



2016 Budget Summary

New Brighton City Hall
803 Old Highway 8 NW
New Brighton, MN 55112

www.newbrightonmn.gov

December 31, 2015

Dear New Brighton Resident:

In preparing the City of New Brighton's 2016 operating and capital replacement budgets, the City Council reconfirmed its commitment to maintaining the services, programs and facilities in a fiscally responsible manner that make the City of New Brighton the "preferred place to live, work, and play" in the Twin Cities.

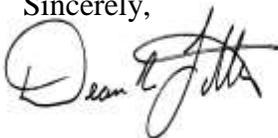
In 2013, the City Council approved the implementation of a strategic plan for the years 2013 through 2015. The City Council adopted the following strategic priorities for the City:

1. **Financial Sustainability**- By maintaining adequate reserves, operating in a cost-effective manner, diversifying the revenue base, and raising the current bond rating.
2. **Effective Governance** – By adhering to:
 - Roles and responsibilities defined in policy;
 - Open, transparent and respectful communication;
 - An evidence-based approach to decision-making; and
 - Teamwork and the pursuit of approved goals
3. **Community Engagement** – By seeking the input from a broad range of stakeholders including the residents of New Brighton and the non-profit and for-profit sectors. Efforts to engage the community will be transparent, responsive, and will include the utilization of volunteers and City commissions.
4. **Economic Development** – By focusing on broadening the tax base (residential, commercial and industrial) that is consistent with the needs and values of the community. Development and redevelopment will be undertaken consistently within adopted framework and policies.
5. **Operational Excellence** – By defining service levels, aligning services with priorities, and pursuing partnering opportunities and alternative methods whenever feasible to support a healthy, safe and sustainable community.
6. **Workforce Engagement and Development** – By establishing a work environment that promotes trust, cooperative goals, and employee empowerment. A supportive culture that values employees, develops future leadership opportunities, strives for continuous improvement, and works to retain a high quality workforce.

During the 2016 budget planning process, all new initiatives, goals, and objectives were based on meeting one or more of these strategic priorities.

We hope that you find the 2016 Budget Summary informative in explaining how the City uses your tax dollars to pay for various services in the community. If you have any questions or concerns regarding the City budget, please contact City Hall at 651.638.2100.

Sincerely,



Dean R. Lotter
City Manager

TABLE OF CONTENTS

Introduction

Budget Objectives	4
Key Budget Items	4
Budget Summary – 2016 General Fund Revenue and Spending	5

Taxes

Property Tax Levy Trend	6
How is My Property Tax Dollar Spent?	6
New Brighton Property Tax Levy Compared to Other Cities	7
How Can My Property Value Go Down and My Taxes Go Up?	7
Calculation of Property Taxes	8

Debt

Debt Overview	9
Standard & Poor's Credit Rating	9
Outstanding Debt Comparison	9
Debt Service Revenue Sources	10

Enterprise Funds

2016 Utility Rates	10
New Brighton Utility Rates Compared to Other Cities	11

Internal Service Funds 12

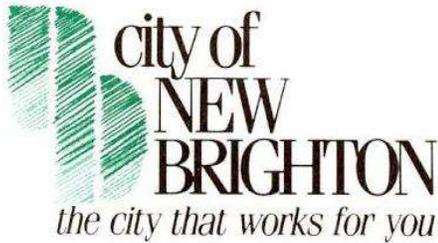
Capital Improvement Plan

Program Summary	13
Revenue Sources	14

All Budgeted Funds Combined 15

Achieved Goals and Objectives 16

Directory 16



Budget Objectives

The budget and capital replacement programs are developed and redefined throughout the year. The budget process begins in May and concludes with the City Council adopting the annual budget in December. The primary objectives of the City's annual budget are:

- Provide those services that are desired by the community- Operational Excellence and Community Engagement;
- Recover utility operation costs through user fees – Financial Sustainability and Operational Excellence;
- Meet debt obligations – Financial Sustainability;
- Provide services to the community in the most cost effective manner-Operational Excellence;
- Provide for the City's infrastructure and capital needs – Financial Sustainability
- Position the City to effectively address future challenges and opportunities (revitalize neighborhoods, encourage reinvestment, assist redevelopment opportunities, and utilize technology to improve services and communications) – Economic Development

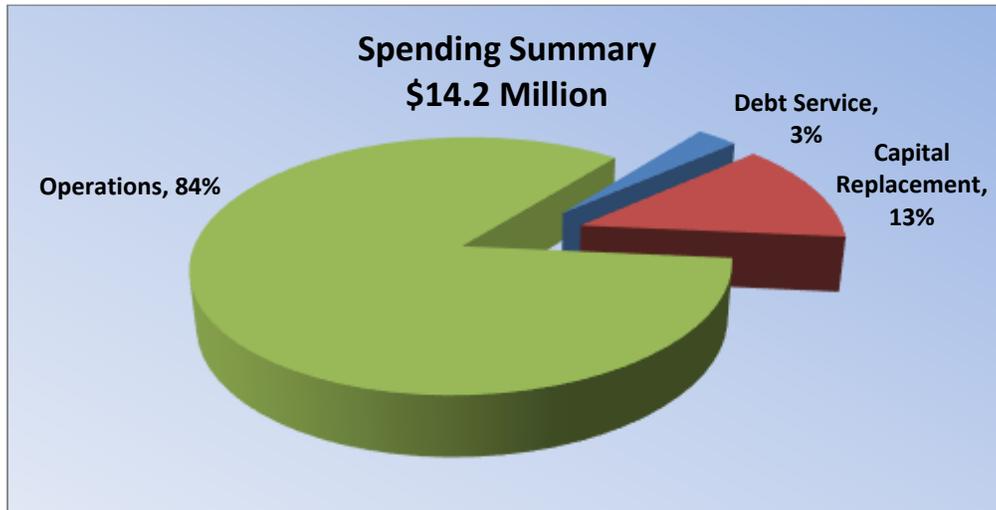
2016 Key Budget Items

The following listing provides a summary of key points discussed during the budget process:

1. Funding for future street reconstruction projects.
2. Supplemental payments from the general fund for Brightwood Hills Golf Course.
3. New non-tax supported part-time personnel for the License Bureau/
4. Transfer of portion of LGA funding from the general fund to stormwater utility and street reconstruction fund.
5. Increase of Xcel franchise fees to help support the general fund.
6. Reduction of TIF administrative fees to the general fund due to the 10% State Statute rule.
7. The use of no general fund reserves which allows the general fund to maintain a reserve level above 40%.

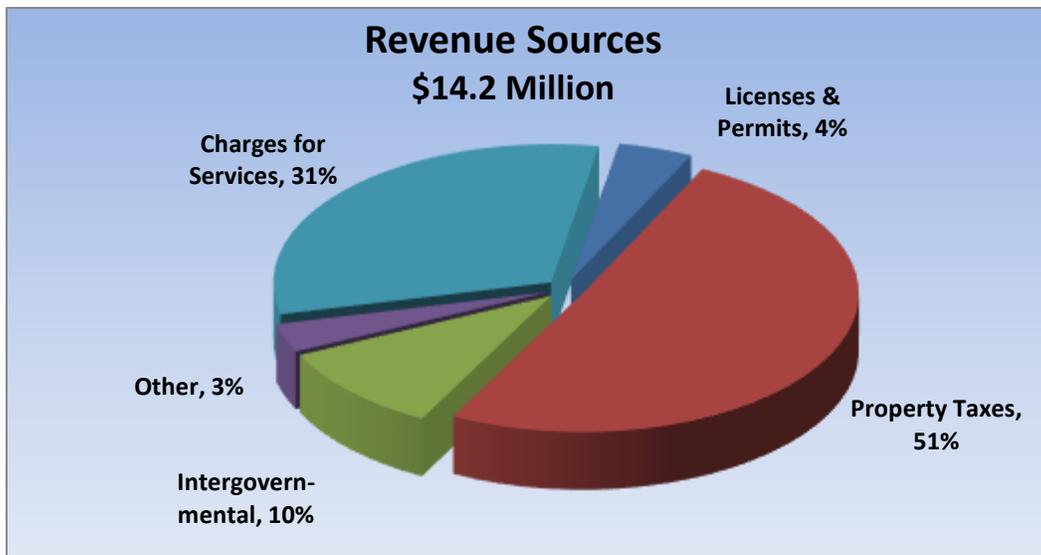
General Fund Budget Summary 2016 Revenue and Spending*

City spending for all purposes, including operations such as such as administration, police, fire, public works, community development, parks and recreation as well as debt payments, and capital total \$13.5 million.



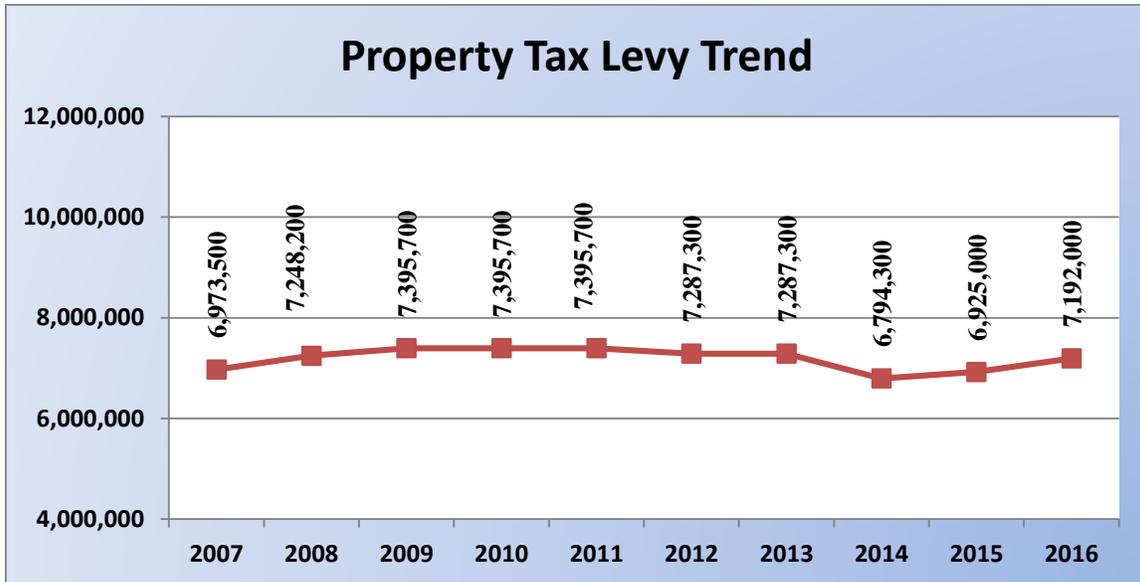
**The information provided in the "Budget Summary" document is in summary format. For more detailed information, the reader should refer to the Budget Document located under the "Government" heading on our website at www.ci.new-brighton.mn.us.*

Primary revenue source for financing the budget (51%) comes from property taxes. "Other" revenues include investment income, transfers, and fines.



Taxes

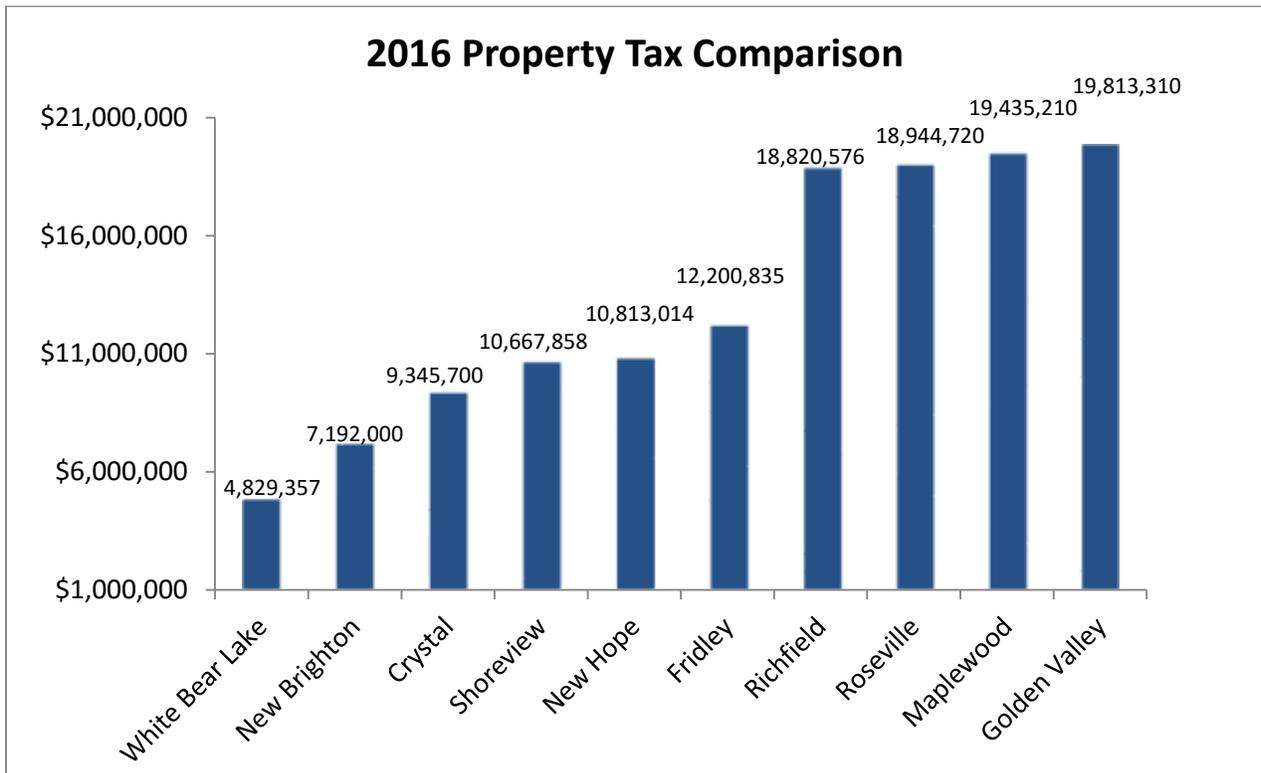
The City Council adopted a 2015 City tax levy in the amount of \$7,192,000. This represents an additional investment of \$297,000 from payable 2015. The adopted levy will result in an estimated \$36 increase on the median value home (\$218,600).



How is My Property Tax Dollar Spent?



How Does New Brighton Compare To Other Cities?



How Can My Property Value Go Down and My Taxes Go Up?

Several factors influence property values and taxes. The following are two of the most common factors:

1) Taxable market values change at different rates from year to year. These changes include the proportion of total value in the taxing area belonging to each separate classification of property (residential, commercial, apartment and other) and property value changes within the individual property classifications. These changes shift taxes from properties with greater decreases in value onto those that had smaller decreases in value, had no change in value, or increased in value.

2) Taxes are based on levy requests from local units of government including the city, county, school districts and special districts. Tax levies are subject to change every year.

The League of Minnesota Cities (LMC) has co-produced a short video called "14 Reasons Property Taxes go up or down". The internet address is:

<http://www.youtube.com/watch?v=C70drDdHHIA>

Calculation of Property Taxes

ESTIMATED HOMESTEAD TAX CALCULATION

Assumptions: 2016 Median Established Value

Example of a tax calculation for 2016 on a HOMESTEAD PROPERTY in

New Brighton (School District # 621) that has a taxable market value of:	\$218,600
Market Value Homestead Exclusion	
First \$76,000 of Estimated Market Value X 40% =	(30,400)
Less 9% of excess over \$76,000 up to \$414,000	12,834
Rounded to nearest \$100	(17,600)
Taxable Market Value	\$201,000

STEP 1: CALCULATE THE NET TAX CAPACITY

1.00% x first \$500,000 of Taxable Market Value	\$2,010
1.25% x Taxable Market Value in excess of \$500,000	0
Total Net Tax Capacity	2,010

STEP 2: CALCULATE THE LOCAL TAX

Local Tax Rate =	130.045%	multiplied by	2,010	=	2,614
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STEP 3: CALCULATE THE MARKET TAX

Market Tax	0.22212%	multiplied by	218,600	=	486
ISD # 621					

STEP 6: ADD NET LOCAL & MARKET TAXES

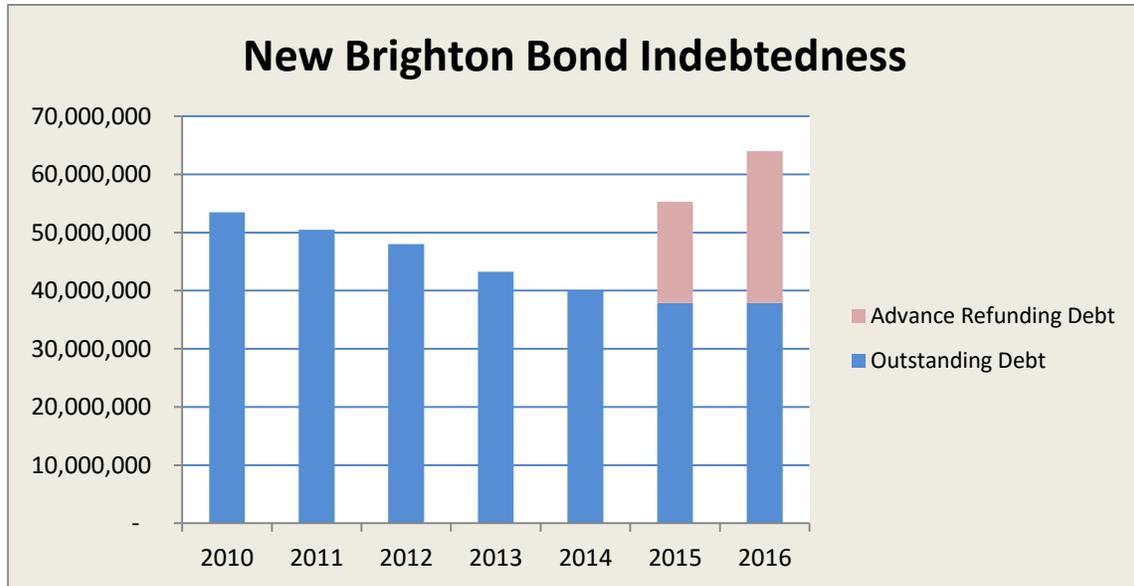
Net Local Tax	2,614
Plus: Market Tax	486
TOTAL ESTIMATED 2016 HOMESTEAD PROPERTY TAX	\$3,100

Assumptions to Total Tax Rate:

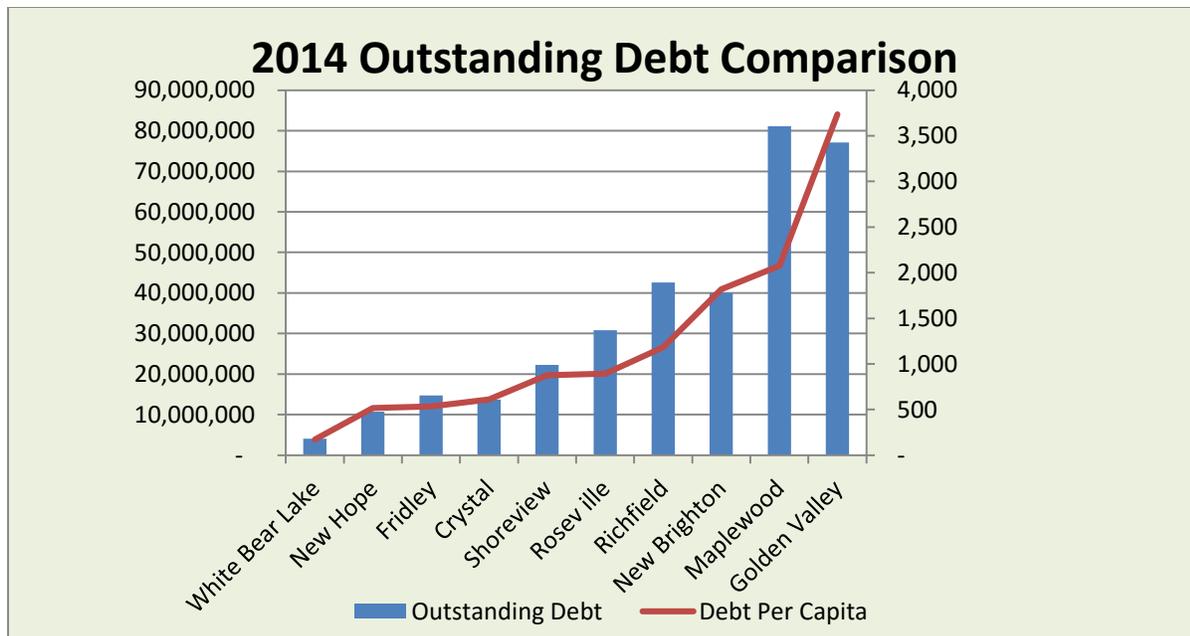
	2016 Tax Rates	Estimated 2016 Taxes
Taxing Jurisdiction-		
Ramsey County	58.562%	\$1,177
City of New Brighton	36.175%	727
ISD # 621	26.304%	529
Total Misc. Taxing Jurisdictions	9.004%	181
Total	130.045%	\$2,614

Debt

As of December 31, 2015, The City of New Brighton will have \$55,270,000 of debt outstanding, of which \$17,385,000 is a G.O. Tax Increment Advance Refunding Bond. In 2016, the City will be issuing another G.O. Tax Increment Advance Refunding Bond in the amount of \$8,705,000.

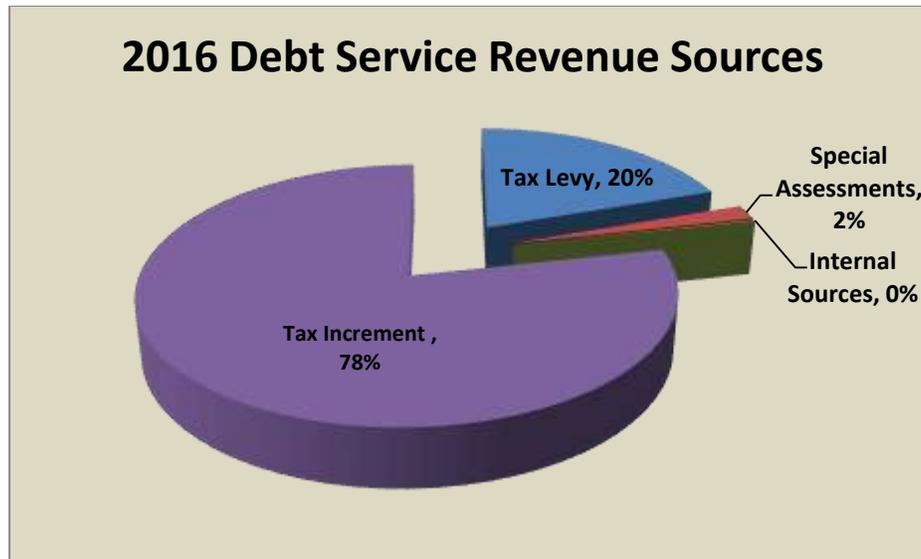


Standard and Poor's Credit Rating AA



Debt (Continued)

Revenue derived from the levy and special assessments provides about 22% funding needed for annual principal and interest payments in 2016. These revenues are legally restricted to the payment of the debt, and therefore are held within the corresponding debt fund until the debt issue is paid in full. The remainder of the funding for debt payments is provided by internal sources (in the form of transfers from other funds), interest earnings, and tax increment collections.



ENTERPRISE FUNDS

The City of New Brighton operates four utility (water, sanitary sewer, storm water, and street lights) enterprise funds. These funds account for services that are supported through quarterly utility fees designed to cover operating costs, debt service, depreciation expense and capital replacement costs.

One major change to the utility rate analysis for 2016 was to extend the analysis timeframe 20 years for all utilities. This allowed the analysis to capture the large capital replacement costs projected in the later years and amortize them over 20 years, eliminating the need to issue debt and utilize internal loans when appropriate.

Projected capital replacements include:

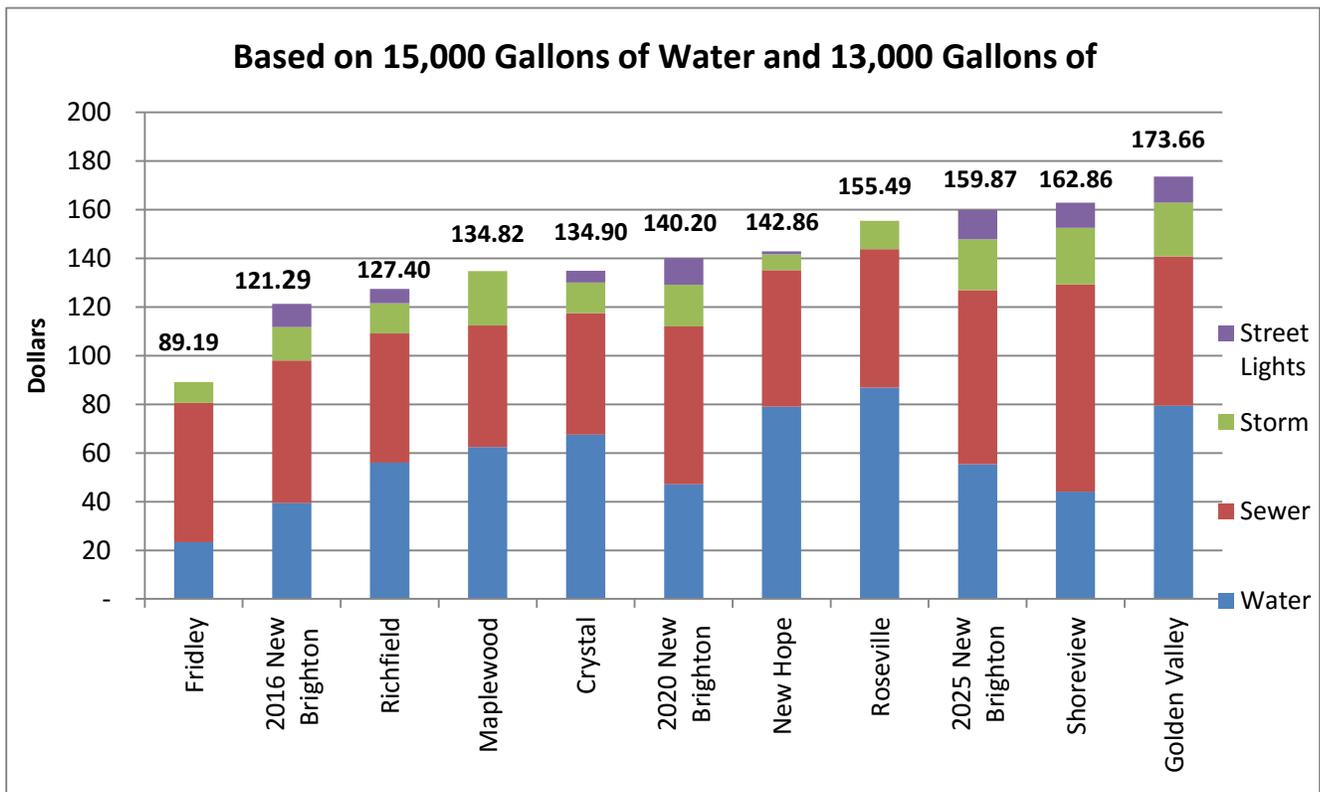
- Watermain Reconstruction Costs
 - 2016-2025 ~ 21.21 miles of streets replaced \$6,529,000
 - 2026-2035 ~ 21.33 miles of streets replaced \$9,212,000
- 2029 Repaint South Water Tower \$2,000,000
- 2033 Repaint High Service Tower \$400,000
- 2016 Replace Commercial Water Meters \$373,400
- 2018-2020 Replace Residential Water Meters \$1,365,000
- Sanitary 2016 - New CR E2 Lift Station and Piping \$763,500
- Storm Sewer (result of June 2013 flooding study)
 - 2018 Freedom Park Project \$610,600

Projected capital replacements (Continued):

- 2024 Storm Sewer 4th Street Low Area \$524,000
- Storm Sewer Reconstruction Costs
- 2016-2025 ~ 21.21 miles of streets replaced \$2,885,921
- 2026-2035 ~ 21.33 miles of streets replaced \$3,283,575

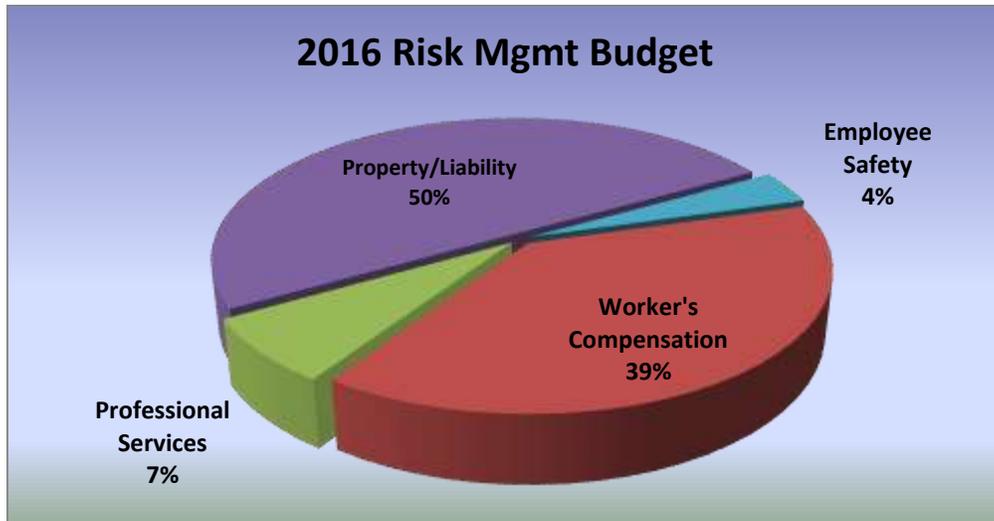
2016 Utility Rates		
Water	City Wide	\$2.63 per 1,000 gallons
Sewer	City Wide	\$4.51 per 1,000 gallons
Storm Water	Single Family Residence	\$13.73 per quarter
	Park, Cemetery, Golf Course	\$3.78 per acre/per quarter
	School	\$41.15 per acre/per quarter
	Townhouse/Mobile Home Park	\$55.96 per acre/per quarter
	Church	\$76.67 per acre/per quarter
	Apartment, Condominium, Senior Housing, & Nursing Home	\$91.36 per acre/per quarter
	Commercial, Industrial, & Warehouse	\$171.23 per acre/per quarter
	Unimproved, Vacant Land	\$0.00 per acre/per quarter
Street Lights	Single and Two Family Residential Properties	\$9.48 per quarter
	All Other Properties	\$28.43 per quarter
Average Water & Sewer Consumption in New Brighton	15,000 Gallons of Water and 13,000 gallons of Sewer Per Property	Average Quarterly Utility Cost is \$121.29 Per Property

New Brighton’s 2016 – 2025 Projected Utility Rates Compared to Other Cities

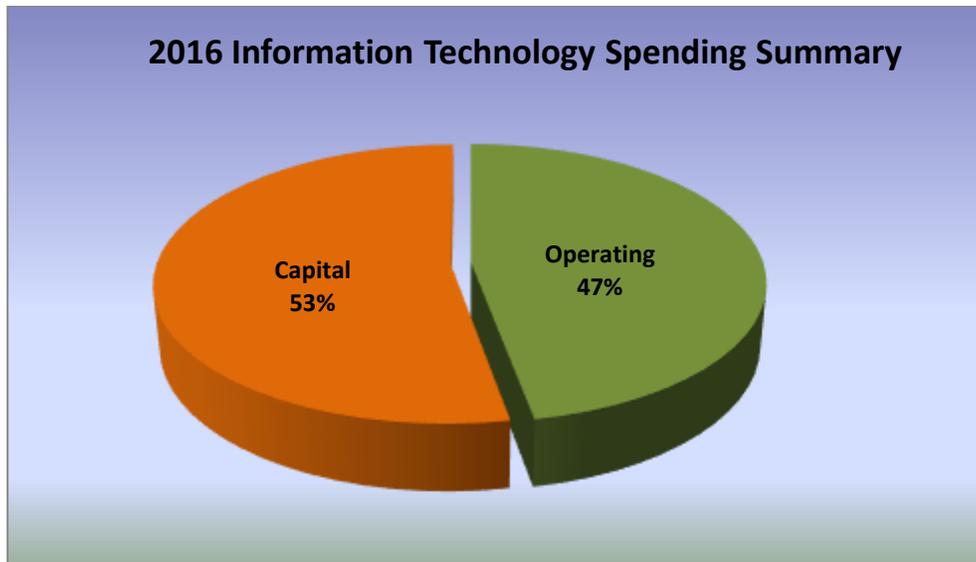


Internal Service Funds

The City of New Brighton operates five internal service funds. These funds account for services that are supported primarily through internal charges to the City's various departments. One such fund is the Risk Management Fund which provides funding for the City's various insurance coverages, employee safety programs, and workers compensation.



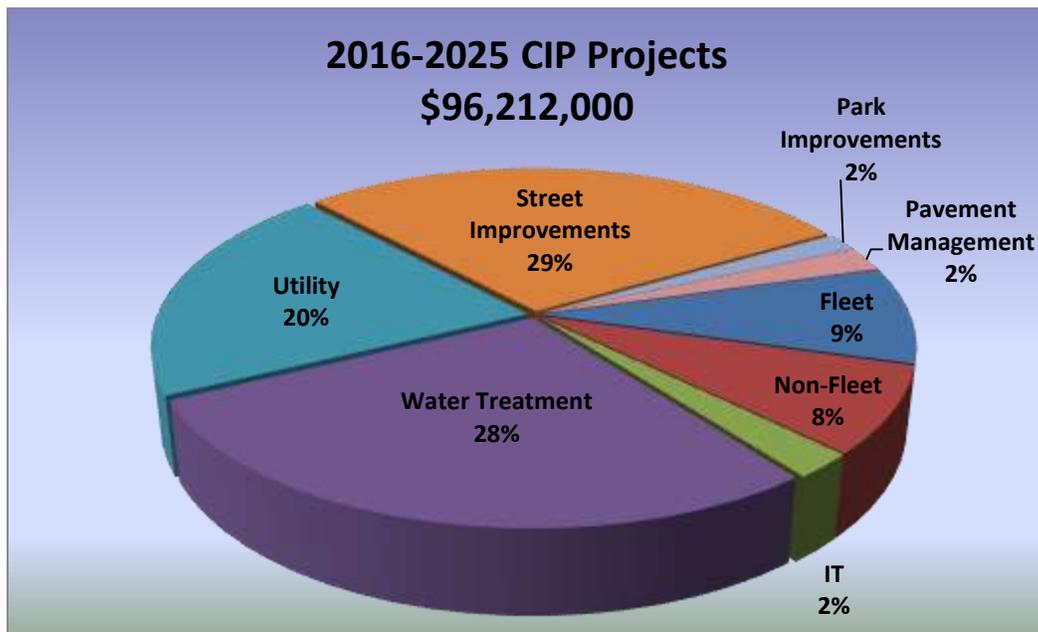
Another is the Information Technology Department which is responsible for maintaining and updating the City's technological resources such as computers, telephones, electronic security systems, cell phones, copiers, and other technological needs for the City.



Capital Improvement Plan

The City of New Brighton, along with most other local governments, both large and small, faces the challenges of meeting infrastructure and equipment needs with limited financial resources. Ongoing service delivery can be assured only if adequate consideration is given to capital needs. In order to meet these needs, the City has established a Capital Improvement Plan (CIP).

The Capital Improvement Plan is a multiyear plan that identifies capital needs to be financed during the planning period. The long-term financing plan currently models out the projected costs from 2016 through 2025. The plan will be reviewed and updated annually or as deemed necessary.



Categories

Pavement Management includes all pavement management projects such as sidewalks, parking lots, trails, and tennis courts. The primary funding source is the Pavement Management Internal Service Fund.

Street Improvements includes the reconstruction of all City & MSA streets. The primary funding sources are Tax Levy, Assessments, and MSA funding.

Parks Improvements includes the construction of a park in the New Brighton Exchange. The primary funding source is park dedication fees, utility fees, an internal loan from Municipal Development and pavement management fees.

Fleet includes replacement of all vehicles including heavy equipment that have a value of \$5,000 or more and a useful life of at least two years. The primary funding source is the Fleet Internal Service Fund.

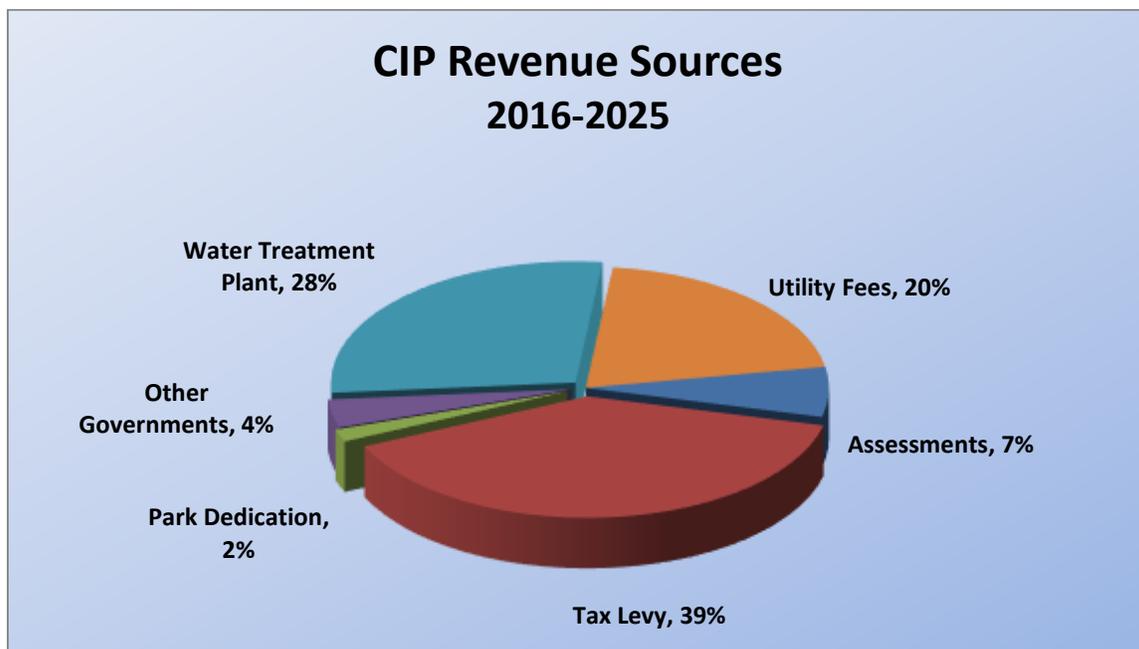
Categories (Continued)

Non-Fleet includes the replacement of capital items such as miscellaneous equipment, furnishings, and facility items which have a value of \$5,000 or more and a useful life of at least two years. The primary funding source is the Non-Fleet Internal Service Fund.

Information Technology (IT) includes the purchase of capital items such as computers, computer network systems, copiers, printers, and telephone network systems. The primary funding source is the IT Internal Service Fund.

Utility includes the construction and major maintenance of all water systems such as wells, towers, and the underground distribution system. Utility also includes the sanitary sewer system, lift stations, flood mitigation, pond dredgings, and storm sewer system. The primary source of financing is through utility user fees.

Water Treatment includes the construction of a treatment process to remedy the Dioxane present in the City’s wells which are part of the New Brighton Contaminated Groundwater Recovery System (NBCGRS). The primary funding source is the United States Army.



All Budgeted Funds Combined

The City of New Brighton prepares an annual budget for all operating funds. The table below summarizes the City of New Brighton's annual expenditures for all 2016 budgeted funds compared to the 2015 budgets:

General Fund	2015 Budgets	2016 Budgets
Administration	\$727,600	\$748,100
Legal	125,000	127,500
Central Services	167,400	169,600
Elections	65,900	87,700
Finance	548,600	526,000
License Bureau	152,000	270,800
Community Development	799,300	774,600
Recycling Program	248,600	243,300
Parks	996,800	1,038,600
Forestry	198,800	210,000
Recreation Programs	650,400	687,700
New Brighton Community Center	1,320,700	1,379,900
Police	4,532,200	4,640,800
Fire	894,200	913,400
Engineering	377,300	403,800
Streets	305,900	316,000
City Garage	543,700	553,000
Transfers	892,900	1,230,100
Turnover Ratio	(83,600)	(88,000)
Total General Fund	\$13,463,700	\$14,232,900

Special Revenue Fund		
Golf Course	\$0	\$337,500

Enterprise Funds		
Water	\$1,508,700	\$2,912,900
Sewer	2,678,900	3,499,000
Storm Water	697,500	1,218,500
Street Lighting	260,000	410,700
Golf Course	324,800	0
Total Enterprise Funds	\$5,469,900	\$8,041,100

Internal Service Funds		
Risk Management	\$595,900	\$557,500
Information Technology	844,500	1,152,400
Fleet	548,000	584,800
Non-Fleet	1,562,900	1,330,000
Pavement Management	82,500	50,000
Total Internal Service Funds	\$3,633,800	\$3,674,700
Total Budgets	\$22,567,400	\$26,286,200

Achieved Goals and Objectives

In summary, below is a listing of areas the 2016 Budget achieved the goals and objectives of the Strategic Plan:

- Overall spending has been consistent since 2007 – Financial Sustainability
- The proposed tax levy is lower than the tax levy from 2008 – Effective Governance and Operational Excellence
- Service level employees staffing is addressed similar to the 2015 budget with incremental adjustments – Workforce Engagement and Operational Excellence
- Median household City taxes will increase \$36 for the year under the proposed 2016 budget – Operational Excellence

Directory

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