

2024 - 2025 Budget in Brief

Brooklyn Park 

City of Brooklyn Park
Brooklyn Park, Minnesota
www.brooklynpark.org
763 424-8000

CITY MANAGER MESSAGE



December 12, 2023

Brooklyn Park residents, Honorable Mayor and Members of the Council:

I am pleased to present the Budget in Brief which provides a high-level overview of the final 2024-25 budget. The complete budget is also located on the City's website <https://www.brooklynpark.org/city-finance/budget-and-financial-reports/#city-budget>. The document is a comprehensive financial plan that identifies the City's priorities and the resources needed to achieve them. The City Council's policy goals drive a set of work plans for City employees and advisory commissions. The City's departments continue to prioritize work aligning it with *Brooklyn Park 2025* goals.

The 2024-2025 Adopted Budget was done with the following objectives in mind:

- Fiscal stewardship – make budget decisions acknowledging both short and long-term impacts
- Tax/Service level balance – fund operations at a level to provide quality services at a reasonable cost
- Strategic investments – consider additional investments when they help achieve the City's goals and provide a significant return to the community
- Budget outcomes – seek to make connection between resources and results

The overall 2024-2025 City budget is approximately \$217 million. The 13.61 percent increase from 2023 is due to inflation, increases in health care costs and the need to fund projects after external funding sources conclude.

This Budget in Brief provides information about the city, along with information about the budget process, revenues, expenditures, City programs and services. It is intended to provide an accessible, transparent way of learning about the City budget, while accurately showing how Brooklyn Park invests in its resources.

While the city's overall financial standing remains strong, Brooklyn Park continues to experience some significant financial challenges and pressures. We will continue to work towards minimizing the financial burden on the city taxpayers, while maintaining service levels in a growing community.

As in the past, the Budget Advisory Commission (BAC) deserves acknowledgment for the many hours they have dedicated to reviewing department budgets and providing thoughts, priorities and concerns to Council.

I would like to thank the City Council for taking the time over the past several months to conduct a thoughtful and thorough review of the budget. Your engagement with the city departments throughout the budgeting process continues to ensure we maintain a high level of commitment for providing the best service to the residents of Brooklyn Park not only currently, but for years to come.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jay Stroebel". The signature is fluid and cursive, written over a light gray horizontal line.

Jay Stroebel

City Manager

FREQUENTLY ASKED QUESTIONS

What is a budget?

The budget is a blueprint for City services and plans for a fiscal year. The purpose of the budget is to communicate the financial plans of the City and its allocation of resources. This document expresses priorities, goals, plans, and targets. The budget is an implementation plan to achieve the City's goals and objectives.

What is the proposed budget?

The City Charter (Section 8.05) requires the City Manager present a proposed annual budget to the City Council at its first regular meeting in September of each year. The proposed budget outlines the recommended spending plan and revenue estimate for the upcoming year.

What is the approved budget?

The annual operating budget is a City Council approved spending plan for use of the City's funding sources. Following the proposed budget, the City Council may hold work sessions until all the estimates have been considered. The meetings are conducted to give interested citizens a reasonable opportunity to be heard. The annual budget finally agreed upon is approved by the majority of the council by the date established by State law.

What is the Capital Improvement Program (CIP) and Capital Equipment Plan (CEP)?

The CIP and CEP are five-year plans for the funding and construction or repair of City buildings and facilities such as streets, roads, storm drains, traffic signals, parks, and community centers (CIP) and major capital equipment replacement and additions (CEP).

What are "funds" and why does the City have them?

The city uses funds to group different sources of revenue. Some revenue sources have restrictions on how they can be used. For example, monies received for water service must be spent to operate and maintain the city's water system.

What is the General Fund?

The General Fund is the primary fund used by a government entity and accounts for revenues and expenditures used to carry out basic governmental activities of the City such as public safety, administrative, community development, recreation and parks services, and operations and maintenance. This is the largest fund and is supported by taxpayers' dollars.

How is the City's budget structured?

There are two main parts to the City's budget or spending plan.

- The operating budget provides money for running City departments and services, day-to-day spending. Think of it as a part of your household budget that pays for groceries and monthly bills. The largest expense in the operating budget is in personnel.
- The capital budget provides money for things like playgrounds, sidewalks and road paving. It covers major investments such as buildings, the City's computer and phone systems, and major maintenance of roofs, furnaces, and other basic physical needs. An example of capital budget would be money set aside to replace your roof or to buy a new car. Bonds are often used to help the City cover a major capital expense, such as a new building. It is similar to a loan/mortgage that is gotten to finance a new home and paid for over a period of many years.

Where does the money come from that pays for the operating budget?

The operating budget is primarily funded from property taxes, though it can also include revenues received from earnings on the City's investments, user fees and charges such as recreation fees, business licenses and building permits, other State and Federal grant and aid funding, and debt issuance.

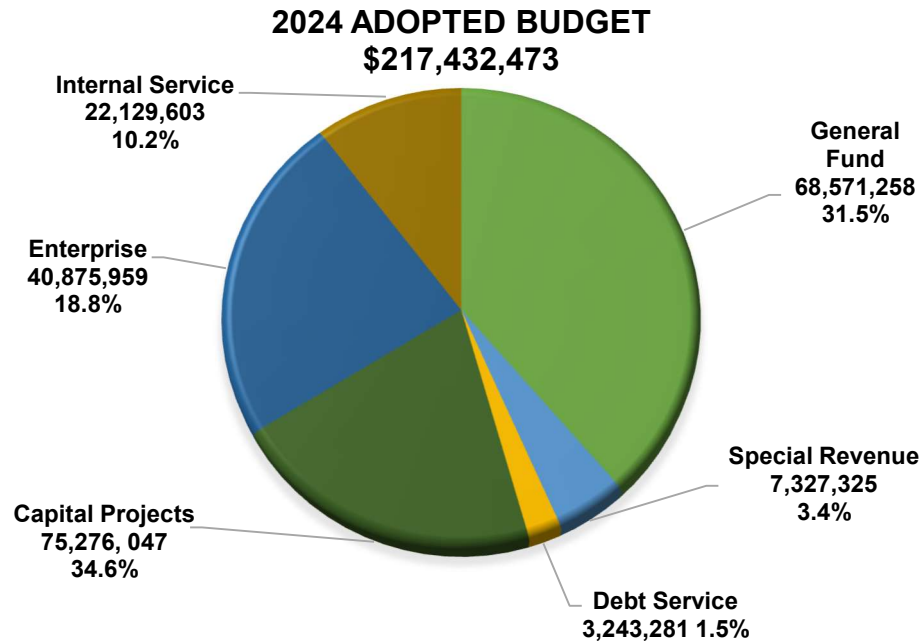
What is a City property tax levy?

The city 'levy' is the property taxes charged to its residents to fund the operating budget and cover its debt obligation. Under Minnesota State statutes an annual levy for the upcoming year must be adopted by City Council and certified to the County Auditor by the date set by State statutes.

2024 BROOKLYN PARK BUDGET SUMMARY

Total Budget

The overall City budget for 2024 is just over \$217 million. The 13.61 percent increase from 2023 is due to inflation, increase in health care costs and the need to fund projects after external funding sources conclude.



Revenue

The city receives revenue from different sources. Property taxes account for 85 percent of the total 2024-2025 budget. In addition to property taxes, the other sources of revenue are listed:

- Licenses and permits for new construction or improvements.
- Rental property, food service and others
- Charges for services, such as inspection fees, zoning and development fees; program fees
- Local Government Aid (LGA) and other aid from federal and state grant programs
- Revenues from special assessments
- Debt proceeds

2024 General Fund Revenue by Type

General property taxes (85.02%)	\$58,296,114
Licenses & Permits (4.55%)	\$3,122,261
Charges for services (3.43%)	\$2,354,588
Other Revenues (Inflows) (3.38%)	\$2,316,742
Intergovernmental Revenues (2.40%)	\$1,648,152
Transfers & Use of Fund Balance (0.83%)	\$571,901
Fines & Forfeits (0.38%)	\$261,500

	<u>2024 Revenue</u>
General Fund	68,571,258
Special Revenue Funds	7,327,325
Debt Service Funds	3,423,397
Capital Project Funds	35,789,617
Enterprise Funds	41,023,797
Internal Service Funds	21,808,552
Economic Development Authority (EDA)	25,781,131
EDA Tax Increment Financing	2,323,438
Fiduciary Funds	895,943

BUDGET BY FUND (Fund percentage of total budget)

Capital Projects Fund (34.6.%) The capital project fund budget changes are driven by the planned project from year to year, overall, a total of \$75.3 million in project expenditures is planned for 2024.

Planned capital spending for the Fire department in \$31.3 Million and \$4.03 Million in 2024 and 2025, respectively. This includes purchasing land for a new East Fire Station for \$3.3 Million. Planned spending also includes \$26.73 Million for construction of a new Central Fire Station with an additional \$1.2 Million planned for the planning and design phase. The Central Fire Station was originally discussed at a public hearing held on December 5, 2022, and may require a referendum vote to move forward.

In November 2018, Brooklyn Park voters passed a \$26 million Park Bond Referendum to support reinvestment in the park system. Planned improvements in 2024 and 2025 include improvements to Central Park, Zane Sports Park, Natural Resource Management, Trails/Wayfinding/Lighting, Community Activity Center, Senior Facilities, and Teen Center. A total of \$6.85 Million is planned for 2024 projects and \$2.585 Million is planned for 2025 projects.

The Capital Projects Fund accounts for all resources used for the acquisition or construction of capital facilities. Funding sources include special assessments, bond funding, State Aids, Federal funding, Franchise Fees, Tax Increment (Economic Development Authority), and investments.

Municipal Buildings & Additions – Accounts for the construction or renovation of municipal buildings

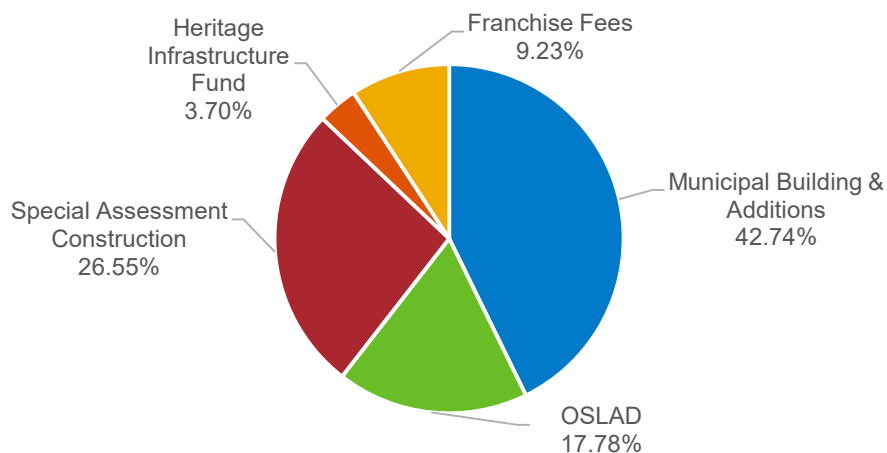
Open Space, Land Acquisition & Development Fund – Accounts for State and Federal grants and contributions from developers that are expended for the acquisition, development and redevelopment of park land.

Special Assessment Construction – Accounts for the construction costs of certain public improvements such as public streets, water and sewer mains or storm sewers which are to be paid for wholly or in part from special assessments levied against the benefited party. This fund also accounts for the City’s allocation of the state-collected highway user tax.

Heritage Infrastructure – Established to accumulate savings and preserve funding to provide for future capital improvements of a general benefit to the City and capital projects must meet a certain criterion.

Franchise Fees – Used to fund transportation infrastructure projects including street rehabilitation and maintenance, sidewalks, trails, and work required as part of street overlays and reconstruction.

2024 BUDGET CAPITAL PROJECTS FUNDS \$75,276,047



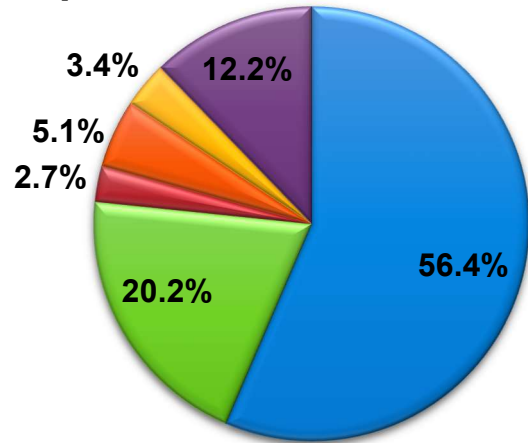
General Fund (31.5%) As the primary operating fund, the General Fund provides resources to sustain the daily government operating activities. The 2024 overall General Fund expenditures is \$68,571.258 which is a 6 percent increase from 2023. Some of the factors for the increase include a 3% cost of living salary increase to stay competitive with the market.

The City was awarded the Staffing for Adequate Fire and Emergency Response (SAFER) grant, which was to fund twelve new full-time firefighters for three years beginning in 2022. The expense for equipment, training, and supplies for the new firefighters is included in the 2024 General Fund budget.

Expenditures are divided into account groups to track spending and are categorized based on how the funds are managed or expected to be spent for the year. Employee salaries and benefits are 76.6% of the General Fund budget, representing the largest expenditure in the General Fund.

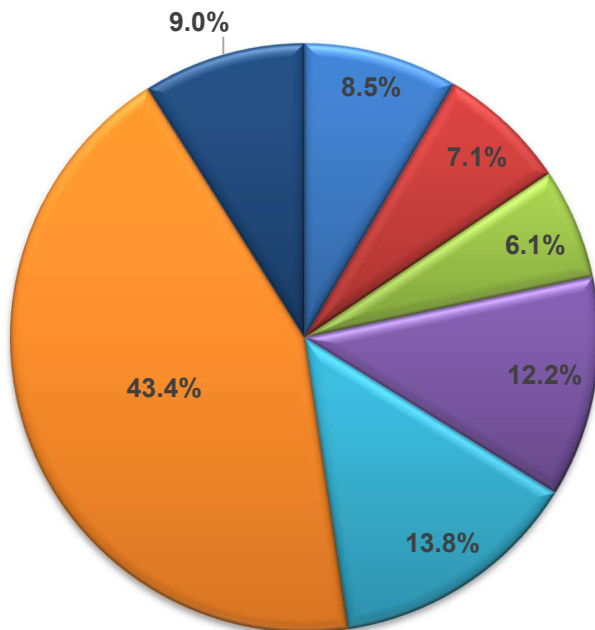
2024 General Fund Expenditures

- Salaries and Wages
\$38.71 million
- Employee Benefits
\$13.84 million
- Supplies
\$1.82 million
- Contractual & Professional Services
\$3.47 million



About 56 percent of the total General Fund budget expenditure is for public safety which includes 140 full time equivalent employees in the Brooklyn Park Police department which respond to resident calls for service 24 hours per day, 7 days a week. The Fire department has 50.5 full time equivalent employees who also respond to residents calls which include fire, medical, rescue hazardous material and public assistance response professionals and clerical staff. The next largest department spending is the Operations and Maintenance Department which is responsible for maintenance of city facilities, street repair and reconstruction, and care for park and city property.

2024 Expenditures by Department

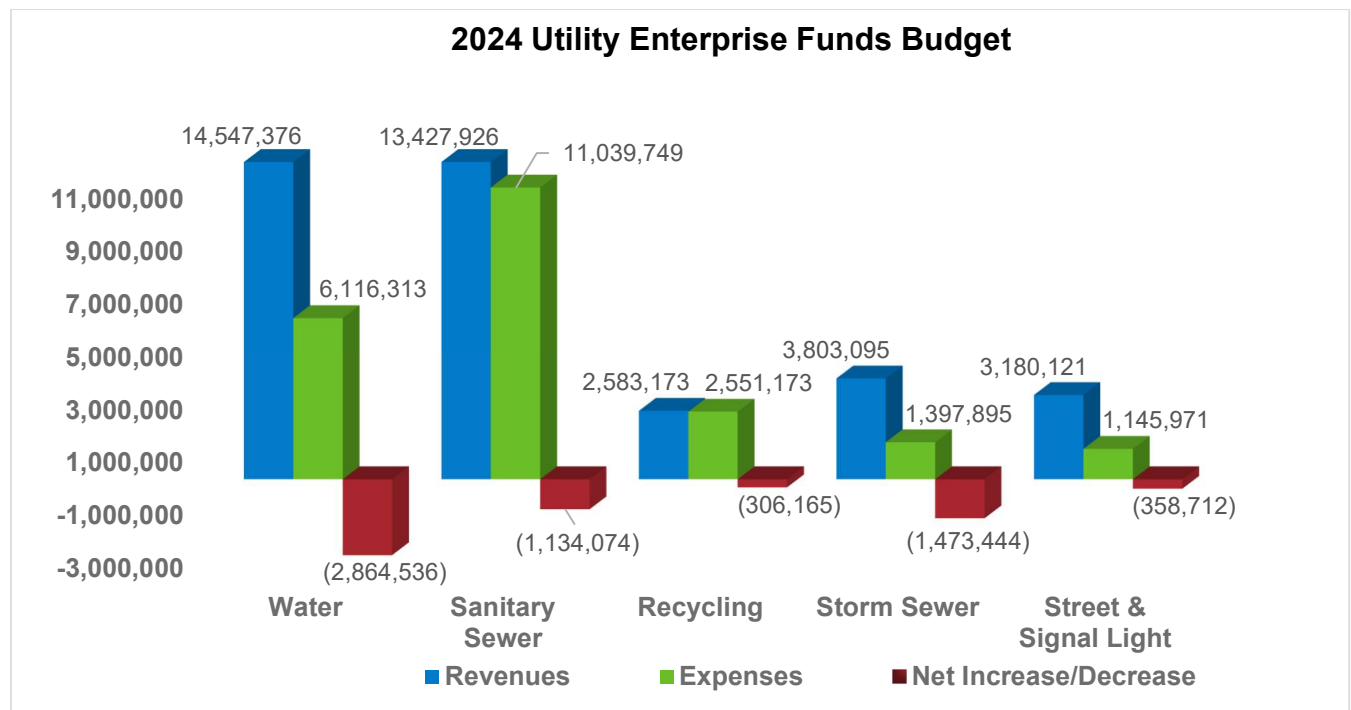


- Administration
\$5.81 million
- Community Development
\$4.88 million
- Finance
\$4.17 million
- Fire
\$8.34 million
- Operations & Maintenance
\$9.47 million
- Police
\$29.76 million
- Recreation & Parks
\$6.14 million

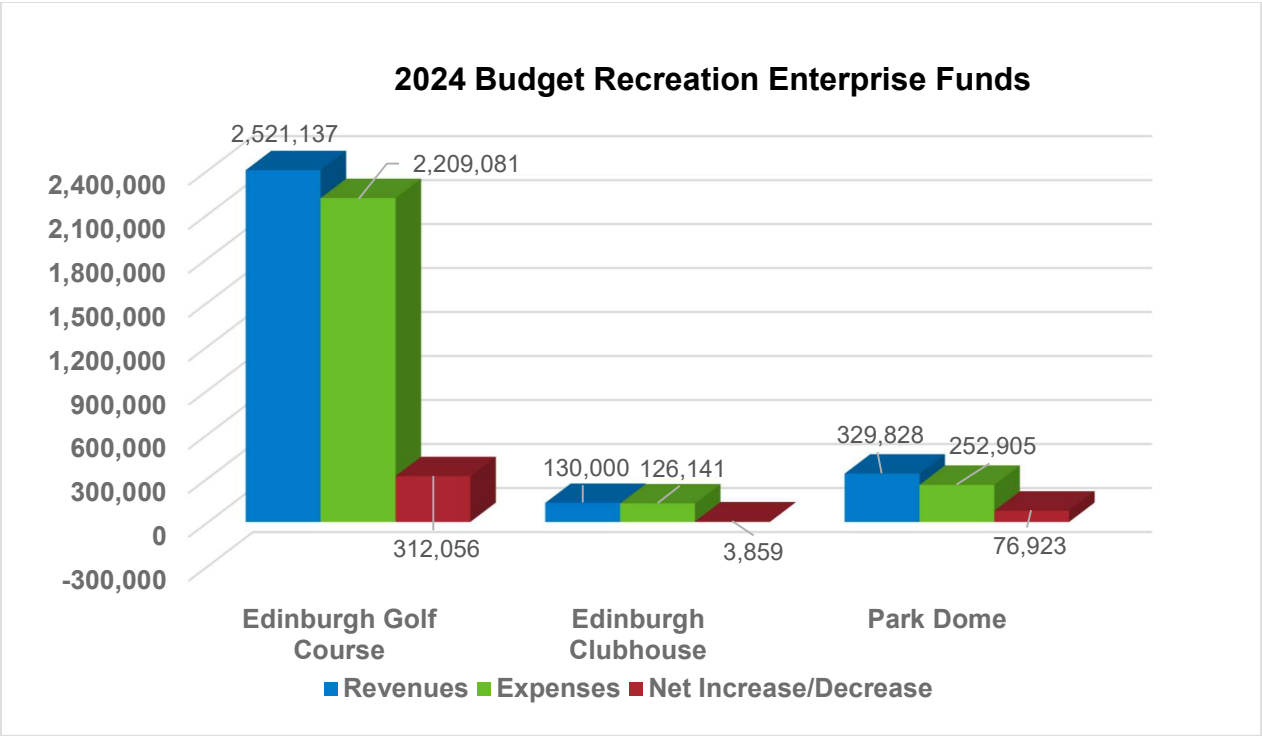
Enterprise Funds (18.8%) These funds include services that the city provides that operate like a “business” and can include external customers. Charges for services are expected to recover operating costs, indirect costs, capital investments and interest expense. User fees predominantly support the operations of these funds and rates are set with the intent of funding the operating and capital costs. These funds do not receive any General Fund support and must be self-supporting.

The City provides residents with Water Utility, Sanitary Sewer, Recycling, Storm Sewer and Street Light services. The charges for these services (user fees), along with the cost for providing the services are accounted for in the Enterprise funds. Rate studies are conducted periodically to ensure the rates are sufficient to cover the operating expenses, capital improvements, upgrades and costs associated with meeting both State and Federal guidelines and regulations. A five-year rate study was completed in 2023 with revenue projections structured to provide solvent Utility Funds to cover operating costs.

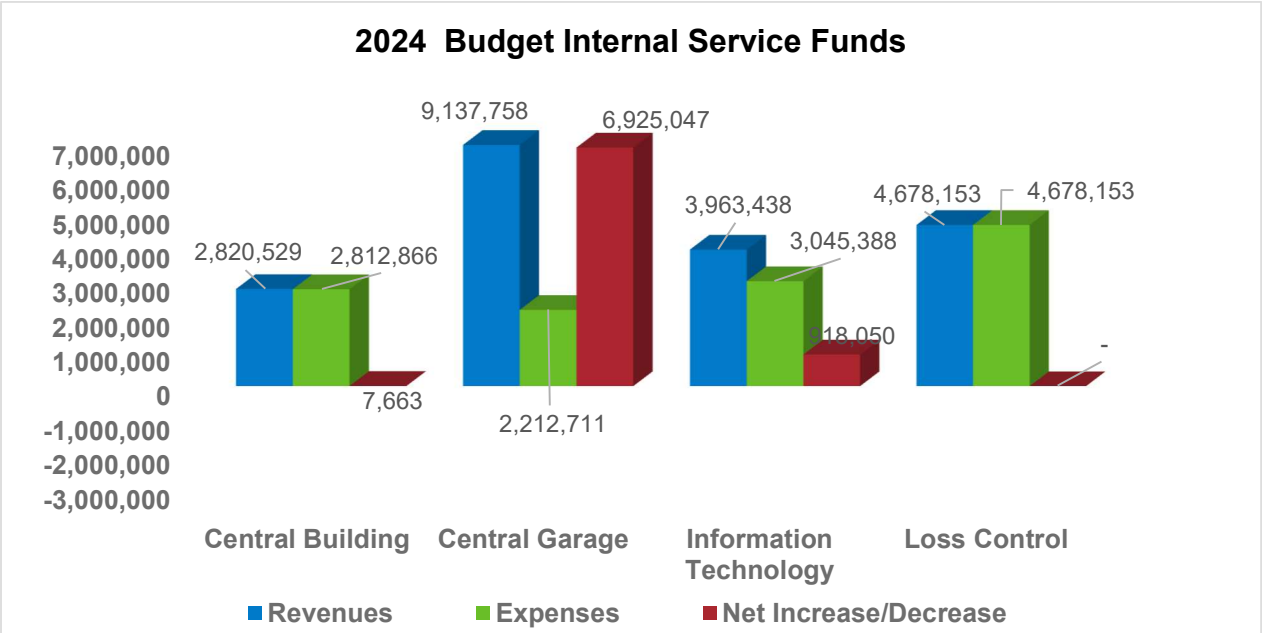
During the year 2024, utility fee income will increase by 4% from the rate increases in the water, and 10% for sanitary sewer funds. The fee increase for sanitary sewer is necessary to cover the increased sewer charges from Met Council Environmental Services. The Street and Light fund will increase 1% in revenues and expenditures with planned street and light infrastructure additions. The fee increases were intended to bring the rates up to a level that will keep pace with the upcoming project expenditures in the funds.



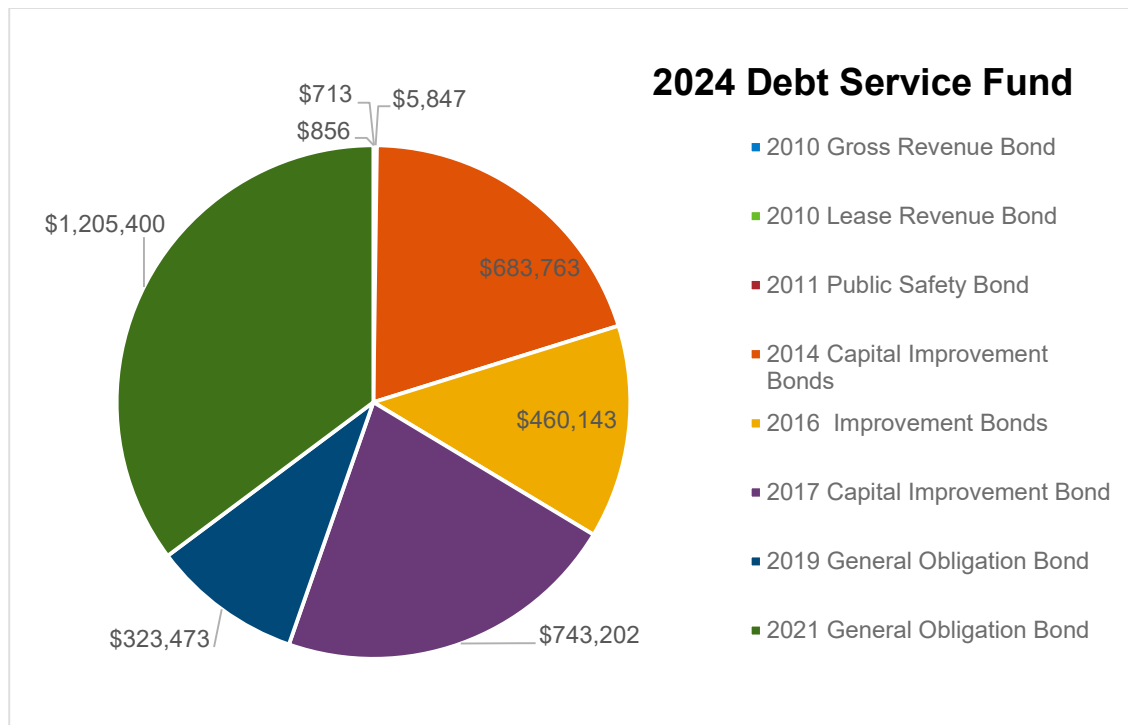
The Recreation Enterprise funds include the Edinburgh USA Golf Course, Edinburgh USA Clubhouse and the Brooklyn Park Sports Dome. The revenues for services and other business sales along with the cost of operations are accounted for in the Enterprise funds. The 2024 budgets have been developed using historical, economic and market analysis data. The golf course revenue is always dependent on the weather but is budgeted to increase slightly.



Internal Service Fund (10.2%) These funds are used to track goods or services shifted between departments on a cost reimbursement basis which are internal to the city. Work out models are evaluated by staff to ensure the stability of the funds. Each department is allocated (expensed) the amount as determined by the actual costs or work out plans for each fund. The revenues reflected are the inter-department transfers from the funds being charged for the service.



Debt Service Fund (1.5%) These funds are used to account for the accumulation of resources from bond sales and other long-term debt. The principal and interest payments are made toward this debt each year. Debt financing is used to pay for large capital projects. The City of Brooklyn Park's Annual Comprehensive Financial Report for the year ended December 31, 2022, reported debt outstanding of \$28,559,567 (not including employment and pension).



Debt service levies represent the collection of tax proceeds to fund the debt service on the city's outstanding bond issues. The City currently has two types of debt levies:

Tax capacity-based levies for 2024 total \$1,024,599 and are as follows:

\$680,768 – General Obligation Capital Improvement Bond, 2014A

\$303,306 – General Obligation Capital Improvement Bond, 2017A

\$40,525 – General Obligation, Lease/Gross Revenue 2021A

Market Value Referendum debt service levies for 2024 total \$1,209,495 and are related to bonds that were issued to fund projects that were approved by the voters in a City-wide Referendum:

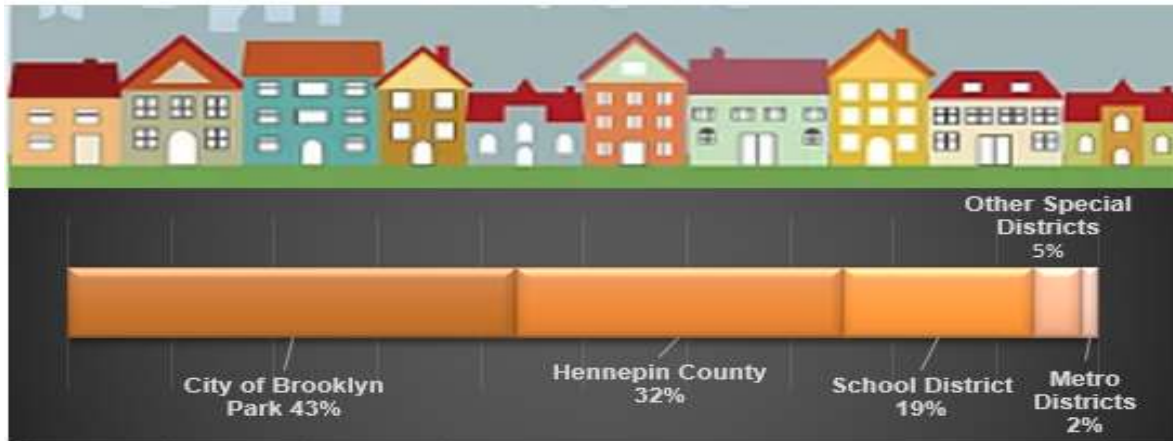
\$322,403 – 2019A Park Bond Referendum (various Recreation and Parks projects)

\$887,092 – 2021A General Obligation Bond, (various Recreation and Park projects)

PROPERTY TAX

Several different tax authorities are charging you taxes on one bill. The City of Brooklyn receives only a portion of your tax payment. Shown below is the average tax bill breakdown.

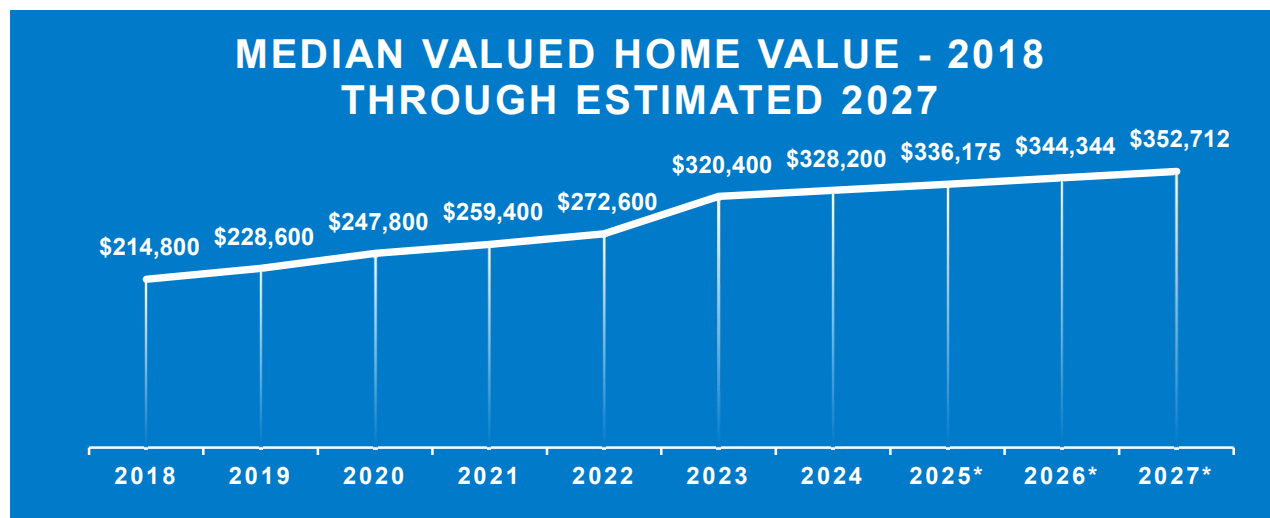
For every dollar collected from a Brooklyn Park resident:



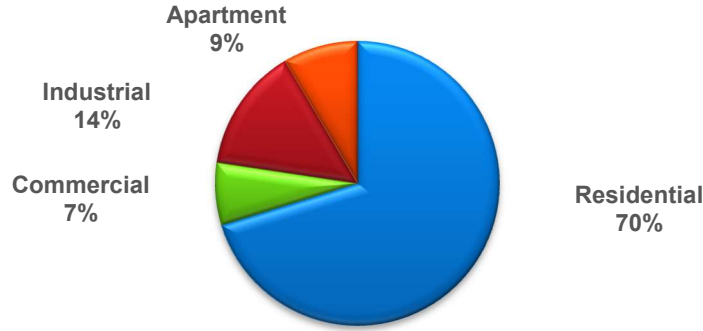
Why is the Brooklyn Park portion of my property tax bill changing?

The property taxes you pay are determined by applying a tax rate to the value of your property. Even though the City's overall tax levy – the total dollar amount the City collects in property taxes is increasing in 2024 by 11.99 percent, a property owner of a median single-family home in Brooklyn Park will see an increase from 2024 in tax cost of approximately \$11.04 per month.

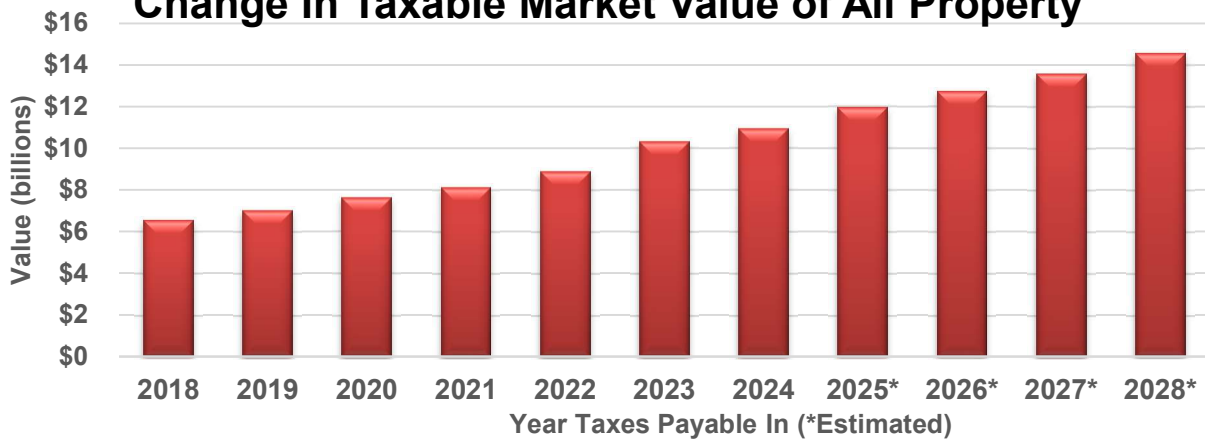
The City of Brooklyn Park portion of your property tax bill may go up or down, each individual property owner's experience is based on several factors including a change in property's value, such as a remodel adding a bathroom or sunroom, and changes in the values of other properties in Brooklyn Park.



Estimated Market Value By Property Type

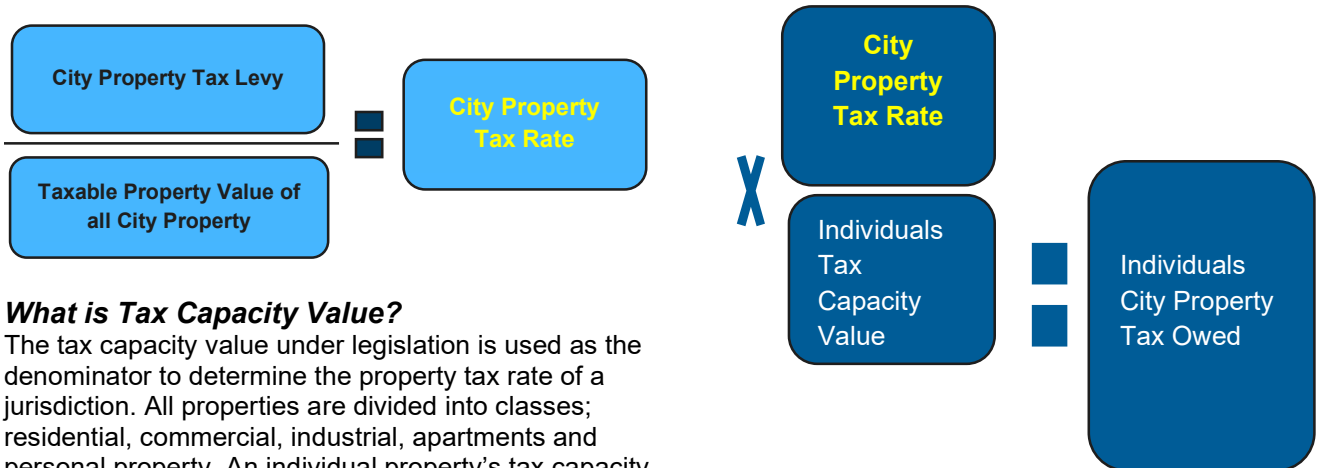


City of Brooklyn Park Change In Taxable Market Value of All Property



What is the city tax rate?

A tax rate is the percentage used to calculate the amount an individual resident will pay in property taxes.

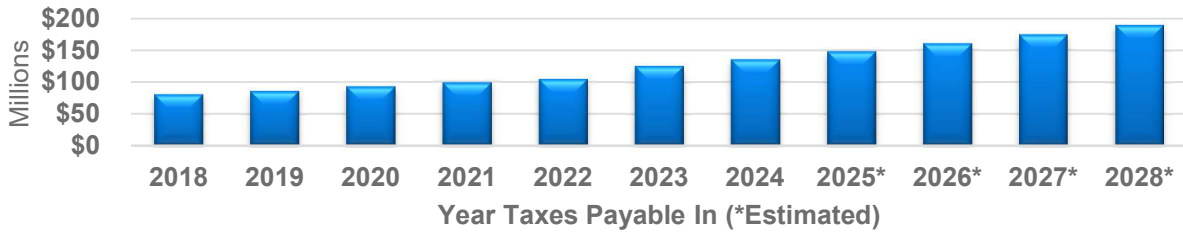


What is Tax Capacity Value?

The tax capacity value under legislation is used as the denominator to determine the property tax rate of a jurisdiction. All properties are divided into classes; residential, commercial, industrial, apartments and personal property. An individual property's tax capacity value is determined by applying the various rules governing the class that the property is classified in, to the taxable market value of that property.

The City's overall tax capacity used for calculating the property tax rate has increased to \$134.4 million from \$79.9 million in 2018. It is projected to increase to \$189 million by 2028.

City of Brooklyn Park Change In Tax Capacity



What will my 2024 City property taxes pay for?

2024 Estimated
Cost per Home
for City Services
Annually is
\$1,554 or
\$129.50 per
month (Median
Home Value)



Police Protection for a Safe Community
- \$676.15 Annually - \$56.35 per month



Fire Protection and Emergency Management Services
- \$187.17 Annually - \$15.60 per month



Operations and Maintenance
- \$212.60 Annually - \$17.72 per month



Recreation and Park - Enhancing Park Amenities,
Natural Resources, Youth Outreach and Recreation
Opportunities - \$121.12 Annually - \$10.09 per month



Community Development Promoting Strong
Neighborhoods and Property Values
- \$39.37 Annually - \$3.28 per month



Administration including election and communication
service costs and City Legal expense
- \$89.80 Annually - \$7.48 per month



Finance
- \$78.10 Annually - \$6.50 per month



Mayor and Council
- \$7.98 Annually - \$0.66 per month



Contingency and Transfers
- \$29.22 Annually - \$2.43 per month



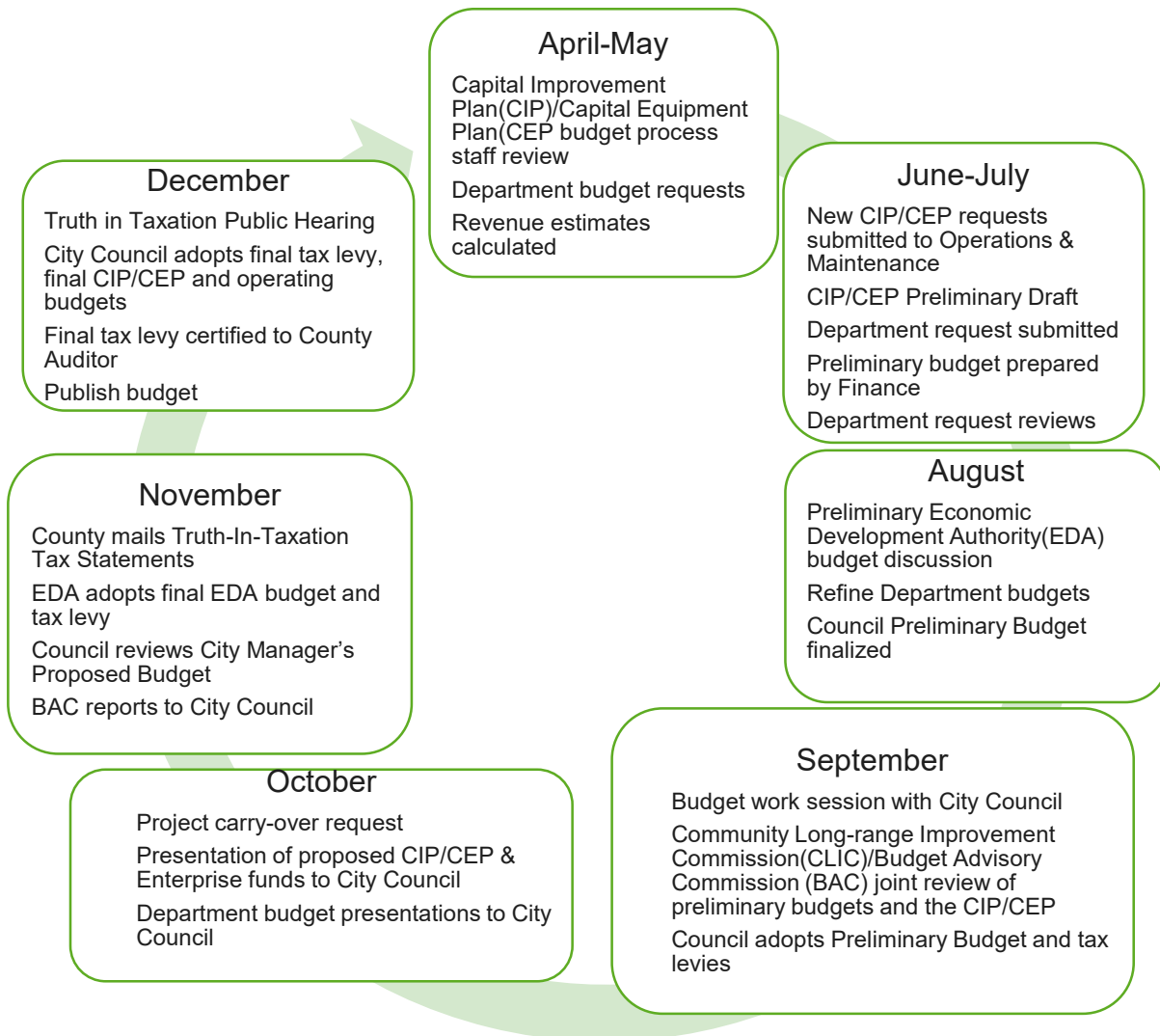
Capital and Debt
- \$25.80 Annually - \$2.15 per month



EDA/HRA (includes abatement)
- \$75.43 Annually - \$6.29 per month

BUDGET CYCLE AND PROCESS

The City adopts a tax levy annually in compliance with Minnesota State Statute. Following is a summary of the City's budget cycle and process.



The budget is one component in an annual cycle of collaboration among the community, City Council, city commissions and city staff. The City Council looks to the community for feedback through survey responses, board, or commission participation to inform its agenda.

Residents can participate in the process!

- Attend public meetings –Brooklyn Park's elected officials periodically hold public hearings to give residents and business owners the opportunity to voice concerns on budget priorities.
- Watch public meetings – City Council meetings are broadcast live on the City's website https://nwscbbrooklynpark.granicus.com/ViewPublisher.php?view_id=5
- Contact your elected officials – Contact the Mayor or City Council members with budget concerns or comments as they have the final decision on budget issues. <https://www.brooklynpark.org/city-council/>
- VOTE! – vote in municipal elections