



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

From: Cornelius L. Boganey, City Manager

Date: December 3, 2018

RE: 2019 Final Budget Adoption

It is my pleasure to transmit the proposed **2019 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 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 the Finance Director Nathan Reinhardt for his 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 policy for the benefit of the residents, businesses and visitors to Brooklyn Center.

Budget Overview

The proposed 2019 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 2018. 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.

The overall General Fund budget increase is **5.02%** and the overall tax levy increase is **7.72%**. The property tax levy increase is, in large part, a result of a new debt service levy dedicated for the repayment of a 2018 bond issue used to finance neighborhood infrastructure reconstruction improvements. The Median Value Residential Property in the City is \$184,000 compared to the prior year value of \$167,000, which is an increase in market value of **10.2%**. The Median Value Residential Property will pay approximately \$1,113 in City and Housing and Redevelopment Authority property taxes in 2019 compared to \$990 in 2018, which is an increase of **\$123**.

The 2019 Budget incorporates the following significant items:

- Issuance of \$11.13 million of debt to finance capital improvements including the street, water, sanitary sewer and storm sewer portions of the infrastructure improvement project for Interstate Area Reconstruction and Southeast Area Mill and Overlay. This debt issue provides the needed funding for the continuation of our street and utilities neighborhood reconstruction program.
- A livable wage objective for City employees directed towards the lowest earners to bring them closer to the MN Department of Employment and Economic Development's identified Hennepin County cost of living wage of \$16.16 per hour.
- Economic Development Authority funding to support the development of a Business Retention and Expansion program. The funding would allow for the purchase of tracking software, and/or professional services to grow the outreach of the program and provide follow-up services to respond more efficiently to business needs.
- Additional allocations in Community Activities and Recreation to provide additional low/no cost programs to increase equitable access to youth programming.
- Master development planning for targeted redevelopment areas that include: Opportunity Site Redevelopment, 57th and Logan Redevelopment, Brooklyn Boulevard Corridor, Former Jerry's Food Site and Former Sears Site.
- The addition of a part-time Communication Engagement Specialist and four Neighborhood Engagement Liaisons to continue to engage residents.
- Additional market efforts/campaigns and continued posting of city related information and stories on the City's website, social media platforms and newsletters.
- Updates to the City's zoning, sign, platting and shore land ordinances in order to provide a regulatory structure which is clear and promotes high quality redevelopment and property improvements and forward the City's vision and goals.
- The addition of a Building Inspector position to address the high demand in construction plan review and inspection.
- The addition of Engineering Technician position to assist with the in-house design and development of infrastructure projects, reducing the reliance on contracted services for projects.
- Additional body worn cameras, necessary system upgrades and mandated auditing to enhance transparency and investigative efficiency.
- The addition of a full-time Sales Manager to market and continue to grow client base of the Earle Brown Heritage Center.
- The addition of a full-time Storm Sewer Maintenance position to maintain streetscape, rain gardens, trash pickup and mandated inspections and reporting requirements.
- Planned infrastructure improvements that include; Brooklyn Boulevard Corridor (49th Avenue to Bass Lake Road), Interstate Area Neighborhood Reconstruction Project, Bellvue Avenue mill and overlay, and Southeast Area mill and overlay.
- An appropriated General Fund contingency of \$125,000 available for unanticipated expenditures.

The Proposed 2019 Levies

On December 3, 2018, the City Council will consider the 2019 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 | \$ 16,968,997 |
| General Fund - Abatement for Economic Development | 66,000 |
| Debt Service - Public Improvement Bond | <u>1,392,119</u> |
| Total Levy | <u>\$ 18,427,116</u> |
| Housing and Redevelopment Authority | <u>\$ 380,098</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 2019 General Fund Budget

| | |
|---|-----------------------------|
| <u>Revenues</u> | |
| Property Tax (net) | \$ 16,950,591 |
| Excess Tax Increment | 250,000 |
| Lodging Tax | 1,180,000 |
| Licenses and Permits | 861,315 |
| Intergovernmental Revenue | 1,634,150 |
| Charges for Service | 834,650 |
| Fines and Forfeits | 231,500 |
| Other Revenue | <u>474,363</u> |
| Total General Fund Revenue | <u>\$ 22,416,569</u> |
| <u>Expenses</u> | |
| General Government | \$ 3,356,281 |
| Building and Grounds | 906,105 |
| Police | 9,047,255 |
| Fire and Emergency Preparedness | 1,528,516 |
| Community Development | 1,597,160 |
| Public Works | 4,059,089 |
| Community Activities, Recreation & Services | 1,813,072 |
| Other Services | 749,900 |
| Risk Management | 246,592 |
| Central Supplies and Services | 400,753 |
| Vacancy/Turnover Savings | (350,000) |
| Reimbursement from Other Funds | (1,148,154) |
| Transfers Out | <u>210,000</u> |
| Total General Fund Expenditures | <u>\$ 22,416,569</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 2019 business plan focuses on the Council adopted 2018-2020 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 2019 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.

- Resident Empowerment Collaborative

Create job pathways and training opportunities for residents, by facilitating the creation of or becoming an active partner in an existing collaborative focused on developing skilled employment opportunities for underserved Brooklyn Center residents.

- Entrepreneur Support

Foster entrepreneurship opportunities for residents and those that desire to start or grow a business in Brooklyn Center, with an emphasis on underserved entrepreneurs, by developing a program to support existing local and start-up businesses. The City will identify service gaps for local entrepreneurs, develop solutions, and identify resources, with the goal of reducing local government barriers to business success.

- Job Retention and Expansion

Create a Business Expansion and Retention Program aimed at increasing the number of high quality jobs in the community. The program will identify existing business's needs and develop relationships. A revolving loan program will be established to support job growth and business investment.

- Resident Wealth Creation and Financial Literacy

Explore opportunities to promote home ownership for existing and future residents, with an emphasis on serving those with barriers to home ownership. We will explore partnerships with outside agencies to provide financial literacy classes to residents, explore policies and ordinances which would provide tenant protection, preserve existing affordable housing and support the creation of new legally binding affordable housing units.

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

Master Development Planning will identify economic feasibility, determine a desired land use plan, outline the function of public and private space, identify the use of appropriate incentives, and determine the framework of a multi-modal transportation to plan for future City infrastructure investment.

- 57th and Logan Redevelopment

Master Development Planning will identify planning issues and considerations, provide a market feasibility analysis, identify development opportunities, identify the use of appropriate incentives, develop design standards, and prepare marketing materials and a development implementation plan.

- Brooklyn Boulevard Corridor

Master Development Planning will identify planning issues and considerations, provide a market feasibility analysis, identify development opportunities, identify the use of appropriate incentives, utilize past planning work related to the corridor, develop design standards, and prepare marketing materials and a development implementation plan for EDA properties on the corridor.

- Former Jerry's Food Site

Master Development Planning will identify planning issues and considerations, provide a market feasibility analysis, identify development opportunities, identify the use of appropriate incentives, develop design standards, and prepare a development implementation plan that includes assisting the landowners in identifying perspective developers and/or businesses to achieve the City's goals for the site.

- Former Sears Site

Master Development Planning will identify planning issues and considerations, provide a market feasibility analysis, identify development opportunities, identify the use of appropriate incentives, develop design standards, and prepare a development implementation plan that includes assisting the landowners in identifying perspective developers and/or businesses to achieve the City's goals for the site.

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.

- Zoning Code Update

Update regulations that support the vision of the community and enhance the ability of property owners to improve and redevelop property in a way that is feasible, reasonable, and results in attractive, high quality property that achieves its highest and best use.

- Stabilize and Improve Residential Neighborhoods

Coordinate and inspect residential rental properties and monitor and inspect vacant properties in accordance with city code requirements. We will continue code enforcement activities with proactive inspections with the goal of resolving ongoing and repeat violations.

Review the rental licensing program for improvements which will better serve the goals of the program.

Review the transient accommodations ordinance to create more effective tools to ensure best management practices are being used in order to reduce police calls and code violations.

- Engage the Media

Engage the media, including social media to highlight stories that spotlight police efforts that target crime reduction and citizen engagement. This effort may include allowing better and more frequent access to police personnel and activities.

- Customer Intimacy and Operational Excellence

Continue to develop and adopt quality performance practices and policies 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. All staff will be uniformly and consistently evaluated on the areas of customer service and operational excellence via a newly implemented electronic employee appraisal system.

- System-wide Development and Operations

Work with all departments and at all levels of the organization in a systematic manner on key administrative operations including community engagement, policy processing and recording, branding, recruitment and hiring, technology planning, 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. We will have a shared understanding and unified action on key strategic directives throughout the entire organization.

- Customer Focus

Continue to focus on increasing the awareness of Centerbrook Golf and attempting to grow the game locally, with concentration on youth, women, and new golfers and fling golf.

Through marketing efforts, we will highlight Earle Brown Heritage Center (EBHC) and the City of Brooklyn Center. The EBHC is one of the region's premier conference and events facilities, and a centerpiece of the community. We will strive to maintain our current level of 91% repeat corporate clients at the EBHC, by reviewing feedback from event evaluations and growing our creative teams to foster innovations and enhancements to our customer experience.

Collaborate with Public Works and Information Technology on the installation of 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.

Continue the process of assessing our options for Store #1 when our lease expires in 2020. We are exploring ownership of Store #1 at or near the current location. During this process an emphasis will be placed on transparency, fiscal responsibility and enhanced customer experience.

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.

- Continued emphasis on Inclusion and Diversity Initiatives

Continue to develop internal capacity to fully implement our Inclusion and Diversity initiatives. Our intent is to establish an organizational culture that promotes participation, engagement and creativity for employees while developing an intimate understanding of and appreciation of our diverse customers/citizens. Ultimately, our goal is to improve our ability to serve and encourage community ownership and public trust.

- Align City Resources to Most Effectively Support Brooklyn Center Youth

Co-lead with Brooklyn Park, the transition of Brooklynk Internship Program to city oversight and assist with identifying and providing Brooklyn internship opportunities within Brooklyn Center.

Increase allocations and programming in Community Activities and Recreation to provide additional low/no cost programs to increase equitable access to youth programming.

- Increase Opportunities for Police Officers to Engage the Community

Engage the community in non-enforcement, positive and informative ways, including, but not limited to, events such as: coffee/ice cream with a cop, Multi-cultural Advisory Committee (MAC) meetings, and neighborhood area meetings, local school education talks (violence prevention, drug awareness, and positive decision making).

- General Community Outreach

Continue the operation of the new water treatment plant. This new 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.

- 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 1,250 school aged children on fire safety. Continue fire safety education for older adults.

Recruit ten additional fire fighters to bring department to full strength.

Enhance the image of the community by improving the perception of safety within the community; engage troubled youth with alternatives to court interventions by means of diversion services to improve outcomes; and engage all youth with positive and constructive contacts with police.

Maintain a team of officers with a sergeant, whose primary focus is dedicated to constantly monitor criminal activity and address in a proactive manner. This team's primary focus will be the commercial districts, including Shingle Creek Crossing and area hotels/motels.

Work to identify youth who have been exposed to domestic violence with in their home in addition to potential sex trafficking victims. Provide resources available to the victim such as Cornerstone advocacy services. Continue to use Cornerhouse as an investigative resource for youth victims and witnesses.

Review and enhance investigative resources regarding sexual assault investigations and prosecutions. Ensure we are using a best practice model and employing all resources available both internally and externally to examine these crimes.

Ensure staff compliance with use of new body worn cameras alongside our existing squad camera systems to create an enhanced environment of transparency and increased investigative effectiveness.

- Ensure all Buildings are Designed, Constructed and Maintained in a Safe and Sound Condition

Adopt the International Property Maintenance Code and 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 to remodeled or constructed businesses that can also be used for business retention strategies.

- Efficiency Improvements

Continue to improve and implement equipment replacement tracking methodology. A scoring methodology will be developed to assist fleet replacement decision making. This methodology will be incorporated into the Central Garage Policy. Decisions on acquisition and replacement will be considered based on the level of usage and demonstrated need.

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 and TH 252

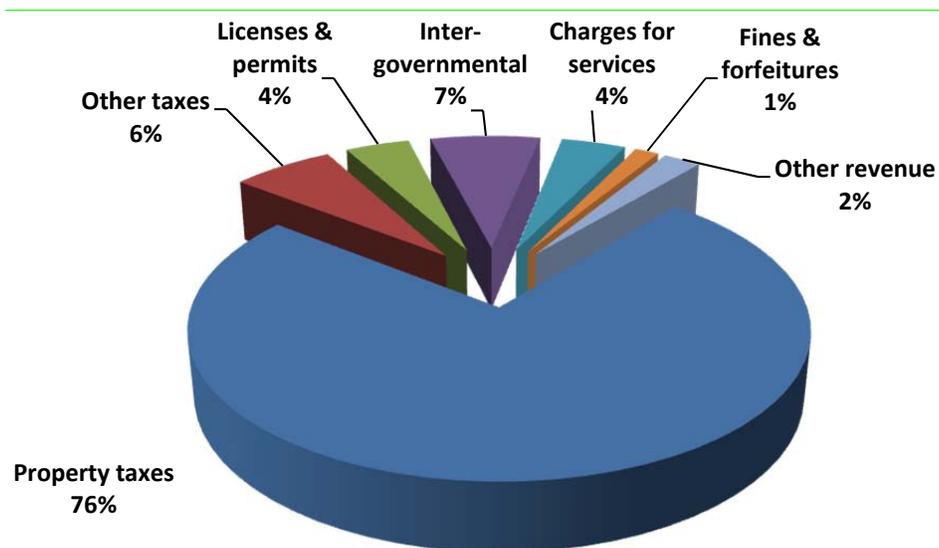
Complete the Brooklyn Boulevard Corridor Phase 1 project (49th Avenue to Bass Lake Road) and solidify the funding partnership for Phase 2 (Bass Lake Road to I-94). We will also work with regional partners and jurisdictions to develop an environmental study for the TH 252 conversion to a freeway and MnPASS lanes on TH 252 and I-94. This project was selected for Corridors of Commerce funding in 2018 (\$163M).

- Capital Improvement Plan

Implement the 26th 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 aesthetic improvements and value throughout neighborhoods Citywide.

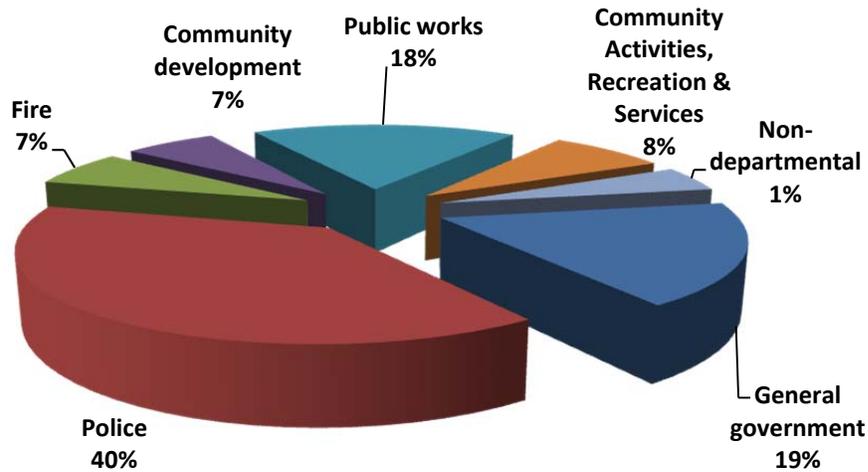
Continue to review the financial strategy for the continued implementation of the City’s fifteen year capital improvement plan. This includes updating our future cash flow assumptions based on current information and review of potential financing options. An analysis will include reviewing the impact of projected new debt issuances on the property tax levy and utility rates.

General Fund Revenue Summary



The 2018 General Fund budgeted revenues total \$22,416,569, which is an increase of \$1,070,533 (5.02%) from 2017. Property tax revenue represents 76 percent of the General Fund budget. The majority of the revenue increase is a result of increases in the general tax levy of \$1,071,174, intergovernmental revenues of \$39,331, and lodging tax revenues of \$80,000. These increases were partially offset by budgeted revenue reductions in charges for services of \$39,331 and special assessment revenue of \$15,000.

General Fund Expense Summary



The 2018 General Fund budgeted expenditures total \$22,416,569, which is an increase of \$1,070,533 (5.02%) from 2018. The 2019 Budget shows 40 percent of the General Fund expenditures are for Police (\$9,047,255). The remaining significant amounts include 19 percent for General Government (\$4,262,386), 18 percent for Public Works (\$4,059,089) and 8 percent for Community Activities, Recreation and Services (\$1,813,072).

The 2019 General Fund Budget incorporates the following significant items:

- *Personnel.* Salaries and benefits represent 70 percent of the General fund expenditure budget. Personnel includes:
 - A three percent increase in employee base wages, resulting in an annual cost of \$240,200.
 - Addition of an engineering technician to assist with the in-house design and development of infrastructure projects, reducing the reliance on contracted services for projects. The estimated annual cost of the position is \$101,400.
 - Addition of a building inspector to assist with the increasing demand of commercial plan review and inspections. The estimated annual cost of this position is \$88,300.
 - An allocation of \$55,000 for a livable wage initiative for City employees directed towards the lowest earners.
 - The addition of a part-time community engagement specialist and four part-time neighborhood engagement specialists. The estimated total annual cost of these positions is \$50,300.
 - The addition of a part-time human resource development specialist. The estimated annual cost of this position is \$26,600.
 - Budgeted vacancy/turnover savings by of \$350,000. This amount reflects a budgeted expenditure reduction for open positions throughout the year.
- Allocation of \$75,000 for the updating and re-write of the City's zoning and ordinance code.

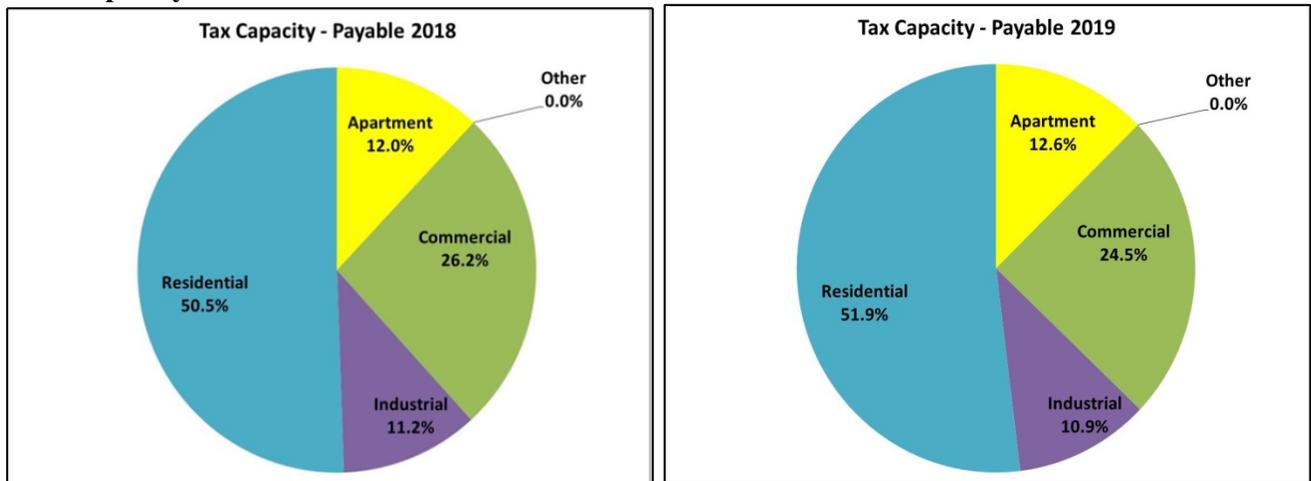
- A \$125,000 General Fund contingency for unanticipated expenditures that may arise during the year.

Taxable Market Value

| Class | Payable 2018 | Payable 2019 | Change (%) |
|--------------------|-----------------|-----------------|------------|
| Commercial | \$312,846,800 | \$318,811,800 | 1.9% |
| Industrial | 133,666,600 | 140,570,900 | 5.2% |
| Residential | 1,186,339,754 | 1,325,890,784 | 11.8% |
| Apartment | 235,949,040 | 275,022,304 | 16.6% |
| Other | 469,000 | 478,000 | 1.9% |
| Totals | \$1,869,271,194 | \$2,060,773,788 | 10.2% |

The City’s taxable market value is estimated at \$2,060,773,788, which is an increase of \$191,502,594 (**10.2%**) from last year. For the 4th consecutive year the taxable market value increase is driven by increases in residential (**11.8%**) and apartment (**16.6%**).

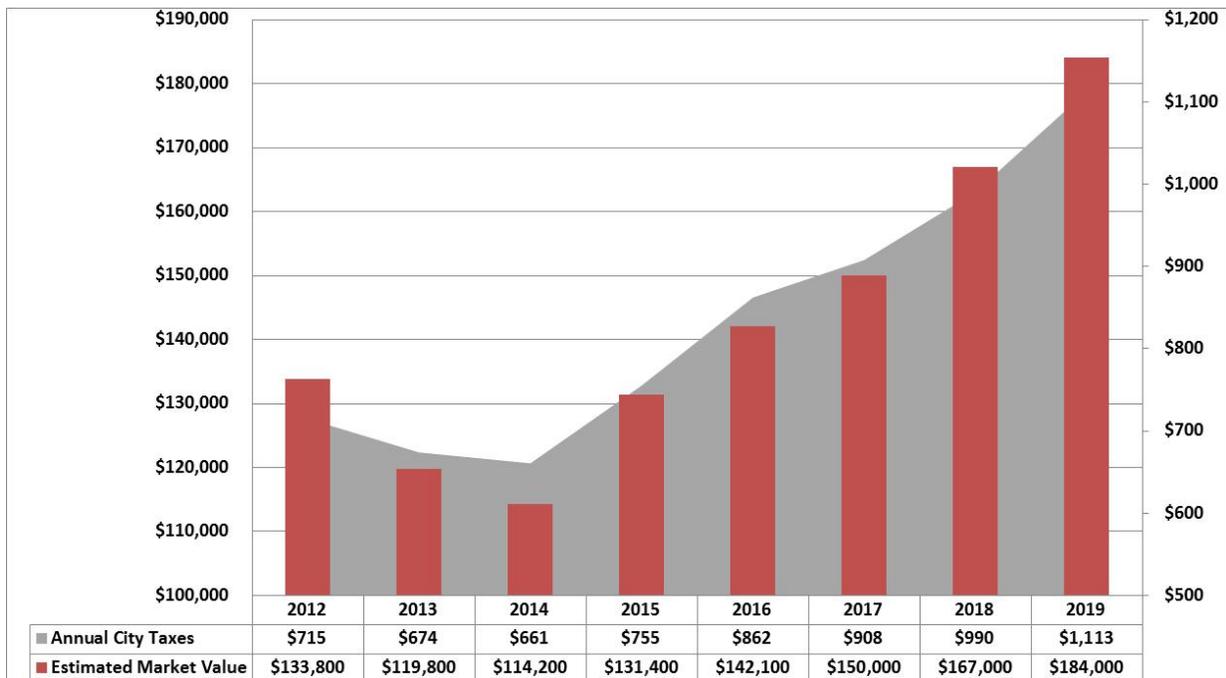
Tax Capacity



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. The comparison of this chart to last year shows that residential will pay 1.4 percent more or the total City property taxes, which is offset by a decrease in the proportion paid by commercial/industrial. Residential represents 51.9% of the City’s tax capacity.

The total tax capacity of the City is estimated at \$27,172,534 compared to \$25,120,921 in 2017, which is an increase of \$2,051,613 (**8.2%**).

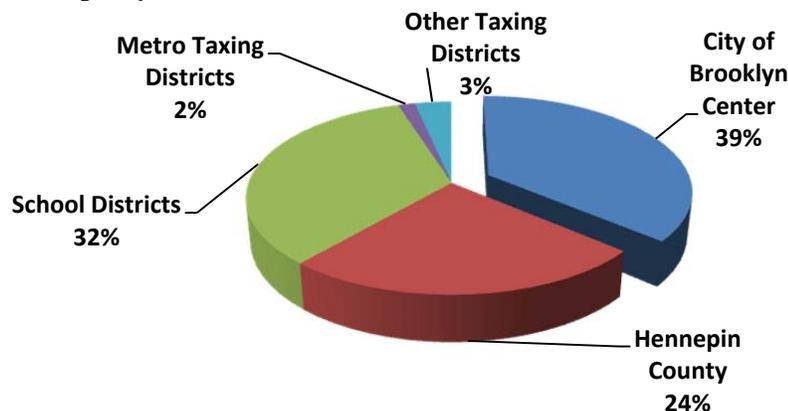
Property Tax Implications



The median value home last year had an estimated market value of \$167,000 and a taxable market value of \$144,790. The price of that median value home went from \$167,000 to \$184,000 with a taxable market value of \$163,320. As a result of the market value increase, the City (including HRA) property tax will increase by an estimated \$123 from \$990 to \$1,113.

The chart shown above provides information on the median value home and City property taxes paid since 2012. The red bar and amounts on the left axis represent the median value home. In 2012, that value was \$133,800 which subsequently decreased each year to its lowest value in 2014 of \$114,200. The grey shaded area and the amounts on the right axis is the property tax amount paid on that median value home. In 2012 the median value home paid \$715 in City property tax, similar to the market value, we saw steady decline in City property taxes leading up to the last five valuations.

Breakdown of Property Taxes

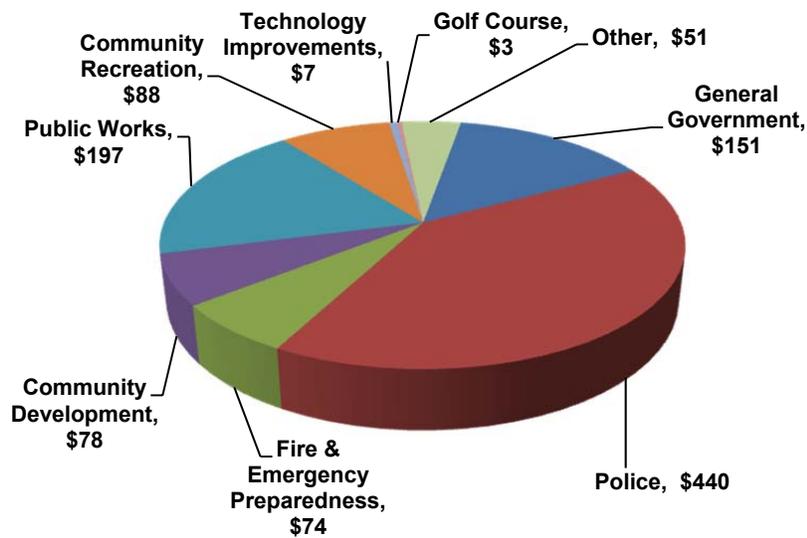


*Based on a Residential Property in School District #279

City taxes account for 39 percent of property taxes paid by homeowners living in Brooklyn Center (based on the preliminary 2019 property tax levies). The remainder is comprised of taxes for the School District of 32 percent and County of 24 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.

2019 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 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 2019, the typical homeowner will pay approximately \$440 for police, \$197 for public works, \$151 for general government, \$88 for community recreation, \$74 for fire and emergency preparedness and \$78 for community development activities.

2019 Capital Projects & Equipment Replacement

| 2019 Projects | Cost |
|--|---------------------|
| Interstate Area Improvements | \$10,990,000 |
| Bellvue Area Mill and Overlay | 1,690,000 |
| Southeast Area Mill and Overlay | 2,970,000 |
| Brooklyn Boulevard Corridor Project | 17,074,000* |
| 51 st Avenue Improvements | 769,000 |
| Bridge Rehab | 226,000 |
| Park Playground Equipment Replacement | 476,000 |
| Connections at Shingle Creek Phase 2 | 383,000 |
| 70 th Ave Storm Sewer Trunk Line Rehab | 328,000 |
| Storm Water Ponds 26-004, 26-006, 35-003 and 35-004 | 149,000 |
| Lift Station No. 2 Rehabilitation and Miss. River Trunk Sewer Lining | 850,000 |
| Well Nos. 2 and 3 Rehab | 140,000 |
| CMBP: Public Works Roof Replacement | 583,000 |
| CMBP: Civic Center – Generator Replacement | 114,000 |
| CMBP: Public Works – Lobby and Mechanics Room Remodel | <u>170,000</u> |
| Total: | \$36,912,000 |

*Anticipated outside funding of \$11,740,000 (Federal/Hennepin County/Minneapolis/Three Rivers Park District), Xcel Utility surcharge of \$280,000 and a City share of \$5,054,000.

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 \$36.9 million in improvements budgeted for 2019, including the Brooklyn Boulevard Corridor Project, Interstate Area Improvements, Bellvue Area Mill and Overlay, and Southeast Area Mill and Overlay. 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 2019, the City is scheduled to replace \$1,236,800 in vehicles and equipment including fire, street, parks, police, water, code enforcement and building inspection vehicles. The largest planned purchases include replacement of the Fire Department’s Freightliner salvage and rescue truck of \$329,000 and a Freightliner Jet Truck of \$198,000 that is used for clearing clogged sanitary sewer pipes and cleaning lift stations. The detailed listing of equipment scheduled for replacement in 2019 and 2020 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. In the past three years the Liquor Fund has transferred \$437,540 to the Capital Improvements Fund for future projects.

Centerbrook Golf Course

The mission of Centerbrook Golf Course is to be a premier value Minnesota golf course offering a challenging, well-conditioned course and exceptional customer service. Centerbrook Golf Course is a nine (9) hole, par three (3) golf course owned and operated by the City of Brooklyn Center. We are optimistic that many of the initiatives and course improvements will begin to reap dividends going forward; yet it is assumed that an annual subsidy for this recreational activity will be required for the foreseeable future. Our objective is to minimize the required subsidy each year by growing demand and improving efficiency.

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 \$14.64 per residential

and commercial irrigation meter. In addition to this base charge, the City charges a consumption charge of \$2.44 per 1,000 gallons (up to 30,000 gallons per quarter). The proposed 2019 rates will **increase to \$15.52** per residential meter and \$2.59 per 1,000 gallons, which is an **increase of \$0.88** per quarter in base charges and **\$0.31** 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 \$3.22 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 2019 will be **\$62.14** 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 \$82.42, which is proposed to **increase to \$84.89** in 2019. 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

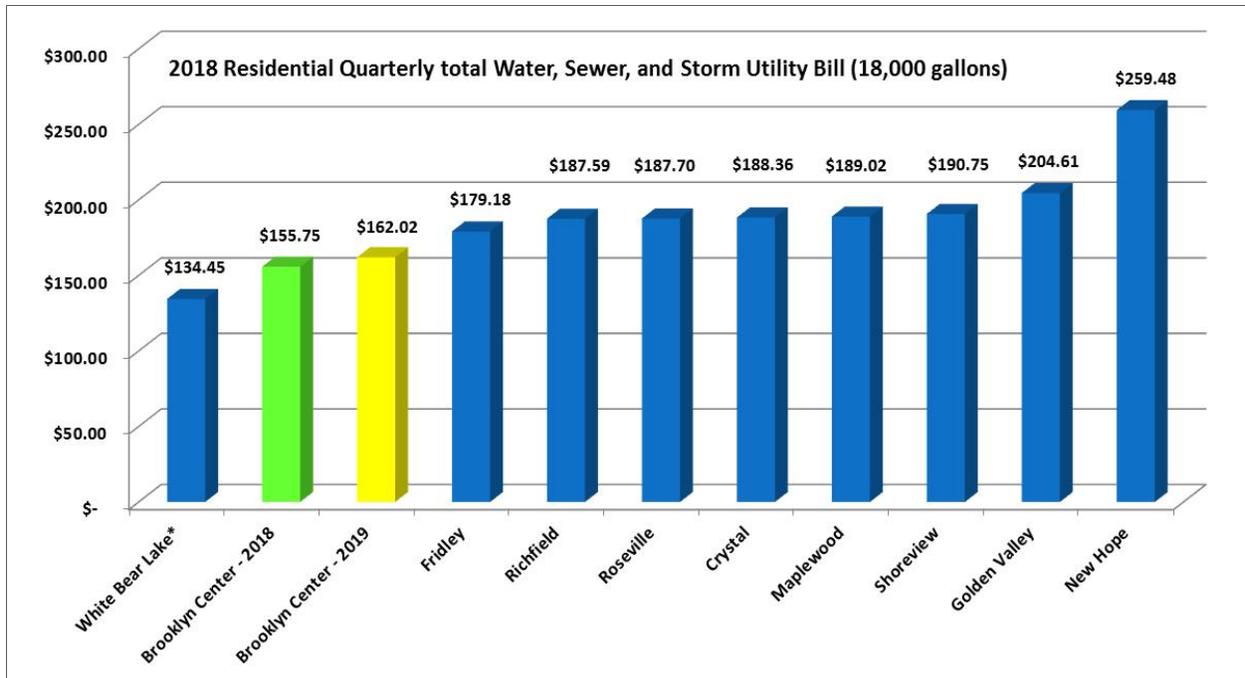
The City provides for the collection and management of storm water throughout the City in compliance with State and Federal regulatory requirements. The Storm Drainage Utility operates and maintains approximately 84 miles of storm sewers and nearly 100 storm water management ponds or treatment devices.

The City currently charges a residential customer \$14.77 per quarter in 2018, which is proposed to **increase to \$15.07** in 2019 (an increase of \$0.30 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 2018 rates. At the time this chart was compiled their 2019 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 providers**. The City's 2019 bill for these services of \$180.63 compares favorably to average of \$188.32.



*White Bear Lake does not operate a storm water utility

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 **(Spring 2019)** 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 **remain unchanged** for 2019.

Housing and Redevelopment Authority

The proposed Housing and Redevelopment Authority (HRA) levy for 2019 is \$380,098, which is an **increase of \$34,120** from 2018. 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.