



Community Benchmarks

How does Shoreview compare?

November 2010

City of Shoreview, Minnesota
4600 Victoria Street North
Shoreview, MN 55126

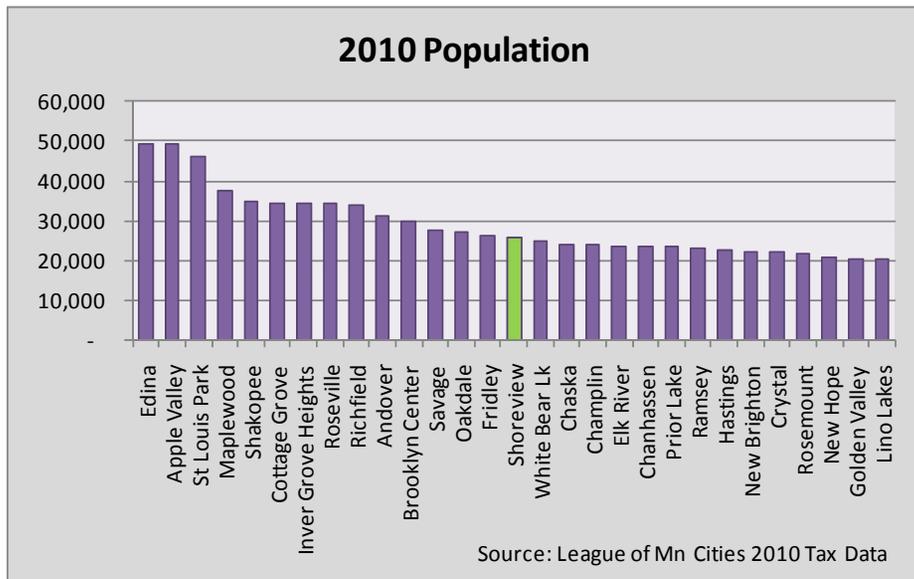
Introduction

Each fall the League of Minnesota Cities (LMC) publishes a report on City property values, tax levies, tax rates and state aid for the current year. In the spring of each year, the Minnesota Office of State Auditor (OSA) publishes an annual report on final City revenue, spending, debt levels and enterprise activity for two years earlier. The most recent LMC information is for the year 2010, and the most recent OSA information is for 2008.

Shoreview uses both the LMC and OSA information to evaluate how we compare to metro-area cities closest to Shoreview in size by selecting 14 cities larger and 14 cities smaller.

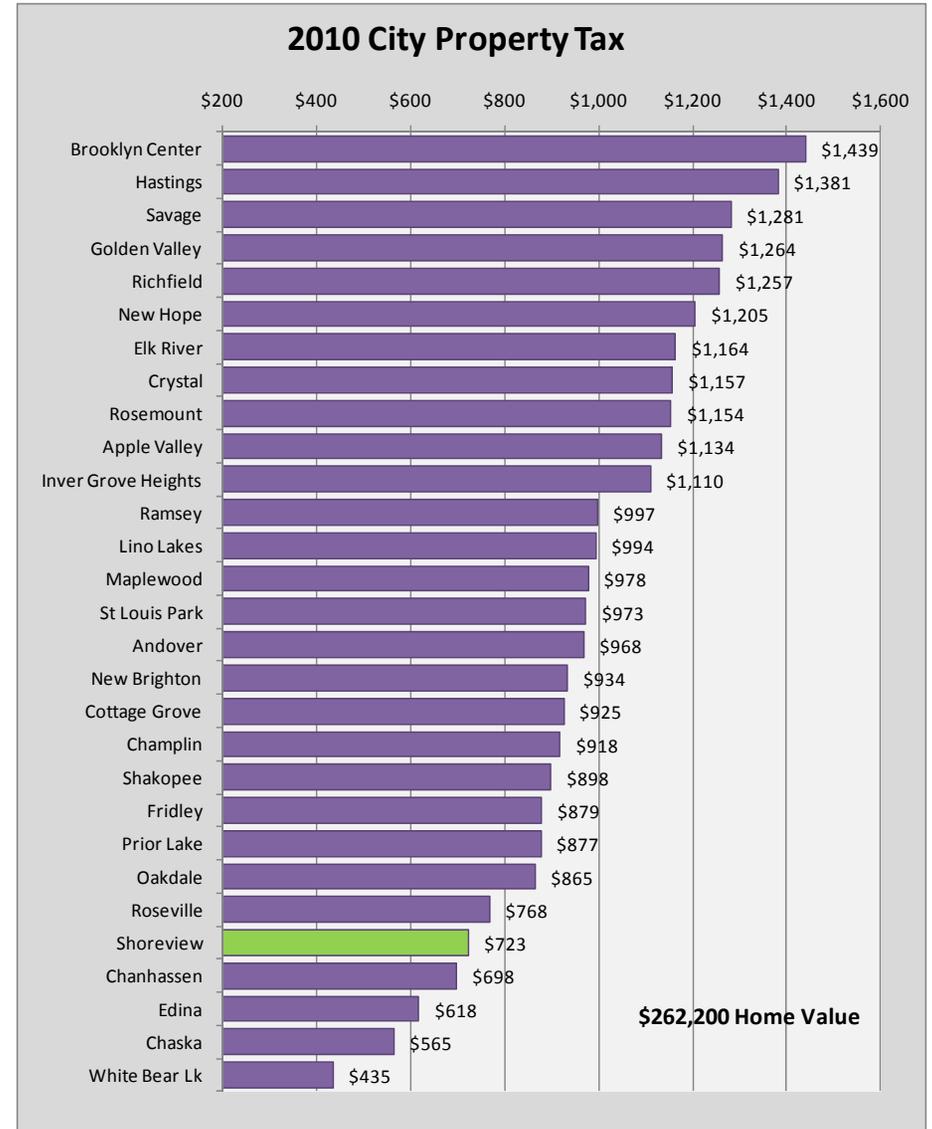
Population

The graph below contains the 2010 population reported for each of the cities in the comparison group. By design, Shoreview falls exactly in the middle.



City-Share of Property Taxes

A comparison of the City-share of the property tax bill for a home valued at \$262,200 (Shoreview's median value) shows that the City ranks 5th lowest at \$723, or about 27% below the average of \$985. It is important to note that these tax estimates are before the market value homestead credit allocation, because the allocation varies between communities.



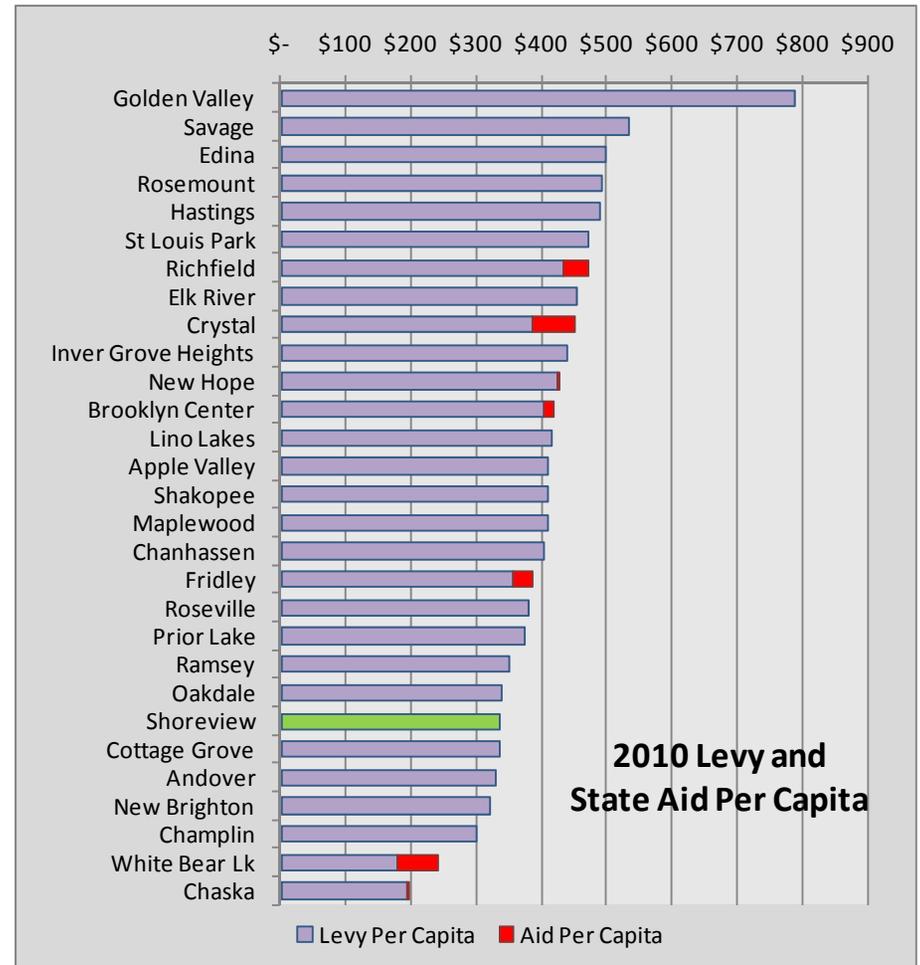
Tax Levy Ranking

Shoreview's tax levy rank has improved in the last 10 years in relation to comparison cities. For instance, in the year 2000 Shoreview ranked 16, and has dropped 6 positions since then to rank 22 in 2010. Shoreview's tax levy was about 19% below the average of comparison cities in 2000, compared to 26% below the average for 2010.

2000			2010		
Rank	City	Levy	Rank	City	Levy After MVHC Cuts
1	Edina	\$ 13,650,815	1	Edina	\$ 24,582,648
2	Apple Valley	10,639,305	2	St Louis Park	21,799,691
3	St Louis Park	9,676,992	3	Apple Valley	20,209,462
4	Golden Valley	7,570,945	4	Golden Valley	15,968,952
5	Brooklyn Center	7,168,557	5	Maplewood	15,388,032
6	Maplewood	7,156,423	6	Inver Grove Hgts	15,077,143
7	Roseville	6,400,953	7	Savage	14,680,404
8	Richfield	6,266,105	8	Richfield	14,678,665
9	Inver Grove Hgts	6,062,164	9	Shakopee	14,156,439
10	Cottage Grove	5,647,964	10	Roseville	12,990,863
11	Chanhassen	5,565,488	11	Brooklyn Center	12,000,229
12	Rosemount	4,736,849	12	Cottage Grove	11,522,077
13	New Hope	4,695,833	13	Hastings	10,979,908
14	Hastings	4,682,755	14	Elk River	10,711,610
15	Oakdale	4,424,971	15	Rosemount	10,605,781
16	Shoreview	4,284,765	16	Andover	10,278,486
17	Lino Lakes	4,187,593	17	Chanhassen	9,539,468
18	Prior Lake	4,090,810	18	Fridley	9,404,787
19	Fridley	4,035,843	19	Oakdale	9,218,504
20	Elk River	3,995,228	20	New Hope	8,757,955
21	Andover	3,920,287	21	Prior Lake	8,735,764
22	Savage	3,913,371	22	Shoreview	8,683,739
23	Crystal	3,867,767	23	Crystal	8,478,437
24	Shakopee	3,518,199	24	Lino Lakes	8,442,330
25	Champlin	3,177,506	25	Ramsey	8,159,557
26	New Brighton	3,173,782	26	Champlin	7,194,269
27	White Bear Lk	2,927,315	27	New Brighton	7,125,076
28	Ramsey	2,907,043	28	Chaska	4,707,593
29	Chaska	1,707,433	29	White Bear Lk	4,441,168
Average		\$ 5,312,175	Average		\$ 11,673,070
Shvw to Avg		-19.3%	Shvw to Avg		-25.6%

Levy and State Aid

Shoreview receives no local government aid (LGA) to help pay for the cost of City services, and ranks 7th lowest among comparison cities for the total property tax and state aid received per capita. The highest City is Golden Valley at \$786 of tax levy per capita, and the lowest City is Chaska at \$196 (\$195 of tax and \$1 of state aid per capita). Crystal receives the most state aid per capita, at \$66, followed by White Bear Lake at \$62 per capita.



Tax Rates

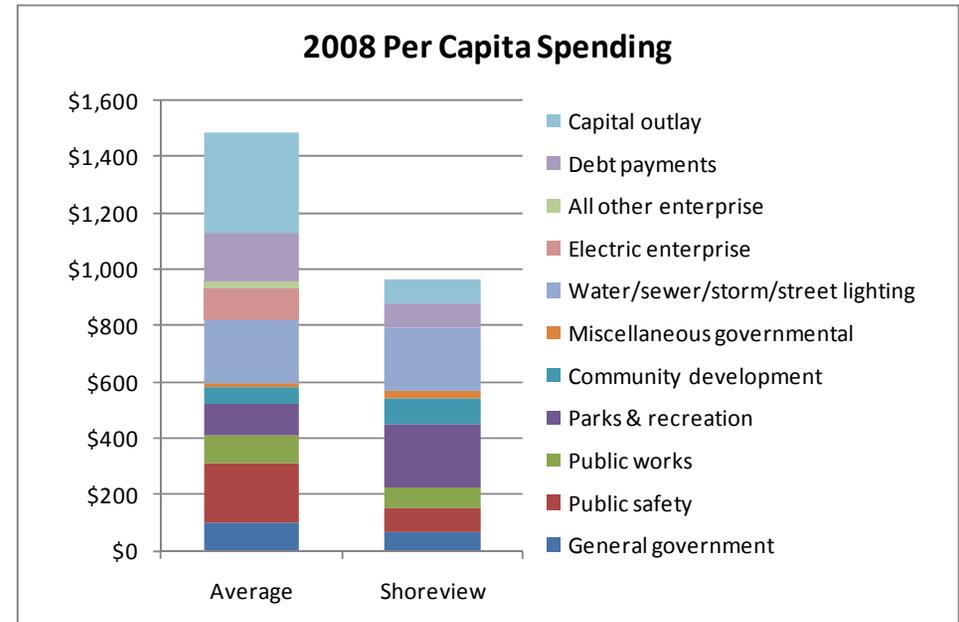
Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 6th lowest in both 2000 and 2010. For 2010, Shoreview is about 25% below the average tax rate of 36.78%.

2000 City Tax Rate			2010 City Tax Rate		
City	City Tax Rate	Rank	City	City Tax Rate	Rank
Rosemount	39.33%	1	Hastings	52.68%	1
Hastings	38.09%	2	Brooklyn Center	51.10%	2
Lino Lakes	35.96%	3	Golden Valley	48.20%	3
Brooklyn Center	34.65%	4	Richfield	47.96%	4
Prior Lake	32.52%	5	Savage	47.34%	5
Golden Valley	30.80%	6	New Hope	45.97%	6
Elk River	30.25%	7	Elk River	44.39%	7
Chanhassen	29.53%	8	Rosemount	43.36%	8
Apple Valley	29.02%	9	Crystal	42.87%	9
New Hope	27.86%	10	Inver Grove Hgts	42.34%	10
Cottage Grove	27.40%	11	Apple Valley	39.87%	11
Richfield	26.78%	12	Ramsey	38.04%	12
Crystal	26.54%	13	Lino Lakes	37.91%	13
Oakdale	26.29%	14	St Louis Park	37.12%	14
Inver Grove Hgts	26.01%	15	Andover	36.60%	15
Champlin	25.64%	16	New Brighton	35.61%	16
Ramsey	24.12%	17	Maplewood	35.35%	17
Andover	22.57%	18	Cottage Grove	35.29%	18
St Louis Park	21.53%	19	Champlin	35.02%	19
Maplewood	20.65%	20	Shakopee	33.71%	20
New Brighton	20.39%	21	Oakdale	32.98%	21
Savage	20.21%	22	Fridley	32.28%	22
Shakopee	20.11%	23	Prior Lake	29.44%	23
Shoreview	19.38%	24	Shoreview	27.57%	24
Roseville	19.03%	25	Roseville	27.37%	25
Edina	17.67%	26	Chanhassen	25.17%	26
Fridley	17.14%	27	Edina	22.97%	27
Chaska	16.52%	28	Chaska	21.54%	28
White Bear Lk	15.75%	29	White Bear Lk	16.59%	29
Average	25.58%		Average	36.78%	
Shoreview to avg.	-24.2%		Shoreview to avg.	-25.0%	

Tax rates (as shown on the facing page) provide a useful comparison because they are the best measure of both levies and values (the levy is divided by the taxable value to get the tax rate).

Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2008 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2008 spending is about \$965 per capita, which is about 35% below the average of \$1,487.



In addition to the favorable comparison shown above, Shoreview's spending rank has improved in the last 8 years, dropping from 5th lowest in 2000 to 3rd lowest in 2008.

Spending Per Capita by Activity

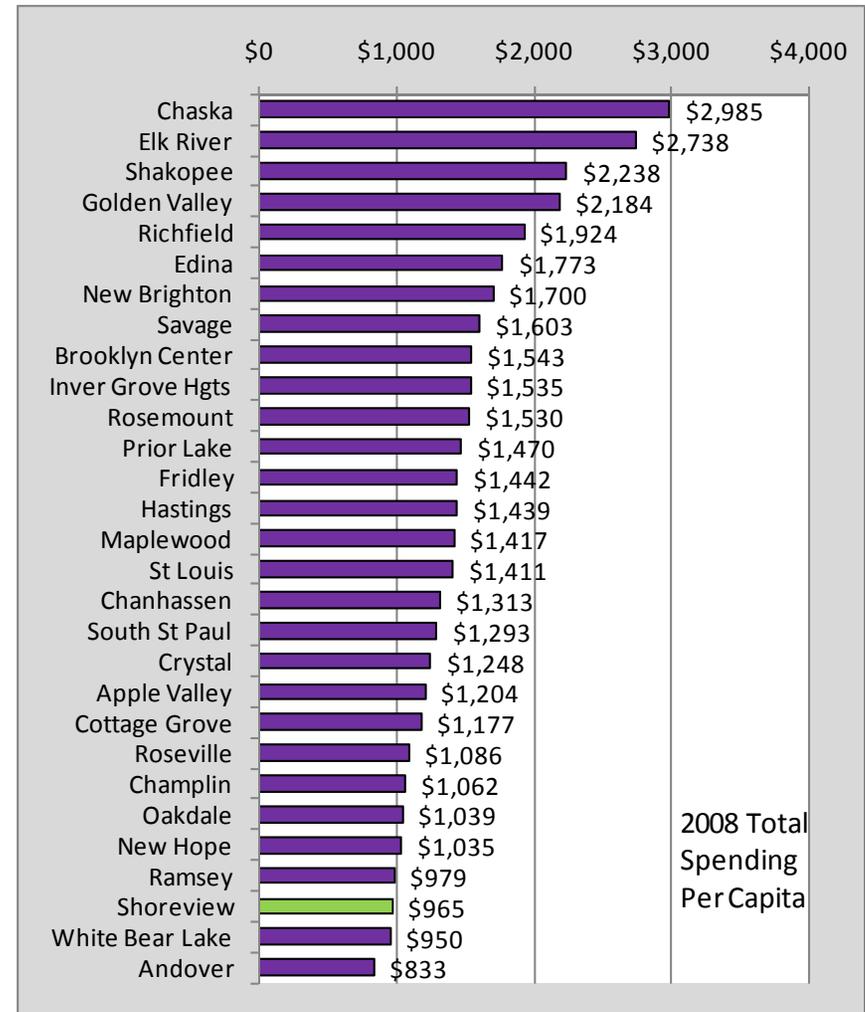
When reviewing spending in more detail, Shoreview is below average in all activities except parks and recreation, community development, and miscellaneous, and is essentially at the average for traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher due to the Community Center and Recreation Program operations (largely supported by user fees and memberships)
- Community development spending is higher than average in 2008 due to one-time assistance provided to help a local business expand and remain in the City. Without the acquisition assistance provided, community development spending would drop to half (from \$92.38 to \$46.29 per capita).

2008 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 97.14	\$ 68.30	\$ (28.84)	-29.7%
Public safety	215.73	86.42	(129.31)	-59.9%
Public works	94.02	70.79	(23.23)	-24.7%
Parks & recreation	117.68	224.47	106.79	90.7%
Community development	55.43	92.38	36.95	66.7%
Miscellaneous governmental	17.81	25.12	7.31	41.0%
Water/sewer/storm/street lighting	220.70	223.18	2.48	1.1%
Electric enterprise	113.34	-	(113.34)	-100.0%
All other enterprise	25.06	-	(25.06)	-100.0%
Debt payments	169.78	89.12	(80.66)	-47.5%
Capital outlay	360.07	85.38	(274.69)	-76.3%
Total Spending per capita	\$ 1,486.76	\$ 965.16	\$ (521.60)	-35.1%

- Public safety spending in Shoreview is the lowest for all comparison cities, at \$86.42 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 47% below average in Shoreview because debt balances are lower than comparison cities.

The graph below shows total 2008 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,985 in Chaska to a low of \$833 in Andover.



Shoreview ranks 3rd lowest at \$965 per capita, and is 35% below the average of \$1,487.

Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2008 except charges for services. Recreation program fees and community center admission and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is lowest among all comparison cities for special assessments, state aid (from all sources combined), fines and forfeits, and other governmental revenue, while remaining more than 21% below average in property taxes.

2008 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 387.00	\$ 303.32	\$ (83.68)	-21.6%
Tax increment (TIF)	85.28	70.70	(14.58)	-17.1%
Franchise tax	15.90	10.75	(5.15)	-32.4%
Other tax	1.44	0.99	(0.45)	-31.3%
Special assessments	48.30	6.11	(42.19)	-87.3%
Licenses & permits	31.28	20.43	(10.85)	-34.7%
Federal (all combined)	15.07	-	(15.07)	-100.0%
State (all combined)	66.81	8.17	(58.64)	-87.8%
Local (all combined)	20.19	2.22	(17.97)	-89.0%
Charges for service	120.33	176.10	55.77	46.3%
Fines & forfeits	8.29	2.14	(6.15)	-74.2%
Interest	41.09	18.35	(22.74)	-55.3%
All other governmental	46.09	6.61	(39.48)	-85.7%
Water/sewer/storm/street lighting	236.44	234.34	(2.10)	-0.9%
Electric enterprise	121.91	-	(121.91)	-100.0%
All other enterprise	31.79	-	(31.79)	-100.0%
Total Revenue per capita	\$ 1,277.21	\$ 860.23	\$ (416.98)	-32.6%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

The policy further states that "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be higher in Shoreview to generate the resources needed to fund capital replacements, but this is not the case. The tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

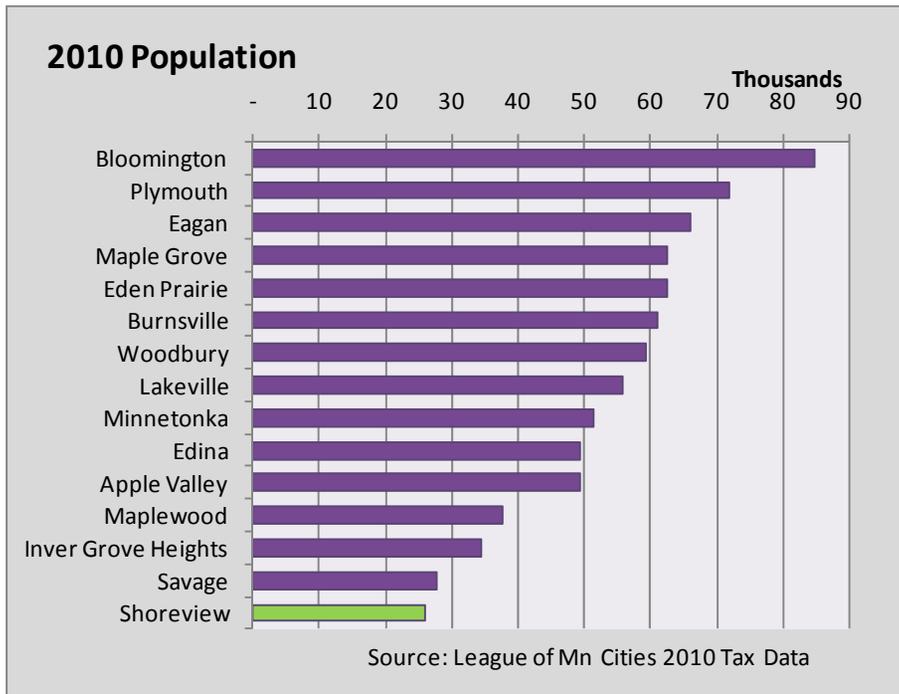
- Shoreview's 2008 spending per capita ranks 3rd lowest
- Shoreview's assessment collections per capita are the lowest among all comparison cities
- Shoreview's 2008 property tax revenue per capita is 3rd lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, with the same rank in the year 2000 as in the year 2010

In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.

Comparison to MLC Cities

Shoreview also prepares comparisons to cities belonging to the Municipal Legislative Commission (MLC). These 15 cities provide an important comparison because many achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management. In fact, 11 of the 15 cities have AAA bond ratings.

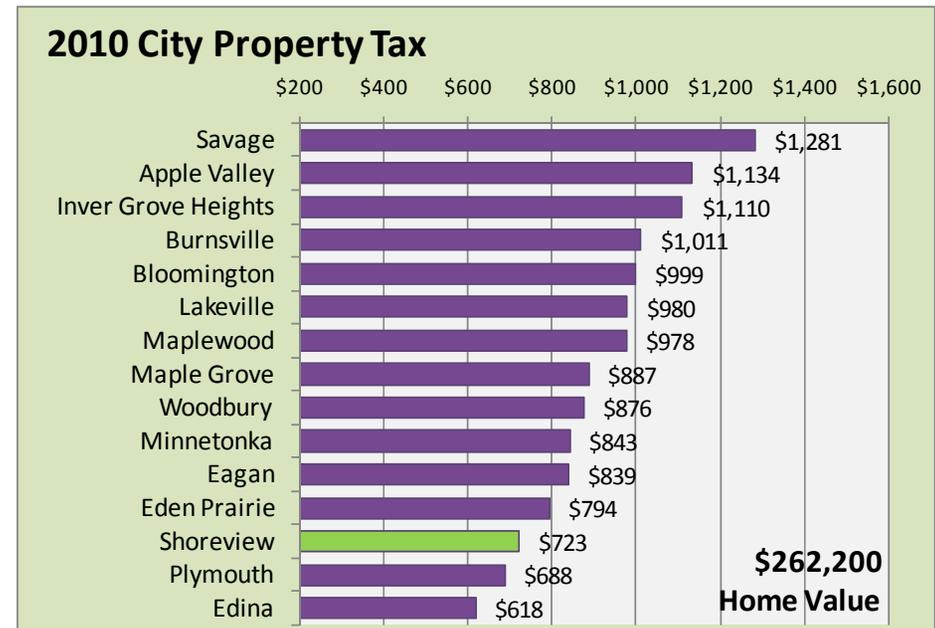
Shoreview has the smallest population in the group, and is roughly half of the average for the group.



Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size of each community varies. The graph at the top of the next page shows the market value per capita for each MLC city, with Shoreview in the middle of the group (about 5.8% below average).



Median Home Tax - Perhaps the most revealing comparisons come from examining the property tax by component unit. The graph below shows the city share of the tax bill on a \$262,200 home (the median value in Shoreview). Shoreview ranks 3rd lowest at \$723, compared to a high of \$1,281 in Savage.



2010 School Property Tax



2010 County Property Tax



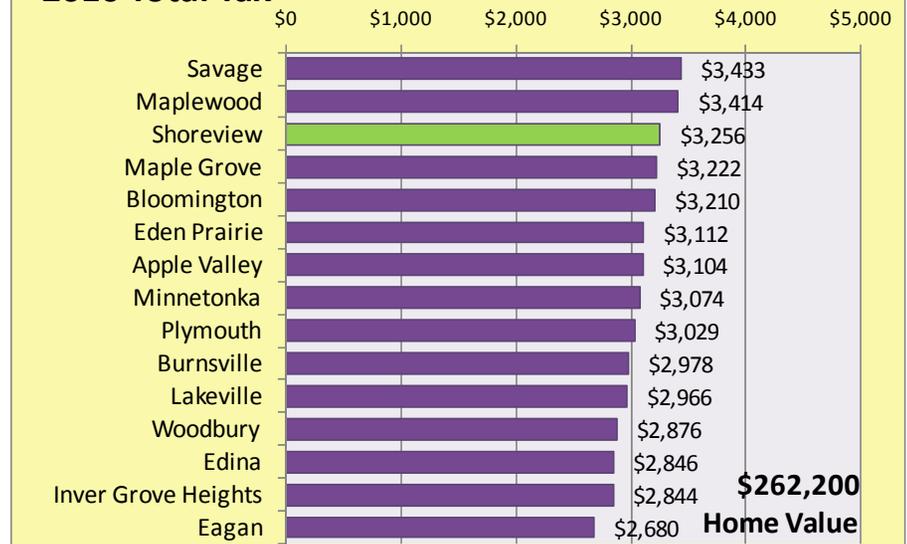
School District property taxes (Mounds View) rank about 1% above average in Shoreview (see graph above), while the combined taxes for Special Districts rank in the middle of MLC cities (see graph below).

County property taxes for cities located in Ramsey County (including Shoreview) rank highest among MLC cities (see graph above). Total taxes in Shoreview rank 3rd highest among MLC cities (see graph below). Note: total taxes also include the \$136 market value homestead credit allocated to jurisdictions.

2010 Special District Tax



2010 Total Tax



Summary

Additional information on the City's budget, capital improvement program and tax levy will be made available in late November on the City's website and at city hall.

The budget hearing on the City's 2011 Budget is scheduled for December 6, 2010 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program and utility rates is scheduled for December 20, 2010 (the second regular Council meeting in December).

Other informational booklets available on City operations include:

- Budget Summary
- Utility Operations
- Property Tax System
- Capital Improvement Planning
- Resident Guide

This document was prepared by the City's finance department.

