



Chaska City Hall Bulletin

"The Best Small Town in Minnesota"

Chaska City Hall

www.chaskamn.com

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FIVE YEAR GENERAL FUND FORECAST

By City Administrator, Matt Podhradsky

A Work Session was held after the Monday night Council meeting to discuss the five-year financial forecast for the City's General Fund services. The General Fund is supported in part by tax levy and includes the Police, Fire, Parks & Rec, Planning, Engineering, and Administration Departments. The General Fund includes some of the City's most basic services.

Over the past year the City of Chaska has spent a considerable amount of time looking at community needs as we move into the future. The Capital Improvement Program looks at new projects, as well as reinvestment into our parks, roads, trails, and facilities. Over the year we found that when focusing specifically on those things needed to keep our existing infrastructure in good condition, we were falling way behind and were not generating enough revenue to keep our infrastructure in good condition into the future. For the past three decades the City of Chaska's per capita tax rate has been one of the lowest in the metro area. Currently, we are \$202 per capita, which is the third lowest in the entire metro area. The next lowest city in the metro area was Lauderdale, with a tax levy per capita of \$249. This is nearly a \$50 per capita difference.



While we have always been very proud of the fact that we have been able to keep the tax levy so low, we understand that if we are to be good stewards of our infrastructure, we cannot continue to have our tax levy so low that we are unable to perform proper reinvestment into the things we already have, which will ultimately become deteriorated.



As we went through the CIP last year, we focused a great deal on how to continue to keep very low taxes but at the same time make sure that we are also generating enough revenue to be able to reinvest back into our infrastructure and prepare for new development. We determined that we had an approximately \$1 million per year gap in our ability to fully fund our CIP Program. It is critical that we be able to address this gap over the next few years so we do not fall further behind into the future.

At the Work Session we discussed how to reasonably implement the CIP Program as part of the upcoming five-year budget forecast. We knew we would not implement the program all at once, but instead implement it over a four-year period. The end determination was that we would need to increase the burden to each average home owner by approximately \$25 per year for the four-year period. After that, we would be able to fully fund the items needed to keep our infrastructure in good condition.

For 2014 we are currently looking at some increase to the tax levy, but we also want to implement the gas franchise fee that would charge the gas utility a fee to utilize the right-of-way for their services. Currently we have a franchise agreement in place for both cable and electric services. The end result of a gas franchise fee would be an impact of approximately \$2.50 per month per resident, added to the gas bill. In total, between the tax levy increase and the gas franchise fee, it would be a total impact of approximately \$25 per year to the average homeowner.



Looking at the needs of our Capital Improvement Program, we also spent some time revising our tax levy policy to be more reflective of the actual costs associated with constant service levels. The two things that create pressure on the budget each year are the new growth in the community and inflationary increases in the market. Our current tax levy establishing policy has our goal at a constant tax rate. The new policy has us only looking at capturing any increase associated with new growth and inflationary increases. If we would have kept the existing policy in place, keeping a constant tax rate would have increased our levy by approximately 7.8%. Utilizing our new revised policy would actually reduce that to 3.5%. This would also include everything we need to implement our CIP. Again, this would have about a \$25 impact per home in 2014.

The implementation of this CIP over time will be a significant improvement to the way we currently budget, as it will ensure that we are being good stewards of

the things we have already invested into so that future generations will continue to enjoy these investments. It should be noted that even after the implementation of the CIP program in 2014, we will still be the third lowest tax levy per capita in the entire metro area. This leads us to our other goal of making sure we have the resources to be able to pay for continued maintenance of our programs and keeping it cost effective at the same time.

Any questions regarding the budget process may be referred to the City Administrator, Matt Podhradsky, at 952-448-9200 or matt@chaskamn.com. It should be noted that as part of the annual budget process, the City Council establishes the preliminary tax levy for 2014 at the September 9th meeting. The Truth in Taxation hearing is then held the first Monday in December.

AGENDA
CHASKA HUMAN RIGHTS COMMISSION
CHASKA CITY HALL
THURSDAY, AUGUST 22, 2013
6:30 PM

1. Roll Call
2. Adopt the Agenda
3. Open Forum
4. Approve minutes of June 27 Meeting
5. Treasurer's Report
6. Old Business
7. New Business
8. Adjourn

Next Meeting: Work Session---September 10, 2013

If you think that ketchup is a little too spicy,
You might live in Minnesota.

If vacation means going "up north" for the weekend,
You might live in Minnesota.

If you measure distance in hours,
You might live in Minnesota.

If you know several people, who have hit deer more than once,
You might live in Minnesota.

If you often switch from "Heat" to "A/C" in the same day and back again,
You might live in Minnesota.

If you think that ketchup is a little too spicy,
You might live in Minnesota.

If your idea of creative landscaping is a plastic deer next to your blue spruce,
You might live in Minnesota.