

**CITY OF WACONIA
DECEMBER 22, 2025**

1. CALL MEETING TO ORDER AND ROLL CALL

Mayor Litfin called the Waconia City Council December 22, 2025, meeting to order at 6:00 p.m. with all Council Members present.

2. PLEDGE OF ALLEGIANCE

Mayor Litfin led all in the Pledge of Allegiance.

3. PROCLAMATIONS

None

4. ADOPT AGENDA

Motion to adopt the agenda as published was made by Council Member Coleman, seconded by Council Member Siddons.

MOTION CARRIED.

5. PUBLIC HEARING

1) Public Information Meeting - Franchise Fees

Motion to open the public hearing was made by Council Member Grengs, seconded by Council Member Coleman.

MOTION CARRIED.

Nicole Meyer, Finance Director, provided the City Council with a brief presentation regarding franchise fees and proposed ordinance amendments. Additional handouts and supporting information were provided. A final decision on the proposed franchise fee changes and ordinance amendments will be considered by the City Council at the regular Council meeting on Tuesday, January 20, 2026.

Many cities in Minnesota enter into franchise agreements with utility companies for the use of publicly owned rights-of-way. Rights-of-way are public property located adjacent to roadways and are used for utilities, construction access, and snow storage. Under Minnesota State Statute 216B.36, cities are authorized to charge utility companies a franchise fee to manage the use of these public rights-of-way for service delivery. Utility companies are required to collect the fee and remit it to the City on a quarterly basis, with the cost passed on to customers. Franchise fees are one method local governments may use to fund specific programs or projects. The City is proposing a franchise fee of \$5 per utility per month for residential properties, with

commercial and industrial properties charged at a different rate based on meter size. The Council reviewed the benefits of franchise fees compared to raising property taxes earlier in 2025. Based on the proposed funding needs, the average home in Waconia would see an estimated \$145 increase in property taxes. Under the proposed franchise fee structure, the average home would instead pay approximately \$120. In addition, franchise fees allow new construction to contribute immediately, eliminating the one- to two-year delay associated with property tax collection for properties already receiving municipal services. Franchise fees also provide a broader revenue base than property taxes, as renters, non-profit organizations, schools, and other tax-exempt entities that utilize public infrastructure would contribute through franchise fees. This approach ensures local control of a predictable revenue source and allows infrastructure repairs to remain on schedule in accordance with the City's Pavement Management Plan (PMP) and Playground Replacement Schedule.

If approved, franchise fee revenues would be dedicated to funding the Pavement Management Program and playground replacement projects.

The next step in the process is implementation. This meeting served as the public information meeting. On January 5, 2026, the Council will call for a public hearing on the proposed ordinance and franchise fee changes. On January 20, 2026, the City Council will consider approval of the ordinance and fee changes.

Council had no questions or comments at this time.

Bernie Benz, Ravencroft Drive, stated that he has attended many City Council meetings and has lived in Waconia for 11 years. He expressed opposition to the proposed franchise fees. Mr. Benz also noted concerns regarding commercial vehicle traffic causing damage to Sparrow Road. Additionally, he disagreed with the statement that the City must wait two years to receive property tax revenue. He stated that projects and programs should be addressed through the budget process, noting that franchise fees may gradually increase over time and are not contestable, whereas residents have the ability to contest property taxes.

Dave Swanson, 1312 Creekside Drive, stated that after speaking with a Council Member, he was told the proposed franchise fee is not a tax; however, he believes it functions as a tax. He noted that he has lived in Waconia since 1997 and that his street was previously scheduled for a mill and overlay project that was not completed due to the contractor reportedly running out of materials. Mr. Swanson expressed concern that this reflected poor planning in prior years, stating that sufficient funds were not set aside to complete needed infrastructure projects.

Steve Yetzer, 332 West Fourth Street, stated that he believes the proposed franchise fee is a tax rather than a fee. He expressed concern that the Council is not making difficult financial decisions and stated that the cumulative impact of City fees is taxing residents out of their homes. Mr. Yetzer asked how the franchise fee would apply to

multi-family buildings.

Shane Fineran, City Administrator, responded that residential, commercial, and industrial properties would be charged franchise fees based on meter size. Mr. Yetzer also stated that Waconia's fees, including SAC and WAC charges, are high and expressed concern that the overall cost structure is forcing people out of Waconia.

Mayor Litfin stated that to date the City has received three responses from residents regarding franchise fees. One for, one opposed, and one with questions.

Motion to close the public hearing on franchise fees was made by Council Member Gleason, seconded by Council Member Coleman.

MOTION CARRIED.

2) 2025 Fee Schedule Ordinance Amendment

Motion to open the public hearing amending Chapter 1100 of the Waconia City Code made by Council Member Coleman, seconded by Council Member Grengs.

MOTION CARRIED.

Nicole Meyer stated that under Minnesota law, the City must hold a public meeting before a zoning ordinance is amended. Chapter 1100 of the City's Code contains zoning and land use fees charged by the City. Changes to these types of fees require a public hearing. The City holds a public hearing for the entire fee schedule each year to avoid inadvertently violating this requirement for land use/zoning fee changes. The fee schedule changes include fee changes that are incorporated into the 2026 budget. Other corrections and updates have been added for items that have changed in cost or are added services provided by the City through 2025. A few of the changes are in membership fees, water/sewer utility rates, and equipment rates.

No public comments
No Council comments

Motion to close the public hearing amending Chapter 1100 of the Waconia City Code made by Council Member Coleman, seconded by Council Member Siddons.

MOTION CARRIED.

6. OPEN FORUM

Bernie Benz, Ravencroft Road, spoke regarding the proposed franchise fees. He stated that he believes the charge is not a fee but rather a tax. He questioned the amount of money spent on the Ehlers summary and asked how similar infrastructure projects were funded in the past. He expressed concern that the Council may use franchise fee revenues for other projects or additional street overlays.

Mr. Benz stated that after reviewing the Ehlers handout, he was concerned about a lack of

transparency, particularly regarding the projected 2% annual increase referenced in the summary. He noted that the handouts were unclear on the actual amount of the franchise fees and expressed concern about the accuracy of information being provided by the utility companies. He also questioned the definition of a franchise as a privilege or right granted by a government. Mr. Benz stated that he would like the issue placed on the ballot for voter consideration.

David Swanson, of 1312 Creekside Drive, asked whether funds are set aside annually in the City budget for parks and for mill and overlay projects and, if so, why an increase is needed. He noted that the Providence Creek neighborhood had been budgeted for mill and overlay; however, the work was not completed because the contractor ran out of materials. Mr. Swanson also identified 22 locations involving hydrants or watermains where the curb has significantly deteriorated, resulting in standing water.

Shane Fineran, City Administrator, responded that the City typically applies a chip seal every seven years to help extend the life of roadways. He explained that there are three primary methods of maintaining streets: sealcoating, mill and overlay, and reclamation. Reclamation is a new approach that grinds up the entire asphalt surface to improve the roadway base. Mr. Fineran noted that reclamation costs are not assessed to residents and are funded through the street budget.

Mr. Benze spoke again regarding the proposed franchise fees and questioned the Council's decision to charge all residents, businesses, churches, and schools. He stated that there are too many unresolved questions to proceed with this decision and expressed concern about the impact on taxpayers.

7. COMMUNITY INTEREST PRESENTATIONS

None

8. ADOPT CONSENT AGENDA

- 1) Approve the December 1, 2025, City Council Minutes**
- 2) Approve December 22, 2025 Expenditures**
- 3) Safari Island Community Center Expenditures from Sports Facilities Companies Incurred November 2025**
- 4) Ice Arena Expenditures from Sports Facilities Companies Incurred November 2025**
- 5) Water Treatment Plant 3 Change Order No 2 - Flow Control Piping**
- 6) Authorize Staff to Solicit Pricing for Street Lighting Equipment - 2026 Downtown Street Reconstruction Phase 4**
- 7) Authorize Staff to Solicit Pricing for 2026 Capital Projects and Equipment Acquisitions**
- 8) Ordinance Amending Chapter 320 - Streets, Sidewalks, and other Public Spaces;**

the "Right-of-Way Ordinance"

- 9) **Appointment of Utility Maintenance Worker**
- 10) **Donation and Approve Pass Thru Recommendation - Waconia Fire Relief Association**
- 11) **Sale or Disposal of Surplus Equipment**
- 12) **Approve Investment Portfolio Diversification Due to Unspent Bond Proceeds - Fiscal Year End 2025**
- 13) **Minnesota Department of Health Source Water Protection Plan Grant Application**
- 14) **2026 Law Enforcement Contract**
- 15) **2026 Joint Assessment Contract**
- 16) **Approve Retrofit Lighting Projects at Public Services & City Hall Facilities with Choice Electric**
- 17) **Approve Asset Management Expert Services Agreement - OpenGov Asset Management System**
- 18) **Electrical Room Mini-Split at Water Treatment Plant Replacement**
- 19) **Amendment to the City's Financial Policy and Guidelines**
- 20) **Purchase Agreement with 10401 BRE GROUP LLC for 401 13th Street East**
- 21) **Authorize Request For Proposals — Small Area Plan for 801 Highway 284**
- 22) **Steep Slope Permit - 25 Lake Street East**
- 23) **Park Board Appointments**
- 24) **Accept Community Growth Partnership Initiative Grant Proceeds - Carver County CDA**
- 25) **Accept Contamination Clean-up and Investigation Grant Proceeds from Minnesota Department of Employment and Economic Development**
- 26) **Tobacco License Application Renewals**
- 27) **Liquor License Application Renewals**
- 28) **Waste Hauler and Recycle Hauler Application Renewals**

Mayor Litfin requested the removal of
Consent Agenda #8 *Ordinance Amending Chapter 320 — Streets, Sidewalks, and other Public Spaces; the "Right-of-Way Ordinance"*
Consent Agenda #19 *Amendment to the City's Financial Policy and Guidelines*

Motion to accept the consent agenda made by Council Member Siddons, seconded by Council Member Gleason with removing Consent Agenda Items 8.8 and 8.19
MOTION CARRIED.

9. COUNCIL BUSINESS

1) Amend City Code Section 200.09 Changing Mayor and City Council Salaries

Jackie Schulze, Assistant City Administrator, stated that pursuant to State Statute, the City Council cannot approve a Mayor or Council pay increase. If approved, any adjustment would become effective January 1, 2027, following the next municipal election. The City Council has not updated elected official salaries since 2018, when the ordinance was amended to set the Mayor's compensation at \$7,200 annually and the City Council Members' compensation at \$6,000 annually. The Personnel Committee reviews this information annually and evaluates compensation levels in comparison to peer cities. The disparity between Waconia and comparable cities has continued to increase. Based on this information, the Personnel Committee determined that a compensation adjustment is warranted to remain competitive with peer cities. The committee recommends increasing the Mayor's salary to \$10,000 annually and City Council members' salaries to \$8,000 annually, effective January 1, 2027.

Motion to approve Ordinance No. 787, Amendment Chapter 200.09 of the City Code pertaining to City Council and Mayoral Salaries was made by Council Member Grengs, seconded by Mayor Litfin.

MOTION DENIED.

Aye: Mayor Litfin

Aye: Council Member Grengs

Nay: Council Member Siddons

Nay: Council Member Gleason

Nay: Council Member Coleman

2) Approve Final Tax Levy Collectable in 2026

Nicole Meyer provided the Council with a short introduction to the 2026 budget and levy approval update.

February-June: Staff and CIP Committee work to build a capital budget.

September-November: Set preliminary levy by resolution. Staff works to finalize the numbers and tax statements to homeowners based on the preliminary levy.

July-August: Staff generates preliminary operating budgets and Council reviews budgets and builds preliminary levy.

December: Final levy and budget approval.

In Waconia, the overall taxable market value increased 6.82% from 2025 and the average valued home increased in value by approximately 4.6% with the current average home valued at \$450,300. The focus for 2026 will be employee wages/benefits, strategic plan initiatives, economic development, and capital projects including equipment replacement. The Council has conducted numerous budget work sessions and held a public information meeting on December 1, 2025, to address the proposed 2026 levy as part of the budgeting process. A financial model identified the estimated impact on the 2026 City tax rate and estimates the final impact on an average valued home. With the final proposed levy, the City's tax rate will decrease

slightly from 48.173% to approximately 47.97%. The total final tax levy collectible in 2026 is \$13,914,617. The focus for 2026 will be employee wages/benefits, strategic plan initiatives, economic development, and capital projects including equipment replacement. Some of the larger 2026 infrastructure and utility projects include:

- Infrastructure Improvement Project — Portion of First/Second/Spruce/Elm/Pine/2nd Street.
- Annual Pavement Management — Mill & Overlay in the Landing Neighborhood.
- Trail Connection — County Road 10 north of Crosswinds Development.
- Highway 10 and Sparrow Road Intersection Improvements
- Trail Connection at Steerling Hills to Waconia Parkway North; Hilks Lake.
- Construction of Well #10 and #11.
- Construction of Water Treatment Plant.

The average utility rate proposed for 2026 is \$104.57 per month, which is an average increase of \$4.32 per month.

Council thanked staff for the continued hard work to keep taxes down.

Motion to adopt Resolution No. 2025-307 approving the final tax levy collectible for 2026 made by Council Member Coleman, seconded by Council Member Gleason.
MOTION CARRIED.

3) Adopt 2026 Final Budget

Motion to adopt Resolution No. 2025-308 adopting the 2026 budget for all general, enterprise, special revenue, capital project and debt service funds made by Council Member Grengs, seconded by Council Member Siddons.
MOTION CARRIED.

10. ITEMS REMOVED FROM CONSENT AGENDA

Mayor Litfin requested Consent Agenda Item 8.8 *Ordinance amending Chapter 320 — Streets, Sidewalks, and other Public Spaces; the Right-of-Way Ordinance*, for resident awareness.

Shane Finerance stated that Chapter 320 of the City Code regulates the parameters of the use of streets, sidewalks, and other public places. The Right-of-way Ordinance establishes the legal authority for the City to manage the public right-of-way, establishes policies and procedures for those wishing to locate facilities such as private utilities within the public right of way and services to protect the health, safety and welfare of the public and ensure the integrity of the City streets and right-of-way.

Motion to adopt Ordinance No. 786 amending Section 320 of the City Code regarding city streets, sidewalks, and other public spaces made by Council Member Gleason, seconded by

Council Member Siddons.
MOTION CARRIED.

Motion to adopt Resolution No. 2025-287 Summary publication or Ordinance No. 786 made by Council Member Gleason seconded by Council Member Siddons.
MOTION CARRIED.

Mayor Litfin requested Consent Agenda Item 8.19 *Amendment to the City's Financial Policy and Guidelines* for resident awareness.

Ms. Meyer stated that the main update is with the approval of the City's Strategic Plan. The City plans to budget for a general fund unassigned balance for 2026 at 41%. Not the 40% that was previously stated in the policy. The Strategic Plan outlines that the City wants to enhance the financial strength in the general fund and that was listed as a priority. The Council made a budget for 2026 to end at about 41% which was approximately what the Council requested. Over the course of the next two years, staff would like the budget to be about 43% by December 2028. The largest source of City revenue remains property taxes.

Motion to amend the City's Financial Policy and Guidelines was made by Council Member Grengs, seconded by Council Member Gleason.
MOTION CARRIED.

11. STAFF REPORTS

None.

12. BOARD REPORTS

1) Staff Reports

a. Law Enforcement Update, Sgt. Jon Howard

Sgt Jon Howard provided the Council with an update on his department. Sgt. Howard has spent 11 weeks training at the Northwest Police Staff and Command School. The Carver County Sheriff's Office had a wonderful year working with the City of Waconia and added a new traffic safety officer position.

The County developed a drone program which is for utilizing drones for certain calls such as missing children or fleeing individuals. The drones will not be used for surveillance. The Department now has two new boats and a jet skiff for use on Lake Waconia and the snowmobiles are out and patrolling.

In 2024, the total calls for service were 6,584 and from January 1st through December 17th of 2025, there were 6,547 total calls for service. The City accounts for approximately 20% of all calls in Carver County. Then provided a day-of-week analysis as well as an hour-of-day analysis of calls for service.

Council thanked the Department for great work and great information.

2) Councilmember Siddons

Nothing to report.

3) Councilmember Coleman

Nothing to report.

4) Councilmember Gleason

Nothing to report.

5) Councilmember Grengs

Nothing to report.

6) Mayor Litfin

Mayor Litfin reported the following activities:

1. Wednesday, December 3rd, four residents came to share and ask questions at the December "Mayor is In' Session. The next *Mayor Is In* session will be Wednesday, January 7th. Please join the Mayor at City Hall.
2. Wednesday, December 3rd, a new local group met for the second time to plan a series of spring events. Spring into Health. The theme is "do something for 30 minutes more." Or, "spring into health in 2026!" Watch for more marketing from the City, the Chamber of Commerce, Safari Island, Community Education, the food shelf, or local fitness centers. Should be a lot of fun.
3. Thursday December 4th and December 18th, the Mayors Youth Advisory Council met. This group is planning a component of the Spring into Health event. These awesome Waconia high school students are an impressive group.
4. Friday, December 5th, the Carver County Mayors met in Carver. A solid group of community leaders from across the County. The group meets every other month to share.
5. Tuesday, December 9th, Mr. Fineran and the Mayor met with MnDOT and Carver County transportation officials. This meeting was called by MnDOT, regarding the dangerous intersection of CSAH 5 and CSAH 92 just east of Waconia. I have received a handful of safety complaints about that intersection since becoming mayor. I think we can all agree that this is a dangerous intersection. I sent those complaints to a contact I have at MnDOT. The last complaint I received, I also sent to Carver County transportation officials and copied City Council members. At our meeting, Carver County stated they do not see a change coming to that intersection in the next 5 and 10 years. According to MnDOT, the intersection does not meet the crash warrants necessary for a safety improvement. However, I did receive some very good news from MnDOT that day: MnDOT will put this intersection in for a

Regional HSIP grant for construction in 2030-2031 as they have received several complaints about this intersection as well. They also see this area continuing to grow, and they believe safety improvements are necessary. Awesome news! Diane Langerbeck, the south area engineer for MnDOT reported this great news. In summary, citizens and community members. It is really worth your time to speak up, send an email and get involved. This good news proves that theory

6. This past month, Jen, Jackie and I worked on five Mayors' Minute videos. A big thanks to those two all-stars from our City of Waconia staff. Thanks also to guests Dan Steinhagen, Turner, Kim Machenthun, Lisa Aamot, Herb Van Eyll (Santa), and the entire City Council.
7. Tuesday, December 9th, I met with Superintendent, Brian Gersich. I wanted to bring him up to speed on the new "Spring into Health" initiative that the city, community, and school partners are working on.
8. Wednesday, December 10th, I was the holiday host for Game Day at the Waconia Senior Center for their annual Christmas event.
9. Twice in the past two weeks, Mr Fineran and I met to sign official purchase and sale documents at Melchert's Law Office.
10. Wednesday, December 17th, the Southwest Transportation Coalition met here in Waconia. This group is preparing for their annual lobby efforts at the Capital in St. Paul in February.

a. Summary of December 8th, 2025 Closed Session to Evaluate the Performance of Shane Fineran, City Administrator

12-08-25 the Council met in closed session to review the performance evaluation of City Administrator Shane Fineran. The last review was completed in 2022. The evaluation scores were as follows:

- 1 - immediate attention
- 2 - needs attention
- 3 - meets standards
- 4 - element of strength
- 5 - distinct strength

The Council scored Mr. Fineran at 4.4 in each category, with the Management Team scoring Mr. Fineran at 4.6 in each category.

13. ANNOUNCEMENTS

None.

14. ADJOURN REGULAR MEETING

Motion to adjourn the December 22, 2025, Waconia City Council meeting at 7:45 p.m. was made by Council Member Coleman, seconded by Council Member Grengs.

MOTION CARRIED.

WORK SESSION: ON STREET PARKING REGULATIONS, COUNCIL TRAVEL STIPEND, CITY ADMINISTRATOR 2026 GOALS

UPCOMING CALENDAR OF EVENTS/MEETINGS:

Tim Litfin, Mayor

ATTEST: _____
Sue Schwalbe, Administrative Specialist