

**Waverly City Council
Special Session Meeting**
Wednesday, July 29, 2026
5:00 PM Central

**Waverly City Offices
Council Chambers**
502 Atlantic Ave.
Waverly, MN 55390

Ben Duske: Present
Connie Holmes: Present
Scott Jacobson: Present
Jim Kittock: Present
Jacob Koch: Absent
Present: 4, Absent: 1.

1. Call to Order

The Waverly Special Session Meeting was called to order at 5:00 p.m. by Mayor Holmes.

2. Roll Call

Council Members Present: Mayor Connie Holmes, Jim Kittock, Scott Jacobson and Ben Duske.

Staff and City Consultants Present: City Administrator Carrie Krienke, Maintenance Supervisor Jason Karels, Liquor Store Manager Deb McAlpine, City Engineer Sheila Kroshe, and City Attorney Rhonda Pagel.

Other Present: Lisa Whittaker

3. Agenda Approval

A motion was m/s/p, Duske/Kittock, to approve the agenda as presented. Motion carried 4/0.

4. Approval for City Donation Initiative Fund \$515 – 2027

City Administrator Krienke brought forward the annual \$515 contribution to the Initiative Foundation for inclusion in the 2027 budget, noting that while the amount is included in the budget, council approval was needed.

A motion was m/s/p, Jacobson/Duske, to approve the 2027 City Donation Initiative Fund contribution of \$515. Motion carried 4/0.

5. Maintenance Issues

Maintenance Supervisor Jason Karels reported that the AC unit at the Municipal Liquor Store was installed. He also noted that hearing tests for public works staff have been scheduled for August 11th, fulfilling the last outstanding item from an earlier OSHA consultant walkthrough. Jason noted he would be on vacation starting Friday through the following week.

The Council briefly discussed recent cyber-attacks affecting municipal water systems, noting that Waverly's water system was unaffected due to its manual operation.

6. City Attorney Updates

6.A. Orderly Annexation

City Attorney Rhonda Pagel presented an updated draft of the Orderly Annexation Policy, noting she had streamlined the document by reducing redundancy and restructuring the middle section into a more concise review-criteria format. She incorporated several recommended changes from Mayor Holmes, including:

- Language reserving the council's right to refuse any annexation request that does not meet the city's goals and criteria.
- A requirement that annexation agreements include the developer's written acknowledgement of all responsibilities outlined in the policy, as well as any additional conditions imposed by the council.
- A provision ensuring that the developer's ability to complete the project includes improvement of adjacent township roads.

Attorney Pagel explained that the policy is designed to balance objective criteria with case-by-case flexibility, making clear that meeting the stated criteria does not guarantee approval while still providing prospective petitioners with clear expectations. The council expressed no objections to the proposed revisions. Attorney Pagel indicated she would incorporate the changes and prepare a clean draft along with a resolution for adoption at the next regular meeting on August 12th, at which she noted she would not be present.

Attorney Pagel also provided brief updates on active ordinance violation cases:

- **Ward property** — Resolved. All items were removed and property seeded.
- **Stelzer property** — Ongoing discussions toward a negotiated resolution. The Stelzer family has expressed interest in selling the property to their neighbor, who would then be responsible for demolition. A meeting is being planned with all parties to establish a clear timeline, including concerns about asbestos remediation and the tight timeline if occupancy continues until mid-October. Attorney Pagel noted the city would likely offer the neighboring buyer the same demolition cost-advance program used previously.
- **Robinson property** — Substantially complete, with a small amount of rubble remaining in the crawl space. A compliance hearing is scheduled for mid-August. The water meter issue on the property has been resolved.

Attorney Pagel also raised, as an informational item outside the formal agenda, that the city's no-occupancy ordinance pertaining to sewer and water connections may need to be updated to remove ambiguous gray areas. It was agreed this falls within the scope of the previously approved infrastructure ordinance review being conducted with the City Planner, Robin Caufman, and no further action was required.

7. Resolution 2026-33 Approving Variance to the Floorplan Setback

Attorney Pagel presented Resolution 2026-33 on behalf of City Planner Robin Cauffman noting that Planning Commission had held a public hearing with no public comment. The variance concerns a parcel in Graham's Lakeview Addition where the proposed structure meets the required flood protection elevation approximately eight feet above the regulatory flood protection elevation but is only eleven feet from the relevant setback line rather than the required fifteen feet. The four-foot variance is consistent with a previously approved variance that required reapproval due to a plan change.

The Planning Commission recommended approval subject to two conditions: (1) that the property owner have the structure location staked so the building inspector can confirm all setbacks and floor elevations, and (2) that the use comply with all other applicable code provisions. It was noted the stakes are already in place.

A motion was m/s/p, Jacobson/Kittock, to approve Resolution 2026-33, approving the variance to the floorplan setback for Lot 1, Block 1, Graham's Lakeview Addition. Roll call vote. Motion carried 4/0.

8. City Engineer Updates

8.A. Wastewater Township Letter

City Engineer Sheila Krohse introduced the item, summarizing a letter received from Woodland and Victor Townships raising several concerns related to the wastewater pipeline project passing through township right-of-way. Most provisions in the letter such as restoration of disturbed areas and culvert replacement were not viewed as problematic, as the city had already anticipated those commitments. The primary concern identified was the potential imposition of professional fees (engineering and legal) for township inspection and oversight during construction.

Attorney Pagel reported she had spoken by phone with Troy, the townships' attorney, who confirmed that neither township is seeking to stop or oppose the project they simply want their concerns acknowledged and addressed in writing. Attorney Pagel noted she requested copies of both Woodland and Victor Townships' right-of-way ordinances, referenced in the letter, but had not yet received them. She emphasized that the city has statutory authority to construct infrastructure outside city limits, though some procedural gray areas regarding use of township right-of-way may need to be addressed.

A planned informational open house for residents of both townships and city residents which was the next step in the project communications plan has been deferred until preliminary conversations with township representatives can occur. Attorney Pagel indicated that Troy expressed a desire to meet with Waverly and Montrose before the open house. A representative from the City of Montrose's legal counsel also reached out and expressed support for a joint meeting.

The council discussed the distinction between fees imposed on private developers versus those imposed on a neighboring municipality, with Attorney Pagel noting that the city, unlike a developer, is a permanent governmental entity and that the level of financial security and oversight required should reflect that distinction. City Engineer, Sheila Krohse noted that much of the pipeline will be drilled rather than open-cut, minimizing disturbance to driveways

and culverts. The council also noted the city's ownership of 70th Street from Emerson, which is relevant to the scope of the township's oversight claims.

Attorney Pagel indicated she would continue pursuing contact information for township representatives and work to schedule a preliminary meeting.

9. 2026 Quarter 2 Financial Updates

City Accountant Cierra Nagovsky presented the Q2 financial report. The key highlights included:

- **General Fund (101) and most other funds** showed a significant revenue increase due to receipt of the first half property tax distribution.
- **Wastewater Fund (602)** showed elevated expenses, attributed to a lump billing of approximately \$200,000 in engineering fees from the City of Montrose that covered several months of previously unbilled charges.
- **Year-to-date expenses** in Fund 404 were elevated due to approximately \$91,000 in trail repair costs.
- **Funds 601 and 602** showed high year-to-date expense percentages due to debt service principal payments made early in the year; these are not expected to continue at the same pace.
- **Refuse Fund (603)** showed a significant Q2 spike due to delayed payment of monthly invoices to the refuse contractor, Mumford's. Payments covering approximately April through June were remitted together in July. The issue stemmed from the absence of a monthly invoice from the contractor. Staff noted this will be easier to manage with the upcoming accounting software transition.
- **Building permit revenues** were notably low in June, with no new construction permits issued that month. Staff noted several permits are anticipated from a new development in July.

Nagovsky noted that the upcoming transition to new financial software, Cassell will significantly improve the detail and usability of future financial reports.

10. 2027 Preliminary Budget Discussion - PW & Muni Section

Administrator Krienke and Accountant Nagovsky led a line-by-line review of the preliminary 2027 budget for Public Works and the Municipal Liquor Store. Notable discussion points included:

Public Works:

- **Woodland Township road maintenance** — Currently budgeted at \$25,000, the council discussed increasing the figure given cost uncertainty. A concern was raised about disproportionate road wear attributable to a large church located on Emerson Road, which is city-maintained under a prior annexation agreement. The council expressed frustration that the city bears maintenance costs without receiving property tax revenue from the nonprofit entity. Administrator Krienke indicated she would contact the county assessor to explore whether any assessment mechanism is available and would also

request that the township provide itemized billing separating Emerson Road and 70th Street costs. The figure increased to \$35,000.

- **Emergency street repairs** — Increased by \$10,000 to reflect rising costs and recent unexpected sewer main issues.
- **Village Hall** — Budget includes landscaping improvements intended to enhance the space as a wedding photography backdrop, as well as funding for up to ten complimentary rental cleanings for nonprofit users.
- **Skating rink / Pickleball Court (Woodland Park)** A new combined outdoor skating rink and pickleball court is proposed for a park on the other side of town. The estimated cost of approximately \$100,000–\$120,000 including concrete and court amenities was increased to \$150,000 to account for anticipated site preparation work. The council emphasized the importance of professional installation to avoid issues experienced with previous pickleball court work.
- **New lawnmower** — A zero-turn mower with a 104-inch floating deck was tested by public works staff and found to cut mowing time in half on larger fields. Three quotes are being obtained; estimated cost is approximately \$25,000, budgeted under Parks and Capital Expenditures.
- **Capital savings items** — Multi-year savings lines were established for a new city hall entryway (3-year plan, \$50,000/year), a replacement flatbed/dump truck (2-year plan), and a future capital improvement reserve of \$50,000. Administrator Krienke noted that grant funding through the League of Minnesota Cities may be available for ADA-related improvements to the entryway.
- **Street banners** — Budget includes replacement of the Highway 12 welcome banners. The council discussed options including business sponsorship banners and veterans tribute banners, with the American Legion suggested as a potential partner. Administrator Krienke indicated she would bring banner design options back to the council for direction before any purchase.
- **Roads — Woodland Shores** — \$180,000 carried forward from 2026 for road repairs in the Woodland Shores area. Staff noted pavement assessment data is expected before the next meeting, and the funds will be used to address the most deteriorated areas. The council discussed the need for a long-term, structured road and sidewalk improvement plan by district.
- **Storm water legal fees** — Increased from \$10,000 to \$20,000 given the volume of anticipated drainage-related legal activity.
- **Engineering fees** — Administrator Krienke indicated she would compile historical engineering and legal expenditures by project wastewater, Legion Park, etc. to enable more accurate budgeting, noting that the city frequently fronts these costs and awaits reimbursement over multiple years.

Municipal Liquor Store:

Municipal Liquor Store Manager Deb presented the preliminary Muni budget. Discussion included:

- **Capital expenditure responsibility** — The council discussed how to handle building capital expenditures given that the Muni does not pay rent on the city-owned building but could remit a portion of profits to the city, once profitability is achieved. The consensus was that structural and property-level capital costs roof, parking lot, entryway are the city's responsibility, while operational equipment coolers, ice machines, etc. is the Muni's responsibility. The auditors require consistency going forward. A \$100,000 placeholder was included in Fund 405 for a flat roof replacement pending receipt of contractor quotes.
- **Ice machine** — The on-sale ice machine has been decommissioned. The council approved the concept of purchasing an upright chest freezer to store bagged ice from the off-sale, eliminating the need for a rental ice machine at the on-sale.
- **Linen/supply rental** — Manager Deb has significantly reduced the monthly rental service costs from over \$400 to approximately \$200 per month and is working to reduce further by purchasing certain items outright (paper towel holders, toilet paper dispensers) and sourcing consumables independently.
- **Radio advertising** — A legacy radio advertising contract costing approximately \$400 per placement was identified as providing negligible value. The remaining committed placement will be fulfilled, after which the contract will be terminated.
- **On-sale pricing** — Manager Deb advised the council that on-sale drink prices are being modestly adjusted upward (generally \$0.25–\$0.50 per item) to reflect costs that had not been updated in over three years, including mixer charges and tap beer pricing.
- **Lighting** — The council discussed replacing the existing on-sale bar lighting with LED fixtures, noting that poor lighting has been cited by patrons as a deterrent. Track lighting behind the bar and updated ceiling fixtures in the main area were identified as priorities. Manager Deb was directed to obtain a quote from an electrician, with a suggestion to consult a local electrician who has commercial lighting experience.
- **Gambling organization** — Manager Deb raised the question of whether meat raffles and bingo events could be organized through other community organizations holding temporary gambling licenses such as the boosters or auxiliary, as the Lions Club does not always have the capacity to staff such events. It was clarified that other organizations can obtain temporary gambling permits for up to five events per year, and the Muni can continue to provide the liquor service. The council agreed this could be pursued informally.

11. Liquor License Approvals — Dates 9/20/26, 10/11/26, 10/25/26, 11/1/26, 11/15/26, 11/29/26

A motion was m/s/p, Duske/Jacobson, to approve Sunday liquor license for the dates, 09/20/26, 10/11/26, 10/25/26, 11/1/26, 11/15/26 and 11/29/26. Motion carried 4/0.

12. Administrative Items

12.A. Compliance Checks

Administrator Krienke reported the results of recent compliance checks. Waverly Municipal Liquor and Uptown passed. Red Lodge failed and will receive a written notice with the applicable fine. Krienke noted they would verify whether Red Lodge has a prior failure within the last three years, which would result in a doubled fine under city ordinance.

12.B. Mn Demographic Center Population Update

Administrator Krienke shared a population estimate received from the State of Minnesota Demographic Center, placing Waverly's 2025 estimated population at approximately 2,257. Council members noted the figure is likely slightly understated and that the actual population is believed to exceed 2,500. The item was presented for informational purposes.

12.C. Planning & Zoning Termination

Administrator Krienke presented a termination letter for Planning and Zoning Commission Chair Bill Richmond, who has attended only one meeting in the current year. The city's ordinance requires removal of a commission member who misses three or more meetings in a year; Mr. Richmond has missed five.

A motion was m/s/p, Jacobson/Kittock, to remove Bill Richmond from his position as Planning and Zoning Chair. Motion carried 4/0.

12.D. Approval for Public Works Superintendent

Administrator Krienke presented a proposal to create a new Public Works Superintendent position, citing the city's growing infrastructure, expanded workload, and the need for stronger leadership capacity within the department. She noted this position would sit above the current Maintenance Supervisor (Jason) and would focus on project oversight, coordination, reporting, administrative duties, and vendor/contractor management, while Jason would retain his current supervisory role over day-to-day operations.

A draft job description was reviewed. The council noted the description appropriately addresses on-call responsibilities and winter maintenance operations and requested that mandatory rotating on-call duties be explicitly included as an essential function. The educational requirement was discussed; the description currently lists a bachelor's degree as preferred with relevant experience as a substitute, which the council found acceptable. Licensing requirements for water and sewer operations were also discussed as an important qualification.

Regarding compensation structure, the council discussed the merits of exempt versus non-exempt classification. It was agreed to begin with a non-exempt (hourly) classification to maintain oversight of overtime, with the understanding that classification could be revisited. Administrator Krienke indicated she intends to post the position in early August, run the advertisement for approximately eight weeks to maximize candidate reach, and target hiring before the onset of the winter season. The council will participate in interviews for finalists.

A motion was m/s/p, Holmes/Jacobson, to authorize the City Administrator to proceed with posting and recruitment for the Public Works Superintendent position. Motion carried 4/0.

Administrator Krienke also noted that interviews for five candidates for the Park Maintenance position are scheduled for August 13th.

13. Other Business

No other business was raised.

14. Adjournment

A motion was m/s/p, Jacobson/Duske, to adjourn the meeting at 7:02 p.m. Motion carried 4/0.

CITY OF WAVERLY



Mayor Connie Holmes



City Administrator/Clerk Carrie Krienke