City of Minnetonka Beach
City Council Work Session Agenda – Approach to Infrastructure Projects

Tuesday, September 30, 2025 5:00 PM

1. Call to Order
2. Level Setting Presentation – Mayor Pagano
3. Engineering Overview – Public Works Superintendent Hilgers and Engineer Offerman
4. Financial Considerations and Reality – Treasurer Zinn
5. Wrap Up and Adjourn

MINNETONKA BEACH CAPITAL IMPROVEMENT PROJECT PRIORITY LIST

PROJECT NO. 193805540

THE CITY OF THE VILLAGE OF MINNETONKA BEACH, MINNESOTA

DECEMBER, 2024

No.	Project Name	Info	Map No.	Street Costs	Watermain Costs	Forcemain Costs	Soft Costs	2024 Estimated Total Project Costs
1	Arcola Lane Street and Utility Improvement Project	Street and utility replacement project from Shoreline Dr - Woodbridge Rd	9	$760,810.35	$308,890.00	$0.00	$588,335.19	$1,658,035.54
2	Woodbridge Rd Street and Utility Improvement Project (Public Works)	Street and utility replacement project from Shoreline Dr - Arcola. Includes upsizing of watermain from WTP to Shorelince	10	$602,995.20	$122,130.00	$0.00	$398,818.86	$1,123,944.06
3	Woodbridge Rd Street and Utility Improvement Project (Lafayette Club)	This corridor includes a forcemain that was constructed in 1974 as well as original 1930's water main. Utility replacements would be the driving factor for a full street replacement project as well.	8	$2,163,873.40	$542,110.00	$197,000.00	$1,596,640.87	$4,499,624.27
4	Shoreline Drive Forcemain Project	Located in ditch along Shoreline Dr. This project would be a trenchless project such as HDD, pipe bursting or lining	11	$0.00	$90,850.00	$302,000.00	$216,067.50	$608,917.50
5	Crystal Bay Force Main	Located in the front yard of the existing homes on Crystal Bay. This project will most likely be a trenchless utility replacement project such as pipe bursting, HDD or lining.	1	$0.00	$0.00	$403,000.00	$221,650.00	$624,650.00
6	Westwood Street and Utility Improvement Project	Originally a part of the 2019 Infrastructure project, removed due to budget concerns	2	$422,410.70	$123,740.00	$0.00	$300,382.89	$846,533.59
7	Brooks Lane Street and Utility Improvement Project	Portions of this project were included in the 2019 Infrastructure project, includes utility upgrades as well as street improvements	4&5	$1,007,347.45	$329,360.00	$0.00	$735,189.10	$2,071,896.55
8	Northview Rd Street and Utility Project	This project includes replacement of existing 1930's water main as well as street reconstruction	3	$513,488.10	$179,400.00	$0.00	$381,088.46	$1,073,976.56
9	Northview Rd Street Project	The retaining wall was replaced in the summer of 2024. The street is in rough shape and should be considered for replacement.	13	$1,141,608.10	$0.00	$0.00	$627,884.46	$1,769,492.56
10	Lake Road Forcemain and Street Project	Forcemain and street replacement project	7	$838,540.20	$0.00	$284,000.00	$617,397.11	$1,739,937.31
11	Westwood Rd Street and Drainage Project	There are no public utilities along this corridor that are due for replacement however due to the potential projects to the west, it should be considered to upgrade the streets along this corridor after the western projects are completed. Possible improvements could include a mill and overlay, reclaim shape and pave or the addition of concrete curb and gutter as well as storm sewer	6	$1,272,728.15	$0.00	$0.00	$700,000.48	$1,972,728.63
12	Crosspoint Rd Street Project	There are no utilities up for replacement along this corridor however due to the utility projects in the vicinity, this project should be considered for replacement	15	$553,530.75	$0.00	$0.00	$304,441.91	$857,972.66
13	Huntington Point Rd Street and Utility Improvement Project	This project would include the replacement of the existing 1930's watermain and upgrade the street along this corridor as well	12	$2,594,135.60	$770,040.00	$0.00	$1,850,296.58	$5,214,472.18
14	Woodbridge Rd and Lafayette Street Improvement Project	There are no utilities up for replacement along this corridor however due to the utility projects in the vicinity this project should be considered for replacement. There are also existing drainage concerns in the area that would need to be addressed as well	14	$1,198,924.05	$0.00	$0.00	$659,408.23	$1,858,332.28
	Total Estimated 2024 Project Costs							**$25,920,513.68**

		Road Work (LF)	Watermain (LF)	Forcemain (LF)
1	Project 1			1578
2	Project 2		538	
3	Project 3	654	780	
4	Project 4	760	1190	
5	Project 5	523	242	
6	Project 6	1621		
7	Project 7	1068		1054
8	Project 8	2756	2357	
9	Project 9	969	1343	
10	Project 10	768	531	
11	Project 11		395	1396
12	Project 12	3304	3348	
13	Project 13	1454		
14	Project 14	1527		
15	Project 15	705		

LEGEND

- WATER MAIN DUE FOR REPLACEMENT
- FM — FORCE MAIN SANITARY PIPE
- LIFT STATION
- DRAINAGE ISSUES

N

0 250' 500'

MINNETONKA BEACH UTILITY STUDY

MINNETONKA BEACH

FIGURE 1

DATE 9/30/2024 PROJ. NO. 193805540

Stantec
733 Marquette Avenue, Suite 1000
Minneapolis, MN 55402
www.stantec.com

Plot Date: 10/03/2024 - 9:44am
Drawing name: R:\client\municipal\minnetonka_beach_cl_mn\281MAP\Cad\dwg\2024 Utility Study.dwg
Xrefs: 281Parcels, 281_Sanitary, Parcel_Annotations, 281_Water

City of Minnetonka Beach
Allocation of Debt Service Between Tax Levies and Water Revenues
March 12, 2025

		GO Bonds 2019A		GO Bonds 2020A		GO Bonds 2021A New Money Portion		GO Bonds 2021A Refunding of 2012A		GO Bonds 2023A		GO Bonds 2025A		TOTAL PAID FROM TAX LEVIES			TOTAL PAID FROM WATER REVS			TOTAL ANNUAL DEBT SERVICE
		100% 301 Levy Principal	100% 301 Levy Interest	100% 601 Water Principal	100% 601 Water Interest	100% 601 Water Principal	100% 601 Water Interest	100% 301 Levy Principal	100% 301 Levy Interest	100% 601 Water Principal	100% 601 Water Interest	100% 301 Levy Principal	100% 301 Levy Interest	Principal	Interest	TOTAL	Principal	Interest	TOTAL	TOTAL
2025	2/1	95,000	32,500	60,000	11,850	25,000	2,550	85,000	9,525	-	112,500	-	-	180,000	42,025		85,000	126,900		
2025	8/1	-	30,600	-	11,250	-	2,175	-	8,250	-	112,500	-	-	-	38,850	260,875	-	125,925	337,825	598,700
2026	2/1	100,000	30,600	60,000	11,250	25,000	2,175	90,000	8,250	-	112,500	-	276,450	190,000	315,300		85,000	125,925		
2026	8/1	-	28,600	-	10,650	-	1,800	-	6,900	125,000	112,500	-	166,425	-	201,925	707,225	125,000	124,950	460,875	1,168,100
2027	2/1	105,000	28,600	60,000	10,650	25,000	1,800	95,000	6,900	-	109,375	-	166,425	200,000	201,925		85,000	121,825		
2027	8/1	-	26,500	-	10,050	-	1,425	-	5,475	130,000	109,375	185,000	166,425	185,000	198,400	785,325	130,000	120,850	457,675	1,243,000
2028	2/1	110,000	26,500	65,000	10,050	25,000	1,425	95,000	5,475	-	106,125	-	161,800	205,000	193,775		90,000	117,600		
2028	8/1	-	24,300	-	9,400	-	1,050	-	4,050	135,000	106,125	270,000	161,800	270,000	190,150	858,925	135,000	116,575	459,175	1,318,100
2029	2/1	115,000	24,300	65,000	9,400	25,000	1,050	100,000	4,050	-	102,750	-	155,050	215,000	183,400		90,000	113,200		
2029	8/1	-	22,575	-	8,750	-	800	-	3,050	145,000	102,750	285,000	155,050	285,000	180,675	864,075	145,000	112,300	460,500	1,324,575
2030	2/1	115,000	22,575	65,000	8,750	25,000	800	100,000	3,050	-	99,125	-	147,925	215,000	173,550		90,000	108,675		
2030	8/1	-	20,850	-	8,100	-	550	-	2,050	150,000	99,125	300,000	147,925	300,000	170,825	859,375	150,000	107,775	456,450	1,315,825
2031	2/1	120,000	20,850	65,000	8,100	25,000	550	100,000	2,050	-	95,375	-	140,425	220,000	163,325		90,000	104,025		
2031	8/1	-	19,050	-	7,450	-	300	-	1,050	155,000	95,375	315,000	140,425	315,000	160,525	858,850	155,000	103,125	452,150	1,311,000
2032	2/1	125,000	19,050	70,000	7,450	30,000	300	105,000	1,050	-	91,500	-	132,550	230,000	152,650		100,000	99,250		
2032	8/1	-	17,175	-	6,750					165,000	91,500	330,000	132,550	330,000	149,725	862,375	165,000	98,250	462,500	1,324,875
2033	2/1	130,000	17,175	70,000	6,750					-	87,375	-	124,300	130,000	141,475		70,000	94,125		
2033	8/1	-	15,225	-	6,050					175,000	87,375	350,000	124,300	350,000	139,525	761,000	175,000	93,425	432,550	1,193,550
2034	2/1	130,000	15,225	70,000	6,050					-	83,000	-	115,550	130,000	130,775		70,000	89,050		
2034	8/1	-	13,275	-	5,350					180,000	83,000	365,000	115,550	365,000	128,825	754,600	180,000	88,350	427,400	1,182,000
2035	2/1	135,000	13,275	70,000	5,350					-	78,500	-	106,425	135,000	119,700		70,000	83,850		
2035	8/1	-	11,250	-	4,650					190,000	78,500	385,000	106,425	385,000	117,675	757,375	190,000	83,150	427,000	1,184,375
2036	2/1	140,000	11,250	75,000	4,650					-	73,750	-	96,800	140,000	108,050		75,000	78,400		
2036	8/1	-	9,150	-	3,900					200,000	73,750	405,000	96,800	405,000	105,950	759,000	200,000	77,650	431,050	1,190,050
2037	2/1	145,000	9,150	75,000	3,900					-	68,750	-	88,700	145,000	97,850		75,000	72,650		
2037	8/1	-	6,975	-	3,150					210,000	68,750	420,000	88,700	420,000	95,675	758,525	210,000	71,900	429,550	1,188,075
2038	2/1	150,000	6,975	75,000	3,150					-	63,500	-	80,300	150,000	87,275		75,000	66,650		
2038	8/1	-	4,725	-	2,400					220,000	63,500	435,000	80,300	435,000	85,025	757,300	220,000	65,900	427,550	1,184,850
2039	2/1	155,000	4,725	80,000	2,400					-	59,100	-	71,600	155,000	76,325		80,000	61,500		
2039	8/1	-	2,400	-	1,600					230,000	59,100	455,000	71,600	455,000	74,000	760,325	230,000	60,700	432,200	1,192,525
2040	2/1	160,000	2,400	80,000	1,600					-	54,500	-	62,500	160,000	64,900		80,000	56,100		
2040	8/1			-	800					240,000	54,500	470,000	62,500	470,000	62,500	757,400	240,000	55,300	431,400	1,188,800
2041	2/1			80,000	800					-	49,700	-	53,100	-	53,100		80,000	50,500		
2041	8/1									250,000	49,700	490,000	53,100	490,000	53,100	596,200	250,000	49,700	430,200	1,026,400
2042	2/1									-	44,544	-	43,300	-	43,300		-	44,544		
2042	8/1									260,000	44,544	510,000	43,300	510,000	43,300	596,600	260,000	44,544	349,088	945,688
2043	2/1									-	39,181	-	33,100	-	33,100		-	39,181		
2043	8/1									270,000	39,181	530,000	33,100	530,000	33,100	596,200	270,000	39,181	348,363	944,563
2044	2/1									-	33,613	-	22,500	-	22,500		-	33,613		
2044	8/1									280,000	33,613	550,000	22,500	550,000	22,500	595,000	280,000	33,613	347,225	942,225
2045	2/1									-	27,663	-	11,500	-	11,500		-	27,663		
2045	8/1									295,000	27,663	575,000	11,500	575,000	11,500	598,000	295,000	27,663	350,325	948,325
2046	2/1									-	21,209						-	21,209		
2046	8/1									305,000	21,209						305,000	21,209	347,419	347,419
2047	2/1									-	14,538						-	14,538		
2047	8/1									320,000	14,538						320,000	14,538	349,075	349,075
2048	2/1									-	7,538						-	7,538		
2048	8/1									335,000	7,538						335,000	7,538	350,075	350,075
Totals		**2,030,000**	**537,800**	**1,185,000**	**212,450**	**205,000**	**18,750**	**770,000**	**71,175**	**4,965,000**	**3,271,419**	**7,625,000**	**4,070,575**	**10,425,000**	**4,679,550**	**15,104,550**	**6,355,000**	**3,502,619**	**9,857,619**	**24,962,169**

City of the Village of Minnetonka Beach
Finance Committee Meeting Minutes
Tuesday, September 23, 2025 - 5:00 PM

Members Present: Chair Chris Zinn, Brian Call, Jim Dudley, Tom Emmel, Jaime Gmach, Liz Nordlie, and John Woerner
Absent:
City Staff: City Administrator Heidi Honey

1. Call to Order
Chair Zinn called the meeting to order at 5:00 p.m.

2. Oath of Office – Tom Emmel
Administrator Honey administrated the Oath to Tom Emmel.

3. Approval of Agenda
(Call motion, Gmach second to approve the agenda; all ayes.) Motion passed.

4. Approval of Minutes – March 25, 2025
(Nordlie motion, Gmach second to approve the minutes; all ayes.) Motion passed.
Woerner asked about the $26million in projects. Zinn stated the estimate included full street replacement for all projects, but the costs could be substantially less if patching can be done instead of complete replacement. Honey stated the engineer and public works reviewed the city infrastructure, and pavement management study and created a list of projects. The projects were grouped by location for efficiency because it makes more sense to disrupt the area only once. The projects were prioritized by critical needs. The city needs to determine when it has money and the amount available, and then engineering will determine specifications of the project to fit within the budget.

5. New Business

5.1. Budget/Capital Improvement Program (CIP)/Fee Schedule
Zinn gave an overview of packet materials. The budget is broken into separate funds and each fund should be self-supported. The capital improvement program is a list of capital projects over $5,000 which are included in the annual budget and debt is not issued for them. They are often maintenance items. The Fee Schedule reflects fees needed to support the funds (water, sewer, stormwater). Zinn's Financial Dashboard is presented to council each month and shows accounts payable, cash balances, bonds, etc. Emergencies are dealt with from reserves. The city does not always spend all CIP funds, which also builds reserves. The city's reserve policy is 65% of the general fund. The city used to budget to zero every year but it now budgets for $100,000 reserves annually.

Budget - Zinn explained the budget is now presented by fund: general, water, sewer, and stormwater. General and Water funds are the largest ones. The overall general fund budget increase in 2026 from 2025 is due to the 2025A bond payment. Interest earnings were increased due to the arbitrage of bond funds until the water treatment plant expenses are all paid by July 2027. There was discussion supporting increasing staff salaries above a standard 3%, so this will be done for the 2027 budget cycle. Zinn stated they want to make sure staff is keeping pace with their peers. In 2027, the city plans to add the Lafayette Ridge residents who are currently on Orono water back on Minnetonka Beach water after the water treatment plant is online. Many years ago, there were water pressure issues, which were later resolved with a water project. The residents were never switched back to Minnetonka Beach. Sewer fees were increased to cover CIP requests. The legal budget was increased to offset two lawsuits that will probably not be done until 2026. The city has legal insurance with a $2500 deductible plus a percentage of the legal costs. The League of MN Cities offers some assistance that the city takes advantage of such as reviewing contracts for no charge which helps keep legal costs down.

CIP - Zinn stated much of the CIP is for road maintenance at $100,000 per year for sealcoating and patching 1/3 of the City annually. Public works equipment is replaced on a schedule to maximize trade-ins and minimize repair costs. Generators for the lift stations were added to years 2027 – 2030. Currently Public Works takes a portable generator from lift station to lift station to manage sewage flow if there is a power outage but it would be much more efficient to have dedicated generators to continuously power the lift stations. Committee members thought this was an important purchase to prevent problems for residents.

Fee Schedule – Honey stated all fees are established to pay each of the fund expenses or are set by contract (trash, recycling, and other similar items).

Bond Schedules – Zinn explained that each bond has ongoing maturities annually, so each principal payment is like a separate note. The city could refinance bonds if there are better rates in the future. Ehler's and Zinn will watch the call dates to determine opportunities to refinance. All calls are at par, not a premium. Refinance and reissuance costs to the city are fairly low.

5.2. Funding Approach for Future Infrastructure Projects

Zinn suggested the city not plan to bond until after one bond matures in 2032 bond or if refinancing can happen prior to that. The payment for that bond is approximately $135,000 annually. The residents don't have capacity to be taxed any more until that point. The budget is very tight and there is no ability to lower it. The city doesn't want to increase fees to make it too expensive to live in the community.

Zinn asked the committee members for their opinions on methods to increase reserves to be able to fund project internally without bonding. Gmach said it is the right thing to do to build reserves. Nordlie asked if the city could hold fundraisers to get money. That may be a legal question. Woerner stated past and current residents benefitted from not having paid for infrastructure. He asked if people selling their home could be required to pay a transaction tax or fee to the city to raise revenue. Gmach stated he is not aware of that in MN but it does happen in other states like Utah and California. This could be researched. Call suggested researching the increase in valuation of properties over past 4 years, what the aggregate real estate turnover is, relative value in the community, and determine a transaction fee (buyer or seller) of even ¼ point, so it is realized when there is liquidation of real estate. The money from this fee would be reinvested into the community for long term longevity to live in a place like Minnetonka Beach. It would happen when there is a cash event.

There was discussion that the city did not have proper forecasting or reserves and that is what got the city into this situation.

Dudley stated Mayor Pagano did a great job sending letters to residents to make them aware of increases in taxes and fees, and they understood why it needed to happen. He suggested sending additional similar messaging, so people understand that the city did not traditionally put money in reserves but it needs to for the future so everyone can continue to enjoy the city. If people understand why there are new or increased fees, even a transaction fee, they will understand it. A transaction fee would be easier to manage, and it would not be an ongoing annual tax and more attractive. They discussed how much they enjoy living here and that it is a special place. This idea can be checked into.

Clean water and increased water capacity with the new treatment plant will protect the community. Dudley stated the focus for messaging should be on what you bought and the benefits of living in this community.

Zinn reviewed the financial dashboard and asked if they had any ideas on different ways to report or summarize all of the financial. Council receives budget to actual reporting at quarterly council meetings, which they found helpful.

Call discussed long term balance sheets with a contingency plan. He suggested working with our advisor to determine other things the city can do to build reserves and follow a plan. The Financial Management Plan should be a good starting point for this plan and can be updated. The plan shows expenses and projected levies and fees needed to cover the expenses. It does not make sense to insert $8 million in debt into the plan. It is more reasonable to create the plan, focus on reserves and opportunities, make reasonable increases annually and from that determine where projects could be done. Zinn could capture reserve information on the dashboard. The city's goal is 65% of operating budget and it often has more than that.

Zinn suggested increasing the reserves over time, but this may need to be raised incrementally from $100,000 to $150,000, $200,000 and see how that fits into the FMP.

For funding requests, federal money is the best option. The city would need to have 20% match. State funding gets divided between different parties and then broken down further so he does not think the city will get any money.

Committee members agreed that it is not a good idea to not build reserves. The city needs to set a target to build toward that guides all the annual increases, find creative solutions to fill gaps and be accountable so the city has reserves for a funding match or to do projects. Work with Ehler's on this. The city now has a forward agenda of infrastructure replacement and not just looking for ways to spend money.

Nordlie suggests benchmarking the city's reserves against other local cities reserves. Ehler's can provide information on that.

The tax base is unique with affluent residential properties and no business like Greenwood and Sunfish Lake which makes this difficult.

The FMP will be helpful since some committee members are used to looking at profit and loss, and cash flow statements and projections.

Woerner asked if the city could rent dock slips to non-residents. After discussion, it seemed to be too complicated for the city to administer due to the fact that the city does not own the physical dock and there are not many unrented slips in the city. There are maintenance and liability issues. Docks cannot be stored on city property so there are additional costs related to storage and transportation of the docks.

6. Old Business

6.1. Financial Management Plan

Zinn had hoped the FMP would be competed for tonight's meeting but it is not yet complete.

7. Adjourn

(Woerner motion, Nordlie second to adjourn; all ayes.) Motion passed.

Finance Committee meeting adjourned at 6:28 p.m.
Minutes taken by Heidi Honey, City Administrator
Others Present: none