



Public Hearing on the 2009 Budget and Property Tax Levy

City Council

Meeting of December 1, 2008

Purpose of the public hearing:

- Requirements established by State law;
- A preliminary or proposed budget and tax levy approved on or before September 15th each year;
- The proposed budget and tax levy is used to generate the parcel-specific notices to property owners – sent out in mid to late November – just prior to local governments’ public hearings in early December.

Purpose of the public hearing:

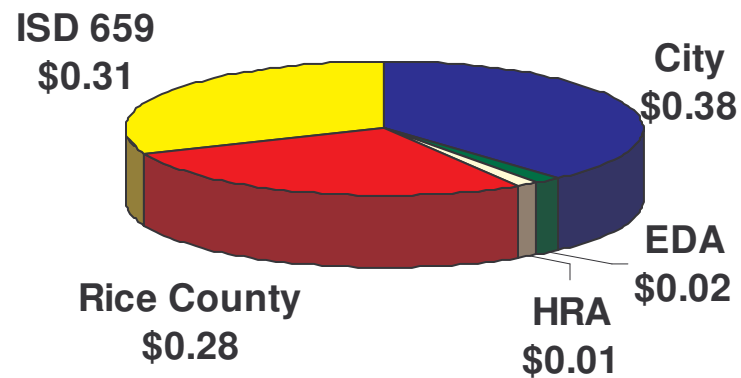
- To provide the community with a forum for input on the City's proposed budget and property tax levy for the new year;
- The hearing does not address property valuation – how it is done or the changes made to your property's value in the last year.

Property Assessment Calendar for Taxes Payable in 2009

- March 2008 – County sent out Notice of Valuation (*for 2009*);
- May 2008 – Local Board of Review meets to consider appeals from property owners;
- June 2008 – County Board of Equalization meets to consider appeals from property owners
- June 2008 – March 2009 – Tax Court petitions must be filed by subsequent March to appeal 2008 property assessment.

Where your tax dollar goes in 2008

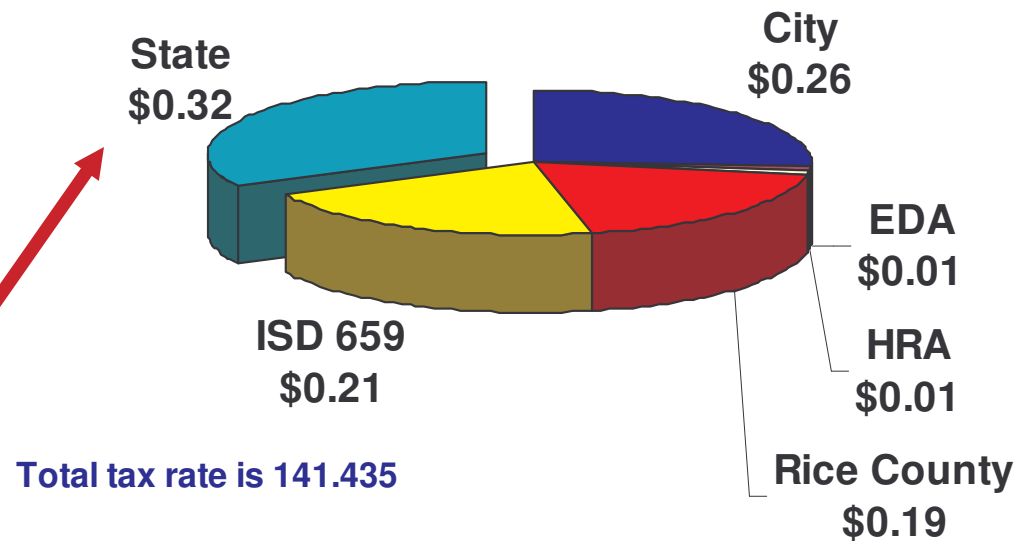
Where your property tax dollars go in 2008 - residential properties



Total tax rate is 95.486

Where your tax dollar goes in 2008

Where your property tax dollars go in 2008 -
commercial and industrial properties



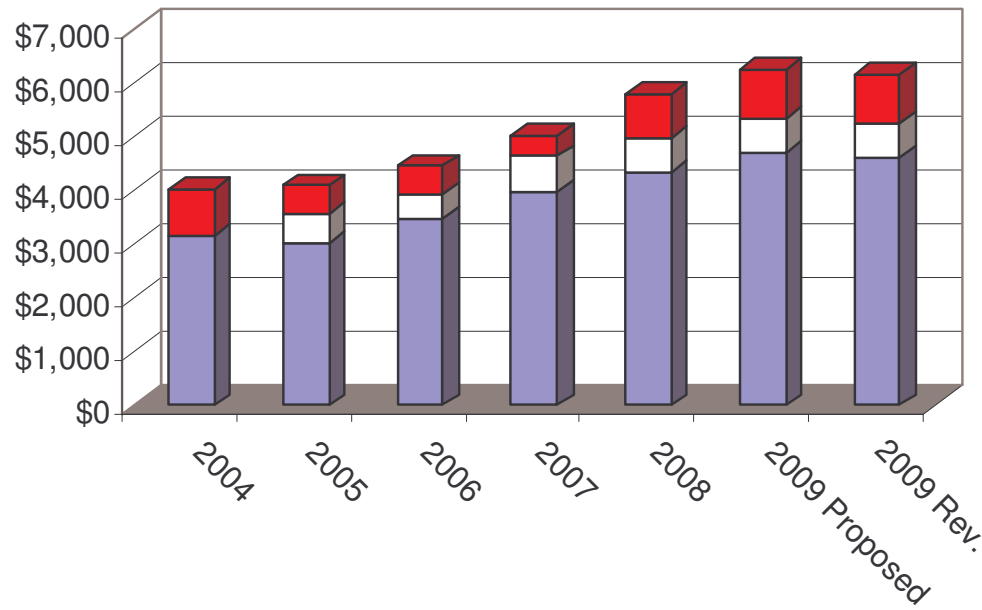
Owners of commercial / industrial property also pay a State property tax

Proposed 2009 Levy – General Fund

- With the final changes, the City's General Fund levy increases by \$291,982 or 6.75% over 2008 and represents the smallest dollar increase since 2005.
- Expenditures increase by \$53,112 or .5%.
- The final reductions made in the tax levy are balanced with corresponding cuts in General Fund spending.

City Levy History

Thousands



■ General Fund □ Capital Needs ■ Bonded Debt / Other

2009 Proposed Levy

- Total proposed levy increases by \$363,505 or 6.25% - \$90,388 less than approved in September.
- Projected tax rate for 2009 is 38.187, an increase of 4.27% or 1.54 over the 2008 rate – down from the preliminary increase of 2.12 or 5.8% over the current year.

Proposed 2009 Levy – Debt Service

- Debt service levies had already been reduced by a total of \$(121,530) for the preliminary approval
 - 2000A GO by \$(26,530);
 - 2006A EDA Lease Rev (pool) by \$(65,000);
 - 2008B GO NCRC by \$(30,000).
- No further reductions were recommended.

Proposed 2009 Levy – Capital Needs

- Transportation Fund - \$100,000
- Park Fund - \$150,000
- City Facilities Fund - \$84,000
- Vehicle Replacement Fund - \$310,075

Levies remain flat into 2009 – have not changed since 2007.

General Fund – 2009 Proposed Budget

- Initial shortfall of nearly \$800k due to combination of new levy limits / other revenue shortfalls / increased cost of operations;
- Budget balancing – first round cuts – included:
 - Elimination of 9 full-time & 1 part-time staff positions and reduction in hours for several others;
 - Reduction in professional services across departments – including fees for legal services;
 - Reduction in equipment maintenance, public service programs and other costs.

General Fund – 2009 Proposed Budget

- Budget balancing – 2nd round cuts – include:
 - Shift in funding for IT and Economic Development Director positions;
 - Elimination of one more staff position;
 - Changes to health insurance plan;
 - Use of additional fund balance (to a total of \$100K).

Other Increases

- Water rate increases by \$.04 – 3% increase
- Sewer rate increases by \$.06 – 4%
- Garbage rates will increase by 3.2% (majority of the increase due to county tipping fees);
- Storm drainage rates previously approved will go into effect at start of 2009;
- Rate study for water and sewer in 2009.

2009 Bottom Line - \$250,000 Home

	2008	Revised 2009	Increase	
Market Value	250,000	250,000	-	0.0%
City Tax (tax capacity portion)	916	955	38	4.2%
City Tax (market value referendum)	38	36	(2)	-6.4%
Subtotal	954	990	36	3.8%
MV Credit (City portion estimated)	(47)	(47)	-	0.0%
Net City Tax Bill	907	943	36	4.0%
<i>Impact on a monthly basis:</i>				
Net City Tax Bill per month	75.60	78.60	3.00	4.0%
Water	33.73	34.53	0.80	2.4%
Sewer	65.00	70.00	5.00	7.7%
Storm Water	1.00	3.67	2.67	266.7%
Garbage	9.90	10.22	0.32	3.2%
Total City Charges per month	\$ 185.23	\$ 197.02	\$ 11.79	6.4%

Using 2,000 cu. ft. of water / mo.

2009 Bottom Line – Commercial Property

	2008	Revised 2009	Increase	
Market Value	600,000	618,000	18,000	3%
City Tax (tax capacity portion)	4,123	4,434	311	8%
City Tax (market value referendum)	92	88	(3)	-4%
Subtotal	<u>4,214</u>	<u>4,522</u>	<u>307</u>	<u>7%</u>
MV Credit (City portion estimated)	<u>n/a</u>	<u>n/a</u>		
Net City Tax Bill	4,214	4,522	307	7%
Net City Tax Bill per month	351.21	376.82	25.61	7%
Water	160.02	164.28	4.26	3%
Sewer	317.00	342.00	25.00	8%
Storm Water	8.81	12.00	3.19	36%
Garbage	<u>n/a</u>	<u>n/a</u>		
Total City Charges per month	<u>\$ 837.04</u>	<u>\$ 895.10</u>	<u>\$ 58.06</u>	<u>7%</u>

Using 10,000 cu. ft. of water / mo.

The owner of a \$250,000 home will pay an estimated \$79 per month in City property taxes in 2009

- Represents an increase of \$3 per month compared to 2008;
- Compare \$79 per month to
 - an average Xcel bill of \$216 per month, or
 - the average cost of cable TV & internet service at \$123 per month, or
 - the average cost of a home security system at \$45 per month.

For the Future

- Levy limits are in place for 2009, 2010 and 2011;
- Northfield receives significant amounts of state aids (27% of the GF Budget) – this leaves the City vulnerable to further cuts;
- The general economy is impacting the State's budget outlook – and future years' funding of LGA could be affected (even mid-year cuts have occurred in the past);
- Reductions in state aids coupled with levy limits will make balancing future years' budgets difficult and may result in cutbacks in the City's core services – including those that directly affect service delivery to the public.

Contacts

Market Value Questions?

- Contact Rice County (507) 645-9576
- Contact Dakota County (651) 438-4200

Questions about the City's budget and tax levy?

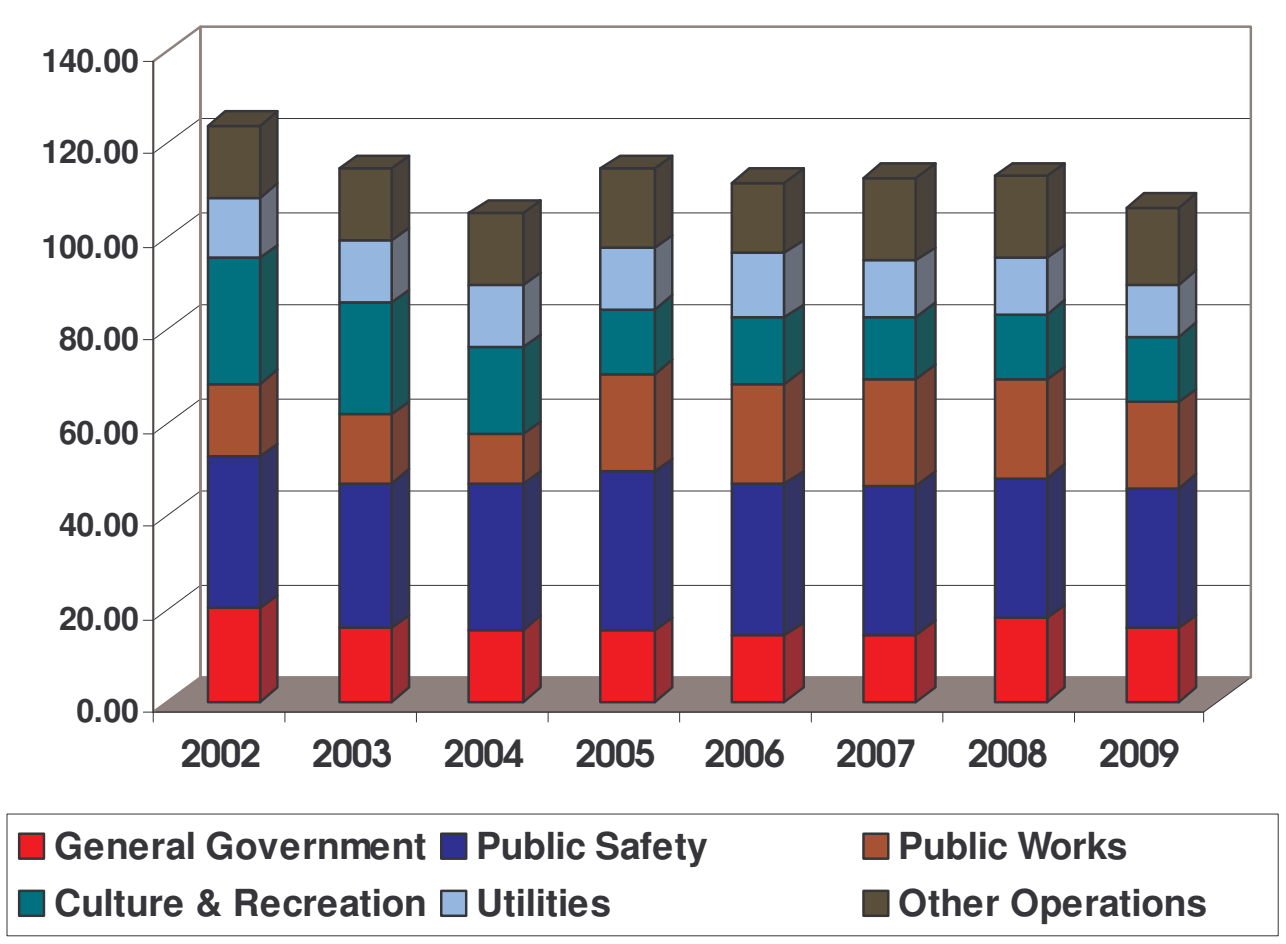
- Contact the City of Northfield (507) 645-8833

or

- Finance Director, Kathleen McBride
(507) 645-3011

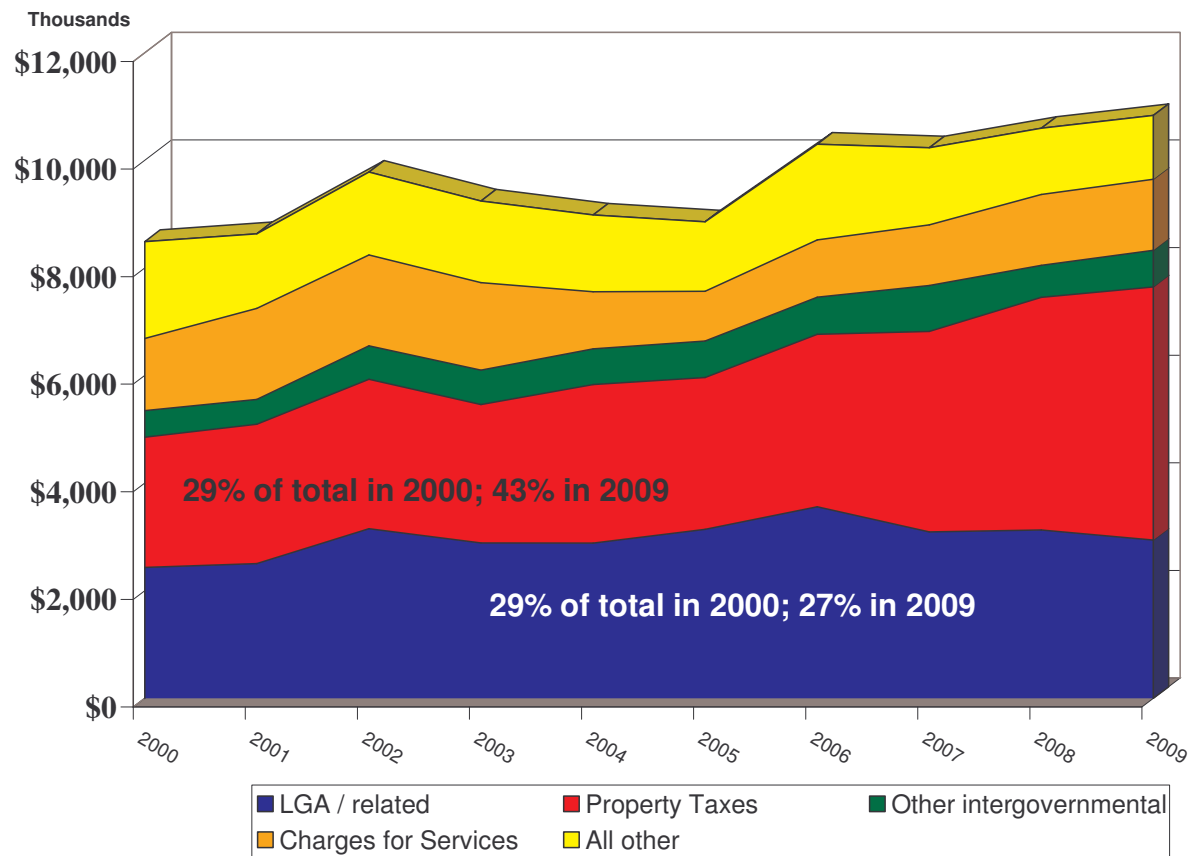
Kathleen.McBride@ci.northfield.mn.us

Staffing Level History

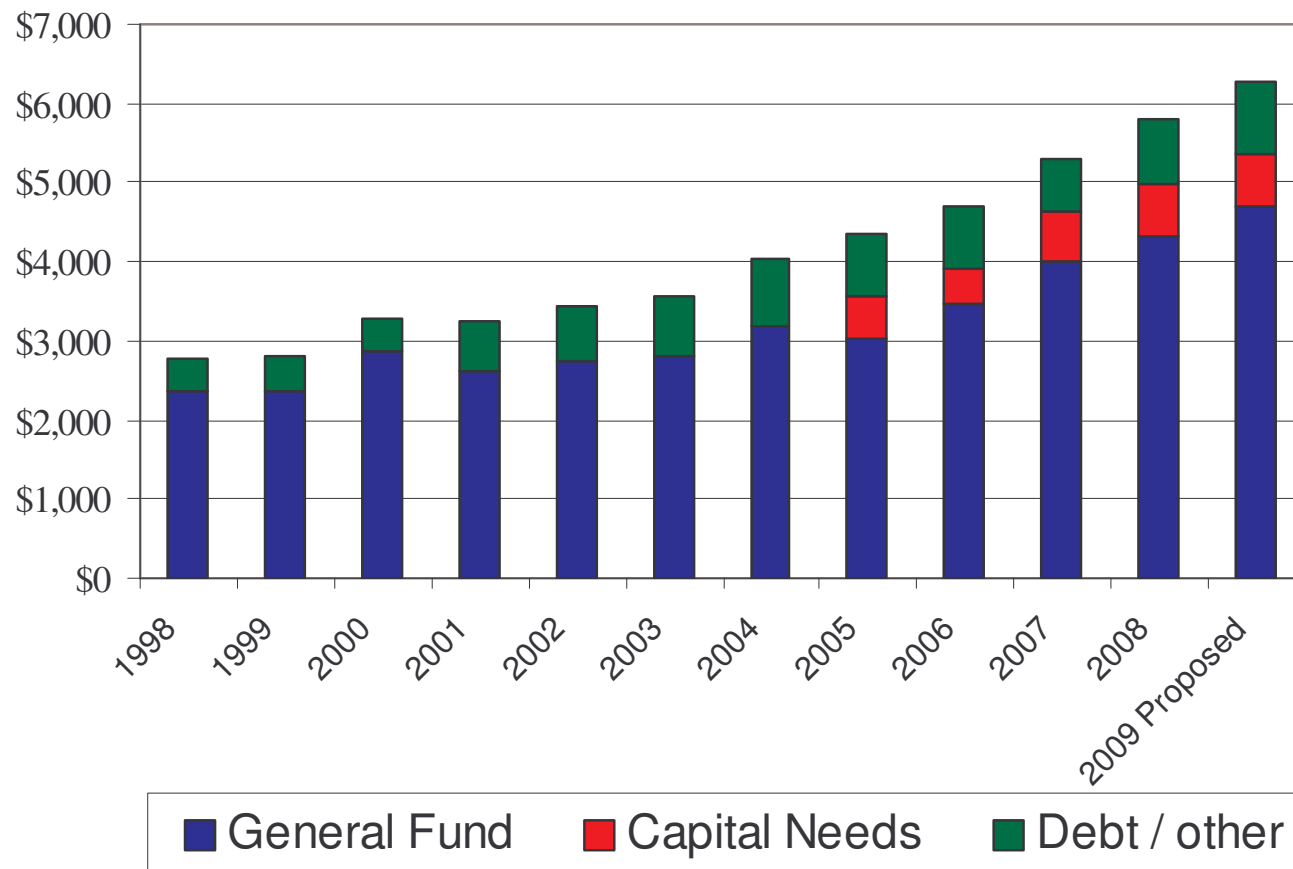


Financing core services

Total revenues have increased 3% on average since 2000



Tax Levy History

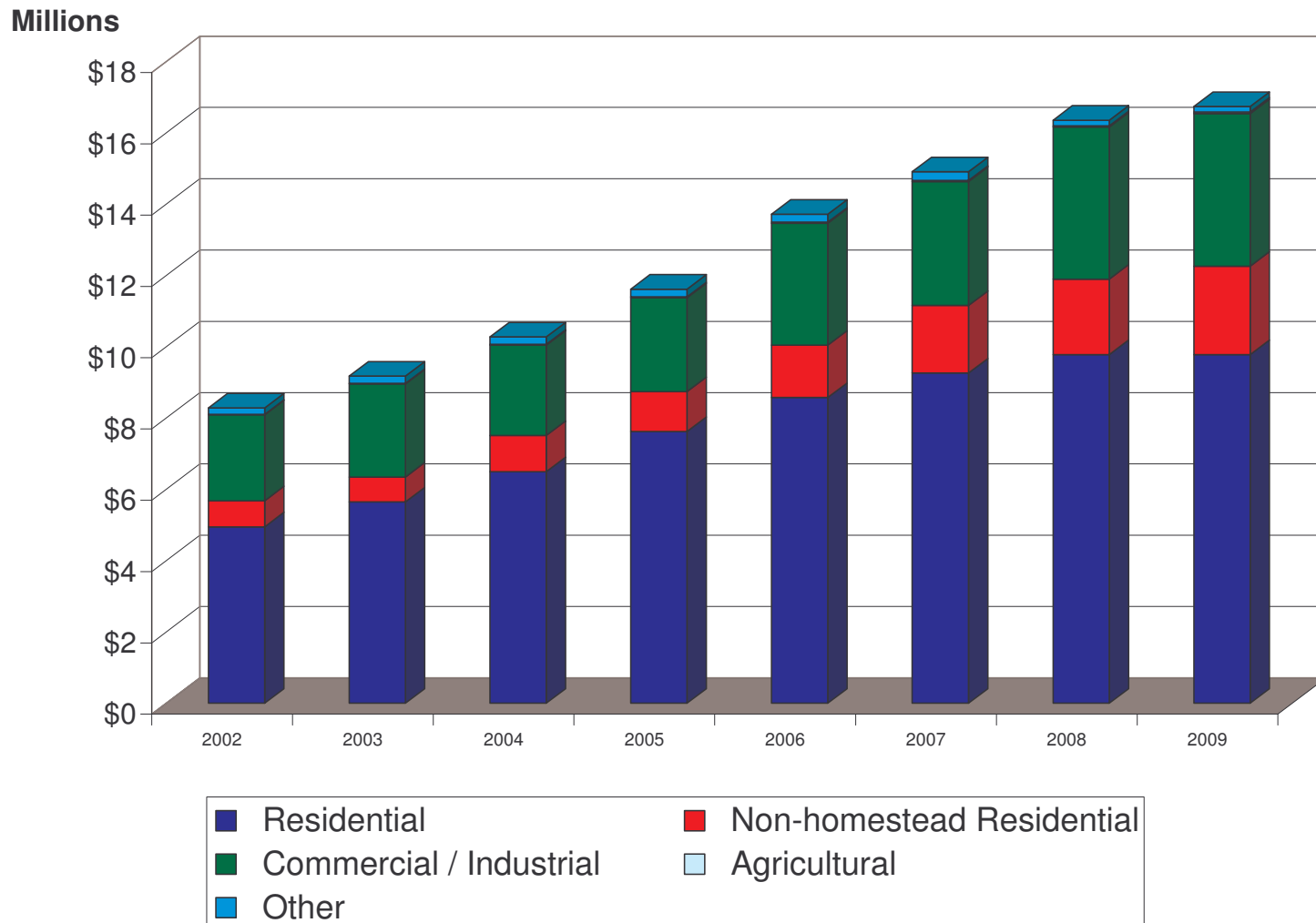


What are tax capacities?

- The tax rate is applied to the “tax capacity” of the property – not it’s market value.

Homestead Residential	Class rate: 1% of MV up to \$500k; 1.25% over \$500k
Non-homestead Residential – includes 4+ unit apartment bldgs.	Class rate: 1.25%
Commercial / Industrial and Public Utility	Class rate: 1.5% up to \$150k; 2% over \$150k

City Tax Base Trends –Tax Capacities



City Tax Base Trends

– Taxable Market Values

