

**2010 Annual
General Fund
Budget:
Truth in
Taxation**

On-Going Budget Objectives

- *Maintain existing service levels*
- *Maintain a constant tax capacity rate*
- *Fully fund replacement of the City's existing capital investments.*
- *Fund new programs only after existing, necessary programs are funded*
- *Address the implications of levy limits on local governments, and significant reduction in State Aids and Credits, while keeping service levels expected by residents*

2009 Revenue Issue Faced

- After the 2009 Budget year began, Chaska faced two significant reductions in revenue, including:
 - \$160,000-Governor's Reduction in LGA
 - \$160,000-Reduction in anticipated Building Permits
 - Total Revenue Reduction of \$320,000 in 2009
- Responded by making the following expenditure reductions in the General Fund:
 - \$80,000-Reduction in Street Maintenance Activities
 - \$50,000-Elimination of Community Development Tech on Jan 1
 - \$55,573-Elimination of Building Inspector #1 on April 1
 - \$49,399-Elimination of Building Inspector #2 on May 1
 - \$30,000-Deferred start of Budget Analyst (was to start on July 1)
 - \$38,000-Deferred the replacement of 1 Police Squad
 - \$86,423-Use of Budgeted Contingencies
 - Total Expenditure Reduction of \$389,395 in 2009

2010 Expected Revenue Issue Faced

- Compared to our 5-Year Projection for the General Fund in 2008, the City faces a similar revenue challenge for 2010, including:
 - \$151,654-deficit from 2008 5-year forecast
 - \$230,000-reduction in property taxes compared to 5-year
 - \$155,000-Expected reduction in MVHC compared to 5-year
 - \$200,000-Reduction in Building Permits compared to 5-year
 - \$736,654 reduction in revenue compared to 5-year

Strategy for 2010 Revenue Reductions

- The following expenditure reductions are planned
 - \$120,000-Reduction in Street Maintenance
 - \$63,000-Eliminated Building Inspector #1
 - \$63,000-Eliminated Building Inspector #2
 - \$60,000-Deferred Budget Analyst
 - \$75,000-Deferred New Police Officer
 - \$30,000-Deferred Police Clerical
 - \$33,000-Deferred Public Works Maintenance
 - \$30,000-Deferred Siren Purchase
 - \$25,000-Deferred City Hall Copier Replacement
 - \$50,000-Use of budgeted Contingencies
- The following revenue enhancers are planned
 - \$80,000: additional dollars from Storm Water Utility to support Public Works storm water maintenance
 - \$100,000: increase in administration charges to General Fund (Admin Services Support from Enterprise Funds)
 - \$20,000: Addition of Mn Valley Franchise Fee
- The total for expenditure reductions/revenue enhancers: \$749,000

Summary of 2009-2010 Budget Issues

- Early in 2009, projected a \$1,056,654 projected revenue shortfall between these two years (\$736,654 in 2010 alone)
- Required reductions in expenditures of:
 - \$321,395 in 2009
 - \$296,000 in 2010
- Required deferment of expenditures of:
 - \$68,000 in 2009
 - \$253,000 in 2010

Primary Focus of 2010 Annual Budget

- Maintain existing service levels for residents- assure that any reduction in service levels is directly associated with decreased need for service (I.e. Changes made in Community Development)
- Full fund levy needs of Street Reconstruction Program-restart the program
- Budget for no draw-down of General Fund Reserves

Market Values/Tax Capacity for 2010

	2008 Market Value	2009 Market Value	\$ Increase	% Increase	2009 New Construction	Existing Property Change	Existing Property Change
Residential	\$ 1,821,753,500	\$ 1,798,021,000	\$ (23,732,500)	-1.3%	\$17,382,100	\$ (41,114,600)	-2.3%
Comm/Industrial	\$ 390,016,400	\$ 433,738,300	\$ 43,721,900	11.2%	\$9,583,200	\$ 34,138,700	8.8%
Apartment	\$ 96,601,400	\$ 107,334,000	\$ 10,732,600	11.1%	\$9,812,700	\$ 919,900	1.0%
Other	\$ 159,566,500	\$ 136,272,200	\$ (23,294,300)	-14.6%	\$51,700	\$ (23,346,000)	-14.6%
Total	\$ 2,467,937,800	\$ 2,475,365,500	\$ 7,427,700	0.3%	\$36,829,700	\$ (29,402,000)	-1.2%

	2008	2009	2010	Increase	%
Gross Tax Capacity	\$ 27,471,809	\$ 27,574,101	\$ 27,947,051	\$ 372,950	1.4%
TIF	\$ 2,640,100	\$ 2,829,823	\$ 2,973,467	\$ 143,644	5.1%
Fiscal Disparities	\$ 5,463,817	\$ 5,624,915	\$ 5,656,072	\$ 31,157	0.6%
Other	\$ 241,479	\$ 288,328	\$ 300,159	\$ 11,831	4.1%
Net tax capacity	\$ 19,126,413	\$ 18,831,035	\$ 19,017,353	\$ 186,318	1.0%

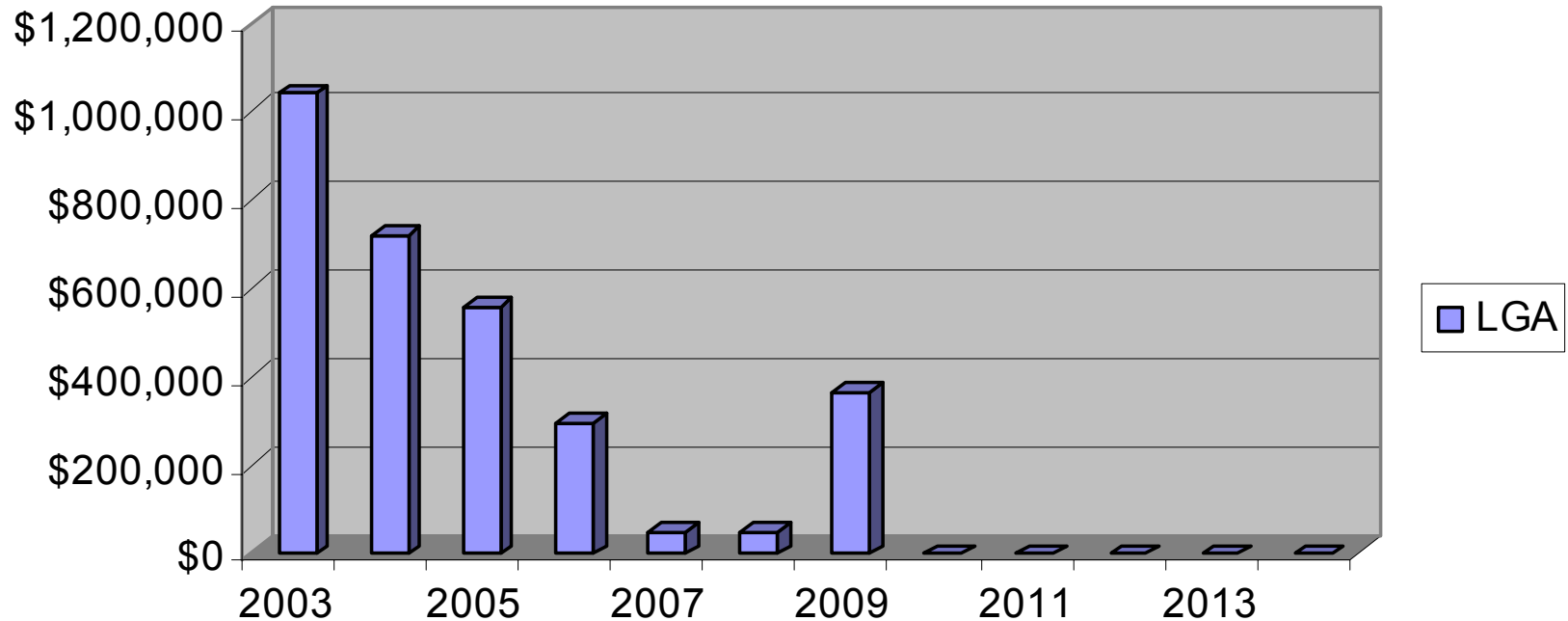
0.3% Increase for Taxes Payable 2010- Net Tax Capacity did go up 1%

Population

Year	# of Households	# of New	Est. Pop.
1999	5929	254	14,823
2000	6374	445	15,935
2001	6789	415	16,973
2002	7304	515	18,260
2003	7773	469	19,433
2004	8249	476	20,623
2005	8517	268	21,293
2006	8718	201	21,795
2007	8948	230	22,370
2008	9138	190	22,845
2009	9162	24	22,905
2010	9360	198	23,400
2011	9441	81	23,603
2012	9600	159	24,000
2013	9776	176	24,440
2014	9998	222	24,995

**Projections Utilized in all 5-Year and Annual
General/Enterprise Fund Budgets**

Projected Local Government Aid

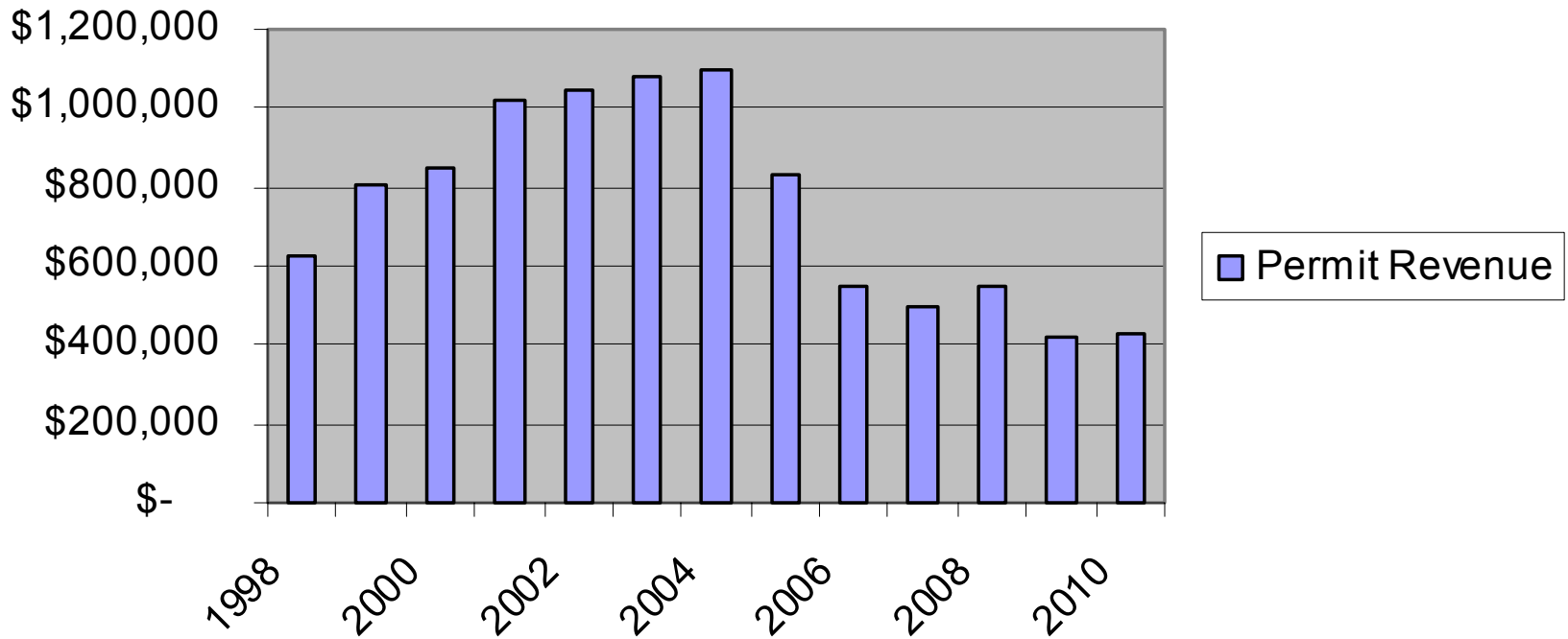


Over \$1 million reduction in LGA since 2003, which represents 10.4% of 2010 General Fund Revenues. With un-allotment of both 2008 and 2009 LGA (\$260,000), no longer a reliable source 2010 Budget assumes no LGA as well as no MVHC

Building Permits in 2010 are Expected to be Similar to 2009

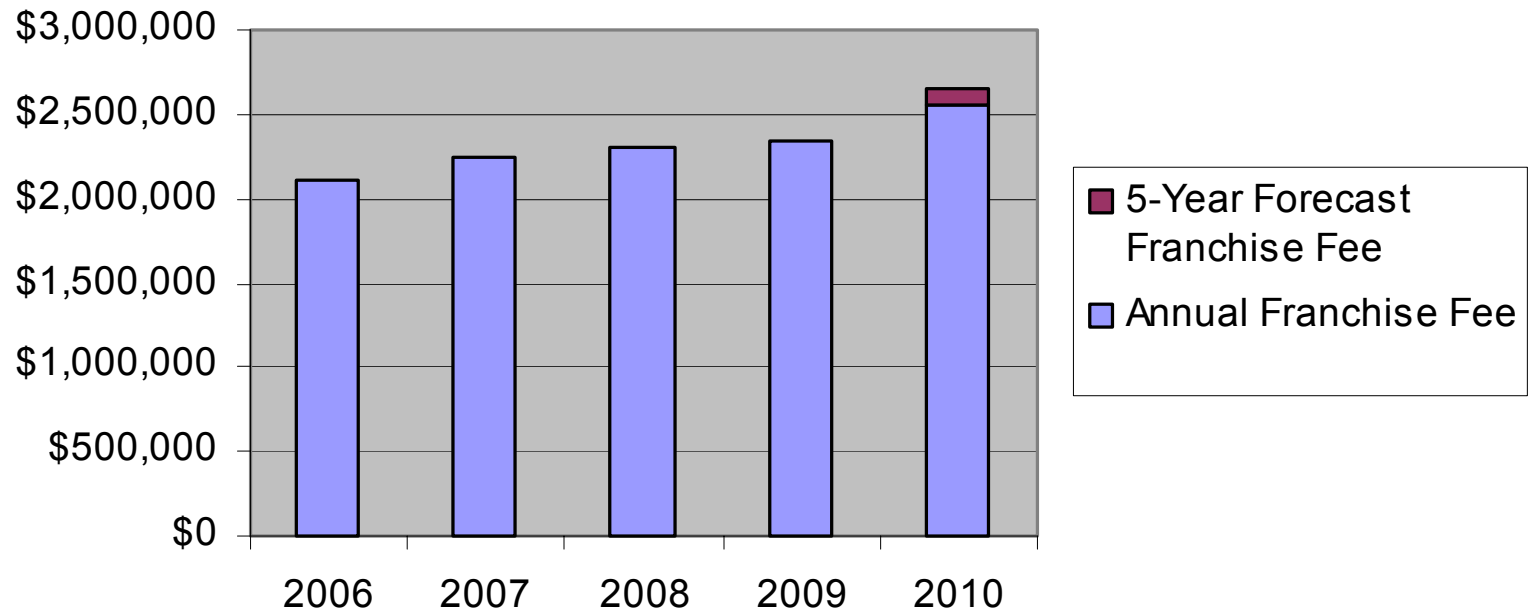
\$200,000 less than in last year's projection

Building Permit Revenue



Electric Franchise Fee

Electric Franchise Fee-Chaska and MN Valley

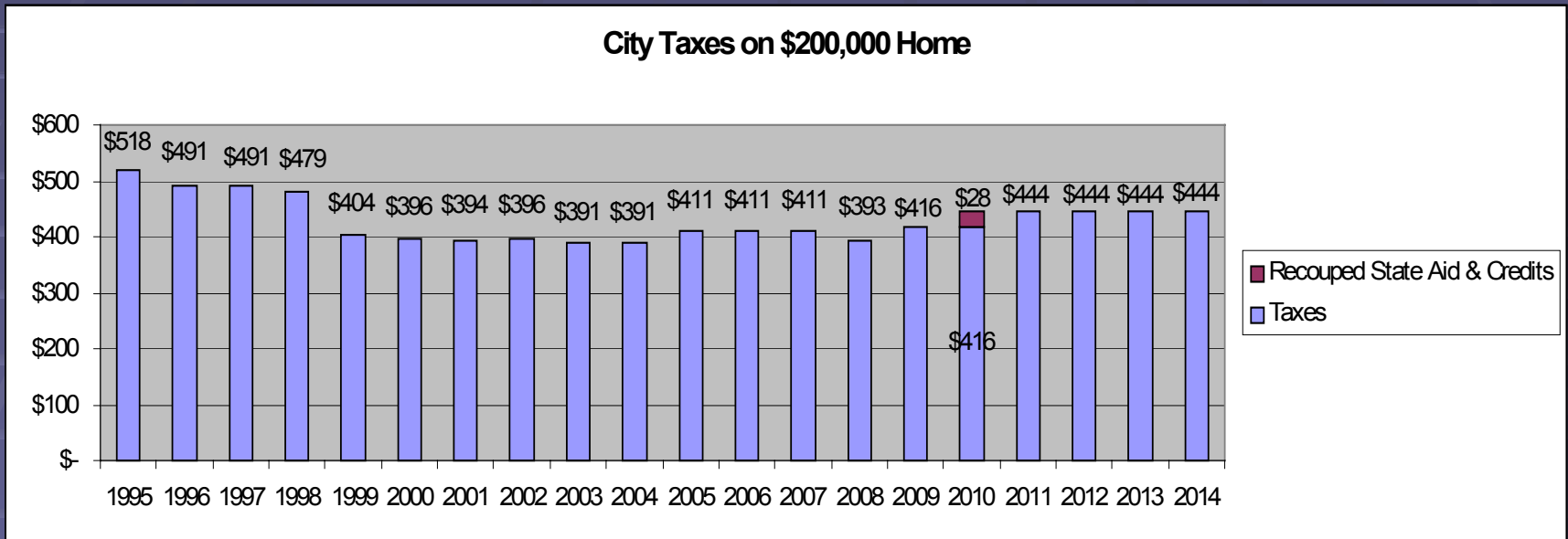


5-Year Forecast projected \$100,000 more Franchise Fee for 2010 than what we are budgeting, due to a slower rate of electric growth that we are experiencing. Michael's Foods and Mn Valley Franchise Fee will help in increase.

Actions discussed in 5-Year Budget

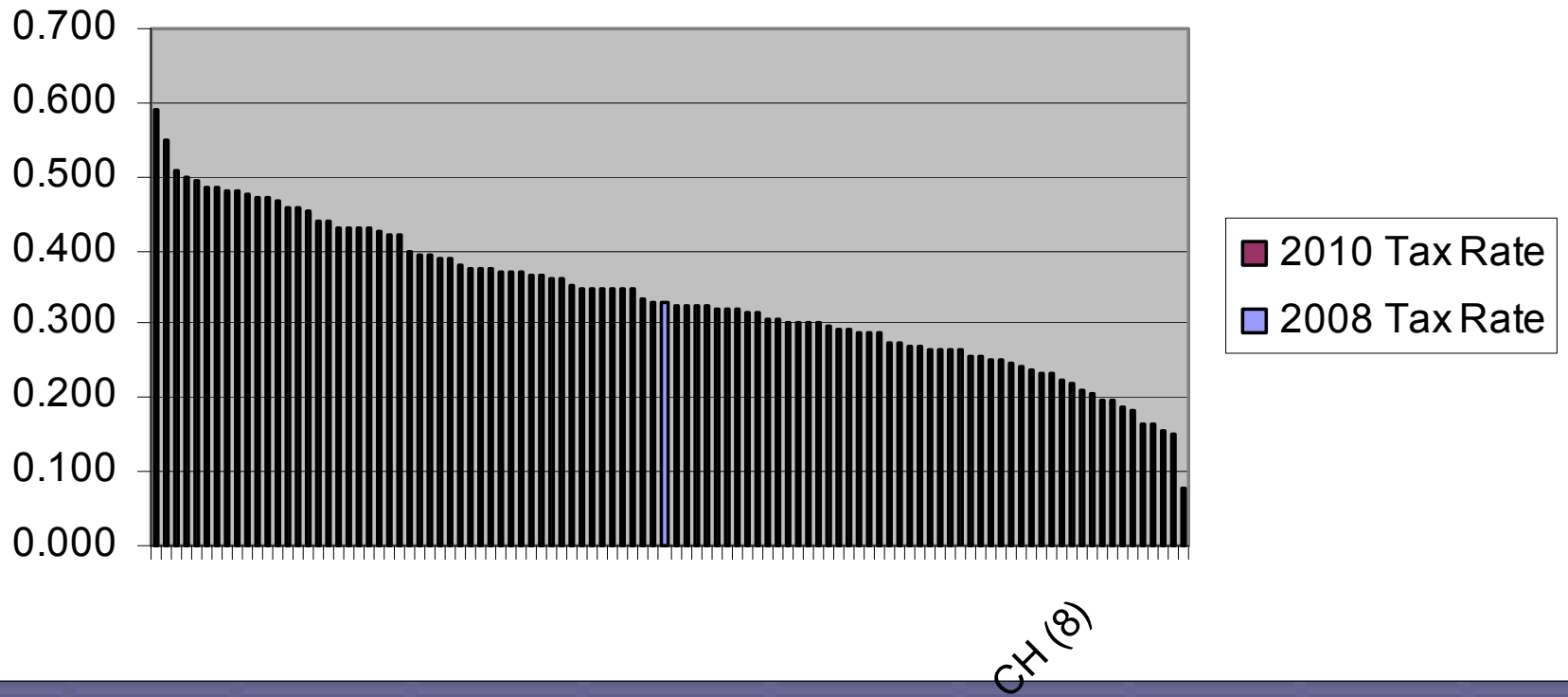
- For 2010, utilize special levy authority State Legislature provided Cities to recoup the un-allotted State Aids and Credits from 2008 and 2009
- Amount would total \$260,000-would offset the additional \$250,000 we put in budget needed to restart the Street Reconstruction Program
- Amount of General Fund Operational Levy would stay relatively constant compared to 2009, increasing \$91,000 (this amount accounts for the 1% increase in Net Tax Capacity)
- The change would come directly from the addition of the special levy dollars going toward the Street Reconstruction Program
 - 2010 Street Program, if adopted, would include the reconstruction of the North Meadows neighborhood, and overlays of the Sandy Acres and Scenic View Neighborhoods

5 Year Forecast-Plans for Steady Tax Rate after adjustment for lost LGAM/MVHC

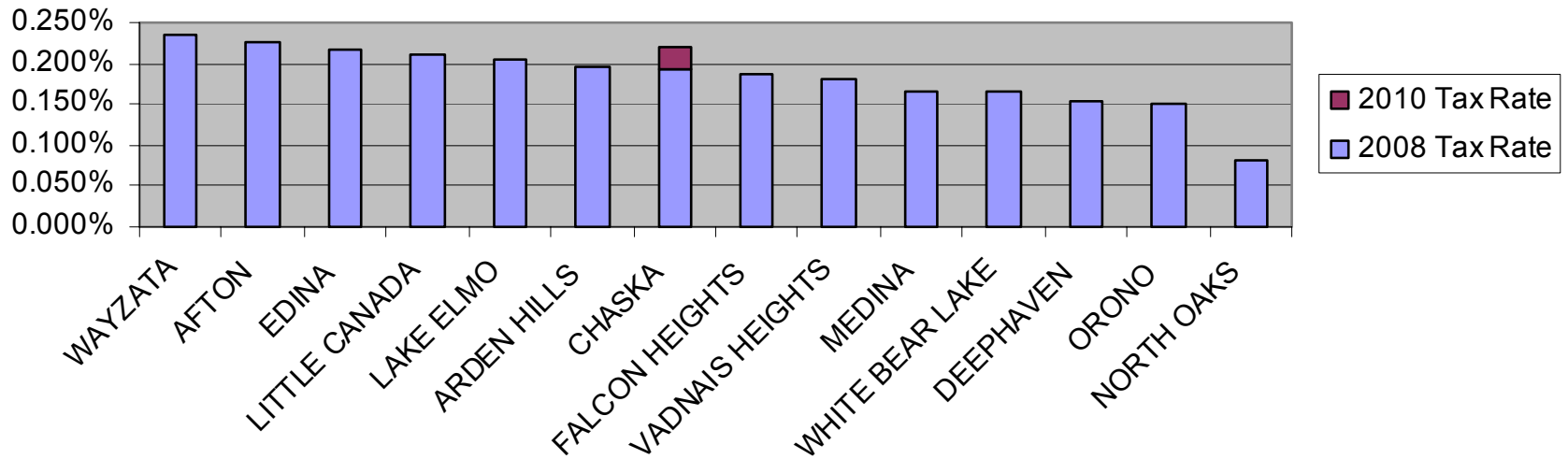


Special Levy of \$260,000 would make up the \$28 difference. This is what would go directly to the new \$250,000 of levy allocated toward the Street Reconstruction Program in 2010 and through 5-year period

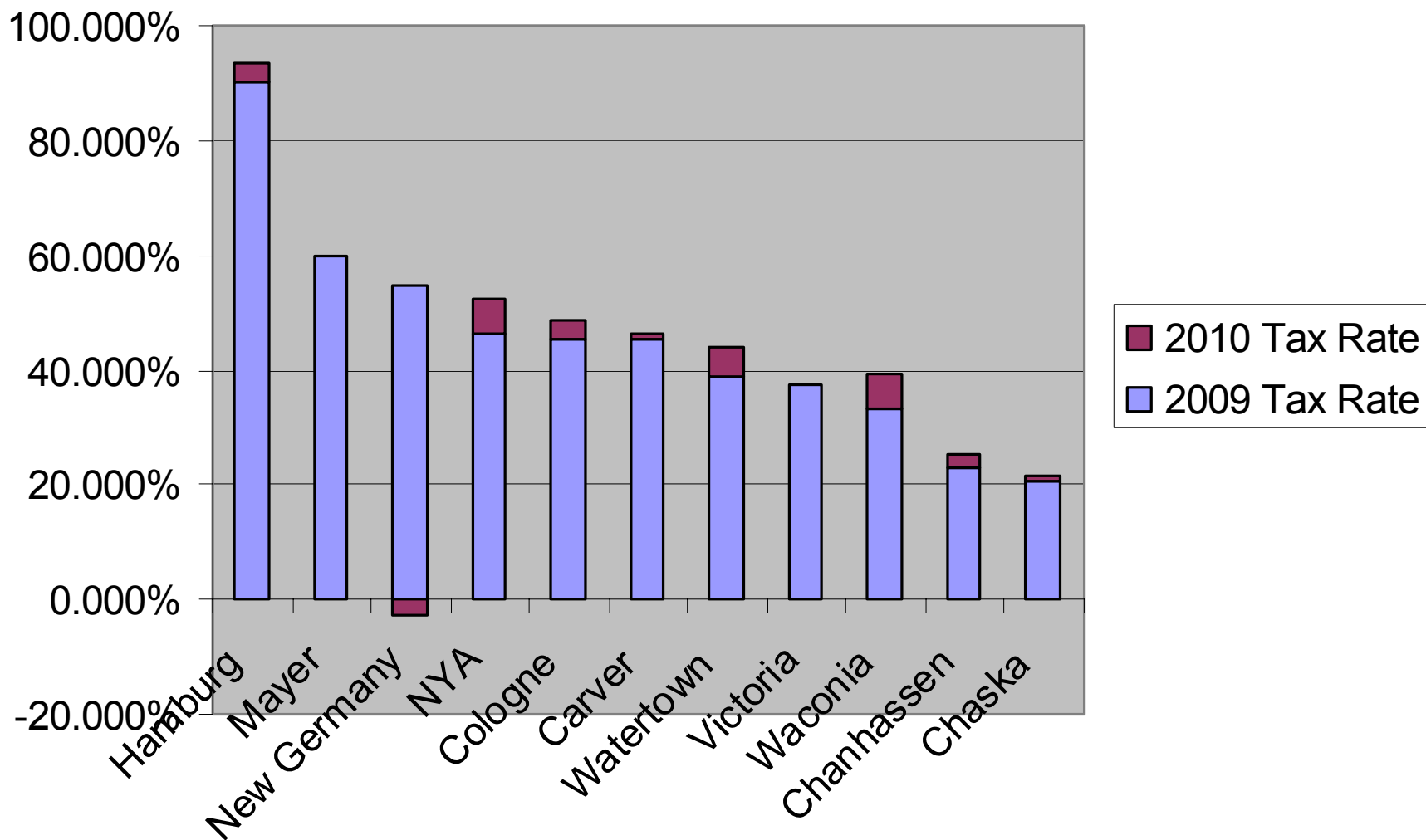
2008 City Tax Rates-102 Metro Cities



2008 Lowest City Tax Rates of 102 Metro Cities



2009/2010 Carver County Tax Rates



Key Elements of 2010 Budget

- **No Changes to Staffing or Service Levels**
- **Personnel Cost Up 1.5%; Operating up 2%**
- **Levy includes \$180,000 for Street Maintenance and funds Equipment Replacement**
- **Operating Levy Stays relatively constant from 2009 (up \$91,000, which represents 1% increase in net tax capacity)**
- **Fully fund tax levy needs for Street Reconstruction Program-\$250,000 coming from special levy**
- **Budget built around receiving no LGA/MVHC**
- **No draw-down from General Fund Reserve**

Property Tax Comparison

	2008	2009	2010	Increase	%
General	\$ 3,867,226	\$ 3,904,961	\$ 4,385,449	\$ 480,488	
Equipment Acq	\$ 440,174	\$ 618,109	\$ 228,905	\$ (389,204)	
Mt Pleasant	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	
Special Levy (Street Program)	n.a.	n.a.	\$ 260,000	260,000	
Total Operating and Special Levy	\$ 4,313,400	\$ 4,529,070	\$ 4,880,354	\$ 351,284	7.8%

2010 Budgeted Operating Revenues

	2007 Actual	2008 Actual	2009 Budget	2010 Budget	Increase	%Increase
<i>Property Tax</i>	\$3,022,812	\$3,194,743	\$3,904,961	\$4,385,449	\$480,488	12.3%
<i>Electric Franchise Fees</i>	2,249,000	2,309,000	2,344,000	2,553,000	\$209,000	8.9%
<i>Other Franchise Fees</i>	188,831	209,021	182,475	209,000	\$26,525	14.5%
<i>License and Permits</i>	540,659	722,137	790,870	647,681	(\$143,189)	-18.1%
<i>Intergovernmental</i>	720,698	715,757	993,928	602,143	(\$391,785)	-39.4%
<i>Other Revenues</i>	1,691,062	1,701,935	1,167,896	857,496	(\$310,400)	-26.6%
<i>Transfers In</i>	458,004	280,174	285,174	358,000	\$72,826	25.5%
Total Revenue	<u>\$8,871,066</u>	<u>\$9,132,767</u>	<u>\$9,669,304</u>	<u>\$9,612,769</u>	(\$56,535)	-0.6%

2010 Budgeted Operating Expenditures

Department	2007 Actual	2008 Actual	2009 Budget	2010 Budget	Increase	%Increase
Council	\$ 135,341	\$ 113,286	\$71,267	\$109,777	\$38,510	54.04%
Administration	\$ 288,964	\$ 271,569	\$340,956	\$285,063	-\$55,893	-16.39%
Administrative Services	\$ 703,428	\$ 752,777	\$843,725	\$840,118	-\$3,607	-0.43%
Data Processing	\$ 269,598	\$ 235,025	\$256,215	\$266,601	\$10,386	4.05%
Legal	\$ 68,156	\$ 66,683	\$59,502	\$60,692	\$1,190	2.00%
Community Development	\$ 828,173	\$ 922,872	\$753,220	\$770,457	\$17,237	2.29%
Engineering	\$ 233,573	\$ 257,637	\$243,216	\$244,369	\$1,153	0.47%
Elections	\$ 2,751	\$ 23,117	\$11,987	\$26,218	\$14,231	118.72%
Police	\$2,569,948	\$2,806,636	\$2,807,108	\$2,850,209	\$43,101	1.54%
Fire	\$ 672,384	\$ 698,355	\$733,372	\$668,500	-\$64,872	-8.85%
Government Buildings	\$ 220,948	\$ 221,922	\$257,079	\$334,947	\$77,868	30.29%
Public Works	\$2,332,388	\$2,435,655	\$2,537,492	\$2,456,404	-\$81,088	-3.20%
Recreation	\$ 419,461	\$ 448,556	\$466,795	\$475,244	\$8,449	1.81%
Communication	\$ 100,350	\$ 75,141	\$73,455	\$83,373	\$9,918	13.50%
Unallocated	\$ 42,246	\$ 67,757	\$ 105,092	\$140,797	\$35,705	33.97%
Total	\$ 8,887,709	\$ 9,396,988	\$ 9,560,481	\$ 9,612,769	52288	0.55%

Reserve and Contingency for the 2010 Budget=\$140,797

Questions??