



2026 Preliminary Tax Levy and General Fund Budget

Kari Carlson, Deputy Finance Officer
September 8, 2025



Agenda



- Budget Update and Overview
- Levers Identified to Reduce the Projected 2026 Tax Levy
- Breakdown of 2026 Preliminary General Fund Budget
- Public Feedback
- Council Discussion Highlights
- Priority Based Budgeting (PBB) Approach
- 2026 Budget Calendar





Budget Update and Overview



Budget update and overview



- Initial 2026 tax levy forecast:
 - \$15.7 million increase that would result in a 17.92% increase
- Funding expiring in 2026:
 - Public Safety State Aid (6 positions)
 - ARP Grant Funds (3 Fire Battalion Chiefs)
 - SAFER Grant (18 Firefighters)
- Revenue Outlook
 - Lodging and Admission Tax - modest growth projected for 2026
 - Permits and licenses expected to remain flat
- Core Budget Team began planning early in January to reduce this number and has continued regular analysis and collaboration throughout the year.





Levers to Reduce the Projected 2026 Tax Levy



Capital Projects & Debt Planning

Reduction of \$2.7 million



- Property Tax Funded Projects:
 - Other Facilities (Fire, PW, Parks):
 - Will require debt funding
 - Council toured key CIP buildings (June 2025)
 - Debt Levy Impact:
 - Reduced from \$4.2M to \$1.5M
 - Achieved through careful planning and CIP timeline adjustments
 - Tax levy impact lowered from 4.86% to 1.75%
- Voter Approved **Local Sales Tax** Funded Projects:
 - Community Health & Wellness Center
 - Bloomington Ice Garden renovations
 - Nine Mile Creek & Moir Park upgrades



Normandale Lake District Tax Levy

Reduction of \$200,000



- Original Forecast:
 - \$450K tax levy for 2026
 - Up to \$900K projected in future years
- Revised Forecast:
 - Reduced to \$250K tax levy for 2026 and beyond
 - Reflects decision to remove high-cost \$5 million pedestrian bridge project from the Normandale Lake District Plan.



Use of 2024 Positive Budget

Reduction of \$2.55 million



- 2024 Year-End Surplus: \$4.4M
- Proposed Use:
 - Transfer to Strategic Priorities Fund
 - Allocate \$2.55M for 2026 levy stabilization
 - Identify one-time capital needs and strategic initiatives for 2026 for remaining funds of \$1.85M
- At the start of 2025, the Strategic Priorities Fund Balance was \$6.0M



Personnel Costs – Reduced COLA

Reduction of \$1.1 million



- Forecasted COLA reduced
- Departments have been asked to limit staffing growth and explore options to meet needs through internal reallocation
- City workforce is key to delivering high-quality services
- Goal is to attract and retain talent while managing cost growth



Health Insurance Savings

Reduction of \$850,000



- The City is a member of the MN Healthcare Consortium
- The Consortium spreads risk and stabilizes premiums
- Most Recent claims-to-premium ratio: 96%
- Result: 0% increase in 2026 premiums



Budget Reduction Lever Recap to bring prelim. tax levy increase to 9.44%



Budget Reduction Lever	Reduction Amount
Capital & Debt Planning	\$2,730,000
Normandale Lake District	\$ 200,000
2024 Positive Budget Variance	\$2,550,000
Personnel	\$1,095,000
Health Insurance	\$ 850,000
Total	\$7,425,000

A reduction of \$7,425,000 would mean an increase of \$8.3m, which would be a 9.44% increase to the property tax levy



Breakdown of 2026 Preliminary General Fund Budget

Revenues and Expenditures

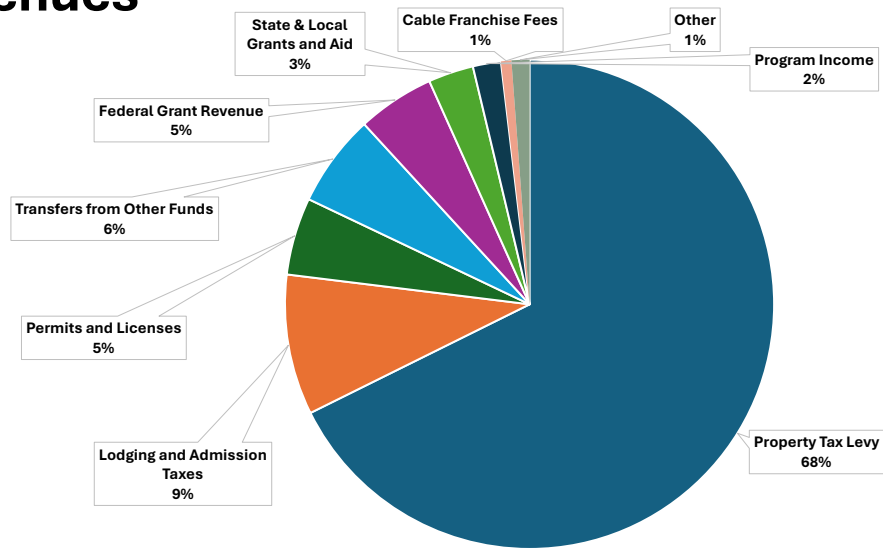


City of Bloomington General Fund 2026 Preliminary Budget

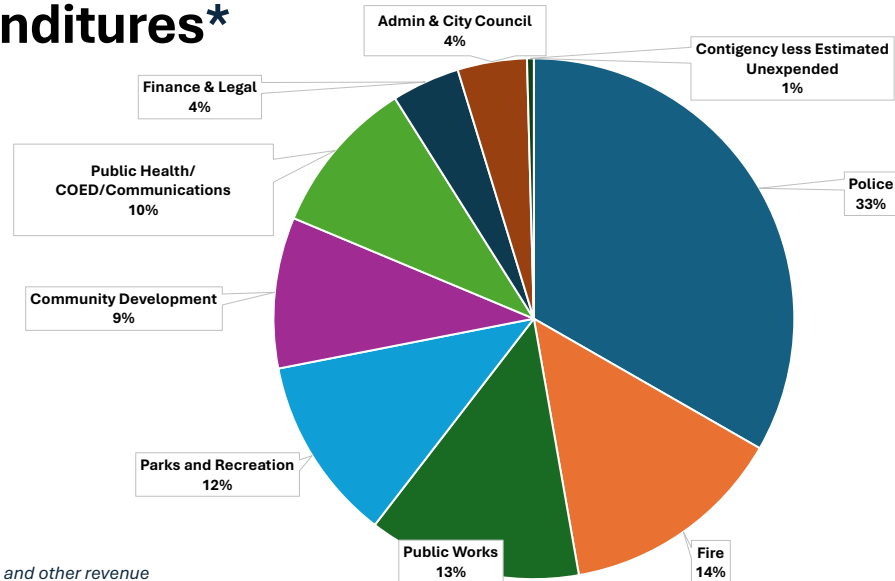
REVENUES:		
Property Tax Levy	83,092,103.00	68%
Lodging and Admission Taxes	11,388,000.00	9%
Permits and Licenses	6,277,200.00	5%
Transfers from Other Funds	7,505,881.00	6%
Federal Grant Revenue	6,262,730.00	5%
State & Local Grants and Aid	3,676,170.00	3%
Program Income	2,265,390.00	2%
Cable Franchise Fees	850,000.00	1%
Other	1,548,277.00	1%
TOTAL REVENUES	122,865,751.00	100%
EXPENDITURES:		
Police	40,872,274.00	33%
Fire	17,106,184.00	14%
Public Works	16,234,548.00	13%
Parks and Recreation	14,093,048.00	11%
Community Development	11,631,685.00	9%
Public Health/ COED/Communications	11,955,490.00	10%
Finance & Legal	5,196,920.00	4%
Admin & City Council	5,256,083.00	4%
Contingency less Estimated Unexpended	519,519.00	0%
TOTAL EXPENDITURES	122,865,751.00	100.00%



2026 Preliminary Budget - General Fund Revenues




2026 Preliminary Budget - General Fund Expenditures*



*funded by tax levy, grants, and other revenue

Comparison of 2025 Final Tax Levy to 2026 Proposed Tax Levy



	Final 2025 Tax Levy	Proposed 2026 Tax Levy	\$ Change	% Change
General Fund	\$76,357,500	\$83,092,103	\$6,734,603	
Fire Pension Obligation	1,050,000	1,050,000		
Forestry/Diseased Trees	185,000	350,000	165,000	
Pool	335,000	335,000		
Center for the Arts	1,500,000	1,500,000		
Ice Garden	200,000	200,000		
Normandale Lake District Tax Abatement Capital Projects	400,000	250,000	-150,000	
Debt Payments	7,848,711	9,390,732	1,542,021	
 Total	\$87,876,211	\$96,167,835	\$8,291,624	9.44%

Breakdown of 9.44% Increase by Dept.



	\$ Change	% Change
Police	2,628,510	2.99
Fire	1,783,169	2.03
Public Works*	1,766,664	2.01
Parks and Recreation	876,884	1.00
Public Health	348,984	0.40
Community Development	175,287	0.20
Finance/Legal/Administration/Communications	712,126	0.81
Total	\$8,291,624	9.44%

* Includes increase for Debt Payments



Breakdown of 9.44% Increase by Categories



	\$ Change	% Change
Salaries and Benefits	\$ 5,118,708	5.83
Debt Payments	1,542,021	1.75
Internal Charges	883,247	1.01
Materials Supplies and Services	755,402	0.86
Capital Outlay	-7,754	-0.01
Total	\$8,291,624	9.44%



Impact on median value home
 $\$365,400 = \$13.82 / \text{month increase}$



9.44% increase to the tax levy
is a 10.87% increase for the
median value home

\$3.19 / week

\$13.82 / month

\$165.81 / year



Public Feedback



2026 Budget Information Tables



Saturday, May 17, 2025

Public Works Open House (125 people)

Police Department Open House (66 people)



Saturday, June 21, 2025

Juneteenth Celebration (44 people)



Sunday, June 22, 2025

Bloomington Pride Festival (52 people)



Saturday, August 2, 2025

Farmer's Market (51 people)



New! Public Comment in August



- Goal: Influence budget decisions early, not just at Truth-in-Taxation in December.
- For the first time, residents were invited to provide public comments at the August City Council study session.
- Key feedback received:
 - Concerns about rising property taxes
 - Need for senior tax relief
 - Desire to protect essential services
- Comments will be collected via the “Let’s Talk Bloomington” page throughout the budget process.



Senior Deferral Property Tax Program



- Caps property taxes a resident pays each year at 3% of previous year's income.
- Person must be 65 or older, if they are married, their spouse must be 62 or older.
- Household income needs to be less than \$96,000.
- Must have lived in home for the last 5 or more years.
- Must have homesteaded home for the last 5 or more years.
- When home is sold deferral is voluntarily cancelled, loan must be repaid with interest.
 - The interest rate varies but does not exceed 5%.

Additional conditions also apply - The City Assessors office is available to help residents who have questions about this program.



Key Findings from the National Community Survey



Natural Environment- Above-average ratings for:

- Overall quality of the natural environment
- Preservation of natural areas
- Quality of open space
- Recycling services
- Yard waste pick-up

Engagement & Inclusivity - Improved ratings for:

- Sense of community
- Making all residents feel welcome
- Caring for vulnerable residents
- Opportunities to volunteer
- Openness and acceptance of diverse backgrounds



Dedicated City Budget Webpage



Finance Links

[Finance Department](#)
[Capital Improvement Plan \(CIP\)](#)
City budget
[Fee schedules](#)
[Financial reports](#)
[Information for investors](#)
[Local option sales tax](#)
[Liquor, lodging, admission sales tax](#)
[Pay my utility bill](#)
[Purchasing](#)
[Property tax information](#)
[Utility Billing](#)

City budget

On this page

[Community outreach](#)
[City Council presentations and Mayor's Council Minute videos](#)
[Understanding your property taxes and home valuations](#)
[Annual budget books and budget in brief](#)



Let's Talk BLOOMINGTON
 Voice your opinion at Let's Talk Bloomington, the City's website for community conversations.



Council Discussion Highlights



Council Discussion Highlights

August 18, 2025 Study Session



- Balancing current service needs with long-term planning
- Strategic use of the Strategic Priorities Fund
- Exploring grants & sponsorships to reduce levy pressures
- Maintain quality-of-life amenities
- Focus more on core services & budget restraint



Priority Based Budgeting (PBB)



Priority Based Budgeting (PBB)



- Aligns spending with City strategic goals and priorities
- Focuses on programs and services, not just departments
- Evaluates all programs based on purpose, impact, and alignment
- Supports reallocation of resources to higher-priority services
- PBB will be used to refine the budget between the preliminary and final levy by evaluating programs and strategically reallocating resources



PBB Phases



Phase 1: Create Program/Service Inventory (*April*)

Phase 2: Score Programs and Services (*May*)

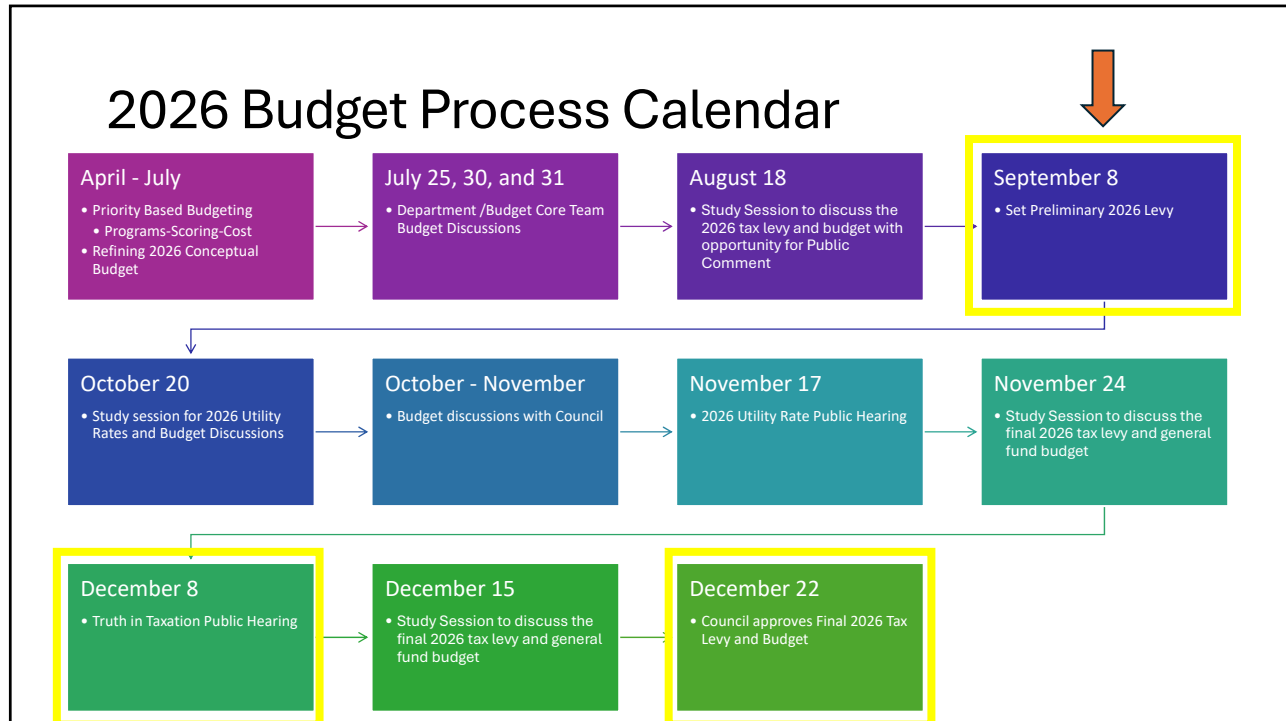
Phase 3: Determine Program Costs (*June - July*)

Phase 4: Explore Insights and Opportunities (*August – October*)

- Use program data to guide strategic conversations
- Identify potential areas for improvement and alignment



2026 Budget Process Calendar



Council Discussion

Motions



Item 4.1

Resolution Adopting Preliminary 2026 Tax Levy

Motion by ____, seconded by ____ to adopt Resolution No. 2025-____, a resolution preliminarily establishing tax levies for the City of Bloomington for the year 2026.

Item 4.2

Resolution Adopting Preliminary 2026 General Fund Budget

Motion by ____, seconded by ____ to adopt Resolution No. 2025-____, adopting a Preliminary 2026 General Fund Budget.



Thank you!

