

**WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
July 1, 2025**

5:00 p.m. Review of Updated Long-Term Financial Plan

Mayor Mullin called the meeting to order at 5:00 p.m. Council Members present in-person in the community room at City Hall offices: MacDonald, Parkhill, Plechash, and Sorensen. Also present: City Manager Jeff Dahl, Public Works Director/City Engineer Mike Kelly, Fire Chief Kevin Klapprich, Police Chief Jamie Baker, and Finance Manager Pete Zimmerman. Abdo Finance Consultant Steve McDonald was also present.

Mr. Dahl indicated that the objective of this agenda item was to review the Long-Term Financial Plan and provide feedback regarding the assumptions.

Mr. McDonald went through his presentation and noted that its annual review of the Long-Term Financial Plan helps the City Council and staff understand how next year's budget fits into a five-year outlook. It gives a high-level overview of potential property tax impacts, projected enterprise performance, capital project funds in order to plan for and meet growing needs while minimizing the impact on residents.

Long-term plans are useful tools to anticipate and plan for future tax levies and tax rates, cash balances across funds, and future debt. The Long-Term Financial Plan was last reviewed in August 2024 as part of the 2025 budget process. This 2025 update indicates that even with moderate budget increases, the City's financial future remains strong.

The Council asked questions and discussed the 5-year outlook, especially as it pertains to the Capital Improvements plan but had no major questions or concerns. They thanked staff and consultants for their work.

5:20 p.m. Review of Preliminary 2026 General Fund Budget and Fee Schedule

Mr. Dahl noted that the objective of this agenda item was for the Council's first review of the 2026 General Fund budget and provide feedback. He noted that per Council direction, there will be more touch points with the budget process this year as well as looking into each department more thoroughly.

Mr. Zimmerman noted that the preliminary draft funds several initiatives and projects that will help the organization achieve and sustain excellence in providing services to and for the community. He then went through a little more background and indicated the following budget goals, highlights, and next steps:

2026 Budget Goals

Based on previous discussions with the City Council, the following areas were identified as budget goals:

1. Invest in public safety department staffing levels
2. Ensure compensation is aligned with the market to retain and attract the best employees
3. Minimize impact on residents

2026 Budget Highlights and Cost Drivers

At this stage of the budget process, the projected levy increase is 13.6%. Major drivers of the increase (as noted on page 3 of the budget memo) include:

- Adding Public Safety employees
- Investing in employee compensation
- Additional Lakewalk expenses

While the levy increase is projected to be 13.6%, the actual property tax impact on the median value home (when values are held constant) would be a comparatively smaller increase of \$267 or 10.35%. The

tax impact is lower than the levy increase due to growth in the tax base which increases the taxable value that the levy gets distributed across.

To offset some of the inflation and budget increases, the overall fee schedule is proposed to increase by 3% with a few exceptions and additions as noted on page 21 of the budget memo.

Next Steps

Next steps in the 2026 budget process are:

- July 15, 2025 - Enterprise Budget Workshop
- August 19, 2025 - Council Workshop - 2026 Budget Status Update
- September 2, 2025 - Council adopts Preliminary Tax Levy, General Fund Budget, Enterprise Budgets and Fee Schedule
- September-October - Staff refines General Fund budget, Enterprise Fund budgets and CIP as needed
- November 5, 2025 - Council Workshop - 2026-2035 CIP review
- November 18, 2025 - Council Workshop - Final budget status
- December 2, 2025 - Council Meeting - Adoption of final tax levy and budgets
- December 16, 2025 - Council Meeting - 2026-2035 CIP adoption

The Council asked several questions and ultimately there was consensus to continue discussion on potential expenditure cuts or revenue increases to explore at the next workshop. The Council asked each individual department to come up with additional options in order to mitigate the levy increase.

6:20 p.m. Discussion of Future Council Topics

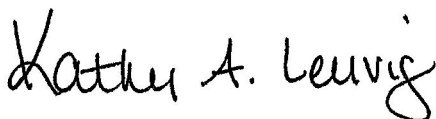
Mr. Dahl indicated that the goal To discuss and prioritize future workshop and general topics.

Below is a list of planned workshop topics. These are subject to change:

- **Jul 15** Preliminary Enterprise and Special Revenue Budgets
- **Jul 15** Preliminary General Fund Budget (if needed)
- **Aug 6** Public Safety Facility Needs Assessment/Tour
- **Aug 19** Preliminary General Fund Budget Status Update
- **Sept 9** Open - Topics To Be Determined
- **Sept 23** Open - Topics To Be Determined
- **Oct 7** Open - Topics To Be Determined
- **Oct 21** Open - Topics To Be Determined
- **Nov 5** Final CIP Review
- **Nov 18** Final Budget Status Update
- **Nov 18** Legislative Priorities
- **Dec 2** Board and Commission Interviews
- **Dec 16** Potential Charter Amendment for Purchasing/Contracts
- **Dec 16** Franchise Fees

There were no comments from the Council.

Respectfully submitted,



Kathy Leervig, City Clerk