



Budget 2026–2027

City of Northfield Budget Work session
September 16, 2025



City of Northfield

2026-2027 Budget

Agenda



- 2026–2027 Budget Timeline & Key Milestones
- Levy Alternative Options
- Board & Commission and Council Policy Changes
- Policy Feedback
- Next Steps
- Background Information (for reference)
 - Tax Base and Comparable Cities
 - General Fund and Citywide Levy

Budget Timeline



Budget Timeline



July 15 & Aug 12 Work Sessions

Staff develops initial requested budgets and Council discusses

December 2

Public Hearing and Council approves final budget & levy

September 23

Council approves preliminary levy & budget and adopts 2026 utility rates





June 17, 2025 – City Council accepts 2024 audit



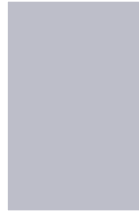
July 15, 2025 – Council Work Session initial high level budget review



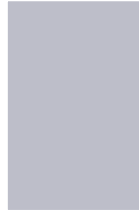
August 12, 2025 – Council Work Session with department detail



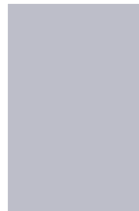
September 16, 2025 – Council Work Session preliminary budget and levy review & utility rate study



September 23, 2025 – Council adopts preliminary budget & levy and 2026 utility rates & franchise fee rate (gas/electric), NAFRS Budget

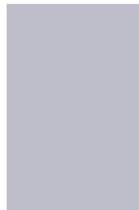


October 14, 2025– Budget Work Session – as needed, adjustments to 2026 or focus on 2027



December 2, 2025 – City Council holds Public Hearing on Budget & Levy

- Final presentation



December 2, 2025 – Council approves Final Budget and Levy (payable 2026)



Budget Timeline

Strategic Plan Summary

2025-2028



STRATEGIC PLAN SUMMARY 2025-2028

City of Northfield

Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiatives
Improve Financial Strength <i>A financially responsible organization</i>	Increased Commercial-Industrial tax base	- Net new C/I Valuation -C/ Permit Valuation (New)	- \$50M net increase-C/ valuation 2025-2028 - \$50M net increase-C/ permit valuation 2025-2028	a) Develop and implement Northeast Area Show/Ready and Recruitment Plan b) Strategize to develop high potential C/I properties c) Create a Revenue Diversification Program (new & updated) d) Implement a coordinated 2-year Budget and Align Financial Management Plan e) 5-year Financial Management Alignment with Service Level Strategy.
	Increased revenue diversification	Change in \$ value of new non-tax General Fund revenue	10% increase in non-tax revenues 2025-2028	
	Taxation responsive to community needs & expectations	- Annual tax levy - Annual tax rate	Tax levy at or below ___% over Estimated Market Value (EMV) growth	
Increase Housing Availability <i>Addressing the City's affordable housing needs</i>	Expanded availability of single-family housing	# of single-family housing units added annually	Add 50 single-family homes annually through end 2028	a) Create and implement single-family home expansion strategy to implement now and existing housing stabilization programs c) Create a strategy to reduce homeownership disparity d) Create development subsidy standards and policy e) Create a plan for publicly owned high priority redevelopment sites
	Expanded availability of multi-family housing	# of multi-family housing units added annually	Add 50 multi-family homes annually by end 2028	
	Preservation of housing quality and affordability	- # of Naturally Occurring Affordable Housing (NOAH) units preserved	- 30 NOAH units preserved/rehabbed by end 2028	
Achieve Infrastructure Sustainability <i>Infrastructure that supports community needs</i>	A flood resistant community	- Flood plan adoption - Flood plan implementation	Flood plan fully implemented by 2028	a) Create Pedestrian and Biking Crossing Improvement Plan for THS b) Create a safe street for all plan c) Implement City-wide pedestrian crossing improvement plan d) Create a dam removal strategy e) Implement downtown flood improvements f) Implement neighborhood flood improvements
	Improved pedestrian safety	- # of upgraded pedestrian crossings installed - # of pedestrian plan improvements completed - Safe Streets for All Plan completed	- #10 new pedestrian crossings installed 2025-2028 - #THS pedestrian & biking plan improvements completed by 12/2028 - Safe Streets for All Plan Complete 12/28	
	Dam-free river	Dam removal decision	Dam removal completed by 12/2029	
Enhance Service Delivery <i>A community that cares about its residents</i>	Capacity to meet desired service levels	# of capacity/improvements implemented	Full implementation of critical capacity-building measures across Administrative Services, PD, and Streets & Parks by 2028	a) Identify long-term service delivery needs b) Define service levels in core services c) Review & update Communications Plan d) Develop a survey framework e) Create a downtown managed parking plan
	Community input guides service improvements	Completion of a city-wide quality of life survey	Conduct a city-wide community survey every other year starting in 2026	
	Downtown parking needs are met	- Managed parking plan adoption - Parking need assessment	Comprehensive downtown managed parking solution in place by 12/2026	

The plan consists of four **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.

Property Tax Levy Options



Steps Tonight

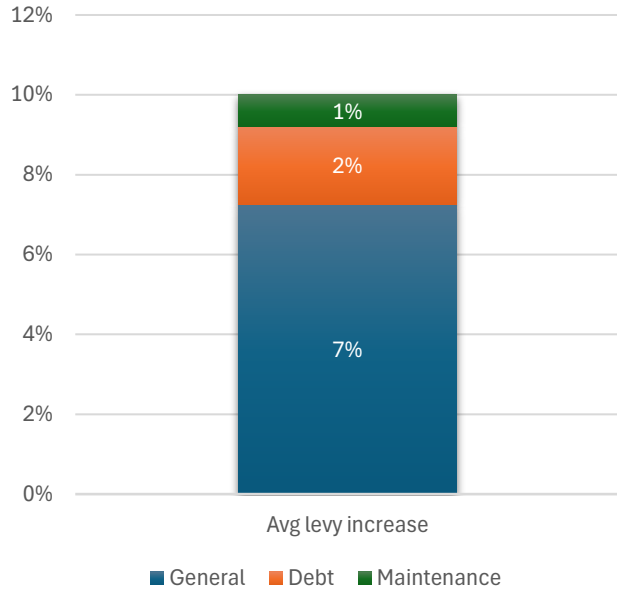


- **Guidance on the option to adopt the preliminary levy/budget at September 23rd council meeting**
 - This is the option that will be used for the TNT statements distributed by the County in November to estimate tax impact to individual property owners
 - The budget amount can go down with approval of final levy in December, but cannot go up

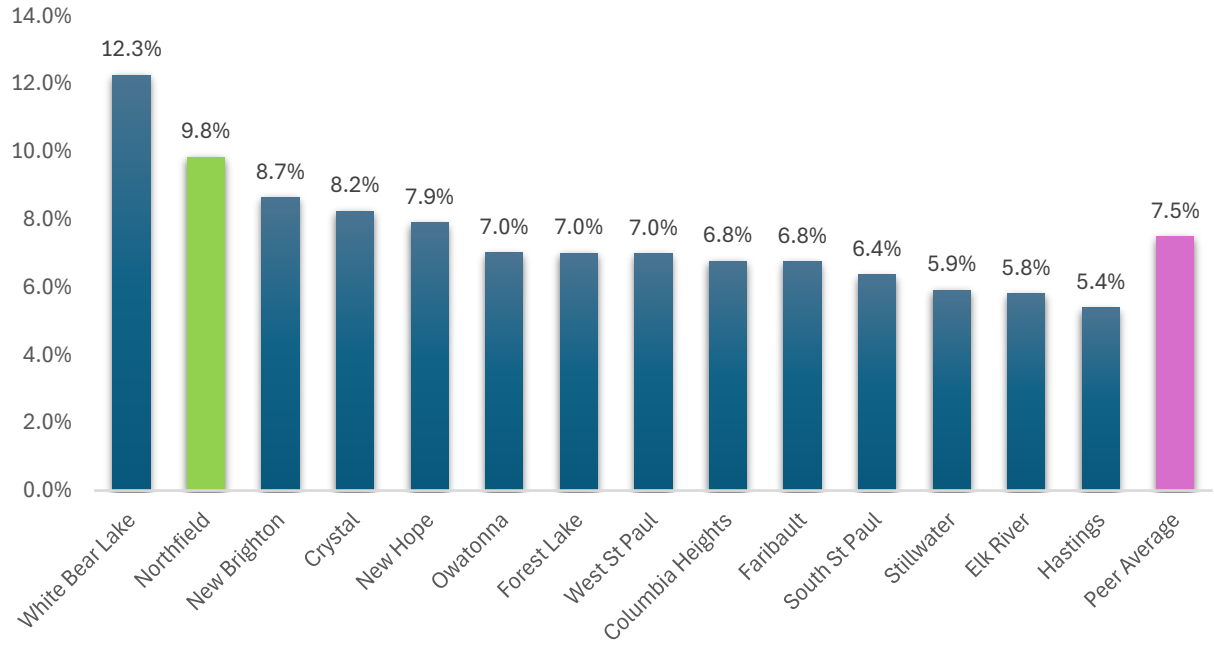
Peer Comparison – Average levy increases



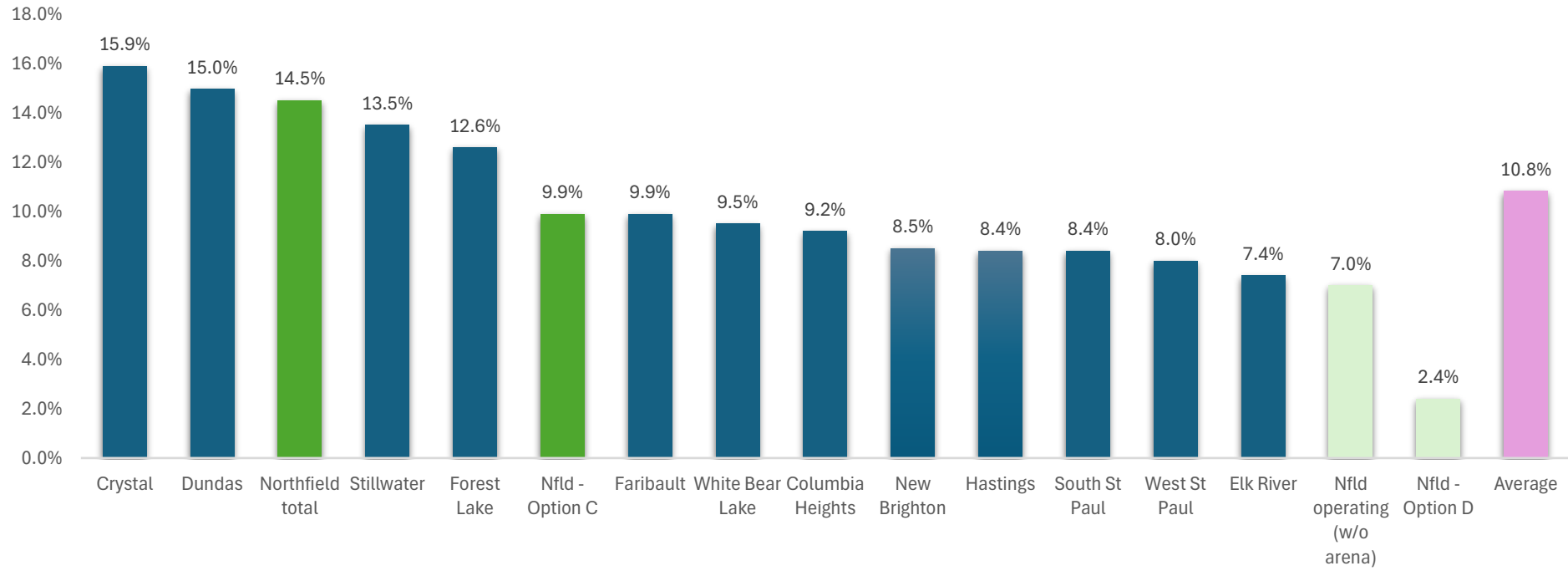
Avg 10-yr levy increase - Northfield



Average levy increase since 2016



Peer Comparisons (Plus Dundas) – 2026 Preliminary levy



Transfer Highlights



- General Fund – no excess reserves projected – beyond planned use of Police Funding reserves
- \$100,000 Liquor Fund – one time transfer to NCRC plus \$50,000 to General Fund for total of \$150,000 from liquor store profits that significantly reduces property tax burden due to liquor store operations
- \$164,000 DMV – one time transfer to NCRC
 - The State does not increase reimbursement rates annually, so a current surplus is forecast, but will likely become a deficit in future years.

Big Picture – Budget & Levy Options



Options Below In Review Consideration September 16th

- Option B 14.5% total
 - 7.5% Ice/Debt (fixed)
 - **7.0% Other**
- **Alternate B NEW Option 12.0%**
 - 7.5% Ice/Debt (fixed)
 - **-4.5% Other**
- Option C 9.9% total
 - 7.5% Ice/Debt (fixed)
 - **2.4% Other**
- Option D 3.0% total
 - 7.5% Ice/Debt (fixed)
 - **(4.5%) Other**, represents a 14.0% cut from current expense roll-up

Option A Was the Original “Budget Rollup” from Staff and not currently in consideration for levy

- Option A 17.8% total
 - 7.5% Ice/Debt (fixed)
 - **10.3% Other**

Alternative Revenue Opportunities

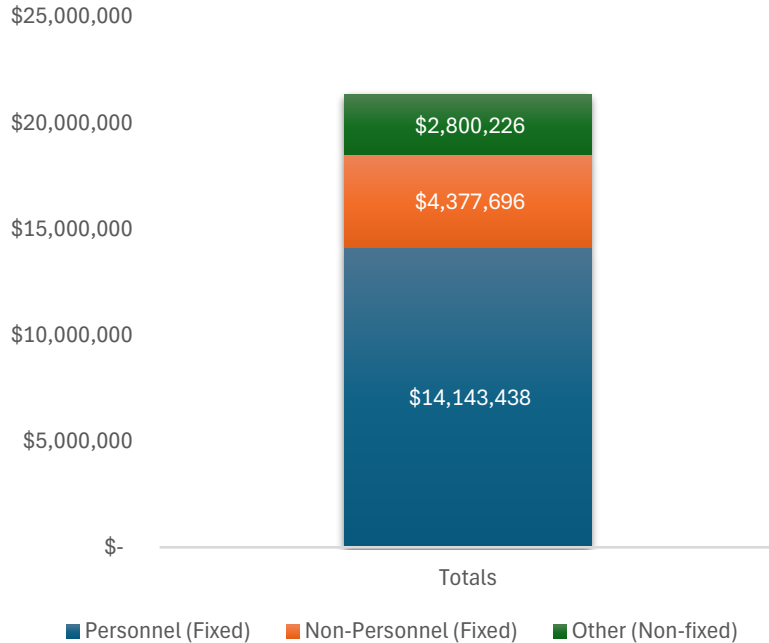


- Continue to Explore The Following Revenue Opportunities Upcoming Budget Considerations but not likely to have significant 2026 Budget Revenue Implications (may be others this is an initial list)
 - X Building Inspections Service with Dundas (completed)
 - X Franchise Fees (gas/electric) – in process 2nd Reading consent agenda Sept.23
 - College Voluntary Donation increase
 - Rice County – County Library increase exploration
 - Park Dedication Fees
 - Code Enforcement Fines – increase (blight, weeds, etc.)
 - Administrative Citations (parking, low speed violations, etc.)
 - Overnight Parking Downtown Fee & Winter Parking Fee
 - Franchise Fees (broadband)
 - Municipal Cannabis
 - Others to be determined (ongoing review – open to ideas)

Big Picture – Total Expense Budget



Personnel vs. Non-Personnel Expenses –
Total General Fund

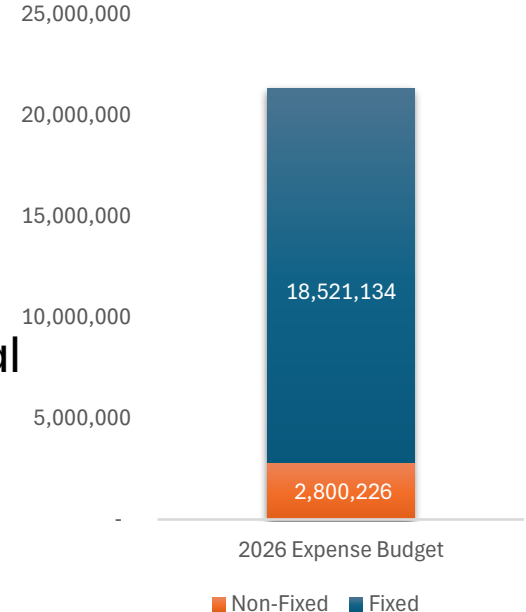


- Total Budget \$21,321,360
 - \$14,143,438 personnel expense (66%)
 - **fixed**
 - \$4,377,696 non-personnel expense (21%)
 - **fixed**
 - \$2,800,226 other expense (13%)
 - non-fixed

General Fund – Fixed vs. Non-Fixed Expenses



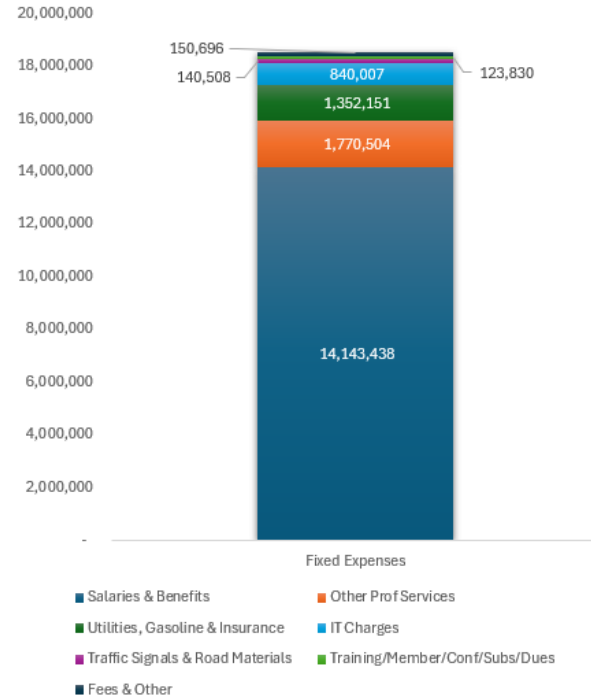
- **\$21,321,360 total expense budget**
 - \$18,521,134 fixed costs (87%)
 - 76% attributed to salaries, wages and benefits
 - \$2,800,226 non-fixed costs (13%)
 - 60% attributed to maintenance (streets, trails, equipment, etc.), supplies, and other professional services
 - Professional services include engineering studies, playground designs, athletic facility upkeep and general planning support.



General Fund – Notable Fixed Expenses



- **\$18,521,134 in total fixed expenses**
 - Salaries & Benefits – \$14,143,438
 - Utilities, Gasoline & Insurance – \$1,352,151
 - Other Professional Services – \$1,008,492
 - Key Items Include:
 - Convention/Visitors Bureau & Contracted Rec Services – \$351,150
 - Comm Dev Zoning Code – \$230,000
 - Police – Axon body/dash cams – \$131,442
 - Ice Arena lease payment – \$120,000
 - NAFRS – \$762,012
 - IT Charges – \$840,007
 - Traffic Signals & Road Materials – \$140,508
 - Training/Memberships/Conferences, Subscriptions & Dues – \$123,830
 - Fees & Other – \$150,696



General Fund – Notable Non-Fixed Expenses



• \$2,800,226 in total non-fixed expenses (**\$309,000 expenses already cut; another \$269,000 levy savings from transfers, reduced debt, increased NCRC rents**)

– Maintenance – \$1,154,630 (**Capital Parks fund already cut \$94,000**)

- *Downtown, Trail, Tree, Grounds, Park & Sidewalk maintenances* – \$421,800
- *Streets* – \$243,000
- *Equipment* – \$227,500
- *Buildings, Athletic fields, pool maintenance* – \$167,330
- *Snow & Ice Control* – \$95,000

– Other Professional Services – \$296,500 (**\$213,000 in cuts already made – 42%**)

- *Engineering* – safe streets, Hwy 3 intersection/crossing studies – \$108,000
- *Planning* – general staffing support and strategic plan service – \$100,000
- *General Parks & Athletic Facilities* – \$88,500
 - *Playgrounds/art; Sechler/Spring Creek, lawn care/irrigation; general services*

– General Supplies – \$227,825

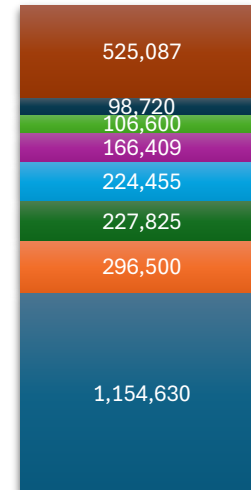
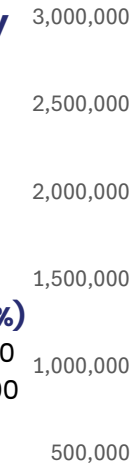
– Programs & Public Services, Partnership Programs & Group Programming – \$224,455

– Library Materials – \$166,409

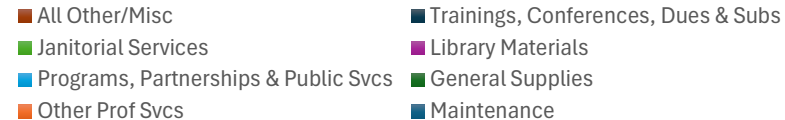
– Janitorial Services – \$106,600

– Trainings, Conferences, Dues/Subscriptions – \$98,720 (**\$2,500 existing cuts**)

– All Other – \$525,087



Non-Fixed Expenses



Big Picture – Option B: +14.5% total levy



- **7.0% Operating Levy Increase**
- **7.5% Debt/Ice Arena**
 - 14.5% Total Increase
- **\$578,000 Required cuts to Operating Budgets**
- **Impact on \$350,000 Home**
 - \$10/month Operating
 - \$17/month Debt/Ice
 - \$27/month Total
 - 13.2% increase total 2025–2026

Big Picture – Option B Summary



- **\$578,000 Cuts**

- **\$108,000** **Ice Arena debt sale better than estimate**
- \$188,000 General Fund expense reduction (some likely deferred)
 - Library Website Redesign, Ames Park Planning, HR NeoGov Onboarding upgrade, Local Option Sales Tax Education, Emergency Preparedness Siren
- \$100,000 Liquor Store contribution one-time increase
- \$94,000 Parks fund
- \$49,000 NCRC/Fifty North 3-year phase-in
- \$27,000 Discretionary General Fund cuts
 - Fireworks, Board/Commission Training/Holiday Social, National League of Cities membership
- \$12,000 DMV transfer

Big Picture – Option B Summary



- **\$578,000 Cuts – what we lose**
 - General Fund expense reduction (some likely deferred)
 - **\$188,000**
 - \$50,000 Library Website Redesign deferred (to at least 2027)
 - \$50,000 Ames Park Planning to 2028 to coincide with further dam removal exploration
 - \$20,000 HR NeoGov Onboarding upgrade deferred to 2027
 - \$30,000 Local Option Sales Tax Education, internal staff to manage/implement
 - \$38,000 Emergency Preparedness Siren deferred to 2027 (1 of 9 sirens will require new within 2 years)

City of Northfield, Minnesota
Estimated Tax Impacts of Proposed 2026 Property Tax Levy
 August 22, 2025

TAX LEVY INFORMATION	
Preliminary City Levy Amount	\$19,475,046
Preliminary EDA Levy Amount	\$409,703
Preliminary HRA Levy Amount	\$418,063
2026 Proposed City-wide Levy Amount	\$20,302,812
2025 Levy Amount	\$17,731,596
Annual Increase	14.5%
TAX BASE INFORMATION	
Preliminary Net Tax Capacity - Payable 2026	\$25,519,428
Proposed \$ Levy Increase	2,571,216
Tax Capacity Rate:	
Payable - 2025	71.918%
Payable - 2026 at 2025 Levy Amount	69.483%
Estimated 2026 at Proposed Levy Increase	79.558%
Estimated Increase to City-wide Tax Rate	10.076%

• Preliminary Net Tax Capacity based on estimated 3.5% of tax base increase for Pay 2026

TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE									
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2025 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2026 City Tax	
Residential Homestead	\$ 200,000	\$ 28,550	\$ 171,450	\$ 1,715	\$ 1,233.03	\$ 130.99	10.92	\$ 1,364.03	
	250,000	24,050	225,950	2,260	1,624.99	172.63	14.39	1,797.62	
	300,000	19,550	280,450	2,805	2,016.94	214.27	17.86	2,231.21	
	329,500	16,895	312,605	3,126	2,248.19	238.84	19.90	2,487.03	
	350,000	15,050	334,950	3,350	2,408.89	255.91	21.33	2,664.80	
	403,900	10,199	393,701	3,937	2,831.42	300.80	25.07	3,132.22	
Commercial/Industrial	450,000	6,050	443,950	4,440	3,192.80	339.19	28.27	3,531.99	
	500,000	1,550	498,450	4,985	3,584.75	380.83	31.74	3,965.58	
	\$ 500,000	\$ -	\$ 500,000	\$ 9,250	\$ 6,652.42	\$ 706.72	58.89	\$ 7,359.14	
	1,000,000	-	1,000,000	19,250	13,844.22	1,470.75	122.56	15,314.96	
	5,000,000	-	5,000,000	99,250	71,378.62	7,582.95	631.91	78,961.57	
TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 3.7%									
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2025 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2026 City Tax	
Residential Homestead	\$ 207,344	\$ 27,889	\$ 179,455	\$ 1,795	\$ 1,233.03	\$ 194.68	16.22	\$ 1,427.72	
	259,181	23,224	235,957	2,360	1,624.99	252.24	21.02	1,877.23	
	311,017	18,558	292,458	2,925	2,016.94	309.81	25.82	2,326.75	
	341,600	15,806	325,794	3,258	2,248.19	343.77	28.65	2,591.96	
	362,853	13,893	348,960	3,490	2,408.89	367.37	30.61	2,776.26	
	418,732	8,864	409,868	4,099	2,831.42	429.42	35.78	3,260.84	
Commercial/Industrial	466,525	4,563	461,962	4,620	3,192.80	482.49	40.21	3,675.29	
	518,361	-	518,361	5,230	3,584.75	575.76	47.98	4,160.51	
	\$ 518,361	\$ -	\$ 518,361	\$ 9,617	\$ 6,652.42	\$ 998.88	83.24	\$ 7,651.29	
	1,036,722	-	1,036,722	19,984	13,844.22	2,055.06	171.26	15,899.28	
	5,183,612	-	5,183,612	102,922	71,378.62	10,504.52	875.38	81,883.13	

* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

Big Picture – Option B

Big Picture – Option C: +9.9% Total Levy



- 2.4% Operating Levy Increase
- 7.5% Debt/Ice Arena
 - 9.9% Total Increase
- \$1,395,000 Required cuts to Operating Budgets
- Impact on \$350,000 Home
 - \$1/month Operating
 - \$17/month Debt/Ice
 - \$18/month Total
 - 8.6% increase total 2025-2026

Big Picture – Option C reductions



- **\$1,395,000 Cuts (additional \$815,000 in cuts vs Option B)**
 - \$179,000 Parks, Facilities, Vehicle & Equipment, EDA, HRA
 - \$164,000 Additional one-time DMV Transfer
 - \$108,000 Non-Fixed General Fund cuts
 - Reduced Street, Trail & Sidewalk maintenance; CD Master Plans
 - \$42,000 Reductions to External Partners
 - 50% reduction of increase to HCI, NHS, ASAP; 100% cut to Age Friendly
 - \$322,000 Staffing Cuts (approx. 4 FTE)
 - Public Works mechanic not filled, Community Development
 - Library Sunday hours, CD interns

Big Picture – Option C reductions



- **\$1,395,000 Cuts (additional \$815,000 in cuts vs Option B)**
 - \$323,000 Staffing Cuts (approx. 4 FTE)
 - Public Works – postpone hire of Mechanic
 - Library – reduce part-time hours based on reduced Library hours
 - Police – reduction in over-time assumptions
 - Already incurring a service reduction in the allocation of 1 full time officer to the Drug Task Force for 2-years, no \$ savings, but less hours available to City
 - Community development
 - Communications – declining franchise fee revenue

City of Northfield, Minnesota
Estimated Tax Impacts of Proposed 2026 Property Tax Levy
 August 22, 2025

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2025 Levy Amount	\$17,731,596
Annual Increase	9.9%
TAX BASE INFORMATION	
Preliminary Net Tax Capacity - Payable 2026	\$25,519,428
Proposed \$ Levy Increase	1,756,216
Tax Capacity Rate:	
Payable - 2025	71.918%
Payable - 2026 at 2025 Levy Amount	69.483%
Estimated 2026 at Proposed Levy Increase	76.365%
Estimated Increase to City-wide Tax Rate	6.882%

• **Preliminary Net Tax Capacity based on estimated 3.5% of tax base increase for Pay 2026**

TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2025 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2026 City Tax
Residential Homestead	\$ 200,000	\$ 28,550	\$ 171,450	\$ 1,715	\$ 1,233.03	\$ 76.24	6.35	\$ 1,309.27
	250,000	24,050	225,950	2,260	1,624.99	100.47	8.37	1,725.46
	300,000	19,550	280,450	2,805	2,016.94	124.71	10.39	2,141.65
	329,500	16,895	312,605	3,126	2,248.19	139.00	11.58	2,387.20
	350,000	15,050	334,950	3,350	2,408.89	148.94	12.41	2,557.83
	403,900	10,199	393,701	3,937	2,831.42	175.06	14.59	3,006.48
Commercial/Industrial	450,000	6,050	443,950	4,440	3,192.80	197.41	16.45	3,390.21
	500,000	1,550	498,450	4,985	3,584.75	221.64	18.47	3,806.39
	\$ 500,000	\$ -	\$ 500,000	\$ 9,250	\$ 6,652.42	\$ 411.31	34.28	\$ 7,063.73
	1,000,000	-	1,000,000	19,250	13,844.22	855.97	71.33	14,700.19
	5,000,000	-	5,000,000	99,250	71,378.62	4,413.26	367.77	75,791.88
TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 3.7%								
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	311,017	18,558	292,458	2,925	2,016.94	216.41	18.03	2,233.35
	341,600	15,806	325,794	3,258	2,248.19	239.72	19.98	2,487.91
	362,853	13,893	348,960	3,490	2,408.89	255.92	21.33	2,664.82
	418,732	8,864	409,868	4,099	2,831.42	298.52	24.88	3,129.94
Commercial/Industrial	466,525	4,563	461,962	4,620	3,192.80	334.96	27.91	3,527.76
	518,361	-	518,361	5,230	3,584.75	408.75	34.06	3,993.50
	\$ 518,361	\$ -	\$ 518,361	\$ 9,617	\$ 6,652.42	\$ 691.74	57.64	\$ 7,344.15
	1,036,722	-	1,036,722	19,984	13,844.22	1,416.83	118.07	15,261.04
	5,183,612	-	5,183,612	102,922	71,378.62	7,217.55	601.46	78,596.16

* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

Big Picture – Option C

Big Picture – Option D



- **No further detailed review**
 - Would require additional cuts to Police and Library (\$1.2M)
 - Further reducing Library services
 - Further reducing Police Response times and community engagement
 - Total staffing cuts would result in 9-11 total employees causing significant service limitations.
 - Initial Estimate (pending further review of detail)
 - 6 Police Officers
 - 3 Library Staff

Big Picture – Option D: +3.0% Total Levy



- (4.5%) Operating Levy Decrease
- 7.5% Debt/Ice Arena
 - 3.0% Total Increase
- \$2,617,000 Required cuts to Operating Budgets
- Impact on \$350,000 Home
 - (\$13)/month Operating
 - \$17/month Debt/Ice
 - \$4/month Total
 - 1.8% increase total 2025–2026

City of Northfield, Minnesota
Estimated Tax Impacts of Proposed 2026 Property Tax Levy
 August 22, 2025

TAX LEVY INFORMATION	
Preliminary City Levy Amount	\$17,436,046
Preliminary EDA Levy Amount	\$409,703
Preliminary HRA Levy Amount	\$418,063
2026 Proposed City-wide Levy Amount	\$18,263,812

2025 Levy Amount	\$17,731,596
Annual Increase	3.0%

TAX BASE INFORMATION	
Preliminary Net Tax Capacity - Payable 2026	\$25,519,428
Proposed \$ Levy Increase	532,216

Tax Capacity Rate:	
Payable - 2025	71.918%
Payable - 2026 at 2025 Levy Amount	69.483%
Estimated 2026 at Proposed Levy Increase	71.568%
Estimated Increase to City-wide Tax Rate	2.086%

- Preliminary Net Tax Capacity based on estimated 3.5% of tax base increase for Pay 2026**

TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2025 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2026 City Tax
Residential Homestead	\$ 200,000	\$ 28,550	\$ 171,450	\$ 1,715	\$ 1,233.03	\$ (6.00)	-0.50	\$ 1,227.04
	250,000	24,050	225,950	2,260	1,624.99	(7.90)	-0.66	1,617.08
	300,000	19,550	280,450	2,805	2,016.94	(9.81)	-0.82	2,007.13
	329,500	16,895	312,605	3,126	2,248.19	(10.93)	-0.91	2,237.26
	350,000	15,050	334,950	3,350	2,408.89	(11.71)	-0.98	2,397.18
	403,900	10,199	393,701	3,937	2,831.42	(13.77)	-1.15	2,817.65
Commercial/Industrial	\$ 500,000	\$ -	\$ 500,000	\$ 9,250	\$ 6,652.42	\$ (32.35)	-2.70	\$ 6,620.06
	1,000,000	-	1,000,000	19,250	13,844.22	(67.32)	-5.61	13,776.89
	5,000,000	-	5,000,000	99,250	71,378.62	(347.11)	-28.93	71,031.50

TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 3.7%								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2025 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2026 City Tax
Residential Homestead	\$ 207,344	\$ 27,889	\$ 179,455	\$ 1,795	\$ 1,233.03	\$ 51.30	4.27	\$ 1,284.33
	259,181	23,224	235,957	2,360	1,624.99	63.71	5.31	1,688.70
	311,017	18,558	292,458	2,925	2,016.94	76.13	6.34	2,093.07
	341,600	15,806	325,794	3,258	2,248.19	83.46	6.95	2,331.65
	362,853	13,893	348,960	3,490	2,408.89	88.55	7.38	2,497.44
	418,732	8,864	409,868	4,099	2,831.42	101.94	8.49	2,933.35
Commercial/Industrial	\$ 518,361	\$ -	\$ 518,361	\$ 9,617	\$ 6,652.42	\$ 230.46	19.21	\$ 6,882.88
	1,036,722	-	1,036,722	19,984	13,844.22	458.31	38.19	14,302.52
	5,183,612	-	5,183,612	102,922	71,378.62	2,281.04	190.09	73,659.66

* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

**Big Picture –
Option D**

Big Picture – NCRC at market rent



- Table showing market rent vs 2026 and previous by tenant
- Fifty North – includes 3 –year phase in
- Fifty North Alternative – see request (staff preparing supplemental information)
- Benefit of \$12 vs \$20 for city as owner versus rate under private market conditions
 - \$8 subsidy, 40% below market rate
- NCRC currently 1.4% of levy (of the 14.5% Option B)
 - Potentially offset with one-time reserve transfer from Liquor Store and DMV

Big Picture – NCRC at current vs. market rent



Partner	Leased SF	2025 Rent/SF	2025 Rent	2026 Rent	Market Rate
CAC	7,593	\$12.00	\$91,116.00	\$96,582.96	\$151,860.00
FiftyNorth	18,028	\$7.43	\$139,356.00	\$188,509.00	\$486,065.00
HCI	3,676	\$12.00	\$44,112.00	\$46,758.72	\$73,520.00
3 Rivers	6,298	\$12.00	\$75,576.00	\$80,110.56	\$125,960.00
United Way	220	\$12.00	\$2,640.00	\$2,798.40	\$4,400.00
Work Force	149	\$12.00	\$1,788.00	\$1,895.28	\$2,980.00
Rice County	1,720	\$7.42	\$12,762.40	\$13,145.27	\$34,400.00
Total	37,684		\$367,350.40	\$429,800.19	\$879,185.00

Market Rate vs Partner Rent

\$449,385

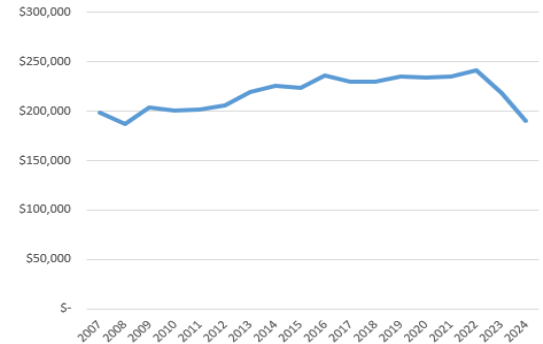
Note: Market Rate Rent is \$20/SF, the FiftyNorth Wellness Pool Area Market Rate Rent is \$35/SF

Communications Fund

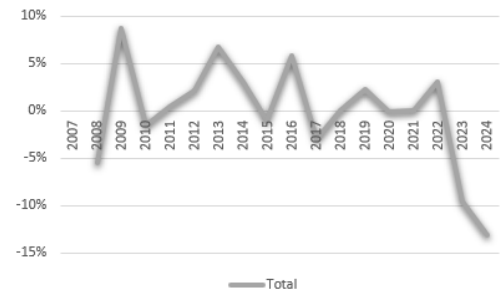


- Funded with cable franchise and PEG fees, not levy supported
- Issues with decreasing revenue
 - Fund balance expected to become negative in 2026, likely in the back half of the year.
 - MACTA legislation update
 - Forecast/Alternatives
 - Metronet is not offering cable
 - Streaming instead, no franchise fee
 - Revenue dropping between 2-4% per quarter in the last year.
 - Social Media/internet usage tax?

Communication Fund Revenue Trend



Revenue % Change



Board and Commission Governance



City	# of B/C*
Northfield	16
Columbia Heights	7
Crystal	9
Elk River	10
Faribault	19
Forest Lake	9
Hastings	7

City	# of B/C*
New Brighton	4
New Hope	4
Owatonna	4
South St. Paul	8
Stillwater	9
West St. Paul	7

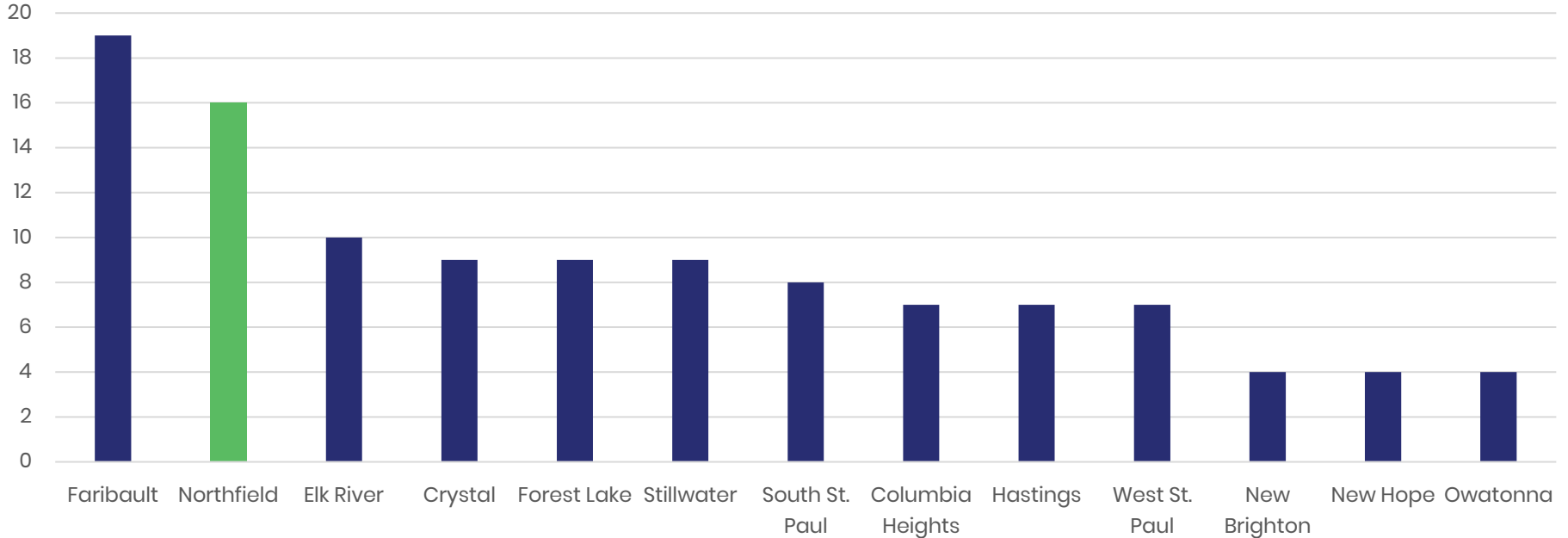
*Numbers from 2022 governance comparison.

Board and Commission Governance



Number of Boards and Commissions

*Numbers from 2022 governance comparison.



Board & Commission Proposed Changes



- **Place HRA duties to Council**
 - Keep HRA levy but empower Council as HRA
 - Meetings integrated with Council as needed (5 p.m. pre-meetings/worksessions)
- **Eliminate Arts & Culture Commission**
 - Utilize existing PARC process for determining specific public art
- **Eliminate Parks Board**
 - Integrating more direct neighborhood engagement with the projects in CIP
 - Council would review directly other planning or could call ad hoc if needed
- **Change the Youth Substance Prevention Alliance Changes from a Commission to a Task Force**
 - Keeps the same purpose and duties and responsibilities but returns to a task force that more accurately reflects how they have operated
 - Service contract with HCI and Appointments by Mayor and Council
- **Eliminate Council Finance Policy Committee**
 - Financial reports would come to Council for quarterly financials and investment reports
- **Modify Meeting Schedule of Council Personnel Committee**
 - Keep committee structure call as needed (example: personnel policy updates)
- **Add Regular Council Engagement with Community**
 - Details to be determined but intent for some programmed engagement areas

City Wide Local Speed



- **2026 Budget**

- Staff have added \$75,000 from the Capital Reserve Fund to fund the implementation of a local speed limit.
- Local road speed limits would be 20 mph or 25 mph.

Policy Direction



Policy Questions



1. Propose Option B or C as the Preliminary Levy?

Option B 14.5% total
7.5% Ice/Debt (fixed)
7.0% Other

Option B NEW 12.0% total
7.5% Ice/Debt (fixed)
4.5% Other

Option C 9.9% total
7.5% Ice/Debt (fixed)
2.4% Other

2. Proposed Changes to Boards & Commissions

Note: Planning to proceed unless alternate input

Next Steps



- **September 23 Council Meeting**
 - Approve preliminary budget & levy (maximum amount)
 - Set Public Hearing Date in December
 - Approve 2026 Utility Rates
 - Approve 2026 Franchise Fee Rates (gas/electric) 2nd reading
 - Actions Initiating Board and Commission and Council Committee formats
- **October Meeting focus on 2027**
- **December 2 Council Meeting**
 - Public Hearing and approve final levy and budget