



2023-2024 Budget Worksession
September 13th, 2022

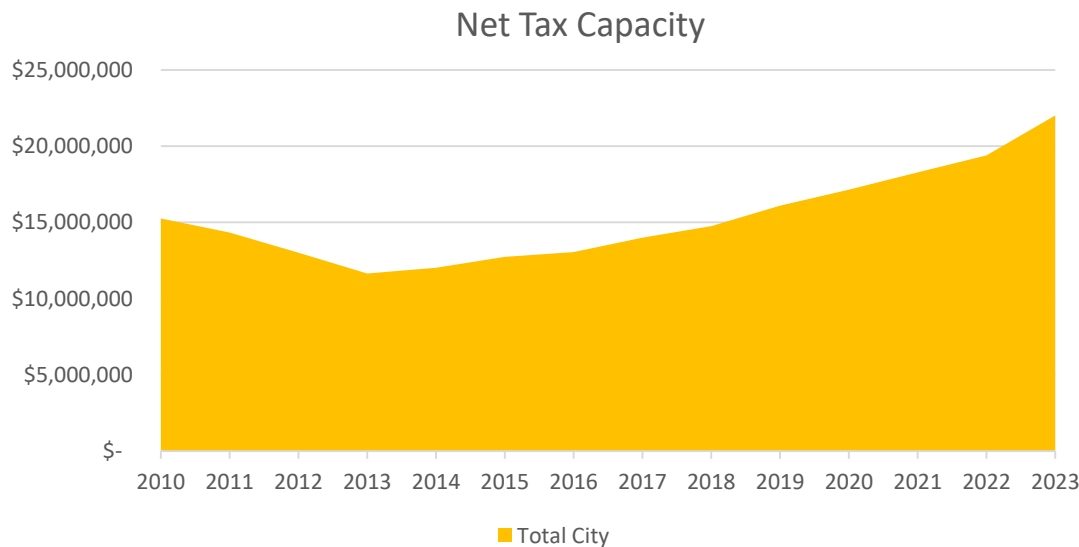
Budget & Levy Scenarios

- 3 Levy Options presented
 - 15.3% preliminary “baseline” w/Police OT
 - 16.5% preliminary w/ Police succession plan
 - 18.5% - preliminary plus Parks, Facilities, or Library increase
 - Open to other options
- This is only setting a maximum. Final levy can go down, but not up

Tax Base Changes

Preliminary estimates from Rice County indicate a 15.0% increase in 2022 net tax capacity

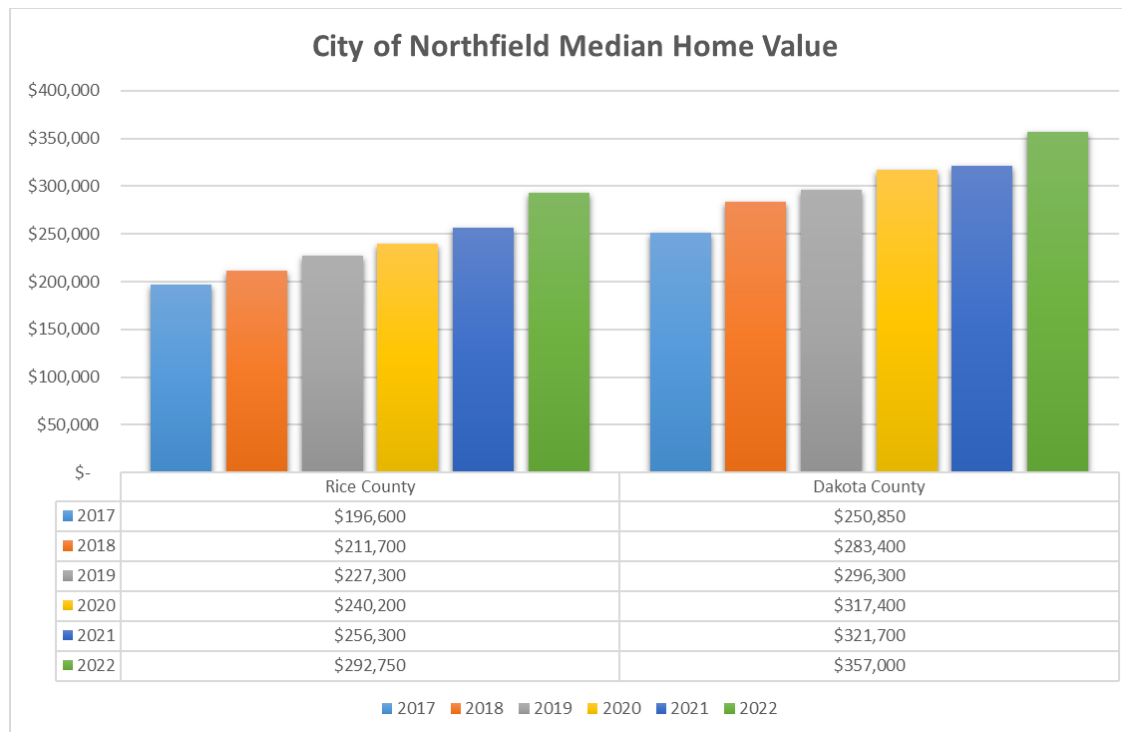
- 11.2% of the increase in net tax capacity is related to new construction
- Net tax capacity calculated from a 14.4% increase in estimated market value and 15.6% increase in taxable market value



Net Tax Capacity increase is estimated at 15.0% vs 6.1% growth last year

Northfield Median Home Value

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



City-wide Levy

City of Northfield Total Levy

| | Actual 2020 | Actual 2021 | Actual 2022 | Proposed 2023 |
|---|-------------------|-------------------|-------------------|-------------------|
| For Operations | | | | |
| General Fund | 7,235,479 | 7,374,997 | 8,427,517 | 9,938,831 |
| NCRC Operations | 189,472 | 195,156 | 195,156 | 195,156 |
| Park Fund (\$25K for Capital Lease payment) | 97,335 | 100,255 | 103,265 | 106,363 |
| City Facilities Fund | 43,260 | 44,558 | 45,898 | 47,275 |
| Vehicle & Equipment Replacement Fund | 324,531 | 440,267 | 344,295 | 354,624 |
| Total Operations Levy | 7,890,077 | 8,155,233 | 9,116,131 | 10,642,249 |
| For Other | | | | |
| Abatement - Roof Repair | 30,092 | 30,092 | 30,092 | 30,092 |
| COPS (debt) Police Facility | 175,000 | 175,000 | 416,073 | 413,973 |
| | 205,092 | 205,092 | 446,165 | 444,065 |
| For Bonded Debt | | | | |
| 2011A GO Improvement Bonds | 55,000 | 50,000 | - | - |
| 2012A GO Improvement Bonds | 55,000 | 50,000 | 50,000 | - |
| 2013A GO Improvement Bonds | 75,000 | 75,000 | 25,000 | 25,000 |
| 2014A GO Improvement Bonds | 66,000 | 55,000 | 45,000 | 45,000 |
| 2015A GO Improvement Bonds | 95,000 | 95,000 | 95,000 | 95,000 |
| 2016C GO Improvement Bonds | 58,000 | 58,000 | 15,000 | 15,000 |
| 2017A GO Improvement Bonds | 60,000 | 55,000 | 52,000 | 52,000 |
| 2018B GO Improvement Bonds | 179,000 | 182,500 | 180,000 | 180,000 |
| 2019A GO Improvement Bonds | 227,008 | 214,000 | 214,000 | 214,000 |
| 2020A GO Improvement Bonds | | 400,321 | 390,000 | 390,000 |
| | | - | 139,700 | 129,000 |
| 2021A GO Street Reconstruction Bonds | | - | | 250,000 |
| Subtotal | 1,027,008 | 1,234,821 | 1,205,700 | 1,395,000 |
| Facilities Related | | | | |
| 2016 Equipment Certificates | 133,000 | 133,000 | - | - |
| Public Project Revenue (Pool) | 239,000 | 230,000 | 230,000 | 230,000 |
| 2018A NAFRS | 215,000 | 109,000 | 185,000 | 185,000 |
| | | | 62,000 | 60,500 |
| 2021 Equipment Certificates | - | - | | 66,700 |
| Subtotal | 587,000 | 472,000 | 477,000 | 542,200 |
| Total Debt Levy | 1,819,100 | 1,911,913 | 2,128,865 | 2,381,265 |
| Total General Levy | 9,709,177 | 10,067,146 | 11,244,996 | 13,023,514 |
| EDA | \$ 262,486 | 272,985 | 300,596 | 318,909 |
| HRA | \$ 267,504 | 278,204 | 306,731 | 325,417 |
| Total City-Wide Levy | 10,239,167 | 10,618,336 | 11,852,324 | 13,667,840 |

Overall 15.3% increase in
City-wide Levy

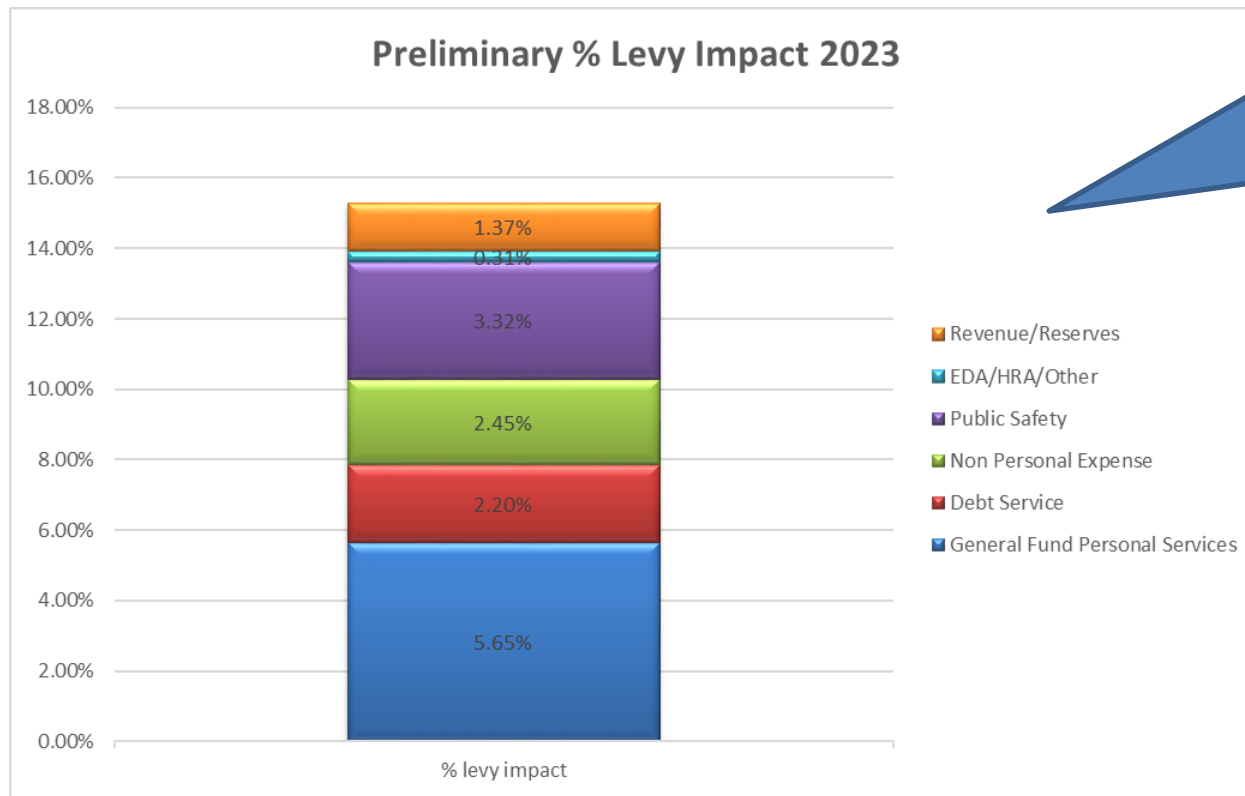
General Fund
12.7% increase in Levy

All Debt Service Funds
2.1% increase in Levy

EDA/HRA/Park/
Facilities/Vehicle
combined 0.5%
increase in Levy

Citywide Levy

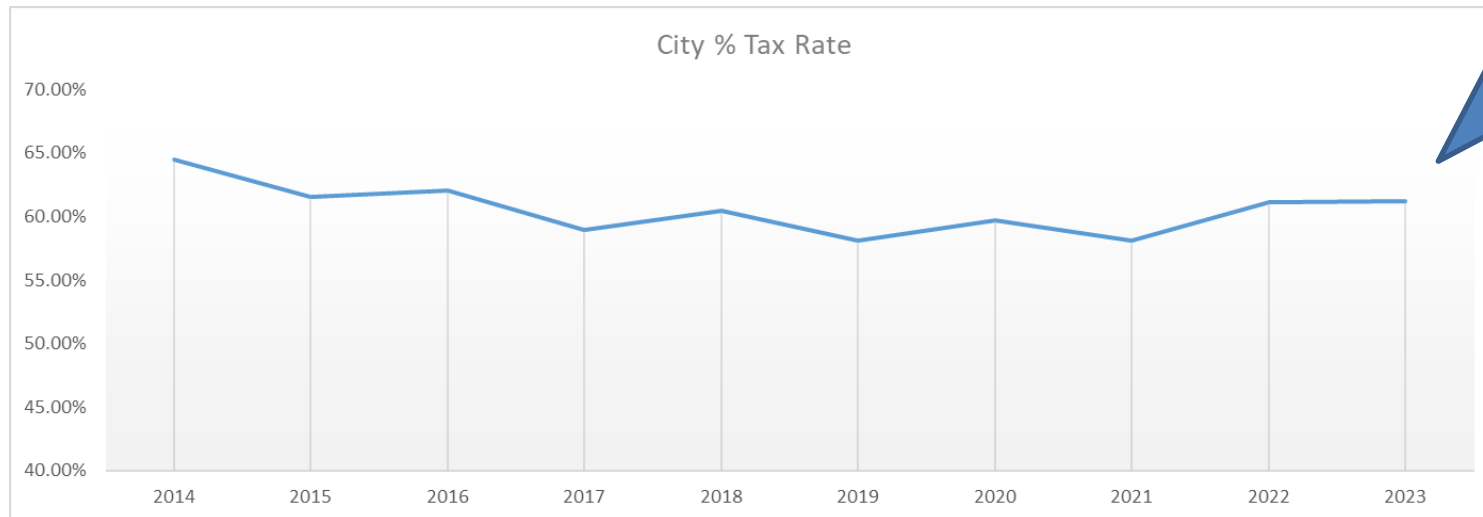
Preliminary estimate of impact on Citywide Levy



+15.3% total tax levy increase estimated, partially offset by increase in net tax capacity

Tax Rate Impact

- Estimated Net Tax Rate forecast to remain flat at 15.3%
- Estimated Tax Levy is up 15.3%
- Estimated Net Tax Capacity is also up 15.0%



At 15.3%
tax rate
estimated
to remain
flat

15.3% Levy increase – current “baseline”



16.5% Levy increase

includes Police Department succession planning



18.5% Levy increase

includes added 2% for Parks, Facilities or Library funding



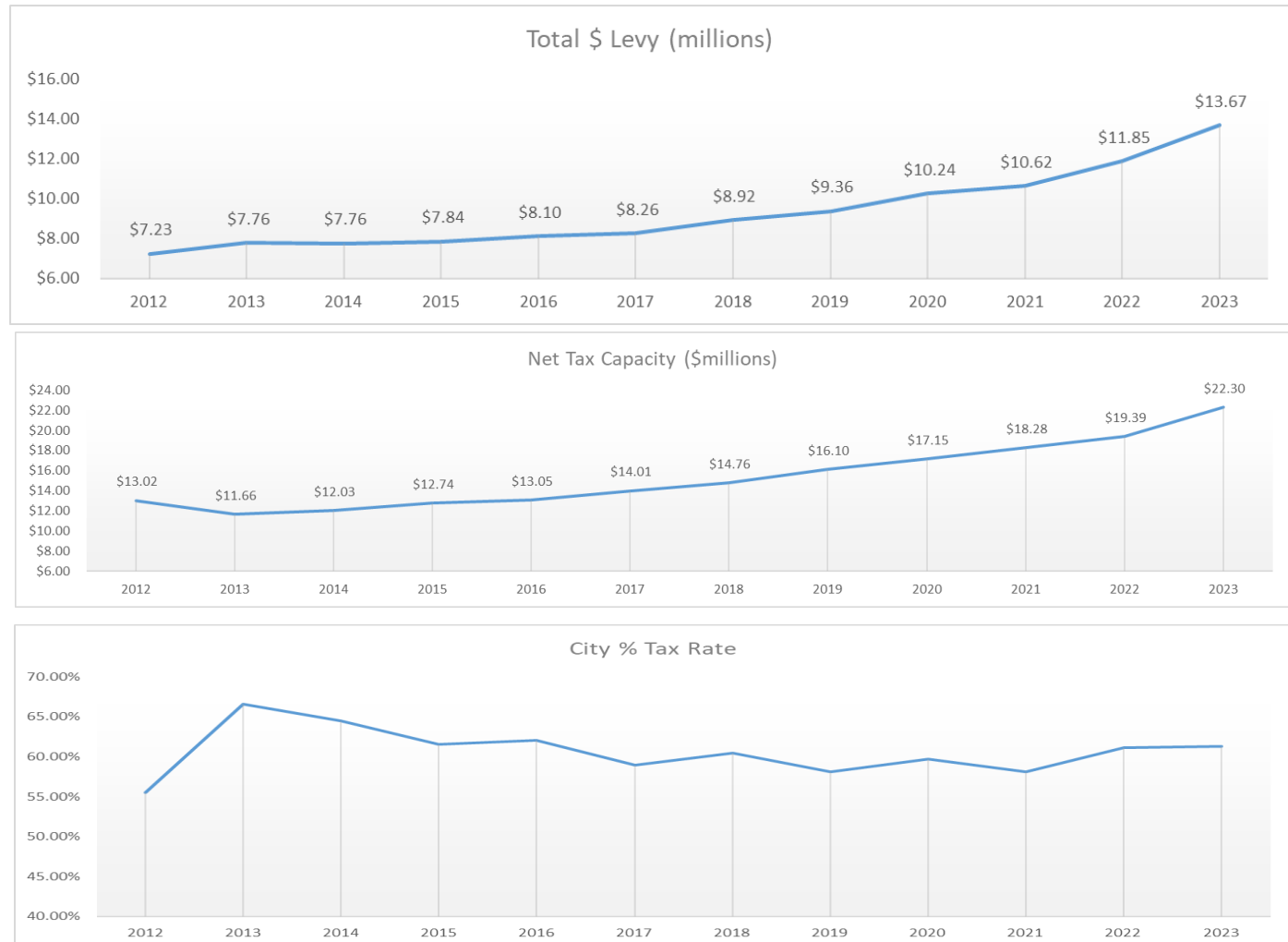
Historical View Levy/Tax Rate

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

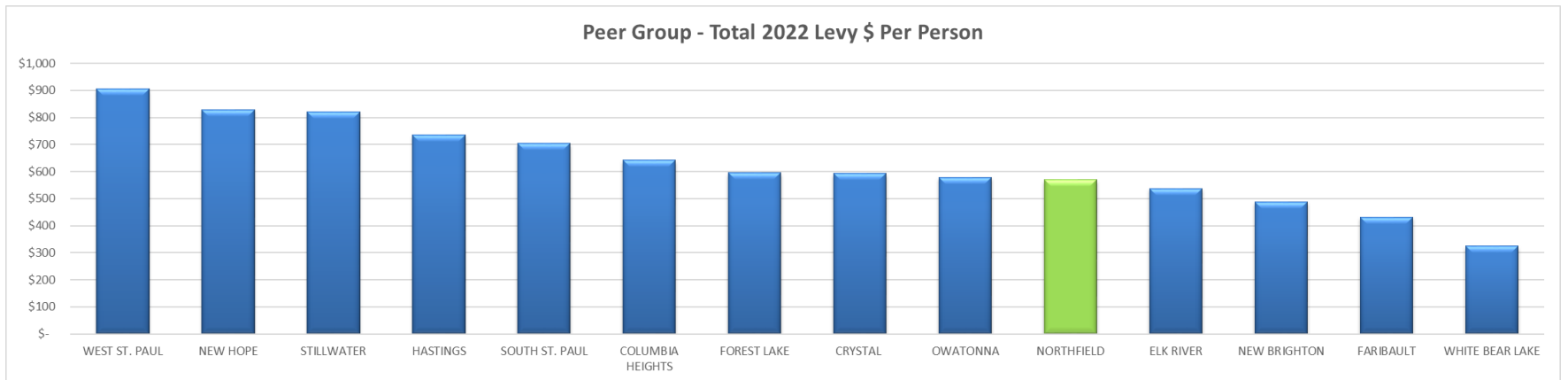
Note in 2013 the Tax
Rate peaked as Net
Tax Capacity dropped

In 2023, proposed
levy increase of 15.3%
is partially offset by a
net tax capacity
increase of 15.0%

City % Tax Rate
increases slightly
benefiting from
increased NTC



Key Ratios – Peer Comparison



2023 Staffing Budget Requests

- Staffing – no new staffing requests included in 2023 initial budget
 - all requests were funded in 2022-2023 budget – 6.7 positions added

2023

- \$180,000 Public Works – add two Utility Operators – for new Water Treatment Plant
- \$115,000 Library – increase three part-time staff to full-time staff
- \$140,000 Police – add one Sergeant (succession plan)
- \$165,000 Police Overtime increase
- \$120,000 Finance – Budget Analyst – initially funded with ERP project
- \$ 80,000 Community Development – Code Enforcement Officer - offset with fees

2024

- \$ 90,000 Public Works – add one Utility Operator – for new Water Treatment Plant
- \$100,000 Library – add full-time emerging technology librarian
- \$100,000 IT – One full-time equivalency to be determined (.5 funded by Utilities)

Staffing Request – Public Works

- Request: 3 Utility Operators - 2 in 2023, 1 in 2024
 - Required for new Water Treatment Plant
 - Cost included in Water Utility rate increases, does not impact General Fund Levy
- Old Memorial Pool - \$12,000
 - 2023 \$6,000 for \$1 increase in lifeguard wage
 - 2024 \$6,000 for \$1 increase in lifeguard wage

Staffing Request – Police

- Included in Base:
 - Police Department Overtime
- Not included in Base:
 - Police Department Succession Plan \$140,000
 - One year impact: pre-hiring Patrol Officer to Sergeant

Staffing Request – Library

- Request: Increase 3 Part-Time staff to Full-Time
 - Some desk hours were lost in 2021 when 2 part-time positions were combined to create 1 FTE
 - Increasing outreach and restoring bookmobile service
 - Strategic Priorities:
 - Improved access to city services for all demographics
 - Adequate staff to meet demands
- Other options
 - Do not return to Sunday hours in September, close at 5 on Fridays



Outreach “Oasis”– Library

- 20k in ARPA funds, 80k to fundraise
- 2022: Book return access
 - Friends of the Library have purchased the book return (\$6,000)
- 2023: 24-hour holds locker (\$20k from ARPA funds)
- Expanded services and amenities in the building:
 - Comfortable space for work, meetings, quiet reading, programs, and play
 - Natural play space and storytime patio
 - Print, copy, fax, scan station
 - Self-check out kiosk and small collection of high-interest materials for check out
 - Outreach office hours where staff will be on site to provide assistance
 - Value-added to service providers

View 360° [interior](#) and [exterior](#) (click and drag images to rotate)

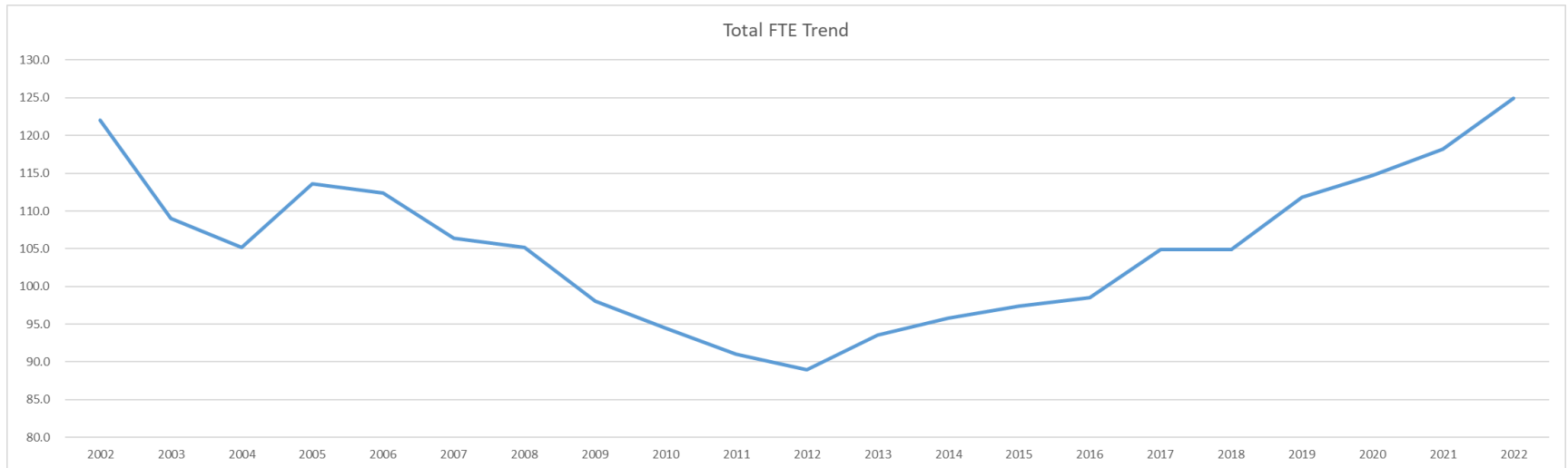


Park and Facilities Fund

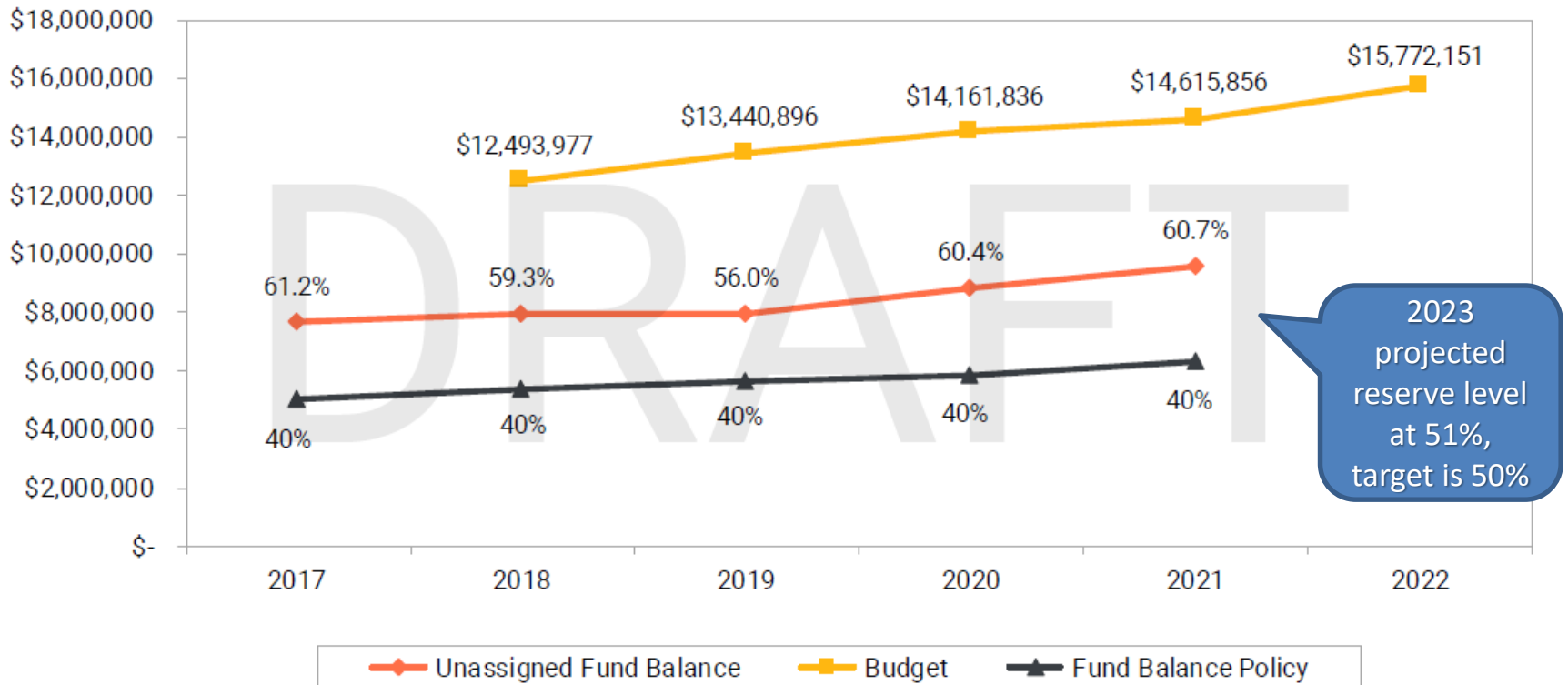
- Increase Park Funding
 - Discuss 2024 and beyond in October
 - Begin partial increase in 2023?
- Increase Facilities Funding
 - Discuss 2024 and beyond in October
 - Begin partial increase in 2023?

City Employment Trend (FTE)

- Total headcount comparable to 2002 levels
- Headcount levels dipped after LGA cuts in 2001 and again after 2008 Recession
- 6.7 FTEs added in 2022



General Fund Balance



Considerations

- Labor contract agreements have locked in wage rates for 2023-2024 (65% of General Fund expenditures)
- Debt Service committed for 2023
- NAFRS Budget increase approved for 2023
- No planned further consideration of 2023 adjustments will occur prior to adoption of a final levy in December
 - Levy cannot go up from what is approved tonight, this is the maximum, (in December it can go down, but not up)
 - If September approval is the final, TNT statements in November will be a better estimate of impact
 - Discussions regarding additional personnel/projects for 2024 will continue in October

Preliminary Levy Options

A. 15.3% baseline

Does not include any additional requests

B. 16.5%

Adds Police Succession Plan

C. 18.5%

Adds increases to Parks, Facilities or Library funds

D. Other option?

- Seeking input on preferred option for a preliminary levy next week

Schedule

September

- September 20th adoption of 2023 Preliminary Levy
 - Final Approved Levy in December can go down, but not up from Preliminary Levy
 - Set Public Hearing Date – December 6th for final budget and levy approval
- September 20th approve 2023 Utility Rates

October

- October 11th Budget review, options and prioritization for 2024

November

- November 15th Motion to approve proposed budget and levy recommendation for presentation at December 6th Hearing
- Tax Statements are mailed end of November by County

December

- December 6th Public Hearing on the 2023 Budget and Tax Levy
- December 6th approval of Levy and Budget