



CITY OF
Otsego
MINNESOTA

Truth in Taxation 2025 Budgets & Property Tax Levy

PRESENTATION & PUBLIC INPUT

NOVEMBER 25, 2024

Before We Start

- **PROPERTY VALUATION**
 - That is not the focus of this meeting.
 - No changes can be made at this meeting.

- **LOCAL BOARD APPEAL & EQUALIZATION MEETING**
 - Annual Meeting between April 1 – May 31
 - Payable 2025 Valuation Meetings were Held:
 - *April 23, 2024*

Truth in Taxation

- **MINNESOTA DEPARTMENT OF REVENUE**
 - Requirement for cities with a population over 500
- **NOTIFICATION**
 - County sends a parcel specific notice between November 11-24
- **PURPOSE OF THIS MEETING**
 - Discussion of 2025 Budgets
 - Discussion of Levy for Taxes Payable 2025
 - Discussion of Capital Improvement Plan
 - Public Input

Otsego's Strategic Vision

SAFE AND HEALTHY COMMUNITY



Otsego has proactively expanded infrastructure to responsibly provide core services



Otsego has committed to delivery of quality emergency service responsive to community needs and expectations in a cost-effective manner

CULTURE



Otsego has a strong organization that is committed to team and individual development for excellence



Otsego has an organization committed to leading the community through innovative communication

QUALITY OF LIFE



Otsego is a social community with diverse housing, service options, and employment opportunities



Otsego is a distinctive, connected community known for its beauty and natural resources

Budget Process

- **CITY COUNCIL OUTLINES 2025 BUDGET GOALS AND OBJECTIVES**
- **STAFF PREPARE PROPOSED BUDGETS**
- **PROPOSED BUDGETS REVIEWED**
 - City Council Meetings from May to November (open to public)
 - 8 Meetings Prior to Tonight
- **PRELIMINARY TAX LEVY**
 - Certified September 23, 2024
- **TRUTH IN TAXATION**
- **FINAL BUDGET ADOPTION**
 - Pending December 9, 2024

A photograph of a park area. In the foreground, there are three black metal benches arranged around a circular fire pit. To the left, a large pavilion with a dark metal roof and several support pillars stands on a paved area. In the background, a playground with green slides and a basketball hoop is visible. The scene is set in a grassy area with trees and houses in the distance. The sky is overcast.

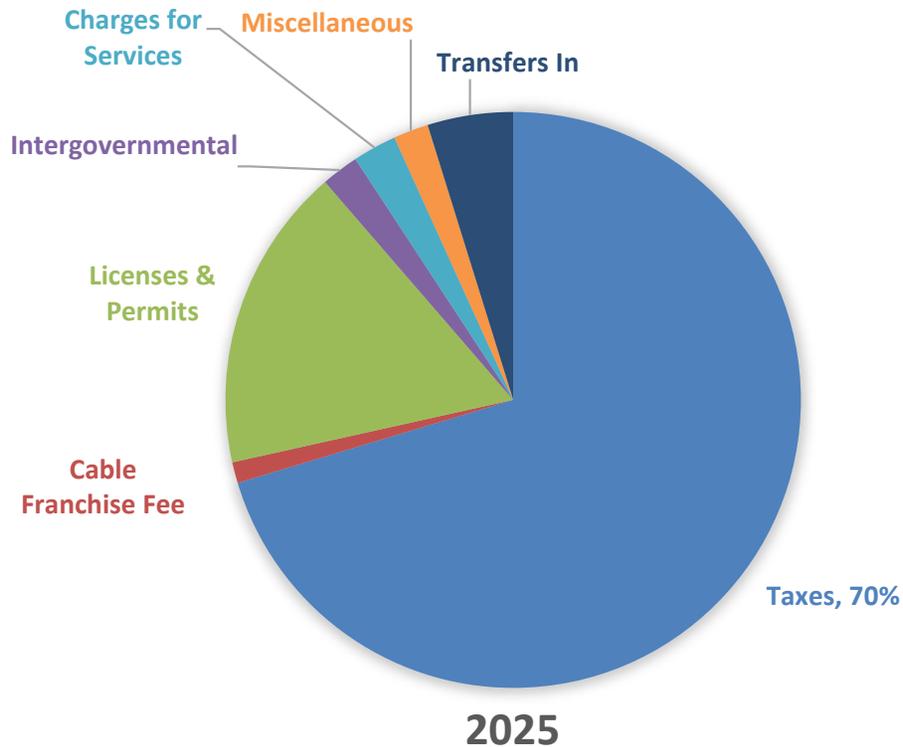
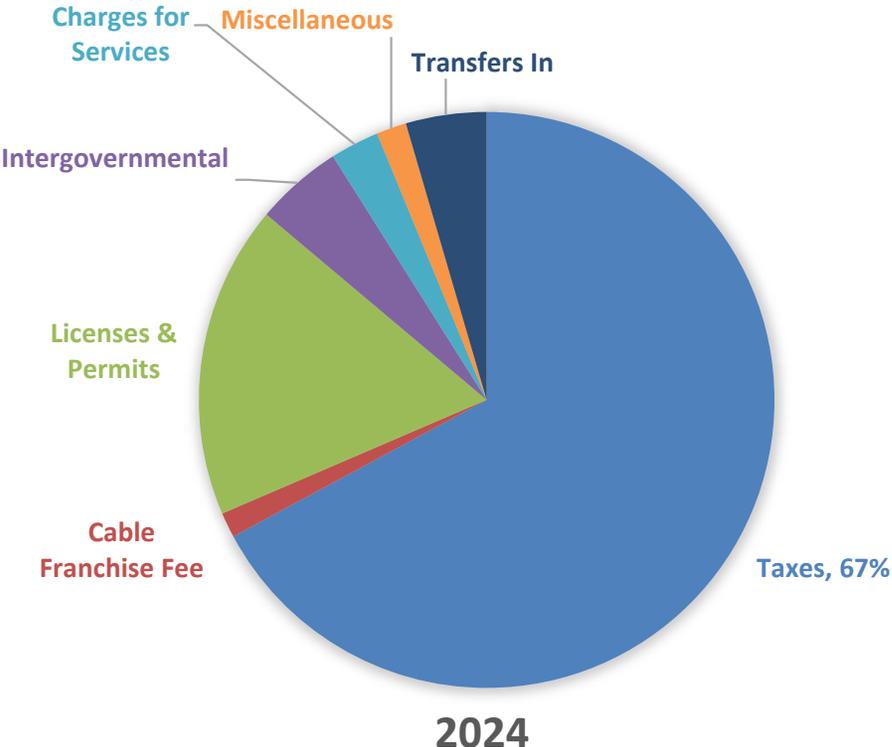
General Fund

General Fund Summary

	2024	2025	(\$)	(%)
	Budget	Budget	Change	Change
Revenue Source				
Taxes	\$ 6,324,793	\$ 6,992,002	\$ 667,209	10.55%
Cable Franchise Fees	132,000	117,000	(15,000)	-11.36%
Licenses & Permits	1,657,040	1,703,459	46,419	2.80%
Intergovernmental	461,984	209,554	(252,430)	-54.64%
Charges for Services	258,515	244,830	(13,685)	-5.29%
Special Assessments	3,800	3,500	(300)	-7.89%
Fines & Forfeitures	30,900	33,600	2,700	8.74%
Investment Interest	106,920	142,657	35,737	33.42%
Miscellaneous	17,500	15,500	(2,000)	-11.43%
Interfund Transfers	427,000	478,000	51,000	11.94%
Total	\$ 9,420,452	\$ 9,940,102	\$ 519,650	5.52%
Expenditure Function				
General Government	\$ 2,120,045	\$ 2,196,516	\$ 76,471	3.61%
Public Safety	4,029,903	4,263,499	233,596	5.80%
Public Works	2,035,838	2,118,872	83,034	4.08%
Parks & Recreation	1,129,706	1,250,315	120,609	10.68%
Economic Development	104,960	110,900	5,940	5.66%
Total	\$ 9,420,452	\$ 9,940,102	\$ 519,650	5.52%



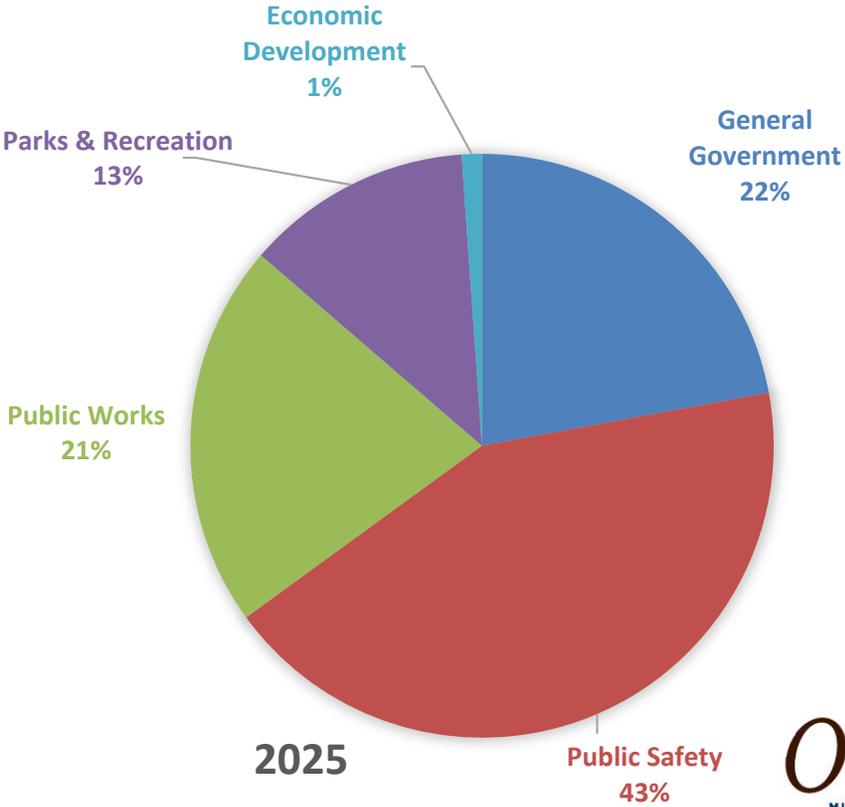
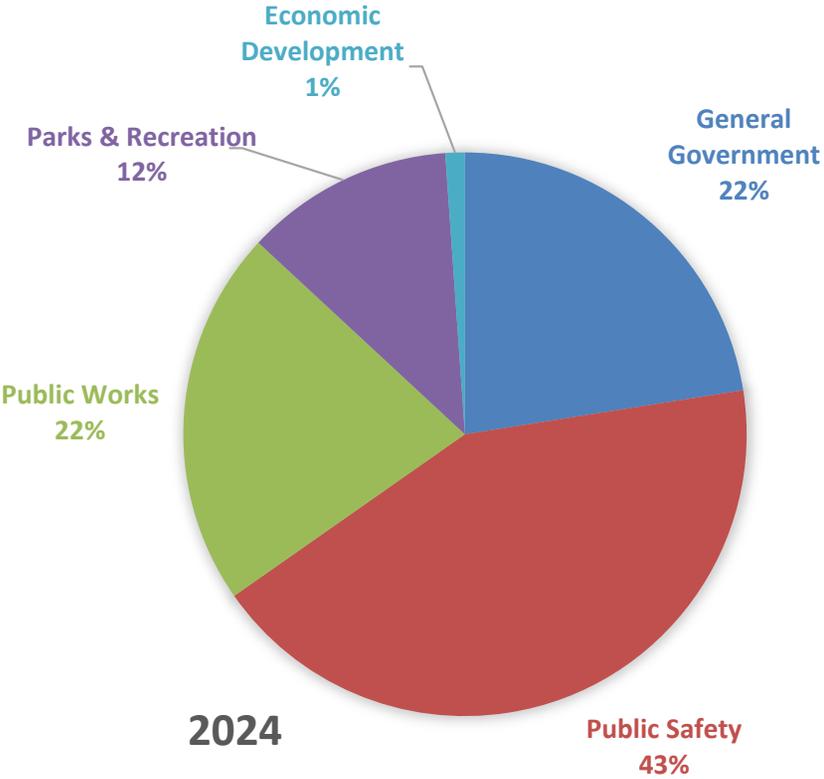
Revenues



Revenues – Changes from 2024

- **PROPERTY TAXES**
 - Total Expenditures and Subtract Other Revenue Sources
- **CABLE FRANCHISE FEES**
 - Fewer Subscribers = Declining Revenue Source
- **LICENSES & PERMITS**
 - New Residential Construction Permits (277 for 2024 / 280 for 2025)
- **INTERGOVERNMENTAL**
 - Local Government Aid – Legislative Formula – No Aid in 2025
 - Public Safety Aid Allocation (\$285,686 for 2024 / \$90,054 for 2025)
- **TRANSFERS IN**
 - Administrative Services Reimbursement - \$478,000

Expenditures



General Government – Changes from 2024 (3.61%)

- **CITY COUNCIL; ADMINISTRATION; ELECTIONS; ASSESSING; FINANCE; INFORMATION TECHNOLOGY; LEGAL; HUMAN RESOURCES; COMMUNICATIONS; AND CITY BUILDINGS.**
 - Staffing
 - *Communications: PT Position Hired in Summer 2024, Full Year Budget for 2025*
 - *Records Technician: Temporary Position Budgeted for 2025*
 - *Cost of Living Adjustments for Wages*
 - *Insurance Adjustments for Benefits*
 - Elections – No Scheduled Elections in 2025

Public Safety – Changes from 2024 (5.80%)

- **POLICE PROTECTION; PUBLIC SAFETY COMMISSION; FIRE PROTECTION; BUILDING SAFETY; EMERGENCY MANAGEMENT; AND ANIMAL CONTROL.**
 - Law Enforcement Contract - \$2,013,000
 - *Hourly Rate Increase - \$110 per hour, 4.7% Increase*
 - Fire Protection Contracts - \$1,380,562
 - *Adjustments for Tax Capacity, Market Value, Call Volumes, 18.07% increase*
 - Emergency Services Department
 - *Operating Equipment, Tools, Fire Code Books, Prevention Materials, Software*
 - *Emergency Sirens Supplies & Maintenance, Radios, Utilities*

Public Works – Changes from 2024 (4.08%)

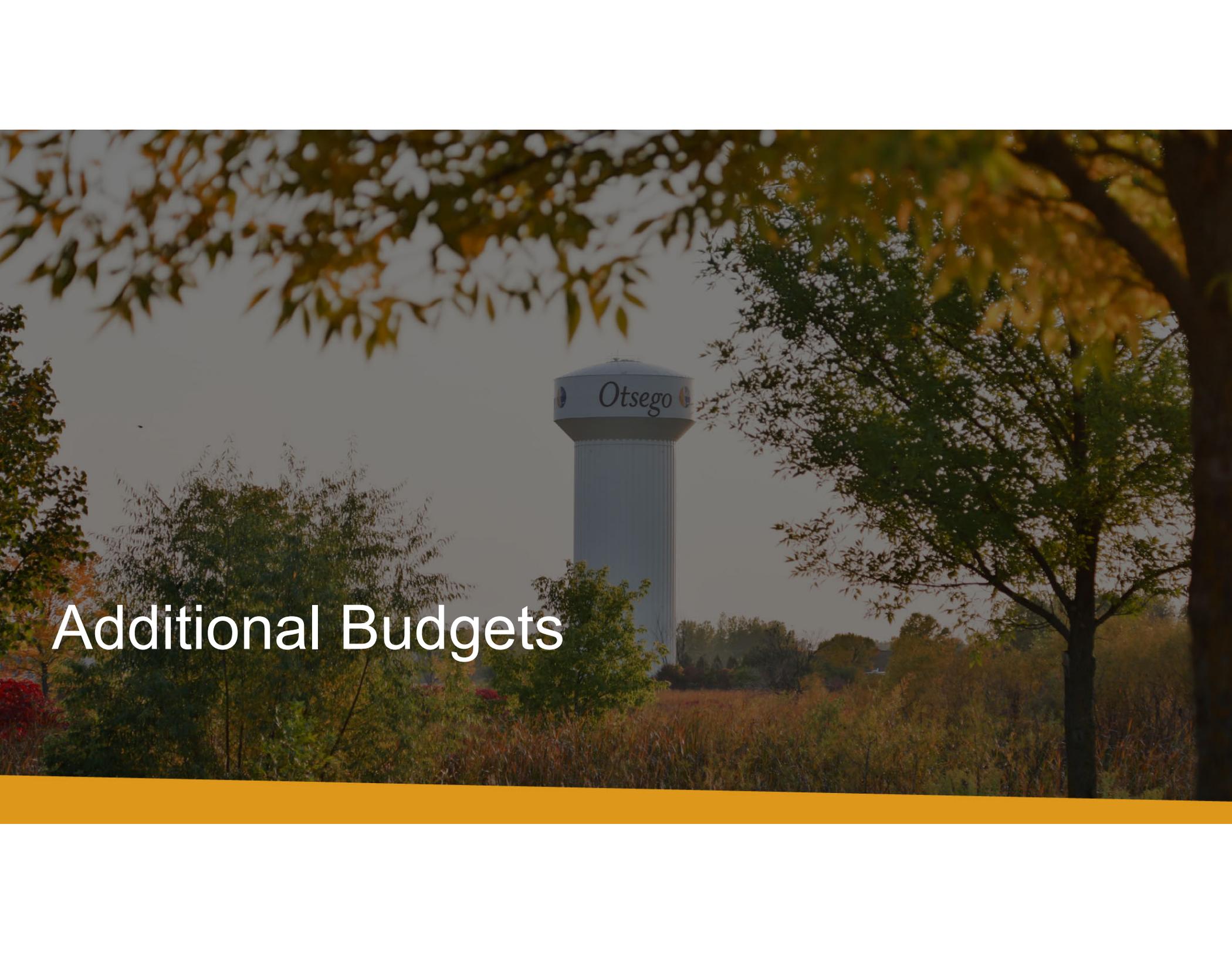
- **STREETS MAINTENANCE; ENGINEERING; STREET LIGHTS AND FLEET MANAGEMENT.**
 - Staffing
 - *Cost of Living Adjustments for Wages*
 - *Insurance Adjustments for Benefits*
 - Street Maintenance: Gravel, Salt, Sand, Signage
 - Street Lighting: Electrical Utilities, Signal Light Repairs
 - Fleet Services:
 - *Fuel, Vehicle & Equipment Maintenance, and Supplies*
 - *Contracted Services for Major Repairs*

Culture and Recreation—Changes from 2024 (10.68%)

- **PARK MAINTENANCE; RECREATION; PARKS AND RECREATION COMMISSION; AND HERITAGE PRESERVATION COMMISSION.**
 - Staffing
 - *Recreation Programmer: FT Position Hired in Summer 2024, Full Year Budget for 2025*
 - *Cost of Living Adjustments for Wages*
 - *Insurance Adjustments for Benefits*
 - Parks Maintenance: Athletic Fields, Playgrounds, Irrigation, Natural Landscapes
 - Recreation: Program Supplies & Equipment

Economic Development– Changes from 2024 (5.66%)

- **PLANNING COMMISSION, PLANNING & ZONING, ECONOMIC DEVELOPMENT.**
 - Advisory Commissioner – Meeting Stipends Increased from \$20 to \$30
 - Planning & Zoning Services
 - Economic Development Authority – Meeting Stipends Budgeted



Additional Budgets

Public Utility Funds

- **DRINKING WATER**
 - 7% Rate Increase

- **SANITARY SEWER**
 - 2% Rate Increase

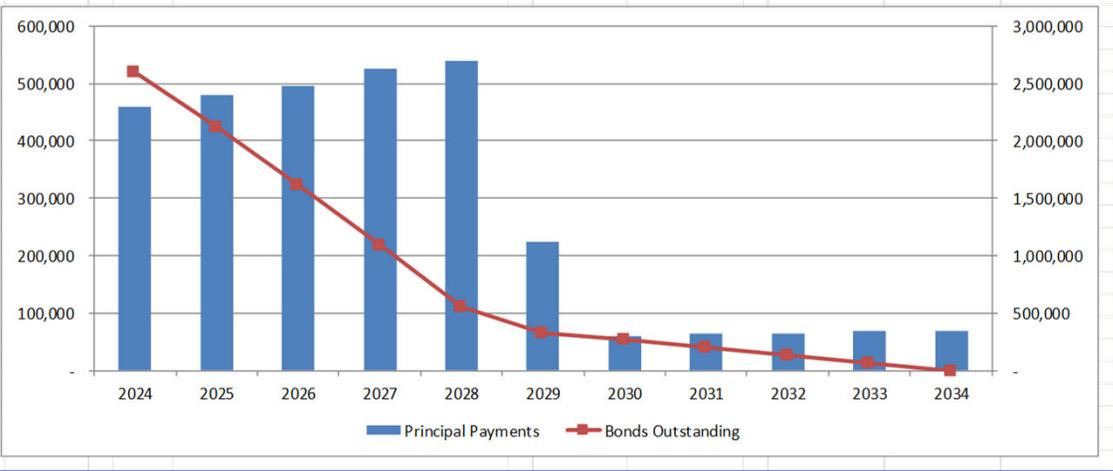
- **STORM WATER**
 - 8.34% Rate Increase

	Budget	Budget
Description	2024	2025
Utility Revenues		
Operating	\$ 7,679,101	\$ 8,118,701
Non-Operating	3,689,713	2,966,469
Availability + Connection Charges	4,115,780	4,696,540
Special Assessments	31,917	32,557
Bond Proceeds	19,600,000	10,098,000
<i>Subtotal</i>	<u>35,116,511</u>	<u>25,912,267</u>
Expenditures		
Personal Services	1,175,404	1,488,288
Supplies	1,026,307	1,019,630
Services & Other Charges	1,413,746	1,582,905
Capital Outlay	23,055,807	20,506,400
Depreciation	4,274,943	4,638,841
Debt Service	4,781,299	5,208,236
Interfund Transfers	427,000	478,000
<i>Subtotal</i>	<u>36,154,506</u>	<u>34,922,300</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>\$ (1,037,995)</u>	<u>\$ (9,010,033)</u>



Debt Service Funds

Description of Bond Issue	Maturity Date	Original Issue Amount	Liability Balance 12/31/2023	2024 Principal Payment	Liability Balance 12/31/2024
Improvement Bonds					
2018A General Obligation Improvement	2/1/2034	\$ 2,305,000	\$ 1,580,000	\$ 190,000	\$ 1,390,000
2020A General Obligation Improvement Refunding	2/1/2028	2,950,000	1,475,000	270,000	1,205,000
Grand Total		\$ 5,255,000	\$ 3,055,000	\$ 460,000	\$ 2,595,000



Description	Budget 2024	Budget 2025
Revenues		
Taxes	\$ 299,144	\$ 290,308
Special Assessments	176,239	168,333
Subtotal	475,383	458,641
Expenditures		
Principal	460,000	480,000
Interest	98,406	81,556
Fiscal Agent Fee's	1,000	1,000
Subtotal	559,406	562,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (84,023)	\$ (103,915)



Special Revenue Funds

- **BUDGETED FUNDS**
 - Tax Increment District No. 1
 - Tax Increment District No. 2
 - Tax Increment District No. 3

- **OTHER FUNDS**
 - Insurance Reserve
 - Vireo Health
 - Lawful Gambling
 - Street Light District
 - Development Revolving

		Budget	Budget
Description		2024	2025
Revenues			
	Tax Increments	\$ 532,815	\$ 609,601
	<i>Subtotal</i>	<u>532,815</u>	<u>609,601</u>
Expenditures			
	Personal Services	3,200	3,200
	Services & Other Charges	4,500	4,500
	Development Incentives	471,410	510,542
	<i>Subtotal</i>	<u>479,110</u>	<u>518,242</u>
Excess (Deficiency) of Revenues			
	Over (Under) Expenditures	<u>\$ 53,705</u>	<u>\$ 91,359</u>





Property Tax Levy

2025 Tax Capacity - Factors

- **MARKET VALUE**
 - Wright County Assessor sets valuations
 - *Board of Appeal and Equalization (4-23-2024)*
- **2024 ASSESSMENT – PAYABLE 2025**
 - Residential: 0.41%
 - *Median Value (2023): \$402,700*
 - *Median Value (2024): \$386,400 or 4% Decrease*
 - Multi-Family: 22.55%
 - Commercial: 9.21%
 - Industrial: 8.92%
 - Agricultural: 0.43%

Tax Capacity



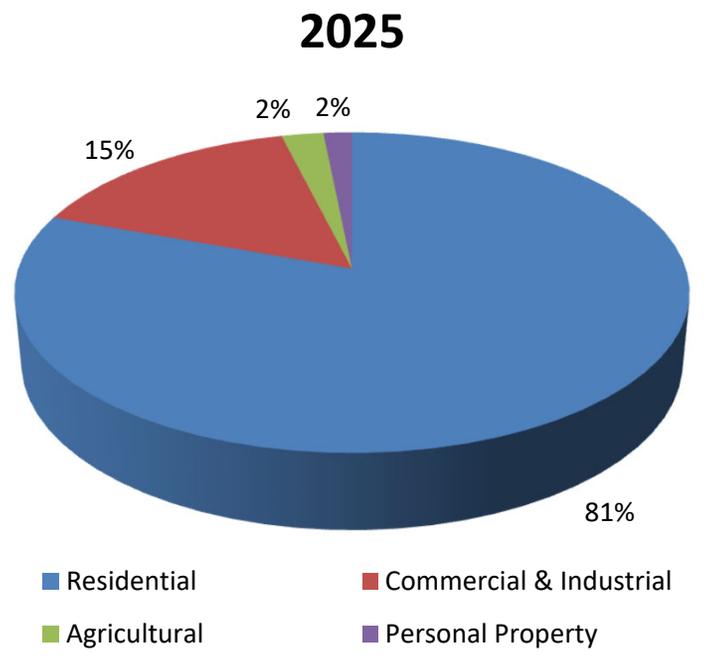
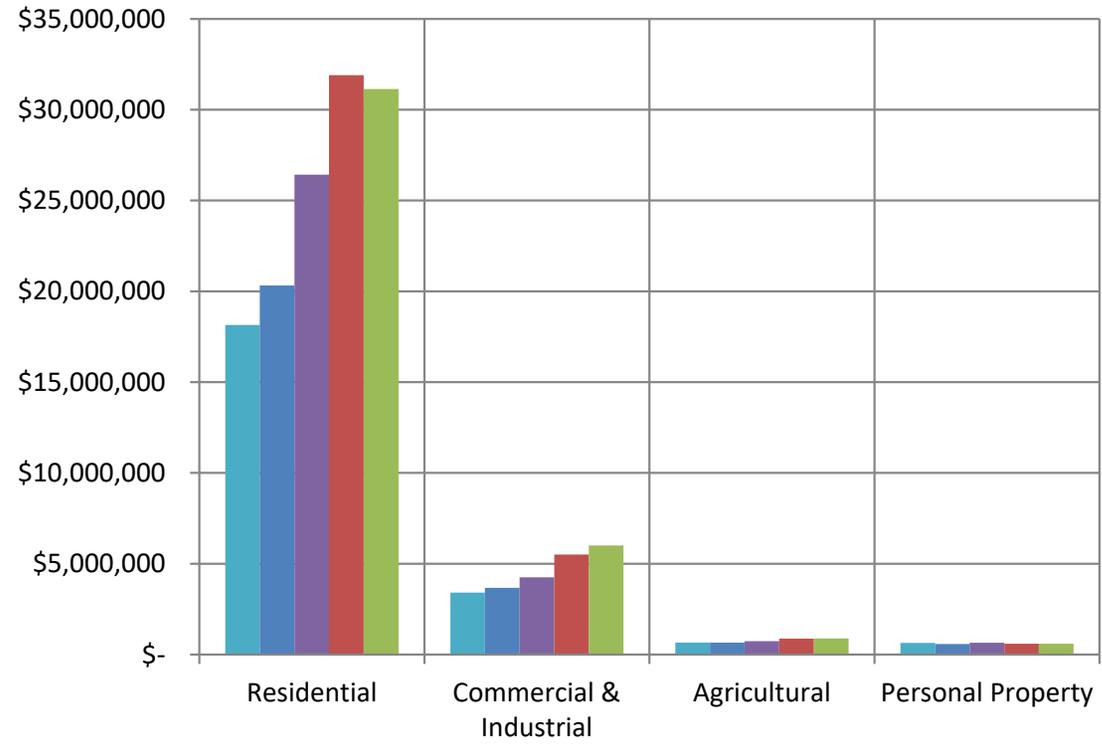
Residential Homestead^(b)

Up to \$500,000 ^(c)	1.0
Over \$500,000	1.25

Commercial-Industrial-Public Utility

Electric generation machinery	2.0
Other:	
Up to \$100,000	1.5
\$100,000 - \$150,000	1.5
Over \$150,000	2.0

Tax Capacity - Continued



ADD THEM ALL UP = TAX BASE

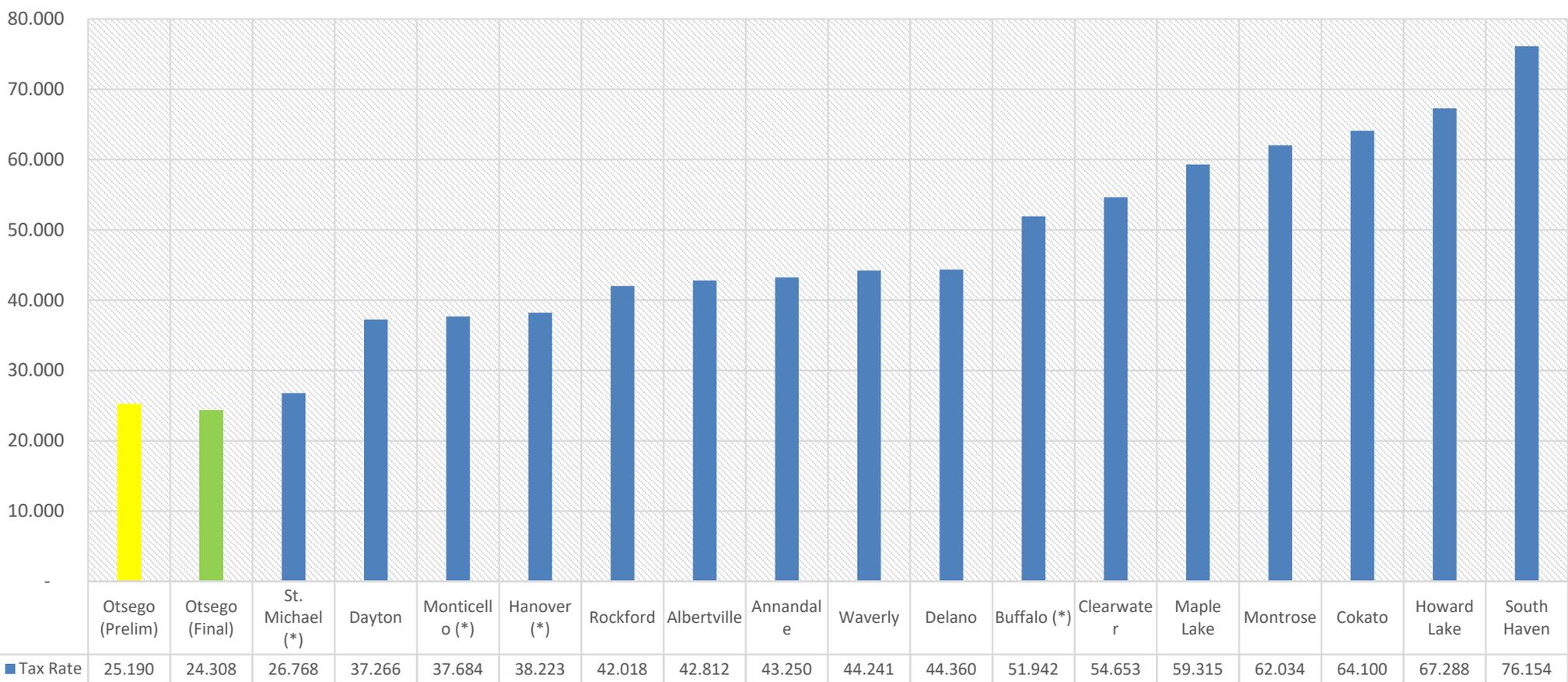


Tax Rate

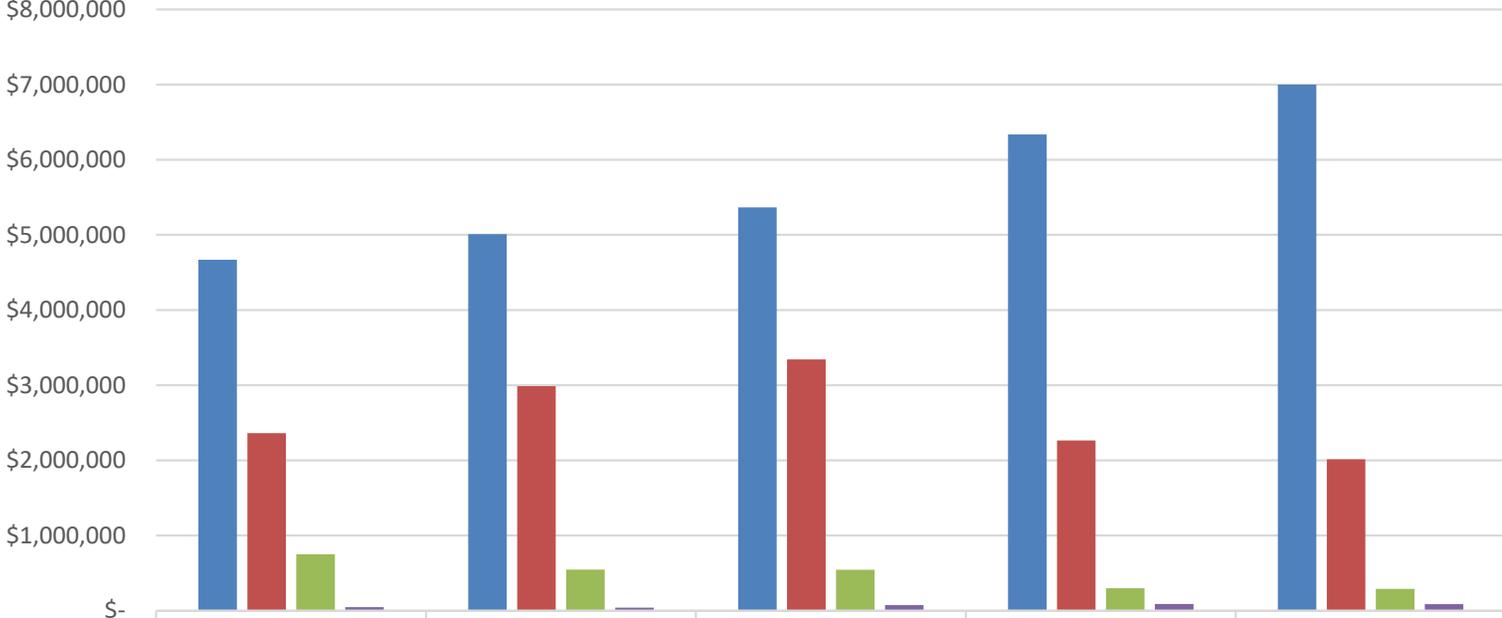
2025						
School District	County	City	School	Total		RMV
Elk River Area - 728	35.347	24.308	25.204	84.859		25.316
STMA - 885	35.347	24.308	35.586	95.241		16.294
Monticello - 882	35.347	24.308	13.615	73.270		17.182



2025 Wright County Tax Rates - Preliminary



2025 Tax Levy Summary



	2021	2022	2023	2024	2025
General Operations	\$4,671,000	\$5,009,000	\$5,366,000	\$6,336,000	\$7,000,000
Capital Projects	2,362,000	2,988,590	3,344,939	2,265,393	2,015,126
Debt Service	749,551	547,187	544,416	299,144	290,308
Tax Abatements	45,874	40,228	74,668	88,224	87,436

Per Capita						
City of Otsego	\$	432	\$	430	\$	438
					\$	396
					\$	406



2025 Taxes - Calculation

	Payable 2024	Payable 2025	(%) Change	Comments
Residential				
Median Appraised Value	\$ 402,700	\$ 386,400	-4.05%	Source - Wright County
Less: Market Value Exclusion	(997)	(11,774)		Max Benefit = \$30,400 / Phase Out = \$517,200
Taxable Market Value	401,703	374,626		Subtract MV Exclusion from Estimated MV
Class Rate	1.00%	1.00%		Set by Legislature (Over \$500k is 1.25%)
Tax Capacity	4,017	3,746		Taxable MV Multiplied by Class Rate
City of Otsego - Tax Rate	23.109	24.308	5.19%	Tax Levy Divided by Tax Capacity * 100
City of Otsego - Estimated Taxes	\$ 928	\$ 911	-1.90%	Tax Capacity Multiplied by Tax Rate



A photograph of a park area. In the foreground, there is a paved plaza with two black metal benches and a circular fire pit. To the left, a large pavilion with a dark metal roof and several support pillars stands over picnic tables. In the background, a playground with green slides and a basketball hoop is visible, along with some residential buildings and trees. The sky is overcast.

Capital Improvement Plan

Capital Improvement Plan (CIP)

- **10-YEAR PLAN (2025 – 2034)**
- **THE CIP DOES NOT PROVIDE FINAL AUTHORITY**
 - City Council approves each item specifically before expenditures incurred.
- **SNAPSHOT OF SOME 2025 PROJECTS**
 - Pavement Management: \$2,281,082
 - Parks and Trails: \$877,500
 - Vehicles and Equipment: \$331,338
 - City Facilities & Property: \$2,460,825
 - Fire & Emergency Services: \$19,433,685
 - Water Utility: \$13,064,750
 - Sanitary Sewer Utility: \$6,996,250



Public Input

A photograph of a park with a pavilion, benches, and a playground. The pavilion is a large, dark metal structure with a peaked roof and several support columns. Underneath, there are picnic tables and benches. In the foreground, there are two black metal park benches and a circular fire pit. In the background, there is a playground with a green slide and other equipment. The sky is overcast, and there are trees and houses in the distance.

CITY COUNCIL ACTION – PENDING DECEMBER 9, 2024

- **ADOPT 2025 OPERATING BUDGETS**
- **SET FINAL TAX LEVY FOR PAYABLE 2025**
- **ADOPT THE 2025-2034 CIP**



CITY OF
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MINNESOTA

Questions:

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