

**Minutes  
Avon City Council Workshop  
September 22, 2025**

**THE FOLLOWING MEMBERS WERE PRESENT**

Jeff Manthe – Mayor, Mark Schulzetenberge, Aaron Goebel, Katie Reiling - City Council  
Jodi Austing-Traut, City Clerk-Administrator  
Absent: Sarah Grutsch

The Pledge of Allegiance was recited and the meeting was opened at 6:30 pm.

**Financial Overview**

**Jason Murray, Financial Advisor – David Drown Associates**

Murray gave an overview of the city's financial situation with a focus on debt service and specifically the sewer fund.

2024 Audit showed positive cash flow in the water department of \$52,918 and for the first time, a positive cash flow of \$26,945 in the sewer department when looking at operations. The debt service on the wastewater plant, however, has continued to drain cash reserves. Murray provided a projection of a 10 year window looking at rates, levies, etc... which if all other things remain constant, would result in a deficit of around \$60,000 - \$100,000 per year in the sewer fund.

Council discussed ideas about how to move forward with future development, particularly of Avon Estates. Council explored with Murray, options for how to best deal with short term cash flow for a few more badly needed street projects (Char Ave/Blattner Dr) as well as the water tower maintenance and cleaning project that is planned. A short-term bond might be needed in order to cash flow until sales tax dollars come in. Short term bonds can be structured in a way thp at would allow the city some flexibility in getting these projects done in a more timely fashion. Murray suggested that in order to deal with long term cash flow issues in the sewer department, the city council consider a levy increase along with regular rate increases over the term of the wastewater bonds. Council discussed several different scenarios for levy and rate changes. Council settled on a debt service levy of \$220,000 for the wastewater bonds along with continued incremental sewer and water rates increases to attempt to keep the fund solvent throughout the remaining term of the bond.

**Budget**

Council reviewed budget materials presented by Austing-Traut. Factors affecting the budget in 2026 include MN Paid Family Leave Law and increasing insurance costs, wages and cost of living, and principle payments on the fire hall project.

Paid MN Family Leave can be administered by the State of MN or by a private carrier. Our agent has looked into offering PMFL through a private carrier at a lesser expense with a savings of around \$1,000 per year. PMFL covers all employees that receive a W-2 form: council, planning commission, firefighters, and regular staff; a total of 61 employees. Staff is further looking into adjusting the short-term disability benefits to decrease overlap and premiums in that area to offset the cost of the PMFL. Austing-Traut will work on a policy for council consideration prior to year end.

***Motion Reiling to cover the cost of participation in PMFL through Shelter Point***

***Second Manthe***

***Passed Unanimously***

No request for increases to health benefit. Staff did request a change in on-call pay for public works/water/wastewater from \$20/day to \$30/day. Austing-Traut will bring a policy change to a future meeting.

**Historic tax rates**

2017	84.4	2022	64.5
2018	84.2	2023	63.3
2019	84.7	2024	63.5
2020	75.4	2025	64.6
2021	66.4	2026	65.1

**Resolution 2025-42 A Resolution Approving 2025 Property Tax Levy of \$1,635,000 Collectible in 2026**

***Motion Goebel to approve Resolution 2025-42 A Resolution Approving 2025 Property Tax Levy of \$1,635,000  
Collectible in 2026  
Second Manthe  
Passed Unanimously***

Council will consider a 5% increase to sewer rates and a 3% increase to water rates at their next meeting. Rate increases would go into effect for the first billing cycle of 2026.

***Adjourned at 8:20 pm.***

Respectfully Submitted,  
Jodi Austing-Traut - City Clerk/Administrator