

2019 Recommended Budget & Levies

As presented by Mayor Frey on August 15, 2018

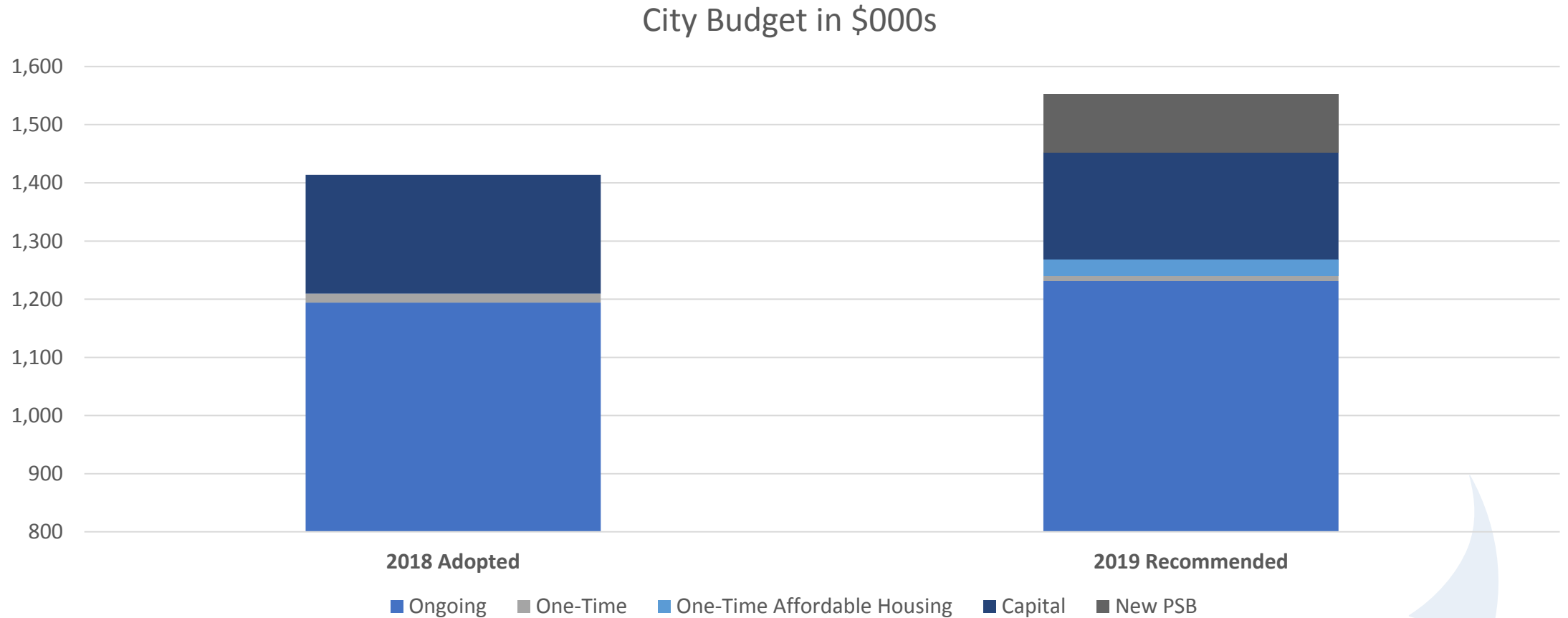


City Budget

What's changed overall?

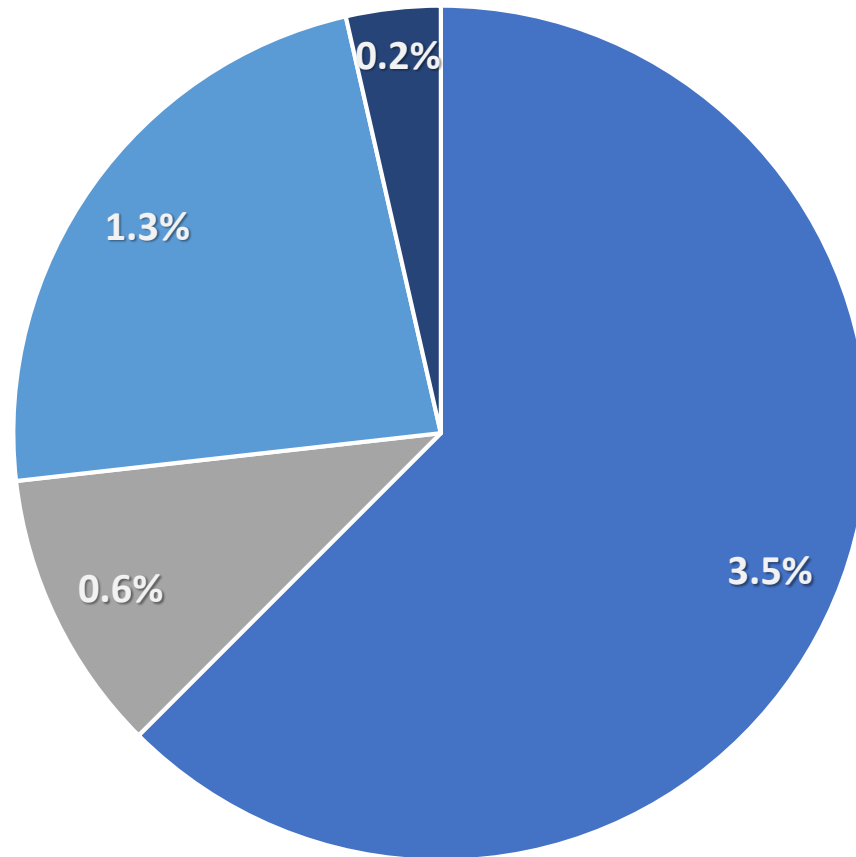
City Budget in Total

2019 City Budget, excluding independent boards, is \$1.55 Billion



General Fund Changes

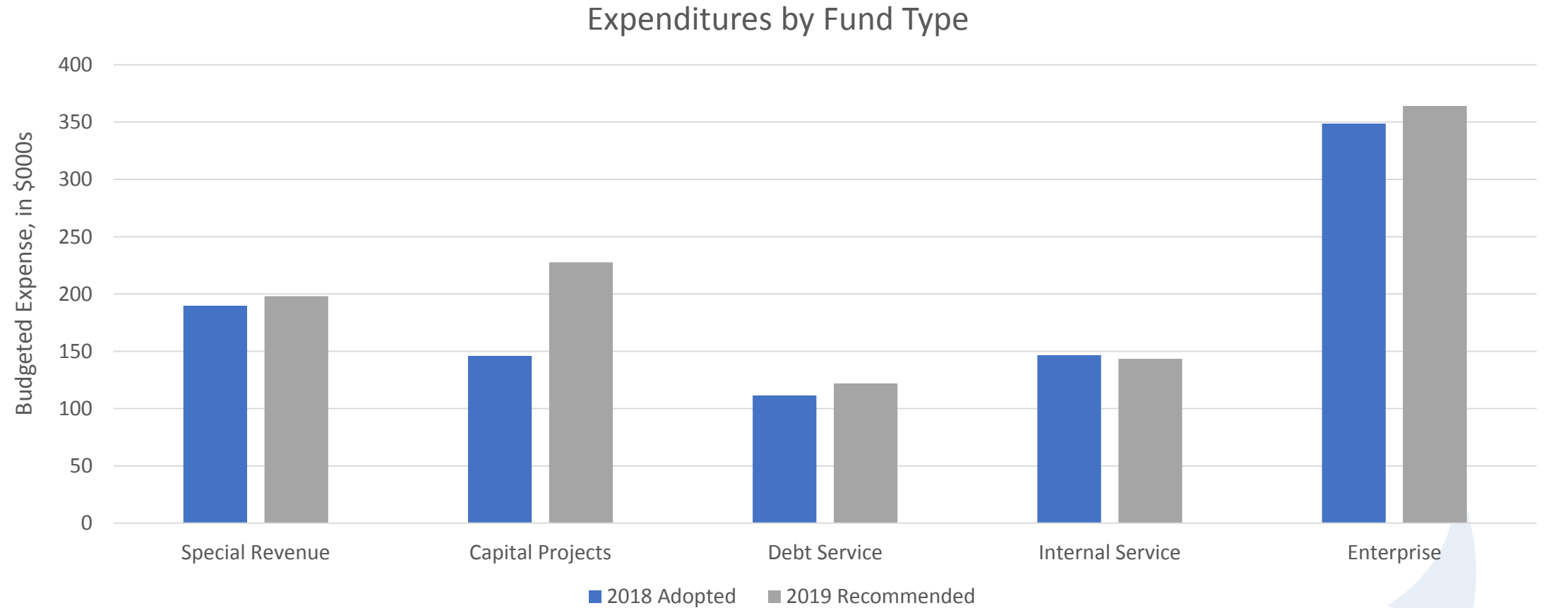
2019 General Fund Expense Budget grows by \$26.2 M, or 5.6%



- Current Service Levels
- Parks & Streets
- Mayor's Change Items
- PERA Legislation



Changes to Other Funds

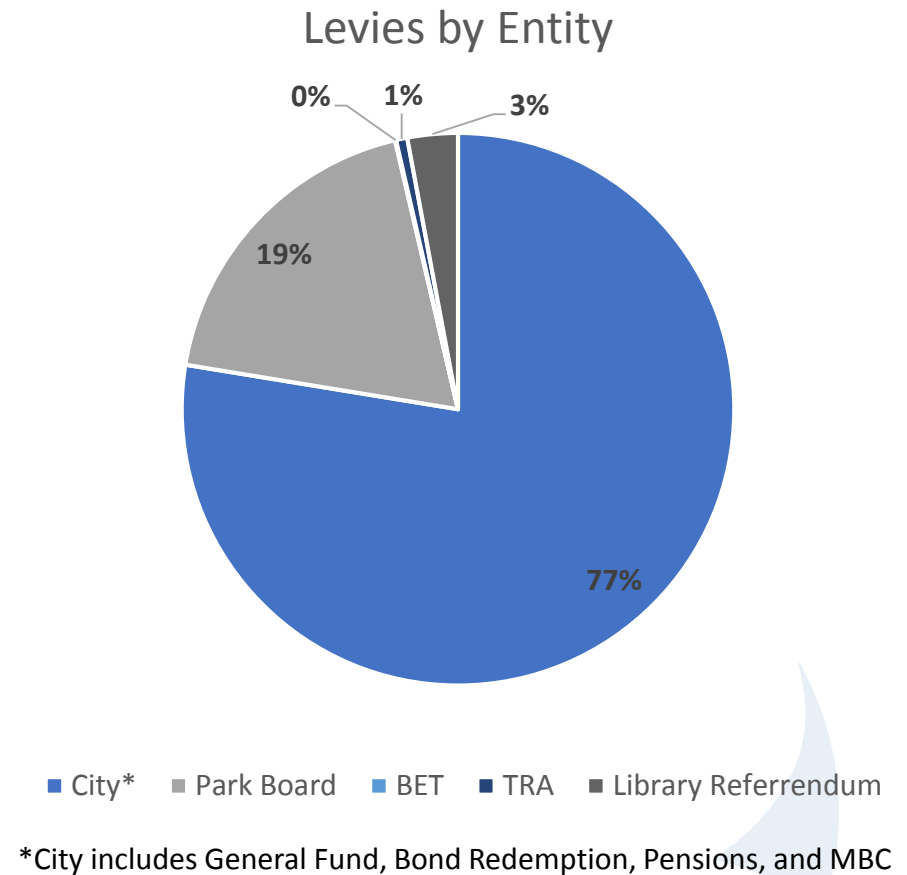




2019 Recommended Levies & Major Changes

2019 Recommended Levies

Levy	2018	2019	Change
General Fund	189,452,884	201,345,000	6.28%
Minneapolis Park Board	62,201,719	65,640,000	5.53%
Bond Redemption	39,350,000	41,510,000	5.49%
Pensions	22,310,000	23,310,000	4.48%
Municipal Building Commission	5,102,929	5,256,000	3.00%
Board of Estimate and Taxation	190,000	210,000	10.53%
Teacher's Retirement Assoc'n	2,300,000	2,300,000	0.00%
Library Referendum	10,300,000	10,300,000	0.00%
Total Property Taxes	331,207,532	349,871,000	5.63%



General Fund Levy

Supports City Operations, Public Safety, General Government Services

Mayor's Recommendation

\$201,345,000

6.28% Increase

- Non-Property Tax revenues largely flat
- Slight increase in permits & licenses
- Long-Term Liabilities Proceeds up 101.6%
- Interest Earnings up 100%
- Fund Balance used for one-time change items



General Fund Levy – Major Changes

- Affordable Housing
 - 4d Program Expansion
 - Homeownership Opportunity Minneapolis
 - Minneapolis Homes
 - Increased Housing Inspections Capacity
- Public Safety
 - Investments in Community Police Relations across multiple departments
 - Group Violence Intervention
 - Conversion of 8 positions currently filled by Sworn Officers to Civilian
 - Continue Body Camera Deployment Plan
 - Adding 5 Fire Personnel
 - 911 Training & Quality Assurance



General Fund Levy – Major Changes

- Economic Inclusion
 - Labor Standards Investigator
- Core City Functions
 - Elections Base Increase
 - New Budget System
 - Supplier Diversity
 - Equity & Inclusion
 - Assessor Staffing & Base Budget
- Increase in PERA payments for Police & Fire
 - \$900,000 with 2018 Pension Bill



Minneapolis Park Board

Supports Park Board Operations

Mayor's Recommendation

\$65,640,000

5.53% Increase

Major Changes

- Includes \$4.238M for current service levels
 - \$800k beyond Five Year Financial Direction projection
- Includes \$150,000 for youth programming



Bond Redemption

Supports Repayment of Debts Incurred by the City

Mayor's Recommendation

\$41,510,000

5.49% Increase

Major Changes

- Increase directly related to 20-year parks & streets agreement



Closed Pensions

Supports City contribution to fulfill funding obligations of the former MERF

Mayor's Recommendation

\$23,310,000

4.48% Increase

Major Changes

- \$1M higher than 2018 due to State pension aid reductions expected in 2019



Municipal Building Commission

Supports City contribution to MBC Operations – does not include MBC Capital Program

Mayor's Recommendation

\$5,256,000

3% Increase

Major Changes

- No changes beyond current service level increase



Board of Estimate & Taxation

Supports staffing of the Board of Estimate & Taxation

Mayor's Recommendation

\$210,000

10.53% Increase

Major Changes

- Increased costs assumed for changes in staffing



Teacher's Retirement Association

Supports city contribution to full funding requirement for TRA

Mayor's Recommendation

\$2,300,000

No Increase

Major Changes

- No change from 2018

Continues until TRA fully funded



Library Referendum / Downtown Office

Supports debt service for Central Library & Neighborhood Libraries passed in 2020

Mayor's Recommendation

\$10,300,000

No Increase

Major Changes

- Levy currently pays Library Debt
- Mayor Recommends borrowing \$100M in 2019 for New Public Service Building – to be repaid with part of Library levy and other building rents from non-property tax sources



Other Major Changes

- General Fund – One-Time Spending (non-Levy)
 - \$13.2M Affordable Housing
 - \$1.6M Economic Inclusion
 - Collaborative Enforcement Pilot – Labor Standards
 - Municipal ID
 - Workforce Development Centers
 - Village Trust Financial Cooperative
 - \$4.5M Other Departmental Needs
 - Energy & Climate Programming
 - Paper Reduction / Records Modernization
 - Winter Maintenance Funding



Other Major Changes

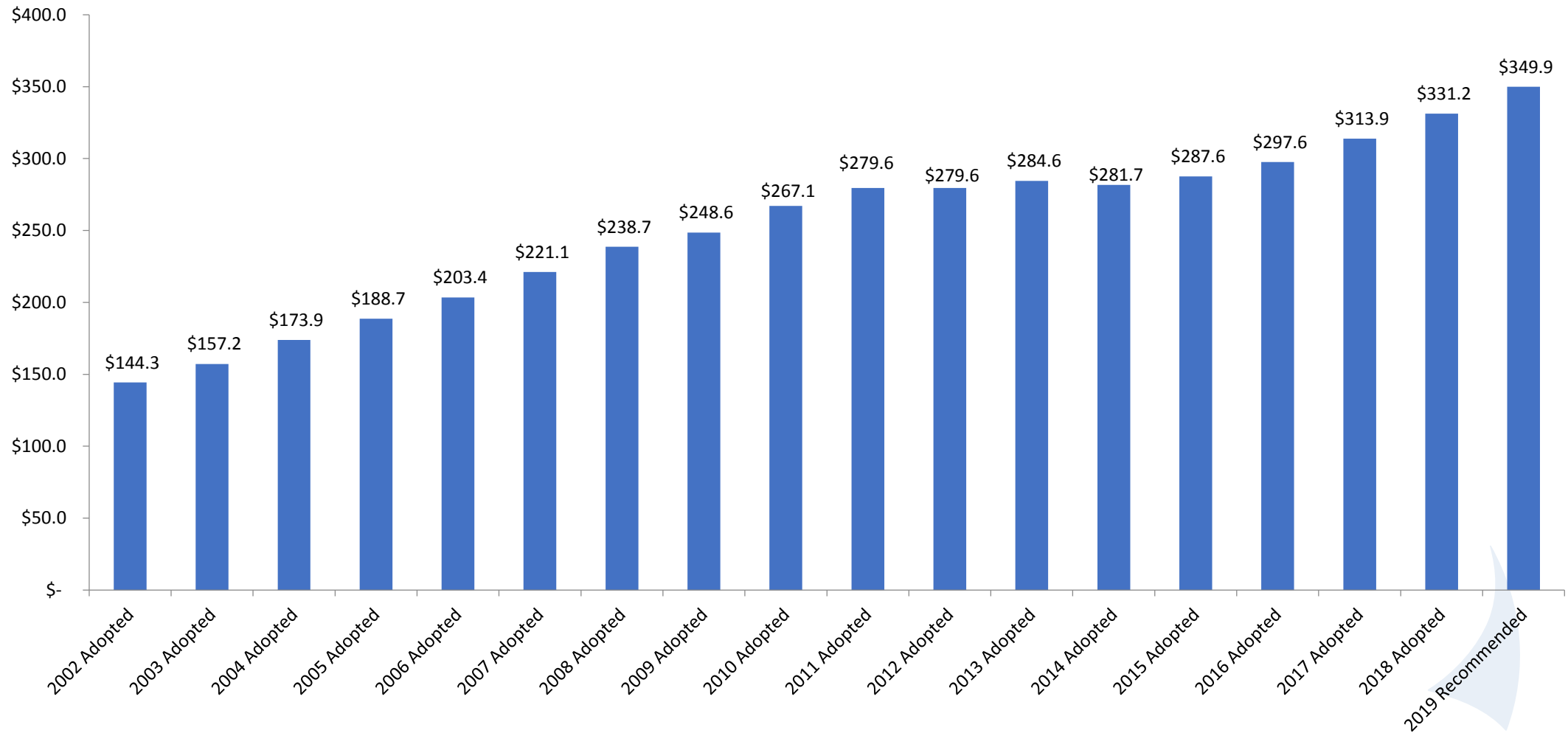
- Special Revenue Fund – One-Time Spending (non-Levy)
 - \$15.1M Affordable Housing





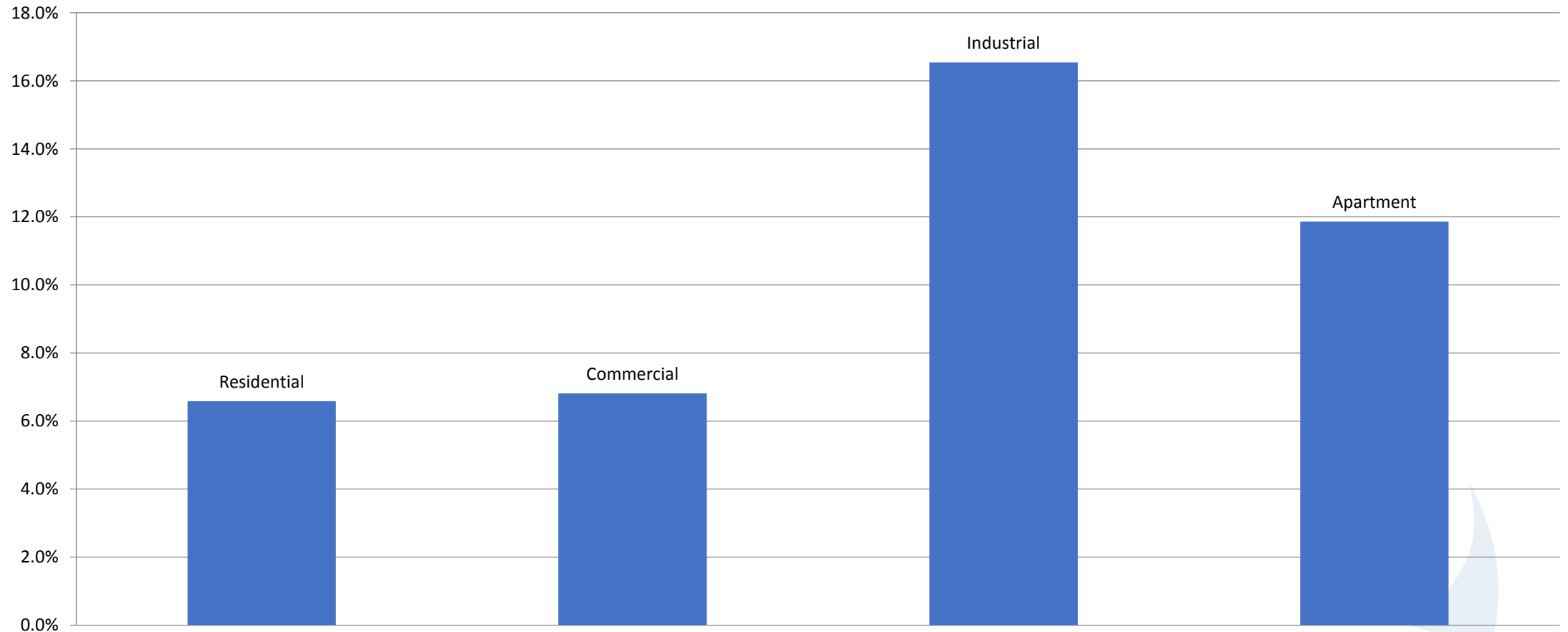
2019 Property Tax Impacts

Minneapolis Property Tax History



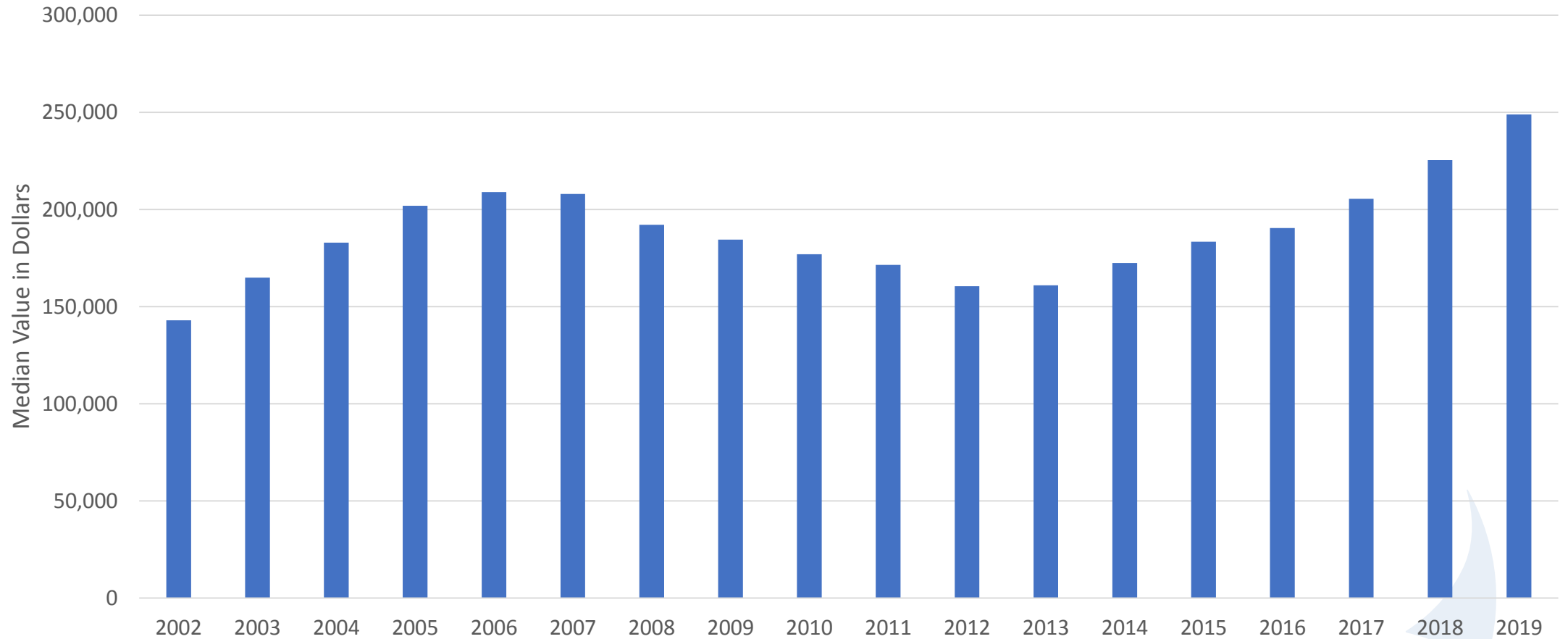
Change in Value – 2019 Taxes Payable

Largest value growth in Industrial, followed by Apartment



Median Value Trend – Single Family Home

10% increase in 2019



Market Value & Tax Increases

- Overall Market Value Increase of 10%
 - New construction value less than 2%
 - Inflation on existing property drives most of the MV increase
- Other Factors influence “Feels Like”
 - Market Value Exclusion Program
 - Fiscal Disparities
 - TIF



Estimated Impacts of 5.63% Levy Increase

Non-Homestead Residential

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
183,500	1,029	1,085	56	5.5%
249,000	1,396	1,472	76	5.4%
346,500	1,918	2,048	130	6.8%

Assumes lower value residential property market value increase by 10.2% and higher value increase by 11.6%

Homestead Residential

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
183,500	900	966	67	7.4%
249,000	1,300	1,387	87	6.7%
346,500	1,870	2,014	143	7.7%

Assumes lower value residential property market value increase by 10.2% and higher value increase by 11.6%

Apartment

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
667,000	4,447	4,896	448	10.1%
5,000,000	33,339	36,700	3,362	10.1%

Assumes median apartment property market value increase by 15% (not including new construction value)

Commercial

<u>Market Value</u>	<u>Tax in 2018</u>	<u>Tax in 2019</u>	<u>Change</u>	<u>% Change</u>
375,400	2,589	2,700	111	4.3%
5,000,000	38,232	39,552	1,321	3.5%

Assumes median commercial property market value increase by 8% (not including new construction value)

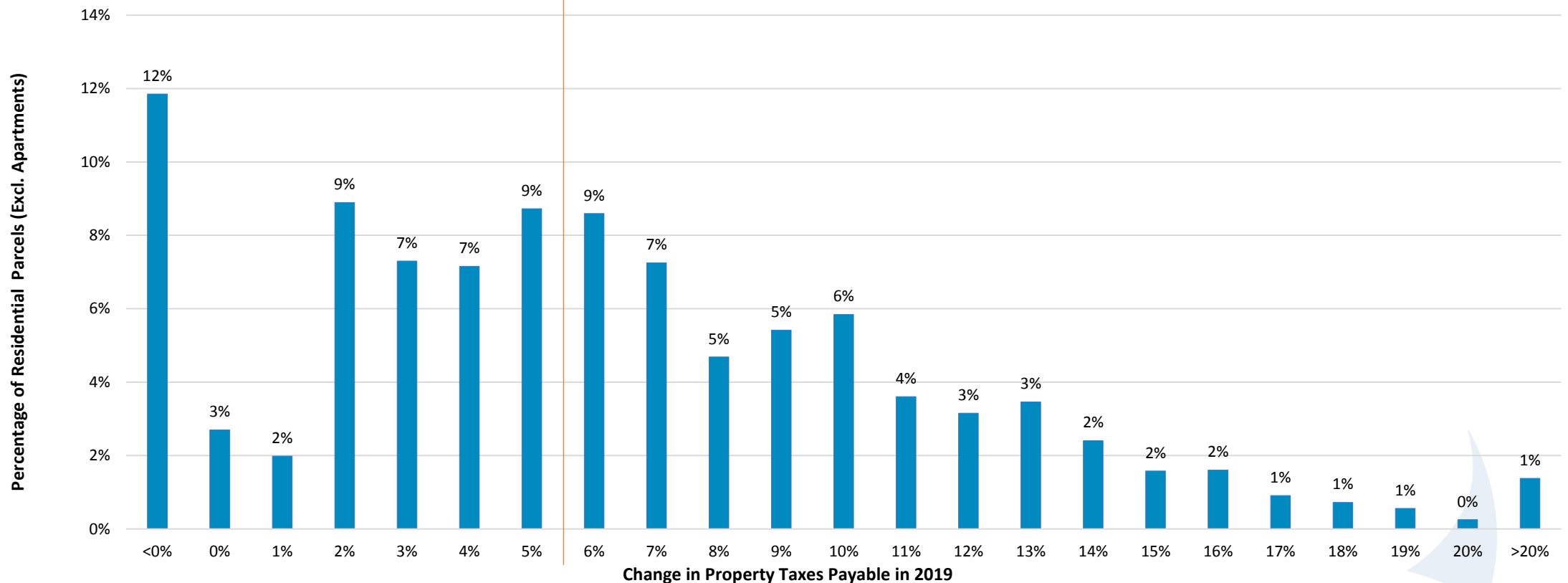


Estimated Tax Increases – Minneapolis Only

Parcels over \$30,000 in value with no construction in last year

Property Tax Increase in 2019 - Estimates for Residential (excl. Apartments)

N = 101,287



Property Tax Refund Program

- Support for Renters and Homeowners
- Income Phase Outs

www.revenue.state.mn.us/individuals/prop_tax_refund/

