



# Dakota County Budget Workshop

August 24, 2021

# Discussion Items



2022 Budget/Levy Decision Schedule

Financial Planning Assumptions

2022 Property Tax Base and Market Values

# Budget Development Process



June 22 – County Board Budget Workshop #1

August 24 - County Board Budget Workshop #2

September 7 - GGP Budget Update

September 21 - County Board Adoption of maximum levy

November 2-4 – County Board Budget Hearings

November 30 – CIP Public Hearings

November 30 – County Board Budget Public Hearing (“Truth-In-Taxation”)

December 14 – County Board Adoption of 2022 Budget

# Financial Planning Assumptions and Division Budget priorities

# 2022 Budget Planning Assumptions

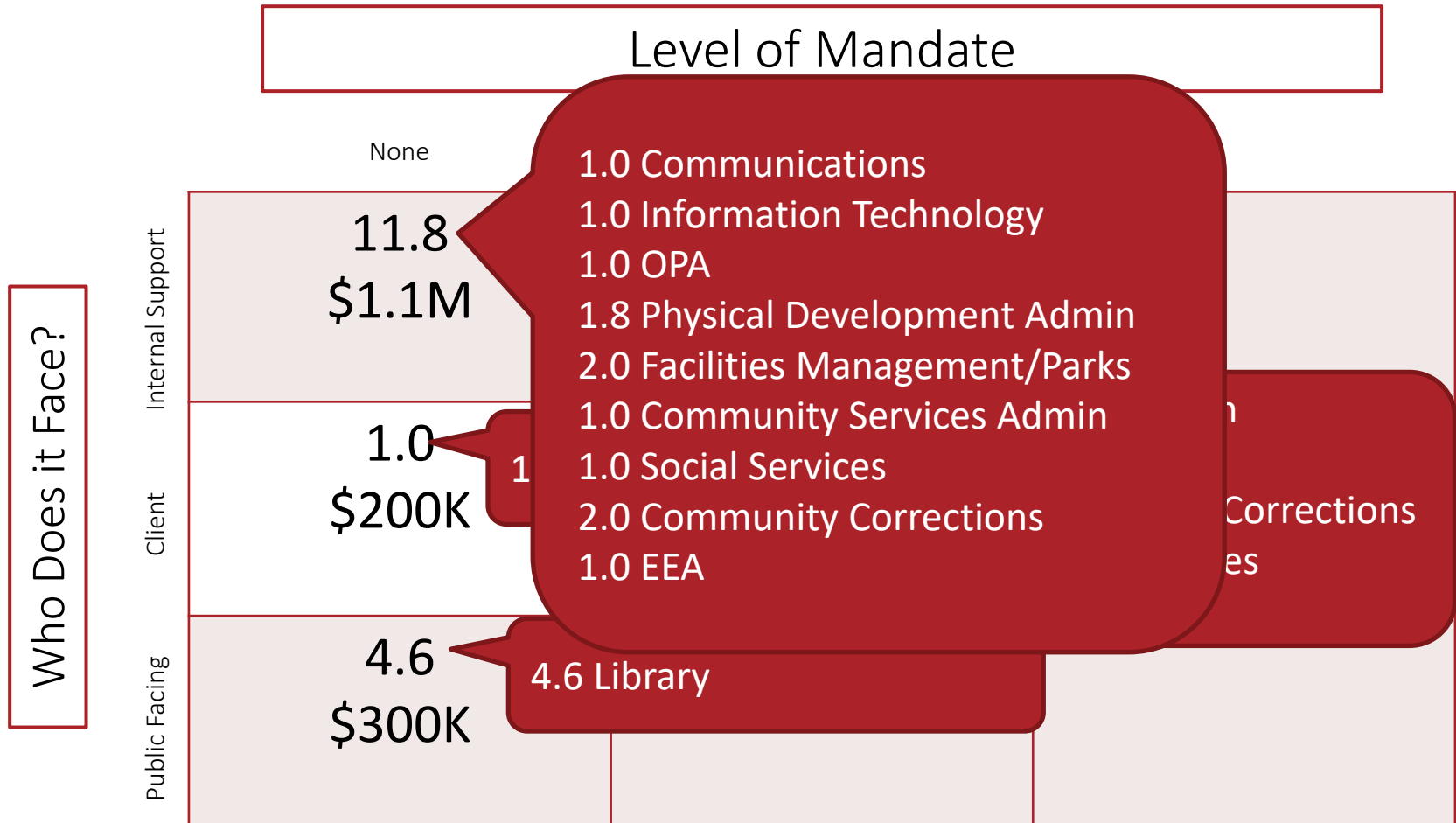


- Operating budget expense savings in travel, printing, and mileage
- CIP levy amount same as 2021
- Shift non-permanent salary expenses from levy funding to fund balance
- Additional State/Federal Revenues in Community Services Division
- Fees/Charges for Services adjusted based on preliminary 2022 Fee Schedule and history

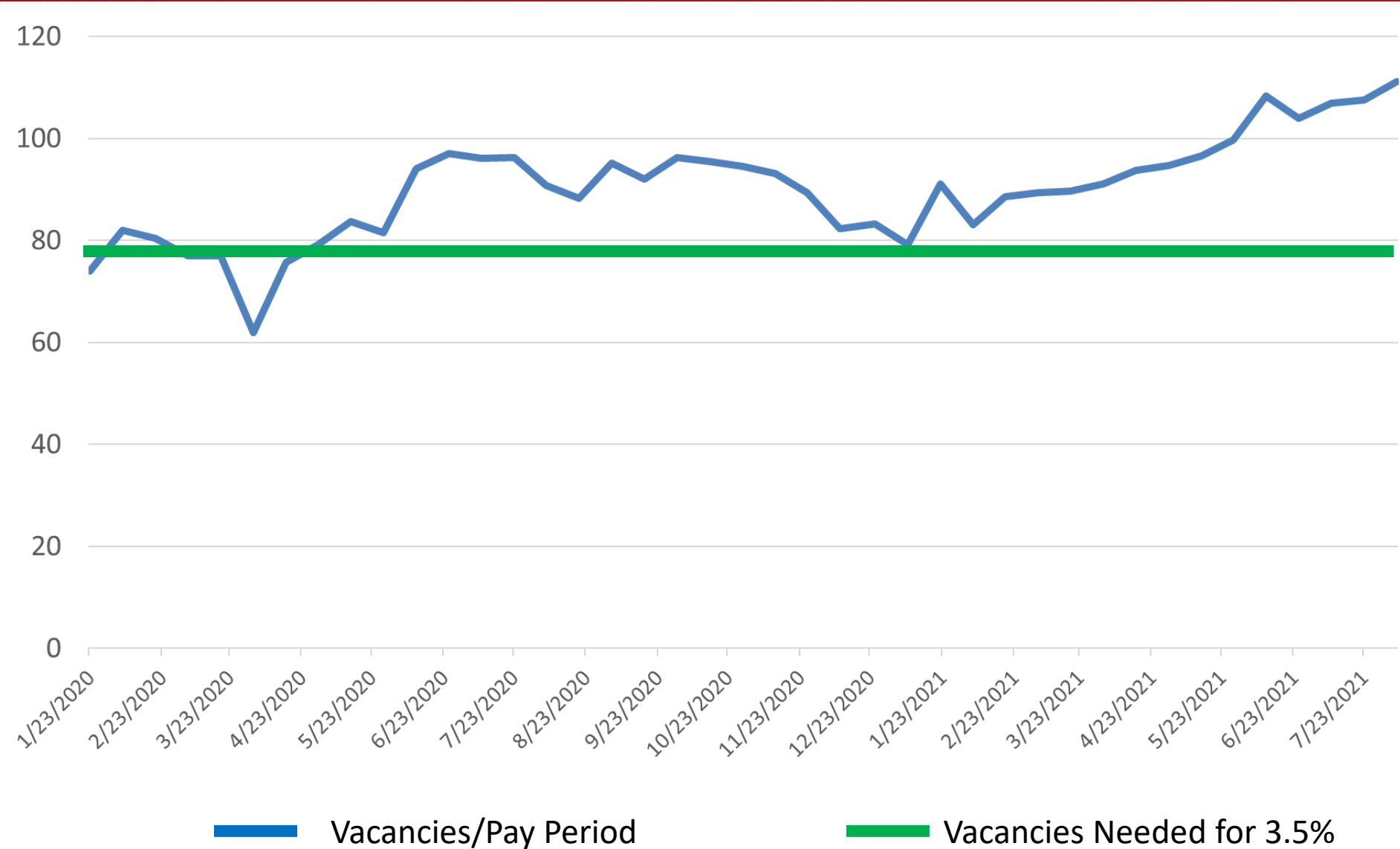
# Held Positions by General Type - \$2 Million



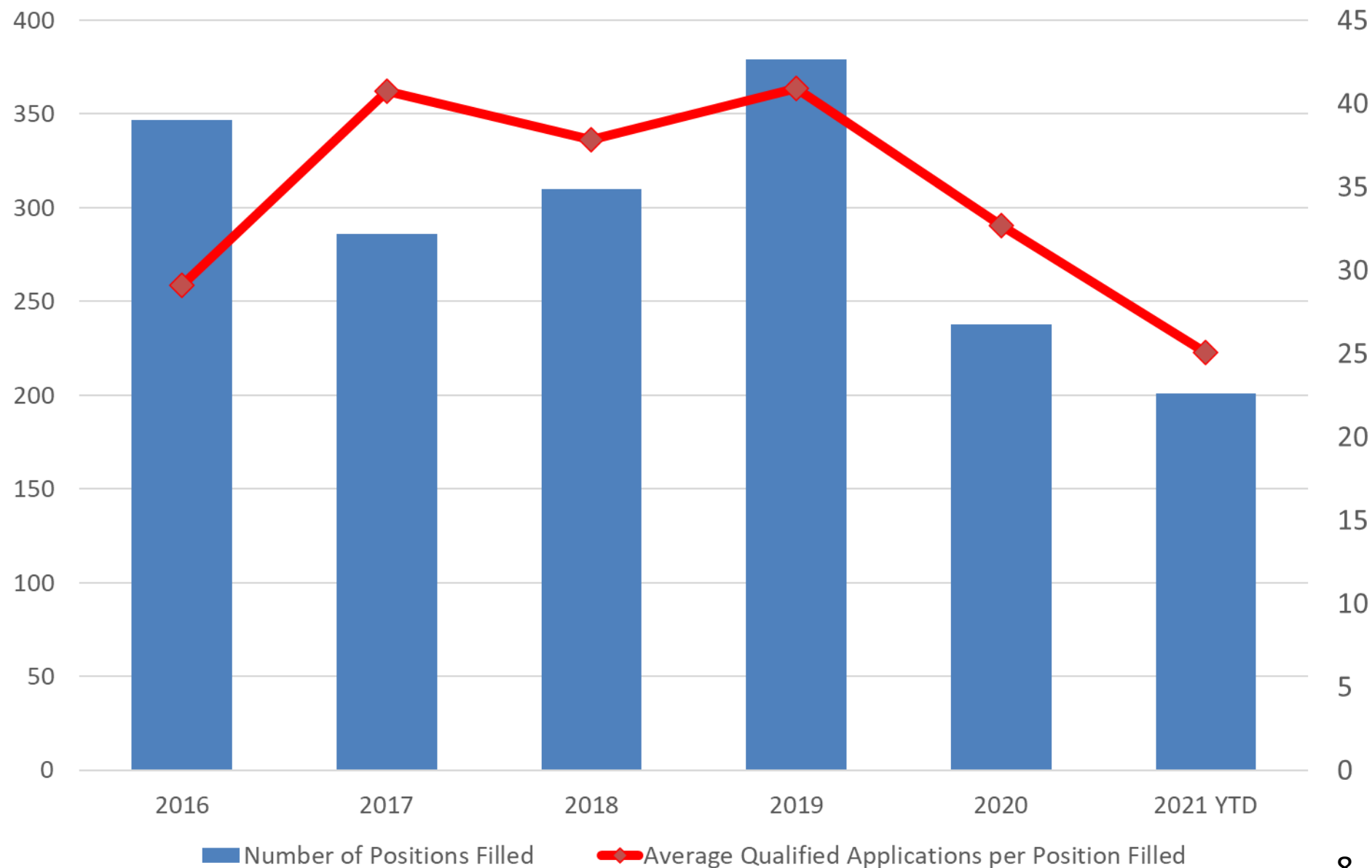
As of 8/5/2021



# Vacancy History



# Filled Positions vs Average Qualified Applicants/Position



# 2022 Planning Base Adjustments



	<u>\$ millions</u>
Total Net Permanent Personnel Cost Growth	\$ 3.90
Preliminary Inflation on Existing Contracts	<u>\$ 0.20</u>
<b>Total Net Preliminary Cost Growth (Levy Pressure)</b>	<b>\$ 4.10</b>
<u>Less:</u>	
3.5% Vacancy Savings (0.5% increase)	\$ (1.00)
Travel/Training, Office Support Costs, Printing Reductions	\$ (0.60)
Health Insurance	<u>\$ (0.48)</u>
<b>Remaining gap to cover</b>	<b>\$ 2.02</b>
<u>Less: Additional Revenues/Expense Savings</u>	
Change Fellow fundings/PD Planning Intern	\$ (0.25)
Additional Revenues	\$ (1.77)
Shift Financing from Levy to Special Funds	
LMA	
<b>Total Additional Savings</b>	<b>\$ (2.02)</b>
<b>New Net Levy Pressure</b>	<u><u>\$ -</u></u>

# 2022 Division Identified Requests



## 2022 Budget Summary Report - Operations

Requested Changes to Planning Base Summary

as of 8/19/2021

Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
Countywide Operations	-	-	-	-	-	
County Administration	-	-	-	-	-	
Physical Development	2.00	550,610	-	400,000	150,610	
Operations, Management and Budget	-	1,248,905	-	1,248,905	-	
Public Service and Revenue	-	228,948	-	228,948	-	
County Attorney	-	-	-	-	-	
County Sheriff	5.50	1,063,645	-	525,000	538,645	
Medical Examiner	-	-	-	-	-	
Community Services	54.25	9,424,522	5,009,396	1,469,183	2,945,943	2,901,706
<b>Total Requests</b>	<b>61.75</b>	<b>\$12,516,630</b>	<b>\$5,009,396</b>	<b>\$3,872,036</b>	<b>\$3,635,198</b>	<b>\$2,901,706</b>

# 2022 Budget Issues – Sheriff



- Patrol staffing
- Electronic Forensic Analyst
- Evidence Room Technician
- Employee recruitment, hiring and retention
- Jail staffing
- Jail Program Service Assistant
- Jail Management System – RFI in 2022
- Jail integrative health unit
- Expansion of body worn cameras into investigations, civil, jail, rangers
- Employee wellness check-ins – \$30,000 in 2021 a portion will rollover, additional request will be added
- Inmate care – Medication-assisted Treatment \$148,000 additional request will be added

# Sheriff Requests



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>County Sheriff</b>						
Additonal General Duty Deputy assigned to patrol	3.00	316,885			316,885	
- Squad cars/Equipment		200,000		200,000	-	
Evidence Technician	0.50	40,827			40,827	
Electronic Forensic Analyst	1.00	105,628			105,628	
Expansion of body-worn cameras		325,000		325,000	-	
1.0 FTE PSA to support coord. of services for jail inmates	1.00	75,305			75,305	
<b>County Sheriff Total</b>	<b>5.50</b>	<b>1,063,645</b>	<b>-</b>	<b>525,000</b>	<b>538,645</b>	

# 2022 Budget Issues – Physical Development



- Budget Pressures
  - Growth in Parks, Greenways and Natural Area Restoration/Management
  - Deferred facility maintenance and improvements
  - Static/Slight decrease in CSAH and SUT revenues
- Capital Project Staffing
  - CIP projects based on current staff delivery capacity
    - Additional staff capacity may be needed if CIP projects grow.
- New ERP Implementation
  - Improve financial reporting and transparency
  - Streamline administrative workload

# Physical Development Division Requests



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>Environmental Resources</b>						
Organics Incentive		400,000	-	400,000	-	
Total Requested Changes	-	400,000	-	400,000	-	
<b>Operations Management Services</b>						
Park Keeper II - FTE	1.00	75,305			75,305	
Buildings Maintenance II - FTE	1.00	75,305			75,305	
Total Requested Changes	2.00	150,610	-	-	150,610	
<b>Physical Development Division Total</b>	<b>2.00</b>	<b>550,610</b>	<b>-</b>	<b>400,000</b>	<b>150,610</b>	

- **800 MHz CEP** – Replacement of portions of the equipment and infrastructure purchase made in 2007 as many portions of the system are reaching the end of their useful life.
- **Increase Loss Reserve Fund** – Align forecast for estimated claim expenses based on 3-year average.
- **Project Portfolio Management Tool** – Select and implement countywide project management tool. Currently, multiple tools are used across the County and Divisions have, for several years, expressed the need for a more comprehensive tool.
- **Acquisition/Implementation of Customer Relationship Management (CRM) Tool** – In coordination with CS and PD, implement a tool to automate manual processes related to customer contacts and history.

# OMB Division Requests



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>Risk</b>						
800 MHz CEP		316,128		316,128	-	
Increase Loss Reserve Fund		182,777		182,777	-	
Total Requested Changes	-	498,905	-	498,905	-	
<b>Information Technology</b>						
Project Portfolio Management Tool		250,000		250,000	-	
Acquisition/Implementation of Customer Relations Mgmt (CRM)		500,000		500,000	-	
			-		-	
Total Requested Changes	-	750,000	-	750,000	-	
<b>OMB Division Total</b>	-	<b>1,248,905</b>	-	<b>1,248,905</b>	-	

- Demands for Law Library Services greater than pre-pandemic levels and anticipated revenue shortfalls will lead to funding gap
- Restoring Sunday hours and services in Library
- Service pressures and lines in Service and License Centers increasing
  - Line-queuing technology should help manage crowds
  - Remodeling Burnsville License Center spaces
- Busy election year along with redistricting
  - New automations will help streamline operations and results reporting

# PSR Division Requests



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>Elections</b>						
Modems for ballot counters - CEP		60,000		60,000	-	
Total Requested Changes	-	60,000	-	60,000	-	
<b>PSR Admin</b>						
Law Library - Revenue Loss Replacement		115,000		115,000	-	
Total Requested Changes	-	115,000	-	115,000	-	
<b>Library</b>						
Replace Public copier/printers - CEP		53,948		53,948	-	
Total Requested Changes	-	53,948	-	53,948	-	
<b>PS&amp;R Division Total</b>	-	<b>228,948</b>	-	<b>228,948</b>	-	

\* 2022 base budget includes funding for Sunday library hours FTE costs

# 2022 Budget Issues Community Services



- Ensuring we can continue priority work already in progress
- Increased service demands
  - Mental Health Crisis continuum
    - Immediate crisis response
    - Expanded follow-up services (Coordinated Response)
  - Emergency Housing and Shelter services
  - Public Assistance (added over 10,000 cases (28% increase))
  - MnChoices
  - Child Welfare referrals anticipated to increase as school reopens

## Position Requests

	Fractional positions partially funded ongoing	Fully funded ongoing	Fully funded time- limited	ARP time- limited	Total
Existing positions	0.5	3	10	5	18.5
New positions	0.25	8.5	0	27	36
	0.75	11.5	10	32	54.25

## Funding Source

Non-FTE Expenses	\$3,845,000
FTE Expenses	\$5,579,522
Total New Expenses	\$9,424,522
External Revenue	\$5,009,396
Internal Funding Sources	\$1,469,183
Levy	\$2,945,943
Possible ARP Funding	\$2,901,706
Remaining Levy Balance	\$44,237

# Community Service Requests



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>Community Services Admin.</b>						
P2PW Service Manager	1.00	126,792	63,396		63,396	✗
P2PW Social Worker	1.00	110,243	46,512		63,731	✗
Total Recommended Changes	2.00	237,035	109,908	-	127,127	
<b>Employment and Economic Assistance</b>						
FAS II Position	0.25	44,376	22,188		22,188	
Emergency Cash Assistance		15,000			15,000	✗
Funding to cover reduced Community Living Infrastructure Grant			(18,734)	18,734	-	
Housing Financial Worker Position	1.00	88,756	44,378	44,378	-	
Time-Limited FAS II Positions	8.00	710,050	355,025	355,025	-	
Total Recommended Changes	9.25	858,182	402,857	418,137	37,188	

# Community Service Requests - Continued



Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy	Possible ARP Funding
<b>Social Services</b>						
Expand Crisis Follow-up, Coordinated	7.00	631,684		200,000	431,684	✗
Mental Health. Expand Mobile Crisis Response	10.00	1,123,594	600,000		523,594	✗
Mental Health. Community Agency Partnerships		300,000	300,000		-	✗
MH Civil Commitment Screening and Case Mgmt	2.00	220,486			220,486	✗
Limited Term Child Welfare Staffing (Truancy, Family Assessment, PSOP)	2.00	220,486			220,486	✗
Emergency Rental Assistance	10.00	1,109,599	1,109,599		-	
SHU Team	5.50	579,784	125,662	454,122	-	
Emergency Shelter		3,130,000	2,268,000		862,000	✗
Travel Trainer	0.50	52,975		52,975	-	
Communities of Color Outreach		400,000			400,000	✗
MnCHOICES Assessment	2.00	220,486		198,437	22,049	
Consumer Directed Services (CDS) Admin Support	1.00	93,370	93,370		-	
Employ Accord Staff	2.00	145,512		145,512	-	
System Trainer	1.00	101,329			101,329	✗
Total Requested Changes	43.00	8,329,305	4,496,631	1,051,046	2,781,628	
<b>Community Services Division Total</b>	<b>54.25</b>	<b>9,424,522</b>	<b>5,009,396</b>	<b>1,469,183</b>	<b>2,945,943</b>	

# 2022 Budget Issues – County Attorney



- Primary pressure point - addressing the major criminal case backlog.
- Goal set by MN Judicial Council is to reduce major criminal pending caseload by 20% every 4 months. If goal is met, it will take until June 30, 2023, to eliminate the backlog.
- ARP funding request to hire three, 2-year term limited staff (2 attorneys and 1 legal administrative assistant).
- Heavy caseloads:
  - 3 drug prosecutors have an average of 257 active cases – goal is 150-175
  - 13 general criminal prosecutors have an average of 211 active cases – goal is 125
- Currently have 11 active homicides encompassing 17 defendants.

**\*\* No 2022 Regular Budget Process Requests**

- Current openings in Communications and ER
- Increase support for IDE efforts countywide
- Interest in doing more proactive communications?
- ARP decision-making, implementation, reporting

**\*\* No 2022 Regular Budget Process Requests**

## **Items Planned for ARP Discussion**

- Mental Health Crisis Response
- Broadband
- ARP Administration and Reporting Support
- Criminal Justice Backlog

## **Addition Policy Decisions with Potential Budget/Levy Impacts**

- CJN JPA
- DCC
- Other Service Pressures (New Requests)

# DCC Financing Task Force



DCC Financing Task Force recommended County assume 100% of fixed costs beginning in 2022

- Total additional County cost by 2026: \$1.4 million
- 5 year phase in: County levy impact of additional \$290,000 levy growth each year

Subordinate Service District legislative proposal would allow per-call costs for Sheriff patrol area to be levied there (vs. countywide now)

- Total annual levy cost of \$356,299

Policy options for 2022 budget and levy:

- Defer any action for 2022 (potential to begin in 2023)
- Begin 5 year phase-in in 2022
- Partial (down-payment) contribution in 2022, commit to phase-in beginning in 2023
- Proposed 2022 Fee for DCC - \$626,234 (Reduction of \$26,450)

## Implication on Levy if Approved:

County Grant (from Fund Balance) to CJN: \$472,642/year for 5 years

Five Year Grant Total: \$2,363,210

Levy Savings for 2022 or future years: \$472,642

# Long-term Budget Issues



- South St. Paul Library (if it proceeds)
  - Capital Costs
  - Operations and levy implications
- Expansion Greenway System/Buildings/Transportation
  - Ongoing operation cost needs for system expansion
  - Project design and delivery capacity
- Personnel Costs
  - Bargaining units all settled for 2022
  - Bargaining again in 2023+

# 2022 Property tax base and market values

# 2022 Property Tax Base



Total county net tax capacity will increase by 5.76% for taxes payable in 2022

- If tax levy collected remains at 2021 total, County tax rate will decrease 5.67%
- If County tax rate from 2021 is maintained, total County tax collections would increase approximately \$8.9 million next year

Trends in values vary by property type

# Market Value Summary



Property Taxes Payable in 2022 (2021 EMV):

Residential Average Increase 3-7%

- Median Market Value \$308,300 (+5.8%)
- Mean Market Value \$329,698 (+5.6%)

Apartments – 8.4% aggregate increase

Commercial/Industrial – 1.97% aggregate increase

Agriculture:

- EMV increased 2.5%
- TMV increased 6.55%

# 2022 Property Tax Trends and Impacts: Homes



## Median Residential Homestead

2021 EMV: \$291,400

2022 EMV: \$308,300

Median MV Increase: 5.80%

Levy	County Tax		
Increase	Change	%	Change
0.00%	\$3.37		0.53%
1.00%	\$10.61		1.67%

\*The Homestead Market Value Exclusion phases out at a rate of 9% as market value increases above \$76,000. It phases out entirely at \$413,800.

# 2022 Property Tax Trends and Impacts: Farmland



## Agricultural per Acre

Pay 2021 EMV: \$7,903

Pay 2022 EMV \$8,000

Median MV Increase: 1.23%

Levy	County Tax		
Increase	Change	%	Change
0.00%	(\$0.40)	-4.51%	
1.00%	(\$0.31)	-3.43%	

# 2022 Property Tax Trends and Impacts: Business Property



## Mid-size Commercial/Industrial

2022 EMV: \$1,000,000

MV Increase: 0.33%

Levy Increase	County Tax Change	%	Change
0.00%	(\$147.13)		-5.35%
1.00%	(\$117.65)		-4.27%

# 2022 Property Tax Trends and Impacts: Apartments



## Mid-Sized Apartment

Pay 2022 EMV: \$1,000,000

Median MV Increase: 3.72%

Levy Increase	County Tax Change	%	Change
0.00%	(\$53.19)	-2.16%	
1.00%	(\$25.92)	-1.05%	

# Confirming Assumptions



- 0% Levy Increase for 2022
- Release Majority of Held Positions
- Limited net growth in positions added to regular budget
- Some budget decisions will move to ARP discussion (9/21)
- Direction on DCC
- Retain some flexibility going into 2023

# Budget Development Process



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# Questions