

**Waverly City Council
Special Session Meeting Minutes**

Wednesday, September 23, 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: Present
Present: 5.

1. Call to Order

The Waverly Special Session Meeting was called to order at 5:02 p.m. by Mayor Holmes.

2. Roll Call

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

Staff and City Consultants Present: City Administrator Carrie Krienke, Maintenance Supervisor Jason Karels, Liquor Store Manager Deb McAlpine and City Engineer Sheila Krohse

3. Agenda Approval

A motion was m/s/p, Jacobson/Kittock, to approve the agenda as presented. Motion carried 5/0.

4. City Engineer

4.A. Wastewater Treatment Facility Meeting Update

City Engineer Sheila Krohse reported on a recent meeting regarding the Wastewater Treatment Facility project with Woodland and Victor Townships, and the City of Montrose. The primary concerns raised by the townships related to road disruption, detour duration, and restoration of roads to pre-construction condition. Krohse noted that updated plans (approximately 95% complete) had been distributed to both townships, and that the design had shifted substantially toward directional drilling to minimize open-cut disturbance.

Victor Township's concerns were largely addressed in the revised plans. Woodland Township expressed interest in a two-year road maintenance guarantee. The City of Waverly holds ownership of a portion of 70th Street through a prior annexation, which may affect the extent of township authority over restoration requirements.

Next steps include a public open house for affected residents of the townships in January and ongoing attorney-to-attorney discussions regarding construction agreements with Montrose and Waverly and post-construction agreements with the Wastewater Commission.

4.B. Water Treatment Facility

At the Wastewater Meeting, Montrose announced that it is proceeding with its own water treatment plant and asked if Waverly would be interested in joining per discussions held several years ago. They are proceeding regardless of Waverly's participation, having secured a \$5,000,000 grant for emerging contaminants because of their manganese. Howard Lake recently bid a similar facility at \$16,000,000. Krohse noted that projects of this nature typically take several years from planning to construction, with a realistic build timeline of 2029–2030.

Council discussed the tradeoffs between joining Montrose in a regional facility versus pursuing an independent plant at the time that Waverly is required to have one. Key concerns included loss of local control over water rates and quality standards. Krohse suggested a joint water commission structure as a potential compromise. The Council agreed to make a decision on this at the next meeting on October 13th.

5. 2027 Budget Results based on a 19.94% Preliminary Levy Increase

Nagovsky presented the preliminary 2027 budget, which was initially framed around a 19.94% levy increase. The primary drivers of the increase were identified as the Wright County police contract of \$268,000 and debt service \$193,000–\$195,000 on bonds related to lake infrastructure, where principal payments are now commencing in addition to interest.

After Council discussion, two significant expenditures were removed from the budget: the water meter antenna/tower project of \$90,000, deferred to 2028 to allow the tech surcharge fund to grow further, the lawnmower purchase and the roof for the Municipal Liquor Store from the capital improvement line and will most likely be funded from our existing surplus. These adjustments reduced the preliminary levy increase to **16.17%**.

5.A. 2027 Park Project Budget

The parks levy was set to zero. Park-related revenues such as park dedication fees, Lions Club donations, etc. will continue to flow into the parks fund, providing some operational capacity without a levy contribution. The pickleball court project was removed from the levy but was not formally decided upon; Council indicated it may be funded from the general fund surplus and will be revisited in January.

5.B. 2027 EDA Budget

No levy contribution was proposed for the EDA as their balance is high with no large expenditures anticipated.

5.C. 2027 Payroll Budget

Total payroll costs (wages, health insurance, retirement, and related obligations) increased by approximately \$15,183 over 2026. Most of this can be attributed to the new costs associated with State Paid Leave requirements. Krienke noted that the State's paid leave (PMFLA) assessment rate is more than likely to increase in 2028.

5.D. 2027 Budget for Revenue and Expenditures

Nagovsky reviewed major expenditures including road seal coating \$35,000 including Woodland Township share, consulting and legal fees, the municipal building roof replacement of \$40,000, Montrose wastewater treatment charges, debt service principal and interest, and stormwater pond dredging of \$100,000 in 2027, \$50,000 in 2028). Grant opportunities are being pursued for the dredging project.

Council also discussed the general fund surplus, which stands at approximately \$1.8 million roughly 99% of annual expenditures, well above the recommended 50% threshold. The City's auditor, ABDO advised that the surplus is unassigned and may be used for any city purpose but strongly recommended that the City continue levying for capital improvement needs rather than relying on the surplus as a permanent funding mechanism. Council directed staff to arrange presentations from financial advisors at the October Special Session to explore investment options for the surplus.

6. Summary of Expenditures

A summary of major expenditures was reviewed as part of the broader budget discussion. No separate action was taken.

7. Resolutions

The Council approved resolutions reflecting the decrease in the amount of levy from 19.94% to 16.17% with the updated totals for each resolution.

7.A. Resolution 2026-35 Adopting the 2027 Preliminary Tax Levy

A motion was m/s/p, Jacobson/Kittock, to approve Resolution 2026-35 adopting the 2027 Preliminary Tax Levy, with said changes. Motion carried 5/0.

7.B. Resolution 2026-36 Adopting the 2027 Proposed General Fund Budget

A motion was m/s/p, Kittock/Jacobson, adopting Resolution 2026-36 the 2027 Proposed General Fund Budget, with said changes. Motion carried 5/0.

7.C. Resolution 2026-37 Proposed Enterprise Fund Budget

A motion was m/s/p, Duske/Jacobson, adopting Resolution 2026-37 the 2027 Proposed Enterprise Fund Budget with said changes. Motion carried 5/0.

7.D. Resolution 2026-38 Proposed Special Revenue Budget

A motion was m/s/p, Duske/Kittock, to approve Resolution 2026-38 the Proposed Special Revenue Budget with said changes. Motion carried 5/0.

7.E. Resolution 2026-39 Adopting the 2027 Fire Protection Service Assessment

A motion was m/s/p, Koch/Jacobson, adopting Resolution 2026-39 the 2027 Fire Protection Service Assessment with the amendment specifying applicability within the City of Waverly. Motion carried 4/0, Duske Abstained.

8. Maintenance Issues

Maintenance Supervisor Karels reported the following:

- **Lead and Copper Testing:** Results from three wells showed no exceedances. Results from 20 residential properties were still pending.
- **Road Patching:** Infrared patching and mastic gap work were completed. Dates for overlay and crack-filling are pending.
- **Fall Street Sweeping:** Tentatively scheduled for October 13, weather permitting.
- **New Beginnings:** Sewer and water main connections were underway; plumber scheduled to complete the connection the following day. The organization is pursuing additional grants to eventually connect the main building.
- **Trails:** Council was informed that recently repaired trails are again deteriorating due to red willow root intrusion from adjacent stormwater ponds. The repairs carried no warranty. Staff was directed to contact the DNR to explore options for removal or treatment of the willows, and to investigate whether the affected ponds are subject to DNR jurisdiction.

9. Administrative Items

9.A. Schedule Truth and Taxation Public Hearing Meeting

The Truth in Taxation public hearing was scheduled for December 8, 2026 at 6:00 PM, to be held at the start of the regular council meeting.

9.B. Consider moving the Special Session Meeting in November to 11/18 instead of 11/25.

Council unanimously agreed to move the November Special Session from November 25 (the day before Thanksgiving) to November 18.

9.C. Planning & Zoning Applicant Approval

The Planning & Zoning Commission recommended approval of Jeremy Bolt's application for appointment to the P&Z Commission.

A motion was m/s/p, Jacobson/Koch, to approve the appointment of Jeremy Bolt to the Planning & Zoning Commission. Motion carried 5/0.

9.D. Small Cities Grant Submittal

Krienke requested Council authorization to engage Bolton & Menk to assist in drafting a Small Cities grant application, given the competitive, point-based scoring system and staff's limited grant-writing experience. Council concurred. Staff also noted a pending DNR grant inquiry for the stormwater pond dredging project.

10. Other Business

Council approved two additional expenditures:

Municipal Building Roof: Council selected the Foam Flex spray-applied silicone roofing system, which was the lowest bid at approximately \$23,650.46 and included re-roofing of the cupola.

A motion was m/s/p, Jacobson/Koch, to approve the municipal building roof replacement using the Foam Flex system. Motion carried 5/0.

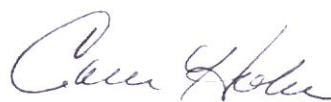
Lawnmower Purchase: Council approved the purchase of a Hustler zero-turn mower from Truman Walters for \$24,214, with a \$6,000 trade-in credit for the existing John Deere mower.

A motion was m/s/p, Jacobson/Kittock, to approve the purchase of the mower from Truman Walters for \$24,214. Motion carried 5/0.

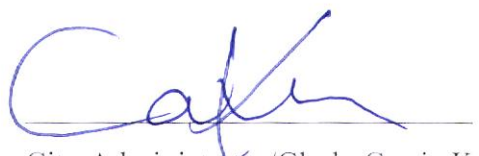
11. Adjournment

A motion was m/s/p, Duske/Holmes, to adjourn the meeting at 6:55 p.m. Motion carried 5/0.

The City of Waverly



Mayor, Connie Holmes



City Administrator/Clerk, Carrie Krienke