Agenda
City of Minnetonka
City Council Study Session
Monday, August 17, 2026
6:00 PM
Community Center - Minnehaha Room
14600 Minnetonka Blvd.

1. Call to Order

2. Introductions/Roll Call

3. Business Items:

   A. Preliminary 2027 budget review

   B. October study session topics

4. Adjournment

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. The council may provide direction to staff but does not make formal decisions at study sessions. Members of the public are welcome to attend and listen, but the council does not take comments from the public.

City Council Agenda Item 3.A
Meeting of August 17, 2026

Title:	Preliminary 2027 budget review
Report from:	Darin Nelson, Finance Director
Submitted through:	Erik Nilsson, City Attorney Moranda Dammann, Assistant City Manager Mike Funk, City Manager
Presenter:	Mike Funk, City Manager and Darin Nelson, Finance Director

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Action Requested:	Review the preliminary 2027 budget and levies and provide feedback.

Summary Statement

City staff is pleased to propose to the city council a 2027 levy and budget consistent with our strategic goals and community values. Within that framework, the budget recommendations presented are both forward-looking and responsive to the community and the city council's concerns, specifically to ensure that city services are maintained. The proposal aligns with the reaffirmation by a considerable majority of Minnetonka community survey respondents that they would support an increase in taxes to maintain current city service levels. The recommendations are built using long-term forecasts, including a conservative eye on the national economy.

As always, the City of Minnetonka will continue to provide the excellent services that our residents and businesses have come to expect, and at a reasonable value, both in 2027 and well into the future.

Strategic Plan Relatability

Financial Strength

The city's six strategic priorities drive the development and direction of the annual budget.

Background

See supplemental background report.

Discussion Questions

1. Does the city council support a base property tax levy increase of 6.1 percent, including 1.6 percent for the continued implementation of the public safety master plan?
2. Does the city council support an additional 0.7 percent tax levy for facility improvements related to fire station #2 improvements for a total levy increase of 6.8 percent?
3. Does the city council agree that a total of $225,000 should be certified as the HRA preliminary levy for 2027, which is the same levy amount presented at the EIP study session in July?

ATTACHMENTS:
Supplemental Background Report
2027 Preliminary General Fund Budget
General Fund Budget to Actual Report Q2 2026

Supplemental Background Report

Background

The May 11, 2026, city council study session included a 2027 budget kickoff agenda item seeking council feedback on budget priorities and direction on the property tax levy. The objective of the budget kickoff was to provide the city council with a high-level overview of the budget preparation process, factors affecting the budget, and the previously forecasted future levy estimates. The kickoff followed a series of department director reports from earlier in the spring that provided an overview of each department's operations, prior year highlights, upcoming goals and innovations, and finally, the department's challenges.

That same meeting also reviewed the 2026 community survey results, which also help provide budget direction to ensure service needs are being met.

Since the May kickoff meeting, city leadership and staff have been working diligently to forecast revenues, expenditures and other factors influencing the budget and levy. Several dynamics are influencing this year's levy request, further outlined in this report.

City staff has a historical approach and budget philosophy to create a needs-based budget. The proposed 2027 budget follows the same approach. As such, staff recommends increasing the 2027 preliminary city levy by 6.8 percent. A breakdown of this increase percent includes: 3.7 percent for General and Special Revenue Funds and existing debt service, 0.5 percent for Capital Improvement Program (CIP) funding (reviewed at the June 15, 2026, study session); 1.6 percent to continue implementation of the public safety master plan; and 0.7 percent dedicated to future debt service related to remodeling the community center and rebuilding fire station #2.

The HRA (Housing and Redevelopment Authority) levy is proposing a $75,000 reduction in the levy for 2027 from $300,000 to $225,000. This levy supports programs indicated in the preliminary Economic Improvement Program (EIP), which was also presented to the council at the July 20, 2026, study session.

Staff is always mindful of being responsible stewards of the public's tax dollars and continues to search for innovative ways to provide more cost-effective and efficient methods of service delivery.

Our Public Process

This study session aims to review key budget issues and provide direction on the 2026 preliminary tax levy and 2027 city budget. The city council must set and certify the preliminary tax levy to the county by Sept. 30, 2026, as required by state law. The preliminary levy will be considered at the Sept. 14, 2026, council meeting. The preliminary levy establishes the maximum amount the city can levy for taxes payable in 2027.

This budget study session focuses on the bigger picture. These discussions will guide detailed budget requests presented at the November budget study session. The council will adopt the final budget in December. At the Nov. 16, 2026, study session, staff will have more complete information regarding revenues and expenditures for the current year, which will help refine 2027 needs. The final levy may be less than the preliminary levy amount, but it cannot be greater.

Minnetonka always encourages public input on its budget. In addition to the information published on the proposed tax notices by Hennepin County and the public budget discussion scheduled for Dec. 7, 2026, residents and businesses will again have the opportunity to provide

feedback via multiple avenues, all of which are publicized on the city's website and in the *Minnetonka Memo*. Staff will share comments with the council as budget options are considered, and updated information will consistently be posted in the *Memo* and on the city's website through Minnetonka Matters.

Long-Term Financial Planning and Sustainability

One of the city's six strategic priorities is financial strength, which focuses on being a financially responsible organization that delivers results. One of the desired outcomes of this priority is to improve alignment between service expenditures and identified priorities.

The budget, whether operational, capital, or a combination of both, always focuses on the strategic plan and ensures that budget initiatives, without an outside mandate, are directly aligned with the strategic plan and its six priorities. The city is beginning to implement a systematic and substantial change to its budgeting practices. Staff has identified the substantive programs across all departments, including many programs that are also cross-departmental. By scoring programs based on their impact on the population, relevance to the strategic plan, and cost-effectiveness, the city is developing a priority-based budgeting practice to inventory city programs. This new practice will enable the city to reallocate resources to programs and areas that provide a more focused effort in achieving the council's desired outcomes. The goal is to incorporate portions of priority-based budgeting into the 2027 budget. To ensure resources are appropriately allocated to all the programs, both the scoring and cost allocations need to be peer reviewed to ensure consistency across departments and that programs are fairly evaluated.

The city's General Fund ended 2025 with a healthy unassigned fund balance of approximately 48 percent of the ensuing year's expenditure budget. This solid financial position was due partly to stronger-than-anticipated construction activity and departmental expenditures being below budget. Under the city's fund balance policy, the General Fund is required to have a year-end fund balance between 30 and 50 percent of the following year's operating budget. The city council may appropriate balances above 40 percent for one-time costs without ongoing financial commitments.

Excess fund balance within the General Fund is routinely programmed within the Capital Improvements Program (CIP) due to the one-time nature of the projects. The 2026 preliminary General Fund budget proposes transfers of $750,000 to various CIP funds. These transfers will reduce the General Fund balance to an estimated 40 percent at the end of 2027

The preliminary 2027 General Fund budget is $64.3 million, an increase of 6.8 percent or $4.1 million. Similar to other service industries, personnel is the majority of the city's operating expenditures, accounting for nearly 80 percent of total operating expenditures within the General Fund. Due to the continued implementation of the public safety master plan, increases in healthcare insurance premiums and employee cost-of-living increases, personnel costs account for 87 percent of the entire increase in the General Fund operating budget.

Public Safety Master Plan

The 2027 budget is the fourth year of a five- to six-year implementation plan to increase staffing across the police and fire departments. Discussions during the 2024 budget process concluded that implementing the public safety plan over five or six years would help minimize the levy impact in any one year but would add levy increases of approximately 2.25 percent per year over this timeframe.

Over the last three years, the budget has included the hiring of five patrol officers, one sergeant, one detective and 12 firefighters. The fire department did not request any new hires for 2026, as this allowed the department time to adjust to having a second station staffed 24 hours a day and time to determine the next steps in renovating or rebuilding the satellite fire stations.

The public safety master plan calls for a total of 24 firefighters to meet the community's service needs. To fulfill this objective, the fire department is requesting 6 firefighters for 2027, with the remaining 6 firefighters planned for 2028. The 2027 firefighters would be scheduled to start April 1 and have a budget cost of about $837,000, which includes funding for gear and equipment.

The fire department has applied for the SAFER grant again this year. This grant would partially supplement the cost of hiring additional firefighters. Even though the department has not been successful in securing the grant in prior years, staff is optimistic an award could happen this year. If the city is successful in securing a SAFER grant, the fire department would request hiring all 12 of the remaining firefighters called for within the public safety master plan in 2027. The funding from the SAFER grant would offset any additional costs for 2027 and would help supplant the impact on the 2028 budget.

The police department completed its hiring of personnel outlined in the public safety master plan in 2026. The plan also called for enhancements to the department's record management system, which went live this past spring/summer. The new records management system (RMS) is financed through a 10-year lease that began in 2025. The first three years of this lease included additional costs for the conversion and implementation of the new records system.

The police department was notified earlier this year that their application for Congressional Directed Spending (CDS) was approved and the city would be allotted nearly $1 million for conversion and installation of the RMS. This grant award will cover the additional lease costs incurred in 2025, 2026 and 2027. Since the 2025 and 2026 costs have already been incurred, the reimbursement will help offset future costs as the city transitions the Drones as First Responders (DFR) program from the Capital Improvement Program (CIP) to the General Fund in 2027.

The Public Safety Master Plan recommended continued investment in emerging technologies to improve efficiency and service delivery. Although Drones as First Responders (DFR) was not specifically identified in the Plan, staff annually reviewed its recommendations and emerging technologies. Given DFRs' proven effectiveness in other communities, the city invested in this technology as an alternative to adding sworn positions. DFRs have enhanced police and fire response by helping deploy appropriate resources to calls for service and have reduced the need for additional retail crime detectives. The annual cost for the DFR program is $300,000 and is also on a 10-year lease. The 2027 cost, after accounting for the reimbursement of the CDS grant and the RMS year 3 installation payment, is $58,000. The General Fund will have to include an additional $242,000 in the 2028 budget to account for the one-time grant proceeds in 2027.

The DFR program is not officially part of the public safety master plan. Still, the program has helped both the police and fire departments deploy appropriate resources to service calls and has reduced the need for additional retail crimes detectives. The annual cost for the DFR program is $300,000 and is also on a 10-year lease. The 2027 cost, after accounting for the reimbursement of the CDS grant and the RMS year 3 installation payment, is $58,000. The General Fund will have to include an additional $242,000 in the 2028 budget to account for the one-time grant proceeds in 2027.

Personnel

The city hired a consultant in 2023 to conduct a class and compensation study for its non-union employees. Historically, the city had provided a cost-of-living adjustment (COLA) and potential market increases for all positions. For non-union employees, each position was compared with similar positions within Minnetonka's comparable cities. However, this process can be complex as many of these positions vary significantly from city to city, with different job responsibilities, which meant the annual market analysis took a substantial amount of staff time to complete and was somewhat subjective.

Under the former compensation system, every non-union employee had a different pay rate, which also caused issues with the required pay equity reporting to the State of Minnesota. The class and compensation study analyzed each non-union position, placing each into a specific grade with other city positions with similar responsibilities, which will solidify future pay equity compliance.

The study also analyzed the outside market rates among our comparable cities to ensure the city remains competitive. Each year, the council determines final COLA adjustments for union and non-union wages. Adjustments for union wages are either set by existing union contracts or will be bargained through upcoming union contract negotiations. The 2027 preliminary budget is built on three percent COLA adjustments and a market rate adjustment range of zero to two percent, depending upon the bargaining unit or non-union wage scale. Estimated COLA and market increases within the General Fund amount to approximately $1.5 million. The council will be asked to approve non-union adjustments for 2027 in November.

After receiving relatively good news last year regarding the city's 8.9 percent health insurance increase, the city's 2027 initial renewal rates are estimated to be a 24 percent increase. The city's experience rating did increase this past year, but due to the large renewal increase, the city is obtaining bids to see if the market can offer more competitive rates. Historically, the city and the employees share in the cost, with the city picking up 50 percent of the increase. Based on this calculation, the city's health insurance contribution is increasing by about $616,000 within the General Fund for 2027.

On a more positive note, workers' compensation insurance is decreasing significantly for 2027. The city utilizes the League of MN Cities Insurance Trust (LMCIT) for its workers' compensation and general liability insurance. The LMCIT workers' compensation premiums are decreasing by an average of 20%. The reduction is driven by favorable claim development, particularly improvements in Post Traumatic Stress Disorder (PTSD) claims and medical costs, which have positively impacted future claim cost projections. In addition, the city's experience rating has also declined for the upcoming year. The combination of these two factors reduces the premium for workers' compensation by $296,000 within the city's General Fund.

Outside of the firefighter requests, additional personnel requests are limited for 2027. The police department is requesting an additional $120,000 in part-time wages to increase the hours of the real-time operation center to better align with call volume. Currently, two full-time employees staff the center Monday through Friday during normal business hours. These additional dollars would help hire part-time staff to operate the center more hours a day. The goal is not to staff the operation center 24/7, but to increase the number of hours per day.

As a reminder, the council approved at the July 27, 2026, council meeting an amendment to the 2026 budget that accepted a Minnesota Department of Public Safety Crisis Response Grant that provided funding for a behavioral health outreach specialist for two years. This grant provides 100 percent of the position-related costs for two years. Before the grant's expiration,

the city will evaluate the program's effectiveness and determine whether to continue the position through the annual budget process.

Lastly, the city hired a sustainability coordinator in 2021, which coincided with the creation of the sustainability commission. The demands on the sustainability coordinator have increased significantly over the last five years as the focus of sustainable practices and environmental protection grows among our residents and businesses. The preliminary budget requests adding a sustainability specialist. Staff is determining if this would be a full-time or part-time position. The cost of a full-time position is $133,000 with wages and benefits. Staff is also proposing the position be funded within the Environmental Recycling Fund and not the General Fund and be supported by fees charged to residents. The estimated cost to residents would be about $2 per quarter to cover a full-time position.

Facility Improvements

The 2026 budget and levy included year 1 of a 2-year plan to increase the levy by $405,000 per year, dedicated to facility improvements. A levy of $810,000 would service the annual debt payments on an approximately $10 million bond issuance. The facility improvements identified in last year's budget included the community center renovation and fire station #2 improvements.

On July 27, 2026, the city council approved a resolution ordering the improvements and authorizing preparation of revised plans and specifications for the community center. The community center was built in 1986 and has not been renovated since. The renovation also includes upgrades to heating and ventilation, which are original to the facility's construction. The cost of the renovation is estimated at $4.8 million. Funding for the project will be through previously mentioned debt financing, specifically the issuance of a General Obligation bond sometime in 2027.

On April 28, 2025, the council reviewed the Minnetonka satellite fire stations' long-term needs assessment. The assessment provides several options for the four satellite fire stations, including identifying a range of costs and challenges. Fire station #2 is the oldest satellite station, constructed in 1976 and is located in the Northeast quadrant of the city in the Ridgedale shopping area on Hopkins Crossroads. The station was not designed to meet today's model of 24-hour staffing and also does not meet industry standards for employee safety and wellness.

Remodeling of the fire station was considered, but it was determined that this is not a long-term solution to meet service delivery and employee safety standards. Rebuilding fire station #2 is estimated at $13 million. Financing fire station #2, along with any of the other satellite stations, is challenging. The city did request $5.5 million from the State's bonding bill. The legislature and governor approved a partial request of $2.5 million for the city during the 2026 legislative session. That leaves the city with about $10.5 million to finance.

The city also actively pursued legislative approval to put a local sales tax on the ballot during the 2026 legislative session. That effort was not successful. However, the council has indicated an interest in continuing to pursue sales tax authority during the 2027 legislative session. If approved by the legislature and ultimately by the voters, a local sales tax would supplant the need for a property tax levy dedicated to rebuilding this facility. However, if a local sales tax is not approved by the legislature and/or the voters, a portion of this new facility improvement levy would need to be dedicated to rebuilding Fire Station #2.

The community survey results from this past spring indicate the public would strongly support a local sales tax for the projects identified in the last survey, which included replacing fire stations 2 and 3, trail expansion, The Marsh renovation and the Opus area public space and park

development. Staff is recommending continuing with the second year of the facility improvement levy by levying an additional $405,000 for a combined annual allotment of $810,000 dedicated to facility improvements. If a sales tax is successful and the property tax dollars are not needed for Fire Station #2, those dollars could be redirected toward the community center for faster repayment of any debt issued or saved for future facility improvements including the Williston Fitness Center.

Other Budget Impacts

Outside of implementing the public safety master plan and general cost increases associated with maintaining existing staffing levels, the 2027 General Fund budget does not add many new costs. Other budget impacts outside of personnel include:

- $100,000 for costs associated with developing the 2050 comp plan. These costs are expected to occur in both 2027 and 2028.
- $50,000 for anticipated increases in fuel costs.
- $200,000 for fleet maintenance costs. 2025 budget was less than actual costs incurred.
- $60,000 for consulting related to local sales tax promotion.
- $10,000 related to new agenda software implementation (for digital accessibility compliance).

Over the last several years, grants have become a major contributor to the city's budget. Whether those grants are associated with capital outlay or operations, they are helping the city achieve various desired outcomes identified in the strategic plan while directly reducing pressure on property taxes and user fees.

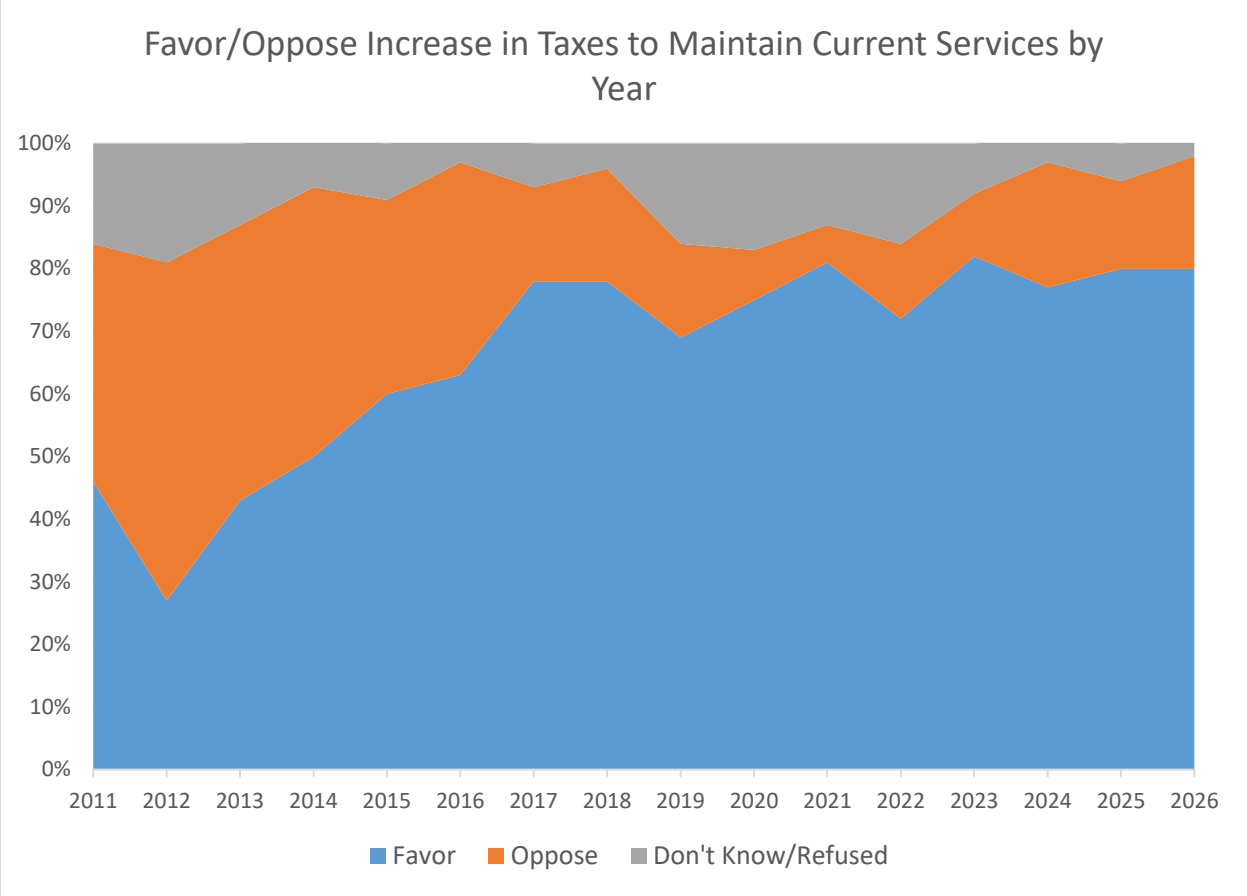
Inflationary Pressures

Reports indicate that inflation in the metro area is increasing after having stabilized over the past two years. The Minneapolis/St. Paul Consumer Price Index (CPI) stood at 4.7 percent from May 2025 to May 2026, while the Municipal Cost Index (MCI) yearly change through June stood at 4.86 percent.

The recent increase in inflation may not have an immediate impact on the city's prices for goods and services, but it will likely have an impact over time. The increase in fuel prices will not just affect the city's costs for fueling city vehicles and equipment; transportation and manufacturing costs will likely increase as well, which will likely hold inflation numbers higher for a longer period. Outside of the additional budget dollars described in this memo, other General Fund costs are built with a zero percent levy increase.

2027 Preliminary Levy

Since recovering from the recession beginning in 2014, the city's community survey has shown our taxpayers' consistent recognition of the value of city services and remarkable support for increasing taxes to maintain city services. In the 2026 survey, 80 percent of those who stated an opinion still favored such an increase, the same percentage reported in the 2025 community survey. The following chart depicts the results from this same survey question dating back to 2011.



The 2026 proposed operating and capital budgets require an overall net increase in the city property tax levy of 4.5 percent to maintain city services.

This levy includes $400,000 dedicated to the Ice Arena and The Marsh Special Revenue Funds for operating subsidies. Historically, the ice arena has received an annual transfer from the General Fund of $100,000 to help cover operations. In 2026, Rink B's refrigeration system is being replaced, which will reduce revenue during that downtime. Subsequently, an additional $100,000 is being levied for the ice arena in 2026. The 2027 levy for the ice arena is being reduced back to $100,000.

The Marsh has been self-sustaining through the original interfund loan approved by the council upon purchase. Initially, it was anticipated that the interfund loan would be fully expended within about two years of opening. However, memberships and subsequent revenues have surpassed original expectations, allowing the loan proceeds to be stretched over a longer period. As it stands today, the original interfund loan and the 2026 levy of $200,000 will provide backstop funding for 2026. An additional $150,000 has been added to the levy to continue supporting operations for 2027. If by the end of the year it is determined that this entire amount will not be needed in 2027, the levy can be reduced before the final levy is set in December.

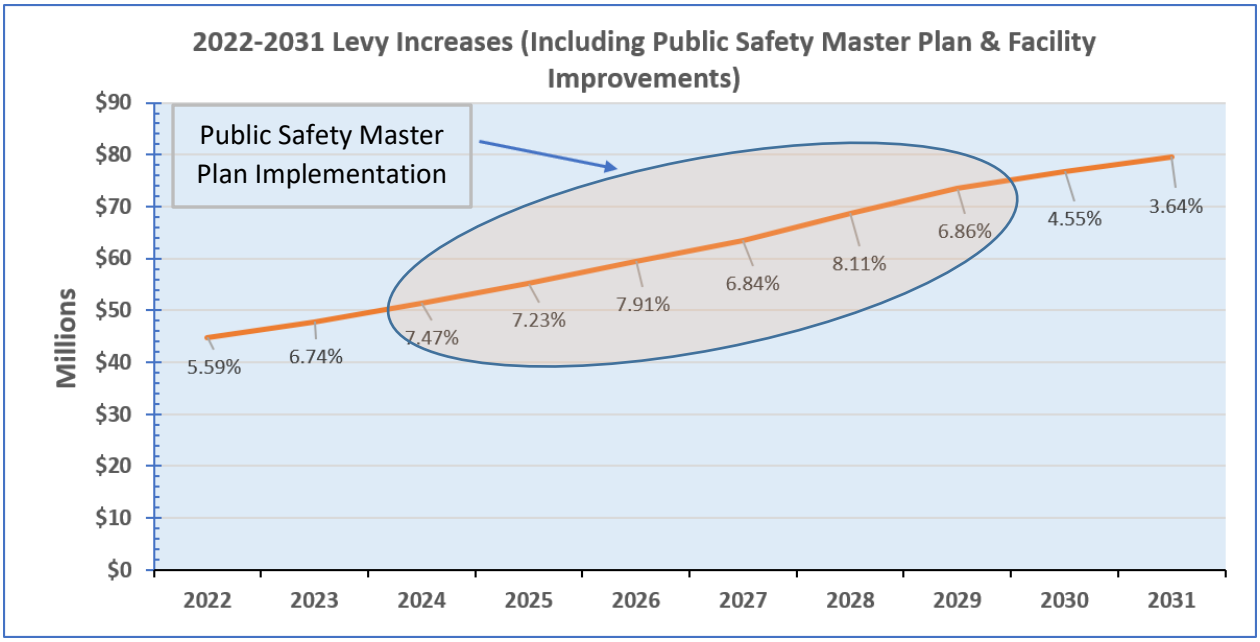
The remainder of the 2027 city levy includes a 1.6 percent increase related to continued implementation of the public safety master plan and an additional 0.7 percent levy increase dedicated to future improvements at the community center and/or satellite fire stations. Combining these levy-related items brings the total city levy increase to 6.8 percent. Although appearing separately on property tax statements, the HRA levy is proposed to decrease by $75,000.

2027 Levy Analysis

Operational Levy (thousands)	2026	2027	Change
City property taxes, current services	$59,486	$59,772	0.5%
Staffing COLA/Market		$1,535	2.6%
Health Insurance		$616	1.0%
Workers' Comp		($296)	(0.5%)
Subtotal		*$61,627*	***3.6%***
Special Revenue Funds (Ice Arena & Marsh)		*$50*	***0.1%***
Capital Improvement Program		*$500*	***0.8%***
Public Safety Investment		*$974*	***1.6%***
Facility Improvements (Comm. Ctr./Fire St. 2)		*$405*	***0.7%***
Total City Levy	*$59,486*	*$63,556*	***6.8%***
HRA Levy	*$300*	*$225*	***(25%)***
Total City Levies	***$59,786***	***$63,781***	***6.7%***

Levy Forecast

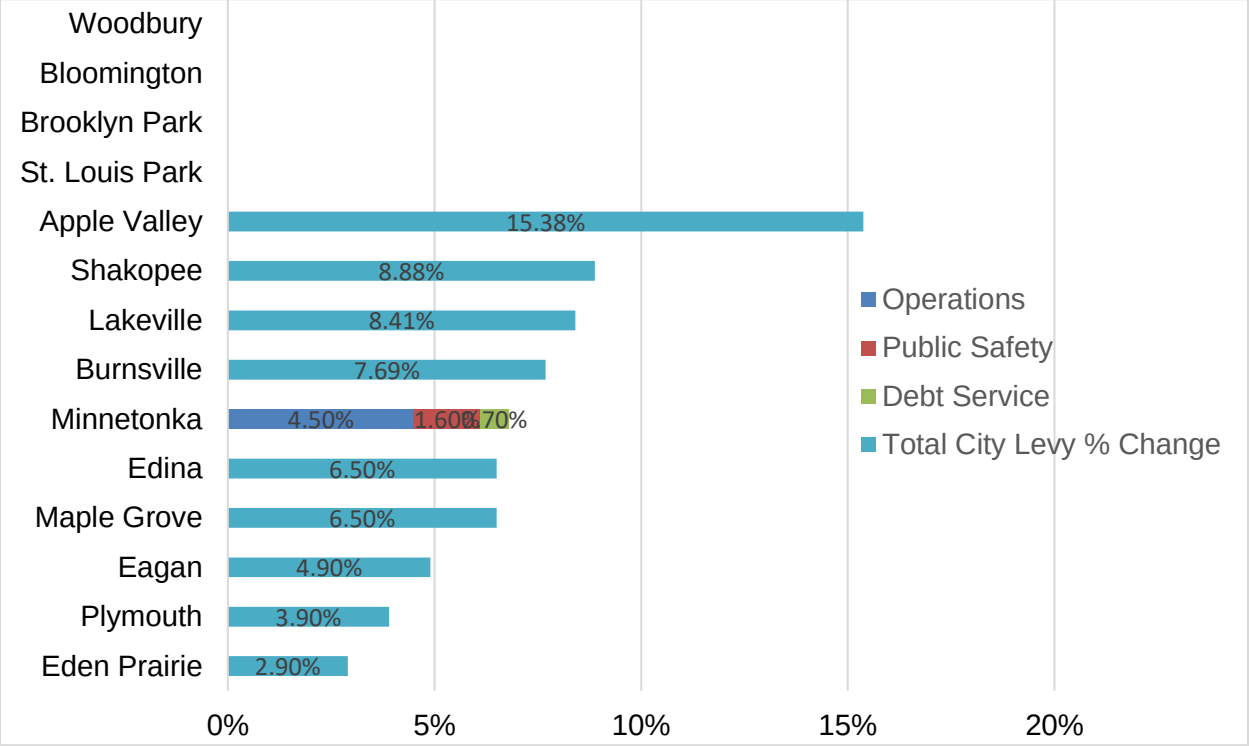
The future years' levy forecasts (2028-2031) include the continued implementation of the public safety master plan, which is scheduled to become fully funded in 2029.



Comparisons with Other Cities. Below is a chart indicating the preliminary 2027 levies for some of our comparable cities. These levy estimates will likely change before the cities adopt their official preliminary levies in September. An updated chart will be provided in September with more accurate levy estimates. As a reminder, each city is unique, and its tax levies can vary for many reasons. Similar to most of our comparable cities, Minnetonka does not and will

not receive LGA in 2027. Equally important, unlike many other cities, Minnetonka does not rely upon special assessments to fund street reconstruction and maintenance.

Potential 2027 Preliminary Tax Increases



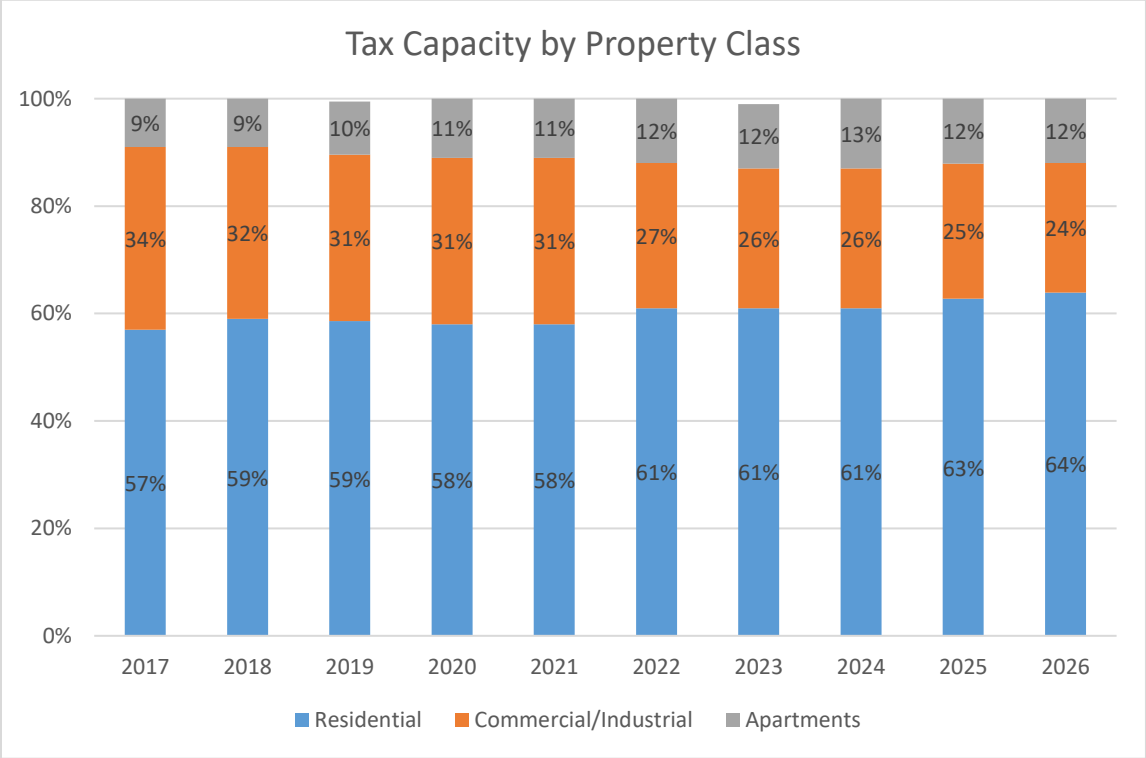
Homeowner Impacts. New development and redevelopment in the city again increased the city's property tax base last year, as reported in March by the city assessor. The city experienced approximately $152.9 million in improved value as of Jan. 2, 2026. Over the previous ten years, the city's assessed market value has increased by 59 percent. A portion of that increase results from improved real estate rather than market forces alone.

The table below outlines this year's growth (including new improvements) by primary property type.

	Overall Growth	Total Change (millions)
Single-household Residential	6.6%	$504.4
Lakeshore	10.2%	$62.2
Townhouses	2.1%	$17.6
Condominiums	1.2%	$9.1
Commercial	1.4%	$23.3
Industrial	1.1%	$4.6
Apartments	5.3%	$93.8
Other Property Types	5.0%	$10.3
Total Change	**5.2%**	**$725.3**

The varying growth rates of the different property classifications equate to a shift in the property tax burden. The tax burden between property types tends to ebb and flow over time as market conditions affect properties differently. Most notably, for taxes payable in 2023 (2022 valuation), there was a large increase in all residential housing property types. This large residential

increase caused a shift in tax burden towards all these property classes while shifting the tax burden away from commercial properties. The apartment growth over the last several years, mainly due to new construction, adds to the tax base and helps alleviate tax burden for all taxpayers. Large Class A single-user office spaces continue to grab headlines in the metro as corporations continue to consolidate space, leaving large buildings vacant and subsequent reductions in market valuation. Minnetonka has experienced some of these same trends. However, Class A multi-tenant office space is still in demand, and Minnetonka is also home to it. Reductions in large, single-tenant Class A space are limited to a handful of companies, which does have an impact on other taxpayers in the city, but the impact is much less than in other cities in the metro. Minnetonka has a good mix of property types and is not dependent upon one specific property to ensure its tax base remains strong.



Calculating the impact of changes in property taxes on homeowners in Minnesota requires a complicated mix of data and information that changes each year, some of which depends upon legislatively defined formulas, such as the state fiscal disparities program. The final piece of fiscal disparity information is typically received in late August. If this information becomes available, it will be shared on the night of the council meeting. Rough estimates indicate that a median-valued home that increased 5.8 percent to $549,000 will see an annual increase of $150 or 7.4 percent. Again, these are rough estimates, and final estimates will likely change in either direction.

Generally speaking, with the levy proposed to increase by 6.8 percent and the residential tax impact estimated to increase by 7.4 percent, these numbers differ because valuations shifted across property types, most notably with minimal growth in commercial and industrial properties.

HRA LEVY

The city's first levy for housing and redevelopment began in 2009. State law limits levies, and the maximum rate is 0.0185 percent of a city's taxable market value, which equates to approximately $2.5 million. On July 20, 2026, the city council reviewed the 2027–2031

Economic Improvement Program (EIP) in a study session, which recommends the 2027 HRA levy at $225,000, which continues to fund Minnetonka Home Enhancement/Welcome to Minnetonka at$100,000 and Homes Within Reach at $125,000*.*

City of Minnetonka
2027 Preliminary General Fund Budget

Object Account	2024 Actual	2025 Actual	2026 Budget	2027 Requested	$ Change from 2026 to 2027	% Change from 2026 to 2027
Revenues						
Property Taxes						
4010 - AD Valorem Tax Levy	$ 39,456,008	$ 43,228,233	$ 47,821,500	$ 50,931,300	$ 3,109,800	6.5%
4020 - Uncollectible Taxes	(60,705)	(186,337)	(200,000)	(200,000)	-	0.0%
4030 - Tax Penalties and Interest	2,156	11,940	24,000	24,000	-	0.0%
4050 - Tax Forfeit Sale Revenue	-	12,919	-	-	-	
Total Taxes	39,397,459	43,066,755	47,645,500	50,755,300	3,109,800	6.5%
Licenses & Permits	5,818,604	6,072,431	4,107,000	4,913,000	806,000	19.6%
Intergovernmental	2,256,519	2,736,624	2,180,500	2,140,800	(39,700)	-1.8%
Charges for Services	773,085	903,793	597,600	596,100	(1,500)	-0.3%
Fines & Forfeitures	184,853	161,280	166,000	166,200	200	0.1%
Investment Interest	1,131,585	1,632,038	1,063,000	1,471,000	408,000	38.4%
Recreation Charges	1,781,093	1,788,129	1,819,200	1,722,900	(96,300)	-5.3%
Miscellaneous	1,075,920	1,241,086	949,100	832,100	(117,000)	-12.3%
Transfers In	1,499,000	1,542,000	1,667,700	1,669,900	2,200	0.1%
Total Revenues	53,918,117	59,144,136	60,195,600	64,267,300	4,071,700	6.8%
Expenditures						
Personnel Services	38,867,199	43,079,091	46,975,400	50,533,200	3,557,800	7.6%
Supplies	2,030,124	2,208,304	2,325,500	2,435,700	110,200	4.7%
Other Services & Charges	8,930,175	9,729,467	10,816,500	11,220,200	403,700	3.7%
Operating Transfers Out	128,209	178,687	78,200	78,200	-	0.0%
Total Expenditures	49,955,707	55,195,549	60,195,600	64,267,300	4,071,700	6.8%
Revenues Over/(Under) Expenditures	3,962,410	3,948,587	-	-	-	0.1%
Other Financing Uses						
Capital Transfers Out	1,625,000	900,000	2,550,000	750,000	(1,800,000)	-70.6%
Total Revenues Over/(Under) Expenditures after Transfer Out	$ 2,337,410	$ 3,048,587	$ (2,550,000)	$ (750,000)	$ 1,800,000	
Expenditures by Department						
10 - Mayor & City Council	$ 410,108	$ 449,844	$ 479,900	$ 550,300	$ 70,400	14.7%
11 - General Administration	1,071,763	835,803	1,057,800	1,106,500	48,700	4.6%
12 - Community Center	543,119	610,063	758,100	794,100	36,000	4.7%
13 - IT	1,737,854	1,758,412	2,054,600	2,197,700	143,100	7.0%
14 - Legal	1,095,363	1,329,686	1,496,600	1,607,400	110,800	7.4%
15 - Finance	1,162,726	1,235,352	1,278,100	1,353,000	74,900	5.9%
16 - Assessing	943,856	1,005,980	1,125,100	1,180,800	55,700	5.0%
17 - Building Maintenance	1,841,815	2,129,732	2,296,800	2,363,000	66,200	2.9%
18 - Joint Recreation	2,171,626	2,281,480	2,572,800	2,637,400	64,600	2.5%
19 - Planning	732,650	858,083	942,800	1,012,200	69,400	7.4%
20 - Engineering	1,625,836	1,867,663	1,887,100	1,985,800	98,700	5.2%
21 - Community Development	2,678,142	2,888,290	3,219,200	3,449,800	230,600	7.2%
22 - Street Maintenance	3,996,745	4,209,407	4,570,400	4,727,800	157,400	3.4%
24 - Parks & Trails	2,512,397	2,674,042	2,661,200	2,926,100	264,900	10.0%
25 - Police	14,608,548	16,454,174	17,624,000	18,452,900	828,900	4.7%
26 - Fire	6,215,980	7,239,336	8,155,200	9,572,000	1,416,800	17.4%
28 - Senior Citizens	560,129	654,377	659,200	675,500	16,300	2.5%
29 - Environmental Health	381,314	391,160	453,400	479,300	25,900	5.7%
30 - MTKA Recreation	679,609	710,267	790,000	801,400	11,400	1.4%
31 - Natural Resources	2,127,164	2,454,909	2,414,600	2,504,100	89,500	3.7%
33 - City Manager	979,832	1,136,855	1,307,100	1,364,700	57,600	4.4%
34 - Human Resources	1,372,370	1,478,028	1,577,700	1,651,200	73,500	4.7%
35 - Contingency & Transfers	-	-	100,000	100,000	-	0.0%
36 - Communications	506,764	542,606	713,900	774,200	60,300	8.4%
Total Departmental Expenditures	$ 49,955,708	$ 55,195,549	$ 60,195,600	$ 64,267,200	$ 4,071,600	6.8%

CITY OF MINNETONKA
Monthly Financial Report

	YTD 2026 Budget	June 2026 Actual	June YTD 2026 Actual	Budget Balance Remaining	Percent Used	June YTD 2025 Actual
01000 - GENERAL FUND						
REVENUES						
TAXES	$ 47,645,500.00	$ 24,578,423.31	$ 24,578,423.31	$ 23,067,076.69	52%	$ 22,131,090.38
LICENSES & PERMITS	4,107,000.00	145,846.37	2,636,281.07	1,470,718.93	64%	3,163,227.44
INTERGOVERNMENTAL	2,180,500.00	48,130.45	212,949.17	1,967,550.83	10%	322,952.29
CHARGES FOR SERVICES	597,600.00	3,137.35	420,182.50	177,417.50	70%	261,001.53
FINES & FORFEITURES	166,000.00	11,686.25	77,865.33	88,134.67	47%	72,252.29
INVESTMENT INTEREST	1,063,000.00	74,910.58	10,715.26	1,052,284.74	1%	697,564.83
RECREATION CHARGES	1,819,200.00	186,351.87	1,225,134.74	594,065.26	67%	1,134,974.13
MISCELLANEOUS	949,100.00	331,215.82	1,042,996.42	(93,896.42)	110%	997,999.38
TOTAL REVENUES	**58,527,900.00**	**25,379,702.00**	**30,204,547.80**	28,323,352.20	**52%**	**28,781,062.27**
EXPENDITURES						
1010 - MAYOR AND CITY COUNCIL	479,900.00	33,707.08	342,614.57	137,285.43	71%	296,316.08
1020 - GENERAL ADMINISTRATION	1,057,800.00	62,238.10	403,436.15	654,363.85	38%	381,898.23
1021 - CITY MANAGER	1,307,100.00	92,282.40	558,706.26	748,393.74	43%	485,627.36
1022 - HUMAN RESOURCES	1,577,700.00	109,531.60	751,108.34	826,591.66	48%	754,133.41
1024 - COMMUNICATIONS	713,900.00	65,795.49	335,535.72	378,364.28	47%	260,391.64
1030 - COMMUNITY CENTER	758,100.00	46,428.61	313,530.12	444,569.88	41%	287,078.16
1040 - INFORMATION TECHNOLOGY	2,054,600.00	92,681.48	803,969.62	1,250,630.38	39%	880,041.26
1050 - LEGAL	1,496,600.00	93,921.25	606,095.53	890,504.47	40%	712,860.39
1060 - FINANCE	1,278,100.00	79,155.95	610,701.73	667,398.27	48%	684,593.92
1070 - ASSESSING	1,125,100.00	65,338.05	516,849.98	608,250.02	46%	489,369.93
1080 - BUILDINGS & GROUNDS	2,296,800.00	230,156.57	888,990.00	1,407,810.00	39%	1,095,074.05
1090 - PLANNING	942,800.00	76,520.02	469,735.44	473,064.56	50%	377,570.03
1100 - ENGINEERING	1,887,100.00	220,366.99	961,229.00	925,871.00	51%	837,695.81
1110 - COMMUNITY DEVELOPMENT	3,219,200.00	224,822.18	1,415,916.85	1,803,283.15	44%	1,403,843.47
1120 - STREET MAINTENANCE	4,570,400.00	361,845.29	2,256,068.28	2,314,331.72	49%	2,022,498.38
1140 - PARK MAINTENANCE	2,661,200.00	291,951.92	1,299,594.71	1,361,605.29	49%	1,182,954.67
1145 - NATURAL RESOURCES	2,414,600.00	190,685.15	1,190,739.71	1,223,860.29	49%	1,137,053.51
1150 - POLICE	17,724,000.00	1,265,337.83	8,504,291.78	9,219,708.22	48%	7,882,042.43
1160 - FIRE	8,155,200.00	575,708.54	3,678,608.25	4,476,591.75	45%	2,725,367.60
1170 - UNALLOCATED	-	-	-	-		-
1190 - ENVIRONMENTAL HEALTH	453,400.00	31,898.87	202,019.32	251,380.68	45%	181,396.79
1700 - SENIOR SERVICES	659,200.00	44,579.42	283,507.52	375,692.48	43%	267,337.05
1800 - JOINT RECREATION	2,557,600.00	231,912.36	969,090.71	1,588,509.29	38%	992,468.82
1900 - MINNETONKA RECREATION	727,000.00	77,780.22	304,979.16	422,020.84	42%	252,186.51
TOTAL EXPENDITURES	**60,117,400.00**	**4,564,645.37**	**27,667,318.75**	32,450,081.25	**46%**	**25,589,799.50**
OTHER FINANCING						
TRANSFERS IN	1,667,700.00	-	1,667,700.00	-	100%	1,542,000.00
TRANSFERS OUT	(2,628,200.00)	-	(2,613,000.00)	(15,200.00)	99%	(1,063,000.00)
TOTAL OTHER FINANCING	**(960,500.00)**	**-**	**(945,300.00)**	**(15,200.00)**	**98%**	**479,000.00**
FUND BALANCE CHANGE	**$ (2,550,000.00)**	**$ 20,815,056.63**	**$ 1,591,929.05**	**$ (4,141,929.05)**		**$ 3,670,262.77**

Key

- Varies more than 10% than budget positively
- Varies more than 10% than budget negatively
- Within 10% of budget

City Council Agenda Item 3.B
Meeting of August 17, 2026

Title:	October study session topics
Report from:	Sarissa Seracki, Senior Management Coordinator
Submitted through:	Mike Funk, City Manager
Presenter:	Mike Funk, City Manager

Action Requested:	Affirm upcoming topics.

Summary Statement
This item is informational and is intended to provide the council with the upcoming study session agenda items and study session schedule.

Strategic Plan Relatability
N/A

Background
The Minnetonka City Council is scheduled to hold a total of eleven study sessions in 2026. To maximize study session meetings, provide staff direction and focus on council priorities, council members ranked specific topics they expressed interest to review. At the Dec.15, 2025 and Dec. 22, 2025 study sessions the city council reviewed these rankings, discussed priorities and provided direction to staff.

At the Jan.12, 2026 regular council meeting the city council approved the 2026 study session work plan. See attached. Staff committed that at each proceeding study session the topics for the upcoming study session will be provided.

Section 1.5 of the City Council Rules of Procedure states, individual council members may propose agenda items for future meetings at a study session, and the council may provide direction to the city staff regarding scheduling such matters. In essence, this document can be modified throughout the remainder of the year by a majority of council members.

Unless modified by the city council, the 2026 study session work plan agenda items for Oct. 12, 2026 are:

- Zoning code rewrite update
- Comp Plan process preview
- E-Bikes
- City Manager review
- 30-minute open time

Discussion Questions
Does the city council have any new topics for consideration?

ATTACHMENTS:
2026 Study Session Work Plan

CITY OF MINNETONKA

2026 Study Session Work Plan

The purpose of a study session is to give the city council and city staff the opportunity to study and discuss policy matters in greater detail in a less formal environment than a regular meeting. The council may provide direction to staff but does not take formal action on business matters at study sessions.

QUARTER 1

JAN. 26

- Park board and planning commission interviews
- Long-term asset planning

FEB. 9

- 2026 community survey planning discussion
- 2026/2027 trail, street and major Capital Improvement Program project review

MARCH 2

- Policy/Ordinance review:
  - Council policies
  - Rearrangement of regular meeting agenda
  - Substance regulations
  - Zoning code rewrite update (Short-term rentals)

QUARTER 2

APRIL 20

- 2027 director budget presentations
- Public Safety Master Plan implementation review
- 30-minute open time

MAY 11

- 2027 budget kick-off discussion:
  - Marsh operations
  - Rec amenities funding
  - Priority based budgeting
- 2026 community survey results

JUNE 15

- 2027 Capital Improvement Program (CIP)
- Purgatory Park off-leash dog review

QUARTER 3

JULY 20

- Economic Improvement Plan (EIP): Housing
- Developer refinancing policy
- Zoning code rewrite update (Drive thrus, ADUs)
- Firearms

AUG. 17

- 2027 general fund budget and levy discussion
  - Priority based budgeting

SEPTEMBER

No study session scheduled.

QUARTER 4

OCT. 12

- Zoning code rewrite update
- Comp Plan process preview
- E-bikes
- City manager review
- 30-minute open time

NOV. 16

- 2027 general fund, enterprise fund and special revenue fund budgets

DEC. 14

- 2027 strategic plan action steps
- 2027 study session work plan
- 2027 legislative priorities
- 2027 council and staff appointments

LOOKING AHEAD

- JANUARY 2027: Boards and commissions interviews