Inver Grove Heights City Council

Monday, August 3, 2026 at 6:00 PM

8150 Barbara Ave, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Rebecca Kiernan (rkiernan@ighmn.gov). Comments received prior to 12:00 p.m. on Monday, August 3, 2026, will be provided to the Council at or before the August 3, 2026 meeting. To watch remotely, individuals may go to www.townsquare.tv/webstreaming or watch from Cable TV Live on the Second and Fourth Mondays of the month at 6 p.m. on Channel 14/799 HD.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Discussion Items**
   - **A.** Review of 2027 General Fund Budget and Preliminary Tax Levy
   - **B.** 2027 Budget - Non-General Fund Budgets
5. **Adjourn**

This document is available upon a three (3) business day request in alternate formats such as braille, large print, audio recording, etc. Please contact Rebecca Kiernan, City Clerk, at 651.450.2513 or rkiernan@ighmn.gov.

Agenda Item 4.A.

Request for Council Action

SUBJECT: Review of 2027 General Fund Budget and Preliminary Tax Levy

MEETING DATE: August 3, 2026
ITEM TYPE: Discussion Items
CONTACT: Ellen Hiniker, Interim City Administrator, 651.450.2511
Amy Hove, Finance Director, 651.450.2521

ACTION REQUESTED

Council is asked to provide feedback on the proposed 2027 General Fund budget in anticipation of its requirement to adopt a preliminary 2026 levy, collectible in 2027, at the September 14 City Council meeting.

BACKGROUND

Staff presented a summary of the proposed 2027 General Fund budget at the July 20 City Council work session. As discussed, the General Fund is supported by approximately 85% of the City's property tax levy. At its September 14, 2026 meeting, the City Council will be asked to adopt a preliminary property tax levy, collectible in 2027. Under Minnesota law, once the preliminary levy is adopted, it may be reduced during final budget adoption in December but may not be increased.

At this time, staff is seeking feedback from the City Council on the proposed 8.83% property tax levy increase presented at the July 20 work session in advance of formal consideration of the preliminary levy in September. As outlined in the attached PowerPoint presentation, the recommendation includes dedicating one percent (1%) of the levy increase to support new and reclassified staff positions and one percent (1%) to begin establishing a dedicated revenue stream to support the City Facilities Capital Improvement Plan. The remaining 6.83% would support General Fund operations and a 3% increase to the Pavement Management levy.

2027 staffing recommendations outlined in the 3-year staffing plan summarized at the July work session will be reviewed in greater detail at the September 8th Council work session with additional consideration of prioritization at the October work session. At this time, Council is asked for consideration of a 1% levy increase to support that plan.

FISCAL IMPACT

RECOMMENDATION

Council is asked for feedback on the proposed 8.83% tax levy increase to support the proposed 2027 General Fund Budget.

ATTACHMENTS

1. Review of proposed levy - 08.03.26

Review & Feedback: 2027 General Fund Budget & Tax Levy

August 3, 2026

Ellen Hiniker, Interim City Administrator
Amy Hove, Finance Director

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2027 Budget Assumptions & Factors

Represents 3.55% increase in levy

3% COLA & 12% Insurance increases	$ 785,000
3% inflationary increases for Pavement Management (PMP)* & Parks Capital funding (decrease from 5% used in 2026 budget)	$ 109,015
Continued phase-in for prior year Fire & PD hires made possible through grants	$ 355,500
Reduction to MN Paid Leave costs due to employer/employee shares	($ 62,200)
Reduction due to 2026 Class/Comp Study	($ 65,000)
Full year budget for HR Coordinator & Accounting Tech (2026 mid-year hires/changes)	$ 71,500
Reduced non-tax revenues	$ 90,709
	$1,284,524

**All but PMP levy is part of General Fund*

Additional Factors contributing to levy increase

Represents 1.75% increase in levy

Comprehensive Plan (2027 consultant costs over 2026 consultant costs)	$ 60,000
Implementation of Class & Comp Study (assumes 1% increase in General Fund personnel costs)	$ 240,000
Recodification - Updating City Code (First of 2-year process)	$ 32,000
New Election Equipment (1st of annual payments to Dakota County)	$ 24,038
Axon contract increase (PD - integrated public safety technology platform, tasers, cameras, etc.)	$ 95,217
Increase in Central Equipment Fund allocation (accounts for replacement needs of new equipment)	$ 181,000
Other outside contracts	n/a
	$ 632,255

Other considerations for levy

Represents 2% levy increase ($723,500)

- 2027 Staffing Recommendations
  - 1% levy increase for new positions & reclassification
  - Additional work session discussions in September & October to prioritize

- City Facilities – Build up a Capital Fund revenue source
  - 1% levy increase each year for 3-years

Levy Increase by Factor

	$ Increase	% increase
"Core" or "Carryover" Budget Assumptions & Factors	$ 1,284,524	3.55%
Additional Contributing Factors	632,255	1.75%
Staffing	361,750	1.00%
City Facilities Capital	361,750	1.00%
SUBTOTAL	**$ 2,640,279**	**7.30%**
Other various increases	*554,915*	*1.53%*
PROPOSED LEVY INCREASE FOR 2027	**$ 3,195,194**	**8.83%**

"Other increases" include internal service fund allocations, small equipment purchases, new software, and other specific departmental requests highlighted in July 20 work session presentation.

City Council Discussion

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CITY ADMINISTRATION
8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2500

COMMUNITY DEVELOPMENT
8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2545

FINANCE DEPARTMENT
8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2519

FIRE DEPARTMENT
9200 Courthouse Boulevard
Inver Grove Heights, MN 55077
651-455-5082

PARKS & RECREATION
8055 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2585

POLICE DEPARTMENT
8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2525

PUBLIC WORKS DEPARTMENT
8168 Barbara Avenue
Inver Grove Heights, MN 55077
ENGINEERING: 651-450-2570
STREETS & UTILITIES: 651-450-4309

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Agenda Item 4.B.

Request for Council Action

SUBJECT: 2027 Budget - Non-General Fund Budgets

MEETING DATE: August 3, 2026
ITEM TYPE: Discussion Items
CONTACT: Amy Hove, Finance Director, 651.450.2521
Ellen Hiniker, Interim City Administrator, 651.450.2511

ACTION REQUESTED

The Council is asked to continue its review and discussion of the City's proposed 2027 budget, with initial presentations on Special Revenue Fund budgets, Debt Service budgets and corresponding tax levies, Pavement Management Fund budgets, and Internal Service Fund budgets and provide any initial feedback or direction it wishes to.

BACKGROUND

At the July 20, 2026 work session, staff provided the Council with an overview of the City's budget components and timelines, summary assumptions utilized, and the challenges and priorities informing development of the 2027 budget. The Council also received a draft of the General Fund budget and levy as they currently stood at that time. This was the first of several budget discussions leading up to the adoption of a preliminary 2027 tax levy in mid-September.

This next budget work session focuses on the budgets for the City's special revenue funds, debt service funds, capital project funds, and internal service funds:

- Capital Project Funds: Pavement Management - Local Streets and Pavement Management - Partnership Projects
- Special Revenue Funds: Economic Development Authority (EDA), Veteran's Memorial Community Center (VMCC), Host Community Fund (HCF)
- Debt Service Funds: Debt budgets and tax levies for the City's three funds related to levy-supported debt on street projects and two funds related to levy-supported debt on Fire Station #2
- Internal Service Funds: Technology, City Facilities, Risk Management (Property/Casualty & Workers Compensation Insurance), and Central Equipment

Individual presentations for each of the above budgets are attached. As was the case at the July work session, staff will be fielding questions and requesting input and feedback from the Council on these draft budgets.

Budget presentations on the City's remaining funds: Utility Funds, Golf Course Funds, the Public Safety Small Equipment Fund, and the Opioid Settlement Fund are scheduled for the October 6 work session. Also, at a future date, Council will receive a presentation from the River Heights Chamber on their proposed 2027 budget for Visit IGH, the city's designated local convention & visitors bureau.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. 2027 Budget-Debt Service Funds
2. 2027 Budget-Internal Service Funds
3. 2027 Budget-Pavement Management Funds
4. 2027 Budget-EDA Fund
5. 2027 Budget-Community Center (VMCC) Funds
6. 2027 Budget-Host Community Fund

Proposed 2027 Budget
Debt Service Funds

City Council Work Session

August 3, 2026

Amy Hove, Finance Director

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Debt Levies

Amy Hove
Finance Director

DEBT SERVICE FUNDS

Street-Related Debt

- 2015A G.O. Improvement Bonds
- 2016A G.O. Improvement Bonds
- 2017B G.O. Improvement Bonds

Fire Station Debt

- 2018A G.O. Improvement Bonds
- 2019A G.O. Improvement Bonds

Debt Tax Levies

Bond Issuance	2024 Budget	2025 Budget	2026 Budget	2027 Budget	Final Budget Year
Street-Related Debt					
2015A G.O. Bonds	633,210	634,055	633,255	637,875	2030
2016A G.O. Bonds	718,292	723,227	728,923	734,042	2033
2017B G.O. Bonds	262,882	267,731	261,765	262,228	2032
2020A G.O. Bonds *	177,250	177,250	0	0	
Use of Closed Bond Fund	-177,250	-177,250	0	0	
Fire Station Debt					
2018A G.O. Bonds	739,552	733,514	737,189	734,302	2038
2019A G.O. Bonds	188,475	189,105	189,525	189,735	2038
Total	**$2,542,411**	**$2,547,632**	**$2,550,657**	**$2,558,182**	**0.3% increase**

** In December 2024, Council approved the early payoff of the City's 2020A Bonds using funds available in the Closed Bond Fund.*

2027 Debt Budgets

Fund #	Bond Issuance	Debt Levy	Other Revenues (Int & S/A)	Total Revenues	Less: Principal + Interest, Other	Net
365	2015A G.O. Bonds	637,875	20,000	657,875	595,800	62,075
367	2016A G.O. Bonds	734,042	12,000	746,042	687,150	58,892
369	2017B G.O. Bonds	262,228	43,000	305,228	313,013	-7,785
392	2018A G.O. Bonds	734,302	6,000	740,302	691,210	49,092
393	2019A G.O. Bonds	189,735	1,500	191,235	178,600	12,635
	Total	**$2,558,182**	**$82,500**	**$2,640,682**	**$2,465,773**	**$174,909**

Questions / Discussion

Proposed 2027 Budget
Internal Service Funds

City Council Work Session

August 3, 2026

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Internal Service Funds & Allocations

- City funds/departments whose primary responsibility is to provide goods and services (support) to city departments. These funds support "internal" customers.

- City has 4 internal service funds:
  - Risk Management (insurance)
    - Workers Compensation Insurance
    - Property/Casualty Insurance
  - Technology
  - City Facilities
  - Central Equipment

Summary of Allocations

Allocation Type / Expense Accounts	Fund Housed	2026 Budget	2027 Budget	Difference	% Change
Workers Comp (5084) (1)	602	576,100	467,100	(109,000)	-18.9%
Insurance (5450) (2)	602	504,200	526,900	22,700	4.5%
Technology (5445) (3)	606	1,410,700	1,504,000	93,300	6.6%
City Facilities (5455)	605	885,650	904,140	18,490	2.1%
Central Equipment (5460) (4)	603	3,596,700	3,859,000	262,300	7.3%
		6,973,050	7,261,140	287,790	4.1%

1) *Workers Comp (Risk Management) – League of MN Cities Insurance Trust lowered rates for certain employee categories (primarily public safety)*
2) *Insurance (Risk Management) – City has yet to receive its Property/Casualty renewal back from the League of MN Cities Insurance Trust so assuming a 4.5% increase. Can consider using fund balance to help offset any 2027 increase in excess of this assumption.*
3) *Technology – increased costs for citywide software, and telephone-related costs*
4) *Central Equipment – increase to the capital allocation due to the ongoing refinement of capital replacement schedules.*

Risk Management

(Property/Casualty & Workers Comp Insurance Activities)

Amy Hove, Finance Director

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Risk Management (Fund 602)

Overview:

- League of MN Cities (LMCIT) insurance premiums
  - Property/Equipment/Liability/Auto/Bond
  - Workers Compensation
- Corresponding deductibles
  - Property/Casualty deductible has been $50,000 – with $1,000/claim after deductible has been met.
  - A $5,000/claim Workers Compensation deductible was added in 2023 (reviewed annually with the broker).
- Renewals are tentatively scheduled to be brought forward for Council consideration at the August 10, 2026 meeting.

Risk Management (Fund 602)

Overview:

- Insurance agent fees
- Corporate charges for attorney representation in lawsuits
- Portion of finance personnel costs charged to fund
- Activities are funded by departmental allocations through the following expense codes:
  - Workers Compensation Allocation (5084) - $467,100 (18.9% Decrease) – this is the second year of a decrease to this allocation, due to the League lowering workers compensation rates, as well as the city reducing claims in this area.
  - Insurance Allocation (5450) - $526,900 (4.5% Increase) – still an estimate, waiting for League renewal quote back. This allocation is used to cover the city's property/casualty insurance policy.

Risk Management - Summary

	2026 Adopted Budget	2027 Requested Budget
Revenues By Type		
Departmental Allocations	$ 1,080,000	$ 994,000
Other Revenues (interest, LMCIT dividends)	60,100	65,000
Total Revenues	**$ 1,140,100**	**$ 1,059,000**
Expenditures By Type		
Personnel (small finance staff allocations)	$ 36,100	$ 37,800
Contracted Services (Agent Fees)	24,609	25,962
Repair/Maintenance/Deductibles/Other	82,870	80,077
Insurance Premiums	996,521	915,161
Total Expenditures	**$ 1,140,100**	**$ 1,059,000**

Risk Management

Allocations

	2024	2025	2026	2027
Workers Compensation	774,000	754,700	576,100	467,100
Insurance	479,600	518,900	504,200	526,900
Total Allocations to Fund	$ 1,253,600	$ 1,273,600	$ 1,080,300	$ 994,000
% Change	2.4%	1.5%	-15.2%	-8.0%

Average cash balance = $1,146,600

2021 Property/Casualty Dividend = $100,846
2022 Property/Casualty Dividend = $66,765
2023 Property/Casualty Dividend = $19,810
2024 Property/Casualty Dividend = $19,967
2024 Work Comp Dividend (new) = $43,328
2025 No dividends issued
2026 Notice of Work Comp Dividend – amount unknown

Questions?

Technology Fund

Marc Gade, Technology Manager

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Technology (Fund 606)

The Technology Fund allocation paid by each Department (expense code 5445) and cover:

- Operating budget for IT Department – including IT staff wages & benefits, training, etc.
- Printers, copiers, desktop and laptop computers
- "Core" software used City-wide (such as Microsoft Office products)
- Servers, back-up system, etc.

A Department's allocation is based on # of FTE's and device counts (computers, laptops, tablets)

- Technology Allocation proposed for 2027 is $1,504,000 (6.6% increase)

Technology Fund – Budget Summary

	2026 Adopted Budget	2027 Requested Budget
Revenues By Type		
Departmental Allocations	$ 1,410,700	$ 1,504,000
Other Revenues	26,500	26,500
Total Revenues	**$ 1,437,200**	**$ 1,530,500**
Expenditures By Type		
Personnel	$ 882,500	$ 933,300
Supplies	24,800	66,000
Other Charges & Services	475,185	581,935
Capital Outlay – Machinery & Equip	68,000	110,000
Total Expenditures	**$ 1,450,485**	**$ 1,691,235**

$20,000 for ESRI services
$70,000 Cityview implementation for Planning Dept

Technology Fund

Proposed Capital Expenditures for 2027

- $167,900 in capital expenditures included in proposed budget:
  - Workstation Devices ($50,000)
  - Switches/Firewall ($110,000)
  - Wireless Access Points ($5,500)
  - Audio/Visual ($2,400)

- Budgets for these items show up in accounts:
  - 606.8600.000.5160 Small Tools & Minor Equipment ($57,900)
  - 606.8600.000.5615 Machinery & Equipment (110,000)

2027 Budget Summary

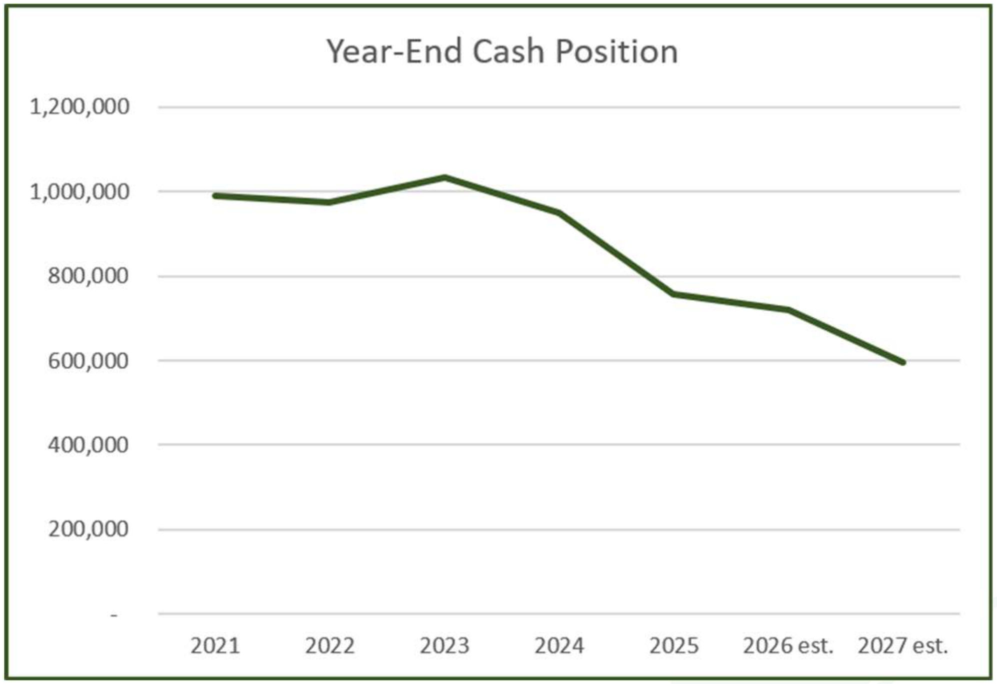
$ 1,530,500	Revenues
- 1,691,235	Expenditures
($ 160,735)	Decrease to Fund Balance in 2027

2027 Budget currently includes $70,000 to implement Cityview's Planning module (software) for the Planning Department.

Estimated fund balance at Dec. 31, 2027 is $595,472.

Department may research Microsoft Enterprise Licensing for 2028.

Technology Fund – Cash Balances



Questions?

City Facilities

Adam Lares, Parks & Recreation Director
Aaron Fitzloff, Facilities Maintenance Superintendent

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City Facilities (Fund 605)

- Activities are funded by departmental allocations through expense code 5455:
  - Total City Facilities Allocation is $904,140 (2.1% increase)
- Up until 2022, this fund covered facility costs solely related to the operation of City Hall; currently in a <u>transition</u> phase
- Current Allocation is based on historical FTE's and square footage by department; formula has not been updated for years.
  - The allocation does *<u>not</u>* include a capital replacement component (like Central Equipment)
  - 2027 budget/levy includes a 1% increase to the tax levy to provide the fund with a direct transfer from the General Fund to help support the long-term capital needs as identified within the 5-year CIP

City Facilities – Budget Summary

	2026 Adopted Budget	2027 Requested Budget
Revenues By Type		
Departmental Allocations	$ 885,650	$ 904,140
Other Revenues-Interest, Solar Credits	425,660	425,660
Transfer In-General Fund	0	362,000
Total Revenues	**$1,311,310**	**$1,691,800**
Expenditures By Type		
Personnel	$ 374,100	$ 386,900
Supplies	49,000	53,700
Other Charges & Services	888,210	889,200
Operating Costs Subtotal	**$1,311,310**	**$1,329,800**
Capital Outlay – Buildings	500,000	200,000
Total Expenditures	**$1,811,310**	**$1,529,800**

City Facilities
Highlights & Additional Requests

- The proposed budget continues to prioritize responsible fiscal management while maintaining essential services.
- The proposed operating budget reflects the redirection of existing funds to support Preventive Maintenance and address current operational needs.
- With the addition of the new hire, staff will continue to evaluate workload, service demands, and operational efficiency to determine whether these resources remain sufficient or if future adjustments are warranted.

City Facilities – 2027 Projects

Project	Amount
City Hall - Replace Heat Pumps	$ 150,000
Fire Station #1 – Exhaust Fans (4)	25,000
Fire Station #1 – Exterior Building Repairs	25,000
Total Projects	$ 200,000

Funding Source	Amount
City Facilities Fund	$ 200,000
Total Funding Sources	$ 200,000

2027 Budget Summary

$ 1,691,800	Revenues *(includes $362,000 transfer in from levy)*
- 1,529,800	Expenditures
$ 162,000	Increase to Fund Balance in 2027

City Facilities Fund had a cash balance of $1,567,362 as of Dec. 31, 2025. Adopted 2026 budget included a spend down of $500,000 in fund balance (for capital needs), which would leave $1,067,362.

Cash Position - Historical

In 2021, $572,000 was transferred in after wrapping up the Fire Station Project.

In 2022, $652,300 was transferred in from the closure of the Central Stores Fund $226,029 was also transferred in when the ADA Fund was closed.

5-Year Capital Plan anticipates $3,911,000 in capital spending of which $3,005,000 (77%) falls under general City Facility dollars.

Cash Position – Estimate based on 5-Year CIP

This is the fund's position BEFORE considering annual levy transfers in from the General Fund.

City Facilities – Projected Capital Funding

	2027 Budget	2028 Projected	2029 Projected	2030 Projected	2031 Projected
Beginning Balance	$1,000,000*	$1,197,000	$1,057,895	$1,844,921	$1,259,493
Revenue In					
Transfer from General Fund	**362,000**	**724,000**	**1,000,000**	**1,000,000**	**1,000,000**
Interest & Other Rev	35,000	41,895	37,026	64,572	44,082
Expenses Out					
Capital Projects (2027-2031 CIP) 2031 is an averaged estimate	(200,000)	(905,000)	(250,000)	(1,650,000)	(750,000)
Year-End Balance (estimated)	**$1,197,000**	**$1,057,895**	**$1,844,921**	**$1,259,493**	**$1,553,575**

Questions?

Central Equipment

Brian Connolly, Public Works Director

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Central Equipment (Fund 603)

- Vehicle maintenance & replacement
- Activities are funded by departmental allocations through expense code 5460:
  - Total Central Equipment Allocation proposed for 2027 is $3,859,000 – a 7.3% increase from 2026
- The allocation is two-fold:
  - Operating Costs – based on a three-year average of fuel usage and repair parts/hours
  - Capital – based on a vehicle replacement schedule, specific to each department

Central Equipment

Departmental Allocations

	2024	2025	2026	2027	
Operations	1,560,600	1,490,750	1,399,800 (2)	1,490,020	6.5%
Capital Replacements	1,647,800	2,211,950 (1)	2,196,900	2,369,000 (3)	7.8%
TOTAL	**$ 3,208,400**	**$ 3,702,700**	**$ 3,596,700**	**$3,859,000**	

1) *Large increase to 2025 capital replacements allocation is due to updated replacement costs for several Fire Department vehicles.*
2) *Decrease in 2026 operations allocation is due to higher interest revenue forecasts for the fund, and a decrease in capital allocations for streets (longer useful life for some vehicles).*
3) *Increase in capital allocation for 2027 is due to the refinement of capital replacement schedules to better account, and plan, for the cost of replacing existing equipment (keeping up with inflation). This is a work in progress and may result in additional increases in future budget cycles.*

Central Equipment – Budget Summary

	2026 Adopted Budget	2027 Proposed Budget
Revenues By Type		
Departmental Allocations	$ 3,596,700	$ 3,859,000
Interest & Other Reimbursements	325,000	325,000
Total Revenues	**$ 3,921,700**	**$ 4,184,000**
Expenditures By Type		
Personnel	$ 674,200	$ 692,800
Supplies	401,900	470,050
Other Charges & Services	646,937	652,170
Total Expenditures – Before Capital	$ 1,723,037	$ 1,815,020
Capital Outlay – Vehicles & Equipment	598,500	838,810
Total Expenditures – After Capital	**$ 2,321,537**	**$ 2,653,830**

Estimate for 2027 vehicle and equip replacements & PD squad outfitting – equip replacement recommendations scheduled for consideration at a future 2026 Council meeting (pre-orders).

Central Equipment

~ At year-end 2026, the only outstanding Interfund Loan balance due to the fund will be $93,035 for the VMCC's final payment on 2018 Rink Improvements. Annual payments are received from the City of Rosemount.

~ 2 pre-orders for Fire Department Equipment (due upon delivery):

$1,184,146 for Fire Engine/Pumper – Council approved June 26, 2023 (Nov 2026 delivery)

$2,127,578 for Ladder Truck – Council approved October 27, 2025 (Nov 2029-Feb 2030 delivery)

** Trade-in and prepayment discounts for the ladder truck could reduce price by $100,000 - $200,000*

Questions?

Proposed 2027 Budget

Pavement Management

City Council Work Session, August 3, 2026

Brian Connolly, Public Works Director

CITY OF INVER GROVE HEIGHTS

PAVING A BRIGHTER FUTURE

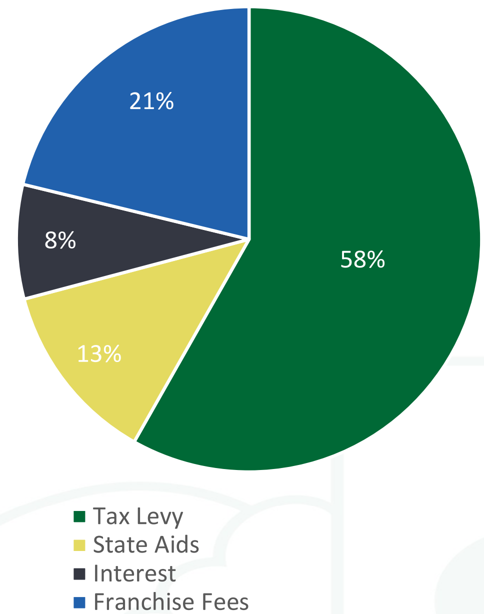
Pavement Management Fund

Proposed City-Dedicated Funding for 2027

City Funding Source	2026 Adopted Budget	2027 Proposed
Tax Levy	$ 3,022,792	$ 3,113,476
Franchise Fees	1,122,110	1,133,331
State Aid – Maintenance	550,000	577,500
Transportation Advancement Aid (TAA)	100,000	100,000
Interest	380,000	425,000
TOTAL City PM Funding	**$ 5,174,902**	**$ 5,349,307**

3% increase

2027 Requested Budget



Pavement Management – Local Streets 2027 Projects

Project	Amount
Annual PMI Projects	$14,869,058*
Broad Area Patching	250,000
Crack Sealing & Pavement Rejuvenation	150,000
Traffic Calming & Safety Improvements	30,000
Total Projects	**$15,299,058**

* All PMI costs include funding from multiple funding sources (Assessments, Utility Funds, MSA, etc.)

Pavement Management – Local Streets
2027 Projects – Funding Sources

Funding Source	Amount*
Pavement Management Fund *(City-dedicated funding)*	$ 5,864,149
Special Assessments *(repaid over time – City fronts costs)*	6,473,030
State-State Aid (MSA)	597,209
Sewer – Capital Fund	551,437
Stormwater – Capital Fund	1,284,448
Water – Capital Fund	528,785
Total Funding Sources	**$ 15,299,058**

* Values from 2027 PMI Feasibility Report Acceptance – April 13, 2026

Assessment Budgeting:
A Moving Target

- Assessments Vary by Construction Type
  - Reconstruction, Reclamation, Overlay
  - 35% to 80% of pavement costs
  - Capped by special benefit received
- Special Assessment Payment Modifications
  - Payback period based on assessment cost
  - Payback ranges from 5, 10, or 15 years
- Future Adjustment in Special Assessment Rates
  - Current Assessment Rates nearing limits of special benefit
    - Most Reconstruction Projects result in assessment caps
    - Result: Increased PM-Local Fund percentage

Assessment Budgeting:
Bonding for Special Assessments

- Bonding a "Tool in the Toolbox"
  - Utilize when fund balances cannot cover full cost of project
  - Tie bonding value to assessable project costs (assessment collections pay off loan)
  - Since 2022, fund balances have been sufficient to cover project costs without need to bond.
- Key Factors in Bonding Decision
  - Pre-Pay Assessments: When more people pre-pay the full assessment value up-front, City has influx of funds to cover project costs.
  - Historically, 10-15% of assessments are pre-paid in-full (prior to 2023)
  - Since 2023, closer to 30% of assessments have been pre-paid, negating need to bond for up-front project costs.
- Staff reviews bond financing metrics annually with Financial Advisor
  - Bonds will be repaid from annual special assessment collections.
  - Potential exists to bond for the assessment costs on 2026 and 2027 PMP projects.
  - More in-depth analysis of the fund, and projections, is needed.

Pavement Management Fund

Expenditure Budget for 2027

- Project Costs - $15,299,058
- Transfers to Partnership Projects - $3,590,000
- Additional Operational Costs - $81,693
    - Division Software
    - ICON Pavement Ratings
    - Special Assessment Fees
    - Professional Services – support for financial modeling
- Total 2027 Expenditures: **$18,970,751**

Pavement Management – Partnership Projects 2027 Projects

Project	Amount
70th Street – TH 3 to Cahill Ave – Construction	$ 4,970,000
70th St. & TH 52 W. Ramp Intersection – Construction	$332,000
80th Street & Cahill Ave Intersection – Design*	180,000
Total Projects	**$ 5,482,000**

Funding Source	Amount
Pavement Management Fund	$ 3,590,000
Stormwater Capital Fund	96,000
Sewer Capital Fund	203,000
Water Capital Fund	1,503,000
Dakota County Funding *	90,000
Total Funding Sources	**$ 5,482,000**

* City-Lead Project w/County Funding as Noted

Capital Improvement Plan

Financing Models – FUTURE discussion

- To be discussed at a future work session
- Will include projects as outlined within the current Public Works CIP draft, and as included in project estimates presented today
- Separate models for each PMP Fund: Local Streets & Partnership Projects
- Will contain updated bonding recommendations based on annual cash balances in Local Streets Fund (Fund 440)

Questions / Discussion

Proposed 2027 Budget

Economic Development Authority (EDA) Fund

City Council Work Session, August 3, 2026

Jason Ziemer, Community Development Director

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Proposed 2027 EDA Budget

2027 PROPOSED EDA BUDGET	FY 2026	FY 2027
STAFFING		
Community Development Director (10% Salary+Benefits) + Part-Time EDA Recording Secretary Wage	$22,000	$23,400
Full-Time Economic Development Specialist (Salary+Benefits / Vacant)	$143,800	$146,000
SERVICES		
Legal & Professional Services	$60,000	$38,000*
OTHER EXPENDITURES		
Supplies & Printed Materials	$6,000	$6,000
Dues, Licenses & Subscriptions	$2,635	$2,910
Training & Travel	$2,600	$2,645
Stormwater Charges – EDA Parcels	$3,000	$4,000
Insurance & Facility Allocations	$650	$650
TOTAL BUDGET		
Total Proposed Expenditures	$240,685	$223,605

Proposed 2027 EDA Budget

PROPSED FUNDING SOURCES	2026	2027	+/-
Transfer from General Fund Levy	$182,390	$187,862	+ 3.0%
Interest Earnings	$10,500	$11,500	
Use of Fund Balance	$47,795	$24,243	
TOTAL FUNDING	**$240,685**	**$223,605**	

EDA FUND BALANCE	
As of December 31, 2025	$341,202
Budgeted for Use in 2026	-$47,795
Proposed for Use in 2027*	-$24,243
PROJECTED REMAINDER	**$269,164**

**If the budgeted FT EDA staff position is not filled or funds are not used for other purpose(s), use of fund balance would not occur and the fund balance will continue to increase.*

2027 EDA Fund & Budget

- EDA Funding
  - Currently funded by transfer from the General Fund levy
  - Future consideration of EDA & HRA tax levies
    - Dedicated funding for EDA use
    - Levy & funding with specific purpose for development & redevelopment
    - EDA levy combined into general tax levy; HRA levy separate tax statement line item

2027 EDA Fund & Budget

- Previous & Ongoing EDA Work Projects
  - Develop Economic Development Strategic Plan
    - Establish economic development vision, priorities/goals & outcomes
    - Guide & inform economic development direction, resources needs & decisions
  - Increase involvement & visibility in economic development community
    - Memberships, event attendance, sponsorships, marketing & materials
  - Update Web site to enhance business resource information & access
  - Identify & work on Small Area Plans
  - Develop financial assistance policies
    - Business Subsidy Policy & Excess SAC Credit
  - Review existing economic development & community profile data

2027 EDA Fund & Budget

- EDA Staffing
  - Budget includes dedicated, full-time Economic Development position
    - Funded since 2023; currently vacant
    - Significant need for position with current work & priorities; continued growth of EDA programs & activities
    - Discuss further at August EDA meeting
  - Proposed (temporary) funding reallocation to Planning Division
    - Immediate need for Assistant Planner (AP); allow hiring of position
    - Judicious with public resource by leverage existing, available funding
    - Funding is part of general tax levy so can be repurposed to support Planning
    - Part of refocused plan for planning based on needs & opportunities
    - Planned & added priority work greatly reducing capacity of existing staff
    - AP position not "new" to City Planning function but has been vacant
    - Goal is to bring on Assistant Planner on/before year-end

2027 EDA Fund & Budget

- Questions & Discussion

Proposed 2027 Budget
Veterans Memorial Community Center (VMCC)

Work Session, August 3, 2026

Julie Dorshak, Recreation Superintendent
Aaron Fitzloff, Facilities Maintenance Superintendent

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Community Center Overview

- 153,000 sq. ft. plus facility
  - Aquatics Center
  - Fitness Center
  - Indoor Playground
  - Ice Arena/Senior Center/Community Rooms
  - National Guard Armory Gym
- Annual Hours of Operation
  - 5366 hours (avg. 15hr/day) Fitness, Aquatics, Gym, Indoor Playground
  - 5980 hours (avg. 16.5/day) Arena
- 3,869 - Members in 2025
- 233,979 - Admissions in 2025
- Over 525,000 attendees annually (Arena, Sr. Center, Gym, Community Rooms, etc.)

Community Center Overview

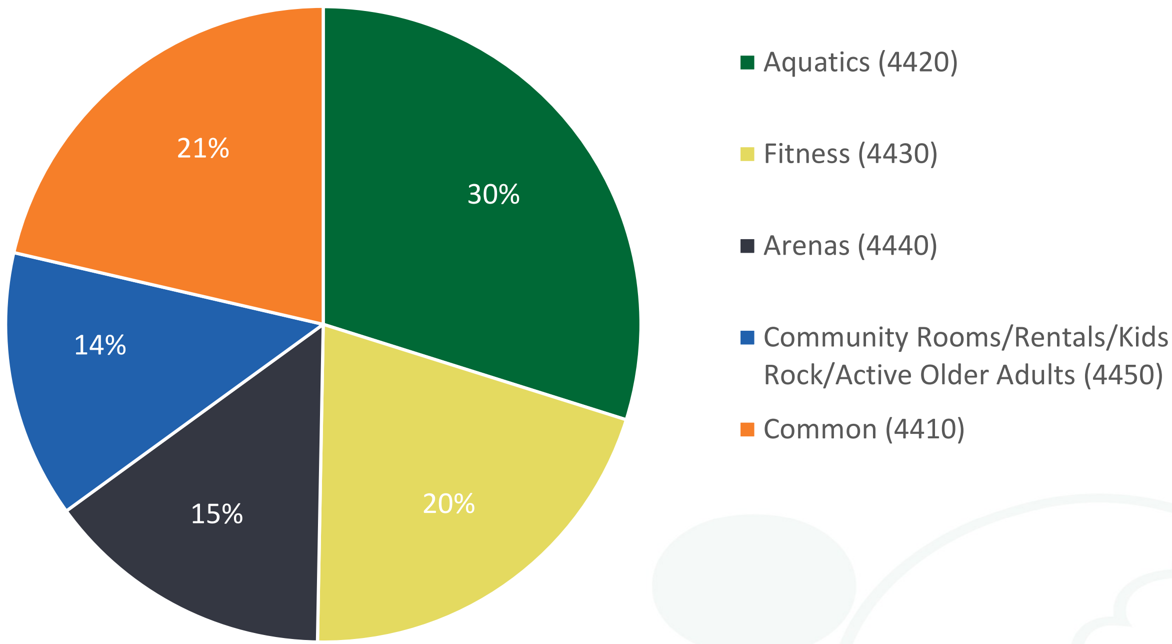
- 16.2 FTE’s (Full-time equivalents)
  - Operation & Maintenance = 6.2 FTE's
  - Programming = 4.2 FTE's
  - Guest Services = 2.9 FTE's
  - Administrative = 3.0 FTE's
- 100-150 Seasonal temporary non-benefited staff
  - Across all divisions

Operating Budget

Community Center Divisions (New in 2024)

- (4410) Common-Admin & General Operations
- (4420) Aquatics
- (4430) Fitness
- (4440) Arenas
- (4450) Community Rooms/Rentals/Kids Rock/Active Older Adults

Community Center Divisions
2027 Requested Expenditure Budgets

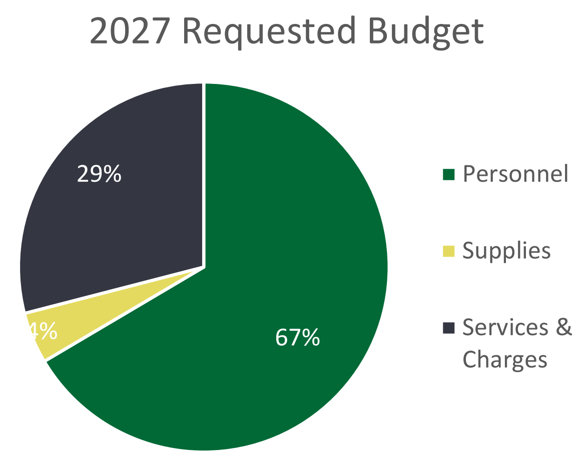


Revenue Projections

	2024 Activity	2025 Activity	2026 Budget	2027 Proposed
Total Operating Revenues	$3,607,295	$3,481,505	$3,955,856	$4,078,562
Increase (Decrease) from Previous Year	**$ 411,275**	**($125,790)**	**$ 474,351**	**$ 122,706**

- Increase in 2025, significant fee increases were made to membership and admission fees in 2026, no increase proposed in 2027. Fees are comparable to local agencies.
- Anticipate slight growth in memberships
- Increasing personal training fees
- New indoor playground projected revenue

Community Center Expenses by Type



	2024 Activity	2025 Activity	2026 Original Budget	2027 Requested
Personnel *	$2,438,698	$2,685,949	$3,089,250	$3,157,810
Supplies	199,655	206,580	207,910	212,239
Services & Charges	1,317,057	1,279,773	1,329,385	1,378,019
Capital Outlay	0	11,809	0	0
Total	**$3,955,410**	**$4,184,112**	**$4,626,545**	**$4,748,068**

* The above 2027 Personnel figures do not reflect the 2027 staffing request

Community Center – Noteworthy Items

- Keeping temporary/seasonal part-time staff costs flat outside of traditional COLA of 3%.
- Implementing new facility scheduling and registration software in 2026/2027 staff believe this new system will create many staff efficiencies.
- New indoor playground opened in June 2026.
- Silver Sneakers memberships have increased about 16% since the end of December 31, 2025 - adding additional classes to keep class sizes within recommended levels.

Community Center – Noteworthy Items

- National Guard Gym – new security requirements
- Staff continues to evaluate prior year's operating costs and revenues to establish a consistent annual budget. Currently in year 2 of a 3-year review.

3-Year Staffing Plan/Requests

- 2027
  - Increase P&R Communications Specialist to full-time ($18,000 estimate)
    - $9,000 impact to General Fund
    - $9,000 impact to Community Center/Golf Course
- 2028
  - No request
- 2029
  - Fitness Specialist – increase in hours
  - Ice Arena Supervisor
  - Rental/Recreation Specialist

Community Center Operating Summary By Department

	Common Dept 4410	Aquatics Dept 4420	Fitness Dept 4430	Arenas Dept 4440	Community Rooms/Rentals/ 55+ /Kids Rock Dept 4450	Total
Revenues	$ 263,180	$ 1,169,948	$ 1,204,350	$ 954,989	$ 486,095	$ 4,078,562
Expenditures	1,014,821	1,417,392	970,530	698,695	646,630	4,748,068
Difference	**($751,641)**	**($247,444)**	**$ 233,820**	**$ 256,294**	**($160,535)**	**($669,506)**

Operating Transfer Needed

General Membership Revenue split:
- 10% Common
- 20% Aquatics
- 70% Fitness

General Admission Revenue split:
- 10% Common
- 65% Aquatics
- 25% Fitness

Work in Progress

Community Center Operating Transfer Needed

	2024 Activity	2025 Activity	2026 Budget	2027 Requested
Total Operating Expenditures	$3,955,409	$4,184,112	$4,626,545	$4,748,068
Total Operating Revenues	$3,607,295	$3,481,505	$3,955,856	$4,078,562
Transfer Needed from Host Community Fund (per audited financials)	**$348,114**	**$702,607**	**$670,689**	**$669,506**
Operating Costs Not Covered by Revenue	**8.8%**	**16.8%**	**14.5%**	**14.1%**
Actual Transfer from Host Community Fund *	**$348,115**	**$702,459**		
Difference	**$1**	**($148)**		

** Actual transfers are often calculated prior to finalizing the year-end audit so transfers needed per audited financials may differ from actual transfers completed. These small differences either increase or decrease fund balance within the Community Center Fund.*

Capital Budget

Community Center Capital

- Funded by a transfer from the Host Community Fund
- Scheduled for $700,000/annually
- Consistent funding should allow the city to manage capital repairs and replacements for varying years of high and low capital needs.
  - *Exception: East/West Rink Compressors (2029 Project) – estimated at $4.5 million ($2.5 million unfunded)*
- Individual projects still require annual City Council approval

Community Center – Proposed 2027 Projects

Area	Project	Amount
Aquatics	Spa Repair	$30,000
Arena	Compressor Engineering Services, Make Up Air – West Rink	82,000
Mechanical	Engineering Services Boilers, Fire System	130,000
Grove	Hot Water Heaters	35,000
	Total Projects	$ 277,000

Community Center Capital Fund (Fund 206)

	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected	2031 Projected
Beginning Balance	$1,043,177	$638,229	$1,083,567	$1,561,492	**-$1,322,856**	**-$1,281,856**
Revenue In						
Transfer from Host Community Fund	700,000	700,000	700,000	700,000	700,000	700,000
Interest & Other Rev	36,512	22,338	37,925	1,054,652*	0	0
Expenses Out						
Capital Projects (from 2027-2031 CIP) 2026 includes carryovers	(1,141,460)	(277,000)	(260,000)	(4,639,000)*	(659,000)	(703,000)
Year-End Balance	**$638,229**	**$1,083,567**	**$1,561,492**	**-$1,322,856**	**-$1,281,856**	**-$1,284,856**

**2027-2031 CIP has project estimates at $4.5 million for East/West Rink Compressor*

- *$1.0 million assumed potential cost-share partnership agreement*
- *$2.5 million (or less) unfunded*

Questions / Discussion

Proposed 2027 Budget

Host Community Fund

City Council Work Session, August 3, 2026

Amy Hove, Finance Director

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Host Community Fund - Revenues

- Revenue comes from landfill host community fees
  - Tonnage Fees from Pine Bend
  - Fixed Fees from Pine Bend
  - $25,000 from Frattalone / Dawn Way (*2027 is last year*)

Host Community Fund – 2027 Budget

Revenues

REVENUES	2024 Actual	2025 Actual	2026 Budget	2027 Budget
Pine Bend - Tonnage Fees	$2,219,064	$2,494,624	$2,709,718	$2,483,557
Pine Bend – Fixed Fees	225,000	250,000	257,500	265,225
Dawn Way – Fixed Fee	25,000	25,000	25,000	25,000
Interest& Other	207,744	104,667	135,000	100,000
TOTAL	**$2,676,808**	**$2,874,291**	**$3,127,218**	**$2,873,782***

** YTD 2026 tons are trending lower than 2025 tons at this same time of the year. However, the per ton rate will increase from $7.98/ton in 2026 to $8.30/ton in 2027*

Host Community Fund - Uses

Council has broad discretion on how Fund is used

*"**7.06 Use of Fee.** The HCF shall be used by the City for public purposes. Such purposes may include, among others: general fund purposes; hosting the Landfill; the cost of providing firefighting services; environmental review and monitoring; and meeting and conferring with, among others, BFIWSNA, Dakota County, the MPCA, the United States Environmental Protection Agency, the Metropolitan Council, the Office of Environmental Assistance, and any other body having jurisdiction over the Landfill; the cost of sustainability projects and programs; the cost of "green initiatives"; the cost of GreenStep Cities Program; or other legal public purposes."*

Host Community Fund
Recent History of Uses

- 2023 identified "core uses" and "temporary uses"
- 2024 modified core uses to include Stormwater which included a plan to transition current PMP dollars to Stormwater ($100,000/year)
- 2025 accelerated that transition and affirmed new financial priorities (Stormwater & Sewer beginning in 2026)
- 2026 financial priorities:
  - $500,000 to Stormwater (through 2030)
  - $500,000 to Sewer in 2026
  - $4 million was later earmarked for MN HHOF land purchase
- 2027 review of future cash flow options

Host Community Fund
2027 Expenses & Planned Uses

Expenses	- Staff & consultants for landfill monitoring - Legal costs associated with enforcing current Host Community Agreement
Core Uses	- Transfer to VMCC Operations - Transfer to VMCC Capital - Transfer to Stormwater Capital - Transfer to cover funding gap in Recycling Program

Host Community Fund – 2027 Budget
Expenditures & Transfers Out

EXPENDITURES	2026 Budget	2027 Proposed
Expenses	**$154,800**	**$161,300**
"CORE" Uses (Transfers)		
VMCC Operations	$670,689	$669,506*
VMCC Capital	$700,000	$700,000
Balance of Recycling Grant	$5,000	$5,000
Stormwater	$500,000	$500,000
Sewer	$500,000	$0
"Temporary" Uses – MN Hockey Hall of Fame, Central Maintenance Facility/Debt, City Facilities, Other		**Discussion scheduled for Sept 8 work session**
TOTAL	**$2,530,489**	**$2,035,806**

** 2027 budget request for Comms Specialist additional hours not yet included in this figure*

Host Community Fund
Fund Balance Modeling

	2026 – updated estimate	***2027 Estimate based on 2027 Proposed***
Est. Starting Balance	*$4,590,397*	*$4,828,197*
+ Revenues	2,776,290	2,873,782
- Expenditures/Transfers	(2,538,490)	(2,046,656)
Est. Ending Balance	**$4,828,197**	**$5,655,323**

~ A more comprehensive review into this fund's long-term modeling is scheduled for discussion at the Sept 8, 2026 work session

Questions / Discussion