

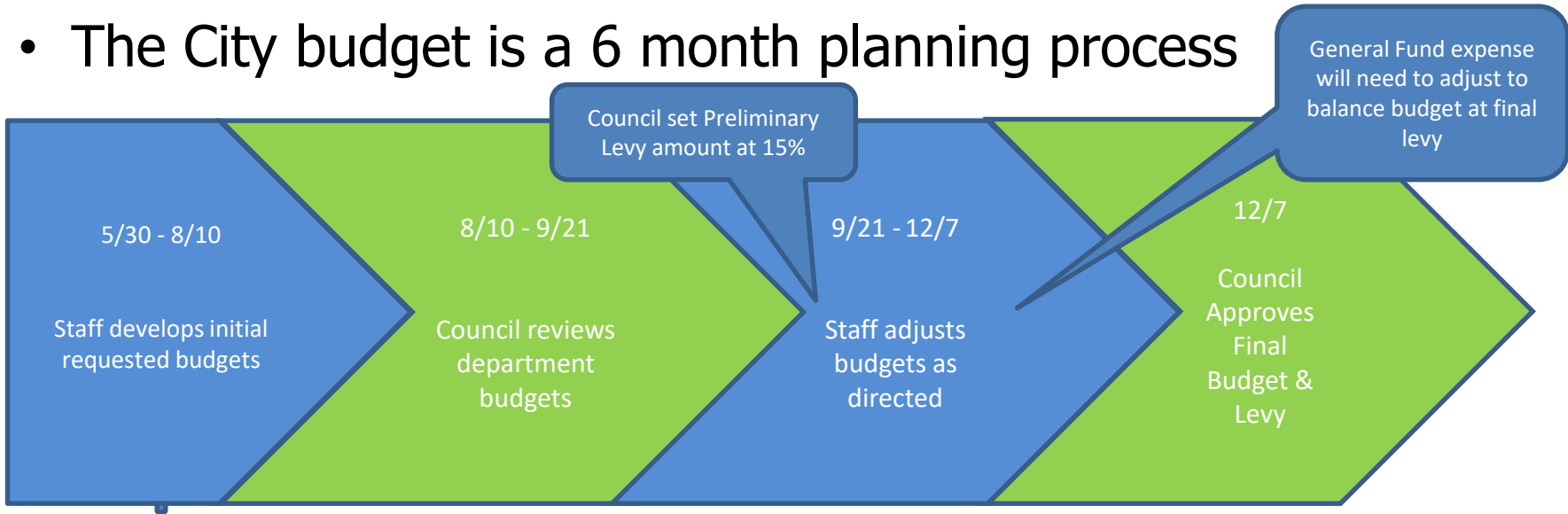


2021 Budget Worksession
2022 Preliminary Levy & Budget
October 12th, 2021

Preliminary Draft 10/5/21

Budget Timeline 2021

- The City budget is a 6 month planning process



- Key Dates in the planning process



Budget & Levy Scenarios

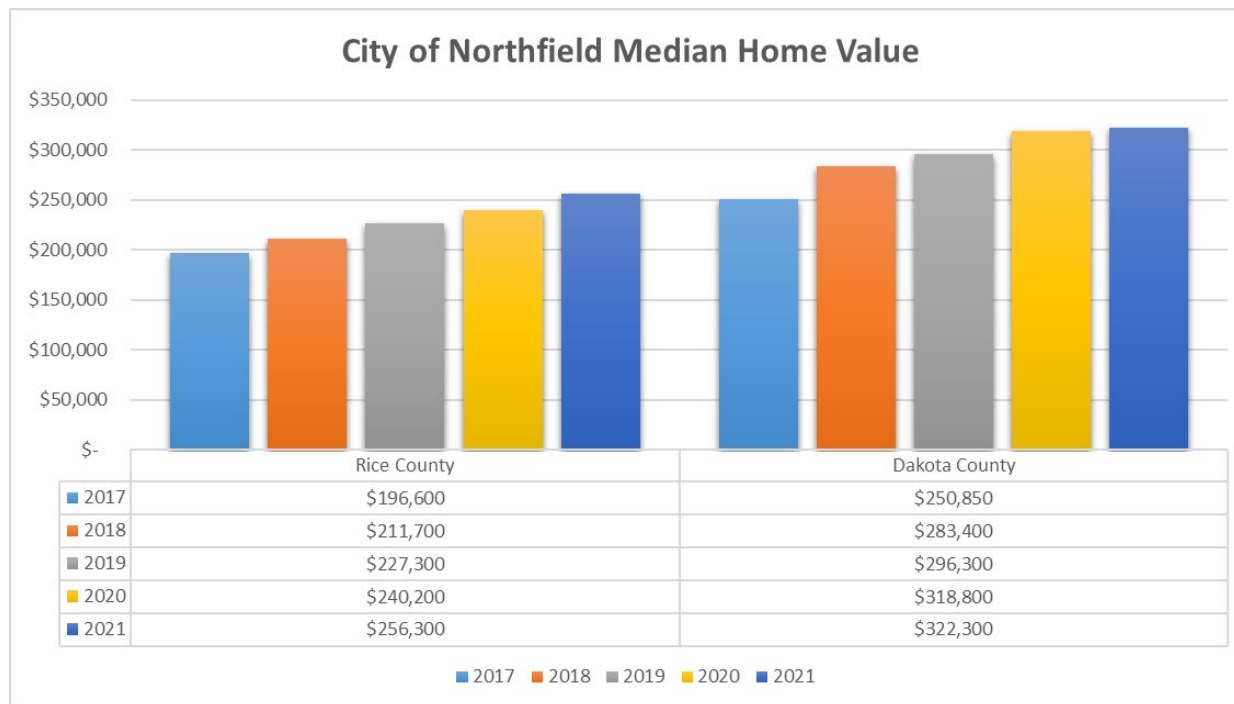
- Preliminary Levy set in September
 - 15.0% – set as preliminary maximum
 - 14.2% Option A
 - 13.0% Option B
 - 11.4% Option C
 - 10.0% Option D
- Setting the Preliminary Levy set a maximum \$ amount
 - The Preliminary Levy will be reflected on tax statements in November
 - Final levy in December can go down, but cannot go up

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 19% of this increase is related to new development
 - Estimated Net Tax Capacity increase of 6.4%
 - An increase in net tax capacity helps offset the impact of an increase in the levy

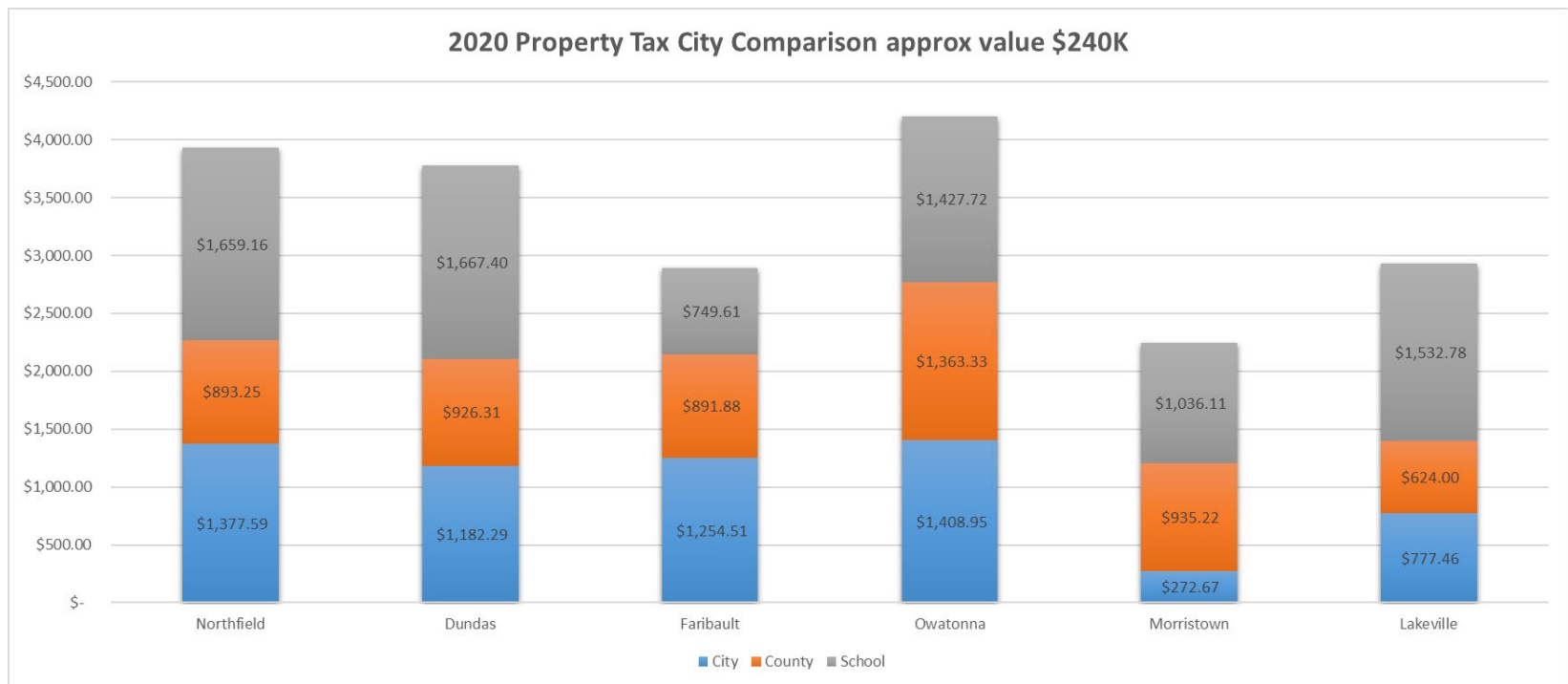
Northfield Median Home Value

- In 2021, Median Home Values increased
 - 6.7% in Rice County (vs 5.7% increase in 2020)
 - 1.1% in Dakota County (vs 8.5% increase in 2020)



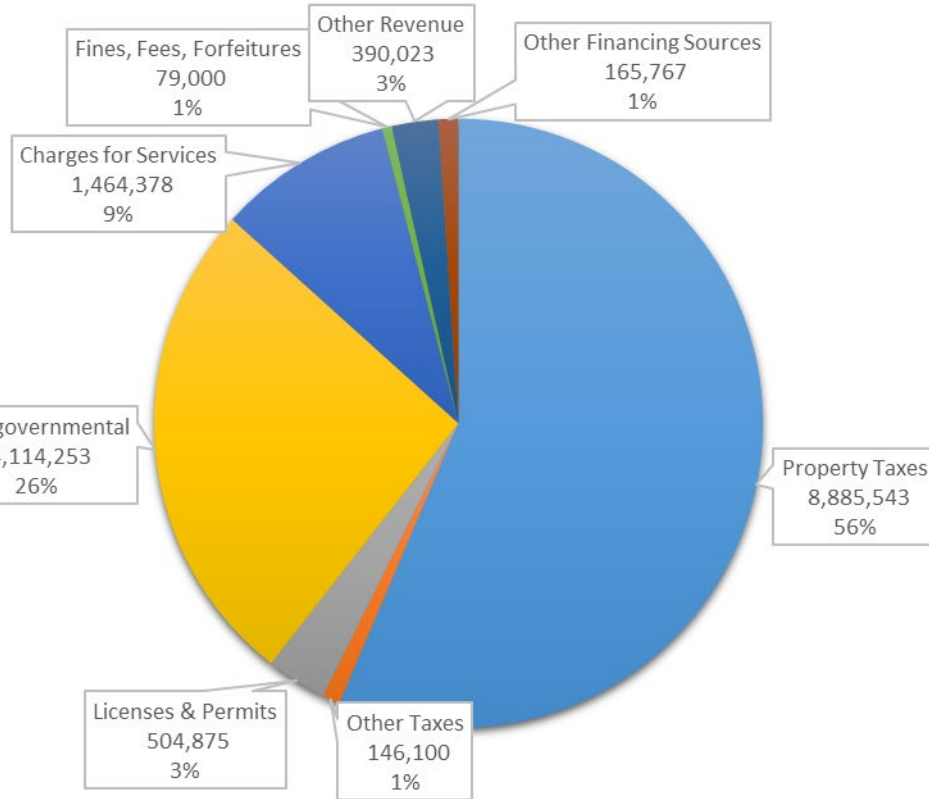
Property Tax Comparison

- Median Home Value Taxes compared to neighboring cities



General Fund Revenue

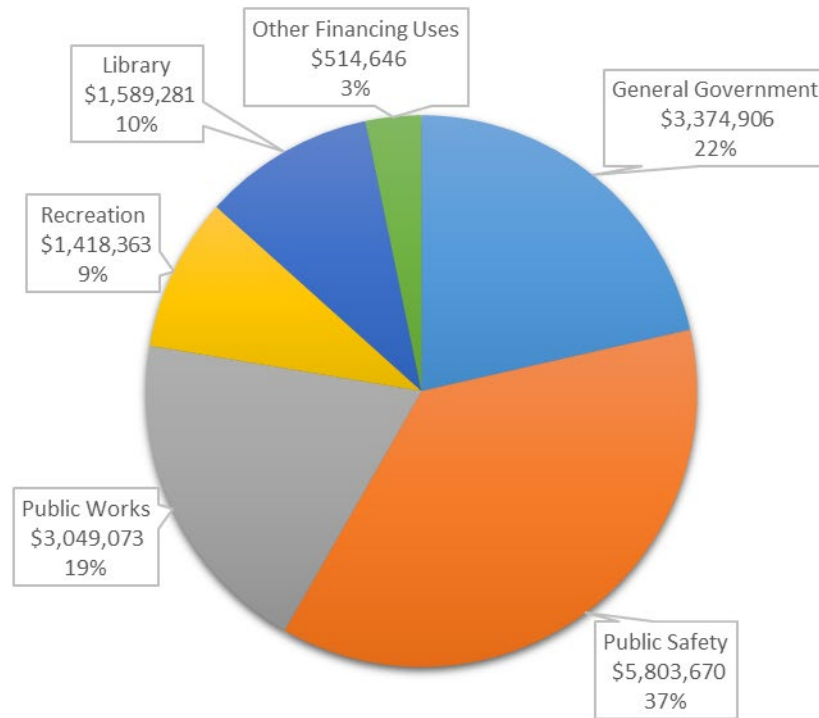
General Fund 2022 Revenue \$15,749,939



LGA is majority of intergovernmental 21% of total revenue

General Fund Expense

General Fund 2022 Expenditures \$15,749,939



City-wide Levy

	Actual 2020	Actual 2021	Preliminary 2022	\$ Change	% Change
For Operations					
General Fund	7,235,479	7,374,997	8,885,543	1,510,546	20.5%
NCRC Operations	189,472	195,156	195,156	-	0.0%
Transit			-	-	
Park Fund (\$25K for Capital Lease payment)	97,335	100,255	103,265	3,010	3.0%
City Facilities Fund	43,260	44,558	45,898	1,340	3.0%
Vehicle & Equipment Replacement Fund	324,531	440,267	344,295	(95,972)	-21.8%
Total Operations Levy	7,890,077	8,155,233	9,574,157	1,418,924	17.4%
For Other					
Abatement - Roof Repair	30,092	30,092	30,092	-	0.0%
COPS (debt) Police Facility	175,000	175,000	416,073	241,073	137.8%
	205,092	205,092	446,165	241,073	117.5%
For Bonded Debt					
2011A GO Improvement Bonds	55,000	50,000	-	(50,000)	-100.0%
2012A GO Improvement Bonds	55,000	50,000	50,000	-	0.0%
2013A GO Improvement Bonds	75,000	75,000	25,000	(50,000)	-66.7%
2014A GO Improvement Bonds	66,000	55,000	45,000	(10,000)	-18.2%
2015A GO Improvement Bonds	95,000	95,000	95,000	-	0.0%
2016C GO Improvement Bonds	58,000	58,000	15,000	(43,000)	-74.1%
2017A GO Improvement Bonds	60,000	55,000	52,000	(3,000)	-5.5%
2018B GO Improvement Bonds	179,000	182,500	180,000	(2,500)	-1.4%
2019A GO Improvement Bonds	227,008	214,000	214,000	-	0.0%
2020A GO Improvement Bonds		400,321	390,000	(10,321)	-2.6%
2021A GO Street Reconstruction Bonds		-	139,700	139,700	#DIV/0!
Subtotal	1,027,008	1,234,821	1,205,700	(29,121)	-2.4%
Facilities Related					
2016 Equipment Certificates	133,000	133,000	-	(133,000)	-100.0%
Public Project Revenue (Pool)	239,000	230,000	230,000	-	0.0%
2018A NAFRS	215,000	109,000	185,000	76,000	69.7%
2021 Equipment	-	-	62,000	62,000	#DIV/0!
Subtotal	587,000	472,000	477,000	5,000	1.1%
Total Debt Levy	1,819,100	1,911,913	2,128,865	216,952	11.3%
Total General Levy	9,709,177	10,067,146	11,703,022	1,635,876	16.2%
EDA	\$ 262,486	272,985	300,596	27,611	10.1%
HRA	\$ 267,504	278,204	306,731	28,527	10.3%
Total City-Wide Levy	10,239,167	10,618,336	12,310,349	1,692,014	15.9%

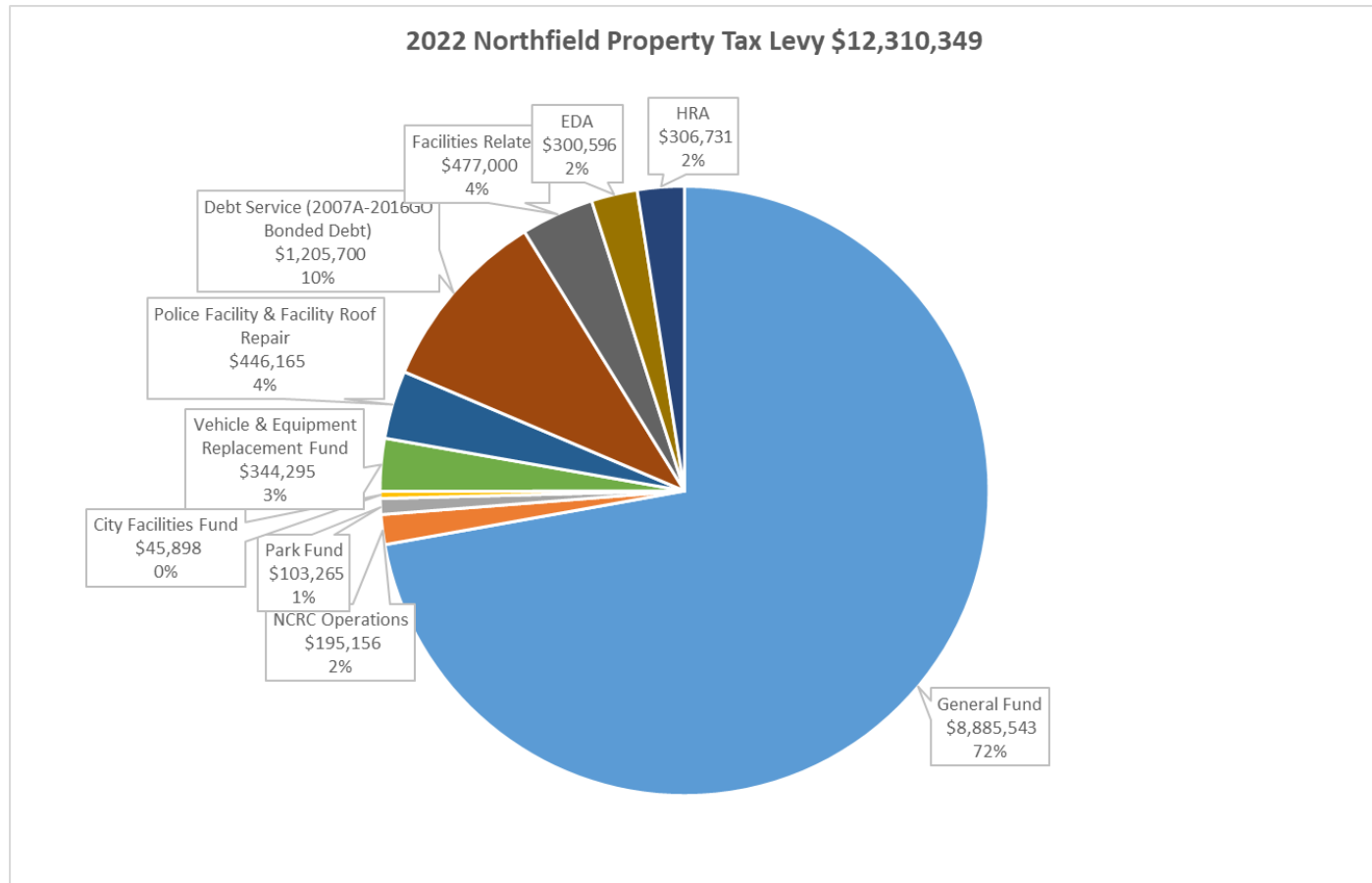
Overall 15.9% increase in
City-wide Levy

Operations
13.3% increase in Levy

All Debt Service Funds
2.0% increase in Levy

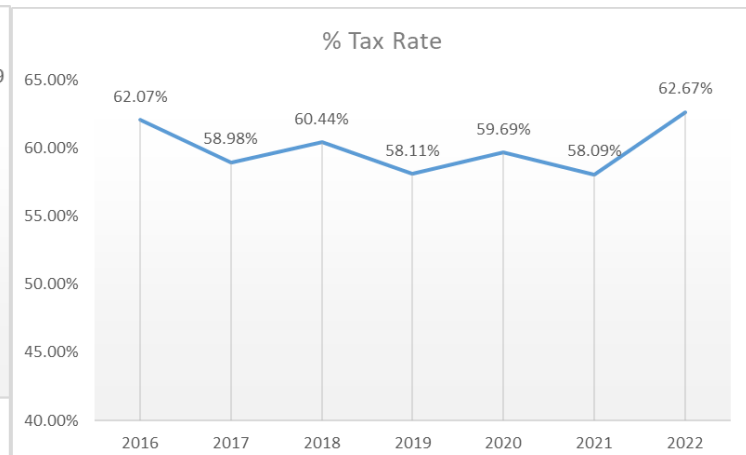
EDA/HRA combined
0.5% increase in Levy

City-wide Levy



15.0% Levy increase – Option A

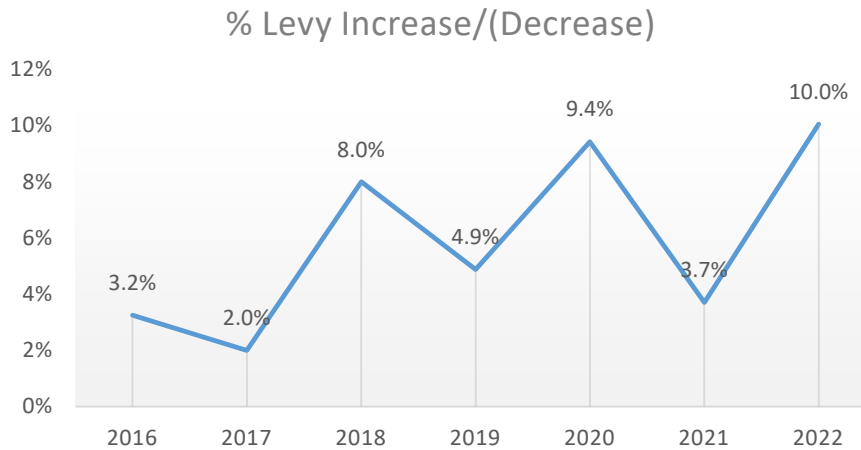
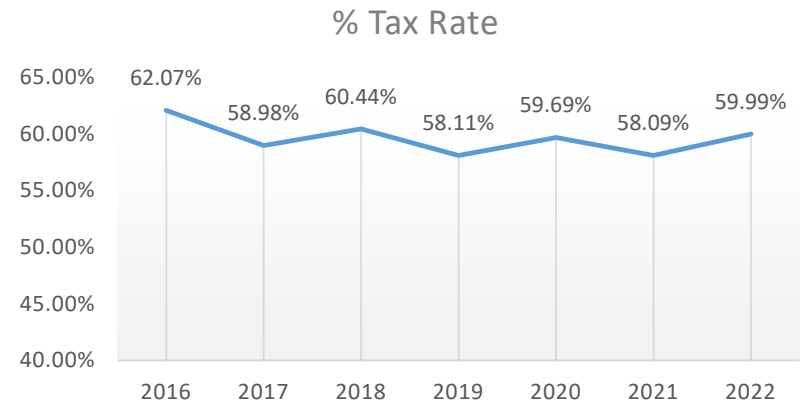
includes some added staffing (a 1% increase in levy equates to approximately \$106K)



Homestead Residential Property - City Tax only						
2021	2022	2021	2022	2022v2021		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$200,000	\$200,000	\$1,050	\$1,133	\$83	\$7	7.9%
\$200,000	\$212,000	\$1,050	\$1,208	\$158	\$13	15.0%
\$250,000	\$250,000	\$1,367	\$1,475	\$108	\$9	7.9%
\$250,000	\$265,000	\$1,367	\$1,569	\$202	\$17	14.8%
\$300,000	\$300,000	\$1,684	\$1,816	\$133	\$11	7.9%
\$300,000	\$318,000	\$1,684	\$1,929	\$245	\$20	14.6%
\$350,000	\$350,000	\$2,033	\$2,193	\$160	\$13	7.9%
\$350,000	\$371,000	\$2,033	\$2,325	\$292	\$24	14.4%
\$400,000	\$400,000	\$2,324	\$2,507	\$183	\$15	7.9%
\$400,000	\$424,000	\$2,324	\$2,657	\$334	\$28	14.4%

10.0% Levy increase – Option D

without added staffing but includes wage & benefit recommendations
(a 1% increase in levy equates to approximately \$106K)



Homestead Residential Property - City Tax only						
2021	2022	2021	2022	2022v2021		
Value	Value	Tax Paid	Tax Paid	Annual Change	Monthly Change	% Change
\$200,000	\$ 200,000	\$1,050	\$1,085	\$34	\$3	3.3%
\$200,000	\$ 212,000	\$1,050	\$1,157	\$106	\$9	10.1%
\$250,000	\$ 250,000	\$1,367	\$1,411	\$45	\$4	3.3%
\$250,000	\$ 265,000	\$1,367	\$1,501	\$135	\$11	9.8%
\$300,000	\$ 300,000	\$1,684	\$1,738	\$55	\$5	3.3%
\$300,000	\$ 318,000	\$1,684	\$1,846	\$163	\$14	9.7%
\$350,000	\$ 350,000	\$2,033	\$2,100	\$66	\$6	3.3%
\$350,000	\$ 371,000	\$2,033	\$2,225	\$192	\$16	9.5%
\$400,000	\$ 400,000	\$2,324	\$2,399	\$76	\$6	3.3%
\$400,000	\$ 424,000	\$2,324	\$2,543	\$220	\$18	9.5%

Levy Alternatives

15.0% preliminary maximum

- Option A – 14.2% (below maximum levy)
 - Includes all staffing requests
- Option B – 13.0%
 - Includes Horticulturist, both Community Development, Civil Engineer & Spanish translator to full-time
- Option C – 11.4%
 - Includes Horticulturist & Community Development/NDDC
- Option D – 10.0% - adjusted baseline (reduced from 11.8%)

ARPA eligible expenses

Being developed to be provided supplemental memo

Potential Reductions

Being developed to be provided supplemental memo

Potential Grants

Being developed to be provided supplemental memo

Strategic Priorities Areas

Being developed to be provided supplemental memo

Previous Staff Additions

Newly Added Positions

2016- 2021

2016	1.0 Water Quality Tech
	1.0 Economic Development Coordinator
2017	1.0 Outreach Coordinator
	1.0 Utilities Operator
2018	1.0 Utilities Operator
2019	1.0 Project Coordinator (FT Perm 2021)
	0.6 NPB Station Manager
	0.6 DMV Specialist
	1.0 Communications Specialist (part-time administrative associate increased to FT CS)
	1.0 Public Works Operator - Streets & Parks
	0.6 Permit Tech
2020	1.0 Police Officer (Investigator)
	1.0 Sergeant
	1.0 Youth Services Librarian (part-time YSL and other part-time staff to create one FT YSL)
	1.0 Wastewater Planner Scheduler
	1.0 Public Works Operator - Streets & Parks
	Temporary Position
2021	Administrative Associate - Elections
	0.6 Spanish Translator
	1.0 Permit Tech (part-time permit tech and part-time code enforcement associate to create FT PT)
	1.0 Data Coordinator
	0.1 Meeting Associates
	Temporary Positions
	Assistant City Planner
	Administrative Associate

Staffing 2022 – Included in Base

- Police Department Evidence Technician – approved with Body Cam purchase
- Convert Program Coordinator position to Permanent in 2021 (funded in 2020 budget, partially funded in 2021 from grant)
 - Climate Action Plan, Racial Equity Plan, Strategic Planning
 - We are currently reviewing funding to include allocation to wastewater, stormwater, garbage, water fund which will decrease levy impact
- Translator – Spanish Part-Time

Summary of Staffing Changes

- 3 positions in “baseline” budget highlighted in green
- Other position requests noted after

	Estimated Cost	Required
Staffing Related		
Police Evidence Technician - digital evidence INCLUDED	\$ 90,000.00	0.85%
Project Coordinator Permanent Funding (2022) Annual Impact INCLUDED	\$ 105,000.00	0.99%
Translator - Spanish Part-time	\$ 36,000.00	0.34%
Total Included in baseline	\$ 231,000.00	2.18%
Street & Parks Horticulturist	\$ 90,000.00	0.85%
Civil Engineer - partially General Fund funded	\$ 40,000.00	0.38%
Police Officer	\$ 103,000.00	0.97%
Community Development - NDDC offset	\$ 52,000.00	0.49%
Community Development - additional	\$ 90,000.00	0.85%
Increase NPB Station Manager Hours	\$ 30,000.00	0.28%
Translator - Spanish Part-time to Full-time	\$ 35,000.00	0.33%
Total New, not included in baseline	\$ 440,000.00	4.14%
Total	\$ 671,000.00	6.32%

Preliminary Staffing Requests

(not included in “baseline” option)

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

Public Works

- Horticulturist/City Forester – FT for 2022 \$90K/year
- Engineer – with partial revenue offset for internal design work for 2022 \$40K/year

Police

- Police Officer. Identified in the 2019 department operational study. \$103k/year

Community Development

1 Community Development Positions: Identified in Department Needs Assessment, and with CityNDDC contract review. Additional info to be presented in Sept.

- 1 position @ \$87K;
@ \$52K impact with NDDC \$35K contract offset \$52k/yr
- 1 additional Community Development Position (council interest) \$90K/yr

Communications

- NPB Manager part-time to full-time \$30k/yr
- Spanish Translator part-time to full-time Spanish Communications Associate \$35k/yr

Staffing Request – Public Works

- Request for 1 Horticulturist/Arborist
 - Downtown plantings, pruning, weed removal, tree inspections

Comparable

- Northfield Street & Parks – 7 Street & Parks Operators = 7 FTE
- Faribault - Streets – 7 Street Operators & 5 Parks Maintenance = 12 FTE
- Rosemount – Street – 5 Operators & 5 Parks Maintenance = 10 FTE
- Owatonna – Street – 4 mechanics, 12 Operators & 6 Parks Maintenance = 18 FTE, they also have two parks FTE at the golf course that help in parks maintenance in the offseason.
- Stillwater – Street and Parks Operators = 13 FTE

Staffing Request – Public Works

- Request for 1 Civil Engineer
 - The City has proposed \$34 Million in Street and Utility improvements in the 2022-2026 Capital Improvement Plan.
 - The majority of the funding for this position would come from project funds.
 - Project Funds \$58,000
 - General Fund \$40,000
 - Enterprise Funds \$17,000
 - Total = \$115,000
 - The City has two staff that deliver the majority of these improvement projects. Managing all these projects and coordinating consultants isn't sustainable.

Staffing Request – Police Department

- Request to Hire a Patrol Officer
 - Based on the 2019 Department Assessment and the experience of the department
 - Assist in
 - Meeting workload demands
 - Meeting community expectations
 - Delivering quality service
 - Ensure delivery of Service Excellence as called for in the City's Strategic Plan.

Staffing Request - Community Development

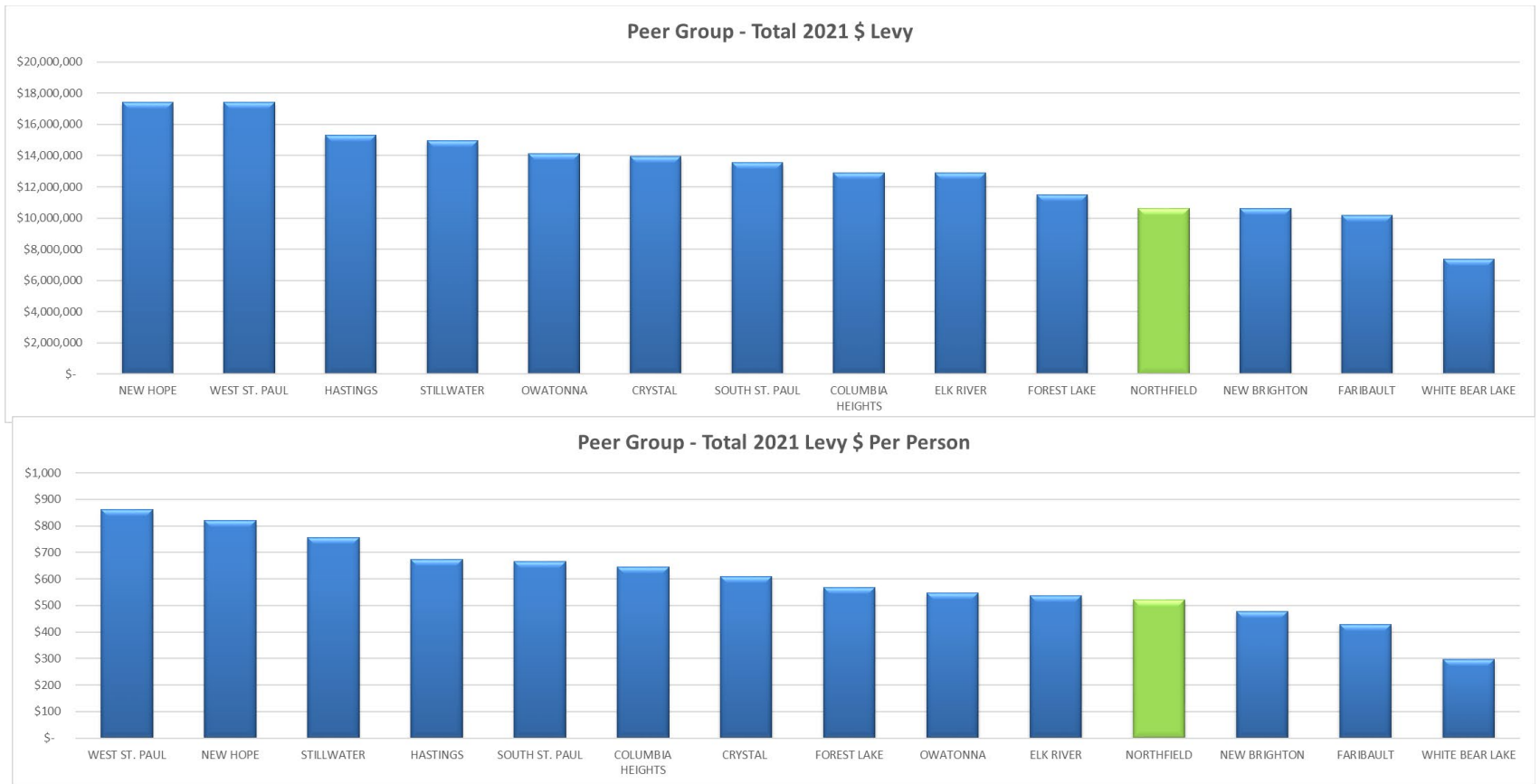
- Requests: 2 FT Assistant Planner Positions
 - Identified in Department Needs Assessment, and with CityNDDC contract review.
 - Additional info to be presented in Sept.
 - 1 position @ \$52K impact with NDDC \$35K contract offset
 - 1 position @ \$90K;
 - Economic Development focus based on prior Council consensus
 - Additional capacity needed to provide core services
 - Additional capacity needed to support projects, policy and planning initiatives and community engagement

Staffing Request - Communications

- Increase NPB Station Manager hours
 - Fall 2019 converted to city staff working 24 hours per week
 - Increase scenarios:
 - part-time to full-time 40 hours per week with full benefits
 - 24 hours per week to 29 hours per week (ineligible for full-time benefits)
- Fund Full-time Spanish Communications Associate needs

Increase scenarios: increase part-time staff or additional dollars to professional services

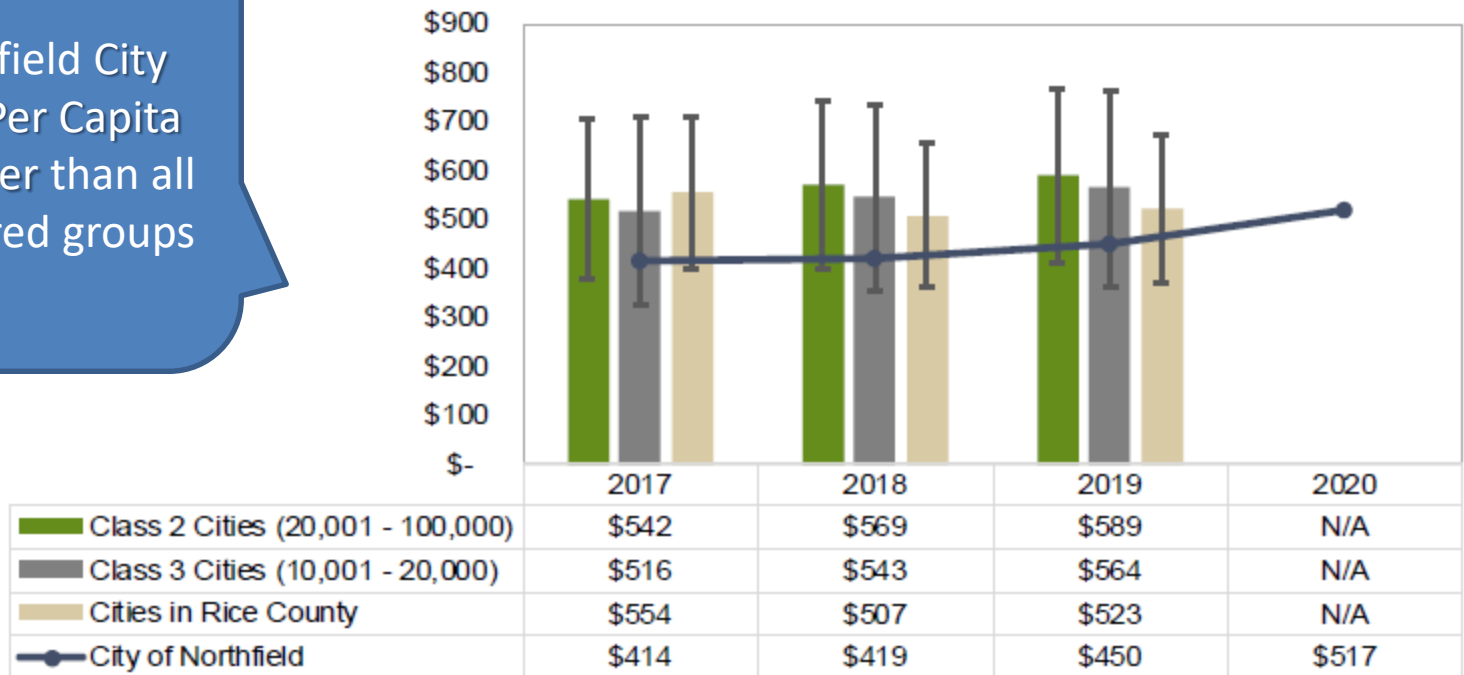
Key Ratios – Peer Comparison



Key Ratios – Peer Comparison

Northfield City
Taxes Per Capita
are lower than all
compared groups

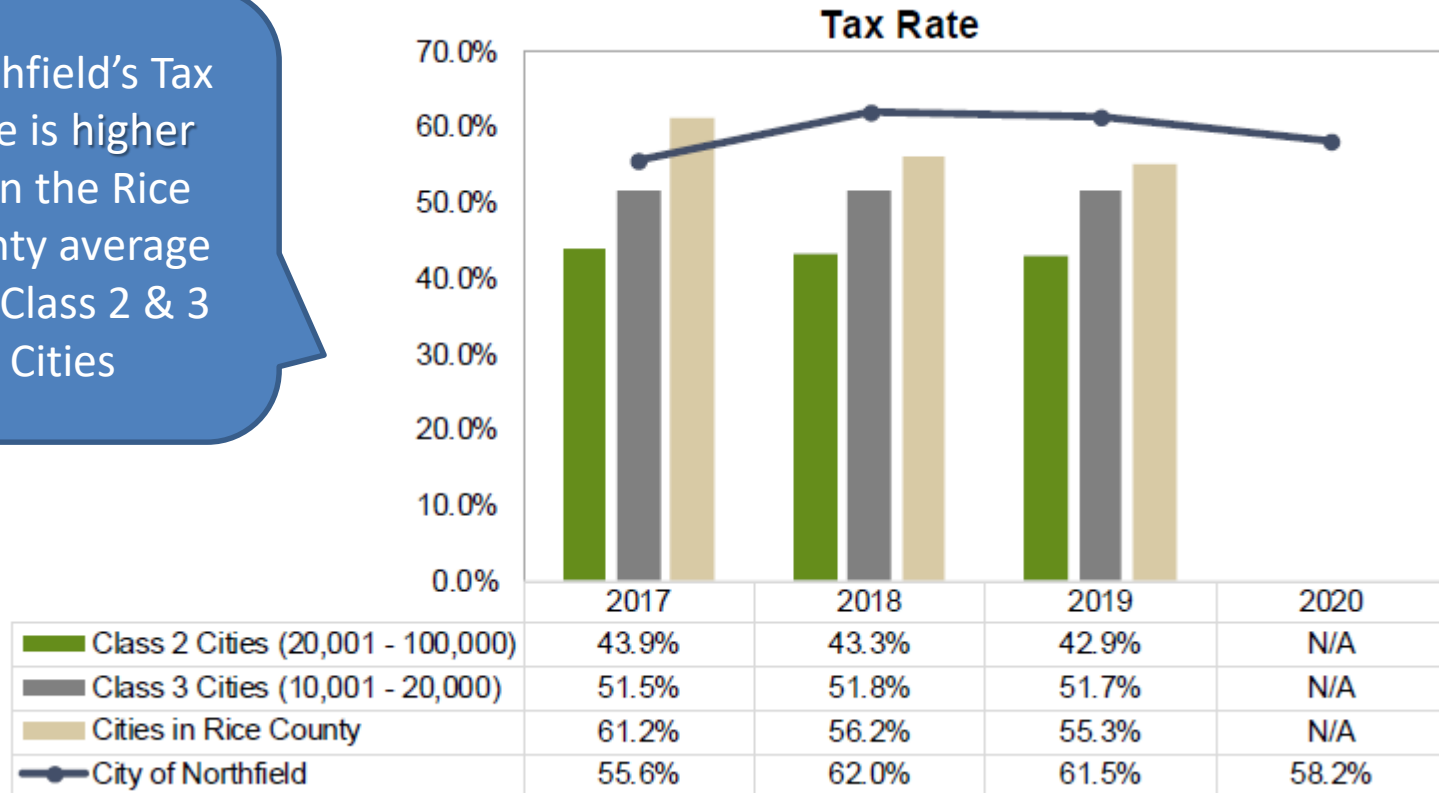
Taxes - Per Capita



Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

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

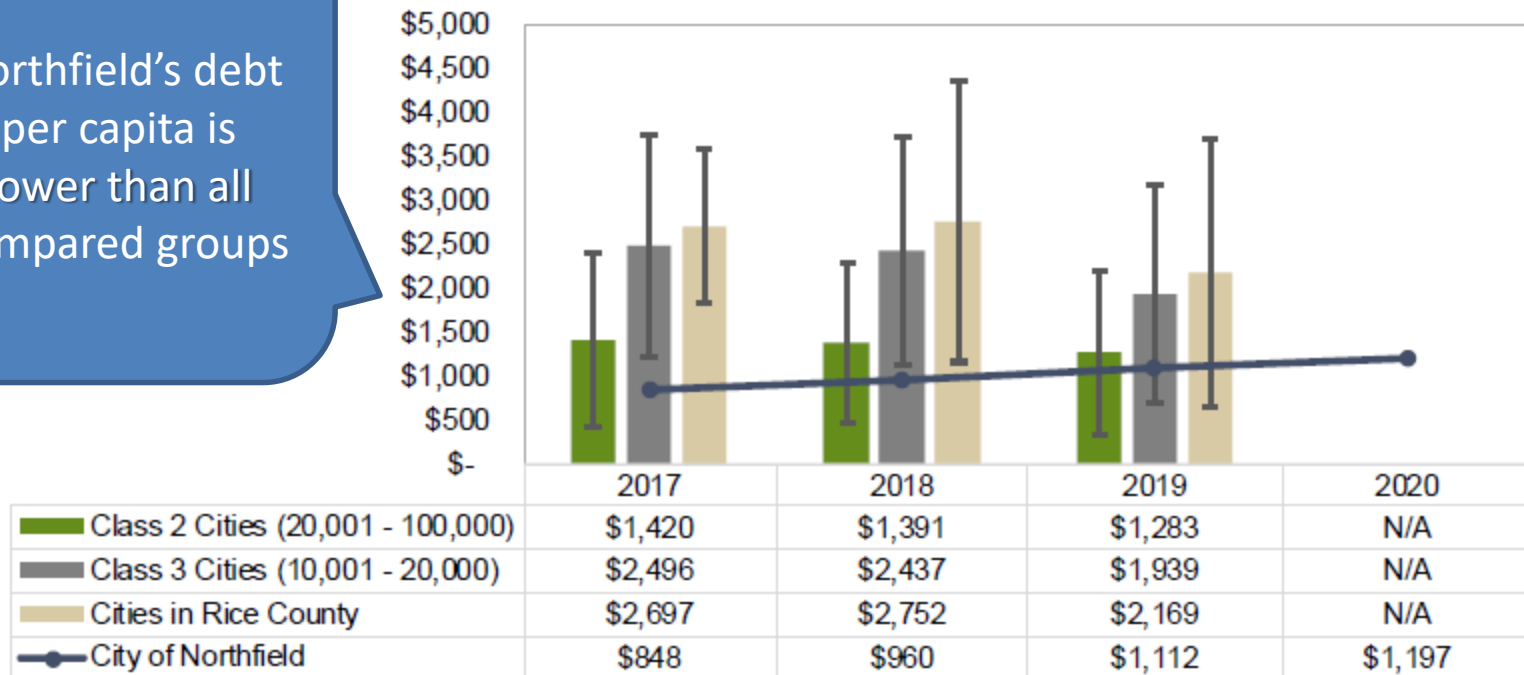


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

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

Long Term Debt - Per Capita



Source: Abdo, Eick & Meyers, LLP Audit Presentation

Budget & Levy Schedule

October

- October 12th Budget Worksession – prioritize additional expense items

November

- November 9th Budget Worksession – review December presentation and determine recommendation for levy

December

- **December 7th Public Hearing 6:00 p.m. on the 2022 Budget and Tax Levy**
- December 7th approval of Levy and Budget