

**MOUND CITY COUNCIL MINUTES**  
**April 28, 2026**

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, April 28, 2026, at 6:01 p.m. in the Council Chambers in the Centennial Building.

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

Members absent:

Others present: City Manager Jesse Dickson, Deputy City Manager Laila Imihy, City Attorney Scott Landsman, Finance Director Lindsey Erdmann, Public Works Director Ryan Prich, Senior City Engineer Brian Simmons, Kyle Sawyer, Paula Larson, Tyler Pieper.

1. Call to Order

2. Pledge of Allegiance

3. Adopt Agenda

MOTION by McEnaney, seconded by Pugh, to approve the agenda including tabling item 5b until May 12, 2026. Upon roll call vote, all voted in favor. Motion carried.

4. Public Comments

Paula Larson, 5713 Linwood Blvd said she is looking for an amendment to the City Code to allow for additional markers at the City Cemetery.

Paula Larson, 2316 Commerce Blvd., said she asking Council to allow her to purchase commercial lot adjacent to her property (Outlot B). Council members told her they would be interested in hearing her proposal on a project that would generate tax revenue or jobs.

5. Presentations

a. Utility Rate Study – Long Term Financial Management Plan, Imihy

Imihy said the City has had the Financial Management Plan (FMP) in place since 2023 which provides data to the City to assist in setting taxes and utility rates to address the deficits in the City Sewer and Water Funds. Imihy said the FMP and Utility Rate Study allows for the City to set the 2027 City Budget.

Why does the City need a Water treatment plant? Imihy provided the following:

- Manganese removal from water supply
- Remove iron and other contaminants
- Steward taxpayer dollars and save money spent on in-home water solutions
- Protect and preserve infrastructure

Imihy said the City has begun a portion of the Water Treatment Plant (WTP) through the Infrastructure Improvements Phase 2 Project. Imihy said this project is funded through \$12.3 Million in funds the City received from State and Federal sources.

Imihy said it is unclear at this time if the City will receive the request for \$15Million in state bonding funds for the future project improvements.

Imihy listed potential sources of funding:

- \$5.4 Million in additional revenue from increases in gas and electric franchise fees in 2027, 2029 and 2031
- \$3 Million in a Public Facilities Authority PFA Grant

Cost of the Water Treatment Plant

- \$12 Million in site preparation is underway and is funded
- \$30 Million in construction costs which is unfunded

Funding of WTP project

- \$12 Million in State and Federal Funds
- \$3 Million through the PFA Grant
- \$27 Million in a PFA Loan

Discussion ensued on the terms of the PFA loan which is proposed to be a 20-year loan at a 2% interest rate. Imihy said the interest rates and loan duration is subject to change.

Imihy said the City Water Fund is at a cash deficit with the only way to get out of the deficit is to raise water rates. Imihy said by 2033 the Water Fund will have positive cash flow and the City will not have to issue bonding for future projects.

Imihy listed water rate percentage increases with no WTP project

- 2027 – 13.5%
- 2028 – 11.5%
- 2029 – 7.5%
- 2030-2033 – 3% increases annually

Scenarios for percentage rate increases with PFA \$27 Million loan

- 2027 – 17%
- 2028 – 16%
- 2029 – 15%
- 2030 – 10%
- 2031 – 8%
- 2032 – 5%
- 2033 – 3%

Imihy listed what these percentage increases would look like in dollar for the residential City medium water volume user (14000 gallons).

	2026	2027 with no WTP	2027 with PFA Loan
Franchise Fees	\$96	\$101	\$144
Water Fees	\$695	\$788	\$813
Total Cost	\$791	\$889	\$957
Total Annual 2027 increase		\$98	\$166
Monthly 2027 Increase		\$8.16	\$13.83

Discussion ensued about the percentage of Mound residents who are the medium 14000 gallon users. Kyle Sawyer from Ehlers said he didn't have the exact percentage but it was significant.

Discussion on where does the Franchise Fees go for the WTP to which Imihy stated the proposed increases in Franchise Fees will go to the WTP and the current fees go to debt service and building the fund balance. Imihy said the current Mound Franchise fees are low compared to neighboring cities. Holt said the City didn't raise franchise fees for a number of years until recently. Holt said residents over the last five years are worried about their fees increasing too much for the WTP but also want the project to be completed.

The Council discussed the history of City utility rates and Imihy said the Council set the direction to use water rates to pay for the WTP instead of property taxes. Imihy said after the legislative session is over the Council can discuss different funding scenarios and communication strategies so residents understand the path the City is on and how the City came to these fees.

Imihy listed the impact of fee increases on City multi-family medium water users (62,000 gallons and 12 units).

	2026	2027 with no WTP	2027 with PFA Loan
Franchise Fees	\$1152	\$1212	\$1728
Water Fees	\$5118	\$5808	\$5987
Total Cost	\$6270	\$7020	\$7715
Total Annual 2027 increase		\$750	\$1445
Monthly 2027 Increase		\$62.50	\$120.42

Imihy added that based on a 12-unit building the fee increases would come out to \$1.24 per unit.

Imihy listed the impact of fee increases on City commercial medium water users (31,000 gallons). Customer Class – small C & I Non-Demand (electric) and Commercial A (gas).

	2026	2027 with no WTP	2027 with PFA Loan
Franchise Fees	\$288	\$302	\$432
Water Fees	\$3764	\$4272	\$4404
Total Cost	\$4052	\$4574	\$4836
Total Annual 2027 increase		\$522	\$784
Monthly 2027 Increase		\$43.50	\$65.33

Imihy said the City will know by June if State bonding for the WTP is approved and at that time the City can run through the numbers.

- b. Avon Park Survey, Prich - Tabled

6. Consent Agenda

- a. Approve Minutes of the April 14, 2026 City Council Regular Meeting
- b. Check Registry for February & March 2026, Erdmann
- c. MCES I/I Grant Program Reimbursement, Bauman

MOTION by McEnaney, seconded by Herrick, to approve the consent agenda. Upon roll call vote, all voted in favor. Motion carried.

7. Public Hearings

8. Old Business

9. New Business

a. Purchasing Card Program Policy, Erdmann

Director Erdmann presented the new Purchasing Card Program Policy to the City Council. Council Member McEnaney asked if this is in relation to the request from the Council to review the procurement policy. Council Member Castellano asked if this was related to the audit.

MOTION by Castellano, seconded by Pugh, to approve the changes to the Purchasing Card Program Policy. All voted in favor. Motion carried

b. Lost Lake Commons Interpretive and Wayfinding Signs, Bauman

City Engineer Brian Simmons presented the Lost Lake Commons Interpretive and Wayfinding Signs. Council Member Pugh mentioned that the first sign does not call out Surfside Park as a place for swimming, and that Lost Lake does not allow for fishing off the public docks. The Council discussed fishing at Lost Lake but determined that they would table this for a future time. Council generally liked the signs and had questions about the font size and where photos for the signs came from. Paula Larson from the Parks and Open Space Commission brought up the fact that Carmens Bay is not in Mound, and that "Westonka Bays" should be changed to "Mound Bays" or "Lake Minnetonka Bays." The Council discussed desired changes to the "bays" section of the first sign. The Council directed the Consultant to research Dutch and West Arm bays, revise the signs and have the final signs approved by City Manager Dickson. Council Member Pugh requested that when the signs are finished there be a dedication. Assistant City Engineer provided an update on the status of the reminding construction on the park.

MOTION by McEnaney, seconded by Pugh, to approve the proposed interpretive and wayfinding sign layouts for Lost Lake Commons Park project with the discussed amendments for production. All voted in favor. Motion carried.

10. Announcements

a. Comments/Reports from Council Members:

Council Member Pugh – Nothing to report but requests a dedication of the park. The Council discussed when the optimal time for a dedication would be but ultimately decided to table it.

Council Member Castellano – Requested that Harbor Wine and Spirits monthly reports are added back into the packet.

Council Member Herrick – Complimented the Information Open House and thanked staff for their work, Surfside for the cookies and other consultants for their time and work. Mayor Holt echoed these comments and thanked Council Member McEnaney for her hard work on the event.

Council Member McEnaney – Nothing to report.

Mayor Holt – Participated in interviews for a new police chief. Will be participating in the Minnetonka Mayors Forum on April 29. Would also like to discuss seating at Lost Lake Park at a future meeting.

b. Comments/Reports from City Manager: Nothing to Report

c. Next City Council Regular Meeting: Tuesday, May 12, 2026, at 6:00 p.m.

11. Adjourn

MOTION by McEnaney, seconded by Herrick, to adjourn the meeting at 7:50 p.m. All voted in favor. Meeting adjourned.

  
Attest: Kevin Kelly, Clerk

  
Mayor Jason R. Holt