

2009 Budget Development

City of Northfield

- Revisions to the Proposed 2009 Property Tax Levy (since August 11th) –

– Previous total:	\$6,403,316
• Operating levy	(21,247)
• Bonded debt levies	(95,166)

Revised total	\$6,270,549
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- Projected tax rate for 2009 with revisions made to the levy is 38.765
- Represents an increase of 2.12 (5.8%) over the 2008 rate of 36.648

The increase in the operating levy of \$382,370 is equal to 3.5% of the proposed 2009 General Fund budget

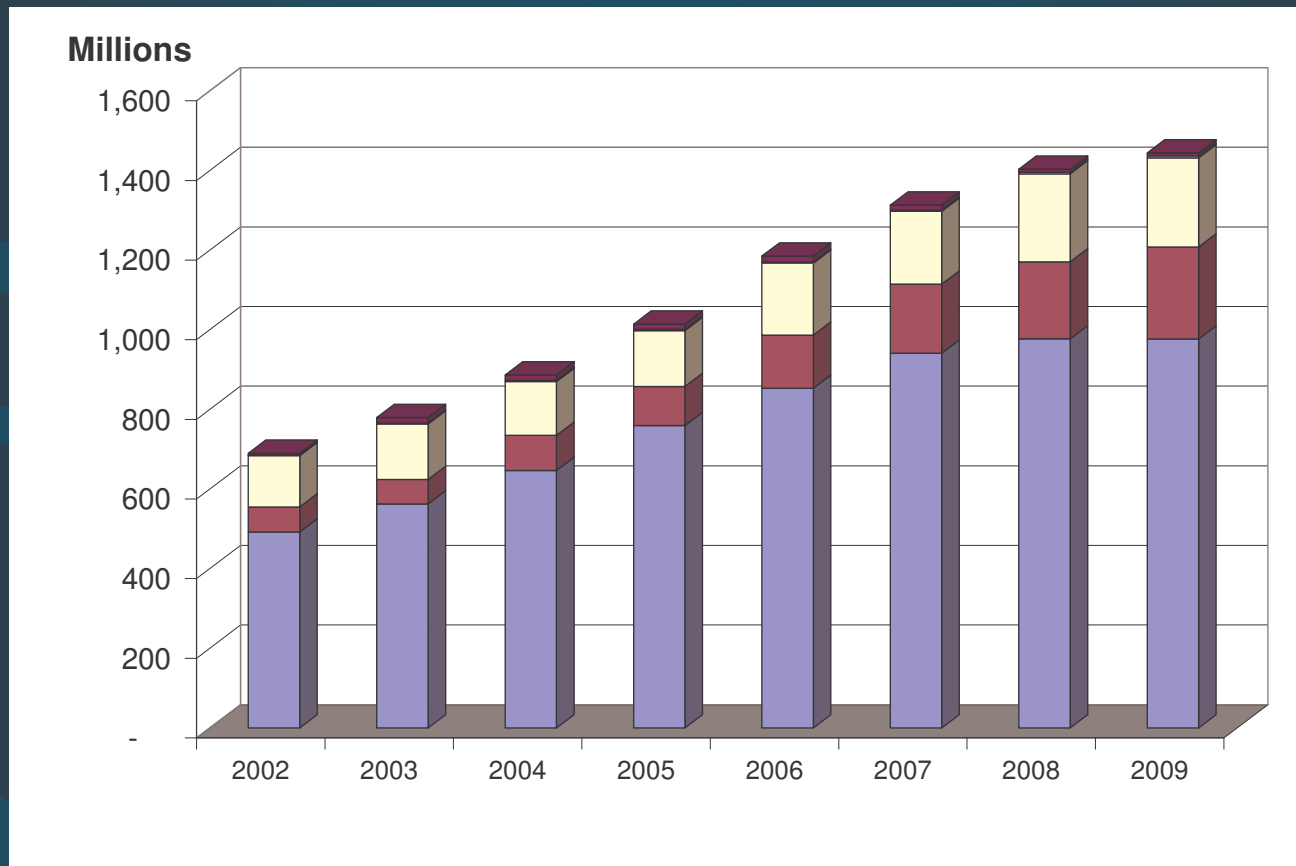
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\$165,000 Residence	\$200,000 Residence	\$250,000 Residence	\$350,000 Residence	\$1,000,000 C/I Property
2008 City Taxes \$630	2008 City Taxes \$764	2008 City Taxes \$954	2008 City Taxes \$1,336	2008 City Taxes \$7,208
2009 Est. City Taxes \$663	2009 Est. City Taxes \$804	2009 Est. City Taxes \$1,005	2009 Est. City Taxes \$1,407	2009 Est. City Taxes \$7,605
\$2.77 / mo. Increase	\$3.36 per mo. increase	\$4.20 / mo. increase	\$5.88 / mo. increase	\$33.12 /mo. increase

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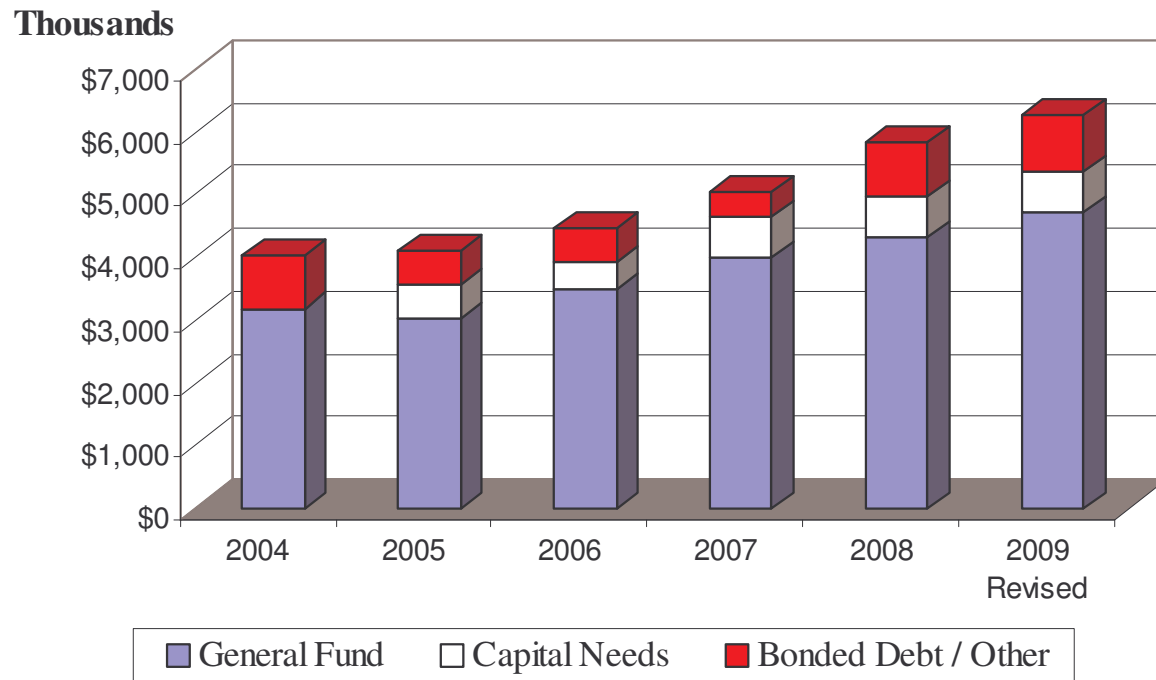


City Tax Base: Taxable Market Value Trend

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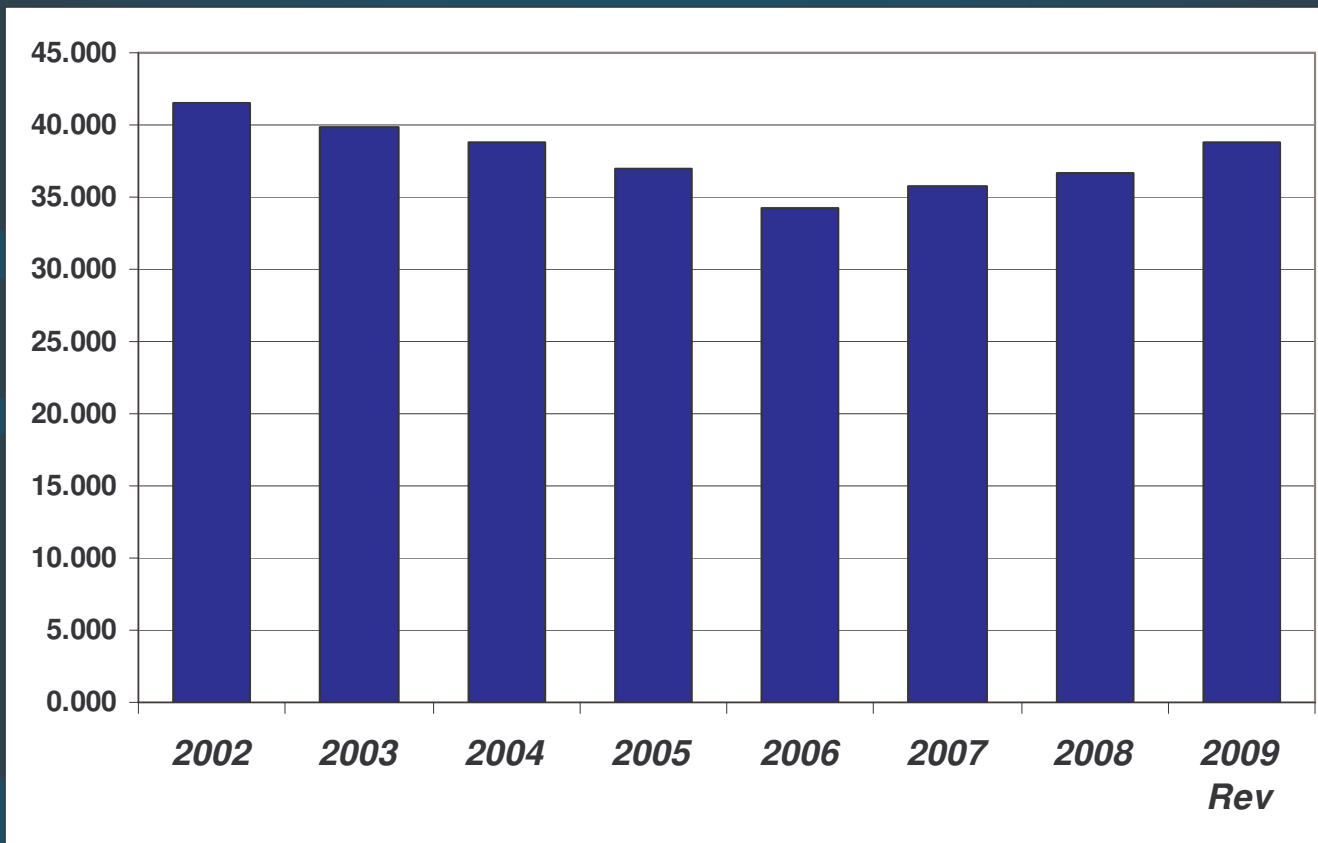
Property Tax Levy Trend



** Capital Needs: Transportation, City Facilities, Parks and Vehicles / Equipment Levies

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City Tax Rate Trend

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- As of August 11th – a General Fund budget gap of over \$600k had been projected;
- With the review and tally of 2009 requests submitted by departments – the gap grew to \$800k.

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- Balancing the 2009 General Fund budget:
 - Local government is a service industry with personnel costs representing over 2/3's of the total budget;
 - Reducing costs to the tune of \$800k means reducing services / personnel.

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For 2009, internal services were targeted for reduction and include –

- *Outsourcing custodial services (4 staff positions);*
- *Eliminating accountant position (added one year ago);*
- *Reduction in hours (to 80%) for two HR line staff;*
- *Eliminating two PW Operator positions;*
- *Eliminating the Facilities Operator position;*

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For 2009, internal services were targeted for reduction and include –

- *Elimination of the (new, unfilled) PT Rental Inspector position;*
- *Consolidation of administrative support services and the elimination of one administrative assistant position (undetermined at this time).*

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Other reductions / changes in expenditures

- *Reduce legal fees (back to an average – prior to 2007);*
- *25% of ED Director's salary remains in EDA;*
- *Fire Department - \$15k reduction in equipment maintenance (major repair will need to be addressed);*
- *Police Department - \$30,000 reductions in maintenance, public and professional services;*
- *Library - \$20,000 reduction in materials – replaced with the use of gift funds;*

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Other reductions / changes in expenditures

- *Reduction in professional services in Community Development & Planning;*
- *Elimination of volunteer and (reduction in) employee recognition programs;*
- *Partial wage freeze for higher level employees (no market adjustment, step increases only).*

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Changes made to revenue estimates –

- *\$100k in Engineering fees (based upon detailed review of projects);*
- *\$35k in additional investment earnings;*
- *\$57k in intergovernmental for correction to Library services support from Rice County;*
- *\$30k new revenue for library administration for the City of Lonsdale (partial year – late '09);*

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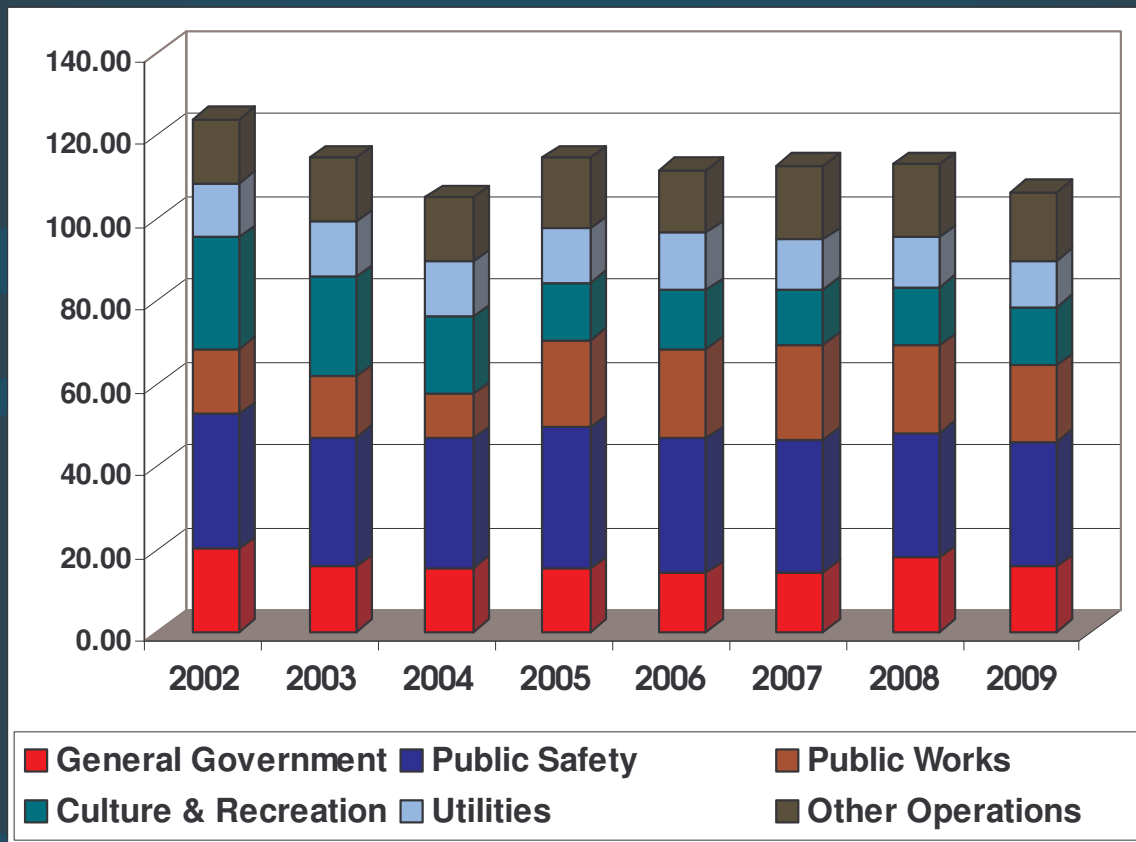
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Changes made to revenue estimates –

- *\$25 transfer in from IT Fund;*
- *\$56k in appropriated fund balance.*

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Staffing Trend – in FTEs

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- For the future – 2010, 2011 and beyond:
 - Tax base growth will flatten and likely shrink over the next several years;
 - Any increase in the property tax levy (in dollars) will result in more significant tax rate increases (because of the shrinking tax base);
 - City will need to manage future levy increases and even consider rolling back components – HRA, EDA and capital levies – to maintain tax rates at current levels.

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- For the future – 2010, 2011 and beyond:
 - Budget reductions will affect services to the public – public safety, public works, library and recreation;
 - These will occur as a result of additional staffing reductions anticipated in light of continued levy limits combined with no growth in other sources of revenue and the threat of Local Government Aid cuts as the State confronts its own budget challenges.

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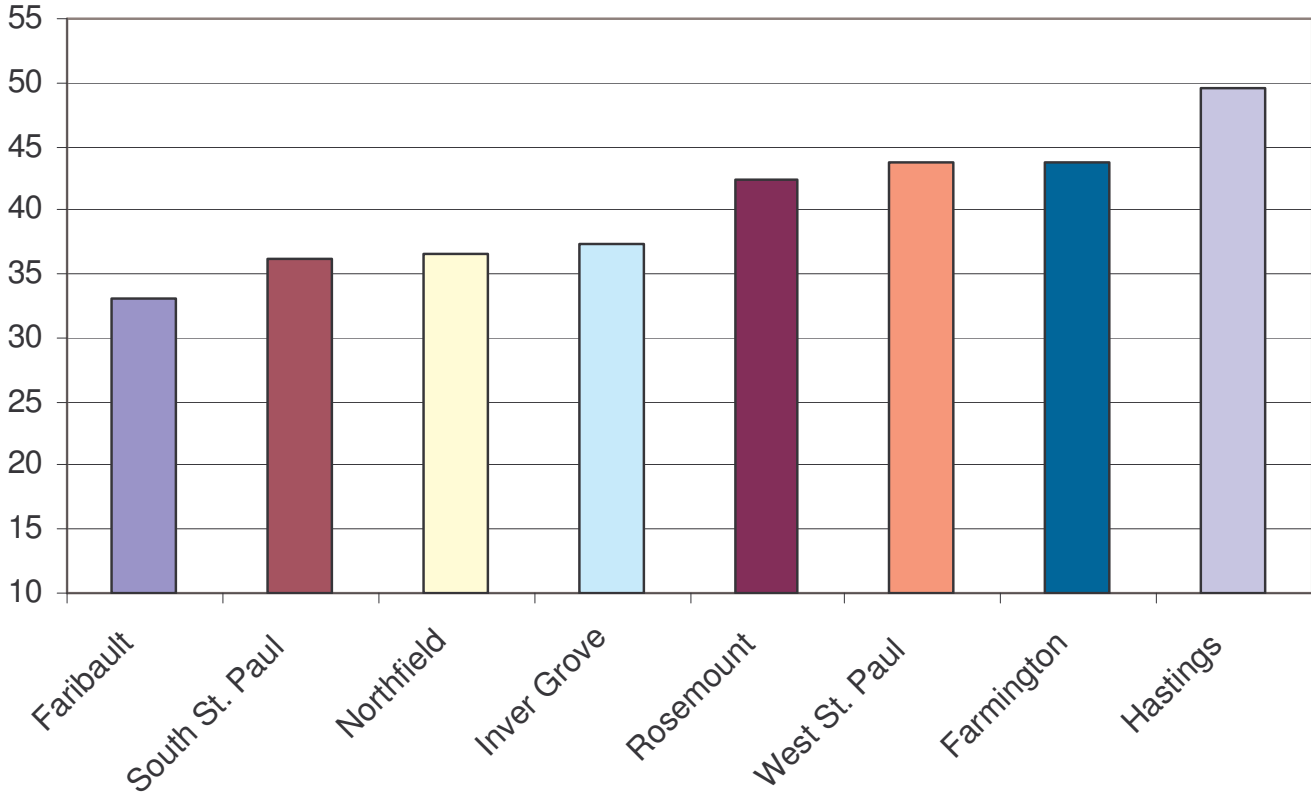
- Capital improvement planning is already focused on extending the schedule of street improvement and other projects -
 - To help manage future debt service levies;
 - To address staffing levels and the limits to managing multiple projects.

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- Discussion points:
 - Is the Council comfortable with the budget changes presented?
 - Are there any further changes needed for the approval of the preliminary levy / General Fund budget for 2009 at the meeting on Sept. 8th?

City Tax Rate Comparison - 2008



Rice County - City Tax Rates

