue Collection Comparisons

| City                   | 2022 Population Estimates | 2024 Proposed             |                  | 2022 Franchise |                   | Total      | Per Capita |
|------------------------|---------------------------|---------------------------|------------------|----------------|-------------------|------------|------------|
|                        |                           | Preliminary General Levy* | 2024 LGA         | Taxes          |                   |            |            |
| Golden Valley          | 22,034                    | \$ 33,122,430             | \$ -             | \$ 2,296,783   | \$ 35,419,213     | \$ 1,607   |            |
| West St. Paul          | 21,169                    | 20,946,655                | 1,831,673        | 3,680,934      | 26,459,262        | 1,250      |            |
| Hopkins                | 18,608                    | 19,991,875                | 1,081,012        | 1,160,763      | 22,233,650        | 1,195      |            |
| South St. Paul         | 20,489                    | 15,843,509                | 3,749,065        | 1,650,589      | 21,243,163        | 1,037      |            |
| New Hope               | 21,552                    | 20,075,245                | 1,306,156        | 959,744        | 22,341,145        | 1,037      |            |
| Fridley                | 29,962                    | 20,889,526                | 2,198,947        | 242,875        | 23,331,348        | 779        |            |
| New Brighton           | 23,405                    | 13,815,000                | 779,794          | 1,224,898      | 15,819,692        | 676        |            |
| Shoreview              | 27,141                    | 16,363,427                | -                | 1,631,875      | 17,995,302        | 663        |            |
| <b>White Bear Lake</b> | <b>25,067</b>             | <b>12,200,000</b>         | <b>1,201,009</b> | <b>336,014</b> | <b>13,737,023</b> | <b>548</b> |            |

\*These preliminary levies have not yet been formally adopted and are subject to change.



# Tax Levy Comparisons



# Recommendations

Staff recommends the City Council adopt the attached resolution approving the preliminary tax levy, as presented.

- The 2024 preliminary tax levy must be set no later than the September 26 Council meeting.
- The Council will hold the required truth-in-taxation (TNT) hearing and adopt the final tax levy and budget at the December 12 Council meeting.
- The Council may reduce the levy before final adoption in December, but may not increase it.

