

**MOUND CITY COUNCIL  
SPECIAL WORKSHOP MINUTES  
June 24, 2025**

The City Council of the City of Mound, Hennepin County, Minnesota, met in a special workshop meeting session on Tuesday, June 24, 2025, at 5:00 p.m. in the Council Chambers in the Centennial Building.

Members present: Mayor Jason Holt, Council Members, Michelle Herrick, Kathy McEnaney and Kevin Castellano.

Members absent: Sherrie Pugh.

Others present: City Manager Jesse Dickson, Deputy City Manager Maggie Reisdorf, Finance Director Noah Iverson, and City Attorney Scott Landsman.

2026 Franchise Fees Increase Proposal

Mayor Holt introduced this item to the City Council. He stated that the Finance Committee met recently to continue to talk about the building of a Water Treatment Plant and how and when to finance its construction. He noted that the city completed the Long Term Financial and Capital Plan in 2024, but that the study didn't incorporate the construction of the plant. Holt stated that a discussion item with the Finance Committee has been increasing Franchise Fees in 2026.

Reisdorf informed that as part of the Long-Term Financial Plan (LTFP), the City of Mound increased Franchise Fees for 2025. She explained that prior to the change, every property, no matter what the class of property, was charged the same rate of \$2.75. She noted that the change took property class/type into consideration and the rates were increased and changed according to what research in the metro region was charging.

Reisdorf explained that franchise fee revenue is currently being used to stabilize property taxes. She noted that the ongoing discussion would be whether the City Council is interested in using the revenue to stabilize utility rates as well. Reisdorf and Iverson went into detail about the LTFP and the upcoming \$71 million in capital improvements needs through the year 2033 (excluding the water treatment plant). There was discussion on how those projects are projected to be financed with reserves and debt.

Iverson went into detail about historical capital projects and how those projects were primarily funded through the issuance of debt.

Reisdorf talked about how the Finance Committee and staff have continued to discuss funding the water treatment plant with or without external federal or state funding. She noted that the city did not receive state funding in 2025, but that there may still be opportunities to receive state or federal funding.

Holt noted that Franchise Fees are another revenue stream to help support capital project funding. He stressed that he understood that it is still hitting residents financially in some way, but that Franchise Fees also allow the city to collect from properties that don't currently pay property taxes, but still use city services and resources. He talked about the current funding applications that the city has applied for at the federal and state levels. He noted that the city has to wait until September to see if it would get any federal funding. Holt said that he has spent the last year lobbying at the state level really hard and that the city wasn't able to secure any

funds in 2025. He said that he knows residents want the water issue fixed and that the city has been doing what it can to reduce the impact of how the construction of the plant would impact the utility rates.

Reisdorf stated that a recommendation that staff has presented to the Finance Committee would be to increase Franchise Fees again in 2026, and then take a break for two or three years. She explained that the additional revenue from the recommended rate changes would be an approximate increase of \$247,000. She stated that this increase could further help with capital project funding and/or to help get the current utility deficits better faster.

Holt said that he is a fiscally conservative person and doesn't want to increase taxes, but understands that the city needs to pay its bills. He said that the city needs to get out of the hole and that this city has to make hard decisions to get the city where it needs to be.

There was a discussion on whether the city could put the construction of the water treatment plant on the ballot for residents to vote on. Landman explained why this could not be placed on a ballot to be voted on and that it is essentially the responsibility of the City Council as elected officials to decide on.

Holt noted that the City Council would be hosting an Open House on July 22, 2025 to provide an update to the community on the status of the water treatment plant plans, the funding, and additional information.

There was discussion on whether the city should wait until September to see if the city receives additional federal funding for the project.

Holt said that the City Council could make a decision now, or it could continue to lobby for external funding.

There was continued discussion on the staff proposed Franchise Fee increase.

Holt noted that this City Council has to make hard decisions because previous City Councils kept constantly cutting funds, but didn't cover their costs. He stressed the importance of fixing the budget and that the city can't continue on this path.

McEnaney stated that she understood what the city needs to do. She explained that it has been hard to find other funding sources to get the city to where it needs to be. She said that she doesn't want to increase Franchise Fees, but that the city may have to do so to get fiscally healthy. Herrick agreed.

The City Council agreed to have staff bring a Franchise Fee increase proposal to a regular City Council meeting for further review and discussion.

Adjourn

The meeting was adjourned at 5:58 pm.

  
Attest: Kevin Kelly, Clerk

  
Mayor Jason R. Holt