

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, DECEMBER 18, 2025 – 6:00 P.M.**

A.I. #1 CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Melrose City Council met in a Regular Meeting on Thursday, December 18, 2025 at 6:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Council Members Joelene Wieling, Mark Niehoff, Travis Frieler, and Mayor Joe Finken, City Administrator Colleen Winter. Council Member Tony Klasen was absent. Mayor Finken presided thereat.

The Council recited the Pledge of Allegiance.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Council Member Wieling, seconded by Council Member Niehoff and carried to approve the agenda. It was noted that a revised Ordinance under 7b. had been provided to the council members.

A.I. #3 OPEN FORUM

Mayor Finken then opened the floor to public comment. There were no members of the public who wished to comment.

A.I. #4 CONSENT AGENDA

The following items were considered for approval under the consent agenda:

- a. The minutes from the Council's November 20 Budget Meeting and the November 20 Regular Meeting
- b. List of bills in the amount of \$246,070.98.
- c. List of investments for the month of November.
- d. The Council also gave consideration to approval of the following tobacco licenses:
 - 1) Coborn's Inc. – Coborn's Store
 - 2) Melrose 1 Stop
 - 3) Casey's General Store #2650
 - 4) SPIRITZ Liquor, Inc.
 - 5) Coborn's Inc. – Coborn's Liquor
 - 6) Dollar General
 - 7) Kwik Trip

Minnesota law requires cities to obtain proof that all license holders provide workers' comp insurance for their employees. Also, the city must obtain licensees' social security numbers, and Minnesota and federal tax identification numbers for the Department of Revenue's use. The licenses are effective January 1, 2026.

- e. Donation Resolution 2025-56 Melrose Fire Relief Association to Melrose Fire Department for the purchase of a thermal imaging camera in the amount of \$2,500.00
- f. Donation Resolution 2025-57 Melrose Area Lions Club to the Holiday Kickoff committee in the amount of \$1,500.00.
- g. Step increase for Police Officer, Matthew Host will complete 6 months of service with the city on December 23, 2025.

A motion was made by Council Member Frieler and seconded by Council Member Niehoff and carried to approve the Consent Agenda items.

A.I. #5 PUBLIC HEARING

At 6:02 pm Mayor Finken opened a public hearing on the 2026 Budget and Tax Levy. The public hearing is to allow public comment and questions and allow public participation in the process. Finance Director Jackie Niehaus provided the Truth in Taxation presentation. She reviewed process of establishing the budget, including the work sessions which were held in August, September and November with staff and the city council. Discussed was how tax capacity is calculated. Finance Director Niehaus's complete presentation has been included as part of the meeting packet/materials.

At the September 18th meeting, the Council first reviewed the proposed 2026 Budget. The preliminary property tax levied to the County at that time was:

	Initial	
General property tax		\$1,694,000
Debt Levy:		
2008 Fire and Ambulance Station Lease Revenue Bonds		<u>80,000</u>
TOTAL LEVY		\$1,774,000

Since that time, the Council and staff have reviewed the budget to determine adjustments needed to arrive at a more detailed budget, as well as plan for upcoming capital needs, and consciously spending down accumulated fund reserves. Based on those meetings, the general levy is proposed to be \$1,594,000. This is an increase of \$144,000 from the 2025 levy. The debt levy is proposed to remain at \$80,000, for a total levy of \$1,674,000. According to the information received from the County, the proposed tax capacity for the City is estimated at \$3,676,547. This will result in an estimated tax rate of 45.53%, which is a 0.94% increase over 2025's rate of 44.59%.

According to law, the City now must certify the levy as set in September or it may reduce the levy. It cannot set a levy higher than the proposed levy, which was certified with the County Auditor in September. The proposed general levy of \$1,594,000 plus

debt levy of \$80,000 results in a total levy of \$1,674,000.

Final General property tax	\$1,594,000
Debt Levy:	
2008 Fire and Ambulance Station Lease Revenue Bonds	<u>80,000</u>
TOTAL LEVY	\$1,674,000

After the final levies are adopted, they must be certified with the County Auditor prior to December 31.

Finance Director Niehaus also discussed reasons for tax increases including levies and approved referendums. The city tries to keep levy changes minimal and incremental. Since 2017, tax rate has decreased by 36% to 45.53%.

The budget was then discussed. The budget represents a 5% increase overall from 2025 to 2026. Real estate taxes make up 44% of the revenue. 34% is local government aid which is determined by the state of Minnesota. \$1,175,508 is the projected LGA for 2026. A 6th police officer is budgeted for 2026.

Finance Director Niehaus then reviewed the PUC budget and the capital improvement fund.

Mayor Finken asked for comments from the public. Mayor Finken discussed how the city is trying to live within its means – as is the school and county. The worry is how the state is passing burden onto cities and counties to pay for projects.

There being no further comment, the public hearing was closed at 6:14 PM.

A.I. #6 REPORTS

- a. Police Chief Craig Maus presented the Police Department's November 2025 report. He noted there were 319 calls for service during the month, compared to 265 as of November 2024. A total of 19 citations were written for the month of November. There were 112 verbal warnings and 22 written warnings. The year-to-date number of calls is 3,308. For the month of November 2025, the Department received 10 agency assist calls. Chief Maus discussed the winter parking and the citations and warnings which were made, including one tow. They have been working hard to educate, and it is working better than expected. Officer Root has been offered employment with the State Patrol and submitted his resignation, so we will be advertising for that position.
- b. Community Development Director Sheila Hellermann provided the following update.

The Planning & Zoning Commission meeting for November was cancelled but we are back in business in December. Three items will be discussed so far. The Melrose Area Arts Council is moving ahead with their mural project and has selected a design. As you will recall we now have a process in place, including a public hearing for a conditional use permit before any murals can be done. P&Z will give the design a review here in December and set a public hearing. It will come to the city council for final approval after the hearing. P&Z is also working with the council and MADA on a redevelopment project that includes platting, streets and zoning. Finally P&Z will also be reviewing the budget and ensuring the plans and projects for 2026 are in line with the city's comprehensive plan.

The grant applications for Small Cities, Contamination Investigation, Local Road Improvement Project, and a smaller application to help with the new city park on the west side are all submitted. Now we wait. The review and results happen anywhere from late December to March, depending on the application.

MPCA will be onsite at the former Bohlig Cleaners later this month or early in January to assess that property for any environmental concerns. We do not know if there are concerns, but we were able to facilitate a grant for the property owner to get that work done. Work continues on opportunities for businesses in open spots in the city, and matching projects with locations.

- c. The City Engineer report was presented by Dave Blommel.

With construction season behind us we have begun to focus on the summer of 2026. I have a contract for design and construction services for the 2026 street project on the agenda under action items.

The project consists of:

- 4th Avenue between Main Street and Railroad Avenue.
- 2nd Street between 5th Ave and 4th Ave.
- 4th Avenue on the north side of town near County Road 170.

This year's project will hopefully be a bit quicker than the 2025 project with only minimal concrete replacement required. We are projecting about 4 weeks of construction.

Using costs from the 2025 project, the 2026 project has an estimated cost of approximately \$450,000 accounting for the 10 year average construction inflation. We anticipate bidding in March for award at the council meeting in either March or April. Project costs are in line with the budget being considered at the meeting.

There have been major changes in the local paving market with Minnesota Paving and Materials going out of business (subcontractor for Main Street).

There is a bit more uncertainty than in years past with paving companies, but Melrose's proximity to paving companies in the Alexandria area does somewhat insulate us from a contractor loss in St Cloud like MPM.

- d. City Administrator Winter reported that the PUC accepted applications from new

engineers for water/wastewater services. They selected Nero/AE2S. Water tower maintenance will be done directly with contractors rather than going through engineers. The test well for new well #10 looks good in terms of gallons per minute. In 2026, there will be a 4% increase in electric rates and a 5% increase in wastewater. Water will remain the same with no change.

A.I. # 7 ACTION ITEMS

The Council then took action on adopting the proposed Resolution No. 2025-58 Resolution Adopting the Tax Levy and 2026 Budget. Motion by Council Member Niehoff and seconded by Council Member Wieling and carried to adopt the resolution.

The Council then took action adopting the 2026-2030 Five Year Capital Improvement Plan. Motion by Council Member Frieler and seconded by Council Member Wieling, and carried, to approve the Capital Improvement Plan.

- 7a. Staff has updated the 2026 Fee Schedule. Administrator Winter reviewed the changes line by line, including room deposits at city center, security deposit amount at the pavilion in the park. She also highlighted the changes from Inspectron on the flat rate building permit fees. Winter discussed the suggested fees for damage in the park, parking in unauthorized spots, and the dump station. There is a new fee for cutting into a street to ensure it is repaired properly and timely when it is dug up for things like water lines and utility services. There is also a new fee for low dose THC retail businesses and increases in the police department for violations related to golf carts, illegal parking, and for the tiered repeat (subsequent) violations within the department. There were also updates to the first responder fees suggested by Fire Chief Budde and Ambulance Director Eggert.

The Council then gave consideration to adopting Ordinance No. 12-18-2025-1, An Ordinance Summarizing and Reaffirming Fees for City Licenses, Permits and Services, Establishing a Schedule of Fines, and Providing for Subsequent Review, Modification and Amendment. Motion by Council Member Niehoff, seconded by Council Member Wieling, and carried to approve Ordinance 12-18-2025-1 for fees in 2026.

- 7b. The Council gave consideration to adopting Ordinance No. 12-18-2025-2, An Ordinance Establishing Compensation and Reimbursement for Expenses for Mayor and Council Members and Other Board and Commission Members. Council Member Niehoff asked how often the compensation is raised, and Mayor Finken said it has been many years. The increase will not take effect until after the 2026 election, beginning January 1, 2027.

Motion by Council Member Frieler, seconded by Council Member Niehoff, and carried to approve Ordinance 12-18-2025-2 for compensation of the council and boards and commissions.

- 7c. We received twenty applications for the City Clerk position and interviews for 6 applicants were conducted on Tuesday, December 2nd, 2025. Interview committee members included City Council Member Joelene Weiling, City Administrator Colleen Winter, HR Coordinator Doris Rieland, Finance Director Jackie Niehaus, and Police Chief Craig Maus. CD Director Hellermann drove the candidates around and gave a tour of the city. Mayor Finken came in after the interviews and discussed with the Committee members. Two candidates – Connor Kockler and Josh Bentley participated in a Meet and Greet with the Administration staff on 12-11-25 and the Administration team unanimously ranked Connor Kockler as their No. 1 choice to fill the City Clerk role. Connor was offered the position at a starting wage of Step 1 which is \$35.08 per hour on the 2026 wage schedule. Following six months of full-time employment and upon a favorable evaluation, it is recommended to move him to Step 2 at \$38.43 per hour. From then he would qualify for step increases annually, dependent upon favorable evaluations, until Step 4 on the wage schedule.

Motion by Council Member Wieling, seconded by Council Member Frieler, and carried, to approve hiring Connor Kockler for the City Clerk position as presented.

- 7d. City Engineer Dave Blommel then presented a Supplemental Letter Agreement for 2026 Street Improvement Projects. Next year's street projects include:
- 2nd Street Northwest between 5th Avenue and 4th Avenue:
- Less than 10% concrete curb and gutter replacement to correct cracked and broken panels.
 - Full depth pavement removal and replacement.
- 4th Avenue Northwest from Main Street to Railroad Avenue:
- Less than 10% concrete curb and gutter replacement to correct broken and cracked panels.
 - Full depth pavement removal and replacement.
- 4th Avenue Northwest from 640 feet south of 9th Street (County Road 170) to 9th Street (County Road 170):
- Settled Concrete curb replacement (less than 10%).
 - Full depth pavement removal and replacement.
- Bituminous trail between 8th Street Northwest Cul De Sac:
- Replace bituminous pavement.

Motion by Council Member Wieling, seconded by Council Member Frieler, and carried, to approve the Supplemental Letter Agreement with SEH for the 2026 street improvements.

- 7e. In addition to the renewals contained in the consent agenda, staff has received an application for a new tobacco license at 315 East Main Street. It was noted that cannabis is not allowed at this location and this has been communicated with the building owner. Motion by Council Member Niehoff, seconded by Council

Member Wieling, and carried to approve a new tobacco license for Ziyad Trading dba City Smoke Tobacco for a new location at 315 East Main Street.

A.I. #8 OLD BUSINESS

There was no old business to consider.

A.I.#9 NEW BUSINESS

- 9a. According to the Fire Department Policies, Officers' terms expire every two years. The terms will expire on January 1, 2026; therefore, applications for 1st Assistant Chief, 2nd Assistant Chief, and Training Officer were accepted through October 15.

Chief Budde is recommending the following appointments:

Joe Woeste - 1st Assistant Chief
Corey Bueckers - 2nd Assistant Chief
Joe Matt - Training Officer.

No action was taken by the council. Mayor Finken thanked Chief Budde for his leadership as fire chief and his diligence in making these appointments.

- 9b. MN Paid Family Leave - new Minnesota law will create a state-administered mandatory paid family and medical leave insurance program beginning Jan. 1, 2026. The program will provide job protections and partial wage replacement per benefit year up to a maximum of 20 weeks for family and medical leave funded in large part by employer premiums and employee contributions. For each program leave type (broadly categorized as family/caregiving leave and medical leave) an employee can take 12 weeks of leave, up to a combined total of 20 weeks under the program. The program will be administered by the Minnesota Department of Employment and Economic Development (DEED). The City has already notified all City employees of the law as required in State Statute.

The remaining questions are should be memorialized in an MOU and considerations should be given to the following:

1. Are employees able to supplement their leave with other paid benefits, i.e. sick leave, comp time, vacation and personal day.
2. Should the City require an order as to how the benefits can be used.

The Council brought forward additional questions to be answered by staff for making recommendations or taking action, including:

- How does health insurance get paid while an employee is out on leave?
- Does vacation continue to accrue when an employee is out on leave?
- Can employees retroactively use vacation if paid leave is denied?

City Administrator Winter will seek out these answers and provide further information to the Council for their consideration.

A.I. #10 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- 10a. Schools and Training: MN Public Finance Seminar
2/4-2/6 – Finance Director Jackie Niehaus
- 10b. Meeting schedule for 2026 for the Fire Department

A.I. #11 ADJOURNMENT

A motion was made by Council Member Wieling, seconded by Council Member Niehoff and carried to adjourn the meeting at 6:54 pm.

A handwritten signature in cursive script, appearing to read "Sheila Hellermann", written in dark ink.

SHEILA HELLERMANN – COMMUNITY DEVELOPMENT DIRECTOR