



*Community Benchmarks*

*How does Shoreview compare?*

August 2018

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. Staff obtained City property values, tax levies, tax rates and state aids for 2018 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 2016 data.

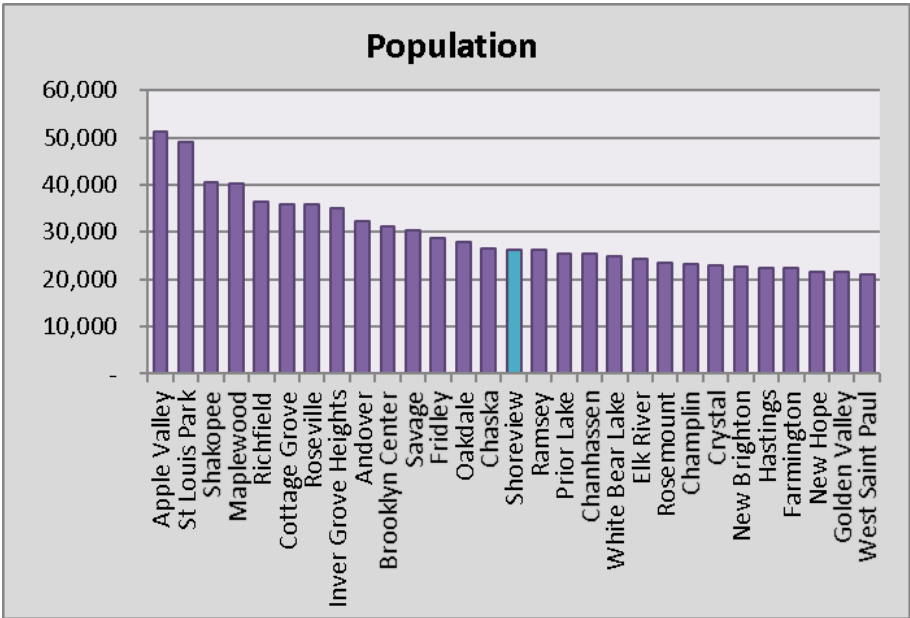
Shoreview uses both sources of information to assemble two sets of data:

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 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.

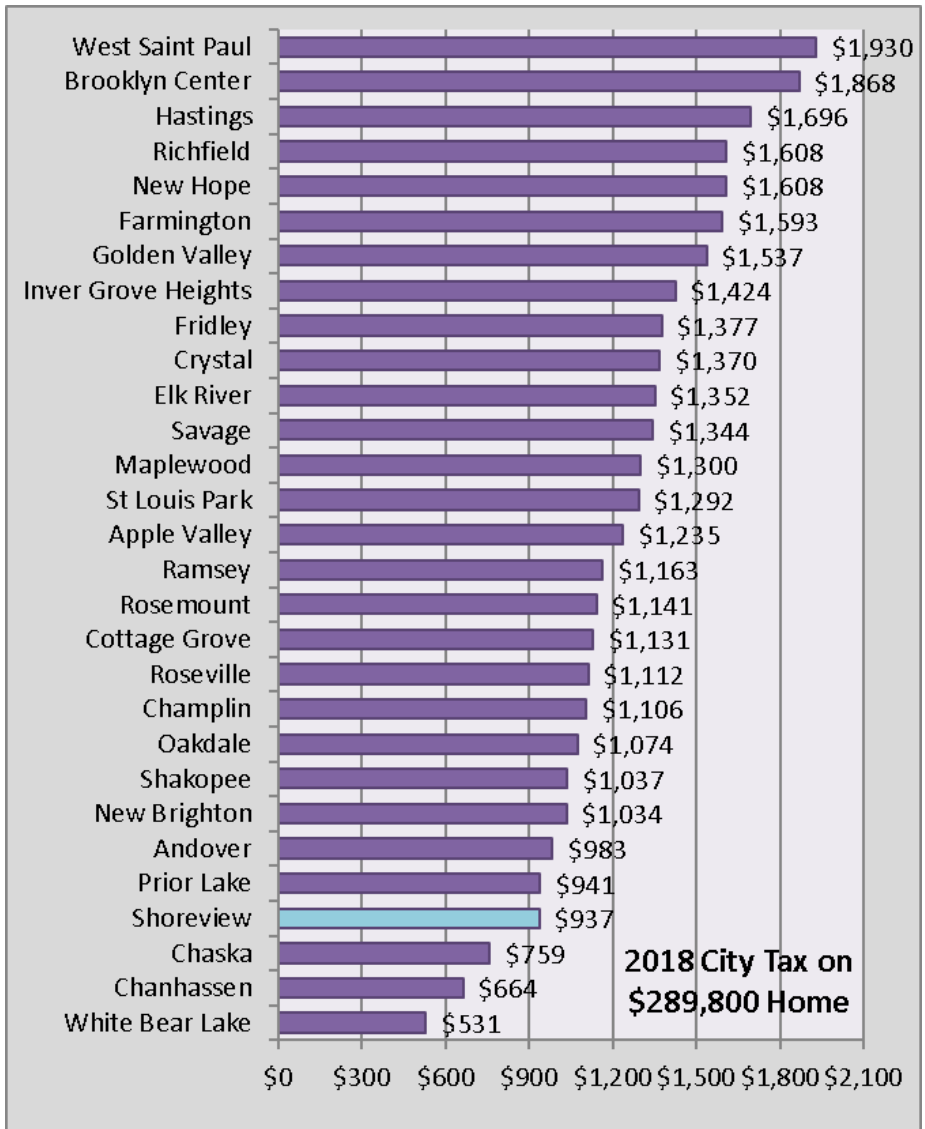
### Population

The graph below contains the 2016 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 2018 City-share of property taxes for a \$289,800 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 4th lowest at \$937, and is about 25% below the average of \$1,246. It should be noted that for property tax purposes, the home value is reduced from \$289,800 to \$278,600 due to market value exclusion (MVE).



## Tax Levy Ranking

Shoreview's tax levy rank has risen two positions in the last 10 years in relation to comparison cities. Shoreview ranked 23 in 2008, and has risen 2 positions to rank 21 in 2018. Shoreview's tax levy was 29.7% below the average of comparison cities in 2008, compared to 22.5% below the average for 2018.

2008		
Rank	City	Levy
1	Minnetonka	\$26,329,161
2	Edina	22,011,683
3	St. Louis Park	20,620,564
4	Apple Valley	20,098,664
5	Golden Valley	15,198,813
6	Inver Grove Heigh	14,908,691
7	Maplewood	14,826,564
8	Savage	14,393,971
9	Shakopee	14,000,158
10	Richfield	13,000,345
11	Cottage Grove	12,184,099
12	Roseville	12,071,484
13	Brooklyn Center	11,404,877
14	Hastings	11,280,056
15	Elk River	10,761,442
16	Andover	9,991,162
17	Fridley	9,232,716
18	Oakdale	9,075,034
19	Ramsey	9,059,280
20	Chanhassen	8,918,422
21	New Hope	8,759,768
22	Prior Lake	8,364,208
23	Shoreview	8,323,391
24	Crystal	7,606,055
25	Champlin	7,600,523
26	New Brighton	7,254,499
27	South St. Paul	6,652,713
28	White Bear Lake	4,927,216
29	Chaska	4,313,324
Average		\$11,833,410
Shvw to Avg		-29.7%

2018		
Rank	City	Levy
1	St Louis Park	31,748,368
2	Apple Valley	\$24,843,790
3	Golden Valley	22,420,742
4	Maplewood	21,186,011
5	Inver Grove Heigh	21,041,791
6	Richfield	20,621,911
7	Roseville	20,275,655
8	Shakopee	19,260,548
9	Savage	17,499,645
10	Brooklyn Center	17,105,950
11	Cottage Grove	15,235,000
12	Fridley	14,807,913
13	West Saint Paul	14,344,671
14	Hastings	13,503,307
15	New Hope	12,712,742
16	Farmington	12,681,188
17	Andover	12,416,357
18	Prior Lake	12,077,538
19	Rosemount	11,874,781
20	Oakdale	11,645,249
21	Shoreview	11,631,971
22	Ramsey	11,374,395
23	Elk River	11,063,830
24	Crystal	10,627,889
25	Chanhassen	10,452,571
26	Champlin	9,858,928
27	New Brighton	8,661,170
28	Chaska	8,581,604
29	White Bear Lake	5,507,811
Average		15,002,184
Shvw to Avg		-22.5%

## 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 \$76.32 of LGA per capita. Eighteen of the comparison cities receive at least some LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,744,269	\$ 76.32
West Saint Paul	\$ 1,341,723	\$ 64.24
White Bear Lake	\$ 1,587,299	\$ 63.49
Richfield	\$ 2,229,280	\$ 61.35
Brooklyn Center	\$ 1,768,919	\$ 56.64
Fridley	\$ 1,486,942	\$ 51.93
New Hope	\$ 693,117	\$ 32.09
Hastings	\$ 704,122	\$ 31.43
New Brighton	\$ 671,484	\$ 29.69
Maplewood	\$ 864,788	\$ 21.49
Farmington	\$ 313,641	\$ 14.04
Elk River	\$ 324,688	\$ 13.32
St Louis Park	\$ 566,591	\$ 11.58
Oakdale	\$ 192,838	\$ 6.90
Cottage Grove	\$ 86,218	\$ 2.40
Roseville	\$ 74,275	\$ 2.07
Golden Valley	\$ 37,185	\$ 1.73
Chaska	\$ 1,306	\$ 0.05
Andover	\$ -	\$ -
Apple Valley	\$ -	\$ -
Champlin	\$ -	\$ -
Chanhassen	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Prior Lake	\$ -	\$ -
Ramsey	\$ -	\$ -
Rosemount	\$ -	\$ -
Savage	\$ -	\$ -
Shakopee	\$ -	\$ -
Shoreview	\$ -	\$ -

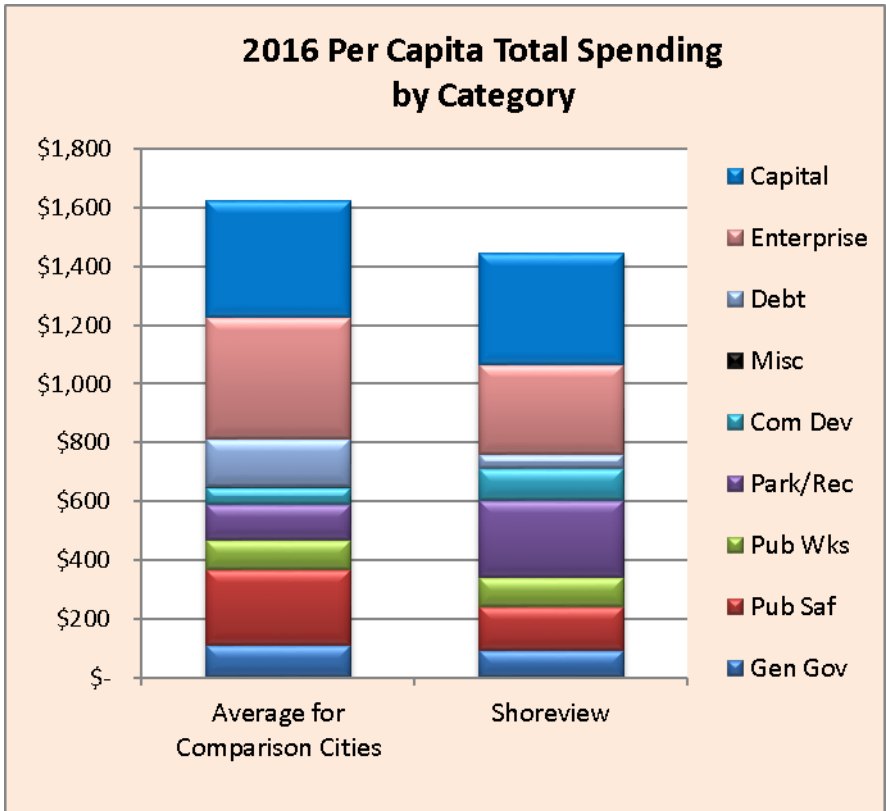
## Tax Rates

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 constant over the last 10 years, ranking 5th lowest in both 2008 and 2018 . For 2018, Shoreview is about 24% below the average tax rate of 44.32%.

2008			2018		
Rank	City	Tax Rate	Rank	City	Tax Rate
1	Hastings	49.48%	1	West Saint Paul	69.29%
2	Savage	48.36%	2	Brooklyn Center	67.07%
3	Brooklyn Center	43.90%	3	Hastings	60.86%
4	Golden Valley	42.99%	4	Richfield	57.73%
5	Elk River	42.49%	5	New Hope	57.71%
6	New Hope	41.93%	6	Farmington	57.16%
7	Ramsey	39.50%	7	Golden Valley	55.15%
8	Inver Grove Heigh	37.97%	8	Inver Grove Heigh	51.11%
9	Richfield	37.91%	9	Crystal	49.17%
10	South St. Paul	36.14%	10	Fridley	47.91%
11	Apple Valley	35.54%	11	Savage	47.12%
12	Crystal	35.44%	12	St Louis Park	46.38%
13	Cottage Grove	35.12%	13	Elk River	46.01%
14	St. Louis Park	34.76%	14	Maplewood	45.91%
15	Champlin	32.86%	15	Apple Valley	42.48%
16	New Brighton	32.81%	16	Ramsey	41.73%
17	Shakopee	31.93%	17	Rosemount	40.96%
18	Andover	31.39%	18	Cottage Grove	40.58%
19	Maplewood	30.80%	19	Champlin	39.70%
20	Fridley	30.34%	20	Oakdale	38.54%
21	Oakdale	30.21%	21	Roseville	38.18%
22	Prior Lake	28.06%	22	Shakopee	37.21%
23	Minnetonka	27.59%	23	New Brighton	37.10%
24	Chanhassen	23.70%	24	Andover	34.63%
25	Shoreview	23.53%	25	Shoreview	33.62%
26	Roseville	23.38%	26	Prior Lake	33.04%
27	Edina	21.20%	27	Chaska	27.23%
28	Chaska	19.18%	28	Chanhassen	22.67%
29	White Bear Lake	16.52%	29	White Bear Lake	19.06%
	Average	33.28%		Average	44.32%
	Shvw to Avg	-29.3%		Shvw to Avg	-24.2%

# 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 2016 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2016 spending is about \$1,446 per capita, which is about 11% below the average of \$1,623.





## Spending Per Capita by Activity

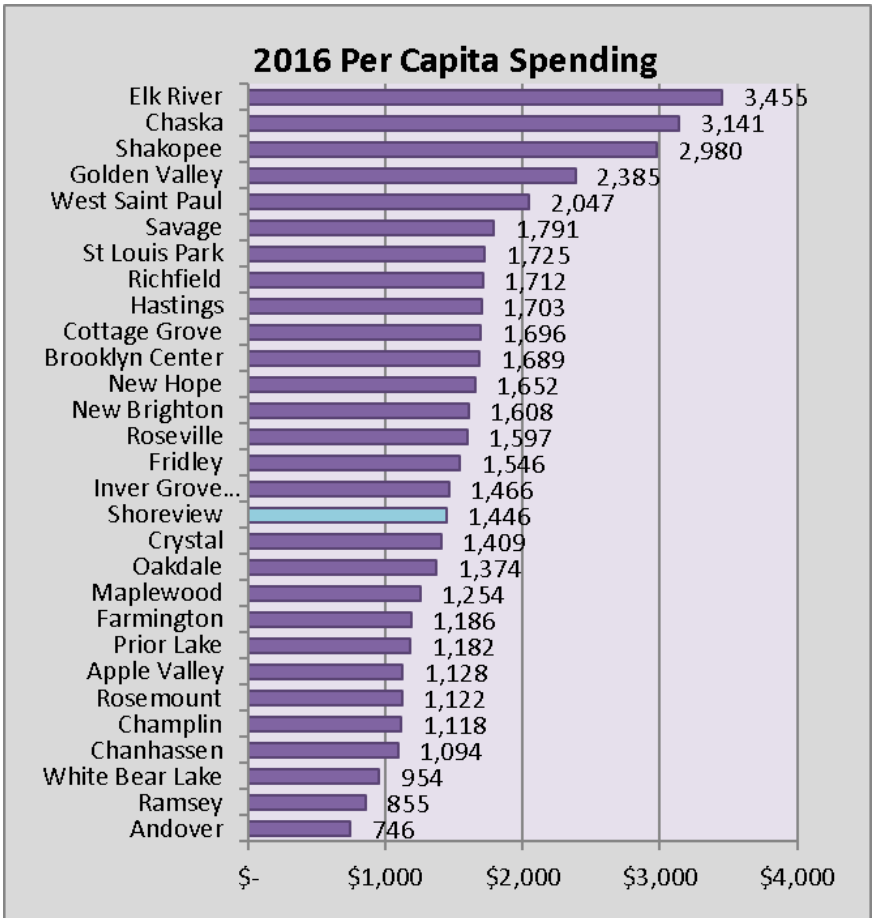
When reviewing spending in more detail, Shoreview is above average in parks and recreation, community development, and utility operations, and below average for all other spending categories.

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Community development is higher due to a one-time developer assistance payment.
- 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 \$149.26 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 70% below average in Shoreview due to lower overall debt balances.

2016 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 110.97	\$ 92.61	\$ (18.36)	-16.5%
Public safety	253.67	149.26	(104.41)	-41.2%
Public works	101.10	98.00	(3.10)	-3.1%
Parks and recreation	122.28	262.79	140.51	114.9%
Commun devel/EDA/HRA/Housing	59.01	107.43	48.42	82.1%
All other governmental	1.15	-	(1.15)	-100.0%
Water/sewer/storm/st lights	259.39	306.44	47.05	18.1%
Electric	127.97	-	(127.97)	-100.0%
All other enterprise operations	23.65	-	(23.65)	-100.0%
Debt payments	164.97	49.32	(115.65)	-70.1%
Capital outlay	398.60	379.77	(18.83)	-4.7%
Total All Funds	\$ 1,622.77	\$ 1,445.62	\$ (177.15)	-10.9%

The graph below shows total 2016 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$3,455 in Elk River to a low of \$746 in Andover.

Shoreview ranks 13th lowest at \$1,446 per capita, and is 11% below the average of \$1,623.



## Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2016 except franchise tax (utility & cable), charges for service, 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 5th lowest for special assessments.

2016 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 461.58	\$ 406.82	\$ (54.76)	-11.9%
Tax increment (TIF)	36.03	28.59	(7.44)	-20.7%
Franchise tax	27.67	48.50	20.83	75.3%
Other tax	2.55	0.61	(1.94)	-76.1%
Special assessments	42.88	12.27	(30.61)	-71.4%
Licenses & permits	37.34	26.37	(10.97)	-29.4%
Federal (all combined)	19.75	-	(19.75)	-100.0%
State (all combined)	90.37	60.58	(29.79)	-33.0%
Local (all combined)	11.13	3.59	(7.54)	-67.7%
Charges for service	152.46	245.40	92.94	61.0%
Fines & forfeits	5.44	1.94	(3.50)	-64.4%
Interest	10.84	7.43	(3.41)	-31.4%
All other governmental	39.53	2.62	(36.91)	-93.4%
Water/sewer/storm/street lighting	268.59	349.04	80.45	30.0%
Electric enterprise	141.90	-	(141.90)	-100.0%
All other enterprise	29.33	-	(29.33)	-100.0%
<b>Total Revenue per capita</b>	<b>\$ 1,377.39</b>	<b>\$ 1,193.76</b>	<b>\$ (183.63)</b>	<b>-13.3%</b>

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.

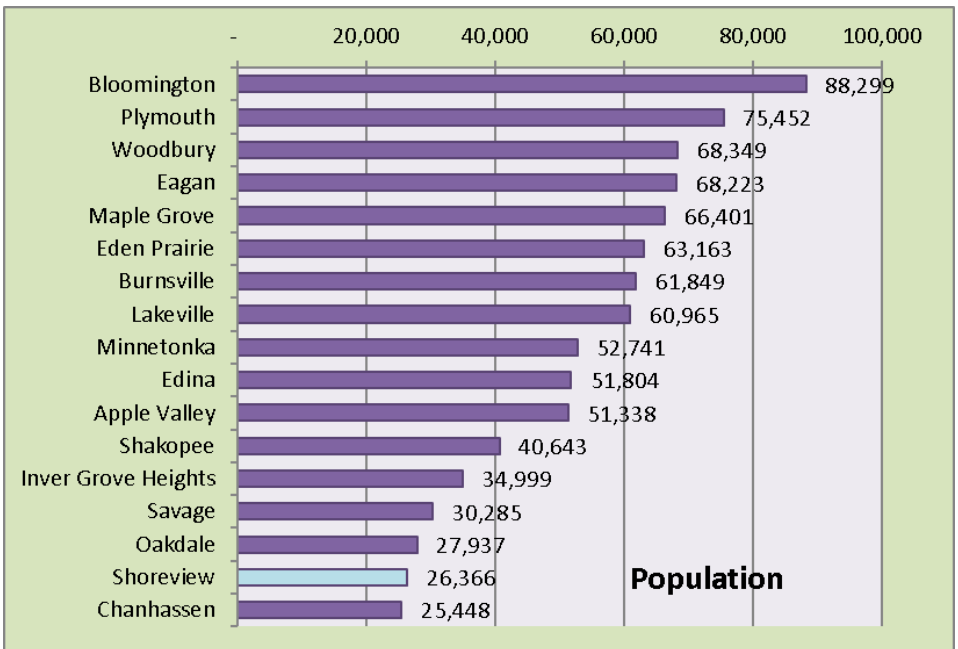
- Shoreview's 2016 spending per capita ranks 13th lowest
- Shoreview's assessment collections per capita are 5th lowest among comparison cities
- Shoreview's share of the 2018 property tax bill, on a home valued at \$289,800, is 4th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 5th lowest among comparison cities in 2018 and 2008.

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

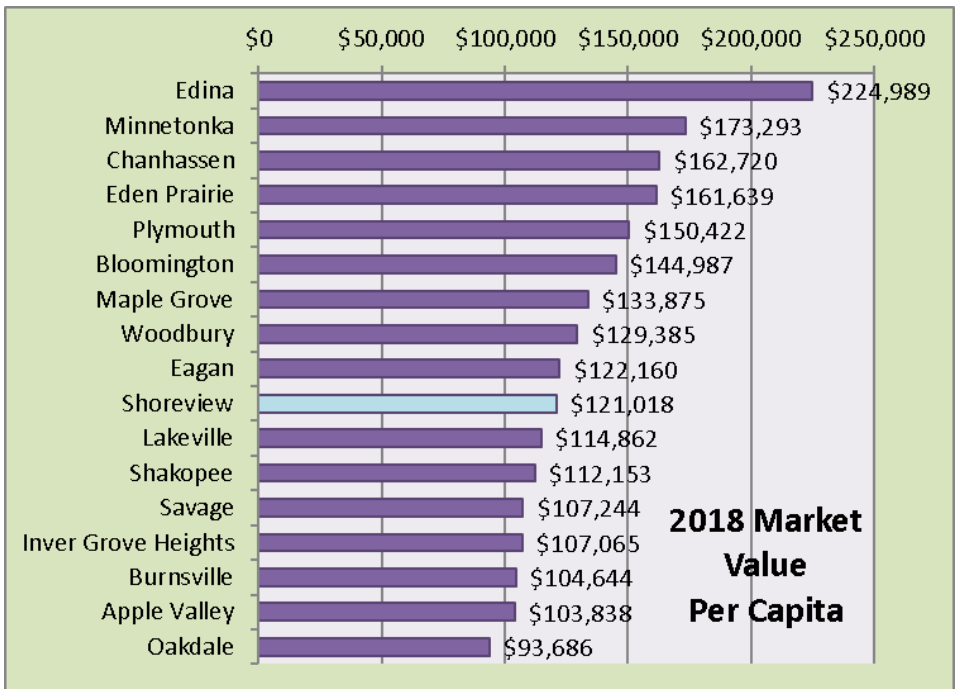
Comparisons for the 17 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and many have AAA bond ratings, like Shoreview).

Shoreview has the 2nd 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 \$12.80 billion followed by Edina with total market value of \$11.65 billion. Once the value is divided by population, Edina ranks highest at \$224,989 of value per resident, while Bloomington ranks 6th at \$144,987.

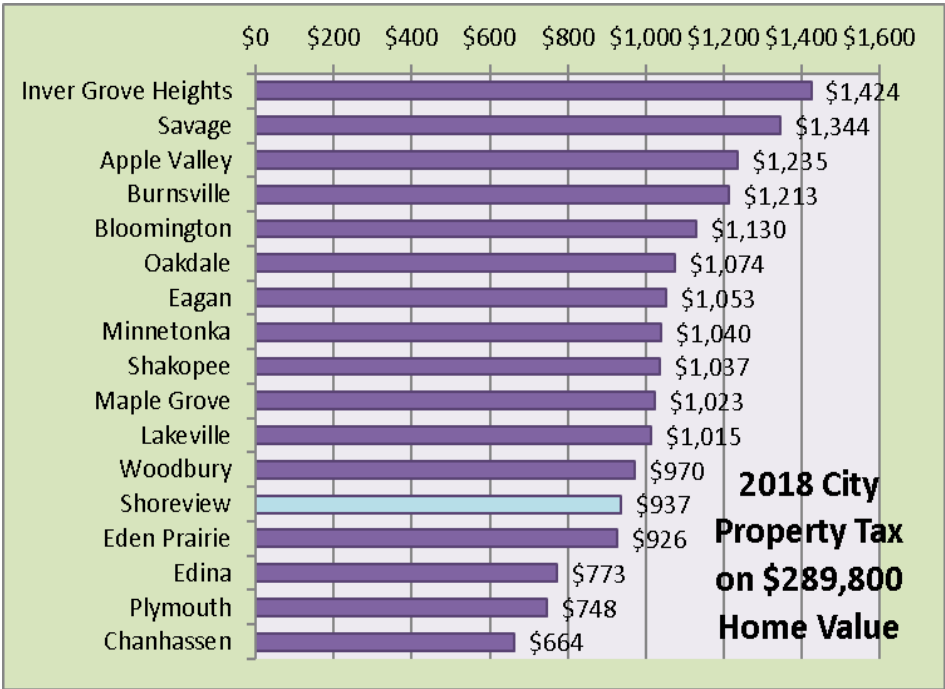
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$121,018 (about 9.3% below the average of \$133,411).



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).

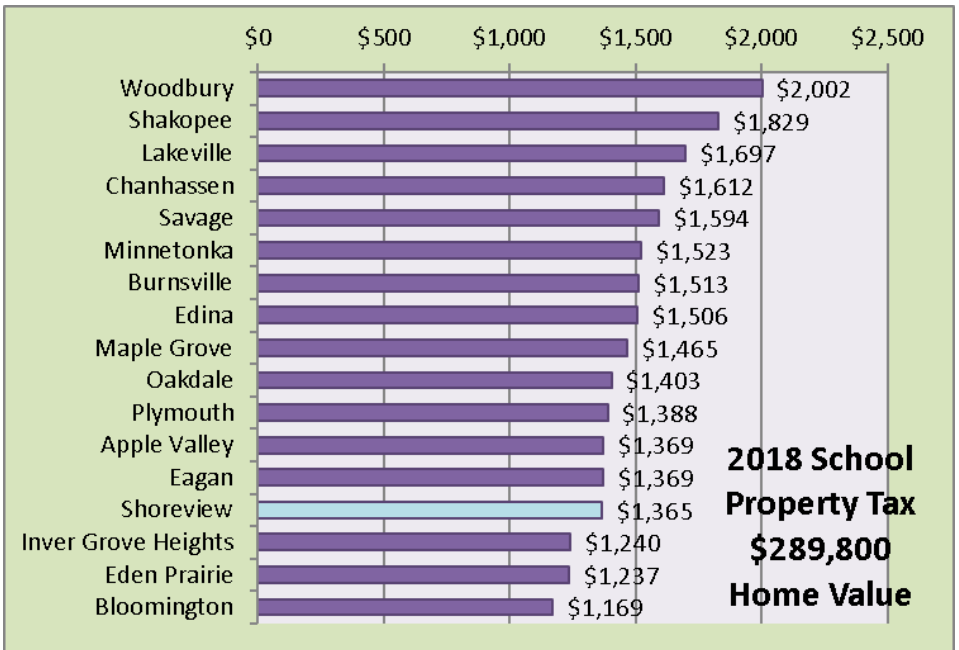
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$289,800 (Shoreview's median value). Shoreview ranks 5th lowest at \$937, compared to a high of \$1,424 in Inver Grove Heights, and a low of \$664 in Chanhassen. The average City tax for MLC cities is \$1,036.



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 8.2% below the MLC city average.

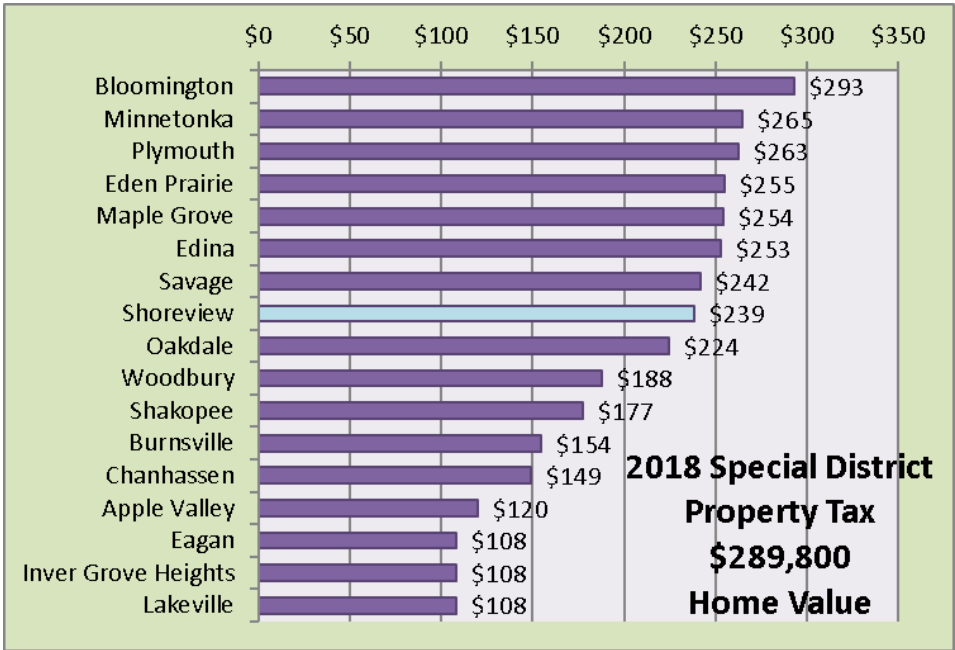




Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

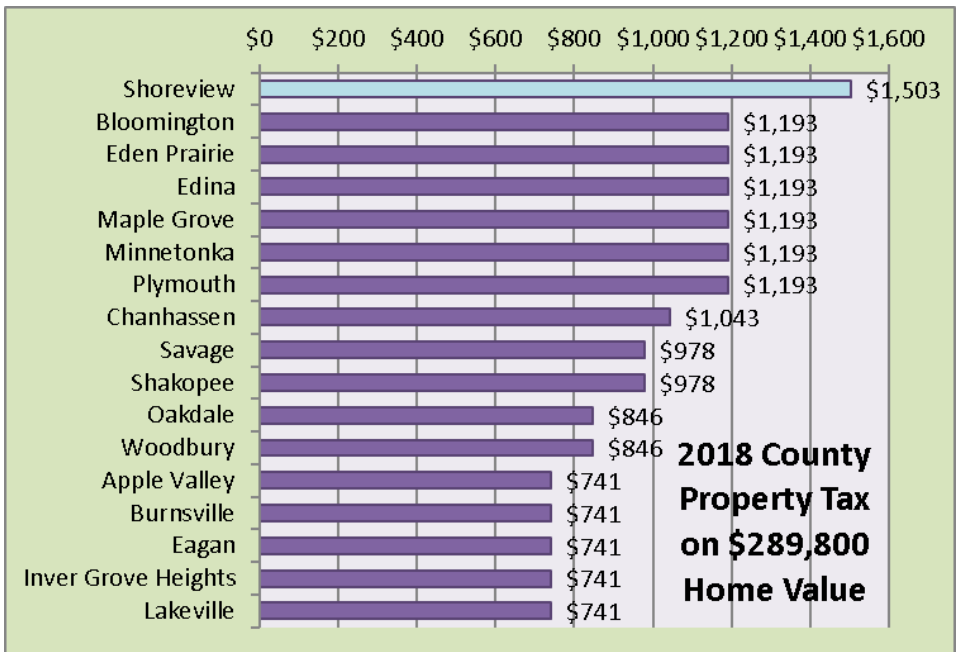
Regional Rail	\$ 107
Metropolitan Council	60
Mosquito Control	12
Rice Creek Watershed	51
Shoreview HRA	9
Total Special District Tax	\$ 239

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 19% above the average of \$200.



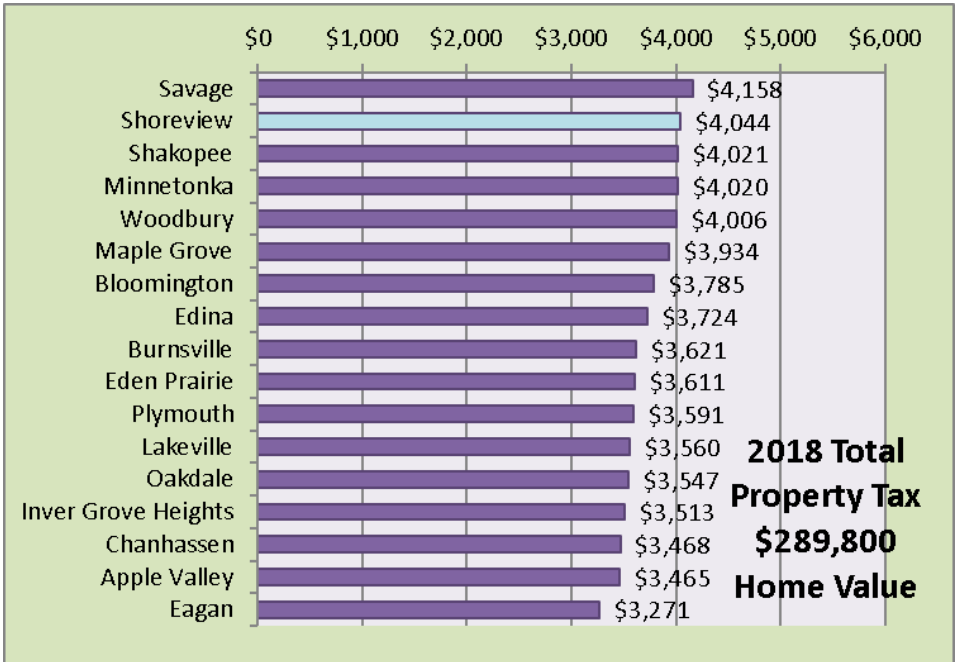
County property taxes vary greatly among MLC cities.

- Ramsey County taxes are \$1,503, the highest for MLC cities. (including the City of Shoreview)
- Hennepin County cities are \$1,193, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Carver County cities are \$1,043 (including the City of Chanhassen)
- Scott County taxes are \$978 (including the cities of Savage and Shakopee).
- Washington County taxes are \$846 (including the cities of Oakdale and Woodbury).
- Dakota County is lowest at \$741 (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 \$762 higher in Shoreview, school district taxes are \$4 lower, special district taxes are \$131 higher and City taxes are \$116 lower.



Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,503	\$ 741	\$ 762
School District	1,365	1,369	(4)
City	937	1,053	(116)
Special Districts	239	108	131
<b>Total</b>	<b>\$ 4,044</b>	<b>\$ 3,271</b>	<b>\$ 773</b>

## 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 2019 Budget is scheduled for December 3, 2018 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 17, 2018 (the second regular Council meeting in December).

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

