



**Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
TUESDAY, OCTOBER 22, 2024**

WORKSHOP TOPICS FOR DISCUSSION:

1. Discussion of Status of the 2025 General Fund Budget and Property Tax Levy (6:00-6:30 p.m.)



City Council Workshop City Council Agenda Report

MEETING DATE: October 22, 2024	WORKSHOP AGENDA ITEM: 1
TITLE: Discussion of Status of the 2025 General Fund Budget and Property Tax Levy (6:00-6:30 p.m.)	
PREPARED BY: Aurora Yager, Deputy City Manager	
REVIEWED BY: Jeffrey Dahl, City Manager	

DISCUSSION OBJECTIVE:

To review the current status of the 2025 General Fund Budget and provide feedback on whether further changes are necessary before the Final Budget is presented at the Truth in Taxation hearing at the December 3, 2024 City Council Meeting.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:

Diversify Revenue

The draft final budget moves the City forward in diversifying revenue by making it less dependent on property taxes in future years.

Achieve & Sustain Operational Excellence

The draft final budget funds several initiatives and projects that will help the organization achieve and sustain excellence in providing services to and for the community.

Sustain Community Character & Safety

The draft final budget funds several initiatives and projects that will keep the community's character and make it safer.

BACKGROUND:

Since the Council approved the preliminary 2025 General Fund Budget in September, staff has been working on updating based on new budget-related information received. Before a final version is presented at the Truth in Taxation hearing at the December 3, 2024 meeting, additional feedback on the current status of the budget and property tax levy is needed.

The current property tax levy amount, a summary of changes made since the preliminary budget was set, along with a list of options to reduce the budget is included in the attached updated summary.

ATTACHMENTS:

1. 2025 Final Budget Status Workshop Discussion

2025 General Fund Budget Status as of October 17, 2024

	2024	Preliminary Budget		Current Budget	
		2025	% Change	2025	% Change
General	\$5,905,107	\$6,462,880	9.45%	\$6,357,863	7.67%
City Infrastructure	\$502,015	\$502,000	0.00%	\$502,000	0.00%
Total City Tax Levy	\$6,407,122	\$6,964,880	8.71%	\$6,859,863	7.07%

Summary of Changes since Approval of the Preliminary Budget

Since the preliminary budget was adopted, staff have updated some of the estimates with final numbers, updated revenues to reflect closer to actual, and accounted for some staffing transitions. Based on these efforts the preliminary levy has been reduced by about \$105,000 or 1.64% to bring the total City Tax Levy increase to 7.07%. A summary of those main changes is included below.

Line Item	Amount	Increases (+) or Reductions (-) to Levy %	Notes
Revenues			
Revenues (various)	\$11,000	-0.18%	Increased budget for several revenue accounts to align closer to 2024 YTD actuals
Expenditures			
FT Police Wages and Benefits	\$43,675	-0.69%	Accounting for a few months gap in full leadership position staffing due to Police Chief hiring process
Parks PT Wages	\$10,025	-0.16%	Reallocated Seasonal Dockmasters wages to DT Parking Fund
General Liability Insurance	\$35,000	-0.55%	Initially overestimated increase to liability insurance to account for Lakewalk and docks
Total	\$99,700	-1.58%	

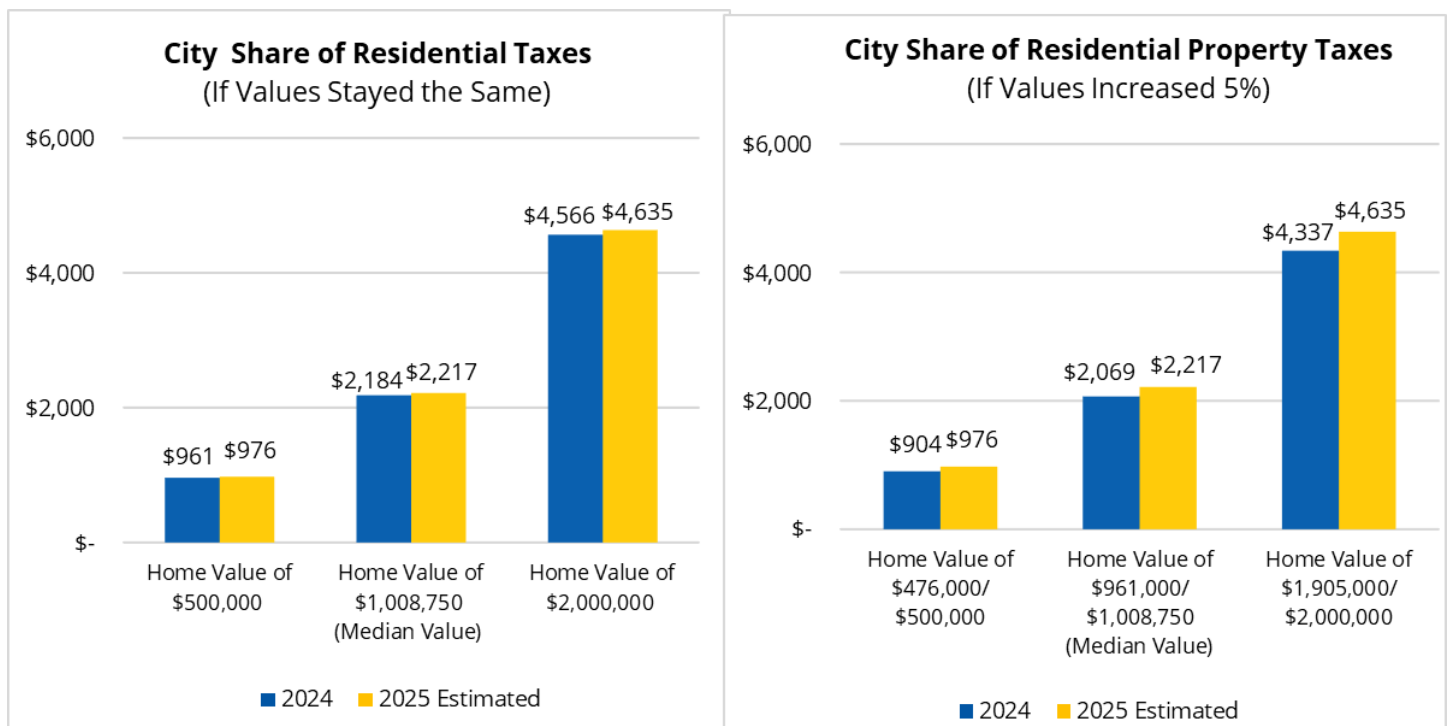
**There is also likely an additional \$15,000 or 0.24% that could be reduced from the levy once open enrollment information is finalized in November.*

Impact on Residents

Preliminary estimates on the impact of the preliminary levy indicate that the median valued home of \$1,008,750 would see an increase of \$67 in the City's portion of their annual tax bill when property values are held constant.

Based on the current draft of the final budget and levy, preliminary estimates indicate that the median valued home of \$1,008,750 would only see an increase of \$33 in the City's portion of their annual tax bill when property values are held constant or \$148 if their property value increased 5% (a reduction of \$34 from the preliminary levy).

Current Budget and Levy



Options to Reduce the General Fund Budget

If the changes made to reduce the 2025 budget so far still do not bring the budget within acceptable levels for Council, staff have prepared the following options to reduce the general fund budget along with their tradeoffs for Council consideration.

Expenditure Item	Amount	Approx. Levy % Savings	Tradeoffs
Remove Additional Contracted IT Support/Cybersecurity Project	\$25,000	0.39%	In lieu of in-house IT support, additional contracted support from Loffler is needed to implement recommendations from the cybersecurity study as outlined in the Strategic Plan. Without additional support, cybersecurity improvements will be placed on the back burner.
Delay Police Officer to mid-year 2025 or 2026	\$31,736-\$95,208	0.99%-1.48%	This position was included in the Long-Term Staffing Plan for 2025 to ensure the Police Department can meet its goal of always having two officers on. Delaying this position later than the beginning of the second quarter will mean that there is no additional capacity until the fall or winter which can cause a strain on Police Department staffing if turnover occurs. Delaying the position may also impact the ability to utilize the grant.
Reduce Capital Transfers Out to Capital Funds	Up to \$160,000	0.0%-2.49%	Maintaining annual capital allocations is key to continuing the City's commitment to funding capital projects with cash. Even with the existing transfer, there are already several funds with projected deficits in the next few years. Reinstating capital contributions to higher levels in future years will necessitate future levy increases.
Total Expenditure Reduction Ideas	Up to \$280,208	0% - 4.36%	

Additional Revenue Being Considered for Future Budgets

Opportunities to increase revenues via franchise fees will continue to be explored for a future general fund budget as timing wise the results will not be known until after a final budget is adopted. An updated draft timeline of the process to re-consider these fees is included below.

Item	Potential Amount	Approx. Levy % Savings
 Increase existing or add new franchise fees	\$27,000+	0.42%

Franchise Fee Discussion Proposed Timeline

The schedule below outlines the proposed timelines for proceeding with another review of a potential franchise fee and franchise fee ordinance update. More information will be provided at the January Workshop.

Step	Estimated Completion Date
Council Workshop	1/7/2025
Ordinances drafted	3/31/2025
Utility companies review	4/7/2025
Ordinances finalized	4/30/2025
Public Hearing and Ordinance approval	5/6/2025
Second Reading	5/20/2025
Utility companies notified	5/21/2025
Utility companies 60-day notification period concludes	7/21/2025
Utility companies notify users with insert/note on bill	Last week of July or August
Bill increase in effect	9/1/2025 (or later if preferred)