

**City of Minnetonka Beach
Finance Committee**

Chris Zinn (Treasurer) Chair
Brian Call
Jim Dudley
Jaime Gmach
Liz Nordlie
John Woerner

Council Liaison – Chris Zinn
Staff: City Administrator Heidi Honey

**Meeting Agenda – Finance Committee
Wednesday, August 21, 2024– 5:30 PM
City Hall**

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes – August 29, 2023
4. New Business
 - 4.1. 2025 Proposed Fee Schedule
 - 4.2. 2025 – 2034 Proposed CIP
 - 4.3. 2025 Proposed Budget and Tax Levy
5. Old Business
 - 5.1. Water Treatment Plant Cost Update
6. Adjourn

**City of the Village of Minnetonka Beach
Finance Committee Meeting Minutes
Tuesday, August 29, 2022 - 5:00 PM**

1. Call to Order

Chair Zinn called the meeting to order at 5:05 p.m.

Members Present: Chair Chris Zinn, Brian Call, Jaime Gmach, Liz Nordlie, and John Woerner

Absent: Jim Dudley and Erik Bender

City Staff: City Administrator Heidi Honey

2. Approval of Agenda

(Gmach motion, Call second to approve the agenda; all ayes.) Motion passed.

3. Approval of Minutes – January 4, 2023

(Woerner motion, Nordlie second to approve the minutes; all ayes.) Motion passed.

4. New Business –

4.1. 2024 Proposed Fee Schedule

Honey explained that the schedule can be amended up until the end of December. Zinn stated when residents get their preliminary tax statement, it reflects the preliminary budget which typically goes down when the final budget is approved in December. He then reviewed the fees, stating most are pass through fees or contracted rates.

Dock Fees - Zinn stated there is a CIP request for rip rap along Crystal Bay for \$85 per foot, or \$35,750. Gmach stated this is a reasonable price. Zinn stated in the Comp Plan the city is to provide docks to residents. He added that many costs are to maintain things, not putting in new and expensive improvements. The city needs to maintain its assets and public land. Honey is proposing to increase dock slip rental fees 24% to cover the cost of the rip rap being paid over five years. This equates to \$72 to \$144 annually depending on dock slip size. Committee members stated this is still a very inexpensive program and land is valuable. Call suggested that the messaging reflects the dollar amount since 24% sounds like a lot more than it is.

Zoning and Engineering - anticipated increases in rates.

Utility Fees –

Trash and recycling are per contract.

In anticipation of building a water treatment plant, the city engaged Ehlers to do a utility rate study. Results of the study indicated a need for a water treatment plant fee and water and sewer rate increases. The water treatment plant would be paid by 50% water plant fee (for stability when water usage fluctuates) and water rate increases, and 50% tax levy. The proposed rates reflect the recommended rates per the study. Zinn stated that the rates proposed in the study can be changed annually if needed depending on the final costs of the plant. Honey stated there is a sewer force main study proposed on the CIP for \$10,000 so she recommended raising sewer rates an additional \$10 per account per quarter to pay for that. The study is to determine the condition of the force main that runs under Lake Rd and through the lakeside yards from Lake to the west end of the city.

There was discussion about the Lafayette Club and they have added a meter for their pools and will no longer pay sewer based on this metered usage. They will continue to pay sewer on their other metered water.

(Woerner motion, Call second to support the 2024 Fee Schedule as amended with increased sewer fees to cover force main study costs; all ayes.) Motion passed.

4.2. 2024 – 2033 Proposed CIP

Zinn discussed that the city has a lot of expenses to provide clean, safe water which prohibits it from putting a lot of money into city streets. In prioritizing projects, providing water is most important.

Streets - The city had planned on sealcoating one half of the city every other year but they have discovered more hot patching is needed because of so many pot holes with the winter weather. The city decided to patch instead of sealcoating. The proposed CIP funds are for patching or sealcoating and not replacing roads.

Swim Beach pavers could be moved.

Rip Rap was already discussed and considered necessary.

Northview Wall was to be replaced after all of the home construction was completed on Northview Road. Hilgers wants to move the wall approximately three feet toward the trail. Honey stated that the HCRRA has said that as long as the work stays within the easement, the city can do the work. Three Rivers would also need to permit the work. The committee supported the work as it is difficult to pass and park near it or not hit it because it is right on the edge of the road. Honey was directed to start working on the permitting and also get additional bids so they have the information for the December final budget review and are also prepared to do the work even if it is done until a future year. Look at materials that would hold up well. Woerner stated the other Northview wall is bulging in one area. Honey will look into it.

Public Works Equipment – it makes sense to turn over equipment on a schedule to eliminate repairs and time lost.

Public Works Truck – Call thought this was an accurate estimate for a 550 and we do not know how much the city would get for trade in on the current truck.

Road Replacements – This is not a CIP request but discussed. The city could build reserves, assess property owners, or bond for a large road project. They discussed assessing the roads to help determine when roads would need to be replaced. Honey stated that Stantec did a road study a number of years ago where they assessed conditions, replacement or repair recommendations and costs. That would be a good starting point. Long range they should plan to deal with roads. It would also be most efficient and cost effective to do water main and sewer replacements at the same time. The city needs to plan ahead for roads and infrastructure ahead of when the water plant bonds are paid off. Current estimates are over \$20 million.

Hydrant replacements – they supported the replacements as needed for safety.

Force Main study - would be to determine the condition and possible repair of the force mains that run under Lake Road and also from Lake and Northview to the end at the west. Its important to do because if there was a break like in the past, it could impact many homes or be very costly as an emergency repair.

Water Issues at Lafayette and Woodbridge – discussion that this may cost less depending on what Hilgers and Offerman decide to do, or council can move this out to a different year.

(Call motion, Gmach second to support the 2024 CIP as presented; all ayes.) Motion passed.

4.3. 2024 Proposed Budget and Tax Levy

Zinn explained that the budget is broken into three funds: General Fund which is tax levy, Water Fund paid by water revenue, and Sewer Fund paid by sewer revenue. He then described the water treatment plant financing. The city is positioned to receive \$959,000 through Dean Phillips office for PFAS treatment. Water testing shows the city is on the edge of needing treatment and it will be coming. The city could add that treatment later or do it with the water plant construction. The city would bond \$5M in 2023 and arbitrage the funds at 1% until it needs the funds. It would also issue a bond in 2024 for the remaining construction project costs of \$4 - 5million. The earned interest would pay incremental costs. The city could build the project to not include PFAS treatment and add it as a later project but that would be a higher cost. The project cost with PFAS treatment would be \$9.4 million. The city would have one interest payment due in 2024 which would be 50% levy and 50% water. Honey to change allocations in the budget to \$50,000 water fund and \$50,000 general fund. Zinn and Honey are currently working with Bruce Kimmel from Ehler's on bond specifics and these details may change. Zinn discussed that the city does not have many ways to generate revenue besides taxes, water and permits. He reviewed the budget line items noting many pass-through costs. Zinn asked Honey to add \$35,000 to Interest Earnings – Item 1410. Zinn explained the compensation of employees and that it is following a step compensation program. Honey stated that the recommendation is to have each employee move up one step and a market rate adjustment annually. Employees are still not at the top of their grade, which is the current market rate. Committee supported employee wages. Honey to fix error on building permit expenses. Parks spends about \$38,000 annually and that is requested in the budget. There was discussion about Long Lake and Orono fire dispute but there is no impact to the budget for fire services in 2024. The city has a contract with Long Lake and Jennifer Halverson attends all of the meetings to keep council updated on that activity. Call talked about the reserve funds. Council's policy is 65% but the city generally maintains 85% annual operating costs in reserves. Issuance of this new debt will not affect the city's AAA bond rating. The committee supported budgeting to build reserves for future road projects.

Water Fund – it is servicing a lot of debt and the utility rate study helped set appropriate rates. 20% of the 2019A bond previously was paid by water but Ehler's recommended that be paid 100% by tax levy due to the amount of additional water related debt.

Sewer Fund – Increase sewer fee to pay for sewer force main study

(Nordlie motion, Gmach second to approve the 2024 preliminary budget with a correction to put \$50,000 in general fund for the bond payment, decrease the water fund by \$50,000 for the bond payment, and increase sewer fees as proposed earlier to pay for force main study; all ayes.) Motion passed.

5. Old Business

5.1. Water Treatment Plant Cost Update

Zinn reviewed the impact analysis statement in the packet for the water treatment plant's increased cost with and without PFAS treatment. Increased construction costs for the plant went from \$6.4 to \$7.4 million for the project. The city had been cautioned that the costs may be higher than expected due to inflation, labor and supply issues. Due to better interest rates, the costs to residents would be the nearly the same as estimated in December 2022. Adding PFAS treatment increases the project costs from \$7.4M to \$9.4M which impacts residents approximately \$300-\$500 annually until 2027 when it levels. Woerner asked if there is a way to lower the burden over the years and have something similar to a balloon at the end of the year that could be refinanced. Zinn stated they can explore that. Zinn stated that the project costs could come in higher, but the bond advisors think that the project is a good price point for multiple bids and a competitive situation.

The city explored keeping the \$74 million at 50% water and 50% tax levy and paying the additional \$2 million by levy. Committee members recommended keeping the entire project at 50/50 and not changing the messaging or process.

5.2. Utility Rate Study

Zinn stated that Ehlers provides a lot of advice, and the study provides revenue projections to build funds, sets appropriate rates, and can help the city build reserves for future projects.

Council would be asked to approve the first bond issuance at the November meeting and funds would be anticipated in December. Everyone supported the two issuances of bonds.

6. Adjourn

(Call motion, Gmach second to adjourn; all ayes.) Motion passed.

Finance Committee meeting adjourned at 6:29 p.m.

Minutes taken by Heidi Honey, City Administrator

Others Present: none

APPENDIX B
City of Minnetonka Beach
Fees and Charges 2025
Adopted 09/09/2024 - Effective 1/1/2025

Fees for Licenses, Permits, Services

Animal Impound		
-----------------------	--	--

First in a Calendar Year	\$60	
Second	\$80	
Third and Subsequent	\$100	

Animal Violation Fines (Section 514, 12B)		
--	--	--

Dogs or Cats not licensed	\$60	
Animals causing disturbance, noise	\$60	
Dogs running at large	\$60	
Fierce dogs running at large	\$75	

Copy Services		
----------------------	--	--

*Photocopies	\$0.25	per page if less than 100 pages
Fax	\$1.00	per fax to send long distance
City Code - Available on-line and for review at City Hall at no charge		
	\$0.25	copy per page plus staff time
	\$30.00	complete code unbound
	\$60.00	complete code bound
Comprehensive Plan	\$60.00	bound
Comprehensive Plan CD	\$10.00	
City Directory	\$ 3.00	
Large Plans and Surveys		Actual costs for duplicating plus staff time
*See Data Access Policy – additional charges for time to compile to data if over 100 pages		

False Alarms		
---------------------	--	--

Police	\$0	1st in calendar year
	\$100.00	2 nd in calendar year
	\$200.00	3 rd in calendar year
	\$300.00	4 th in calendar year
	\$400.00	5 th and subsequent

TIME FEE: To be added to base fee, \$25.00 per one-half hour or fraction thereof for waiting time beyond the first 15 minutes. There would be no charge when extreme weather conditions set off an alarm or when there is actual need for emergency response. See City Code 504 for further information on False Alarm. False fire alarm rates set by Long Lake Fire Department.

Fire	\$0.00	1 st in one rolling year
	\$250	2 nd in one rolling year
	\$500	3 rd in one rolling year
	\$1,000	4 th and subsequent in one rolling year

Finance and Electronic Payments (PSN)		
--	--	--

Non-Sufficient Funds Check	\$30.00	
PSN Convenience Fee – Credit Card Transactions		2.95% or 2.75% + \$.50 for \$100 or less
PSN Convenience Fee - PSN E-Check Payment	\$1.50	
PSN Credit Card Charge Dispute Fee	\$15.00	

APPENDIX B
City of Minnetonka Beach
Fees and Charges 2025
Adopted 09/09/2024 - Effective 1/1/2025

Fee In Lieu \$160.00 per inch Deciduous
(For non-replacement of trees) \$160.00 per foot Coniferous
Note: Double permit fee for an "after-the-fact" application/permit.

Planning and Zoning

Performance Agreement	\$300.00	plus costs
Conditional Use Permit	\$250.00	plus costs
Variance Request	\$250.00	plus costs
Variance Renewal	\$250.00	plus costs
Re-zoning Request	\$250.00	plus costs
Administrative Appeals	\$250.00	plus costs
Zoning Reviews*	\$205.00	per hour
Engineering Reviews*	\$187.00	per hour
Other Land Use	\$250.00	plus costs
Planning and Zoning Consultation*	\$205.00	per hour
"After-the-Fact" Application	\$500.00	plus costs
Resident landscaping in the right-of-way	\$50.00	plus costs incurred
Park Dedication Fee		Per City Code 202 (2)
Resident Accounts Receivable Invoices	10% late fee net 60 days	

*rates subject to change based on current contract rates

Public Utilities

Garbage	\$67.54 <u>\$69.90</u>	per quarter (flat fee)
Leaf Pick Up	\$21.00	per quarter (flat fee)
Recycling	\$17.70 <u>\$18.32</u>	per quarter (flat fee)
Sewer (Residential)	\$115.24 <u>\$132.50</u>	per quarter (flat fee)
Lafayette Club Sewer	\$2.74 <u>\$3.15</u>	per 1000 gallons of water
Stormwater Utility	\$ 20.00	per quarter
Water Treatment Plant Fee	\$165.00 <u>\$335.00</u>	per quarter
Local Water Availability Charge (12/12)	\$ 2,700	
Local Sewer connection Fee (10/97)	\$ 2,400	
Service Availability Charge (SAC)	\$ 2,485	* Set by Met Council
Yard Waste Cart Subscription	\$106.61 <u>\$110.34</u>	per year billed directly by Republic

Water Fees

Water Base Fee (Residential)	\$33.00 <u>\$38.00</u>	per quarter (flat fee)
Water Base Fee (Lafayette Club)	\$66.00 <u>\$76.00</u>	per quarter (flat fee)
Usage Fee (Residential)	\$7.51 <u>\$13.40</u>	per 1000 gallons Residential
Usage Fee (Orono)	\$8.10 <u>\$8.26</u>	per 1000 gallons Orono
Water Users		
Note: This may change at the discretion of City of Orono		
Usage Fee (Lafayette Club)	\$7.59 <u>\$13.40</u>	per 1000 gallons
Minimum charge when water is shut off	\$ 5.00	
Late Fee	10% of bill is charged for late payments	
Water Shut Off/On (per each)	\$50.00	(request by resident to shut off/on)
Water and Sewer Disconnect/Reconnect	\$50.00 each	(charged on demolition permit)
Water Test Fee (State)	\$9.72	(Billed 2 nd Quarter only)

CAPITAL IMPROVEMENT PROGRAM
 CIP Review Cmte Recommendations - No meeting due to no new Cmte requests
 Planning Recommendations - 6/24/2024, Finance Recommendation - 08/21/ 24
 Council Adopted 12/xx/2024

Item Number	Capital Improvement Program:	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Potential Funding Source	Recommended or Supported By	Comments/Explanation
	General Fund														
1	Tree Treatment and Ash Management		\$7,200		\$7,200		\$7,200		\$7,200		\$7,200		Tax Levy	Park Commission/PW	Treatment for invasives EAB, Oak Wilt, and replacement due to EAB loss
2	Library Roof Replacement			\$4,000									Tax levy	Parks	Combine with warming house and city hall roof replacement
3	Sign at LRHOA				\$6,000								Tax Levy	Park Commission	
4	Replace 5 Picnic Tables					\$6,500							Tax levy	Parks	refurbished 2022
5	Ray Peters warming house roof			\$4,000									Tax levy	Parks	Combine with warming house and city hall roof replacement
6	East and West Entrance signs			\$3,000									Tax Levy	Park Commission	Beginning to rust, moved to 2026 to assess
7	Rip Rap Repair	\$30,000											Tax Levy	Park Commission	Total \$35,750. \$5,750 in CIP reserves from 2023.
8	Restore the Shore			\$5,000		\$5,000		\$5,000					GRANT	Park Commission	Restoring shore areas near fire lanes and access areas. Need details and research grants.
9	Replace Skateboard Ramps				\$7,000								Tax levy or grant	Parks	removed by Parks, 2024
10	Replace City Hall Roof			\$12,000									Tax levy	Staff	unknown age of roof
11	City Hall Maintenance	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500			Tax Levy	Staff	Update flooring in bathroom and kitchen or reconfigure work space. Blinds.
12	Northview Wall West - Replacement	\$84,000											Tax Levy	Mayor Lindstrom	
13	Road Repair/Pavement/Seal Coat Citywide	\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	Tax Levy	Mayor Lindstrom	Citywide construction has compromised our past seal coat. Regular seal coat will maintain roads. Increased costs.
14	Mower and bagger			\$6,000									Tax Levy	PW, supported by Finance Cmte	Replace and trade in on 3 yr cycle. Cost increased from 2023
15	3/4 Ton Pick Up with V Plow					\$30,000							Tax levy/grant	Council	should be replaced per schedule (7 yr) to avoid interrupted services
16	Replace F550 Plow and Salt Sander		\$100,000										Tax Levy	Public Works	\$70,000 approved in '23, cost increase to \$100,000, replace every 10 yr
17	Flag Pole at City Hall	\$3,000											Tax Levy	Public Works/Staff	
18	Snow bucket	\$2,500											Tax Levy	Public Works	
19	City Hall Sidewalk - side, install pop up drain, stucco repair	\$5,700											Tax Levy	Public Works/Staff	
20	Light Pole - Ray Peters Park	\$6,000											Tax Levy	Public Works/Staff	Pole is in poor shape. Includes electric
21	Upgrade to current message board with posts, frame or flowers around.		\$5,000										Tax Levy	Civic	The sign is delapidated in appearance. Suggested it be replaced by tasteful one that echoes look of welcome sign. Increased cost to \$54
	SUB-TOTAL	\$208,700	\$214,700	\$136,500	\$122,700	\$144,000	\$109,700	\$107,500	\$109,700	\$102,500	\$107,200	\$100,000			
	Water Fund														
22	Water Plant Improvements (2020 estimated \$91,300)			\$44,400	\$44,400	44400	\$116,000						Bond funds/levy	PW, supported by Utilities Comm, CM Myers	Plant upgrades in 2020, filter media in 2021. Reduced to \$75,000 from \$124,000. New plant to be built, move to 2025 in case of emergency..
23	Iron filter media replacement												Bond/levy	CM Bartel	need to build new plant. Moved as placeholder to 2025
24	Water Hydrant Replacements City Wide - \$17,000 each, stagger years	\$17,000		\$20,000		\$20,000		\$20,000		\$20,000			Tax Levy	Mayor Lindstrom, PW	some are dated 1930. cost increase from \$10,000 to \$17,000 to \$20,000.
	SUB-TOTAL	\$17,000	\$0	\$64,400	\$44,400	\$64,400	\$116,000	\$20,000	\$0	\$20,000	\$0	\$0			
	Sewer Fund														
25	Study Force Main System to determine replacement or lining needs	\$10,000											Tax levy/sewer budget	Public Works and Utilities Cmsn	Force mains are very old and should be replaced if needed. A 2022 emergency repair in small section cost the city over \$45,000
26	Woodbridge/Lafayette water problem solution	\$5,000											Tax levy/sewer budget	Public Works and Utilities Cmsn	Utilities work with experts on solutions to damage to roads cause by water runoff and trucks turning left.
27	Lift Station #3 - new pump		\$9,688										Tax levy/sewer budget	Public Works	Per inspection report from may 2024
28	Lift Station #2 - replace 2 check valves		\$5,320										Tax levy/sewer budget	Public Works per inspection report	Per inspection report from may 2024
29	Lift Station #3 - Wetwell Rehabilitation			\$16,400									Tax levy/sewer budget	Public Works per inspection report	Per inspection report from may 2024
30	Lift Station #2 - Replace guide pipes				\$2,650								Tax levy/sewer budget	Public Works per inspection report	Per inspection report from may 2024
31	Lift Station #4 - guide rails				\$3,650								Tax levy/sewer budget	Public Works per inspection report	Per inspection report from may 2024
	SUB-TOTAL	\$15,000	\$15,008	\$16,400	\$6,300	\$0	\$0					\$0			
	TOTAL	\$240,700	\$229,708	\$217,300	\$173,400	\$208,400	\$225,700					\$100,000			1,395,208
	Bond, fees or other than tax levy Funded Projects														
	Tax Levy Funded														
28	85 Year Old Watermain replacements - approx cost \$4.5 million. Date TBD													Utilities Commission and Public Works	the remaining watermain have been listed in the past for replacement but due to project costs they were removed from previously bonded projects

**2025 FINAL Budget and Tax Levy - Adopted 12/9/2024
(Preliminary Adopted 9/9/2024)**

						2023	2024	2025	Percent change from 2024 final to 2025 prelim	2025	PCT	\$ Amount
						Actual	Final Adopted	Preliminary		Final Adopted	Change from 2024	Change From 2024
Revenues												
1000 - TAXES												
		1010 - General Property Tax			971,539.49	1,123,330.43	1,158,341.00	3.1%		-100.0%	-1,123,330.43	
		1011 - Fiscal Disparities			2,614.08	3,000.00	3,000.00	0.0%		-100.0%	-3,000.00	
		1014 - Fiscal Disparities Debt Serv			631.69	500.00	500.00	0.0%		-100.0%	-500.00	
		1020 - Special Assessment			0.00						0.00	
		1030 - Bond & Interest			234,945.63	270,540.00	264,100.00	-2.4%		-100.0%	-270,540.00	
Total 1000 - TAXES					1,209,730.89	1,397,370.43	1,425,941.00	2.0%	0.00	-100.0%	-1,397,370.43	
1100 - LICENSES & PERMITS												
1110 - Business												
		1115 - Liquor Licenses			1,200.00	1,200.00	1,200.00	0.0%		-100.0%	-1,200.00	
		1110 - Business - Other			0.00	0.00					0.00	
Total 1110 - Business					1,200.00	1,200.00	1,200.00	0.0%		-100.0%	-1,200.00	
1120 - Non-Business												
		1125 - Dock Permits			30,640.00	38,440.00	39,000.00	1.5%		-100.0%	-38,440.00	
		1130 - Dog & Cat Licenses			161.00	100.00	100.00	0.0%		-100.0%	-100.00	
		1140 - Bldg/Plbg/Mech/Variances			72,698.00	60,000.00	60,000.00	0.0%		-100.0%	-60,000.00	
		1150 - Leaf Pick-Up			17,881.24	19,400.00	19,150.00	-1.3%		-100.0%	-19,400.00	
		1160 - Tree Removal Permit			900.00	400.00	400.00	0.0%		0.0%	0.00	
		1170 - Tree Vendor License			850.00	400.00	400.00	0.0%				
		1120 - Other Non-Business										
Total 1120 - Non-Business					123,130.24	118,740.00	119,050.00	0.3%		-100.0%	-118,740.00	
1100 - LICENSES & PERMITS												
Total 1100 - LICENSES & PERMITS					123,130.24	119,940.00	120,250.00	0.3%	0.00	-100.0%	-119,940.00	
1200 - INTERGOVERNMENTAL REVENUE												
1203 - Federal Grants												
		1260 - Road Aid			3,839.00	1,700.00	1,700.00	0.0%		0.0%	-1,700.00	
		1270 - Recycling/Organics			4,261.52	4,000.00	4,000.00	0.0%		-100.0%	-4,000.00	
		1280 - Other-Sports Grant			23,937.00					0.0%	0.00	
		1250 - Hennepin County Grants - Other			15,860.01					0.0%	-15,860.01	
Total 1250 - Hennepin County Grants					47,897.53	5,700.00	5,700.00	0.0%		-100.0%	-5,700.00	
1200 - INTERGOVERNMENTAL REVENUE - Other												
Total 1200 - INTERGOVERNMENTAL REVENUE					47,897.53	5,700.00	5,700.00	0.0%	0.00	0.0%	-5,700.00	
1300 - CHARGES FOR SERVICES												
1310 - General Government												
		1320 - U.S. Post Office			5,000.04	5,000.00	5,000.00	0.0%		-100.0%	-5,000.00	
		1310 - General Government - Other			0.00	0.00	0.00				0.00	
Total 1310 - General Government					5,000.04	5,000.00	5,000.00	0.0%		-100.0%	-5,000.00	
1330 - Garbage, Recycle, Refuse												
		1335 - Garbage Receipts			59,721.75	60,756.49	62,933.48	3.6%		-100.0%	-60,756.49	
		1337 - Recycling Receipts			15,640.15	15,935.40	16,493.82	3.5%		-100.0%	-15,935.40	

**2025 FINAL Budget and Tax Levy - Adopted 12/9/2024
(Preliminary Adopted 9/9/2024)**

	Actual	Final Adopted	Preliminary	2025 prelim	Final Adopted	Change from 2024	Change From 2024
Total 1330 - Garbage, Recycle, Refuse	75,361.90	76,691.89	79,427.30	3.6%		-100.0%	-76,691.89
1370 - Fines & Forfeits	8,570.40	3,000.00	3,000.00	0.0%		-100.0%	-3,000.00
Total 1300 - CHARGES FOR SERVICES	88,932.34	84,691.89	87,427.30	3.2%	0.00	-100.0%	-84,691.89
1400 - MISCELLANEOUS RECEIPTS							
1460 - Misc Income Fees and Taxes							
1461 - General Rate Sales Tax	1,012.63	1,050.00	1,750.00	66.7%		-100.0%	-1,050.00
1462 - Garbage Tax	5,869.80	6,531.00	6,765.35	3.6%		-100.0%	-6,531.00
Total 1460 - Misc Income Fees and Taxes	6,882.43	7,581.00	8,515.35	12.3%		-100.0%	-7,581.00
1410 - Interest Earnings - General Fund	65,711.33	35,000.00	60,000.00	71.4%		-100.0%	-35,000.00
1414 - Interest Earn Capital Projects GO bonds	6,947.24	0.00	0.00	#DIV/0!			0.00
1420 - All Other				#DIV/0!			
1493 - Bond Proceeds Capital Project				#DIV/0!			
1494 - Bond Proceeds Debt Serv	98,264.59	0.00	0.00	#DIV/0!			0.00
1450 - Miscellaneous	2,072.90	500.00	500.00	0.0%			-500.00
Total 1420 - All Other-	100,337.49	500.00	500.00	0.0%			-500.00
Total 1400 - MISCELLANEOUS RECEIPTS	172,931.25	43,081.00	69,015.35	60.2%	0.00	-100.0%	-43,081.00
Total Revenues	1,642,622.25	1,650,783.32	1,708,333.65	3.5%	0.00	-100.0%	-1,650,783.32
Expenditures							
2900 - CAPITAL PROJECT FUNDS (NOT WATER OR SEWER)							
2901 - 2002 Public Works Projects							
2950 - Capital Improvement Reserve	0.00	0.00	0.00			#DIV/0!	0.00
2960 - Capital Improvement Program	75,624.33	208,700.00	214,700.00	2.9%		-100.0%	-208,700.00
Total 2901 - 2002 Public Works Projects	75,624.33	208,700.00	214,700.00	2.9%		-100.0%	-208,700.00
2900 - CAPITAL PROJECT FUNDS - Other	0.00	0.00	0.00		0.00		0.00
Total 2900 - CAPITAL PROJECT FUNDS	75,624.33	208,700.00	214,700.00	2.9%	0.00	-100.0%	-208,700.00
2800 - DEBT SERVICE FUNDS							
· GO Bonds, Series 2019A							
2808 - 100% of Bond Principal pmts 2019A Bond	90,000.00	95,000.00	95,000.00	0.0%		-100.0%	-95,000.00
2809 - 100% of Bond Interest pmts 2019A Bonds	70,600.00	66,900.00	63,100.00	-5.7%			
· GO Bonds, Series 2021A							
2812 - 80% of Bond Principal pmts 2021A Bonds	80,000.00	80,000.00	88,000.00	10.0%		-100.0%	-80,000.00
2813 - 80% of Bond interest pmts 2021A Bonds	23,160.00	20,640.00	18,000.00	-12.8%			
2807 - Fiscal Charges	950.00	1,200.00	1,200.00	0.0%		-100.0%	-1,200.00
Total 2801 - GO Bonds	264,710.00	271,740.00	265,300.00	-2.4%		-100.0%	-271,740.00
2800 - DEBT SERVICE FUNDS - Other-issuance costs	0.00	0.00	0.00		0.00		0.00
Total 2800 - DEBT SERVICE FUNDS	264,710.00	271,740.00	265,300.00	-2.4%	0.00	-100.0%	-271,740.00
2000 - GENERAL GOVERNMENT							

**2025 FINAL Budget and Tax Levy - Adopted 12/9/2024
(Preliminary Adopted 9/9/2024)**

		Actual	Final Adopted	Preliminary	2025 prelim	Final Adopted	Change from 2024	Change From 2024
	2270 · Other Protection - Other	0.00	0.00	0.00				0.00
	Total 2270 · Other Protection	37,025.92	39,000.00	41,700.00	6.9%		-100.0%	-39,000.00
	2205 · PUBLIC SAFETY - Other							
	Total 2205 · PUBLIC SAFETY	257,521.00	267,284.00	276,832.10	3.6%	0.00	-100.0%	-267,284.00
	2300 · STREETS & HIGHWAYS							
	2310 · Street Maint. & Sewers							
	2320 · Supt./Staff Salaries	69,986.67	77,139.66	79,762.41	3.4%		-100.0%	-77,139.66
	2321 · Part Time Wages/OT	7,259.55	9,300.00	11,000.00	18.3%		-100.0%	-9,300.00
	2330 · Maint. P/R Taxes & Benefits	19,742.10	24,397.45	26,880.02	10.2%		-100.0%	-24,397.45
	2340 · Roads & Parks Maint.							
	2341 · Blacktop/Seal Coating	3,294.00	11,000.00	20,000.00	81.8%		-100.0%	-11,000.00
	2342 · Salt/Sand/Dirt/Rock	4,254.58	6,000.00	6,000.00	0.0%		-100.0%	-6,000.00
	2343 · Fuel	9,098.06	12,500.00	12,500.00	0.0%		-100.0%	-12,500.00
	2344 · Communications	1,498.19	1,800.00	1,800.00	0.0%		-100.0%	-1,800.00
	2345 · Street Sweeping	3,677.73	4,000.00	4,000.00	0.0%		-100.0%	-4,000.00
	2346 · Park Operation	10,095.08	7,450.00	8,450.00	13.4%		-100.0%	-7,450.00
	2347 · Repairs, Shop Parts, & Fuel	5,766.18	6,000.00	7,000.00	16.7%		-100.0%	-6,000.00
	2348 · Equip Rental	0.00	500.00	500.00	0.0%		-100.0%	-500.00
	2349 · Signage	844.51	1,000.00	5,000.00	400.0%		-100.0%	-1,000.00
	2350 · 2350 - Dues/Fees/Training	3,034.94	3,500.00	4,000.00	14.3%		-100.0%	-3,500.00
	2351 · Emerg. Siren/Extng.	290.58	600.00	600.00	0.0%		-100.0%	-600.00
	2353 · Gopher State/Other	342.95	500.00	500.00	0.0%		-100.0%	-500.00
	2354 · Projects	0.00	0.00	0.00				0.00
	2355 · Equip Repair	3,001.19	4,000.00	5,000.00	25.0%		-100.0%	-4,000.00
	2356 · Tools	647.79	600.00	1,200.00	100.0%		-100.0%	-600.00
	2357 · Capital Outlay	0.00	0.00	0.00				0.00
	2358 · Tree Removal	0.00	2,500.00	6,500.00	160.0%		-100.0%	-2,500.00
	2359 · Orono On Call	452.04	2,500.00	2,500.00	0.0%		-100.0%	-2,500.00
	2360 · Street Lights	10,104.47	11,000.00	11,000.00	0.0%		-100.0%	-11,000.00
	2361 · Leaf Pick up	2,119.99	19,400.00	19,400.00	0.0%		-100.0%	-19,400.00
	Total 2340 · Roads & Parks Maint.	58,522.28	94,850.00	115,950.00	22.2%		-100.0%	-94,850.00
	Total 2310 · Street Maint. & Sewers	155,510.60	205,687.11	233,592.43	13.6%		-100.0%	-205,687.11
	Total 2300 · STREETS & HIGHWAYS	155,510.60	205,687.11	233,592.43	13.6%	0.00	-100.0%	-205,687.11
	2400 · REFUSE & WASTE REMOVAL							
	2410 · Rubbish Removal	60,112.16	60,756.49	62,933.48	3.6%		-100.0%	-60,756.49
	2411 · Solid Waste Management Tax	5,770.00	6,531.00	6,765.35	3.6%		-100.0%	-6,531.00
	2420 · Recycling/Organics	15,733.61	15,935.40	16,493.82	3.5%		-100.0%	-15,935.40
	2430 · Organic Recycling	0.00	1,500.00	1,500.00	0.0%			
	2400 · REFUSE & WASTE REMOVAL - Other	0.00	0.00	0.00		0.00		0.00
	Total 2400 · REFUSE & WASTE REMOVAL	81,615.77	84,722.89	87,692.65	3.5%	0.00	-100.0%	-84,722.89
	2500 · CULTURE & RECREATION							
	2510 · Parks & Recreation							
	2520 · Current Expenditures							
	2524 · Tree and Forest Maintenance	7,732.24	17,750.00	9,000.00	-49.3%		-100.0%	-17,750.00
	2525 · General Maintenance	8,290.89	7,300.00	8,900.00	21.9%		-100.0%	-7,300.00

2025 Final Budget and Tax Levy
Preliminary Adopted 9/9/2024
Final Adopted 12/9/2024

							2023	2024	2025	Percent change	2025	PCT	\$ Amount
							Actual	Final	Preliminary	from 2023 final	Final	Change	Change
									Proposed		Adopted	from 2023	From 2023
							2,091.59	5,000.00	7,000.00	40%	7,000.00	40.0%	2,000.00
							0.00	15,000.00	30,000.00	100%	30,000.00	100.0%	15,000.00
							85,507.36	99,107.44	111,178.92	12%	111,178.92	12.2%	12,071.48
							85,507.36	99,107.44	111,178.92	12%	111,178.92	12.2%	12,071.48
							85,507.36	124,107.44	126,186.92	2%	126,186.92	1.7%	2,079.48
							8,390.86	5,890.23	-1,524.42		-1,524.42		-7,414.65

**2025 Final Budget and Tax Levy
 Preliminary Adopted 9/9/2024
 Final Adopted 12/9/2024**

							2023	2024	2025	Percent change	2025	PCT	\$ Amount
							Actual	Final	Preliminary	from 2023 final	Final	Change	Change
									Proposed		Adopted	from 2023	From 2023

City of the Village of Minnetonka Beach

2945 Westwood Road - P.O. Box 146 Minnetonka Beach, MN 55361

www.ci.minnetonka-beach.mn.us

952-471-8878

July 22, 2024

Dear Resident,

The renowned hydrologist, Luna Leopold, wrote, "*Water is the most critical resource of our lifetime and our children's lifetime.*" Today, I am writing to you on behalf of the City Council and Treasurer to provide context and specifics regarding the new Water Treatment Plant to be constructed in Minnetonka Beach.

Context

The City's water delivery system includes the water tower, water treatment plant and 33,000 feet of water mains that carry water to our homes. In 1998, the City realized that all three were approaching or had already exceeded their life expectancy. City leadership decided it better to fund the replacement through the issuance of bonds rather than building reserves. Over the last five years, Minnetonka Beach invested \$5 million to replace the 94-year-old water tower and 22,000 feet of 1930's vintage cast iron water mains. This summer, another \$12.7 million will be invested in the replacement of the 66-year-old water treatment plant. That leaves the City with 11,000 feet of water mains remaining in need of future replacement.

Water Treatment Plant - Today and Tomorrow

The City is entering the construction phase with a heightened sense of urgency. The existing plant will be 18 years past its original life expectancy when the new plant is completed in 2026. It will take increased plant monitoring, maintenance, and good fortune to prevent interruption of clean water delivery while the new plant is constructed. The City has a contingency plan for water delivery with the City of Orono should there be an issue before the new plant is completed.

In addition to treatment for iron and manganese, the new plant will treat for PFAS substances, the chemical compounds linked to harmful effects in humans, animals, and the environment. It is important to note that Minnetonka Beach drinking water currently meets State safety standards and Federal standards for PFAS. However, this spring, the EPA finalized enforceable standards for several forms of PFAS at 4.0 parts per trillion. Minnetonka Beach has two wells, which are tested regularly for PFAS and have had reading levels ranging from 2.0 to 3.2 parts per trillion. With resident health in mind, Council felt it important to treat for PFAS even though the City's test results have remained under the new enforceable standards. The construction of a new plant also provided the City with the timely opportunity to include PFAS treatment at a fraction of what it would cost to do so later. With the new treatment equipment, we will be able to continue to meet State and Federal drinking water guidelines and position the City to comply with future regulatory changes.

Municipal Builders was the low bidder for the project at \$10,076,966, and was awarded the building contract at the June 10th, 2024 City Council meeting. Construction will begin this summer. Although many trees were removed to make room for the new plant and service access, the plan is to reforest the Public Works site soon after construction is completed.

Funding the Water Treatment Plant

The current cost for pre-construction, construction and PFAS treatment equipment is \$12.7 million, which will be funded by the 2023 Water Revenue Bond (\$5 million), the 2025 General Obligation Bond (\$7.2 million) and Federal Funds. There are no capital replacement funds to draw from.

Understanding the impact on residents, the City and our Federal and State elected officials exhausted every avenue in search of funding support. U.S. Senators Klobuchar and Smith and Representative Phillips were driving forces in the awarding of \$959,752 to Minnetonka Beach. City Staff is now working with the EPA to determine what project expenses beyond the \$500,000 for PFAS equipment can be funded by the Federal award. State Senator Morrison and Representative Myers both authored bills on behalf of Minnetonka Beach. It was disappointing that the City's request for funding was not included in the State's 2023 Infrastructure Bonding Bill that was made possible by a \$17 billion surplus. The legislature failed to pass a bonding bill this year.

Financial Impact On Residents

Residents receiving Minnetonka Beach water will be funding the water treatment plant over the next 25 years using a combination of increases in water usage rates, fees and a tax levy.

Beginning in 2025, water usage rates and water treatment plant fees will increase by approximately \$1,400 for a home with a City average usage of 120,000 gallons per year. Your actual number of gallons used will appear on your individual quarterly utility bills.

The tax levy will go into effect for property taxes payable in 2026. Ehler's, our public finance advisor, prepared a chart estimating what the annual tax levy will be for homes ranging from \$1 million to \$10 million. That chart is included to assist residents in determining their individual tax levy for just the water treatment plant. For example, a home with a market value of \$2 million in 2025 will have an estimated tax levy of \$1,696 payable in 2026.

The above numbers are estimates at the present time. The actual amounts will be finalized during the 2025 budget and fee review processes. Residents on Orono water are subject to the tax levy but not the water usage rate and fee increases.

Long Term

Looking strategically and longer term, the City Council strongly believes the City would benefit greatly by identifying, prioritizing and exploring funding options for the next 5-10 years for infrastructure needs including the 11,000 feet of water main replacement. Accordingly, last November this was designated as a 2024 Strategic Objective. This initiative will take center stage with both the Council and the City's Utilities Commission in the second half of this year.

Please contact City Hall if you have any questions or need further information.

Thank you,

Joe Pagano
Mayor

	divided by:	equals:	Minnetonka Beach Estimated Tax Levy by			
Est. Debt Levy	City Tax Capacity	New Debt TC Rate	Home Valuation for Water Treatment Plant			
568,000	6,696,421	8.48%				7/22/2024
	less:	equals:	times:	equals:	times:	equals:
Est Market Value	MV Exclusion	Taxable MV	Class Rate	Tax Capacity	Debt TC Rate	Tax Impact
1,000,000	0	1,000,000	1.00%	10,000	8.48%	848
2,000,000	0	2,000,000	1.00%	20,000	8.48%	1,696
3,000,000	0	3,000,000	1.00%	30,000	8.48%	2,545
4,000,000	0	4,000,000	1.00%	40,000	8.48%	3,393
5,000,000	0	5,000,000	1.00%	50,000	8.48%	4,241
6,000,000	0	6,000,000	1.00%	60,000	8.48%	5,089
7,000,000	0	7,000,000	1.00%	70,000	8.48%	5,938
8,000,000	0	8,000,000	1.00%	80,000	8.48%	6,786
9,000,000	0	9,000,000	1.00%	90,000	8.48%	7,634
10,000,000	0	10,000,000	1.00%	100,000	8.48%	8,482
Highlighted line above is an example for \$2 million value home.						