AGENDA
CITY COUNCIL WORK SESSION

May 27, 2025 - 6:00 PM
Lakeville City Hall, Marion Conference Room

Members of the public can participate in person at Lakeville City Hall, Marion Conference Room. Members of the public may join the meeting via Teams Meeting, **Meeting ID: 271 518 804 899 or by calling Toll Number 1-323-433-2142; Conference ID: 317 513 434#.** The mayor will allow for public comments and questions at the appropriate time.

The City Council is provided background information for agenda items in advance by staff and appointed commissions, committees, and boards. Decisions are based on this information, as well as City policy, practices, input from constituents, and a council member's personal judgment.

1. Call to order, moment of silence and flag pledge

2. Citizen Comments

3. Discussion Items

30 min	a.	Recreation and Heritage Center Strategic Plan Overview	Joseph Masiarchin
30 min	b.	Discuss potential amendments to Tree Preservation Ordinance	Tina Goodroad
10 min	c.	1st Quarter 2025 Financial Report	Julie Stahl

4. Items for Future Discussion

5. Committee/ City Administrator Updates

6. Adjourn

Date: 5/27/2025

Recreation and Heritage Center Strategic Plan Overview

Proposed Action
No formal action.

Overview
In December, the Mayor and City Council approved an agreement with Aurora Consulting to facilitate a strategic planning workshop for the Recreation and Heritage Center departments. The two-day planning workshop included members from Parks Administration, Recreation, Parks, Heritage Center and members of the Parks, Recreation and Natural Resources Committee. The group worked through defining the current state of the departments and what future goals would look like. After developing the strategic plan, implementation plans were developed to provide specific timelines for meeting the goals and future outcomes that were identified during the planning process.

Recreation Manager Susan Johnson presented the Strategic Plan and Implementation Plans to the Parks, Recreation and Natural Resources Committee (PRNRC) at their April 16 meeting and provided feedback and recommended approval. Staff will also be bringing status updates to the PRNRC at various points throughout the process. Staff will provide an overview of the process and answer any questions that the Council has.

Supporting Information
None

Financial Impact: $ **Budgeted:** No **Source:** NA
Envision Lakeville Community Values: Access to a Multitude of Natural Amenities and Recreational Opportunities
Report Completed by: *Joe Masiarchin, Parks and Recreation Director*

Date: 5/27/2025

Discuss potential amendments to Tree Preservation Ordinance

Proposed Action

No official action is required. Staff are requesting City Council direction on potential amendments to the Tree Preservation Ordinance.

Overview

Since last fall, City Forestry and Community Development staff have been evaluating the Tree Preservation Ordinance (Title 11, Chapter 21, Section 11) with the goal of proposing amendments to enhance the protection of valuable and significant trees. As future development is expected to occur increasingly on wooded properties rather than agricultural land, the importance of tree preservation and reforestation is becoming more pressing.

Currently, the ordinance requires a tree inventory but does not mandate specific actions for tree preservation or reforestation. To address this gap, staff met with the City Council during the October 28th work session to present an overview of the current ordinance, outline key objectives, and discuss the potential benefits of an amended ordinance. Based on the feedback received, staff developed a preliminary outline for a revised Tree Preservation Ordinance.

This outline was subsequently reviewed at a joint work session with the Planning and Parks, Recreation, and Natural Resources Committee on February 6th. The session aimed to gather further input and refine the proposal. In addition, the outline was shared with several developers and builders, who responded positively and provided constructive questions, which staff have since addressed.

Following these discussions, staff have finalized the ordinance outline. Key components include tree removal thresholds, removal calculations, replacement requirements, incentives, and enforcement mechanisms. During the upcoming meeting, we will review this outline in greater detail and present a summary of potential implementation costs, using case studies of recent developments. We will also provide comparisons with similar ordinances in neighboring communities.

Supporting Information

1. TP Ordinance 10-4-11 - WORKING DOCUMENT - Bullet Point Version - 05192025
2. Developer Feedback -TP ordinance
3. 02-06 joint ws

Financial Impact: $0 **Budgeted:** No **Source:**
Envision Lakeville Community Values: Design that Connects the Community

Report Completed by: Tina Goodroad, Community Development Director

TREE PRESERVATION ORDINANCE

1. INTENT AND PURPOSE

    a. Intention statement: Importance of tree preservation and replacement, recognizing that some level of tree removal is inevitable with development. Recognizes the benefits trees provide to the community.

2. DEFINITIONS:

    a. The following words and terms, whenever they occur in this section, are defined as follows:
        i. See draft list in Appendix A, additional terms will be added

3. SCOPE OF APPLICATION:
    a. The following types of development within the City of Lakeville shall require a tree preservation plan, regardless of zoning district:
        i. New development at time of subdivision review
        ii. New building construction including:
            1. New Construction on a vacant lot
            2. New Construction on a metes and bound lot (infill)
    b. Residential tear down and re-build that expands the footprint of original structure will require a tree preservation plan for heritage trees located on the lot.
    c. Protection from tree clearing prior to development:
        i. Lookback provision
            1. A total tree removal greater than 2 acres occurring within 2 years of an application for development will require replacement tree planting.
            2. Replacement tree quantities will be based on the amount of canopy area removed: for example, for every 300ft2 removed, 1 replacement tree will be required.
    d. Requirements apply to private and public development projects.

4. TREE PRESERVATION PLAN
    a. Indicates when a tree preservation plan is required.
    b. Identifies who must prepare and submit the tree preservation plan.
    c. Identifies the information that is to appear on the tree preservation plan.
    d. Identifies trees as Common, Conifer, Hardwood Deciduous, or Heritage trees.

5. REMOVAL THRESHOLDS AND REPLACEMENT REQUIREMENTS
    a. Establishes removal thresholds based on zoning districts as shown on adopted zoning map. The removal threshold is the maximum percentage of diameter inches of significant trees that can be removed without requiring the planting of replacement trees. Tree removal beyond the removal threshold will require the planting of replacement trees.
        i. Residential Zoning District Removal Threshold – 50%
        ii. Commercial and Industrial Zoning District Removal Threshold – 70%
    b. Removal Calculations

i. Development may remove up to 50% of trees in Residential Zoning Districts and 70% in Commercial and Industrial Zoning Districts. Removal beyond these thresholds will require replacement tree planting.

ii. The following calculations must be used to determine replacement requirements:

1. Residential – 50% Removal Threshold
    a. Determine the total number of diameter inches of significant trees on a site.
    b. Calculate 50% of the total diameter inches of significant trees on the site, this is the allowable tree removal limit.
    c. Subtract the total diameter inches of common trees from the allowable,
    d. If any inches remain, subtract the total diameter inches of conifer trees from the remaining allowable,
    e. If any inches remain, subtract the total diameter inches of deciduous hardwood trees from the remaining allowable.
    f. All inches above the 50% threshold will require replacement.
2. Commercial and Industrial Zoning Districts – 70% Removal Threshold
    a. Determine the total number of diameter inches of significant trees on a site.
    b. Calculate 70% of the total diameter inches of significant trees on the site, this is the allowable tree removal limit.
    c. Subtract the total diameter inches of common trees from the allowable,
    d. If any inches remain, subtract the total diameter inches of conifer trees from the remaining allowable,
    e. If any inches remain, subtract the total diameter inches of deciduous hardwood trees from the remaining allowable.
    f. All inches above the 70% threshold will require replacement.

iii. Heritage Trees have a 0% removal threshold. All reasonable measures are to be taken to preserve Heritage Trees.

6. <u>REQUIRED TREE PROTECTION MEASURES:</u>
    a. Identifies the tree protection measures required to protect significant trees and woodlands.
    b. Identifies the City document where all tree protection standards and alternate best practices are listed.
    c. Identifies how the protection measures are to be shown on the plan and implemented in the field.

7. <u>TREE REPLACEMENT REQUIREMENTS</u>
    a. The following replacement requirements apply to tree removal above the threshold as defined in section 5.
    b. Replacement policy: Replacement trees are required for tree removal above the removal threshold, adjusted for tree type as follows:
        i. Common trees: 1/8 the diameter inches removed must be replaced

   ii. Conifer trees: ¼ the diameter inches removed must be replaced
   iii. Hardwood deciduous trees: ½ the diameter inches removed must be replaced
   iv. Heritage trees: one hundred percent (100%) of diameter inches lost must be replaced

c. Replacement tree requirements:
   i. Define nursery stock and sizing requirements
d. Tree species diversity requirements and list of approved trees
   i. No tree genus shall represent more than 20% of the new trees planted.
e. Planting locations:
   i. Identifies where required trees are to be planted and where they are not to be planted.
f. Landscape Plan Requirements
   i. Required replacement trees are to be shown on the landscape plan.
   ii. Landscape plans must meet the landscape requirements found in 11-21-9. Trees planted as part of the landscape requirements count toward the tree replacement requirements.
   iii. Trees planted on individual lots to meet the 2 trees per lot requirement do not count toward the tree preservation plan replacement requirements.
g. Fee in lieu
   i. A fee in lieu is to be collected for trees not able to be planted onsite.
   ii. Fees collected may be used for tree planting, tree maintenance, or acquisition of quality woodlands.
h. Warranty Requirements

8. INCENTIVES
   a. The preservation of heritage trees may offset the number of replacement trees required.
      i. For every 1 inch of diameter saved, 2 inches of required replacement planting may be offset.
   b. The preservation of contiguous classified woodlands a minimum of 2 acres in size may offset the number of replacement trees required.
      i. For every 1 inch of diameter saved, 2 inches of required replacement planting may be offset.
   c. The tree replacement offset will not apply to trees located within 15 feet of a building pad.

9. EXCEPTIONS
   a. Significant trees removed under the following circumstances are exempt from removal threshold calculation:
      i. Diseased as managed under the shade tree pest and disease ordinance; trees listed as invasive by the Minnesota Department of Agriculture; trees that are dead; trees planted as part of a commercial operation including a tree farm or orchard; or as approved by the city.
      ii. Trees located within the right of way boundaries of major collector and arterial roads.

10. <u>REVIEW, GUARANTEES, INSPECTION, ENFORCEMENT</u>
    a. Review
    b. Amendments to the tree preservation/reforestation plan
    c. Financial guarantee
        i. Guarantees/securities
        ii. Identify the release of funds
    d. Implementation, inspection, and enforcement of the tree preservation plan
    e. Final certifications and inspections
    f. Removal of tree protection measures

Appendix A: Definitions (WORKING LIST, FURTHER TERMS AND EDITS NEEDED)

CALIPER INCHES: Stem diameter of nursery stock as identified by American Nursery Standards.

COMMON TREE: A deciduous overstory tree including cottonwood, poplars/aspen, box elder, willow, silver maple, elm, and any other tree species not defined as hardwood deciduous tree or a coniferous/evergreen tree or considered non-native to Minnesota.

CONIFER TREE: A tree that bears cones and evergreen needle-like or scale-like leaves year-round which reaches a height of at least 15 feet at maturity.

CRITICAL ROOT ZONE: The root protection area around a tree defined as a circle with a radius of 1 foot for every 1 inch of trunk diameter.

DESTROYED OR DAMAGED: A tree shall be considered destroyed or damaged for the purpose of required replacement if more than 30% of the root system or 30% of the trunk circumference is damaged.

DIAMETER (DBH): The measurement of a tree's trunk measured four and one-half feet (4.5') above the ground.

DRIP LINE: The farthest distance away from the trunk of a tree that rain or dew will fall directly to the ground from the leaves or branches of the tree or one foot (1') per one inch (1") of diameter, whichever is greater.

HARDWOOD DECIDUOUS: A woody tree which has a defined crown, and which loses leaves annually including oaks, etc. *(identify list or reference current city list)*

HERITAGE TREE: A hardwood deciduous tree with a trunk equal to or greater than 30" inches in diameter at 4.5' or a conifer greater than 40 feet in height.

SIGNIFICANT WOODLAND: An area of forested land that has contiguous tree canopy greater than 2 acres that includes significant trees.

HAZARD/NUISANCE TREE: A tree is dead, diseased, or defective as determined by the city. Refer to shade tree ordinance.

PUBLIC IMPROVEMENTS: (see exceptions section)

SIGNIFICANT TREE: A healthy tree measuring six inches (6") in diameter or greater.

SIGNIFICANT DIAMETER INCHES: The total diameter inches of all significant trees inventoried in each category (common, conifer, hardwood deciduous, heritage).

TREE CERTIFICATION: A certified inventory of trees on the site after work is complete listing all trees and their final disposition, which is signed by a licensed forester or landscape architect.

TREE PRESERVATION PLAN: A plan and inventory certified by a licensed or registered forester or landscape architect indicating all of the significant trees and their locations in the proposed development or on the lot. The tree preservation plan shall include the size, species, tag numbers, and location of all significant trees proposed to be saved and removed on the area of development, and the measures proposed to protect the significant trees to be saved.

TREE PROTECTION: Orange polyethylene laminar safety netting or chain link fencing placed at the drip line of the significant trees to be preserved. The tree protection measures shall be shown on tree preservation plan drawings and remain in place until all grading and construction activity is terminated. (Ord. 673, sec. 1, 7-17-2000; amd. Ord. 866, sec. 39, 5-17-2010)

Cover/summary memo (share with council)

Outline, this document (share with council)

Planning and Park commission minutes (share with council)

Share developer comments summary

Summary of costs

*Forestry goes through outline and cost information

Time for questions

End with summary

Developer feedback and responses:

Is there a timeframe for the look back?

Yes, one year before the start of the development process is the timeframe that would be looked at for tree removal greater than 2 acres.

Does the exemption for stormwater management systems count for private development or only city projects?

Ordinance will apply to city projects and private development, storm water management systems will not be exempt from tree removal thresholds.

Where does the tree preservation fit in order of importance with other city ordinances?

They are all applied equally, staff is working to ensure the language used works well with all other ordinances.

Tree species diversity requirements

We require no more than 20% of any one tree species planted as part of mitigation to avoid overplanting of any one tree species, which could lead to massive tree loss to future insect and disease epidemics.

Landscaping requirements count towards tree replacement requirements

Only the trees required by landscaping requirements in the buffer and screening areas and other planting in development common areas will count towards tree preservation requirements, they must follow the tree diversity requirements. Trees planted on private property will not count towards the replanting requirement because continuing maintenance and survival of private trees cannot be guaranteed.

Wooded parcel exemptions – will there be a cap for mitigation required on heavily wooded parcels?

This is under consideration.

Will there be a heritage tree credit?

Yes, there will likely be a credit for preserving exceptional trees/woodland. We are still testing different methods.

Are heritage trees counted in the calculation to find the removal threshold?

Yes, but they have a 100% replacement requirement so are not counted in the tree replacement calculation.

Heritage tree diameter inch size class

This could be a hardwood deciduous tree anywhere from 24 to 30 diameter inches, and also potentially include conifers. We are still working on the exact cut off where a tree becomes a heritage class.

If approved, will projects currently in development or in the process of plat approval be subject to the new language? No, will not apply to applications that have been submitted.

CITY OF LAKEVILLE
PLANNING COMMISSION &
PARKS, RECREATION, AND NATURAL RESOURCES COMMITTEE
JOINT WORK SESSION MINUTES
February 6, 2025

PRNRC Chair Holly Weberg called the work session to order at 7:15 pm.

Planning Commissioners Present: Vice Chair Christine Zimmer, Scott Einck, Pat Kaluza, Jason Swenson, Alternate Mark Traffas

Members Absent: Chair Jenna Majorowicz, Amanda Tinsley, Patty Zuzek

Parks, Recreation, and Natural Resources Committee Members Present: Chair Holly Weberg, Vice Chair Steven Henneberry, Lindsay Haneman, Monica Joubert, Erin Young

Members Absent: Shahid Nadeem, Daniel Volkosh

Staff Present: Community Development Director Tina Goodroad, Parks & Recreation Director Joe Masiarchin, Planning Manager Kris Jenson, Environmental Resources Manager Mac Cafferty, Senior Planner Heather Botten, City Forester Zach Jorgenson, Forestry Technician Grace Benson, Senior Administrative Assistant Stella Eskelson

<u>Tree Preservation Ordinance Amendment Discussion</u>

The two committees came together to review a proposed Tree Preservation Ordinance. Forestry Staff presented the draft ordinance and provided a brief overview of tree preservation ordinance from other metro area cities. In speaking with the City Council, commission, community members and staff, it has been determined that improvements/adjustments to the current ordinance would be appropriate.

Staff explained the current ordinance provides less guidance and can be interpreted as being developer driven. Changes to the ordinance would provide more clarification and stricter standards as to what acceptable tree preservation is. The committees were in agreeance that the ordinance should be reviewed. Forestry presented the ordinance line by line for comments/recommendations. This included:

- Scope of Application
- Removal Threshold
- Removal Calculations
- Tree Replacement Requirements

Discussion:

Is the proposed ordinance outside of what other communities' standards are?

No, staff looked at a number of ordinances and developed an ordinance that is similar to what was reviewed. Most communities have some type of replacement requirements. Staff shared some insight into what they saw as common themes in other ordinances including native species requirements, providing education on species diversity.

What would the impact be to cost increases for developers and buyers?

Staff will be reaching out to developers for their feedback on the draft ordinance, this is undetermined at this time but staff reiterated that most other cities have a tree preservation ordinance.

What is the scope of application?

Staff preference is that it would be city wide and applied primarily to new development. Monitoring private removal of trees isn't feasible for staff as it would require significant monitoring and is of lesser concern at this time. Committee members was in support of offering cash in lieu of replacement of contributing trees/shrubs being provided in other locations as a means to satisfy the required tree replacement. Staff also clarified that property that is designated for stormwater, utilizes, streets and/or other easements would not be held to the tree replacement ordinance.

When would the ordinance changes be implemented?

This is in very early discussions, the ordinance would be shared with developers, City Council and staff for input. It would be implemented once finalized, more details to come.

Next Steps:

A final draft will be prepared based on committee feedback and staff will gather feedback from developers as well. That draft would then come back to City Council and both committees for review and approval.

Adjourn Work Session 8:26 p.m.

Respectfully submitted,

Stella Eskelson, Senior Administrative Assistant

Date: 5/27/2025

1st Quarter 2025 Financial Report

Proposed Action
No formal action required. For discussion only.

Overview
The attached financial report and analysis offers readers a narrative overview of the financial activities of the City for the first quarter of 2025.

Supporting Information
1. 1Q 2025 Financial Report

Financial Impact: $0 **Budgeted:** Yes **Source:** General, Communications, Liquor, Utility funds **Envision Lakeville Community Values:** Good Value for Public Service **Report Completed by:** Julie Stahl, Finance Director

FINANCIAL HIGHLIGHTS:

The following financial report and analysis offers readers a narrative overview of the financial activities of the City for the three-month period ended March 31, 2025. This report includes the General Fund, Communications Fund, Liquor Fund and Utility Operating Funds. The readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report, the adopted budget, and the five-year Capital Improvement Plan.

❖ General Fund - Revenues

❖ *Property tax revenues.*

- Tax payments from Dakota County are received in two installments in June and December. The General fund property tax revenues are anticipated to be $33.3 million for 2025.

❖ *Licenses and Permits.*

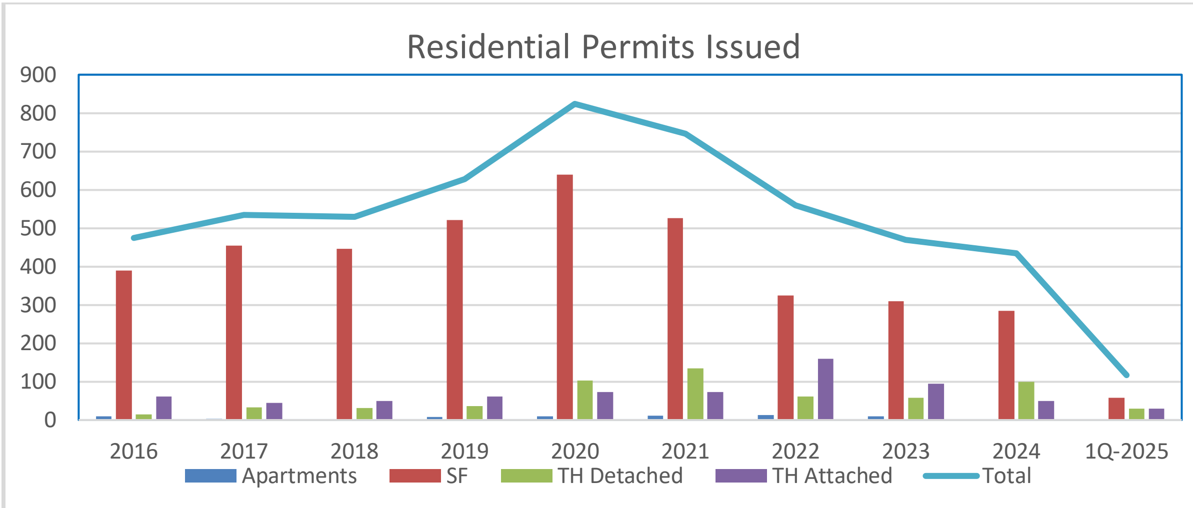
- Building permit revenues are within budget estimates through the first quarter. The following chart shows how the number of permits issued in the first quarter compared to the same period in 2024 and the 2025 adopted budget:

Permit Type	YTD 1st Quarter 2024	2025 Adopted Budget	YTD 1st Quarter 2025
Single Family	83	300	58
Townhome	24	150	59
Apartments (Units)	0	1 (182 units)	0
Commercial	1	2	0
Industrial	0	2	0

- Year-to-date permits issued through May 21, 2025 are as follows:
  - Single Family – 93
  - Townhome – 78

❖ *Historical Building Permits*

- As shown in the chart below building permits for single family had record breaking years in 2019, 2020 and 2021. Permits are trending to a steady growth as seen in years past. The mix of permit types is changing to include a mix of townhomes and apartment complexes.



❖ *Intergovernmental.*

- Revenues comprised of police and fire aid and various grants are typically received in the third and fourth quarters.

❖ *Charges for Services*

- *General government services* are in line with the budget and slightly higher than the previous year. $45,600 has been received for fiscal agent fees from Dakota 911 and Lakeville Arenas which is up $1,000 over the previous year.

- *Public Safety* revenues are in line with the budget. Security services are down slightly compared to the same time in 2024. SRO contributions are up from 2024 due to changes in staffing of the SRO Officers. The current fire contract with Eureka Township expires at the end of 2027. The 2025 fee of $64,478 will be billed out in June of the current year.

- *Public works* revenues are based on summer construction projects and therefore, year-to-date revenues are below the annual estimates. Engineering developer contract administration is recognized as revenue when collected with the development contract. Revenues are down about $47,000 from the same period a year ago due to the Cordelia 2nd addition development in 2024.

- *Parks and Recreation* revenues are up $16,000 from the prior year and under budget estimates as most programs are held in the summer.

❖ *Court Fines.*
- Revenues from court fines ($62,000) represent 26 percent of the budget estimates and are nearly identical to 2024. Court fine revenues and the membership fees paid to the Dakota 911 are both impacted by the number of CAD calls. Moderate increases are anticipated.

❖ General Fund - Expenditures

Total expenditures are about $61,000 greater than 1Q 2024 and are 21 percent of the 2025 budget.

❖ *Personnel.* Expenditures for the first quarter for personnel are at 20 percent of the 2025 budget. Employee vacancies and transitions have resulted in lower cost than expected.

❖ *Motor Fuels.* Motor fuels through March 31 are at 20 percent of the 2025 Budget. Fuel expense is $7,000 less than the same period in 2024 as fuel costs continue to fluctuate. The City does have a contract for fuel prices in place to mitigate some of the price increases.

❖ *Street Chemicals.* 2025 salt purchases are $36,000 lower than the same period in 2024 and are at 82 percent of the annual budget. Purchases at the end of the 2025-2026 winter season will be stored at the central maintenance facility and will be utilized in the late fall if needed.

❖ *Utilities.* Electric costs are $74,000 higher than for the same period in 2024. Rate increases passed on by the electric and natural gas companies are contributing to the increase. Combined electric and natural gas costs are at 25 percent of budget.

❖ *Mayor and Council.* Expenditures are $50,000 above the same period in 2024 and is attributed to the timing of when membership dues for the organization are paid. The League of Minnesota Cities membership is now aligned with the City's fiscal year-end, resulting in an earlier payment cycle compared to last year.

❖ *City Administration.* Expenditures are $15,000 higher than prior year - $6400 of this increase is the new membership to the National League of Cities - and slightly exceed the first-quarter benchmark.

❖ *City Clerk.* Expenditures are much lower compared to the prior year due to the election in 2024.

❖ *Legal.* Legal fees are 34 percent of the budget. Expenditures are slightly higher than the same period in 2024.

❖ *Community and Economic Development.* Expenditures are 17 percent of budget and much lower than the previous year due to the retirement of the Planning Director in the first quarter of 2024 and related severance payout. The departments Community and Economic Development and Planning have consolidated starting in 2024.

❖ *Inspections.* First quarter salaries are at 19% of budget and departmental expenditures are $99,000 less than the previous year. Contractual electrical inspections are lower by $43,000 over the prior year.

- *General Government Facilities.* Salaries are higher over the same period in 2024 resulting from employee transitions and vacancies in 2024. Commodities and other charges and services are under budget but are expected to be within the adopted 2025 budget.

- *Finance Department.* Personnel costs are in line with budget and slighter higher than the same period in 2024 due to step increases. Commodities are under the prior year and budget. Other charges and services are lower than 2024 due to the change in software providers.

- *Information Technology.* Timing of annual maintenance agreements can impact the expense comparison each year.

- *Human Resources.* First quarter is within line with the prior year and slightly higher than budget estimates due to the timing of the software subscriptions payments but is expected to be within 2025 adopted budget.

- *Police.* Personnel services are under budget and lower than the same period last year, due to staffing transitions and the phased onboarding of new positions approved in the 2025 budget. Current savings are largely attributed to vacancies during staff turnover. With several upcoming retirements and the scheduled onboarding of new cadets, expenditures are expected to remain within the adopted budget.

- *Fire*. Personnel services are currently under budget but higher than the same period last year, primarily due to the addition of 15 full-time firefighters at the end of the first quarter. Firefighter pay is variable and depends on the volume of fire calls throughout the year, which is expected to fluctuate as the department continues transitioning to a hybrid model that includes both paid-on-call and full-time staff. Commodities are up from last year, driven by onboarding new full-time firefighters. To reduce costs, staff are renting turnout gear sets instead of buying, recognizing the gear undergoes heavy wear during intensive training activities.

- *Engineering/GIS.* Personnel services are within budget estimates and higher than the same period last year, reflecting the department's return to full staffing. Filling prior vacancies and completing staff transitions has contributed to the increase.

- *Forestry.* Personnel services are within budget estimates and prior year.

- *Construction Services.* Personnel services are below budget due to employee vacancies.

- *Streets.* Personnel services are within budget and lower than the prior year due to decreases in overtime cost related to snow events. Commodities are under the prior year due to less chemicals being purchased at the end of the 2025/2026 winter season. All unused chemicals are stored for use in the fall. City staff complete a mid-year inventory calculation.

- *Parks.* Personnel services are within budget in the first quarter.

- *Recreation and Arts Center.* Expenses are within budget for the first quarter and $52K lower than the same period last year. The decrease is primarily due to staffing transitions following the promotion of the Arts Center Manger to Parks and Recreation Director in late 2024.

- **Communications Fund**

  - Revenues from Franchise fees are received on a quarterly basis. They are typically received by the end of the month following the quarter. Revenues continue to be lower than historical and have trended down $17,000 from the prior year as there are other options for residents to utilize for their entertainment.

  - Expenditures are within budget estimates and are down $23,000 over the same period in 2024.

- **Liquor Fund**

  - Sales through the first quarter amounted to $4.5 million which is a 5.6 percent decrease over the same period in 2024. Decrease in customer count and average sales per customer account for the decrease. Gross profit is at 29.1% in 2025 versus 29.7% in 2024. Trends are consistent with the alcohol retail sector.
  - Total expenditures are at 18% of budget appropriations and are significantly lower ($340K) than the same period in 2024.

  - 2025 Transfers include a $900,000 transfer to the Equipment Fund; $400,000 to the Debt Service Fund for the police station bonds (final maturity - February 2032); $346,800 to the Debt Service Fund for the Keokuk Liquor Store; $30,000 for the 2025 fireworks; and $67,000 to the Technology Fund.

- **Water Fund**

  - Water revenues are typically low in the first quarter, but this year they are $85K higher than the same period in 2024. There was an increase in customer base and an increase of 65,000 gallons billed compared to the same period in 2024. A water rate increase of 6% went into effect February 1, 2025.

  - Expenditures are under budget at 20% of the annual benchmark.

- **Sewer Fund**

  - Sewer revenues exceed budget expectations and are up over the same period in 2024. Like water revenues, sewer revenues increased because of the increased customer base. A sewer rate increase of 4% went into effect February 1, 2025.

  - Disposal charges paid to Metropolitan Council of Environmental Services increased 4.5 percent over the 2024 rates and are projected to be $5.6 million for 2025.

  - Expenditures are slightly under budget at 22% of the annual benchmark.

- **Street Lighting Fund**

  - Revenues match the annual budget benchmark and are slightly above last year, driven by the growing customer base.

  - Streetlight rates did not increase in 2025.

- **Environmental Resources Fund**

  - Revenues align with the annual budget benchmark and exceed last year's, partly due to a larger customer base and a 4% rate increase in Environmental Resources in 2025.

  - Intergovernmental grant revenues are budgeted at $535,000 for the following restorations:

    - Aquatic invasive species – Dakota County funding $35,000
    - CP 24-44 Greenridge Park Water quality improvements - $500,000

    The request for funding will be made once the final contract payments are made.

  - Personnel expenditures are below budget estimates due to employee transitions.

Unaudited

General Fund
Summary Statement of Revenues, Expenditures and Changes in Fund Balances
For the Three Month Period Ended March 31, 2025

						Comparative		
	2025 Adopted Budget	2025 Amended Budget	3/31/2025 Actual	Variance from Amended Budget Positive (Neg)	Actual Percent	3/31/24 Actual	Variance from 2024 Actual Positive (Negative)	
Revenues								
General property taxes	$ 33,300,000	$ 33,300,000	$ -	$ (33,300,000)	0.0%	$ -	$ -	0.0%
Licenses and permits	3,259,689	3,259,689	618,208	(2,641,481)	19.0%	570,361	47,847	108.4%
Intergovernmental	3,478,938	3,478,938	40,455	(3,438,483)	1.2%	28,314	12,141	142.9%
Charges for services	3,061,144	3,061,144	524,999	(2,536,145)	17.2%	502,221	22,778	104.5%
Court fines	240,000	240,000	62,416	(177,584)	26.0%	62,310	106	100.2%
Investment income	500,000	500,000	125,000	(375,000)	25.0%	217,103	(92,103)	57.6%
Miscellaneous	166,746	166,746	16,139	(150,607)	9.7%	17,217	(1,078)	93.7%
Total revenues	44,006,517	44,006,517	1,387,217	(42,619,300)	3.2%	1,397,526	(10,309)	99.3%
Expenditures								
Mayor and Council	126,321	126,321	94,182	32,139	74.6%	44,459	(49,723)	211.8%
Committees and Commissions	143,422	143,422	292	143,130	0.2%	3,894	3,602	7.5%
City Administration	587,089	587,089	157,260	429,829	26.8%	142,071	(15,189)	110.7%
City Clerk	225,579	225,579	37,417	188,162	16.6%	101,651	64,234	36.8%
Legal Counsel	87,000	87,000	29,393	57,607	33.8%	15,268	(14,125)	192.5%
Community and Econ. Development	1,089,649	1,089,649	191,111	898,538	17.5%	315,950	124,839	60.5%
Inspections	1,918,122	1,918,122	335,992	1,582,130	17.5%	435,168	99,176	77.2%
General Government Facilities	669,991	669,991	177,344	492,647	26.5%	128,525	(48,819)	138.0%
Finance	1,235,639	1,235,639	282,416	953,223	22.9%	278,029	(4,387)	101.6%
Information Systems	989,146	989,146	190,442	798,704	19.3%	188,078	(2,364)	101.3%
Human Resources	688,489	688,489	230,540	457,949	33.5%	230,798	258	99.9%
Insurance	250,000	250,000	62,500	187,500	25.0%	68,750	6,250	90.9%
Police	17,227,952	17,227,952	3,741,124	13,486,829	21.7%	3,875,698	134,575	96.5%
Fire	5,588,299	5,588,299	930,745	4,657,554	16.7%	603,229	(327,516)	154.3%
Engineering	946,722	946,722	250,532	696,190	26.5%	159,077	(91,455)	157.5%
Forestry	680,154	680,154	87,345	592,809	12.8%	87,964	619	99.3%
Construction Services	701,328	701,328	105,826	595,502	15.1%	127,771	21,945	82.8%
Streets	4,409,718	4,409,718	973,076	3,436,642	22.1%	959,312	(13,764)	101.4%
Parks	3,768,652	3,768,652	764,619	3,004,033	20.3%	742,117	(22,502)	103.0%
Recreation	1,126,418	1,126,418	226,325	900,093	20.1%	195,250	(31,075)	115.9%
Arts Center	1,033,734	1,033,734	269,538	764,196	26.1%	352,706	83,168	76.4%
Total expenditures	43,493,424	43,493,424	9,138,019	34,355,406	21.0%	9,055,765	(82,254)	100.9%
Excess (deficiency) of revenues over expenditures	513,093	513,093	(7,750,802)	(8,263,895)		(7,658,239)	(92,563)	
Other financing sources (uses)								
Transfer from other funds	170,000	170,000	-	(170,000)	0.0%	-	-	0.0%
Transfer to other funds	-	-	-	-	0.0%	-	-	0.0%
Total other financing sources (uses)	170,000	170,000	-	(170,000)		-	-	0.0%
Net change in fund balance	683,093	683,093	(7,750,802)	(8,433,895)		(7,658,239)	(92,563)	
Beginning fund balance	21,747,353	21,747,353	22,437,133	689,780		22,007,407	429,726	
Ending fund balance	$ 22,430,446	$ 22,430,446	$ 14,686,332	$ (7,744,115)		$ 14,349,168	$ 337,164	
Net change in fund balance %	3.1%	3.1%	(34.5%)			(34.8%)		
Ratio: Fund balance to CY expends	51.6%	51.6%						
Ratio: Fund balance to NY expends	49.1%	49.1%						

CITY OF LAKEVILLE, MINNESOTA
Special Revenue - Communications Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative: 3/31/2024 Actual	Comparative: Variance from 2024 Actual Positive (Negative)	
Revenues							
Licenses franchise fee	$ 624,649	$ 121,059	$ (503,590)	19.4%	$ 136,774	$ (15,715)	88.5%
PEG Fees	44,098	8,678	(35,420)	19.7%	10,096	(1,418)	86.0%
Other	2,000	-	(2,000)		-	-	
Investment income	6,643	-	(6,643)	0.0%	-	-	0.0%
Total revenues	677,390	129,737	(547,653)	19.2%	146,870	(17,133)	88.3%
Expenditures - General government							
Personnel services	591,610	107,489	484,121	18.2%	137,019	29,530	78.4%
Commodities	13,260	4,260	9,000	32.1%	4,958	698	85.9%
Other charges and services	200,197	66,943	133,255	33.4%	60,562	(6,381)	110.5%
Capital outlay	33,000	7,207	25,793	21.8%	6,155	(1,052)	117.1%
Total expenditures	838,067	185,899	652,169	22.2%	208,694	22,796	89.1%
Excess (deficiency) of revenues over expenditures	(160,677)	(56,162)	104,516	35.0%	(61,824)	166,340	90.8%
Other financing (uses) - Transfers							
To Technology Fund (expense allocations)	(4,155)	-	4,155	0.0%	(7,300)	7,300	0.0%
Total other financing (uses)	(4,155)	-	4,155	0.0%	(7,300)	7,300	0.0%
Net change in fund balance	(164,832)	(56,162)	108,671		(69,124)	12,963	
Beginning fund balance	1,384,987	1,384,987	-		1,384,987	-	
Ending fund balance	$ 1,220,155	$ 1,328,826	$ 108,671		$ 1,315,863	$ 12,963	

Unaudited

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Liquor Fund
Statement of Revenues, Expenditures and Changes in Working Capital
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative 3/31/2024 Actual	Comparative Variance from 2024 Actual Positive (Negative)	
Sales and cost of sales							
Sales	$ 23,238,382	$ 4,521,210	$ (18,717,172)	19.5%	$ 4,786,692	$ (265,482)	94.5%
Cost of sales	16,828,635	3,205,892	13,622,743	19.1%	3,364,964	159,072	95.3%
Gross profit	6,409,747	1,315,318	(5,094,429)	20.5%	1,421,728	(106,410)	92.5%
Gross profit %	27.6%	29.1%			29.7%		
Operating expenses							
Personnel services	3,357,512	581,520	2,775,992	17.3%	740,463	158,943	78.5%
Commodities	97,056	22,065	74,991	22.7%	241,006	218,941	9.2%
Other charges and services	1,916,183	371,227	1,544,957	19.4%	333,066	(38,161)	111.5%
Total operating expenses	5,370,751	974,812	4,395,940	18.2%	1,314,535	339,724	74.2%
Operating income	1,038,996	340,507	(698,490)	32.8%	107,193	233,314	317.7%
Non-operating revenue (expense)							
Investment income	105,000	10,426	(94,574)	9.9%	9,331	1,095	111.7%
Lease payment	(265,000)		265,000	0.0%	(260,000)	260,000	0.0%
Transfers in (out)							
General Fund - Fireworks	(30,000)	-	30,000	0.0%	-	-	0.0%
Debt Service:							
Tax Abatement - Keokuk	(346,800)	-	346,800	0.0%	(284,650)	284,650	0.0%
CIP Bonds-Police Station	(400,000)	-	400,000	0.0%	(400,000)	400,000	0.0%
Capital Projects:							
Equipment Fund	(900,000)	-	900,000	0.0%	(500,000)	500,000	0.0%
Technology Fund	(67,605)	-	67,605	0.0%	(59,500)	59,500	0.0%
Total non-operating (net)	(1,904,405)	10,426	1,914,831	-0.5%	(1,494,819)	1,505,245	-0.7%
Net change in net position	(865,409)	350,933	1,216,342		(1,387,626)	1,738,559	
Beginning net position	12,734,454	13,320,656	586,202		12,869,554	451,102	
Ending net position	$ 11,869,045	$ 13,671,589	$ 1,802,544		$ 11,481,928	$ 2,189,661	

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Water Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative 3/31/2024 Actual	Comparative Variance from 2024 Actual Positive (Negative)	
Operating revenues							
User charges for services	$ 8,150,143	$ 1,336,955	$ (6,813,188)	16.4%	$ 1,080,955	$ 256,000	123.7%
Other	75,000	(93,930)	(168,930)	-125.2%	77,268	(171,198)	-121.6%
Total operating revenue	8,225,143	1,243,025	(6,982,118)	15.1%	1,158,223	84,802	-602.8%
Operating expenses							
Personnel services	1,904,000	382,148	1,521,852	20.1%	298,052	(84,096)	128.2%
Commodities	949,549	152,701	796,848	16.1%	106,914	(45,787)	142.8%
Other charges and services	1,952,059	413,518	1,538,541	21.2%	266,629	(146,889)	155.1%
Major Maintenance	30,000	11,932	18,068	39.8%	1,113	(10,819)	1072.1%
Total operating expenses	4,835,608	960,300	3,875,308	19.9%	672,708	(287,592)	142.8%
Operating income (loss)	3,389,535	282,725	(3,106,810)		485,515	(202,790)	
Non-operating revenue (expense)							
Investment income	54,327	46,073	(8,254)	84.8%	17,283	28,790	266.6%
Debt Service	(232,725)		232,725	0.0%	-	-	0.0%
Transfers (out)	(580,109)	-	580,109	0.0%	-	-	0.0%
Total non-operating (net)	(758,507)	46,073	804,580		17,283	28,790	
Net change in net position	2,631,028	328,798	(2,302,230)		502,798	(174,000)	65.4%
Beginning net position	126,419,489	138,179,425	11,759,936		128,850,088	9,329,337	107.2%
Ending net position	$ 129,050,517	$ 138,508,223	$ 9,457,706		$ 129,352,886	9,155,337	107.1%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Sanitary Sewer Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative 3/31/2024 Actual	Comparative Variance from 2024 Actual Positive (Negative)	
Operating revenue							
User charges for services	$ 8,635,692	$ 2,740,950	$ (5,894,742)	31.7%	$ 2,340,727	$ 400,223	117.1%
Operating expenses							
Personnel services	1,242,775	166,412	1,076,363	13.4%	134,685	(31,727)	123.6%
Commodities	140,372	10,507	129,865	7.5%	24,671	14,164	42.6%
Other charges and services	420,723	48,528	372,195	11.5%	492,322	443,794	9.9%
Disposal charges	5,622,468	1,405,617	4,216,851	25.0%	1,345,438	(60,179)	104.5%
Major maintenance projects	980,000	207,875	772,125	21.2%	-	(207,875)	0.0%
Total operating expenses	8,406,338	1,838,939	6,567,399	21.9%	1,997,116	158,177	92.1%
Operating income (loss)	229,354	902,011	672,657		343,611	558,400	262.5%
Non-operating revenue (expense)							
Intergovernmental State aid	-	-	-	0.0%	-	-	0.0%
Investment income	47,867	25,222	(22,645)	52.7%	23,342	1,879	108.1%
Debt service	(71,750)	-	71,750	0.0%	-	-	0.0%
Transfers in	33,766	-	(33,766)	0.0%	-	-	0.0%
Transfers (out)	(43,064)	-	43,064	0.0%	-	-	0.0%
Total non-operating (net)	(33,181)	25,222	58,403	-76.0%	23,342	1,879	108.1%
Net change in net position	196,173	927,233	731,060		366,953	560,279	252.7%
Beginning net position	74,250,464	80,709,062	6,458,598		74,695,434	6,013,628	108.1%
Ending net position	$ 74,446,637	$ 81,636,295	$ 7,189,658		$ 75,062,387	$ 6,573,907	108.8%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Street Light Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative 3/31/2024 Actual	Comparative Variance from 2024 Actual Positive (Negative)	
Operating revenue							
User charges for services	$ 1,246,370	$ 316,851	$ (929,519)	25.4%	$ 313,768	$ 3,083	101.0%
Operating expenses							
Personnel services	25,084	3,416	21,668	13.6%	5,891	2,475	58.0%
Commodities	103	-	103	0.0%	-	-	0.0%
Other charges and services	1,129,818	370,977	758,841	32.8%	140,979	(229,998)	263.1%
Total operating expenses	1,155,005	374,393	780,612	32.4%	146,870	(227,523)	254.9%
Operating income (loss)	91,365	(57,542)	(148,907)		166,898	(224,440)	-34.5%
Non-operating revenue (expense)							
Investment income	8,204	3,602	(4,602)	43.9%	2,940	662	122.5%
Debt service	(52,762)	-	52,762	0.0%	-	-	0.0%
Transfers in (out) - General Fund	-	-	-	0.0%	-	-	0.0%
Total non-operating (net)	(44,558)	3,602	48,160	-8.1%	2,940	662	122.5%
Net change in net position	46,807	(53,939)	(100,746)		169,838	(223,778)	-31.8%
Beginning net position	1,175,893	1,152,793	(23,100)		940,928	211,865	122.5%
Ending net position	$ 1,222,700	$ 1,098,854	$ (123,846)		$ 1,110,766	$ (11,913)	98.9%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Environmental Resources Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Three Month Period Ended March 31, 2025

	2025 Adopted Budget	3/31/2025 Actual	Variance	Percent of Budget	Comparative 3/31/2024 Actual	Comparative Variance from 2024 Actual Positive (Negative)	
Revenues							
User charges for services	$ 2,048,300	$ 518,596	$ (1,529,704)	25.3%	$ 491,939	$ 26,657	105.4%
Total revenues	2,048,300	518,596	(1,529,704)	25.3%	491,939	26,657	-311.0%
Expenditures - Public works							
Personnel services	871,649	103,142	768,507	11.8%	147,478	44,336	69.9%
Commodities	55,978	9,078	46,900	16.2%	9,871	793	92.0%
Other charges and services	1,986,896	185,648	1,801,248	9.3%	25,118	(160,530)	739.1%
Total expenditures	2,914,523	297,868	2,616,655	10.2%	182,467	(115,401)	163.2%
Operating income (loss)	(866,223)	220,728	1,086,951		309,472	(88,744)	71.3%
Non-operating revenue (expense)							
Intergovernmental	535,000	-	(535,000)	0.0%	-	-	0.0%
Investment income	10,221	11,389	1,168	111.4%	22,395	(11,006)	50.9%
Transfers in (out)							
Building Fund	-	-	-	0.0%	(220,000)	220,000	0.0%
Equipment Fund	(40,500)	-	40,500	0.0%	-	-	0.0%
Technology Fund	(2,384)	-	2,384	0.0%	(10,792)	10,792	0.0%
Water Operating Fund	15,000	-	(15,000)	0.0%	-	-	0.0%
Sanitary sewer operations	(33,766)	-	33,766	0.0%	-	-	0.0%
Total other financing (uses)	483,571	11,389	(472,182)	2.4%	(208,397)	219,786	-5.5%
Net change in net position	(382,652)	232,117	614,769		101,075	131,042	229.6%
Beginning net position	2,962,282	4,533,737	1,571,455		3,663,270	870,467	123.8%
Ending net position	$ 2,579,630	$ 4,765,854	$ 2,186,224		$ 3,764,345	$ 1,001,509	126.6%