

City of Forest Lake 2026 Budget Development

Budget Process Overview

Forest Lake follows a structured annual budget process to ensure transparency and resident involvement. For 2026, the City Council approved the Budget Calendar on April 14, 2025, which included:

- Spring: Budget calendar approval, long-range staffing and financial planning, and Council priority-setting.
- Summer: 10-Year Capital Plan review, long-term financial planning with Ehlers, and an online community survey.
- Fall: Preliminary budget workshop, adjustments based on Council direction, and adoption of the Preliminary Levy.
- Winter: Final budget workshop and Truth-in-Taxation (TNT) public hearing.

This timeline ensures the Council and community have many opportunities to review financial data and provide direction before final adoption.

Annual Budget Survey Responses

Overall Takeaways

- Public safety is the community's top priority by a significant margin.
- Most residents support increasing police staffing.
- Tax sensitivity remains strong, with many asking the City to control spending.
- Residents value roads, parks, and trails, and want continued investment in core community assets.

How We Started 16.40% Forecast

The City's Ten-Year Financial Management Plan (FMP) projected a 16.40% levy increase for 2026, driven by:

- Inflation and operating cost increases
- New staffing needs
- North Shore Trail bond payment
- Capital improvement funding
- Maintaining the required fund balance

This forecast served as a planning tool—not a final budget direction.

Preliminary Levy Set Levy Increase set at 12.59%

After workshops, updated financial information, and community input, the City Council adopted a 12.59% Preliminary Levy on September 22, 2025.

This version included:

- New staffing: Deputy Fire Chief, Patrol Sergeant, two Patrol Officers, Police Administrative Assistant, and a Public Works Operator
- Funding for elections, inflation, and the North Shore Trail bond

Once adopted, the levy could only move downward, not upward.

Budget Options Considered After the Preliminary Levy

Following the preliminary approval, additional discussions and public feedback led to the development of three lower-cost levy options.

2026 General Fund Budget and Levy				
Item	12.59%	9.25%	8.90%	7.90%
STAFF				
Deputy Fire Chief	✓	✓	⦿*	⦿*
Patrol Sergeant	✓			
Patrol Officers (x2)	✓	✓	⦿*	⦿*
Police Admin Assistant	✓	✓	⦿*	⦿*
PW Manit Operator	✓	✓	⦿*	⦿*
MISC. EXPENSES				
Elections	✓	✓	✓	✓
Inflation	✓	✓	✓	✓
North Shore Trail Bond	✓	✓	✓	✓
OFFSET TO THE GENERAL FUND CONTRIBUTION				
Increased Funding for Parks	✓	✓	✓	✓
Franchise Fees to support Roads		✓	✓	✓
Rollback Capital Equipment Fund				✓
Use 2025 Surplus Fund to Offset Levy				✓

⦿* - Staff Starting on 2/1/2026

9.25% Levy Increase

What remains funded:

- Deputy Fire Chief
- Two Patrol Officers
- Police Admin Assistant
- Public Works Operator
- Elections, inflation, North Shore Trail
- Parks funding and 2025 surplus offset

What changed:

- Increased state aid (Police Support)
- Increased franchise fees for roads
- Patrol Sergeant removed
- Police overtime reduced

8.90% Levy Increase

What remains funded:

- All staffing additions
- Elections, inflation, North Shore Trail
- Increased state aid (Police Support)
- Increased franchise fees for roads

What changed:

- Delayed staffing start dates (2/1/26)

7.90% Levy Increase (*Proposed Levy*)

What remains funded:

- Staffing and a delayed start of 2.1.26
- Elections, Inflation and Bonding Support
- Increased state aid (Police Support)
- Increased franchise fees for roads

What changed:

- 2025 Surplus supports and offset the cost for the 2026 Budget
- Decrease in Capital Equipment Funds

Sample Home Tax Impact 2026

Home Market Value	Actual 2025 Tax	Estimated 2026 Tax Impact (Assuming 2.8% change in market value)	12.59% Increase	12.59% Monthly Increase	7.90% Increase	7.90% Monthly Increase
\$ 390,600	\$ 1,560.08	\$ 1,662.95	\$ 175.26	\$ 14.60	\$ 102.88	\$ 8.57
\$ 250,000	\$ 929.55	\$ 990.84	\$ 104.42	\$ 8.70	\$ 61.30	\$ 5.11
\$ 300,000	\$ 1,153.71	\$ 1,229.79	\$ 129.61	\$ 10.80	\$ 76.08	\$ 6.34
\$ 350,000	\$ 1,377.87	\$ 1,468.73	\$ 154.79	\$ 12.90	\$ 90.86	\$ 7.57
\$ 400,000	\$ 1,602.03	\$ 1,707.67	\$ 179.97	\$ 15.00	\$ 105.64	\$ 8.80

THE CITY OF FOREST LAKE PROPOSED 2026 GENERAL FUND BUDGET: *Preliminary Levy*

Total Proposed Levy: \$16,837,035

- Tax Rate Increase: 4.35%
- Levy Increase: 12.59%

COMMUNITY IMPACT



Average Home Value

\$390,600

\$14.60

Monthly Homeowner Tax Bill Increase



2026 BUDGET INCREASES

STAFF

- Police
 - Sergeant
 - Patrol Officer
 - Patrol Officer
 - Administrative Assistant
- Fire
 - Deputy Chief
- Parks
 - Maintenance Equipment Operator

INSURANCE

- Property, Liability, Automobile, and Workers Compensation

BOND FUNDS

- New North Shore Trail Bond

ELECTION SUPPORT

- Costs to support the 2026 election

CAPITAL FUND CONTRIBUTIONS

- Additional Funding is going to support the Parks and Roads

Proposed Property Tax Levy Breakdown



*Park Dedication, Capital Improvement, Capital Equipment, and Building Maintenance

THE CITY OF FOREST LAKE PROPOSED 2026 GENERAL FUND BUDGET: *Proposed Levy*

Total Proposed Budget: \$16,134,780

- Tax Rate Increase: 2.46%
- Levy Increase: 7.90%

COMMUNITY IMPACT



Average Home Value

\$390,600

\$8.57



Monthly Homeowner Tax Bill Increase

2026 BUDGET INCREASES: **Proposed Levy STAFF**

- Police
 - Sergeant
 - Patrol Officer*
 - Patrol Officer*
 - Administrative Assistant*
- Fire
 - Deputy Chief*
- Parks
 - Maintenance Equipment Operator*

INSURANCE

- Property, Liability, Automobile, and Workers Compensation

BOND FUNDS

- New to support the North Shore Trail Bond

ELECTION SUPPORT

- Cost to support the 2026 election

FRANCHISE FEE INCREASE

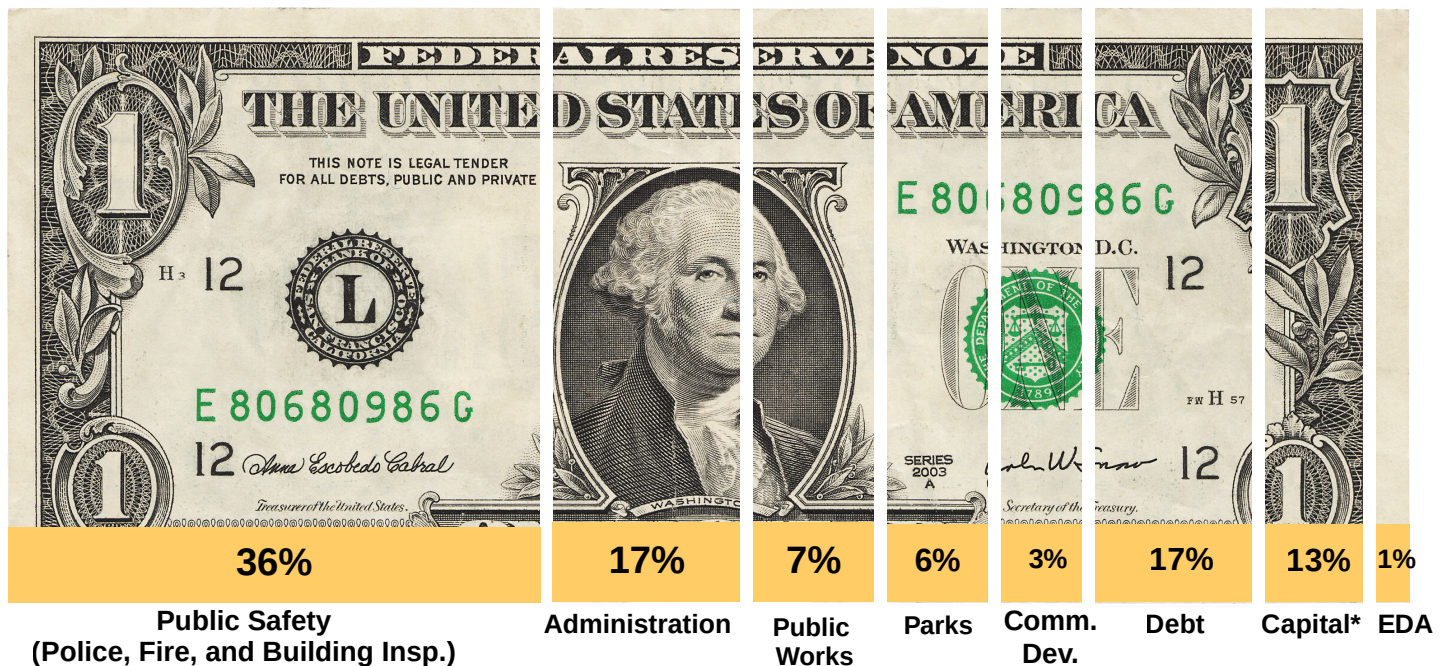
- Offset Levy with additional funding

CAPITAL FUND CONTRIBUTIONS

- Additional Surplus Funding is going to support the Parks and Roads

*Delayed start date to 2/1/2026

Proposed Property Tax Levy Breakdown



*Park Dedication, Capital Improvement, Capital Equipment, and Building Maintenance