

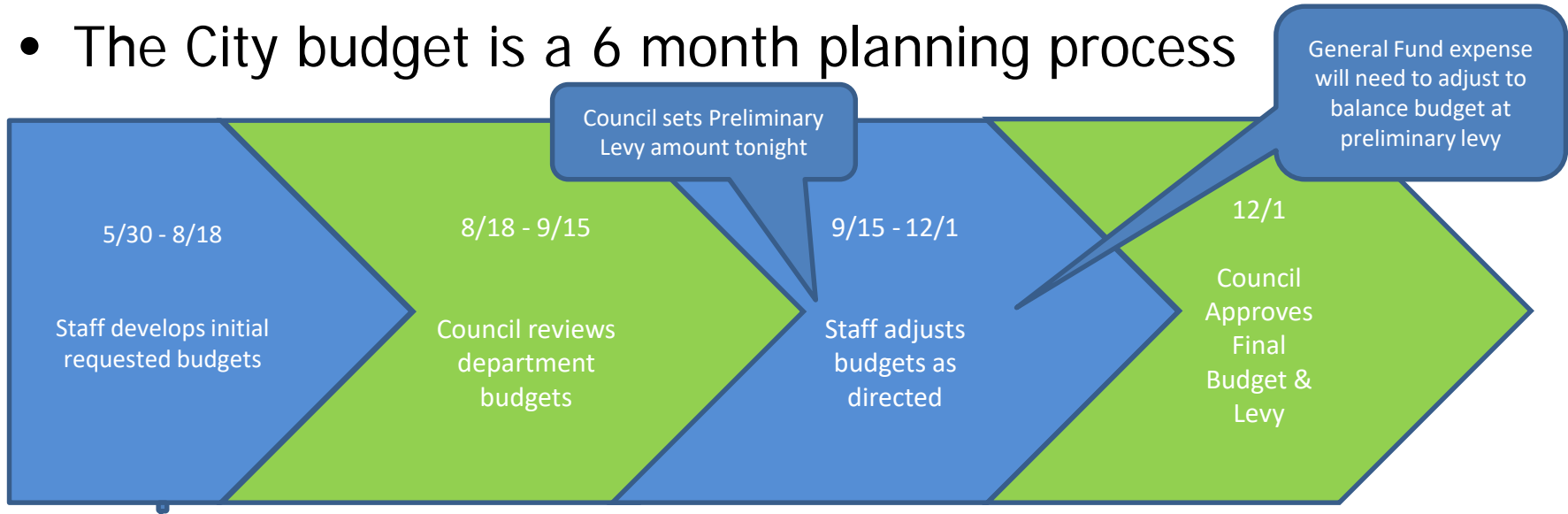


2020 Budget Worksession
For 2021 Levy & Budget
October 13th, 2020

10/8/20

Budget Timeline 2020

- The City budget is a 6 month planning process



- Key Dates in the planning process



Budget & Levy Scenarios

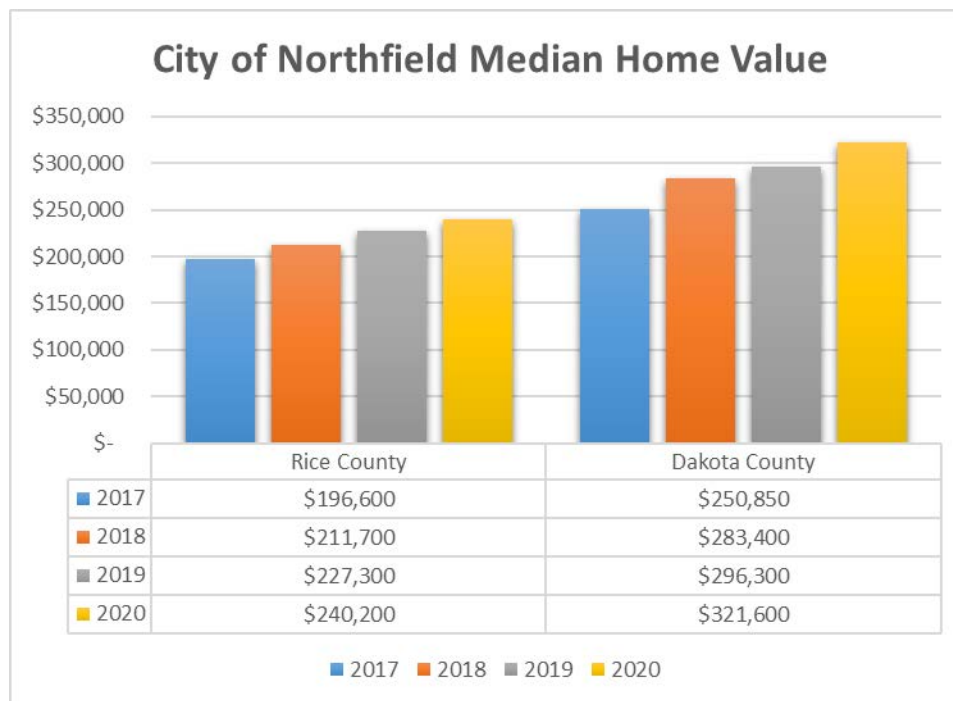
- Preliminary Levy set in September
 - 5.7% baseline – set as preliminary
 - 3.7% alternative
- Setting the Preliminary Levy set a maximum \$ amount
 - The Preliminary Levy will be reflected on tax statements in November
 - Final levy in December can go down, but cannot go up

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 6.0%
 - Approximately 15% of this increase is related to new development
 - Estimated Net Tax Capacity increase of 6.8%
 - An increase in net tax capacity helps offset the impact of an increase in the levy

Northfield Median Home Value

- In 2020, Median Home Values increased
 - 5.7% in Rice County (vs 7.4% increase in 2019)
 - 8.5% in Dakota County (vs 4.6% increase in 2019)



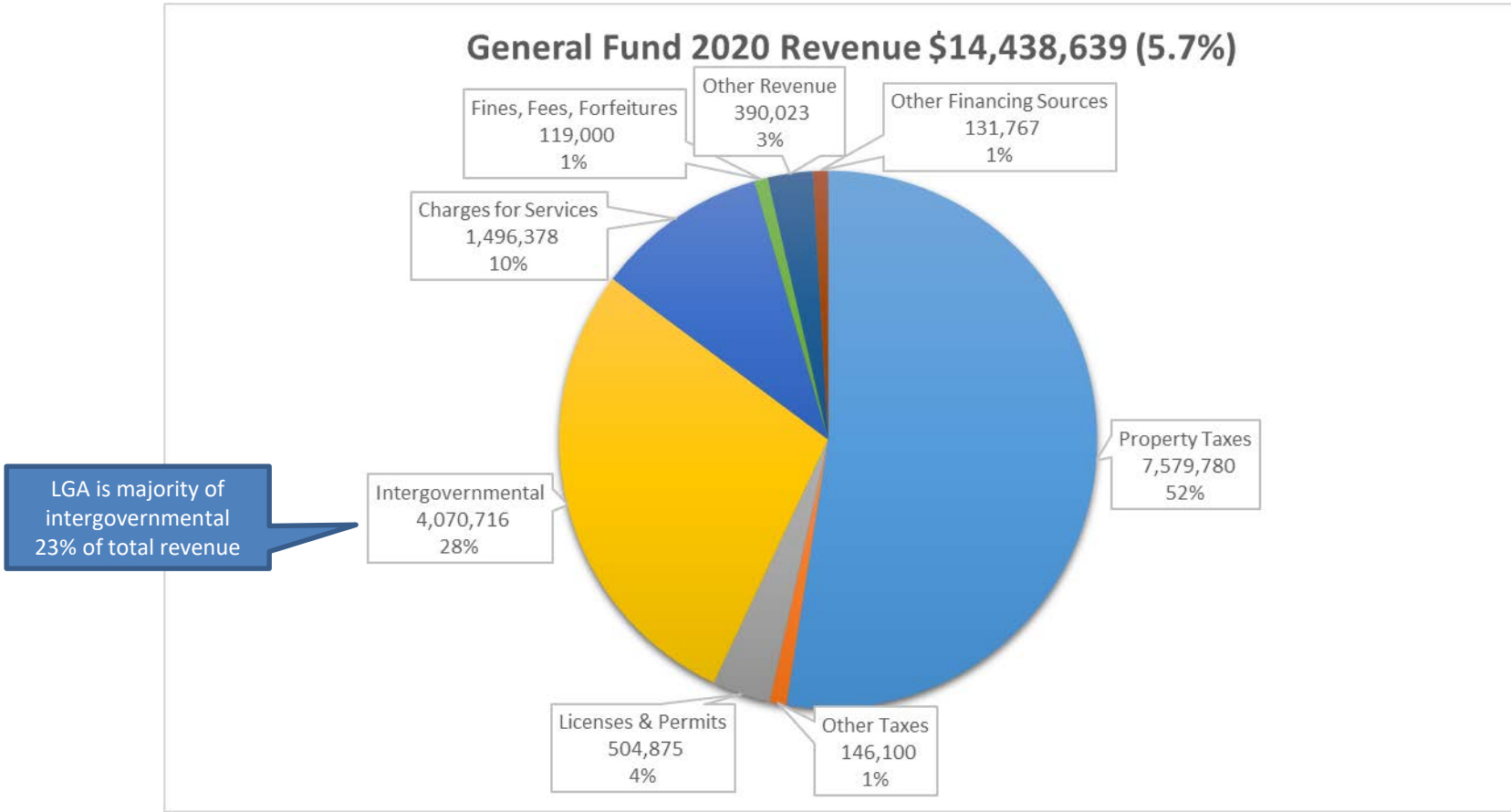
Property Tax Comparison

- Median Home Value Taxes compared to neighboring cities



General Fund Revenue

General Fund 2020 Revenue \$14,438,639 (5.7%)

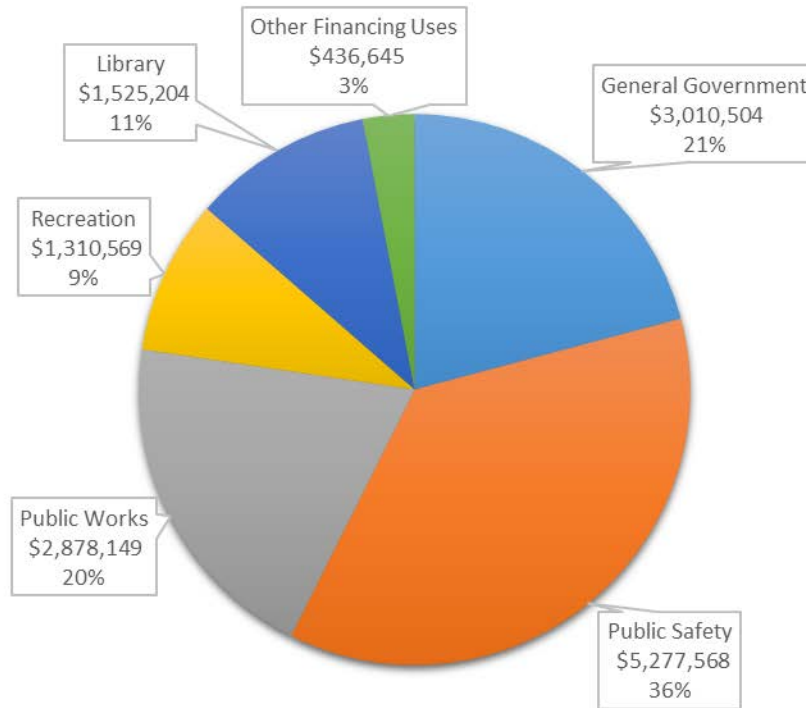


Notable General Fund Changes in original roll-up

- Revenue up 0.23%
 - Local Government Aid (LGA) certification increased \$75K
 - Will continue to monitor the State's economic forecasts for any potential reduction in LGA in December 2020 or 2021
 - Other revenue fairly flat
 - Fee schedule has not been updated recently, may be an opportunity
- Expenses up 1.9%
 - Personal Services increase, consistent with Pay 2017 Study
 - Elections decreased, 2021 is a non-election year
 - Included Finance Software upgrade, to begin 2020, implement 2021
 - Automated workflow becomes a necessity in COVID adaptation

General Fund Expense

General Fund 2020 Expenditures \$14,438,639 (5.7%)



City-wide Levy

City of Northfield Total Levy

	Actual 2018	Actual 2019	Actual 2020	5.30% Levy Preliminary 2021	\$ Change	% Change
For Operations						
General Fund	6,155,318	6,558,566	7,235,479	7,541,351	305,872	4.2%
NCRC Operations	189,472	189,472	189,472	195,156	5,684	3.0%
Park Fund (\$25K for Capital Lease payment)	94,500	94,500	97,335	100,255	2,920	3.0%
City Facilities Fund	42,000	42,000	43,260	44,558	1,298	3.0%
Vehicle & Equipment Replacement Fund	315,079	315,079	324,531	334,267	9,736	3.0%
Total Operations Levy	6,796,369	7,199,617	7,890,077	8,215,587	325,510	4.1%
For Other						
Abatement - Roof Repair			30,092	30,092	-	0.0%
COPS (debt) Police Facility	435,000	175,000	175,000	175,000	-	0.0%
	435,000	175,000	205,092	205,092	-	0.0%
For Bonded Debt						
2007A GO Improvement Bonds	10,500	-	-	-	-	
2015A GO Improvement Bonds (refund 2008B)	83,000	35,000	-	-	-	
2009A GO Improvement Bonds	56,000	35,000	5,000	-	(5,000)	-100.0%
2010A GO Improvement Bonds	151,000	151,000	152,000	-	(152,000)	-100.0%
2011A GO Improvement Bonds	57,000	50,000	55,000	50,000	(5,000)	-9.1%
2012A GO Improvement Bonds	48,000	57,000	55,000	50,000	(5,000)	-9.1%
2013A GO Improvement Bonds	75,000	75,000	75,000	75,000	-	0.0%
2014A GO Improvement Bonds	82,000	56,000	66,000	55,000	(11,000)	-16.7%
2015A GO Improvement Bonds	124,000	120,000	95,000	95,000	-	0.0%
2016C GO Improvement Bonds	58,000	58,000	58,000	58,000	-	0.0%
2017A GO Improvement Bonds	-	55,000	60,000	55,000	(5,000)	-8.3%
2018B GO Improvement Bonds	-	192,000	179,000	182,500	3,500	2.0%
2019A GO Improvement Bonds	-	-	227,008	214,000	(13,008)	-5.7%
2020A GO Improvement Bonds	-	-	-	400,321	400,321	
Subtotal	744,500	884,000	1,027,008	1,234,821	207,813	20.2%
Facilities Related						
2016 Equipment Certificates	133,000	136,000	133,000	133,000	-	0.0%
Public Project Revenue (Pool)	238,000	239,000	239,000	230,000	(9,000)	-3.8%
2012 Equipment Certificates	91,000	500	-	-	-	
2018A NAFRS	-	215,000	215,000	215,000	-	0.0%
Subtotal	462,000	590,500	587,000	578,000	(9,000)	-1.5%
Total Debt Levy	1,641,500	1,649,500	1,819,100	2,017,913	198,813	10.9%
Total General Levy	8,437,869	8,849,117	9,709,177	10,233,500	524,323	5.4%
EDA	\$ 239,680	\$ 251,664	\$ 262,486	\$ 272,985	\$ 10,499	4.0%
HRA	\$ 244,263	\$ 256,476	\$ 267,504	\$ 278,204	\$ 10,700	4.0%
Total City-Wide Levy	8,921,812	9,357,257	10,239,167	10,784,690	545,523	5.3%

Overall 5.3% increase in
City-wide Levy

General Fund
3.0% increase in Levy

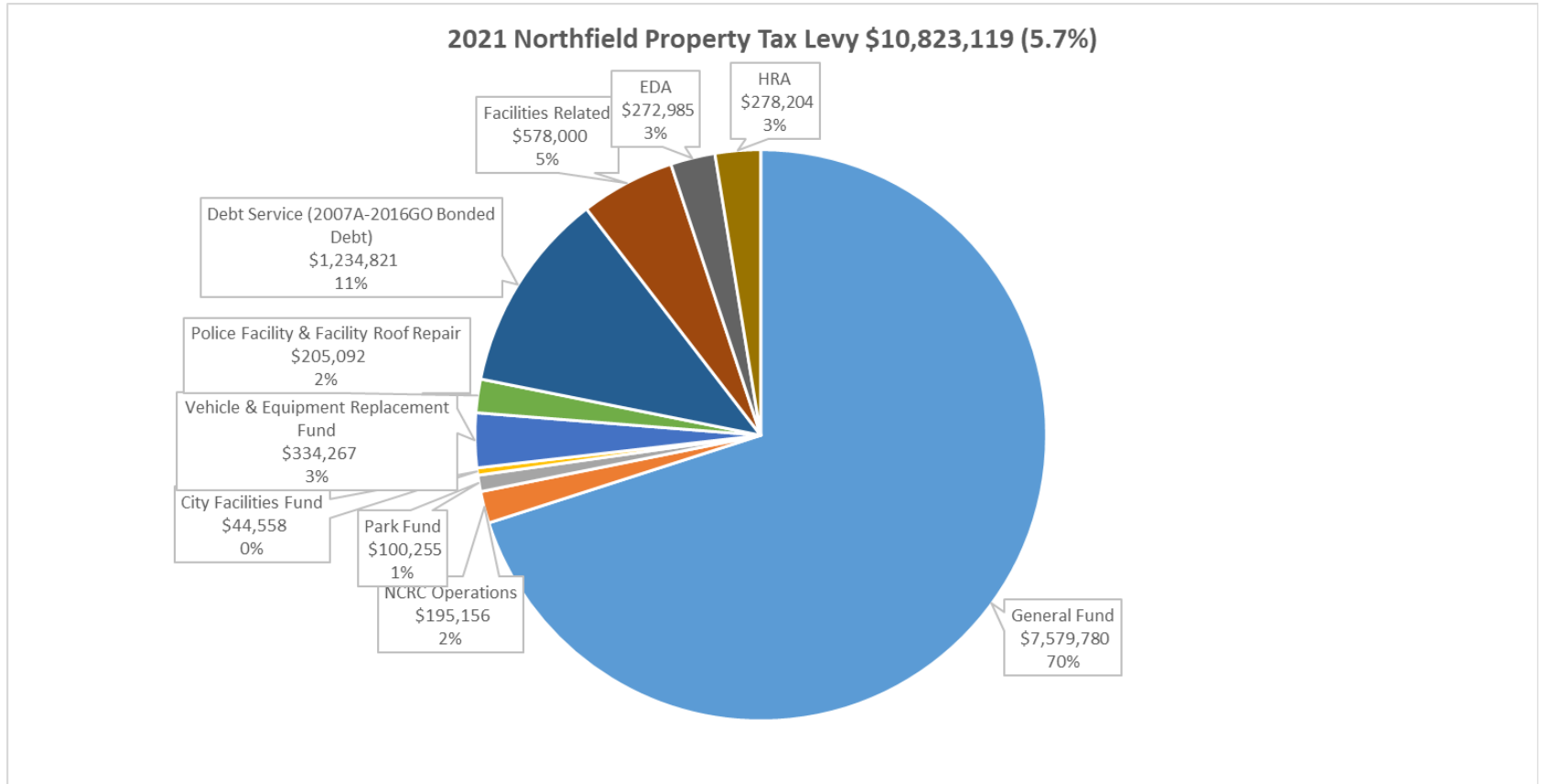
All Debt Service Funds
1.9% increase in Levy

EDA/HRA combined
0.2% increase in Levy

Other Funds combined
0.2% increase in Levy

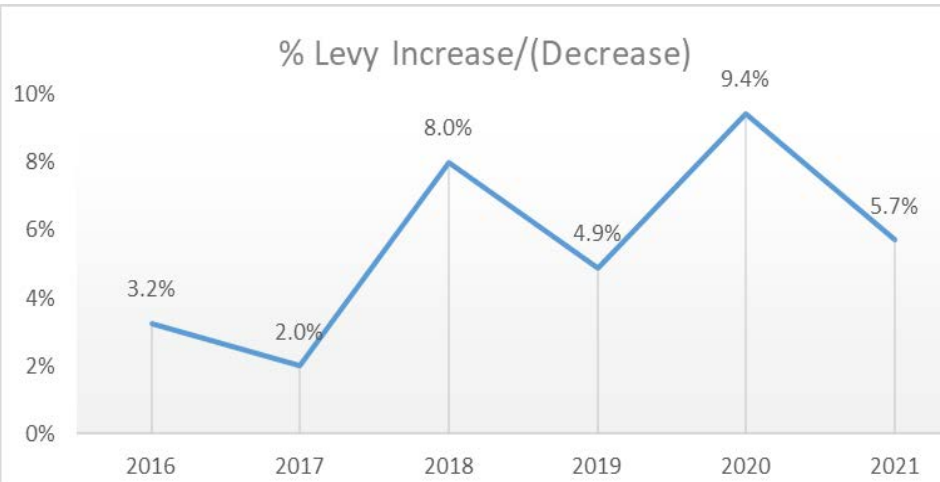
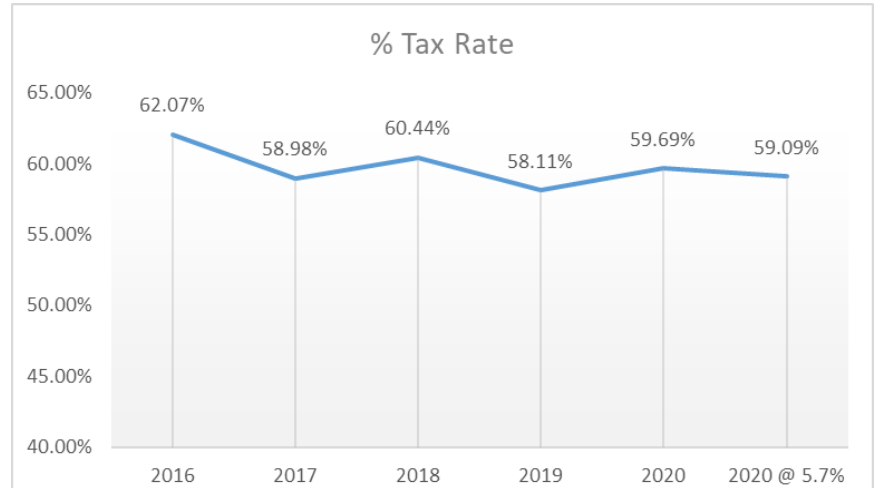
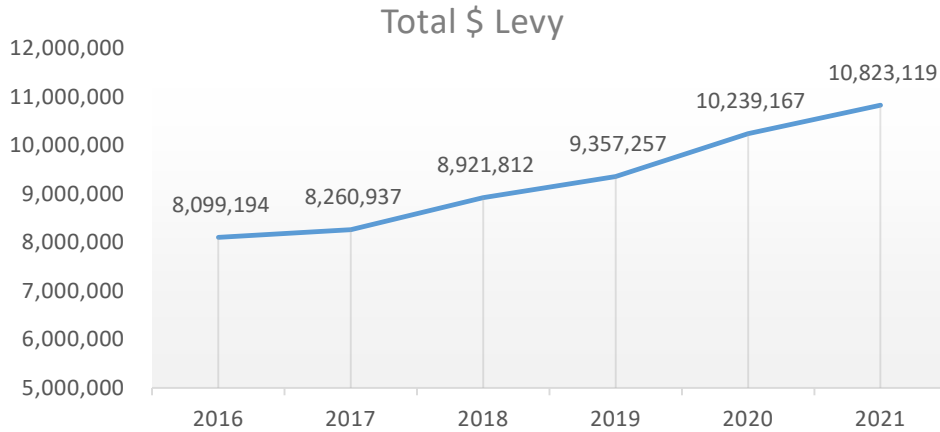
New Police
Expenditures - not
included in roll-up
0.4% increase in Levy

City-wide Levy



5.7% Levy increase

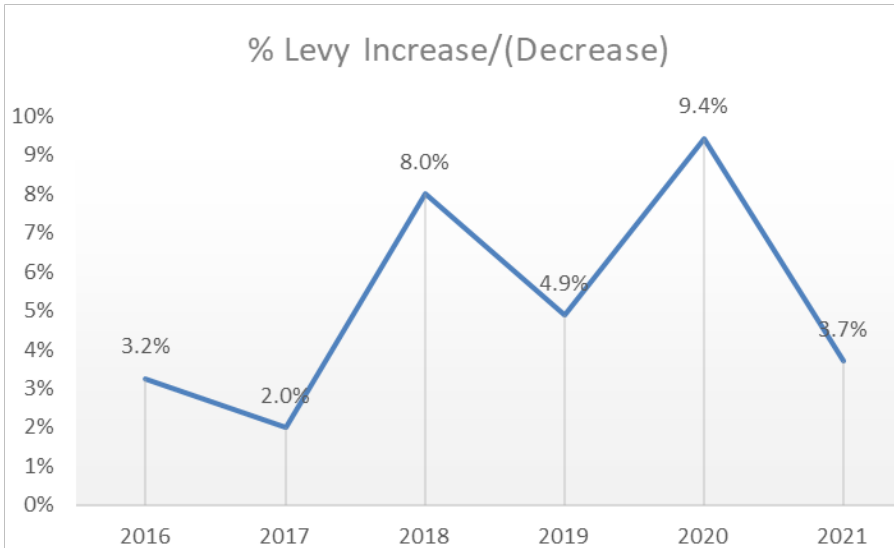
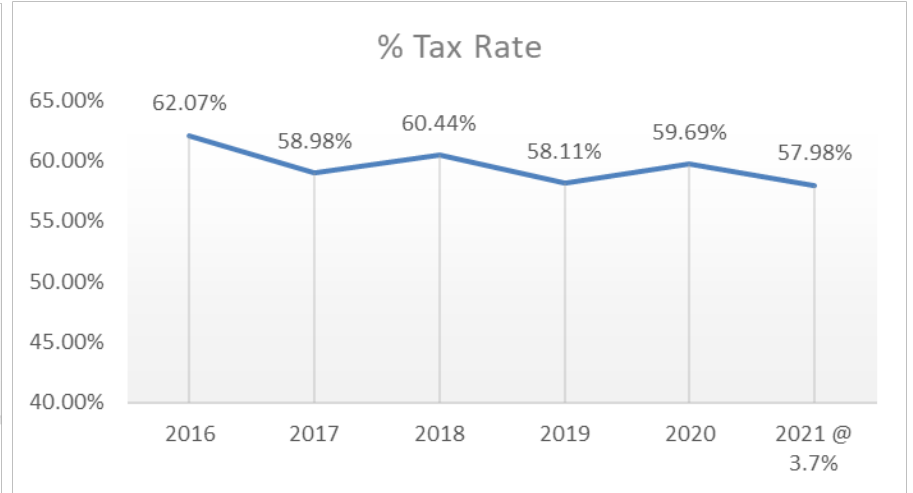
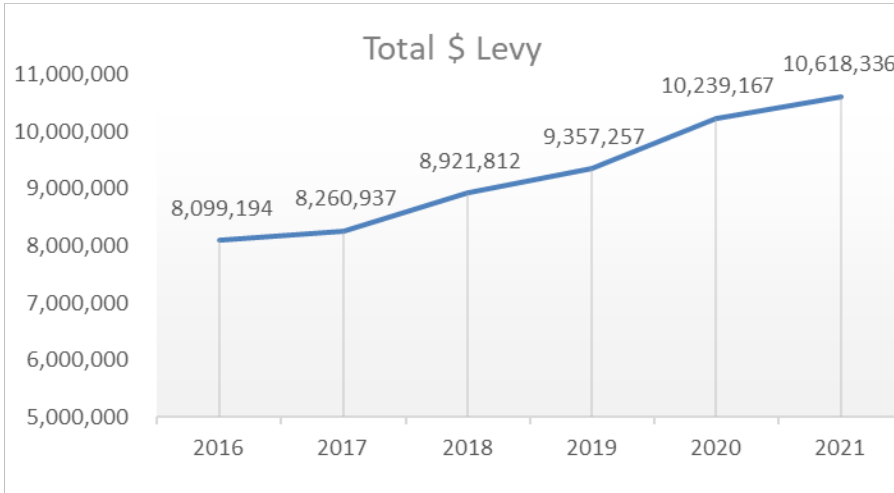
Note: The city tax rate decreases slightly with this option



Homestead Residential Property - City Tax only						
2020	2021	2020	2021	2021v2020		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$ 150,000	\$754	\$746	-\$8	-\$1	-1.0%
\$150,000	\$ 159,000	\$754	\$800	\$46	\$4	6.1%
\$175,000	\$ 175,000	\$916	\$907	-\$9	-\$1	-1.0%
\$175,000	\$ 185,500	\$916	\$969	\$53	\$4	5.8%
\$200,000	\$ 200,000	\$1,079	\$1,068	-\$11	-\$1	-1.0%
\$200,000	\$ 212,000	\$1,079	\$1,139	\$60	\$5	5.6%
\$250,000	\$ 250,000	\$1,405	\$1,390	-\$14	-\$1	-1.0%
\$250,000	\$ 265,000	\$1,405	\$1,479	\$75	\$6	5.3%
\$300,000	\$ 300,000	\$1,730	\$1,713	-\$17	-\$1	-1.0%
\$300,000	\$ 318,000	\$1,730	\$1,819	\$89	\$7	5.2%

3.7% Levy increase

Note: Tax Rate decreases 1.71 pts, a 2.9% decrease



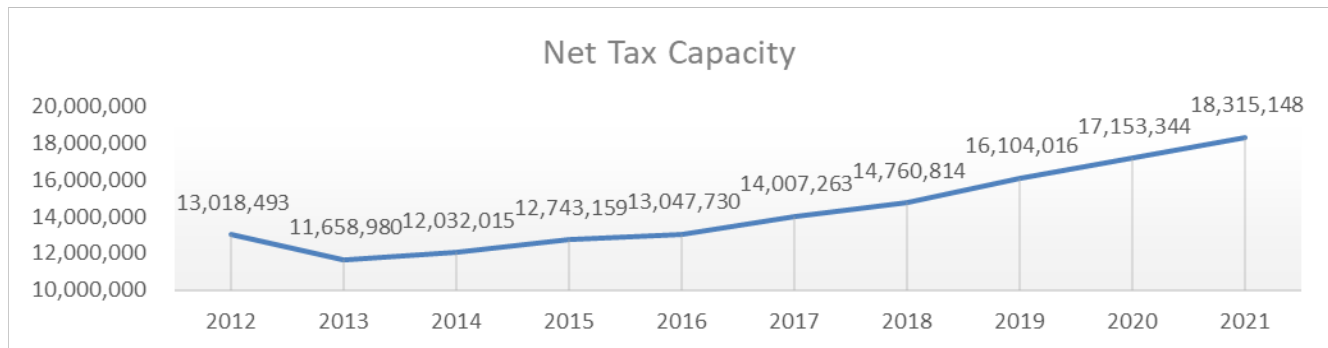
Homestead Residential Property - City Tax only						
2020	2021	2020	2021	2021v2020		
				Annual Change	Monthly Change	% Change
Value	Value	Tax Paid	Tax Paid			
\$150,000	\$ 150,000	\$754	\$732	-\$22	-\$2	-2.9%
\$150,000	\$ 159,000	\$754	\$784	\$31	\$3	4.0%
\$175,000	\$ 175,000	\$916	\$890	-\$26	-\$2	-2.9%
\$175,000	\$ 185,500	\$916	\$951	\$35	\$3	3.8%
\$200,000	\$ 200,000	\$1,079	\$1,048	-\$31	-\$3	-2.9%
\$200,000	\$ 212,000	\$1,079	\$1,118	\$39	\$3	3.6%
\$250,000	\$ 250,000	\$1,405	\$1,364	-\$40	-\$3	-2.9%
\$250,000	\$ 265,000	\$1,405	\$1,451	\$47	\$4	3.3%
\$300,000	\$ 300,000	\$1,730	\$1,680	-\$50	-\$4	-2.9%
\$300,000	\$ 318,000	\$1,730	\$1,784	\$55	\$5	3.2%

Historical View Levy/Tax Rate

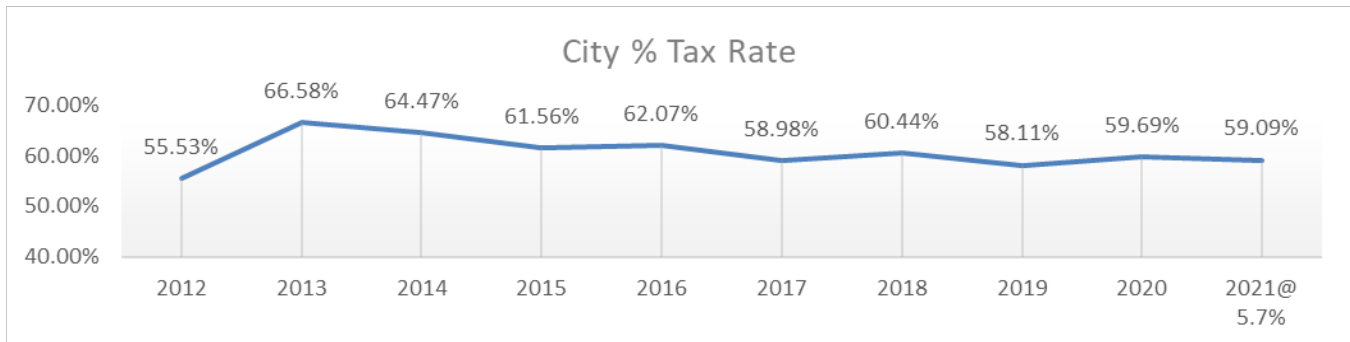
The City % Tax Rate =
Total \$ Levy/Net Tax
Capacity



Note in 2013 the Tax
Rate peaked as Net
Tax Capacity dropped



In 2021, proposed levy
increase of 5.7% is
partially offset by a net
tax capacity increase of
6.8%



City % Tax Rate
decrease from 59.69%
to 59.09%, rate is
benefiting from
increased NTC

Adjustments Required to get from 5.7% to 3.7%

- Accounting System Upgrade
 - Explore non-levy related funding sources, reduce levy
 - \$180K included in original budget – reduces levy 1.7%
 - \$100K CARES Act Funding received allocated to personnel cost
 - Necessary for business continuity, including pandemic
 - \$80K Utility Funds
- Project Coordinator position
 - Explore non-levy related funding sources, reduce levy
 - \$34K of total \$105K, not previously funded
 - Utility funds climate portion funded, reduces levy 0.3%
- Other adjustments
 - \$30K additional special election for Congressional District #2 – Feb 9,2021
 - \$6K savings personnel changes since original roll-up
 - Other partner entities funding, fireworks, etc.

Summary of Options not in base

- Project Coordinator Permanent Funding recommended, included in baseline budget for 2021 (partially funded in 2021 through McKnight Grant and timing of initial start Apr 2019)

2021-2022 Budget Requests

	Estimated Cost		% Levy Increase Required	
Staffing Related				
1 Police Evidence Technician (2022) - digital evidence	\$ 46,000.00	\$ 82,000.00	0.45%	0.80%
2 Street & Parks Horticulturist (2021)	\$ 85,000.00	\$ 85,000.00	0.83%	0.83%
3 Civil Engineer - partially General Fund funded (2021)	\$ 39,000.00	\$ 39,000.00	0.38%	0.38%
4 Increase NPB Station Manager Hours (2021)	\$ 7,800.00	\$ 31,500.00	0.08%	0.31%
5 Translator - Spanish (20 hours/week) (2021)	\$ 26,000.00	\$ 26,000.00	0.25%	0.25%
	\$ 203,800.00	\$ 263,500.00	1.99%	2.57%
Project Coordinator Permanent Funding (2022) Annual Impact				
	\$ 105,000.00	\$ 105,000.00	1.03%	1.03%
less McKnight Funding (received 2020 & 2021)	\$ (50,000.00)	\$ (50,000.00)		
less start date offset (April 2019-Mar 2021)	\$ (21,000.00)	\$ (21,000.00)		
6 Project Coordinator 2021 Impact (in base)	\$ 34,000.00	\$ 34,000.00	0.33%	0.33%

Summary of Options not in base

2021-2022 Budget Requests

One Time or Multi-Year Costs:

	Estimated Cost		% Levy Increase Required	
7 Police Mental Health Wellness Check-ins	\$ 2,750.00	\$ 2,750.00	0.03%	0.03%
8 Police Wellness Equipment	\$ 10,000.00	\$ 14,000.00	0.10%	0.14%
9 Police Policy Manual annual subscription	\$ 12,600.00	\$ 12,600.00	0.12%	0.12%
10 Police increase in training	\$ 7,000.00	\$ 7,000.00	0.07%	0.07%
11 Police body camera cloud storage for digital evidence	\$ 18,830.00	\$ 18,830.00	0.18%	0.18%
12 Riverfront Enhancement Action Plan/year (annual)	\$ 100,000.00	\$ 100,000.00	0.98%	0.98%
13 Climate Action Plan (\$20,000 included in base budget)	\$ -	\$ -	0.00%	0.00%
14 Climate Action Plan increase trees on city property	\$ 40,000.00	\$ 40,000.00	0.39%	0.39%
15 Climate Action Plan native plantings in city parks	\$ 10,000.00	\$ 10,000.00	0.10%	0.10%
16 Diversity Equity Inclusion Community Equity Work	\$ 20,000.00	\$ 20,000.00	0.20%	0.20%
17 Climate Action Plan UofM Resilient Communities Project	\$ 6,000.00	\$ 6,000.00	0.06%	0.06%
18 Climate Action Plan legal review/policy consultation	\$ 5,000.00	\$ 5,000.00	0.05%	0.05%
19 Emerald Ash Borer \$135K/year (10 years)	\$ 135,000.00	\$ 135,000.00	1.32%	1.32%
20 Comprehensive Plan Update (partial 2021/2022)	\$ 55,000.00	\$ 85,000.00	0.54%	0.83%
21 Age Friendly Funding (2021)	\$ 20,000.00	\$ 20,000.00	0.20%	0.20%
22 Employee benefits improvement/enhancement (tbd)			0.00%	0.00%
23 Part Time Staff Benefits (tbd annual)			0.00%	0.00%
24 Street Reconstruction Projects (College/Water) 2024	\$ 275,000.00	\$ 275,000.00	2.69%	2.69%
25 Potholes (one time update with overlays)	\$ 325,000.00	\$ 325,000.00	3.17%	3.17%
26 Vehicle & Equipment Bonding - Equipment Certificates (tbd)			0.00%	0.00%
27 Consulting Local Option Sales Tax projects & cost	\$ 75,000.00	\$ 75,000.00	0.73%	0.73%
Subtotal				
I	\$ 1,117,180.00	\$ 1,151,180.00	10.91%	11.24%

Policy Question

- Police Body Cams
 - Fund from Insurance Reserves, no impact to General Fund
 - \$59,555 estimated cost
 - \$1.0M Fund Balance
 - Implementation of body cams reduces liability exposure
 - (Any future Waste water issues – project closeout or from Waste water)

Policy Question

- Allocate CARES Act Funding (\$ spent on payroll) to Accounting System Upgrade
 - Will significantly improve ability to respond to business continuity in disruptive environment (pandemic)
 - Could have considered for CARES Act Funding initially, but will not be complete by deadline of November 15, 2020

Policy Question

- Include any items not in the base budget?
 - Prioritize list of potential items
 - Levy impact is included on attachment

Policy Question

- Other??
 - ??
 - ??

Potential Grants

Diversity, Equity, Inclusion

Community Equity Collaboration

- Partner with HCI, Northfield Schools and other community partners, focus on systems issues
- Funding Sources– Start with HCI Strive Together funds to develop work, seek additional funding from Bush Foundation- Community Innovation Grants (up to \$200,000), possible McKnight Foundation Vibrant & Equitable Communities (amounts vary) program to carry out longer term.
- 2021, TBD based on initial work with Strive Together
- Cost – project concept still in development ~ \$60,000 per year for coordinator through HCI

Diversity, Equity Inclusion

- SMIF – Inclusive and Equitable Communities Grant
 - October 26, 2020 application deadline
 - EDA application in progress
 - Possible application for Growing Local: Northfield Emerging Leaders Program
- Northfield Shares (Community Foundation)
 - Annual grant round in early fall.
 - Total grant round \$25,000 – last award to City was \$1,000 for Growing Local: Northfield Emerging Leaders program

Trees & Native Plants

What	Grant	Funder	When	Amount
Emerald Ash Borer Management Plan Implementation (~\$125,000/year based on 2017 plan)	EAB Community Forests Grant	MN DNR	Checking on next grant round	Up to \$100,000, 25% match (cash or in-kind)
	EAB Community Forest Response Tree Planting Grant	MN DNR	Checking on next grant round	~ \$30,000
Increase native plants/pollinator habitat	Lawns To Legumes	BWSR – Environment and Natural Resources Trust Fund/LCCMR	Possible 2021 grant round for public lands	Unknown
Climate Resilience/Increase tree planting	Environmental Assistance Climate Adaptation	MPCA	Checking on next grant round – Jan-March timeframe in 2020	~ \$50,000

Trees & Native Plants

What	Grant	Funder	When	Amount
Tree Planting	TD Green Space Grants	Arbor Day Foundation	Next round opens "soon"	\$20,000

Mobility/Transportation

- Safe Routes to Schools - MnDOT
 - Boost Grants
 - could fund a Walking School Bus project in collaboration with HCI and Northfield Schools
 - Up to \$35,000, no match required, non-infrastructure
 - Applications open Oct – early Jan, funds spent April – June
 - Local Coordinator Grant
 - Not open at this time, could fund part-time or full-time staff. Possible multiple school districts
 - Infrastructure Grant
 - Not open at this time – depends on Legislative appropriation of bond funds.
- Transportation Facilities
 - [Public Transit Facilities – Capital and Noncapital grants](#) (MnDOT) (2024-2025)

Mobility / Transportation

Greater Minnesota Transportation Alternatives

- <https://www.dot.state.mn.us/ta/>
- Open NOW – Letter of Intent by Oct 30, 2020
- Funding in FY 2025
- The Transportation Alternatives Solicitation is a competitive grant opportunity for local communities and regional agencies to fund projects for pedestrian and bicycle facilities, historic preservation, Safe Routes to School and more. Minnesota will be soliciting projects for approximately \$6.2 million in available grant funding across the state where the total is sub-targeted to the seven area transportation partnerships.

Other

Parks

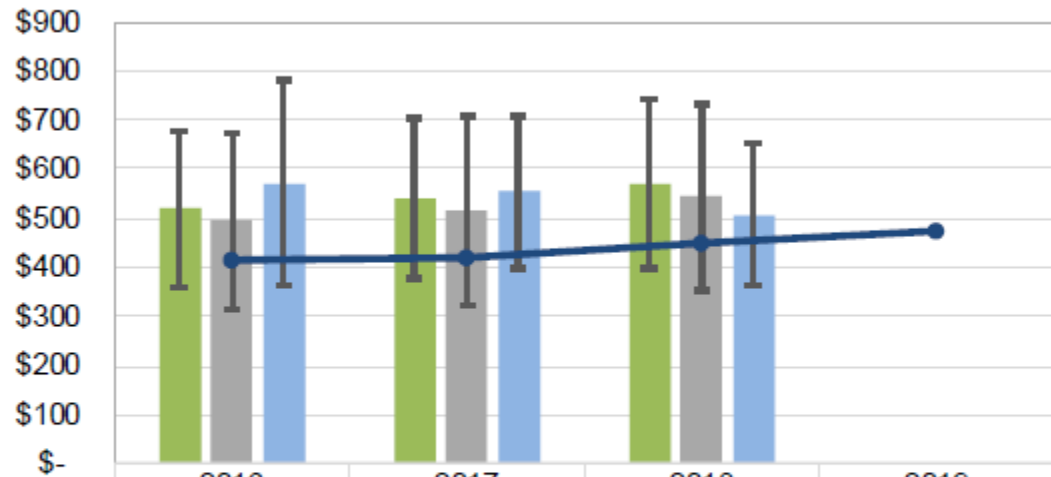
- MN DNR Outdoor Recreation Grant Program
 - Park acquisition and/or development/redevelopment including, internal park trails, picnic shelters, playgrounds, athletic facilities, boat accesses, fishing piers, swimming beaches and campgrounds.
 - Max \$250,000, up to 50% of project costs

Comparisons

Key Ratios – Peer Comparison

Northfield City Taxes Per Capita are lower than all compared groups

Taxes - Per Capita

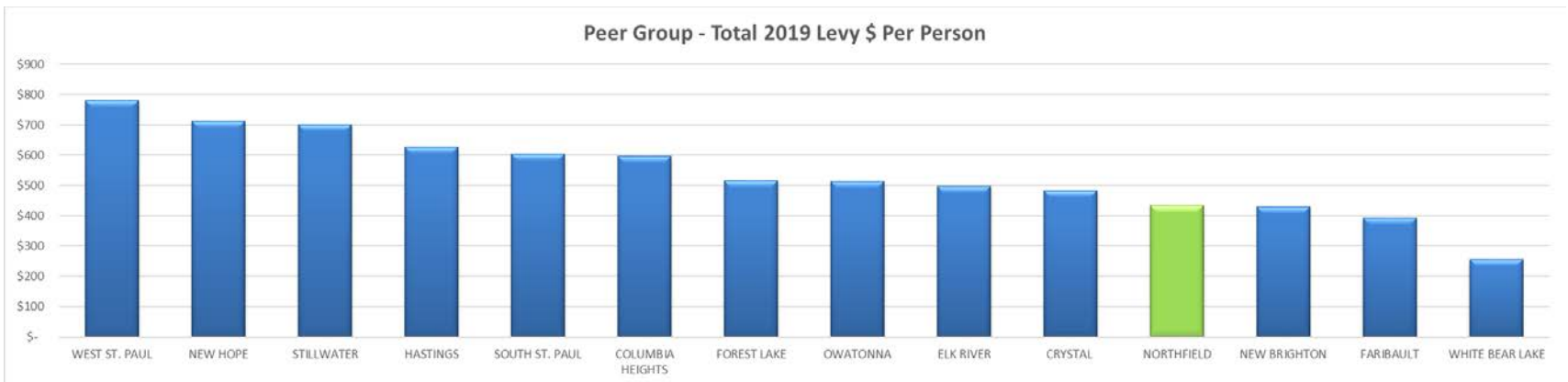
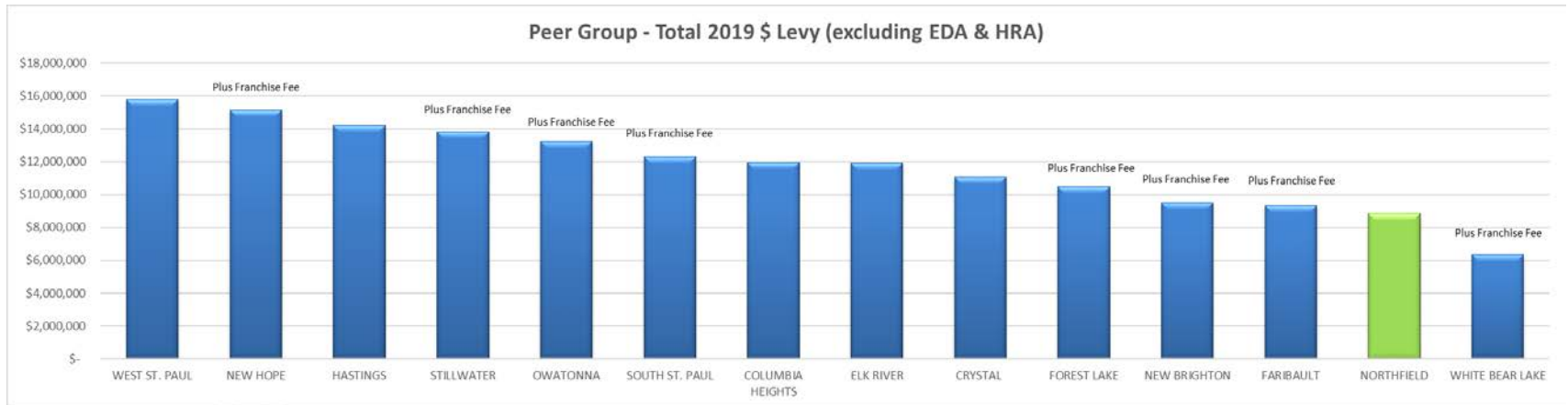


	2016	2017	2018	2019
Class 2 Cities (20,001 - 100,000)	\$519	\$542	\$569	N/A
Class 3 Cities (10,001 - 20,000)	\$495	\$516	\$543	N/A
Cities in Rice County	\$572	\$554	\$507	N/A
City of Northfield	\$414	\$419	\$450	\$476

Source: Abdo, Eick & Meyers, LLP Audit Presentation

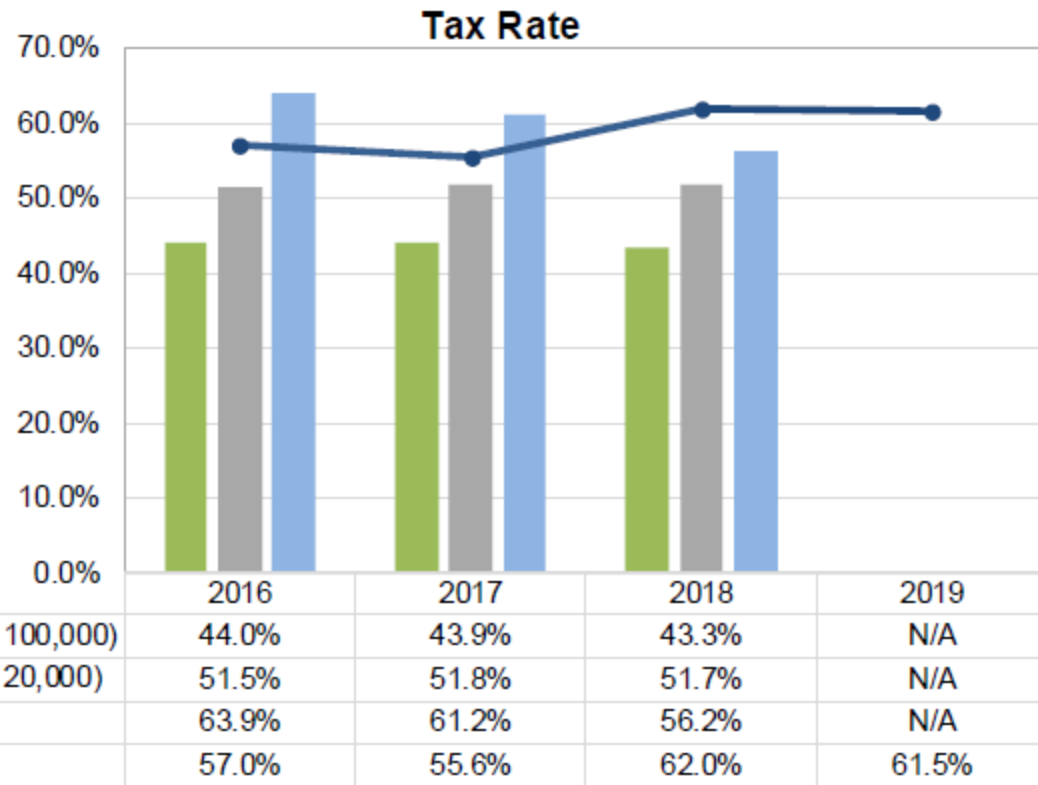
Key Ratios – Peer Comparison

- 8 of the 13 Peer Group Cities also have a Franchise Fee



Key Ratios – Peer Comparison

Northfield's Tax Rate is higher than the Rice county average and Class 2 & 3 Cities

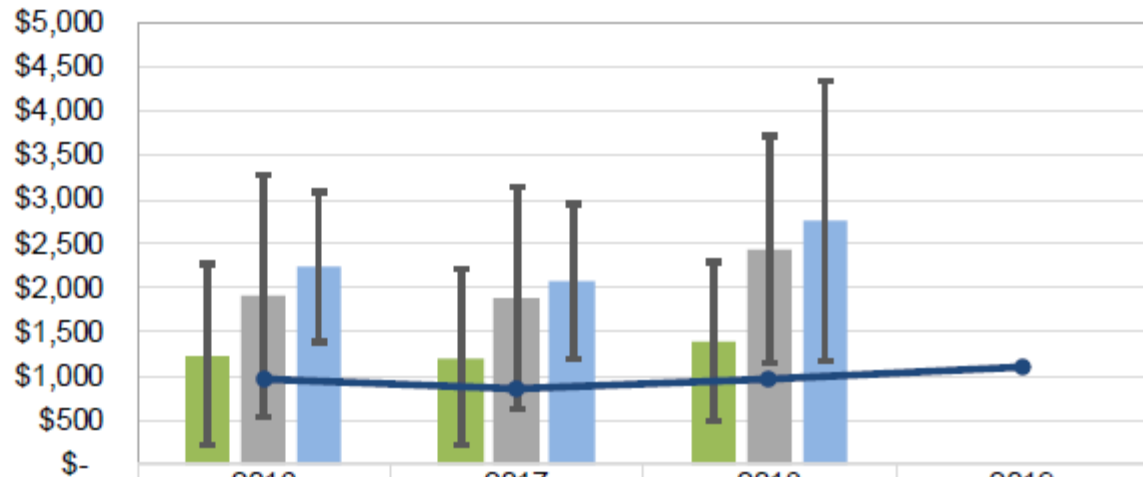


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield's debt per capita is lower than all compared groups

Long Term Debt - Per Capita



	2016	2017	2018	2019
Class 2 Cities (20,001 - 100,000)	\$1,233	\$1,208	\$1,391	N/A
Class 3 Cities (10,001 - 20,000)	\$1,915	\$1,890	\$2,437	N/A
Cities in Rice County	\$2,244	\$2,071	\$2,752	N/A
City of Northfield	\$972	\$848	\$960	\$1,112

Source: Abdo, Eick & Meyers, LLP Audit Presentation

Budget & Levy Schedule

October

- October 13th Budget Worksession – prioritize additional expense items

November

- November 10th Budget Worksession – review December presentation and determine recommendation for levy

December

- December 1st Public Hearing 6:00 p.m. on the 2021 Budget and Tax Levy
- December 1st approval of Levy and Budget