

City of Bismarck has increased its mill levy by 9.95

WHAT DOES THAT MEAN?

WHY THE INCREASE?

Sustain Services

- Public Safety (Police, Fire, 911 (CenCom))
- Public Health
- Roads and Streets (pothole filling, street sweeping, snow removal, etc.)
- Library

Recover Revenue Reduction

- State Aid and Motor Vehicle Tax from State of North Dakota, due to:
 - COVID-19 pandemic
 - Reduction of Oil and Gas Prices

Replace Obsolete Equipment

- Created a critical needs replacement plan to replace necessary equipment in 2021 and future

AMOUNT NEEDED TO SUSTAIN

General Fund

- Priority Initiatives \$5.3M

Roads and Streets

- Operations \$1.3M

- Equipment Replacement \$1.4M

Library

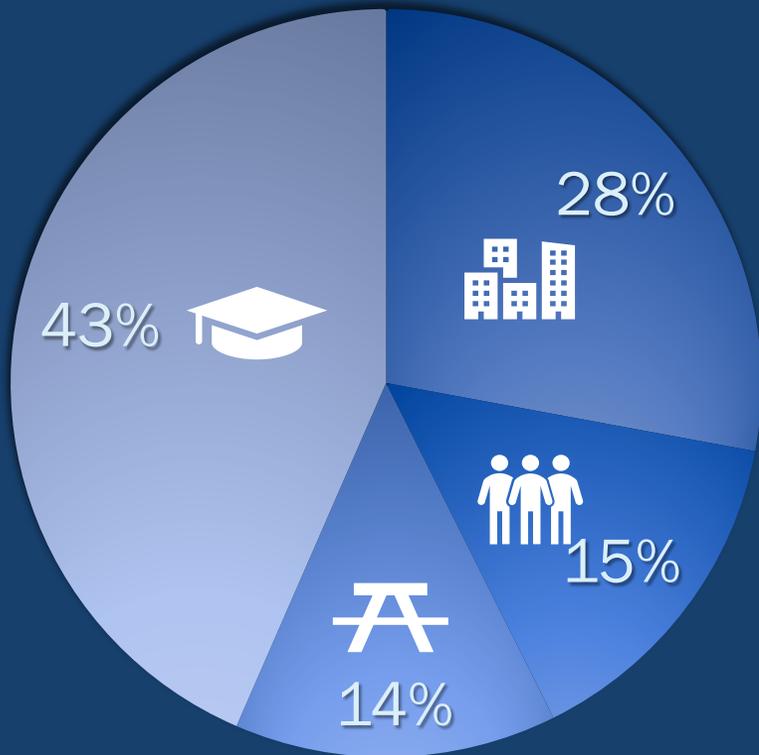
\$180K

Total

\$8.1M

TOTAL MILL LEVIES IN CITY OF BISMARCK

(PRELIMINARY)

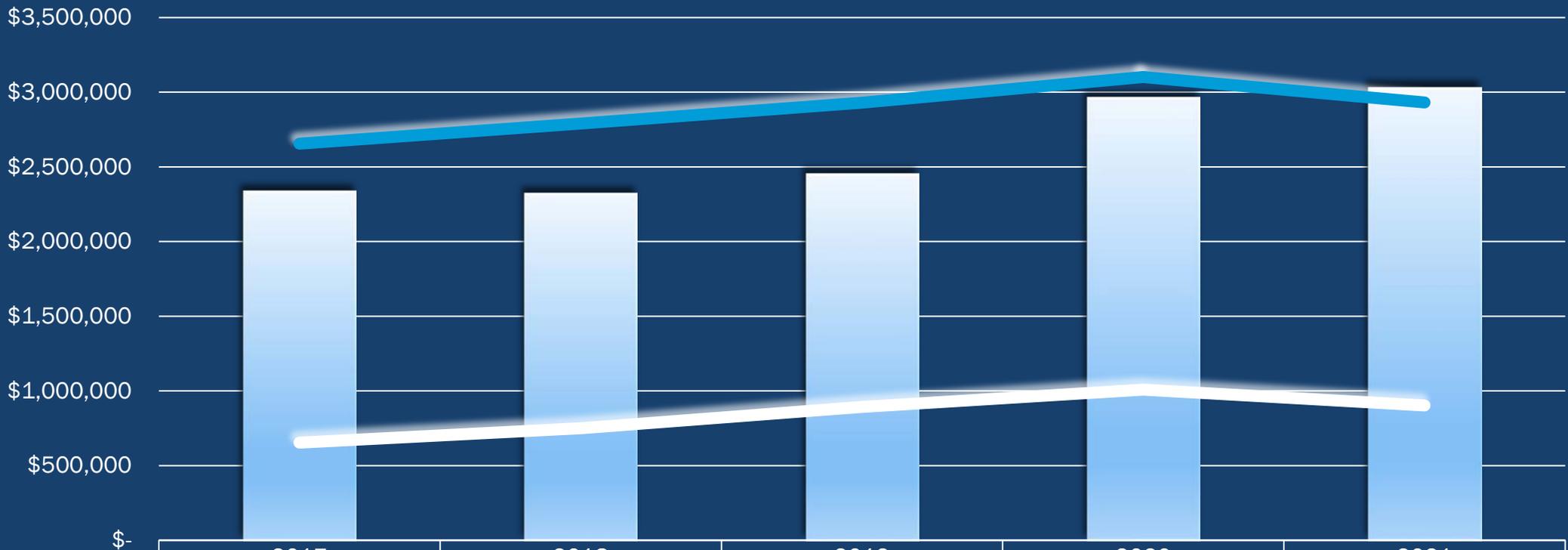


- City of Bismarck
- Burleigh County and State of North Dakota
- Bismarck Parks and Recreation District
- Bismarck School District

	2020		2021		% Change
	Mill Levy	Percentage	Mill Levy	Percentage	
City of Bismarck	58.88	24.89%	68.83	27.92%	3.03%
Burleigh County / State of North Dakota	36.30	15.34%	36.30	14.72%	
Bismarck Parks and Recreation District	34.22	14.46%	34.22	13.88%	
Bismarck School District	107.19	45.31%	107.19	43.48%	
Total Mill Levies in City of Bismarck	236.59	100.00%	246.54	100.00%	

GOVERNMENTAL FUNDS

Bismarck veterans' memorial public Library



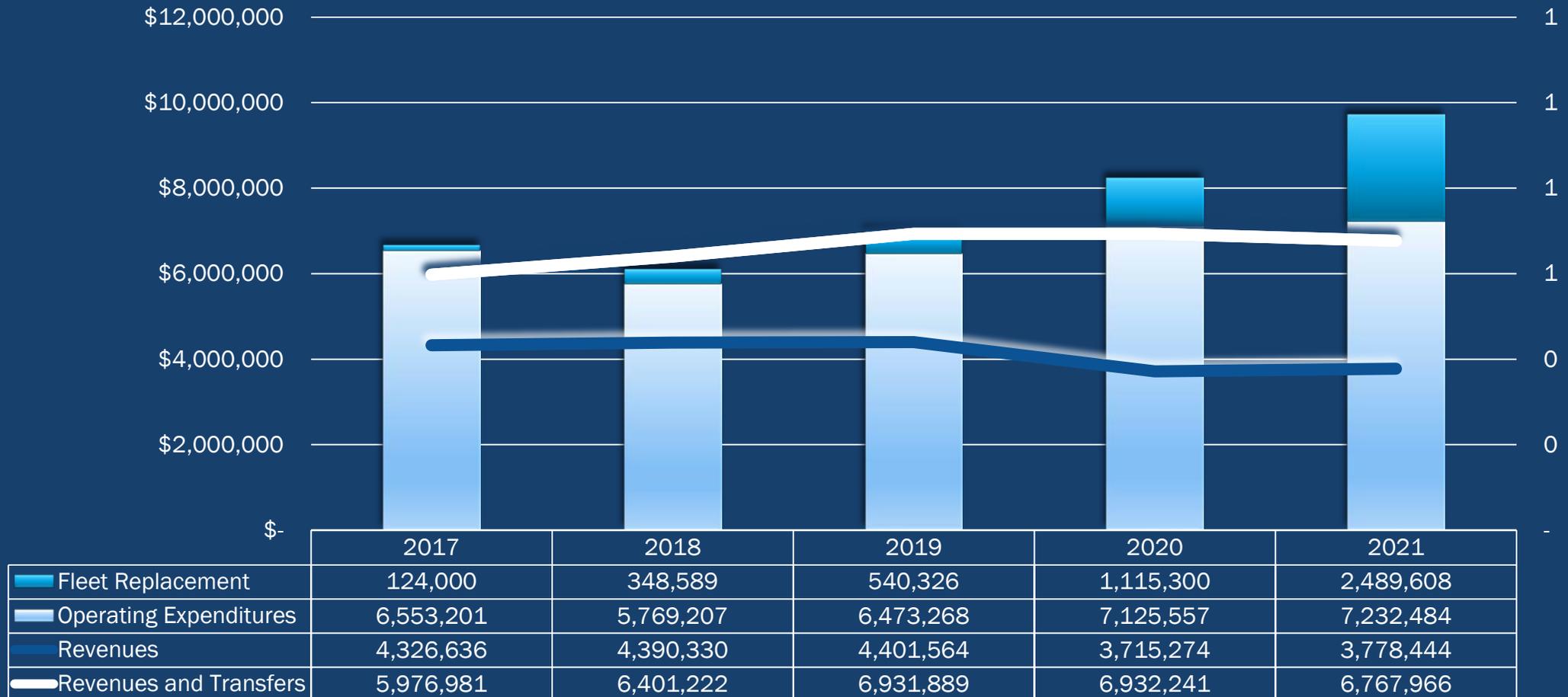
	2017	2018	2019	2020	2021
Expenditures	2,343,005	2,328,324	2,456,812	2,967,150	3,037,141
Revenues	2,654,884	2,790,829	2,929,768	3,101,281	2,931,815
Ending Fund Balance	653,513	750,337	893,054	1,008,185	902,859

GOVERNMENTAL FUNDS: BISMARCK VETERANS' MEMORIAL PUBLIC LIBRARY

- Operates primarily on property taxes, state aid, and various fees and charges
- Library anticipates a 2021 loss in operations of approximately \$105K
- Library is anticipating a 2021 reduction in state aid due to COVID-19 and oil and gas price decline
- Assuming that the loss continues with operations and increased costs, the Library may be required to use its limited fund balance to sustain operations, which is NOT recommended
- Library Board requested a property tax increase of \$182,000 to sustain operations going for 2021 and the future
- In 2020, the Library property tax revenue is anticipated to be \$2,222,245

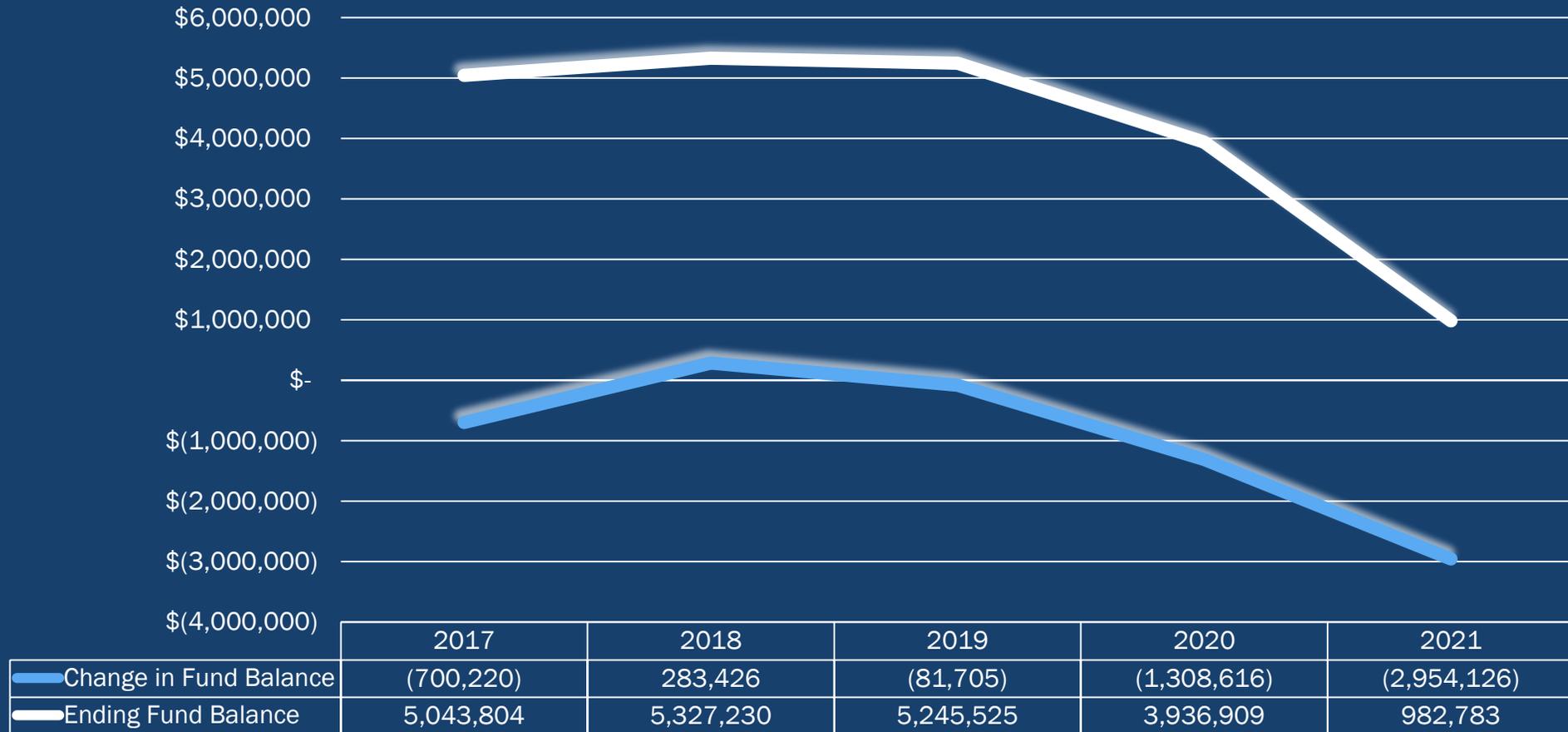
GOVERNMENTAL FUNDS: PUBLIC WORKS

Roads and Streets Fund



PUBLIC WORKS: ROADS AND STREETS FUND

ROADS AND STREETS FUND



GOVERNMENTAL FUNDS: PUBLIC WORKS ROADS AND STREETS

- Consists of roads and streets, forestry, and weeds
- Roads and streets provides pothole patching, paving, chip/crack sealing, street sweeping, pavement marking, snow removal, and ice control
- Forestry and weeds is responsible for the design, planting, management, and maintenance of trees and weed control of the City's landscape beds and Bismarck Parks and Recreation District properties
- Operates primarily from the following:
 - Highway Tax / Vehicle Registration Fee revenue distributed by the State of North Dakota
 - Sales Tax subsidy for snow removal operations
 - General Fund subsidy to cover the remaining operating costs
 - General Fund subsidy to finance equipment replacement purchases
- City is anticipating a 2021 reduction in Highway Tax by 25% due to COVID-19 and oil and gas price decline
- In 2021, this fund is anticipated to have an approx. \$1M loss on operations alone

GOVERNMENTAL FUNDS: PUBLIC WORKS ROADS AND STREETS

- Declined primarily due to reduction in Highway / Motor Vehicle Tax and inflationary increases to costs and break-down of obsolete equipment
- This decline in revenues is forcing the General Fund to additionally subsidize the Roads and Streets Fund to sustain operations
- In addition, the City's roads and streets and forestry equipment is becoming obsolete and increasing repair and maintenance costs for the City
- City's Public Works Operations Department created a critical needs fleet replacement plan which outlines a City-wide equipment replacement needs
- Based on this recommended plan, the City determined that roads and streets and forestry need \$2.5M in order to replace obsolete equipment
- Equipment that relates to snow removal is recommended to be financed by the Sales Tax Fund of approximately \$860K
- Current revenues cannot support the operating costs nor the replacement equipment, totaling approximately \$3M
- Assuming that the decline continues in 2021, this fund's reserves will not be enough to operate by 2022

GOVERNMENTAL FUNDS

General Fund



	2017	2018	2019	2020	2021
One-Time Expenditures	4,099,371	3,541,550	5,275,571	6,862,201	8,816,151
Operating Expenditures	39,400,225	40,963,004	41,053,888	47,948,360	48,130,692
Revenues	43,847,899	47,785,093	47,414,766	47,025,656	48,889,264

■ Operating Expenditures
 ■ One-Time Expenditures
 — Revenues

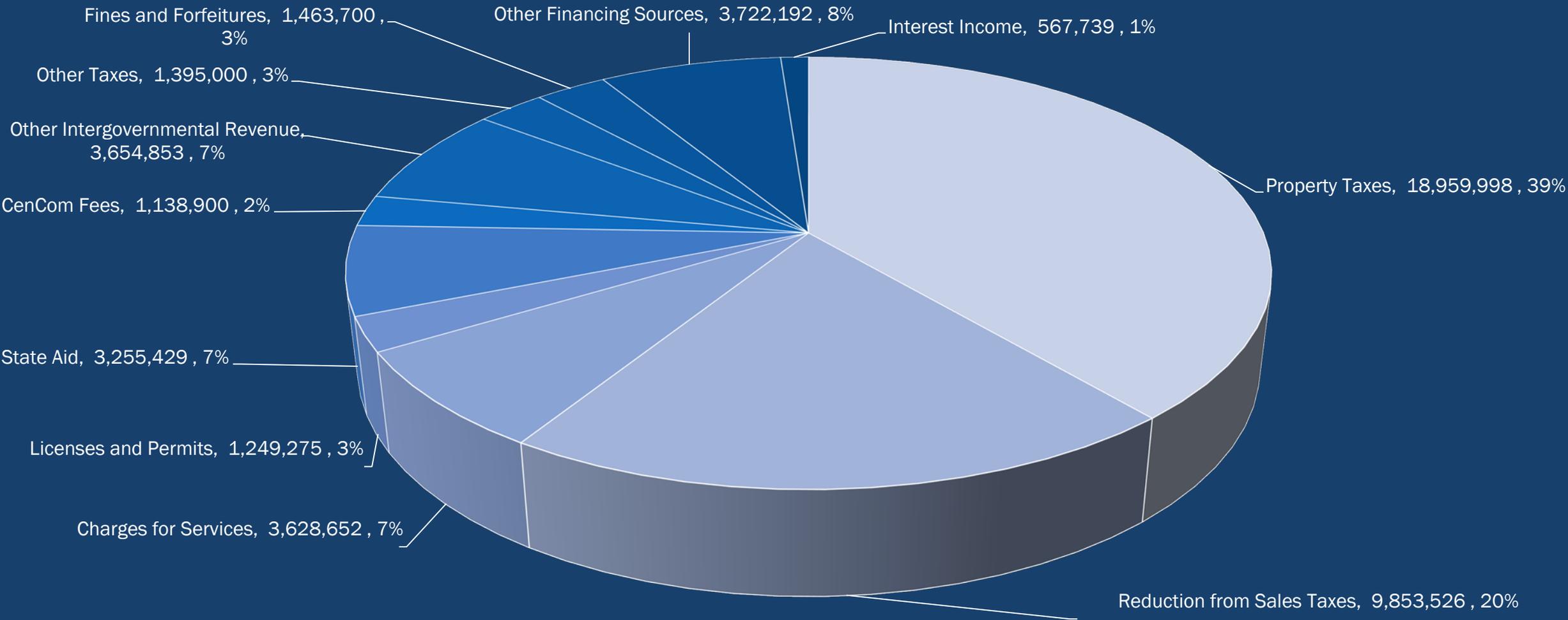
Departments:

- Police
- Fire
- CenCom (911)
- Public Health
- Municipal Court
- Engineering
- Community Development
- PW - Building Maintenance
- Attorney
- Administration
- Human Resources
- Finance

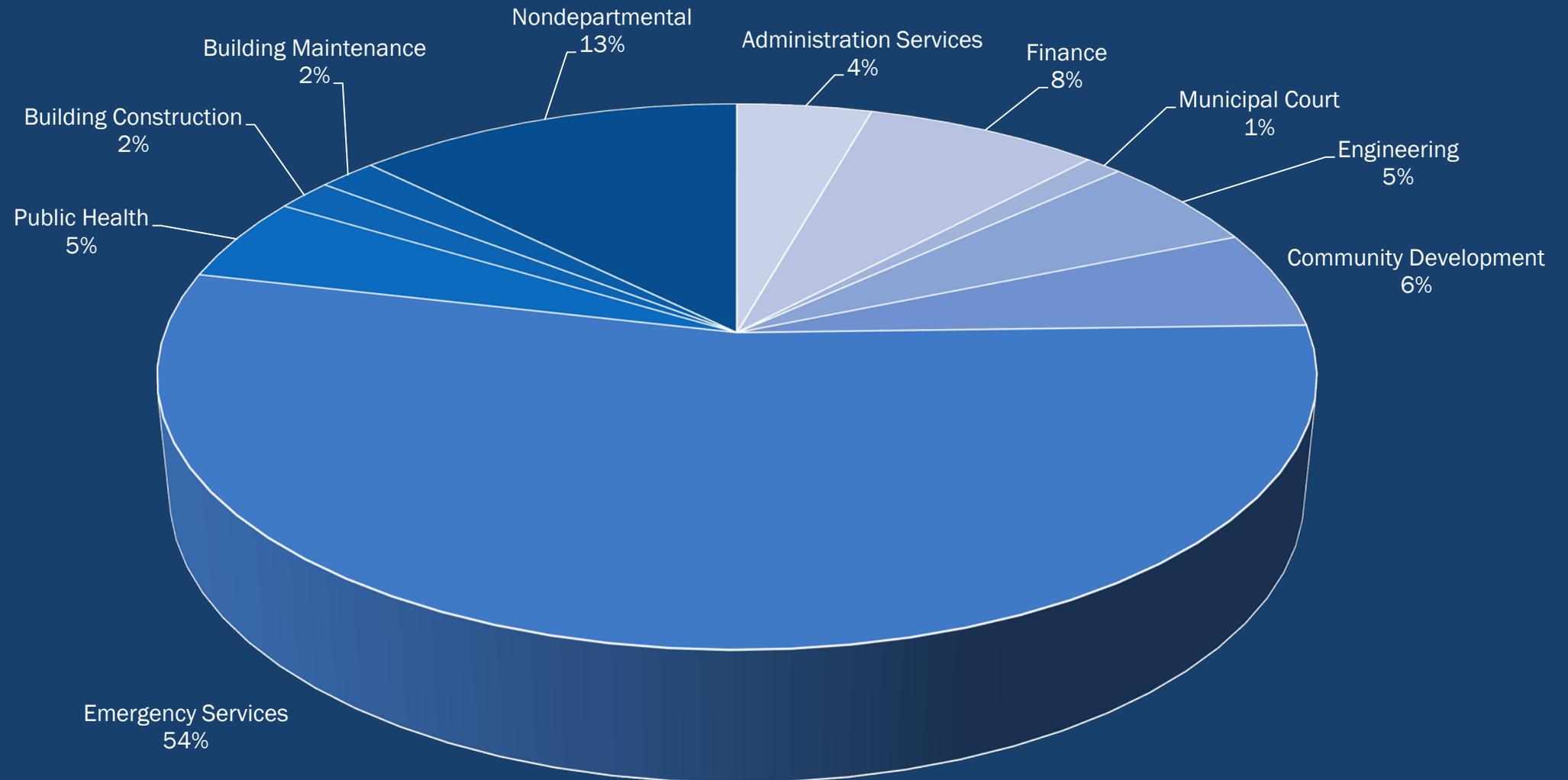
GENERAL FUND

- Primary revenue sources:
 - Property tax (39%)
 - Contribution from sales tax to reduce mill levy (20%)
 - State aid (7%)
- State aid is based on state-wide sales tax collections
 - Anticipated to decline by approximately 35% in 2021, a reduction of \$1.3M for the City of Bismarck
- General Fund is anticipated to have an overall expenditures in excess of projected revenue of \$5.2M as a result of:
 - State aid decrease due to COVID-19 and oil and gas decline
 - Increased cost of priority initiatives and CIPs
- Significant general fund budget committee recommendations:
 - Fire Department one-time priority initiatives and CIPs (\$544K)
 - This includes firefighter overtime, equipment, boiler and generator replacement
 - Police Department one-time priority initiatives and CIPs (\$3.2M)
 - This includes police radios, additional cost for prisoner care, vehicle replacement, and overtime
 - CenCom (911) priority initiatives for lease of new HQ (\$314K) (continuous)
 - Public Health building rent due to sale of old building (\$120K) (continuous)

GENERAL FUND REVENUE SOURCES

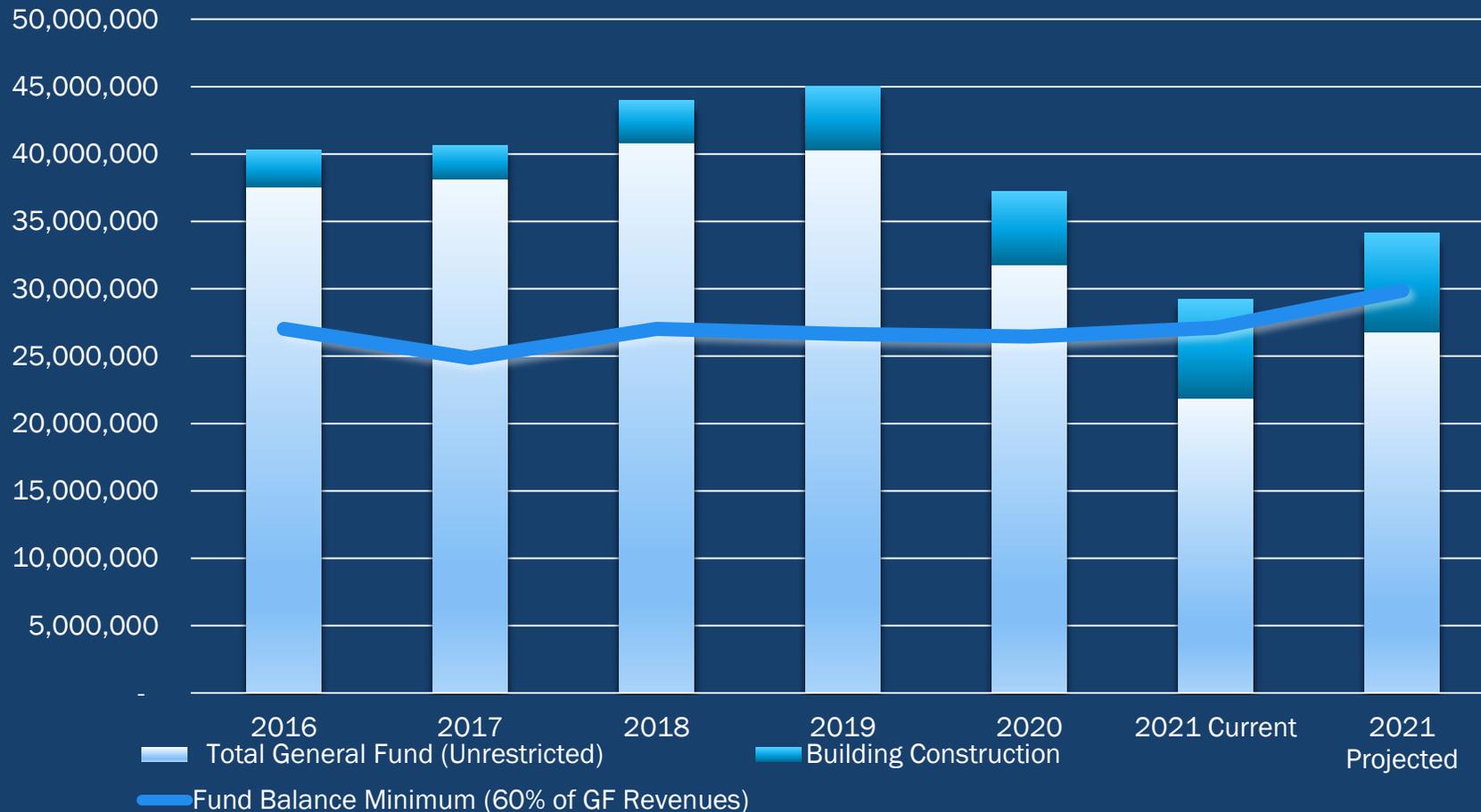


GENERAL FUND EXPENDITURES



GOVERNMENTAL FUNDS

Minimum Fund Balance Policy



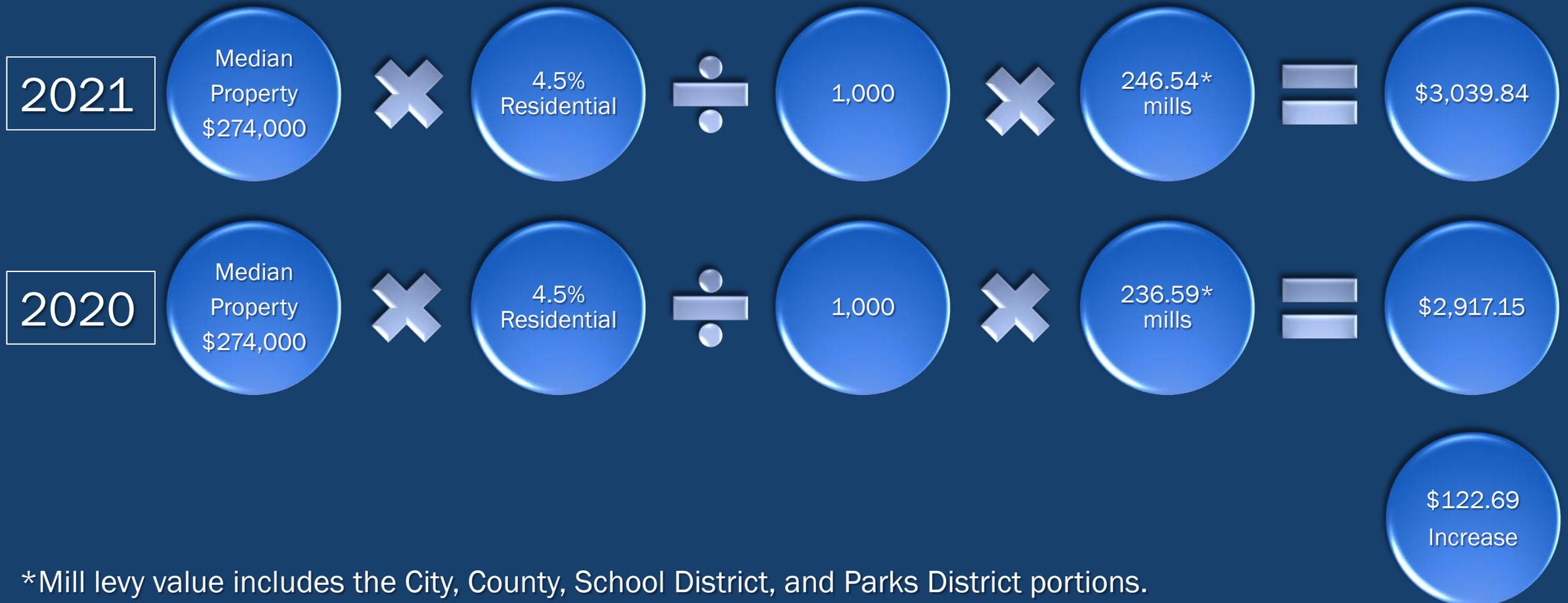
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PROPERTY TAX BASICS - CALCULATION



PROPERTY TAX BASICS - EXAMPLE



*Mill levy value includes the City, County, School District, and Parks District portions.

WHAT THE BUDGET COMMITTEE DECIDED

Approved only CRITICAL needs to SUSTAIN services for citizens

Reviewed critical equipment replacement needs

Decided to lease instead of purchasing equipment to save taxpayer money

Established police vehicle reserve for future years' replacements

Created a financial plan to reduce costs for citizens in the future

PRIORITY INITIATIVES (ALL FUNDS)

New/reclassified employees

- Requested: \$547,357
- Recommended: \$128,261

Operations and Maintenance

- Requested: \$954,272
- Recommended: \$871,047

One-Time Purchases

- Requested: \$13,672,231
- Recommended: \$9,122,944

BUDGET COMMITTEE RECOMMENDATIONS

- **ALL FUNDS:**

- Priority initiatives, as recommended
- Capital improvement projects, as recommended
- Fees and charges for services with changes, as recommended
- 3% increase in employee salaries with an employee cost index adjustment of 2.7%, as recommended in the Condrey plan (2015)
- Maintain current health insurance plan for City employees (8% increase)

- **GENERAL FUND:**

- Property taxes increase by \$8M - SUSTAIN General Fund and Roads and Streets Operations going forward
- Implement critical needs plan to replace obsolete equipment (equipment, vehicles, and machinery)
 - Police Department
 - Roads and Streets (snow removal, pothole filling, street sweeping, forestry, weeds, etc.)
 - Other Departments
- Additional CIP: \$1.1M Library siding, window, and door replacement (from General Fund Building Reserve)

- **BISMARCK VETERANS' MEMORIAL PUBLIC LIBRARY:**

- Property Tax Increase by \$180K - SUSTAIN operations for future
- \$1.1M for siding, window, and door replacement (from General Fund Building Reserve)

OPTIONS PRESENTED TO THE COMMISSION

OPTION A (Selected by Commission on 8/4/2020)	2021	2022	2023	2024	Total
Projected Mill Levy Increase (General Fund & Library)	9.95	9.50	-	-	19.45
Valuation Percentage Increase	2.61%	3.00%	5.00%	5.00%	
Change in Fund Balance	(4,190,670)	1,361,457	1,385,277	1,443,943	6.45
Total Fund Balance	25,051,670	26,413,127	27,798,404	29,242,347	
Property Value	274,000	282,220	296,331	311,148	
Impact on Median Residential Property	\$ 122.69	\$ 104.52	\$ -	\$ -	\$ 227.21

OPTIONS PRESENTED TO THE COMMISSION

OPTION B	2021	2022	2023	2024	Total
Projected Mill Levy Increase (General Fund & Library)	5.00	15.98	-	-	20.98
Valuation Percentage Increase	2.61%	3.00%	5.00%	5.00%	
Change in Fund Balance	(6,092,559)	1,966,949	2,021,044	2,111,498	6,932
Total Fund Balance	23,149,782	25,116,731	27,137,774	29,249,273	
Property Value	274,000	282,220	296,331	311,148	
Impact on Median Residential Property	\$ 61.65	\$ 202.94	\$ -	\$ -	\$ 264.59

OPTIONS PRESENTED TO THE COMMISSION

OPTION C	2021	2022	2023	2024	Total
Projected Mill Levy Increase (General Fund & Library)	12.00	6.82	-	-	18.82
Valuation Percentage Increase	2.61%	3.00%	5.00%	5.00%	
Change in Fund Balance	(3,403,019)	1,112,136	1,123,491	1,169,068	1,675
Total Fund Balance	25,839,321	26,951,458	28,074,948	29,244,016	
Property Value	274,000	282,220	296,331	311,148	
Impact on Median Residential Property	\$ 147.96	\$ 86.61	\$ -	\$ -	\$ 234.57

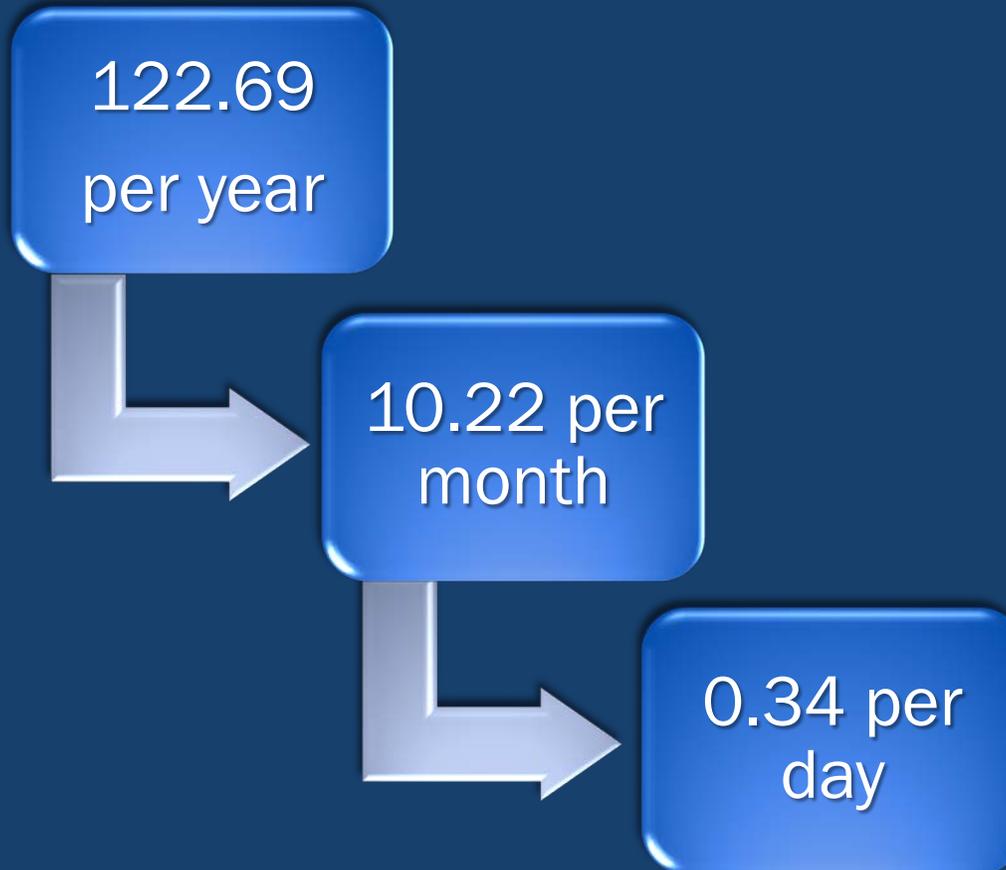
OPTIONS PRESENTED TO THE COMMISSION

OPTION D	2021	2022	2023	2024	Total
Projected Mill Levy Increase (General Fund & Library)	11.00	8.13	-	-	19.13
Valuation Percentage Increase	2.61%	3.00%	5.00%	5.00%	
Change in Fund Balance	(3,787,239)	1,234,818	1,252,306	1,304,324	4,208
Total Fund Balance	25,455,101	26,689,919	27,942,225	29,246,549	
Impact on Median Residential Property	135.63	103.25	-	-	\$ 238.88

OPTIONS PRESENTED TO THE COMMISSION

OPTION E (Bare Bones in 2021 with Zero Mill Increase)	2021	2022	2023	2024	Total
Projected Mill Levy Increase (General Fund & Library)	0.00	0.00	0.00	0.00	0.00
Recovery Mill Levy	0.00	(34.76)	(17.72)	(17.57)	(70.05)
Valuation Percentage Increase	2.61%	3.00%	5.00%	5.00%	
Change in Fund Balance (Bare Bones)	(3,587,400)	(10,786,953)	(7,749,391)	(8,068,120)	(30,191,864)
Total Fund Balance (Bare Bones)	33,668,599	22,881,646	15,132,255	7,064,135	
Property Value	274,000	282,220	296,331	311,148	
Impact on Median Residential Property	\$ -	\$ -	\$ -	\$ -	\$ -

PROPOSED PROPERTY TAX INCREASE



WHAT DO CITIZENS RECEIVE FOR THE \$10.22 MONTHLY INCREASE?

