



# Minnetonka Beach: Request for \$9.7M in 2026 Bonding



## Threats to Providing Clean Water to Residents

A primary responsibility of every municipality is to provide residents with clean and safe drinking water. In 2017, the City Engineer and MN Health Department advised the City the age and condition of its water and sewer infrastructure presented a long-term threat to provide clean and safe drinking water. In 2022, concerning PFAS levels were detected in both City wells. The cost to replace that infrastructure is estimated at **\$38M**. A daunting task for a small City with no commercial tax base or opportunity to increase the number of tax paying households. Over the last decade the number of homes has remained at 228.

## Stepping up to the Challenge (2019-2026)

Since 2019 the City has been executing a long-term plan for replacing aged infrastructure to ensure the ongoing delivery of clean water. The first priority was to replace the major components located at the Public Works site:

- The water tower built in 1924 was replaced in 2020.
- A new water treatment plant to replace the original plant installed in 1958 will be completed during the first half of 2026.
- The equipment for the treatment of PFAS was delivered this summer.
- Two new City wells were drilled this year to replace the original two that were installed in 1958.
- During the same time frame two-thirds of the City’s water mains were replaced throughout the City
- In total the above represents a Minnetonka Beach **\$18M** commitment to clean water.
- State Bonding received to date: **\$0**.

## Reached the City’s and Resident’s Capacity to Fund Future Infrastructure Replacement

Minnetonka Beach issued a series of municipal bonds totaling \$18M to fund the work:

- The debt service (principal and interest) averages **~\$1.2 M** annually through 2041.
- S & P lowers Minnetonka Beach bond rating from **AAA to AA+**.
- Increases in water usage rates (**\$3.67 to \$13.40**), water fees and tax levies are used to fund the annual debt service payments.
- The average homeowner will see the annual cost of water increase from \$605 in 2019 to **\$6074** by 2026. That’s an average of **\$506/mo.**
- Minnetonka Beach has an efficient and flexible plan to fund the remaining **\$20M** in infrastructure replacement.



FACTORS (228 HOMES)	2019	2025	Avg. 2026-2041
Debt Service	\$113,000	\$598,000	\$1,225,000
Water Usage Rate/1000 gls	\$3.67	\$13.40	\$13.40
Avg. Water Usage in gallons	120,000	120,000	120,000
Water Plant Operations	\$25,000	\$160,000	\$160,000

ANNUAL COST PER HOME	2019	2025	Avg. 2026-2041
Fees	\$96	\$1,219	\$1,219
Water Usage	\$439	\$1,469	\$1,469
Tax Levy	\$70	\$45	\$3,386
<b>TOTAL</b>	<b>\$605</b>	<b>\$2,733</b>	<b>\$6,074</b>

**We are asking for \$9.7M in bonding to start work.**

# 2025 Utility Study Area City of the Village of Mnnetonka Beach



Project #	Project Name	Total Project Costs
1	Crystal Bay Force Main	\$624,650.00
2	Westwood Utility Improvement Project	\$846,533.59
3	Northview Rd Utility Improvement Project	\$1,073,976.56
4 & 5	Brooks Lane Utility Improvement Project	\$2,071,896.55
7	Lake Road Force Main Project	\$1,739,937.31
8	Woodbridge Rd Utility Improvement Project	\$4,499,624.27
9	Arcola Lane Utility Improvement Project	\$1,658,035.54
10	Woodbridge Rd Utility Improvement Project	\$1,123,944.06
11	Shoreline Drive Force Main Project	\$608,917.50
12	Huntington Point Rd Utility Improvement Project	\$5,214,472.18
<b>TOTAL</b>		<b>\$19,461,987.56</b>

- Sanitary Sewer Improvements
- Watermain Improvements
- Sanitary & Watermain Improvements