



# Dakota County, Minnesota

# 2020

Budget Workshop - 2

August 20, 2019



A premier county in which to live and work.



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# Longstanding Dakota County principles for financial management

## Structural balance:

- Match ongoing spending commitments with ongoing revenue streams to avoid future 'cliffs'

## Multi-year perspective:

- Recognize (and plan to fund) the future 'tails' of current spending decisions

## Prudent reserve levels and uses

- Maintain sufficient reserves to ride through the economic cycle
- Spend one-time funds for one-time purposes only

## Realistic budget plans and effective management

- Prudent estimates of revenues and costs in the budget
- Monitor and manage the adopted budget carefully

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## 2020 Budget/Levy Decision Schedule

- August 20– County Board Budget Workshop #2
- September 10– County Manager Recommendation of maximum levy
- September 24– County Board Adoption of maximum levy
- November 4-7 – County Board Budget Hearings

# **FINANCIAL PLANNING ASSUMPTIONS**

# Summary of Proposed Planning Parameters

- Preliminary cost pressure estimates
  - Labor Costs: ~4.2%
  - Non Labor Costs: 2.0%
- Internal reallocations aligned to cover current level 2019 cost pressures and revenue shortfalls
- Utilize a portion of Levy Management Account to reduce cost pressures on the 2020 levy
  - Retain some LMA for future years
- Caseload Growth/Prior Commitments & Pilots/New Initiatives (TBD)
  - Extent/Type
  - Funding

## 2020 Current Level Cost Increases

		<u>% Levy Increase</u>
2019 Adopted Levy	\$ 140.61	
Add: Expense Change		
Personnel Cost Increases	\$ 8.16	
Non-Personnel Cost Increases	\$ 0.63	
<u>Total Current Level Cost Increases</u>	<u>\$ 8.79</u>	
Less: Current Level Revenue Increase	\$ 0.60	
Total 2020 Current Level	<u><u>\$ 148.80</u></u>	5.8%

The above analysis of the 2020 current level includes an estimated \$600,000 of additional Employment and Economic Assistance federal revenue based on increased current level expenses.

# General Fund Unassigned Fund Balance

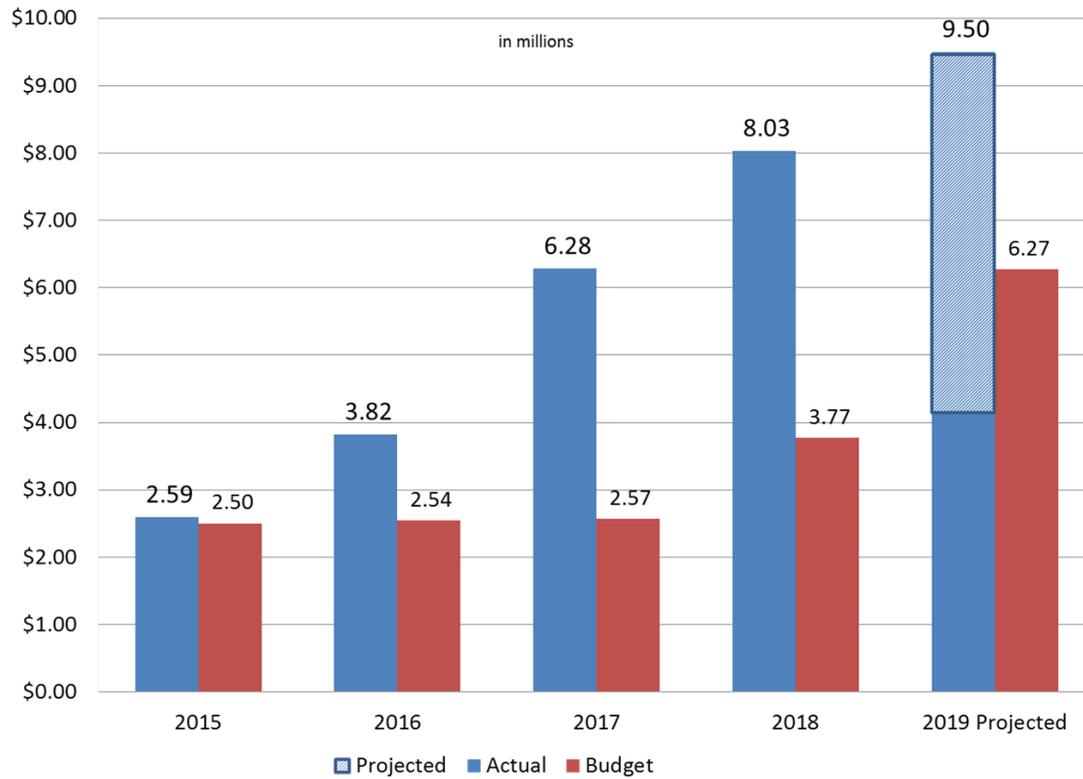
	In Millions						Preliminary 2024
	Unaudited 2018	2019	2020	2021	2022	2023	
Unassigned(Beginning Balance):	\$ 124.5	\$ 72.4	\$ 66.6	\$ 68.4	\$ 70.1	\$ 62.4	
Unassigned Increases:							
Contributions from Operational Savings or Revenue surpluses		8.0	8.0	8.0	5.0	4.0	4.0
LMA for CIP		6.0	1.4	-	-	-	
<b>Total Increases</b>		<b>14.0</b>	<b>9.4</b>	<b>8.0</b>	<b>5.0</b>	<b>4.0</b>	<b>4.0</b>
Unassigned Decreases:							
Parks CIP - Transfer		(3.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Parks 2018-2019 Carryover		(9.5)	-	-	-	-	
Building CIP - Transfer		(24.4)	(8.4)	(1.4)	(0.9)	(9.3)	(19.8)
Buildings 2018-2019 Carryover		(18.7)	-	-	-	-	
Data Networks CIP		(1.2)	-	-	-	-	
Data Networks 2018-2019 Carryover		(1.9)	-	-	-	-	
BIP/CEP		(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
BIP/CEP Carryover		(6.0)	-	-	-	-	
Medical Examiner Cost Share			(4.3)	(2.4)			
<b>Total Decreases</b>		<b>(66.1)</b>	<b>(15.1)</b>	<b>(6.2)</b>	<b>(3.3)</b>	<b>(11.8)</b>	<b>(22.2)</b>
Unassigned(Year-End Balance):	\$ 124.5	\$ 72.4	\$ 66.6	\$ 68.4	\$ 70.1	\$ 62.4	\$ 44.1
General Fund - Unassigned Fund Balance Policy Minimum (Inflated 3.1%/yr)	\$ 45.6	\$ 47.0	\$ 48.4	\$ 49.9	\$ 51.5	\$ 53.1	\$ 54.7
Variance		\$ 25.4	\$ 18.2	\$ 18.5	\$ 18.6	\$ 9.3	\$ (10.6)

\* Variances due to rounding

Projected use of fund balance is based on the adopted 2019-2023 CIP along with other known future needs.

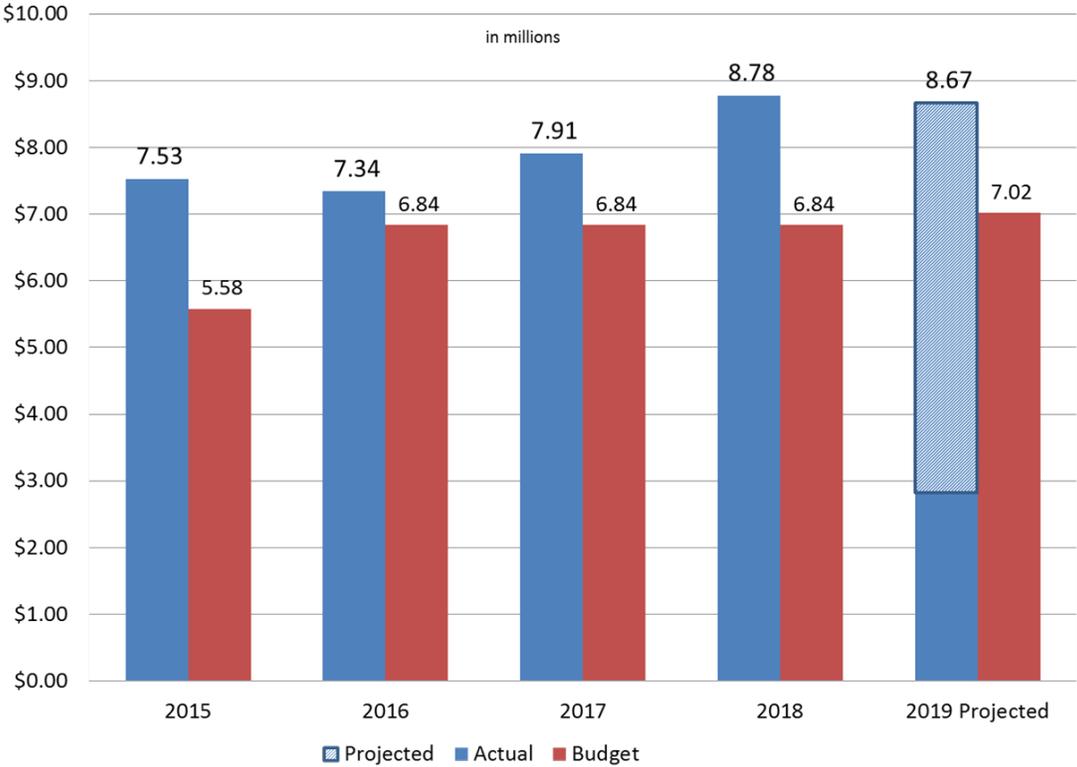
# Factors Impacting 2020 Budget

## Investment Earnings Revenue



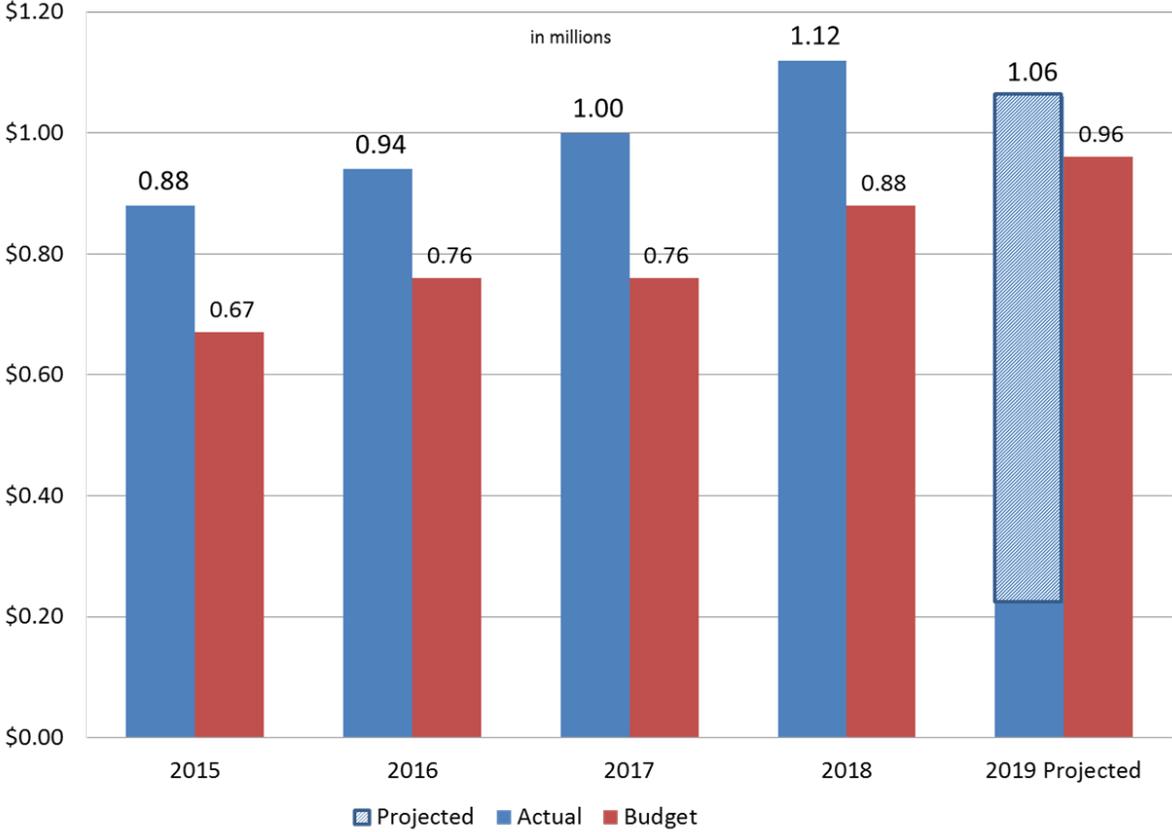
# Factors Impacting 2020 Budget

## Host Fees Revenues



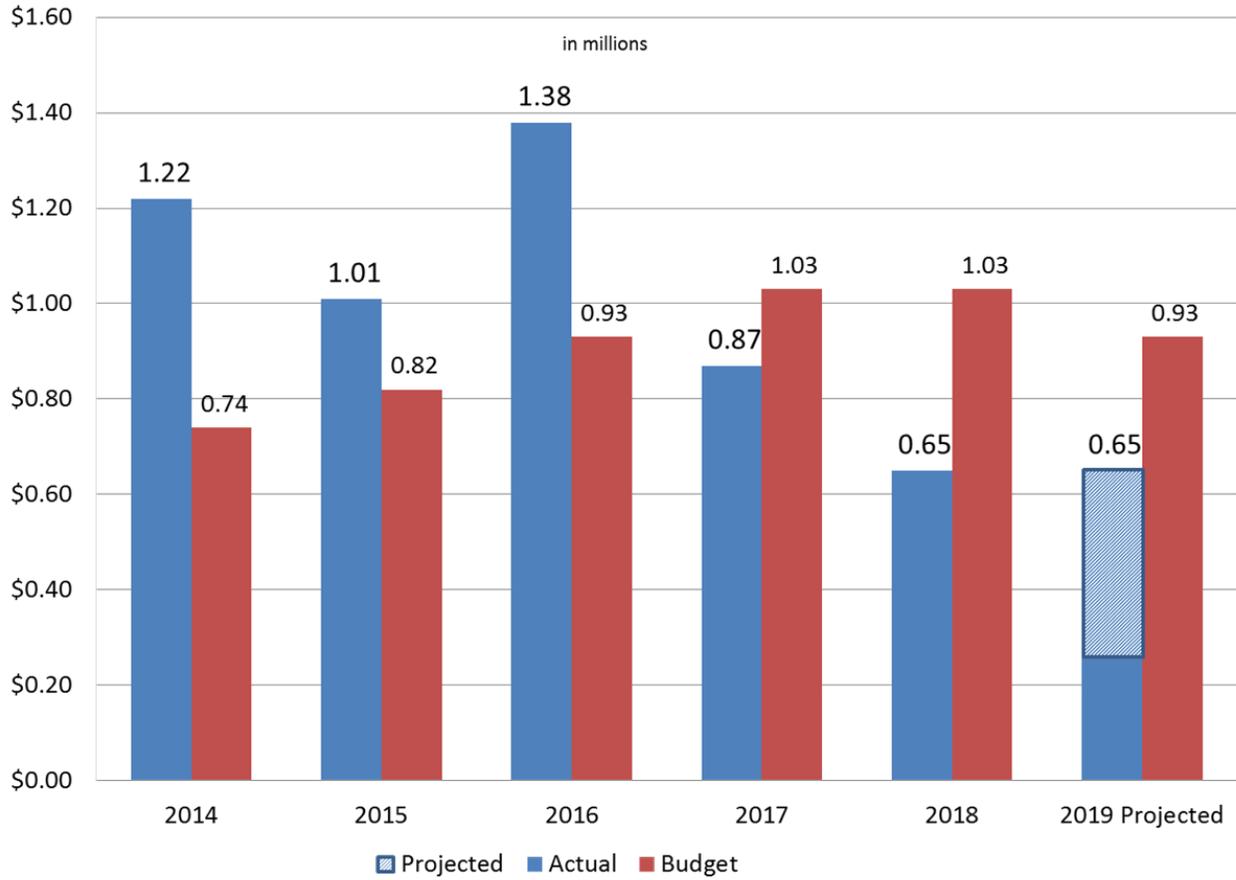
# Factors Impacting 2020 Budget

## Parks Fees Revenues



# Factors Impacting 2020 Budget

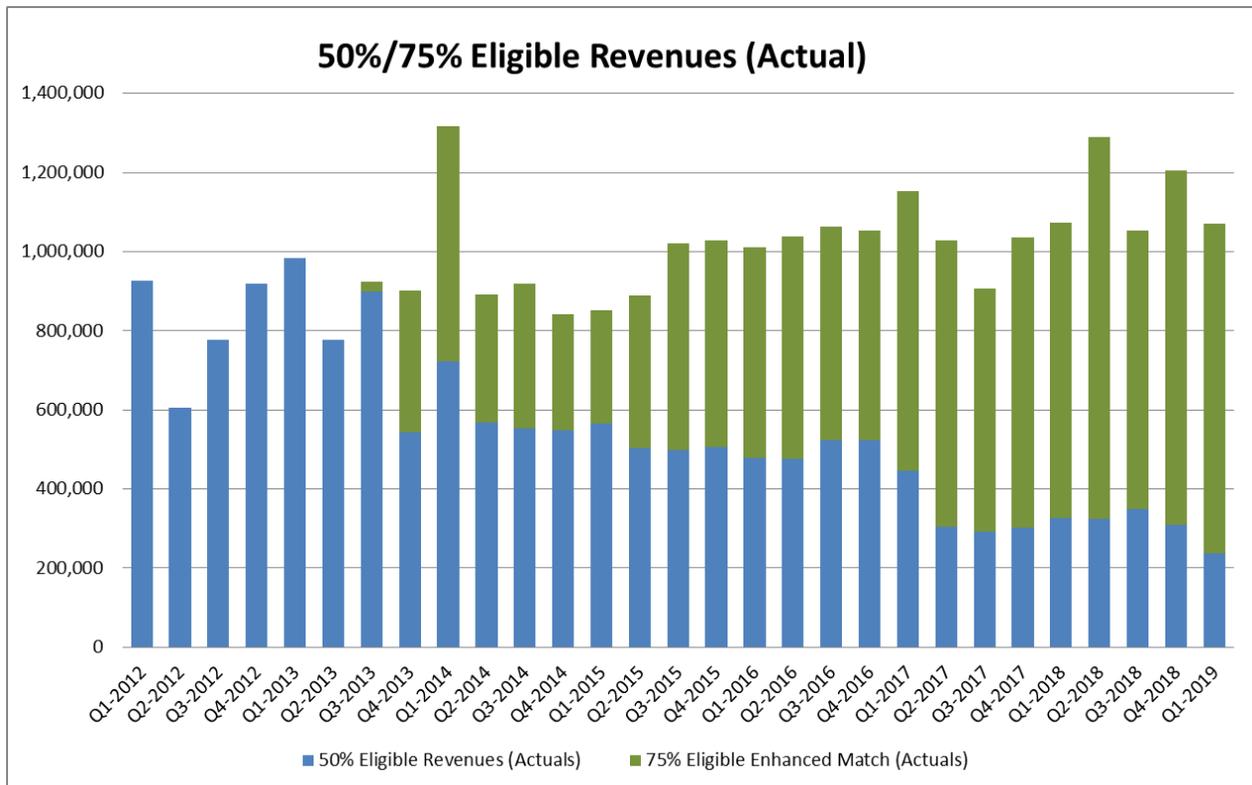
## Juvenile Service Center Fee Revenues



JSC revenues reached a historic low in 2018 and the trend is projecting to continue in 2019. Other facilities around the state are seeing similar reductions in juvenile bed fees.

# Factors Impacting 2020 Budget

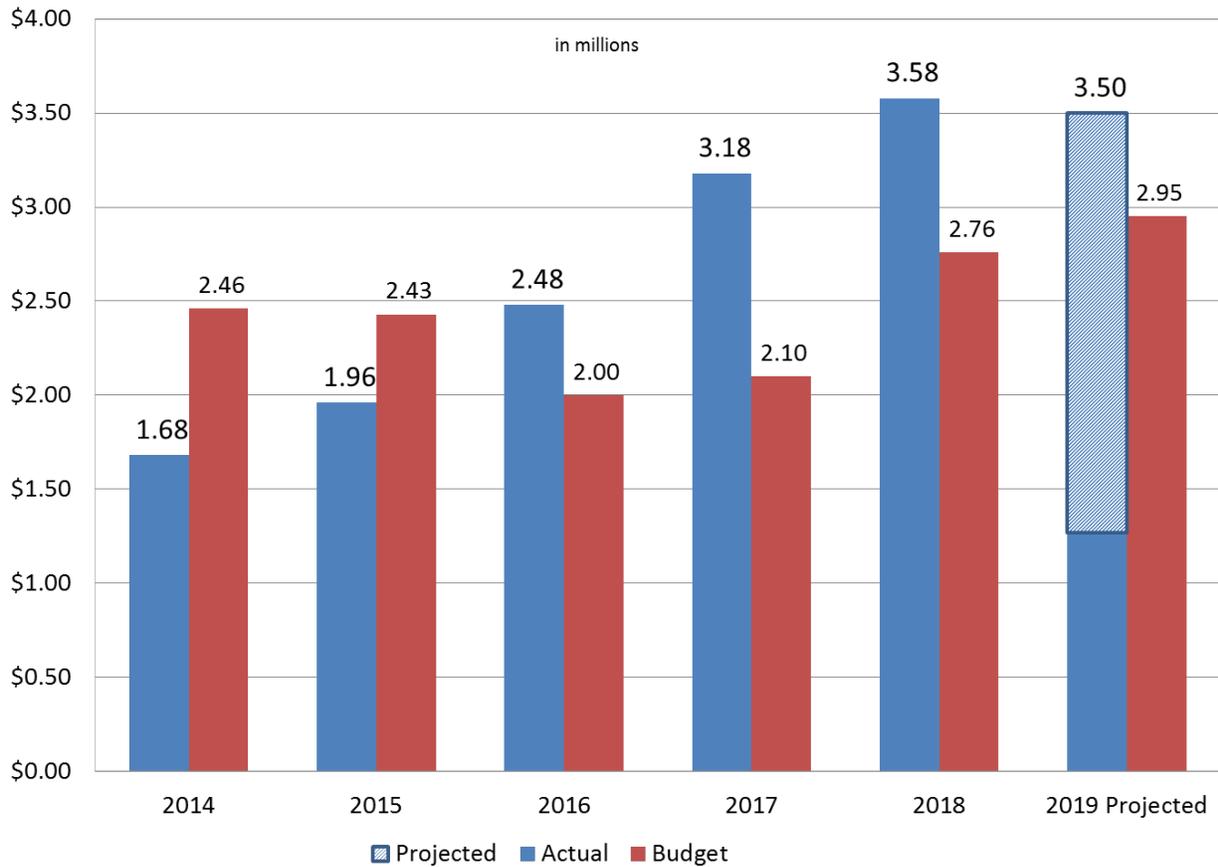
## Employment and Economic Assistance Federal Revenue



Changes to Random Moments trainings resulted in improved Enhanced Match revenues which have a 75% reimbursement rate compared to a 50% reimbursement rate. This change improved EEA’s overall revenues in 2017 by approximately \$500,000.

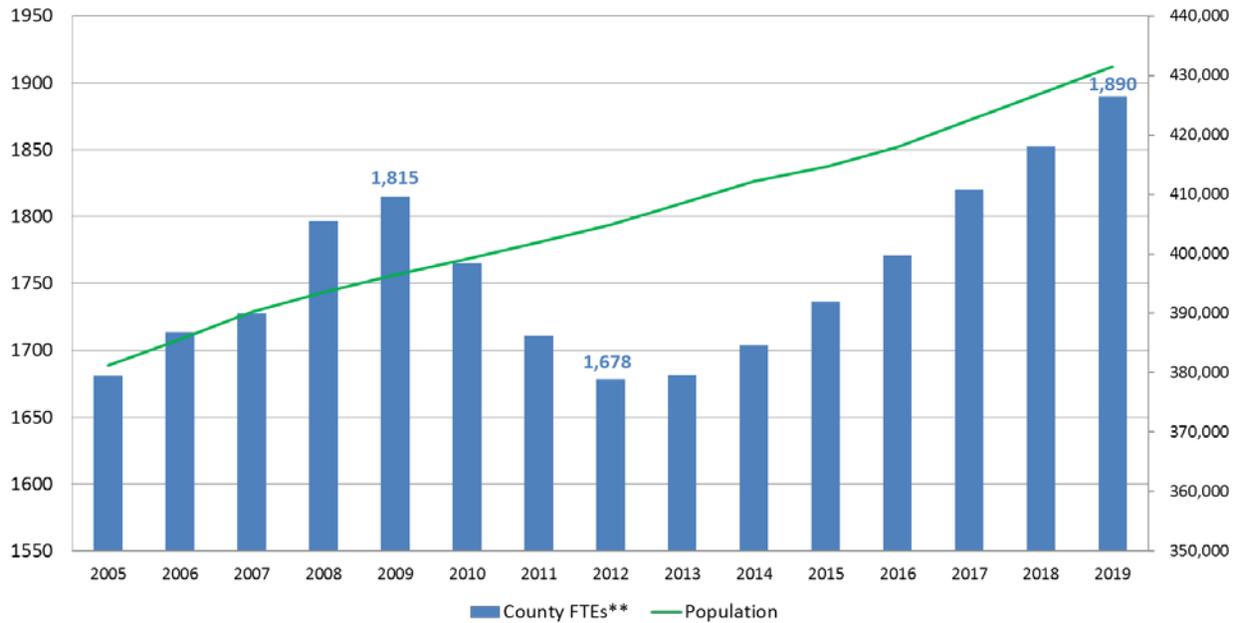
# Factors Impacting 2020 Budget

## Foster Care Expenses



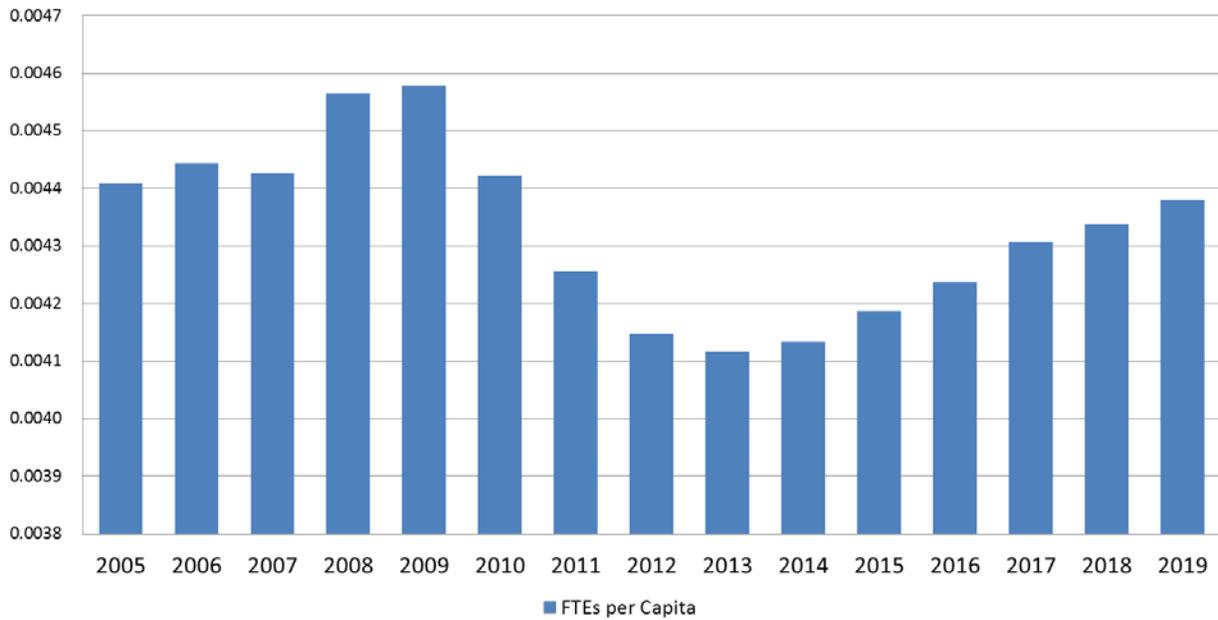
Expenses have exceeded budget since 2016. The budget has been increased annually since 2016, however based on history and projections it will need additional right sizing in 2020 of approximately \$500,000.

# FTE History



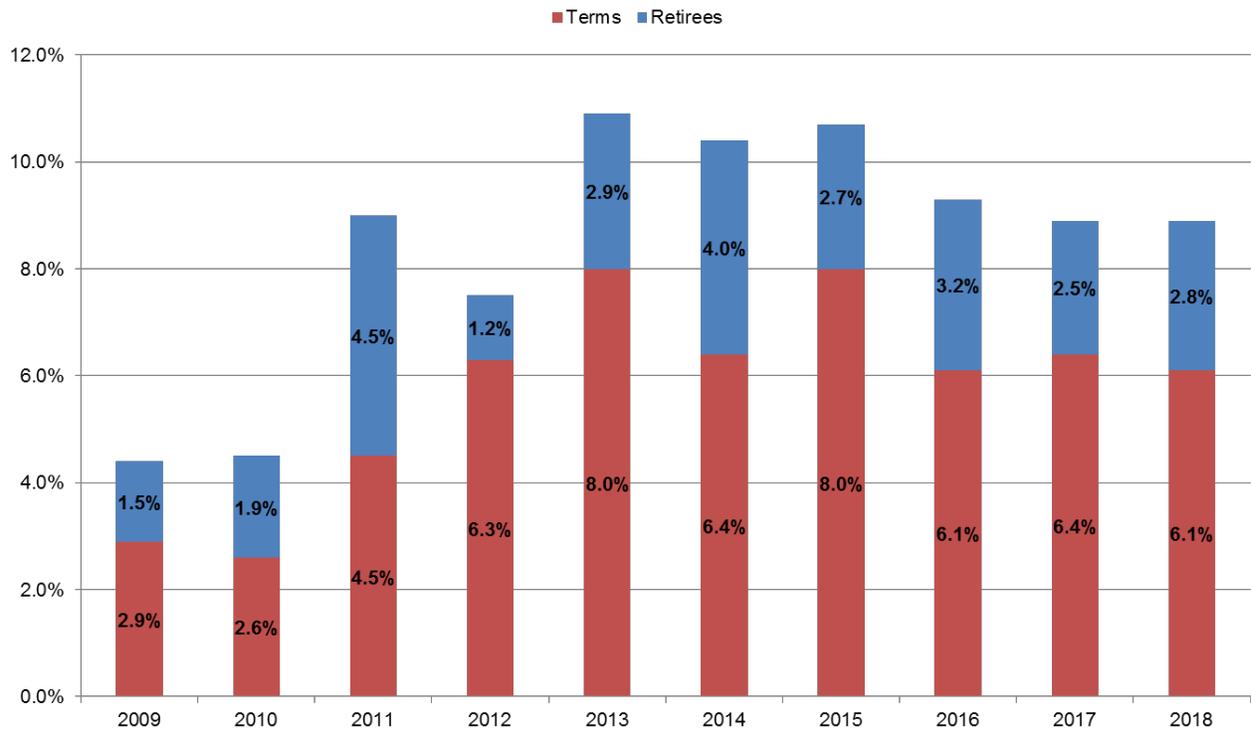
On average FTEs have increased by 30 per year since 2013. Of that approximately 10-14 FTEs per year were levy funded.

# FTEs Per Capita

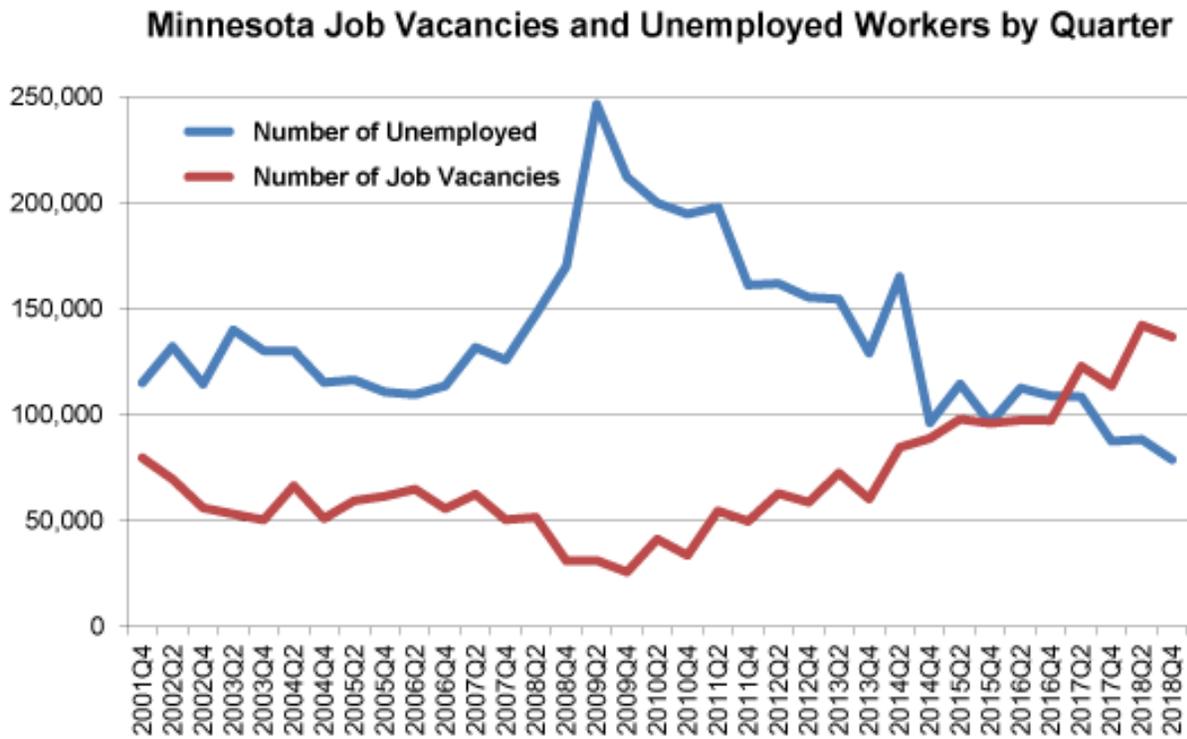


In 2019 the FTEs per capita is still below the pre-recession high in 2009.

# Turnover: 2009-2018



# MN Job Vacancies and Unemployed Workers



# **BUDGET PRIORITIES BY DIVISION**

# Summary of 2020 New Requests by Division

## 2020 Budget Summary Report - Operations

Requested Changes to Planning Base Summary  
as of 8/1/19

Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding	Levy
Countywide Operations	-	-	-	-	-
County Administration	-	-	-	-	-
Physical Development	3.00	1,617,229	178,054	1,397,236	41,939
Operations, Management and Budget	7.60	2,532,371	-	1,241,108	1,291,263
Public Service and Revenue	0.50	697,773	-	519,200	178,573
County Attorney	-	320,000	-	300,000	20,000
County Sheriff	10.00	1,408,026	-	567,902	840,124
Community Services	29.95	4,388,714	1,502,868	-	2,885,846
Transportation CIP	-	-	-	-	-
<b>Total</b>	<b>51.05</b>	<b>\$10,964,113</b>	<b>\$1,680,922</b>	<b>4,025,446</b>	<b>\$5,257,745</b>

Additional Specific Items:

Cahil Place	\$660,000
Building CIP Maintenance Needs	\$2,400,000
Continue Social Services/Law Enforcement Coordinated Response Pilot	\$96,432
Expand Social Services/Law Enforcement Coordinated Response Pilot (1 City)	\$96,432
Expand Social Services/Law Enforcement Coordinated Response Pilot ( All Remaining Cities @ Current Cost Share)	\$712,177
<b>Total Identified Needs</b>	<b>\$9,222,786</b>

## 2020 Budget Summary Report - Operations

Requested Changes to Planning Base Summary  
as of 8/1/19

Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy
Countywide Operations	-	-	-	-	-
County Administration	-	-	-	-	-
Physical Development	3.00	1,617,229	178,054	1,397,236	41,939
Operations, Management and Budget	7.60	2,532,371	-	1,241,108	1,291,263
Public Service and Revenue	0.50	697,773	-	519,200	178,573
County Attorney	-	320,000	-	300,000	20,000
County Sheriff	10.00	1,408,026	-	567,902	840,124
Community Services	29.95	4,388,714	1,502,868	-	2,885,846
Transportation CIP	-	-	-	-	-
<b>Total Recommended Requests</b>	<b>51.05</b>	<b>\$10,964,113</b>	<b>\$1,680,922</b>	<b>4,025,446</b>	<b>\$5,257,745</b>
<b>County Administration Division Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environmental Resources</b>					
Recycling Assistance Technician (107)	1.00	-	-	-	-
<b>Total Recommended Changes</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operations Management Services</b>					
FM - Assistant Security Services Administrator Position (106)	1.00	-	-	-	-
FM - Shift funding for parks buildings and grounds maintenance system wide needs from Parks CIP to FM operating budget	-	-	-	-	-
Parks - Guest Services Specialist (105)	1.00	-	-	-	-
Parks - Shift funding for natural resource maintenance activities from Parks CIP to Natural Resources operating budget	-	-	-	-	-
<b>Total Recommended Changes</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Physical Development Division Total</b>	<b>3.00</b>	<b>1,617,229</b>	<b>178,054</b>	<b>1,397,236</b>	<b>41,939</b>
<b>Risk</b>					
800 MHz 5-Year CEP Plan	-	-	-	-	-
<b>Total Recommended Changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CJN</b>					
.5 FTE Administrative (106)	0.50	-	-	-	-
.1 FTE CJN Manager (Make .9 FTE a 1.0 FTE)	0.10	-	-	-	-
<b>Total Recommended Changes</b>	<b>0.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Information Technology</b>					
Additional Data Storage	-	-	-	-	-
IT Service Management (ITSM) System Replacement	-	-	-	-	-
Business Intelligence Analyst	1.00	-	-	-	-
Consulting for Website/Electronic Content Mgr (Contingent Request)	-	-	-	-	-
Virtual Desktop Infrastructure (VDI) Replacement	-	-	-	-	-
Consulting for Business Intelligence Analyst (Contingent Request)	-	-	-	-	-
Website/Electronic Content Mgmt Administrator	1.00	-	-	-	-
IT Business Analyst	2.00	-	-	-	-
IT Asset Management Administrator	1.00	-	-	-	-
Applications Developer	1.00	-	-	-	-
IT Help Desk Supervisor	1.00	-	-	-	-
<b>Total Recommended Changes</b>	<b>7.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OMB Division Total</b>	<b>7.60</b>	<b>2,532,371</b>	<b>-</b>	<b>1,241,108</b>	<b>1,291,263</b>

## 2020 Budget Summary Report - Operations

Requested Changes to Planning Base Summary  
as of 8/1/19

Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy
<b>Elections</b>					
Electronic Pollbooks for small cities/townships					
<b>Total Recommended Changes</b>	-	-	-	-	-
<b>Public Service and Revenue</b>					
Imaging and indexing documents					
<b>Total Recommended Changes</b>	-	-	-	-	-
<b>Library</b>					
Elimination of overdue fines on youth library materials (Revenue Reduction)					
.5 Senior Information Assistant for Pleasant Hill Library	0.50				
<b>Total Recommended Changes</b>	0.50	-	-	-	-
<b>PS&amp;R Division Total</b>	<b>0.50</b>	<b>697,773</b>	<b>-</b>	<b>519,200</b>	<b>178,573</b>
<b>County Attorney</b>					
DocuStack Software					
CIBERLaw Upgrade					
<b>County Attorney Total</b>	<b>-</b>	<b>320,000</b>	<b>-</b>	<b>300,000</b>	<b>20,000</b>
<b>County Sheriff</b>					
Correctional Deputy booking specialist (WSC)	1.00				
Livescan Booking Terminal					
Evidence Technician - (Limited Term???)	1.00				
4.0 General Duty Deputies assigned to Patrol	4.00				
4 squad cars and equipment (would be in fleet if deputies are approved)					
Body Scanner for Jail Intake					
4.0 Correctional Deputies	4.00				
Wage Pool increase for Rangers					
<b>County Sheriff Total</b>	<b>10.00</b>	<b>1,408,026</b>	<b>-</b>	<b>567,902</b>	<b>840,124</b>
<b>Community Corrections</b>					
Administrative Specialist (106)	1.00				
Mental Health (MH) Therapy Services for Families Section					
Probation Fee Revenue					
<b>Total Recommended Changes</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Community Services Admin.</b>					
Data Innovations Manager (111)	1.00				
<b>Total Recommended Changes</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Employment and Economic Assistance</b>					
CRS Client Relations Specialists - 107	2.00				
METS Client Relations Specialists - 107	5.00				
SNAP Employment & Training Services					
PA Client Relations Specialists - 107	0.10				
Child Care Program					
Work Number (TWN)					
<b>Total Recommended Changes</b>	<b>7.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2020 Budget Summary Report - Operations

Requested Changes to Planning Base Summary  
as of 8/1/19

Division Summary	FTE	Total New Expenses	External Revenue	Internal Funding Sources	Levy
<b>Veteran Services</b>					
Veterans Service Officer (107)	1.00				
Justice Involved Veteran (JIV) Client Support Fund					
<b>Total Recommended Changes</b>	<b>1.00</b>	-	-	-	-
<b>Public Health</b>					
Family Health Operations Manager (111)	1.00				
Emergency Preparedness Specialist (108)	0.35				
<b>Total Recommended Changes</b>	<b>1.35</b>	-	-	-	-
<b>Social Services</b>					
Law Enforcement Pilot - Mental Health Coordinator & Social Worker(108)					
Social Worker - Adult Protection (108)	1.00				
Social Worker in Crisis Stabilization (108)	0.50				
ICWA Case Specialist (108)	1.00				
Data Privacy Specialist (107)	1.00				
Rates Specialist in Community Living Services (CLS) (105)	1.00				
GoDakota and Transportation Administrative Support (105)	2.00				
VCA Child Protection Limited Term FTE to Permanent	6.37				
Families Section CP Permanent Positions	0.63				
Families Section POS Funds					
MnCHOICES Specialists (108)	4.00				
Social Worker for Pathways to Prosperity Pilot (108)	1.00				
<b>Total Recommended Changes</b>	<b>18.50</b>	-	-	-	-
<b>Community Services Division Total</b>	<b>29.95</b>	<b>4,388,714</b>	<b>1,502,868</b>	-	<b>2,885,846</b>

<b>Total Department Recommended Requests</b>	<b>51.05</b>	<b>10,964,113</b>	<b>1,680,922</b>	<b>4,025,446</b>	<b>5,257,745</b>
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# Request Categories



## New/Existing Mandates

-Resources needed to comply with current or new mandates.



## Supporting Infrastructure

-Resources needed to support current County operations including staffing, maintenance, technology, and materials.

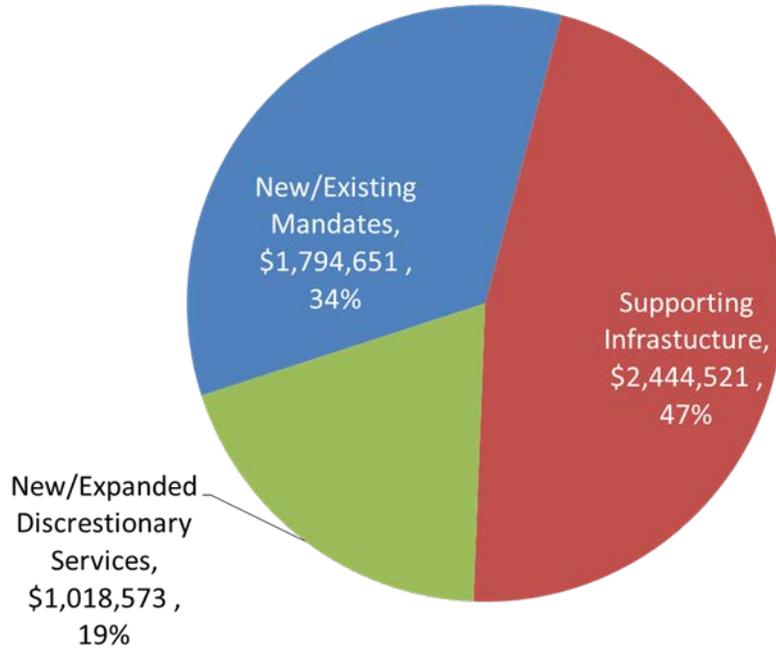


## Supporting Infrastructure

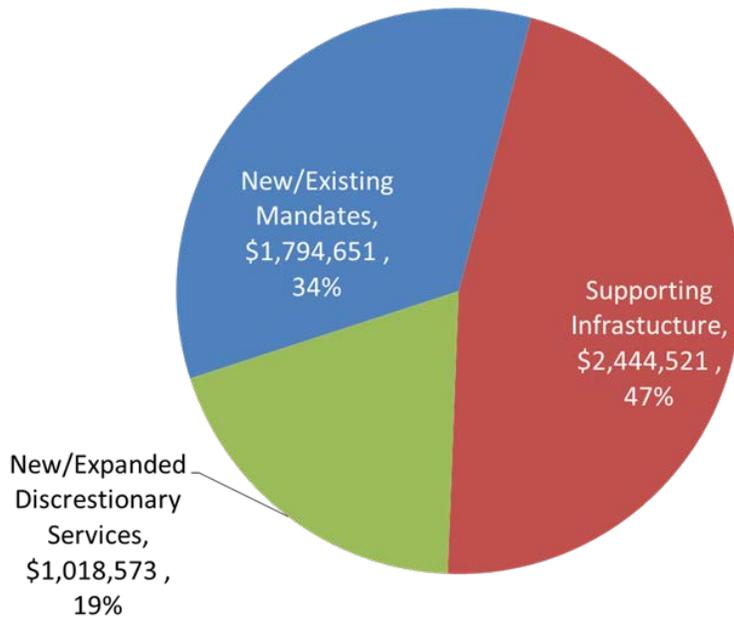
-Resources requested to expand a service or create a new service which is not required but will support the County's Mission.

# Total 2020 Requests by Category

**Total Requests: \$10,964,113**



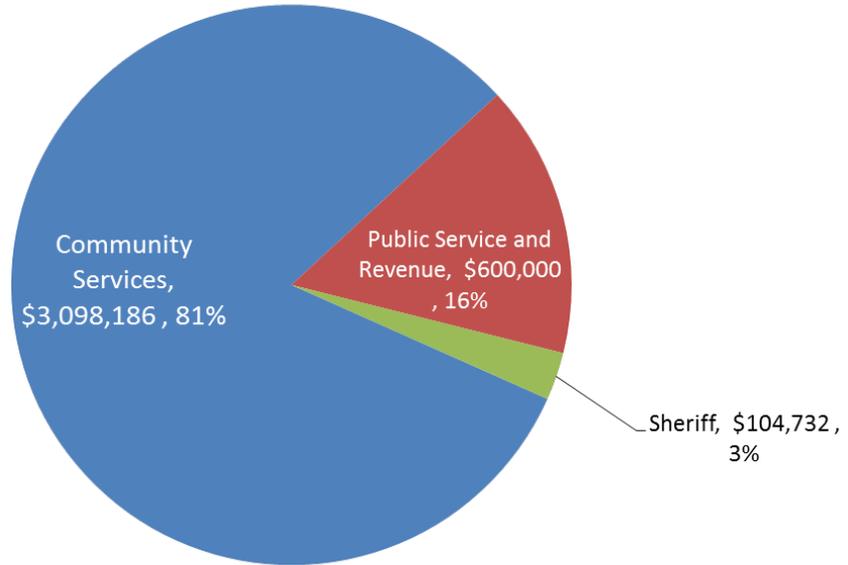
**Levy Portion of Total Requests: \$5,257,745**



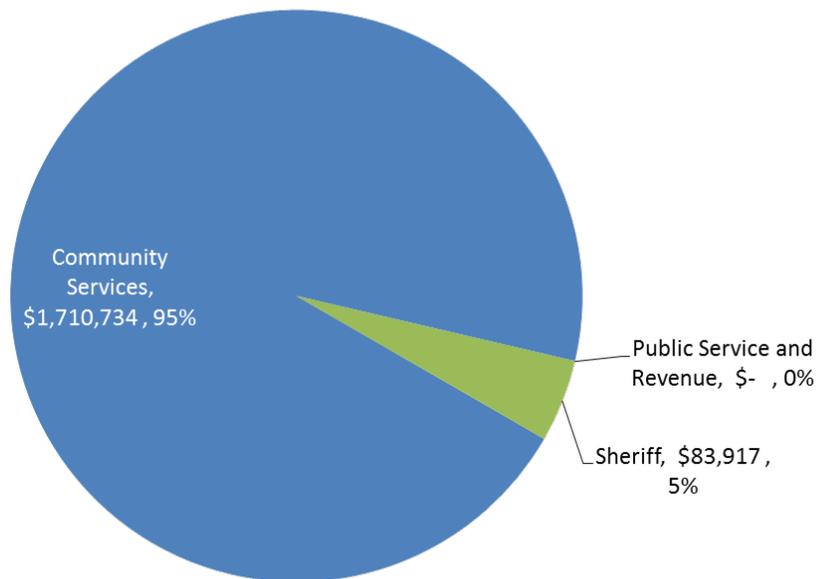
Requests have been categorized by requesting divisions and departments.

# New & Existing Mandates

**Total Requests: \$3,802,918**

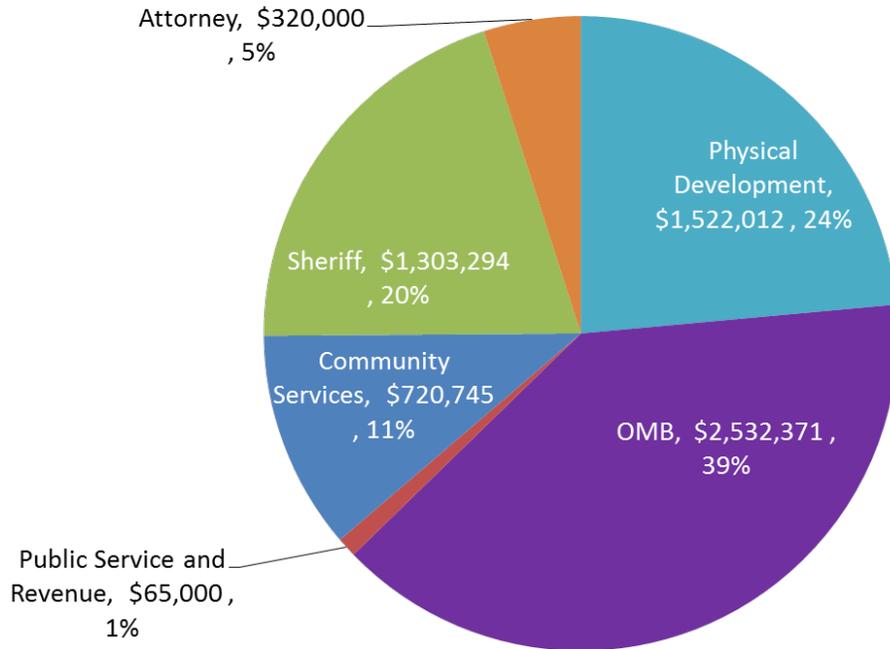


**Levy Portion: \$1,794,651**

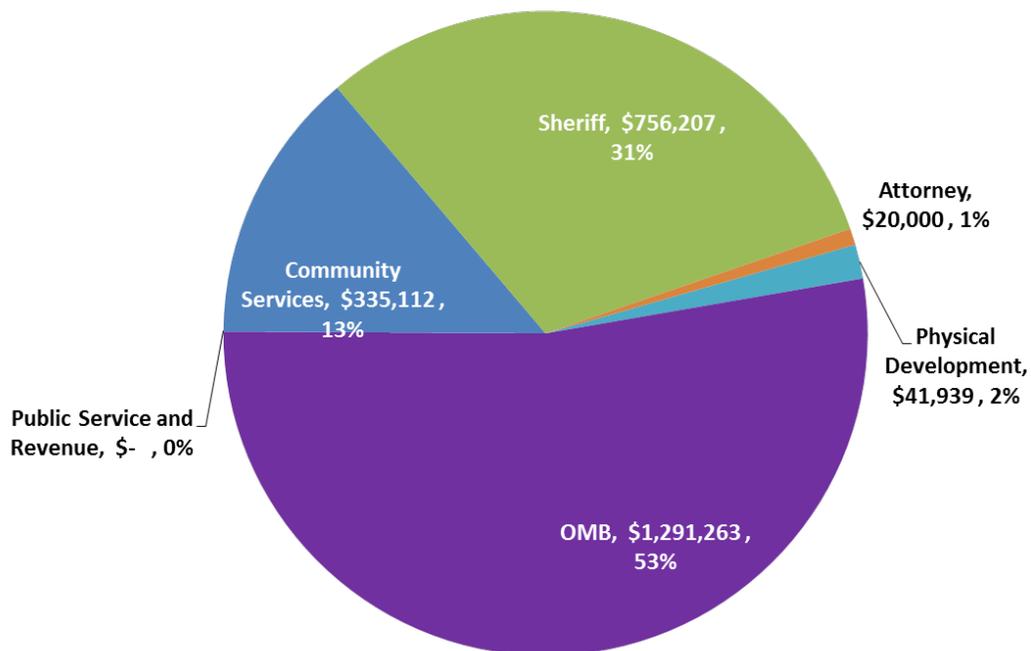


# Supporting Infrastructure

**Total Requests: \$6,463,422**

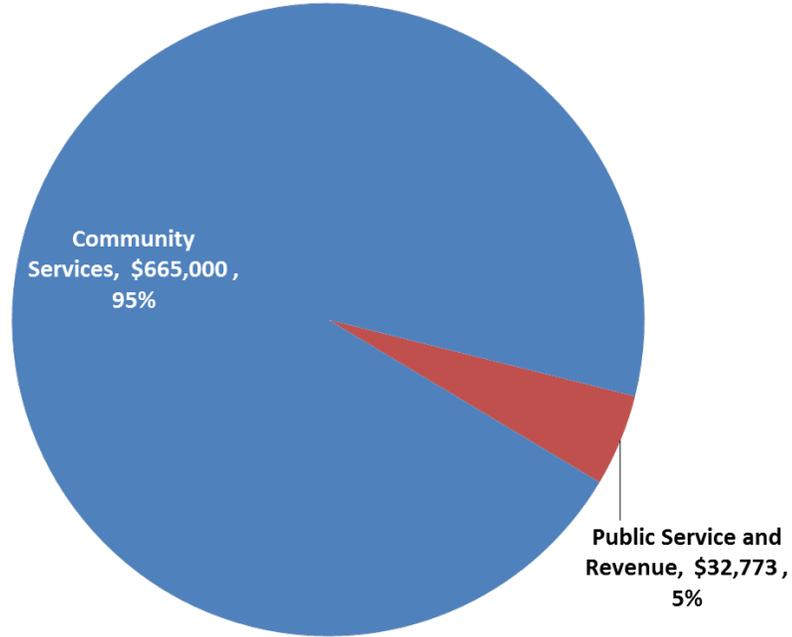


**Levy Portion: \$2,444,521**

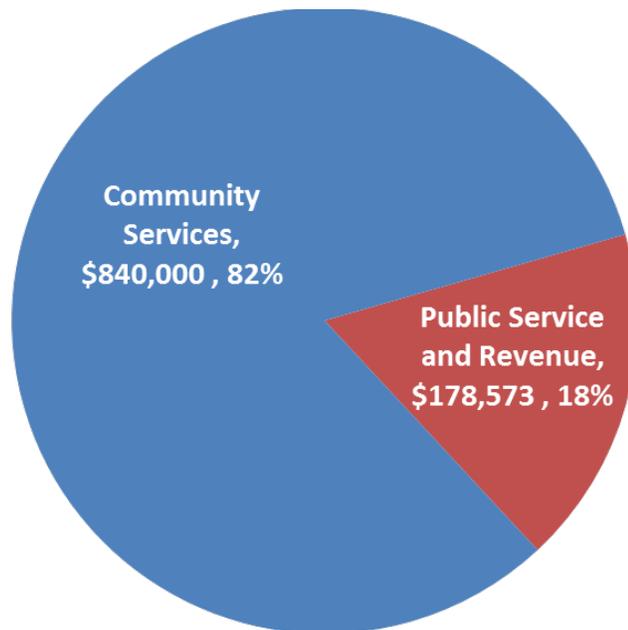


# New/Expanded Discretionary Services

Total Requests: \$697,773



Levy Portion: \$1,018,573



Revenue reductions are causing the Levy Portion chart to exceed Total Requests chart by \$320,800.

## 2020 Budget Issues Resolved in Planning Base

Foster Care Costs	\$800K
Juvenile Services Bed Fees Shortfall	\$320K
Fleet Capital Equipment Base Increase	\$50K
Highway Salt & Sand Increase (Levy Impact \$28K)	\$250K
Library Fines Shortfall	\$40K

## Remaining Right Sizing Surpluses by Division

Community Services	\$207K
Physical Development	\$182K
County Administration	\$ 6K
Operations, Mgmt & Budget	\$ 0
Public Services & Revenue	\$ 8K
<u>Elected Offices</u>	<u>\$ 0</u>
Total	\$403K

# Funding Options

<b>Current level Grant Revenue (Based on Inflation Increases for Existing Staff)</b>	<b>\$ 600,000</b>
<b>Additional Interest Earnings</b>	<b>\$ 2,000,000</b>
<b>Move CPA from CIP (Offset by \$1.0M Additional Interest Earnings)</b>	<b>\$ 1,000,000</b>
<b>Additional CPA Net (PERA Reduction)</b>	<b>\$ 1,447,000</b>
<b>Remaining Rightsizing After Planning Base Adjustments</b>	<b>\$ 403,000</b>
<b>Reallocate Environmental Resources Levy</b>	<b>\$ 436,176</b>
<b>Total Potential Funding Sources</b>	<b>\$ 5,886,176</b>
<b>2.9% Levy Increase</b>	<b>\$ 4,077,826</b>
<b>3.4% Levy Increase</b>	<b>\$ 4,780,899</b>
<b>Available Levy Management Account (LMA)</b>	<b>\$ 5,985,000</b>

# Updates Since June Budget Workshop

## Funding Options – Building CIP Repair/Maintenance

Option A: Increase Buildings CIP Levy by an additional \$2.4 million in 2020

Option B:

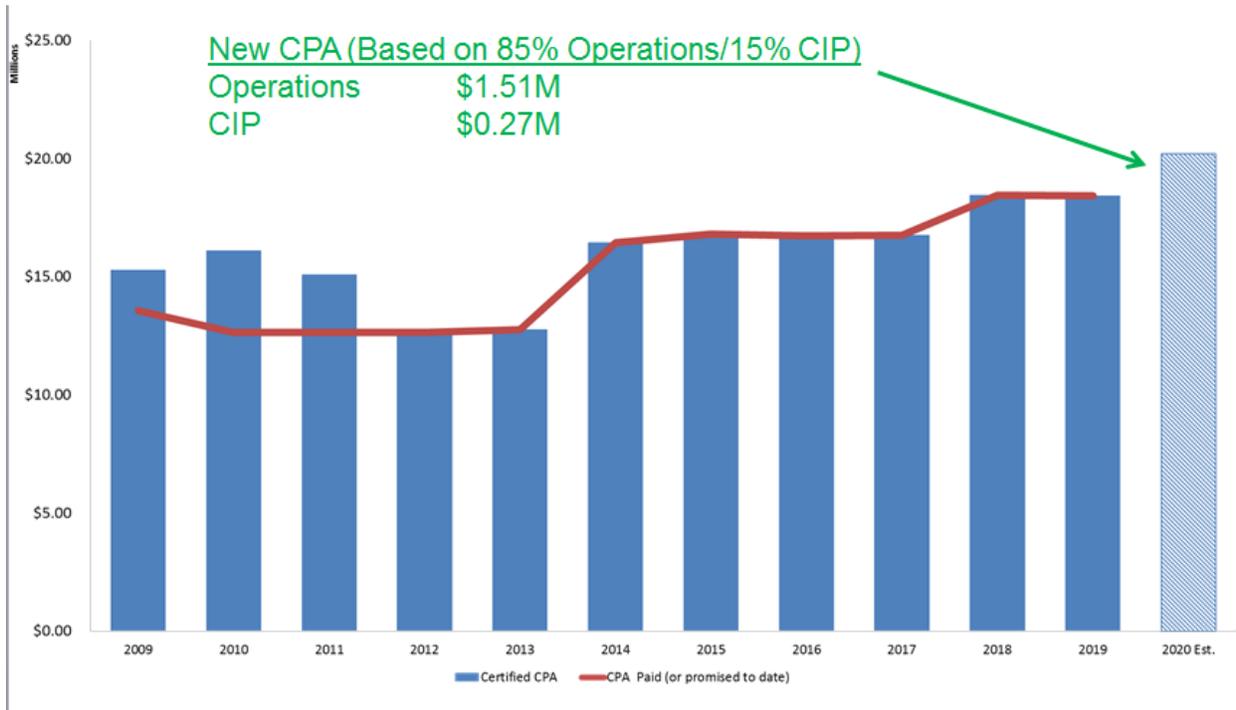
	2019 Levy	% Change	Revised Levy with Inflation	2019 CPA	CPA Change	Interest Change	Total Levy, CPA & Interest Funding
Transportation CIP	4,626,346	-43%	2,663,387	-	-	-	2,663,387
Parks CIP	332,372	-43%	191,347	2,766,913	(1,250,000)	1,000,000	2,708,260
Buildings CIP	1,173,103	185%	3,338,405	-	250,000	-	3,588,405
	\$ 6,131,821		\$ 6,193,139	\$ 2,766,913	\$ (1,000,000)	\$ 1,000,000	\$ 8,960,052

Building Needs	\$ 3,600,000
Levy	3,338,405
CPA	250,000
Interest	-
Variance	\$ (11,595)

Option B moves \$1.0 million of CPA from CIP to Operations

Revised CPA split would be 91.3 % Operations and 8.7% CIP.

# County Program Aid (CPA) History



Since 2012 the County has received the full amount of certified CPA. In 2010 Dakota County saw the largest un-allotment of funds which was 22% of the certified amount.

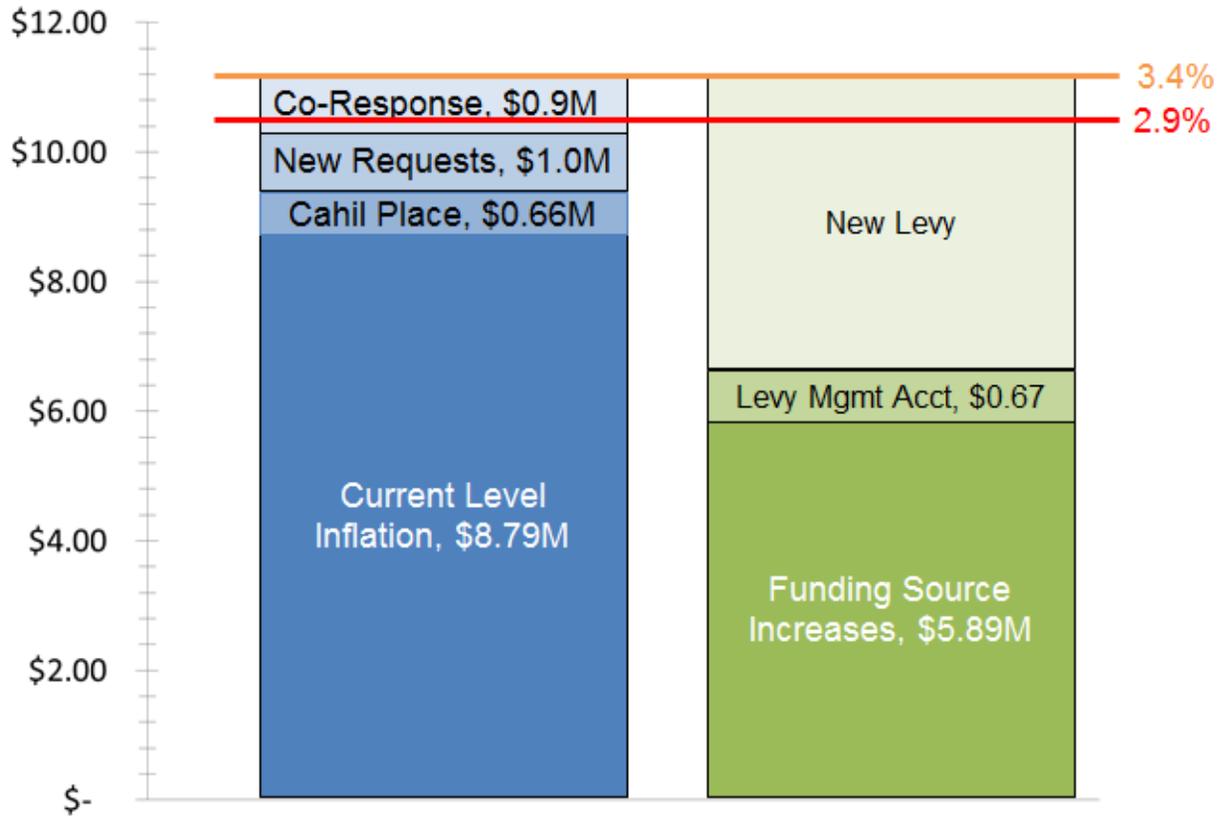
# 2020 Levy Scenario - 1

		<u>% Levy Increase</u>
2019 Adopted Levy	\$ 140.61	
Add: Expense Change		
Current Level Inflation	\$ 8.79	
Funding for New Request (Consistent with Prior Years)	\$ 1.00	
Cahill Place	\$ 0.66	
<u>Continue Co-Response and Add One City</u>	<u>\$ 0.19</u>	
	\$ 10.64	
Less: Funding Source Increases	\$ 5.89	
Less: Use of Levy Management Account	\$ 0.67	
Total 2020 Current Level	<u><u>\$ 144.69</u></u>	2.9%

## 2020 Levy Scenario - 2

		<u>% Levy Increase</u>
2019 Adopted Levy	\$ 140.61	
Add: Expense Change		
Current Level Inflation	\$ 8.79	
Funding for New Request (Consistent with Prior Years)	\$ 1.00	
Cahill Place	\$ 0.66	
Co-Response Expanded to All Cities w/ Cost Share	\$ 0.90	
Keep Operational Reliance on CPA at 90%	\$ 0.90	
	\$ 11.35	
Less: Funding Source Increases	\$ 5.89	
Less: Use of Levy Management Account	\$ 0.67	
Total 2020 Current Level	\$ 145.40	3.4%

# 2020 Levy Scenarios



# Funding Options Looking Beyond 2020

	Growth from Prior Years		Variance
	2020	2021	
Current level Grant Revenue (Based on Inflation Increases for Existing Staff)	\$ 600,000	\$ 600,000	
Additional Interest Earnings	\$ 2,000,000	\$ -	
Move CPA from CIP (Offset by \$1.0M Additional Interest Earnings)	\$ 1,000,000	\$ -	
Additional CPA Net (PERA Reduction)	\$ 1,447,000	\$ 270,000	
Remaining Rightsizing After Planning Base Adjustments	\$ 403,000	\$ -	
Reallocate Environmental Resources Levy	\$ 436,176	\$ -	
Total Potential Funding Sources	\$ 5,886,176	\$ 870,000	\$ (5,016,176)
Potential Available Levy Management Account			\$ 5,225,000

# Levy Management Account (LMA) History

in Millions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Levy Management Account Additions	\$4.68	\$3.85	\$8.09	\$1.58	\$5.00	\$0.00	\$23.19
Levy Management Account Uses (Levy Reduction)		(\$3.11)	(\$3.67)	(\$5.95)	(\$3.03)	(\$1.46)	(\$17.21)
Annual Levy Management Account Change	\$4.68	\$0.75	\$4.42	(\$4.37)	\$1.97	(\$1.46)	\$5.99
Cumulative Available LMA	\$4.68	\$5.42	\$9.84	\$5.47	\$7.44	\$5.99	

Since 2014 the annual levy is \$17.21 million lower due to use of Levy Management Fund.

# **LEVY PLANNING FINANCIAL MODELS**

# 2019 Budget Model Updated with Scenario 1

	2019	2020	2021	2022	2023	2024
Available Levy Management Account (LMA)	5.99	5.99	5.32	1.14	-	0.00
Overall Planning Base Inflation Adjustment (3.1%/yr)	140.61	149.40	153.69	158.31	166.47	176.37
Departmental Budget Right Sizing Adjustments		(0.40)			-	-
New Non-Levy Revenues		(5.49)	(0.60)	(0.60)	(0.60)	(0.60)
Adjusted Net Levy Costs		143.51	153.09	157.71	165.87	175.77
Potential New Initiatives (Levy Only)		1.85				
Total Requested Levy		145.36	153.09	157.71	165.87	175.77
Total Requested Levy (% increase)		3.4%	5.8%	5.9%	5.9%	6.0%
Less: Use of LMA (Total used through 2020 \$16.53M)		(0.67)	(4.18)	(1.14)	-	-
Total Adjusted Levy		144.69	148.91	156.57	165.87	175.77
Total Adjusted Levy (% increase)	2.9%	2.9%	2.9%	5.1%	5.9%	6.0%

## Forecasting Assumptions: 2020-2022

- Total annual operating cost growth: ~3.1%
  - (cost growth impact on levy ~5.2% to 5.5% annually)
- All Levy Management Account used by 2022
- Future labor contracts renegotiated at rates similar to current contracts. Current agreements run through 2020.
- Stable state and federal budgets
- Maintain structural balance in operations

# 2019 Budget Model Updated with Scenario 1

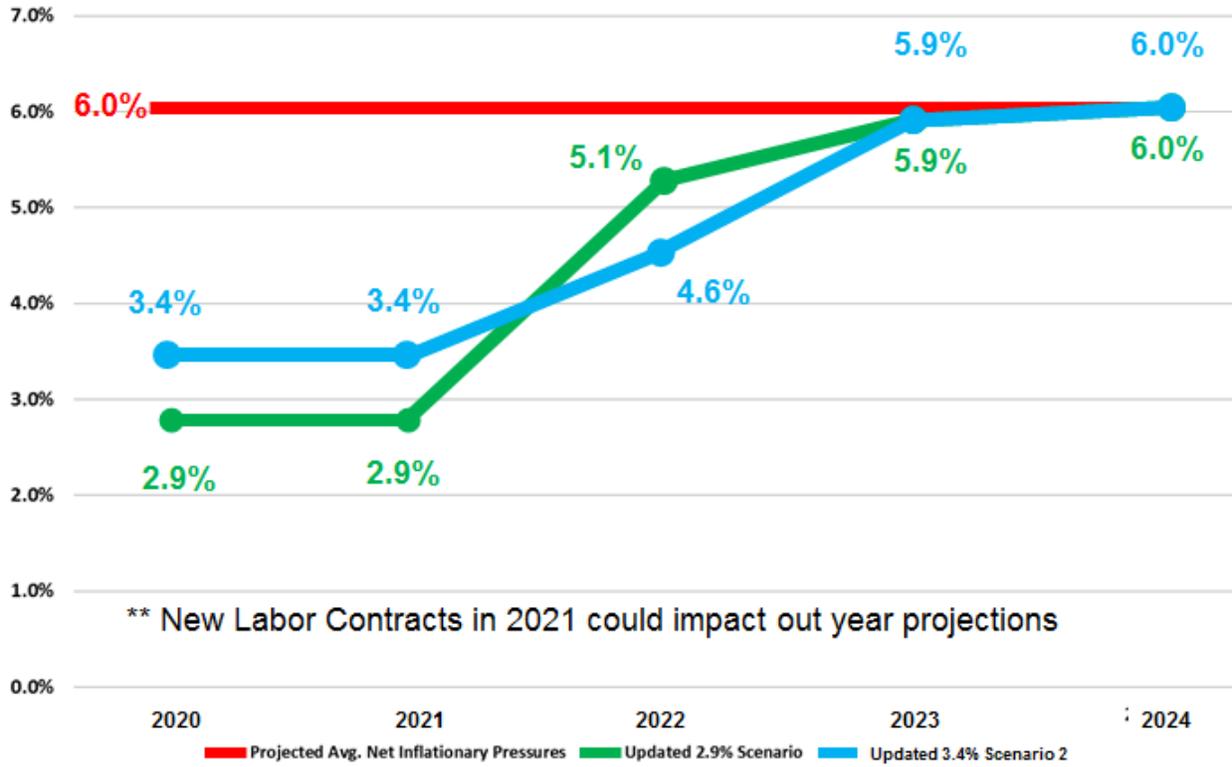
(in millions)

	2019	2020	2021	2022	2023	2024
Available Levy Management Account (LMA)	5.99	5.99	5.32	1.92	-	0.00
Overall Planning Base Inflation Adjustment (3.1%/yr)	140.61	149.40	154.40	159.80	167.18	177.10
Departmental Budget Right Sizing Adjustments		(0.40)			-	-
New Non-Levy Revenues		(5.49)	(0.60)	(0.60)	(0.60)	(0.60)
Adjusted Net Levy Costs		143.51	153.80	159.20	166.58	176.50
Potential New Initiatives (Levy Only)		2.56				
Total Requested Levy		146.07	153.80	159.20	166.58	176.50
Total Requested Levy (% increase)		3.9%	5.8%	5.9%	5.9%	6.0%
Less: Use of LMA (Total used through 2020 \$16.53M)		(0.67)	(3.40)	(1.92)	-	-
Total Adjusted Levy		145.40	150.40	157.28	166.58	176.50
Total Adjusted Levy (% increase)	2.9%	3.4%	3.4%	4.6%	5.9%	6.0%

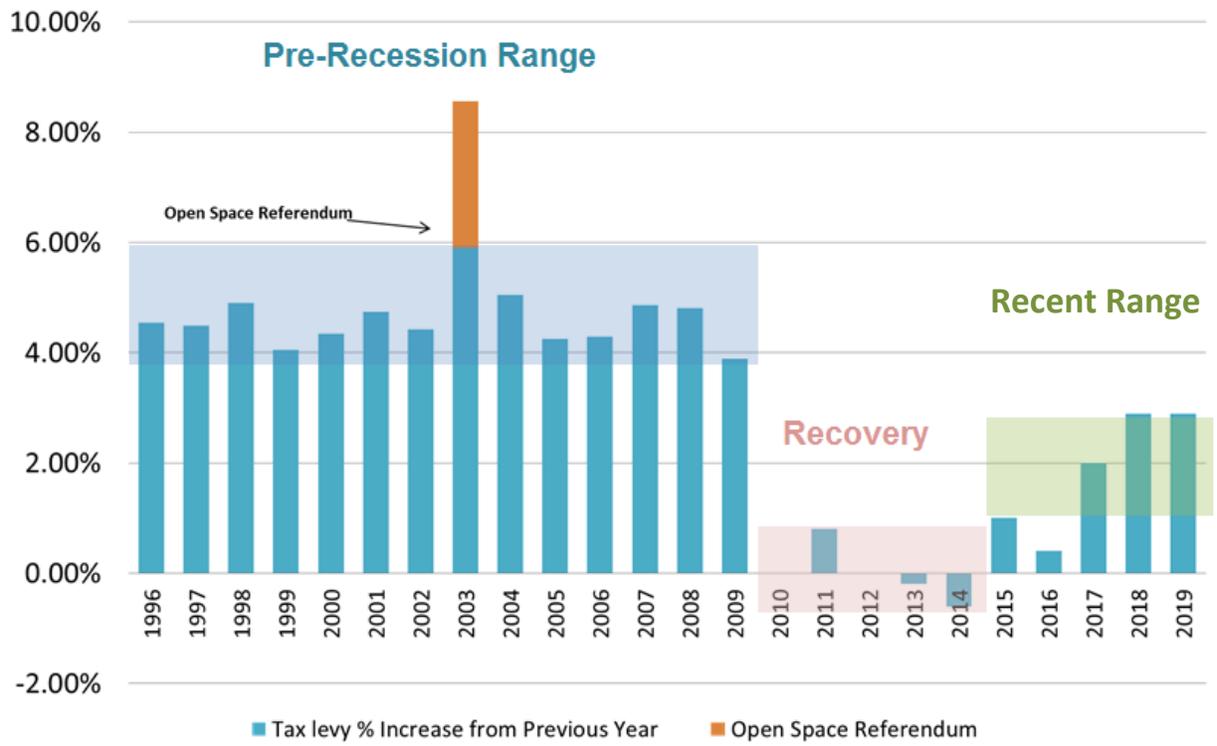
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# Levy Management Scenarios



# County Levy History



Prior to impacts of the *Great Recession* annual levy growth ranged between 4% and 6%. During the recession and after, the County maintained low levy growth through a combination of spending reductions, reallocation of revenues, utilization of fund balance to pay off debt, and other levy management practices. Long term cost and service pressures remain in the same range that they were before the recession.

## Longer Term Issues and Uncertainties

- National Economic Trends
- Labor Market and Costs
- Federal Policy Changes
- State Budget, Mandates, and System Performance

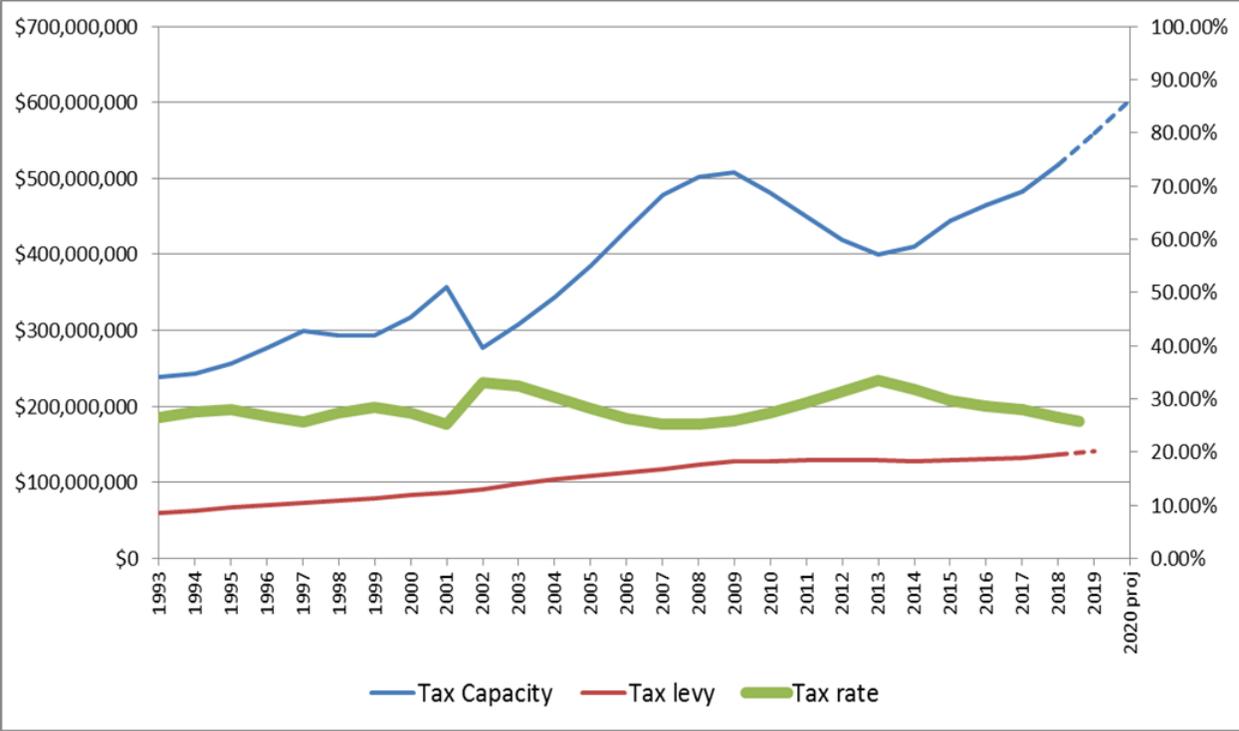
# **2019 PROPERTY TAX BASE AND MARKET VALUES**

## 2020 Property Tax Base

- Total county tax capacity will increase approximately 7.74%, and taxable net tax capacity will increase by 8.29% for taxes payable in 2020
  - If tax levy collected remains at 2019 total, County tax rate will decrease 7.99%
  - If County tax rate from 2019 is maintained, total County tax collections would increase approximately \$4.3 million next year
- Trends in values vary by property type
- Projected Tax Capacity Increase for 2020: 7.74%
  - Projected Taxable Net Tax Capacity Increase for 2020\*: 8.29%

\*tax capacity used to calculate tax rates

# Tax Base, Levy, and Rate Trends

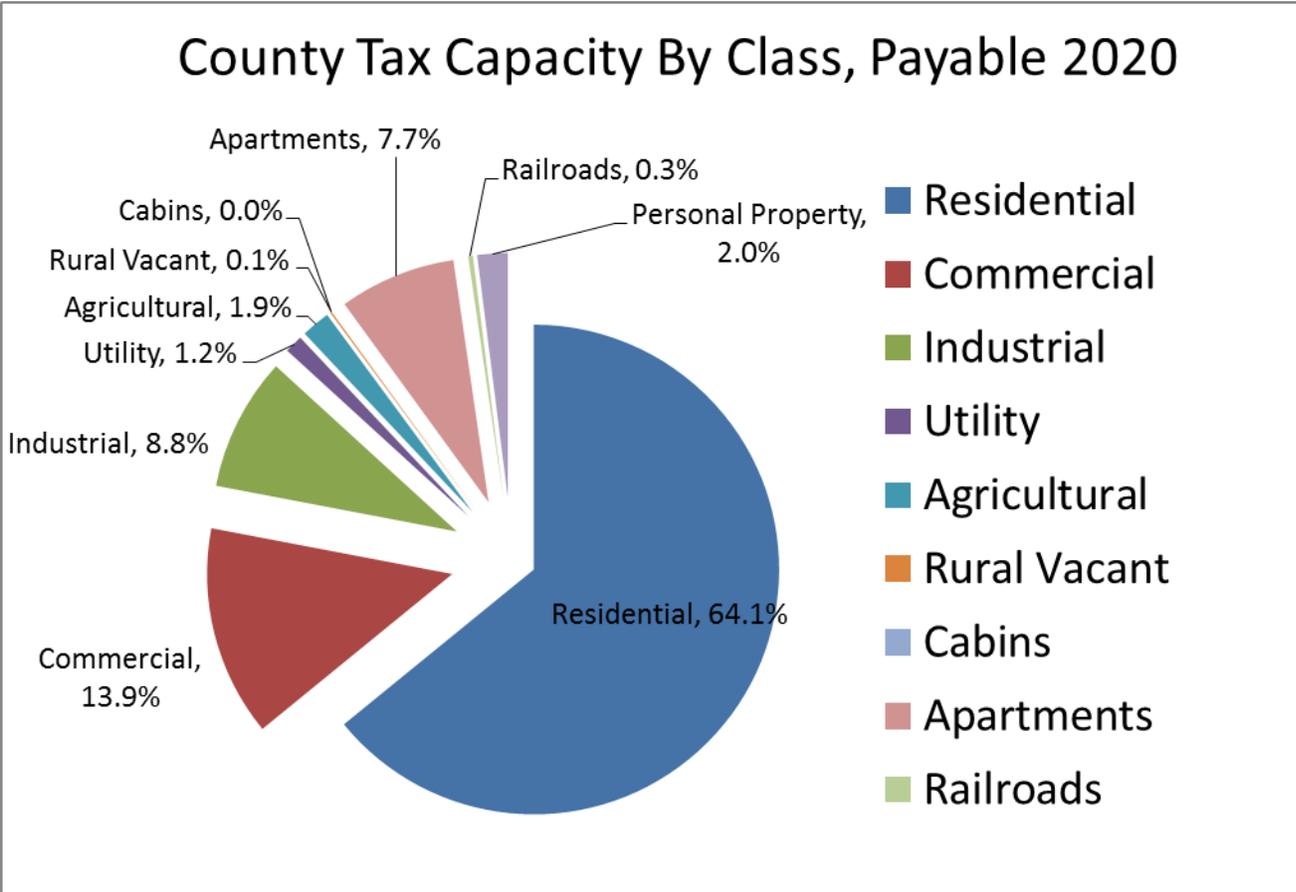


# Market Value Summary

## Property Taxes Payable in 2020:

- Residential Average Increase 4-9%
  - Median Market Value \$280,600
  - Mean Market Value \$300,933
- Apartments – 11.0% aggregate increase
- Commercial/Industrial – 6.2% aggregate increase
- Agriculture:
  - EMV increased 5%
  - TMV tillable acreage unchanged while non-tillable acreage decreased 6% on average

# Residential Property is 64.1% of the 2020 Tax Base - up from 62.5% in 2016



## Levy Increases Used in Tax Rate Calculations

- 0.0% - Historically used to illustrate baseline impact on property taxes
- 2.9% - Funding for cost growth, \$1.0 million in new levy requests, Cahill place, and Co-Response expansion to **one city.**
- 3.4% - Funding for cost growth, \$1.0 million in new levy requests, Cahill place, Co-Response expansion to **all cities (with cost sharing), and cap CPA operating split at 90% .**
- 5.1% - Funding for cost growth, \$1.0 million in new levy requests, Cahill place, Co-Response expansion to **all cities, and increases Buildings CIP levy by \$2.4M but does not change Transportation & Parks CIP levy amounts from 2019.**

# 2020 Property Tax Trends and Impacts: Homes

Median Residential Homestead		
2019 EMV: 263,800		
2020 EMV: \$280,600		
Median MV Increase: 6.22%		
Levy Increase	County Tax Change	% Change
0%	(\$9.08)	-1.43%
2.9%	\$11.51	1.81%
3.4%	\$15.06	2.37%
4.9%	\$25.71	4.05%
5.1%	\$27.13	4.27%

\*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.

# 2020 Property Tax Trends and Impacts: Farmland

**Agricultural per Acre**  
 Pay 2019 EMV: \$7,500  
 Pay 2020 EMV \$7,900  
 Median MV Increase: 5.33%

<b>Levy Increase</b>	<b>County Tax Change</b>	<b>% Change</b>
0%	(\$0.31)	-3.25%
2.9%	(\$0.01)	-0.07%
3.4%	\$0.05	0.48%
4.9%	\$0.20	2.12%
5.1%	\$0.22	2.34%

## 2020 Property Tax Trends and Impacts: Business Property

### Mid-size Commercial/Industrial

2020 EMV: \$1,000,000

MV Increase: 4.2%

Levy Increase	County Tax Change	% Change
0%	(\$124.49)	-4.13%
2.9%	(\$11.68)	-0.81%
3.4%	(\$3.81)	-0.26%
4.9%	\$19.81	1.20%
5.1%	\$42.59	1.41%

# 2020 Property Tax Trends and Impacts: Apartments

## Mid-Sized Apartment

Pay 2020 EMV: \$1,000,000

Median MV Increase: 10.2%

<b>Levy Increase</b>	<b>County Tax Change</b>	<b>% Change</b>
0%	\$31.43	1.21%
2.9%	\$117.68	4.54%
3.4%	\$132.55	5.11%
4.9%	\$177.16	6.84%
5.1%	\$183.11	7.07%

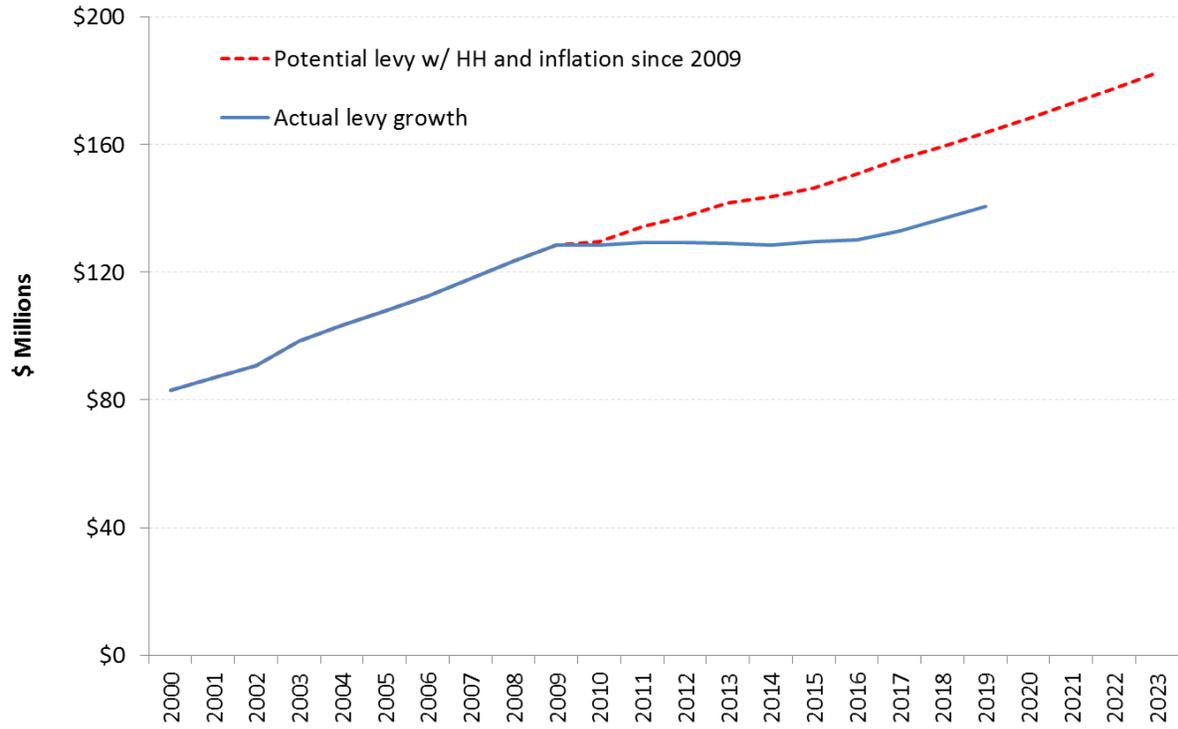
## 2020 Levy Per Capita Example

	2019 Levy	2020 Levy Example	% Change	Population	2020 Levy Per Capita
Dakota	\$ 140,614,675	\$ 147,786,023	5.1%	422,580	\$ 349.72
Koochiching	\$ 4,466,000	\$ 4,466,000	0.0%	12,640	\$ 353.32
Anoka	\$ 138,258,297	\$ 138,258,297	0.0%	352,674	\$ 392.03
Washington	\$ 109,148,600	\$ 109,148,600	0.0%	256,905	\$ 424.86
Scott	\$ 68,460,000	\$ 68,460,000	0.0%	144,717	\$ 473.06
Carver	\$ 56,264,855	\$ 56,264,855	0.0%	102,858	\$ 547.01
Ramsey	\$ 318,453,646	\$ 318,453,646	0.0%	546,317	\$ 582.91
Hennepin	\$ 829,555,042	\$ 829,555,042	0.0%	1,249,512	\$ 663.90

# County Tax Levy Trend (Measure)

## Growth in County tax levy compared to household growth and inflation

Balancing affordable taxes with cost and demand growth



Source: MN Demographic Center, Bureau of Labor Statistics, and Minnesota Inter-County Sssociation

## Budget Development Process

- August 20 - County Board Budget Workshop #2
- September 10 - GGP Budget Update
- September 24 - County Board Adoption of maximum levy
- November 4-7 – County Board Budget Hearings
- November 26 – CIP Public Hearings
- November 26 – County Board Budget Public Hearing (“Truth-In-Taxation”)
- December 17 – County Board Adoption of 2020 Budget