



Budget 2025–2026

City of Northfield Budget Update
November 19 2024



City of Northfield

2025-2026 Budget

Preliminary Budget & Tax Levy Presentation (2025–2026)



I. Policy Direction (Final Feedback)

- A. NCRC Building Lease
- B. Franchise Fees Ordinance Amendment
- C. 2025 Legislative Priorities – Financial Related
 - 1. LGA
 - 2. Modernization Act
 - 3. Hwy 246 Turnback
 - 4. Bonding – (2025 Bridge Square, 2026 DNR Agency Request Dam Removal & Replacement)

II. Informational/Confirmation of Prior Support.

- A. 2025 Budget and Citywide Levy: Final Adjustments
- B. Capital Improvement Plan (CIP) and Capital Equipment Plan (CEP)

Budget Timeline



July 16 & Aug 20 Work Sessions

Staff develops initial requested budgets and Council discusses

December 3

Public Hearing and Council approves final budget & levy

September 17

Council approves preliminary levy & budget and adopts 2025 utility rates





*June 18, 2024 – City Council
accepts 2023 audit*



**September 17, 2024 – Council
adopts Preliminary 2025 Budget &
Levy, Actual 2025 utility rates &
franchise fee rate (gas/electric)**



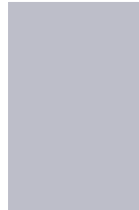
*July 16, 2024 – Council Work
Session utility funds & initial high
level budget review*



*November 19 2024 – Budget Work
Session – adjustments to 2025
preliminary*

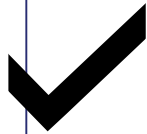


*August 20, 2024 – Council Work
Session with department detail*

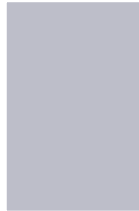


**December 3 – City Council holds
Public Hearing on Budget & Levy**

• Final presentation



**September 10, 2024 – Council
Worksession Preliminary levy &
budget target**



**December 3 – Council approves
Final Budget and Levy (payable
2025)**



Budget Timeline

Policy Direction (Final Feedback)



NCRC Lease Discussion



- Placeholder slide
- Staff is preparing additional information that will be submitted as a supplemental memo

Franchise Fees



- Implemented in 2021 (goal was \$1.3M estimated)
- Intention was to occasionally adjust rates based on Street CIP and street inflation costs
- Refunds were higher than predicted initially

Franchise Fee Ordinance Amendment



- Routinely review franchise fees every five years
 - Replaced Street Assessments – reduced burden on residential homeowners
 - Current base residential fee is \$5.50/month
 - Coordinate now with Xcel to resize franchise fees
 - Construction Inflation – 4%
 - Current revenue \$1.4M to \$1.8M
 - This revenue will reduce the future levy related cost of debt
 - Remove cap limit of \$100K on climate fund (keep 8%)
 - First reading Dec.3
 - Expect increase in Q2 2025
 - Confirmation of Council Support.

State of Minnesota Legislative Items 2025 Session



- LGA
- Modernization Act
- Hwy 246 Turnback
- Bridge Square
 - Current cost estimate \$7.5M
 - With inflation \$8M
 - State Bond Request \$4M with local match
 - Local match either property tax or sales tax to be determined in 2025 discussions with City Council – 2026–2028 project depending on local match, etc.
- Local Options Sales Tax
 - moratorium through 2025
 - Expect legislative clarity this session

Informational/
No action presume
support unless other
feedback



Property Tax Refunds

MN Department of Revenue



- In 2021, 877,000 Minnesotans filed property tax refunds, totaling over \$827 million
- Homestead Credit Refund Program or Household Income – refunds a portion of property tax that exceeds a certain percentage of household income
- Targeting Property Tax Refund or Special Homeowner's Homestead Credit Refund – refunds based on property tax increases more than 12% and more than \$100 over the prior year
- Senior Citizen Property Tax Deferral – defers a portion of the tax if over 65 and meet total income and property tax % of income levels
- Renters Credit – refunds a portion if household income is less than certain levels
- Dependents, Seniors, Disabled – status in these categories may increase refunds above
- For further details, go to www.revenue.state.mn.us/property-tax-refund

2025 Citywide Levy Adjusted 15.8%



City of Northfield Capital Funding (September, 2024) ANNUAL DEBT LEVIES



	Actual 2024	Forecast 2025	2026	2027	2028	2029	2030
Existing Debt Levies (2013-2023 Bond Issues)	2,935,092	2,962,830	2,877,830	2,862,830	2,807,830	2,568,330	2,323,238
2024 Street Reconstruction Projects - 20 yr Levy	-	497,700	499,800	499,800	499,800	499,800	499,800
2024 Bonds - Transit Hub - 15 yr Levy	-	92,200	93,400	93,400	93,400	93,400	93,400
2024 - 2029 Equipment Debt (10 yr Levies)	-	152,100	205,400	205,400	205,400	349,000	390,000
2025 Street Reconstruction Projects - 20 year Levy	-	-	502,600	502,600	502,600	502,600	502,600
2025 Ice Arena - 20 year Levy	-	-	1,046,654	1,046,654	1,046,654	1,046,654	1,046,654
2026 Bridge Square / Riverwalk - 20 year Levy	-	-	-	348,000	348,000	348,000	348,000
2026 Street Reconstruction Plan Bonds - 15 yr Levy	-	-	-	402,500	402,500	402,500	402,500
2026 City Hall - 15 yr Levy	-	-	-	88,800	88,800	88,800	88,800
2027 Street Reconstruction Plan Bonds - 15 year Levy	-	-	-	-	210,100	210,100	210,100
2028 Street Reconstruction Plan Bonds - 15 year Levy	-	-	-	-	-	426,900	426,900
Subtotal Debt Levies	2,935,092	3,704,830	5,225,684	6,049,984	6,205,084	6,536,084	6,331,992
NCR Operations Levy	195,156	328,156	328,156	328,156	328,156	328,156	328,156
Park Fund Levy	303,963	444,344	584,825	614,066	644,770	677,008	710,858
City Facilities Fund Levy	244,775	257,014	282,715	310,987	342,086	376,294	413,924
Vehicle & Equipment Replacement Levy	424,624	494,864	519,607	545,588	572,867	601,510	631,586
Subtotal Capital Maintenance Fund Levies	1,168,418	1,524,378	1,715,304	1,798,797	1,887,878	1,982,969	2,084,524
TOTAL DEBT & CAPITAL MAINTENANCE LEVIES	4,103,510	5,229,208	6,940,987	7,848,780	8,092,962	8,519,052	8,416,515
Percent Change From Prior Year:	20.5%	27.4%	32.7%	13.1%	3.1%	5.3%	-1.2%
FORECASTED CITY GENERAL LEVY (5% /yr after '25)	10,474,317	11,702,614	12,287,745	12,902,132	13,547,239	14,224,600	14,935,830
FORECASTED EDA LEVY	363,136	395,848	416,840	436,422	458,244	481,156	505,214
FORECASTED HRA LEVY	370,547	403,926	424,122	445,328	467,595	490,975	515,523
TOTAL (ALL LEVIES)	15,311,510	17,731,596	20,068,495	21,632,663	22,566,039	23,715,783	24,373,083
Percent Change From Prior Year:	9.0%	15.8%	13.2%	7.8%	4.3%	5.1%	2.8%
Average 5-yr Forecasted Total Levies Increase:				9%			

Forecasted Tax Rate Impacts:

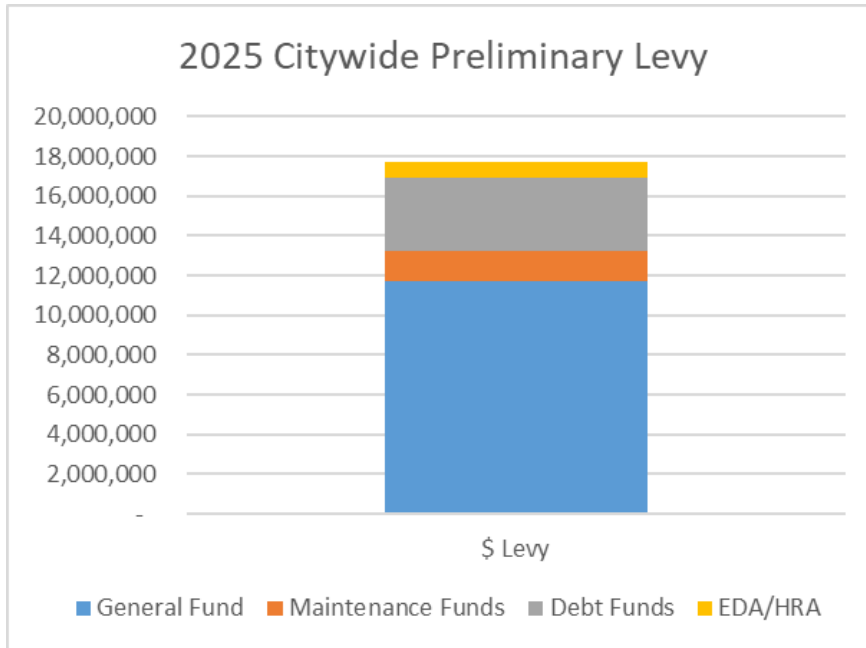
	2024	2025	2026	2027	2028	2029	2030
Forecasted City Tax Rate:	62.224%	68.831%	74.446%	76.513%	75.993%	76.064%	74.381%
Forecasted EDA Tax Rate:	1.550%	1.609%	1.609%	1.609%	1.609%	1.609%	1.609%
Forecasted HRA Tax Rate:	1.582%	1.642%	1.642%	1.642%	1.642%	1.642%	1.642%
Forecasted Total Tax Rate:	65.356%	72.082%	77.697%	79.765%	79.244%	79.316%	77.632%
Change From Prior Year:	5.682%	6.726%	5.615%	2.068%	-0.521%	0.072%	-1.683%

Sample Property Tax Bill (All Levies)

\$350,000* Residential Homestead (*2% annual appreciation)	\$2,250	\$2,414	\$2,662	\$2,795	\$2,839	\$2,906	\$2,909
Annual Increase (Decrease):		\$164	\$247	\$133	\$45	\$67	\$2

- A median home valued at \$350,000 would see approximately a 7% increase in the city portion of the property taxes
 - \$164/year or
 - \$14/month

2025 Adjusted Levy Highlights 15.8%



- **Total Levy \$17,731,596**
 - General Fund \$11,702,614
 - Does include position additions
 - Maintenance Funds \$1,524,378
 - Debt Funds \$3,704,830
 - EDA/HRA \$799,774

2025 Adjusted Levy Highlights



- **5.0% Debt Levy**
 - Cannot be adjusted – previously approved, bonded and legally obligated projects
 - 2024 Street Reconstruction Project (College & Water, Jefferson Parkway), Transit Hub & Equipment (NAFRS Pumper, Police Command Van, Dump Truck) begin payments in 2025
- **8.0% General Fund levy**
 - Inflationary costs impacting general expenses and personnel costs
 - Personal Costs remain a variable, beginning contract negotiations
 - Recruitment and retention issues (remaining consistent with city policy of being at the middle of our labor market comparisons)
 - Budget Analyst and Lead Mechanic included
 - Minimal increase in LGA
- **2.3% Maintenance Fund increases**
 - Park, Facilities, Vehicle & Equipment & NCRC funds
 - To cover existing maintenance needs (if lower revenue set, will need to adjust CIP/CEP)
 - Maintain or eliminate current amenities
 - Higher inflation on building materials and vehicles
- **0.4% EDA/HRA maintain at maximum levy**
 - Driven by 9% estimated market value growth in 2023

2025 Adjusted Levy

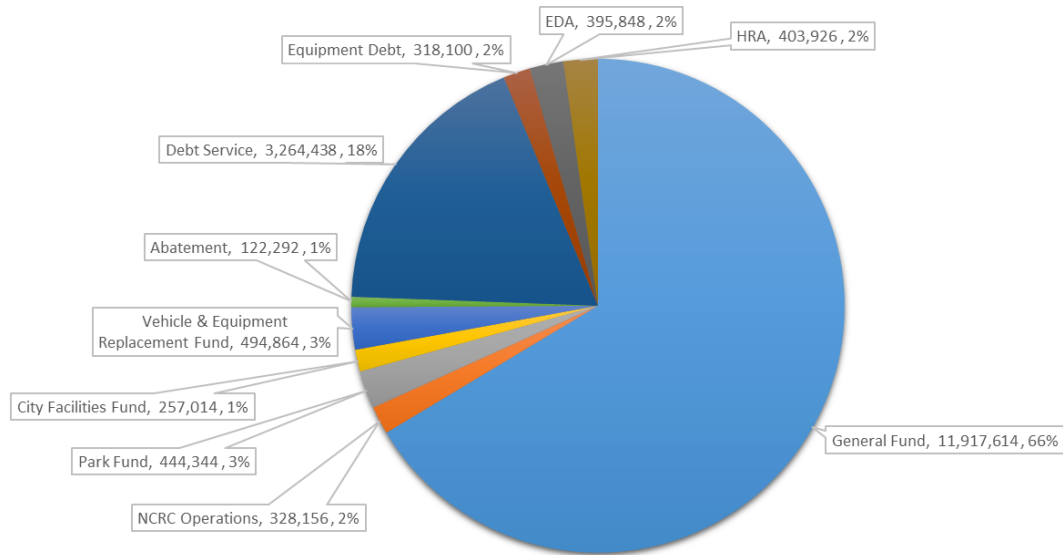


- **Adjustments were made to reduce expenses in the General Fund budget to get levy back to 15.8%**
 - General Fund Expenses were reduced
 - Economic Development Associate open position moved to EDA/HRA
 - Personal Services contract costs revised based on latest estimates
 - Two new positions were added
 - Budget Analyst and Lead Mechanic
- **15.8% will be the levy presented as the Final Levy in December**

2025 Citywide Levy



Northfield Citywide 2025 Property Tax Levy \$17,731,596

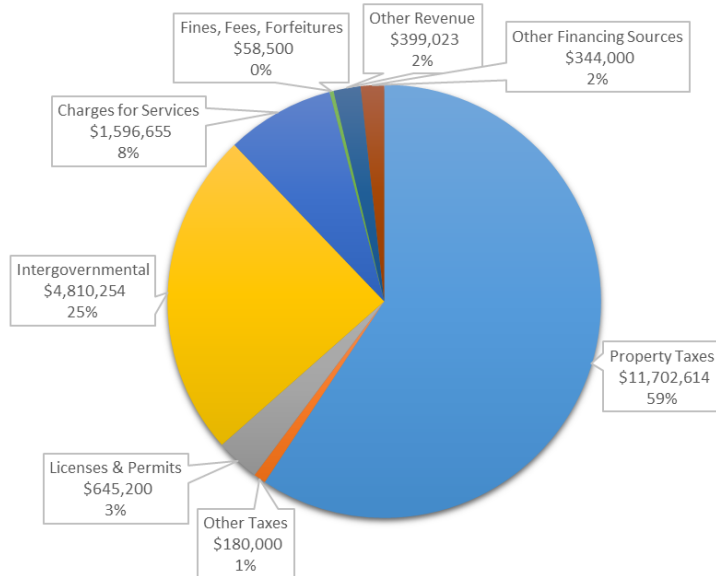


- General Fund Levy is 66% of total citywide levy

2025 General Fund Revenue



General Fund 2025 Revenue \$19,736,246

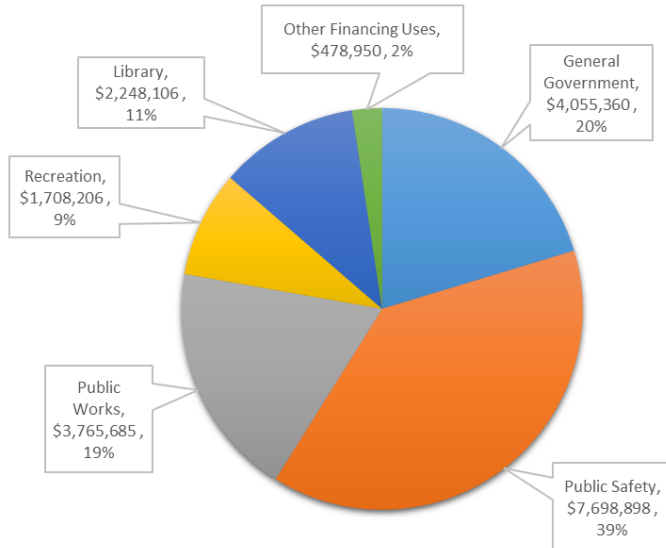


- Property Taxes represent 59% of General Fund Revenue
- ??

2025 General Fund Expense



General Fund 2025 Expenditures \$19,955,206

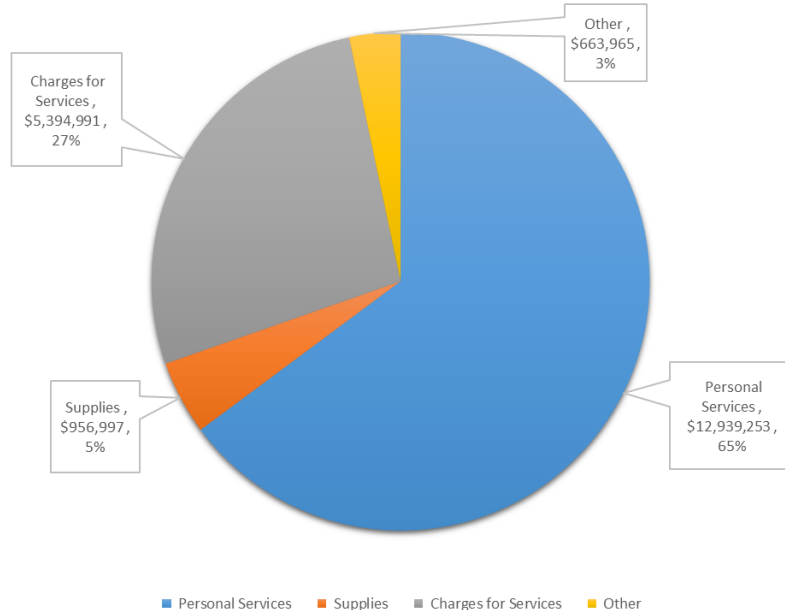


- Public Safety represents 39% of the General Fund expense
- Utilizing \$250,000 of Police Aid funding in 2025 & 2026 to offset wage adjustments

2025 General Fund Expense



General Fund 2025 Expenditures by Category \$19,955,206

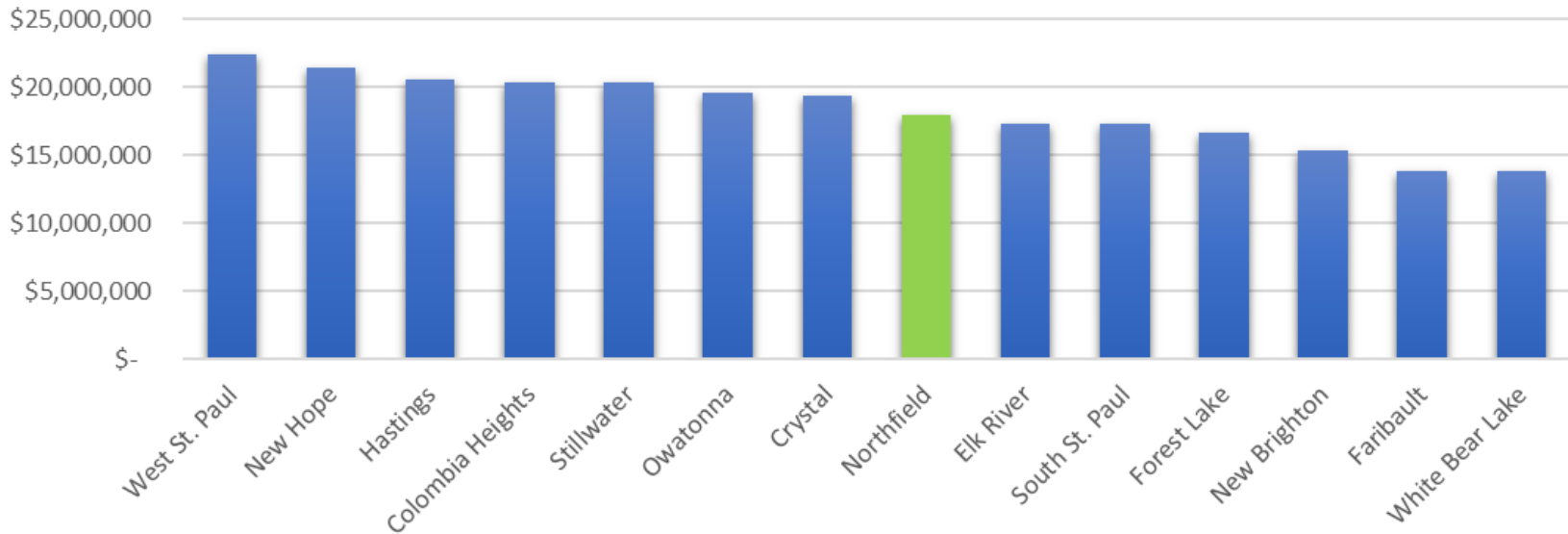


- Personal Services represents 65% of the General Fund expense

Peer Comparison Preliminary Levies



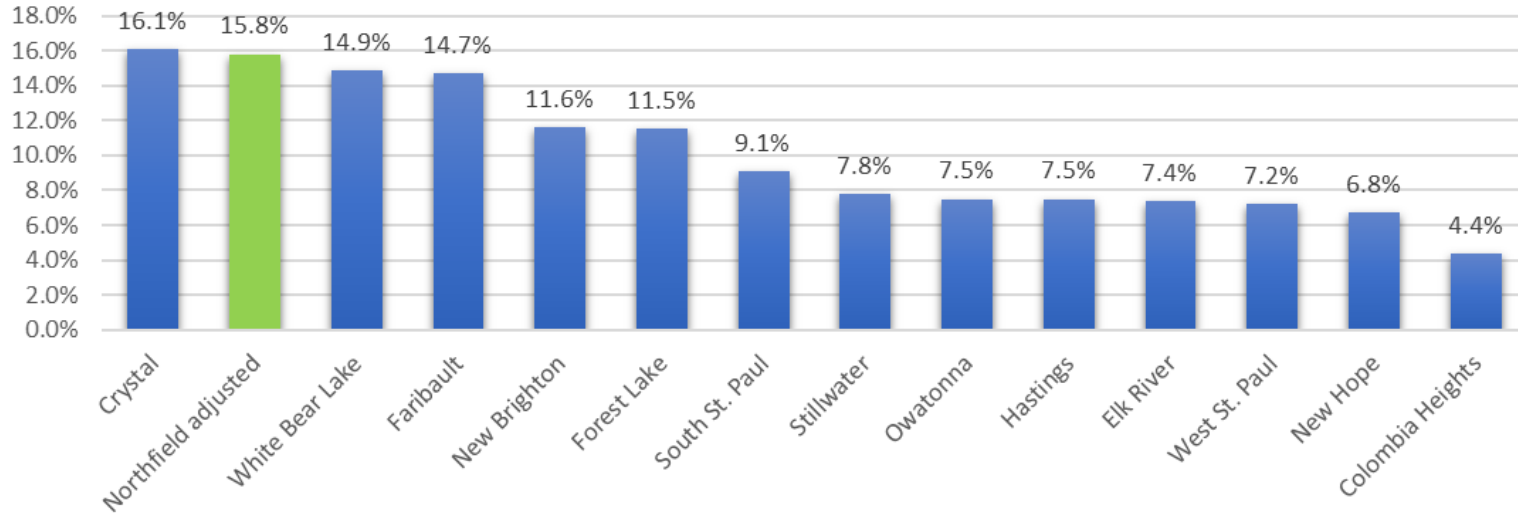
2025 Total \$ Preliminary Levy



Peer Comparison Preliminary Levies



Preliminary Levy % Increase



Next Steps



- **December 3 Council Meeting**
 - Public Hearing and approve final levy and budget and Capital Improvement Plan (CIP) and Capital Equipment Plan (CEP)
 - Franchise Fee 1st Reading
 - Franchise Fee 2nd Reading (special meeting Dec. with comp. plan)

Questions?

Thank you