New Brighton City Council
Work Session Agenda
New Brighton City Hall | Council Chambers
803 Old Hwy 8 NW, New Brighton , MN 55112
5:00 PM April 1, 2025

To participate in this meeting, members of the public may:

- **Attend the meeting in person.**

- **Watch the meeting electronically.** Tune into CTV Channel 8023 (CenturyLink) or Channel 16 (Comcast). To observe the meeting as a livestream or a webcast, visit www.newbrightonmn.gov and click on "I Want To View a Public Meeting."

- **Join the meeting electronically**. Members of the public who need to interact with our public officials about agenda items, City Administration, and matters that are otherwise of public concern to the City Council but are unable to or not comfortable attending the meeting in person, may join the meeting electronically at: *https://newbrightonmn.gov/zoom* (no app needed), by scanning the QR Code on the right, or by using their Zoom app to join and entering: Meeting ID 898 6240 2361, Passcode 867530

I. Worksession Items

1. 2026 Budget Kickoff

Agenda Section:	Worksession Items
Report Date:	03/26/2025
Meeting Date:	April 1, 2025

REQUEST FOR COUNCIL CONSIDERATION – EXECUTIVE SUMMARY

ITEM DESCRIPTION: 2026 Budget Kickoff

Action Requested:

Public Hearing	Motion
Discussion	**Informational**

Form of Action:

Resolution	Ordinance
Contract/Agreement	**N/A or Other**

Votes Needed:

3 Votes	4 Votes
5 Votes	**N/A**

Summary Statement:	The 2026 budget process begins in April for staff, while Council's first introduction won't come until August. Staff will present on the budgeting process as well as the current priorities and considerations as we begin looking at 2026.

Recommendations:	Hear the presentation, ask questions and request additional information as you see fit.

Applicable Deadlines:	N/A

Community Impact:	The 2026 budget will ultimately determine the 2026 levy that will be certified to property owners. Thoughtful decision-making is required to strike a balance between funding the programs and services the community relies on while also being mindful of the financial implications for community members.

Legislative History:	N/A

Strategic Priority:

Sustainable & Reliable Infrastructure	**Operational Effectiveness**
Environment & Sustainability	Diverstiy, Equity, & Inclusion
Livable Community	N/A

Fiscal Impact:

Financial Impact: Is there a financial consideration?	**No**	Yes $

Financing Sources:	Budgeted	Budget Modification
New Revenue	Use of Reserves	Other

2026 Budget Kickoff

04/01/2025 Work Session

Gina Foschi, Finance Director

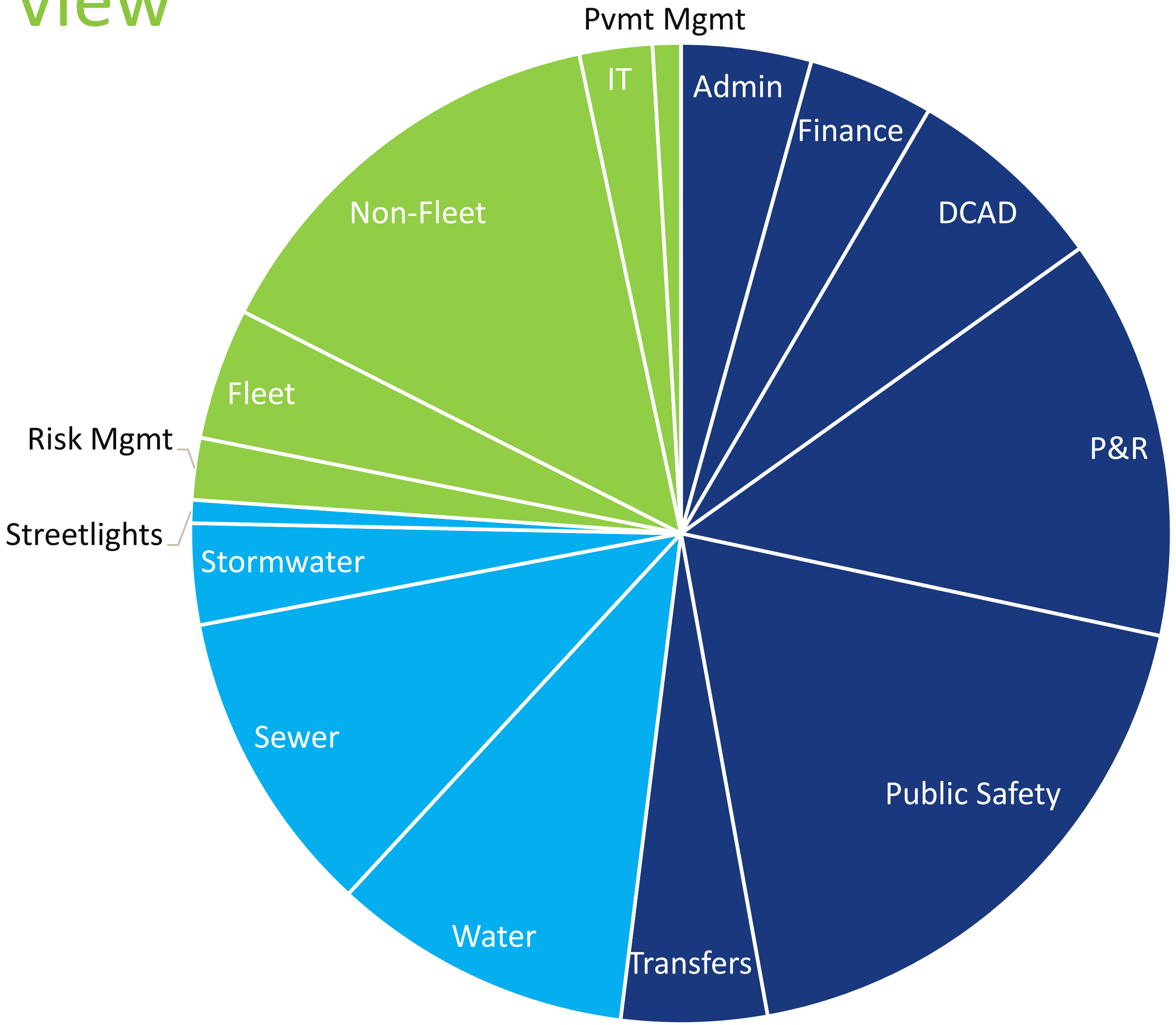
Consolidated Budget Overview

New Brighton Consolidated Budget
$46,223,500

General Fund
$24,022,300

Enterprise Funds
$11,153,500

Internal Service Funds
$11,047,700



General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	
Franchise Taxes	
Licenses & Permits	
Intergovernmental	
Charges for Services	
Rents/Leases	
Miscellaneous/Other	
Transfers In	
Total Revenues	-
Expenditures	
Personnel	
Materials & Supplies	
Contractual Services	
Internal Services	
Transfers Out	
Total Expenditures	-
Net Revenues Over (Under) Expenditures	$ -

General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	
Franchise Taxes	
Licenses & Permits	
Intergovernmental	
Charges for Services	
Rents/Leases	
Miscellaneous/Other	
Transfers In	
Total Revenues	-
Expenditures	
Personnel	
Materials & Supplies	
Contractual Services	
Internal Services	2,657,100
Transfers Out	
Total Expenditures	2,657,100
Net Revenues Over (Under) Expenditures	$ (2,657,100)

Step 1: Calculate Internal Service Charges

I. Capital replacement schedules updated by departments with changes to estimated cost, replacement year, or expected useful life
II. IT operating budget is created
III. Risk management and insurance budget is created
IV. Compensated Absence budget is created
V. Finance calculates revenue needed from each department to support current and future expenditure needs.

General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	
Franchise Taxes	
Licenses & Permits	
Intergovernmental	
Charges for Services	
Rents/Leases	
Miscellaneous/Other	
Transfers In	
Total Revenues	-
Expenditures	
Personnel	
Materials & Supplies	
Contractual Services	
Internal Services	2,657,100
Transfers Out	2,218,100
Total Expenditures	4,875,200
Net Revenues Over (Under) Expenditures	$ (4,875,200)

Step 2: Calculate Transfers Out (Street Debt Payments)

I. Annual payment amounts for existing debt balances (both internal and external) are added

II. Estimated new internal loan payment needed for the next annual street project is calculated

General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	
Franchise Taxes	
Licenses & Permits	
Intergovernmental	
Charges for Services	
Rents/Leases	
Miscellaneous/Other	
Transfers In	
Total Revenues	-
Expenditures	
Personnel	14,621,600
Materials & Supplies	
Contractual Services	
Internal Services	2,657,100
Transfers Out	2,218,100
Total Expenditures	19,496,800
Net Revenues Over (Under) Expenditures	$ (19,496,800)

Step 3: Calculate Personnel Costs

I. Current employees with estimated COLA, step and insurance benefit contribution increases are rolled-forward

II. Any new personnel requests from departments are added

General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	
Franchise Taxes	1,255,000
Licenses & Permits	701,500
Intergovernmental	1,077,700
Charges for Services	5,082,800
Rents/Leases	386,200
Miscellaneous/Other	230,000
Transfers In	795,900
Total Revenues	9,529,100
Expenditures	
Personnel	14,621,600
Materials & Supplies	906,300
Contractual Services	3,619,200
Internal Services	2,657,100
Transfers Out	2,218,100
Total Expenditures	24,022,300
Net Revenues Over (Under) Expenditures	$ (14,493,200)

Step 4: Enter Operating Revenues and Expenditures

I. Operating revenues and expenditures are analyzed, calculated and updated by each department

II. Transfers In are calculated by Finance

General Fund Budget Process

	Budget
Revenues	
Property Tax Levy	$ 14,493,200
Franchise Taxes	1,255,000
Licenses & Permits	701,500
Intergovernmental	1,077,700
Charges for Services	5,082,800
Rents/Leases	386,200
Miscellaneous/Other	230,000
Transfers In	795,900
Total Revenues	24,022,300
Expenditures	
Personnel	14,621,600
Materials & Supplies	906,300
Contractual Services	3,619,200
Internal Services	2,657,100
Transfers Out	2,218,100
Total Expenditures	24,022,300
Net Revenues Over (Under) Expenditures	$ -

Step 5: Calculate Property Tax Levy

I. Property tax levy is set to create a balanced budget

General Fund Budget Process

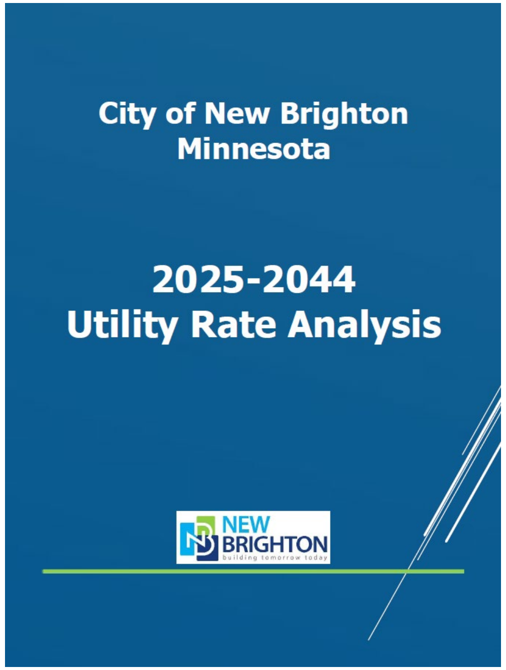
At this point we are ready to present to Council:

- ✓Budget Book
  - ✓Internal Service Fund Budgets
  - ✓General Fund Budget
  - ✓Property Tax Levy (Including any additional levies)
- ✓10-Year Capital Improvement Plan (CIP)

Enterprise Fund Budget Process

Enterprise Fund budgets are created through a separate process for the annual Utility Rate Analysis

- Each utility fund is analyzed separately
- 20-year capital cost projections are provided by DCAD
- Current year operating expenditures are updated by DCAD
- Future year operating expenditures are projected
- Rates are set to ensure adequate revenues are collected to cover expenditures and maintain appropriate cash balances in each year



2026 Budget Timeline

J F M A M J J A S O N D

March: County releases Final 2025 Values and Tax Rate

April 1: Budget Kickoff Work Session

April: County releases 2025 Assessors Report

April 14 – June 30: Departments Prepare Budget Requests

July 15: Staff Budget Presentation and Discussion

August 12: Budget & CIP Work Session (1 of 2)

August 26: Budget & CIP Work Session (2 of 2)

August: County releases 2026 Preliminary Values to Estimate Tax Rate

September 9: Adopt Preliminary Tax Levies

October 28: Utility Rates Work Session

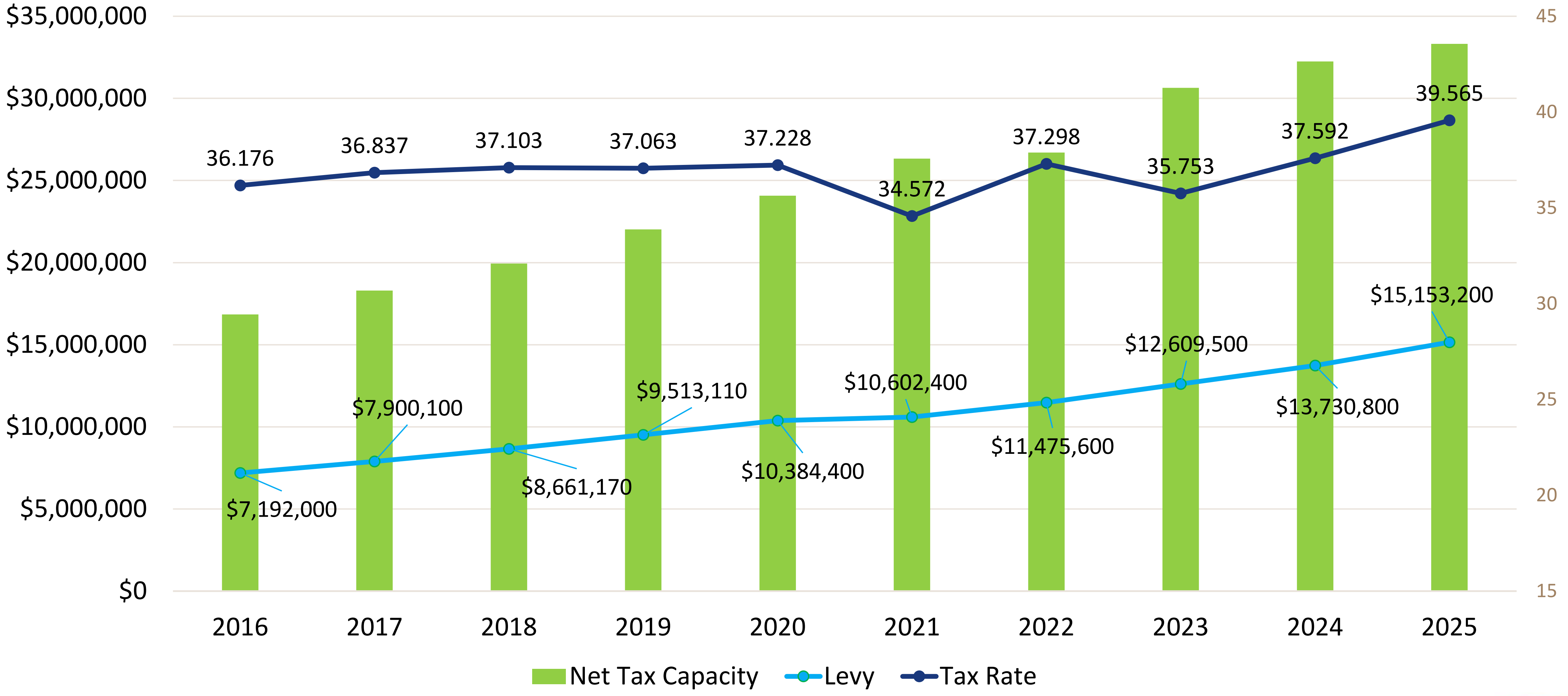
November 25: Truth in Taxation Hearing

December 9: Final Adoption

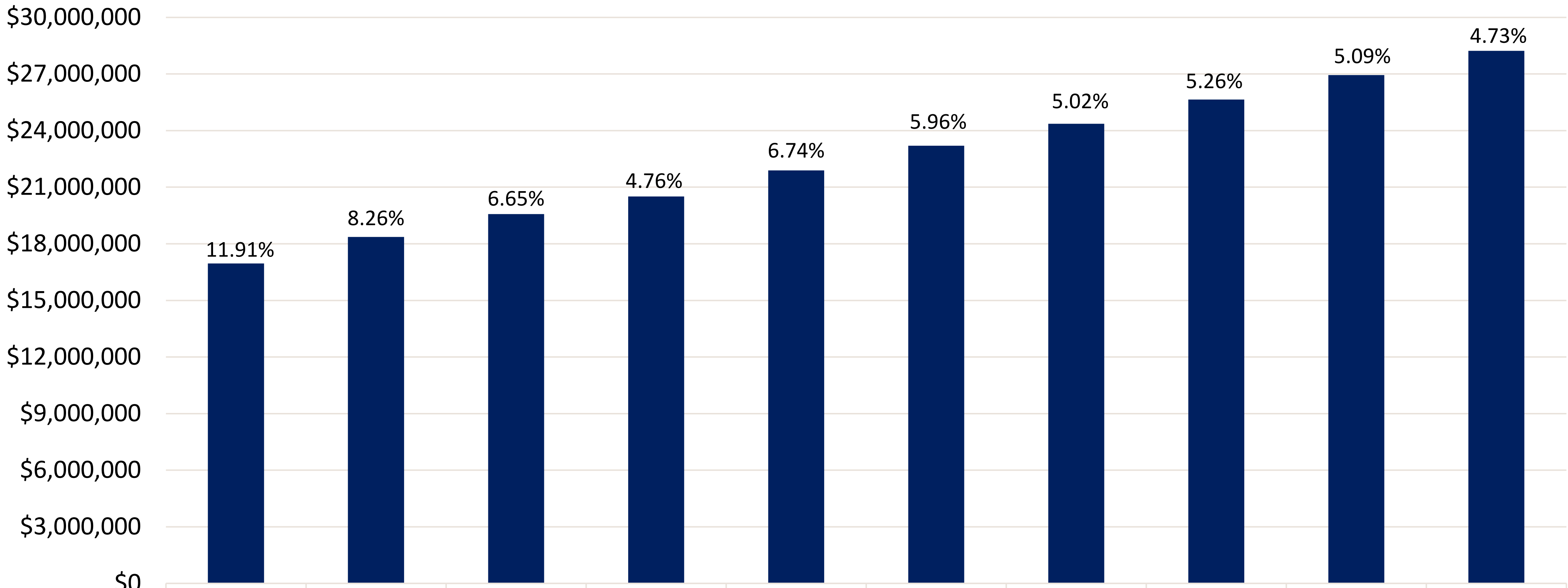
Budget Parameters

- Continue the Street Reconstruction Plan of reconstructing 2 miles of road each year
- No external debt issuance for street projects
- No General Fund reliance on Local Government Aid (LGA)
- Maintain a General Fund fund balance of not less than 35% of the subsequent year's budgeted operating expenditures
- Maintain a 10-year Capital Improvement Plan (CIP), including related internal financing charges, to ensure funding is available for future projects and capital replacements
- **At least 40% of the General Fund Budget will be from non-tax revenues**
- **Total Tax Levy will not impact the tax rate by more than 3% annually**

Historic Levies, Tax Rates and Net Tax Capacity



Future Levy Projections



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Levy	$16,957,900	$18,358,300	$19,578,300	$20,510,100	$21,892,700	$23,197,000	$24,362,300	$25,643,400	$26,948,200	$28,223,700

2026 Levy/Budget Considerations

- Parks Phase 2 Bond
  - Currently $600,000 or 4% of the levy increase
  - Only if Parks Phase 2.1 is approved by Council
- Personnel
  - $62,000 for second half of 32nd officer deferred for the last two years
  - All labor contracts up for renewal this year
  - Other potential personnel requests
- Continued refinement of capital replacement costs related to inflation
- Consider use of LGA again to reduce Street Debt Levy
  - Currently $246,000 or 1.6% increase to levy

Council Input

- Priorities?
- Questions?
- Requests for additional information?

Upcoming Finance Updates for Council	
April 22	Q1 2025 Budget to Actual Review
May 13	2024 Year-End Report
July 22	Q2 2025 Budget to Actual Review
August 12	2026 Budget and CIP Work Session (1 of 2)

Questions?

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