2027 Proposed Utility Rates First Reading

September 8, 2026

Tiffany Stephens, finance director

St. Louis Park
MINNESOTA

Policy Consideration

Recommended action: Motion to approve the first reading of proposed utility rates for 2027 and set second reading for Sept. 28, 2026

Policy consideration: Is council supportive of the proposed utility rates.

2027 Utility Rate & Fee Schedule

Anticipated Date	Discussion & Decision Points
Aug. 17, 2026	• First reading of 2027 fee schedule
Sept. 8, 2026	• First reading of 2027 Utility rates
Sept. 28, 2026	• Second reading of 2027 Utility rates & fee schedule
Jan. 1, 2027	• 2027 Utility rates & fee schedule take effect

Summary of Proposed 2027 Utility Rates

Utility	2026 Adopted Rate Increase	2027 Proposed Rate Increase	Variance
Water	4.5%	7.0%	2.5%
Sanitary Sewer	4.5%	3.5%	-1.0%
Storm Water	4.5%	1.5%	-3.0%
Solid Waste	5.75%	7.5%	1.75%

Residential Impact

Bill example 1:

Low consumption user – quarterly bill will increase an estimated $11-$12

Bill example 2:

Medium consumption user – quarterly bill will increase an estimated $15-$16

Bill example 3:

High consumption user – quarterly bill will increase an estimated $20-$21

2027 Key Drivers Behind Rate Changes

Rising capital and operational costs across utilities

Variability in water consumption patterns, influenced by precipitation levels

Need to preserve healthy cash and investment balances for future Capital Improvement Plan (CIP) projects on aging infrastructure.

Policy Consideration

Recommended action: Motion to approve the first reading of ordinance adopting utility rates for 2027 and set second reading for Sept. 28, 2026.

Policy consideration: Is council supportive of the proposed utility rate increases.

Applicants:

Liz Hochman, BirthED
Sarah Knight, Vita New Life

Request:

Text amendment to allow limited medical/dental clinic and office in the Neighborhood-2, -3, and -4 districts.

Current code

Use Type	Neighborhood Districts				Use Specific Standards
	N-1	N-2	N-3	N-4	
Educational (academic) facility with more than 20 students	C	C	C	C	See article VII; division 3
Library	C	C	C	C	See article VII; division 3
Municipal, county, state, or federal administrative or service facility	PS	PS	PS	PS	See article VII; division 3
Police/fire station	PS	PS	PS	PS	See article VII; division 3
Religious institution	C	C	C	C	See article VII; division 3
Commercial					
Adult day care	PS	PS	PS	PS	See article VII; division 4
Group day care/nursery school	PS	PS	PS	PS	See article VII; division 4
Office less than 2,500 square feet		PS	PS	PS	See article VII; division 4

Proposed code

Use Type	Neighborhood Districts				Use Specific Standards
	N-1	N-2	N-3	N-4	
Medical/dental clinic and office less than 2,500 square feet		PS	PS	PS	See article VII; division 4
Office less than 2,500 square feet		PS	PS	PS	See article VII; division 4

Proposed code

Staff proposes the following conditions in addition to the conditions for office uses:

(a) The use shall be subject to the following conditions when operating in a Neighborhood district:

(1) The use shall be limited to a maximum of 2,500 square feet.

(2) The use shall be limited to dental care, eye care, physical therapy, family practice care, prenatal care, counseling, acupuncture and similar uses that have minimal impact on adjacent properties.

(3) The use shall not include activities such as surgery, radiotherapy, magnetic resonance imaging, or other activities that may generate hazardous waste or impacts to adjacent properties, except that the use of X-ray or similar machines may be used as incidental uses to dental or other allowed uses.

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Development standards

Typical development standards will apply:

- Parking
- Landscaping
- Screening
- Lighting
- Signage
- Noise

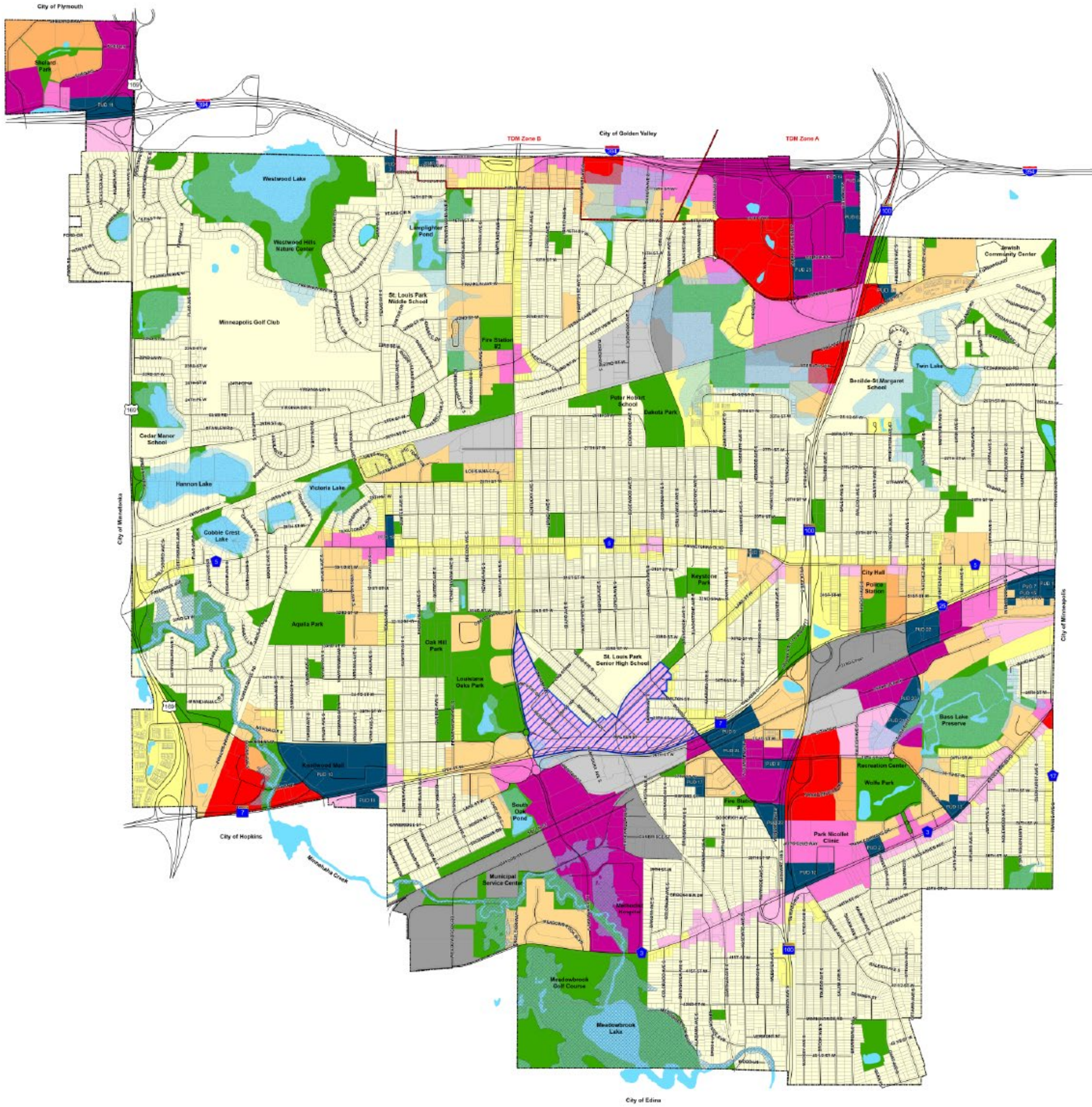
Current zoning of 6213 Lake St

St. Louis Park
MINNESOTA

Zoning map

- POS Park and Open Space
- N-1 Neighborhood 1
- N-2 Neighborhood 2
- N-3 Neighborhood 3
- N-4 Neighborhood 4
- MU-1 Neighborhood Mixed Use
- MU-2 Community Mixed Use
- MU-3 TOD Mixed Use
- B-1 General Business
- I-1 Light Industrial
- I-2 General Industrial
- PUD Planned Unit Development
- Historic Walker Lake District

Official Zoning Map



Staff recommendation

Planning Commission Recommendation.
Motion to approve the first reading of the zoning ordinance and to set the second reading for September 22, 2026.

2027-2036 Capital Improvement Plan & Other Funds

Sept. 8, 2026

Tiffany Stephens, finance director

St. Louis Park
MINNESOTA

Policy Consideration

Recommended action: No action to be taken, for discussion purposes only.

Policy consideration:

- Does council support the proposed 2027 Capital Projects and ten-year Capital Improvement Plan as presented?
- Does council support internal service fund levies as presented?
- Does council support the special levies of Climate Investment fund, Affordable Housing Trust fund, Employee Benefits, Development EDA fund and Park Improvement fund as presented?
- Does council support the proposed 2027 budget as drafted? The balanced budget consists of an all-inclusive preliminary max levy increase of 6.81% based upon the following:
    - General levies of $50,414,215 (includes HRA, CIF, EDA, Park Improvement, Employee Benefits) and
    - Debt service levy of $6,968,392

2027 Budget Roadmap

Anticipated Date	Topic	Discussion & Decision Points
July 20, 2026	2025 Annual Comprehensive Financial Report	• 2025 financial performance • 2025 fund balances
Aug. 3, 2026	2027 Proposed general fund budget	• 2027 proposed general fund operating expenses and revenues • 2027 new operating proposals
Aug. 17, 2026	2027 Fee reading & 2027 utility rates	• First reading of 2027 city fees • Discuss any changes needed to utility rates for 2027
Sept. 8, 2026	**2027 Capital Improvement Plan (CIP) and all other funds; final levy estimate**	• **Revised CIP 2027 – 2036** • **Review AHTF, Park Improvement, HRA, EDA, Utility Funds, Climate Investment Fund** • **Complete levy recommendation** • **First reading of 2027 utility rates**

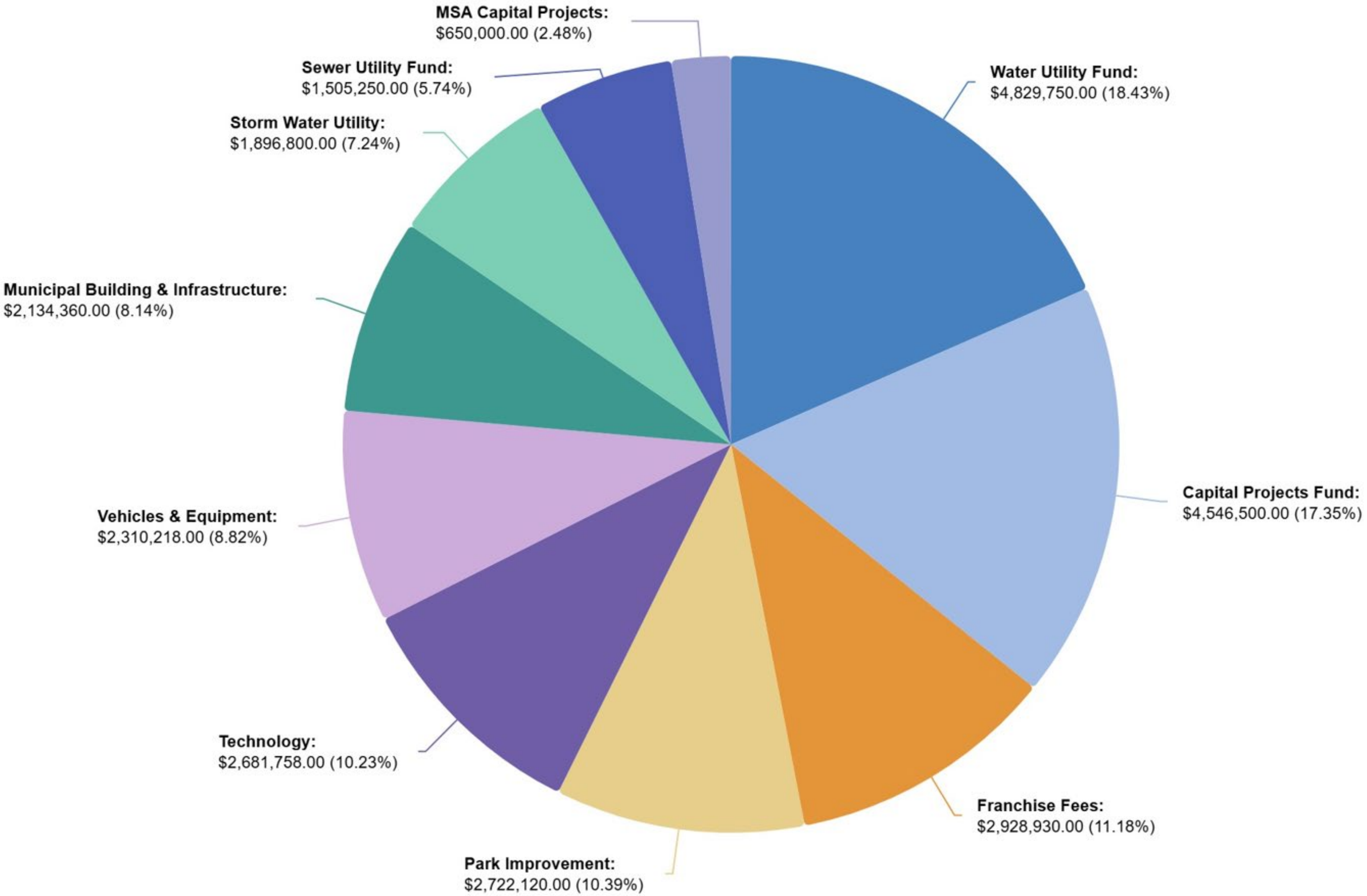
2027 Budget Roadmap Continued

Anticipated Discussion Date	Topic	Discussion & Decision Points
Sept. 28, 2026	2027 levy adoption	• Maximum levy adoption • 2nd Reading of all 2027 city fees & utility rates
Oct. 12, 2026	TIF management plan update	• TIF district performance • TIF district recommended transfers and decertification, if any
Nov. 16, 2026	2027 Revised Budget	• Revisions to budget and levy adjustments. Levy can only be reduced from maximum set in September 2026
Dec. 7, 2026	2027 Truth in Taxation Hearing	• Residents share feedback on the proposed 2027 budget
Dec. 14, 2026	2027 Budget Adoption	• City council adopts 2027 budget and 2027-2036 CIP

2027-2036 Capital Budget Framework

- The Capital Improvement Plan (CIP) is a long-range planning tool that identifies and prioritizes the City's major infrastructure, facility, equipment, and technology needs over the next ten years.
  - Exceed $50,000 in cost;
  - Focus on improvement or replacement of a capital asset rather than general maintenance;
  - Support at least one of the city's strategic priorities;
  - Identified funding source

2027 Capital Budget $26,205,686



St. Louis Park MINNESOTA

2027 Capital Project Highlights

Fund	Project	Estimated Cost
Capital	Rec Center Arena (West) Roof	$1,300,000
Park Improvement	Tree Replacements	$100,000
Park Improvement	Carpenter Park LED Ballfield Light & Pole Replacement	$225,000
Storm Water	Shelard Basin Rehabilitation	$167,000
Storm Water	Keystone Park Water Quality Improvements	$275,000
Water	Water Treatment Plant Rehab	$600,000

New Considerations for 2027-2036 CIP

Proposed Spending	Year	Amount
MSC Lighting Controls	2027	$125,000
Rifle-rated Body Armor - front	2027	$50,000
Rifle-rated Body Armor – back	2028	$50,000
City-wide BAS updates	2028	$100,000
FS 1&2 Dorm Room HVAC Controls	2028	$50,000
MSC Boiler Replacement	2028	$175,000
Rec Center Garage Doors	2028	$80,000
Rec Center Tuckpointing	2028	$110,000
Rec Center Boiler to Hot Water	2028	$1,000,000

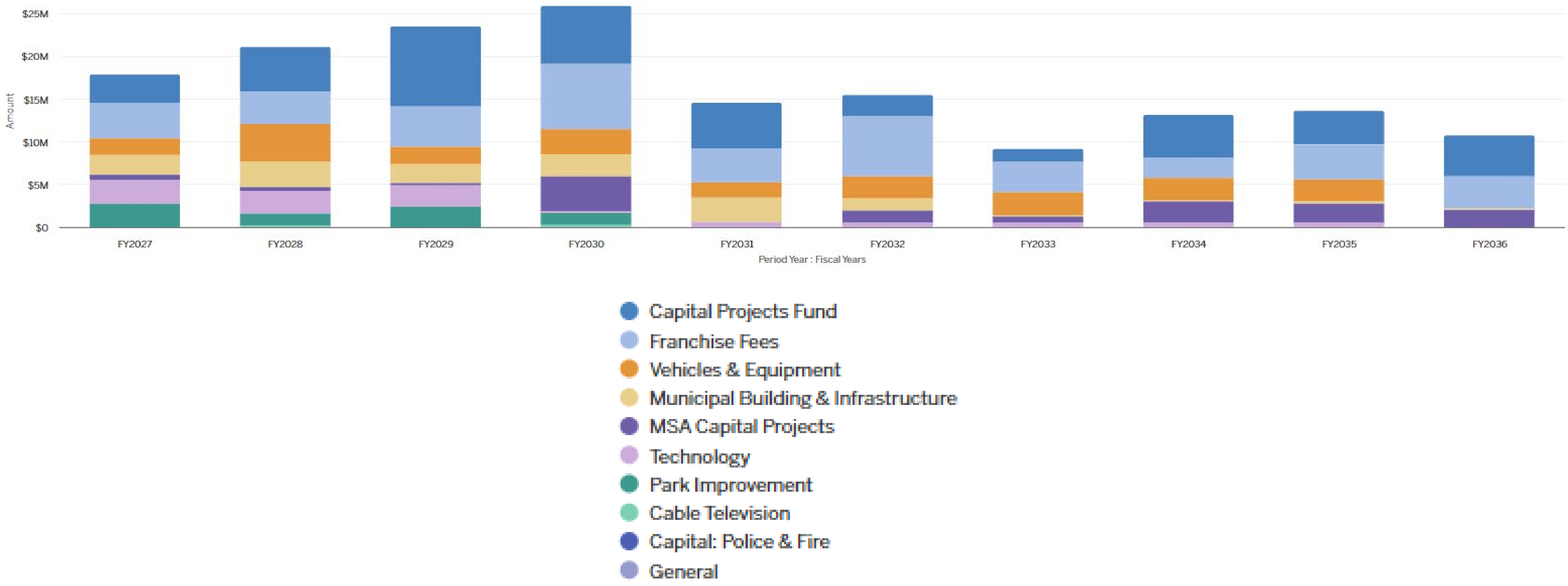
New Considerations Continued

Proposed Spending	Year	Amount
Aquatic Park Slide Pump	2029	$50,000
City Hall Boiler Replacement	2029	$500,000
City Hall Elevator Modernization	2029	$300,000
MSC Garage Doors - East	2029	$425,000
Bleacher Replacement – West Rink	2029	$50,000
PD Camera Trailer Replacement	2029	$146,000

New Considerations Continued

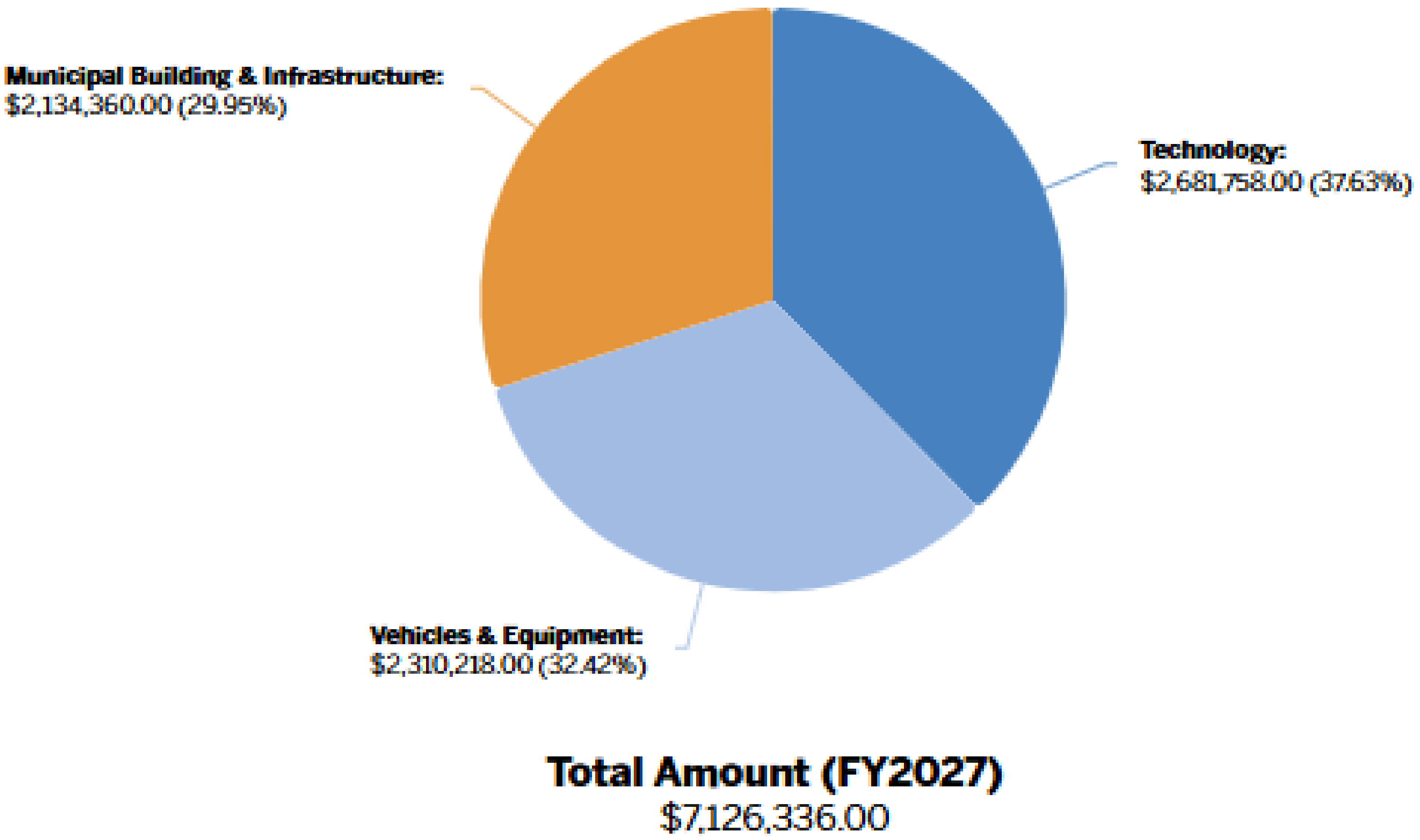
Proposed Spending	Year	Amount
MSC Garage Doors – West	2030	$450,000
Westwood BAS Updates	2030	$105,000
FS 2 AHU/ERU Replacement	2031	$400,000
FS 1 Roof	2031	$900,000
FS 1 AHU/ERU Replacement	2032	$800,000
FS 1&2 VAV Replacements	2032	$125,000

2027-2036 CIP without Utilities

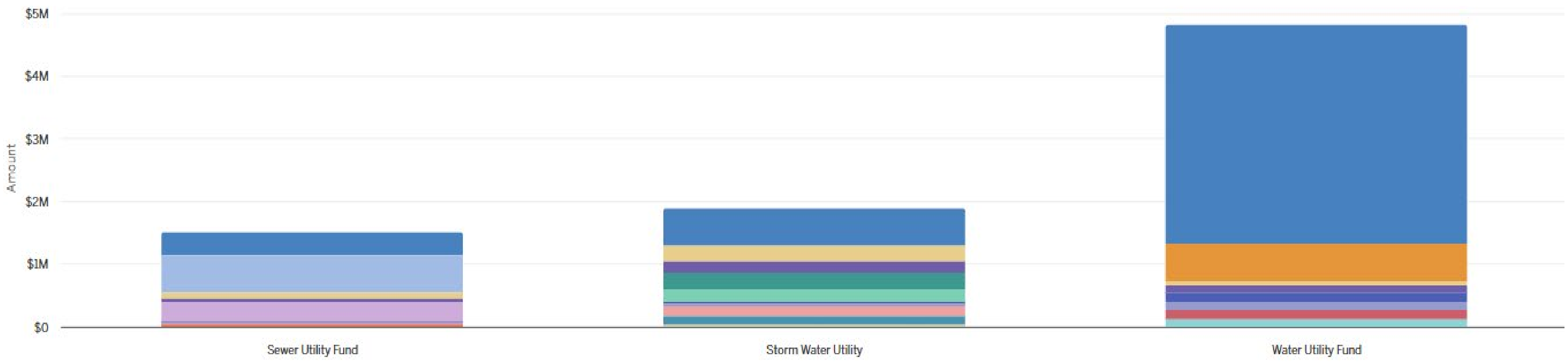


Internal Service Funds 2027

Municipal internal service funds are used to account for services provided by one city department or division to other city departments, with the costs allocated to the departments that benefit from those services.

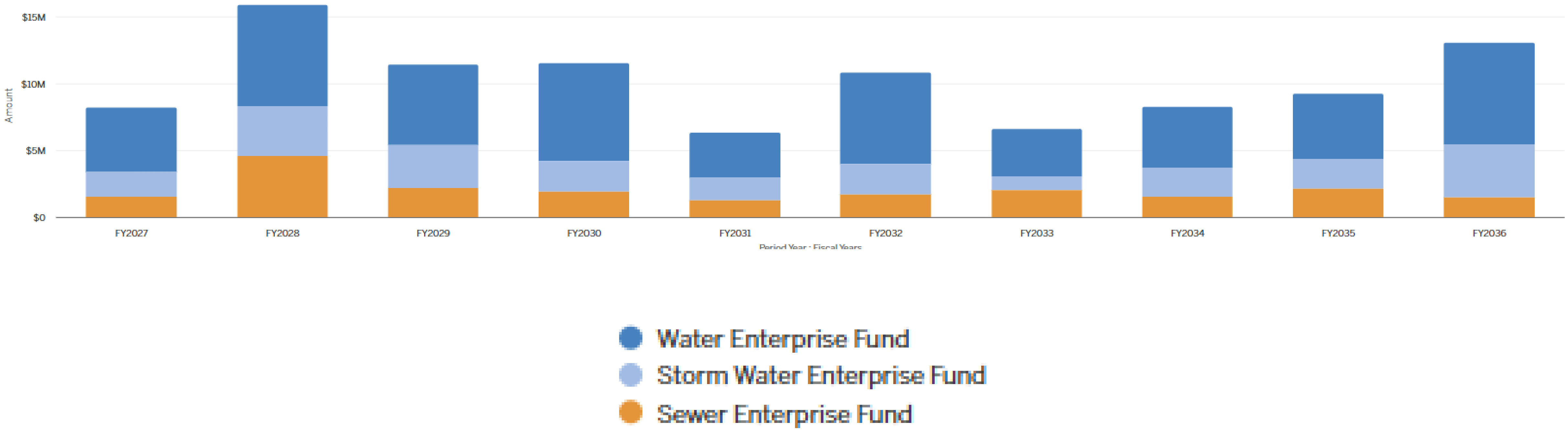


Utility Funds 2027 CIP



- 40271000 - Street - Local pavement management (Area 5)
- 40273000 - Sanitary sewer- Lining
- 53275003 - Water Treatment Plant Rehab (WTP10)
- 40281100 - MSA Street- Oxford & Louisiana infrastructure investment
- 40271050 - CI Street - Excelsior & Grand area
- 40273100 - Sanitary sewer - Oregon LS #7
- 40284000 - Storm- Keystone Park water quality improvements
- 40271500 - Alley construction

Utility Funds 27-36 CIP



Bringing it all together

New Proposed On-Going Spending 2027

On-Going Spending	Amount
Background Checks 3rd Party	$11,000
Ergonomics	$24,000
Wellness Committee	$10,000
CoPilot Generative AI Licenses	$72,000
Network & Security Administrator	$87,500
Password Management Software	$28,800
Accessibility Tools	$10,000
Housing Intern	$13,000
Facilities Temporary Staffing	$6,000

New Proposed On-going Continued

On-Going Spending	Amount
Facilities Position Reclass	$15,000
Sworn Officers	$328,000
Community Service Officers	$108,576
Axon Translate – PD Body Cameras *	$24,000
Possible ALPR Transition*	$50,000
Facilities Emergency Repair Budget *	$50,000
Total:	$837,876
Use of 2026 Savings:	*-$319,000*
Actual base levy increase:	$518,876

Levy Supported Funds

Fund	FY26	FY27	Variance
Climate Investment fund	$50,000	$200,133	300%
Affordable Housing Trust fund	$1,194,133	$1,000,000	-16%
Park Improvement fund	$410,000	$404,000	-1%
Development EDA fund	$375,000	$375,000	0%
	$2,029,133	$1,979,133	-2%

Climate Investment fund averages approximately $250,000 in annual expenses. We continue to see an increase in demand and anticipate needing to build up the fund over the next couple years to an annual budget of roughly $350,000.

2027 Proposed Levy

Fund	FY2026	FY2027	$ Change	% Change
General	45,501,333	48,035,082	2,533,749	5%
Debt Service levy	5,792,684	6,968,392	1,175,708	20%
Development EDA fund	375,000	375,000	0	0%
Park Improvement fund	410,000	404,000	(6,000)	-1%
Affordable Housing Trust fund	1,194,133	1,000,000	(194,133)	-16%
Climate Investment fund	50,000	200,133	150,133	300%
Employee Benefits	400,000	400,000	0	0%
Total	**53,723,150**	**57,382,607**	**3,659,457**	**6.81%**

Policy Consideration

Recommended action: No action to be taken, for discussion purposes only.

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Behavioral Health Response Presentation

Presented by: Bryan Kruelle, Chief of Police
Peter Hanlin, Fire Chief
Paul Barnes, Police Lieutenant

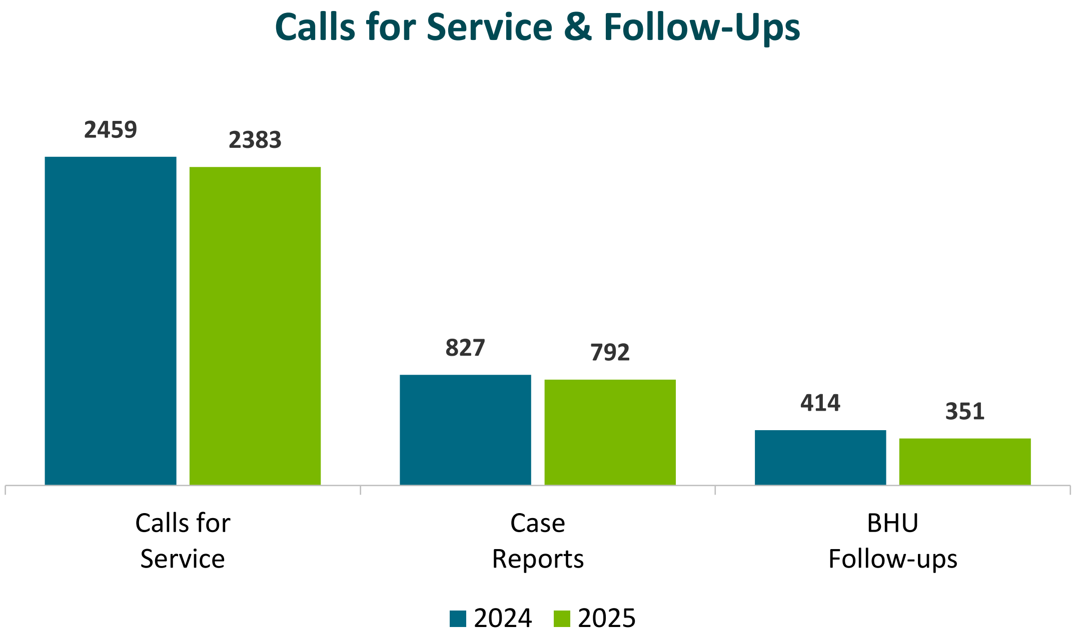
Overview of our Behavioral Health Unit

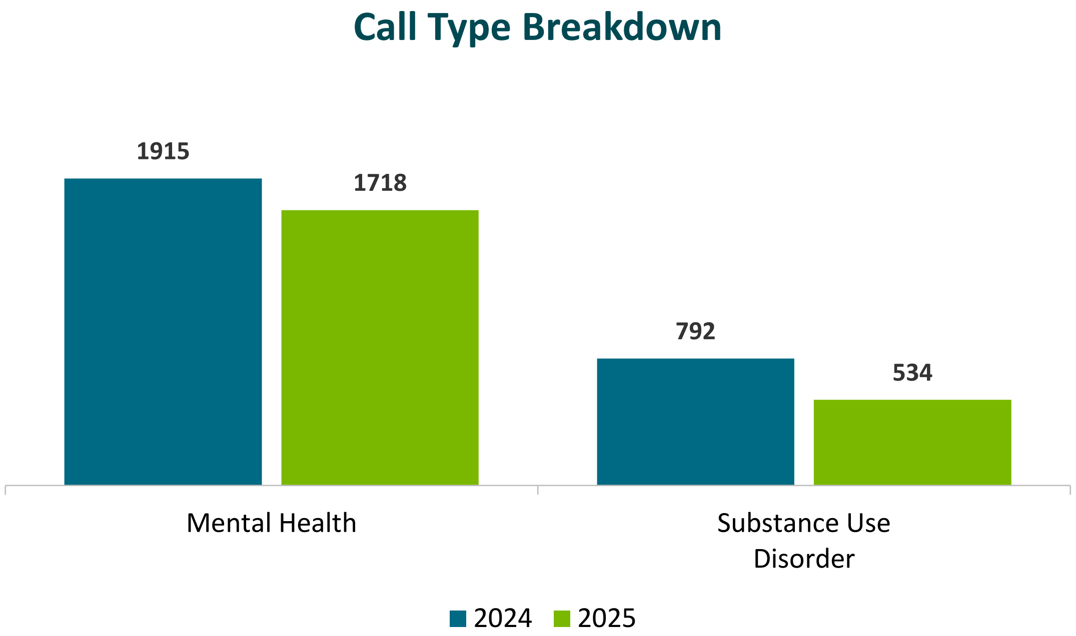
- Brief History
  - We started with a Police Embedded Social Worker (PESW) program in 2019
    - St. Louis Park was in the initial group of cities that enrolled in the program.
  - The Behavioral Health Unit started at the beginning of 2024.
    - The unit is comprised of 2 patrol-based police officers that work opposite of each other.
    - They work closely with and office with the PESW
    - This team also works very closely with the Fire Dept.'s Alternative Response Medic (ARM)

Intent of the Behavioral Health Unit

- The overall intent of the unit is to improve outcomes for community members living with mental illness and chemical dependency; especially those who are actively in crisis.
  - We seek to send the right response for the issue.
  - Reduce effects on other patrol responses.
  - Reduce arrests and the use of force.
  - Reduce the use of high volume 911 users by addressing the underlying issues.
  - Collect data to understand the behavioral health response needs in our community.

BHU - Year Over Year Stats





Average BHU Follow-Up Time

32 minutes (2024) → 40 minutes (2025)

Challenges

- The police officers who are patrol based spend significant amount of time covering general patrol shifts due to shortages
- Data collection due to BHU officers being pulled to do patrol work
- Staff turnover and extended leaves

Community Impact Story

My wife and I are so very appreciative for the outstanding work of the two officers. They showed both compassion and provided firm guidance to our son at a critical moment, understood how to communicate with him in his delusional state, were able to de-escalate the situation, and exhibited incredible patience. We were so lucky that Saint Louis Park has a mental health officer and that the St. Louis Park Police Department has prioritized this type of public safety approach.

Alternative Response Medic (ARM)

Fire Department Mobile Integrated Health

Community-based paramedic care beyond the traditional 911 response

Proactive follow-up, health-system navigation and care coordination

Paramedic-level emergency response when advanced medical care is needed

ARM evaluates behavioral health needs, provides ongoing follow-up, and connects residents to longer-term care and services in conjunction with BHU's public safety, crisis-response, and problem-solving efforts.

ARM Program Development

2025 established the program. 2026 has focused on refining, formalizing, and integrating the work.

2025 | Program Launch

March - December

173 Referrals

75 Unique Residents

140 Follow-Up Visits

126 ALS / 911

PROGRAM FOCUS

- Identify community needs and priority populations
- Establish referral, response, and follow-up workflows
- Build initial City, healthcare, and community relationships

2026 | Refinement & Integration

Through Aug. 31

110 Referrals

60 Unique Residents

93 Follow-Up Visits

44 ALS / 911

PROGRAM FOCUS

- Define service pathways for behavioral health, substance use, falls, chronic health, and high 911 use
- Formalize documentation, referrals, and care coordination
- Expand healthcare, public health, City, and community partnerships

Activity reflects different operating periods and stages of program development.

Partnerships Expand ARM's Reach

ARM serves as a local connection point between emergency response, healthcare, public health, behavioral health and community services.

PUBLIC SAFETY & CITY	HEALTHCARE & EMS	PUBLIC & BEHAVIORAL HEALTH	COMMUNITY RESOURCES
Police BHU	Allina Health	Hennepin County Public Health	STEP
Embedded Social Worker	HealthPartners / Park Nicollet	MN Dept. of Health	myHealth for Teens & Young Adults
Fire / EMS	Regions EMS	Vail Communities	Westwood Lutheran
Housing & Inspections	Hennepin EMS	Adult Protective Services	HOPE Network
	MN Bridge	SLP Mental Health Collaborative	

Supported by formal referral, care-coordination, and healthcare information-sharing systems.

One Community, Different Needs, Coordinated Response

BHU and ARM frequently serve the same residents, but bring different primary capabilities to the response.

BEHAVIORAL HEALTH UNIT

- Behavioral-health crisis
- Law enforcement-related behavioral concerns
- De-escalation and arrest avoidance
- Reduce repeated police contacts

SHARED SPACE

- Frequent 911 users
- Substance-use concerns
- Complex individual needs
- Resource navigation & coordinated follow-up

ALTERNATIVE RESPONSE MEDIC

- Medical assessment / ALS care
- Chronic or complex health needs
- In-home follow-up
- Health-system navigation

The goal is to connect each resident with the resource best suited to their needs.

Next Steps in both programs

- Coordinated, Preventive & Caring Safety Service Project
- Identify organized response opportunities
- Refine staffing roles and data collection
- Assess future staffing and equipment needs