



AGENDA CITY COUNCIL WORK SESSION

July 28, 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

20 min	a. Youth Advisory Commission Update	Taylor Snider
20 min	b. Rail Storage Update	Zach Johnson, Tina Goodroad
30 min	c. Electric Bike Ordinance Discussion	Joe Masiarchin
30 min	d. Short-Term Rental Discussion	Tina Goodroad
15 minutes	e. Preliminary 2024 Financial Statements Audit Review	Julie Stahl
4. Items for Future Discussion
5. Committee/ City Administrator Updates
6. Adjourn



Date: 7/28/2025

Youth Advisory Commission Update

Proposed Action

None

Overview

The Youth Commission will be giving an update on its year to the Council. They are appreciative of any feedback that Council may have for them as their term comes to an end in September.

Supporting Information

None

Financial Impact: \$0 Budgeted: No Source: Envision Lakeville Community Values: A Sense of Community and Belonging Report Completed by: Taylor Snider, Assistant to the City Administrator
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Date: 7/28/2025

Rail Storage Update

Proposed Action

No specific action is required; the presentation is for update purposes.

Overview

Over the past several months, we have been working closely with Compass Rail Services (in Partnership with Progressive Rail) who will be constructing a new facility in Lakeville to accommodate rail car storage. On July 22nd, Compass Rail Services closed on the property (PID 13-00500-01-013) for this development. Annexation by ordinance proceedings will begin shortly.

Dan Schmittiel, of Compass Rail Services, has requested the opportunity to provide an update to the council at the work session. Zach Johnson, City Engineer, will also have a brief presentation.

Supporting Information

None

Financial Impact: \$ Budgeted: No Source: Envision Lakeville Community Values: Diversified Economic Development Report Completed by: Tina Goodroad, Community Development Director
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Date: 7/28/2025

Electric Bike Ordinance Discussion

Proposed Action

No formal action, for discussion.

Overview

With the growing popularity of electric bikes (e-bikes) and scooters, staff has noted increased traffic of non-traditional bicycles on city sidewalks, trails and pathways. Staff has received feedback from residents and trail users expressing the need for clear guidance and regulations on e-bike usage throughout public trails and pathways. Staff reached out to surrounding communities to determine what policies already exist. In doing so, it was determined that most municipalities refer to the Minnesota Department of Natural Resource's guidance on the usage of e-bikes. In collaboration with the Police Department, staff has drafted a policy that leverages the state's language as well guidance that has been implemented in nearby communities.

The Parks, Recreation and Natural Resources Committee reviewed and provided commentary on the draft policy at their June 4 meeting. They are in agreement that clear guidance is needed as the number of non-traditional bikes continues to increase on City trails and pathways. Staff is asking for feedback from the city council about next steps related to this policy.

Supporting Information

1. Draft E-Bike Policy

Financial Impact: \$NA Budgeted: No Source: NA Envision Lakeville Community Values: Safety Throughout the Community Report Completed by: Joe Masiarchin, Parks & Recreation Director
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Rules and Regulations for Operation of E-bikes on City Trails and Paved Pathways

Purpose

The purpose of this policy is to outline the usage and standard operating procedures of e-bikes within the City of Lakeville's trail system and applies to any City owned trails and paved pathways.

Definitions

The City of Lakeville refers to Dakota County's definition of electric-assist or pedal-assist bicycles as defined by Minnesota Statute 169.011, subdivision 27. Local government agencies are permitted to adopt their own policies on the regulation of ebikes on City owned trails and paved pathways.

Class 1: The motor only assists when the rider pedals and stops assisting when the bike reaches 20 miles per hour.

Class 2: The motor can propel the bike without the rider pedaling and stops assisting when the bike reaches 20 miles per hour.

Class 3: The motor only assists when the rider pedals and stops assisting when the bike reaches 28 miles per hour.

Rules & Regulations

- E-bikes are allowed on trails and paved pathways wherever normal bicycles are permitted excluding trails managed for non-motorized vehicles and City sidewalks unless where necessary to enter or leave adjacent property
- Must be fifteen (15) years of age to operate e-bikes in accordance with Minnesota Statute 169.011, subdivision 27
- It is recommended that operators wear a helmet while riding e-bikes
- Modified e-bikes that bypass their speed limit control are prohibited
- Obey posted trail rules such as speed limits, right of way and directional travel
- Be courteous to other trail users and travel at safe and reasonable speeds if no speed limit signs are posted. In the absence of speed limit signs, riders may not exceed Minnesota Statute 169.011, subdivision 27
- Use passing techniques that don't widen the trail
- Class 1 e-bikes are allowed on the West Lake Marion Mountain Bike Trail, Class 2 and 3 are prohibited as this trail is managed for non-motorized usage primarily
 - Stay off trails that are wet, muddy or in a state that usage could cause significant damage

Policy Enforcement

This policy will be enforced by City of Lakeville staff.



Date: 7/28/2025

Short-Term Rental Discussion

Proposed Action

Provide direction to staff on how to proceed with ordinance amendment related to short-term rentals

Overview

The City of Lakeville allows short-term rentals subject to approval of an administrative permit under the following requirements:

Renting of rooms within an owner-occupied dwelling unit to not more than two (2) individuals who are each unrelated to the principal family as an accessory use provided that:

1. The property owner shall not enter into a rental agreement with more than two individuals within a 30-day period.
2. There shall be one off-street parking stall provided for each rental occupant of the property in addition to the parking stalls required by chapter 19 of this title.

This language is included in the Uses by Administrative Permit section in all the residential zoning districts.

Based on this language, it has been interpreted in the past that only rooms can be rented, rather than the entire house, and that the owner must reside in the home at the same time as the renter.

Staff prepared research from eight cities that have an ordinance for short-term rentals. Requirements vary, but the majority have some type of license, allow rental of the entire home, and do not require the owner to be present. Additional requirements include limits on how many licenses will be permitted.

Discussion

Staff is seeking direction on how short-term rental requirements could be clarified:

1. Add a definition of short-term rental in the zoning ordinance.
2. Create a separate ordinance section for short-term rentals.
3. Review residential zoning districts that short term rentals should be allowed
4. Clarify if renting the whole house is allowed.

5. Clarify if the home must be homesteaded and whether the owner must be on site during the rental.
6. Other considerations: must provide off-street parking, do we want to require a license or registration and fee; do we want any limit on the number of short-term rentals?
7. Amend the Rental Registration ordinance to clarify if it is in effect for any rental 30 days or longer.

Based on discussion, staff will prepare appropriate zoning ordinance amendments.

Supporting Information

1. Short-Term Rental Research table

Financial Impact: \$0 Budgeted: No Source: Envision Lakeville Community Values: Safety Throughout the Community Report Completed by: Tina Goodroad, Community Development Director

Short Term Rental Policies

City	Type	Renewal	Fee	Guests	Parking	Amount of Home	Lodging Tax	Additional
Burnsville	License	Annual	\$62	Not specified	Not specified	All	Monthly report	Must be homestead and notify neighbors
Chanhassen	License	Annual	\$200	Two adults per bedroom, plus an additional two adults. Accompanying children don't count towards the limit.	Max four vehicles outside	All	Not mentioned	Good Neighbor Brochure
Hopkins	CUP		\$150	No more than 6 adults and their dependent children	Not mentioned	All	Not mentioned	Not allowed on lots occupied by ADUs
Minnetonka	Registration	Annual	\$0	Not specified	Not specified	All	Not mentioned	
Rosemount	License	Biannual	\$50	Two times number of bedrooms rented plus one	No on-street parking	All	Not mentioned	If not owner-occupied, owner must reside within 30 miles.
Roseville	License	Annual	\$559.86	One family or four unrelated adults to occupy a single family rental unit	Not specified	All	Yes	A. "Non-owner occupied." B. Can't be more often than "one every seven days (Oct 1-May 1) and one every ten days (May 1-Oct 1). C. Licensed properties must be 500 feet apart.
Savage	License	Annual	\$25	Two adults per bedroom, plus an additional two adults. Accompanying children don't count towards the limit.	Two vehicles plus one for each available garage stall	Bedrooms only. Property owner must remain on-site during rentals	Not mentioned	Owner background checks. Only 12 licenses are issued annually in the City (first-come).
Shoreview	License	Annual	\$150	Not specified	Not specified	All	Not mentioned	If owner lives outside 7-county metro, an agent who does is required.



Date: 7/28/2025

Preliminary 2024 Financial Statements Audit Review

Proposed Action

Discussion only

Overview

The City's 2024 audit is nearly complete and currently undergoing final report review. The auditors, CliftonLarsonAllen (CLA), reported no findings in their review of the City's 2024 financial activity and transactions. The City has filed extensions with both the Office of the State Auditor and the Government Finance Officers Association for the 2024 Annual Comprehensive Financial Report. The final report will be presented to the City Council for acceptance at a meeting in August.

The attached General Fund and Enterprise Funds reports are provided to inform the Council of their current status ahead of the 2026 budget work sessions. Debt Service Funds continue to meet statutory obligations, and Capital and Special Revenue Funds are tracking as expected.

Supporting Information

1. 2024 Financials excerpts_General-Enterprise Funds

Financial Impact: \$ **Budgeted:** Yes **Source:** Property Taxes, Utility Fees, and Liquor Sales

Envision Lakeville Community Values: Good Value for Public Service

Report Completed by: Julie Stahl, Finance Director

CITY OF LAKEVILLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Period Ending 12/31/2024

	2024 ORIGINAL BUDGET	2024 FINAL BUDGET	2024 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET +(-)
REVENUES				
PROPERTY TAXES	29,821,150	29,821,150	29,513,139	(308,011)
LICENSES & PERMITS	3,262,810	2,962,810	3,200,703	237,893
INTERGOVERNMENTAL	1,596,841	1,904,208	2,172,655	268,447
CHARGES FOR SERVICES	3,059,510	3,224,220	3,869,599	645,379
FINES	240,000	240,000	222,790	(17,210)
SPECIAL ASSESSMENTS	0	0	9,321	9,321
INTEREST INCOME	311,190	611,190	470,764	(140,426)
INCRS/(DECRS) IN FAIR MKT VAL	0	0	398,037	398,037
PROCEEDS - CAPITAL ASSET SALES	6,860	29,260	20,070	(9,190)
DONATIONS	45,200	45,200	76,289	31,089
MISCELLANEOUS	32,024	32,024	70,471	38,447
TRANSFERS FROM OTHER FUNDS	1,276,571	226,998	226,998	0
Total REVENUES	39,652,156	39,097,060	40,250,839	1,153,779
EXPENDITURES				
GENERAL GOVERNMENT	9,416,561	8,688,235	8,119,871	568,364
PUBLIC SAFETY	19,099,677	19,391,474	19,567,229	(175,755)
PUBLIC WORKS	6,887,988	6,544,259	5,613,790	930,469
CULTURE & RECREATION	5,776,344	5,988,916	6,052,703	(63,787)
Total EXPENDITURES	41,180,570	40,612,884	39,353,593	1,259,291
Net Change in Fund Balance	(1,528,414)	(1,515,824)	897,246	2,413,070
BEGINNING FUND BALANCE	22,372,997	22,372,997	22,372,997	
FUND BALANCE ADJUSTMENTS			64,136	
ENDING FUND BALANCE	20,844,583	20,857,173	23,334,378	
Restricted Fund Balance (Public Safety)			1,850,000	
Fund Balanced - Net of Restricted FB			21,484,378	
Unassigned FB - % of 2025 BUDGET			49.4%	

CITY OF LAKEVILLE
BALANCE SHEET - GENERAL FUND
DECEMBER 31, 2024

	<u>General Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 31,222,478
Interest receivable	114,920
Taxes receivable	2,090,389
Accounts receivable	716,281
Special Assessments Receivable	136,153
Leases and financed purchases receivable	40,292
Inventory	308,206
Prepaid expenses	44,559
Total Assets	<u>34,673,278</u>
LIABILITIES AND FUND EQUITY	
Current liabilities	
Salaries payable	\$ 680,886
Accounts payable	1,090,054
Contracts payable	-
Deposits payable	8,228,705
Unearned revenue	190,325
Total current liabilities	<u>10,189,970</u>
Deferred Inflows Of Resources	
Unavailable revenues - taxes	361,737
Unavailable revenue - special assessments	749,054
Leases and financed purchases	38,140
Unavailable revenue - other	-
Total Deferred Inflows of Resources	<u>1,148,931</u>
Total liabilities	<u>11,338,901</u>
FUND BALANCE	
Nonspendable	352,767
Restricted	1,850,000
Committed	-
Assigned	-
Unassigned	20,234,366
Total Fund Balance	<u>22,437,133</u>
Total Liabilities/Deferred Inflows/Fund Balance	33,776,034
Beginning Fund Balance - January	22,372,997
Fund Balance Prior Period Adjustment	64,136
Net Change in Fund Balance - 2024	897,245
Ending Fund Balance - December	<u><u>23,334,378</u></u>

CITY OF LAKEVILLE
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024
With Comparative Totals for Year Ended December 31, 2023

	Utility Funds		Liquor Fund	
	<u>2024 Total</u>	<u>2023 Total</u>	<u>2024 Total</u>	<u>2023 Total</u>
Operating revenues				
Street light use fees	\$ 1,297,348	\$ 1,231,279	\$ -	\$ -
Water sales	8,225,448	10,278,864	-	-
Sewer use fees	9,488,268	8,929,881	-	-
Storm sewer fees	2,085,418	1,937,325	-	-
Liquor Sales			22,612,689	22,692,555
Liquor COGS			(16,331,345)	(16,474,955)
Other	191,200	338,353	-	-
Total operating revenues	<u>21,287,682</u>	<u>22,715,702</u>	<u>6,281,344</u>	<u>6,217,600</u>
Operating expenses				
Personnel services	3,394,004	3,470,613	3,004,335	3,184,837
Commodities	810,496	845,869	72,670	111,455
Other charges and services	3,974,651	4,860,980	1,162,483	1,185,729
Major maintenance not capitalized	1,936,950	2,342,698	-	-
Disposal charges	5,382,250	5,066,715	-	-
Depreciation	6,703,894	6,007,119	752,031	673,810
Total operating expenses	<u>22,202,245</u>	<u>22,593,994</u>	<u>4,991,519</u>	<u>5,155,831</u>
Operating income (loss)	<u>(914,562)</u>	<u>121,708</u>	<u>1,289,825</u>	<u>1,061,769</u>
Non-operating revenue (expense)				
Intergovernmental - grants	178,555	1,028,276	38,882	163
Investment income (charges)	672,633	528,470	126,406	220,137
Change in Fair Value of investments	569,101	574,013	-	-
Interest and fiscal charges	(120,540)	(133,289)	-	(39,607)
Disposal of capital assets	11,189	(9,017)	-	-
Total other revenue (expense)	<u>1,310,939</u>	<u>1,988,453</u>	<u>165,288</u>	<u>180,693</u>
Income (loss) before Contributions/Transfers	<u>396,376</u>	<u>2,110,161</u>	<u>1,455,113</u>	<u>1,242,462</u>
Contributed assets from developers	9,831,445	5,739,878	-	-
Contributed assets from City	1,264,516	5,042,714	-	-
Transfers to General Fund	-	(342,169)	(30,000)	(30,000)
Transfers to Debt Service Fund	(523,569)	(519,319)	(750,450)	(748,883)
Transfers to Capital Project funds	(293,500)	(67,500)	(559,500)	(2,899,846)
Transfers from other funds	-	-	-	2,354,946
Total	<u>10,278,893</u>	<u>9,853,604</u>	<u>(1,339,950)</u>	<u>(1,323,783)</u>
Change in Net Position	10,675,269	11,963,765	115,163	(81,321)
Net Position - Beginning of Year	208,198,790	196,235,025	12,869,551	12,950,872
Net Position - Prior Period Adjustment	4,352,162	-	-	-
Net Position - End of Year	<u>\$ 223,226,221</u>	<u>\$ 208,198,790</u>	<u>\$ 12,984,714</u>	<u>\$ 12,869,551</u>

CITY OF LAKEVILLE
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS
DECEMBER 31, 2024

	Utility 2024	Liquor 2024
Current assets		
Cash and investments	\$ 29,904,370	\$ 3,627,065
Interest receivable	164,272	16,723
Accounts receivable	6,142,966	-
Inventory	330,337	2,085,150
Prepaid expenses	14,413	-
Total current assets	<u>36,556,358</u>	<u>5,728,938</u>
Non-current assets		
Land	585,087	3,087,882
Buildings/Other Improvements	26,234,314	12,246,017
Machinery and equipment	8,306,227	765,513
Infrastructure	264,154,977	-
Accumulated depreciation	<u>(101,910,274)</u>	<u>(2,492,838)</u>
Net capital assets	<u>197,370,331</u>	<u>13,606,574</u>
Total assets	<u>233,926,689</u>	<u>19,335,512</u>
Deferred Outflows Of Resources		
Deferred pension resources	<u>210,577</u>	<u>242,185</u>
	210,577	242,185
LIABILITIES AND FUND EQUITY		
Current liabilities		
Salaries payable	\$ 81,797	\$ 297,803
Accounts payable	397,285	761,967
Contracts payable	89,624	-
Accrued interest payable	119,100	2,930
Deposits payable	9,900	6,817
Unearned revenue	107,800	37,921
Long-term debt/Leases-current	<u>-</u>	<u>815,000</u>
Total current liabilities	<u>805,506</u>	<u>1,922,438</u>
Non-current liabilities		
Accrued compensated absences	371,631	-
Net pension liability	866,900	839,250
Net OPEB obligation	102,088	104,096
Unamortized bond premium	555,730	-
Long-term debt / Lease Payable	<u>7,585,000</u>	<u>3,047,078</u>
Total non-current liabilities	<u>9,481,349</u>	<u>3,990,424</u>
Total liabilities	<u>10,286,855</u>	<u>5,912,862</u>
Deferred Inflows Of Resources		
Deferred pension resources	<u>662,083</u>	<u>680,117</u>
	662,083	680,117
Net assets		
Invested in capital assets	189,372,445	295,133
Unrestricted	<u>33,853,777</u>	<u>12,574,420</u>
Total net position	<u>223,226,222</u>	<u>12,869,553</u>