



Public Hearing 2018 Budget & Tax Levy  
December 4<sup>th</sup>, 2018

# Agenda

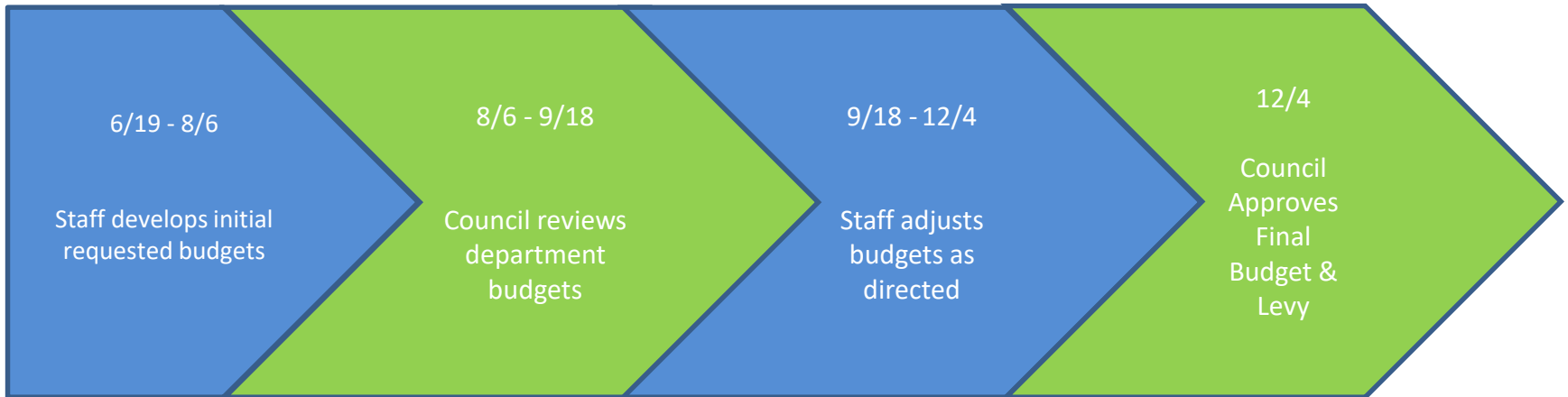
City of Northfield  
2019 Budget & Levy Public Hearing  
**Tuesday, December 4, 2018 6:00 pm**  
Council Chambers, 801 Washington St

1. Public Hearing on 2019 Budget and Levy
  - Staff Presentation
  - Public Comment
2. Adoption of 2018 Property Tax Levy/Budget

Alternative Action: Adoption at December 11, 2018 meeting

# Budget Timeline

- The City budget is a 6 month planning process



- Key Dates in the planning process



# Property Tax Rate

- How is Property Tax Calculated?

$$\text{City Tax Rate} = \frac{\text{Total \$ City Levy}}{\text{Net Tax Capacity}}$$

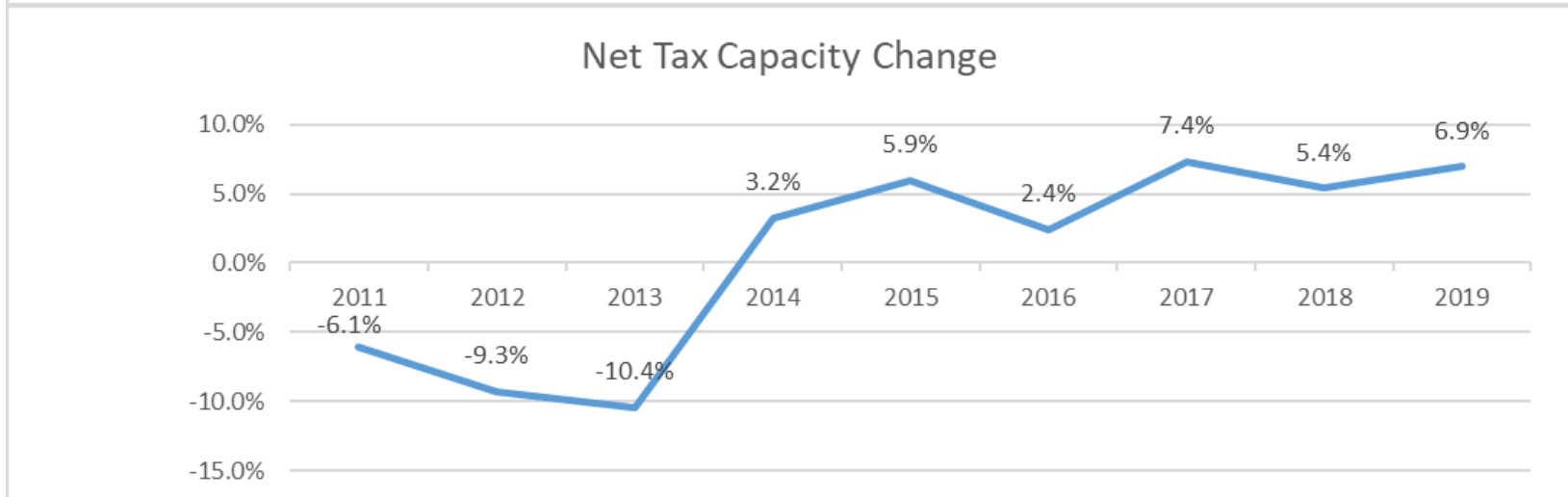
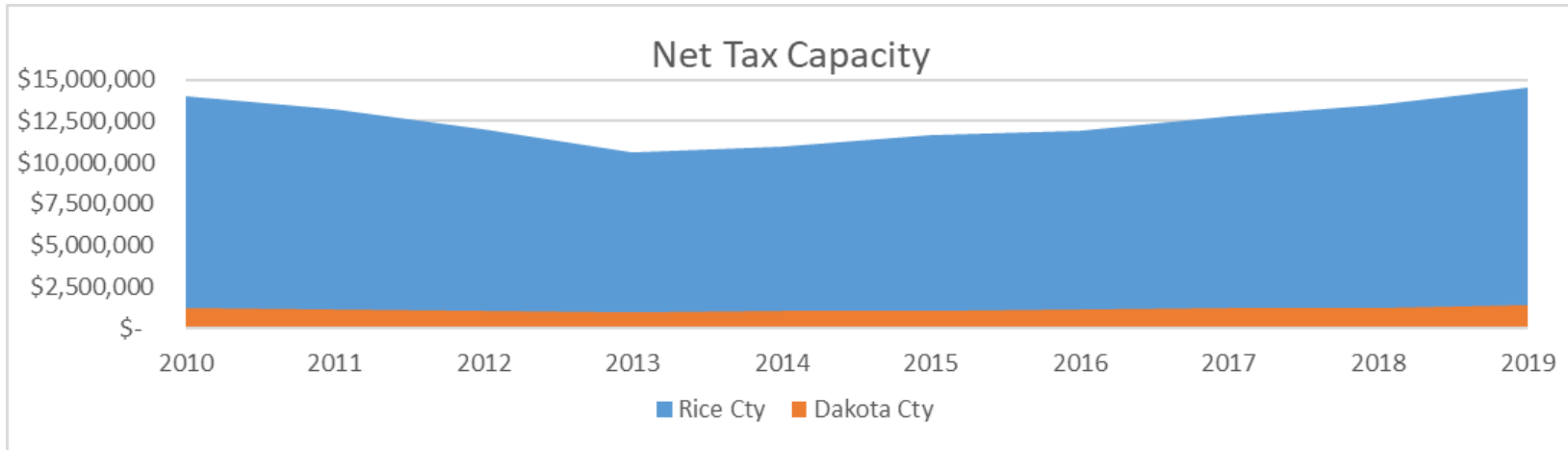
$$\text{Individual Tax Bill} = \text{Parcel Tax Capacity} * \text{City Tax Rate}$$

- 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)

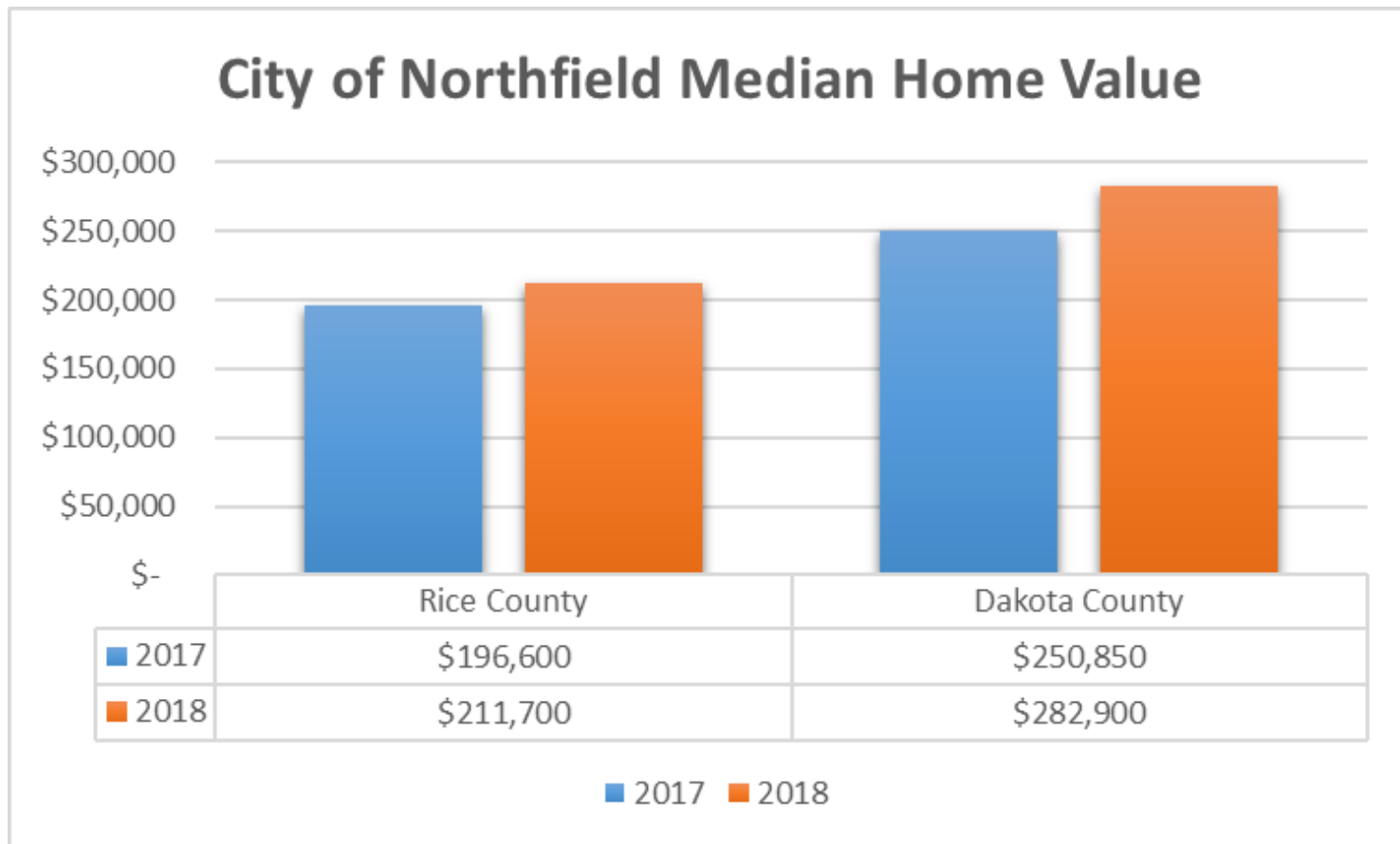
# Estimated Market Value Changes

- Estimated Market Value (EMV) increased 6.4%
  - 2018 valuation payable in 2019 \$1,476,302,700
  - 2017 valuation payable in 2018 \$1,387,176,300
- Northfield includes properties in both Rice & Dakota County
  - Rice County EMV represents 91% of total and increased 6.3%
  - Dakota County EMV represents 9% of total and increased 7.7%
- Net Tax Capacity increased 6.9% (Estimated Market Value adjusted for homestead exclusion and class rate)
  - 2018 valuation payable in 2019 \$15,785,634
  - 2017 valuation payable in 2018 \$14,760,814

# Net Tax Capacity Trend

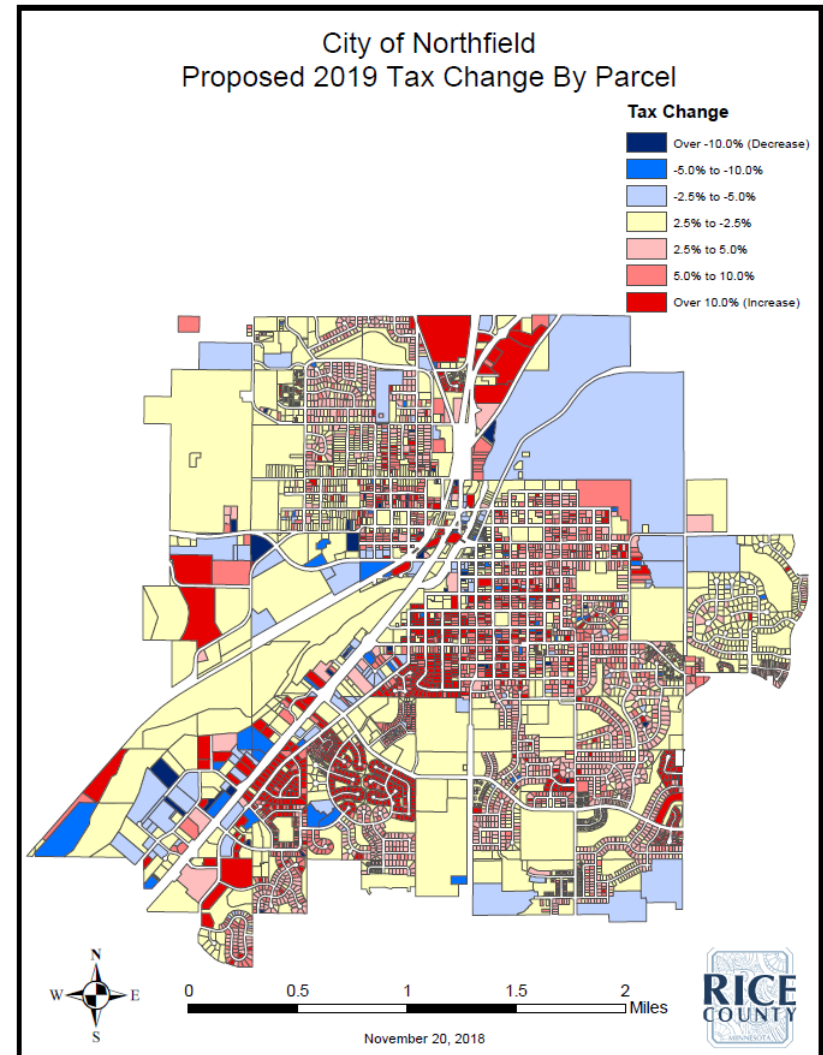


# City of Northfield Median Home Value



# Tax Change by Parcel Map

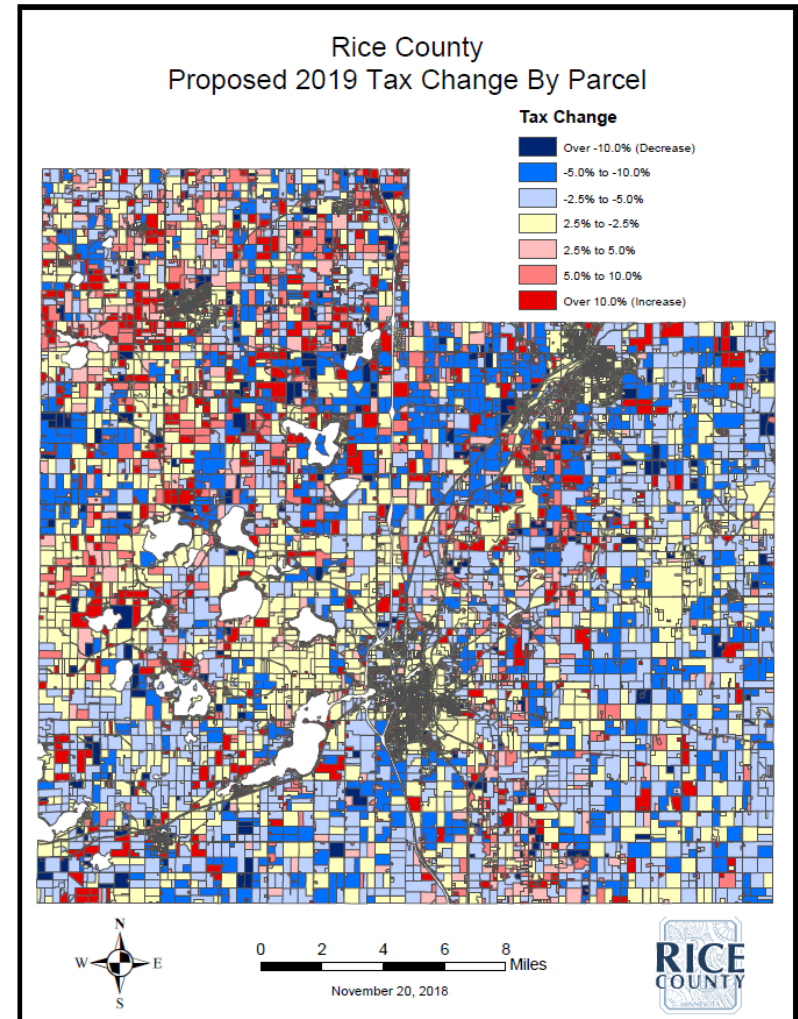
- 2019 Net Tax Capacity for Northfield increased 6.9%
  - Rice County increased 6.8%
  - Dakota County increased 8.3%
- Individual parcel tax changes vary according to the map
- Rice and Dakota County Auditors parcel specific notices have been sent





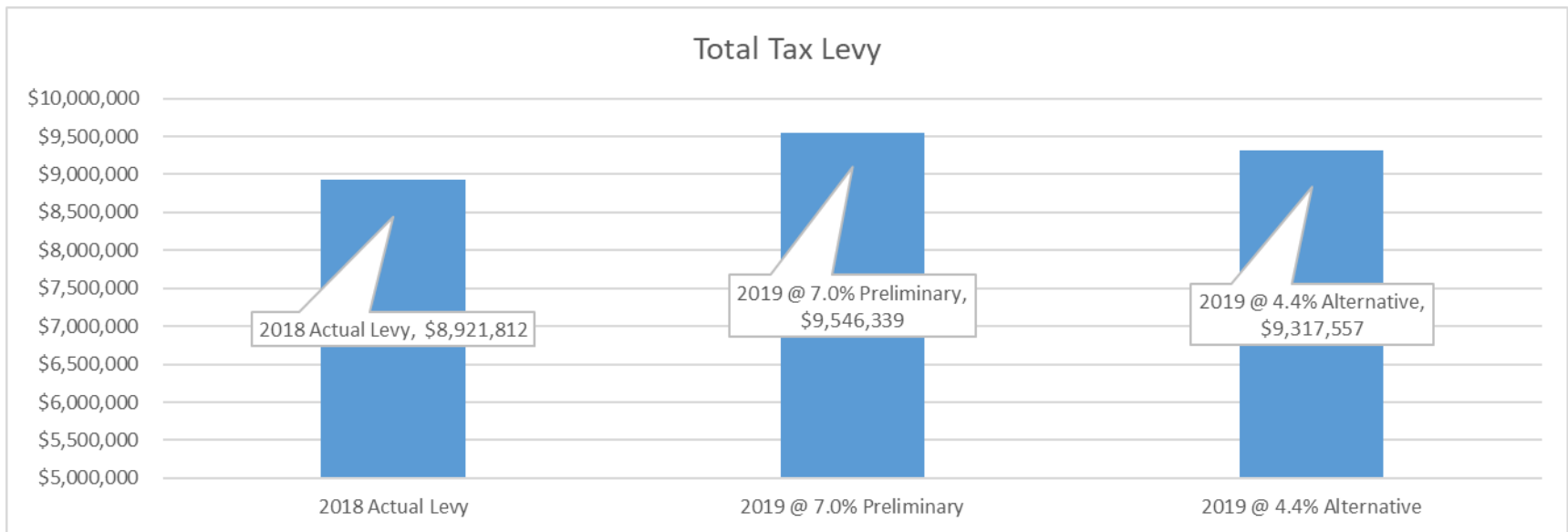
# Tax Change by Parcel Map

- 2019 Net Tax Capacity changes for Rice County
- Individual parcel tax changes vary according to the map
- Ag land valuations in general remained flat, however, saw decreases in taxes based on lower tax rates

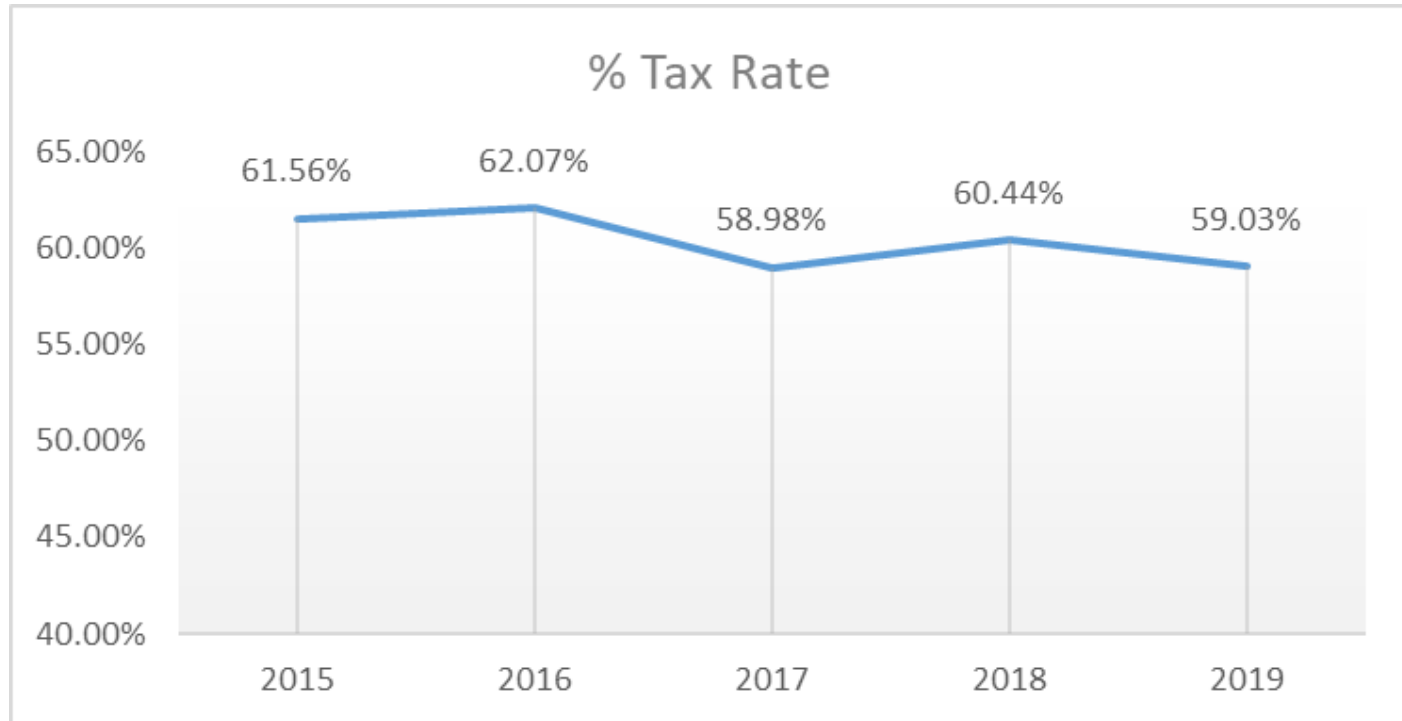


# Proposed Levy

- Certified 2018 Levy \$8,921,812
- Certified Preliminary 2019 Levy \$9,546,339, 7.0% increase
- Alternative 2019 Levy \$9,317,557, 4.4% increase
  - All future schedules use the 4.4% increase alternative



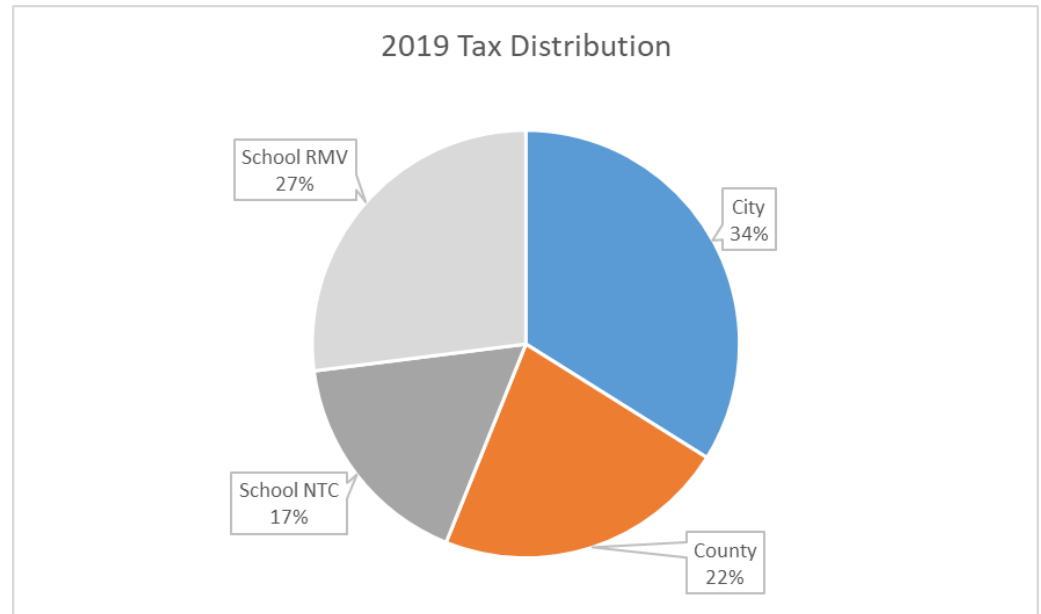
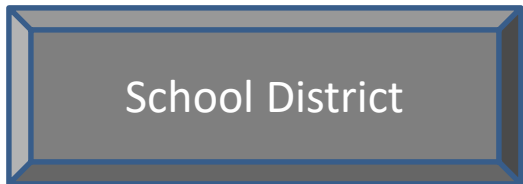
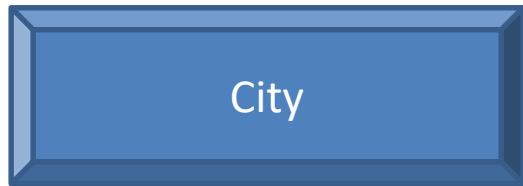
# City Tax Rate Trend



\* Combined Tax Rate for both Dakota and Rice Counties; 4.4% levy increase

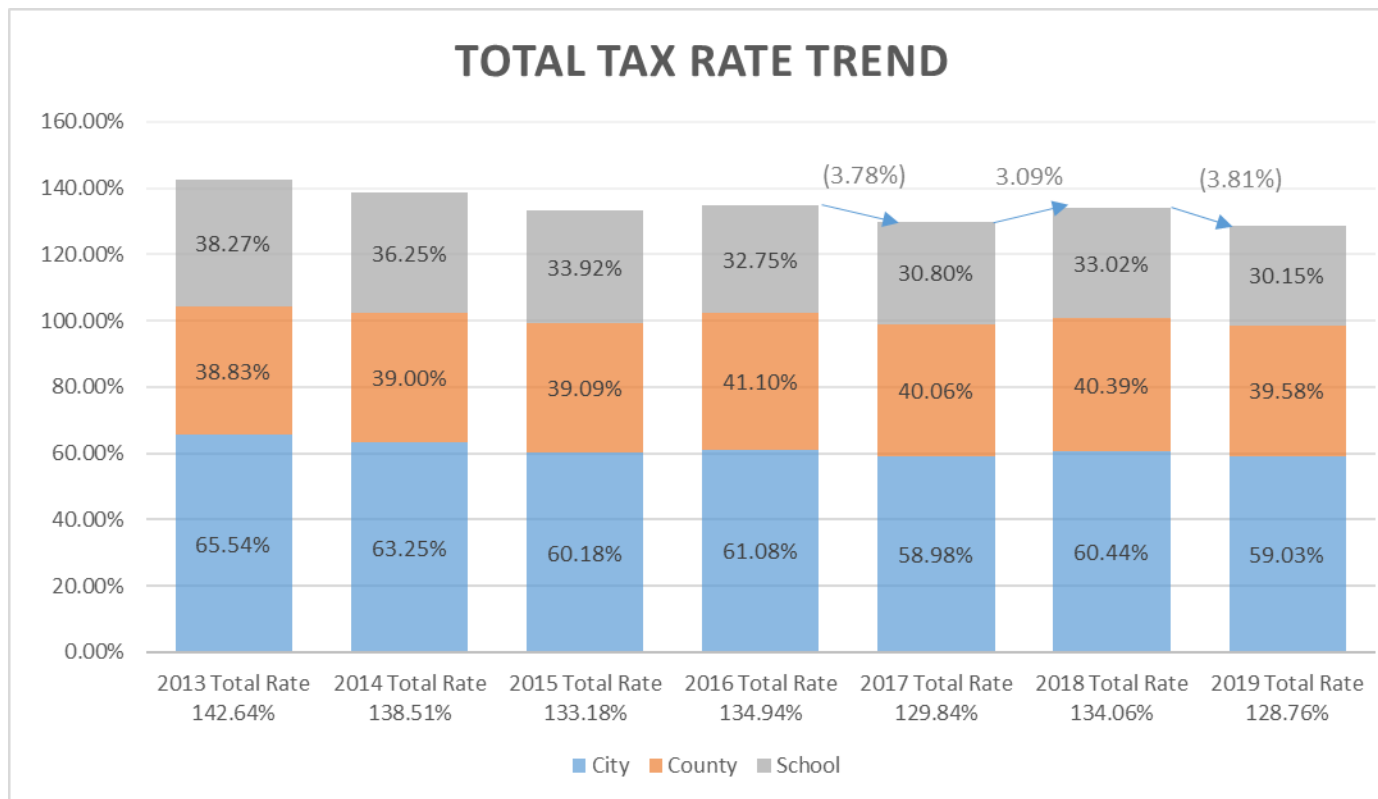
# Property Taxes

- Who levies property taxes?



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

# Total NTC Tax Rate Trend



- Tax Rate based on Net Tax Capacity (NTC), does not include the portion of school tax based on Referendum Market Value
- Source: Rice County Assessors Office

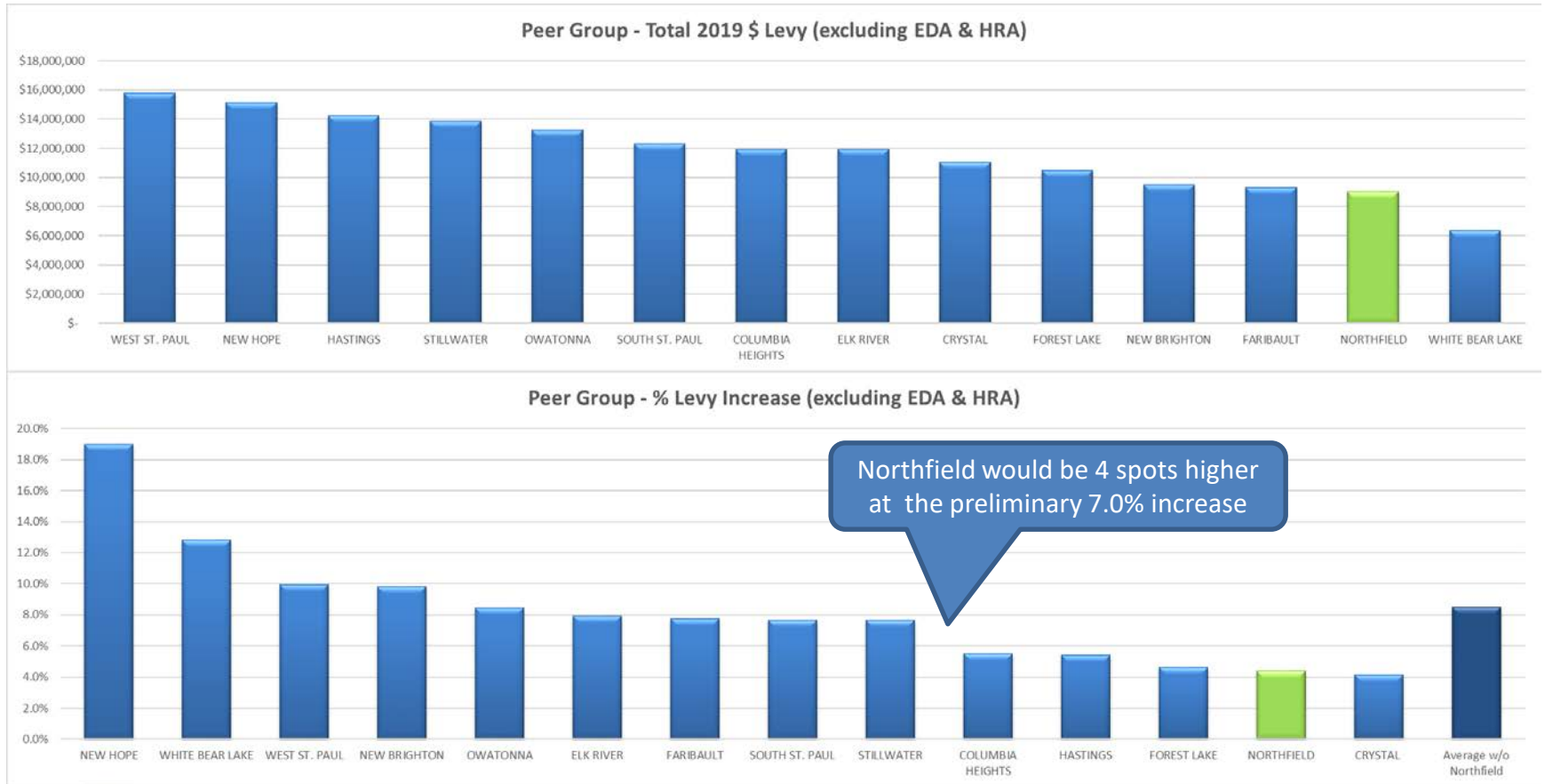
# Total Tax Rate Comparisons

- 2019 Rate comparison
  - Northfield 128.76%
- 2016 Rate comparison (most recent available data)
  - Average All MN Cities 125.06%
  - Region 10 (SE MN) 131.81%
  - Greater MN, 10,000-24,999 129.71%
  - Peer Group Comparable Cities (mean) 130.79%
  - Peer Group Comparable Cities (median) 132.29%

\* Peer Group Comparable Cities (Population range 19,754-25,782, average total tax range 106.91%-152.54%)

# Levy Comparison

- Northfield's Preliminary 2019 levy is lower than most peers



- Based on 2019 Preliminary Levy Data from Peer Group Cities, Northfield included at 4.4% levy increase

# Residential Total Tax Rate Impact

| Homestead Residential Property |            |          |          |          |          |          |          |          |          |
|--------------------------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                |            | 2016     |          | 2017     |          | 2018     |          | 2019     |          |
| Entity                         |            | Tax Rate | Tax Paid | Tax Rate | Tax Paid | Tax Rate | Tax Paid | Tax Rate | Tax Paid |
| County                         | \$ 150,000 | 41.101%  | \$ 519   | 40.059%  | \$ 506   | 40.388%  | \$ 510   | 39.580%  | \$ 500   |
| City                           | \$ 150,000 | 61.083%  | \$ 771   | 58.975%  | \$ 745   | 60.443%  | \$ 763   | 59.026%  | \$ 745   |
| School                         | \$ 150,000 | 32.753%  | \$ 955   | 30.803%  | \$ 903   | 33.023%  | \$ 1,080 | 30.148%  | \$ 1,043 |
| Total                          | \$ 150,000 | 134.937% | \$ 2,245 | 129.837% | \$ 2,154 | 133.854% | \$ 2,353 | 128.754% | \$ 2,288 |
| County                         | \$ 175,000 | 41.101%  | \$ 631   | 40.059%  | \$ 615   | 40.388%  | \$ 620   | 39.580%  | \$ 608   |
| City                           | \$ 175,000 | 61.083%  | \$ 938   | 58.975%  | \$ 905   | 60.443%  | \$ 928   | 59.026%  | \$ 906   |
| School                         | \$ 175,000 | 32.753%  | \$ 1,134 | 30.803%  | \$ 1,073 | 33.023%  | \$ 1,280 | 30.148%  | \$ 1,235 |
| Total                          | \$ 175,000 | 134.937% | \$ 2,703 | 129.837% | \$ 2,593 | 133.854% | \$ 2,828 | 128.754% | \$ 2,749 |
| County                         | \$ 200,000 | 41.101%  | \$ 743   | 40.059%  | \$ 724   | 40.388%  | \$ 730   | 39.580%  | \$ 716   |
| City                           | \$ 200,000 | 61.083%  | \$ 1,104 | 58.975%  | \$ 1,066 | 60.443%  | \$ 1,093 | 59.026%  | \$ 1,067 |
| School                         | \$ 200,000 | 32.753%  | \$ 1,314 | 30.803%  | \$ 1,242 | 33.023%  | \$ 1,481 | 30.148%  | \$ 1,428 |
| Total                          | \$ 200,000 | 134.937% | \$ 3,161 | 129.837% | \$ 3,033 | 133.854% | \$ 3,304 | 128.754% | \$ 3,211 |
| County                         | \$ 250,000 | 41.101%  | \$ 967   | 40.059%  | \$ 943   | 40.388%  | \$ 950   | 39.580%  | \$ 931   |
| City                           | \$ 250,000 | 61.083%  | \$ 1,437 | 58.975%  | \$ 1,388 | 60.443%  | \$ 1,422 | 59.026%  | \$ 1,389 |
| School                         | \$ 250,000 | 32.753%  | \$ 1,673 | 30.803%  | \$ 1,582 | 33.023%  | \$ 1,881 | 30.148%  | \$ 1,813 |
| Total                          | \$ 250,000 | 134.937% | \$ 4,077 | 129.837% | \$ 3,912 | 133.854% | \$ 4,254 | 128.754% | \$ 4,133 |
| County                         | \$ 300,000 | 41.101%  | \$ 1,191 | 40.059%  | \$ 1,161 | 40.388%  | \$ 1,170 | 39.580%  | \$ 1,147 |
| City                           | \$ 300,000 | 61.083%  | \$ 1,770 | 58.975%  | \$ 1,709 | 60.443%  | \$ 1,752 | 59.026%  | \$ 1,711 |
| School                         | \$ 300,000 | 32.753%  | \$ 2,031 | 30.803%  | \$ 1,921 | 33.023%  | \$ 2,282 | 30.148%  | \$ 2,198 |
| Total                          | \$ 300,000 | 134.937% | \$ 4,993 | 129.837% | \$ 4,791 | 133.854% | \$ 5,204 | 128.754% | \$ 5,056 |

Assumes a 4.4% levy increase  
and no EMV increase

City portion is a decrease of  
(\$18)/year, (2.3%)

City portion is a decrease of  
(\$26)/year, (2.3%)  
or (\$2)/month

City portion is a decrease of  
(\$41)/year, (2.3%)

Impact analysis based on Rice County rates  
Tax rate shown is of Net Tax Capacity (NTC)  
School Tax Paid includes taxes on referendum market value



# Residential Total Tax Rate Impact

- 2019 vs 2018 Total Tax Rate comparison
  - Scenario of Estimated Market Value increasing 6.4%
    - 6.4% average increase for Northfield
  - Total tax change impact is approximately (2.8%)
  - Remaining increase is due to valuation changes

| Homestead Residential Property |               |                  |                  |                 |          |  |
|--------------------------------|---------------|------------------|------------------|-----------------|----------|--|
| 2018<br>Value                  | 2019<br>Value | 2018<br>Tax Paid | 2019<br>Tax Paid | 19v18<br>Change | % Change |  |
| \$ 150,000                     | \$ 150,000    | \$ 2,353         | \$ 2,288         | \$ (65)         | -2.76%   |  |
| \$ 150,000                     | \$ 159,600    | \$ 2,353         | \$ 2,465         | \$ 111          | 4.74%    |  |
| \$ 175,000                     | \$ 175,000    | \$ 2,828         | \$ 2,749         | \$ (79)         | -2.79%   |  |
| \$ 175,000                     | \$ 186,200    | \$ 2,828         | \$ 2,955         | \$ 128          | 4.52%    |  |
| \$ 200,000                     | \$ 200,000    | \$ 3,304         | \$ 3,211         | \$ (93)         | -2.81%   |  |
| \$ 200,000                     | \$ 212,800    | \$ 3,304         | \$ 3,446         | \$ 143          | 4.32%    |  |
| \$ 250,000                     | \$ 250,000    | \$ 4,254         | \$ 4,133         | \$ (121)        | -2.84%   |  |
| \$ 250,000                     | \$ 266,000    | \$ 4,254         | \$ 4,428         | \$ 174          | 4.09%    |  |
| \$ 300,000                     | \$ 300,000    | \$ 5,204         | \$ 5,056         | \$ (149)        | -2.86%   |  |
| \$ 300,000                     | \$ 319,200    | \$ 5,204         | \$ 5,409         | \$ 205          | 3.94%    |  |

(2.81%) (\$93) Tax Change Impact

7.13% \$236 Valuation Impact

4.32% \$143 Total Impact or  
\$12/month increase,  
City portion only is an increase of  
\$4.5/month

# Residential Total Tax Rate Impact

- \$211,700 Estimated Market Value 2018 – Residential Homestead, with a 5.6% Market Value Increase
- \$144 Total Tax increase, a 4.4% increase
  - \$72 City Tax increase, 7.0%
  - TNT Statements show the preliminary 7.0% levy increase
- Note: The school district's voter approved property tax for 2019 may be higher than the proposed amount shown on this notice based on the recently approved referendum.



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

PROPOSED TAXES 2019

THIS IS NOT A BILL. DO NOT PAY.  
VALUES AND CLASSIFICATION

| Taxes Payable Year            | 2018    | 2019    |
|-------------------------------|---------|---------|
| Step 1 Estimated Market Value | 200,400 | 211,700 |
| Homestead Exclusion           | 19,200  | 18,200  |
| Taxable Market Value          | 181,200 | 193,500 |
| Property Classification       | Res Hld | Res Hld |

PROPOSED TAX

|                                      |            |
|--------------------------------------|------------|
| Step 2 Property Taxes before credits | 3,454.00   |
| School building bond credit          | 0.00       |
| Agricultural market value credit     | 0.00       |
| Other Credits                        | 0.00       |
| Property Taxes after credits         | \$3,454.00 |

PROPERTY TAX STATEMENT  
Coming in March 2019

The time to provide feedback on  
PROPOSED LEVIES IS NOW

It is too late to appeal your value without going to Tax Court.

Legal Description:

| Proposed Property Taxes and Meetings by Jurisdiction for Your Property                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |                                                                                                                               |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Contact Information                                                                   | Actual 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Proposed 2019     | Meeting Information                                                                                                           |
| RICE COUNTY<br>320 3RD ST NW<br>FARIBAULT MN 55021<br>Tel.: 507-332-6104              | 728.94                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 761.68            | Thursday, Dec 6th, 2018, 7:00 pm<br>Rice County Gvt Serv Building<br>Board Room<br>320 Third Street NW<br>Faribault, MN 55021 |
| CITY OF NORTHFIELD<br>801 WASHINGTON ST<br>NORTHFIELD MN 55057<br>Tel.: 507-645-8833  | 1,035.81                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,107.91          | Tuesday, Dec 4th, 2018, 6:00 pm<br>City Council Chambers<br>801 Washington Street<br>Northfield, MN 55057                     |
| State General Tax                                                                     | 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.00              | NO MEETING REQUIRED                                                                                                           |
| SD 0659 NORTHFIELD<br>1400 DIVISION ST S<br>NORTHFIELD MN 55057<br>Tel.: 507-663-0620 | <div style="display: flex; justify-content: space-between;"> <div> <p>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 2019 may be higher than the proposed amount shown on this notice.</p> <p>Voter Approved: 1,043.39<br/>Other: 440.21</p> </div> <div> <p>Monday, Dec 10th, 2018, 7:00 pm<br/>Northfield High School<br/>Media Center<br/>1400 Division Street S<br/>Northfield, MN 55057</p> </div> </div> |                   |                                                                                                                               |
| Special Taxing Districts                                                              | 61.65                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 66.48             |                                                                                                                               |
| Tax Increment Tax                                                                     | 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.00              | NO MEETING REQUIRED                                                                                                           |
| Fiscal Disparity Tax                                                                  | 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.00              | NO MEETING REQUIRED                                                                                                           |
| <b>TOTAL<br/>Excluding Special Assessments</b>                                        | <b>\$3,310.00</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>\$3,454.00</b> | <b>4.4%</b>                                                                                                                   |

IMPORTANT INFORMATION IS PRINTED ON THE BACK OF THIS FORM.

# Commercial Total Tax Rate Impact

- 2019 vs 2018 Total Tax Rate comparison
  - Scenario of Valuations increasing 6.4%
    - Rice County average for Northfield
- Tax change impact is (3.6%)-(3.9%)
- Remaining increase is due to valuation changes

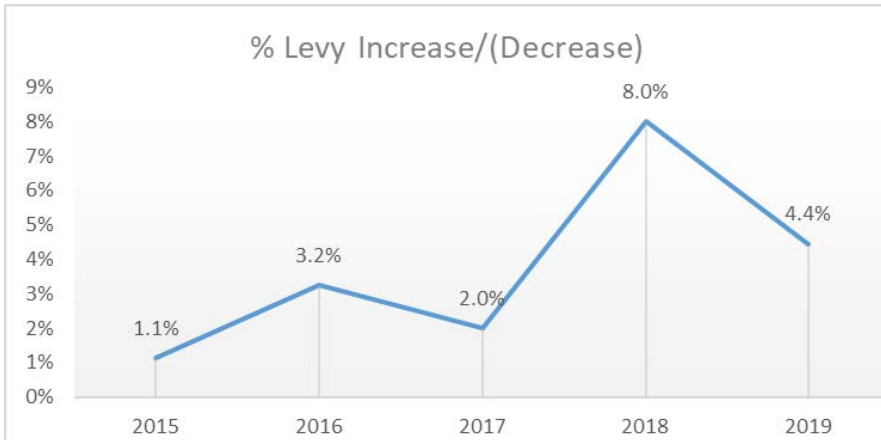
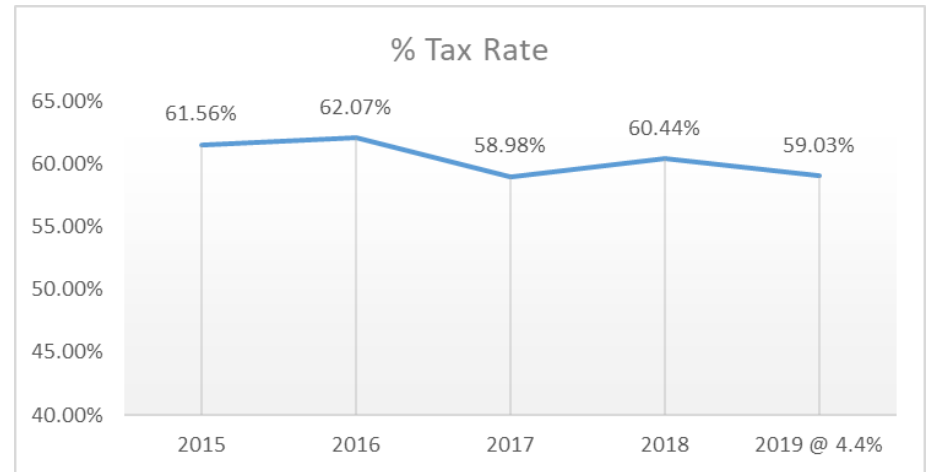
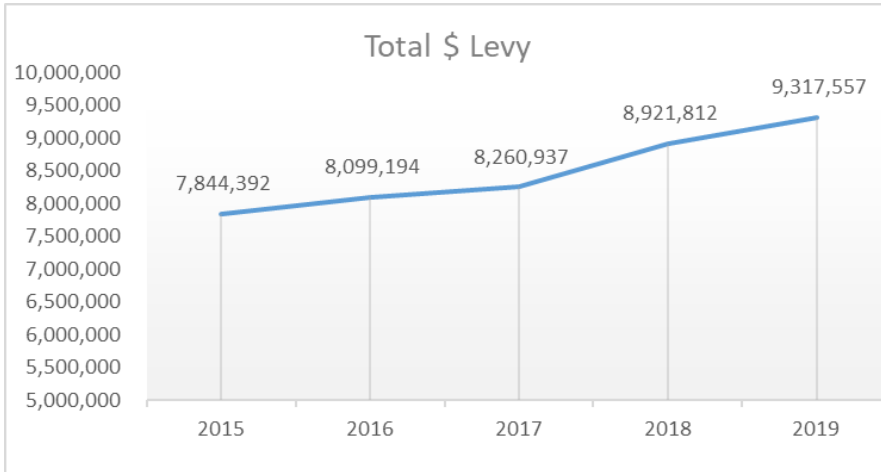
| Commercial Property |               |                  |                  |                 |          |
|---------------------|---------------|------------------|------------------|-----------------|----------|
| 2018<br>Value       | 2019<br>Value | 2018<br>Tax Paid | 2019<br>Tax Paid | 19v18<br>Change | % Change |
| \$ 200,000          | \$ 200,000    | \$ 6,001         | \$ 5,785         | \$ (216)        | -3.61%   |
| \$ 200,000          | \$ 212,800    | \$ 6,001         | \$ 6,276         | \$ 275          | 4.58%    |
| \$ 500,000          | \$ 500,000    | \$ 17,990        | \$ 17,294        | \$ (695)        | -3.86%   |
| \$ 500,000          | \$ 532,000    | \$ 17,990        | \$ 18,522        | \$ 533          | 2.96%    |

(3.86%) (\$695)/year Tax Change Impact

6.82% \$1,228/year Valuation Impact

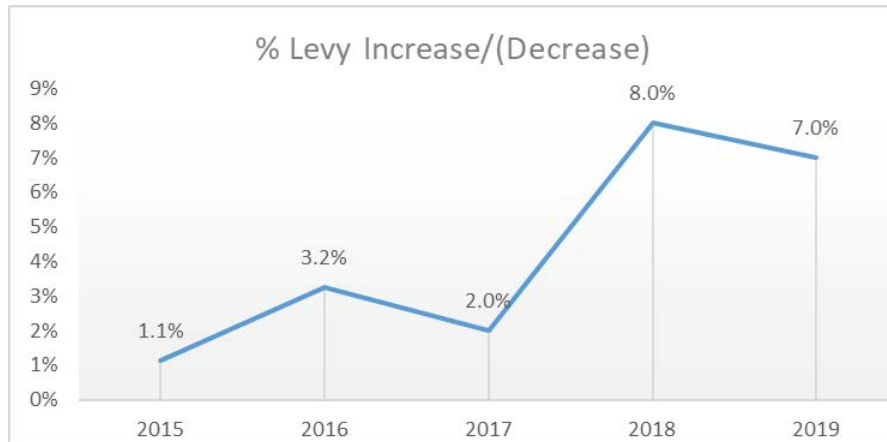
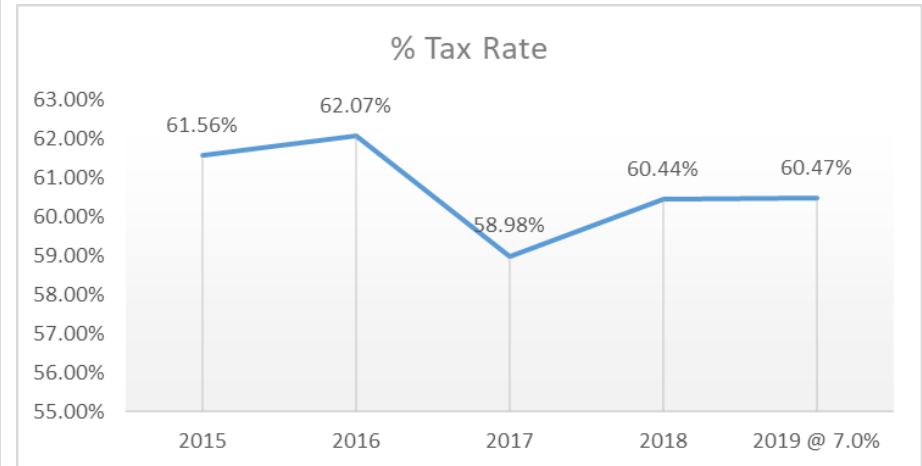
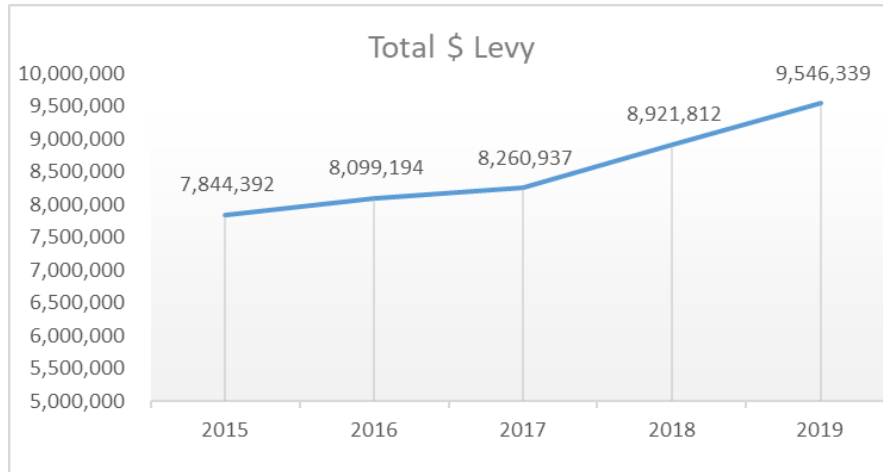
2.96% \$533/year Total Impact  
\$44/month

# 4.4% Levy increase



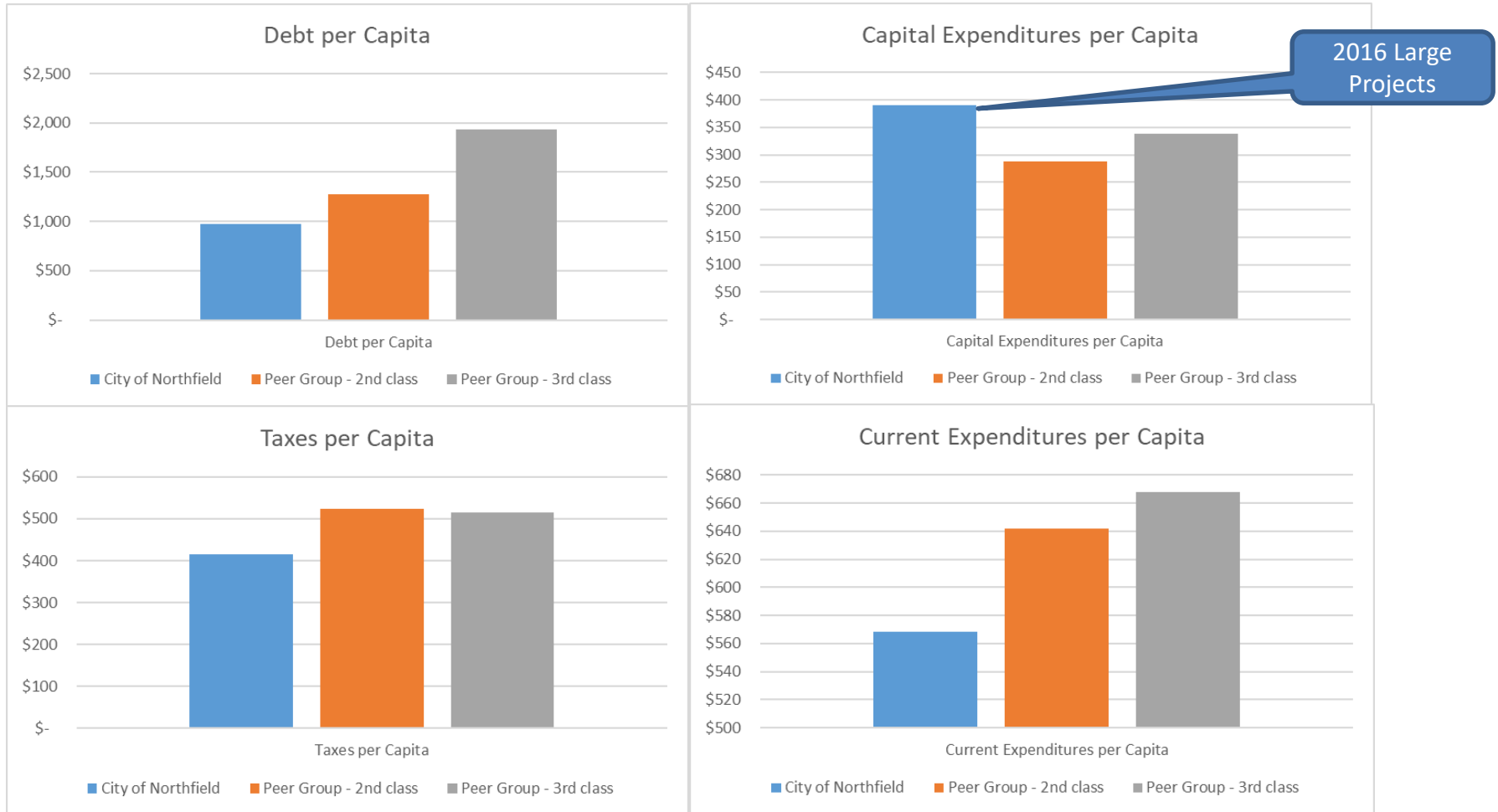
- At a 4.4% levy increase, the city-wide tax rate decreases from 60.44% to 59.03%
- City tax on an average \$200,000 house, with a 6.4% increase in Estimated Market Value, will increase \$56/year or \$5/month.

# 7.0% Levy increase



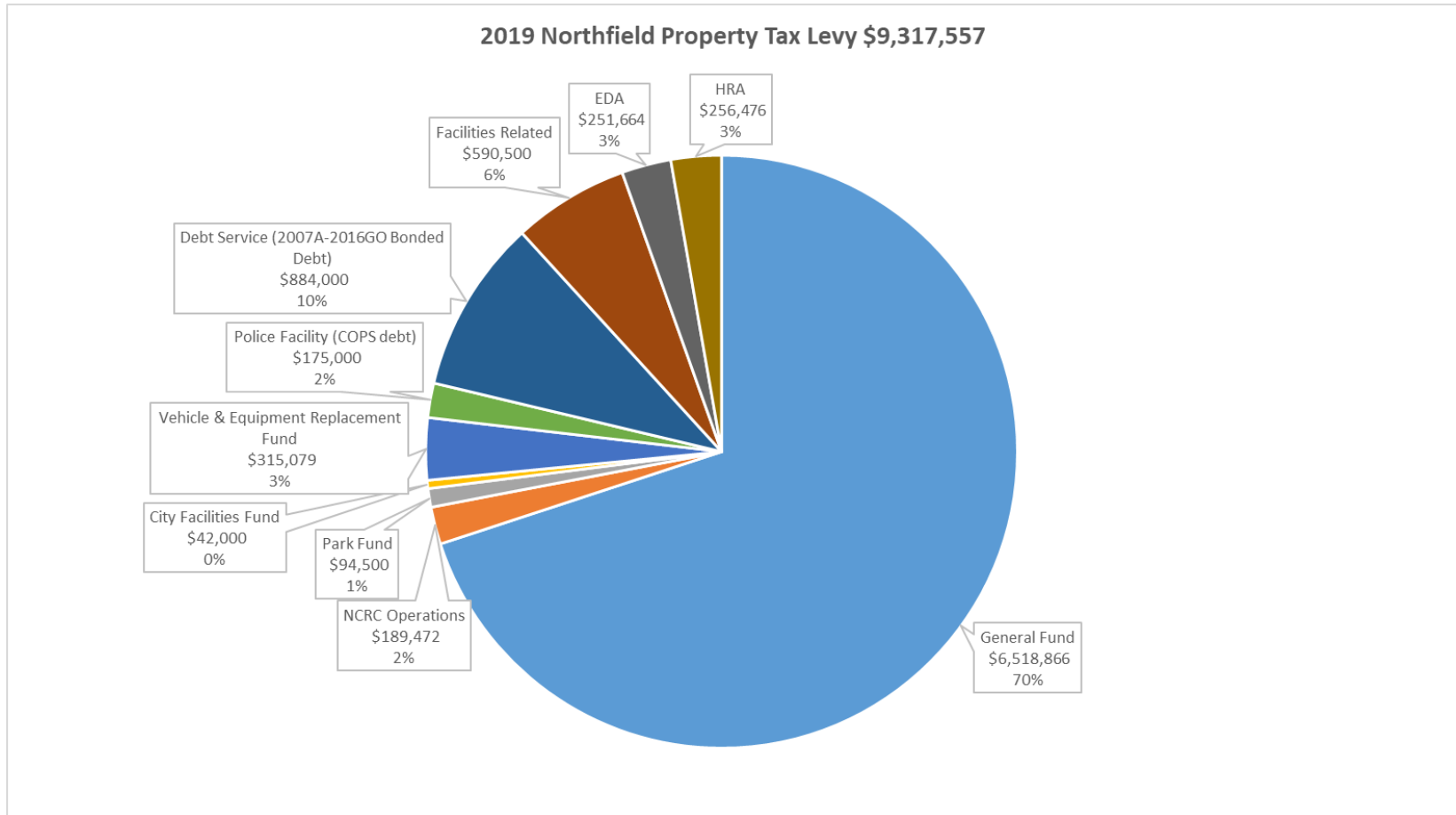
- Preliminary 7.0% increase levy approved in September keeps city wide tax rate flat
- City tax on an average \$200,000 house, with a 6.4% increase in Estimated Market Value, will increase \$85/year or \$7/month
  - This alternative is \$2/month more than the 4.4% increase

# Ratio Comparison to Peer Groups

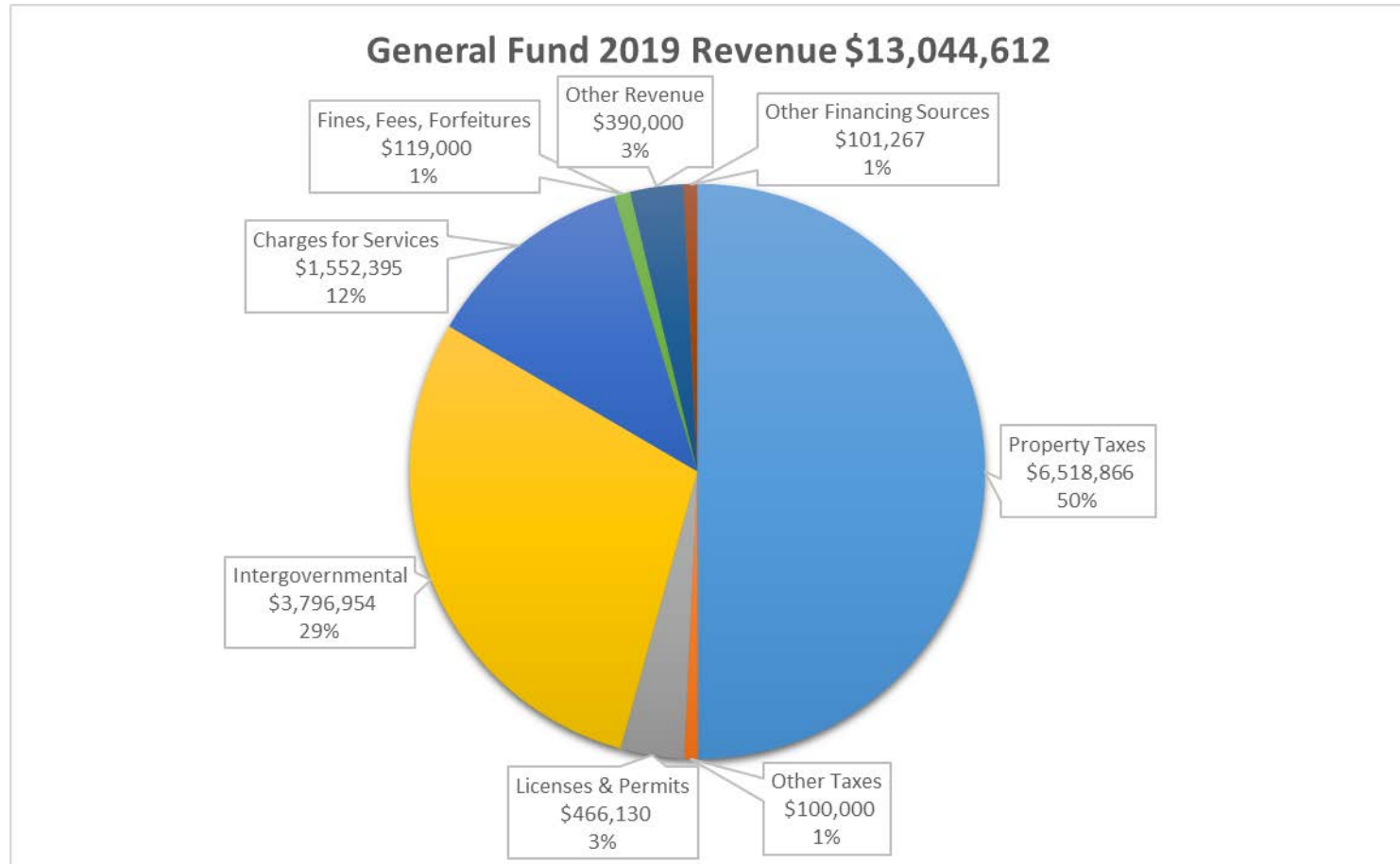


Source: 2017 Abdo Eick & Meyers Audit Management Letter, page 20, (2016 comparisons)  
Peer Group 2<sup>nd</sup> class – City populations of 20,000-100,000, Peer Group 3<sup>rd</sup> class – City populations of 10,000-20,000

# 2019 Tax Levy

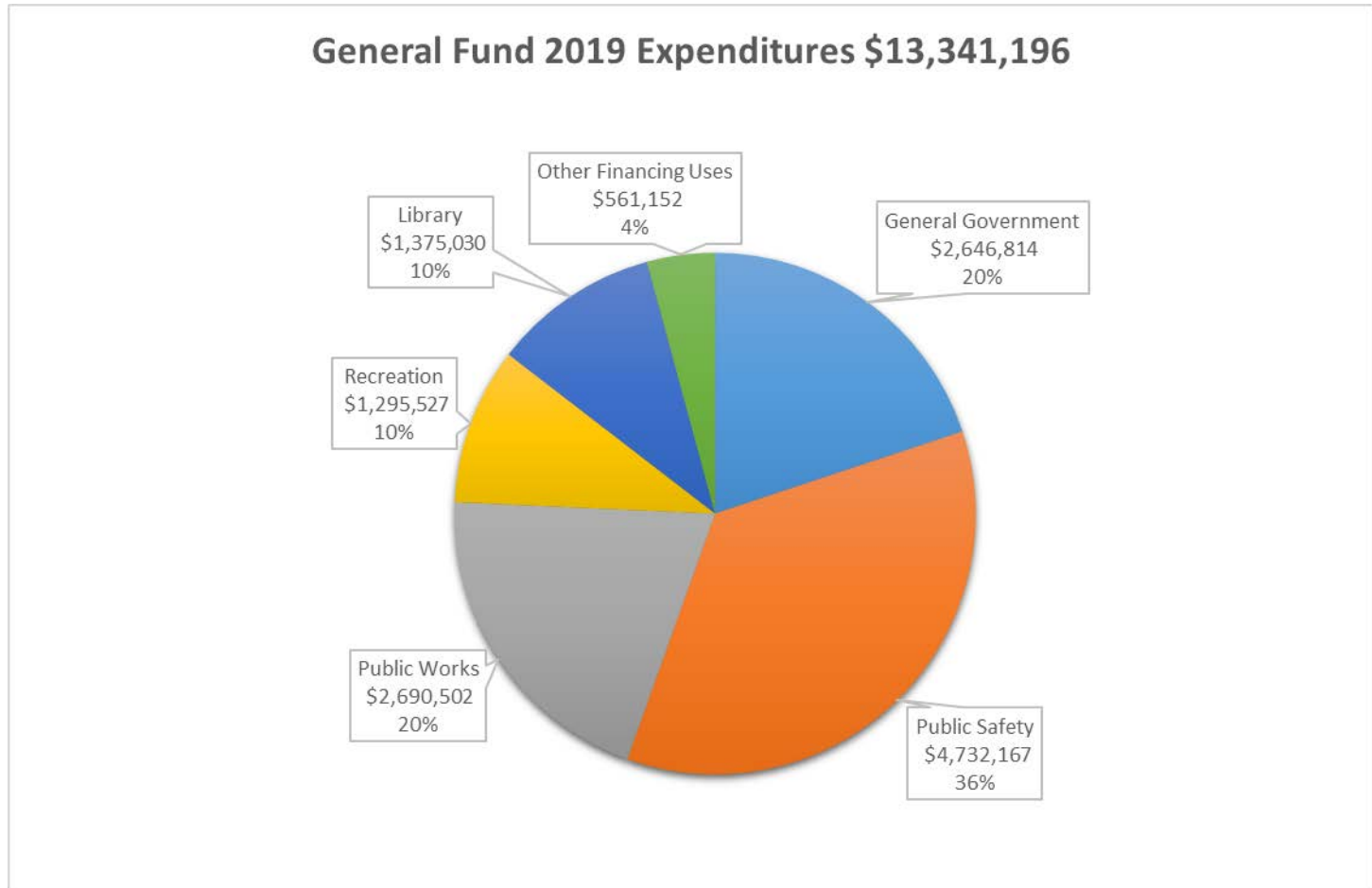


# 2019 General Fund Revenue





# 2019 General Fund Expenditures



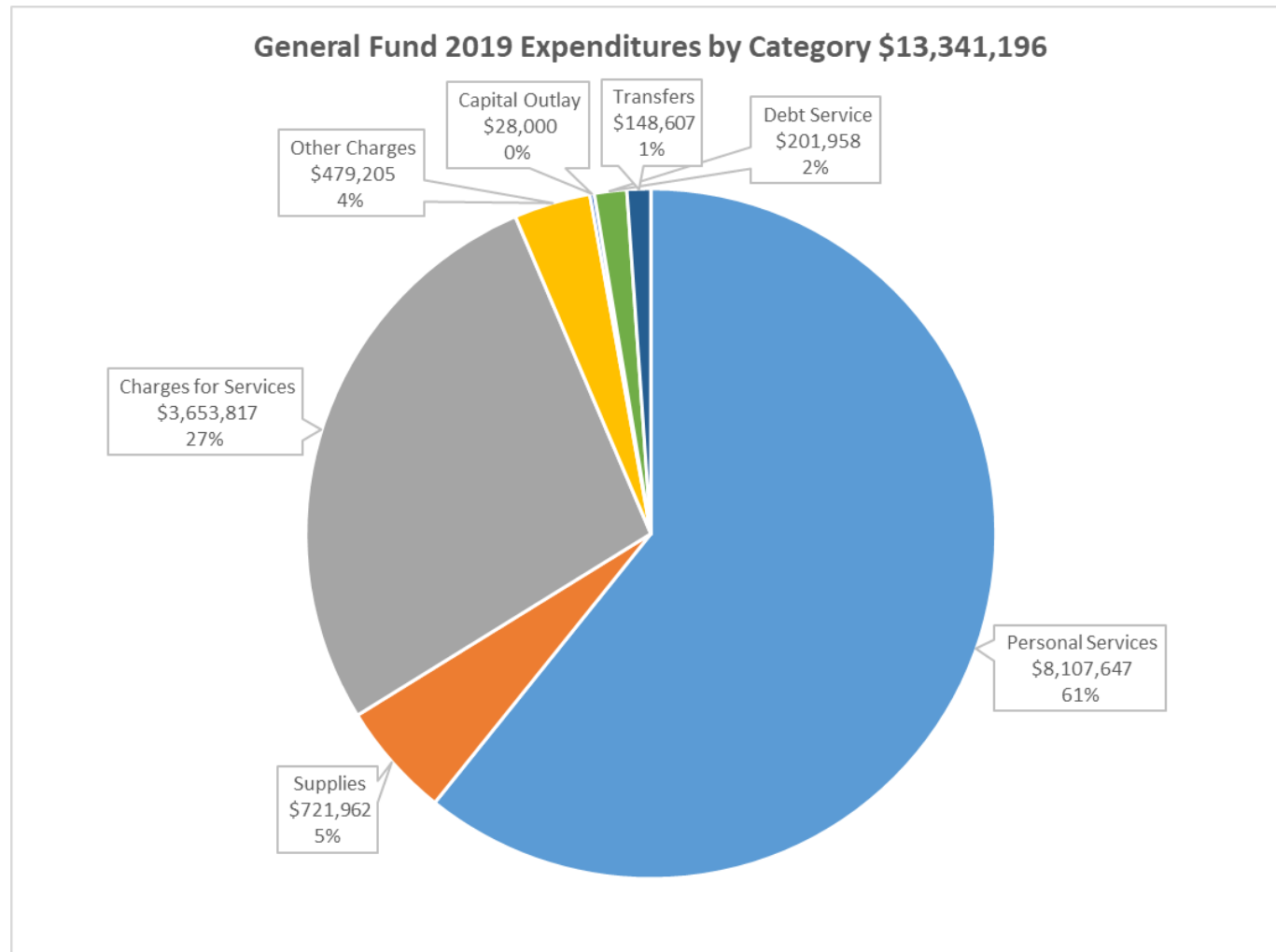
# 2019 General Fund Expenditures

| EXPENDITURES BY MAJOR FUNCTION  | 2018 Budget<br>Adopted | % of<br>Total | 2019 Budget<br>Proposed | % of<br>Total | Difference        |
|---------------------------------|------------------------|---------------|-------------------------|---------------|-------------------|
| <b>GENERAL GOVERNMENT</b>       |                        |               |                         |               |                   |
| Mayor & Council                 | \$ 367,159             | 2.9%          | \$ 385,358              | 2.9%          | \$ 18,199         |
| Administration                  | \$ 456,429             | 3.7%          | \$ 465,867              | 3.5%          | \$ 9,438          |
| City Clerk                      | \$ 198,698             | 1.6%          | \$ 199,788              | 1.5%          | \$ 1,090          |
| Elections                       | \$ 57,667              | 0.5%          | \$ 38,052               | 0.3%          | \$ (19,615)       |
| Finance                         | \$ 503,584             | 4.0%          | \$ 575,620              | 4.3%          | \$ 72,036         |
| Human Resources                 | \$ 428,673             | 3.4%          | \$ 478,864              | 3.6%          | \$ 50,191         |
| Community Development           | \$ 134,719             | 1.1%          | \$ 244,807              | 1.8%          | \$ 110,088        |
| Planning                        | \$ 173,547             | 1.4%          | \$ 180,208              | 1.4%          | \$ 6,661          |
| General Government Building     | \$ 139,361             | 1.1%          | \$ 118,254              | 0.9%          | \$ (21,107)       |
| <b>Total General Government</b> | <b>\$ 2,459,837</b>    | <b>19.7%</b>  | <b>\$ 2,686,818</b>     | <b>20.1%</b>  | <b>\$ 226,981</b> |
| <b>PUBLIC SAFETY</b>            |                        |               |                         |               |                   |
| Police Administration           | \$ 3,682,587           | 29.5%         | \$ 3,857,092            | 28.9%         | \$ 174,505        |
| Fire                            | \$ 545,350             | 4.4%          | \$ 526,742              | 3.9%          | \$ (18,608)       |
| Building Inspection             | \$ 300,482             | 2.4%          | \$ 348,333              | 2.6%          | \$ 47,851         |
| <b>Total Public Safety</b>      | <b>\$ 4,528,419</b>    | <b>36.2%</b>  | <b>\$ 4,732,167</b>     | <b>35.5%</b>  | <b>\$ 526,371</b> |

# 2019 General Fund Expenditures

| EXPENDITURES BY MAJOR FUNCTION        | 2018 Budget<br>Adopted | % of<br>Total | 2019 Budget<br>Proposed | % of<br>Total | Difference        |
|---------------------------------------|------------------------|---------------|-------------------------|---------------|-------------------|
| <b>PUBLIC WORKS</b>                   |                        |               |                         |               |                   |
| Engineering                           | \$ 555,536             | 4.4%          | \$ 550,273              | 4.1%          | \$ (5,263)        |
| Streets                               | \$ 1,464,621           | 11.7%         | \$ 1,551,272            | 11.6%         | \$ 86,651         |
| Street Lighting                       | \$ 300,000             | 2.4%          | \$ 300,000              | 2.2%          | \$ -              |
| Facilities                            | \$ 279,588             | 2.2%          | \$ 288,957              | 2.2%          | \$ 9,369          |
| <b>Total Public Works</b>             | <b>\$ 2,599,745</b>    | 20.8%         | <b>\$ 2,690,502</b>     | 20.2%         | <b>\$ 646,371</b> |
| <b>CULTURE &amp; RECREATION</b>       |                        |               |                         |               |                   |
| Ice Arena                             | \$ 350,793             | 2.8%          | \$ 379,061              | 2.8%          | \$ 28,268         |
| General Parks                         | \$ 307,366             | 2.5%          | \$ 329,020              | 2.5%          | \$ 21,654         |
| Athletic Facilities                   | \$ 134,800             | 1.1%          | \$ 143,891              | 1.1%          | \$ 9,091          |
| Outdoor Pool                          | \$ 236,868             | 1.9%          | \$ 216,663              | 1.6%          | \$ (20,205)       |
| Recreation Administration             | \$ 219,226             | 1.8%          | \$ 226,892              | 1.7%          | \$ 7,666          |
| <b>Total Culture &amp; Recreation</b> | <b>\$ 1,249,053</b>    | 10.0%         | <b>\$ 1,295,527</b>     | 9.7%          | <b>\$ 702,214</b> |
| <b>LIBRARY</b>                        | <b>\$ 1,263,831</b>    | 10.1%         | <b>\$ 1,375,030</b>     | 10.3%         | <b>\$ 111,199</b> |
| <b>OTHER FINANCING USES</b>           | <b>\$ 393,091</b>      | 3.1%          | <b>\$ 561,152</b>       | 4.2%          | <b>\$ 168,061</b> |
| <b>TOTAL EXPENDITURES</b>             | <b>\$ 12,493,976</b>   | 100.0%        | <b>\$ 13,341,196</b>    | 100.0%        | <b>\$ 847,220</b> |

# 2019 General Fund Expenditures



# 2019 General Fund Expenditures

4.4% levy increase includes the following additional staffing requests:

- Police Officers
  - \$102,000 Investigator
- Streets and Parks Operators
  - \$90,350 for one
- Communication Specialist PT to FT
  - \$40,000 Benefits & additional hours
- Building Permit Technician PT
  - \$23,000
- Paid Parental \$ Family Leave Policy
  - \$23,000 (2 weeks)

Increase funded from  
the Communications  
Fund

Funded by offset of  
increased revenue

# 2019 General Fund Expenditures

## Additional Items for consideration:

- Police Officers
  - \$122,000 Sergeant (1.4% levy increase)
- Streets and Parks Operators
  - \$90,350 for one (1.0% levy increase)
- Paid Family & Parental Leave Policy
  - \$23,000 Option 1 (2 weeks) included in budget
  - \$39,700 Incremental Option 2 (additional 6 wks)
    - The amount of leave that will be used under this policy is an unknown and cost estimates will vary greatly depending upon amount of usage from year to year

# 2019 One-Time Use of General Fund Reserves

- \$149K      NAFRS Fire Truck  
(\$286K initial portion authorized in 2018)
- \$ 50K      Accounting Software Upgrade
- \$ 10K      Northfield Historical Society  
Bank Raid Exhibit update
- \$100K      Temporary Project Manager - Strategic  
Initiatives (\$200K total over 2 years)

## *New from staff proposed*

- \$20K      Riverfront Initiative Additional Funding
- \$30K      Employee Accruals & Benefits Analysis

Note: These items (\$359K) included in preliminary budget and levy, utilizing general fund reserves above target, will look like an unbalanced budget

# 2019 One-Time Use of General Fund Reserves

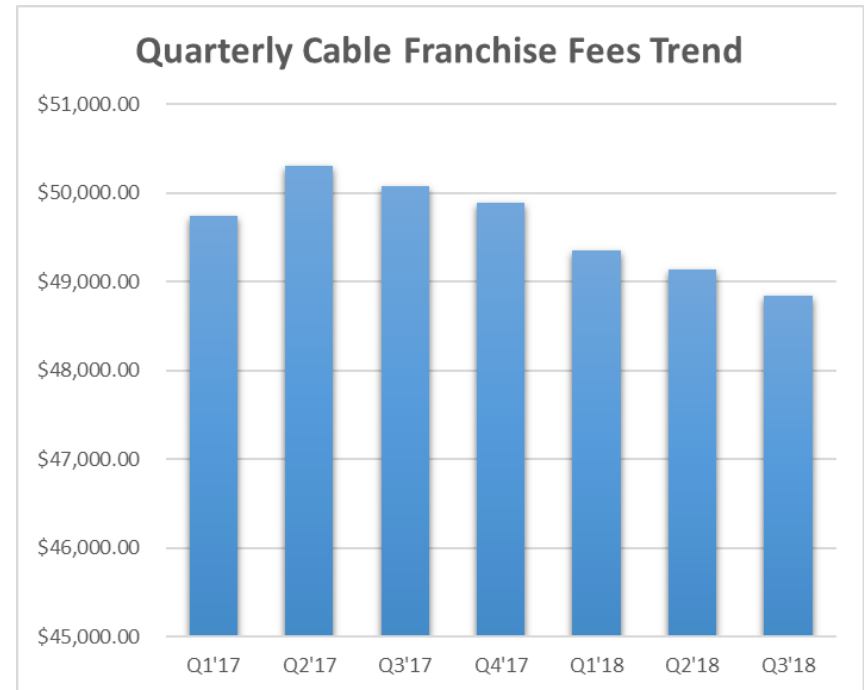
## One-time Use of Reserves - 2018-2020 Budget

|                                  | 2018              | 2019              | 2020             | Total             |
|----------------------------------|-------------------|-------------------|------------------|-------------------|
| NAFRS Pumper Truck               | \$ 286,280        | \$ 148,607        |                  | \$ 434,887        |
| Accounting Software              |                   | \$ 50,000         |                  | \$ 50,000         |
| Temp Project Mgr                 |                   | \$ 97,977         | \$100,916        | \$ 198,893        |
| Northfield Historical Society    |                   | \$ 10,000         |                  | \$ 10,000         |
| Riverfront Initiative Additional |                   | \$ 20,000         |                  | \$ 20,000         |
| Employee Benefits Analysis       |                   | \$ 30,000         |                  | \$ 30,000         |
|                                  | <b>\$ 286,280</b> | <b>\$ 356,584</b> | <b>\$100,916</b> | <b>\$ 743,780</b> |
| Estimate over Target             |                   |                   |                  | \$ 900,000        |
| Total Allocated                  |                   |                   |                  | \$ (743,780)      |
| Remaining Available              |                   |                   |                  | \$ 156,220        |



# 2019 Communications Fund

- Revenue \$241,000
  - Increased PEG fees from \$0.75 to \$1.00, generates \$10K annually
  - Caution regarding Franchise Fee stability as households cut the cord and concerns regarding recent legislative challenges
- Expense \$237,945
  - New 50% of the FT Communication Position will be funded here (\$38K)
  - Capital Expenditures – (PEG Fee funded) Communications Equipment update
- Net Revenue/(Expense) \$3K
- Fund Balance \$600K (12/31/17)



# 2019 NCRC Fund

- Revenue \$247,078
- Expense \$256,502
- Net Revenue/(Expense) (9,424)
- Current subsidy partially relates to the Senior Center
- Fund Balance \$393K (12/31/17)
  - Roof repair in 2018 to reduce balance
- NCRC CIP – 2019 Carpet Replacement \$50,000 (City is the financing conduit and will be paid back over life of improvement from NCRC Corp)

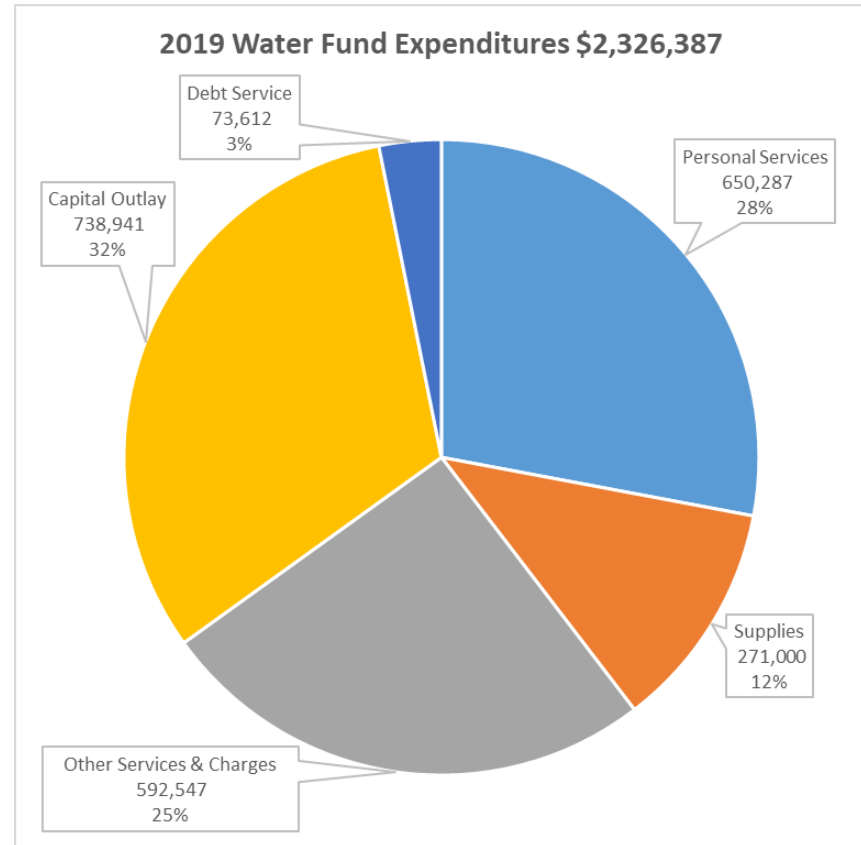
# 2019 Utility Funds

- City completed a new Utility Rate Study in 2018
  - Projects rates from 2019-2028
- All 2019 increases adopted were recommended by the 2018 Utility Rate Study
  - Water 1.0% increase
  - Waste Water 1.75% increase
  - Storm Water 5.0% increase
  - Garbage no change
- Estimated impact per average user is \$1.08/month
  - Average bill will increase from \$67.68/month to \$68.76/month



# 2019 Water Fund

- 1% increase in 2019
  - per 2018 rate study
- Revenue \$2,086,645
- Net Revenue/(Expense) (\$239,742) excludes depreciation
- Fund Balance \$6.4 million
  - 2019 Street Projects utilizing \$733,941 of fund balance
  - 2019 will also make a \$1.7M interfund loan to WasteWater fund.

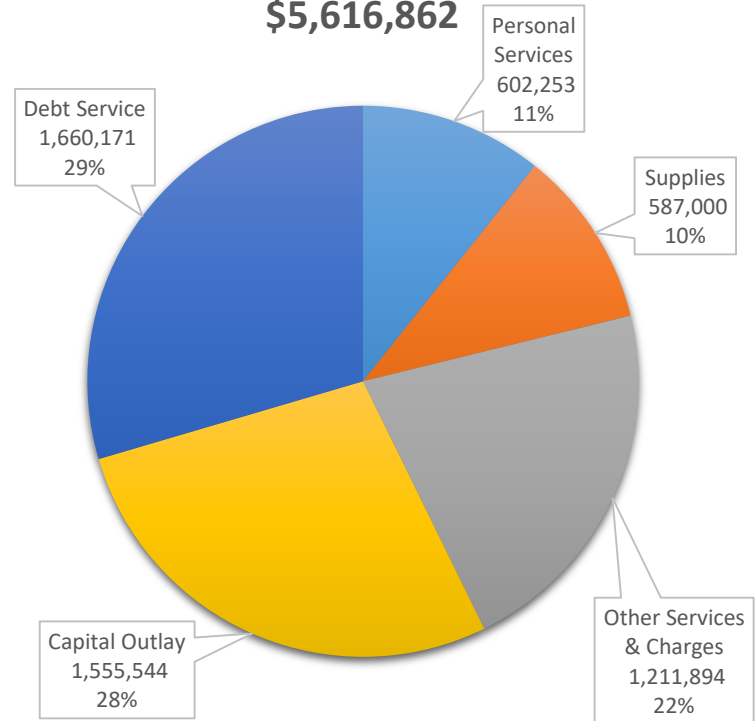


# 2019 Waste Water Fund

- 1.75% increase in 2019
  - per 2018 rate study
- Revenue \$4,503,949
- Net Revenue/(Expenses) (\$1,112,913) excludes depreciation
- Fund Balance \$3.2 million
  - 2019 Street Projects & Plant upgrades utilizing \$1,555,544 of fund balance
  - 2019 will also receive a \$1.7M interfund loan from Water fund

## 2019 Waste Water Fund Expenditures

\$5,616,862

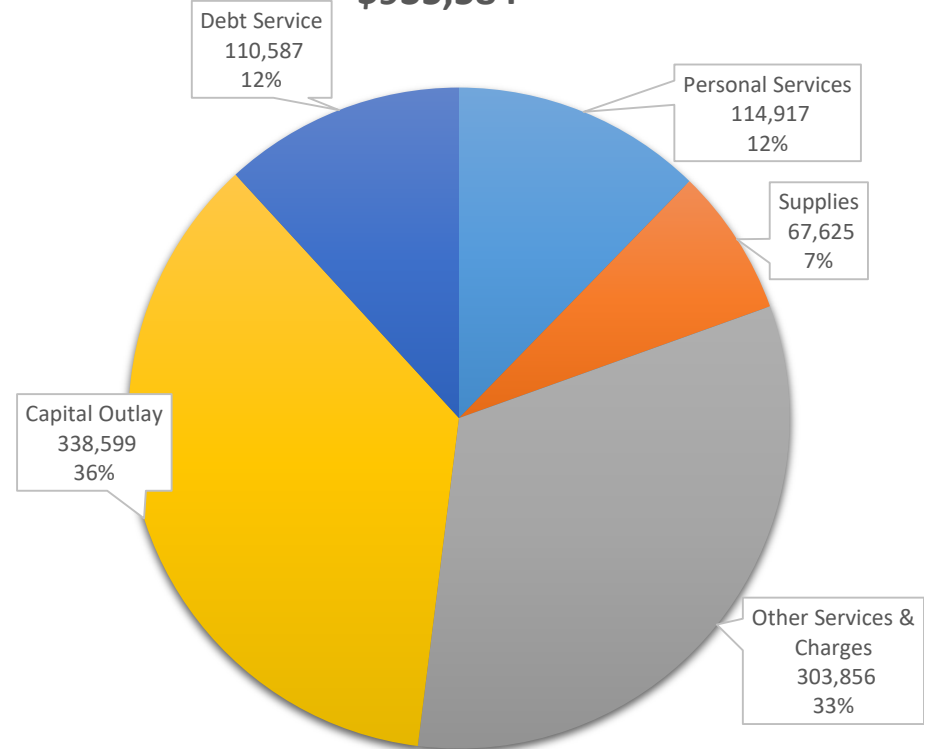


# 2019 Storm Water Fund

- 5% increase in 2019
  - per 2018 rate study
- Revenue \$924,384
- Net Revenue/(Expense) (\$11,200) excluding depreciation
- Fund Balance \$417K
  - 2019 Street Projects utilizing \$338,599 of fund balance

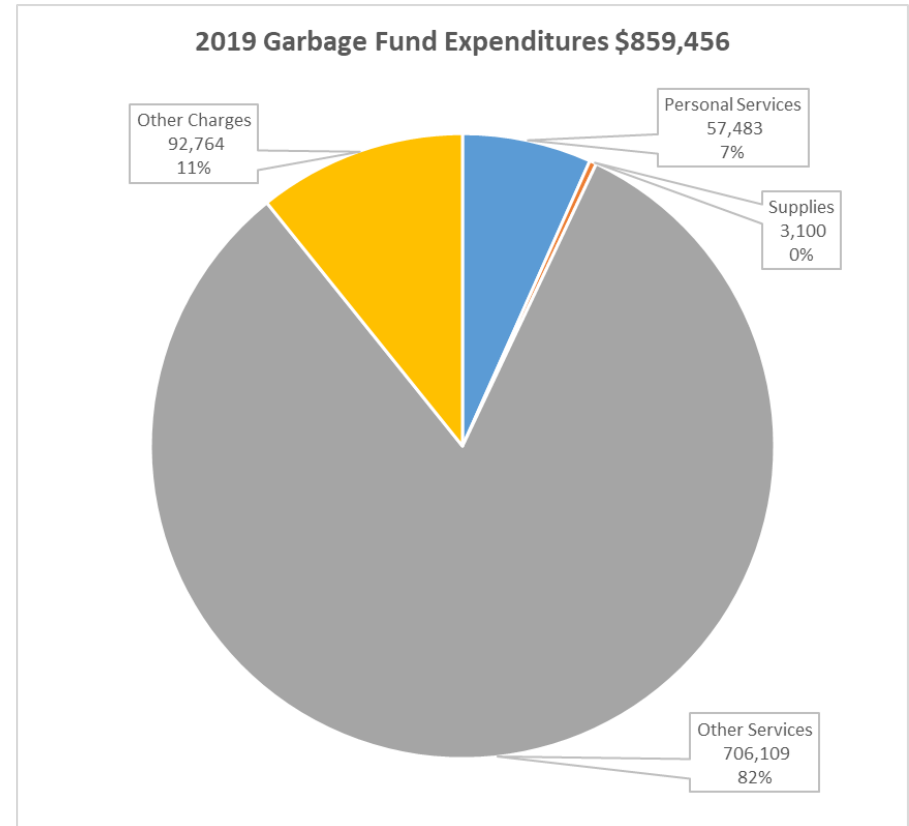
## 2019 Storm Water Fund Expenditures

\$935,584



# 2019 Garbage Fund

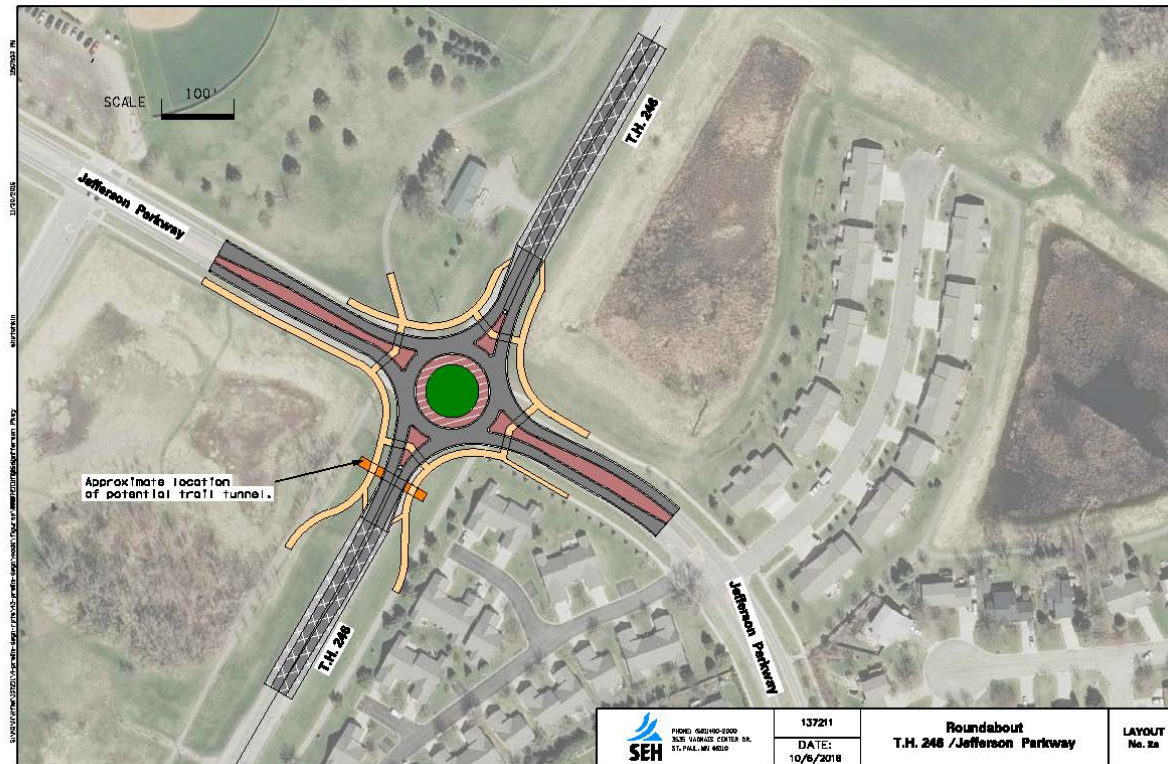
- 0% increase in 2019
  - per 2018 rate study
- Revenue \$911,043
- Net Revenue/(Expense) \$51,587
- Fund Balance \$1.1 million
  - The garbage hauling contract and landfill charges make up 82% of the expenditures
    - 54% contract with DSI and 21% landfill charges
    - Currently negotiating new contract with DSI



# 2019 Project Highlights (CIP)

- **3 Street Projects**

- TH 246 & Jefferson Pkwy Roundabout (2019 Design, 2020 Construction)
- NW Area Street Reclamation
- Spring Creek Road Reconstruction





# Summary

- Resolutions are attached representing the alternative 4.4% increase and a 4.9% increase
  - 7.0% target was the preliminary levy approved
  - A 4.4% target can be achieved based on modifications and the resulting tax reduction is noted below
    - Includes Administrative Charge adjustment from Utility Funds
    - Includes added Positions described earlier
    - Includes 2 year Temporary Project Manager for Strategic Initiatives
    - Does not include the Police Sergeant or the 2<sup>nd</sup> Streets and Parks Operator
    - \$4 estimated property tax increase on a \$200,000 value house
  - A 4.9% increase would incrementally include Option 2 of the Paid Family and Parental Leave Policy

# Public Comment