



To: Mayor Elliott and Councilmembers Butler, Graves, Lawrence-Anderson, and Ryan

From: Reggie Edwards, City Manager

Date: December 6, 2021

RE: 2022 Final Budget Adoption

It is my pleasure to transmit the proposed **2022 budget** for the City of Brooklyn Center. While the City Manager is tasked with the responsibility of preparing a budget, it cannot be accomplished without the clear policy direction provided by the City Council with input from the Financial Commission. It would be impossible to produce this preliminary budget without the cooperation and collaboration of the Leadership Team: Department Heads, Division Heads and other Staff Members. Special recognition should be given to the Fiscal Services Department and Acting Finance Director Andrew Splinter for their particular role in planning and coordinating the budget development process. It is our hope and expectations that this budget will succeed in its purpose to wisely manage our resources and implement the policy direction of the City Council for the benefit of the residents, businesses and visitors to Brooklyn Center.

Budget Overview

The last two years have been unlike any other year in recent or long-term history. As this budget is being prepared we are in the midst of a global pandemic which required the declaration of a State and Local Emergency in March of 2020. Meetings are being held remotely and some economists forecast that an economic recovery may be two to three years away. Many businesses have closed and will not recover. To add to the unprecedented challenges was the death of Mr. George Floyd and Mr. Daunte Wright at the hands of police that sparked riots, social unrest, protests and a world-wide call for Police and Criminal Justice reform. There is loud cry for racial justice because of the legacy of systemic racist policies frequently directed at black and brown people in particular.

In the midst of all of the above the City government of Brooklyn Center has continued to deliver much needed but sometimes limited services to the community. We have suffered dramatic revenue declines in lodging tax revenue and we expect that trend to continue well into next year. The Earle Brown Heritage Center has experienced a dramatic loss of revenue. Staffing and expenses have been curtailed to accommodate these revenue reductions. BC Liquor has reopened after being closed to put the necessary safety precautions into effect. While the Liquor operation is showing signs of recovery Centerbrook Golf Course is experiencing a revenue banner year due to accommodating weather and the fact that golfing is one of the few relatively safe recreational outlets available.

While we have had significant revenue losses in 2020 and 2021 primarily due to COVID-19, we are fortunate that property tax revenue collection is performing better than expected (98% collection rate). In addition, the City has and expects to receive additional significant Federal cost reimbursement for COVID-19 related expenses through CARES and American Recovery Plan Act Funding.

The proposed 2022 budget, in financial terms, sets forth the action plan of the City. The priorities for staff, infrastructure improvement and service response are reflected in the allocation of resources in the plan developed in City Council Joint Work Sessions with the Financial Commission during the months of June through November 2021. The expenditure levels are focused on maintaining current services and on the achievement of the strategic priorities of ***Resident Economic Stability, Targeted Redevelopment, Enhanced Community Image, Inclusive Community Engagement, Safe Secure Stable Community and Key Transportation Investments*** and key outcomes adopted by the City Council.

Accountability-Policing Activities

We live in a time of social unrest and heightened public concern and tension about the history and the general role of police and particularly communities of color. Given the history of distrust and strained relationship that exists between significant segments of the community and the police, it is critical that the Council can demonstrate to the entire public that police in Brooklyn Center serve with fairness, dignity and respect for all without equivocation.

Beautification and Cleanliness-Community

We will put into effect programs and approaches designed to reduce litter, improve cleanliness promote beauty throughout the community with an initial focus in commercial neighborhoods.

Economic Stability-Businesses

We will continue and expand upon existing programs to support the growth and development of local business, particularly small and immigrant owned business.

Economic Stability-Residents

We will continue to promote and support collaborative efforts with education partners, businesses and other governments to for economic stability and the elimination of economic racial disparities within our community.

Emergency Response Plan-City Government

The current Pandemic Emergency Response Plan has not been reviewed since it was adopted. Based on the current pandemic implementation it appears there may be a need to update and or clarify some requirements. To that end the 2022-23 budget will reflect the following goals:

Engagement-Enterprise Wide

We will assure that our diverse and multi-faceted communities are consistently engaged as appropriate for the development of all City programs and policies. Engagement will be inclusive and authentic. It will be understood as essential to the development of quality programs and equitable policy.

Equitable City Spending-Enterprise Wide

Annually the City government spends tens of millions of public dollars in pursuit of community goals to meet the needs of those we serve. It has been demonstrated that the multiplier effect is meaningfully positive when those resources are expended locally. It has also been established that some businesses are at a decided disadvantage when it comes to competing for significant government contracts. To achieve the multiplier benefit of local spending and eliminate barriers to disadvantaged businesses desiring to participate in major city funded projects the 2022-23 budget.

Equitable Operations-Enterprise Wide

We will assure that all residents, customers and employees are treated with dignity and respect. We will provide knowledge and skill development necessary to meet the needs of residents, customer and employees in an anti-racist, culturally competent manner. We will foster an inclusive respectful work environment that values and reflects the diverse communities that we serve.

Innovation-Enterprise Wide

We will respond to challenges in a way that is most effective by learning and using creative and innovative approaches. We will equip staff with the necessary tools and development along with the support needed to try new approaches without fear.

Public Health-Community

Without health and wellness individuals and communities are unable to grow or thrive; therefore health and wellness is the most important condition within a community.

Transparency-Enterprise wide

We believe transparency is essential to building trust and trust of the government is critical in a democracy where shared responsibility is necessary. Therefore, we will promote and provide maximum opportunities to share any and all public information for the benefit of the community and to inform governance.

Leadership Role-City Council

We will assure that the City Council Budget is sufficiently funded to facilitate the Councils ability to effectively fulfill its duties of policy development, ordinance creation, quasi-judicial administration and City Manager oversight.

Preservation and Protection-Natural Environment

We have a stewardship responsibility for the natural resources of the community and an obligation to preserve the environment for productive use by future generations.

Tax Burden Relief

We will remain conscious of the fact that many residents and business of Brooklyn Center continue to suffer economically resulting from the current pandemic and that currently the average wealth and income levels of our residents remain low relative to the metropolitan region. As a result, we will carefully manage the fiscal affairs of the City to keep the cost of government efficient and cost effective.

The overall General Fund budget will increase by 8.22% and the overall tax levy increase is **6.97%**. The property tax levy increase includes a new debt service levy dedicated for the repayment of a 2021 bond issue used to finance neighborhood infrastructure reconstruction improvements. The Median Value Residential Property in the City is \$223,000 compared to the prior year value of \$207,000, which is an increase in market value of 7.7%. The Median Value Residential Property will pay approximately \$1,252 in City and Housing and Redevelopment Authority property taxes in 2022 compared to \$1,276 in 2021, which is a decrease of **\$24**.

The 2022 Budget incorporates the following significant items:

- A 2% COLA for employees other than the 3% approved COLA for members of the Public Works I.E.O Union.
- Issuance of \$8.25 million of debt to finance capital improvements including the street, water, sanitary sewer and storm sewer portions of the infrastructure improvement project for Woodbine are improvements. This debt issue provides the needed funding for the continuation of our street and utilities neighborhood reconstruction program.
- Additional Capital Improvement Projects include Capital building maintenance projects totaling \$1.3 million, Water system improvements of \$1.3 million, Park Playground equipment replacement of \$605k.
- A new division in the general fund for the Office of Prevention Health and Safety totaling \$1.32 million which will be partially funded through \$725k in private donations
- We will also work with regional partners and jurisdictions to develop an Environmental Impact Statement (EIS) for the TH 252 conversion to a freeway and MnPASS lanes on TH 252 and I-94. This project was selected for Corridors of Commerce funding in 2018 (\$163M) for start of construction in 2023. The project may be delayed to 2025.

The Proposed 2021 Levies

On December 7, 2020, the City Council will consider the 2021 budget and property tax levies. There are three funds that require a tax levy; the General Fund, the Debt Service Fund and the Housing and Redevelopment Authority Fund. The proposed final levy is as follows:

General Fund - Operations Levy	\$ 19,532,263
Debt Service - Public Improvement Bond	<u>1,791,762</u>
Total Levy	<u>\$ 21,324,025</u>
Housing and Redevelopment Authority	<u>\$ 482,206</u>

The General Fund is the primary operating fund for government business of the City. The proposed General Fund Budget is as follows:

The Proposed 2022 General Fund Budget

Revenues and Other Sources	
Property Taxes	\$19,447,394
Lodging Tax (Gross Receipts)	900,000
Licenses and Permits	1,397,250
Local Government Aid	1,186,376
Other Intergovernmental Revenues	1,681,574
General Government Service Charges	50,000
Recreation Fees and Charges	490,000
Public Safety Service Charges	91,100
Fines and Forfeits	161,000
Miscellaneous Revenue	253,500
Special Assessments	<u>50,000</u>
Total General Fund Revenues	<u>\$25,708,194</u>
Appropriations and Other Uses	
General Government	\$4,099,246
General Government Buildings	1,110,132
Prevention Health and Safety	1,321,807
Police	9,635,030
Fire & Emergency Preparedness	1,980,128
Community Development	1,795,741
Public Works	4,366,372
Recreation	2,217,388
Convention and Tourism	427,500
Joint Powers	187,000
Risk Management	268,788
Central Services and Supplies	322,879
Vacancy and Turnover Savings	(600,000)
Reimbursement from Other Funds	(1,633,817)
Transfer Out-Miscellaneous	<u>210,000</u>
Total General Fund Appropriations	<u>\$ 25,708,194</u>

Strategic Focus

For the past several years the City Council has remained focused on the achievement of strategic priorities and each year the budget has been crafted as a policy implementation tool focused on the achievement of these strategic priorities.

This 2022 business plan focuses on the Council adopted 2018-2022 Strategic Priorities of:

- Resident Economic Stability
- Targeted Redevelopment
- Enhanced Community Image
- Inclusive Community Engagement
- Safe, Secure, and Stable Community
- Key Transportation Investments

During this year's budgeting process department heads identified key initiatives and values of their divisions focused on the achievement of strategic priorities, which are included in their respective narratives. The definitions of the Strategic Priorities and examples of some of these key initiatives for 2022 are as follows:

Resident Economic Stability

The economic stability of residents is essential to vibrant neighborhoods and to retail, restaurant, and business growth. We will lead by supporting collaborative efforts of education, business, and government sectors to improve income opportunities for residents.

- **Job Pathways/Workforce Development**

- Develop partnerships with outside agencies, educational institutions, and training centers to connect residents with access to job training, skills, and higher education that will result in improved employment and wage outcomes.
- Work within the City of Brooklyn Center with Human Resources and other departments to connect residents with pathways to jobs working for the City.
- Support the Brooklynk program by employing and mentoring interns and providing staff support to the Project Management Team

- **Entrepreneur/Small Business Support**

The desired outcome is to foster entrepreneurship opportunities for residents and those that desire to start or grow a business in Brooklyn Center, with an emphasis on underserved entrepreneurs. To achieve this outcome we will:

- Develop partnerships with outside agencies and resource centers to connect existing local and start-up businesses with resources, training, and financing.

- Identify service gaps for local entrepreneurs, develop solutions, and identify resources, with the goal of reducing local government barriers to business success.
- Invest in and create a business incubator/public market as part of an initial development on the Opportunity Site to provide affordable commercial space for local businesses.
- Identify a use and implement programming for the shell space adjacent to the municipal liquor store in order to serve local entrepreneur and small business needs.
- Explore the feasibility and appropriateness of creating additional affordable commercial space for local businesses as EDA-owned properties redevelop.
- Implement and expand offerings needed by local businesses and entrepreneurs by providing access to capital (funding), access to technical assistance, and improved communication and city services.

- **Job Retention and Expansion**

The desired outcome is to increase the number of high-quality jobs in the community. To achieve this outcome we will:

- Strengthen the City's relationships with existing businesses by continuing to develop a Business Expansion and Retention Program to identify existing businesses' needs.
- Identify redevelopment opportunities that advance the creation of livable wage and skilled jobs, while emphasizing and encouraging local hiring practices.

- **Resident Wealth Creation and Financial Literacy**

The desired outcome is to increase resident economic stability through wealth creation and financial literacy. To achieve this outcome we will:

- Explore opportunities to promote home ownership for existing and future residents, with an emphasis on serving those with barriers to home ownership.
- Explore partnerships with outside agencies to provide financial literacy classes to residents.
- Conduct a Housing Policy Implementation Study and develop a Housing Policy Action Plan, which will examine the City's housing policies and ordinances with the goal of expanding tenant protections and preserving existing affordable housing. We will also examine the City's policies around the creation of new, legally-binding, affordable housing units.
- Partner with outside agencies and nonprofits to increase housing stability through connecting residents to housing assistance programs and access to resources about tenant rights.
- Increase food security by partnering with local food shelf providers to identify barriers to health food access and investing in sustainable community-wise food production and distribution
- Explore Local Hiring/DBE contractor policy to include as part of Business Subsidy Policy for new development
- Identify program for certifying local businesses as DBEs

- Create a local procurement/vendor list for internal local hiring as well as contracting for new development

Targeted Redevelopment

Redeveloping properties to the highest value and best use will accomplish our goals regarding housing, job creation, and growth of the City's tax base. We will appropriately prepare sites and provide the necessary supporting infrastructure investments to guide redevelopment of publicly- and privately-owned properties.

- **Opportunity Site Redevelopment**

The desired outcome is an inviting, attractive, walkable and vibrant development that provides for a mix of housing and commercial types that create a dense mixed-use downtown.

The initiatives for 2022-2023 include:

- Completing the Opportunity Site Master Plan
- Complete community engagement process and deliver a community-based term sheet of community benefits to be included with private development
- Completing an Opportunity Site regulatory framework to implement the Master Plan
- Completing a housing policy plan to implement the housing goals within the Master Plan
- Amending TIF District 7 to encompass the entire Opportunity Site area
- Initiating a development within the Opportunity Site area
- Implementing a public market/business incubator within the Opportunity Site area

- **Redevelopment of EDA-owned Properties**

The desired outcome is to identify property to acquire and dispose of in order to facilitate development that forwards the City's strategic priorities.

The initiatives for 2022-2023 include:

- Identifying EDA-owned properties to strategically position for resale
- Market EDA-owned properties to attract development opportunity that forwards the City's strategic priorities.
- Respond to the market as needed to respond to interest in EDA-owned properties.
- Develop tools to reduce barriers for developers and investors to access EDA-owned property and repurpose it.

- **Former Sear's Site**

The desired outcome is an inviting, attractive, and vibrant development that forwards the City's Strategic Priorities.

The initiatives include:

- Understand the market opportunities and constraints of the site.
- Work with the property owner to identify a use for the site that aligns with the City's desired outcomes.

Enhanced Community Image

Our ability to attract and retain residents and businesses is influenced by the perception of the City. We will take specific actions to assure that Brooklyn Center is recognized by residents, businesses, stakeholders, and visitors as a high quality, attractive and safe community.

- **System-wide Development and Operations**

In 2022, the department will continue working with all departments and at all levels of the organization in a systematic manner on key administrative operations including technology planning, branding, recruitment and hiring, communication, employee evaluations, and electronic council affairs. Through coordination of communication, training and development of efforts with frontline staff, supervisors, and department management messages will be consistently communicated throughout the organization. The hope is that there is shared understanding and unified action on key strategic directives throughout the entire organization.

- **Customer Intimacy and Operational Excellence**

In 2022, we will continue to implement quality performance practices to improve results and customer satisfaction. We will strengthen the development of staff at all levels of the organization and align performance of all staff with the strategic direction and values of the City via internal graphic design support, bi-lingual translation and interpretation services, digitizing of records, citywide performance evaluation, technological system and infrastructure upgrades, strategic area transition from city hosted software to cloud-based software and technological disaster and emergency planning. All staff will uniformly and consistently be evaluated on the areas customer service and operational excellence via a newly implemented electronic employee appraisal system.

- **Premier Conference Facility and Centerpiece for the City of Brooklyn Center**

In 2022, the Heritage Center will celebrate 32 years of operation as one of the region's premier conference and events facilities, and as a centerpiece of the Brooklyn Center community. Through our 2022 marketing efforts, we will continually highlight the Heritage Center and the City of Brooklyn Center.

- Centerbrook Golf Course
 - Continued focus on increasing awareness of Centerbrook golf and attempting to grow the game locally, with concentration on new and youth golfers.
 - Develop and implement safety measures pertaining to COVID Pandemic
 - Customer Service
 - Continued focus on customer service and improving the customer experience.
- BC Liquor
 - Staff Development
 - Continue GUEST model training with employees.
 - Continue progressing towards 100% of staff trained on Product Information Trainings (PIT's).
 - Upkeep of stores
 - Add video reader board at Store #1
 - Purchase land for store #2 and build a store.
 - Respond to Customer Needs
 - We will be upgrading our BC Buck rewards program to include outgoing communication. We will begin collecting text numbers and e-mails to send out digital coupons on customer birthdays, special occasions or if they have not visited our stores for a while. We will also look into a delivery option in 2022 or 2023.

Inclusive Community Engagement

To provide effective and appropriate services, we must clearly understand and respond to community needs. We will consistently seek input from a broad range of stakeholders from the general public, non-profit, and for-profit sectors. Efforts to engage the community will be transparent, responsive, deliberately inclusive, and culturally sensitive.

- Inclusive Community Engagement

Expand organizational capacity and reach into community in an effort to increase inclusive community engagement. Over the past three years, the City has continued to build out the Division of Communication and Community Engagement, which increased social media outreach strategies, volunteer opportunities, community dialogues, community partnerships and media outreach endeavors. The City will enhance the use of interpreters and translators to the diverse populace of the City.

The City also will enhance internal training and development of staff related to inclusion and diversity in order to build greater capacity and competency with services to the diverse populace of the City.

- Align City Resources to Most Effectively Support Brooklyn Center Youth
- Develop a division hosting programs in the areas of holistic health, youth engagement and empowerment, beautification and public art and multi-cultural programming

We will align City resources, including financial, staff, facilities and equipment to most equitably support Brooklyn Center youth.

Specific actions include:

- Co-lead, with the City of Brooklyn Park, the Brooklynk Internship Program.
 - Identify and provide Brooklyn internship opportunities within Brooklyn Center
 - Increase equitable access to programs and services
- Increase Opportunities for Police Officers to Engage the Community

Increase the opportunities for officers to engage the community and specifically the youth in non-enforcement, positive, and informative ways, including but not limited to events such as: coffee/ice cream with a cop, open gyms, local school educational talks (violence prevention, drug awareness, and positive decision making). The police staff will continue to partner with Junior Achievement programming for area elementary schools.

- General Community Outreach

Continue the operation of the new water treatment plant. This community asset must include a component of open and valuable community participation, outreach and education.

Safe, Secure, and Stable Community

For residents and visitors to fully appreciate and enjoy a great quality of life, it is essential that all neighborhoods are safe, secure, and stable. We are committed to assuring compliance with neighborhood conditions and building safety standards, providing proactive and responsive public safety protection, wise stewardship of City resources and policies that promote safety, security, and a lasting stable environment.

- **Zoning Code Update**

The desired outcome is to have regulations that support the vision of the community and enhance the ability of property owners to improve and redevelop property in a way that responds to market demands, is reasonable, and results in attractive, quality property that enhances the community.

- **Code Enforcement, Rental Licensing, and Building Inspections**

The desired outcome is to stabilize and improve residential neighborhoods and commercial properties. To achieve this outcome we will:

- Coordinate and inspect residential rental properties in accordance with city code requirements;
- Monitor, inspect, and register vacant properties;
- Continue Code Enforcement activities with proactive inspections with the focus on resolving ongoing and repeat violations;
- Provide focused code enforcement efforts to develop relationships with and hold accountable commercial property owners and managers for maintaining their properties in accordance with community standards;
- Explore program to incentivize businesses to invest in beautification strategies;
- Review the Rental Licensing Program for improvements which will better serve the goals of the program and enhance tenant protections;
- Review and make amendments to Chapter 19 related to the City's nuisance and abatement regulations.

The desired outcome is to ensure all buildings are designed, constructed and maintained in a safe and sound condition. To achieve this outcome we will:

- Work with developers, architects, business owners and property owners to ensure building plans indicate compliance with all residential and commercial construction codes;
- Develop a system for delivering welcome and introductory information for newly remodeled or constructed businesses that can also be used for business retention strategies;

The desired outcome is to provide effective communications and public education about neighborhood and community initiatives. To achieve this outcome we will:

- Develop or revise educational materials for department programs and projects;
- Continue to review and improve letters and notices;
- Provide handouts and forms in multiple languages.
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- **Safety**

Increase the safety of the community by offering Home Safety Surveys, Hands Only CPR, and installation of Smoke and Carbon Monoxide Detectors. Visit all elementary schools during Fire Prevention Week and educate approximately 1250 school aged children on fire safety. Continue Fire and Fall safety for older adults. Be the resource for other City departments in dealing with COVID-19.

Recruitment of 5 additional paid on call firefighters.

- Continue to improve customer relationships and operational efficiency

In 2022, we will collaborate with Public Works and Information Technology on the use of installed gateways on City water tower's to obtain fixed water utility meter reads. This will provide real-time information to utility billing staff and quicker responses to customer requests and questions.

- Officer trainings to include new POST mandated and police reform-initiated trainings: Crisis intervention and mental crisis response, Conflict management and mediation, Valuing community diversity and cultural differences to include implicit bias, autism training, and historical implications of racial trauma.
- Creation of the Office of Community Prevention, Health and Safety, which will provide leadership, programming, coordination and evaluation of prevention, health and safety across the enterprise and in the community. Coordination of efforts within the enterprise shall focus principally on all public safety related departments.
- Develop and fund an embedded Hennepin County social worker into the department to assist with mental health related calls for service. This includes intensive case management specific to individuals who have previously requested police services. The budgeting model in development is a 60/40 split with Hennepin County.
- Maintain a team of officers with a sergeant, whose primary focus is dedicated to constantly monitor criminal activity and address it in a proactive manner. This team's primary focus will be the commercial districts, including Shingle Creek Crossing. Hotel licensing will be coordinated and enforced by this team of officers.
- Partner with other police agencies for youth interventions and diversion opportunities. This may include Cities United, YMCA, or other non-profits that provide youth specific services. Area of focus should be on runaway and youth impacted by domestic violence.
- Review and enhance investigative resources regarding sexual assault investigations and prosecutions. Insure we are using a best practices model and employing all resources available both internally and externally to examine these crimes. Utilize best practices trauma informed interview skills at all levels of investigations.
- Continue to insure staff compliance with use of Body Worn Cameras (BWCs) alongside our existing squad camera systems to create an enhanced environment of transparency and increased investigative effectiveness. This will be done by audits for compliance of BWC usage during complaint reviews and use of force incidents. Each year we will provide a community opportunity to review and discuss the current BWC program.
- Improve cost controls through improved analysis and reporting
We will continue to implement a Central Garage Policy as a sound business approach associated with the cost benefits of vehicles and equipment and its capabilities, funding purchases through a "pay-as-you-go" methodology, and making decisions on acquisition and replacement considering the level of usage and demonstrated needs.

- Best practice reviews to identify better methods of efficiency improvement
We will continue to improve and implement equipment replacement tracking methodology. A scoring methodology was developed to assist fleet replacement decision making. This methodology was incorporated into the Central Garage Policy.

Key Transportation Investments

Proactively maintaining an efficient and effective infrastructure will meet the high level of community expectations. We will plan for and invest in critical infrastructure improvements that enhance safety, improve life quality, and support opportunities for redevelopment, while sustaining the natural environment.

- Brooklyn Boulevard Corridor Phase 2 and TH 252

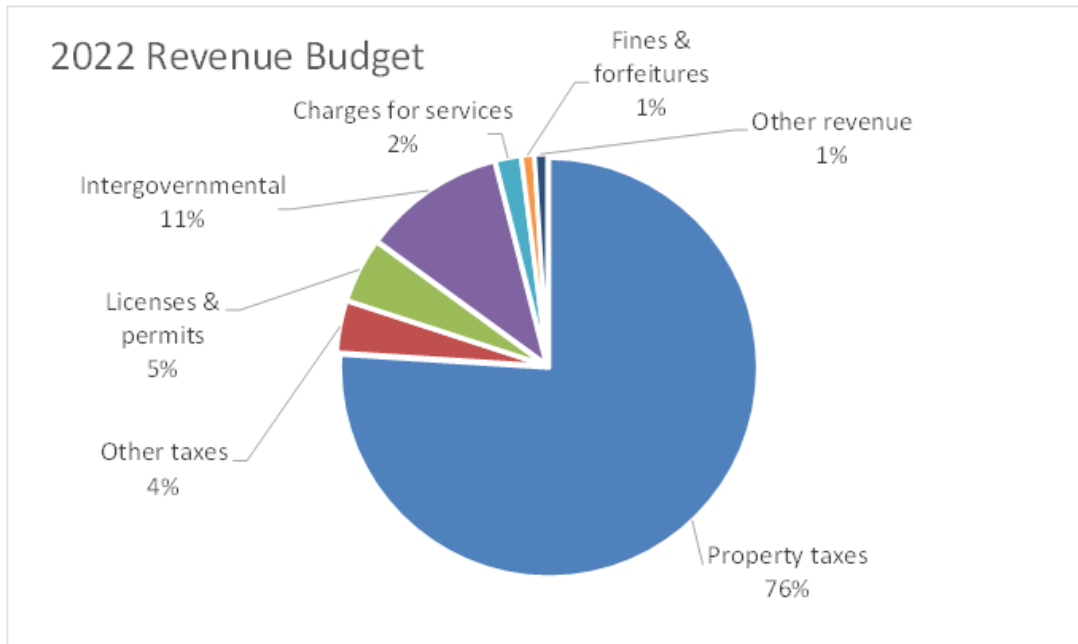
In 2022 we will be completing the Brooklyn Boulevard Corridor Phase 2 project (Bass Lake Road to 65th Avenue). We will also continue to work with regional partners and jurisdictions to develop an Environmental Impact Statement (EIS) for the TH 252 conversion to a freeway and MnPASS lanes on TH 252 and I-94. This project was selected for Corridors of Commerce funding in 2018 (\$163M) for start of construction in 2025.

- CIP Funding

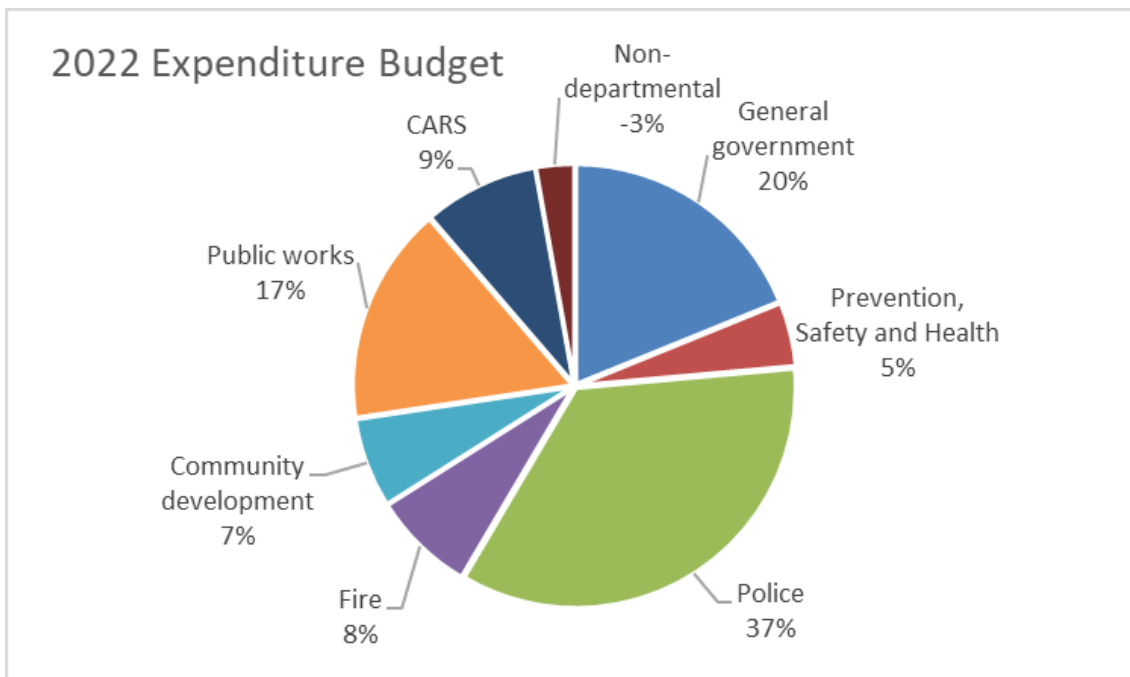
In 2022 we will implement the 29th year of the street and utility construction program by providing the needed capital improvements, which increase value to the public infrastructure and provide a catalyst towards other aesthetical improvements and value throughout neighborhoods Citywide.

General Fund Revenue Summary

The 2022 General Fund budgeted revenues total \$25,698,196, which is an increase of \$2,339,306 (**10.01%**) from 2021. Property tax revenue represents 76 percent of the General Fund budget. The majority of the revenue change is a result of increases in the general tax levy of \$1,130,000, and intergovernmental aid of \$1,003,000. These increases were offset by budgeted revenue reductions in Excess tax increments of \$230,500.



General Fund Expenditure Summary



The 2022 General Fund budgeted expenditures total \$25,708,194, which is an increase of \$1,952,667 (8.22%) from 2021. The 2022 Budget shows 37 percent of the General Fund expenditures are for Police (\$9,635,030). The remaining significant amounts include 20 percent for General Government (\$5,209,378), 17 percent for Public Works (\$4,366,372) and 9 percent for Community Activities, Recreation and Services (\$2,217,388).

The 2022 General Fund Budget incorporates the following significant items:

- *Personnel.* Salaries and benefits represent 70 percent of the General fund expenditure budget. Personnel includes:
 - A two percent increase in employee base wages
 - A five percent increase in the health insurance contribution.
 - Budgeted vacancy/turnover savings by of \$600,000. This amount reflects a budgeted expenditure reduction for open positions throughout the year.

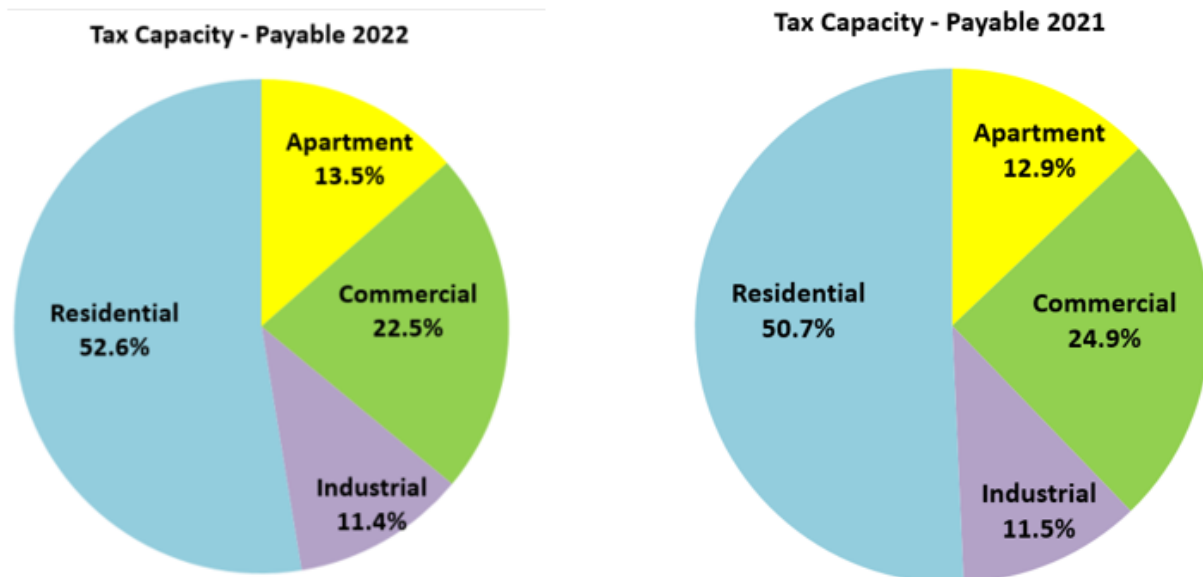
Taxable Market Value

CITY OF BROOKLYN CENTER 2022 BUDGET - TAX IMPLICATIONS PRELIMINARY ESTIMATES AS OF NOVEMBER 1, 2021

	Taxable Market Value		
	Payable 2021	Estimated 2022	Change
Commercial	\$ 383,340,000	\$ 362,542,100	-5.4%
Farm			
Industrial	176,852,000	187,365,900	5.9%
Residential	1,539,577,305	1,671,790,823	8.6%
Apartment	341,589,850	380,923,270	11.5%
Other	537,000	456,000	-15.1%
Personal property	26,330,300	14,297,900	
Totals	<u>\$ 2,468,226,455</u>	<u>\$ 2,617,375,993</u>	6.0%

The City's taxable market value is estimated at \$2,617,375,993, which is an increase of \$149,149,538 (6.0%) from last year. For the 7th consecutive year the taxable market value has increased.

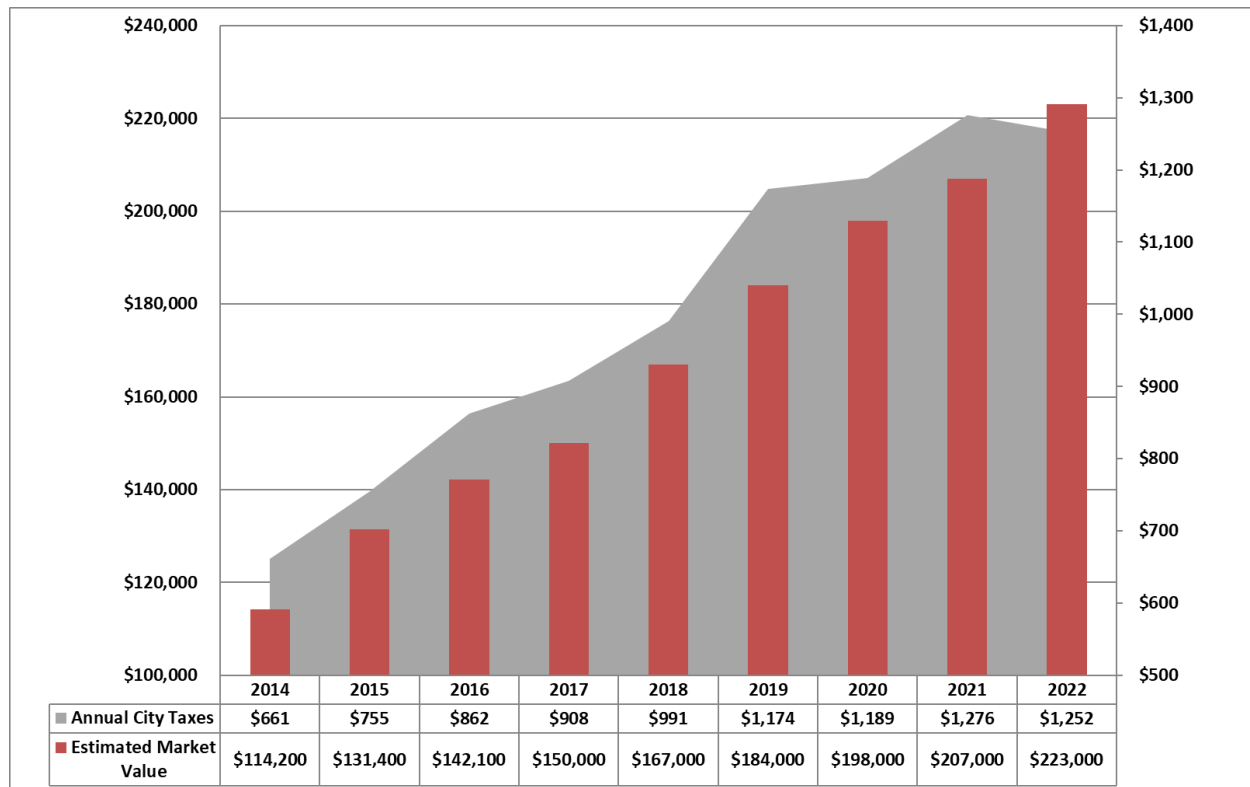
Tax Capacity



The City levies a flat dollar for taxes which is spread amongst all taxable properties in proportion to their percentage of the total tax capacity of the City. Residential represents 52.6% of the City's tax capacity. The comparison of this chart to last year shows that residential properties will pay 1.9% more of the share of total City property taxes in 2022, with commercial properties paying about 2.4% less.

The total tax capacity of the City is estimated at \$36,690,434 compared to \$30,738,953 in 2021, which is an increase of \$5,951,481 (**19.4%**). The reason for the significantly larger capacity increase (19.4%) compared to the market value increase (6.0%) is due to the decertification of Tax Increment Financing District No. 3.

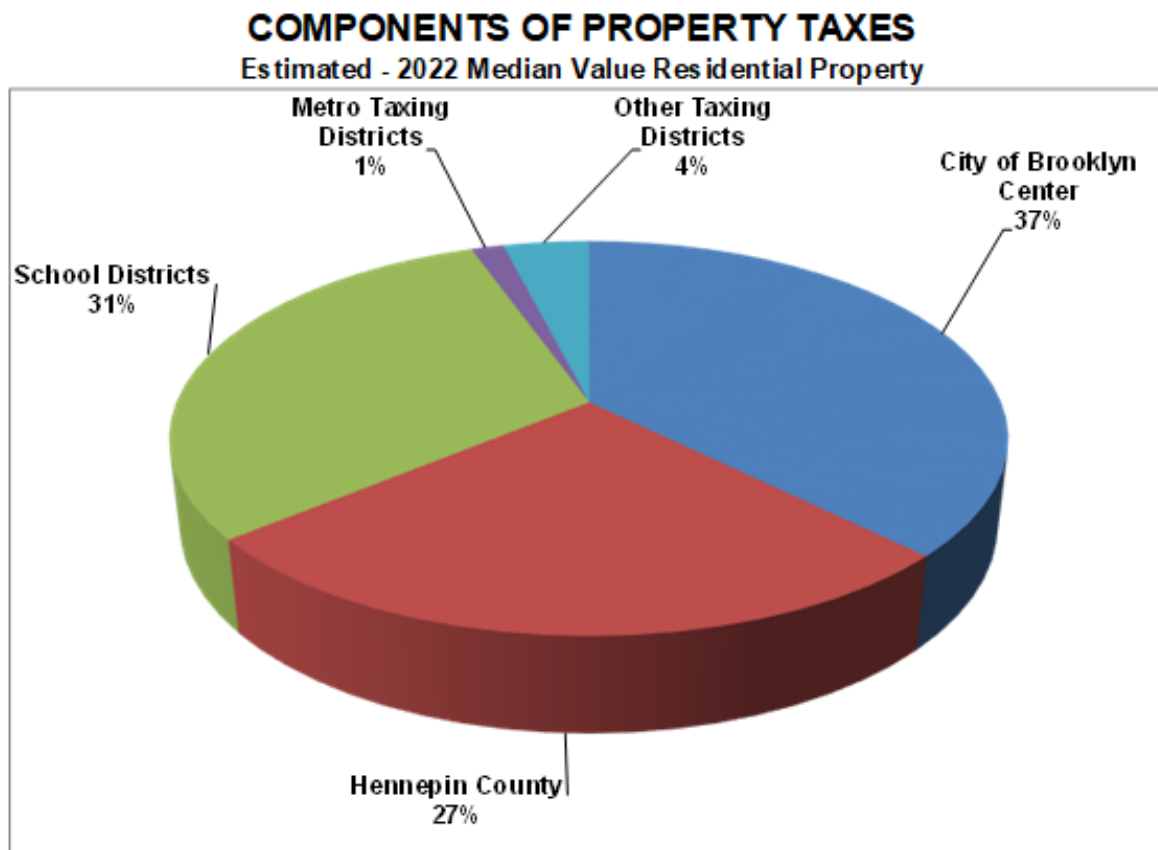
Property Tax Implications



The median value home last year had an estimated market value of \$207,000 and a taxable market value of \$188,390. The price of that median value home went from \$207,000 to \$223,000 with a taxable market value of \$205,830. Despite the market value increase, the City (including HRA) property tax will decrease by an estimated \$24 from \$1,276 to \$1,252.

The chart shown above provides information on the median value home and City property taxes paid since 2014. The red bar and amounts on the left axis represent the median value home. In 2014, that value was \$114,200 which was the lowest point following the recession. The grey shaded area and the amounts on the right axis is the property tax amount paid on that median value home.

Breakdown of Property Taxes

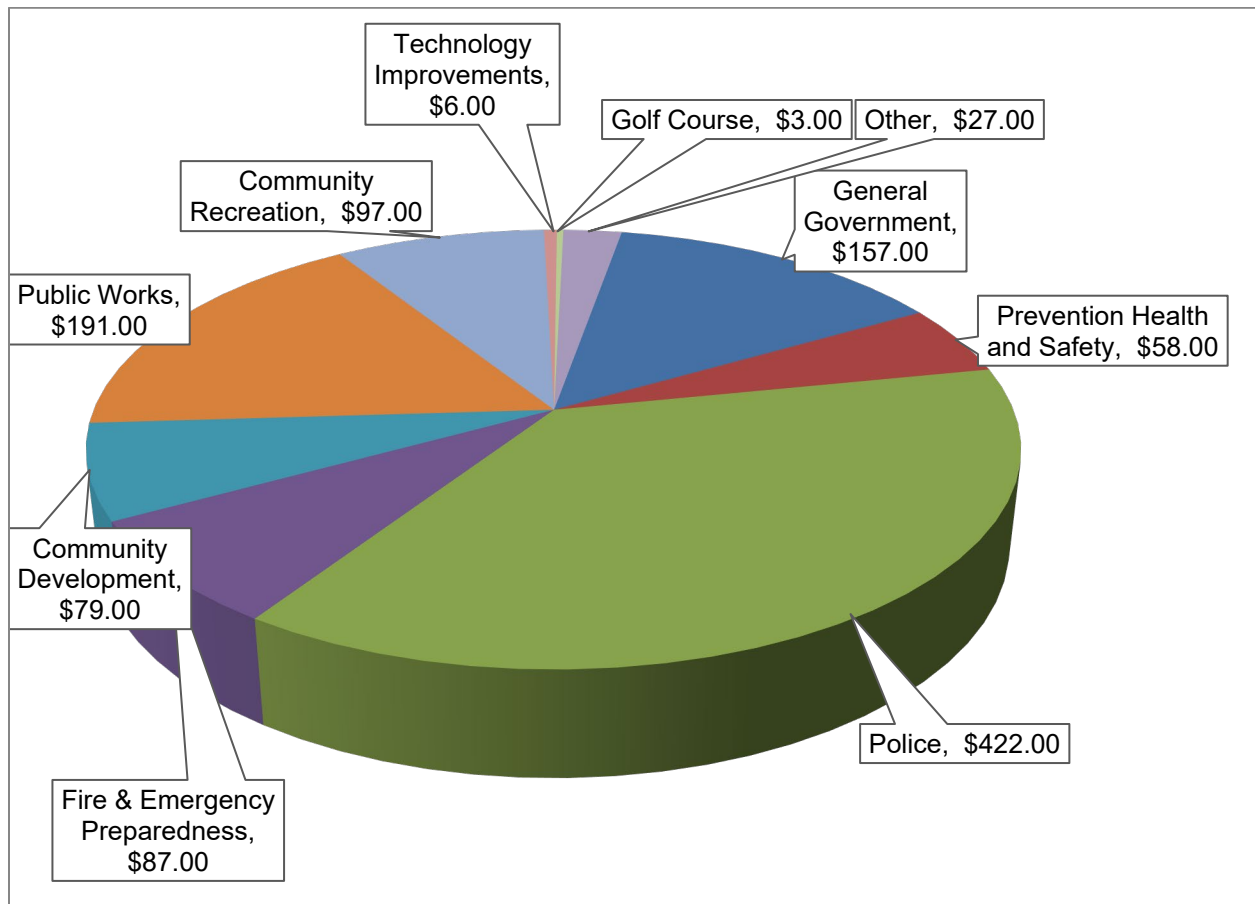


*Based on a Residential Property in School District #279

City taxes account for 37 percent of property taxes paid by homeowners living in Brooklyn Center (based on the preliminary 2022 property tax levies). The remainder is comprised of taxes for the School District of 31 percent and County of 27 percent.

The property tax paid by an individual property owner could be impacted because of several different reasons including; a change in value of the property, a change in the relative proportion of the property value to the total property value (shift in distribution of taxable market value to a different property type), an increase in property taxes requested for operations of the City General Fund activities and programs, and changes in the property tax needs of the County or School District. Brooklyn Center has four different school districts all with different levies and property tax implications.

2021 Cost of General Fund – Median Value Home



The chart shown above provides a cost breakdown of the property taxes paid by the median value home (excludes Debt Service and Housing & Redevelopment Authority property taxes). This chart provides an approximate tax dollar cost of the services provided by the City, but it should be noted that it does not take into consideration any costs outside the General Fund or reduce the cost for non-property tax funded expenses such as permit fees and charges for services of the various departments. In 2022, the typical homeowner will pay approximately \$422 for police, \$191 for public works, \$157 for general government, \$97 for community recreation, \$79 for community development activities, \$58 for Prevention Health and Safety, and \$87 for fire and emergency preparedness.

2022 Capital Projects & Equipment Replacement

2022	
Woodbine Area Improvements	\$9,440,000
Brooklyn Blvd City North Entrance Sign Rehab	\$135,000
Miscellaneous Park Parking Lot Mill and Overlay	\$550,000
West River Rd, Arboretum, Freeway, Palmer Lake & Northport Tra	\$548,000
Park Playground Equipment Replacement	\$605,000
Storm Water Ponds 12-001, 12-006 & 57-003 Rehab	\$124,000
Freeway and Highway Utility Crossing Replacement	\$587,000
Lift Station No. 4 Rehabilitation	\$259,000
194/Dupont Ave Water Main Crossing Replacement	\$364,000
Water Treatment Plant Redundant Water Main Connection	\$352,000
Well No. 7 and Water Treatment Plant HSP No. 1	\$160,000
CMBP: All - Fire Alarm/Annunciator Replacement	\$63,000
CMBP: CC, CH, Fire, PW, Police - Expansion Joint Caulking	\$100,000
CMBP: CH, PW, Fire, Police - Carpet & Paint	\$210,000
CMBP: Civic Center - Cooling Replace (Chillers/condensers)	\$125,000
CMBP: Police - All Condenser & Liebert Unit	\$95,000
CMBP: Police - Generator/Transfer Replacement	\$180,000
CMBP: PW Garage - Roof Replacement	\$494,000
2022 Subtotal	\$14,391,000

The Capital Improvement Plan (CIP) is a planning document that presents a fifteen-year overview of scheduled capital projects to address the City's goals for maintaining public infrastructure. The CIP includes a long-term financing plan that allows the City to allocate funds for these projects based on assigned priorities. The City has a total of \$14.4 million in improvements budgeted for 2022, including the Woodbine Improvements. Funding for these projects come from a variety of different sources. The complete CIP can be found in the Capital Improvement Program section in the back of this budget book.

The City compiles a rolling equipment replacement schedule for all City vehicles and equipment. The Central Garage, reported as an internal service fund, administers the funding, replacement schedule and disposal of equipment in the fleet. In 2022, the City is scheduled to replace \$1,046,500 in vehicles and equipment including street, parks, police, water, and economic development vehicles. The largest planned purchases include replacement of FD Salvage 1 in the amount of \$400,000. The detailed listing of equipment scheduled for replacement in 2022 and 2023 is included in the Internal Service Fund section of this budget book.

Enterprise Funds

Enterprise Funds are those programs provided by the City which generate their own revenues for operation and capital maintenance. The City operates the following three Enterprise Funds:

Brooklyn Center Liquor

The City operates two municipal retail liquor stores to provide for the controlled sale and distribution of alcoholic beverages in the community. Profits from the operations are used to fund projects benefitting the community and avoiding the necessity of larger property tax levies for such projects. Since 2009, the Liquor Fund has transferred \$1,654,781 to the Capital Improvements Fund for building, park and trail projects throughout the community.

Earle Brown Heritage Center

The Earle Brown Heritage Center (EBHC) is comprised of the Convention Center with Administrative Services, Catering Services and Commercial Office Rentals. These Divisions provide for the provision of maintenance, conference services, custodial functions, development, preparing, equipment servicing, and serving of food and beverage for events at Earle Brown Heritage Center.

The EBHC has a management agreement with Flik International to provide food and beverage services for its facilities. The EBHC is also responsible for the maintenance of buildings and grounds of the commercial office spaces for two tenants.

Public Utility Funds

The Public Utility Funds track revenues and expenditures for fee based public utility services provided by the City. These funds operate on their own ability to generate revenues and receive no property tax support. Each year the City Council reviews the operations of these funds and sets rates based on the needs for operations, capital spending and debt service payments. The City operates the following five Public Utility Funds:

Water Fund

The City has approximately 121 miles of water main, over 1,300 water valves and 1,000 fire hydrants providing service to over 7,000 single-family residential connections and approximately 1,600 apartment/commercial/industrial customers.

The budget includes a rate increase for the Water Utility which consists of base and consumption charges. The City currently has a quarterly base charge of \$16.61 per residential and commercial irrigation meter. In addition to this base charge, the City charges a consumption charge of \$2.91 per 1,000 gallons (up to 30,000 gallons per quarter). The proposed 2022 rates will **increase to \$19.01** per residential meter and \$3.17 per 1,000 gallons, which is an **increase of \$1.57** per quarter in base charges and **\$0.26** in the consumption charge per 1,000 gallons.

Multi-family, commercial and industrial properties currently pay a quarterly base charge depending on the size of the meter and a consumption rate of \$3.84 per 1,000 gallons. The amount billed at any particular property depends on the size of the meter connection and the amount of water consumed. The water charge for the quarterly utility bill for a household using 18,000 gallons of water (considered the typical residential user) for 2022 will be **\$4.18** per quarter.

Sanitary Sewer Fund

The City provides for the collection and conveyance of wastewater through a system of mains and lift stations. Sewage is treated by the Metropolitan Council Environmental Services, whose contracted services account for approximately 75 percent of the fund's operating expenditures.

The City currently charges a quarterly base charge of \$93.59, which is proposed to **increase to \$98.27** in 2022. Rates are predominantly driven by the replacement cost of sanitary sewer infrastructure related to the neighborhood reconstruction projects and changes to the rates the Metropolitan Council charges the City.

Storm Sewer Fund

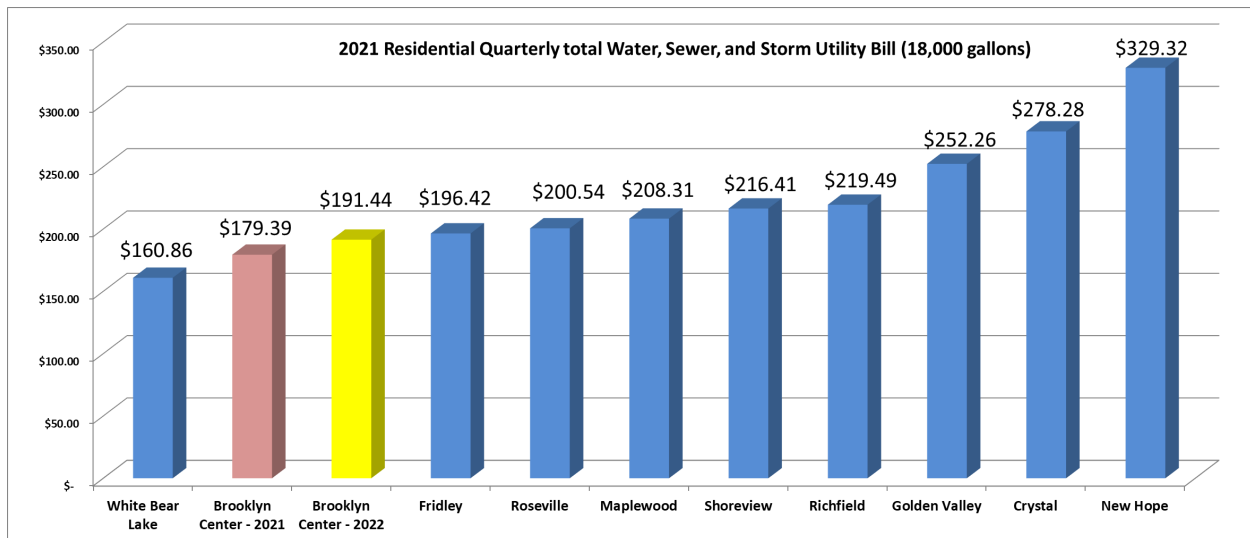
The City provides for the collection and management of storm water throughout the City in compliance with State and Federal regulatory requirements. The Storm Drainage Utility operates and maintains approximately 84 miles of storm sewers and nearly 100 storm water management ponds or treatment devices.

The City currently charges a residential customer \$15.98 per quarter, which is proposed to **increase to \$17.10** in 2022 (an increase of \$1.12 per quarter).

Rate Comparison (Water/Sewer/Storm Sewer)

The City annually compares its utility rates to nine other cities that are considered to be similar to Brooklyn Center. Not all of the comparison cities operate a recycling or a street light utility, however eight of the comparison cities provide water, sewer and storm sewer utilities (White Bear Lake does not provide a storm water utility). The rates shown in the following table are for the comparison cities are their 2021 rates. At the time this chart was compiled their 2022 rates were unknown. The rates were used to calculate the typical residential quarterly bill.

The results of that comparison show Brooklyn Center **remains among the lower cost provider**. The City's 2022 bill for these services of \$191.44 compares favorably to average of \$225.33.



Street Lighting Fund

The City provides electrical service, maintenance, repair and replacement of lights owned by the City. The City owns approximately 71 ornamental lights, primarily in the Earle Brown commercial area, 85 ornamental lights on Brooklyn Boulevard, 40 ornamental lights along Xerxes Avenue, 72 ornamental lights along Bass Lake Rd and 57th Avenue and leases approximately 915 lights from Xcel Energy. Another 97 lights owned by the City are located on traffic signal systems.

There will be **no changes** to the current Street Lighting fees. The current fee for residential is \$6.55 per quarter. The current fees are sufficient to cover costs and meet fund balance targets for the near-term future.

Recycling Fund

The Hennepin Recycling Group (HRG) is a joint powers organization consisting of the cities of Brooklyn Center, Crystal and New Hope. The HRG is responsible for managing a comprehensive recycling and waste education system for the residents of these cities.

Residents pay a Recycling Service fee on their utility bill for curbside recycling, biennial curbside pick-up of large and bulky items, the use of a yard waste and tree branch drop off site, and proper waste management and special material education and services.

The City currently charges a quarterly base charge of \$11.98, which will increase to \$12.10 for 2022.

Housing and Redevelopment Authority

The proposed Housing and Redevelopment Authority (HRA) levy for 2022 is \$482,206, which is an increase of \$29,293 from 2021. State law authorizes the HRA to establish an operating levy of up to 0.0185% of the taxable market value within the jurisdiction to carry out the purposes of the Authority. In Brooklyn Center after forming an HRA, the City established an Economic Development Authority (EDA) that assumed and expanded the HRA responsibilities into the areas of economic development. The HRA levy is the primary source of funding for EDA activities.