**Meeting of the City Council**
**Held at the Elk River City Hall**
**Monday, June 16, 2025**

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| Members Present: | Mayor John Dietz, Councilmember Cory Grupa, Councilmember J. Brian Calva, Councilmember Mike Beyer, Councilmember Jennifer Wagner |
| Members Absent: | None |
| Staff Present: | City Administrator Cal Portner, City Attorney Jared Shepherd, Senior Planner Chris Leeseberg, Business Services Director/Assistant City Administrator Joe Stremcha, Public Works Director/Chief Engineer Justin Femrite, Community Development Director Zack Carlton, Fire Chief Mark Dickinson, Finance Manager Lori Stich, and Deputy Clerk Jolene Richter. |

1. CALL MEETING TO ORDER
Pursuant to due call and notice thereof, the meeting was called to order at 6:17 p.m.

2. PLEDGE OF ALLEGIANCE
The Pledge of Allegiance was recited.

3. CONSIDER AGENDA
**Moved by Councilmember Wagner and seconded by Councilmember Beyer to approve the agenda. Motion Carried 5-0.**

4. CONSENT AGENDA
Councilmember Wagner stated in the June 2 meeting minutes, regarding Item 8.2 on the downtown parking, that she was quoted as saying, "she felt that the loss of parking on Main Street would be okay." However, she wanted to clarify that she thinks it would be okay if the additional parking agreements are in place. She also wanted to clarify on Item 4.10 Aegir Brewing Company Temporary Liquor License that they knew about the condition of the property taxes for the location that needed to be paid currently. Ms. Richter stated, yes they did know of the condition, but they have paid them to date, since the packet was published.

**Moved by Councilmember Wagner and seconded by Councilmember Grupa to approve the following consent items as amended and outlined in their respective staff reports. Motion Carried 5-0.**

4.1 June 2, 2025, Minutes

4.2 Check Register

4.3 Resolution 25-27: Authorizing Execution of Quit Claim Deed to Clear Title for Irene D. Ohland

4.4 Change Order #1: 2025 Street Improvements

4.5 Resolution 25-28: Meadowwoods Sewer Connection and Contract Award

4.6 Agreement 25-13: Sanitary Sewer and Storm Water Revenue Adequacy Analysis

4.7 License Renewals: Mineral Excavation

4.8 2025-2026 Liquor License Renewals

4.9 Temporary Liquor License: Elk River Rotary Club

4.10 Temporary Liquor Licenses: Aegir Brewing Company

4.11 Resolution 25-26: Premises Permit for Elk River Youth Hockey Association at Applebee's

4.12 Agreement 25-12: Establish Ice Rates with ISD #728

4.13 Resolution 25-29: Accepting Donation to the Community Center.

4.14 Community Event Center: 2026 Facility Rates

4.15 Community Event Center: Policies and Procedures

4.16 Agreement 25-13: Community Event Center: Monument Sign

4.17 Hire Cannabis Store Manager

4.18 Hire IT Network Specialist

4.19 Hire Overlook Chef

4.20 Separation Agreement and Waiver of Claims

5. OPEN FORUM

**Eric Lucero, Minnesota State Senator,** expressed his sympathy for the current tragedy involving Representative Hortman and Senator Hoffman and thanked all the law enforcement involved. He continued to give an overview of the legislative session that recently concluded.

Mayor Dietz stated that he saw a post on Facebook recently and asked if Representative Novotny was endorsed for the vacant senate seat in 30A, and asked what that was about. Senator Lucero explained that it was a memory that came up on Facebook from a couple of years ago at an endorsing convention for that seat.

Mayor Dietz expressed his concern regarding the Representative Hortman tragedy and expressed his concern that the person involved was dressed as law enforcement. Senator Lucero concurred and stated that as the threats evolve, we will have to evolve with them and keep our guard up to stay safe.

Senator Lucero shared his contact information sen.eric.lucero@mnsenate.gov

6. PRESENTATIONS, AWARDS, AND RECOGNITION

6.1 City of Elk River Volunteer of the Month

Mayor Dietz presented the June Volunteer of the Month award to Carole Boelter. He highlighted the following:

- Team captain for breakfast at WHY church services
- Scripture reader, communion minister, and Sunday school teacher at WHY Church
- Registered kids for the summer reading program at the Elk River Library with the 1,000 Books Before Kindergarten program
- Served on the Elk River Library Board for 6 years
- Race day volunteer at the annual Thumbs Up 5K
- Past member of St. Andrew's School Board of Education, and also served two terms on St. Andrew's Parish Council
- Worked with women of the Towing Association of America to establish college scholarships for students. She also helped raise funds for those scholarships.

6.2 Fire Department Oath of Office

Chief Dickinson introduced Lieutenant Trent Collins, who was being promoted to captain.

Mayor Dietz administered the oath of office.

6.3 Fire Department Citizen Award

Chief Dickinson introduced and recognized the life-saving efforts made by Elk River Fire and community member, Terry Elliot.

Mayor Dietz presented the Citizen Awards to Terry Elliot.

6.4 Annual Comprehensive Financial Report for Year ended December 31, 2024

Ms. Stich thanked the Finance Department for their efforts on the audit. She then introduced Mr. **Andrew Grice, Bergan KDV,** who presented the Annual Comprehensive Financial Report for the year ended December 31, 2024. They have issued a clean, unmodified opinion, the best they can issue. There were no deficiencies or material weaknesses to report. They also had no findings to report on Minnesota legal compliance.

Mayor Dietz asked for an explanation regarding the five items on page 68 of the audit in the Notes to Basic Financial Statements - Deposits and Investments section, showing that the city has $72 million in investments. Mr. Grice explained each item; he explained that the 4M is the 4M investments; the other government-backed securities are items like Fanny Mae, which are non-treasury-related government-backed securities; the municipal bonds are the local government securities for any in school districts or other municipalities; the certificates of deposits are any broker certificates of deposit. Mayor Dietz clarified that municipal bonds are investments that the city invests its cash into municipal bonds. Mr Grice stated that that was correct.

Mayor Dietz asked for clarification regarding the long-term debt and asked Mr. Portner if they started with $35 million for the sales tax for the Active Elk River program. Mr. Portner stated that the bond sales were $35 million. Mayor Dietz wondered why it does not show more paid back. Mr. Portner explained that they are paying interest as well. Mayor Dietz asked what certain items were in the long-term debt section. It was explained that the G.O. Capital Improvement Bonds, Series 2020A, $8,745,000, were for Station 2 and the police station, and the G.O. Capital Improvement Refunding Bonds, Series 2020B, $3,235,000, were for public works.

Mayor Dietz asked Mr. Grice to compare the city's debt to other cities and asked how we are standing in that comparison. Mr. Grice stated that, as for the street component of finance that it is more favorable for those types of activities. Mr. Grice explained that the debt limit calculation is on the back of the statistical section, which explains what is available for debt. Mr. Grice stated he does not have any financial health concerns to report; however, he suggested monitoring the level of support the other funds provide to the General Fund.

**Moved by Councilmember Wagner and seconded by Councilmember Beyer to accept, by motion, the Annual Comprehensive Financial Report for the City of Elk River for the year ended December 31, 2024. Motion Carried 5-0.**

7. PUBLIC HEARINGS

7.1 Interim Use Permit: Residential Occupation, MJ and Carl Johnson, 19289 Upland Street NW

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

Councilmember Grupa asked if the entire house needed to be built to handicap codes. Mr. Leeseberg stated, no, per building code.

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve**

**the Interim Use Permit with the following conditions to satisfy the standards set forth in Section 30-654:**

1. **No more than two non-resident employees may be present during business hours.**
2. **Hours of operation shall be limited to 7:00 a.m. to 7:00 p.m., Monday through Saturday.**
3. **The applicant must maintain current professional licensure and liability insurance.**
4. **The Interim Use Permit must be recorded after a Certificate of Occupancy is issued, and the occupation shall not begin until the Interim Use Permit is recorded.**
5. **The Interim Use Permit will terminate when the property/home is sold.**

**Motion 5-0.**

7.2 Conditional Use Permit: Commercial Recreational Facility, Pickle Paradise, 550 Freeport Ave. NW

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Wagner and seconded by Councilmember Calva to approve, by motion, the Conditional Use Permit as the standards set forth in Section 30-654 have been met. Motion Carried 5-0.**

7.3 Conditional Use Permit Revocation: Carnova, 17242 Ulysses St NW

The staff report was presented.

Mr. Leeseberg handed out adjusted recommendations.

Mayor Dietz opened the public hearing.

**Moved by Councilmember Wagner and seconded by Councilmember Beyer to approve, to continue the public hearing to the July 21, 2025, Council meeting. Motion carried 5-0.**

**Moved by Councilmember Wagner and seconded by Councilmember Grupa to direct staff to prepare a resolution revoking CU 23-02, to be presented at the July 21, 2025, Council meeting if the property has not been brought into full compliance or an application is not received by June 30, 2025. Motion 5-0.**

7.4 Preliminary Plat, Resolution 25-30 for Final Plat, and Ordinance Amendment 25-10: Supporting The Villas at Fillmore Third Addition

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak on this matter, Mayor Dietz closed the public hearing.

Councilmember Wagner asked if they could build a deck or patio with the updated 45-foot setback on lots 1-3. Mr. Carlton stated that it limits any impervious surface in the back; they would not be able to put a patio or deck off the back. He stated it would not be available for lots 2 and 3, but lots 1,4,5, and 6 would have space.

Councilmember Wagner asked if the buyer would know the setbacks regarding lots 2 and 3. Mr. Carlton stated it is being made known with the plat, and it is an HOA, so they would be knowledgeable about the lot situations.

**Moved by Councilmember Beyer and seconded by Councilmember Calva to adopt Ordinance 25-10 codifying and updating the PUD for The Villas at Fillmore, subject to City Council's approval of the Preliminary and Final Plat for The Villas at Fillmore Third Addition. Motion Carried 5-0.**

**Moved by Councilmember Grupa and seconded by Councilmember Calva to approve the preliminary plat for The Villas at Fillmore Third Addition, with the following conditions:**
**1. Council approval of the ordinance amendment approving the PUD changes.**
**2. A Water Availability Charge for each lot must be paid before connection to the municipal water system.**
**3. Compliance with the City of Elk River Engineering Design Standards is mandatory for all planning and construction activities.**
**4. The development agreement must include a prorated cost share for the water main extension that was installed along Fillmore Street in 2022 and was paid for by Elk River Municipal Utilities (ERMU) in the amount of $44,590.**
**5. The sanitary sewer will be privately owned/maintained.**
**6. The storm pipe will be privately owned/maintained as it captures only storm water from the private street.**
**7. Electrical service for the lift station is considered commercial. The developer will need to provide a secondary electric service.**
**Motion Carried 5-0.**

**Moved by Councilmember Wagner and seconded by Councilmember Beyer to adopt Resolution 25-30 approving the final plat of The Villas at Fillmore Third Addition, with the following conditions:**
**1. Council approval of a Development Agreement outlining the responsibilities of the developer.**
**2. Water Availability Charge shall be paid in the amount required by the city when the final plat is released for recording (currently $390/plumbing unit).**
**3. A Letter of Credit shall be provided to the city in the amount of 100% of the costs of the public improvements.**
**4. Upon completion of all improvements and acceptance by the city, a security or warranty in a form acceptable to the public works director must be secured.**
**5. The Development Plan shall be approved by the public works director prior to the issuance of building permits.**
**6. Staff approval of all site, civil, and landscaping plans.**
**7. Park dedication shall be paid for six low-density parcels at the rate applicable at the time of recording.**
**8. Any item or condition found that indicates the site is likely to yield information**

**important to pre-history or history shall be reported to the city immediately. Further, the city reserves the right to stop work authorized in its approval until the site is appropriately investigated and work is authorized.**
**Motion Carried 5-0.**

7.5 Ordinance Amendment 25-11: PUD Amendment for Tall Pines Second Addition

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak on this matter, Mayor Dietz closed the public hearing.

Mayor Dietz asked if there was drainage in the area that would have to be changed regarding the pond. Mr. Carlton stated they would have to replace some of the overflow control structures to manage water levels to meet state requirements, and the developers' engineers would be responsible for this.

**Moved by Councilmember Beyer and seconded by Councilmember Grupa to adopt Ordinance 25-11 codifying and amending the PUD agreement for Tall Pines, subject to the following conditions:**
**1. Staff approval of all civil plans identifying infrastructure improvements required to meet post-construction stormwater requirements.**
**2. All improvements must be completed by July 31, 2025.**
**3. The ordinance amending the PUD will not be recorded until the improvements have been completed and the city has verified that the pond meets post-construction stormwater requirements.**
**4. The 25-foot wetland buffer requiring the establishment and maintenance of vegetation within the setback. The area should not be mowed or otherwise altered.**
**Motion Carried 5-0.**

7.6 Resolution 25-31: Alteration and Relocation of Legal Nonconforming Signs (Billboards).

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak on this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Calva and seconded by Councilmember Grupa to adopt Resolution 25-31 approving the request to relocate and alter legal nonconforming advertising signs (billboards) in accordance with Sec. 30-857 (d), and subject to the following conditions:**
**1. The city does not require the demolition or relocation of a billboard until the land beneath the structure is included in a final plat.**
**2. Billboards must be removed from property included in a final plat and designated as public right-of-way prior to releasing the plat for recording.**
**3. Billboards relocated and constructed on the north side of Highway 10 must be evenly spaced, no closer than 350 feet, to improve compliance with current city codes.**
**4. At no time shall there be an increase in the total number of billboard structures, faces, or sign area on the subject properties.. Motion Carried 5-0.**

8. GENERAL BUSINESS

8.1 Resolution 25-32: Final Plat of Meadowsweet Bend

The staff report was presented.

Mayor Dietz asked if the plows would damage the sidewalk. Mr. Portner stated the sidewalk would be the same material as the road.

Councilmember Wagner asked if it allowed for parking. Mr. Carlton answered that they could sign that side of the street as no parking to keep the sidewalk area clear, or they could park up to the pavement marking, which would be on the sidewalk.

Councilmember Grupa asked why you would call it a sidewalk. Mr. Carlton answered, saying originally it was proposed as a trail, but the Parks and Recreation Commission had concerns about putting it in as a trail due to the number of driveways, so they went down to a 6-foot sidewalk instead.

Councilmember Wagner explained that sidewalks are important to her and that safety is getting people off the roadway onto a sidewalk, but she does not think this scenario makes sense as a sidewalk, and she cannot support this proposal as it currently is.

Mr. Carlton asked what if it went back to a 10-foot wide trail.

**Carla Dunham, Twin Cities Land,** explained that if it were to go back to a 10-foot trail that the developer would install, then there would be park dedication credits that would have to be discussed further. Ms. Dunham agreed a trail would make sense. They are open to whether it is a concrete sidewalk or a 10-foot trail. She explained they view this as a rural section and wouldn't anticipate any other traffic other than the residents in the community using the road.

Councilmember Wagner asked the developer if they had a concern for the homeowners to provide snow removal if it were a sidewalk. Ms. Dunham stated that yes, it would be a valid concern due to the length of some of the homeowner's property.

Mayor Dietz asked if it were a trail if there would be a separation of the street and the trail. Mr. Carlton stated yes, whether it was a boulevard area or a ditch that they looked at options.

Mayor Dietz asked to postpone this until the next meeting. Mr. Carlton stated yes, if the proposed drawing didn't have the support, then he would suggest going back to the developer and bringing it back to the next meeting.

Councilmember Calva suggested that having a different visual, such as an illustration, would be helpful.

Ms. Dunham asked if there was a general interest in moving away from the sidewalk, and if there was a desire to make it separate. The Council confirmed that it was the desire.

**Moved by Councilmember Wagner and seconded by Councilmember Calva to continue Item 8.1 Final Plat of Meadowsweet Bend to the July 7, 2025, Council meeting. Motion Carried 5-0.**

8.2 Resolution 25-33: Establish Cannabis Enterprise Fund

The staff report was presented.

Mayor Dietz asked for clarification if the two funds would be separated, and then would be part of the liquor fund. Mr. Stremcha explained that they will be part of a retail operation fund as an umbrella, but they will be two separate funds.

Councilmember Wagner asked if the new manager would be responsible for the budget or would Mr. Stremcha be responsible for the budget. Mr. Stremcha stated that the new manager will be responsible for helping craft, prepare, and implement, but they will ultimately report to Mr. Audette, who would then report to Mr. Stremcha.

**Moved by Councilmember Wagner and seconded by Councilmember Grupa to adopt Resolution 25-33 establishing the Cannabis Enterprise Fund and authorizing a transfer in the amount of $500,000 from the Liquor Fund to the Cannabis Fund. Motion Carried 5-0.**

9. MOTION TO ADJOURN REGULAR MEETING

**Moved by Councilmember Beyer and seconded by Councilmember Grupa to adjourn the meeting of the City Council. Motion Carried 5-0.**

The regular meeting adjourned at 7:53 p.m. Mayor Dietz called the work session to order at 7:59 p.m.

10. WORK SESSION

10.1 Trunk Hwy 10 Access Improvements at 165th Avenue

The staff report was presented.

Matt Barker from Capstone stated that this is MnDOT's project, and they hoped MnDOT would step forward and do this last intersection, but they left this one off, and it is a source of frustration, but there is a lot more to that answer, and now we are trying to find a solution. He referred to the intersection control summary for this intersection, which explains the addition of the lanes and the safety impact. He continued to explain that they are bringing water and sewer down along 165th, which would bring opportunity for expansion in the commercial district. Mr. Barker mentioned the state aid funds for intersection improvements that are available. He finished by saying they wished MnDOT had done their service on this, but they are in this position that they have to come together on a partnership to make something happen, and that's why they are willing to partner and cover half of the intersection improvement costs.

Councilmember Beyer asked if MnDOT was done with their projects for 26-27. Mr. Femerite explained that MnDOT projects out five years. Councilmember Beyer asked when they think the intersection improvement would get started if this is approved. Mr. Femrite stated, from a development standpoint, they would be looking next year to start and end by the end of 2026. He continued in order to achieve that, they would need authorization by the next meeting or so to give the design work and topographic engineering work started for putting those plans together.

Councilmember Beyer asked when the expense would affect us. Mr. Femrite answered that the construction piece pay estimate would most likely be expected around September 2026.

Mr. Barker stated that MnDOT had said that in order for Capstone to move forward, they need the permit issued.

Councilmember Calva confirmed that Capstone is still asking for 1.2 million. Mr. Barker stated Yes, 50% of the cost. Councilmember Calva asked if this money existed. Mr. Femrite stated Yes, there are funds with the state aid fund, and also explained that they didn't have the expenses from the Twin Lakes expansion to Highway 10, so they have funds from that as well.

Councilmember Beyer confirmed that the state aid fund comes every year. Mr. Femrite stated that it is correct. Councilmember Beyer asked if the funds could roll over every year. Mr. Femrite stated to a point, but there are rules that when they get too large a fund balance, they start making some negative adjustments, and the allocations would go down. He continued to explain that we are sitting at a healthy balance, noting that some of the funds are for Main Street and Jackson improvements, and improvements downtown; however, he does think it is a sufficient balance.

Councilmember Grupa wanted to talk about the Plants and Things Complex area. He stated that we have families crossing the highway, and he feels like it would be a help to the north side. He further explained that he is looking at it that the city now has a partner to develop the intersection, rather than the other way around. He said us helping them is helping us and thinks it would be wise to partner with them.

Councilmember Beyer agrees with Councilmember Grupa.

Councilmember Wagner explained her thoughts and stated it relates to the Plants and Things Complex and the amount of time and resources that have been put into the complex. She further explained that the investment in the intersection is ensuring the community is safe going to the athletic complex. She explained that she doesn't like the situation they have been put into, but given the situation, she is willing to split the cost and move forward. She stated that she would like the city to continue to look at the north side and possible zoning.

Mayor Dietz stated that it's not a matter of whether we have the money or not, but how we use the money. He thinks the developer should pay more than the city because, if it wasn't for the development, this wouldn't be coming up right now, and he would not support a 50/50 split.

Councilmember Calva explained that his position reflects the Mayor's thoughts, but stated that he does not like J-turns at all. He recollects that there would be fewer fatalities but not fewer accidents; his vote would be for $500,000.

Councilmember Beyer asked what they were going to spend on the idea of putting the lights in before. Mr. Femrite doesn't remember off the top of his head, but did state they had some federal dollars that were to be used. He thinks that, between the federal dollars and the city matching those dollars, it was in excess of $3 million. Mr. Femrite can get the information and have it at the next meeting. Councilmember Beyer stated that what he is trying to say is they wanted to do something in that area, and now we are being forced to do something, and now we would do it for less than what we would have paid for it before.

Mr. Femrite asked to add one more comment regarding the comment from Councilmember Calva regarding J-turns, and explained that Councilmember Calva was not alone with his opinion of J-turns, but that it is MnDOT's approach they are taking throughout the state for a solution, but that the J-turn solution doesn't carry a lot of local support.

Councilmember Beyer asked if there was still an opportunity to get some funding somewhere. Mr. Femrite answered, saying he won't say no, but they will look and evaluate anything that comes out that they could apply for, but the likelihood is slim.

Mr. Barker thanked everyone for the conversation and consideration.

The Council directed staff to bring an agreement back to the next Council meeting.

10.2 2026 Budget Planning

The staff report was presented.

Councilmember Wagner asked if he felt the city as a whole was running as tightly as it could. She referred to the bullet items and referenced the 3-4% cost of living increase, and explained that if they wanted to do that, they need to look at tightening up other areas.

Mr. Portner explained that there are two things you saw tonight and referenced the audit report for 2024. He explained the expenditures were within $61,706 of what was budgeted the year before, which he hasn't seen one that tight before. He explained that it was with the vacancies they had in 2024. Councilmember Wagner asked without those vacancies, you wouldn't have that. Mr. Portner explained yes and no, with some of the vacancies, they used those funds for other things. He further explained that what they heard from the auditor was that they are using a lot of intergovernmental transfers to keep the tax rate down, and they are tapped out as a whole with the transfers. Mr. Portner continued, stating he would like to keep the cost of living number in a really good spot, but does know there are areas to adjust. He would like the Council to consider going back to the company that did the compensation plan to do a compensation study update.

Mayor Dietz discussed having the reserves at 43%, and explained that the number could go down to 42% or 41% if they needed to use some of that money. He continued saying that it would not be fair to go up 4% for union staff and not for non-union staff.

Councilmember Wagner asked about the unassigned fund balance and said the city policy stated that it should maintain between 40-45%. She asked if that was a city policy or a federal policy. Mr. Portner stated that it is a city policy.

Mayor Dietz asked if they could do a survey of other cities to see what they have as a reserve. Mr. Portner stated, Yes, that it would be very easy to do since everyone has an audit.

Councilmember Wagner asked what is good practice for that number. Mr. Portner stated that when bonding, you want to be at a 45% rate.

Mayor Dietz asked if they would have to bond for the fire station in the next couple of years. Mr. Portner said Yes.

Mr. Portner explained that the city has seen growth in property valuations, and they will see more with the new developments.

Mayor Dietz stated he talked to the county, and the county said they are looking at a 6-7% levy increase.

The Council confirmed the budget dates will be Monday, July 28, 2025, and Monday, August 25, 2025.

Councilmember Grupa requested to add a work session item for front desk security and council chambers security.

11. MOTION TO ADJOURN

**Moved by Councilmember Wagner and seconded by Councilmember Grupa to adjourn the meeting of the City Council. Motion Carried 5-0.**

The meeting adjourned at 8:37 p.m.

Minutes prepared by Jolene Richter.

12. INFORMATION

12.1 Financial Report - May

John J. Dietz

John J. Dietz, Mayor

Tina Allard, City Clerk