



STRATEGIC PLANNING SESSION

Tuesday, February 03, 2026 at 5:00 PM

City Hall 8319 Co. Rd. 11 Breezy Point, MN 56472

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AGENDA

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **STRATEGIC PLANNING ITEMS**
 - A. Long Range Financial Planning
 - B. Street Infrastructure
 - C. Community Engagement
 - D. Community Development
 - E. Effective Organizational Management
5. **ADJOURN**



CITY COUNCIL MEETING

AGENDA ITEM

Section 4, Item A.

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>February 3, 2026</i>	Item Name: <i>Long Range Financial Planning</i>
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OVERVIEW

Based on feedback from Council and staff, as well as my experience during my short time with the City of Breezy Point, Long-Range Financial Planning appears to be the overarching framework under which many of the Council’s priorities and challenges fall. This discussion is intended to initiate a broader conversation about the City’s long-term goals, recognizing that many of the items on the agenda align under this unifying framework. The purpose of this discussion is to be high-level in nature and to gauge the Council’s appetite for long-term planning and what that process may look like moving forward.

In the past few years, the City has undertaken many large projects, and this council has an opportunity to properly plan for large financial investments over the next 10-15 years. Because the City will be issuing its first debt in a long time for Buschmann Road, now is a good time to develop a long-term guide for ongoing financial management and debt issuance.

Large financial investments that the Council will likely consider over the next 10-15 years include:

- Continued street improvement projects
- Collector road reconstructions (no assessments)
 - Dove Street
 - N Lakeview Drive
- Wastewater treatment facility expansion
- Future sewer trunk lines extension
- Parks master plan implementation
- Address Public Works facility
- Ongoing capital equipment purchases (Equipment CIP)
- Replenish capital reserves

The Council should engage in a discussion about retaining a consultant for a long range financial plan and come to a consensus on how to properly plan for long term financial needs so there aren’t ongoing levy spikes and dips. Staff believes this would be a useful tool to plan for the investments needed in the next 10-15 years. See a few examples of what that could look like here:

- City of Shorewood: <https://shorewoodmn.gov/DocumentCenter/View/1480/LTFMP-Report-2025?bidId=>
- City of Carver: <https://cityofcarver.com/DocumentCenter/View/3895/Long-Term-Financial-Plan-2026---2035>
- City of Monticello: <https://www.monticellomn.gov/DocumentCenter/View/7583/Long-Term-Financial-Management-Plan-PDF?bidId=>

Some questions that the Council members may want to consider for themselves or have a discussion about to help guide them towards financial planning are:

- How do you view debt? What is your ongoing comfort level with debt issuance as a funding source?
- What is the Council’s goal for capital reserves and how should we maintain adequate balance in that fund?
- What are your indicators of financial health for the city: stability, growth, affordability for taxpayers, quality service?
- Is the Council comfortable aiming towards a gradual stable levy increase?
- How do you determine whether a service/expenditure is financially sustainable versus popular?



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>February 3, 2026</i>	Item Name: Street Infrastructure
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OVERVIEW

Maintaining and improving the City’s street infrastructure continues to be a shared priority for the City Council. In 2025, the Council authorized the first street improvement project in nearly five years. As the City resumes its pavement management efforts, staff agrees it is important to begin discussing long-term funding strategies for future infrastructure needs.

Continued Street Improvement Projects (assessable)

The City currently budgets \$300,000 annually for street improvement projects. Staff recommends the Council discuss its comfort level in gradually increasing this amount over the next three to five years until it reaches a more sustainable level for long-term pavement maintenance.

Because street infrastructure is a high priority for the Council, staff, and the community, developing an intentional and predictable funding plan would better position the City for future projects. One example of a potential strategy is increasing the street improvement allocation by approximately 2–3% of the levy each year for the next five years. Below is an example:

Year	Street Levy	Est. Total Levy	3% of levy
2026	\$ 300,000	\$ 3,700,000	\$ 111,000
2027	\$ 411,000	\$ 3,885,000	\$ 116,550
2028	\$ 527,550	\$ 4,079,250	\$ 122,378
2029	\$ 649,928	\$ 4,283,213	\$ 128,496
2030	\$ 778,424	\$ 4,497,373	\$ 134,921

Under this approach, a steady annual levy adjustment of roughly 3% would increase the street levy to approximately \$780,000 by 2030. At that time, the City would be positioned to bond for the Dove Street project (estimated \$1.5–\$2.0 million) with a projected annual bond payment of around \$300,000, while still retaining approximately \$480,000 to continue annual improvements without increasing the levy further.

The goal in 2030 would be to stabilize the street levy at around \$780,000 and begin planning for the next major pavement project.

This example illustrates one possible funding structure that would allow the City to address aging street infrastructure while avoiding large, one-time levy increases.

Street Improvement Projects (non-assessable)

Staff believes that bonding will be necessary for larger street projects, such as Dove Street, because they are not assessable and are cost-prohibitive to fund entirely with cash. Saving for these projects through reserves also presents challenges. Because Councils can change every two years, priorities often shift. Without restrictions on the use of cash

reserves, funds initially intended for street improvements may be reallocated to other purposes. Bonding ensures that funds are dedicated to the project for which they were issued and cannot be diverted.



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Timing is also an important consideration, particularly as it relates to the payoff of the Buschmann Road bond. If the Council directs staff to retain a financial consultant for long-range financial planning, that consultant would help evaluate schedules, financing tools, and timing. However, below is an example of how a five-year bonding schedule could be structured to issue new bonds as existing debt drops off, without increasing the levy and by leveraging the prior annual debt payment capacity. Future bond amounts shown are estimates for illustration purposes and assumes 10-year bond terms.

Year	Project	Total	Levy Amount	Action
2026	Buschmann	\$ 3,200,000	\$ 305,000	Issue
2031	Dove Street	\$ 2,000,000	\$ 250,000	Issue
2036	Facility/Street	TBD	\$ 430,000	Issue
2036	Buschmann	\$ 3,200,000	\$ 430,000	Drop
2041	Dove Street	\$ 2,000,000	\$ 250,000	Drop
2046	Facility/Street	TBD	\$430,000	Drop

Special Assessments vs. General Levy

During the review of the City’s Special Assessment Policy, there was discussion about potentially transitioning away from special assessments and instead funding street improvement projects through the general property tax levy. The Council should determine if moving toward a no-assessment model is still a policy direction they wish to pursue.

Staff recommends working toward eliminating assessments for most street improvement projects for a few reasons. Below is a summary of the pros/cons of funding street improvements through special assessments versus the general levy:

Special Assessments

Pros

- Costs are aligned to those receiving the most direct benefit
- Reduces pressure on the general levy
- Can increase overall project feasibility and completion
- Benefitting properties directly contribute to project costs

Cons

- Assessment process is administratively and financially burdensome
- Public pushback is common, especially viewed as “double taxation”
- Legal limitations due to the special benefit requirement
- More difficult to consistently forecast and budget

General Levy

Pros

- Broad cost distribution across the tax base
- Better long-term equity community-wide
- Simpler administration with fewer procedural requirements
- Supports predictable long-term budgeting
- City already uses levy for collector streets

Cons

- Potential short term tax levy impacts
- Perceived disconnect between who pays and who benefits
- Transition requires intentional planning and phasing
- Residents previously assessed may object to the equity change
- Considerations needed for gravel road conversions



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Section 4, Item B.

Transition Options

If Council wishes to move toward funding street improvements via general levy, staff sees two viable transition paths:

Option 1 — Phase Down Assessments (Gradual Approach)

Over the next five years, the City would gradually shift from assessments to levy funding:

- 2026: 50% assessed / 50% levy
- 2027: 40% assessed / 60% levy
- 2028: 30% assessed / 70% levy
- 2029: 20% assessed / 80% levy

By early 2030/2031, the City will likely need to bond for Dove Street at 100% levy. At that point, the City could discontinue the assessment policy for street improvements (with the exception of new construction, etc.) and plan future projects assuming 100% levy funding.

Option 2 — Replace Assessments with Tax Levy (Immediate Approach)

Beginning in 2027, the Streets Committee would receive an annual budget without incorporating assessment revenues. Without an increase to the levy, the annual improvement capacity would be approximately \$300,000, compared to \$450,000–\$500,000 when assessments are included. This would likely result in fewer or lower-cost projects until funding levels increase over time.

The Council should discuss all items above and engage in a conversation to direct staff on a path forward.



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>February 3, 2026</i>	Item Name: Community Engagement
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OVERVIEW

Since my time in Breezy Point, the Council has made it clear that a high priority is enhancing communications to build public trust and increase engagement with residents.

Communications

The City currently uses the following methods to connect with residents:

- City Website – Public-facing resource with improved organization and navigation.
- Social Media: Facebook & Nextdoor (2,000 followers) – Weekly updates on City news.
- Text/Email Alerts (87 subscribers) – Important alerts and time-sensitive information.
- Breezy Brief – Monthly recap of City activities, posted to social media the first Friday of each month.
- Direct Mailings – Targeted communication for specific purposes, such as budget updates or street project notices.
- City Bulletin Boards – Monthly postings of community and City information for walk-in residents.
- Press Releases – Issued as needed for important announcements or positive PR stories.

The new City financial software further supports resident engagement by:

- Providing a more user-friendly platform for permit applications and fee payments via credit card.
- Allowing messages and updates to be sent with quarterly utility bills, keeping residents informed on sewer and other City matters.

In the 2026 budget, \$10,000 was allocated to communications. Staff intends to use these funds for a quarterly (or three times per year) newsletter mailed directly to residents, with the first edition going out soon.

The Council should consider whether any changes, improvements, or additions should be made to the City’s communications with residents.

Engagement

Community events have been identified by several Council members as a priority. Such events are effective in fostering positive public interaction, enhancing community pride, and maintaining City visibility.

Currently, the City hosts two annual events:

- Butterfly Release Event
- Night to Unite

The Council should determine if hosting a community event is a priority. If so, staff will begin brainstorming viable ideas for future discussion and potential inclusion in the 2027 budget.



CITY COUNCIL MEETING

AGENDA ITEM

Section 4, Item D.

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>February 3, 2026</i>	Item Name: Community Development
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OVERVIEW

The City Council and Planning Commission have had ongoing discussions regarding large projects related to community development. The City Council should engage in further discussion on the items outlined below to determine appropriate timelines, priorities, and the overall appetite and philosophy for future community development initiatives.

Online Codification and Record Keeping

As part of the budgeting process, the Council approved \$10,000 in the Capital Improvement Plan (CIP) to utilize Municode (the City’s website provider) to host the City Code on an easy-to-use online platform and to incorporate future code updates and amendments.

With this, staff will be implementing Laserfiche, a records management system that will allow staff to better organize and access property files, land use records, and other administrative documents subject to data retention requirements. The goal of implementing these systems now is to simplify future code updates, improve user navigation, and enhance internal recordkeeping practices.

In the future, staff anticipates proposing the use of a professional digitization service to convert all existing property files into Laserfiche, ensuring consistent record retention and easier staff access.

Zoning Code Revision

A comprehensive zoning code revision was originally budgeted for 2025 using cash reserves. During the 2026 budgeting process, the Council determined that due to the depletion of cash reserves and budget restraints, this project should be postponed. During that discussion, it was also identified that the Planning Commission, in coordination with staff, could begin providing recommendations to the Council for incremental zoning code updates that could be addressed over the next year or so without a consultant.

Staff believes it would be beneficial for the Council to schedule a joint meeting with the Planning Commission by mid-year to discuss various zoning code issues and establish priorities for which provisions should be addressed first. The Planning Commission would then use the Council’s direction to develop recommendations for ordinance amendments. The Council would subsequently proceed through the adoption process with staff and legal counsel.

After completing targeted in-house zoning code revisions, the Council can determine whether a consultant is still needed to complete a full zoning code rewrite related to land use, or whether the amendments made sufficiently address the City’s needs. A full consultant-led zoning code update would likely cost approximately \$120,000.

Comprehensive Plan Update

A comprehensive plan is meant to be a working document that results in enhancements to Breezy Point, and helps provide a blueprint for action that provides direction and assists decision makers with short and long-range choices.

During the conversations regarding the zoning code revision, it was also discussed that the City will need to update its comprehensive plan as it relates to land use. As a general practice, most communities update or review their comprehensive plan at least once every 5-10 years. Metro area communities are required to update theirs every 10 years by law. A common benchmark is for Greater MN is around 5-10 years or when local conditions prompt more frequent updates.



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The City's most recent comprehensive plan update was adopted in 2020. As a result, the City will likely want to undertake a review within the next five years. This type of comprehensive plan review or rewrite is a large and time-consuming effort, typically taking approximately two years to complete. The Council should discuss this item and its potential timeline in order to plan appropriately for future budgeting and resource allocation.

Tax Assistance

Recent activity has prompted discussion regarding the potential use of tax assistance tools to support private development, particularly housing. As this is a new topic since I've been here, I think it is important for the Council to engage in a high-level discussion to clarify whether the use of such tools aligns with Council priorities and long-term vision. This is especially timely, as the City is likely to receive an application for tax assistance in the near future.

To support future decision-making, staff anticipates engaging a qualified advisor at a later date to provide education and respond to Council questions regarding available tax incentive tools, including Tax Increment Financing (TIF) and tax abatement. However, at this time, staff is seeking Council discussion and direction regarding its overall philosophy and appetite for utilizing tax assistance programs or incentives to support private development.



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>February 3, 2026</i>	Item Name: <i>Effective Organizational Management</i>
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OVERVIEW

Based on feedback received through the Council survey and observations during my short time with the City, staff anticipates several organizational and staffing-related issues emerging over the next few years that will have a meaningful impact on the City. While many of these matters will primarily involve the Personnel Committee, staff believes they should remain a priority for the City Council as a whole.

The following items are intended to inform Council and help guide future discussions, planning, and prioritization.

Organizational Structure and Compensation Review

A comprehensive classification and compensation study was completed by DDA and approved by the City in 2018. This study included an organizational review, job classification and titling, position evaluations, market analysis, and development of a pay plan structure aligning these components.

In late 2023, a revised pay plan with associated increases was proposed internally and approved by the City Council. Staff recommends the City consider undertaking a similar comprehensive study within the next two years to ensure the City’s pay structure continues to align with organizational needs and market conditions.

There may be a need for changes prior to a full study; any such changes would be brought forward as recommendations from the Personnel Committee. The Council should discuss their thoughts on a compensation analysis using a third-party consultant within the next two years so the Personnel Committee can begin planning appropriately.

Council and Commission Pay

Council compensation has been raised as a potential topic for review on multiple occasions. Under state law, a City Council may not adjust its own compensation during its current term. Any changes would require an ordinance amendment, which would take effect beginning with the next Council term.

Staff recommends that Council discuss whether a review of Council and Planning Commission compensation is a priority. If so, staff will initiate the appropriate process and timeline.

Fire Department

The Fire District serving the City, Pequot Lakes, and surrounding townships was established approximately five years ago. Participation costs are currently allocated based on each jurisdiction’s building market value. Additionally, in 2022, the City of Breezy Point serves as the fiscal agent for the District. In 2022, the District agreed to compensate the fiscal agent \$5,000 annually for fiscal agent services; this amount increased to \$8,500 in 2024. The City of Pequot served as the Fiscal Agent until 2024 and the City has been serving since then.

Council may wish to engage in discussion regarding these Fire District arrangements and potential timelines for review. If there is interest in proposing changes, staff would work with the appropriate partners to bring recommendations forward. Council should be aware that any modifications would be largely political in nature, involve multiple jurisdictions, and would likely require time to reach consensus.



CITY COUNCIL MEETING

AGENDA ITEM

Section 4, Item E.

Jerry Bohnsack currently serves as the City's part-time, temporary Planning and Zoning Administrator. Based on discussions with Jerry, it is anticipated that 2026 may be his final year with the City.

Given that the hiring market is typically strongest in the spring, staff believes it would be beneficial for the Personnel Committee and Council to begin discussing a permanent solution to this position. Early planning would ideally allow for overlap and training between Jerry and a new hire.

The Personnel Committee expects to begin discussions soon and anticipates bringing a recommendation to Council by spring. This item is informational but intended to ensure Council is aware of upcoming changes that will impact the city.

Succession Planning

Within the next few years, the Police Department will need to address leadership succession planning. While no immediate action is required, staff wants Council to be aware that discussions will likely be necessary within the next year or two to properly budget for a potential retirement and plan for a leadership transition.

Once formal notice is received, the process would begin with discussions at the Personnel Committee level. This item is informational and intended to ensure Council is aware that a leadership transition within Public Safety is anticipated and that staff plans to manage the process proactively to ensure a smooth transition for the City and the department.