



MINUTES CITY COUNCIL WORK SESSION

August 25, 2025 - 6:00 PM

Lakeville City Hall, Marion Conference Room

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

Mayor Hellier called the meeting to order at 6:00 P.M.

Members Present: Mayor Hellier, Council Members, Lee, Wolter

Absent: Council Members Bermel, Volk

Staff Present: Justin Miller, City Administrator; Julie Stahl, Finance Director; Joe Masiarchin, Parks & Recreation Director; Allyn Kuennen, Assistant City Administrator; Ann Orlofsky, City Clerk; Brad Paulson, Police Chief; Paul Oehme, Public Works Director; Mike Meyer; Fire Chief

2. Citizen Comments

None

3. Discussion Items

a. Fischer Property Site Planning

City Engineer Zach Johnson and Bryan Harjes, with HKGi, presented information on the Fischer Property located at 179th Street and Granby Lane, which was purchased in July to support future infrastructure needs, including a new centralized fire station and satellite water treatment plant. The 12.23-acre site positions the fire station in the northwest corner for efficient routing and the treatment plant along the south near existing infrastructure, leaving the remaining land available for municipal or private uses. HKGi, CNH Architects, and Black & Veatch assisted in developing concept plans for the property. Three concepts were reviewed: Concept 1, a general master plan; Concept 2A, which includes residential development around the Public Works storage area; Concept 2B, with limited destination-based commercial uses resulting in a shallower lot; and Concept 2C, which illustrates residential development surrounding the fire station, a practice common in surrounding cities.

Council discussion indicated preference for concepts 2A and 2C, noting a desire to balance commercial office uses if possible, but recognizing development will likely not be marketed until after the fire station is completed around 2027. Council also noted the need for future access connections to existing developments.

b. Water Treatment Expansion Study

Public Works Director Paul Oehme presented the Water Treatment Expansion Study,

originally completed in 2022 and updated following the City's purchase of the Fischer Property, to evaluate options for increasing treatment capacity to meet community growth. The study reviewed three alternatives: (1) expansion of the existing Water Treatment Plant (WTP), (2) construction of a new satellite WTP at the Fischer Property, and (3) a filter bypass at the existing plant. Oehme outlined cost comparisons for each option, noting that a future rate study will be needed to evaluate resident impacts.

The council discussed population projections, growth pressures, redundancy considerations, and whether to reserve land at the Fischer Property for a future facility while continuing to expand at the current site.

Questions addressed included treatment capacity at existing facilities, risks associated with higher usage, flexibility of the current plant, and the effectiveness of conservation measures such as tiered rates, odd/even watering, and remote usage apps. Zach Johnson noted that upcoming comprehensive plan updates will provide additional facility planning context, while Administrator Miller added that PFAS settlement funding could help support one of the alternatives.

c. 2026 Preliminary Tax Levy & General Fund Budget

Finance Director Julie Stahl presented the proposed 2026 preliminary property tax levy and General Fund budget. The total levy is proposed at \$52.29 million, a 7.03% increase from 2025, to support community growth, capital replacement, and debt service. The increase includes funding for the General Fund, Pavement Management, Building, Communications, Equipment, Technology, Park Improvement, and Trail Improvement funds. For a median-valued home of \$468,000, the impact would be about \$61 annually (\$5.11/month). The Council reviewed revenue and expenditure drivers, including personnel costs, new positions, and the implementation of the Paid Family Leave Act, as well as the use of the SAFER grant to fund 15 full-time firefighters. Discussion also covered impacts on fund balance reserves, long-term financial sustainability, and projected levy needs through 2030.

d. 2026-2030 Draft Capital Improvement Plan

Finance Director Julie Stahl presented the Draft 2026–2030 Capital Improvement Plan (CIP), which outlines major transportation, utility, park and trail, facility, equipment, and technology projects over the next five years. The majority of planned investments focus on transportation and facilities, with funding from a mix of property taxes, bonds, franchise fees, utility operating funds, and developer contributions. Engineer Zach Johnson reviewed CIP projects in detail, including pavement management, trail and park improvements, and upcoming facility needs such as the new fire station and Central Maintenance Facility expansion.

Commissioner Mary Liz Holberg provided an update on Dakota County projects, noting approximately \$40.8 million in state funding with an additional \$20 million expected for the County, and emphasized the importance of maintaining County/City bonding as a priority. Council discussed the I-35/County Road 50 interchange project, acknowledging high costs and significant safety needs—estimated at four times the average—with a target construction start in 2028 as a two-year build.

Council also asked about the rejuvenator pavement material, which is undergoing state and city testing and has a long history of effective use. Discussion included facility funding breakdowns, prioritization of projects, and long-term bonding strategies.

e. 2nd Quarter 2025 Financial Report

Finance Director Julie Stahl presented the Second Quarter 2025 Financial Report. General Fund revenues and expenditures are tracking within budget, with property tax revenues on schedule and building permit activity steady, though showing a shift toward townhomes and apartments. Intergovernmental revenues are higher than the prior year due to grants, including the SAFER grant for fire staffing. Expenditures are at 48% of the budget, with personnel costs slightly lower than expected due to vacancies, while legal fees and utilities are trending higher. Liquor Fund sales totaled \$10.1 million through June, down slightly from 2024, though THC product sales have significantly exceeded budget expectations. Gross profit margins declined from the prior year, but operating expenditures are below budget. Utility Fund revenues and expenditures are generally within expectations; water revenues are slightly higher than in 2024 despite a wet season, and sewer revenues are exceeding budget due to customer growth. The Environmental Resources Fund reflects grant activity, and the Street Lighting Fund showed higher expenditures tied to replacements.

4. Items for Future Discussion

None

5. Committee/ City Administrator Updates

Lee: Attended the Fire Relief Board Meeting

6. Adjourn

Motion was made by Wolter, seconded by Lee, to adjourn the meeting at 7:45 P.M.
Voice vote was taken on the motion. Ayes - Hellier, Lee, Wolter
Absent: Council Members Bermel, Volk

Respectfully Submitted,

Ann Orlofsky, City Clerk

Luke M. Heller, Mayor