



CITY COUNCIL WORK SESSION MINUTES

August 18, 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 5:00 p.m.

Council present: Mayor Whalen, Council Members Reffkin, Vickery, Lacy, Govern. Staff present: City Administrator Jasper Kruggel, Finance Director Brian Grimm, Director of Public Services Gary Peters, City Clerk Ann Meyerhoff.

2) DISCUSSION ITEMS

a) 2026 Levy Discussion

The council opted to proceed with a question-and-answer format rather than revisiting the PowerPoint presentation from the previous meeting. Staff responded to inquiries regarding the proposed budget, tax levy, revenue projections, and long-term planning.

Gross vs. Net Levy

Staff clarified that the gross levy amount (\$7,838,365) is certified to the county, while the net levy (approximately \$7.7 million) reflects adjustments from fiscal disparities—a state-level program that redistributes commercial tax revenue across metro communities. The city receives approximately \$150,000 annually from this program, which reduces the burden on residential taxpayers.

Property Tax Capacity and Rate

An explanation was provided on how the property tax rate is calculated using tax capacity, which is based on a percentage of market value determined by the state. The city's tax rate remains lower than many nearby communities due to higher property values and a modest levy. For example, Minnetrista's tax rate is approximately 21%, while some neighboring cities exceed 50%.

Decline in Building Permit Revenue

Staff noted a projected 50–60% decline in building permit revenue in 2026, primarily due to reduced housing starts in Woodland Cove. While the building department has fixed staffing costs, the city is exploring intergovernmental collaboration with the City of Victoria to perform inspections on their behalf, which could generate supplemental revenue. The potential for such partnership remains under evaluation and is not currently budgeted.

Revenue from External Sources

The council reviewed various external revenue sources. General police aid remains stable at \$150,000–\$170,000 annually. Revenues from the drug task force and DWI fines fluctuate year to year. Investment income is projected at 2.5–3% due to the maturity schedule of existing holdings. Fines from general traffic enforcement have remained consistent at \$30,000–\$40,000 annually.

Financial Software Replacement

Staff discussed the eventual need to replace the city's financial software system. Although the current system remains functional, it lacks modern reporting features. Estimated replacement cost is approximately \$150,000. Staff indicated this could be funded through the capital improvement plan (CIP) or a one-time source in future years. No immediate action is being taken, but the council acknowledged the need to plan ahead.

ADA Compliance Planning

Council discussed future ADA compliance improvements at city facilities. While full compliance upgrades are anticipated around 2029–2030 (coinciding with the expiration of public facility debt levies), staff noted that a phased approach could be considered. The first step would be a facility needs assessment, which could be moved forward if council desires. Examples of non-compliance include the lack of automatic door openers and restroom accessibility.

Zoning and Subdivision Revenue

Zoning and subdivision fee revenue is projected to remain stable at \$45,000. These fees are tied to land use applications such as new subdivisions and variances. Staff expressed optimism that development activity could lead to meeting or exceeding this figure.

Police Services Contract with St. Bonifacius

The city's current police services contract with St. Bonifacius is locked in until the police station bond is fully paid (estimated 2030). Renegotiation of the contract will be possible beginning in 2031. Council requested a future update on bond balances and any early payoff options.

Preliminary Budget and Meeting Schedule

Council agreed to have staff prepare a resolution for approval of the preliminary 2026 budget. If the resolution is approved at the upcoming regular meeting, the September 3rd council meeting may be canceled due to limited attendance. The debt levy will be certified at 100%, consistent with past years.

b) Water Treatment Plant Funding Update

Administrator Kruggel provided an update regarding the funding strategy for the water treatment plant, with a focus on non-local financing options. The city has previously

applied for Public Facilities Authority (PFA) funding, which offers lower interest rates (currently around 3.5%) compared to traditional bonded debt (estimated at 4.5%). However, PFA funding comes with additional regulatory requirements such as environmental and cultural resource reviews, which could increase project costs by approximately 20%. Given the relatively small interest rate advantage and higher compliance costs, staff recommended not delaying the project to pursue PFA funding. If bids come in high or the project is pushed to 2026, PFA could still be considered at that time. Discussion also touched on water rates, with the council expected to review options in October, as significantly higher revenue will be required—potentially more than double the current amount—to support conventional financing. Staff and council acknowledged the importance of public communication but expressed skepticism about hosting another town hall meeting due to low prior attendance. Additionally, it was confirmed the city will continue applying for state bonding support, even if construction begins beforehand, though the chances of receiving it remain uncertain.

3) ADJOURNMENT

Motion by Lacy, seconded by Reffkin to adjourn the meeting at 5:39 p.m.

Motion passed 5-0.