



2020 Community Benchmarks

How does Shoreview compare?

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. Staff obtained city property values, tax levies, tax rates and state aids for 2020 from county and State of Minnesota websites.
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 2018 data.

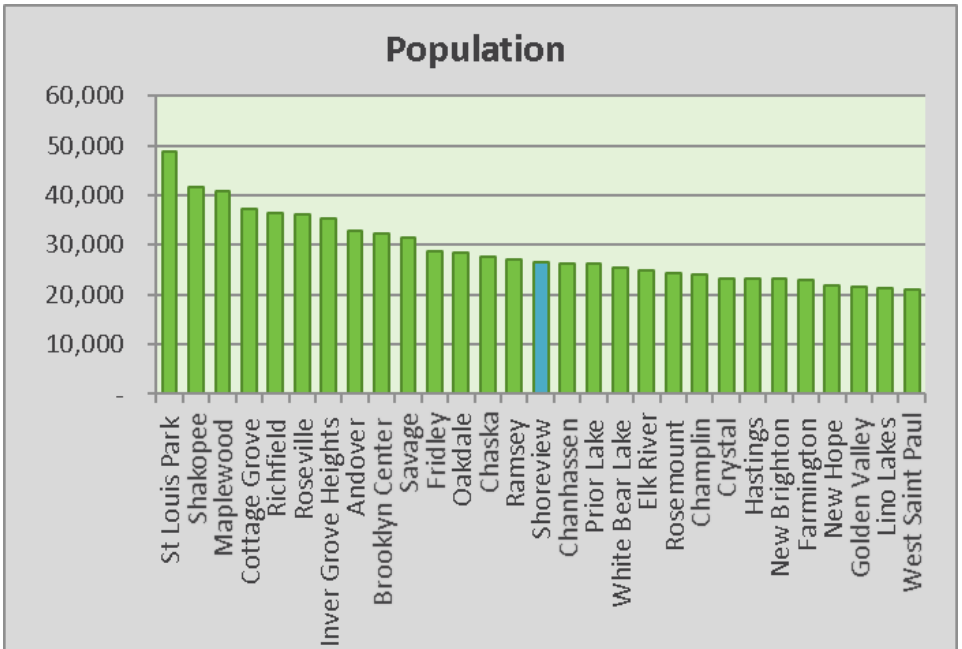
Shoreview uses both sources of information to assemble two sets of data:

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 49,000.
2. MLC cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 19 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 19 cities have AAA bond ratings, as does Shoreview.

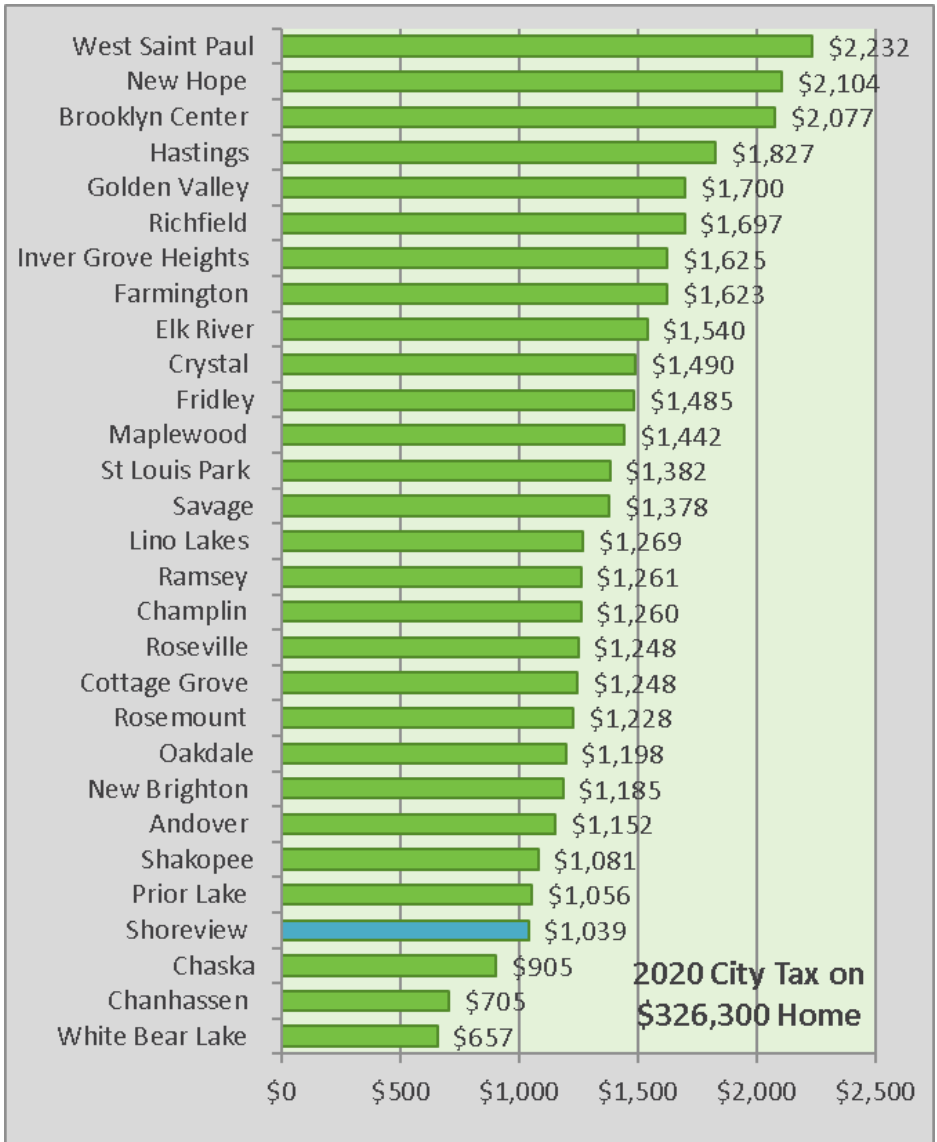
Population

The graph below contains the 2018 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. Shoreview’s population is 8.6% below the average of all comparison cities. A similar graph with population levels for MLC cities is presented on page 13.



City-Share of Property Taxes

The 2020 city-share of property taxes for a \$326,300 home (Shoreview’s median value) is illustrated in the graph below. Shoreview ranks 4th lowest at \$1,039, and is about 25% below the average of \$1,383. It should be noted that for property tax purposes, the home value is reduced from \$326,300 to \$318,400 due to the market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has risen 1 position in the last 10 years in relation to comparison cities. Shoreview ranked 22 in 2010, and has risen 1 position to rank 21 in 2020. Shoreview's tax levy was 25.6% below the average of comparison cities in 2010, compared to 21.1% below the average for 2020.

2010		
Rank	City	Levy
1	Edina	\$24,582,648
2	St Louis Park	21,799,691
3	Apple Valley	20,209,462
4	Golden Valley	15,968,952
5	Maplewood	15,388,032
6	Inver Grove Hgts	15,077,143
7	Savage	14,680,404
8	Richfield	14,678,665
9	Shakopee	14,156,439
10	Roseville	12,990,863
11	Brooklyn Center	12,000,229
12	Cottage Grove	11,522,077
13	Hastings	10,979,908
14	Elk River	10,711,610
15	Rosemount	10,605,781
16	Andover	10,278,486
17	Chanhassen	9,539,468
18	Fridley	9,404,787
19	Oakdale	9,218,504
20	New Hope	8,757,955
21	Prior Lake	8,735,764
22	Shoreview	8,683,739
23	Crystal	8,478,437
24	Lino Lakes	8,442,330
25	Ramsey	8,159,557
26	Champlin	7,194,269
27	New Brighton	7,125,076
28	Chaska	4,707,593
29	White Bear Lk	4,441,168
Average		\$11,673,070
Shvw to Avg		-25.6%

2020		
Rank	City	Levy
1	St Louis Park	\$34,770,521
2	Golden Valley	25,073,034
3	Inver Grove Heigh	24,810,277
4	Maplewood	23,217,300
5	Roseville	23,105,170
6	Richfield	22,687,471
7	Shakopee	20,380,500
8	Brooklyn Center	19,509,310
9	Savage	18,687,907
10	Cottage Grove	16,914,400
11	West Saint Paul	16,801,114
12	New Hope	16,496,716
13	Fridley	16,109,557
14	Hastings	14,788,179
15	Andover	14,479,586
16	Prior Lake	13,601,137
17	Farmington	13,036,578
18	Rosemount	12,967,538
19	Elk River	12,865,770
20	Oakdale	12,833,351
21	Shoreview	12,819,826
22	Ramsey	12,509,232
23	Crystal	12,084,672
24	Chanhassen	11,741,368
25	Champlin	11,068,806
26	Lino Lakes	10,491,518
27	New Brighton	10,370,250
28	Chaska	10,350,385
29	White Bear Lake	6,908,000
Average		\$16,257,913
Shvw to Avg		-21.1%

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 \$74.96 of LGA per capita. Seventeen of the comparison cities receive at least some LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,745,604	\$ 74.96
West Saint Paul	\$ 1,449,192	\$ 68.84
Brooklyn Center	\$ 2,118,686	\$ 65.60
Richfield	\$ 2,353,353	\$ 64.59
White Bear Lake	\$ 1,588,195	\$ 62.38
Fridley	\$ 1,761,746	\$ 61.12
New Hope	\$ 807,122	\$ 37.04
Hastings	\$ 840,634	\$ 36.33
New Brighton	\$ 730,693	\$ 31.61
Maplewood	\$ 1,101,873	\$ 27.07
Elk River	\$ 411,562	\$ 16.53
Farmington	\$ 328,374	\$ 14.35
Oakdale	\$ 228,646	\$ 8.08
St Louis Park	\$ 267,271	\$ 5.46
Cottage Grove	\$ 87,494	\$ 2.34
Roseville	\$ 77,800	\$ 2.14
Chaska	\$ 14,171	\$ 0.51
Shakopee	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Andover	\$ -	\$ -
Savage	\$ -	\$ -
Ramsey	\$ -	\$ -
Chanhassen	\$ -	\$ -
Prior Lake	\$ -	\$ -
Rosemount	\$ -	\$ -
Champlin	\$ -	\$ -
Golden Valley	\$ -	\$ -
Lino Lakes	\$ -	\$ -
Shoreview	\$ -	\$ -

Tax Rates

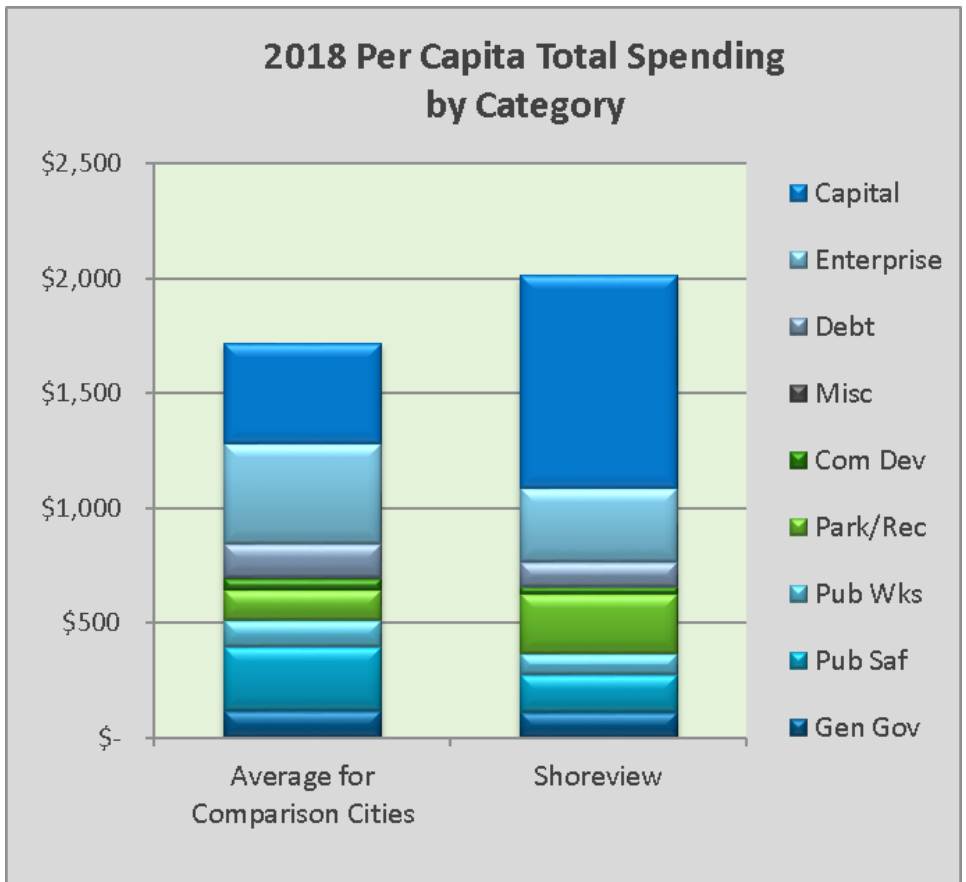
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained consistent over the last 10 years, ranking 6th lowest in 2010 and 5th lowest in 2020 . For 2020, Shoreview is about 24% below the average tax rate of 43.17%.

2010		
Rank	City	Tax Rate
1	Hastings	52.68%
2	Brooklyn Center	51.10%
3	Golden Valley	48.20%
4	Richfield	47.96%
5	Savage	47.34%
6	New Hope	45.97%
7	Elk River	44.39%
8	Rosemount	43.36%
9	Crystal	42.87%
10	Inver Grove Heigh	42.34%
11	Apple Valley	39.87%
12	Ramsey	38.04%
13	Lino Lakes	37.91%
14	St Louis Park	37.12%
15	Andover	36.60%
16	New Brighton	35.61%
17	Maplewood	35.35%
18	Cottage Grove	35.29%
19	Champlin	35.02%
20	Shakopee	33.71%
21	Oakdale	32.98%
22	Fridley	32.28%
23	Prior Lake	29.44%
24	Shoreview	27.57%
25	Roseville	27.37%
26	Chanhassen	25.17%
27	Edina	22.97%
28	Chaska	21.54%
29	White Bear Lk	16.59%
Average		36.78%
Shvw to Avg		-25.0%

2020		
Rank	City	Tax Rate
1	West Saint Paul	70.11%
2	New Hope	66.09%
3	Brooklyn Center	65.23%
4	Hastings	57.39%
5	Golden Valley	53.40%
6	Richfield	53.29%
7	Inver Grove Heigh	51.04%
8	Farmington	50.97%
9	Crystal	46.79%
10	Elk River	46.24%
11	Fridley	45.25%
12	Maplewood	44.65%
13	St Louis Park	43.40%
14	Savage	42.36%
15	Lino Lakes	39.87%
16	Ramsey	39.59%
17	Champlin	39.56%
18	Roseville	39.20%
19	Cottage Grove	39.18%
20	Rosemount	38.58%
21	Oakdale	37.62%
22	New Brighton	37.23%
23	Andover	35.66%
24	Shakopee	33.96%
25	Shoreview	32.63%
26	Prior Lake	32.50%
27	Chaska	28.42%
28	Chanhassen	21.18%
29	White Bear Lake	20.63%
Average		43.17%
Shvw to Avg		-24.4%

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 2018 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2018 spending is \$2,011 per capita, which is about 17% above the average of \$1,716. It should be noted that Shoreview's operating expenditures per capita (total expenditures less capital expenditures) is \$1,084, which is about 15% below the average of \$1,282.



Spending Per Capita by Activity

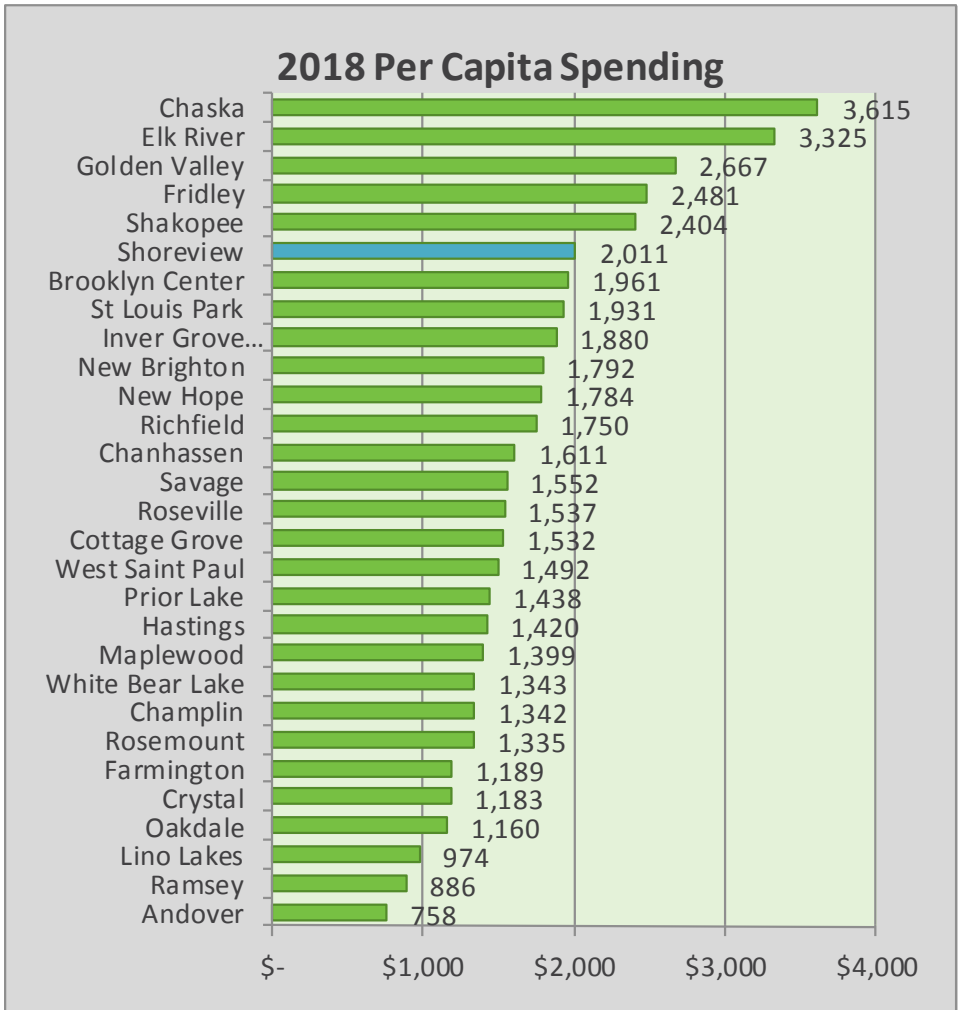
When reviewing spending in more detail, Shoreview is above average in parks and recreation, utility operations and capital outlay, and below average for all other spending categories.

- 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 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.
- Capital outlay spending is higher due to the community center expansion project (\$14,388,420).
- Public safety spending in Shoreview is third lowest for all comparison cities, at \$163.49 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 29.4% below average in Shoreview due to lower overall debt balances.

2018 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 118.10	\$ 111.15	\$ (6.95)	-5.9%
Public safety	273.20	163.49	(109.71)	-40.2%
Public works	116.86	90.43	(26.43)	-22.6%
Parks and recreation	131.52	258.03	126.51	96.2%
Commun devel/EDA/HRA/Housing	53.63	34.06	(19.57)	-36.5%
All other governmental	0.87	-	(0.87)	-100.0%
Water/sewer/storm/st lights	274.37	320.71	46.34	16.9%
Electric	138.19	-	(138.19)	-100.0%
All other enterprise operations	24.88	-	(24.88)	-100.0%
Debt payments	150.33	106.12	(44.21)	-29.4%
Capital outlay	433.65	927.26	493.61	113.8%
Total All Funds	\$ 1,715.58	\$ 2,011.25	\$ 295.67	17.2%

The graph below shows total 2018 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$3,615 in Chaska to a low of \$758 in Andover.

Shoreview ranks 6th highest at \$2,011 per capita, and is 17% above the average of \$1,716.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2018 except franchise tax (utility & cable), local intergovernmental revenue (recycling cart reimbursement), 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 3rd lowest for special assessments.

2018 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 503.97	\$ 431.79	\$ (72.18)	-14.3%
Tax increment (TIF)	45.57	38.80	(6.77)	-14.9%
Franchise tax	31.71	47.56	15.85	50.0%
Other tax	3.15	0.63	(2.52)	-80.0%
Special assessments	40.11	13.27	(26.84)	-66.9%
Licenses & permits	41.65	23.97	(17.68)	-42.4%
Federal (all combined)	6.55	-	(6.55)	-100.0%
State (all combined)	98.97	52.37	(46.60)	-47.1%
Local (all combined)	12.82	14.73	1.91	14.9%
Charges for service	166.98	240.22	73.24	43.9%
Fines & forfeits	6.08	2.24	(3.84)	-63.2%
Interest	15.85	16.81	0.96	6.1%
All other governmental	34.13	3.45	(30.68)	-89.9%
Water/sewer/storm/street lighting	296.42	389.91	93.49	31.5%
Electric enterprise	152.76	-	(152.76)	-100.0%
All other enterprise	29.87	-	(29.87)	-100.0%
Total Revenue per capita	\$ 1,486.57	\$ 1,275.75	\$ (210.82)	-14.2%

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.

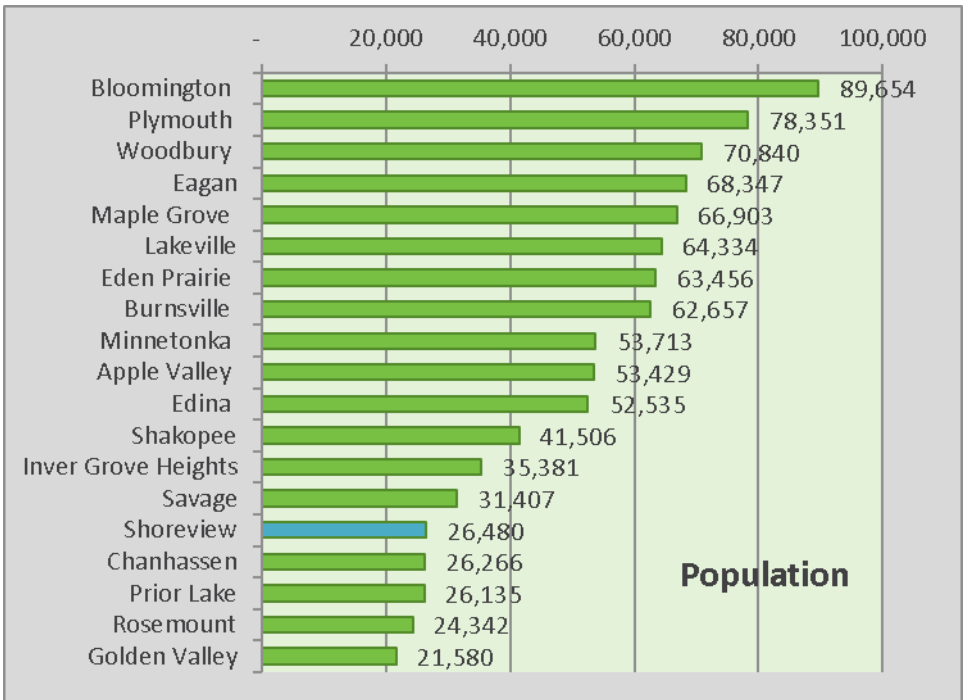
- Shoreview's 2018 spending per capita ranks 6th highest
- Shoreview's assessment collections per capita are 3rd lowest among comparison cities
- Shoreview's share of the 2020 property tax bill, on a home valued at \$326,300, is 4th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 6th lowest among comparison cities in 2010 and 5th lowest in 2020.

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

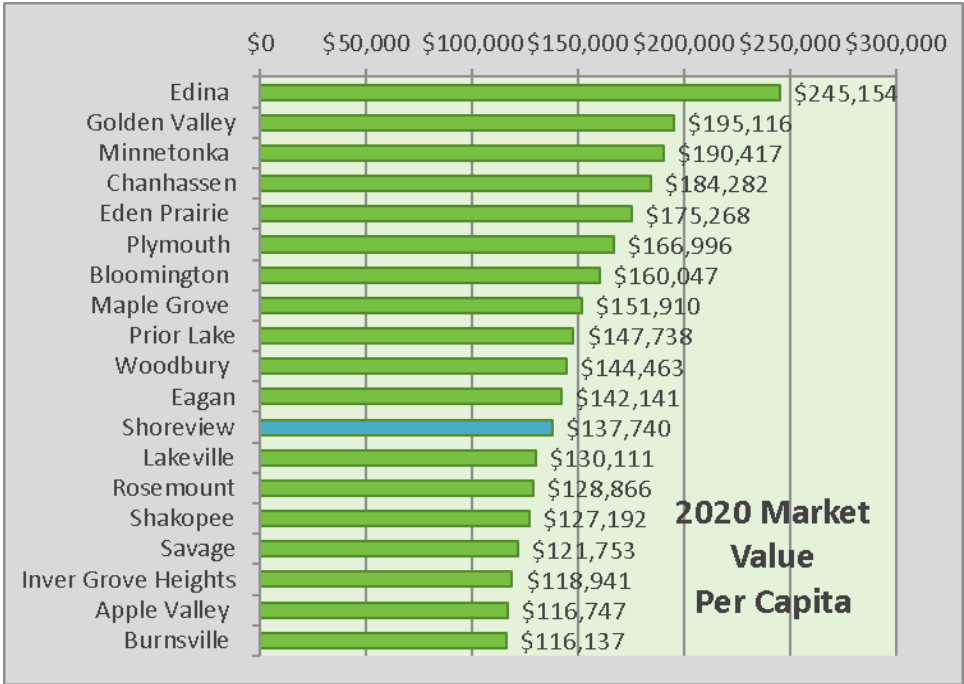
Comparisons for the 19 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and many have AAA bond ratings, like Shoreview).

Shoreview has the 5th lowest 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 \$14.35 billion followed by Plymouth with total market value of \$13.08 billion. Once the value is divided by population, Plymouth ranks 6th at \$166,996 of value per resident, while Bloomington ranks 7th at \$160,047.

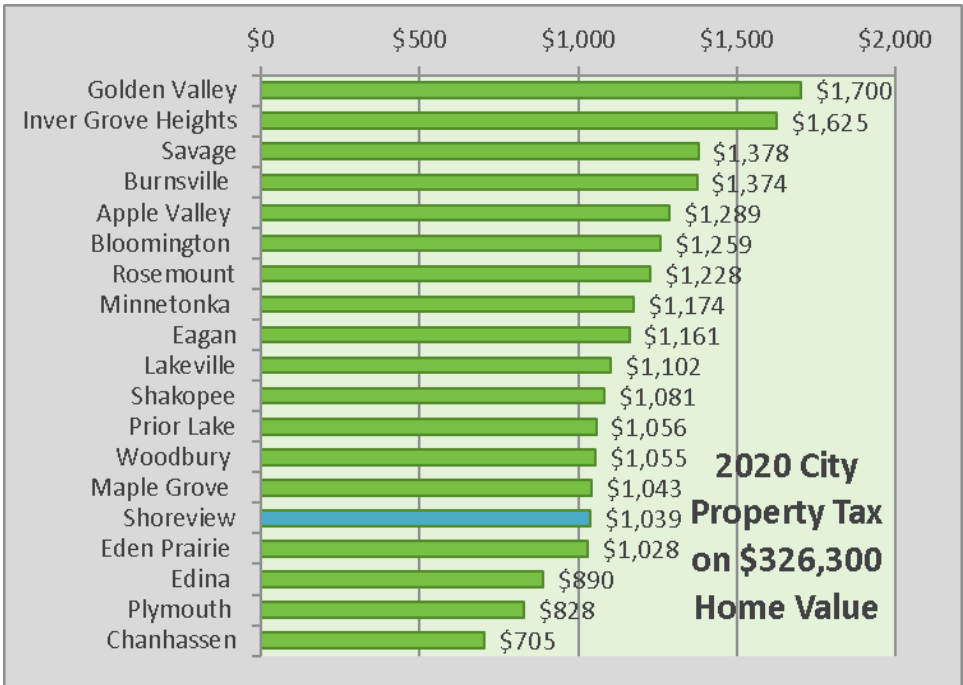
The graph below presents market value per capita for each MLC city. Shoreview is in the lower half of the group at \$137,740 (about 9.8% below the average of \$152,685).



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).

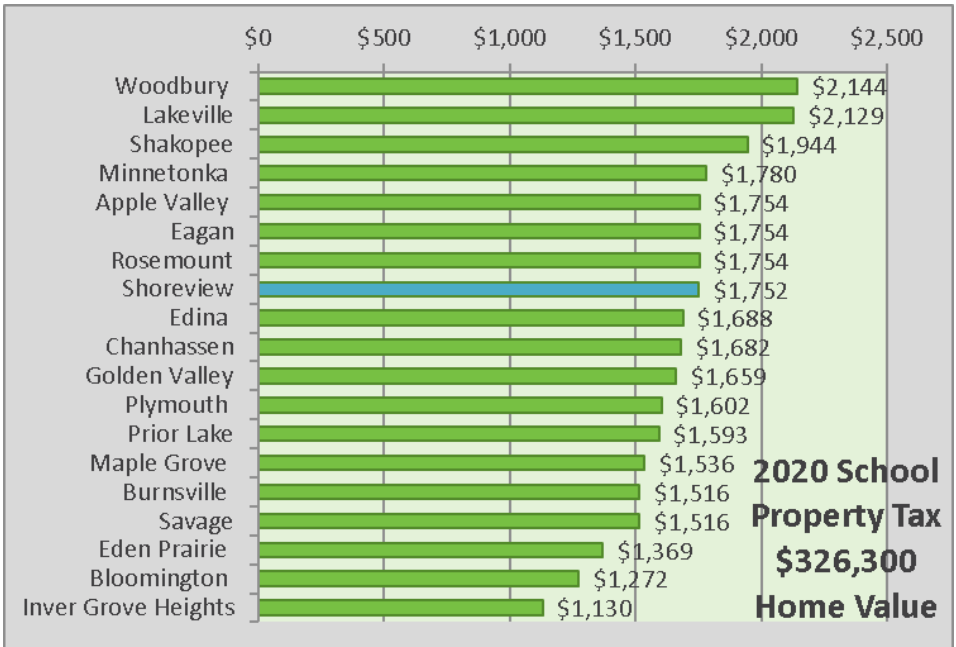
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City Taxes are presented below for a home valued at \$326,300 (Shoreview’s median value). Shoreview ranks 5th lowest at \$1,039, compared to a high of \$1,700 in Golden Valley, and a low of \$705 in Chanhassen. The average city tax for MLC cities is \$1,159, Shoreview is about 10.3% below the average.



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.

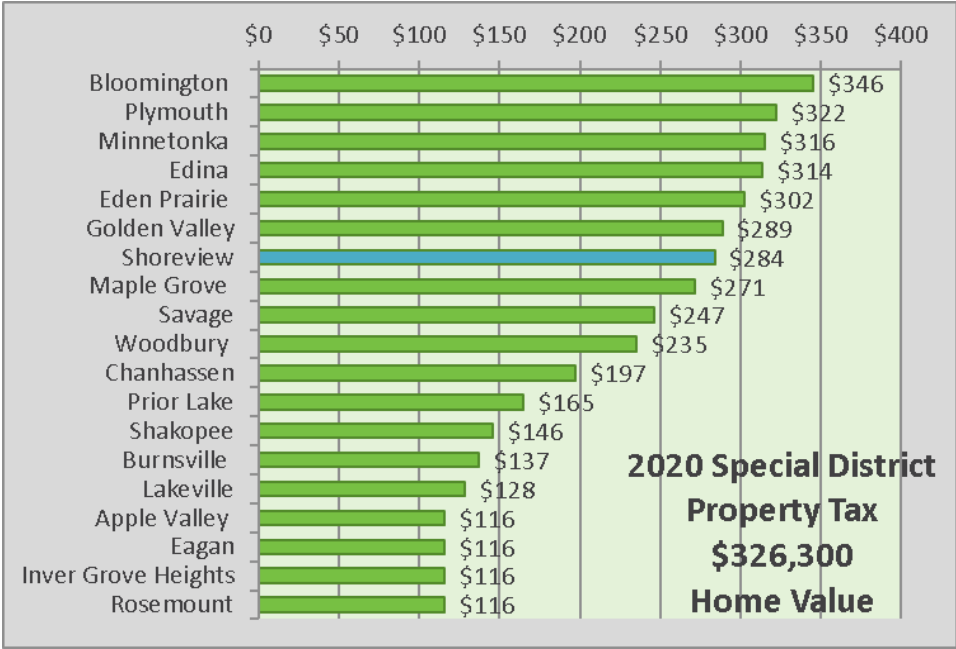
Property taxes in the Mounds View school district rank about 5.5% above the MLC city average.



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:

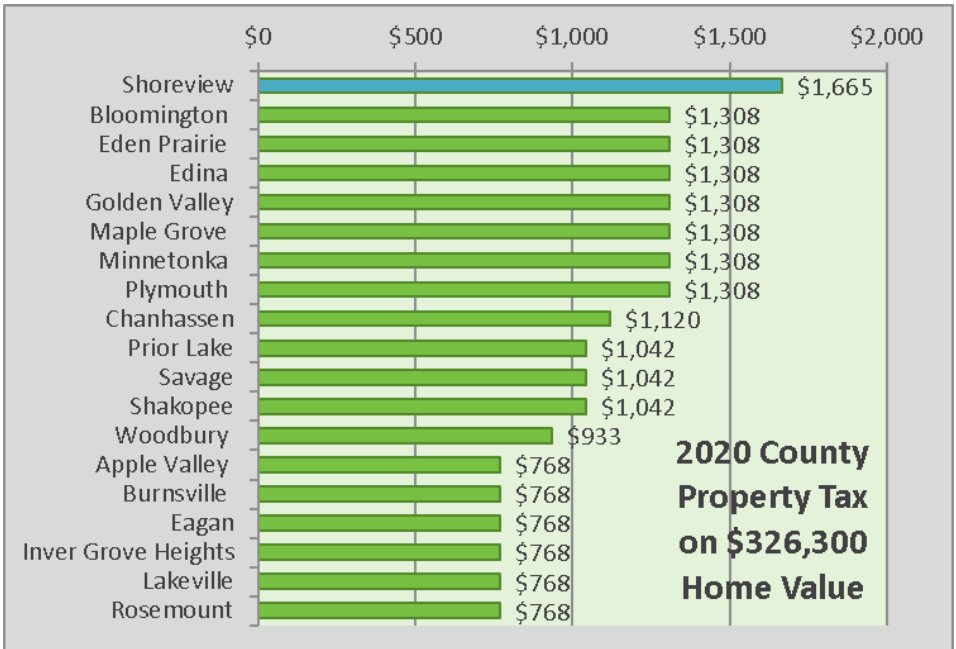
Regional Rail	\$	125
Metropolitan Council		64
Mosquito Control		13
Rice Creek Watershed		61
Shoreview HRA		21
Total Special District Tax	\$	284

The graph below presents an estimate for combined special district property taxes in each city. In Shoreview, the combined tax for these districts ranks 29.7% above the average of \$219.



County property taxes vary greatly among MLC cities.

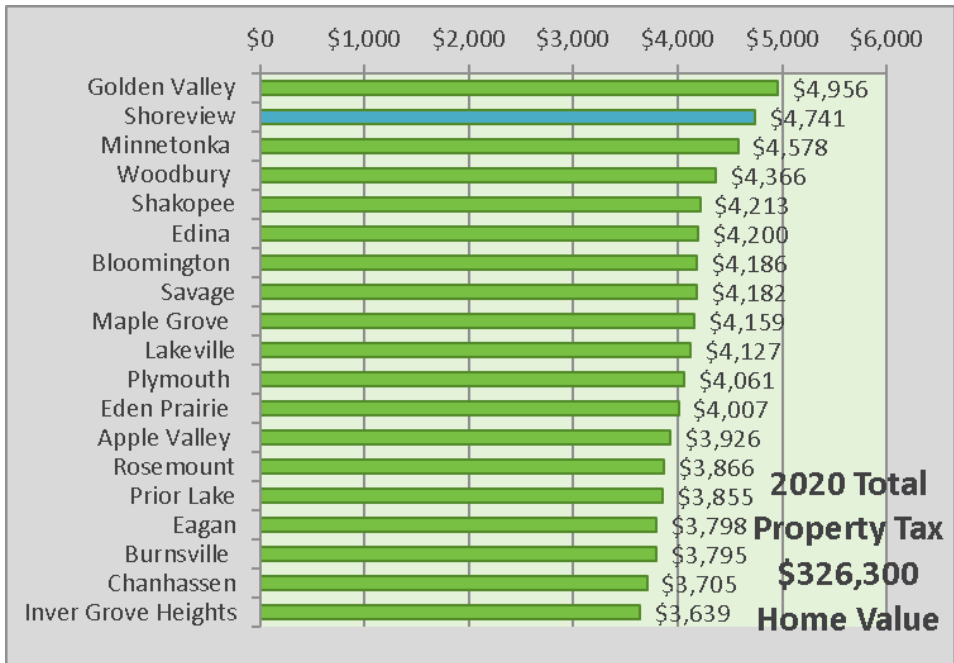
- Ramsey County taxes are \$1,665, the highest for MLC cities. (and includes the City of Shoreview)
- Hennepin County cities are \$1,308, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka and Plymouth).
- Carver County cities are \$1,120 (including the City of Chanhassen)
- Scott County taxes are \$1,042 (including the cities of Prior Lake, Savage and Shakopee).
- Washington County taxes are \$933 (including the city of Woodbury).
- Dakota County is lowest at \$768 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lakeville and Rosemount).



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 Inver Grove Heights (the lowest MLC city). For the same value home, county property taxes are \$897 higher in Shoreview, school district taxes are \$623 higher, special district taxes are \$168 higher and city taxes are \$586 lower.

Jurisdiction	Inver Grove		
	Shoreview	Heights	Difference
County	\$ 1,665	\$ 768	\$ 897
School District	1,753	1,130	623
City	1,039	1,625	(586)
Special Districts	284	116	168
Total	\$ 4,741	\$ 3,639	\$ 1,102



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 2021 budget is scheduled for December 7, 2020 at 7:00 pm, 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 21, 2020 (the second regular council meeting in December).



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