

# Apple Valley

**2017 Budget and Tax Levy  
Preliminary Budget & Levy Adoption  
City Council Meeting  
September 8, 2016**

## Actions tonight

- Adopt Preliminary Budget and Levy
  - Sets maximum levy
  - Can be lowered but not increased
- Set date to discuss the budget and levy where the public is invited to attend.
  - Recommend Dec.8, 2016 (regularly Scheduled Council Meeting)

## Budget Considerations for 2017

- Economy Recovering
- State Budget Currently Experiencing Surplus
  - \$900 million surplus for 2016 (*State Revenue Dept , Feb. Forecast*)
    - Likely no change for Apple Valley
- Levy Limits Expired after 2014
- Residential Property Values Starting to Rise – increases scattered across wide range of increases
  - Results in loss of Homestead MVE for homeowner
- Commercial Property Values improving slightly 0.5%

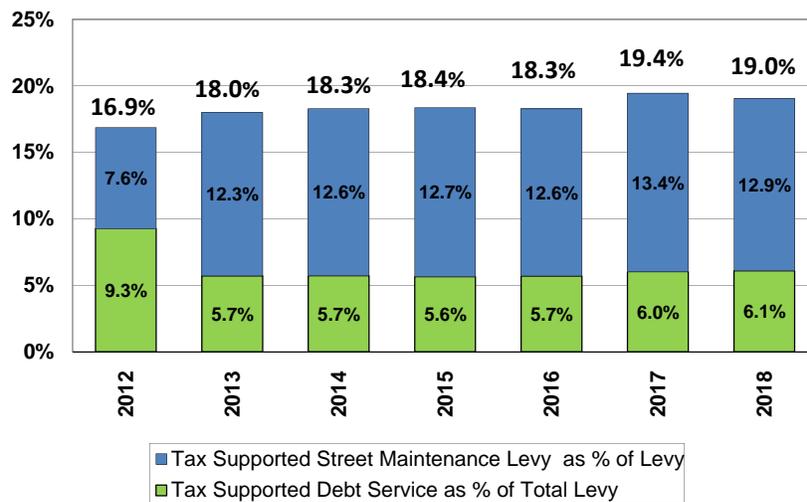
## 2017 Significant Impacts

- Median Home EMV increasing 2.88% (3.42% TMV)
- Homestead Market Value Exclusion (MVE) – The MVE residents receive will fall as their values increase.
  - Median Value home taxes will increase because of MVE drop
    - (\$3 of increase is attributed to the loss of MVE for '17)
- Pavement Management Levy Increase \$303,900, or 10%
- Comp Plan Update: 2017 - \$119,000
  - (\$80,000 g/f & \$39,000 util)
- Comp Plan Update: 2018 - \$ 45,000
  - (\$30,000 g/f & \$15,000 util)
- Water Meter Replacement Program to begin, \$2M in 2017

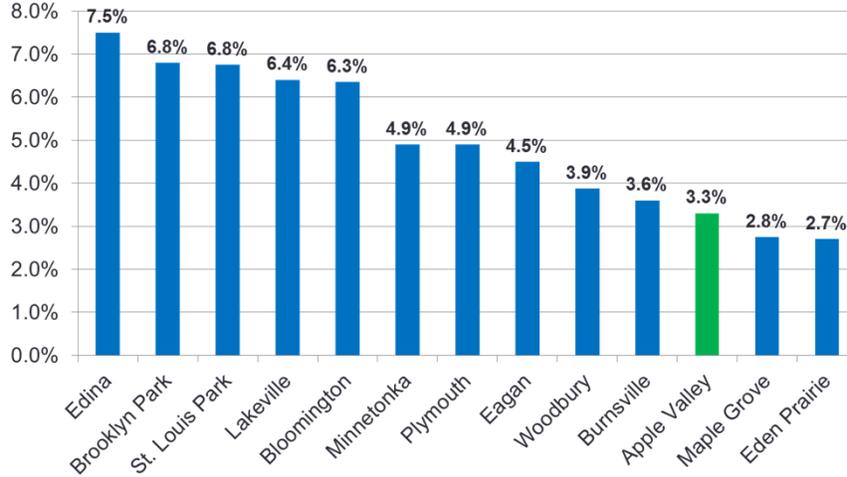
## Property Tax Levy Components

Levy Component	2016	2017	Difference	%Increase
<b>General Fund</b>	\$ 19,539,555	\$ 19,898,070	\$ 358,515	1.8%
<b>Street Maintenance Program</b> (levy supported)	3,028,200	3,332,100	303,900	10.0%
<b>Ice Arena Support</b>	121,000	121,000	-0-	0%
<b>Debt Service – Voter Approved</b>	936,000	962,000	26,000	2.8%
<b>Debt Service– all other levy supported</b>	433,245	536,830	103,585	23.9%
<b>Total</b>	\$ 24,058,000	\$ 24,850,000	\$ 792,000	3.3%

## 2017 Budget maintains support of debt service and street maintenance program



### Apple Valley's Preliminary Total Tax Levy - Moderate in Comparison to Comparable Cities (pay 2017 prelim)



Source: Minnetonka Survey – August 2016

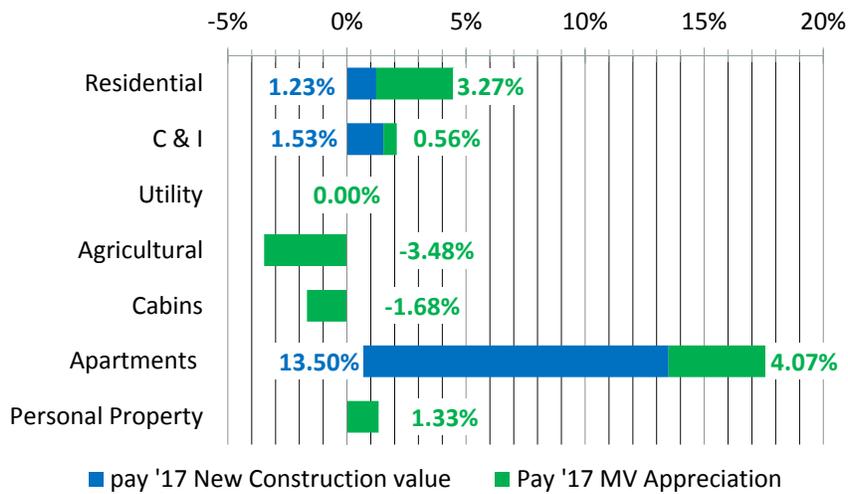
## VALUATION INCREASES AND TAX IMPACTS

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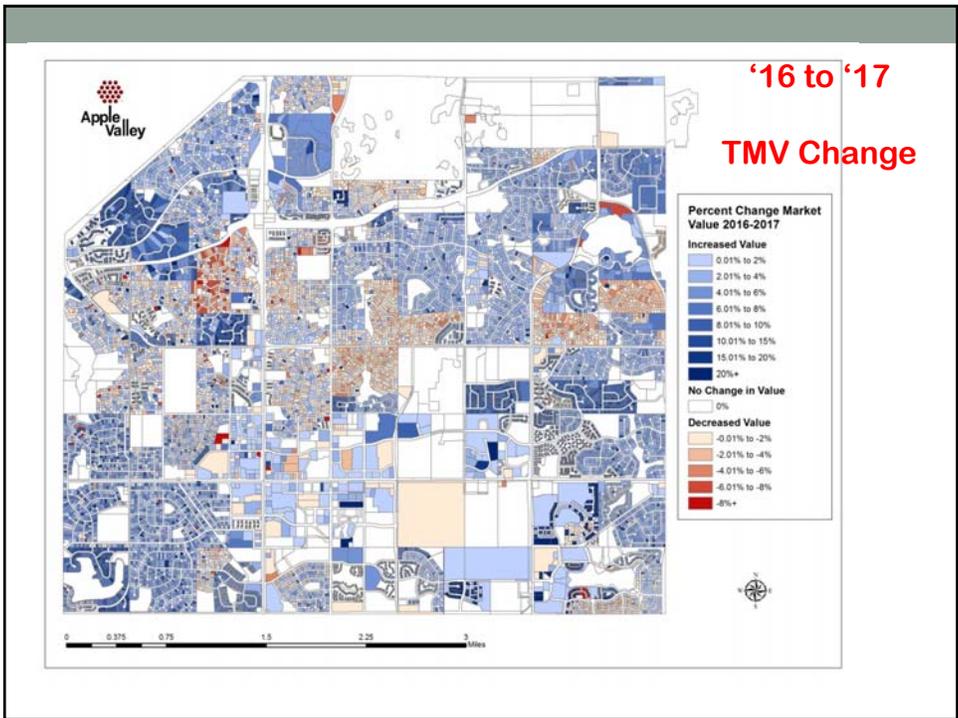
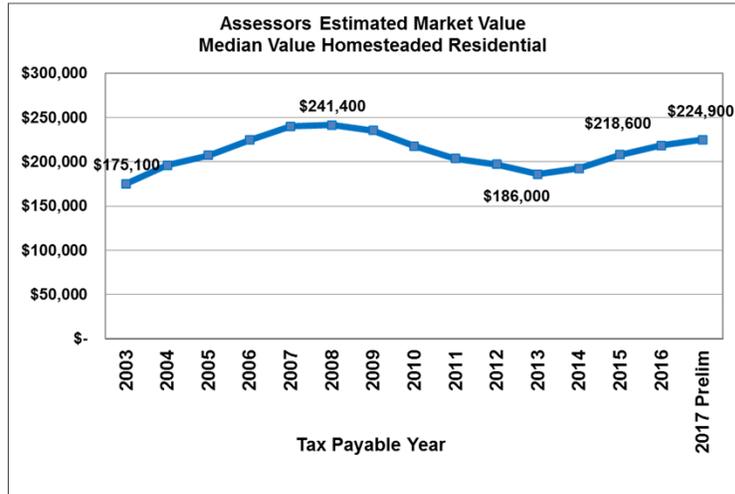
## Overall Property Values increase 4.95%

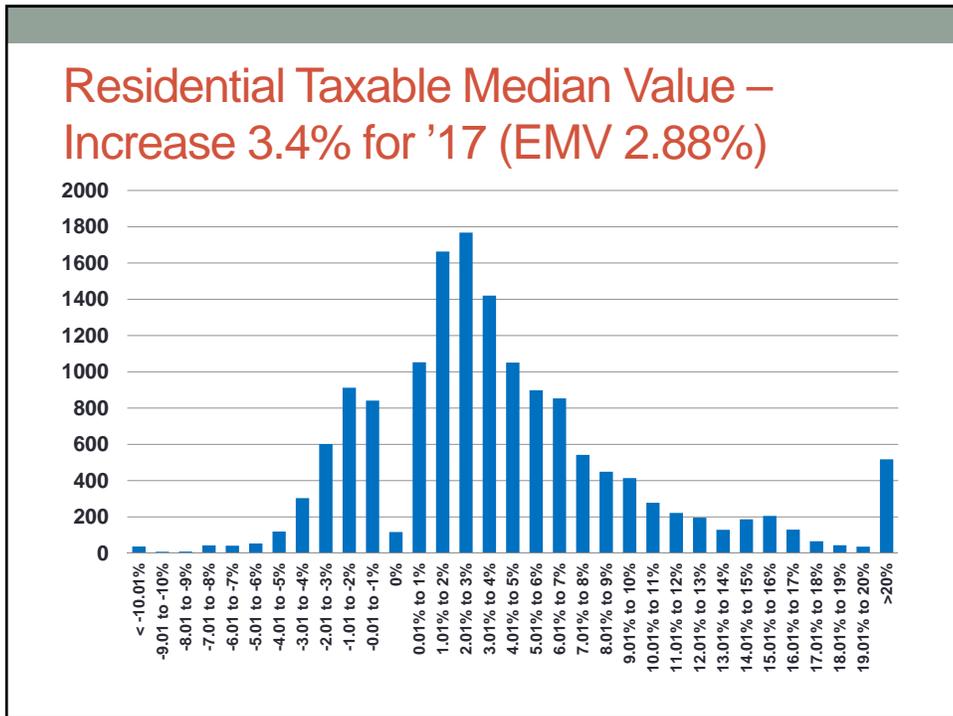
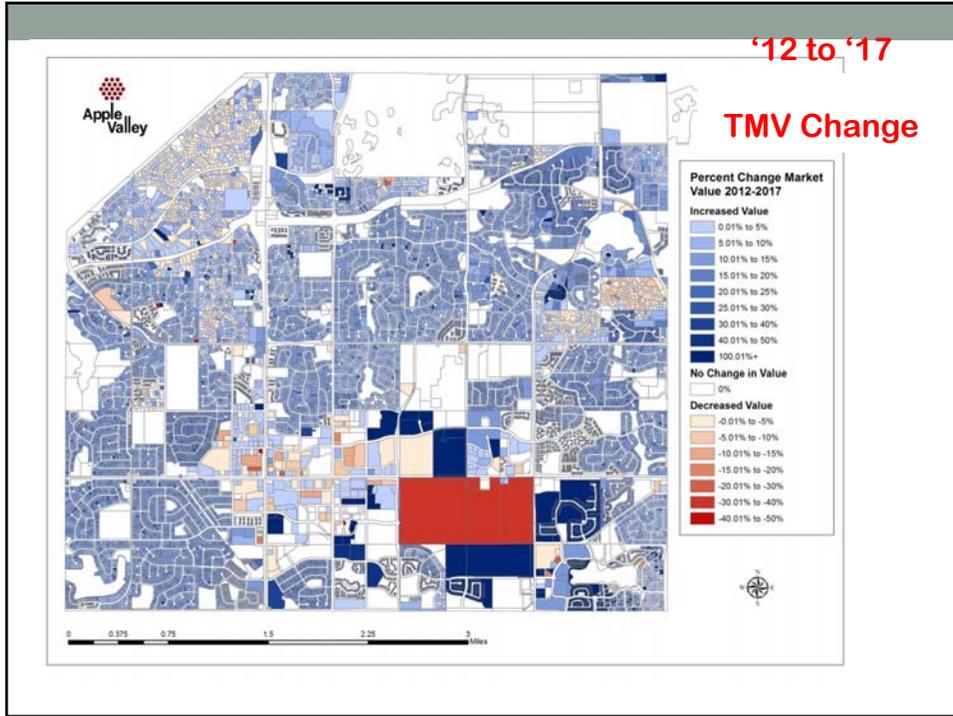
Property Class	Payable 2016	Payable 2017 (prelim.)	Change 2016 to 2017
Residential	\$3,647,678,812	\$3,814,821,161	4.58%
Comm./ Industrial	\$499,657,400	\$510,229,300	2.12%
Utility	\$12,977,100	\$12,977,100	0.00%
Agricultural	\$8,090,300	\$7,812,800	-3.43%
Cabins	\$256,400	\$252,100	-1.68%
Apartments	\$253,685,404	\$296,554,289	16.90%
Personal Property	\$42,548,000	\$43,230,800	1.60%
<b>Total</b>	<b>\$4,464,893,416</b>	<b>\$4,685,877,550</b>	<b>4.95%</b>

## Overall Preliminary Tax Capacity Increases 4.8% Overall

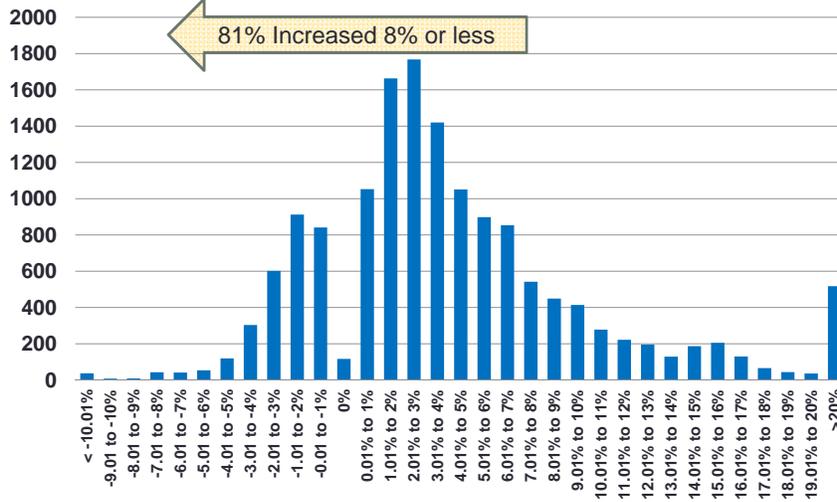


# Residential Property Values Recovering





## Residential Taxable Median Value – Increase 3.4% for '17 (EMV 2.88%)



## TAX IMPACTS TO MEDIAN VALUED HOME

### Sample Calculation (city portion only)

Property Value		224,900
Less Homestead MV Exclusion		<u>(16,999)</u>
= Taxable Market Value		207,901
State Class Rate		1.0%
= Tax Capacity		2079
Property Tax rate	x	<u>44.56%</u>
= Gross taxes paid		<u>\$ 927</u>
Plus Referendum		<u>44</u>
Property Tax Dollars Paid - City		<u>\$ 971</u>

### Sample House Example #1 Median Valued Home pay 2017

- Market Value \$ 224,900 that experienced **2.88% increase**
  - Represents the Median Sample Home in Apple Valley
- Levy for Proposed 2017 increase by \$792,000 or **3.29%**
  - Gen fund share of Levy increases (\$ 712,415)
  - Changes Tax Extension/Tax Capacity Rate from 44.72% to 44.56%
- Represents **50% of homes at this level or lower**

Property Taxes	2016	2017	Change
City	899	927	\$ 28
City Ref	44	44	\$ 0
Total	942	971	\$ 28
% Change			2.98%

**Sample House**

**Example #2 Median Valued Home in '16**

(experiencing 6.75% increase)

pay 2017

- Market Value \$ 233,356 that experienced **6.75% increase (8% inc in TMV)**
  - Represents the Median Sample Home in Apple Valley
- Levy for Proposed 2017 increase by \$792,000 or **3.29%**
  - Gen fund share of Levy increases (\$ 712,415)
  - Changes Tax Extension/Tax Capacity Rate from 44.72% to 44.56%
- Represents **81% of homes at this level or lower**

Property Taxes	2016	2017	Change
City	899	967	\$ 68
City Ref	44	46	\$ 2
<b>Total</b>	<b>943</b>	<b>1,013</b>	<b>\$ 70</b>
<b>% Change</b>			<b>7.5%</b>

**Sample House**

**Example #3 Median Valued Home in '16**

showing no increase

pay 2017

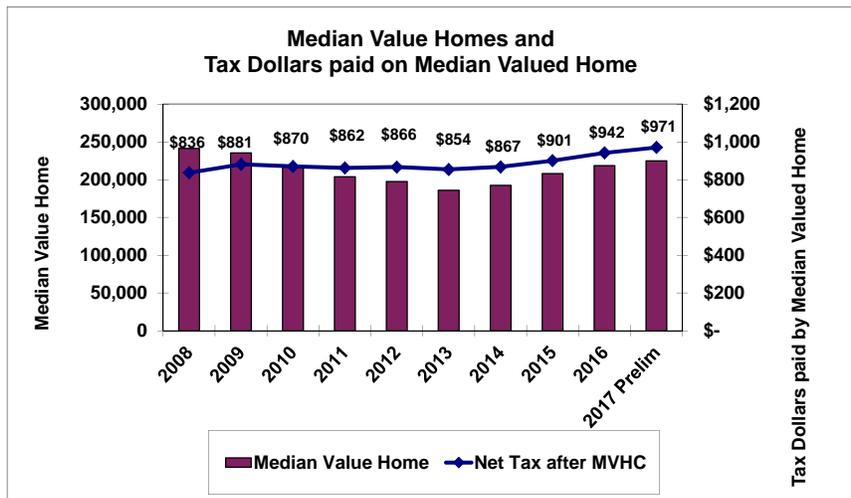
- Market Value \$ 218,600 that experienced **-0%, no increase**
  - Median Value home from 2016
- Levy for Proposed 2017 increase by \$792,000 or **3.29%**
  - Gen fund share of Levy increases (\$ 712,415)
  - Changes Tax Extension/Tax Capacity Rate from 44.72% to 44.56%
- Represents **20% of homes at this level or lower**

Property Taxes	2016	2017	Change
City	899	896	<b>( \$ 3)</b>
City Ref	44	43	<b>( \$ 1)</b>
<b>Total</b>	<b>943</b>	<b>939</b>	<b>( \$ 4)</b>
<b>% Change</b>			<b>-0.3%</b>

The Market Value Exclusion Program results in tax increase because of the increase in the Market Value

	2016 w/MVE	2016	2017 w/MVE	2017	Change In Value
Prop Value	218,600	218,600	224,900	224,900	
Less MVE	(17,566)		(16,999)		
= TMV	201,034	218,600	207,901	224,900	
Times class rate	.01	.01	.01	.01	
= Tax Capacity	2,010	2,186	2,079	2,249	
X tax Rate	44.720	44.720	44.577	44.577	
	\$ 899	\$977	\$927	\$1,002	
		\$ 78		\$ 75	\$ 3

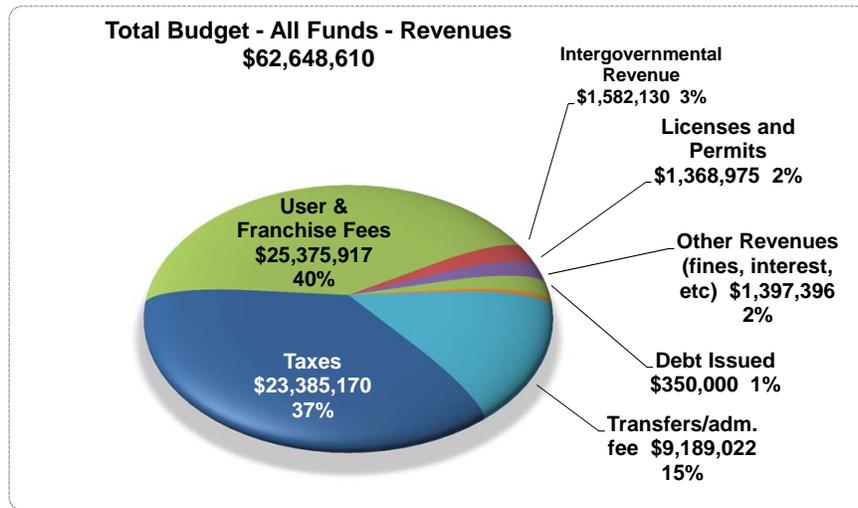
2017 Estimated City Tax Impact Averages 1.2% increase since 2009



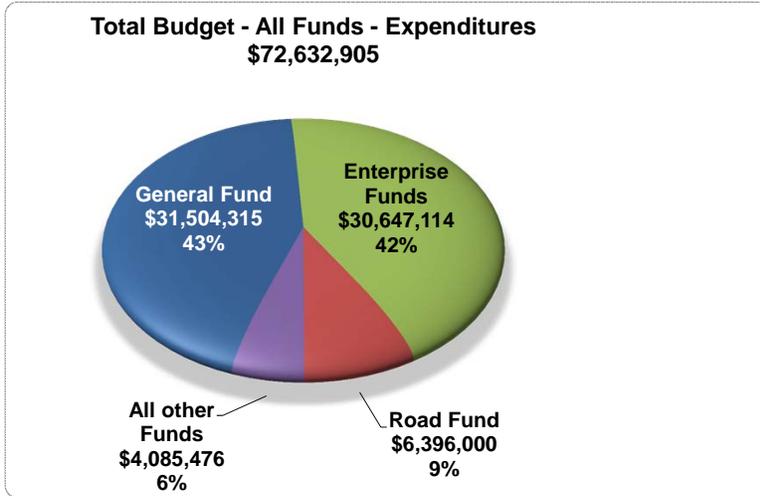
# TOTAL BUDGET

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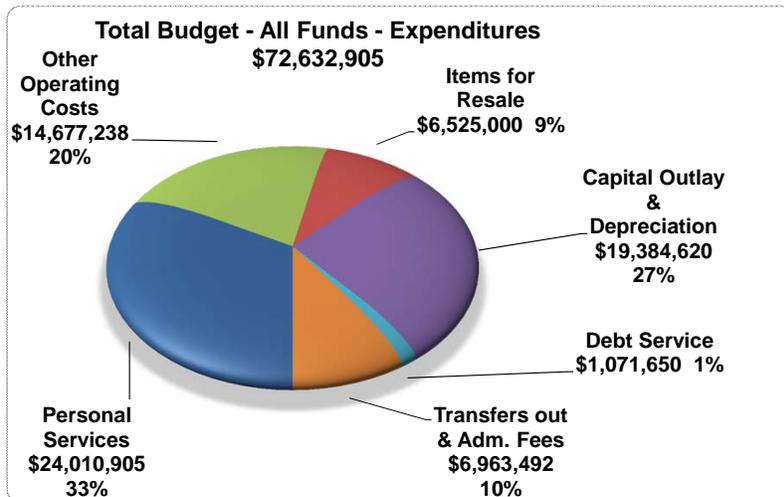
## Total Budget – All Funds - Revenues



## Total Budget – All Funds - Expense



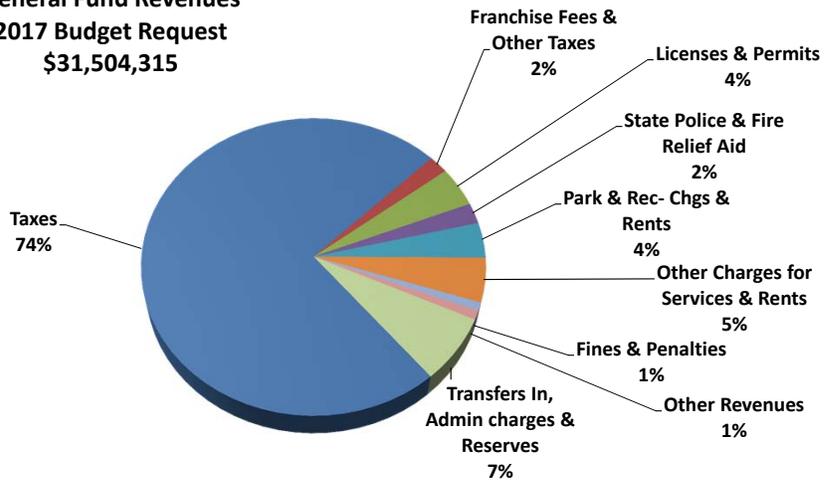
## Total Budget – All Funds - Expense



# GENERAL FUND

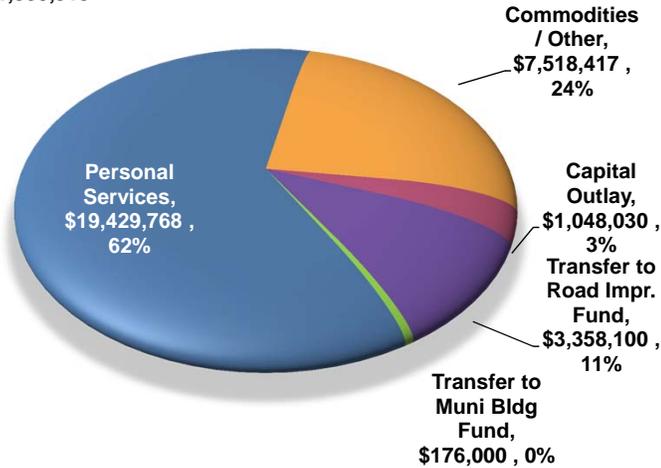
## 2017 General Fund Revenues

**General Fund Revenues**  
**2017 Budget Request**  
**\$31,504,315**



## 2017 General Fund Expenses

General Fund Expenses  
\$31,530,315



## Budget Items of note:

- Street Maintenance Program continues \$6.4M
- 2 police cars
- Fire command van
- 3 snow plows
- Park & Street Maint. vehicles & equip.
- Toughbook laptops for Police & Fire
- Five Development related position additions/ changes:
  - FT GIS position created (funding shared w/ water/ Sewer/ Storm/ Engineering)
  - FT Natural Resource Tech replaces FT PW Clerical Asst.
  - FT Engineering Tech
  - FT Bldg Inspector
  - FT Admin Support (shared Bldg Insp / Engineering)

## Budget Items of note: (cont'd)

- Resurfacing 3 tennis courts
- Trail resurfacing
  - (Savanick, Palomino)
- Aquatic Center-
  - Bathhouse floor resurface
  - Rental cabanas
  - Paint lap lanes
- Redwood – Community Room Improvements
- AVCC Sportcourt floor replacement
- New FT Position
  - Water Utility Maintenance
- Liftstation #5 replacement
- Valleywood reservoir rehab
- Meter replacement program \$2M

## Prelim Budget Accomplishes Objectives

- Residential Property Taxes will rise 2.98%
  - (\$28 per year or \$2.34 per month) for Median Valued Home (\$942 to \$971)
- Continues Goal of the City Council to not Specially Assess for the Annual Street Maintenance Program.
  - Includes Additional Transfer to Road Improvement Fund 2017 levy support = \$3,332,100 , \$303,900 increase of 10%
  - Applies the Additional Fiscal Disparities received
- Addresses Required Comp Plan Update
- Employee additions address development demands

## Budget Timeline Remaining

- Action Includes Setting Budget Meeting Date for December 8, 2016
- County to Send Parcel Specific Notices during 2<sup>nd</sup> and 3<sup>rd</sup> weeks of November
- Council to Hold Budget Discussion (TNT meeting), December 8<sup>th</sup>
- Adopt Final Budget and Tax Levy at December 8<sup>th</sup> Council Meeting (Backup date December 22<sup>nd</sup>)

## Action Required

- Adopt Resolution Adopting 2017 Proposed Budget and Property Tax Levy
- Motion to set 12/8/2016 as “Truth in Taxation “ meeting