

Apple Valley

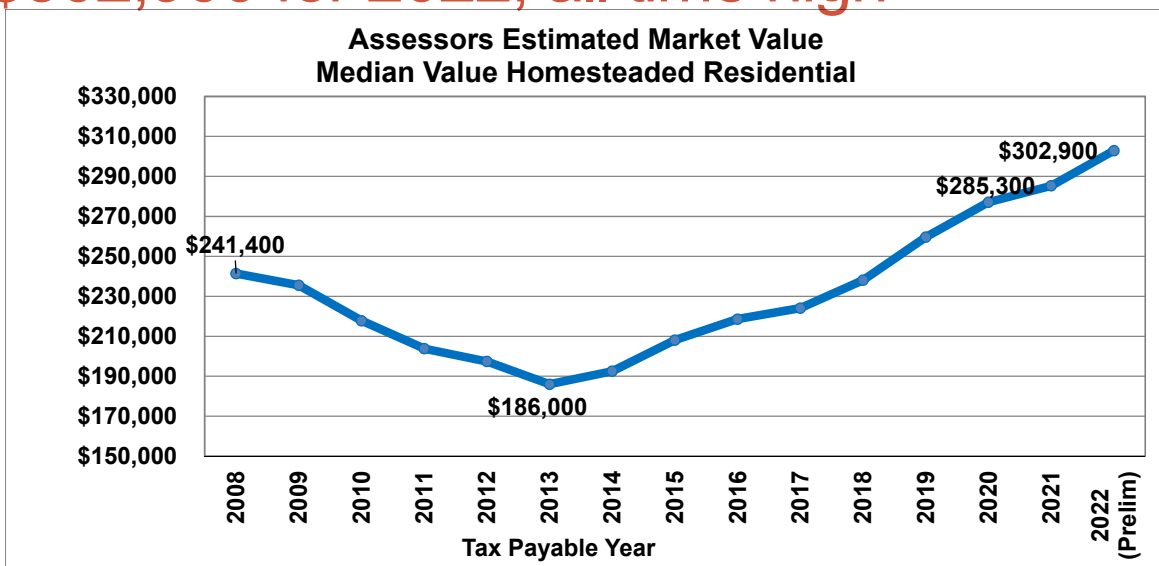
**2022 Budget and Tax Levy
Preliminary Levy & Budget Adoption
September 23, 2021**

Actions Tonight

- Adopt Preliminary Budget and Levy
 - Sets maximum levy
 - Can be lowered but not increased
- Set Date to discuss the budget and levy where the public meeting is invited to attend
 - Recommend Dec. 9, 2021 (regular scheduled Council meeting)

VALUATION INCREASES AND TAX IMPACTS

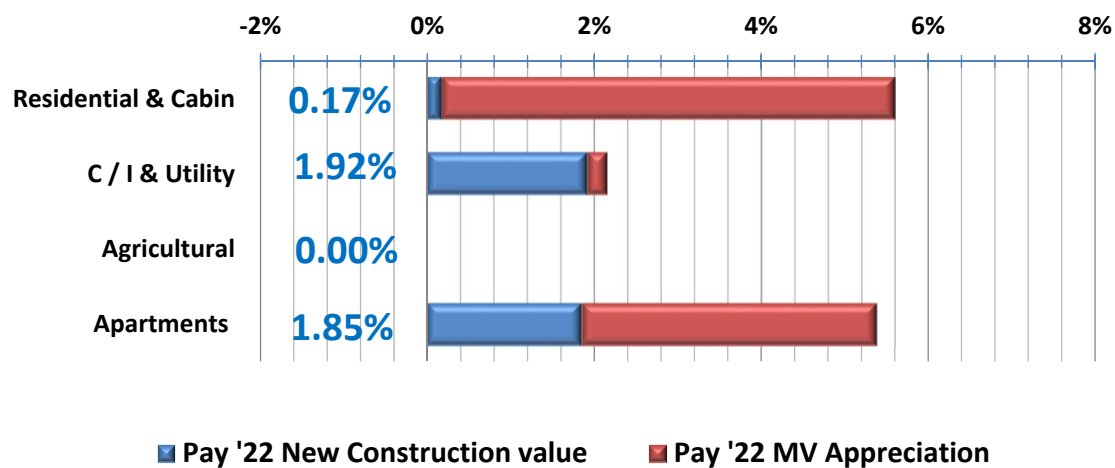
Median Value Home Increases 6.2% to
\$302,900 for 2022, all time high



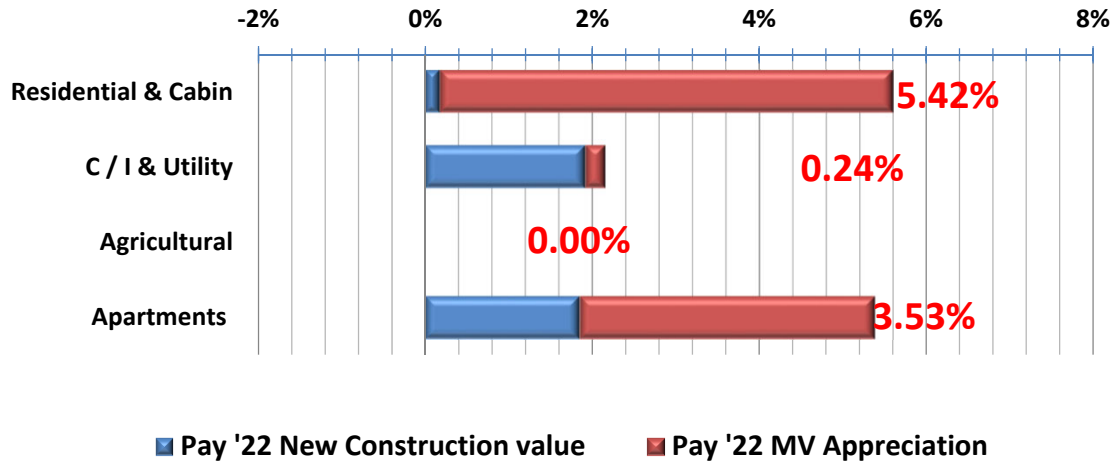
Overall Property Values Increase 5.09%

| Property Classes | Pay 2021 (final) | New Construction | MV Appreciation | Pay 22 prelim | Change 2021 to 2022 |
|---------------------|----------------------|-------------------|--------------------|----------------------|---------------------|
| Residential & Cabin | 5,041,704,774 | 8,389,100 | 268,531,678 | 5,318,625,552 | 5.49% |
| C / I & Utility | 644,055,900 | 12,129,300 | 1,480,500 | 657,665,700 | 2.11% |
| Agricultural | 1,265,800 | - | - | 1,265,800 | 0.00% |
| Apartments | 635,158,400 | 11,186,100 | 20,178,000 | 666,522,500 | 4.94% |
| | 6,322,184,874 | 31,704,500 | 290,190,178 | 6,644,079,552 | 5.09% |

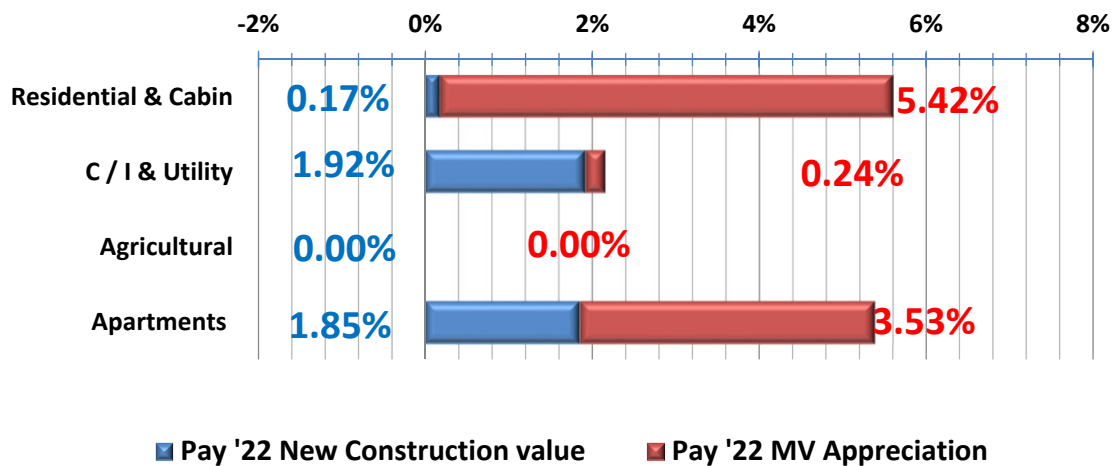
Overall Preliminary Tax Capacity New Construction Adds 0.66%



Overall Preliminary Tax Capacity Appreciation Shows 4.27%



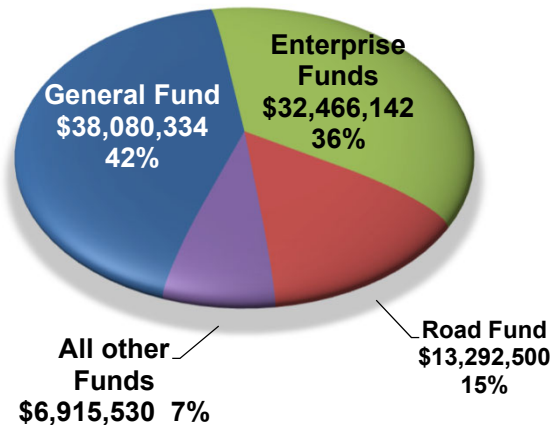
Overall Preliminary Tax Capacity Increases 4.96%



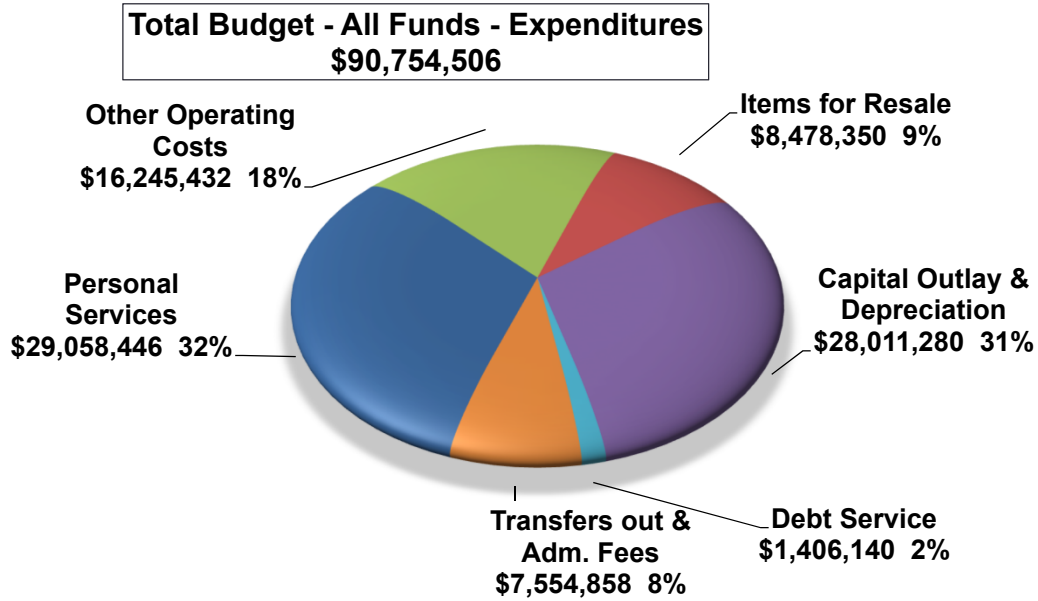
TOTAL BUDGET

Total Budget – All Funds - Expense

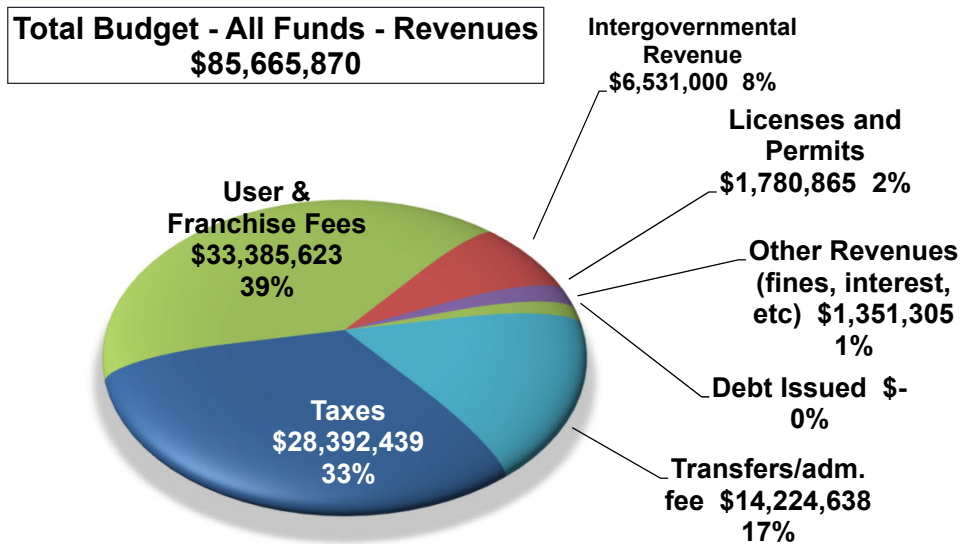
Total Budget - All Funds - Expenditures
\$90,754,506



Total Budget – All Funds - Expense

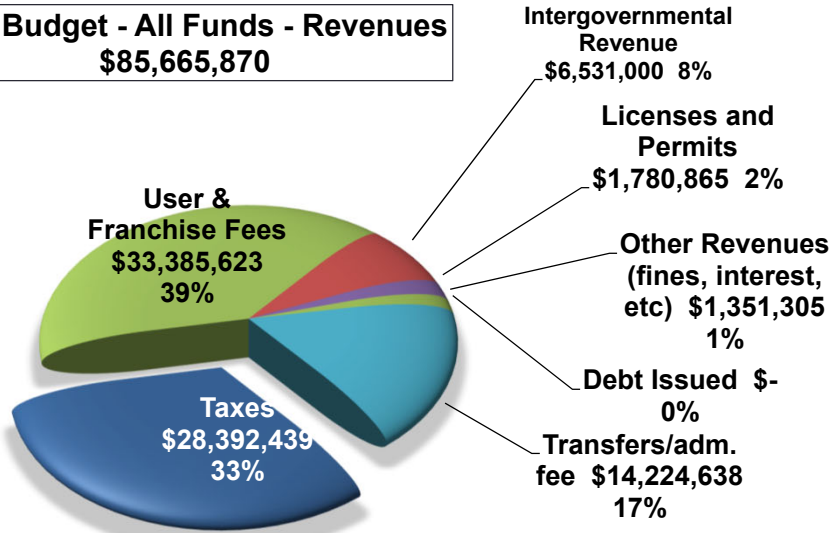


Total Budget – All Funds - Revenues



Total Budget – All Funds - Revenues

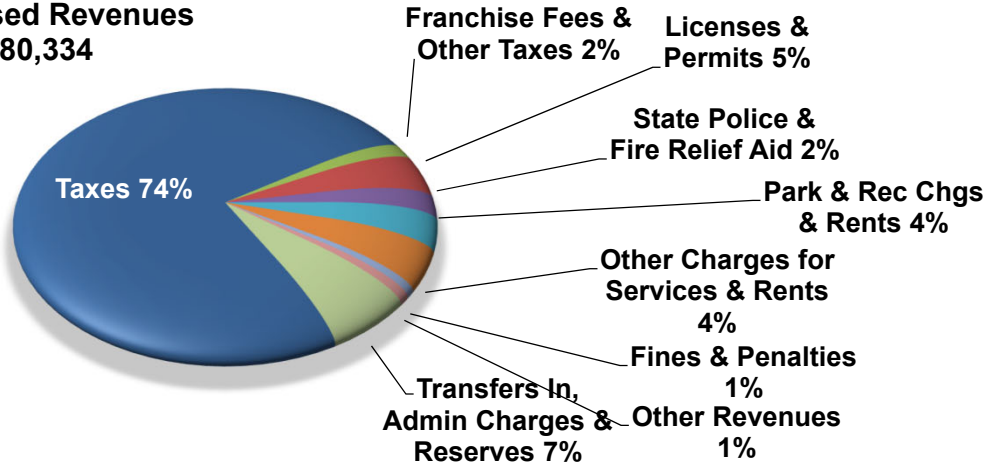
Total Budget - All Funds - Revenues
\$85,665,870



GENERAL FUND

2022 General Fund Revenues

**General Fund
2022 Proposed Revenues
\$38,080,334**

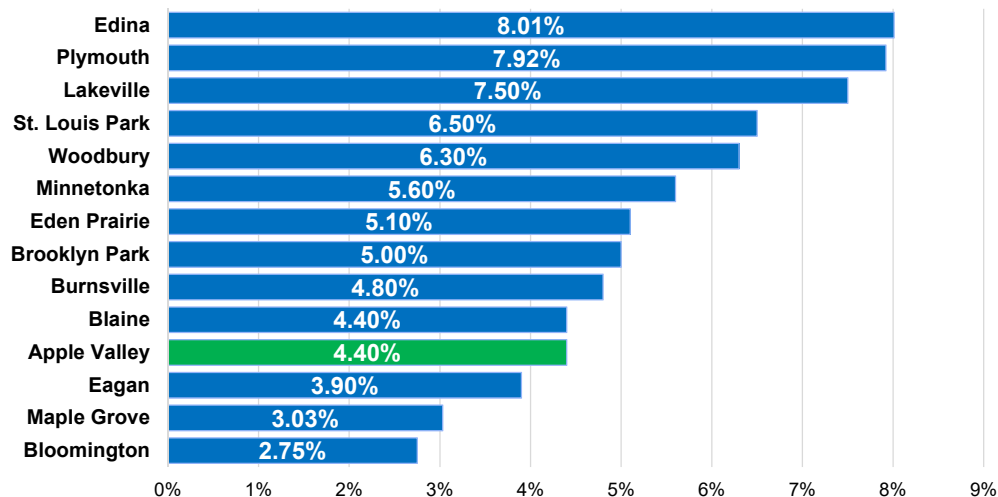


PROPERTY TAX LEVY

Property Tax Levy Components

| Levy Component | 2021 | 2022 | Difference | %Increase |
|-----------------------------------|---------------------|---------------------|--------------------|-------------|
| General Fund | \$23,359,336 | \$24,179,439 | 820,103 | 3.5% |
| Street Maintenance (Levy Support) | 3,664,000 | 3,801,000 | 137,000 | 3.7% |
| Muni Bldg Fund | 198,000 | 204,000 | 6,000 | 3.0% |
| Property Tax Delinquencies | 50,000 | 50,000 | - | 0.0% |
| Ice Arena Support | 121,000 | 121,000 | - | 0.0% |
| Debt Service – Voter Approved | 1,048,445 | 1,074,470 | 26,025 | 2.5% |
| Debt Service– all Other Levy | 128,000 | 395,091 | 267,091 | 208.7% |
| Total | \$28,568,781 | \$29,825,000 | \$1,256,219 | 4.4% |

Apple Valley's Preliminary Total Tax Levy – Increase Favorable in Comparison to Comparable Cities (Pay 2022 Preliminary)

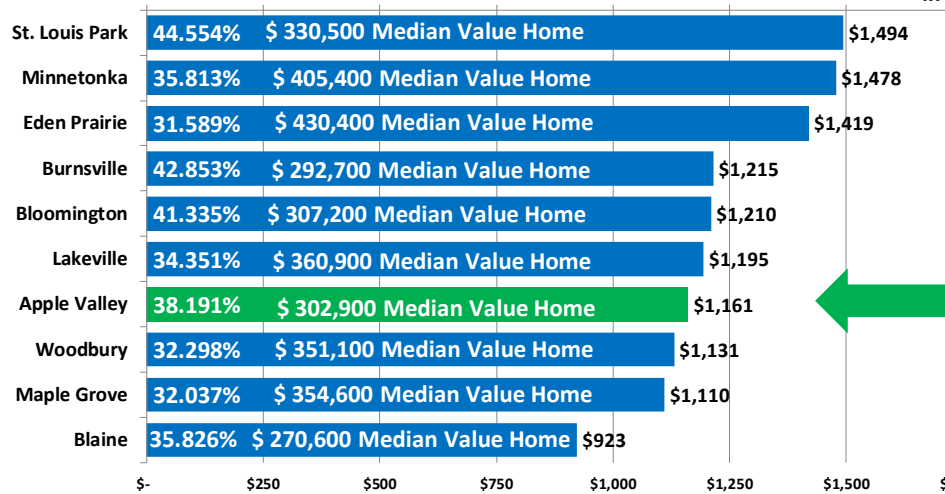


Source: Minnetonka Survey – Sept 2021

Apple Valley City Taxes on Median Valued Home Compares Favorably to Similar Communities

(Pay 2022 Preliminary)

Using Median Value in each community means half of the homes pay more and half pay less than this in each community



Includes Road & Infrastructure Reconstruction Levy

(% in bar is Tax Capacity Extension Rate)
\$ in bar is the median valued home in that city

Minnesota Office of the State Auditor 2019 Total Expenditures Per Capita Major Dakota County Cities

| City | Population | Total Expenditures Per Capita | Rank |
|---------------------|------------|-------------------------------|------|
| Apple Valley | 54,400 | \$833 | #1 |
| Rosemount | 25,202 | \$899 | #2 |
| Farmington | 23,123 | \$913 | #3 |
| Eagan | 69,231 | \$922 | #4 |
| Burnsville | 62,785 | \$951 | #5 |
| Lakeville | 65,831 | \$961 | #6 |
| Hastings | 22,965 | \$1,238 | #7 |
| West St. Paul | 21,205 | \$1,387 | #8 |
| Inver Grove Heights | 35,321 | \$1,396 | #9 |
| South St. Paul | 20,774 | \$1,540 | #10 |
| Mendota Heights | 11,747 | \$1,591 | #11 |

**Minnesota Office of the State Auditor 2019 Total Expenditures Per Capita
Major Metropolitan Area Suburban Cities**

| City | Population | Total Expenditures Per Capita | Rank |
|----------------|------------|-------------------------------|------|
| Apple Valley | 54,400 | \$833 | #1 |
| Blaine | 67,939 | \$897 | #2 |
| Eagan | 69,231 | \$922 | #3 |
| Burnsville | 62,785 | \$951 | #4 |
| Lakeville | 65,831 | \$961 | #5 |
| Coon Rapids | 63,968 | \$1,015 | #6 |
| Shakopee | 41,528 | \$1,022 | #7 |
| Plymouth | 79,475 | \$1,044 | #8 |
| Minnetonka | 54,141 | \$1,136 | #9 |
| Brooklyn Park | 82,444 | \$1,172 | #10 |
| Eden Prairie | 64,567 | \$1,201 | #11 |
| Maple Grove | 68,101 | \$1,282 | #12 |
| Woodbury | 71,616 | \$1,294 | #13 |
| Edina | 53,268 | \$1,340 | #14 |
| Bloomington | 90,271 | \$1,670 | #15 |
| St. Louis Park | 49,834 | \$1,765 | #16 |

Impacts to 2022 Budget

- Shift to Residential Properties (Residential Increase Greater Than Commercial Increase)
- New CIP Bond Debt Service (~\$18 Impact to Median Value Home)
- 2022 Election Costs
- Impact of Fiscal Disparities Value Contributed, Increase Due to Prior Year Commercial Values Added
- Significant Worker's Compensation Rate Impacts

Budget Items of note:

- Street Maintenance Program @ \$13.8M:
 - Greenleaf 6th & 7th
(Euclid Ct., Eveleth Ct., 139th)
 - Pennock (140th to 145th)
 - 145th (Cedar to Pennock)
 - 140th (Cedar to Pennock)
 - 133rd (Galaxie to Flagstaff)
 - Gantry Lane & Ct.
 - Geneva Ln, Safari Pass, 121st
- Signal / Intersection Improvements:
 - 147th & Glazier Intersection
- Emerald Ash Borer Response
- Equipment:
 - 3 Police cars & radar trailer
 - Streets 2- plows
 - Streets & Parks pickups
 - Streets & Park mowers & tree maint. eq.
- Hayes Arena – rubber flooring
- Aquatic Center-
Concession Improvements
- AVCC – Entry Doors
- Senior Center:
 - Kitchen Flooring
 - Garage storage roof

2022 Budget – Items of Note (cont'd)

- No New Positions for 2022
- New Positions for 2023 –
 - Police Officer, Investigative Assistant and Fleet Mechanic
- Capital Outlay \$22.5 M, up \$620K (Road Fund up \$600K)
- ARPA Funds Included: \$3.1M 133rd Street, 30K IT security audit

Prelim Budget Outcomes

- Preliminary Levy Increases 4.4%
- Median Home EMV Increasing 6.17% (7.01% TMV)
- Tax Impact to Median Value Home up 6.36%, \$69.47/yr.=\$5.79/mo.
 - Loss of Homestead Market Value Exclusion (MVE) Accounts for \$6 of Increase
- Utility Rates- Typical User:

| | | |
|-------------------------------|---------------------|---------------------------------------|
| • <i>Water rate</i> | <i>up 5%</i> | <i>\$2.64/qtr or \$0.88/mo</i> |
| • <i>Sewer rate</i> | <i>up 5%</i> | <i>\$3.69/qtr or \$1.23/mo</i> |
| • <i>Storm water rate</i> | <i>up 10%</i> | <i>\$2.37/qtr or \$0.79/mo</i> |
| • <u><i>Street lights</i></u> | <u><i>up 3%</i></u> | <u><i>\$0.18/qtr or \$0.06/mo</i></u> |
| • <i>Total</i> | <i>5.6%</i> | <i>\$8.88/qtr or \$2.96/mo</i> |

Prelim Budget Outcomes (continued)

- Continues Goal of the City Council to not Specially Assess for the Infrastructure Maintenance Program
- Includes Additional Transfer to Road Improvement Fund
2022 levy support = \$3,801,000, increase of 3.7% for 2022

Budget Timeline Remaining

- Action includes setting budget meeting date for December 9, 2021
- County to send parcel specific notices during 2nd and 3rd weeks of November
- Council to hold budget discussion (TNT meeting), December 9th at 7:00 p.m.
- Adopt final budget and tax levy at December 9th council meeting (backup date December 23rd)

Action Required

- Adopt Resolution Adopting 2022 Proposed Budget and Property Tax Levy
- Motion to set 12/9/2021 as “Truth in Taxation” meeting