

**MELROSE CITY COUNCIL
REGULAR MEETING
THURSDAY, SEPTEMBER 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, September 18, 2025 at 6:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Council Members Tony Klasen, Travis Frieler, Joelene Wieling, Mark Niehoff, and Mayor Joe Finken, City Administrator Colleen Winter, and City Clerk Patti Haase. Mayor Finken presided thereat.

The Council then recited the Pledge of Allegiance.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Ms. Wieling, seconded by Mr. Niehoff and unanimously carried to approve the agenda as amended.

A.I. #3 OPEN FORUM

Mayor Finken then opened the floor to public comment. There were no comments.

A.I. #4 CONSENT AGENDA

The following items were considered for approval under the Consent Agenda:

- a. The minutes from the August 21, 2025, Budget Meeting and the August 21, 2025, Regular Meeting
- b. List of bills in the amount of \$404,044.53
- c. List of investments for the month of August
- d. Donation Resolution
 - 1) Resolution No. 2025-39 Donation from Land O'Lakes in the amount of \$150 toward the Melrose Fire Department Pancake Breakfast
 - 2) Resolution No. 2025-40 Donation from the Melrose Lions in the amount of \$1091.47 to the City of Melrose for light pole banners.
 - 3) Resolution No. 2025-41 Donation from the American Legion Post #101 in the amount of \$1,000 to the City of Melrose for light pole banners.
- e. Finance Director, Jackie Niehaus, will complete one year of service with the City on September 23, 2025. City Administrator Colleen Winter has conducted Ms. Niehaus's review, and it is favorable; therefore, recommends she receive a step increase from Step 1 to Step 2 on the wage schedule.

A motion was made by Mr. Frieler, seconded by Ms. Wieling and unanimously carried to approve the Consent Agenda items.

A.I. 5 REPORTS

- a. Police Chief Craig Maus presented the Police Department's August 2025 report. He noted there were 350 calls for service during that month, compared to 266 for August 2024. A total of 24 citations were written for the month of August. There were 114 verbal warnings and 9 written warnings. The year-to-date number of

calls is 2,265 compared to 2,215 in 2024. For the month of August 2025, the Department received 16 agency assist calls.

- b. Community Development Direct Sheila Hellermann provided the following update.

The Planning & Zoning Commission has public hearing scheduled for its next meeting on Monday, September 29th for a zoning ordinance amendment to the R-2 zoning district related to the public street side yard setbacks. This stems from the recent variance request in Highlands, changing the setback in those areas to be in line with those in the R-1 zoning district.

We continue to talk about daycare challenges. We have completed a survey of families in the communities, which was distributed by employers and shared on Facebook. We are meeting to review the results and consider ideas. MADA reviewed some of the results at its meeting on September 11th recognizing that daycare is a function of economic development, as employees need available, affordable and dependable daycare.

In the community development and planning world, our discussions lately have been about roads and cost of infrastructure, which are common conversations in rural Minnesota right now. We have willing developers for additional housing and available land, but expensive roads and services to build out.

Thank you to the American Legion Post 101 and Melrose Lions for their support of the new light pole banners on Main Street. We are excited to support our Melrose Area Public School students in their endeavors – sports, arts, and academics – in the year ahead.

- c. City Engineer Dave Blommel provided the following information.

2026 Budget

SEH has assisted city staff with budget work for the 2026 budget including estimates and project scoping. I plan to attend the budget portion of your meeting to help answer any questions there might be related to the 2026 and future street projects.

2024 Main Street Project

The final costs are ready for the Main Street project. Total final payment amount will be \$2,847,970.89 which compares favorably to the original bid price of \$2,936,481.63. Final paperwork was missing from a single subcontractor, not allowing us to close the project at your September meeting. Final payment is expected in October.

2025 Street Project

The contractor is working on punchlist items including 2 locations along 5th that aren't draining as well as we would expect. The area is very flat, but work is underway to correct the 2 locations that are deficient.

- d. City Administrator Colleen Winter stated that staff have been working on the budget and analyzing our rates and fee schedule. The city has also begun union negotiations. The cold weather rule goes into effect on October 1. Staff is finishing the fall/winter newsletter and should be mailed out shortly.

City Attorney Joe Krueger introduced himself and gave a brief bio

A.I. 6 ACTION ITEMS

- a. The Melrose Fire Department in 2012, and the City of Melrose, as the guarantor for the Melrose Fire Department Retirement Program, entered into an agreement with PERA to manage the retirement program and funds for the Department. The program is funded by three primary areas: Fire State Aid, Investment Income and Municipal Contribution (if required). Fire Chief Tom Budde presented a brief overview of the program. An annual review forecasts the fund outlook. The Melrose Fire Dept is requesting to increase our PERA Benefit level to \$3,700 per year of service. Currently the PERA Benefit level is \$3,300. With this increase, the funded ratio percentage will be 105% funded. We have been with PERA since 2013, and the fund has performed well.

Council Member Frieler introduced Resolution No. 2025-42 A Resolution Option to Increase the Benefit Level for Firefighters Who Are Vested in the Voluntary Statewide Volunteer Firefighter (SVF) Retirement Plan. The motion was seconded by Ms. Wieling with a roll call vote recorded as follows:

FOR: Council Member Frieler, Wieling, Klasen, and Niehoff

AGAINST: None

ABSTAIN: Mayor Joe Finken due to a conflict of interest

- b. Finance Director Niehaus presented the proposed 2026 budget for the General Fund. State law requires that the City certify the proposed tax levy to the County Auditor by no later than September 30; therefore, it will be necessary to review the budget and take action on adoption of the proposed preliminary budget and the proposed tax levy at this meeting. The final levy will be adopted in December can be lower than the levy certified in September but cannot be higher.

It is proposed that the preliminary general tax levy be certified by resolution. The city must also provide the County Auditor with precise information on:

- 1.) Time and place of a public hearing for the discussion on the budget and levy adoption.
- 2.) The public must have the opportunity to speak and the meeting must not be held before 6:00 p.m.
- 3.) Date, place and time of the public hearing at which the final budget and levy will be determined, with this meeting to be scheduled after November 25 and no later than December 30.
 - a. Staff recommends this hearing be scheduled for December 18 at 6:00 p.m. at the Melrose City Center.
- 4.) Phone number (320-256-4278) that City taxpayers may call if they have questions related to the auditor's property tax notice, which is generally delivered in November.
- 5.) Address where comments will be received by mail: (225 1st Street NE, Melrose, MN 56352 Attn: Finance Director)

The above-noted items are part of the Truth in Taxation requirements. The information must be included in the minutes and the city must comply with existing publication requirements for minutes.

The City must certify the proposed 2025 tax levy to the County Auditor and adopt the proposed 2026 budget on or before September 30.

A motion was made by Ms. Wieling, seconded by Mr. Klasen and unanimously carried approving the 2026 budget and setting the Public Hearing to be held on Thursday, December 18, 2025, at the Melrose City Center located at 225 1st Street NE< Melrose MN 56352.

A motion was made by Niehoff to adopt Resolution No. 2025-43 A Resolution Adopting Proposed Tax Levy Approving 2025 Tax Levy, Collectible in 2026. The motion was seconded by Ms. Wieling with a roll call vote recorded as follows:

FOR: Council Member Niehoff, Wieling, Klasen, Frieler, and Mayor Finken
AGAINST: None

The City must certify the proposed 2022 tax levy to the County Auditor and adopt the proposed 2023 budget on or before September 30.

- e. The Council reviewed the Technical Memorandum from SEH. The Water/Wastewater Department met with SEH on the Blower project and the department is requesting different size blowers than what SEH recommends. The Melrose Public Utilities Commission at its September 8, 2025 meeting reviewed and approved the Technical Memorandum.

A motion was made by Mr. Niehoff, seconded by Mr. Frieler and unanimously carried concurring with the Public Utilities Commission approving the Technical Memorandum.

- d. The Tri-Cap Action Program, Inc is requesting \$475 per month for the calendar year 2026 for transportation operations local support.

A motion was made by Ms. Wieling, seconded by Mr. Niehoff and unanimously carried approving the 2026 Tri-Cap Transportation Contract.

A.I. #7 OLD BUSINESS

- a. As requested at the last meeting, staff worked with the city attorney clarifying the potential terms for participation in the state's fire escrow fund. Staff asked the city attorney about returning the funds at the time of application either for a demolition permit or building permit. Attorney Krueger shared the following:

The purpose of this statute is to make sure that the public's health and safety is protected. I don't think the city can establish a policy that will neatly fit every situation. I also do not think the purpose of the statute is to withhold money until the structure is fully replaced. The intent of the statute in my opinion is to make sure that the health and safety issues are addressed as quickly as possible. For example, if the building is a total loss, then there is no reason the building

should not be demolished and the debris removed as quickly as possible. At that point the funds could be released or released directly to the demo company. If the structure is a partial loss, the funds may need to be withheld longer until the construction progresses to a point where the structure is no longer a risk to the public's health and safety. And if the building is not re-built, the money is available to make a complete demolition.

I understand what the Council's concerns are about holding the money too long, but I do not think simply obtaining a building permit and having an inspection is sufficient grounds to release the escrowed funds.

The resolution was revised with terms suggested by City Attorney Krueger clarifying the city's participation in the fund.

Council Member Niehoff stated that he still has some reservations as he believes the taxpayer is paying the premium and does not feel the city should have their hand in it. However, he also understands the other side of the issue. Council Member Klasen also expressed concern and believes the city should only need to hold the funds of the cost of demolition.

Council Member Frieler introduced Resolution No. 2025-32 Establishing a Fire Escrow Account. The motion was seconded by Ms. Wieling with a roll call vote recorded as follows:

FOR Council Member Frieler, Wieling, Niehoff, and Mayor Finken
AGAINST: Council Member Klasen

A.I.#8 NEW BUSINESS

- a. Inspection has notified us of a permit fee increase starting January 1, 2026. Flat rate permit fees – reshingle and residing for example – will be increasing from \$100 to \$125. We entered into a contract with Inspection on March 4, 2022 and it automatically renews each year.
- b. The Council next reviewed a draft ordinance for odd and even parking. The Council to discuss if they wish to move forward. If so a public hearing will be held at the October meeting. Mayor Finken requested staff to research if a mass text/phone message could be sent out to residents notifying them, much like the Melrose school does for district wide notifications.

A motion was made by Mr. Klasen, seconded by Mr. Niehoff and unanimously carried directing staff to schedule a public hearing on the Odd and Evening Parking Ordinance at the October 23, 2025, meeting.

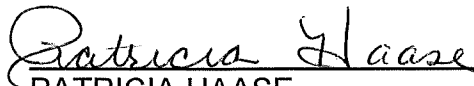
A.I. #9 NFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. Utilities Commission's August 11, 2025, Regular Meeting minutes.

A.I. #10 ADJOURNMENT

A motion was made by Ms. Wieling, seconded by Mr. Niehoff and unanimously carried to adjourn the meeting at 6:55 p.m.


PATRICIA HAASE