EDINA
MINNESOTA

Strong Foundation | Reliable Service | Livable City | Better Together

City Council Work Session Meeting Agenda

September 15, 2026, 7:00 PM

Edina City Hall, Community Room, 4801 W. 50th St.

Accessibility Support:
The City of Edina wants all residents to be comfortable being part of the public process. If you need assistance in the way of hearing amplification, an interpreter, large-print documents or something else, please call 952-927-8861 at least 72 hours in advance of the meeting.

1. Call to Order

2. Roll Call

3. Meeting Topics

3.1. Motion to move to Closed Session as permitted by M.S. 13D.05, Subd. 3 to discuss acquisition of real estate.

3.2. Closed Session: Potential Acquisition of Surplus MnDOT Property located at the southwest corner of W. 50th Street and Highway 100

3.3. Motion to Move Back into Open Session

3.4. 2027 - 2032 Capital Improvement Plan & 2027 Budget

4. Adjournment

EDINA
MINNESOTA

Item Report

September 15, 2026

City Council

Item Number: 3.1

Department: Community Development

Item Activity:

Prepared By: Sharon Allison, City Clerk

Item Title: Motion to move to Closed Session as permitted by M.S. 13D.05, Subd. 3 to discuss acquisition of real estate.

Action Requested:

Adopt motion to move to Closed Session as permitted by M.S. 13D.05, Subd. 3 to discuss acquisition of real estate.

Information/Background:

A motion must be adopted to legally close the meeting to discuss the possible acquisition of real estate.

Supporting Documentation:

None

Item Report

September 15, 2026

City Council

Item Number: 3.2

Department: Community Development

Item Activity: Discussion

Prepared By: Chad Millner, Director of Public Works and City Engineer, Bill Neuendorf, Economic Dev Mgr, Ari Lenz, Deputy City Manager

Item Title: Closed Session: Potential Acquisition of Surplus MnDOT Property located at the southwest corner of W. 50th Street and Highway 100

Action Requested:
Discussion only.

Information/Background:
Staff will provide an update on the discussions with MnDOT regarding potential property for municipal campus expansion, including fire station #3. This property is available with the completion of the Vernon Avenue and Highway 100 Interchange Project.

Resources/Financial Impacts:
Discussion only.

Relationship to City Policies/Plans/Budget Pillars:
Discussion only.

Values Impact:
Discussion only.

Supporting Documentation:
Documents marked with "Board Portal" do not meet ADA Web Content Accessibility Guidelines (URL) and are not included in the public packet. To request a board portal document, please submit a data request (URL).

1. Confidential Memo

Item Report

September 15, 2026

City Council

Item Number: 3.3

Department: Community Development

Item Activity: Information

Prepared By: Sharon Allison, City Clerk

Item Title: Motion to Move Back into Open Session

Action Requested:

Adopt motion to move back into Open Session.

Information/Background:

A motion is necessary to conclude the Closed Session and return to the Open Session.

Resources/Financial Impacts:

Not applicable.

Relationship to City Policies/Plans/Budget Pillars:

Not applicable.

Values Impact:

Not applicable.

Supporting Documentation:

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None

Item Report

September 15, 2026

City Council

Item Number: 3.4 **Department:** Finance

Item Activity: Discussion **Prepared By:** Scott Neal, City Manager

Item Title: 2027 - 2032 Capital Improvement Plan & 2027 Budget

Action Requested:

Discussion only. Staff seeks Council confirmation that the City Manager's proposed 2027 budget and levy remain unchanged and requests final direction ahead of preliminary levy approval scheduled for the Sept. 15, 2026 Council meeting later this evening. No formal action is requested during the work session.

Information/Background:

2027 City Manager Budget Proposal

The City of Edina continues its biennial budgeting approach, reviewing operating budgets in odd-numbered years and major capital investments in even-numbered years. In 2026, staff completed a full review of operating needs while developing the 2027–2031 Capital Improvement Plan (CIP). The City Manager proposed preliminary property tax levy for 2027 is $67,833,959, a 6.5% increase from 2026. This represents a decrease of $1.48 million from the earlier projection shared during the April retreat.

The proposal balances essential City services with targeted spending reductions, operational efficiencies, and debt service savings, while preserving funding for critical capital investments. It maintains service levels through strategic efficiencies, supports long-term needs such as deferred maintenance and capital reinvestment, and adds capacity for process automation and AI initiatives to improve organizational performance.

The General Fund levy is proposed at $56,196,481, a 6.0% increase over 2026. Key operational investments include completing staffing for six Firefighter/Paramedic positions approved in 2026 and adding partial-year staffing for Fred Richards Park in anticipation of its 2027 opening. Savings continue from transferring assessing services to Hennepin County and from departmental consolidations. Additional operational reductions totaling $810,300 reflect efficiencies, vacancy savings, software consolidation, and elimination of select seasonal programs.

The proposal also outlines how surplus funds may be used to strengthen capital investments, reduce debt obligations, and support future cost-saving initiatives. Debt service savings from retiring specific issuances further contribute to the levy reduction. Overall, the 2027 budget proposal advances the City's goals of maintaining service levels, managing long-term liabilities, reinvesting in essential infrastructure, and preparing for future operational and technological needs while slowing levy growth compared to initial projections.

General Fund
The City Manager's proposed 2027 General Fund levy is $56,196,481, representing a 6.50% increase over 2026. The budget prioritizes maintaining core City services and ensuring continuity in daily operations while implementing targeted efficiencies to slow levy growth.

Key operational investments include completing funding for the six Firefighter/Paramedic positions approved in 2026 and adding two partial-year positions to begin staffing Fred Richards Park ahead of its 2027 opening. At the same time, the budget reflects ongoing savings from prior council decisions most notably the transition of assessing services to Hennepin County, which generates an additional $500,000 in savings and brings total annual savings to roughly $1 million. Savings also continue as a result of the consolidation of Public Works and Engineering.

Aligned with discussions at the April retreat, the budget incorporates $655,300 in operational efficiencies, clean-up adjustments, and refinements. An additional $155,000 in reductions further moderates cost growth, including vacancy savings in public safety staffing, reductions within Public Works, elimination of duplicative software, and discontinuation of the Employee Assistance Program for seasonal employees. In total, General Fund reductions amount to $810,300, helping preserve service levels while moderating levy impacts.

Overall, the General Fund proposal balances necessary operational investments with strategic savings, ensuring essential services remain strong while responding to inflationary pressures and long-term financial goals.

Surplus Recommendation
The City's Fund Balance Policy sets a target of maintaining an unassigned General Fund balance between 42–47% of the following year's property tax revenue. Any excess is directed to the Construction Fund to support capital improvements and equipment. The 2025 budget year closed with an unassigned General Fund surplus of $6,377,487, with an additional $2 million-plus carried over from prior years, bringing the total available surplus on December 31, 2025 to $8,647,336.

Consistent with best practices, staff recommend using surplus dollars for one-time investments to avoid creating structural deficits. The proposal allocates $7,644,646 of the available surplus toward high-priority capital, deferred maintenance, and strategic modernization needs. Staff is proposing the following designations for the excess surplus:

- Pay off Fire Station 1 Debt 2016A $218,172
- Pay off Public Works & Park Maintenance Facility Debt Service 2017C $1,236,474
- Deferred Maintenance: Public Works Cold Storage $1,500,000
- Deferred Maintenance: Public Works & Park Maintenance Facility $1,900,000
- Deferred Maintenance: Lewis Park Shelter (part of funding) $140,000
- Design Funds for Edina Art Center $600,000
- Process Automation and AI Investment $2,000,000

After funding these recommended investments, staff recommends retaining approximately $1,002,690, preserving adequate contingency and liquidity within the Construction Fund. Overall, the surplus strategy focuses on reducing long-term liabilities, addressing critical infrastructure needs, and positioning the organization for future cost savings through modernization. Staff plan to bring forward a 2026 Budget amendment based on the surplus allocation above for the September 15, 2026 council meeting later this evening.

Debt Service

The 2027 debt service levy is proposed at $5,387,700, reflecting a 16.45% decrease from 2026. This reduction is made possible by staff's recommendation to retire the 2016A Fire Station 1 bonds and the 2017C Public Works & Park Maintenance Facility bonds. Prepayment of these issuances would eliminate up to $123,527 in future interest costs, remove levy obligations from 2027–2029, and strengthen the City's long-term financial position by reducing liabilities.

In addition to these savings, staff note that the callable portions of the 2016A and 2017C issuances carry relatively low interest rates—2.5% and 2.05–2.25%, respectively—and prepaying them results in avoidable interest savings of $14,600 (2016A) and $80,205 (2017C). Retiring these debts now prevents substantial levy increases: including the 2016A levy in 2027 would raise the total tax levy (TTL) from 6.50% to 7.13%, while including 2017C would raise the TTL from 6.50% to 8.04%, with even further impacts in 2028 due to its maturity schedule. Including both issuances would raise the TTL to 8.67%.

To execute the early redemption, the City Council must adopt a formal resolution on September 15, authorizing prepayment and directing staff to issue official notice to bondholders. State statute requires that bondholders receive a minimum of 30 days' notice prior to the designated prepayment date, making the September 15 council action essential to stay within required timelines. In addition to the recommended prepayment, the proposal outlines continuing debt service support for planned future projects, including preparation for an estimated $8 million roof replacement at Braemar Arena in 2028 due to rising construction costs and aging building envelope conditions.

Overall, the debt service strategy reduces near-term levy pressure, lowers long-term interest costs, and positions the City to manage upcoming capital obligations more effectively — with the key next step being Council's formal approval on September 15 to authorize early redemption and allow statutory notice to bondholders.

Construction Funding

The proposed 2027 Construction Fund levy is $5,974,678, a 50.63% increase from 2026. While significant, this increase largely restores funding to levels previously seen in 2024 after temporary reductions in 2025–2026 that helped offset rising debt service costs. Construction-related levies which include CIP, CEP, the Street Special Levy, and the Special Park Improvement Levy—peaked at $6.95 million in 2024 before being reduced to $5.83 million in 2025 and $3.97 million in 2026. The 2027 proposal begins rebuilding this capacity to support essential infrastructure, facility, and equipment needs.

Projects identified for 2027 addresses major deferred maintenance priorities, including Public Works Cold Storage, building automation and lighting upgrades at the Public Works & Parks Maintenance

Facility, new design and FFE investments for the Edina Art Center, and the Lewis Park Shelter replacement. The surplus allocation also supports nonrecurring capital needs that cannot be absorbed by operating or enterprise funds.

Staff also included an expanded draft CIP covering 2027–2032, rather than only the 2027 program included in the June retreat report. This multi-year view will give the Council clearer insight into long-range infrastructure needs, deferred maintenance trends, project sequencing, and anticipated levy impacts over the next six budget cycles. Year 1 and 2 (2027 and 2028) of the CIP are considered to be more reviewed and represent higher-certainty needs, while out-year projections will likely change depending on equipment condition, funding availability, and prioritization in later years. Reviewing the full 2027–2032 CIP will also help contextualize upcoming major obligations—such as municipal campus planning, Braemar Arena building envelope needs, enterprise facility reinvestments, and parks system modernization and ensure future resource planning aligns with Council priorities.

Overall, the Construction Funding proposal and the 2027–2032 CIP draft provide a more robust foundation for long-term decision-making, illustrating both immediate needs and emerging pressures that will require thoughtful sequencing and sustained investment.

Next Steps for 2027 Budget
Formal approval of the 2027 preliminary total tax levy is planned for the September 15 Council meeting later this evening.. Preliminary levy approval will set a ceiling for the City's total property tax levy for 2027. This figure will be used to calculate the preliminary property tax statements that taxpayers will receive from Hennepin County in mid-November. After this action, the City's final spending and taxing decisions cannot exceed the level set by the preliminary approval and can only be reduced when the total tax levy is adopted in December. State Statutes require that Minnesota city governments approve their preliminary 2027 total property tax levies on or before September 30, 2026.

As part of the budget development process, the City invited residents to share feedback with the Council from July 15 through July 31 to inform Council discussions. The feedback tool will reopen from November 2 through December 6 to gather additional input leading up to final budget adoption.

Staff Recommendation
Staff asks Council to confirm direction for the City Manager's 2027 budget and preliminary levy at the September 15, 2026 meeting, authorize early redemption of 2016A and 2017C, and allocate budget surplus as recommended.

Resources/Financial Impacts:
The budget details the key priorities of the City Council and the resources dedicated to achieve results for Edina residents utilizing strategic guidance from Vision Edina, the Comprehensive Plan, and the Capital Improvement Plan.

Relationship to City Policies/Plans/Budget Pillars:

Strong Foundation	Reliable Service	Livable City	Better Together

Values Impact:

Engagement	We build meaningful connections and create spaces where everyone feels welcome, valued and has a sense of belonging.
Equity	We provide equitable opportunities for people to participate in the city government and access City institutions, facilities, and services.
Health	We use Health-in-All Policies to promote and protect the physical, mental, and social wellbeing of all people who live, work, or visit Edina.
Stewardship	We make wise investments that focus on the best long-term value for residents.
Sustainability	We ensure that our policies, decisions, and plans have a positive impact on people and the planet now and for future generations.

Supporting Documentation:

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1. 2027 Proposed Tax Levies
2. 2027 Proposed Budgets DRAFT - GF CF Debt
3. 2027-2032 CIP Draft
4. Questions from Council since retreat
5. Horizon Outlook
6. Process Automation & AI Future Fund Investment Proposal
7. Alternative reductions not included in the City Manager’s Proposed Budget (or recommended)
8. Staff Presentation
9. Future Fund Memo
10. Comparison of Paying Off 2016A and 2017C Debt vs. Not Paying It Off Memo

PROPOSED TAX LEVIES

	Budget 2027
General Fund Levies	
General Operating Levy	$ 56,196,481
General Fund Subtotal	56,196,481
Increase From Prior Year (%)	6.01%
Debt Service Fund Levies	
Public Works Facility	480,000
Sports Dome	1,166,400
Fire Station 2*	2,843,500
Highway 100 Interchange	209,800
Aquatic Center	688,000
Debt Service Fund Subtotal	5,387,700
Increase From Prior Year (%)	-16.45%
Construction Fund Levies	
Capital Improvement Plan Levy	1,960,000
Equipment Levy	2,259,279
Street Reconstruction Levy	1,355,400
Special Park Improvement Levy	400,000
Construction Fund Subtotal	5,974,679
Increase From Prior Year (%)	50.63%
HRA Fund Levies	
HRA Operating Levy	275,100
HRA Fund Subtotal	275,100
Increase From Prior Year (%)	3.00%
Total Property Tax Levy	$ 67,833,960
Increase From Prior Year (%)	6.50%

*The City will formally adopt an operational budget for all Governmental and Enterprise funds, which encompasses both the funds presented and the Special Revenue Funds and Enterprise Funds that staff will bring at a future City work session. The funds currently shared directly affect the proposed total tax levy, which is why they are being provided at this time.

	2027 Proposed Budgets		
	General Fund	**Debt Service Fund**	**Construction Fund**
REVENUES AND TRANSFERS IN			
Property Tax Levy	$ 56,196,481	$ 5,387,700	$ 5,974,678
Local Sales Tax	-	-	7,080,000
Franchise Fees & Other Taxes	735,808	-	1,493,892
Special Assessments	-	187,805	2,584,229
Licenses & Permits	5,792,400	-	-
Intergovernmental	2,129,000	-	7,740,000
Charges for Services	7,006,756	-	311,182
Fines and Forfeitures	500,000	-	-
Investment Income	395,314	-	1,197,231
Other Revenue	560,150	-	-
Transfers and Contributions	166,491	4,076,187	5,899
Debt Issued	-	-	20,523,046
Other Financing Sources	5,000	-	21,000
TOTAL REVENUES AND TRANSFERS IN	73,487,400	9,651,692	46,931,157
EXPENSES AND TRANSFERS OUT - BY TYPE			
Personnel Services	51,802,727	-	151,307
Contractual Services	10,997,726	-	711,475
Commodities	2,460,521	-	15,870
Internal Services	7,126,425	-	6,144
Capital Outlay	250,000	-	46,506,665
Debt Service	-	11,572,327	-
Transfers and Contributions	1,100,000	-	2,988,587
TOTAL EXPENSES AND TRANSFERS OUT	73,737,400	11,572,327	50,380,047
EXPENSES AND TRANSFERS OUT - BY DEPARTMENT			
Administration	3,520,611	-	610,000
Human Resources	1,968,361	-	-
Finance	3,474,834	-	-
Public Works	12,271,948	-	23,818,301
Fire	18,355,304	-	2,085,425
Parks and Recreation	9,261,894	-	22,790,000
Police	20,862,708	-	809,321
Community Development	2,088,538	-	72,000
Information Technology	-	-	195,000
Communications	1,933,202	-	-
Debt Service	-	11,572,327	-
TOTAL EXPENSES AND TRANSFERS OUT	73,737,400	11,572,327	50,380,047
CHANGE IN NET POSITION	**$ (250,000)**	**$ (1,920,635)**	**$ (3,448,891)**

2027-2032 Preliminary Capital Improvement Plan

The 2027-2032 Capital Improvement Plan outlines a preliminary schedule of capital investments based on current budget expectations. If expectations change, the City will adjust project timing and financial decisions to remain aligned with available resources. Projects planned for 2027 and 2028 have undergone more extensive review and represent higher-priority needs. Projects planned for 2029 through 2032 are considered out-year investments and are more likely to change based on equipment condition, available funding and subsequent future prioritization.

Enterprise funded projects remain under heightened review due to revenues shortages and low cash reserves. Current demand for enterprise capital projects exceeds available resources; therefore, most projects cannot proceed unless additional resources are identified.

Before any project-related purchase, staff will evaluate available funding and reassess project prioritization to ensure appropriate and responsible use of resources.

2027-2032 Preliminary Capital Improvement Plan

			Capital Costs						
Funding Source	**Project Number**	**Project Title**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Aquatic Fund	P&R23106	AC: Deferred Maintenance	160,000	70,000	65,000	-	-	-	295,000
	P&R27110	AC: Digital Sign	-	-	200,000	-	-	-	200,000
	P&R27111	AC: Replace Shipwreck Express Zipline Attraction	-	-	-	650,000	-	-	650,000
	P&R27112	AC: Concession Equipment	40,000	50,000	-	-	-	-	90,000
	P&R27113	AC: Oakwood Forest Dry Playground Replacement	-	-	20,000	350,000	-	-	370,000
	P&R27114	AC Domestic Hot Water Heaters	-	-	100,000	-	-	-	100,000
	P&R27135	AC: Flow Rider Ride Surface Replacment	200,000	-	-	-	-	-	200,000
	P&R27136	AC: Refurbish Zero-Depth Play Structure	150,000	-	-	-	-	-	150,000
	P&R27137	AC: Resurface Slide Tower Stairs	-	175,000	-	-	-	-	175,000
	P&R27138	AC: Water Slide Gel Coating	-	-	200,000	-	-	-	200,000
	P&R27140	AC: Repaint Main and Zero Depth Pools	-	-	-	80,000	-	-	80,000
	P&R27141	AC: Flow Rider Wave Pump Replacement	-	-	250,000	-	-	-	250,000
	P&R27172	AC: Shade Structures	-	-	250,000	-	-	-	250,000
Aquatic Fund Total			**$ 550,000**	**$ 295,000**	**$ 1,085,000**	**$ 1,080,000**	**$ -**	**$ -**	**$ 3,010,000**
Asset Preservation Funding	FAC25101	Life Safety System	50,000	-	-	-	-	-	50,000
	FAC25128	City Wide ADA Facility Improvements Level 2	50,000	50,000	50,000	50,000	50,000	50,000	300,000
Asset Preservation Funding Total			**$ 100,000**	**$ 50,000**	**$ 50,000**	**$ 50,000**	**$ 50,000**	**$ 50,000**	**$ 350,000**
Braemar Arena Fund	P&R27127	BA: New Audio System in West Arena	-	-	300,000	300,000	-	-	600,000
	P&R27128	BA: Concessions Equipment Upgrades	50,000	-	-	-	-	-	50,000
Braemar Arena Fund Total			**$ 50,000**	**$ -**	**$ 300,000**	**$ 300,000**	**$ -**	**$ -**	**$ 650,000**
Braemar Field Fund	P&R25125	BF: Turf & Shell Replacement	-	2,500,000	-	-	-	-	2,500,000
	P&R25126	BF: Heater Replacement/Additional Heaters	-	500,000	-	-	-	-	500,000
Braemar Field Fund Total			**$ -**	**$ 3,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,000,000**
Bridge Maintenance	PWK27104	49th Street CPKC Rail Crossing	80,000	-	-	-	-	-	80,000
	PWK27117	Nine Mile Creek Abandoned Bridge Removal	50,000	-	-	-	-	-	50,000
Bridge Maintenance Total			**$ 130,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 130,000**
CAS Fund: Utility Franchise Fees	ENG21062	Facility Efficiency & Renewable Energy Upgrades	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
	ENG25079	Electric Vehicle Infrastructure & Green Fleet Upgrades	100,000	100,000	100,000	100,000	100,000	100,000	600,000
CAS Fund: Utility Franchise Fees Total			**$ 600,000**	**$ 600,000**	**$ 600,000**	**$ 600,000**	**$ 600,000**	**$ 600,000**	**$ 3,600,000**

2027-2032 Preliminary Capital Improvement Plan

Funding Source	Project Number	Project Title	Capital Costs 2027	2028	2029	2030	2031	2032	Total
Centennial Lakes Park Fund	P&R23116	CLP: Deferred Maintenance	-	21,732	182,055	-	-	-	203,787
	P&R25128	CLP: Paddleboat Replacement	-	-	30,000	-	40,000	-	70,000
	P&R25129	CLP: Putting Course Pond Replacement	-	-	150,000	100,000	-	-	250,000
	P&R25130	CLP: Public Wi-Fi	-	-	-	50,000	-	-	50,000
	P&R25131	CLP: Outdoor Sound System	-	-	-	200,000	-	-	200,000
	P&R25132	CLP: Signage	-	-	200,000	-	-	-	200,000
	P&R25133	CLP: Amphitheater Bathroom Addition	-	-	-	-	100,000	1,000,000	1,100,000
	P&R25137	CLP: Skating Mats	-	-	-	50,000	-	-	50,000
	P&R25140	CLP: Clubhouse Replacement	-	-	100,000	2,000,000	-	-	2,100,000
	P&R25143	CLP: Lawn Game Replacement/Seating Enhancement	-	400,000	-	-	-	-	400,000
	P&R25144	CLP: Site Amenities Replacement	25,000	25,000	25,000	-	-	-	75,000
	P&R25146	CLP: Site and Hardscapes Repairs	-	-	-	14,800,000	-	7,000,000	21,800,000
	P&R27119	CLP: Maintenance Garage HVAC Replacement	400,000	-	-	-	-	-	400,000
	P&R27120	CLP: Skating Rink Light Replacement	-	-	-	-	100,000	-	100,000
	P&R27121	CLP: Equipment Replacement Toro Workman	-	-	-	-	75,000	-	75,000
	P&R27122	CLP: Equipment Replacement Golf Carts	-	-	-	50,000	-	-	50,000
	P&R27123	CLP: Equipment Replacement Kubota Tractor	-	-	-	-	-	60,000	60,000
	P&R27124	CLP: Equipment Replacement Skid-Steer	-	-	-	100,000	-	-	100,000
	P&R27125	CLP: Equipment Replacement Kubota RTV	-	-	-	-	60,000	-	60,000
	P&R27126	CLP: Central Park Trellis	-	-	150,000	-	-	-	150,000
	P&R27142	CLP: Amphitheater Maintenance	-	-	-	500,000	-	-	500,000
Centennial Lakes Park Fund Total			**$ 425,000**	**$ 446,732**	**$ 837,055**	**$ 17,850,000**	**$ 375,000**	**$ 8,060,000**	**$ 27,993,787**
CIP Bonds	FAC25103	City Wide Roof Replacement	-	-	15,500,000	-	-	-	15,500,000
	FAC25114	Public Works Space Reconfiguration	-	-	850,000	-	-	-	850,000
	P&R27145	BA: Braemar Arena Roof	-	8,000,000	-	-	-	-	8,000,000
CIP Bonds Total			**$ -**	**$ 8,000,000**	**$ 16,350,000**	**$ -**	**$ -**	**$ -**	**$ 24,350,000**
CIP Levy	ADM27103	City Hall Facility Improvements	100,000	-	-	-	-	-	100,000
	ENG21045	City Wide ADA Facility Improvements Level 3&4	-	-	-	-	1,500,000	-	1,500,000
	ENG21051	Pamela Park Facility Maintenance	-	-	-	270,000	-	-	270,000
	ENG27100	Yancey Park Facility Maintenance	-	-	-	71,273	-	-	71,273
	FAC25112	Fire Station #1 Deferred Maintenance	-	-	-	-	-	1,244,724	1,244,724
	FAC25115	Public Works Access Gates	330,000	-	-	-	-	-	330,000
	FAC25127	Fire Station #1 Energy Management Study	-	-	-	-	250,000	2,000,000	2,250,000
	FAC25200	Asset Preservation Funding	700,000	700,000	750,000	800,000	800,000	800,000	4,550,000
	FIR27100	Fire Station #2 Deferred Maintenance	-	-	-	-	50,000	50,000	100,000
	P&R15049	Lewis Park Shelter Building Replacement	430,000	-	-	-	-	-	430,000
	P&R21003	Outdoor Athletic Field Lighting	100,000	125,000	-	-	-	-	225,000
	P&R25106	Park Pathways and Parking Project Improvements	100,000	100,000	100,000	100,000	100,000	100,000	600,000
	P&R25107	Parks Accessibility Improvements	100,000	100,000	100,000	100,000	100,000	100,000	600,000
	P&R25145	CLP: Entrance Feature Repair	-	-	-	500,000	-	-	500,000
	P&R27103	Pamela Park Turf Replacement	-	-	-	650,000	-	-	650,000
	PW22002	Annual Deferred Retaining Wall Replacements	100,000	100,000	200,000	200,000	-	-	600,000
CIP Levy Total			**$ 1,960,000**	**$ 1,125,000**	**$ 1,150,000**	**$ 2,691,273**	**$ 2,800,000**	**$ 4,294,724**	**$ 14,020,997**
Construction Fund Reserves	P&R25103	Yorktown Park Master Plan Implementation	-	-	-	750,000	-	-	750,000
Construction Fund Reserves Total			**$ -**	**$ -**	**$ -**	**$ 750,000**	**$ -**	**$ -**	**$ 750,000**

2027-2032 Preliminary Capital Improvement Plan

			Capital Costs						
Funding Source	**Project Number**	**Project Title**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Edinborough Fund	FAC25123	EP: Pool HVAC Unit	250,000	1,300,000	-	-	-	-	1,550,000
**All projects on hold until after facility study.*	P&R21012	EP: Fitness Equipment Replacement	50,000	50,000	-	-	-	-	100,000
	P&R25116	EP: Pool Resurfacing & Painting	-	200,000	-	-	-	-	200,000
	P&R25151	EP: Concession Equipment Replacement	60,000	-	-	-	-	-	60,000
	P&R25152	EP: Amphitheater Upgrades	-	100,000	100,000	-	-	-	200,000
	P&R25153	EP: SE Entry Concrete Replacement	-	-	100,000	-	-	-	100,000
	P&R25154	EP: Locker Replacement	-	100,000	-	-	-	-	100,000
	P&R25157	EP: Replace Camus Boiler	125,000	-	-	-	-	-	125,000
	P&R25158	EP: Locker Room Upgrade	-	400,000	-	-	-	-	400,000
	P&R25159	EP: Entrance & Visitor 1st Experience	100,000	500,000	-	-	-	-	600,000
	P&R27115	EP: Exterior Signage	225,000	-	-	-	-	-	225,000
	P&R27116	EP: Adventure Peak Playground Renovation	-	600,000	-	-	-	-	600,000
	P&R27117	EP: Outdoor Lighting on Park Property	-	100,000	-	-	-	-	100,000
	P&R27118	EP: Indoor Park Lighting	-	400,000	-	-	-	-	400,000
Edinborough Fund Total			**$ 810,000**	**$ 3,750,000**	**$ 200,000**	**$ -**	**$ -**	**$ -**	**$ 4,760,000**
Equipment Cert Bond	FIR25200	Fire Equipment Replacement	1,448,725	48,725	4,048,725	48,725	48,725	48,725	5,692,350
	POL25200	Police Equipment Replacement	84,321	84,321	84,321	84,321	84,321	28,371	449,976
	PWK23200	Public Works Equipment Replacement	1,190,000	-	1,881,000	-	-	-	3,071,000
Equipment Cert Bond Total			**$ 2,723,046**	**$ 133,046**	**$ 6,014,046**	**$ 133,046**	**$ 133,046**	**$ 77,096**	**$ 9,213,326**
Equipment Replacement Levy	ADM23200	City Hall Equipment	225,000	200,000	200,000	200,000	-	-	825,000
	ADM27101	Elections Equipment	-	-	30,000	-	-	-	30,000
	ADM27102	Administration Equipment Replacement	110,000	-	-	-	-	-	110,000
	DEV25200	Development Equipment Replacement	-	-	-	62,000	-	-	62,000
	ENG25200	Engineering Equipment Replacement	64,500	64,700	187,500	30,000	70,000	116,000	532,700
	FAC25110	Facility Asset Maintenance Software	142,000	150,000	155,000	162,000	170,000	190,000	969,000
	FAC25200	Asset Preservation Funding	-	58,131	-	-	-	-	58,131
	FIR25200	Fire Equipment Replacement	636,700	802,438	596,550	762,750	674,800	686,850	4,160,088
	ITS25200	IT Equipment Replacement	195,000	713,000	230,500	468,000	140,000	296,000	2,042,500
	P&R17028	BA: Zamboni Replacement	200,000	-	200,000	-	-	-	400,000
	P&R21001	General Park Asset Equipment Replacement	50,000	50,000	50,000	50,000	50,000	50,000	300,000
	P&R23120	Park Maintenance Equip Replacement - Vehicles	20,000	366,750	326,000	304,000	175,000	60,000	1,251,750
	P&R25122	BA: Pickup Truck Replacement	-	-	50,000	-	-	-	50,000
	P&R25124	EAC: Design, Fixtures, & Equipment for New Art Center	800,000	-	-	-	-	-	800,000
	POL25101	Patrol Squad Car Addition	-	60,000	-	-	-	-	60,000
	POL25108	Special Operations Ballistic Helmets, Hearing Protection, Radio Communications Replacement	-	41,000	-	-	-	-	41,000
	POL25200	Police Equipment Replacement	725,000	707,800	1,690,000	405,000	835,000	684,000	5,046,800
	POL27100	Replacement Full Face Respirators	-	-	-	-	40,000	-	40,000
	PWK23200	Public Works Equipment Replacement	196,000	314,950	160,300	836,223	1,156,300	988,300	3,652,073
Equipment Replacement Levy Total			**$ 3,364,200**	**$ 3,528,769**	**$ 3,875,850**	**$ 3,279,973**	**$ 3,311,100**	**$ 3,071,150**	**$ 20,431,042**
General Fund Reserves	ADM27100	City Hall Conference Room Renovation	175,000	-	-	-	-	-	175,000
	DEV25109	2050 Comprehensive Plan	250,000	100,000	-	-	-	-	350,000
	FAC25113	Public Works Cold Storage Building Replacement	1,500,000	-	-	-	-	-	1,500,000
	FAC25117	Public Works BAS & Lighting Upgrades	1,950,000	-	-	-	-	-	1,950,000
	P&R15049	Lewis Park Shelter Building Replacement	-	140,000	-	-	-	-	140,000
	P&R25124	EAC: Design, Fixtures, & Equipment for New Art Center	600,000	-	-	-	-	-	600,000
	PWK27101	2028 Comprehensive Plan Traffic Model Update	200,000	-	-	-	-	-	200,000
General Fund Reserves Total			**$ 4,675,000**	**$ 240,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,915,000**

2027-2032 Preliminary Capital Improvement Plan

Funding Source	Project Number	Project Title	Capital Costs 2027	2028	2029	2030	2031	2032	Total
Golf Course Fund	P&R21028	BGC: Toro 300 Gal GPS Sprayer	-	-	-	-	110,000	-	110,000
	P&R21043	BGC: Cart Path Addition Hole #6 & #11	-	150,000	-	-	-	-	150,000
	P&R25160	BGD: Netting Repairs	-	150,000	-	-	-	-	150,000
	P&R25161	BGC: Permanent Restroom Academy 9	-	-	-	-	20,000	400,000	420,000
	P&R25162	BGC: Tractor & Mower Replacements	160,000	50,000	100,000	100,000	100,000	100,000	610,000
	P&R25164	BGC: Irrigation Upgrade	-	-	-	225,000	-	-	225,000
	P&R25166	BGC: Club Car Utility Carts	-	26,000	30,000	34,000	-	-	90,000
	P&R25168	BGC: Restroom Renovation Hole #15	-	-	75,000	-	-	-	75,000
	P&R25170	BGC: Update Well House #2 on Hole #13	-	-	20,000	200,000	-	-	220,000
	P&R25172	BGC: Driving Range Safety Netting	200,000	-	-	-	-	-	200,000
	P&R25173	BGC: Golf Chemical Fill Station Building and Wash Pad	-	-	-	500,000	-	-	500,000
	P&R25178	BGC: Cart Path Addition Academy 9	-	-	150,000	-	-	-	150,000
	P&R25180	BGC: Academy Training Facility	100,000	1,000,000	-	-	-	-	1,100,000
	P&R25184	BGC: Green Renovation/Relocation Hole #8	-	-	-	-	-	500,000	500,000
	P&R25185	BGD: Building Expansion	-	-	-	-	3,000,000	-	3,000,000
	P&R271230	BGC: Autonomous Fairway Mowers	-	-	-	400,000	-	-	400,000
	P&R27129	BGC: Tractor Mounted Aerifier	-	-	-	-	60,000	-	60,000
	P&R27131	BGC: Pond Restoration	-	-	125,000	125,000	-	-	250,000
	P&R27133	BGC: Electric Rollers (2)	-	-	150,000	-	-	-	150,000
	P&R27134	BGC: Electric Triflex (2) Mowers	165,000	-	-	-	-	-	165,000
Golf Course Fund Total			**$ 625,000**	**$ 1,376,000**	**$ 650,000**	**$ 1,584,000**	**$ 3,290,000**	**$ 1,000,000**	**$ 8,525,000**
Grants/Donations	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	1,410,000	-	-	-	1,410,000
	PWK27113	Interlachen Boulevard	500,000	-	-	-	-	-	500,000
	PWK27135	Vernon Ave Multi-Modal Improvements	3,000,000	-	-	-	-	-	3,000,000
Grants/Donations Total			**$ 3,500,000**	**$ -**	**$ 1,410,000**	**$ -**	**$ -**	**$ -**	**$ 4,910,000**
HRA Fund: 72nd & France TIF	ENG27101	France Ave Multi-Modal Study Parklawn to Hazleton	50,000	-	1,000,000	-	-	-	1,050,000
HRA Fund: 72nd & France TIF Total			**$ 50,000**	**$ -**	**$ 1,000,000**	**$ -**	**$ -**	**$ -**	**$ 1,050,000**
HRA Fund: Centennial Lakes TIF	DEV15189	Gateway Signs	50,000	-	-	-	-	-	50,000
HRA Fund: Centennial Lakes TIF Total			**$ 50,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 50,000**
HRA Fund: Grandview	ENG25021	Grandview Pedestrian Bridge Access Route City Parking Lot to Gus Young Lane	-	-	-	-	-	600,000	600,000
	ENG25022	Grandview Pedestrian Bridge Access Route to City Parking Lot	-	-	-	-	-	1,400,000	1,400,000
HRA Fund: Grandview Total			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,000,000**	**$ 2,000,000**
IT Internal Service Reserves	ITS25200	IT Equipment Replacement	300,000	-	-	-	-	85,000	385,000
IT Internal Service Reserves Total			**$ 300,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 85,000**	**$ 385,000**
Liquor Fund	FAC23110	Liquor Stores Facility Improvements	325,000	-	-	-	-	-	325,000
Liquor Fund Total			**$ 325,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 325,000**
Local Sales Tax	P&R25181	BGC: Parking Lot Upgrade	-	-	20,000	1,000,000	-	-	1,020,000
	P&R25101	Braemar Park & Arena	15,790,000	2,250,000	-	-	-	-	18,040,000
	P&R25100	Fred Richards Park	3,955,000	700,000	-	-	-	-	4,655,000
Local Sales Tax Total			**$ 19,745,000**	**$ 2,950,000**	**$ 20,000**	**$ 1,000,000**	**$ -**	**$ -**	**$ 23,715,000**

			Capital Costs						
Funding Source	**Project Number**	**Project Title**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Municipal State Aid (MSA)	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	752,904	752,904
	ENG25023	Valley View Rd Fence Replace Sdale Neighborhood	-	-	100,000	-	-	-	100,000
	ENG25028	Traffic Signal at Halifax and 50th St	500,000	-	-	-	-	-	500,000
	ENG25029	50th over Minnehaha Creek North Retaining Wall	-	275,000	-	-	-	-	275,000
	ENG25030	Benton Avenue Over CP Rail Beam Painting	-	-	-	300,000	-	-	300,000
	ENG25031	Valley View Road Bridge over CP Rail Beam Painting	-	-	-	300,000	-	-	300,000
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	1,133,784	1,133,784
	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	1,500,000	-	-	-	1,500,000
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	3,841,471	-	3,841,471
	PWK27113	Interlachen Boulevard	3,400,000	-	-	-	-	-	3,400,000
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	2,480,153	2,480,153
	PWK27135	Vernon Ave Multi-Modal Improvements	340,000	-	-	-	-	-	340,000
Municipal State Aid (MSA) Total			**$ 4,240,000**	**$ 275,000**	**$ 1,600,000**	**$ 600,000**	**$ 3,841,471**	**$ 4,366,841**	**$ 14,923,312**
PACS Fund: Utility Franchise Fees	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	100,000	100,000
	ENG25050	Sidewalk Inspection Program	40,000	40,000	40,000	40,000	40,000	40,000	240,000
	ENG25054	Wooddale Avenue Bike Lanes	-	-	-	-	21,600	-	21,600
	ENG25055	McCauley Trail Shared-Use Path	-	515,300	616,200	-	-	-	1,131,500
	ENG25058	W 44th St Bike Lanes	-	89,900	-	-	-	-	89,900
	ENG25060	Minnehaha Creek Pedestrian Bridge	-	229,000	-	-	-	-	229,000
	ENG25062	W 66th Street Sidewalk	-	-	-	523,800	-	-	523,800
	ENG25063	Valley View Road Bike Lane Design	-	-	100,000	-	-	-	100,000
	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	75,000	-	-	-	75,000
	PWK19334	Olinger Boulevard Sidewalk	945,400	-	-	-	-	-	945,400
	PWK27105	69th St Bike Lanes	24,300	-	-	-	-	-	24,300
	PWK27106	Chowen Park C Reconstruction	-	-	44,900	-	-	-	44,900
	PWK27107	Chowen Park E Reconstruction	-	-	179,700	-	-	-	179,700
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	280,600	-	280,600
	PWK27113	Interlachen Boulevard	200,000	-	-	-	-	-	200,000
	PWK27116	Roadway Safety Projects	50,000	50,000	50,000	50,000	50,000	50,000	300,000
	PWK27117	Washington Ave Bike Lanes	-	64,300	-	-	-	-	64,300
	PWK27119	Sanitary Trunk Capacity Expansion South Trunk Segment D - Kellogg	-	-	-	-	-	151,600	151,600
	PWK27120	Sanitary Trunk Capacity Expansion South Trunk Segment F-Oaklawn Ave	-	-	-	141,700	-	-	141,700
	PWK27121	Sanitary Trunk Capacity Expansion South Trunk Segment E- Gilford	-	-	-	-	88,400	-	88,400
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	100,000	100,000
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	369,600	369,600
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	369,600	369,600
	PWK27129	Todd Park B Reconstruction	-	13,000	-	-	-	-	13,000
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	675,100	-	675,100
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	322,900	-	-	322,900
	PWK27135	Vernon Ave Multi-Modal Improvements	275,000	-	-	-	-	-	275,000
PACS Fund: Utility Franchise Fees Total			**$ 1,534,700**	**$ 1,001,500**	**$ 1,105,800**	**$ 1,078,400**	**$ 1,155,700**	**$ 1,180,800**	**$ 7,056,900**
PEG Cable	COM25200	Communications Equipment Replacement	-	40,000	70,000	-	105,000	-	215,000
PEG Cable Total			**$ -**	**$ 40,000**	**$ 70,000**	**$ -**	**$ 105,000**	**$ -**	**$ 215,000**
Police Special Revenue (E911)	POL25200	Police Equipment Replacement	475,000	278,000	-	-	-	-	753,000
Police Special Revenue (E911) Total			**$ 475,000**	**$ 278,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 753,000**

			Capital Costs						
Funding Source	**Project Number**	**Project Title**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Public Safety Aid	FIR25200	Fire Equipment Replacement	-	25,000	40,000	-	-	245,000	310,000
	POL25200	Police Equipment Replacement	-	-	-	-	65,000	-	65,000
Public Safety Aid Total			**$ -**	**$ 25,000**	**$ 40,000**	**$ -**	**$ 65,000**	**$ 245,000**	**$ 375,000**
Special Assessments	DEV25110	HRA Grandview Maintenance District	45,000	50,000	55,000	55,000	-	-	205,000
	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	39,603	39,603
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	59,637	59,637
	PWK27106	Chowen Park C Reconstruction	-	-	1,097,348	-	-	-	1,097,348
	PWK27107	Chowen Park E Reconstruction	-	-	681,112	-	-	-	681,112
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	197,846	-	197,846
	PWK27112	Indian Trails A Reconstruction	-	524,185	-	-	-	-	524,185
	PWK27113	Interlachen Boulevard	400,000	-	-	-	-	-	400,000
	PWK27115	Minnehaha Woods B Reconstruction	-	-	-	474,508	-	-	474,508
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	130,456	130,456
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	591,172	591,172
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	709,406	709,406
	PWK27129	Todd Park B Reconstruction	-	444,177	-	-	-	-	444,177
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	831,600	-	831,600
	PWK27131	Rolling Green Reconstruction	1,861,492	-	-	-	-	-	1,861,492
	PWK27132	Pamela Park C (Halifax Ave) Reconstruction	-	-	-	168,902	-	-	168,902
	PWK27133	Pamela Park B (Peacedale Ave) Reconstruction	-	-	-	192,063	-	-	192,063
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	350,232	-	-	350,232
Special Assessments Total			**$ 2,306,492**	**$ 1,018,362**	**$ 1,833,460**	**$ 1,240,705**	**$ 1,029,446**	**$ 1,530,274**	**$ 8,958,739**
Special Park Improvement Levy (SPIL)	P&R15048	Normandale Park Shelter Building Replacement	-	-	-	100,000	1,250,000	-	1,350,000
	P&R21003	Outdoor Athletic Field Lighting	80,000	55,000	180,000	180,000	180,000	180,000	855,000
	P&R21006	Athletic Field Improvements	-	350,000	350,000	350,000	350,000	350,000	1,750,000
	P&R21039	Strachauer Park Phase II	-	-	100,000	1,200,000	-	-	1,300,000
	P&R21047	Heights Park Playground Equipment	185,000	-	-	-	-	-	185,000
	P&R23212	York Park Playground Replacement	185,000	-	-	-	-	-	185,000
	P&R25102	Creek Valley School Park Shelter Replacement	-	-	-	-	-	100,000	100,000
	P&R25104	Chowen Park Playground Improvement	-	-	-	200,000	-	-	200,000
	P&R25105	Countryside Playground Replacement	-	-	315,000	-	-	-	315,000
	P&R25111	Rosland Park Master Plan	-	-	100,000	-	-	-	100,000
	P&R25113	Fox Meadow Picnic Shelter Replacement	-	55,000	-	-	-	-	55,000
	P&R25114	Alden Park Playground Replacement	195,000	-	-	-	-	-	195,000
	P&R25118	McGuire Park Playground Equipment Replacement.	-	225,000	-	-	-	-	225,000
	P&R25134	Pamela Park Playground Equipment Replacement	-	300,000	-	-	-	-	300,000
	P&R27100	Weber Park Playground Replacement	-	-	-	-	-	225,000	225,000
	P&R27101	Rosland Park Playground Replacement	-	-	-	-	500,000	-	500,000
	P&R27102	Arneson Acres Picnic Shelter Replacement	-	145,000	-	-	-	-	145,000
	P&R27103	Pamela Park Turf Replacement	-	50,000	-	-	-	-	50,000
	P&R27104	Rosland Park Restroom Building - Pickleball Courts	-	50,000	550,000	-	-	-	600,000
	P&R27105	Williams Park: Historic Creek Corridor Signage Concept Plan	-	25,000	-	-	-	-	25,000
	P&R27143	Highlands Park Shelter Replacement	-	-	-	-	100,000	1,400,000	1,500,000
	P&R27144	Utley Picnic Shelter Replacement	-	-	-	65,000	-	-	65,000
Special Park Improvement Levy (SPIL) Total			**$ 645,000**	**$ 1,255,000**	**$ 1,595,000**	**$ 2,095,000**	**$ 2,380,000**	**$ 2,255,000**	**$ 10,225,000**

Funding Source	Project Number	Project Title	2027	2028	2029	2030	2031	2032	Total
						Capital Costs			
Special Street Levy	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	148,623	148,623
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	223,809	223,809
	PWK27106	Chowen Park C Reconstruction	-	-	2,525,104	-	-	-	2,525,104
	PWK27107	Chowen Park E Reconstruction	-	-	1,567,306	-	-	-	1,567,306
	PWK27112	Indian Trails A Reconstruction	-	989,902	-	-	-	-	989,902
	PWK27113	Interlachen Boulevard	450,000	-	-	-	-	-	450,000
	PWK27115	Minnehaha Woods B Reconstruction	-	-	-	1,352,956	-	-	1,352,956
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	489,582	489,582
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	2,823,981	2,823,981
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	3,388,777	3,388,777
	PWK27129	Todd Park B Reconstruction	-	838,812	-	-	-	-	838,812
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	3,011,672	-	3,011,672
	PWK27131	Rolling Green Reconstruction	2,917,927	-	-	-	-	-	2,917,927
	PWK27132	Pamela Park C (Halifax Ave) Reconstruction	-	-	-	481,588	-	-	481,588
	PWK27133	Pamela Park B (Peacedale Ave) Reconstruction	-	-	-	547,625	-	-	547,625
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	998,611	-	-	998,611
Special Street Levy Total			**$ 3,367,927**	**$ 1,828,714**	**$ 4,092,410**	**$ 3,380,780**	**$ 3,011,672**	**$ 7,074,772**	**$ 22,756,275**
Utility Fund: Sewer	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	137,275	137,275
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	28,087	28,087
	PWK15173	Asset Management Software and Equipment	10,000	10,000	10,000	10,000	10,000	10,000	60,000
	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	10,000	-	-	-	10,000
	PWK19336	Sanitary Trunk Capacity Exp York Seg 4 & Fairview	2,350,000	2,350,000	-	-	-	-	4,700,000
	PWK19340	Sanitary Targeted Inflow Reduction Project	-	-	-	-	130,000	-	130,000
	PWK23201	Utilities Equipment Replacement	600,000	126,000	45,000	-	-	22,000	793,000
	PWK25105	Lift Station Pump and VFD Renewal	30,000	30,000	30,000	30,000	30,000	30,000	180,000
	PWK27102	2028 Comprehesive Plan Sanitary Model Update	200,000	-	-	-	-	-	200,000
	PWK27106	Chowen Park C Reconstruction	-	-	895,470	-	-	-	895,470
	PWK27107	Chowen Park E Reconstruction	-	-	555,809	-	-	-	555,809
	PWK27108	Future Sanitary Sewer System Improvements	-	-	-	-	2,000,000	2,100,000	4,100,000
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	548,638	-	548,638
	PWK27112	Indian Trails A Reconstruction	-	374,282	-	-	-	-	374,282
	PWK27113	Interlachen Boulevard	200,000	-	-	-	-	-	200,000
	PWK27115	Minnehaha Woods B Reconstruction	-	-	-	496,924	-	-	496,924
	PWK27119	Sanitary Trunk Capacity Expansion South Trunk Segment D - Kellogg	-	-	-	-	-	3,470,000	3,470,000
	PWK27120	Sanitary Trunk Capacity Expansion South Trunk Segment F-Oaklawn Ave	-	-	-	13,900,000	-	-	13,900,000
	PWK27121	Sanitary Trunk Capacity Expansion South Trunk Segment E- Gilford	-	-	-	-	6,290,000	-	6,290,000
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	282,626	282,626
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	844,226	844,226
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	880,932	880,932
	PWK27129	Todd Park B Reconstruction	-	344,734	-	-	-	-	344,734
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	904,816	-	904,816
	PWK27131	Rolling Green Reconstruction	256,842	-	-	-	-	-	256,842
	PWK27132	Pamela Park C (Halifax Ave) Reconstruction	-	-	-	139,827	-	-	139,827
	PWK27133	Pamela Park B (Peacedale Ave) Reconstruction	-	-	-	182,851	-	-	182,851
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	333,434	-	-	333,434
	PWK27135	Vernon Ave Multi-Modal Improvements	130,000	-	-	-	-	-	130,000
Utility Fund: Sewer Total			**$ 3,776,842**	**$ 3,235,016**	**$ 1,546,279**	**$ 15,093,036**	**$ 9,913,454**	**$ 7,805,146**	**$ 41,369,773**

2027-2032 Preliminary Capital Improvement Plan

Funding Source	Project Number	Project Title	Capital Costs 2027	2028	2029	2030	2031	2032	Total
Utility Fund: Storm	ENG23010	Concord Flood Infrastructure Project #2 Area	950,000	9,500,000	-	-	-	-	10,450,000
	ENG23011	Arden & 50th Flood Infrastructure Project #3 Area	-	-	-	-	-	200,000	200,000
	ENG23013	Minnehaha Creek Storm Sewer Improvements at France Avenue	-	-	200,000	-	6,000,000	-	6,200,000
	ENG23014	Adaptive Level Management Project Ph 2 Minnehaha	-	-	-	2,500,000	-	-	2,500,000
	ENG23017	Chowen and 60th Flood Project	-	-	-	1,100,000	1,100,000	-	2,200,000
	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	251,419	251,419
	ENG25027	50th St Concrete Curb and Gutter Replacement	1,250,000	-	-	-	-	-	1,250,000
	ENG25037	Clean Water Strategy 2 - Targeted Intensive Street Sweeping	20,000	-	70,000	-	140,000	-	230,000
	ENG25038	Clean Water Strategy 1 - Lake & Pond Sediment Phosphorus Sequestration	100,000	100,000	100,000	100,000	-	-	400,000
	ENG25039	Clean Water Strategy 4 - Rough Fish Management	53,000	46,000	50,000	53,000	-	-	202,000
	ENG25040	Clean Water Strategy 5 - New Clean Water Infrastructure	-	-	150,000	-	400,000	-	550,000
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	236,629	236,629
	PWK15173	Asset Management Software and Equipment	15,000	15,000	15,000	15,000	15,000	15,000	90,000
	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	280,000	-	-	-	280,000
	PWK23201	Utilities Equipment Replacement	90,000	185,000	-	458,000	125,000	-	858,000
	PWK27100	2028 Comprehensive Plan Storm Model Update	200,000	-	-	-	-	-	200,000
	PWK27106	Chowen Park C Reconstruction	-	-	2,667,673	-	-	-	2,667,673
	PWK27107	Chowen Park E Reconstruction	-	-	1,803,635	-	-	-	1,803,635
	PWK27109	Future Storm Water System Improvements	-	-	-	-	4,000,000	4,100,000	8,100,000
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	1,152,592	-	1,152,592
	PWK27112	Indian Trails A Reconstruction	-	1,115,015	-	-	-	-	1,115,015
	PWK27113	Interlachen Boulevard	840,000	-	-	-	-	-	840,000
	PWK27114	Landlocked Lake Level Management Plan Phase 3	120,000	-	-	-	-	-	120,000
	PWK27115	Minnehaha Woods B Reconstruction	-	-	-	1,405,875	-	-	1,405,875
	PWK27118	Salt Brine Production System	50,000	-	-	-	-	-	50,000
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	593,747	593,747
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	1,991,703	1,991,703
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	2,741,518	2,741,518
	PWK27129	Todd Park B Reconstruction	-	858,268	-	-	-	-	858,268
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	2,936,185	-	2,936,185
	PWK27131	Rolling Green Reconstruction	4,153,670	-	-	-	-	-	4,153,670
	PWK27132	Pamela Park C (Halifax Ave) Reconstruction	-	-	-	379,363	-	-	379,363
	PWK27133	Pamela Park B (Peacedale Ave) Reconstruction	-	-	-	496,091	-	-	496,091
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	1,037,669	-	-	1,037,669
	PWK27135	Vernon Ave Multi-Modal Improvements	600,000	-	-	-	-	-	600,000
	ENG25041	Clean Water Strategy 3 - Assurance, Monitoring, Lakegrades	40,000	43,000	47,000	50,000	-	-	180,000
Utility Fund: Storm Total			**$ 8,481,670**	**$ 11,862,283**	**$ 5,383,308**	**$ 7,594,998**	**$ 15,868,777**	**$ 10,130,016**	**$ 59,321,052**

2027-2032 Preliminary Capital Improvement Plan

Funding Source	Project Number	Project Title	Capital Costs 2027	2028	2029	2030	2031	2032	Total
Utility Fund: Water	ENG21059	Water Supply 50th and France	-	-	-	-	-	2,000,000	2,000,000
	ENG21060	Water Supply Pentagon Park	-	-	-	-	-	1,000,000	1,000,000
	ENG25002	Parklawn Avenue A Reconstruction	-	-	-	-	-	173,818	173,818
	ENG25046	Watermain Replcmnt LB Tr/Shannon Dr/Coventry Way	350,000	-	-	-	-	-	350,000
	ENG25064	West 77th Street D Reconstruction	-	-	-	-	-	218,124	218,124
	PW23002	Well #15 Rehabilitation and Facility Improvements	-	-	-	140,000	-	-	140,000
	PW23004	Well #22 Rehabilitation and Facility Improvements	-	-	-	120,000	-	-	120,000
	PW23005	Well #12 Rehabilitation and Facility Improvements	400,000	-	-	-	-	-	400,000
	PW23006	Well #13 Rehabilitation and Facility Improvements	-	100,000	-	-	-	-	100,000
	PW23007	Well #2 Rehabilitation and Facility Improvements	-	170,000	-	-	-	-	170,000
	PW23008	Well #6 Rehabilitation and Facility Improvements	-	120,000	-	-	400,000	120,000	640,000
	PWK15162	Water Treatment Plant 5 - Southdale	-	-	-	15,750,000	15,750,000	-	31,500,000
	PWK15173	Asset Management Software and Equipment	10,000	10,000	10,000	10,000	10,000	10,000	60,000
	PWK19301	Wooddale Ave Bridge Historic Rehab	-	-	10,000	-	-	-	10,000
	PWK19351	Water Main Condition Assessment	160,000	160,000	160,000	160,000	160,000	160,000	960,000
	PWK19913	Well #7 Rehabilitation and Facility Improvements	-	-	130,000	-	-	-	130,000
	PWK19915	Well #11 Rehabilitation and Facility Improvements	-	-	-	120,000	-	-	120,000
	PWK23201	Utilities Equipment Replacement	-	86,000	597,000	82,000	262,000	365,000	1,392,000
	PWK25101	Water Meter Radio Receivers	1,400,000	1,430,000	1,460,000	-	-	-	4,290,000
	PWK25102	Water Treatment Plant Filter Media Replacement	-	-	450,000	-	-	-	450,000
	PWK27103	2028 Comprehensive Plan Water Model Update	200,000	-	-	-	-	-	200,000
	PWK27106	Chowen Park C Reconstruction	-	-	3,388,342	-	-	-	3,388,342
	PWK27107	Chowen Park E Reconstruction	-	-	1,911,917	-	-	-	1,911,917
	PWK27110	Future Water System Improvements	-	-	-	-	4,000,000	4,100,000	8,100,000
	PWK27111	Hilary Lane Reconstruction	-	-	-	-	231,561	-	231,561
	PWK27112	Indian Trails A Reconstruction	-	1,416,235	-	-	-	-	1,416,235
	PWK27113	Interlachen Boulevard	840,000	-	-	-	-	-	840,000
	PWK27115	Minnehaha Woods B Reconstruction	-	-	-	1,709,360	-	-	1,709,360
	PWK27126	West 76th Street Reconstruction	-	-	-	-	-	357,860	357,860
	PWK27127	The Heights C Reconstruction	-	-	-	-	-	2,525,249	2,525,249
	PWK27128	The Heights A Reconstruction	-	-	-	-	-	3,030,299	3,030,299
	PWK27129	Todd Park B Reconstruction	-	1,043,542	-	-	-	-	1,043,542
	PWK27130	Parkwood Knolls L Reconstruction	-	-	-	-	3,734,952	-	3,734,952
	PWK27131	Rolling Green Reconstruction	2,112,780	-	-	-	-	-	2,112,780
	PWK27132	Pamela Park C (Halifax Ave) Reconstruction	-	-	-	480,989	-	-	480,989
	PWK27133	Pamela Park B (Peacedale Ave) Reconstruction	-	-	-	628,985	-	-	628,985
	PWK27134	Minnehaha Woods D Reconstruction	-	-	-	623,370	-	-	623,370
	PWK27135	Vernon Ave Multi-Modal Improvements	460,000	-	-	-	-	-	460,000
Utility Fund: Water Total			**$ 5,932,780**	**$ 4,535,777**	**$ 8,117,259**	**$ 19,824,704**	**$ 24,548,513**	**$ 14,060,350**	**$ 77,019,383**

2027-2032 Preliminary Capital Improvement Plan

			Capital Costs						
Funding Source	**Project Number**	**Project Title**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Funding TBD	ADM27100	City Hall Conference Room Renovation	-	-	-	300,000	-	-	300,000
	FAC25100	Civic Campus	5,000,000	5,000,000	-	50,000,000	-	-	60,000,000
	FAC25104	BGC: Deferred Maintenance	170,000	10,000	1,500,000	-	-	-	1,680,000
	FAC25105	50th & France Streetscapes Improvements	450,000	3,300,000	1,200,000	500,000	50,000	50,000	5,550,000
	FAC25107	EP: Deferred Maintenance	-	-	15,240,000	-	-	-	15,240,000
	FAC25120	BGC: Audio Visual Replacement	-	-	-	-	-	250,000	250,000
	FAC25122	City Hall Council Chambers Studio Lighting	-	-	-	300,000	-	-	300,000
	FAC25129	Fire Station #1 Living Quarters	-	-	-	2,000,000	-	-	2,000,000
	P&R25120	AC: Changing House Renovation/ Expansion	-	-	1,000,000	15,700,000	-	-	16,700,000
	P&R25163	BGC: New Golf Course Clubhouse	-	-	2,000,000	28,874,421	-	-	30,874,421
	P&R25179	BGC: Maintenance Building Improvements and Addition	-	-	-	-	50,000	500,000	550,000
	PWK27122	Railroad Crossing Safety Improvements Subzone D - Dewey Hill	-	1,517,336	-	-	-	-	1,517,336
	PWK27123	Railroad Crossing Safety Improvements Subzone C - Valley Lane	1,411,475	-	-	-	-	-	1,411,475
	PWK27124	Railroad Crossing Safety Improvements Subzone B - Hanson Rd	-	-	1,792,634	-	-	-	1,792,634
	PWK27125	Railroad Crossing Safety Improvements Subzone A - Brookside Ter & 49th Str	-	-	-	3,506,942	-	-	3,506,942
Funding TBD Total			**$ 7,031,475**	**$ 9,827,336**	**$ 22,732,634**	**$ 101,181,363**	**$ 100,000**	**$ 800,000**	**$ 141,672,808**
Grand Total			**$ 77,774,132**	**$ 60,676,535**	**$ 81,658,101**	**$ 181,407,278**	**$ 72,578,179**	**$ 68,686,169**	**$ 542,780,394**

Questions from Council since retreat

What are the City's current interest rates on existing debt and what is the interest savings on 2016A and 2017C?

When the City issues new debt, the pricing of the interest rate is influenced by what is being financed and the length of the repayment term. Looking ahead to 2027 and 2028, we anticipate issuing debt for utility and street reconstruction projects each year, an additional round of funding for sales tax initiatives, and potentially some equipment certificates as well.

For the 2016A issuance related to the Fire Station 1 refunding, the proposed payoff portion carries a principal balance of $740,000, scheduled for repayment in installments due in 2027 and 2028 at a 2.5% interest rate. Prepaying this debt would result in a savings of $14,600 in interest expense. The 2017C issuance for the Public Works refunding has a remaining principal of $2.81 million, with three installments due from 2027 to 2029. The interest rates for these payments range from 2.05% to 2.25%, and prepayment would save $80,205 in interest costs.

As for future debt issuances, particularly those expected in 2026, the interest rates could fluctuate depending on several variables. However, given the City's strong AAA credit rating, it's reasonable to conservatively expect that future bond interest costs might be higher than the current 2.5% rate, though it remains uncertain and could potentially be lower. It's important to note that prepaying existing debt carries an opportunity cost—specifically, we would be paying $94,805 in avoidable interest, in addition to requiring the budget to maintain the levies.

More specifically, in terms of levy impacts, if the City did not pay these debts we would need to include the debt service in the upcoming budget. Incorporating these debt levies into the 2027 tax year would increase the total tax levy (TTL). If we include the 2016A debt levy in 2027, the TTL would increase from the proposed 6.50% to 7.13%, reflecting an additional $404,000. Including the 2017C debt levy in 2027 would increase the TTL from 6.50% to 8.04% for an added $980,166, and would also require an additional levy increase in 2028 due to its maturity schedule. If both the 2016A and 2017C debt levies are included in 2027, the TTL would increase from 6.50% to 8.67%

Can you give a cost estimate for Fire Station 3 (FS3)?

As the City begins evaluating the development of Fire Station 3 (FS3), several key planning elements will be important for Council to understand. Prior studies, including the Five Bugles Design "Final FS3 Edina Report," identified a long-term program need of 13,304 square feet. However, based on lessons learned from the construction of Fire Station 2 and evolving fire service standards—such as the shift away from gender-specific locker rooms and the increased need for flexible shared spaces—staff recommend planning for an 18,000-square-foot facility. Using this higher estimate now will allow the City to refine square footage during formal programming without limiting design options later.

The recommended location for FS3 is near City Hall, aligning with the service needs in the northeast quadrant of the city. While the fire study suggested a 2029 timeline, existing project sequencing and operational considerations indicate that 2030 is the earliest feasible year for opening the station. Operationally, Council should be aware that staff recommend a cross-staffing model at launch. Under this approach, three personnel would operate both an engine and an ambulance, responding in the appropriate vehicle depending on the call type. Although more complex than dedicated staffing, cross-staffing enables improved response capability without doubling personnel needs at the outset. As call volumes grow, dedicated staffing can be added in future years.

Staffing projections rely on a 2026 Staff Relief Factor (SRF) of 3.8, resulting in an estimated need for 12 full-time employees to operate FS3. This figure includes salary, benefits, equipment, training, and other first-year costs, with a projected annual staffing cost of approximately $2.17 million in 2030.

In terms of capital investment, Fire Station 2 provides a strong basis for estimating construction costs. Staff recommend using $1,200 per square foot for 2030, reflecting anticipated market escalation. For an 18,000-square-foot facility, the estimated construction cost is $21.6 million. In addition, the project will require land acquisition. MnDOT's preliminary estimate for the identified property near the Vernon Avenue Bridge Replacement project is $3.5 million. While staff expect negotiations may reduce this cost, it remains the appropriate figure for planning purposes.

To forecast annual operating costs, staff analyzed non-personnel expenses from Fire Stations 1 and 2 and estimated FS3's operating budget at $792,000 annually. FS2's budget is still stabilizing in its first full year, meaning long-term historical trends are not yet available, but the blended per-square-foot cost provides a reasonable planning benchmark.

When combining annual debt service, operations, and staffing, the total annual fiscal impact of FS3 is estimated between $3.66 million and $5.01 million. Assuming roughly $800,000 per 1% levy increase, FS3 could require a levy increase between 4.6% and 6.3%, depending on final project scope and financing decisions. Council may also wish to consider the possibility of pursuing local sales tax authority, which some Minnesota cities have used to support public safety capital projects.

Overall, these early estimates demonstrate that Fire Station 3 will require a significant investment in construction, staffing, and ongoing operations. They also provide a foundational understanding of the costs, assumptions, and planning considerations that will guide future decision-making. As planning advances, more detailed design, operational modeling, and financial analysis will be needed before the City proceeds to formal budgeting or project initiation. This preliminary information is intended to support Council's strategic assessment of future fire service needs and long-range capital priorities.

Can you break out the future Debt Service?
Looking ahead, staff called out notable future capital improvement projects to be considered for bond issuance. The Arena Roof replacement is projected to require approximately $8 million in 2027, with the first corresponding debt levy beginning in 2028. The Civic Campus project—which includes improvements to the Police Department, City Hall, and Fire Station 3—is estimated at $44 million in 2030, with the first debt levy planned for 2031. Additional projects include the Public Works renovation at an estimated $2.25 million in 2029, along with a citywide roof replacement project totaling $15.5 million in the same year; both would require first debt levy support starting in 2030.

A detailed breakdown of these projected levy obligations is provided on slide 13 of the June 23rd Council retreat staff presentation, illustrating how each project contributes to the City's long-term financial planning.

What data or information can staff provide to help validate the assumption that the organization's natural cost driver need is approximately 6-7%?
Staff reviewed the last five years and three years of tax levies for the following communities: Bloomington, Eden Prairie, Edina, Minnetonka, Maple Grove, Minneapolis, Minnetonka, Plymouth and St. Louis Park. The combined five year average was 6.81% levy increase and the combined three year average was 7.23%, which may show more accurately the direction of costs post Covid.

In comparison to state-wide, 6.50% city levy is below the statewide city average of 7.8%.
Beyond wages/benefits and operating inflation typical in municipal budgets, current market data from Mortenson Cost Index highlights construction and capital-related pressures that are directly relevant to the City's asset maintenance and capital plan.

- Minneapolis cost index: +6.24% YoY (Q1 2026); +1.10% quarter-over-quarter.
- National cost index: +6.77% YoY; +1.69% quarter-over-quarter.

Capital projects (streets, facilities, fleet, parks) are facing ~6–7% annual escalation. A 6.50% levy helps hold service and capital replacement schedules steady without creating bigger deferrals later. Note: this also assumes just maintaining current levels of services and assuming the condition of infrastructure is in a status quo state. Deferred maintenance backlog may require higher levels of resources to get to a stable maintenance state.

Edina Examples:
A specific example of this is shown for two quotes for the same condensing unit

Condensing unit example – same system two quotes a few years apart.

Year	2023	2025	2 Years
Edina Cost	$ 362,000	$ 497,500	37%
CPI (Jan. - Jan)	$ 362,000	$ 384,386	6.1%
			-31%

2015 Trackless Sidewalk Machine: $90,580 (purchased 6/17/2015)
2021 Trackless Sidewalk Machine: $131,700 (purchased 11/5/2021)
2024 Trackless Sidewalk Machine: $135,500 (received quote)
2026 Trackless Sidewalk Machine: $190,745 (purchased 4/2026)

Year	2015	2024	2026	11 years
Edina Cost	$ 90,580	$ 135,500	$190,745	110.60%
CPI (Jan. - Jan)	$ 90,580	$ 119,536	$126,061	39.20%
				-64.6%

Explain more about what we are seeing as the Impact of MN Paid Leave for Edina?

- **What is it?**
  - Up to 12 weeks of paid leave per year for family leave to bond with a new child, care for a loved one with a serious health condition, handle military family needs, or address safety issues related to domestic abuse or assault.
  - Up to 12 weeks of paid medical leave for your own serious health condition, pregnancy, recovery, or surgery.
  - Up to a combined total of 20 weeks in a year if both family and medical events occur (most commonly a mother giving birth to a child).
  - The premium is collected on covered wages for all employees, including part-time and seasonal employees.
  - Benefits payable to eligible employees range from 55% - 90% of their usual income and will vary as they are calculated by a formula based upon the employees' wages.
  - Employees were first eligible for benefit payments on 1/1/26.
  - 2026 is an unusual year because the law allows employees that had a child in 2025 to receive paid leave in 2026.
  - The employee's job is protected while they are on designated MN Paid Leave (MPL).

- **Payroll Premiums and Costs**
  - The cost for MPL in 2026 and 2027 is .88% of covered payroll.
    - This is reviewed and adjusted on an annual basis as determined by the State.
    - It is *not* based upon the hours of leave taken by employees.
  - The City splits this cost 50/50 between employer and employee.
  - The budgeted employer premium cost
    - 2026 $225,000
    - 2027 $238,000
  - Previously the only paid leave program provided by the City was 6 weeks of paid parental leave. The costs were:
    - 2023 $82,000
    - 2024 $142,000
    - 2025 $151,000

- **Leave Utilization**
  - Leave for a serious health condition of either the employee or their loved one can vary dramatically year by year
  - We are on track to outpace leaves for serious health conditions in 2026, which is to be expected now that employees will receive MPL

Type of Leave	2023	2024	2025	YTD 2026
Health Condition - Own/Family	32	15	25	24
Parental Leave	17	15	17	25

- When the City provided 6 weeks of paid parental leave, fathers most commonly took the 6 weeks of time off, but did not take additional leave using their own sick/vacation leave. Mothers took the full 12 weeks, using sick/vacation or going unpaid for the remaining 6 weeks.
- There was 87% increase in the number of weeks of leave taken by a father for parental leave from 2023 to 2026

Father Parental Leave	2023	2024	2025	YTD 2026
% taking full 12 weeks protected leave	0%	8%	8%	50%
Avg # weeks of leave taken by the father	4.75	6	6.5	8.9

- Since employees receiving MPL only receive a portion of their wages, they can choose to use their sick/vacation/PTO up to 100% pay
  - Based on YTD leaves, the average amount needed is14 hours/week of sick/vacation/PTO (PML + avg 14 hours sick/vacation = 100% full pay)

- **Staffing impact**
  - While some positions can be backfilled by external temp agencies or consultants, many positions require special licenses and training which cannot be easily backfilled (police and fire).
  - In those areas that cannot be backfilled, the most common impact is increased overtime, decrease in service level, or delayed work.
  - In those areas that can be backfilled, the ability to backfill within budget may be limited. For example, an outside consultant fee can be more expensive than the hourly rate of the City employee wages, because we are paying the temporary service a premium.
- **Workforce Demographics**
  - 46% are 20-39 years old, the most common age group for having children
  - 30% are Female and 70% are Male (due to male-dominated police, fire and public works positions)
  - The tenure of our workforce has decreased

Years of Service	2024	2025
0-5	42%	49%
6-10	21%	22%
11-15	17%	12%
16+	20%	17%

This data represents Full-Time, Extended Part-Time and Regular Part-Time employees

- **Administrative Costs**
  - Payroll system setup and integration
  - Staff training
  - Quarterly wage reporting and premium payment

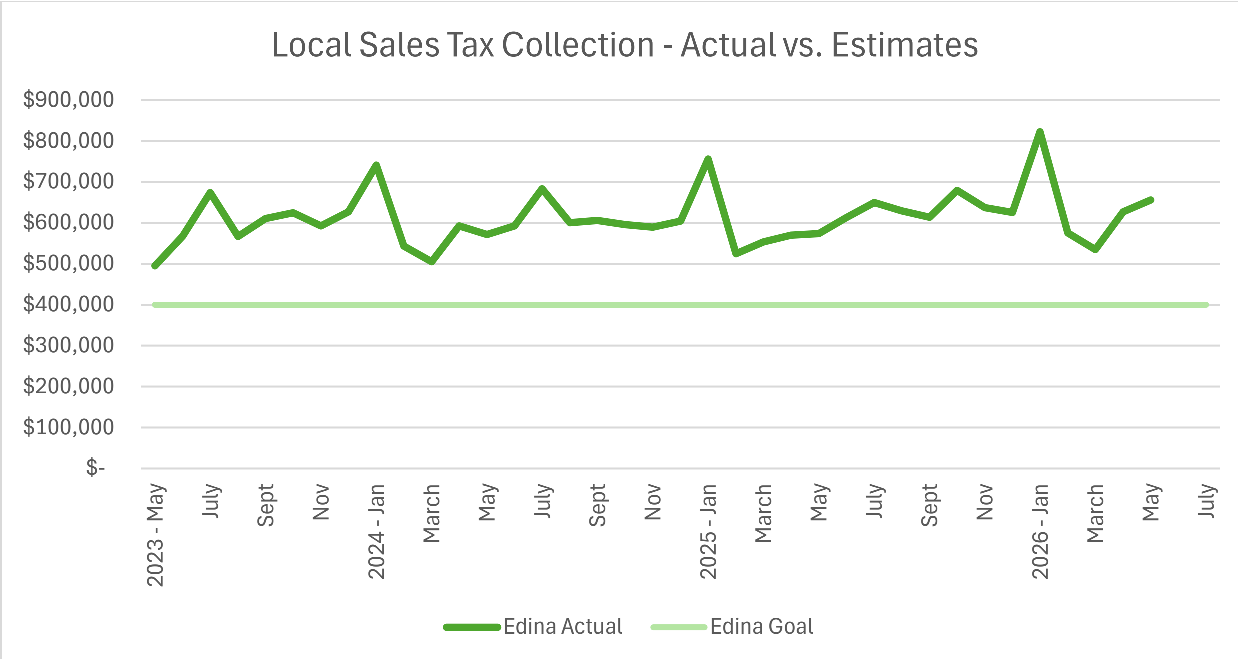
- Employee education and notification
- Update personnel policies
- Additional coordination of benefits and leaves, in conjunction with other State and Federal leaves
- Review data privacy laws and procedures

This is a high-level summary of the impacts of MN Paid Leave program and not intended to be all-inclusive. There are many nuances to the law which cannot be completed captured in a summary. This summary includes information regarding items that materially impact the City and its' employees.

What was included and what was not included in the Braemar Arena Local Sales Tax project?
Braemar Arena Local Sales Tax (LOST) funding was authorized by the November 2022 and November 2023 referendums. Edina had to set those values in the spring of 2020 for consideration by the state legislature. Initially $13.1M was set as a value for capital repairs using projects included in the 2019 Capital Improvement Program. The second phase was for $32.1M for a fourth indoor rink, expanded lobby, safer pedestrian movements and ADA upgrades. Total authorized LOST funding is $45.2M. Cost escalation factors are arising due to the requirement of setting a financial value during the 2020 legislative process as construction costs have risen 68% since 2019. The LOST allocation value was requested for inflationary increase but was not taken up during prior legislative sessions.

The renovation and expansion project will accomplish replacing and renovating $13.1M in capital improvements, such as flooring, locker rooms, refrigeration improvements for South and West Rinks and East and new North Rinks, along with the balance of $32.1M to add a fourth rink, expand the lobby, improve ADA accessibility aspects and provide a safer drop off for visitors. What is not included as it was not in the original scope are the west rink floor and dashers, existing restrooms in the lobby, note - all new ADA compliant restrooms will be added to the new arena lobby, full roof replacement over spot repairs and sections of replacement and full building envelope. More information is now known about the roofing conditions of the arena since 2019 and what was initially identified for repair and select replacement is now recommended as a full roof replacement.

Cost pressures continue and using the Construction Manager at Risk (CMaR) process staff is working with the design and construction team to ensure value engineering decisions are appropriate. Setting of a guaranteed maximum price for the expansion phase is projected to be done at the September 1 meeting. Several attempts to pursue an inflationary adjustment to the LOST have occurred with the state legislature and it has been signaled that this upcoming session will have a focus on these requests. Currently, sales tax collections outpace base model expectations provided by the University of MN Extension. An additional $4M was requested as an inflationary adjustment to the original LOST authorization during the 2026 session and despite having a hearing did not advance from either the house or senate tax committees. Early indicators are that the 2027 session will address statewide LOST requests.



Local Sales Tax Collection - Actual vs. Estimates
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
2023 - May
July
Sept
Nov
2024 - Jan
March
May
July
Sept
Nov
2025 - Jan
March
May
July
Sept
Nov
2026 - Jan
March
May
July
Edina Actual
Edina Goal

Horizon Outlook

Although the 2027 budget proposal accomplishes a lot while maintaining minimal levy increases, there are some challenges in the years ahead that the Council should keep in mind and begin planning for.

Art Center Operationalizing

The Edina Art Center is expected to reopen in its new home in the first quarter of 2028. Lease payments to Hennepin County for the City's new Art Center will start in 2028. This budget includes paying for the design and FFE for the County, but there will also be additional staffing costs associated with programming changes at the new facility.

Fred Richards Operationalizing

Fred Richards is expected to open in 2027. This budget includes two partial year park maintenance positions to help begin supporting maintenance of the park. The full year of salary and benefits will have an impact on the 2028 budget.

Municipal Campus

Future Fire Station 3, Police Department and City Hall planning work has been highlighted as a priority. The next step is site acquisition. The City received a formal offer from MnDOT on Monday, offering the City the property for $3.5 million based on an appraisal they had commissioned. The City is reviewing and evaluating the offer. MnDOT has stated that since the City was the previous owner of the land the right-of-way was purchased from originally, there will be no deed restrictions on the site.

Backlog of Deferred Maintenance at Enterprises

Deferred maintenance at recreational enterprise facilities continues to be an issue that will likely require support outside of enterprise funding. Many of these enterprises function more like special revenue funds. Due to financial models, the capital maintenance needs at enterprise sites competes with other operational costs and revenues. This has caused a backlog of items exceeding the entire annual budget of many of the sites, requiring alternative funding models to be explored.

In many cases, the CIP fund for Asset Preservation, which acts as an emergency repair fund, is used to address items that fail and would otherwise impact operations or, in some cases eliminate programming at these sites. This includes not only facility infrastructure but also covers vehicles and other large equipment.

Liquor Store Revenue

Edina Liquor continues to provide financial support for City services and recreational amenities, reducing the amount that would otherwise need to come from the City's General Fund. Like many liquor retailers, Edina Liquor has experienced changes in customer shopping habits, market trends, and increased competition. In response, we have adjusted staffing, product selection, inventory, store layouts, and other operating expenses to better align with sales trends and customer needs. These adjustments have allowed operations to remain profitable.

Historically, $1 million of profits was transferred annually from the Liquor Fund to support the City's budget. That transfer has been reduced in the current budget and the proposed 2027 budget to help strengthen the Liquor Fund's financial position.

As part of its operations, Edina Liquor pays for shared City services. Without the revenue generated by the municipal liquor operation, an estimated $1 million to $1.5 million in recreational support and shared service costs could shift to the General Fund. Staff will continue to monitor performance and adjust as needed to support Edina Liquor's long-term financial health.

Cable Franchise Fees

Revenue from cable franchise fees continue to fall as more consumers move to streaming services. The City budgeted $1.1 million in cable franchise revenues in 2025, but collected just $687,067 – 38% less than projected.

Edinborough Park

Edinborough Park is home to Adventure Peak, an indoor playground, performance amphitheater, Summit gym play area, indoor lap pool and elevated walking track with select fitness equipment. The facility hosts an extensive entertainment series for youth, family and adults; hosts birthday parties and is consistently rated as one of the top-rated indoor play experiences in the Twin Cities.

This facility has not had a level of analysis done since prior to 2012 and use patterns are drastically different now due to the expansion of similar offerings in the market and evolving recreation trends. The facility has a vast list of infrastructure deficiencies overdue, due in the short-term and needed in the future.

The Council approved an analysis of Edinborough Park earlier this month. This study will ensure that the four public facing areas of aquatics, playpark & gym play, performance area and walking/fitness are well analyzed. This will include not just infrastructure assessments, but also an analysis of the complicated and unique facility architecture. The facility also has multiple shared property lines and parking structures, sharing three walls with the corporate center, assisted living facility, and the apartment (former hotel) complex. Like Centennial Lakes Park, there are park maintenance agreements in place, and a review of those agreements is included as well. Currently those fees do not have an expiration and are in perpetuity. The analysis will also include a review of staffing levels as there is current joint operational management of the Aquatic Center, market comparables and future visioning and potential of the facility.

The action item will be to determine options that include a scope of need and potential pathways to reach a vision. A planned update on the study will be provided to Council during the last quarter of the year.

Centennial Lakes Park

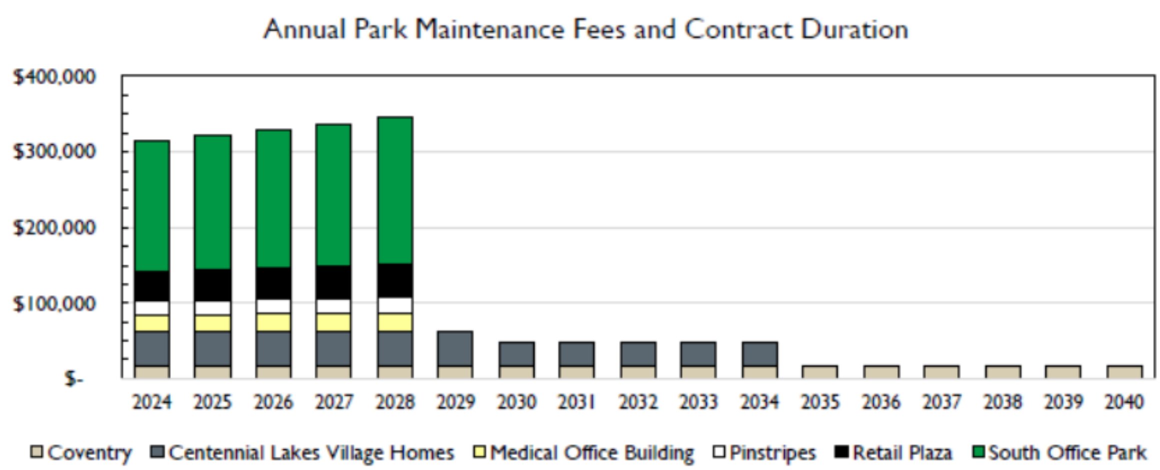
At the request of the City Manager, a detailed operational assessment of Centennial Lakes Park was conducted and presented to the City Council in April 2023. This 24-acre park enjoys year-round amenities surrounded by evolving mixed use development. The analysis explored the background and zoning of the adjacent land use, park amenities and programs, park uses and corresponding influences, park budget, staffing structure and amenity condition. The three central issues of the assessment were (1) identify a reliable source of operational revenue given the changes in maintenance fees, (2) determine the future scale and quality of amenities along with services that drive staffing and related expenses; and (3) determine an approach to funding capital improvements and renewal around the park. This discussion will continue to focus on the changes anticipated in the park maintenance fees.

The public and private partnership that worked together to develop the park and surrounding properties agreed to a park maintenance fee to support park maintenance. As part of the original development, six properties adjoining the park have contractual obligation with the City of Edina through the HRA to help offset the cost to maintain Centennial Lakes Park. The unique nature of the entire development underscores the importance of a greater working relationship between the property owners and the City.

Contract terms for properties were for an initial 30 years with an auto additional 10 years, unless 75% of homeowners and park owners agree to end at 30 years.

Status of HRA agreements:

- Centennial Lakes Village Homes amended to continue until December 21, 2034.
- Coventry Homes continues until 2040.
- South Office Park, Medical Office Building, Retail Plaza and Pinstripes expire at the end of 2028.



The near-term concern acknowledged previously and again for discussion is the identification of a reliable source of operational revenue given the changes in maintenance fees at the end of 2028. These HRA agreements for park maintenance fees support roughly 37% of the total Centennial Lakes Park operating budget.

The action item for Centennial Lakes Park will be to define a strategy to close the gap by the expiration of the maintenance fees.

Braemar Golf Course Clubhouse
The history of Braemar Park and Braemar Golf goes back to the homestead of the Marth family. Of their original 1,300-acre estate, over 400 acres became Braemar Park. Initial discussions around the creation of a public golf course began in 1956. Over time, considerable evolution of the golf course occurred.

In 2024, staff conducted an analysis of long-term investments for the two public use facilities supporting golf in Edina. This review included the existing conditions, potential future use, revenue opportunities and overlapping uses for integration.

Built in the early 1960s, the facility provides a counter service restaurant for food and beverage offerings, a banquet room, outdoor deck, pro shop, administrative offices, two meeting rooms and golf cart storage. Due to the location and site placement of the facility on the crest of a steep hill, there are concerns related to ADA accessibility requirements and to a lesser degree the physical exertion required for some patrons to access the building.

The clubhouse has been renovated multiple times in its history and while regular maintenance has occurred, there are deferred investments which are a part of this discussion. As part of the study, the facility was reviewed for accessibility, aesthetics, deterioration, energy usage, hazardous materials, health and safety, estimated useful life and remaining useful life. Those evaluations were categorized as a priority level of immediate need, short-term need, and long-term need.

In comparison with market competition, the clubhouse is lacking in amenities, such as a modern banquet space, restaurant facilities, community use areas and additional year-round programming areas. These amenities are not only sought within the community but also have significant revenue potential for the golf operations. When evaluating the useful and remaining life of a facility, there is a tradeoff between renovation and new construction. Additionally, in the context of the prior investments in the golf experience, the existing clubhouse has a substantial disconnect to the function and flow of the overall experience. For example, the investments in the courtyard and course bring users past the cart storage and maintenance area of the building. Patrons crossing over from one side of the course to the other need to go up the hill to access the restaurant for food and beverage options. No matter the level of investment in remodeling the existing clubhouse the vertical site challenges for access would remain.

Reviewing an option for a new structure would provide an opportunity to support both golf and community opportunities in the same facility. Ideally a facility of modern use would attract both golf enthusiasts and non-golfer alike.

Recently, the Minnesota Golf Association (MGA) has approached staff requesting to formally study the partnership potential of a new clubhouse facility that would allow MGA operations to move to Braemar. Currently, Braemar Golf operations partners with the MGA on programs such as the Minnesota Adaptive Open and many other valuable programs. Because the values of MGA align well with Edina's golf operations, the partnership has tremendous potential.

Because of this formal request, staff requests feedback on pursuing concept planning work for a new clubhouse and identification of potential partnerships, including the MGA. While this would be exploratory in nature and not detailed design development, there is value in understanding the facility needs, operational issues and revenue potential that would come with this model. The action item would be to explore the long-term vision for Braemar Golf Course.

In the most recent Quality of Life Survey, 36% of households reported they used Braemar Golf Course and 94% rated it as excellent or good.

Local Sales Tax

Top level state DFL Leaders have communicated at MLC that they plan to push hard for local sales tax and believe that a new Senate Tax Chair next year will be an opportunity in 2027. They have advised cities requesting to put in their requests next year. This would likely require a 2028 General Election referendum for voter approval.

Class & Compensation Study

The City has relied on its current position classification method since 2013, when the last full study was completed. While smaller re-classifications and market studies have taken place in the interim, a thorough review is now necessary to address the evolving needs of the organization.

Over the past thirteen years, significant changes have occurred in the job market. The primary objective of the upcoming study is to update job classifications and pay structures to ensure both fairness and competitiveness. Achieving these goals is essential for the City to retain talented employees and remain aligned with broader market trends. Additionally, the study will confirm that all positions are classified in accordance with Minnesota Pay Equity requirements.

Cost of Modernization, Staffing Challenges and External Market Conditions

Modernization and external market conditions continue to drive cost increases across nearly every area of City operations, and many of these pressures are not always visible to the public. Technology has shifted from one-time purchases to ongoing subscription and licensing models, which now require continuous payments rather than ownership. Services like *Edition Edina* mailings have also experienced significant price increases—an impact shared by nonprofits and public agencies. At the same time, expanding cyber threats, rising data requests, and other “hidden costs of doing business” add new layers of expense and complexity. These internal pressures are compounded by external market conditions: tariffs, fluctuating interest rates, resource shortages, demographic changes, and broader supply-chain volatility all push operational costs higher and strain municipal budgets. Together, these modern demands make it more challenging to maintain service levels without scaling back nonessential activities. Adding further pressure, the City continues to face workforce shortages in hard-to-recruit positions like police officers and firefighters, where competition and labor market constraints continue to elevate personnel costs.

Climate Change & Operational Impacts

Communities are likely to face unpredictable climate-driven costs, operational demands, and associated risks due to extreme weather such as wind, precipitation, drought, and shifting heating and cooling demands. These could include increased water storage and conveyance capacity or expanded inflow and infiltration reduction efforts, greater staff and material needs to address heat- and freeze-related infrastructure deterioration, heightened flood risks and higher expenses to manage erosion, debris, and fire risks. Field staff will experience increasing challenges such as extreme heat, humidity, and air pollution, create unsafe summer working conditions, warmer winters reduce snow events and shorten ice seasons, disrupting plowing and recreation operations. Impacts may be mitigated through strategic investments in mitigation infrastructure, energy efficiency, building automation, and on-site renewable energy generation.

Grandview Bridge
The Grandview Pedestrian Bridge will need an additional ramp constructed to the public right-of-way behind Walgreens. Negotiations are ongoing with the Department of Justice on the timing of a project. Another optional project to connect the pedestrian route to Gus Young Lane would also be considered.

Rail Safety Study & Quite Zone Consideration
CPKC Railroad have recently started operating trains at night. All trains are required to sound their horn at every crossing. Residents near the crossings are frustrated with the night horns. A railroad crossing safety study identified safety improvements for each crossing. Implementation of the safety measures would allow the City to consider railroad quiet zones to reduce the train night horns. Four specific areas could be considered separately if funding is identified.

**In the April packet there was an error that originally identified this as $630K, although $655K was actually shown.*

Process Automation & AI Future Fund Investment Proposal

The rapid growth of artificial intelligence, generative technologies, and process automation offers the City of Edina a major opportunity to improve services, boost efficiency, and enhance the resident experience. Like many organizations modernizing systems and preparing their workforce for AI-enabled operations, the City should continue its strong tradition of innovation by using technology, automation, and AI to drive long-term improvements.

To support this work, staff is requesting $2 million in surplus funds for a three to five year AI & Process Automation Investment. This funding will support dedicated staff capacity, enterprise AI tools, employee training, and the technology upgrades needed to implement safe, responsible AI across City departments.

Goals and Outcomes of the Plan

1. Deliver a better resident and staff experience by improving City services, enhancing public-facing tools, and streamlining workflows through automation and modernization.
2. Increase organizational efficiency and capacity by automating routine tasks, enabling staff to focus on higher value, community-facing work, and building internal expertise to adopt AI safely and strategically.
3. Strengthen the City's technology foundation and governance by modernizing legacy systems, preparing for future integrations and data-driven decision making, and establishing responsible AI policies aligned with public sector best practices.

AI Work to Date

Since 2024, the City has built a responsible foundation for AI adoption. In March 2024, it introduced its first organization-wide AI Policy. After Microsoft Copilot for Government was released in December 2024, staff launched recurring AI Lunch and Learn sessions in January 2025.
In 2025, the City began deploying Microsoft Copilot licenses and created an AI Use Case Library to showcase practical applications across departments. Staff also continue meeting with AI professionals and peer cities to stay current on best practices. The City is a GovAI member, and the IT Director attended the GovAI Annual Conference to strengthen knowledge and partnerships around responsible public sector AI use.

Financial Strategy & Sustainability

Key Investments (estimates)

1. Process Automation & AI Staff Support ($700,000 over 3-4 years)
   Manages strategy, assists with prioritizing opportunities, oversees and coordinates on cross-department projects, updates governance, reviews vendors, assists with technical guidance, programming and helps ensure cost effective and responsible implementation.
2. Microsoft Copilot Licenses ($150,000 over 4 years)
   Provide 100 staff members access to secure AI tools for drafting, summarizing, analyzing data and automating administrative work.
3. Citywide Consulting & Training Program ($150,000 over 3-4 years)
   Offers strategic plan assistance, organizational assessments, hands-on training, AI literacy, workflow optimization and change management support.

4. Technology Upgrades & Pilot Projects ($1,000,000 over 3-4 years)
   Supports system improvements, automation pilots, cloud migrations, vendor support and data governance enhancements.

To ensure long-term sustainability and accountability, future AI and automation investments will be tied to clear, measurable goals and outcomes. Because the future market for AI costs is uncertain and changing rapidly, ongoing conversations will be necessary about how we evaluate value. Investments will likely require multiyear commitments beyond the initial three-year pilot. This fund is intended to invest, but is not the only source of funding needed. As potential savings are realized, a portion could be reinvested into the AI & Process Automation Fund, creating a continuous improvement cycle that supports innovation without relying solely on new budget allocations.

The City will track and report annually on:

- Customer service and quality improvements
- Savings from automation and process improvements and any efficiency gains
- Annual reinvestment into the fund (if applicable)
- Additional investment opportunities and expected returns

As early phases show results, the City may consider expanded investments—such as broader automation, wider deployment, or further modernization of enterprise systems—grounded in demonstrated outcomes and community benefit.

Expected Timeline

The full timeline will be developed with the new staff person to prioritize with the oversight of ELT and IT Director. Some key timeline accomplishments are: 2026 includes Council approval, team formation, hiring, onboarding and initial prioritization. The proposal would start on January 1, 2027, but hiring would begin as soon as Council approves the use of the surplus funds. Each year includes approval of the workplan, midyear updates, and an annual report to Council.

Alternative reductions not included in the City Manager's Proposed Budget (or recommended)

- 494 Corridor Commission - $33,279
- Reduction in Human Services Task Force Funding - $175,000

    2025 amounts (there was an inflationary escalator added to the funds for 2026)

    - $50,000 Edina Resource Center
    - $19,000 VEAP
    - $18,000 going to Cornerstone
    - $17,000 going to Senior Community Services
    - $20,000 going to Edina Historical Society
    - $12,000 Help at your Door
    - $12,000 Beacon Interfaith
    - $9,500 Edina Give and Go
    - $7,500 Normandale Center for Healing and Wholeness
    - $5,000 for Oasis for Youth

- Move Quality of Life survey to every three years instead of two - $45,000
- Eliminate an additional issue of *Edition: Edina* - $10,000 (previously reduced already in the previous round of reductions).
- Reduction in Senior Center professional services - $7,500
- Elimination of Sunday ice maintenance at ice rinks - $20,000

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2027 – 2032 Draft CIP, Budget and Preliminary Levy

September 15, 2026 Council Work Session

EdinaMN.gov

Tentative Timeline

- Completed to date:
  - The 2026 Levy & Budget were approved on December 16, 2025.
  - Departments began reviewing the 2027 Budget and 2027–2031 CIP on February 24.
  - Council reviewed kickoff materials and State of the Utilities in March work session.
  - Departments submitted their budget and CIP materials on March 31
    - (Currently in Finance Review)
  - Council and Staff held April 28 and June 23 Retreat
  - Council work session August 18th
  - Council work session and adoption of the 2027 Preliminary Levy **Sept. 15th – Tonight!!**
- Upcoming milestones:
  - Council work sessions scheduled Oct. 6th, Nov. 17th, Dec. 1st to refine budget and CIP priorities.
  - Final adoption of the 2027 Levy, Budget, and 2027–2031 CIP on Dec 1st (Dec 15th – if needed)

City Manager's Proposed Budget

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2027 City Manager Proposed Budget Priorities

- Balances essential services with targeted reductions and debt-service adjustments while maintaining capital commitments.
- Supports the City's 2027 taxing and spending goals by:
  - Slowing the growth of the Total Tax Levy
  - Reducing the Debt Service Levy through retirement of two prior debt issuances
  - Limiting General Fund growth through operational efficiencies that preserve service levels
- Invests in long-term priorities by restoring annual funding for deferred maintenance and using one-time resources to further reduce maintenance backlogs for facilities, capital, and equipment.
- Allocates funding for process automation and artificial intelligence initiatives to advance a future-ready organization.

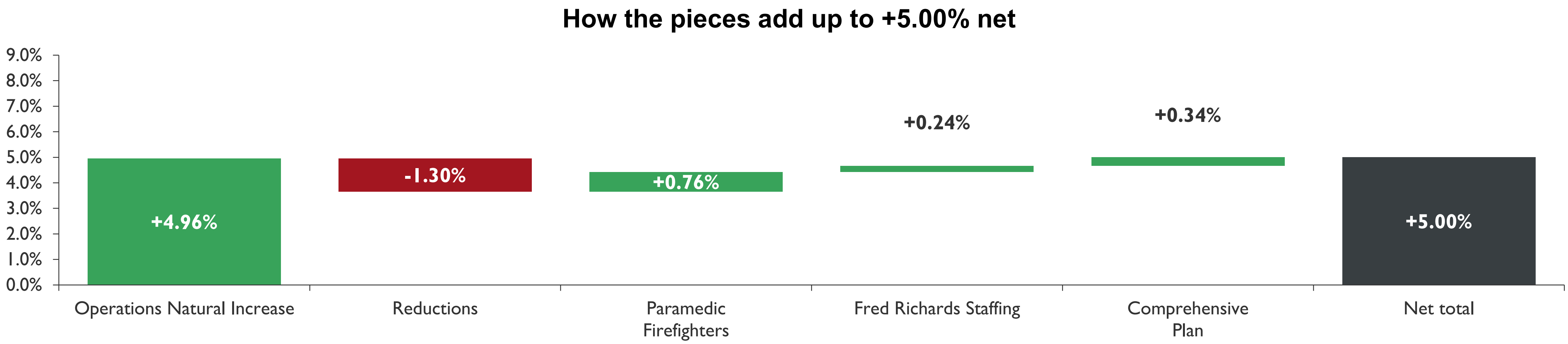
Overall taxing and spending goals for 2027

- Taxing
  - Reduce the rate of growth of the City's Total Tax Levy (TTL)
  - Reduce Debt Service Levy by retiring two past debt issuances
- Spending
  - Reduce the rate of growth of the City's General Fund services through operational reductions that do not reduce service level reductions
  - Establish a special revenue for investment in future technology improvements (process automation, ai, robotics).
  - Increase annual spending on deferred maintenance of City facilities

2027 Projected Tax Levy

	2024 Adopted	2025 Adopted	2026 Adopted	2027 Previously Projected	2027 Projection on 4/28/2026	2027 CM Proposed Levy
General Fund	$43,744,165	$47,543,215	$53,012,940	$56,929,645	$56,259,645	$56,196,481
Debt Service	$3,471,700	$5,377,639	$6,448,283	$6,771,866	$6,771,866	$5,387,700
Construction	$6,951,000	$5,830,000	$3,966,450	$5,974,678	$5,974,678	$5,974,678
HRA	$251,700	$259,300	$267,100	$275,100	$275,100	$275,100
Total Tax Levy	$54,418,565	$59,010,154	$63,694,773	$69,951,289	$69,321,289	$67,833,959
% Increase	9.15%	8.44%	7.94%	9.82%	8.83%	6.50%

Operational changes for 2027



- Operations "Natural" increase: +4.96%
- Decrease from reductions: -1.30%
- Increase for paramedic firefighters: +0.76% (year 2, no public safety aid)
- Increase for Fred Richards Staffing: +0.24% (year 1)
- Increase for Comprehensive Plan: +0.34% (year 2)

Net total change: +5.00%

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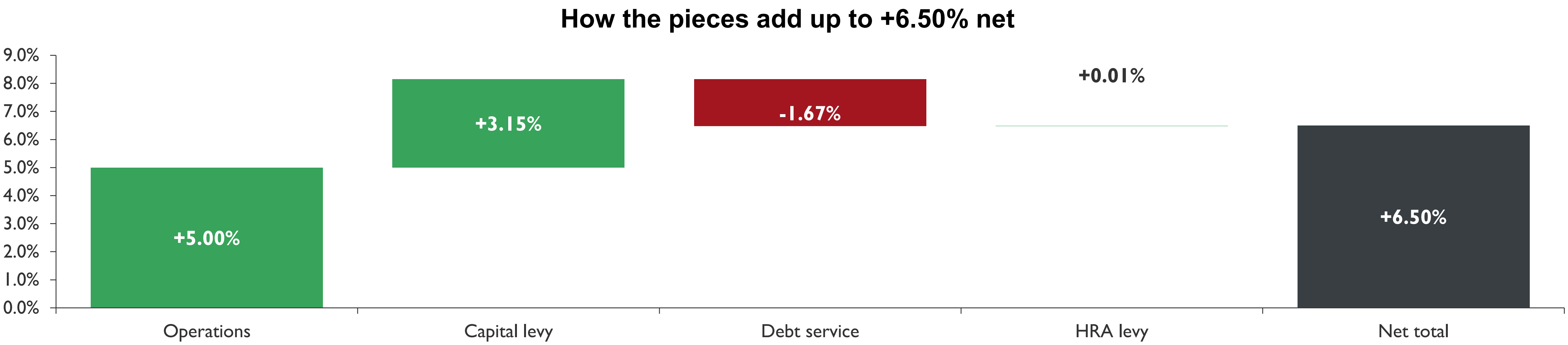
Overall changes for the 2027 proposed levy



- Operations increase: +5.00%
- Capital levy : +3.15% (Returning to previous levels)
- Debt service reduction: -1.67%
- HRA levy increase: +0.01%

Net total change: +6.50%

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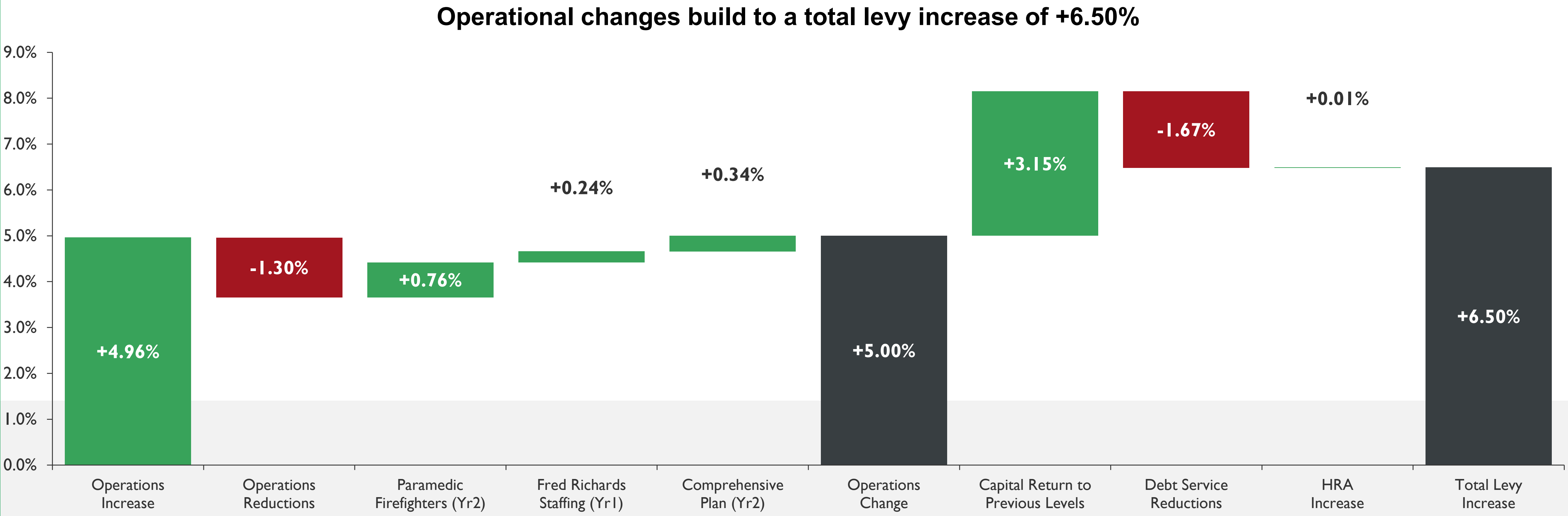
Operational and total levy changes for 2027



Operations change subtotal: +5.00%

Total levy increase: +6.50%

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General Fund Operational Reductions

- Levying $56,196,481 a 6% increase from 2026
- Previous reductions from departments $655,300
- Additional reductions included in CM proposal $155,000
  - Police Vacancy Budgeting $50,000
  - Fire Vacancy Budgeting $50,000
  - PW Misc. reductions $25,000
  - Admin Software Elimination $20,000
  - HR - No seasonal EAP $10,000

Total Changes $810,300

2025 General Fund Surplus – Key Highlights

- The City closed 2025 with a **$6,337,487 surplus**, reflecting strong financial management.
- **Revenues outperformed expectations by nearly $3M**, driven by higher permit activity, intergovernmental transfers, fines, and investment earnings.
- **Expenses came in $3.18M under budget** due to conservative budgeting and public safety vacancies.
  - About $736,000 of the General Fund surplus resulted from an accounting adjustment related to capital projects. The expenses were paid from the Construction Fund rather than being reimbursed by the General Fund, which increased the reported General Fund surplus while reducing the balance available in the Construction Fund.
- Mid-year Council direction to **add advertising revenue and implement convenience fees** helped reduce costs and generate new income.
- Convenience fees cut credit card processing costs below budget, and new advertising in Edition: Edina and the Activities Directory added additional revenue.

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Surplus Recommendation

Surplus Totals	
$2,309,849	Previous years General Fund Surpluses
$6,337,487	2025 General Fund Surplus
$8,647,336	**Total Unallocated Surplus**

$1,002,690 Remaining Surplus for future contingency

Proposed Surplus Designation:	
$218,172	Pay off Fire Station 1 Debt Service 2016A
$1,236,474	Pay off Public Works Facility Debt Service 2017C
$1,500,000	Deferred Maintenance: PW Cold Storage
$1,950,000	Deferred Maintenance: PW Building Automation System & Lighting
$140,000	Deferred Maintenance: Lewis Park (part of funding)
$600,000	EAC Design
$2,000,000	Automation & AI Investment
$7,644,646	**Total Proposed Investments paid for by Surplus**

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2027 Levy Supported Capital Projects

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Construction Levy Goals

- The City Manager's proposed levy for Construction Funds is $5,974,678, representing a 50.63% increase over 2026. While significant, the increase largely reflects a return to funding levels (peak in 2024) following temporary reductions in 2025 and 2026 that were implemented to help offset the impact of rising debt service costs.

- Projects included in the construction funding accomplish major priorities including funding for the PW Cold Storage Facility, PW Building Automation & Lighting Systems, Design & Furniture, Fixtures, Equipment (FFE) for the Art Center Build Out, Lewis Park Shelter Replacement and others (full listing in packet).

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Construction Levy History

Construction Fund Levy	2024	2025	2026	2027
Capital Improvement Levy	$2,000,000	$1,000,000	$1,300,000	$1,960,000
Equipment Levy	$2,470,000	$2,668,000	$1,613,450	$2,259,278
Special Street Levy	$1,481,000	$1,762,000	$1,053,000	$1,355,400
Special Park Improvement Levy	$1,000,000	$400,000	$ -	$400,000
	$6,951,000	**$5,830,000**	**$3,966,450**	**$5,974,678**

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Construction Funding

Construction Levy	2027 Levy Amt	2027 Spending Amt (amounts over levy would use reserves)
Capital Improvement Plan	$1,960,000	$1,960,000
Equipment Replacement Plan	$2,259,278	$ 3,364,200
Special Street	$1,355,400	$3,367,927
Special Park Improvement	$400,000	$645,000
Total Construction Levy	**$5,974,678**	**$9,445,627**

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Debt Service

- Pay off Fire Station Debt 2016A
- Pay off Public Works Facility Debt Service 2017C
- Debt Levy $5,387,700 16.45% decrease from 2026
- Added $8M for Deferred Maintenance: Arena Roof
- Reduced projected PW building amount due to surplus recommendation (2030)
- Combined future Citywide Roof project to 2030
- Public Works Cold Storage $1,500,000
  - Using surplus to finance instead of debt issuance

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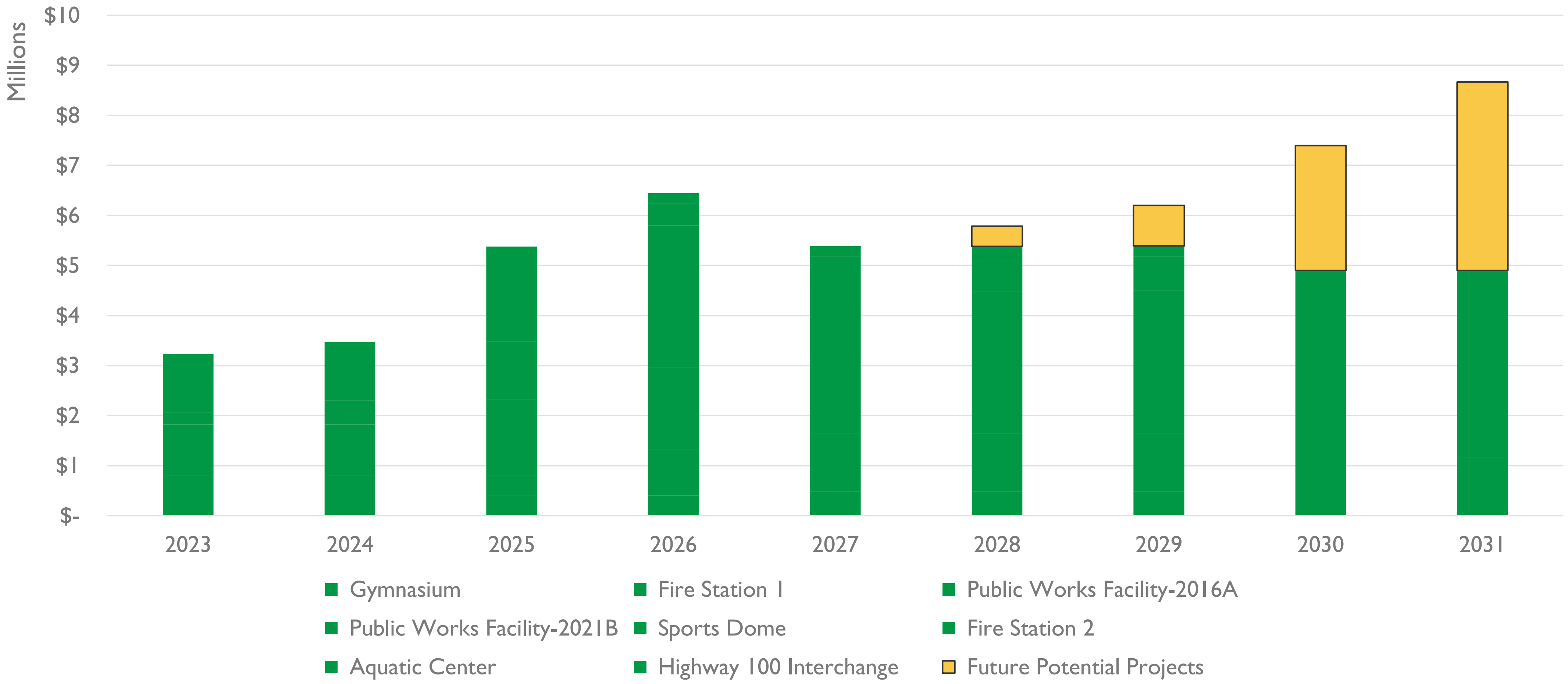
Debt Service Projection

Debt Service Levy Projection	2024 Budget	2025 Budget	2026 Budget	2027 Projection	2028 Projection	2029 Projection	2030 Projection	2031 Projection
EXISTING DEBT SERVICE LEVIES								
Gymnasium Debt Service 2015 HRA	392,000	398,000	-	-	-	-	-	-
Fire Station Debt Service 2016A	403,000	406,000	403,000			-	-	-
Public Works Facility Debt Service 2017C	1,029,200	1,030,000	910,783			-	-	-
Public Works Facility Debt Service 2021B (2013A)	478,800	482,000	478,800	480,000	480,000	480,000	-	-
Sports Dome 2014 HRA	1,168,700	1,165,100	1,166,100	1,166,400	1,164,800	1,166,400	1,167,000	1,165,400
Community Health & Safety Center Debt Service 2024A	-	1,133,449	1,070,600	1,070,600	1,069,800	1,073,500	1,070,900	1,072,700
Community Health & Safety Center Debt Service 2024B	-	763,090	1,071,100	1,071,100	1,070,300	1,073,900	1,071,300	1,071,700
Community Health & Safety Center Debt Service 2025A	-	-	700,900	701,800	701,800	701,300	700,300	698,700
Aquatic Center 2025B	-	-	439,800	688,000	685,700	687,800	683,600	683,800
Highway 100 Interchange 2025B	-	-	207,200	209,800	209,500	209,000	208,200	207,200
GO Bond for Arena in 2028 $8M 15 years	-	-	-	-	404,600	809,200	809,200	809,200
GO Bond for PD/CH in 2031 $14M - 30 years	-	-	-	-	-	-	-	405,000
GO Bond for FS3 in 2031 $30M - 30 years	-	-	-	-	-	-	-	868,500
GO Bond for PW in 2030 $850K- 10 years	-	-	-	-	-	-	116,000	116,000
GO Bond for Citywide Roof $15.5M 15 years							1,570,000	1,570,000
Debt Service Levies Total	3,471,700	5,377,639	6,448,283	5,387,700	5,786,500	6,201,100	7,396,515	8,668,200
Increase from prior year (%)	7.48%	54.90%	19.91%	-16.45%	7.40%	7.16%	19.28%	17.19%

The CITY of EDINA

Debt Service Levy Projection (Approved vs. Future) continues



The CITY of EDINA

Horizon Outlook

- Art Center Operationalizing
- Fred Richards Operationalizing
- Municipal Campus (FS3/PD/CH)
- Grandview Bridge Improvements
- Rail Safety Study & Quite Zone
- Climate Change & Operational Impacts
- Deferred Maintenance (Recreational Enterprises)
- Liquor Store Revenue
- Cable Franchise Fee Revenue
- Centennial Lakes Park Maintenance Fees
- Edinborough Park Study (Q4)
- Golf Course Clubhouse
- Local Sales Tax
- Legislative (regulatory changes)
- PFAs & Sewer Capacity
- Classification & Compensation Study Results
- Modernization, Staffing Challenges & External Market Conditions

Next steps

- 2027 Preliminary Levy Adoption (September 15)
- Truth in Taxation Hearing (December 1)
- 2027 Final Levy Adoption December 1 (December 15 back-up)

CITY GOALS: Strong Foundation | Reliable Service | Livable City | Better Together

Memo

Administration

EdinaMN.gov

Date: September 15, 2026

To: Mayor & Council

cc: Scott Neal, City Manager

From: Ari Lenz, Deputy City Manager & Ryan Browning, IT Director

Subject: Future Fund Investment — Status Update and Two to Three-Year Funding Plan

This memo follows up on Council's questions regarding the City's Process Automation & AI Future Fund Investment request, summarizes progress to date, and outlines the near-term funding needed to keep this work moving forward. Staff recognizes elements of this plan carry some ongoing support needs, and surplus funding is the City's best available at this time to pilot and better understand that need before making permanent committements. If this work continues to be a priority an investment is necesssary to prepare many of our existing systems for this change.

Background

Staff have been using AI tools in their work for more than two years, under an AI policy the City adopted in early 2024 (an updated second version is nearly complete). The level of usage along with the capabilities of Ai have continued to grow momentum in the organization. To date:

- 60 employees have completed basic AI overview and data-safety training
- 30 paid Microsoft Copilot licenses and 6 Claude licenses have been assigned
- An **AI Steering Committee** provides executive leadership with strategic direction for AI use
- A **user group** meets quarterly to share what is working across departments
- An **AI and Automation Use Case Library** documents real staff examples of process improvement

Staff have also worked on process automation to make workflows quicker, higher quality and more responsive and Braemar Golf course has embraced autonomous mowers and ball pickers in an innovative manner. Other city's like Longmont, Colorado have also implemented autonomous snow removal.

Impact to Date

Based on use case library submissions and lunch-and-learn sessions, staff estimate these tools are saving dozens of hours per month on document-related tasks alone, with additional savings and quality improvements emerging from new forms-based process automation work.

The autonomous robotics (mowers and ball pickers) at the golf course has allowed staff to get to extra maintenance of managing accessory areas and placing staff in higher valued and higher customers service tasks.

Beyond time savings, the tools have added capabilities the City did not previously have in-house:

- Staff with no web development background have built dashboards now in regular use
- Scripts that automate routine system tasks can be built in minutes rather than contracted out or left undone
- The added capacity has allowed a higher level of quality and output than existing staffing and timelines would otherwise support

The program has intentionally run on a lean budget to date, prioritizing licenses and training. Building more formal, per-project measurement into the next phase is a core part of this proposed investment. Staff have made significant progress over the past two years, and see continued opportunity ahead as both the tools and the organization's capacity mature.

Two to Three-Year Investment Plan

Staff started this memo with the goal of reviewing and updating this memo and also looking for potential cost savings from cutting the timeline from three to five years to two to three. The original number was a high level estimate picked by staff with limited detailed review. When working through the costs, we were able to find some areas to trim back but we also found areas like the Tyler Public Safety Migration that added costs. We have a higher confidence in the estimates below based on current knowledge and priorities but as this work progresses these numbers may continue to be updated or adjusted.

Item	**Estimate**	**Notes**
Tyler enterprise systems (ERP/ESS/HealthEPL) migration to cloud	$287,000	Yr1: $140K, Yr2: $147K (these are the upgrade costs)
Tyler Public Safety migration to cloud	$564,000	One-time: $148K, Yr1: $203K, Yr2: $213K, (these are the upgrade costs)
AI licensing (100 employees × $360/yr × 3 years)	$108,000	
Employee AI training	$70,000	
M365 backend work and licensing	$146,000	Data governance, Copilot backend, Dataverse work

Item	Estimate	Notes
Robotics pilots (mowers and snow removal)	$190,000	Mowers: $15,000 × 8; Snobot: $35,000 x 2
On-premises AI infrastructure	$20,000	
Temporary Staff or consultant	$525,000	$175,000 × 3 years
Additional AI software purchases and upgrades	$90,000	Upgrading existing platforms with AI integrations
Total	**$2,000,000**	

The two largest line items — moving the Tyler ERP and Public Safety systems to the cloud — are prerequisites for taking advantage of new AI and automation features in two of our largest most impactful systems. These migrations should also reduce future server replacement costs, illustrating how this technology investment complements rather than competes with existing capital priorities. These upgrades are also likely to be required by the vendors themselves for security considerations sooner than later regardless of this funding source.

Staff plans to bring a work plan and project information back to Council as this work proceeds and welcome the opportunity to walk through any item in more depth.

Additional Capacity (Staffing) Recommendation

Although this work has opened new possibilities in many areas, it has become apparent that to make the focused, prioritized investments some level of additional staff or consultant support is needed. The best case scenario is to recognize this is a priority and to hire a position to make the commitment to this work moving forward, however staff is willing to consider starting with a consultant or temporary position.

Recommended approach if sequenced investment:

- Use a limited temporary staffing or consulting engagement over the first one to two years to scope the workplan, stand up per-project measurement, and accelerate staff upskilling
- Return to Council with a recommendation on a permanent position — funded through the operating budget.

Ideally, we could find a temporary position that is interested in a termed role with the City. Alternatively consulting costs more per hour, but it can scale up or down as needs become clearer, provides exactly the expertise required at each stage, and avoids locking the City into a position before the scope is proven.

This category of support is needed both because of staffing constraints and because of skillsets the City does not currently have in-house. The pace of change in AI is becoming difficult to manage with current staff and expertise and current capacities with full-time other duties; there is a substantial range of technical and administrative work that could keep an FTE fully occupied while they also learn the City's lines of business and keep pace with a fast-moving field.

Goals and Outcomes

The proposed investment is intended to:

1. Deliver a better resident and staff experience by improving City services, enhancing public-facing tools, and streamlining workflows through automation and modernization
2. Increase organizational efficiency and capacity by automating routine tasks, freeing staff for higher-value, community-facing work, and building internal expertise for safe, strategic AI adoption
3. Strengthen the City's technology foundation and governance by modernizing legacy systems, preparing for future integrations and data-driven decision-making, and formalizing responsible AI policies aligned with public-sector best practices

Ongoing Accountability

To ensure long-term sustainability, future AI and automation investments should be tied to measurable goals. Because the AI cost landscape is uncertain and changing rapidly, staff expect ongoing conversations with Council about how value is evaluated. Staff will track and report annually on:

- Customer service and quality improvements
- Savings from automation and process improvements, and any efficiency gains
- Annual reinvestment into the fund, if applicable
- Additional investment opportunities and expected returns

As early phases show results, the City may bring forward proposals for expanded investment — broader automation, wider deployment, or further modernization of enterprise systems — grounded in demonstrated outcomes and community benefit.

Next Steps

Council needs to make a decision about allocation of surplus to this endeavor if this is a priority.

If funded, Staff will continue to bring project-level detail back to Council as this work proceeds and are available to walk through any item above in greater depth.

The CITY of EDINA

CITY GOALS: Strong Foundation | Reliable Service | Livable City | Better Together

Memo

Finance

EdinaMN.gov

Date: September 15, 2026

To: Mayor & Council

Cc: Scott Neal, City Manager

From: Ari Lenz, Deputy City Manager & Pa Thao, Finance Director

Subject: Comparison Chart: Early Retirement vs. Scheduled Payments (2016A & 2017C Bonds)

Information/Background:

Council requested additional information to help make the decision about whether to pay off the debt service for 2016A and 2017C Bonds. Below is a summary and recommendation.

	Scenario A – Early Retirement (2026)	**Scenario B – Scheduled Payments (2027 – 2029)**
Principal Retired	2016A: $740,000 2017C: $2,810,000	Same
Interest Rate	2016A: 2.5% 2017C: 2.05-2.25%	Same
Interest Savings	2016A: $14,600 2017C: $80,205 **Total: $94,805**	No savings; full interest paid
Levy Impact (2027)	TTL= 6.50% (Proposed)	TTL = 7.13% (2016A Only) TTL = 8.04% (2017C Only) TTL = 8.67% (both)
Cash Required	Existing debt service funds for these projects*+ $1.47M from surplus/other funds	Annual levy continues; no extra cash needed

Future Borrowing	Frees up levy capacity for new capital needs; strengthens capital profile	Levy capacity tied up; less flexibility
Administrative Cost	Reduced (no ongoing debt admin)	Continues until maturity 2016A: 2027 (final levy year) 2017C: 2028 (final levy year)
Opportunity Cost	Early retirement uses surplus funds that could otherwise be invested, but any potential investment gain is minimal because IRS rules limit allowable earnings in debt service funds and market fluctuations make future returns uncertain—while the interest savings from retiring the bonds early is guaranteed.	By continuing scheduled payments, the City keeps more surplus funds available for other uses, but it must keep levying for the debt and will pay all remaining interest costs instead of eliminating them upfront.
Liquidity Impact	Uses surplus funds and existing debt service funds* now; reduces future obligations	Maintains surplus; obligations continue

Financial Comparison:

- **Early Retirement:** Requires use of existing debt service funds plus about $1.47 million from surplus or other available funds. The City avoids future interest payments and can redirect levy capacity to deferred maintenance, new capital needs or reducing the tax levy.
- **Scheduled Payments:** Continues annual levy obligations and full interest payments. While there is a theoretical opportunity to earn more by investing surplus funds, IRS arbitrage rules limit the upside*.. The City must maintain restricted funds and cannot use them for other purposes until the debt is fully retired.

Is Early Payoff Financially Advantageous?

- Yes, if the City's priority is to reduce future levy obligations, avoid interest costs, and free up resources for urgent capital needs.

Additional Considerations:

- The callable portions of both bonds carry low interest rates (2.5% and 2.05–2.25%), but current short-term investment rates are higher. However, arbitrage earnings above the bond yield must be rebated to the IRS, limiting net benefit.
- Retiring the bonds now positions the City to manage upcoming capital obligations more effectively and reduces long-term liabilities.

Staff Recommendation - Based on the Council's goals of reducing levy pressure, addressing deferred maintenance, and improving financial flexibility, staff recommend retiring the 2016A and 2017C bonds early. This approach delivers immediate interest savings, lowers the 2027 levy, and frees up capacity for future capital needs.

***Information from Nick Anhut, Ehlers:**

Staff and Council have asked for ways to limit or reduce future levy obligations. The two bonds were chosen because they are levy-supported and have accumulated balances within their respective debt service accounts. Left alone, they each require the city to continue to include amounts within its annual levy restricted solely toward their repayment. Paying them off primarily is a means to cancel those future levy obligations so as to free up capacity to fund other more pressing needs or potentially lower tax burden. There is a secondary benefit that the city will also no longer have to make future interest payments on the debt it is paying off, thereby lowering its future expense.

- MN Statute requires that municipalities levy 105% of their annual debt service requirements as a means to prevent defaults in the event of tax delinquencies, etc. In addition, those debt service levies are restricted funds that can only be used to service the associated debt. As a result, it is common to build up a balance over time, both from the additional 5% but also the earnings on those funds.
- In this instance, the city has already levied and set aside approximately $2.1 million in its debt service accounts that can be put toward the prepayment. To fully extinguish the levy obligations, it would need to appropriate an additional $1.47 million from other funds available to fully extinguish these two levies.
- The question really only pertains to the other $1.47 million funds: does the city see greater benefit in pulling in outside funds (non-debt service funds) to pay the bonds off early or is there something else immediate it can use that $ for and continue levying for the debt instead? The gain is an immediate ability to adjust the levy obligation for 2027 and an overall reduction in the amount of expense on the debt due to the reduced interest payments. The cost is really not this arbitrage question but what else the city could use the money for in the near term.

It is absolutely true that we are in a current situation where certain short-term investment rates are higher than the rate being paid on these outstanding bonds. If the two bods were taxable debt, absent the objective of reducing the levy, the City would absolutely have every incentive to sit on those funds and earn more than it is paying off (i.e. arbitrage). As long as current conditions hold, the city would reasonably expect that it would be able to earn at least 1% more than it is paying out and will have a balance leftover after its debt is finally retired that can be shifted to another debt service fund or potentially appropriated elsewhere. It would of course have to continue to include levy amounts along the way and not be able to access those funds for anything else in the interim, but at the end of the day would expect to have earned more than it paid out.

However, <u>these are not taxable bonds</u> and the city needs to keep in mind that there are IRS limits in place for how much earnings the City can keep from its debt service funds that are obligated to a tax-exempt financing. Just like filing individual income taxes, the City is expected to make report earnings and rebate payments to the treasury for any arbitrage earnings it is making on the debt service funds above the yields it incurred on the bonds. The arbitrage yield on the 2016A bond is 1.56% and for 2017C it is 1.93%. Technically, that is the level of earnings the city can keep without having a rebate liability to the IRS. Any earnings in excess of those levels is expected to be rebated back to the treasury under its arbitrage rules.

- The rebate liability only applies to the debt service funds at this point (though it will also apply to the future levy funds that are put into the debt service accounts assuming these bonds are not prepaid). It does not apply to the other $1.47 million in funds which at this point are a separate source and not committed to the debt. The City could absolutely invest those funds per its investment policy or any other restrictions in place on them and keep all of the associated earnings.
- Notice, the arbitrage yield thresholds for both bonds I mention above are lower than the 2.5% and 2.25% fixed interest rates the City is paying on the outstanding balances. Therefore, the city should expect that it is coming out negative on the investment of its idle debt service funds at the end of the day.
    - On the side: if the city does not want to appropriate the extra $1.47 million amount from outside funds, it should still consider using at least a portion of its debt service balance to make a smaller prepayment to limit this negative drag and the potential to have to make rebate payments.
- Questions we discussed, but the city should continue to ask itself are:
    - How likely it is that it would actually follow through and sit on the investment of $1.47 million for the time period that the two bonds remain outstanding (about 2.5 years)? Would setting aside these funds under the counter-factual "arbitrage" strategy be the most efficient/effective use of those funds among all the city's other potential capital or operating financial needs? Or would it instead plan to use them on something else in 2027 or 2028?
    - If the city does want to set the money aside, remember that the 2016A and 2017C bond interest rates are fixed but most short-term investment vehicles will fluctuate with the market. Absent the city deliberately placing the funds into a fixed investments for the 2-year term immediately, there will be risk that short-term investment yields decline below their current levels and degrade the future earnings potential. Is the City willing to accept that risk knowing there is fairly limited potential upside anyway?
        - For the $0.02 cents it is worth, my expectation is this risk is minimal for this year and we should expect to continue to see short-term investment yields at least break even to these two bonds' interest rates. Absent a global event or economic downturn, prognosticators expect increases as more likely than decreases. But things change and there is no guarantee.