



Public Hearing 2020 Budget & Tax Levy
December 3rd, 2019

Agenda

City of Northfield

2020 Budget & Levy Public Hearing

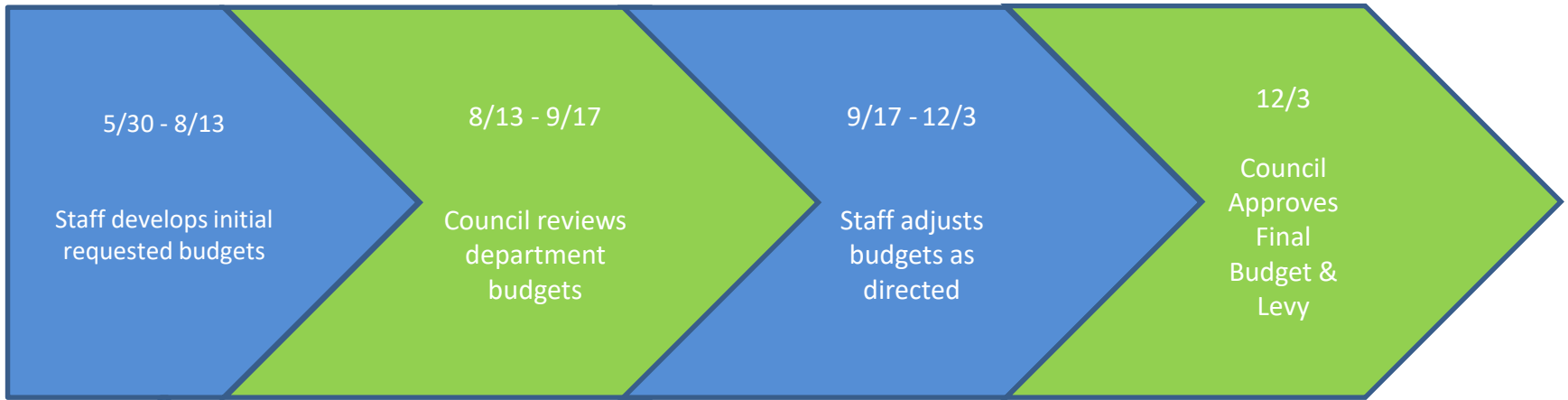
Tuesday, December 3, 2019 6:00 pm

Council Chambers, 801 Washington St

1. Public Hearing on 2020 Budget and Levy
 - Staff Presentation
 - Public Comment
2. Council Consider Adoption of 2019 Property Tax Levy/2020 Budget and Related Actions (6 items)

Budget Timeline 2019

- The City budget is a 6 month planning process



- Key Dates in the planning process



Property Tax Rate

- How is Property Tax Calculated?

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

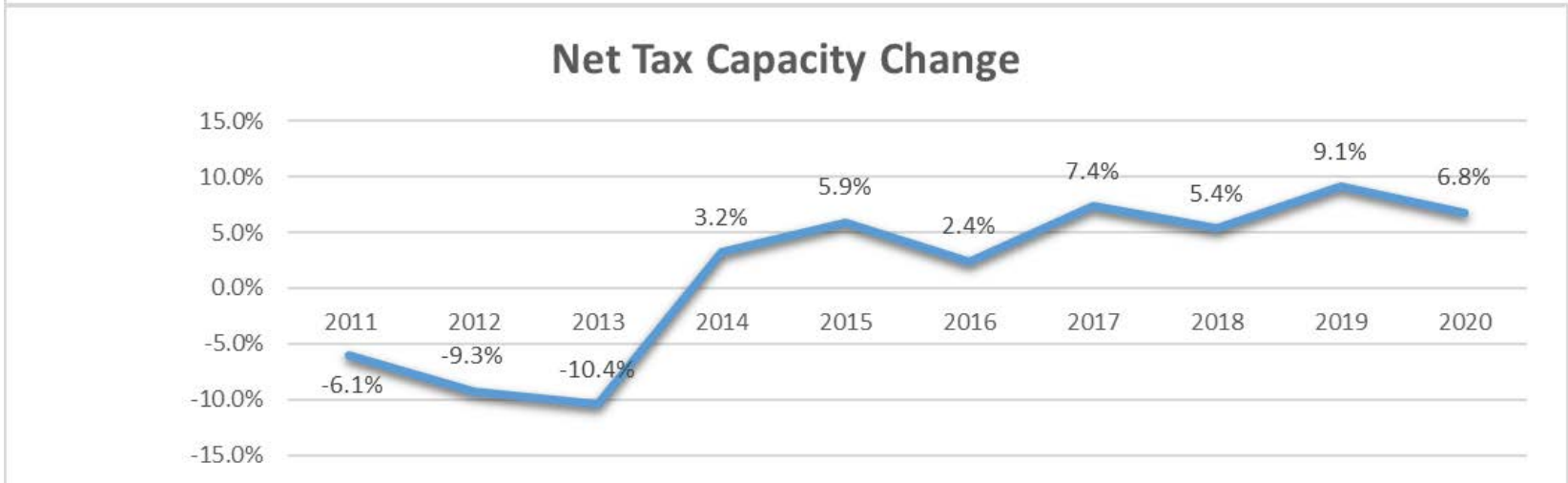
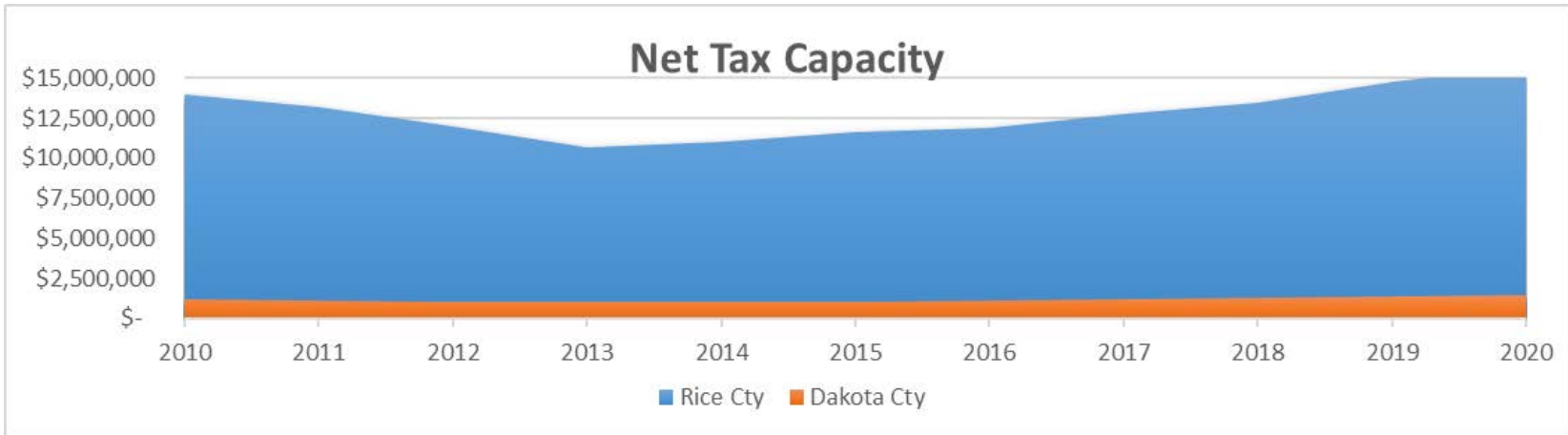
$$\text{Individual Tax Bill} = \text{Parcel Tax Capacity} * \text{City Tax Rate}$$

- 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)

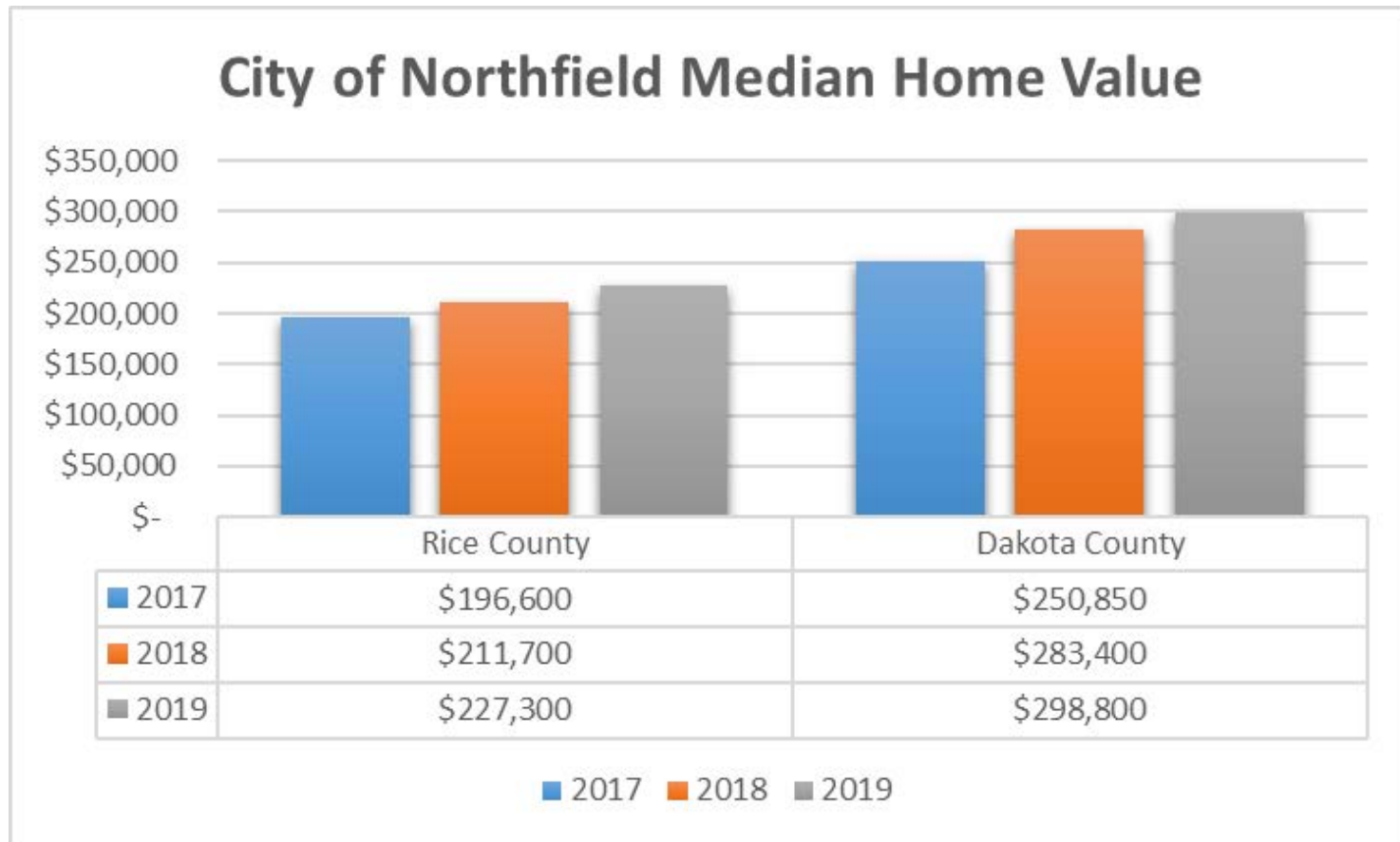
Estimated Market Value Changes

- Estimated Market Value (EMV) increased 6.3%
 - 2019 valuation payable in 2020 \$1,567,494,100
 - 2018 valuation payable in 2019 \$1,474,689,900
- 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 6.3%
- Net Tax Capacity increased 6.8% (Estimated Market Value adjusted for homestead exclusion and class rate)
 - 2019 valuation payable in 2020 \$17,198,875
 - 2018 valuation payable in 2019 \$16,104,016

Net Tax Capacity Trend

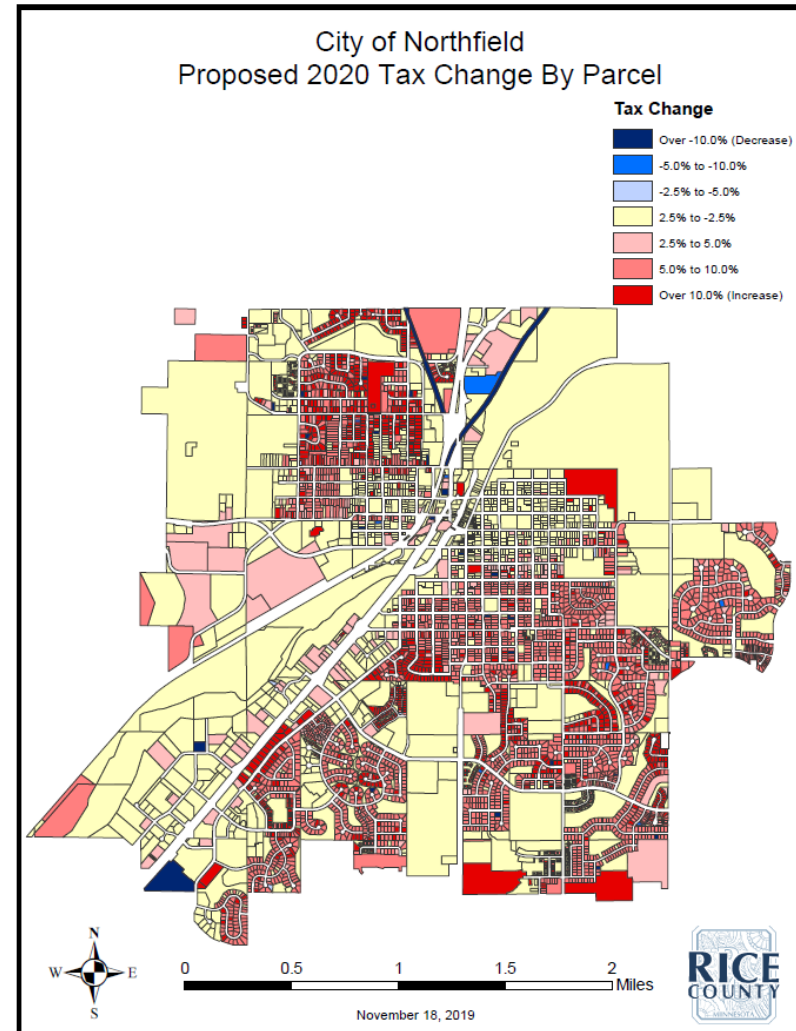


City of Northfield Median Home Value



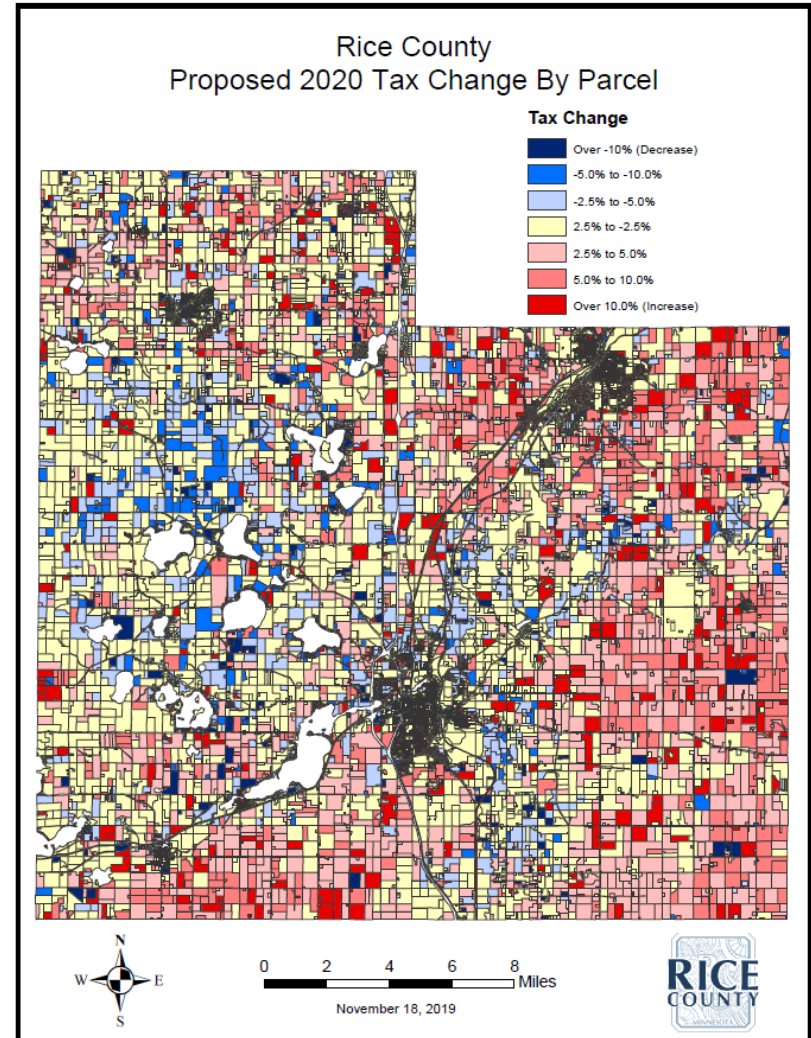
Tax Change by Parcel Map

- 2020 Net Tax Capacity for Northfield increased 6.8%
 - Rice County increased 6.8%
 - Dakota County increased 6.9%
- Individual parcel tax changes vary according to the map
- Rice and Dakota County Auditors parcel specific notices have been sent



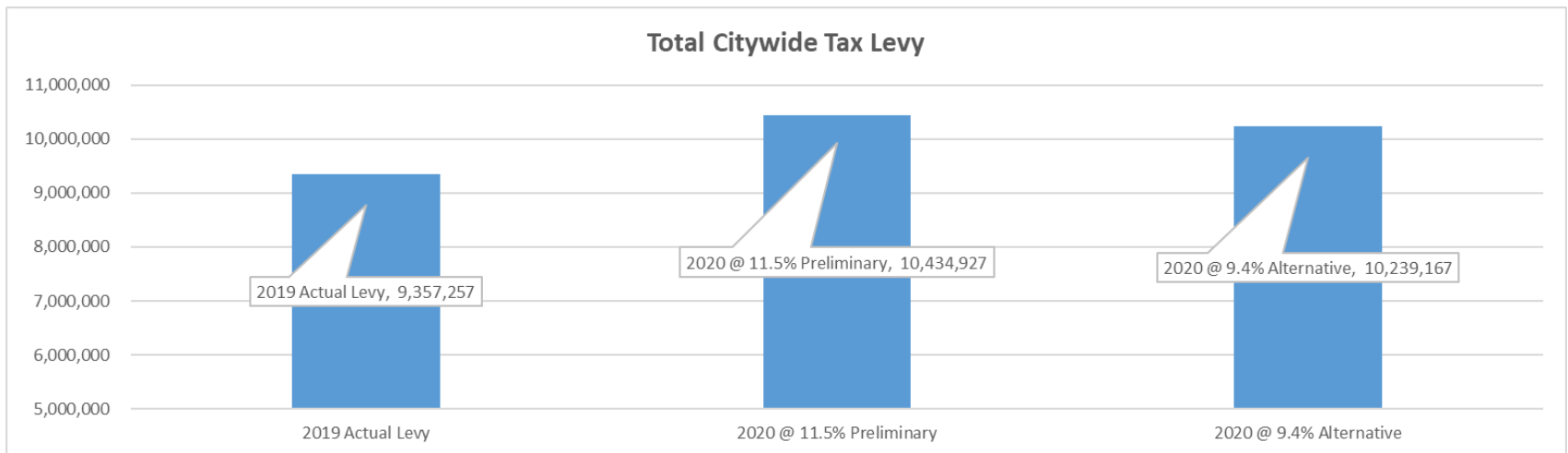
Tax Change by Parcel Map

- 2020 Net Tax Capacity changes for Rice County
- Individual parcel tax changes vary according to the map

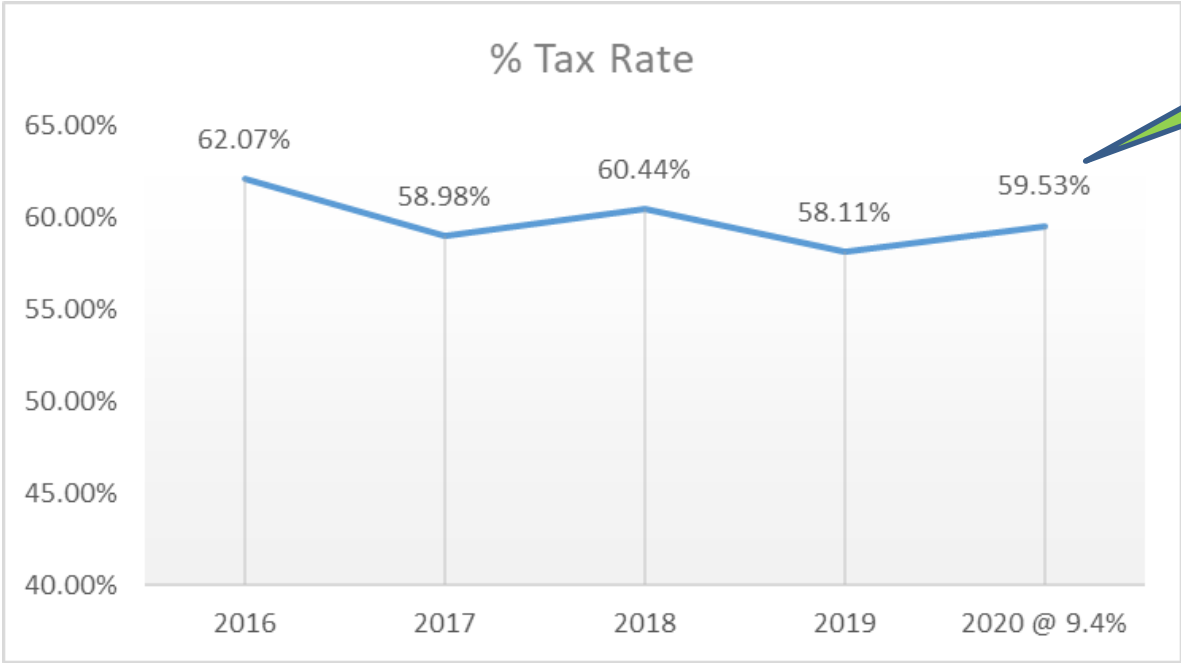


Proposed Levy

- Certified 2019 Levy \$9,357,257
- Certified Preliminary 2020 Levy \$10,434,927, 11.5% increase
- Final 2020 Levy \$10,239,167, 9.4% increase
 - All future schedules use the 9.4% increase alternative



City Tax Rate Trend



City % Tax Rate increases 2.5% from 58.11% to 59.53%

* Combined Tax Rate for both Dakota and Rice Counties; 9.4% levy increase

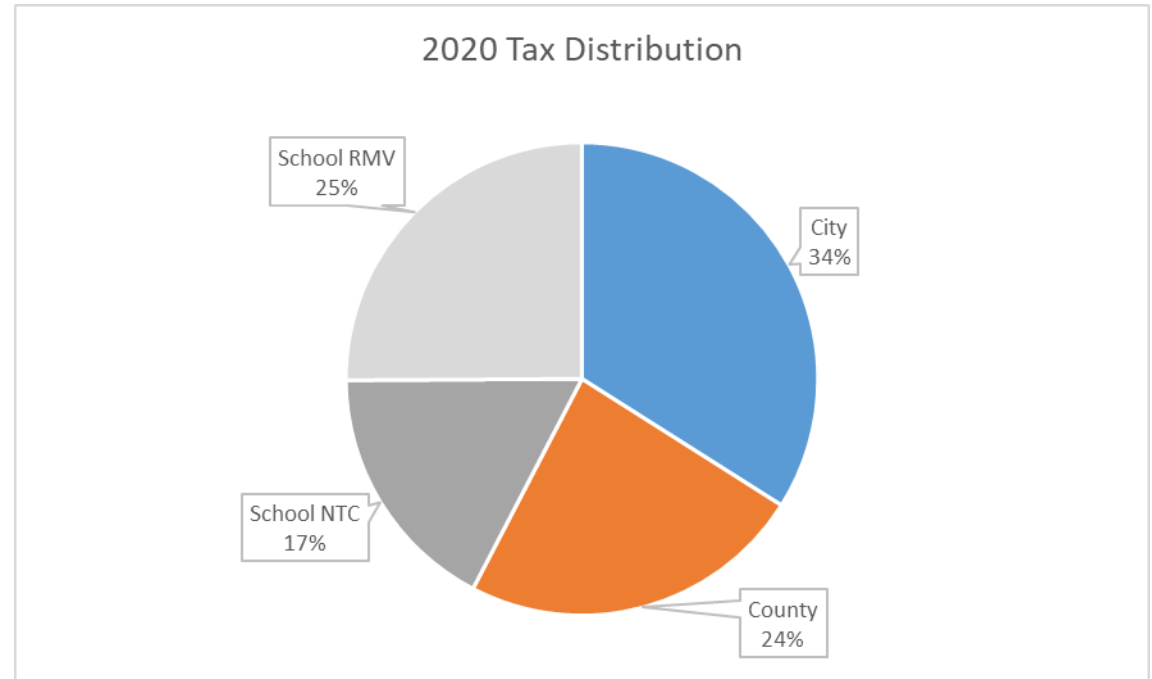
Property Taxes

- Who levies property taxes?

City

County

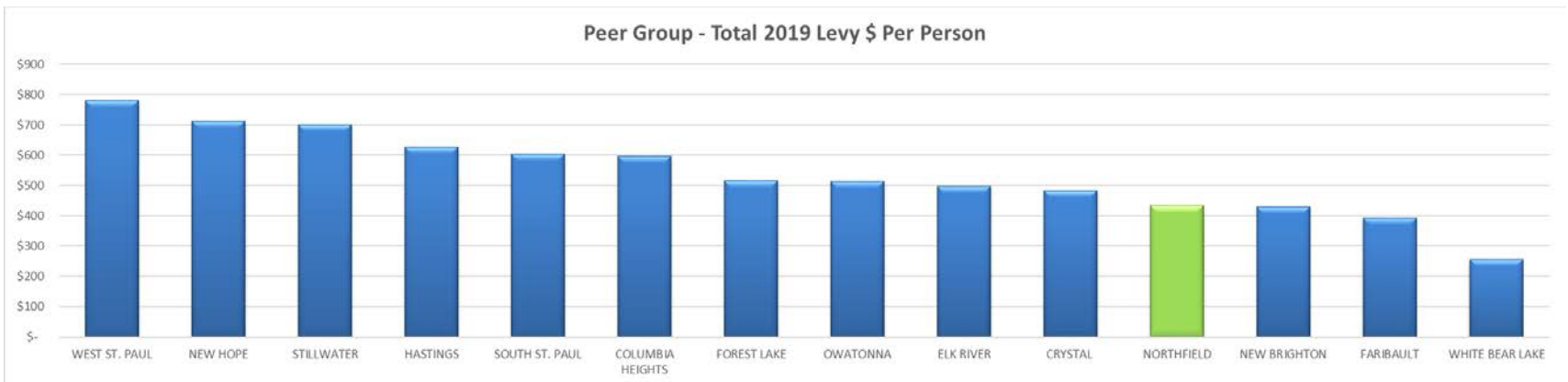
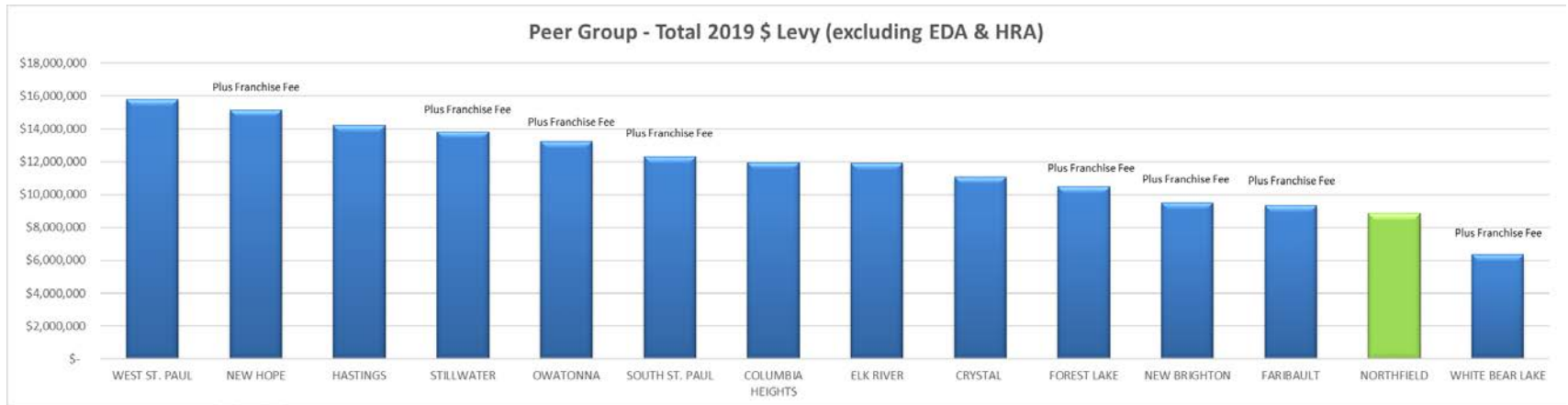
School District



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

Key Ratios – Peer Comparison

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



Residential Total Tax Rate Impact

Homestead Residential Property											
Entity	2016		2017		2018		2019		2020		
	Tax Rate	Tax Paid	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	39.742%	\$ 502	41.468%	\$ 524
City	\$ 150,000	61.083%	\$ 771	58.975%	\$ 745	60.443%	\$ 763	58.105%	\$ 734	59.540%	\$ 752
School	\$ 150,000	32.753%	\$ 955	30.803%	\$ 903	33.023%	\$ 1,080	31.096%	\$ 1,055	30.266%	\$ 992
Total	\$ 150,000	134.937%	\$ 2,245	129.837%	\$ 2,154	133.854%	\$ 2,353	128.943%	\$ 2,291	131.274%	\$ 2,268
County	\$ 175,000	41.101%	\$ 631	40.059%	\$ 615	40.388%	\$ 620	39.742%	\$ 610	41.468%	\$ 637
City	\$ 175,000	61.083%	\$ 938	58.975%	\$ 905	60.443%	\$ 928	58.105%	\$ 892	59.540%	\$ 914
School	\$ 175,000	32.753%	\$ 1,134	30.803%	\$ 1,073	33.023%	\$ 1,280	31.096%	\$ 1,250	30.266%	\$ 1,176
Total	\$ 175,000	134.937%	\$ 2,703	129.837%	\$ 2,593	133.854%	\$ 2,828	128.943%	\$ 2,752	131.274%	\$ 2,726
County	\$ 200,000	41.101%	\$ 743	40.059%	\$ 724	40.388%	\$ 730	39.742%	\$ 719	41.468%	\$ 750
City	\$ 200,000	61.083%	\$ 1,104	58.975%	\$ 1,066	60.443%	\$ 1,093	58.105%	\$ 1,051	59.540%	\$ 1,076
School	\$ 200,000	32.753%	\$ 1,314	30.803%	\$ 1,242	33.023%	\$ 1,481	31.096%	\$ 1,445	30.266%	\$ 1,360
Total	\$ 200,000	134.937%	\$ 3,161	129.837%	\$ 3,033	133.854%	\$ 3,304	128.943%	\$ 3,214	131.274%	\$ 3,186
County	\$ 250,000	41.101%	\$ 967	40.059%	\$ 943	40.388%	\$ 950	39.742%	\$ 935	41.468%	\$ 976
City	\$ 250,000	61.083%	\$ 1,437	58.975%	\$ 1,388	60.443%	\$ 1,422	58.105%	\$ 1,367	59.540%	\$ 1,401
School	\$ 250,000	32.753%	\$ 1,673	30.803%	\$ 1,582	33.023%	\$ 1,881	31.096%	\$ 1,835	30.266%	\$ 1,728
Total	\$ 250,000	134.937%	\$ 4,077	129.837%	\$ 3,912	133.854%	\$ 4,254	128.943%	\$ 4,138	131.274%	\$ 4,105
County	\$ 300,000	41.101%	\$ 1,191	40.059%	\$ 1,161	40.388%	\$ 1,170	39.742%	\$ 1,152	41.468%	\$ 1,202
City	\$ 300,000	61.083%	\$ 1,770	58.975%	\$ 1,709	60.443%	\$ 1,752	58.105%	\$ 1,684	59.540%	\$ 1,725
School	\$ 300,000	32.753%	\$ 2,031	30.803%	\$ 1,921	33.023%	\$ 2,282	31.096%	\$ 2,226	30.266%	\$ 2,096
Total	\$ 300,000	134.937%	\$ 4,993	129.837%	\$ 4,791	133.854%	\$ 5,204	128.943%	\$ 5,061	131.274%	\$ 5,024

Assumes a 9.4% citywide levy increase and no EMV increase

City portion is an increase of \$34/year, 2.5% or \$3/month

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

- 2020 vs 2019 Total Tax Rate comparison
 - Scenario of Estimated Market Value increasing 6.4%
 - 6.4% average increase for Northfield
 - Total tax change impact is approximately 6.0%

Homestead Residential Property							
2018 Value	2019 Value	2019 Tax Paid	2020 Tax Paid	20v19 Change	20v19 % Change		
\$ 150,000	\$ 150,000	\$ 2,291	\$ 2,268	\$ (23)	-1.0%		
\$ 150,000	\$ 159,600	\$ 2,291	\$ 2,433	\$ 142	6.2%		
\$ 175,000	\$ 175,000	\$ 2,752	\$ 2,726	\$ (26)	-0.9%		
\$ 175,000	\$ 186,200	\$ 2,752	\$ 2,920	\$ 168	6.1%		
\$ 200,000	\$ 200,000	\$ 3,214	\$ 3,186	\$ (28)	-0.9%		
\$ 200,000	\$ 212,800	\$ 3,214	\$ 3,406	\$ 191	6.0%		
\$ 250,000	\$ 250,000	\$ 4,138	\$ 4,105	\$ (33)	-0.8%		
\$ 250,000	\$ 266,000	\$ 4,138	\$ 4,380	\$ 242	5.9%		
\$ 300,000	\$ 300,000	\$ 5,061	\$ 5,024	\$ (38)	-0.7%		
\$ 300,000	\$ 319,200	\$ 5,061	\$ 5,354	\$ 293	5.8%		


(0.8%), (\$33) Tax Change Impact

6.6% \$275 Valuation Impact

5.9% \$242 Total Impact or \$22/month increase, City portion only is an increase of \$11/month

Residential Total Tax Rate Impact

- \$224,500 Estimated Market Value 2019 – Residential Homestead, with a 6.4% Market Value Increase
- \$226 total tax increase, a 6.6% increase
 - \$146 City Tax increase
 - TNT Statements show the preliminary 11.5% levy increase
- Note: The city's tax rate will decrease to match the reduction from the preliminary levy to the final approved levy and the school district and county preliminary levies may also change



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

PROPOSED TAXES 2020

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

Taxes Payable Year	2019	2020
Estimated Market Value	211,000	224,500
Homestead Exclusion	18,300	17,000
Taxable Market Value	192,700	207,500
Property Classification	Res Hold	Res Hold

Step 1

Residential Homestead with 5.6% Market Value Increase Example

PROPOSED TAX	
Property Taxes before credits	3,668.00
School building bond credit	0.00
Agricultural market value credit	0.00
Other Credits	0.00
Property Taxes after credits	3,668.00

PROPERTY TAX STATEMENT
Coming in March 2020

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 2019	Proposed 2020	Meeting Information
RICE COUNTY 320 3RD ST NW FARIBAULT MN 55021 507-332-6122	760.75	828.03	Thursday, Dec 9th, 2019, 6:00 pm Rice County Gvt Serv Building Board Room 320 Third Street NW Faribault, MN 55021
CITY OF NORTHFIELD 801 WASHINGTON ST NORTHFIELD MN 55057 507-645-8833	1,083.28	1,229.36	Tuesday, Dec 3rd, 2019, 6:00 pm City Hall Council Chambers 801 Washington Street Northfield, MN 55057
State General Tax	0.00	0.00	NO MEETING REQUIRED
SD 0659 NORTHFIELD 1400 DIVISION ST S NORTHFIELD MN 55057 507-663-0620	1,092.07	1,010.10	Monday, Dec 9th, 2019, 7:00 pm Northfield High School Media Center 1400 Division Street S Northfield, MN 55057
Special Taxing Districts	66.40	70.18	
	Voter Approved Other	439.50 530.33	
Tax Increment Tax	0.00	0.00	NO MEETING REQUIRED
Fiscal Disparity Tax	0.00	0.00	NO MEETING REQUIRED
TOTAL Excluding Special Assessments	\$ 3,442.00	\$ 3,668.00	6.6%

IMPORTANT INFORMATION IS PRINTED ON THE BACK OF THIS FORM.

Commercial Total Tax Rate Impact

- 2020 vs 2019 Total Tax Rate comparison
 - Scenario of Valuations increasing 6.4%
 - Rice County average for Northfield
- Tax change impact is relatively flat
- Remaining increase is due to valuation changes

Commercial Property					
2019 Value	2020 Value	2019 Tax Paid	2020 Tax Paid	20v19 Change	20v19 % Change
\$ 200,000	\$ 200,000	\$ 5,757	\$ 5,762	\$ 5	0.08%
\$ 200,000	\$ 212,800	\$ 5,757	\$ 6,250	\$ 493	8.56%
\$ 500,000	\$ 500,000	\$ 17,215	\$ 17,197	\$ (18)	-0.10%
\$ 500,000	\$ 532,000	\$ 17,215	\$ 18,417	\$ 1,202	6.98%

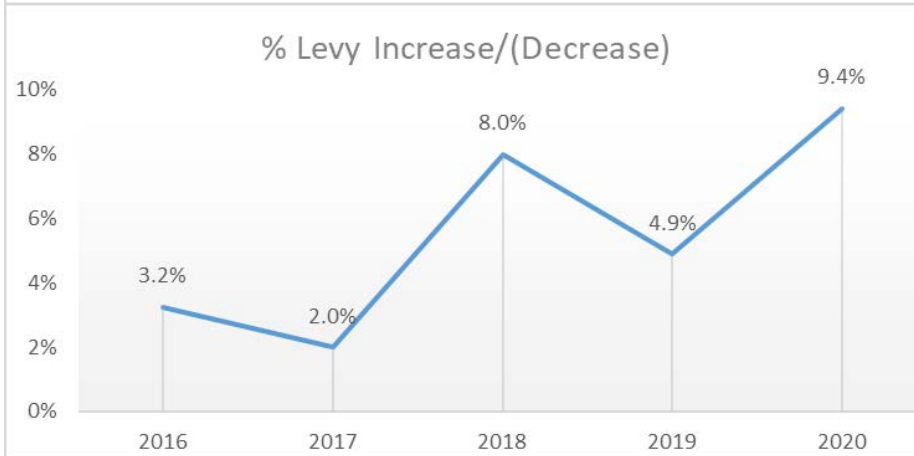
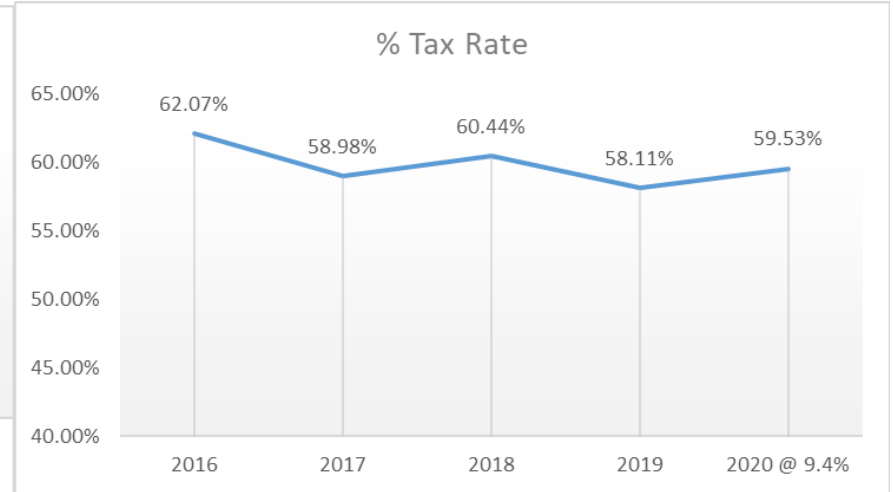
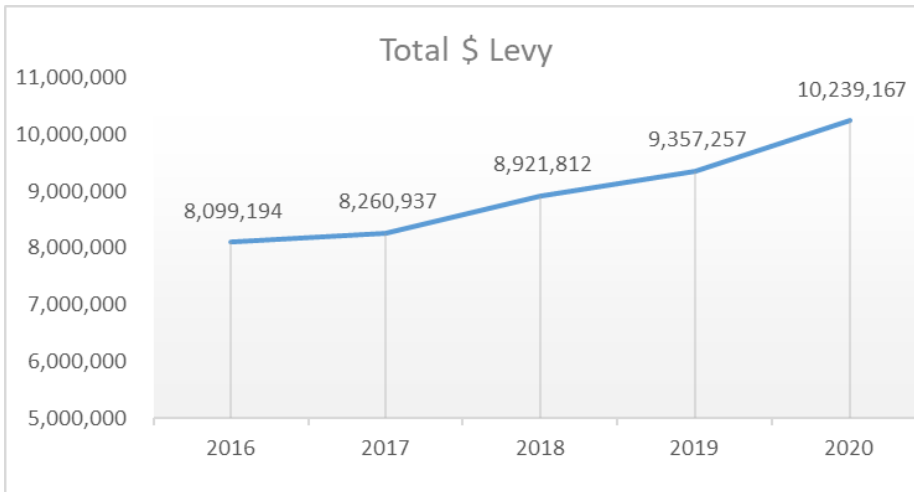
(0.10%) (\$18)/year Tax Change Impact

7.1% \$1,220/year Valuation Impact

6.98% \$1,202/year Total Impact
\$100/month

9.4% Levy increase

Note: This amount is still 15.6% less than the average of other comparable city tax levies for 2019.

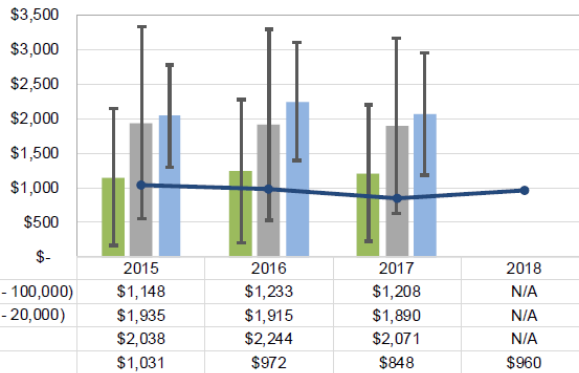


Homestead Residential Property - City Tax only						
2019	2020	2019	2020	2020v2019		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$150,000	\$150,000	\$734	\$752	\$18	\$1	2.5%
\$150,000	\$159,600	\$734	\$810	\$76	\$6	10.4%
\$175,000	\$175,000	\$892	\$914	\$22	\$2	2.5%
\$175,000	\$186,200	\$892	\$982	\$90	\$7	10.1%
\$200,000	\$200,000	\$1,051	\$1,076	\$26	\$2	2.5%
\$200,000	\$212,800	\$1,051	\$1,154	\$103	\$9	9.8%
\$250,000	\$250,000	\$1,367	\$1,401	\$34	\$3	2.5%
\$250,000	\$266,000	\$1,367	\$1,498	\$131	\$11	9.5%
\$300,000	\$300,000	\$1,684	\$1,725	\$41	\$3	2.5%
\$300,000	\$319,200	\$1,684	\$1,842	\$158	\$13	9.4%

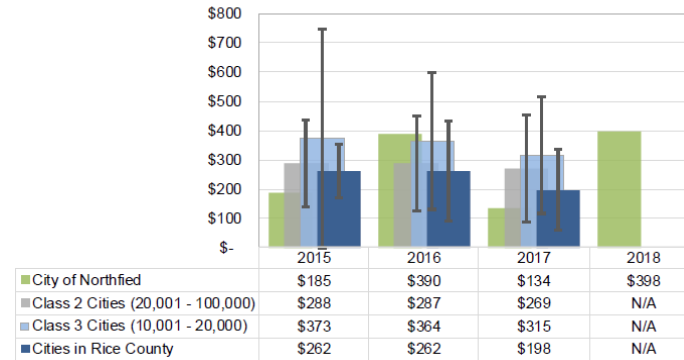
Ratio Comparison to Peer Groups

On a per capita basis, Northfield is generally lower than peer groups

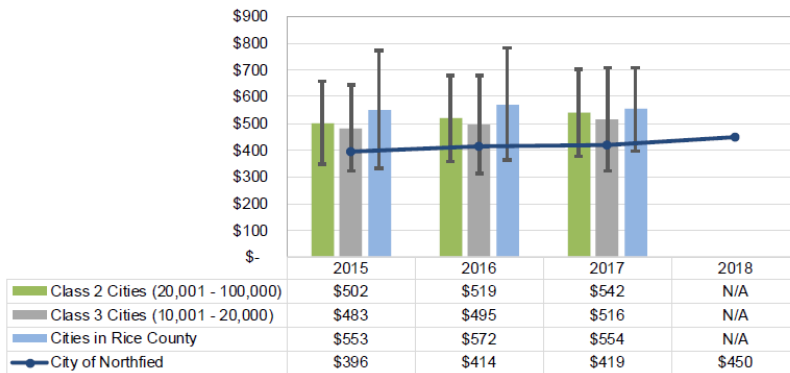
Debt - Per Capita



Capital Expenditures - Per Capita



Taxes - Per Capita



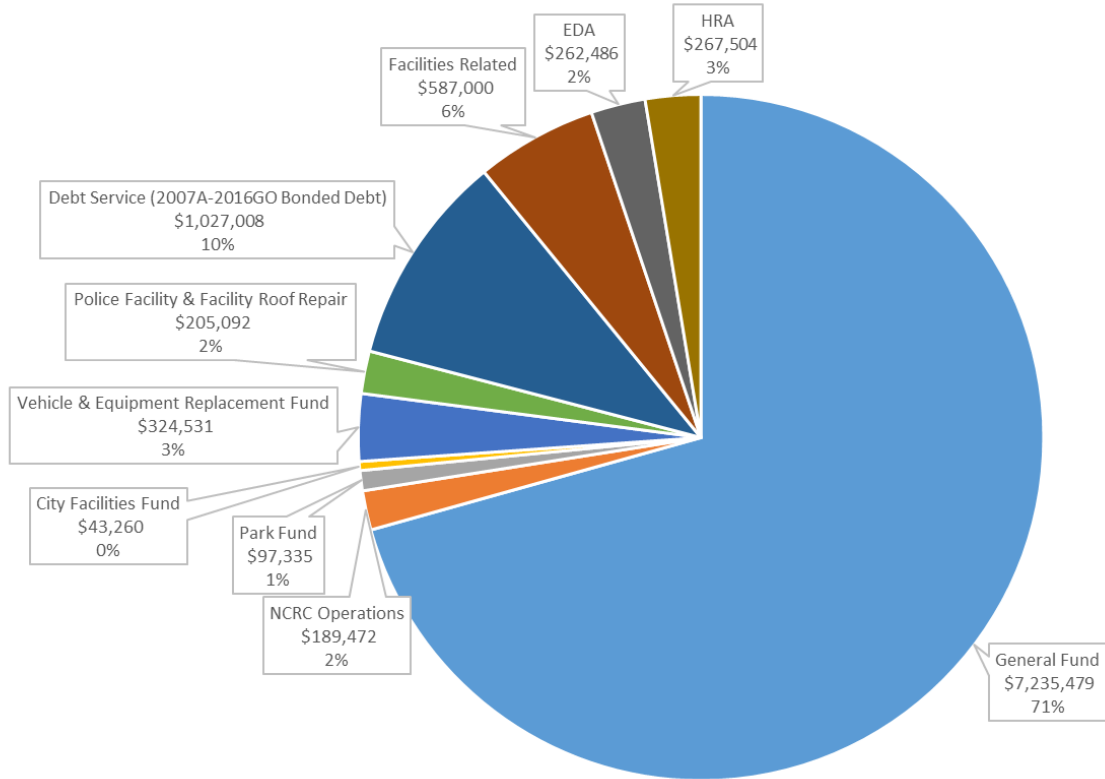
Current Expenditures - Per Capita



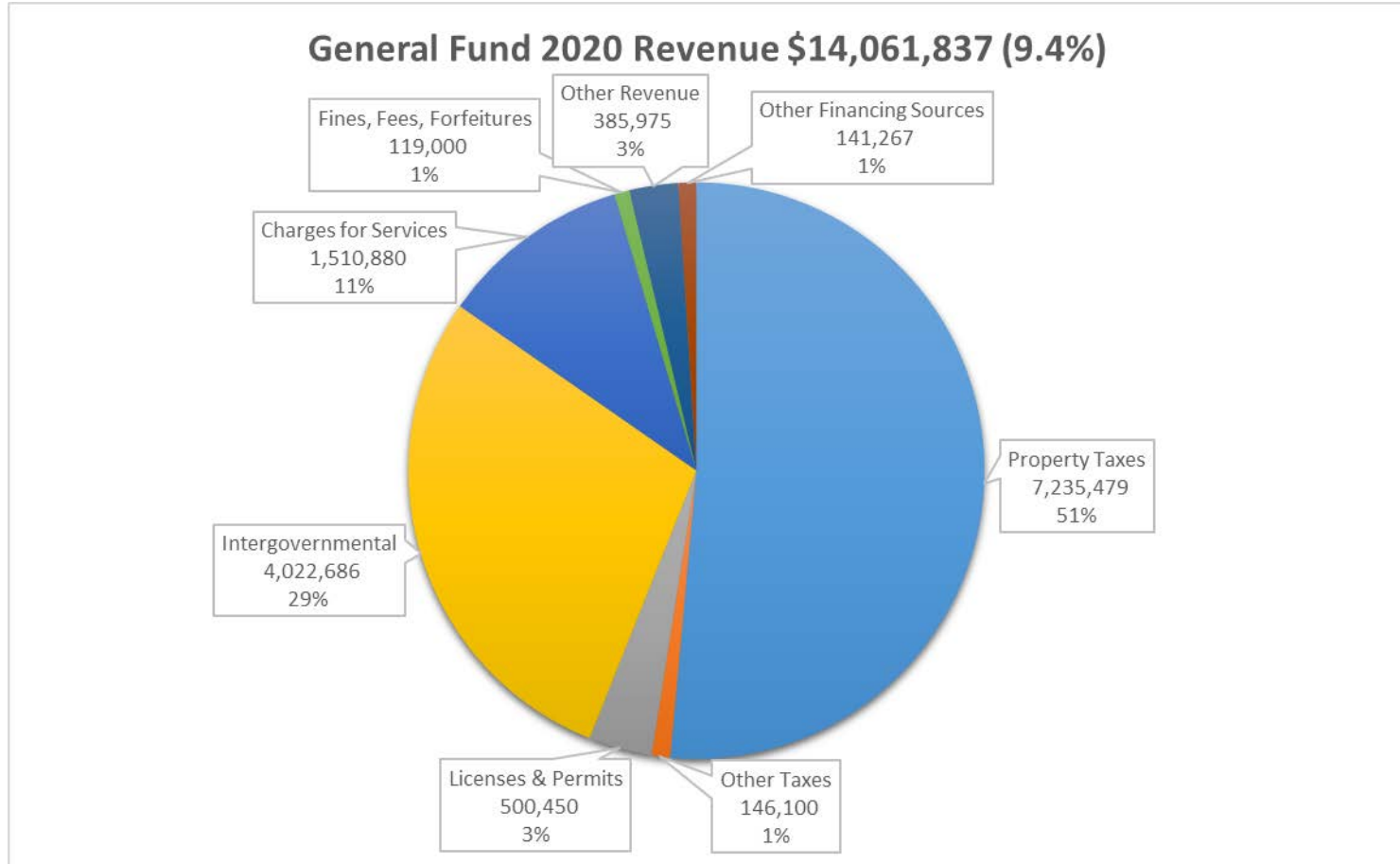
Source: 2018 Abdo Eick & Meyers Audit Presentation

2020 Tax Levy

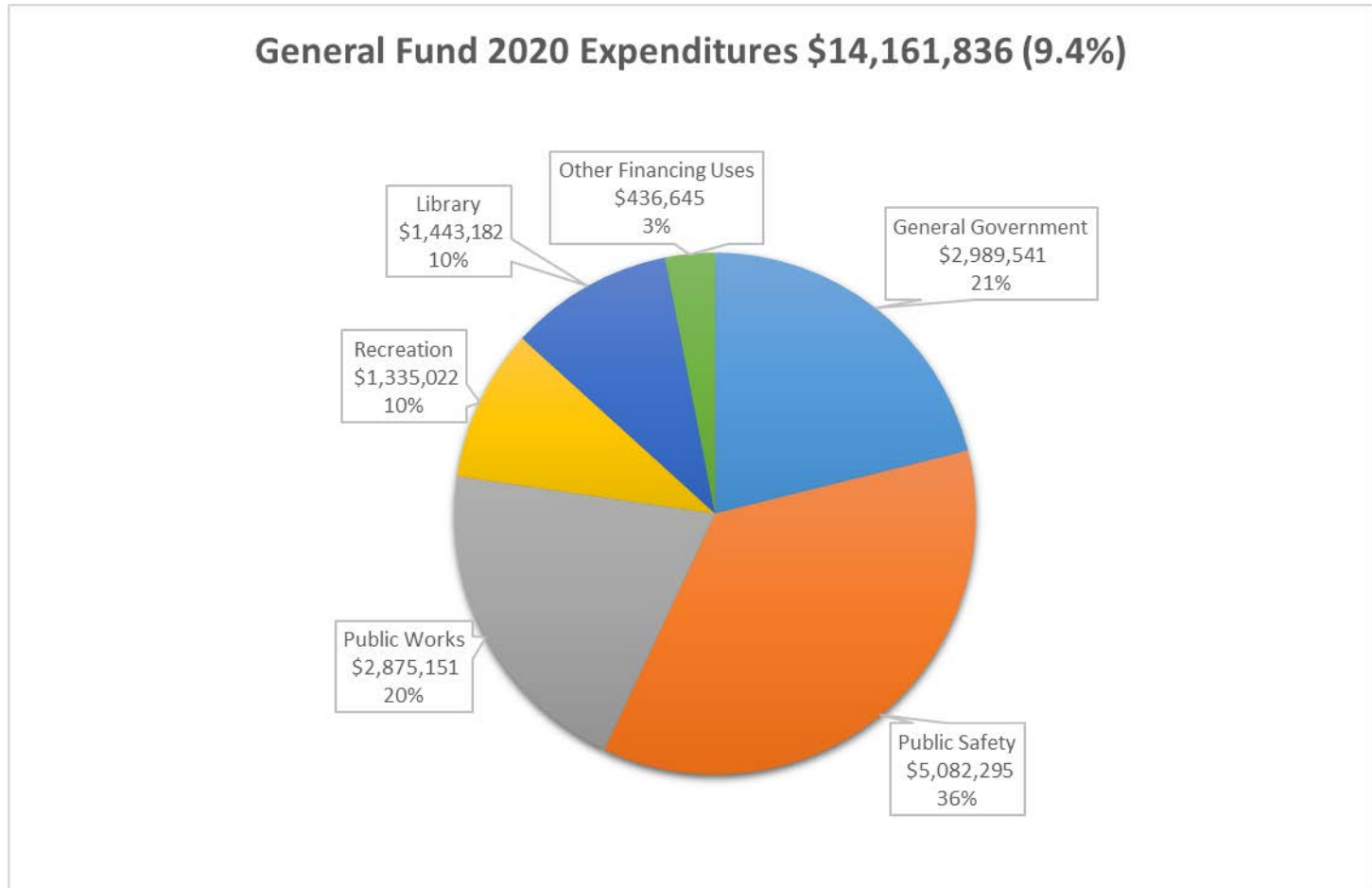
2020 Northfield Property Tax Levy \$10,239,167 (9.4%)



2019 General Fund Revenue



2020 General Fund Expenditures



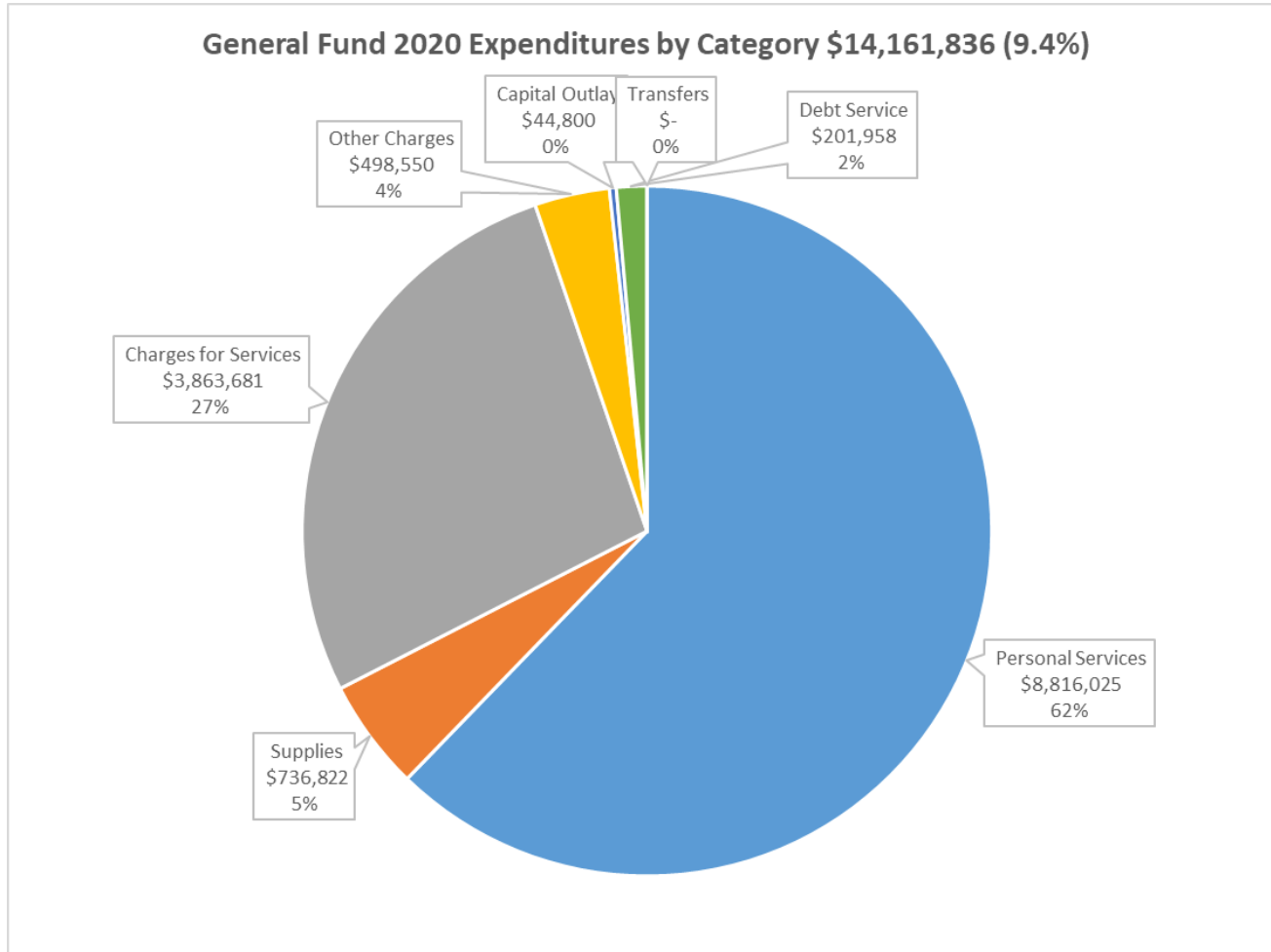
2019 General Fund Expenditures

EXPENDITURES BY MAJOR FUNCTION	2019 Budget Adopted	% of Total	2020 Budget Proposed	% of Total	Difference
GENERAL GOVERNMENT					
Mayor & Council	\$ 395,358	2.9%	\$ 345,085	2.4%	\$ (50,273)
Administration	\$ 465,867	3.5%	\$ 624,559	4.4%	\$ 158,692
City Clerk	\$ 199,788	1.5%	\$ 212,769	1.5%	\$ 12,981
Elections	\$ 38,052	0.3%	\$ 140,839	1.0%	\$ 102,787
Finance	\$ 575,620	4.3%	\$ 594,768	4.2%	\$ 19,148
Human Resources	\$ 548,564	4.1%	\$ 560,399	4.0%	\$ 11,835
Community Development	\$ 244,807	1.8%	\$ 153,278	1.1%	\$ (91,529)
Planning	\$ 180,208	1.3%	\$ 191,076	1.3%	\$ 10,868
General Government Building	\$ 118,254	0.9%	\$ 166,768	1.2%	\$ 48,514
Total General Government	\$ 2,766,518	20.6%	\$ 2,989,541	21.1%	\$ 223,023
PUBLIC SAFETY					
Police Administration	\$ 3,857,092	28.7%	\$ 4,162,669	29.4%	\$ 305,577
Fire	\$ 526,742	3.9%	\$ 547,750	3.9%	\$ 21,008
Building Inspection	\$ 348,333	2.6%	\$ 371,876	2.6%	\$ 23,543
Total Public Safety	\$ 4,732,167	35.2%	\$ 5,082,295	35.9%	\$ 350,128

2019 General Fund Expenditures

EXPENDITURES BY MAJOR FUNCTION	2019 Budget Adopted	% of Total	2020 Budget Proposed	% of Total	Difference
PUBLIC WORKS					
Engineering	\$ 550,273	4.1%	\$ 597,562	4.2%	\$ 47,289
Streets	\$ 1,551,272	11.5%	\$ 1,652,018	11.7%	\$ 100,746
Street Lighting	\$ 300,000	2.2%	\$ 295,000	2.1%	\$ (5,000)
Facilities	\$ 288,957	2.1%	\$ 330,571	2.3%	\$ 41,614
Total Public Works	\$ 2,690,502	20.0%	\$ 2,875,151	20.3%	\$ 184,649
CULTURE & RECREATION					
Ice Arena	\$ 379,061	2.8%	\$ 400,435	2.8%	\$ 21,374
General Parks	\$ 329,020	2.4%	\$ 328,664	2.3%	\$ (356)
Athletic Facilities	\$ 143,891	1.1%	\$ 147,249	1.0%	\$ 3,358
Outdoor Pool	\$ 216,663	1.6%	\$ 231,652	1.6%	\$ 14,989
Recreation Administration	\$ 226,892	1.7%	\$ 227,022	1.6%	\$ 130
Total Culture & Recreation	\$ 1,295,527	9.6%	\$ 1,335,022	9.4%	\$ 39,495
LIBRARY	\$ 1,375,030	10.2%	\$ 1,443,182	10.2%	\$ 68,152
OTHER FINANCING USES	\$ 581,152	4.3%	\$ 436,645	3.1%	\$ (144,507)
TOTAL EXPENDITURES	\$ 13,440,896	100.0%	\$ 14,161,836	100.0%	\$ 720,940

2020 General Fund Expenditures



2020 General Fund Expenditures

Additional Items included in 9.4 % increase:

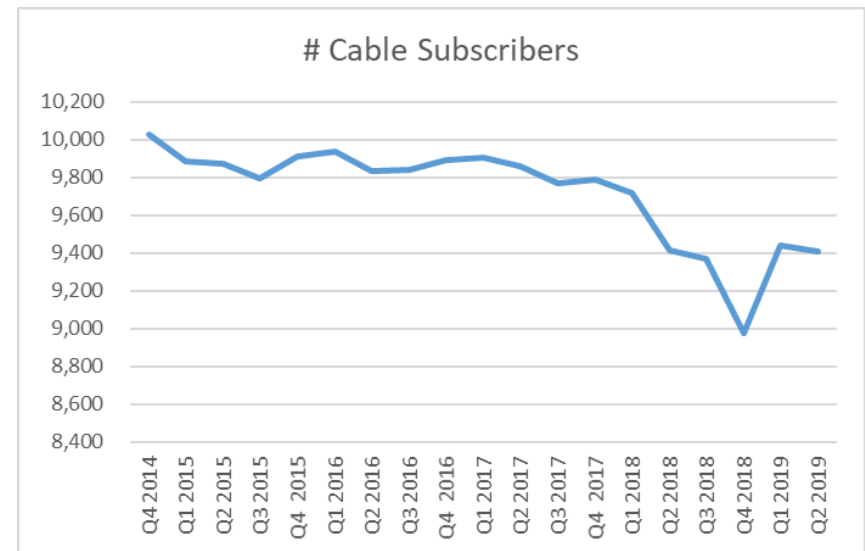
- Police Officers
 - \$131,000 Sergeant, includes benefits
 - Recommended by Novak Study
- Streets and Parks Operators
 - \$95,000 for additional operator, includes benefits
 - To improve snow removal and landscape/park maintenance
- Library Outreach Coordinator – replace grant funding
 - \$26,000 to continue Community outreach
- Election Admin Support
 - \$12,000 for part time support - election year
- Climate Action Plan
 - \$20,000 Implementation included
- Police Radio Replacements

Climate Action funded
by various Funds

Radios funded by offset
in Vehicle Replacements

2020 Communications Fund

- Revenue \$242,000
 - Increased PEG fees from \$1.00 to \$1.25, generates \$10K annually
 - Caution regarding Franchise Fee stability as households cut the cord and concerns regarding recent legislative challenges
- Expense \$327,111
 - 50% of the FT Communication Position is be funded here & NTV Station Manager transition from external to internal
 - 2020 Capital Expenditures – (PEG Fee funded) Communications Equipment update
- Net Revenue/(Expense) (\$85K)
- Fund Balance \$630K (12/31/18)



2020 NCRC Fund

- Revenue \$247,078
- Expense \$262,302
- Net Revenue/(Expense) (15,224)
- Current subsidy partially relates to the Senior Center
- Fund Balance \$349K (12/31/18)
 - Roof repair in 2019 will reduce balance
 - 2020 expense includes \$25K Age Friendly funding
 - NCRC/FiftyNorth 2020 Space Needs and Facility Study (Funded by FiftyNorth)

2020 EDA Fund

- Revenue \$287,891
- Expense \$287,891
- Net Revenue/(Expense) \$0

- 2020 Projects
 - Socio-Economic Study on minority/immigrant owned business
 - Partnership with Northfield Enterprise Center (NEC), Northfield Downtown Development Corporation (NDDC) & Northfield Area Chamber of Commerce
 - Micro-Grants & EDA Loans
 - Facade Improvement Program

- Fund Balance \$1,916,483K (12/31/18)

2020 HRA Fund

- Revenue \$327,256
- Expense \$327,256
- Net Revenue/(Expense) \$0
- 2020 Projects
 - Housing Market Study to inform strategy and priorities
 - Development of Spring Creek II & Habitat for Humanity townhomes
 - Northfield Union of Youth Wallflower Project
 - Street Assessment Assistance Program
 - Residential Rehab Program
- Fund Balance \$1,625,596K (12/31/18)

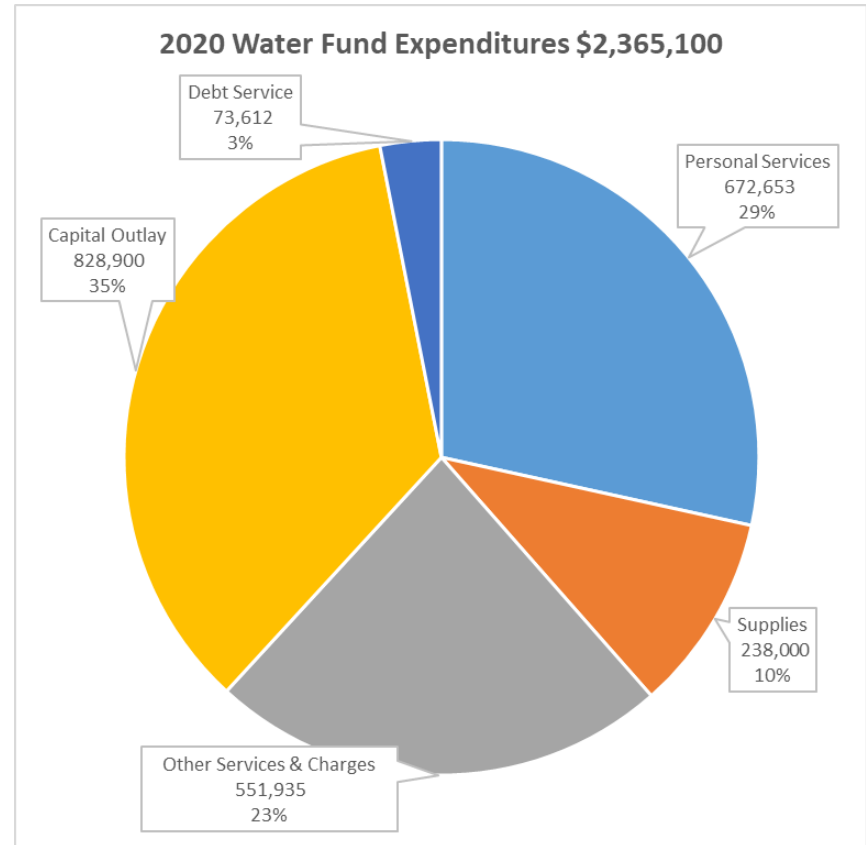
2020 Utility Funds

- City completed a new Utility Rate Study in 2018
 - Projects rates from 2019-2028
- All 2020 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 \$1.09/month
 - Average bill will increase from \$68.76/month to \$69.85/month



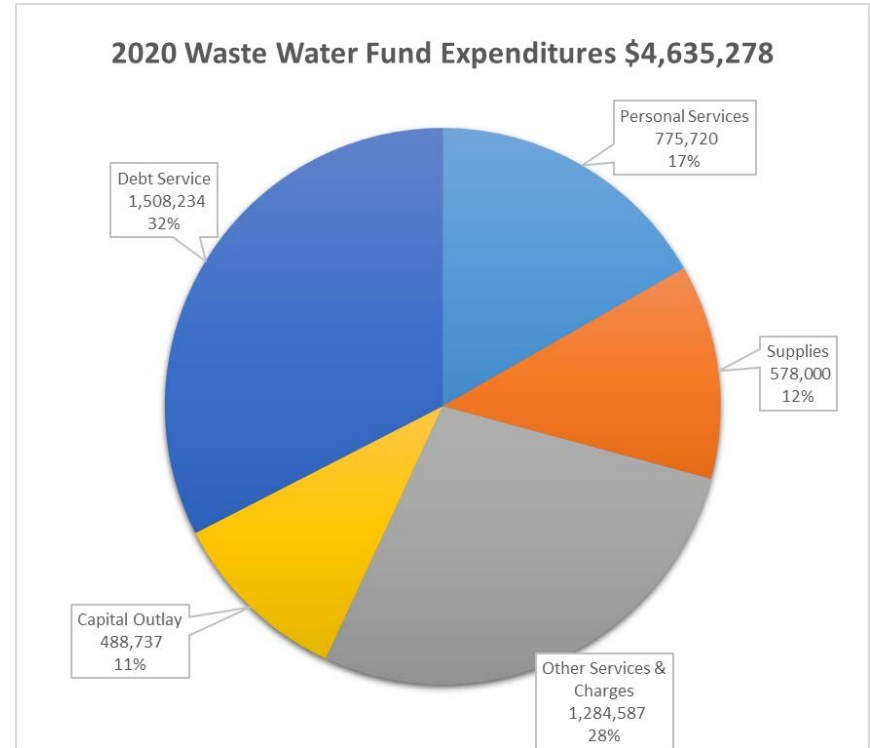
2020 Water Fund

- 1% increase in 2020
 - per 2018 rate study
- Revenue \$2,147,734
- Net Revenue/(Expense) \$581,534 excludes depreciation and capital improvements
- Fund Balance \$7.0 million
 - 2020 St. Olaf Water Tower Painting of \$400,000 of fund balance
 - 2020 will also make a \$690,000 interfund loan to Storm Water for pond drainage.



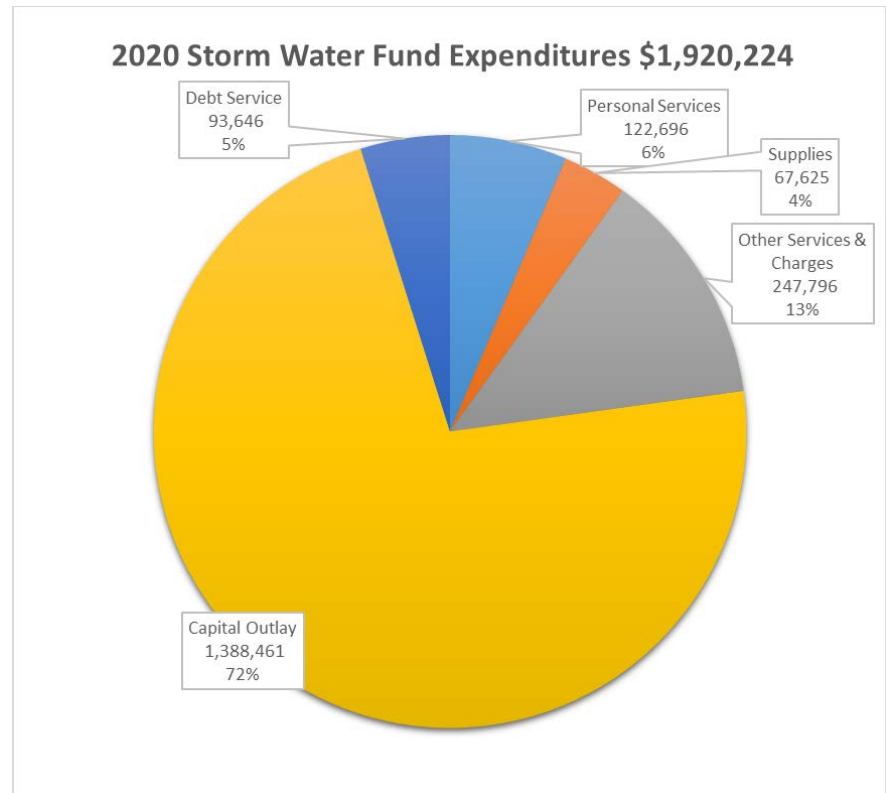
2020 Waste Water Fund

- 1.75% increase in 2020
 - per 2018 rate study
- Revenue \$4,604,891
- Net Revenue/(Expenses) 458,350 excludes depreciation and capital outlay
- Fund Balance \$3.9 million
 - 2020 Babcock Lift Station Generator (\$200,000)
 - WWTP Air Unit (\$53,000)
 - Phosphorous Analyzer (\$70,000)



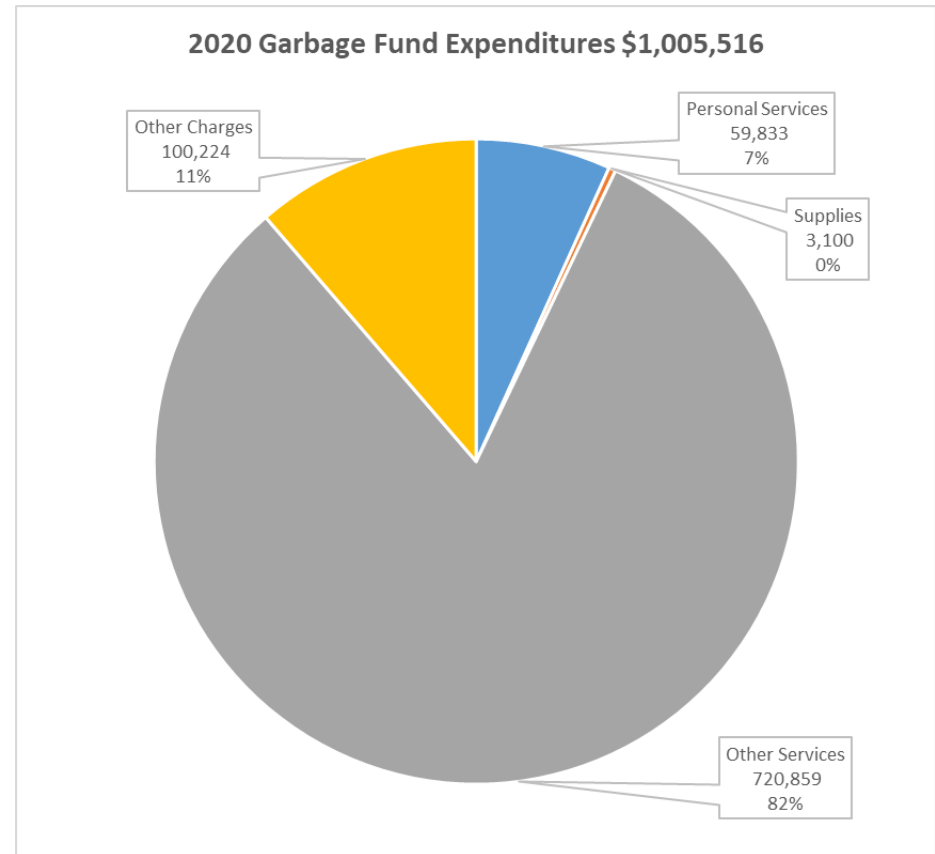
2020 Storm Water Fund

- 5% increase in 2020
 - per 2018 rate study
- Revenue \$975,434
- Net Revenue/(Expense) \$443,671, excluding depreciation and \$1.4M in engineering projects
- Cash Balance \$659K
 - 2020 Street Projects utilizing \$305,000 of fund balance
 - Pond Dredging Parmeadow Park No 1 and No 3 and Golf Course \$690,000.
 - Interfund loan from Water for Pond cleanouts



2020 Garbage Fund

- 0% increase in 2020
 - per 2018 rate study
- Revenue \$950,324
- Net Revenue/(Expense) (\$55,192), includes \$121,500 in equipment purchase in 2020
- Fund Balance \$1.2 million
 - The garbage hauling contract and landfill charges make up 82% of the expenditures
 - 54% contract with DSI and 21% landfill charges



2020 Project Highlights (CIP)

- **2 Street Projects**

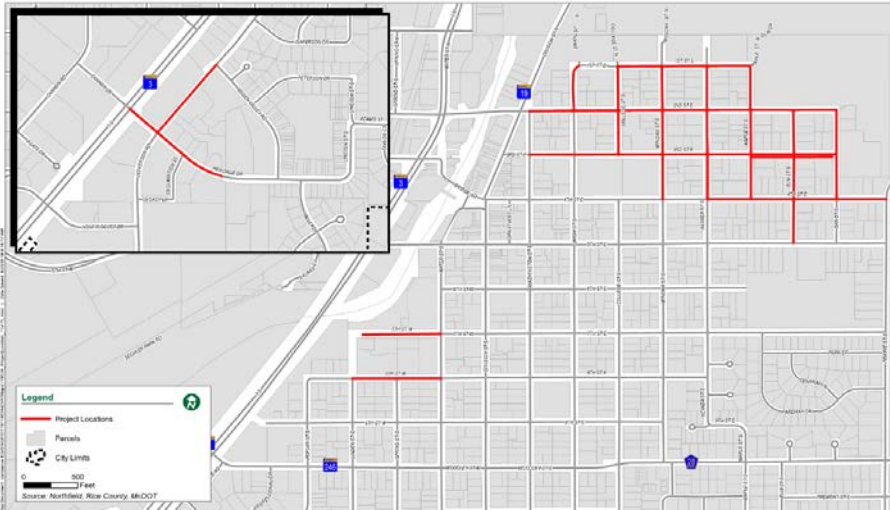
- TH 246 & Jefferson Pkwy Roundabout (2020 Construction)
- 2020 Mill and Overlay

JEFFERSON PARKWAY ROUNDABOUT



Northfield
2020 Mill & Overlay Project
City of Northfield, MN

Figure 1: Project Location
September 2019



Summary

- A Resolution is attached representing a 9.4% city-wide levy increase
 - 11.5% target was the preliminary levy approved
 - 9.4% increase includes the following
 - Police Sergeant
 - Public Works Operator
 - Library Outreach Coordinator, funding replacement for Grant funding
 - 2020 Election costs
 - 2020 Climate Action Plan implementation
 - Police Radio Replacements

Public Comment