



**Agenda
Minnetonka City Council
Special Meeting
Thursday, Sep. 29, 2022
7:30 a.m.
Minnehaha Room**

1. Call to Order
2. Roll Call: Schaeppi-Coakley-Kirk-Schack-Wilburn-Calvert-Wiersum
3. Preliminary 2022 tax levy and preliminary HRA levy both collectible in 2023
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. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.



**City Council Agenda Item #3
Meeting of Sep. 29, 2022**

Title: Resolution setting a preliminary 2022 tax levy and preliminary HRA levy both collectible in 2023, a preliminary 2023 budget and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority

Report from: Darin Nelson, Finance Director

Submitted through: Mike Funk, City Manager
Moranda Dammann, Assistant City Manager

Action Requested: Motion Informational Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

On Sept. 12, 2022, the City Council approved Resolution No. 2022-086, setting the preliminary 2022 tax levy, preliminary HRA levy, preliminary 2023 budget and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority. That resolution contained a transcribed levy amount. This new resolution amends the levy amount while all other elements of the resolution remain the same. The revised resolution levy amount will provide for a 6.85 percent city levy increase and a 6.75 percent levy increase when combined with the preliminary HRA levy.

Recommended Action

Approve the resolution

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness
 N/A

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

Financial Consideration

Is there a financial consideration? No Yes [Enter estimated or exact dollar amount]
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other [Enter]

Statement: This action sets the preliminary tax levies collectible in 2023 and establishes a preliminary 2023 budget.

Background

On Sept. 12, 2022, the City Council approved Resolution No. 2022-086, setting the preliminary 2022 tax levy, preliminary HRA levy, preliminary 2023 budget and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority. That resolution contained an incorrect levy amount. The resolution indicated in paragraph 2.02 that the preliminary general, capital and debt tax levies for 2022 was \$47,455,139, the correct levy amount should be \$47,772,479 as indicated by the highlighted numbers in the table below.

The intent of the preliminary city levy is to bring forward a 6.85 percent increase, which is what staff presented at the council meeting on September 12. Unfortunately, the dollar amount stated in the resolution was transcribed and does not provide the necessary funding to support 2023 operations, capital outlay and debt service obligations.

Staff does have the ability to amend errors and omissions in resolutions passed by the council as long as the corrections are immaterial. Even though the intent of the original resolution was to increase the preliminary levy 6.85 percent, the dollar amount difference stated in the resolution is material. To ensure the proper preliminary levy is submitted to the county, staff is recommending council approved a revised resolution. This new resolution amends the levy amount while all other elements of the resolution remain the same. A redline resolution is also attached for your convenience.

Below is a recap of the preliminary levies indicating the 6.85 percent city tax levy and the combined tax levy with the HRA of 6.75 percent. As a reminder, the council also passed a separate resolution on September 12 setting the preliminary 2022 tax levy for the Bassett Creek Watershed Management Tax District. That resolution is accurate and will be submitted to the county along with this revised resolution.

Levies	2022	2023	\$ Change	% Change
General Fund	33,760,800	37,230,000	3,469,200	10.28%
Bassett Creek Levy	(30,437)	(32,895)	(2,458)	8.08%
	<u>33,730,363</u>	<u>37,197,105</u>	<u>3,466,742</u>	<u>10.28%</u>
CIP Levies				
Capital Replacement Fund	1,517,100	1,385,000	(132,100)	-8.71%
Public Safety Fund	550,000	550,000	-	0.00%
Parks & Trails Fund	650,000	425,000	(225,000)	-34.62%
Street Improvement Fund	6,080,000	6,080,000	-	0.00%
Technology Fund	650,000	650,000	-	0.00%
Forestry Fund	133,000	83,000	(50,000)	-37.59%
Total CIP Levies	<u>9,580,100</u>	<u>9,173,000</u>	<u>(407,100)</u>	<u>-4.25%</u>
Debt Service (Public Safety Facility)	<u>1,114,989</u>	<u>1,117,929</u>	<u>2,940</u>	<u>0.26%</u>
Tax Capacity Levy	44,425,452	47,488,034	3,062,582	6.89%
Market Value Tax Levy (Park Bonds)	<u>284,340</u>	<u>284,445</u>	<u>105</u>	<u>0.04%</u>
Bassett Creek Levy	30,437	32,895	2,458	8.08%
Ridgedale Tax Abatement	75,000	80,000	5,000	6.67%
Total Tax Levy	<u>44,815,229</u>	<u>47,885,374</u>	<u>3,070,145</u>	<u>6.85%</u>
HRA Tax Levy	<u>325,000</u>	<u>300,000</u>	<u>(25,000)</u>	<u>-7.69%</u>
Combined Tax Levies	<u>45,140,229</u>	<u>48,185,374</u>	<u>3,045,145</u>	<u>6.75%</u>

City of Minnetonka
2023 Preliminary General Fund Budget

Object Account	2020 Actual	2021 Actual	2022 Budget	2023 Requested	\$ Change from 2022 to 2023	% Change from 2022 to 2023
Revenues						
Property Taxes						
4010 - AD Valorem Tax Levy	\$ 29,560,970	\$ 32,109,862	\$ 33,760,800	\$ 37,230,000	\$ 3,469,200	10.3%
4020 - Uncollectible Taxes	180,502	240,230	(200,000)	(200,000)	-	0.0%
4030 - Tax Penalties and Interest	24,335	61,576	24,000	24,000	-	0.0%
4050 - Tax Forfeit Sale Revenue	-	25	-	-	-	
Total Taxes	<u>29,765,806</u>	<u>32,411,694</u>	<u>33,584,800</u>	<u>37,054,000</u>	<u>3,469,200</u>	<u>10.3%</u>
Licenses & Permits	4,283,867	4,587,093	3,081,900	3,207,400	125,500	4.1%
Intergovernmental	5,245,070	3,578,239	1,211,300	758,840	(452,460)	-37.4%
Charges for Services	363,091	441,186	551,000	345,950	(205,050)	-37.2%
Fines & Forfeitures	204,465	167,539	253,500	135,000	(118,500)	-46.7%
Investment Interest	665,712	(38,619)	575,000	1,156,400	581,400	101.1%
Recreation Charges	564,565	1,066,249	1,193,900	1,245,000	51,100	4.3%
Miscellaneous	785,389	949,063	857,200	726,050	(131,150)	-15.3%
Transfers In	1,447,500	1,457,800	1,469,200	1,494,800	25,600	1.7%
Total Revenues	<u>43,325,466</u>	<u>44,620,243</u>	<u>42,777,800</u>	<u>46,123,440</u>	<u>3,345,640</u>	<u>7.8%</u>
Expenditures						
Personnel Services	28,140,524	29,907,169	33,707,100	35,928,100	2,221,000	6.6%
Supplies	1,432,356	1,559,969	1,830,750	1,988,900	158,150	8.6%
Other Services & Charges	6,940,883	7,549,595	8,239,950	8,706,440	466,490	5.7%
Total Expenditures	<u>36,513,763</u>	<u>39,016,733</u>	<u>43,777,800</u>	<u>46,623,440</u>	<u>2,845,640</u>	<u>6.5%</u>
Revenues Over/(Under) Expenditures	6,811,703	5,603,510	(1,000,000)	(500,000)	500,000	3.1%
Other Financing Uses						
Transfers Out	4,174,608	3,954,603	2,888,000	2,471,000	(417,000)	-14.4%
Total Revenues Over/(Under) Expenditures after Transfer Out	<u>\$ 2,637,095</u>	<u>\$ 1,648,907</u>	<u>\$ (3,888,000)</u>	<u>\$ (2,971,000)</u>	<u>\$ 917,000</u>	
Expenditures by Department						
10 - Mayor & City Council	\$ 320,636	\$ 217,068	\$ 303,100	\$ 305,000	\$ 1,900	0.6%
11 - General Administration	819,897	685,907	1,023,300	884,000	(139,300)	-13.6%
12 - Community Center	457,627	471,890	621,000	695,200	74,200	11.9%
13 - IT	1,056,028	1,124,164	1,374,500	1,423,900	49,400	3.6%
14 - Legal	880,361	955,710	1,007,800	1,090,100	82,300	8.2%
15 - Finance	1,020,877	1,150,758	1,176,850	1,082,200	(94,650)	-8.0%
16 - Assessing	823,894	855,446	919,000	954,600	35,600	3.9%
17 - Building Maintenance	1,338,022	1,620,458	1,731,500	1,913,800	182,300	10.5%
18 - Joint Recreation	1,136,970	1,558,368	1,870,850	1,930,400	59,550	3.2%
19 - Planning	627,696	675,436	858,800	844,100	(14,700)	-1.7%
20 - Engineering	1,249,141	1,332,207	1,512,900	1,574,800	61,900	4.1%
21 - Community Development	2,211,781	2,228,615	2,510,500	2,614,900	104,400	4.2%
22 - Street Maintenance	3,343,355	3,576,645	4,041,450	4,399,740	358,290	8.9%
24 - Parks & Trails	1,863,058	2,049,415	2,171,500	2,369,900	198,400	9.1%
25 - Police	11,022,379	11,637,838	11,882,050	12,726,900	844,850	7.1%
26 - Fire	3,852,327	3,971,849	5,293,200	5,764,400	471,200	8.9%
28 - Senior Citizens	331,183	360,650	412,900	376,700	(36,200)	-8.8%
29 - Environmental Health	393,504	360,266	397,400	402,600	5,200	1.3%
30 - MTKA Recreation	588,603	597,386	625,100	636,800	11,700	1.9%
31 - Natural Resources	1,599,335	1,621,734	1,865,800	1,944,200	78,400	4.2%
33 - City Manager	561,395	822,012	838,800	917,600	78,800	9.4%
34 - Human Resources	777,183	909,154	972,200	1,359,000	386,800	39.8%
35 - Contingency & Transfers	-	-	50,000	50,000	-	0.0%
36 - Communications	238,511	233,756	317,300	362,600	45,300	14.3%
Total Departmental Expenditures	<u>\$ 36,513,763</u>	<u>\$ 39,016,733</u>	<u>\$ 43,777,800</u>	<u>\$ 46,623,440</u>	<u>\$ 2,845,640</u>	<u>6.5%</u>

Resolution No. 2022

Resolution setting a preliminary 2022 tax levy, collectible in 2023, and a preliminary 2023 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

- 1.01. As required by state legislation under M.S. 275.065, municipalities are required to adopt a preliminary budget and tax levy by September 30, 2022.
- 1.02. The law also requires that the City Council hold a meeting to discuss the budget and property tax levy and, before a final determination, allows public input to its final adoption in December.
- 1.03. The law further requires the final levy be adopted on or before December 28, 2022, and the final tax levy may not exceed the preliminary tax levy.

Section 2. Findings.

- 2.01. The City Manager's preliminary 2023 budget of \$85,531,864 (the Preliminary Budget) appears reasonable and sufficient to fund the desired general fund municipal services, debt service supported by property taxes, and capital needs in 2023.
- 2.02. Preliminary general, capital and debt tax levies of ~~\$47,455,139~~47,772,479 for levy in 2022, collectible in 2023, will fund the City Manager's Preliminary Budget.
- 2.03. A preliminary tax abatement levy of \$80,000 for levy in 2022, collectible in 2023, is estimated to equate to revenues associated with and will fund commitments under the Ridgedale Mall development agreement adopted by the city council on April 15, 2013.

Section 3. Authorization.

- 3.01. The preliminary budget and tax levy is hereby approved.
- 3.02. Pursuant to Minn. Stat. Section 469.033, subd. 6, the City Council consents to the Economic Development Authority in and for the City of Minnetonka (the "EDA") levying a special benefit tax levy in the amount requested by the Board of Commissioners of the EDA by resolution adopted on the date hereof.
- 3.03. The City Clerk is hereby directed and ordered to transmit a certified copy of this resolution to the Hennepin County Director of Property Tax and Public Records.
- 3.04. This resolution rescinds Resolution No. 2022-086

Adopted by the City Council of the City of Minnetonka, Minnesota, on Sept. ~~4229~~, 2022.

Brad Wiersum, Mayor

ATTEST:

Becky Koosman, City Clerk

ACTION ON THIS RESOLUTION:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Sept. ~~1229~~, 2022.

Becky Koosman, City Clerk

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