

**SAUK CENTRE CITY COUNCIL
REGULAR MEETING
WEDNESDAY, MAY 1, 2024**

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

The Sauk Centre City Council met in a Regular Meeting on Wednesday, May1, 2024 at 6:30 p.m. due notice being given thereof. Present were Mayor Warren Stone and Council Members Diane Kelly, Shalon Wilber, Joe Fuechtmann and Heidi Leach. Also present were City Administrator Vicki Willer, City Engineer Keith Yapp, City Planner Sarah Morton and Police Chief Joe Jensen. Mayor Stone presided thereat.

- a. City Administrator Vicki Willer conducted the swearing-in ceremony of Police Chief Joe Jensen.

2. APPROVAL OF AGENDA

A motion was made by Council Member Leach and was seconded by Council Member Kelly to approve the agenda, with changes. A vote being recorded as follows: For: Council Members Leach, Kelly, Wilber, Fuechtmann and Mayor Stone. Against: None. The motion passed.

3. APPROVAL OF MINUTES

A motion was made by Council Member Kelly and was seconded by Council Member Fuechtmann to approve the April 8, 2024 Board of Review and Equalization Meeting Minutes and April 17, 2024 Regular Meeting Minutes as presented. A vote being recorded as follows: For: Council Members Kelly, Fuechtmann, Leach, Wilber and Mayor Stone. Against: None. The motion passed.

4. PUBLIC OPEN FORUM (Comments Limited to 3 Minutes)

Pam Borgmann, 600 Main St. S., Sauk Centre. Ms. Borgmann stated she is the Executive Director of the Convention and Visitors Bureau (CVB). The CVB mission is to advertise for Sauk Centre and attract visitors through events, tours, meetings as well as to stay at lodging facilities. Ms. Borgmann stated she was present regarding Council agenda item 7g – Lodging Tax. Ms. Borgmann stated she will encourage the CVB Board to amend the bylaws to state that one of the directors shall be an appointee of the City Council whom represents the City. Ms. Borgmann stated that the CVB is a freestanding 501C3 non-profit organization. She feels that the Council appointing Board members to the CVB is a conflict of interest.

Pam Durbin, Americinn Sauk Centre Manager, 1230 Timberlane Drive, Sauk Centre and CVB President. Ms. Durbin stated she was a part of the original creation of the lodging tax/CVB and is proud of that accomplishment. Ms. Durbin asked that the Council not rescind the lodging tax.

Joann Thorson, former owner of Gopher Prairie Motel, Sauk Centre. Ms. Thorson stated that she feels the lodging tax is a great benefit for the City of Sauk Centre.

Kelley Freese, Owner of Palmer House, Sinclair Lewis Avenue, Sauk Centre. Kelley feels that the lodging tax is powerful funding for the City of Sauk Centre that provides a positive benefit and asks that it not be rescinded.

Stacie Michels, 613 Lakeshore Drive, Chamber Director and CVB Board Member. Ms. Michels stated that she is not aware of any City that has the ability to make appointment to the CVB. Ms. Michels presented a letter from Attorney Pat Plunkett and asked that the City not rescind the lodging tax.

Mathew Schmitz. Mr. Schmitz stated that on June 4, 2020 a child was interviewed at the Child Advocacy Center in St. Cloud, MN. At that interview the child made the allegation that they were abused while in a foster home in Sauk Centre. The interview was approximately 30-40 minutes. Schmitz stated that Officer Dustin VonWahlde was present, but he feels that VonWahlde did not investigate the allegation, nor did he report it. Schmitz stated that the parents were not informed of the allegation. Mr. Schmitz asked that an outside department come and investigate the matter.

Brad Kirckof, 908 Lilac Drive, Sauk Centre. Mr. Kirckof stated that he was on the City Council when the lodging tax was put in place. He provided a brief history of how the tax was put in place, who was on staff and council at the time, etc. Mr. Kirckof asked how it got to the point where attorneys got involved instead of the CVB talking to staff at City Hall. He stated that if the City has the responsibility of collecting a tax, they also have a responsibility of knowing what that tax is being spent on and where it is going and it is being allocated responsibly. He feels that the City appointing persons to the CVB board is not a bad thing and asked how many people that the CVB brought to the Council for appointment were not appointed, with the answer being zero. Kirckof asked that both the Council and CVB work together moving forward.

5. PUBLIC HEARINGS

None.

5. REPORTS/PRESENTATIONS

- a. Miranda Wendlandt, CliftonLarsonAllen, presented the City's 2023 Audited Financial Statements.

The primary responsibility of Clifton Larson Allen is to provide an opinion on the fairness of the presentation of the financial statements by reviewing internal controls, conduct a risk-based audit, determine scopes and tests of transactions.

There were no unusual transactions found. GASB 96-SBITAs was implemented for the year ending December 31, 2023. This standard did not have a material impact on the financial statements.

There were no disagreements with management and no inconsistencies found. The Audit results reflect an unmodified opinion which is a clean audit which is the highest opinion they can give. Weaknesses are those shared by similar sized cities with a small staff which doesn't allow for additional segregation of duties as well as controls over financial reporting. Seven areas of legal compliance were evaluated with no findings noted.

Wendlandt then reviewed the following:

- Cash and Investment Balance – Total Cash \$13,095,699

- Fund Balance – 3.6 months of expenditures in unassigned Fund Balance in General Fund, consistent with 2022
- Comparative Governmental Revenues – Overall came in at 9.6 million
- General Fund Revenues and Expenditures – In 2023, expenditures exceeded revenue by \$964,000
- Financial Results

Financial statements and the required State Auditor Reporting form will be submitted to the applicable state agency before the deadline of June 30, 2024.

See 7a

- b. City Engineer Yapp updated the Council on the following projects:

Author's Addition:

- Working on punch-list items.

Truck Stop Storm Sewer Project:

- Going through and getting signatures on Contracts and Easements.
- Preconstruction meeting will be scheduled soon.

2025-2026 CIP (Birch/Pine)

- Working on Feasibility Report which is planned to be presented to the Council at a June 2024 meeting.

- c. The EDA met on Wednesday, May 1 and discussed the following:

- Received Sauk Centre Chamber of Commerce report.
- Working through land sale of 4 acre property by Walmart for the future home of Tractor Supply.
- Lot 2 in Arrowsmith Plat tentative closing mid-July 2024.
- Author's Addition Lot Sale – See 7F.

7. ACTION ITEMS

- a. See 6a.

A motion was made by Council Member Wilber and was seconded by Council Member Fuechtmann to accept the audited financial statements. A vote being recorded as follows: For: Council Members Wilber, Fuechtmann, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

- b. The Sauk Centre Police Department previously secured authorization to offer a forfeited vehicle for sale through the online bidding process. The bid window has closed with the following results:

BIDDER	Property	AMOUNT
Josh Hertle	2008 Buick LaCrosse	\$3,555.00

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve Resolution No. 2024-40, Resolution Authorizing Sale of Excess Vehicle. A vote being recorded as follows: For: Council Members Kelly, Leach, Wilber, Fuechtmann and Mayor Stone. Against: None. The motion passed.

- c. Pursuant to advertisement for open Volunteer Firefighter positions including the resignation of Jose Diaz, the city accepted applications, selected candidates for interview and are now recommending the following appointments to open positions:

1. Jordan Thielen
2. Benjamin Deters
3. Austin Kowski

In addition, in anticipation of upcoming retirements the Department is requesting the following appointments to a hiring list. These individuals will also be eligible to attend the Firefighter Training Classes which are offered in the Fall.

4. Adam Jensen
5. Brandon Moritz
6. Spencer Middendorf
7. Lukas Zabel

A motion was made by Council Member Leach and was seconded by Council Member Wilber to accept the resignation of Jose Diaz from the Sauk Centre Fire Department. A vote being recorded as follows: For: Council Members Leach, Wilber, Kelly and Mayor Stone. Against: None. Abstain: Council Member Fuechtmann. The motion passed.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve appointments to the Sauk Centre Fire Department and the creation of Hiring List as presented. A vote being recorded as follows: For: Council Members Kelly, Leach, Wilber and Mayor Stone. Against: None. Abstain: Council Member Fuechtmann. The motion passed.

- d. With the upcoming opening of Sinclair Lewis Campground, the City advertised for the Campground Manager position and recommended the following appointments:

Mark & Cathy Wittman – Campground Managers
Doug & Cindy Rehlinger – Backup Managers

The Wittmans come with experience working at KOAs and the Rehlingers have been Backup Managers for Sinclair Lewis Campground for several years.

A motion was made by Council Member Kelly and was seconded by Council Member Fuechtmann to approve the 2024 Campground Managers as presented. A vote being

recorded as follows: For: Council Members Kelly, Fuechtmann, Leach, Wilber and Mayor Stone. Against: None. The motion passed.

- e. The Summer Seasonal employee who cleaned park restrooms and watered flowers in 2023 has opted not to return in 2024.

Public Works Supervisor, Ben Clink, spoke with a Winter Seasonal employee from the Civic Arena (Patrick Gonzales) about working in the Summer approximately three hours per day to perform these duties and he has agreed.

A motion was made by Council Member Wilber and was seconded by Council Member Leach to appoint Patrick Gonzalez as a Summer Seasonal Employee for the Parks Department. A vote being recorded as follows: For: Council Members Wilber, Leach, Kelly, Fuechtmann and Mayor Stone. Against: None. The motion passed.

- f. The City received a Purchase Agreement for Lot 1, Block 4, Authors Addition.

Sale of the property requires City approval for the Mayor and City Administrator to execute the closing documents.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve Resolution No. 2024-41, Resolution Authorizing Execution of Documents. A vote being recorded as follows: For: Council Members Kelly, Leach, Wilber and Mayor Stone. Against: None. Abstain: Council Member Fuechtmann. The motion passed.

- g. The CVB, at a special meeting on April 9, 2024 amended its Bylaws to remove appointing authority of the City to its Board with the CVB Board now selecting its own membership. The Bylaws state the Board membership “may” include a representative of the City Council. This would be at the discretion of the CVB Board. This is in direct conflict with the City Code. When the City Council first enacted lodging tax in 2007, appointing authority to the CVB Board was also included in the Ordinance the same as other Boards the City appoints to.

The CVB Bylaws and City Code as it relates to appointments were amended two more times in 2013 and 2018 and now this time in 2024.

The Board’s rationale for this recent change is they felt that the city was trying to exercise control over their Board and that appointing to the Board was a violation of Mn Statute. City Attorney Adams disagreed with this interpretation and sent a letter to the CVB’s attorney requesting which specific Statute he was basing this interpretation on with none provided. In addition, the CVB’s attorney felt the City was trying to control the CVB by some members questioning how the funds were spent.

To date, the city has provided \$833,772.62 to the CVB in lodging tax collections. These taxes were collected from hotels, short term rentals and Sinclair Lewis Campground. When tax dollars are provided to individuals or entities by the City or any other governmental unit for a specific purpose there is the expectation that the purpose will be met. For

example, if funds were given to a business to build a new structure and employ 25 people, verification of performance is required to ensure that the building is built and the jobs are created.

City Councilmembers, in the past, have requested this same type of transparency on how the tax dollars given to the CVB are spent as it relates to their Mission. The Mission of the CVB adopted by the CVB Board was *to advance the promotional efforts of the area by working with others to attract longer term visitors, conventions, meetings, events, bus tours and trade shows.*

The 2023 report to the Council gave a dollars in and dollars out amount for 2023 and stated that funds were given to support other entities' events such as Chalk in Sauk and Sinclair Lewis Days. There were no statistics given to determine whether an increase in visitors or tourism or sponsored events or conventions had been accomplished per their Mission.

As it relates to the recent actions by the CVB, the City Council has three options to consider as a response.

1. The city can continue on with no changes. The CVB; however, has the expectation that we will follow their Bylaws rather than our Code when it comes to appointments.
2. The city can amend its Code to match the CVB Bylaws by removing appointing authority. Under this scenario it is possible the City will not have representation on the CVB Board if the Board does not approve. An Ordinance has been prepared to make this change.
3. The city can repeal Section 112 of the City Code as it relates to Lodging Tax. The city would no longer collect lodging tax from the lodgers. The CVB would continue to operate, albeit with a lower revenue stream. An Ordinance has been prepared to make this change.

Council Member Fuechtmann discussed Statute 465.717 and CVB Attorney Plunkett's letter, stating that his response (City appointing to CVB constitutes too much control) is an opinion rather than a judicial fact or law. City Attorney Adams states he does not see any control by the City and did not receive a response from Attorney Plunkett, when asked for further clarification. Council Member Fuechtmann presented cities where their Council appoints members to their CVB Board. Fuechtmann stated that he does not agree with the CVB's opinion that the Council is trying to control the CVB. Fuechtmann also expressed concern with the board appointing their own board members, in turn, creating cronyism. He also expressed concern with no geographical limitations. Fuechtmann asked that the Council and CVB work together for the greater good of Sauk Centre.

Council Member Leach questioned why did it have to get the point of getting attorneys involved. This could have been avoided by simply the board talking to city staff.

Council Member Kelly noted that the City Council appoints members to all boards including the Hospital Board, PUC, HRA, etc. Council Member Kelly feels that its

misappropriation of funds using tax dollars to hire attorneys rather than talking to staff and coming to a resolution.

Council Member Wilber stated that he did research, and across the board it was very different how board members were appointed.

Mayor Stone reiterated that the Council appoints to all board and commission within the City. He also stated it is unfortunate that rather than talking to staff, taxpayer dollars had to be spent corresponding via attorneys with the CVB.

Council Member Fuechtmann made a motion to table action for 30 days to allow two members from the CVB and two members from the Council to meet and provide a resolution to the current situation. The motion was seconded. A vote being recorded as follows: For: Council Members Fuechtmann, Wilber, Leach and Kelly. Against: Mayor Stone. The motion passed.

Council Members Fuechtmann and Wilber will represent the Council for this discussion.

8. UNFINISHED BUSINESS

None.

9. NEW BUSINESS

None.

10. CONSENT AGENDA

The Council considered the following Consent Agenda Items:

- a. Schedule of Claims - Unpaid Claims \$81,078.54
Paid Claims \$0.00
Total \$81,078.54

- b. Resolution No. 2024-42, Resolution Accepting Contributions.

Men's Card Playing Group	\$167.07	Senior Center
Teryl Brooks	\$200.00	Fire Dept.

- c. Request from Jessica Massmann dba Crazy J's Bar & Grill for Temporary Extension of Premise Permit and alley closure for an Outdoor Band on June 8, 2024 from 8 p.m. to 12:30 a.m. The alley closure request is for the area behind Crazy J's and Sauk Centre Herald.

- d. Gambling Application for Exempt Permit request from the Knights of Columbus Council 4863 for bingo and a raffle for July 31 – August 4, 2024 at the Stearns County Fairgrounds.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve the Consent Agenda as presented. A vote being recorded as follows: For: Council Members Kelly, Leach, Wilber, Fuechtmann and Mayor Stone. Against: None. The motion passed.

The Council thanked the Men’s Card Playing Group and Teryl Brooks for their donations.

11. INFORMATIONAL ITEMS

- a. Middle Sauk Water Festival – May 9, 2024 – Sauk Centre Civic Arena.
- b. Presten Oetterer will advance to Step 3 of the Pay Scale on May 1, 2024.
- c. Bid Opening for South Sauk Centre Industrial Park Soil Removal – May 14, 11:00 a.m. City Hall.
- d. Citywide Scrap Metal and Hazardous Waste Cleanup Day – May 8 – 10:00 – 2:00. Civic Arena Parking Lot

12. ADJOURNMENT

A motion was made by Council Member Fuechtmann and was seconded by Council Member Kelly to adjourn the meeting. A vote being recorded as follows: For: Council Members Fuechtmann, Kelly, Leach, Wilber and Mayor Stone. Against: None. The motion passed.

With no further business, Mayor Stone adjourned the meeting.

Respectfully submitted:

Mayor Warren Stone

City Administrator Vicki Willer