



MEMORANDUM

DATE: September 18, 2018

To: Honorable Mayor & City Council

CC: Dave Bennett, City Engineer/Director of Public Works; Monte Nelson, Police Chief; Chris Heineman, Community Planning and Development Director; Deb Little, City Clerk; Michelle Mahowald, Communications & Human Resources Director; Teresa Jensen, Director of Library and Information Technology Resources; Chris Hood, City Attorney

From: Ben Martig, City Administrator

RE: "Supplemental Agenda Background Memo" for September 18, 2018 No.1.

Summary Report:

The following is an update on agenda items as supplemental background agenda information made available on Tuesday, September 18, 2018.

Regular Agenda

Item #10 Resolution 2018-090 Consider Resolution Providing for the Issuance and Sale of \$1,765,000 General Obligation Improvement and Abatement Bonds, Series 2018B.

See attached bond sale date report following the bond sale today. Finance Director Angelstad and Ehlers Financial Consultant Nick Anhut will be presenting.

Item #13 2018-093 Consideration of Resolution Adopting a Proposed 2018 Total Tax Levy Payable in 2019, includes HRA & EDA

See attached updated presentation (addition of 1 slide summarizing citywide levy and 1 slide highlighting budget schedule for Oct-Dec.).

Item #16 Ord.998 Consider Approving Amendment of Article IV of Chapter 70 of Northfield City Code Right-of-Way Management.

See attached presentation Director of Public Works Bennett will be presenting at the meeting.

Item #17 - 18-457 Discussion of Public Works Banner Policy.

See attached presentation for the meeting. City Administrator Martig will be presenting.



September 18, 2018

Sale Day Report for

City of Northfield, Minnesota
\$1,710,000 General Obligation Improvement and
Abatement Bonds, Series 2018B



Prepared by:

Nick Anhut, CIPMA
Senior Municipal Advisor

and

Rebecca Kurtz, CIPMA
Senior Municipal Advisor



Sale Day Report – September 18, 2018

City of Northfield, Minnesota

\$1,710,000 General Obligation Improvement and Abatement Bonds,
Series 2018B

Purpose: For the purpose of financing public street and parking lot improvements within the City.

Rating: S&P Global Ratings "AA"

Number of Bids: 4

Low Bidder: United Bankers' Bank, Bloomington, Minnesota

Comparison from Lowest to Highest Bid: (TIC as bid)	Low Bid	High Bid	Interest Difference
	2.7007%	2.7715%	\$23,216

Summary of Results:	Results of Sale
Principal Amount:	\$1,710,000
Underwriter's Discount:	\$12,825
Reoffering Premium:	\$40,281
True Interest Cost:	2.7039%
Costs of Issuance:	\$37,008
Yield:	1.85%-3.00%
Total Net P&I	\$2,020,425

Closing Date: October 11, 2018

City Council Action: Adopt a resolution awarding the sale of \$1,710,000 General Obligation Improvement and Abatement Bonds, Series 2018B.

- Attachments:**
- Bid Tabulation
 - Sources and Uses of Funds
 - Updated Debt Service Schedules
 - Rating Report
 - Bond Resolution (Distributed in City Council Packets)





BID TABULATION

\$1,765,000* General Obligation Improvement and Abatement Bonds, Series 2018B

City of Northfield, Minnesota

SALE: September 18, 2018

AWARD: UNITED BANKERS' BANK

Rating: S&P Global Ratings "AA"

BBI: 4.06%
Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
UNITED BANKERS' BANK Bloomington, Minnesota	2020	3.000%	1.850%	\$1,793,372.27	\$288,856.90	2.7007%
	2021	3.000%	1.950%			
	2022	3.000%	2.050%			
	2023	3.000%	2.150%			
	2024	3.000%	2.250%			
	2025	3.000%	2.400%			
	2026	3.000%	2.550%			
	2027	3.000%	2.700%			
	2028	3.000%	2.850%			
	2029	3.000%	3.000%			
BAIRD Milwaukee, Wisconsin	2020	4.000%		\$1,853,597.45	\$296,598.38	2.7224%
	2021	4.000%				
	2022	4.000%				
	2023	4.000%				
	2024	4.000%				
	2025	4.000%				
	2026	4.000%				
	2027	4.000%				
	2028	3.000%				
	2029	3.000%				

* Subsequent to bid opening the issue size was decreased to \$1,710,000.

Adjusted Price - \$1,737,455.63

Adjusted Net Interest Cost - \$282,969.37

Adjusted TIC - 2.7039%



NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BERNARDI SECURITIES, INC. Chicago, Illinois	2020	4.000%		\$1,853,072.35	\$297,123.48	2.7278%
	2021	4.000%				
	2022	4.000%				
	2023	4.000%				
	2024	4.000%				
	2025	4.000%				
	2026	4.000%				
	2027	4.000%				
	2028	3.000%				
	2029	3.000%				
HILLTOP SECURITIES Dallas, Texas	2020	5.000%		\$1,943,866.28	\$312,072.61	2.7715%
	2021	5.000%				
	2022	5.000%				
	2023	5.000%				
	2024	5.000%				
	2025	5.000%				
	2026	5.000%				
	2027	5.000%				
	2028	4.000%				
	2029	4.000%				

City of Northfield, Minnesota

\$1,710,000 G.O. Improvement and Abatement Bonds, Series 2018B

Issue Summary

Total Issue Sources And Uses

Dated 10/11/2018 | Delivered 10/11/2018

	Improvements	Tax Abatement	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,470,000.00	\$240,000.00	\$1,710,000.00
Reoffering Premium	34,664.45	5,616.35	40,280.80
Prepaid Assessments	158,182.00	-	158,182.00
Total Sources	\$1,662,846.45	\$245,616.35	\$1,908,462.80
Uses Of Funds			
Total Underwriter's Discount (0.750%)	11,025.15	1,800.02	12,825.17
Costs of Issuance	32,880.29	4,127.71	37,008.00
Deposit to Project Construction Fund	1,618,941.01	239,688.62	1,858,629.63
Total Uses	\$1,662,846.45	\$245,616.35	\$1,908,462.80

City of Northfield, Minnesota

\$240,000 G.O. Improvement and Abatement Bonds, Series 2018B

Tax Abatement

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2019	-	-	-	-	-
02/01/2020	20,000.00	3.000%	9,400.00	29,400.00	30,870.00
02/01/2021	20,000.00	3.000%	6,600.00	26,600.00	27,930.00
02/01/2022	20,000.00	3.000%	6,000.00	26,000.00	27,300.00
02/01/2023	25,000.00	3.000%	5,400.00	30,400.00	31,920.00
02/01/2024	25,000.00	3.000%	4,650.00	29,650.00	31,132.50
02/01/2025	25,000.00	3.000%	3,900.00	28,900.00	30,345.00
02/01/2026	25,000.00	3.000%	3,150.00	28,150.00	29,557.50
02/01/2027	25,000.00	3.000%	2,400.00	27,400.00	28,770.00
02/01/2028	25,000.00	3.000%	1,650.00	26,650.00	27,982.50
02/01/2029	30,000.00	3.000%	900.00	30,900.00	32,445.00
Total	\$240,000.00	-	\$44,050.00	\$284,050.00	\$298,252.50

Significant Dates

Dated	10/11/2018
First Coupon Date	8/01/2019

Yield Statistics

Bond Year Dollars	\$1,468.33
Average Life	6.118 Years
Average Coupon	3.000000%
Net Interest Cost (NIC)	2.7400910%
True Interest Cost (TIC)	2.7096725%
Bond Yield for Arbitrage Purposes	2.5686969%
All Inclusive Cost (AIC)	3.0218241%

IRS Form 8038

Net Interest Cost	2.5646623%
Weighted Average Maturity	6.101 Years

RatingsDirect®

Summary:

Northfield, Minnesota; Appropriations; General Obligation

Primary Credit Analyst:

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Rationale

Outlook

Related Research

Summary:

Northfield, Minnesota; Appropriations; General Obligation

Credit Profile

US\$1.765 mil GO bnds ser 2018B dtd 10/11/2018 due 02/01/2029		
<i>Long Term Rating</i>	AA/Stable	New
Northfield certs of part		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Northfield GO cap imp bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA' long-term rating to Northfield, Minn.'s series 2018B general obligation (GO) bonds. At the same time, we affirmed our 'AA' rating on the city's existing GO debt, and our 'AA-' rating on the city's series 2012B certificates of participation (COPs). The outlook is stable.

The series 2018B bonds are secured by the city's full faith and credit GO pledge, including an ability to levy unlimited ad valorem property taxes. Officials will use 2018B proceeds to fund various street projects and some surface improvements to parking lots in the downtown and city hall. The city plans to use special assessments and property tax revenue to pay for debt service on the bonds.

As part of the current rating action, we also affirmed our 'AA' ratings on several GO bonds secured by city's unlimited-tax GO pledge and various other revenue such as tax increment, special assessment revenue, and various enterprise fund revenue, though in each case we rate to the city's GO pledge. The 2012B COPs are special obligations of the city, secured by annually appropriated legally available funds. We rate this obligation one notch lower than the city's general creditworthiness (as reflected in the GO rating) to reflect the appropriation risk associated with the annual payment. We view these bonds as having a strong relationship to the obligor. This obligation provided funding for a public safety center, which we believe is significantly important to the obligor. The city pledges to annually appropriate from its operating revenue. In our opinion, there is no unusual political, timing, or administrative risk related to the debt payment.

The 'AA' rating reflects our view of the city's:

- Adequate economy, with a local stabilizing institutional influence;
- Strong management, with "good" financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with an operating surplus in the general fund but a slight operating deficit at the total governmental fund level in fiscal 2017;

- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 77% of operating expenditures;
- Very strong liquidity, with total government available cash at 1.7x total governmental fund expenditures and 8.9x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 17.1% of expenditures and net direct debt that is 166.0% of total governmental fund revenue, but rapid amortization, with 80.2% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Adequate economy

We consider Northfield's economy adequate. The city, with an estimated population of 20,950, is located in Dakota and Rice counties. The city benefits, in our view, from a stabilizing institutional influence. The city has a projected per capita effective buying income of 88.9% of the national level, which is below average, and per capita market value of \$72,726. Overall, the city's market value grew by 1.5% over the past year to \$1.5 billion in 2018. The weight-averaged unemployment rate of the counties was 3.2% in 2017.

Though not technically part of an MSA, Northfield is centrally located between the Twin Cities, Rochester, and Mankato, all of which are roughly an hour away. Local employment is available in higher education, health care, and food processing, with top employers including St. Olaf College (employs 860), Northfield Hospital (a component unit of the city, 839), local school district No.659 (730), Carleton College (700), and Post Breakfast Cereal (manufacturing, 675). St. Olaf and Carleton colleges, located in the city, are stabilizing institutions.

The city's net tax capacity is comprised mostly residential homestead properties, at 58% of the total, though with a good mix of commercial/industrial (23%) and nonhomestead residential (15%) properties.

The city has recently seen and will likely continue to see steady valuation growth, reflecting rising existing property values, along with several larger new developments, which include a new science center at Carleton and a new hotel. Residential growth also continues, both in terms of single-family development and multi-family development. We anticipate that the city's economic ratios may improve, but overall its profile will likely remain adequate in the current and following year.

Strong management

We view the city's management as strong, with "good" financial policies and practices under our Financial Management Assessment methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights include its:

- Use of at least three years of historical information in the formulation of the upcoming-year revenue and expenditure assumptions with the help of outside sources and a line-by-line approach to budgeting;
- Quarterly reporting of budget-to-actual performance to the council with the ability to make amendments to the budget as needed;
- Five-year capital plan that is updated on an annual basis and includes sources and uses of funds;

- Formalized investment management policy; quarterly board reports include investment holdings;
- A formalized debt management policy that sets various qualitative standards around debt issuance, and sets a goal to amortize 65% of GO bonds within 10 years; and
- Formalized fund balance policy to maintain 40% of budgeted expenditures for cash flow and contingency purposes.
- The city does not produce a multiyear financial plan.

Strong budgetary performance

Northfield's budgetary performance is strong in our opinion. The city had surplus operating results in the general fund of 4.7% of expenditures, but a slight deficit result across all governmental funds of negative 0.7% in fiscal 2017.

The city reports its finances on the basis of a fiscal year ending on Dec. 31. We have adjusted revenue for the annual \$125,000 transfer in to the general fund from the liquor fund and we have adjusted total governmental fund expenditures to exclude those paid from bond proceeds.

After adjustments, the city's budgetary results in the general fund and across total governmental funds have generally been positive in recent years. Aside from the general fund, the city's other governmental activities are mainly capital projects and various special revenue funds, such as its community resource center, library, and various tax increment funds.

Fiscal 2017 ended with favorable results in the general fund due to positive budget variances. The 2018 budget calls for breakeven general fund operations, and more than midway through the year, revenue and expenditures are on track with the budget. Officials indicate there was no significant capital spending or revenue in 2017, or expected in 2018, thus we do not expect material fluctuations in total governmental fund performance. Looking ahead to 2019, city officials anticipate passing a balanced general fund budget. There may be heightened capital spending in fiscal 2019, which may in part be funded from capital reserve funds but also from bond proceeds. Overall, we expect the city's budgetary performance will likely remain strong in the current and following year.

City operations are funded primarily by taxes, which were 47% of fiscal 2017 general fund revenue, followed by intergovernmental aid (31%) and charges for services (10%).

Very strong budgetary flexibility

Northfield's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 77% of operating expenditures, or \$8.7 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor. The available fund balance includes \$7.5 million (66.1% of expenditures) in the general fund and \$1.2 million (10.8% of expenditures) that is outside the general fund but legally available for operations. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 76% of expenditures in 2016 and 75% in 2015.

We have included available cash in the municipal liquor store fund in our calculation of the city's available fund balance. The city has a formal fund balance policy requiring a minimum general fund reserve equal to 40% expenditures, and its general fund reserves have been well in excess of the policy minimum for a number of years. Management has indicated that the city has no plans to use reserves in fiscal 2018 and in its outlook for 2019; given its

stable operating environment and consistently strong budgetary performance, we expect reserves to remain stable and in excess of the city's policy requirement for the foreseeable future.

Very strong liquidity

In our opinion, Northfield's liquidity is very strong, with total government available cash at 1.7x total governmental fund expenditures and 8.9x governmental debt service in 2017. In our view, the city has strong access to external liquidity, if necessary.

Northfield regularly issued debt within the past 20 years, and we believe the city will continue to experience strong access to external liquidity as needed. Minnesota statutes allow for investments that we consider aggressive, though we do not consider Northfield's investment portfolio--comprising mainly of pooled municipal investments and U.S. agency and Treasury securities--a source of liquidity risk. The city has no variable-rate debt or direct-purchase exposure, and we expect cash levels to remain stable and overall liquidity to remain very strong.

Weak debt and contingent liability profile

In our view, Northfield's debt and contingent liability profile is weak. Total governmental fund debt service is 17.1% of total governmental fund expenditures, and net direct debt is 166.0% of total governmental fund revenue.

Approximately 80.2% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

We understand that the city will issue approximately \$1 million to \$2 million in new money GO debt annually, mainly for street and improvement projects. The city is also considering a \$20 million ice arena project, but the project would first have to clear a bond referendum, tentatively planned for fall 2018. The city's higher overall debt burden has resulted in a weak debt profile.

Northfield's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 23.9% of total governmental fund expenditures in 2017. The city made its full annual required pension contribution in 2017.

Northfield participates in two cost-sharing multiple-employer pension plans, including the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are administered by the Public Employees Retirement Association of Minnesota (PERA). Required pension contributions to these plans are determined by state statute. Statutory contributions rates have generally not kept pace with actuarially determined contribution (ADC) rates, indicating the potential for future payment acceleration. The state recently passed pension legislation that will marginally increase contributions (for PEPFF only), reduce the investment rate of return to 7.5% (from 8.0%), and reduce some employee benefits (primarily cost-of-living adjustments). While we view these as positive changes for future plan funding levels, the lack of an actuarial funding policy remains a weakness in these plans. For more information about the reforms included in the 2018 omnibus retirement bill and the potential for future cost increases, see our bulletin titled, "Minnesota's New Pension Bill Is A Positive Step Toward Sustainable Funding" (published June 7, 2018, on RatingsDirect).

The GERF and PEPFF were 75.9% and 85.4% funded, respectively, in fiscal 2017. The city's proportionate share of the net pension liability for these plans totaled \$49.9 million. We consider historical plan funding levels somewhat weak, and we believe that the history of pension contributions below the ADC increases the risk of payment acceleration.

Additionally, in our view, the plan's investment portfolio is exposed to significant market risk, with only 22% of its investments allocated to fixed income and cash, which increases the risk for volatility in plan funding levels. Despite these weaknesses, we believe the city has sufficient taxing and operational flexibility to manage future increases in pension contributions. However, in the future, if pension contributions absorb a larger share of the city's budget, our view of its debt and contingent liability profile could weaken.

The city's seven city council members are covered by a defined-contribution plan, and the city contributes to a single-employer OPEB plan on a pay-as-you-go basis.

Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

Outlook

The stable outlook reflects our expectation that the city's financial performance will remain strong and its reserves in line with the city's 40% policy minimum for the foreseeable future, as has been the city's past practice. Stability is supported by the city's steadily growing local economy, and as such, we do not expect to change the rating within the two-year outlook horizon.

Upside scenario

We could raise the rating if the city's economic measures, such as its per capita incomes and market value, improve to levels commensurate with those of higher-rated peers, all other credit factors remaining equal.

Downside scenario

However unlikely, we could lower the rating with substantial deterioration in the city's budgetary performance and reserve levels, such that these were no longer commensurate with 'AA'-rated peers.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2017 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of September 13, 2018)

Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Ratings Detail (As Of September 13, 2018) (cont.)		
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Northfield GO tax inc rfdg bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed

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2019 Budget Update
September 18th, 2018

Budget & Levy Scenarios

- 5 Levy Options presented
 - 4.9%
 - 6.0%
 - 7.0%
 - 8.85%
 - 9.86%
- Final levy can go down, but not up

Estimated Market Value and Net Tax Capacity Changes

- Preliminary estimates for market value and net tax capacity have been received from both Rice and Dakota County
 - Estimated Market Value increase of 6.6%
 - Approximately 10% of increase is related to new development
 - Estimated Net Tax Capacity increase of 7.7%
 - An increase in net tax capacity helps offset the impact of an increase in the levy

Additional Personnel Budget Requests

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


Police Staffing Increase

Number of Sworn Officers has not increased with the population or demands of the Community.

- 22 Sworn officers since 2000. Population has increased by about 3000, and nearly all measures of police activity have continued to climb.
 - *Calls for Service:* 2011 = 17,465 2017 = 21,254
 - *Investigative Caseload:* 2014 = 42 cases 2017 = 95
 - *Mental Health Calls:* 2013 = 48 cases 2017 = 147
- Since 2012, Overtime paid each year has averaged \$176,835; budgeted OT is \$110,000. Current staffing levels cannot absorb officer absences.
- POST mandated trainings (Implicit Bias, De-Escalation, Community engagement,) continue to increase.
- All other nearby, comparable departments have three or more Investigators.
- Currently gaps in supervisory coverage on Patrol

Police – Budget Increase Request


Investigator \$100,000/year = 1.12% Levy Increase

- Currently One full-time Investigator. All other area agencies of similar size have Three Investigators.
 - The number of reports of Elder and Child Neglect/Abuse and Mental Health reports is increasing. These are time-consuming calls/investigations.
 - Liquor and Tobacco License checks, U-Visa reviews, maintain Sex Offender files.
 - Technology has made nearly all investigations more complex and time consuming.
 - Investigators also provide critical support to:
 - Patrol
 - Drug Task Force
 - Crime Victims
 - Partner Agencies
 - Community Programming and Events
- 

Police – Budget Increase Request


Patrol Sergeant \$122,000/year = 1.37% Levy Increase

Currently three Patrol Sergeants: two on night shift, one on day shift. An additional Day Sergeant would provide better supervisor coverage and take over many administrative duties, including:

- Tracking and scheduling vehicle maintenance, equipment installs, etc.
 - Review, organize, and prepare for community events and programs.
 - Supervise the Emergency Management Director and organize EM preparedness, training, and equipment.
 - Supervise the Community Service Officer and oversee Animal Control issues.
 - Work with the Deputy Chief to oversee equipment purchases, maintenance and planning.
- 

Communication – Personnel Budget

Increase Request .6 FTE to 1.0 FTE

- Results from “Northfield should place more emphasis on communication effort to improve public information on City services and activities” indicated strong agreement from participants of the Northfield Community Survey conducted as part of the 2017 Strategic Plan process.
 - Requests for communications support and services demand more staff time.
 - City Website and App updates and maintenance.
 - Consistent social media posts and monitoring of social media pages.
 - Create/coordinate content for monthly City Employee Newsletter, Utility Bill Inserts, and monthly contributions to the Link Center newsletter.
 - Management of the City Administrator’s memo.
 - Development of Laserfiche digital forms.
 - Photography
 - Videography
 - Signage
 - Event planning and support (script writing, evites, venue arrangements, etc).
 - Support Strategic Plan priorities related to communications outreach and enhancement.
- 

Communications Staffing Increase

Communications Staff has not increased to meet the demands of the Community.

- May 2013: New department! Before May 2013, Staff supported Human Resources and IT functions. IT functions shifted to the Library. Communications duties were added to provide centralized, specialized responsibilities.
 - 1.0 Communications & Human Resources Manager
 - 1.6 Human Resources Technician
- September 2016 - .6 Change from Human Resources Technician to .6 Administrative Assistant
- February 2018: Job Classification & Compensation Study approved by Northfield City Council.
 - 1.0 Communications & Human Resources Director
 - 1.0 Human Resources Specialist
 - .6 Communications Specialist

Proactive communications and monitoring of digital communications systems is limited.




Streets & Parks – Budget Increase Request

Streets & Parks Operator \$90,350/year = 1.01% Levy Increase

- Request for 2 Street & Park Operators
 - \$180,700/year for two – 2.02% levy increase
 - Park Maintenance, Mowing, Trimming, Patching, and repairs falling behind.

Comparable

- Northfield Street & Parks – 5 Street & Parks Operators = 5 FTE
 - Faribault - Streets – 7 Street Operators & 5 Parks Maintenance = 12 FTE
 - Rosemount – Street – 5 Operators & 5 Parks Maintenance = 10 FTE
 - Owatonna – Street – 4 mechanics, 12 Operators & 6 Parks Maintenance = 18 FTE, they also have two parks FTE at the golf course that help in parks maintenance in the offseason.
- 

Additional One-Time Expenditures

- \$443K NAFRS Fire Truck
- \$ 50K Accounting Software Upgrade
- \$100K Temporary Project Manager - Strategic Initiatives (\$200K total over 2 years)

- These items not included in preliminary budget and levy
 - Expect to utilize excess general fund reserves

City-wide Levy

City of Northfield Total Levy

	4.90% 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	<u>6,153,121</u>	<u>6,796,369</u>	<u>7,197,637</u>	<u>401,268</u>	<u>5.9%</u>
For Other					
COPS (debt) Police Facility	420,160	435,000	175,000	(260,000)	-59.8%
	<u>420,160</u>	<u>435,000</u>	<u>175,000</u>	<u>(260,000)</u>	<u>-59.8%</u>
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%
2014A GO Improvement Bonds	60,000	82,000	56,000	(26,000)	-31.7%
2015A GO Improvement Bonds	100,000	124,000	120,000	(4,000)	-3.2%
2016C 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	-	-	192,000	192,000	#DIV/0!
Subtotal	<u>725,000</u>	<u>744,500</u>	<u>884,000</u>	<u>139,500</u>	<u>18.7%</u>
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	<u>499,200</u>	<u>462,000</u>	<u>590,500</u>	<u>128,500</u>	<u>27.8%</u>
Total Debt Levy	<u>1,644,360</u>	<u>1,641,500</u>	<u>1,649,500</u>	<u>8,000</u>	<u>0.5%</u>
Total General Levy	<u>7,797,481</u>	<u>8,437,869</u>	<u>8,847,137</u>	<u>409,268</u>	<u>4.9%</u>
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	<u>8,260,937</u>	<u>8,921,812</u>	<u>9,355,277</u>	<u>433,465</u>	<u>4.9%</u>

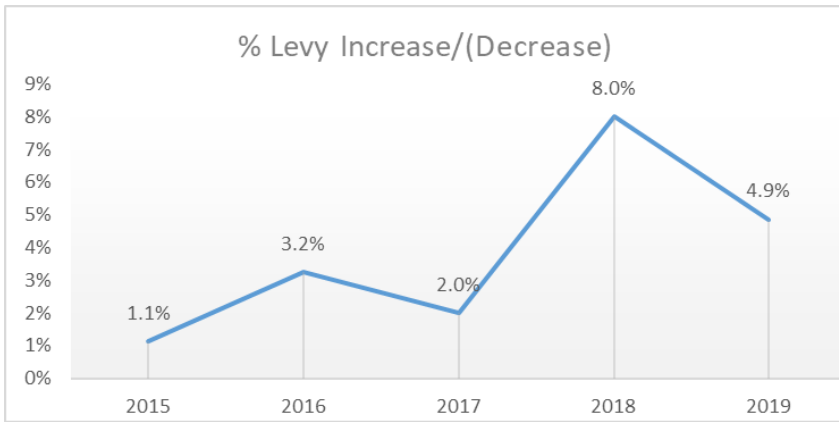
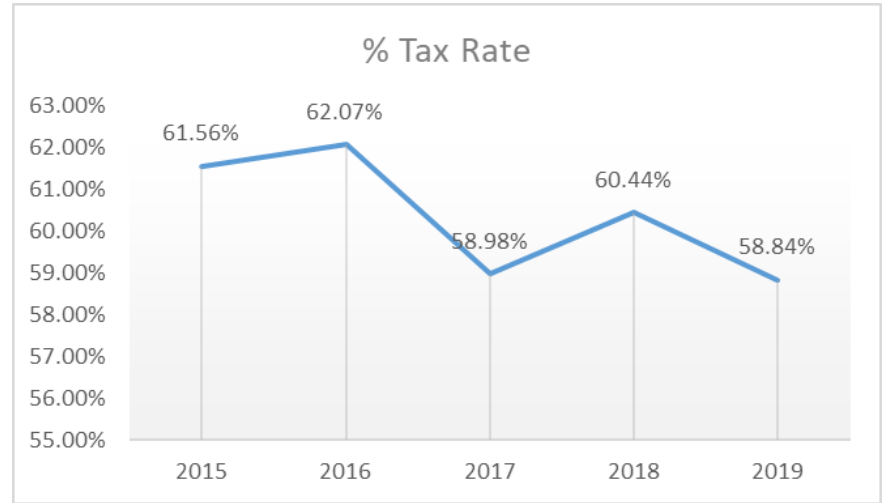
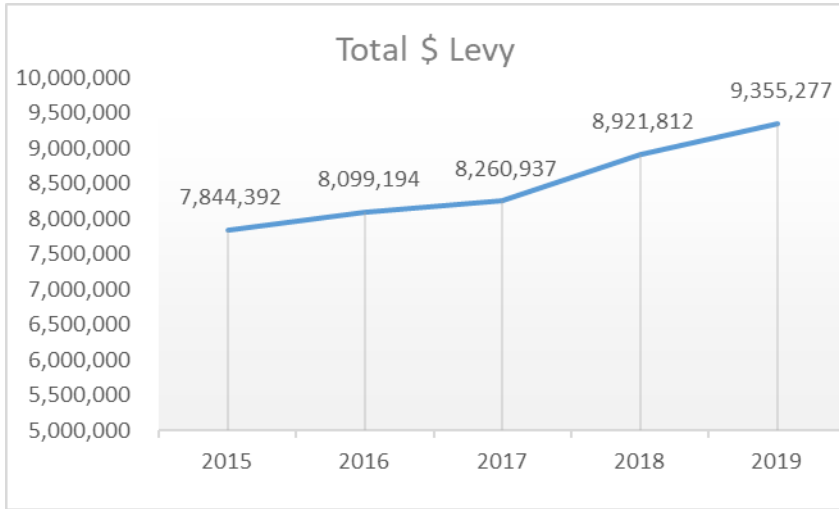
Overall 4.9% increase in City-wide Levy

General Fund
4.5% increase

All Debt Service Funds
0.1% increase

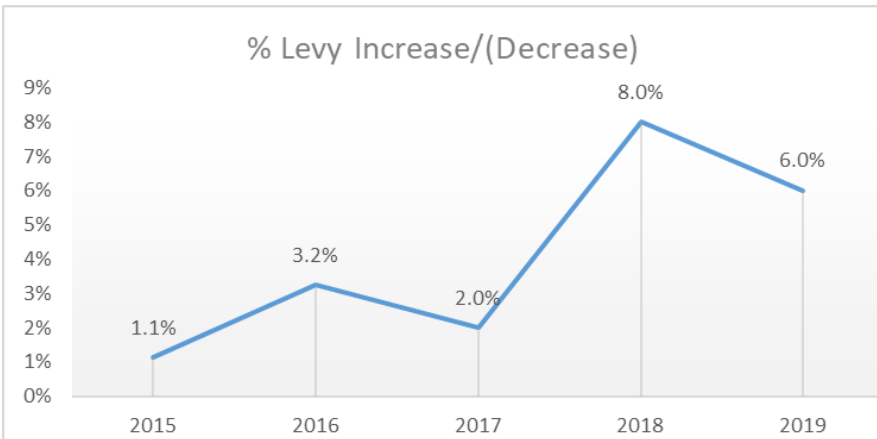
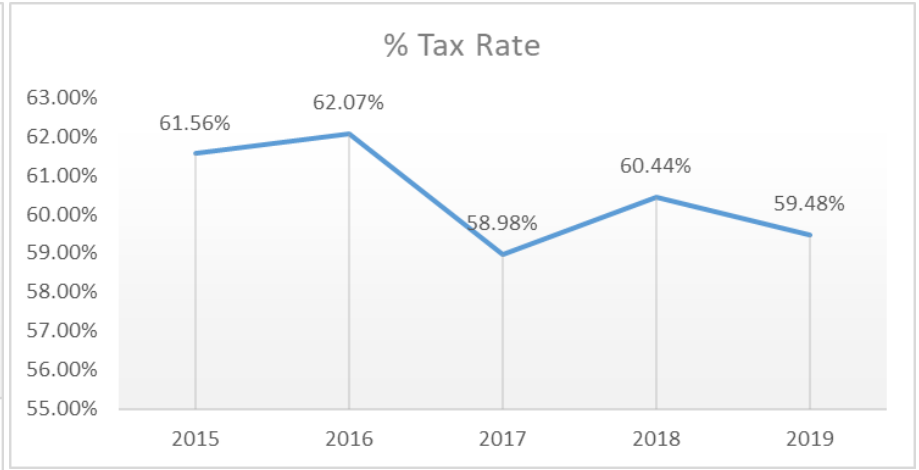
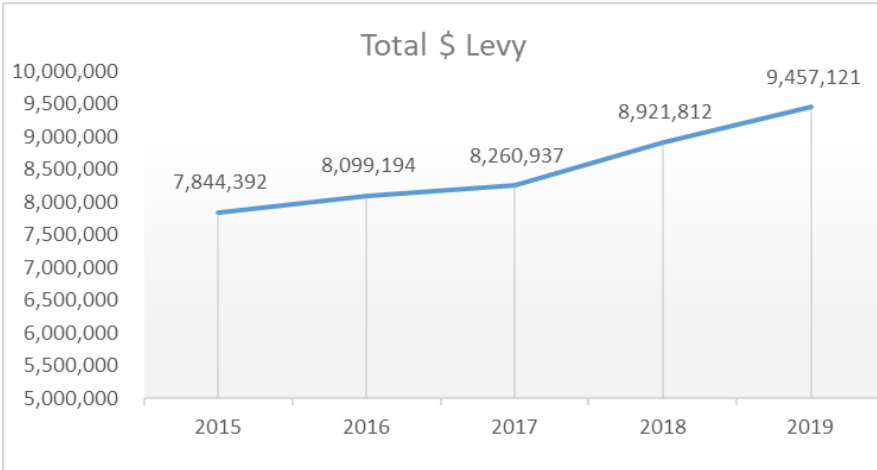
EDA/HRA combined
0.3% increase

4.9% Levy increase



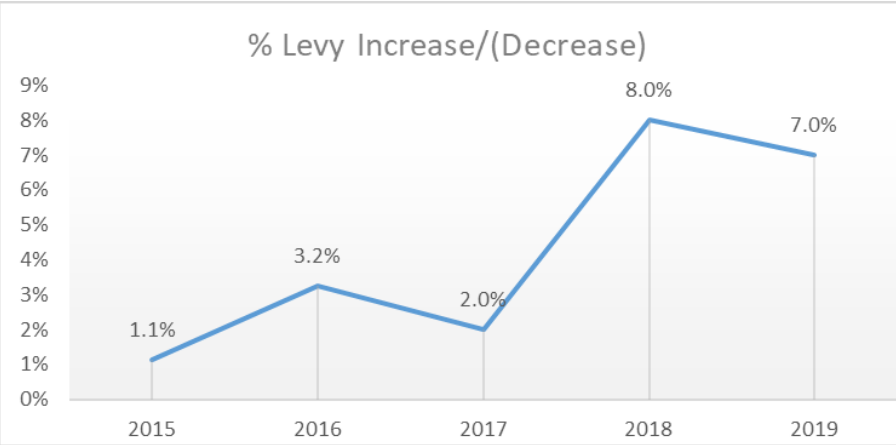
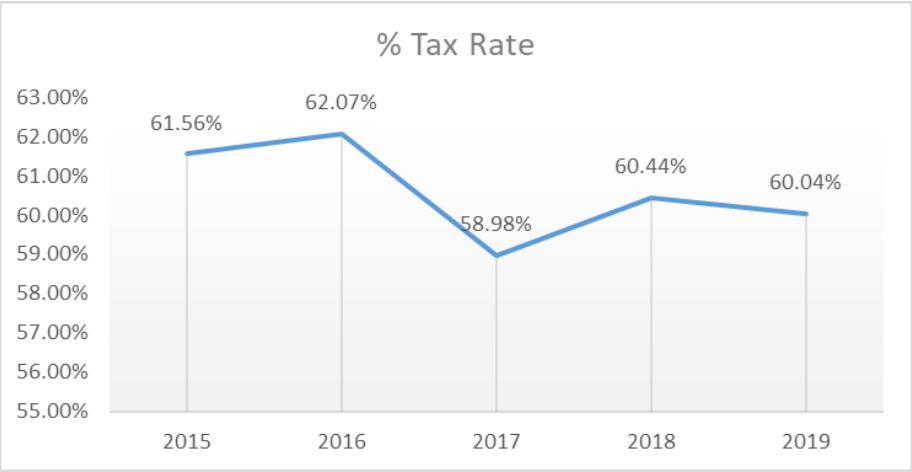
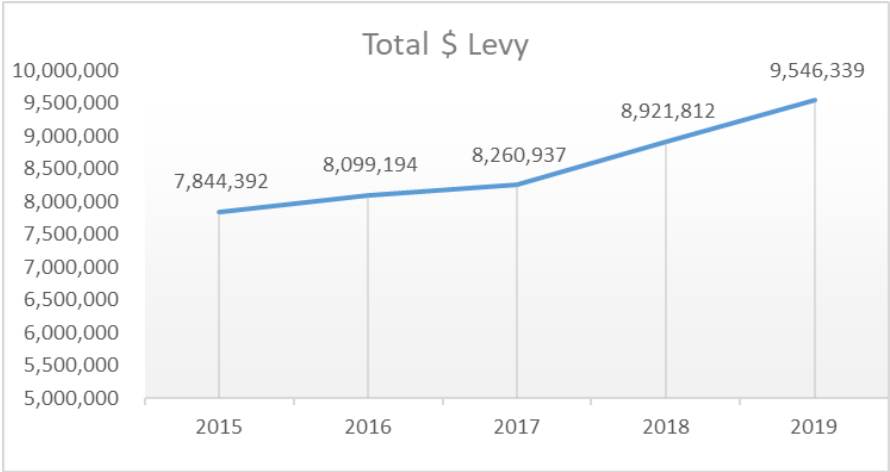
Homestead Residential Property - City Tax only						
2018	2019	2018	2019	2019v2018		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$763	\$743	-\$20	-\$2	-2.7%
\$150,000	\$159,900	\$763	\$807	\$43	\$4	5.7%
\$175,000	\$175,000	\$928	\$903	-\$25	-\$2	-2.7%
\$175,000	\$186,550	\$928	\$977	\$49	\$4	5.3%
\$200,000	\$200,000	\$1,093	\$1,064	-\$29	-\$2	-2.7%
\$200,000	\$213,200	\$1,093	\$1,148	\$55	\$5	5.0%
\$250,000	\$250,000	\$1,422	\$1,384	-\$38	\$6	-2.7%
\$250,000	\$266,500	\$1,422	\$1,490	\$68	\$6	4.7%
\$300,000	\$300,000	\$1,752	\$1,705	-\$47	-\$4	-2.7%
\$300,000	\$319,800	\$1,752	\$1,832	\$80	\$7	4.6%

6.0% Levy increase



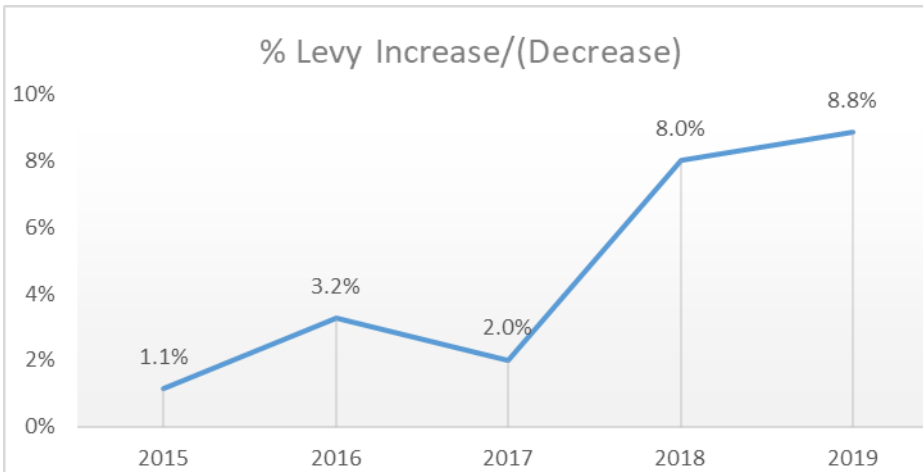
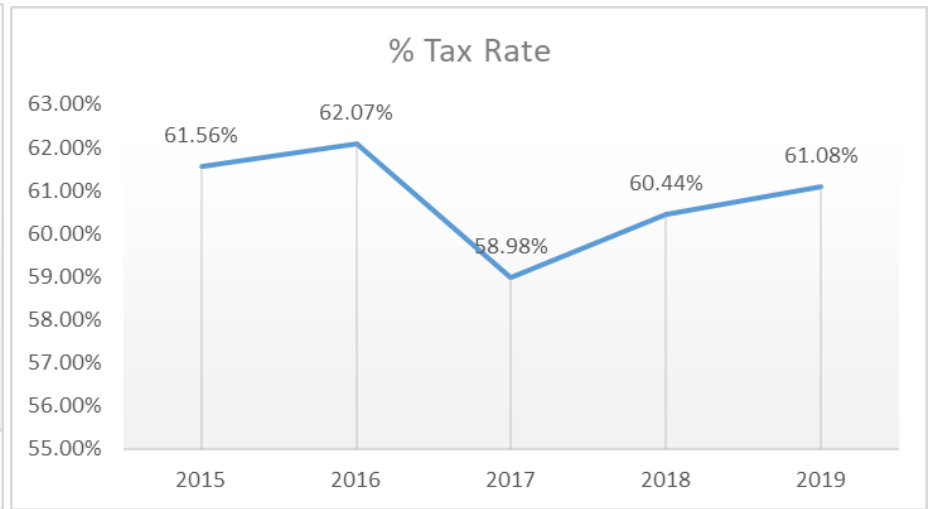
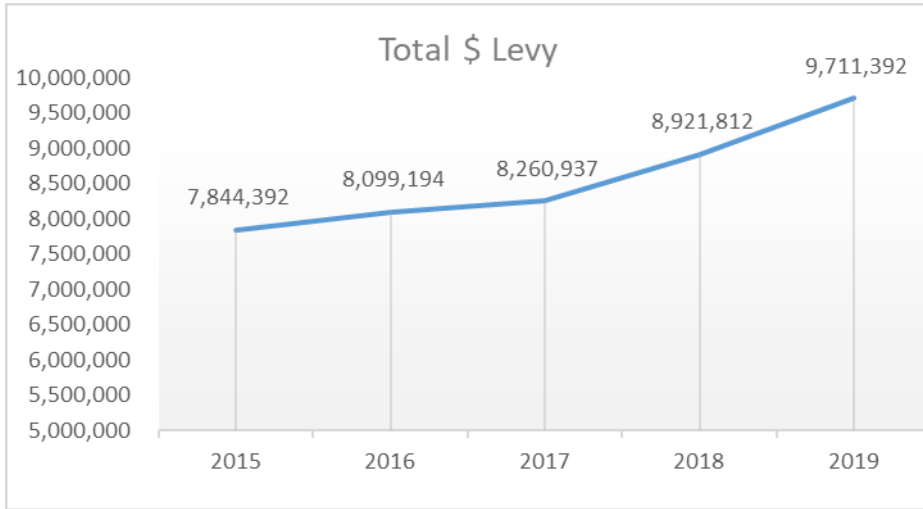
Homestead Residential Property - City Tax only						
2018	2019	2018	2019	2019v2018		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$763	\$751	-\$12	-\$1	-1.6%
\$150,000	\$159,900	\$763	\$815	\$52	\$4	6.8%
\$175,000	\$175,000	\$928	\$913	-\$15	-\$1	-1.6%
\$175,000	\$186,550	\$928	\$988	\$60	\$5	6.4%
\$200,000	\$200,000	\$1,093	\$1,075	-\$17	-\$1	-1.6%
\$200,000	\$213,200	\$1,093	\$1,160	\$68	\$6	6.2%
\$250,000	\$250,000	\$1,422	\$1,400	-\$23	\$7	-1.6%
\$250,000	\$266,500	\$1,422	\$1,506	\$84	\$7	5.9%
\$300,000	\$300,000	\$1,752	\$1,724	-\$28	-\$2	-1.6%
\$300,000	\$319,800	\$1,752	\$1,852	\$100	\$8	5.7%

7.0% Levy increase



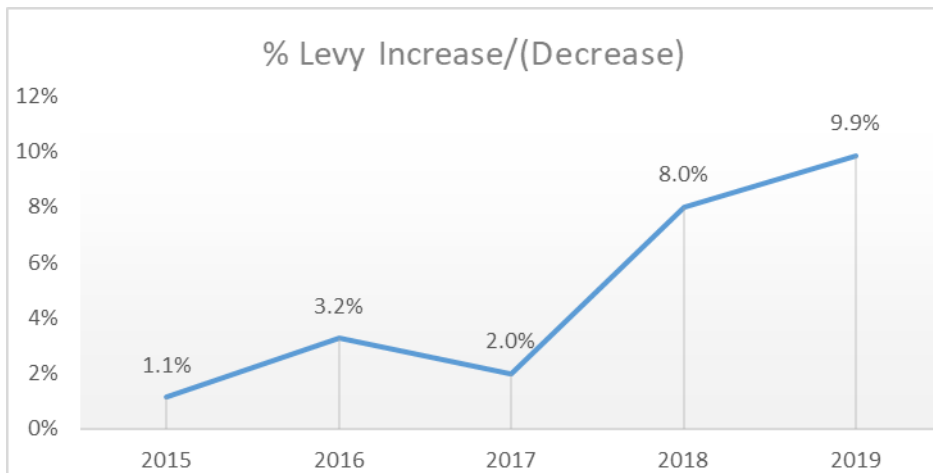
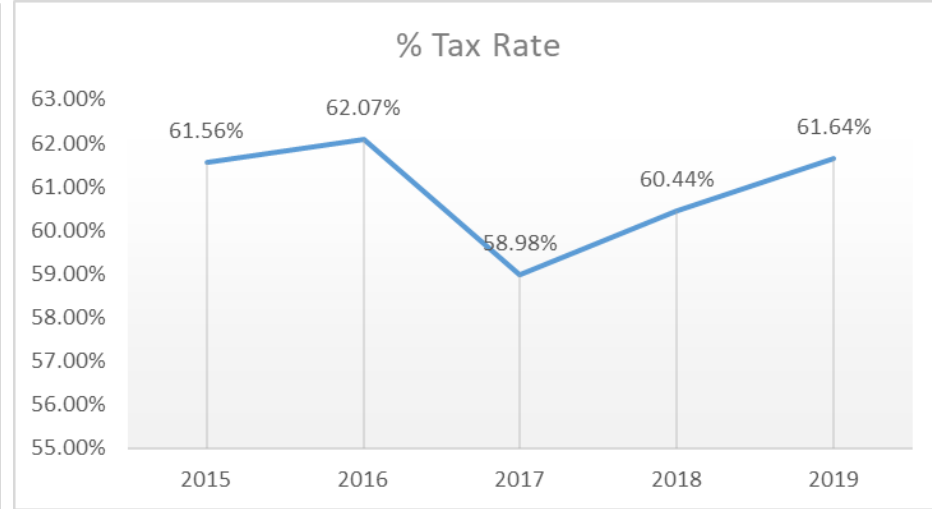
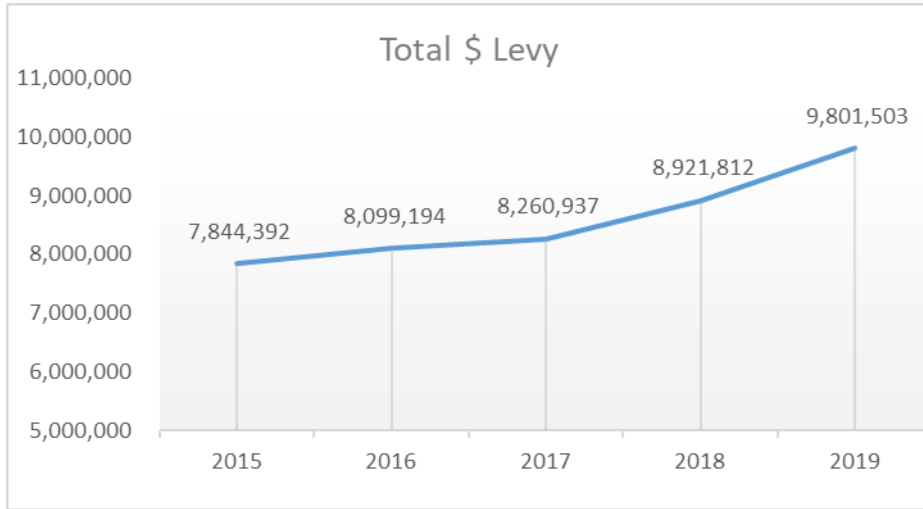
Homestead Residential Property - City Tax only						
2018	2019	2018	2019	2019v2018		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$763	\$758	-\$5	\$0	-0.7%
\$150,000	\$159,900	\$763	\$823	\$60	\$5	7.8%
\$175,000	\$175,000	\$928	\$922	-\$6	-\$1	-0.7%
\$175,000	\$186,550	\$928	\$997	\$69	\$6	7.5%
\$200,000	\$200,000	\$1,093	\$1,086	-\$7	-\$1	-0.7%
\$200,000	\$213,200	\$1,093	\$1,171	\$79	\$7	7.2%
\$250,000	\$250,000	\$1,422	\$1,413	-\$9	\$8	-0.7%
\$250,000	\$266,500	\$1,422	\$1,520	\$98	\$8	6.9%
\$300,000	\$300,000	\$1,752	\$1,740	-\$12	-\$1	-0.7%
\$300,000	\$319,800	\$1,752	\$1,869	\$117	\$10	6.7%

8.85% Levy increase



Homestead Residential Property - City Tax only						
2018	2019	2018	2019	2019v2018		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$763	\$771	\$8	\$1	1.0%
\$150,000	\$159,900	\$763	\$837	\$74	\$6	9.7%
\$175,000	\$175,000	\$928	\$938	\$10	\$1	1.0%
\$175,000	\$186,550	\$928	\$1,014	\$86	\$7	9.3%
\$200,000	\$200,000	\$1,093	\$1,104	\$11	\$1	1.0%
\$200,000	\$213,200	\$1,093	\$1,192	\$99	\$8	9.0%
\$250,000	\$250,000	\$1,422	\$1,437	\$15	\$10	1.0%
\$250,000	\$266,500	\$1,422	\$1,546	\$124	\$10	8.7%
\$300,000	\$300,000	\$1,752	\$1,770	\$18	\$2	1.0%
\$300,000	\$319,800	\$1,752	\$1,901	\$150	\$12	8.5%

9.86% Levy increase



Homestead Residential Property - City Tax only						
2018	2019	2018	2019	2019v2018		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$763	\$779	\$15	\$1	2.0%
\$150,000	\$159,900	\$763	\$845	\$82	\$7	10.7%
\$175,000	\$175,000	\$928	\$946	\$18	\$2	2.0%
\$175,000	\$186,550	\$928	\$1,024	\$96	\$8	10.3%
\$200,000	\$200,000	\$1,093	\$1,115	\$22	\$2	2.0%
\$200,000	\$213,200	\$1,093	\$1,203	\$110	\$9	10.1%
\$250,000	\$250,000	\$1,422	\$1,450	\$28	\$12	2.0%
\$250,000	\$266,500	\$1,422	\$1,561	\$139	\$12	9.7%
\$300,000	\$300,000	\$1,752	\$1,786	\$35	\$3	2.0%
\$300,000	\$319,800	\$1,752	\$1,919	\$167	\$14	9.6%

Levy Options

- 4.9% (\$9,355,277)
 - Baseline initial budget
- 6.0% (\$9,457,121)
 - Additional \$101,844 vs 4.9% baseline
 - Allows for approximately 1 additional staff request
- 7.0% (\$9,546,339)
 - Additional \$191,062 vs 4.9% baseline
 - Allows for approximately 2 additional staff requests
- 8.85% (\$9,711,392)
 - Additional \$356,115 vs 4.9% baseline
 - Allows for all but 1 additional staff requests
- 9.86% (\$9,801,503)
 - Additional \$446,226 vs 4.9% baseline
 - Allows for all personnel requests noted earlier

Discussion

- Staff supportive of the five levy resolutions
- Staff does not recommend a preliminary levy below 4.9%
- Further consideration of adjustments may occur prior to adoption of a final levy in December
 - Levy cannot go up from what is approved tonight, this is the maximum, (in December it can go down, but not up)
 - Discussions regarding additional personnel can continue in October and November

Schedule

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

First Reading Right-of-Way Management Ordinance Update

September 18, 2018



Right-of-Way Ordinance

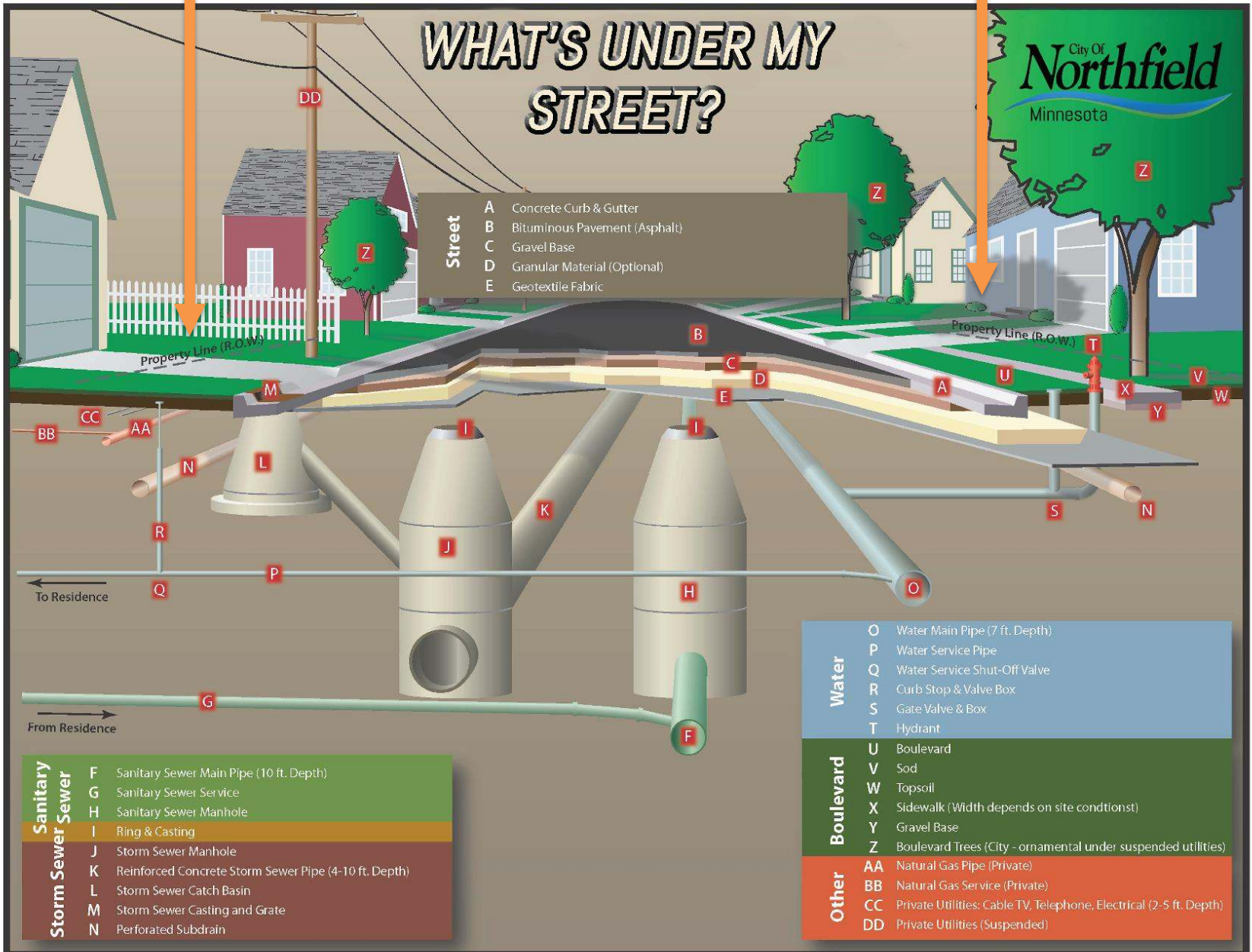
- City regulates its Right-of-Way through Chapter 70 of the Northfield City Code.
- Within Chapter 70, Right-of-Way Management is regulated through Article IV
- Staff is proposing to amend Article IV by repealing and replacing it with a new Article IV.
- The purpose of this is to update City Ordinance to follow new State Legislation that was approved in May of 2017, for small cell wireless.



City Right-of-Way Management

WHAT'S UNDER MY STREET?

City Of
Northfield
Minnesota



Ordinance Amendments

- Definitions
 - Small Cell Wireless Facility
 - Wireless Support Structure
- Permit Requirement
 - 90-Days for permit processing upon receipt of complete permit application, City may extend 30-day if 30 applications are received in a 7-day period.
- Height of Wireless Support Structure
 - Height of a Facility may not exceed 50 feet if installed after May 31, 2017,
 - Height of a Facility may not extend more than 10 feet above an existing structure in place as of May 31, 2017.



Ordinance Amendments

- Small Wireless Facility Agreement
 - Requirement when locating on City wireless support structure such as City Lights.
 - Establishes rent and fees for
- Permit Conditions
 - 23 General Conditions Outlined in section 70-99
 - Additional 7 Conditions for Small Wireless Facilities



Collocation Agreement

- Collocation Agreement
 - An agreement between a Small Wireless Facility Provider and the City to locate Small Wireless Facility on City Infrastructure (typically this would be light poles)
 - Plans and Drawing submitted showing how they propose to attached to a Wireless Support Structure
 - Structural Engineering to ensure existing Wireless Support Structure can support it
 - Use of Right-of-Way
 - Future, Repairs, and Replacements and notice requirements
 - Fees for rental and electrical

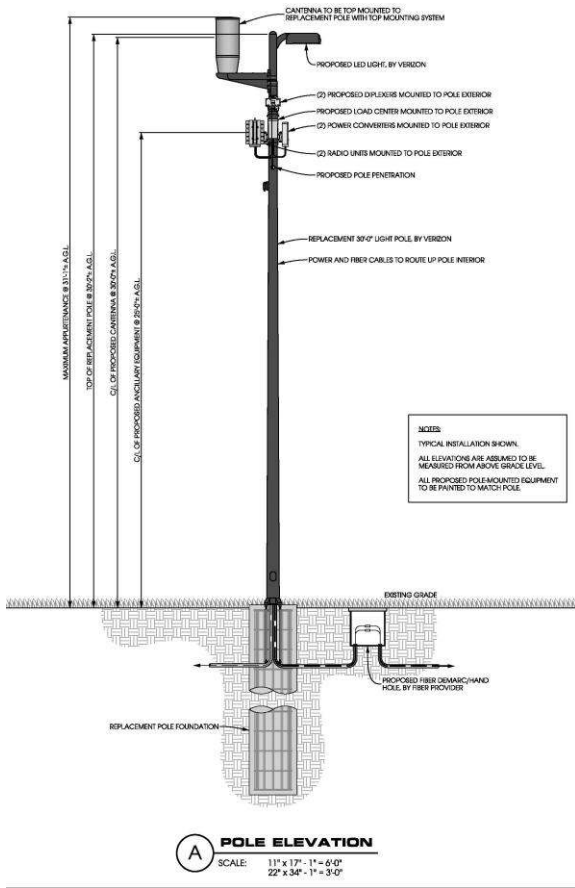


Collocation Agreement Supplement

- Collocation Agreement Supplement
 - The supplement agreement defines the location of the wireless support structure.



Example of Small Cell



Example of Small Cell



Recommended Action

- Consider Accepting First Reading of Ordinance 998
- and adopt small cell wireless facility collocation agreement substantial in form with ability for minor technical modifications.



Questions



Banner Policy Discussion

September 18, 2018




Timeline

Complete

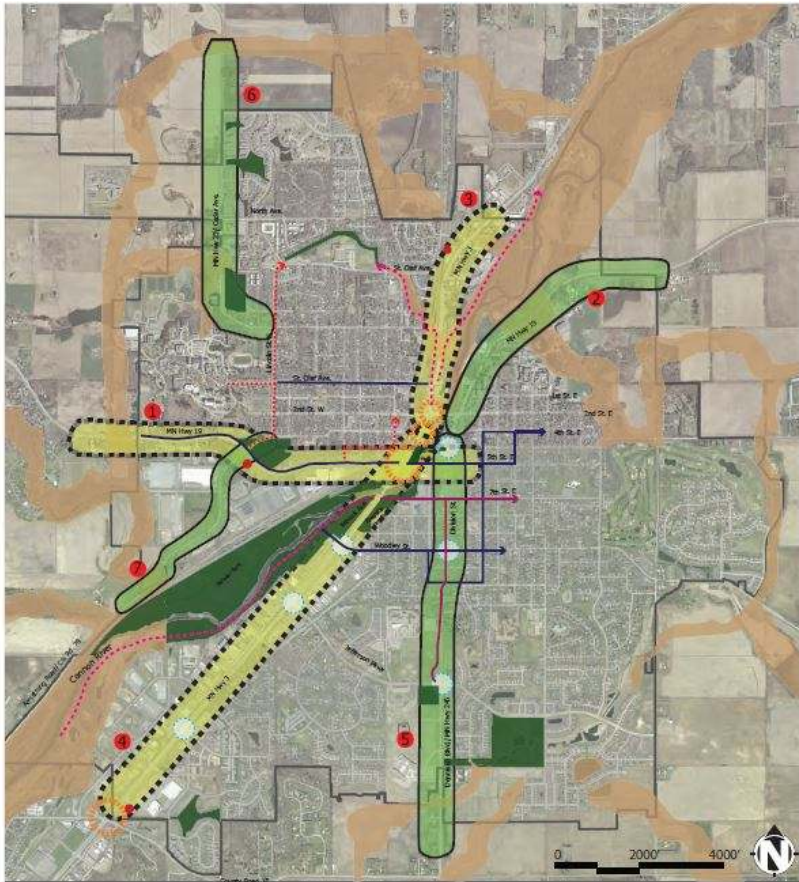
- ✓ City Council initial discussion (see attached draft)
- ✓ Arts & Culture Commission (see attached recommendation)

Ongoing

- Reviewing existing conditions and plans in downtown.
 - Reviewing existing conditions
 - Incorporation of revisions
- 

Corridor Design Principles

Source: Gateway Corridor Improvement Plan 2012

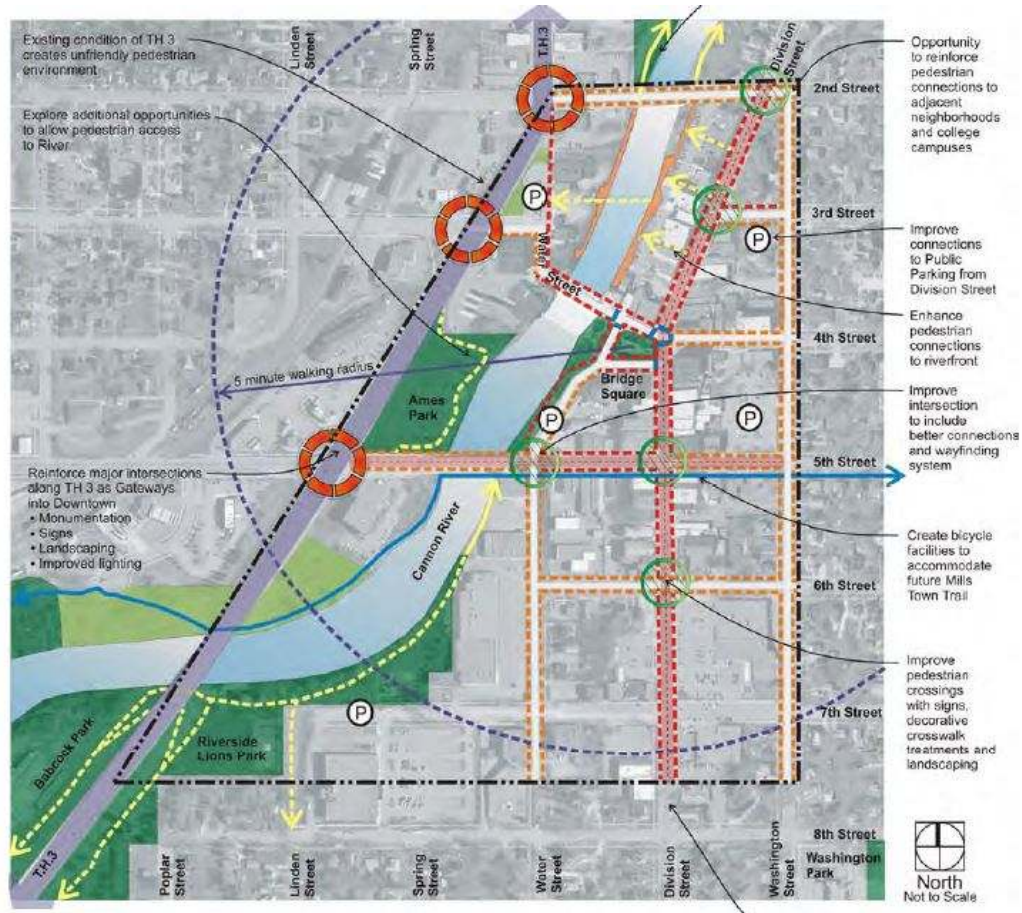


Design Principles:

- **Reinforce Identity of Each District**
The design concept for the gateway corridors is to celebrate the diversity and history of the area by designing the street environment to respond to the opportunity for preservation of natural character, enhancement of positive views/view sheds and reinforce the unique qualities of each district.
- **Provide Continuity throughout the gateway corridors**
The design is intended to provide a thread of continuity throughout the City's gateway corridors, yet have some elements that change as you progress from district to district.
- **Provide a Flexible Palette of Streetscape Elements**
The design the streetscape should be adaptable to a variety of site conditions and at the same time provide an armature for layers of change and activity. Vertical streetscape elements should be emphasized such as lighting, trees, identification signs, and artwork, to create a sense of enclosure and human scale, define edges, and create a positive identity for each gateway corridor within the City. Elements should be functional and simple in design and able to withstand the snow, salt, sandblasting from snow plows, vandalism, and other urban conditions. The streetscape elements should contribute to a sense of safety and comfort and promote walking and biking throughout the area.

Downtown Streetscape Design Principles

Source: *Downtown Northfield Streetscape Framework Plan 2006*



- Improve approach routes and gateways into the Downtown.
- Intensify streetscape elements in gateway entrances to Downtown (Highway 3 Intersections of 2nd, 3rd and 5th) to signify entering a “special” district.
- Streetscape elements more intense within the core downtown (all Division St. and portions of 2nd and 5th Street).
- “A String of Pearls” concept articulates an overall theme of hospitality by linking a series of downtown focal points/projects (pearls) with consistent treatment of the streets (the string).

Downtown Streetscape Design Principles

Source: Downtown Northfield Streetscape Framework Plan 2006



- Opportunities to shop, live work and play in the “real” Downtown should be emphasized and reinforced through streetscape elements, promotional campaigns, public art, etc.
- Banners “can be utilized to reinforce the uniqueness of the downtown.”
 - Unique qualities of the history, built and natural environment, personality, or icons of the Community.
- In addition to freestanding sculpture, banners and other conventional art elements, this plan recommends reinforcing the unique identity of Downtown Northfield by integrating a layer of public art into the design of streetscaping, wayfinding, and infrastructure elements.

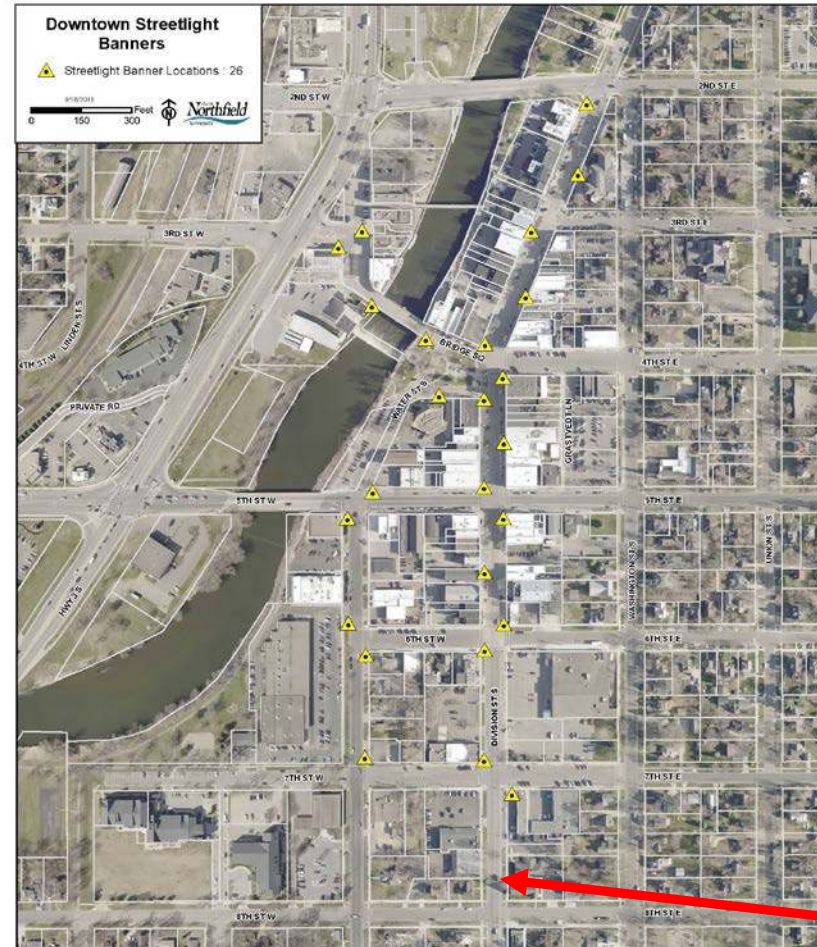
Downtown Streetscape Design Principles

Source: Downtown Northfield Streetscape Framework Plan 2006



- The streetscape should be welcoming, and incorporate elements that reinforce the idea of hospitality.
- This translates into an over-arching streetscape design that:
 - Focuses on a sense of kindness in welcoming residents, guests and strangers into the downtown.
 - Provides a consistent framework of orientation throughout the Downtown
 - Is pedestrian friendly, safe and inviting.

Current Conditions



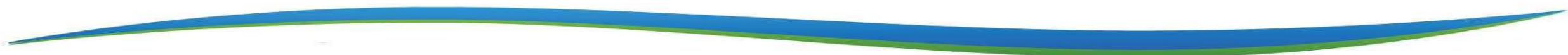
Division St. addition in progress

Tentative Timeline

Some Notable Revisions from Council Review to ACC version

- Changed definitions by removing “downtown” so if banners outside of downtown are pursued this policy would relate.
- Made more generic to “banners” instead of just streetlight banners to allow some other types of promotional banners for city purposes
- Additional clarifications on design criteria clarifications

Revisions Being Reviewed

- ACC Version will be the working final draft.
 - Looking to add in the following:
 - Add back in HPC “review and comment” prior to final approval.
 - Add new provision for advance public notice (website, social media, etc.) prior to final approval.
 - Exhibit to define locations for banners (reviewing and seeking input from NDDC, etc.)
 - Clarify “City branding” such as logos, taglines, etc. are outside the purview of this policy so they cannot be changed, amended or initiated through this policy.
 - Other clarifications and modifications.
- 

Tentative Timeline

- Final proposed edits in review.
- Outreach with Northfield Downtown Development Council (NDDC) related to banner locations.
- October 2nd Council meeting – consider adoption.



Questions and Discussion

