



10-8-19 Budget Worksession



Agenda Schedule

- I. Staff Presentation & Discussion (45 min).
- II. Break (5 min.)
- III. Breakout Stations (15 min./station).
 - I. Priority Dots
 - II. Survey.
 - III. Staff Question/Discussion.
- IV. Break (5 min.)
- V. Review/Discussion (30 min.)
 - I. Priority Dots
 - II. Survey – results
- VI. Discussion for Consensus Items (30 min.).



Policy Goals This Evening

1. Consensus on proposed 2020 levy amount for November public education & to match December public hearing.
 - *Options illustrated 11.5%, 9.5%, 7.5%, 3.0%*
2. Consensus on any new staffing proposed for 2020.
3. Consensus on other additions or reductions.



City Administrator Recommended Levy

Table 8. City Administrator – Summary recommendations levy impact 2020.

Position	2020 \$ (levy%)
“Baseline” Total Levy	\$10,060,636 (+7.5%)
Staffing Positions	+ 238,000 (+2.55%)
Other Additions	+ 20,000 (+.21%)
Savings	- (65,622) (-.70%)
Other?	TBD
Revised “Total Levy” Recommendation	\$10,253,014 (+9.56%)

City Administrator Recommended Levy

Table 1. City Administrator – current staff funding recommendations to include in the 2020-2021 budget.

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Library Project Coord.	26,000 (included in baseline)	ongoing	ongoing
PD Sergeant	131,000 (1.4%)	ongoing	ongoing
Street & Parks Operator	95,000 (1.02%)	ongoing	ongoing
Project Coordinator (permanent funding)	NA – funded reserves.	105,000 (1.12%) <i>Exploring other revenue sources so possibly not a levy impact or less.</i>	ongoing
PT Administrative Help Elections – one year	\$12,000 (.13%)	None	NA
Subtotal	\$238,000 (+2.55%)	105,000 (+1.12% but likely to change with other revenues explored)	NA

City Administrator Recommended Levy

Table 4. City Administrator – current equipment, infrastructure or other project recommendations to include in the 2020-2021 budget.

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Police Radio Replacement – officer portable	115,000 (no levy use reserves) alternative with levy would be 1.23% levy impact	NA	NA
Police Radio Replacement - squads	NA	75,000 (+.8%) possible carryover reserves from 2020	
Climate Action Plan	20,000 (.21%)		
TH246 & Jefferson Roundabout underpasses	NA	175,300 (1.87%) Approved by Council subject to final project budget	
Emerald Ash Borer – 25% match grant leveraging \$100,000	12,500 <i>Include in public works tree maintenance budget</i>	12,500 <i>Include in public works tree maintenance budget</i>	NA
Subtotal	20,000 (+.21%)	250,300 (2.67%)	



City Administrator Recommended Levy

Table 7. City Administrator – current equipment, infrastructure or other project recommendations to **include** in the budget.
* Additional options are under review and will be expanded upon.

Description	2020	2021	Future
Health Insurance Changes	(60,622) (-.65%)	+74,172 from 2020 (+.8%)	NA
SMIF Donation	(5,000) (.05%)	NA	NA
*note			
Subtotal	(65,622) (-.70%)	74,172 (+.80%)	

Medical Marketing Review

- 2020 Medical Marketing RFP results
 - % change to premium is based on Carrier best plan match to PEIP plans using Cost Level 2 & 3 to determine plan design for quoting carriers

Carriers	Quote	% Change to Current Premium Costs	Rate Caps
Budget Numbers 2020	Not Applicable	5.0%	Not applicable
PEIP - Incumbent	Yes	5.61%	PEIP does not offer rate caps
Allina Health/Aetna	Yes	7.7%	No Rate Cap
Blue Cross Blue Shield	Yes	-5.9%	2021 = 14.9% rate cap (one-way agreement)
HealthPartners	Yes	7.3%	2021 = 12% rate cap (two-way agreement)
LOGIS - HealthPartners	Yes	17.8%	2021 = 12% rate cap (two-way agreement)
Medica	Yes	22.6%	No rate cap
PreferredOne	Yes	17.5%	No rate cap
Southeast Service Cooperative – BCBSMN	Yes	7.7%	No rate cap
Sourcewell - HealthPartners	Yes	6.6%	2021 = 12% rate cap (two-way agreement)

Health Insurance Changes

Total Spend



Insurance | Risk Management | Consulting

Total Plan Spend	PEIP	BCBS
2020	\$1,280,486	\$1,141,108
2021*	\$1,321,077	\$1,311,134
2 year total	\$2,601,563	\$2,452,242

Total Employer Spend	PEIP	BCBS
2020	\$1,077,443	\$1,007,754
2021*	\$1,097,738	\$1,081,926
2 year total	\$2,175,181	\$2,089,680
2 Year Difference		-\$85,501

*Assumptions: July 2019 plan enrollment
PEIP illustrating a 2% increase to High & Value plans and a 4% increase to HSA plan
BCBS with the 13% cap for 2021

Health Insurance Changes

Considerations



Insurance | Risk Management | Consulting

PEIP	Category	BCBS
More stable. But a pool, may be higher or lower than warranted.	Premium	Limited stability – community rating will supplement
Limited – only total claims and premiums available upon request	Transparency	Full – ability to see claims and what's driving costs
None – plan design and cost levels determined by PEIP	Control	Full – City can choose between market plans
Members must choose a primary care clinic and go where directed	Access	Open Access – no referrals necessary

Given the unknown with future PEIP renewals, what's most important?

City Administrator Recommended Levy

Table 2. City Administrator – current staff funding recommendations to **exclude** from the 2020-2021 budget (the year shown corresponds to the staff requested budget year).

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Police Evidence Tech	NA	46,000 (.49%)	
CD Admin Associate PT	29,000 (.31%)	NA	
Building Inspection PT	NA	43,000 (.46% if levy supported) <i>increase permit fees consideration for future alternative</i>	NA
Subtotal	\$29,000 (.31%)	118,000 (+.95%)	

City Administrator Recommended Levy

Table 5. City Administrator – current equipment, infrastructure or other project recommendations to exclude in the budget.

\$50,000 Riverside Park canoe/kayak takeout included.

\$40,000 Riverfront Study carryover 2019

AFN: explore funding with NCRC building review.

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Police Body Cameras	NA	NA	60,000 (.64%)
Riverfront Enhancement	\$100,000 (1.07%) <i>Explore local sales tax referendum or other funding such as debt, etc.</i>	NA	NA
Emerald Ash Borer – <i>no grant option</i>	NA	\$135,000/yr (1.44%)	See optional future section
Age Friendly Funding – 3 year	25,000 (.27%)	25,000 (.27%)	25,000 (.27%)
Blue Zones	25,000 (.27%)	NA	NA
Pavement Condition Index improvement	NA	150,000/yr (1.60%) <i>Possible gas/electric franchise</i>	
Potholes (1X overlays)	NA	325,000 (3.47%) <i>Possible gas/electric franchise</i>	
Bluffview – Ford Street 7 TH246 turnlanes	NA	NA – could add in future if opportunity moves ahead	TBD

City Administrator Recommended Levy

Table 3. City Administrator – current staff funding recommendations **optional future** for discussion.

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Street & Parks Horticulturist	NA	85,000 (.91%)	Alternative Option
Civil Engineer – <i>partially cost</i>	NA	39,000 (.42%) <i>partially funded with fees</i>	Alternative Option
Building Permit Technician PT to FT	45,000 (increase permit fees no levy impact) alternative option <i>if funded through levy a .31% impact</i>	Alternative Option	Alternative Option
Subtotal	0 (0.00%)	169,000 (1.81%)	

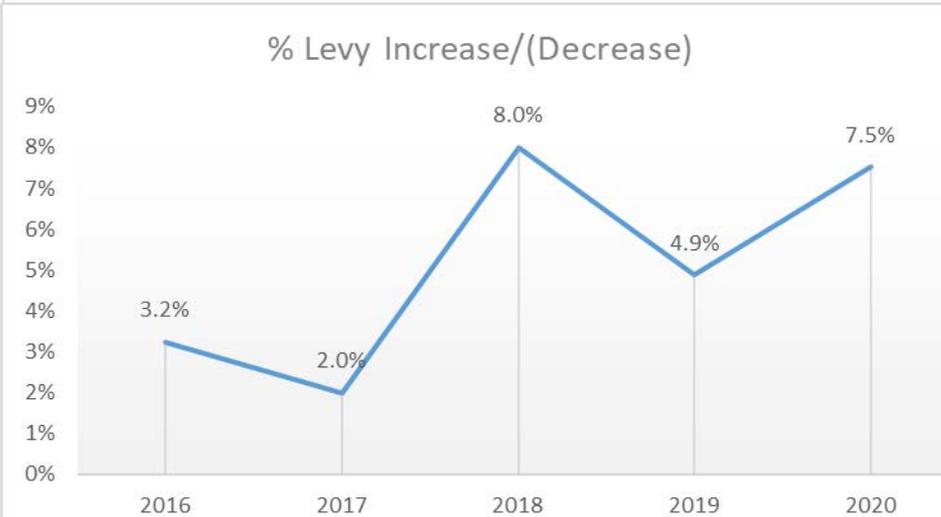
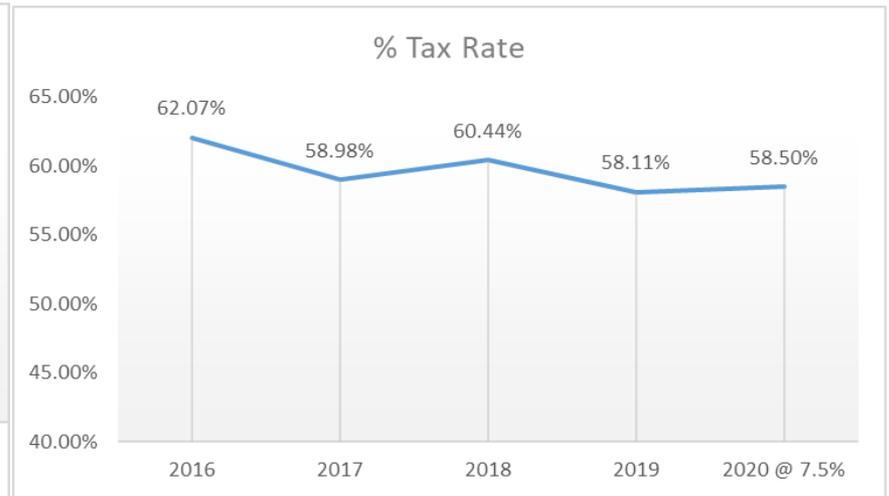
City Administrator Recommended Levy

Table 6. City Administrator – current equipment, infrastructure or other project recommendations **optional future** for discussion.

Position	2020 \$ (levy%)	2021 \$ (levy%)	Future \$ (levy %)
Comprehensive Plan Update	NA	120,000 (1.28%)	80,000 (-.43%)
Employee Benefits Improvement	NA	TBD with labor contract	NA
PT staff benefits	NA		TBD
2020 Street Project Enhancements	NA	TBD	NA
Vehicle & Equipment Bonding	NA	TBD	NA
Park Improvements	NA	Exploring local option sales tax referendum question	TBD
Emerald Ash Borer – 25% match grant	12,500 (.13%) <i>Potential to cover in operating budget – tree removal</i>	12,500 (.13%) <i>Potential to cover in operating budget – tree removal</i>	

7.5% Levy increase (\$9/mo.)

Note: This amount is still 17.5% less than the average of other comparable city tax levies for 2019



Homestead Residential Property - City Tax only							
2019	2020	2019	2020	2020v2019			
				Annual Change	Monthly Change	% Change	
Value	Value	Tax Paid	Tax Paid				
\$150,000	\$150,000	\$734	\$739	\$5	\$0	0.7%	
\$150,000	\$159,600	\$734	\$800	\$66	\$5	9.0%	
\$175,000	\$175,000	\$892	\$898	\$6	\$0	0.7%	
\$175,000	\$186,200	\$892	\$969	\$77	\$6	8.7%	
\$200,000	\$200,000	\$1,051	\$1,058	\$7	\$1	0.7%	
\$200,000	\$212,800	\$1,051	\$1,139	\$88	\$7	8.4%	
\$250,000	\$250,000	\$1,367	\$1,376	\$9	\$1	0.7%	
\$250,000	\$266,000	\$1,367	\$1,478	\$111	\$9	8.1%	
\$300,000	\$300,000	\$1,684	\$1,695	\$11	\$1	0.7%	
\$300,000	\$319,200	\$1,684	\$1,817	\$133	\$11	7.9%	

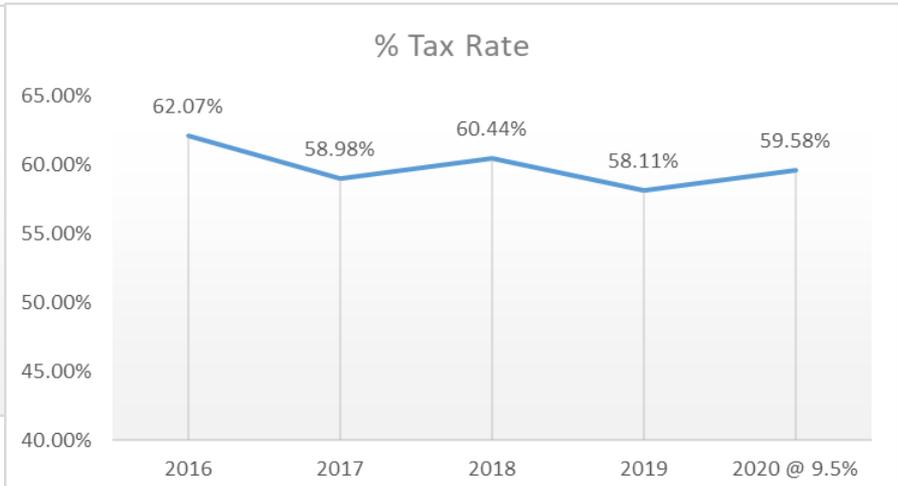
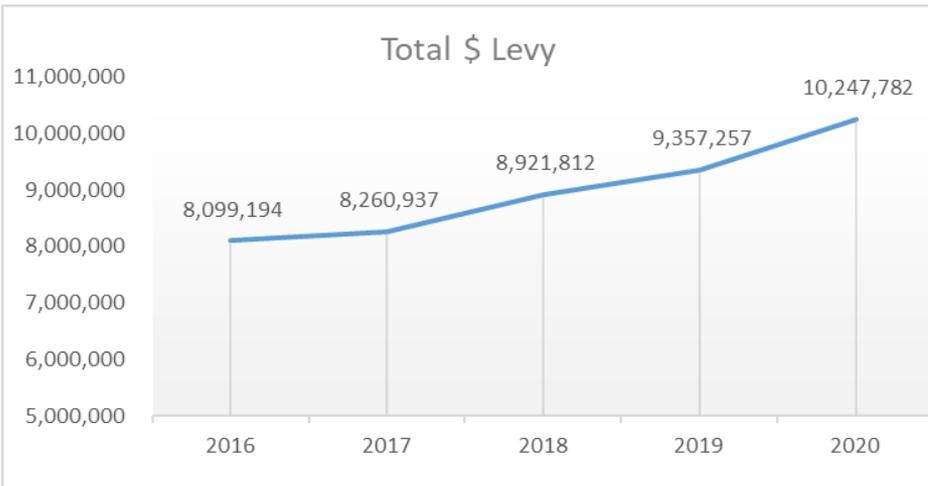


Baseline Option (7.5%)

- General Fund Revenue up 1.9%
 - Local Government Aid (LGA) increased \$187K
 - Library Outreach Coordinator, \$26K grant funding eliminated in 2020 & beyond
 - Other revenue fairly flat
 - Fee schedule has not been updated recently, may be an opportunity
 - General Fund Expenses up 3.65%
 - Personal Services increase, consistent with 2017 Pay Study \$477K
 - Elections increase \$90K, 2020 election year expense
 - LINK Center \$37.5K funding transferred from Mayor & Council to Library Personal Services
 - Library Personal Services includes LINK Center staffing and Outreach Coordinator continued at full-time
 - Debt Expense up 7.7%
 - 2019A GO Improvement Bonds added, 2008 bonds rolled off
- 

9.5% Levy increase (\$12/mo.)

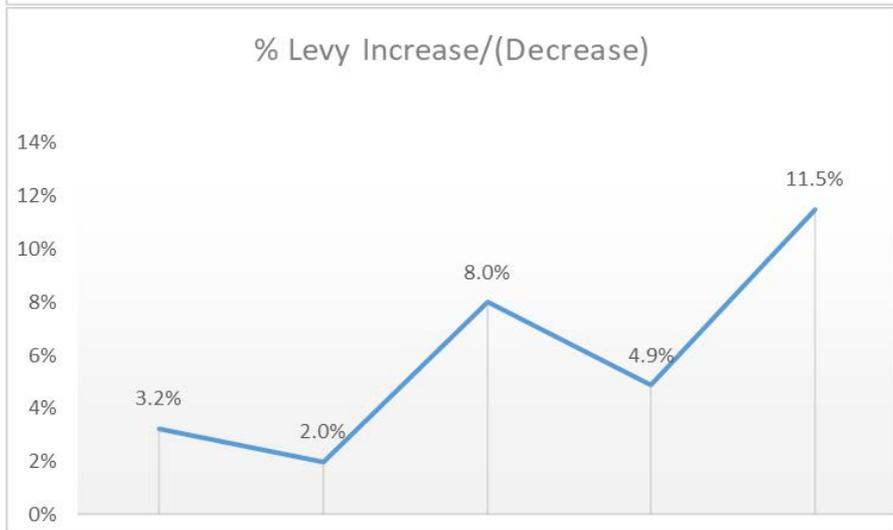
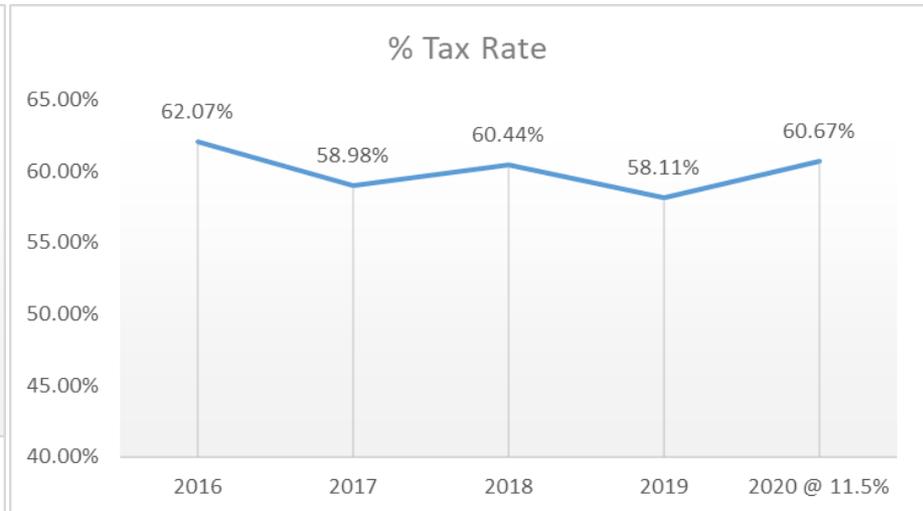
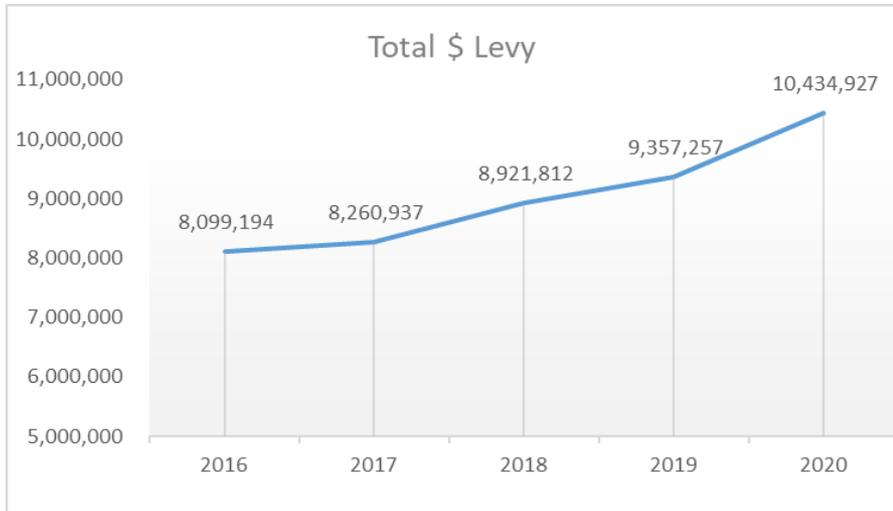
Note: This amount is still 15.5% less than the average of other comparable city tax levies for 2019.



Homestead Residential Property - City Tax only						
2019	2020	2019	2020	2020v2019		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$734	\$753	\$19	\$2	2.5%
\$150,000	\$159,600	\$734	\$815	\$81	\$7	11.0%
\$175,000	\$175,000	\$892	\$915	\$23	\$2	2.5%
\$175,000	\$186,200	\$892	\$987	\$95	\$8	10.7%
\$200,000	\$200,000	\$1,051	\$1,077	\$27	\$2	2.5%
\$200,000	\$212,800	\$1,051	\$1,160	\$109	\$9	10.4%
\$250,000	\$250,000	\$1,367	\$1,402	\$35	\$3	2.5%
\$250,000	\$266,000	\$1,367	\$1,506	\$138	\$12	10.1%
\$300,000	\$300,000	\$1,684	\$1,727	\$43	\$4	2.5%
\$300,000	\$319,200	\$1,684	\$1,851	\$167	\$14	9.9%

11.5% Levy increase (\$14/mo.)

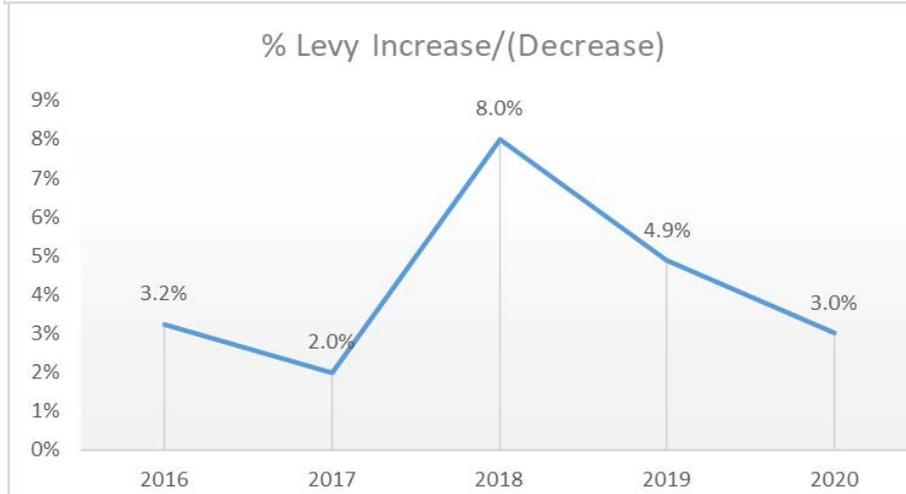
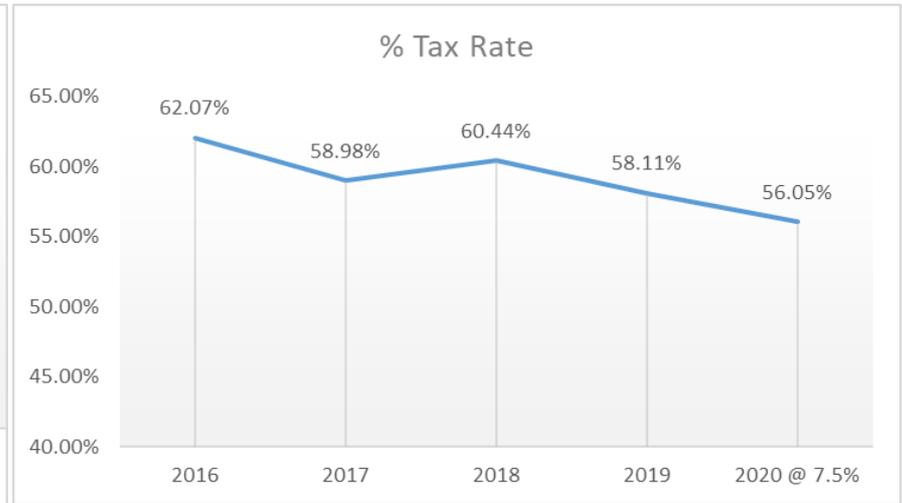
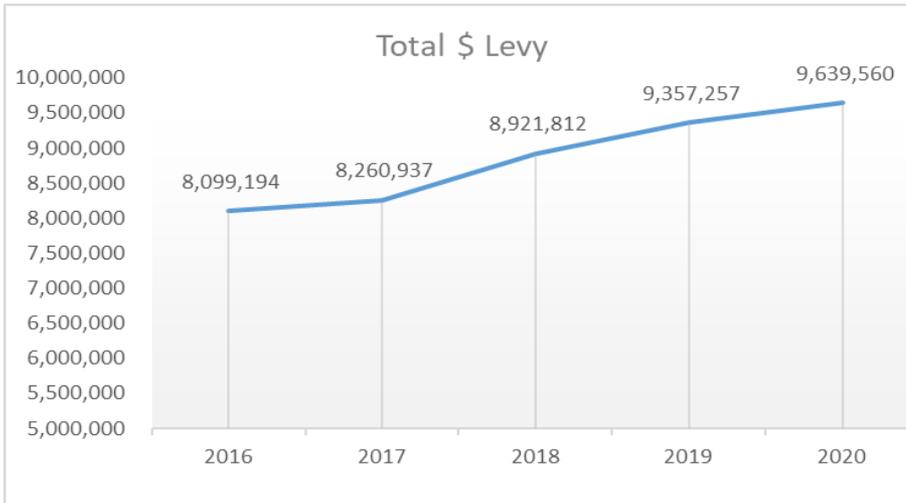
Note: This amount is still 13.5% less than the average of other comparable city tax levies for 2019.



Homestead Residential Property - City Tax only						
2019	2020	2019	2020	2020v2019		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$734	\$766	\$32	\$3	4.4%
\$150,000	\$159,600	\$734	\$829	\$95	\$8	13.0%
\$175,000	\$175,000	\$892	\$931	\$39	\$3	4.4%
\$175,000	\$186,200	\$892	\$1,005	\$113	\$9	12.7%
\$200,000	\$200,000	\$1,051	\$1,097	\$46	\$4	4.4%
\$200,000	\$212,800	\$1,051	\$1,181	\$131	\$11	12.4%
\$250,000	\$250,000	\$1,367	\$1,428	\$60	\$5	4.4%
\$250,000	\$266,000	\$1,367	\$1,533	\$166	\$14	12.1%
\$300,000	\$300,000	\$1,684	\$1,758	\$74	\$6	4.4%
\$300,000	\$319,200	\$1,684	\$1,885	\$201	\$17	11.9%

3.0% Levy increase (\$4/mo.)

Note: For illustration purposes only, requires \$421,077 in cuts from baseline 7.5% increase



Homestead Residential Property - City Tax only							
2019	2020	2019	2020	2020v2019			
				Annual Change	Monthly Change	% Change	
Value	Value	Tax Paid	Tax Paid				
\$150,000	\$150,000	\$734	\$708	-\$26	-\$2	-3.5%	
\$150,000	\$159,600	\$734	\$766	\$32	\$3	4.4%	
\$175,000	\$175,000	\$892	\$860	-\$32	-\$3	-3.5%	
\$175,000	\$186,200	\$892	\$929	\$37	\$3	4.1%	
\$200,000	\$200,000	\$1,051	\$1,013	-\$37	-\$3	-3.5%	
\$200,000	\$212,800	\$1,051	\$1,091	\$41	\$3	3.9%	
\$250,000	\$250,000	\$1,367	\$1,319	-\$49	-\$4	-3.5%	
\$250,000	\$266,000	\$1,367	\$1,416	\$49	\$4	3.6%	
\$300,000	\$300,000	\$1,684	\$1,624	-\$60	-\$5	-3.5%	
\$300,000	\$319,200	\$1,684	\$1,741	\$57	\$5	3.4%	



Illustration of 3% levy increase expense reductions

- **Possible Cuts Needed \$421,077 from 7.5% baseline (\$448,755 total below)**
 - (\$265,000) staff eliminated (illustrative purposes recent added positions levy supported):
 - PD Investigator
 - Streets/Parks Operator
 - Library Outreach Coordinator
 - (\$5,000) SMIF Contribution
 - (\$29,000) historical society (2021)
 - (\$35,000) NDDC (2021)
 - (\$15,450) Fireworks
 - (\$6,605) EDA & HRA capped at 3% increase
 - (\$10,000) reduce trail maintenance increase to 2019 level
 - (\$20,000) reduce park maintenance to 2019 level
 - (\$62,700) paid parental/family leave (2021)



Potential Budget Reductions

Description	Amount
Existing Staffing Levels	further research
Staff & Council Training	further research
Professional Services	further research
Fireworks	\$15,450
SMIF Donation	\$ 5,000
NEC (EDA)	\$60,000
NHS (2021 contract open)	\$29,000
NDDC (2021 contract open)	\$35,000
Youth Investment (2022 open)	\$52,020
Northfield ASAP	\$12,500
Library Cut (LINK Services)	\$37,500
NCRC	\$40,000
Trail Maintenance	\$10,000 increase over prior year
Park Maintenance	\$20,000 increase over prior year
IT Office Reconfiguration	\$16,000
Paid Parental/Family Leave	\$62,700 2-year trial period 2019-2020
Summer Interns	\$10,000





Potential Budget Reductions

Description

Amount





Break





Potential Budget Reductions

Breakout Stations (15 min./station).

I. Priority Dots

Ness, Nakasian

II. Survey (Martig explain questions)

Pownell, DeLong

III. Staff Question/Discussion.

Grabau, Peterson-White, Zweifel





Break





Review / Discussion

I. Priority Dots

II. Survey – results





Policy Goals This Evening

1. Consensus on proposed 2020 levy amount for November public education & to match December public hearing.
 - *Options illustrated 11.5%, 9.5%, 7.5%, 3.0%*
2. Consensus on any new staffing proposed for 2020.
3. Consensus on other additions or reductions.



Tentative Timelines

October Budget Summary

November Worksession

November Mailer

Tax Statement Delivery

December Public Hearing

