



Budget (2022-2023)
Kick-Off "Big Picture" Pre-Budget
Informational/Foundational Presentation
July 13th, 2021

Agenda

1. Strategic Plan Summary
2. 2022/2023 Budget Timeline
3. “Big Picture” Reviews & Levy Implications
 1. Existing Debt forecast
 2. Existing Personal Services forecast
 3. Fund Balances/Use of Reserves
4. Next Steps – August Work Session
 1. Council Requests
 2. Department & Advisory Board Highlights
 3. Project Prioritization

Strategic Plan Summary 2021-2024

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 2021-2024

STRATEGIC PLAN SUMMARY 2021-2024 City of Northfield				
Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiatives
Economic Vitality <i>A community that's economically thriving</i>	Expansion of commercial-industrial tax base consistent with guide plans	- C/I permit value increase - # of new infill inventory	- C & I permit value increased by \$50M by 2024 - > 50% of new C/I developed on infill sites by 2024	a) Implement economic stabilization, recovery & growth strategy b) Implement infill & redevelopment strategies c) Implement Tourism recovery strategy d) Implement Riverfront Enhancement Plan
	Successful local business recovery	- # new business starts - \$ sales tax growth - Job growth above 2019	- New business starts increased by TBD, 2021-24 - Increase in sales tax revenue by 10% 2021-24 - Total jobs above 2019 base increased by TBD, by 2024	
	Successful tourism recovery	- Lodging tax growth - Plan completion % - # new events	- > 60% of Riverfront sequence chart actions completed by 2024 - Lodging tax revenue increased by 10% 2019 to 2024 - Recreation/tourism events increased by TBD 2021-24	
Housing Availability <i>A community where everyone can afford to live</i>	Increased availability of housing at all levels	- # of units added above need	- Vacancy rate for rentals increased to 6% 2021-24 - Meet/exceed 2021 housing study supply needs by 2024	a) Implement rental housing strategy b) Implement housing stabilization program c) Implement a housing expansion strategy
	Increased affordability for cost burdened households	- % decrease in cost burdened HH - % of non-compliant rental properties - # properties stabilized	- Reduce by 5% renters that are cost burdened 2021-24 - Reduce by 5% of owners that are cost burdened 2021-24 - Est. compliance baseline all licensed rental properties by 2024 - >90% compliance of rental properties by 2024 - Assist 12 senior households to facilitate aging in place 2021-24	
	Improved housing quality throughout the city			
Quality Facilities <i>A community where infrastructure supports its objectives</i>	Park, recreation and trails exceed community expectations	- % facilities satisfactory - % of gaps addressed - condition rating change	- All Park and Rec facilities judged satisfactory or above 2021-24 - 50% of high priority walking & biking system gaps addressed by 2024	a) Implement Park & Recreation Capital Investment Plan b) Implement coordinated major facilities strategy c) Implement integrated high-speed internet program
	Resolution of major facility projects	- # decisions made by deadline	By 2024, Go/No Go decisions: - Ice Arena; NRCG/Fifty North remodel & expansion; Liquor Store	
	High speed internet access available to all	- % w/o provider access - % public places w/o free Wi-Fi	- High-speed fiber provider access - all properties by 2023 - Free high-speed Wi-Fi in public places by 2024	
Diversity, Equity and Inclusion <i>A community that welcomes everyone</i>	Staff and volunteers reflect the community	- % Increase in racial diversity: staff, volunteers	- 50% increase in racial diversity of: City workforce, Boards and Commissions by 2024	a) Implement Board and Commission diversity strategy b) Continue implementation of Racial Equity Action Plan
	Improved access to city services for all demographics	- % improvement in access-target groups	- Meet access goals for two targeted groups by 2024	
	City is a community leader on DEI	- Race equity action plan targets achieved	- DEI Leadership collaboration goals met yearly 2021-24	
Service Excellence <i>A community with a government that works</i>	Adequate staff to meet demands	- # projects delayed - % service-level staffing ratios not met	- Staffing/resources reconciled to meet staffing & service demands-two services by 2024	a) Conduct annual department analyses b) Deploy Board & Commission Governance effectiveness program c) Implement a service excellence program d) Complete updated comprehensive plan
	Improved Board/Staff effectiveness	- % aligned with strategic plan - % rating good/above	- >75% rate working relations good or excellent by 2024 - 90% of Board activities align w/strategic plan by 2024	
	Improved service delivery	- % improvement in community satisfaction; cycle/response times	- Satisfaction in two targeted services increased by 10% by 2024 - >80% indicate well informed re: City issues by 2024 - 90% of targeted improvements achieved by 2024	
Climate Action <i>A community that's resilient and sustainable</i>	Climate resilience is a priority in plans and budgets	- # climate actions in City plans - # climate actions funded	- Emerald Ash Borer plan funded & implemented by 2024 - Climate resilience standards incorporated into annual budget process and planning decisions by 2024	a) Implement Climate Action Plan
	Reduced net carbon emissions	- % reduction in CO2 emissions - Increase renewable energy use	- City renewable electricity is 60% of usage by 2024 - City CO2 emissions reduced 20% from 2019 levels by 2024	
	Community participation in Climate Action	- % Increase in people implementing actions	- 20% increase in people participating in defined activities by 2024	

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.

Strategic Plan – Value Statement

VALUES

INTEGRITY

- Provide outstanding customer service
- Be open, honest, respectful, kind and accountable
- Demonstrate fiscal responsibility
- Act and communicate in authentic ways

EXCELLENCE & INNOVATION

- Serve by leading and lead by serving
- Focus on clearly defined outcomes to achieve best results
- Commit to continuous improvement building on lessons learned
- Seek creative solutions for difficult problem

CELEBRATION

- Welcome diversity, inclusivity, and welcoming broad perspectives
- Commemorate our unique and rich cultural sense of place
- Recognize others and their contributions
- Celebrate and acknowledge accomplishments

TEAMWORK

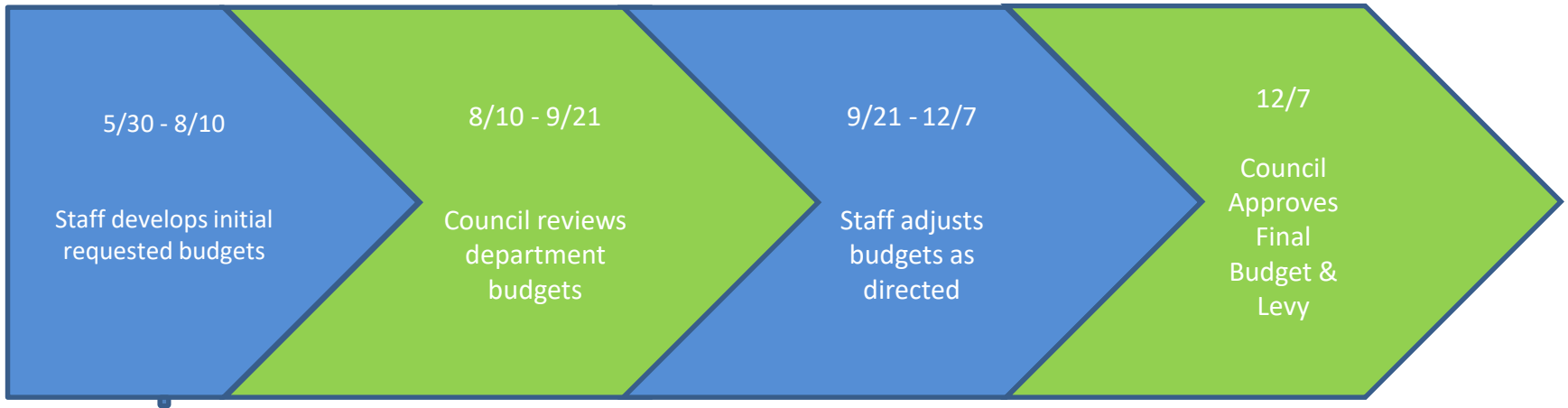
- Actively participate in cooperative and collaborative approaches
- Commit to equitable treatment and the elimination of discrimination
- Build on our shared successes as a means for workplace satisfaction
- Utilize the experience and expertise within our organization and community

STEWARDSHIP

- Protect our physical environment through ecologically sustainable practices and policies
- Maintain, improve and develop municipal assets
- Invest in others through advancement, mentorships and professional development
- Nurture personal well-being through physical and mental health initiatives

Budget Timeline 2021

- The City budget is a 6 month planning process



- Key Dates in the planning process



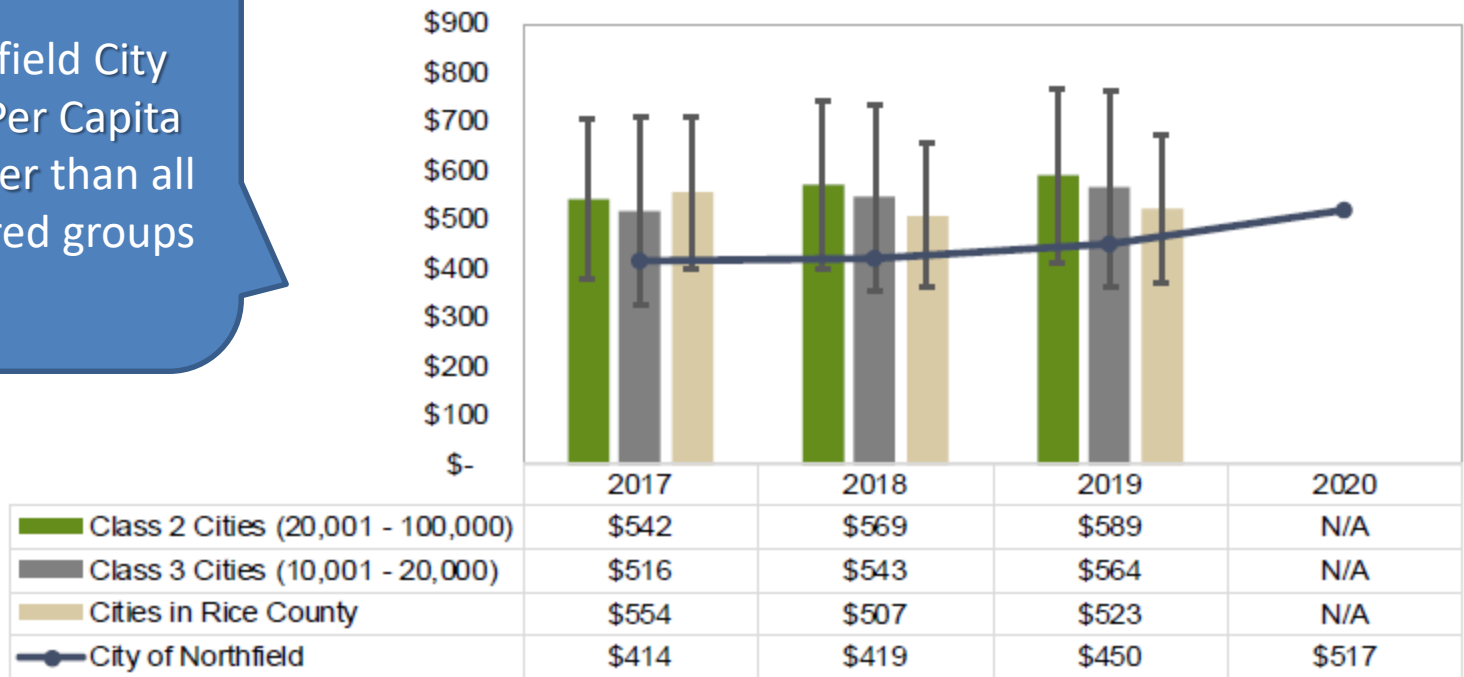
2022-2023 Budget Timeline

June 2021		
6/1/2021 Council Meeting	NH+C Audit	Presentation of NH+C 2020 Audit
6/8/2021 Council Work Session #1	CAFR Presentation	Abdo, Eick & Meyers to present to Council
Public Engagement	Survey	Questions/Priorities/Feedback - Boards/Commissions inform process/timing
6/15/2021 Council Meeting	#2 Approve 2020 Audit	Council approves 2020 audit
July 2021		
7/13/2021 Council Work Session #3	"Kick Off" Budget Meeting	"Big Picture" review of 2022-2023 budget. Personal Services & Debt Service Preliminary Summaries Including Levy Implications, new requests for headcount/capital/significant projects or items and 5 year CIP/CEP
August 2021		
8/3/2021 Council Meeting	NAFRS Budget	Consideration of 2022 NAFRS Budget
8/10/2021 Council Work Session #4	Budget Retreat (Police Dept.)	2022-2023 Budget Work Session: General Fund Departments detail and summary, Liquor Store budget, CIP/CEP
Public Engagement	Informational/Survey	Information related to preliminary levy and budget and survey questions related to priorities
September 2021		
9/7/2021 Council Work Session #5	Budget Review	Review of Preliminary Tax Levy and Budget for 2022-2023, Enterprise Funds, Utility Rate Discussion
9/21/2021 Council Meeting	#6 Approve Preliminary Levy	Approve Preliminary Levy & Set Public Hearing in December and Approve Utility Rates
Public Engagement	Informational	1-2 page fact sheet & graphics related to preliminary approval
October 2021		
10/12/2021 Council Work Session #7	Budget Review	Review of 2022-2023 Budget & Levy Options (if necessary)
November 2021		
11/16/2021 Council Meeting	#8 Final Review	Review Presentation for December 3rd Public Hearing & Preparation for Final Levy & Budget Actions
11/16/2021 Council Meeting	Action for Hearing	Motion to Approve Proposed Budget & Levy Recommendation (majority of council) for Presentation at Dec 7 Hearing
Public Engagement	Informational	Shared message with School & County
11/16/2021 Council Meeting	Delinquent Charges	Public Hearing and Certification of delinquent charges to taxes payable 2022
December 2021		
Public Engagement	Public Hearing	Informational Presentation and Feedback from Public
12/7/2021 Council Meeting	#9 Approve Final Levy & Budget	Approve Final Levy & Budgets

Key Ratios – Peer Comparison

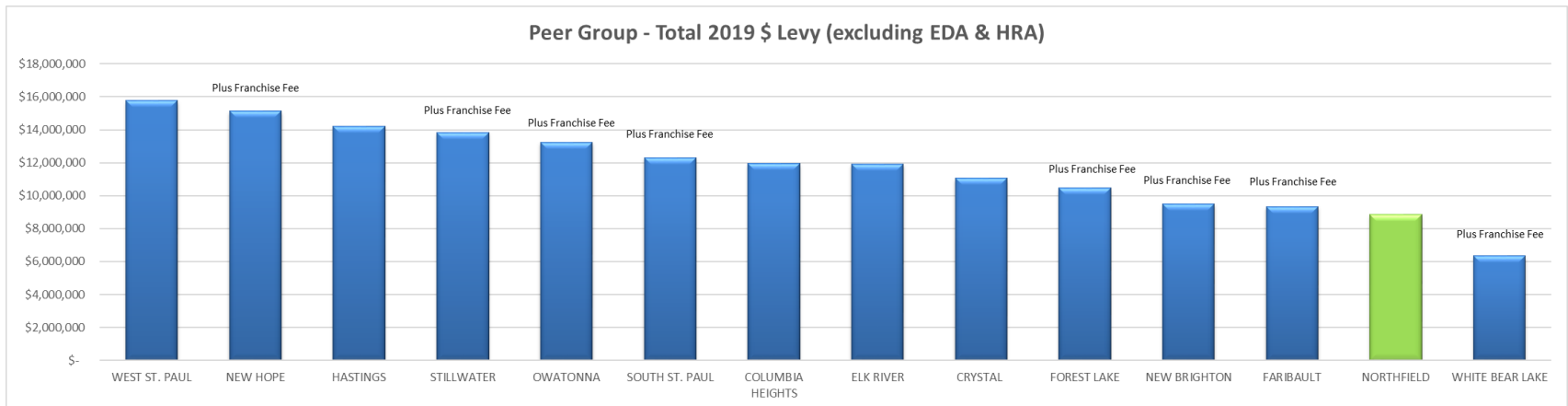
Northfield City
Taxes Per Capita
are lower than all
compared groups

Taxes - Per Capita



Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

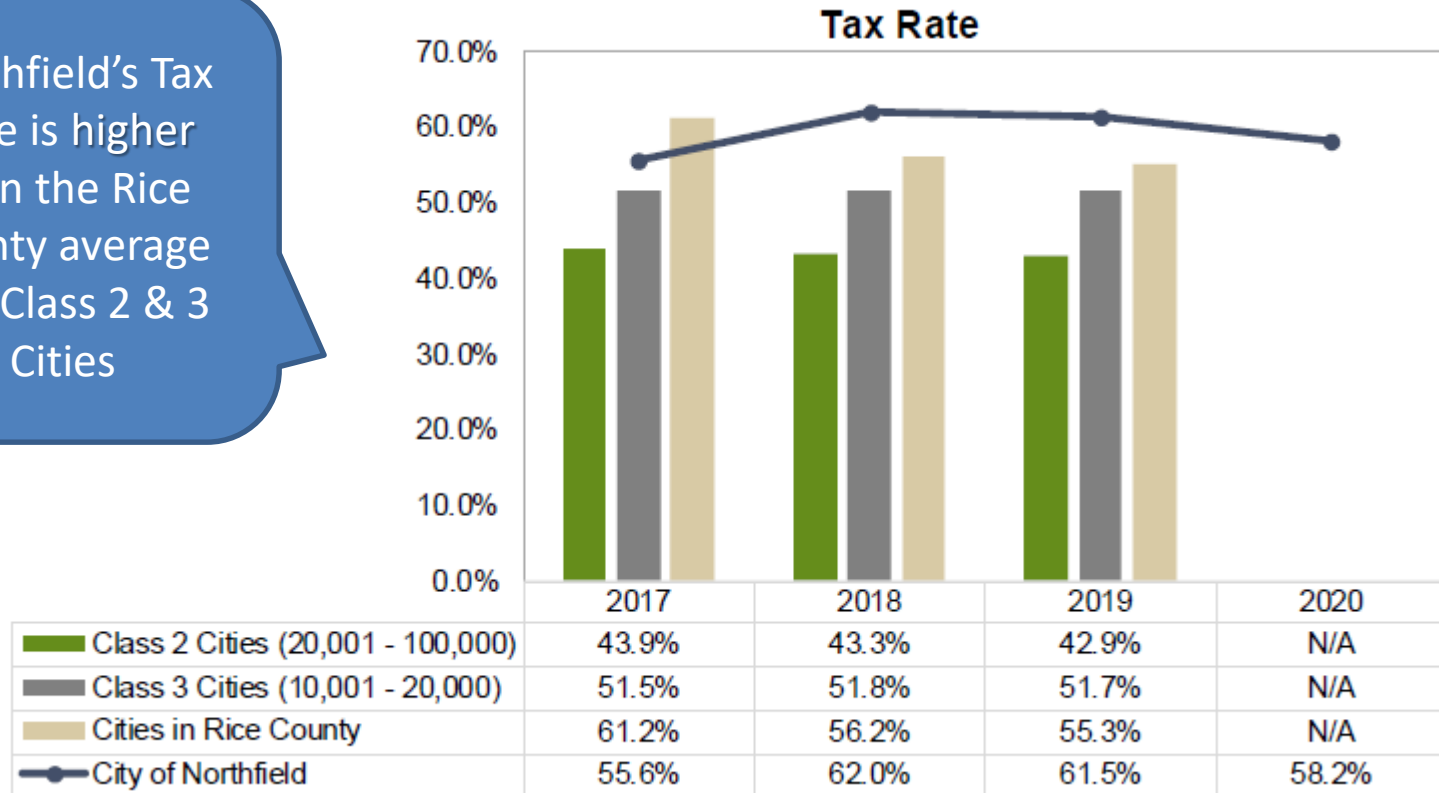


- Northfield **2nd lowest** of 13 Peer group cities in total city tax levy.
- **8** of the 13 Peer Group Cities **also have Franchise Fee revenue** (note: the franchise fees are not factored into the graph numbers). Northfield is 1 of 5 that does not.

Note: Slide in process of updating with 2021 data.

Key Ratios – Peer Comparison

Northfield's Tax Rate is higher than the Rice county average and Class 2 & 3 Cities

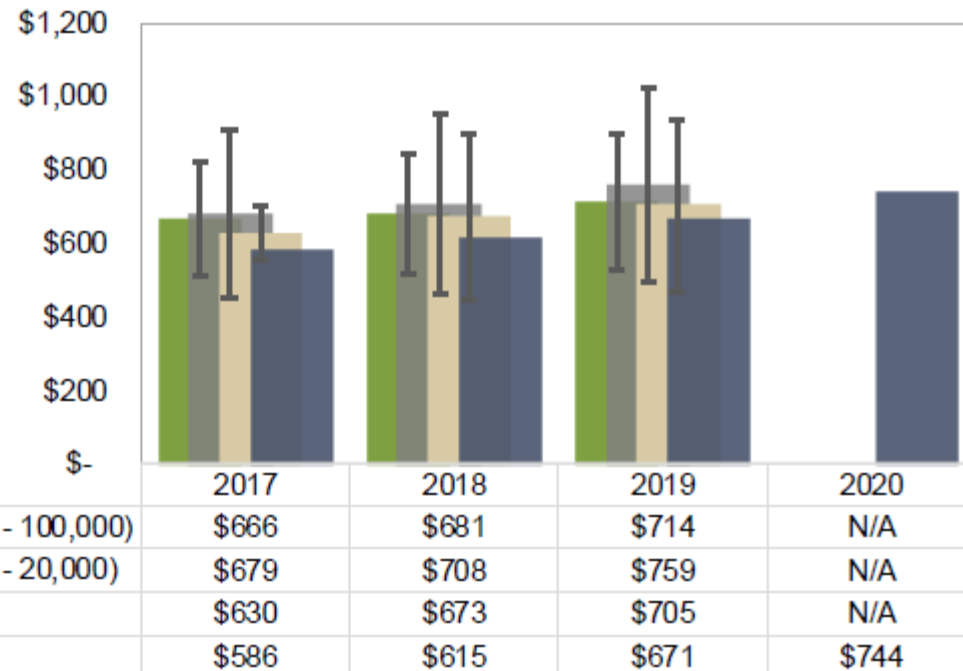


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield current expenditures per capita, adjusted for CARES Act spending, are lower than all compared groups

Current Expenditures - Per Capita

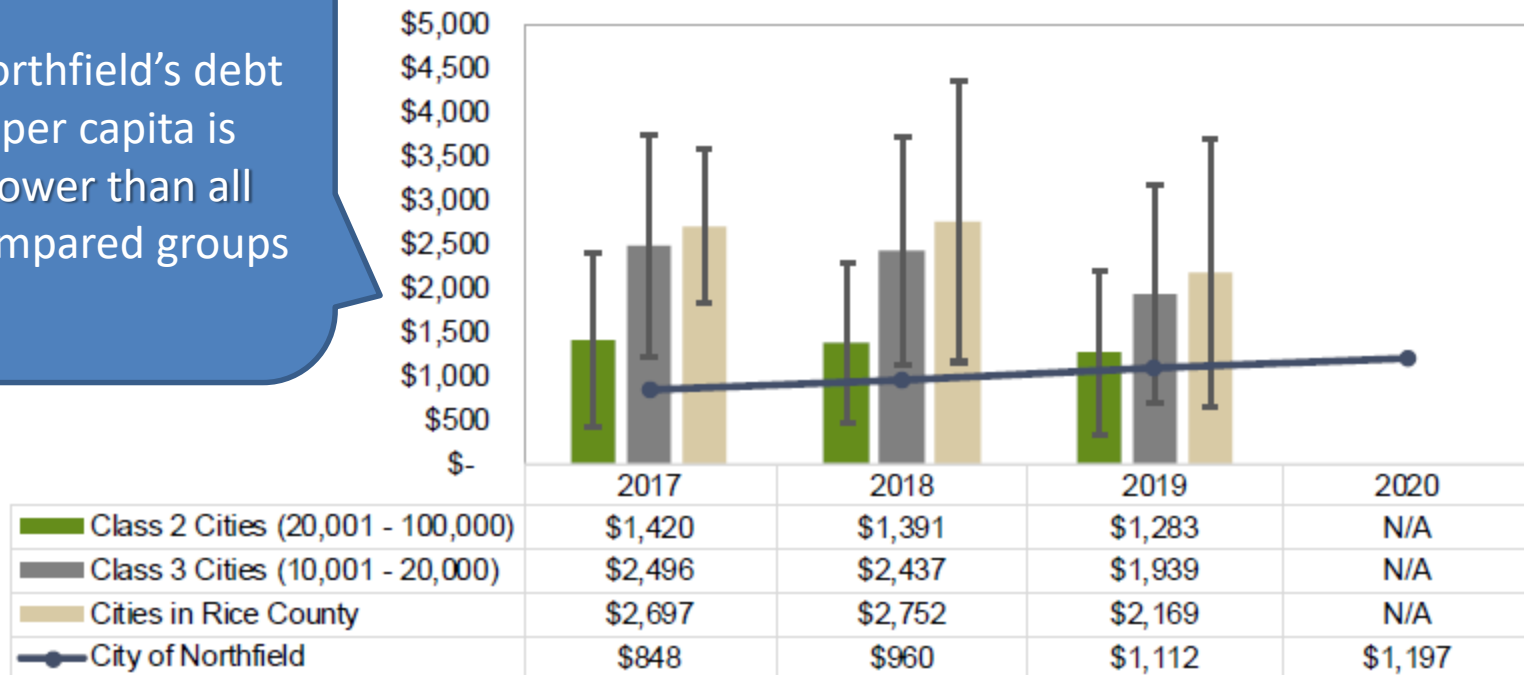


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield's debt per capita is lower than all compared groups

Long Term Debt - Per Capita

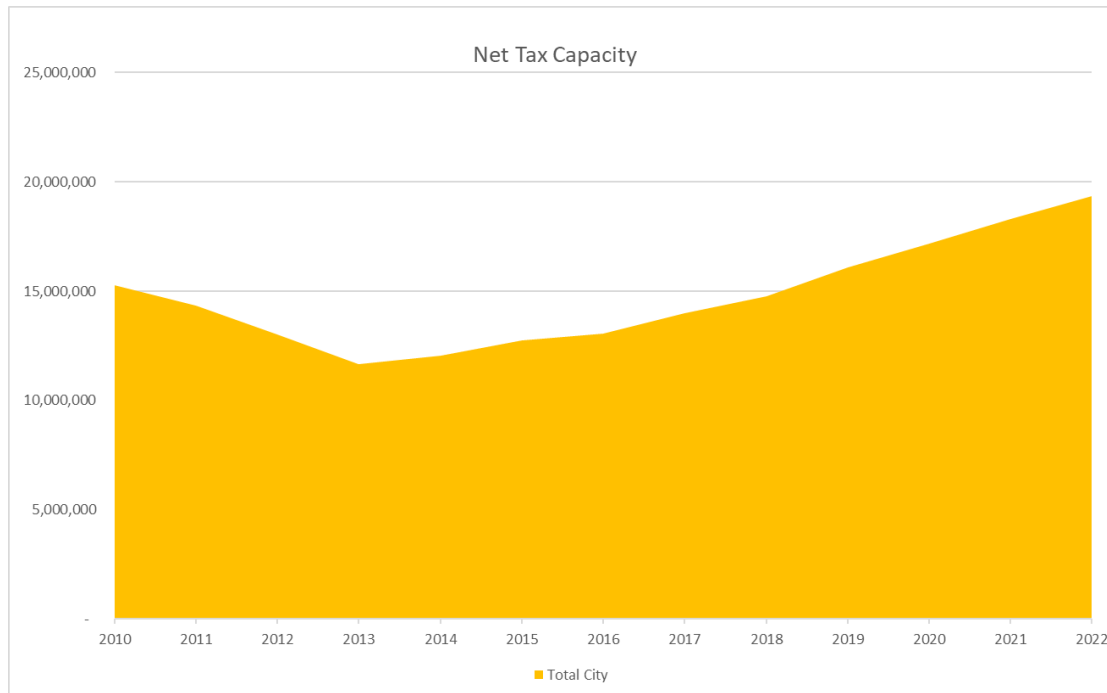


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Tax Base Changes

Preliminary estimates from Rice County indicate a 6.4% increase in 2021 net tax capacity

- 19.5% of the increase in net tax capacity is related to new construction
- Net tax capacity calculated from a 6.3% increase in estimated market value and 6.9% increase in taxable market value

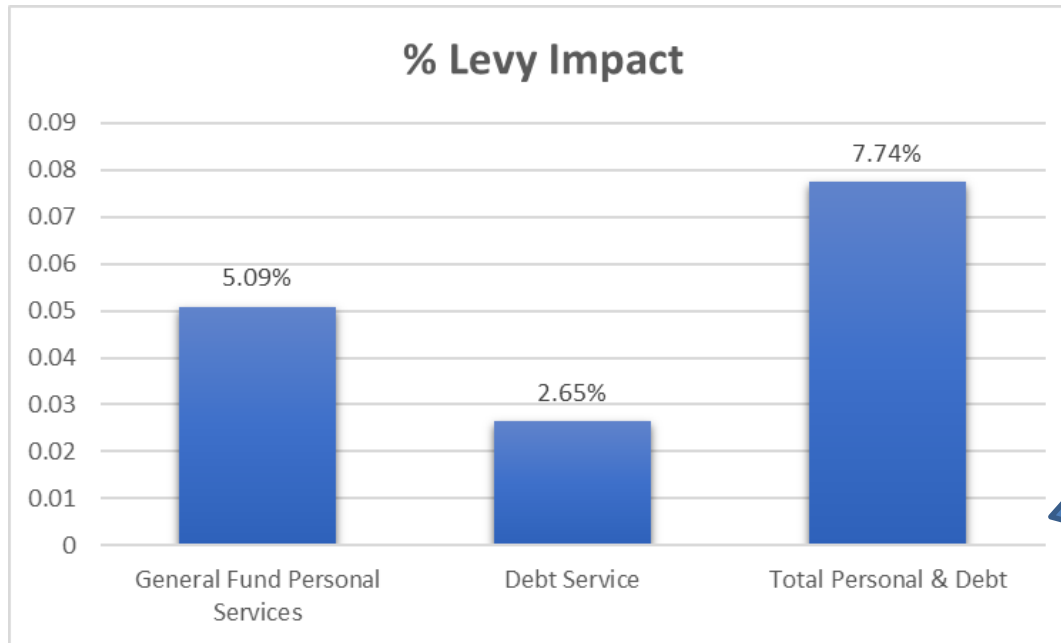


Net Tax Capacity has grown an average of 6.3% per year the last 3 years

Big Picture Review

High level estimate of impact of Personal Services stable forecast & Debt Service forecast

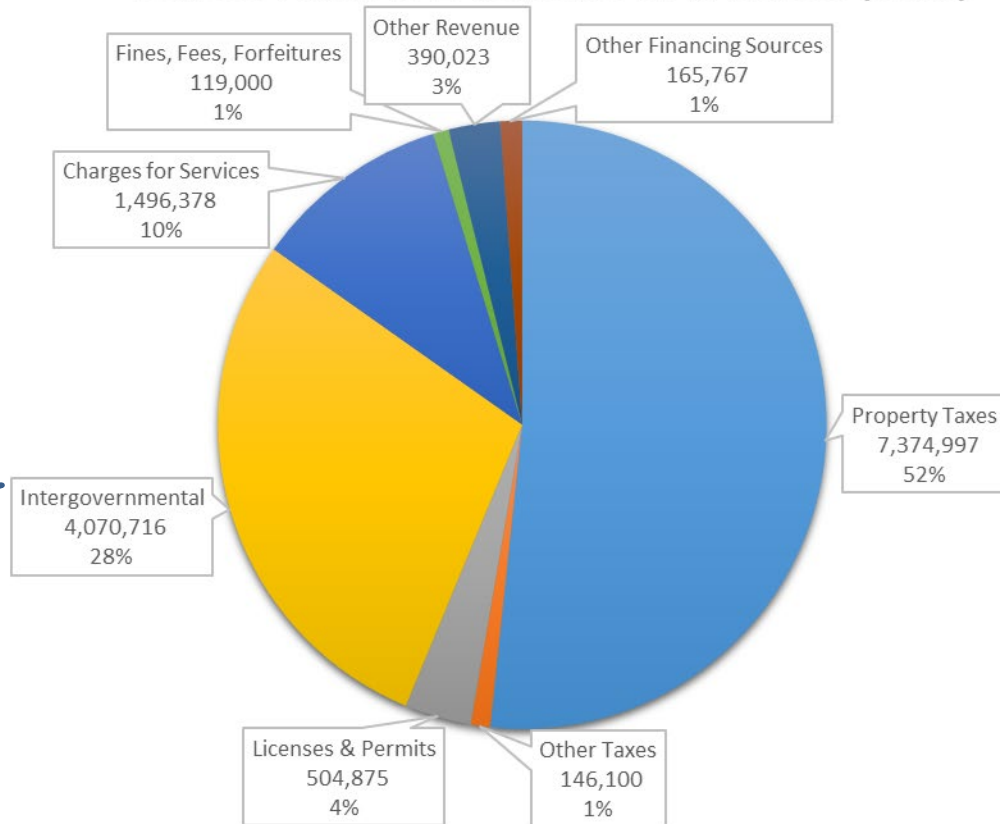
- Does not yet include individual department, non-personal services budget changes or additional items to be discussed



+7.7% total tax levy increase estimated, partially offset by increase in net tax capacity

2021 General Fund Revenue

General Fund 2021 Revenue \$14,267,856 (3.7%)

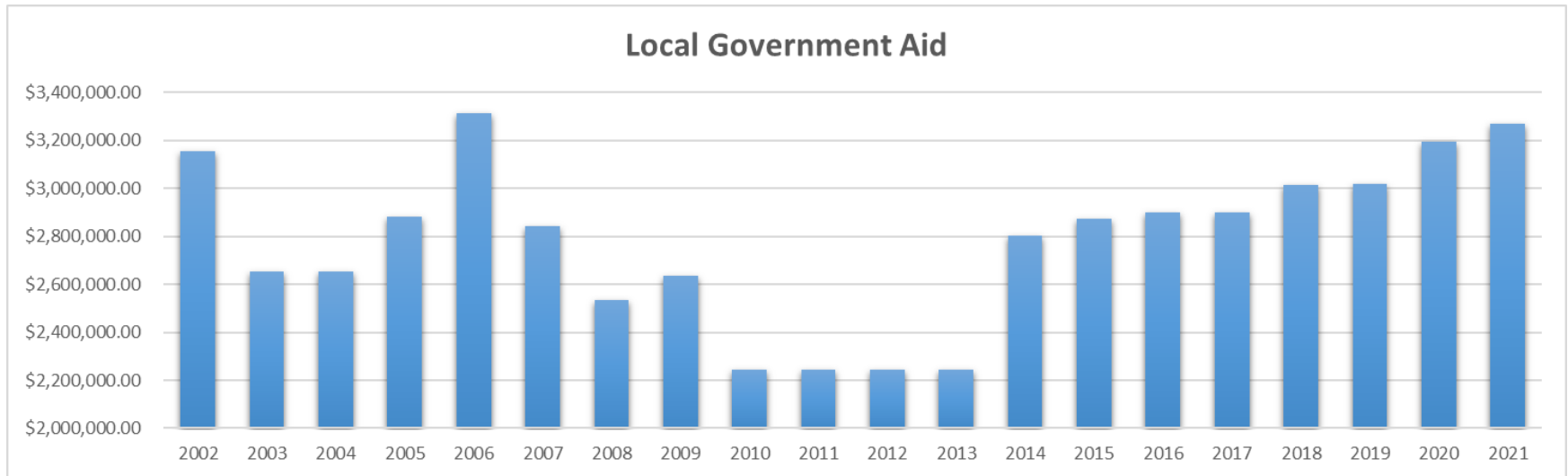


LGA is majority of intergovernmental 23% of total revenue

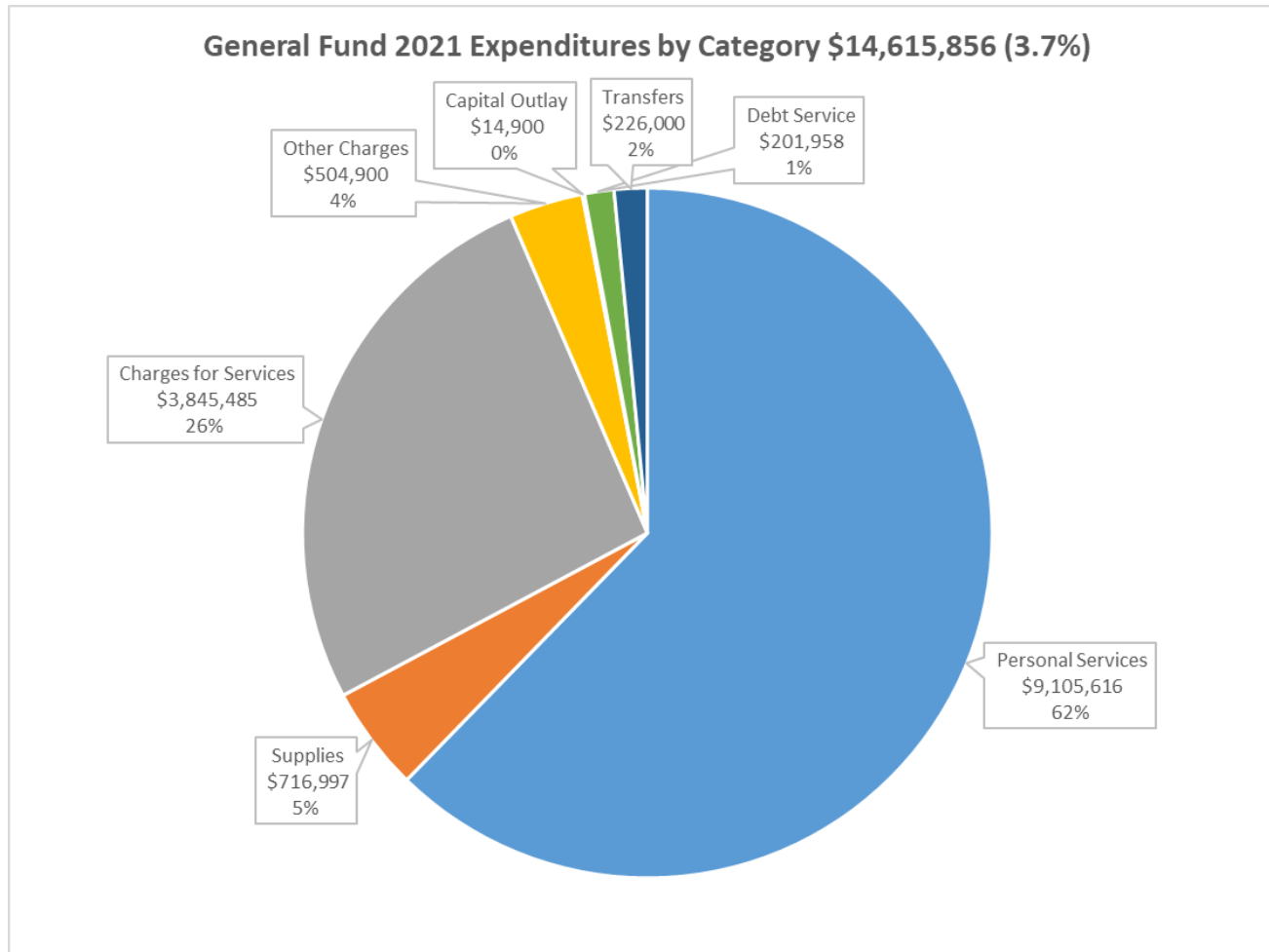
Big Picture Review - Revenue

Local Government Aid (LGA)

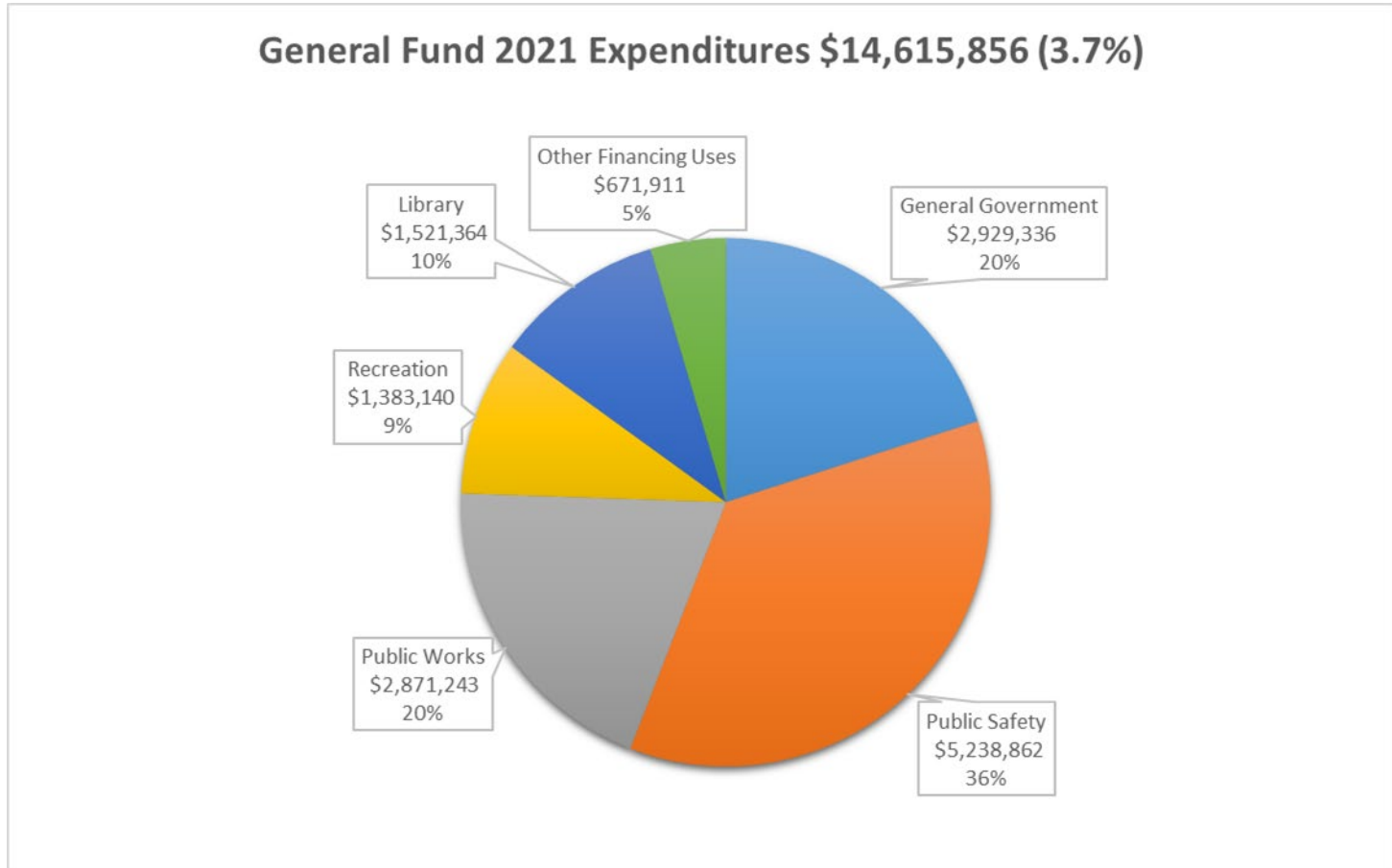
- Represents approximately 23% of General Fund Revenue
- Current assumption for 2022 is at 2021 level
- LGA amounts certified by Department of Revenue by August 1st



2021 General Fund Expenditures



2021 General Fund Expenditures



Big Picture Review-Existing Debt

Current Debt Service Forecast

- Debt Service payments increase in 2022
 - \$281,252 debt increase in 2022
 - \$ 52,100 debt decrease in 2023, does not include 2022 projects
- +2.6% City-wide Levy Impact in 2022

Assumptions

- 2021 Street Project – bonds to be sold in August, expect favorable rates
 - Street Reclamation and Mill & Overlay Project
 - 5th Street Bridge Maintenance
 - Equipment Certificates – Plow Truck
 - Bluff View – to be repaid with development assessments
- Utilized \$177,600 cash in Public Safety Facility Bond fund to pay 2021 bond payments (reduce impact of NAFRS expansion new bonds)
- Does not yet include forecast for 2022-2026 debt based on current 5-year CIP
 - detail to be discussed at August Work Session

Existing Debt Forecast

City of Northfield												
Pavement Management Debt Levy projection - Projects 100% Financed												
Bond issue	Levied	Levied	Levied	Scheduled / Estimated:								
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2008B GO Improvement	35,000	-	-	-	-	-	-	-	-	-	-	-
2009A GO Improvement	35,000	5,000	-	-	-	-	-	-	-	-	-	-
2010A GO Improvement	151,000	152,000	-	-	-	-	-	-	-	-	-	-
2011A GO Improvement	50,000	55,000	50,000	-	-	-	-	-	-	-	-	-
2012A GO Improvement	57,000	55,000	50,000	50,000	-	-	-	-	-	-	-	-
2013A GO Improvement	75,000	75,000	75,000	25,000	25,000	-	-	-	-	-	-	-
2014A GO Improvement	56,000	66,000	55,000	45,000	45,000	45,000	-	-	-	-	-	-
2015A GO Improvement	120,000	95,000	95,000	95,000	95,000	95,000	95,000	-	-	-	-	-
2016C GO Improvement	58,000	58,000	58,000	15,000	15,000	15,000	15,000	15,000	-	-	-	-
2017A GO Improvement	55,000	60,000	55,000	52,000	52,000	52,000	52,000	52,000	52,000	-	-	-
2018B GO Improvement & Abatement	192,000	179,000	182,500	180,000	180,000	180,000	180,000	180,000	180,000	180,000	-	-
2019A GO Improvement & Abatement		227,008	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	-
2020A GO Street Recon & Improvement			400,321	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
Subtotal Existing Street Improvement Levies:	884,000	1,027,008	1,234,821	1,066,000	1,016,000	991,000	946,000	851,000	836,000	784,000	604,000	390,000
2021 Street Recon & Imp - \$4,855,000				204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000
Subtotal Current and Future:	884,000	1,027,008	1,234,821	1,270,000	1,220,000	1,195,000	1,150,000	1,055,000	1,040,000	988,000	808,000	594,000
Percent Improvement Levy Increase (From PY)		16.18%	20.23%	2.85%	-3.94%	-2.05%	-3.77%	-8.26%	-1.42%	-5.00%	-18.22%	-26.49%
2012C Equipment	500	-	-	-	-	-	-	-	-	-	-	-
2014A Pool Refinancing	239,000	239,000	230,000	230,000	230,000	-	-	-	-	-	-	-
2016A NAFRS Equipment	136,000	133,000	133,000									
2019 Facility Abatement (internal)		30,092	30,092	30,092	30,092	30,092	30,092	30,092	30,092	30,092	30,092	
2012B Public Safety COPS	175,000	175,000	175,000	416,073	413,973	409,458	411,689	411,952	411,899	413,343	411,138	408,828
2018A NAFRS Facility (Ave. City Share of \$4,215,000)	215,000	215,000	109,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
2021 Equipment - \$395,000	-	-	-	62,000	62,000	62,000	62,000	62,000	62,000	62,000		
Total	1,649,500	1,819,100	1,911,913	2,193,165	2,141,065	1,881,550	1,838,781	1,744,044	1,728,991	1,678,435	1,434,230	1,187,828
Percent Total Debt Levy Increase (From PY)		10.28%	5.10%	14.71%	-2.38%	-12.12%	-2.27%	-5.15%	-0.86%	-2.92%	-14.55%	-17.18%
Pay 2021 Total General Levy			10,067,146									
Debt Levy Increase as % of 2021 Total General Levy				2.8%	-0.5%	-2.5%	-0.4%	-0.9%	-0.2%	-0.5%	-2.5%	-2.6%

Estimate as of 7/2/2021, does not include any estimates for future year projects from CIP

Big Picture Review - Personnel

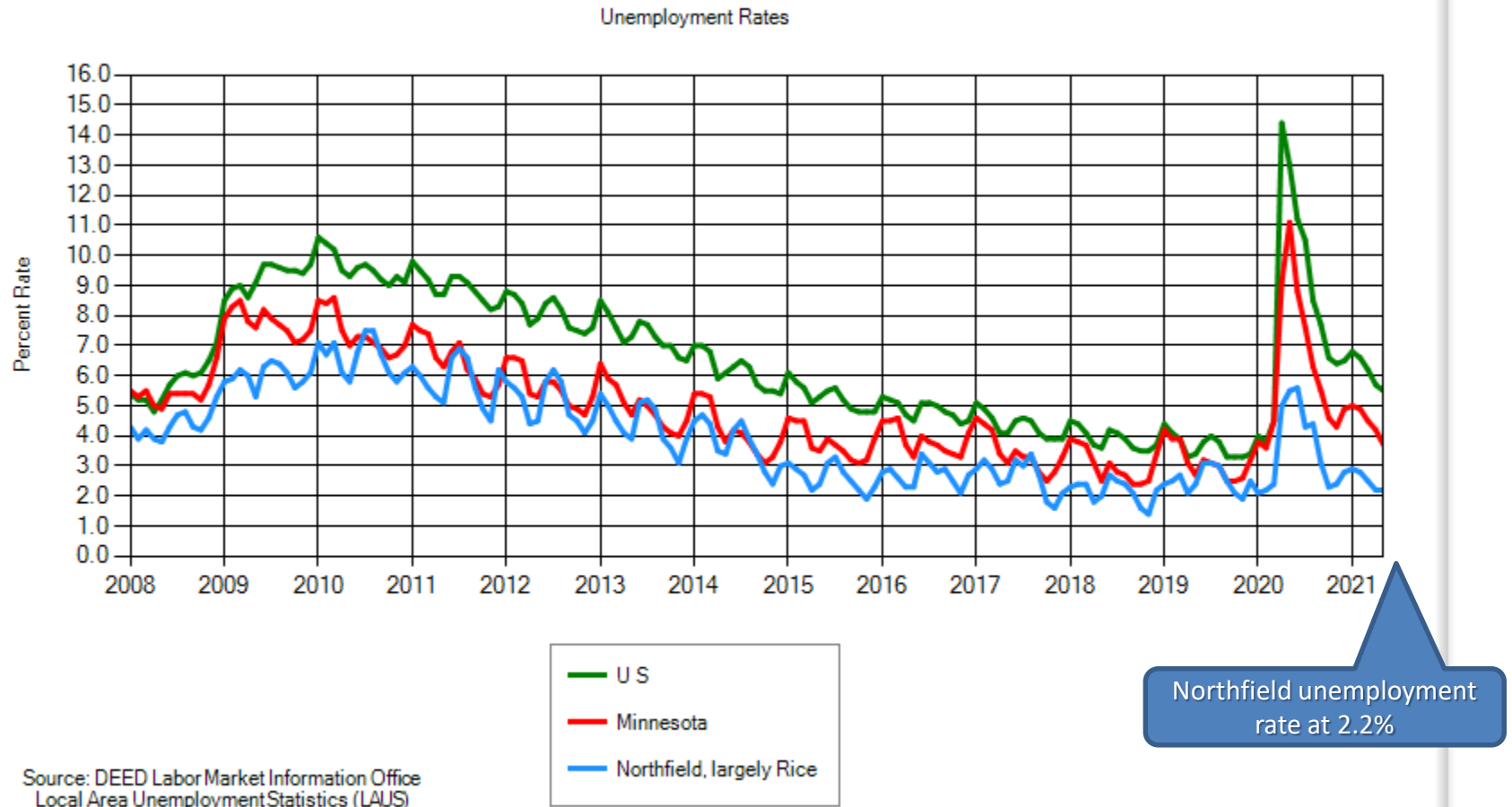
Existing Personal Expense Forecast

- Continues to be driven by Pay Study (we have 95% of employees in “steps” eligible for an additional 2-2.5% increase annually in addition to base pay adjustments, i.e. cost of living increase) completed in 2017. The 2017 study put the position pay schedule at middle of comparable cities to be more competitive and retain and recruit a quality workforce.
- Personal Services approximately 62% of total General Fund budget
- +\$540,000 increase in 2022 (General Fund only)
- Citywide levy impact +5.1%
 - Included employer contribution adjustment to medical premiums
 - per Gallagher analysis to be comparable to peer group
 - contribution formula had not been changed in many years,
 - approximate \$140K impact

Existing Personal Services Forecast

- Assumptions
 - Does not include any new positions
 - Union Contracts are open for 2022-2024, assumed similar to last contract
 - Due to COVID last contracts were for one-year only
 - Step Increase 2.0-2.5%
 - Base Pay Plan (BPS) adjustment 3.0% both 2022 & 2023
 - Assumed no other negotiated changes
 - PERA employer contribution for Police and Fire 2022 & 2023
 - 2018 16.2%, 2019 16.95%, 2020&2021 17.7%, 2022&2023 assumed 17.7%
 - PERA coordinated plan no change in contribution rates at 7.5%
 - Benefits based on early assumptions (13% medical increase) and current employee elections for types of benefits
 - Gallagher Option 2 to increase employer base contribution & HSA rates to comparable peer group
 - Included retiree medical based on actuarial assumptions

Unemployment Rates



2022 Staffing Budget Requests

Staffing –included in 2022 budget from past budget or council action in 2021

- Staff currently developing budget requests for 2022 & 2023
 - Further discussion in August

Fund Balances

- Year End Balances at December 31, 2020

\$9,034,175

General Fund (of this \$8.8M is unassigned)

\$ 276,986

Park Fund

\$ (45,496)

City Facilities Fund (roof repair to repay)

\$ 554,696

Vehicle & Equipment Repair Fund

\$ 870,450

Capital Reserve Fund

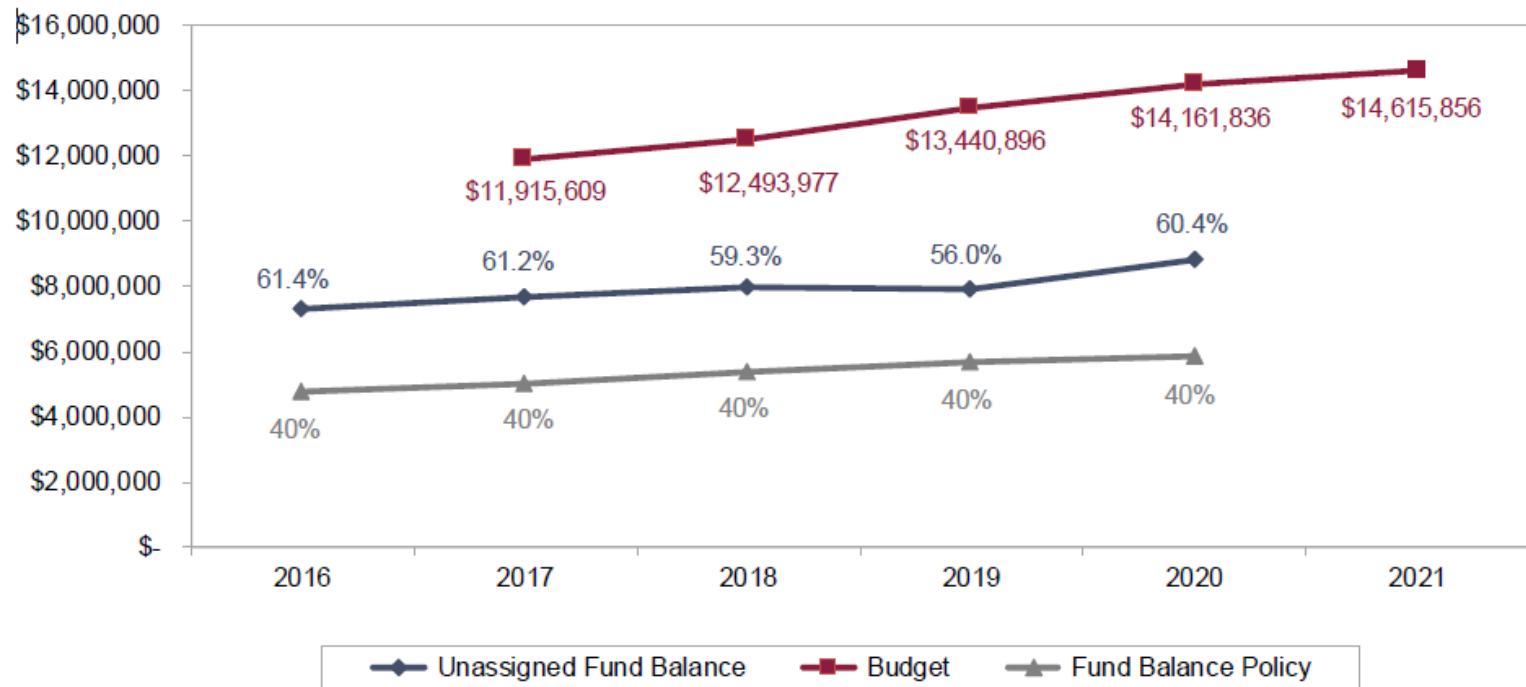
\$ 412,810

Public Safety Center Project Fund (Portion used to reduce levy required for debt in 2019-2022)

\$ 64,386

Municipal TIF #4 (Transit Hub use in 2019-2020)

General Fund Balance



Source: Abdo, Eick & Meyers

Items for Funding Consideration

- Strategic Plan Priorities
 - Ice Arena – fix/expand/build new
 - Liquor Store – site selection
 - NCRC – Fifty North expansion
 - Climate Action Plan
 - Emerald Ash Borer
 - Diversity Equity Inclusion
 - Riverfront Enhancement
- Bluffview Development
 - 429 Bonding/Special Assessments deferred
 - Hwy 246 Turn Lanes
 - Ford Street Extension
- Fire Pumper Truck

ARPA Funding

- Discussion of uses of ARPA funding to be received by the City

2022 Utility Rates

- City completed a new Utility Rate Study in 2018
 - Projects rates from 2019-2028
- All 2022 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
- Waste Water rate study updated 2021, no change to rate adjustments from prior rate study
- Plan to review Water rate study late 2021, after update to Water System Study adoption
- Next Steps: Approve 2022 Utility Rate increases at the September 21st Council Meeting

Council Requests

- Items to be reviewed

Next Steps

- August 10th Work Session
 - Detailed department budgets 2022-2023
 - CIP/CEP 2022-2026
- September 7th Council Meeting or 14th Work Session
 - Total roll-up budget and levy
- September 21st Council Meeting
 - Approve Preliminary Levy (maximum amount)
 - Set Public Hearing Date in December
 - Approve 2022 Utility Rates

Questions/Discussion