



Budget (2019-2020)  
Kick-Off "Big Picture" Review  
July 10<sup>th</sup>, 2018

# Agenda

1. 2019/2020 Budget Timeline
2. “Big Picture” Reviews & Levy Implications
  1. Existing Debt forecast
  2. Existing Personal Services forecast
3. New Requests
  1. Headcount
  2. Capital
  3. Significant Projects or Items
4. Project Prioritization
5. Next Steps

# Strategic Plan Summary 2018-2020

## **VISION**

Northfield is an open, safe and welcoming community, recognized for its world-class colleges and historic riverfront downtown, and is dedicated to sustainably enhancing and preserving its vibrant culture, celebrated arts, strong economy, and an excellent quality of life where all can thrive.

## **MISSION**

The City of Northfield works for the common good of our residents and businesses and the improvement of our community by providing excellent, innovative municipal services that carry out the City's vision for a high quality of life for all.

# Strategic Plan Summary 2018-2020

## STRATEGIC PLAN SUMMARY 2018-2020 City of Northfield

STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET	STRATEGIC INITIATIVES
ECONOMIC DEVELOPMENT  A Community That's Economically Thriving	Expanded commercial & industrial tax base	- Commercial EMV - Industrial EMV	- Commercial and industrial tax value increase \$_____ by 12/30/20	a) Comprehensive redevelopment b) Business expansion c) New growth expansion d) Develop tourism strategy e) Downtown revitalization f) Riverfront enhancement
	Enhanced tourism	- Lodging and sales tax - Events attendance - Full factors	- Inc. _____ lodging tax - Inc. _____ sales tax non-NF - Inc. targeted full factors	
	Expanded downtown	Downtown sq. ft.	_____ add'l sq. ft.	
AFFORDABLE HOUSING  A Community Where Everyone Can Afford to Live	Grow & maintain affordable housing	Affordable units - Workforce units	_____ total units by 2020	a) Coactive Court preservation b) Revise res. rehabs prog. for income-eligible homeowners c) Barrier removal strategy-off. bldg. d) Develop senior housing plan e) Develop Southbridge property f) Workforce housing strategy
	More senior units	Senior unit inventory	_____ new affordable senior units	
	Expanded supportive & emergency housing	Supportive & emergency hsg units	_____ new units	
INFRASTRUCTURE  A Community Where Infrastructure Supports Its Objectives	Improved infrastructure systems	- System indicators-POL, breaks, backups, etc.	- Targeted improvements achieved each system	a) Coordinate Fire Station project b) Plan & develop new Liquor Store c) Coordinate decision process for Ice Arena d) Develop community internet strategy
	Resolution of major facility projects	Project timelines each project	- Fire Station: 1/1/19 - Liquor Store: 1/1/18 - Arena, building 6/1/18	e) Update pavement mgmt. system f) Create stormwater main plan g) Update pedestrian/bike, parks & trails plan
	Increased satisfaction with high speed internet	Internet speed measurements	- 25% increase in citizen satisfaction with internet services	
DIVERSITY, EQUITY, INCLUSION  A Community that Welcomes Everyone	Increased transit options for all	- Existing routes - Surveys - Ridership	- # new routes for underserved - New rides created	a) Develop equitable service access strategy b) Develop and implement the Racial Equity Action Plan
	Sort and volunteers reflect community	Staffing statistics	Increase from _____ to _____ by 2020	c) Develop a recruitment plan for volunteers, board/commission members, interns d) Implement recruitment, hiring and retention plan for city staff positions
	Improved access to City services for all over-regions	- Surveys - Access statistics	- 75% of targeted access improvements met	
OPERATIONAL EFFECTIVENESS  A Community with a Government that Works	Adequate staff to meet demands	Staffing analyses	Approved targets met	a) Dev. operating effectiveness b) Eval comp. training programs c) Establish strategic work plan d) Develop Council/Staff relationship trust building process e) Community engagement plan f) Communication plan
	Improved respect/trust internal	Council/Staff survey	- 80% w/o improvement	
	Improved external communication	- Survey - Feedback mechanisms	- 75% of stakeholders say meets or exceeds	
CLIMATE CHANGE IMPACTS  A Community that's Resilient and Sustainable	A clear vision for climate action	CAI development timeline	Adopted CAI	a) Climate communication/outreach program b) Develop/deploy awareness survey
	An economy resilient to energy & environment impacts	Flood damage Climate benchmarks	Meet CAP targets	c) Comprehensive stormwater plan d) Develop and implement Climate Action Plan
	Reduced net carbon emissions	Carbon measurements	Carbon neutral city by _____	

Note: Specific Strategic Plan "Targets" will be developed in the Action Plan Phase.

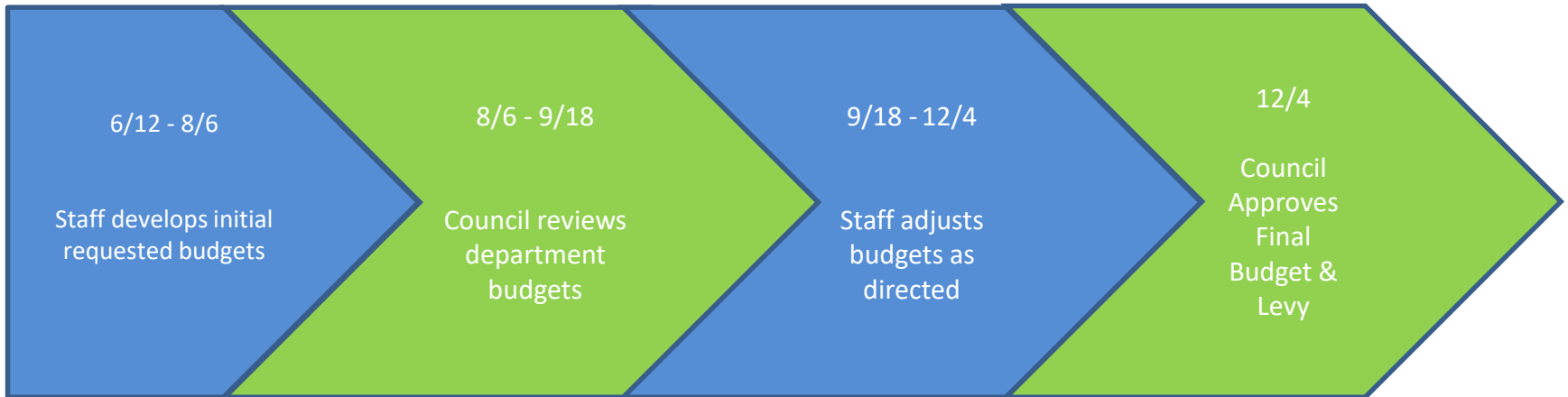
The plan consists of six *strategic priorities* the issues of greatest importance to the City over the next three years.

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 Timeline

- The City budget is a 6 month planning process



- Key Dates in the planning process



# Budget Timeline

June 2018			Topic	Details
6/12/2018	Council Work Session	#1	Pre-budget Planning	City Council - Initial Budget Goals or Requests for 2019-2020. Strategic Plan items included in discussion
6/19/2018	Council Meeting	#2	Receive/Adopt 2017 Audit	Abdo, Eick & Meyers to present Annual Audit
July 2018				
7/10/2018	Council Work Session	#3	"Kick Off" Budget Meeting	"Big Picture" review of budget. Existing Debt/Existing Personnel Forecast Including Levy Implications, new requests for headcount/capital/significant projects or items
August 2018				
8/6/2018	Council Work Session	#4	Budget Retreat (Police Dept.)	Council Discussion/Priorities. Other: General Department Budget Focus, Public Works budgets, Liquor Store budget, CIP
September 2018				
9/11/2018	Council Work Session	#5	Budget Review	Review & Prepare for General Fund Budget & Preliminary Levy.
9/18/2018	Council Meeting	#6	Approve Preliminary Levy	Approve Preliminary Levy & set Public Hearing in December
October 2018				
10/9/2018	Council Work Session	#7	Budget Review	Enterprise Funds, Utility Rates discussion, Fees. General Fund Review Ongoing Items.
10/16/2018	Council Meeting	#8	Approve Utility Rates	Approve Utility Rates
November 2018				
11/20/2018	Council Meeting	#9	Final Review	Review Presentation for December Public Hearing & Preparation for Final Levy & Budget Actions. Certify delinquent charges to taxes payable 2019
December 2018				
12/4/2018	Council Meeting	#10	Approve Final Levy & Budget	Public Hearing & Approve Final Levy & Budget

# Big Picture Review

Debt Service and Personal Expense are 2 large drivers of annual expenditures

- Existing Debt Service Forecast
  - Debt Service represented 18% of total City-wide levy in 2018
  - \$8K increase in 2019, \$16K increase in 2020
- Existing Personal Expense Forecast
  - Personal Services approximately 60% of total General Fund budget
  - \$477K increase in 2019 (General Fund only), \$352K increase in 2020
- Assumptions regarding % increases based on prior year amounts
  - Revenue not yet inflated
  - Other expenses not yet increased

# Existing Debt Forecast

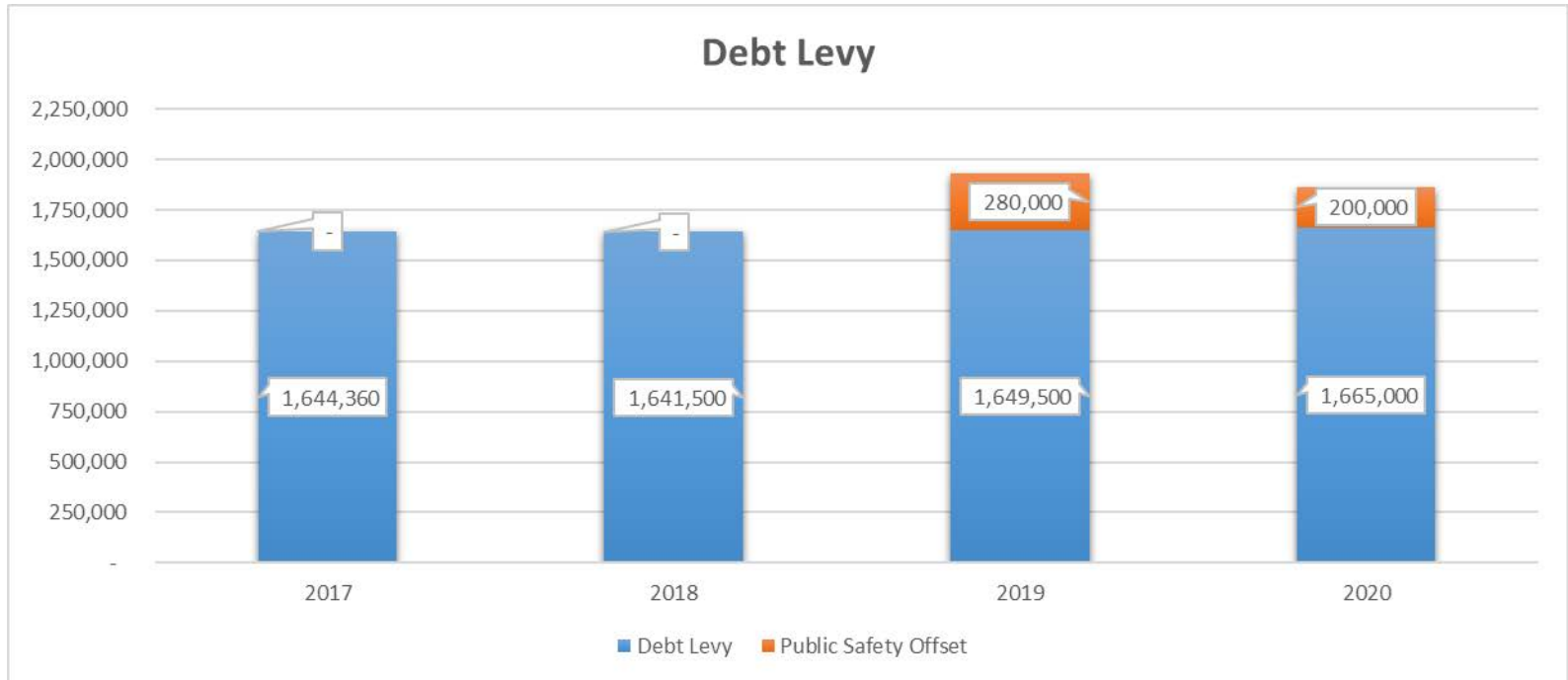
- Assumptions
  - 2018 Street Project – bonds not yet sold, amounts/rates based on Ehler's preliminary estimates
  - Utilize \$280K cash in Public Safety Facility Bond fund to pay 2019-2020 bond payments (reduce impact of NAFRS expansion new bonds)
  - NAFRS cash contribution for first interest payment in February 2019
- \$ Cost Increase, 2019 v 2018 expense debt levy only
  - \$8,000 annual increase; \$288,000 increase without Public Safety Offset
  - 0.5% increase vs prior year debt levy only
    - 17.5% increase without Public Safety Offset
- % City-wide Levy Impact
  - 0.1% increase to prior year total city-wide levy
    - 3.2% without Public Safety offset

# Existing Debt Forecast

	Fund	Actual 2017	Actual 2018	Proposed 2019	\$ Change	% Change	Proposed 2020	\$ Change	% Change
<b>For Other</b>									
COPS (debt) Police Facility	354	420,160	435,000	155,000	(280,000)	-64.4%	235,000	80,000	51.6%
Subtotal		420,160	435,000	155,000	(280,000)	-64.4%	235,000	80,000	51.6%
<b>For Bonded Debt</b>									
2007A GO Improvement Bonds	308	25,000	10,500	-	(10,500)	-100.0%	-	-	0.0%
2009A GO Improvement Bonds	310	60,000	56,000	35,000	(21,000)	-37.5%	-	(35,000)	-100.0%
2010A GO Improvement Bonds	311	155,000	151,000	151,000	-	0.0%	151,000	-	0.0%
2011A GO Improvement Bonds	312	50,000	57,000	50,000	(7,000)	-12.3%	50,000	-	0.0%
2012A GO Improvement Bonds	313	50,000	48,000	57,000	9,000	18.8%	55,000	(2,000)	-3.5%
2013A GO Improvement Bonds	314	75,000	75,000	75,000	-	0.0%	75,000	-	0.0%
2014A GO Improvement Bonds	315	60,000	82,000	56,000	(26,000)	-31.7%	55,000	(1,000)	-1.8%
2015A Refunding GO Improvement Bonds(2008B)	309	85,000	83,000	35,000	(48,000)	-57.8%	-	(35,000)	-100.0%
2015A GO Improvement Bonds	316	100,000	124,000	120,000	(4,000)	-3.2%	100,000	(20,000)	-16.7%
2016C GO Improvement Bonds	317	65,000	58,000	58,000	-	0.0%	37,000	(21,000)	-36.2%
2017A GO Improvement Bonds	318	-	-	55,000	55,000	New	55,000	-	0.0%
2018B GO Improvement Bonds	319	-	-	212,000	212,000	New	212,000	-	0.0%
2019A GO Improvement Bonds	320	-	-	-	-	New	50,000	50,000	#DIV/0!
Subtotal		725,000	744,500	904,000	159,500	21.4%	840,000	(64,000)	-7.1%
<b>Facilities Related</b>									
2016 Equipment Certificates	356	145,000	133,000	136,000	3,000	2.3%	135,000	(1,000)	-0.7%
Public Project Revenue (Pool)	352	245,000	238,000	239,000	1,000	0.4%	239,000	-	0.0%
2012 Equipment Certificates	355	109,200	91,000	500	(90,500)	-99.5%	-	(500)	-100.0%
2018A NAFRS	357	-	-	215,000	215,000	New	216,000	1,000	0.5%
Subtotal		499,200	462,000	590,500	128,500	27.8%	590,000	(500)	-0.1%
<b>Total Debt Levy</b>		<b>1,644,360</b>	<b>1,641,500</b>	<b>1,649,500</b>	<b>8,000</b>	<b>0.5%</b>	<b>1,665,000</b>	<b>15,500</b>	<b>0.9%</b>

Estimate as of 6/3018

# Existing Debt Forecast



Estimate as of 6/30/18

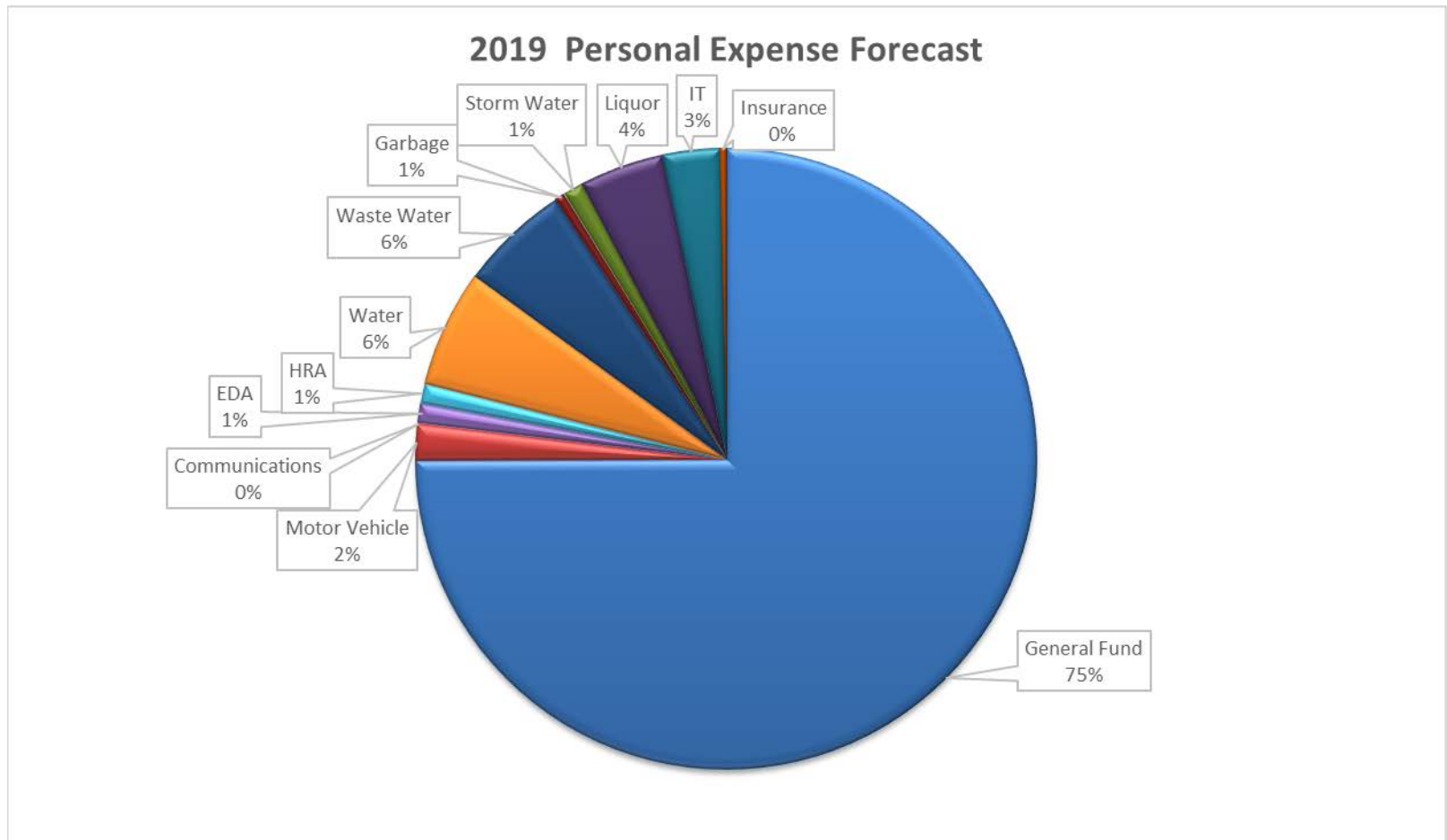
# Existing Personal Services Forecast

- Assumptions
  - Union Contracts for 2019-2020 not yet negotiated
    - Assumptions consistent with 2017-2018 negotiated increases
      - Step Increase 2.0-2.5%
      - Base Pay Plan (BPS) adjustment
  - PERA increase employer contribution for Police and Fire 2019 & 2020
    - 2018 16.2%, 2019 16.95%, 2020 17.7%
  - PERA coordinated plan no change in contribution rates
  - Benefits based on early assumptions (8% medical increase) and current employee elections for types of benefits
  - Included retiree medical based on actuarial assumptions

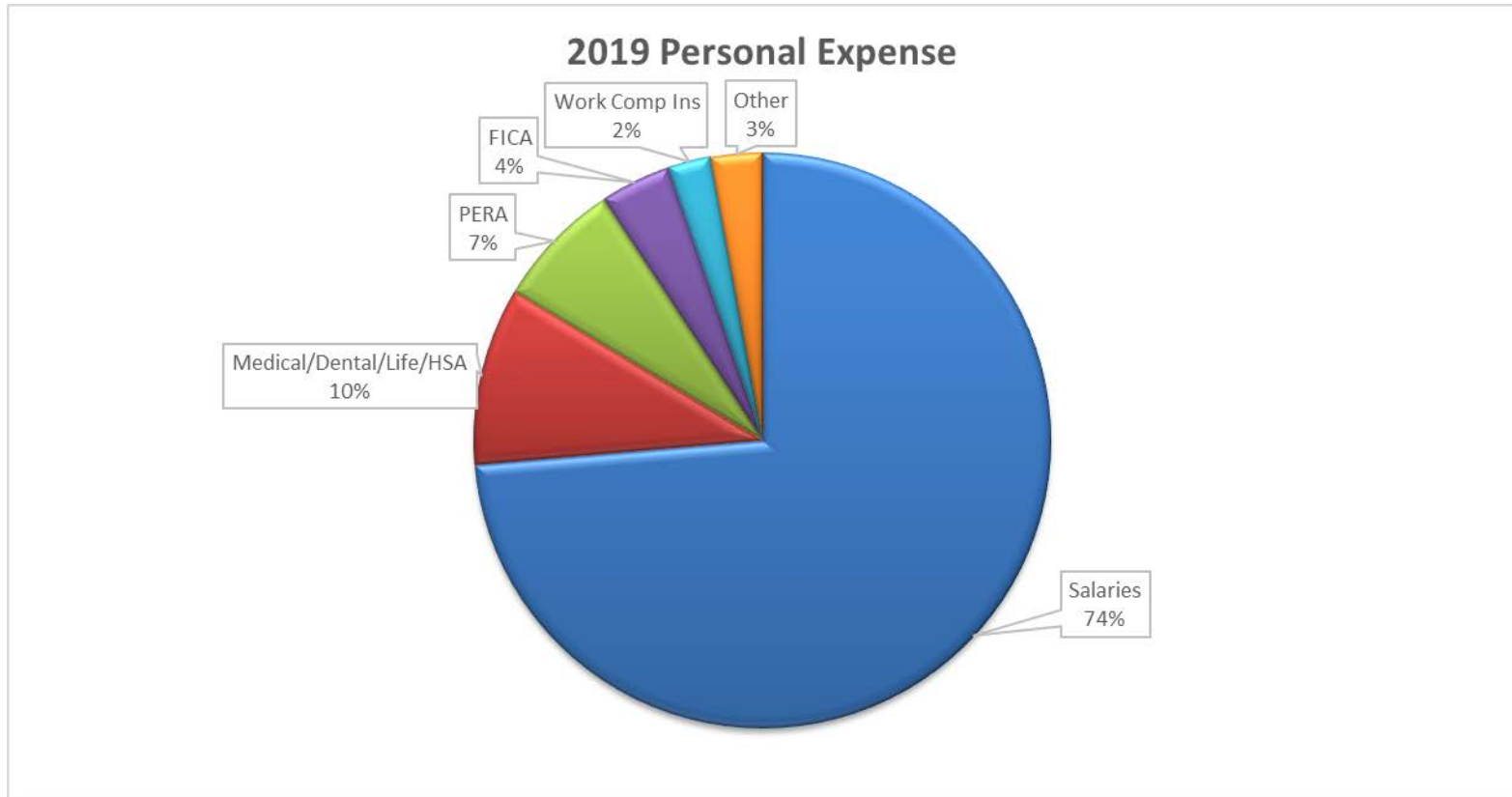
# Existing Personal Services Forecast

- \$ Cost Increase (salary & benefits) 2019 v 2018 expense
  - \$591K increase, 5.9% increase over prior year – all payroll
    - \$461K increase, 4.4% in 2020
  - \$477K General Fund only in 2019
    - \$352 General Fund only in 2020
  - Retiree medical impact \$97K, \$65K (67%) to General Fund, .7% increase
  - Total General Fund increase \$477K, 6.4% increase
- % City-wide Levy Impact
  - 5.4% increase in levy, including 0.7% related to retiree medical
    - Pay Study prior year increase drove 6.2% of the 8.0% levy increase in 2018

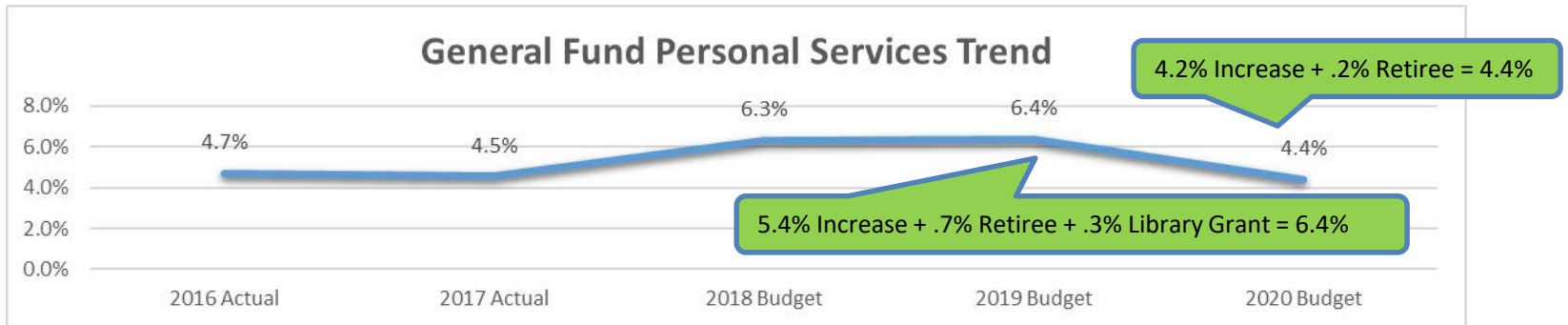
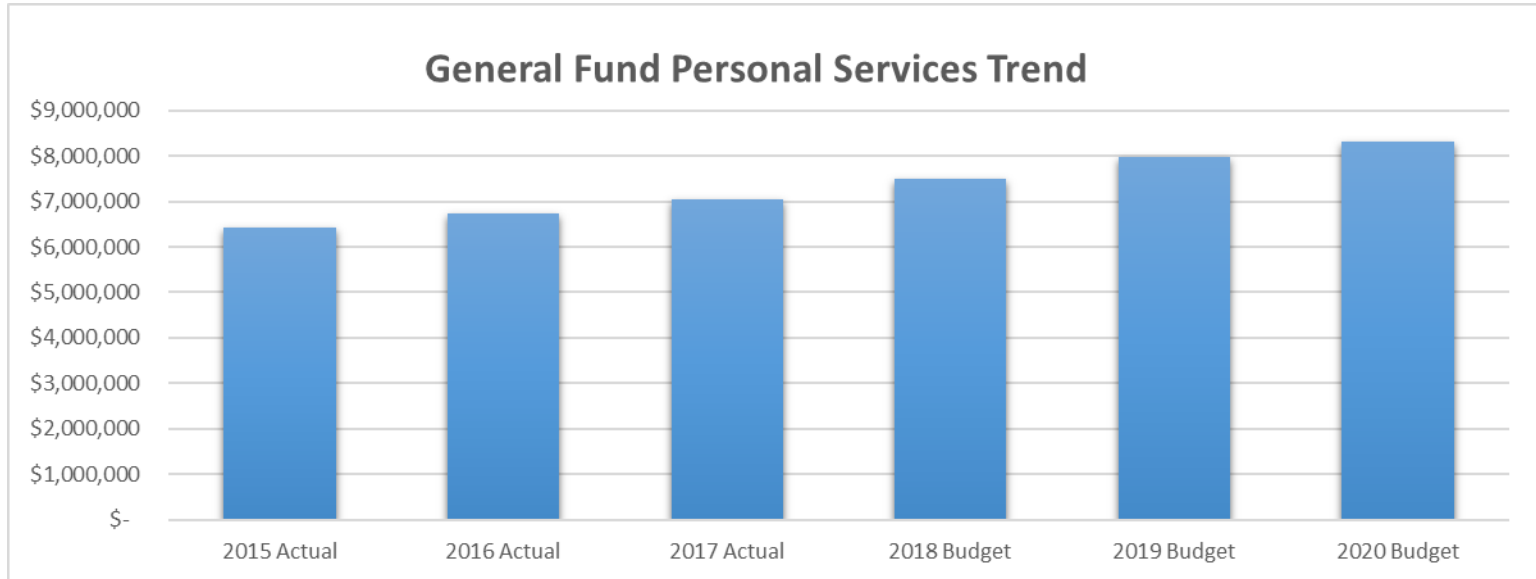
# Personal Services Allocation



# Personal Services Allocation

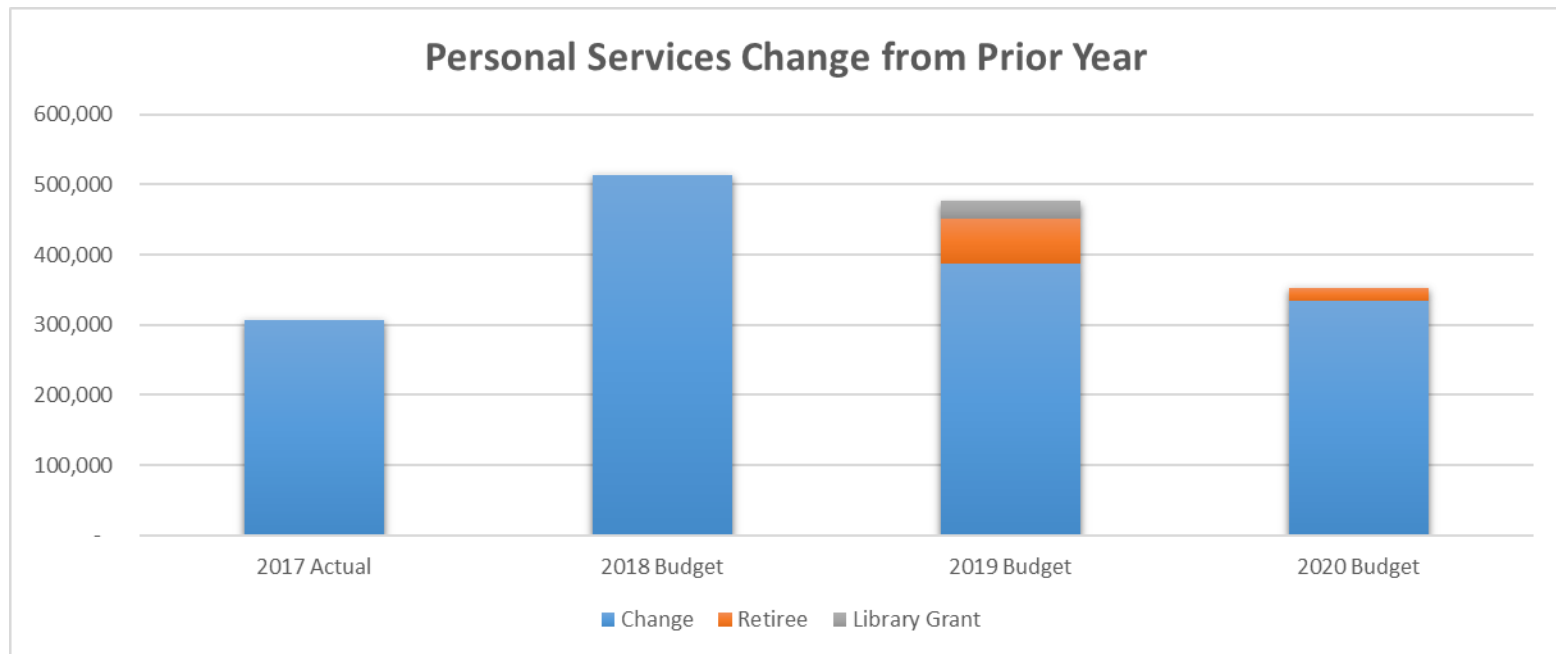


# Personal Services Forecast



# Personal Services Incremental Cost

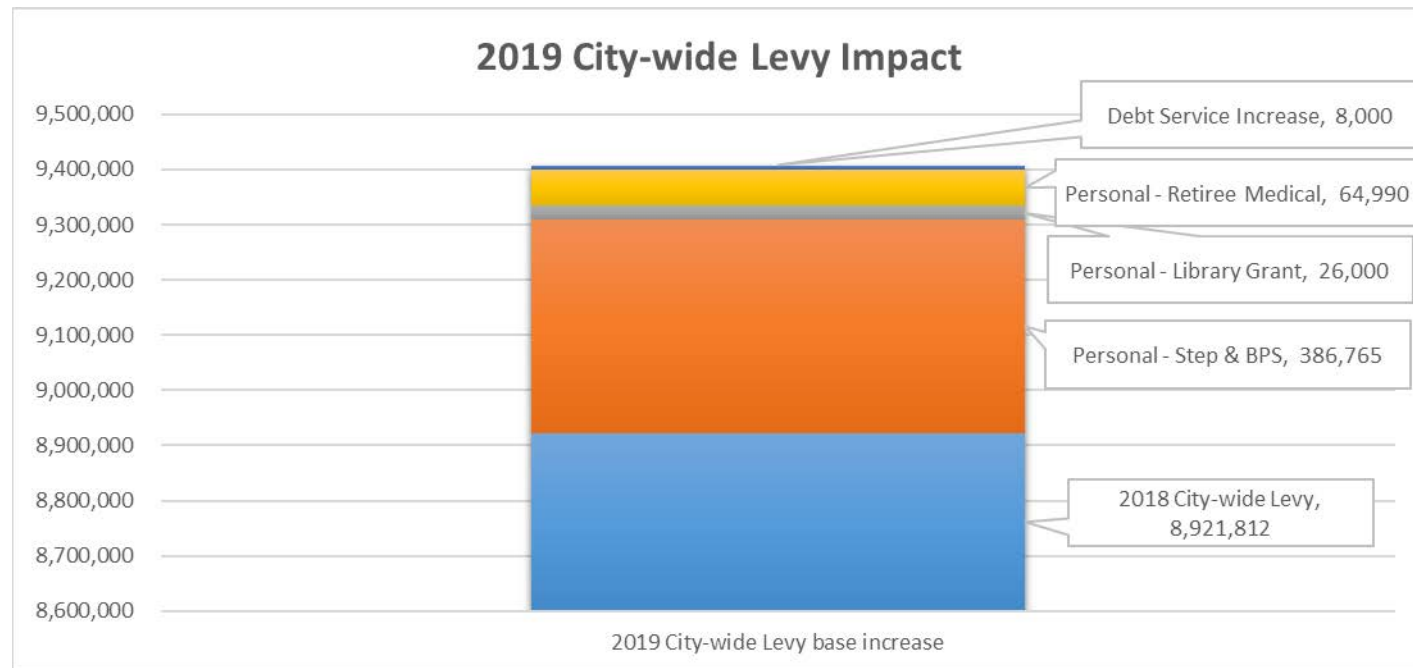
- Retiree Medical had not previously been included in the budget
- Prior to Pay Study, 19 employees maxed out on pay matrix
- After Pay Study 2019, 5 employees maxed out on pay matrix



# 2018 General Fund Expenditures

2019 City-wide Levy estimated base increase (debt service and personal service only) from \$8.9M to \$9.4M, 5.4% increase

- Debt Service impact mitigated by Public Safety Facility Offset



# Fund Balances

- Year End Balances at December 31, 2017
  - \$7,648,180 General Fund
  - \$ 123,389 Park Fund
  - \$ 75,986 City Facilities Fund
  - \$ 37,180 Vehicle & Equipment Repair Fund
  - \$ 436,084 Capital Reserve Fund
  - \$ 963,225 Public Safety Center Project Fund
- 2018 Funds usage
  - General Fund availability
    - \$1.2M potentially available balance to fund projects
    - Potential use of funds \$429,420 for NAFRS Pumper 2018.
  - Capital Reserve Fund
    - ECRT Project closed in 2018, utilized \$127K
    - Parking Incentive for Crossings Hotel Project \$100K
    - \$209K remaining available
  - Public Safety Center Project Fund used to pay debt service – principal payment \$280K in 2019

# General Fund Balance

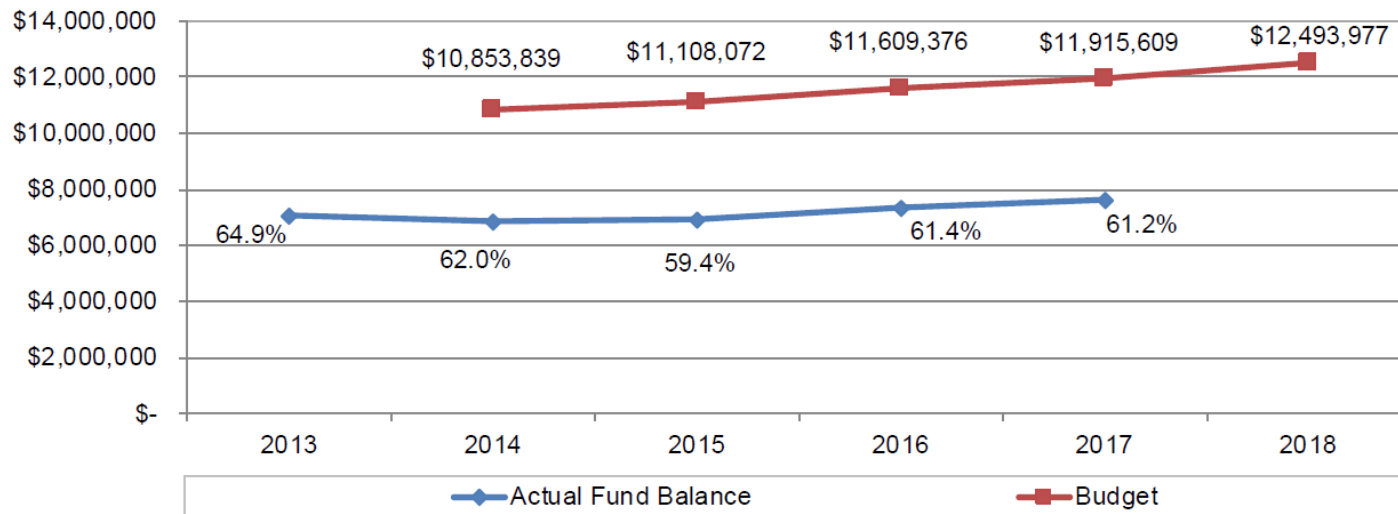
- General Fund balance at December 31, 2017 \$7,648,180
  - Percent of Fund Balance 61.2%
  - Office of the State Auditor (OSA) and League of MN Cities (LMC) recommend a fund balance reserve of 35%-50%
  - City of Northfield policy targets 40%-50% fund balance reserve
  - A strong fund balance assists the City in maintaining, improving and obtaining its bond rating
- \$1.2M projected excess fund balance reserve at end of 2018
  - Excess Cash available \$1.4M at the end of 2017
  - Potential use of funds \$429,420 for contribution toward NAFRS Pumper Replacement (2018 purchase for CIP plan 2019) – see NAFRS detail for this item.
  - 2018 estimate assumes 3% growth in budget

# General Fund Balance

Year	Total General Fund Balance December 31	Budget Year	General Fund Budget	of Fund Balance to Budget
2013	\$ 7,040,453	2014	\$ 10,853,839	64.9 %
2014	6,890,491	2015	11,108,072	62.0
2015	6,900,596	2016	11,609,376	59.4
2016	7,315,431	2017	11,915,609	61.4
2017	7,648,180	2018	12,493,977	61.2

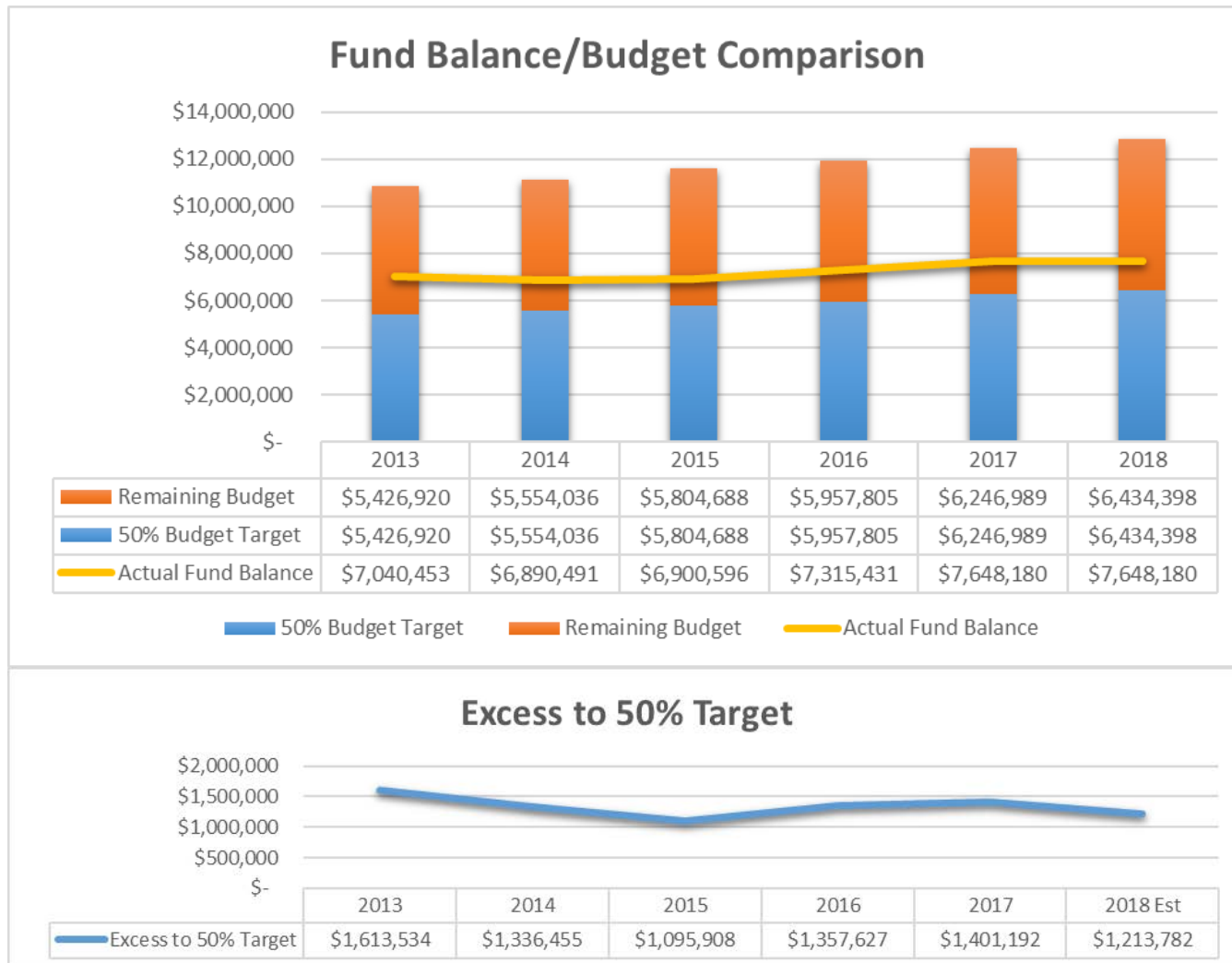
The following is an analysis of the General fund's fund balance for the past five years compared to the following year's budget:

**Fund Balance/Budget Comparison**



Source: Abdo, Eick & Meyers's 2017 Management Letter

# General Fund Balance



# Staff Preliminary “Big Picture” Items

## General Fund - Staffing

- Communications – PT (.6 FTE) to FT (1.0 FTE)
- Police – 2 Officers (Sergeant & Investigator)
- Police - evidence/IT support (related to body camera equipment)
- Library Municipal ID - PT
- Building Inspection Division – PT (.5 FTE) Inspector/Permit Tech
- Temp Position vs Consulting – Climate Action Plan, Racial Equity Plan, Age Friendly (2019-2020), Other?
- Consulting for Department Staffing/Process Reviews
- Streets & Parks Operator
- Climate Action Plan Consultant – technical writing, timeline development, community outreach
- CIP Coordinator – Project Management/Grants Management
- Gardener/Landscaper - PT

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## General Fund - Other

- Pavement Management – maintenance &/or improvement
- Accounting Software & Reporting upgrade
- Police Body Cameras
- Transit Hub match
- Sustainability Efforts funded via Solar Garden Savings
  - ICLEI - Local Governments for Sustainability membership \$600
  - ICLEI – Annual Software License \$7,000

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# Staff Preliminary “Big Picture” Items

## Park Fund or Capital Reserve or General Fund

- Riverfront Initiatives:
  - Ames Park Gateway Enhancements
  - Canoe access
  - Park concept planning.
  - Riverwalk extension.
- Emerald Ash Borer management
- Way Park (including private funds)
- Mill Towns Trail (DNR design/acquisition)
- Parks & Recreation Referendum Initiative (dependent on vote)
  - Cannon River Civic Center - Design
  - Parks, Trails & Recreation – Prioritization

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## City Facilities Fund or Capital Reserve or General Fund

- City Hall – security & safety enhancements
- Storage Building (Old Ambulance Garage) roof/repairs
- Street Maintenance Facility Roof Replacement
- Neighborhood Improvement Program – citizen driven

## Utility Funds

- Waste Water Fund – 2019 - BAF Gate & Roof Replacement
- Waste Water Repair Upgrade – post fire/flood
- Water Fund – 2019 - Well & Tank maintenance & land acquisition
- Water Fund – 2020 - Well No 6 Generator & Well No 2 maintenance

## Other Funds or Bonding

- NCRC – parking lot expansion, building space study by Fifty North
- Cannon River Civic Center
- Liquor Store – continued exploration of options

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## Street Project Bonding or Capital Reserve or General Fund

- Street Projects – Prior Year 2019 CIP
  - NW Area Reclamation (Assessments & Bonding)
  - Wall Street Road Reconstruction (County, Assessments? & Bonding)
  - 246 & Jefferson (MSA \$ & Other)
  - Seal Coat/Crack Fill
- Street Projects – Prior Year 2020 CIP
  - NE Area Mill & Overlay (MSA, Assessments & Bonding)
  - College & Winona street Reconstruction (Assessments & Bonding)
  - Seal Coat/Crack Fill
- Non-annual Street Project Pedestrian Infrastructure – prioritize sidewalk gaps and crosswalks

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## Vehicle & Equipment Replacement Fund

- Vehicle Replacements - 2019
  - Fire Truck – Pumper – potential Capital Reserve Fund
  - Police Interceptors – 3
  - Facilities Truck
  - Street Truck
  - Caterpillar Motor Grader
  - Toro Mower
  - Waste Water Van
- Vehicle Replacements – 2020
  - Building Inspection Truck
  - Engineering Truck
  - Police Interceptors – 3
  - Street Truck
  - Sterling Dump Truck
  - Waste Water Sterling Jet Vac Truck
  - Water Fund Truck

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## Other Items

- Special Assessments
  - Revenue Replacement alternatives
    - General Property Tax Levy
    - Franchise Fees – electric/gas

*Note: Green font indicates strategic plan related items. Blue Font indicates recently submitted items.*

# Staff Preliminary “Big Picture” Items

## Alternative Revenue Sources

- Sales Tax potential
  - 70% Multipurpose Combination Ice Arena Civic Center
  - 30% for parks, trails & recreation
- Franchise Fees
  - Electric – general and/or streetlight fee (possible new)
  - Gas (possible new)
  - Cable Franchise (renewal)

# Project Prioritization

- Prioritization
  - Fit with Strategic Initiatives
  - Staff Time Required
  - Cost/Benefit
  - Outcome

# Council Engagement & Feedback

June 12

- Discuss process ideas, staff “big picture” items under review
- Gather individual member ideas by June 25 to include in July meeting discussion.

July 10

- Discuss all “big picture” ideas for review and initial prioritization.

August 6

- Electronic surveying (in advance and/or at meeting) of budget & levy related options

September 11

- Electronic surveying (in advance and/or at meeting) of budget & levy options

September 18 – Set preliminary budget & levy

October – December (December 4<sup>th</sup> budget & levy adoption scheduled)

- General discussion & feedback at budget meetings.
- Utilize electronic surveying for feedback of priorities.

# Expand Public Education & Engagement

## Summary Financial Information

- Different formats – video, electronic, hard copy, radio
- Exploring cooperative education with school & county
- Preliminary Budget & Levy, Referendum Detail (between August 7-September 18)
- Adopted Preliminary Levy (post September 18)
- Utility Rates (post adoption October 16)
- Final levy information (after November 20 and including the hearing on Dec.4)
- Final adopted budget (January-February 2019)

## Presentations

- Video Presentations – City Facebook/Youtube/cable access channel
- Budget & Referendum Presentations - to civic, non-profit groups
  - Preliminary budget & levy (august 7-September 18)
  - Final levy information (week of November 26<sup>th</sup>)

# Expand Public Education & Engagement

Engagement Tool Options under staff review

- Balancing Act
- OpenGov - Citizen Engagement module
- PollCo
- Granicus polling/voting
- Survey Monkey

# Next Dedicated Budget Agendas

## August 6<sup>th</sup> Work Session

- Will focus on department detail and total levy forecast
- Electronic surveying priorities and preferences (in advance and/or at meeting) of budget & levy related options

## September 11<sup>th</sup> Work Session

- Review estimates for Preliminary Levy

## September 18<sup>th</sup> Council Meeting

- Approve Preliminary Levy & Budget and Set Public Hearing in December