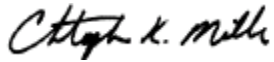


**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 07/17/17  
Item No.: 7.a

Department Approval



City Manager Approval



Item Description: Discuss City Council 2018 Budgetary Goals

**BACKGROUND**

At the March 20, 2017 City Council meeting, the Council endorsed a general timeline for the 2018 budget process with the understanding that the calendar could change. The general timeline is as follows:

<b>2018 Budget Process Timeline</b>			<b>Estimated</b>
<b>Discussion Topic</b>	<b>Date</b>	<b>Regular or Worksess.</b>	<b>Discussion Time (mins.)</b>
Review Ramsey County Assessed Market Value Data	5/15/2017	w/s	15
Receive 2018-2037 Capital Improvement Plan	5/15/2017	w/s	45
Review Impacts from the 2017 Legislative Session (a)	6/19/2017	regular	10
Review Citizen Comments on 2018 Budget Priorities (a)	6/19/2017	regular	30
Receive City Council Budgetary Goals	7/17/2017	w/s	30
EDA Budget & Tax Levy Discussion	7/18/2017	w/s	30
Receive the 2018 City Manager Recommended Budget	8/28/2017	regular	45
Receive Budget Recommendations from the Finance Commission	9/18/2017	w/s	30
Adopt Preliminary Budget, Tax Levy, & EDA Levy	9/25/2017	regular	20
Review & Adopt 2018 Proposed Utility Rates	11/13/2017	w/s	30
Review & Adopt 2018 Proposed Fee Schedule	11/13/2017	w/s	30
Final Budget Hearing (Truth-in-Taxation Hearing)	12/4/2017	regular	20
Adopt Final EDA Tax Levy	12/11/2017	regular	10
Adopt Final Budget, CIP & Tax Levy	12/11/2017	regular	20

The City Council is asked to provide its goals & objectives for the 2018 Budget and Tax Levy. This is a critical step in the budget process as it will be used to guide the City Manager Recommended Budget, and will ensure more clear and timely communications with citizens and other property taxpayers.

While these goals and objectives can be fairly broad in scope and still remain purposeful, greater impact will be created if the Council establishes more defined goals in three key areas:

- 1) **The desire for changes in programs or service levels** (i.e. are the condition of city streets or police & fire response times acceptable?)
- 2) **The need to establish new programs or initiatives** (i.e. are there any unmet needs that should be addressed?)
- 3) **The acceptable level of property tax and fee impacts on homeowners** (i.e. given the programs and services we aspire to, is the associated burden on homeowners acceptable?)

For background purposes, the following general tax levy impacts are being projected for 2018:

- \$197,000 COLA for Union Staff @ 2.75%
- \$125,000 COLA for Non-Union Staff @ 2.25%
- \$270,000 wage-step increases for eligible Staff
- \$128,000 increase for healthcare premiums
- \$160,000 increase for the CIP: Pavement Management Program

The total *projected* impact for just these broad categories is \$880,000 or a 4.5% increase over the current tax levy. This excludes any funding for new positions, initiatives, or general inflationary impacts. This would result in a property tax impact of an additional \$3.06 per month, or 4.0% for a median-valued single-family home. The *projected* utility fee impact on a typical single-family home is an additional \$1.99 per month or 3.5%.

The Council is also reminded that the 2017 General Fund Budget relies on the use of \$781,000 in cash reserves to achieve a balanced budget – a practice that is not sustainable moving forward. Finally, Staff will remind the Council of the status of the *unrestricted* cash reserve levels in the City’s key operating funds. The following information was presented at the Council’s 4/10/17 meeting:

	2016	12/31/2016	12/31/2016		
	Surplus	Cash	Reserve	Target	Target
<u>Fund</u>	<u>(Deficit)</u>	<u>Reserves</u>	<u>Level</u>	<u>Low</u>	<u>High</u>
General (unrestricted)	\$ 1,184,623	\$ 6,646,077	45%	35%	45%
Parks & Recreation	354,215	1,637,111	35%	25%	25%
Communications	(32,737)	436,616	83%	10%	25%
Information Technology	196,700	1,041,002	46%	10%	25%
License Center	(70,977)	1,172,926	66%	10%	25%
	\$ 1,631,824	\$10,933,732			

At the Council’s 4/10/17 meeting, staff recommended the following allotments regarding the 2016 General Fund surplus:

- \$400,000 - for public improvements near the Snelling/Lydia/Lincoln Drive area.
- \$500,000 - for 2017/2018 scheduled replacements in the Building Replacement Fund.
- \$284,623 - to remain in the General Fund to ensure that we stay at a cash reserve level above 35% heading into 2018.

53 Since making these recommendations, the City subsequently decertified TIF District #11 which had a  
54 significant amount of unspent TIF proceeds. These proceeds were returned to Ramsey County for  
55 distribution back to various taxing jurisdictions including the City of Roseville. The City's share is  
56 estimated to be approximately \$825,000 - \$925,000 and is expected to be received either in December of  
57 2017 or June of 2018.

58  
59 The amount of unspent TIF proceeds was higher than expected as the City had been anticipating using  
60 these monies for the cleanup of hazardous soils in the Twin Lakes area. However a number of potential  
61 redevelopment sites (and uses) did not materialize prior to the district expiring.

62 **POLICY OBJECTIVE**

63 Establishing City Council budgetary goals fosters greater community awareness and understanding of the  
64 financial commitments necessary to provide programs and services. It also lays the foundation for the  
65 creation of a City Manager Recommended Budget.

66 **FINANCIAL IMPACTS**

67 Not applicable.

68 **STAFF RECOMMENDATION**

69 Not applicable.

70 **REQUESTED COUNCIL ACTION**

71 Establish City Council goals and objectives for the 2018 Budget & Tax Levy.

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Prepared by: Chris Miller, Finance Director  
Attachments: A: Not applicable