

Woodbury City Council Agenda
January 14, 2026 | 5:30 PM

- * Items under comments and updates are intended to be informational or of brief inquiry. More substantial discussion of matters under comments and updates should be scheduled for a future agenda.

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City of Woodbury, Minnesota
Office of City Administrator

Council Letter 26-01

January 14, 2026

To: The Honorable Mayor and Members of the City Council
From: Jeffrey J. Dahl, City Administrator
Subject: Discussion of Virtual Currency Kiosk Policy Recommendation

Summary

Staff has begun preparing a new ordinance regulating Virtual Currency Kiosks, referred to as cryptocurrency ATMs, for future City Council review and consideration. The proposed ordinance would address the rising fraud linked to cryptocurrency ATMs and the significant financial harm that can, and has, occurred due to criminals that use these machines to commit fraud.

Recommendation

Staff is seeking direction from Council regarding the regulatory approach for cryptocurrency ATMs prior to staff finalizing ordinance language for future Council review. While other municipalities have adopted more restrictive approaches including outright prohibitions on virtual currency kiosks, staff and the City Attorney's office recommend regulation of these machines through required registration, and operational and consumer protection requirements intended to reduce fraud, enhance public safety, and protect vulnerable populations.

Governance Model

- Generative - Identifying key questions, anticipating future challenges, framing of issues, development of options. Problem-framing. What to pay attention to, what it means, and what to do about it. How does it fit with our mission, vision and values?

Fiscal Implications

Implementation of the proposed regulatory approach would require staff time associated with registration processing, compliance reviews, coordination with the Woodbury Police Department (WPD), and periodic inspections to ensure ongoing compliance.

¹ Items marked "fiduciary" are primarily business-oriented topics; "strategic" items are primarily related to long-term strategies or goals; and "generative" items are primarily meant to produce new thoughts or ideas.

As part of the proposed ordinance changes, an annual registration fee would be added to the fee schedule with the intent to offset a portion of the administrative and enforcement costs associated with implementation of the ordinance. Said fee would be monitored annually along with other fees in the fee schedule to evaluate needed resources and cost impact.

Policy

The proposed ordinance is designed to complement, rather than conflict with, Minnesota Statutes Chapter 53B by addressing local impacts related to fraud, public safety, and business operations.

Public Process

This is the first step in the public process for this item. Ultimately, any ordinance amendment would need to be adopted by the Council in a regular public meeting.

Background

The rationale for the request to address this issue is based on the fact that cryptocurrency ATMs have emerged nationally as a significant tool for consumer fraud, particularly scams targeting older adults and vulnerable populations. According to the Federal Bureau of Investigation's Internet Crime Complaint Center (IC3), losses attributable to virtual currency kiosk-related fraud exceeded \$189 million nationwide in 2023, representing one of the fastest-growing categories of payment-related fraud. Adults aged 60 and older were disproportionately affected, accounting for approximately two-thirds of reported losses.

These scams commonly involve criminals impersonating government officials, financial institutions, or law enforcement and directing victims to withdraw large sums of cash and deposit the funds into cryptocurrency ATMs. Once the transaction is completed, the funds are typically unrecoverable. The anonymity, speed, and irreversible nature of these transactions significantly limit both consumer protections and law enforcement intervention.

Cryptocurrency-related fraud has had a measurable and increasingly financial significant and emotional impact on residents of the City of Woodbury. Based on reported incidents to the WPD, residents lose more than \$200,000 annually to scams involving cryptocurrency transactions through virtual currency kiosk ATMs. These losses stem from a variety of fraud schemes, including impersonation scams, investment fraud, and coercion-based payment demands.

WPD investigates more than two dozen cryptocurrency-related fraud cases each year, and both the frequency of incidents and the total financial losses continue to rise annually. WPD staff believes the true scope of cryptocurrency-related fraud is likely higher than reported, as many victims do not report these crimes due to embarrassment, shame, or fear of financial repercussions, a pattern consistent with fraud-related offenses nationwide.

In response to increasing fraud, the Minnesota Legislature enacted Minnesota Statutes Chapter 53B in 2024 to establish licensing and disclosure requirements for virtual currency businesses. While this

statute provides a regulatory framework at the state level, law enforcement agencies have observed that criminal actors have quickly adapted to these requirements, exploiting gaps related to kiosk placement, physical access, and real-time intervention.

Staff acknowledges that while there are technically three options available to Council, listed below, with the third option being to not regulate, staff strongly recommends Council take action to address the fraudulent use of cryptocurrency ATMs.

Option 1 – Targeted Regulation (Staff Recommended)

Similar to existing city code standards for products that have been deemed to be a threat to public safety if not appropriately regulated (alcohol, cigarettes, cannabis), staff identifies unregulated cryptocurrency ATMs as a threat to the general health, safety and well-being of residents and visitors to Woodbury and believes targeted regulation will have significant impacts on their fraudulent use.

Staff does acknowledge there are lawful uses of cryptocurrency ATMs. As a business model, cryptocurrency ATMs are focused on convenience to quickly conduct cash to cryptocurrency transactions. Secondly, cryptocurrency ATMs offer accessibility to those outside of traditional banking systems. Advocates uphold the machines' ability to provide access to the digital economy for populations who, for various reasons, may not have a formal banking relationship ("the unbanked").

Staff recommends that a future ordinance address following items:

- Annual registration of the kiosk by host business
- Required placement of and Public Safety access to security cameras
- Compliance checks and inspections
- Requirement that employees of the host business assist users
- Requirement that kiosks be located in secure, non-publicly accessible spaces
- Customer verification required
 - Verbally acknowledge customers have reviewed City-provided fraud warning
 - No utilization of mobile technology while using ATM

Option 2- Outright prohibition (Not Recommended by Staff)

Some cities have acted to prohibit cryptocurrency ATMs in an effort to address the fraud concerns. Following adoption of such ordinances, several cities have been subject to legal challenges related to the adoption of such laws. These cases have not yet been resolved by the courts and staff is actively monitoring as the court proceedings occur. While it is acknowledged that a ban would swiftly eradicate fraudulent activity within the city boundary, staff and the City Attorney's office advise that a targeted regulatory approach would deliver the necessary resident and visitor protection without banning the product and its lawful uses.

Written By: Omar Maklad, Deputy Chief of Police
Approved Through: Jason Posel, Public Safety Director/Chief
Attachment: None

**City of Woodbury, Minnesota
Office of City Administrator**

Council Workshop Letter 26-02

January 14, 2026

To: The Honorable Mayor and Members of the City Council

From: Jeffrey J. Dahl, City Administrator

Subject: Update and Review of Fiber-to-the-Home Staffing Recommendations

Summary

Over the past year, multiple private broadband providers have expressed interest in constructing Fiber-to-the-Home (FTTH) networks throughout the City of Woodbury, reflecting a significant regional shift in broadband delivery. Concurrently, the City is experiencing an unprecedented convergence of large-scale infrastructure projects, including Water Treatment Plant Pipeline improvements and roadway capital projects. On September 25, 2025, the City executed a franchise ordinance with Intrepid Fiber (Intrepid), authorizing construction of approximately 2.3 million feet (436 miles) of fiber, more than 14,000 handholes, and six optical light cabinets over a three-year period. Intrepid began submitting right-of-way permit applications in late December 2025, with construction anticipated to commence in early spring 2026.

Historically, the City's flat right-of-way (ROW) permit fee structure did not adequately scale with the complexity, duration, or staff effort required for major private utility projects. To better align fees with workload and recover the full cost of permitting, inspection, coordination, and construction administration, the City amended its 2026 ROW Permit Fee Schedule to a linear-footage-based model consistent with peer communities. The revised structure provides flexibility to recover in-house staffing costs and/or consultant expenses and is anticipated to generate approximately \$443,300 in ROW permit revenue in 2026 from Intrepid Fiber, with total estimated revenues of approximately \$1.39 million from 2026 through 2028.

Given the concurrent construction activity and anticipated FTTH workload, the City does not currently have sufficient internal capacity to manage permitting, inspection, and construction administration without additional resources. Experience from comparable communities demonstrates that projects of this scale generate significant resident inquiries, restoration challenges, and coordination issues with private utilities. Staff evaluated multiple construction administration models and recommends a hybrid approach that combines in-house construction administration staff with targeted consultant support for complex or peak workload periods. This model balances cost efficiency, operational flexibility, and service quality, while avoiding the higher long-term costs and performance variability associated with a fully consultant-based approach.

To implement this strategy, staff recommends authorizing the hiring of two full-time equivalent

construction administration positions prior to spring 2026. These positions are anticipated to be fully funded by ROW permit revenues associated with FTTH construction through 2028, resulting in no net budget impact during the initial years. Over the long term, transitioning these roles to support City roadway and infrastructure projects is expected to reduce reliance on consultant services and generate estimated net savings of approximately \$1.86 million over the next ten years. Staff is seeking Council concurrence on the proposed staffing approach and authorization to proceed with a 2026 budget amendment to ensure adequate resources are in place as FTTH construction begins.

2026 Right of Way Permit Fee Modifications and Anticipated Revenue

Historically, the City of Woodbury has charged a flat fee for permitting work within the public right-of-way. While administratively simple, this approach did not scale with large or complex projects that required increased staff time for permit review, construction oversight, coordination, and follow-up. When workload exceeded internal capacity, the Engineering Department contracted professional construction administration services, with costs reimbursed by the private utility.

The City’s long-standing strategy has been to recover the direct and indirect costs associated with permitting and managing private utility construction within public rights-of-way. In anticipation of future FTTH projects and to better align staffing workload with project scale, staff amended the 2026 Right of Way Fee Schedule. The revised fee structure aligns more closely with peer communities, incorporates a linear-footage-based approach for private utilities, and provides flexibility to recover internal staffing or professional consulting costs for larger and more complex projects.

The 2026 Adopted Revenue Budget right of way permit fees and anticipated 2026 average right-of-way permit fee revenue with Intrepid Fiber is summarized below:

Description Fees per Linear Foot	2026 Adopted Budget ROW Permit Fees	Anticipated 2026 ROW Permit Fees w/ Intrepid Fiber
Commercial		
Aerial & New Development	\$ 6,500	\$ 18,800
Drilled	\$ 67,000	\$ 418,000
Open Trench	\$ 6,000	\$ 6,000
Residential		
Aerial & New Development	\$ 100	\$ 100
Drilled	\$ 200	\$ 200
Open Trench	\$ 200	\$ 200
Grand Total	\$ 80,000	\$ 443,300

The overall anticipated right-of-way permit fees to be collected from Intrepid Fiber between 2026 and 2028, per the fee schedule are estimated as follows:

Description	Anticipated Intrepid ROW Fees (2026 - 2028)*
Commercial	
Aerial & New Development	\$ 46,000
Drilled	\$ 1,346,000
Grand Total	\$ 1,392,000
<i>* Note: This amount of Intrepid right of way permit fees will fluctuate up or down if staffed internally versus utilizing consulting services.</i>	

Until late November, staff lacked certainty regarding the timing, phasing, and overall scope of the proposed FTTH projects from Intrepid, and some uncertainty remains as to whether Gateway Fiber will proceed with its own proposed FTTH projects. As a result, staff did not have sufficient time to present this body of work to the Council through a workshop, particularly given the number of other budget and staffing matters under consideration at that time. Recognizing that the proposed approach has no net budget impact, as expenses would be fully offset by associated revenues, staff anticipated bringing this item forward for Council consideration in early January 2026.

Staffing Recommendations

With the approved Water Treatment Plant Pipeline projects, roadway capital improvement projects, and FTTH construction occurring concurrently, the City does not currently have sufficient internal capacity to manage permitting, inspection, and construction administration without additional resources. Comparable projects in other communities have generated significant resident inquiries, restoration concerns, and conflicts with private utilities, underscoring the need for dedicated construction administration staffing. Staff have been evaluating the addition of in-house construction administration services for several years, which is now reflected in the 2026 Adopted Budget under the Long-Term Staffing Plan, with two Engineering Project Coordinator positions scheduled for implementation in 2027 and 2029.

Construction Administration Strategy: Staff evaluated a range of construction administration models, from 100 percent consultant-based services to 100 percent in-house staffing, considering both operational effectiveness and fiscal impacts. While each model presents tradeoffs, staff determined that a hybrid approach provides the best overall value.

Staff recommends a balanced model that combines in-house construction administration staff with targeted consultant support for complex or specialized projects. This approach offers meaningful cost savings compared to a fully consultant-based model, maintains flexibility for peak workloads or unique project needs, and allows staff capacity to be redirected during slower construction periods. While this approach carries higher costs than a fully in-house model and may involve overtime or utilization risk if projects are delayed, it avoids the significantly higher costs, reduced efficiency, and performance variability associated with a 100 percent consultant-based approach.

To meet anticipated construction administration needs, staff proposes hiring two full-time equivalent

positions responsible for daily site inspections, resident communication, restoration follow-up, and coordination of repairs to turf, irrigation systems, and other private utilities.

Job Titles and Career Development: The Engineering Department currently employs one Engineering Project Coordinator who has focused primarily on construction administration and secondarily on right-of-way permitting since 2023. This position has significantly reduced reliance on consultants, improved coordination with Public Works field staff, and allowed project managers to focus on project delivery.

However, the current title does not align with industry standards for construction administration roles. To better attract qualified candidates and clearly distinguish construction administration from other project development functions, staff proposes modifying position titles without changing pay grade bands. The proposed career development ladder for dedicated construction administration staff is outlined in Figure 1 – Career Development Ladder Structure. The Engineering Technician through Senior Engineering Coordinator roles will remain in the pay band structure for staff that primarily focus on project development.

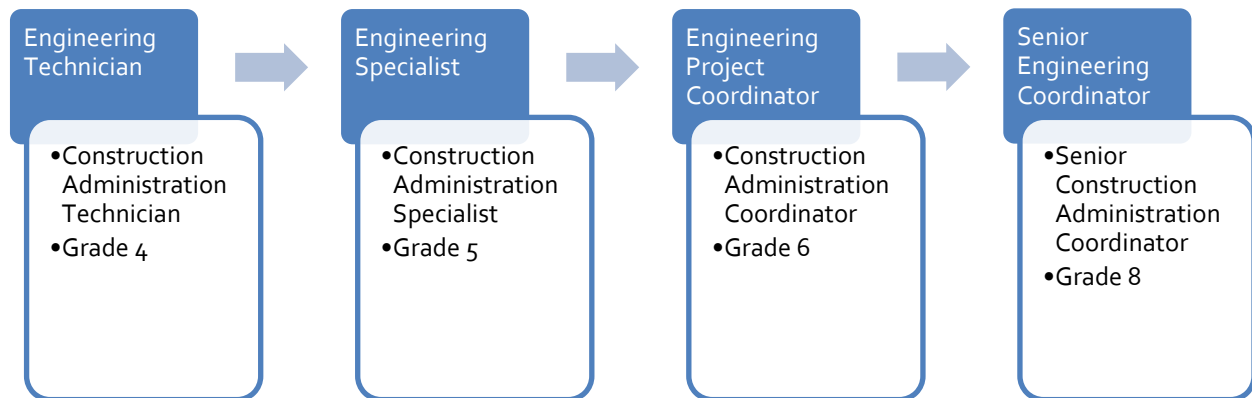


Figure 1 - Career Development Ladder Structure

Staff proposes hiring one Construction Administration Specialist (Grade 5) and one Construction Administration Coordinator (Grade 6) prior to early spring 2026. This combination of a higher-level and lower-level position provides maximum flexibility during the hiring process, supports staff development and future growth, and does so in a fiscally responsible manner.

Financial Review for In-House Construction Administration: During the first three years, in-house construction administration services are anticipated to be fully funded by right-of-way permit revenues associated with Intrepid Fiber construction and fully supporting these activities (See Figures 2 and 3). If the City is unable to recruit qualified candidates for right of way permitting, the right-of-way permit fee structure provides sufficient flexibility to recover the costs of consultant-provided construction administration services from 2026 to 2028. From 2029 and onward, staff will be repositioned to provide construction administration services on City roadway and infrastructure projects.

The estimated 10-year operating cost for in-house construction administration, including salaries, benefits, cell phone reimbursements, computers, cubicles, fuel, overtime, safety equipment, survey equipment, and vehicles, is approximately \$4.0 million (See Figure 2). Over the same period, the estimated net savings to the Street Reconstruction/Maintenance Fund is approximately \$1.86 million (see

Figure 3).

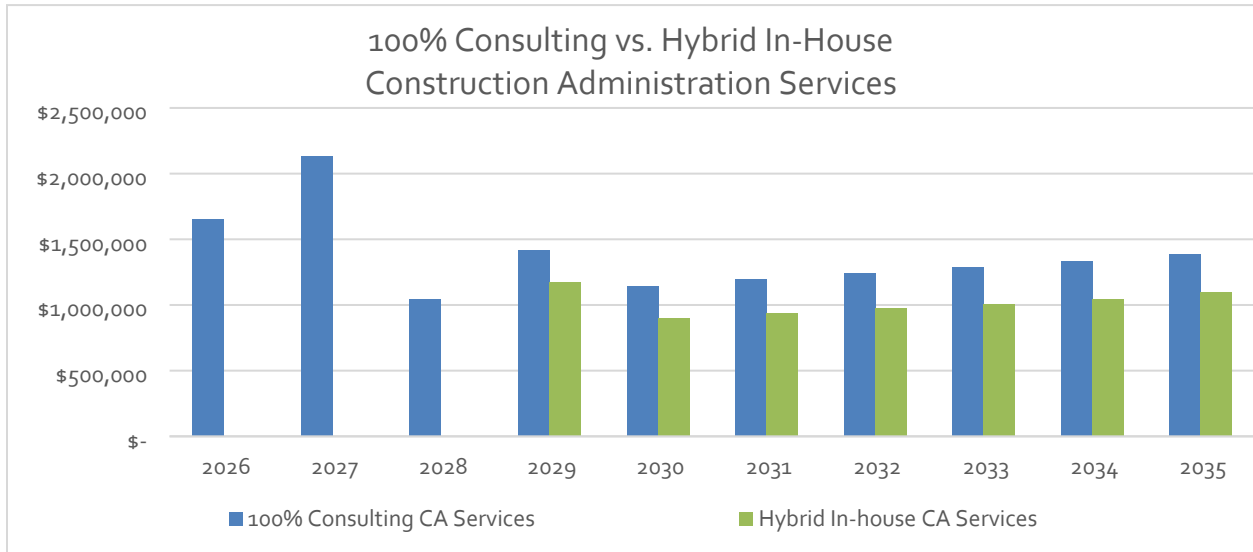


Figure 2 – 100% Consulting vs. Hybrid In-House Construction Administration Services Costs

Following completion of the FTTH installation, the two construction administration positions would transition to support ongoing Engineering Department operations, including roadway and infrastructure projects, thereby reducing long-term reliance on consultant inspection services, and providing a higher level of consistent and reliable service.

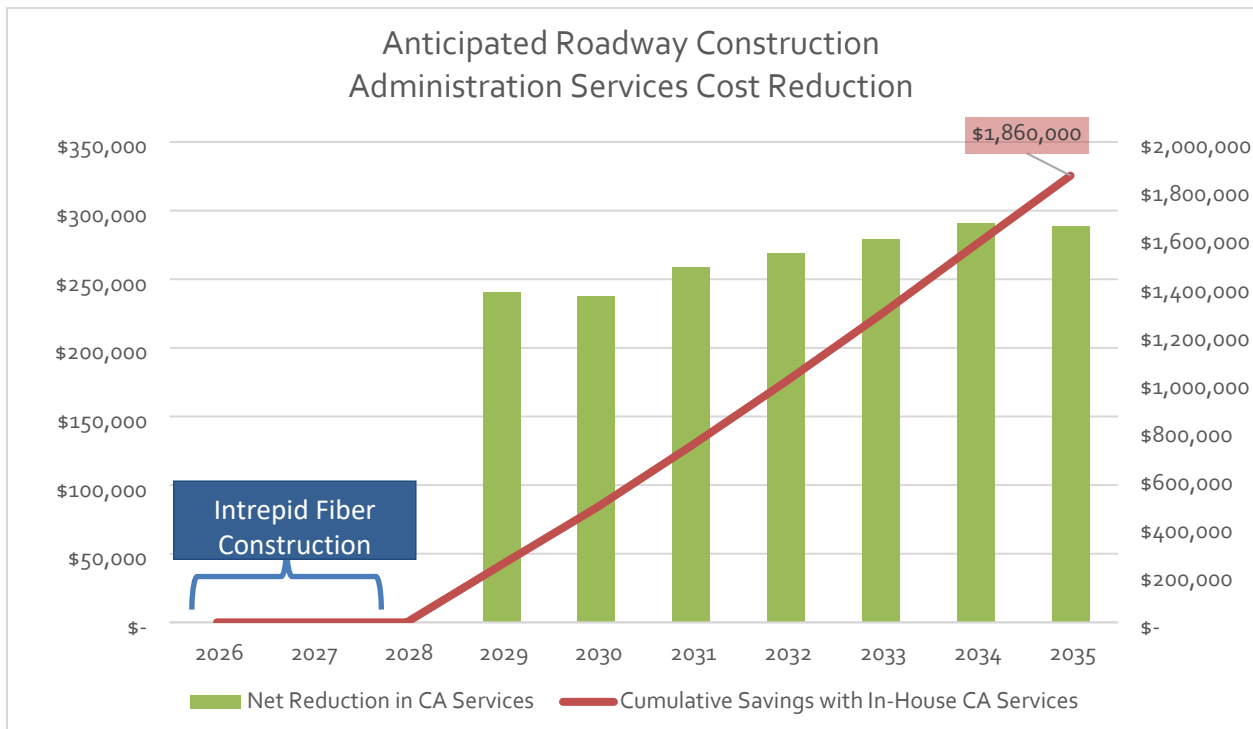


Figure 3 - Anticipated Roadway Construction Administration Services Cost Reduction

Feedback and Direction

Staff is seeking general Council concurrence on the recommended staffing approach to support FTTH construction and the longer-term strategy of expanding in-house construction administration services. Time is of the essence, as Intrepid is anticipated to begin submitting permit applications in early January, with construction commencing in early spring 2026. Given that the City’s internal hiring process typically requires three to four months, timely Council direction is necessary to ensure adequate staffing is in place to support project delivery.

Governance Model

- Fiduciary - Stewardship of tangible assets, oversees operations and ensures efficient and appropriate use of resources, legal compliance and fiscal accountability.

Fiscal Implications

On January 28, 2026, Council will be asked to consider budget amendments to authorize the hiring of two full-time equivalent positions to support FTTH projects. Anticipated right-of-way permit revenue is expected to fully fund these positions through 2028. Beyond 2028, staff anticipates reduced reliance on consultant construction administration services, resulting in a net long-term average savings of approximately \$200,000+ annually. These savings will be realized in the Street Reconstruction/Maintenance Fund via a reduction in the professional services line items for capital projects. If FTTH projects are delayed for unforeseen reasons, staff will immediately be repositioned to the consultant-leading construction administration work and project budgets will be amended accordingly.

Policy

The staff recommendations align with the City Mission Statement, “A premier community in which to live, work, and thrive”. Long-term, the presence of high-speed, competitive broadband infrastructure is expected to enhance property values, support business retention and attraction, and align with the City's broader goals for economic development and digital equity.

Public Process

The anticipated public process is as follows:

Description	Date
South Washington County Telecommunications Commission <i>Public Hearing to consider applications for Franchise Agreements</i>	July 24, 2025
Council Workshop No. 1	July 30, 2025
South Washington County Telecommunications Commission <i>Approve Franchise Agreement(s)</i>	August 2025

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Council Workshop No. 2	January 14, 2026
Council Meeting <i>Amend Budget and Approval to Hire 2 FTEs</i>	January 28, 2026
Begin Construction – Groundbreaking	Spring 2026
Substantial Completion	Late fall of 2028

Next Steps

On January 28, 2026, staff would request Council approval of 2026 budget amendments to account for the additional right-of-way permit revenue, associated expenditures, and the addition of two full-time equivalent positions.

Background

Over the past year, multiple private broadband providers have expressed interest in constructing Fiber-to-the-Home (FTTH) networks throughout the City, reflecting a significant regional shift in broadband delivery. Woodbury’s proactive and coordinated approach to managing this emerging infrastructure may serve as a model for other municipalities navigating similar opportunities.

Intrepid Fiber has executed a franchise agreement through the South Washington County Telecommunications Commission doing business as TrueLens Media, providing the City with a formal framework to manage broadband infrastructure development within the public right-of-way. On July 30, 2025, staff presented a high-level overview and policy discussion to the City Council regarding the opportunities and challenges associated with FTTH deployment in Woodbury. This discussion was further documented in a separate attorney-client privileged memorandum from the City Attorney. The purpose of the workshop was to seek Council direction on key strategic considerations related to broadband infrastructure. Council subsequently directed staff to continue working with TrueLens Media on the development of a Broadband Franchise Ordinance with Intrepid Fiber Networks (Intrepid).

On September 25, 2025, TrueLens entered into a Broadband Franchise Ordinance with Intrepid to construct approximately 2.3 million feet (436 miles) of broadband fiber, more than 14,000 handholes, and six optical light cabinets over a three-year period to serve both commercial and residential properties with high-speed broadband service. Gateway Fiber has expressed similar interest in constructing FTTH infrastructure within the City but has progressed more slowly in executing a franchise agreement with TrueLens.

Intrepid has already started submitting right-of-way permit applications in late December 2025, with construction anticipated to commence in early spring 2026.

Written By: Chris Hartzell, Engineering Director
Approved through: Jeffrey J. Dahl, City Administrator
Attachments: None