MINUTES
CITY COUNCIL MEETING

MARCH 23, 2026

Mayor Pro Tem Neil Herzberg called the meeting to order at 6:00 p.m. Council members present were Paul Thielen and Donna Allee. Shawn Reinke and Megan Brick were absent. Others present were Tariq Al-Rifai, City Administrator; Kristin Leither, Social Media Specialist; Chuck DeWolf, Bolton & Menk, Inc; Paul Wegner, Police Chief; Janelle Kendal, Stearns County Attorney; Joe Voss, Cynthia Spear, and Brad Spear.

The Pledge of Allegiance was recited.

Council members gave verbal activity reports.

Al-Rifai reported the following:

- Attended the EDAP Board and Green Roof meetings
- Library Board discussed hiring the architect to help them find funding opportunities
- Downtown Board discussed plans moving forward
- Attended Day on the Hill with Reinke and Brick to talk with legislators about bonding for the new fire hall

PUBLIC OPEN FORUM

No one was in attendance to address the Council.

CITY PROSECUTION CONTRACT UPDATE – JANELLE KENDALL, STEARNS CO. ATTORNEY

Stearns County Attorney, Janelle Kendall gave an update on Paynesville's Prosecution Contract with the Stearns County Attorney's Office. The Diversion Program is getting smaller every year due to fewer first-time offenders. Two juveniles from Paynesville successfully completed the program this year. Misdemeanors have been consistent for the past few years. Felonies have gone up a little bit in Paynesville.

Kendall said they are seeing a real difference in the numbers coming in due to the legalization of marijuana. They are no longer able to search vehicles based on the presence of marijuana, in which they would often find other illegal drugs or guns. Drug and gun possession cases have been cut in half since the legalization of marijuana.

Al-Rifai noted research had said marijuana users often don't use other drugs. He asked, before legalization, what percentage of stops possessed marijuana plus other drugs or weapons. Kendall couldn't give a percentage, but it's something she could look into. Wegner said there is a correlation, if the individual is not using marijuana with other drugs, the people they associate with are likely using the harder drugs. Kendall agrees there is a correlation, but it would be good to have the exact number and it shouldn't be too hard to find by looking through the complaints.

Thielen asked if seeing or smelling the marijuana in the vehicle is the same as an open bottle that would let them search. Wegner stated the courts have said the order alone is no longer a valid reason, there needs to be an actual open container and even then, they may not be able to search the whole vehicle. He added that drug paraphernalia is no longer a crime to own so it's hard to justify the search on that premise alone, where before that would be grounds to search the vehicle.

Al-Rifai then asked how Wegner felt about working with the Stearns County Attorney office. Wegner said it's been going fine, he hasn't had any reason to call Kendall this year, which means there haven't been any big issues. Kendall said Wegner usually calls the Chief of the Criminal Division since that is who handles these cases. There weren't any significant issues that needed Kendall's attention.

CONSENT AGENDA

Motion to approve the minutes from the following meetings: February 9, 2026 Public Works Board, February 12, 2026 Ad Hoc Library Board, February 17, 2026 EDAP Board, February 18, 2026 Ad Hoc Downtown Committee, December 11, 2025 Ad Hoc Library Board, and November 13, 2025 Ad Hoc Library Board.

Motion to approve the following vouchers:

3/19/2026	Payroll Direct Deposit		$ 47,718.90
3/19/2026	Payroll Withholdings	111023-111026	$ 5,755.74
3/19/2026	Payroll - Fed		$ 14,165.79
3/19/2026	Payroll - State		$ 2,774.16
3/19/2026	Payroll - TASC		$ 37.11
3/19/2026	Payroll - PERA		$ 11,400.76
3/19/2026	Payroll - Health Equity		$ 2,942.22
3/19/2026	Payroll - Health Partners		$ 8,367.30
3/19/2026	Payroll - AFLAC		$ 211.86
3/19/2026	Payroll - Met Life Dental		$ 181.28
3/19/2026	Paid Leave		$ 633.80
3/19/2026	Lincoln		$ 1,004.01
3/23/2026	Vouchers	111027-111079	$ 108,041.59
		Total	$ 203,234.52

Herzberg asked that Item C – Council Member Brick Attend MMBA Annual Conference to be pulled and moved to New Business.

Motion to approve the MN Lawful Gambling LG220 Application For Exempt Permit from the Paynesville Sportsmen's Club, Inc. to hold a raffle at Queen Bee's Bar & Grill, 121 James St. W., Paynesville, MN on May 2, 2026.

Motion to approve the Refuse Licenses for West Central Sanitation; LRS of Minnesota LLC; Tom Kramer, Inc.; and Waste Management of MN.

Motion to approve the 3.2% On-Sale Beer Licenses for Koronis Lanes and Paynesville Baseball Club Inc. and the 3.2% Off-Sale Beer License for Kwik Trip Inc.

Motion was made by Thielen to approve the Consent Agenda, except Item C – Council Member Brick Attend MMBA Annual Conference. Seconded by Allee and unanimously carried.

LOUIS INDUSTRIES TAX ABATEMENT ATTORNEY FEES

This was tabled from the March 9, 2026 City Council meeting. Al-Rifai reported the high legal costs spent for the Louis Industries Tax Abatement. Council reviewed the following excerpt of minutes from the February 17, 2026 EDAP Board meeting:

LOUIS INDUSTRIES TAX ABATEMENT

Al-Rifai explained that the Louis Industries tax abatement approved last year involved a more complex structure than previous abatements or a typical TIF. For tax abatement applications, the City requires $5,000 upfront to cover legal expenses associated with preparing and processing the abatement. This amount serves as an initial retainer. If legal costs exceed $5,000, which is common in more complex transactions, any additional expenses are billed directly to the company as they are incurred. In this case, legal expenses significantly exceeded expectations. Total legal costs surpassed $21,000. The complexity stemmed from decommissioning a prior abatement and securing County approval, which was not guaranteed. Louis Industries has requested that the City consider sharing a portion of the additional legal costs.

Board members discussed the request. Some noted that the project's size and complexity should have indicated higher anticipated legal costs. Others emphasized that EDAP's purpose is to support local businesses and maintain strong working relationships. Outstanding legal costs were estimated at approximately $12,000, though a final figure had not yet been confirmed. After some discussion, members considered sharing the cost.

Motion was made by Rien to approve a payment of up to $6,500 toward the Louis Industries' legal expenses related to the tax abatement. Seconded by Brick and unanimously carried.

The EDAP Board recommends the City pay for up to $6,500.00 of the Louis Industries' legal expenses related to their Tax Abatement. This money would come from the EDAP Fund.

Thielen expressed concern about setting a precedent. Al-Rifai said that EDAP also set parameters going forward that include better communication with the applicant. Applicants will be told upfront how high the legal fees could be and will be notified during the process as legal fees increase past the initial retainer.

Motion was made by Thielen to pay up to $6,500.00 of the Louis Industries' legal expenses related to their Tax abatement with monies to come from the EDAP Fund. Seconded by Allee and unanimously carried.

TRAIL – PURCHASE OF TRAIL DEBRIS BLOWER

This was tabled from the March 9, 2026 City Council meeting. Council reviewed the information provided by Kevin Hartmann, Paynesville Township Maintenance. Paynesville Township received two quotes:

Toro Pro Force Debris Blower 7,800 CFM	$11,574.42
Ferris Stand on Debris Blower 7,500 CFM	$12,500.00

The following is a draft excerpt from the February 19, 2026 Joint Trail Board meeting:

TRAIL BLOWER

Hartmann presented two quotes for debris blowers: one for $11,574.74 and one for $12,500.

Members asked how the blower would be used. Hartmann explained that the Township currently uses a broom attachment on the front of a lawnmower to clean the trail, which is time-consuming. A debris blower would reduce cleaning time by approximately 20 hours per cycle, allowing the equipment to pay for itself in roughly two years.

Hartmann also spoke with the maintenance worker at the golf course, who uses a similar blower and reported positive results.

A motion was made by Peterson to recommend purchase of the Toro Pro Force Debris Blower (7,800 CFM) in the amount of $11,574.74, with the cost to be split 50/50 between the City and Township. Seconded by Schmit. Motion carried.

Council needs to decide where the City's share of $5,787.21 will come from as currently the Trail CIP is in the negative.

Herzberg asked to table this until they get more information. Thielen asked if they could try to get an additional quote. Herzberg said they often can't get three quotes; two quotes is the minimum requirement. Allee asked where these quotes were from. Al-Rifai said that information was presented at the Joint Trail Board meeting but will have that available for next time.

TRAIL – GLACIAL LAKES EXTENSION, SEGMENT 1 – SCOPE OF WORK

This was tabled from the March 9, 2026 City Council meeting. DeWolf presented the letter from Bolton & Menk, Inc. outlining the scope of work required to move forward with the design and completion of the environmental review in the amount of $60,000.00 for Segment 1 of the Glacial Lakes Trail Project. With $30,0000.00 being the City's share.

Currently the Trail CIP is in the negative and Council will need to decide where the City's share of $30,000.00 will come from.

Herzberg had talked with the City Treasurer and learned there is a grant from last year still coming in that will be paid to the Trail CIP, but Herzberg was not sure what that amount is. Al-Rifai recommends taking a loan from the General Fund, interest free and to be repaid in a number of years set by the Council. They would need to increase the annual budget for the Trail CIP during those years to cover the repayment. Herzberg noted the annual budget for the

Trail CIP is $20,000, of which he believes $15,000 went to trail maintenance, so he recommends increasing the annual budget. Al-Rifai also recommends borrowing around $80,000 to resolve the negative balance and cover current and near future expenses.

Motion was made by Thielen to borrow up to $80,000 from the General Fund for the Trail CIP, interest free and to be paid back in 6 years, and to allow Bolton & Menk, Inc. to move forward with the design and completion of the environmental review in the amount of $60,000.00 for Segment 1 of the Glacial Lakes Trail Project with the City's portion of $30,000.00. Seconded by Allee and unanimously carried.

COUNCIL MEMBER BRICK ATTEND MMBA ANNUAL CONFERENCE

Council Member Megan Brick is interested in attending the MN Municipal Beverage Association (MMBA) Annual Conference in Brainerd, MN; April 18-21, 2026. The registration fee is $799.00. This conference is not a part of the conferences/trainings approved on an annual basis in January; therefore, being brought forward for approval.

Herzberg noted Brick isn't on the Liquor Board and the Council is trying to cut back on the number of conferences they go to. Al-Rifai said this would likely be the only conference Brick attends and the Liquor Board recommended a Council member attend this conference to see how MMBA works. Jean Soine, who is on the Liquor Board, will be going along with Bill and Belinda Ludwig. Brick's registration would be paid for from the Council budget while Soine's registration fee will come from the Liquor budget. Bill & Belinda Ludwig's registration will be paid for by MMBA. Brick plans to carpool and share a room with Soine.

Motion was made by Herzberg to allow Council Member Megan Brick to attend the MN Municipal Beverage Association (MMBA) Annual Conference in Brainerd, MN; April 18-21, 2026. Seconded by Allee and unanimously carried.

LIQUOR STORE – TRANSFER FUNDS FROM LIQUOR FUND 105 TO LIQUOR CAPITAL IMPROVEMENT FUND 106 FOR BOND PAYMENTS

The Liquor Store bond payment will be paid out of the Liquor Capital Improvement Fund 106; therefore, the need to transfer money on a semi-annual basis from the Liquor Fund 105. Council reviewed the Amortization Schedule and as previously discussed by Council, if there is a shortfall the remainder would be paid from reserves in the Capital Improvement Fund.

Motion was made by Allee to transfer the necessary funds from Liquor Fund 105 to Liquor Capital Improvement Fund 106 on a semi-annual basis to cover the bond payment and add this to the annual budgeted transfers and eliminate the need to bring this to Council every year. Seconded by Thielen and unanimously carried.

PUBLIC WORKS – PURCHASE OF IRRIGATOR WHEEL ASSEMBLIES

Pivot 22 is due for some repair. The tires and rims are old, worn and need to be replaced. The style chosen to replace them are wider and will not sink as much. The Public Works Department received the following quotes:

Hydro Engineering - $15.053.87
MVI Valley - $17,375.00

Monies for the wheel assemblies to come from the Sewer Capital Improvement Fund. The Public Works Board has reviewed this and recommends approval.

Herzberg noted a few years ago they tried a new type of tire. Those new tires aren't working as well as they had hoped so the request is for the regular type of tire.

Motion was made by Thielen to approve the quote from Hydro Engineering in the amount of $15,053.87 for Irrigator Tire Wheel Assemblies with monies to come from the Sewer Capital Improvement Fund. Seconded by Allee and unanimously carried.

PUBLIC WORKS – PURCHASE OF IRRIGATOR SPRINKLERS – REGULATORS

Pivot 22 is due for some further repair. The sprinklers and flow regulators are no longer working properly and need to be replaced. Having these help insure proper flow and distribution of irrigation water. This prevents ponding and misreporting. The Public Works Department received the following quotes:

Hydro Engineering - $10,160.54
MVI Valley - $12,320.00

Monies for the irrigator sprinklers to come from the Sewer Capital Improvement Fund. The Public Works Board has reviewed this and recommends approval.

Motion was made by Allee to approve the quote from Hydro Engineering in the amount of $10,160.54 for sprinklers – regulators with monies to come the Sewer Capital Improvement Fund. Seconded by Thielen and unanimously carried.

LIBRARY FUNDING ASSISTANCE PROPOSAL – WIDSETH

Al-Rifai presented the proposal from Widseth. The following is an excerpt of minutes from the March 12, 2026 Ad Hoc Library Board Meeting:

LIBRARY FUNDING

Members discussed currently available funding opportunities. Zemek noted that the most immediate potential funding source is the USDA Rural Development Community Facilities Program. Al-Rifai asked whether this program would involve a combination of grant funding and a low-interest loan. Zemek stated that USDA grants are not currently available, so the opportunity would likely involve a low-interest loan.

Members also discussed the City's preference to avoid bonding or direct municipal financing if possible and instead pursue grant funding and community-led fundraising. The City would still contribute financially to the project and has already purchased the lots designated for the future library site.

Peterson reported that he has already spoken with the Paynesville Area Foundation regarding including the library as part of its fundraising efforts this year. The Foundation will primarily focus on childcare initiatives, but there is hope the library project could also

be included. Peterson asked whether he could use the easel and design boards from the open house at the Foundation's fundraising event. Angland confirmed that the materials could be used as needed. In the meantime, Gruber will move the display boards from City Hall to the library for public viewing.

Zemek also noted that several grant opportunities may become available in the future, though they are not currently open.

Members discussed how to proceed with the Widseth funding assistance proposal. Because the total cost is not to exceed $5,000 and may ultimately be lower, members proposed using the same cost-sharing arrangement used for the design proposal:

- *1/3 City of Paynesville*
- *1/3 Friends of the Library*
- *1/3 Paynesville Area Foundation*

Motion was made by Peterson to recommend approval of the Widseth proposal to the City Council, with the cost to be split three ways between the City, Friends of the Library, and the Paynesville Area Foundation. Seconded by Nevitt and unanimously carried.

Al-Rifai noted the City's portion would come from the Library Department within the General Capital Improvement Fund. Herzberg asked how much the Foundation had set aside for the library. Al-Rifai didn't have an exact number but it's between $50,000 and $150,000. Herzberg worries that the City keeps putting their own money into this project and eventually will run out before the project is done. Thielen said to move forward with the City's portion and let the other entities figure out their portions.

Motion was made by Thielen to proceed with the Widseth funding assistance proposal in the amount of $5,000.00 to be split equally with the City of Paynesville, Friends of the Library and Paynesville Area Foundation with the City's amount being $1,666.66. Seconded by Allee and carried 2:1 (Allee, yes; Thielen, yes; Herzberg, no).

AIRPORT – SNOW REMOVAL EQUIPMENT ACQUISITION

DeWolf presented the memo from Bolton & Menk, Inc. regarding acquiring snow removal equipment (loader, blower, broom, and wing attachments) to support snow removal at the airport.

The total estimated project cost is $495,000.00 which includes equipment with engineering and administrative expenses (budgeted at $20,000.00). The project is to be funded by using the City's Bipartisan Infrastructure Law (BIL) and Federal Entitlement allocations. The estimated funding distribution is as follows:

Federal Share	$470,250.00 (95%)	
State Share	$12,375.00 (2.5%)	
City Share	$12,375.00 (2.5%)	with funds to come from Airport Capital Improvement Fund

If the Council wishes to proceed the Council would need to authorize preparation of bidding documents and authorization to bid. DeWolf said the bids would be opened in April and submitted to the FAA and MnDOT. The City would receive the grant in August or September to make the actual purchase.

Thielen asked how much it costs for snow removal at the airport. Al-Rifai said it was included with all of the snow removal, so they don't have the cost for just the airport. Herzberg added that the Public Works Director and City Treasurer will do a cost comparison between this year with the City snow plowing, and previous years when they contracted through Voss.

Motion was made by Thielen to authorize Bolton & Menk, Inc. to prepare the bidding documents and advertise for snow removal equipment bids. Seconded by Allee and unanimously carried.

ORDERLY ANNEXATION AGREEMENT – REQUEST FOR JOINT WORKING GROUP – LETTER TO PAYNESVILLE TOWNSHIP

Al-Rifai presented the letter to Paynesville Township regarding forming a joint working group to meet and discuss the Orderly Annexation Agreement. The letter also includes two past approved resolutions. Thielen said this was a good way to gauge the Township's interest in these discussions.

Motion was made by Thielen to approve and send the letter and two resolutions to Paynesville Township regarding the Orderly Annexation Agreement. Seconded by Herzberg and unanimously carried.

INFORMATIONAL

Mayor Pro Tem Herzberg reviewed the following: April & May Meeting Schedules and February Month End Reports – all reports can be found on the City's website.

There being no further business, Mayor Pro Tem Herzberg adjourned the meeting at 6:56 p.m.

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Tariq Al-Rifai, City Administrator