TONIGHT'S 2026 BUDGET AND PROPERTY TAX ITEMS:

14 A: 2026-2030 ECONOMIC IMPROVEMENT PLAN (EIP)

14 B: 2026-2030 CAPITAL IMPROVEMENTS PROGRAM (CIP)

14 C: 2026 OPERATIONS AND DEBT SERVICE

SEPT. 8, 2025

REGULAR COUNCIL MEETING

STAFF RECOMMENDATIONS

- Motions to approve:
  - 14 A: Motion to adopt the resolution approving the 2026-2030 Economic Improvement Program
  - 14 B: Motion to adopt the resolution approving the 2026-2030 Capital Improvements Program
  - 14 C: Motion to adopt the following three resolutions:
    - A resolution setting a preliminary 2025 tax levy, collectible in 2026, and a preliminary 2026 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority,
    - A resolution setting a preliminary 2025 tax levy, collectible in 2026, for the Bassett Creek Watershed Management Tax District, and
    - A resolution canceling a debt service levy for taxes payable in 2026.

MISSION STATEMENT

*Provide **quality public services,** while striving to preserve and enhance the distinctive character to make Minnetonka a special **place for everyone**.*

VISION STATEMENT

*Minnetonka is an inclusive community **committed to excellence** where all residents, workers and visitors are welcome in a beautiful, sustainable place, supported by quality, dependable city services.*

OUR GUIDING PRINCIPLES

*We earnestly commit to a **beautiful, sustainable and healthy environment** as a vital part of a stable, prosperous and thriving community.*

*We responsibly deliver **excellent public services** and **provide affordable opportunities** to ensure access to all we serve.*

*We ethically uphold **community trust** through proactive, inclusive public engagement, transparent communications, and the careful stewardship of our financial, natural, and capital assets.*

*We nimbly **lead our city into the future** by anticipating community needs, pursuing service innovation and adoption of new technologies, and forging collaborative partnerships with all sectors of society.*

STRATEGIC PRIORITIES – TEAM LEADS

- **Financial Strength** – Darin Nelson
- **Safe and Healthy Community** – Scott Boerboom
- **Sustainability, Resilience and Natural Environment** – Leslie Yetka
- **Livable and Well-Planned Development** – Julie Wischnack
- **Infrastructure and Asset Management** – Will Manchester
- **Community Inclusiveness** – Jayce Alexander

*72 employees involved

"THE PLAN" – 3 LEVELS

Top Level

- Strategic Priorities (6)

Second Level

- Desired Outcomes (18)

Third Level

- Action Steps (72)

Creating Vision & Strategy

Performance Measures/Metrics

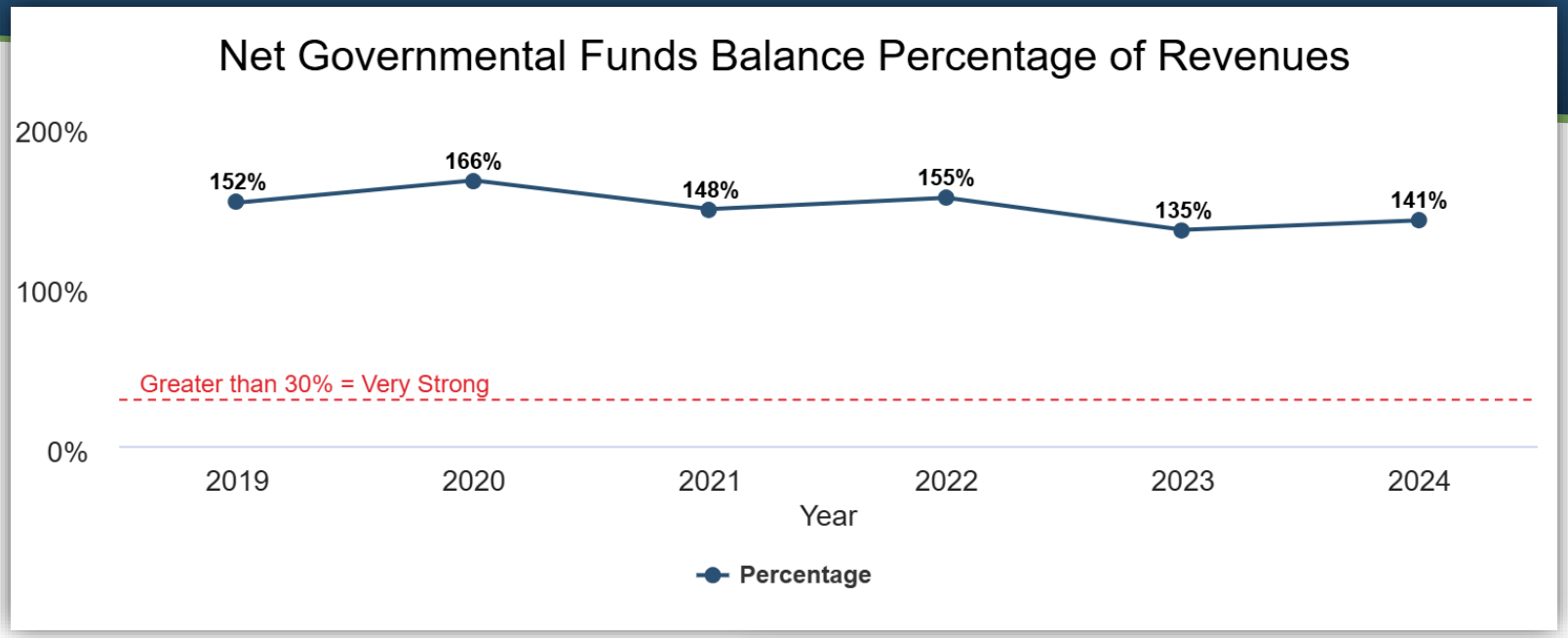
Operationalizing

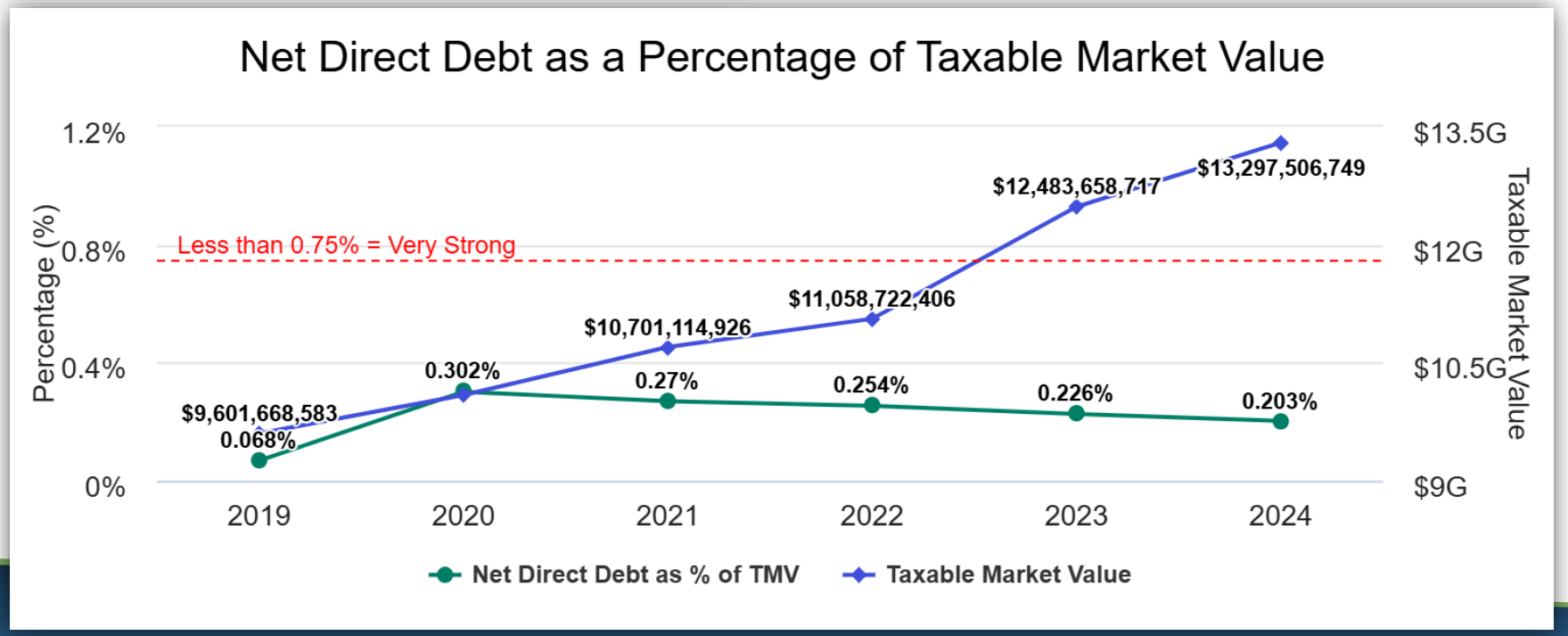
2026 BUDGET DEVELOPMENT YEAR-TO-DATE

- March 24 – Director presentations
- April 28 – Community & Business Survey
- May 12 – 2026 budget kick-off session
- June 16 – CIP & EIP study session
- August 18 – Operating budget study session
  - Traditionally focuses on major impacts to the budget and levy, i.e. new programs and major impacts to the budget and levy
- September 8 – Preliminary levy and budget adopted
- November 17 – Operation budget study session
  - Review of draft budget by fund and department
  - Review enterprise fund budgets and fees
- December 8 – Budget public meeting and adoption of final budget and levy – 6:00 p.m. in council chambers
- December 22 – Alternate budget approval date

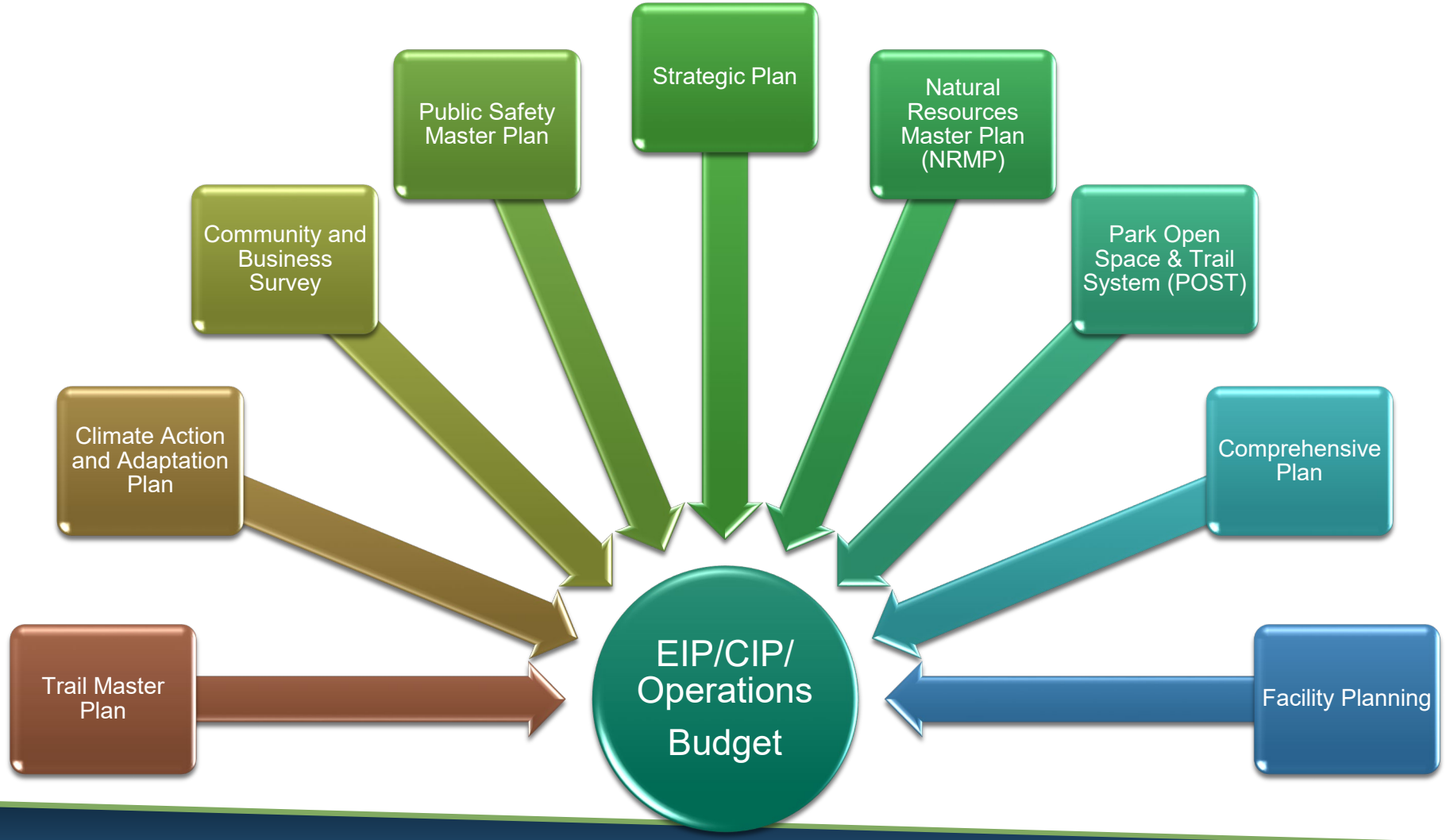
FINANCIAL STRENGTH

- High level creditworthiness
  - The city continues to maintain it Aaa bond rating by Moody's, the highest rating possible
- Improve alignment between service expenditures and identified priorities
  - Finance Director and City Manager are actively participating in a national cohort group focused on reengineering government budgeting, emphasizing strategic priorities and program prioritization
  - Agreement executed with Tyler Technologies to implement the Priority Based Budgeting (PBB) application, with rollout planned for the second half of 2025
- Expand sources of revenue for Capital Improvement Projects
  - Through quarter two of 2025, staff have applied to a total of fourteen grants, with six grants awarded, one grant application denied and seven grant applications in the review process


Net Governmental Funds Balance Percentage of Revenues
200%
100%
0%
152%
166%
148%
155%
135%
141%
Greater than 30% = Very Strong
2019
2020
2021
2022
2023
2024
Year
Percentage


Net Direct Debt as a Percentage of Taxable Market Value
1.2%
0.8%
0.4%
0%
Percentage (%)
$13.5G
$12G
$10.5G
$9G
Taxable Market Value
Less than 0.75% = Very Strong
$9,601,668,583
$10,701,114,926
$11,058,722,406
$12,483,658,717
$13,297,506,749
0.068%
0.302%
0.27%
0.254%
0.226%
0.203%
2019
2020
2021
2022
2023
2024
Net Direct Debt as % of TMV
Taxable Market Value

PLANNING CONSIDERATIONS



2026 BUDGET COMMUNICATION & FEEDBACK

BUDGET PLANNING 2026

Aligning services with community priorities

A community's priorities drives a city budget, and as the Minnetonka City Council prepares the city's 2026 budget, public safety remains a core driver.

"The public safety master plan has been a valuable guide for ensuring that our emergency response will meet the expectations of our community now and in the future," said City Manager Mike Funk. "Our budget is a reflection of the excellent service we strive to provide every day."

2026 Budget & Levy

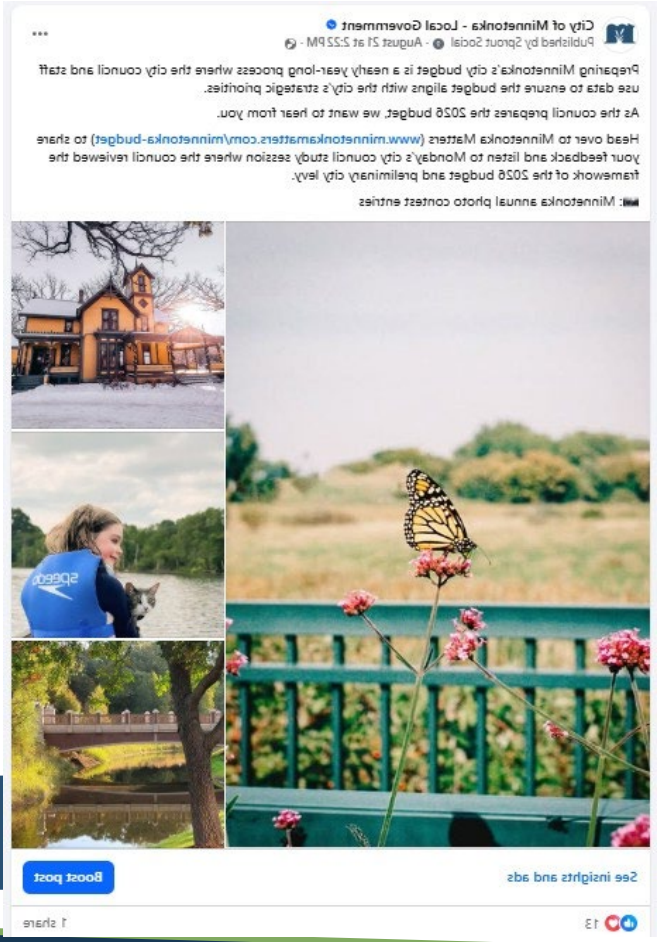
The city is currently in process of developing its 2026 budget and levy. Visit Minnetonka Matters for more information and an opportunity to share feedback.

Important meeting dates

- **Aug. 18:** City council study session to discuss proposed levy
  - Preliminary 2026 Budget Presentation
  - View Aug. 18 meeting agenda packet
- **Sept. 8:** City council to adopt preliminary levy
- **Nov. 17:** City council study session to discuss proposed budget
- **Dec. 8:** City council to adopt final budget and levy

2025 Budget & Levy

BUDGET FEEDBACK ON MINNETONKA MATTERS



City of Minnetonka - Local Government
September 5 at 3:41PM ·

A community's priorities drives a city budget, and as the Minnetonka City Council prepares the city's 2026 budget, public safety remains a core driver.... **See more**

RELEVANT COMMUNITY SURVEY RESULTS

29. When you consider the property taxes you pay and the quality of city services you receive, would you rate the general value of city services as excellent, good, only fair, or poor?

EXCELLENT	12%
GOOD	76%
ONLY FAIR	8%
POOR	2%
DON'T KNOW/REFUSED	2%

30. If you could increase the property tax levy, which ONE of these major areas would you prioritize for the increase - police and fire protection, street maintenance, parks and trails, or some other city service?

POLICE/FIRE	25%
STREETS	29%
PARKS AND TRAILS	26%
OTHER SERVICE	12%
NONE OF ABOVE (VOL)	5%
DON'T KNOW/REFUSED	4%

31. Would you favor or oppose an increase in YOUR city property taxes if it were needed to maintain city services at their current level?

FAVOR	80%
OPPOSE	14%
DON'T KNOW/REFUSED	6%

IF "OPPOSE," ASK: (n=55)

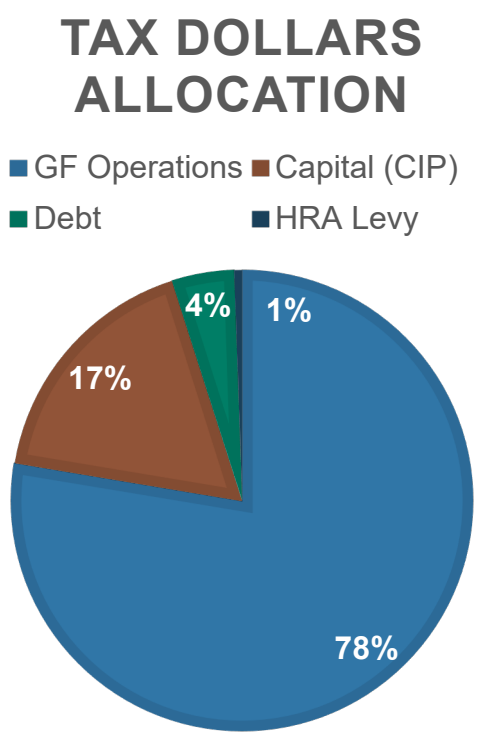
32. What service would you be willing to see cut?

UNSURE, 6%; NOTHING/CUT WASTE, 18%; PARKS AND TRAILS, 33%; PUBLIC TRANSIT, 7%; ACROSS THE BOARD, 9%; POLICE, 11%; COMMUNITY EVENTS, 2%; RECREATIONAL PROGRAMS, 6%; ADMINISTRATION, 9%.

5. What do you like least about living in Minnetonka?

DON'T KNOW/REFUSED	0%
NOTHING	31%
HIGH TAXES	22%
LACK OF DIVERSITY	3%
TRAFFIC CONGESTION	6%
STREET MAINTENANCE	5%
LACK OF SIDEWALKS	13%
LACK OF PUBLIC TRANSIT	3%
TOO MUCH DEVELOPMENT	6%
CITY GOVERNMENT	3%
NO ENTERTAINMENT	3%
SCATTERED	6%

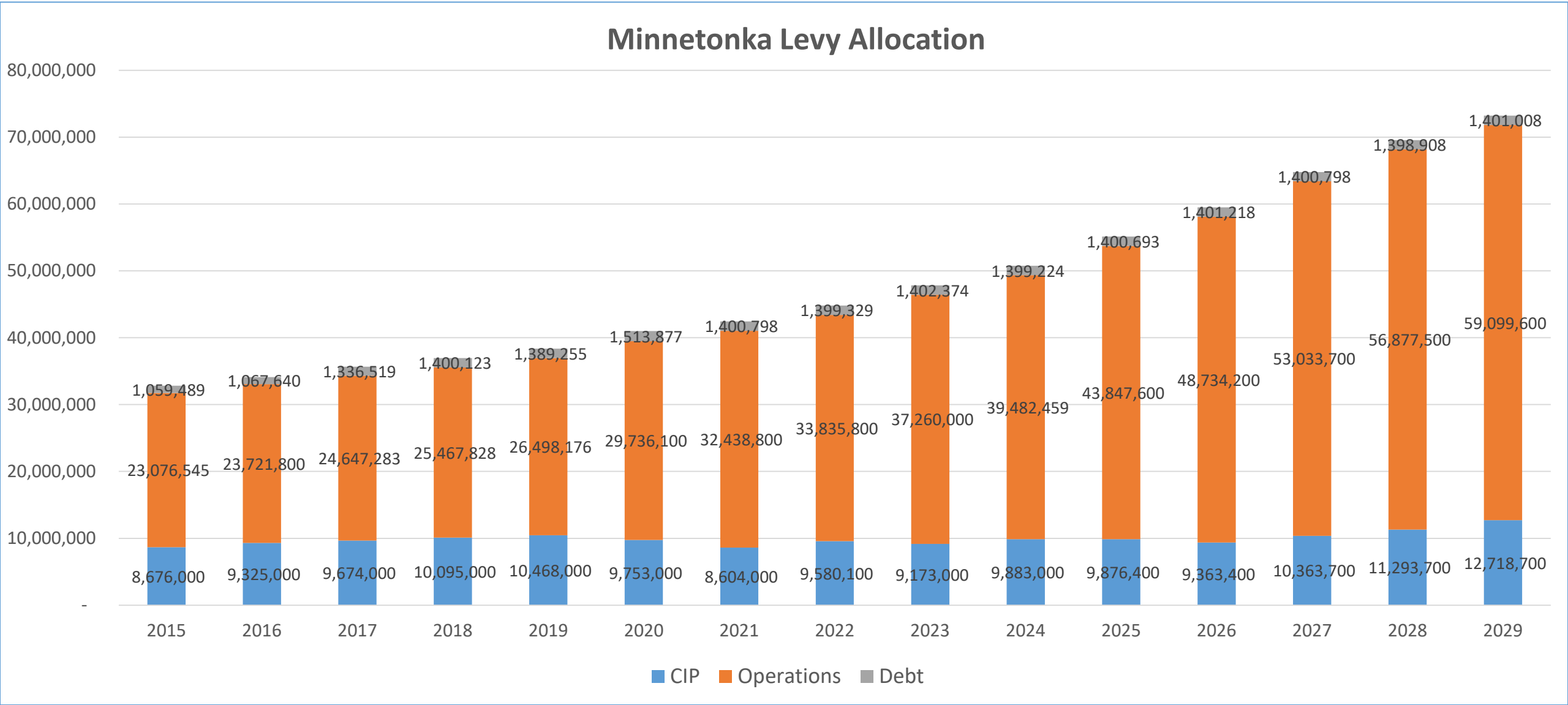
2026 PROPERTY TAXES



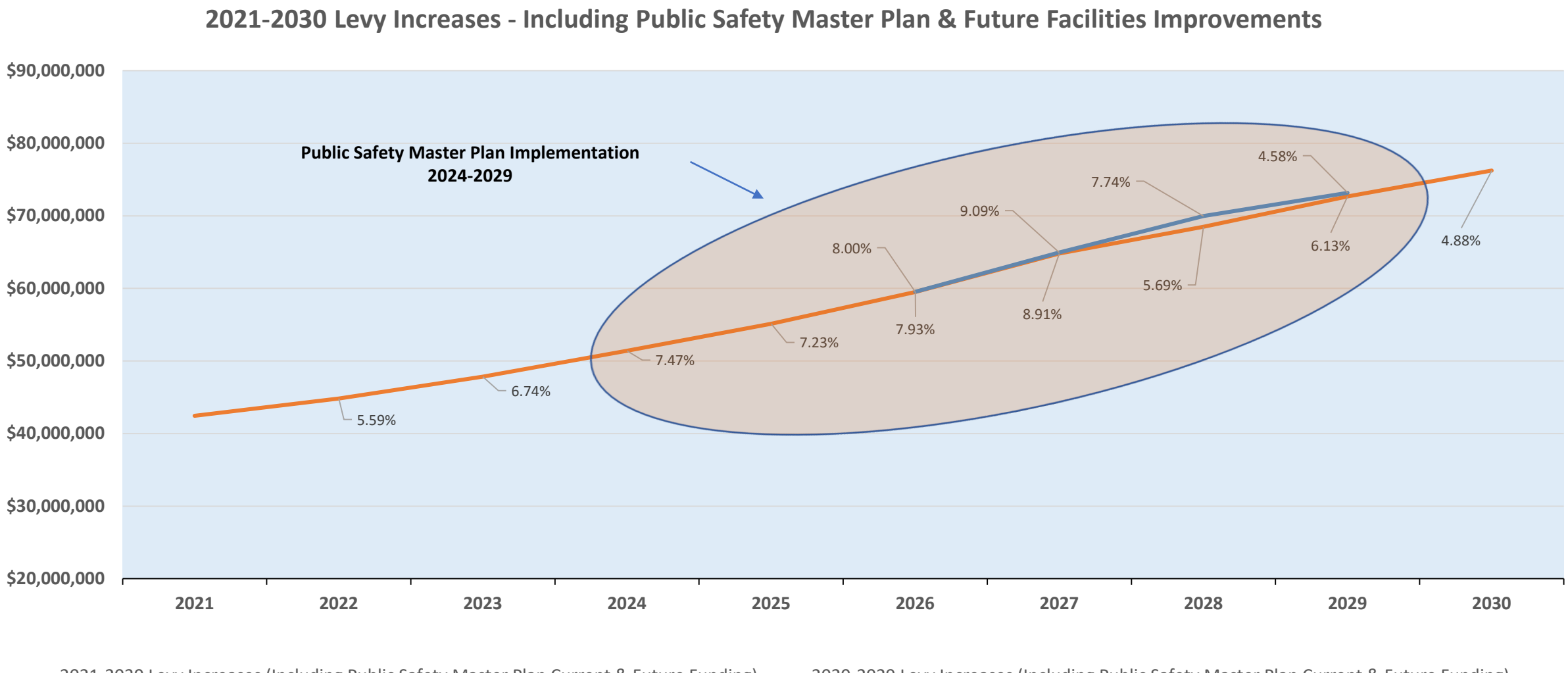
Projected Property Taxes	***7.935%***
Operations	8.100%
General Operations	4.80%
SRF – I.A & Marsh	0.70%
Public Safety Plan	2.60%
Capital – CIP	(0.90%)
Debt	
Comm. Facility Improv.	0.735%

*1% levy increase = $551,000

10-YEAR LEVY HISTORY



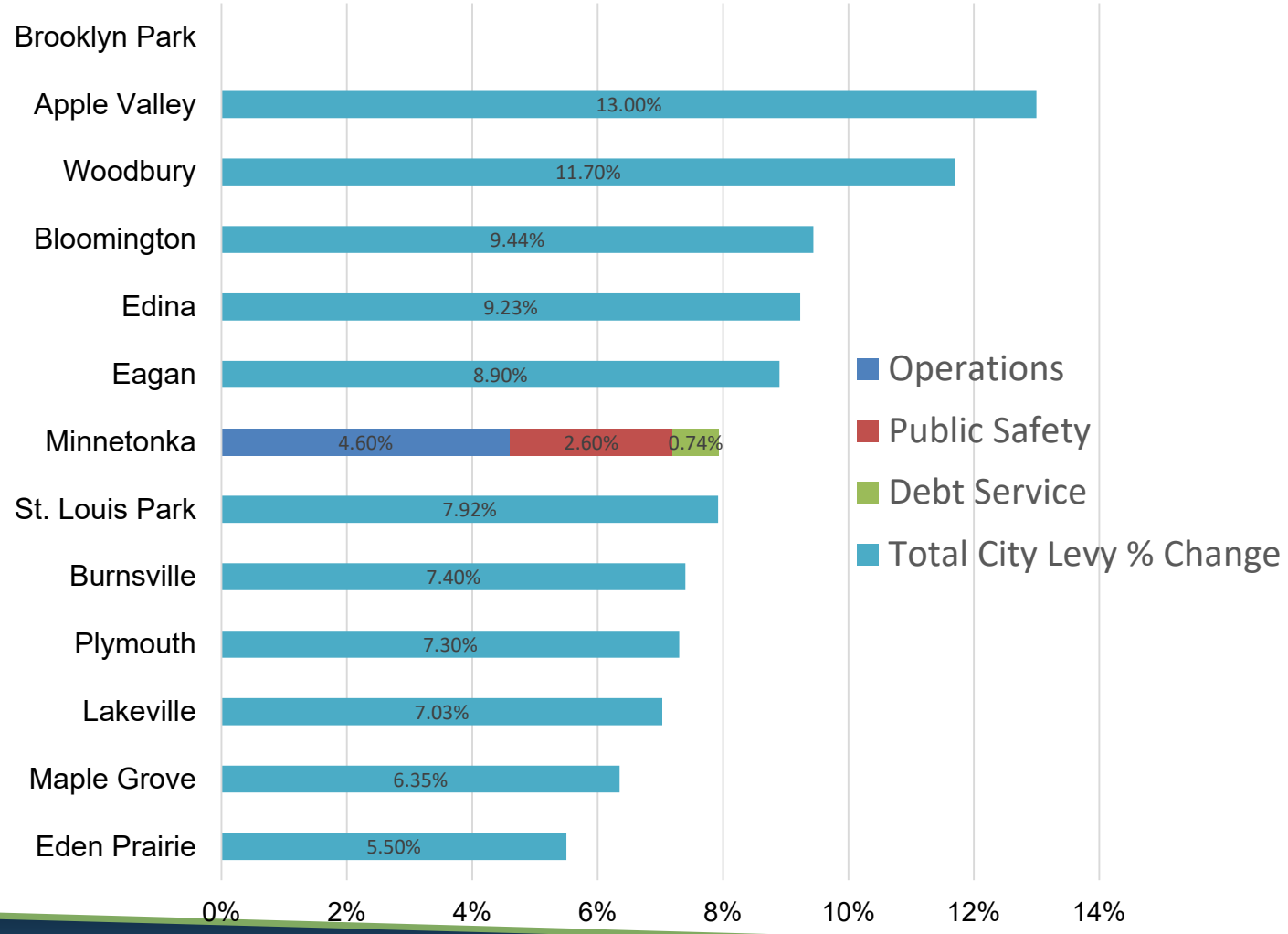
LEVY PROJECTIONS



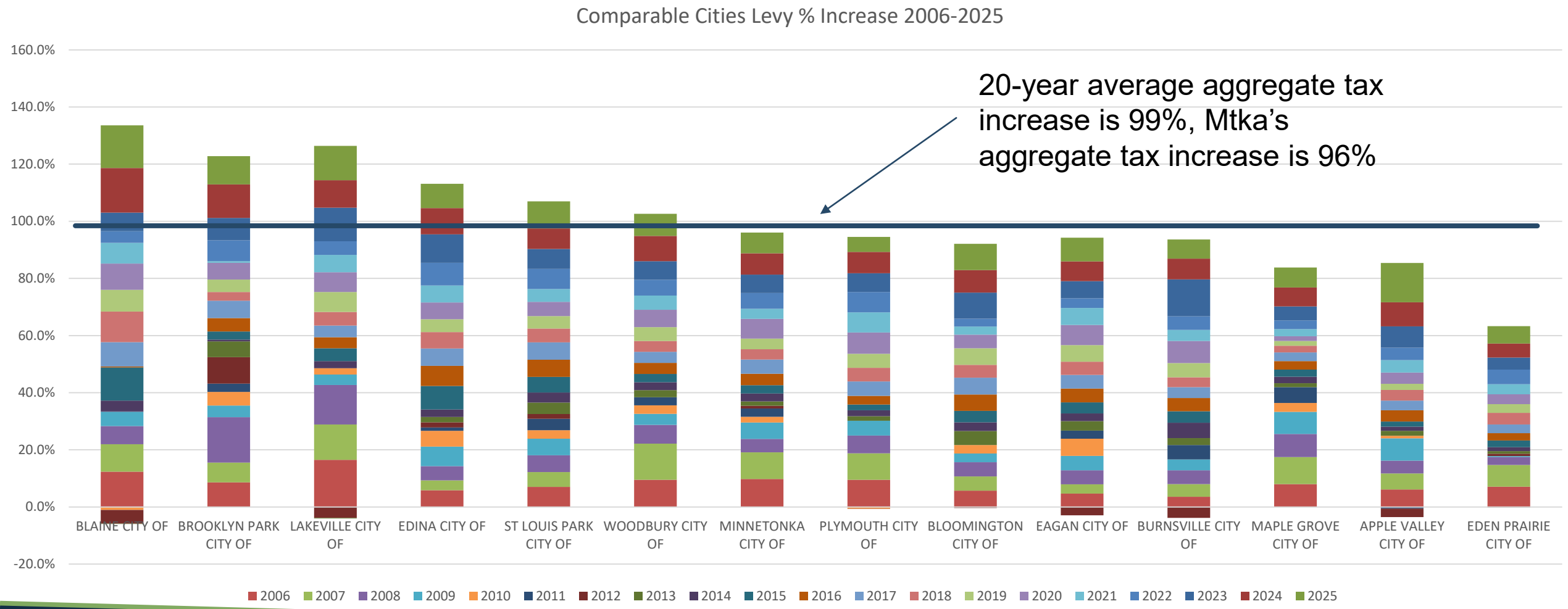
NOTABLE BUDGET ITEMS

- Financing facility improvements is challenging
- Legislature did not approve the city's bonding request for The Marsh or the Opus Open Space area this past session, which would have provided some flexibility towards other projects.
- City has submitted another request for 2026 legislative session for $5.33 million to assist with reconstructing Fire Station #2. If successful, the city would be required to match the state's contribution.
- 2-year sales tax moratorium is over, but no new legislation was approved. Local governments must still first seek legislative approval before a referendum vote can be held.
- Property tax levy is about the only option remaining
  - Preliminary levy includes an additional 0.735% or $405,000 dedicated to future facility improvements
  - 2027 levy would included an additional $405,000 to cover the prin. & int. payments on $10 million bond issuance
  - Calling of 2016B Park Bond - $289,000 annual referendum levy

ESTIMATED 2026 PRELIMINARY TAX INCREASES



COMPARABLE CITIES' HISTORICAL LEVIES



NEXT:

14 A: 2026-2030 ECONOMIC IMPROVEMENT PLAN (EIP)

SEPT. 8, 2025

REGULAR COUNCIL MEETING