



Inver Grove Heights City Council
Monday, July 31, 2023 at 6:00 PM
8150 Barbara Avenue, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Rebecca Kiernan (rkiernan@ighmn.gov). Comments received prior to 4:00 p.m. on Monday, July 31, 2023, will be provided to the Council at or before the July 31, 2023 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Discussion Items**
 - A. 2024 General Fund Budgets & Tax Levy - First Look
4. **Adjourn**

This document is available upon a three (3) business day request in alternate formats such as braille, large print, audio recording, etc. Please contact Rebecca Kiernan, City Clerk, at 651.450.2513 or rkiernan@ighmn.gov.



Request for Council Action

SUBJECT: **2024 General Fund Budgets & Tax Levy - First Look**

MEETING DATE: July 31, 2023

ITEM TYPE: Discussion Items

CONTACT: Amy Hove, Finance Director, 651.450.2521
 Kris Wilson, City Administrator, 651.450.2511

ACTION REQUESTED

The Council is asked to receive an initial presentation regarding the City's 2024 General Fund budget and tax levy and provide any initial feedback or direction it wishes to.

BACKGROUND

At this Council work session, staff will provide an introduction/overview of the City's budget components and timeline; a summary of the assumptions, challenges and priorities informing development of the 2024 budget, and a brief look at the budget requests of each General Fund department. This is the first of several budget discussions leading up to the adoption of a preliminary 2024 tax levy in mid-September.

Attached for Council's review and information is the first portion of Monday's presentation, which focuses on background and foundational information, including a look at what's included and excluded from the General Fund and information about changes in the City's levy over the last five years. Additional information regarding departmental budget requests will be presented at the work session.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. Part 1 of July 31 Budget Work Session Presentation

2024 Budget Discussion General Fund & Tax Levy

July 31, 2023



Topics for Tonight:

- Part 1: Background /Foundational Info
 (slides included in published packet)
- Part 2: Assumptions, Challenges, Priorities
 for 2024 Budget
- Part 3: Departmental Budget Requests
 (that fall within the General Fund)
- Part 4: Next Steps & Upcoming Meetings

PART 1: Background / Foundational Info

- Timelines & Statutory Requirements
- 2023 City Budget
- What's in the General Fund
- IGH Tax Levy over last 5 years
- 2024 Tax Base & Market Values



Timelines & Statutory Requirements

- Sept. 30 = statutory deadline for Minnesota cities to adopt a preliminary property tax levy for 2024
- Goal is to adopt IGH's preliminary levy at the Sept. 11 Council Meeting
- Once a preliminary levy is approved, it may be reduced but it cannot be increased



Timelines & Statutory Requirements

Nov. 11 – Nov. 24

Counties mail 2024 proposed property tax notices to property owners

Nov. 25 – Dec. 28

Cities hold public meeting to discuss budget and tax levy and receive public input

- *Often referred to as a Truth-in-Taxation (TNT) Meeting*
- *Proposed date for IGH is the Dec. 4 Work Session*

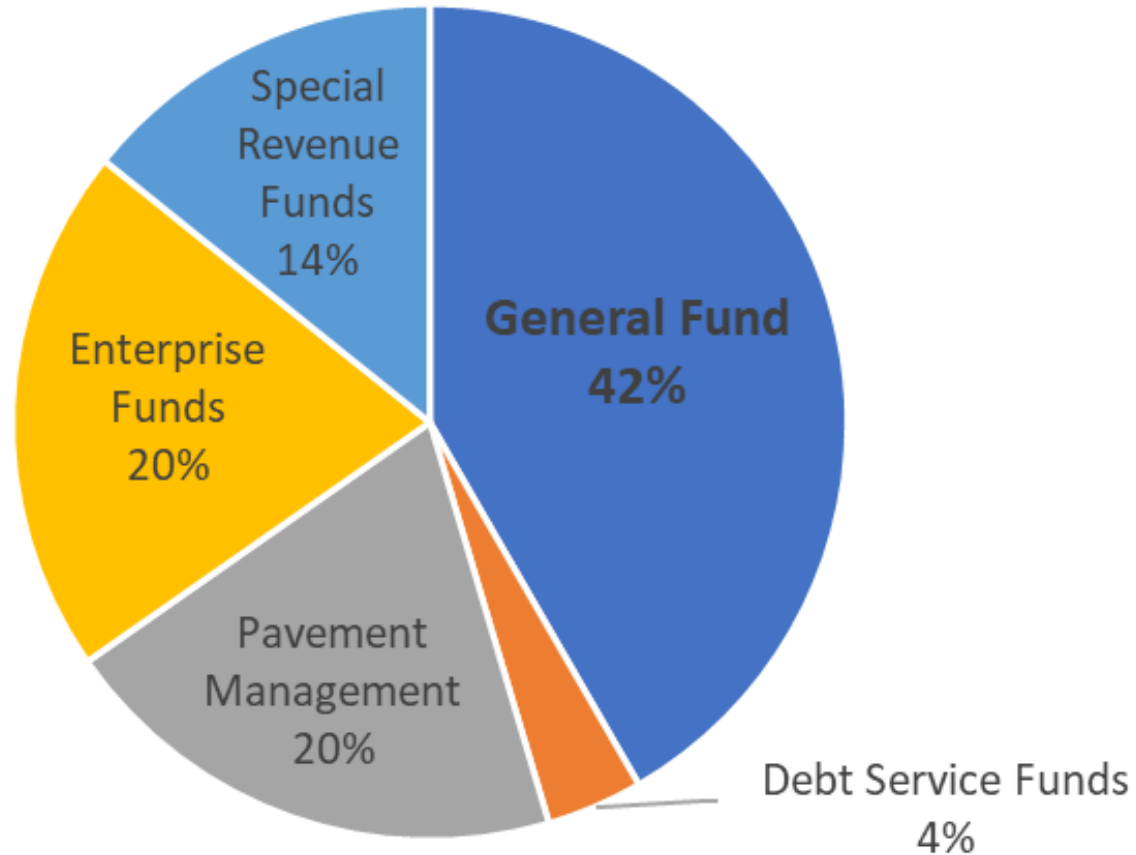
Dec. 28

Deadline for cities to adopt a final 2024 tax levy

- *Proposed date for IGH is the Dec. 11 Council Meeting*

2023 City Budget = \$73,907,769

(excluding Internal Service Fund Budgets)



What's Funded by the General Fund?

What's Included	What's <i>Not</i> Included
Administration & Mayor/Council	Community Center Funds
Human Resources	Golf Course
City Clerk & Elections	Pavement Management Funds
Communications	EDA
Finance	Utilities (Water, Sewer, Storm)
Community Development	Debt Service Funds
Planning	Convention & Visitor's Bureau
Inspections	Host Community Fund
Police	
Fire	
Engineering	
Streets & Street Lighting	
Parks & Recreation	
Transfers- to EDA & Parks Capital	
The Crossings Tax Abatement	

Tax Levy – 5 Year History (2019-2023)

Fund	2019	2020	2021	2022	2023
General Fund	\$19,437,200	\$ 20,128,800	\$ 21,006,200	\$ 22,916,070	\$ 24,889,311
Pavement Management	1,250,000	1,750,000	2,250,000	2,550,000	2,900,000
Debt Service Funds	<u>2,544,094</u>	<u>2,852,083</u>	<u>2,867,158</u>	<u>2,519,316</u>	<u>2,545,484</u>
Total Citywide Tax Levy	\$ 23,231,294	\$ 24,730,883	\$ 26,123,358	\$ 27,985,386	\$ 30,334,795
\$ Change from Prior Year	\$ 2,268,897	\$ 1,499,589	\$ 1,392,475	\$ 1,862,028	\$ 2,349,409
<i>General Fund</i>	<i>\$1,666,000</i>	<i>\$691,600</i>	<i>\$877,400</i>	<i>\$1,909,870</i>	<i>\$1,973,241</i>
<i>Pavement Management</i>	<i>\$0</i>	<i>\$500,000</i>	<i>\$500,000</i>	<i>\$300,000</i>	<i>\$350,000</i>
<i>Debt Service Funds</i>	<i>\$602,897</i>	<i>\$307,989</i>	<i>\$15,075</i>	<i>(\$347,842)</i>	<i>\$26,168</i>
% Change from Prior Year	10.8%	6.5%	5.6%	7.1%	8.4%

Tax Levy Recap (2019-2023)

- 5-Year Average \$ Change = \$ 1,874,480
- 5-Year Average % Change = 7.7%

Looking ahead to 2024

Each 1% increase over 2023 Tax Levy = \$303,350

- 2% likely needed for wages/benefits
- 1% likely needed for infrastructure
- 0.66% needed for SAFER Savings Plan
- 0.50% needed for The Crossings Tax Abatement

2024 Tax Base & Market Values

- Last year was a big year for residential market value increases in Dakota County – median increase was 17%.
- This year residential values are seeing a much more modest increase while other categories of property are having big growth years.

Market Value Change for Taxes Payable in 2024

Property Type	Median Increase in Dakota County	Median Increase in IGH
Residential	3.93%	1.1%
Apartment	6.44%	6.7%
Commercial	9.65%	9.2%
Industrial	20.6%	16.4%

2024 Tax Base & Market Values

- The vast majority of IGH's market value is in residential parcels.
- Commercial and industrial are a smaller share.

Property Type	Taxable Market Value	% of Total
Residential	\$4,231,993,525	76.6%
Apartments	\$554,934,800	10.0%
Commercial	\$348,298,000	6.3%
Industrial	\$221,914,500	4.0%
Utility	\$79,858,700	1.4%
Agricultural	\$20,102,726	0.4%
Rural Vacant	\$17,664,900	0.3%
Railroads	\$21,625,500	0.4%
Personal Property	\$27,896,500	0.5%
TOTAL	\$5,524,289,151	100.0%

2024 Tax Base & Market Values

- Total estimated market value in Dakota County is up 6.74% -- to \$73.71 billion.
- Of that – \$1.169 billion – or about 1.6% of County’s market value is due to new construction.
- In IGH 2.23% of total market value is new construction.
- IGH is #3 in new construction value in Dakota County – a bit behind Rosemount and well behind Lakeville.

Leaders in New Construction Market Value

City	New Construction Value	% of Total in Dakota Co.
Lakeville	\$394 million	approx. 34%
Rosemount	\$138 million	approx. 12%
IGH	\$123 million	approx. 10%

Part 1 Wrap Up

- Questions?
- Initial Reactions?
- Feedback?





CITY ADMINISTRATION

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2500

COMMUNITY DEVELOPMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2545

FINANCE DEPARTMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2519

FIRE DEPARTMENT

9200 Courthouse Boulevard
Inver Grove Heights, MN 55077
651-455-5082

PARKS & RECREATION

8055 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2585

POLICE DEPARTMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2525

PUBLIC WORKS DEPARTMENT

8168 Barbara Avenue
Inver Grove Heights, MN 55077
ENGINEERING: 651-450-2570
STREETS & UTILITIES: 651-450-4309

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