CITY OF SOUTH ST. PAUL
MEETING AGENDA

WORK SESSION

Training Room
125 3rd Avenue North
South St. Paul, MN 55075

Monday, June 8, 2026
7:00 PM

1. CALL TO ORDER

2. DISCUSSION ITEMS

A. 2026 First Quarter Financial Report and Budget Adjustments

B. Doug Woog Arena Ice Rink Floor and Dasher Board System Replacement - Discussion (*No Attachment*)

C. Post-Bonding Bill - Projects Financing Discussion

D. Elected Officials Out of State Travel Policy

3. COUNCIL COMMENTS & QUESTIONS

4. ADJOURNMENT

WORK SESSION AGENDA REPORT

DATE:	June 8, 2026
DEPARTMENT:	Finance
PREPARED BY:	Clara Hilger
AGENDA ITEM NUMBER:	2.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
2026 First Quarter Financial Report and Budget Adjustments

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discussion on the 2026 First Quarter Financial Report and Proposed Budget Adjustments

OVERVIEW
2026 First Quarter Financial Report
The first quarter of 2026 is complete and financial results are available. The Finance Director prepared the attached first quarter financial report for Council review. The following items are important to note when reviewing the report:

- The Benchmark is roughly 25% and is based on a fluid calendar year of operations.
- Many of the variances result from seasonality and not all financial transactions occur evenly throughout the year. Some are one time or periodic activities that do not occur in each quarter.
- Investment income is recorded and allocated to the funds on a semi-annual basis.
- Large revenue sources (i.e., tax settlements and LGA) are received in July and December, which underscores the importance of a strong fund balance as a tool to avoid General Fund borrowing for operations.

Finance has not noted any worrisome variances in the operating funds for the first quarter.

The attached financial report includes the following recommended budget revisions:

- Personnel costs, including fringe benefits, were adjusted to reflect settled contracts and insurance elections. These adjustments are reflected in the general, arena, airport, water and sewer utility, and central garage funds.
- The contingency in the General Fund was reduced to offset the general fund expenditure budget adjustments.

Status of Financial Audit Findings
The 2025 Annual Comprehensive Financial Report will be presented to the City Council at the worksession on July 13, 2026. Updates on the comments from this presentation will be included

with the second and third quarter reports.

The 2026 first quarter financial report and budget amendments will be presented for formal action at the June 15, 2026 City Council meeting.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. First Quarter 2026 Financial Report

	2026 Original Budget	2026 Amended Budget	Actual thru March 2026	Benchmark 25% Percent of Budget	
GENERAL OPERATING FUND					
GENERAL FUND - REVENUES					
Taxes	14,692,435.00	14,692,435.00	10,103.56	0.07%	A
Fees	2,225,900.00	2,225,900.00	210,727.80	9.47%	B
Intergovernmental	3,648,491.00	3,648,491.00	138,509.18	3.80%	C
Charges for Services	2,286,906.00	2,286,906.00	547,749.76	23.95%	
Other Revenues	162,200.00	162,200.00	209.19	0.13%	D
Transfers In/Fund Balance	190,000.00	190,000.00	47,505.00	25.00%	
Total Revenues	**23,205,932.00**	**23,205,932.00**	**954,804.49**	**4.11%**	
GENERAL FUND - EXPENDITURES					
General Government					
Mayor & Council	195,816.00	196,185.00	84,437.37	43.04%	E
Administration	670,209.00	687,323.00	143,158.59	20.83%	
Human Resources	375,024.00	388,602.00	78,836.54	20.29%	
City Attorney	134,000.00	134,000.00	15,203.00	11.35%	F
City Attorney - Criminal	210,000.00	210,000.00	38,103.04	18.14%	F
City Clerk	295,818.00	304,617.00	66,723.39	21.90%	
Information Technology	902,418.00	921,522.00	190,420.38	20.66%	
Recycling	25,464.00	17,100.00	0.00	0.00%	G
Finance	541,790.00	547,487.00	135,973.12	24.84%	
Total General Government	**3,350,539.00**	**3,406,836.00**	**752,855.43**	**22.10%**	
Public Safety					
Police	9,141,539.00	9,346,075.00	2,046,882.01	21.90%	
Fire	2,770,026.00	2,770,026.00	1,374,898.00	49.63%	H
Total Public Safety	**11,911,565.00**	**12,116,101.00**	**3,421,780.01**	**28.24%**	
Public Works					
Engineering	643,068.00	661,005.00	132,086.07	19.98%	
Streets, Alleys and Blvds	2,859,004.00	2,864,003.00	664,050.79	23.19%	
Buildings	439,721.00	445,746.00	111,842.39	25.09%	
Parks Facilities and Maintenance	1,481,573.00	1,507,544.00	219,918.60	14.59%	
Total Public Works	**5,423,366.00**	**5,478,298.00**	**1,127,897.85**	**20.59%**	
Community Development					
Development Services	635,997.00	659,678.00	139,809.65	21.19%	
Code Enforcement	218,087.00	227,963.00	39,747.32	17.44%	
Total Community Development	**854,084.00**	**887,641.00**	**179,556.97**	**20.23%**	
Leisure Services					
Parks Administration	361,676.00	353,341.00	77,314.96	21.88%	
Splash Pool	107,876.00	106,663.00	5,746.86	5.39%	I
Northview Pool	0.00	0.00	159.56	0.00%	I
Recreation Programs	379,665.00	391,252.00	69,128.07	17.67%	
Community Affairs	142,161.00	146,307.00	31,204.77	21.33%	
Total Leisure Services	**991,378.00**	**997,563.00**	**183,554.22**	**18.40%**	
Nondepartmental					
Contingencies	675,000.00	319,493.00	0.00	0.00%	
Transfers Out	0.00	0.00	0.00	0.00%	
Total Nondepartmental	**675,000.00**	**319,493.00**	**0.00**	**0.00%**	
Total Expenditures	**23,205,932.00**	**23,205,932.00**	**5,665,644.48**	**24.41%**	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(4,710,839.99)**		

	2026 Original Budget	2026 Amended Budget	Actual thru March 2026	Benchmark 25% Percent of Budget	
OTHER OPERATING FUNDS					
DOUG WOOG ARENA					
Revenues	1,520,340.00	1,520,340.00	337,931.48	22.23%	A
Expenditures	1,673,287.00	1,696,941.00	354,374.99	20.88%	
Revenues Over (Under) Expenditures	**(152,947.00)**	**(176,601.00)**	**(16,443.51)**		
AIRPORT OPERATING FUND					
Revenues	1,552,874.00	1,552,874.00	415,779.83	26.77%	
Expenditures	1,906,640.00	1,923,805.00	270,722.84	14.07%	
Revenues Over (Under) Expenditures	**(353,766.00)**	**(370,931.00)**	**145,056.99**		
STORM WATER UTILITY FUND					
Operating Revenues and Grants	1,134,302.00	1,134,302.00	90,946.91	8.02%	J
Expenses - Operating	314,163.00	314,163.00	57,504.73	18.30%	
Transfers	70,400.00	70,400.00	35,402.00	50.29%	L
Net Income (Loss)	**749,739.00**	**749,739.00**	**(1,959.82)**		
STREET LIGHT UTILITY FUND					
Revenues	346,060.00	346,060.00	22,768.94	6.58%	J
Expenses	352,849.00	352,849.00	72,540.19	20.56%	
Net Income (Loss)	**(6,789.00)**	**(6,789.00)**	**(49,771.25)**		
WATER AND SEWER UTILITY FUND					
Revenues					
Administration	778,496.00	778,496.00	0.00	0.00%	D,Q
Water Utility	4,735,394.00	4,735,394.00	364,403.58	7.70%	J
Sewer Utility	6,042,200.00	6,042,200.00	525,534.07	8.70%	J
Total Revenues	**11,556,090.00**	**11,556,090.00**	**889,937.65**	**7.70%**	
Operating Expenses					
Administration	778,496.00	778,496.00	165,494.17	21.26%	
Water Utility	1,725,584.00	1,739,814.00	596,188.07	34.27%	
Sewer Utility	4,517,139.00	4,530,904.00	1,441,444.94	31.81%	K
Total Operating Expenses	**7,021,219.00**	**7,049,214.00**	**2,203,127.18**	**31.25%**	
Transfers					
Water Utility	447,423.00	447,423.00	58,501.00	13.08%	L,N
Sewer Utility	516,823.00	516,823.00	116,151.00	22.47%	L,N
Total Transfers	**964,246.00**	**964,246.00**	**174,652.00**	**18.11%**	
Net Income (Loss)	**3,570,625.00**	**3,542,630.00**	**(1,487,841.53)**		
CENTRAL GARAGE - INTERNAL SERVICE FUND					
Revenues	2,325,072.00	2,325,072.00	615,716.95	26.48%	
Expenditures	1,310,406.00	1,323,157.00	295,383.52	22.32%	
Net Income (Loss)	**1,014,666.00**	**1,001,915.00**	**320,333.43**		

	2026 Original Budget	2026 Amended Budget	Actual thru March 2026	Benchmark 25% Percent of Budget	
OTHER OPERATING FUNDS					
ECONOMIC DEVELOPMENT AUTHORITY					
Revenues	442,568.00	442,568.00	0.00	0.00%	A
Expenditures	442,568.00	442,568.00	38,415.06	8.68%	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(38,415.06)**		
EDA - HOUSING (HRA LEVY)					
Revenues	1,601,656.00	1,601,656.00	199,257.23	12.44%	A
Expenditures	1,601,656.00	1,601,656.00	232,045.34	14.49%	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(32,788.11)**		
HRA - PUBLIC HOUSING					
Revenues	3,654,963.00	3,654,963.00	444,337.40	12.16%	O
Operating Expenses	2,705,400.00	2,705,400.00	507,141.53	18.75%	
Capital Expenses	840,000.00	840,000.00	21,373.97	2.54%	M
Net Income (Loss)	**109,563.00**	**109,563.00**	**(84,178.10)**		

Budget amounts in blue include 1st quarter proposed budget adjustments

Tickmark Explanations for Budget VS Actual Variances

A Taxes will be received in June/July and December/January
B 1st quarter Franchise fees payment is received in April
C LGA received in July and December
D Interest earnings are posted semi-annually and other minor revenues are unpredictable
E Annual dues paid in first quarter
F Legal service invoices for two months
G Clean up day in September / October
H Invoice for second quarter paid in March
I Pools are open June through August, minimal required charges for Northview pool
J Utility revenues are based on service delivery, bills issued in Jan, Feb, Mar of 2025 are accrued back to the 2025 books as they are for services delivered in 2025. This is an annual occurrence.
K Sanitary Sewer has 4 months of MCES charges
L Transfers for bond principal and interest made in February and August. Remaining transfer to Utility Admin will be done in December (Water and Sewer Utility funds)
M Project costs unpredictable during the year
N Transfer to allocate Utility Administration expenses will be done at the end of the year
O HUD grant funds are not immediately available each year. Funds will be requested in the 2nd quarter.

WORK SESSION AGENDA REPORT

DATE: June 8, 2026
DEPARTMENT: Administration
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.C.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Post-Bonding Bill - Projects Financing Discussion

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
At Monday's worksession, Staff is seeking:

- To support Council discussion of the approach to financing the Northview Pool and Public Works projects.
- To confirm Council consensus as to the preferred financing strategy for both projects
- To lay out next steps and associated timelines with advancing the Council's consensus strategy

OVERVIEW
At the March 23, 2026 worksession, the Council discussed various approaches to funding major capital investments in the Northview Pool replacement project and the Public Works replacement project. Council and the public are encouraged to review the materials linked in the previous sentence for a refresher on the general content discussed in March, and Staff and Ehlers will be prepared to fill in any blanks on Monday.

At the time of the March Worksession, the City was still waiting to learn of the fate of bonding requests for both projects with the 2026 Legislative Session. With the welcome news that both projects will benefit from state assistance ($4,150,000 for the Northview Project and $2,250,000 for the Public Works Project) and continued refinement of the projects to prepare the City for letting the projects for public bid, the worksession discussion is intended for the Council to confirm their preferred financing strategy for both projects, review the implications of Council's preferred approach, and to establish Council's understanding of the timeline and next steps necessary to advance the projects. While "construction" is not anticipated to begin until early 2027, the expectation is that site conditions at both project sites warrant beginning earthwork, grading, and site preparation in the second half of 2026 in order to keep the projects on track. With this in mind, any work to align funding sources and take the necessary steps to secure project financing must begin in the very near future.

SOURCE OF FUNDS

Several sources of funding and financial considerations have been discussed to support the projects, including state bonding funds, local "cash" reserves, and city-issued debt. Ehlers has updated the *estimated* impacts of various scenarios and these estimates are included as an attachment.

ATTACHMENTS

1. Updated Summary Review of Financing Options

Summary Review – March 2026
PW Facility & Pool Financing Options

PUBLIC WORKS FACILITY

Bond Amount	City Cash	State Funding	Gross Project Funding	Term	Authority	Average Annual Debt Service @ 100%	Total P&I @ 100%	Annual Tax Impact*
$22,110,000	$5,000,000	$0	$26,800,000	20	G.O. CIP	$1,677,585	$33,551,703	$183.83
$22,110,000	$5,000,000	$0	$26,280,000	29	G.O. CIP	$1,426,502	$41,368,571	$156.31
$22,145,000	$5,000,000	$0	$26,280,000	20	EDA Lease Rev.	$1,744,113	$34,882,259	$191.12
$22,145,000	$5,000,000	$0	$26,280,000	29	EDA Lease Rev.	$1,496,362	$43,394,506	$163.61

POOL

Bond Amount	City Cash	State Funding	Gross Project Funding	Term	Authority	Average Annual Debt Service @ 100%	Total P&I @ 100%	Annual Tax Impact*
$8,750,000	$0	$0	$8,548,000	20	G.O. Abatement	$663,924	$13,278,488	$72.75
$8,750,000	$0	$0	$8,548,000	29	G.O. Abatement	$564,170	$16,360,939	$61.79
$2,140,000	$0	$6,500,000	$8,548,000	20	G.O. Abatement	$162,260	$3,245,190	$17.78
$2,140,000	$0	$6,500,000	$8,548,000	29	G.O. Abatement	$138,178	$4,007,161	$15.13

** Annual Tax Impact is based on a median value with a market value of $285,200 ($264,645 taxable homestead value)*

EHLERS
PUBLIC FINANCE ADVISORS

Summary Review – June 2026
PW Facility & Pool Financing Options

PUBLIC WORKS FACILITY

Bond Amount	City Cash	State Funding	Gross Project Funding	Term	Authority	Average Annual Debt Service @ 100%	Total P&I @ 100%	Annual Tax Impact*
$22,460,000	$5,000,000	$2,250,000	$29,392,000	20	G.O. CIP	$1,706,609	$34,132,180	$180.33
$22,460,000	$5,000,000	$2,250,000	$29,392,000	29	G.O. CIP	$1,447,352	$41,973,208	$152.81
$22,500,000	$5,000,000	$2,250,000	$29,392,000	20	EDA Lease Rev.	$1,783,075	$35,661,496	$188.41
$22,460,000	$5,000,000	$2,250,000	$29,392,000	29	EDA Lease Rev.	$1,548,876	$44,917,401	$163.23

POOL

Bond Amount	City Cash	State Funding	Gross Project Funding	Term	Authority	Average Annual Debt Service @ 100%	Total P&I @ 100%	Annual Tax Impact*
$6,220,000	$0	$4,150,000	$10,200,000	20	G.O. Abatement	$472,529	$9,450,589	$49.93
$6,220,000	$0	$4,150,000	$10,200,000	29	G.O. Abatement	$400,887	$11,625,719	$42.33

** Annual Tax Impact is based on a median value with a market value of $285,200 ($264,645 taxable homestead value)*

EHLERS PUBLIC FINANCE ADVISORS

WORK SESSION AGENDA REPORT

DATE: June 8, 2026
DEPARTMENT: City Administrator
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.D.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Elected Officials Out of State Travel Policy

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discuss Council's Elected Officials Out of State Travel Policy and discuss application in the context of 2026 NLC Conference and future conferences.

OVERVIEW
In December 2015, the City Council approved a formal policy related to out-of-state travel by elected officials. This policy is intended to provide guidance for the Council as opportunities arise for Council members to participate in trainings, workshops, conferences, and other events that support learning and growth in serving in their role as Council Members. Although approved in 2015, the Policy has not been reviewed or updated, to the best of staff's knowledge, in recent years. With the National League of Cities City Summit scheduled for mid-November 2026 in Nashville , Staff would like to review the policy with Council and seek feedback as to its applicability for this conference and future out-of-state conferences. There are two particular provisions found in the policy that Staff asks Council to weigh in on:

1. The policy includes a provision that the City "may want to consider" limitations on paying for council members who have announced their intention to resign, not to seek reelection, or who have been defeated in an election. It happens that the National League of Cities customarily holds its City Summit sometime in mid- to late-November each year. City Council elections, by the City Charter, are held on the first Tuesday after the first Monday of November in every even-numbered year. As such, every two years a *potential* conflict is introduced in that it is conceivable that a Council Member that is up for re-election in November might register and book travel for a conference in the middle part of the year, only to travel *after* being defeated in an election. Again, the policy leaves this open to Council discretion, but it has caused some minor confusion and conflict in recent years as Council member interest in attending this conference in particular has been robust. While we currently have a congenial and well-functioning Council, it would be unpleasant for such a conflict to present itself if future Councils are more inclined to be at odds amongst membership. Staff feels this loophole should either simply be opened up entirely or closed entirely.
2. The policy includes a provision that the City "may want to consider" a requirement that a Council member uses the most cost-efficient mode of travel available taking into

consideration reasonable time constraints. In recent years, Council members at times have sought to drive their personal vehicle to out-of-state conferences, including to locations that are accessible by commercial air travel with airfare at a lower cost than the federal mileage reimbursement rate (currently 72.5 cents). To use this year's NLC conference in Nashville as an example, reimbursement to a council member traveling by personal vehicle would total at least $1,250 (this excludes any parking, tolls, incidental travel, etc). Direct, round-trip airfare on Delta for this trip is currently priced between $270 - $350 depending upon the specific date/time of day for travel. Maybe this is an extreme example, but there should be no expectation that the IRS reimbursement rate for travel comes down in our lifetime and as such it is hard to fathom an out-of-state trip (besides maybe Iowa, the Dakotas or western Wisconsin) for which travel by personal vehicle would be the most cost-efficient mode. Council should discuss how to approach this issue.

Staff feels there is significant value in participation by Council members in workshops, conferences and summits and appreciates the fact that Council has continued to prioritize these opportunities in annual budgets. Clarifying Council's intent as it relates to out-of-state travel and applying standards consistently is an important way to assure that value is retained and appreciated by all council members and the community.

SOURCE OF FUNDS

N/A

ATTACHMENTS

1. Elected Officials Out of State Travel Policy

City of South St. Paul ADMINISTRATIVE POLICIES AND PROCEDURES	**APP Department: Finance**
	City Administrator Approval:
	City Council Approval: 12-7-15 Issue Date: Revised Date:

SUBJECT: ELECTED OFFICIAL OUT-OF-STATE TRAVEL POLICY

I. PURPOSE

The City of South St. Paul recognizes that its elected official may at times receive value from traveling out of the state for workshops, conferences, events and other assignments. This policy sets forth the conditions under which out-of-state travel expenses will be reimbursed by the City. The City Council approved budget provides specific detail on any anticipated out of state conferences, training and workshops.

II. POLICY

The event, workshop, conference or assignment must be approved in advance by the City Council at an open meeting and must include an estimate of the cost of the travel. In evaluating the out-of-state travel request, the Council will consider the following:

- Whether the elected official will be receiving training on issues relevant to the city or to his or her role as the Mayor or as a council member;
- Whether the elected official will be meeting and networking with other elected officials from around the country to exchange ideas on topics of relevance to the City or on the official roles of local elected officials.
- Whether the elected official will be viewing a city facility or function that is similar in nature to one that is currently operating at, or under consideration by the City where the purpose for the trip is to study the facility or function to bring back ideas for the consideration of the full council.
- Whether the elected official has been specifically assigned by the Council to testify on behalf of the city at the United States Congress or to otherwise meet with federal officials on behalf of the city.
- Whether the city has sufficient funding available in the budget to pay the cost of the trip.

No reimbursements will be made for attendance at events sponsored by or affiliated with political parties.

The Assistant City Administrator will make payments in advance for airfare, lodging and registration on the city purchasing/credit card on behalf of the elected officials. The City will reimburse for travel expenses using the same procedures, limitations and guidelines outlined in the Employee Travel Policy. There are two differences from the employee travel policy. The first is that elected officials can request an advance to cover their meals and incidental costs. The second difference is that elected officials should turn in all detailed receipts for documenting the costs they incurred while traveling.

OTHER PROVISIONS THE CITY MAY WANT TO CONSIDER:
• Limitations on the number of council members who can attend the same event;
• Limitations on paying for council members who have announced their intention to resign, not to seek reelection, or who have been defeated in an election (however, there may be some benefit to the city in having newly elected officials who have not yet taken office attend training beforehand);
• Requirements for council members to give oral or written reports on the results of the trip at the next Council meeting;
• Requirements for the council members to turn over materials received to the city;
• The ability for the city to make exceptions to the policy;
• The requirement for all frequent flyer miles to accrue to the city;
• Requirements to use the most cost-efficient mode of travel available taking into consideration reasonable time constraints; or
• The requirement to use a city car when available;

III. AUTHORITY FOR IMPLEMENTATION AND ENFORCEMENT

State Statutes require that all Cities have an Elected Official Out-of-State Travel Policy. The City Administrator and the Mayor/City Council are responsible for setting the policy and enforcing the policy. The Finance Director is responsible for coordinating the ongoing implementation and enforcement of this Policy, under general supervision by the City Administrator and Mayor/City Council.