

MOUND CITY COUNCIL MINUTES

September 8, 2026

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, September 8, 2026, at 6:00 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 Clerk Kevin Kelly, City Attorney Scott Landsman, PW Director Ryan Prich, City Engineer Matt Bauman, Orono Police Department Sergeant Ryan Spencer, Angela Hamilton, Sheri Wallace, Nathan Berg, Peder Nyhus, Helen Canning, Dennis Kelm, Nicole Ellenson, John and Kelly Holcomb, Tyrus Magnus and Seamus Dedon.

1. Call to Order

2. Pledge of Allegiance

3. Adopt Agenda

Dickson had the following amendments to the agenda; Items 9a and 9b will be removed from the agenda and replaced with 6c, the 2027 City Budget presentation. Dickson also amended the agenda with the removal of Item 11 to Item 12, Adjourn to closed session.

MOTION by McEnaney, seconded by Pugh, to approve the amended agenda. All voted in favor. Motion carried.

4. Public Comments

No one came forward.

5. Consent Agenda

- a. Approve Minutes of August 25, 2026 City Council Regular Meeting, Kelly
- b. 1 Day to 4 Day Temporary Liquor License Gillespie Center, Kelly
- c. Constitution Week Proclamation
- d. Approve Resolution 26-60 Debt Service Transfer, Bonniwell
- e. August Check Registry, Bonniwell
- f. Approve Resolution 26-61 approving front and side yard variances for new/replacement house at 1908 Shorewood Lane, Smith
- g. Approve Resolution 26-62 approving lakeshore setback variance for house addition project at 1609 Bluebird Lane, Smith
- h. Approve Pay Request No. 7 in the amount of \$917,809.83 to Minger Construction for the Water Treatment Improvements - Phase 2, PW-25-12, Bauman
- i. Approve Pay Request No. 4 in the amount of \$66,117.15 to Pember Companies for Lost Lake Commons – Phase 2, PW-25-10, Bauman
- j. Approve Pay Request No. 3 in the amount of \$353,122.12 to GMH Asphalt for 2026 Street and Utility Improvements, PW-26-01 & PW-26-02, Bauman
- k. Approve Miscellaneous Pay Request in the amount of \$391.68 to Kelly Green Irrigation

for the Water Treatment Improvements - Phase 2, PW-25-12, Bauman

MOTION by McEnaney, seconded by Pugh, to approve the consent agenda. All voted in favor.
Motion carried.

6. Presentations

- a. Orono Police Department (OPD) with the August 2026 Activity Report, Spencer
Sergeant Spencer said there was a little more juvenile activity regarding e-bike use. Spencer said the youth and their parents are counseled if there is an issue and bikes can be impounded if the user has had repeated issues. Spencer said school is in session and the e-bike use should lessen.

Spencer said there continues to be traffic issues around the construction area mostly with wrong way drivers in the construction zone.

Spencer listed the following OPD training activity:

- Fire Arms
- Use of Force
- First Responders training
- Lake Minnetonka Swat team conference at Camp Ripley for training on critical incidents with the OPD hosting the conference with Plymouth and Maple Grove
- Two new Use of Force instructors will be added after their training is completed

Spencer said there are two new Officers added to the OPD, Officer Wesley who is out on the road on day shift and Officer Lexi who is starting training and will need a couple of months before she is out on patrol.

Castellano asked about the e-bike regulations presented to parents. Spencer said the OPD provides information to parents while looking into other educational options to teach the kids on the safe riding of e-bikes.

b. B.U.I.L.D. Club Little Free Libraries in City Parks, Magnus

Tyrus Magnus, Senior at Westonka High School, said he and other students have started a BUILD Club and would like to place a Little Library in all City parks with a playground. Magnus said the focus of the group is completing hands on community service. Magnus added the Little Libraries are designed and built by students to apply practical skills to produce lasting projects in the community. Magnus added the mission of BUILD is to volunteer their time and skills to improve the local community through building, repair and improvement projects.

Seamus Dedon, Vice President of BUILD, said the initial goal of BUILD is to place a Little Free Library in each park with a playground. Dedon said this is achievable and gives families free access to books. Dedon said the libraries increase access to books and books get a new life by repurposing.

Magnus said BUILD has started work on the Little Libraries and listed the next steps of the BUILD Little Libraries:

- Approval from the CC
- Grow the club and start building
- Have Public Works mark locations in the Parks
- Place libraries
- BUILD has raised \$860 and it takes \$150 to build a Little Library

McEnaney asked if BUILD will be replacing Libraries if they need maintenance. Magnus said Excelsior Bay Books is donating books to the Little Libraries and the BUILD club will look to continue regular maintenance once a week to check on libraries

McEnaney and Magnus said there are 15 parks identified to place Little Libraries.

Herrick said she would like City Public Works be involved in placement of the Little Libraries.

Pugh asked if the Little Library would be able to do audio books. Magnus said he didn't look into that yet but added there could be books in Braille added as well.

Holt said if BUILD stocks the books what if there is a not so good book placed in a library. Magnus said there will be two teacher advisors to advise on the type of literature placed and the goal is to stock all types of literature for all ages.

Pugh said some residents have adopted specific City Parks and suggested BUILD reach out to the Parks Commission for a list of the Park Adopters. Dickson said he can reach out to Parks Adopters about the project.

MOTION by McEnaney, seconded by Herrick, to inform staff to work with BUILD on their Little Library projects in City Parks. All voted in favor. Motion carried.

c. 2027 Budget Presentation, Erdmann

Imihy and Erdmann presented the 2027 Draft Proposed Budget. Imihy said there have been a number of discussions amongst staff and the City Council regarding the Finance team. Imihy said the Finance Team has been short staffed with the City trying to recruit a Senior Accountant.

Imihy said the 2026 Budget reflects the values of the Council and the goals for the City by the Council. Imihy listed the following:

- The City must set a preliminary budget with the highest taxable amount set.
- The City Budget encompasses all operating expenses and revenue, plus debt service and new capital projects.
- The City Levies property tax dollars to pay for most expenses of the City
- The City does not receive local government aid from the State.

Imihy listed Enterprise Funds which generate revenue:

- Dock Program
- Fire Department
- Liquor Store

Imihy listed the City Budget Timeline:

- June-September staff will review revenues and expenditures
- September 30 City Preliminary Levy maximum amount sent to Hennepin County
- Preliminary Levy will be set on September 22nd
- Staff with input from the Council will refine the budget including a review of utility rates and estimates from service providers and vendors
- December 8th Truth in Taxation Hearing and Adoption of the Final Levy

Imihy said the Budget is inclusive of Council Budget Goals and listed the following goals:

- Utilize the City's Financial Management Plan (FMP) as a guide
- Explore ways to reduce spending on consultant dollars
- Add necessary staff in PW and Communications
- Add enterprise software which will reduce staff time spent on consultants
- Bring utility billing back to the City with the potential of monthly utility billing
- Discuss the 2027 Budget
- Provide the City Council the opportunity to deliberate before setting the preliminary levy

Erdmann said the City FMP provides the guidepost for City decision making

- The FMP was last updated in 2024
- Direct enterprise funds updated to analyze impact of WTF
- Staff recommend an update to all funds before setting the final levy
-

Erdmann said the Housing Redevelopment Authority (HRA) is a separate budget and levy and is looked at independently from the rest of the budget. The following points were emphasized:

- HRA budget will be set to keep revenue flat
- Maintenance on slips and parking garage are items for expenditures
- Debt Levy set to have a small decrease

Erdmann listed areas of the City General Fund:

- IT Police Legal are contractual services and obligations
- Three one-time spending through the General Fund
 - 2025 Comp Plan
 - Special Election
- Enterprise Software
- Ongoing new funding in 2027 will be a FT Communication staff, a Parks Maintenance Worker position, and 5% of the Deputy Fire Chief work for Emergency Management

General Fund Expense Budget

- Finance and Administrative Services – increase due to adding in costs from all departments
- Budget areas consolidated into one Fund
- New staff positions added to specific funds
- Personnel Schedule was amended to reflect FTE's

Erdmann listed the following Revenue Assumptions as listed in Funds:

- Interest increased to \$100K
- Fee Study needs to be done discussed going forward
- General Fund mostly through Property Taxes and charges for services

Erdmann listed Special Revenue Funds:

- Area Fire Services – New funding for Duty Crews \$47,000 and administrative cost sharing charges \$129K increase in revenue at 14% increase with increase of expenses at 13%
- Dock Fund – Small revenue increase budgeted with expenditures at -7% with free study yet to be completed

Erdmann listed Enterprise Funds –

- Water and Sewer Utilities - New one-time spending \$143K and ongoing at \$110K which include:
- Funding for the 2050 Comprehensive Plan
- SCADA technology
- Administrative Cost Sharing
- FTE 13% increase in revenue in Water Utility with 8% increase in expenses
- Sewer added to FTE with a 3% increase in revenue and 10% increase in expenses

Imihy said the Liquor Store is effected by a Federal Government Policy Change which the City will no longer be insured to sell THC drinks and edibles at Harbor Wine and Spirits (HWS) which takes effect on November 26, 2026. Erdmann said a federal law is scheduled to take effect November 12, 2026 that will make certain types of THC infused drinks and Hemp infused products illegal federally though they are still legal to sell and consume in MN.

Imihy said Cannabis can be purchased in a Cannabis shop as it is derived from Cannabis. Imihy added that THC products have created \$245K of revenue for HWS. Erdmann said the projected operating revenue will be a 3% increase. Erdmann added that Liquor Store Metrics are projected at a gross profit 22% with a net income before transfers at 49% and a net income after transfers of 107%.

Erdman listed the following:

- Stormwater Operating Budget with no change as the Fund follows the FMP
- Recycling Budget with revenue slightly over expenses
- Capital Improvement Plan looked at by Fund
- 2027 Street and Water projects will add \$8.5Million in debt

Capital Improvement Fund - Funded through Bond Proceeds, Municipal State Aid, Property Tax and Special Assessments

Capital Equipment Replacement Fund Needs:

- Ford F450 Street Service Truck
- Toro Mower
- John Deer Mower
- Ford F350 Pickup

Road Maintenance Capital Reserve Fund Plan with balance of revenue and expenditures.

Community Investment Fund Plan – Parks Capital with 2027 Dundee Park scheduled

Capital Replacement – City Buildings Plan

- Fire suppression equipment for Centennial and City Hall, PW building maintenance and Parking Garage

Water Utility Capital Plan projects budget in 2027

Sewer Utility needs to be looked into as projects come in.

Erdmann listed items City Levy:

- General Fund and Fire
- Special Revenue – Debt service for PW projects
- Capital Revenue
- Enterprise
- Preliminary Recommendation
- Fund Council Priorities and necessary expenses
- Allows time to complete updates to Utility Rate Study
- SCADA technology

Erdmann listed the Preliminary Levy recommendation at 9.85%

- General Fund – 4% increase
- Special (Debt) Levy – 52% increase
- Operating Capital Revenue Levy – 1.3% increase
- Fire Revenue Levy – 4.7% increase
- Water and Sewer Revenue Fund Ley - \$180K removed

Erdmann said the City will continue to follow the FMP which will lower the Preliminary Levy to 7.79%.

Erdmann listed a few adjacent Cities Preliminary Levy amounts

Tonka Bay - 42%

Excelsior – 20%

Orono – 17%
Minnetonka Beach – 15%
Minnetrista – 12%
Shorewood – 8.3%

Imihy said Erdman has been working to keep the levy at the FMP set level despite an increase in insurance and the increase in fuel costs.

Imihy listed the following schedule:

- October 13 Council Meeting the Council will receive Water Treatment Facility (WTF) bids
- Utility Rates are being used to pay down debt service on the WTF and will be adjusted
- November 10 Council Meeting the FMP will be presented along with the Utility Rate Study by Ehlers
- November 24 Council Meeting - Updated Fee Schedule which will include utility rates and all other City fees for service
- Administrative service charges are costs for payroll and HR
- December 8 Council adopts the Final Levy

Castellano asked if there an expectation the interest funds the City received will increase. Imihy said the City budgets have been traditionally been conservative when accounting for interest derived from the City's money market account. Erdmann said adding in greater interest income to the budget is the equivalent to \$100K which is similar in cost to an additional Parks Department position.

Holt said the City hasn't received LGA over the past few years. Holt said the Council set the Levy at 6% in 2026 and the new Levy in 2027 will pay for a new PW staff and finance software updates.

Discussion ensued regarding city finance software and the ability for the City to do utility billing.

Holt said the Levy increase will follow the FMP and get the City out of the Water Fund debt. Holt added that the Sewer and Water Funds are on track to positive revenue by 2029. Holt said the 7.79% levy increase is lower than other cities.

7. Public Hearings

8. Old Business

9. New Business

a. Ashland Lane Public Lands Permit, Dickson

Sheri Wallace, 2135 Overland Lane, Chair of the Harrison Bay Association (HBA), said the HBA would like to build a rain garden at the end of Ashland Lane. Wallace said the HBA has budgeted \$8K for the project and is looking for Council approval of City Public Lands Permit the HBA has applied for. Wallace said HBA has chosen Norling's Landscapes to complete the rain garden construction.

Wallace said the City has removed the tree stumps at the site which is ready for the raingarden work. Wallace said Norling's is ready in the next couple of weeks to get the work done.

MOTION by Holt, seconded by Pugh, to approve the Public Lands Permit and waiver of the application fee. All voted in favor. Motion carried.

b. 4805 Island View Drive Dock Program Violation Hearing, Kelly
Landsman said this item is an appeal by the owners of 4805 Island View Drive (IVD) of a staff determination regarding their existing dock on Devon Commons. Landsman said the appeal is whether the dock is in the approved location from last year. Landsman said the City Council can affirm, modify, reverse or table the determination of staff. Landsman said the Council should direct the City Attorney to draft a resolution for the next council meeting with the Council determination.

Kelly said the Nyhus' indicated on their dock application they had not made any changes to the dock orientation from the previous season. Kelly said he was doing an inspection of shoreline in the spring and noted the Nyhus dock was placed 16 feet to the east and 16 feet longer than the dock structure was placed in 2025. Kelly said he returned to the site on May 12th and took depth measurements of the Nyhus dock area and surrounding dock areas and found the dock was at 4' of water depth 16 feet from the end of the dock.

Kelly said he had conversations with the Nyhus' regarding the dock length and infringement on the dock to the east. Kelly asked they voluntarily come into compliance with the request of Dock Administration. Kelly said he sent a letter to the Nyhus' to follow the compliance directive and the Nyhus' chose to appeal Dock Administration's decision to the City Manager. Kelly said a hearing with the City Manager was held on July 21st with the City Manager denying the Nyhus appeal through a letter on July 23rd. Kelly added the Nyhus then requested to appeal the determination of the City Manager to the City Council.

Peder Nyhus, 4805 Island View Drive, provided the City Council a survey of the 4805 Island View Drive property. Nyhus said he respectfully disagreed with the decision of City staff. Nyhus said he does not believe their dock is out of compliance as it is identical to the dock which was in place in 2025. Nyhus added his dock is similar to surrounding docks and there should not be a specific length restriction for their dock. Nyhus asked for consistent application of the City Ordinance.

Nyhus listed the following:

- The LMCD ordinance and City Waterways Code are being met as his dock structure is placed within its Dock Use Area and is not required to be in the same place every year.
- Nyhus said his dock application did not say his dock couldn't change configuration.
- The Nyhus dock is within the Dock Use Area and thus is approved as the dock being moved is not a violation of the code
- Appeals the demand to move dock configuration
- The real issue is the neighboring dock to the east and the use of their dock use area
- Requests a variance of dock length and navigation to 5 feet of water depth
- Believes the same provisions of other docks in the Dock Program do not meet the water depth and length restrictions
- Their dock had not changed from 2025 and is consistent with other docks in the Dock Program same rules.

McEnaney asked Nyhus why he moved their dock 16' to the east and almost on top of the neighboring dock? Nyhus said the reason was based on the location of the boathouse on the commons and being able to see their children better from their house.

McEnaney said the Nyhus dock is really tight next to your neighbor. Nyhus said the neighboring dock is over their dock use area and he asked the neighbor to move their dock over 3 to 4 feet to the east.

Herrick said it appears the Nyhus' put in an extra dock section to the east. McEnaney asked if Nyhus received any complaints from their neighbor regarding their dock structure. Nyhus said the neighbor said his dock was very close.

Kelly was asked if there have been similar requests of license holders in the past and Kelly said yes there have. Kelly said there is an abutter on another area of Devon Commons who was asked to remove a dock section in which they voluntarily complied.

Landsman said the appeal is limited to the dock structure on 4805 IVD. Landsman said the question of the appeal is; has there been a substantial change of configuration and was the structure approved by Dock Administration. Landsman added the Nyhus access to Devon Commons is granted by the City through the City Dock Program license process. Landsman said if there is no specific language in the City Code to address a question then you look at the ordinary meaning of a dock configuration. Landsman said the ordinary language is enough for the Council to make a determination.

Herrick said the dock license application states that the applicant is asked to provide documentation of the dock configuration change. Holt said this issue is common sense and the dock was moved and you could jump from one dock to the other.

The Council discussed the Nyhus dock configuration and location.

MOTION by Holt, seconded by Pugh, to affirm the decision of the City Manager regarding the dock structure at 4805 Island View Drive. All voted in favor. Motion carried.

10. Announcements

a. Comments/Reports from Council Members:

Council Member Pugh – Pugh said he would like a ceremony to dedicate Lost Lake Commons Park and new signage on October 3rd at 10:00 during the Farmers Market. Holt and Pugh asked for promotion of the event by the City.

Council Member McEnaney – McEnaney asked about Citizen of the Year. Imihy said the candidate will be chosen at the second meeting of November. Imihy said she will promote the Citizen of the Year on social media, the City website and the City newsletter. Discussion ensued about the timing of recruitment of applicants. Imihy said the application will come out in the next week or two before the next City newsletter. Holt said he would like to award the Citizen of the Year at the December 8th City Council Meeting.

Council Member Castellano – Nothing to report

Council Member Herrick – Nothing to report

Mayor Holt – Nothing to report.

b. Comments/Reports from City Manager: Dickson said one item is the volunteer appreciation event. The Council and City Manager discussed holding the event on Wednesday, December 9th at Surfside Bar and Grill from 5:00-7:00 p.m.

c. Next City Council Regular Meeting: Tuesday, September 22, 2026 at 6:00 p.m.

11. Litigation

- a. Pursuant to MN Statute 13D.05 Subd. 3(b), the City Council will motion to enter a closed attorney-client privileged session.
- b. In open session, consideration of settlement agreement.

12. Adjourn to closed session

MOTION by Pugh, seconded by Herrick, to adjourn to closed session at 8:13 p.m. All voted in favor. Motion carried.


Attest: Kevin Kelly, Clerk
Mayor Jason R. Holt