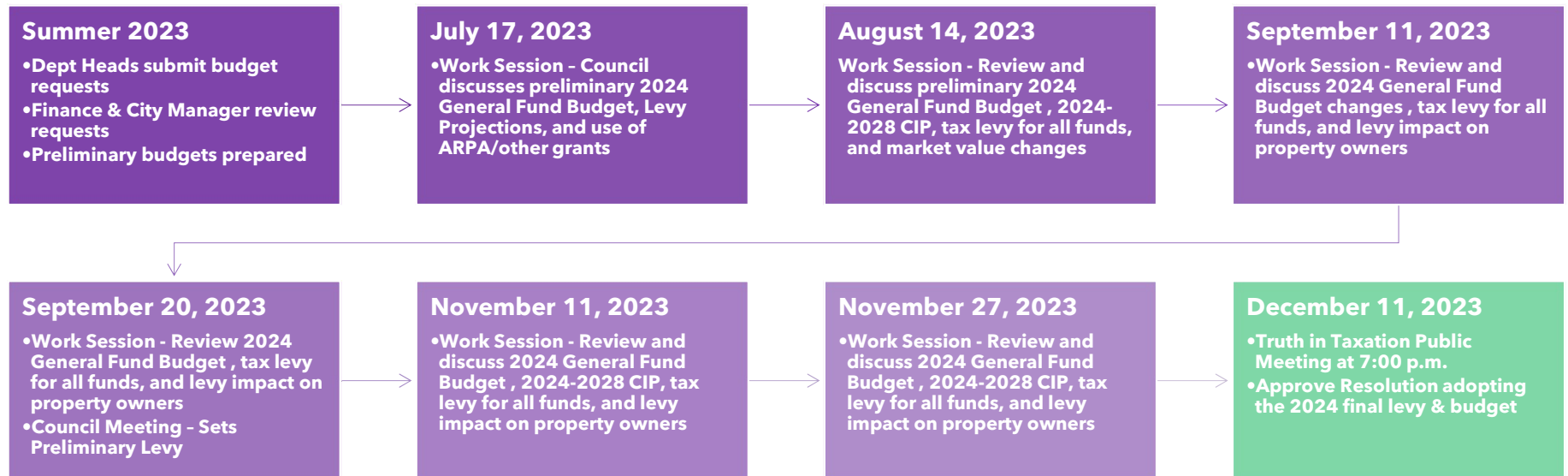

City of
Chanhassen
Truth in Taxation -
2024 Budget &
Levy

City Council Meeting
December 11, 2023



2024 Budget Process



Items to be Approved Tonight

2024 Budget

- General Fund
- Four Special Revenue Funds
- One Debt Service Fund
- Eight Capital Project Funds
- Three Enterprise Funds
 - Water
 - Sewer
 - Storm Water

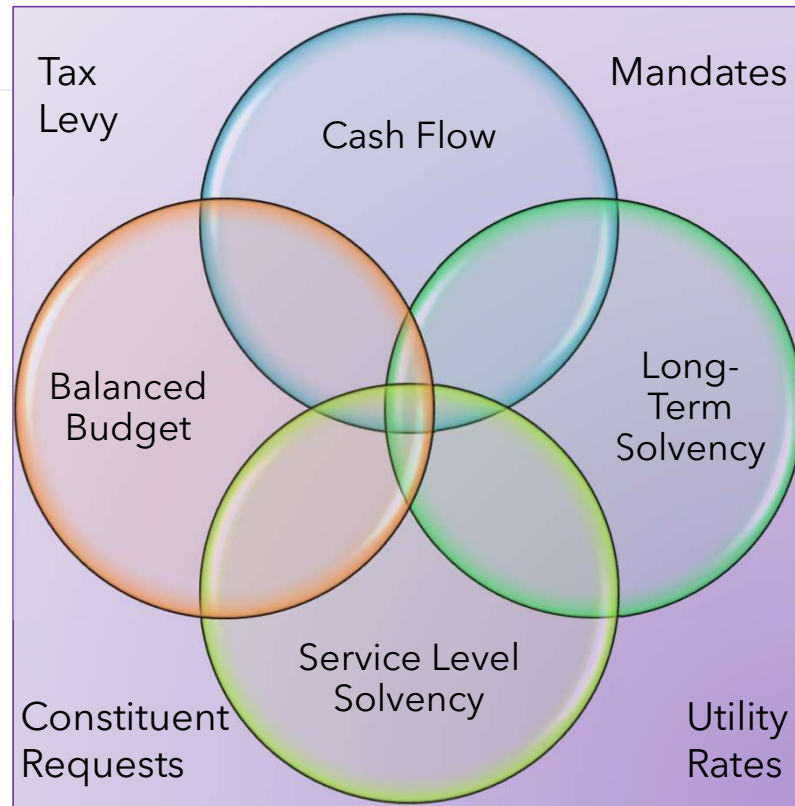
2024-2028 Capital Improvement Plan

- CIP items included in Capital Project and Enterprise Funds
- 2024 CIP items included in 2024 budgets
- 2025-2028 CIP items adopted conceptually
- Fund financial stability key

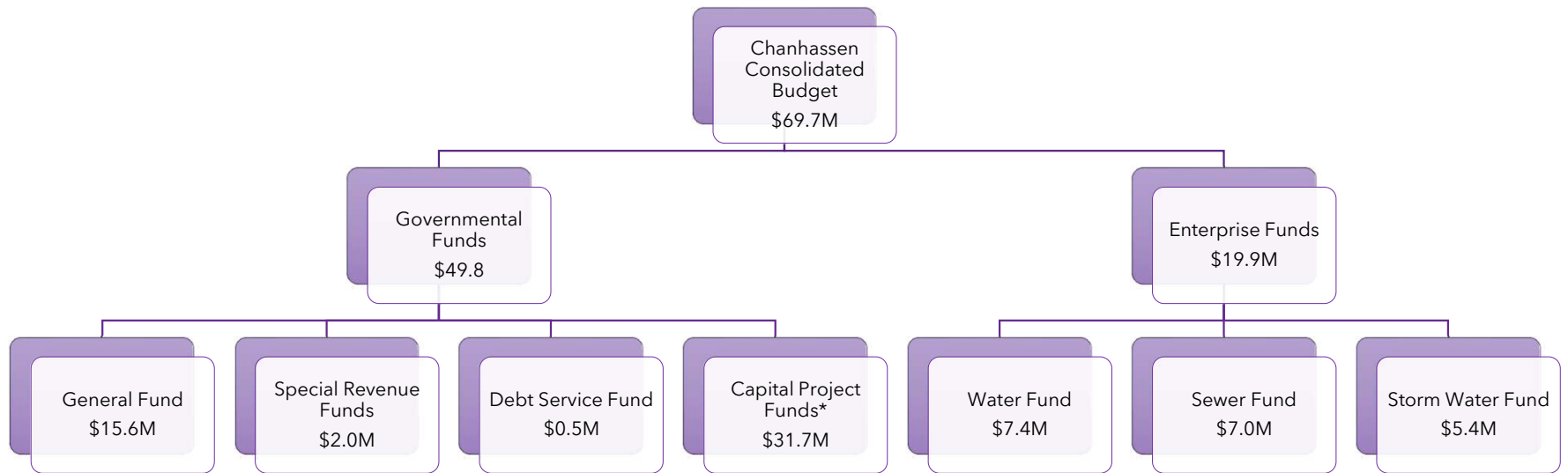
2024 Property Tax Levy

- Levy adopted for General Fund, Debt Service Fund, some Capital Project Funds
- Final levy cannot exceed Preliminary levy amount
- Consider impact on property owners
- How do we compare

Budgeting Principles & Constraints



2024 Consolidated Annual Budget

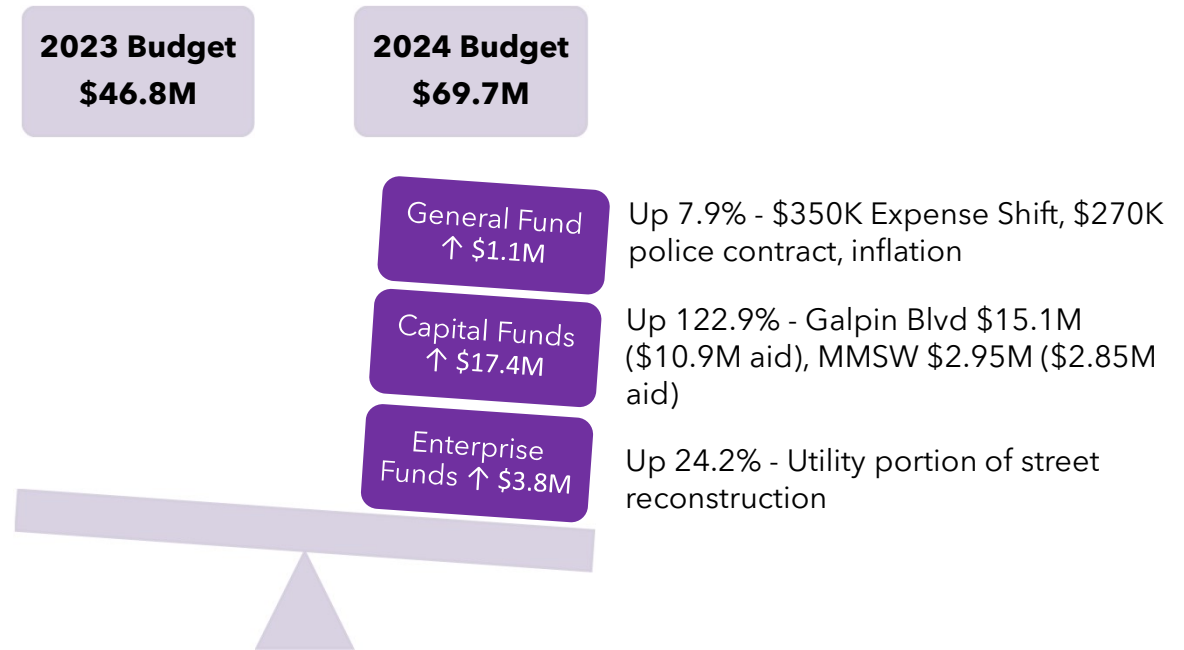


**New Civic Campus & Bluff Creek
Recreational Facility are not included
in Capital Projects Fund*

Relative Size of 2024 Fund Budgets



Comparison of 2023 and 2024 Budget



Proposed 2024 Budgets - Summary by Fund Type

Fund Type	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
General	\$15,743,350	\$15,653,350	\$90,000	\$8,292,231
Special Revenue	\$1,405,349	\$1,968,000	\$(562,651)	\$978,837
Debt Service	\$576,300	\$453,725	\$122,575	\$809,346
Capital Projects	\$27,039,785	\$31,705,917	\$(4,666,132)	\$3,934,735
Enterprise	\$19,883,377	\$19,902,414	\$(19,037)	\$7,032,803
TOTAL - ALL CITY FUNDS	\$64,648,161	\$69,683,406	\$(5,035,245)	\$21,047,952

Proposed 2024 General Fund Budget Highlights

Fund Type	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
General	\$15,743,350	\$15,653,350	\$90,000	\$8,292,231

Revenues & Transfers In

- Up 9.8%, or \$1.4M from 2023 - levy portion is \$1.102M
- \$350K in levy increase due to shift in TIM Fund expense
- Charges for service up 13.2%, or \$76K
- Transfers in up \$150K - using Public Safety Aid to offset increased police and fire expenses

Expenditures & Transfers Out

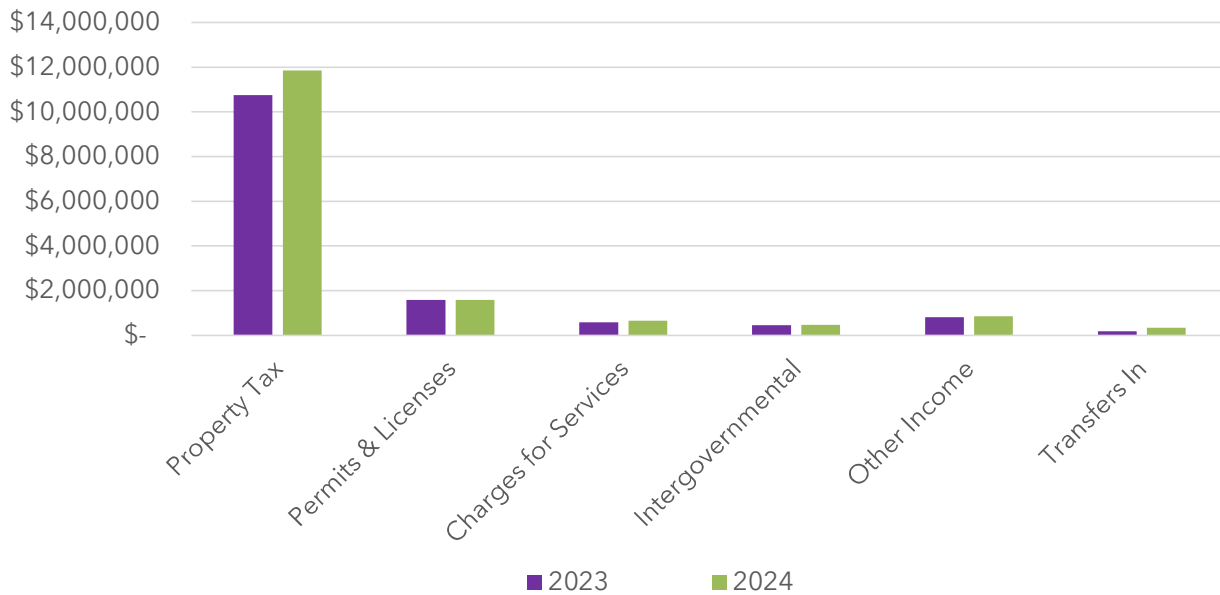
- Up 7.9%, or \$1.3M from 2023
- \$350K in expense moved from TIM Fund
- Wages & Benefits up 4.94%, includes adding 1 FTE Firefighter position
- County Policing contract up \$270K from 2023
- Park & Rec up \$241K, partly offset by increased revenue

Revenues & Transfers In Exceed Expenditures & Transfers Out

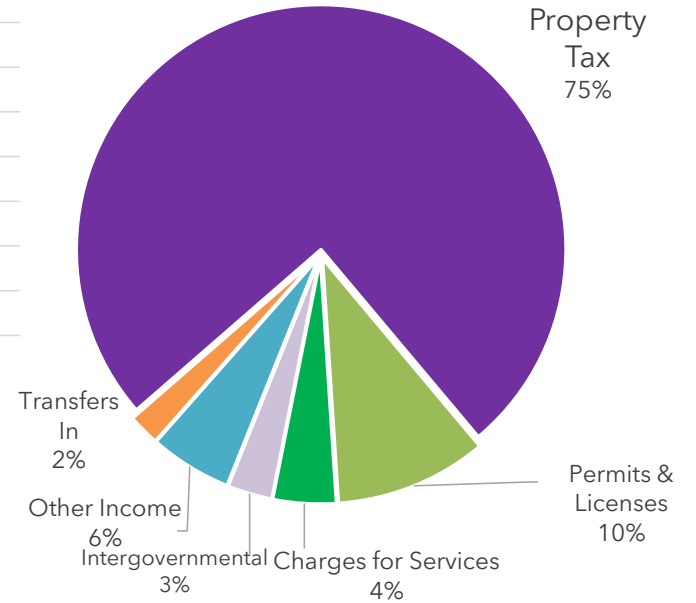
- \$90,000 surplus
- Setting aside \$40,000 for future health insurance premium increases
- \$50,000 available for park projects, such as playground replacement

General Fund Revenue

2023-2024 Revenue Comparison

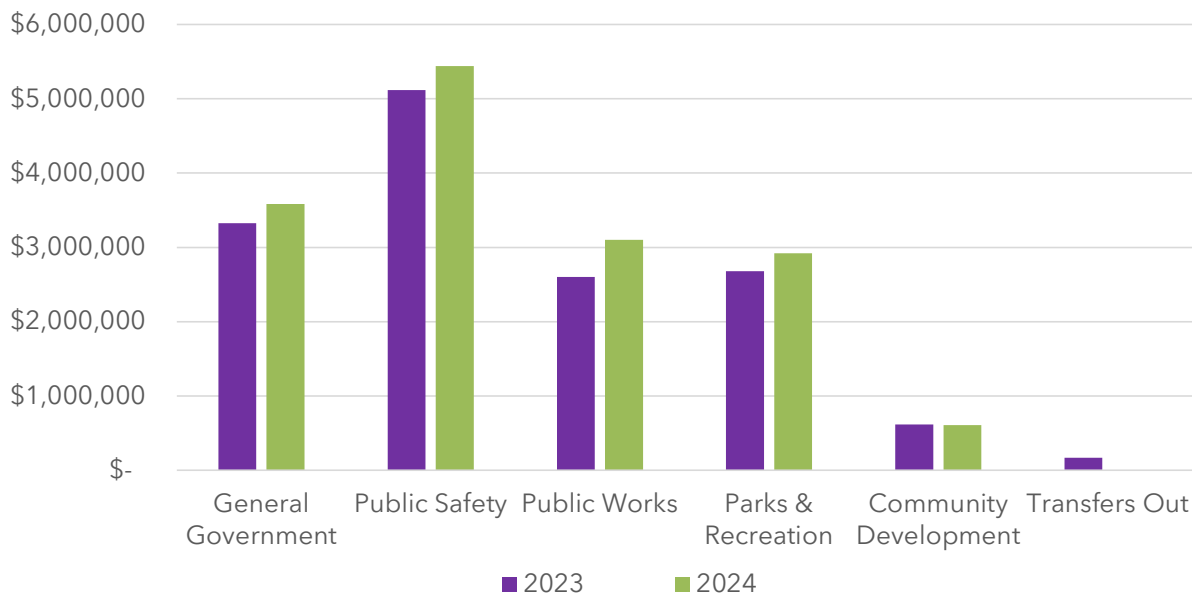


2024 Revenue by Source

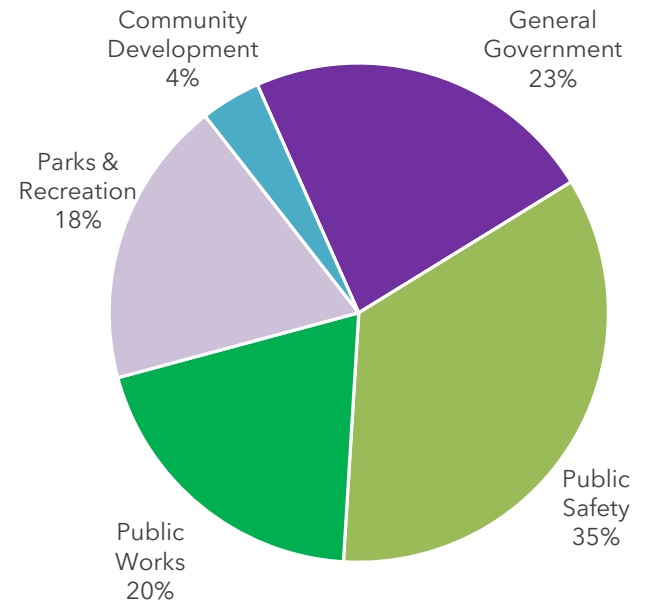


General Fund Expenditures

2023-2024 Expenditure Comparison



2024 Expenditure by Source



Proposed 2024 Special Revenue Fund Budget Highlights

Fund	Revenues & Transfers In	Expenditures & Transfers Out	Change in Fund Balance	Projected Ending Fund Balance
Charitable Gambling	\$50,500	\$50,000	\$500	\$26,682
Cemetery	\$5,800	\$3,000	\$2,800	\$67,373
Cable Franchise	\$6,100	\$210,000	\$(203,900)	\$102,275
Grants	\$1,342,949	\$1,705,000	\$(362,051)	\$782,497
TOTAL SPECIAL REVENUE FUNDS	\$1,405,349	\$1,968,000	\$(562,651)	\$978,837

- Grants Fund includes transfer of ARPA funds for Lake Ann Park Preserve Project - need to obligate funds by end of 2024
- Grants Fund also includes transfers out to General Fund and Capital Projects Fund for use of Public Safety Aid receiving at end of 2023

Proposed 2024-2028 Capital Improvement Plan

Capital Funds

- Vehicle & Equipment Fund
- Park Renovation Fund
- Capital Facilities Fund
- Park Acquisition & Development Fund
- Civic Campus Project Fund
- Transportation Infrastructure Management Fund
- Pavement Management Fund

Utility Funds

- Water Fund
- Sewer Fund
- Storm Water Fund

Proposed 2024-2028 Capital Improvement Plan Governmental Funds

CIP Overview/Process

- City Council adopts a 5-year CIP annually
- What's included? Planned capital expenditures such as:
 - Vehicles - Purchased or Leased
 - Equipment
 - Buildings & Building Improvements
 - Street Improvements
 - Parks & Trails Improvements
 - Utility Infrastructure

2024 CIP Items

- All 2024 CIP items are included in the 2024 budgets for each fund
- All 2024 CIP items will be approved by Council prior to purchase/start of project
- Civic Campus project not included - will be part of bonding process

2025-2028 CIP Items

- All 2025-2028 CIP items are adopted conceptually by the Council and are included in fund projections
- Staff will use the 2025-2028 CIP items as the basis for the 2025-2029 CIP

Proposed 2024 Capital Projects Fund Budgets

Fund	Revenues & Transfers In	Expenditures & Transfers Out	Change in Fund Balance	Projected Ending Fund Balance
Vehicle & Equipment	\$1,298,930	\$1,019,518	\$279,412	\$1,358,913
Capital Facilities	\$168,100	\$179,000	\$(10,900)	\$126,515
Park Renovation	\$-	\$-	\$-	\$32,116
Park Development	\$2,040,800	\$2,971,310	\$(930,510)	\$854,311
TIM Fund	\$242,600	\$281,000	\$(38,400)	\$670,441
TIF #11 and #12	\$409,858	\$385,089	\$24,769	\$40,043
PMP Fund	\$22,879,497	\$26,870,000	\$(3,990,503)	\$852,396
TOTAL CAPITAL PROJECT FUNDS	\$27,039,785	\$31,705,917	\$(4,666,132)	\$3,934,735

Proposed 2024 Vehicle & Equipment Fund Budget Highlights

	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
Vehicle & Equipment	\$1,298,930	\$1,019,518	\$279,412	\$1,358,913

Revenues & Transfers In

- Property tax levy - \$658,000
- Sales of existing assets - \$520,000
- Transfer in \$105,000 - Public Safety Aid

Expenditures & Transfers Out

- Vehicle leases - \$369,000
- Public Safety - \$105,000 for radio encryption & rescue tools
- Public Works - \$437,500, including dump truck for \$352,000
- Parks - \$96,000 for mower

Fund Balance

- Increased vehicle & equipment purchases in years 2025-2028 results in declining, yet sustainable fund balance

Proposed 2024 Capital Facilities Fund Budget Highlights

	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
Capital Facilities	\$168,100	\$179,000	\$(10,900)	\$126,515

Revenues & Transfers In

- Property tax levy - \$166,000
- Interest income - \$2,100

Expenditures & Transfers Out

- Public Works Facility - Fuel Island Canopy for \$120,000 & Card Readers for Overhead Doors for \$22,000
- Recreation Center Equipment - \$25,000

Fund Balance

- Projects included in 2025-2028 CIP are feasible with current property tax levy

Proposed 2024 Park Development Fund Budget Highlights

	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
Park Development	\$2,040,800	\$2,971,310	\$(930,510)	\$854,311

Revenues & Transfers In

- No property tax levy
- Typical Primary revenue source is Park Dedication Fees \$200,000 (varies)
- Transferring in \$1,300,000 from Grant (ARPA) Fund and \$275,000 from General Fund

Expenditures & Transfers Out

- Park Dedication fees can only be used for acquisition & development of parks
- Lake Ann Park Preserve Project - \$2.875M in 2024 and \$865K in 2025

Fund Balance

- Use of fund balance for Lake Ann Park Preserve project in 2024 and 2025 will reduce balance
- Several projects identified that will be started as funding becomes available

Proposed 2024 Transportation Infrastructure Management (TIM) Fund Budget Highlights

	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
TIM Fund	\$242,600	\$281,000	\$(38,400)	\$670,441

Revenues & Transfers In

- Property tax levy - \$232,000 (was \$544,000 in 2023)
- Lower due to shift of levy, operating expenditures to General Fund

Expenditures & Transfers Out

- Trail rehab - \$231,000
- Traffic safety improvements - \$30,000
- ADA transition plan improvements - \$20,000

Fund Balance

- Increased spending on trail rehab in 2025-2028 results in declining, yet sustainable fund balance

Proposed 2024 Pavement Management Plan (PMP) Fund Budget Highlights

	Revenues & Transfers In	Expenditures & Transfers Out	Net Change	Projected Ending Balance
PMP Fund	\$22,879,497	\$26,870,000	\$(3,990,503)	\$852,396

Revenues & Transfers In

- Property tax levy - \$982,000
- Intergovernmental aid - \$15.6 million
- Franchise fees - \$1.9 million
- Bonds issued - \$3.9 million

Expenditures & Transfers Out

- Galpin Blvd - \$15.05 million
- 2024 Neighborhood street recon - \$4.835 million
- TH 41/MMSW Access Improvements - \$2.95 million
- Crimson Bay/Dogwood Rd - \$1.68 million
- Trail reconstruction - \$1.2 million

Fund Balance

- Projects included in 2025-2028 CIP are feasible with current property tax levy, franchise fees, and other revenue sources

CIP Projects 2024 - 2028

Fund	2024	2025	2026	2027	2028
Vehicle & Equipment Replacement	\$1,019,518	\$1,754,218	\$1,161,953	\$1,031,077	\$1,290,707
Capital Facilities	179,000	137,500	223,000	218,500	194,000
Park Renovation	-	-	-	30,000	-
Park Development	2,875,000	865,000	180,000	-	-
Transportation Infrastructure Management (TIM)	281,000	282,000	373,000	303,000	314,000
Pavement Management Program (PMP)	26,125,000	9,020,000	7,540,000	7,780,000	5,990,000
Water	2,489,055	1,381,755	2,133,520	2,202,153	2,527,803
Sewer	2,417,055	1,519,555	1,674,120	2,407,725	14,110,803
Storm Water	3,730,000	4,530,000	2,842,500	4,625,000	2,215,000
Total	\$39,115,628	\$19,490,028	\$16,128,093	\$18,597,455	\$26,642,313

Civic Campus Project

- \$35 Million Project Includes a new City Hall, Council Chambers, Senior Center and Park Amenities
- Park Amenities include Park Building, Performance Space, Accessible Playground, Splash Fountain
- New City Hall, Parking, Streetscape to start in Spring 2024, with completion in Summer 2025
- Park Building & Amenities to start in Summer 2025, with completion in Summer 2026
- Separate CIP for this project - Open Houses on the project and Public Hearing on financing to occur in 2024

City of Chanhassen TNT Meeting - December 11, 2023



Preliminary 2024 Enterprise Fund Budgets

Water Fund

- The City produces and delivers potable water to serve residents and businesses
- The City produces nearly 1 billion gallons of water annually
- The water system includes the following infrastructure:
 - 13 groundwater wells
 - 2 water treatment plants
 - 3 storage reservoirs
 - 170 miles of water main pipe

Sewer Fund

- The City is responsible for inspecting and maintaining the collection system infrastructure and the sanitary lift stations used to transport wastewater to the MCES Blue Lake Wastewater Plant in Shakopee
- The sewer system includes the following infrastructure:
 - 32 lift stations
 - 140 miles of sanitary sewer pipe

Storm Water Fund

- The City's Surface Water Management Plan provides a framework for protecting and improving Chanhassen's lakes, streams, and wetlands and addressing drainage and flooding issues
- The storm water system includes the following infrastructure:
 - 90 miles of storm sewers
 - 298 storm water ponds

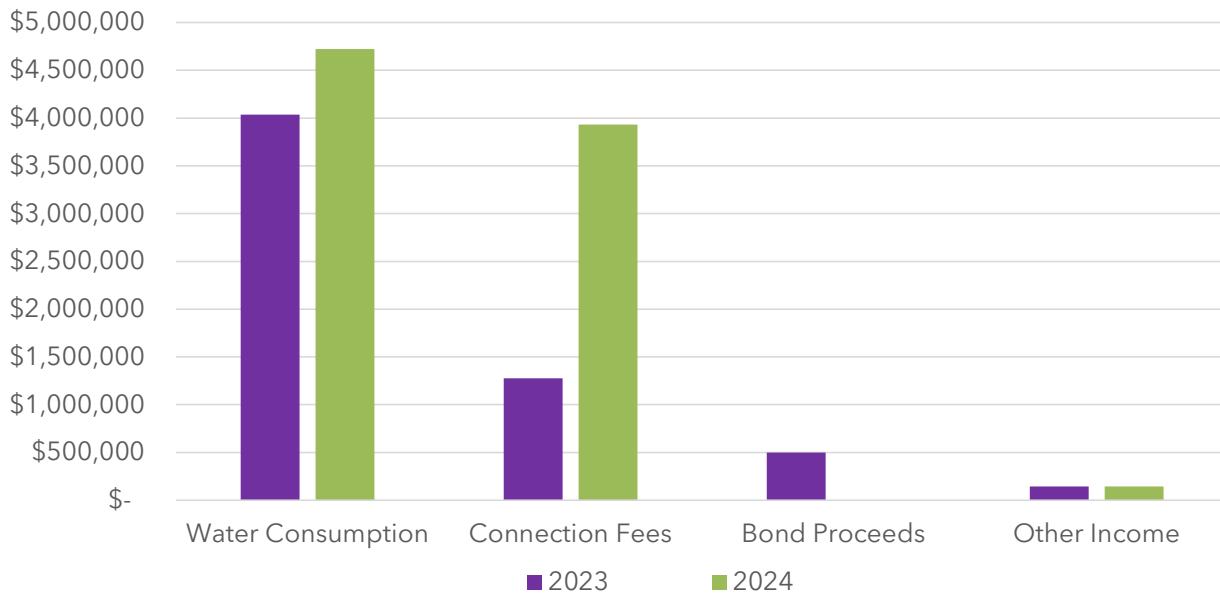
Preliminary 2024 Enterprise Fund Budget Highlights

Fund	Revenues & Transfers In	Expenses & Transfers Out	Change in Cash Balance	Projected Ending Cash Balance
Water Fund	\$8,800,009	\$7,445,911	\$1,354,098	\$4,116,217
Sewer Fund	\$5,614,068	\$7,045,768	\$(1,431,700)	\$1,732,332
Storm Water Fund	\$5,469,300	\$5,410,735	\$58,565	\$1,184,254
TOTAL ENTERPRISE FUNDS	\$19,883,377	\$19,902,414	\$(19,037)	\$7,032,803

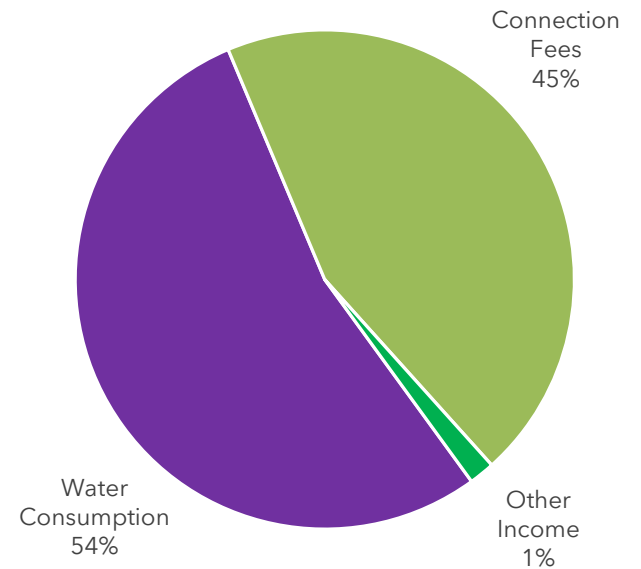
- Revenues are higher due to planned rate increases from rate study
 - Water up 5%
 - Sewer up 8.5%
 - Storm water up 15%
- Connection fees are higher due to Avienda projections
- Expenses are higher due to utility portion of street reconstruction
- Sewer MCES up 9.4%

Water Fund Revenue

2023-2024 Revenue Comparison

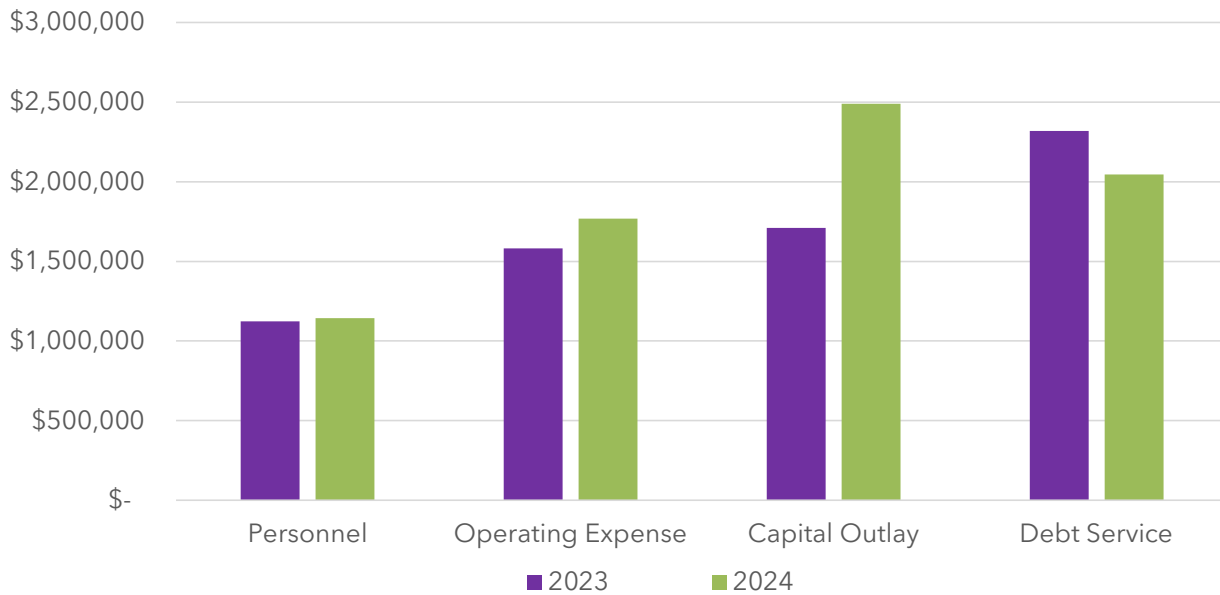


2024 Revenue by Source

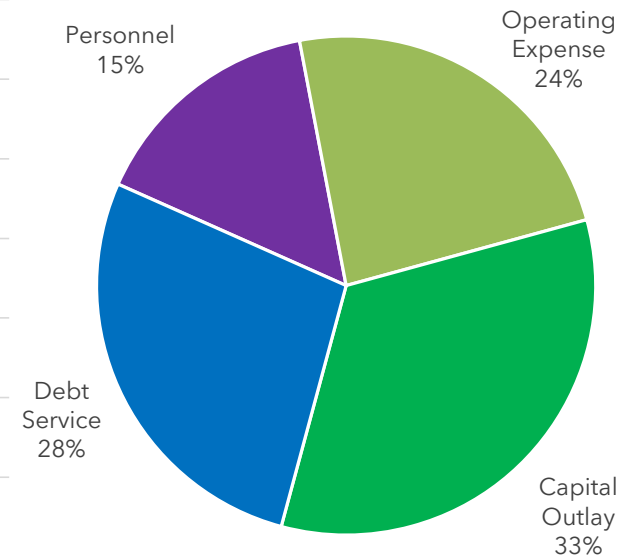


Water Fund Expenses

2023-2024 Expense Comparison

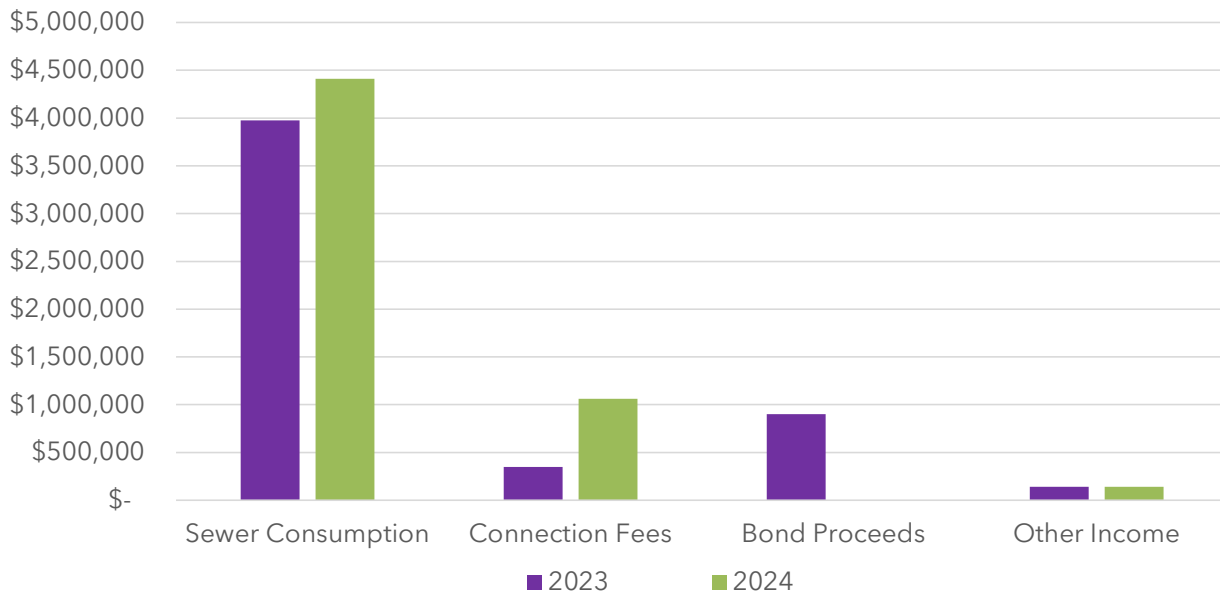


2024 Expense by Source

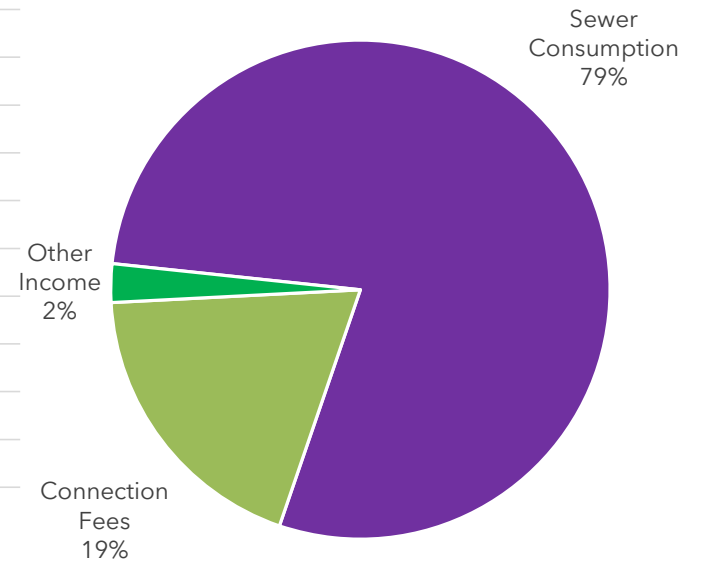


Sewer Fund Revenue

2023-2024 Revenue Comparison

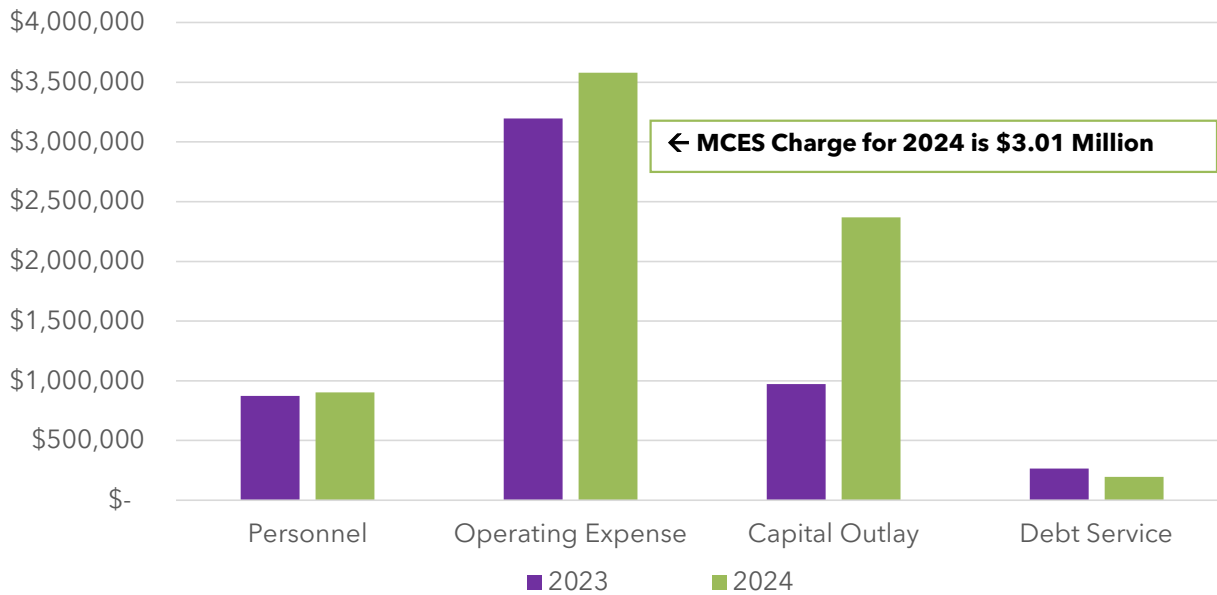


2024 Revenue by Source

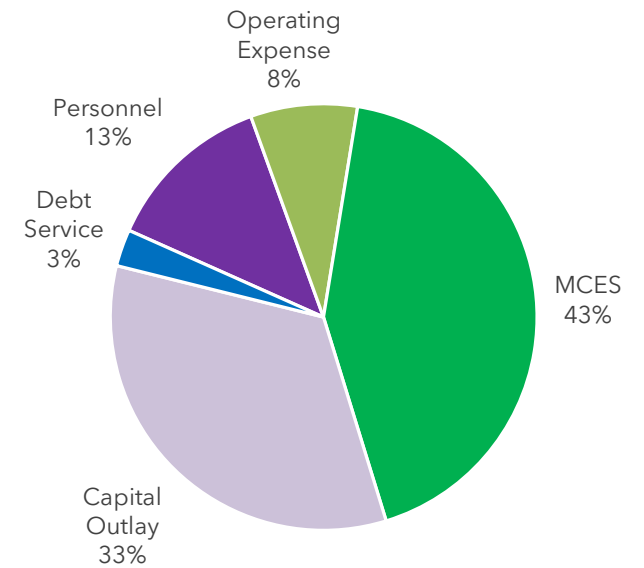


Sewer Fund Expenses

2023-2024 Expense Comparison



GKO 2024 Expense by Source



Slide 28

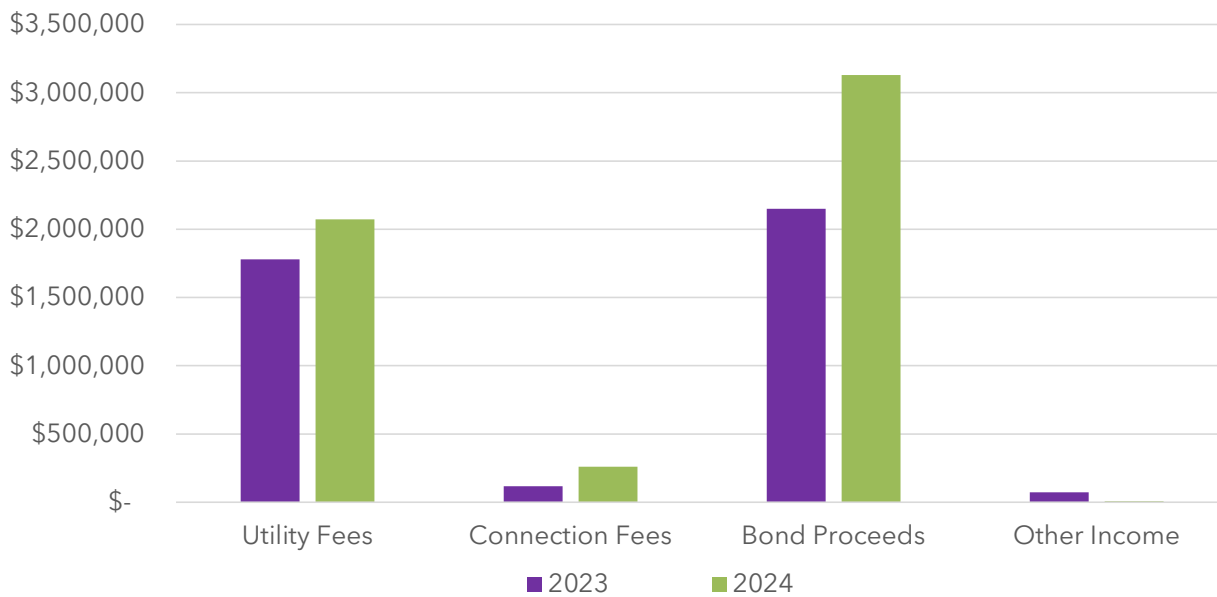
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MCES was \$2.752M in 2023

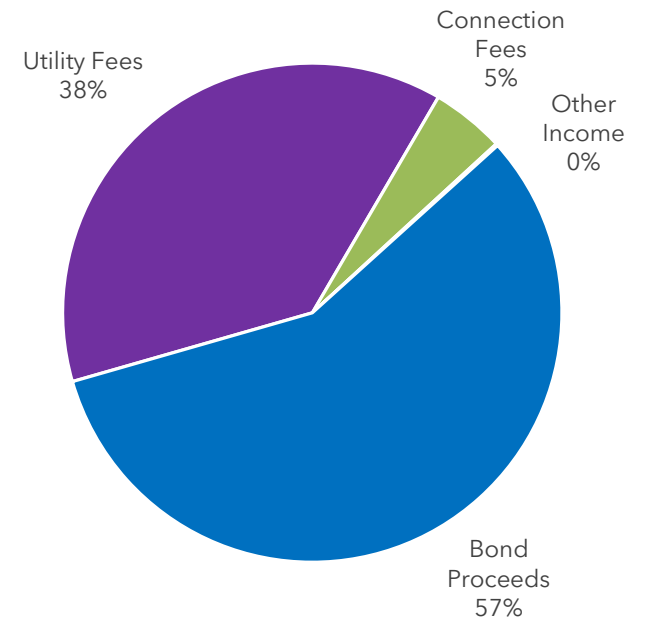
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Storm Water Fund Revenue

2023-2024 Revenue Comparison

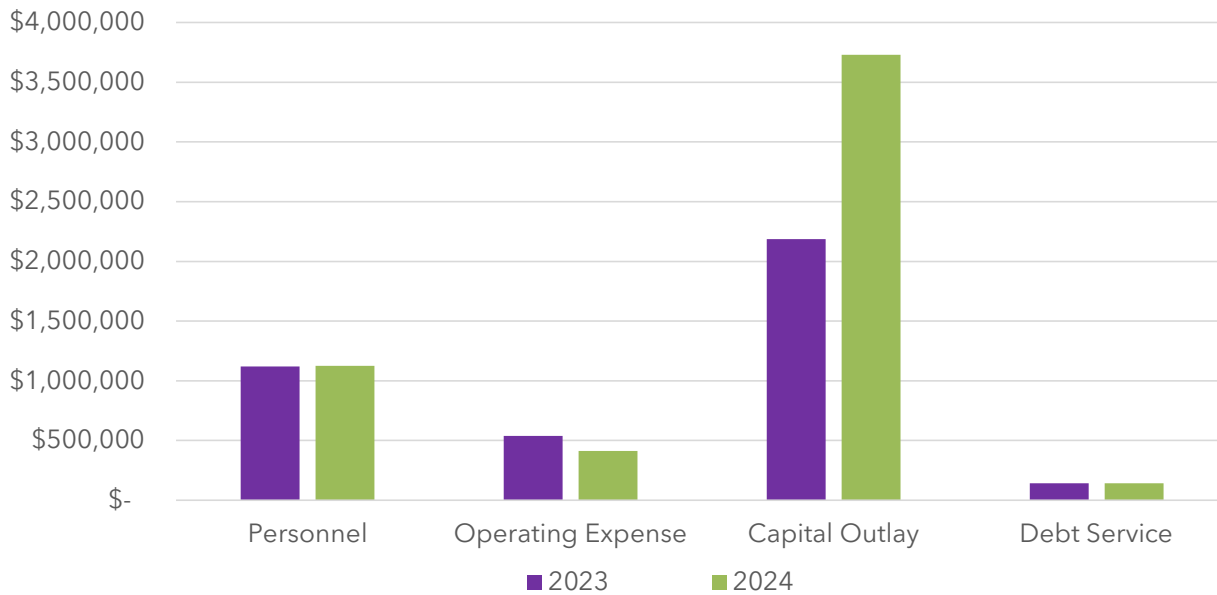


2024 Revenue by Source

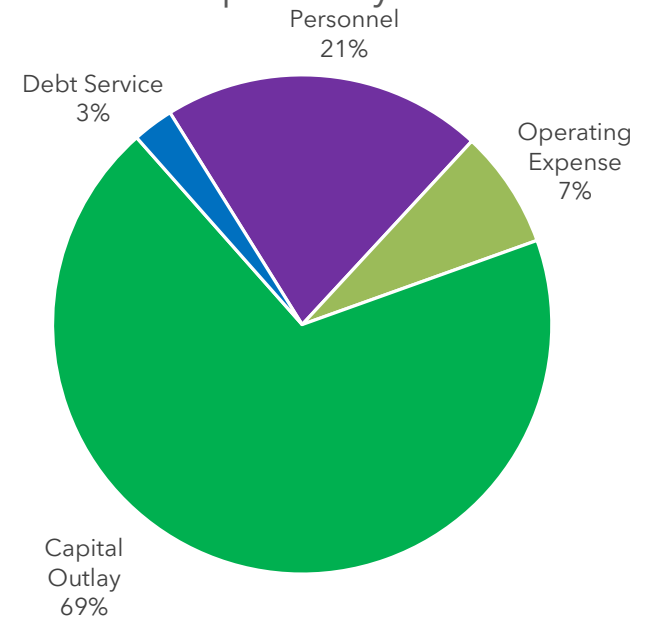


Storm Water Fund Expenses

2023-2024 Expense Comparison



2024 Expense by Source



Enterprise Fund 2024 CIP Items

Water Fund

- Utility improvements associated with street projects
 - Neighborhood Street Recon \$855K
 - Galpin Blvd \$790K
 - Crimson Bay/Dogwood Rd \$320K
- Other items - Decommission old radio system, annual well rehab, WTP maintenance

Sewer Fund

- Utility improvements associated with street projects
 - Neighborhood Street Recon \$670K
 - Galpin Blvd \$460K
 - Crimson Bay/Dogwood Rd \$560K
- Other items - Inflow & infiltration abatement, lift station rehab, replace truck

Storm Water Fund

- Utility improvements associated with street projects
 - Neighborhood Street Recon \$1.78 million
 - Crimson Bay/Dogwood Rd \$1400K
- Other items - Annual storm water pond improvements, downtown water reuse project

2022 Utility Rate Study

Ehlers Study

- Review City's operating, capital, and debt service projections through 2032
- Determine utility rates and connection fees needed to for meet expenses

Projected Rate & Fees Increases from Study

Fund	2023	2024	2025	2026	2027	2028	2029	2030-2032
Water	5%	5%	5%	5%	5%	5%	5%	5%
Sewer	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Storm Water	15%	15%	15%	14%	8.25%	8.25%	8.25%	5%

Monthly Utility Bill Change

2023 Monthly Bill

Water

Fixed Charge	\$ 5.54
Consumption 9,000 gallons	\$ 27.15

Sewer

Minimum Charge (2,000 gallons)	\$ 13.29
Consumption 3,000 gallons	\$ 19.44

Storm Water

\$ 8.64

Total

\$ 74.06

2024 Monthly Bill

Water

Fixed Charge	\$ 5.82
Consumption 9,000 gallons	\$ 28.51

Sewer

Minimum Charge (2,000 gallons)	\$ 14.42
Consumption 3,000 gallons	\$ 21.09

Storm Water

\$ 9.94

Total

\$ 79.78

Based on 9,000 gallons of water use and 5,000 gallons of sewer charged

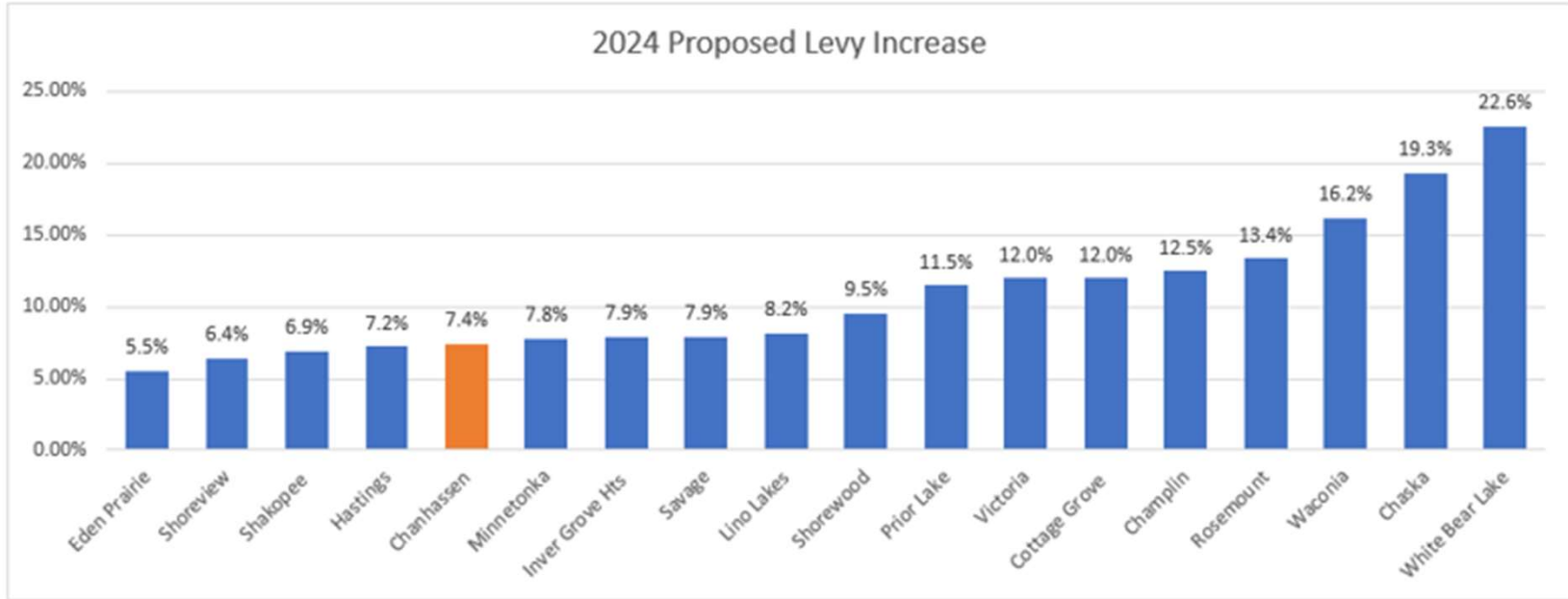
2023 to 2024 Levy Comparison

	2023 Adopted	2024 Preliminary	\$ Change	% Change
General Fund	\$10,749,000	\$11,851,000	\$1,102,000	10.3%
Fleet & Equipment	615,000	658,000	43,000	7.0%
Facilities	155,000	166,000	11,000	7.1%
Pavement Mgmt Program Fund	918,000	982,000	64,000	7.0%
Transportation Infrastructure Mgmt	544,000	232,000	-312,000	-57.4%
PW Facility Debt Levy	482,000	566,000	84,000	17.4%
TOTAL TAX LEVY	\$13,463,000	\$14,455,000	\$992,000	7.4%

All Funds Levy Comparison 2024-2028

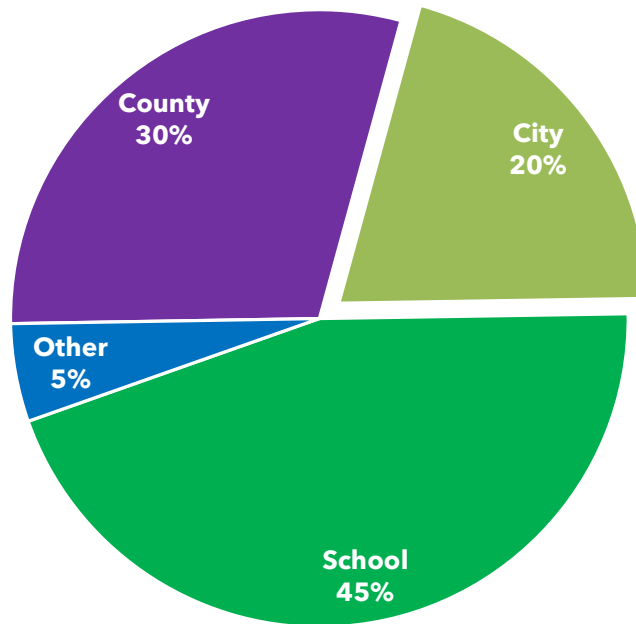
Fund	2024 Preliminary	2025 Projected	2026 Projected	2027 Projected	2028 Projected
General	\$11,851,000	\$12,325,000	\$12,818,000	\$13,331,000	\$13,864,000
Vehicle & Equipment	\$658,000	\$678,000	\$678,000	\$705,000	\$733,000
Capital Facilities	\$166,000	\$171,000	\$171,000	\$178,000	\$215,000
TIM	\$232,000	\$239,000	\$239,000	\$249,000	\$259,000
PMP	\$982,000	\$1,011,000	\$831,000	\$1,051,000	\$1,093,000
PW Facility Debt Service	\$566,000	\$127,000	\$369,000	\$451,000	\$497,000
Civic Campus Debt Service	\$-	\$972,023	\$1,613,273	\$2,010,806	\$2,003,041
TOTAL	\$14,455,000	\$15,523,023	\$16,719,273	\$17,975,806	\$18,664,041
% Change from Prior Year	7.4%	7.4%	7.7%	7.5%	3.8%

2024 Proposed Levies - Other Cities



The MN Department of Revenue reports that the sum of 2024 preliminary tax levies for all cities increased 8.4% over 2023

City Portion of Property Tax Bill



The owner of a \$500,000 home in Chanhassen owes approximately \$5,000 in property taxes for 2024 - about \$1,000 is for City taxes.

Property Tax Impact - Residential

- Market Values for Residential ↑2.0% (compared to 16.5% LY)

Example Home	Market Value	Annual City Tax	Annual Increase	Monthly Increase
Home A	\$356,500	\$736	\$42	\$3.47
Home B	\$594,100	\$1,293	\$75	\$6.29
Home C	\$831,700	\$1,915	\$110	\$9.13
Home D	\$1,069,400	\$2,537	\$143	\$11.95
Home E	\$1,307,000	\$3,159	\$177	\$14.78

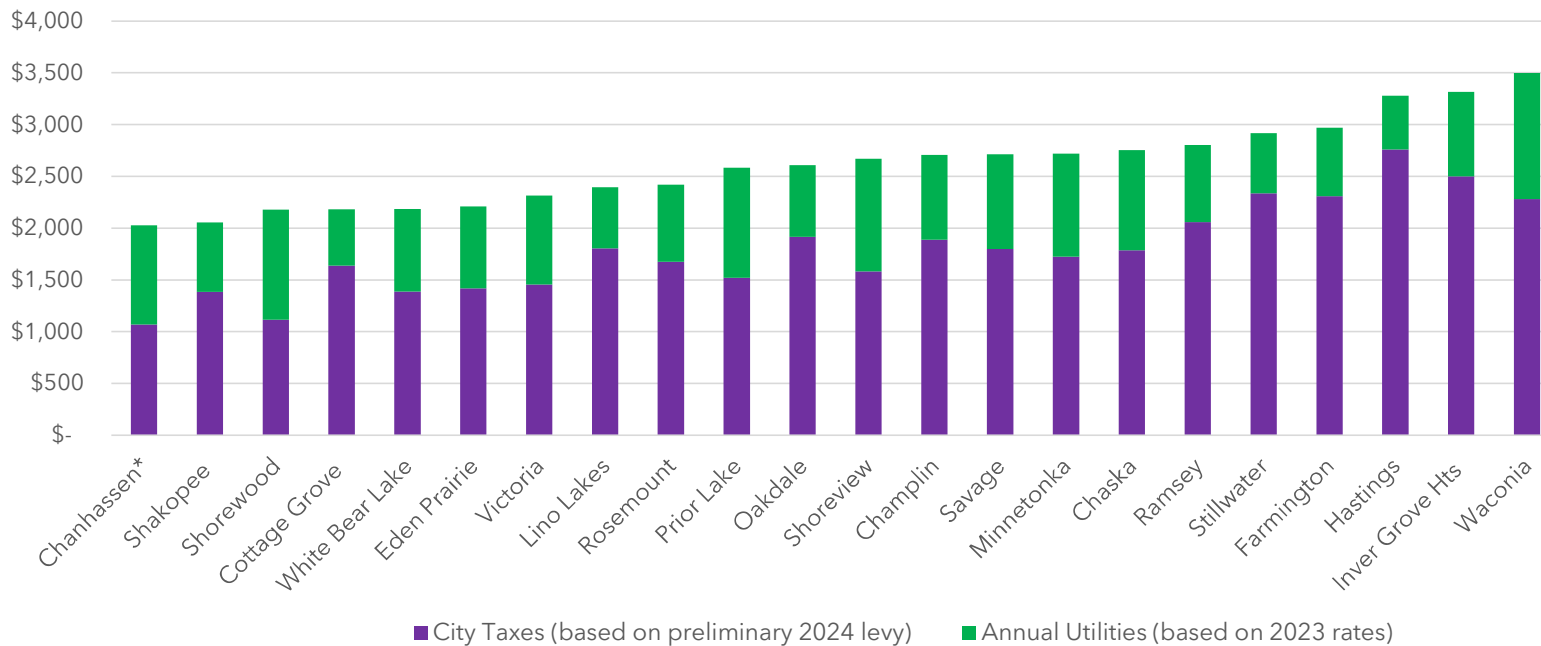
Property Tax Impact - Commercial

- Market Values for Commercial ↑7.9% (compared to 7.6% LY)
- LY most Commercial properties saw a tax decrease due to large market value increase for Residential

Example Commercial Property	Market Value	Annual City Tax	Annual Increase	Monthly Increase
Property 1	\$1,155,400	\$2,744	\$299	\$24.89
Property 2	\$5,777,000	\$14,760	\$1,431	\$119.28

Annual Cost of City Services for a \$500K Home

Annual Cost of City Services for 2024



- Chart shows property taxes on a \$500K home in each community
- Annual utilities amount based on consumption of 9,000 gallons of water/5,000 gallons of sewer monthly
- Chanhassen utility amount based on 2024 rates

Next Steps

