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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: SET 2026 PRELIMINARY PROPERTY TAX LEVY FOR TAXES PAYABLE 2027, NOT TO EXCEED PROPERTY TAX LEVY
DATE: SEPTEMBER 16TH, 2026

Each year, the Council is required to set its proposed property tax levy and certify that levy to the county auditor (Minn Stat. 275.065.1). To this point, the City Council has convened to discuss the proposed budget for 2027, which is directly linked to the proposed tax levy.

At the first meeting on July 20th, 2026, the staff shared a first draft of the general fund budget that would require a property tax levy of \$6,343,178, which would be a 13.20% increase over the 2026 levy.

At the second meeting on August 31st, staff presented a 7.56% increase over 2026, or \$6,027,624. The Council asked staff to bring forward a resolution at the next City Council meeting that sets the Preliminary, Not-to-Exceed levy at 8.00% increase over 2026, or \$6,052,124. As was discussed, this proposed levy will provide the Council a point from which to work as it moves towards its final levy in December.

As a reminder, this is not a final approval of the tax levy. This is a preliminary tax levy that may not be exceeded in December when the final property tax levy is set.

Recommendation

Staff recommends approval of Resolution #CC-26-09-21-02, setting the 2026 Proposed Property Tax Levy for Taxes Payable in 2027 at \$6,052,124 or 8% and scheduling the public hearing to set the 2027 Final Tax Levy for December 7, 2026.