



Community Benchmarks

How does Shoreview compare?

August 2015

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. 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 2015 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 2013 data.

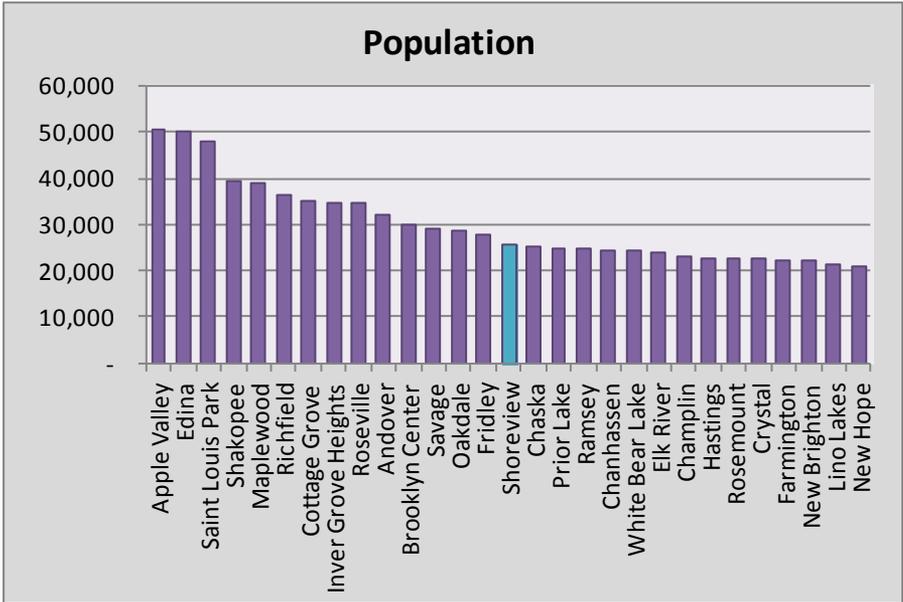
Shoreview uses both the LMC and OSA information to assemble two sets of data:

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 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 2014 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 2015 City-share of property taxes for a \$247,500 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 5th lowest at \$811, and is about 20% below the average of \$1,020. It should be noted that for property tax purposes, the home value is reduced from \$247,500 to \$232,500 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 2005 Shoreview ranked 21, and has risen 3 positions to rank 18 in 2015. Shoreview's tax levy was 26.6% below the average of comparison cities in 2005, compared to 21.7% below the average for 2015.

2005		
Rank	City	Levy
1	Edina	\$18,994,215
2	St. Louis Park	17,303,851
3	Apple Valley	17,113,164
4	Lakeville	14,967,255
5	Maplewood	12,725,862
6	Golden Valley	12,545,588
7	Inver Grove Heigh	11,453,645
8	Richfield	10,993,431
9	Savage	10,687,961
10	Cottage Grove	10,440,762
11	Brooklyn Center	10,308,951
12	Roseville	9,762,840
13	Shakopee	9,428,432
14	Hastings	8,611,628
15	Chanhassen	8,075,342
16	Oakdale	8,068,918
17	New Hope	8,030,219
18	Fridley	7,793,230
19	Elk River	7,624,156
20	Andover	7,556,953
21	Shoreview	6,939,712
22	Crystal	6,647,764
23	Prior Lake	6,523,414
24	New Brighton	6,198,120
25	Champlin	6,103,918
26	Ramsey	6,035,239
27	South Saint Paul	5,491,965
28	White Bear Lake	4,834,788
29	Chaska	3,108,777
Average		\$9,461,038
Shvw to Avg		-26.6%

2015		
Rank	City	Levy
1	Edina	\$29,086,785
2	Saint Louis Park	26,986,286
3	Apple Valley	22,224,046
4	Maplewood	18,694,310
5	Richfield	18,289,605
6	Roseville	17,511,902
7	Shakopee	16,573,266
8	Inver Grove Heigh	16,468,982
9	Savage	16,161,671
10	Brooklyn Center	14,778,193
11	Cottage Grove	13,402,100
12	Hastings	12,061,027
13	Farmington	11,402,242
14	Fridley	11,388,996
15	Andover	10,959,924
16	Rosemount	10,827,772
17	Oakdale	10,270,525
18	Shoreview	10,267,916
19	Chanhassen	10,037,934
20	Elk River	10,017,464
21	New Hope	9,952,273
22	Ramsey	9,369,889
23	Prior Lake	9,199,592
24	Crystal	8,865,262
25	Lino Lakes	8,686,266
26	Champlin	8,504,647
27	New Brighton	6,930,843
28	Chaska	6,571,848
29	White Bear Lake	4,844,999
Average		\$13,115,054
Shvw to Avg		-21.7%

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 \$74.93 of LGA per capita. A majority of comparison cities receive at least some LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,681,036	\$ 74.93
White Bear Lake	\$ 1,542,705	\$ 63.86
Richfield	\$ 2,053,363	\$ 56.79
Brooklyn Center	\$ 1,494,152	\$ 49.99
Fridley	\$ 1,315,477	\$ 47.06
New Hope	\$ 595,055	\$ 28.59
Hastings	\$ 573,671	\$ 25.51
New Brighton	\$ 554,412	\$ 25.10
Chaska	\$ 505,223	\$ 19.99
Maplewood	\$ 627,108	\$ 16.06
Farmington	\$ 276,607	\$ 12.36
Elk River	\$ 255,596	\$ 10.77
Saint Louis Park	\$ 512,466	\$ 10.69
Champlin	\$ 230,160	\$ 10.06
Oakdale	\$ 134,711	\$ 4.70
Ramsey	\$ 110,352	\$ 4.45
Cottage Grove	\$ 72,518	\$ 2.06
Apple Valley	\$ -	\$ -
Edina	\$ -	\$ -
Shakopee	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Roseville	\$ -	\$ -
Andover	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Prior Lake	\$ -	\$ -
Chanhassen	\$ -	\$ -
Rosemount	\$ -	\$ -
Lino Lakes	\$ -	\$ -

Tax Rates

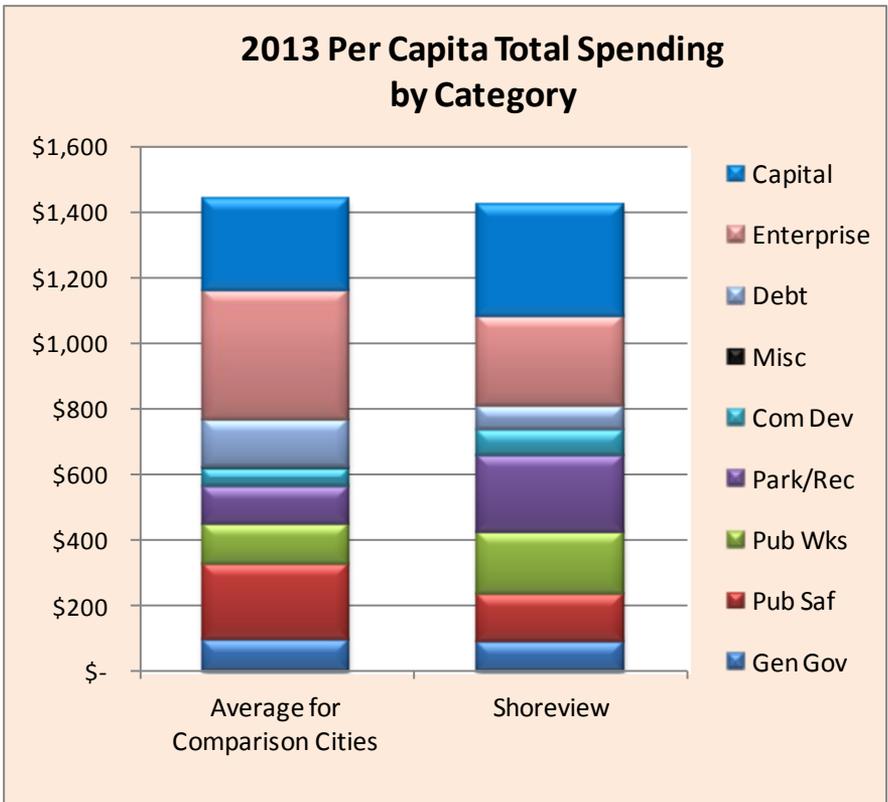
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 5th and 6th lowest in 2005 and 2015 respectively. For 2015, Shoreview is about 19% below the average tax rate of 43.28%.

2005		
Rank	City	Tax Rate
1	Hastings	50.52%
2	Brooklyn Center	50.49%
3	Savage	46.39%
4	New Hope	46.32%
5	Golden Valley	45.30%
6	Elk River	43.76%
7	Cottage Grove	39.09%
8	Richfield	38.87%
9	Ramsey	38.50%
10	Crystal	38.33%
11	Inver Grove Heigh	38.14%
12	St. Louis Park	37.38%
13	South Saint Paul	36.91%
14	Apple Valley	36.75%
15	Maplewood	34.23%
16	Oakdale	34.16%
17	New Brighton	33.87%
18	Fridley	33.63%
19	Champlin	32.87%
20	Prior Lake	32.36%
21	Lakeville	31.33%
22	Andover	31.20%
23	Shakopee	31.12%
24	Chanhassen	28.10%
25	Shoreview	25.45%
26	Roseville	24.52%
27	Edina	24.09%
28	White Bear Lake	20.95%
29	Chaska	19.88%
Average		35.33%
Shvw to Avg		-28.0%

2015		
Rank	City	Tax Rate
1	Brooklyn Center	70.03%
2	Hastings	62.58%
3	Farmington	61.46%
4	Richfield	60.13%
5	New Hope	54.93%
6	Savage	51.74%
7	Crystal	49.10%
8	Inver Grove Heigh	48.59%
9	Saint Louis Park	47.75%
10	Elk River	47.19%
11	Maplewood	46.35%
12	Apple Valley	45.27%
13	Rosemount	45.15%
14	Lino Lakes	43.77%
15	Fridley	43.51%
16	Ramsey	42.26%
17	Cottage Grove	41.41%
18	Champlin	41.24%
19	Oakdale	39.13%
20	Roseville	38.91%
21	Shakopee	37.86%
22	Andover	37.20%
23	New Brighton	36.22%
24	Shoreview	34.87%
25	Prior Lake	31.96%
26	Edina	26.61%
27	Chaska	24.78%
28	Chanhassen	24.62%
29	White Bear Lake	20.37%
Average		43.28%
Shvw to Avg		-19.4%

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 2013 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2013 spending is about \$1,419 per capita, which is about 1% below the average of \$1,437. During 2013 the City called \$505,000 of bond principal relating to the 2013 debt refunding and incurred \$2,760,191 of infrastructure costs for other local governments that were subsequently reimbursed or recovered through grants, MSA funds, TIF receipts and special assessments. If these debt and infrastructure costs were removed the City's per capita expense would be \$1,292 and 10% below average.



Spending Per Capita by Activity

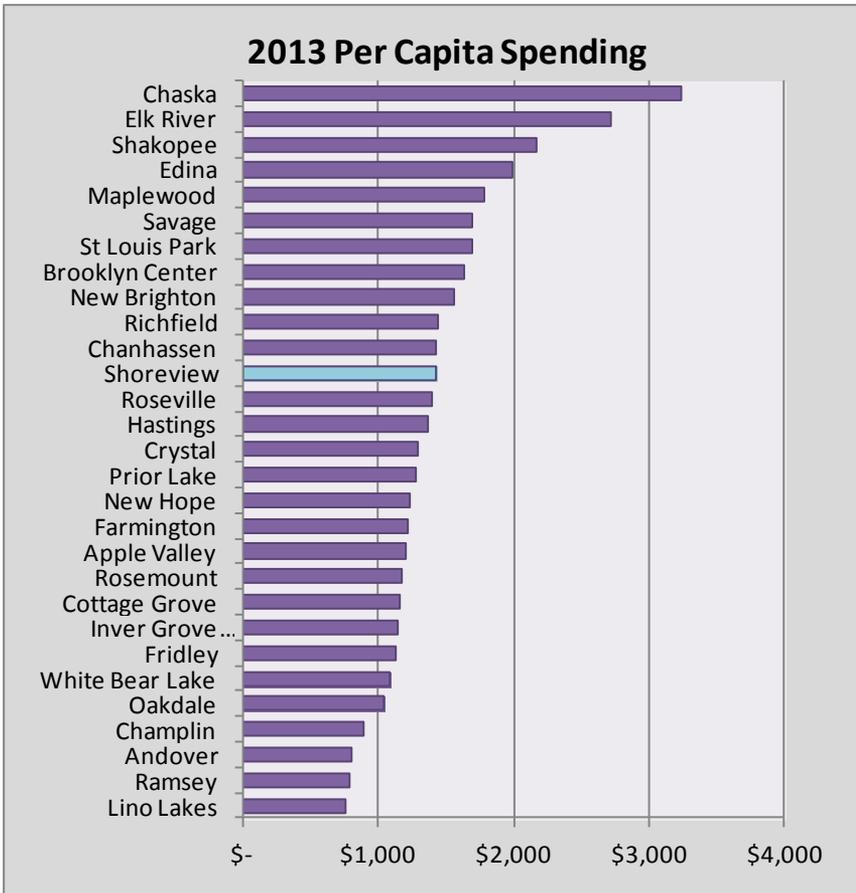
When reviewing spending in more detail, Shoreview is above average in public works, parks and recreation, community development, traditional utility operations (water, sewer, storm and street lighting) and capital outlay (planned 2013 capital expenditures).

- Public works spending is higher in Shoreview due to costs incurred for other governments (see prior page comments).
- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Community development is higher due to one time developer assistance payments.
- 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 third lowest for all comparison cities, at \$141.85 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 51% below average in Shoreview due to lower overall debt balances.

2013 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 94.05	\$ 89.88	\$ (4.17)	-4.4%
Public safety	227.60	141.85	(85.75)	-37.7%
Public works	126.02	189.30	63.28	50.2%
Parks and recreation	113.39	235.52	122.13	107.7%
Commun devel/EDA/HRA/Housing	53.77	79.18	25.41	47.3%
All other governmental	4.54	-	(4.54)	-100.0%
Water/sewer/storm/st lights	242.94	272.83	29.89	12.3%
Electric	122.16	-	(122.16)	-100.0%
All other enterprise operations	27.54	-	(27.54)	-100.0%
Debt payments	146.72	72.25	(74.47)	-50.8%
Capital outlay	278.14	338.66	60.52	21.8%
Total All Funds	\$ 1,436.88	\$ 1,419.47	\$ (17.41)	-1.2%

The graph below shows total 2013 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$3,230 in Chaska to a low of \$761 in Lino Lakes.

Shoreview ranks 12th lowest at \$1,419 per capita, and is 1% below the average of \$1,437.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2013 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 3rd lowest for special assessments.

2013 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 419.19	\$ 369.25	\$ (49.94)	-11.9%
Tax increment (TIF)	46.96	73.46	26.50	56.4%
Franchise tax	20.60	17.80	(2.80)	-13.6%
Other tax	1.96	0.62	(1.34)	-68.3%
Special assessments	57.80	5.84	(51.96)	-89.9%
Licenses & permits	32.59	25.29	(7.30)	-22.4%
Federal (all combined)	18.59	0.05	(18.54)	-99.7%
State (all combined)	93.07	41.40	(51.67)	-55.5%
Local (all combined)	14.45	2.66	(11.79)	-81.6%
Charges for service	133.57	275.23	141.66	106.1%
Fines & forfeits	7.39	2.05	(5.34)	-72.3%
Interest	(8.48)	(19.85)	(11.37)	-134.2%
All other governmental	31.27	2.83	(28.44)	-90.9%
Water/sewer/storm/street lighting	231.88	309.52	77.64	33.5%
Electric enterprise	134.48	-	(134.48)	-100.0%
All other enterprise	33.99	-	(33.99)	-100.0%
Total Revenue per capita	\$ 1,269.31	\$ 1,106.15	\$ (163.16)	-12.9%

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.

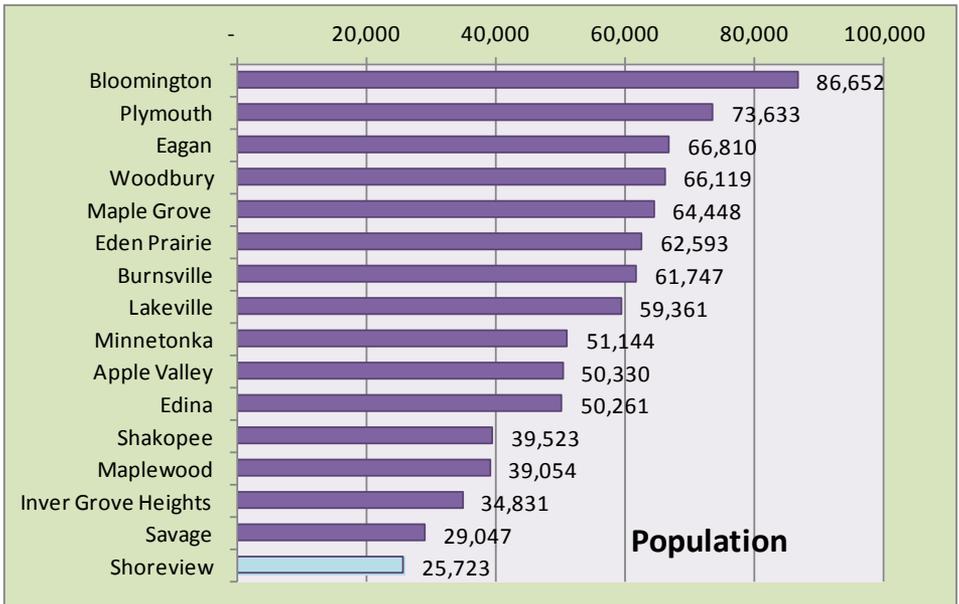
- Shoreview's 2013 spending per capita ranks 12th lowest
- Shoreview's assessment collections per capita are 3rd lowest among comparison cities
- Shoreview's share of the 2015 property tax bill, on a home valued at \$257,500, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city 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 2015 and 2005 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

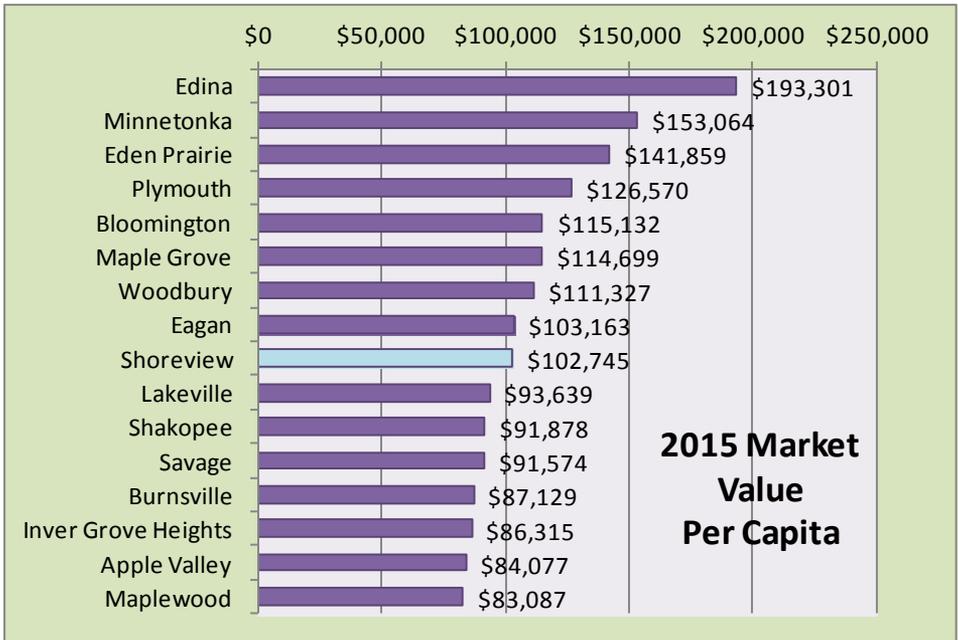
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial 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 \$9.98 billion followed by Edina with total market value of \$9.71 billion. Once the value is divided by population, Edina ranks highest at \$193,301 of value per resident, while Bloomington ranks 5th at \$115,132.

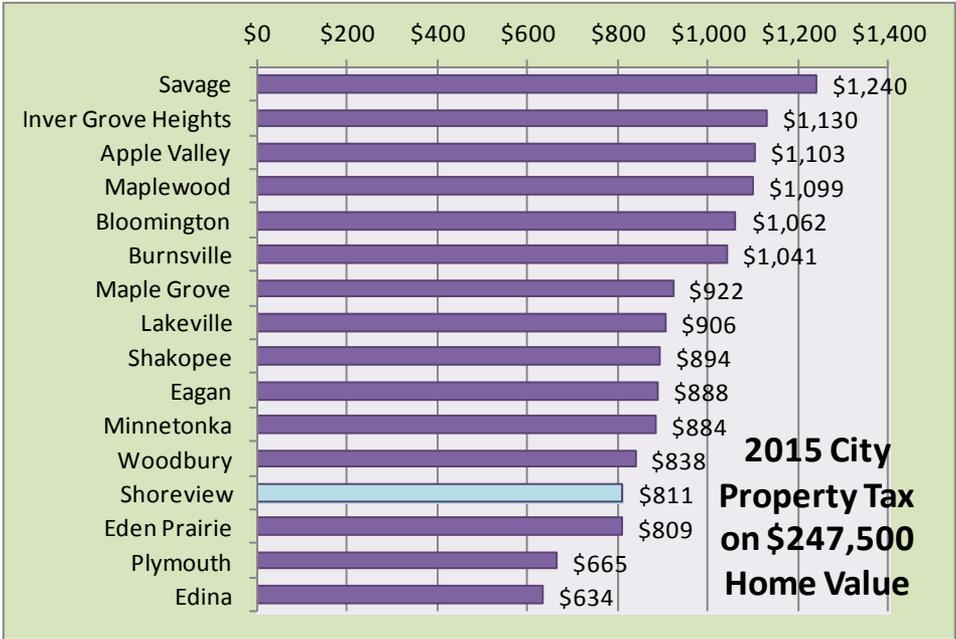
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$102,745 (about 7.6% below the average of \$111,222).



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).

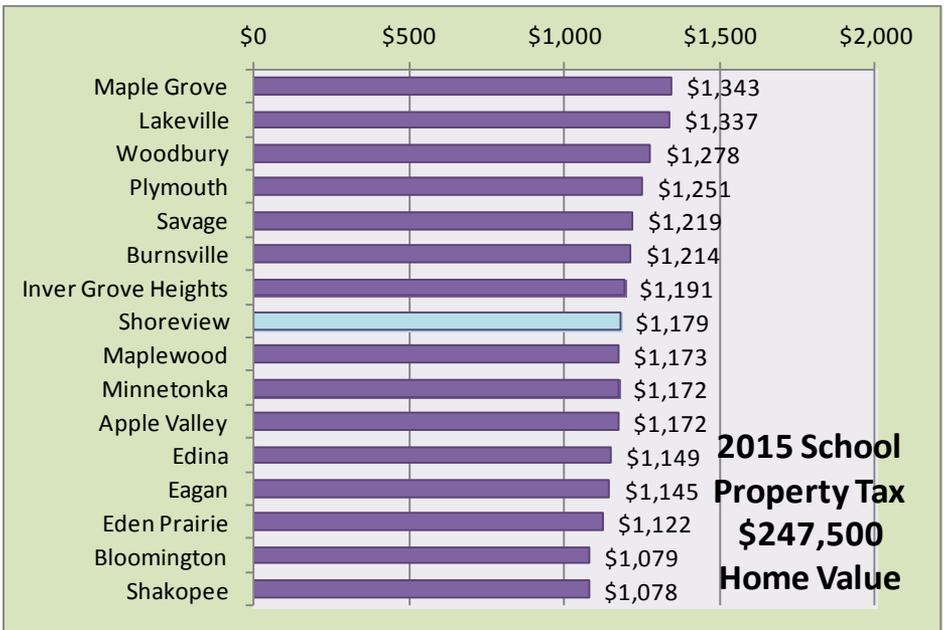
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$247,500 (Shoreview’s median value). Shoreview ranks 4th lowest at \$811, compared to a high of \$1,240 in Savage, and a low of \$634 in Edina. The average City tax for MLC cities is \$933.



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.

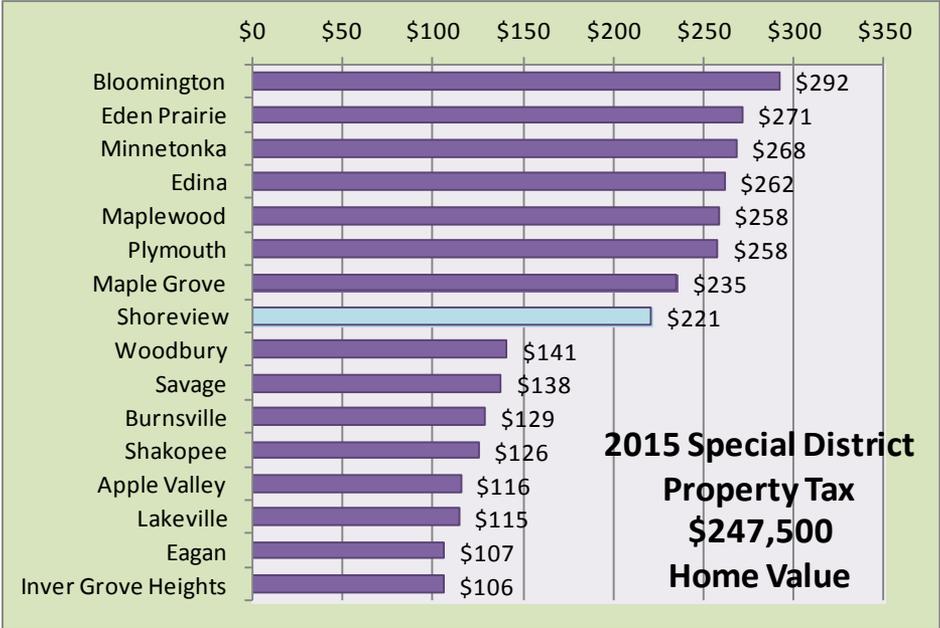
Property taxes in the Mounds View school district rank about 1.3% below the MLC city average.



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:

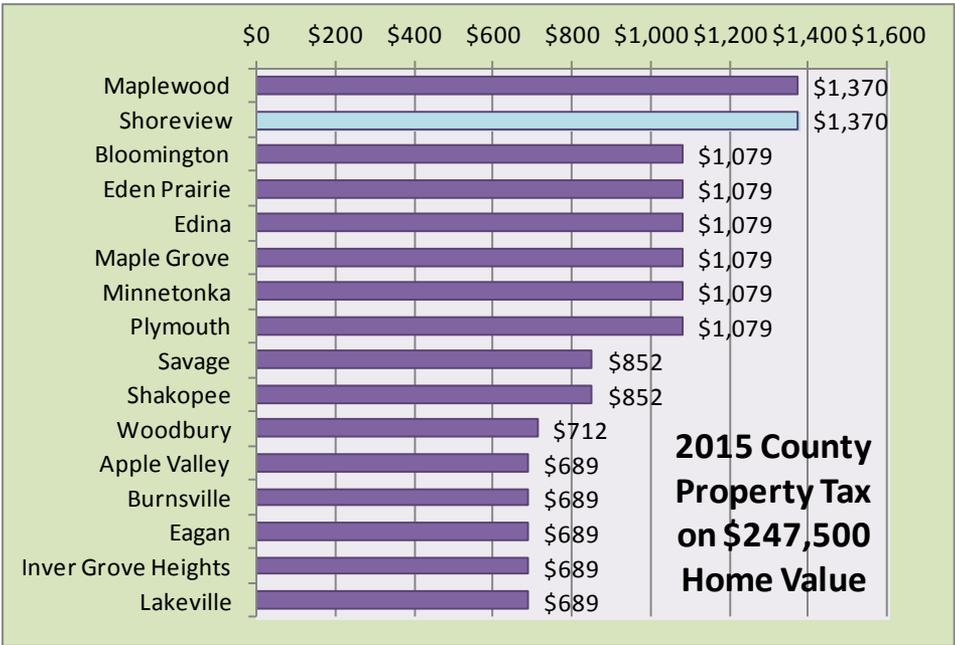
Regional Rail	\$ 92
Metropolitan Council	59
Mosquito Control	12
Rice Creek Watershed	51
Shoreview HRA	<u>7</u>
Total Special District Tax	\$221

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 \$190.

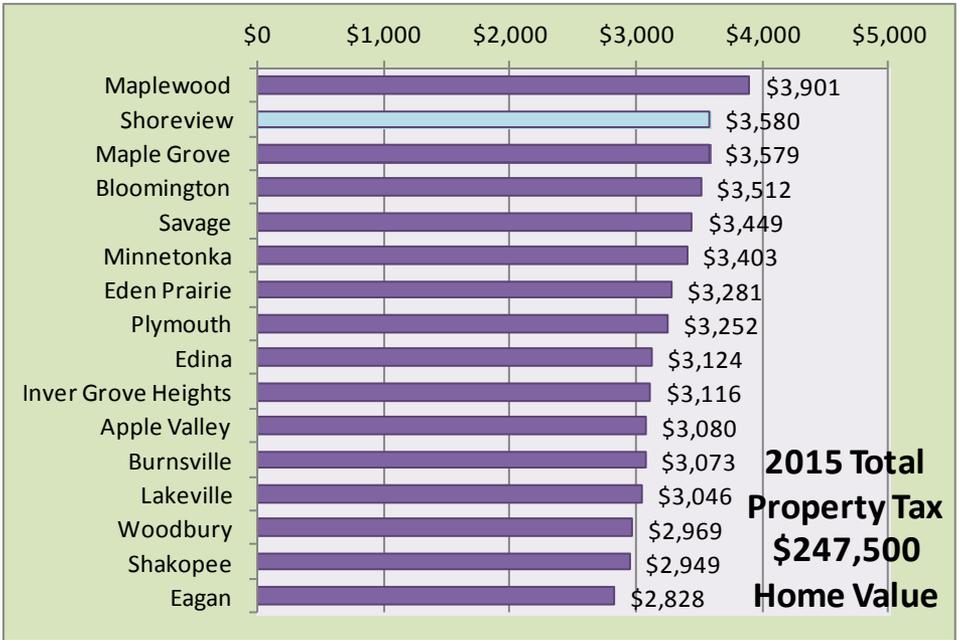


County property taxes vary greatly among MLC cities.

- Ramsey County taxes are \$1,370, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,079, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$852 (including the cities of Savage and Shakopee).
- Washington County taxes are \$712 (Woodbury).
- Dakota County is lowest at \$689 (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 \$681 higher in Shoreview, school district taxes are \$33 higher, special district taxes are \$115 higher and City taxes are \$77 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,370	\$ 689	\$ 681
School District	1,178	1,145	33
City	811	888	(77)
Special Districts	221	106	115
Total	\$ 3,580	\$ 2,828	\$ 752

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 2016 Budget is scheduled for December 7, 2015 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 21, 2015 (the second regular Council meeting in December).

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

