**Monday, September 08, 2025 6:00 PM**
**CITY OF MINNETONKA BEACH**
**APPROVED REGULAR CITY COUNCIL MEETING MINUTES**

**Roll Call:** Mayor Joe Pagano; Council Members: Chris Dovolis, Jennifer Halverson, Jason Mohr, and Bill Whitely; Treasurer: Chris Zinn. Absent: none

**Staff Present:** City Administrator Heidi Honey, City Clerk Jane Burgess, and Public Works Superintendent Jason Hilgers

**Guests**: MN House Representative Andrew Myers

**1. Call to Order**
Mayor Pagano called the meeting to order at 6:00 pm

**2. Pledge of Allegiance**
Clerk Burgess led the Pledge of Allegiance

**3. Approve Agenda**

**Whitely motion, Dovolis second to approve the September 8, 2025 City Council meeting agenda. All ayes, the motion carried.**

**4. Approve Minutes**
4.1. Regular Meeting Minutes of August 11, 2025

**Whitely motion, Mohr second to approve the August 11, 2025 Regular meeting minutes. All ayes, motion carried.**

**5. Guests**
5.1. MN House Representative Andrew Myers
Mayor Pagano introduced Representative Andrew Myers who was a former Minnetonka Beach council member and is now serving his third term in the Minnesota House representing 11 cities in District 45. He highlighted Myers' work on key legislative committees, including Transportation Finance and Policy, Capital Investment, Ethics and Housing. He added that Myers advocated for Minnetonka Beach infrastructure projects at the 2025 State Legislative session. He secured hearings at the State Capital regarding funding for the City and is working on getting Minnetonka Beach on the next Capital Investment Committee bonding tours.

Representative Myers provided a comprehensive legislative update and discussed several changes relevant to local government. They included an open meeting law amendment that would allow city officials remote participation in city meetings, in certain circumstances, without having to be in a public space. He added that since many newspapers are shutting down throughout the state, cities are allowed to post public notices to their websites if a newspaper is not available. Another change is that local public water and sewer districts can now install infrastructure in public rights-of-way to modernize basic services. Regarding Affordable Housing Legislation, which he supports, Myers stated that there was a push to impose taking away local control of zoning and development, and the cities in his district voiced their opinion in opposition of statewide zoning mandates as his cites want to make their own planning and zoning decisions.

He stated that the Capital investment Bonding Bill allocated over $700 million mostly to PFA, for funding mostly Greater Minnesota water infrastructure projects, not suburban projects. PFA scoring makes it difficult for suburban cities like Minnetonka Beach to qualify for funding. Cities including Minnetrista, Excelsior, and Mound struggled to meet eligibility requirements. Myers added that he is optimistic about the 2026 Legislative Session Bonding Bill. It is currently projected to be about $1 billion and split between the House and Senate and will focus on local city infrastructure projects. He recommended that the City request the full $26 million needed initially and explained that state funding decisions often come down to negotiations just days before final allocations. He advised to start high and be prepared to revise funding language quickly based on what is ultimately allocated. Flexibility and fallback plans are important. Myers stated that the City's completion of $18 million in infrastructure will be recognized and advantageous in future requests. Myers confirmed that the City's responsible financial stewardship and utility rate increases demonstrates credibility and positions the City favorably for future support.

More details were provided by Representative Myers about the different Capital Investment Committee bonding tours and his request to add Minnetonka Beach as a stop. It is impactful to tour a small community like this where the debt service is $5700 per household. They will tour infrastructure in northwestern Minnesota, and due to time constraints, he suggested that cities team up for one tour stop which was done on a past tour where Minnetonka Beach and Mound had one joint stop at Minnetonka Beach.

Myers assured everyone that he will continue to advocate for Minnetonka Beach and surrounding communities and will work towards bipartisan support on bills. He added that he works closely with Senator Ann Johnson Stewart, and they have a good working relationship advocating for their communities. Myers stated that his priority is water, roads, bridges and parks focusing on cities' debt capacity, and property taxes. He is also working on the consolidation of the Orono and Long Lake Fire Departments and welcomes questions and comments about EMS services provided to the City. He explained the safety concerns for Highway 7 and for pedestrians and e-bikes and the struggles he had with e-bike helmet requirement bills. He also welcomes comments and concerns from his communities about what they are seeing at schools or in business and what their priorities are so he can best communicate those needs at the legislature.

Council member Whitely thanked Myers for his work on the City's bonding request and explained how he and staff are learning the PFA scoring system and how best to target the ask to achieve the best funding request outcome in the next bonding session. Myers explained the negotiation and allocation process and stated that Mayor Pagano is the most active and persistent mayor in his district. Mayor Pagano suggested that everyone attend Representative Myers' Town Halls, usually at coffee shops, to hear what other community residents are saying. Myers has always made himself accessible to the communities he serves.

6. **Old Business**

6.1. Compliance Review Process

Mayor Pagano explained that one of the City's operating models is to plan, execute, and evaluate. An emerging area of challenge that consumes staff time and needs evaluation involves resident construction-related compliance issues. Contractors who are not building according to approved plan cause staff to spend a great deal of time resolving the issues. There are also neighbor disputes over building issues that could potentially become legal issues.

He added that Mohr and Halverson will meet with staff to address construction violations and together develop a process and policy for dealing with them. Staff suggested that residents be more responsible for construction and contractor violations including parking and construction hours. City staff finds potential problems by driving around the City or resolving complaints. Residents do not get billed for City staff's time spent resolving issues. Honey stated that currently, staff deals with violations with contractors, either responding to complaints or addressing issues found in zoning, engineering, and As Built survey reviews. Set

back and hardcover issues are common. She added that projects not built according to approved plan but compliant with city code are common. Neighboring property infringement can be an issue too, especially with run-off issues. In the past staff have mostly dealt directly with contractors as issues arise. With all these types of violations, staff feels that the residents should be more aware of them as they are ultimately responsible for their contractor and can withhold payment to them. Honey stated that some positive changes made are that the City now requires foundation inspections for building projects as a proactive step before the entire house is built. She added that property owners are now included on contractor/Stantec email threads so when they are invoiced by the City for Stantec's time they then know why.

There are also City Dock compliance issues with slip renters even though they sign their dock permit applications in agreement of the rules. The results of City Staff's meeting with Halverson and Mohr will be presented at a future council meeting.

6.2. 2025 Objective – Infrastructure Project Funding

Mayor Pagano provided an update on the City's Administrative Calendar Item #10 under 2025 Objectives infrastructure and project funding. He summarized a meeting he recently had with U.S. Representative Kelly Morrison where he shared with her highlights of the City's completed water infrastructure projects in order to have the best water possible coming out of the new water treatment plant. He included in his presentation projects the City has completed, and Morrison was impressed by the detailed documentation which other cities often lack. Projects completed:

- Water tower: $1.5 million
- Four miles of water mains: $5 million
- Two new wells: $1 million
- Water treatment plant: $10.5 million

Pagano added that there are two miles of 100-year-old water mains that still need replacement which is a top priority to ensure consistent water quality. Representative Morrison will arrange for her District Director, Taylor Mills, to visit Minnetonka Beach to get a better understanding of the community's character and needs. Pagano, Honey, and Whitely will attend that meeting.

Pagano stated that Federal funding requests for the 2027 fiscal year are not due until late February 2026 so the City will submit well-prepared requests ahead of that deadline. Representative Morrison will facilitate meetings with the two state senators. He added that Honey, Whitely and himself have learned a great deal about the funding submission process which will help with as Morrison will be able to submit requests for 15 infrastructure projects.

Pagano stated that as a strategic initiative for this year, Hilgers and Offerman identified and prioritized 14 projects that need to be completed. Ten are related to water and force mains. When water mains were replaced, The other four identified projects are street-only repairs. In an effort to only touch the dirt once, water mains and force mains should be replaced at the same time which would minimize street repair costs as well. They discussed how it only cost $5 million to replace four miles of water mains and now the cost could be about $19.4 million to replace the last two miles of water mains. One difference is that the streets were just patched the four-mile replacement project. The different options for road improvements should be considered in those cost discussions. He would like the subject of the first City Council Workshop to focus on understanding all the facts to make project decisions based on a well thought out financial plan. City Treasurer Zinn is working with Ehler's and the Finance Committee to develop a Financial Management Plan. There will be future council meeting updates as the plan evolves.

**7. New Business**

7.1. Local Board of Appeal and Equalization vs. Open Book

Honey stated that at a spring council meeting the idea of changing the resident property tax valuation appeal process to Open Book at Hennepin County instead of having the Local Board of Appeal & Equalization as has been done by city council. The Local Board meeting is in April and based on the number of appellants often must reconvene a second time. With the Open Book process, residents meet one on one with a Hennepin County Assessor at various locations to appeal their valuation for property taxes payable the following year. They can take their appeal to the County Board and/or tax court if not satisfied with the outcome of Open Book. Surrounding cities who do Open Book include Orono, Tonka Bay, Spring Park, Mound, Minnetrista, Shorewood, Excelsior, Plymouth and Long Lake. Maple Plain is considering making this change as well.

The Local Board of Appeal & Equalization process is extremely time-consuming for staff, and some residents have stated that they are uncomfortable speaking in public at City Hall to make their appeal. While there are many residents who may receive a valuation reduction there are an equal number who do not. It is important to note that the dollar value of reductions approved by the Local Board and/or the Hennepin County is then redistributed to all Minnetonka Beach residents' property taxes. Honey asked the council if they would like to try the Open Book process for three years, which is the minimum requirement, with the option of returning to the Local Board process. She included two sample resolutions in the packet. Council members raised questions for Honey to ask the Hennepin County Assessor's office and report back at the next meeting.

7.2. Work Session Topics

This was discussed in in item 6.2.

**8. Finance**

8.1. Financial Dashboard

Treasurer Zinn presented the Financial Dashboard and stated that everything is as expected and going well. He discussed bond call dates with subsequent refinancing opportunity conversations he had with Honey and Bruce Kimmel of Ehler's. He noted that there is still $6.5 million left to complete the water treatment plant project and the City is not over budget on that project. Zinn stated that Legal and Zoning is within budget, but legal costs are projected to be higher next year. Honey stated that is because the two lawsuits the City is engaged in will carry over to next year. Honey will make a payment toward these legal costs incurred in 2025 if there is legal budget money at year end to do so.

8.2. Proposed 2026 Fee Schedule

Administrator Honey stated that the 2026 proposed Preliminary Fee Schedule amendments are redlined on the fee schedule. She reviewed fee increases including a 3.5% for trash, recycling, and yard waste services, the 6% increase by Met Council for sewer, and pass-through fees including water rest fee. She added that at the December council meeting they will adopt the final 2026 Fee Schedule.

**Mohr motion, Halverson second to give preliminary approval to the City's 2026 Fee Schedule as presented. All ayes, motion carried.**

8.3. **Resolution 2025 – 34** – Adopting the 2026-2035 Capital Improvement Program (CIP)

Honey stated that the 2026 – 2035 CIP was reviewed by City committees and commissions, and it was updated to reflect their requests and revisions.

**Mohr motion, Halverson second to adopt the 2026 – 2035 Capital Improvement Program. All ayes, motion carried.**

8.4. **Resolution 2025-35** – 2026 Preliminary Budget and Proposed Tax Levy
Honey stated that the overall 2026 Budget is less than presented at the August 11, 2025 City Council meeting. She reviewed the new increases and reductions in all the funds as presented in the packet.

**Mohr motion, Halverson second to adopt the 2026 Preliminary Budget and Proposed Tax Levy. All ayes, motion carried.**

Mayor Pagano stated that the budget is $683,000 higher than last year, of which $567,000 is related to bonds.

**9. Consent Agenda**

9.1. Orono Police Report – August 2025
9.2. Long Lake Fire Report – August 2025
9.3. Resolution 2025 – 36 Set Truth in Taxation Hearing for December 1, 2025
9.4. Lake Minnetonka Communications Commission (LMCC) 2026 Budget
9.5. Personnel Policy Amendment for ESST
9.6. Special Event Permit – Remodeler's Showcase – 2868 Northview Road - September 26 – 28, 2025, 1-6 pm
9.7. Civic Committee Annual Membership and Leadership 2025- 2026
9.8. Water Treatment Plant Update – City Engineer Alan Offerman memo
9.9. Municipal Builders Pay Request #14 in the amount of $372,778.13
9.10. AqueoUS Vets Pay Application #2 in the amount of $372,450
9.11. Approval of Checks – September 2025

**Halverson motion, Mohr second to approve the Consent Agenda. All ayes, motion carried.**

**10. Open Forum**
Opened at 7:22 pm and closed at 7:22 pm with no discussion.

**11. Staff Reports**

11.1. Administrator's Report
Honey stated that her report is in the packet and most of the work she completed in the last month involved complaints, including the property at 2328 Lafayette Rd. It was decided to wait until the leaves fall to do the inspection in order to see the property better from the street. She added that she and Burgess have been working on changing the City Hall landline phone system to a VOIP system using Mediacom due to static problems with callers where no conversation can take place. Staff learned that CenturyLink will no longer support underground lines so there really is no other option. Internet speed testing has been done many times working with Coordinated Business Systems whom she and Burgess have been working with since 2018. Staff recommends this VOIP phone system as a good option and Honey is asking for council approval. The new system is a bit more than budgeted for 2025, but there is room to cover it for this year. Honey explained all the costs involved, including no charge for customer service to resolve issues. The system can be used by staff outside of the office using an App, and has an auto-attendant, which are not options with the older, current system. She also provided competitive bid information. Expanded services will be an option with the new system including recorded meetings and transcription services. Burgess added that Coordinated Business Systems is a fully integrated company offering a full range of services including document scanning and IT services if needed in the future.

**Halverson motion, Whitely second, to approve the Coordinated Business Systems contract for a VOIP phone system for Minnetonka Beach City Hall and for the mayor to sign the contract**. **All ayes, motion carried.**

11.2. Clerk's Report

Burgess stated that her Clerk's Report is in the packet but added that major things she worked on in the last month were discussed tonight. She completed her usual monthly duties.

11.3. Public Work Superintendent's Report

Hilgers stated that the drilling of new Well #3 was completed, the water is crystal clear, and the Department of Health approved it. He and Honey also reported that Hennepin County took down Ash trees across from City Hall and has great tree replacement plan which is in the packet.

12. **Council Reports**

12.1. Liaison Reports

Dovolis – He stated that he did not attend any meetings in the last month.

Halverson – She stated that she didn't attend any meetings in the last month.

Mohr – Mohr stated that the LMCC met and they are close to finalizing the sale of their building and they are moving to Long Lake. Midco is still establishing services and Minnetonka Beach is on their calendar for 2026 installation although that could be delayed.

Whitely – Whitely provided an update that he is working to determine if the City can qualify for grants as opposed to what are essentially state-backed loans. He has questions for Zinn and Honey so he can continue.

12.2. Mayor's Report

Mayor Pagano stated that Colleen Finnegan voiced a concern about short-term rentals in Minnetonka Beach. Planning Commission Chair stated that the council whould direct Planning to explore this issue. Previous city councils have dealt with this issue before and concluded that the City's ordinances in place cover it, including the noise and nuisance ordinance, and parking. Halverson stated that she has not heard any complaints about the few short-term rentals that have taken place in the City. Honey added there was one complaint about a short-term rental, but they never submitted the complain in writing, and City Staff has not had any other complaints.

**Dovolis motion, Mohr second to direct the Planning Commission to review short-term rentals and make a recommendation by the end of the year. All ayes, motion carried.**

13. **Adjourn –**

**Halverson motion, Mohr second to adjourn the meeting. All ayes, the motion carried.**

The meeting adjourned at 7:40 pm.

PUBLIC IN ATTENDANCE –

**Respectfully submitted,**

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**Jane Burgess, City Clerk**