



2019 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 2019 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 2017 data.

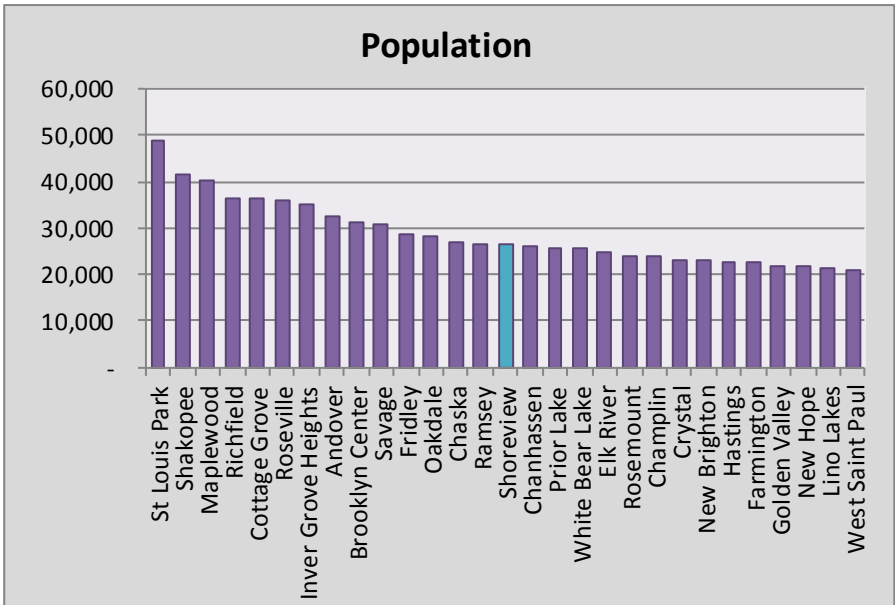
Shoreview uses both sources of information to assemble two sets of data:

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 15 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 15 cities have AAA bond ratings, as does Shoreview.

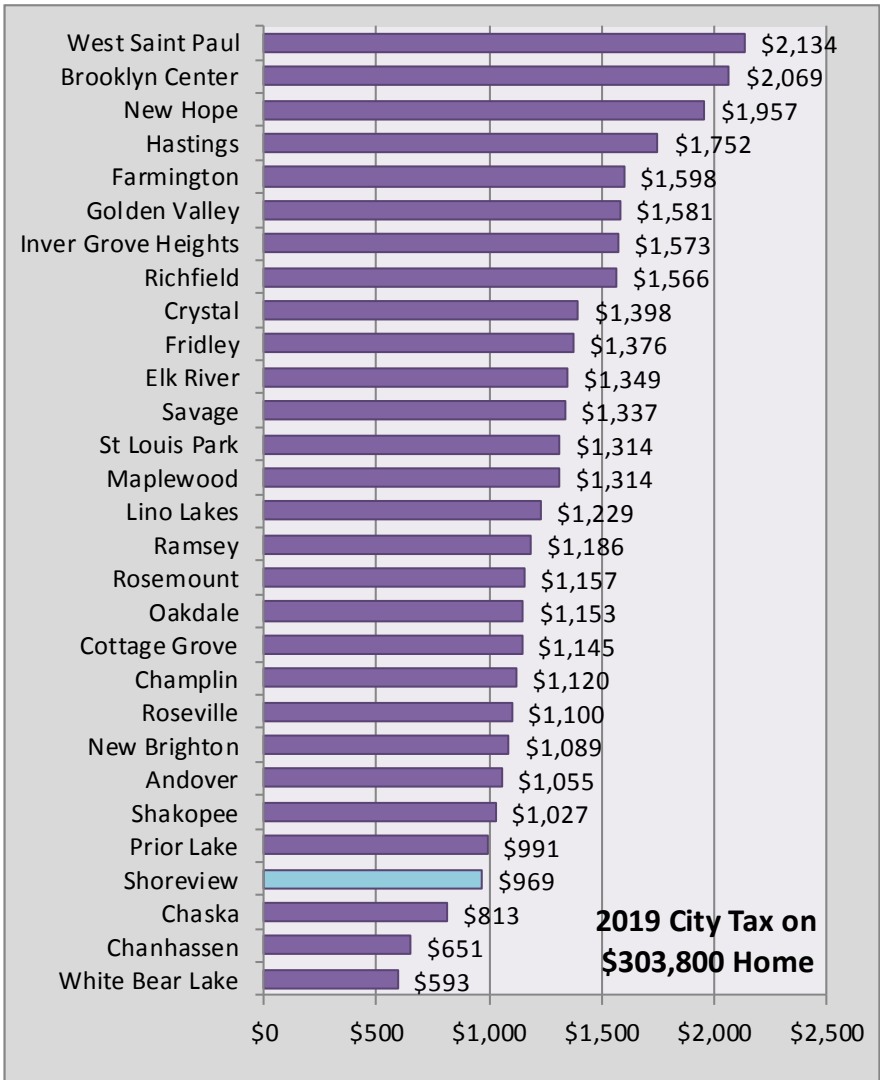
Population

The graph below contains the 2017 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 2019 City-share of property taxes for a \$303,800 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 4th lowest at \$969, and is about 25% below the average of \$1,296. It should be noted that for property tax purposes, the home value is reduced from \$303,800 to \$293,900 due to the market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has risen 3 positions in the last 10 years in relation to comparison cities. Shoreview ranked 23 in 2009, and has risen 3 positions to rank 20 in 2019. Shoreview's tax levy was 26.6% below the average of comparison cities in 2009, compared to 20.5% below the average for 2019.

2009		
Rank	City	Levy
1	Edina	\$23,557,291
2	St Louis Park	21,816,323
3	Apple Valley	21,036,960
4	Golden Valley	16,125,269
5	Maplewood	15,472,892
6	Inver Grove Hgts	15,420,623
7	Savage	15,185,806
8	Shakopee	14,717,476
9	Richfield	14,305,342
10	Cottage Grove	12,446,507
11	Roseville	12,314,179
12	Brooklyn Center	11,804,525
13	Hastings	11,581,636
14	Rosemount	11,281,548
15	Elk River	11,190,213
16	Andover	10,430,899
17	Oakdale	9,727,779
18	Ramsey	9,519,386
19	Fridley	9,170,139
20	Chanhassen	8,970,949
21	Prior Lake	8,841,999
22	New Hope	8,769,583
23	Shoreview	8,643,756
24	Crystal	7,916,924
25	Champlin	7,714,770
26	New Brighton	7,400,030
27	South St Paul	7,053,743
28	White Bear Lk	4,556,720
29	Chaska	4,529,045
Average		\$11,775,942
Shvw to Avg		-26.6%

2019		
Rank	City	Levy
1	St Louis Park	\$33,128,261
2	Golden Valley	23,723,799
3	Inver Grove Heigh	23,310,688
4	Maplewood	21,840,511
5	Richfield	21,626,692
6	Roseville	21,260,310
7	Shakopee	19,230,500
8	Brooklyn Center	18,427,116
9	Savage	18,046,699
10	West Saint Paul	15,773,645
11	Cottage Grove	15,695,000
12	Fridley	15,494,419
13	New Hope	15,001,610
14	Hastings	14,233,201
15	Andover	13,103,487
16	Farmington	13,020,768
17	Prior Lake	12,778,035
18	Rosemount	12,320,434
19	Oakdale	12,245,295
20	Shoreview	12,157,180
21	Elk River	11,938,765
22	Ramsey	11,831,336
23	Crystal	11,060,388
24	Chanhassen	11,019,868
25	Champlin	10,383,884
26	Lino Lakes	10,055,416
27	New Brighton	9,513,110
28	Chaska	9,201,811
29	White Bear Lake	6,216,306
Average		\$15,297,880
Shvw to Avg		-20.5%

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 \$76.13 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	\$ 76.13
West Saint Paul	\$ 1,348,838	\$ 63.97
White Bear Lake	\$ 1,588,195	\$ 62.25
Richfield	\$ 2,235,643	\$ 61.18
Brooklyn Center	\$ 1,783,569	\$ 57.27
Fridley	\$ 1,492,117	\$ 52.05
New Hope	\$ 697,864	\$ 32.39
Hastings	\$ 710,028	\$ 31.36
New Brighton	\$ 675,153	\$ 29.51
Maplewood	\$ 875,682	\$ 21.85
Farmington	\$ 314,725	\$ 14.04
Elk River	\$ 329,225	\$ 13.40
Oakdale	\$ 196,447	\$ 6.99
St Louis Park	\$ 267,271	\$ 5.46
Cottage Grove	\$ 87,494	\$ 2.40
Roseville	\$ 77,800	\$ 2.16
Chaska	\$ 2,876	\$ 0.11
Andover	\$ -	\$ -
Champlin	\$ -	\$ -
Chanhassen	\$ -	\$ -
Golden Valley	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Lino Lakes	\$ -	\$ -
Prior Lake	\$ -	\$ -
Ramsey	\$ -	\$ -
Rosemount	\$ -	\$ -
Savage	\$ -	\$ -
Shakopee	\$ -	\$ -
Shoreview	\$ -	\$ -

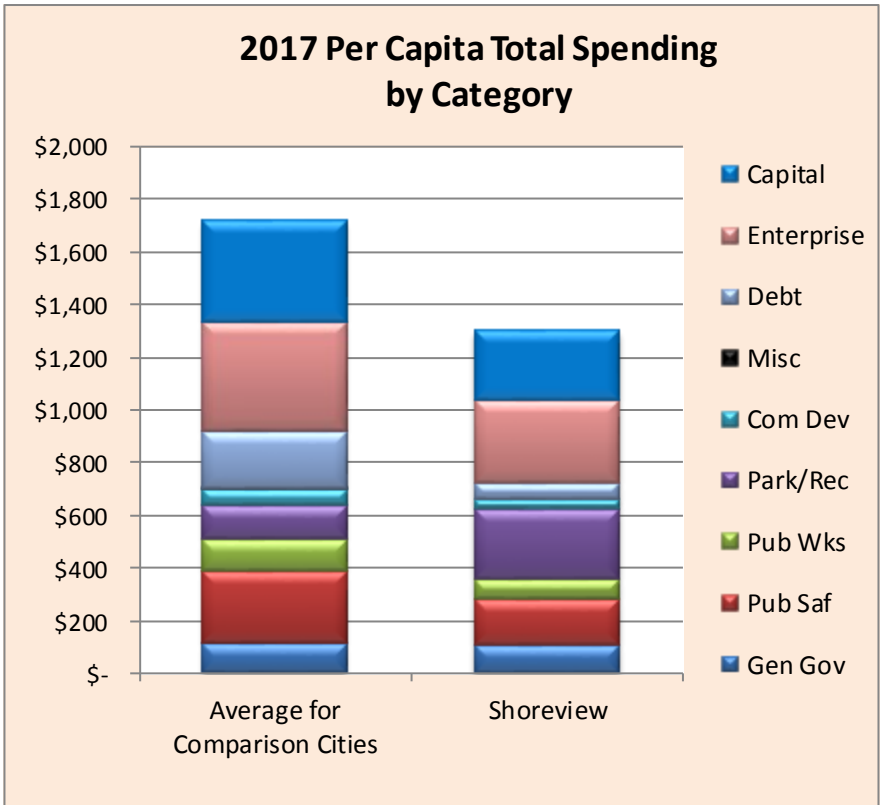
Tax Rates

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 consistent over the last 10 years, ranking 6th lowest in 2009 and 4th lowest in 2019 . For 2019, Shoreview is about 25% below the average tax rate of 43.95%.

2009			2019		
Rank	City	Tax Rate	Rank	City	Tax Rate
1	Hastings	49.73%	1	West Saint Paul	72.62%
2	Brooklyn Center	47.52%	2	Brooklyn Center	70.40%
3	Savage	46.01%	3	New Hope	66.60%
4	Golden Valley	45.91%	4	Hastings	59.61%
5	Elk River	43.12%	5	Farmington	54.37%
6	Richfield	42.53%	6	Golden Valley	53.78%
7	Rosemount	42.32%	7	Inver Grove Heigh	53.54%
8	New Hope	41.29%	8	Richfield	53.28%
9	Ramsey	39.47%	9	Crystal	47.55%
10	South St Paul	38.53%	10	Elk River	45.91%
11	Inver Grove Hgts	38.40%	11	Fridley	45.38%
12	Crystal	38.29%	12	St Louis Park	44.71%
13	Apple Valley	37.09%	13	Maplewood	44.69%
14	St Louis Park	36.67%	14	Savage	44.47%
15	Cottage Grove	34.55%	15	Lino Lakes	41.82%
16	Champlin	34.18%	16	Ramsey	40.36%
17	New Brighton	33.90%	17	Rosemount	39.36%
18	Shakopee	32.63%	18	Oakdale	39.23%
19	Maplewood	32.57%	19	Cottage Grove	38.96%
20	Andover	32.29%	20	Champlin	38.12%
21	Oakdale	30.59%	21	Roseville	37.42%
22	Fridley	28.66%	22	New Brighton	37.06%
23	Prior Lake	27.95%	23	Andover	35.31%
24	Shoreview	25.13%	24	Shakopee	34.94%
25	Roseville	24.55%	25	Prior Lake	33.02%
26	Chanhassen	22.98%	26	Shoreview	32.96%
27	Edina	22.45%	27	Chaska	27.68%
28	Chaska	20.13%	28	Chanhassen	21.10%
29	White Bear Lk	15.30%	29	White Bear Lake	20.19%
Average		34.65%	Average		43.95%
Shvw to Avg		-27.5%	Shvw to Avg		-25.0%

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 2017 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2017 spending is about \$1,300 per capita, which is about 24% below the average of \$1,719.



Spending Per Capita by Activity

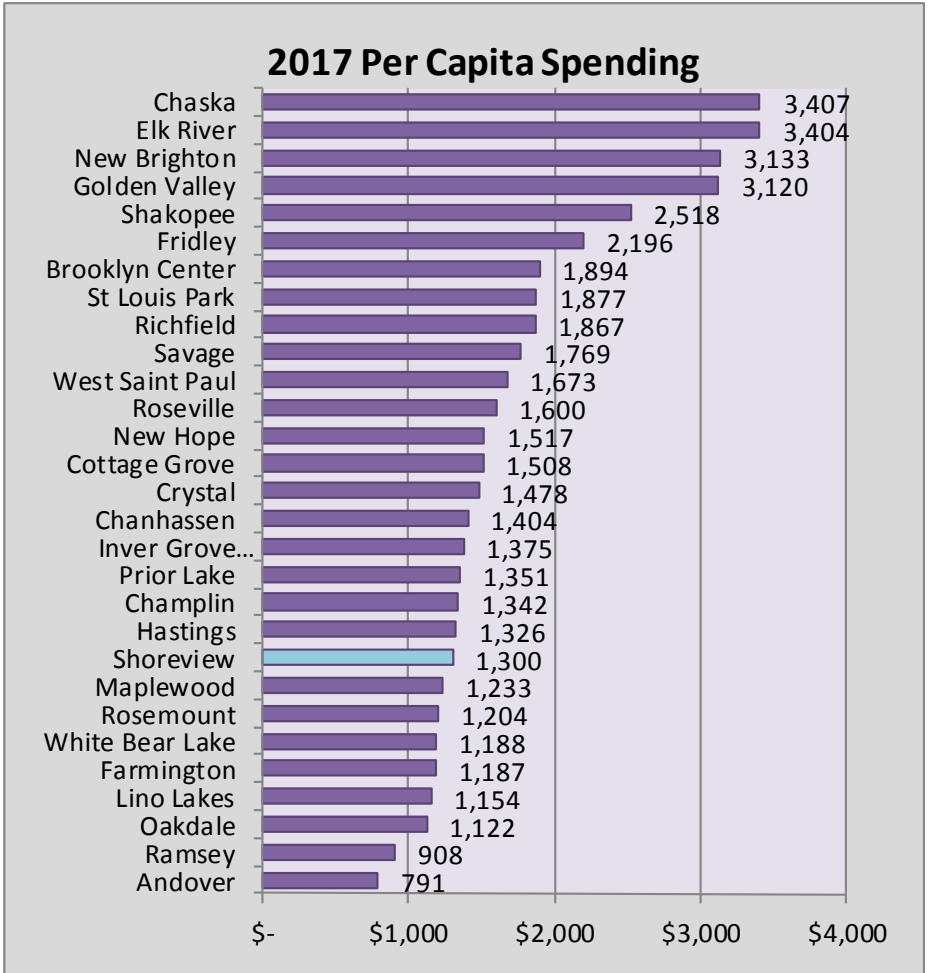
When reviewing spending in more detail, Shoreview is above average in parks and recreation and utility operations, and below average for all other spending categories.

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- 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 \$173.15 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 69.5% below average in Shoreview due to lower overall debt balances.

2017 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 113.47	\$ 108.94	\$ (4.53)	-4.0%
Public safety	272.38	173.15	(99.23)	-36.4%
Public works	120.46	75.67	(44.79)	-37.2%
Parks and recreation	126.96	263.65	136.69	107.7%
Commun devel/EDA/HRA/Housing	64.63	35.86	(28.77)	-44.5%
All other governmental	0.69	-	(0.69)	-100.0%
Water/sewer/storm/st lights	266.77	311.60	44.83	16.8%
Electric	131.28	-	(131.28)	-100.0%
All other enterprise operations	23.07	-	(23.07)	-100.0%
Debt payments	217.00	66.18	(150.82)	-69.5%
Capital outlay	382.17	264.97	(117.20)	-30.7%
Total All Funds	\$ 1,718.87	\$ 1,300.02	\$ (418.85)	-24.4%

The graph below shows total 2017 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$3,407 in Chaska to a low of \$791 in Andover.

Shoreview ranks 9th lowest at \$1,300 per capita, and is 24% below the average of \$1,719.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2017 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 6th lowest for special assessments.

2017 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 484.31	\$ 412.41	\$ (71.90)	-14.8%
Tax increment (TIF)	38.70	32.58	(6.12)	-15.8%
Franchise tax	29.94	48.25	18.31	61.2%
Other tax	2.99	0.48	(2.51)	-84.0%
Special assessments	46.72	11.80	(34.92)	-74.7%
Licenses & permits	42.67	37.84	(4.83)	-11.3%
Federal (all combined)	9.08	-	(9.08)	-100.0%
State (all combined)	90.24	48.90	(41.34)	-45.8%
Local (all combined)	18.87	7.16	(11.71)	-62.1%
Charges for service	150.45	261.76	111.31	74.0%
Fines & forfeits	7.64	1.81	(5.83)	-76.3%
Interest	12.24	11.63	(0.61)	-5.0%
All other governmental	34.63	4.12	(30.51)	-88.1%
Water/sewer/storm/street lighting	275.22	380.17	104.95	38.1%
Electric enterprise	142.74	-	(142.74)	-100.0%
All other enterprise	29.19	-	(29.19)	-100.0%
Total Revenue per capita	\$ 1,415.64	\$ 1,258.91	\$ (156.73)	-11.1%

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.

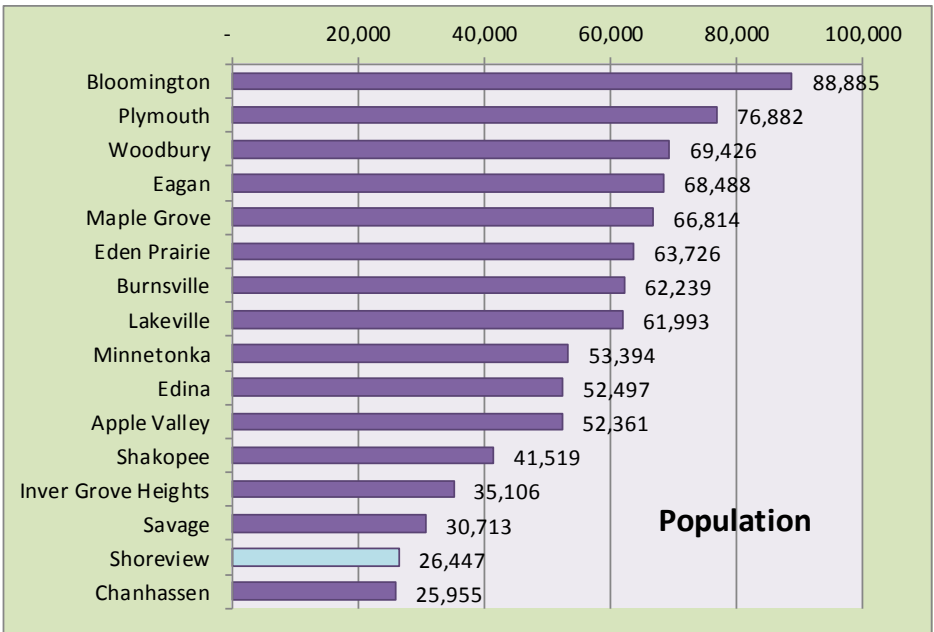
- Shoreview's 2017 spending per capita ranks 9th lowest
- Shoreview's assessment collections per capita are 6th lowest among comparison cities
- Shoreview's share of the 2019 property tax bill, on a home valued at \$303,800, is 4th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 6th lowest among comparison cities in 2009 and 4th lowest in 2019.

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

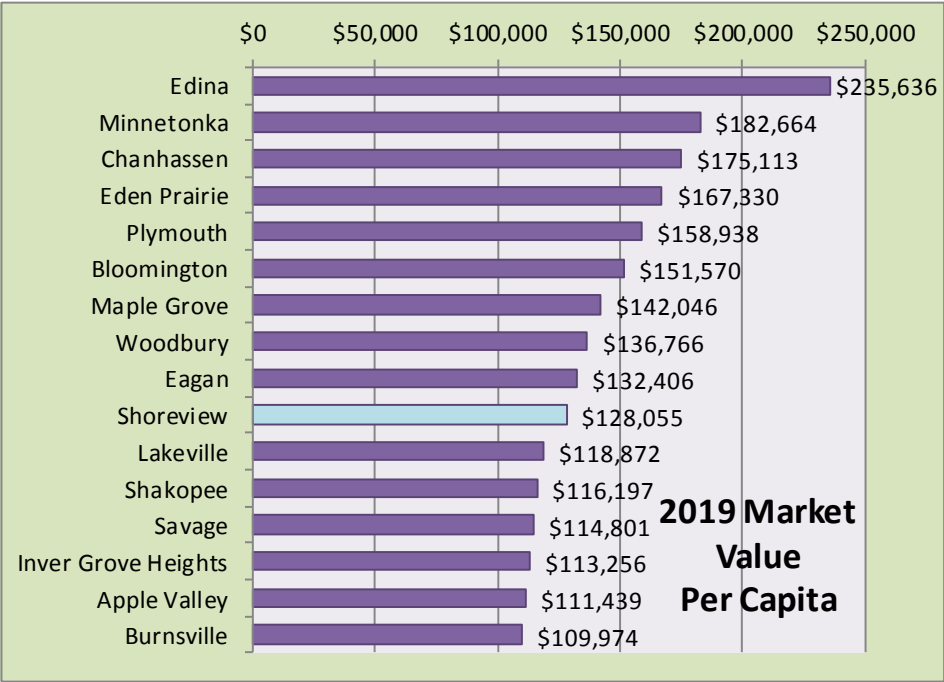
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and many have AAA bond ratings, like Shoreview).

Shoreview has the 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 \$13.47 billion followed by Edina with total market value of \$12.37 billion. Once the value is divided by population, Edina ranks highest at \$235,636 of value per resident, while Bloomington ranks 6th at \$151,570.

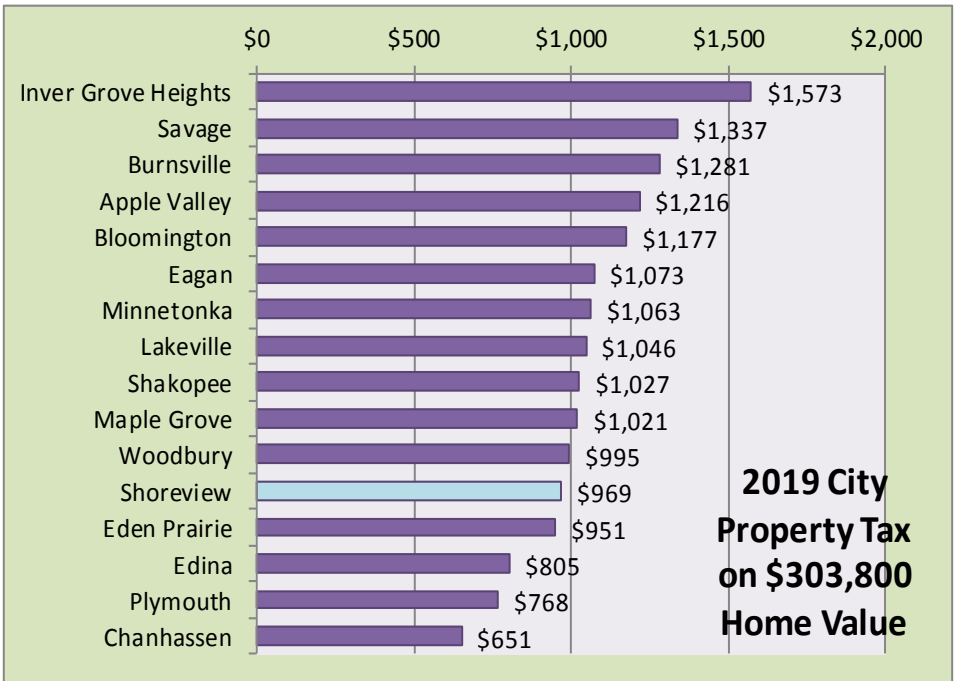
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$128,055 (about 10.7% below the average of \$143,441).



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).

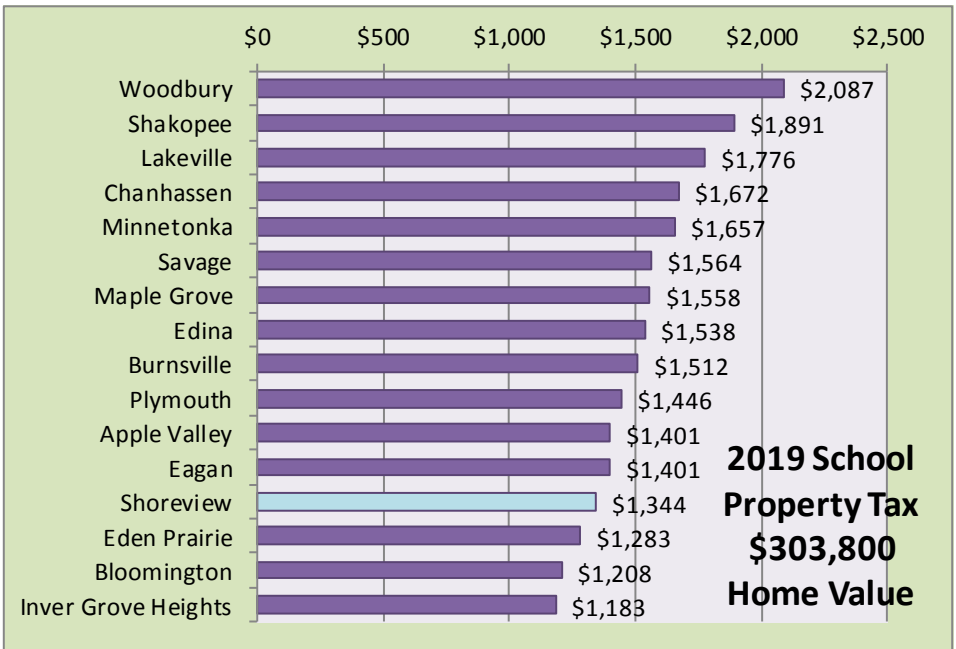
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$303,800 (Shoreview’s median value). Shoreview ranks 5th lowest at \$969, compared to a high of \$1,573 in Inver Grove Heights, and a low of \$651 in Chanhassen. The average City tax for MLC cities is \$1,060.



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.

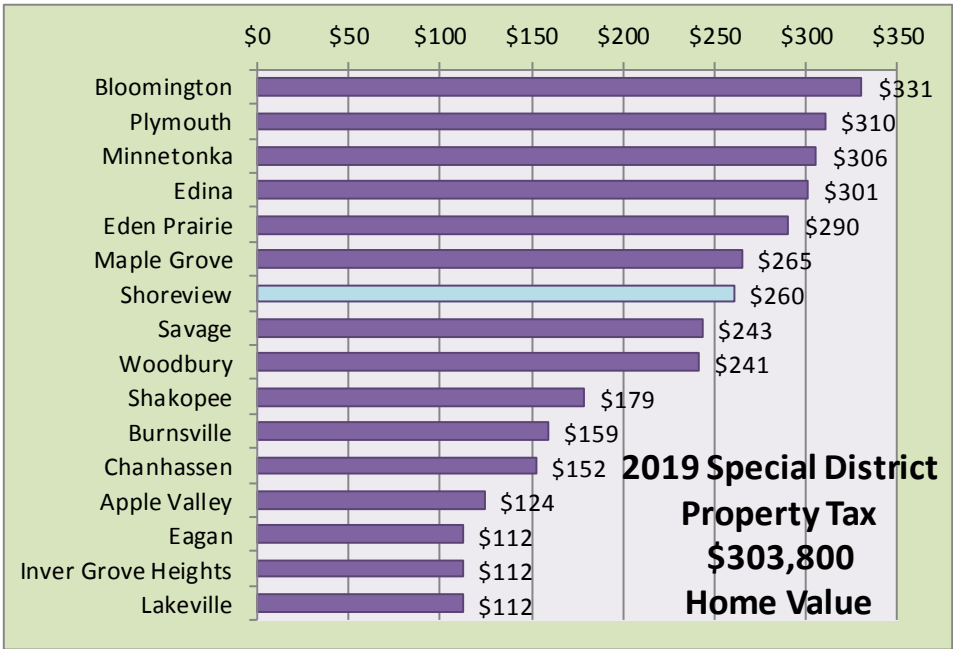
Property taxes in the Mounds View school district rank about 12.3% below the MLC city average.



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:

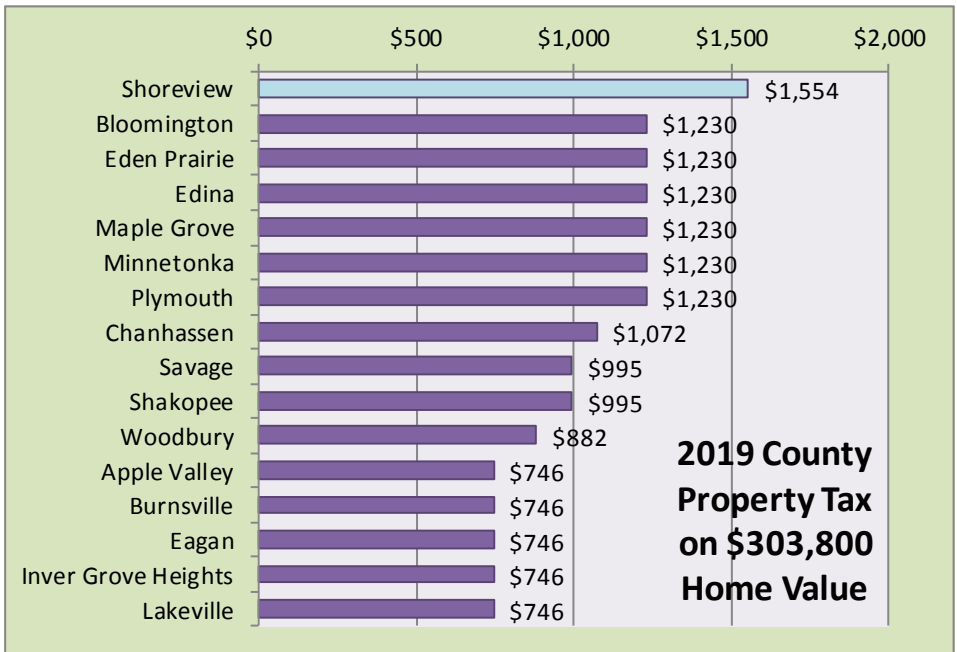
Regional Rail	\$	114
Metropolitan Council		62
Mosquito Control		12
Rice Creek Watershed		55
Shoreview HRA		17
Total Special District Tax	<u>\$</u>	<u>260</u>

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 \$219.



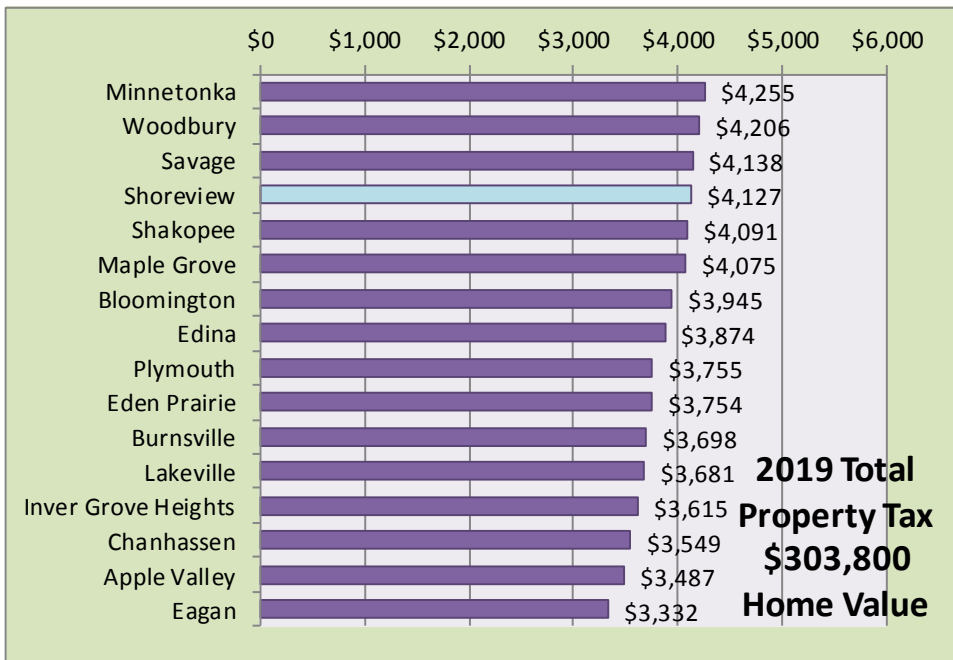
County property taxes vary greatly among MLC cities.

- Ramsey County taxes are \$1,554, the highest for MLC cities. (including the City of Shoreview)
- Hennepin County cities are \$1,230, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Carver County cities are \$1,072 (including the City of Chanhassen)
- Scott County taxes are \$995 (including the cities of Savage and Shakopee).
- Washington County taxes are \$882 (including the city of Woodbury).
- Dakota County is lowest at \$746 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 4th 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 \$808 higher in Shoreview, school district taxes are \$57 lower, special district taxes are \$148 higher and City taxes are \$104 lower.



Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,554	\$ 746	\$ 808
School District	1,344	1,401	(57)
City	969	1,073	(104)
Special Districts	260	112	148
Total	\$ 4,127	\$ 3,332	\$ 795

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 2020 Budget is scheduled for December 2, 2019 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 16, 2019 (the second regular Council meeting in December).



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