



Budget 2025–2026

City of Northfield
Public Hearing Budget and Tax Levy
December 3, 2024 at 6:30pm



City of Northfield

2025-2026 Budget

Agenda



- **Public Hearing on the 2025 Budget and Levy**
 - Staff Presentation
 - Public Comment
- **Council Consider Adoption of 2024 Property Tax Levy/Payable 2025 and 2025 Budget and Related Actions (6 items)**
 - No additional staff presentation
 - No additional public comment

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 – as needed, 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

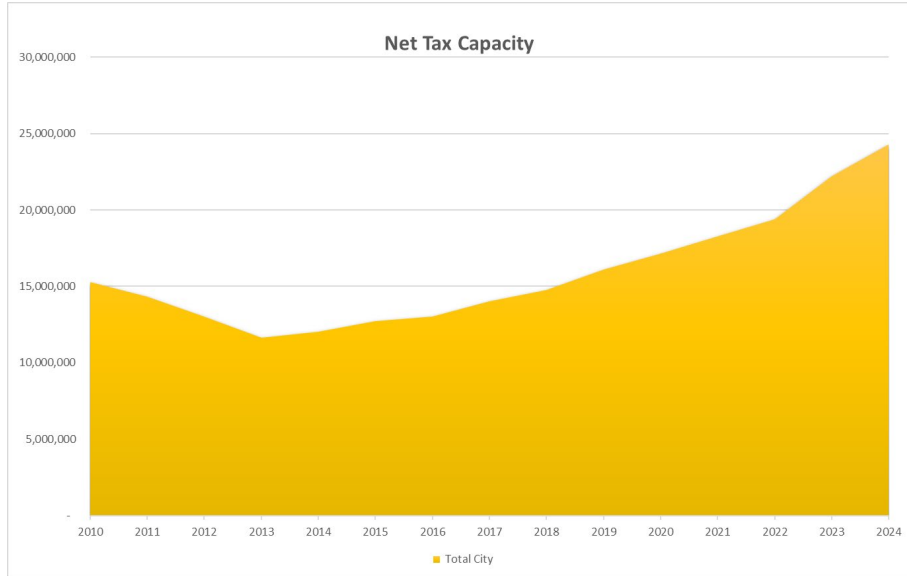
Property Tax Refunds

MN Department of Revenue



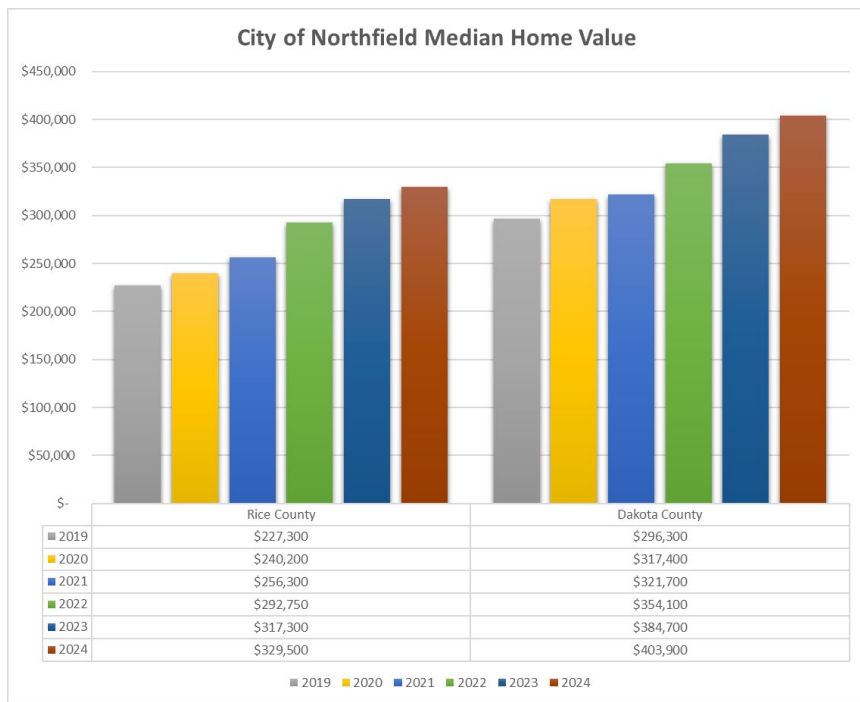
- In 2021, 877,000 Minnesotans filed property tax refunds, totaling over \$827 million
- Homestead Credit Refund Program or Household Income – refunds a portion of property tax that exceeds a certain percentage of household income
- Targeting Property Tax Refund or Special Homeowner's Homestead Credit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

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

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 median value increases were 8.4% and 14.2% in 2023 and 2022

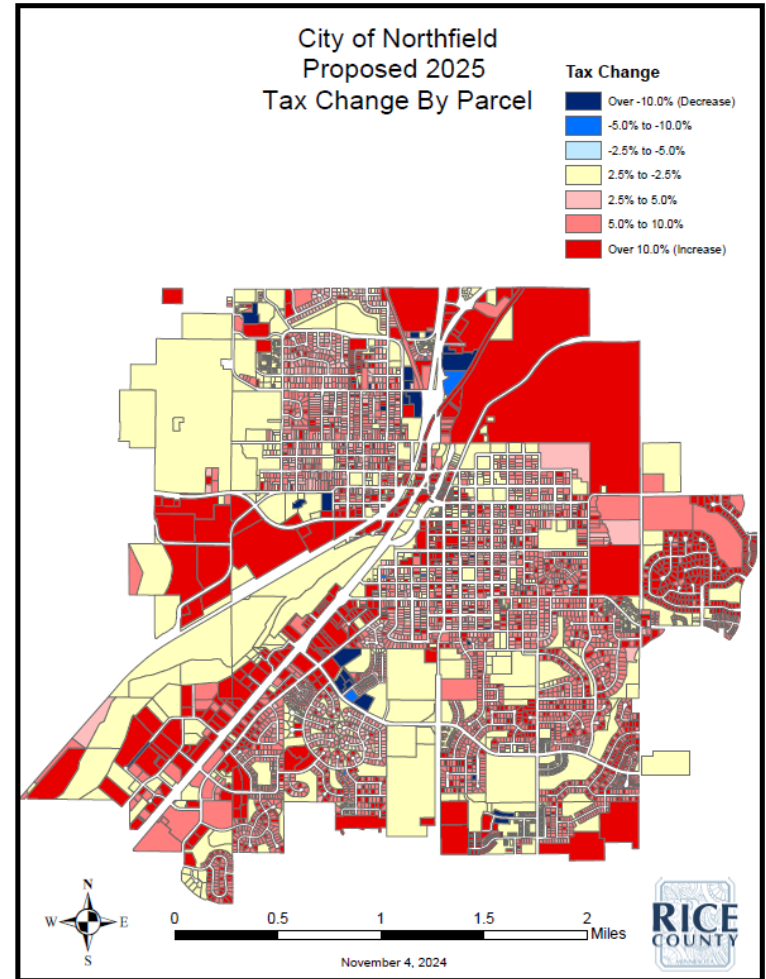
Property Tax 101



$$\begin{aligned} \text{Total \$ City Levy} &= \text{City Budget} - \text{Non-Property Tax Revenue} \\ \text{City Tax Rate} &= \text{Total \$ City Levy} / \text{Net Tax Capacity} \\ \text{Individual Tax Bill} &= \text{Parcel Tax Capacity} * \text{City Tax Rate} \end{aligned}$$

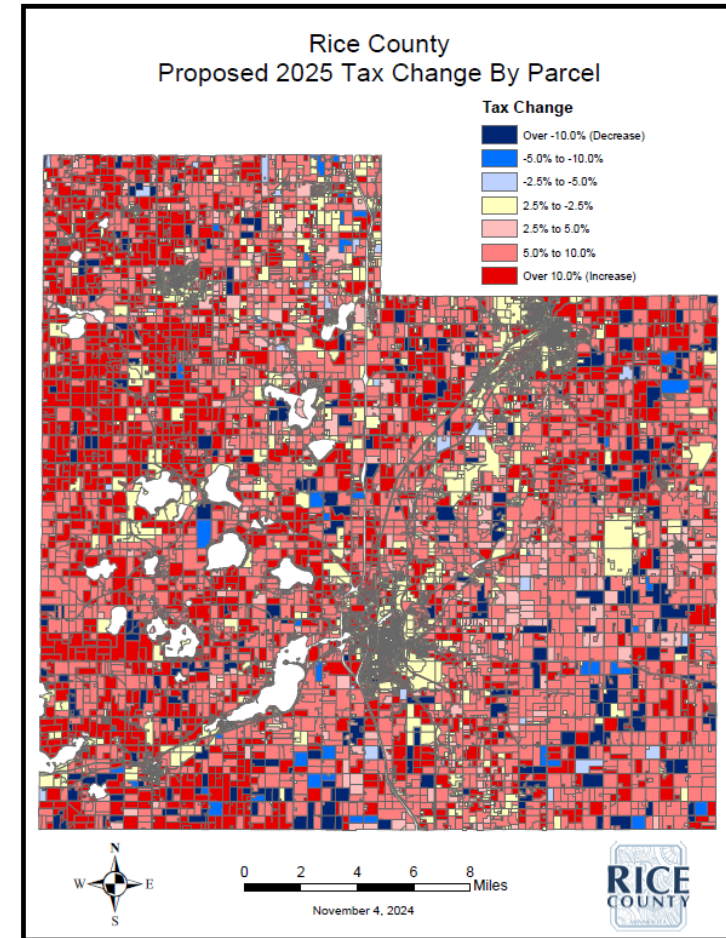
Tax Change by Parcel City Map

- 2025 Net Tax Capacity for Northfield increased 5.4%
 - vs prior year increase of 9.3%
- Individual parcel tax changes vary according to map
- Rice and Dakota County Auditors parcel specific notices have been sent



Tax Change by Parcel County Map

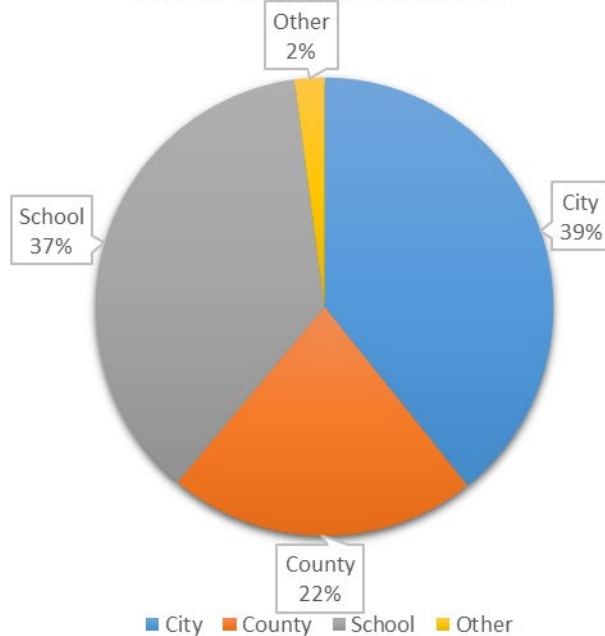
- 2025 Net Tax Capacity changes for Rice County
- Individual parcel tax changes vary according to the map
- Ag land vs city changes???



Property Taxes



2023 Tax Distribution

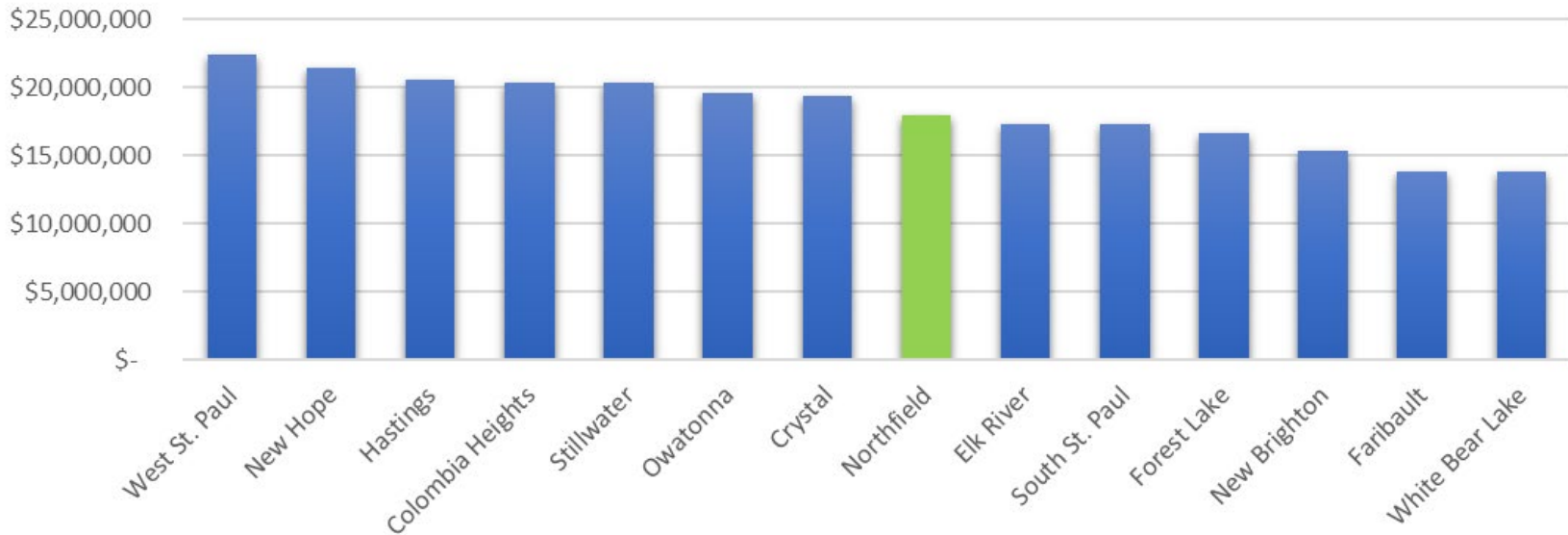


- Who levies Property Taxes?
 - City 39%
 - County 22%
 - School 37%
 - Other 2%

Peer Comparison Preliminary Levies



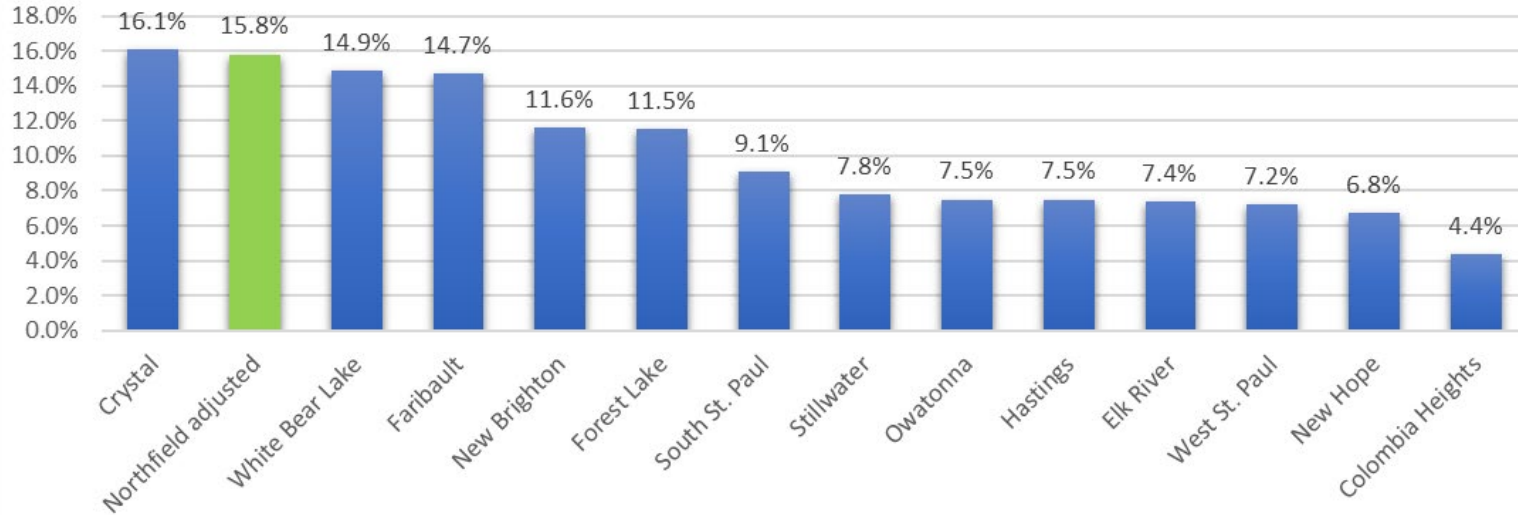
2025 Total \$ Preliminary Levy



Peer Comparison Preliminary Levies



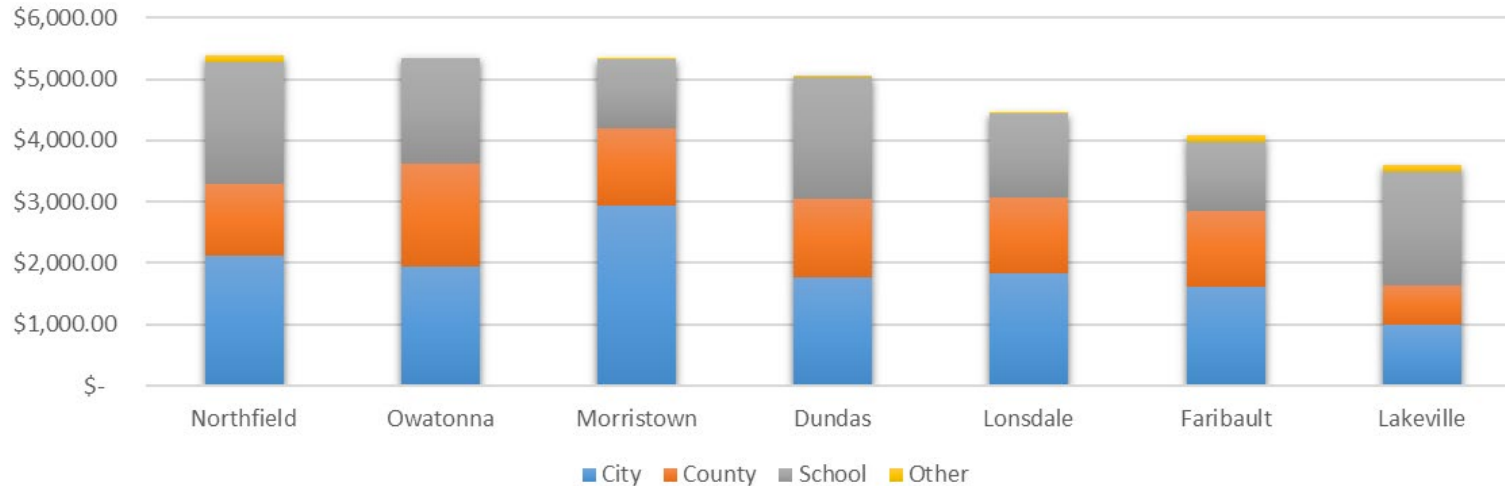
Preliminary Levy % Increase



Property Tax Neighboring City Comparison



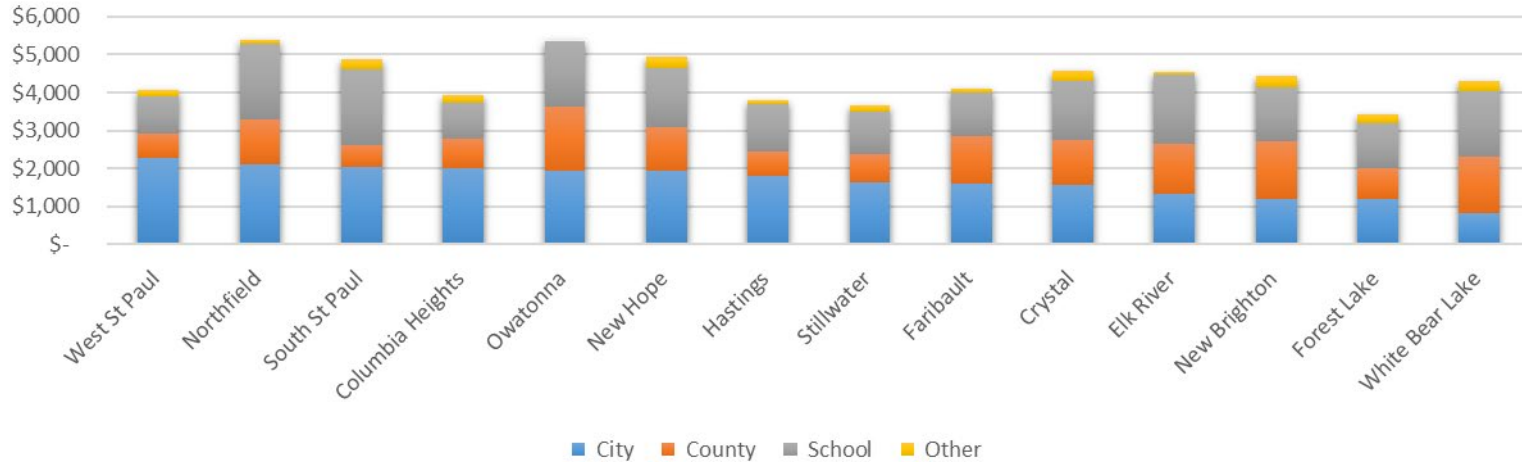
2023 Property Tax Comparison approx value \$350K



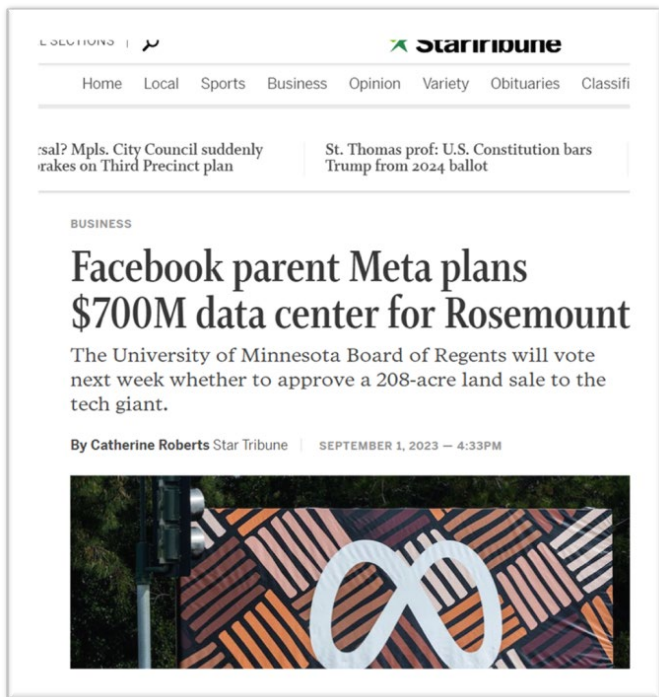
Property Tax Peer Cities Comparison



2023 Property Tax Comparison approx value \$350K



Tax Base Growth Strategies



- Although Northfield's tax base is low, Northfield is well positioned for new growth opportunities that meet city plans and goals
- If one new taxpayer similar to the proposed Rosemount Data Center, would reduce city portion of residential burden by 26%
- Includes net zero emissions, 100% renewable energy, outdoor air solutions to increase water efficiency, etc.

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
- Final levy is a 15.8% increase, a reduction from the preliminary levy of 17.2%

Proposed Citywide Levies



- Certified 2024 Citywide Levies \$15,311,510
- Certified Preliminary 2025 Levies \$17,946,596
 - a preliminary 17.2% increase
- Recommended Final 2025 Levies \$17,731,596
 - a final 15.8% increase (includes EDA/HRA)

15.8% Levy Impact

City of Northfield, Minnesota Estimated Tax Impacts of Proposed 2025 Property Tax Levy November 25, 2024

TAX LEVY INFORMATION	
Preliminary City Levy Amount	\$16,931,822
Preliminary EDA Levy Amount	\$395,848
Preliminary HRA Levy Amount	\$403,926
2025 Proposed City-wide Levy Amount	\$17,731,596
2024 Levy Amount	\$15,311,510
Annual Increase	15.8%
TAX BASE INFORMATION	
Preliminary Net Tax Capacity - Payable 2025	\$24,577,541
Proposed \$ Levy Increase	2,420,086
Tax Capacity Rate:	
Payable - 2024	65.356%
Payable - 2025 at 2024 Levy Amount	62.299%
Estimated 2025 at Proposed Levy Increase	72.146%
Estimated Increase to City-wide Tax Rate	9.847%

Based on Preliminary 2024 Assessment EMV figures provided by Rice and Dakota Counties

TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2024 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2025 City Tax
Residential Homestead	\$ 200,000	\$ 28,550	\$ 171,450	\$ 1,715	\$ 1,181.38	\$ 55.56	4.63	\$ 1,236.94
	250,000	24,050	225,950	2,260	1,537.57	92.56	7.71	1,630.13
	300,000	19,550	280,450	2,805	1,893.76	129.57	10.80	2,023.32
	328,500	16,895	312,605	3,126	2,103.91	151.40	12.62	2,255.31
	350,000	15,050	334,950	3,350	2,249.95	166.57	13.85	2,416.51
	403,800	10,189	393,611	3,937	2,633.92	206.46	17.20	2,840.38
Commercial/Industrial	450,000	8,050	441,950	4,440	2,941.02	261.88	21.82	3,202.90
	500,000	1,550	498,450	4,985	3,267.80	328.29	27.38	3,596.09
	500,000	-	500,000	5,000	3,267.80	628.03	52.34	3,895.83
	5,000,000	-	5,000,000	50,000	12,581.03	1,306.98	108.92	13,888.01
						6,738.60	561.55	71,604.43

TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 6.3%								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2024 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2025 City Tax
Residential Homestead	\$ 213,069	\$ 27,374	\$ 185,695	\$ 1,857	\$ 1,181.38	\$ 156.33	13.19	\$ 1,337.71
	268,336	22,580	245,757	2,438	1,537.57	221.03	18.42	1,758.59
	319,604	17,786	301,818	3,018	1,893.76	263.73	23.64	2,157.49
	351,031	14,957	336,074	3,361	2,103.91	320.72	26.73	2,424.62
	372,871	12,992	359,879	3,599	2,249.95	346.42	28.67	2,596.37
	430,293	7,824	422,469	4,225	2,633.92	414.01	34.50	3,047.93
Commercial/Industrial	479,405	3,404	476,002	4,760	2,941.02	493.12	41.09	3,434.14
	532,673	-	532,673	5,408	3,267.80	634.12	52.84	3,901.92
	532,673	-	532,673	5,408	3,267.80	1,099.47	91.62	4,361.27
	5,326,725	-	5,326,725	53,267	12,581.03	2,249.85	187.49	14,830.88
						11,452.96	954.41	76,318.79

* 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 homesteaded 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

Sample Rice County TNT Statement at 17.2%



RICE COUNTY
PROPERTY TAX & ELECTIONS
320 Third Street NW
Faribault, MN 55021
(507) 332-6104
www.ricecountymn.gov

PROPOSED TAXES 2025

THIS IS NOT A BILL. DO NOT PAY.

VALUES AND CLASSIFICATION

Taxes Payable Year	2024	2025
Estimated Market Value	\$318,500	\$329,700
Homesite Exclusion	\$8,500	\$16,900
Taxable Market Value	\$310,400	\$312,800
Property Classification	Res. Hekt	Res. Hekt

PROPOSED TAX		
Property Taxes before credits		\$5,158.00
School building bond credit		\$0.00
Agricultural market value credit		\$0.00
Other credits		\$0.00
Property Taxes after credits		\$5,158.00

PROPERTY TAX STATEMENT Coming in March 2025

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 2024	Proposed 2025	Meeting Information	
RICE COUNTY 320 3RD ST NW FARIBAULT MN 55021 507-332-6122 https://www.ricecountymn.gov	\$1,089.97	\$1,170.29	Thursday, Dec 12th 2024, 6:00 pm Rice County Gov Serv Building Board Room 320 Third Street NW Faribault, MN 55021	
CITY OF NORTHFIELD 801 WASHINGTON ST NORTHFIELD MN 55057 507-645-3016 https://www.northfieldmn.gov	\$1,931.45	\$2,181.48	Tuesday, Dec 3rd, 2024, 6:30 pm City Hall Council Chambers 801 Washington Street Northfield, MN 55057	
State General Tax	\$0.00	\$0.00	NO MEETING REQUIRED	
SD 0699 NORTHFIELD 201 ORCHARD ST S NORTHFIELD MN 55057 507-863-0820 https://northfieldschools.org			Monday, Dec 9th, 2024, 6:00 pm Northfield District Office and Area Learning Center Board Room 201 Orchard Street South Northfield, MN 55057	
	Voter Approved Other	\$1,105.59 \$630.68	\$1,134.67 \$562.67	
Special Taxing Districts	\$104.31	\$108.69		
Tax Increment Tax	\$0.00	\$0.00	NO MEETING REQUIRED	
Fiscal Disparity Tax	\$0.00	\$0.00	NO MEETING REQUIRED	
TOTAL	\$4,862.00	\$5,158.00	6.1%	
Excluding any special assessments				

IMPORTANT INFORMATION IS PRINTED ON THE BACK OF THIS FORM.

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	303,863	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 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	415,840	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)

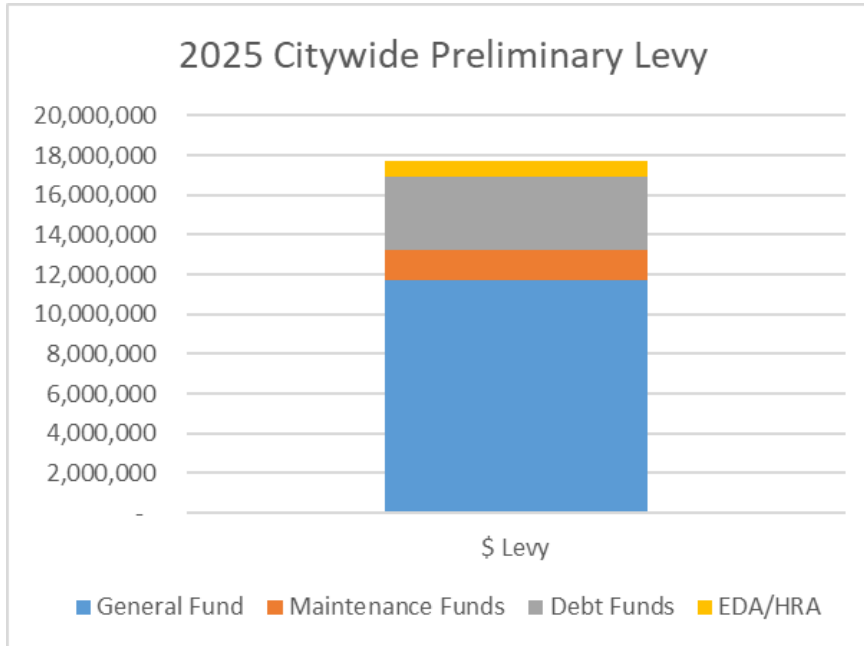
\$350,000* Residential Homestead (*2% annual appreciation)	\$2,250	\$2,414	\$2,662	\$2,795	\$2,839	\$2,906	\$2,909
Annual Increase (Decrease):		\$164	\$247	\$133	\$45	\$67	\$2

- 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 Citywide Levy

	Actual 2023	Actual 2024	Proposed 2025
For Operations			
General Fund	10,204,113	10,474,317	11,702,614
NCRC Operations	195,156	195,156	328,156
Park Fund	163,863	303,863	444,344
City Facilities Fund	104,775	244,775	257,014
Vehicle & Equipment Replacement	354,624	424,624	494,864
	<u>11,022,531</u>	<u>11,642,735</u>	<u>13,226,992</u>
For Other			
Abatement - Roof Repair	30,092	30,092	30,092
Police Facility	413,973	410,000	410,000
	<u>444,065</u>	<u>440,092</u>	<u>440,092</u>
For Bonded Debt			
2014A GO Improvement Bonds	45,000	40,000	-
2015A GO Improvement Bonds	95,000	95,000	85,000
2016C GO Improvement Bonds	15,000	10,000	-
2017A GO Improvement Bonds	52,000	55,000	55,000
2018B GO Improvement Bonds	180,000	180,000	175,000
2019A GO Improvement Bonds	214,000	215,000	215,000
2020A GO Improvement Bonds	390,000	390,000	390,000
2021A GO Street Reconstruction	129,000	129,000	129,000
2022A GO Street Reconstruction	250,000	393,300	393,300
2023B GO Street Reconstruction		634,500	729,438
2024A GO Street Reconstruction		-	589,900
	<u>1,395,000</u>	<u>2,141,800</u>	<u>2,761,638</u>
Facilities/Equipment Related			
2018A NAFRS	185,000	185,000	185,000
2021 Equipment Certificates	60,500	60,500	60,500
2022 Equipment Certificates	66,700	66,700	64,500
2023 Equipment Certificates	-	41,000	41,000
2024 Equipment Certificates	-	-	152,100
	<u>542,200</u>	<u>353,200</u>	<u>503,100</u>
	<u>2,381,265</u>	<u>2,935,092</u>	<u>3,704,830</u>
Total General Levy	<u>13,403,796</u>	<u>14,577,827</u>	<u>16,931,822</u>
EDA	318,909	363,136	395,848
HRA	325,417	370,547	403,926
Total City-Wide Levy	<u>14,048,122</u>	<u>15,311,510</u>	<u>17,731,596</u>

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 Increase Highlights

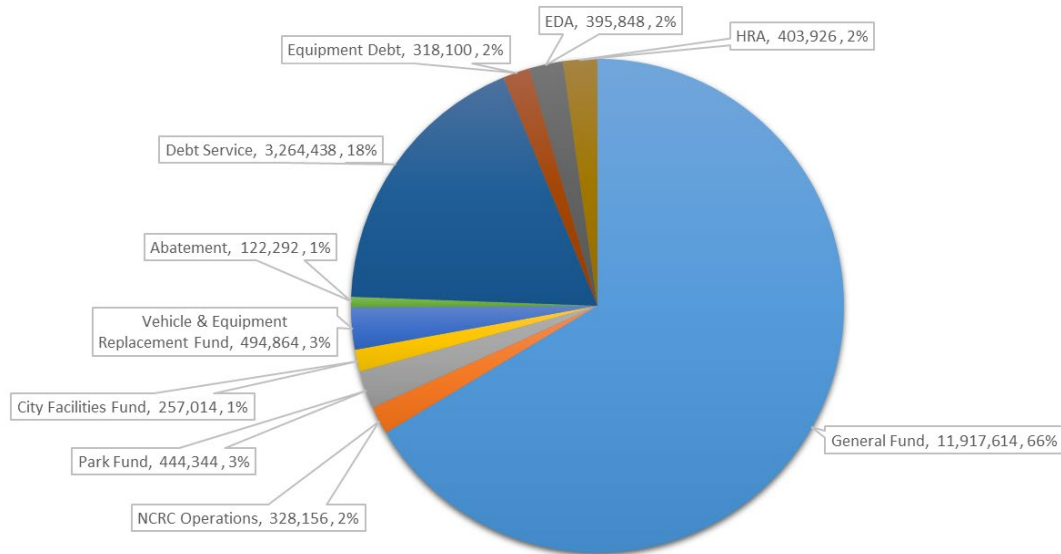


- **5.0% Debt Levy**
 - Cannot be adjusted – previously approved, bonded and legally obligated projects
 - 2024 Street Reconstruction Project (College & Water, Jefferson Parkway), Transit Hub & Equipment (NAFRS Pumper, Police Command Van, Dump Truck) begin payments in 2025
- **8.0% General Fund levy**
 - 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 Citywide Levy



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

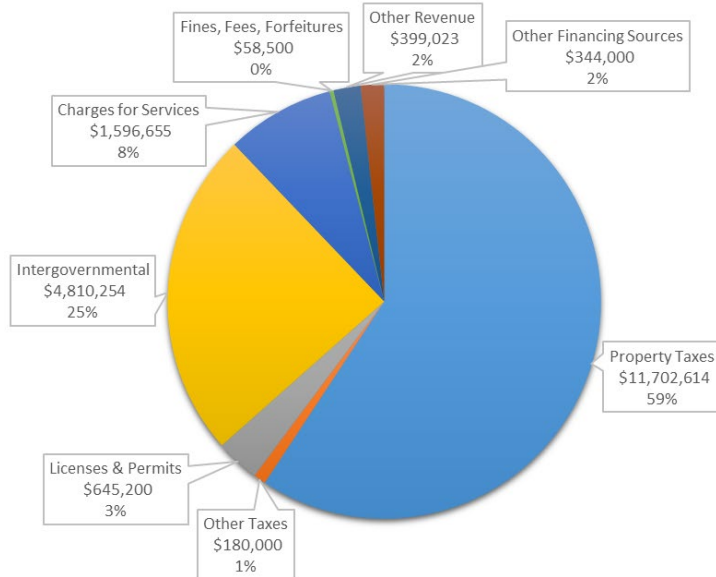


- General Fund Levy is 66% of total citywide levy

2025 General Fund Revenue



General Fund 2025 Revenue \$19,736,246



- Property Taxes represent 59% of General Fund Revenue
- Intergovernmental (includes LGA) represents 25% of General Fund Revenue

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

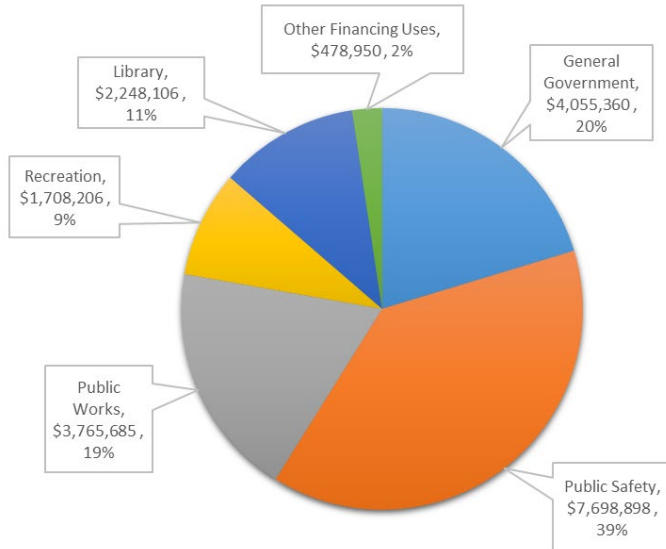


8 buildings

2025 General Fund Expense



General Fund 2025 Expenditures \$19,955,206

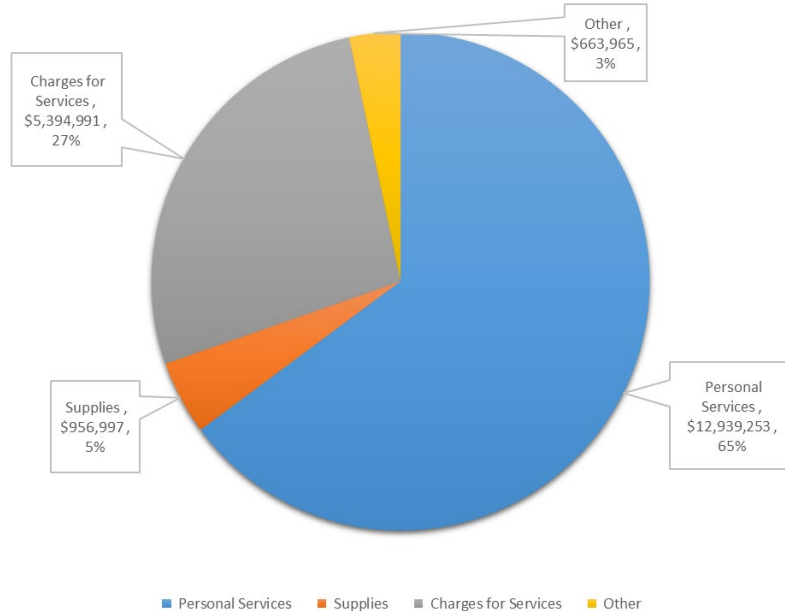


- Public Safety represents 39% of the General Fund expense
- Utilizing \$250,000 of Police Aid funding in 2025 & 2026 to offset wage adjustments

2025 General Fund Expense



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



- Personal Services represents 65% of the General Fund expense

2025 EDA



- **\$415,848 Revenue**
- **\$482,848 Expense**
 - (\$67,000) use of reserves
- **2025 Projects**
 - EDA Loans, Façade Grants, and Micro-Grants
 - Connecting Business and Community Program
 - Business Development and Recruitment

2025 HRA



- **\$535,182 Revenue**
- **\$602,183 Expense**
 - (\$67,000) Use of reserves
- **2025 Projects**
 - HRA loans and grants
 - Ordinance updates
 - Strategic planning

2025 Utilities Recap



- City completed a Utility Rate Study in 2018 and has updated several times since
 - Projects rates from 2019–2028
 - Drinking water plant planning in process
- 2025 rate increases adopted in September based on rate study and recent updates
 - Water 28.0%
 - Wastewater 4.5%
 - Stormwater 15.0%
 - Garbage 1.0%
- An average residential customer would see their total utility bill increase from \$83.03 to \$92.14 per month

Water Fund



- Water Treatment Plant and Road Extensions \$58,824,135
- Wall Street Road Reconstruction \$727,498
- 2025 Street Reclamation Project \$165,237
- 2025 Mill and Overlay Project \$17,870

Wastewater Fund



- Wall Street Road Reconstruction \$545,459
- 2025 Street Reclamation Project \$61,547
- 2025 Mill and Overlay Project \$16,678
- 2026 WWTP Generator Replacement \$765,769
- 2026 Preliminary Treatment \$382,884
- 2026 Process Lift Pumps \$418,019

Stormwater Fund



- Wall Street Road Reconstruction \$1,053,268
- 2025 Street Reclamation Project \$135,403
- 2025 Mill and Overlay Project \$84,584
- Street Sweeper \$245,000
- 2026 West Riverwall Floodwall Extension \$2,000,000

Garbage Fund



- Compost Site Emergency Exit \$1,000,000
- Hauler Contract Expires in 2025

Summary



- A Resolution is attached representing a citywide levy of \$17,731,596
 - Preliminary approved levy in September was 17.2% increase, this is a 15.8% increase
 - Includes increased funding for Parks, Facilities, Vehicle & Equipment and NCRC for maintenance issues
 - Includes the use of \$250,000 in Police Aid received in prior years and \$31,040 in levies for a prior year NAFRS budget amendment for secure radios
 - Numerous strategic plan funded items included

Recommended Actions



- Public Hearing and Comments
- Council motion to close the Public Hearing
- Action items following (no additional presentation)
 - Item 22. Resolution 2024-132 2024/Payable 2025 EDA Tax Levy
 - Item 23. Resolution 2024-133 2024/Payable 2025 HRA Tax Levy
 - Item 24. Resolution 2024-134 2024/Payable 2025 Total Tax Levy
 - Item 25. Resolution 2024-135 Final 2025 Budget
 - Item 26. Resolution 2024-136 2025-2029 Capital Improvement Plan (CIP)
 - Item 27. Resolution 2024-137 2025-2029 Capital Equipment Plan (CEP)

Questions?

Thank you