



## MEMORANDUM

DATE: December 4, 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 December 4, 2018 No.1.

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### Summary Report:

The following is an update on agenda items as supplemental background agenda information made available on Tuesday, December 4, 2018.

#### Item #6 – Public Hearing on the 2019 Budget & Tax Levy.

See attached public hearing updated presentation. Staff added slides 2 and 3 (vision and mission statement and strategic plan slide that had been in earlier versions) and also added slide 23 that illustrates levy impacts at the 4.9% increase level. Additionally, slide 22 was amended by being rounding the tax impact estimate to the nearest penny as the nearest dollar would have been the same from 22 and 23 if we had not modified.

City Administrator Martig and Finance Director Angelstad will present during the presentation.

#### Item #14 – Consider Ordinance for Proposed Charter Amendment to Section 3.8 Subd. 2.

A question was raised regarding the publication date of the public hearing notice for the amendment. Staff consulted with the City Attorney and his response is as follows:

This is correct in that the law has not changed related to the timeframes and that it appears this may have been 1 day short for notice purposes. Given that the newspaper only publishes once a week and that Council meetings are on Tuesdays, it would appear that the City has nonetheless made a good faith effort to comply with the statute. It also seems unlikely that the 1 day error would result in prejudice to the public to appear and/or to be heard upon the proposed Charter amendment. Also, redoing the notice would further compound the problem with complying with the other statutory timeframes. As a result, I recommend that the Council proceed under its current timeframe for consideration of this matter.



Public Hearing 2018 Budget & Tax Levy  
December 4<sup>th</sup>, 2018

# Agenda

City of Northfield

2019 Budget & Levy Public Hearing

**Tuesday, December 4, 2018 6:00 pm**

Council Chambers, 801 Washington St

1. Public Hearing on 2019 Budget and Levy
  - Staff Presentation
  - Public Comment
2. Adoption of 2018 Property Tax Levy/Budget

Alternative Action: Adoption at December 11, 2018 meeting

# Vision & Mission Statements

## **VISION**

Northfield is an open, safe and welcoming community, recognized for its world-class colleges and historic riverfront downtown, and is dedicated to sustainably enhancing and preserving its vibrant culture, celebrated arts, strong economy, and an excellent quality of life where all can thrive.

## **MISSION**

The City of Northfield works for the common good of our residents and businesses and the improvement of our community by providing excellent, innovative municipal services that carry out the City's vision for a high quality of life for all.

# Strategic Plan Summary 2018-2020

## STRATEGIC PLAN SUMMARY 2018-2020 City of Northfield

STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET	STRATEGIC INITIATIVES
ECONOMIC DEVELOPMENT  A Community That's Economically Thriving	Expanded commercial & industrial tax base	- Commercial EMV - Industrial EMV	- Commercial and industrial tax value increased \$ ____	a) Comprehensive redevelopment b) Business Expansion c) New growth expansion d) Develop tourism strategy e) Downtown revitalization f) Overfront enhancement
	Enhanced tourism	- Lodging and sales tax - Events attendance - Full factors	- Inc. ____ lodging tax - Inc. ____ sales tax non-NF - Inc. targeted full factors	
	Expanded downtown	Downtown sq. ft.	____ add'l sq. ft.	
AFFORDABLE HOUSING  A Community Where Everyone Can Afford to Live	Grow & maintain affordable housing	- Affordable units - Workforce units	____ total units by 2020	a) Coactive Court preservation b) Seniors rehabs prog. for income-eligible homeowners c) Senior removal strategy - off. hq. d) Develop senior housing plan e) Develop Southbridge property f) Workforce housing strategy
	More senior units	Senior unit inventory	____ new affordable senior units	
	Expanded supportive & emergency housing	Supportive & emergency hq. units	____ new units	
INFRASTRUCTURE  A Community Where Infrastructure Supports Its Objectives	Improved infrastructure systems	- System ancillators-PCL, breaks, backups, etc.	- Targeted improvements achieved each system	a) Coordinate Fire Station project b) Plan & develop new Liquor Store c) Coordinate decision process for Ice Arena d) Develop community internet strategy e) Update pavement mgt. system f) Create storm-water man. plan g) Update pedestrian/bike, parks & trails plan
	Resolution of major facility projects	- Project timelines each project	- Fire Station - 1/1/19 - Liquor Store - 1/1/18 - Arena, building - 6/1/18	
	Increased satisfaction with high-speed internet	Internet speed measurements	- 1/3 20% increase in citizen satisfaction with internet services	
DIVERSITY, EQUITY, INCLUSION  A Community that Welcomes Everyone	Increased transit options for all	- Existing routes - Surveys - Ridership	# ____ new routes for underserved ____ new rides created	a) Develop equitable service access strategy b) Develop and implement the Social Equity Action Plan c) Develop a recruitment plan for volunteers, board of commission members, interns d) Implement recruitment, hiring and retention plan for city staff positions
	Staff and volunteers reflect community	Staffing statistics	Income from ____ to ____ by 2020	
	Improved access to City services for all citizens/equal	- Surveys - Access statistics	- 1/3 75% of targeted access improvements met	
OPERATIONAL EFFECTIVENESS  A Community with a Government that Works	Adequate staff to meet demands	Staffing analyses	Approved targets met	a) Dev. operating effectiveness b) Eval comp. training programs c) Establish internal work plan d) Develop Council/Staff relationship trust-building process e) Community engagement plan f) Communication plan
	Improved respect/trust internal	Council/Staff survey	- 1/3 80% w/o improvement	
	Improved external communication	- Survey - Feedback mechanisms	- 1/3 75% of stakeholders say meets or exceeds	
CLIMATE CHANGE IMPACTS  A Community that's Resilient and Sustainable	A clear vision for climate action	CAI development timeline	Adopted CAI	a) Climate communication/outreach program b) Develop/clarity awareness survey c) Comprehensive stormwater plan d) Develop and implement Climate Action Plan
	An economy resilient to energy & environmental impacts	- Flood damage - Climate benchmarks	Move CAP targets	
	Reduced net carbon emissions	Carbon measurements	Carbon neutral city by ____	

Note: Specific Strategic Plan "Targets" will be developed in the Action Plan Phase.

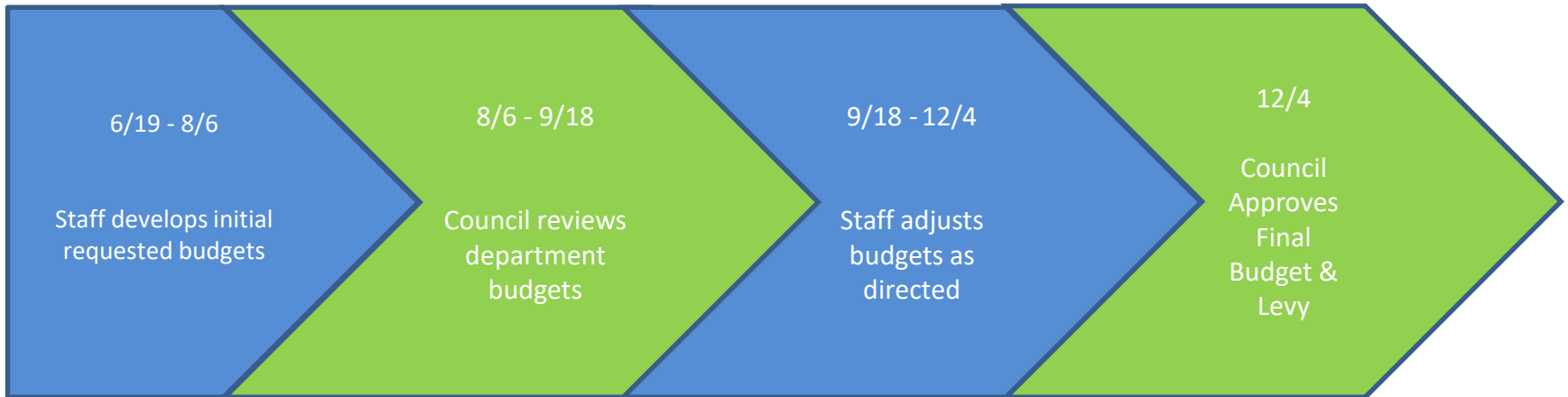
The plan consists of six **strategic priorities** the issues of greatest importance to the City over the next three years.

Associated with each priority is a set of **desired outcomes**, **key outcome indicators**, and **performance targets**, describing expected results and how the results will be measured.

The plan also includes strategic initiatives that will be undertaken to achieve the targeted outcomes.

# Budget Timeline

- The City budget is a 6 month planning process



- Key Dates in the planning process



# Property Tax Rate

- How is Property Tax Calculated?

$$\text{City Tax Rate} = \frac{\text{Total \$ City Levy}}{\text{Net Tax Capacity}}$$

$$\text{Individual Tax Bill} = \text{Parcel Tax Capacity} * \text{City Tax Rate}$$

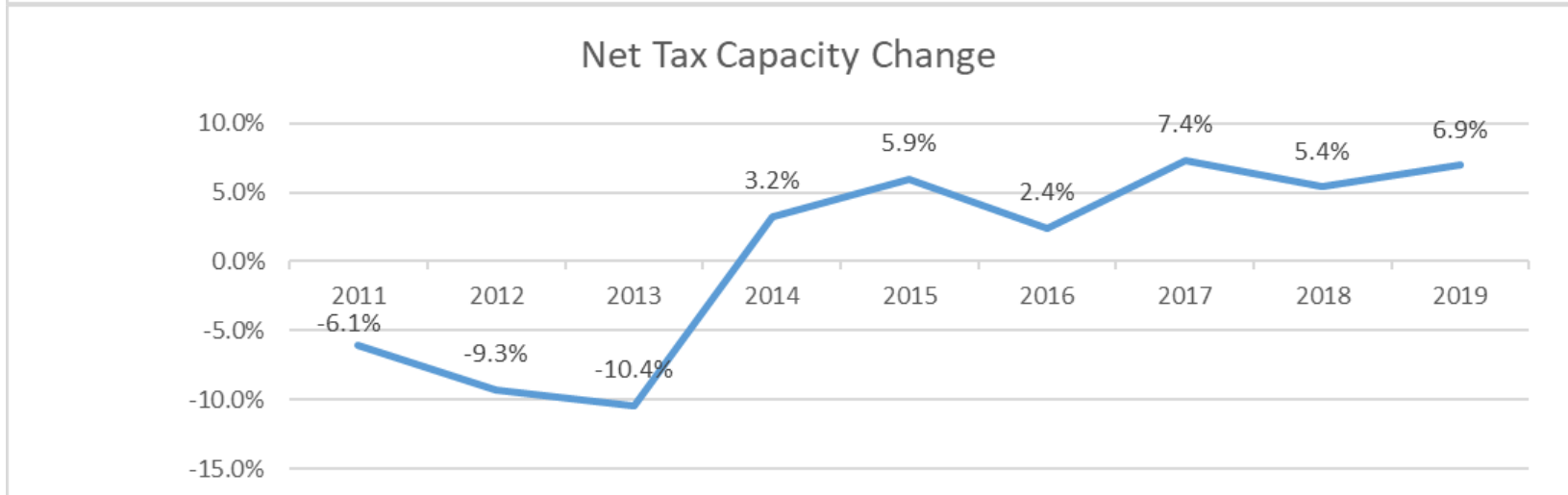
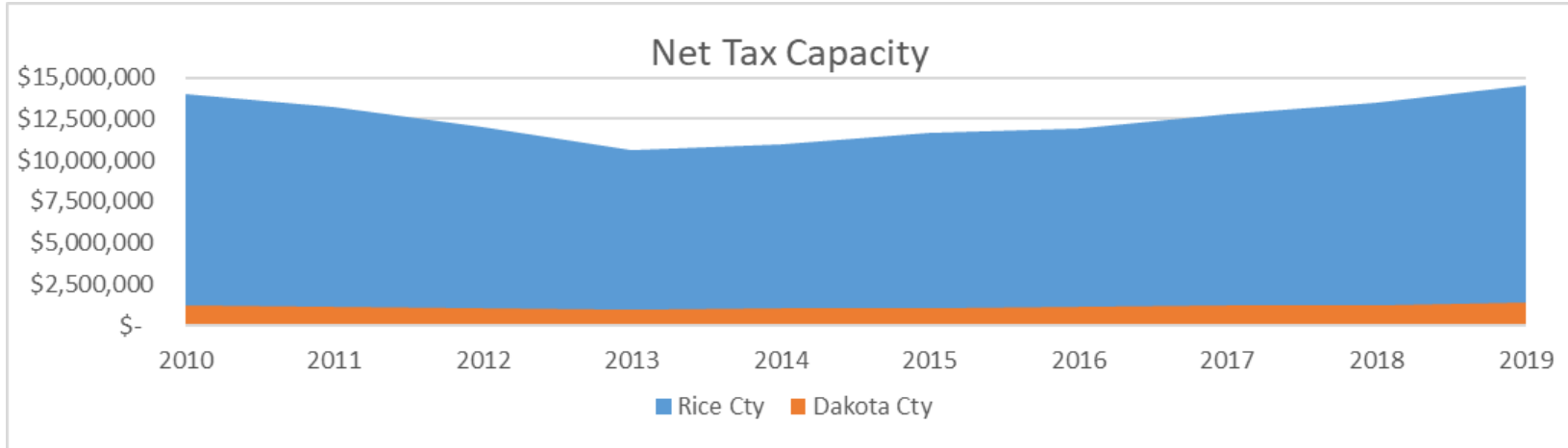
- Total \$ City Levy = City Budget – Non-Property Tax Revenue
- Tax Calculation with Residential Homestead Example:
  - Taxable Market Value = Estimated Market Value - Homestead exclusion
  - Parcel Tax Capacity = Taxable Market Value \* (1.0% of first \$500,000 + 1.25% of taxable market value > \$500,000)

# Estimated Market Value Changes

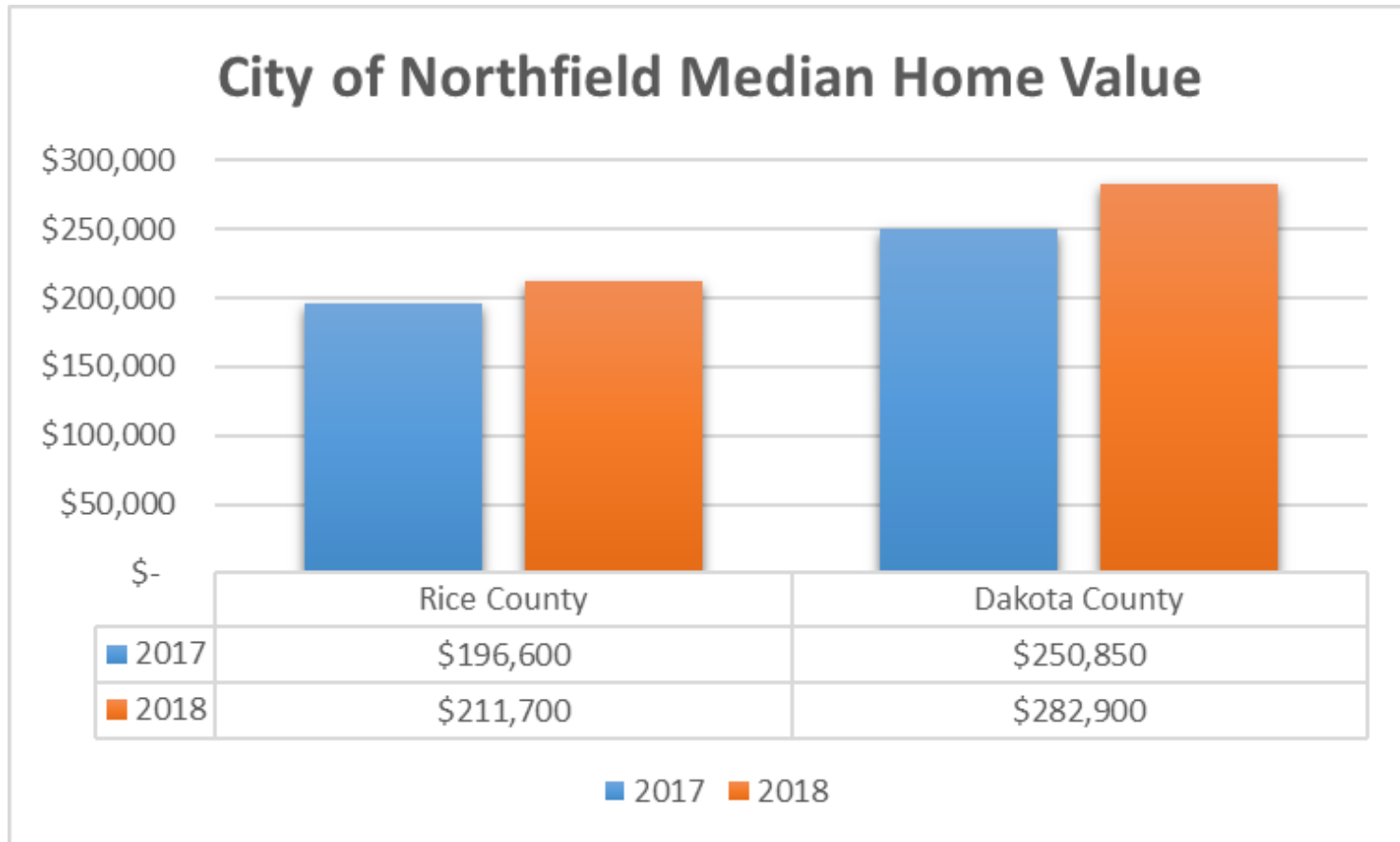
- Estimated Market Value (EMV) increased 6.4%
  - 2018 valuation payable in 2019 \$1,476,302,700
  - 2017 valuation payable in 2018 \$1,387,176,300
- Northfield includes properties in both Rice & Dakota County
  - Rice County EMV represents 91% of total and increased 6.3%
  - Dakota County EMV represents 9% of total and increased 7.7%
- Net Tax Capacity increased 6.9% (Estimated Market Value adjusted for homestead exclusion and class rate)
  - 2018 valuation payable in 2019 \$15,785,634
  - 2017 valuation payable in 2018 \$14,760,814



# Net Tax Capacity Trend

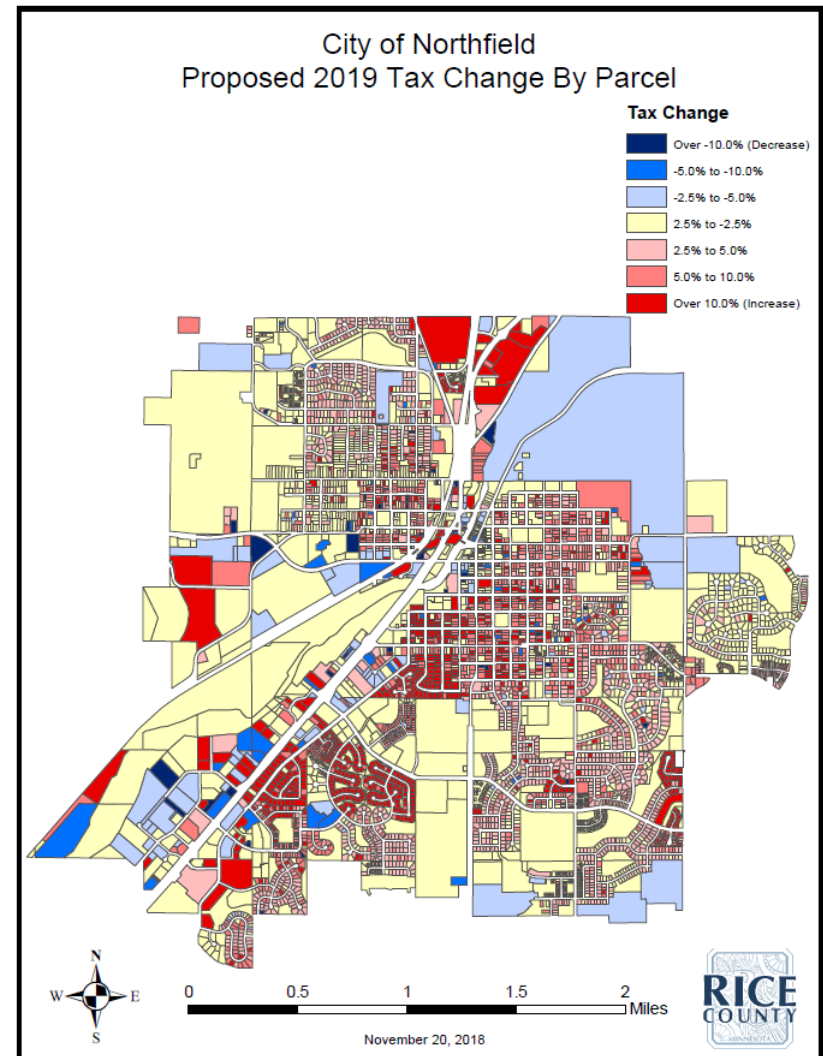


# City of Northfield Median Home Value



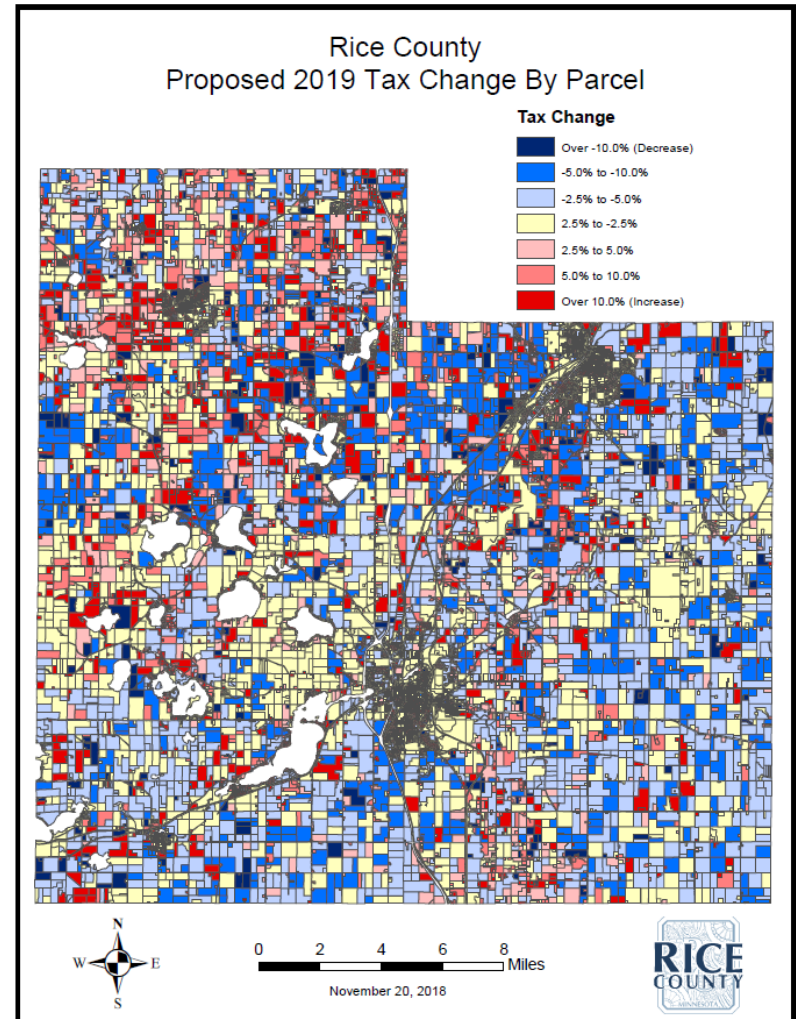
# Tax Change by Parcel Map

- 2019 Net Tax Capacity for Northfield increased 6.9%
  - Rice County increased 6.8%
  - Dakota County increased 8.3%
- Individual parcel tax changes vary according to the map
- Rice and Dakota County Auditors parcel specific notices have been sent



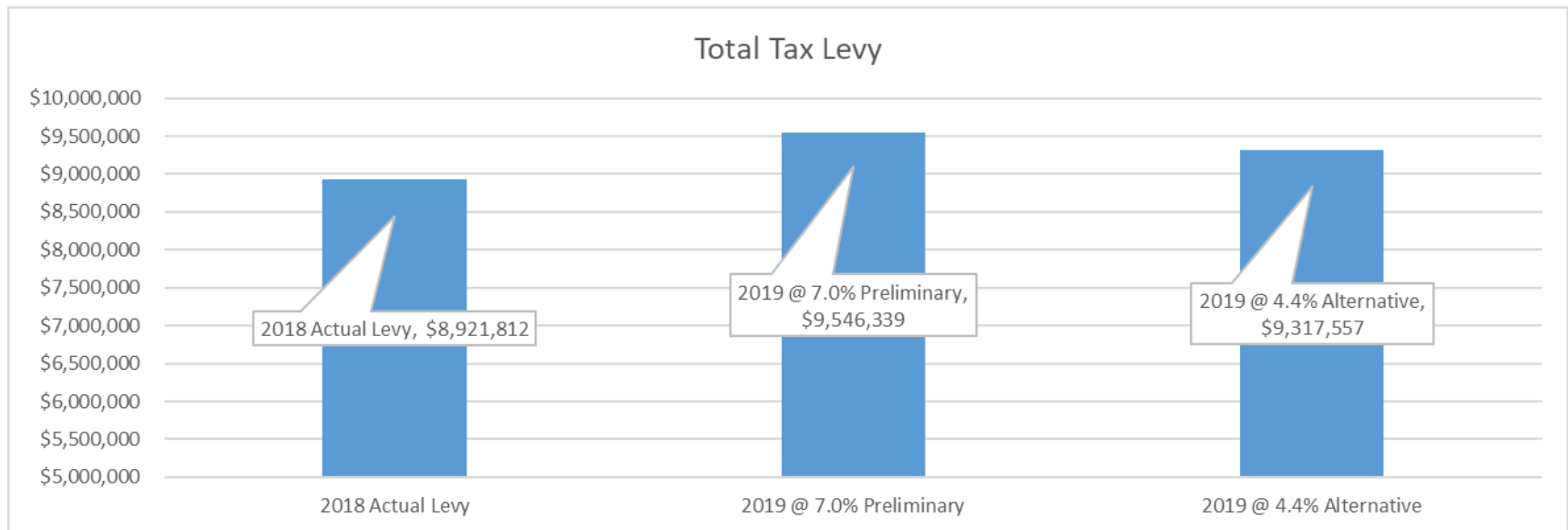
# Tax Change by Parcel Map

- 2019 Net Tax Capacity changes for Rice County
- Individual parcel tax changes vary according to the map
- Ag land valuations in general remained flat, however, saw decreases in taxes based on lower tax rates

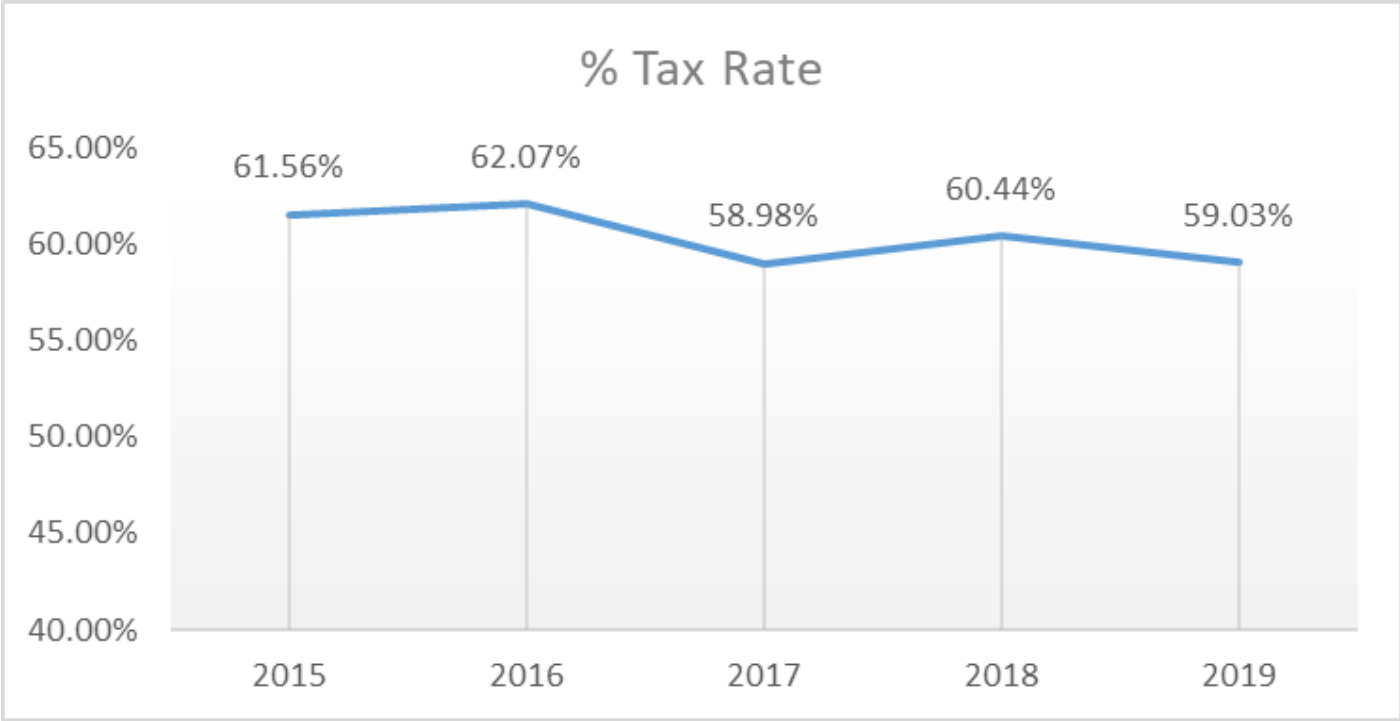


# Proposed Levy

- Certified 2018 Levy \$8,921,812
- Certified Preliminary 2019 Levy \$9,546,339, 7.0% increase
- Alternative 2019 Levy \$9,317,557, 4.4% increase
  - All future schedules use the 4.4% increase alternative



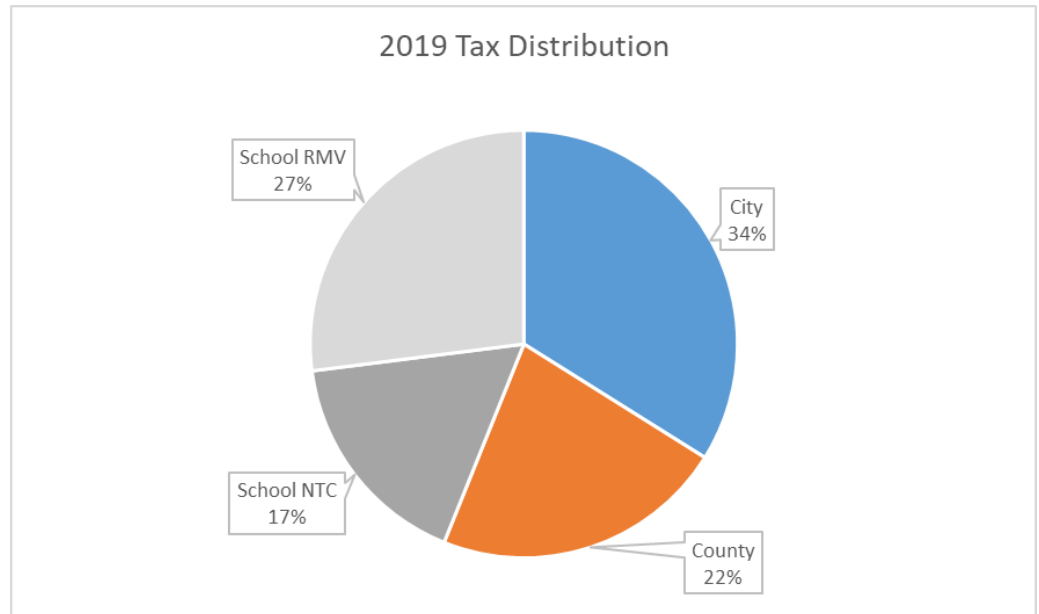
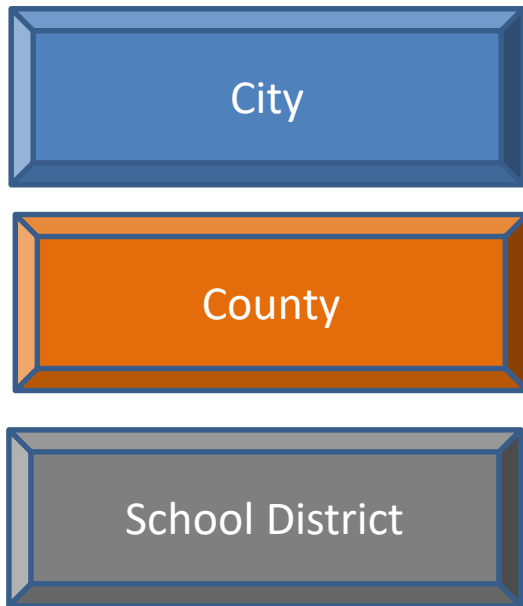
# City Tax Rate Trend



\* Combined Tax Rate for both Dakota and Rice Counties; 4.4% levy increase

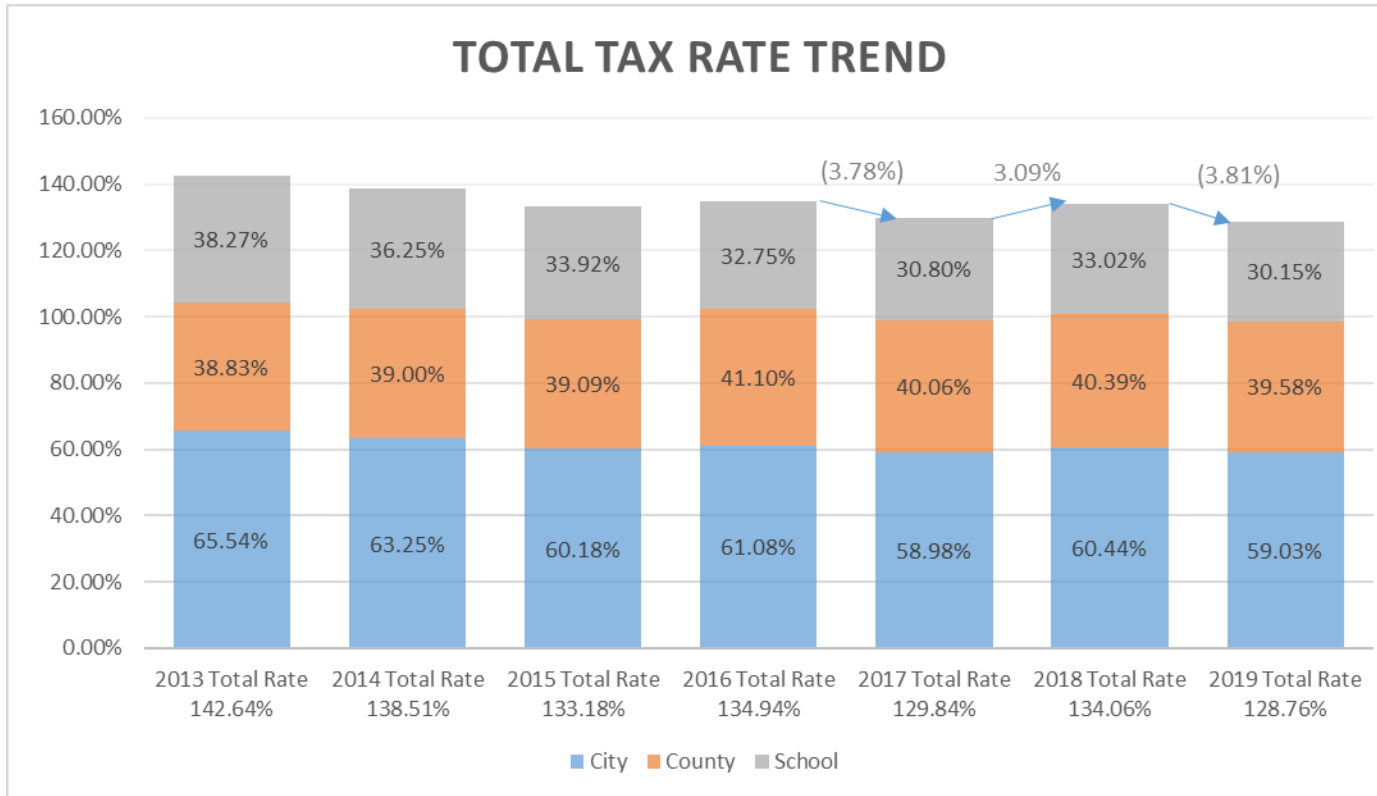
# Property Taxes

- Who levies property taxes?



- Percentages based on current Rice County example at median home value
- Net Tax Capacity (NTC) and Referendum Market Value (RMV)

# Total NTC Tax Rate Trend



- Tax Rate based on Net Tax Capacity (NTC), does not include the portion of school tax based on Referendum Market Value
- Source: Rice County Assessors Office



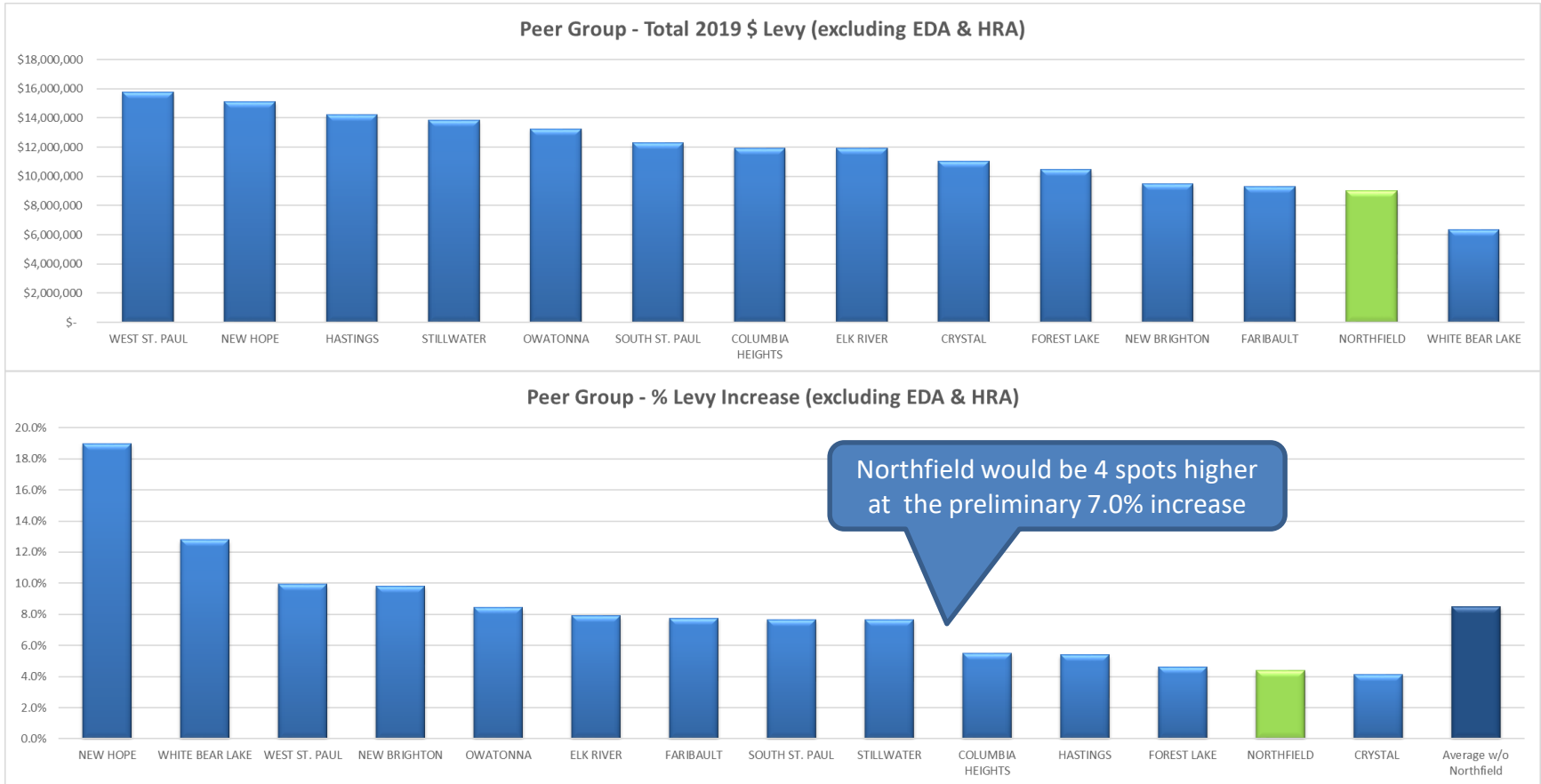
# Total Tax Rate Comparisons

- 2019 Rate comparison
  - Northfield 128.76%
- 2016 Rate comparison (most recent available data)
  - Average All MN Cities 125.06%
  - Region 10 (SE MN) 131.81%
  - Greater MN, 10,000-24,999 129.71%
  - Peer Group Comparable Cities (mean) 130.79%
  - Peer Group Comparable Cities (median) 132.29%

\* Peer Group Comparable Cities (Population range 19,754-25,782, average total tax range 106.91%-152.54%)

# Levy Comparison

- Northfield's Preliminary 2019 levy is lower than most peers



- Based on 2019 Preliminary Levy Data from Peer Group Cities, Northfield included at 4.4% levy increase

# Residential Total Tax Rate Impact

Assumes a 4.4% levy increase and no EMV increase

Homestead Residential Property									
Entity		2016		2017		2018		2019	
		Tax Rate	Tax Paid	Tax Rate	Tax Paid	Tax Rate	Tax Paid	Tax Rate	Tax Paid
County	\$ 150,000	41.101%	\$ 519	40.059%	\$ 506	40.388%	\$ 510	39.580%	\$ 500
City	\$ 150,000	61.083%	\$ 771	58.975%	\$ 745	60.443%	\$ 763	59.026%	\$ 745
School	\$ 150,000	32.753%	\$ 955	30.803%	\$ 903	33.023%	\$ 1,080	30.148%	\$ 1,043
<b>Total</b>	<b>\$ 150,000</b>	<b>134.937%</b>	<b>\$ 2,245</b>	<b>129.837%</b>	<b>\$ 2,154</b>	<b>133.854%</b>	<b>\$ 2,353</b>	<b>128.754%</b>	<b>\$ 2,288</b>
County	\$ 175,000	41.101%	\$ 631	40.059%	\$ 615	40.388%	\$ 620	39.580%	\$ 608
City	\$ 175,000	61.083%	\$ 938	58.975%	\$ 905	60.443%	\$ 928	59.026%	\$ 906
School	\$ 175,000	32.753%	\$ 1,134	30.803%	\$ 1,073	33.023%	\$ 1,280	30.148%	\$ 1,235
<b>Total</b>	<b>\$ 175,000</b>	<b>134.937%</b>	<b>\$ 2,703</b>	<b>129.837%</b>	<b>\$ 2,593</b>	<b>133.854%</b>	<b>\$ 2,828</b>	<b>128.754%</b>	<b>\$ 2,749</b>
County	\$ 200,000	41.101%	\$ 743	40.059%	\$ 724	40.388%	\$ 730	39.580%	\$ 716
City	\$ 200,000	61.083%	\$ 1,104	58.975%	\$ 1,066	60.443%	\$ 1,093	59.026%	\$ 1,067
School	\$ 200,000	32.753%	\$ 1,314	30.803%	\$ 1,242	33.023%	\$ 1,481	30.148%	\$ 1,428
<b>Total</b>	<b>\$ 200,000</b>	<b>134.937%</b>	<b>\$ 3,161</b>	<b>129.837%</b>	<b>\$ 3,033</b>	<b>133.854%</b>	<b>\$ 3,304</b>	<b>128.754%</b>	<b>\$ 3,211</b>
County	\$ 250,000	41.101%	\$ 967	40.059%	\$ 943	40.388%	\$ 950	39.580%	\$ 931
City	\$ 250,000	61.083%	\$ 1,437	58.975%	\$ 1,388	60.443%	\$ 1,422	59.026%	\$ 1,389
School	\$ 250,000	32.753%	\$ 1,673	30.803%	\$ 1,582	33.023%	\$ 1,881	30.148%	\$ 1,813
<b>Total</b>	<b>\$ 250,000</b>	<b>134.937%</b>	<b>\$ 4,077</b>	<b>129.837%</b>	<b>\$ 3,912</b>	<b>133.854%</b>	<b>\$ 4,254</b>	<b>128.754%</b>	<b>\$ 4,133</b>
County	\$ 300,000	41.101%	\$ 1,191	40.059%	\$ 1,161	40.388%	\$ 1,170	39.580%	\$ 1,147
City	\$ 300,000	61.083%	\$ 1,770	58.975%	\$ 1,709	60.443%	\$ 1,752	59.026%	\$ 1,711
School	\$ 300,000	32.753%	\$ 2,031	30.803%	\$ 1,921	33.023%	\$ 2,282	30.148%	\$ 2,198
<b>Total</b>	<b>\$ 300,000</b>	<b>134.937%</b>	<b>\$ 4,993</b>	<b>129.837%</b>	<b>\$ 4,791</b>	<b>133.854%</b>	<b>\$ 5,204</b>	<b>128.754%</b>	<b>\$ 5,056</b>

City portion is a decrease of (\$18)/year, (2.3%)

City portion is a decrease of (\$26)/year, (2.3%) or (\$2)/month

City portion is a decrease of (\$41)/year, (2.3%)

Impact analysis based on Rice County rates  
 Tax rate shown is of Net Tax Capacity (NTC)  
 School Tax Paid includes taxes on referendum market value

# Residential Total Tax Rate Impact

- 2019 vs 2018 Total Tax Rate comparison
  - Scenario of Estimated Market Value increasing 6.4%
    - 6.4% average increase for Northfield
  - Total tax change impact is approximately (2.8%)
  - Remaining increase is due to valuation changes

Homestead Residential Property					
2018	2019	2018	2019	19v18	
Value	Value	Tax Paid	Tax Paid	Change	% Change
\$ 150,000	\$ 150,000	\$ 2,353	\$ 2,288	\$ (65)	-2.76%
\$ 150,000	\$ 159,600	\$ 2,353	\$ 2,465	\$ 111	4.74%
\$ 175,000	\$ 175,000	\$ 2,828	\$ 2,749	\$ (79)	-2.79%
\$ 175,000	\$ 186,200	\$ 2,828	\$ 2,955	\$ 128	4.52%
\$ 200,000	\$ 200,000	\$ 3,304	\$ 3,211	\$ (93)	-2.81%
\$ 200,000	\$ 212,800	\$ 3,304	\$ 3,446	\$ 143	4.32%
\$ 250,000	\$ 250,000	\$ 4,254	\$ 4,133	\$ (121)	-2.84%
\$ 250,000	\$ 266,000	\$ 4,254	\$ 4,428	\$ 174	4.09%
\$ 300,000	\$ 300,000	\$ 5,204	\$ 5,056	\$ (149)	-2.86%
\$ 300,000	\$ 319,200	\$ 5,204	\$ 5,409	\$ 205	3.94%


(2.81%) (\$93) Tax Change Impact

7.13% \$236 Valuation Impact

4.32% \$143 Total Impact or  
\$12/month increase,  
City portion only is an increase of  
\$4.5/month

# Residential Total Tax Rate Impact

- \$211,700 Estimated Market Value 2018 – Residential Homestead, with a 5.6% Market Value Increase
- \$144 Total Tax increase, a 4.4% increase
  - \$72 City Tax increase, 7.0%
  - TNT Statements show the preliminary 7.0% levy increase
- Note: The school district's voter approved property tax for 2019 may be higher than the proposed amount shown on this notice based on the recently approved referendum.



RICE COUNTY  
PROPERTY TAX & ELECTIONS  
320 Third Street NW  
Faribault, MN 55021  
(507) 332-6104  
www.co.rice.mn.us

PROPOSED TAXES 2019

THIS IS NOT A BILL. DO NOT PAY.  
VALUES AND CLASSIFICATION

	Taxes Payable Year	2018	2019
<b>Step 1</b>	Estimated Market Value	200,400	211,700
	Homestead Exclusion	19,200	18,200
	Taxable Market Value	181,200	193,500
	Property Classification	Res Hstd	Res Hstd

Residential Homestead  
with 5.6% Market  
Value Increase  
Example

PROPOSED TAX	
<b>Step 2</b>	Property Taxes before credits
	3,454.00
	School building bond credit
	0.00
	Agricultural market value credit
	0.00
	Other Credits
	0.00
	Property Taxes after credits
	3,454.00

**Step 3** **PROPERTY TAX STATEMENT**  
Coming in March 2019

The time to provide feedback on  
PROPOSED LEVIES IS NOW

It is too late to appeal your value without going to Tax Court.

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Actual 2018	Proposed 2019	Meeting Information
RICE COUNTY 320 3RD ST NW FARIBAULT MN 55021 Tel.: 507-332-6104	728.94	761.68	Thursday, Dec 6th, 2018, 7:00 pm Rice County Gvt Serv Building Board Room 320 Third Street NW Faribault, MN 55021
CITY OF NORTHFIELD 801 WASHINGTON ST NORTHFIELD MN 55057 Tel.: 507-645-8833	1,035.81	1,107.91	Tuesday, Dec 4th, 2018, 6:00 pm City Council Chambers 801 Washington Street Northfield, MN 55057
<b>State General Tax</b>	0.00	0.00	<b>NO MEETING REQUIRED</b>
SD 0659 NORTHFIELD 1400 DIVISION ST S NORTHFIELD MN 55057 Tel.: 507-663-0620	Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school districts voter approved property tax for 2019 may be higher than the proposed amount shown on this notice.		Monday, Dec 10th, 2018, 7:00 pm Northfield High School Media Center 1400 Division Street S Northfield, MN 55057
	Voter Approved 1,043.39	1,078.07	
	Other 440.21	439.86	
<b>Special Taxing Districts</b>	61.65	66.48	
<b>Tax Increment Tax</b>	0.00	0.00	<b>NO MEETING REQUIRED</b>
<b>Fiscal Disparity Tax</b>	0.00	0.00	<b>NO MEETING REQUIRED</b>
<b>TOTAL Excluding Special Assessments</b>	<b>\$ 3,310.00</b>	<b>\$ 3,454.00</b>	<b>4.4%</b>

IMPORTANT INFORMATION IS PRINTED ON THE BACK OF THIS FORM.

# Commercial Total Tax Rate Impact

- 2019 vs 2018 Total Tax Rate comparison
  - Scenario of Valuations increasing 6.4%
    - Rice County average for Northfield
- Tax change impact is (3.6%)-(3.9%)
- Remaining increase is due to valuation changes

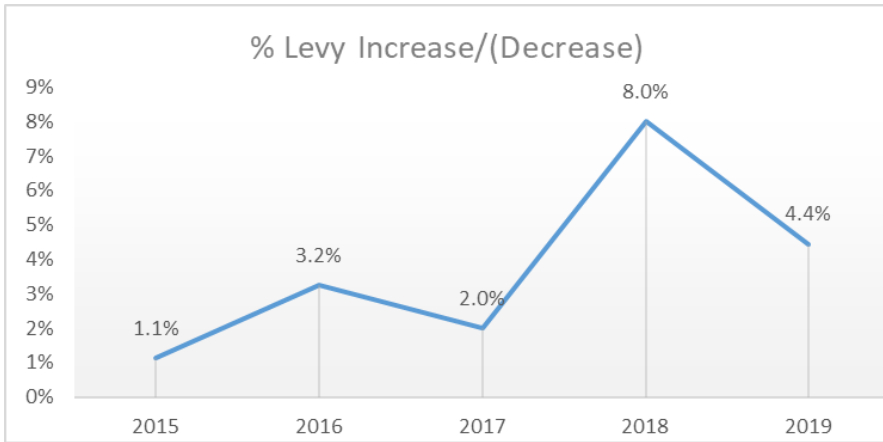
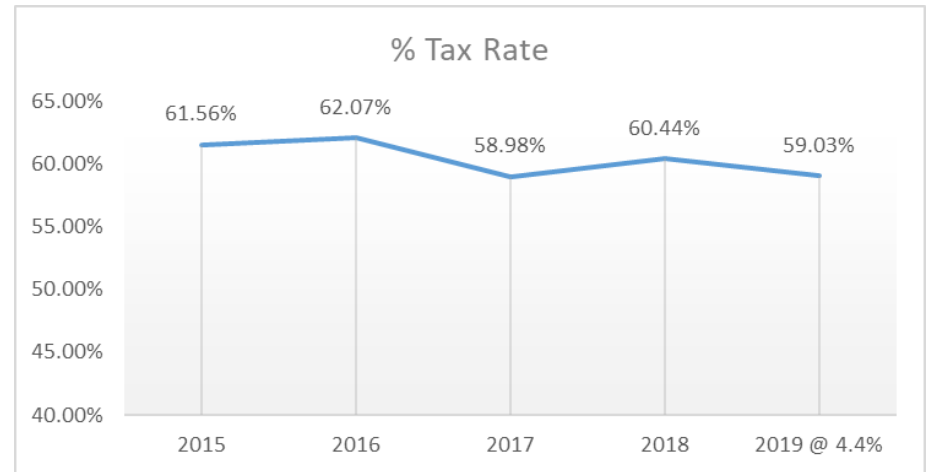
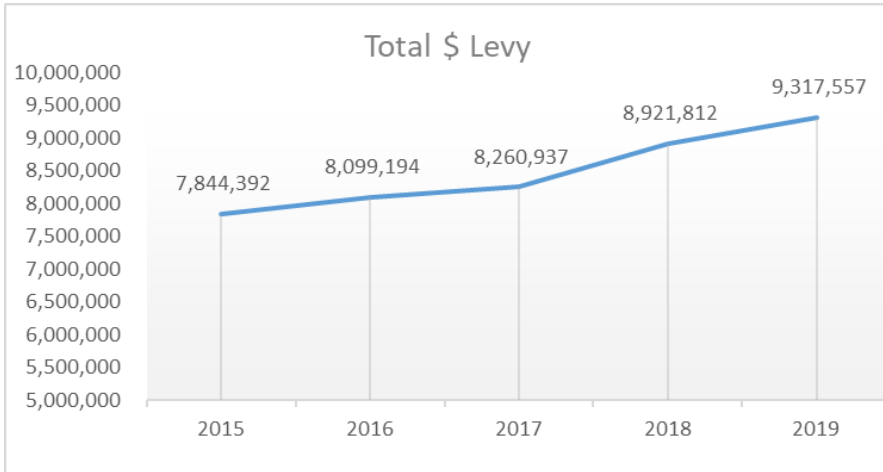
Commercial Property					
2018 Value	2019 Value	2018 Tax Paid	2019 Tax Paid	19v18 Change	19v18 % Change
\$ 200,000	\$ 200,000	\$ 6,001	\$ 5,785	\$ (216)	-3.61%
\$ 200,000	\$ 212,800	\$ 6,001	\$ 6,276	\$ 275	4.58%
\$ 500,000	\$ 500,000	\$ 17,990	\$ 17,294	\$ (695)	-3.86%
\$ 500,000	\$ 532,000	\$ 17,990	\$ 18,522	\$ 533	2.96%

(3.86%) (\$695)/year Tax Change Impact

6.82% \$1,228/year Valuation Impact

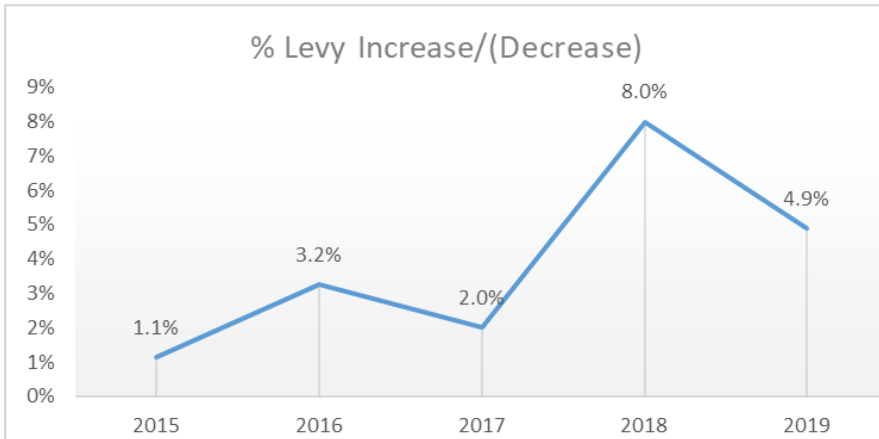
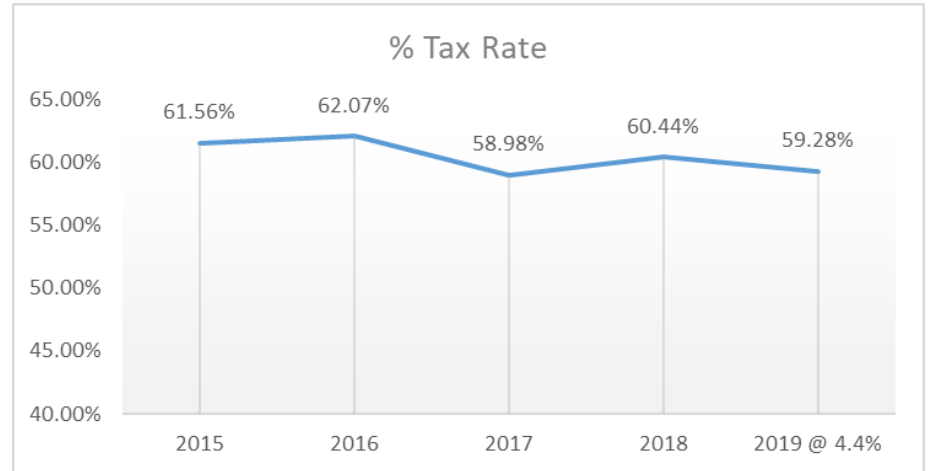
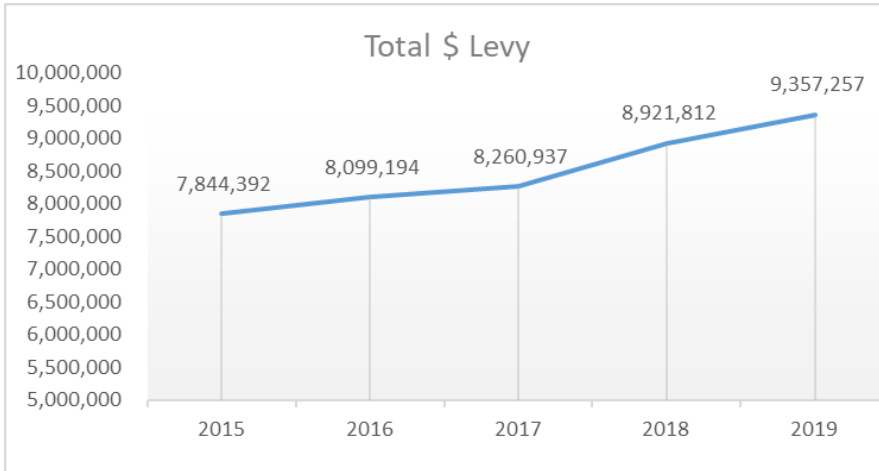
2.96% \$533/year Total Impact  
\$44/month

# 4.4% Levy increase



- At a 4.4% levy increase, the city-wide tax rate decreases from 60.44% to 59.03%
- City tax on an average \$200,000 house, with a 6.4% increase in Estimated Market Value, will increase \$56/year or \$4.70/month.

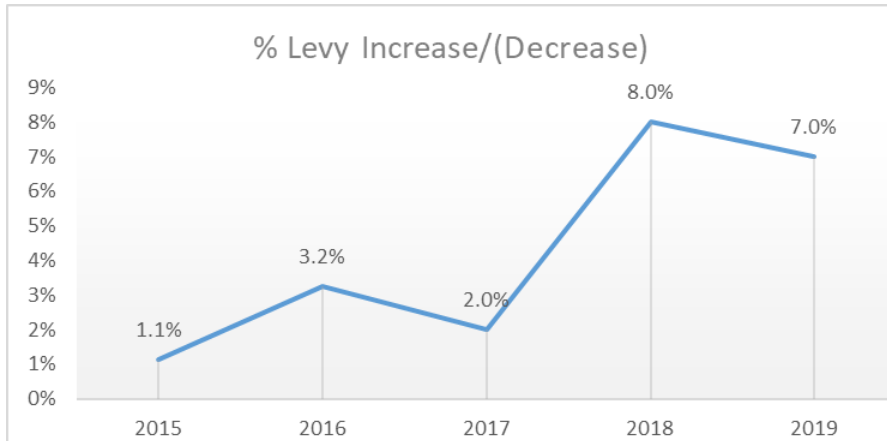
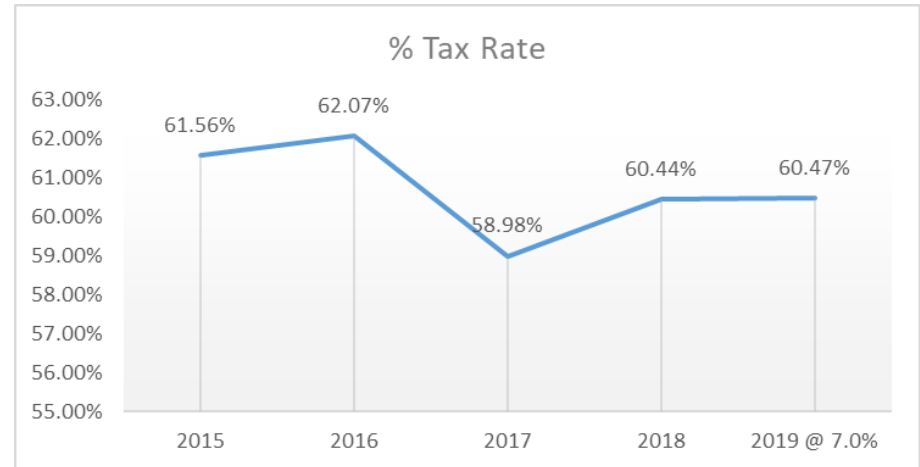
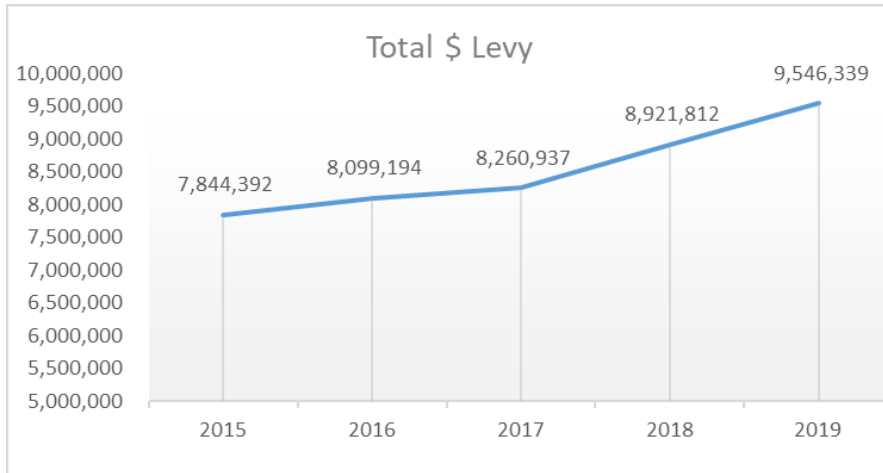
# 4.9% Levy increase



- At a 4.9% levy increase, the city-wide tax rate decreases from 60.44% to 59.28%
- City tax on an average \$200,000 house, with a 6.4% increase in Estimated Market Value, will increase \$61/year or \$5.11/month.

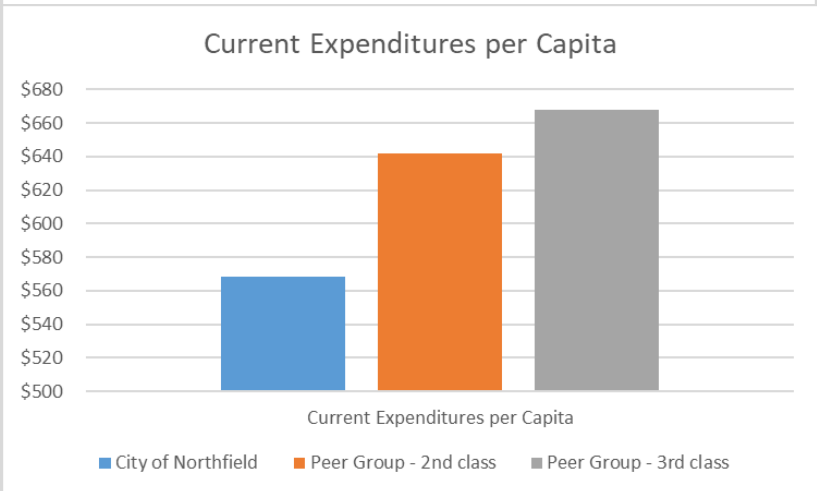
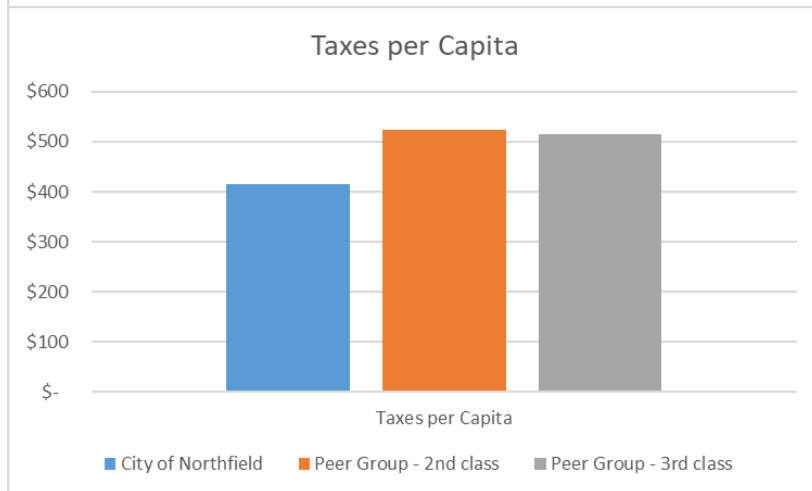
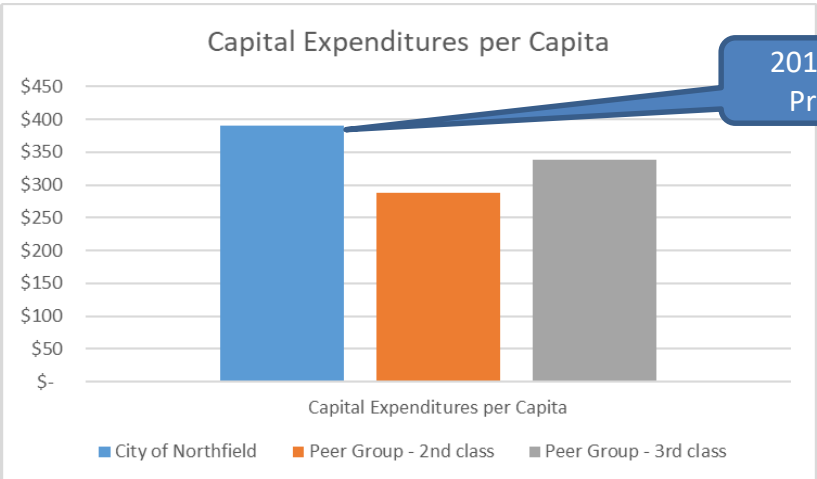
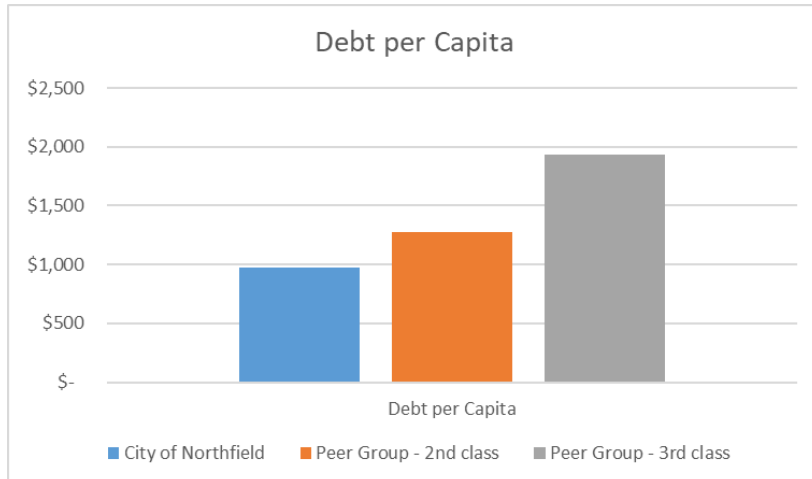


# 7.0% Levy increase



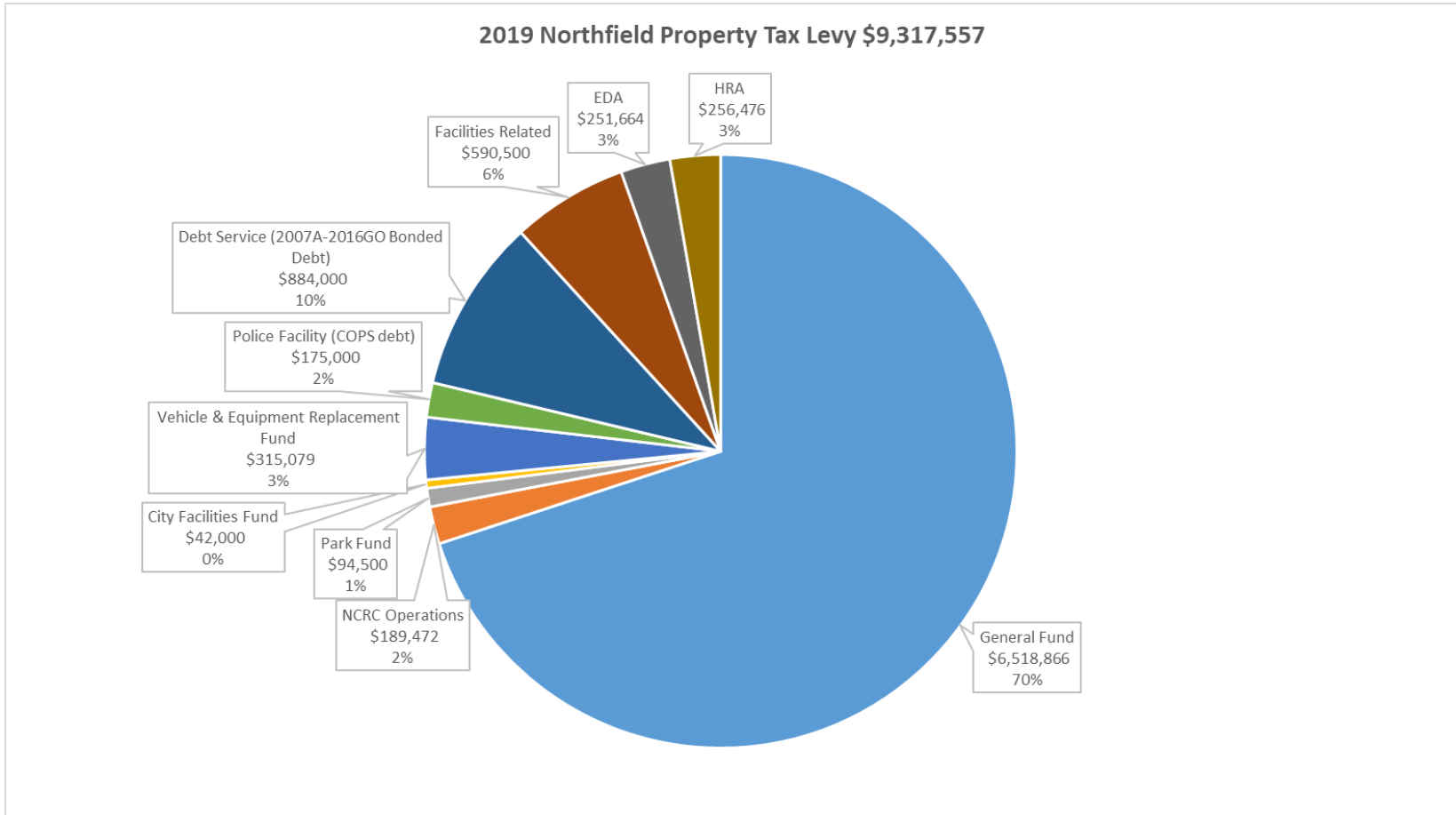
- Preliminary 7.0% increase levy approved in September keeps city wide tax rate flat
- City tax on an average \$200,000 house, with a 6.4% increase in Estimated Market Value, will increase \$85/year or \$7/month
  - This alternative is \$2/month more than the 4.4% increase

# Ratio Comparison to Peer Groups

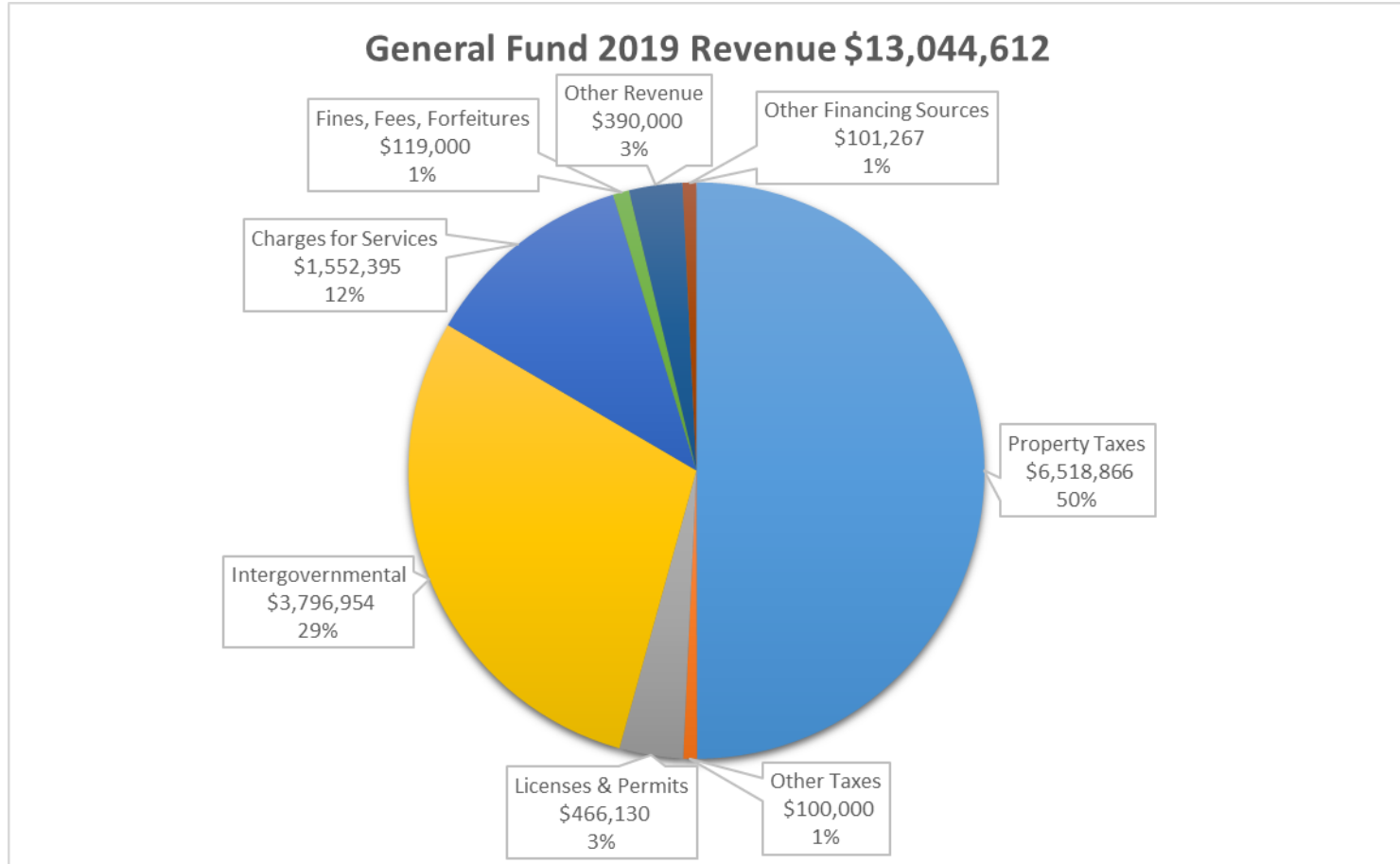


Source: 2017 Abdo Eick & Meyers Audit Management Letter, page 20, (2016 comparisons)  
 Peer Group 2<sup>nd</sup> class – City populations of 20,000-100,000, Peer Group 3<sup>rd</sup> class – City populations of 10,000-20,000

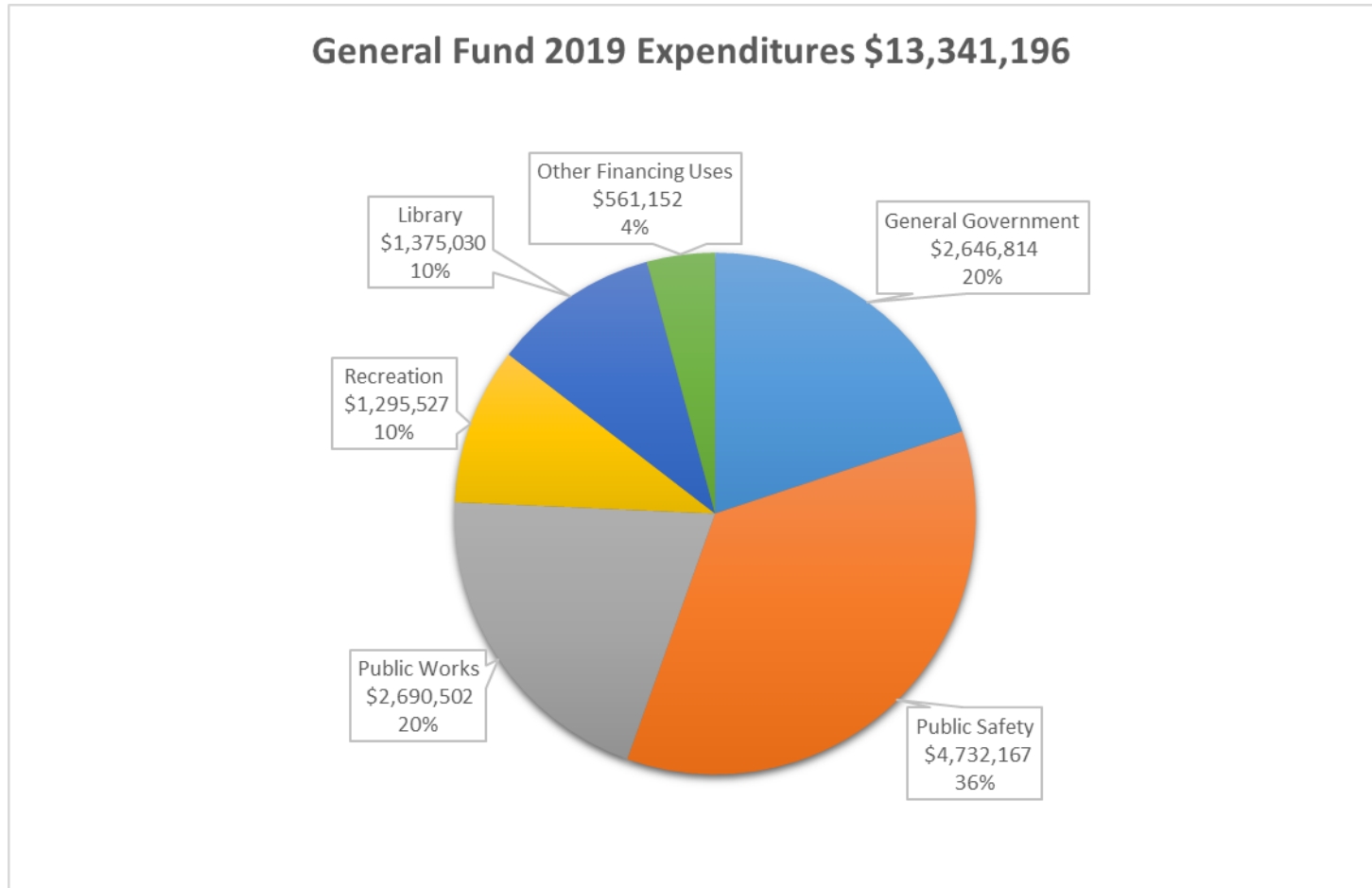
# 2019 Tax Levy



# 2019 General Fund Revenue



# 2019 General Fund Expenditures



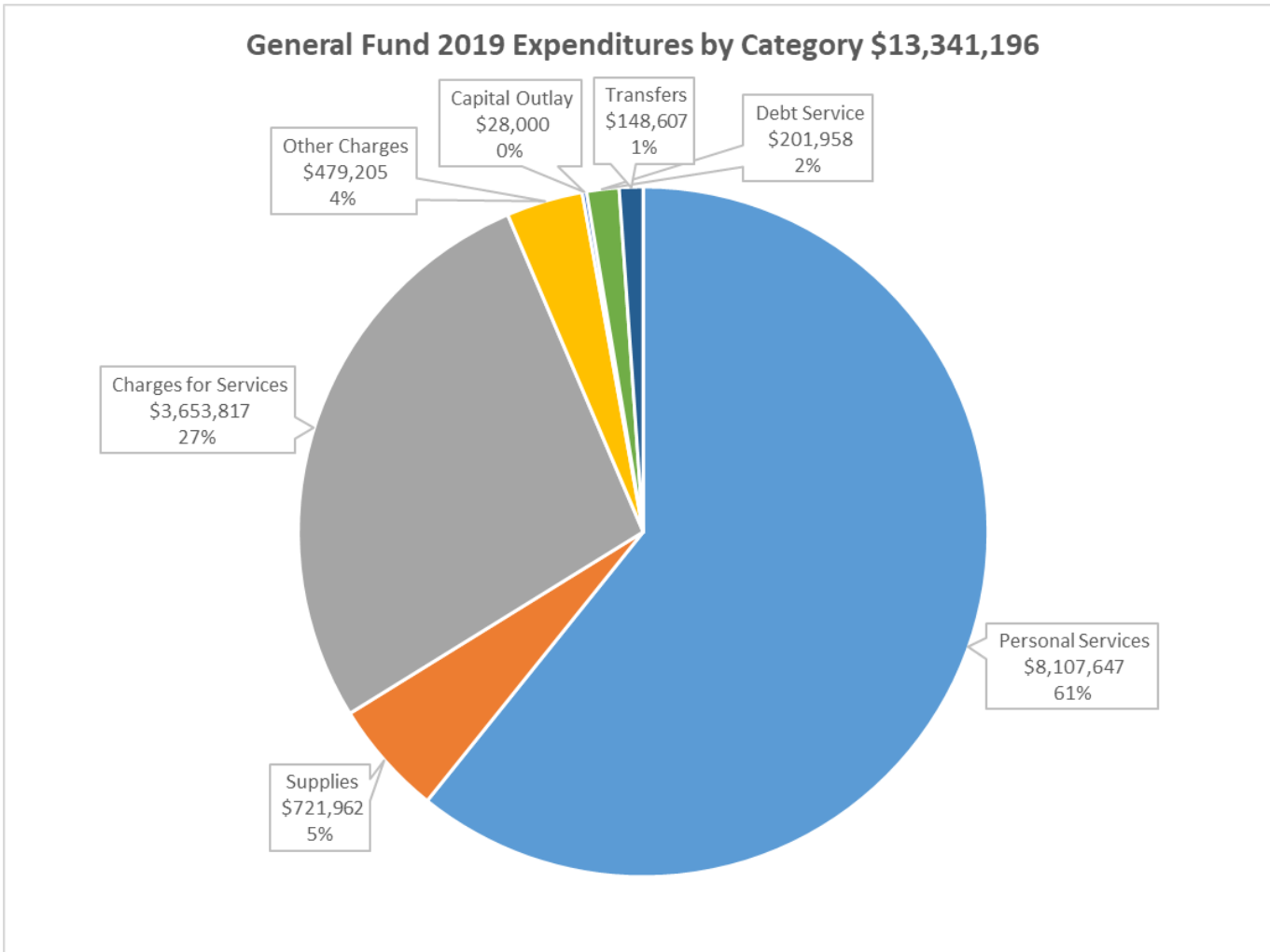
# 2019 General Fund Expenditures

EXPENDITURES BY MAJOR FUNCTION	2018 Budget Adopted	% of Total	2019 Budget Proposed	% of Total	Difference
<b>GENERAL GOVERNMENT</b>					
Mayor & Council	\$ 367,159	2.9%	\$ 385,358	2.9%	\$ 18,199
Administration	\$ 456,429	3.7%	\$ 465,867	3.5%	\$ 9,438
City Clerk	\$ 198,698	1.6%	\$ 199,788	1.5%	\$ 1,090
Elections	\$ 57,667	0.5%	\$ 38,052	0.3%	\$ (19,615)
Finance	\$ 503,584	4.0%	\$ 575,620	4.3%	\$ 72,036
Human Resources	\$ 428,673	3.4%	\$ 478,864	3.6%	\$ 50,191
Community Development	\$ 134,719	1.1%	\$ 244,807	1.8%	\$ 110,088
Planning	\$ 173,547	1.4%	\$ 180,208	1.4%	\$ 6,661
General Government Building	\$ 139,361	1.1%	\$ 118,254	0.9%	\$ (21,107)
<b>Total General Government</b>	<b>\$ 2,459,837</b>	<b>19.7%</b>	<b>\$ 2,686,818</b>	<b>20.1%</b>	<b>\$ 226,981</b>
<b>PUBLIC SAFETY</b>					
Police Administration	\$ 3,682,587	29.5%	\$ 3,857,092	28.9%	\$ 174,505
Fire	\$ 545,350	4.4%	\$ 526,742	3.9%	\$ (18,608)
Building Inspection	\$ 300,482	2.4%	\$ 348,333	2.6%	\$ 47,851
<b>Total Public Safety</b>	<b>\$ 4,528,419</b>	<b>36.2%</b>	<b>\$ 4,732,167</b>	<b>35.5%</b>	<b>\$ 526,371</b>

# 2019 General Fund Expenditures

EXPENDITURES BY MAJOR FUNCTION	2018 Budget Adopted	% of Total	2019 Budget Proposed	% of Total	Difference
<b>PUBLIC WORKS</b>					
Engineering	\$ 555,536	4.4%	\$ 550,273	4.1%	\$ (5,263)
Streets	\$ 1,464,621	11.7%	\$ 1,551,272	11.6%	\$ 86,651
Street Lighting	\$ 300,000	2.4%	\$ 300,000	2.2%	\$ -
Facilities	\$ 279,588	2.2%	\$ 288,957	2.2%	\$ 9,369
<b>Total Public Works</b>	<b>\$ 2,599,745</b>	20.8%	<b>\$ 2,690,502</b>	20.2%	\$ 646,371
<b>CULTURE &amp; RECREATION</b>					
Ice Arena	\$ 350,793	2.8%	\$ 379,061	2.8%	\$ 28,268
General Parks	\$ 307,366	2.5%	\$ 329,020	2.5%	\$ 21,654
Athletic Facilities	\$ 134,800	1.1%	\$ 143,891	1.1%	\$ 9,091
Outdoor Pool	\$ 236,868	1.9%	\$ 216,663	1.6%	\$ (20,205)
Recreation Administration	\$ 219,226	1.8%	\$ 226,892	1.7%	\$ 7,666
<b>Total Culture &amp; Recreation</b>	<b>\$ 1,249,053</b>	10.0%	<b>\$ 1,295,527</b>	9.7%	\$ 702,214
<b>LIBRARY</b>	<b>\$ 1,263,831</b>	10.1%	<b>\$ 1,375,030</b>	10.3%	\$ 111,199
<b>OTHER FINANCING USES</b>	<b>\$ 393,091</b>	3.1%	<b>\$ 561,152</b>	4.2%	\$ 168,061
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,493,976</b>	100.0%	<b>\$ 13,341,196</b>	100.0%	\$ 847,220

# 2019 General Fund Expenditures





# 2019 General Fund Expenditures

4.4% levy increase includes the following additional staffing requests:

- Police Officers
  - \$102,000 Investigator
- Streets and Parks Operators
  - \$90,350 for one
- Communication Specialist PT to FT
  - \$40,000 Benefits & additional hours
- Building Permit Technician PT
  - \$23,000
- Paid Parental & Family Leave Policy
  - \$23,000 (2 weeks)

Increase funded from  
the Communications  
Fund

Funded by offset of  
increased revenue

# 2019 General Fund Expenditures

## Additional Items for consideration:

- Police Officers
  - \$122,000 Sergeant (1.4% levy increase)
- Streets and Parks Operators
  - \$90,350 for one (1.0% levy increase)
- Paid Family & Parental Leave Policy
  - \$23,000 Option 1 (2 weeks) included in budget
  - \$39,700 Incremental Option 2 (additional 6 wks)
    - The amount of leave that will be used under this policy is an unknown and cost estimates will vary greatly depending upon amount of usage from year to year

# 2019 One-Time Use of General Fund Reserves

- \$149K           NAFRS Fire Truck  
                 (\$286K initial portion authorized in 2018)
- \$ 50K           Accounting Software Upgrade
- \$ 10K           Northfield Historical Society  
                 Bank Raid Exhibit update
- \$100K          Temporary Project Manager - Strategic  
                 Initiatives (\$200K total over 2 years)

## *New from staff proposed*

- \$20K           Riverfront Initiative Additional Funding
- \$30K           Employee Accruals & Benefits Analysis

Note: These items (\$359K) included in preliminary budget and levy, utilizing general fund reserves above target, will look like an unbalanced budget

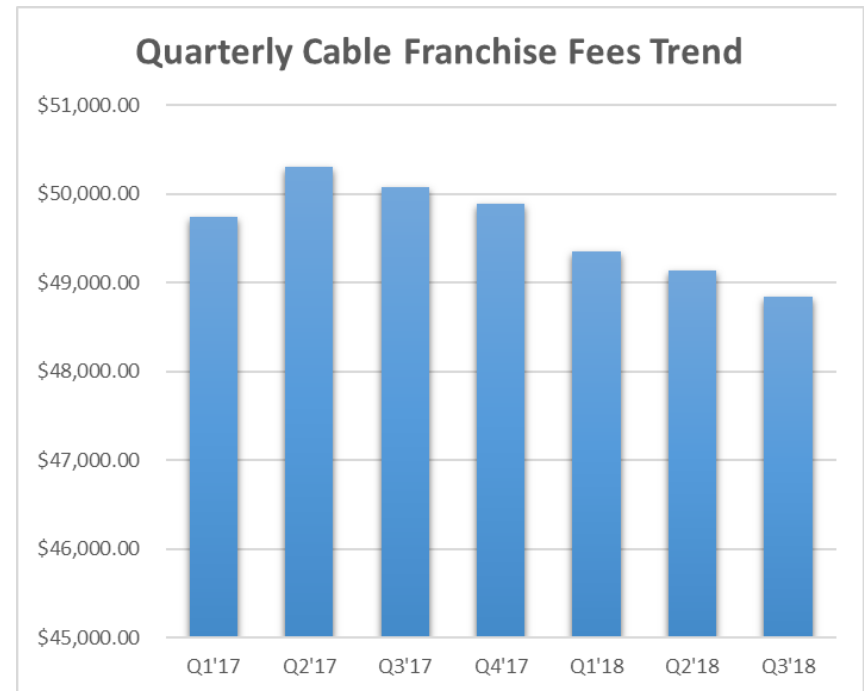
# 2019 One-Time Use of General Fund Reserves

## One-time Use of Reserves - 2018-2020 Budget

	2018	2019	2020	Total
NAFRS Pumper Truck	\$ 286,280	\$ 148,607		\$ 434,887
Accounting Software		\$ 50,000		\$ 50,000
Temp Project Mgr		\$ 97,977	\$100,916	\$ 198,893
Northfield Historical Society		\$ 10,000		\$ 10,000
Riverfront Initiative Additional		\$ 20,000		\$ 20,000
Employee Benefits Analysis		\$ 30,000		\$ 30,000
	<b>\$ 286,280</b>	<b>\$ 356,584</b>	<b>\$100,916</b>	<b>\$ 743,780</b>
		Estimate over Target		\$ 900,000
		Total Allocated		\$ (743,780)
		Remaining Available		\$ 156,220

# 2019 Communications Fund

- Revenue \$241,000
  - Increased PEG fees from \$0.75 to \$1.00, generates \$10K annually
  - Caution regarding Franchise Fee stability as households cut the cord and concerns regarding recent legislative challenges
- Expense \$237,945
  - New 50% of the FT Communication Position will be funded here (\$38K)
  - Capital Expenditures – (PEG Fee funded) Communications Equipment update
- Net Revenue/(Expense) \$3K
- Fund Balance \$600K (12/31/17)



# 2019 NCRC Fund

- Revenue \$247,078
- Expense \$256,502
- Net Revenue/(Expense) (9,424)
- Current subsidy partially relates to the Senior Center
- Fund Balance \$393K (12/31/17)
  - Roof repair in 2018 to reduce balance
- NCRC CIP – 2019 Carpet Replacement \$50,000 (City is the financing conduit and will be paid back over life of improvement from NCRC Corp)

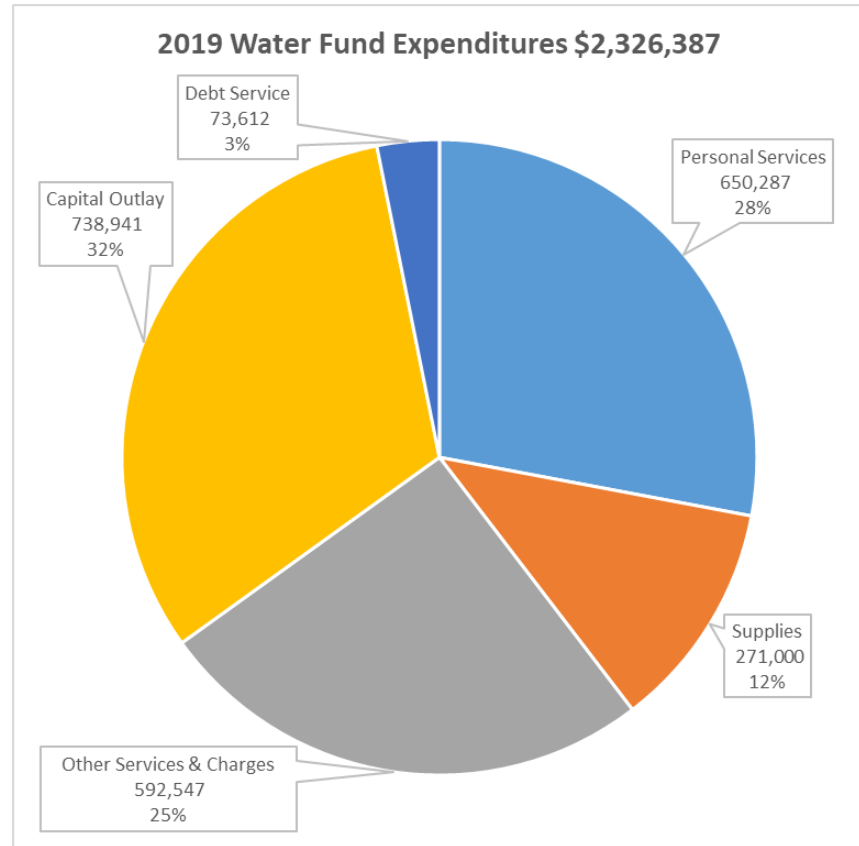
# 2019 Utility Funds

- City completed a new Utility Rate Study in 2018
  - Projects rates from 2019-2028
- All 2019 increases adopted were recommended by the 2018 Utility Rate Study
  - Water 1.0% increase
  - Waste Water 1.75% increase
  - Storm Water 5.0% increase
  - Garbage no change
- Estimated impact per average user is \$1.08/month
  - Average bill will increase from \$67.68/month to \$68.76/month



# 2019 Water Fund

- 1% increase in 2019
  - per 2018 rate study
- Revenue \$2,086,645
- Net Revenue/(Expense) (\$239,742) excludes depreciation
- Fund Balance \$6.4 million
  - 2019 Street Projects utilizing \$733,941 of fund balance
  - 2019 will also make a \$1.7M interfund loan to WasteWater fund.

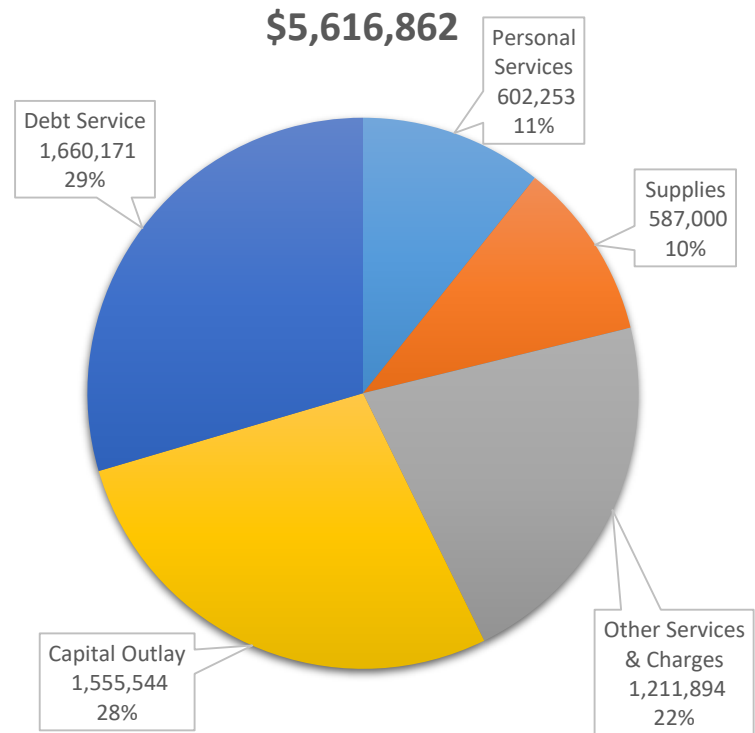




# 2019 Waste Water Fund

- 1.75% increase in 2019
  - per 2018 rate study
- Revenue \$4,503,949
- Net Revenue/(Expenses) (\$1,112,913) excludes depreciation
- Fund Balance \$3.2 million
  - 2019 Street Projects & Plant upgrades utilizing \$1,555,544 of fund balance
  - 2019 will also receive a \$1.7M interfund loan from Water fund

2019 Waste Water Fund Expenditures

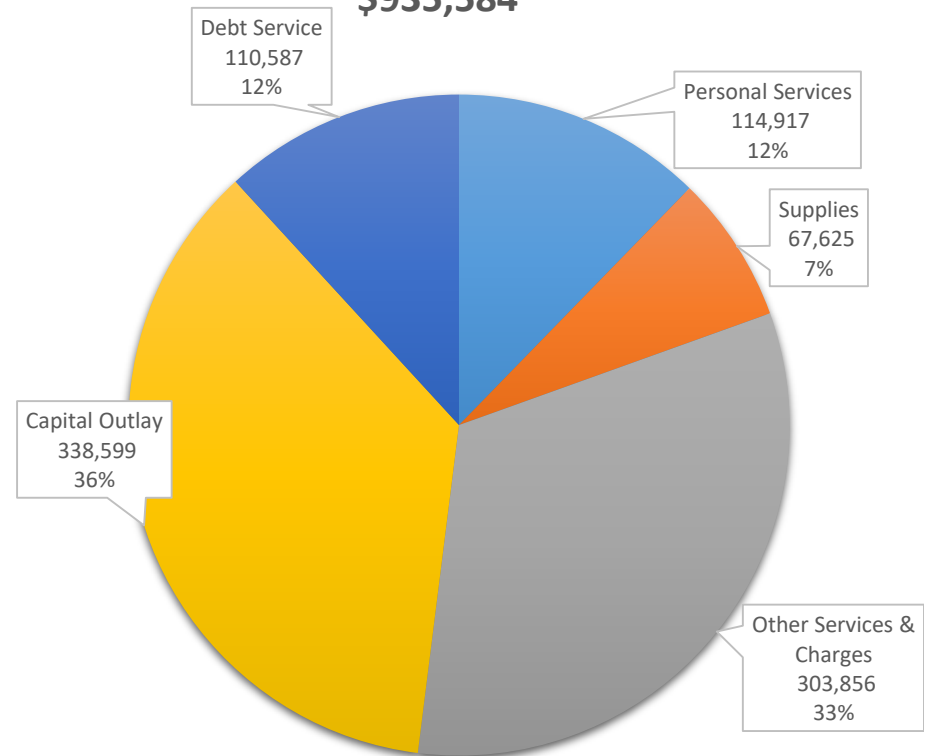


# 2019 Storm Water Fund

- 5% increase in 2019
  - per 2018 rate study
- Revenue \$924,384
- Net Revenue/(Expense) (\$11,200) excluding depreciation
- Fund Balance \$417K
  - 2019 Street Projects utilizing \$338,599 of fund balance

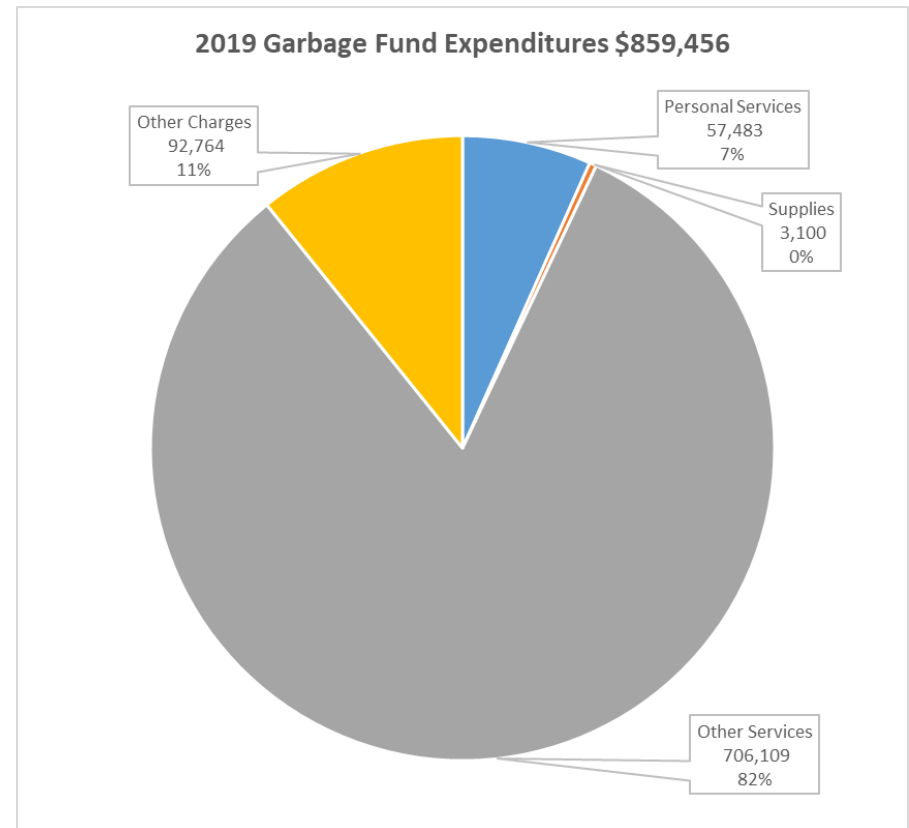
## 2019 Storm Water Fund Expenditures

\$935,584



# 2019 Garbage Fund

- 0% increase in 2019
  - per 2018 rate study
- Revenue \$911,043
- Net Revenue/(Expense) \$51,587
- Fund Balance \$1.1 million
  - The garbage hauling contract and landfill charges make up 82% of the expenditures
    - 54% contract with DSI and 21% landfill charges
    - Currently negotiating new contract with DSI



# Strategic Plan Summary 2018-2020

## STRATEGIC PLAN SUMMARY 2018-2020 City of Northfield

STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET	STRATEGIC INITIATIVES
ECONOMIC DEVELOPMENT  A Community That's Economically Thriving	Expanded commercial & industrial tax base	- Commercial EMV - Industrial EMV	- Commercial and industrial tax value increased \$ ____	a) Comprehensive redevelopment b) Business Expansion c) New growth expansion d) Develop tourism strategy e) Downtown revitalization f) Overstreet enhancement
	Enhanced tourism	- Lodging and sales tax - Events attendance - Full factors	- Inc. ____ lodging tax - Inc. ____ sales tax non-NF - Inc. targeted full factors	
	Expanded downtown	Downtown sq. ft.	____ add'l sq. ft.	
AFFORDABLE HOUSING  A Community Where Everyone Can Afford to Live	Grow & maintain affordable housing	- Affordable units - Workforce units	____ total units by 2020	a) Coactive Court preservation b) Seniors rehabs prog. for income-eligible homeowners c) Senior removal strategy - off. bldg. d) Develop senior housing plan e) Develop Southbridge property f) Workforce housing strategy
	More senior units	Senior unit inventory	____ new affordable senior units	
	Expanded supportive & emergency housing	Supportive & emergency hsg units	____ new units	
INFRASTRUCTURE  A Community Where Infrastructure Supports Its Objectives	Improved infrastructure systems	- System ancillators-PCL, breaks, backups, etc.	- Targeted improvements achieved each system	a) Coordinate Fire Station project b) Plan & develop new Liquor Store c) Coordinate decision process for Ice Arena d) Develop community internet strategy e) Update pavement mgmt. system f) Create stormwater man. plan g) Update pedestrian/bike, parks & trails plan
	Resolution of major facility projects	- Project timelines each project	- Fire Station - 1/1/19 - Liquor Store - 1/1/18 - Arena, building - 6/1/18	
	Increased satisfaction with high-speed internet	Internet speed measurements	- 1/3 20% increase in citizen satisfaction with internet services	
DIVERSITY, EQUITY, INCLUSION  A Community that Welcomes Everyone	Increased transit options for all	- Existing routes - Ridership	- # ____ new routes for underserved - ____ new rides created	a) Develop equitable service access strategy b) Develop and implement the Social Equity Action Plan c) Develop a recruitment plan for volunteers, board of commission members, interns d) Implement recruitment, hiring and retention plan for city staff positions
	Staff and volunteers reflect community	Staffing statistics	Income from ____ to ____ by 2020	
	Improved access to City services for all citizens/equals	- Surveys - Access statistics	- 1/3 75% of targeted access improvements met	
OPERATIONAL EFFECTIVENESS  A Community with a Government that Works	Adequate staff to meet demands	Staffing analyses	Approved targets met	a) Dev. operating effectiveness b) Eval comp. training programs c) Establish internal work plan d) Develop Council/Staff relationship trust-building process e) Community engagement plan f) Communication plan
	Improved respect/trust internal	Council/Staff survey	- 1/3 80% w/o improvement	
	Improved external communication	- Survey - Feedback mechanisms	- 1/3 75% of stakeholders say meets or exceeds	
CLIMATE CHANGE IMPACTS  A Community that's Resilient and Sustainable	A clear vision for climate action	CAI development timeline	Adopted CAI	a) Climate communication/outreach program b) Develop/clarity awareness survey c) Comprehensive stormwater plan d) Develop and implement Climate Action Plan
	Be: economy resilient to energy & environmental impacts	Flood damage Climate benchmarks	Meet CAP targets	
	Reduced net carbon emissions	Carbon measurements	Carbon neutral city by ____	

Note: Specific Strategic Plan "Targets" will be developed in the Action Plan Phase.

The plan consists of six **strategic priorities** the issues of greatest importance to the City over the next three years.

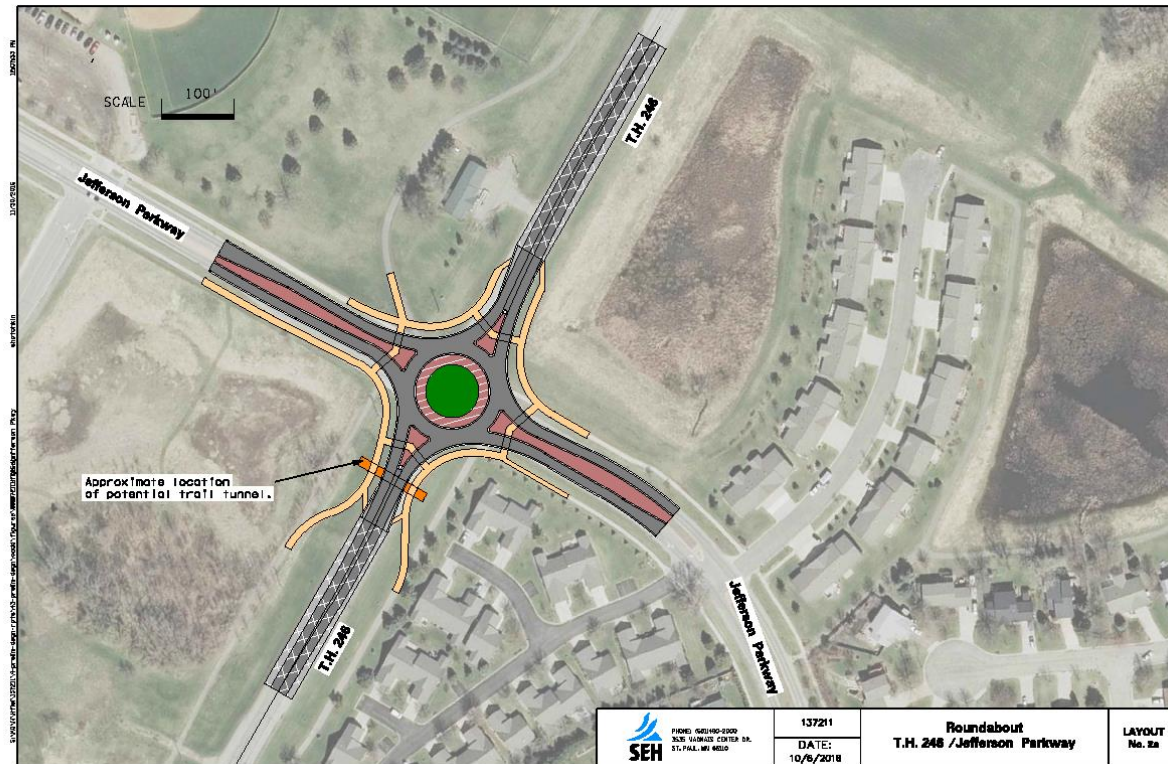
Associated with each priority is a set of **desired outcomes**, **key outcome indicators**, and **performance targets**, describing expected results and how the results will be measured.

The plan also includes strategic initiatives that will be undertaken to achieve the targeted outcomes.

# 2019 Project Highlights (CIP)

- **3 Street Projects**

- TH 246 & Jefferson Pkwy Roundabout (2019 Design, 2020 Construction)
- NW Area Street Reclamation
- Spring Creek Road Reconstruction



# Summary

- Resolutions are attached representing the alternative 4.4% increase and a 4.9% increase
  - 7.0% target was the preliminary levy approved
  - A 4.4% target can be achieved based on modifications and the resulting tax reduction is noted below
    - Includes Administrative Charge adjustment from Utility Funds
    - Includes added Positions described earlier
    - Includes 2 year Temporary Project Manager for Strategic Initiatives
    - Does not include the Police Sergeant or the 2<sup>nd</sup> Streets and Parks Operator
    - \$4 estimated property tax increase on a \$200,000 value house
  - A 4.9% increase would incrementally include Option 2 of the Paid Family and Parental Leave Policy

# Public Comment