CITY OF MINNETONKA 2025 PROPOSED BUDGET

DEC. 2, 2024

CITY OF MINNETONKA

2025 BUDGET DEVELOPMENT YEAR-TO-DATE

- Budget Timeline
  - March 18 – Director presentations
  - May 13 – 2025 budget kick-off session
  - May 13 – Community Survey
  - June 10 – CIP study session
  - August 19 – Operating budget study session
  - September 23 – Preliminary levy and budget adopted
  - November 4 – Operation budget study session
    - Review of draft budget by fund and department
    - Review enterprise fund budgets and fees
  - December 2 – Budget public hearing and adoption of final budget and levy
  - December 23 – Alternate budget approval date

2025 BUDGET COMMUNICATION & FEEDBACK

- Minnetonka always encourages input on its budget from the public
- Regular communication through the Minnetonka Memo
- City-wide emails
- Minnetonka Matters is being utilized to communicate budget information and solicit feedback
  - 550 site visits
  - 17 comments
- Staff share all comments received with the council
- Truth-in-Taxation notices were mailed by the county beginning in mid-November
- Council is accepting public feedback at tonight's meeting

COMMUNICATION

City of Minnetonka
@MinnetonkaMN

Share your feedback on the proposed 2025 preliminary tax levy and budget at Monday's city council meeting. Learn more about the 2025 budget and levy and provide feedback anytime at minnetonkamatters.com/minnetonka-bud....

4:09 PM · Sep 20, 2024 · 227 Views

Minnetonka Matters

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Minnetonka Budget

Preparing Minnetonka's city budget is an eight-month process that starts with the five-year capital improvements program and wraps up with adoption of the final budget and tax levy in December. To create the budget, the city council and staff use data to ensure the budget aligns with the city's strategic priorities. The goal is to provide innovative, responsive and quality city services while maintaining our Aaa bond rating.

Budget Feedback | Budget Resources

Budget Feedback

What feedback would you like to provide the city council as it prepares Minnetonka's 2025 budget?

CITY OF MINNETONKA

Share feedback on proposed preliminary levy

Preparing Minnetonka's city budget is an eight-month process that starts with the five-year capital improvements program and wraps up with adoption of the final budget and tax levy in December. To create the budget, the city council and staff use data and community feedback to ensure the budget aligns with the city's strategic priorities.

You're invited to share your feedback on the proposed 2025 preliminary tax levy and budget at the Sept. 23 city council meeting.

Monday, Sept. 23
6:30 p.m.
Council chambers, 14600 Minnetonka Blvd.

The council is accepting public comment at this meeting as it considers a preliminary 7.23 percent tax levy increase.

A third of the increase is dedicated to implementation of the city's multi-year public safety master plan. This includes the addition of nine full-time firefighters and one police investigator.

The new fire positions help ensure 24-hour staffing on the north side of the city and significantly reduce response times to the Ridgedale area, which experiences the highest call volume in Minnetonka.

Learn more about the 2025 budget and provide feedback anytime at minnetonkamatters.com/minnetonka-budget.

City of Minnetonka - Local Government
September 20 at 3:40 PM

To prepare Minnetonka's city budget, the city council and staff use data and community feedback to ensure the budget aligns with the city's strategic priorities.

You're invited to share your feedback on the proposed 2025 preliminary tax levy and budget at Monday's city council meeting. Residents will have an opportunity to address the council at 6:30 p.m. in the council chambers, 14600 Minnetonka Blvd.

Learn more about the 2025 budget and levy and provide feedback anytime at https://www.minnetonkamatters.com/minnetonka-budget.

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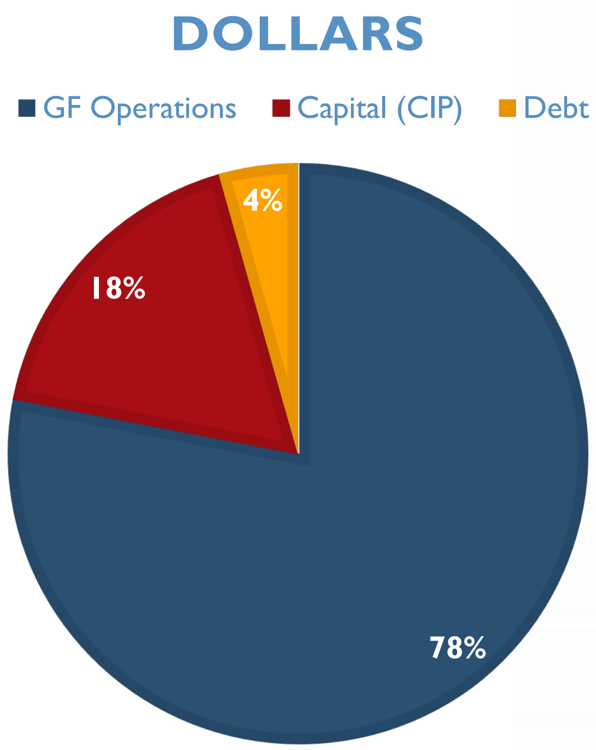
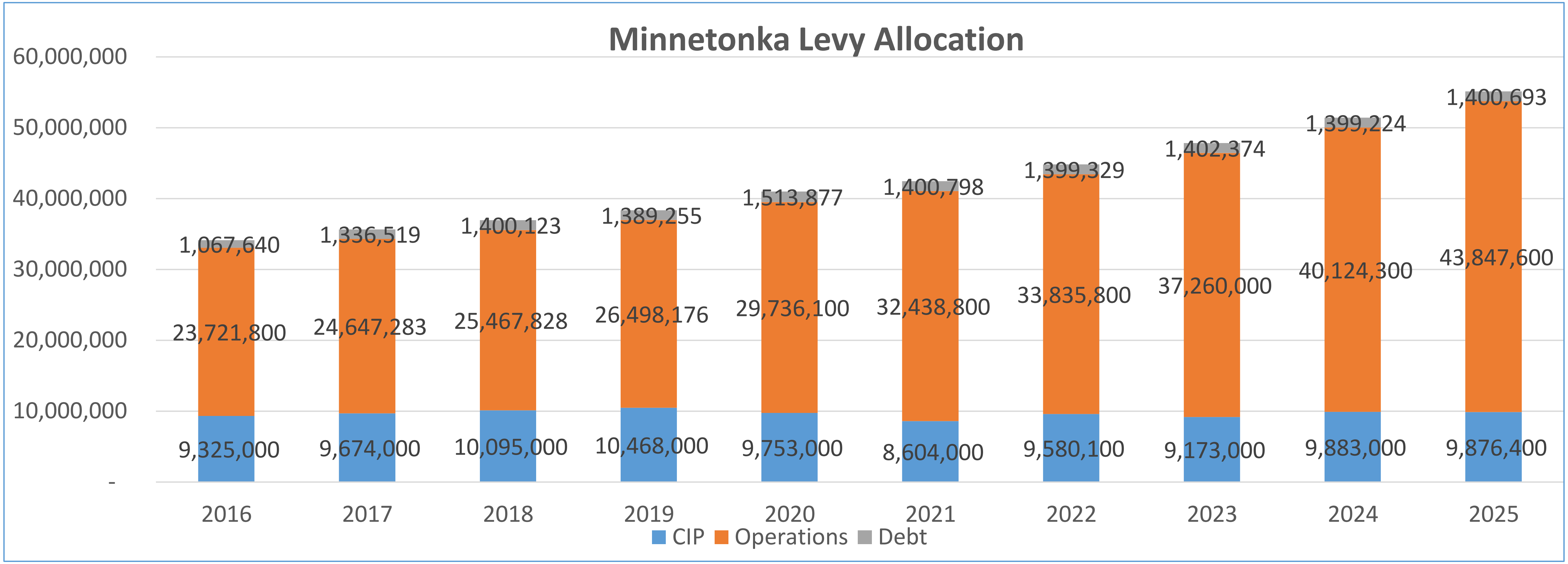
PROPERTY TAXES



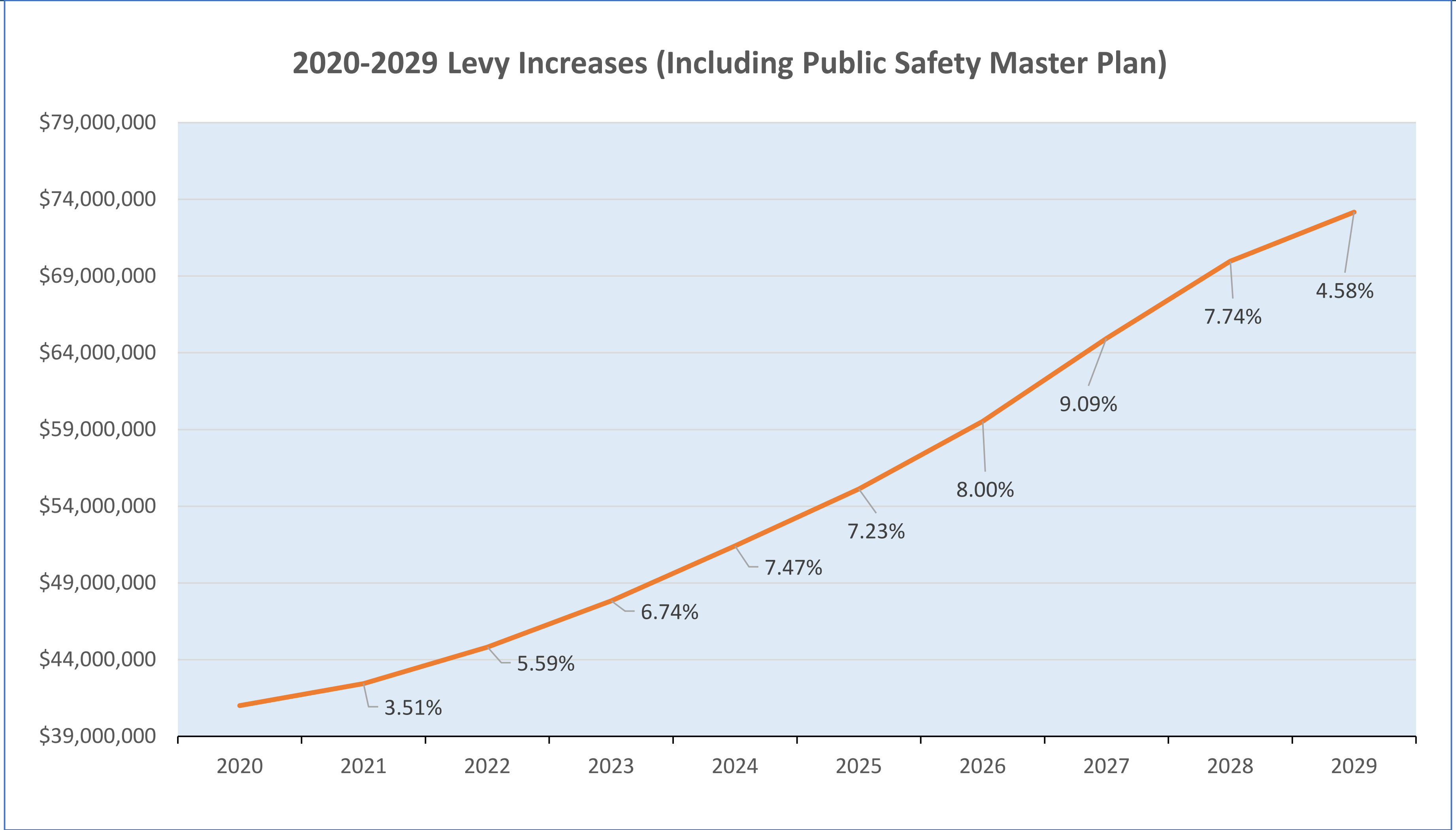
Projected Property Taxes		7.23%
Operations		7.23%
General Operations	4.98%	
Public Safety Plan	2.25%	
Capital – CIP		0.00%
Debt		
Comm. Facility Improv.		0.00%

*1% levy increase = $514,000

TAX LEVY GRAPH



LEVY FORECAST



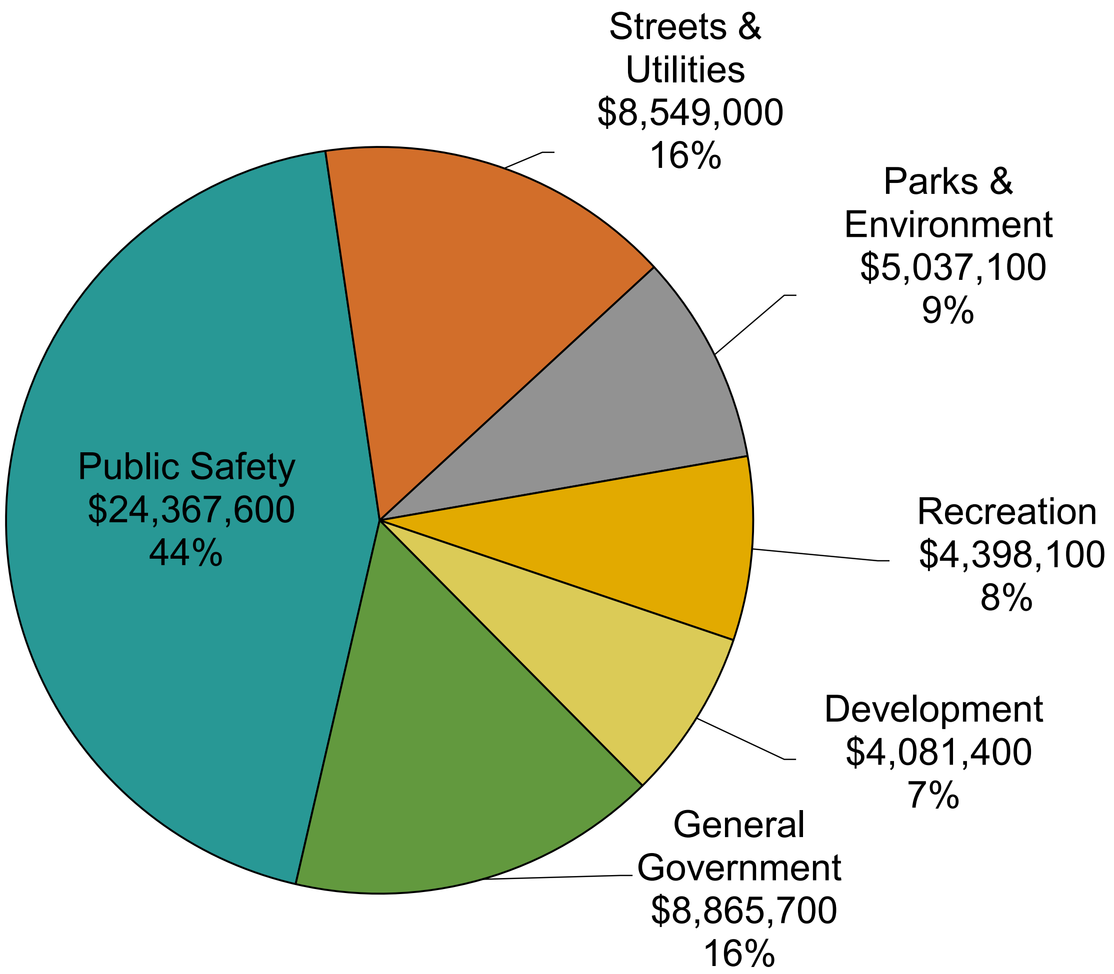
LEVY FORECAST – FINANCIAL MANAGEMENT PLAN (FMP)

	2023 Actual	2024 Budget	2025 Proposed	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
General Fund							
Revenue							
Property Taxes	36,674,799	40,039,300	43,757,600	46,153,000	49,372,400	52,153,000	54,538,900
State-paid MVHC (CRF '07)							
License & Permit	3,900,828	3,660,400	3,652,000	3,568,000	3,568,000	3,568,000	3,568,000
Intergov	1,622,075	1,574,500	2,131,800	2,131,800	2,131,800	2,131,800	2,131,800
Transfers	1,494,800	1,499,000	1,542,000	1,599,100	1,659,100	1,705,500	1,753,800
All Other	4,677,493	4,457,300	4,253,600	4,360,000	3,969,000	3,568,300	3,657,600
Non-Property Tax Revenue	11,695,196	11,191,200	11,579,400	11,658,900	11,327,900	10,973,600	11,111,200
Total GF Rev	**48,369,995**	**51,230,500**	**55,337,000**	**57,811,900**	**60,700,300**	**63,126,600**	**65,650,100**
Expenditures							
General Services	6,717,920	8,179,500	8,220,200	8,631,300	9,062,900	9,425,500	9,802,600
Public Safety	20,751,132	22,502,300	24,283,100	25,497,300	26,772,200	27,843,100	28,956,900
Streets & Utilities	7,499,665	8,147,100	8,507,300	8,932,700	9,379,400	9,754,600	10,144,800
Parks & Environment	4,321,814	4,480,100	4,945,500	5,192,800	5,452,500	5,670,600	5,897,500
Recreation	3,598,673	4,026,000	4,406,400	4,626,800	4,858,200	5,052,600	5,254,800
Development	3,537,188	3,798,500	4,648,500	4,881,000	5,125,100	5,330,200	5,543,500
All Other	0	50,000	150,000	50,000	50,000	50,000	50,000
Total GF Exp	**46,426,392**	**51,183,500**	**55,161,000**	**57,811,900**	**60,700,300**	**63,126,600**	**65,650,100**
Rev over Exp	1,943,603	47,000	176,000	-	-	-	-
Capital Transfers Out	3,200,000	1,625,000	900,000	475,000	0	0	0
Operating Transfers Out	534,501	121,000	0	0	0	0	0
YrEnd avail fund bal (BudStabiliz+Unassign after tsf)	25,453,011	23,754,011	23,030,011	22,555,011	22,555,011	22,555,011	22,555,011
% of next yrs budget	**49.7%**	**43.1%**	**40.4%**	**37.8%**	**36.0%**	**34.6%**	**33.3%**
YrEnd $ amt above 40%	4,979,611	1,689,611	237,486	(1,332,866)	(2,526,353)	(3,528,900)	(4,571,610)
Budget Stabiliz Bal after all future years Cap Tsfs	22,453,011	22,379,011	22,555,011	22,555,011	22,555,011	22,555,011	22,555,011
Budget Stabiliz % after all future years Cap Tsfs	43.9%	40.6%	39.0%	37.2%	35.7%	34.6%	33.3%
Wages	2.000%	2.000%	4.500%	4.500%	4.500%	3.500%	3.500%
Benefit & Market	1.250%	1.000%					
Other Costs	1.000%	0.300%	0.500%	0.500%	0.500%	0.500%	0.500%
Total Inflator	4.250%	3.300%	5.000%	5.000%	5.000%	4.000%	4.000%
CIP Levy Funds							
Capital Replacement Fund	1,385,000	1,630,000	1,725,000	1,800,000	1,900,000	2,050,000	2,200,000
Forestry Fund	83,000	98,000	123,000	225,000	262,000	262,000	262,000
Public Safety Fund	550,000	625,000	675,000	725,000	825,000	925,000	1,125,000
Parks & Trails Fund	425,000	500,000	298,400	283,400	396,700	201,700	381,700
Street Improvement Fund	6,080,000	6,380,000	6,380,000	6,630,000	7,130,000	7,580,000	7,950,000
Storm Water							
Technology Dev Fund	650,000	650,000	675,000	750,000	750,000	900,000	1,100,000
Total CIP Levies	**9,173,000**	**9,883,000**	**9,876,400**	**10,413,400**	**11,263,700**	**11,918,700**	**13,018,700**
	-4.2%	*7.7%*	*-0.1%*	*5.4%*	*8.2%*	*5.8%*	*9.2%*

LEVY FORECAST – FINANCIAL MANAGEMENT PLAN (FMP)

	2023 Actual	2024 Budget	2025 Proposed	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Park Bond Debt Svc Levy	284,445	289,695	289,485	0	0	0	0
Public Safety Bldg - Bond Debt Svc + Constr Levy	1,117,929	1,109,529	1,111,208	1,112,048	1,400,798	1,398,908	1,401,008
Recreational Facilities Bond Issue							
Interfund Loan Repayment (Marsh $6.275M @ 1%)			0	0	0	0	0
Abatements & Cancellations	176,000	176,000	176,000	176,000	176,000	176,000	176,000
Ridgedale Tax Abatement	80,000	85,000	90,000	95,000	100,000	105,000	110,000
Admin primary cycle (base change)				145,000	(145,000)	145,000	(145,000)
2025 Firefighters hired mid-year (6 months x 9 firefighters)				673,000	673,000	673,000	673,000
2025 Police Officer hired April (3 months x 1 officer)				37,800	37,800	37,800	37,800
Cable services & supplies moved to GF					0	0	0
2024 Voting Booths - One-time	0						
2024 DEI specialist (3 months x 1 position)	0			33,200	33,200	33,200	33,200
Fire Relief splitting of state fire-aid starting in 2025							
Marsh Operating Loss Subsidy				350,000	350,000	350,000	350,000
Previous Years Public Safety On-going Costs				0	520,000	1,857,000	3,154,900
HRA Levy	300,000	300,000	300,000	325,000	300,000	325,000	325,000
Total Property Tax	**47,806,173**	**51,706,524**	**55,424,693**	**59,337,448**	**63,905,898**	**68,996,608**	**73,497,508**
Increase from prior year	2,441,890	3,900,351	3,718,169	3,912,755	4,568,450	5,090,710	4,500,900
Property Tax Change	**5.38%**	**8.16%**	**7.19%**	**7.06%**	**7.70%**	**7.97%**	**6.52%**
Impact of Tax Abatement Change on above %	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*
Levy % change CIP	*-0.9%*	*1.5%*	*0.0%*	*1.0%*	*1.4%*	*1.0%*	*1.6%*
Final Total Levy wo/HRA	47,506,173	51,406,524	55,124,693	59,012,448	63,605,898	68,671,608	73,172,508
	5.48%	**7.47%**					
Fire Standards of Cover Study				226,000	1,197,000	1,017,900	0
Police Standards of Cover Study				294,000	140,000	280,000	0
Annual Police & Fire Standards of Cover Levy Impact		1,064,400	1,157,000	520,000	1,337,000	1,297,900	0
Final Total Levy wo/HRA		51,406,524	55,124,693	59,532,448	64,942,898	69,969,508	73,172,508
Total Levy w/Police & Fire			**7.23%**	**8.00%**	**9.09%**	**7.74%**	**4.58%**
Police and Fire Levy Impact			**2.25%**	**0.94%**	**2.25%**	**2.00%**	**0.00%**

PROPERTY TAXES SUPPORT BASIC SERVICES – GENERAL FUND



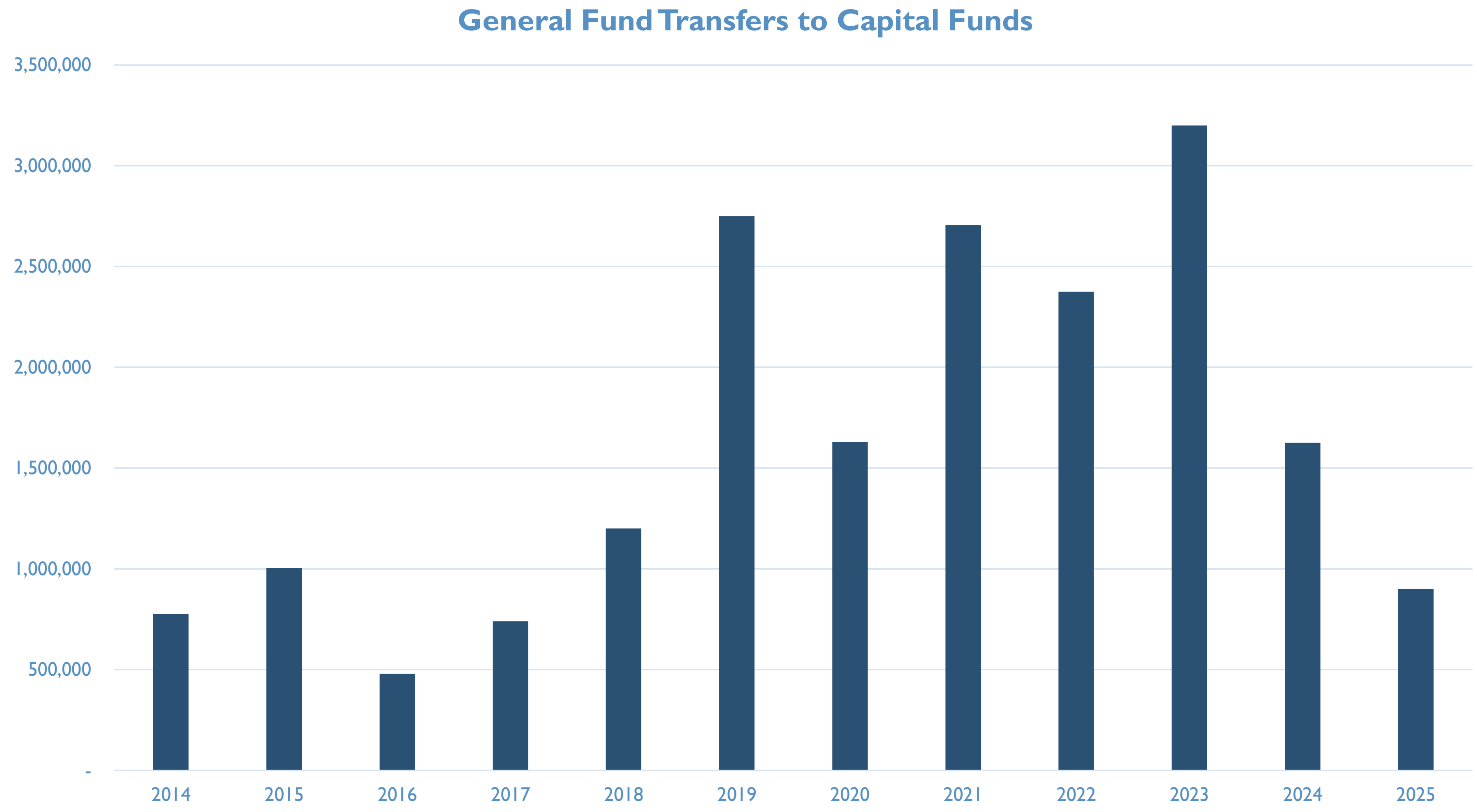
2025 LEVY ANALYSIS

Operational Levy (thousands)	2024	2025	Change
City property taxes, current services	$51,407	$51,675	0.5%
ARPA Levy Reinstatement		$250	0.5%
Staffing COLA/Market		$1,456	2.9%
Health Insurance		$284	0.5%
Workers' Compensation		$207	0.4%
New DEI Specialist Position		$95	0.2%
SubTotal		$53,967	4.98%
Public Safety Investment		$1,157	2.25%
Community Facility Improvements		$0	0%
Total City Levy	$51,407	$55,124	7.23%
HRA Levy	$300	$300	0.00%
Total City Levies	$51,707	$55,424	7.19%

2025 PROPOSED BUDGET – GOVERNMENTAL FUNDS SUMMARY

	General Fund	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Governmental Funds
Revenues:					
General Property Taxes	$43,581,600	$ 300,000	$ 9,876,400	$1,400,693	$ 55,158,693
User Fees & Charges	2,580,600	235,000	-	-	2,815,600
Licenses and Permits	3,652,000	-	575,000	-	4,227,000
Intergovernmental Revenue	2,321,900	650,000	4,190,400	-	7,162,300
Other Income	1,797,300	4,854,600	4,085,500	190,000	10,927,400
Total Revenues	$53,933,400	$ 6,039,600	$18,727,300	$1,590,693	$ 80,290,993
Expenditures					
General Government	$ 8,865,700	$ 926,450	$ 943,300	$ -	$ 10,735,450
Public Safety	24,367,600	25,000	957,300	1,048,400	26,398,300
Streets & Utilities	8,549,000	4,610,000	12,233,150	-	25,392,150
Parks	5,037,100	-	6,365,400	273,800	11,676,300
Recreation	4,398,100	3,274,100	-	-	7,672,200
Development	4,081,400	2,240,000	709,200	175,100	7,205,700
Total Expenditures	$55,298,900	$11,075,550	$21,208,350	$1,497,300	$ 89,080,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (1,365,500)	$ (5,035,950)	$ (2,481,050)	$ 93,393	$ (8,789,107)
Other Financing Sources (Uses)					
Transfers In	$ 1,542,000	$ 200,000	$ 1,001,500	$ -	$ 2,743,500
Transfers Out	(1,076,500)	(199,100)	(175,800)	-	(1,451,400)
Total Other Financing Sources (Uses)	$ 465,500	$ 900	$ 825,700	$ -	$ 1,292,100
Net Change in Fund Balance	$ (900,000)	$ (5,035,050)	$ (1,655,350)	$ 93,393	$ (7,497,007)

HISTORICAL FUND BALANCE TRANSFERS



WHAT'S IN THE BUDGET – WHAT DOES IT REPRESENT

- Second year of a multi-year program to implement the public safety master plan
  - 10 public safety related positions funded through the General Fund
  - Not directly related to the Public Safety Master Plan, the Police Department is proposing the creation of Public Information Officer to address increasing communication demands and enhance recruitment efforts.
- Other new positions
  - One DEI specialist funded through the General Fund
  - 3 Non-General Fund personnel requests
- Second year of non-union class and compensation study implementation
- Workers' Compensation insurance increase. 20% increase for 2025, amounting to over $200,000
  - Increasing classification rates based off of state-wide experience rating
  - Increasing mod factor based off of city's loss rate. Mod factor increasing from 0.69 to 0.87

WHAT'S IN THE BUDGET – NON-PERSONNEL ADJUSTMENTS

- Non-personnel budget adjustments
- Adds include:
  - $100,000 for increased software subscription licensing costs,
  - $100,000 for increased electricity costs due to Xcel Energy and PUC changing the reimbursement factor for CSG,
  - $100,000 for city zoning rewrite project,
  - $40,000 for replacement permitting software application.
- Reductions include:
  - Sharing of State Fire Aid with the Minnetonka Fire Relief Association, saving the city $260,000,
  - Eliminating the planned $250,000 operating subsidy for The Marsh,
  - $60,000 savings from halting the ERP/HCM implementation project,
  - $50,000 in fuel savings, mostly attributed to more efficient vehicles and indoor parking for squad cars,
  - $50,000 in salt inventory due to better yearend inventory control.

FUTURE PROJECT CONSIDERATIONS

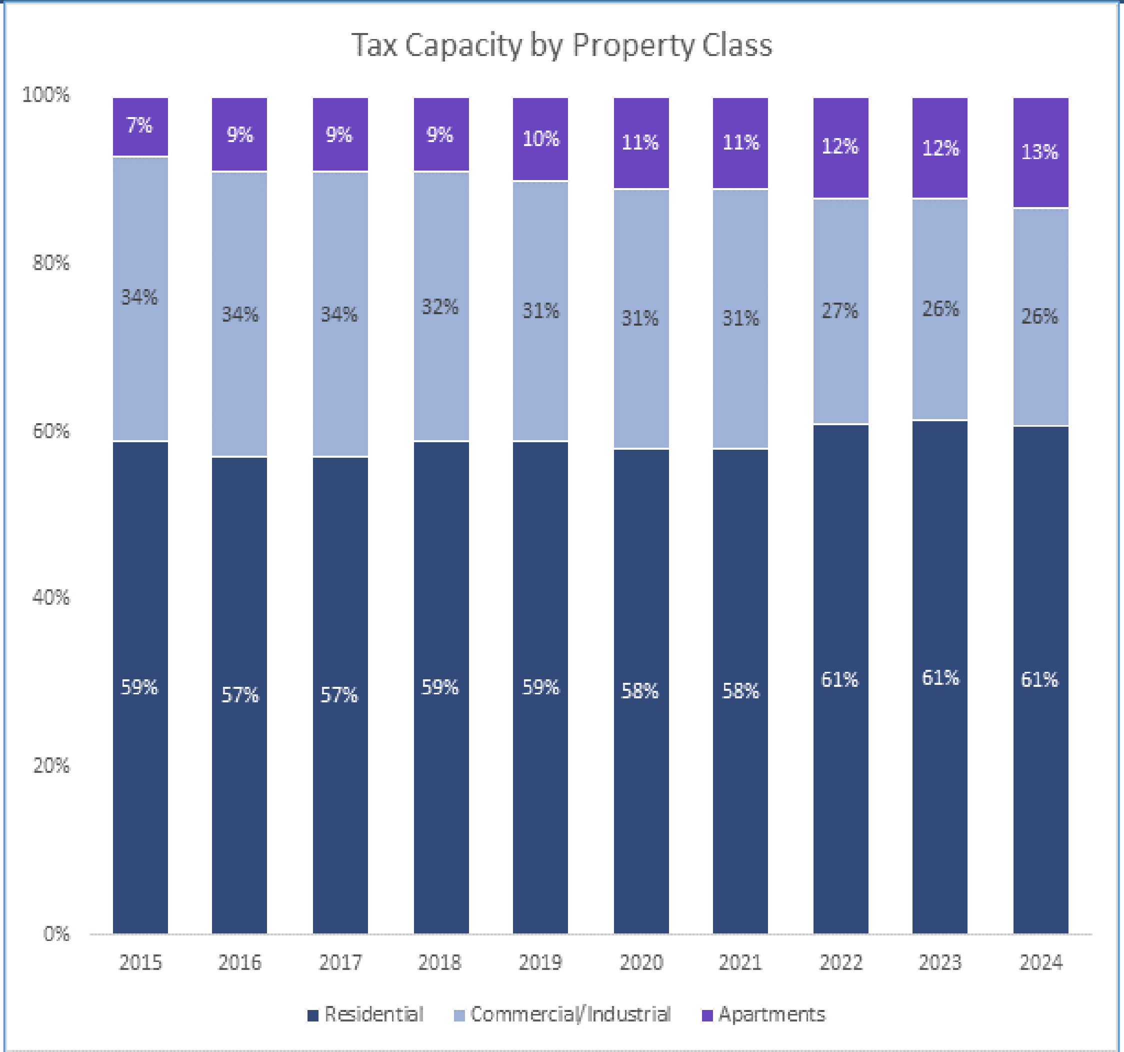
- Fire station remodeling to accommodate 24/7 staffing
- Opus Park improvements
- Street & utility infrastructure needs
- Community facility improvements

HOMEOWNER IMPACTS

	Overall Growth	Total Change (millions)
Single-household Residential	1.5%	$105.4
Lakeshore	3.8%	$20.7
Townhouses	2.0%	$15.9
Condominiums	-0.3%	$-1.9
Commercial	0.4%	$6.4
Industrial	3.0%	$12.2
Apartments	4.8%	$83.9
Other Property Types	1.7%	$3.7
Total Change	**2.7%**	**$360.7**

- Median valued home increasing in value 1.15% to $502,200 will see an annual tax increase of $148 (8.60%)
- 25th Percentile home increasing in value 1.15% to $415,900 will see an annual tax increase of $94 (6.62%)
- 75th percentile home increasing in value 1.15% to 660,250 will see an annual tax increase of $201 (8.91%)

PROPERTY CLASSIFICATION TRENDS



STATE OF MN – PROPERTY TAX REBATE

DEPARTMENT OF REVENUE

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Property Tax Refund

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- Filing for a Property Tax Refund
- Where's My Refund?
- Amending a Property Tax Refund
- CRP: Information for Landlords

Property Tax Refund Information [-]

- Homestead Credit Refund (for Homeowners)
- Property Tax Refund for Nonresidents
- Renter's Property Tax Refund
- Household Income for the Property Tax Refund
- Filing for a Deceased Person
- Dependents, Seniors, or Disabled Persons

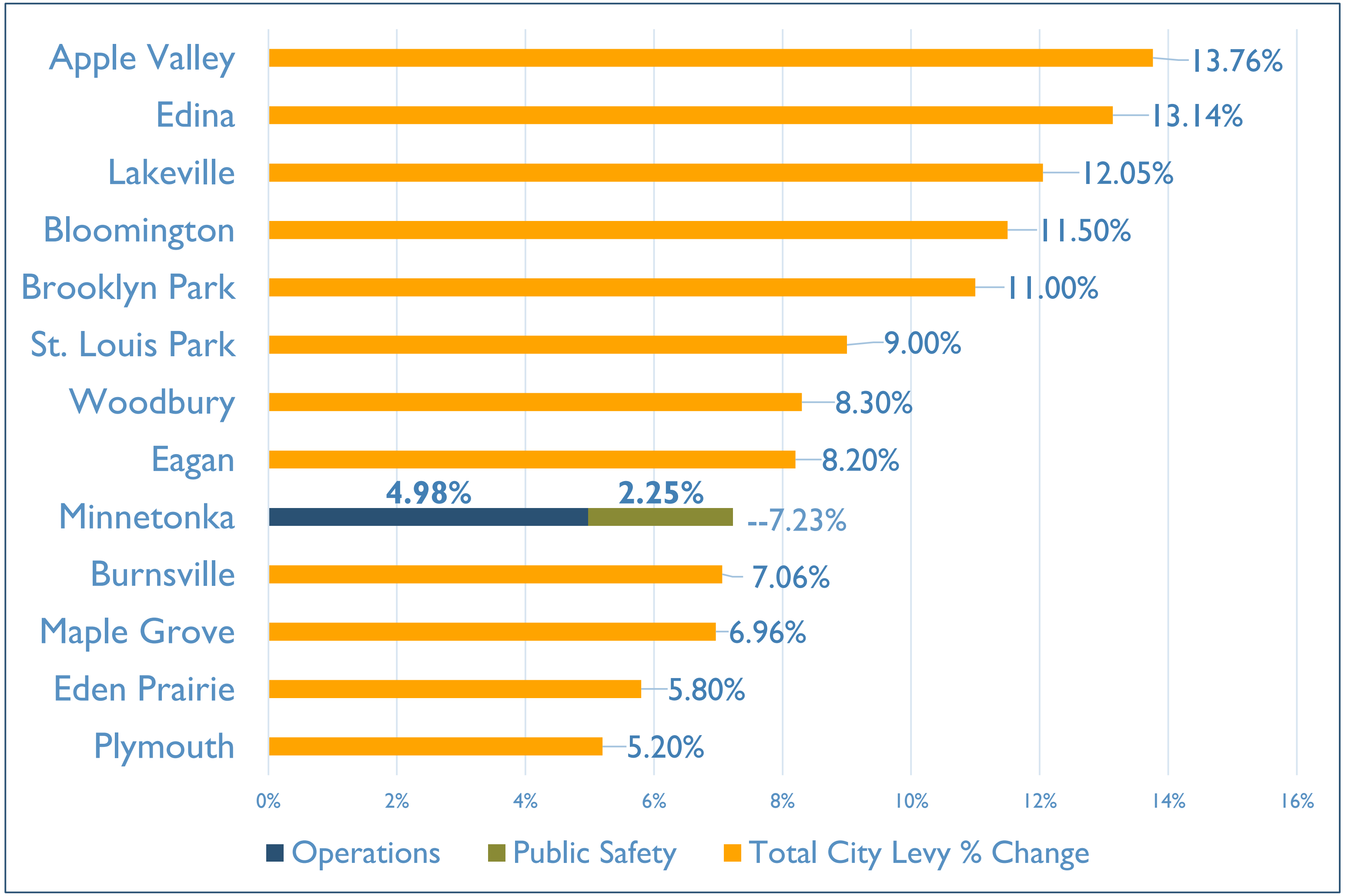
Related Content

- Property Tax Deferral for Senior Citizens
- Homestead Credit Refund Letter FAQs

Last Updated

June 15, 2023

2025 PRELIMINARY TAX INCREASES (SUBJECT TO CHANGE)



HRA LEVY

- City's first HRA levy began in 2009
- State law limits levies to a max rate of 0.0185% of city's taxable market value
  - Approximately $2.3 million for 2025
  - EIP recommends the 2025 HRA levy remain constant at $300,000
  - EDAC recommends reallocation of the $300,000 as follows:
    - EDAC/City Council will consider a request from HWR in 2025 if the fund balance is utilized or if there is a change in housing type, ie: single household to duplex

($ thousands)	EIP	EDAC	Proposed
SW Light Rail	$75	$75	$75
Homes within Reach	$125	$25	$25
Pathways		$100	$100
Housing Loans	$100	$100	$100
Total HRA Levy	***$300***	***$300***	***$300***

2025 PROPOSED BUDGET AND LEVY

Recommendation

- Receive public comment on the proposed budget and levies
- Adopt the resolutions

QUESTIONS?

CITY OF
MINNETONKA