

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

**Mayor:**  
Ken Willcox  
**City Council:**  
Dan Koch  
Johanna McCarthy  
Alex Plechash  
Steven Tyacke  
**City Manager:**  
Jeff Dahl

**Date:** August 29, 2018  
**To:** Mayor Willcox and Council Members  
**From:** Jeff Dahl, City Manager  
Steve McDonald, Contracted Finance Director  
**Subject:** 2019 General Fund Budget

### Introduction

Enclosed is the 2019 preliminary general fund budget as revised by City Staff following the August 2, 2018 Council Budget Work Session. Adjustments made to the proposed budget from that meeting are:

Revenue	1st Workshop	Current	Change
Taxes	\$ 4,479,186	\$ 4,429,254	\$ (49,932)

Expenditure	1st Workshop	Current	Change
Mayor and Council	\$ 46,836	\$ 47,336	\$ 500
Administrative and Finance	755,217	748,331	(6,886)
Planning and Zoning	157,838	158,462	624
General Government Buildings	294,830	283,315	(11,515)
Police Protection	1,761,820	1,755,172	(6,648)
Building Inspections	236,016	234,906	(1,110)
Streets	554,670	553,358	(1,312)
Engineering	211,254	212,105	851
Parks, Recreation and Forestry	622,521	621,694	(827)

A preliminary budget and tax levy must be approved and certified with the County by September 30, 2018. 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. The General Fund budget, as presented, assumes a 6.56% increase in expenditures but a 4.77% general fund tax levy increase and an overall 4.29% levy increase. The major factors related to the expenditure increase are described later in the memo.

### Levy Limits

At this time there are no levy limits for 2019.

## Tax Levy Summary

Overall, the tax levy includes levies for general operations, City infrastructure, and debt service. The levy includes an overall 4.77 percent increase from 2018. The 2018 budgeted and 2019 proposed tax levies are listed below:

	2018	2019 Prelim	Increase (Decrease)	% Change
General	\$ 4,227,429	\$ 4,429,254	\$ 201,825	4.77%
City Infrastructure	210,000	210,000	-	0.00%
Bonds				
G.O. Street Reconstruction Bonds, Series 2009B (Ferndale)	32,453	31,665	(788)	-2.43%
2012 Refunding (2004A Big Woods)	213,780	213,675	(105)	-0.05%
<b>Total City Tax Levy</b>	<b>\$ 4,683,662</b>	<b>\$ 4,884,594</b>	<b>\$ 200,932</b>	<b>4.29%</b>

## Summary of the City's Tax Capacity

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

	2017 Pay 2018	2018 Pay 2019	% Change (Wayzata)	% Change (Suburban Hennepin)
Commercial	\$ 7,042,390	\$ 7,446,736	5.74%	2.65%
Industrial	35,630	35,630	0.00%	2.33%
Apartment	1,998,832	2,059,360	3.03%	11.99%
Residential	16,405,383	17,169,312	4.66%	7.10%
Other	26,400	36,690	38.98%	-4.21%
<b>Total</b>	<b>\$ 25,508,635</b>	<b>\$ 26,747,728</b>	<b>4.86%</b>	<b>6.00%</b>

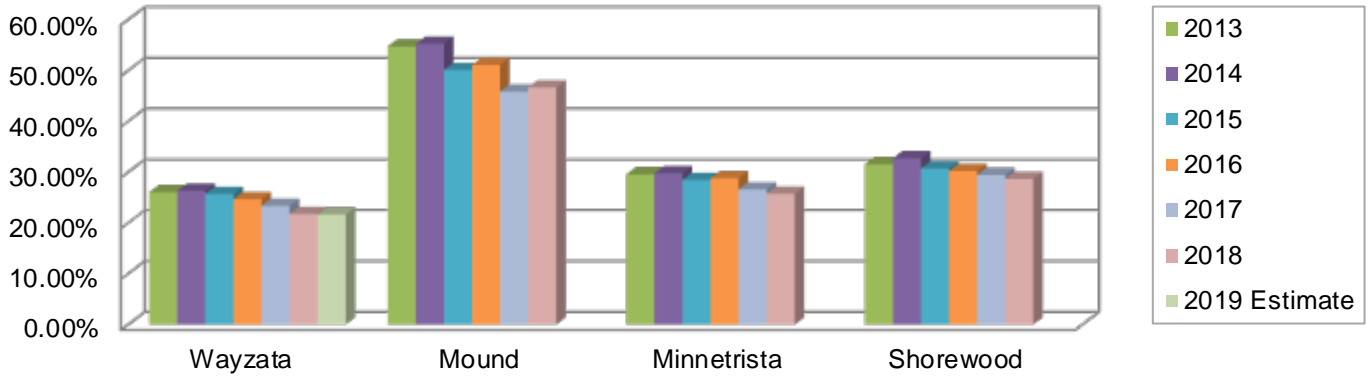
The current tax capacity and historical tax capacity rates are summarized below for Wayzata and three relatively comparable Lake Minnetonka Cities. The major difference between Wayzata and the three comparable cities is the large commercial tax base.

### Tax Capacity by Type

	Wayzata	Mound	Minnetrista	Shorewood
Commercial	\$ 7,446,736	\$ 688,575	\$ 100,337	\$ 769,996
Industrial	35,630	201,860	49,585	200,780
Apartment	2,059,360	338,660	-	206,586
Residential	17,169,312	12,543,625	17,534,638	18,109,803
Other	36,690	12,015	494,990	22,275
<b>Total</b>	<b>\$ 26,747,728</b>	<b>\$ 13,784,735</b>	<b>\$ 18,179,550</b>	<b>\$ 19,309,440</b>

Following is a summary of Wayzata's tax rate history compared to these communities.

### Tax Capacity Rates - 2013 - 2018, 2019 est for Wayzata



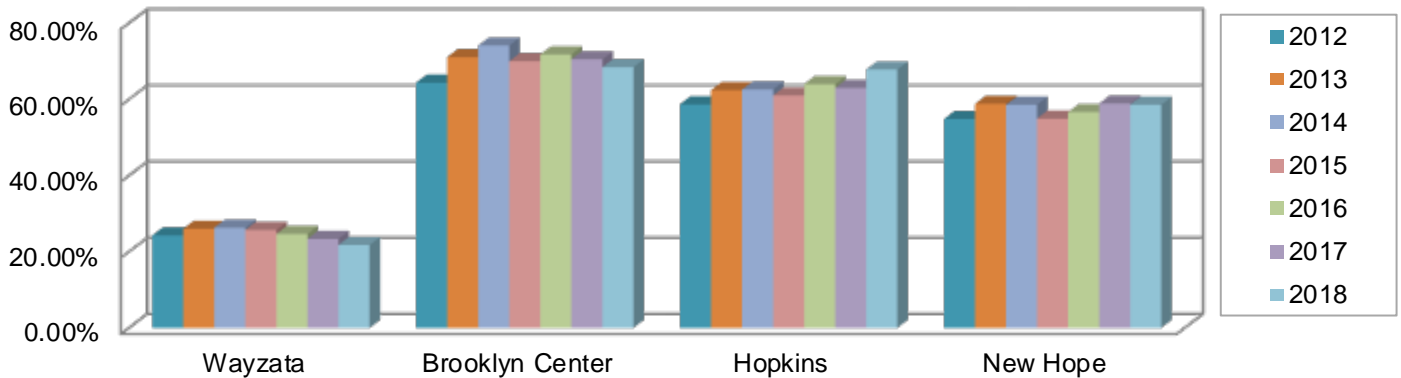
If we focus outside the immediate area, the composition of tax capacity is comparable to Brooklyn Center, Hopkins, and New Hope. Those cities have populations at least three times Wayzata's.

#### Tax Capacity by Type

	Wayzata	Brooklyn Center	Hopkins	New Hope
Commercial	\$ 7,446,736	\$ 6,359,531	\$ 5,615,690	\$ 1,896,644
Industrial	35,630	2,698,955	3,802,810	5,795,525
Apartment	2,059,360	3,311,990	5,507,751	3,710,415
Residential	17,169,312	13,280,337	10,267,961	11,146,013
Other	36,690	4,780	16,960	-
<b>Total</b>	<b>\$ 26,747,728</b>	<b>\$ 25,655,593</b>	<b>\$ 25,211,172</b>	<b>\$ 22,548,597</b>

Following is a summary of Wayzata's tax rate history compared to these communities.

### Tax Capacity Rates - 2012 - 2018, 2019 est for Wayzata



## General Fund Budget Summary

Below are the actual revenues and expenditures for 2016 and 2017, 2018 budget, and 2019 as proposed with comparative figures for 2018 and 2019 budget amounts.

	Actual		Budget		Increase / Decrease From PY	Percent Change
	2016	2017	2018	2019		
<b>Revenues</b>						
Taxes	\$ 4,128,510	\$ 4,227,130	\$ 4,227,429	\$ 4,429,254	\$ 201,825	4.77%
Franchise fees	83,443	85,000	82,000	82,000	-	0.00%
Licenses and permits	769,641	595,372	506,250	591,025	84,775	16.75%
Intergovernmental	200,025	252,805	198,700	201,600	2,900	1.46%
Charges for services	881,184	716,700	708,750	788,761	80,011	11.29%
Fines and forfeitures	77,268	81,423	80,500	83,500	3,000	3.73%
Interest	14,701	22,820	20,000	20,000	-	0.00%
Miscellaneous	46,191	18,153	2,000	2,000	-	0.00%
Transfers in	150,000	1,173,485	385,000	420,000	35,000	9.09%
<b>Total Revenues</b>	<b>6,350,962</b>	<b>7,172,887</b>	<b>6,210,629</b>	<b>6,618,140</b>	<b>407,511</b>	<b>6.56%</b>
<b>Expenditures</b>						
Mayor and council	\$ 50,382	\$ 47,124	\$ 47,336	\$ 47,836	\$ 500	1.06%
Administrative and finance	695,479	753,717	748,331	897,777	149,446	19.97%
Assessing	61,053	68,167	66,000	66,000	-	0.00%
Planning and zoning	123,957	145,761	158,462	256,078	97,616	61.60%
General government buildings	176,433	202,691	283,315	283,070	(245)	-0.09%
Police protection	1,617,896	1,656,798	1,755,172	1,947,208	192,036	10.94%
Fire protection	299,145	350,118	349,575	362,793	13,218	3.78%
Building inspections	247,126	186,876	234,906	228,698	(6,208)	-2.64%
Emergency management	527	4,147	5,350	5,350	-	0.00%
Health inspections	33,418	36,694	33,000	38,000	5,000	15.15%
Streets	520,616	470,983	553,358	561,229	7,871	1.42%
Street lighting	74,273	80,979	87,500	87,500	-	0.00%
Engineering	187,803	151,220	212,105	130,549	(81,556)	-38.45%
Parks, recreation and forestry	469,518	530,463	621,694	661,577	39,883	6.42%
Unallocated	866,407	1,182,504	1,054,525	1,044,475	(10,050)	-0.95%
<b>Total Expenditures</b>	<b>5,424,033</b>	<b>5,868,241</b>	<b>6,210,629</b>	<b>6,618,140</b>	<b>407,511</b>	<b>6.56%</b>
<b>Excess (Deficient) Revenue</b>	<b>\$ 926,929</b>	<b>\$ 1,304,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

## **Revenue Changes**

- Liquor licenses increased \$20,000
- Building permits increased \$55,000
- Misc. permits decreased \$3,000 (special event permits)
- Plan check fee increased \$35,000
- Project Inspection decreased \$20,000
- Planning charges increased \$10,000
- Interfund operating transfer increased \$35,000 (Bar transfer increased \$25,000 & TIF increased \$10,000)
- PD Admin charges – SRO increased \$32,000
- Police charges for services (events) increased \$7,000
- Police services – Long Lake increased \$5,815
- Fire contract – Woodland increased \$8,196

## **Expenditure Changes**

- Mayor/Council:
  - Volunteer program increased \$500 (volunteer dinner)
- Admin/Finance:
  - Wages and benefits increased due to the hire of a full time Administrative Service Director and a part time Administrative Assistant going full time.
  - Employer paid Ins. – 13% health insurance rate increase
  - Auditing and Acctg. Services – increased \$4,000 for AEM and MMKR
  - Personnel Expense – increased \$1,000 for the Wellness Program
  - Data Processing – increased \$10,000 for Loffler contract
  - Mileage & Meals – increased \$2,500
  - Dues, Licenses & Seminars – increased \$10,000
  - Credit Card Fees – increased \$1,000
- Planning & Zoning:
  - Wages – the addition of a Planning Analyst \$60,000
  - Consultants – decreased \$3,000
  - Dues, Licenses & Seminars – increased \$1,500

## Expenditure Changes (Continued)

- Building Operations & Maint.:
  - Misc. – increased \$4,500 (Depot property taxes, bottled water & coffee supplies)
- Police:
  - Wages/Benefits – Increased due to hire of additional police officer
  - PERA – Employer % increased (15.3% to 16.95%)
  - Motor Fuels – increased \$4,370 (\$1.96 to \$2.43 per gal. & increased usage)
  - Personnel Expense – increased \$6,000 (Public Safety Services)
- Fire:
  - Wages – increased \$12,000
- Building Inspection:
  - Wages –FT Building Inspector position to PT Code Enforcement/Inspector and added an Admin. Asst./Permit Technician
  - Contractual Services – decreased \$10,000
- Engineering:
  - Wages – Mike’s wages re-allocated
- Unallocated:
  - General Liability Ins. – increased \$10,000
  - Contingency – decreased \$10,000
  - Equipment transfer – decreased \$12,475

## Next Steps - 2019 Budget Calendar

- |                           |  |
|---------------------------|--|
| <b>September 4, 2018</b>  | Council workshop to discuss 2019 Enterprise Budgets<br>Preliminary maximum levy adopted by council.  |
| <b>September 12, 2018</b> | Staff CIP workshop immediately following Wednesday morning staff mtg.<br><b>Wednesday @ 10:00 AM</b> |
| <b>October 16, 2018</b>   | Council and Staff CIP workshop - <b>Tuesday 5 - 7 PM</b>   |
| <b>October - November</b> | Continue to refine general fund budget and discuss all enterprise fund budgets and CIP plans.        |
| <b>December 4, 2018</b>   | Council to adopt final approved budget.  |

**RESOLUTION NO. 48-2018  
RESOLUTION CERTIFYING TO THE COUNTY AUDITOR  
THE PRELIMINARY PROPERTY TAX LEVY PAYABLE FOR 2019**

WHEREAS, State Statutes require that the preliminary tax levy requirements to meet the annual budget be certified to the County Auditor by September 28, 2018;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Wayzata, Minnesota, that the following preliminary tax levy requirements be and they hereby are adopted for the year payable 2019.

BE IT FURTHER RESOLVED that the Auditor of Hennepin County is hereby authorized to cancel all other levies previously scheduled to be collected in 2019 due to an accumulation of sufficient reserves in each fund:

<b>Description</b>		<b>2018</b>	<b>2019</b>
General Fund Levy		\$ 4,227,429	\$ 4,429,254
	City Infrastructure	210,000	210,000
Total Levy		\$ 4,437,429	\$ 4,639,254
Debt Levy	Levy for Street bonding (Ferndale)	\$ 32,453	\$ 31,665
MV Levy	Big Woods bonding debt service	\$ 213,780	\$ 213,675

BE IT FURTHER RESOLVED that the City Manager is hereby directed to forward a certified copy of this Resolution to the Auditor of Hennepin County.

Adopted by the Wayzata City Council this 4th day of September, 2018.

ATTEST:

\_\_\_\_\_  
Mayor Ken Willcox

\_\_\_\_\_  
City Manager Jeffrey Dahl

**CERTIFICATION:**

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution:

I, hereby certify that the attached and foregoing Resolution is a true and correct copy of the Resolution duly adopted by the City Council of the City of Wayzata, Minnesota, at a duly authorized meeting held on September 4, 2018.

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Jeffrey Dahl, City Manager & Clerk

SEAL



**CITY OF WAYZATA**  
**2019 General Fund Budget Summary**

Dept Descr	2017 Amount	2018 Budget	2019 Budget
<b>Act Type R Revenue</b>			
All Departments	\$6,554,121.74	\$5,540,679.00	\$5,687,454.00
Police	\$569,190.89	\$557,700.00	\$608,415.00
Fire	\$177,098.20	\$112,250.00	\$120,446.00
<b>Act Type R Revenue</b>	<b>\$7,300,410.83</b>	<b>\$6,210,629.00</b>	<b>\$6,416,315.00</b>
<b>Act Type E Expenditure</b>			
Mayor and Council	-\$47,123.93	-\$47,336.00	-\$47,836.00
Administration & Finance	-\$753,716.88	-\$748,331.00	-\$897,777.00
Assessing	-\$68,167.46	-\$66,000.00	-\$66,000.00
Planning and Zoning	-\$145,760.67	-\$158,462.00	-\$256,078.00
Building Operations & Maint.	-\$202,690.78	-\$283,315.00	-\$283,070.00
Police	-\$1,608,546.62	-\$1,704,172.00	-\$1,895,008.00
Crime Control and Investigate	-\$48,251.52	-\$51,000.00	-\$52,200.00
Fire	-\$350,117.83	-\$349,575.00	-\$362,793.00
Building Inspection	-\$186,875.62	-\$234,906.00	-\$228,698.00
Emergency Management	-\$4,146.60	-\$5,350.00	-\$5,350.00
Streets	-\$470,982.89	-\$553,358.00	-\$561,229.00
Health Inspections	-\$36,694.35	-\$33,000.00	-\$38,000.00
Engineering	-\$151,220.00	-\$212,105.00	-\$130,549.00
Parks	-\$530,462.75	-\$621,694.00	-\$661,577.00
Boulevard Maint. And lighting	-\$80,978.95	-\$87,500.00	-\$87,500.00
Unallocated Expenditures	-\$1,182,503.93	-\$1,054,525.00	-\$1,044,475.00
<b>Act Type E Expenditure</b>	<b>-\$5,868,240.78</b>	<b>-\$6,210,629.00</b>	<b>-\$6,618,140.00</b>
	\$1,432,170.05	\$0.00	-\$201,825.00