

City of Excelsior
Notice of Work Session
of the Excelsior City Council

NOTICE IS HEREBY GIVEN that the City Council of the City of Excelsior will hold its work session on Monday, September 19, 2022 at 5:30 P.M. at the Excelsior City Council Chambers, 339 Third Street, Excelsior, MN 55331.

Members of the public may attend the work session either in person, at City Hall or by joining via Zoom either online or by telephone at:

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City of Excelsior
City Council Work Session

Agenda

Monday, September 19, 2022

5:30 P.M.

1. Call to Order/Roll Call
2. Agenda Approval
3. Preliminary 2023 Budget
4. Adjournment

Note:

The purpose of a Work Session is for the Council to discuss matters informally and in greater detail than is allowed at formal Council meetings. All meetings of the Council including Work Sessions will be open to the public. While the privilege of participating in these discussions is generally limited to the Council, staff, and consultants, the Mayor may open a discussion from the floor.



MEMORANDUM

Re: Item 3-Preliminary 2023 Budget

Date: September 19, 2022

To: City Council

From: Jenny Palmer, Finance Director

Background

At the Preliminary Budget work session on September 6th Council asked staff for some clarification on certain items in the budget such as the cemetery wage, wish list items, addition of MCES and 339 Third Street project costs and public works capital improvement budget. Council also directed staff to put together a debt levy schedule that will stabilize payments over the term of the bond payments and provide some additional scenarios for the overall tax rate and tax levy amounts with the tax rate for 2021 included in the comparisons. Those items are addressed below along with the original memo from the September 6th work session. The original memo follows the new information on page 7 of this memo.

Please keep in mind that the Preliminary Budget is the high-water mark for the budget. This amount can be reduced before the end of the year but cannot be increased. The Preliminary budget needs to be certified to the County before September 30th, 2022. It is important to make sure there is enough levied for any unforeseen expenses for 2023 that may come up before the end of the year.

Clarification items

Cemetery Wages: There was a math error in the PERA, FICA and Medicare calculations showing a 43% increase over 2022 wages and benefits for cemetery wages only. That has been corrected and now shows a 15% increase over 2022 wages and benefits. There is still a significant increase in Operating Supplies, 63% or \$2,300 due to higher fuel costs and inflation on maintenance supplies. Also, the addition of \$16,000 for cemetery software adds an overall increase of 75% over 2022.

Wish List Items: the allocation of \$750,000 for the underground electric has been removed from the list. Scenarios with the remaining items are addressed in the tax rate and levy analysis.

MCES Project Costs: According to the feasibility study for the MCES project, the street improvements portion will cost \$823,916. The total City portion of the project is \$1,601,600 with the additional costs split over the utility funds. For watermain improvements it is \$382,356, for sanitary improvements it is \$202,390, and for storm sewer improvements it is \$192,938. If the City decides to bond for this project, the first payments wouldn't be until 2024-2025 depending on the project timeline. A one-third allocation of the City's costs have been allocated for 2023.

339 Third Street Project (TIF bonds): This project's bond payments would not start until 2024 if the bonds are sold in 2023. These numbers are still being refined. On page 6 of this memo is a debt levy schedule provided by Doug Green. The bond payments follow the levy schedule in the bond documents and not the updated payments reflecting a consistent levy for debt service as presented in this memo. The TIF bond would not count against the City's debt levy limit and annual payments are estimated at \$28,000 per year. Things that may affect this number are whether the City or the developer bond for the project and the cost per parking stall.

Capital Improvement Levy: Tim, Morgan and I met to go over the requested items for 2023 and were able to come up with a number \$124,000 for small projects and minor equipment. This has been noted in the additional tax levy and tax impact scenarios. In addition, there are several capital projects that Council will have to decide whether to levy for them or draw down the Capital Fund. These projects include: 2023 Crack Sealing at \$100,000, St. Albans Bay Bridge at \$175,000, and 1/3 of the City’s estimated costs for the MCES project of \$350,667. These are projects that Tim and Morgan feel are non-negotiable along with the small projects and minor equipment amount. These projects have been added to the project list along with the Artspace project of \$30,000 and the Mill Street Trail Connection of \$700,000. Two other major projects scheduled for 2023 are the Area 4 Pavement Management Plan area for \$3.4 million and City Hall Remodel/Relocate \$2 million. These projects are good candidate for bonding, whether in 2023 or 2024.

2023 Project List	
	WISH LIST ITEMS
30,000	Artspace preliminary feasibility study
700,000	Mill Street trail connection (project scheduled for 2024 or 2025)
	CAPITAL PROJECTS
100,000	Crack sealing—levy or draw down capital fund
124,000	Minor projects/small equipment for Public Works—levy or draw down capital fund
175,000	St. Albans Bay Bridge—levy or draw down capital fund
350,667	One-third City share of MCES project—levy or draw down capital fund
	STAFFING
25,000	Grant consultant to help find and write grants
25,000	Lobbyist
79,090	New Planner position \$60,000 base + benefits
9,500	Staff Market Rate Adjustments
1,618,257	TOTAL PROJECT/STAFFING LIST

Debt Levy

Council directed staff to figure out a stable debt levy amount. Below is the table that reflects an average of debt payments over the remaining life of each levy to avoid fluctuations in the levy amounts. Any new debt that is issued will increase this levy amount. Estimated debt payments for MCES and the TIF bond estimates are not included in these numbers. Below is the updated levy schedule.

Levy	Collect 2022	Collect 2023	Collect 2024	Increase	Percentage
2010A	100,000	100,000	100,000	0	0.00%
2017A	78,662	80,198	80,198	1,536	1.95%
2019A	159,906	152,486	152,486	(7,420)	-4.64%
2020A	89,040	96,635	96,635	7,595	8.53%
2021A	152,821	233,076	233,076	80,255	52.52%
Total	580,429	662,395	662,395	81,966	14.12%

Tax Rate and Tax Levy Scenarios

There are four additional scenarios that have been added to the Tax Rate & Tax Levy Scenario worksheet as described below:

Scenario E includes \$79,090 for a new planner position and \$9,500 for the staff market rate adjustment. No capital improvement projects have been added to this number. This scenario results in a tax rate decrease of -2.17%, and a tax levy increase of 7.47% or \$163,571.

Scenario F includes \$124,000 for Small Projects/Minor Equipment, \$79,090 for a new planner position and \$9,500 for staff market rate adjustments. This scenario results in a tax rate decrease of 0.64%, and a tax levy increase of 13.14% or \$287,571.

Scenario G includes \$124,000 for Small Projects/Minor Equipment, \$79,900 for new planner, \$9,500 for staff market rate adjustments, \$25,000 for grant writer and \$25,000 for lobbyist. This scenario results in a tax rate decrease of -0.02%, and a tax levy increase of 15.44% or \$337,931.

Scenario H includes all of the wish list, capital projects and staffing requests as follows: \$30,000 Artspace, \$700,000 Mill Street Connection, \$100,000 crack sealing, \$124,000 small projects/minor equipment, \$175,000 St. Albans Bay Bridge, \$350,667 1/3 City share of MCES project, \$25,000 grant writer, \$25,000 lobbyist, \$79,090 planner position, \$9,500 staff market rate study. This scenario results in a tax rate increase of 16.68%, and a levy increase of 77.35% or 1,693,238.

Staff recommends approving a 0% tax rate increase, 15% levy increase for the 2023 Preliminary Budget.

2023 Tax Rate Projections

KNOWN:		PROPOSED (Henn County - 7/2022):	
2022 Total Tax Capacity	8,101,932	2023 Estimated Total Tax Capacity	9,211,538
Less Fiscal Disp.	(889,496)	Less Fiscal Disp.	(879,637)
Less Increment	(214,170)	Less Increment	(214,170)
Tax Capacity - Local Rate	6,998,266	Tax Capacity - Local Rate	8,117,731

Scenarios	Levy \$ (Includes Debt Levy)	2023	2022 Tax Rate	2021 Tax Rate	Tax Rate Increase/Decrease over 2022	levy \$ increase
A. Increase of \$339,425 with same tax rate	2,528,362	30.31%	30.311%	29.460%	0.00%	339,425
B. Requested budget 3.56% levy increase	2,266,918	27.09%	30.311%	29.460%	-3.22%	77,981
C. 10% levy increase	2,407,831	28.83%	30.311%	29.460%	-1.48%	218,894
D. No Increase; leave Levy at 2022 Amount	2,188,937	26.13%	30.311%	29.460%	-4.18%	0
E. Planner & Mkt adj	2,355,508	28.18%	30.311%	29.460%	-2.13%	166,571
F. Sm Equip, Planner & Mkt adj	2,479,508	29.71%	30.311%	29.460%	-0.60%	290,571
G. Sm Equip & Staffing	2,529,868	30.33%	30.311%	29.460%	0.02%	340,931
H. All CIP & All Project items	3,885,175	47.03%	30.311%	29.460%	16.71%	1,696,238

Scenario A - Tax Rate Increase of 0% - Levy Increase of 15.51%							
Est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	30.31%	30.31%	30.31%	30.31%	30.31%	30.31%	
Net tax payable	713	1,137	1,516	2,463	3,410	5,304	

Scenario B - Tax Rate Decrease of 3.22% - Levy Increase of 3.56%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	27.09%	27.09%	27.09%	27.09%	27.09%	27.09%	
net tax payable	637	1,016	1,355	2,201	3,048	4,741	

Scenario C - Tax Rate Decrease of 1.48% - Levy Increase of 10.00%							
est market value	250,000	375,000	500,000	750,000	988,000	1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	988,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,100	17,500	
tax rate	28.83%	28.83%	28.83%	28.83%	28.83%	28.83%	
net tax payable	678	1,081	1,441	2,342	3,200	5,045	

Scenario D - Tax Rate Decrease of 4.18% - No Levy Increase							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	26.13%	26.13%	26.13%	26.13%	26.13%	26.13%	
net tax payable	615	980	1,306	2,123	2,940	4,573	

Scenario E - Tax Rate Decrease of 2.13% - Levy Increase of 7.61%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	28.18%	28.18%	28.18%	28.18%	28.18%	28.18%	
net tax payable	663	1,047	1,409	2,290	3,170	4,932	

Scenario F - Tax Rate Decrease of 0.60% - Levy Increase of 13.27%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	29.71%	29.71%	29.71%	29.71%	29.71%	29.71%	
net tax payable	699	1,104	1,485	2,414	3,342	5,199	

Scenario G - Tax Rate Increase of 0.02% - Levy Increase of 15.58%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	30.33%	30.33%	30.33%	30.33%	30.33%	30.33%	
net tax payable	714	1,127	1,516	2,464	3,412	5,308	

Scenario H - Tax Rate Increase of 16.71% - Levy Increase of 77.49%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,715	5,000	8,125	11,250	17,500	
tax rate	47.03%	47.03%	47.03%	47.03%	47.03%	47.03%	
net tax payable	1,106	1,747	2,351	3,821	5,290	8,229	

Incremental Tax Payable over Prior Year						
2022 taxes	713	1,137	1,516	2,463	3,410	5,304
Est Market Value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000
Scenario A - Tax Rate Increase of 0% - Levy Increase of 15.51%	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Scenario B - Tax Rate Decrease of 3.22% - Levy Increase of 3.56%	\$ (76)	\$ (121)	\$ (161)	\$ (262)	\$ (362)	\$ (564)
Scenario C - Tax Rate Decrease of 1.48% - Levy Increase of 10.00%	\$ (35)	\$ (56)	\$ (74)	\$ (121)	\$ (210)	\$ (260)
Scenario D - Tax Rate Decrease of 4.18% - Levy Increase of 0.00%	\$ (98)	\$ (157)	\$ (209)	\$ (340)	\$ (470)	\$ (732)
Scenario E - Tax Rate Decrease of 2.13% - Levy Increase of 7.61%	\$ (50)	\$ (90)	\$ (106)	\$ (173)	\$ (240)	\$ (373)
Scenario F - Tax Rate Decrease of 0.60% - Levy Increase of 13.27%	\$ (14)	\$ (33)	\$ (30)	\$ (49)	\$ (68)	\$ (105)
Scenario G - Tax Rate Increase of 0.02% - Levy Increase of 15.58%	\$ 0	\$ (10)	\$ 1	\$ 2	\$ 2	\$ 3
Scenario H - Tax Rate Increase of 16.71% - Levy Increase of 77.49%	\$ 393	\$ 610	\$ 836	\$ 1,358	\$ 1,880	\$ 2,925

****09.06.22 MEMO STARTS HERE****

This is the first draft of the 2023 Preliminary General Fund Budget. This budget includes revenue and expenditure projections from staff to meet operations for the 2023 budget year. Included in this packet is a 2023 General Fund Revenue Budget and a Summary General Fund Expenditure Budget. Below is an overall summary.

Budget Summary	2022	2023	Increase/(Decrease)	Percentage
Operating Revenues	1,196,028	1,179,920	(16,108)	-1.35%
Operating Expenditures	2,630,720	2,779,443	148,723	5.65%
Debt Service Levy	580,429	670,168	89,739	15.46%
Capital Levy	173,816	0.00	(173,816)	0.00
Levy	2,188,937	2,269,691	80,754	3.69%

2023 Preliminary Levy Increase – as presented

This version of the budget presents a 5.65% increase in operating expenditures, a 15.46% increase in debt service levy and a 1.35% decrease in operating revenues which overall equals to a 3.69% levy increase which will be explained in more detail below.

	Tax Rate	Tax Levy	Dollar Amount
Scenario A	0.00%	15.51%	339,425
Scenario B	-3.19%	3.69%	80,754
Scenario C	-1.48%	10.00%	218,894
Scenario D	-4.18%	0.00%	0.00

Finally, presented at the end, are the most recent version of the Capital Improvement Plan and the Wish List items so that Council can begin to plan for what capital improvement projects should occur and when and how they will be financed. Costs for these projects are not included in the above scenarios.

2023 Preliminary General Fund Revenues

1. Taxes and Franchise Fees—This category includes franchise fees from Xcel Energy and CenterPoint Energy, as well as Fiscal Disparities from Hennepin County. Revenues are up for both categories for 2022 so a slight increase of \$1,000 is budgeted for 2023. Fiscal Disparities revenues are not known yet for next year. Franchise fees have been slightly increasing over the last four years. Those fees are charged to customers and paid back to the City for use of their right of way to serve Excelsior customers.
2. Business License—This category includes permits sold to businesses to operate in the City of Excelsior and includes tree trimmer and removal, liquor license, cigarette and tobacco and garbage hauler licenses. A slight decrease of \$330 is projected for this category due to a reduction in garbage hauler permits sold in 2022.

3. Non-Business License—This category includes permits for special events, building and related permits, food truck, parking, refueling, animal, multiple dwelling, and other business-related permits. A \$15,940 increase is budgeted for this category due to the increased trend in building and special event permits sold in the City. There are also some potentially big building projects scheduled for 2023 which will also boost building permit revenue.
4. Charges for Service—This category includes zoning and subdivision fees, assessment search fees, plan check fees and application process fees. A decrease of \$1,950 is projected for this category. Assessment search fees are not coming in as budgeted for the last few years and should be reduced. The other fees seem to be on track for budget projections.
5. Parking Meters—Parking meters are on track to meet budget projections for 2023, no increase in revenues is budgeted due to revenues from the trial area being allocated for other projects.
6. Park Vendor and Garden—This category includes garden plot rentals, park vendor lease agreement (Tommy’s Tonka Trolley) and cemetery plots. A reduction of \$2,500 is budgeted for this category mainly due to revenues from Tommy’s Tonka Trolley coming in less than projected for 2021 and are on track to come in less than budgeted for 2022 also. Garden plot rental is also slightly under budget, but cemetery plot sales have exceeded budget so an increase of \$5,000 has been budgeted for cemetery plot revenues.
7. Water Tower-Kayak Rental—This category includes an annual lease agreement with T-Mobil for \$36,716 and annual lease agreement with Lakeside Networks for \$5,289. Kayak rental is a very limited revenue source. The Wai Nani lease revenues will be receipted here but they won’t be billed until October and being the first year, revenues are difficult to predict for next year.
8. Fines—This category includes municipal fines and fines and forfeitures. Fine revenue was down for 2021 by \$56,000 and 2022 is projected to come in well below budget so a reduction of \$29,500 is budgeted for 2023.
9. Other Revenue—This category includes miscellaneous revenues, refunds and reimbursements, insurance dividends, interest revenues and concerts in the park. An increase of \$10,000 is budgeted for 2023 due to increasing interest rates but overall, this category is budgeted at a decrease of \$10,000 due to refunds and reimbursements being eliminated. This category was for property taxes that were paid back to the City as part of the lease from Randall Pool and Spa for 339 Third Street. Also, most of the miscellaneous revenues have been allocated to a specific revenue account and no revenues have been received from concerts in the park for the past few years.
10. Transfers In—This category is for transfers from the Dock Fund. Last year the Council transferred \$200,000 from the dock fund to the General Fund. Previously only \$100,000 was transferred to the General Fund but last year Council decided to transfer an additional \$100,000 to offset the costs for lifeguards and an Assistant Public Works Director.

Overall General Fund Revenues are budgeted at a total of \$1,179,920 which is a reduction of \$16,108 over 2022 or a 1.35% decrease.

General Fund Revenues								
Type	AccountDescr	2019 Actual	2020 Actual	2021 Actual	2022Budget	2022YTD Amt	2023	Incr/(Decr)
Taxes and Franchise Fees	R 101-31040 Fiscal Disparities	\$ 37,584	\$ 38,431	\$ 53,198	\$34,000.00	\$39,544.20	\$35,000.00	\$1,000.00
Taxes and Franchise Fees	R 101-31811 Franchise Fees Gas	\$ 70,176	\$ 70,397	\$ 70,415	\$70,750.00	\$35,228.75	\$70,750.00	\$0.00
Business License	R 101-31910 Penalties and Interest	\$ 773	\$ 1,928	\$ -	\$780.00	\$2,185.36	\$1,000.00	\$220.00
Business License	R 101-32001 Tree Removal Permit	\$ -	\$ -	\$ -	\$0.00	\$1,000.00	\$1,000.00	\$1,000.00
Business License	R 101-32002 Tree Trimmer License	\$ -	\$ -	\$ -	\$0.00	\$350.00	\$350.00	\$350.00
Business License	R 101-32110 Alcoholic Beverages	\$ 103,260	\$ 67,993	\$ 95,000	\$95,000.00	\$2,250.00	\$95,000.00	\$0.00
Business License	R 101-32180 Cigarettes & Tobacco	\$ 975	\$ 1,138	\$ 980	\$980.00	\$975.00	\$980.00	\$0.00
Business License	R 101-32188 Garbage Haulers	\$ 6,950	\$ 1,175	\$ 5,338	\$2,500.00	\$300.00	\$600.00	(\$1,900.00)
Non-Business License	R 101-32190 Sidewalk Café Permits	\$ 600	\$ -	\$ -	\$600.00	\$400.00	\$600.00	\$0.00
Non-Business License	R 101-32192 Special Events	\$ 56,499	\$ 21,844	\$ 67,826	\$45,000.00	\$47,612.14	\$55,000.00	\$10,000.00
Non-Business License	R 101-32194 Peddlers License	\$ 2,424	\$ 1,331	\$ 720	\$1,000.00	\$120.00	\$200.00	(\$800.00)
Non-Business License	R 101-32195 Alarm System Permit	\$ 300	\$ 200	\$ -	\$200.00	\$0.00	\$0.00	(\$200.00)
Non-Business License	R 101-32197 Refueling Permit	\$ 450	\$ -	\$ -	\$0.00	\$750.00	\$750.00	\$750.00
Non-Business License	R 101-32198 Right of Way Registration	\$ -	\$ 83	\$ 40	\$50.00	\$40.00	\$40.00	(\$10.00)
Non-Business License	R 101-32201 Street Use/Dumpster	\$ -	\$ -	\$ -	\$0.00	\$480.00	\$500.00	\$500.00
Non-Business License	R 101-32202 FOOD TRUCK PERMIT	\$ -	\$ -	\$ -	\$0.00	\$1,750.00	\$2,500.00	\$2,500.00
Non-Business License	R 101-32210 Building Permits	\$ 148,212	\$ 52,413	\$ 121,588	\$90,000.00	\$70,135.87	\$90,000.00	\$0.00
Non-Business License	R 101-32211 Sign Permits	\$ 1,708	\$ 741	\$ 853	\$1,000.00	\$838.64	\$1,000.00	\$0.00
Non-Business License	R 101-32212 VARIANCE	\$ -	\$ -	\$ -	\$0.00	\$1,300.00	\$2,000.00	\$2,000.00
Non-Business License	R 101-32214 Mech Permit-Base & Unit	\$ 18,747	\$ 14,054	\$ 16,786	\$14,000.00	\$13,071.49	\$17,000.00	\$3,000.00
Non-Business License	R 101-32230 Plumbing Permits	\$ 8,442	\$ 4,616	\$ 8,070	\$4,600.00	\$4,691.21	\$7,000.00	\$2,400.00
Non-Business License	R 101-32235 Right of Way Permits	\$ 2,404	\$ 3,223	\$ 1,975	\$2,000.00	\$526.25	\$1,000.00	(\$1,000.00)
Non-Business License	R 101-32240 Animal Licenses	\$ 375	\$ 275	\$ 420	\$300.00	\$665.00	\$600.00	\$300.00
Non-Business License	R 101-32250 Parking Permits (Beach)	\$ 8,458	\$ 7,073	\$ 16,650	\$18,000.00	\$19,660.00	\$20,000.00	\$2,000.00
Non-Business License	R 101-32260 Multiple Dwellings	\$ 28,920	\$ 3,920	\$ 47,200	\$31,000.00	\$23,640.00	\$31,000.00	\$0.00
Non-Business License	R 101-32270 Miscellaneous Permits	\$ 3,559	\$ 11,316	\$ 10,303	\$6,000.00	\$340.00	\$500.00	(\$5,500.00)
Charges for Service	R 101-34103 Zoning and Subdivision	\$ 5,050	\$ 7,128	\$ 800	\$3,000.00	\$1,500.00	\$3,000.00	\$0.00
Charges for Service	R 101-34104 Plan Check Fee	\$ 83,353	\$ 33,953	\$ 44,117	\$40,000.00	\$44,036.44	\$40,000.00	\$0.00
Charges for Service	R 101-34105 Application Process Fees	\$ 9,962	\$ 4,690	\$ 9,680	\$7,000.00	\$4,737.01	\$7,000.00	\$0.00
Charges for Service	R 101-34107 Assessment Search Fees	\$ -	\$ -	\$ 50	\$2,000.00	\$25.00	\$50.00	(\$1,950.00)
Parking Meters	R 101-34302 Parking Meters	\$ 321,619	\$ 245,299	\$ 400,226	\$350,000.00	\$202,298.30	\$350,000.00	\$0.00
Park Vendor and Garden	R 101-34783 Garden Plots Rental	\$ 2,095	\$ 2,260	\$ 2,930	\$3,000.00	\$2,710.00	\$2,500.00	(\$500.00)
Park Vendor and Garden	R 101-34784 Park Vendor Lease Agmt	\$ 10,629	\$ -	\$ 13,760	\$22,000.00	\$7,669.66	\$15,000.00	(\$7,000.00)
Park Vendor and Garden	R 101-34940 Cemetery Lots	\$ 2,555	\$ -	\$ 19,400	\$2,000.00	\$13,100.00	\$7,000.00	\$5,000.00
Charges for Service	R 101-34951 Greenwood Management	\$ -	\$ -	\$ -	\$0.00	\$3,187.50	\$3,000.00	\$3,000.00
Fines	R 101-35000 Fines and Forfeits	\$ -	\$ 1,536	\$ 2,500	\$2,500.00	\$30,101.06	\$50,000.00	\$47,500.00
Fines	R 101-35101 Municipal Court Fines	\$ 84,785	\$ 62,507	\$ 56,735	\$77,000.00	\$0.00	\$0.00	(\$77,000.00)
Other Revenue	R 101-36100 Miscellaneous Revenue	\$ 16,188	\$ 11,938	\$ 19,554	\$5,000.00	\$0.00	\$0.00	(\$5,000.00)
Other Revenue	R 101-36200 Miscellaneous Revenues	\$ 16,188	\$ 11,938	\$ 19,554	\$0.00	\$1,504.94	\$0.00	\$0.00
Other Revenue	R 101-36210 Interest Earnings	\$ 39,341	\$ 27,340	\$ 30,010	\$5,000.00	\$0.00	\$15,000.00	\$10,000.00
Water Tower-Kayak	R 101-36221 Kayak Rental Revenue	\$ 4,569	\$ -	\$ -	\$0.00	\$492.00	\$1,000.00	\$1,000.00
Water Tower-Kayak	R 101-36226 Rent-Water Tower	\$ 33,600	\$ 40,608	\$ 38,044	\$36,668.00	\$40,238.11	\$42,000.00	\$5,332.00
Other Revenue	R 101-36228 Refunds &	\$ 32,316	\$ 4,130	\$ 14,239	\$14,000.00	\$9,707.96	\$0.00	(\$14,000.00)
Other Revenue	R 101-36229 Insurance Dividend	\$ 1,509	\$ 3,552	\$ 10,178	\$5,000.00	\$0.00	\$5,000.00	\$0.00
Other Revenue	R 101-36233 Concerts in the Park	\$ -	\$ -	\$ -	\$1,000.00	\$0.00	\$0.00	(\$1,000.00)
Transfers In		\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000		\$200,000.00	\$0.00
		\$ 1,264,575	\$ 859,030	\$ 1,299,139	\$1,196,028.00		\$1,179,920.00	(\$16,108.00)

2023 Preliminary General Fund Expenditures

The General Fund Expenditures presented include a 5.65% increase over 2022 expenditures totaling \$148,273. This increase considers the following significant changes and assumptions for 2023 from the 2022 budget.

1. Employee Benefits—The City currently covers 100% of single health and dental coverage, 57% of family coverage, and provides \$2,800 (the cost of a single employee deductible) towards Health Savings Account contributions. Employees not enrolled in health insurance receive a monthly stipend equal to the cost of the deductible. A 10% increase has been included in the budget based on best estimates from the City's plan provider. Actual numbers will not be available until mid-October. Increased wages and benefits account for 58% of the increase or \$85,796 over 2022.
2. Worker's Compensation, Property Casualty and Auto Insurance—Based on the League of Minnesota Cities budget guide, a 10% increase has been included in the budget for these items. Premiums came in lower than budget for 2022 so this increase will still result in a \$4,544 decrease in insurance expenses over 2022 budgeted amounts.
3. City Manager/City Clerk—This category includes wages and benefits for the Assistant City Manager/City Attorney who was added in 2022. This also includes a year-round person to do Laserfiche scanning 20 hours per week at \$15 per hour.
4. Finance—This category includes some increased training for continuing education credits for the Finance Director.
5. City Administration—This category includes \$15,553 of increases due to increases in costs for assessing both Hennepin County and Rolf Erickson, increased legal costs relating to code enforcement, increased costs for postage and annual maintenance for CivicPlus and Municipal Code Corp (website), increased costs for publishing notices for billing assessments, audit report, other charter required publications, online fees for credit card transactions and parking meter fees, annual maintenance for Laserfiche (OPG3), copier and postage meter rental, upgrade two computer towers, and general equipment maintenance. Some costs that were reduced in this category are LMCIT insurance, removed property tax for 339 Third Street, reduced legal fees for City Attorney (included in wages for Assistant City Manager), and reduced LMCD Levy.
6. Police—Amount adopted by City Council presented by South Lake Minnetonka Police Department. There is a slight 3% decrease this year due to removal of debt service.
7. Fire Contract—Amount adopted by City Council as presented by the Fire District. A slight 4% increase over 2022.
8. Engineering—Increased by \$10,000 due to projected shortfall for 2022 and increased use of the City Engineer.
9. Streets—This category includes an increase of 7% or \$20,206 over 2022. Increases include increased wages and benefits, and operating supplies increased \$5,900 due to projected shortfalls mainly due to inflation. Repair and maintenance was increased \$5,480 with the addition of a line item for parking meter maintenance that was included in operating expenses in prior years.
10. Park Maintenance—This category includes an increase of 10% over 2022 or \$36,201. Included in this increase are increased wages and benefits, increased professional services for the costs of MiniBiffs and

Errand Boy services of \$5,200, increased maintenance supplies due to inflation of \$5,000, increased costs for shade tree removal and trimming of \$5,000 (removed from capital fund), increased utility costs of \$4,000 and insurance of \$1,500.

11. Cemetery—This category includes a 50.14% increase over 2022 mainly due to the purchase of cemetery maintenance software of \$16,000. Staff has discussed working some of these larger one-time expenditures into the capital fund to reduce costs to the operating budget, but that will be incorporated into next year's budget. Other increases include wages and benefits, fuel costs, and increased weed and lawn spraying.

Overall expenditures for 2023 are up 5.65% over 2022 or \$148,723.

**CITY OF EXCELSIOR
2023 BUDGET**

General Fund Expenditures by Department

	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 BUDGET	2022 YTD	2023 Budget	Dollar Change	Percent Change
GENERAL FUND								
COUNCIL								
Wages and Benefits	13,779	12,651	14,210	14,211	7,105	14,211	-	0%
Professional Services	5,699	21,370	1,970	1,000	600	1,000	-	0%
Education and Training	255	272	951	530	521	1,500	970	65%
Community Events and Support	6,560	6,900	8,049	5,000	4,700	4,950	(50)	-1%
Total Council	26,293	41,193	25,181	20,741	12,926	21,661	920	4%
CITY MANAGER/CITY CLERK								
Wages and Benefits	109,819	125,355	164,764	247,167	135,330	287,037	39,870	14%
Education and Training	4,964	2,298	3,938	7,100	2,692	6,600	(500)	-8%
Total City Manager/City Clerk	114,783	127,653	168,702	254,267	138,022	293,637	39,370	13%
ELECTIONS								
Election Judge Pay	-	2,000	-	3,000	-	-	(3,000)	0%
Operating Supplies	970	6,987	925	3,400	-	700	(2,700)	-386%
Repairs and Maintenance	-	-	994	600	-	300	(300)	-100%
Total Elections	970	8,987	1,920	7,000	-	1,000	(6,000)	-600%
FINANCE								
Wages and Benefits	74,513	46,905	84,067	71,212	39,951	75,990	4,778	12%
Professional Services	-	-	-	-	-	-	-	0%
Education and Training	1,005	358	1,325	1,460	1,128	2,660	1,200	106%
Total Finance	75,518	47,263	85,393	72,672	41,078	78,650	5,978	15%
PLANNING AND ZONING								
Wages and Benefits	79,014	83,867	72,592	93,668	54,912	99,259	5,591	6%
Professional Services	15,062	1,600	77,638	10,000	5,300	10,000	-	0%
Education and Training	1,134	340	12,255	3,700	195	3,700	-	0%
Meeting Expense (Taping Meetings)	730	146	68	900	-	900	-	0%
Total Planning and Zoning	95,940	85,953	162,553	108,268	60,407	113,859	5,591	5%
CITY ADMINISTRATION								
Operating Supplies	26,773	27,454	25,801	30,650	19,341	28,000	(2,650)	-9%
Professional Services	246,086	231,502	247,982	150,280	110,497	164,000	13,720	8%
Utilities	55,858	48,373	43,737	67,600	29,324	62,700	(4,900)	-8%
Repair and Maintenance	15,859	11,003	9,499	12,000	6,437	13,500	1,500	11%
Other Services and Charges	44,201	39,380	53,761	39,655	30,095	47,538	7,883	17%
Capital Outlay	4,577	1,935	3,429	3,000	-	3,000	-	0%
Total City Administration	393,354	361,426	384,209	303,185	195,694	318,738	15,553	5%
HERITAGE PRESERVATION								
Education and Training	10,782	17,145	9,143	2,800	4,638	2,800	-	0%
Total Heritage Preservation	10,782	17,145	9,143	2,800	4,638	2,800	-	0%
POLICE								
Contracted Services	717,825	725,344	752,048	803,678	585,179	852,693	49,015	6%
Debt Service	69,477	14,878	71,898	74,246	55,685	-	(74,246)	0%
Total Police	787,302	740,222	823,946	877,924	640,863	852,693	(25,231)	-3%
FIRE CONTRACT								
Contracted Services	153,835	138,486	253,228	171,264	134,842	278,640	107,376	39%
Debt Service	69,266	94,414	-	96,420	-	-	(96,420)	0%
Total Fire Contract	223,101	232,900	253,228	267,684	134,842	278,640	10,956	4%

**CITY OF EXCELSIOR
2023 BUDGET**

General Fund Expenditures by Department

	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 BUDGET	2022 YTD	2023 BUDGET	Dollar Change	Percent Change
BUILDING INSPECTION								
Professional Services	86,935	62,124	52,696	55,000	21,989	55,000	-	0%
ENGINEERING								
Professional Services	23,800	29,568	25,897	20,000	19,750	30,000	10,000	33%
STREETS								
Wages and Benefits	124,186	121,138	130,891	152,381	90,220	159,836	7,456	5%
Operating Supplies	45,991	64,953	40,519	48,800	27,106	54,700	5,900	11%
Professional Services	5,982	3,298	3,811	5,940	4,308	6,310	370	6%
Education and Training	436	335	342	600	569	1,000	400	40%
Utilities	6,676	11,094	16,338	12,900	6,070	13,500	600	4%
Repair and Maintenance	9,281	5,565	12,306	9,220	14,827	14,700	5,480	37%
Tree Care	19,930	17,167	13,405	20,000	5,380	20,000	-	0%
Capital Outlay					190	-		
Total Streets	212,482	223,550	217,611	249,841	148,669	270,046	20,206	7%
PARK MAINTENANCE								
Wages and Benefits	155,569	159,312	164,175	262,527	110,082	278,748	16,221	6%
Operating Supplies	26,901	27,902	17,791	19,300	13,398	25,900	6,600	25%
Professional Services	16,042	19,777	32,237	22,100	18,083	28,630	6,530	23%
Education and Training	1,232	505	286	500	338	500	-	0%
Utilities	10,528	12,148	12,506	10,600	8,812	12,600	2,000	16%
Repair and Maintenance	10,981	6,801	10,539	10,300	4,759	10,150	(150)	-1%
Tree Care	-	4,626	11,359	15,000	8,580	20,000	5,000	25%
Capital Outlay	15,286	-	-	-	-	-	-	
Total Park Maintenance	236,539	231,071	248,892	340,327	164,053	376,528	36,201	10%
RECREATION								
Lifeguards	24,123	-	-	20,000	-	25,000	5,000	20%
Concerts in the Park	8,937	385	363	1,000	390	1,000	-	0%
Concession Stand	-	-	-	-	-	-	-	
Total Recreation	33,060	385	363	21,000	390	26,000	5,000	19%
CEMETERY								
Wages and Benefits	20,797	20,360	22,387	27,911	15,878	39,791	11,880	43%
Operating Supplies	1,712	2,282	104	1,600	781	2,600	1,000	63%
Professional Services	-	-	-	500	980	1,800	1,300	260%
Capital Outlay	-	-	-	-	-	16,000	16,000	0%
Total Cemetery	22,509	22,642	22,490	30,011	17,640	60,191	30,180	101%
TOTAL GENERAL FUND	2,343,368	2,232,082	2,482,225	2,630,720	1,600,960	2,779,443	148,723	5.7%

2023 Debt Service Levy

The debt services levy is the levy that pays for all of the outstanding principal and interest payments for bond issues for project costs. Below is the schedule for 2023 debt service levy including the changes in levy from 2022 to 2023.

Levy	Collect 2022	Collect 2023	Increase	Percentage
2010A	100,000	100,000	0	0.00%
2017A	78,662	79,586	924	1.17%
2019A	159,906	160,164	258	0.16%
2020A	89,040	95,340	6,300	7.08%
2021A	152,821	235,079	82,257	53.82%
Total	580,429	670,168	89,739	15.46%

There is only a slight increase of \$4,134, projected for 2024. The 2010 bond will be paid off in 2026 which will reduce the levy by \$100,000 for 2027. Any additional bonds sold for street projects will increase the levy for the year following the debt issue. The first year is always interest only, then the principal payments start the following year. The debt levy for the 2021A project was interest only last year, this year the principle payments start which is why the higer increase in that levy.

2023 Tax Rate Projections

KNOWN:		PROPOSED (Henn County - 7/2022):	
2022 Total Tax Capacity	8,101,932	2023 Estimated Total Tax Capacity	9,211,538
Less Fiscal Disp.	(889,496)	Less Fiscal Disp.	(879,637)
Less Increment	(214,170)	Less Increment	(214,170)
Tax Capacity - Local Rate	6,998,266	Tax Capacity - Local Rate	8,117,731

Scenarios	Levy \$ (Includes Debt Levy)	2023	2022 Tax Rate	Tax Rate Increase/Decrease
A. Increase of \$339,425 with same tax rate	2,528,362	30.311%	30.311%	0.00%
B. Requested budget 3.7% levy increase	2,269,691	27.125%	30.311%	-3.19%
C. 10% levy increase	2,407,831	28.826%	30.311%	-1.48%
D. No Increase; leave Levy at 2022 Amount	2,188,937	26.130%	30.311%	-4.18%

Scenario A - Tax Rate Increase of 0% - Levy Increase of 15.51%							
Est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	30.31%	30.31%	30.31%	30.31%	30.31%	30.31%	
Net tax payable	713	1,137	1,516	2,463	3,410	5,304	

Scenario B - Tax Rate Decrease of 3.19% - Levy Increase of 3.7%							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	27.12%	27.12%	27.12%	27.12%	27.12%	27.12%	
net tax payable	638	1,017	1,356	2,204	3,052	4,747	

Scenario C - Tax Rate Decrease of 1.48% - Levy Increase of 10.00%							
est market value	250,000	375,000	500,000	750,000	988,000	1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	988,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,100	17,500	
tax rate	28.83%	28.83%	28.83%	28.83%	28.83%	28.83%	
net tax payable	678	1,081	1,441	2,342	3,200	5,045	

Scenario D - Tax Rate Decrease of 4.18% - No Levy Increase							
est market value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
homestead exclusion	14,740	3,490	-	-	-	-	
taxable market value	235,260	371,510	500,000	750,000	1,000,000	1,500,000	
net tax capacity	2,353	3,750	5,000	8,125	11,250	17,500	
tax rate	26.13%	26.13%	26.13%	26.13%	26.13%	26.13%	
net tax payable	615	980	1,306	2,123	2,940	4,573	

Incremental Tax Payable over Prior Year							
Est Market Value	\$ 250,000	\$ 375,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 1,500,000	
Scenario A - Tax Rate Increase of 0% - Levy Increase of 15.51%	\$ 98	\$ 157	\$ 209	\$ 340	\$ 470	\$ 732	
Scenario B - Tax Rate Increase of 0.612% - Levy Increase of 13.23%	\$ 23	\$ 37	\$ 50	\$ 81	\$ 112	\$ 174	
Scenario C - Tax Rate Decrease of 2.485% - Levy Increase of 10.00%	\$ 63	\$ 101	\$ 135	\$ 219	\$ 260	\$ 472	

2023 Capital Improvement Plan

Project	Department/Fund	Priority	Capital Improv Fund	Park Dept - Gen Fund	Water Fund	Sewer Fund	Bond or Cash?	Inflated	Storm Water Fund	Bond or Cash?	Inflated	Street Lights	Total
Equipment/Minor Projects*	Capital Projects	A	354,000	10,000	231,500	227,000	C	233,000	54,000	C	55,500	16,000	1,181,000
Recondition Ground Storage Tank	Water Fund	A	-	-	150,000	-	-	-	-	-	-	-	150,000
St. Albans Bridge - Planning & Design Cont.	Capital Improv.	B	175,000	-	-	-	-	-	-	-	-	-	175,000
City Hall Remodel/Relocate (Placeholder)	Capital Projects	B	1,250,000	-	-	-	B	513,500	-	-	-	-	1,250,000
Replace Highway 7 Lift Station	Sewer Fund	A	-	-	-	500,000	C	123,000	-	-	-	-	1,013,500
Sewer Lining	Sewer Fund	A	-	-	-	120,000	C	617,000	-	-	-	-	243,000
2023 Pavement Management - Area 4	Multi	A	1,282,000	-	429,000	601,000	B	284,000	-	B	291,500	-	3,504,500
2023 Crack Seal/Pavement Maintenance	Multi	A	100,000	-	-	-	-	-	338,000	-	-	16,000	1,000,000
				3,161,000	10,000	810,500	1,448,000						7,617,000
*Itemization of Equip/Minor Proj													
	Budget	Cap Improv.	Park Dept (Gen Fund)	Water	Sewer	Strm/Wr	Pk Lot Mnt	Park Cap Fund	Docks	Str Light	Total		
Tractor/Loader and Snowblower	150,000		150,000								-		
Ash Tree Injections	10,000		10,000								150,000		
Street Paint Striper	10,000		10,000								10,000		
Test Iron & Softener Media in tanks	2,500			2,500							2,500		
Firefighter Tandem	150,000		45,000	35,000	35,000	35,000					150,000		
Replace 1974 Sewer Generator	50,000			50,000	50,000						50,000		
Third Avenue Lift Station Upgrade	50,000			50,000	50,000						50,000		
Replace Control Panel Park Lift	22,000			22,000	22,000						22,000		
Hydrant Replacement/Auto Flushers	45,000			45,000							45,000		
Street Lighting Conduit	6,000									6,000			
Water Meter Inventory Replacement	50,000			25,000	25,000						6,000		
Sidewalk Repairs and Replacement	30,000		30,000								50,000		
Pre-Wetting Equip for Single Axle	10,000		10,000								10,000		
Recurring Annually:													
Tree Maintenance	60,000		60,000								-		
Sidewalk Repairs and Replacement	30,000		30,000								60,000		
Televise Sewer Lines	16,000			45,000	16,000						16,000		
Hydrant Replacement/Auto Flushers/Gate Val	45,000			50,000							45,000		
Water Meter Inventory Replacement	50,000			50,000							50,000		
Street Lighting Conduit	6,000			4,000	4,000	4,000					6,000		
Minor Equipment and Projects	20,000		4,000	25,000	15,000						6,000		
Placeholders	80,000		15,000	10,000	231,500	54,000	-	-	-	16,000	20,000		
	892,500		354,000	10,000	227,000	54,000	-	-	-	16,000	812,500		

2023 WISH LIST ITEMS		
\$ Increase (decrease)	Item	Increase in the Levy from 2022's Budgeted Levy
	PROJECTS	
30,000	Artspace preliminary feasibility study	1.37%
700,000	Mill Street trail connection	31.98%
750,000	Underground Electric (500,000 tax abatement bond - 350,000 transferred out for lift station)	34.26%
	STAFFING	
25,000	Grant consultant to help find and write grants 5-8 grants per WSB	1.14%
25,000	Lobbyist	1.14%
79,090	New Planner Position \$60,000 base + benefits	3.61%
6,500	Staff Market Rate Adjustment	0.30%
1,615,590	TOTAL WISH LIST ITEMS	

Council Action: Revise and comment prior to final preliminary budget adoption.