

**City Council  
Agenda Item 10.D  
Meeting of June 23, 2025**



**Title:** Resolution requesting funding from the 2026 State of Minnesota capital budget

**Report from:** Darin Nelson, Finance Director

**Submitted Through:** Kevin Fox, Fire Chief  
Will Manchester, P.E., Public Works Director  
Erik Nilsson, City Attorney  
Mike Funk, City Manager

**Presenter:** Darin Nelson, Finance Director

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**Action Requested:** Motion

**Form of Action:** Resolution

**Votes needed:** 4 votes

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**Summary Statement**

The city is applying for a funding opportunity from the State of Minnesota's 2026 capital budget for the reconstruction of Fire Station No. 2, located along Hopkins Crossroad in the city's northeast quadrant.

**Recommended Action**

Motion to adopt the resolution.

**Strategic Plan Relatability**

Infrastructure & Asset Management

Successful state bond funding aids in the city's desired outcome of maintaining reliable, high-quality infrastructure by improving the efficiency of facilities. In addition, this action meets the outcome of expanding sources of revenue for capital improvement projects regarding Financial Strength.

**Financial Consideration**

Yes

State bonding projects require a 50 percent match by the local unit of government. The estimated cost to raze and reconstruct Fire Station No. 2 is \$10.66 million. The city is requesting \$5.33 million through the 2026 State Capital Budget process. The city's portion of this cost would likely be funded through a separate city bond.

**Background**

Capital budget bills generally are passed in even-numbered years. The State of Minnesota's capital budget typically includes funding for local governments to support projects primarily related to the repair and construction of infrastructure projects, including various types of public buildings, parks, bridges,

wastewater treatment facilities, etc. The City of Minnetonka is applying for the replacement of Fire Station No. 2, a project that aligns with the funding parameters.

The city submitted capital bonding requests in 2024 and 2025 for both The Marsh and the OPUS open space projects, requesting \$15 million of state bonding for each respective project. There was no bonding bill in 2024 and only a small bonding bill in 2025, which focused solely on state-owned projects. Successful state bonding requests for local governments have recently tended to focus on core public service infrastructure projects, and the state funding amounts have been substantially less than the \$15 million requests the city previously submitted. Staff believes the city is more likely to receive funding for the reconstruction of Fire Station No. 2 versus the two previous bonding requests. All three of these projects are desired within the city, and obtaining state bond funding for one of these projects will ultimately benefit the feasibility of the remaining projects. In addition, the timeline for securing land for the OPUS open space project remains unknown, but once land is secured, staff anticipate applying again for state bonding dollars.

The estimated cost to raze and rebuild Fire Station No. 2 is \$10.66 million, utilizing an inflationary factor based on the facility's estimated completion of early 2029. State bonding projects do require a 50 percent local match, which would likely need to be funded through a separate city bond.

Minnetonka is continuing its transition of the fire department from a primarily paid-on-call emergency response department to a combination of full-time and paid-on-call staffing model, which will eventually include 24/7 staffing at all five of its fire stations. Fire station No. 2 is located near I-394 and the Ridgedale shopping center. The shopping center routinely experiences over 1.4 million visits per month, while the adjacent Interstate 394 accommodates over 100,000 vehicles traveling through the city daily. In addition to shoppers visiting some of the 120 stores within the Ridgedale mall, there are over 500 other businesses in the area, supporting 10,000 jobs in the immediate vicinity. The sheer number of visitors and traffic passing through the city puts a tremendous strain on the city's emergency response resources. In the interest of public safety and ensuring timely responses, the city is currently implementing a plan to staff its four satellite fire stations on a regular basis, which includes Fire Station No. 2. Unfortunately, the life expectancy of the current facility is nearing the end and is not functional to house staff on a 24/7 basis.

The City of Minnetonka's Fire Station No. 2 was constructed in 1976 and is 5,440 gross square feet in size. The design of this station is typical of this era and was exclusively a volunteer response model station. There are no sleeping spaces in this facility, and support spaces are limited. The site for Station 2 is located at 1815 Hopkins Crossroad and is an "L" shaped area, slightly under 1 acre in size. Space for the expansion of this station is limited.

Two options were developed for Station 2. The first option would be to renovate the building to accommodate three sleeping rooms with some internal renovations to provide some decontamination and gear storage space. The second option would demolish the existing station and construct a new 13,350-square-foot fire station on this site, either as a single-story or two-story structure.

The second option, demolishing and constructing a new fire station, provides a better long-term solution, as it addresses the appropriate housing, safety and training needs.

This project meets the criteria required to be included in the state's capital budget and also addresses Governor Walz's request that particular focus be given to projects that:

- Address life and safety issues
- Preserve existing infrastructure before starting new projects
- Provide at least a 50 percent match
- Are proposed following community engagement
- Have a resolution of support from the governing body

- Aid in making Minnesota the best state in the country for kids to grow up
- Integrate climate preparedness and/or clean energy
- Address and undo historical and systemic disparities and inequities, including those based on race, gender, veterans' status, geography, and economic status.

Part of the capital budget application process is submitting a resolution of support. All local government requests were due to Minnesota Management and Budget (MMB) on June 13. The attached resolution will be uploaded to the state's system once approved by the city council. MMB will submit all requests to the Legislature on July 15, and on Jan. 15, 2026, Governor Walz will submit his 2026 capital budgets to the Legislature. It is essential that Minnetonka's legislators recognize the significance of this project to our community. Their support is crucial in successfully funding this project.

**ATTACHMENTS:**

[Resolution](#)