

**City of Wayzata**  
600 Rice Street  
Wayzata, MN 55391-1734

---

---

**Mayor:**  
Ken Willcox  
**City Council:**  
Bridget Anderson  
Johanna McCarthy  
Andrew Mullin  
Steven Tyacke  
**City Manager:**  
Jeff Dahl

**Date:** November 29, 2016  
**To:** Mayor Willcox and Councilmembers  
**From:** Jeff Dahl, City Manager  
Steve McDonald, Contracted Finance Director  
**Subject:** 2017 General Fund Budget

### **Introduction**

Enclosed is the 2017 final general fund budget prepared by City Staff.

A preliminary budget and tax levy was approved and certified to the County in September that included a 2.24 percent levy increase. This increase was reduced slightly to 2.17 percent due to a minor adjustment to the Big Woods debt levy. The development of the annual budget, to which the general fund is foundational, is a comprehensive process that includes the Mayor and Council, Staff input, budget work sessions, and ultimately the preparation of a final budget document to be approved by City Council in December. A goal of the General Fund is to continue the implementation of Council goals identified in the strategic plan while minimizing the tax levy increase.

### **Changes for 2017**

The biggest change to the 2017 general fund budget is the addition of a support staff person to better distribute the current administrative workload and improve turnaround time on important tasks. Other changes are reduced election wages due to an off-year election cycle, additional hours for the CSO position and a \$20,000 reduction in the TIF admin transfer to match current activity.

## Tax Levy Summary

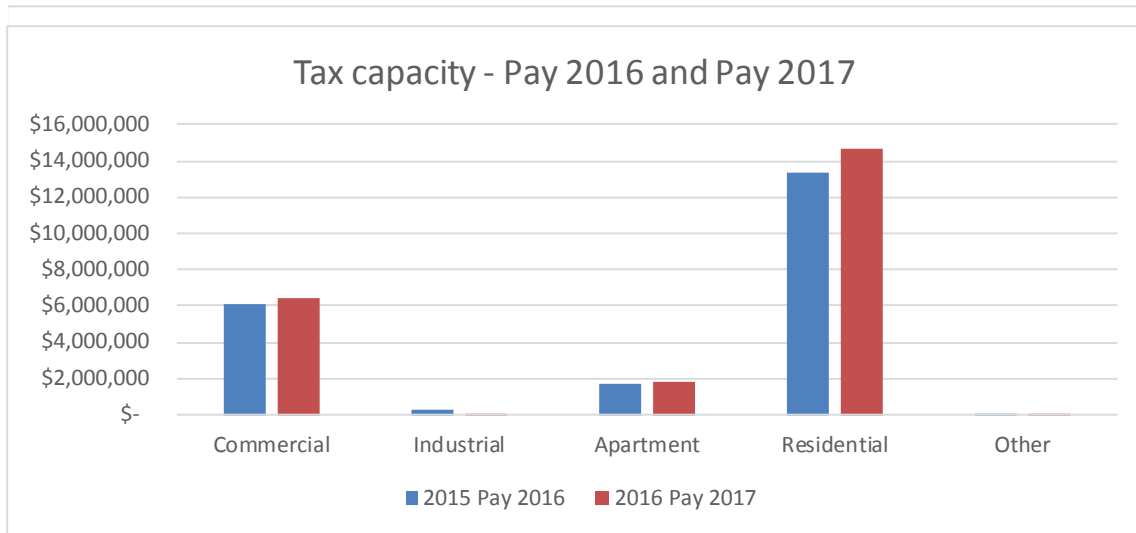
Overall, the tax levy includes levies for general operations, City infrastructure, and debt service. The levy includes an overall 2.17 percent increase from 2016. The 2016 budgeted and 2017 proposed tax levies are listed below:

	2016	2017 Prelim	Increase (Decrease)	% change
General	\$ 4,056,795	\$ 4,155,216	\$ 98,421	2.43%
City infrastructure	210,000	210,000	-	0.00%
Bonds				
G.O. Street Reconstruction Bonds, Series 2009B (Ferndale)	34,030	33,240	(790)	-2.32%
2012 Refunding (2004A Big Woods)	213,520	213,728	208	0.10%
Total City tax levy	<u>\$ 4,514,345</u>	<u>\$ 4,612,184</u>	<u>\$ 97,839</u>	<u>2.17%</u>

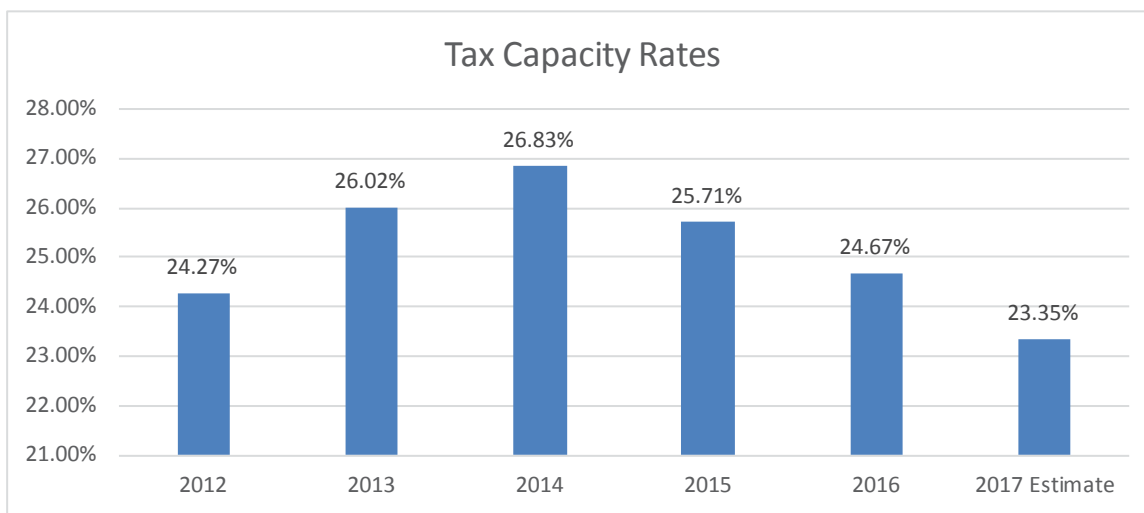
## Summary of the City's Tax Capacity and Tax Rate

The past two years with comparison to the average percentage change for Hennepin County is listed below:

	2015 Pay 2016	2016 Pay 2017	% Change (Wayzata)	% Change (Suburban Hennepin)
Commercial	\$ 6,092,540	\$ 6,453,496	5.92%	19.47%
Industrial	300,096	83,160	-72.29%	8.86%
Apartment	1,712,649	1,856,416	8.39%	44.50%
Residential	13,368,907	14,714,679	10.07%	12.52%
Other	25,200	26,160	3.81%	-3.10%
<b>Total</b>	<b>\$ 21,499,392</b>	<b>\$ 23,133,911</b>	<b>7.60%</b>	<b>16.43%</b>



Following is a summary of Wayzata's tax rate history for the last six years.



## Staffing

Data related to the number of full time equivalent positions is noted below:

Summary of FTES by Department	2012	2013	2014	2015	2016	2017
Council	5.00	5.00	5.00	5.00	5.00	5.00
Administration	3.60	4.60	4.60	5.60	4.60	5.10
Streets	5.03	5.03	5.03	5.03	5.10	4.90
Parks	3.96	4.96	5.96	5.96	7.00	6.60
Engineering	1.00	1.00	1.00	2.00	1.85	1.85
Building inspection	1.58	2.58	2.58	2.58	2.58	2.50
Planning	1.00	1.00	1.00	1.00	1.00	1.35
Assessing	-	-	-	-	-	-
Police	13.00	13.00	13.60	13.60	14.35	15.00
Subtotal governmental	34.17	37.17	38.77	40.77	41.48	42.30
Water	2.86	2.86	2.86	2.86	2.95	2.95
Sewer	2.86	2.86	2.86	2.86	2.95	2.95
Storm	0.34	0.34	0.34	0.34	0.40	0.40
Motor Vehicle	2.00	2.00	4.75	4.75	5.00	5.00
Liquor operations	23.53	31.41	31.41	31.41	35.00	35.00
Recycling						
Subtotal enterprise	31.59	39.47	42.22	42.22	46.30	46.30
Total	65.76	76.64	80.99	82.99	87.78	88.60
Wage COLA	0.00%	1.50%	2.00%	2.00%	2.00%	2.50%

## Summary of Changes

- Continued implementation of the Compensation and Class program with a Step system for the majority of employees and a performance program for department heads. The 2017 budget assumes an increase of 2.50 percent in the cost of living plus step increases per the approved pay plan. The preliminary memo indicated a 2.0 percent non-union and a 3 percent union. The City modified this to a 2.50 across the board cost of living adjustment.
- City-paid portion of health, life, and dental insurance remained essentially flat with premiums for health decreasing slightly.
- Changes in staffing include an additional administrative employee and part-time Police Records Clerk.

## General Fund Budget Summary

Below are the actual revenues and expenditures for 2014 and 2015, 2016 budget, and 2017 as proposed with comparative figures for 2016 and 2017 budget amounts.

	<u>Actual</u>		<u>Budget</u>		<u>Increase / Decrease From PY</u>	<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>		
<b>REVENUES</b>						
Taxes	4,025,293	3,858,556	4,056,795	4,155,216	98,421	2.43%
Franchise fees	79,619	81,215	82,000	82,000	-	0.00%
Licenses and permits	793,420	657,955	405,225	438,375	33,150	8.18%
Intergovernmental	201,188	193,931	183,400	189,600	6,200	3.38%
Charges for services	832,032	857,988	698,084	737,213	39,129	5.61%
Fines and forfeitures	78,985	89,360	73,500	75,500	2,000	2.72%
Interest	36,506	24,559	35,000	25,000	(10,000)	-28.57%
Miscellaneous	5,636	10,266	5,000	5,000	-	0.00%
Transfers in	145,000	125,000	190,000	170,000	(20,000)	-10.53%
<b>TOTAL REVENUES</b>	<b>6,197,679</b>	<b>5,898,830</b>	<b>5,729,004</b>	<b>5,877,904</b>	<b>148,900</b>	<b>2.60%</b>
	<u>Actual</u>		<u>Budget</u>		<u>Increase / Decrease From PY</u>	<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>		
<b>EXPENDITURES</b>						
Mayor and council	\$ 36,730	\$ 46,946	\$ 46,236	\$ 47,336	1,100	2.38%
Administrative and finance	1,826,966	1,487,664	681,262	708,442	27,180	3.99%
Assessing	51,607	56,442	53,500	62,900	9,400	17.57%
Planning and zoning	108,840	148,662	123,038	142,073	19,035	15.47%
General government buildings	200,575	183,279	219,300	235,100	15,800	7.20%
Police protection	1,531,925	1,571,060	1,649,689	1,647,883	(1,806)	-0.11%
Fire protection	500,705	476,609	344,305	345,560	1,255	0.36%
Building inspections	224,792	249,733	255,127	236,729	(18,398)	-7.21%
Emergency management	2,599	5,186	5,350	5,350	-	0.00%
Health inspections	28,394	30,877	32,000	32,000	-	0.00%
Streets	714,968	711,220	549,125	546,512	(2,613)	-0.48%
Street lighting	68,545	70,086	72,750	78,000	5,250	7.22%
Engineering	125,415	175,771	195,626	200,762	5,136	2.63%
Parks, recreation and forestry	450,786	481,357	543,922	597,783	53,861	9.90%
Unallocated	177,391	170,215	957,774	991,474	33,700	3.52%
<b>TOTAL EXPENDITURES</b>	<b>6,050,238</b>	<b>5,865,107</b>	<b>5,729,004</b>	<b>5,877,904</b>	<b>148,900</b>	<b>2.60%</b>
<b>Excess (Deficient) Revenue</b>	<b>\$147,441</b>	<b>\$33,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**Revenue changes:**

- Interest income adjusted to reflect market.
- Transfers in adjusted to reflect the reduced TIF admin transfer.

**Expenditure changes:**

- Assessing increase to reflect the current contract.
- Building operations and maintenance increased for building contractual services.
- A city wellness program is proposed at a cost of \$5,000.
- Planning and zoning increased to reflect new staff position.
- Building inspections decrease reflects the retirement of the current department head.
- Parks increased due to the council approved hire mid-year 2016 that will continue through the 2017 budget.
- Adding one week to lifeguard services increased contract amount \$2,300.