



Budget 2025–2026

City of Northfield Budget Update
September 17, 2024



City of Northfield

2025-2026 Budget

Preliminary Budget & Tax Levy Presentation (2025-2026)



- 2025-2026 Budget Timeline & Key Milestones
- Tax Base and Peer Comparisons
- Approve Preliminary 2025 Budget and Citywide Levy
 - This is the maximum levy, can be reduced prior to December, cannot be increased
- Set Budget & Levy Public Hearing for December
- Next Steps
- Adjourn

Budget Timeline



July 16 & Aug 20 Work Sessions

Staff develops initial requested budgets and Council discusses

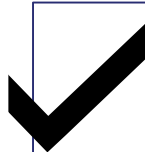
December 2

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*



*October 8, 2024 – Budget Work
Session – as needed, adjustments
to 2025 or focus on 2026*



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



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

- Final presentation



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



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



Budget Timeline

Property Tax Refunds

MN Department of Revenue

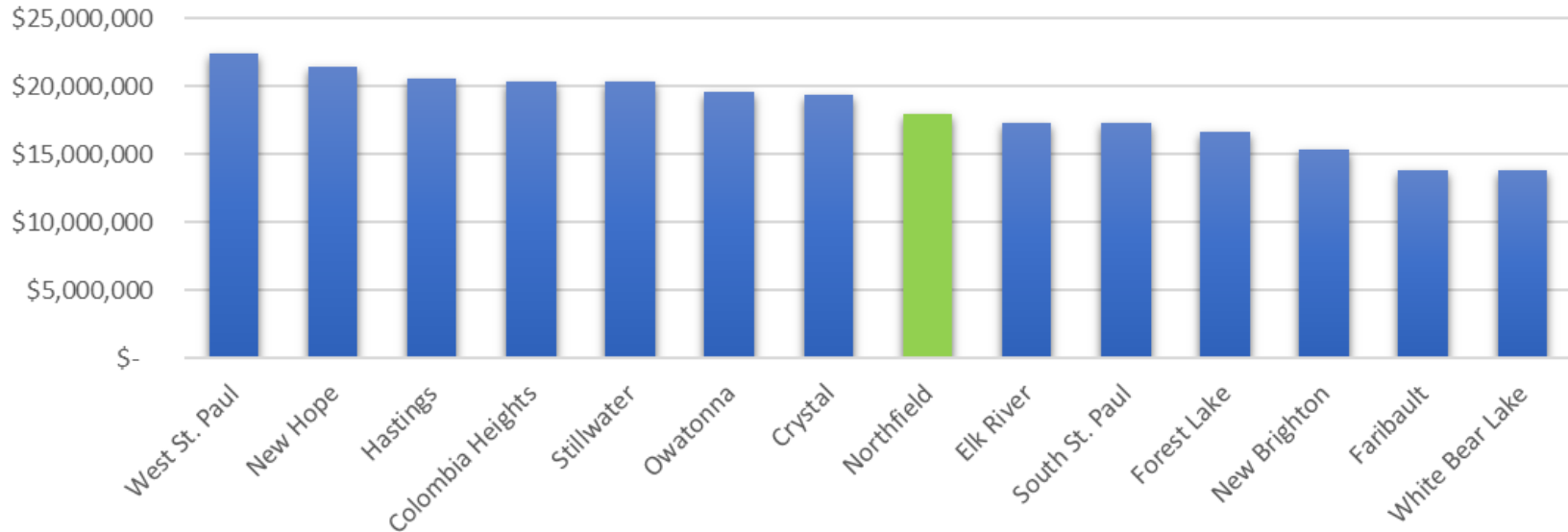


- In 2021, 877,000 Minnesotans filed property tax refunds, totaling over \$827 million
- Homestead Credit Refund Program or Household Income – refunds a portion of property tax that exceeds a certain percentage of household income
- Targeting Property Tax Refund or Special Homeowner's Homestead Credit 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

Peer Comparison Preliminary Levies



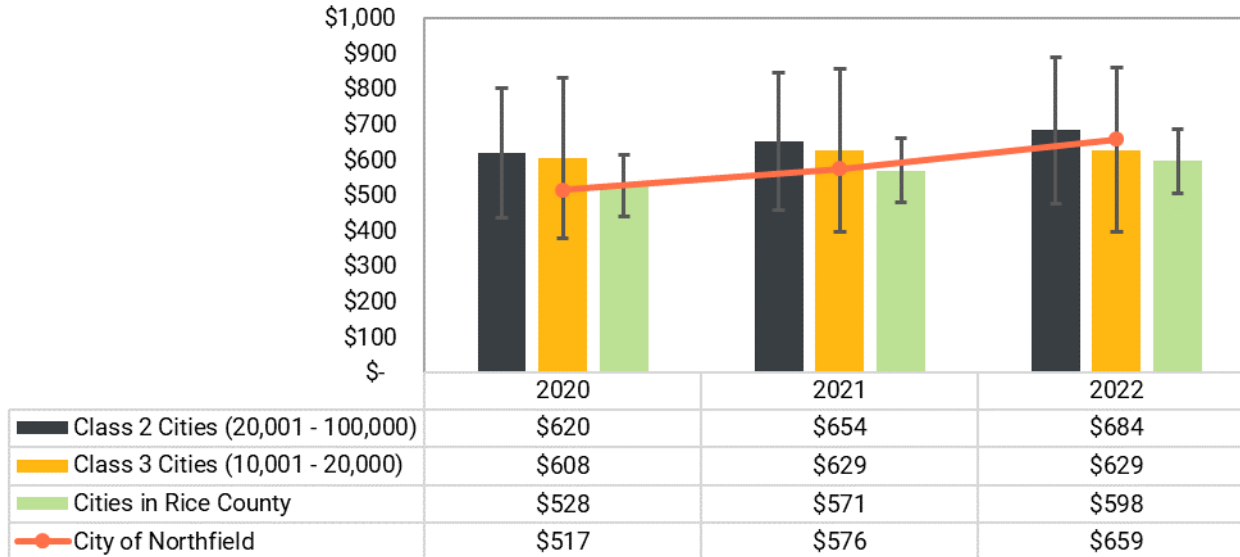
2025 Total \$ Preliminary Levy



Key Ratios – Peer Comparison



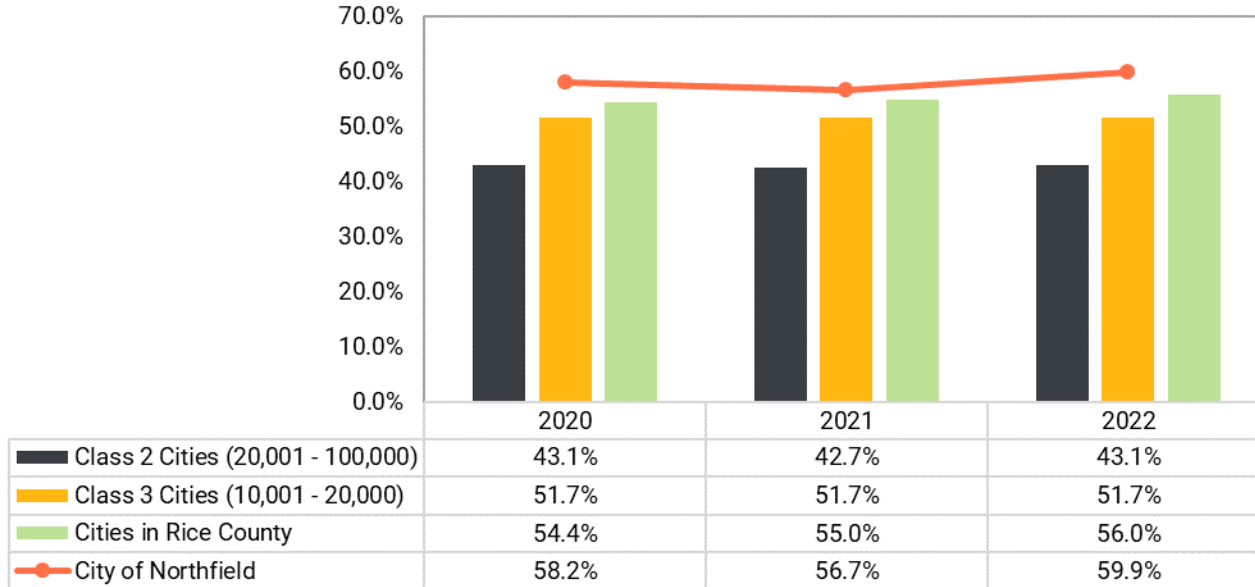
Taxes - Per Capita



Key Ratios – Peer Comparison



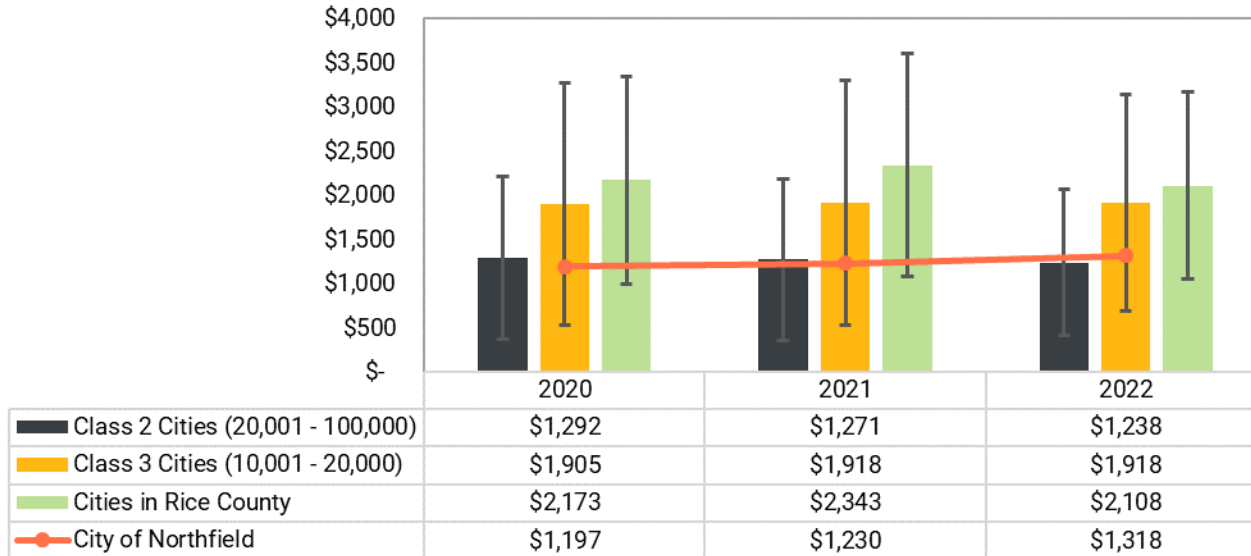
Tax Rate



Key Ratios – Peer Comparison



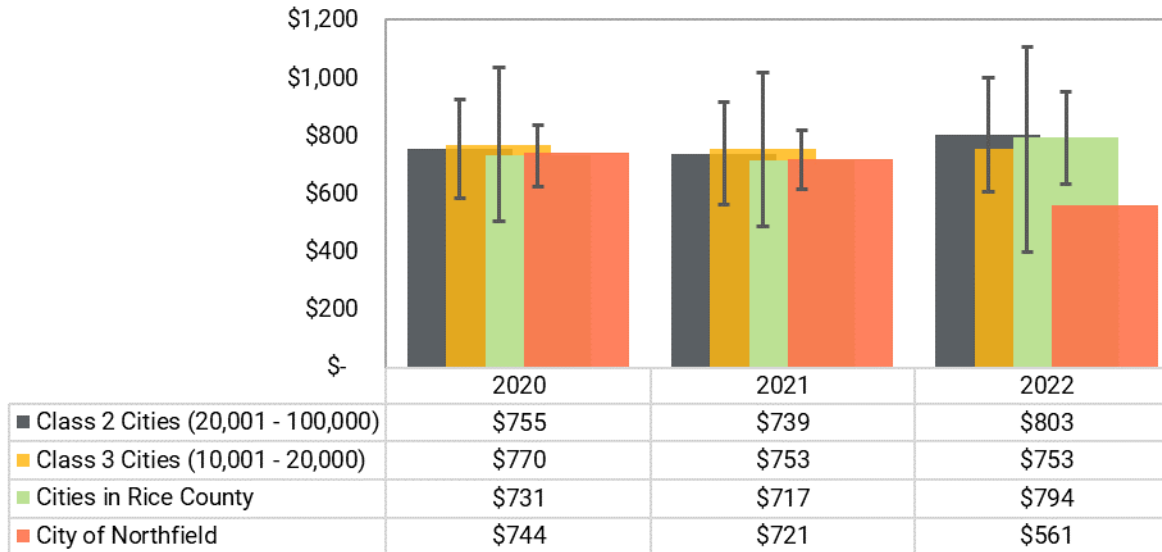
Long Term Debt - Per Capita



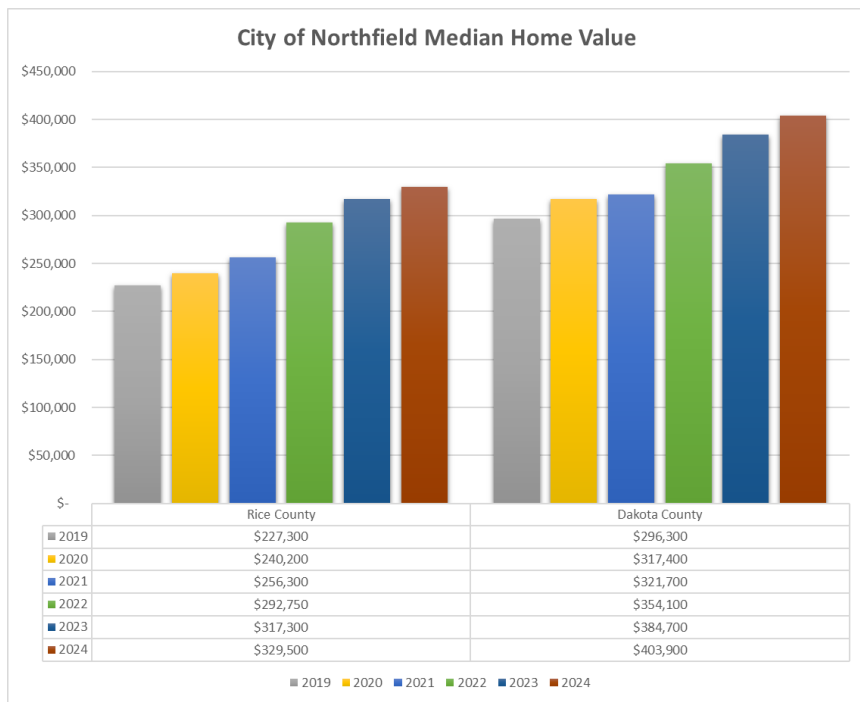
Key Ratios – Peer Comparison



Current Expenditures - Per Capita

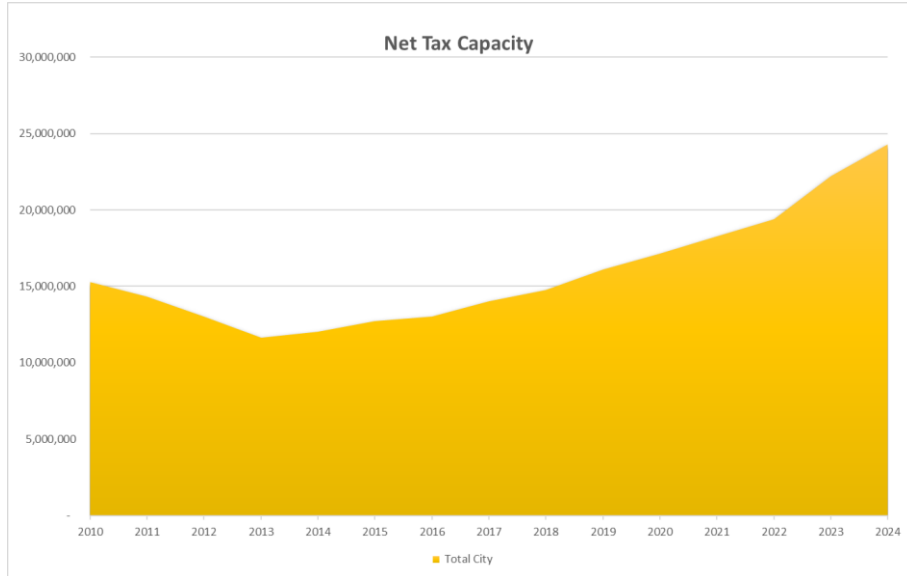


Northfield Median Home Value



- Median home value increases are lower than prior years
- Rice County is up 3.8%
- Dakota County is up 5.0%
- Prior years tax capacity increases were 9.3% and 14.6% in 2023 and 2022

Tax Base Changes

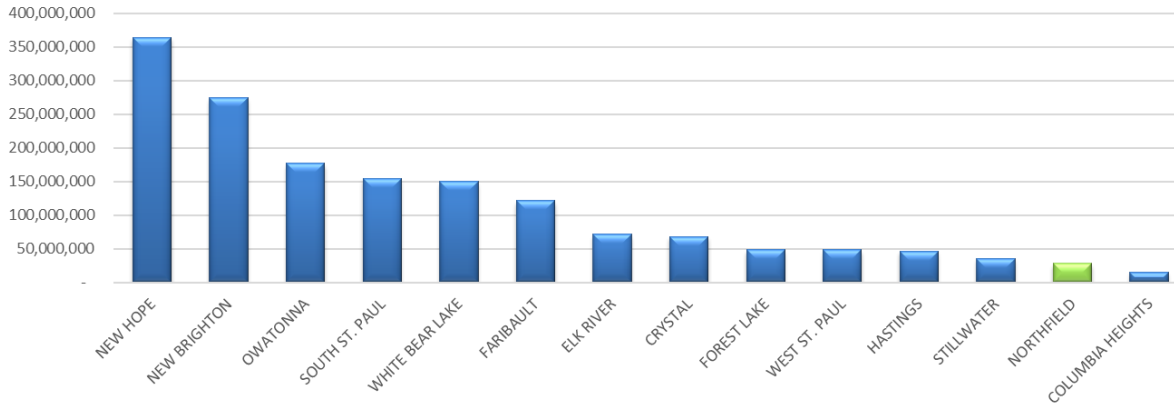


- Preliminary estimates from Rice County indicate a 5.4% increase in 2024 net tax capacity
 - Goal to increase amount related to new construction
 - 6.9% Estimated Market Value and 5.7% Taxable Market Value increase

Peer Comparison Key Ratios



Industrial EMV 2020 - 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

2025 Citywide Levy Forecast



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
NCRC Operations Levy	195,156	328,156	328,156	328,156	328,156	328,156	328,156
Park Fund Levy	303,863	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 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	11,917,614	12,513,495	13,139,169	13,796,128	14,485,934	15,210,231
FORECASTED EDA LEVY	363,136	395,848	415,640	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	17,946,596	20,294,245	21,869,701	22,814,928	23,977,117	24,647,483
Percent Change From Prior Year:	9.0%	17.2%	13.1%	7.8%	4.3%	5.1%	2.8%
Average 5-yr Forecasted Total Levies Increase:				9%			

Forecasted Tax Rate Impacts (at 5% tax base growth):

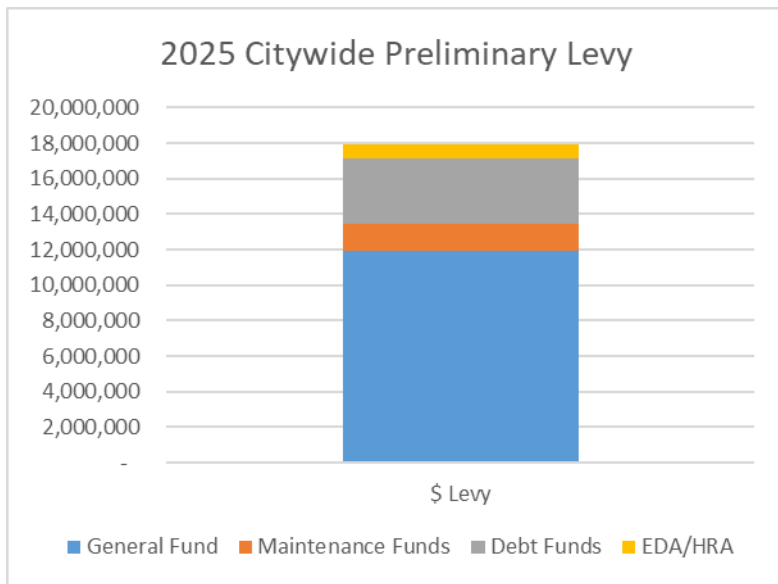
	2024	2025	2026	2027	2028	2029	2030
Forecasted City Tax Rate:	62.225%	69.706%	75.321%	77.388%	76.868%	76.939%	75.256%
Forecasted EDA Tax Rate:	1.550%	1.609%	1.609%	1.609%	1.609%	1.609%	1.609%
Forecasted HRA Tax Rate:	1.582%	1.642%	1.642%	1.642%	1.642%	1.642%	1.642%
Forecasted Total Tax Rate:	65.357%	72.957%	78.572%	80.640%	80.119%	80.191%	78.507%
Change From Prior Year:	5.682%	7.600%	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	\$2,444	\$2,692	\$2,825	\$2,871	\$2,938	\$2,941
Annual Increase (Decrease):		\$194	\$248	\$134	\$45	\$68	\$3

- A median home valued at \$350,000 would see approximately an 8.6% increase in the city portion of the property taxes
 - \$194/year or
 - \$16/month

2025 Levy Highlights



- **Total Levy \$17,946,596**
 - General Fund \$11,917,614
 - Does include position additions
 - Maintenance Funds \$1,524,378
 - Debt Funds \$3,704,830
 - EDA/HRA \$799,774

2025 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
- **9.5% 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 General Fund Budget Highlights



- General Fund cost increase 8.6% (a 9.5% levy impact)
 - General Fund Expense \$20,170,201
 - Personnel 65% of total General Fund cost \$12,998,246
 - 9.3% increase Y/Y market study and contract negotiations and position additions
 - Other Costs, supplies, charges for services \$7,171,954
 - 7.4% increase in charges for services, supplies, other
 - » Portions may be offset by grants, transfers

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

Next Steps



- **October Work Session refine 2025**
 - Approve 2025 Franchise Fee Rates (gas/electric)
 - Continue to review alternatives for 15.8% levy
- **December 3 Council Meeting**
 - Public Hearing and approve final levy and budget

Questions?

Thank you