



CITY COUNCIL
REGULAR MEETING MINUTES
MAY 12, 2025 AT 6:30 PM
FINLAYSON CITY HALL

1. **CALL TO ORDER:** The meeting was called to order at 6:30 PM by Mayor Auchter, followed by the Pledge of Allegiance.
2. **ROLL CALL:**
 - a. Council members present: Dave Auchter, Barb Morgan, Kim Schaefer, Jeff Flaws, Rhonda Kriesel
 - b. Council members absent: None
 - c. Others present: Wyatt Lucht, Bill Morgan, Joe Luedtke, John Mikrot, Randy Millner, Liz Bernhardt, Nancy Liebelt, Dennis Liebelt, Ed Barnick
3. **APPROVAL OF MINUTES:** *A motion was made by Flaws to approve the amended April 14, 2025 Regular Meeting minutes. Amendments include the addition of clarifying statements below, as requested by Morgan. All in favor. Motion carried.*
 - a. Millner's report: Clarified that he will notify homeowners when he will begin working on the sidewalk repair by the old Catholic church.
 - b. Luedtke's report: Referenced MN Statute "340A.503" regarding underage persons.
 - c. Luedtke's report: Luedtke will schedule an annual hood-vent cleaning in the kitchen.
 - d. Bernhardt's report: Clerk will consider labor costs as well as program costs for accounting software.
 - e. Bernhardt's report: If and when the MN Paid Family and Medical Leave program goes into effect, there may be an associated cost to the city. The exact cost and implementation timeline are currently unknown, and will be determined by the State.
 - f. Letters approved: The following letter was requested to be restated (in addition to being stated the agenda): 3/13 – Keys Issued – Dawn Tasler, Liquor Store, FG Lions Gambling Manager. No other letters were requested to be restated.
 - g. General: add Submitted by Liz Bernhardt, City Clerk
4. **PUBLIC FORUM:**
 - a. Ed Barnick, on behalf of Peace Lutheran Church, requested the use of the Fire Hall during the 4th of July. Separately, the Methodist Church has also historically used the Fire Hall. Item added to New Business.
 - b. Eric Kaster did not attend the meeting. No action taken.
5. **APPROVAL OF AGENDA:** *A motion was made by Schaefer to approve the agenda as amended. Amendments below. All in favor. Motion carried.*
 - a. Move New Business (h) – Letters to the Consent Agenda.
 - b. Remove Staff Reports from the Consent Agenda, prior to New Business.
 - c. Add the following items J-Q to New Business:
 - i. (j) Use of Fire Hall during 4th of July
 - ii. (k) Planning & Zoning member appointment, Auchter
 - iii. (l) Community Club temporary liquor license approval for 4th of July, Schaefer
 - iv. (m) City involvement in 4th of July, Schaefer
 - v. (n) LMC Annual Conference, Morgan
 - vi. (o) Unapproved Minutes, Morgan
 - vii. (p) Attorney Consults, Morgan
 - viii. (q) Council Meetings, Morgan
6. **CONSENT AGENDA:** *A motion was made by Flaws to approve the consent agenda, with the addition of "Letters" and removal of "Staff reports". All in favor. Motion carried.*

7. STAFF REPORTS:

- a. **Water & Sewer Contractor (John Mikrot):** Flushed hydrants last week. Repairing hydrants this summer. If the Council does not approve a previous bid to replace all the water valves (7 total) at \$15,000, Mikrot recommends having three on hand, at a cost of \$1215 each. Auchter inquired if other towns have them on hand for us to use in an emergency. Mikrot clarified that the valves are different sizes and that the city needs their own. Morgan asked what would happen if a valve fails. Mikrot responded that should a valve fail, the city is unable to pump water to treat it, and there will be an emergency situation. The purchase of the valves was referred to the Public Works & Infrastructure (PWI) Committee; no action taken.
- b. **Zoning Administrator (Ed Melzark):** No report; attendance was not requested.
- c. **City Maintenance (Randy Millner):** All is well!
- d. **Bar Manager (Joe Luedtke):** Reported LS profited \$23,900 for April. Staff and Sales are going good. Another cooler is down; Jerdin Mechanical was called for one repair and it did not fix, he is waiting on a second repair. Luedtke anticipates all will be going/need replacement, as they are all the same age. No action taken.
- e. **Fire Chief (Wyatt Lucht):** Report submitted with counts. Lucht confirmed the Community Club will sponsor/host the Fire Department's Pancake Breakfast (fundraiser) for the 4th of July. Confirmed no concerns with allowing Peace Lutheran and Methodist Churches to use the Fire Hall for the 4th of July. Lucht will be ordering PPE (Personal Protection Equipment); aiming to replace at least three sets to continue compliance. Was contacted by ISO (Insurance Services offices) which evaluates the fire protection capability of local fire departments; it has been at least 6-7 years since the last visit.
- f. **City Clerk (Liz Bernhardt):** Clerk Bernhardt reported that there were no updates (not already addressed in the Agenda) outside of the financial reports included in the council packet and presented at the meeting. These reports included:
 - i. **Q1 2025 Financials:** Profit & Loss by Fund, Previous Year Comparison, and a 2025 Budget spreadsheet
 - ii. **April 2025 Financials:**
 1. Revenues & Expenditures by Fund (actual vs. budgeted), with over/under budget totals
 2. Year-to-date (YTD) Revenues & Expenditures by fund, with over/under budget totals
 3. Bank account details including cleared & outstanding transactions, current balances and long-term liability balances

Council Member Morgan raised concerns about the timeliness and adequacy of the financial data, stating she did not feel she had sufficient information to make informed decisions. Clerk Bernhardt noted that she had communicated in advance that April financials would be presented at the meeting and reiterated that all available financial information was provided.

In response to Council Member Morgan's concerns, Clerk Bernhardt offered the following clarifications:

- i. Upon her appointment, she discovered fund balance discrepancies and reconciled them using the most recent audited financial statements, from December 2023.
- ii. Beginning in Feb/March, she revised the city's chart of accounts to align more closely with recommendations from the Minnesota Office of the State Auditor and CTAS reporting standards. This is a long and tedious process, considering there are over 300 accounts for each fund.
- iii. A new internal process was implemented requiring bank account reconciliation before generating financial reports. Due to the city's cash-basis accounting system, financials cannot be finalized until monthly bank statements are received.
- iv. Following a meeting with the city's auditor in March, fund balances were corrected as of January 2024, and the auditor provided a reporting format appropriate for council review.

- v. While financials have previously been provided directly from QuickBooks, recent chart of account updates have made year-over-year comparisons by line item/account difficult. To address this, supplemental reports comparing 2024 and 2025 figures, by fund, were provided.
- vi. The current budget was created under the old chart of accounts. As a result, some figures in QuickBooks cannot be directly compared to current-year data without re-entry and re-coding, which is in progress.

Clerk Bernhardt expressed that the repeated questioning of her work by Council Member Morgan felt personal and emphasized her commitment to transparency and accuracy in financial reporting.

8. NEW BUSINESS

- a. **KLM Engineering Contract:** Bollig Engineering recommended that the City engage KLM Engineering to perform a water tower inspection. Maguire currently performs the city's water tower cleanouts and inspections; however, Bollig is pursuing funding opportunities for water tower repairs, including re-coating and welding. USDA funding requires a third-party inspection, which would allow Maguire to remain eligible to bid on potential repair work. *Motion by Auchter to approve the contract with KLM Engineering. During discussion, Council Member Morgan noted the presence of an additional hourly charge in the contract and clarified that Mikrot would fulfill the "owner's duties" outlined in the agreement. All in favor. Motion carried.*
- b. **Committees & Open Meeting Law:** There was question as to whether or not the committees (Personnel, Public Works & Infrastructure, Budget/Finance) need to operate under Open Meeting Law. The City Attorney clarified that since the committees do not constitute a quorum of the Council, they do not operate under Open Meeting Law. However, in the event that a quorum of the council will be at a committee meeting, the meetings should follow Open Meeting Law practices & guidelines.
- c. **Finlayson-Giese Lions Club Contract:** The City's lease agreement with the Finlayson-Giese Lions Club specifies an annual rent of \$1.00 and \$1.00 for snow removal. The agreement also states that the Lions Club shall pay all costs and expenses of any nature during the term of the lease, including insurance premiums. Clerk Bernhardt informed the Council that she could not identify any record of payment or invoicing for these items in the past five years and wanted to make the current Council aware that she intends to issue an invoice in accordance with the contract. Council Member Schaefer expressed concern that the matter should not be "blown out of proportion." Clerk Bernhardt responded that she will reach out to Bev Mensing and will draft a formal letter along with an invoice to fulfill the terms of the agreement.
- d. **LMC Collaboration:** Over the past six months, regular City Council meetings have frequently exceeded three hours in length, despite ongoing efforts to improve efficiency. In response, the League of Minnesota Cities (LMC) has been identified as a potential resource, offering a no-cost collaboration and training service aimed at helping council members, clerks, and mayors better understand their roles and responsibilities, thereby enhancing meeting effectiveness.
Two LMC training options were presented for consideration. During the discussion, Council Member Schaefer expressed concern that some decisions at council meetings feel rushed. Council Member Morgan agreed and also raised a concern that certain agenda items appear to "fall off" the agenda and may not be revisited.
Mayor Auchter emphasized the importance of utilizing the committee structure to review issues in detail before presenting formal recommendations to the full Council. Clerk Bernhardt clarified that many items identified as missing from follow-up have, in fact, been referred to appropriate committees for further evaluation. These items will be brought back to the council agenda once the respective committees are prepared to make formal recommendations.
Option A includes a 20-minute online training for each council member, the clerk, and the mayor; a 15-minute individual online assessment to identify sources of frustration; and a two-hour in-person training led by Aimee Goulay from the LMC Collaboration Team. *Motion by Flaws to proceed with Option A of the LMC Collaboration training, to be held on June 9 at 4:00 PM. All in favor. Motion carried.*

- e. **Blight Official:** Recent resident concerns regarding property blight were discussed. Mayor Auchter noted that the City's Zoning Ordinance includes provisions for structural blight enforcement and that the City's Blight Ordinance allows for a designated, appointed blight official to carry out enforcement duties. Ed Melzark, the City's Zoning Administrator, has indicated he is willing to serve in this additional capacity. Council discussed the scope of the Blight Official role, with questions about whether it would be proactive or complaint-driven. Mayor Auchter clarified that it should be complaint-based and/or focused on significant violations, such as the former Creamery and property at 2326 Hwy 18, and the council should communicate this intent to the public.
- Mayor Auchter further confirmed that any blight violation fines, similar to land use permit fees, should help offset the costs associated with the Blight Official and Zoning Administrator roles. Council Member Morgan requested information on payments made to the Zoning Administrator to date prior to making a final decision. Clerk Bernhardt to provide payment history to Council. *Motion by Council Member Morgan to table the appointment of the Blight Official to the June meeting. Morgan, Schaefer, and Kriesel voted in favor. Auchter and Flaws opposed. Motion carried.*
- f. **Public Data Requests:** The city is receiving more and more public data requests, including requests to view "public data" from the surveillance cameras at the Municipal. These requests are very time consuming, yet the city is required to comply with them. The city needs to set parameters regarding the classification of data, and to follow regulations with how those requests are maintained.
- A template policy was presented for approval from the State Attorney General's office, along with a Data Request Form modeled after the policy but modified for the city. Discussion about the template and the fee for charges occurred and it was determined that the policy should be amended to remove the fee from the policy and instead reference the current fee schedule. *Motion by Flaws to approve the Data Practices Policy, with the above amendment, along with the Data Request Form. Auchter, Morgan, Flaws, Kriesel voted in favor. Schaefer voted against. Motion carried.*
- g. **Pool Filling:** Mark Guss will be filling his pool, which is approx. 1000 gallons. He is requesting the city waive the sewer usage fee (if he goes over the 4000 gallons allotted for the 1000 gallons used) for the additional 1000 gallons used in May 2025, on the June 1, 2025 water & sewer invoice. Mayor Auchter confirmed that Sandstone practices the reduction in sewer charges for pool-fillings. *Motion by Auchter to adopt a policy to allow the city to reduce the property owners' sewer charges for pool filling, provided property owners make the request in advance with City Clerk. All in favor. Motion carried.*
- h. **Letters** (moved to consent agenda)
- i. **Ordinances & Resolutions:** *Motion by Morgan to approve resolutions #2025-10 Council Appointments, with the following corrections: Correct typo for "Barb" under Personnel & Policy Committee, Public Works & Infrastructure & Wellhead Protection Committee should be Flaws & Auchter, Budget & Finance Committee should be Morgan and Kriesel. Additionally, change the wording to state the Resolution is "revised" not "adopted." All in favor. Motion carried.*
- j. **Use of Fire Hall for 4th of July:** *Motion by Schaefer to allow Peace Lutheran Church and United Methodist Church to use the Fire Hall for the 4th of July Celebration. All in favor. Motion carried.*
- k. **Planning & Zoning Committee Member Appointment:** Eric Kaster expressed interest, as did Roland Henkel. Topic was not discussed further; no action taken.
- l. **Community Club Liquor License:** Council Member Schaefer presented an application for a temporary liquor license for the Community Club for July 3 and July 4 for approval. *Motion to approve temporary liquor license for the Community Club by Schaefer. All in favor. Motion carried.*
- A separate question about the city's involvement in the 4th of July celebration was brought up by Council Member Schaefer, with regard to the city supplying and paying for the dumpsters for the celebration. *Motion by Flaws to order and pay for the dumpsters and porta-potties for the 4th of July celebration was made. All in favor. Motion carried.*
- m. **League of MN Cities Annual Conference:** Council Member Morgan noted that she registered and paid for her attendance at the upcoming annual conference. Mayor Auchter confirmed he is attending as well. No action taken.
- n. **Unapproved Minutes:** Council Member Morgan inquired whether it was customary for the city to post unapproved meeting minutes on the website prior to approval. Clerk Bernhardt explained that she often

receives requests for recent council meeting minutes and therefore posts them as “unapproved minutes” for public access. Council Member Flaws noted that Council meetings are public, and it is not uncommon for meeting minutes to be made available before they are formally approved. Mayor Auchter confirmed that as long as the minutes are clearly identified as “unapproved” or “draft,” it should be sufficient. Clerk Bernhardt confirmed that the minutes are indeed marked as “unapproved” and will continue to ensure they are clearly identified as such.

- o. **Attorney Consults:** Council Member Morgan inquired about the process and criteria for consulting with the City Attorney. Mayor Auchter confirmed that both the Mayor and City Clerk are authorized to consult with the City Attorney when necessary. He further clarified that, in the past, he would typically initiate contact with the Attorney in the absence of the Clerk but has since deferred this responsibility to Clerk Bernhardt. Clerk Bernhardt explained that, as a general practice, she consults with the League of Minnesota Cities for legal guidance when questions arise, prior to reaching out to the City Attorney, with the goal of minimizing city costs.
- p. **Council Meetings:** Mayor Auchter proposed moving the Regular City Council Meetings from the 2nd Monday to the 3rd Monday of each month. The proposed change would allow more time for preparation of monthly financial reports and could facilitate Council Member participation in Community Club events, potentially strengthening community relationships. Council Member Morgan noted a scheduling conflict with the Fire Department’s regular meetings, which are held on the 3rd Monday. Council Member Schaefer expressed concern about the Clerk’s involvement in multiple responsibilities, including committee work. Mayor Auchter clarified that the Clerk’s participation in committees is discretionary. Clerk Bernhardt added that a recent ruling from the City Attorney confirmed that city committees are not subject to Open Meeting Law, thereby eliminating the need to prepare agendas, minutes, and public notices for those meetings. This change will reduce the Clerk’s administrative workload related to committees.

Council Members Morgan and Schaefer inquired about the timeline for utility billing and suggested returning to the previous practice of preparing bills during the third week of each month, so they could be postmarked by the 1st. Clerk Bernhardt agreed to this adjustment and noted that future utility bills would be processed during the last week of each month, resulting in a change to the billing cycle. No action was taken regarding a change to the Council meeting date.

Council Member Morgan again expressed concern regarding the availability of financial data. Clerk Bernhardt reiterated the details previously outlined in her Clerk Report under Staff Reports, Item F. Mayor Auchter affirmed Council support for the Clerk’s financial reporting process and encouraged the Finance & Budget Committee to meet soon - potentially on a monthly basis. He also suggested that Council Member Morgan coordinate directly with Clerk Bernhardt to obtain any specific data she needs. Council Member Morgan expressed a desire to resign from the Finance & Budget Committee. Mayor Auchter encouraged her to remain on the committee and noted that the City can also consider outside resources if needed. No further action was taken.

9. UNFINISHED BUSINESS

- a. **Broadway Development:** The Developer needs to formally dedicate the road and easements for public use, and the City needs to accept that dedication. At present, the city holds an easement for the road, granting rights, but not maintenance or infrastructure responsibilities; responsibility is only assumed after formal dedication. The current property owners have legal interest and partial ownership of the roadway, to the center line, and property owners cannot unilaterally transfer interest on the roadway; mortgage lenders must also consent. Complicating the situation further is ongoing turnover in property ownership. The Council and the Developer intend to work together to move forward with the process of formal dedication. The Council believes the next steps should be to communicate with the Developer to update them on the process recommended by the City Attorney, followed by a letter drafted to update the property owners, and then invite them to a (public) Special Council Meeting, for the specific purpose of providing informational updates on the Development. Following the informational meeting, a Public Hearing will be scheduled to allow property owners a forum to ask/answer questions. Thus far, the City has incurred \$902.50 in Attorney fees, specific to researching property owner mortgages & easements. Per the Subdivision Ordinance #155, such costs are the responsibility of the

Developer. *Motion by Council Member Morgan to invoice the Developer for the incurred costs specific to mortgage research of \$902.50. Auchter, Flaws, Morgan in favor. Schaefer, Kriesel abstained. Motion carried.*

Going forward, the City's Attorney can pursue obtaining the necessary legal documentation, at the City's expense; OR the Developer can pursue and fund this portion of the process (as outlined in Subdivision Ordinance #155. *Motion by Flaws to inform the Developer that, per Ordinance #155, it is the Developer's responsibility to pursue and fund the formal dedication process (including obtaining correct mortgages for properties within the subdivision), pursuant to (under the guidance of) the City Attorney. Morgan, Auchter, Flaws in favor. Schaefer, Kriesel abstained. Motion carried.*

- b. **Employee Supervision & Reporting Structure Policy:** This item was on the agenda but was not discussed due to time constraints. No action was taken.
- c. **Camera Storage Quote for Liquor Store:** This item was on the agenda but was not discussed due to time constraints. Item will be referred to PWI Committee for recommendation. No action was taken.
- d. **Kurita Control Panel Quote for Water:** This item was on the agenda but was not discussed due to time constraints. Item will be referred to PWI Committee for recommendation. No action was taken.
- e. **Legalities of City Fundraising & Expenditures:** This item was on the agenda but was not discussed due to time constraints. No action was taken.
- f. **Sedillo Property Hwy 18:** This item was on the agenda but was not discussed due to time constraints. No action was taken.

10. **CONSIDERATION OF BILLS:** Ordinances/Legislation (none)

11. **ADJOURNMENT.** *Motion by Flaws to adjourn the regular council meeting at 9:11PM. All in favor. Motion carried.*

Submitted by Liz Bernhardt, City Clerk, May 15, 2025

Addendum Notice:

Per council action taken at the June 9, 2025 meeting, a personal statement from Council Member Morgan has been attached as an addendum to these minutes. This addendum does not alter the official record of the May 12, 2025 meeting.