



City of Hinckley

City Council Meeting Special Budget CIP Minutes

Thursday, August 20, 2026 at 4:35 PM

Council Chambers (Community Room)

106 First Street SE, P. O. Box 366 | Tel: (320) 384.7491 | Fax: (320) 384.7492 | www.hinckleymn.gov

***Mayor and Councilmembers: Mayor Don Zeman | Councilmember Tim Burkhardt
Councilmember John Frank | Councilmember Judy Hopkins | Councilmember Jace Scharpnick***

PRESENT: Mayor Donald Zeman, Tim Burkhardt, John Frank, Judy Hopkins, Jace Scharpnick. ABSENT: None.

OTHERS PRESENT: City Administrator Leah Jackson, Finance Administrator Tom Barmettler, Planning & Zoning Administrator Mark Perry, and Mike Bubany, David Drown Associates, Inc.

1. Call to Order

Zeman called the meeting to order at 4:35 p.m.

2. Approve Agenda

Motion made by Burkhardt, Seconded by Hopkins, to approve the agenda as presented. Voting Yea: Mayor Zeman, Burkhardt, Hopkins, Scharpnick. Absent: Frank. Motion carried 4-0. Frank arrived 4:36 p.m.

3. Unfinished Business

A. 2027 Budget Workshop CIP

Mike Bubany from David Drown Associates, Inc led the Council through his financial review and capital planning. He went through a few scenarios for capital projects and purchases. Below are his notes from the session:

The Liquor Store Fund can likely pay cash for a significant amount of improvements to the facility. However, it will require the City to continue its current level of excellent management to ensure ongoing profitability. As of right now, the Liquor Store Fund is an asset for the City. These things can quickly become a liability under poor management.

The Sewer Fund Aerators can be a cash project using Sewer Fund reserves. However, please note that this will drastically reduce the reserves in that Fund. The City needs to be disciplined and institute annual rate increases (the model suggests 3%). These increases must apply to both any base, recurring rates and volumetric rates.

Future Sewer Projects will likely need to be financed, such as street reconstruction related sewer work as well as the clarifier project.

The Water Fund should have annual rate increases as well so that Fund can contribute to potential upcoming street reconstruction water related work. The model suggests 2% for next year, and possibly higher adjustments of 3% thereafter. Again, this must apply to both base

rates and volumetric rates. Please note, if the noted street reconstruction projects take place the Water Fund is still expected to bleed cash in future years, so disciplined rate increases continues to be the name of the game.

The Fire Fund will not likely be able to use cash for all of its upcoming purchases, the City may have to consider financing the proposed pumper trucks. Still, even doing so it appears that the Fire Fund is not being sufficiently funded long term. The model includes a Fire levy of \$34,522 for Pay 2027, and increasing 8.5% per year thereafter, yet still reserves are expected to slowly decline.

Despite these challenges, the City of Hinckley continues to perform very well financially. General Fund reserves (unassigned) is over the nominal \$2 million that credit agencies are looking for (please protect that). Tax rates and utility rates are still competitive as well. Long term, the overall cost of taxes, sewer, and water bills are expected to rise at about 4% per year for a typical residence, which is not unreasonable.

4. Closed Session - Closed Session to Develop or Consider Offers or Counteroffers for the Purchase or Sale of Real or Personal Property Pursuant to MN Stat. 13D.05 Subd.3(c)

A. Closed Session to Develop or Consider Offers or Counteroffers for the Purchase or Sale of Real or Personal Property Pursuant to MN Stat. 13D.05 Subd.3(c)

On a motion made by Burkhardt, Seconded by Frank, Mayor Zeman closed the meeting, stating, "The meeting is being closed under MN Stat. 13D.05 Subd.3(c) to develop or consider offers or counteroffers for the purchase of real property 100 Old Hwy 61 N. Voting Yea: Mayor Zeman, Burkhardt, Frank, Hopkins, Scharpnick. Motion carried 5-0.

Motion made by Frank, Seconded by Hopkins, to open the closed meeting at 5:59 p.m. Voting Yea: Mayor Zeman, Burkhardt, Frank, Hopkins, Scharpnick. Motion carried 5-0.

Council decided to not move forward with an offer at this time. Present: Mayor Donald Zeman, Tim Burkhardt, John Frank, Judy Hopkins, Jace Scharpnick, City Administrator Leaha Jackson, Finance Administrator Tom Barmettler, Planning & Zoning Administrator Mark Perry, and Mike Bubany, David Drown Associates, Inc.

5. Adjournment

Motion made by Hopkins, Seconded by Scharpnick, to adjourn at 5:59 p.m. Voting Yea: Mayor Zeman, Burkhardt, Frank, Hopkins, Scharpnick. Motion carried 5-0.