

**Olmsted County Truth In Taxation Hearing
For The 2011 Levy And Budgets
December 2, 2010, 7:00 P.M.
Government Center Boardroom
Agenda**

- Meeting called to order by Judy Ohly, Chairman of the Olmsted County Board of Commissioners
- Introduction by Richard Devlin, County Administrator
- Highlights of Proposed 2011 Levy and Budgets by Robert Bendzick, Chief Financial Officer
- Meeting opened for public comments and questions. Please state your name and address for the record before speaking.
- Mailed-in written comments read into the record.
- Announce date, time and place of meeting to adopt the 2011 Levy and Budgets: Tuesday, December 14, at regular Board meeting which begins at 9:00 a.m. in the Boardroom

➤ **The Mission of Olmsted County is to provide the foundation of a great community by protecting and improving the health, safety, and general well-being of Olmsted County Residents; improving economic and environmental conditions; and promoting equality of opportunity.**

The Vision of Olmsted County is: A dynamic, world-class county delivering excellence every day.

This hearing is responsive to the Managing for Results strategies of 1) being Effective, Accessible, and Responsive and 2) Sound Fiscal Management



Olmsted County 2011 Budget and Levy Considerations

Table of Contents:

- Budget Schedule and Process
- What do Minnesota Counties Do?

- Mandates and Their Effect
- Retail Price of County Services

- 2011 Budget Detail
- Effect on Property Taxes

- Public Comment Period

OLMSTED COUNTY 2011 BUDGET SCHEDULE

Jan - June	Legislative changes monitored and evaluated for impact
July – Nov	2011 Budgets prepared and reviewed
September	Proposed Levy Certified
November	Notice of Proposed Property Tax
Nov - Dec	Board Review
December	Public Hearing/Adopt Budgets

OLMSTED COUNTY 2011 BUDGET PROCESS

- Board..... Staff.....
1. Start with the 2010 Budget as Adopted
 2. Pull out all non-Road and non-PC related Capital
Adjust Personal Service budgets to reflect labor contracts
Adjust Debt Service requirements
Remove any one-time allocations
Adjust unavoidable expenses like insurance and utilities
Adjust existing revenue sources to reflect current estimates
 3. Equals "Base" Budget for 2011
 4. Staff Consult with Community Advisory Boards
Staff propose changes to the Base using Budget Decision Request (BDR) forms
Board reviews BDRs
Board reviews level of service and adjusts
Board reviews services offered and adjusts
 5. Board adopts 2011 Budget

Important Step!!!





Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Public Safety (Protect Citizens and Property)

Sheriff's Operations:

- Patrol and Investigation

- Adult Detention (Jail)

- Emergency Management

County Attorney's Operations:

- Criminal Prosecution

- Civil Matters – Mental Health Commitments, Child Support, County operations support.

Provide Space for Minnesota Courts Operations.

Supervision and Rehabilitation of convicted criminals.

Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Infrastructure

- Maintenance of 522 miles of Roads and Bridges
- Construction of new Roads and Bridges
- Operation and Maintenance of green space parks
- Disposal of all household and commercial “garbage”

Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Human Services

Protective and Support Services for Vulnerable:

Children

Adults

Seniors

Disabled, addicted, and pregnant adolescents and
their children.

Determination of Qualification for State and Federal
Income Support programs.

Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Public Health

Disease Prevention and Control

Children and Family Health

Healthy Communities

Environmental Health

Olmsted County 2011 Budget and Levy Considerations

What Do Minnesota Counties Do?

Property Services

Official Records for Property Ownership

Personal Services

Passports, Licenses, Birth and Death Records,
Library access

Olmsted County 2011 Budget and Levy Considerations

The Board maintains a system of Community Advisory Boards to assess the needs of the community and advise the Board.

- The Advisory Boards are made up of citizen volunteers.
- Approximately 100 people volunteer for service on these boards.
- The Board publishes notices asking people to apply for appointment to the Advisory Boards. Watch and apply!
www.co.olmsted.mn.us/volunteers/available_positions.asp



Olmsted County 2011 Budget and Levy Considerations

Mandates and Their Effect

Olmsted County 2011 Budget and Levy Considerations

A study done by Ramsey County determined that more than 85% of the services they provided were mandated by the State or Federal governments.

Olmsted County 2011 Budget and Levy Considerations

Examples of Mandates the County follows:

- Communicable disease surveillance and control.
- Health care for detainees that meets the “community standard” of care.
- Screening prior to allowing admission to nursing home care.
- Child protective services – screen, assess, investigate reports of child abuse or neglect within 24 hours and provide services if necessary.
- Adult protective services – protect against life threatening neglect and abuse of vulnerable adults (disabled or elderly).

Olmsted County 2009 Budget and Levy Considerations

Examples of Mandates the County follows:

- To maintain fairness in the property tax system:
 - Reassessment of 20% of parcels each year.
 - Maintain assessed value of parcels with only small allowed variation from market value.
- Prosecution of crimes according to State law.
- Pay for attorneys to represent sex offenders undergoing commitment proceedings.

Olmsted County 2009 Budget and Levy Considerations

Examples of Mandates the County follows:

- Publication of County Board meeting notices.
- Publication of request for bid notices.
- Payment of bills within 35 days.
- Providing access to information we gather under the State data practices law.
- Paying wages determined by an arbitrator for essential worker unions.

Olmsted County 2009 Budget and Levy Considerations

Examples of Non –Mandated Services the
County Provides:

- Operation of parks.
- Removal of snow from roads rather than waiting for Spring.
- Construction and maintenance of roads.
- Processing Passport applications so local citizens don't need to drive to the Twin Cities.
- Services to victims of sexual assault.

State Mandates – Impact on the Tax Levy

What should happen - Theory

1

The State mandates that the County provide many programs. State grants to fund these mandates should increase as program costs increase

	Year 1	Change	Normal Year 2
Operational Costs	\$ 1,000	4%	\$ 1,040
State grants	400	4%	416
Fees	200	5%	210
Levy	400	4%	414
	<u>\$ 1,000</u>		<u>\$ 1,040</u>

2

The County's Levy would stay in proportion.

State Mandates – Impact on the Tax Levy

What is Happening Now – Theory

1

Even though the costs of Mandated Programs continue to increase, State funds are decreasing....

	Year 1	Change	State Cuts Year 2
Operational Costs	\$1,000	4%	\$ 1,040
State grants	400	-1%	396
Fees	200	5%	210
Levy	400	9%	434
	\$1,000		\$ 1,040

2

...placing a greater demand on the County Levy. **OR....**

20

State Mandates – Impact on the Tax Levy What is Happening Now – Theory Part II

1

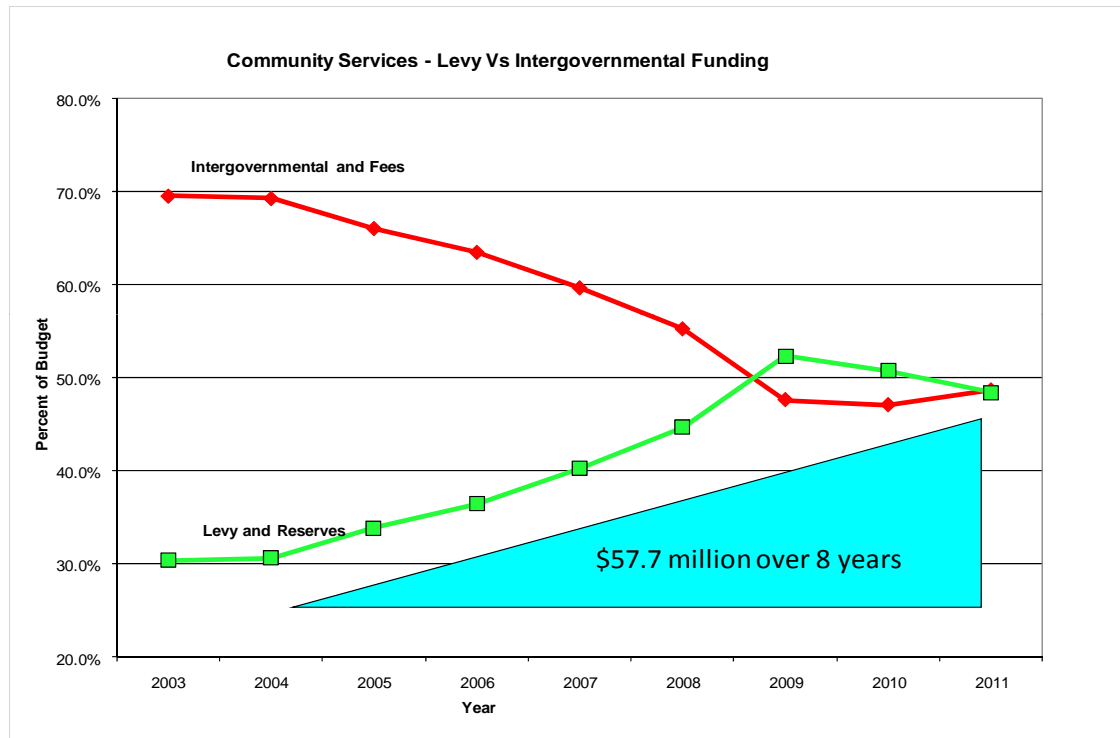
Even though the costs of Mandated Programs continue to increase, State funds are decreasing....

	Year 1	Change	State Cuts Year 2
Operational Costs	\$1,000	-2%	\$ 980
State grants	400	-10%	360
Fees	200	5%	210
Levy	400	2.5%	410
	\$1,000		\$ 980

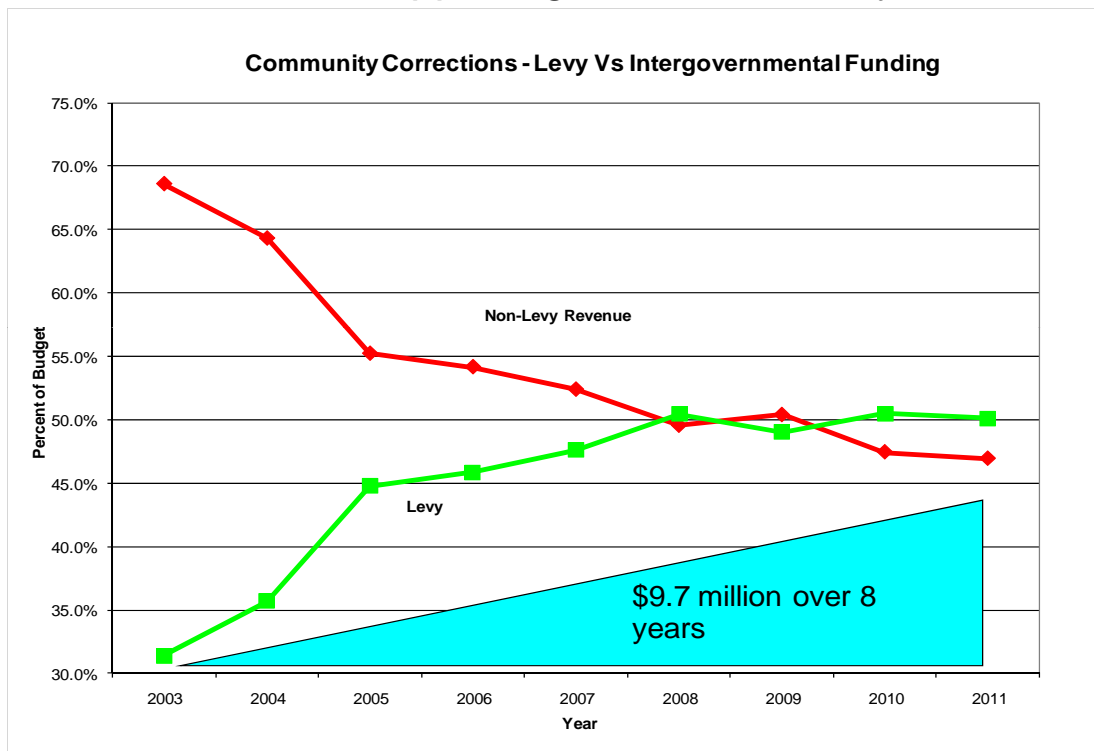
2

...placing a greater demand on the County Levy but services decline.

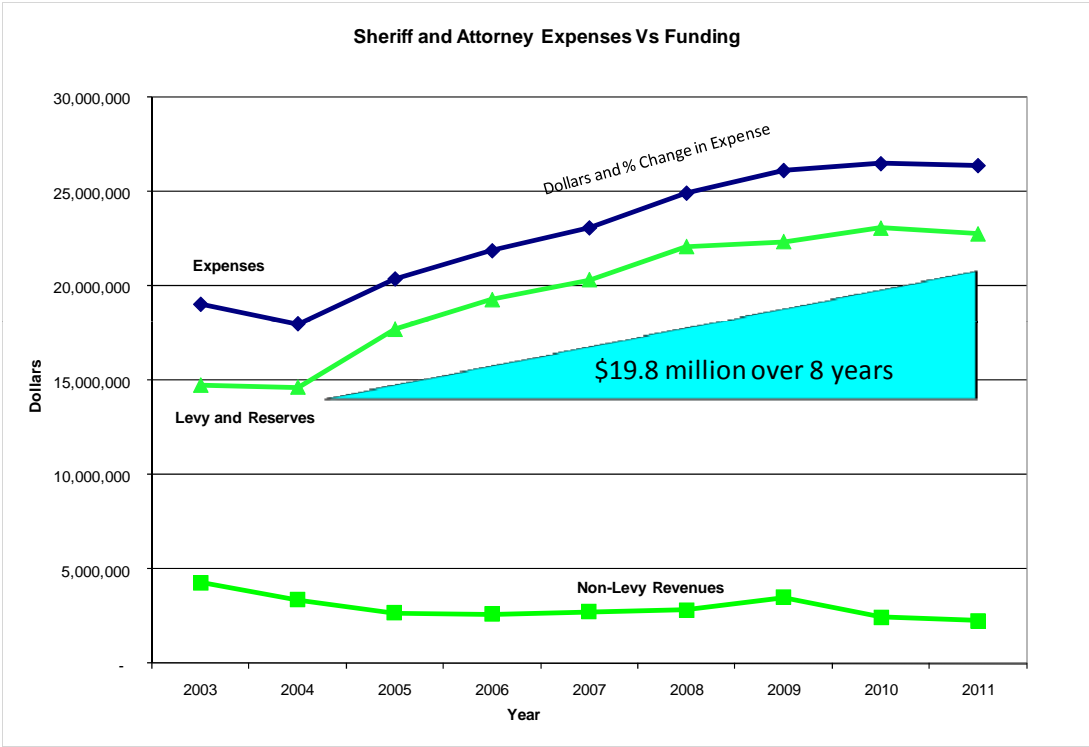
State Mandates – Impact on the Tax Levy What is Happening in 2011 - Reality



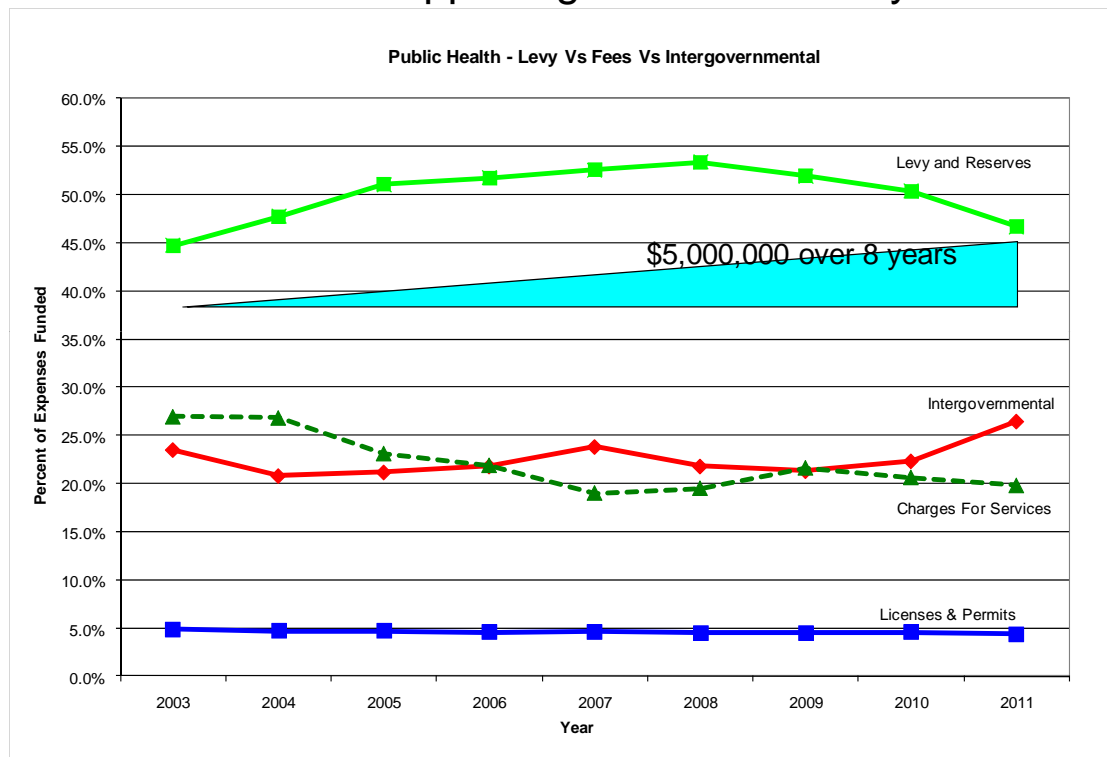
State Mandates – Impact on the Tax Levy What is Happening in 2011 - Reality



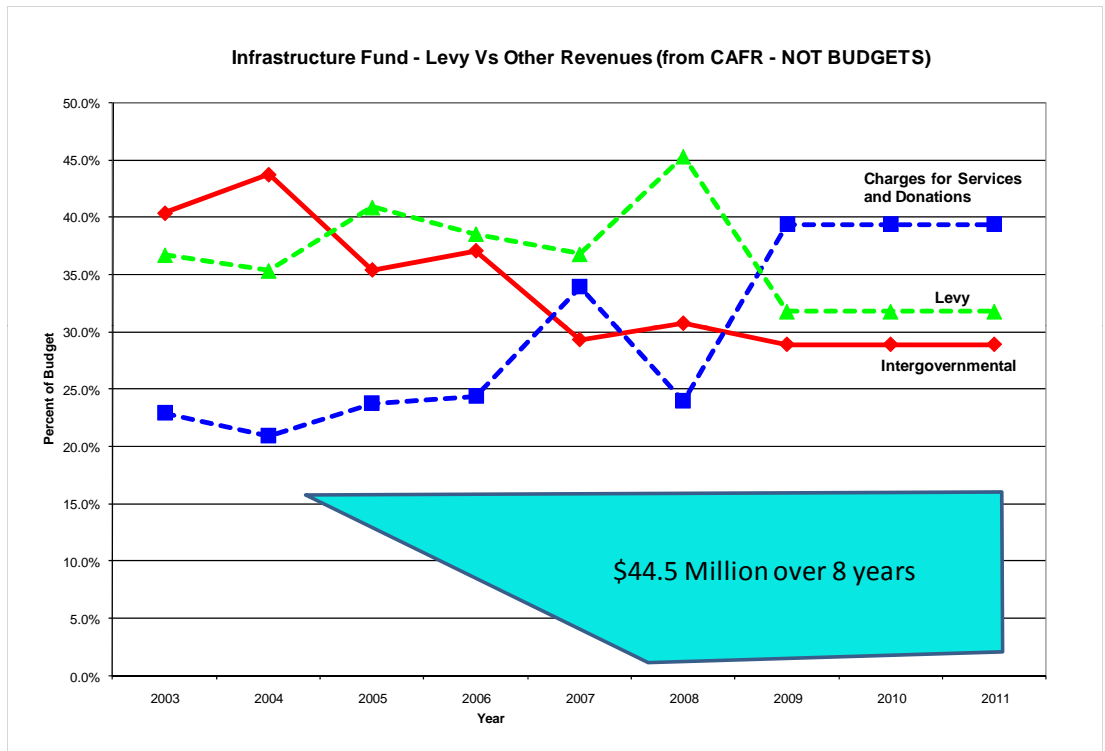
State Mandates – Impact on the Tax Levy What is Happening in 2011 - Reality



State Mandates – Impact on the Tax Levy What is Happening in 2011 - Reality



State Mandates – Impact on the Tax Levy What is Happening in 2011 - Reality



State Mandates – Impact on the Tax Levy What is Happening in 2011 – Reality

Estimated Shift from State & Federal to Property Tax

	2010 Budget	2011 Budget	Last 8 Years Total
Community Services	\$12,400,000	\$11,400,000	\$57,700,000
Corrections	1,800,000	1,900,000	9,700,000
Public Health	700,000	200,000	5,000,000
Public Safety	3,500,000	3,700,000	19,800,000
Infrastructure	8,100,000	8,100,000	44,500,000
	-----	-----	-----
Total Estimated Shift to Property Taxes	\$26,500,000 =====	\$25,300,000 =====	\$136,700,000 =====

31% of 2011 Levy



**Olmsted County
2011 Budget and Levy Considerations**

Retail Price of County Services

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

Comparable Day to Day Costs:	
Cable + Internet	\$1,100 to \$1,800
Subscription to Post-Bulletin	\$162
One Pack of Cigarettes Daily	\$2,099
Daily Bottle of Cola from Machine	\$493
Telephone and/or Cell Phone	\$408 to \$1,848
Home Security System Annual Fee	\$552
Home Insurance	\$828

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

Converting Wholesale to Retail:		
	Total Governmental Expense	Local Levy
<u>Wholesale:</u>		
Total Population of County – 146,820	\$146,600,000	\$80,300,000
<u>Retail:</u>		
Per Person	\$1,012	\$573

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Most People Use Daily:		
	Total Expense	Paid from Local Levy
Road and Highway Maintenance	\$52	\$25
Construction of New Infrastructure	\$111	\$51
Public Health (population based health)	\$91	\$42
Libraries	\$35	\$32
Parks	\$15	\$9
Historical Society	\$2	\$2

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Like Insurance to Protect You and Yours:		
	Total Expense	Paid from Local Levy
Sheriff and Emergency Management	\$78	\$56
Adult Detention Center	\$78	\$67
Corrections (Probation Services)	\$50	\$31
County Attorney (Prosecute Crimes)	\$29	\$24
Courts (provide building space)	\$10	\$9

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Like Insurance to Protect You and Yours:		
	Total Expense	Paid from Local Levy
Income Maintenance (welfare)	\$75	\$29
Social Services (protect vulnerable children and adults)	\$317	\$161
Land Management (planning, zoning, recording)	\$62	\$28
Conservation (clean water)	\$4	\$4
Board of Commissioners (represent you)	\$3	\$3

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Most People Use Daily – Expense Comparison:		
	2010 Expense	2011 Expense
Road and Highway Maintenance	\$57	\$52
Construction of New Infrastructure	\$164	\$111
Public Health (population based health)	\$86	\$91
Libraries	\$34	\$35
Parks	\$16	\$15
Historical Society	\$2	\$2

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Like Insurance to Protect You and Yours – Expense Comparison:

	2010	2011
Sheriff and Emergency Management	\$82	\$78
Adult Detention Center	\$77	\$78
Corrections (Probation Services)	\$49	\$50
County Attorney (Prosecute Crimes)	\$29	\$29
Courts (provide building space)	\$10	\$10

Olmsted County 2011 Budget and Levy Considerations Retail Price of County Services

County Services Like Insurance to Protect You and Yours – Expense Comparison:		
	2010	2011
Income Maintenance (welfare)	\$72	\$75
Social Services (protect vulnerable children and adults)	\$339	\$317
Land Management (planning, zoning, recording)	\$66	\$62
Conservation (clean water)	\$5	\$4
Board of Commissioners (represent you)	\$4	\$3
	-----	-----
Annual Totals	\$1,092	\$1,012

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Olmsted County 2011 Budget and Levy Considerations

2011 Budget Detail



**Olmsted County
2011 Budget and Levy Considerations**

What does the 2011 Budget look like?

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

1. Overall the 2011 governmental activities budget recommendation is \$155 million, nearly the same level as 2010. Excluding capital spending primarily for Infrastructure, the 2011 expense budget decreased \$1.2 million from 2010.
2. Proposed governmental activities revenues excluding bond proceeds is \$61 million, an 8.6% decrease from 2010. A \$1.5 million use of reserves further offsets expenses, thereby requiring a net levy of \$80 million, a 2.50% increase from 2010.
3. The 2.50% net levy increase, \$2.0 million, falls far short of offsetting the anticipated additional loss of \$7.6 million of intergovernmental aid.

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

1. The County added \$151 million dollars of property value in the last year with \$120 million of it being new construction.
2. The Estimated Market Value of property in Olmsted County remains steady at \$13.1 billion.

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

1. The recommended budget for 2011 will affect an average property by raising the County portion of its taxes by 1.58%. This percentage is net of the 0.92% new property growth.
2. The County's property tax rate for 2011 averages out to \$6.08/\$1,000 of value, up from last year's rate of \$5.92.

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

- We will be down approximately 24 FTEs. In addition, we are down 3 contracted workers.
- Local institutions like the Historical Society will be affected.

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

- Our 2011 budget covers an estimated \$25.3 million of funding shifts from the State and Federal governments.
- Over the last 8 years the State and Feds have shifted \$136.7 million to local taxes.

Olmsted County 2011 Budget and Levy Considerations

What does the 2011 Budget look like?

Waste Management activities are at \$21 million, a \$14 million decrease in expenses from 2010. Two major projects were budgeted in 2010: \$4.8 million to complete the OWEF Unit 3 construction paid for with bond proceeds received in 2007 and 2009 and \$9.5 million to complete the Green Pipes project paid for by a State DEED grant.

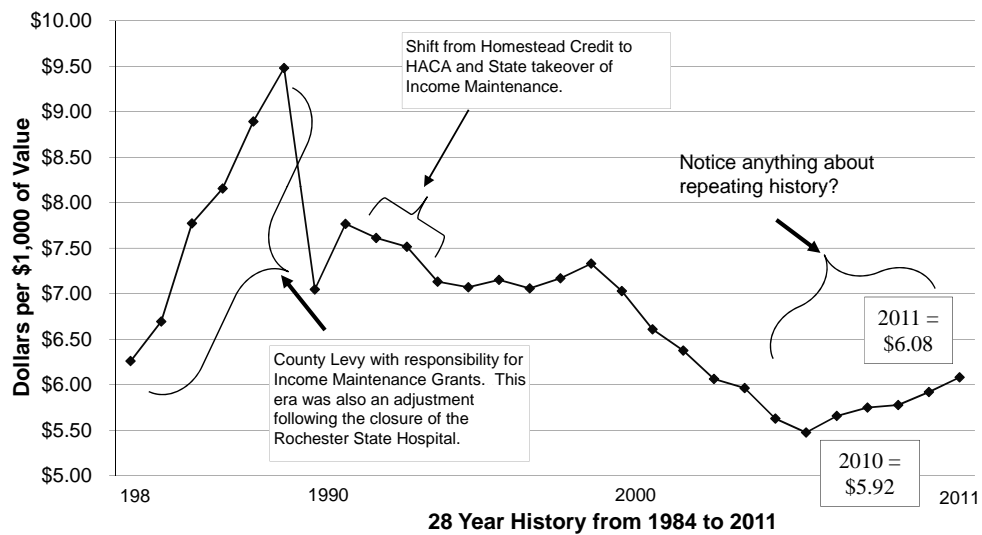
**Olmsted County
2011 Budget and Levy Considerations
Tracking FTE Changes - Overall**

Year Budget Adopted	(Excludes Courts) Governmental Funds	All Funds
2003	964	1,097
2004	912	1,035
2005	921	1,052
2006	958	1,094
2007	959	1,098
2008	1002	1,152
2009	965	1,121
2010 YTD	935	1,085
2011 Proposed	916	1,063

Olmsted County Tax Rates 1984 – 2011

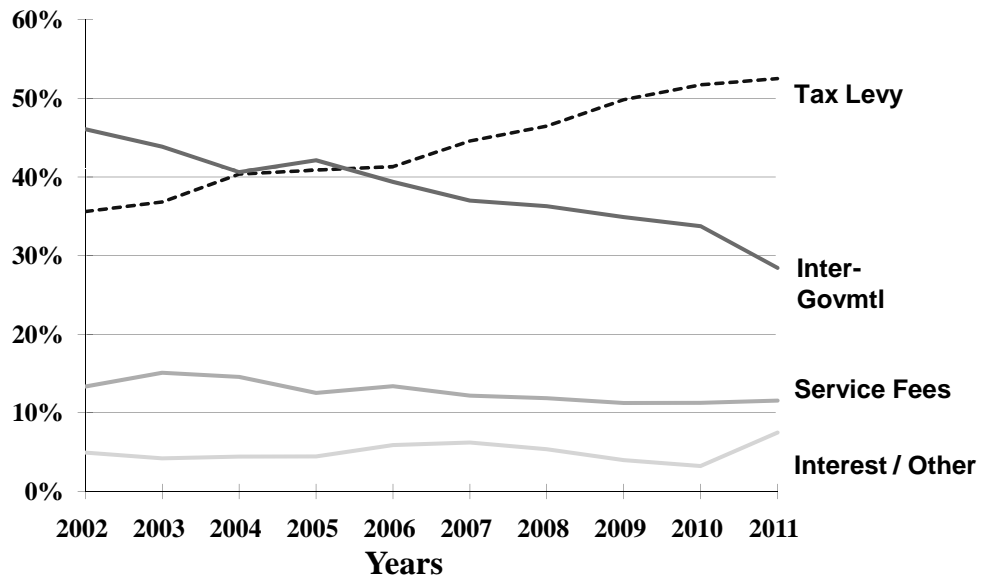
Tax Levy per \$1,000 of Market Value

**Olmsted County Tax Rates
1984 - 2011
Tax Levy per \$1,000 of Property Market Value**

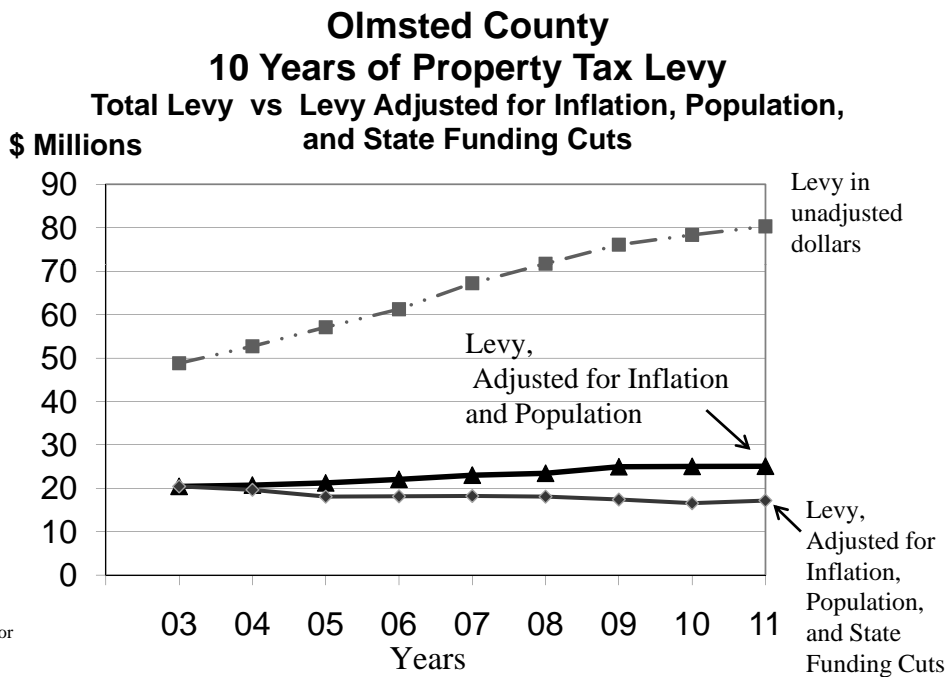


Olmsted County 2011 Budget and Levy Considerations

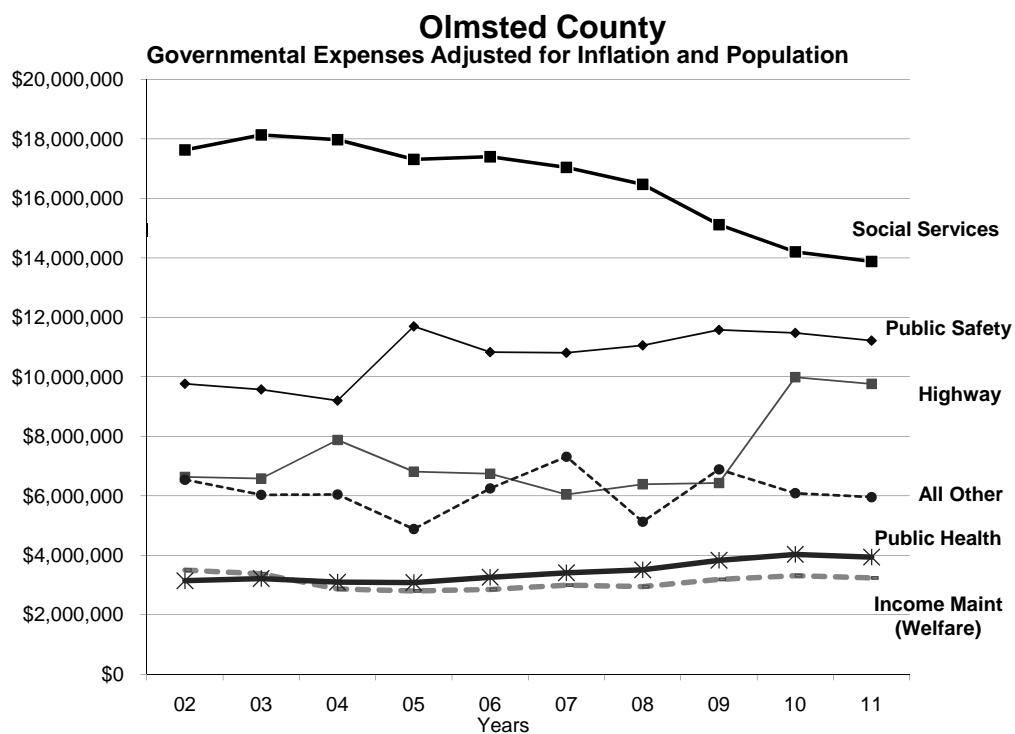
10 Years of Governmental Activities' Revenues As a Percentage of Total Revenues



Olmsted County 2011 Budget and Levy Considerations



Olmsted County 2011 Budget and Levy Considerations



OLMSTED COUNTY 2011 BUDGETS BY FUND

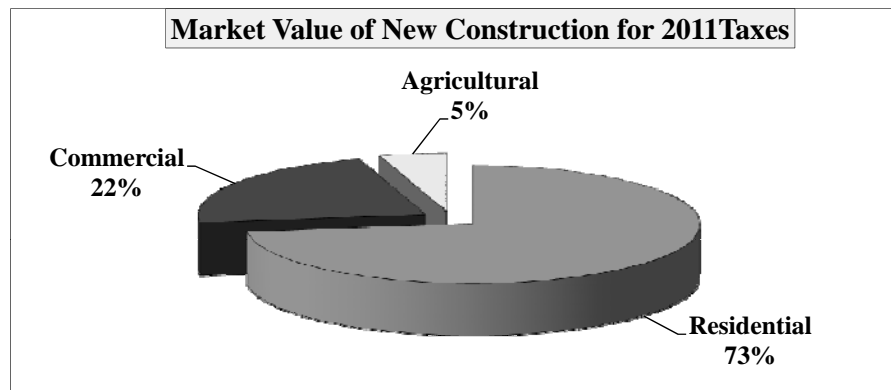
		2011 BUDGETS - RECOMMENDED					
				RESERVES BUILDUP (USE)	2011 LEVY	LEVY CHANGE	
Funds		EXPENSE	REVENUE			\$	%
800	Public Safety, Crim Justice	\$ 26,568,583	\$ 3,621,008	\$ (239,451)	\$ 22,708,124	\$ 385,690	1.7%
801	General Fund	16,999,327	3,228,699	(182,150)	13,588,478	2,529,514	22.9%
802	Corrections	8,596,125	4,289,651	(22,071)	4,284,403	196,670	4.8%
803	Public Works Operations	14,061,928	5,471,967	(141,619)	8,448,342	(1,427,466)	-14.5%
813	Public Works Capital	19,984,855	15,482,355	(704,500)	3,798,000	211,253	5.9%
805	Human Services	54,768,507	28,193,864	(60,000)	26,514,643	(1,303,378)	-4.7%
811	Emergency Management	663,456	61,946	-	601,510	329,266	120.9%
814	Public Health	12,614,029	6,760,499	(146,960)	5,706,570	(28,077)	-0.5%
815	Library	1,008,059	-	-	1,008,059	24,942	2.5%
	All Governmental Funds	\$ 155,264,869	\$ 67,109,989	\$ (1,496,751)	\$ 86,658,129	\$ 918,414	1.1%
865	Waste Management	21,186,775	20,279,113	(907,662)	-	-	
		\$ 176,451,644	\$ 87,389,102	\$ (2,404,413)	\$ 86,658,129	\$ 918,414	1.07%
	Program Aid, Certified				6,336,433	(\$1,040,652)	-14.1%
	Net Levy				\$ 80,321,696	\$ 1,959,066	2.50%



Olmsted County 2011 Budget and Levy Considerations

Effect on Property Taxes

Market Value of New Construction for 2011 Taxes



	% Share	Market Value
Agricultural	5%	\$ 5,718,600
Commercial	22%	\$ 26,753,700
Residential	73%	\$ 87,532,600
	100%	\$ 120,004,900

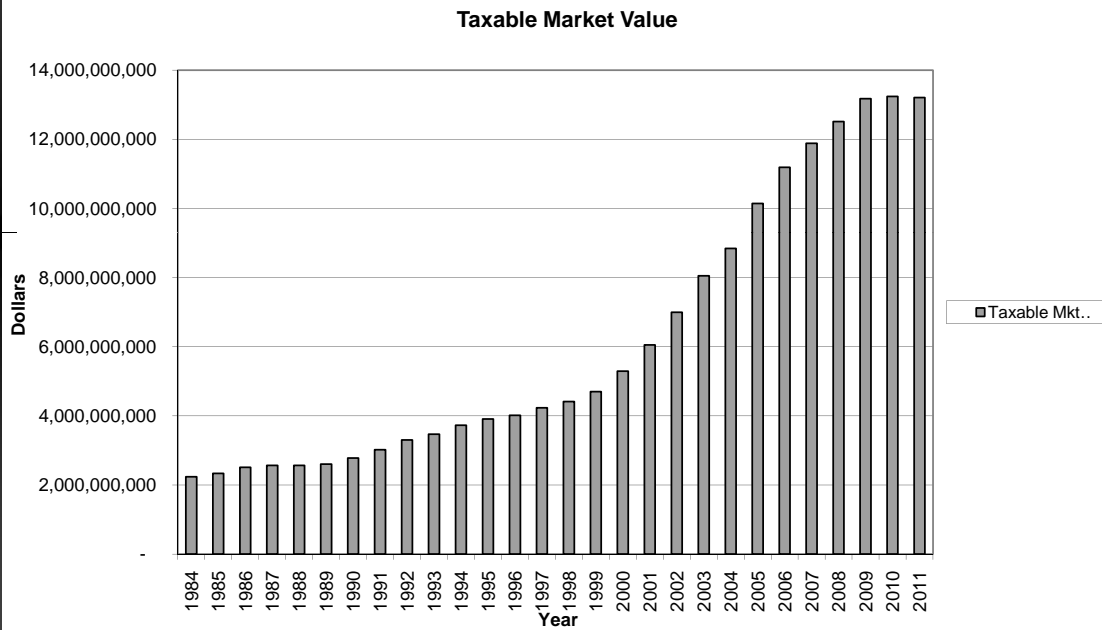
Prior Year New Market Value was: \$175,043,300

Olmsted County History of New Construction 2007 to 2011

in \$ millions

	2006	2007	2008	2009	2010	2011
Agricultural	12	10	8	9	7	6
Commercial	39	35	50	69	44	27
Residential	352	286	251	175	124	87
	\$ 402	\$ 331	\$ 309	\$ 253	\$ 175	\$ 120

Olmsted County Taxable Market Value - 1984 to Present



Examples of 2011 TNT Tax Comparisons

**(2009 and 2010 are actual,
2011 is maximum proposed)**

Examples of 2011 TNT Tax Comparisons (2009 and 2010 are actual, 2011 is maximum proposed)

	Taxable Market Value				% change 2010 to 2011	Taxes			% change 2010 to 2011
	2009	2010	2011			2009	2010	2011	
Residential									
Rochester HS	\$ 429,800	\$ 392,100	\$ 374,400	-4.5%	\$ 5,380	\$ 4,990	\$ 4,942	-1.0%	
Rochester HS	278,700	273,800	265,500	-3.0%	3,366	3,372	3,396	0.7%	
Rochester HS	181,400	178,300	173,400	-2.7%	2,062	2,066	2,088	1.1%	
Rochester HS	161,600	158,400	159,500	0.7%	1,796	1,794	1,892	5.5%	
Rochester HS	131,400	128,900	136,300	5.7%	1,390	1,390	1,562	12.4%	
Rochester HS	114,900	112,700	108,800	-3.5%	1,170	1,168	1,172	0.3%	

Examples of 2011 Tax Composition, County / City / School / State

		2010	2011	% Change
	Residential			
	Rochester			
A.	Market Value	\$ 392,100	\$ 374,400	-4.51%
	COUNTY	\$ 2,053	\$ 2,001	-2.53%
	CITY	1,672	1,715	2.57%
	SCHOOL	1,265	1,226	-3.08%
	TOTAL	<u>\$ 4,990</u>	<u>\$ 4,942</u>	<u>-0.96%</u>
B.	Market Value	\$ 158,400	\$ 159,500	0.69%
	COUNTY	\$ 729	\$ 758	3.98%
	CITY	593	650	9.61%
	SCHOOL	472	484	2.54%
	TOTAL	<u>\$ 1,794</u>	<u>\$ 1,892</u>	<u>5.46%</u>

**The 2011 Levy and Budgets will be adopted at
the regular Board meeting which begins at
9:00 am Tuesday, December 14, 2010,
Government Center Boardroom,
151 4th Street SE, Rochester, MN**

**If you have questions, email the Olmsted County Finance office:
greden.anita@co.olmsted.mn.us**