



2020 Budget Worksession
November 12th, 2019


11/12/19

Budget Discussion

- I. Update on HCI Playground Grant.
- II. McKnight Foundation Grant Application.
- III. Update on Franchise Fees.
- IV. Local Sales Tax Update.
- V. Capital Equipment Plan and Capital Improvement Plan – update provided.
- VI. Final Budget.



HCI Playground Grant (North)

- HCI has received a grant for \$300,000 for playground equipment for “north” side of town.
 - Playground equipment installation must be complete by August 2020. Intention to ideally start in June.
 - Site selection preferred end of January.
 - Staff exploring locations for possible park, costs, financing.
 - Challenges – timing, soils testing, potential subdivision of property, demolition, cost estimating, etc.
 - Adding to the Capital Improvement Plan for prospective acquisition and improvement in 2020 (if it doesn't transpire can remove it).
 - Working to bring back potential options to Council as soon as possible related to possible City Park.
- 

KaBoom Grant Example Park



City of Detroit - Palmer Park

Detroit, MI June 25, 2019 1136.793.04.40.402



*Certain products are shown as conceptual only. **Certain product manufacturing time for this project will be approximately 8 weeks from the time of L30 order acceptance.

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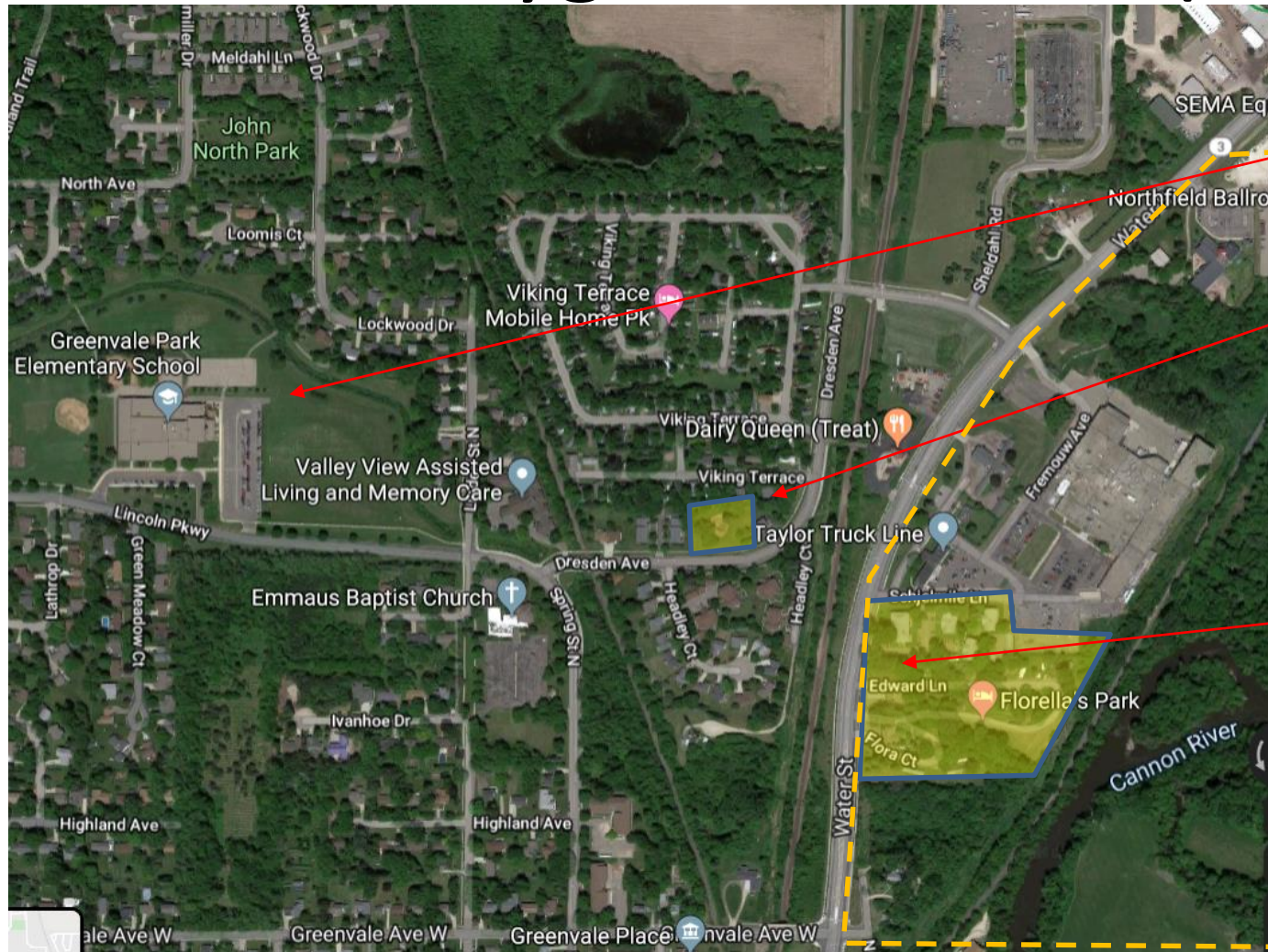
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Carla Slobin



HCI Playground Grant (North)

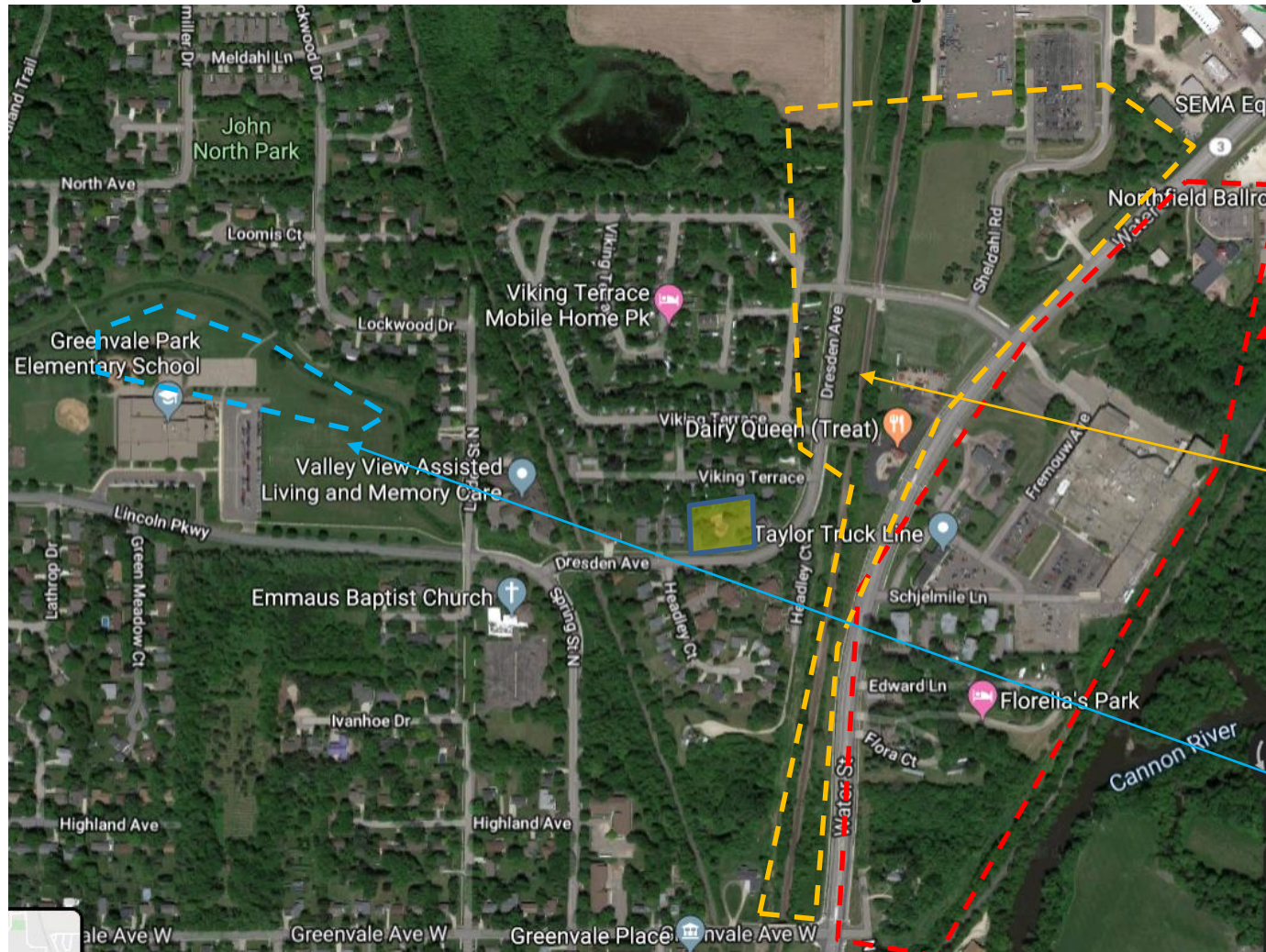


Greenville
Elementary

Dresden Hill Park

Housing Area
Requiring
highway crossing

Location Areas – possible park?




Priority Area 1
(City)

Priority Area 2
(City)

Priority Area 3
(School)

McKnight Foundation Grant


- Midwest Climate & Energy grant.
 - Staff funding to assist in Climate Action Plan/Sustainability implementation.
 - \$50,000: 18 months (eligible from Feb 2020-Aug 2021)
 - Goal transitioning Program Coordinator from mix of programs (climate, equity, strategic plan tracking) to full-time Climate/Sustainability.
 - Will not obligate the Council to ultimately fund a full-time position but we should be open to seriously considering and evaluating if we submit a grant.
 - Expect to hear back Monday on pre-application if we are welcome to apply.
 - If we know there is clear opposition we can remove from November 19th agenda consideration next Tuesday.
- 

Alternative Revenue Franchise Fees Update

- Council has shown an interest in exploring alternative revenue sources
 - Franchise fees could replace special assessments on annual street projects
 - Or could provide additional revenue to fund other priorities
- In conjunction with Baker Tilly and Xcel Energy, we continue to research revenue generation potential and impact on significant customers
 - We do not yet have individual impact data for large customers...we are getting close as we have all the data release forms and working with Xcel on data format.
 - Expect to bring this item back for discussion when we have better data to forecast (December or January).
- Minimum implementation time is approximately X months
 - Additional revenue is not included in the 2020 budget at this time but we would be working to implement if Council proceeds.



2020 Referendum/Local Sales Tax

- Council has shown an interest in exploring a referendum to fund Parks, Trails for the 2020 legislative session and for the November general election
 - Significant Changes in Legislative Process July 2019
 - Must be for capital projects only.
 - Council Resolution including tax rate, “Regional Significance” of each project including economic benefits to residents/business in area, amount raised with each tax, estimated time the tax is needed. “Detailed description” of **no more than 5 Capital Projects** that will be funded with the tax.
 - Resolution must be submitted **by January 31** of the year seeking special law.
 - Requires legislative approval before referendum.
 - Post legislature approval resolution adopted and filed with Secretary of State.
 - Resolution approving Referendum question (by early August 2020).
 - Hold referendum – during general election and within 2 years of receiving legislative authority.
 - Post approved referendum ordinance final authorization of tax and notice MN DOR.
- 

2020 Referendum/Local Sales Tax

- Recommend November 19 Council meeting budget amendment authorization of funding from park reserves (currently planned for 2020 budget) to explore resident interest in parks and recreation projects.
- November/December: Staff exploration of details of resolution requirements such as how “detailed” do the 5 projects have to be and legislative expectations of the “benefit” description.
- November/December: Up to 5 project definition – assuming a parks and recreation related based on council feedback.
- January – Council meetings potential action on Resolution to consider local sales tax request to be submitted



CEP & CIP

- CEP – will work on descriptions and justification summaries but recommendation same.
- CIP – minor changes in works on parks:
 - Adding river access back in as carryover \$50,000 from 2019 to 2020.
 - Adding potential north park acquisition and improvement into 2020 park plan.
 - Adding ice arena maintenance (roof?) into 2021 or later within CIP facility improvement. Will not obligate a project but should have on a plan to consider within 5-years.

Budget & Levy Scenarios

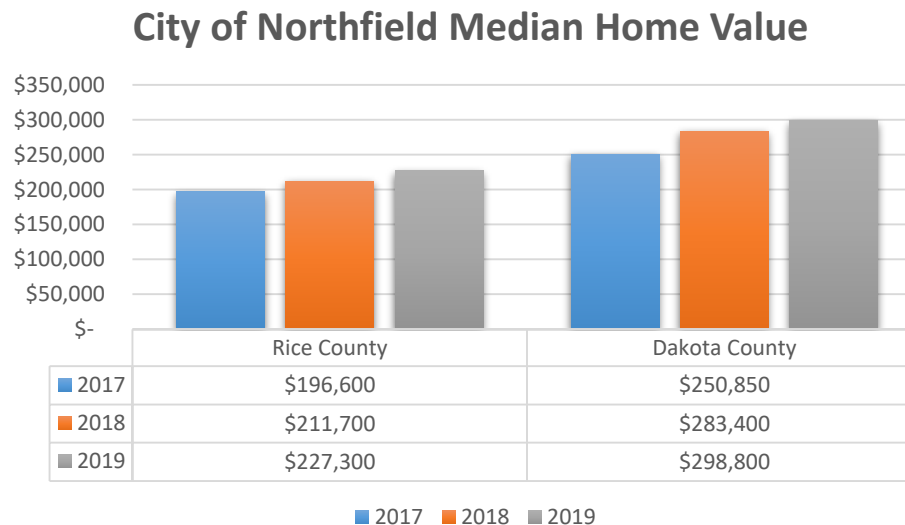
- Polling at the October 8th Work Session showed a preference for a city-wide levy increase of 9.5% to include the additions of the following
 - Police Sergeant
 - Public Works Operator
 - Election Administrative Support
 - Climate Action Plan implementation
 - Medical/dental savings
- Budget detail was updated and adjustments total a 9.43% levy increase

Estimated Market Value and Net Tax Capacity Changes

- Preliminary estimates for market value and net tax capacity have been received from both Rice and Dakota County
 - Estimated Market Value increase of 6.3%
 - Approximately 15% of this increase is related to new development
 - Estimated Net Tax Capacity increase of 6.8%
 - An increase in net tax capacity helps offset the impact of an increase in the levy

Northfield Median Home Value

- In 2019, Median Home Values increased
 - 7.4% in Rice County (vs 7.7% increase in 2018)
 - 5.4% in Dakota County (vs 13.0% increase in 2018)



City-wide Levy

City of Northfield Total Levy

	9.43%				
	Levy				
	Actual 2018	Actual 2019	Preliminary 2020	\$ Change	% Change
For Operations					
General Fund	6,155,318	6,558,566	7,236,326	677,760	10.3%
NCRC Operations	189,472	189,472	189,472	-	0.0%
Park Fund (\$25K for Capital Lease payment)	94,500	94,500	97,335	2,835	3.0%
City Facilities Fund	42,000	42,000	43,260	1,260	3.0%
Vehicle & Equipment Replacement Fund	315,079	315,079	324,531	9,452	3.0%
Total Operations Levy	6,796,369	7,199,617	7,890,924	691,307	9.6%
For Other					
Abatement - Roof Repair					
COPS (debt) Police Facility	435,000	175,000	175,000	-	0.0%
	435,000	175,000	175,000	-	0.0%
For Bonded Debt					
2007A GO Improvement Bonds	10,500	-	-	-	-
2015A GO Improvement Bonds (refund 2008B)	83,000	35,000	-	(35,000)	-100.0%
2009A GO Improvement Bonds	56,000	35,000	15,000	(20,000)	-57.1%
2010A GO Improvement Bonds	151,000	151,000	152,000	1,000	0.7%
2011A GO Improvement Bonds	57,000	50,000	50,000	-	0.0%
2012A GO Improvement Bonds	48,000	57,000	55,000	(2,000)	-3.5%
2013A GO Improvement Bonds	75,000	75,000	70,000	(5,000)	-6.7%
2014A GO Improvement Bonds	82,000	56,000	66,000	10,000	17.9%
2015A GO Improvement Bonds	124,000	120,000	95,000	(25,000)	-20.8%
2016C GO Improvement Bonds	58,000	58,000	58,000	-	0.0%
2017A GO Improvement Bonds	-	55,000	60,000	5,000	9.1%
2018B GO Improvement Bonds	-	192,000	179,000	(13,000)	-6.8%
2019A GO Improvement Bonds	-	-	257,100	257,100	
Subtotal	744,500	884,000	1,057,100	173,100	19.6%
Facilities Related					
2016 Equipment Certificates	133,000	136,000	133,000	(3,000)	-2.2%
Public Project Revenue (Pool)	238,000	239,000	239,000	-	0.0%
2012 Equipment Certificates	91,000	500	-	(500)	-100.0%
2018A NAFRS	-	215,000	215,000	-	0.0%
Subtotal	462,000	590,500	587,000	(3,500)	-0.6%
Total Debt Levy	1,641,500	1,649,500	1,819,100	169,600	10.3%
Total General Levy	8,437,869	8,849,117	9,710,024	860,907	9.7%
				\$ -	
EDA	\$ 239,680	\$ 251,664	\$ 262,486	\$ 10,822	4.3%
HRA	\$ 244,263	\$ 256,476	\$ 267,504	\$ 11,028	4.3%
				0	
Total City-Wide Levy	8,921,812	9,357,257	10,240,014	882,757	9.4%

Overall 9.4% increase in
City-wide Levy

Operations Funds
7.4% increase in Levy –
includes new Police
Sergeant & Public
Works Operator

All Debt Service Funds
1.8% increase in Levy

EDA/HRA combined
0.2% increase in Levy

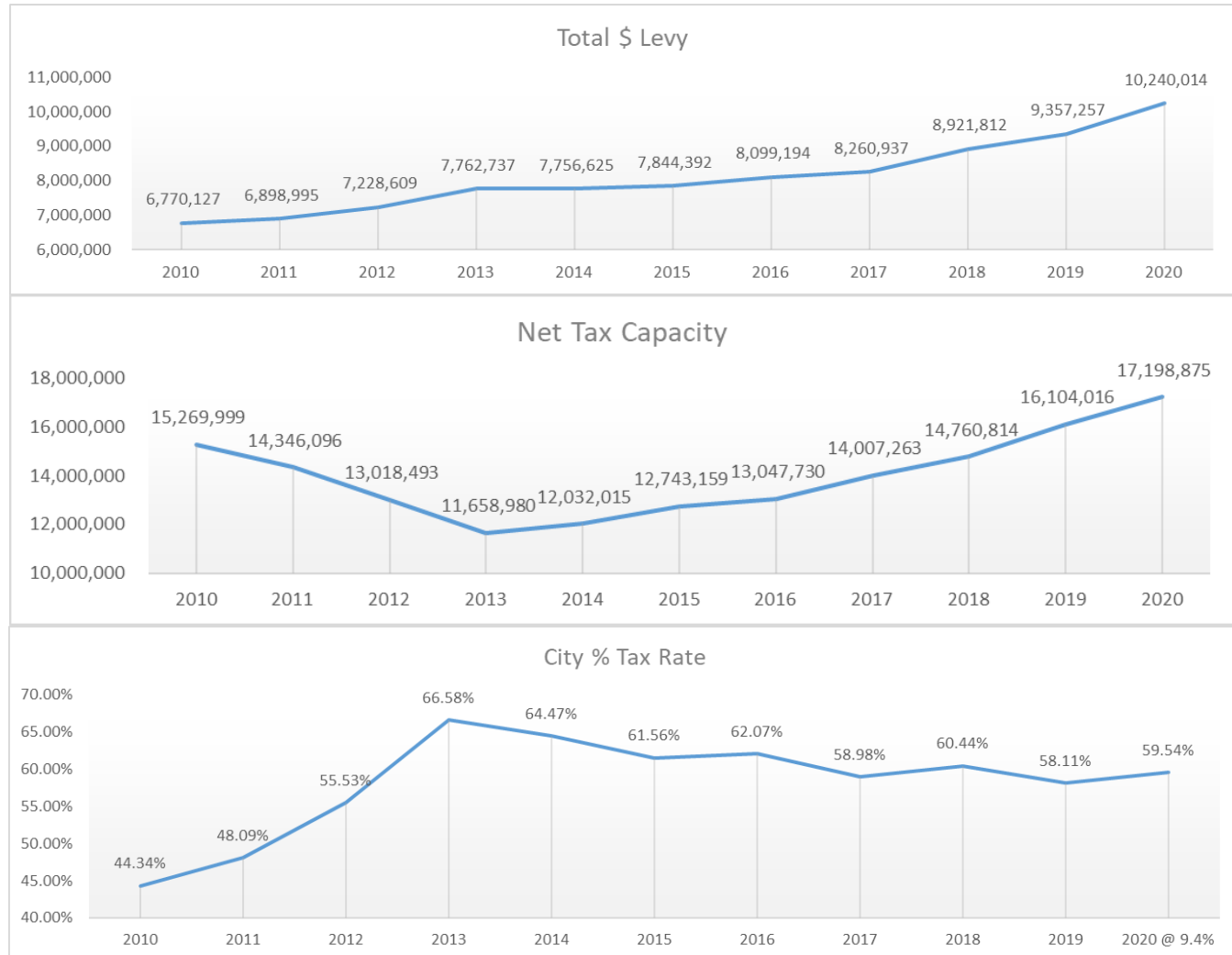
Historical View Levy/Tax Rate

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

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

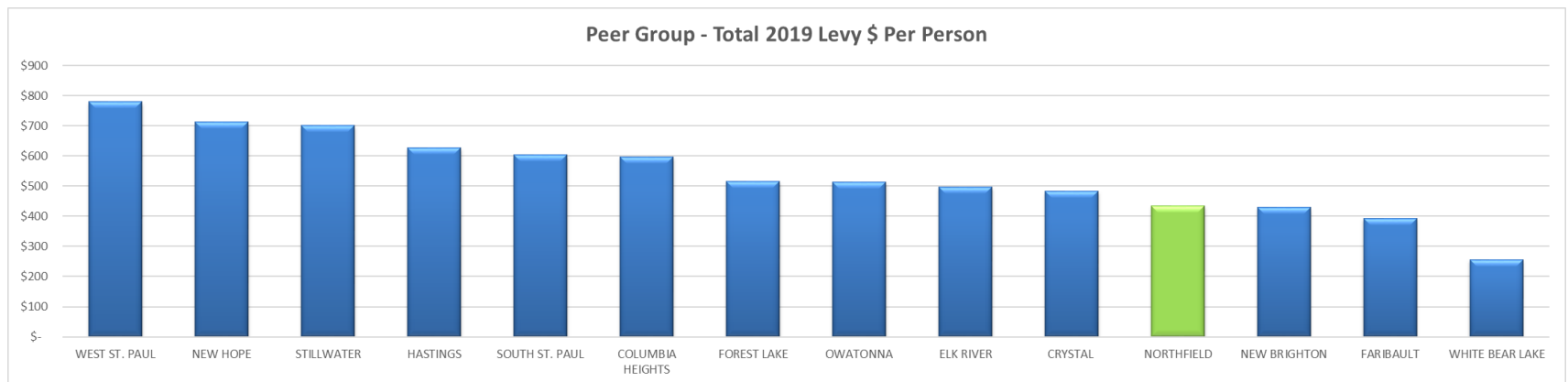
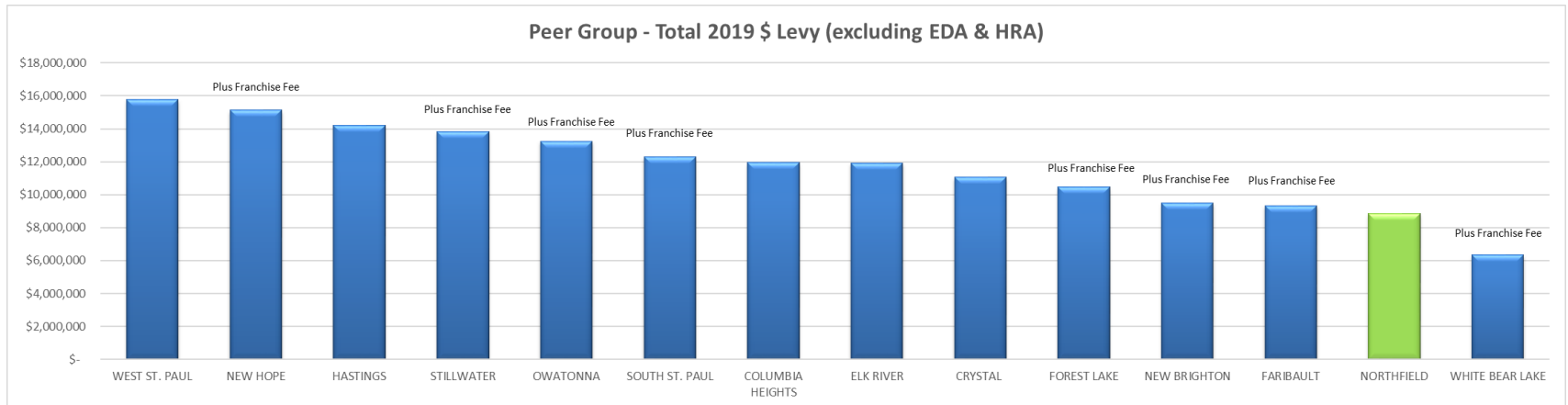
In 2020, proposed levy
increase of 9.4% is
partially offset by a net
tax capacity increase of
6.8%

City % Tax Rate
increase from 58.11%
to 59.5%, rate is
benefiting from
increased NTC



Key Ratios – Peer Comparison

- 8 of the 13 Peer Group Cities also have a Franchise Fee



What is included in the budget

Items beyond normal operations

- Staffing
 - \$131K Additional Police Sergeant (recommended by Novak Study)
 - \$95K Additional Public Works Operator
 - \$60K Election Year Expenses (primarily Judges, also Equipment & Software)
 - \$12K Part Time Administrative Support for Elections
 - \$26K Library Outreach Coordinator – grant funding replaced
- Other Expense
 - \$20K Climate Action Plan Implementation
 - \$15K Ambulance Garage roof repair
 - \$16.25 Fireworks
 - \$6K Strategic Plan Refresh
 - \$15K Administration Studies & Consultants
 - \$10K Pavement Management
 - \$10K City Spec Update
 - \$10L Hwy 19 Intersection Study
 - \$10K increase in Trail Maintenance
 - \$20K increase in Park Maintenance
 - \$50K communications education sales tax (if approved by resolution in January)
 - Continuation of Benefits Analysis (Phase II)
 - Police Radio Replacements – utilize reserves

What is included in the budget

Department Highlights

Police Department

- Hired a temporary Police Officer to fill the vacancy of an officer on military deployment
- Consideration of implementation of Novak Study recommendations, including additional Sergeant, improved patrol scheduling, department strategic plan and other improvements/savings. Some initiatives will produce cost savings, others will align with City Strategic Plan including Operational Effectiveness and Race, Equity and Inclusion.
- Develop plan for implementation of body cameras, potential purchase/deployment in 2021
- Police Department re-evaluated, updated and rearranged the Police CEP for squads and equipment. Results include
 - Approximately a \$280,000 reduction over the next 10 years vs prior CEP
 - 2020 Police CEP reduced by \$117K, partial offset to radio replacement
 - 2021 Police CEP reduced by \$64K, potential offset to body cameras & radios

What is included in the budget

Department Highlights

Community Development/Planning

- Continued work with historical preservation consultant to carry out national designation of properties (includes State matching grant funds previously awarded)

Economic Development Authority (EDA)

- Facade Improvement Pilot Program – 3 year pilot to incentivize downtown building owners to reinvest in the exterior of their buildings through reimbursement grants.
- Socio-Economic Committee work – to be a more equitable resource for all businesses and entrepreneurs within the City

Housing Redevelopment Authority (HRA)

- Local Housing Study to understand and convey housing needs in Northfield, which will identify priorities and strategies to expand housing options in the community.

What is included in the budget

Department Highlights

City Hall Operations

- Items total \$37K
 - Replace Dais and staff chairs in Council
 - Remodel St. Olaf and Carleton Rooms
 - Create office space for IT Manager and remodel copy room
 - Improve landscaping around City Hall

Engineering

- 2019 Reclamation Project (majority of work completed in 2020)
- 2020 Mill and Overlay Project (Northeast Area)
- Engineering specification update and Highway 19 high level intersection review (\$20K)

Streets

- City Share of County Road 1 Improvements (\$23K of 5-year total of \$115K, 3 years remaining)
- Seal Coat approximately 3-miles
- Assess/Repair ¼ of City Sidewalks (trip hazards)
- Replace a Pickup and Water Truck

What is included in the budget

Funding others

- \$60K Northfield Enterprise Center (NEC) funded through EDA
- \$29K Northfield Historical Society (NHS)
- \$35K Northfield Downtown Development Corporations (NDDC)
- \$52.5K Youth Investment
- \$12.5 Northfield ASAP
- \$37.5K LINK Center (now staffed and included in Library)
- Northfield Community Resource Center (NCRC) facility funding & subsidy for Fifty North
 - \$149,472 Fifty North 50% Wellness Center City Funding (per agreement)
 - \$15,000 additional contribution to overall NCRC Fund to assist with financing of improvements to tenants.
 - **\$25,000 2020 for Age Friendly Northfield Outreach Coordinator Implementation**

Savings

- Employer premium savings from changes in medical and dental plans
- Debt service savings from Public Safety Facility bond refunding
- Utility savings at Public Safety Facility
- Police analysis of CEP pushed out squad car replacement from 2020 to 2021
- Eliminated SMIF donation \$5K

What is included in the budget

Department Highlights

Facilities

- Roof replacement and exterior repairs to old ambulance garage (\$15K)

Ice Arena

- Items total \$18K
 - Replace spectator heating
 - Compressor #2 Maintenance Work
 - R-22 Purchase
 - Addition of corner access gate in rink boards to improve functionality and safety

Parks

- Replace playground mulch 4 playgrounds (\$20K)
- Trail maintenance – fog and crack seal

Pool

- Items total \$11K
 - Hollow plaster walls
 - Acid wash pool plaster
 - Purchase custodial equipment

What is included in the budget

Fund Highlights

Water Fund

- Tower Painting – both St. Olaf Towers
- Well No 2 Maintenance
- Well No 6 Generator
- Replacement of 2010 Ford F150

Waste Water Fund

- Implement findings from operational analysis
- Retirement anticipated in summer of 2020 – hire position early to transition
- Replacement of Scissor Lift
- In-Line Phosphorus Analyzer
- Babcock Lift Station Generator
- MAU-2 Replacement

Storm Water Fund

- \$75K included to update the City Storm Water model, this will work off the modeling that was done for Spring Creek
- 2020 Pond Dredging Project (Parmeadow Ponds 1 & 3, Golf Course Pond)

Preliminary Staffing Requests

(blue items included in 9.4% levy increase)

General Fund – Staffing (cost estimates with wages and benefits)

Public Works

- Streets & Parks Operator – FT for 2020 \$ 95K/year
- Horticulturist – FT for 2021 \$ 85K/year
- Engineer – with partial revenue offset for internal design work for 2021 \$ 39K/year

Police

- Police – 1 Officer (Sergeant) for 2020 \$131K/year
- Police - evidence/IT support (PT/body camera equipment) for 2021 \$ 46K/year

Community Development

- Community Development – Admin Associate for 2020 \$ 29K/year
- Community Development – Building Permit Tech PT to FT 2020 \$ 45K/year
- Building Inspection Division – PT (.5 FTE) Inspector/Permit Tech \$ 43K/year

Administration

- PT help for Administration during Elections 2020 \$ 12K/year
- Convert Project Coordinator Temp to Permanent Position in 2021 – Climate Action Plan, Racial Equity Plan, Age Friendly (2019-2020), Other \$105K/year
- Paid Intern for Project Coordinator – college work study 2020 \$ 3K/year

Library

- Library extend FT Outreach Coordinator beyond grant term \$26K/year
 - This position is included in initial roll-up of 7.5% increase

Additional Topics

(blue items included in 9.4% levy increase)

Parks/Trails

- Sidewalk Gaps & Trail funding
- Adequate Park Funding (currently completing needs assessment)
- Fund for Riverfront Enhancement Action Plan (minimum \$100K/year)
 - Downtown Bridge lighting
 - Trail Extension along Riverwalk on the west side under the Second Street Bridge

Streets

- Potholes – improved
- Snow Removal equipment prioritization
- Pavement Management Index – maintenance, improvement

Climate Action

- Implementation of Climate Action Plan (\$20,000)
- Establish tree replacement or sequestration fund (carbon offset donations)
- Emerald Ash Borer prevention/management (\$135,000/year)
- Prioritize spending \$ on well that spans aquifer vs water tower

Other

- Comprehensive Plan Update – consulting services (conservatively \$120K in 2021, \$80K in 2022)
- Age Friendly Funding (\$25K)
- Blue Zones (potentially in Park Funding)
- Employee benefits improvement/enhancement
- Part Time Staff benefits
- Police Radio Replacements (2020-2021) utilizes reserves
- Police Body Cameras (2021, initial purchase and ongoing PT or FT staffing required)

Multi-Year – Debt Forecast

Projected 2021 Debt Service Levy will increase Citywide levy by 5.5%

Includes 2020 Street Project with addition of Underpasses and increased cost estimates

Street Projects have gotten larger in size and bonding required

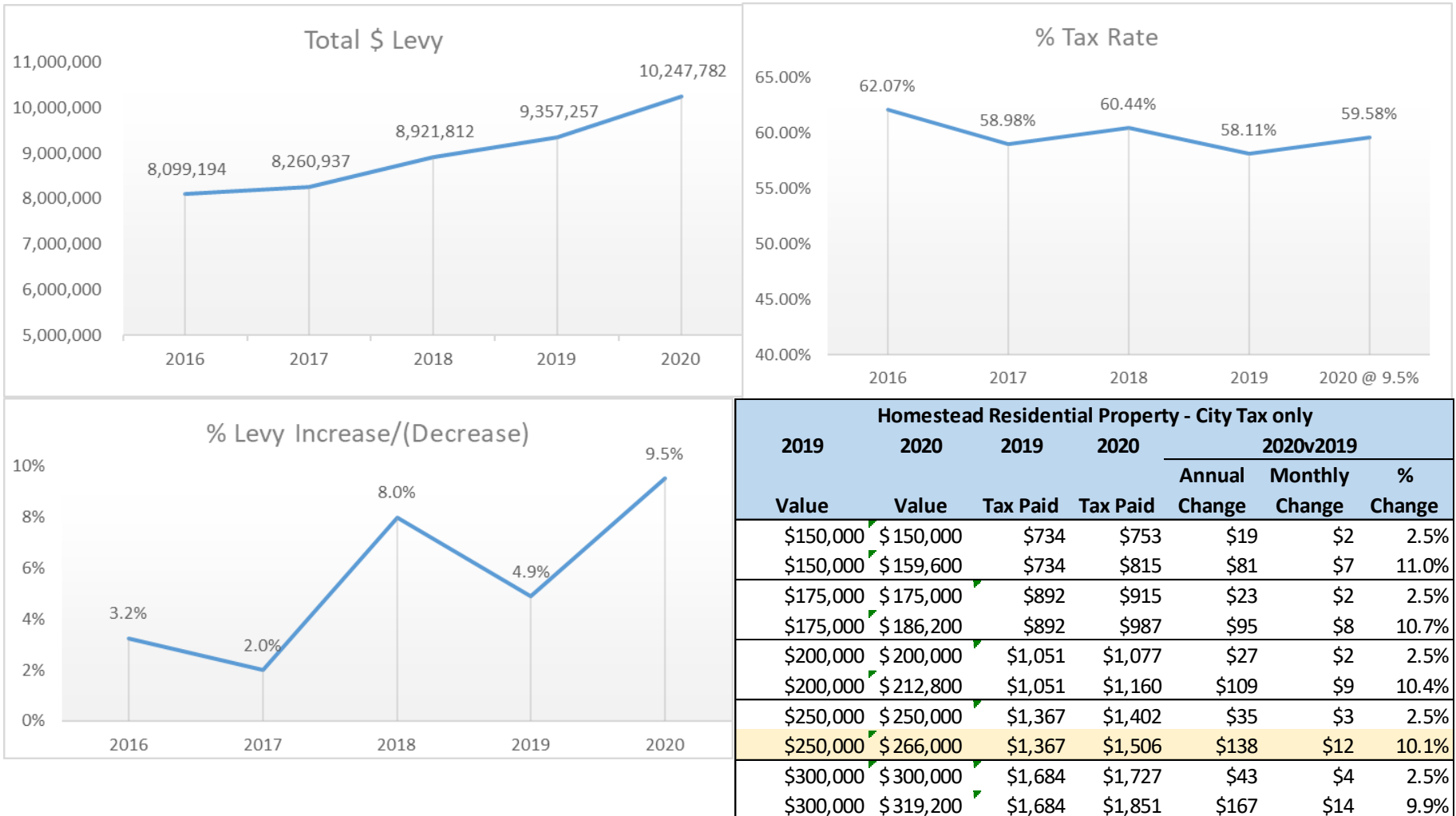
City of Northfield

Pavement Management Debt Levy projection - Projects 100% Financed

Bond issue	Levied	Levied	Levied	Scheduled / Estimated:								
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2007A GO Improvement	25,000	10,500	-	-	-	-	-	-	-	-	-	-
2008B GO Improvement	85,000	83,000	35,000	-	-	-	-	-	-	-	-	-
2009A GO Improvement	60,000	56,000	35,000	15,000	-	-	-	-	-	-	-	-
2010A GO Improvement	155,000	151,000	151,000	152,000	-	-	-	-	-	-	-	-
2011A GO Improvement	50,000	57,000	50,000	50,000	50,000	-	-	-	-	-	-	-
2012A GO Improvement	50,000	48,000	57,000	55,000	50,000	50,000	-	-	-	-	-	-
2013A GO Improvement	75,000	75,000	75,000	70,000	75,000	75,000	75,000	-	-	-	-	-
2014A GO Improvement	60,000	82,000	56,000	66,000	55,000	55,000	50,000	50,000	-	-	-	-
2015A GO Improvement	100,000	124,000	120,000	95,000	95,000	95,000	95,000	95,000	95,000	-	-	-
2016C GO Improvement	65,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	-	-
2017A GO Improvement		-	55,000	60,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	-
2018B GO Improvement & Abatement			192,000	179,000	182,500	182,500	182,500	182,500	182,500	182,500	182,500	182,500
Subtotal Existing Street Improvement Levies:	725,000	744,500	692,000	800,000	620,500	570,500	515,500	440,500	390,500	295,500	237,500	182,500
2019 Imp & Abatement - \$2,591,722 @ 1.93%				257,100	243,900	243,900	243,900	243,900	243,900	243,900	243,900	243,900
2020 Improvements - \$3,060,000 @ 2.7%					291,100	291,100	291,100	291,100	291,100	291,100	291,100	291,100
2020 Improvements - \$615,613 additional bonding					75,298	75,298	75,298	75,298	75,298	75,298	75,298	75,298
2020 Underpass - \$1,445,000 @ 2.7%					175,300	175,300	175,300	175,300	175,300	175,300	175,300	175,300
2021 Improvements - \$2,810,000 @ 2.9%						246,100	246,100	246,100	246,100	246,100	246,100	246,100
2022 Improvements - \$2,600,000 @ 3.1%							199,700	199,700	199,700	199,700	199,700	199,700
Subtotal Current and Future:	725,000	744,500	884,000	1,057,100	1,406,098	1,602,198	1,746,898	1,671,898	1,621,898	1,526,898	1,468,898	1,413,898
Percent Improvement Levy Increase (From PY)		2.69%	18.74%	19.58%	33.01%	13.95%	9.03%	-4.29%	-2.99%	-5.86%	-3.80%	-3.74%
2012C Equipment	109,200	91,000	500	-	-	-	-	-	-	-	-	-
2014A Pool Refinancing	245,000	238,000	239,000	239,000	230,000	230,000	230,000	-	-	-	-	-
2012B Public Safety COPS	420,160	435,000	175,000	175,000	352,300	392,000	392,000	392,000	392,000	392,000	392,000	392,000
2016A NAFRS Equipment	144,228	133,000	136,000	133,000	135,000							
2018A NAFRS Facility (Ave. City Share of \$4,215,000)			215,000	215,000	215,500	215,500	215,500	215,500	215,500	215,500	215,500	215,500
Total	1,643,588	1,641,500	1,649,500	1,819,100	2,338,898	2,439,698	2,584,398	2,279,398	2,229,398	2,134,398	2,076,398	2,021,398
Percent Total Debt Levy Increase (From PY)		-0.13%	0.49%	10.28%	28.57%	4.31%	5.93%	-11.80%	-2.19%	-4.26%	-2.72%	-2.65%
Pay 2019 Total Citywide Levy			9,357,257									
Debt Levy Increase as % of 2019 Total Citywide Levy				1.81%	5.5%	1.0%	1.4%	-3.0%	-0.5%	-1.0%	-0.6%	-0.6%

9.5% Levy increase

Note: This amount is still 15.5% less than the average of other comparable city tax levies for 2019.



Discussion

- Materials for the December 3rd Public Hearing will reflect a 9.4% city-wide levy increase
 - On September 17th a maximum levy option of 11.5% was approved
 - Truth in Taxation (TNT) materials distributed by the County in mid November will reflect the 11.5% city-wide levy increase
 - Educational materials prepared in conjunction with the School District and the County will reflect the 9.4% increase
- Other Alternatives Should Seek Majority Support Tonight.
- Staff recommends we not pursue multiple options related to adoption night on December 3rd.