



Public Hearing 2023 Budget & Tax Levy  
December 6<sup>th</sup>, 2022

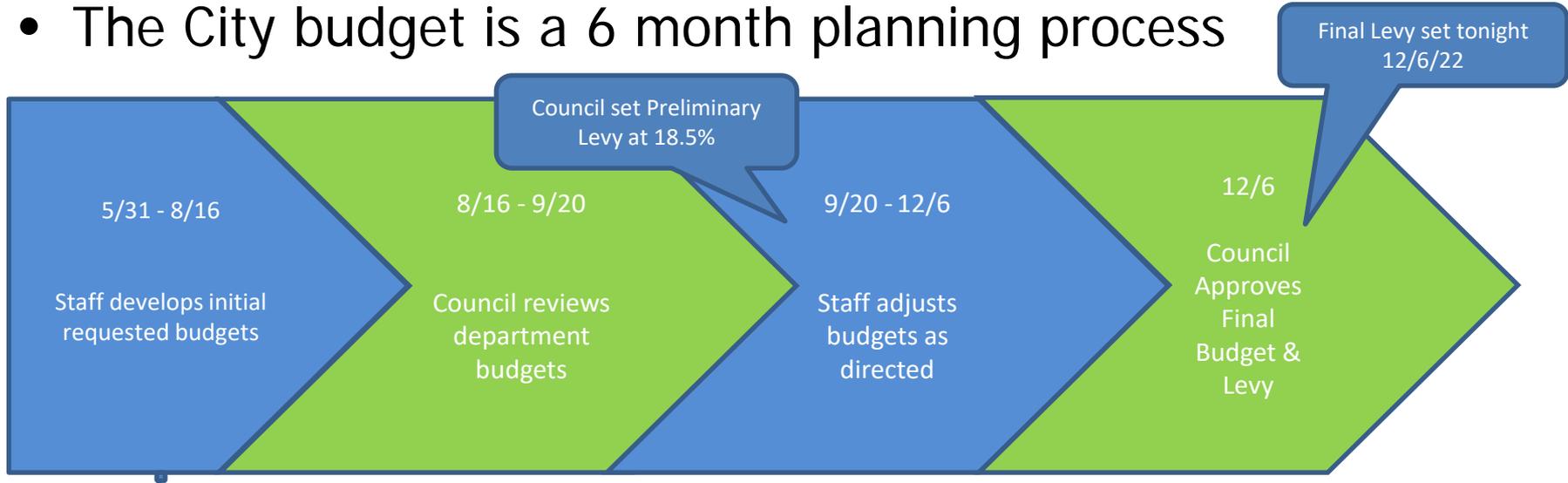
# Agenda

City of Northfield  
2023 Budget & Levy Public Hearing  
**Tuesday, December 6, 2022 6:00 pm**  
City Hall Council Chambers

1. Public Hearing on 2023 Budget and Levy
  - Staff Presentation
  - Public Comment
2. Council Consider Adoption of 2022 Property Tax Levy/Payable 2023 and 2023 Budget and Related Actions (6 items)
  - No additional staff presentation
  - No additional public comment

# Budget Timeline 2022

- 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)

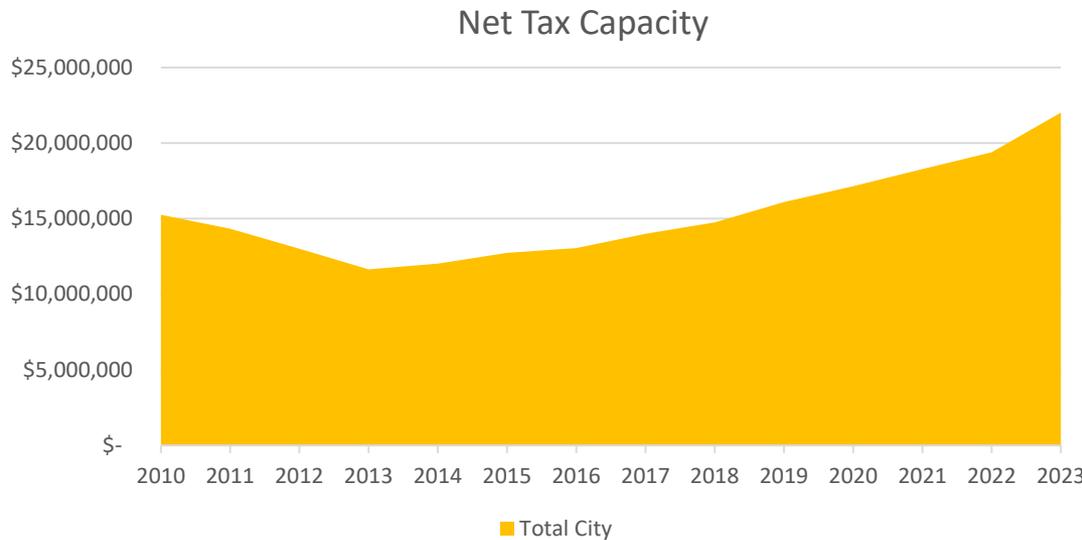
# Estimated Market Value Changes

- Estimated Market Value (EMV) increased 13.9%
  - 2022 valuation payable in 2023 \$2,004,306,400
  - 2021 valuation payable in 2022 \$1,759,720,900
- Northfield includes properties in both Rice & Dakota County
  - Rice County EMV represents 90% of total and increased 15%
  - Dakota County EMV represents 10% of total and increased 10.8%
- Net Tax Capacity increased 14.6% (Estimated Market Value adjusted for homestead exclusion, class rate & TIF)
  - 2022 valuation payable in 2023 \$22,218,935
  - 2021 valuation payable in 2022 \$19,387,441

# Tax Base Changes

Preliminary estimates from Rice County indicate a 14.6% increase in 2022 net tax capacity

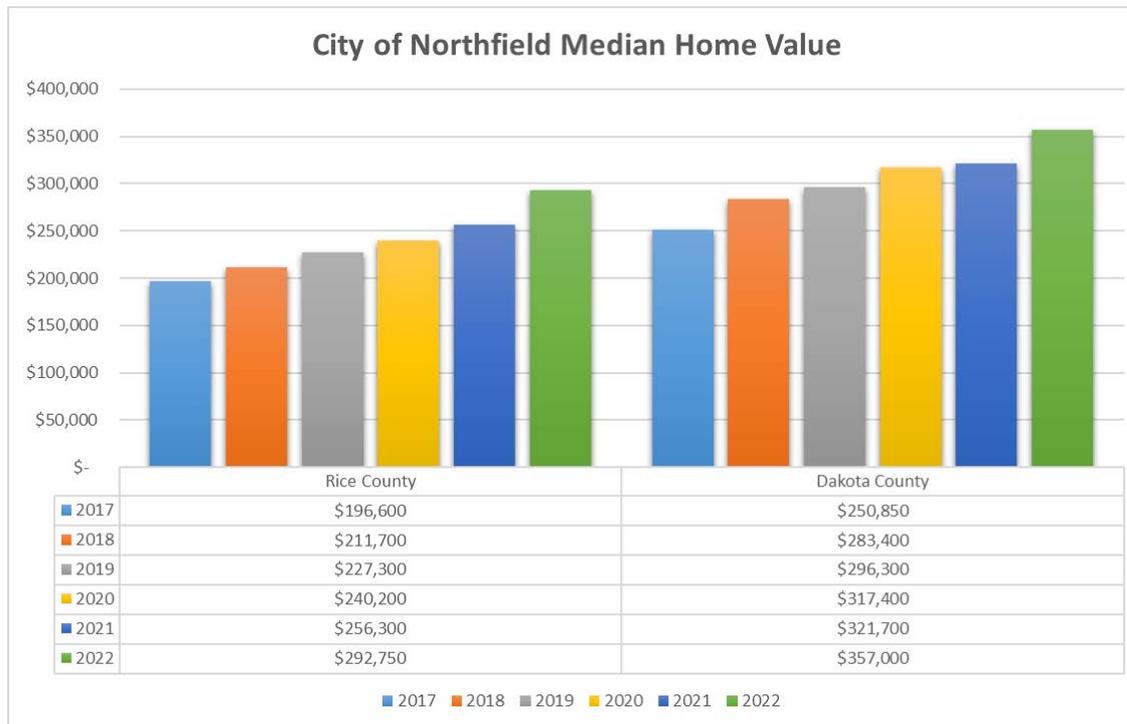
- 11.2% of the increase in net tax capacity is related to new construction
- Net tax capacity calculated from a 13.9% increase in estimated market value and 15.1% increase in taxable market value



Net Tax Capacity increase is estimated at 14.6% vs 6.1% growth last year

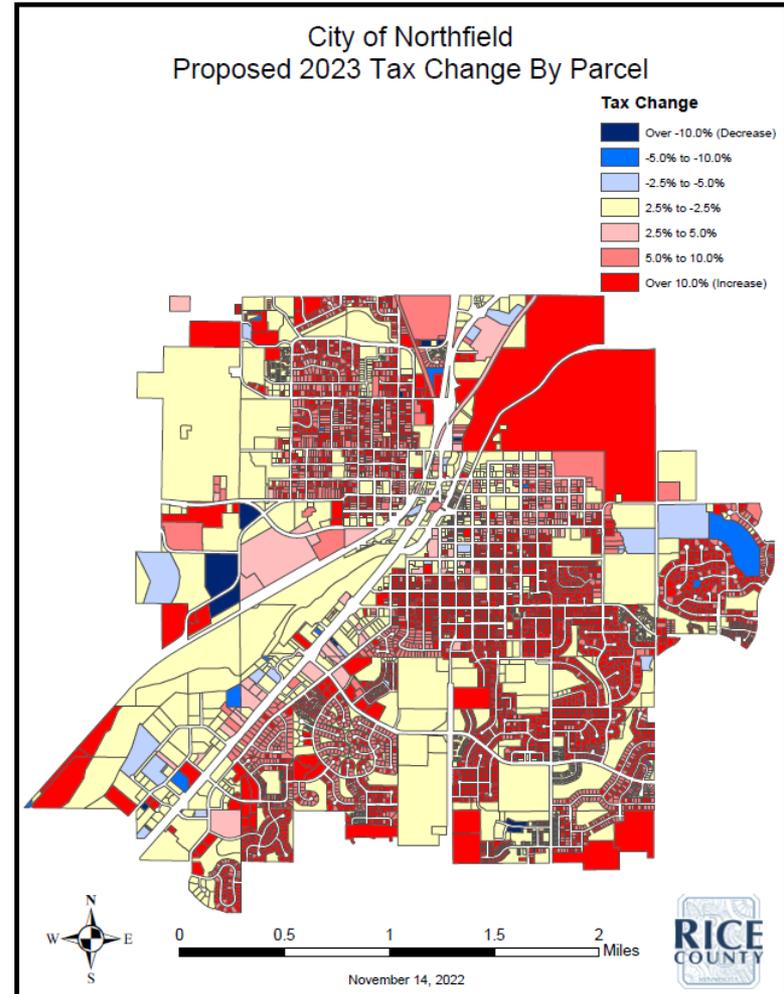
# Northfield Median Home Value

- In 2022, Median Home Values increased
  - 14.2% in Rice County (vs 6.7% increase in 2021)
  - 11.0% in Dakota County (vs 1.4% increase in 2021)



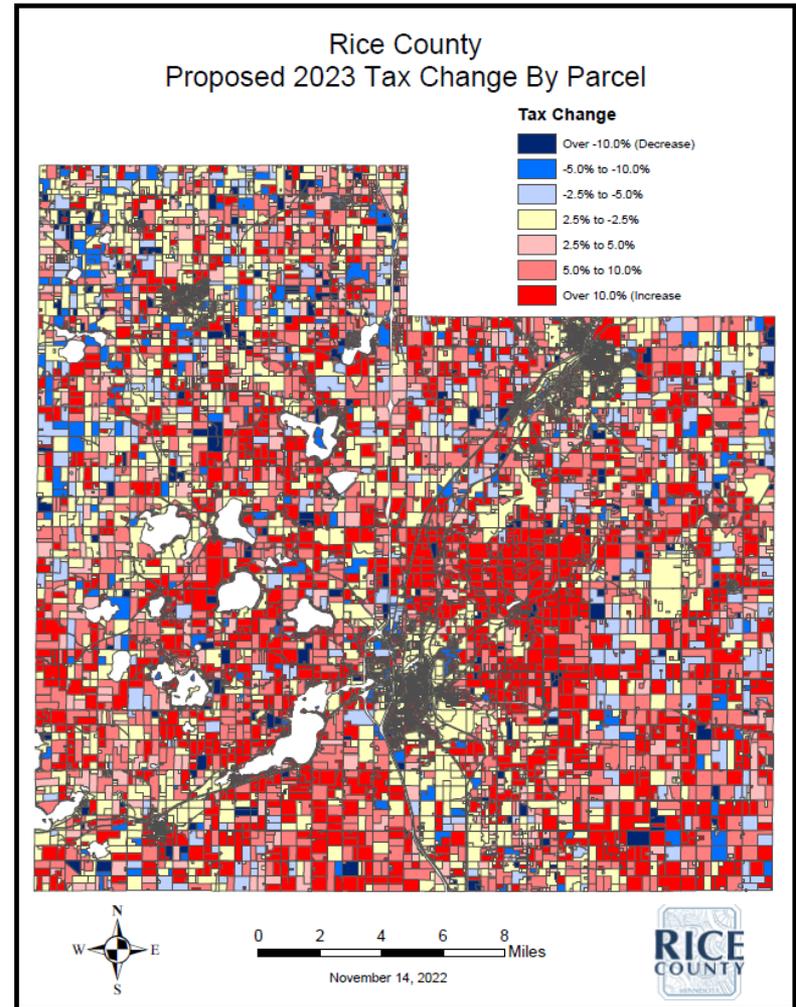
# Tax Change by Parcel Map

- 2023 Net Tax Capacity for Northfield increased 14.6%
- 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

- 2023 Net Tax Capacity changes for Rice County
- Individual parcel tax changes vary according to the map



# Proposed Levy

- Certified 2022 Levy \$11,852,323
- Certified Preliminary 2023 Levy \$14,048,122, an 18.5% increase
- Recommended 2023 Levy \$14,048,122 18.5% increase
  - Includes additional increases for Park & Facility Funds for maintenance
  - Includes additional increases to Fire, Police & Library to improve services

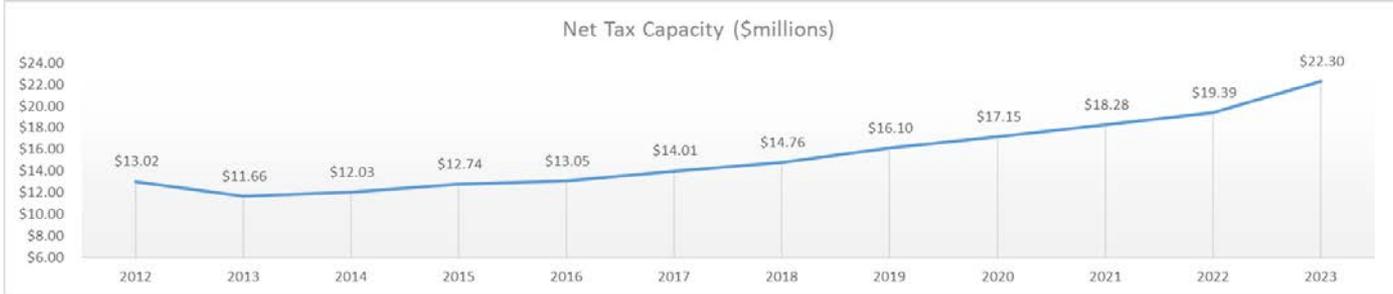
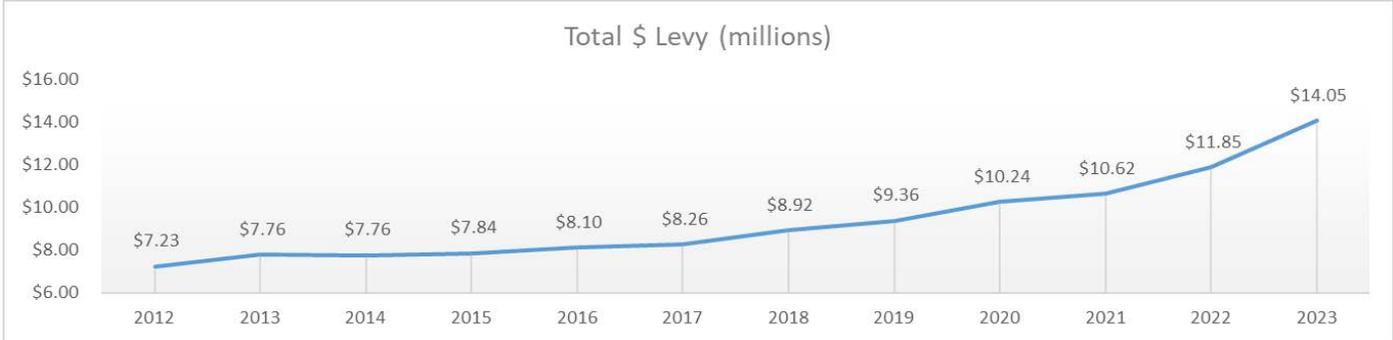
# Historical View Levy/Tax Rate

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

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

In 2023, proposed  
levy increase of 18.5%  
is partially offset by a  
net tax capacity  
increase of 14.6%

City % Tax Rate  
increases slightly  
benefiting from  
increased NTC



# 18.5% Levy increase

includes added 2% for Parks, Facilities or Library funding

TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2022 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2023 City Tax
Residential Homestead	\$ 200,000	\$ 19,240	\$ 180,760	\$ 1,808	\$ 1,140.60	\$ 44.32	3.69	\$ 1,184.92
	250,000	14,740	235,260	2,353	1,484.49	57.68	4.81	1,542.17
	292,000	10,960	281,040	2,810	1,773.36	68.91	5.74	1,842.27
	300,000	10,240	289,760	2,898	1,828.39	71.05	5.92	1,899.43
	350,000	5,740	344,260	3,443	2,172.28	84.41	7.03	2,256.69
	357,000	5,110	351,890	3,519	2,220.43	86.28	7.19	2,306.71
	400,000	1,240	398,760	3,988	2,516.18	97.77	8.15	2,613.95
	450,000	-	450,000	4,500	2,839.50	110.34	9.19	2,949.84
Commercial/Industrial	\$ 500,000	\$ -	\$ 500,000	\$ 9,250	\$ 5,836.75	\$ 226.80	18.90	\$ 6,063.55
	1,000,000	-	1,000,000	19,250	12,146.75	472.00	39.33	12,618.75
	5,000,000	-	5,000,000	99,250	62,626.75	2,433.54	202.80	65,060.29

TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 14%								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2022 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2023 City Tax
Residential Homestead	\$ 228,000	\$ 16,720	\$ 211,280	\$ 2,113	\$ 1,140.60	\$ 244.39	20.37	\$ 1,384.98
	285,000	11,590	273,410	2,734	1,484.49	307.76	25.65	1,792.26
	332,880	7,281	325,599	3,256	1,773.36	361.00	30.08	2,134.37
	342,000	6,460	335,540	3,355	1,828.39	371.14	30.93	2,199.53
	399,000	1,330	397,670	3,977	2,172.28	434.52	36.21	2,606.80
	406,980	612	406,368	4,064	2,220.43	443.40	36.95	2,663.82
	456,000	-	456,000	4,560	2,516.18	472.99	39.42	2,989.17
	513,000	-	513,000	5,163	2,839.50	544.62	45.38	3,384.12
Commercial/Industrial	\$ 570,000	\$ -	\$ 570,000	\$ 10,650	\$ 5,836.75	\$ 1,144.53	95.38	\$ 6,981.28
	1,140,000	-	1,140,000	22,050	12,146.75	2,307.45	192.29	14,454.20
	5,700,000	-	5,700,000	113,250	62,626.75	11,610.81	967.57	74,237.56

\* 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.

# Residential Total Tax Rate Impact

- \$292,700 Estimated Market Value 2022 – Residential Homestead, with a 10.7% Market Value Increase
- \$350 total tax increase, an 8.3% increase
  - \$262 City Tax increase, \$22/month
  - TNT Statements show the preliminary 18.5% levy increase
- Note: The city, county and school tax rates are all subject to change based on final levies.



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

Residential Homestead with  
10.7% Market Value  
Increase  
Example

## PROPOSED TAXES 2023

THIS IS NOT A BILL. DO NOT PAY.

### VALUES AND CLASSIFICATION

Taxes Payable Year	2022	2023
Estimated Market Value	\$294,400	\$292,700
Homestead Exclusion	\$13,400	\$13,900
Taxable Market Value	\$281,000	\$278,800
Step 1 Property Classification	Res Hold	Res Hold

### PROPOSED TAX

Property Taxes before credits	\$4,562.00
Step 2 School building bond credit	\$0.00
Agricultural market value credit	\$0.00
Other credits	\$0.00
Property Taxes after credits	\$4,562.00

### PROPERTY TAX STATEMENT Coming in March 2023

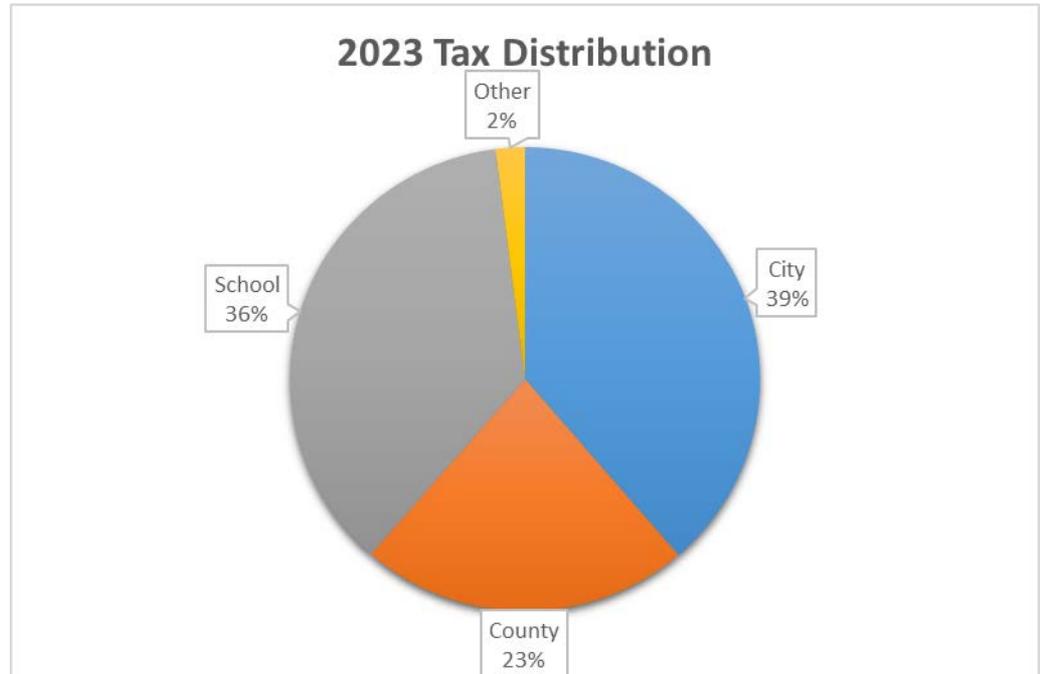
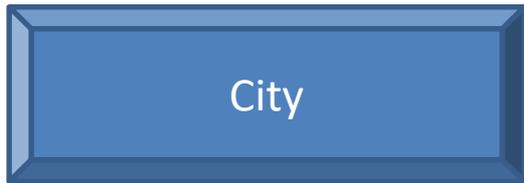
The time to provide feedback on  
PROPOSED LEVIES IS NOW

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 2022	Proposed 2023	Meeting Information
RICE COUNTY 320 3RD ST NW FARIBAULT MN 55021 507-332-6122	\$987.60	\$1,035.15	Thursday, Dec 1st, 2022, 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 507-845-3016	\$1,502.67	\$1,765.38	Tuesday, Dec 6th, 2022, 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 201 ORCHARD ST S NORTHFIELD MN 55057 507-863-0620			Monday, Dec 12th, 2022, 6:00 pm Northfield District Offices and Area Learning Center Board Room 201 Orchard Street South Northfield, MN 55057
	Voter Approved Other	\$1,048.23 \$585.81	\$1,110.32 \$559.30
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2023 may be higher than the proposed amount shown on this notice.			
Special Taxing Districts	\$87.50	\$91.85	
Tax Increment Tax	\$0.00	\$0.00	NO MEETING REQUIRED
Fiscal Disparity Tax	\$0.00	\$0.00	NO MEETING REQUIRED
<b>TOTAL</b> Excluding any special assessments	<b>\$4,212.00</b>	<b>\$4,562.00</b>	<b>8.3%</b>

# Property Taxes

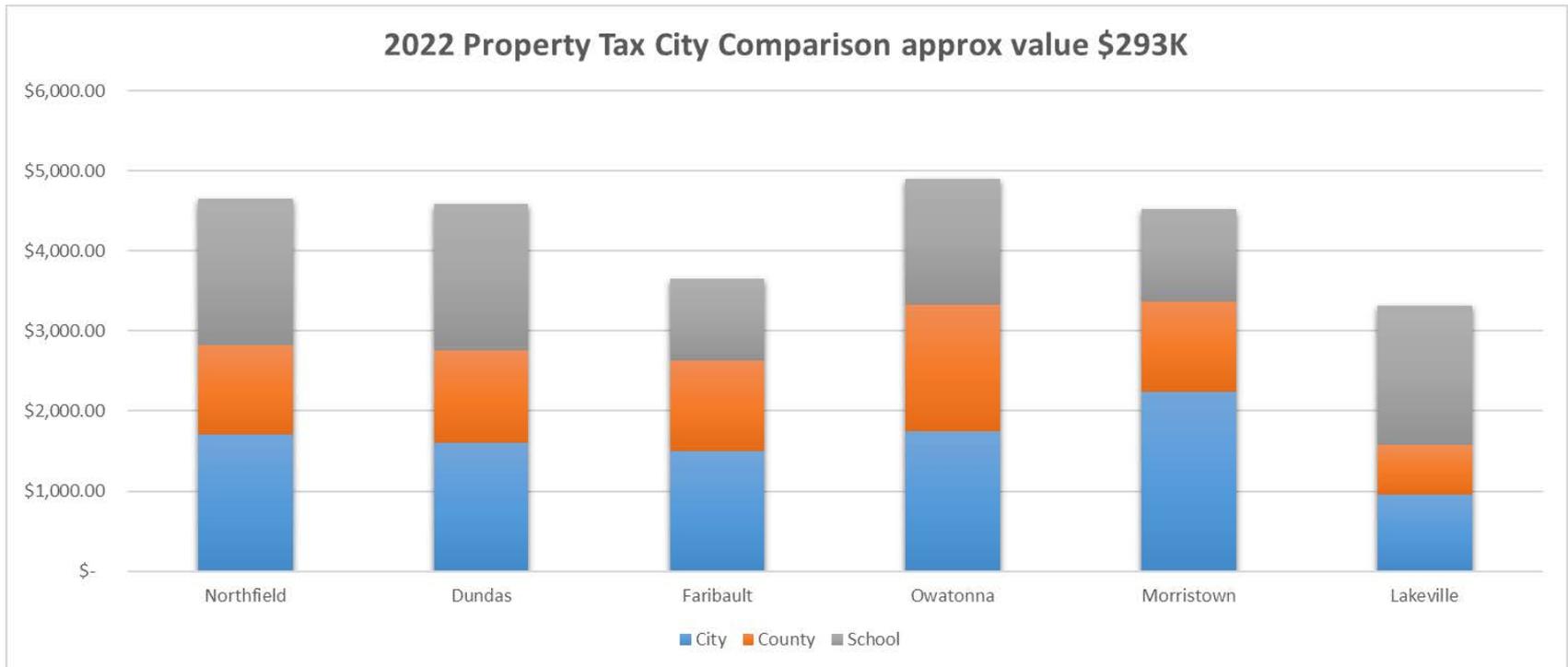
- Who levies property taxes?



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

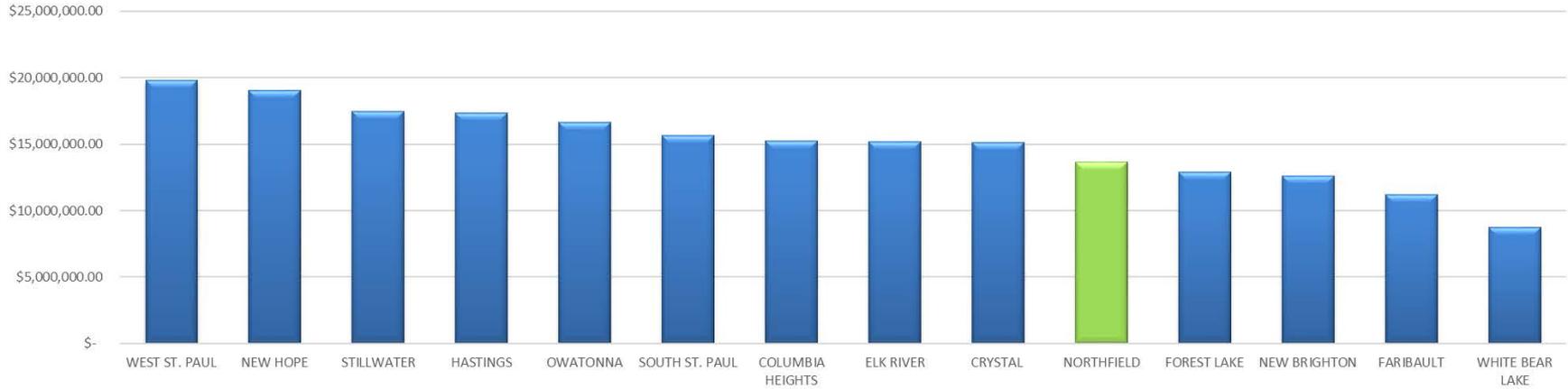
# Property Tax Comparison

- Median Home Value Taxes compared to neighboring cities

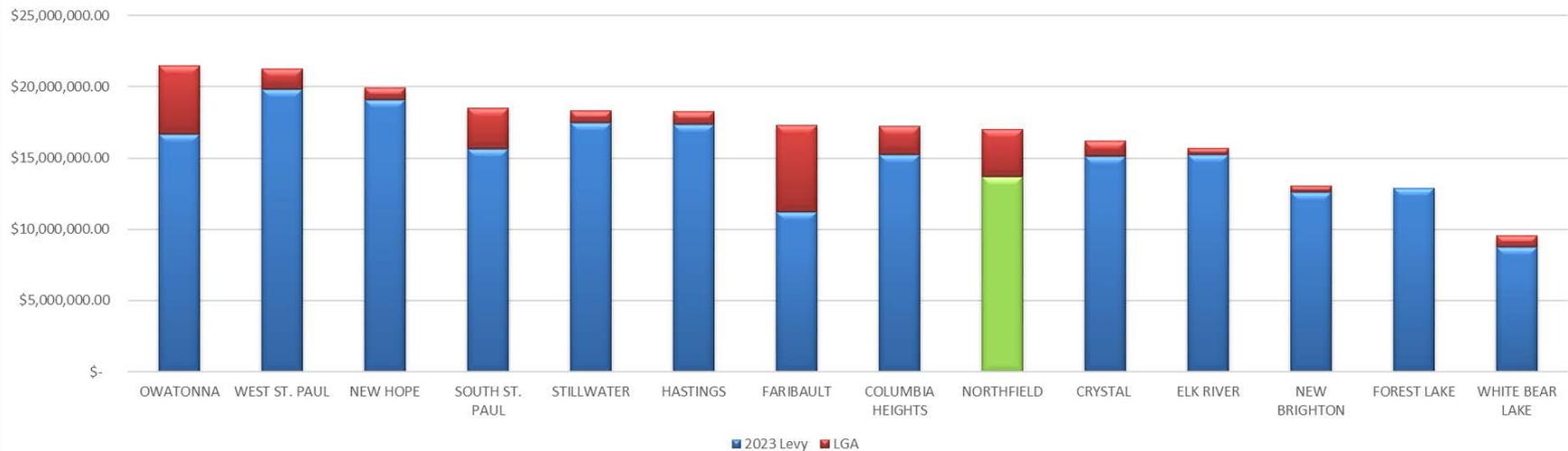


# Key Ratios – Peer Comparison

Peer Group - Total 2023 \$Levy



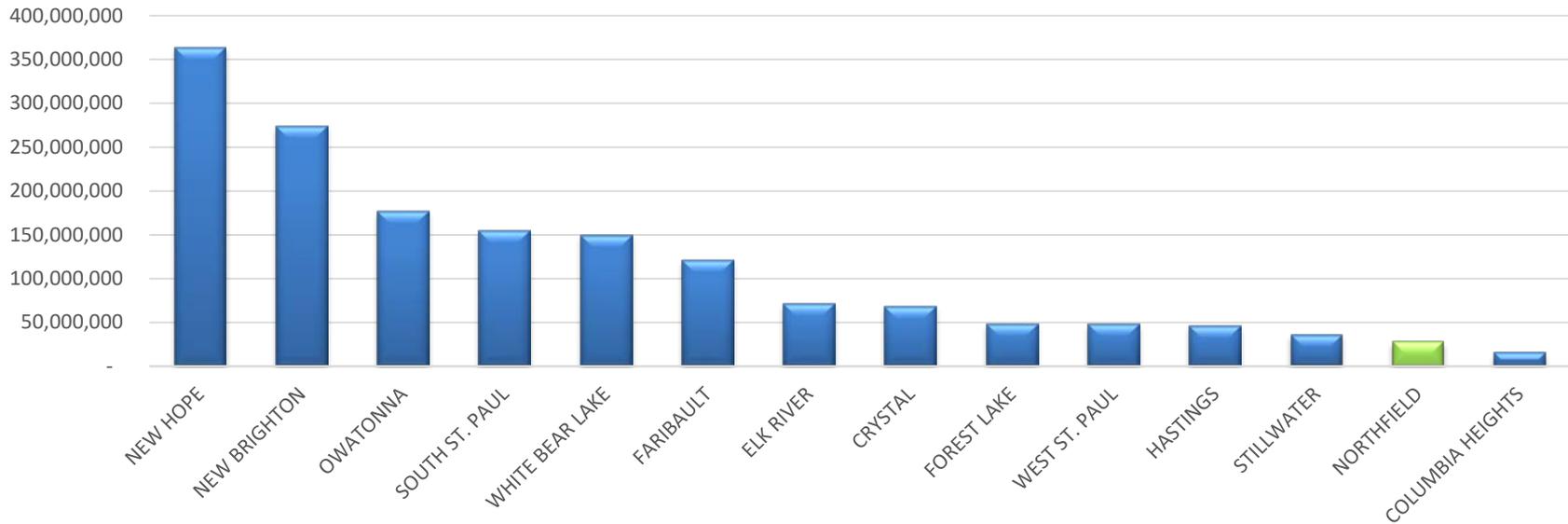
Peer Group - Total 2023 \$ Levy + LGA



# Key Ratios – Peer Comparison

- Northfield's Industrial Estimated Market Value is 23% of the Peer Group average
- Improving the City's Industrial Tax base is a priority of the strategic plan and in particular community development staffing investments for 2022

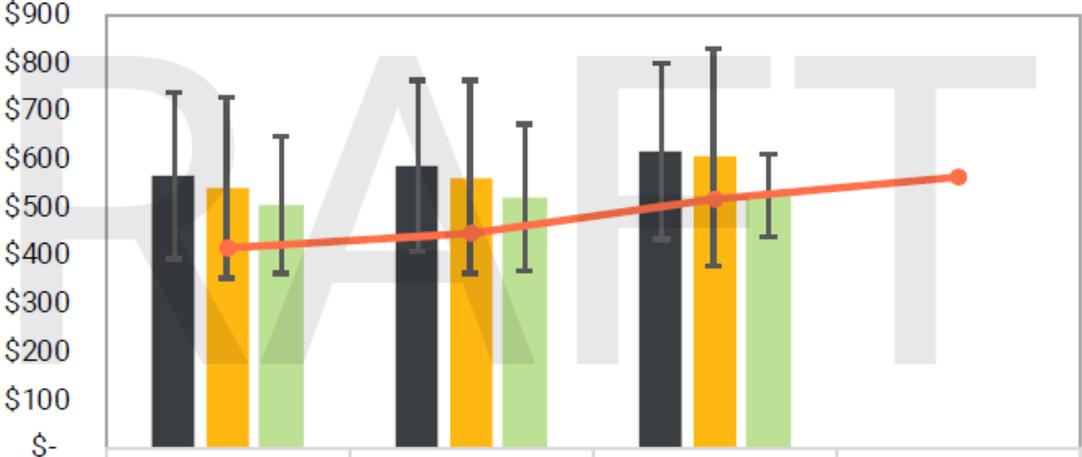
Industrial EMV 2020 - Peer Comparison



# Key Ratios – Peer Comparison

Northfield City Taxes Per Capita are lower than all compared groups

Taxes - Per Capita

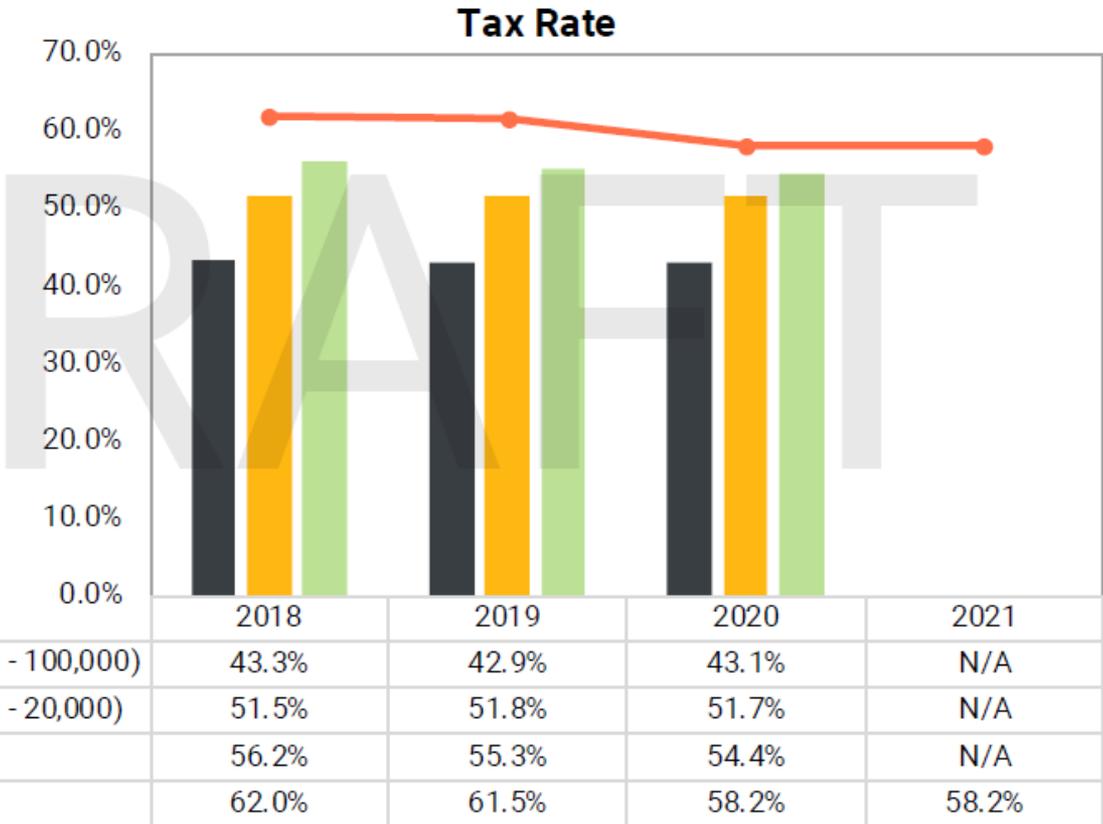


	2018	2019	2020	2021
■ Class 2 Cities (20,001 - 100,000)	\$569	\$589	\$620	N/A
■ Class 3 Cities (10,001 - 20,000)	\$543	\$564	\$608	N/A
■ Cities in Rice County	\$507	\$523	\$528	N/A
● City of Northfield	\$419	\$450	\$517	\$568

Source: Abdo, Eick & Meyers, LLP Audit Presentation

# Key Ratios – Peer Comparison

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

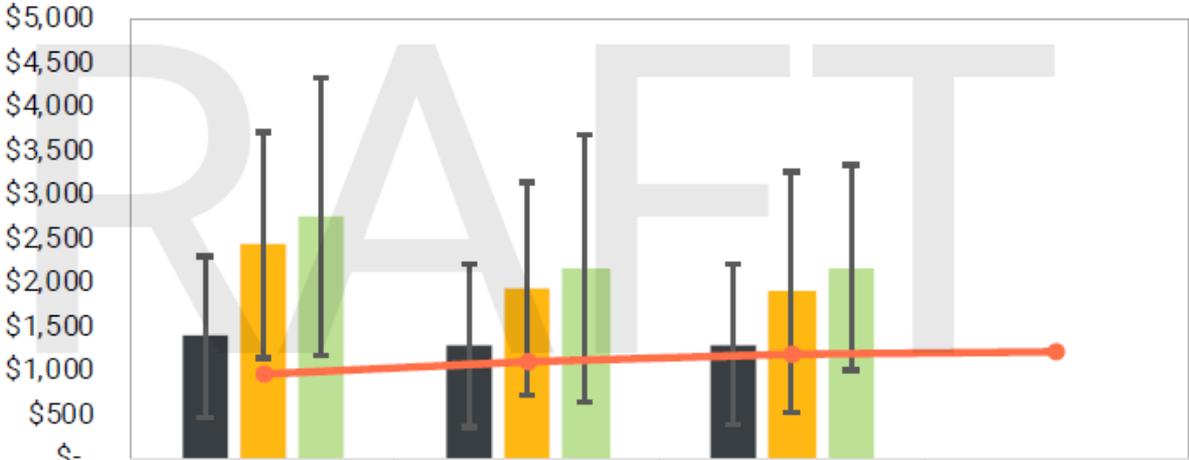


Source: Abdo, Eick & Meyers, LLP Audit Presentation

# Key Ratios – Peer Comparison

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

Long Term Debt - Per Capita



	2018	2019	2020	2021
Class 2 Cities (20,001 - 100,000)	\$1,391	\$1,283	\$1,292	N/A
Class 3 Cities (10,001 - 20,000)	\$2,437	\$1,939	\$1,905	N/A
Cities in Rice County	\$2,752	\$2,169	\$2,173	N/A
City of Northfield	\$960	\$1,112	\$1,197	\$1,230

Source: Abdo, Eick & Meyers, LLP Audit Presentation

# City-wide Levy

	Actual 2021	Actual 2022	Preliminary 2023
<b>For Operations</b>			
General Fund	7,374,997	8,427,517	10,204,113
NCRC Operations	195,156	195,156	195,156
Park Fund (\$25K for Capital Lease payment)	100,255	103,265	163,863
City Facilities Fund	44,558	45,898	104,775
Vehicle & Equipment Replacement Fund	440,267	344,295	354,624
<b>Total Operations Levy</b>	<b>8,155,233</b>	<b>9,116,131</b>	<b>11,022,531</b>
<b>For Other</b>			
Abatement - Roof Repair	30,092	30,092	30,092
COPS (debt) Police Facility	175,000	416,073	413,973
	<b>205,092</b>	<b>446,165</b>	<b>444,065</b>
<b>For Bonded Debt</b>			
2013A GO Improvement Bonds	75,000	25,000	25,000
2014A GO Improvement Bonds	55,000	45,000	45,000
2015A GO Improvement Bonds	95,000	95,000	95,000
2016C GO Improvement Bonds	58,000	15,000	15,000
2017A GO Improvement Bonds	55,000	52,000	52,000
2018B GO Improvement Bonds	182,500	180,000	180,000
2019A GO Improvement Bonds	214,000	214,000	214,000
2020A GO Improvement Bonds	400,321	390,000	390,000
2021A GO Street Reconstruction Bonds	-	139,700	129,000
2022A GO Street Reconstruction Bonds	-	-	250,000
Subtotal	1,234,821	1,205,700	1,395,000
<b>Facilities Related</b>			
Public Project Revenue (Pool)	230,000	230,000	230,000
2018A NAFRS	109,000	185,000	185,000
2021 Equipment Certificates	-	62,000	60,500
2022 Equipment Certificates	-	-	66,700
Subtotal	472,000	477,000	542,200
<b>Total Debt Levy</b>	<b>1,911,913</b>	<b>2,128,865</b>	<b>2,381,265</b>
<b>Total General Levy</b>	<b>10,067,146</b>	<b>11,244,996</b>	<b>13,403,796</b>
EDA	272,985	300,596	318,909
HRA	278,204	306,731	325,417
<b>Total City-Wide Levy</b>	<b>10,618,336</b>	<b>11,852,324</b>	<b>14,048,122</b>

Overall 18.5% increase in City-wide Levy

Operations  
15.0% increase in Levy  
Includes 5.0% Fire and Police enhancements & 1% Library Oasis staffing

Park Fund and Facilities Fund 1% increase in Levy

All Debt Service Funds 2.2% increase in Levy

EDA/HRA/Other combined 0.5% increase in Levy

# 2023 EDA Fund

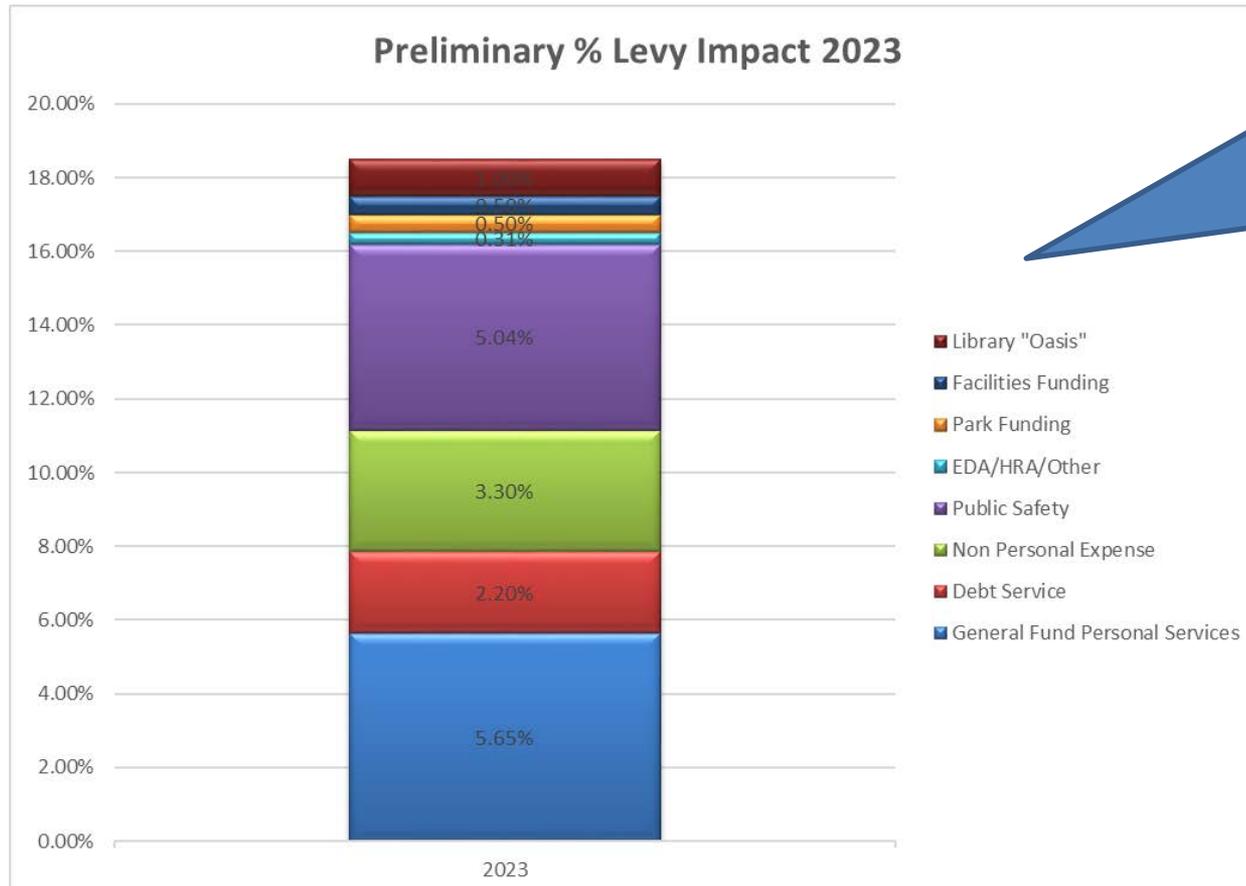
- Revenue \$338,909
- Expense \$338,909
- Net Revenue/(Expense) \$0
  
- 2023 Projects
  - Partnership with Metropolitan Consortium of Community Developers (MCCD) & Northfield Area Chamber of Commerce
  - Micro-Grants & EDA Loans
  - Facade Improvement Program
  - Riverfront Enhancement Incentive
  
- Fund Balance \$2,152K (12/31/21 – includes loan receivables)

# 2023 HRA Fund

- Revenue \$400,169
- Expense \$400,169
- Net Revenue/(Expense) \$0
- 2023 Projects
  - Development of HRA owned Southbridge property for affordable home ownership
  - Pivot to support local programs for Residential Rehab loans, including Habitat for Humanity and USDA programs
  - Expand Down Payment Assistance Program to include employers and aging in place
- Fund Balance \$1,769K (12/31/21 – includes land held for resale, excludes 2022 funding of Spring Creek II and Hillcrest Village)

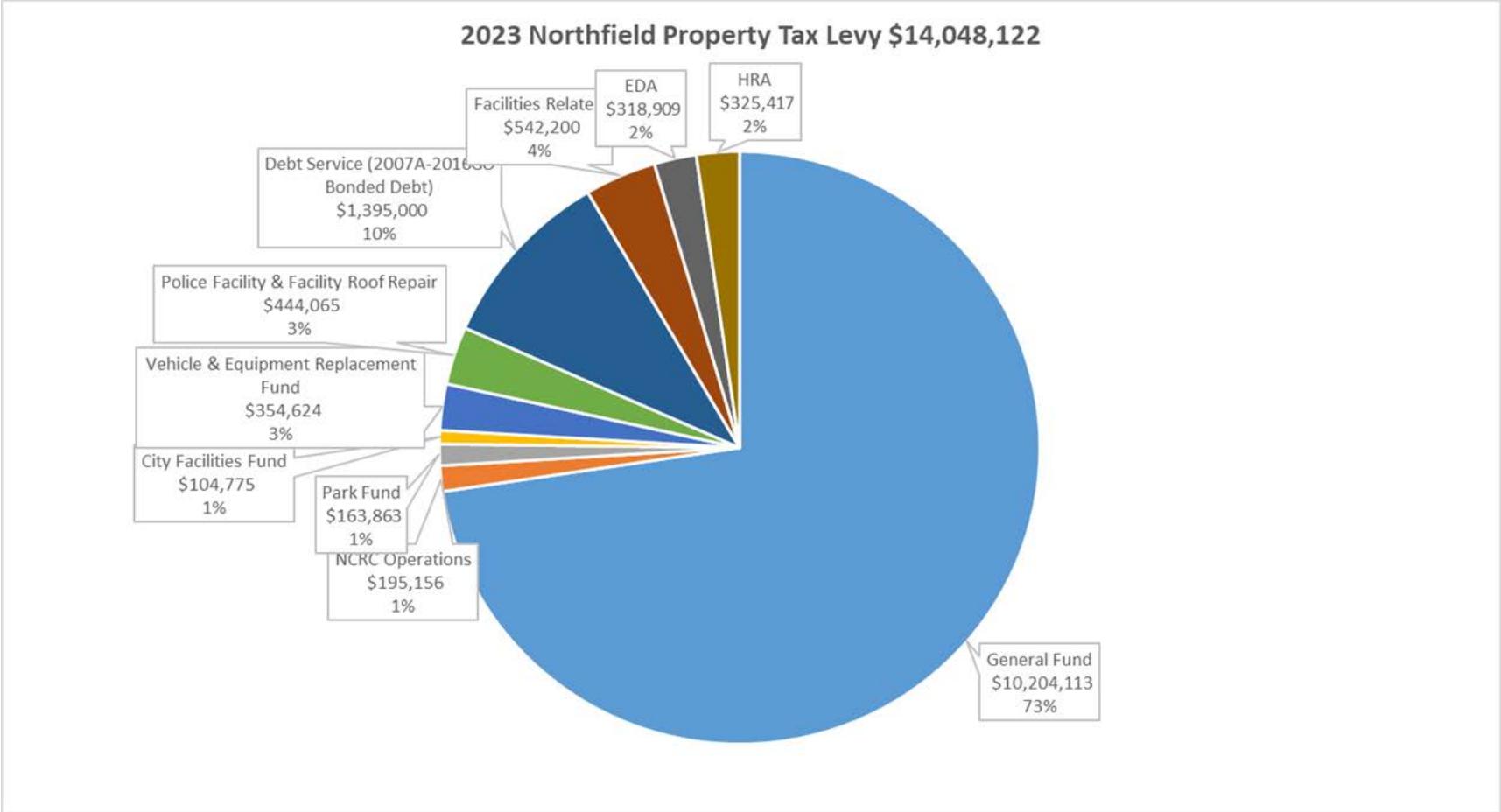
# Citywide Levy

## Preliminary estimate of impact on Citywide Levy



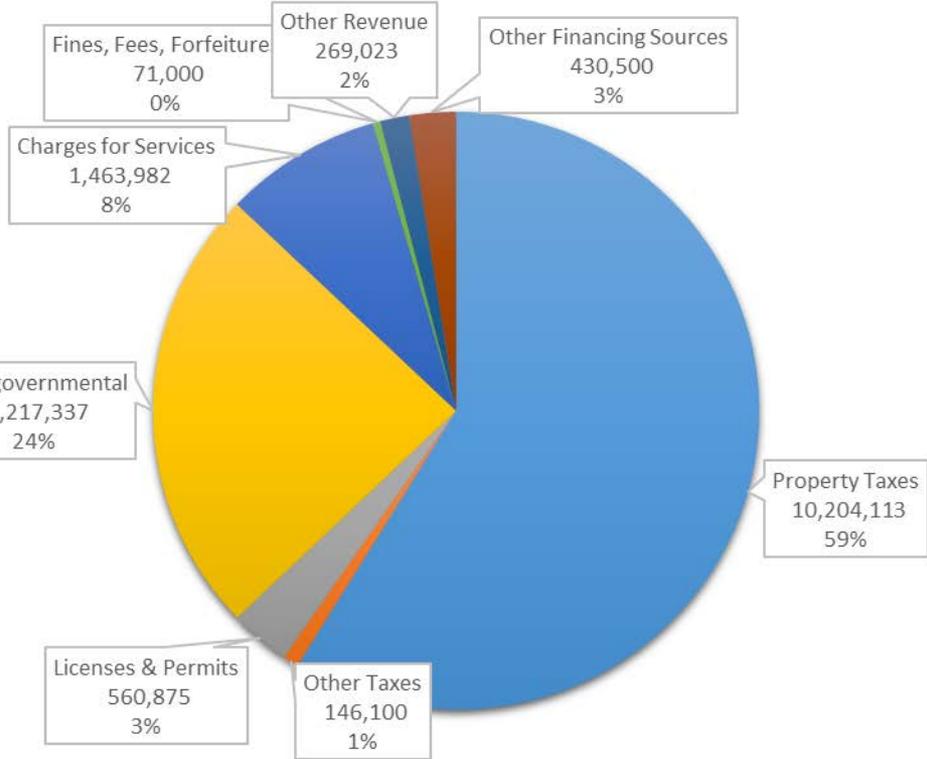
+18.5% total tax levy increase estimated, tax rate partially offset by increase in net tax capacity

# City-wide Levy



# General Fund Revenue

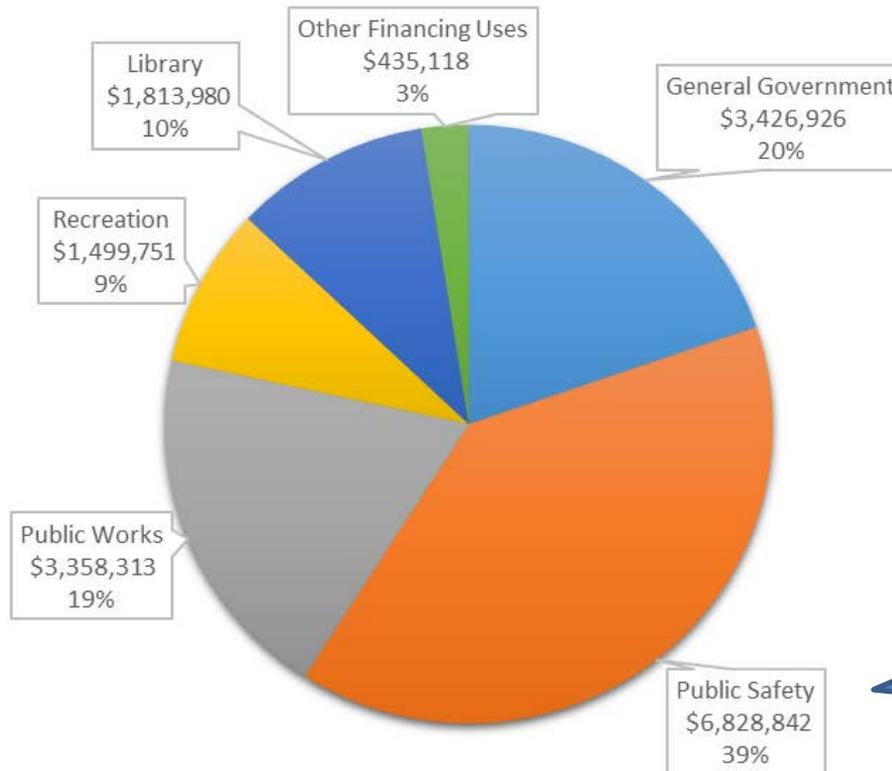
General Fund 2023 Revenue \$17,362,930



LGA is majority of intergovernmental 21% of total revenue

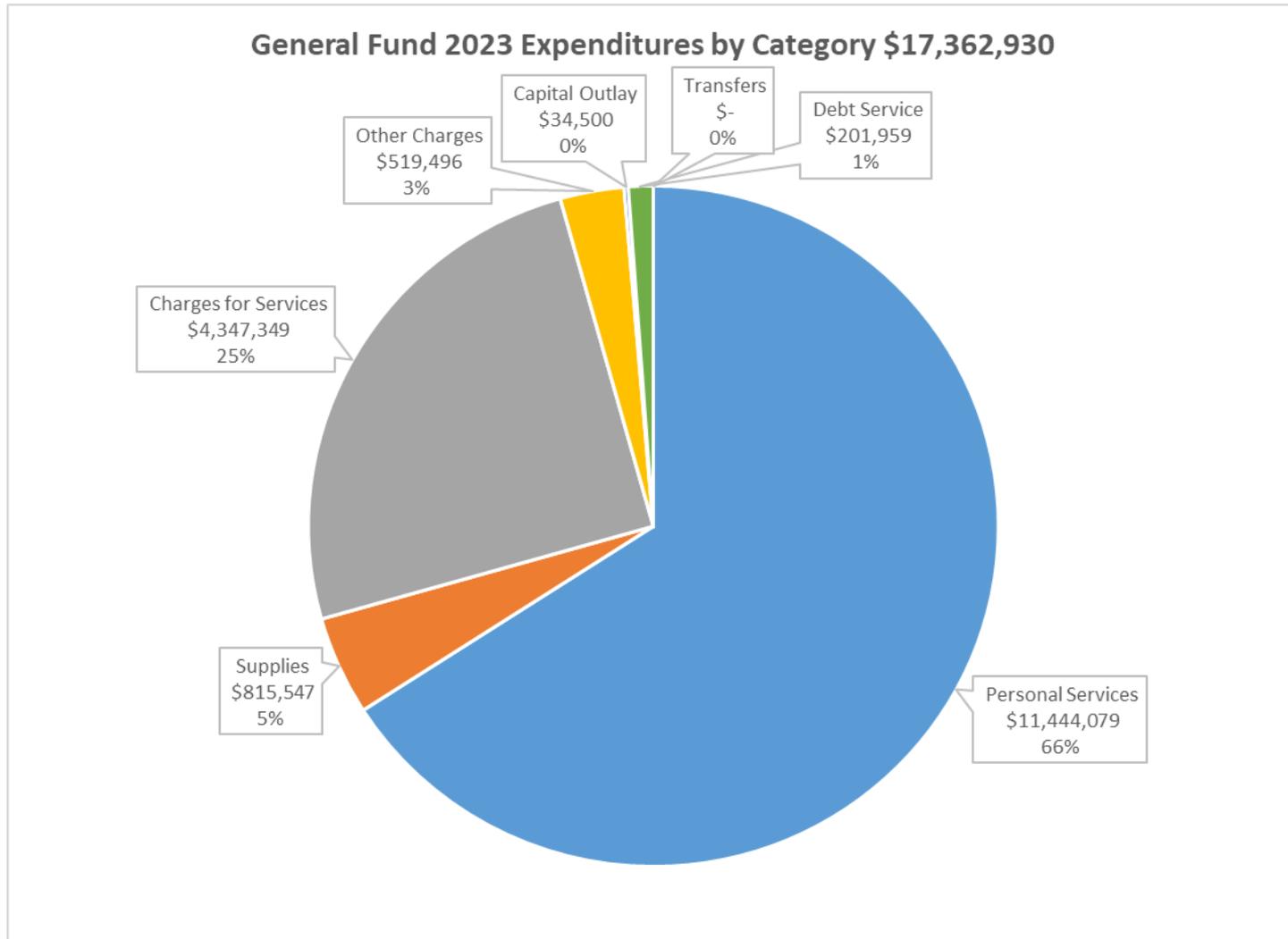
# General Fund Expenditures

## General Fund 2023 Expenditures \$17,362,930



Public Safety 39% in 2023 vs 37% in 2022, due to increases to Fire and Police

# General Fund Expenditures



# 2023 Budget Highlights

- NAFRS funding
  - Add full time Fire Chief and increased training
- Police Overtime increase
  - Based on historical trend
- Police Succession Planning
  - Hiring anticipates 2024 retirements
- Library “Oasis” Staffing
  - Increase 3 part-time staff to full-time
- Riverfront Planning
  - Partial ARPA funded
- Parks Funding increase
  - To address projected shortfall in maintenance required
- Facilities Funding increase
  - To address projected shortfall in maintenance required
- Public Works Operational Analysis
  - Continues 1 department review per year

# City services

## General government



- Administrative services
- Business development
- Housing
- Elections
- Permits

## Culture & Recreation



- Library
- Parks, ice rink and pool
- FiftyNorth senior center
- Recreation

## Public Safety



- Police
- Fire and Rescue
- Emergency management
- Building inspections

## Public Works



- Street repair and construction
- Snow plowing
- Drinking, storm and waste water
- Garbage, recycling and yard waste
- City buildings

# Maintaining quality infrastructure and facilities



**23** miles of trails

**8** miles of bike lanes



**71** miles of sidewalks



**21** playgrounds

**4** park shelters

**2** athletic complexes



**1** ice arena



**1** swimming pool



**78** miles of city streets



**80** miles of sanitary sewer

**56** miles of storm sewer

**94** miles of water main



**5** wells

**3** water towers

**1** waste water treatment plant



**58** storm ponds



**8** buildings

# 2023+ CIP/CEP

- 2023 (\$5.4M Bonding)
  - Southwest Area Reclamation (Heritage Dr. Area)
  - Mill and Overlay (Carter Dr. Area)
  - Sidewalk and Trails (Bikeway Roosevelt)
  - Babcock Park Improvements
  - Motor Grader
- 2024 (\$19.2M Bonding)
  - College, Winona & Water Street South Reconstruction
  - Wall Street Road Reconstruction – County Project
  - Sidewalk and Trail Improvements
  - Jefferson Parkway Mill and Overlay (move to 2025?)
  - Ice Arena – city portion of new facility
  - Bridge Square Phase 1 Improvements
  - NAFRS Spartan Pumper
  - Dump Truck

# 2023+ CIP/CEP

- 2025 (\$3.6M Bonding)
  - Street Reclamation (Laurel Ct., Industrial Drive)
  - Street Mill and Overlay (Maple St)
  - Sidewalk and Trail Improvements
  - NAFRS Peterbuilt Tanker
- 2026 (\$2.1M Bonding)
  - Mill and Overlay (Prairie St)
  - Jefferson Park Mill and Overlay
  - Fremouw Avenue Railroad Crossing Median
  - Mill Towns Trail – Prairie to Woodley
- 2027 (\$2.5M Bonding)
  - North, Decker and Spring Creek Reclamation
  - Eaves Ave Mill and Overlay
  - Mill Towns Trail – Woodley to Wall

# Strategic Plan (2021-2024)

## Economic Vitality

- Community Branding
- Cannon River Regional River Park Designation
- Riverwalk Flood Impr. & Dam Reconstruction Study
- Mill Towns Trail State Funding Request
- C.D Staff (2 positions)

## Housing Availability

- Bluffview Ford St. Extension
- Spring Creek II Construction
- Rental Housing Ordinance Changes Implementation
- Rental Rehabilitation Program (tentative)

# Strategic Plan (2021-2024)

## Quality Facilities

- Parks Capital Investment Plan – need/prioritization
- FiftyNorth/NCRC Bldg. Remodel & Expansion Review
- Ice Arena – cost updates
- Liquor Store Site Analysis
- Hwy 246 Preliminary Design
- Ames Park Master Plan
- Metronet Residential Broadband Deployment

## Diversity, Equity & Inclusion

- Translator (PT to FT)
- Emerging Leaders Program
- Northfield Racial & Ethnic Equity Collaborative (employment, housing) – include speaker/training support
- Hispanic Heritage & Pride Celebrations

# Strategic Plan (2021-2024)

## Service Excellence

- Comprehensive Plan Update
- DMV Department/Service Analysis & Implementation
- Police Evidence Staff
- Police Patrol Staff
- Board & Commission Governance Revisions, Onboarding, Training

## Climate Action

- New Carbon Fund
- Tree Planting (Ash Borer)
- Clean Energy Transition Plan
- VISTA Mobility - Implement
- Res./Bus.Efficiency Rebates
- City Facility LED conversion
- EV Purchases (5) & charging infrastructure
- Sustainable Bldg Policy - support

# Summary

- A Resolution is attached representing a city-wide levy of \$14,048,122
  - Preliminary approved levy in September was the same, an 18.5% increase
    - Includes additional increases for Park & Facility Funds for maintenance
    - Includes additional increases to Fire, Police & Library to improve services
  - Also includes \$130K in carryover spending from 2022 in 2023
    - Comp Plan update
    - Hwy 246 Study
  - Numerous strategic plan funded items

# Recommended Actions

- Public Comment Hearing
- Council motion to close the public hearing.
- Action items following (no additional presentation):
  - Item 14. Resolution 2022-114 2022/Payable 2023 EDA Tax Levy
  - Item 15. Resolution 2022-115 2022/Payable 2023 HRA Tax Levy
  - Item 16. Resolution 2022-116 2022/Payable 2023 Total Tax Levy
  - Item 17. Resolution 2022-117 Final 2022 Budget
  - Item 18. Resolution 2022-118 2023-2027 Capital Improvement Plan (CIP)
  - Item 19. Resolution 2022-119 2023-2027 Capital Equipment Plan (CEP)

# Public Comment

