

**HOPKINS CITY COUNCIL
WORK SESSION
AGENDA**

Tuesday, July 12, 2022

6:30 pm

Hopkins City Hall – Council Chambers

6:30 p.m. 2023 General Fund Budget and Tax Levy; Bishop

Other

Adjournment



Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: July 12, 2022

Subject: 2023 General Fund Budget and Tax Levy

PURPOSE

To provide input and guidance for the 2023 General Fund budget 2023 Tax Levy and General Fund surplus.

INFORMATION

2023 General Fund Budget

Staff has been working to put together a 2023 General Fund Budget that meets the needs of the community and maintain service levels. The 2023 General Fund Budget being presented includes two additional full time employees:

- Building Inspector – \$116,000
 - Funded through increased revenues
 - Budget request from Chief Building Official is attached
- Fire Command Officer - \$110,000
 - Funded through general fund tax levy
 - Budget request from Fire Chief is attached

The General Fund budget is balanced. Revenues and expenditures are both set at \$17,240,140, a \$1,066,520,116 or 6.59% increase from 2022. The general fund tax levy needed to support this budget is \$13,980,371, a \$760,632 or 5.75% increase from 2022.

2023 Tax Levy

The 2023 Tax Levy has been prepared based on debt service needs, prior year ERP/CIP documents, preliminary equipment requests and initial budgets for special revenue funds and market conditions. The levy being presented relies on the use of a general fund surplus to pay for capital projects at the Activity Center, Hopkins History Center (907 Mainstreet), Pavilion and street lighting upgrades. The total tax levy is \$18,860,814, this is a \$720,714 or 3.97% increase from 2022. Based on preliminary tax capacity information, city taxes on a median value home (\$361,000) would be \$2,219, which is a \$217 increase from 2022.

General Fund Surplus

The City is projected to have a surplus in the general fund of \$1,196,479 at the end of 2022. The City has three main options for what to do with the surplus:

1. Maintain for cashflow, contingencies or emergencies
2. Use for an already existing request
3. Use for a new project or initiative

City Council discussed possible options for the surplus at the June 14th work session. Based on input from the work session, use of the surplus for existing projects has been incorporated into the draft tax levy. The attached summary gives an overview of available options.

FUTURE ACTION

A budget engagement session will be held on August 15 from 6-7 PM at City Hall. Details will be posted on the City's website: <https://www.hopkinsmn.com/466/City-Budget-Process>.

A preliminary levy must be adopted by September 30th of each year. The preliminary levy is planned to be approved at the September 6th City Council Meeting. The preliminary levy will be the maximum allowable amount for 2023 and can only be reduced.

A final levy must be adopted by December 31st of each year at or below the preliminary levy amount. A Truth and Taxation hearing is planned for Wednesday, November 30th. The final levy is planned to be approved at the December 6th City Council Meeting.

**City of Hopkins
General Fund Revenue Budget
For the Year Ending December 31, 2023**

DRAFT
July 12, 2022

Department	2022 Budget	2023 Budget	% Increase (Decrease)
Property Taxes	13,304,739	14,065,371	5.72%
Intergovernmental Revenue			
Local Government Aid	880,066	932,904	
Intergovernmental Revenue - Other	622,000	705,000	
Total Intergovernmental Revenue	1,502,066	1,637,904	9.04%
Licenses, Permits & Fines			
Court Fines & Penalties	176,000	176,000	
Building Permits & Inspections	475,500	557,000	
Inspection Fines & Citations	2,500	3,000	
City Clerk - Business Licenses	7,000	8,000	
PD - Liquor, Animal Licenses & Penalties	98,300	101,800	
Fire - Licenses & Permits	2,300	4,000	
Public Works - Licenses & Permits	19,415	19,415	
Planning & Zoning - Licenses & Permits	1,000	1,000	
Total Licenses, Permits & Fines	782,015	870,215	11.28%
Charges for Service			
Finance Department	5,500	5,500	
Assessing	3,000	3,000	
Inspections	109,400	175,450	
Police	35,000	35,000	
Fire	10,500	10,500	
Public Works	3,150	3,150	
Activity Center	90,000	94,300	
Total Charges for Service	256,550	326,900	27.42%
Miscellaneous Revenue			
Franchise Fees	296,200	296,200	
Miscellaneous	15,250	20,250	
Finance Department	3,000	3,000	
Police	500	500	
Fire	3,500	3,500	
Public Works	5,300	5,300	
Activity Center	4,500	11,000	
Total Miscellaneous	328,250	339,750	3.50%
Total Revenues	16,173,620	17,240,140	6.59%

**City of Hopkins
General Fund Expenditure Budget
For the Year Ending December 31, 2023**

**DRAFT
July 12, 2022**

Department	2022 Budget	2023 Budget	% Increase (Decrease)
City Council	104,699	105,851	1.10%
Administrative Services	912,950	1,016,731	11.37%
Finance	462,665	488,794	5.65%
Legal	225,000	225,000	0.00%
Municipal Building	380,901	380,832	-0.02%
Assessing	244,158	256,089	4.89%
City Clerk	219,803	245,466	11.68%
Inspections	904,960	1,062,119	17.37%
Police	6,417,543	6,958,766	8.43%
Fire	1,616,824	1,688,390	4.43%
Public Works	3,509,559	3,632,027	3.49%
Recreation	295,475	306,993	3.90%
Activity Center	466,388	486,192	4.25%
Planning & Zoning	204,784	170,842	-16.57%
Community Development	118,711	126,848	6.85%
Tuition Reimbursement	19,200	19,200	0.00%
Contingency	50,000	50,000	0.00%
Transfer to Other Funds	20,000	20,000	0.00%
Total Expenditures	16,173,620	17,240,140	6.59%

City of Hopkins
Tax Levy
For the Year Ending December 31, 2023

DRAFT
July 12, 2022

Purpose	Actual FY2022	Draft FY2023	% Increase (Decrease)
General Operations			
General Fund	13,219,739	13,980,371	5.75%
Capital Levy	50,000	-	-100.00%
Arts Center	339,317	347,697	2.47%
Pavilion Fund	418,000	340,000	-18.66%
Equipment Replacement	-	250,000	100.00%
Permanent Improvement	110,000	-	100.00%
Total General Operations	<u>14,137,056</u>	<u>14,918,068</u>	<u>5.52%</u>
Debt Levy	4,003,044	3,942,746	-1.51%
Total Levy	<u><u>18,140,100</u></u>	<u><u>18,860,814</u></u>	<u><u>3.97%</u></u>



**Community Services-
Inspections**

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Ari Lenz, Assistant City Manager
Christopher Kearney, Chief Building Official

Date: July 12, 2022

Subject: Budget request for new inspector

PURPOSE

Staff is requesting the addition of one (1.0) FTE for a building inspections position, estimated costs are \$116,000 with salary and benefits for the new position.

INFORMATION

The building inspector position would be a reoccurring cost and is planned to be paid for by building inspection permit revenue. There are no plans for a general fund allocation at this time.

The position is necessary to help with the expected increase in development activities to maintain current service level expectations. Staff prides itself on providing fast and accurate plan review and inspections.

Below is a list of the expected development activities over the next few years as well as a listing of approximate times for inspections required. Please note: This does not include normal residential and minor commercial permit activity, service levels in these areas would also be impacted if the position were not approved.

Project	Start	Number of Units	Number of Inspections
Blake School ELC	2 nd Qtr. 2022	N/A	80
Trilogy BLD A	1st Qtr. 2022	219	3700
Alatus BLD A	3rd Qtr. 2022	174	2900
Trilogy BLD B	4th Qtr. 2022	250	4250
Beacon Vista 44	4th Qtr. 2022	50	850
Other Projects			
Alatus BLD C	2023	390	6600
Alatus BLD D	2023	187	3200
Mann Theater Site		150	2550

Knollwood North		140	2380
Inspections Each Unit & Common Area			
1. Floor/Ceiling Trusses	7. Electrical Rough-In	13. Final Plumbing	
2. Sheer Walls	8. Framing	14. Final Electrical	
3. Plumbing Rough-In	9. Insulation	15. Final Sprinklers	
4. Mechanical Rough-In	10. Firestopping	16. Final Gas Piping	
5. Gas Piping Rough-In	11. Sound Insulation & R.C. Chanel	17. Final Mechanical	
6. Fire Sprinkler Rough-In	12. Fire Resistive Assemblies	18. Final Building	
Other Inspections			
Footings	Foundation	Utilities	Sheathing

Time it takes for each inspection varies from 10 minutes to 45 minutes.

FUTURE ACTION

The preliminary levy is planned to be approved at the September 6th City Council Meeting. The final is planned to be approved at the December 6th City Council Meeting.



Fire Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Dale Specken, Fire Chief

Date: July 12, 2022

Subject: Budget Request for Command Position and Evaluation of Full-Time Model

PURPOSE

Staff is requesting authorization to issue a RFP for a staffing study to evaluate transitioning from a paid on call to full-time staffing model.

Staff is requesting the addition of one (1.0) FTE for a fire command officer position to assist with the transition, overseeing full-time firefighters and to assist with special projects, estimated costs are \$110,000 with salary and benefits for the new position to be funded with general fund tax levy in 2023.

INFORMATION

Due to the increase in population and the challenges of finding Paid on Call Firefighters, Staff recommends to explore transitioning to a Full-time Department with a small contingent of paid on call Firefighters.

With the increase in population, the department expects an increase in our call load over the next several years. The goal would be to be ahead of the population increase and have staffing in place. These positions would be Firefighter / Inspector Positions.

The Fire Department would take all medicals to free up capacity for the Police Department.

Staff applied for a Federal Grant for 12 firefighter positions for three years at which time the city will pick up the full-time positions.

Staff recommends doing a staffing study estimated cost is between \$50,000 and \$100,000. Staff also recommends hiring a command position in 2023 to help with the study.

FUTURE ACTION

The preliminary levy is planned to be approved at the September 6th City Council Meeting. The final is planned to be approved at the December 6th City Council Meeting.

City of Hopkins
Overview of Options for General Fund Surplus
July 12, 2022

Use For An Already Existing Request

Potential to Reduce 2023 Levy	Cost/ Savings	Notes
Activity Center Roofing Projects	160,000	Funded through surplus in 7/12/2022 Draft Budget
Hopkins Historical Building (windows and doors)	55,000	Funded through surplus in 7/12/2022 Draft Budget
Fire Station - Replace Air Handler	82,000	Funded through surplus in 7/12/2022 Draft Budget
Pavilion - Indoor Turf	95,000	Funded through surplus in 7/12/2022 Draft Budget
Street Lighting Upgrades - Central Business District	100,000	Funded through surplus in 7/12/2022 Draft Budget
Street Lighting Upgrades - Residential	190,000	Funded through surplus in 7/12/2022 Draft Budget
	<u>682,000</u>	

Potential to Reduce Future Levies	Cost	Annual Savings	# of Years	Notes
Log Truck	165,000	21,500	10	Principal and Interest on Equipment Certificates
Traffic Boom Truck	135,000	18,000	10	Principal and Interest on Equipment Certificates
Art Center Deficit	438,987	60,000	7	Tax Levy to Eliminate Deficit
	<u>738,987</u>			

Use for a new project or initiative

New Initiative or Projects	Cost	Notes
Fire Department Staffing Study	50,000 -100,000	Estimated Cost Range, RFP would be issued
2023 ERP or CIP Requests		
Police Records Management System	200,000	Advanced from 2024 to 2023, current system purchased in 2012
Portable Radios (Police, Fire & Public Works)	290,000	Potential for replacement due to Hennepin County requirements

City of Hopkins
2023 Budget Preparation Schedule for City Council

The following table outlines the **tentative** schedule for discussions on important aspects of the City’s Budget and American Rescue Plan Act (ARPA) Spending Plan.

Meeting Date	Meeting Type	Subject	Details	
April-July	N/A	Internal Preparations	-2021 Audit Ongoing -Departments Prepare Budgets, Equipment Replacement and Capital Improvement Schedules	
July 12	Work Session	Review 2023 Tax Levy and General Fund Budget	-First Draft	
August 10	Work Session	Review Capital Improvement Plan (CIP) and Equipment Replacement Plan (ERP)	-Equipment Replacement Fund -Park Improvement -Capital Improvement	
August 15	Community Event	Review 2023 Tax Levy and General Fund Budget	-Presentation -Question and Answer Session	
September 6	Regular Meeting	-Approve Preliminary Tax Levy and General Fund Budget -Approve CIP and ERP	-Preliminary Levy must be approved by September 30	-Permanent Improvement Revolving Fund (Street Projects)
October 11	Work Session	Review, Special Revenue Fund Budgets, Enterprise Fund Budgets, Activity Center Budget and Utility Rates	-Water -Storm Sewer -Pavilion -Chemical Assessment -Economic Development -Activity Center	-Sewer -Refuse -Communications -Parking -Depot -Arts Center

July 12, 2022

City of Hopkins
2023 Budget Preparation Schedule for City Council

Meeting Date	Meeting Type	Subject	Details
November 1	Regular Meeting	Approve Utility Rates	
November 30	Regular Meeting (Wednesday)	Truth in Taxation Hearing	-Overview of 2023 Budget and Tax Levy -Public Comment
December 6	Regular Meeting	Approve Final Budget & Tax Levy	-Final Levy must be approved by December 28