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**WAYZATA CITY COUNCIL  
WORKSHOP MEETING MINUTES  
May 19, 2026**

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Mayor Mullin called the meeting to order at 5:10 p.m. Council Members present, in-person, in the community room at City Hall offices: MacDonald, Sorensen. Absent: Koch and Plechash. City Staff included City Manager Yager, Deputy City Manager Voto, Community Development Director Sharpe, Police Chief Baker, and Finance Manager Zimmerman. Also present: David Schelzel, City Attorney.

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**5:10 p.m. Discussion of 2027 Budget Priorities and Process**

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Mr. Zimmerman introduced the 2027 budget planning process and provided an overview of the anticipated roadmap for budget discussions, including staffing, capital improvement planning (CIP), general fund and enterprise budgets, and long-term staffing considerations. Council was asked to provide early feedback on priorities, emerging issues, or service investments so staff could better incorporate those ideas before preparing a preliminary budget.

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Mayor Mullin requested that future budget memos clearly identify the additive levy implications of proposed expenditures so both council and the public can better understand how individual decisions contribute to the overall levy impact.

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Discussion followed regarding the terminology used to describe “excess reserves.” Several Council Members noted that the term may be misleading to the public because it suggests unexpected or unnecessary funds. Staff explained that the term refers to funds above adopted reserve policy targets, but that alternative language would be brought forward.

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Mr. Zimmerman noted that staffing discussions occur first because personnel costs are the largest budget component and can be completed early, giving department directors clearer budget parameters. CIP discussions also occur early because reserve allocations and capital funding decisions influence levy planning and broader budget development.

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Council reviewed recent legislative developments and discussed the recently approved special legislation regarding TIF District #6 authority, noting that the change could support future funding considerations related to the Panoway and Section Foreman House projects. Staff indicated the legislation is effective immediately and remains available throughout the life of the TIF district.

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Discussion then shifted to several emerging budget considerations. Staff noted that the 2026 budget included a \$95,000 reserve allocation supporting the general fund and that Council will need to revisit whether that practice continues in 2027. Staff also raised concerns regarding enterprise fund transfers from the Bar & Grill and Wine & Spirits operations, explaining that preliminary audit information suggests the City may be transferring more profit to the general fund than those operations are currently generating. Council emphasized the importance of reviewing current-year projections and understanding any potential budget implications early.

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Council requested additional financial forecasting for enterprise operations including anticipated HVAC costs, and reserve impacts associated with planned facility improvements to the Bar and Grill.

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Mayor Mullin encouraged staff to begin evaluating potential user fee options such as franchise fees early enough to impact future budget cycles. Ms. Yager confirmed that franchise fees remain under consideration and would require Council action but could be implemented at any time.

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Council Member MacDonald discussed opportunities associated with Depot Park, including potential revenue-generating uses that could support lakefront improvements or public art initiatives.

45 Additional capital and infrastructure priorities were raised, including improved street closure  
46 infrastructure such as upgraded bollards or barricade systems, continued landscaping and beautification  
47 efforts, long-range planning for the public safety facility, and future planning surrounding the park-and-  
48 ride property and possible backup sites.

49 **5:25 p.m. Discussion of Long-Term Staffing Plan**

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51 Ms. Yager presented the City's long-term staffing plan as an early component of the 2027 budget process,  
52 emphasizing a more strategic five-year approach to staffing needs rather than introducing requests only  
53 during preliminary budget presentations. The goal is to improve long-term planning, provide greater  
54 transparency, and allow council to consider staffing needs proactively.

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56 Staff identified several proposed staffing items for future planning, including a Police Investigator, a  
57 potential additional Police Officer, a Planning Intern, and a longer-term IT staffing solution. Staff noted that  
58 the staffing proposals alone would have a notable levy impact and emphasized that the preliminary budget  
59 will initially reflect requested positions before Council ultimately determines priorities and tradeoffs.

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61 Chief Baker presented the case for adding a second Police Investigator position beginning in 2027. The  
62 request stems from increasing investigative complexity, growing caseloads, and operational concerns  
63 related to relying on a single investigator. The Chief explained that investigations have become substantially  
64 more time-intensive due to increased electronic evidence, cell phone data analysis, interagency  
65 collaboration, and heightened documentation requirements from the County Attorney's office. The  
66 department's current investigator handles approximately 1,500 cases annually while also supervising CSOs  
67 and reserve officers. Major incidents can quickly overwhelm investigative resources, creating delays in  
68 victim and witness contact and risking loss of evidence. Chief Baker emphasized that neighboring agencies  
69 of similar size generally maintain at least two investigators and that the current one-person structure creates  
70 operational vulnerability and succession-planning concerns.

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72 The proposed model would allow investigative assignments to rotate among Police Officers over time,  
73 creating broader institutional knowledge and strengthening long-term capability. Council Members  
74 expressed strong support for the request and acknowledged the increasing complexity reflected in police  
75 reports and investigative demands.

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77 Ms. Yager explained the request for an additional Police Officer stems from the priority to maintain a  
78 stronger pipeline of future officers through the CSO program. The City recently experienced a situation  
79 where a qualified CSO became eligible for a Police Officer position while the department was fully staffed,  
80 forcing that candidate to accept a position elsewhere.

81

82 Rather than budgeting immediately for an additional officer, Ms. Yager requested Council support for  
83 limited hiring flexibility that would allow the City Manager to authorize temporarily exceeding budgeted  
84 staffing levels to retain qualified internal candidates when circumstances warrant. Preserving the CSO-to-  
85 officer pipeline is essential given the highly competitive hiring environment and ongoing shortages of  
86 qualified law enforcement candidates statewide.

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88 Chief Baker noted that recruitment challenges are less about compensation and more about the limited pool  
89 of qualified applicants. By contrast, the department's CSO program has proven successful and remains a  
90 valuable recruitment and training pathway.

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92 Council generally supported the concept of maintaining flexibility to retain qualified candidates. Council  
93 Member Sorensen also requested additional benchmarking data comparing City staffing levels with similar  
94 communities to help inform future staffing discussions.

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96 Mr. Sharpe presented a proposal to incorporate an ongoing Planning Intern position into the budget based  
97 on the department's recent positive experience using an intern to support planning workloads and  
98 comprehensive plan work. The position is designed as a limited-duration position, typically focused during  
99 peak spring and summer workloads, assisting with research, permit review support, front counter assistance,  
100 and lower-level planning tasks. The Planning Intern would allow other staff to focus on more complex work  
101 while also reducing reliance on outside consultants.

102

103 Mr. Sharpe noted that consultant use has declined significantly over the past year as internal staff have taken  
104 on more planning work, improving responsiveness and customer service. Developers and residents have  
105 reportedly responded positively. Beyond workload assistance, Mr. Sharpe emphasized that internships  
106 provide professional development opportunities for existing staff through supervision and training while  
107 helping build professional networks and future recruitment pipelines within the planning profession.

108

109 Council expressed support for including the Planning Intern position in the preliminary budget.

110

111 Ms. Yager highlighted the organization's long-term IT needs. The City currently relies on a managed IT  
112 service provider contract that staff described as costly and increasingly inadequate for meeting operational  
113 needs, particularly within public safety and cybersecurity environments. IT responsibilities often fall to  
114 employees without technical expertise, creating inefficiencies and operational risk.

115

116 Rather than proposing a standalone IT employee immediately, Ms. Yager described the current "IT  
117 Manager" placeholder as recognition that the City must eventually pursue a different service model.  
118 Because the existing managed services contract extends through 2027, staff plans to use the intervening  
119 time to evaluate alternatives, including shared-service arrangements with neighboring communities or  
120 different managed-service models.

121

122 Examples from other metro communities were discussed, including collaborative municipal IT  
123 arrangements that evolved into regional service organizations. Ms. Yager acknowledged that a shared  
124 services approach may be challenging but believes the concept warrants exploration given the growing  
125 technological demands and cybersecurity requirements facing smaller cities.

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127 Council viewed the exploration positively and expressed interest in understanding whether collaborative IT  
128 models with neighboring communities could be feasible over time.

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### 130 **6:10 p.m. Discussion of Short-Term Rental Ordinance**

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132 Ms. Yager explained that following the closed session and ongoing litigation concerning the City's licensing  
133 ordinance, the purpose of the discussion was to obtain Council direction on whether to proceed with zoning  
134 ordinance amendments prohibiting short-term rentals or to explore alternative regulatory approaches.

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136 Mr. Sharpe provided a brief timeline of the City's work on short-term rentals. In October 2025, the Council  
137 adopted an ordinance prohibiting short-term rentals effective April 1, 2026. More recently, the licensing  
138 ordinance restrictions were determined to be unenforceable through litigation, prompting the April 2026  
139 moratorium and Council direction to begin work on zoning-based regulations.

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141 Mr. Sharpe noted that there are two primary policy directions for Council consideration.

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143 The first option involved drafting zoning ordinances consistent with Council's prior direction to prohibit  
144 short-term rentals. Staff indicated this would be relatively straightforward, without requiring additional  
145 engagement or major study.

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147 The second option would involve exploring zoning regulations that could allow some form of short-term  
148 rental operation subject to location or operational restrictions, which would require more extensive  
149 ordinance work and coordination with licensing regulations.

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151 Council discussion focused largely on whether to pursue an outright zoning prohibition or retain pathways  
152 for future short-term rentals.

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154 Council Members Sorensen and MacDonald reiterated support for prohibiting new short-term rentals  
155 entirely noting that their position had not changed and emphasized longstanding concerns about commercial  
156 lodging uses operating within residential neighborhoods.

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158 Mayor Mullen noted concerns about the City being unprepared if the City loses the appeal and has only  
159 adopted a zoning ban, existing short-term rentals would remain as legal nonconforming uses without  
160 additional operational restrictions tailored to their activity.

161  
162 Discussion explored whether an intermediate or “third” option existed—one that would prohibit new short-  
163 term rentals while also strengthening operational standards for existing rentals if the appeal is unsuccessful.

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165 Staff and Attorney Schelzel explained that zoning primarily regulates location and land use, while licensing  
166 addresses operational issues and nuisance enforcement. Potential tools discussed included stronger nuisance  
167 enforcement, occupancy standards, complaint response procedures, and enhanced consequences for  
168 repeated violations. Staff noted that previous reviews found limited documented complaints and that many  
169 concerns related more to neighborhood character than recurring behavioral violations.

170  
171 Some Council Members expressed the difficulty of regulating short-term rentals differently from other  
172 rental housing without creating broader impacts on long-term rental properties. Concerns were raised about  
173 overregulating hypothetical problems or imposing restrictions that would unintentionally affect responsible  
174 property owners.

175  
176 It was also noted that while community members and STR operators had proposed various regulatory ideas  
177 over the years, the majority of Council had consistently returned to the position that short-term rentals are  
178 fundamentally incompatible with residential neighborhoods regardless of operational rules.

179  
180 Following discussion, Council reached consensus to move forward with drafting a zoning ordinance  
181 establishing an outright prohibition on new short-term rentals. Council supported having staff revisit the  
182 rental dwelling licensing ordinance to evaluate whether stronger enforcement tools for repeated violations  
183 and possible authority to deny or revoke rental licenses based on documented nuisance behavior.

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185 **6:30 p.m. Discussion of Future Agenda Topics**

186 The Council reviewed the proposed workshop schedule and discussed moving franchise fee  
187 implementation forward sooner, if possible, to avoid losing a full year of revenue.

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189 Council also discussed whether to consider moving to the County’s “Open Book” property tax appeal  
190 process, which would eliminate the City’s local Board of Appeal and Equalization. While some Council  
191 Members appreciated the idea of providing residents with additional opportunities and locations to  
192 discuss valuations with assessors, the majority expressed concern about giving up local control and  
193 residents’ ability to appeal assessments locally. Concerns were raised about the difficulty of restoring  
194 local authority once relinquished and about broader County efforts to phase out local appeal boards.  
195 Based on Council feedback, staff will remove this item from the workshop calendar.

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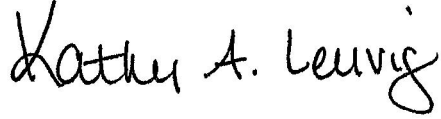
197 Staff suggested adding a future discussion regarding the Section Foreman House project and  
198 Conservancy-related planning before formal Council action is required, particularly as construction and  
199 partnership discussions continue. Council agreed this should be added to the workshop schedule.

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201 The workshop adjourned at 6:50 p.m.

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203 Respectfully submitted,

A handwritten signature in black ink that reads "Kathy A. Leervig". The signature is written in a cursive, flowing style.

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205 Kathy Leervig, City Clerk

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