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### **City of Afton 2017 Proposed Budget Overview and Reminder of the Street Improvement Planning Open House**

The following is an overview of the City of Afton proposed 2017 budget. The proposed 2017 budget reflects a substantial effort to strengthen the City's ability to meet street improvement needs. While this budget overview provides a brief summary regarding street improvement needs, including the estimated financial impact on property owners, a much more detailed explanation of street improvement needs and costs will be provided at:

**Open House, Wednesday, December 14, at 7:00 p.m.  
Memorial Lutheran Church, 15730 Afton Boulevard S**

While this is an opportunity for the City to provide information, **it is more importantly an opportunity for residents to provide feedback to the City regarding their views on street improvement needs and tax increases to meet those needs.**

*Please plan to attend the open house and let your voice be heard.*

## **Funding to Meet Street Improvement Needs**

Afton has 48.3 miles of paved roads. Road sections are in various stages of deterioration and in need of various levels of improvements. The cost of these improvements, if done all at once, is far beyond the ability of the City to fund with its current level of financial resources. The City has conducted a street improvement needs assessment. All streets were evaluated to determine their condition and to prioritize their maintenance needs based on safety, initial cost and cost-effectiveness over time. The City then analyzed numerous funding and financing plans to identify those alternatives which best manage the impact on the tax levy and the related financial impact on property owners.

This process has generated several alternative funding plans that address the bulk of the existing street improvement needs over a ten to twelve-year period. Each alternative would put the City in a financial position to meet long term street improvement needs without the need for large levy increases after the first few years. The benefits of the near-term levy increases include timely and cost-effectively improved roads and sufficient resources for necessary street improvements over the long term.

Each of the alternative funding plans include street improvement levy increases of \$150,000 in both 2017 and 2018, and significantly smaller levy increases in later years. The impact of the planned 2017 levy increase is discussed below under the subheading Impact on Property Owners.

## **Tax Levy, Tax Rate and Impact on Property Owners**

### Tax Levy

The proposed 2017 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,222,110. This is a \$183,209, or 9.86% increase over the total 2016 levy. The main item causing this increase is a \$150,000 or 75% increase in the levy for street improvements.

### Tax Rate

Based on the proposed total levy, the City's tax rate would be increased from 29.373% in 2016 to 32.3288% in 2017.

### Impact on Property Owners

The proposed budget and tax levy would result in the City's share of property taxes on a home valued at \$200,000 being \$581.04, an increase of \$49.98 or 9.417% over 2016. For a home valued at \$500,000 the City's share of property taxes would be \$1,608.59, an increase of \$139.94 or 9.53% over 2016. For a commercial property valued at \$500,000, the City's share of property taxes would be \$2,974.72, an increase of \$253.73 or 9.49%.

## **Tax Levies and Transfers**

The property tax levy for the Street Improvement Capital Fund, which funds street improvement needs, is increasing from \$200,000 in 2016 to \$375,000 in 2017. Of this increase amount, \$150,000 is from an increased tax levy specific to street improvement needs. The remaining \$25,000 is from a portion of the \$75,000 levy that was used to partially fund the high speed internet expansion project in 2016. The remaining \$50,000 of the internet project levy has been redirected to the Special Reserve Fund to repay

the \$50,000 used from that fund as a temporary partial funding source for the high speed internet project.

### **General Fund Budget**

The General Fund Budget includes expenditures and revenues related to the general day-to-day operation of the City.

### **General Fund -- Expenditure Highlights**

The proposed 2017 General Fund expenditures are \$1,233,177. This is an increase of \$40,345 or 3.4%, over the 2016 budget. The proposed General Fund budget reflects an effort to address workload and service needs, including upgrading the maintenance of Mount Hope Cemetery, as well as continuing the current levels of police and fire service.

An outline of the key items affecting the General Fund expenditures is as follows:

- Building Inspection Fees are up \$2,400 or 7.5% to reflect an increased level of construction activity. (These expenditures are offset by additional building permit revenues.)
- Planning Fees are up \$4,000 to reflect expanded use of a consultant planner for non-pass-through costs for review of land use applications to ensure proper review of applications.
- Fire and Ambulance service operating expenditures are up \$10,403, or 4.5% and the debt service cost for fire station improvement bonds is down \$8,635 or 14.8% due to a refinancing of the bonds, for an overall cost increase of \$1,768.
- Police Service expenditures are up \$3,750, or 2.2% based on the estimated cost increase from the Washington County Sheriff's Department.
- The budget includes the \$9,000 cost of an agreement with the Afton Historical Society to maintain, restore and preserve the historic Mount Hope Cemetery.

### **General Fund -- Revenue Highlights**

- Building Permit revenue is up \$8,000 or 10%. Other revenues are generally flat.

### **Downtown Improvements Project**

The bids for the wastewater treatment system and the Downtown Village Improvements Project have both been awarded and construction is expected to begin in the Spring of 2017, subject to completion of the Section 106 historic property review process necessary for federal funding. The proposed 2017 budget and tax levy reflect sufficient funding for the planned level of property tax support necessary for the project.

**All are Invited to Attend Afton's**  
**2017 Budget and Tax Hearing**

**7:00 pm, Tuesday, December 20, 2016**

Afton City Council Chambers  
3033 St Croix Trail South  
Afton, MN 55001

The hearing is an opportunity for the public to ask questions and make comments concerning the proposed budget.

**The 2017 Proposed Budget is available at  
City Hall or on the City's website at:**

**[www.ci.afton.mn.us](http://www.ci.afton.mn.us)**

(Click the top tab: "City Finance Information")