

Woodbury City Update

November/December 2017 • Volume 18, No. 10

Public meeting on 2018 city budget scheduled Dec. 13

Woodbury's city budget for 2018, which will go before the City Council Dec. 13, proposes a \$31 increase in city taxes on the median value home next year.

The tax impacts of the proposed budget, as well as the programs and services supported by it, will be reviewed during the regular Council meeting Wednesday, Dec. 13, 7:30 p.m., at Woodbury City Hall. All interested citizens are invited to attend.

The proposed total levy of \$34,129,643 supports the cost of services and capital improvements in a growing community, according to City Administrator Clint Gridley.

Taxable market value

Woodbury's taxable market value grew by a substantial 8.1 percent from 2017 with the median value home increasing 6.8 percent. With the modest proposed property tax increase, the tax rate will fall by 4.1 percent. While the decreasing tax rate results in a broad benefit for the distribution of property tax burden, the impact to each individual property varies.

City taxes

Finance Director Tim Johnson estimates that city taxes on a residential home valued at \$296,700 – the median value for taxes payable in 2018 – will increase from \$973 to \$1,004 (3.2 percent). See the table below for the estimated city tax change on homes with higher and lower values than the median.

Johnson noted that market values do not increase or decrease by the same percentage for all properties. Therefore, the estimated city tax may differ for some, particularly if there have been improvements that add value, such as refinishing a basement or adding a three-season porch. Similarly, a larger decrease in value could cause a larger decrease in taxes.

General Fund budget

Property taxes help fund the General Fund, Capital Improvement Fund, Emergency Medical Services Fund, Street Reconstruction/Maintenance Fund, Debt Service Funds, and Housing and Redevelopment Authority Fund.

For 2018, the General Fund budget, which is the city's main operating fund, is recommended to be \$34,092,500, representing a 4.2 percent increase from 2017. The areas of new significant budget change compared to the current year are the cost of city services and new personnel.

Property taxes at \$24.1 million account for 70 percent of the General Fund revenues. Other sources of revenue include permit fees from new home and business construction, charges for various services, miscellaneous revenues, and transfers from other funds.

Total budget

Total city expenditures for 2018 are estimated at \$84.2 million, a 3.7 percent increase compared to the 2017 budget. The total includes the General Fund and other city funds, such as the water and sewer utility, Eagle Valley Golf Course, HealthEast Sports Center, and more.

Providing a good value

Under the proposed city budget, a homeowner with a property value estimated at \$296,700 for taxes payable in 2018 receives police and fire protection; snow plowing and street maintenance; park development and maintenance; recreational programs and facilities; and many other services for about \$84 per month.

More information about the proposed 2018 city budget is available on the Woodbury website at woodburymn.gov. The full budget document also can be reviewed at the Finance Department or at the R.H. Stafford Library, 8595 Central Park Place.

For more information, contact the Woodbury Finance Department at (651) 714-3502.

Street, water, sewer infrastructure funding highlight 2018 budget

City Administrator Clint Gridley says increasing property values, the cost of providing city services and population growth are some of the critical factors in shaping the proposed 2018 city budget.

"The city strives to strike a balance between fiscal restraint and the need to support a high-quality, growing community that is recognized as one of the most desirable places to live in the country," Gridley explained.

The city's total budget is proposed to be \$84.2 million for 2018, a 3.7 percent increase from 2017. The proposed total levy is the largest source of revenue for the city, providing 41 percent of its funding needs. If approved, taxes on the median value home of \$296,700

are expected to increase by \$31.

"As we culminate a year of celebrating the city's 50th anniversary, we acknowledge some of our major water and sewer infrastructure is aging and will soon be reaching the end of its useful life," Gridley noted. "The proposed 2018 budget addresses our ability to pay for significant infrastructure improvements so that we can maintain our high quality of life."

Street reconstruction and personnel

One of the larger increases in the total 2018 budget is associated with supporting street reconstruction activi-

continued page 3

Examples of the estimated city tax increases for 2018

Estimated market value	2017 city tax	Estimated 2018 tax*	Increase
\$250,000	\$799	\$826	\$27
\$296,700**	\$973	\$1,004	\$31
\$350,000	\$1,172	\$1,208	\$36
\$450,000	\$1,542	\$1,577	\$35

*Estimates assume that homes have experienced a 6.8 percent increase in value.

**Median value as of Jan. 1, 2017.

Council Perspective

By Mayor Mary Giuliani Stephens

Changes coming to water, sewer rates and assessments

At our Nov. 8 Council meeting, we approved the first increase to our water rates in a decade and the first increase in city sanitary sewer rates since 2010. These increases will support a new strategy for how we pay for major water and sewer infrastructure improvements.

Every year, the city completes a roadway rehabilitation project in different neighborhoods where repairs are deemed most necessary. As part of this work, the city reviews the condition of the water and sewer infrastructure under these roadways so that if repairs are needed they can be coordinated with the roadway repairs. This approach minimizes disruption and is most cost effective.

Property owners share the cost of these repairs via special assessments, which are charges to a specific property for a specific improvement performed by the city. There are separate assessments for roadway repairs and water/sewer infrastructure repairs. Most roadway projects in the past have not required major water or sewer improvements; only minor repairs. However, as water and sewer infrastructure ages, we are anticipating significant repairs. These are costly repairs that, under the previous policy, could result in up to \$10,000 or more in assessments for some property owners.

Earlier this year, we began discussing new ways property owners could pay for their share of water and sewer improvement projects. (No changes will be made to how assessments are calculated for roadway repairs.) Instead of assessing property owners for water and sanitary sewer improvements, the work will now be funded entirely through an increase in the Water and Sanitary Sewer Utility Fund rates (collected through quarterly utility bills). We discussed this issue at our July 19 workshop and I first told you about our thoughts in my August newsletter column.

In order to increase the balance of the Water and Sanitary Sewer Utility Fund to cover the potential shift in these costs, the following changes are coming in 2018:

1. The base water rate and city sewer rate will increase and the water usage rate tiers also will change (see chart at right).
2. The city's current operating portion of the sanitary sewer charge will increase from \$21.74 to \$26 per quarter.
3. The sanitary sewer charges passed along from Metropolitan Council Environmental Services (MCES) are increasing 1.6 percent in 2018, reflecting Woodbury's increased use of the regional sanitary sewer system and MCES rate increases.

The city also will begin sharing half the cost of replacing water service lines (which extend from the water main under the road to the curb stop (the shutoff at the property line) when the water main is replaced. Previously, property owners were assessed for 100 percent of the cost to repair them. This change protects the city's investment in replacing the street by reducing incidents of property owners excavating roadways after projects to repair leaky lines.

In addition to these changes, a previously planned irrigation rate change for commercial and homeowner association properties will be implemented in 2018, changing the rate from \$2.32 to \$2.53 per thousand gallons based on the five-step increase plan approved by the City Council in 2016.

Changing an assessment policy is always challenging because we are moving away from years of past practice. But protecting and maintaining our critical infrastructure is important for enjoying our high quality of life for years to come. This is about looking forward and proactively avoiding a potential funding issue down the road.

Ultimately, we all pay for maintaining our water and sewer infrastructure and funding these future improvements through a utility rate increase has many advantages. First, a utility rate increase should be more manageable for our property owners to budget for than a large lump sum assessment. Also, shifting the costs to the utility fund ensures all municipal utility customers contribute, including places of worship, schools and other non-taxable properties. Lastly, the proposed increases in water rates and the changes to the water usage tiers also encourages responsible water use by property owners.

We've been responsible with managing our utility rates; our water rates are the lowest among comparable cities in the metro area. Even with these changes, our rates will keep us in the middle of the pack when stacked up against the rates of our comparable cities in the metro area.

The new water and sewer rates and changes to the assessment policy outlined above will be effective in

Impact of changes to water rate and usage tiers

Rates are calculated per one thousand gallons per quarter

Tier 1

Current: 88 cents / 1,000-30,000
Proposed: \$1.25 / 1,000-25,000

Tier 2

Current: \$1.88 / 30,001-60,000
Proposed: \$2.25 / 25,001-50,000

Tier 3

Current: \$2.88 / 60,001-90,000
Proposed: \$3.25 / 50,001-75,000

Tier 4

Current: \$3.88 / 90,001-150,000
Proposed: \$4.25 / 75,001-100,000

Tier 5

Current: \$4.88 / over 150,000
Proposed: \$5.25 / over 100,000

2018, and will be implemented with 2018 Roadway Rehabilitation Project assessments. As always, the public is welcome to share their thoughts, concerns and ideas via engineering@woodburymn.gov, calling the Engineering Division at (651) 714-3593 or by attending the Dec. 13 City Council discussion about the proposed 2018 city budget.

Utility bill comparison (per quarter)

	23,000 gallons (Tier 1 rate)	125,000 gallons (Tier 4 rate)
2017		
Administrative Charge	\$4.00	\$4.00
Water usage total	\$20.24	\$305.00
Other utilities*	\$86.59	\$86.59
Total **	\$110.83	\$395.59
2018		
Administrative Charge	\$4.00	\$4.00
Water usage total	\$28.75	\$406.25
Other utilities*	\$92.07	\$92.07
Total **	\$124.82	\$502.32

* Includes sanitary sewer and stormwater charges.

**Street lighting charge and water testing fee collected for the state are not reflected in the examples but are included on quarterly utility bills. These fees are proposed to remain the same for 2018.

Where city tax dollars go

Budget highlights...from page 1

ties. In 2013, a citizens task force studied the city's road maintenance schedule and developed a sustainable long-term funding plan to meet the needs outlined in the maintenance schedule. One part of the funding plan, which was approved by the City Council in 2014, is to increase the annual property tax levy by 5.5 percent annually, resulting in a \$171,093 increase for street reconstruction in 2018.

The most notable change in personnel is within the Police and Emergency Medical Services (EMS) Division budgets, where two paramedics and one additional administrative support person have been added. The new paramedic positions will allow the city to close the gap in its Public Safety staffing goals. If approved, Woodbury's ratio of police officers and paramedics per 1,000 population will be 1.13, which is just below the 1.15 police officers per 1,000 population average among all Minnesota cities. The additional administrative support person is needed to support the department's new body-worn-camera program.

A net of 5.8 full-time equivalent positions are proposed to be added across the organization in 2018.

"The proposed staffing additions have been carefully examined," Gridley explained. "When budgeting for a growing city like ours, it is important to allocate the resources necessary to maintain our services at acceptable levels."

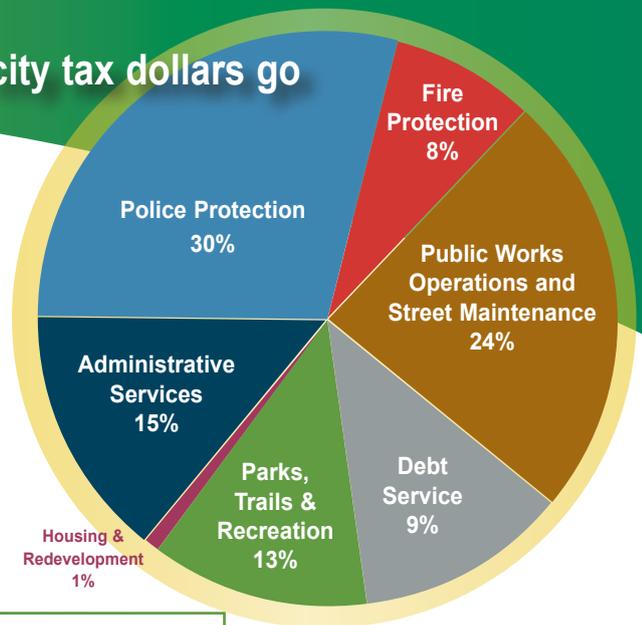
Another budget influencer in the proposed budget is technology upgrades. For example, the city is proposing to improve its Public Works work order system in 2018.

User fee rates

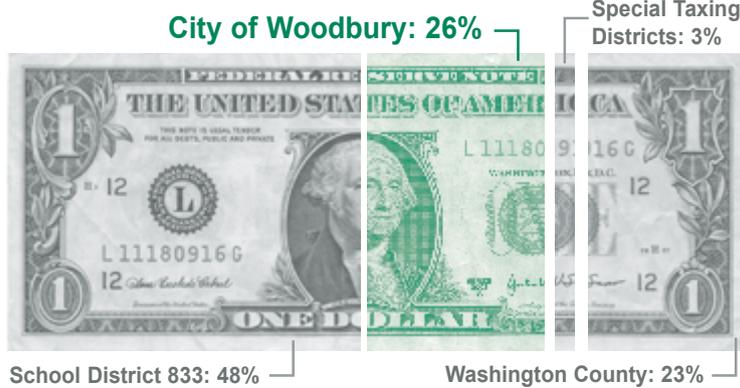
For the first time in a decade, water rates will increase in 2018. The base water rate will increase from 88 cents to \$1.25 per thousand gallons. In addition, the city's portion of the sanitary sewer rate will increase for the first time since 2010 from \$21.74 to \$26. In addition to the increase in the base rate, the water usage rate tiers also are proposed to change beginning in 2018. These rate increases and new usage

rate tiers will help fund changes to how the city pays for water and sewer infrastructure improvements. Details about these increases and usage rate tiers are explained in the mayor's column on page 2.

In addition, the commercial irrigation rate for commercial properties and most homeowners associations also will increase from \$2.32 to \$2.53 per thousand gallons based on the five-step increase plan approved by the City Council in 2016. This change is expected to generate an additional \$100,000 in revenue per year, which will be used to support a multi-year water efficiency incentive



Residential Property Tax Distribution



Administrative services include elections, finance, assessing, communications, human resources, building maintenance, information technology, and general administration.

Note: Development control operating expenditures are covered by service fees and do not impact the tax levy. Development control includes planning, economic development, building inspections and engineering.

program for commercial properties and HOAs with commercial irrigation meters.

The storm sewer rate for single-family homes/duplexes/twin homes will increase from \$18.30 to \$18.75 per quarter. No rate increase for street lighting or emergency medical services/ambulance fees are proposed for 2018.

The sanitary sewer charges passed along from Metropolitan Council Environmental Services (MCES) are increasing 1.6 percent in 2018, reflecting Woodbury's increased use of the regional sanitary sewer system and MCES rate increases.

HRA levy

Again in 2018, the city's Housing and Redevelopment Authority (HRA) is proposing a levy to fund several loan programs for current and prospective homeowners in Woodbury who meet the income guidelines. This is separate from the city's tax levy and is included on the truth-in-taxation notice in the listing for special taxing districts. The proposed levy totals \$250,000, the same as for 2018; the tax impact is an estimated \$7 for the median value home and is included in the estimated tax chart on page 1.

Police protection	\$25.42
Fire protection	\$7.00
Public Works operations & street reconstruction	\$19.58
Parks, trails, recreation	\$11.00
Debt service	\$7.67
Administrative services	\$12.42
Housing & redevelopment	\$0.58
TOTAL	\$83.67

**Monthly price is the 2018 projected cost for a home with an estimated market value of \$296,700 for taxes payable in 2018.*

Note: Fees collected for inspections, planning and engineering services cover operating expenditures, resulting in no impact to the tax levy.

Monthly Costs to Residents



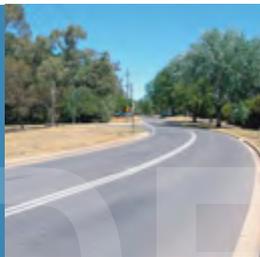
Budget meeting set for Dec. 13

Page 1



Changes coming to utility rates

Page 2



2018 budget focus on infrastructure

Page 3

Strong financial standing

The city strives to maintain a sound financial standing through its prudent fiscal management and reporting. As a result, Woodbury holds the AAA bond rating from Standard & Poor's, the highest available rating. This allows the city to borrow money at the lowest rates, saving taxpayers tens of thousands of dollars. Woodbury is one of only 20 Minnesota cities that have earned the top rating from Standard & Poor's.

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Winter parking regulations

Woodbury's winter parking restrictions are now in effect. City ordinance prohibits on-street parking:

- Between 2 a.m. and 6 a.m. from Nov. 1 through April 1 or
- Any time 2 or more inches of snow has accumulated

Residents and businesses who do not comply with the winter parking regulations may be cited for violating city code and fined. The ordinance applies only to public streets, not to private roadways.

Questions about winter parking regulations should be directed to the Public Works Department, (651) 714-3720.



Ring in the New Year at HealthEast Sports Center!

Jump, skate and dance into 2018 at the New Year's Eve Family Celebration on Sunday, Dec. 31, at HealthEast Sports Center.

This annual night of epic fun will feature giant moonwalks, obstacle courses, an inflatable gaga pit, ice skating, music and more! The fun lasts from 6 to 9 p.m. Door prize drawings will take place at 8:30 p.m. before a special countdown to 2018.

Recommended for families with children under 12 years old, this event typically sells out. Early registration is strongly suggested. A ticket must be purchased for all children ages 3 and older. The cost is \$10 per person if pre-registered or \$12 at the door, if available.

HealthEast Sports Center is located at 4125 Radio Drive. For more information or to register, visit woodburyrecreation.com or call (651) 714-3583.