



CITY COUNCIL WORK SESSION MINUTES

October 20, 2025 at 5:00 PM

7701 County Road 110 West Minnetrista, MN 55364

1) CALL TO ORDER

Mayor Whalen called the meeting to order at 5:30 p.m.

Present: Mayor Whalen, Councilmember Reffkin, Vickery, Lacy, Govern. Staff: City Administrator Jasper Kruggel, Finance Director Brian Grimm, Community Development Director David Abel, Assistant City Administrator Paula Bauman, Director of Public Works Gary Peters, City Clerk Ann Meyerhoff, City Attorney Sarah Sonsalla.

Mayor Whalen requested that they move Halstad Estates to number 1 and remove SWAMP Update and revisit at another work session when the City Engineer can be present.

Motion by Reffkin, seconded by Vickery to approve the agenda as amended.

Motion passed 5-0.

2) DISCUSSION ITEMS

a) Halstad Estates Petition for Improvement District Financing

City Administrator Kruggel presented a request from the Halstead Estates development group, located near the former trailer park site, for the City to consider creating an improvement district for the area. This would involve the City issuing approximately \$3 million in debt on behalf of the development properties, which would then be repaid over the life of the bond through property assessments. Staff noted that while a similar process was used for the Kings Point Road roundabout project in partnership with MnDOT, this situation differs as it would be entirely city-backed. Concerns were raised regarding the financial risk to the City if the development does not proceed as planned, including potential tax forfeiture of properties and the City's responsibility for bond repayment. Staff and legal counsel have been working with the developer's team to assess the feasibility and legal framework of the request. The matter was brought before the City Council for discussion and direction on how to proceed, as the project remains in early stages with only pre-plat and rezoning approvals completed and several conditions still outstanding before final plat approval.

City Attorney Sonsalla provided an overview of the state statutes referenced by the Halstead Estates development group in their request for the creation of an improvement district. Three possible statutory frameworks were discussed: Chapter 429 (Public Improvements), Chapter 428A (Special Service Districts), and Chapter 428.11 (Housing Improvement Areas). Under Chapter 429, the City may, but is not required to, order an improvement even when all property owners petition for it; a feasibility report would be required, estimated to cost between \$25,000 and \$30,000. Chapter 428A allows for the creation of special service districts, which typically fund enhanced services beyond what the City ordinarily provides—such as beautification or maintenance services seen in downtown districts—but this would not apply to general infrastructure improvements like those proposed. Chapter 428.11 governs housing improvement areas, which are generally used for rehabilitating existing condominium

or townhouse developments rather than new construction. The City Attorney emphasized that the Council has full discretion under all three statutes to decide whether or not to proceed and reiterated that, as noted earlier by staff, there is potential financial risk to the City should it choose to take on such debt for the proposed development.

Staff and the City Attorney clarified that a public hearing would only be required if the City chooses to move forward with creating an improvement district or proceeds under Chapter 429 with an actual improvement project. The process would follow the City's standard 429 procedure, beginning with authorization of a feasibility report—prepared by the City Engineer—to determine the project's necessity, cost-effectiveness, and feasibility. If the Council later decides to proceed, staff would then prepare plans and specifications, hold open houses, and conduct public hearings to notify affected property owners of proposed assessments. In this specific case, the Council must first determine whether it wishes to establish an improvement district and proceed with the proposed project. If the district is created, the City would likely be responsible for initial project costs, including the feasibility study, which could potentially be assessed back to the developer as part of the district.

A representative from the Halstead Estates development group addressed the Council to clarify that their proposal involved forming a nonprofit entity to manage the improvement district. The representative explained that the entity would be governed by a five-member board, including themselves and representatives from an accounting firm responsible for approving all financial transactions and audits to ensure transparency. The proposed funding would come from private sources, such as insurance companies, rather than from City-issued debt. The developer stated the goal of the proposal was to make lots more affordable and facilitate quicker property sales.

Council members and staff responded by clarifying that the materials and statutes cited in the developer's October 7 letter—specifically Minnesota Statutes Chapters 429 and 428—do not align with the proposal described, as the developer's approach differed significantly from the statutory processes governing improvement districts and public improvements. The Council noted that no formal petition had been submitted and that, based on the information currently available, the City would not be moving forward with the request under Chapters 429 or 428. The Mayor invited the developer to provide additional legal documentation or supporting information for staff to review if an alternative proposal exists for future consideration.

b) Sewer Fund Budget Discussion

Staff provided an overview of the annual utility fund and highlighted that the primary cost driver continues to be the Metropolitan Council's annual wastewater charge, which for 2026 is projected at approximately \$506,000—a roughly 6% increase from the prior year. To account for this increase, staff recommended a corresponding adjustment to the city's quarterly utility rate of about \$8 per quarter, or \$32 annually, raising the average bill from approximately \$120 to \$128 per quarter. Staff also noted that several capital infrastructure projects are planned, including the scheduled replacement of lift station panels and pumps based on operational need. In response to a councilmember's question regarding how the Met Council determines each city's charge, staff explained that it is based on the Council's total budget and wastewater flow data reported by each municipality, though some expressed uncertainty about the precision of the formula.

Public Works staff provided further details regarding wastewater flow monitoring, intercity agreements, and ongoing infrastructure maintenance. Staff explained that wastewater flow into the Metropolitan Council system is measured through metering stations, with local data collected and submitted monthly and annually to ensure accuracy. The City also maintains flow agreements with St. Bonifacius, as a portion of Minnetrista's system discharges through their infrastructure; this arrangement currently results in quarterly charges of approximately \$80,000–\$90,000. Staff noted a few properties along city boundaries share connections with neighboring Mound and St. Bonifacius, though these are believed to balance out overall.

Staff discussed the City's continued replacement of aging lift stations and control panels, noting that many components have become obsolete or difficult to source. A systematic replacement program, initiated several years ago, continues to address these needs, though supply chain delays during the COVID-19 period caused setbacks. Lift Station 13's new control panel, ordered in 2023, is expected to be installed by the end of this month.

Staff also addressed budget and billing considerations. The Council supported increasing the quarterly sewer utility rate from \$120 to \$128 to reflect Metropolitan Council cost increases. Discussion followed on transitioning customers with city water to monthly billing, while keeping quarterly billing for properties without city water or sewer. Staff reported that the sewer fund remains stable with approximately \$700,000 in fund balance and minor existing debt. Coordination continues on the SCADA system upgrades, which will be shared between the water and sewer funds, with most costs allocated to the water utility.

c) Bayside Lane Drainage Update

Council revisited the ongoing drainage issue affecting the resident at 925 Jennings Cove, whose existing sump pump system and outlet pipe have failed, resulting in overgrown and nonfunctional drainage. Staff reviewed two possible solutions: (1) installing a new catch basin and connecting it to an existing line behind 880 Jennings Cove, or (2) directionally boring a new four-inch pipe, estimated to cost between \$18,000 and \$40,000. Engineering analysis by WSB indicated that the proposed pipe would handle most storm events, but may not function effectively during extreme rainfall. Staff noted that the affected area appears to involve private property and no formal city maintenance agreement or easement exists for the drainage infrastructure. Discussion followed regarding city responsibility, potential cost-sharing with the homeowner, and concerns about setting precedent for similar private drainage issues. The Council reached a consensus that the city would consider contributing up to \$15,000 toward a partial solution, provided the homeowner agrees to cover additional costs and release the city from future liability. Staff will return with formal agreement language and cost estimates for Council review at the next meeting.

d) Water Rate Analysis Update

Staff presented updated options for revising the city's water rate structure, including quarterly base rate scenarios of \$50, \$75, and \$100, and corresponding usage rate adjustments to meet annual revenue requirements. Council discussed the need to eliminate the separate water treatment fee and incorporate it into the base rate for clarity. Staff noted that annual rate adjustments will continue based on operational needs and development impacts.

The Council also discussed transitioning from quarterly to monthly water billing, with implementation targeted for July 1, 2026, to allow adequate time for software updates, communication planning, and resident outreach. Consensus was reached to set a base rate equivalent to \$35 per month (\$105 per quarter) beginning January 1, 2026, with revised usage tiers and rounded rates to simplify billing. Council agreed to review the finalized rate and tier structure, including adjustments for commercial and school accounts, at the November meeting, along with a detailed communication plan to inform residents of the upcoming changes.

e) ~~SWAMP Bathymetric Survey Update~~

3) **ADJOURNMENT**

Motion by Reffkin, seconded by Govern to adjourn the meeting at 6:14 p.m.

Motion passed 5-0.

Respectfully submitted,
Ann Meyerhoff, City Clerk