

## City of Afton 2021 Proposed Budget Overview

The following is an overview of the City of Afton proposed 2021 budget and tax levy. The proposed 2021 budget reflects an on-going effort to provide sufficient funding to meet current and long term capital improvement needs, as well as to provide additional speed enforcement and absorb increased costs for contracted services, while managing the impact on the tax levy. The following is a link to the proposed 2021 budget spreadsheet. [https://www.ci.afton.mn.us/index.asp?SEC=3626A838-07D3-4983-80BE-96434A6488A1&DE=DADD1464-AE1B-4F73-852E-32742B499D19&Type=B\\_BASIC](https://www.ci.afton.mn.us/index.asp?SEC=3626A838-07D3-4983-80BE-96434A6488A1&DE=DADD1464-AE1B-4F73-852E-32742B499D19&Type=B_BASIC)

### **General Fund Budget**

The General Fund Budget includes expenditures and revenues related to the general day-to-day operation of the City, such as police and fire services, streets and parks maintenance, and general administration.

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

The proposed 2021 General Fund expenditures are \$1,379,068. This is an increase of \$39,352, or 2.9% over the 2020 budget.

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

- Fire and ambulance service expense is up \$16,107, or 6.1%
- General Police Service expense is up \$ 10,700 or 5.4%
- Additional patrols expense is up \$12,000, or 240% to reflect increased additional speed enforcement patrol hours to maintain the higher level approved in mid-2020.

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

- All revenues are generally flat. While actual Building Permit revenue is higher than the amount budgeted, the City has been budgeting these revenues conservatively.

### **Tax Levies and Transfers**

#### ***General Fund Levy***

- The proposed 2021 General Fund tax levy is \$1,115,887. This is an increase of \$38,205, or 3.5% over the 2020 General Fund levy.

#### ***Capital Improvement Levies***

- Street Improvement Levy

The total 2021 levy for street improvements (\$610,500) which is comprised of the \$220,500 Street Improvement Capital Fund levy and the \$390,000 debt service levy for the 2017B Road Bond, reflects an increase of \$50,000 or 9% over the 2020 levy for street improvements, as called for by the long term street improvement funding plan to enable pay-as-you-go funding.

- Bridge Replacement Levy

The Bridge Replacement Fund Levy reflects an increase from \$51,000 to \$52,000.

#### ***Debt Service Levies***

- The debt service levy for the 2014 Road Bonds is up \$15,000 or 5.2% to reflect the amortization schedule with increasing annual payments.

- A new debt service levy of \$12,000 has been added to begin to build up a sufficient annual levy to fund the debt service on a planned bond issue to pay the unexpectedly large judgement in the easement condemnation matter involving the Afton House.

### **Total Tax Levy**

The proposed 2021 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,455,912. This is an increase of \$92,891, or 3.93% over the total 2020 levy.

### **Impact of Tax Levy on Property Owners**

The proposed tax levy increase of 3.93% would have the following impacts on the City's share of property taxes:

Residential property valued at \$200,000: tax increase of \$25.63, or 4.6%  
Residential property valued at \$500,000: tax increase of \$72.01, or 4.68%  
Commercial property valued at \$500,000: tax increase of \$128.83 or 4.52%

### **Capital Improvement Projects and Funding**

#### **Street and Bridge Improvements Planning**

##### **Streets**

To provide sufficient funding for the completion of the remaining 6.5 miles of planned street improvements, as well as to enable pay-as-you-go funding for future street improvements, the long term street improvement funding plan calls for a levy increase of \$50,000 in 2021. The balance in the Street Improvement Fund in 2021 will be approximately \$1 million, after funding the cost of the 30<sup>th</sup> Street Improvement Project. This balance will be available to fund a street improvement project in 2021

##### **Bridges**

In 2018, the Council authorized a levy of \$49,671 for bridge and other infrastructure replacement, as a first step in providing sufficient funding for bridge replacement needs. The 2021 proposed budget reflects a levy in the amount of \$52,000.

#### **Downtown Village Improvement Project**

The Downtown Village Improvement Project is now substantially complete. There is a funding gap for the project, mostly related to a large judgement in the easement condemnation matter involving the Afton House, and also related to legal costs for assessment appeals and easement condemnation processes. The magnitude of the funding gap is uncertain at this time, due to the City's appeal of the Afton House condemnation award and other condemnation hearings that are yet to be held.

#### **Sanitary Sewer Budget and Tax Levy**

The 2021 preliminary budget includes a separate operating budget for the Sanitary Sewer operation to account for the operating costs of the wastewater collection and treatment system, particularly the costs of operating the wastewater treatment facility and the costs of periodic maintenance of lift stations and sewer lines, as well as to account for the user fee revenues necessary to fund the operating costs. While the operating costs have been increased to reflect the projected costs of periodic maintenance of the system, the revenues have also increased due to additional properties being connected to the system.