OFFICIAL PROCEEDINGS

Pursuant to due call and notice thereof, the regularly scheduled meeting of the Spring Lake Park City Council Work Session was held on August 3, 2026 at the Spring Lake Park City Hall, 1301 81st Ave NE, at 5:30 PM.

1. CALL TO ORDER

Mayor Nelson called the meeting to order at 5:30 PM.

MEMBERS PRESENT:
Councilmember Barbara Goodboe-Bisschoff
Councilmember Lisa Dircks
Councilmember April Moran
Mayor Robert Nelson

MEMBERS ABSENT:
Councilmember Ken Wendling

STAFF PRESENT:
Public Works Director George Linngren, Police Chief Josh Antoine, Building Official Jeff Baker, Administrator/Clerk/Treasurer Daniel Buchholtz

OTHERS PRESENT:

Halyn Roth	7914 Able Street NE	Spring Lake Park MN
Kristi Cobbs	8085 Jefferson Street NE	Spring Lake Park MN
Peter Lindstrom	Met Council	St. Paul MN
C. Meyer	459 81st Avenue NE	Spring Lake Park MN
Perry Korezenowski	8420 Laddie Road NE	Spring Lake Park

2. DISCUSSION ITEMS

A. <u>2027 General Fund Budget Presentation and Discussion *(Buchholtz)*</u>

Administrator Buchholtz presented the proposed 2027 General Fund Budget and reviewed the City's budget process and timeline. He briefly highlighted accomplishments from the previous year, including strong financial management, redevelopment efforts, declining crime, enhanced code enforcement, infrastructure and park improvements, and successful efforts to secure outside grant funding.

Administrator Buchholtz stated that the proposed 2027 General Fund Budget totaled approximately $6.51 million, an increase of $389,000, or 6.4%, from 2026. He stated that the budget was balanced without the use of General Fund reserves and projected a year-end fund balance equal to approximately 47.5% of expenditures. He noted that property taxes represented approximately 70% of General Fund revenues and that police and fire services accounted for more than half of General Fund expenditures.

Administrator Buchholtz reviewed several factors affecting the 2027 budget, including a 4% contractual wage adjustment, projected health and dental insurance increases of approximately 10% to 12%, modest tax-base growth, ongoing capital needs, and the anticipated future debt service associated with the SBM Fire Department Northeast Station. He also discussed the City's continued efforts to secure outside funding for capital projects.

Administrator Buchholtz stated that the proposed total City levy was $5,295,663, an increase of approximately 6.29% over 2026. He requested Council direction regarding the proposed budget and levy, continued use of one-time Public Safety Aid to phase in the Administrative Captain position, potential additions or reductions to the budget, and the maximum preliminary levy the Council would be comfortable certifying in September. He reminded the Council that the preliminary levy establishes a maximum and may be reduced prior to final adoption.

Mayor Nelson asked whether creation of the Administrative Captain position would be permanent or whether the position could be eliminated in the future if it was determined to no longer be necessary. Administrator Buchholtz explained that the Council would retain the ability to make future staffing changes if operational needs changed. Mayor Nelson asked about the anticipated reduction in Police Department records staffing. Administrator Buchholtz stated that the Records Technician participating in the phased retirement program was expected to leave the position at the end of 2027.

Councilmember Moran stated that she would like the Council to consider increasing the Parks and Recreation Office Support Specialist position from 28 hours per week to 40 hours per week. She stated that she had discussed the position with Parks and Recreation staff and believed there was value in making the position full-time. She noted the significant improvement in the financial performance of recreation programming, particularly the youth summer program, which reduced its deficit from approximately $30,000 in 2025 to $5,000 in 2026 and is projected to at least break even in 2027. Administrator Buchholtz stated that the Recreation Director had requested the increase but that he had not included the additional hours in his recommended budget because he was attempting to limit the overall levy increase. Councilmember Moran stated that the Recreation Department had made significant progress and that additional administrative support could allow the department to continue building programming and serving the community. She stated that the department had demonstrated the financial improvements necessary to justify consideration of the request.

Mayor Nelson stated that he was concerned about increasing discretionary expenditures when residents were facing higher costs. He stated that the City should focus primarily on core services, including police, fire, streets, water, sewer and snow removal. He expressed concern about increasing property taxes to subsidize programs that may also serve significant numbers of nonresidents. Councilmember Moran responded that recreation programming was a valuable City service and that residents should have access to services and programs that contribute to a strong community. She stated that the Recreation

Director and staff had worked to improve the financial sustainability of the programs before requesting additional staffing.

Councilmember Goodboe-Bisschoff stated that she had concerns regarding the proposed levy increase and believed additional reductions should be identified. She discussed her experience with North Metro Telecommunications, where staffing reductions had recently been necessary to maintain the organization's financial sustainability. She stated that she believed similar scrutiny should be applied to the City's proposed budget.

Councilmember Goodboe-Bisschoff questioned the Parks and Recreation staffing request and stated that she also had concerns regarding Code Enforcement staffing. She asked why current Code Enforcement staffing levels were necessary compared with staffing levels in prior years. Administrator Buchholtz explained that the City historically had approximately 1.5 positions devoted to building and code enforcement functions. He stated that the Council had previously directed staff to enhance code enforcement because of concerns regarding deteriorating community standards. He explained that the part-time housing/code enforcement position was increased to full-time and funded through increased rental licensing fees rather than additional property tax revenue. Administrator Buchholtz stated that the additional staffing had allowed the City to perform more detailed rental housing inspections and pursue more proactive enforcement. He stated that the City had subsequently seen significant investment in multifamily properties and improvements in housing conditions. He explained that the Building Official had voluntarily reduced his schedule and that, while building permit activity had decreased, calls for code enforcement services had increased.

Mayor Nelson stated that he did not believe the workload justified the current staffing level and continued to have concerns regarding the cost of City operations. Councilmember Moran stated that Code Enforcement provided an important service to residents, particularly renters experiencing unsafe or unhealthy housing conditions. She stated that residents should be able to expect basic housing standards, including functioning utilities and properties free from serious health and safety concerns. Administrator Buchholtz discussed a multifamily property where increased City enforcement had resulted in substantial improvements following a change in ownership. He stated that the property demonstrated the potential benefits of proactive housing inspection and code enforcement. Mayor Nelson stated that improved housing conditions were beneficial but expressed concern that major property improvements could also result in rent increases and displacement of lower-income tenants. Council discussed the difficulty of balancing housing quality, affordability, enforcement and neighborhood standards.

Councilmember Dircks stated that both sides of the Parks and Recreation staffing discussion had been presented. She stated that the Recreation Director had done a remarkable job improving the department's financial position but acknowledged that there appeared to be Council opposition to increasing the Office Support Specialist position at this time. She suggested that the Council could reconsider the request in a future year.

Mayor Nelson stated that he would like the proposed levy increase reduced. He stated that his preference was to keep the increase as close as possible to approximately one percentage point above inflation. Councilmember Goodboe-Bisschoff agreed, noting the organics collection mandate coming in 2030.

Administrator Buchholtz asked the Council to identify the maximum levy increase it would be comfortable considering. He reminded the Council that the preliminary levy established in September was a ceiling and could be reduced before final adoption. Mayor Nelson stated that he could consider a maximum levy increase of approximately 5.5% for purposes of continued budget discussion.

Following further discussion, Administrator Buchholtz stated that he would prepare three scenarios for the next budget workshop. He stated that the first scenario would reduce the proposed levy increase to approximately 5.5%; the second would retain the Administrator's recommended budget and approximately 6.29% levy increase; and the third would incorporate the increase of the Parks and Recreation Office Support Specialist position to 40 hours per week.

B. Review of Discussion from the Floor Agenda Placement (Goodboe-Bisschoff)

3. REPORT

A. City Council and Staff Reports - None

4. ADJOURN

Mayor Nelson adjourned the meeting at 6:45 PM.

Robert Nelson, Mayor

Attest:

Daniel R. Buchholtz, Administrator, Clerk/Treasurer