

Watertown City Council

September 27, 2022

Agenda Item: 2023 Preliminary Budget**Request for Action:** Adopt Resolution #2022-73, setting the 2023 preliminary levy**Employee/Dept.:** Jake Foster, City Administrator**Background:**

During the first budget workshops and meetings, City Administrator Jake Foster presented very general budget numbers within several different scenarios. The significant increase in property valuations throughout the City has impacted how staff has approached the budget.

The main drivers for the proposed 7.85% dollar increase in the overall general fund levy, which equates to a 4.38% levy increase on an average valued home in Watertown are as follows:

- Adding a full-time fire chief starting on July 1, 2023
- Continuing the part-time permit technician/planning and zoning assistant position
- Increasing firefighter wages from \$11.13/hour to \$13.00/hour
- Step increases and a 3% COLA for City staff
- Increase in cost of the policing contract with the Carver County Sheriff's Office

The proposed 2023 preliminary budget breakdown is as follows:

- General Fund Levy (after state aid reductions): \$2,684,322
- 2020B G.O. Street Reconstruction Bonds: \$120,000
- 2012 G.O. Improvement Bonds \$55,000
- 2015 G.O. Bridge/Street Construction Bonds: \$115,000

TOTAL PRELIMINARY LEVY: \$2,974,322

The proposed preliminary tax levy will decrease the tax rate to 45.35% from the 2022 tax rate of 53.32%.

A more detailed information on the proposed 2023 preliminary budget can be found in the attached documents.

Staff recommends that Council adopt Resolution #2022-73, setting the 2023 preliminary levy of \$2,974,322.

Budget Impact:

The preliminary levy set as proposed sets the maximum dollar amount that the City can levy through property taxes. However, that dollar amount can be decreased when the final levy is adopted in December.

Funding Source:

This preliminary levy provides funding for general fund activities (including debt and the EDA levies)

Requested Action/Motion:

"I move to adopt Resolution #2022-73, setting the 2023 preliminary levy for the City of Watertown to \$2,974,322."

Attachments:

Resolution #2022-73

2023 Budget and Fiscal Impact Document for General Fund Expenses

2023 Budget Workshop #4 Presentation

**CITY OF WATERTOWN
RESOLUTION NO. 2022-102**

**RESOLUTION ADOPTING A PRELIMINARY 2022 TAX LEVY FOR THE CITY OF
WATERTOWN FOR COLLECTION IN 2023**

WHEREAS, the City of Watertown (the “City”) uses the collection of a tax upon properties within municipal limits to fund a portion of its operating budget as well to pay obligations of bonded debt; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Watertown, Minnesota, hereby adopts the following year 2023 tax levy for collection upon taxable property in the City of Watertown for the follow purposes:

General Fund Levy (after state aid reductions)	\$2,684,322
2020B G.O. Street Reconstruction Bonds	\$120,000
2012 G.O. Improvement Bonds	\$55,000
2015 G.O. Bridge/Street Construction Bonds	\$115,000
Total Levy	\$2,974,322

Adopted by the City Council of the City of Watertown this 27 day of September 2022.

Steve Washburn, Mayor

ATTEST: _____
Margaret Reisdorf, Admin. Services Director



2023 Budget Workshop #4

2022 Valuation Impacts

- Overall taxable market value increased to \$514,188,500 up 31.94% from \$389,693,700
- For comparison, taxable market value increased 8.88% in 2021 for taxes payable in 2022.
- The median home value in Watertown increased 23.6% to \$306,000 up from \$247,600 last year.
- This large increases in valuation measure will have a *significant* impact on tax rates.



Carver County Tax Rates

City	2020	2021	2022
Chanhassen	21.18%	22.11%	22.42%
Victoria	31.04%	32.23%	31.25%
Chaska	28.42%	30.07%	31.63%
Waconia	46.71%	46.14%	46.16%
Carver	49.45%	45.28%	48.40%
Mayer	49.35%	49.10%	48.43%
Watertown	54.74%	56.05%	53.59%
Cologne	63.71%	63.39%	64.57%
NYA	73.75%	74.22%	72.20%
New Germany	95.86%	93.71%	91.07%
Hamburg	105.10%	106.23%	102.16%



Watertown: Historical Tax Rates

2017	60.50%
2018	59.55%
2019	56.47%
2020	54.74%
2021	56.05%
2022	53.59%

Levy Comparison vs. Tax Rate

	2022 Tax Levy	Proposed 7.85% Increase
Tax Rate:	53.32%	45.35%



Levy Comparisons vs. Tax Impact on Ave. Home

	2022 Tax Levy	7.85% Increase
General Levy	\$ 1,320.13	\$ 1,387.81
EDA Levy	\$ 46.45	\$ 38.68
Total Levy	\$ 1,366.58	\$ 1,426.49
Difference	\$ 13.73 (From 2021)	\$ 59.90
% Difference	1.01% (From 2021)	4.38%



2023 Budget Highlights

- Adding a full-time fire chief position added with an effective date of 7/1/22* at a cost of \$69,081.84 (includes salary, benefits, and taxes)
- Continuing part-time permit technician/planning and zoning assistant position at a cost of \$56,160 (This represents full-time wages but without benefits – true cost is approximately \$39,000)
- Increasing firefighter wages from \$11.13/hour to \$13.00/hour for a total (training and emergency response) cost of \$6,981.47
- 3% COLA and step-increases for staff (after satisfactory review) for a cost of \$92,887
- 7.61% increase to policing line item for a cost of \$28,477 (increase in contract plus small overage for incidentals)



* Effective date subject to change

Full-time Fire Chief Rationale

- Operating expenditures for 2023 are projected to be \$659,681 (which includes the FT Chief on 7/1/22). In 2008, our operating expenditures were \$265,678 (or \$394,003 less)
- Fire and emergency service equipment and vehicles is *very* expensive (\$1.5M for ladder truck, \$1M for engine). Due to these increased costs, we need someone dedicated to managing them full-time
- Due to a lack of availability of part-time staff, projects/capital purchases have been delayed or pushed into future years at increased cost
- The WFD is in need more dedicated time to recruitment efforts
- Need for annual fire inspections, rental inspections, additional fire code – code enforcement. Potential for overlap/costs savings with MNSPECT’s code enforcement efforts. (Mixed use commercial buildings, fire suppression, commercial/business occupancy turnover)
- Increased call volume



* Effective date subject to change

Part-time Permit Tech/P&Z Asst. Rationale

- More permits are coming through City Hall
- Improve permit turnaround (particularly for decks, fences, accessory structures, right-of-way permits)
- Need additional support for City Planner
- Planning for additional growth and development (both commercial and residential)



* Effective date subject to change

Proposed 2023 Preliminary Levy

- General Fund Levy (after state aid reductions) \$2,684,322
- 2020B G.O. Street Reconstruction Bonds \$120,000
- 2012 G.O. Improvement Bonds \$55,000
- 2015 G.O. Bridge/Street Construction Bonds \$115,000

Total Preliminary Levy

\$2,974,322





Next Budget Workshop - TBD