



Community Benchmarks

How does Shoreview compare?

August 2017

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 in other cities 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. The League of Minnesota Cities (LMC) publishes a report on City property values, tax levies, tax rates and state aid. The most recent report provides 2016 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 prior. The most recent OSA report provides 2015 data.

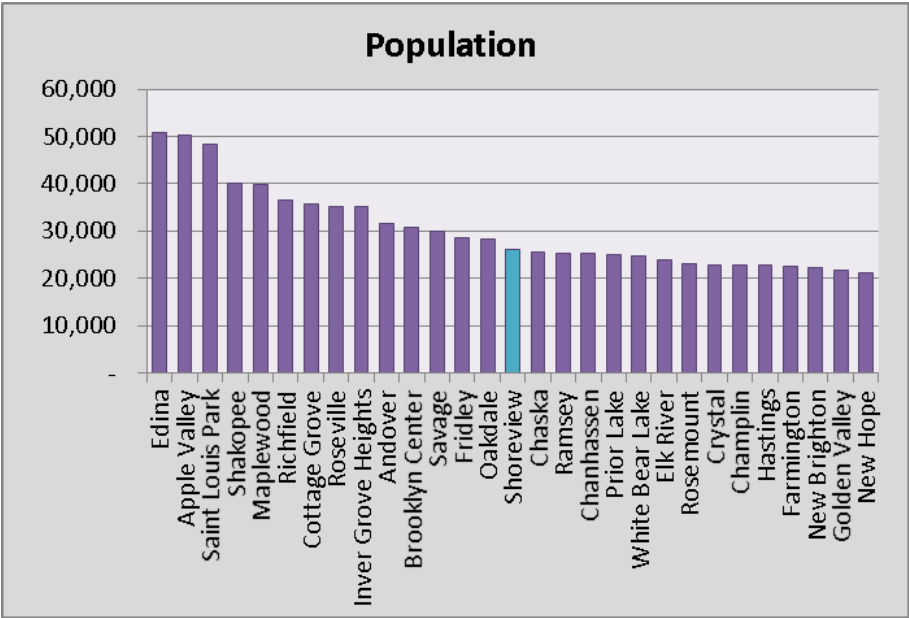
Shoreview uses both the LMC and OSA information to assemble two sets of data:

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 21,000 and 51,000.
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, many of the 16 cities have AAA bond ratings, as does Shoreview.

Population

The graph below contains the 2015 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 2016 City-share of property taxes for a \$253,800 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 5th lowest at \$846, and is about 21% below the average of \$1,068. It should be noted that for property tax purposes, the home value is reduced from \$253,800 to \$239,400 due to market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has risen three positions in the last 10 years in relation to comparison cities. For instance, in the year 2006 Shoreview ranked 21, and has risen 3 positions to rank 18 in 2016. Shoreview's tax levy was 29.4% below the average of comparison cities in 2006, compared to 24.2% below the average for 2016.

2006		
Rank	City	Levy
1	Minnetonka	\$22,879,357
2	Edina	20,222,564
3	St Louis Park	18,515,924
4	Apple Valley	18,187,190
5	Maplewood	13,405,260
6	Golden Valley	13,268,331
7	Inver Grove Heigh	12,427,714
8	Richfield	11,935,732
9	Savage	11,605,262
10	Cottage Grove	11,149,871
11	Shakopee	10,680,941
12	Brooklyn Center	10,613,108
13	Roseville	10,295,178
14	Hastings	9,673,052
15	Elk River	8,823,484
16	Andover	8,551,080
17	Fridley	8,474,906
18	Oakdale	8,264,922
19	Chanhassen	8,232,467
20	New Hope	8,030,505
21	Shoreview	7,339,295
22	Prior Lake	7,334,961
23	Ramsey	7,145,691
24	Crystal	7,072,537
25	New Brighton	6,715,765
26	Champlin	6,607,206
27	South St Paul	5,743,924
28	White Bear Lake	4,835,217
29	Chaska	3,533,554
Average		\$10,398,793
Shvw to Avg		-29.4%

2016		
Rank	City	Levy
1	Edina	\$31,228,163
2	Saint Louis Park	28,605,031
3	Apple Valley	23,122,289
4	Golden Valley	19,813,489
5	Maplewood	19,435,208
6	Richfield	18,820,830
7	Roseville	18,067,560
8	Inver Grove Heigh	18,022,415
9	Shakopee	17,372,168
10	Savage	16,209,474
11	Brooklyn Center	15,368,377
12	Cottage Grove	14,070,802
13	Hastings	12,510,918
14	Fridley	11,850,477
15	Farmington	11,718,024
16	Andover	11,407,812
17	Rosemount	11,039,335
18	Shoreview	10,667,859
19	New Hope	10,663,079
20	Oakdale	10,514,147
21	Chanhassen	10,176,834
22	Elk River	10,171,831
23	Prior Lake	9,993,642
24	Ramsey	9,971,354
25	Crystal	9,135,123
26	Champlin	8,798,276
27	Chaska	7,298,005
28	New Brighton	7,197,579
29	White Bear Lake	4,927,001
Average		\$14,075,072
Shvw to Avg		-24.2%

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 \$74.04 of LGA per capita. A majority of comparison cities receive at least some LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,691,895	\$ 74.04
White Bear Lake	\$ 1,542,738	\$ 62.18
Richfield	\$ 2,084,057	\$ 57.01
Brooklyn Center	\$ 1,534,125	\$ 49.71
Fridley	\$ 1,349,993	\$ 47.29
New Hope	\$ 616,161	\$ 29.03
Hastings	\$ 596,916	\$ 26.31
New Brighton	\$ 574,246	\$ 25.90
Chaska	\$ 510,076	\$ 19.92
Maplewood	\$ 659,001	\$ 16.58
Farmington	\$ 284,884	\$ 12.69
Golden Valley	\$ 252,446	\$ 11.70
Saint Louis Park	\$ 539,434	\$ 11.16
Elk River	\$ 265,960	\$ 11.09
Champlin	\$ 233,639	\$ 10.27
Oakdale	\$ 140,448	\$ 4.99
Ramsey	\$ 111,311	\$ 4.39
Cottage Grove	\$ 75,362	\$ 2.12
Andover	\$ 2,706	\$ 0.09
Edina	\$ -	\$ -
Apple Valley	\$ -	\$ -
Shakopee	\$ -	\$ -
Roseville	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Chanassen	\$ -	\$ -
Prior Lake	\$ -	\$ -
Rosemount	\$ -	\$ -

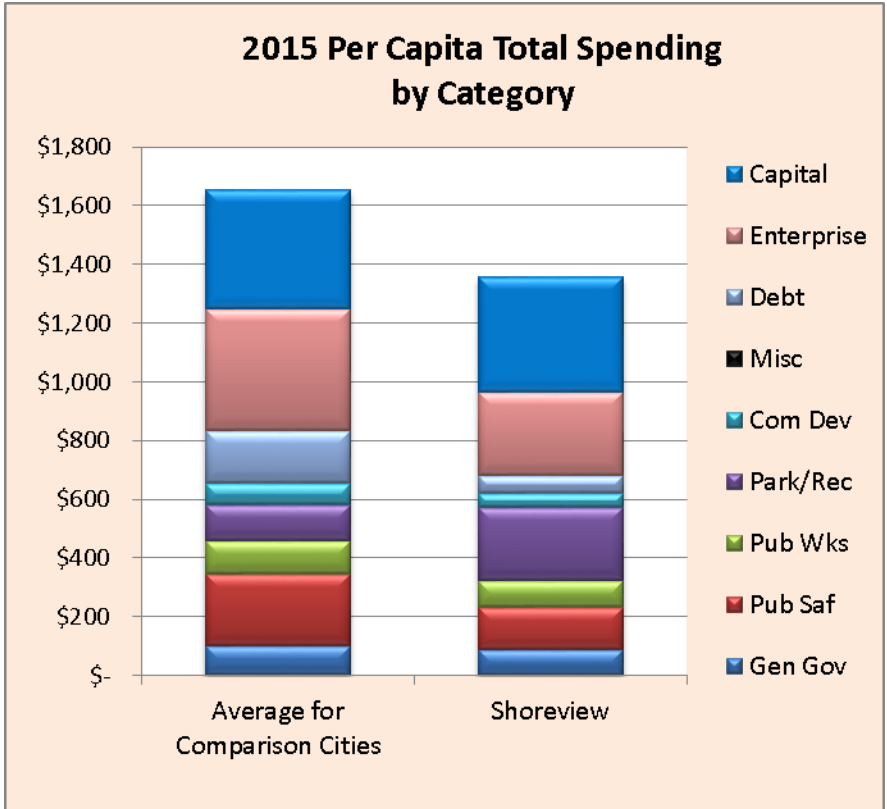
Tax Rates

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 5th and 6th lowest in 2006 and 2016 respectively. For 2016, Shoreview is about 20% below the average tax rate of 44.01%.

2006			2016		
Rank	City	Tax Rate	Rank	City	Tax Rate
1	Hastings	50.01%	1	Brooklyn Center	71.78%
2	Brooklyn Center	46.93%	2	Hastings	63.58%
3	Savage	46.49%	3	Richfield	60.99%
4	Elk River	43.93%	4	Farmington	59.24%
5	Golden Valley	43.31%	5	New Hope	56.67%
6	New Hope	42.32%	6	Golden Valley	54.45%
7	Ramsey	39.62%	7	Crystal	51.83%
8	Richfield	39.23%	8	Savage	49.91%
9	Cottage Grove	37.84%	9	Inver Grove Heigh	49.45%
10	Crystal	36.75%	10	Maplewood	48.51%
11	St Louis Park	36.34%	11	Saint Louis Park	46.20%
12	Inver Grove Heigh	36.23%	12	Elk River	46.17%
13	Apple Valley	35.69%	13	Fridley	44.96%
14	South St Paul	35.00%	14	Apple Valley	44.72%
15	New Brighton	34.17%	15	Ramsey	43.32%
16	Champlin	32.64%	16	Rosemount	43.15%
17	Maplewood	32.10%	17	Cottage Grove	42.96%
18	Oakdale	32.01%	18	Champlin	42.75%
19	Fridley	32.00%	19	Oakdale	39.49%
20	Andover	31.68%	20	Roseville	39.32%
21	Prior Lake	31.24%	21	Andover	38.45%
22	Shakopee	30.97%	22	Shakopee	37.90%
23	Minnnetonka	28.62%	23	New Brighton	36.20%
24	Chanhassen	26.62%	24	Shoreview	35.36%
25	Shoreview	23.97%	25	Prior Lake	31.95%
26	Roseville	23.21%	26	Edina	27.14%
27	Edina	22.61%	27	Chaska	26.00%
28	Chaska	19.66%	28	Chanhassen	24.23%
29	White Bear Lake	18.58%	29	White Bear Lake	19.69%
	Average	34.13%		Average	44.01%
	Shvw to Avg	-29.8%		Shvw to Avg	-19.7%

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 2015 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2015 spending is about \$1,355 per capita, which is about 18% below the average of \$1,652.



Spending Per Capita by Activity

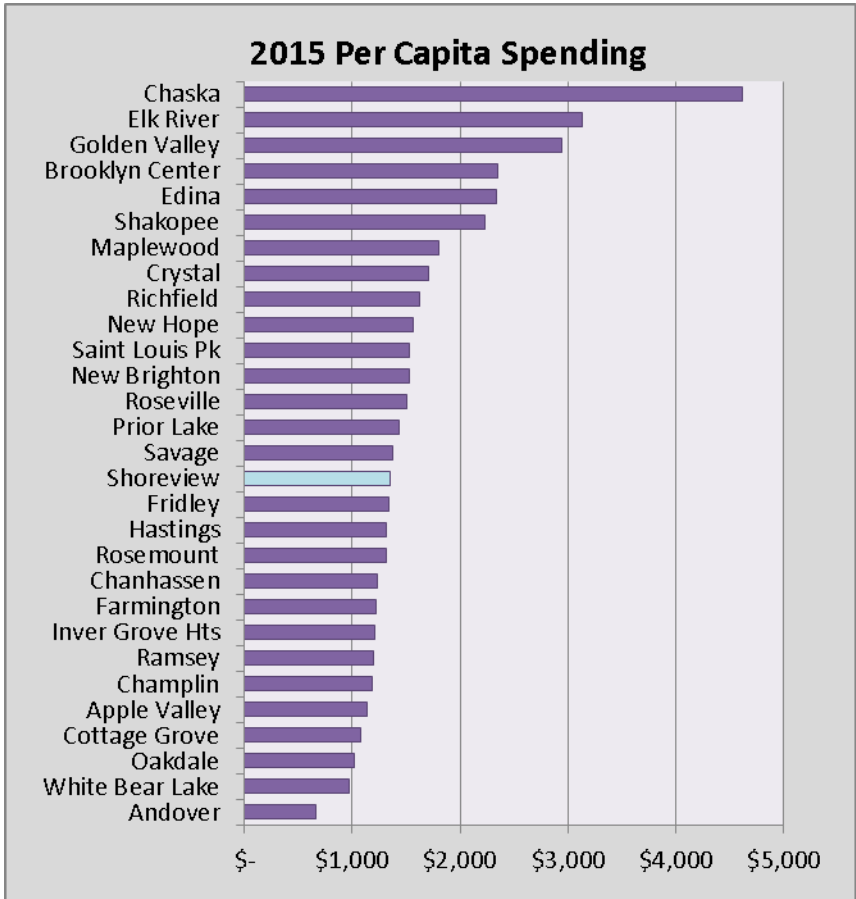
When reviewing spending in more detail, Shoreview is above average in parks and recreation and utility operations, and below average for all other spending categories.

- 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 slightly 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 third lowest for all comparison cities, at \$144.20 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 65% below average in Shoreview due to lower overall debt balances.

2015 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 100.81	\$ 88.77	\$ (12.04)	-11.9%
Public safety	243.78	144.20	(99.58)	-40.8%
Public works	113.89	88.11	(25.78)	-22.6%
Parks and recreation	124.16	251.14	126.98	102.3%
Commun devel/EDA/HRA/Housing	70.61	48.82	(21.79)	-30.9%
All other governmental	3.11	-	(3.11)	-100.0%
Water/sewer/storm/st lights	262.26	283.29	21.03	8.0%
Electric	123.46	-	(123.46)	-100.0%
All other enterprise operations	27.53	-	(27.53)	-100.0%
Debt payments	177.92	61.34	(116.58)	-65.5%
Capital outlay	404.79	389.64	(15.15)	-3.7%
Total All Funds	\$ 1,652.33	\$ 1,355.31	\$ (297.02)	-18.0%

The graph below shows total 2015 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$4,623 in Chaska to a low of \$666 in Andover.

Shoreview ranks 16th lowest at \$1,355 per capita, and is 18% below the average of \$1,652.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2015 except tax increment, franchise tax (utility & cable), charges for service, interest and traditional utility revenue. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 4th lowest for special assessments.

2015 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 455.17	\$ 388.03	\$ (67.14)	-14.8%
Tax increment (TIF)	36.44	45.74	9.30	25.5%
Franchise tax	26.92	53.47	26.55	98.6%
Other tax	2.44	0.71	(1.73)	-70.9%
Special assessments	45.64	11.28	(34.36)	-75.3%
Licenses & permits	38.31	19.17	(19.14)	-50.0%
Federal (all combined)	6.24	0.02	(6.22)	-99.7%
State (all combined)	104.20	48.06	(56.14)	-53.9%
Local (all combined)	8.58	3.22	(5.36)	-62.5%
Charges for service	143.93	242.09	98.16	68.2%
Fines & forfeits	6.89	2.02	(4.87)	-70.7%
Interest	10.21	10.53	0.32	3.1%
All other governmental	46.40	4.65	(41.75)	-90.0%
Water/sewer/storm/street lighting	258.79	330.70	71.91	27.8%
Electric enterprise	137.36	-	(137.36)	-100.0%
All other enterprise	33.16	-	(33.16)	-100.0%
Total Revenue per capita	\$ 1,360.68	\$ 1,159.69	\$ (200.99)	-14.8%

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.

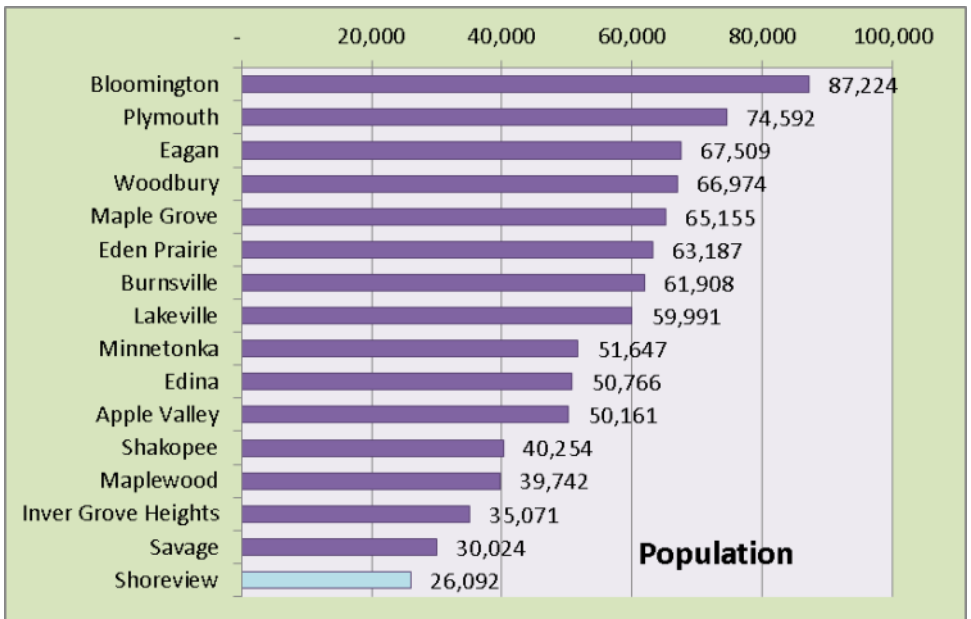
- Shoreview's 2015 spending per capita ranks 16th lowest
- Shoreview's assessment collections per capita are 5th lowest among comparison cities
- Shoreview's share of the 2016 property tax bill, on a home valued at \$253,800, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 6th and 5th lowest among comparison cities in 2016 and 2006 respectively.

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

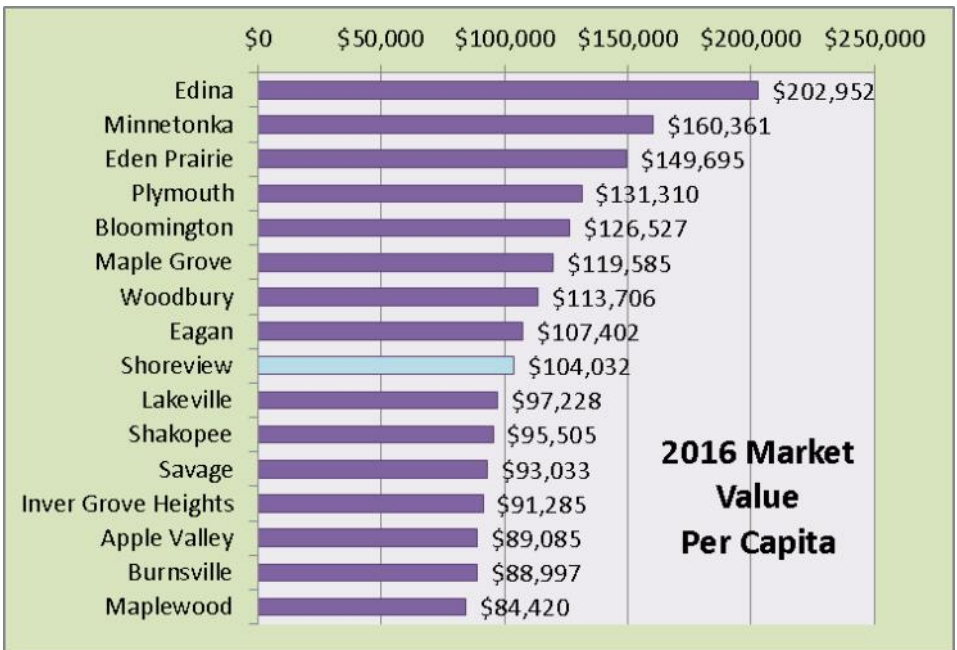
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and many 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 \$11.04 billion followed by Edina with total market value of \$10.30 billion. Once the value is divided by population, Edina ranks highest at \$202,952 of value per resident, while Bloomington ranks 5th at \$126,527.

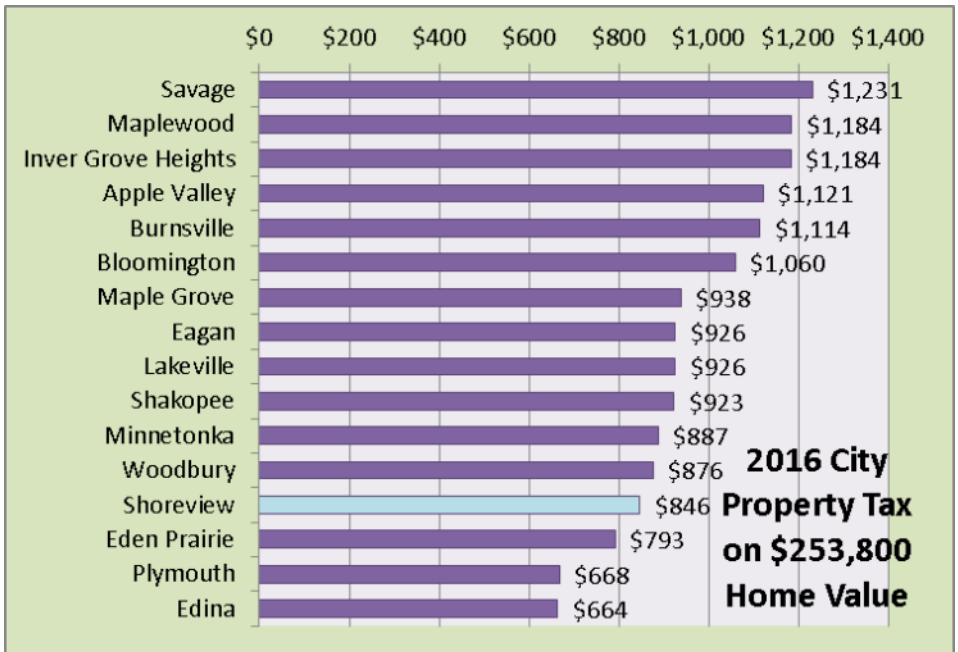
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$104,032 (about 10.3% below the average of \$115,945).



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

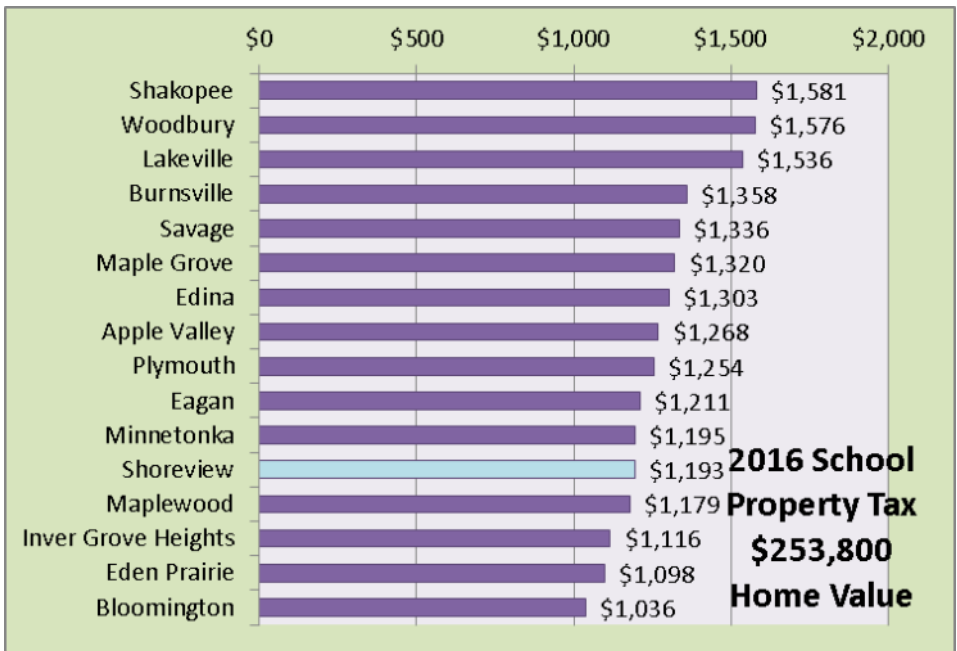
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$253,800 (Shoreview’s median value). Shoreview ranks 4th lowest at \$846, compared to a high of \$1,231 in Savage, and a low of \$664 in Edina. The average City tax for MLC cities is \$959.



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.

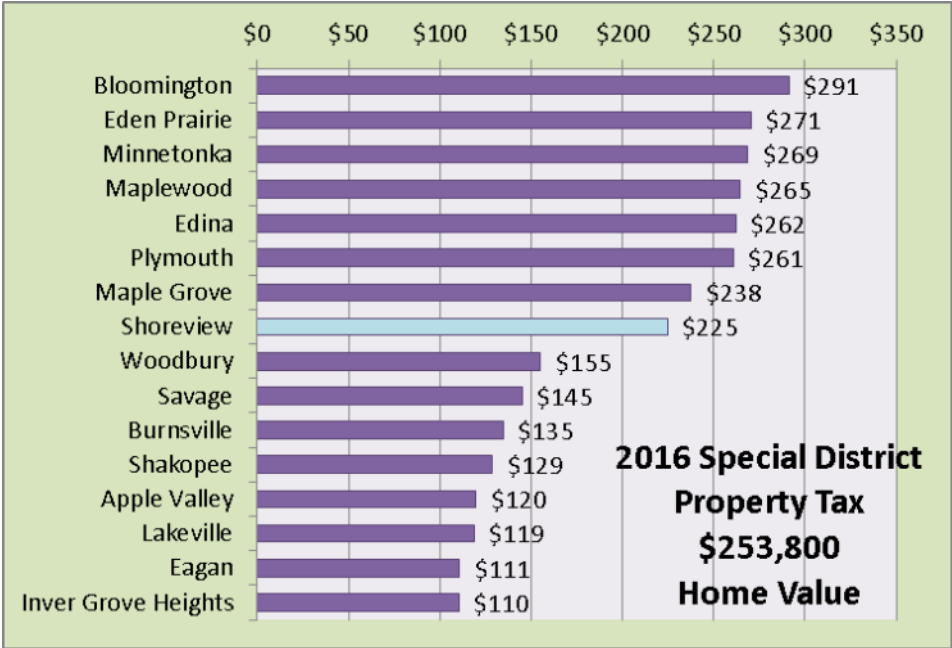
Property taxes in the Mounds View school district rank about 7.1% below the MLC city average.



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:

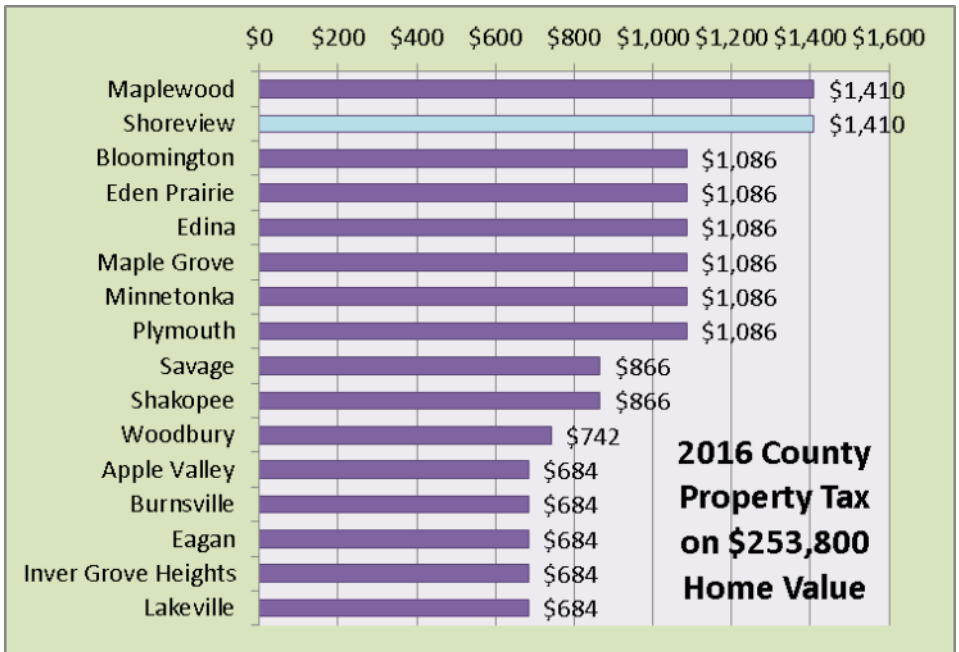
Regional Rail	\$ 98
Metropolitan Council	57
Mosquito Control	11
Rice Creek Watershed	51
Shoreview HRA	<u>8</u>
Total Special District Tax	\$225

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 16% above the average of \$194.

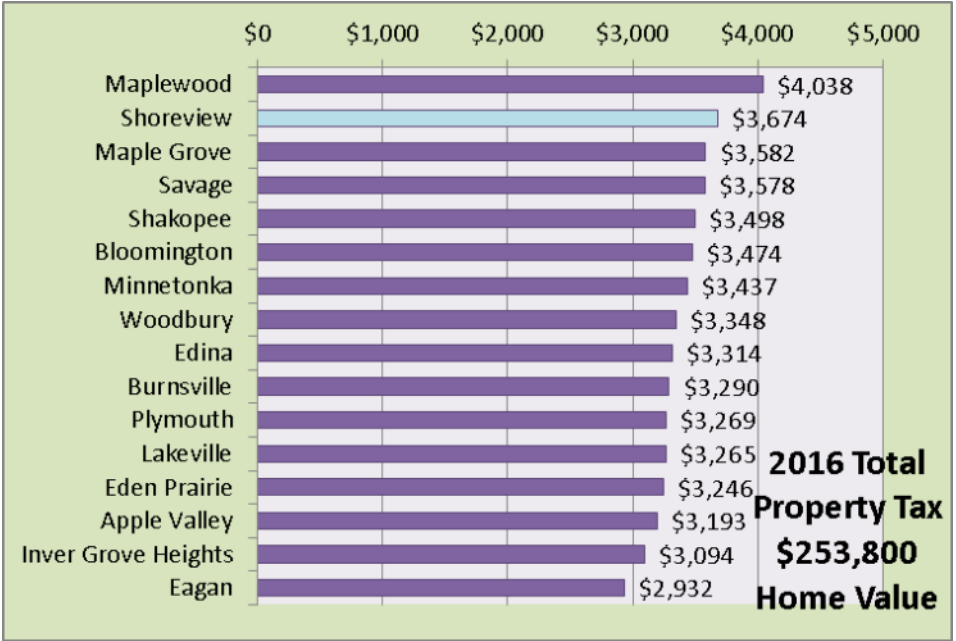


County property taxes vary greatly among MLC cities.

- Ramsey County taxes are \$1,410, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,086, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$866 (including the cities of Savage and Shakopee).
- Washington County taxes are \$742 (Woodbury).
- Dakota County is lowest at \$684 (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 \$726 higher in Shoreview, school district taxes are \$18 lower, special district taxes are \$114 higher and City taxes are \$80 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,410	\$ 684	\$ 726
School District	1,193	1,211	(18)
City	846	926	(80)
Special Districts	225	111	114
Total	\$ 3,674	\$ 2,932	\$ 742

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 2018 Budget is scheduled for December 4, 2017 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 18, 2017 (the second regular Council meeting in December).

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

