

Administrator Recommended: 2025 Preliminary Levy & Budget



BOARD MEETING
SEPTEMBER 3, 2024

Presentation Summary



1. 2025 Budget Executive Summary
2. Administrator's Recommended 2025 Levy and Budget
 - A. 2025 Tax Base Update
 - B. Administrator's Recommended 2025 Levy Increase
 - C. 2025 Budget Projection
 - D. 2025 Budget Attachments A – E
3. 2024 Y.E.S. Update
4. 2026 Long Term Financial Plan
5. 2025 Budget Schedule

2025 Budget Executive Summary



1. 8.9% Prelim levy
2. 4.6% (\$65 annual) tax impact for ave. value home
3. \$2.5M in post strategic planning meeting adjustments
4. Maintain competitive wages and benefits
5. No new levy funded FTEs
6. Escalated Government Center building costs
7. Maintenance of existing service levels
8. Inflation tails including continued high costs

Budget Strategies



- Targeted Levy Adjustments - **Completed**:
 - ✦ Expenditure reductions
 - ✦ Revenue enhancements
- State Legislative positive changes - **Completed**
- Soft hiring freeze/re-evaluate vacant positions - **Ongoing**
- Maintain existing service levels - **Ongoing**
- Other?

2025 Tax Base Update



- **Overall Tax Base:**

- ✦ **\$22.3B = +4.3%**
- ✦ 2025 Value of New Construction = \$451M
 - 2025 Levy increase paid by New Construction = **+\$3.1M**

- **2025 Average Value Increases:**

- ✦ Residential = 1.2%
- ✦ Commercial = 4.4%
- ✦ Ag = 9.5%
- ✦ 2025 Tax Burden shifts from Res. to Comm/Ag

Administrator's Recommended 2025 Preliminary Levy Increase



<u>\$472K Average Home</u> (2024: +466K <u>+1%</u> increase)	2025 Levy \$ Increase	Levy % Inc.	Annual \$ Tax Impact	Annual % Tax Impact
Administrator Prelim Recommend(1)	\$6.2M	<u>8.9%</u>	\$65	<u>4.6%</u>
"Capture New Construction"	\$3.1M	4.5%	\$0	0.0%

(1) Market competitive wages and benefits with no change in service levels

2024: Property Tax Levy = \$70.1M, Levy Inc. = 6.8%, Tax Impact = 4.5%

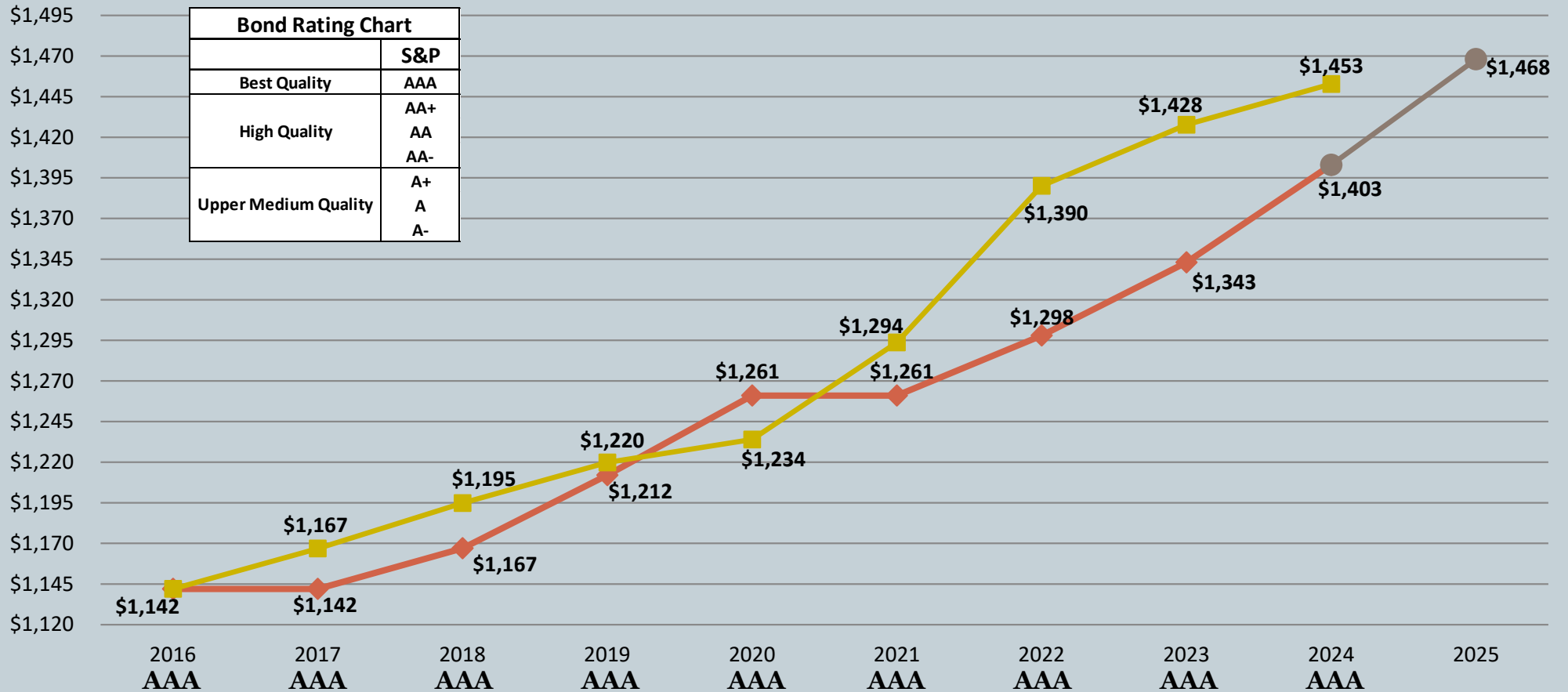
2023: Property Tax Levy = \$65.6M, Levy Inc. = 4.9%, Tax Impact = 3.8%

Average-Value Home County Property Tax Impacts 2016-2025



Value: \$301,500 Value: \$302,200 Value: \$317,600 Value: \$337,300 Value: \$361,800 Value: \$367,000 Value: \$380,000 Value: \$456,000 Value: \$466,100 Value: \$471,900

Bond Rating Chart	
	S&P
Best Quality	AAA
High Quality	AA+
	AA
Upper Medium Quality	AA-
	A+
	A
	A-



◆ Tax Burden
 ■ CPI
 ● Administrator's Recommendation

2025 Budget Projection: Sep-3



	<u>2025</u>	<u>2024</u>	<u>2023</u>
Recommended County Levy Increase	\$6.2M(1)	\$4.5M(2)	\$3.1M(3)
Projected Salaries/Benefits Increase	(6.0M)	(5.9M)	(4.5M)
County-Wide Levy Changes	(800k)	2.3M	1.3M
Division Levy Trends/Adjustments	600k	(100k)	100k
New Levy Funded FTEs	<u>-</u>	<u>(800k)</u>	<u>-</u>
Budget Gap:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) 2025: 8.9% levy increase/“**4.6%** County Tax Impact” Labor market competitive wages and benefits

(2) 2024: 6.8% levy increase/“**4.5%** County Tax Impact” Inflation & ultra competitive labor market

(3) 2023: 4.9% levy increase/“**3.8%** County Tax Impact”

Budget Attach A: County Wide Levy Changes

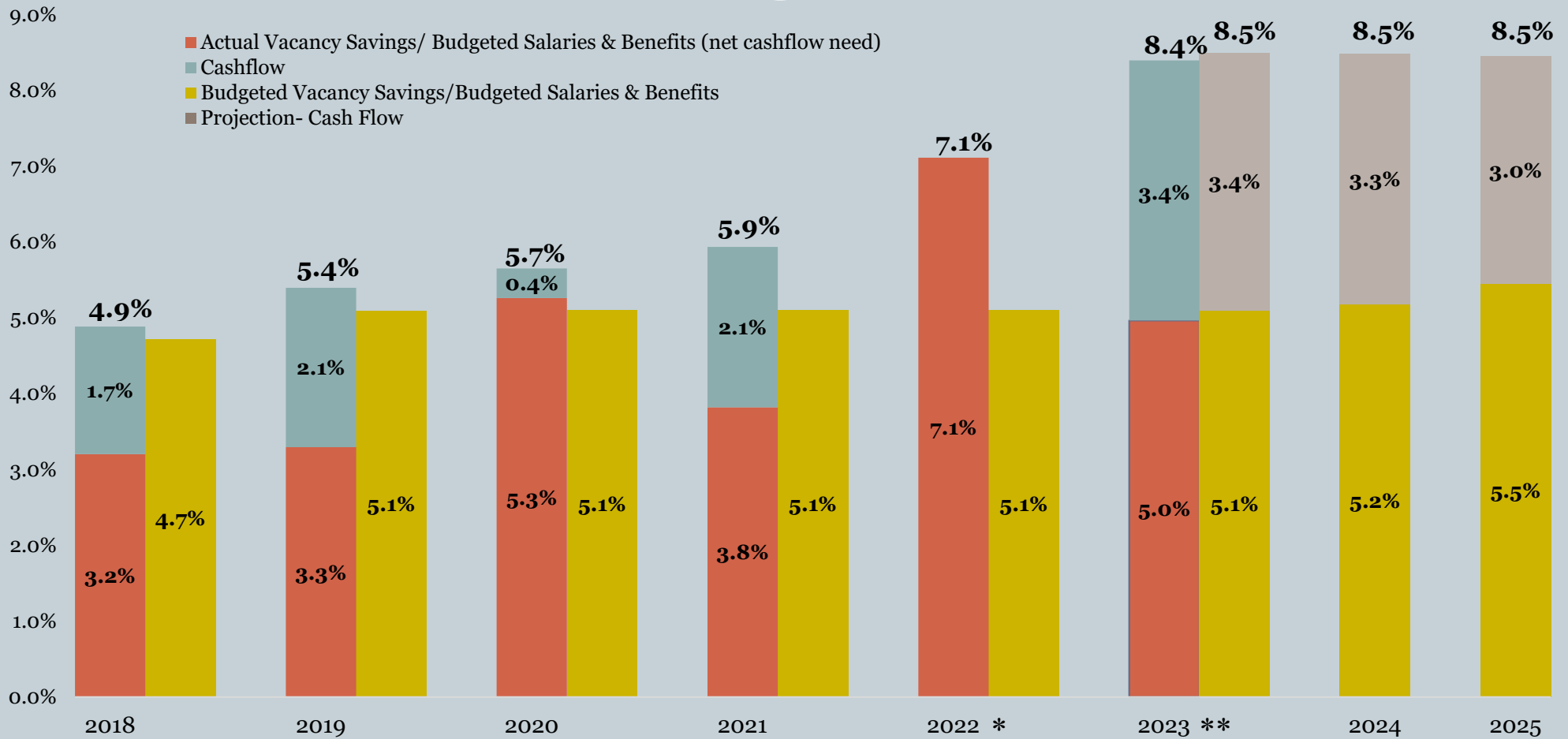
May 2024 (Rounded- see Attachment A for details)



Long-Term Financial Plan:	
\$2.2M Levy Increase by <u>2029</u> for Debt Service (+\$450k:2025 – 2029)	(\$450k)
Levy Increases for Road Preservation & Facilities, Vehicles & Equipment Replacement (Budget Attach C & D)	(200k)
Shift CPA from Operating to One-Time Projects (Budget Attach E)	(100k)
Annual IT Cost Increases (fees, additional staff, etc.)	(30k)
New Levy Adjustments:	
County-wide negative trends	(700k)
Vacancy Savings: 5.5% 2025 Wage & Benefit Projection	<u>700k</u>
Subtotal – Attachment A	<u>\$ (780k)</u>

2025: \$8.9M Vacancy Savings

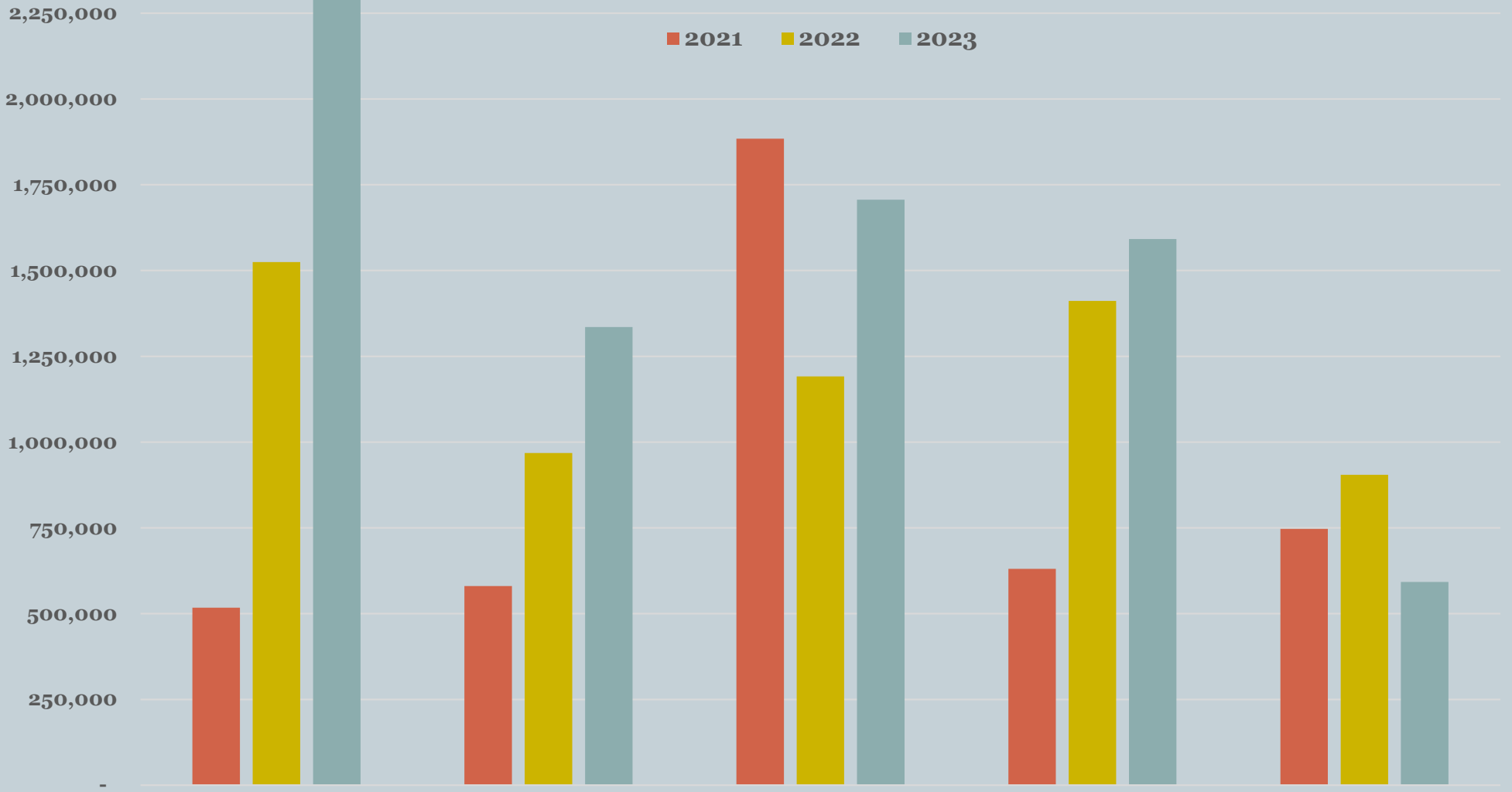
(5.5% * \$105M = \$5.8M + 3.0% Cash Flow Reserve = \$3.1M)



*No increase in cashflow reserve: County Board decreased working capital/cashflow from 35% to 30% of next year's operating budget in Dec-22, see Fund Balance Policy.

**2023 Budget: Finance started to show that vacancy savings has been used/ is needed to increase cash flow reserves, consistent with increase in next year's annual operating budget.

Vacancy Savings- 21-23 Comparison by Division



YE 2023 Total
FTEs by Division

271.9 FTEs

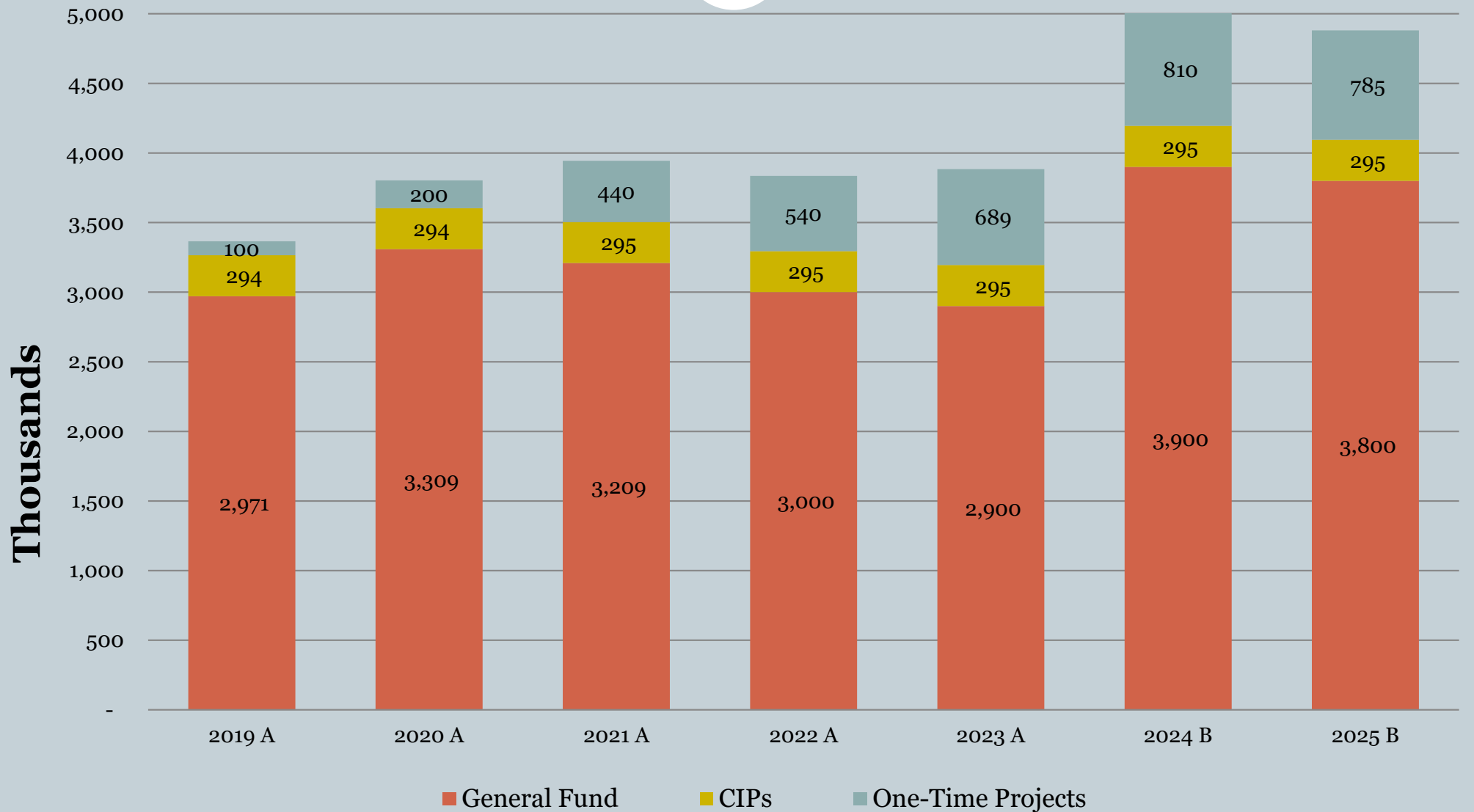
133.5 FTEs

167.5 FTEs

71.9 FTEs

119.0 FTEs

State CPA: 2019-2025



Attachment A: Division Levy Trends/Adjustments/Revenue (Rounded- see Attachment A for details)

PW: Parks- asset preservation, software, training, supplies; PW-vehicle locator devices	\$306k
CSO: Training, Jail medical and meals, medical examiner, equip	271k
HHS: Veteran Court program change, Jail clinical, 180 Degrees contract, Legislative changes	105k
CAO: Prosecution Contracts	7k
P&F: Training & software	(1k)
Board/Admin: Lobbyist services, membership dues, legal notices	(10k)
PS: IT infrastructure, Facilities-utilities & agreements, Library revenue	(16k)
ER: Software, membership dues and training,	(52k)
Allocation Incr: Historical Society, CC Soil & Water Conservation	<u>(62k)</u>
Subtotal Attachment A:	<u>\$600k</u>

Attachment B: Requested Staffing Changes

Division Director Requested:		FTEs		
Division	Description	Other Sources*	New Tax Levy	Total
County Atty Office	Assistant CA	\$ -	\$ 149k	\$ 149k
Employee Relations (ER)	Staffing & Recruitment Sup/ Office Mgr, ER BP	-	296K	296K
Property & Finance	Commercial Appraiser, (Appraiser Intern), License Center Supervisor, Property Tax Specialist, (STOC)	249k	-	249k
Health & Human Services	HHS Admin Asst, HCBC Supervisor, (CS Office Mgr), Program Supervisor, Social Worker , Adult MH Registered Nurse, Senior PH Services Professional, Community Opioid Coordinator , Interns-pd, STOC	399k	437k	836k
Public Services	IT Solutions Architect, (IT Senior GIS Analyst) , IT Lead GIS Analyst, Library Assistant	-	330k	330k
Public Works	Program Delivery- restructure, Engineering Specialist, (Transportation Op Tech), Admin Assistant , Project Mgr, Parks Reservation Specialist, STOC-Park, Parks Planner	<u>214k</u>	<u>320k</u>	<u>534k</u>
Total Requested Staffing Costs =		<u>\$ 862k</u>	<u>\$1.53M</u>	<u>\$2.39M</u>
<i>Division Director Requested FTEs =</i>		5.96	12.21	18.17
Administrator Recommended FTEs =		5.35	0.00	5.35

* Grants, sustainable revenue increases, reallocation of existing levy, etc.

2025 CIPs & FVE Replacement



- **Attachment C: Capital Improvement Plans (“CIP”):**
 - ✦ Road & Bridge: \$151M Federal, State, Sales Tax, City, etc.
 - **\$2.29M County Tax Levy for Road Preservation (-300K from 2024)**
 - ✦ Park & Trail: \$424k CPA, State, City - \$0 County Tax Levy
 - ✦ Building & Misc.: \$74k CPA - \$0 County Tax Levy
 - ✦ Regional Rail Authority Levy: \$231k— \$0 County Tax Levy
- **Attachment D: Facilities, Vehicles & Equipment (“FVE”) 5 Year Replacement Schedule:**
 - ✦ **\$1.8M County Tax Levy for FVE Replacement (+100k from 2024)**

Attachment E: \$3.9M One-Time Funding Available (Redirected \$800k CPA + \$1.6M debt service + \$1.5M YES)



- **\$3.9M One-Time Capital Projects:**
 - ✦ \$1.6M Long-Term Financial Plan:
 - \$1.28M Facilities- Building projects
 - \$250k IT- equip, fiber, etc.
 - \$102k Sheriff- upgrades, replacements
 - ✦ \$800k New Requests:
 - \$55k PW – Operations
 - \$644k PW - Parks
 - \$60k P&F - Chaska License Center
 - ✦ \$1.5M Master Space Plan: Phase II (YES Funded)

Y.E.S. Balance Update



January 1st, 2024 CAFR Balance:	\$4.36M
2024 Agency issued Handguns, RBA-9520	(92k)
2024 HHS reserve for out of home placements, RBA-9751	(250k)
2025 Budget Recommendation: Master Space Plan – Phase II	<u>(1.5M)</u>
12/31/24 Y.E.S. Available Bal. (Est.) :	<u><u>\$2.52M</u></u>

Long Term Financial Plan Highlights



- **Roads and Bridges:**

- ✦ Project funding - Federal, **New State \$!**, County Sales & Wheelage Taxes

- **Buildings & Misc.:**

- ✦ Master Space Plan Study – reevaluate w/ hybrid County staff
- ✦ Chaska Library: One-time books & shelves

- **Parks and Trails:**

- ✦ Asset Replacement/Maintenance - Priorities, costs, timing & funding
 - **2025 Goal: “Very Poor Condition” = 0% for the next 5 years!**
 - Park Facilities Study and Update Parks Master Plans
- ✦ Trails – **New State \$!**

- **\$5.3M Debt Service - 2028 \$82 Gov’t Center Bond Sale:**

- ✦ **\$3.1M available, +450K in 2025 Budget +450K in 2026 – 2029 Budgets**

- **Operations:**

- ✦ FTEs: Minimize Requests from Technology, Innovation, Cooperation, etc.
 - 2027 Levy \$ for Chaska Library FTEs
- ✦ Employee Health Insurance: **RFP 2025 5-7% premium reduction!**

2025 Budget Schedule

5/28 Workshop	Administrator's <u>Recommended</u> 2025 Budget Strategy
6/7 Finance Distributes:	Board's 2025 Budget Strategy w/ Division Levy Adjustment Targets
6/26 Deadline	2025 Division Requests & Recommended Levy Adjustment Targets to Finance
7/8 – 7/25 Hearings	Budget Hearings on 2025 Division Requests & Levy Adjustment Targets
8/20 Workshop	<i>2025 Budget Gap Update/FTE Requests</i>
8/27 Workshop	Administrator's Recommended <u>Preliminary</u> 2025 Levy & Budget
9/3 Board Meeting	<u>Board Action:</u> Adopt <u>Preliminary</u> 2025 Levy & Budget
11/19 2025 Fee Schedule	<u>Board Action:</u> Public Hearing and Board Approval
11/26 Workshop	Administrator's <u>Recommended</u> 2026 Long-Term Financial Plan
11/26 Board Meeting	Truth In Taxation Public Hearing: 6:00 p.m. on Tuesday, Nov. 26
12/3 Board Meeting	<u>Board Action:</u> Adopt <u>Final</u> 2025 Levy & Budget Adopt <u>Final</u> 2026 Long-Term Financial Plan

Action Requested



- Motion to approve the Administrator's Recommended 2025 Preliminary Levy of \$76,383,855 (+8.9% from 2024), a Total Budget of \$287,662,845 and to set a 2025 Budget Hearing for Tuesday, November 26th, 2024 at 6:00pm.