



THE CITY OF  
**NORTHFIELD**  
ESTD MINNESOTA 1855  
COWS, COLLEGES & CONTENTMENT



Minnesota  
**GreenStep Cities**



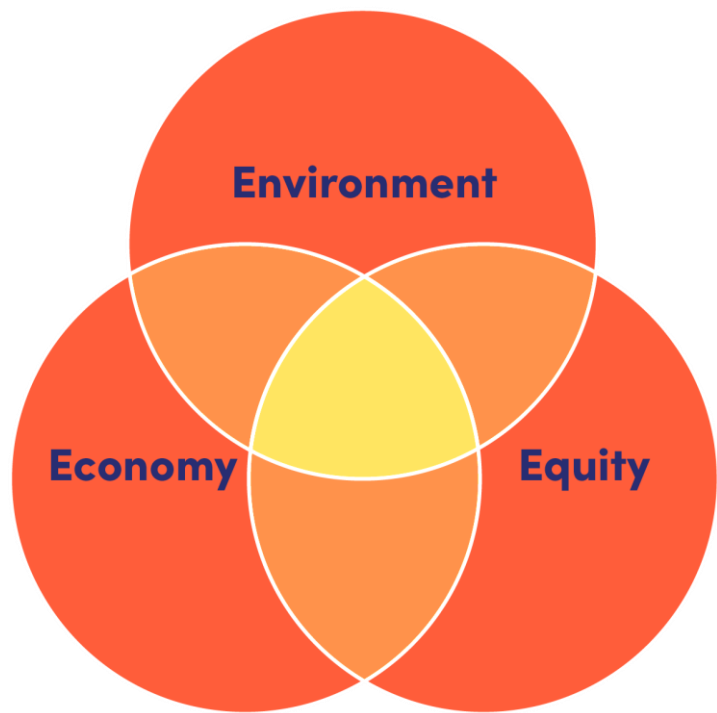
# Agenda



- **Public Hearing on the 2026 Budget and Levy**
  - Staff Presentation
  - Public Comment
- **Council Consider Adoption of 2025 Property Tax Levy/Payable 2026 and 2026 Budget and Related Actions (4 items)**
  - No additional staff presentation on action items
  - Public comment for all related items are for the public hearing
    - No separate public comment on related items per the Council adopted Rules of Business

# Comprehensive Plan 2045

## 3 Core Principles



1. Impact to the financial health of the City
2. How to ensure the benefits and burdens of actions are distributed equitably
3. Whether an action improves climate resilience and sustainability



# Comprehensive Plan Guiding Values



## CREATIVITY

Northfield will develop **creative solutions to local challenges** by working with the community, ensuring staff understand and have tools to implement best practices in their fields, and using consultants who understand Northfield and its values.



## ECONOMY

Northfield's capital planning and budgeting advances the goals of this Plan in **economically responsible and sustainable** ways to ensure revenue is sufficient to meet the City's needs for the long term.



## HOME

Northfield promotes **safe, stable housing** in a wide variety of types, sizes, and ownership models, to support local business and accommodate residents in all stages of life.



## RESILIENCE

Northfield develops infrastructure, policies, and practices to **foster resilience and mitigate the effects of climate change**.



## MOBILITY

Northfield works to provide a full complement of **mobility options** so all Northfield residents and visitors can get where and how they want.



## EQUITY

Northfield **emphasizes equity** to address disparities and to ensure equitable access to jobs, housing, education, essential services, retail, mobility options, and open space for all.



## CONNECT

Northfield **fosters human connections** in our increasingly diverse community through well-designed neighborhoods, gathering places, and business districts that are inclusive for all, independent of age, economic status, mobility, gender, or racial and ethnic background.

- “How” we do the work
  - Planning
  - Action & Implementation
- Aligning values to day-to-day operations as well as strategic priorities
  - Operating Costs
  - Capital Costs
  - Time Allocation

# Strategic Plan Summary 2025–2028



## STRATEGIC PLAN SUMMARY 2025-2028 City of Northfield

Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiatives
<b>Improve Financial Strength</b>  <i>A financially responsible organization</i>	Increased Commercial-Industrial tax base	- Net new C/I Valuation - C/I Permit Valuation (new)	- \$50M net increase-C/I valuation 2025-2028 - \$50M net increase-C/I permit valuation 2025-2028	a) Develop and implement Northeast Area Show/Ready and Rebuildment Plan b) Strategies to develop high potential C/I properties c) Create a Revenue Diversification Program (new & updated) d) Implement a coordinated 2-year Budget and Aligned 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	
<b>Increase Housing Availability</b>  <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	
<b>Achieve Infrastructure Sustainability</b>  <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 TH 3 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	- #10 new pedestrian crossings installed 2025-2028 - #TH3 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	
<b>Enhance Service Delivery</b>  <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.

# Budget & Tax Levy

Process, Timeline,  
Valuations





*June 17, 2025 – City Council accepts 2024 audit*



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



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



*October 7, 2025 – NCRC Leases  
October 21, 2025– Budget Work Session – 2026 budget operating budget finalize*



*August 12, 2025 – Council Work Session with department detail*



*November 4 – 2026 CIP/CEP Finalize  
November 18 – 2027 Budget & 5-Year Financial Plan CIP/CEP (January 2026 continued budget work)*



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



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

*Final presentation*

**December 2, 2025 – Council approves Final Budget and Levy (payable 2026), 5-Year CIP & 5-Year CEP**



## Budget Timeline



# Property Tax 101

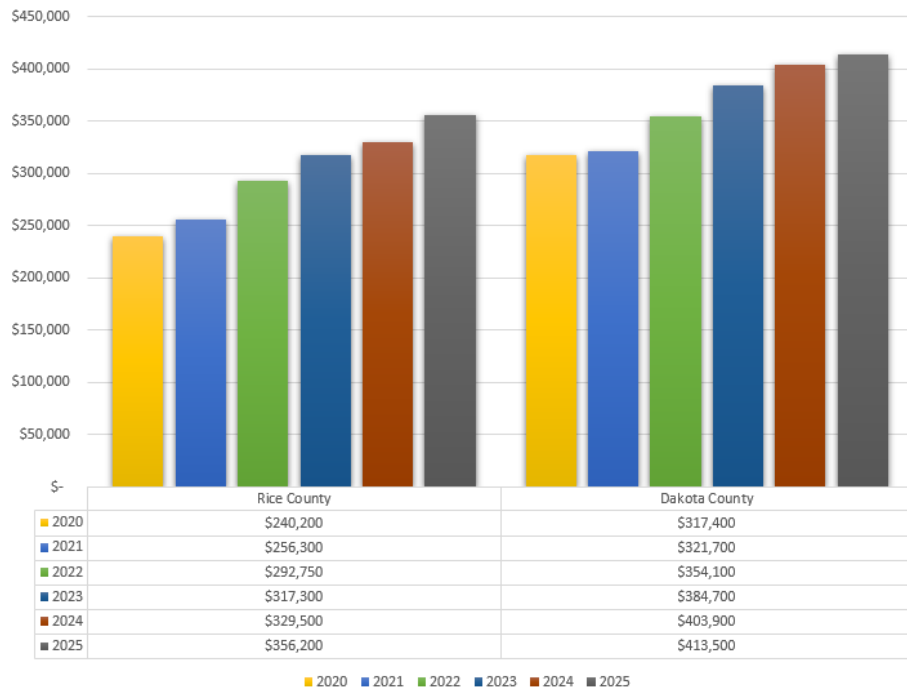


$$\begin{aligned} \text{Total \$ City Levy} &= \text{City Budget} - \text{Non-Property Tax Revenue} \\ \text{City Tax Rate} &= \text{Total \$ City Levy} / \text{Net Tax Capacity} \\ \text{Individual Tax Bill} &= \text{Parcel Tax Capacity} * \text{City Tax Rate} \end{aligned}$$

# Northfield Median Home Value



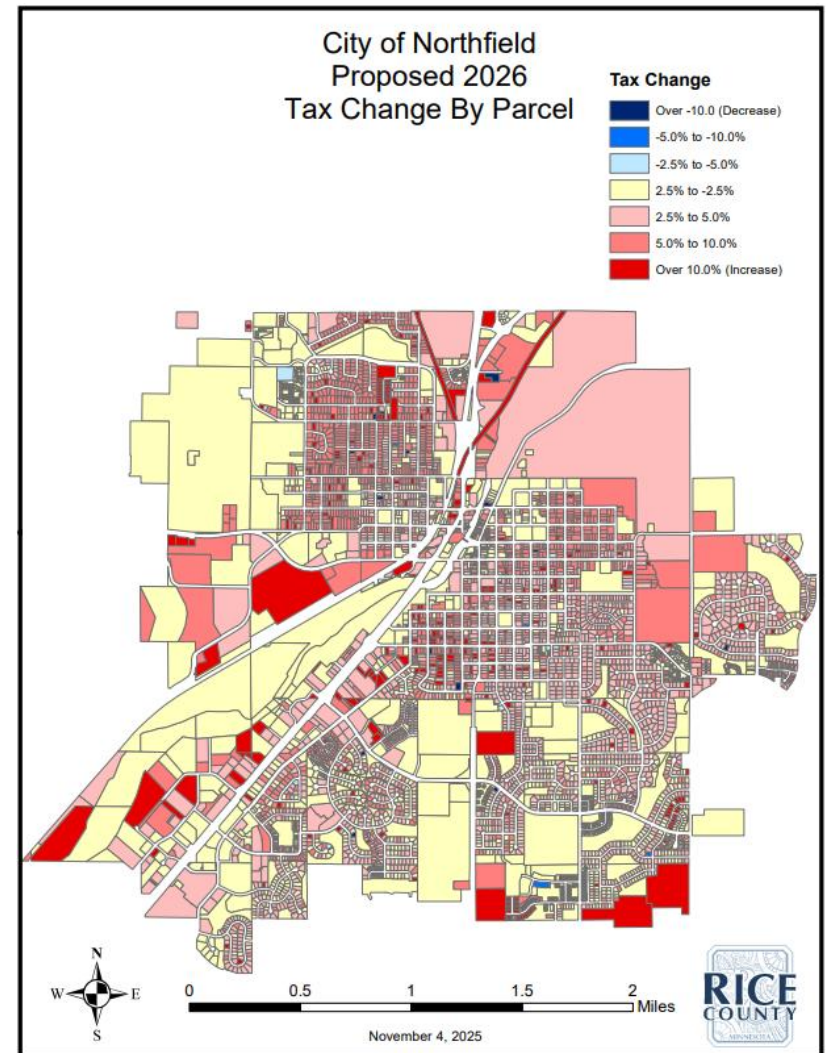
City of Northfield Median Home Value



- Median home value increases higher than prior years in Rice County, and lower increases than prior years in Dakota County.
- Rice County is up 7.5%
- Dakota County is up 2.4%
- Prior years median value increases were 4.5% in 2024 and 8.4% in 2023.

# Tax Change by Parcel City Map

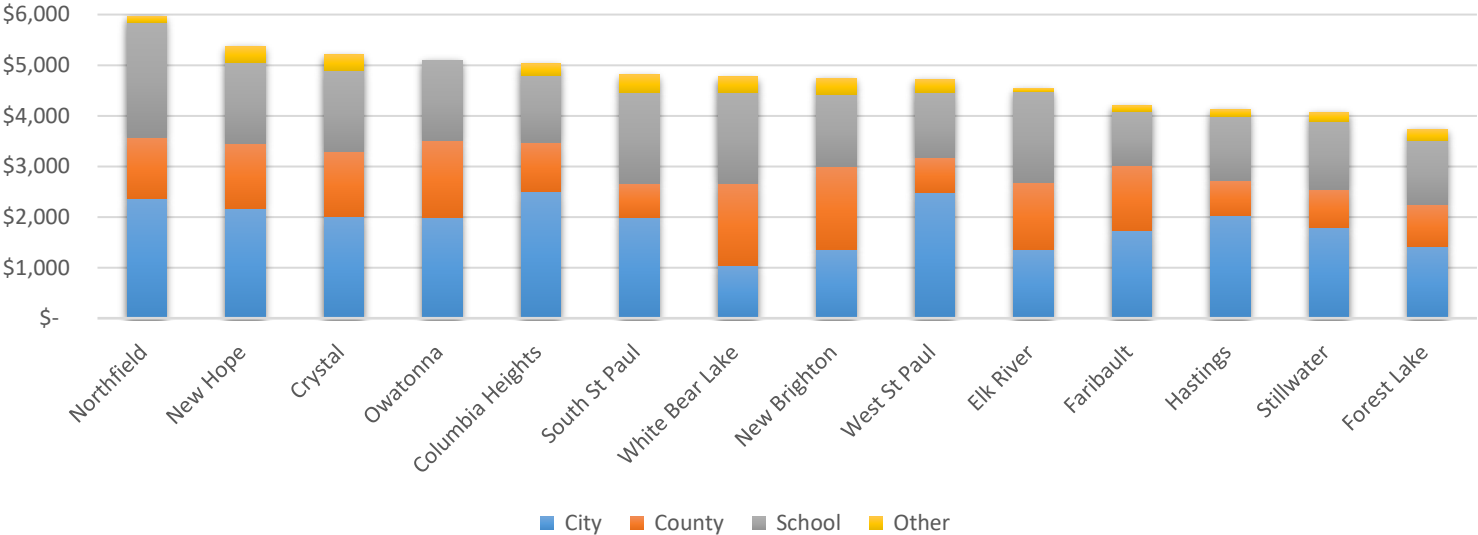
- 2026 Net Tax Capacity for Northfield increased 4.1%
  - vs prior year increase of 5.4%
- Individual parcel tax changes vary according to map
- Rice and Dakota County Auditors parcel specific notices have been sent



# Total Property Tax Peer Cities Comparison



2025 Property Tax Comparison approx value \$350K

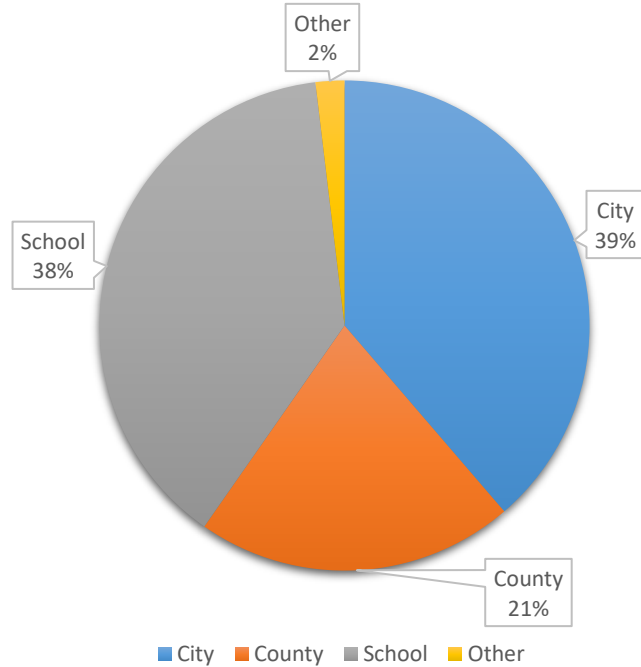


Note: Illustration using Rice County rather than Dakota County residents.

# Property Tax Distribution



**Tax Distribution**



# Property Tax Refunds

## MN Department of Revenue



### AWARENESS FOR NORTHFIELD TAXPAYERS WHO MAY BE ELIGIBLE FOR PROPERTY TAX REFUND OPPORTUNITIES

- 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](http://www.revenue.state.mn.us/property-tax-refund)



# Budget & Tax Levy

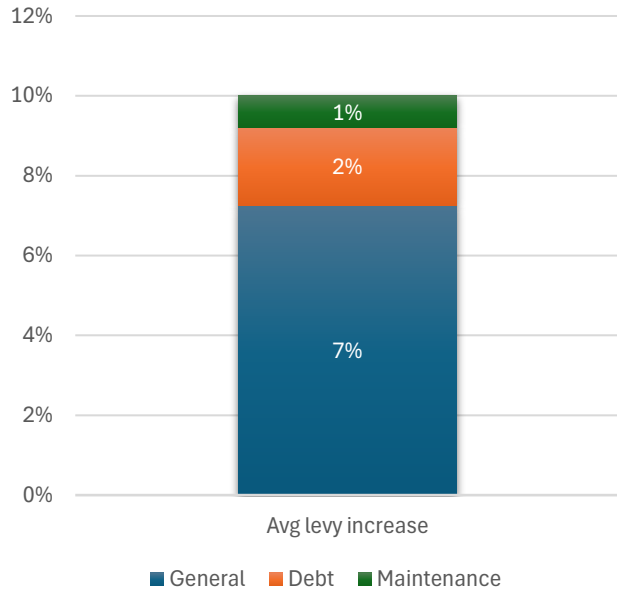
Recent Historical  
Cost Drivers



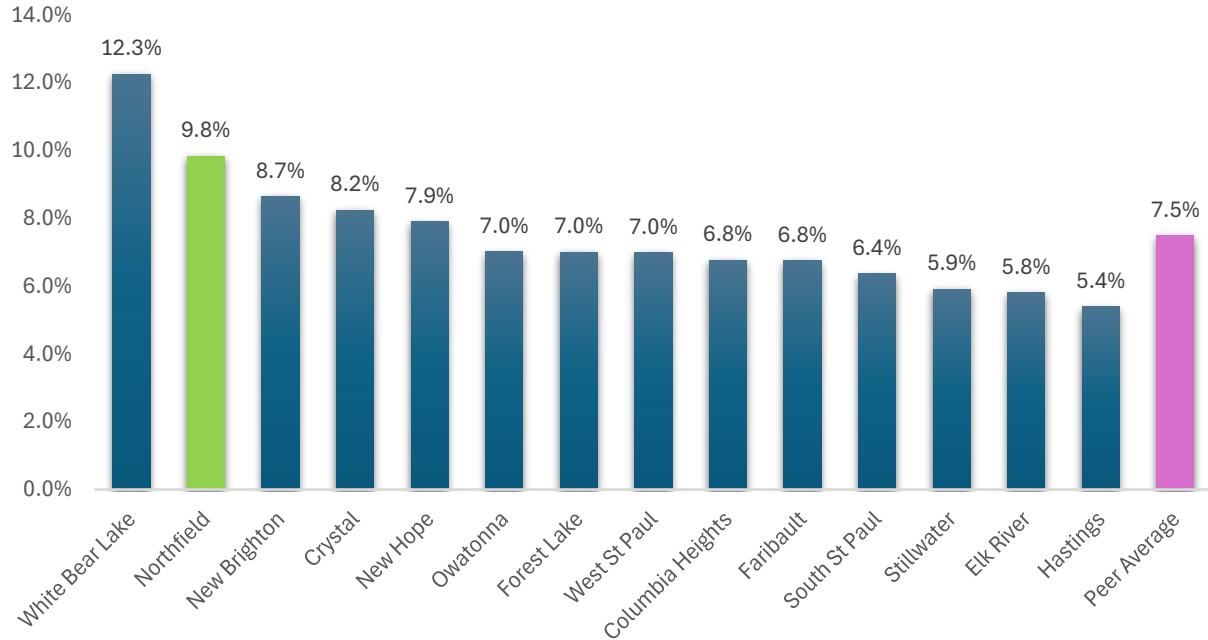
# Peer Comparison – Average levy increases



Avg 10-yr levy increase -  
Northfield



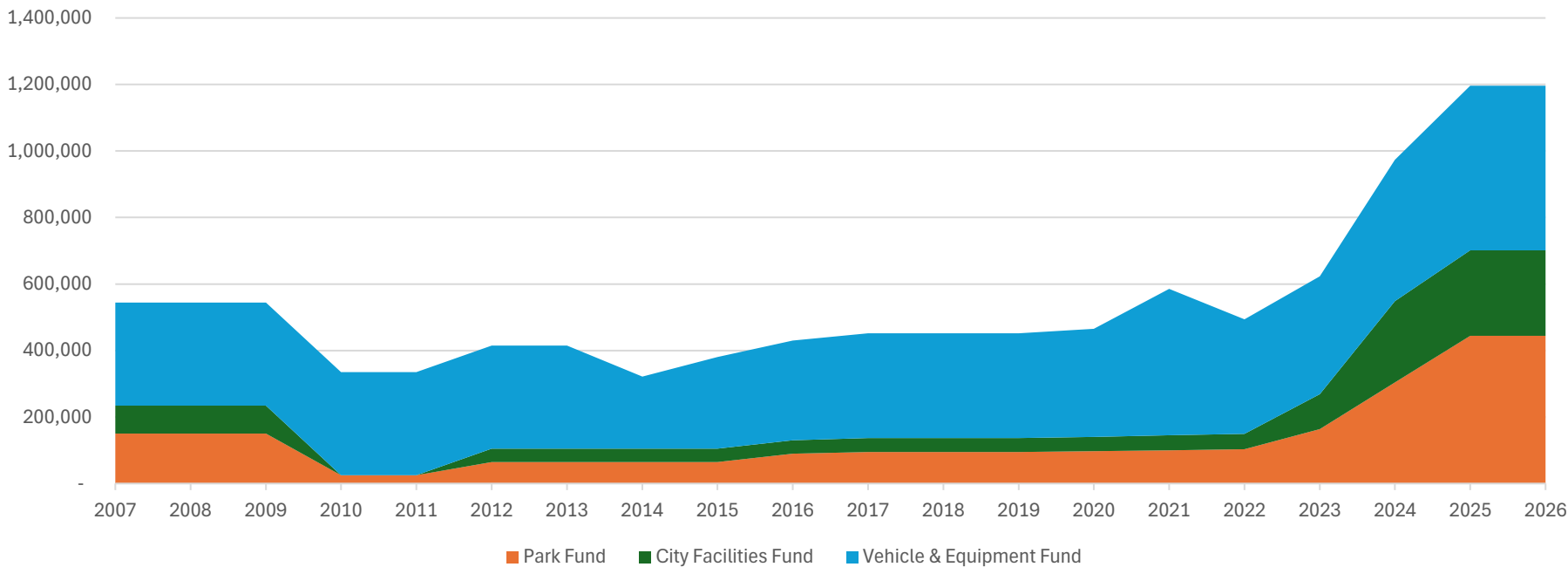
Average levy increase since 2016



# Trended levied amounts – Capital Maintenance Funds



Amount Levied by Fund Type



# 5-year Cost Drivers – by type



## A. Street Projects

- College & Water
- Jefferson Parkway
- NW Area Mill & Overlay
- 5<sup>th</sup> Street Bridge
- Mill Towns Trail – State Bonding

## B. Facilities Projects

- Ice Arena
- Transit Hub – partial State Bonding
- Babcock Park

## C. Staffing Enhancements

- Public Safety
- Public Works
- General Government
- Library

## D. Capital Maintenance

- Catch up balances to fund maintenance needs of existing infrastructure/facilities/equipment

## E. Overall Inflation on costs

# 5-year staffing changes



## A. General Government

- Spanish Translator in 2021 (full-time in 2022) to improve service delivery to Spanish speaking population
- Finance Budget Analyst in 2025 to enhance analytical capabilities for better decision making
- Community Development Program Associate in 2025 – FTE hired on after filling intern role
- Cuts in 2026, Community Development, Communications, Public Works, Police – necessary to get to Council levy target

## B. Public Safety Departments

- Police 2-step increase in 2024, to improve recruitment & retention
- NAFRS Fire Chief addition, to improve fire safety in the community

## C. Public Works

- Lead Mechanic, authorized 2025, cut before hiring 2026, to improve maintenance of existing assets
- Graduate Engineer in 2022 – reduced need for external professional services

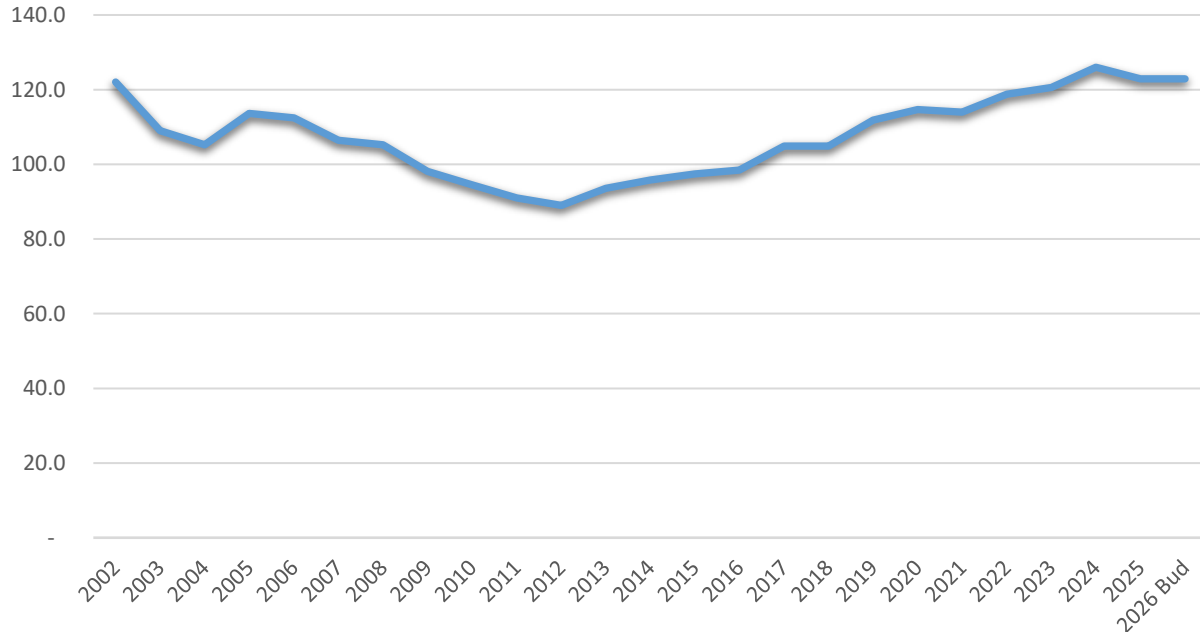
## D. Culture & Recreation

- Library – Oasis staffing to improve service delivery to targeted population utilizing NCRC services
- Library Passport staffing (revenue offset) added new service to community locally
- Emerging Technology Librarian in 2023 – handles AI tasks, website administration, media purchases, grant writing and conducts digital literacy programs

# Headcount (through budgeted 2026)



Northfield FTE Trend



- 2025/26 Bud currently 123
- City staffing levels were adjusted down when LGA was cut
  - The City has taken 10+ years to return to previous staffing levels



# Budget & Tax Levy

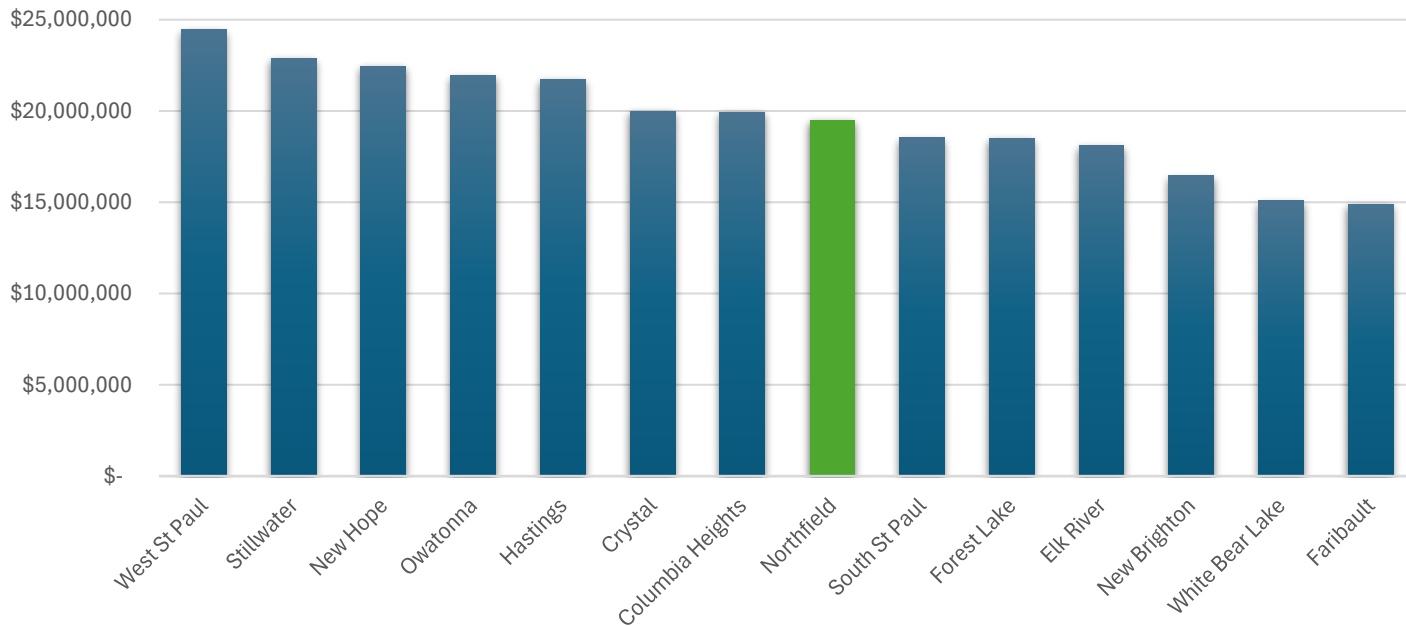
2026 Proposed



# Peer Comparison 2026 Current City Property Taxes (i.e. levy)

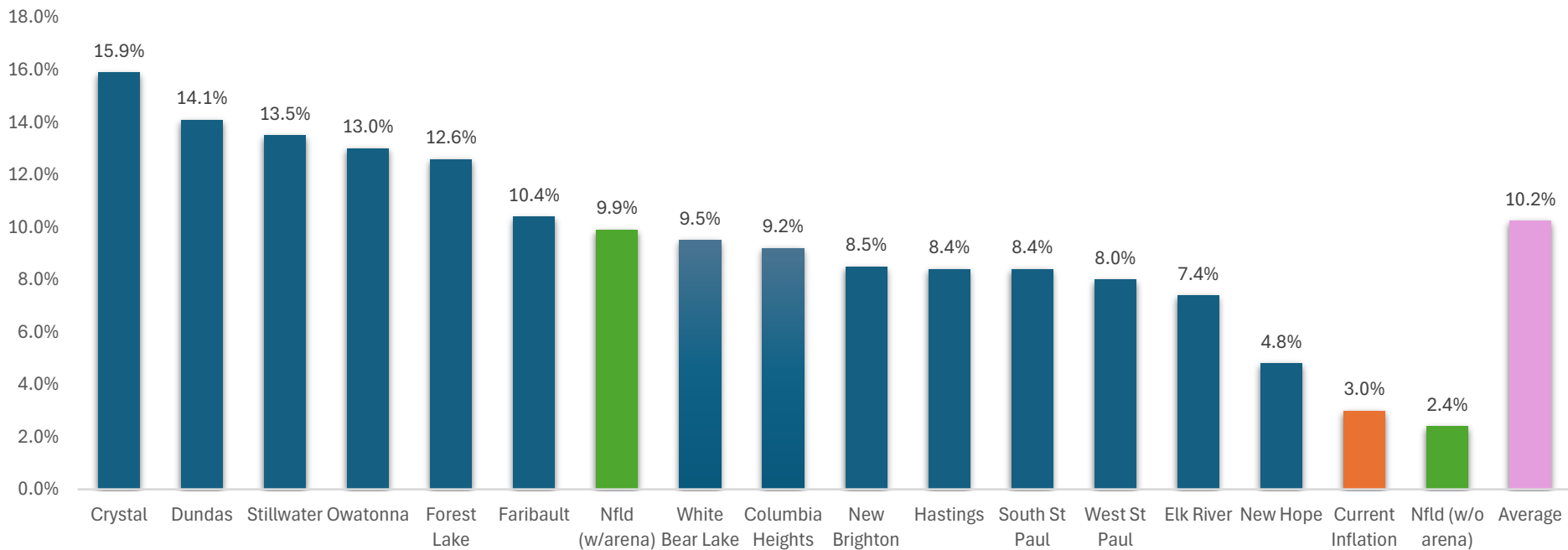


2026 Total Levy \$



# Peer Comparisons

(with Dundas) – current proposed compared to other cities preliminary levy



# Proposed Citywide Levies

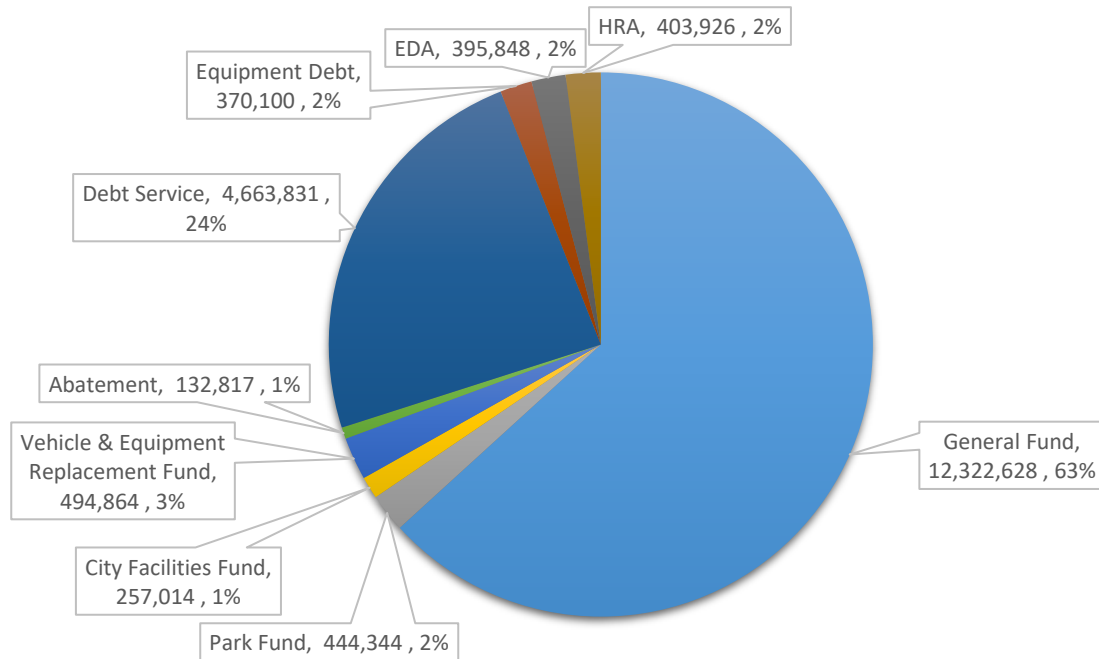


- Certified 2025 Citywide Levies \$17,731,596
- Certified Preliminary 2026 Levies \$19,540,372
  - a preliminary 10.2% increase
- Recommended Final 2026 Levies \$19,485,372
  - a final 9.9% increase (includes EDA/HRA)

# 2026 City-wide Property Tax Levy



Northfield Citywide 2026 Property Tax Levy \$19,485,372



- General Fund is 63% of the total levy
- Debt service increased to 24% from 18% in 2025 with addition of ice arena

# 2026 Adjusted Levy Increase Highlights



- **9.9% Total Increase**
  - **7.5% Debt Levy**
    - Ice Arena
      - Cannot be adjusted – previously approved, bonded and legally obligated projects
  - **2.4% General Fund levy**
    - Inflationary costs impacting general expenses and personnel costs
      - Personnel costs alone up 7%
      - Recruitment and retention issues (remaining consistent with city policy of being at the middle of our labor market comparisons)
    - Offsets made in service and intergovernmental due to added revenues
    - Widespread departmental budget reductions for supplies and professional services



# 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
- Includes newly re-zoned area in NW Area of City
- Continue to focus on remaining few industrial sites as well
- City development standards for 2026 included in the budget with one goal to better incentivize stronger utilization of land for development and flexibility (highway district)
- Redevelopment projects to meet multiple goals including tax base growth

# 9.9% Total Levy increase



- 2.4% Operating Levy Increase
- 7.5% Debt/Ice Arena
  - 9.9% Total Increase
- \$1,450,000 Required cuts to Operating Budgets
- Impact on \$350,000 Home, no increase in value
  - (\$4)/month Operating Increase
  - \$16/month Debt/Ice Increase
    - \$12/month Total
    - 6.2% 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	\$18,660,046
Preliminary EDA Levy Amount	\$409,703
Preliminary HRA Levy Amount	\$418,063
<b>2026 Proposed City-wide Levy Amount</b>	<b>\$19,487,812</b>
<b>2025 Levy Amount</b>	<b>\$17,731,596</b>
<b>Annual Increase</b>	<b>9.9%</b>
TAX BASE INFORMATION	
Preliminary Net Tax Capacity - Payable 2026	\$25,519,428
Proposed \$ Levy Increase	1,756,216
<b>Tax Capacity Rate:</b>	
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%								
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	\$ 137.37	11.45	\$ 1,370.40
	259,181	23,224	235,957	2,360	1,624.99	176.89	14.74	1,801.88
	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.

# Tax Impact of 9.9% Increase



# Rice County Proposed Tax Statement



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

Property Information      Property Address:  
[Redacted]

Property Description:  
[Redacted]

TAXPAYER(S):  
[Redacted]  
NORTHFIELD, MN 55057-3234

## PROPOSED TAXES 2026

THIS IS NOT A BILL. DO NOT PAY.

### VALUES AND CLASSIFICATION

Taxes Payable Year	2025	2026
Estimated Market Value	\$346,900	\$356,200
Homestead Exclusion	\$15,300	\$14,500
Taxable Market Value	\$331,600	\$341,700

Step 1      Property Classification      Res. Hom.      Res. Hom.

### PROPOSED TAX

Property Taxes before credits	\$6,084.00
School building bond credit	\$0.00
Agricultural market value credit	\$0.00
Other credits	\$0.00
Property Taxes after credits	\$6,084.00

### PROPERTY TAX STATEMENT Coming in March 2026

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 2025	Proposed 2026	Meeting Information
<b>RICE COUNTY</b> 320 3RD ST NW FAIRBULT, MN 55021 507-332-6122 <a href="https://www.ricecountymn.gov">https://www.ricecountymn.gov</a>	\$1,237.42	\$1,307.16	Thursday, Dec 11th 2025, 6:00 pm Rice County Gvt Serv Building Board Room 320 Third Street NW Fairbault, MN 55021
<b>CITY OF NORTHFIELD</b> 801 WASHINGTON ST NORTHFIELD MN 55057 507-645-3016 <a href="https://www.northfieldmn.gov">https://www.northfieldmn.gov</a>	\$2,277.24	\$2,508.32	Tuesday, Dec 2nd, 2025, 6:00 pm City Hall Council Chambers 801 Washington Street Northfield, MN 55057
<b>SD 0659 NORTHFIELD</b> 201 ORCHARD ST S NORTHFIELD MN 55057 507-663-0620 <a href="https://northfieldschools.org">https://northfieldschools.org</a>	Voter Approved Other	\$1,615.26 \$595.15	Monday, Dec 8th, 2025, 6:00 pm Northfield District Office Board Room 201 Orchard Street South Northfield, MN 55057
<b>State General Tax</b>			
	\$0.00	\$0.00	NO MEETING REQUIRED
<b>Special Taxing Districts</b>	\$114.93	\$114.08	
<b>Tax Increment Tax</b>	\$0.00	\$0.00	NO MEETING REQUIRED
<b>Fiscal Disparity Tax</b>	\$0.00	\$0.00	NO MEETING REQUIRED
<b>TOTAL</b>	<b>\$5,840.00</b>	<b>\$6,084.00</b>	<b>4.2%</b>
Excluding any special assessments			

- Overall tax increase of 4.2%

# Dakota County Proposed Tax Statement

**Dakota** COUNTY  
PROPERTY TAXATION & RECORDS  
ADMINISTRATION CENTER  
1590 HIGHWAY 55  
HASTINGS, MINNESOTA 55033-2343  
www.dakotacounty.us

Property ID: XXX-XXXX-XXX-XXX

TAXPAYER(S):

NORTHFIELD MN 55057-1209



01010010169



Property Address: NORTHFIELD MN 55057

Property Description:

## PROPOSED TAXES 2026

— This is Not a Bill • Do Not Pay —

Step 1

### VALUES AND CLASSIFICATION

Taxes Payable Year	2025	2026
Estimated Market Value:	411,500	413,800
Homestead Exclusion:	9,515	9,308
Other Excl./Deferrals:	0	0
Taxable Market Value:	401,985	404,492
Property Classification:	RESO HSTD	RESO HSTD

Step 2

### PROPOSED TAX

Property Taxes Before Credits:	\$	6,452.00
School Building Bond Credit:		
Agricultural Market Value Credit:		
Other Credits:		
Property Taxes After Credits:	\$	6,452.00

Step 3

### PROPERTY TAX STATEMENT

• Coming in 2026 •

The time to provide feedback on PROPOSED LEVIES is NOW.

### Proposed Property Taxes and Meetings by Jurisdiction for Your Property

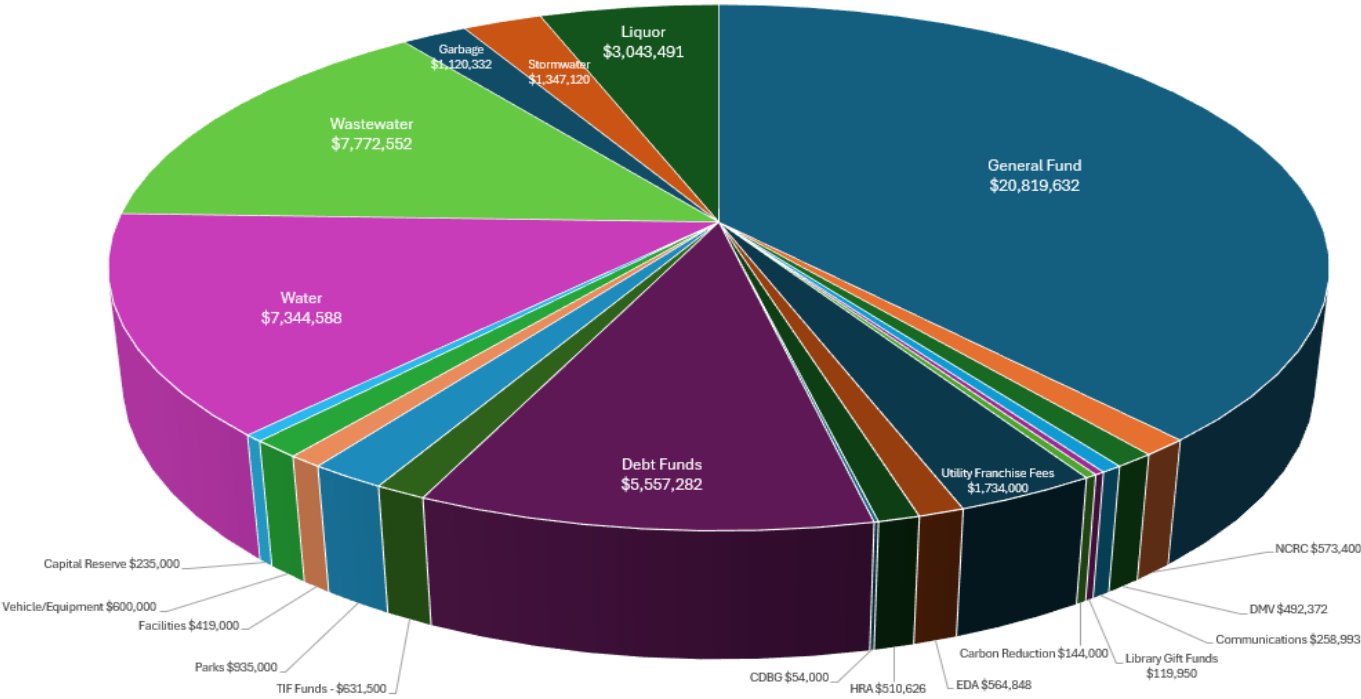
Contact Information	Meeting Information	Actual 2025	Proposed 2026
<b>STATE GENERAL TAX</b>	NO PUBLIC MEETING	\$ .00	\$ .00
<b>DAKOTA COUNTY</b> DAKOTA COUNTY ADMINISTRATION 1590 HIGHWAY 55 HASTINGS MN 55033 WWW.DAKOTACOUNTY.US 651-438-4576	DEC 02 2025-6:00 PM ADMINISTRATION CENTER COUNTY BOARDROOM 1590 HIGHWAY 55 HASTINGS MN 55033	722.02	774.08
<b>NORTHFIELD</b> FINANCE DIRECTOR 801 WASHINGTON ST NORTHFIELD MN 55057 WWW.NORTHFIELDMN.GOV 507-645-3016	DEC 02 2025-6:00 PM CITY HALL COUNCIL CHAMBERS 801 WASHINGTON ST NORTHFIELD MN 55057	2,780.74	2,969.32
<b>SCH DIST 659</b> DIRECTOR OF FINANCE 201 ORCHARD ST S NORTHFIELD MN 55057 WWW.NORTHFIELDSCHOOLS.ORG 507-663-0620	DEC 08 2025-6:00 PM DISTRICT OFFICE - BOARDROOM 201 ORCHARD ST S NORTHFIELD MN 55057		
VOTER APPROVED LEVIES		1,937.92	1,849.62
OTHER LOCAL LEVIES		714.22	678.56
<b>METRO SPECIAL TAXING DISTRICTS</b>		.00	.00
<b>OTHER SPECIAL TAXING DISTRICTS</b>	NO PUBLIC MEETING	185.10	180.42
<b>TAX INCREMENT TAX</b>	NO PUBLIC MEETING	.00	.00
<b>FISCAL DISPARITY TAX</b>	NO PUBLIC MEETING	.00	.00
<b>TOTALS</b> (Excluding Special Assessments)		\$ 6,320.00	\$ 6,452.00 2.1%

See Reverse Side for Important Information

- Overall tax increase of 2.1%

# Total City Expense by Fund

Total 2026 Budgeted Expenses - \$54,277,686



- General Fund, Water, Sewer, Debt, and Liquor funds account for 80% of all city expenses
- All other funds make up remaining 20% of expenses
- Does not include Capital Project Funds, expenses paid from bond proceeds, or internal service funds



# 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

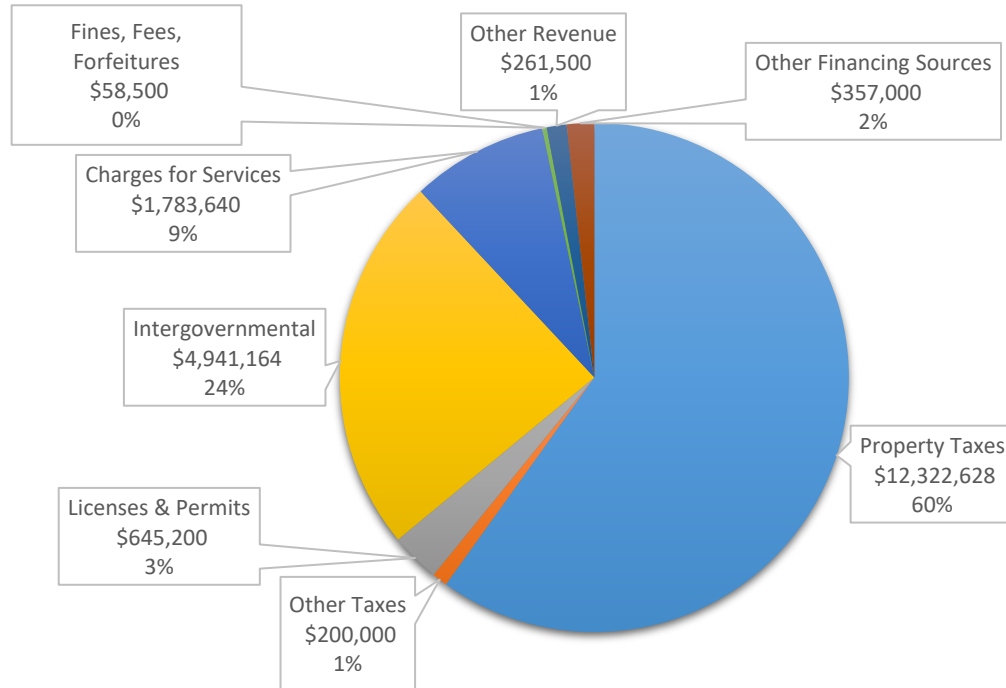


**8** buildings

# General Fund Revenue



## General Fund 2026 Revenue \$20,569,632

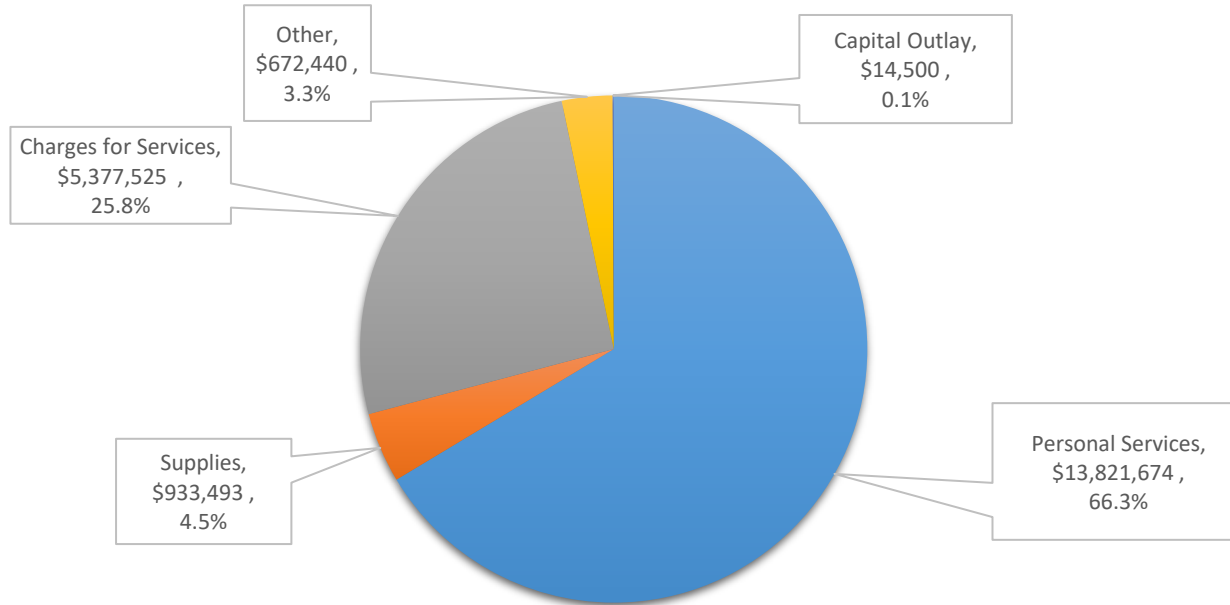


- Property Taxes represent 60% of General Fund Revenue
- Intergovernmental (includes LGA) represents 24% of General Fund Revenue

# General Fund Expense



## General Fund 2026 Expenditures \$20,819,632

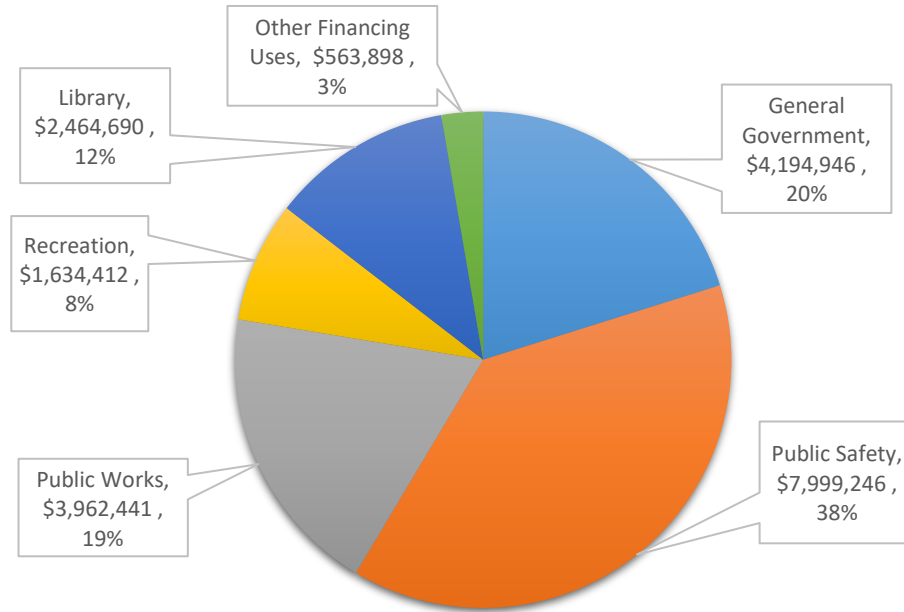


- Personal Services represent 66% of the general fund expenditures

# General Fund Expense



## General Fund 2026 Expenditures \$20,819,632



- Public Safety represents 38% of the General Fund expense
- Utilizing \$250,000 of Police Aid funding in 2026 & 2027 to offset wage adjustments

# Total City Expense



- **What is in 2026 Budget?**
  - One-time transfers from Liquor Store and DMV Funds
  - Capital Maintenance Levies Remain at 2025 levels
    - Requires adjustments to Parks, Facilities and Vehicle & Equipment Funds 5-year CIP/CEP plans
  - Increases to Utility Franchise Fees
    - Will reduce future Street Project bonding requirements

# Notable new 2026 Items



- From the initial budget proposals in 2025 there were over \$1.5M in expense reductions to limit property tax burden that included reductions in staffing (4FTE) plus many other studies as well as no new increases to capital maintenance funds;
- **New Debt Service**
  - Ice Arena New Construction – Debt Service increase
  - 2025 Street Projects
  - Equipment – NAFRS tanker
- **Professional Service Contracts/Analysis**
  - Zoning and Subdivision Ordinance Re-write
    - The next step after completion of the Comprehensive Plan
    - Currently in bidding process to select consultant
    - Both designed to aid/improve development opportunities
  - Water and Wastewater updates to Comprehensive Plans and 30% Plan set for Wastewater in NW Area
    - Also, next step after completion of the Comprehensive Plan
    - Goal to get NW Area shovel ready for development
  - Stormwater – Riverwall maintenance and Ames Mill Dam Removal Scoping
  - Stormwater – Mobile Stormwater Pump & Sandbag Filling Machine

# 2026 EDA



- \$496,348 Revenue
- \$564,848 Expense
  - (\$68,500) use of reserves (address zoning code)
- **2026 Projects**
  - EDA Loans, Façade Grants, and Micro-Grants
  - Connecting Business and Community Program
  - Business Development and Recruitment
  - Marketing of infill and new growth development sites



# 2026 HRA



- \$442,126 Revenue
- \$510,626 Expense
  - (\$68,500) Use of reserves (addresses zoning code)
- 2025 Highlights
  - Applied for and awarded a matching grant from Minnesota Housing Finance Agency (MHFA) for the Local Housing Trust Fund to be programmed to Down Payment Assistance and Home Rehabilitation
  - Applied for and denied a matching grant to fund a potential Workforce Housing project at City-owned land at Meadows Park
  - Enacted a municipal 4D tax program, part of the Low-Income Rental Classification (LIRC) program, a property tax incentive in MN providing a reduced tax rate for owners of affordable rental properties.
  - Provided financial support to the Northfield Union of Youth's (NUY) Wallflower Project and Wallflower House, Community Action Center (CAC) of Northfield's rent stabilization programs and Rice County Habitat for Humanity
- 2026 Projects
  - Update Down Payment Assistance and Rehab Home Loan programs and policy
  - Establish legislative priorities that support housing efforts in Northfield
  - Facilitate housing development on HRA-owned land including predevelopment activities
  - Provide guidance on Zoning Code Update regarding best practices in housing preservation activities and the local housing ecosystem

# Enterprise Fund

## Northfield Liquor Store



# Liquor Store

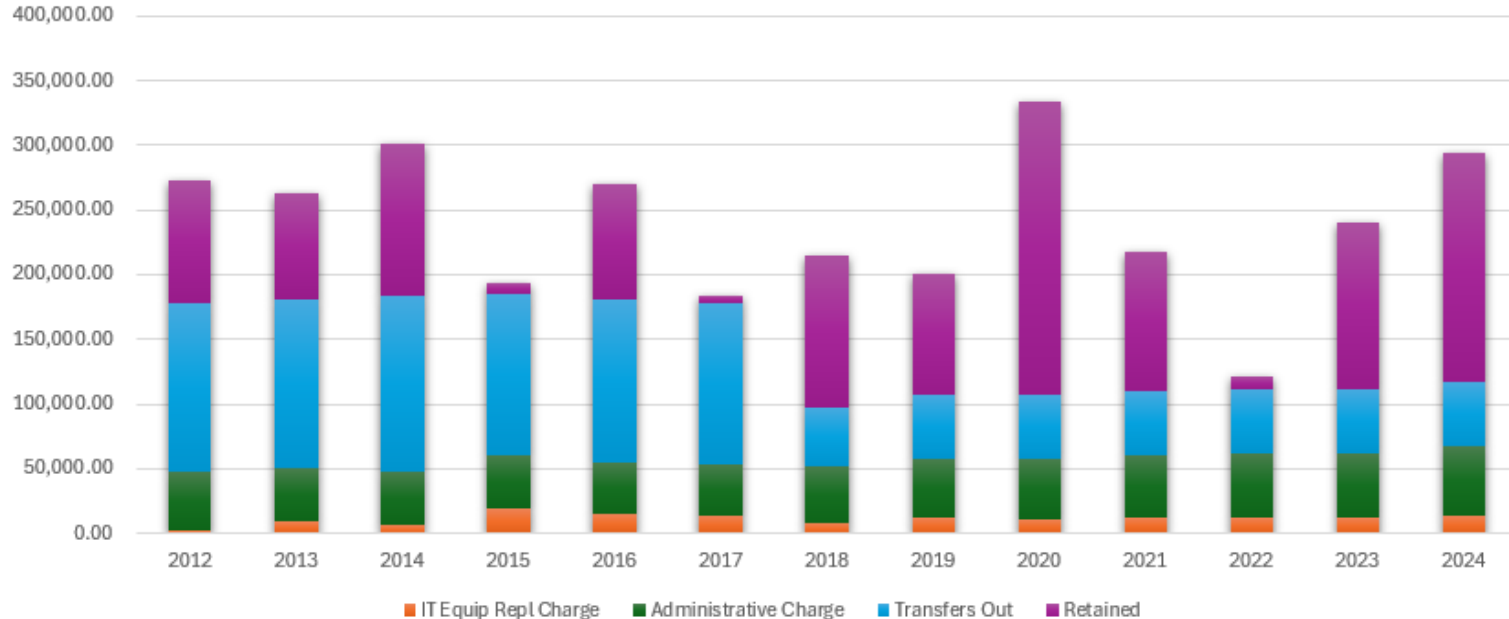


- **Generates profit annually, not levy supported**
  - pays a portion of administrative and IT expense to the General Fund
  - transfers portion of profits to General Fund annually, reducing overall levy needed
- **Maintenance issues with store/equipment age and inefficiencies with store layout.**
- **Highest & best use of location.**
- **Exploring feasibility of alternate location.**

# Northfield Municipal Liquor Store Profit



Liquor Store Net Profit Before Transfers & Including Internal Charges (\$)



# Budget & Tax Levy

## Utility Rates 2026

*(Approved September & October 2025)*



# 2026 Utilities Recap



- City completed a Utility Rate Study in 2025; previous study was in 2018
  - Projects rates from 2026–2035
  - Drinking water plant planning currently on hold.
- 2026 rate increases adopted in October based on rate study and recent updates
  - Water 9.0%
  - Wastewater 3.0%
  - Stormwater 5.0%
  - Garbage 6.5%
- An average residential customer would see their total utility bill increase from \$92.15 to \$97.08 per month, an increase of \$4.93 per month (or 5.3%).

# Water Fund



- Jefferson Parkway Extension
  - Sandstone Street Construction and Utility Improvement Project now under construction
- 2026–2029 NW Water Tower \$6,945,000 – 50% federal funding through Army Corp of Engineers
- 2026 Booster Station upgrades \$798,600
- 2026 updates to Comprehensive Plans and 30% Plan set in NW Area
- 2027 Water Meters– end of life replacements and upgraded capabilities

# Wastewater Fund



- 2026 WWTP Generator Replacement \$1,281,294
- 2026 Preliminary Treatment \$640,647
- 2026 Process Lift Pumps \$672,680
- 2026 updates to Comprehensive Plans and 30% Plan set in NW Area
- 2028 Biosolids Cake Storage building
  - Replacement and increased capacity



# Stormwater Fund



- 2026 – Sandbagger & Portable Pump Flood Control \$100,000
- 2026 & 2027 – Parmeadow Pond Cleanout \$775,000
- Riverwalk Wall Maintenance
- 2027 West Riverwall Floodwall Extension \$2,000,000 (including federal grants exploration)
- 2028 Flood Protection Project
- 2030 Hills #3, Cannon & Locust Pond Dredging

# Garbage Fund



- New Hauler Contract begins in 2026.
- Compost Site Emergency Exit \$1,000,000 – currently planned for 2028

# Sample Utility Bill –

## 2026–2031



Sample Bills - Residential							
Average Residential							
589	cubic feet						
0.33	acre lot	<b>Approved</b>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Water	\$ 25.95	\$ 28.29	\$ 30.83	\$ 33.61	\$ 36.63	\$ 39.93	\$ 41.13
Sewer	\$ 42.24	\$ 43.51	\$ 44.81	\$ 46.16	\$ 47.54	\$ 48.97	\$ 50.44
Garbage (35 gal)	\$ 12.55	\$ 13.30	\$ 13.77	\$ 14.25	\$ 14.75	\$ 15.27	\$ 15.80
Storm Water	\$ 11.41	\$ 11.98	\$ 12.58	\$ 12.83	\$ 13.09	\$ 13.35	\$ 13.62
	\$ 92.15	\$ 97.08	\$ 101.99	\$ 106.85	\$ 112.01	\$ 117.52	\$ 120.99

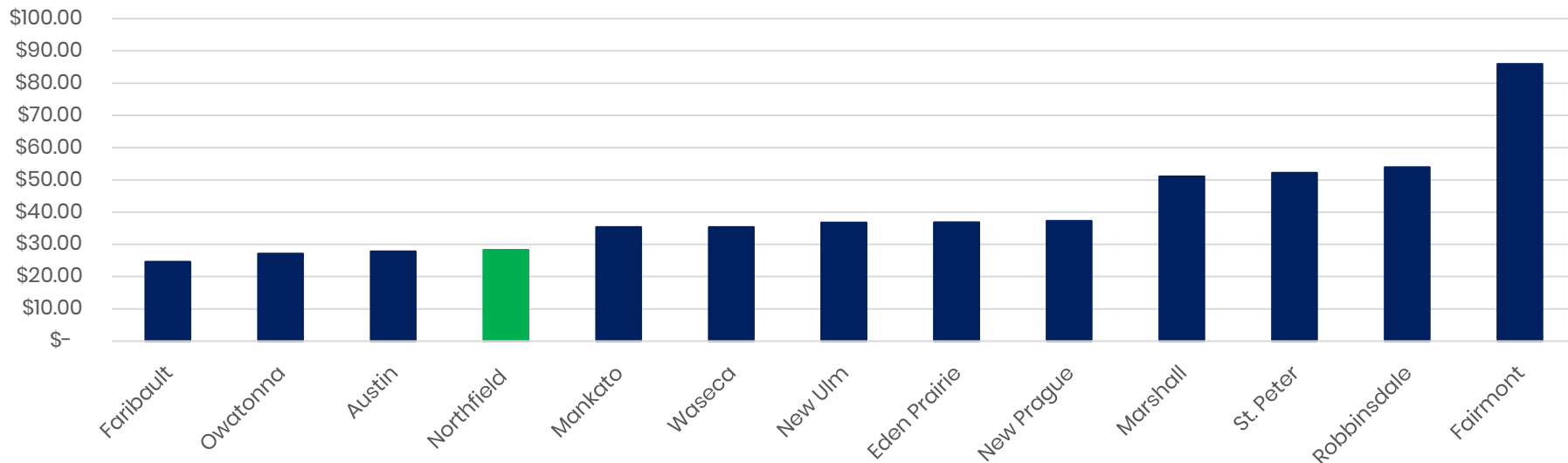
Note 1. 2025–2026 Rate increase approved is estimated for a typical residential user **\$4.93/month** which is an increase of **+5.3%**.

Note 2. 2027–2031 Rates proposed (set in future years) based on 5–year utility rate study completed in 2025.

# Comparable Water Rates 2026



Residential Water Rate Comparison  
2026 Rates based on 589 cu. ft. consumption in month



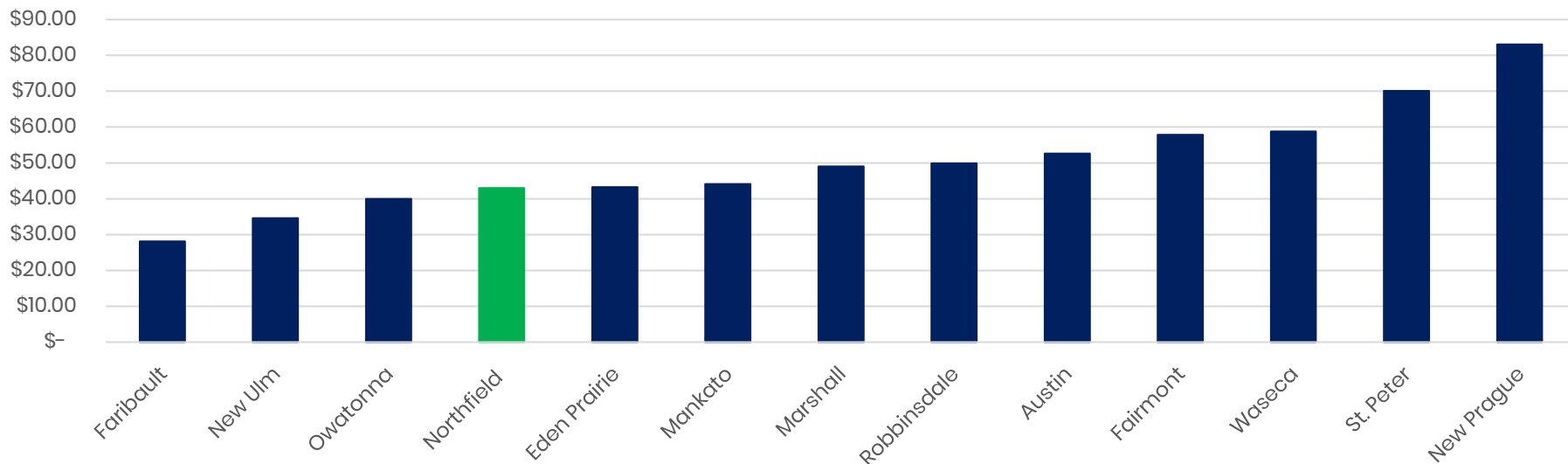
Note: City's average monthly water bill would need to be over \$92 to be eligible for state grants based on rates.

# Comparable Wastewater Rates 2026



## Residential Wastewater Rate Comparison

2026 Rates based on 589 cu. ft. consumption in month

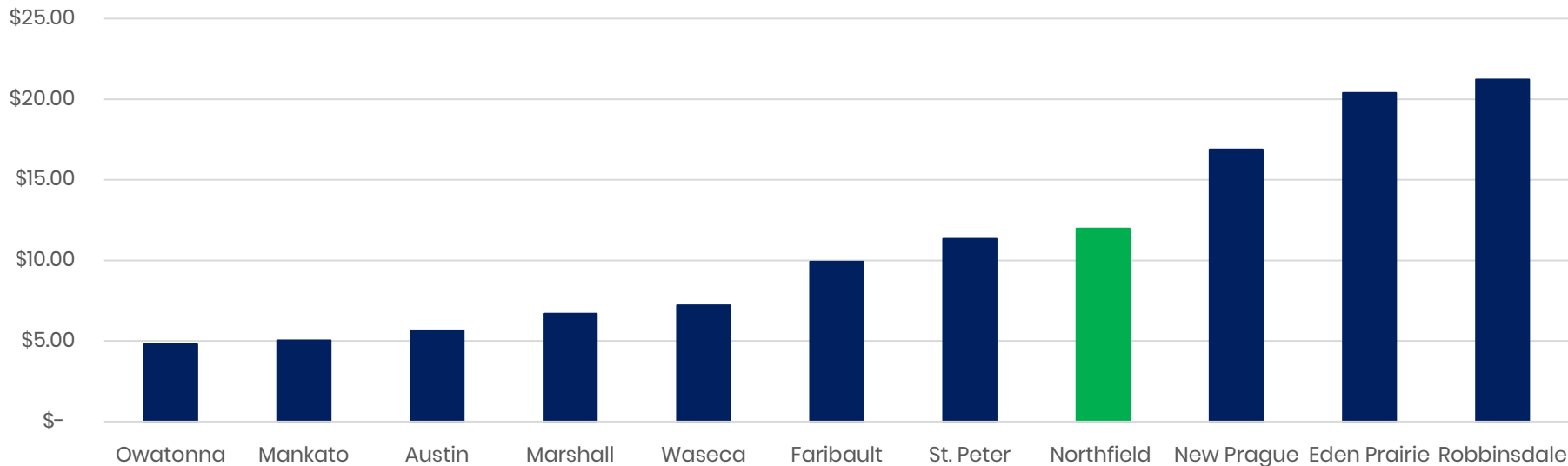


# Comparable Stormwater Rates 2026



## Residential Stormwater Rate Comparison

2026 Rates based on 589 cu. ft. consumption in month



# Budget & Tax Levy

## Gas & Electric Franchise Fees 2026

*(Approved September 2025 and  
effective January 2026)*



# Gas & Electric Franchise Fee



- Established in 2020 to complete to objectives:
  - Replace special assessments to properties (revenue neutral)
  - Add 8% of total to fund climate action initiatives via the Carbon Reduction Fund (solar, energy efficiency rebates, electric vehicles, geothermal incentive for high school, etc.)
- Xcel Energy requires flat rates and must be adopted for each increase
- New rate approved in 2025 for 2026 will cover inflationary increases for the years 2020 through 2030 (no changes anticipated through 2030 if annual revenues are met)
- Estimated total revenues increase from \$1.2M current to \$1.8M annually with new rates
- See next slide for rates



# Gas & Electric Franchise Fee

Approved September 2025 effective January 2026

*Note: Rate adjustment for years 2020–2030 no change until after 2030 anticipated*



<b>GAS</b>		
<b>Customer Classification</b>	<b>Current (\$)</b>	<b>New (\$)</b>
Residential	2.25	3.30
Commercial Firm: Non-Demand	12.50	17.85
Commercial Firm: Demand	485.00	685.00
Small Interruptible	99.50	105.00
Medium and Large Interruptible	1,880.00	2,245.00

<b>ELECTRIC</b>		
<b>Customer Classification</b>	<b>Current (\$)</b>	<b>New (\$)</b>
Residential	3.25	4.75
Small C&I Non-Demand	4.00	6.00
Small C&I Demand	32.50	45.00
Large C&I	990.00	1,390.00

# Budget & Tax Levy

Capital Equipment Plan (CEP) and  
Capital Improvement Plan (CIP)

2026-2030



# Summary of CEP/CIP



- Detailed CEP and CIP Attached
- 2026 Items Approved Projects (some have added approvals)
- 2027–2030 Are Tentative Continued Review in Q1 2026
  - Strategic Priority for Improved Financial Plan for 5-year CIP/CEP
  - Approved annually
- **Statutory Debt Limit**
  - Currently \$20.6M below the statutory debt limit;
  - IF all projects funded over 5-years still has capacity of \$8.3M (as debt drops off annually opens new capacity);
  - Statutory debt limit is not a proxy on whether debt is too high but rather how debt is financed;
  - Will continue to discuss debt load in new year as part of Strategic Plan goal of enhanced 5-year financial planning.

# Summary



- A Resolution is attached representing a citywide levy of \$19,485,372
  - Preliminary approved levy in September was 10.2% increase, this is a 9.9% increase
    - No increased funding for Parks, Facilities, Vehicle & Equipment or NCRC for maintenance issues
  - Includes the use of \$250,000 in Police Aid received in prior years
  - 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 16. Resolution 2025-122 2025/Payable 2026 Total Tax Levy, including EDA & HRA Levies
  - Item 17. Resolution 2025-123 Final 2026 Budget
  - Item 18. Resolution 2025-124 2026-2030 Capital Improvement Plan (CIP)
  - Item 19. Resolution 2025-125 2026-2030 Capital Equipment Plan (CEP)

