

1. Agenda

Documents:

[08-25-25 CC WS AGENDA.PDF](#)

2. Agenda Packet

Documents:

[08-25-25 CC WS AGENDA PACKET.PDF](#)

3. Powerpoint Presentation Slides

Documents:

[08-25-25 CC WS - PRESENTATION 2026 BUDGET WORK SESSION 5-SCEC AND ENTERPRISE FUNDS.PDF](#)

**CITY OF SHOREWOOD
CITY COUNCIL WORK SESSION
MONDAY, AUGUST 25, 2025**

**5755 COUNTRY CLUB ROAD
COUNCIL CHAMBERS
5:30 P.M.**

AGENDA

1. CONVENE CITY COUNCIL WORK SESSION

A. Roll Call

Mayor Labadie _____
Maddy _____
Sanschagrín _____
Gorham _____
DiGruttolo _____

B. Review Agenda

**2. BUDGET WORK SESSION #5 – SPECIAL REVENUE AND
ENTERPRISE FUNDS**

3. ENGINEERING SERVICES FOLLOW UP

4. ADJOURN

ATTACHMENTS

Finance Director Memo

City Administrator Memo

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City Council Work Session Item

Title/Subject: Budget Work Session #5-SCEC & Enterprise Funds
Meeting Date: August 25, 2025
Prepared by: Jeanne Schmuck, Finance Director
Reviewed by: Marc Nevinski, City Administrator
Attachments: [Proposed 2026 SCEC Budget](#)
[Proposed 2026 Enterprise Budgets](#)
[Long-Term Financial Management Plan](#)
[2026 City Budget – Communications Report](#)

Item 2

Background

As in years past, there will be a number of budget work sessions over the next several months, during which we will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), and update the Fee Schedule, etc.

The first four work sessions consisted of goal setting, discussing the schedule and process, and seeking direction from the Council on initiatives and expectations for the 2026 budget, then reviewing the long-term financial management plan, personnel, fee schedules, franchise fees, and the General Fund. Along with estimates of the proposed levy and tax impacts.

Shorewood Community and Event Center Fund (SCEC)

When reviewing personnel in budget work session #3, it was discussed that all departments were asked to review indirect allocations of services provided to various functions throughout the City. Several adjustments were made within the General Fund. There was also a shift in allocations between the General Fund Parks & Recreation and the SCEC to better reflect the staff support for the two activities. Therefore, this budget has been revised with a decrease of \$29,620.

Staff have been working with the direction from Council to establish a vision for the SCEC, building and property with the desire to achieve seventy percent revenue recovery. A Request for Proposal for SCEC facility planning and assessment which included task force guidance has been issued. This budget currently reflects the \$145,000 levy support as reflected in the long-term financial management plan, and it currently stands at 41% revenue recovery. Adjustments may be made at a later date based on the results of the facility planning and assessment.

**Shorewood Community and Event Center Fund
2026 Budget
Summary**

Description	Actual 2023	Actual 2024	Budget 2025	July 31 YTD 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES							
Taxes	\$ 102,300	\$ 105,000	\$ 122,000	\$ 61,000	\$ 145,000	\$ 23,000	100.00%
Charges for Services	69,405	66,286	78,000	51,212	68,000	(10,000)	-12.82%
Miscellaneous	4,451	3,040	3,150	-	3,150	-	0.00%
TOTAL REVENUES	\$ 176,157	\$ 174,326	\$ 203,150	\$ 112,212	\$ 216,150	\$ 13,000	6.40%
EXPENDITURES							
Personnel Services	\$ 88,246	\$ 88,701	\$ 97,750	\$ 63,864	\$ 68,480	\$ (29,270)	-29.94%
Supplies	25,888	33,093	25,500	15,945	29,340	3,840	15.06%
Other Services and Charges	43,058	35,145	58,900	19,275	54,210	(4,690)	-7.96%
Capital Outlay	15,074	21,280	21,000	-	21,500	500	2.38%
TOTAL EXPENDITURES	\$ 172,267	\$ 178,220	\$ 203,150	\$ 99,084	\$ 173,530	\$ (29,620)	-14.58%
BEGINNING FUND BALANCE	\$ 74,514	\$ 78,404	\$ 74,510	\$ 74,510	\$ 74,510		
Net Change in Fund Balance	3,890	(3,894)	-	13,128	42,620		
ENDING FUND BALANCE	\$ 78,404	\$ 74,510	\$ 74,510	\$ 87,638	\$ 117,130		

Enterprise Funds

The four Enterprise Funds of the City consist of the Water Fund, Sanitary Sewer Fund, Stormwater Management Fund, and the Recycling Fund. These funds are classified as enterprise, or proprietary funds, relying on user fees to support the operations, infrastructure, and capital improvements, as well as any debt service of the funds.

The 2026-2035 the ten-year capital improvement plan (CIP) and a five-year street reconstruction plan provide for the implementation of infrastructure projects and will be further reviewed at Budget Work Session #6 on September 22nd.

The CIP, including the street reconstruction plan, will require the City to increase utility rates to cover utility fund expenses, including increasing operating costs, capital outlay, and debt service payments on bonds. Without rate increases, the utility fund balances will be insufficient to cover utility fund costs. The 2025 rate analysis conducted as part of the long-term financial management plan, presented at the June 23rd Council budget work session #2 and regular Council meeting following that evening, was the basis for the changes within the fee schedule presented to Council at the July 28th budget work session #3. A link to the plan is provided in the memo heading. Schedules of historical and proposed fees and charges for water services are included in the appendices of the plan. The Planning Commission held a public hearing for the changes to the planning and zoning related fees within the 2026 fee schedule on August 19th, as required by State Statute and which requires changes to land use fees to be adopted via an ordinance

amendment. Historically, the City has processed updates to its fee schedule closer to the end of the year, however, as part of the City's updated budget process, fee changes are being reviewed earlier in the year to allow for additional notice to residents, builders, and developer before the fees go into effect. The Planning Commission unanimously recommended approval of the changes to planning and zoning related fees for 2026, and they will be brought to Council at the September 8th meeting for approval along with the Master Fee Schedule.

Water Fund

The City has a total of approximately 3,070-utility customers; the Water Fund operates with a customer base of 1,608 connections and 435 hydrants. The Water Fund finances the infrastructure which is supplied with ground water from six active wells, and 36 miles of infrastructure throughout the City managed through two major storage reservoirs and a water distribution system.

Various factors have caused the Water Fund cash to decrease to a deficit position. In order to fund current and future Water Fund infrastructure improvements, the City sometimes uses financing through the issuance of bonded indebtedness. In 2020 through 2023, the City issued G.O. bonds for projects including water capital improvements. Water utility rates are projected to increase to provide for infrastructure maintenance, and a repayment mechanism for the debt service on the bonds.

As part of the 2025 rate analysis, a two-part rate structure (base and variable charges) is recommended. This is a generally accepted practice and is a structure followed by most cities within Minnesota. The structure was accepted by Council previously and the 2026 budget reflects this new tiered rate structure. No changes to the base rate for water services are proposed for 2026. After 2026 tier structure changes are implemented, beginning in 2027 annual increases to the new tier rates are proposed for future years, ranging from approximately 8-10% between 2027-2032, and then 3.0% annually after 2032. This is shown in the long-term financial management plan on page 56.

The Water Availability Charge (WAC) is to remain flat at \$10,000. The WAC fees are budgeted at \$90,618 in revenue for 2026 based on growth projections provided in the long-term financial management plan. The WAC fees may be paid up front or by special assessment. The Water Fund has incurred infrastructure costs, financed by the issuance of revenue bonded debt, over the past several years. The repayment of this debt expected a greater amount of WAC fee revenues, which has contributed to the Water Fund's declining cash balance. New connections have decreased from highs of 40 per year from 2018-2022. This rate of \$10,000 has been in place for over 25 years but Council has expressed the desire to not make any changes at this time.

Staff have established the following budget which includes the proposed rate increases. This budget also reflects the proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

The City financed substantial water improvements with the issuance of bonded debt in 2020 through 2023 and may plan for additional G.O. bonds in the future.

**Water Fund
2026 Budget
Summary**

Description	Actual 2023	Actual 2024	Budget 2025	July 31 YTD 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES							
Utility Revenue	\$ 945,122	\$ 763,277	\$ 796,500	\$ 407,433	\$ 1,160,502	\$ 364,002	45.70%
Water Connection Fees	126,477	85,300	25,000	61,950	90,618	65,618	262.47%
Utility Permit Fees	1,680	2,760	-	1,140	-	-	0.00%
Water Meter Sales	9,457	16,438	10,000	5,824	10,000	-	0.00%
Miscellaneous Revenue	129,986	105,105	37,180	2,606	10,200	(26,980)	-72.57%
TOTAL REVENUES & OTHER							
FINANCING SOURCES	\$ 1,212,722	\$ 972,880	\$ 868,680	\$ 478,953	\$ 1,271,320	\$ 402,640	46.35%
EXPENSES							
Personnel Services	\$ 266,278	\$ 361,313	\$ 342,720	\$ 232,996	\$ 357,130	\$ 14,410	4.20%
Supplies	129,950	114,692	147,200	49,862	142,900	(4,300)	-2.92%
Other Services and Charges	607,348	621,275	685,308	156,616	680,000	(5,308)	-0.77%
Non-Operating	109,249	108,699	105,173	91,171	101,290	(3,883)	-3.69%
TOTAL EXPENSES	\$ 1,112,825	\$ 1,205,979	\$ 1,280,401	\$ 530,645	\$ 1,281,320	\$ 919	0.07%
BEGINNING NET POSITION	\$ 7,578,047	\$ 7,677,945	\$ 7,444,845	\$ 7,033,124	\$ 7,033,124		
Change in Net Position	99,898	(233,100)	(411,721)	(51,692)	(10,000)		
ENDING NET POSITION	\$ 7,677,945	\$ 7,444,845	\$ 7,033,124	\$ 6,981,432	\$ 7,023,124		

*Net Position includes Net Investment in Capital Assets

Sanitary Sewer Fund

The Sanitary Sewer Fund operates with a 3,070-customer base throughout the City. The Sanitary Sewer Fund finances the operation and maintenance of the City’s wastewater collection, including fourteen sanitary sewer lift stations throughout the system. As well as cleaning, televising and repairing sewer mains to control inflow and infiltration. Sewage treatment is performed by Metropolitan Council Environmental Services (MCES) and is provided for in this area.

Quarterly sanitary sewer residential rates for the City are based on a flat rate. The Sanitary Sewer Fund has been operating at a loss since 2017 mainly due to MCES costs increasing at a faster rate than the City’s sanitary sewer utility charge revenues. MCES fee is increasing \$125,797, or 11.71% for 2026, which is 77% of the budget increase.

As part of the 2025 rate analysis, an annual fee increase of 30% is proposed for 2026, 6% for 2027, then approximately 3-4% annually as defined in the long-term financial management plan. Staff have established the following budget which includes the proposed rate increase. This budget also reflects the proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

Councilmember Sanschagrín inquired about the sewer access charge when reviewing the proposed fee schedule at the last work session. Over the next 6-9 months, it is the intent of the Planning department to have a consultant evaluate all the City’s development fees. It would be appropriate to have this reviewed in conjunction with that evaluation. Staff are recommending keeping this development fee at \$1,200, which it has been since 1983.

The City financed substantial sanitary sewer improvements with the issuance of bonded debt in 2020 through 2023 and may plan for additional G.O. bonds in the future.

**Sanitary Sewer Fund
2026 Budget
Summary**

Description	Actual 2023	Actual 2024	Budget 2025	July 31 YTD 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES							
Utility Revenue	\$ 1,388,300	\$ 1,481,058	\$ 1,735,410	\$ 882,471	\$ 2,276,649	\$ 541,239	31.19%
Sewer Connection Fees	21,760	1,200	5,000	13,370	5,000	-	0.00%
Utility Permit Fees	450	120	1,000	-	1,000	-	0.00%
Miscellaneous Revenue	114,155	67,185	9,000	3,823	24,000	15,000	166.67%
TOTAL REVENUES & OTHER							
FINANCING SOURCES	\$ 1,524,665	\$ 1,549,563	\$ 1,750,410	\$ 899,664	\$ 2,306,649	\$ 556,239	31.78%
EXPENSES							
Personnel Services	\$ 199,682	\$ 309,284	\$ 289,150	\$ 177,204	\$ 301,035	\$ 11,885	4.11%
Supplies	14,176	18,424	15,450	3,014	17,200	1,750	11.33%
MCES SAC Payables Charges	1,162,113	1,076,772	1,074,420	716,283	1,200,217	125,797	11.71%
Other Services and Charges	232,546	253,504	255,270	79,627	280,300	25,030	9.81%
Non-Operating	96,130	95,073	116,120	108,811	114,990	(1,130)	-0.97%
TOTAL EXPENSES	\$ 1,704,648	\$ 1,753,056	\$ 1,750,410	\$ 1,084,938	\$ 1,913,742	\$ 163,332	9.33%
BEGINNING NET POSITION	\$ 3,635,589	\$ 3,455,606	\$ 3,252,113	\$ 3,252,113	\$ 3,252,113		
Change in Net Position	(179,983)	(203,493)	-	(185,275)	392,907		
ENDING NET POSITION	\$ 3,455,606	\$ 3,252,113	\$ 3,252,113	\$ 3,066,838	\$ 3,645,020		

*Net Position includes Net Investment in Capital Assets

Stormwater Management Fund

The Stormwater Management Fund is utilized to provide the operation, maintenance and repair of the stormwater conveyance system, including 14 miles of infrastructure, including catch basins, drainage ditches, and retention posts. As well as implementation of the city-wide

Stormwater Pollution Prevention Program (SWPPP) for compliance with the NPDES Municipal Separate Storm Sewer System (MS4) permit program, which authorized the City to discharge stormwater runoff. Infrastructure and stormwater facilities are properly maintained to manage, convey, and treat stormwater runoff. In addition, infrastructure improvements are constructed and repaired as deemed necessary.

There are 3,108 REFs and 76 explicit calculations within the City. A REF is a Residential Equivalent Factor, which equals the average volume of surface water runoff coming from one acre of land. Each single-family residential property is considered to be one REF based on lot square footage less than 50,000 square feet and 1.3 REF for single-family residential greater than 50,000 square feet. The other developed property is individually assigned a certain number of REFs based on property size, and land use as defined in City Code.

As part of the 2025 rate analysis, an annual fee increase of 60% is proposed for 2026, 35% for 2027, then dropping to 2% annually as defined in the long-term financial management plan. The average dollar increase for the system rate is \$4.50 between 2026-2035. Fee increases are needed to offset the transition of franchise fee revenues from a revenue source back to the street improvement fund. Staff have established the following budget which includes the proposed rate increase. This budget also reflects the proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases. The proposed budget will tap into those reserves for that very purpose.

Staff have established the following budget which includes the proposed rate increase. This budget does reflect the proposed capital improvements. Depreciation and excess revenues have been utilized to build a reserve and are available to fund depreciation and future capital projects or purchases.

**Stormwater Fund
2026 Budget
Summary**

Description	Actual 2023	Actual 2024	Budget 2025	July 31 YTD 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES							
Utility Revenue	\$ 515,978	\$ 544,516	\$ 556,800	\$ 299,982	\$ 890,000	\$ 333,200	59.84%
Franchise Fees	322,864	324,387	321,200	119,000	-	(321,200)	-100.00%
Miscellaneous Revenue	127,829	39,127	5,000	1,201	10,500	5,500	110.00%
TOTAL REVENUES & OTHER							
FINANCING SOURCES	\$ 966,671	\$ 908,030	\$ 883,000	\$ 420,183	\$ 900,500	\$ 17,500	1.98%
EXPENSES							
Personnel Services	\$ 67,327	\$ 85,757	\$ 87,160	\$ 60,087	\$ 96,580	\$ 9,420	10.81%
Supplies	11,283	7,776	9,750	1,547	9,800	50	0.51%
Other Services and Charges	376,208	535,745	391,850	270,181	401,715	9,865	2.52%
TOTAL EXPENSES	\$ 454,817	\$ 629,279	\$ 488,760	\$ 331,815	\$ 508,095	\$ 19,335	3.96%
BEGINNING NET POSITION	\$ 5,360,239	\$ 5,872,093	\$ 6,150,845	\$ 6,545,085	\$ 6,545,085		
Change in Net Position	511,854	278,752	394,240	88,368	392,405		
ENDING NET POSITION	\$ 5,872,093	\$ 6,150,845	\$ 6,545,085	\$ 6,633,453	\$ 6,937,490		

*Net Position includes Net Investment in Capital Assets

The large street and infrastructure improvement projects place a burden on the fund to pay for the portions of the projects related directly to the stormwater system. With the proposed rate increases, the fund will continue to generate sufficient revenues.

Recycling Fund

The Recycling Fund operates with a 2,981-customer base throughout the City. The City contracts with Republic Services for residential recycling. Each single-family home up to four-plex is covered under the service contract. The majority of the source of funds is from charges for services and intergovernmental revenue from a SCORE grant.

As part of the 2025 rate analysis, an annual fee increase of \$1 is proposed for 2026, then by \$0.50 to \$1.00 annually between 2026-2035 as defined in the long-term financial management plan.

Staff have established the following budget which includes the proposed rate increase. This budget is subject to change based on the results of contract negotiations underway.

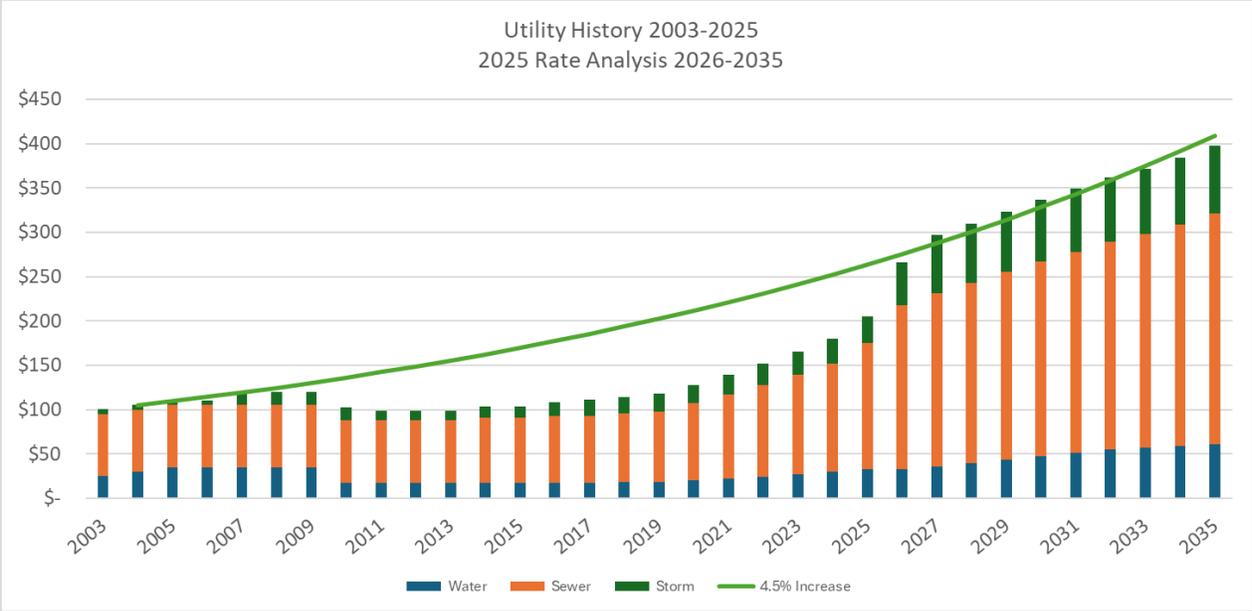
**Recycling Fund
2026 Budget
Summary**

Description	Actual 2023	Actual 2024	Budget 2025	July 31 YTD 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES							
Utility Revenue	\$ 169,684	\$ 189,187	\$ 218,200	\$ 108,368	\$ 216,000	\$ (2,200)	-1.01%
Intergovernmental Grant	15,783	18,479	15,000	9,207	18,000	3,000	20.00%
Miscellaneous Revenue	32,630	16,277	3,300	-	300	(3,000)	-90.91%
City Cleanup Charges	6,344	6,904	6,000	4,816	4,500	(1,500)	-25.00%
TOTAL REVENUES & OTHER							
FINANCING SOURCES	\$ 224,441	\$ 230,847	\$ 242,500	\$ 122,391	\$ 238,800	\$ (3,700)	-1.53%
EXPENSES							
Personnel Services	\$ 5,456	\$ 24,459	\$ 14,230	\$ 8,297	\$ 32,360	\$ 18,130	127.41%
Supplies	2,574	1,580	7,500	906	7,500	-	0.00%
Other Services and Charges	155,048	185,148	207,000	112,341	211,200	4,200	2.03%
TOTAL EXPENSES	\$ 163,078	\$ 211,187	\$ 228,730	\$ 121,544	\$ 251,060	\$ 22,330	9.76%
BEGINNING NET POSITION	\$ 367,704	\$ 429,067	\$ 448,727	\$ 462,497	\$ 462,497		
Change in Net Position	61,363	19,660	13,770	847	(12,260)		
ENDING NET POSITION	\$ 429,067	\$ 448,727	\$ 462,497	\$ 463,344	\$ 450,237		

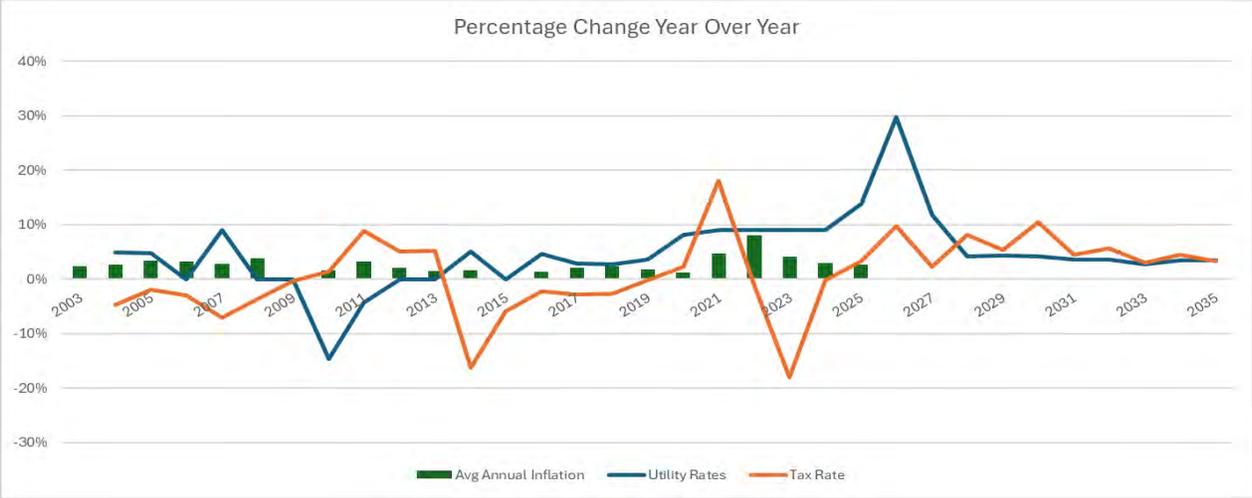
Master Fee Schedule

The master fee schedule was presented at the last budget work session. Councilmember DiGruttolo requested a matrix of fees year-over-year. The standard fees are utilities and tax capacity rates. The sewer fees realize the largest increase for 2026. Again, the Metropolitan Council Environmental Services is the largest expense for the Sewer Fund as discussed above. It is projected in the long-term financial management plan, that these fees will increase 8% annually between 2026-2028, then 5% thereafter, or approximately \$769,629. Also, stormwater management fees are projected to have a significant increase in the next two years to regain revenue lost with the franchise fee shifts discussed at the last budget work session.

Shorewood's historical utility rates from 2003-2025 are shown below, as well as the projected 2026-2035 rates from the 2025 rate analysis, conducted with the long-term financial management plan. Over the years, utility rates were inconsistently adjusted. The green line represents where the utility rates would have been if an annual increase of 4.5% was applied. This would be projected at a similar rate that the rate analysis is reflecting.



Annual inflation over the same period is reflected below with the green bars. The City’s utility and tax capacity rates have not aligned and varied greatly over the years. The projections for future years are striving to level the swing in rates with a few years of correction and then a more constant change.



Financial or Budget Considerations:

The four enterprise funds are projected to maintain affordable rates. The overall impact on an average residential utility bill would be an increase of \$61.93 per quarter (\$42.68 Sanitary Sewer, \$18.25 Stormwater Management, \$1.00 Recycling). An additional \$11.35 increase for an average water customer, or \$32.51 where water is available.

The impact of the budget discussions to date is a 9.72% overall levy increase over the 2025 levy. This is a reduction from the overall property tax levy in the original requests from department directors, which totaled a 12.54% levy increase.

Excelsior Fire District board has proposed changes to their budget version submitted to reflect Shorewood's share to be \$982,406. This is a reduction of \$85,415 and brings their proposed increase to be \$138,828 or 16.46%. This adjustment brings the proposed levy increase to \$651,263, or 8.58%

City of Shorewood 2026 Property Tax Levy Information				
	2025	2026	Change in \$	Change in %
General Fund Levy:				
Operating Levy	\$ 3,330,359	\$ 3,574,314	\$ 243,955	7.33%
Public Safety Fire JPA Levy	843,578	982,406	138,828	16.46%
Public Safety Police JPA Levy	1,731,176	1,877,027	145,851	8.42%
Total General Fund Levies	\$ 5,905,113	\$ 6,433,747	\$ 528,634	8.95%
Shorewood Community & Event Center Fund Levy:				
Regular Levy	122,000	145,000	23,000	18.85%
Capital Fund Levies:				
Park Improvement Capital Fund	135,000	305,500	170,500	
Equipment Replacement Capital Fund	165,000	215,000	50,000	
Street Improvement Fund	170,500	-	(170,500)	
Community Infrastructure	-	50,000	50,000	
Total Capital Levies	\$ 470,500	\$ 570,500	\$ 100,000	21.25%
Debt Service Fund Levies:				
2020A G.O. Street Reconstruction Bonds	226,497	229,752	3,255	
2021A G.O. Street Reconstruction Bonds	307,241	309,708	2,467	
2022A G.O. Street Reconstruction Bonds	289,009	288,376	(633)	
2023A G.O. Street Reconstruction Bonds	273,210	267,750	(5,460)	
Total Debt Service Levies	\$ 1,095,957	\$ 1,095,586	\$ (371)	-0.03%
Actual Net Levy (Including Fiscal Disparities)	\$ 7,593,570	\$ 8,244,833	\$ 651,263	8.58%

This proposed levy of \$8,244,833 is a decrease of \$84,750 from the long-term financial management plan accepted by City Council at the June 23rd budget work session #2. The levy will be presented at the City Council meeting on September 8th as the Preliminary Levy, which needs to be certified to Hennepin County by September 30th. From that point forward, the levy can only be decreased and not increased. Hennepin County will use that amount to calculate the

preliminary property tax estimates to be utilized in the November Truth-in-Taxation notices they distribute.

Property values are estimated to increase by 4.99% and the median value home in Shorewood is \$740,650. This average increase in value would increase property tax by \$102 alone. Based on the proposed budget and estimated tax rate, property owners with no change in market values from payable 2025 to payable 2026 would experience an approximate 8.58% increase in the City portion of their overall property tax bill. In the event of a market value decrease or increase from payable 2025 to payable 2026, City property taxes would change proportionately.

The following table calculates the property tax impact on residential homesteads that had no market value change from 2025 to 2026:

2026 CITY PROPERTY TAXES (WITH NO MARKET VALUE CHANGE)						
Market Value 2026	Homestead Market Value Exclusion 2026	Tax Capacity 2026	City Local Tax Capacity Rate Pay 2026	City Property Taxes 2026	Property Taxes Increase (Decrease)	Percentage Tax Increase (Decrease)
\$ 400,000	\$ (10,600)	\$ 3,894	25.075%	\$ 976	\$ 55	5.9%
\$ 705,448	\$ -	\$ 7,568	25.075%	\$ 1,898	\$ 149	8.5%
\$ 800,000	\$ -	\$ 8,750	25.075%	\$ 2,194	\$ 173	8.5%
\$ 1,000,000	\$ -	\$ 11,250	25.075%	\$ 2,821	\$ 223	8.6%
\$ 1,200,000	\$ -	\$ 13,750	25.075%	\$ 3,448	\$ 272	8.6%

The following tables calculate the property tax impact on residential homesteads that had an average market value growth increase of 4.99%, and 10.0% for 2026.

2026 CITY PROPERTY TAXES (WITH MARKET VALUE INCREASE)						
Market Value 2026	Homestead Market Value	Tax Capacity	City Local Tax Capacity	City Property Taxes	Property Taxes Increase (Decrease)	Percentage Tax Increase (Decrease)
INCREASE OF 4.99%	Exclusion 2026	2026	Rate Pay 2026	2026		
\$ 419,960	\$ (8,800)	\$ 4,112	25.075%	\$ 1,031	\$ 109	11.8%
\$ 740,650	\$ -	\$ 8,008	25.075%	\$ 2,008	\$ 260	14.9%
\$ 839,920	\$ -	\$ 9,249	25.075%	\$ 2,319	\$ 298	14.7%
\$ 1,049,900	\$ -	\$ 11,874	25.075%	\$ 2,977	\$ 379	14.6%
\$ 1,259,880	\$ -	\$ 14,499	25.075%	\$ 3,636	\$ 460	14.5%

2026 CITY PROPERTY TAXES (WITH MARKET VALUE INCREASE)						
Market Value 2026	Homestead Market Value	Tax Capacity	City Local Tax Capacity	City Property Taxes	Property Taxes Increase (Decrease)	Percentage Tax Increase (Decrease)
INCREASE OF 10.0%	Exclusion 2026	2026	Rate Pay 2026	2026		
\$ 440,000	\$ (7,000)	\$ 4,330	25.075%	\$ 1,086	\$ 164	17.8%
\$ 775,993	\$ -	\$ 8,450	25.075%	\$ 2,119	\$ 370	21.2%
\$ 880,000	\$ -	\$ 9,750	25.075%	\$ 2,445	\$ 424	21.0%
\$ 1,100,000	\$ -	\$ 12,500	25.075%	\$ 3,134	\$ 536	20.6%
\$ 1,320,000	\$ -	\$ 15,250	25.075%	\$ 3,824	\$ 648	20.4%

Discussion Requested:

Feedback and direction regarding the SCEC and enterprise budgets & related fees, levy, and tax impacts is requested. Councilmember Sanschagrín inquired about the overall levy increase of 9.72%, to see if there were items to discuss to reduce this to 7% or even 6.5%. Even with the EFD changes the levy increase is still not to that level. The City's General Fund Operating Levy is increasing 7.33%. To reach 7%, an additional \$119,500 would need to be reduced, which would save taxpayers \$28/year. This reduction would hinder the balancing of the levy increases within the long-term financial management plan. The following table was presented within that plan.

Figure 1
City Tax Levy and Tax Rate

Tax Collection Year	Tax Levy	% Change Tax Levy
2025	\$7,593,570	6.72%
2026	\$8,329,583	9.69%
2027	\$8,967,795	7.66%
2028	\$9,921,152	10.63%
2029	\$10,684,270	7.69%
2030	\$12,048,992	12.77%
2031	\$12,857,624	6.71%
2032	\$13,868,793	7.86%
2033	\$14,582,895	5.15%
2034	\$15,557,212	6.68%
2035	\$16,409,585	5.5%

The projections within the plan were intended to level the percentage changes between 2027-2035. Although a reduction in levy to a certain percentage is not a strategic way to look at the budget, there are a few items to discuss in regard to change of practice.

1. Meeting Minutes. Meeting minute expenses are increasing substantially as meeting duration grows. Park, Planning, and Council meeting minutes are very detailed and surpass the statutory requirements. Minutes expense range from \$172-\$1,044 per meeting in 2025. Discussion of putting less emphasis on the details within the minutes could reduce the \$15,000 budget.
2. Publications. The City is statutorily required to publish various items such as public hearing notices, ordinances, financial statements, tax increment financing summaries, candidate filing, etc. Currently, the appointed official newspaper is the Sun Sailor (and Laker Pioneer News as applicable). City practice is to put publications in both papers, doubling the expenses. Year-to-date expenditures in 2025 are \$6,283. With the upcoming 2040 Comp Plan and the code amendments these expenditures will increase over the next few years.
3. Capital Improvement Plan (CIP). Currently, in accordance with MN State Statute 462.356, the CIP is reviewed by Council, then brought to the Planning Commission to ensure it is in compliance with the Comp Plan, then to Council for approval. Within the Statute, there is a provision that the governing body may, by resolution adopted by two-thirds vote, dispense with the requirements of the subdivision when in its judgement it finds that the proposed acquisition or disposal of real property or capital improvement has no

relationship to the comprehensive municipal plan. This in turn would provide some minor cost savings within the General Fund, associated with Planning Commission packet publication, staff time, and printing costs, going forward.

4. Excelsior Fireworks Display. The City budgeted \$10000 toward the fireworks display in 2025 and an additional \$2,000 has been added for the 2026 display based on previous Council direction.
5. Safety Camp. Safety Camp is budgeted for \$2,800 in 2025 and the event was cancelled due to lack of registrations. 2026 budget also has \$2,800 for this event.
6. There is \$5,000 currently in the General Fund Council budget for the acquisition of devices for better utilization of the agenda software being implemented. Tonight's regular Council meeting has discussion of this being purchased with funds available in the 2025 budget. If approved this item would be removed from the 2026 budget.
7. Accounts Receivable Module. There is an accounts receivable module with this proposed budget which is \$4,600. This is a request that will make internal efficiencies as the current practices have shortfalls.
8. For 2025, Council utilized part of the General Fund Fund Balance to transfer dollars to the Capital Funds reducing the levy increases within those funds. There is currently a \$100,000 proposed levy increase within the Capital Funds. Heed caution with this item as the long-term financial management plan had gradual increases to these levies for future capital needs of the City and financing to the Reserve Policy Council adopted April 14, 2025. One-time adjustments can make future projections increase.

Council should also discuss if there are further items to be adjusted prior to the September 8th council meeting where the Preliminary Budget Adoption actions will be requested. The adoption of the 2026 Master Fee Schedule will also be part of the September 8th council meeting. If the Council has other initiatives for 2026 that involve additional spending, the tax levy would need to be increased, and a larger tax impact would occur. Again, after the Preliminary Levy is set the amount can only be decreased and not increased.

Public Engagement:

The City has been actively reviewing ways to improve and strengthen communications with stakeholders. The public is invited to attend all City Council meetings where the budget is discussed and contact council members or city staff. 2026 budget updates will be provided in several ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. We will continue to connect through various activities and messages and evaluate their effectiveness.

On-going Outreach

Shorewood has always encouraged input from the public and is trying various ways to reach out and inform its constituents. Please see the attached Budget Communication summary from the City's Communication Coordinator.

Public Feedback

Tonight, and all future budget work sessions, we will take a few minutes for the public to provide feedback on each budget section as we go through the series of work sessions. We have had 4 previous budget work sessions with 1 person from the community in attendance with no comments.

One email was sent to Council regarding the \$32.51 base fee if water is available. A voicemail was also left at City Hall from the same individual regarding the same. I spoke with this resident for about 40 minutes and clarified utility rates proposed and the basis behind them. I also invited him to attend this work session. A second voicemail was left by another resident, asking what a fee they saw on Nextdoor was. I returned the call and left a voicemail; I did not receive a return call to learn what the inquiry was about.

Open Office Hours

Open office hours will be available weekly throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made on Tuesdays between 12-3 PM or Wednesdays between 7-11 A.M., alternative times can be made available if needed. The Council previously inquired about frequently asked questions, but there have been no questions to date. We have had 77 hours available with none utilized to date.

2026 City Budget – Communications Report

Date	Platform	Engagement	Content
	City Budget Web Page	<ul style="list-style-type: none"> Jan 1-June 16: 255 views, 170 users June 17-July 22: 32 views, 25 users July 22-Aug 6: 18 views, 10 users August 7-20: 18 views, 12 users 	Shorewoodmn.gov/citybudget
8/8/25	Email (Budget)	Sent: 39 Opens: 30 Clicks: 2	<p>City Budget Work Session #4: General Fund, Levies & Tax Impact Monday, August 11, 2025 6:00 p.m. Shorewood City Hall, 5755 Country Club Road</p> <p>The fourth City Budget Work Session is scheduled for Monday, August 11 at 6:00 p.m. On Monday, City Council will discuss and provide direction regarding the General Fund Budget, Levy, and Tax Impacts. Prior work sessions consisted of goal-setting, discussing the schedule and process, and seeking direction from City Council on initiatives and expectations for the 2026 budget, then reviewing the long-term financial management plan, personnel, fee schedules, and franchise fees. The proposed General Fund budget reflects a balanced budget of \$7,486,342, which is an overall budget increase of \$101,122, 1.37%, over 2025. On August 25, City Council will discuss the Shorewood Community and Event Center, and enterprise funds budgets, but they will not have an impact on the estimated levy. Preliminary Budget Adoption actions are scheduled for September 8. Complete details about the Proposed 2026 General Fund Budget, Levies, and Tax Impact can be found in the August 11 Work Session Agenda Packet (PDF). Public Engagement & Feedback The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. We will take a few minutes for the public to provide feedback at each budget work session. As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness. Open Office Hours In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>

8/5/25	Blog post on website	<ul style="list-style-type: none"> • 	<p>August & September City Budget Work Sessions</p> <p>Posted on August 5, 2025 at 2:09 PM by Eric Wilson</p> <p>As in years past, there will be several budget work sessions over the next several months, during which we will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), and update the Fee Schedule, etc.</p> <p>The first two work sessions consisted of goal setting, discussing the schedule and process, and seeking direction from the Council on initiatives and expectations for the 2026 budget, and then review of the long-term financial management plan. Personnel, fees, and franchise fees were discussed at the most recent City Council Work Session on Monday, July 28.</p> <p>The public is invited to participate in City Council meetings where the budget is discussed. Residents can also contact council members or City staff directly to provide their input. During each budget work session, a dedicated time slot will be provided for public feedback. This offers a chance to engage in direct dialogue with city officials and council members. Work sessions are held on the second and fourth Monday of each month at 5:30 p.m. at Shorewood City Hall, unless noted otherwise on the City's website. Please see the calendar below for upcoming budget work sessions.</p> <p>Monday, August 11, 2025 (City Council Budget Work Session #4): General Fund, Levies, and Tax Impact</p> <p>Monday, August 25, 2025 (City Council Budget Work Session #5): Special Revenue & Enterprise Funds.</p> <p>Monday, September 8, 2025 (City Council Meeting): City Council approves preliminary 2026 Budget, sets proposed 2026 Tax Levy, and establishes Budget Hearing Date. Adopt 2026 fee ordinances and fee schedule.</p> <p>Monday, September 22, 2025 (City Council Budget Work Session #6): 2026-2035 Capital Improvement Plan & Debt Service Funds.</p>
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<p>7/25/2 5</p>	<p>Email (City Budget List)</p>	<ul style="list-style-type: none"> • Sent: 35 • Opens: 28 • Clicks: 2 	<p>Detailed budget information for these will be available to view on the City's website on both the City Council Work Session Agenda ?web page and the City Budget Web page at shorewoodmn.gov/citybudget.</p> <p>In addition to public comments during work sessions, residents may schedule one-on-one appointments with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12 -3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>
			<p>City Budget Work Session #3: Personnel, Fees, and Franchise Fees Monday, July 28, 2025 5:30-6:45 p.m. Shorewood City Hall, 5755 Country Club Road</p> <p>As in years past, there will be a number of budget work sessions over the next several months, during which we will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), and update the Fee Schedule, etc.</p> <p>The first two work sessions consisted of goal setting, discussing the schedule and process, and seeking direction from the Council on initiatives and expectations for the 2026 budget, and then review of the long-term financial management plan. Personnel, fees, and franchise fees will be discussed at the next City Council Work Session, scheduled for Monday, July 28 at 5:30 p.m. The budget information for these are available to view on the July 28 Work Session Agenda web page.</p> <p>Public Engagement & Feedback The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. We will take a few minutes for the public to provide feedback at each budget work session.</p> <p>As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness.</p> <p>Open Office Hours In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the</p>

		<p>Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>	
7/3/25	ShoreReport	<p>Discuss & Share Your Feedback on the 2026 City Budget Shorewood community members are invited to attend one-on-one appointments with the Finance Director or City Administrator at Shorewood City Hall to discuss the 2026 city budget. Appointments can be made Tuesdays between 12:00-3:00 p.m. or Wednesdays between 7:00-11:00 a.m., alternative times can be made available, if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time. In addition to open office hours, public comments will be accepted during City Council Work Sessions when the budget is being discussed. Work sessions are held each month on the second and fourth Mondays at 5:30 p.m. at City Hall, unless noted otherwise. The 2026 budget planning calendar, updates, and email notification sign-up list can be found on the City's budget web page at shorewoodmn.gov/CityBudget.</p>	
7/2/25	July General eNews	<p>2026 Budget Open Office Hours Shorewood community members are invited to attend one-on-one appointments with the Finance Director or City Administrator at Shorewood City Hall to discuss the 2026 city budget. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>	<p>Sign up for budget email updates</p>
6/20/25	Email (City Budget List)	<p>City Budget Work Session #2: Long-Term Financial Plan & Rate Study Monday, June 23, 2025 5:30-6:45 p.m. Shorewood City Hall, 5755 Country Club Road</p>	<p>Northland Securities, Inc. has been engaged to build a Long-Term Financial Management Plan for the City of Shorewood. This Plan is intended to help inform decisions on tax and enterprise fees, among other financial decisions.</p> <p>The Plan provides information to inform decisions both in the near term, and long-term, as near-term decisions often have long-term implications. The Plan contains proposed strategies and key objectives to monitor with respect to on-going and future financial performance. This Plan utilizes the audited financial information from 2023 and 2024, as well as the 2025 budget and 2025-2034 Capital Improvement Plan.</p> <p>The Plan will be presented and discussed at the next City Council Work Session, scheduled for Monday, June 23 at 5:30 p.m. The Plan is available to view on the June 23, 2025 Work Session Agenda web page.</p>

			<p>Public Engagement & Feedback The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. We will take a few minutes for the public to provide feedback at each budget work session.</p> <p>As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness.</p> <p>Open Office Hours In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>
6/17/25	FB post	<ul style="list-style-type: none"> • Reach: 55 	<p>Shorewood community members are invited to attend one-on-one appointments with the Finance Director or City Administrator at Shorewood City Hall to discuss the 2026 city budget. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p> <p>In addition to open office hours, public comments will be accepted during city council work sessions when the budget is being discussed. Work sessions are held each month on the second and fourth Mondays at 5:30 p.m. at City Hall, unless noted otherwise.</p> <p>The 2026 budget planning calendar and updates can be found on the City's budget web page at https://shorewoodmn.gov/449/City-Budget</p>
6/16/25	News Flash	<ul style="list-style-type: none"> • Stats not avail on individual news flash posts • 	<p>Shorewood community members are invited to attend one-on-one appointments with the Finance Director or City Administrator at Shorewood City Hall to discuss the 2026 city budget. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p> <p>In addition to open office hours, public comments will be accepted during city council work sessions when the budget is being discussed. Work sessions are held each month on the second and fourth Mondays at 5:30 p.m. at City Hall, unless noted otherwise.</p> <p>The 2026 budget planning calendar and updates can be found on the City's budget web page at shorewoodmn.gov/CityBudget. Sign up for city budget email updates</p>

<p>Sign up to receive reminder texts for upcoming meetings using Notify Me®</p>			
<p>6/16/25</p>	<p>IG post</p>	<ul style="list-style-type: none"> • Reach: 60 	<p>2026 CITY BUDGET OPEN OFFICE HOURS</p>  <p>Call 952-960-7903 to schedule an appointment.</p> <p>Shorewood community members are invited to attend one-on-one appointments with the Finance Director or City Administrator at Shorewood City Hall to discuss the 2026 city budget. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p> <p>In addition to open office hours, public comments will be accepted during city council work sessions when the budget is being discussed. Work sessions are held each month on the second and fourth Mondays at 5:30 p.m. at City Hall, unless noted otherwise.</p> <p>The 2026 budget planning calendar and updates can be found on the City's budget web page at shorewoodmn.gov/CityBudget or the link in our bio.</p>
<p>6/9/25</p>	<p>Email (City Budget List)</p>	<ul style="list-style-type: none"> • Sent: 35 • Opens: 29 • Clicks: 1 	<p>City Budget Work Session #1: Goal Setting Monday, June 9, 2025 5:30-6:45 p.m. Shorewood City Hall, 5755 Country Club Road</p> <p>The June 9, 2025 Work Session is scheduled to include the first 2026 budget work session. While there will continue to be opportunities as the City moves through the budget planning process, one of the main objectives of this goal setting session is for City Council to provide their direction on the priorities, initiatives, and expectations for the 2026 budget.</p>

			<p>Topics scheduled to be reviewed and discussed include:</p> <ul style="list-style-type: none"> • Taxable Market Value • Net Tax Capacity • Total Tax Levy • Tax Rate <p>For complete agenda topic items and supporting documents, visit the June 9, 2025 Work Session Agenda web page.</p> <p>Public Engagement & Feedback The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. On June 9, and all future budget work sessions, we will take a few minutes for the public to provide feedback.</p> <p>As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness.</p> <p>Open Office Hours In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>
6/5/25	Email (City Budget List)	<ul style="list-style-type: none"> • Sent: 35 • Opens: 28 • Clicks: 1 	<p>Subject: 2026 City Budget Work Session #1, Pre-header: Join Us for the First Budget Work Session on Goal Setting</p> <p>City Budget Work Session #1: Goal Setting Monday, June 9, 2025:30-6:45 p.m. Shorewood City Hall, 5755 Country Club Road</p> <p>The June 9, 2025 Work Session is scheduled to include the first 2026 budget work session. While there will continue to be opportunities as the City moves through the budget planning process, one of the main objectives of this goal setting session is for City Council to provide their direction on the priorities,</p>

<p>5/28/25</p>	<p>Email – June General Enews</p>	<ul style="list-style-type: none"> • Sent: 910 • Opens: 658 • Clicks (budget link): 3 	<p>initiatives, and expectations for the 2026 budget. Topics scheduled to be reviewed and discussed include: Taxable Market ValueNet Tax Capacity Total Tax Levy Tax Rate For complete agenda topic items and supporting documents, visit the June 9, 2025 Work Session Agenda web page.</p> <p>Public Engagement & Feedback</p> <p>The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. On June 9, and all future budget work sessions, we will take a few minutes for the public to provide feedback. As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness.</p> <p>Open Office Hours</p> <p>In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>
<p>5/28/25</p>	<p>Email – June General Enews</p>	<p>2026 Budget Process & Calendar</p> <p>As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc.</p> <p>The 2026 budget calendar is now available to view on the City's budget web page.</p> <p>Sign up for budget email updates</p>	<p>initiatives, and expectations for the 2026 budget. Topics scheduled to be reviewed and discussed include: Taxable Market ValueNet Tax Capacity Total Tax Levy Tax Rate For complete agenda topic items and supporting documents, visit the June 9, 2025 Work Session Agenda web page.</p> <p>Public Engagement & Feedback</p> <p>The public is invited to attend all City Council meetings where the budget is discussed, and contact council members or City staff. On June 9, and all future budget work sessions, we will take a few minutes for the public to provide feedback. As in past years, 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget. Staff and Council will continue to connect through various activities and messages and evaluate their effectiveness.</p> <p>Open Office Hours</p> <p>In addition to public comments during work sessions, City staff will host weekly open office hours throughout the 2026 budget process to provide opportunities for one-on-one communications with the Finance Director or City Administrator. Appointments can be made Tuesdays between 12-3 p.m. or Wednesdays between 7-11 a.m., alternative times can be made available if needed. Please call Jeanne Schmuck at 952-960-7903 to schedule a time.</p>

5/27/2 5	IG Post	<ul style="list-style-type: none"> • Views: 99 • Reach: 59 	 <p>2026 City Budget At its March 24 Work Session, City Council discussed the draft 2026 budget calendar.</p> <p>As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc.</p>  <p>Updates & Feedback The public is invited to attend all City Council meetings where the budget is discussed, contact councilmembers or city staff, and participate in project planning.</p> <p>Stay up-to-date on the 2026 budget process by visiting the City's budget web page, which highlights the budget calendar, features budget documentation, and provides a link where you can sign up for email updates.</p> <p style="text-align: right;">shorewoodmn.gov/CityBudget</p>
5/21/2 5	Nextdoor Post	<ul style="list-style-type: none"> • Impressions: 144 	<p>**The 2026 budget calendar is now available to view on the City of Shorewood's budget web page.** As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc. Although there are numerous decisions to be made through the development of the 2026 budget, the two key scheduled actions are the approval of the preliminary budget and levy in September, and the adoption of the final 2026 budget and property tax levy in December. Along with these, council and staff will also be finalizing the 2026-2035 CIP, 2026 Fee Schedule, and other budget related actions. For the complete calendar and to sign up for and view updates on the 2026 budget process, visit they city's budget page at https://mn-shorewood.civicplus.com/449/City-Budget</p>
5/21/2 5	FB Post	<ul style="list-style-type: none"> • Views: 340 • Reach: 233 • Link Clicks: 4 	<p>The 2026 budget calendar is now available to view on the City's budget web page.</p> <p>As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc. Although there are numerous decisions to be made through the development of the 2026 budget, the two key scheduled actions are the approval of the preliminary budget and levy in September, and the adoption of the final 2026 budget and property tax levy in December. Along with these, council and staff will also be finalizing the 2026-2035 CIP, 2026 Fee Schedule, and other budget related actions.</p> <p>For the complete calendar and to sign up for and view updates on the 2026 budget process, visit they city's budget page at https://mn-shorewood.civicplus.com/449/City-Budget</p>
5/20/2 5	News Flash	<ul style="list-style-type: none"> • Stats not available 	<p>2026 Budget Process</p>

		<p>individual news flash posts</p>	<p>At its March 24 Work Session (PDF, see page 14), City Council discussed the draft 2026 budget calendar (see below). As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc.</p> <p>Although there are numerous decisions to be made through the development of the 2026 budget, the two key scheduled actions are the approval of the preliminary budget and levy in September, and the adoption of the final 2026 budget and property tax levy in December. Along with these, council and staff will also be finalizing the 2026-2035 CIP, 2026 Fee Schedule, and other budget related actions.</p> <p>Direction for each budget comes from City Council discussions with staff which are informed by past results and input from residents in various ways, such as online engagement and direct communication with the City. While the City Council takes final action on the budget each December, developing the budget is a year-round process.</p> <p>The public is invited to attend all City Council meetings where the budget is discussed, contact council members or city staff, and participate in project planning, such as the 2025 Parks Master Plan update or the Highway 7 Corridor Study.</p> <p>2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget.</p> <p>Sign up to receive email updates</p> <p>(pic) Table of calendar dates posted in news flash</p>
<p>5/20/25</p>	<p>Email (City Budget List)</p>	<ul style="list-style-type: none"> • Sent: 33 • Opens: 27 • Clicks: 2 	<p>Subject: 2026 City Budget Process Has Begun</p> <p>Pre header: Stay Informed! Discover Key Updates on the 2026 City Budget Process.</p> <p>2026 City Budget Process & Calendar</p> <p>At its March 24 Work Session (PDF, see page 14), City Council discussed the draft 2026 budget calendar, which is available to view on the City's budget web page.</p>

5/2/22 5	Email, May to June ShoreReport (ShoreReport Email List)	<ul style="list-style-type: none"> • Sent: 963 • Opens: 718 • Clicks: 145 (download ShoreReport) 	<p>As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc. Although there are numerous decisions to be made through the development of the 2026 budget, the two key scheduled actions are the approval of the preliminary budget and levy in September, and the adoption of the final 2026 budget and property tax levy in December. Along with these, council and staff will also be finalizing the 2026-2035 CIP, 2026 Fee Schedule, and other budget related actions. Direction for each budget comes from City Council discussions with staff which are informed by past results and input from residents in various ways, such as online engagement and direct communication with the City. While the City Council takes final action on the budget each December, developing the budget is a year-round process. The public is invited to attend all City Council meetings where the budget is discussed, contact council members or city staff, and participate in project planning, such as the 2025 Parks Master Plan update or the Highway 7 Corridor Study. 2026 budget updates will be provided in ShoreReports and available to view on the City's website at shorewoodmn.gov/citybudget.</p> <p>Subject: May & June 2025 ShoreReport Preheader: Download the latest newsletter</p> <p>The May/June 2025 ShoreReport (PDF) is available to view and download online.</p> <p>This issue includes: 2025 Community Survey Projects Happening In & Around Shorewood 2026 Budget Process Permits You Can Complete Online Spring Cleanup & Paper Shred Details And more...</p>
May-June	ShoreReport (print)	<ul style="list-style-type: none"> • Mailed to 2,576 HHs 	<p>2026 Budget Process</p> <p>At its March 24 Work Session, City Council discussed the draft 2026 budget calendar. As in years past, several budget work sessions will be held over several months, during which council and staff will review the various City funds, discuss the proposed property tax levy and tax rate, review tax impacts on properties, update the 10-year Capital Improvement Plan (CIP), update the Fee Schedule, etc. Although there are numerous decisions to be made through the development of the 2026 budget, the two key scheduled actions are the approval of the preliminary budget and levy in September, and the adoption of the final 2026 budget and property tax levy in December. Along with these, council and staff will also be finalizing the 2026-2035 CIP, 2026 Fee Schedule, and other budget related actions. Direction for each</p>

			<p>budget comes from City Council discussions with staff which are informed by past results and input from residents in various ways, such as online engagement and direct communication with the City. While the City Council takes final action on the budget each December, developing the budget is a year-round process. The public is invited to attend all City Council meetings where the budget is discussed, contact council members or city staff, and participate in project planning, such as the 2025 Parks Master Plan update or the Highway 7 Corridor Study. 2026 budget updates will be provided in ShoreReports and available to view on the City's website.</p>
		<ul style="list-style-type: none"> • 	<p>Budget information can be found at shorewoodmn.gov/citybudget.</p>



City Council Work Session Item

Title/Subject: Engineering Services Follow up
Meeting Date: August 25, 2025
Prepared by: Marc Nevinski, City Administrator
Attachments: July 14 Memo; Project Spreadsheet; Engineering Services List from Contract

Item 3

Background

At the July 14, 2025 work session the Council discussed the City’s engineering services model. The memo (attached) discussed the basic role of city engineers, different models cities use for engineering services, the history of engineering in Shorewood, and overview of the services in the current contract. The Council asked for additional information regarding costs, staffing and process.

Project Costs

Depending on the size and scope of a public improvement project, engineering costs typically make up roughly 15-25% of the project costs. Factors that influence these costs include the complexity of a project, its size, regulatory and environmental requirements (state or federal standards), location and context (rural area vs urban center), site conditions, funding sources (level of documentation required), amount of inspections, bid prices and the desired level of public engagement, among others.

A review of recent projects – street reconstruction, mill and overlays, and lift station rehabilitation – indicates a range of 16%-28% for engineering related costs. These included activities such as scoping, right-of-way acquisition, cultural resource analysis (note the Sacred Soil issue in Tonka Bay), feasibility studies, final plans and specs, construction administration (bidding, inspections, coordination), and closeout. A spreadsheet of these costs is attached.

Projects, such as street reconstruction, stormwater maintenance, or infrastructure rehabilitation require the expertise and resources of an engineering firm to plan, design, administer and oversee their completion. Shorewood will always rely on a consultant for this type of work, which will include professional fees as part of the project costs. As noted in the July 14th memo, this type of work (projects) comprised 84% of the City’s engineering costs from 2019 to mid-2024. The current CIP has few major projects planned.

Staffing vs Consulting

The Council discussed the option of hiring a staff engineer versus using a consultant. It’s important to note that in this arrangement, the staff engineer would mainly provide *general* engineering services for the City, such as representation at meetings, completing administrative tasks (planning, managing the City’s stormwater permit, grant applications), project management, and addressing resident inquiries. Projects, as described above, would still require the services of a consulting engineer.

As noted in the July 14 memo, the City has attempted in the past to hire and maintain a staff engineer but has returned to using a consulting engineer. The average annual expense for general engineering services provided

by the City’s consultant between 2020 to 2024 is \$120,517. See attachment for a list current engineering services.

In reviewing the 2025 LMC salary survey, staff found the following data for staff engineers in both metro area and greater Minnesota cities:

Position	Avg Wage	Titles/Job Scope	Population Range
Experienced Engineer - Metro	\$56.59/hr \$117,707 annually	Civil Engineer; Project Engineer, Senior Project Engineer, Project Coordinator – Reports to City Engineer or other supervisor	28,899 - 89,987
Experienced Engineer – Greater MN	\$52.96/hr \$110,146 annually	Civil Engineer; Engineering Project Manager, Senior Engineer - Reports to City Engineer or other supervisor	18,297 – 122,413
City Engineer - Metro	\$70.10/hr \$145,805 annually	City Engineer – reports to PW Director or Administrator	N/A, Metro Suburbs, Populations likely similar to first row
City Engineer – Greater MN	\$65.60/hr \$136,455 annually	City Engineer - reports to PW Director or Administrator	9072 – 122,413

The data shows that wages for staff engineers are a bit higher in the metro area, as might be expected. Metro cities with engineering staff appear to have larger populations than Shorewood. Little Falls was the one greater Minnesota city of similar size to Shorewood with a staff engineer. Other such cities tended to be located just outside the metro and are experiencing large amounts of growth (St. Michael, Monticello).

If Shorewood were to seek a staff engineer, it would likely seek an “experienced engineer” as listed in the table above. The average salary is similar to the average general engineering expenses over the past five years. However, in addition to annual salary and wages, benefits costs (health insurance, pension, etc...) would add approximately \$25,000. Computer and necessary software would cost approximately \$4,000-\$6,000 annually. Equipment, such as a vehicle, and other equipment would also be needed, although these would generally not be annual costs. Generally, a staff engineer will be more expensive than a consulting engineer.

Another consideration in evaluating a staff engineer position, as pointed out in the July 14th memo, is the amount of engineering work Shorewood has planned. Shorewood does not have a consistent CIP with annual large projects, nor does it have a clear plan at this time to become a more urban community. While that may change in the future with discussions regarding the 2050 comprehensive plan or decisions about expanding municipal water, for now, Shorewood’s primary focus is on maintaining its existing infrastructure. Subsequently,

given the limited scale and number of projects, it may be difficult to attract and retain a talented and appropriately experienced staff engineer. This may have been the case in 2005 when it took three attempts to hire a staff engineer. When the engineer left a 2013 analysis determined an engineering consultant was a more cost-effective option for Shorewood.

There are two notable advantages of using a consultant. First, a consulting firm can provide a high level of service to the City due to the depth of resources and expertise available. Costs are charged only when such services are used and provide efficient access to a high level of service for the City and residents. Secondly, as the number and scope of project ebbs and flows, funding and hours can adjust accordingly, providing more flexibility in budgeting. Conversely, a staff engineer is a fixed cost of 2080 hours per year, and the budget would likely contain a professional services amount for specialty work, such as an intersection traffic analysis or a wetland delineation.

Perception

One of the topics the Council discussed at the July 14 meeting was the perception, or rather misperception, of the consulting engineering firm. There is a misconception in the community that the City's engineering firm is the same company completing construction projects. This is incorrect. The City's engineering firm works on the City's behalf, at the direction of the Council and staff, to design and oversee projects the City has identified in its CIP. Projects are independently bid by construction companies in accordance with the bidding requirements in state statutes and typically receive a sufficient number of bids, ensuring competitive pricing.

Another statement occasionally made regarding the consulting engineer is that there is no accountability or oversight of the work and that the firm is driving projects to generate revenue. As was pointed out at the July 14 meeting, the Public Works Director, who is also an engineer, directs and oversees much of work performed by the engineer. The engineer is working on projects included in the City's budget and CIP as directed by the City Council. As an example, Eureka Road was initially included in the CIP as a reclamation project. Through discussion and public input, it became a mill and overlay project at the direction of the Council. Six meetings were held where the Council provided direction and authorization to advance the mill and overlay project. (See Aug 11, 2025 Agenda Item 9A.1). Furthermore, the City can always seek proposals from other firms if it wishes. This was most recently done in 2019 and the City switched to its current engineering firm.

Financial or Budget Considerations: N/A

Discussion Requested:

It is staff's opinion that the current engineering model – using a consulting firm – is the most appropriate for Shorewood. It is less costly than a staff engineer, is more flexible in meeting needs from year to year, and results in a higher level of service and better value to the City and residents due to the resources and expertise of the consulting firm. The contract with Bolton & Menk is scheduled for renewal in 2026, which will be considered later this fall. If Council would like to see modifications to services, adjust requirements or expectations, or otherwise consider service delivery for engineering, either through the contract or in terms of staffing and roles, now is the appropriate time for the discussion. If Council can articulate and agree on specific concerns or objectives, staff can then work to address those.



City Council Work Session Item

Title/Subject: Engineering Services
Meeting Date: July 14, 2025
Prepared by: Marc Nevinski, City Administrator
Attachments: Exhibit I from Service Contract

Item 2

Background

The Shorewood City Council stated at its February retreat that it wished to discuss its current engineering services model, where such services are provided by a contracted engineering consulting firm. The current contract will be up for renewal starting in 2026 and now is an appropriate time to review engineering services and prepare for any desired modifications.

There is no one way or right way to provide this service. Cities of similar characteristics may have different models with different scopes of services based on their unique needs and priorities.

Common Duties and Roles of City Engineers

City engineers are critical to delivering core municipal services, such as utilities and transportation. They also have significant roles in other municipal functions, such as land use planning, financial planning, and policy development and implementation.

The foremost role associated with city engineers is to plan and manage the construction, maintenance, and operations of civic infrastructure and assets, such as streets, water and sewer facilities, and stormwater management. Engineers work closely with public works staff and may be integrated into public works departments. In this capacity, engineers engage with other departments and agencies (MnDOT or watershed district) to plan, fund, coordinate and advance projects in a community's capital improvement plan (CIP).

Engineers also function as project managers, overseeing specific projects to construct and rehabilitate infrastructure. Depending on their exact role with an organization, they may spend their time on a job site overseeing and inspecting the work of contractors, solving problems encountered in the field, and working with residents, businesses or other agencies impacted by a project. Other engineers may focus their time on project planning and design work, developing plans and specifications, conducting community engagement, preparing bid packages, and approving contractor payments. Engineers are also responsible for more routine work, such as stormwater management, right-of-way permitting, policy development, or traffic management matters,

Engineers are supported in their work by a variety of other experts and skill sets, such as engineering technicians, construction managers, surveyors, arborists, hydrologists, environmental specialists, GIS

analysts, planners and architects, among others. Engineers themselves may be focused on technical or design work, field or construction work, or may function in a leadership capacity.

City engineers also evaluate private development project proposals to understand and manage the impacts of development on city infrastructure, protect adjacent properties, and ensure compliance with engineering related codes and standards. This role helps support a city's land use and inspections efforts.

Engineering Service Models

Small cities generally rely on a consulting engineer to provide all engineering services. Larger cities may have engineers on staff, along with other experts or specialists that support engineering functions, such as a surveyor, engineering technician, GIS analysts or environmental specialists. However, even cities with in-house engineering staff usually contract for engineering services, such as project design (street construction, water tower rehab), specialty services or equipment access (environmental work, surveying, infrastructure evaluation), or project management.

In preparing this memo, I spoke with Deb Heiser, the current President of the City Engineers Association of Minnesota and the City Engineer in St. Louis Park, about the various models she has observed and experienced in her career working for three different metro cities. She noted that every city has a different engineering structure. Some cities rely exclusively on consulting engineers while some have the philosophy of never (or rarely) use consultants and do all their own work in-house, investing in the necessary staff and resources. Some cities have separate engineering departments while others combine engineering with public works into one department. A few cities have experimented with joint powers agreements to share the cost of engineering services; some of those arrangements have proven durable while others have not.

She noted cities with in-house engineering staff often use consultants to do technical and site work because they can do it better and faster, allowing in-house staff to then focus on public processes, strategic projects, and administrative engineering work.

In thinking about its engineering services structure, Ms. Heiser noted that a city should consider:

- How much work does it have? Is the city experiencing a lot of growth or have a significant amount of infrastructure to revitalize? Is the CIP consistent from year to year, or does it have highs and lows?
- Can a qualified engineer and other supporting staff be found in the marketplace? Can the city afford or justify the cost to support an in-house department with necessary tools such as GIS, CAD, and other equipment and resources? Is it more effective to pay for services and resources only as needed?
- What is the city's philosophy regarding its engineering functions and its level of service? What are the community's unique priorities, goals, or challenges, such as scale of infrastructure (freeway, airport), natural features (rivers, valleys), or development characteristics (dense retail, sprawling residential, industrial hub)?

Shorewood Engineering

In 1988, the City contracted with an engineering firm to provide engineering services, which included construction projects and general engineering. In 1995, a City Engineer was hired and the position apparently evolved into the Public Works Director, which included engineering. An Engineering Assistant was employed from 2001-2008. In 2005, the City separated the Public Works Director/City Engineering duties into two distinct positions. However, hiring an engineer proved difficult (two candidates from two recruitment efforts declined offers), and the City contracted with a consulting firm to temporarily fill the role of City Engineer. Following a third recruitment effort, the City employed an engineer from 2007 to 2012. In 2013, following an analysis of contracted services vs. staff, the City then contracted for engineering services. In 2019, the City issued a RFP for engineering services. Three firms submitted proposals, and the City Council selected a new firm to be the city engineer.

The current engineering services contract includes three basic areas of service and detailed in Exhibit I of the contract (attached).

- **General Engineering** – includes general or non-project work with staff, agencies, and property owners or residents; administration of plans, permits (e.g. MS4 - stormwater), and programs (e.g. MSA – road funding); participation in meetings or special projects (e.g. Hwy 7 study, grant applications); GIS update and management. Engineering costs for this work are typically paid out of the General Fund or Enterprise Funds. General engineering costs have made up about 12% of engineering costs and involved ten or more people and skill sets.
- **Construction Services & Project Management** – planning, design, implementation, observation, and administration of public improvement projects. Engineering costs are paid for from the project's funding source(s). Examples of projects include street reconstruction, mill and overlay, stormwater management improvements, and lift station or sanitary sewer rehabilitation, among others. Depending on how a project is funded, sources may include bonds, assessments, cash, grants, enterprise funds, bonding dollars, federal funds or MSA dollars. Projects have made up about 84% of engineering costs and may involve up to 20 different people and skill sets (engineers, designers, surveyors, arborists, GIS, right-of-way acquisition, etc.).
- **Development Review** – review and inspection of development proposals and building permits for compliance with engineering related standards and policies. These engineering costs are passed through to developers or covered as part of a permit, account for about 4% of the City's engineering costs, and may involve 3-5 people depending on the project.

Financial or Budget Considerations:

The City has spent about \$6.8M between 2019 and mid 2024 on engineering services. As noted above, the vast bulk of this is due to public improvement projects the City has undertaken. The 2025 budget is expected to include \$145,000 for general engineering services. Salary data from the League of Minnesota Cities suggest a staff engineer would range from \$140,000 to \$160,000, plus 25-30% with benefits. Scope of work for such a position would likely be limited to general engineering and perhaps small projects. Larger or more complex projects would require consulting engineers and have their own project costs.

Discussion Requested:

Council may wish to consider the following questions in its discussion:

- What insights does the historical engineering summary provide? What are the advantages and disadvantages of each model? What are the challenges or opportunities associated with each model?
- What works well with the current engineering services arrangement? What concerns or gaps exist?
- What “level of service” or goals does Shorewood have for delivering engineering services? How proactive does the City want to be in maintaining, improving, and perhaps adding or expanding infrastructure and amenities? What is the appropriate level of investment to support that philosophy?
- Does the Council have directions for next steps, if any?

Street Reconstruction Projects						
Project Number	Project Name	Task	Construction Costs	Engineering Fees	Percent of Construction Costs	Notes
0C1.123686.000	Birch Bluff Street and Utility	1 - Scoping & Right of Way		\$92,754.50	2%	
		2 - Preliminary Engineering/Feasibility Study		\$211,309.30	5%	
		3 - Final Plans & Specifications		\$185,553.50	5%	
		4 - Construction Administration		\$559,846.11	14%	
		5 - Project Close Out		\$14,035.50	0%	Project close out has not been billed to the city
		Total	\$3,902,871.38	\$1,049,463.41	27%	
C16.120567.000	Glen, Manitou, Amlee	1 - Scoping & Right of Way		\$19,974.00	1%	
		2 - Cultural Resources		\$44,542.75	2%	
		3 - Final Plans & Specifications		\$319,944.89	12%	
		4 - Construction Administration		\$338,255.90	13%	
		Total	\$2,563,688.11	\$722,717.54	28%	
C16.120450.000	Strawberry Lane Street Recon	1 - Scoping & Right of Way		\$93,801.00	2%	
		2 - Preliminary Engineering/Feasibility Study		\$203,009.87	5%	
		3 - Final Plans & Specifications		\$339,324.00	8%	
		4 - Construction Administration		\$526,751.40	12%	
		5 - Project Close Out		\$5,237.50	0%	Project close out has not been billed to the city
		Total	\$4,428,936.77	\$1,168,123.77	26%	
Mill & Overlay Projects						
Project Number	Project Name	Task	Construction Costs	Engineering Fees	Percent of Construction Costs	Notes
C16.122591.000	2021 Mill and Overlay	1 - Final Plans & Specifications		\$142,430.00	8%	
		2 - Construction Administration		\$157,811.50	8%	
		Total	\$1,891,487.24	\$300,241.50	16%	
0C1.125995.000	2022 Mill and Overlay	1 - Final Plans & Specifications		\$95,333.00	15%	
		2 - Construction Administration		\$55,037.00	9%	
		Total	\$647,088.89	\$150,370.00	23%	
0C1.133334.000	2024 Mill & Overlay/Smithtown	1 - Final Plans & Specifications		\$132,187.10	13%	
		2 - Construction Administration		\$114,940.56	11%	
		Total	\$1,037,417.70	\$247,127.66	24%	
24X.136948.000	2025 Mill & Overlay & Eureka Road	1 - Final Plans & Specifications		\$173,823.00	17%	
		2 - Construction Administration		\$120,787.00	12%	
		Total	\$1,271,520.01	\$294,610.00	28%	
Lift Station Rehab Projects						
Project Number	Project Name	Task	Construction Costs	Engineering Fees	Percent of Construction Costs	Notes
0C1.123096.000	Lift Station 7 Rehabilitation	1 - Final Plans & Specifications		\$28,545.50	12%	
		2 - Construction Administration		\$22,766.00	9%	
		3 - Cultural Resources Services		\$7,968.50	3%	
		Total	\$243,884.34	\$59,290.00	24%	
0C1.125086.000	Lift Station 9 Rehabilitation	1 - Final Plans & Specifications		\$32,818.25	14%	
		2 - Construction Administration		\$16,789.50	7%	
		Total	\$234,192.46	\$49,607.75	21%	
C16.122395.000	Lift Station 10 Rehabilitation	1 - Final Plans & Specifications		\$25,937.00	11%	
		2 - Construction Administration		\$23,787.60	10%	
		Total	\$229,679.78	\$49,724.60	22%	
0C1.128417.000	Lift Station 11 Rehabilitation	1 - Final Plans & Specifications		\$39,824.35	14%	
		2 - Construction Administration		\$21,539.00	8%	
		Total	\$284,167.47	\$61,363.35	22%	

EXHIBIT I

CONSULTING CITY ENGINEERING SERVICES

CITY OF SHOREWOOD, MINNESOTA

In accordance with the Request for Proposals approved by the City Council on May 28, 2019, the CONSULTANT will furnish the following Consulting City Engineering Services, as requested and authorized by the CLIENT:

General Engineering Services

1. Serves as the City's Consulting Engineer on projects, applications, questions and meetings.
2. Take direction from the City Council and is designated part of City Staff when appropriate.
3. Assists in planning, coordinating, supervising and evaluating programs, plans, services, equipment and infrastructure.
4. Develops and recommends policies and procedures as needed for effective operation of the City consistent with City policies and relevant laws, rules and regulations and ensures council actions are implemented.
5. Works with the Public Works Director, Finance Director, and City Administrator to formulate short- and long-range plans to meet the needs of all areas of public infrastructure improvements including; streets, water, sewer, storm drainage, street lights, parks, and buildings. Assists the Public Works Director in maintaining the Capital Improvement Plan.
6. Reviews and processes right of way management and utility permits using ROWAY management system.
7. Assists in the implementation of all water resource functions, including implementation of the Wetland Conservation Act and Surface Water Management Plan, as well as factors relating to the MS4 NPDES requirements.
8. Provides engineering services for City infrastructure improvements and oversees project management for the construction of municipal public service projects as needed.
9. Reviews land use applications and construction plans for private developments for consistency with City adopted engineering specifications, City polices and relevant laws, rules and regulations and ensures Council actions and direction are implemented.
10. Ensures that costs and fees are charge back to development projects; works with City staff to monitor charges and revenues associated with development projects.
11. Administers and manages the MSA annual roadway certification and MSA project administration.
12. Assists in the planning, layout and design of City parks, trails, and other recreational amenities.
13. Provide consistent dedicated staffing hours at city hall to address engineering issues, from customers, residents, developers and staff, as they arise.

Proactive Engineering Approach

1. Provide in depth analysis and guidance for flexible project options that meet the public need within budget.
2. Provide recommendations for innovative and cost-effective means to extend the serviceable life of infrastructure.
3. Inform staff and Council of new engineering practices and make recommendation for implementation.

Construction Services and Project Management – Public Projects

1. Assist in the preparation of plans and specifications for City public works projects with the input from City staff. Present plans and specifications to the City Council for approval.
2. Consult with local, state, and federal agencies having jurisdictional authority over the project(s) as warranted. Procure permits and required approvals from such agencies as required.
3. Prepare and send Advertisements for Bids to the legal newspaper, the Construction Bulletin, and other trade publications as needed for solicitation of bids. Reproduce Contract Documents for bidding purposes. Review bids and prepare bid tabulations. Evaluate bids, prepare a recommendation to the City Council, with the assistance of staff; assemble and award contracts.
4. Assist in monitoring the construction process for compliance with codes, regulations, standards and with approved plans; assure financial accountability of private projects as they relate to escrows and letters of credit. Provide advice to the City during performance of construction projects and give consideration and advice to the City during the performance of services.
5. Lead pre-construction conferences with staff, contractor, utility company representatives, etc. as necessary.
6. Perform construction staking and surveying.
7. Provide construction observation, in conjunction with city staff, as necessary during construction. (Work for this portion shall be at an hourly rate or included into the project fee.)
 - a. Prepare and maintain necessary documentation, including photographs and/or video if warranted, as well as a log and note of the contractor's progress.
 - b. Convene regular construction progress meetings and provide written project updates, as necessary or required.
8. Prepare, review and recommend action for proposed change orders.
9. Prepare, review and recommend action for pay estimates.
10. Review and recommend final acceptance by the City in a timely manner. Assist the City in ensuring that contractors have been paid and lien waivers have been acquired.
11. Provide as-built drawings within 90 days of the conclusion of City projects.
12. Keep the best interests of the residents of the City of Shorewood in mind during all public and private projects. Respond to their needs and questions in a timely manner and provide all necessary communication.
13. Hold all contractors accountable for projects and ensure they are completed in an acceptable and timely manner.

Construction Services – Private Projects

1. Participate in pre-construction meetings with developers, staff, contractors, utility company representatives, etc. to ensure that all City Services are respected, and all applicable codes and ordinance are followed.
2. Review plans and specifications for all privately installed infrastructure improvements and make recommendations to City Staff regarding acceptability of plans.
3. Monitor the construction process for compliance with codes, regulations, standards, and with approved plans; assure financial accountability of private projects as they related to escrows and letters of credit. Provide advice to the City during performance of construction projects and give consideration and advice to the City during the performance of services.
4. Provide construction observation during construction as necessary. (Work for this portion of projects shall be at an hourly rate and passed through to the developer.)
5. Review, and if necessary, prepare and maintain necessary documentation, including photographs and/or video if warranted, and a log of construction activities.

6. Attend, and if necessary, convene regular construction progress meetings.
7. For projects in which the improvements will be turned over to the City, review and recommend acceptance upon satisfactory completion of the improvements.
8. Make recommendations to the City staff regarding reduction or closing out letters of credit or other financial securities.
9. Review as-built drawings upon conclusion of privately installed projects that will be turned over to the city.

Preparation of Engineering Reports and Technical Correspondence

1. Determine the need for preliminary studies; review all preliminary studies for compliance with ordinances, comprehensive plans, engineering standards and financial guidelines including;
 - a. Feasibility reports
 - b. Creating assessment rolls
 - c. Plat reviews
 - d. Utility studies
 - e. Traffic studies/signalization/signage/forecasting
 - f. State aid reports
 - g. Surface water system analysis and design/SWMP implementation
 - h. SWMP implementation including MS4 and NPDES monitoring and reporting.
 - i. Review findings of wetland delineation and mitigation as it relates to building permit applications and public improvement projects.
 - j. Planning and design for City parks, trails and recreational amenities
 - k. Identification of grant opportunities for local improvements, and preparation of grant applications as directed
 - l. Capital Improvement Program studies
 - m. Prepare comments regarding reports, plans and studies of other agencies.
 - n. Attends all City Council meetings and public hearings, neighborhood open houses, and other City related meetings as requested
 - o. Presents feasibility studies and/or discuss engineering issues.

Participates in City Meetings as needed, including:

1. Internal and external meetings involving engineering or public improvement questions and issues.
2. Meets with developer, staff and members of the public on proposed development projects in order to related to processes and procedures involved with engineering and infrastructure development. Reviews development proposals for conformance with City Standards and ordinances.
3. Under the direction of the Public Works Director and City Administrator, as the City liaison and City representative with other communities and local, county, state and federal agencies in areas of responsibility as may be required or directed.
4. Attends City Council meetings.
5. Attends City Council work sessions, Planning and Parks Commission meetings, and other City meetings as needed.

Response to Constituent Requests and Issues as Directed by Staff

1. Perform field inspections as needed.

2. Address constituent concerns personally and in writing.
3. Makes public presentations.
4. Provides recommendations to staff and City Council.

Record Keeping and Mapping/GIS Services – The engineering firm shall provide the following record-keeping and mapping services to the City:

1. Updates City maps and utility records as appropriate or necessary.
2. Maintains and provides to the City as required the following documents on the City's record retention system: permits and applications, contract documents, addenda, copies of referenced standard specifications; project schedules; shop drawings and submittals; applicable correspondence; records of pertinent telephone and email exchanges; plans, specifications and engineer's estimates, file memoranda and directives; change orders; requests and recommendations for payment; project budget and cost information; diaries and logs; record drawings in both hard copy and electronic format; project photographs; project studies and reports; project progress meeting minutes; other information as necessary or required.
3. Provides, hosts and maintains an electronic online GIS/GPS data base mapping system that may be accessed remotely in the field or in the office for general use by the City Staff, which includes all City utilities (water, sanitary sewer, storm sewer), other features as requested (electrical, signing, trails, sidewalks, cemeteries, ect.), infrastructure, map creation abilities, etc.

Other Items:

1. Identify opportunities for non-traditional engineering techniques, such as the use of rain gardens, cisterns, pervious surfaces, and other green design elements.
2. Work with other engineering or planning consultants as desired by the City on specific projects.
3. The City desires to include a term in the contract to periodically review progress and overall satisfaction of the level of service provided to the City. The expected term for review shall be annually.
4. Provide 32 (thirty-two) hours of inhouse office hours located at the City of Shorewood City Hall or within general proximity of the City, to assist in addressing City related matters. 16 (sixteen) hours will be provided by Andrew Budde, the designated City Engineer, and 16 (sixteen) hours will be provided by Matt Bauman, the assistant City Engineer.
5. Provide no charge for Transitional Costs for transitioning from the City's current engineering firm to Bolton & Menk, Inc. This is an estimated savings of \$15,000 to the City of Shorewood.
6. Provide a GIS System Integration/Enhancement to the City's current GIS system. This is an estimated savings of \$10,000 to the City of Shorewood.

2026 Budget Work Session #5

SCEC & Enterprise Funds

AUGUST 25, 2025

SCEC & Enterprise Funds

Schedule Overview

Presentation

Public Engagement



SCHEDULE OVERVIEW

February 18 – Retreat Goals/Visions

March 24 – 2026 Budget/Schedule Preview

June 9 – #1 - Goal Setting Session

June 23 – #2 - Long Term Financial Plan

July 28 – #3 - Personnel, Fee Schedule, Franchise Fees

August 11 - #4 - General Fund, Levies & Tax Impact

**August 25 - #5 - Special Revenue
& Enterprise**

September 8 - Approve Preliminary Levy & Fee Schedule

September 22 - #6 - 2026-2035 CIP

November 24 - #7 - Final Review

December 8 - TNT & Final Approvals

SCEC Fund Overview

\$145,000 Levy

Personnel
Allocations

Task Force

2026 SCEC BUDGET

Description	Actual 2024	Budget 2025	Proposed Budget 2026	Budget Change 2026	Percentage Change 2026
REVENUES					
Taxes	\$ 105,000	\$ 122,000	\$ 145,000	\$ 23,000	100.00%
Charges for Services	66,286	78,000	68,000	(10,000)	-12.82%
Miscellaneous	3,040	3,150	3,150	-	0.00%
TOTAL REVENUES	\$ 174,326	\$ 203,150	\$ 216,150	\$ 13,000	6.40%
EXPENDITURES					
Personnel Services	\$ 88,701	\$ 97,750	\$ 68,480	\$ (29,270)	-29.94%
Supplies	33,093	25,500	29,340	3,840	15.06%
Other Services and Charges	35,145	58,900	54,210	(4,690)	-7.96%
Capital Outlay	21,280	21,000	21,500	500	2.38%
TOTAL EXPENDITURES	\$ 178,220	\$ 203,150	\$ 173,530	\$ (29,620)	-14.58%
BEGINNING FUND BALANCE	\$ 78,404	\$ 74,510	\$ 74,510		
Net Change in Fund Balance	(3,894)	-	42,620		
ENDING FUND BALANCE	\$ 74,510	\$ 74,510	\$ 117,130		

Enterprise Funds

Enterprise, or proprietary funds, rely on user fees to support the operations, infrastructure, and capital improvements of the funds.

ENTERPRISE FUNDS

Annual Retreat
February 18th

Water Discussion
June 9th

**Utility Rate Analysis &
LTFMP**
June 23rd

Fee Schedule
August 11th

Water & Sewer Access Charges

ENTERPRISE EXPENSES

Operating Costs

Capital Outlay

Debt Service

ENTERPRISE FUNDS

Water Fund

Sanitary Sewer Fund

**Stormwater
Management Fund**

Recycling Fund

Water Fund

6 Wells, 36 Miles,
2 Reservoirs

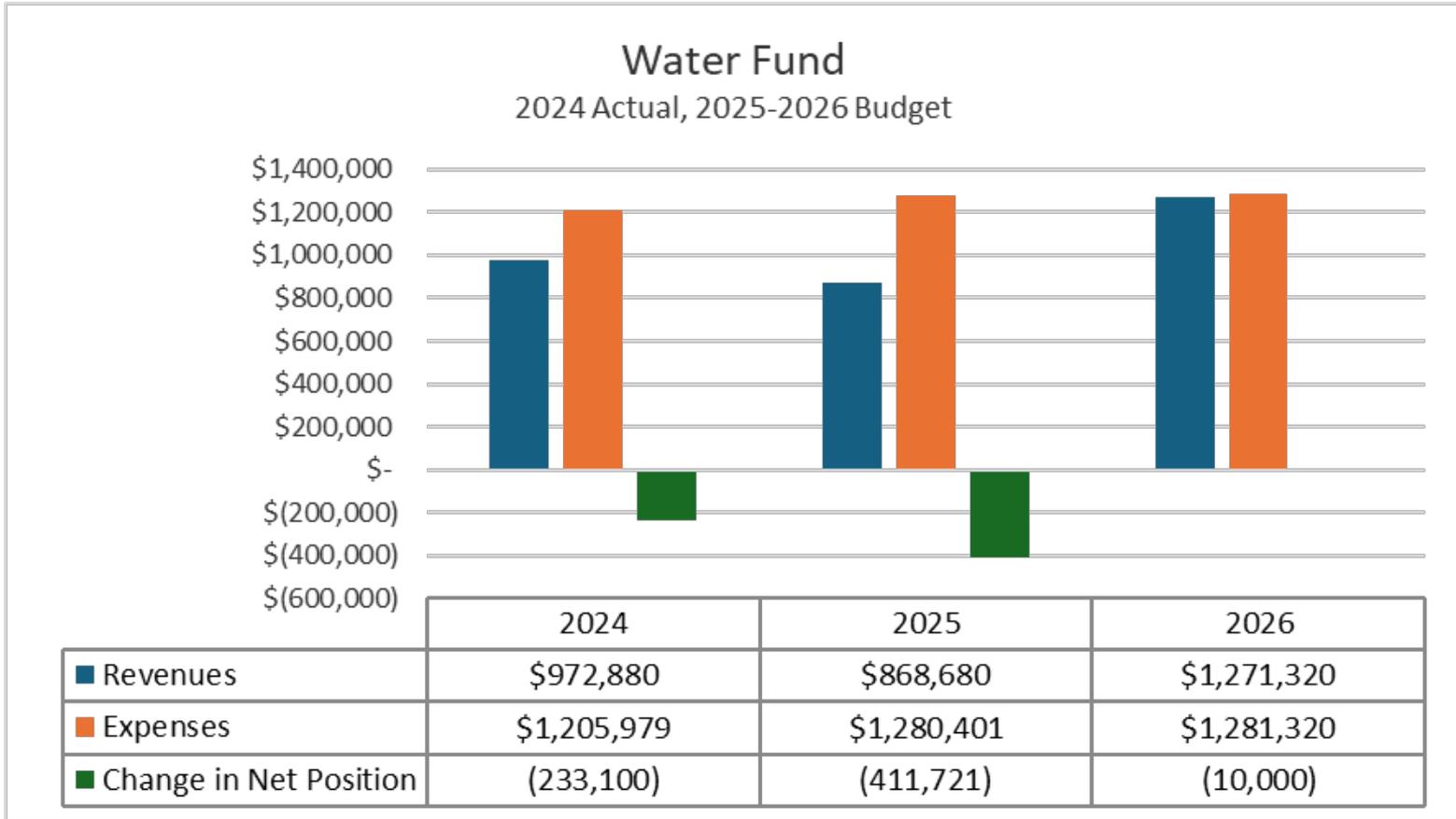
1,608 Connections
(3,070 Customer)

435 Hydrants

WATER RATE ANALYSIS

<i>Water (continued)</i>		
<i>Type of Charge/Fee</i>	<i>City Code Reference</i>	<i>Charge/Fee</i>
Water service Base Fee (where water available) Consumption Tier 1 (first 5,000 gallons) Tier 2 (5,001 to 25,000 gallons) Tier 3 (25,001 to 50,000 gallons) Tier 4 (over 50,000 gallons)	903.09.1a Ord. 611	\$32.51/qtr. \$1.75/1,000 gallons \$5.75/1,000 gallons \$8.65/1,000 gallons \$10.35/1,000 gallons
Water service - low income per quarter	903.09.1a Ord.611	2/3s Base + consumption if under 5,000 gallons per quarter
Water Infrastructure fee	Beginning 2027	\$10/qtr. (not contributing Base Fee)
Water turn-on and shut-off fee	903.04	\$50
Water connection fee Single-family residential, Multi-family residential, Commercial, Schools, churches, government and other non-residential	903.04	\$10,000 See chart/formula in 903.04 Subd 3a

2026 WATER FUND



Sanitary
Sewer
Fund

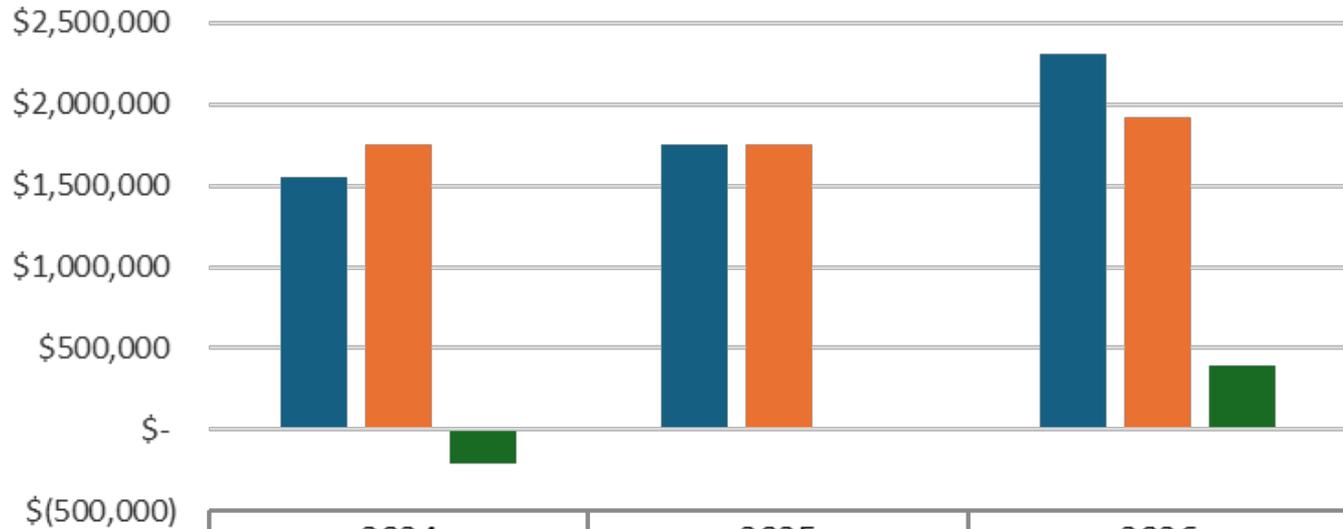
14 Lift Stations
63 Miles

3,070 Customer

Metropolitan Council
Environmental Services

2026 SANITARY SEWER FUND

Sanitary Sewer Fund
2024 Actual, 2025-2026 Budget



	2024	2025	2026
■ Revenues	\$1,549,563	\$1,750,410	\$2,306,649
■ Expenses	\$1,753,056	\$1,750,410	\$1,913,742
■ Change in Net Position	(203,493)	-	392,907

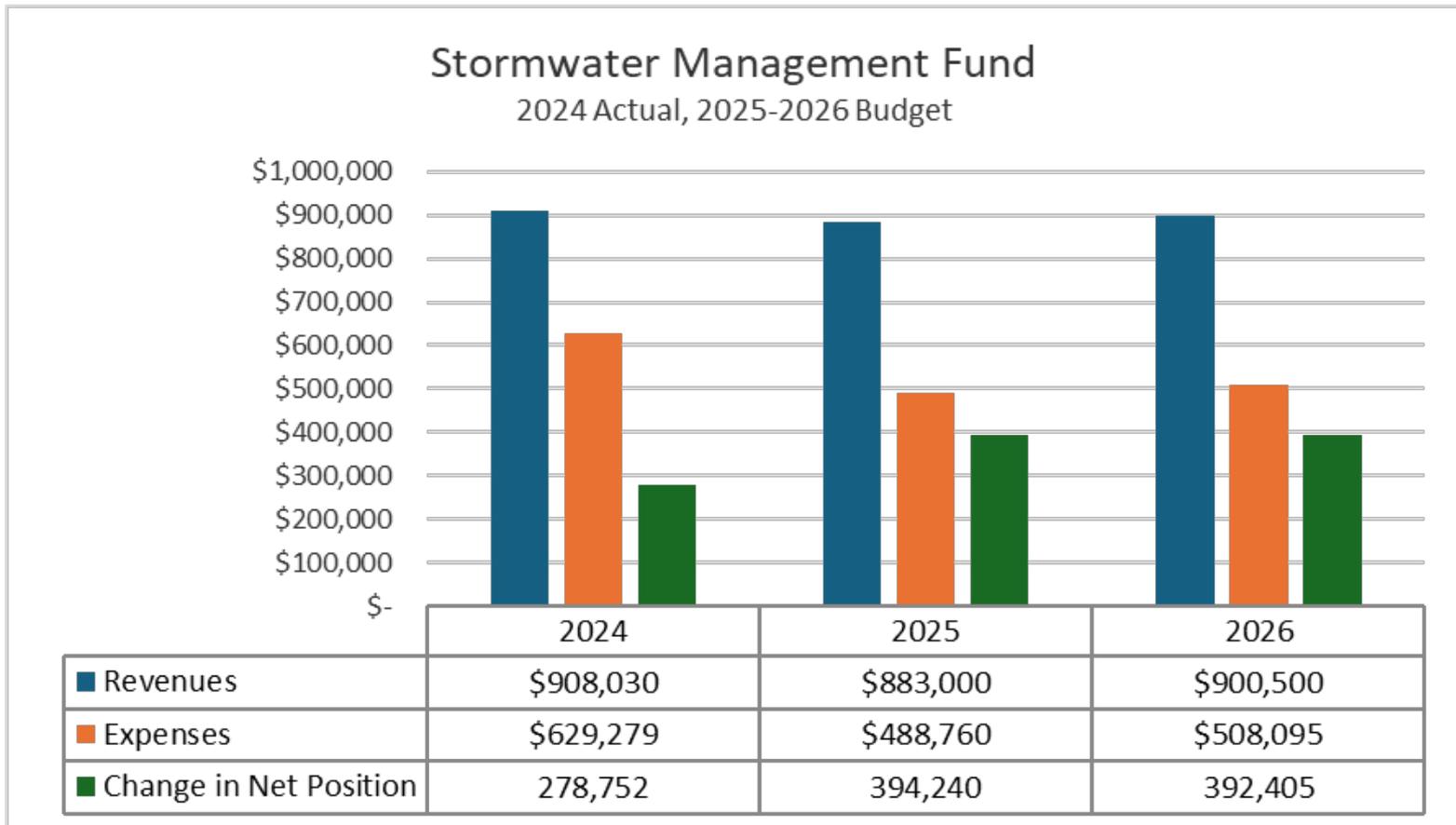
Stormwater Management Fund

14 Miles
Infrastructure

Municipal Separate Storm
Sewer System
(MS4)

Stormwater Pollution
Prevention Program
(SWPPP)

2026 STORMWATER MANAGEMENT FUND



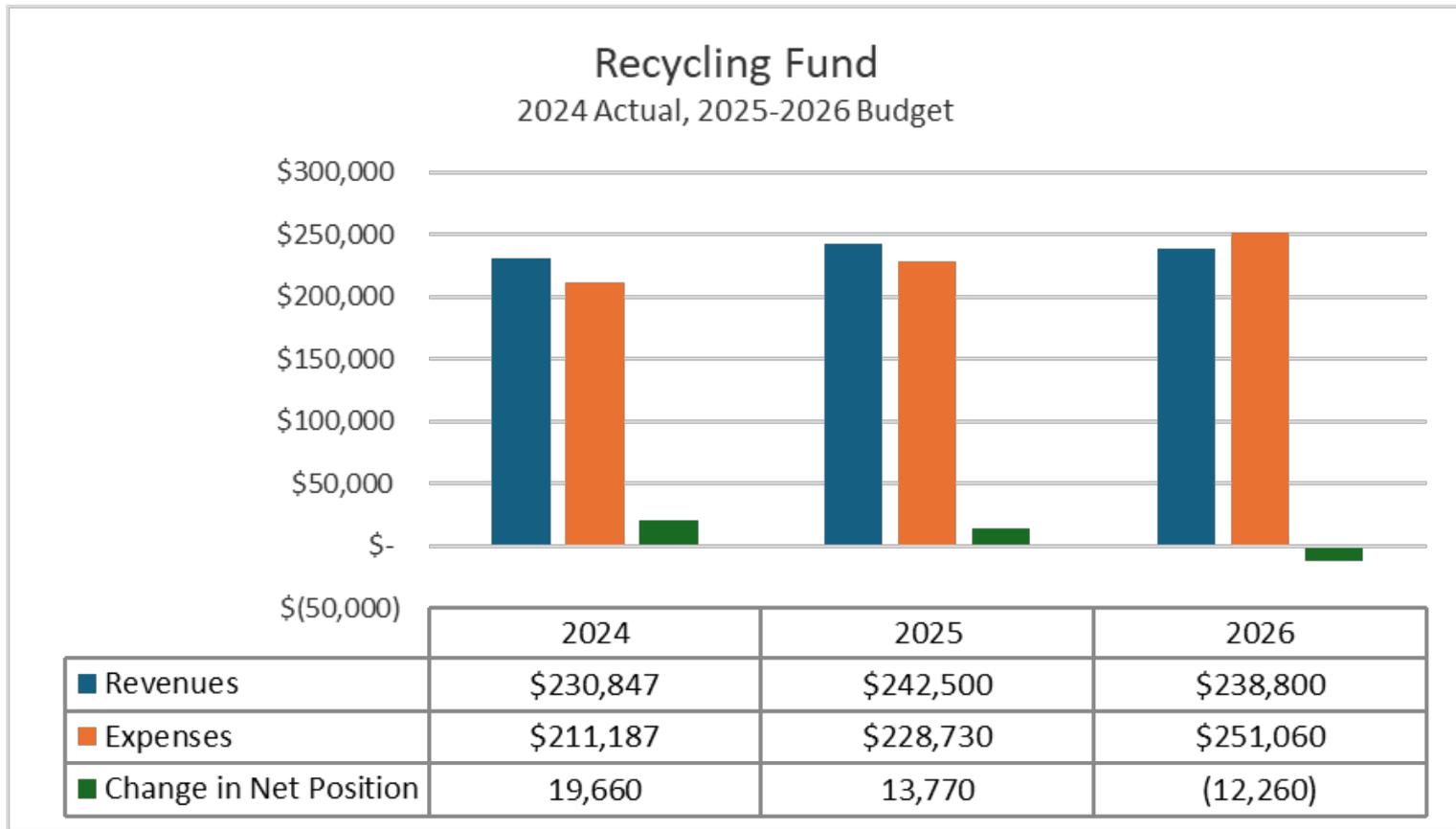
Recycling Fund

2,981 Customers

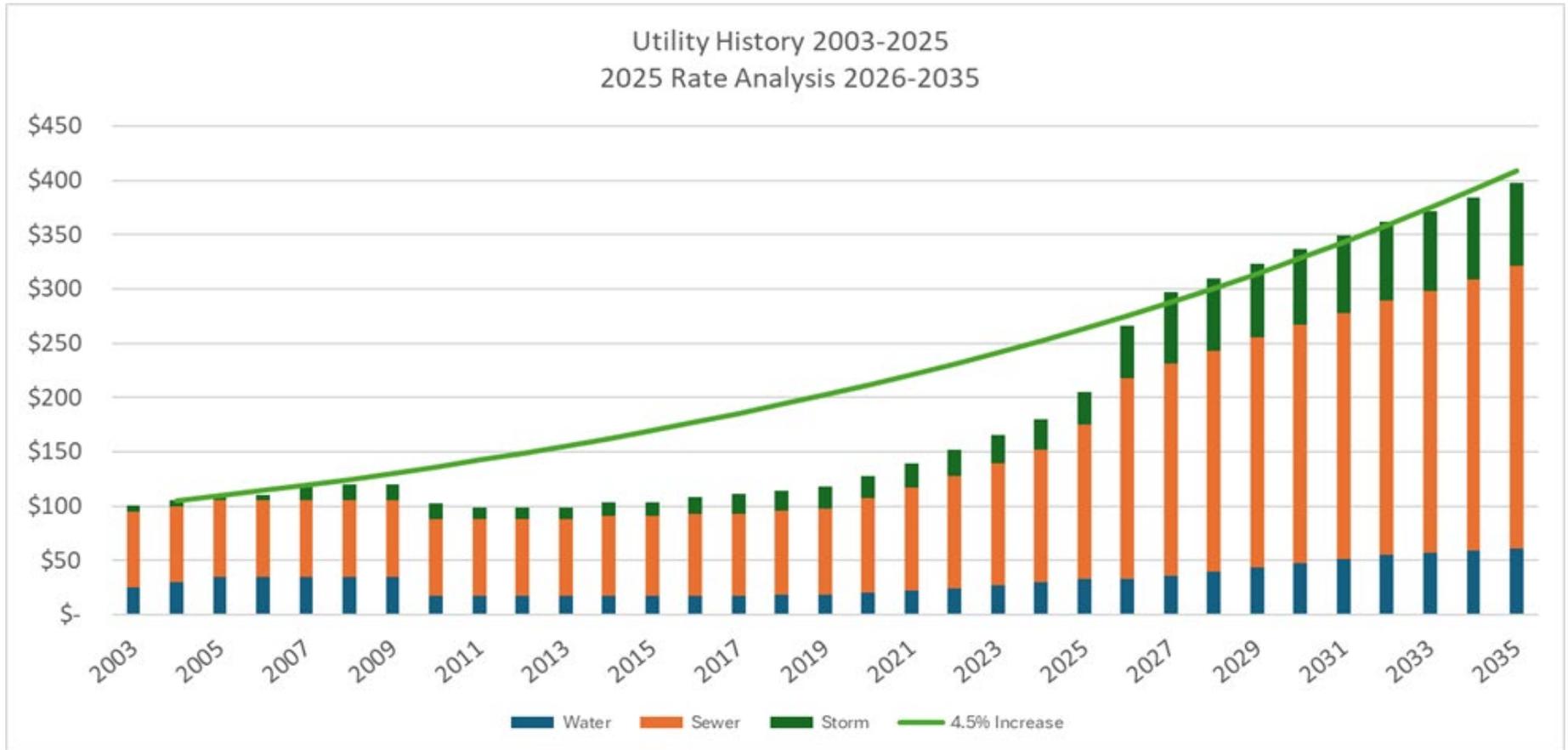
WM

\$1 Rate Increase

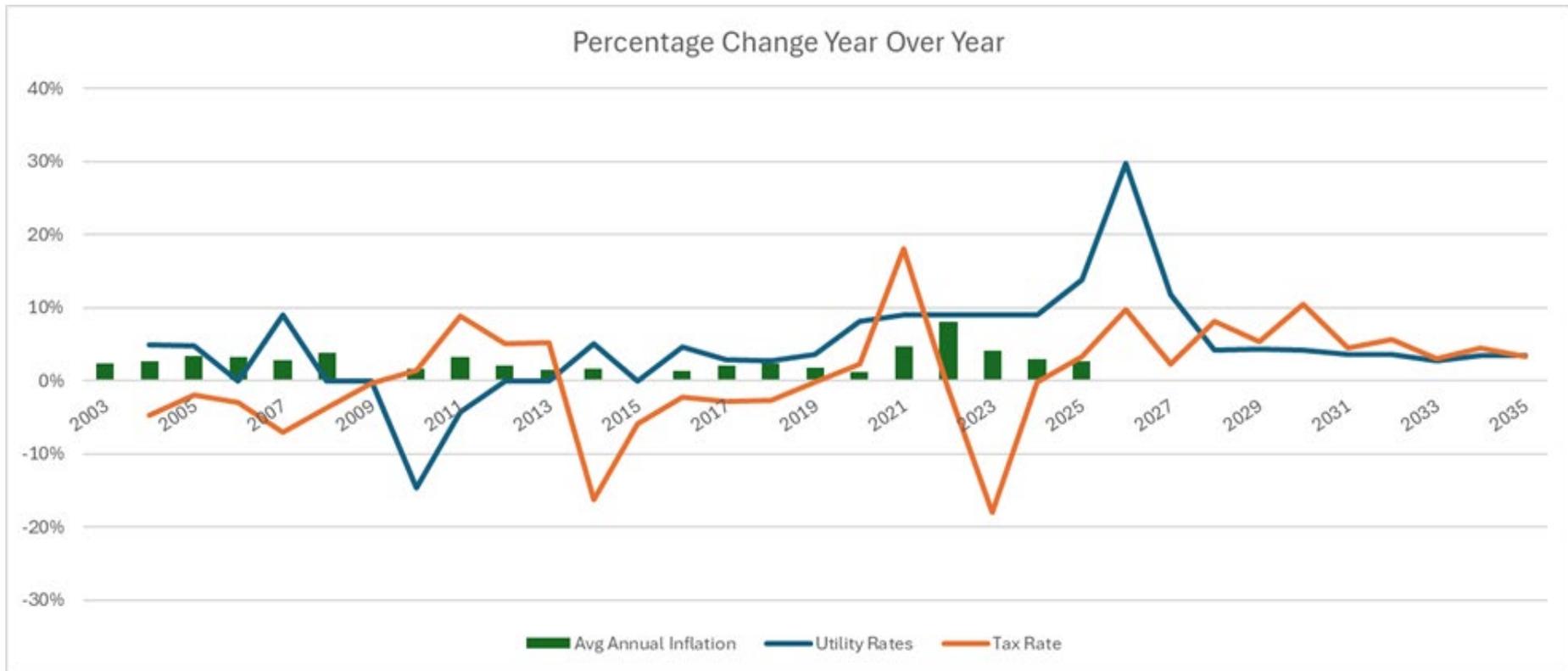
2026 RECYCLING FUND



2026 MASTER FEE SCHEDULE



2026 MASTER FEE SCHEDULE



Average
Residential
Utility Bill
\$61.93

\$42.68 Sanitary
Sewer

\$18.25 Stormwater
Management

\$1 Recycling

Overall

\$11.35 Water

\$32.51 Water Available

\$55 \$400,000

\$149 \$705,448

Discussion

Proposed Budgets

Proposed Fees

Levy & Tax

ADDITIONAL DISCUSSION

Property Tax Levy

Figure 1 City Tax Levy and Tax Rate		
Tax Collection Year	Tax Levy	% Change Tax Levy
2025	\$7,593,570	6.72%
2026	\$8,329,583	9.69%
2027	\$8,967,795	7.66%
2028	\$9,921,152	10.63%
2029	\$10,684,270	7.69%
2030	\$12,048,992	12.77%
2031	\$12,857,624	6.71%
2032	\$13,868,793	7.86%
2033	\$14,582,895	5.15%
2034	\$15,557,212	6.68%
2035	\$16,409,585	5.5%

CHANGES

Meeting Minutes

Publications

Capital Improvement
Plan Approvals

Safety Camp
Excelsior Fire Works

AR Module
Council Devices

Fund Balance
Reserves

PUBLIC ENGAGEMENT

Community Survey

Budget Web Page

Subscriber Email

ShoreReport

Website Newsflash

Public Meetings



Public Feedback

Open Office Hours

Tuesdays 12-3 PM

Wednesdays 7-11 AM

Public Engagement

Questions

Before Public
Engagement