Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
TUESDAY, NOVEMBER 18, 2025

WORKSHOP TOPICS FOR DISCUSSION:

1. City Manager Recruitment Update (5:00-5:15 pm)
2. Discussion of 2026 Legislative Priorities (5:15-5:45 pm)
3. Discussion of Greater Lake Minnetonka Area Legislative Coalition (5:45-6:00 pm)
4. Discussion of Status of the 2026 General Fund Budget and Property Tax Levy (6:00-6:30 pm)
5. Discussion of Future Council Topics (6:30-6:40 p.m.)

City Council Workshop
City Council Agenda Report

MEETING DATE: November 18, 2025	**WORKSHOP AGENDA ITEM:** 1
TITLE: City Manager Recruitment Update (5:00-5:15 pm)	
PREPARED BY: Aurora Yager, Interim City Manager	
REVIEWED BY:	

DISCUSSION OBJECTIVE:
To review and provide feedback on the City Manager recruitment timeline and overall process.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:
Achieve & Sustain Operational Excellence
Effectively addressing turnover is important to maintain the City's operational excellence.

BACKGROUND:
Mayor Mullin, Council Member Sorensen, and HR Generalist Erin Eden have met with the recruitment team at MGT regarding the process to fill the City Manager position. Representatives from MGT will be present at the meeting to review the position announcement, discuss the salary range, and the overall schedule for filling the position.

ATTACHMENTS:
None

City Council Workshop
City Council Agenda Report

MEETING DATE: November 18, 2025	**WORKSHOP AGENDA ITEM:** 2
TITLE: Discussion of 2026 Legislative Priorities (5:15-5:45 pm)	
PREPARED BY: Aurora Yager, Interim City Manager	
REVIEWED BY:	

DISCUSSION OBJECTIVE:
To provide feedback on the 2026 legislative priorities. The majority of the discussion will include a review of local sales tax options. The goal is for the Council to reach consensus on the type of sales tax there is support for: Food and Beverage Sales Tax, a Local Option Sales Tax, or both.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:
Diversify Revenue
Most of the legislative priorities are directly related to either diversifying revenue sources of the City or reducing anticipated future capital project costs.

BACKGROUND:
At the October 21, 2025, City Council Workshop, a first draft of the legislative priorities was presented. Based on that discussion, there was a suggestion to add a legislative priority related to defending local control and allow an exception for street state aid. Those new legislative priorities have been included in the draft below.

Also during that discussion, there was direction to bring back the sales tax priority since consensus had not been reached. In order to facilitate better discussion, the attached memo covers the background on local sales taxes, previous research done on their potential impact on Wayzata, and the process to move forward with one.

The City's lobbyists Ann Lenczewski and Alex Hassel with the firm Lockridge Grindal and Nauen will be present at the Workshop as well.

Next Steps
Based on feedback, the draft legislative priorities will be updated and brought forward for approval at a future Council meeting and a resolution related to the type of sales tax the Council supports will be brought forward for consideration in January.

ATTACHMENTS:
1. Draft 2026 Legislative Priorities
2. Sales Tax Memo - 2026 Legislative Priorities

2026 LEGISLATIVE PRIORITIES

EXECUTIVE SUMMARY

The City of Wayzata participates in the League of Minnesota Cities, Minnesota Association of Small Cities and Metro Cities and generally supports their legislative platforms. This legislative agenda is intended to advocate specifically for projects and policies that support the long-term success of Wayzata community's residents and businesses. The City continues to contract with Lockridge, Grindal, and Nauen to assist with advocacy.

WAYZATA-SPECIFIC PRIORITIES

1. **Bonding Request.** Bonding was pursued for Panoway in 2020, 2022- 2025. Multi-year efforts are typical for local governments. Below is a summary of the bonding requests over the years.

Legislative Session	Scope	Amount Requested	Amount Received
2020	Panoway	$10 million	$4 million
2022	Panoway Phase 3	$6 million	$0
2023	Panoway Phase 3	$8.28 million	$0
2024	Panoway Phase 3, Klapprich Park, Wayzata Beach, Shaver Park	$11.7 million	$0
2025	Panoway Phase 3, Klapprich Park, Wayzata Beach, Shaver Park, and Public Safety Facility Design	$15 million	$0

   For this year's request, staff recommends updating the dollar amount to request $7 million of the about $9.6 million needed for the regional Panoway projects and remove Klapprich, Wayzata Beach and Shaver Park from the request and keep the $2 million for design costs for remodeled or new public safety facilities. The total request would be $9 million.

   The City supports a bill for $9 million in State Bonds to be used to complete the Panoway on Wayzata Bay project and for design costs for new or remodeled public safety facilities.

2. **Sales Tax Exemption on Construction Materials.** The City supports a sales tax exemption for the purchase of construction materials for Panoway and its other capital projects proposed in the bonding request. The City sought a sales tax exemption on construction materials for public construction projects, but the tax bill was not passed in 2022. The City was successful in seeking a sales tax exemption on construction materials for all phases of Panoway, but the bill limited the dates of purchase to no later than January 1, 2025.

   The City supports a bill extending the date to ensure Panoway Phase 3 expenditures are also exempt from sales tax.

3. **Local Option Sales Tax/Special (Food and Beverage) Local Option Sales Tax.** The City lobbied for a Food and Beverage Sales Tax in the 2023 session but ultimately it was one of the few local requests that were not included in the Tax Bill. A two-year moratorium on local sales taxes expired at the end of the 2025 legislative session so new requests will be able to be heard in the 2026 session. The City will continue to support and advocate for a user-based local sales tax that is right-sized for Wayzata, such as a food and beverage tax and/or a Local Option Sales Tax. The City will continue to keep the business community informed and engaged on this topic.

   The City supports a bill allowing the City of Wayzata to consider establishing a local sales tax to offset operational and capital costs of public safety and parks.

4. **Local Control on Fines and Fees for Nuisances.** In support of advocacy work being conducted by other similar communities in the state, the City is in support of the state providing more local authority for fines, fees, and prosecution as it relates to quality-of-life related nuisances brought forth by an abundance of visitors to the community. Having more local control on fines, fees, and prosecution will help to mitigate the issues of speeding, e-bikes, noise, etc.

   The City supports the state government giving more local control over the issuance of fines, fees, and prosecution related to nuisance ordinances.

5. **(NEW) Expansion of Eligible TIF Expenditures for Panoway Phase 3.** Typically, expenditures for parks are not TIF eligible. However, in 2021 the City was successful in getting special legislation approved that allowed increment from TIF 6 to be used for design and construction costs related to the Lakewalk and community docks. Given our previous success in this area and the projected pooling capacity in TIF 6, exploring expanded eligibility for the components of the Section Foreman House, Eco Park, and Depot Park projects is recommended to give the City another potential funding mechanism for these projects. The most recent projections for pooling capacity in TIF 6 by decertification are between $4-5 million while the estimated cost of Panoway Phase 3 is about $9.6 million.

   The City supports a bill allowing the City of Wayzata to consider expenditures for the Section Foreman House, Eco Park, and Depot Park as TIF eligible in TIF District 6.

6. **(NEW) Standardize Rules and Increase Restrictions for Use of E-bikes and Motorized Scooters Statewide.** While Wayzata has passed a local ordinance requiring riders under the age of 18 to wear helmets, regulations like these should not vary from city to city. The State should standardize safety rules for e-bikes and motorized scooters, including a minimum age requirement for operation. Specifically, riders of e-bikes and motorized scooters should be at least 16 years old, with helmets required for all riders under 18. These rules should also include additional restrictions on where and how these vehicles can be ridden to ensure they are operated safely and responsibly in all communities.

   The City supports the state government standardizing rules around minimum ages, helmets, and restricting where and how e-bikes and motor scooters can be operated.

7. **(NEW) Protect Local Control.** Recent proposals at the state level have sought to preempt or limit local authority over zoning and development approvals, often through one-size-fits-all mandates. Eroding local control undermines public participation, weakens accountability, and can produce unintended consequences that do not align with local infrastructure, environmental, or neighborhood conditions.

   The City supports local authority and opposes legislation that preempts or restricts local authority in zoning, land use, and development decisions.

8. **(NEW) Establish Increased, Reliable, Dedicated Funding for Small Cities Roads.** Under current law, Minnesota cities with populations under 5,000 like Wayzata are not eligible to receive funding from the Highway User Tax Distribution Fund. Although the Legislature created the Small Cities Assistance Account, the funding for this program is substantially lower than funding Wayzata could receive if we were above the 5,000 threshold.

   The City supports legislation that increases funding to the Small Cities Assistance Account or allows an exception to allow Wayzata to be eligible for Municipal State Aid Streets.

DRAFT

Background on the City's Research into Local Sales Taxes

In 2021, the City commissioned a study with the University of Minnesota Extension (*Appendix A.)* to determine if there was a local sales tax in Wayzata what it could generate and from whom it would be generated based on either having a broad sales tax called a Local Option Sales Tax (LOST) or a Food and Beverage Sales Tax. Based on the analysis done at that time, the researchers estimated the following:

	.5% LOST			.5% Food/Bev		
	Taxable Sales	Tax Proceeds	Percent of tax	Taxable Sales	Tax Proceeds	Percent of tax
City residents	$37,061,000	$185,305	22.70%	$7,146,400	$35,732	10%
Non-residents	$125,939,000	$629,695	77.30%	$ 64,317,600	$321,588	90%
Total	**$163,000,000**	**$815,000**	**100%**	**$71,464,000**	**$357,320**	**100%**

As shown in the chart above the biggest differences between the two taxes are that a LOST can generate significantly more each year, but a food and beverage tax has a slightly higher rate of non-residents as funding source.

Other Cities in Metro with Special Local Sales Taxes

It is helpful context to consider what other cities in the metro area have local sales taxes. With the exception of Minneapolis, none have a food and beverage sales tax (though many exist throughout the state).

City	Type of Local Sales Tax
Bloomington	0.5% LOST
Chanhassen	0.5% LOST
Cottage Grove	3% Lodging
Edina	0.5% LOST
Excelsior	0.5% LOST
Golden Valley	1.25% LOST
Maple Grove	0.5% LOST
Minneapolis	0.5% LOST 3% Downtown Liquor 3% Downtown Restaurant 3% Entertainment 3% Lodging
Oakdale	0.5% LOST
Plymouth	3% Lodging
Richfield	0.5% LOST
Rogers	0.25% LOST
Roseville	0.5% LOST
St. Paul	1.5% LOST 3-7% Lodging (dependent on size)
West St. Paul	0.5% LOST
Woodbury	0.5% LOST 3% Lodging

Previous Legislative Asks and Moratorium
In 2023 the City drafted a bill to request an up to 1% Food and Beverage sales tax. That request was not authorized by the Legislature in part due to local opposition from restaurants organized by the lobbying group Hospitality Minnesota and that the City had not done proactive outreach and engagement on the topic.

At the end of the 2023 session a two-year moratorium was instituted to study potential changes to local sales taxes. The moratorium expired and at the end of the 2025 session and no changes to state statute were put in place, therefore the previous rules and process related to requesting a sales tax are in place for the 2026 session.

Sales Tax Process, Eligible Projects, and Potential Wayzata Requests
Under state law, a food and beverage sales tax and a local option sales tax have similar processes to request authorization but have important differences in what they can be used for (*see Appendix B. and C*). A summary of each type of tax along with potential uses of funding is outlined below.

Local Option Sales Tax
To request a local option sales tax, the City needs to complete the following steps:

1. Pass a resolution that includes the:
    a. proposed tax rate
    b. detailed description of up to 5 capital projects to be funded with the tax
    c. documentation of how the project will provide regional economic benefits
    d. amount of revenue to be raised for each project and the time needed to raise the funds
    e. total amount of revenue to be raised for all projects
    f. estimated length of time tax will be in effect if all proposed projects are approved.
2. Submit the resolution and supporting documentation to the tax chairs by January 31
3. Once (and if) legislative approval is given, revise and reaffirm the resolution.
4. Pass a referendum to impose the tax
5. If approved, pass an ordinance approving the tax
6. File certificate of approval and the ordinance with the Secretary of State and notify them to start collecting the tax.

Given the parameters for a LOST, Wayzata could consider the following projects.

Project	Cost	Tax Rate	Years to Fund
Panoway Phase 3	$7.2 million	0.5% 1%	9 years 4.5 years
Public Safety Facility	$11 million - $45 million+	0.5% 1%	14-55 years 7-28 years

Food and Beverage Sales Tax

1. Pass a resolution that includes:
    a. Proposed tax rate
    b. Intended use of the revenue
    c. Amount of revenue raised
    d. Anticipated expiration date
2. Submit the resolution and supporting documentation to the tax chairs by January 31st
3. Once (and if) legislative approval is given, revise and reaffirm the resolution.
4. Pass an ordinance approving the tax
5. File certificate of approval and the ordinance with the Secretary of State and notify them to start collecting the tax.

Given the parameters for a Food and Beverage Sales Tax and based on previous engagement, the City could consider the following project plan.

Tax %	Amount Raised Annually	Funding Plan
0.5%	$360,000	$220,000 Public Safety Operations and Facility Capital $115,000 Park Maintenance Operations $25,000 Potential Business Retention Incentives
1%	$720,000	$420,000 Public Safety Operations and Facility Capital $230,000 Park Maintenance Operations $50,000 Potential Business Retention Incentives

Note: since needs are ongoing, I'd recommend we include an anticipated expiration date of 25 years from enaction.

Note on Potential Process Changes

Over the last two years while the moratorium was in place, the Legislature discussed several changes to the sales tax process and how sales taxes can be used. While none of those proposed changes were enacted at the end of the 2025 session, it is possible that those could come up again during the 2026 session.

Should legislative changes impacting sales taxes come up, the City Council may want to revisit the sales tax strategy to be flexible and realign with the changing political landscape. Staff and the City's Lobbyists will keep the Council informed of these changes and opportunities if or when they come up.

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Local Option Sales Tax Analysis for Wayzata, MN

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

Authored by Ryan Pesch and Eric King

REPORT SPONSOR: CITY OF WAYZATA, MINNESOTA

Local Option Sales Tax Analysis for Wayzata

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

December 2021

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Sponsor:
City of Wayzata

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Table of Contents

SUMMARY OF FINDINGS 2

BACKGROUND AND METHODOLOGY 4

FORECAST OF TAX PROCEEDS 6

TRADE AREA ANALYSIS BY MERCHANDISE CATEGORY 8

- Vehicles and Parts 8
- Furniture Stores 9
- Electronics and Appliances 10
- Building Materials 11
- Food and Groceries 12
- Health and Personal Items 13
- Gas/Convenience Stores 14
- Apparel/Clothing 15
- Leisure Goods 16
- General Merchandise Stores 17
- Miscellaneous Retail 18
- Amusement and Recreation 19
- Accommodations 20
- Eating/Drinking Establishments 21
- Repair and Maintenance 22
- Personal Services/Laundry 23
- Retail (non-store) and Other Services 24
- Construction, Manufacturing, Utilities, Wholesale Operations, Transportation, and Sales Suppressed for Business Confidentiality 25

APPENDIX A: RESEARCH ON THE EFFECTS OF A LOCAL OPTION SALES TAX 26

APPENDIX B: DEFINITIONS OF TERMS 28

SUMMARY OF FINDINGS

University of Minnesota Extension conducted a study to estimate the proportion of sales tax proceeds attributed to both Wayzata residents and non-residents.

Using the most recent sales and use tax data available from the Minnesota Department of Revenue (MN Revenue), **Extension estimated that non-residents account for 77.3 percent of taxable sales subject to a local option sales tax (LOST).**

In 2019, total taxable sales in Wayzata were $171 million. However, MN Revenue analysts estimate that approximately $163 million would be subject to a LOST. With 22.7 percent of sales derived from resident spending, Extension estimated that Wayzata residents spent $37 million of the total $163 million in taxable sales subject to a LOST.

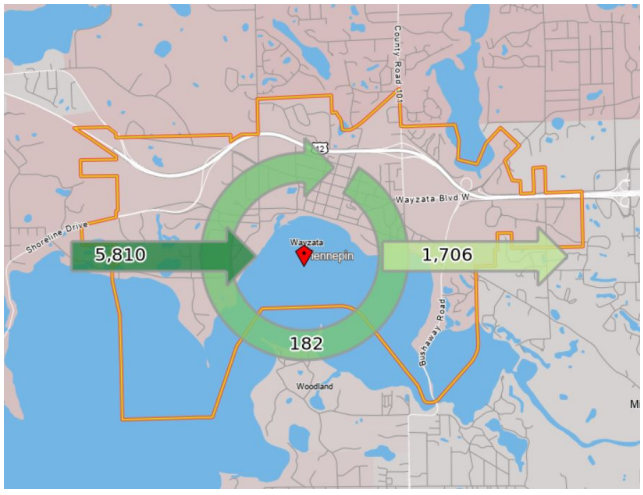
If the local option sales tax were in place in 2019, a 0.5 percent local option sales tax would have garnered $815,000 in tax proceeds. Wayzata residents would have contributed $185,000 in taxes, and non-residents would have contributed $630,000. Based on these estimates, each Wayzata resident would have paid, on average, an additional $39.66 in sales tax in 2019. In contrast, **a 0.5 percent leisure and hospitality tax would have garnered approximately $357,000 where non-residents would have contributed 90% of taxes.**

This report is based on a trade area analysis comparing actual taxable sales to potential sales. This is calculated by multiplying the Wayzata population by the Minnesota average per capita sales for each category, and then adjusting for the county's income factor. This initial analysis provided an estimate of retail and service purchases made by Wayzata residents. For each merchandise group, the estimates for two types of purchasers—city residents and others—were calculated and adjusted considering the area economy. These adjustments were based on informed estimates and were aimed, in part, at reducing potential overestimates of the sales tax share attributable to non-residents.

Several factors and features of Wayzata's economy helped frame the analysis for the different merchandise categories:

- The strength of niche retail and dining makes Wayzata a destination for residents of nearby communities and visitors from a wide area. As a metropolitan community adjacent to many other communities, residents can conveniently shop in those locations with more choice.
- Wayzata imports a significantly larger proportion of workers than residents which leave for work (Figure 1). This data, however, only represents wage earners and we assume a portion of Wayzata residents do leave for work who are not represented in this data such as independent contractors and self-employed entrepreneurs. We assume those who work in Wayzata would purchase some portion of goods and services in the community; likewise, those out-commuters purchase some goods outside the community which are available to their worksite.

Figure 1: Wayzata worker in-flow and out-flow



Source: 2019 U.S. Census Bureau On-The-Map

BACKGROUND AND METHODOLOGY

Community economics educators at University of Minnesota Extension provide applied research and education to help community and business partners make better informed decisions. In recent years, Minnesota has adopted laws enabling local governments to enact a local option sales tax. Extension has assisted these administrations in estimating their potential tax proceeds and the portion of taxes paid by local residents.

This report estimates the proportion of tax proceeds generated by Wayzata residents compared to non-residents. The most recently available state sales tax data (2019) from the Minnesota Department of Revenue (MN Revenue) was used.

Trade Area Analysis and Calculations

Extension conducted a trade area analysis of retail and service sales in select merchandise categories, estimating the amount of taxable sales subject to sales taxes made by both local residents and non-residents.

Extension calculated potential sales for the city in each merchandise category and compared this calculation to actual taxable sales from the Minnesota Department of Revenue sales tax statistics for the same category. Actual sales greater than potential sales typically indicate the community attracts sales from outside its boundaries. Extension used the difference between potential and actual sales to set reasonable estimates of spending by residents and non-residents across all categories.

After an initial estimate of resident and non-resident spending, Extension shared results with a focus group of city staff and adjusted when appropriate based on their knowledge of businesses in operation and their relative strength of customer draw.

Potential sales calculations are based on average statewide spending by merchandise category and the population of the city, then adjusted by the level of income in its county. Specifically, potential sales result from county population, state per capita taxable sales, and the index of income (see sidebar and Appendix B).

Potential sales estimate the dollar amounts for purchases made by local residents *if* local residents spend as much as the average Minnesota resident.

Potential sales are calculated by the following formula:
(T ÷ PMn) x MG x (YHC ÷YMn) = potential sales

T = Total Minnesota taxable sales for a merchandise category

PMn = 2019 population of Minnesota (5,639,632)

MG = 2019 population of Wayzata (4,672)

YHC = Per capita income of Hennepin County resident ($76,552)

YMn = Per capita income of Minnesota resident ($44,096)

The following section details the initial and adjusted trade area calculations for all merchandise categories. The sections labeled “Analysis with Adjustments” lists the final estimate of sales generated by non-residents and the capture rate for Wayzata residents, that is, the percent of resident spending by Wayzata businesses in each category. A rationale for adjustments and conclusions is also included.

ESTIMATES OF TAX PROCEEDS

MN Revenue analysts estimated that approximately $163 million or 95% of 2019 taxable sales would be subject to a LOST. At 0.5% of taxable sales subject to the local sales tax, MN Revenue analysts estimated that the City of Wayzata would have garnered $815,000 in 2019. This estimate does not include online taxable sales, which would also be subject to the local option sales tax. Extension estimated that city residents represent 22.7 percent of all taxable retail and service sales subject to the tax ($37 million), and the remaining 77.3 percent ($126 million) are attributed to non-residents. Based on these proportions, the city residents and non-residents would have contributed $185,305 and $629,695 to the LOST respectively (see Figure 2).

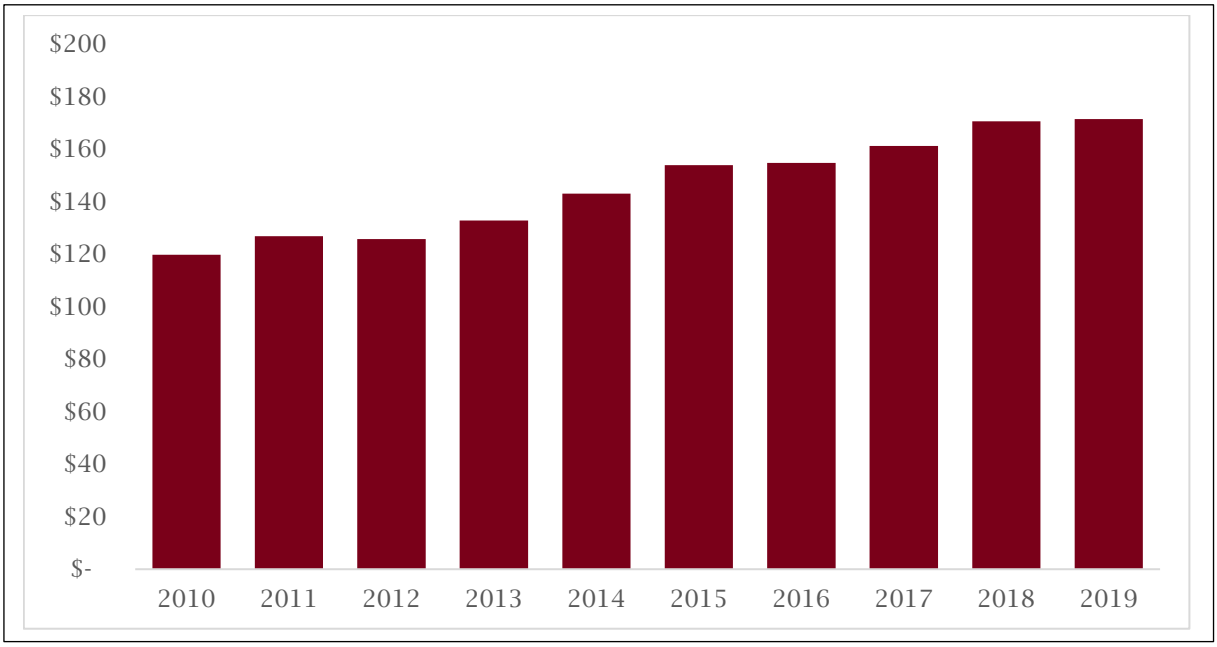
Wayzata city staff requested an estimate of tax proceeds from a hospitality tax as an alternative to the local option sales tax. A simple combination of taxable sales in the eating and drinking and amusement categories provides a conservative estimate of hospitality sales; accommodations sales would be subject to the tax, but were excluded since they were not available due to too few establishments in the community. After combining the taxable sales from the two categories, Extension multiplied the sum by 95%, keeping the same proportion of taxable sales as MN Revenue did with city-wide LOST estimates. In this way, $71.5 million in taxable sales from 40 establishments would have been subject to the tax in 2019. This would have garnered the city $357,320 in tax proceeds at a 0.5% rate and does not include any proceeds which would have come from accommodations (see Figure 2). Extension estimated that 90 percent of taxable sales had come from non-residents for the amusement and eating and drinking categories in aggregate.

Figure 2: Estimated tax proceeds for LOST and hospitality taxes by residents vs. non-residents

	LOST proceeds	Percent of sales tax	Hospitality tax proceeds	Percent of hospitality tax
City residents	$185,305	22.7%	$35,732	10%
Non-residents	$629,695	77.3%	$321,588	90%
Total	$815,000	100%	$357,320	100%

The total taxable sales in the city increased significantly over ten years (Figure 3). Total taxable sales were $120 million in 2010 and $172 million in 2019, increasing approximately by $52 million, or 43 percent, during this time period. This fact provides some sense of the stability of a LOST going forward. Extension also projected tax proceeds for 2020-2022 (see Figure 4).

Figure 3: Total taxable sales in Wayzata from 2009-2019 (in Millions)



Source: Minnesota Department of Revenue

Use taxes also affect the tax proceeds from a local option sales tax. Use taxes derive from city businesses purchasing products from out-of-state sources and in other Minnesota locations. Use taxes are often less consistent and more difficult to estimate accurately than sales taxes. In 2019, the city received $228,780 in use (not sales) tax proceeds. The city would have garnered an additional $16,639 in use taxes in 2019 if the location option sales tax were in place at a 0.5 percent rate.

Policymakers must also consider the impacts that a LOST may have on consumer purchasing behavior, particularly whether it will result in a loss of consumer purchases to other jurisdictions. Extension examined records of 11 cities that enacted a local option sales tax between 1999 and 2006. Records do not indicate a major purchasing change due to the additional sales tax, and most of the jurisdictions have shown continued sales growth (see Appendix A). These communities, however, may not be comparable to Wayzata. All communities included in this analysis are located outside the Twin Cities metro area and may retain more shoppers than communities in the metro area where one can easily switch spending from one jurisdiction to another.

FORECAST OF TAX PROCEEDS

Extension forecasted sales tax proceeds for 2020, 2021, and 2022 using a simple exponential smoothing forecast model that employs a moving weighted average and a 95% confidence interval to provide an upper and lower bound to the estimate (Figures 4 and 5). This model estimates total tax proceeds in 2022 to be between an upper limit of $949 thousand and a lower limit of $888 thousand.

Considering the historic disruption of the pandemic and its uneven effect on business categories, this forecast is an unlikely scenario based only on past trends. National evidence shows that home-focused businesses like food, building materials, general merchandise, and furniture did well through the pandemic, whereas dining, accommodations, and personal services saw record sales decreases. The sharp rebound in sales in 2021 further complicates any forecast.

Figure 4: Forecast of tax proceeds of local option sales tax at 0.5%

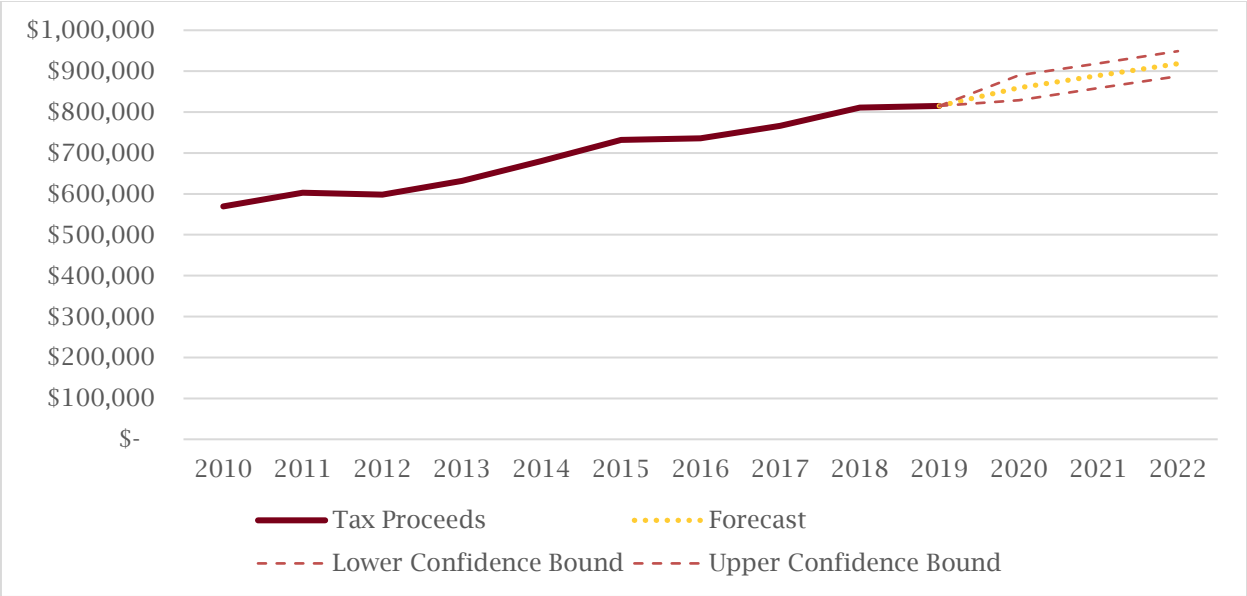


Figure 5: Forecast of local option sales tax proceeds with upper and lower bound at 95% confidence interval

	Forecast	Lower Bound	Upper Bound
2019	$815,000	$815,000	$815,000
2020	$859,289	$828,955	$889,624
2021	$888,778	$858,290	$919,267
2022	$918,268	$887,622	$948,913

TRADE AREA ANALYSIS BY MERCHANDISE CATEGORY

The following pages provide detailed analysis by merchandise category.

Vehicles and Parts

N/A percent of total taxable retail and service sales

The **N/A businesses** in this retail category include repair parts, snowmobiles, boats, trailers, and recreational vehicles. *Sales of cars and other on-road vehicles are not included in this category since they are subject to a different tax.*

	($Millions)
Actual taxable sales	NA
-Potential sales	$3.46
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential taxable sales to residents	
Surplus	
Total	
Surplus percentage	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-Residents' $ share	
Total	
Non-resident share per group	

Rationale for Vehicles and Parts

Due to the small number of businesses in this category, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Furniture Stores

3.8 percent of total taxable retail and service sales

These **25 stores** sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, and wood-burning stoves.

	($Millions)
Actual taxable sales	NA
Potential sales	$1.60
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-Residents' $ share	
Total	
Non-resident share per group	

Rationale for Furniture Stores

Our focus group from the City of Wayzata identified some home design stores in the community which would more than likely report sales in this category. However, due to the small number of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Electronics and Appliances

N/A percent of total taxable retail and service sales

These **N/A establishments** primarily include household-type appliances, sewing machines, cameras, computers, and other electronic goods.

	($Millions)
Actual taxable sales	NA
-Potential sales	$1.76
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-residents' $ share	
Total	
Non-resident share per group	

Rationale for Electronics and Appliances

Our focus group from the City of Wayzata could not identify any electronics stores in the community which would more than likely report sales in this category. Therefore, due to the small number or non-existence of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Building Materials

N/A percent of total taxable retail and service sales

These **N/A establishments** sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden items.

	($Millions)
Actual taxable sales	
Potential sales	
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-residents' $ share	
Total	
Non-resident share per group	

Rationale for Building Materials

Our focus group from the City of Wayzata could not identify any building material stores such as a hardware store or lumber yard in the community which would report sales in this category. Therefore, due to the small number or non-existence of businesses, no data are unavailable from the Department of Revenue. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Food and Groceries

9.2 percent of total taxable retail and service sales

The **5 stores** in this merchandise group include grocery stores, delis, bakeries, and butcher shops that sell food to be prepared at home. Liquor stores are also included in this group.

	($Millions)
Actual taxable sales	$13.37
- Potential sales	$4.42
= $ variance	$8.94
= as % of potential	202.2%

Unadjusted Trade Area Analysis

Potential sales to residents	$4.42
Surplus	$8.94
Total	$13.37
Non-resident share per group	66.9%

Analysis with Adjustments

Capture rate of Wayzata residents	76%
Residents' $ share	$3.34
Non-residents' $ share	$10.02
Total	$13.37
Non-resident share per group	75.0%

Rationale for Food and Groceries

Extension's trade area analysis estimated an $8.9 million surplus in the food and liquor category, even though only five establishments had reported taxable sales. Clearly these establishments are bringing in non-residents with a surplus double the potential sales. Considering that some portion of Wayzata residents would venture outside the community for food and liquor in this competitive market, Extension kept the capture rate higher than other subcategories. Oftentimes there is a loyalty effect in grocery and food shopping and focus group members thought that local resident were quite loyal to their local Lunds and Byerlys. Extension set the non-resident share at 75%, which put the Wayzata resident capture rate a conservative 76%.

Health and Personal Items

2.1 percent of total taxable retail and service sales

Stores selling prescription drugs, food supplements, vision supplies, cosmetics, and hearing aids are among the **6 shops** included in this merchandise group.

	($Millions)
Actual taxable sales	$3.10
Potential sales	$0.76
= $ variance	$2.34
= as % of potential	308.9%

Unadjusted Trade Area Analysis

Potential sales to residents	$0.76
Surplus	$2.34
Total	$3.10
Non-resident share per group	75.5%

Analysis with Adjustments

Capture rate of Wayzata residents	65%
Residents' $ share	$0.50
Non-residents' $ share	$2.60
Total	$3.10
Non-resident share per group	84.0%

Rationale for Health and Personal Items

This is a minor category in Wayzata, accounting for only 2.1 percent of total taxable sales. Even so, total sales were significantly above what would be expected. Setting the Wayzata capture rate at 65% to account for resident spending in a competitive metro marketplace, Extension set the non-resident share at 84%.

Gas/Convenience Stores

N/A percent of total taxable retail and service sales

This merchandise group covers **N/A retailers** selling convenience items at a store that also sells fuel.

	($Millions)
Actual taxable sales	NA
-Potential sales	$1.54
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-residents' $ share	
Total	
Non-resident share per group	

Rationale for Gas/Convenience Stores

Our focus group from the City of Wayzata identified some home design stores in the community which would more than likely report sales in this category. However, due to the small number of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Apparel/Clothing

2.0 percent of total taxable retail and service sales

This merchandise group includes **19 stores** selling new clothing and accessories, jewelry, shoes, bridal items, clocks, and luggage.

	($Millions)
Actual taxable sales	$2.89
Potential sales	$0.88
= $ variance	$2.01
= as % of potential	227.9%

Unadjusted Trade Area Analysis

Potential sales to residents	$0.88
Surplus	$2.01
Total	$2.89
Non-resident share per group	69.5%

Analysis with Adjustments

Capture rate of Wayzata residents	62%
Residents' $ share	$0.55
Non-residents' $ share	$2.34
Total	$2.89
Non-resident share per group	81.0%

Rationale for Apparel/Clothing

Clothing and apparel is a smaller category (2.0 percent of taxable sales) but was also a category with a substantial surplus as a percentage of potential sales and sizeable number of stores (19 establishments). This category includes accessory stores such as jewels as well as shoe stores.

While potential sales were $0.88 million, actual taxable sales were $2.89 million. Extension assumed that in a category that is competitive as apparel and clothing, a reasonable number of residents would spend their dollars outside of the city, setting the capture rate at modest 62% and the non-resident share at 81%.

Leisure Goods

N/A percent of total taxable retail and service sales

The **N/A firms** in this merchandise group sell sporting goods, books, music, hobby items, fabrics, and toys.

	($Millions)
Actual taxable sales	NA
Potential sales	$1.10
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-Residents' $ share	
Total	
Non-resident share per group	

Rationale for Leisure Goods

Our focus group from the City of Wayzata did think that one or two sporting goods-oriented stores in the community would more than likely report sales in this category. However, due to the small number of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

General Merchandise Stores

N/A percent of total taxable retail and service sales

The **N/A stores** in this category sell general merchandise and are unique because they have the equipment and staff needed to sell a large variety of goods from a single location. This includes department stores, superstores, dollar stores, and variety stores.

	($Millions)
Actual taxable sales	NA
potential sales	$6.01
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-Residents' $ share	
Total	
Non-resident share per group	

Rationale for General Merchandise Stores

Our focus group from the City of Wayzata could not identify any general merchandise stores in the community which would more than likely report sales in this category. Therefore, due to the small number or non-existence of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Miscellaneous Retail

24.2 percent of total taxable retail and service sales

32 establishments are part of this group, including florists, used merchandise stores, pet supply stores, and other retailers.

	($Millions)
Actual taxable sales	$35.23
Potential sales	$25.63
= $ variance	$9.60
= as % of potential	37.4%

Unadjusted Trade Area Analysis

Potential sales to residents	$25.63
Surplus	$9.60
Total	$35.23
Non-resident share per group	27.2%

Analysis with Adjustments

Capture rate of Wayzata residents	23%
Residents' $ share	$5.99
Non-residents' $ share	$29.24
Total	$35.23
Non-resident share per group	83.0%

Rationale for Miscellaneous Retail

Due to the large number of categories without published data, the miscellaneous retail taxable sales are a sizeable portion of total retail and service sales at 24.2%.

To calculate the non-resident spending, Extension first combined potential sales from all eight categories without data (vehicles, furniture, electronics, building materials, gas/convenience, leisure goods, general merchandise, and accommodations) and combined this amount with miscellaneous retail potential sales estimate. This aggregate potential sales came to $25.6 million and the actual taxable sales amount was $35.2 million, so there was a clear surplus and evidence of non-resident spending.

Considering that Wayzata has no stores or few stores in many of these categories, Extension was able to attribute all or only a small portion of sales to Wayzata residents. Most importantly, Wayzata has no store in the two largest categories, general merchandise and building materials. All $12 million of these potential sales leave the community as Wayzata residents cannot spend in a category not present in their community.

Working through the assumptions subcategory by subcategory in this fashion, Extension estimated Wayzata resident spending at less the $6 million, so non-resident spending need be at 83%, with a large portion at leisure goods and niche retail stores as informed by the city focus group.

Amusement and Recreation

10.6 percent of total taxable retail and service sales

The **8 establishment**s in this group include casinos, bowling lanes, water parks, amusement parks, arcades, bingo halls, golf courses, ski slopes, marinas, dance or fitness centers, recreational clubs, ice rinks, swimming pools, roller rinks, etc.

	($Millions)
Actual taxable sales	$15.43
Potential sales	$1.90
= $ variance	$13.53
= as % of potential	711.7%

Unadjusted Trade Area Analysis

Potential sales to residents	$1.90
Surplus	$13.53
Total	$15.43
Non-resident share per group	87.7%

Analysis with Adjustments

Capture rate of Wayzata residents	65%
Residents' $ share	$1.23
Non-residents' $ share	$14.19
Total	$15.43
Non-resident share per group	92.0%

Rationale for Amusement and Recreation

Sales in this category typically amount to a small portion of taxable sales in a community, yet in Wayzata amusement and recreation accounted for over 10% of all taxable sales. Focus group members thought that boating at the marina and golfing drove the large surplus. Extension increased the non-resident portion to 92% based on the assumption that some reasonable share of Wayzata resident spending would leak to other communities simply due to proximity.

Accommodations

N/A percent of total taxable retail and service sales

These **N/A businesses** provide lodging or short-term accommodations for travelers, vacationers, and others. Included are hotels, motels, lodges, bed & breakfasts, campgrounds, fraternities, boarding houses, and dormitories.

	($Millions)
Actual taxable sales	NA
Potential sales	$2.52
= $ variance	
= as % of potential	

Unadjusted Trade Area Analysis

Potential sales to residents	
Surplus	
Total	
Non-resident share per group	

Analysis with Adjustments

Capture rate of Wayzata residents	
Residents' $ share	
Non-residents' $ share	
Total	
Non-resident share per group	

Rationale for Accommodations

Our focus group from the City of Wayzata identified only one hotel in the community which would report sales in this category. Therefore, due to the small number of businesses, no data are unavailable from the Department of Revenue to ensure data privacy. Sales by businesses in this category were reported in Miscellaneous Retail (see Page 18).

Eating/Drinking Establishments

41.0 percent of total taxable retail and service sales

These **32 businesses** sell food at full-service or limited-service establishments. The group includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

	($Millions)
Actual taxable sales	$59.77
Potential sales	$10.35
= $ variance	$49.42
= as % of potential	477.5%

Unadjusted Trade Area Analysis

Potential sales to residents	$10.35
Surplus	$49.42
Total	$59.77
Non-resident share per group	82.7%

Analysis with Adjustments

Capture rate of Wayzata residents	64%
Residents' $ share	$6.57
Non-residents' $ share	$53.19
Total	$59.77
Non-resident share per group	89.0%

Rationale for Eating/Drinking Establishments

The eating and drinking category—which includes all bars, restaurants, and other food service—is a very significant category with $59.8 million in taxable sales, the highest of any category in Wayzata. This accounts for 41% of all retail and service sales in the community.

Based on the potential sales estimates, Wayzata appears to bring in 82.7% more than expected, one of the highest surpluses of any category across more than a dozen communities Extension has analyzed. Extension significantly adjusted the non-resident share up to 89% percent to account for a reasonable portion of Wayzata resident spending outside of the community.

The large cluster of 32 businesses suggests a wide variety of options to keep residents eating and drinking in the community. However, considering the close proximity of other types of food service within a reasonable drive, Extension set the local capture rate at a reasonable 64% to conservatively keep a majority of food service spending in Wayzata.

Repair and Maintenance

1.6 percent of total taxable retail and service sales

The **4 businesses** in this group restore machinery, equipment, and other products. The group does not include plumbing or electrical repair services but does encompass auto repair, cameras, televisions, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furniture, shoes, guns, etc.

	($Millions)
Actual taxable sales	$2.38
Potential sales	$1.66
= $ variance	$0.72
= as % of potential	43.3%

Unadjusted Trade Area Analysis

Potential sales to residents	$1.66
Surplus	$0.72
Total	$2.38
Non-resident share per group	30.2%

Analysis with Adjustments

Capture rate of Wayzata residents	62%
Residents' $ share	$1.02
Non-residents' $ share	$1.36
Total	$2.38
Non-resident share per group	57.0%

Rationale for Repair and Maintenance

At 1.6 percent of total taxable sales, repair and maintenance is a relatively small category in Wayzata. The surplus that exists in this category suggests many non-residents elect to purchase goods and services in this category. Traditionally auto repair services are the lion's share of taxable sales in this category. Considering that the Wayzata city focus group could identify only two businesses in the auto repair industry, Extension significantly increased the non-resident share to 57% percent of total taxable sales to account Wayzata residents accessing these services elsewhere. Even with these adjustments, the capture rate came to 62% of resident spending.

Personal Services/Laundry

1.3 percent of total taxable retail and service sales

The **25 stores** in this merchandise group include barber shops and beauty parlors, death care services, laundry and dry-cleaning services, and a wide range of other personal services, such as pet care (except veterinary), photofinishing, temporary parking, and dating services.

	($Millions)
Actual taxable sales	$4.92
Potential Sales	$1.01
=$ variance	$3.91
= as % of potential	386.6%

Unadjusted Trade Area Analysis

Potential sales to residents	$1.01
Surplus	$3.91
Total	$4.92
Non-resident share per group	79.4%

Analysis with Adjustments

Capture rate of Wayzata residents	68%
Residents' $ share	$0.69
Non-residents' $ share	$4.23
Total	$4.92
Non-resident share per group	86.0%

Rationale for Personal Services/Laundry

This category includes businesses that typically serve a local market, such as barbers, hair salons, and dry-cleaning operations. With such a large surplus (nearly $4 million in taxable sales), Extension set the non-resident share at 86 percent to account for nearby non-residents who use local services in this small category. This equated to a 68% capture rate for Wayzata residents and was in keeping with the sense of the city focus group which agreed that some of the 25 establishments in this category were a draw to non-residents and visitors.

Retail (Non-Store) and Other Services

This section includes taxable sales attributed to North American Industrial Classification System categories 511-813 released by MN Revenue.

	($Millions)
Actual taxable sales	$8.68
% of total taxable retail and service sales In Wayzata	6.0%

Analysis with Adjustments

	($Millions)
Residents' $ share	$3.64
Non-residents' $ share	$5.03
Total	$8.68
Non-resident share per group	58%

Rationale for Non-store Retail and Other Services

This group includes non-store retailers (such as direct selling operations), healthcare, waste management, rental/lease services, administrative support, and the performing arts. Some of these categories serve primarily a local market, whereas categories like 541 (professional and technical services) often serve a non-local market. This mix of business types is too diverse to run a trade area analysis for, but Extension estimated an aggregate 58 percent of these sales are to non-resident customers. The categories of sales are shown below:

Category	Taxable Sales	% non-local	$ non-local
454 RETL -NONSTORE RETAILERS	$606,520	60%	$363,912
511 INFO -PUBLISHING INDUSTRY	$12,990	90%	$11,691
519 INFO -OTHER SERVICES	$220,683	80%	$176,546
523 SECURITIES, COMMODITIES	$7,689	50%	$3,845
524 INSURANCE CARRIERS	$87,789	80%	$70,231
531 REAL ESTATE	$190,475	40%	$76,190
541 PROF,SCIENTIFIC,TECH SERV	$2,326,737	80%	$1,861,390
561 ADMIN, SUPPORT SERVICES	$4,510,066	40%	$1,804,026
611 EDUCATIONAL SERVICES	$277,039	40%	$110,816
621 HEALTH -AMBULATORY CARE	$360,428	50%	$180,214
711 PERF ART, SPECTATOR SPRTS	$76,777	50%	$38,389
Total	$8,070,673	58%	$4,697,249

Construction, Manufacturing, Utilities, Wholesale Operations, Transportation, and Sales Suppressed for Business Confidentiality

A diverse mix of businesses fall into these non-retail categories, and a portion of sales are within a suppressed or non-disclosed subcategory. These industries and services generate $25.8 million in taxable sales, or 17.7 percent of total taxable sales in Wayzata. A significant portion of this amount would be subject to any new sales taxes, including a local option sales tax.

The diversity of firm types included in this category makes it difficult to understand the customer mix of these businesses. But because this category includes utilities that primarily serve a local market and are subject to a local option sales tax, Extension estimated that, overall, only 40 percent of sales are to non-residents.

Category	Taxable Sales	% non-local	$ non-local
WHOLESALE -NONDURABLE	$43,562	50%	$21,781
UNDESIGNATED/SUPPRESSED	$25,714,602	40%	$10,285,841
Total	$25,758,164	40%	$10,307,622

Analysis with Adjustments

	($Millions)
Residents' $ share	$15.45
Non-residents $ share	$10.3
Total	$25.76
Non-resident share	40%

APPENDIX A: RESEARCH ON THE EFFECTS OF A LOCAL OPTION SALES TAX

Policymakers are often concerned that enacting a local sales tax will result in a loss of consumer purchases to neighboring communities that have not adopted the tax.

The Minnesota Department of Revenue records the tax collected from a set of Minnesota jurisdictions that have had a local sales or use tax in effect for at least eight years. Most of these cities show continued sales growth. A comparison that includes 11 Minnesota cities adopting a 0.5 percent local option sales tax is offered below (refer to Figures A, B, C, and D). None of the example communities are in the Twin Cities metro, however, which limits the comparison value.

Policymakers must determine the best allowable method to raise revenue from a variety of options. One option is raising property taxes, which is not directly related to a household's current income and raises the financial burden of low-income or retired homeowners. Sales taxes raise revenues based on household expenditures, which excludes the basic necessities of food and clothing. However, since a sales tax raises revenues from non-residents who shop in Wayzata, resident contributions to tax revenues are significantly lower than a tax generated exclusively by local residents, such as a property tax. Policymakers must carefully consider these and other factors before making a decision about enacting a local sales tax.

Figure A: Taxable retail and service sales by communities that began collecting a local option sales tax between 1999-2006

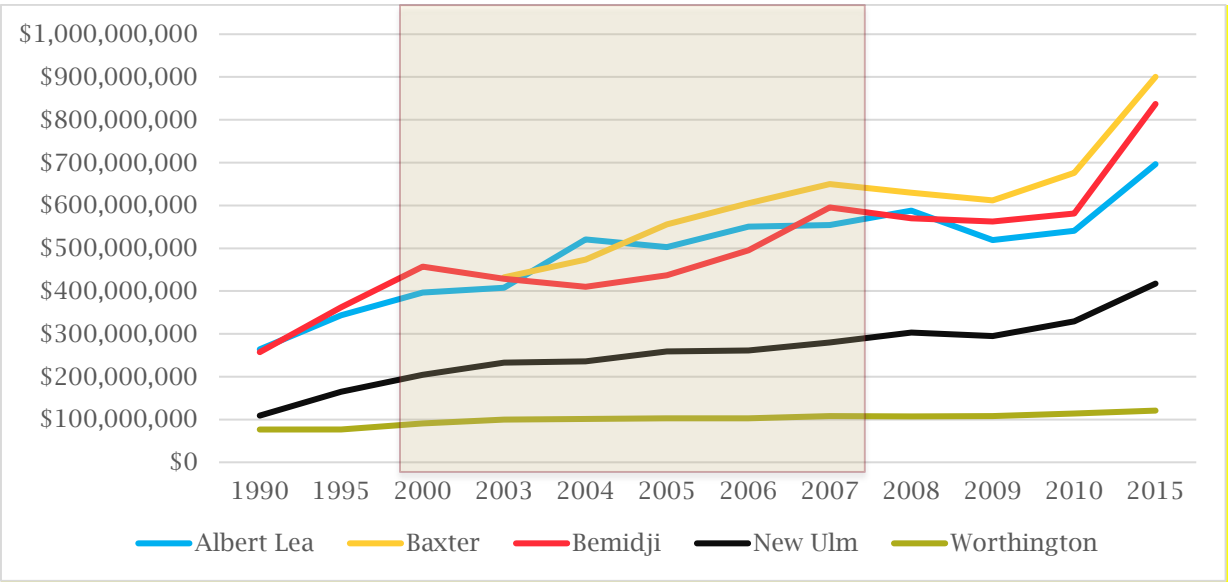


Figure B: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Population	Year LOST	90	95	00	03	04	05	06	07	08	09	10	15
Albert Lea	18,356	2006	$264	$344	$397	$407	$521	$502	$551	$555	$588	$519	$541	$696
Baxter	8,065	2006				$432	$473	$556	$605	$650	$630	$612	$676	$900
Bemidji	11,917	2005	$257	$362	$457	$428	$410	$437	$495	$596	$570	$563	$581	$837
New Ulm	13,594	1999	$109	$165	$204	$233	$236	$259	$261	$280	$303	$295	$329	$417
Worthington	11,283	2005	$77	$77	$91	$99	$102	$103	$103	$108	$107	$108	$114	$121

Figure C: Taxable retail and service sales by communities that began collecting a local option sales tax between 2011- 2012

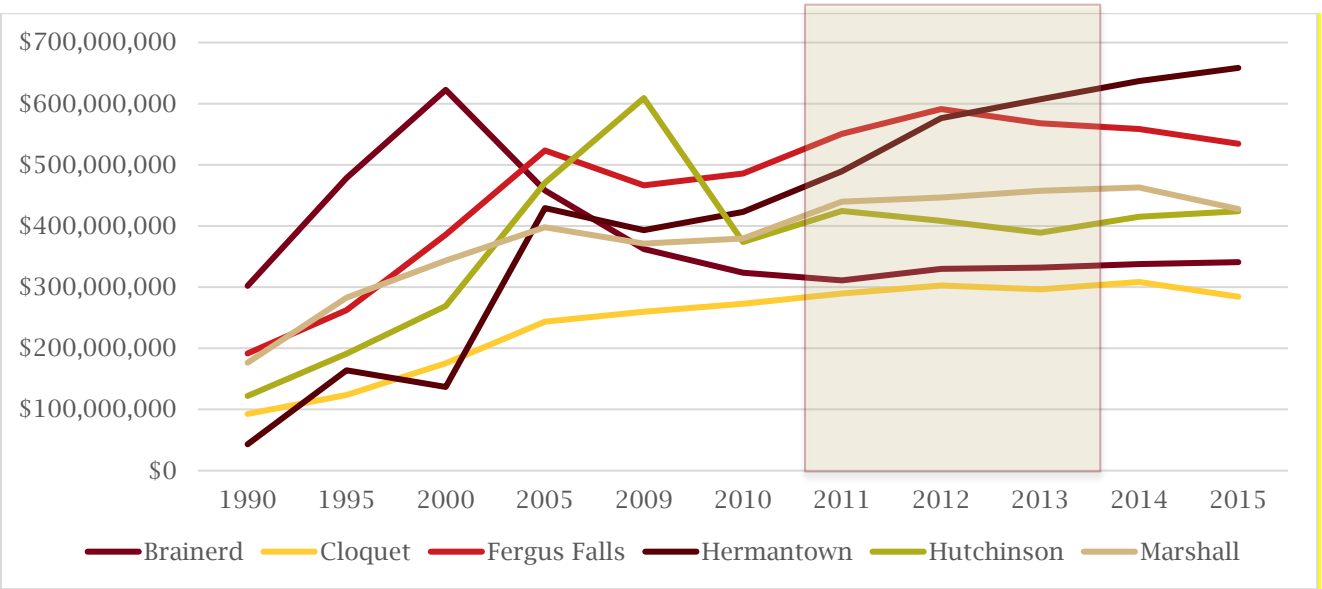


Figure D: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Pop	Year LOST	90	95	00	05	09	10	11	12	13	14	15
Brainerd	13,178	2011	$302	$479	$623	$458	$362	$324	$311	$330	$332	$338	$341
Cloquet	11,201	2011	$93	$124	$175	$244	$260	$273	$290	$303	$296	$308	$284
Fergus Falls	13,471	2011	$192	$263	$386	$523	$467	$486	$551	$591	$568	$558	$534
Hermantown	7,448	1996 - increase 2012	$43	$164	$137	$430	$393	$423	$489	$576	$607	$637	$659
Hutchinson	13,080	2011	$122	$191	$269	$471	$609	$374	$425	$409	$389	$415	$424
Marshall	12,735	2011	$176	$283	$343	$398	$371	$380	$440	$447	$457	$463	$428

APPENDIX B: DEFINITIONS OF TERMS

Gross sales
Gross sales include taxable sales and exempt businesses with sales and use tax permits. This is the most inclusive indicator of business activity for reporting jurisdictions, but it can be misleading when used in comparisons. At times, non-taxable commodity items (e.g., gasoline) can have large price variations, creating huge swings in gross sales.

Taxable sales
Taxable sales are sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes, and items sold to exempt organizations. For the purpose of this study, taxable sales were the focus of the analysis. For more information on what is taxed in Minnesota, see the "Minnesota Sales and Use Tax Instruction Booklet" available at https://www.revenue.state.mn.us/minnesota-tax-handbooks

Taxable retail and service sales
In this study and other retail trade analyses conducted by University of Minnesota Extension, the term “taxable retail and service sales” refers to the North American Industry Classification System (NAICS) numbers of 441 to 454 (retail) and 511 to 812 (most service industries) released by the Minnesota Department of Revenue for a geographic area.

Number of businesses
The number of sales and use tax permit holders who filed one or more tax returns for the year.

Index of income
This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, a 1.20 index of income indicates that per capita income in the area is 20 percent above the state average.

Potential sales
Potential sales are an estimate of the amount of money spent on retail goods and services by residents. It is the product of local population, state per capita sales, and the index of income (based on the county personal per capita income).

Actual sales
For this study, the Minnesota Department of Revenue’s 2019 sales data for Wayzata provides the actual sales numbers used.

Variance between actual and potential sales

The variance between actual and expected sales is the difference in sales from the "norm" (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, the county has a "surplus" of retail sales. When actual sales fall short of expected sales, the county has a retail sales "leakage." Discrepancies between expected and actual sales occur for a variety of reasons. For this study, we use potential sales per merchandise group to create a first-cut estimate of residents' purchase activities.

Cautions

Gross sales

Gross sales are a comprehensive measure of business activity, but it should be noted the numbers in this report are self-reported. Furthermore, gross sales are not audited by the state of Minnesota. It is believed that gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

Misclassification

Holders of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. All sales reported by a business is attributed to that selected NAICS category. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type but evolve over time to a considerably different type. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store will underreport sales in the furniture store category and over report sales in the general merchandise category.

Suppressed data

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. Sales for suppressed retail categories are placed into the miscellaneous retail category (NAICS 999) and included in total sales but not total sales of a typical retail trade analysis. For this report, however, all taxable sales—including NAICS 999—are part of calculating the amount of special taxes collected.

Consolidated reporting

Vendors with more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows sales made, tax due, and location by county, and county for each business. Data for consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally, consolidated reports may not be properly deconstructed, and all sales for a company may be reported for one town or county. Whenever misreporting is discovered, the Minnesota Department of Revenue is contacted to clarify the situation.

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Starting a Local Sales Tax

Generally, local governments must obtain approval from the Minnesota Legislature before starting any local sales and use taxes.

Local taxes administered by the Minnesota Department of Revenue follow the same tax base as provided in Minnesota Statutes. They're also subject to the same penalties, interest, and enforcement as the general rate sales tax.

> **Note:** If your local government borders or contains an American Indian reservation, consult with the Tribal government before starting the local tax process.

General Guidelines and Steps

These are general guidelines and steps to help you start a local tax. There are three tax types, and each one has specific authorization and implementation information.

After your tax is approved, there are requirements you must follow.

General Local Tax

Open All [+] Close All [-]

Authorizing a General Local Tax

Revenue administers all general local sales and use taxes.

To impose a general local sales and use tax, you must receive authorization through the Minnesota Legislature. To receive this authorization, you must complete the following steps:

1. Pass a resolution that includes:
    - Proposed tax rate
    - Detailed description of up to five capital projects to be funded with the tax. A capital project includes:
        - A single building or structure, including associated infrastructure needed to safely access or use the building or structure
        - Improvements within a single park or named recreation area
        - A contiguous trail
    - Documentation of how each project will provide an economic benefit to residents, businesses, and visitors from outside the jurisdiction
    - Amount of revenue to be raised for each project and the estimated time needed to raise funds
    - Total amount of revenue to be raised for all projects
    - Estimated length of time the tax will be in effect if all proposed projects are approved
2. Submit the approved resolution and supporting documents to the senate and house tax committee chairs by January 31.
3. Once legislative approval is given, revise and reaffirm your resolution. The resolution must be passed at least 90 days before a general election.
4. Pass a referendum to impose the tax:
    - Hold a vote at a general election within two years of legislative approval.
        - Each project must have a separate question for approval.
        - Voters must approve by a majority vote. If a project is not approved, the revenue and expiration date must be adjusted.
    - You cannot spend money to advertise or promote the proposed tax, but you may publicize information included in the resolution.

5. If approved, create and pass an ordinance imposing the tax.
6. File a certificate of approval and a copy of the ordinance with the Minnesota Secretary of State.
7. After you file with the Minnesota Secretary of State, you must notify us in writing to start a new local tax.

Implementing the Approved General Local Tax

You must notify Revenue, in writing, at least 90 days before the anticipated begin date.

The letter must include:

- Authorizing session law or Minnesota Statute
- Date you plan to begin the tax (must begin on the first day of a calendar quarter)
- Approved tax rate
- Formal request for the Minnesota Department of Revenue to administer the new tax

You must provide us a copy of the following information:

- Resolution imposing the local tax
- Board meeting minutes approving the resolution
- Your ordinance for sales and use tax regulations
- The certificate of approval and the ordinance sent to the Minnesota Secretary of State
- Referendum questions and results
- Documentation of public informational meetings held prior to the referendum (if held)
- Meeting minutes approving the project plan or capital improvement designated for the use of revenues collected

Send the letter and supporting documents to:

Commissioner of Revenue
Minnesota Department of Revenue
Mail Station 6330
St. Paul, MN 55146

Special Local Tax

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Authorizing a Special Local Tax

Follow these suggested guidelines unless your tax was authorized under Minnesota Statutes 469.190, Minnesota Statutes 645.021, or other special laws.

Special local sales and use taxes include food and beverage, lodging, and entertainment. You may administer special local taxes or have Revenue administer the taxes.

To impose a special local tax, complete the following steps:

1. Pass a resolution that includes:
    - Proposed tax rate
    - Intended use of the revenue (project plan)
    - Amount of revenue raised
    - Anticipated expiration date
2. Submit the approved resolution and supporting documents to the senate and house tax committee chairs.
3. Once legislative approval is given, revise and reaffirm your resolution.
4. File a certificate of approval and a copy of the ordinance to the Minnesota Secretary of State.

Implementing the Approved Special Local Tax

This information only applies to local taxes administered by Revenue.

You must notify us, in writing, at least 90 days before the anticipated begin date.

The letter must include:

- Authorizing session law or Minnesota Statute
- Date you plan to begin the tax (must begin on the first day of a calendar quarter)
- Approved tax rate

- Formal request for the Minnesota Department of Revenue to administer the new tax

You must provide us a copy of the following information:

- Resolution imposing the local tax
- Board meeting minutes approving the resolution
- Your ordinance for sales and use tax regulations
- The certificate of approval and the ordinance sent to the Minnesota Secretary of State
- Referendum questions and results
- Documentation of public informational meetings held prior to the referendum (if held)
- Meeting minutes approving the project plan or capital improvement designated for the use of revenues collected
    - The use of funds must be designated 90 days before the referendum.

Send the letter and supporting documents to:

Commissioner of Revenue
Minnesota Department of Revenue
Mail Station 6330
St. Paul, MN 55146

Local Transportation Tax

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Authorizing a Local Transportation Tax

Any county may impose a local sales and use tax of up to 0.5% and a $20 vehicle excise tax on commercial sales of motor vehicles to fund a transportation or transit project. These funds can also be used to fund transit operating costs and safe routes to school programs.

> **Note:** Revenue administers all local transportation sales and use taxes.

To impose a local transportation tax, you must complete the following steps:

1. Publish advanced notification of a public hearing to discuss potential transportation projects. A vote on the proposed tax by county residents in a general election is not required.
2. Pass a resolution that includes:
    - Reference Minnesota Statutes 297A.993
    - Proposed tax rate up to 0.5%
    - $20 vehicle excise tax (if applicable)
    - Intended use of the revenue (project plan)
    - Amount of revenue to be raised
    - Anticipated expiration date
    - Intent to have Revenue administer the new tax
    - Reference Minnesota Statutes 297A.99, subd. 4 and subd. 6-13

Implementing the Approved Transportation Tax

You must notify Revenue, in writing, at least 90 days before the anticipated begin date.

The letter must include:

- Authorizing session law or Minnesota Statute
- Date you plan to begin the tax (must begin on the first day of a calendar quarter)
- Approved tax rate and the $20 vehicle excise tax if included in your resolution
- Formal request for the Minnesota Department of Revenue to administer the new tax

You must provide us a copy of the following information:

- Resolution imposing the local tax
- Transportation project plan that includes:
    - Proposed tax rate up to 0.5%
    - $20 vehicle excise tax (if applicable)

    - Intended use of the revenue
    - Amount of revenue to be raised
    - Anticipated expiration date
- Board meeting minutes approving the resolution
- Documentation of public informational meetings held before passing the resolution

Send the letter and supporting documents to:

Commissioner of Revenue
Minnesota Department of Revenue
Mail Station 6330
St. Paul, MN 55146

After Your Tax is Approved

You must notify the public of your new local tax, and if necessary, take our disclosure training.

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Notifying the Public

You must notify the public 60 days before the local tax starts by:

- Announcing on your website the new local tax and the effective date
- Posting information on your website that includes:
    - The tax rate
    - The local tax notice
    - A link to Revenue's website

You must leave this information on your website to inform new businesses of the local tax.

Public Utility Service Statements

If you provide and bill for public utility services, you must include a statement that your customers may owe use tax on purchases made outside of the local tax area on your invoices at least once per year. You need to include information on how the customer can calculate and pay the use tax.

Local Government Disclosure Training

If your local taxes are administered by Revenue, the main local government contacts with Revenue must complete annual disclosure training. The training provides data privacy information before you can access non-public taxpayer data. Take the Annual Disclosure Training.

Minnesota Department of Revenue's Responsibilities

We will notify the public of your new local tax at least 60 days before it begins and register businesses located in the taxing jurisdiction for the new local tax.

Contact Us

If you have any questions or need more information:

- Email localgovernmentservices.mdor@state.mn.us
- Call 651-556-6117

297A.99 LOCAL SALES TAXES.

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.9915, (2) under section 297A.992, (3) under section 297A.9925, (4) under section 297A.993, (5) if permitted by special law, or (6) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

(1) conduct the referendum;

(2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

(3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases; and

(5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

Subd. 1a. **Requirements.** Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues for local projects decreases the benefits to taxpayers of the deductibility of local property taxes and the state assistance provided through the property tax refund system and increases the fiscal inequities between similar communities.

Subd. 2. **Local resolution before application for authority.** (a) Before the governing body of a political subdivision requests legislative approval to impose a local sales tax authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The resolution must include the following information:

(1) the proposed tax rate;

(2) a detailed description of no more than five capital projects that will be funded with revenue from the tax;

(3) documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction;

(4) the amount of local sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue; and

(5) the total revenue that will be raised for all projects before the tax expires, and the estimated length of time that the tax will be in effect if all proposed projects are funded.

(b) The jurisdiction seeking authority to impose a local sales tax by special law must submit the resolution in paragraph (a) along with underlying documentation indicating how the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes no later than January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

(c) The special legislation granting local sales tax authority is not required to allow funding for all projects listed in the resolution with the revenue from the local sales tax, but must not include any projects not contained in the resolution.

(d) For purposes of this section, a "capital project" or "project" means:

(1) a single building or structure including associated infrastructure needed to safely access or use the building or structure;

(2) improvements within a single park or named recreation area; or

(3) a contiguous trail.

Subd. 3. **Legislative authority required before voter approval; requirements for adoption, use, termination.** (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted at a general election within the two-year period after the governing body of the political subdivision has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, there must be a separate question approving the use of the tax revenue for each project. Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in the authorizing legislation must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

(b) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital improvement projects that were approved by the voters under paragraph (a).

(c) The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.

(f) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

Subd. 3a. MS 2024 [Expired, 2023 c 64 art 10 s 1]

Subd. 4. **Tax base.** (a) The tax applies to sales taxable under this chapter that occur within the political subdivision.

(b) Taxable goods or services are subject to a political subdivision's sales tax, if they are sourced to the political subdivision pursuant to section 297A.668.

Subd. 5. **Tax rate.** (a) The tax rate is as specified in the special law authorization and as imposed by the political subdivision.

(b) The full political subdivision rate applies to any sales that are taxed at a state rate, and the political subdivision must not have more than one local sales tax rate or more than one local use tax rate. This paragraph does not apply to sales or use taxes imposed on electricity, piped natural or artificial gas, or other heating fuels delivered by the seller, or the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

Subd. 6. **Use tax.** A compensating use tax applies, at the same rate as the sales tax, on the use, storage, distribution, or consumption of tangible personal property or taxable services.

Subd. 7. **Exemptions.** (a) All goods or services that are otherwise exempt from taxation under this chapter are exempt from a political subdivision's tax.

(b) All mobile transportation equipment, and parts and accessories attached to or to be attached to the equipment are exempt, if purchased by a holder of a motor carrier direct pay permit under section 297A.90.

Subd. 8. **Credit for other local taxes.** If a person paid sales or use tax to another political subdivision of this state on an item subject to tax under this section, a credit applies against the tax imposed under this section. The credit equals the tax the person paid to the other political subdivision for the item.

Subd. 9. **Enforcement; collection; and administration.** (a) The commissioner of revenue shall collect the taxes subject to this section. The commissioner may collect the tax with the state sales and use tax. All taxes under this section are subject to the same penalties, interest, and enforcement provisions as apply to the state sales and use tax.

(b) A request for a refund of state sales tax paid in excess of the amount of tax legally due includes a request for a refund of the political subdivision taxes paid on the goods or services. The commissioner shall refund to the taxpayer the full amount of the political subdivision taxes paid on exempt sales or use.

(c) A political subdivision shall incur a legal debt to the state for refunds of local sales taxes made by the commissioner after a tax has terminated when the amount of the refunds exceeds the amount of local sales taxes collected for but not remitted to the political subdivision. The commissioner of revenue shall bill the political subdivision for this difference. The commissioner shall deposit the money in the state treasury and credit it to the general fund.

Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions.

(b) If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area.

(c) For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence for a sale that requires a full street address to be completed if the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the look-up application from the United States Postal Service; (2) software certified by the Coding Accuracy Support System; or (3) other software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. For a sale that does not require a full street address to be completed, a seller has not exercised due diligence unless the seller has obtained or requested from the purchaser (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip code. A seller that has not exercised due diligence is not relieved from any additional liability that may be due as a result of incorrect sourcing.

(d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

Subd. 11. **Revenues; cost of collection.** The commissioner shall remit the proceeds of the tax, less refunds and a proportionate share of the cost of collection, at least quarterly, to the political subdivision. The commissioner shall deduct from the proceeds remitted an amount that equals

(1) the direct and indirect costs of the department to administer, audit, and collect the political subdivision's tax, plus

(2) the political subdivision's proportionate share of the indirect cost of administering all taxes under this section, plus

(3) the cost of constructing and maintaining a zip code or geo-code database necessary for local sales tax collections under the Streamlined Sales and Use Tax Agreement in section 297A.995.

The initial cost of constructing a database under clause (3) shall be distributed among the cities with a local sales tax based on each city's population. The commissioner shall develop a method for distributing the cost of maintaining the database among the cities with a local sales tax based on the number of boundary changes for each city.

Subd. 12. **Effective dates; notification.** (a) A political subdivision may impose a tax under this section starting only on the first day of a calendar quarter. A political subdivision may repeal a tax under this section stopping only on the last day of a calendar quarter.

(b) The political subdivision shall notify the commissioner of revenue at least 90 days before imposing, changing the rate of, or repealing a tax under this section.

(c) The political subdivision shall change the rate of tax imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

(d) The political subdivision shall apply the rate change for sales tax imposed under this section to purchases from printed catalogs, wherein the purchaser computed the tax based upon local tax rates published in the catalog, starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 120 days prior to the change.

(e) The political subdivision shall apply local jurisdiction boundary changes to taxes imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

Subd. 12a. **Notification of use tax.** Any political subdivision imposing a local sales and use tax, which maintains an official website, must display on its main home page a link to a notice that residents and businesses in the political subdivision may owe a local use tax on purchases of goods and services made outside of the political subdivision limits. The notice must provide information, including a link to any relevant Department of Revenue website, on how the taxpayer may get information and forms necessary for calculating and paying the tax. If the political subdivision provides and bills for sewer, water, garbage collection, or other public utility services, the billing statement must also include at least once per year a notice that residents and businesses may owe a local use tax on purchases made outside of the political subdivision limits and provide information on how the taxpayer may get information and forms necessary for calculating and paying the tax.

Subd. 13. **Application.** This section applies to all local sales taxes that were authorized before, on, or after June 2, 1997.

History: *2000 c 418 art 1 s 42; 1Sp2001 c 5 art 12 s 81-83; 2003 c 127 art 1 s 28-30; 2005 c 151 art 7 s 22; 1Sp2005 c 3 art 5 s 22,23; 2006 c 259 art 6 s 30; 2008 c 152 art 4 s 1; 2008 c 366 art 7 s 7; 1Sp2011 c 7 art 4 s 1,2; 2013 c 143 art 8 s 43; 1Sp2019 c 6 art 6 s 1-4; 1Sp2021 c 14 art 8 s 1; 2023 c 37 art 5 s 1; 2023 c 64 art 10 s 1; 2023 c 68 art 3 s 28; 1Sp2025 c 13 art 10 s 6*

City Council Workshop
City Council Agenda Report

MEETING DATE: November 18, 2025	**WORKSHOP AGENDA ITEM:** 3
TITLE: Discussion of Greater Lake Minnetonka Area Legislative Coalition (5:45-6:00 pm)	
PREPARED BY: Aurora Yager, Interim City Manager	
REVIEWED BY:	

DISCUSSION OBJECTIVE:
Discuss the current status of the Greater Lake Minnetonka Area Legislative Coalition and provide feedback regarding any additional information needed before a more formal request is brought forward.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:
Sustain Community Character & Safety
A main legislative priority of the proposed lakes area lobbying group would be to protect local control of zoning which protects our sense of community character.

BACKGROUND:
At the October 21, 2025 City Council Workshop the Council heard an update from Mayor Mullin about an effort from some mayors in the lakes area who are interested in joining together with a lobbyist to advocate at the capital with one voice. This initiative came about after the collaboration last legislative session around opposing the proposed legislation that would have preempted local zoning and planning authority. An example of this collaboration is included below in the attached letter. Also attached is a summary of the purpose and priorities of this new coalition.

Staff recently discussed the effort with Mayor Mullin and Mayor Carlson from Deephaven and have the following updates related to this potential future request to join a lobbying effort. All 14 lake communities have been invited to participate in the coalition and the following cities have voiced their interest in potentially joining:

1. Minnetonka Beach
2. Orono
3. Minnetrista
4. Excelsior
5. Greenwood
6. Deephaven
7. Woodland
8. Minnetonka
9. Long Lake

The estimated cost of hiring a lobbyist is around $50,000 a year. The potential cost to Wayzata is unknown as that will be dependent on the number of cities that agree to join and the cost-sharing formula which is to be determined. No city has yet volunteered or been designated to take the lead and hold the lobbying contract and organize the JPA.

Next Steps
No formal action is requested at this stage. Mayors are still bringing this idea forward to their Council's for consideration and are planning to meet in December or January to regroup on the exact number of cities interested to solidify the costs, cost-sharing formula, and lead city. Updated information will be brought back to the Council after that meeting in the first quarter.

ATTACHMENTS:

1. 2025-03-20 Lake Minnetonka area Mayors to Senator Johnson Stewart
2. Greater Lake Minnetonka Area Legislative Coalition

Sent via email March 20, 2025

Senator Ann Johnson Stewart

sen.ann.johnson.stewart@mnsenate.gov

Dear Senator Johnson Stewart:

Thank you for taking the time to meet with us on Monday to update us and listen to our concerns regarding proposed legislation that preempts local zoning and planning authority. It is a significant concern.

We strongly oppose these one-size fits all approaches and request that you advocate against them. Your district involves diverse cities with very diverse housing. It provides an ideal microcosm to illustrate why a one-size-fits-all approach is not appropriate. Our cities differ greatly in demographics, zoning and planning approaches. While each city is distinctive, we universally agree that that the State should not preempt local zoning and planning control. We ask that we be allowed to continue to complement each other with our diverse approaches that contribute so greatly to the character of your District.

It is important to recognize that just because a mandate does not affect all of our cities directly or equally does not make it of any less concern or less intrusive to any of our cities. For us, this proposed legislation is an affront to our cities and the role of government at the local level. While homogenization may work well for milk, it will serve to destroy much of the essence that makes each city in our great state distinctive and unique.

The proponents of the proposed legislation have no credible evidence that their myriad proposals will provide more affordable housing, reduce greenhouse gas emissions, and achieve their other lofty goals. The simple fact is that they will not. People in search of housing need real solutions and not false promises. Deephaven Mayor Carlson and Greenwood Mayor Fletcher have extensive experience developing and maintaining affordable housing. Land, construction, and interest costs along with the limited pool of subsidy dollars are the key underlying factors limiting affordable and market rate housing production. Less than half of city requests for public funding to Minnesota Housing's Consolidated RFP get selected each year.

Finally, sound public policy requires that higher density projects should locate near high service level transit corridors to realize the benefits of public transit infrastructure investments. This is a key component of the Metropolitan Council's Imagine 2050 Plan. The proposed legislation adds a poorly crafted, ad hoc and conflicting layer to existing local and regional efforts to provide real solutions.

We respectfully ask that you strongly oppose all preemptive zoning legislation in Committees and discussions with your Senate colleagues. Above all please remember that cities and not the State are best positioned to be responsive to local resident concerns on matters that affect them where they live. Historically the State has delegated zoning authority to its cities. That is where it belongs. Thank you so much for your consideration!

Sincerely,

Lake Minnetonka Mayors

CITY OF GREENWOOD
Tom Fletcher
Thomas M. Fletcher, Mayor

CITY OF WAYZATA
J Andrew Mullin
Andrew Mullin, Mayor

CITY OF TONKA BAY
ADAM JENNINGS
Adam Jennings, Mayor

CITY OF ORONO
Bob Tunheim
Bob Tunheim, Mayor

CITY OF MINNETONKA
Brad Wiersum
Brad Wiersum, Mayor

CITY OF LONG LAKE
Charlie Miner
Charlie Miner, Mayor

CITY OF EXCELSIOR
Gary Ringate
Gary Ringate, Mayor

CITY OF MOUND
Jason Holt
Jason Holt, Mayor

Signature: Tom Fletcher
Tom Fletcher (Mar 20, 2025 14:31 CDT)

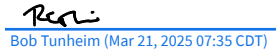
Email: tfletcher.gcc@gmail.com

Signature: J Andrew Mullin
J Andrew Mullin (Mar 21, 2025 06:02 CDT)

Email: amullin@wayzata.org

Signature:

Email: ajennings@cityoftonkabay.net

Signature: 
Bob Tunheim (Mar 21, 2025 07:35 CDT)

Email: btunheim@oronomn.gov

Signature: Brad Wiersum
Brad Wiersum (Mar 20, 2025 11:38 CDT)

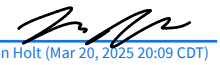
Email: bwiersum@minnetonkamn.gov

Signature: Charlie Miner

Email: cminer@longlakemn.gov

Signature:
Gary Ringate (Mar 21, 2025 09:31 CDT)

Email: gringate@excelsiormn.org

Signature: 
Jason Holt (Mar 20, 2025 20:09 CDT)

Email: jasonholt@cityofmound.com

Signature: Jennifer Labadie
Jennifer Labadie (Mar 20, 2025 20:49 CDT)

Email: jlabadie@ci.shorewood.mn.us

2025-03-20 Lake Minnetonka area Mayors to Senator Johnson Stewart (8 of 15)

Final Audit Report 2025-03-21

Created:	2025-03-20
By:	Shanda Wilhelmy (administrator@greenwoodmn.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAE7XyLR9c-gPCH8YAPHCVxytYcVcEDjMn

"2025-03-20 Lake Minnetonka area Mayors to Senator Johnson Stewart (8 of 15)" History

Document created by Shanda Wilhelmy (administrator@greenwoodmn.gov)
2025-03-20 - 4:18:11 PM GMT

Document emailed to Thomas Fletcher (tfletcher.gcc@gmail.com) for signature
2025-03-20 - 4:18:17 PM GMT

Document emailed to Andrew Mullin (amullin@wayzata.org) for signature
2025-03-20 - 4:18:17 PM GMT

Document emailed to Adam Jennings (ajennings@cityoftonkabay.net) for signature
2025-03-20 - 4:18:17 PM GMT

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2025-03-20 - 4:18:18 PM GMT

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2025-03-20 - 4:18:18 PM GMT

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2025-03-20 - 4:18:18 PM GMT

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2025-03-20 - 4:18:19 PM GMT

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2025-03-20 - 4:24:02 PM GMT

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2025-03-20 - 4:35:49 PM GMT

Document e-signed by Brad Wiersum (bwiersum@minnetonkamn.gov)
Signature Date: 2025-03-20 - 4:38:15 PM GMT - Time Source: server

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2025-03-20 - 7:30:02 PM GMT

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2025-03-20 - 7:31:10 PM GMT

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Signature Date: 2025-03-20 - 7:31:12 PM GMT - Time Source: server

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2025-03-20 - 7:57:31 PM GMT

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2025-03-21 - 1:07:42 AM GMT

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2025-03-21 - 1:46:04 AM GMT

Document e-signed by Jennifer Labadie (jlabadie@ci.shorewood.mn.us)
Signature Date: 2025-03-21 - 1:49:04 AM GMT - Time Source: server

Email viewed by Andrew Mullin (amullin@wayzata.org)
2025-03-21 - 11:01:34 AM GMT

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2025-03-21 - 11:02:31 AM GMT

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Document e-signed by Bob Tunheim (btunheim@oronomn.gov)
Signature Date: 2025-03-21 - 12:35:26 PM GMT - Time Source: server

Email viewed by Adam Jennings (ajennings@cityoftonkabay.net)

2025-03-21 - 1:25:48 PM GMT

Document e-signed by Adam Jennings (ajennings@cityoftonkabay.net)

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2025-03-21 - 2:30:43 PM GMT

Document e-signed by Gary Ringate (gringate@excelsiormn.org)

Signature Date: 2025-03-21 - 2:31:45 PM GMT - Time Source: server

Agreement completed.

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Greater Lake Minnetonka Area Legislative Coalition

1. The Need for Collaboration and a Unified Voice

Inefficiency of Solo Advocacy: Currently, individual cities expend resources to advocate on common issues, often duplicating efforts. A unified coalition provides greater efficiency and a stronger, consolidated message at the county & state level.

Maximizing Influence: A coalition representing the collective interests and residents of the Greater Lake Minnetonka area will carry significantly more weight and influence with state legislators and county officials then a single city alone.

Proactive Engagement: By pooling resources, we can more effectively monitor, respond to, and proactively shape legislation and opportunities that impact our area, ensuring our voices are heard before decisions are finalized.

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2. The Proposed Solution: Partnering with Carnival Berns P.A.

Experienced Advocacy: We propose contracting with John Berns and the firm of Carnival Berns P.A. to serve as our joint advocate.

Deep Bipartisan Relationships: John Berns and his team have a proven track record, having worked extensively with the entire legislature and holding personal relationships on both sides of the aisle.

This includes direct connections with leaders like Speaker of the House Lisa Demuth, House DFL Leader Zack Stephenson, Senate Majority Leader Erin Murphy, and Senate Minority Leader Mark Johnson, as well as committee chairs and nonpartisan staff at the state and county.

Broad Government Access: Their reach extends beyond the legislature, as they regularly work with the Governor’s staff, state agency Commissioners and staff, and key local government leaders, ensuring comprehensive representation of our interests across all levels.

Relevant Background: Mr. Berns' experience as a former State Representative (District 33B) and an elected Wayzata City Council member provides him with a unique, insider perspective on both state and local government needs and processes.

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3. Key Areas of Shared Policy Concern

Based on discussions among Lake Area Mayors, there are critical areas where coordinated advocacy is essential:

Protecting Local Control: A top priority is maintaining local control over fundamental municipal functions, especially zoning and land use regulations, to ensure decisions reflect the specific needs and character of our communities.

Property Tax Stability: We must advocate for policies that support local governments in maintaining authority over local property tax assessing.

Fairer Prorata Allocation: We are seeking a more fair and balanced way to deal with the prorata share allocation of property tax that local municipalities are required to contribute to the county and state, aiming for fairness and to keep more tax dollars working locally.

District	1: Lunde	2: Fernando	3: Greene	4: Conley	5: Goettel	6: Edelson	7: Anderson
Total ($)	81,329,579	108,652,318	151,438,101	79,194,339	126,706,024	230,909,411	171,202,292
District %	8.5%	11.4%	15.9%	8.3%	13.3%	24.3%	18.0%

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4. Financial Investment and Next Steps

Estimated Investment: The total estimated investment for this dedicated, high-level advocacy work is approximately $50,000.

Fair Cost Allocation: The contract will be held by one city, and the cost will be divided among participating cities via a pro-rata allocation based on the city's taxable market value for Pay 25. This ensures an equitable distribution of the investment based on relative size.

Call to Action: We are asking for your support for this collaborative approach. If you are aligned with this strategy, please bring this proposal forward to your council for:

Approval of the partnership and the financial investment.

Directing staff to work with the City Administrator of the City designated to finalize the agreement and move forward with a unified plan of action.

City Council Workshop
City Council Agenda Report

MEETING DATE: November 18, 2025	**WORKSHOP AGENDA ITEM:** 4
TITLE: Discussion of Status of the 2026 General Fund Budget and Property Tax Levy (6:00-6:30 pm)	
PREPARED BY: Peter Zimmerman, Finance Manager	
REVIEWED BY: Aurora Yager, Interim City Manager	

DISCUSSION OBJECTIVE:
Provide feedback on the current status of the General Fund Budget and proposed final property tax levy.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:
Achieve & Sustain Operational Excellence
The budget funds several initiatives and projects that will help the organization achieve and sustain excellence in providing services to and for the community.

Sustain Community Character & Safety
The budget funds several initiatives and projects that will maintain community character and ensure safety for residents and visitors.

BACKGROUND:
Since the Council approved the preliminary 2026 General Fund Budget in September, staff has been working on updates to reduce the property tax levy. Before a final version is presented at the Truth in Taxation hearing at the December 2, 2025 meeting, additional feedback on the current status of the budget and property tax levy is needed.

The current property tax levy amount, a summary of changes made since the preliminary budget was set, along with a list of options to continue reducing the budget is included in the attached updated summary.

ATTACHMENTS:
1. Preliminary General Fund Line Item Budget
2. Preliminary General Fund Budget and Levy Update

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Estimated Revenues							
ALL DEPARTMENTS							
101-00000-31010	Property Taxes	6,401,453	3,332,662	6,931,009	6,820,497	(110,512)	(1.59)
101-00000-32110	ALCOHOLIC BEVERAGES	193,400	182,795	202,025	202,025	0	0.00
101-00000-32120	Health	2,250	0	2,250	2,250	0	0.00
101-00000-32140	Cigarette License	950	0	950	950	0	0.00
101-00000-32160	Trade License	9,000	5,660	9,000	9,000	0	0.00
101-00000-32180	Rental License	42,000	42,591	39,000	39,000	0	0.00
101-00000-32190	Misc License	10,000	5,859	10,000	10,000	0	0.00
101-00000-32210	Building Permits	295,000	337,527	350,000	350,000	0	0.00
101-00000-32222	Heating Permits	55,000	89,621	57,000	57,000	0	0.00
101-00000-32230	Plumbing Permits	40,000	32,342	43,000	43,000	0	0.00
101-00000-32290	Misc Permits	42,500	45,908	44,000	50,000	6,000	13.64
101-00000-33422	STATE AID/GRANTS	0	49,339	0	0	0	0.00
101-00000-34104	Plan Check Fee	180,000	183,022	180,000	180,000	0	0.00
101-00000-34105	Copies	0	14	0	0	0	0.00
101-00000-34106	Project Inspection	160,000	125,355	115,000	115,000	0	0.00
101-00000-34110	Planning Charges	22,000	17,614	35,500	35,500	0	0.00
101-00000-34190	Charges for Services/Gen Gov	27,000	24,695	27,000	27,000	0	0.00
101-00000-34301	UTILITY INSTALLATION FEE	0	467	0	0	0	0.00
101-00000-34942	Grave Openings	6,000	5,488	6,000	6,000	0	0.00
101-00000-36101	Spec Assess Principal	0	2,565	0	0	0	0.00
101-00000-36210	Interest Earnings	130,000	172,171	175,000	185,000	10,000	5.71
101-00000-36211	Blvd. Lights & Maint.	88,000	65,952	88,000	88,000	0	0.00
101-00000-36221	Library Rent	27,100	25,225	27,800	27,800	0	0.00
101-00000-36222	FACILITY RENT	15,695	16,949	17,500	17,500	0	0.00
101-00000-36225	CC CONVENIENCE FEE	12,500	12,637	14,000	15,000	1,000	7.14
101-00000-39101	Sales of General Fixed Assets	0	4,763	0	0	0	0.00
101-00000-39200	Interfund Operating Transfers	378,313	328,017	473,313	473,313	0	0.00
101-00000-39201	Transfers from TIF	30,000	22,500	30,000	30,000	0	0.00
101-00000-39400	Misc.Revenues	35,000	65,757	35,000	35,000	0	0.00
Total Department ALL DEPARTMENTS:		**8,203,161**	**5,197,495**	**8,912,347**	**8,818,835**	**(93,512)**	**(1.05)**
Police							
101-42100-32240	Animal Licenses	1,000	630	1,000	1,000	0	0.00
101-42100-33416	Police Training Reimbursement	20,000	14,779	20,000	20,000	0	0.00
101-42100-33421	Insurance Premium Tax-Police	170,000	219,426	210,000	220,000	10,000	4.76
101-42100-33422	STATE AID/GRANTS	74,100	57,427	75,000	75,000	0	0.00
101-42100-34108	Police Services - SRO	84,000	87,283	84,000	84,000	0	0.00
101-42100-34109	Police Charges for Services	20,000	40,925	17,000	17,000	0	0.00
101-42100-34211	Accidents Reports	150	62	150	150	0	0.00
101-42100-34212	Fingerprinting	750	940	750	750	0	0.00
101-42100-34213	Impound Fees	0	384	0	0	0	0.00
101-42100-34214	Alarm Charges	1,000	534	1,000	1,000	0	0.00
101-42100-34998	Police Services - Long Lake	341,960	284,970	350,170	350,170	0	0.00
101-42100-35101	Court Fines	87,000	73,436	87,000	87,000	0	0.00
101-42100-35106	Misc Fines	2,000	3,194	2,000	3,000	1,000	50.00
Total Department Police:		**801,960**	**783,990**	**848,070**	**859,070**	**11,000**	**1.30**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Estimated Revenues							
Fire							
101-42200-33420	Insurance Premium Tax-Fire	105,000	131,324	134,000	134,000	0	0.00
101-42200-33422	STATE AID/GRANTS	19,500	2,173	19,500	19,500	0	0.00
101-42200-34201	Fire Contracts	49,260	49,260	72,985	72,985	0	0.00
Total Department Fire:		**173,760**	**182,757**	**226,485**	**226,485**	**0**	**0.00**
Estimated Revenues		**9,178,881**	**6,164,242**	**9,986,902**	**9,904,390**	**(82,512)**	**(0.83)**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Mayor and Council							
101-41100-00103	Part-Time Employees	31,000	23,250	31,000	31,000	0	0.00
101-41100-00121	PERA	960	640	960	960	0	0.00
101-41100-00122	FICA	2,375	1,779	2,375	2,375	0	0.00
101-41100-00123	MN PAID FAMILY LEAVE	0	0	135	135	0	0.00
101-41100-00210	Operating Supplies (GENERAL)	500	224	500	500	0	0.00
101-41100-00302	Consultants	12,000	8,965	12,000	12,000	0	0.00
101-41100-00331	Mileage & Expense Account	5,000	3,306	5,000	5,000	0	0.00
101-41100-00433	Dues, Licensing & Seminars	3,150	1,290	3,150	3,150	0	0.00
101-41100-00493	Volunteer program	8,000	1,115	8,000	8,000	0	0.00
101-41100-00494	COMMUNITY EVENTS	14,000	1,140	10,500	10,500	0	0.00
101-41100-00499	Miscellaneous	2,000	9,271	2,000	5,000	3,000	150.00
Total Department Mayor and Council:		**78,985**	**50,980**	**75,620**	**78,620**	**3,000**	**3.97**
Administration & Finance							
101-41500-00101	Full-Time Employees Regular	519,940	393,707	539,275	521,275	(18,000)	(3.34)
101-41500-00102	Overtime	250	361	0	0	0	0.00
101-41500-00103	Part-Time Employees	29,400	25,700	42,542	42,542	0	0.00
101-41500-00121	PERA	40,730	28,876	42,340	40,640	(1,700)	(4.02)
101-41500-00122	FICA	41,545	27,590	44,000	42,300	(1,700)	(3.86)
101-41500-00123	MN PAID FAMILY LEAVE	0	0	2,550	2,550	0	0.00
101-41500-00130	Employer Paid Ins	86,000	59,284	89,540	86,840	(2,700)	(3.02)
101-41500-00200	Office Supplies (GENERAL)	11,000	13,868	14,000	14,000	0	0.00
101-41500-00240	Small Tools and Minor Equip	0	260	0	0	0	0.00
101-41500-00301	Auditing and Acct g Services	64,430	61,723	38,030	38,030	0	0.00
101-41500-00302	Consultants	50,000	33,333	57,350	57,350	0	0.00
101-41500-00304	Legal Fees	140,550	179,209	190,000	190,000	0	0.00
101-41500-00306	Personnel Expense	18,800	13,278	22,600	22,600	0	0.00
101-41500-00311	Data Processing	99,920	76,235	88,530	88,530	0	0.00
101-41500-00324	Internet/Web Page	7,610	7,800	8,300	8,300	0	0.00
101-41500-00331	Mileage & Expense Account	8,000	2,899	5,910	5,910	0	0.00
101-41500-00350	Printing & Publishing	42,100	27,407	40,900	40,900	0	0.00
101-41500-00404	Repairs/Maint - Machin/Equip	13,700	12,718	15,500	15,500	0	0.00
101-41500-00433	Dues, Licensing & Seminars	70,700	74,613	87,650	87,650	0	0.00
101-41500-00434	Training and schools	14,100	7,573	17,280	17,280	0	0.00
101-41500-00497	Credit Card Fees	16,000	14,069	16,500	16,500	0	0.00
101-41500-00499	Miscellaneous	1,500	468	1,000	1,000	0	0.00
101-41500-00540	Equipment	1,500	1,634	2,500	2,500	0	0.00
Total Department Administration & Finance:		**1,277,775**	**1,062,605**	**1,366,297**	**1,342,197**	**(24,100)**	**(1.76)**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Community Development							
101-41910-00101	Full-Time Employees Regular	319,720	207,893	315,725	315,725	0	0.00
101-41910-00121	PERA	23,850	14,979	23,500	23,500	0	0.00
101-41910-00122	FICA	24,325	15,509	23,970	23,970	0	0.00
101-41910-00123	MN PAID FAMILY LEAVE	0	0	1,380	1,380	0	0.00
101-41910-00130	Employer Paid Ins	37,500	24,636	61,610	61,610	0	0.00
101-41910-00210	Operating Supplies (GENERAL)	250	8	0	0	0	0.00
101-41910-00302	Consultants	5,000	66,602	10,000	10,000	0	0.00
101-41910-00304	Legal Fees	0	855	0	0	0	0.00
101-41910-00331	Mileage & Expense Account	1,000	2,040	2,000	2,000	0	0.00
101-41910-00433	Dues, Licensing & Seminars	11,750	3,788	12,100	12,100	0	0.00
101-41910-00491	Energy & Environment Committe	5,000	52,569	5,000	5,000	0	0.00
101-41910-00492	HPB	3,500	49	3,500	3,500	0	0.00
101-41910-00499	Miscellaneous	0	125	0	0	0	0.00
Total Department Community Development:		**431,895**	**389,053**	**458,785**	**458,785**	**0**	**0.00**
Building Operations & Maint.							
101-41940-00101	Full-Time Employees Regular	63,500	46,779	66,020	66,020	0	0.00
101-41940-00102	Overtime	1,800	366	800	800	0	0.00
101-41940-00121	PERA	4,900	3,536	5,090	5,090	0	0.00
101-41940-00122	FICA	5,000	3,554	5,190	5,190	0	0.00
101-41940-00123	MN PAID FAMILY LEAVE	0	0	300	300	0	0.00
101-41940-00130	Employer Paid Ins	12,120	10,208	12,550	12,550	0	0.00
101-41940-00210	Operating Supplies (GENERAL)	8,500	3,290	8,000	8,000	0	0.00
101-41940-00321	Telephone	36,125	31,324	33,410	33,410	0	0.00
101-41940-00381	Electric Utilities	58,000	39,260	58,000	50,000	(8,000)	(13.79)
101-41940-00383	Fuel, oil and natural gas	35,000	25,500	32,000	28,000	(4,000)	(12.50)
101-41940-00386	Other Utilities	12,500	13,191	18,000	18,000	0	0.00
101-41940-00401	Repairs/Maint Buildings	30,000	12,628	29,000	25,000	(4,000)	(13.79)
101-41940-00404	Repairs/Maint - Machin/Equip	15,000	9,030	15,000	15,000	0	0.00
101-41940-00409	Maint services & Improv	56,900	58,744	60,000	60,000	0	0.00
101-41940-00499	Miscellaneous	8,000	7,255	8,000	8,000	0	0.00
Total Department Building Operations & Maint.:		**347,345**	**264,665**	**351,360**	**335,360**	**(16,000)**	**(4.55)**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Police							
101-42100-00101	Full-Time Employees Regular	2,119,625	1,430,869	2,209,408	2,209,408	0	0.00
101-42100-00102	Overtime	105,400	116,399	127,275	127,275	0	0.00
101-42100-00103	Part-Time Employees	104,900	43,378	118,900	118,900	0	0.00
101-42100-00105	Temporary Employees Overtime	10,000	19,890	10,000	10,000	0	0.00
101-42100-00107	Military Leave	8,325	8,311	9,560	9,560	0	0.00
101-42100-00121	PERA	368,000	239,530	382,414	382,414	0	0.00
101-42100-00122	FICA	47,800	29,865	53,329	53,329	0	0.00
101-42100-00123	MN PAID FAMILY LEAVE	0	0	10,245	10,245	0	0.00
101-42100-00130	Employer Paid Ins	425,665	276,345	456,613	456,613	0	0.00
101-42100-00200	Office Supplies (GENERAL)	3,500	2,168	4,000	4,000	0	0.00
101-42100-00210	Operating Supplies (GENERAL)	5,000	3,195	6,000	6,000	0	0.00
101-42100-00212	Motor Fuels	45,000	29,032	45,000	45,000	0	0.00
101-42100-00215	K-9 SUPPLIES	3,500	2,684	4,000	4,000	0	0.00
101-42100-00217	Uniforms	19,000	24,413	24,000	24,000	0	0.00
101-42100-00240	Small Tools and Minor Equip	3,500	6,640	4,000	5,000	1,000	25.00
101-42100-00302	Consultants	0	547	6,000	2,000	(4,000)	(66.67)
101-42100-00306	Personnel Expense	5,800	6,001	6,000	6,000	0	0.00
101-42100-00309	Contractual Services	65,020	54,245	100,000	100,000	0	0.00
101-42100-00311	Data Processing	37,200	35,632	38,100	38,100	0	0.00
101-42100-00323	Radio Units	38,000	33,236	50,000	50,000	0	0.00
101-42100-00331	Mileage & Expense Account	1,200	253	1,500	1,500	0	0.00
101-42100-00350	Printing & Publishing	1,500	986	1,500	1,500	0	0.00
101-42100-00404	Repairs/Maint - Machin/Equip	28,000	24,940	60,000	50,000	(10,000)	(16.67)
101-42100-00409	Maint services & Improv	0	0	1,500	1,500	0	0.00
101-42100-00433	Dues, Licensing & Seminars	15,000	20,232	15,000	15,000	0	0.00
101-42100-00434	Training and schools	33,000	38,598	60,000	60,000	0	0.00
101-42100-00499	Miscellaneous	2,500	3,246	2,500	2,500	0	0.00
101-42100-00540	Equipment	8,000	(283)	10,000	10,000	0	0.00
Total Department Police:		**3,504,435**	**2,450,352**	**3,816,844**	**3,803,844**	**(13,000)**	**(0.34)**
Crime Control and Investigate							
101-42120-00304	Legal Fees	45,150	37,388	50,000	50,000	0	0.00
101-42120-00308	Prisoner Care	5,500	4,207	7,000	7,000	0	0.00
101-42120-00309	Contractual Services	2,500	303	5,000	5,000	0	0.00
Total Department Crime Control and Investigate:		**53,150**	**41,898**	**62,000**	**62,000**	**0**	**0.00**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Fire							
101-42200-00101	Full-Time Employees Regular	0	980	101,250	101,250	0	0.00
101-42200-00103	Part-Time Employees	124,835	110,163	109,600	126,434	16,834	15.36
101-42200-00121	PERA	0	0	7,594	7,594	0	0.00
101-42200-00122	FICA	9,550	8,502	16,200	17,418	1,218	7.52
101-42200-00123	MN PAID FAMILY LEAVE	0	0	1,000	1,000	0	0.00
101-42200-00130	Employer Paid Ins	800	852	25,185	25,185	0	0.00
101-42200-00200	Office Supplies (GENERAL)	200	0	200	200	0	0.00
101-42200-00210	Operating Supplies (GENERAL)	7,500	5,196	14,500	14,500	0	0.00
101-42200-00212	Motor Fuels	6,200	3,856	6,200	6,200	0	0.00
101-42200-00217	Uniforms	16,000	1,824	16,000	16,000	0	0.00
101-42200-00240	Small Tools and Minor Equip	9,500	5,701	9,500	9,500	0	0.00
101-42200-00241	Safety equip/testings	16,000	10,281	16,000	16,000	0	0.00
101-42200-00306	Personnel Expense	5,500	300	5,500	5,500	0	0.00
101-42200-00309	Contractual Services	5,000	0	0	0	0	0.00
101-42200-00323	Radio Units	27,000	19,840	27,000	27,000	0	0.00
101-42200-00331	Mileage & Expense Account	1,000	0	1,000	1,000	0	0.00
101-42200-00381	Electric Utilities	9,000	2,939	9,000	6,000	(3,000)	(33.33)
101-42200-00383	Fuel, oil and natural gas	9,000	6,314	9,000	9,000	0	0.00
101-42200-00404	Repairs/Maint - Machin/Equip	23,000	23,948	23,000	23,000	0	0.00
101-42200-00433	Dues, Licensing & Seminars	2,000	1,080	2,000	2,000	0	0.00
101-42200-00434	Training and schools	15,000	10,587	15,000	15,000	0	0.00
101-42200-00437	Payments to Organizations	48,500	48,500	103,500	103,500	0	0.00
101-42200-00438	Payment to Fire Relief 2% Aid	100,000	131,324	134,000	134,000	0	0.00
101-42200-00499	Miscellaneous	3,000	2,337	3,000	3,000	0	0.00
Total Department Fire:		**438,585**	**394,524**	**655,229**	**670,281**	**15,052**	**2.30**
Building Inspection							
101-42400-00101	Full-Time Employees Regular	147,700	119,967	159,635	159,635	0	0.00
101-42400-00103	Part-Time Employees	22,900	16,800	47,156	47,156	0	0.00
101-42400-00121	PERA	12,800	9,680	15,059	15,059	0	0.00
101-42400-00122	FICA	13,050	10,144	15,360	15,360	0	0.00
101-42400-00123	MN PAID FAMILY LEAVE	0	0	883	883	0	0.00
101-42400-00130	Employer Paid Ins	29,575	25,114	30,805	30,805	0	0.00
101-42400-00200	Office Supplies (GENERAL)	840	0	865	865	0	0.00
101-42400-00212	Motor Fuels	525	167	0	0	0	0.00
101-42400-00309	Contractual Services	29,400	23,346	30,285	30,285	0	0.00
101-42400-00331	Mileage & Expense Account	500	0	500	500	0	0.00
101-42400-00404	Repairs/Maint - Machin/Equip	1,000	0	1,000	1,000	0	0.00
101-42400-00433	Dues, Licensing & Seminars	10,185	6,455	10,490	10,490	0	0.00
101-42400-00499	Miscellaneous	2,000	0	2,000	2,000	0	0.00
Total Department Building Inspection:		**270,475**	**211,673**	**314,038**	**314,038**	**0**	**0.00**
Emergency Management							
101-42500-00409	Maint services & Improv	1,600	9,356	1,600	1,600	0	0.00
101-42500-00433	Dues, Licensing & Seminars	8,000	4,800	8,000	8,000	0	0.00
101-42500-00499	Miscellaneous	500	0	700	700	0	0.00
Total Department Emergency Management:		**10,100**	**14,156**	**10,300**	**10,300**	**0**	**0.00**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Streets							
101-43100-00101	Full-Time Employees Regular	398,410	325,389	410,815	410,815	0	0.00
101-43100-00102	Overtime	17,000	6,177	10,000	10,000	0	0.00
101-43100-00103	Part-Time Employees	5,200	0	5,200	5,200	0	0.00
101-43100-00121	PERA	31,100	24,728	31,495	31,495	0	0.00
101-43100-00122	FICA	32,110	21,172	32,520	32,520	0	0.00
101-43100-00123	MN PAID FAMILY LEAVE	0	0	1,870	1,870	0	0.00
101-43100-00130	Employer Paid Ins	100,775	83,425	105,170	105,170	0	0.00
101-43100-00200	Office Supplies (GENERAL)	700	602	750	750	0	0.00
101-43100-00210	Operating Supplies (GENERAL)	5,200	2,777	5,200	5,200	0	0.00
101-43100-00212	Motor Fuels	19,000	7,195	19,000	19,000	0	0.00
101-43100-00216	Chemicals and Chem Products	22,000	1,708	15,000	15,000	0	0.00
101-43100-00217	Uniforms	2,000	1,470	2,000	2,000	0	0.00
101-43100-00220	Repair/Maint Supply (GENERAL)	30,000	22,822	30,000	30,000	0	0.00
101-43100-00226	Sign Repair Materials	21,000	11,147	21,000	15,000	(6,000)	(28.57)
101-43100-00229	Dirt, Sand and gravel	10,000	2,206	10,000	7,000	(3,000)	(30.00)
101-43100-00240	Small Tools and Minor Equip	3,000	2,090	3,000	3,000	0	0.00
101-43100-00241	Safety equip/testings	2,000	1,422	2,000	2,000	0	0.00
101-43100-00306	Personnel Expense	660	239	660	660	0	0.00
101-43100-00323	Radio Units	4,400	3,411	4,400	4,400	0	0.00
101-43100-00331	Mileage & Expense Account	2,200	378	2,200	2,200	0	0.00
101-43100-00404	Repairs/Maint - Machin/Equip	8,500	3,897	8,500	8,500	0	0.00
101-43100-00409	Maint services & Improv	12,000	4,550	12,000	12,000	0	0.00
101-43100-00415	Other Equipment Rentals	8,000	14,127	14,000	14,000	0	0.00
101-43100-00433	Dues, Licensing & Seminars	3,100	2,503	3,100	3,100	0	0.00
101-43100-00499	Miscellaneous	500	512	500	500	0	0.00
Total Department Streets:		**738,855**	**543,947**	**750,380**	**741,380**	**(9,000)**	**(1.20)**
Engineering							
101-43300-00101	Full-Time Employees Regular	174,250	139,918	182,545	182,545	0	0.00
101-43300-00102	Overtime	0	416	0	0	0	0.00
101-43300-00121	PERA	13,000	10,422	13,625	13,625	0	0.00
101-43300-00122	FICA	13,275	10,511	13,900	13,900	0	0.00
101-43300-00123	MN PAID FAMILY LEAVE	0	0	800	800	0	0.00
101-43300-00130	Employer Paid Ins	35,085	25,312	36,510	36,510	0	0.00
101-43300-00210	Operating Supplies (GENERAL)	400	295	400	400	0	0.00
101-43300-00212	Motor Fuels	400	433	500	500	0	0.00
101-43300-00331	Mileage & Expense Account	1,200	1,035	1,200	1,200	0	0.00
101-43300-00404	Repairs/Maint - Machin/Equip	500	0	500	500	0	0.00
101-43300-00433	Dues, Licensing & Seminars	6,000	5,435	6,200	6,200	0	0.00
101-43300-00499	Miscellaneous	600	30	600	600	0	0.00
Total Department Engineering:		**244,710**	**193,807**	**256,780**	**256,780**	**0**	**0.00**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Parks							
101-45200-00101	Full-Time Employees Regular	551,025	460,838	580,165	580,165	0	0.00
101-45200-00102	Overtime	26,500	17,627	20,000	20,000	0	0.00
101-45200-00103	Part-Time Employees	40,900	55,509	40,900	40,900	0	0.00
101-45200-00121	PERA	46,325	33,810	48,015	48,015	0	0.00
101-45200-00122	FICA	47,250	37,787	48,975	48,975	0	0.00
101-45200-00123	MN PAID FAMILY LEAVE	0	0	2,820	2,820	0	0.00
101-45200-00130	Employer Paid Ins	130,450	108,222	135,280	135,280	0	0.00
101-45200-00200	Office Supplies (GENERAL)	600	532	600	600	0	0.00
101-45200-00210	Operating Supplies (GENERAL)	12,000	11,239	12,000	12,000	0	0.00
101-45200-00212	Motor Fuels	16,000	10,517	16,000	16,000	0	0.00
101-45200-00216	Chemicals and Chem Products	6,000	2,385	6,000	6,000	0	0.00
101-45200-00217	Uniforms	3,500	3,106	3,500	3,500	0	0.00
101-45200-00221	Equipment Parts	800	756	800	800	0	0.00
101-45200-00222	Repair & Maint - Equip	15,000	10,100	15,000	15,000	0	0.00
101-45200-00226	Sign Repair Materials	1,500	1,577	1,500	1,500	0	0.00
101-45200-00227	Plantings	20,000	12,847	20,000	20,000	0	0.00
101-45200-00229	Dirt, Sand and gravel	10,000	6,465	12,000	12,000	0	0.00
101-45200-00240	Small Tools and Minor Equip	6,000	3,298	6,000	6,000	0	0.00
101-45200-00241	Safety equip/testings	2,300	1,748	2,300	2,300	0	0.00
101-45200-00306	Personnel Expense	1,200	529	1,200	1,200	0	0.00
101-45200-00309	Contractual Services	26,500	34,412	45,200	45,200	0	0.00
101-45200-00312	Rec Program Fee/Sr. Serv	40,000	26,130	20,000	20,000	0	0.00
101-45200-00316	Weed Control	11,000	2,118	11,000	11,000	0	0.00
101-45200-00323	Radio Units	4,100	2,908	4,100	4,100	0	0.00
101-45200-00331	Mileage & Expense Account	1,650	600	1,650	1,650	0	0.00
101-45200-00350	Printing & Publishing	500	0	500	500	0	0.00
101-45200-00404	Repairs/Maint - Machin/Equip	6,000	1,842	6,000	6,000	0	0.00
101-45200-00409	Maint services & Improv	6,500	7,361	6,500	6,500	0	0.00
101-45200-00415	Other Equipment Rentals	5,800	4,790	5,800	5,800	0	0.00
101-45200-00433	Dues, Licensing & Seminars	11,750	7,714	8,750	8,750	0	0.00
101-45200-00437	Payments to Organizations	54,921	30,921	55,000	55,000	0	0.00
101-45200-00499	Miscellaneous	10,000	9,653	10,000	10,000	0	0.00
Total Department Parks:		**1,116,071**	**907,341**	**1,147,555**	**1,147,555**	**0**	**0.00**
Boulevard Maint. And lighting							
101-45203-00220	Repair/Maint Supply (GENERAL)	31,500	2,313	31,500	25,000	(6,500)	(20.63)
101-45203-00381	Electric Utilities	80,000	53,353	75,000	70,000	(5,000)	(6.67)
101-45203-00406	Street lights and Signal Main	6,000	4,657	6,000	6,000	0	0.00
Total Department Boulevard Maint. And lighting:		**117,500**	**60,323**	**112,500**	**101,000**	**(11,500)**	**(10.22)**

GL Number	Description	2025 Amended Budget	2025 Activity	2026 City Council Prelim	2026 City Council Final	2026 City Council Final Amt Change	2026 City Council Final % Change
GENERAL FUND							
Appropriations							
Miscellaneous Allocations							
101-49200-00212	Motor Fuels	0	8,564	0	0	0	0.00
101-49200-00322	Postage	14,000	10,835	14,000	14,000	0	0.00
101-49200-00361	General Liability Ins	230,000	233,524	265,000	265,000	0	0.00
101-49200-00365	Workers Comp Ins	130,000	143,221	147,000	147,000	0	0.00
101-49200-00496	CONTINGENCIES	15,000	0	15,000	15,000	0	0.00
101-49200-00720	Operating Transfers - Equip.	160,000	470,000	125,000	125,000	0	0.00
101-49200-00721	OPERATING TRANSFER - FACILITI	0	250,000	0	0	0	0.00
101-49200-00723	Operating Transfers - Parks	0	52,042	0	0	0	0.00
101-49200-00728	OPERATING TRANSFERS - GF OPER	0	0	16,250	16,250	0	0.00
101-49200-00732	OPERATING TRANSFERS - COMP PL	0	25,000	0	0	0	0.00
Total Department Miscellaneous Allocations:		**549,000**	**1,193,186**	**582,250**	**582,250**	**0**	**0.00**
Appropriations		**9,178,881**	**7,778,510**	**9,959,938**	**9,904,390**	**(55,548)**	**(0.56)**
Fund 101 - GENERAL FUND:							
TOTAL ESTIMATED REVENUES		**9,178,881**	**6,164,242**	**9,986,902**	**9,904,390**	**(82,512)**	**(0.83)**
TOTAL APPROPRIATIONS		**9,178,881**	**7,778,510**	**9,959,938**	**9,904,390**	**(55,548)**	**(0.56)**
NET OF REVENUES & APPROPRIATIONS:		**0**	**(1,614,268)**	**26,964**	**0**	**(26,964)**	

Tax Levy Summary

The preliminary levy was approved by the City Council at the September 9, 2025 Council meeting with an overall levy increase of **7.50%.** In the subsequent months, staff has refined revenues and expenditures to arrive at the proposed levy below.

The overall levy increase has been reduced to **5.90%.**

	2025	2026 Proposed	Increase (Decrease)	% Change
General	$6,401,453	$6,820,497	$419,044	6.55%
City Infrastructure	$502,000	$490,000	($12,000)	-2.39%
Total City Tax Levy	**$6,903,453**	**$7,310,497**	**$407,044**	**5.90%**

For comparison, displayed below are the historical and 2026 preliminary levies for the surrounding communities.

Historical Levy % Increase						
City	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 Prelim**
Excelsior Lewy	2,008,199	2,188,937	2,331,074	2,561,769	2,680,158	2,991,580
Excelsior	**13.20%**	**9.00%**	**6.49%**	**9.90%**	**4.62%**	**11.62%**
Minnetonka Lewy	42,443,598	44,815,229	47,835,374	51,406,524	55,124,693	59,459,714
Minnetonka	**3.51%**	**5.59%**	**6.74%**	**7.47%**	**7.23%**	**7.86%**
Minnetrista Lewy	5,097,602	5,375,433	5,854,229	6,518,104	7,130,867	7,838,365
Minnetrista	**3.08%**	**5.45%**	**8.91%**	**11.34%**	**9.40%**	**9.92%**
Orono Lewy	6,610,620	6,944,776	8,387,000	9,415,100	9,631,000	10,278,500
Orono	**10.04%**	**5.05%**	**20.77%**	**12.26%**	**2.29%**	**6.72%**
Plymouth Lewy	40,770,306	43,654,569	46,521,104	50,021,053	52,654,801	56,545,947
Plymouth	**7.06%**	**7.07%**	**6.57%**	**7.52%**	**5.27%**	**7.39%**
Shorewood Lewy	5,973,743	6,173,291	6,510,948	7,115,274	7,593,570	8,246,983
Shorewood	**2.00%**	**3.34%**	**5.47%**	**9.28%**	**6.72%**	**8.60%**
Wayzata Lewy	5,145,201	5,415,369	5,879,345	6,407,122	6,903,453	7,310,497
Wayzata	**2.46%**	**5.25%**	**8.57%**	**8.98%**	**7.75%**	**5.90%**
Average	**6.48%**	**5.92%**	**9.16%**	**9.63%**	**5.92%**	**8.69%**

Notable Changes Since Preliminary Budget Approved

Below is a list of notable budget changes that staff made after the preliminary budget approval on 09/23/2025 to further reduce the levy.

Revenues

- Miscellaneous permits increase of $6,000 to reflect trend in actuals
- Interest earnings increase of $10,000 to reflect trend in actuals
- Insurance Premiums – Police increase of $10,000 to reflect historical trend

Expenditures

- Admin & Finance Full-Time wages/benefits
  - Reduction of $24,100 to reflect City Manager vacancy
- Building Operations & Maint.
  - Reduction of $16,000 to reflect historical actuals in utilities and repairs and maintenance
- Police
  - Reduction of $4,000 for Consultants
  - Reduction of $10,000 in equipment repairs and maintenance
- Fire
  - Increase part-time wages to be more in line with historical actuals and reflect increase in part-time hours
  - Reduction of $3,000 in electric utilities to reflect actuals
- Streets
  - Reduction of $6,000 in sign repair materials to reflect trends
  - Reduction of $3,000 in dirt, sand and gravel
- Boulevard maintenance and lighting
  - Reduction of $6,500 in repairs and maintenance supplies
  - Reduction of $5,000 in electric utilities

Options to Further Reduce the General Fund Budget and Property Tax Levy

At previous workshops staff presented various Council considerations for further reductions in the General Fund budget. Through several iterations of the budget, some of those changes have been implemented and are reflected in the current levy and budget proposal. However, should the Council wish to reduce the budget and levy further, some additional reductions can still be considered.

Below is a summary of options that have been previously presented and are still open for consideration by the City Council.

Expenditure Item	Estimated Savings	Levy Reduction
Delay Fire Chief to mid-year	$45,000	.66%
Reduce the 2026 Increase to the Fire Relief Contribution from City	Up to $55,000	Up to .80%
Eliminate 4th CSO	$41,000	.60%
Eliminate Music in the park	$8,000	.12%
Removal of Holiday Lighting	$16,000	.24%
Reduce General Fund Capital Transfer	Up to $125,000	Up to 1.81%
Reduce Capital Levy	Up to $490,000	Up to 7.10%

City Council Workshop
City Council Agenda Report

MEETING DATE: November 18, 2025	**WORKSHOP AGENDA ITEM:** 5
TITLE: Discussion of Future Council Topics (6:30-6:40 p.m.)	
PREPARED BY: Aurora Yager, Interim City Manager	
REVIEWED BY:	

DISCUSSION OBJECTIVE:
To discuss and prioritize future workshop and general topics.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:
Not Applicable.

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

- Dec 2 - Board and Commission Interviews
- Dec 2 - Closure 600 Block Lake St Pedestrian Activities
- Dec 16 - Public Safety Facility Needs Assessment (tentative)
- Jan 6 - Closed Session for Litigation Update (tentative)

ATTACHMENTS:
None