



**Richfield City Council Agenda**  
**November 25, 2025 -- 6:30 PM**  
Richfield Municipal Center  
Council Chambers  
6700 Portland Avenue South

- 1. Call to Order**
- 2. Public Hearings**
  - a. Conduct a Truth in Taxation Public Hearing regarding the 2026 property tax levy and 2025 Revised/2026 Proposed Budget and Proposed 2026 Utility Rates.**
- 3. Adjournment**

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the Council Chambers Agenda Packet book located by the entrance. The complete Council Agenda Packet is available electronically on the City of Richfield website.



**Report Prepared By:**

Steve McDaniel, Budget, Cash, and Debt Manager

**Department Director:**

Mary Bogie, Interim Finance Director

**Item for Consideration:**

**Conduct a Truth in Taxation Public Hearing regarding the 2026 property tax levy and 2025 Revised/2026 Proposed Budget and Proposed 2026 Utility Rates.**

**EXECUTIVE SUMMARY**

At the September 23, 2025, City Council meeting, the City Council adopted the 2026 Preliminary Property Tax Levy and announced November 25, 2025, at 6:30 p.m. as the date and time for the statutory Truth in Taxation Public Hearing.

Hennepin County mailed the proposed 2026 property tax statements to property owners in Richfield. The property tax statements are based upon the proposed levy, and announce the date of the public hearing.

**RECOMMENDED ACTION**

**BY MOTION: Conduct and close the Truth in Taxation Public Hearing.**

**BY MOTION: Schedule the final action on the 2026 property tax levy, the 2025 Revised/2026 Proposed Budget, and the proposed 2026 utility rates, at the regular City Council meeting scheduled for December 9, 2025.**

**HISTORICAL CONTEXT**

None.

**EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS**

Holding the Truth in Taxation Public Hearing furthers the Strategic Priority of Operational Excellence and Sustainable Infrastructure as this ensures the City has the financial capacity to continue to support the community.

Equity Considerations: Having a Truth in Taxation Public Hearing allows the public to provide commentary on the proposed budget and tax levy. It allows for more public participation and offers an opportunity of diversity in the voices involved in the city's financial decision-making processes.

**POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)**

Counties, cities with populations exceeding 500, school districts, and metropolitan special taxing districts are required to conduct a single meeting that allows for public participation, during which the budget and levy will be discussed.

This meeting may be part of a regularly scheduled meeting but must occur after 6:00 p.m. Minnesota Statute mandates the Truth in Taxation Public Hearing must be

conducted between November 25 and December 8, 2025.

The City has chosen to conduct the Truth in Taxation Public Hearing on November 25, 2025, at 6:30 p.m.

Because Council announced at the September 23, 2025, City Council meeting, the Truth in Taxation Public Hearing and adoption of the 2026 Preliminary Property Tax Levy was scheduled for November 25, 2025, at 6:30 p.m., at the Richfield Municipal Center Council Chambers, the requirement to publish the Truth in Taxation Public Hearing and proposed property tax levy notice is not required.

Hennepin County also mailed the proposed 2026 property tax statements to property owners in Richfield. The property tax statements are based upon the proposed levy, and announce the date and time of the Truth in Taxation Public Hearing.

### **CRITICAL TIMING ISSUES**

Schedule the final adoption action for the 2025 Revised/2026 Budget and tax levy and utility rates for December 9, 2025.

The City must adopt their final payable 2026 property tax levies and its proposed 2026 budget no later than December 29, 2025.

### **FINANCIAL IMPACT**

- The preliminary gross tax levy for taxes payable in 2026 is \$31,749,380.
- The gross tax levy represents a 6.16% increase from the 2025 gross levy.
- The City's tax capacity rate is anticipated to increase from 54.57% to 55.81%.
- Included in the 2026 preliminary gross levy is a levy to fund the purchase of rolling stock and technology equipment of \$1,682,308, a levy to fund the Economic Development Authority of \$645,160, and a debt service levy of \$3,946,030.

### **LEGAL CONSIDERATIONS**

The City has scheduled December 9, 2025, for the official adoption of the final levy and budget. Final adoption of the payable 2026 property tax levies must be completed by December 29, 2025.

### **ALTERNATIVE RECOMMENDATION(S)**

None.

### **ATTACHMENTS**

1. City TNT Presentation 2025 - 11.25.25



# 2026 Budget & Tax Levy



# Timetable and key events

Work session: 2026 budget preview, KFS, utility rates & city fees, 2026 CIB/2027-2030 CIP

Adopted preliminary tax levy

Certify final levy, adopt Budget & CIB/CIP

12 Aug.

26 Aug.

23 Sep.

25 Nov.

9 Dec.

Work Session: 2025 Revised and 2026 Proposed Budget presentation with Directors

Truth in Taxation meeting

# Budget Update

- Labor force participation continues to remain below pre-pandemic levels.
- Cost of living increase at 3%, average step increase at 2.75%, and average negotiated contract step increases 3%-5.5%
- Personnel continues to be approximately 71% of the General Fund budget.
- Debt issues planned for late 2025 funded with local sales tax. Debt issues planned for late 2026 funded with local sales tax, utilities, and property taxes.
- Continued inflationary pressure expected to persist into 2026.

# Budget Update, cont.

- 2026 Local Government Aid (LGA) remains almost flat, increasing by \$37,764.
- 2026 Fiscal Disparity Aid increase almost 3% or a total of \$134,500 over 2025.
- Licenses and permits revenue for 2026 is projected to be similar to 2025 revised and 2024 actuals.
- Rolling stock/building/tech levy at \$1,682,308. This includes a 3.5% increase over 2025 as well as \$100,000 related to buildings maintenance.
- EDA levy at \$645,160 which is a 3.5% increase.
- Proposed levy increase is 6.16%.

# History of State Aid

<u>Certified</u>	<u>Change</u>
2014 - \$1,937,907	\$0
2015 - \$2,053,363	\$ 115,456
2016 - \$2,084,057	\$ 30,694
2017 - \$2,094,443	\$ 10,386
2018 - \$2,229,280	\$ 137,837
2019 - \$2,235,643	\$ 6,363
2020 - \$2,366,046	\$ 130,403
2021 - \$2,001,680	\$ (364,366)
2022 - \$2,010,927	\$ 9,247
2023 - \$2,038,711	\$ 27,784
2024 - \$3,392,552	\$1,353,841
2025 - \$3,410,633	\$ 18,081
<b>2026 - \$3,448,397</b>	<b>\$ 37,764</b>

# City Reserves

## Long-term Capital Reserves

2024 Balance	\$ 7,113,666
2025 Budgeted Transfers <sup>#</sup>	<u>(\$565,000)</u>
2025 Projected Balance*	\$ 6,548,666
2026 Budgeted Transfers <sup>#</sup>	<u>(\$530,000)</u>
2026 Projected Balance*	<u>\$ 6,018,666</u>

*\* Projections do not include any investment returns*

*# Transfers to Ice Arena, Pool and Central Garage*

City policy also requires the General Fund to have reserves not less than 40% of current year expenditures. The balance was \$12,028,802 at FYE 2024. This is a separate reserve from above.

# Forecast of City Reserves

- Planned Capital Reserves transfers since 2021 to bring negative reserves in the Ice Arena and Pool into the black by 2028.
- The Pool ended positive in 2024 at \$209,957.
- Reduced transfers to GF to zero in 2024 (LGA increase funded previous budget gap).
- Budgeting surplus to fund General Fund 40% reserve requirement in 2025 and 2026 to stop future transfers from reserves.
- Proposed 2026 Rolling Stock, Equipment and IT levy increase is 3.5% plus an additional \$100,000 to Buildings.

# 2026 Proposed Preliminary Levy

**2026 Proposed Levy is \$31,749,380**

○ Increase of 6.16% over the 2025 Levy

• General Fund Levy	\$25,475,883
• Equipment Levy	\$ 1,682,308
• EDA Levy	<u>\$ 645,160</u>
– Base Levy Total	\$27,803,351
• Debt Service Levy	<u>\$ 3,946,030</u>
– Total 2026 Levy	\$31,749,380 (6.16%)

# Gross Tax Levy History

2026	\$31,749,380	6.16% increase
2025	\$29,907,569	5.45% increase
2024	\$28,363,158	5.89% increase
2023	\$26,784,954	6.60% increase
2022	\$25,127,419	4.98% increase
2021	\$23,934,632	5.50% increase
2020	\$22,687,471	4.90% increase
2019	\$21,626,692	4.87% increase



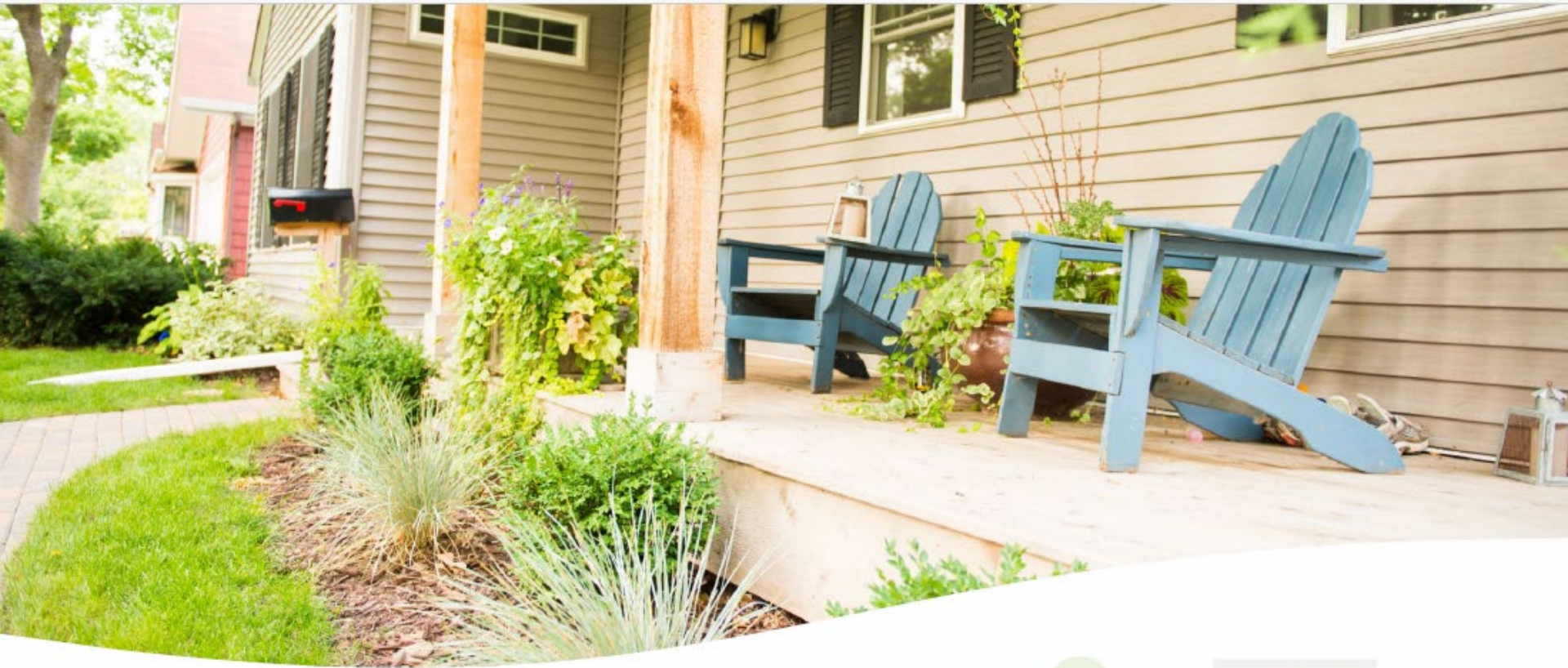
## 2026 Proposed Levy Impact on the Average Richfield Home

### 2025

- \$319,000 average home
- City Tax \$1,743
- Increase over 2024: \$86

### 2026 Proposed

- \$327,000 average home
- City Tax \$1,825
- Annual tax increase: \$82



## 2026 Proposed Levy Impact on the Average Richfield Home

### Annual Tax Increase

Property Tax:	\$ 82
Water fees:	\$ 22
Wastewater fees:	\$ 8
Stormwater fees:	\$ 10
Streetlight fees:	\$ 0
<u>Franchise fees:</u>	<u>\$ 0</u>

**TOTAL \$122**

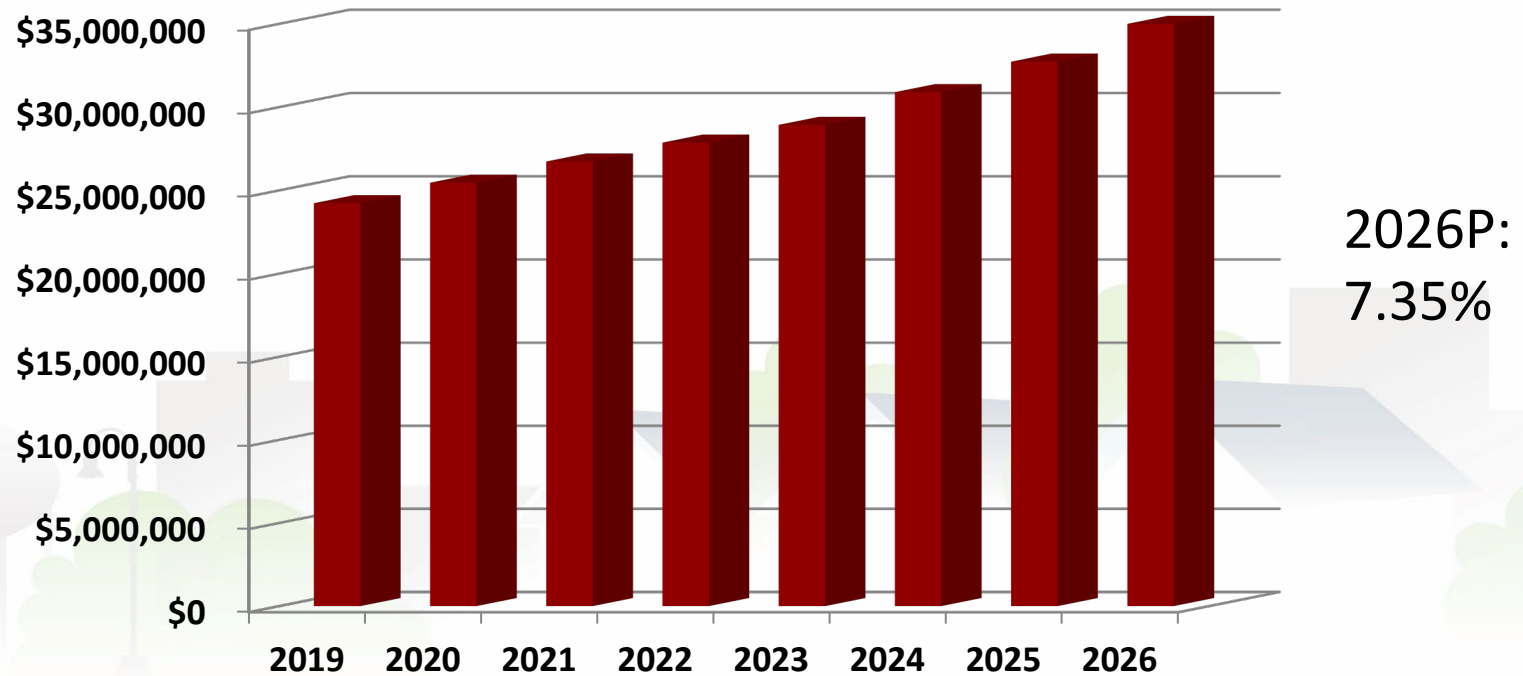
# 2026 Proposed General Fund Budget

The 2026 proposed General Fund Budget of \$35,134,115 is a:

- 7.35% increase from the 2025 adopted budget
- 7.16% increase from the 2025 revised budget

# General Fund Budget Expenditure History

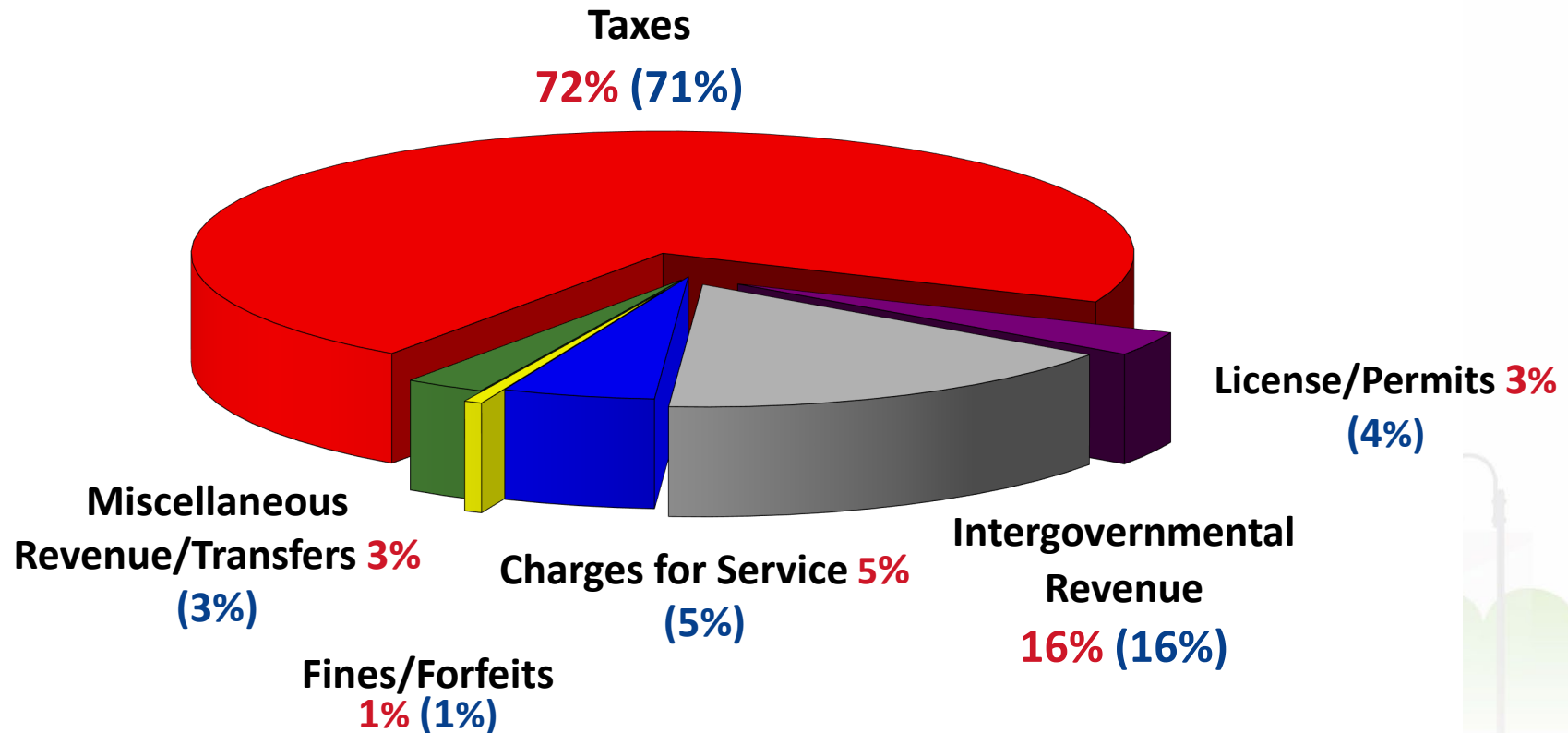
Average increase of 5.25%



# General Fund Revenues

	<u>2025A</u>	<u>2025R</u>	<u>2026P</u>
Taxes	23,419,852	23,419,852	25,223,647
Licenses and Permits	1,177,750	1,121,850	1,130,850
Intergovernmental	5,294,208	5,492,443	5,766,368
Charges for services	1,766,800	1,947,888	1,830,300
Fines and forfeitures	200,000	215,000	220,000
Miscellaneous	58,750	80,975	129,255
Transfers	<u>812,600</u>	<u>508,490</u>	<u>833,695</u>
	<u>32,729,960</u>	<u>32,786,498</u>	<u>35,134,115</u>

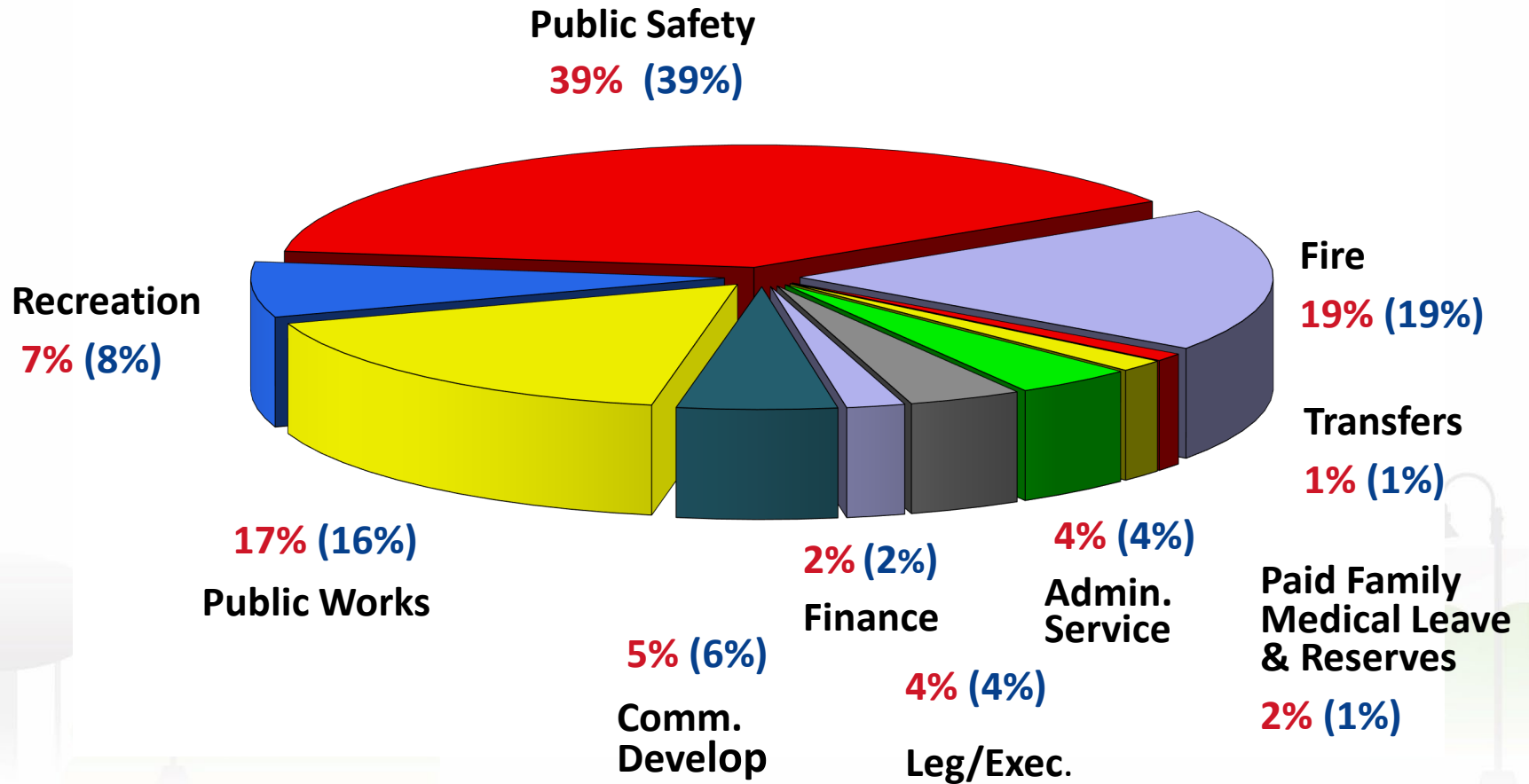
# 2026 (2025) Proposed Budget General Fund Revenues



# General Fund Expenditures

	<u>2025A</u>	<u>2025R</u>	<u>2026P</u>
Legislative/Executive	1,314,929	1,300,946	1,360,777
Administrative	1,304,174	1,357,601	1,427,977
Finance	678,020	495,832	701,628
Public Safety	12,824,640	12,586,184	13,642,788
Fire	6,188,977	6,333,130	6,641,729
Community Development	1,865,120	1,806,325	1,916,110
Public Works	5,303,150	5,301,140	5,949,340
Recreational Services	2,474,590	2,474,590	2,561,200
Transfer Out	352,250	352,250	372,250
0.44% Paid Family Medical Leave	0	0	115,000
40% Fund Balance Reserve	<u>424,110</u>	<u>778,500</u>	<u>445,316</u>
	<u>32,729,960</u>	<u>32,786,498</u>	<u>35,134,115</u>

# 2026 (2025) Proposed Budget General Fund Expenditures



# Staffing Update –

## 2025R Proposed Position Additions:

- Adding 1 full-time Finance-Senior Financial Analyst, Sept 2025
- Public Works-Asset Mgmt/GIS Analyst, Nov 2025

## 2025R Proposed Temporary Position Additions:

- Administrative Services/HR-PT Admin Support, current through year end
- Administrative Services/Communications-PT Web Coordinator, Sep 2025-Sep 2026

# 2026 proposed capital budget

**2026 Capital Improvement Budget = \$21,976,136**

Major projects include:

- \$6.725 million in recreation and open space improvements including WLNC and Veterans Park Complex
- Fleet Vehicle Purchases
- Nicollet Avenue Reconstruction
- 64<sup>th</sup> Street Sidewalk, 73<sup>rd</sup> Street Sidewalk, and Sheridan Hills Safe Routes to School (SRTS) projects
- Sanitary Sewer Lining
- Rehabilitation of Stormwater Mains & Structure
- Improvements at the Water Treatment Plant

# 2026 proposed capital budget

## Rolling Stock/Equipment - Purchases

- Total Cost of Equipment > \$1,600,000
- General Tax Levy - \$1,174,725
- Internal user fee for services

