



Community Benchmarks

How does Shoreview compare?

August 2013

City of Shoreview, Minnesota
4600 Victoria Street North
Shoreview, MN 55126

Introduction

Comparisons of taxes and spending among cities are a topic of interest as the City moves through the annual budget process. Benchmark comparisons are assembled for metro-area cities closest to Shoreview in size (using population levels), and for peer cities that generally receive high quality-of-life ratings from citizens in their respective community surveys.

The comparisons are useful to illustrate how taxes and spending compare to Shoreview, as well as to evaluate how Shoreview's ranking changes over time. This document provides a summary of the information in preparation for the annual budget hearing.

Statistical information is derived from two key sources:

1. League of Minnesota Cities (LMC) publishes a report each fall on City property values, tax levies, tax rates and state aid for the current year. The most recent report provides 2013 data.
2. Minnesota Office of State Auditor (OSA) publishes a report in the spring on final City revenue, spending, debt levels and enterprise activity for two years earlier. The most recent OSA report provides 2011 data.

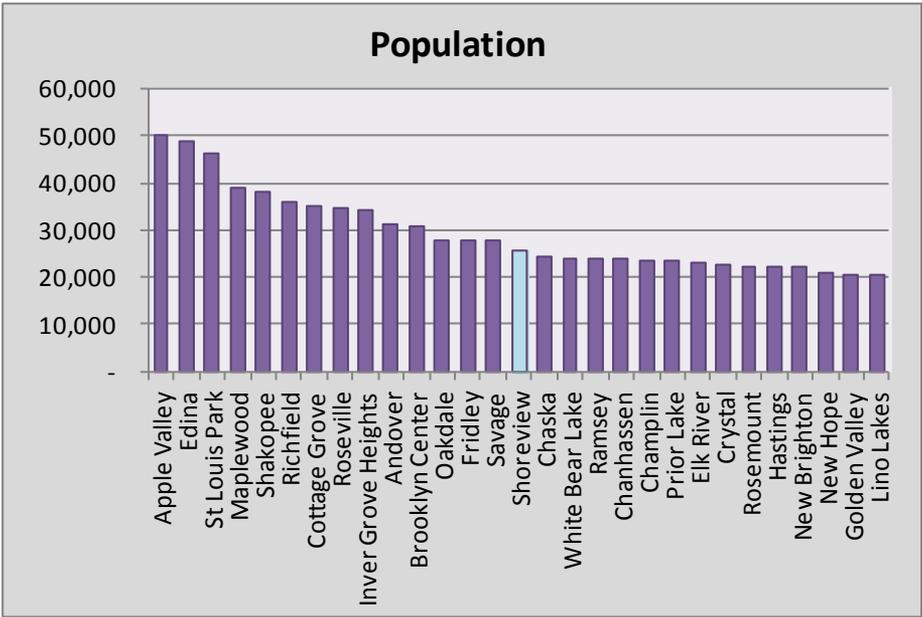
Shoreview uses both the LMC and OSA information to assemble two sets of data:

1. Comparison Cities - to illustrate how Shoreview ranks in relation to metro-area cities with population levels closest to Shoreview by selecting 14 cities larger and 14 cities smaller. These are cities with populations between 20,000 and 50,000.
2. MLC Cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 16 peer cities represented by the Municipal Legislative Commission (MLC) provide important comparisons because these cities have achieved high quality-of-life rankings from their residents in their respective community surveys, and they are often recognized as having sound financial management. In fact, most of the 16 cities have AAA bond ratings, as does Shoreview.

Population

The graph below contains the 2012 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. A similar graph with population levels for MLC cities is presented on page 13.



City-Share of Property Taxes

The 2013 City-share of property taxes for a \$222,200 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 6th lowest at \$758, and is about 21% below the average of \$960. It should be noted that for property tax purposes, the home value is reduced from \$222,200 to \$205,000 due to market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has improved in the last 10 years in relation to comparison cities. For instance, in the year 2003 Shoreview ranked 18, and has dropped 2 positions to rank 20 in 2013. Shoreview's tax levy was 22.4% below the average of comparison cities in 2003, compared to 23.4% below the average for 2013.

2003		
Rank	City	Levy
1	Edina	\$17,236,228
2	Apple Valley	13,698,293
3	St. Louis Park	13,287,553
4	Golden Valley	10,409,110
5	Lakeville	10,346,442
6	Maplewood	10,234,590
7	Blaine	10,213,520
8	Roseville	8,142,444
9	Inver Grove Heigt	7,945,796
10	Richfield	7,843,960
11	Cottage Grove	7,548,562
12	Brooklyn Center	7,479,709
13	Savage	7,285,830
14	Chanhassen	7,139,604
15	Shakopee	7,045,984
16	New Hope	6,277,853
17	Oakdale	5,909,991
18	Shoreview	5,658,692
19	Andover	5,388,512
20	Hastings	5,356,467
21	Fridley	5,055,122
22	New Brighton	4,694,776
23	West St Paul	4,648,292
24	Crystal	4,546,157
25	Champlin	4,429,102
26	South Saint Paul	4,002,653
27	White Bear Lake	3,801,762
28	Columbia Heights	3,780,960
29	Chaska	2,040,310
Average		\$ 7,291,320
Shvw to Avg		-22.4%

2013		
Rank	City	Levy
1	Edina	\$26,134,552
2	St Louis Park	24,713,766
3	Apple Valley	21,547,993
4	Maplewood	17,835,649
5	Richfield	17,745,792
6	Golden Valley	16,944,472
7	Roseville	16,444,831
8	Shakopee	15,333,211
9	Savage	15,056,684
10	Inver Grove Heigh	14,551,233
11	Brooklyn Center	13,632,645
12	Cottage Grove	12,238,469
13	Hastings	11,981,030
14	Fridley	10,920,942
15	Rosemount	10,459,805
16	Andover	10,446,842
17	Elk River	10,175,711
18	Oakdale	9,879,444
19	Chanhassen	9,750,535
20	Shoreview	9,604,567
21	New Hope	9,570,914
22	Crystal	8,713,272
23	Champlin	8,323,469
24	Prior Lake	8,287,277
25	Lino Lakes	8,215,854
26	Ramsey	7,998,483
27	New Brighton	7,392,656
28	Chaska	5,028,964
29	White Bear Lake	4,754,998
Average		\$ 12,540,830
Shvw to Avg		-23.4%

State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services. The table below shows the total LGA received by each comparison city, as well as the amount of LGA per capita. The highest city (on a per capita basis) is Crystal at \$64.91 of LGA per capita. Most comparison cities receive no LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$1,455,066	\$ 64.91
White Bear Lake	\$ 1,532,448	\$ 63.66
Richfield	\$ 1,218,346	\$ 33.86
Fridley	\$ 759,414	\$ 27.52
Brooklyn Center	\$ 411,378	\$ 13.46
New Hope	\$ 41,843	\$ 2.02
Chaska	\$ 37,441	\$ 1.55
Apple Valley	\$ -	\$ -
Edina	\$ -	\$ -
St Louis Park	\$ -	\$ -
Maplewood	\$ -	\$ -
Shakopee	\$ -	\$ -
Cottage Grove	\$ -	\$ -
Roseville	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Andover	\$ -	\$ -
Oakdale	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Ramsey	\$ -	\$ -
Chanhassen	\$ -	\$ -
Champlin	\$ -	\$ -
Prior Lake	\$ -	\$ -
Elk River	\$ -	\$ -
Rosemount	\$ -	\$ -
Hastings	\$ -	\$ -
New Brighton	\$ -	\$ -
Golden Valley	\$ -	\$ -
Lino Lakes	\$ -	\$ -

Tax Rates

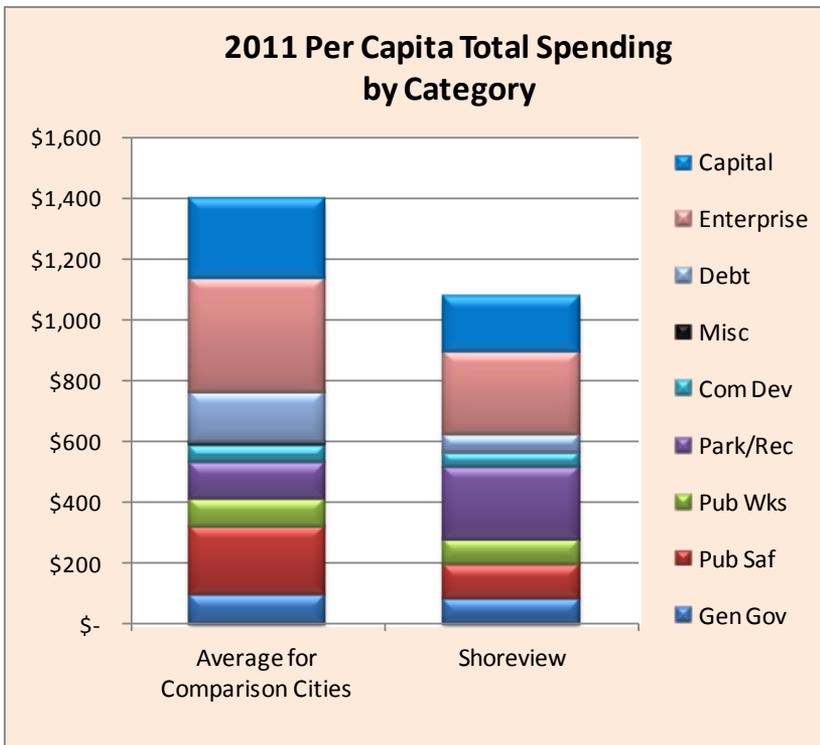
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 6th lowest in both 2003 and 2013. For 2013, Shoreview is about 19.5% below the average tax rate of 45.94%.

2003		
Rank	City	Tax Rate
1	Brooklyn Center	52.79%
2	Hastings	50.08%
3	New Hope	49.87%
4	Golden Valley	46.95%
5	Savage	46.53%
6	Columbia Heights	45.27%
7	Cottage Grove	41.99%
8	Apple Valley	41.58%
9	Inver Grove Heights	41.57%
10	South Saint Paul	41.26%
11	Crystal	39.46%
12	Oakdale	39.27%
13	Richfield	39.00%
14	Chanhassen	38.99%
15	West St Paul	38.72%
16	Champlin	38.57%
17	St. Louis Park	36.39%
18	Maplewood	36.32%
19	New Brighton	35.85%
20	Blaine	35.49%
21	Shakopee	33.94%
22	Andover	33.16%
23	Lakeville	32.94%
24	Shoreview	28.75%
25	Fridley	28.69%
26	Edina	27.14%
27	Roseville	25.73%
28	White Bear Lake	24.20%
29	Chaska	19.70%
Average		37.59%
Shvw to Avg		-23.5%

2013		
Rank	City	Tax Rate
1	Brooklyn Center	71.07%
2	Hastings	68.55%
3	Richfield	64.06%
4	New Hope	58.81%
5	Golden Valley	58.20%
6	Crystal	56.15%
7	Savage	55.51%
8	Elk River	50.37%
9	Apple Valley	49.21%
10	Rosemount	48.86%
11	Maplewood	48.66%
12	Fridley	47.36%
13	Inver Grove Heights	46.81%
14	Lino Lakes	46.77%
15	St Louis Park	46.55%
16	Cottage Grove	44.85%
17	Champlin	44.77%
18	Ramsey	44.29%
19	Oakdale	44.07%
20	Shakopee	42.00%
21	New Brighton	42.00%
22	Andover	40.88%
23	Roseville	38.90%
24	Shoreview	36.97%
25	Prior Lake	31.82%
26	Chanhassen	28.42%
27	Chaska	27.76%
28	Edina	27.22%
29	White Bear Lake	21.50%
Average		45.94%
Shvw to Avg		-19.5%

Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2011 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2011 spending is about \$1,076 per capita, which is about 23% below the average of \$1,398.



Spending Per Capita by Activity

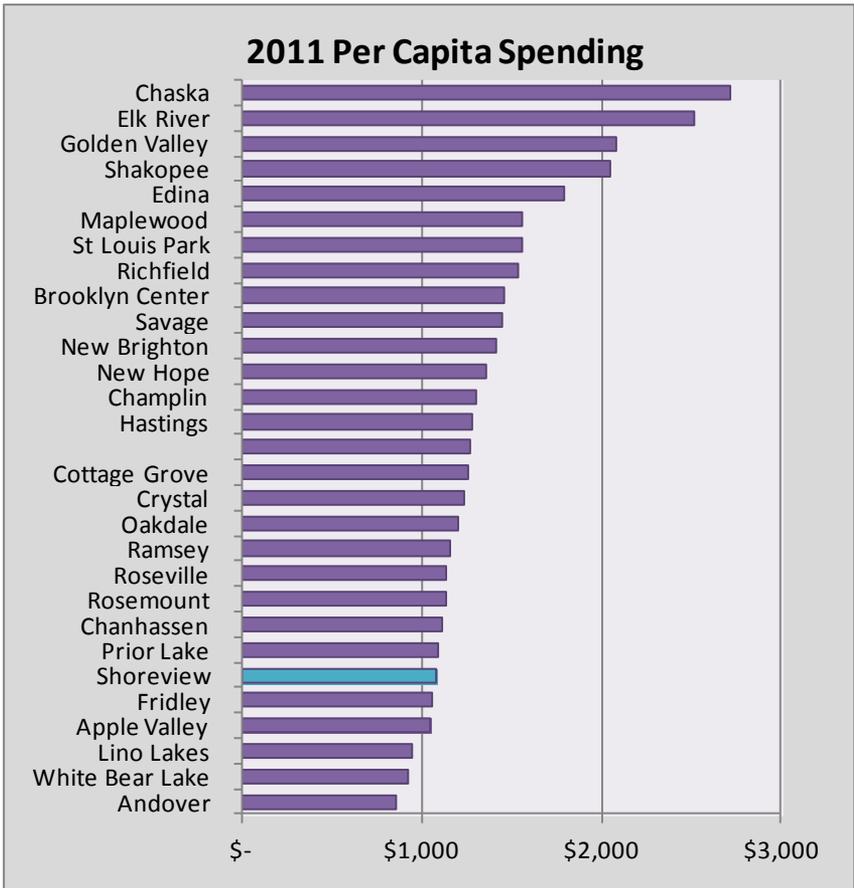
When reviewing spending in more detail, Shoreview is below average in all activities except parks and traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Utility spending is higher due to differences in how cities account for storm sewer and street light operations. For instance, some cities support these operations with property tax revenue.
- Public safety spending in Shoreview is the lowest for all comparison cities, at \$113.67 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 64% below average in Shoreview due to lower overall debt balances.

2011 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 94.66	\$ 79.12	\$ (15.54)	-16.4%
Public safety	221.24	113.67	(107.57)	-48.6%
Public works	95.73	80.49	(15.24)	-15.9%
Parks	116.50	240.31	123.81	106.3%
Commun devel/EDA/HRA/Housing	52.64	49.18	(3.46)	-6.6%
All other governmental	13.78	-	(13.78)	-100.0%
Water/sewer/storm/st lights	238.19	274.95	36.76	15.4%
Electric	113.09	-	(113.09)	-100.0%
All other enterprise operations	23.95	-	(23.95)	-100.0%
Debt payments	165.01	59.41	(105.60)	-64.0%
Capital outlay	263.27	178.89	(84.38)	-32.1%
Total All Funds	\$ 1,398.06	\$ 1,076.02	\$ (322.04)	-23.0%

The graph below shows total 2011 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,716 in Chaska to a low of \$853 in Andover.

Shoreview ranks 6th lowest at \$1,076 per capita, and is 23% below the average of \$1,398.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2011 except charges for service, traditional utility revenue, and tax increment. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 2nd lowest for special assessments.

2011 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 415.79	\$ 352.10	\$ (63.69)	-15.3%
Tax increment (TIF)	69.63	81.04	11.41	16.4%
Franchise tax	18.53	11.43	(7.10)	-38.3%
Other tax	1.86	0.58	(1.28)	-68.8%
Special assessments	48.62	7.70	(40.92)	-84.2%
Licenses & permits	28.71	17.57	(11.14)	-38.8%
Federal (all combined)	8.90	0.03	(8.87)	-99.7%
State (all combined)	71.10	43.74	(27.36)	-38.5%
Local (all combined)	10.87	3.19	(7.68)	-70.7%
Charges for service	124.89	222.63	97.74	78.3%
Fines & forfeits	8.33	2.47	(5.86)	-70.3%
Interest	21.48	14.02	(7.46)	-34.7%
All other governmental	30.22	8.09	(22.13)	-73.2%
Water/sewer/storm/street lighting	238.87	289.51	50.64	21.2%
Electric enterprise	124.22	-	(124.22)	-100.0%
All other enterprise	28.68	-	(28.68)	-100.0%
Total Revenue per capita	\$ 1,250.70	\$ 1,054.10	\$ (196.60)	-15.7%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and utility fees, and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

Shoreview's policy further states "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be significantly higher in Shoreview to generate the resources needed to fund capital replacements, yet the tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

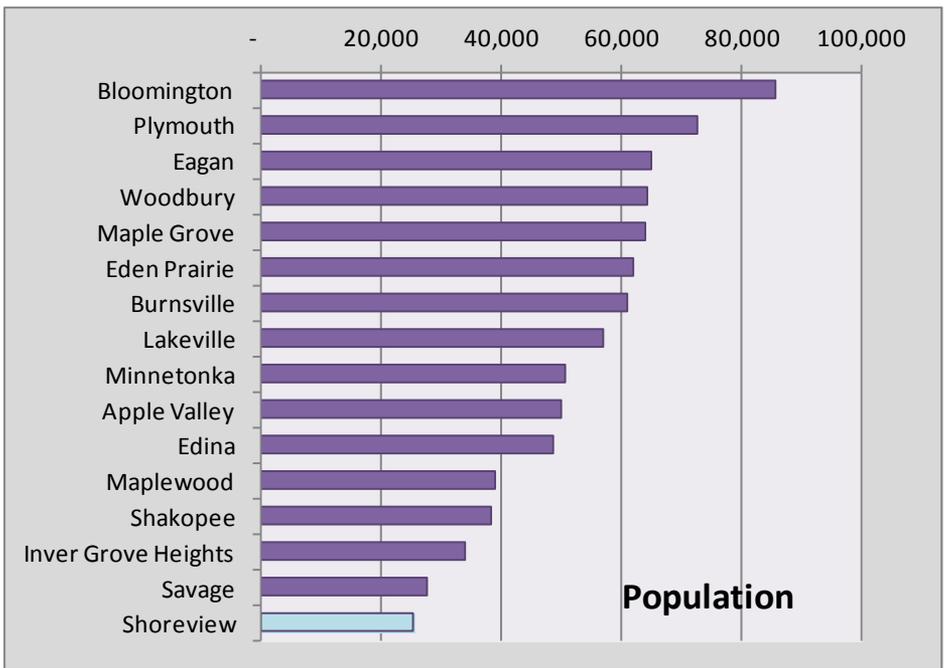
- Shoreview's 2011 spending per capita ranks 6th lowest
- Shoreview's assessment collections per capita are 2nd lowest among comparison cities
- Shoreview's share of the 2012 property tax bill, on a home valued at \$222,200, is 6th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 24th among comparison cities in 2013 and in 2003 (6th lowest)

In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.

Comparison to MLC Cities

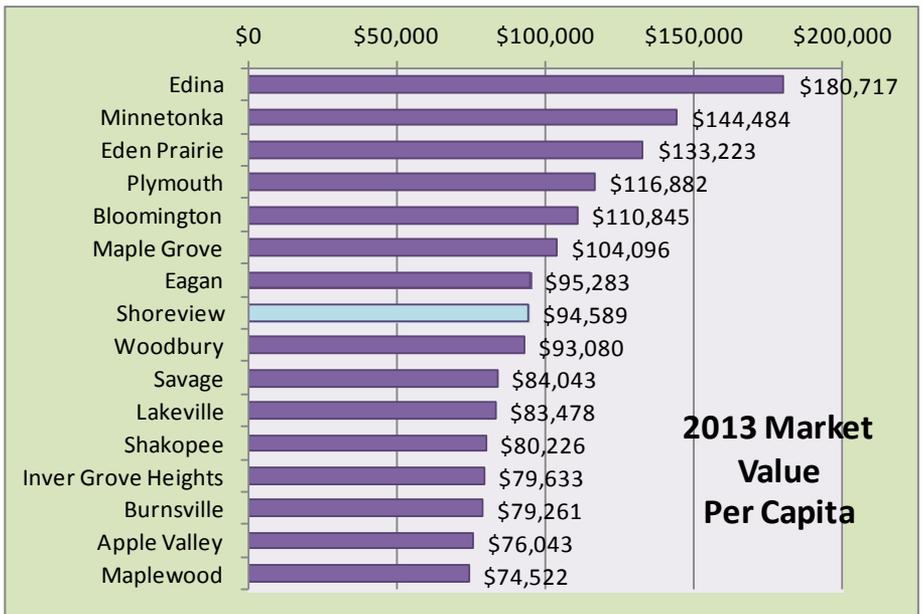
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and most have AAA bond ratings, like Shoreview).

Shoreview has the smallest population in the group, and is roughly half of the average for the group.



Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size and total market value of each community can vary greatly. For instance, Bloomington has the highest total market value at \$9.49 billion followed by Edina with total market value of \$8.82 billion. Once the value is divided by population, Edina ranks highest at \$180,717 of value per resident, while Bloomington ranks 5th at \$110,845.

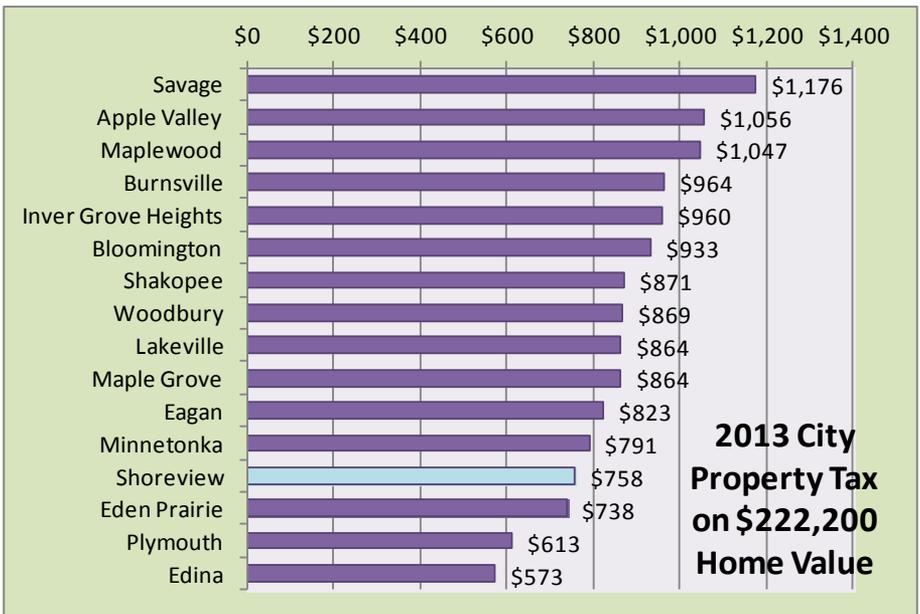
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$94,589 (about 7.2% below the average of \$101,900).



Property Tax by Component Unit comparisons are perhaps the most revealing because taxes are compared for each type of component unit (i.e. city, county, school district and special districts).

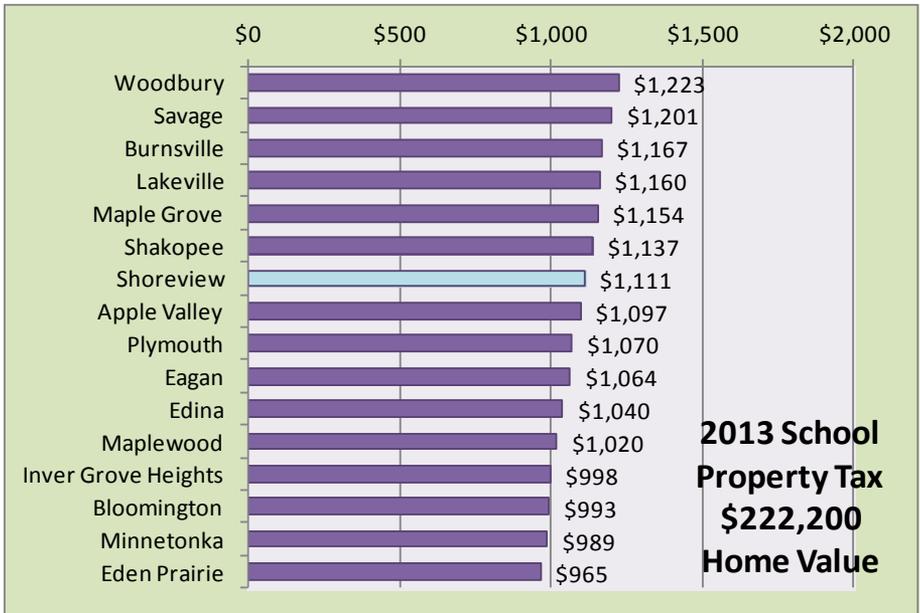
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$222,200 (Shoreview's median value). Shoreview ranks 4th lowest at \$758, compared to a high of \$1,176 in Savage, and a low of \$573 in Edina. The average City tax for MLC cities is \$869.



School District property taxes are presented in the table below. It should be noted that the estimate for Shoreview assumes that the property is located in the Mounds View school district. Since MLC cities are located throughout the metro area, this illustration provides a comparison for a variety of school districts.

Property taxes in the Mounds View school district rank about 2.2% above the MLC city average.



Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

Regional Rail	\$ 92
Metropolitan Council	57
Mosquito Control	12
Rice Creek Watershed	48
Shoreview HRA	<u>6</u>
Total Special District Tax	\$215

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 20% above the average of \$179.

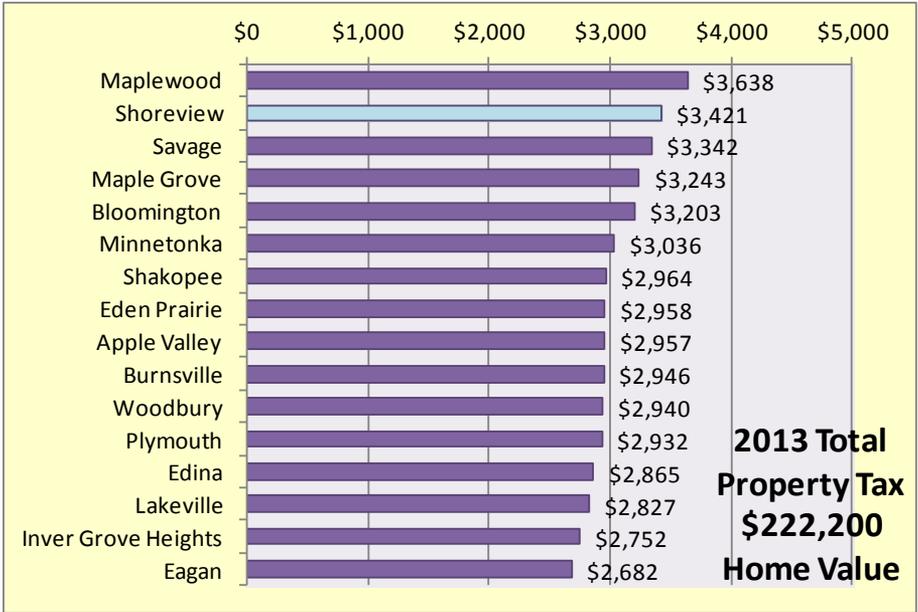


County property taxes vary the greatest among MLC cities.

- Ramsey County taxes are \$1,337, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,014, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$834 (including the cities of Savage and Shakopee).
- Washington County taxes are \$706 (Woodbury).
- Dakota County is lowest at \$685 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 2nd highest among MLC cities (see graph below).



To further put the difference into perspective, the table below provides a side-by-side comparison of the total tax bill in Shoreview compared to the total tax bill in Eagan (the lowest MLC city). For the same value home, county property taxes are \$652 higher in Shoreview, school district taxes are \$47 higher, special district taxes are \$105 higher and City taxes are \$65 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,337	\$ 685	\$ 652
School District	1,111	1,064	47
City	758	823	(65)
Special Districts	215	110	105
Total	\$ 3,421	\$ 2,682	\$ 739

Summary

Additional information on the City's budget, tax levy and utility rates will be made available in late November on the City's website and at city hall through two other informational booklets:

- Budget Summary
- Utility Operations

The budget hearing on the City's 2014 Budget is scheduled for December 2, 2013 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program and utility rates is scheduled for December 16, 2013 (the second regular Council meeting in December).

This document was prepared by the City's finance department.

