



CITY OF BAYPORT

294 NORTH 3RD STREET
BAYPORT, MN 55003

NOTICE OF CITY COUNCIL SPECIAL MEETING

***** Please note: There will be no public comment taken at the meeting. *****

NOTICE IS HEREBY GIVEN that the City Council will hold a special meeting on Tuesday, September 16, 2025, at 6:00 p.m. The purpose of the special meeting is to discuss and adopt the preliminary budget and levy for 2026. Following the meeting, the City Council will participate in a photo session for the city's website and other publications.

Matt Kline, City Administrator



2026 PRELIMINARY BUDGET

SEPTEMBER 16, 2025

PRESENTED BY CITY ADMINISTRATOR MATTHEW KLINE

2026 BUDGET CALENDAR

- ❖ **June 2025** Budget information is distributed to department heads. City Administrator prepares projected wages, benefits, and insurance costs
- ❖ **July 2025** Department heads submit budget requests to City Administrator
- ❖ **August 4** City conducts first workshop discussion on preliminary budget
- ❖ **September 8** City conducts second workshop to discuss preliminary tax levy, budget, and capital improvement projects
- ❖ **September 16** City conducts special City Council meeting to review and approve preliminary budget and levy and provide a presentation to the city



2026 BUDGET CALENDAR

- ❖ **September 29** Deadline for city to certify the preliminary tax levy and budget to Washington County
- ❖ **December 1** City conducts Truth in Taxation public meeting, where the City Council will consider adoption of the final levy, budget, and CIP
- ❖ **December 29** Deadline for city to certify the final tax levy and budget to Washington County



2026 CITY SERVICES

The city provides a wide range of services, including:

- Police, Fire, and Public Safety
- Building and Fire Permits and Inspections
- Planning, Zoning, and Land Use
- Street Maintenance and Engineering
- Administration, Elections, Human Resources, and Communications
- Library Resources and Programs
- Parks and Community Beautification
- Municipal Water, Sanitary Sewer, and Storm Sewer
- Signs, Street Lights, and Parking
- Capital Improvements and Finance



2026 BUDGET FACTORS

Expenditure factors contributing to the 2026 budget include:

- 2024 Financial Management Plan identified shortcomings in previous budget planning that utilized general fund monies to help fund capital improvement projects/vehicles
 - Recommended re-establishment of “savings” funds for capital improvements
 - 2026 budget continues effort to save more for future improvements
- Potential salary implications due to pay equity/salary (contingency placed in the budget)
 - Current salary increases are based on a 3% increase for non-union employees
 - Union employee salary increases are based on union contracts
- 37% increase in city portion of health insurance
 - 10.4% increase in insurance rates
 - Increase in family members receiving coverage and estimated fire chief coverage



2026 BUDGET FACTORS

Revenue factors contributing to the 2026 budget include:

- 12.2% increase in fiscal disparities distribution (\$29,799)
 - Fiscal disparities is a tax-base sharing program that promotes regional equity and cooperation by redistributing a portion of commercial and industrial property tax base growth within the 7-county metro area. The distribution is based on population and it's "fiscal capacity" (property value per capita relative to the area-wide average). Essentially, communities with a below-average fiscal capacity receive a larger distribution from the pool and communities with an above-average capacity receive a smaller distribution in relative terms.
- 0.24% increase in local government aid (\$1,834)
- Potential revenue based on the Bayhaven development is not factored into the 2026 budget
- Slight increase in interest income estimated due to higher interest rates and return rates
- 1.7% increase in residential housing market value (average)



2026 ENTERPRISE FUND CHANGES

Rate increases:

- Stormwater rate increase
 - Residential \$6/unit (2025) to \$9/unit (2026)
 - Fund is used to decrease the burden on the general fund to cover stormwater related costs and set aside future savings for stormwater infrastructure
 - Fees are paid by property taxes (residential and commercial property owners) and non-property tax payers (churches, school, and prison) entities. The fees are also weighted towards commercial, industrial, and institutional properties.
- Sewer base rate increase:
 - 5% annual sewer rate increase to base fees (minimum fee and usage rates)
 - Recommendation in the 2024 Financial Management Plan to accommodate Met Council sewer fees and maintain adequate cash balance moving forward



2026 CAPITAL OUTLAY FUNDING

The 2026 budget includes funding for short- and long-term expenditures as follows:

- \$18,500 Municipal Buildings
- \$42,000 Police Equipment
- \$45,000 Public Works Equipment
- \$102,848 Street Reconstruction
- \$179,000 Fire Department Equipment



2026 CAPITAL OUTLAY

The 2026 budget includes funding for 2026 expenditures as follows:

- 5th Ave. N. Sidewalk Construction
 - Funded through SRTS grant (\$311,376) and Fund 102 Street Reconstruction (\$100,000)
- Police Squad
 - Funded through Fund 413 Police Equipment (\$80,000)
- LWLP Improvements
 - Potential Funding through grants and Fund 207 Park Improvement
- Programmable Logic Controllers (Water)
 - Paid by Water Fund - 4 Locations (\$43,000)
- Pumphouse #3 Reroof and Beautification
 - Paid by Water Fund (\$50,000)
- Programable Logic Controller (Sewer)
 - Paid by Sewer Fund - Inspiration Lift Station (\$8,000)



2026 BUDGET REVENUE SUMMARY

REVENUE	ADOPTED 2025 BUDGET	PROPOSED 2026 BUDGET	\$ CHANGE	% CHANGE
GENERAL GOVERNMENT	\$ 2,660,995	\$ 2,928,554	\$ 267,599	10.06%
RECYCLING	\$ 9,400	\$ 9,400	\$ 0	0.00%
BUILDING AND ZONING	\$ 117,250	\$ 119,400	\$ 2,150	1.83%
POLICE	\$ 150,090	\$ 142,364	\$ (7,726)	-5.15%
FIRE	\$ 806,227	\$ 833,614	\$ 27,387	3.40%
STREETS	\$ 79,309	\$ 374,224	\$ 294,915	371.86%
PARKS	\$ 59,100	\$ 43,650	\$ (15,450)	-26.14%
CEMETERY	\$ 16,000	\$ 16,000	\$ -	0.00%
TRANSFER IN	\$ 379,500	\$ 531,698	\$ 152,198	40.10%
GENERAL FUND REVENUE	\$ 4,277,831	\$ 4,998,904	\$ 721,073	16.86%
LIBRARY FUND REVENUE	\$ 362,500	\$ 377,800	\$ 15,300	4.22%
TOTAL REVENUES	\$ 4,640,331	\$ 5,376,704	\$ 736,373	15.87%

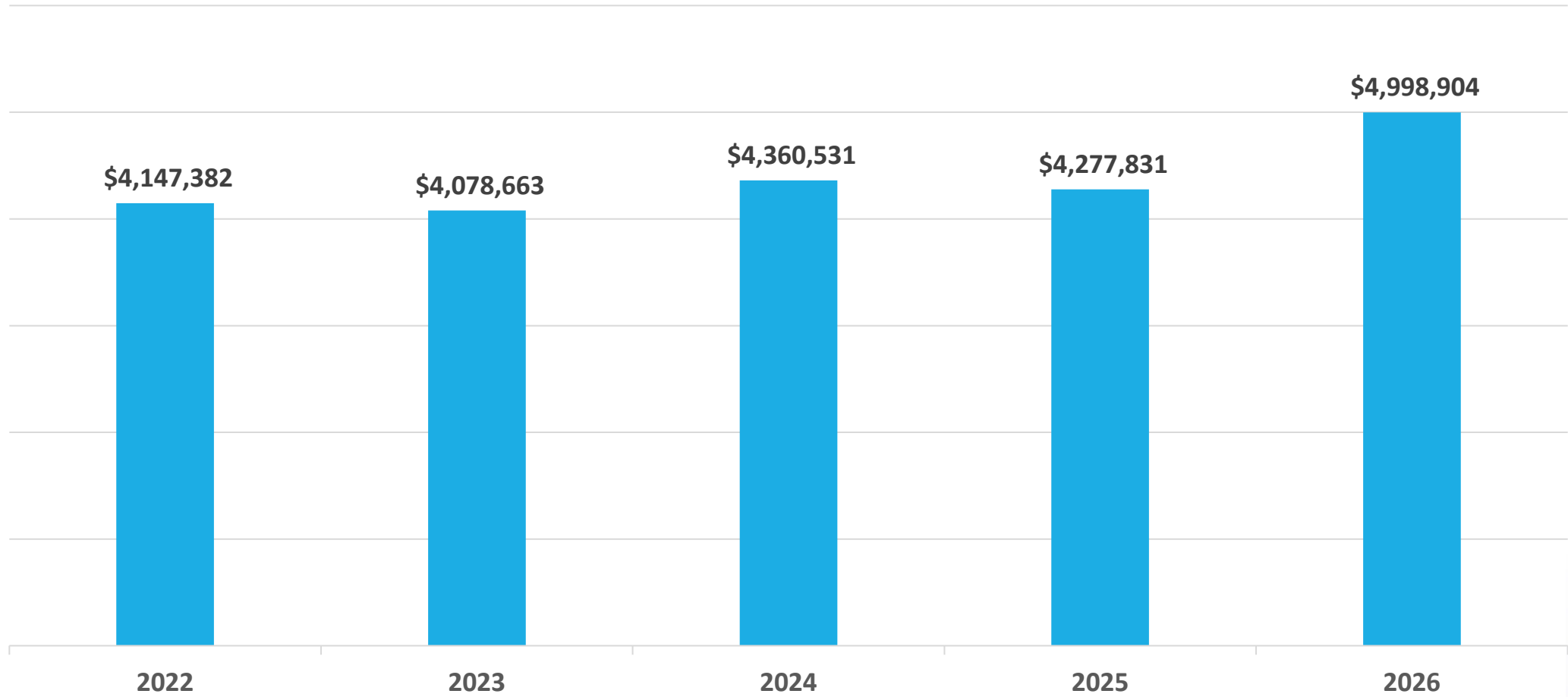


2026 BUDGET EXPENSE SUMMARY

<u>EXPENDITURES</u>	<u>ADOPTED 2025 BUDGET</u>	<u>PROPOSED 2026 BUDGET</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
ELECTIONS	\$ 3,050	\$ 8,300	\$ 5,250	172.13%
GENERAL GOVERNMENT	\$ 204,616	\$ 211,221	\$ 6,606	3.23%
RECYCLING	\$ 11,180	\$ 11,768	\$ 589	5.27%
ADMINISTRATION	\$ 227,939	\$ 246,186	\$ 18,247	8.01%
BUILDING AND ZONING	\$ 262,225	\$ 272,132	\$ 9,907	3.78%
MUNICIPAL BUILDINGS	\$ 70,798	\$ 72,553	\$ 1,755	2.48%
POLICE	\$ 1,433,477	\$ 1,620,414	\$ 186,937	13.04%
FIRE	\$ 660,433	\$ 899,265	\$ 238,832	36.6%
STREETS AND LIGHTING	\$ 520,050	\$ 975,270	\$ 455,220	87.53%
PARKS	\$ 259,675	\$ 289,013	\$ 29,338	11.30%
CEMETERY	\$ 24,676	\$ 26,786	\$ 2,110	8.55%
MISCELLANEOUS	\$ 459,712	\$ 365,996	\$ (93,716)	-20.39%
CAPITAL OUTLAY (Fire Dept Only 2025)	\$ 140,000	\$ 0	\$ (140,000)	-100.00%
GENERAL FUND EXPENSE	\$ 4,277,831	\$ 4,998,904	\$ 721,073	16.86%
LIBRARY FUND EXPENSE	\$ 362,500	\$ 377,800	\$ 15,300	4.22%
TOTAL EXPENSES	\$ 4,640,331	\$ 5,376,704	\$ 736,373	15.87%



2026 BUDGET COMPARISON

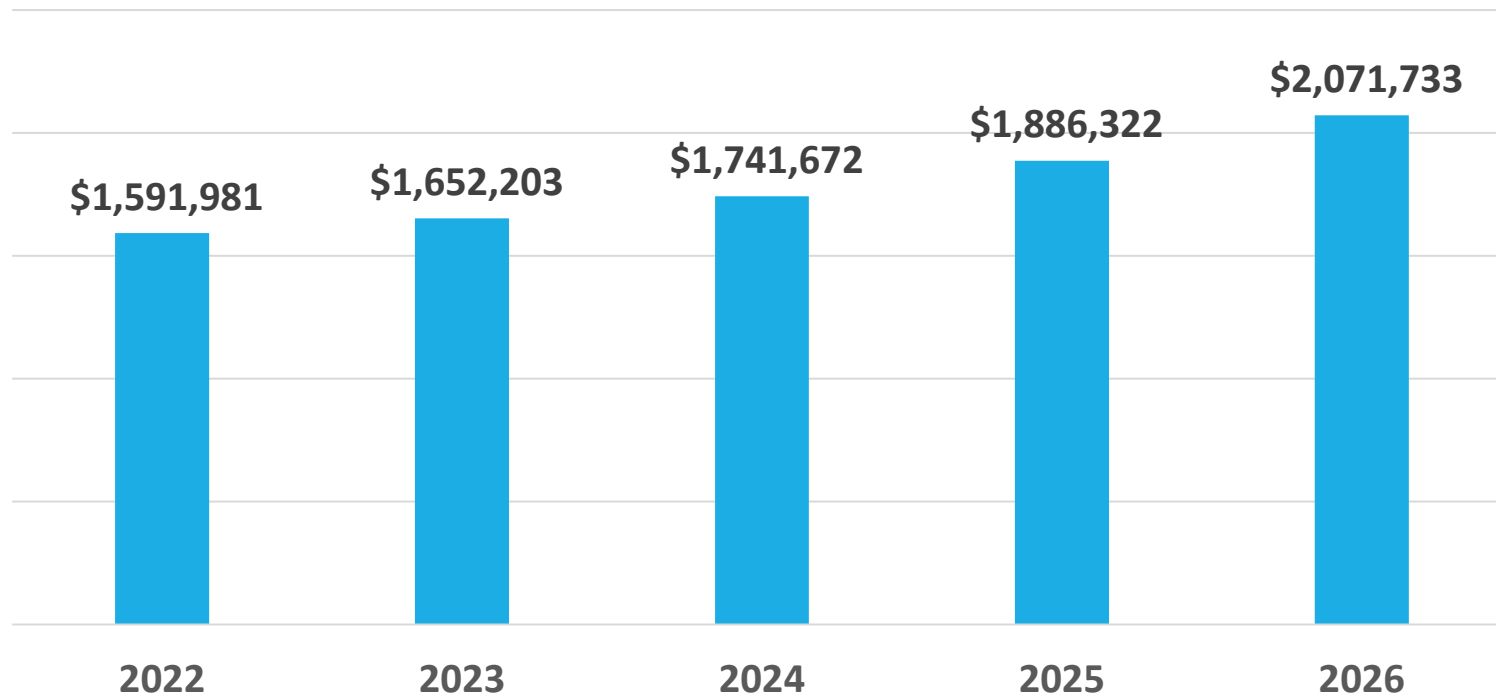


2026 PROPERTY TAX LEVY SUMMARY

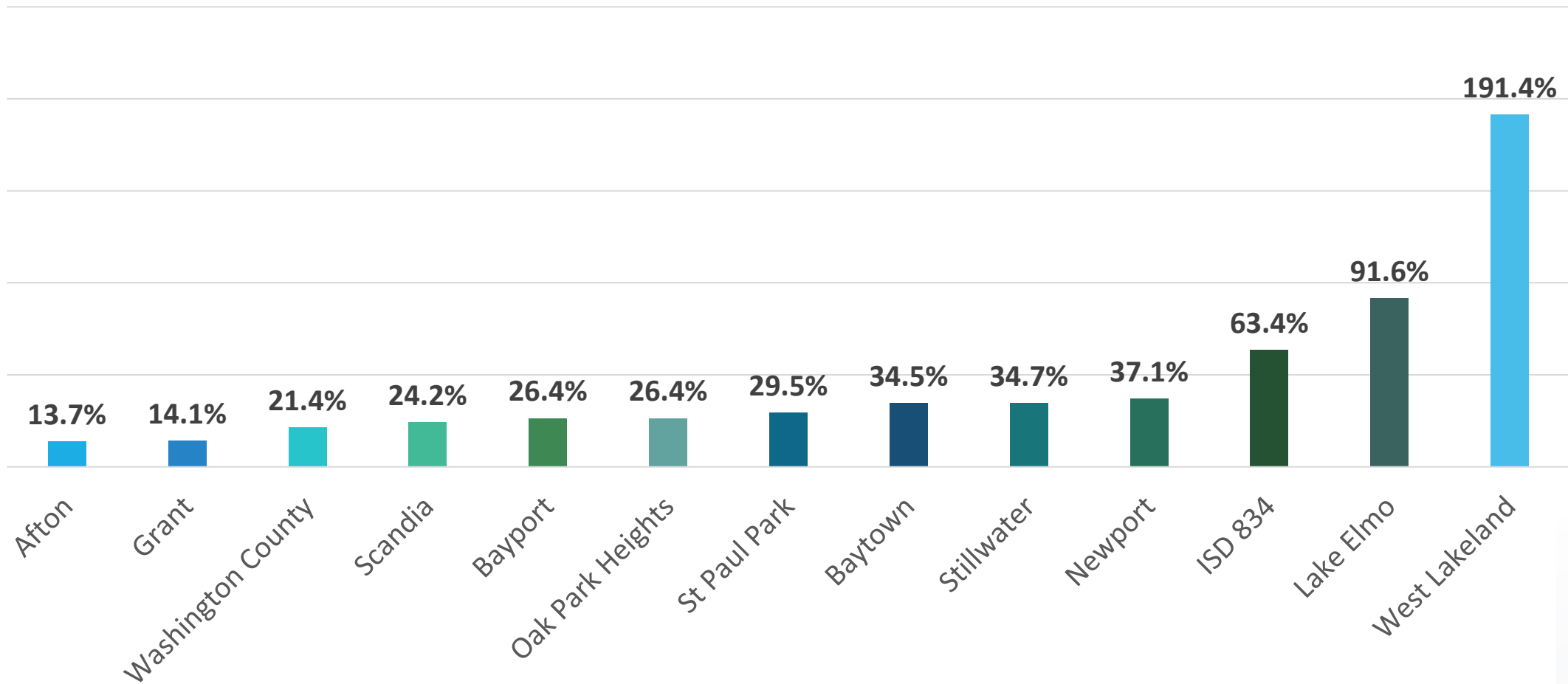
<u>TAX LEVY</u>	<u>2025 ADOPTED LEVY</u>	<u>2026 PROPOSED LEVY</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>
GENERAL FUND	\$ 1,496,748	\$ 1,670,951	\$ 174,203	11.64%
GENERAL OBLIGATION DEBT SERVICE	\$ 175,074	\$ 176,282	\$ 1,208	0.69%
LIBRARY	\$ 214,500	\$ 224,500	\$ 10,000	4.66%
TOTAL	\$ 1,886,322	\$ 2,071,733	\$ 185,411	9.83%



2026 PROPERTY TAX LEVY COMPARISON



PROPERTY TAX LEVY INCREASES 2021 - 2025



2026 PROPERTY TAX RATE

- ❖ The city's tax rate is the percentage of a property owner's overall tax payment that is allocated to the city
- ❖ The city's 2026 budget is attainable via a tax rate of 32.451%, which is a **2.9% increase** compared to 2025



2026 PROPERTY TAX IMPACT ESTIMATE

Estimated city portion of property tax increases on individual homes in Bayport based on assessed value and proposed property tax levy

<u>2025 MARKET VALUE</u>	<u>2025 CITY TAX</u>	<u>2026 MARKET VALUE</u>	<u>2026 CITY TAX</u>	<u>2026 CITY TAX INCREASE</u>
\$ 383,900	\$ 1,173.00	\$ 390,400*	\$ 1,29.89	\$ 56.89
\$ 245,800	\$ 698.31	\$ 250,000	\$ 733.07	\$ 34.76
\$ 442,500	\$ 1,374.55	\$ 450,000	\$ 1,440.50	\$ 65.95
\$ 590,000	\$ 1,931.81	\$ 600,000	\$ 2,028.19	\$ 96.32
\$ 835,800	\$ 2,901.12	\$ 850,000	\$ 3,042.28	\$ 141.16

***Median Home Value (Increased 1.5% for 2026)**



2026 PRELIMINARY BUDGET SUMMARY

- ❖ Thanks to the leadership of the City Council and staff, Bayport is uniquely positioned to continue providing a high level of services with a relatively modest tax impact.
- ❖ This budget ensures maintaining a high quality of life for residents and property owners, while demonstrating responsibility with public resources and making important investments for the future.



RESOLUTION NO. 25-____

EXTRACT OF THE MINUTES OF THE SPECIAL CITY COUNCIL MEETING OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA HELD SEPTEMBER 16, 2025

Pursuant to due call and notice therefor, a special meeting of the Bayport City Council was duly held at the Bayport City Hall in said municipality on the 16th day of September 2025 at 6:00 p.m.

Members Present:

Councilmember _____ introduced the following resolution and moved its adoption:

A RESOLUTION OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA, ESTABLISHING THE 2026 PRELIMINARY LEVY CERTIFICATION FOR THE CITY’S GENERAL FUND AND LIBRARY FUND AT \$2,071,733

WHEREAS, The State of Minnesota requires the city to adopt a proposed preliminary levy certification for its General and Library Fund; and

WHEREAS, The Bayport City Council is required to adopt its 2026 preliminary levy certification on or before September 29, 2025; and

WHEREAS, The Bayport City Council wishes to comply with the state law effective in this area.

NOW THEREFORE BE IT RESOLVED: By the City Council of the City of Bayport, Washington County, Minnesota as follows:

1. Establish the 2026 General Fund preliminary levy certification: \$1,847,233
2. Establish the 2026 Library Fund preliminary levy certification: \$224,500
3. Establish the 2026 total preliminary levy certification: \$2,071,733
4. Authorize and direct the City Administrator to certify the proposed General Fund and Library Fund preliminary levies for the year 2026 to the Washington County Auditor/Treasurer’s Office on or before September 29, 2025.

The motion for adopting the foregoing resolution was duly seconded by Councilmember _____ and upon roll call being taken thereon the following voted via voice:

Michele Hanson -
John Dahl -

Carl Bliss -
Ethan Gilmore -

Katie Hill -

WHEREUPON, said resolution was declared duly passed and adopted and signed by the Mayor and attested by the City Administrator. Passed by the City Council, City of Bayport, Washington County, Minnesota, on this 16th day of September 2025.

ATTEST:

Matt Kline, City Administrator

Michele Hanson, Mayor

RESOLUTION NO. 25-____

EXTRACT OF THE MINUTES OF THE SPECIAL CITY COUNCIL MEETING OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA HELD SEPTEMBER 16, 2025

Pursuant to due call and notice therefor, a special meeting of the Bayport City Council was duly held at the Bayport City Hall in said municipality on the 16th day of September 2025 at 6:00 p.m.

Members Present:

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA, ADOPTING THE PRELIMINARY CITY BUDGET FOR 2026 AT \$5,376,704

WHEREAS, The City of Bayport established a preliminary certification of the City of Bayport's levy at its September 16, 2025 special meeting; and

WHEREAS, The Bayport City Council wishes to establish its preliminary 2026 budget which must be certified to the Washington County Auditor/Treasurer by September 29, 2025.

NOW THEREFORE BE IT RESOLVED: By the City Council of the City of Bayport, Washington County, Minnesota as hereby adopts the preliminary city budget for 2026, as presented.

The motion for adopting the foregoing resolution was duly seconded by Councilmember _____ and upon roll call being taken thereon the following voted via voice:

Michele Hanson -
John Dahl -

Carl Bliss -
Ethan Gilmore -

Katie Hill -

WHEREUPON, said resolution was declared duly passed and adopted and signed by the Mayor and attested by the City Administrator. Passed by the City Council, City of Bayport, Washington County, Minnesota, on this 16th day of September 2025.

ATTEST:

Matt Kline, City Administrator

Michele Hanson, Mayor

RESOLUTION NO. 25-____

EXTRACT OF THE MINUTES OF THE SPECIAL CITY COUNCIL MEETING OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA HELD SEPTEMBER 16, 2025

Pursuant to due call and notice therefor, a special meeting of the Bayport City Council was duly held at the Bayport City Hall in said municipality on the 16th day of September 2025 at 6:00 p.m.

Members Present:

Councilmember _____ introduced the following resolution and moved its adoption:

A RESOLUTION OF THE CITY OF BAYPORT, WASHINGTON COUNTY, MINNESOTA, ADOPTING THE PRELIMINARY CAPITAL IMPROVEMENT PLAN FOR 2026

WHEREAS, The Bayport City Council established a preliminary certification of the levy at its September 16, 2025 special meeting; and

WHEREAS, The Bayport City Council wishes to establish its Capital Improvement Plan for 2026.

NOW THEREFORE BE IT RESOLVED: By the City Council of the City of Bayport, Washington County, Minnesota hereby adopts the preliminary Capital Improvement Plan for 2026.

The motion for adopting the foregoing resolution was duly seconded by Councilmember _____ and upon roll call being taken thereon the following voted via voice:

Michele Hanson -
John Dahl -

Carl Bliss -
Ethan Gilmore -

Katie Hill -

WHEREUPON, said resolution was declared duly passed and adopted and signed by the Mayor and attested by the City Administrator. Passed by the City Council, City of Bayport, Washington County, Minnesota, on this 16th day of September 2025.

ATTEST:

Matt Kline, City Administrator

Michele Hanson, Mayor

2026 Capital Improvement Plan

Water

- Programmable Logic Controller Replacements at the following sites
 - Well Pump #3 (\$13,000)
 - Well Pump #4 (\$14,000)
 - Booster Pump Facility (\$10,000)
 - Baytown Tower (\$6,000)
- Pumphouse #3 (Village Green) Reroof and Beautification (\$50,000)
- Air Stripper Facility Blower Unit (\$30,000)

Sewer

- Programmable Logic Controller at Inspiration Lift Station (\$8,000)

Police

- Purchase of squad vehicle (\$80,000 estimate)

Fire

- Loan repayment of \$66,698 due to Water Fund 601 for purchase of tanker in 2024

Library

- None Planned

Municipal Buildings

- None Planned

Parks

- LWLP Property – Unknown at this time. PFAS Phase 2 Grant will be submitted October 8. City may need to cover some costs associated with this project. Current Park Improvement Fund 207 has \$217,397 in funds.

Streets

- 5th Ave. N. Sidewalk Project – Primary funding from Safe Routes to School grant. City funding (\$100,000 estimate).