

The logo of the City of Mound is a circular emblem. It features a white sailboat with a single mast and a triangular sail, positioned centrally. Above the sailboat, a white seagull is depicted in flight. A white arc, resembling a bridge or a stylized 'M', arches over the sailboat. The entire emblem is set against a light blue circular background. The text 'CITY OF MOUND' is written in white, capital letters across the bottom of the emblem.

2027 Draft Proposed Budget

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Budget Overview

- Annually the City must set a budget for the upcoming fiscal year
- The budget is inclusive of all operating expenses and revenues, plus debt service and capital projects
- The City levies property tax dollars to pay for most expenses
 - The City of Mound does not receive Local Government Aid
 - Enterprise funds like Docks, Fire, and Liquor generate revenue which can offset property taxes



Budget Timeline

- **June – September:** Review Revenues and Expenditures
- **September 30:** Set the Preliminary Tax Levy
 - This is the maximum amount the City can levy for taxes
- **September – December:** Refine the budget
 - Review fees, utility rates and refine estimates from service providers and vendors
- **December 8:** Truth-In-Taxation Hearing and Adopt Final Levy



Council Budget Goals

- Utilize the City's Financial Management Plan as a guide
- Explore ways to reduce consultant dollars
- Add necessary staff in Public Works and Communications
- Add Enterprise software which will reduce staff time, time spent on consultants and allow the City to explore monthly utility billing in the future



Tonight's Goals

- Discuss the proposed 2027 budget
- Provide City Council opportunity to deliberate before setting preliminary levy



Agenda

- Financial Management Plan
- Housing Redevelopment Authority budget & levy
- 2027 Proposed Budget: General Fund, Special Revenue Funds, & Enterprise Funds
- Capital Improvement Plan
- City Levy
- Total levy impact
- Next steps



Financial Management Plan

- Acronym: FMP
- Long term financial plan – provides guidepost for decision-making
- Living document
 - 2024: Last update for most funds
 - 2026: Select enterprise funds updated to analyze impact of water treatment facility
 - Staff recommend an update to all funds before setting final levy (December)
- Staff used FMP as basis for 2027 Proposed Budget



Housing Redevelopment Authority (HRA)



HRA Budget

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Property Taxes	66,200	66,200	0%
Lost Lake Slip Revenues	94,600	94,600	0%
Revenue total	160,800	160,800	0%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	3,000	3,000	0%
Non-personnel	79,692	98,492	24%
Expense total	82,692	101,492	23%



HRA Levy

Operating Levy 0% or \$66,200 held flat
Special (Debt) Levy -1.1% or \$2,025 decrease
Overall levy: -0.81%



Budgets by Fund – General Fund (GF)



General Fund Departments

- Centennial Building
- City Council
- City Hall
- City Manager
- Elections
- Emergency Preparedness
- Finance & Administrative Services
- Information Technology*
- Legal*
- Planning & Inspections
- Streets
- Parks
- Police*
- Miscellaneous (Fire Protection & Other Transfers)

*indicates contracted services, no in-house services provided



General Fund – New Spending

Proposal Name	Department	Cost (\$)	Duration
2050 Comprehensive Plan	Planning	64,000	one-time
Special Election	Elections	12,650	one-time
Enterprise Software	Finance & Administration	325,000	one-time
Communications & Marketing Coordinator	Finance & Administration	80,900	ongoing
Parks Maintenance Worker	Public Works	68,800	ongoing
Deputy Fire Chief	Emergency Management	8,200	ongoing
Total		401,650	one-time
		157,900	ongoing

General Fund Expense Budget

Department Name	2026 Budget (\$)	2027 Budget (\$)	% Change
Centennial Building	60,183	59,910	-.05%
City Council	44,982	37,513	-16.6%
City Hall	131,443	203,542	54.9%
City Manager	233,095	232,008	-0.5%
Elections	23,500	12,650	-50%
Emergency Preparedness	58,213	20,109	-65.5%
Finance & Administrative Services	636,384	1,316,128	106.8%
Fire Protection, Other Transfers, & Misc	753,036	826,033	9.7%
Information Technology	44,000	42,440	-3.6%
Legal	181,460	173,542	-4.36%
Planning & Inspections	698,391	685,562	-1.8%
Police	2,176,130	2,277,786	4.7%
Parks & Cemetery	969,805	1,000,204	3.1%
Streets	1,211,485	1,245,552	2.81%
Total	7,223,908	8,132,979	12.6%

General Fund Personnel Schedule

Department	2026 Budgeted	2027 Proposed
City Manager	1.25	1
Administration & Finance	3.85	5.95
Emergency Preparedness	0.35	0.05
Planning & Inspections	2.40	2.75
Streets	3.85	5.8
Parks	3.43	3.35
Total	15.13	18.9



Revenue Assumptions

- All revenue sources *except* Administrative Cost Sharing Charges & Interest follow FMP increase of 2%
 - Interest increased from \$20,000 to \$120,000
 - Administrative costing sharing charges increased from \$187,700 to \$576,800
- New revenue: \$180,000 one-time use of fund balance
- Fee study needed for Business Licenses & Permits revenues
 - Goal: evaluate fees to ensure cost recovery of expenses
 - Revenues increase by 2% in Proposed Budget



General Fund Revenue Budget

Revenue Category	2026 Budget (\$)	2027 Budget (\$)	% Change
Property Taxes	6,250,484	6,483,896	3.7%
Business Licenses & Permits	38,100	38,862	2%
Charges for Services	408,824	801,132	96%
Fines & Forfeitures	33,000	33,660	2%
Intergovernmental	32,000	32,000	0%
Non-business Licenses & Permits	211,500	215,730	2%
Other Revenue	250,000	535,510	113.8%
Total	7,223,908	8,139,790	12.7%

Budgets by Fund – Special Revenue Funds



Special Revenue Departments

- Area Fire Services
- Commons Docks



Area Fire Services – New Spending

Proposal Name	Cost	Duration
Duty Crews	\$47,000 (inclusive of tax liabilities)	ongoing
Administrative Cost Sharing charges	\$129,634	ongoing
Total	\$176,634	ongoing



Area Fire Services Budget

FTE Count	
2026	2027
2.5	2.95

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Property Taxes	95,696	100,216	5%
Fire Contracts	630,446	693,080	9%
Transfer in	741,036	814,033	9%
Donations, grants & reimbursements	-	63,500	-
Revenue total	1,652,703	1,875,829	14%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	1,126,224	1,228,757	19%
Non-personnel	318,232	447,383	41%
Capital	208,400	86,200	-59%
Expense total	1,652,856	1,872,340	13%

Commons Docks Budget

FTE Count

2026

2027

0.17

0.55

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Dock Permits	226,860	227,650	0.3%
Wait List Fee	8,225	8,685	2%
Revenue total	235,545	236,509	0.4%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	106,570	82,228	-23%
Non-personnel	78,442	83,185	6%
Capital Outlay	115,000	115,000	0%
Expense total	300,011	280,412	-7%

Budgets by Fund – Enterprise Funds



Enterprise Fund Departments

- Water Utility
- Sewer Utility
- Liquor Store – Harbor Wine & Spirits
- Stormwater Utility
- Recycling Utility



Water & Sewer Utilities – New Spending

Proposal Name	Department	Cost (\$)	Duration
2050 Comprehensive Plan	Water	26,000	one-time
	Sewer	26,000	one-time
SCADA (technology updates)	Water	45,500	one-time
	Sewer	45,500	one-time
Administrative Cost Sharing charges	Water	51,500	ongoing
	Sewer	59,000	ongoing
	Total	143,000	one-time
		110,500	ongoing

Water Utility Operating Budget

FTE Count	
2026	2027
2.75	3

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Water Sales	2,786,097	3,162,220	13%
Franchise Fees	288,000	302,400	5%
Transfer from Liquor Fund	225,000	165,000	-27%
Property Taxes	-	90,000	-
Revenue total	3,299,097	3,719,620	13%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	399,595	414,491	4%
Non-personnel	533,887	661,264	24%
Depreciation	917,000	917,000	0%
Expense total	1,850,482	1,992,831	8%

Sewer Utility Operating Budget

FTE Count

2026

2027

2.85

3.1

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Property Taxes	360,000	450,000	25%
Sewer Sales	3,133,844	3,133,844	0%
Franchise Fees	288,000	302,400	5%
Revenue total	3,781,844	3,927,056	3%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	411,966	432,638	5%
Non-personnel	1,433,999	1,659,400	16%
Depreciation	650,000	650,000	0%
Expense total	2,495,965	2,742,139	10%

Liquor Store – Policy Changes

- City will no longer be insured to sell THC drinks and edibles at Harbor Wine & Spirits
 - Effective November 26, 2026
- A federal law is scheduled to take effect November 12, 2026, that will make certain types of THC infused drink and edible products illegal at the federal level.
 - City was notified on September 3, 2026, that it will no longer have insurance coverage for these products.



Liquor Store Operating Budget

FTE Count	
2026	2027
5.5	6

Revenue	2026 Budget (\$)	2027 Budget (\$)	% Change
Operating Revenue	3,600,000	3,692,043	3%
Revenue total	3,600,000	3,692,043	3%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Cost of Sales	2,591,000	2,459,875	-5%
Operating Costs	340,338	423,149	24%
Depreciation	474,492	520,759	10%
Transfer out	360,000	300,00	-17%
Expenses total	3,766,830	3,703,784	-2%

Liquor Store Key Metrics

Metric	2026 (\$)	2027 (\$)	% Change
Gross profit	1,000,800	1,232,168	22%
Net income before transfers	193,170	288,113	49%
Net income after transfers	-166,830	-11,887	107%

Net Income Ratio	2026	2027
Before transfers	5.4%	7.8%
After transfers	-4.8%	-0.3%



Stormwater Operating Budget

FTE Count	
2026	2027
-	-

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Storm Sewer Revenue	254,000	254,000	0%
Revenue Total	254,000	254,000	0%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Non-personnel	41,159	83,703	103%
Depreciation	234,000	234,000	0%
Expense total	275,159	317,703	15%

Recycling Operating Budget

FTE Count

2026

2027

-

-

Revenues	2026 Budget (\$)	2027 Budget (\$)	% Change
Grants	20,000	20,000	0%
Recycling Sales	243,360	263,218	8%
Revenue total	263,360	283,218	8%
Expenses	2026 Budget (\$)	2027 Budget (\$)	% Change
Personnel	-	576	-
Non-personnel	253,565	274,527	8%
Expense total	253,565	275,103	8%

Capital Improvement Plan (CIP)



Summary: Capital Improvement Plan

- Key Takeaways
 - ~\$8,500,000 will be issued in new debt for Streets & Water projects
 - 17% (\$1.6 M) of levy directed to capital projects
 - 13% (\$1.2 M) of levy directed to debt service for capital projects

Department	2027 Budget (\$)
Stormwater	33,000
Streets	2,118,000
Administration	100,250
Public Works	11,699
Total	5,695,999

Capital Improvement Fund Plan

Department	Project Name (Expense)	2027 Budget (\$)
Stormwater	Annual Outlet Cleaning – 10 Locations	33,000
Streets	2027 Mill and Overlay	2,118,000
	2027 Reconstruct	3,007,750
	Annual Repairs & Pond Cleaning	67,000
	County Sidewalks	15,000
	Maple Manors Reclaim and Pave	147,550
	Misc. Wall Repair	85,000
	Norwood Lane Mill and Overlay	60,750
	Retaining Wall w/ Street Repairs	50,000
Administration	Issuance Costs and Other Charges	100,250
Public Works	Operating Costs	11,699
Total		5,695,999

Revenues	2027 Budget (\$)
Bond Proceeds	5,000,000
Municipal State Aid	287,000
Property Tax	1,000,000
Special Assessments	47,621
Total	6,334,621

Capital Equipment Replacement Fund Plan

Revenues	2027 Budget (\$)
Property Tax	270,000
Sale Capital Assets	41,058
Use of fund balance	54,000
Total	365,000

Department	Project Name (Expense)	2027 Budget (\$)
Streets	Ford F450 Street Service Truck	125,000
Parks	Toro Mower	85,000
	John Deere Mower	100,000
	Ford F350 Pickup	55,000
Total		365,000



Road Maintenance Capital Reserve Fund Plan

Revenues	2027 Budget (\$)
Municipal State Aid	92,000
Special Assessment	738
Transfer in: Liquor Store	135,000
Use of Fund Balance	37,512
Total	265,250

Department	Project Name (Expense)	2027 Budget (\$)
Streets	Crack Seal and Seal Coat	186,500
	Pavement Repairs	78,750
Total		265,250



Community Investment Fund Plan

Revenues	2027 Budget (\$)
Property Tax	150,000
Total	150,000

Department	Project Name (Expense)	2027 Budget (\$)
Parks	Dundee Park Play Structure	75,000
Total		75,000



Capital Replacement – City Buildings Plan

- City Hall, Centennial, Public Works, Parks Storage, Dept, & Salt Shed

Project Name (Expense)	2027 Budget (\$)
City Hall	80,018
Centennial	58,493
Public Works	29,246
Depot	17,548
Total	185,305

Revenues	2027 Budget (\$)
Property Tax	180,000
Use of Fund Balance	5,305
Total	185,305



Water Utility Capital Plan

Project Name (Expense)	2027 Budget (\$)
Chateau Water Tower Recoat	850,000
Lead Service Lines Compliance	120,000
Lead Service Replacement	375,000
Cast Iron Watermain Improvement	85,000
Public Works Building	14,623
Water Meter Replacement	973,440
Three Points Area North	360,000
Debt Service	1,238,754
Fiscal Agent Fees	3,000
Issuance Costs	70,000
Total	4,089,817

Revenues	2027 Budget (\$)
Intergovernmental	97,344
Grants	375,000
Transfer in: Liquor Store	165,000
Bond Proceeds	3,500,000
Other Financing	1,549,605
Total	5,686,949



Sewer Utility Capital Plan

Project Name (Expense)	2027 Budget (\$)
Generator Upgrades	70,000
Lakewood Lane Forcemain	230,000
Lift Stion Rehab	257,000
Lift Stion Panel Improvements	42,500
Manhole Repairs – Street Project	178,300
Televises - Dutch Lake/Tonkawood	45,000
Public Works Building	14,623
Manhole Repairs – Dutch Lake/Tonkawood	45,000
Freightliner JetVac	725,000
Debt Service	1,333,154
Fiscal Agent Fees	2,000
Total	2,992,577

Revenues	2027 Budget (\$)
Property Tax	360,000
Sale Capital Assets	97,301
Other Financing	1,255,082
Interest	47,268
Total	1,759,651



City Levy



What makes up the levy?

- Operating revenues
 - GF & Fire
- Special revenues
 - Debt service for streets, sewer, & parks
- Capital revenues
 - Capital Improvement Fund
 - Community Investment Fund (Parks)
 - Capital Replacement - Vehicles & Equipment
 - Capital Replacement - City Buildings



Preliminary Recommendation

- Funds Council Priorities & necessary expenses
- Allows time to complete updates to Utility Rate Study (URS) & FMP while funding expenses
 - SCADA (technology updates)
 - Comprehensive Plan
 - Admin Cost Share charges
- Additional time to analyze Fee Schedule revenues



Preliminary Levy Recommendation

General Fund Levy 4% or \$233,400 increase
Fire Revenue Levy 4.7% or \$4,500 increase
Special (Debt) Levy 52.4% or \$407,000 increase
Capital Levy 1.3% or \$20,700 increase
Water & Sewer Revenue Fund Levy \$180,000
Overall levy: 9.85%



Final Levy Goal

- Follows Financial Management Plan

General Fund Levy 4% or \$233,400 increase
Fire Revenue Levy 4.7% or \$4,500 increase
Special (Debt) Levy 52.4% or \$407,000 increase
Capital Levy 1.3% or \$20,700 increase
Overall levy: 7.79%



Adjacent Cities Preliminary Levy

- Cities in Hennepin County must adopt a preliminary levy by September 30, 2026.
- While most cities are adopting a preliminary levy later this month the following cities have proposed the following:
 - Tonka Bay – 42.0%
 - Excelsior – 19.99%
 - Orono – 16.99%
 - Minnetonka Beach – 14.8%
 - Minnetrista – 11.9%
 - Shorewood – 8.31%



Next Steps



Key Dates

- **September 22:** The Council will formally adopt a preliminary levy to send to the County
- **October 13:** The Council will review bids for the Water Treatment Plant and decide whether to accept bids
- **November 10:** The City's financial consultant will present an updated Financial Management Plan and Utility Rate Study
- **November 24:** Staff will present an updated fee schedule which will include utility rates and all other City fees for service
- **December 8:** The City Council will adopt a final levy and hold the truth-in-taxation hearing

Questions?

