

**BIG LAKE CITY COUNCIL  
REGULAR MEETING MINUTES  
SEPTEMBER 14, 2022**

**1. CALL TO ORDER**

Mayor Paul Knier called the meeting to order at 6:00 p.m.

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

**3. ROLL CALL**

Council Members present: Ken Halverson, Sam Hanson, Paul Knier, Kim Noding, and Paul Seefeld. Also present: City Administrator Hanna Klimmek, City Clerk Gina Wolbeck, Finance Director Deb Wegeleben, City Planner Lucinda Spanier, City Engineer Layne Otteson, Police Chief John Kaczmarek, Police Sergeant Sam Olson, Liquor Store Manager Greg Zurbey, Streets/Parks/Fleet Superintendent Norm Michels, Water/Wastewater Superintendent Dan Childs, and Big Lake Student Liaison Allie Cross.

**4. OPEN FORUM**

Mayor Knier opened the Open Forum at 6:01 p.m. No one came forward. Mayor Knier closed the Open Forum at 6:01 p.m.

**5. PROPOSED AGENDA**

Council Member Seefeld motioned to adopt the proposed Agenda as presented. Seconded by Council Member Halverson, unanimous ayes, Agenda adopted.

**6. CONSENT AGENDA**

Council Member Noding motioned to approve the Consent agenda as presented. Seconded by Council Member Hanson, unanimous ayes, Consent Agenda approved. The Consent Agenda consisted of: 6A. Approve List of Claims, 6B. Approve Council Workshop Minutes of August 24, 2022, 6C. Approve Regular Council Meeting Minutes of August 24, 2022, 6D. Approve Special

Budget Workshop Minutes of August 25, 2022, 6E. Approve 2022 Year-End Meeting Date Changes, 6F. Approve Appointment of Community Development Director Therese Haffner, 6G. Accept Resignation of Part-time Lead Liquor Clerk Donna Houn, 6H. Accept Resignation of Part-time Liquor Clerk Cindy Rasmussen, 6I. Award Well No. 1 Contract with Traut Companies, 6J. Approve Appointment of Part-time Liquor Clerks Aimee Sellner and Melissa Hill, 6K. Accept Resignation of BLEDA Commissioner Cole Hendry, 6L. Accept Resignations of Planning Commissioners Tony Benecke and Allen Berg, and 6M. Authorize the Sale of Surplus Police Equipment.

**7. BUSINESS**

**7A. PUBLIC HEARING – Annexation by Ordinance for Parcel No. 10-120-2401**

Lucinda Spanier reviewed the petition for annexation for parcel no. 10-120-2401 submitted by the owner of the property, Greg Smith. The 2.28 parcel abuts City limits on its south, east and west boundaries, and is urban in character, which by law, allows for this parcel to be considered for annexation by ordinance. Spanier reviewed the notification process that was required prior to the public hearing and reviewed the proposed timeline for development applications after the annexation is approved by the State Municipal Boundary Adjustment unit.

Mayor Knier opened the Public Hearing at 6:05 p.m. No one came forward. Mayor Knier closed the Public Hearing at 6:05 p.m.

Council Member Noding motioned to approve Ordinance No. 2022-11 Annexing Parcel No. 10-120-2401, and approving Resolution No. 2022-64 authorizing summary publication. Seconded by Council Member Seefeld, unanimous ayes, motion carried.

**7B. Preliminary 2023 Tax Levy and Economic Development Authority Levy**

Deb Wegeleben reviewed the 2023 Preliminary Property Tax Levy for the City and the Economic Development Authority. The 2023 City of Big Lake Preliminary Property Tax Levy of \$5,249,688 includes the General Levy of \$4,124,031, Abatement Property Tax Levy of \$12,050, and the Debt Levy of \$1,113,607 which is an increase of \$244,959 over the 2022 Final Tax Levy. The 2023 Big Lake Economic Development Authority Preliminary Property Tax Levy of \$130,000 is the same amount that was levied in 2022. Wegeleben reviewed that the combined preliminary tax levies for 2023 will be \$5,379,688, which is an increase of 4.77% or \$244,959; however, the City Tax Rate will decrease by 8.77% to 39.97%. The 2023 Preliminary General Fund Balanced Budget is set at \$6,301,604, which is an increase of 10.09% or \$577,715.

Wegeleben also noted that the City will need to hold a meeting to allow for public input on the 2023 Budget and Levy. Council has already set this meeting at 6:00 pm on Monday, November 28,

2022 with a continuation meeting date of Thursday, December 1, which will only be held if needed. This will allow Council time to reflect on comments received during the Public Input hearing and make necessary changes prior to setting the final payable 2023 Property Tax Levy, which will occur on December 14, 2022.

Council Member Halverson stated that he has an issue with the budget, noting that at our last budget workshop, it came up that we have hundreds of thousands of dollars in surplus. The 4.77% tax increase shouldn't happen because if we have this huge of a surplus, why would we increase taxes when we can take \$275,000 and there would be no tax increase instead of 4.77%. Halverson also discussed another issue with other Council Members saying that anything under 5% is acceptable. Halverson stressed that no tax increase is acceptable unless it is needed. The economy is tough, people are struggling with basic needs, and we are raising taxes because we can and because it's under 5%. It is a terrible operation and noted that he has disagreed with Mr. Knier during Budget Committee meetings on this increase. Mayor Knier stated that they had a respectful disagreement and stressed that he doesn't disagree on everything. Halverson stated that they strongly disagree on this and he doesn't understand the concept that Knier, Seefeld and Hanson all feel the 4.77% increase is acceptable because it is under 5%. He stated that he feels that is unacceptable when we have a surplus. He feels we should pay our levy increase down, and discussed another issue that taxpayers probably aren't aware of, which is that certain people on the Council want to overtax our taxpayers \$12M to \$14M between now and 2034 so we can pay cash for road projects in 2034. This means everyone that is paying for the road project in front of their house right now is paying the assessment on their project and they are also paying their taxes which is helping the City pay their portion of it, and now we want to start this egg to gain millions of dollars by 2034. Halverson stressed that a lot of these people aren't going to be here in 2034 as people move and retire. Citizens should pay for what they use and use for what they pay. Our bond was roughly \$5.5M for this year's street project. If we pay the whole length of the bond, it will be approximately \$1M so it is a 5:1 ratio on this bond. Halverson stated that he can't vote for any tax increase on our citizens when we are sitting with that much of a surplus from this year. He discussed that citizens need to pay attention and ask Council Members how they can justify a tax increase when we have this big of a surplus.

Council Member Noding discussed that the preliminary budget is proposed for a 4.77% maximum increase and asked what the process is for trimming back the numbers before final adoption of the levy. Wegeleben reviewed that we have the Truth in Taxation hearing on November 28 which is when final numbers will be presented. After the levy is adopted by Council in December, the final numbers will be certified to property taxes, which generally change between the preliminary and final levy amounts. Noding asked what the impact would be to the levy if we used Council Member Halverson's recommended amount. Wegeleben explained that it would put us at approximately 2022 levy numbers and it would decrease our tax rate even more, so for most residents even though their values went up 23%, would more than likely see a decrease in the City's portion only

of their property taxes. Wegeleben clarified that it is not a surplus of this year, it's our unreserved fund balance so it is because for many years, staff has been frugal and tried to find savings and have come in at 98% of their budgets, and for several years we had huge building permit revenues that were not anticipated. Wegeleben stressed that it is not a surplus from just this year and she doesn't want residents to think it is just because of this year, but is from 2009 on.

Mayor Knier noted that he respects the open discussion during the meeting, and would like to point out his thoughts as well, acknowledging that he and Council Member Halverson respectfully differ on this topic. According to staff, there is no guarantee that we will continue to get Local Government Aid which is currently \$700,000+ each budget year, noting that we didn't receive it in 2010 and it could happen again. Because of the Great Recession in 2008 and 2009, we were only able to collect 78% of our property taxes. Just like a family has a rainy-day emergency fund, so does the City, and we wouldn't want to have to all of a sudden assess people because we don't have enough money to run the necessary City services such as police, fire, public works, etc., and acknowledged that we are saving money in that sense. Knier also noted that if we had been living at the lowest possible tax rate that we could, we wouldn't have the money to call the bonds that we recently agreed to call, which will save taxpayers \$44,000 in interest costs by doing that. Had we been levying at the lowest level without having a little cushion, we wouldn't have that money to save the taxpayers. Knier noted that he is a financial advisor and he is excited to help people pay down their debts and get on better financial footing, which is what we are doing here for the City and the taxpayers. Knier stated that we are saving money to pay for streets in cash so we don't have to bond for those projects, and reviewed the \$5M 2022 Street Project, noting that we are going to pay over the life of it, approximately \$1M at an extremely low interest rate, which have more than doubled since we locked in that rate. Knier discussed the overall low cost of the higher levy increase and acknowledged that there might be some people who pay a little extra now and then move out of town and not benefit from future improvements, but stressed that we are helping 97% to 98% of the people. His goal has always been to pay for streets in cash, avoid paying the interest costs as it does give us more power and choices as taxpayers, noting that once we bond for something, we have to pay for it. Times get tough and there are streets to get done and if we have to bond, we have to pay for it. If we pay for it in cash we can push it off for a year or two. He feels that people in Big Lake are tired and they would rather Council make decisions for the 97% to 98% as opposed to the 2% to 3% because it is going to be a lot better for the 97% to 98%. Knier reviewed that low taxes doesn't necessarily mean there will never be an increase. When we have an inflationary year like we've had of 9%, and other cities are raising their taxes by 8% to 15% and we are going up 4.77%, to him that is an acceptable increase. It's not like we are wasting the money, we are using that money to avoid paying interest and saving money in the long run, so we might not have to raise taxes later. It might make things look good for this election season to have a 0% tax increase or even the next couple elections, but sooner or later that will catch up to us, noting that bond rates are going up and who knows where they will be in the future so that is why we are saving money so we don't have to bond. It is fiscally responsible, we have to do what takes

the least amount of money out of taxpayer's wallets and he prefers this is all out front and be accountable to citizens about it. Halverson asked where the money is coming from for the bonds being called. Wegeleben explained that the liquor store will be cash funded and we will partially take it from debt service as the liquor store is part General Fund and part the Liquor Store Fund. Water and sewer will come out of water and sewer's cash fund, but noted that we might have to help the Water Fund. Halverson noted that the water and sewer one is coming from funds generated from water and sewer. Wegeleben explained it comes out of their Operating Fund. Halverson stated they are paying their bond off early has no bearings on this, as that came from their Operating Fund so you can't take credit for that because it came from things they generated, not from the budget. Knier asked if we ever transfer funds to the Sewer and Water Funds. Wegeleben responded that years back the Sewer Fund was well funded and transfers were made from the fund where generally we would transfer from an Enterprise Fund, and noted that the Sewer Fund no longer has funds available to use for transfers. Knier stated that he has never been shy about telling the taxpayers of Big Lake that he wants to avoid being a slave to interest as he feels it will only be good for the taxpayers of Big Lake. To do that, you have to stockpile up a little bit of money. If we can do that little by little and be at 4.77% when other cities are up to 15% he is o.k. with that, and reminded everyone that tonight's action is just to set the Preliminary Levy/Budget. Wegeleben stated that we will need to have further budget discussions because all ideas brought forward tonight are very good ideas.

Council Member Seefeld stated that he agrees that we need to think about the 97% to 98% of taxpayers who will stay here, will benefit. Being debt free and slim on debt makes us a more marketable city as well. We are stronger and have more freedom to do what the citizens want with the money. Halverson responded that we could tax them out of their house and they won't be here either.

Council Member Noding stated that she appreciates the frugality of City staff in helping to build up the surplus we have had. Noding stressed that 2008 through 2014 was a nightmare for a lot of people, including her family. There is always a concern during a recession of job loss. She appreciates that our tax rate is going to be lower than a lot of the surrounding areas, stating that the lower amount that we can do, the better.

Motion by Council Member Noding to approve Resolution No. 2022-65 adopting the 2023 Preliminary Property Tax Levy for the City of Big Lake. Seconded by Council Member Hanson. Motion passed with a vote of 4:1 with Council Members Hanson, Knier, Noding, and Seefeld voting aye, and Council Member Halverson voting nay. Motion carried.

Motion by Council Member Noding to approve Resolution No. 2022-66 adopting the 2023 Preliminary Property Tax Levy for the Big Lake Economic Development Authority. Seconded by Council Member Seefeld, unanimous ayes, motion carried.

## **7C. Department Reports**

Engineering Department – City Engineer Layne Otteson provided an update on engineering projects underway in the City. Otteson reviewed the status of the ST2021-1 street project noting that it is substantially complete. Otteson provided an update on the ST2022-1 street project noting that the contractor is not able to complete Area F of the project this fall and completion will be next spring/summer. Otteson also provided an update on the County Road 81 project, the CR 5 trail segment, the Fire Station roof improvement project, and noted that the lake elevation was at 26.5 inches below the outlet overflow but recently rose up 1.5 inches. This is the lowest on record since September 10, 2010.

Student Liaison Allie Cross provided an update on Big Lake Schools. Cross provided an update on the Student Council, noting that elections for executive positions will be held on September 26, discussed the start of the 2022/2023 school year, fall sports, Buzzes Bookstore at Independence Elementary, new fingerprint technology, and roofing improvements installed throughout the district.

## **8. ADMINISTRATOR'S REPORT**

City Administrator Hanna Klimmek discussed that further review is needed before staff brings forward a proposed licensing program for Cannabinoid Product Retailers, and noted that staff continues to work with the City Attorney. The City Attorney has indicated that he believes there will be a push to create a uniform statewide licensing program, most likely to be administered through cities, similar to alcohol. Cities are struggling with what amounts to an appropriate licensing program and most have decided to wait this out and see what the legislature does. Klimmek noted that Sherburne County Administrator, Bruce Messelt, is also calling a meeting of representatives from townships and cities to discuss the topic of cannabinoid products. Klimmek discussed that the City needs to have a better understanding of what and how the County will be participating regarding compliance, as they facilitate a county-wide compliance program for tobacco and alcohol already. Klimmek reviewed the upcoming General Election noting that Absentee Voting begins Friday, September 23, which is coordinated through the Sherburne County Auditor's Office. Klimmek also reviewed that the Council will be considering Election Judge Appointments at their meeting on September 28, and reviewed the schedule for the Big Lake Chamber of Commerce Candidate Forums on September 26 for School, Township, and City candidates, and on October 10 for County and State candidates. Klimmek noted that the forums will be videotaped by the Sherburne Wright Cable Commission and will play back on the City's Government Channel and on Demand from the Chamber Website. Klimmek welcomed Chief of Police, John Kaczmarek to the city, noting that his swearing-in ceremony will take place during our next meeting.

Mayor Knier asked if staff knows why the Chamber of Commerce Candidate Forum has been split between two nights. Klimmek responded that comments from past forums have been that it was too long and that we have lost audience members due to the length.

**9. MAYOR & COUNCIL REPORTS and QUESTIONS/COMMENTS**

Mayor Knier: Discussed the September Fire Board Meeting and recent BLEDA Meeting.

Council Member Noding: Discussed the Fire Board Meeting, and the September BLEDA Meeting.

Council Member Seefeld: Provided an update on the recent Planning Commission Meeting.

**10. OTHER**

Sam Olson formally welcomed new Chief of Police John Kaczmarek, noting that staff is extremely excited to welcome him to the Department. Kaczmarek thanked the City for the opportunity, noting that he has had great interactions with community members and staff. Kaczmarek also thanked Olson for doing a great job in making him feel welcome.

Council Member Halverson thanked Olson for serving as Acting Police Chief for 12 months without a lot of help, expressing that Chief Kaczmarek is walking into a Department that is in really good shape because Olson held everything together so well. They will be a great team together, and acknowledged that Olson was a great leader, noting that the City Council and the taxpayers owe Olson a big thank you for stepping up for doing what he did.

**11. ADJOURN**

Council Member Noding motioned to adjourn at 6:56 p.m. Seconded by Council Member Hanson, unanimous ayes, motion carried.

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Gina Wolbeck  
Clerk

Date Approved By Council 09/28/2022