

September 4, 2026

Allie Polsfuss
City Administrator
City of Breezy Point
8319 County Road 11
Breezy Point, MN 56472

RE: Proposal for a Long-Term Financial Management Plan

Dear Allie,

On behalf of Ehlers, we are pleased to present this proposal to undertake customized long-term financial planning for the City of Breezy Point (“City”). We are excited to have this opportunity to work with the City and demonstrate our team’s collective commitment and qualifications to deliver dynamic and practical financial planning tools.

For over 65 years, Ehlers has helped municipal clients build strong and vibrant communities through financial planning, investment advisory, debt issuance and management, and economic development consulting services. **Our firm has completed 100+ long-term financial plans and more than 250 other fiscal studies in the last five years alone.**

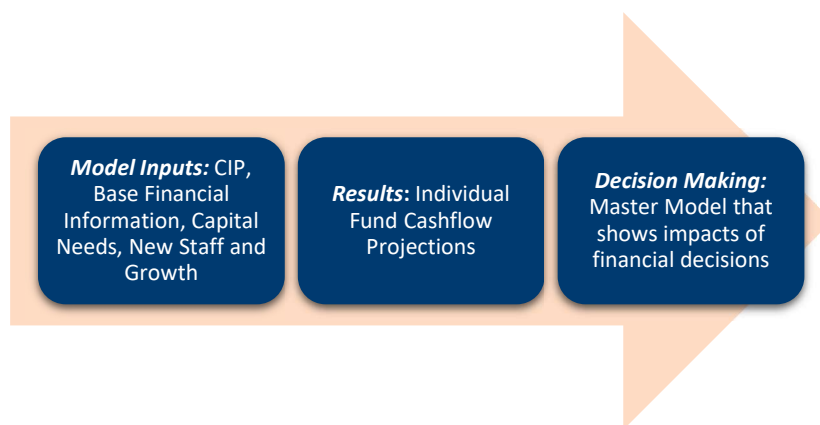
We understand the City would like to develop a long-term Financial Management Plan (“FMP”) to provide the City Council and staff with a guide to inform financial decision-making, capital investment, service delivery, revenue strategies, reserves, debt management, and overall fiscal sustainability. The FMP is a living financial management tool that can be updated periodically and will be a vehicle to determine appropriate timing for operational and capital plans. Ehlers can assist the City in evaluating the financial impact of various decisions related to the property tax levy and prioritizing the City’s needs. An FMP will provide clarity and confidence in funding decisions and their long-term financial impacts.

Financial Management Plan

The FMP is a 10-year operating budget and capital improvement plan with a funding strategy developed through facilitated discussions with staff and City Council. It will guide the City's financial future and determine how the City can fund its capital needs and other activities.

The FMP allows the City to ask critical questions about completing its capital improvements. For example, what will happen to the tax rate if the City undertakes project X? How can projects be financed to take advantage of expiring debt? What if we delay projects? Are there opportunities to lower the City's local tax rate? The FMP provides a tool to explore these questions and develops a comprehensive funding strategy for the long-term needs of the City.

Ehlers will build a customized Excel model for the City with cashflow projections for each fund that roll-up into a summary forecast.



We propose including the following funds in the FMP:

- General Fund
- Cemetery Fund
- EDA Fund
- Revolving Capital Fund

As part of developing the FMP, Ehlers will engage the Council in facilitated discussions to develop consensus regarding the financial direction of the City. We will overview what the FMP is, the process that is undertaken with staff, inputs and impacts, policy decisions and projections. By understanding the financial impacts of decisions, the Council can establish spending priorities and develop consensus about an acceptable

level of property taxes and other revenues. The FMP will provide the Council and public with an understanding of how today's decisions will affect constituents in the future.

Staff and Council Meetings for the FMP

The scope of work anticipates up to two meetings with staff and two meetings with the City Council. During the initial staff meeting, we will discuss policy issues to prepare a baseline model of the City's financial condition that incorporates existing operations, new staff and initiatives, plus all proposed capital expenditures. This baseline model will show financial impacts related to fund balances, tax impacts, and apparent trends and will be reviewed in a subsequent meeting with staff. This is the starting place for the conversation with Council. At the first Council workshop we will show the financial impact of accomplishing all the City's goals and determine if priorities need to be set between competing funding demands.

Based on staff and Council direction, we then refine the FMP with up to two scenarios that alter the timing of capital projects and staffing additions, among other considerations. After soliciting additional feedback, we will develop a fiscal strategy and make recommendations on financial policies at a second Council meeting or work session.

Financial Management Plan Deliverables

The FMP will deliver an achievable, comprehensive financial plan that has been reviewed by and agreed upon by the City Council.

The FMP includes:

- Annual projected budget numbers for each of the next 10 years
- Inclusion of all capital improvements identified by the City
- Inclusion of additional staffing and related equipment (if applicable)
- Tax impacts
- Facilitated discussions to reach consensus on prioritization of projects
- Presentation materials and attendance at up to two public meetings

Most importantly, the FMP process will result in a feasible funding plan for the City's operations and capital projects, as further described in [Appendix A](#).

Project Team & Schedule

The Project Team for the FMP will consist of Todd Hagen, Jeanne Vogt and Mitchell Thiesfeld. Todd will attend the Council meetings, as well as meetings with City staff, and oversee the project. Jeanne and Mitchell will complete the numerical analysis.

Proposed Cost

Ehlers proposes to complete the project at the **not-to-exceed** cost of:

Financial Management Plan:	\$22,500
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We propose that the project will be billed hourly at the rate of \$310, for actual hours worked so that the final cost may be less. As the project unfolds, Ehlers will invoice monthly for the work completed in the prior month with descriptions of project activities and time expended. *If the City anticipates issuing debt in 2026 or 2027, the cost of the FMP can be financed along with the capital project.*

Ehlers is committed to delivering, and showing value, in our work. Thank you for engaging with us in your financial planning discussion. We appreciate your consideration and look forward to discussing how Ehlers can best serve the City.

Sincerely,



Todd Hagen
Senior Municipal Advisor
(651) 697-8508

Appendix A: Scope of Work

The Financial Management Plan (“FMP”) will be completed in the following general steps.

- Step 1.** Review City’s current financial position, policies, and practices.
- Step 2.** Aggregate and outline all future capital needs and program requests from City staff and consultants. A comprehensive list of major capital items and operational needs will be developed with the staff leadership.
- Step 3.** Assist in identifying other policy issues to be discussed and establish a framework for such discussion.
- Step 4.** Evaluate the impact of any tax base changes. Potential changes in the tax base due to growth, redevelopment or anticipated business closures will be included in the FMP model, as well as expiring TIF Districts (if applicable).
- Step 5.** Create the FMP Base Model that shows the impact of including all capital requests. The Model will follow the City’s financial statements and show projected ending fund balances for each fund for each of the next ten years.
- Step 6.** Analyze options to best meet the City’s needs. Options might include varying the timing of capital projects, changing capital funding policies, or modeling alternative revenue sources. The financial impact, including determining bond rating impact(s), of up to two (2) scenarios will be shown.
- Step 7.** Prepare an achievable, comprehensive financial plan that helps the City fund capital and operating priorities and builds Council consensus.