2026 Budget Adoption

December 15, 2025

Amelia Cruver, finance director

Agenda

- Budget timeline
- Budget highlights
- Previous council direction
- Revised budget summary
- Policy Questions
- Discussion

Policy Consideration

Recommended Action:

1. Motion to adopt resolution authorizing the 2026 final HRA levy
    1. At $1,194,133 or
    2. At $694,133.
2. Motion to adopt resolution authorizing the 2026 final EDA levy.
3. Motion to adopt resolution approving the 2026 budgets and authorizing the 2026 final property tax levy including:
    1. A $1,194,133 HRA levy or
    2. A $694,133 HRA levy.
4. Motion to adopt resolution approving the 2026-2035 capital improvement plan.

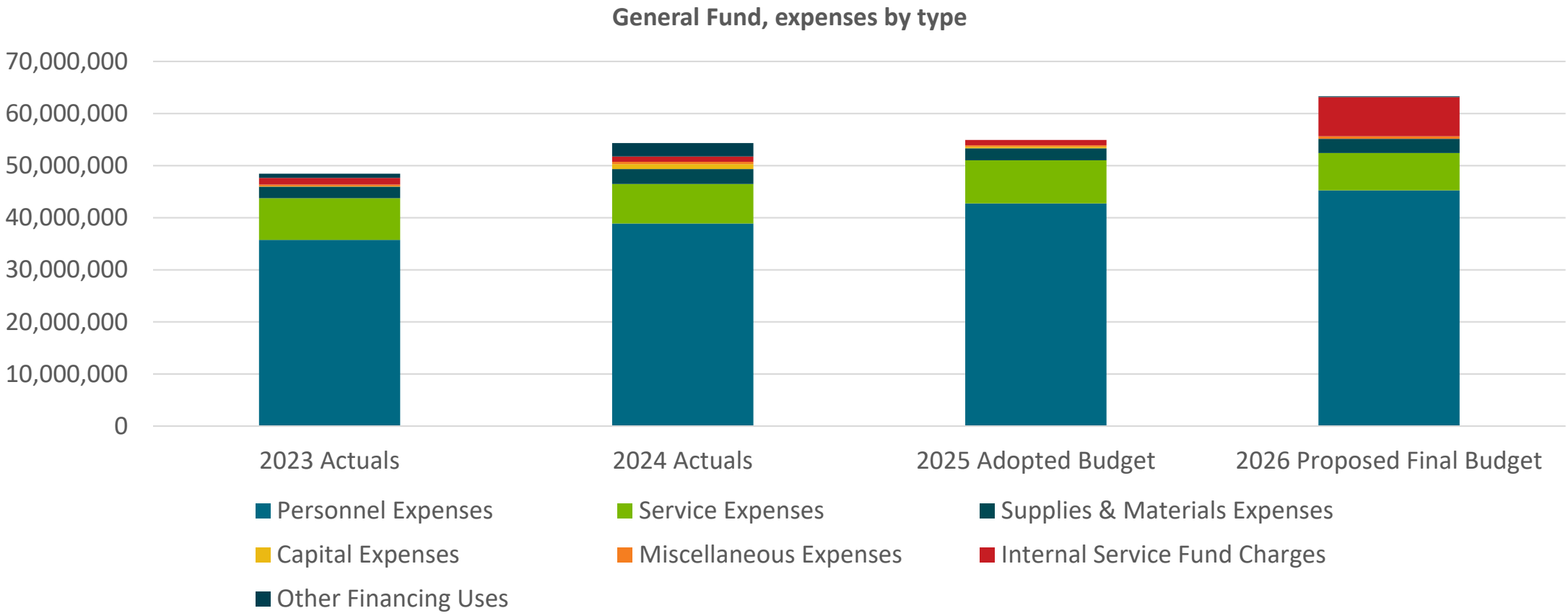
2026 Budget Roadmap

Date	Topic	Issues & Decision Points
June 16, 2025	Base Budget & Context	• 2024 Actual Versus Budget • 2025 Decisions with trailing budgetary impacts • 2026 Revenue projections • Personnel expense projections and Paid Family & Medical Leave • Employee Benefits Fund • Internal Service funds change
July 14, 2025	2024 Certified Annual Financial Report and Audit	• 2024 financial performance • 2024 fund balances • Audit findings and corrective action plans
August 11, 2025	Operating Budget Proposal	• New proposals for the 2026 operating budget & levy implications
September 2, 2025	Capital Improvement Plan (CIP) and Final Levy	• Revised CIP 2026 – 2030 and budget implications • Complete levy recommendation • Projected levy impact by property type and quartile • Fee adoption

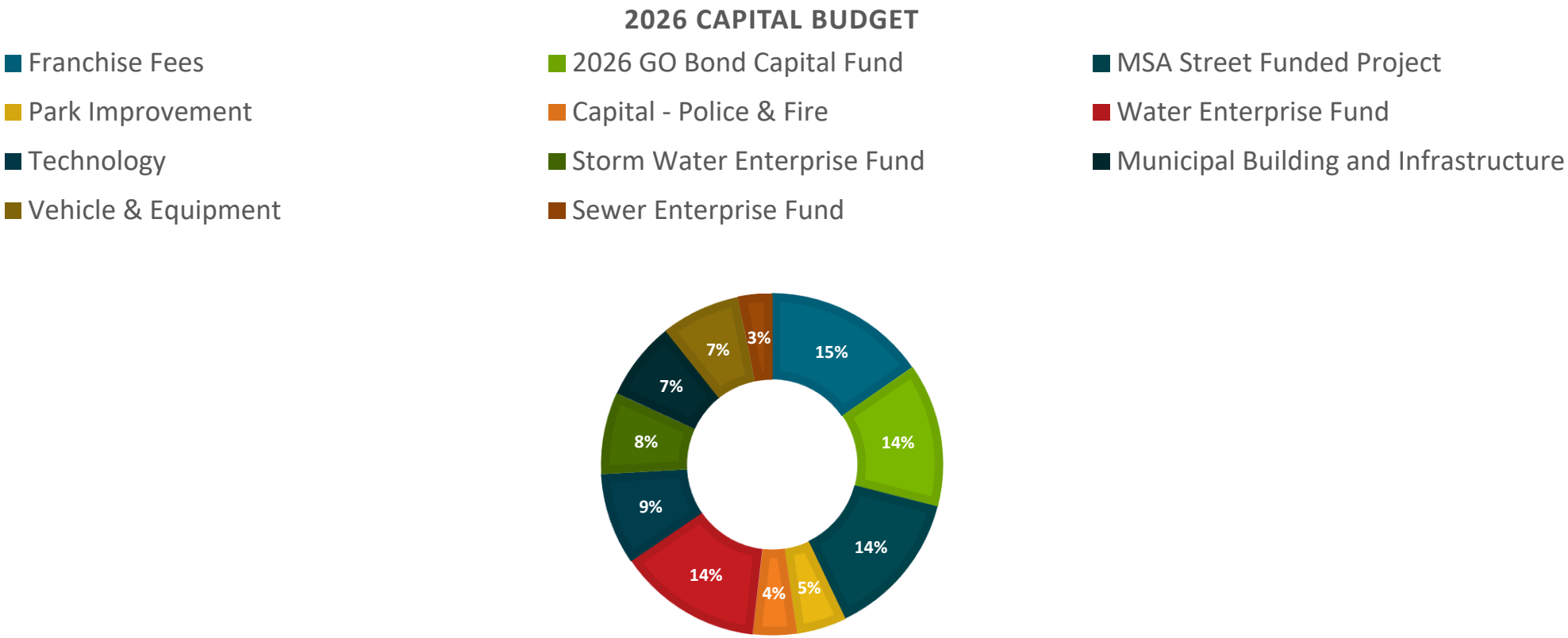
2026 Budget Roadmap, cont.

Date	Topic	Issues & Decision Points
September 15, 2025	Levy Adoption	• Maximum Levy Adoption
October 20, 2025	TIF Management Plan update	• TIF district performance • TIF district recommended transfers and decertification
November 12, 2025	Truth in taxation property tax notices sent out by the county	• Residents receive an estimate of their 2026 tax bill and information on the public hearing in December 2025
November 17, 2025	Council report & discussion: Revised budget	• Revisions to the budget and adjustments to the levy. In November 2025, the levy can only go down from the maximum set in September 2025
December 1, 2025	Council report & public hearing: Truth in Taxation	• Residents share feedback on the proposed 2026 budget
December 15, 2025	Council report, discussion & vote: Budget adoption	• City council adopts the 2026 budget & CIP

General Fund Overview



Capital Plan Overview



St. Louis Park
MINNESOTA

Budget Highlights

- Fully funds implementation of the new Minnesota Paid Family and Medical Leave for all city employees.
- Funds a balanced budget in the Employee Benefit, Municipal Building and Technology funds. Bringing in enough revenue to cover planned spending each year means future cash transfers will not be needed, putting less pressure on the cities cash reserves and ensuring large increases in the levy are not needed in future years.
- Supports the operation of a brush management site in 2026 free of charge to residents.
- Begins a multi-year plan to fully fund activity in the city's Climate Investment Fund in an ongoing way using the property tax levy. City council meeting of September 15, 2025 (Item No. 7a) Page 4 Title: Resolutions approving preliminary levy
- Uses analysis capabilities from our new budgeting software to right-size budgets in multiple areas, including increases to budgeted overtime to reflect actual spending and reductions in historically underspent funds.
- Offsets increased spending on programs and staff with over $200,000 in reductions to department budgets.

Nov. 17 Revised Budget Summary

- Levy increase- City staff has continued to conduct deeper analyses on budget data allowing for the general fund levy increase to be lowered to 7.49% from 8.02%.

- Impact of city levy- Homeowners with a median valued home will have an estimated feels like increase of 8.6% instead of the initial higher estimates for the city portion of property taxes. The overall property tax increase for median valued homes will be less than 7.2%

- Total levy change- With a lowered city levy increase and an increased tax capacity, all St. Louis Park residents and property taxpayers will see a total tax bill that is *lower* than the Truth in Taxation notices.

Property Tax - Payer Resources

Programs and tax credits exist at the state level for taxpayers who face significant increases in their taxes or have a level of property tax that is disproportionate to their income. Below is a list with links but all information can be found on the MN Department of Revenue website:

Disabled Veterans Exclusion:
https://www.revenue.state.mn.us/market-value-exclusion-veterans-disability

Senior Citizen Property Tax Deferral Program:
https://www.revenue.state.mn.us/property-tax-deferral-senior-citizens

Special Homestead Classification – blind or disabled:
https://www.revenue.state.mn.us/special-homestead-classification

Hennepin County Property Information:
https://www.hennepin.us/residents/property/property-information-search

Property Tax Refund Information:
https://www.revenue.state.mn.us/property-tax-refund

Renter's Property Tax Refund Information:
https://www.revenue.state.mn.us/renters-property-tax-refund

2026 Revised Levy, as of Nov. 17

Fund	FY2025	FY2026	$ Change	% Change
General	38,808,815	45,551,333	6,742,518	17.37%
Debt Service	6,856,221	5,792,684	(1,063,537)	-15.51%
Development EDA	187,000	375,000	188,000	100.53%
Park Improvement	510,000	410,000	(100,000)	-19.61%
Affordable Housing Trust (HRA)	1,194,133	1,194,133	-	0.00%
Employee Benefits	200,000	400,000	200,000	100.00%
Capital Funds – Municipal Bldg & Infrastructure	685,013	-	(685,031)	-100.00%
Capital Funds - Technology	1,538,465	-	(1,538,465)	-100.00%
TOTAL	49,979,665	53,723,150	3,743,485	7.49%

Council Direction – Fall 2025

- On September 2, 2025 city council authorized an additional $50,000 in 2026 funds to supplement the city's Climate Investment Fund.
- On September 15, 2025 city council adopted a 2026 maximum levy of 8.02% with the caveat that city staff were to work to bring that number down, if possible, by final levy adoption and to work to reduce the impact on residential property taxpayers.
- On October 20, 2025 city council directed staff to decertify four TIF districts and hold three eligible districts open in 2026. The decision would result in additional one-time funds for general use, one-time funds for the Affordable Housing Trust Fund (AHTF), and a permanent increase in the city's tax capacity.
- On December 1, 2025 council members inquired about lowering the HRA levy by $500,000 in 2026 as a response to two factors:
  - Resident expressions of hardship faced by increased taxes amid other increasing costs
  - Information received by staff in late November that revenues into the Affordable Housing Trust Fund would not be monitored as a condition for receiving state Local Affordable Housing Aid. Cities receiving this aid will instead need to show a consistent spending level on affordable housing activities.

Policy Discussion

1. Motion to adopt resolution authorizing the 2026 final HRA levy
    a) At $1,194,133 or
    b) At $694,133.

2026 Impact to the property tax levy and the median value homeowner

- **$1.2M HRA Levy:** With a 7.49% levy increase, the median homeowner would see an increase in their city portion of their property tax bill of approximately 8.6%:
  - Annual increase of $153.83
  - Monthly increase of $12.82

- **$700K HRA Levy:** With a 6.49% levy increase, the median homeowner would see an increase in their city portion of their property tax bill of approximately 7.6%:
  - Annual increase of $135.86
  - Monthly increase of $11.32

Long-term financial planning: The Affordable Housing Trust Fund (AHTF)

- To maintain Local Affordable Housing Aid (LAHA), the city must reasonably maintain our current level of spending in the AHTF and navigate uncertainty in the new legislation.
- TIF transfers will end after 2026. TIF funds can still be used for some Affordable Housing activities, but it will be restricted to “brick and mortar” projects, rather than housing programs.
- A healthy fund balance provides flexibility to meet goals, allowing the city to acquire property for future affordable housing development, provide gap funding to facilitate affordable projects, and respond to emergency needs.

Policy Discussion

1. Motion to adopt resolution authorizing the 2026 final HRA levy
    1. At $1,194,133 or
    2. At $694,133.

Recommended actions (1.2M HRA levy)

1. Motion to adopt resolution authorizing the 2026 final HRA levy at $1,194,133
2. Motion to adopt resolution authorizing the 2026 final EDA levy.
3. Motion to adopt resolution approving the 2026 budgets and authorizing the 2026 final property tax levy including a $1,194,133 HRA levy
4. Motion to adopt resolution approving the 2026-2035 capital improvement plan.

Recommended Actions ($700k HRA levy)

1. Motion to adopt resolution authorizing the 2026 final HRA levy at $694,133
2. Motion to adopt resolution authorizing the 2026 final EDA levy.
3. Motion to adopt resolution approving the 2026 budgets and authorizing the 2026 final property tax levy including a $694,133 HRA levy
4. Motion to adopt resolution approving the 2026-2035 capital improvement plan.