



2019 Budget Update
September 11th, 2018

9/7/18

Agenda

- Preliminary Estimates
 - Total Levy
 - Estimated Market Value
 - Net Tax Capacity
 - City Tax Rate
 - City Tax Impact
- Budget Options
- Survey Results – budget options
- Reserve Balance - General Fund
- Other Fund Balances

Total Levy Trend

- 2019 levy increase of \$433,465, 4.9%
 - PY increase of 8.0%



Total Levy Trend

- 2019 levy increase of \$433,465, 4.9%
 - PY increase of 8.0%
 - General Levy increase drives 4.5%
 - EDA, HRA & Debt drive 0.4% increase
- Debt Levies slight increase
 - Public Safety Facility Fund excess cash to reduce levy offsets new NAFRS bond
- EDA & HRA levies assumed at maximum, based on growth in Estimated Market Value (EMV)
 - EDA (.01813% of EMV max)
 - HRA (.01850% of EMV max)

City-wide Levy

Overall 4.9% increase in City-wide Levy

City of Northfield Total Levy

	Levy				
	Actual 2017	Actual 2018	Preliminary 2019	\$ Change	% Change
For Operations					
General Fund	5,512,070	6,155,318	6,556,586	401,268	6.5%
NCRC Operations	189,472	189,472	189,472	-	0.0%
Park Fund (\$25K for Capital Lease payment)	94,500	94,500	94,500	-	0.0%
City Facilities Fund	42,000	42,000	42,000	-	0.0%
Vehicle & Equipment Replacement Fund	315,079	315,079	315,079	-	0.0%
Total Operations Levy	6,153,121	6,796,369	7,197,637	401,268	5.9%
For Other					
COPS (debt) Police Facility	420,160	435,000	155,000	(280,000)	-64.4%
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For Bonded Debt					
2007A GO Improvement Bonds	25,000	10,500	-	(10,500)	-100.0%
2015A GO Improvement Bonds (refund 2008B)	85,000	83,000	35,000	(48,000)	-57.8%
2009A GO Improvement Bonds	60,000	56,000	35,000	(21,000)	-37.5%
2010A GO Improvement Bonds	155,000	151,000	151,000	-	0.0%
2011A GO Improvement Bonds	50,000	57,000	50,000	(7,000)	-12.3%
2012A GO Improvement Bonds	50,000	48,000	57,000	9,000	18.8%
2013A GO Improvement Bonds	75,000	75,000	75,000	-	0.0%
20014 GO Improvement Bonds	60,000	82,000	56,000	(26,000)	-31.7%
2015 GO Improvement Bonds	100,000	124,000	120,000	(4,000)	-3.2%
2016 GO Improvement Bonds	65,000	58,000	58,000	-	0.0%
2017A GO Improvement Bonds	-	-	55,000	55,000	#DIV/0!
2018B GO Improvement Bonds	-	-	212,000	212,000	#DIV/0!
Subtotal	725,000	744,500	904,000	159,500	21.4%
Facilities Related					
2016 Equipment Certificates	145,000	133,000	136,000	3,000	2.3%
Public Project Revenue (Pool)	245,000	238,000	239,000	1,000	0.4%
2012 Equipment Certificates	109,200	91,000	500	(90,500)	-99.5%
2018A NAFRS	-	-	215,000	215,000	#DIV/0!
Subtotal	499,200	462,000	590,500	128,500	27.8%
Total Debt Levy	1,644,360	1,641,500	1,649,500	8,000	0.5%
Total General Levy	7,797,481	8,437,869	8,847,137	409,268	4.9%
EDA	229,488	\$ 239,680	\$ 251,664	\$ 11,984	5.0%
HRA	233,968	\$ 244,263	\$ 256,476	\$ 12,213	5.0%
Total City-Wide Levy	8,260,937	8,921,812	9,355,277	433,465	4.9%

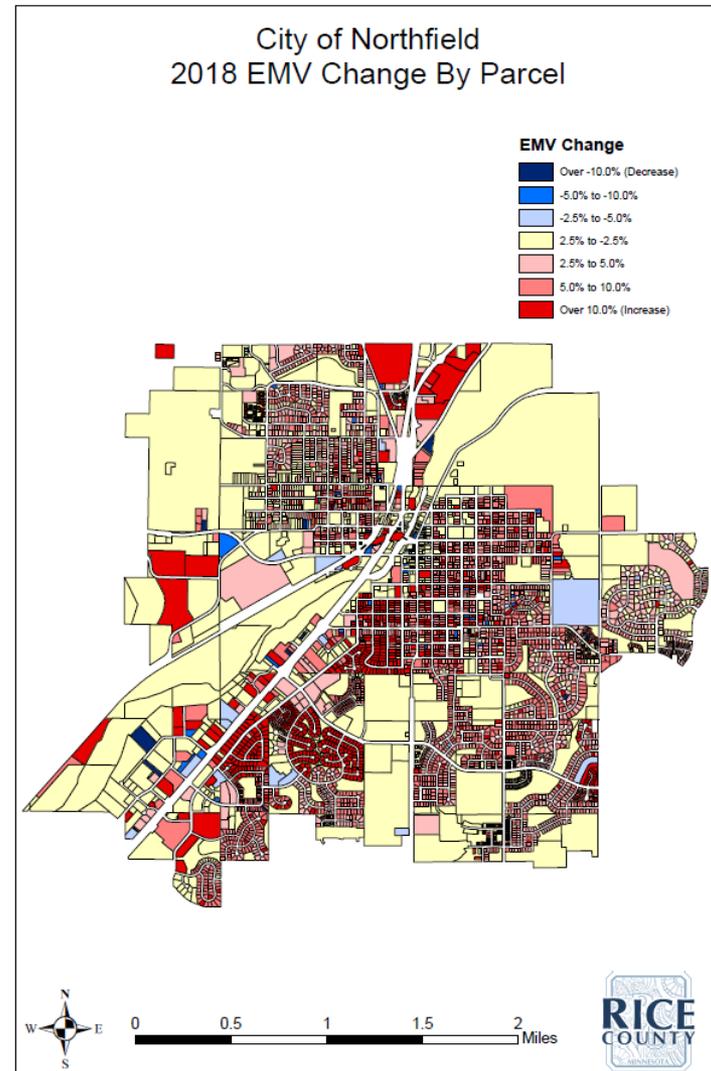
General Fund
4.5% increase

All Debt Service Funds
0.1% increase

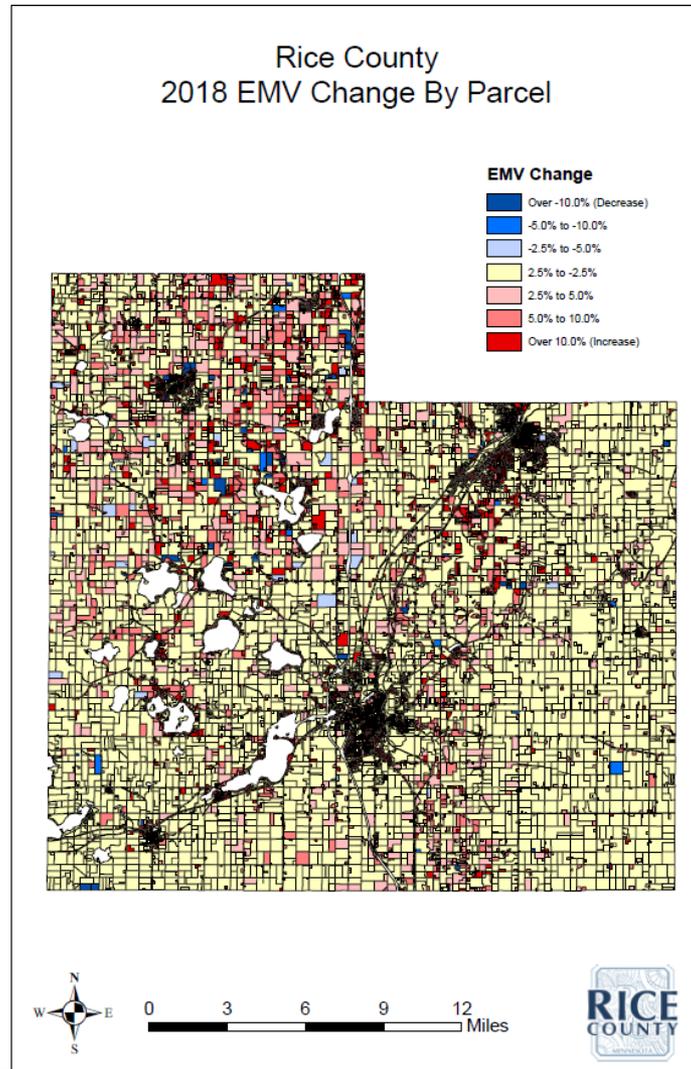
EDA/HRA combined
0.3% increase

Estimated Market Value – City of Northfield Map

- EMV preliminary estimates increase 6.6%
 - 6.5% in Rice County
 - 7.7% in Dakota County
 - New development drives approximately 10% of increase in EMV
- Map only represents Rice County portion of the City
 - Dakota County not available until October

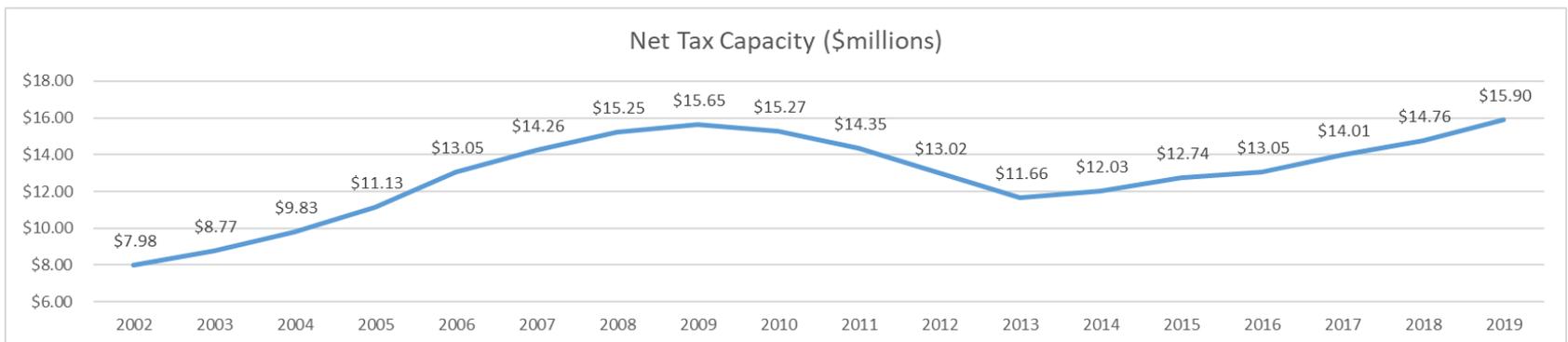


Estimated Market Value – Rice County Map



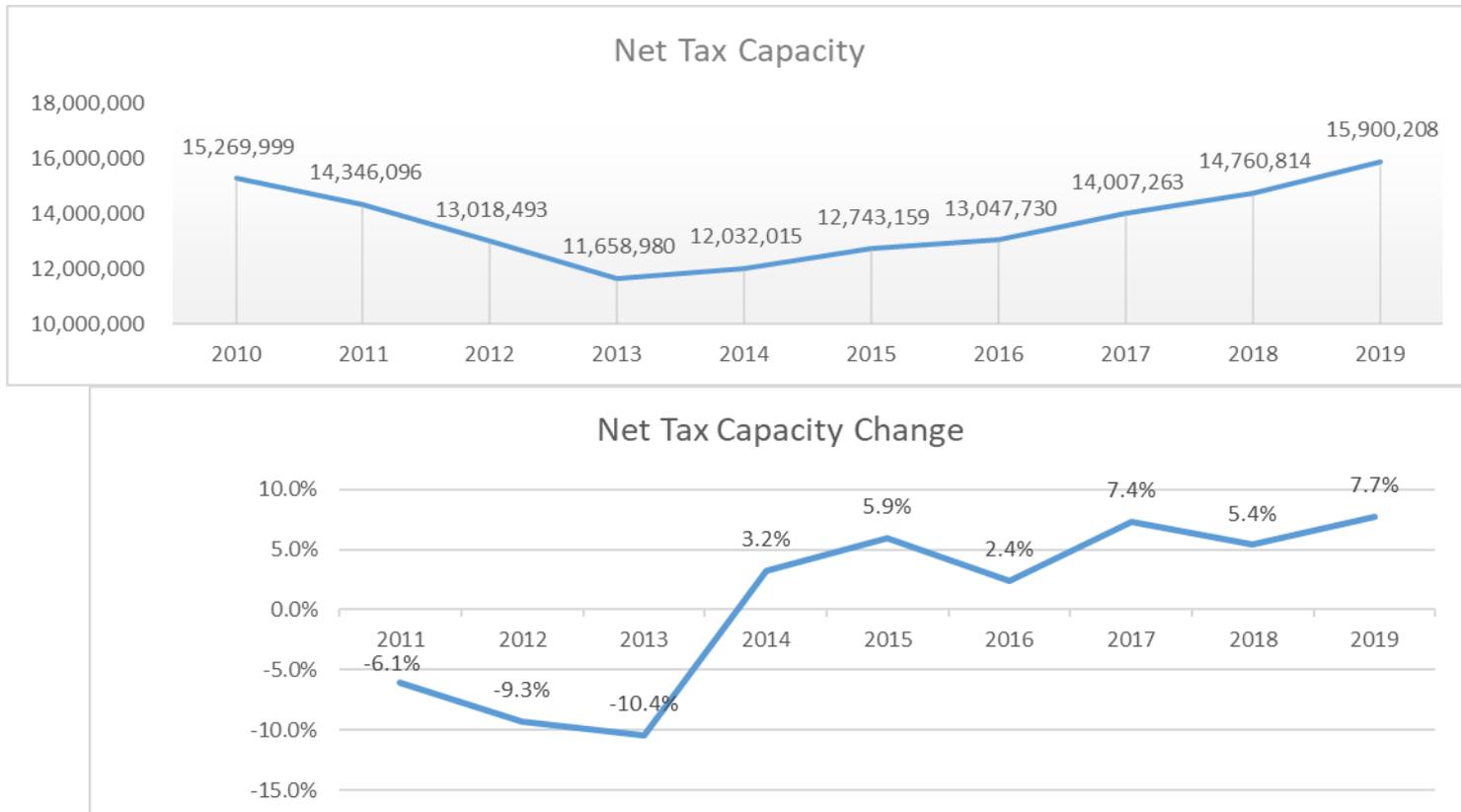
Net Tax Capacity Trend

- Tax Capacity numbers remain preliminary from both Rice and Dakota County
- Preliminary Net Tax Capacity up 7.7%
 - Rice County increase is 7.6% and includes new construction of ???, a 1.??% increase
 - Dakota County increase is 8.6% and includes new construction of ??, a 0.??% increase
- An increase in net tax capacity helps offset the impact of an increase in the levy
- Previous peak in Net Tax Capacity was 2009, after 10 years, 2019 Net Tax Capacity will slightly exceed 2009



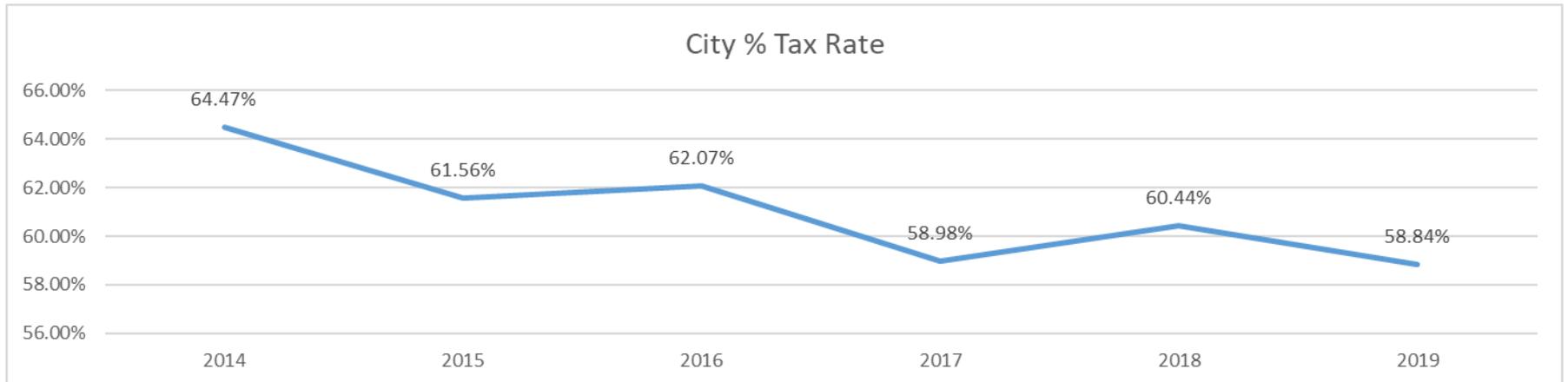
Net Tax Capacity Trend

- Preliminary Net Tax Capacity up 7.7%
 - Prior Year increase 5.4%



City Tax Rate Trend

- 2019 Proposed City Tax Rate of 58.84% is below the 5-year average of 61.5%
 - City-wide Levy increase of 4.9%
 - Net Tax Capacity increase of 7.7%
 - City Tax Rate decreases 2.66%, from 60.44% to 58.84%



Residential City Tax Rate Impact

- 2019 vs 2018 Tax Rate comparison
 - Scenario of Estimated Market Value increasing 6.6%
 - City Tax Rate decrease of 2.7%
 - Remaining increase is due to valuation changes

Homestead Residential Property - City Tax only					
2018	2019	2018	2019	<u>2019v2018</u>	
Value	Value	Tax Paid	Tax Paid	Change	% Change
\$150,000	\$150,000	\$763	\$743	-\$20	-2.7%
\$150,000	\$159,900	\$763	\$807	\$43	5.7%
\$175,000	\$175,000	\$928	\$903	-\$25	-2.7%
\$175,000	\$186,550	\$928	\$977	\$49	5.3%
\$200,000	\$200,000	\$1,093	\$1,064	-\$29	-2.7%
\$200,000	\$266,500	\$1,093	\$1,148	\$55	5.0%
\$250,000	\$250,000	\$1,422	\$1,384	-\$38	-2.7%
\$250,000	\$266,500	\$1,422	\$1,490	\$68	4.7%
\$300,000	\$300,000	\$1,752	\$1,705	-\$47	-2.7%
\$300,000	\$319,800	\$1,752	\$1,832	\$80	4.6%

(2.7%) (\$47) Tax Change Impact

7.3% \$127 Valuation Impact

4.6% \$80 Total Impact

Budget Options

Headcount related requests

- Police Officers
 - \$102,000 Investigator
 - \$121,956 Patrol Sergeant
- Communication Specialist PT to FT
 - \$40,000 Benefits & additional hours
- Building Permit Technician PT
 - \$23,000
- Streets and Parks Operators
 - \$180,700 for two

Budget Options

Headcount related requests - continued

- Paid Parental Leave Policy (2 weeks-4 weeks)
 - \$12,500-\$25,000
- Police Body Cameras
 - \$57,555 Cameras (one-time)
 - \$45,837-\$81,869 Evidence Tech (PT-FT)
- Temporary 2-year Project Manager Strategic Initiatives
 - \$100,000 per year; \$200,000 total commitment

Budget Options

Additional Items for consideration

- In 2019 budget:
 - SMIF (increased \$1K to \$6K in 2019)
 - Fireworks (increased \$750 to \$15,750 in 2019)
 - Link Center, Youth Investment, NDDC, NHS all included per multi-year contracts
- Not in 2019 budget:
 - NEW ITEM: Coalition of Greater Minnesota Cities
 - Phased in membership, 2019 approx. \$10K, full membership \$40K, not currently included in budget
 - Franchise Fees (for future budget consideration)
 - Other Revenue/Expense adjustments

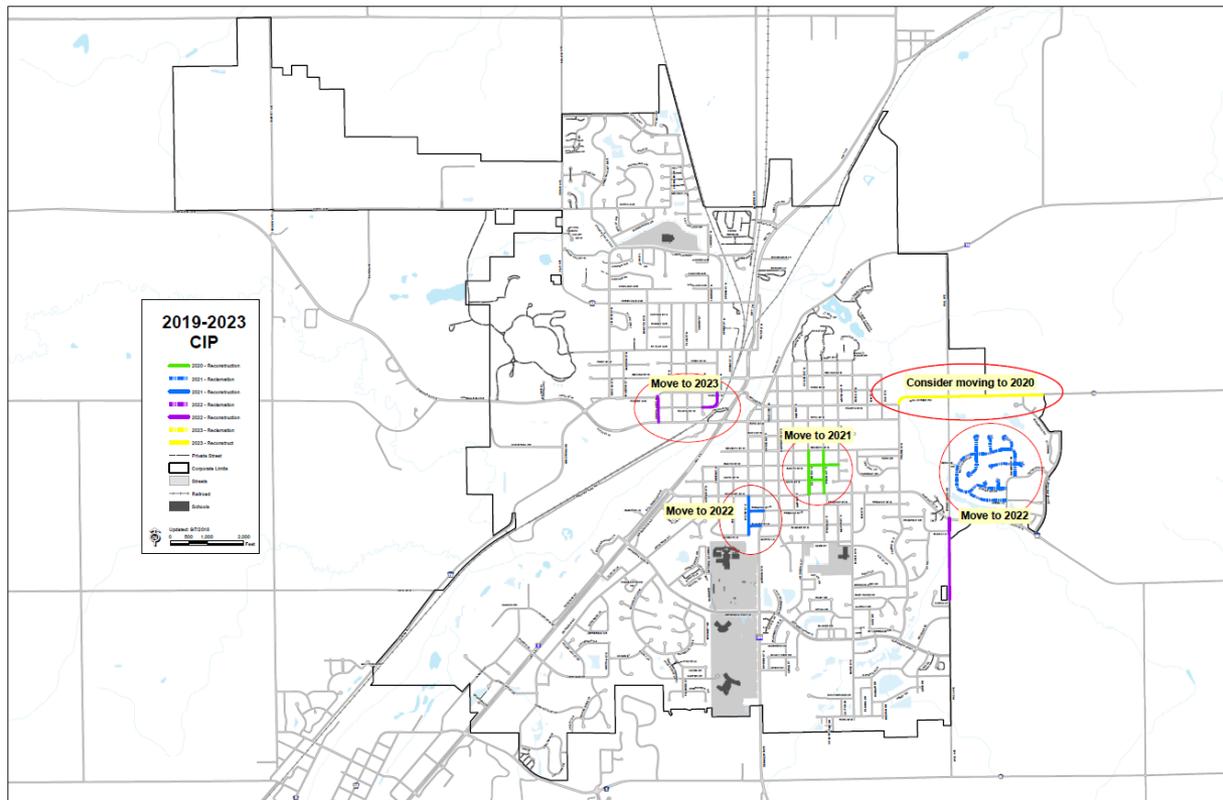
Budget Options

Capital Equipment or Large Scale Projects

- NAFRS – new Pumper Truck
 - \$620,000 (City Share 71.57% is \$443,734)
- City Shop Roof Repair
 - \$540,000 (City Facilities Fund will not have a balance to support this expenditure in 2019)
- Emerald Ash Borer – 10 year program
 - \$135,000 annual cost
- Transit Hub
 - \$550,000 project match
 - \$300,000 if access road only
- Accounting Software & Reporting Upgrade
 - \$30,000-\$50,000 one-time cost
 - \$15,000-\$35,000 annual maintenance
- Ames Park Gateway Enhancements
 - \$175,000

Budget Options

- Street Project Prioritization
 - Wall Street Project prioritized to 2020 and push 2020-2022 projects back a year
 - Pavement Management Study – current rating 74



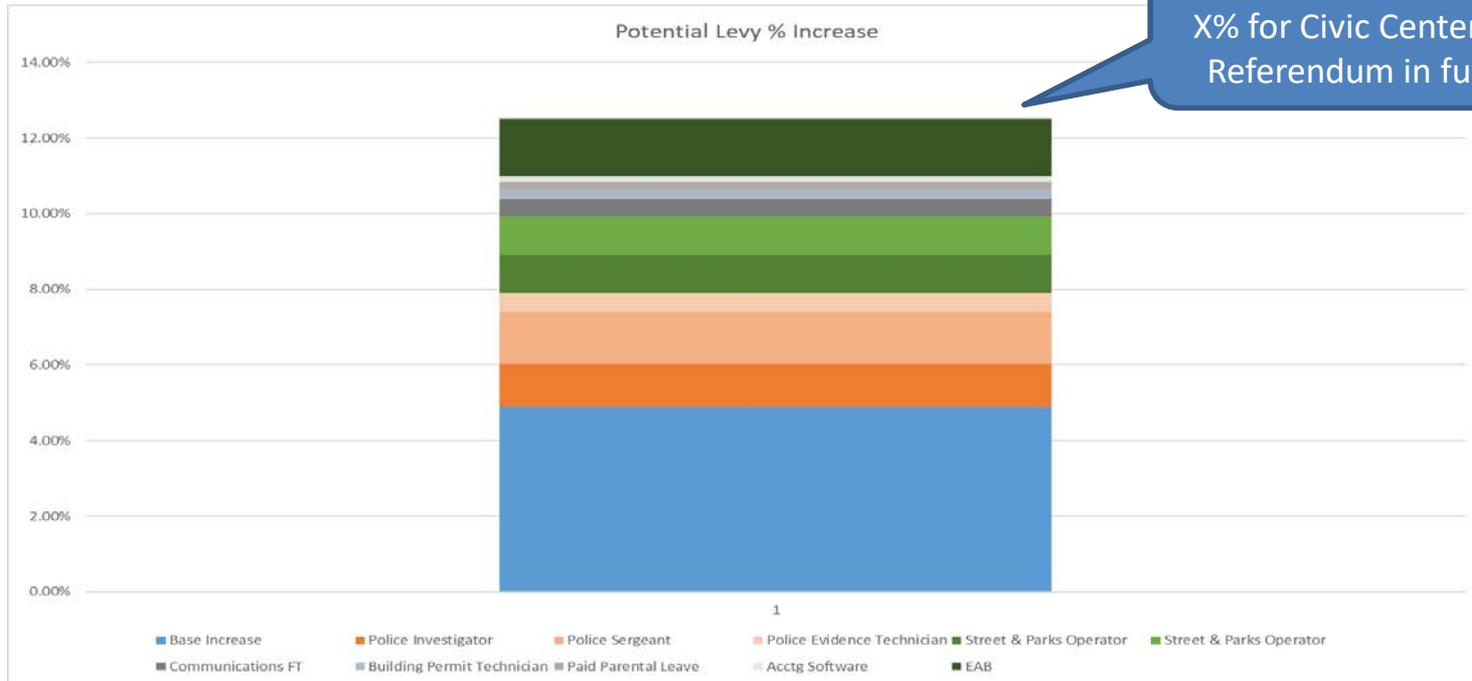
Budget Options

- Additional Levy Required to Fund Options
- \$89,218 equals a 1% increase in the city-wide levy

2019-2020 Budget Requests						
	Estimated Cost		% Levy Increase Required		Potential Funding Source	
Recurring Annual Costs:						
Police Investigator	\$ 100,000.00	\$ 100,000.00	1.12%	1.12%	General Fund Levy	
Police Sergeant	\$ 122,000.00	\$ 122,000.00	1.37%	1.37%	General Fund Levy	
Police Evidence Technician	\$ 46,000.00	\$ 82,000.00	0.52%	0.92%	General Fund Levy	
Street & Parks Operator	\$ 90,350.00	\$ 90,350.00	1.01%	1.01%	General Fund Levy	
Street & Parks Operator	\$ 90,350.00	\$ 90,350.00	1.01%	1.01%	General Fund Levy	
Communications Specialist Increase from PT to FT	\$ 40,000.00	\$ 40,000.00	0.45%	0.45%	General Fund Levy/Communications Fund	
Building Permit Technician	\$ 23,000.00	\$ 23,000.00	0.26%	0.26%	General Fund Levy - offset with Revenue	
Paid Parental Leave	\$ 17,000.00	\$ 34,000.00	0.19%	0.38%	General Fund Levy	
Accounting Software & Reporting Upgrade	\$ 15,000.00	\$ 35,000.00	0.17%	0.39%	General Fund Levy	
Emerald Ash Borer Treatment Plan - annual cost (10 years)	\$ 135,000.00	\$ 135,000.00	1.51%	1.51%	General Fund/Park Fund	
Total Recurring	\$ 678,700.00	\$ 678,700.00	7.61%	8.43%		
One Time Costs:						
Temporary 2 Year Strategic Initiatives Project Mangement - Year 1	\$ 100,000.00	\$ 100,000.00	0.00%	1.12%	Excess General Fund Reserves	
Temporary 2 Year Strategic Initiatives Project Mangement - Year 2	\$ 100,000.00	\$ 100,000.00	0.00%	1.12%	Excess General Fund Reserves	
NAFRS Pumper Truck	\$ 444,000.00	\$ 444,000.00	0.00%	4.98%	Bond/Capital Reserves/Excess General Fund	
Transit Hub Match (or access road only)	\$ 300,000.00	\$ 550,000.00	0.00%	6.16%	Bond/Capital Reserves/TIF	
Police Body Cameras	\$ 57,500.00	\$ 57,500.00	0.00%	0.64%	Capital Reserves/Excess General Fund	
Accounting Software & Reporting Upgrade	\$ 30,000.00	\$ 50,000.00	0.00%	0.56%	Capital Reserves/Excess General Fund	
Ames Park Gateway Enhancements	\$ 175,000.00	\$ 175,000.00	0.00%	1.96%	Park Fund	
Total One-Time	\$ 1,206,500.00	\$ 1,476,500.00	0.00%	16.55%		
Total	\$ 1,885,200.00	\$ 2,155,200.00	7.61%	24.97%		

Budget Options

- Additional Levy Required to Fund Budget Options
- Recognize Referendum for Civic Center/Ice Arena as a separate item
 - Will not impact 2019



General Fund Reserves

The General Fund has a healthy balance

- 2017 at 61.2% of expenditures vs 40%-50% target range
- Projected excess at end of 2018 of \$900K-\$1.2M
- Identified Potential Adjustments
 - \$443K NAFRS Fire Truck
 - \$ 50K Accounting Software Upgrade
 - \$200K Temporary Project Manager - Strategic Initiatives
 - \$??K Emerald Ash Borer (one time?)
 - \$ N/A City Shop Roof Repair (bonding)
 - \$ N/A Transit Hub Access Road (bonding)
 - \$693K
- In 2017, budget amendment reduced reserves
 - \$177K Closed Library Construction Fund

Budget Survey Results

- Prioritization of requests – Survey questions
 - Additional Headcount
 - Capital Equipment & Large Scale Projects
 - Paid Parental Leave
 - Body Cameras
 - 2 year temporary Project Manager for strategic Initiatives
 - Wall Street Road prioritization
 - Southern Minnesota Initiative Foundation funding level
 - Way Park cost share project
- Levy increase maximum
 - 4.9%
 - 6.0%
 - 7.0%
 - > 7.0%

Budget Option Prioritization

- Options for funding
 - Increase Levy to accommodate annual recurring impact
 - Utilize reserves to fund one-time items
- Levy Options maximum increase
 - 4.9% to fund as presented
 - 6.0% to fund 1 additional position
 - 7.0% to fund 2 additional positions

Other Fund Balances

Projected Balances as of 12/31/18

- Park Fund \$ 55,028
 - 2018 & 2019 proposed levy \$ 94,500
- City Facilities Fund \$ 61,180
 - 2018 & 2019 proposed levy \$ 42,000
- Vehicle & Equipment Fund \$352,964
 - 2018 & 2019 proposed levy \$ 315,079

Park Fund

Priorities

- \$50,000 Riverside Park River Access
- \$ 7,500 Way Park Paver Patio (50% cost share)
- \$20,000 River Corridor Concept Planning
- \$10,000 Park Shelter Assessment
- 87,500 Total included in 2019 budget

- \$ 182,892 Fund Balance projected 12/31/18
- (\$87,500) Identified Projects total
- \$ 94,500 Annual Levy

- Will pursue Park Grants for playground equipment replacement that may require matching funds from projected reserves (5/7 vote)
- Potential \$185K new revenue if Civic Center/Ice Arena .5% sales tax referendum passes in November (to impact 2020 & beyond)

City Facilities Fund

Street Shop Roof in need of repair

- Preliminary cost estimates increased

Priorities

- \$ 61,180 Fund Balance projected 12/31/18
 - \$540,000 Projected cost of roof repair
 - (\$478,820) Fund Shortfall
-
- Consider use of bond financing for this expenditure, could include with 2019 Street Project

Vehicle & Equipment Fund

Fund balance and standard levy are sufficient to accommodate 2019/2020 CEP requests

Priorities

- | | |
|---------------|---------------------------------|
| • \$352,964 | Fund Balance projected 12/31/18 |
| • (\$422,257) | CEP identified items |
| • \$315,079 | 2019 Levy |

See attached CEP for 2019/2020 detail

Discussion

September

- September 19th adoption of Preliminary Levy
 - Final Approved Levy in December can go down, but not up from Preliminary Levy

October

- October 9th Utility Rate discussion, Enterprise Funds
- October 16th Approve Utility Rates

December

- December 4th Public Hearing on the 2019 Budget and Tax Levy
- December 4th approval of Levy and Budget