



STRATEGIC PLANNING SESSION MINUTES
February 26, 2026
3:30pm

1) Call to Order

- a) Present: City Council: Mayor Lisa Whalen, Cathleen Reffkin, Brian Govern; Peter Vickery. Staff: City Administrator Jasper Kruggel, Finance Director Brian Grimm, Community Development Director David Abel, Director of Public Safety Craig Squires, Assistant City Administrator Paula Bauman, Director of Public Works Gary Peters and City Clerk Ann Meyerhoff

2) Session Topics for Discussion

City Council and Management Staff will discuss the goals and priorities for the City of Minnetrista over the next two years. The topics being discussed include:

- Technology Topics
 - i) Public Safety Technology
 - Artificial Intelligence (AI) in Local Government
 - * AI identified as a major emerging technology with growing relevance to local government operations.
 - * Example shared: City of Chanhassen using “Madison AI” layered over document archives to:
 - * Search and summarize meeting minutes and historical records
 - * Identify mentions of individuals, addresses, or topics
 - * Support staff reports and institutional knowledge retention
 - * Current approach:
 - * Monitor trends rather than adopt early-stage tools
 - * Prefer proven, lower-risk implementations
 - * Maintain human oversight to avoid “automation bias”

Strategic Direction:

Continue evaluating AI cautiously; prioritize education and comfort level before adoption.

Police Department Technology Priorities

- * Squad computer project beginning this year
- * Expansion of drone program:
 - * Larger drones: search and rescue
 - * Smaller drones: tactical assessment, risk reduction in high-threat scenarios
- * Continued evaluation of AI transcription for body camera footage (not immediate)

Mid-Term / Emerging Considerations

- * AI-assisted report writing (pending county attorney acceptance and broader adoption)
- * AI transcription of body camera footage for:
 - * Efficiency
 - * Court documentation
 - * Potential long-term cost savings
- * Evidence mapping tools (AI-assisted scene documentation)
- * Social media threat monitoring and mapping
- * AI tools for identifying deepfakes and spoofed media
- * Cryptocurrency tracking and forfeiture challenges
- * Dark web monitoring support

Guiding Principle:

AI should function as a support tool (“co-pilot”), not replace human judgment.

Shared / Regional Technology Coordination

- * Ongoing discussions about county-wide records management system upgrades.
- * Preference for shared or regional solutions (e.g., facial recognition, AI tools).
- * Recognition that early BCA-led solutions may later expand to broader agency access.

ii) Cybersecurity – Immediate Strategic Priority

Cybersecurity identified as a more urgent need than AI implementation.

Current Efforts

- * Managed Detection & Response (MDR) monitoring system in place
- * Cloud-based security camera infrastructure
- * Highest available cyber insurance coverage secured
- * Regular phishing simulations and staff training
- * BCA cybersecurity audit passed
- * Participation in Fusion Center partnerships (FBI/ATF coordination)
- * Water treatment facilities upgrading and consolidating systems

Ongoing Risks

- * Ransomware threats
- * Phishing attacks (invoice/wire fraud risk highlighted)
- * Deepfake and spoofed communications
- * Rapidly evolving threat landscape

Action Items

- * Consider cybersecurity work session with managed IT provider
- * Evaluate cost-benefit of additional protections
- * Continue insurance and compliance review
- * Maintain staff vigilance and skepticism toward suspicious communications

- Personnel

- i) Union Contracts

- ii) Benefits

- Rising Healthcare Costs

- * Health insurance costs continue to increase significantly.

- * Recent history:

- * Adjustments made two years ago to employer contributions.

- * Current city contribution:

- * \$900/month (single)

- * \$1,500/month (family)

- * Average 2024 cost per employee \approx \$1,100/month

- * Anticipated future increases may be substantial (potentially 20–40% depending on ACA-related impacts).

- * Ongoing trend: **Premiums rising while benefits erode** (higher deductibles, lower coverage percentages).

Key Concern: Health insurance is becoming a larger portion of total compensation and city budget.

- Current Benefits Structure

- * City uses a cafeteria-style plan, but:

- * Employees must enroll in the city's health plan (currently Medica).

- * Employer contribution can be applied toward other benefits (e.g., LTD, STD, etc.).

- * Long-term disability is city-paid.

- * Short-term disability is optional.

- * A broker annually markets coverage and compares providers.

- * City previously shifted carriers after large rate increases (e.g., PEIP increase of 49%).

- Benefits Analysis Study

- * Proposal to engage third-party consultant (e.g., David Drown & Associates).

- * Estimated cost: ~\$5,000–\$7,000.

- * Purpose:

- * Establish baseline comparison cities.

- * Compare benefit structures (union vs. non-union; police vs. other staff).

- * Identify competitive positioning.

- * Evaluate employer contribution levels.

- Provider Evaluation

- * Concerns raised about employee experience with current provider (Medica).

- * Suggestion to compare:

- * Medica

- * HealthPartners

- * Other carriers

- * Broker already markets plans annually; however, deeper comparative analysis may be warranted.

Union Negotiation Context

- * Benefits may arise during upcoming union negotiations.
- * Being proactive and conducting analysis now strengthens the City's position.
- * If asked, the City can state it is actively reviewing benefits.

Agreed Next Steps

1. City Administrator to contact consultant (David Drown & Associates) for cost estimate.
2. Bring proposal back to Council for approval.
3. Conduct benefits baseline comparison (similar peer cities as compensation study).
4. Work through Personnel Committee.
5. Report findings to full Council before negotiations advance.

- Communications

Current Outreach Methods

Physical Mailings

* Highest cost method due to printing and postage (~\$3,500–\$4,000 per mailing cycle).

* Still considered valuable, especially for residents without digital access.

* Discussion about possible opt-in email lists to reduce physical mailings in the future.

Digital Channels

* Social media posts, website updates, and email newsletters are actively used.

* Considered cost-effective and efficient for reaching most residents.

* Digital content can be linked back to official city resources for verification and consistency.

Signage & Billboards

* Discussed use of physical signs (e.g., at intersections) and possible Pinterest-style community boards.

* Visibility and placement effectiveness considered; signs must clearly identify the city to avoid confusion (e.g., Minnetrista vs. other nearby cities).

* Cost is modest compared to mailings but should be monitored for return on investment.

Key Considerations

Cost vs. Reach

* Physical mailings are expensive but still necessary for certain populations.

* Digital platforms provide broad reach at lower cost, but may not reach everyone.

Effectiveness

* Ongoing evaluation of which methods drive awareness and engagement.

* Aim to prioritize channels that maximize impact per dollar spent.

Contingency & Flexibility

* City's outreach budget allows for experimentation with mixed methods.

* Flexibility to adjust based on resident feedback, engagement metrics, and cost considerations.

Next Steps / Recommendations

1. Continue Multichannel Approach

- * Maintain a balance between physical mailings for key audiences and digital outreach for broader reach.

2. Explore Opt-In Digital Options

- * Allow residents to subscribe to email updates to reduce mailing costs over time.

3. Evaluate Signage Strategy

- * Determine cost-effectiveness and visibility impact of community signage.
- * Ensure proper city branding to avoid confusion with neighboring municipalities.

4. Monitor Engagement

- * Track engagement metrics across mailings, digital channels, and signage.
- * Adjust outreach strategy based on effectiveness and budget efficiency.

- Facilities

Financial Context

- * The Police Facility bond (approx. \$35,000 annual payment) will be paid off in 2030, freeing up debt capacity beginning in 2031.
- * Council agrees that major capital improvements should likely wait until the bond is retired, unless urgent safety or compliance issues arise.
- * Smaller annual investments (e.g., \$50,000–\$150,000 per year) may be feasible prior to 2031.
- * Replacing retiring debt with new bonding in 2031 could support a larger-scale project.
- * Interest rates and future borrowing capacity will need evaluation closer to that date.

ADA & Facility Compliance Concerns

- * ADA (referred to as “88 compliance”) issues were identified in prior assessments (CIP entry in 2015; formal assessment in 2019).
- * Building accessibility concerns include:
 - * Entry doors (estimated \$40,000–\$50,000)
 - * Interior access routes
 - * Restrooms
 - * Council chambers
 - * Polling place access concerns
- * A prior 89-page compliance report identified multiple deficiencies.
- * Risk acknowledged: If an injury or complaint occurs, required upgrades could be accelerated due to insurance or regulatory pressure.

Federal / External Funding

- * No federal funding currently available for upgrades.
- * Historically, funding may be more available in presidential election years (e.g., 2028).
- * The existing \$150,000 budget allocation is likely insufficient for full upgrades.

Proposed Path Forward:

1. Develop a Comprehensive Master Plan
 - * Engage an architectural firm (via RFQ process).
 - * Conduct interviews with staff and stakeholders.
 - * Develop a phased plan tied to financial capacity.
 - * Prioritize improvements by urgency and compliance risk.
2. Phased Annual Investment Strategy
 - * Potentially allocate \$100,000–\$150,000 annually toward prioritized improvements.
 - * Focus initially on high-risk accessibility items (e.g., doors).
 - * Align improvements with long-term master plan to avoid rework.
3. Bond Replacement Strategy (Post-2030)
 - * Once Police Facility debt retires, evaluate replacing it with new debt.

Operational Considerations

- * Staff prefer budgeting for major initiatives rather than introducing unplanned mid-year additions.
- * A master plan would help:
 - * Prevent fragmented upgrades
 - * Ensure financial alignment
 - * Sequence improvements logically
 - * Support future bonding decisions

Overall Strategic Direction

The group favors a measured, financially responsible approach

- * Address critical ADA and safety risks incrementally.
- * Avoid large capital commitments before 2031.
- * Develop a comprehensive master facilities plan to guide phased improvements.
- * Position the City to act strategically once debt capacity becomes available.

- Finance

- i) Debt Strategy

- CIP Growth Strategy Through Incremental Levy Increases

- Current Situation

- * Current CIP levy: \$150,000 annually

- * CIP fund balance has recovered to approximately \$300,000

- * Equipment and capital costs continue rising

- * Interest rates remain elevated

- * Debt portfolio expected to increase significantly due to water treatment and other bonded projects

- Proposed Strategy

- Increase levy gradually to accelerate CIP growth:

- Example scenario discussed:

- * Add \$75,000 per year to CIP levy

- * Combine with debt payments rolling off

- * Result: CIP cash balance could grow to \$600,000–\$700,000 within 3–4 years

Even a smaller annual increase (\$25,000–\$50,000) would steadily build long-term capacity.

Strategic Goal

- * Reduce reliance on equipment certificates (short-term financing)
- * Build stronger cash-funded capital replacement capacity
- * Improve flexibility during high interest rate environments

Road Maintenance Funding Strategy

Current Position

- * Road maintenance fund currently around \$900,000
- * Estimated target should be closer to \$1.2 million
- * Major overlays and maintenance cycles are approaching
- * Some road segments are already behind maintenance schedule

Key Observations

- * Maintenance costs increase significantly when delayed
- * Overlay cycles (15-year marks) will require substantial funding
- * Inflationary pressures increase annual cost exposure

Recommendation Discussed

- * Commit to at least 1–2% annual levy increase dedicated to roads
- * Continue incremental growth for 5–10 years
- * Build sustainable long-term maintenance funding instead of periodic large bonds

Long-term discipline is more important than one-time corrections.

Debt Portfolio Considerations

Current & Projected Debt

- * Current debt: Low \$20 million range
- * Projected increase: Mid-to-upper \$30 million range
- * Major driver: Water treatment plant project (\$12M)
- * Debt portfolio will be at record levels in coming years

Bonding capacity will be limited due to:

- * Existing commitments
- * Rising interest costs
- * Overall debt management ratios

What Can Be Controlled

- * Equipment certificates
- * Road bonding timing
- * CIP cash funding levels

Equipment Replacement Strategy

Discussion included:

- * Trade cycles (e.g., Bobcats every 2 years vs. long-term ownership)
- * Leasing vs. purchasing
- * Rising maintenance costs on aging diesel vehicles
- * Transition to gas vehicles to reduce unpredictable repair costs

Trade-Off:

Leasing = higher total lifetime cost, but lower maintenance risk

Owning long-term = lower financing cost, but higher repair volatility

Strategic takeaway: Equipment planning should be integrated into the broader CIP growth strategy.

Revenue & Budget Pressure

Additional pressure points:

- * Building permit revenue decline
- * Utility billing transition
- * Technology and software subscription increases (~5% annually)
- * General inflation
- * Prior multi-year levy increases already implemented

Estimated near-term pressure:

- * Potential additional \$150,000+ revenue gap
- * Combined pressures could equate to several percentage points of levy increase

Strategic Direction

1. Gradually increase CIP levy (1–2% annually minimum)
2. Gradually increase road maintenance levy
3. Reduce equipment certificate reliance
4. Build long-term capital capacity over 5–10 years
5. Avoid large reactive bonding cycles
6. Maintain political and taxpayer sensitivity

There will be an opportunity to discuss other topics and future City Council Work Session items as time allows.

3) Adjourn

Motion by Vickery, seconded by Reffkin to adjourn the meeting at 6:24 p.m. Motion passed 4-0.
