

**CITY OF MILACA
COUNCIL MINUTES
November 19, 2025**

Call to Order Roll Call

Mayor Dillan called the meeting of the Milaca City Council to order at 6:00 p.m.

Pledge of Allegiance

Upon roll call, the following council members were present: Mayor Dave Dillan, Councilors: Norris Johnson, Ken Muller and Tim Poorker. Absent: Lindsee Larsen

Staff present: City Manager Tammy Pfaff, Chief Quinn Rasmussen, Officer Jake Isaacson, Officer Henry Harris, Officer Mike Barros, Public Works Superintendent Gary Kirkeby, Assistant City Clerk Deloris Katke, Communications Specialist Mary Mickelson, Utility Billing Clerk Mary Niedzielski, Fire Chiefs Jesse Gerads and Chris Ehlen and City Attorney Damien.

Others present: Phil Gravel (Stantec), Nick Graheck (Bolton & Menk)

Approval of Agenda

Mayor Dillan called for a motion to approve the agenda. Muller made a motion for approval, seconded by Poorker. With no further discussion, all in favor of the approval of the agenda. Motion passes.

Approval of Consent Agenda

Mayor Dillan called for a motion to approve the Consent Agenda.

- a. Approval of Minutes-October 16, 2025
- b. Approval of Bills
- c. Resolution 25-38 Accepting Donations
- d. 2026 DAC Contracts for City Hall, Library, Fire Hall and Gorecki Center and Utility Billing
- e. Animal Control Contract 2026-2027

Mayor Dillan called for a motion to approve the consent agenda. Poorker made a motion for approval, seconded by Muller. No further discussion. Mayor Dillan abstained as he is on the DAC Board. All others in favor of approving consent agenda. Motion passes.

Citizen Open Forum

Mayor Dillan asked if anybody present wanted to address anything not on the agenda. Mayor Dillan stated he had a letter that was submitted from Pete Pedersen asking some questions. First concern was the increase in water rates. Mayor Dillan explained that increases were needed for tower rehabilitation, water to Milaca Junction Addition and other expenses that will be forthcoming and the city would hope to not have to bond for these expenses to save money. Pedersen's second concern was at a previous meeting Mayor Dillan stated there were no summer sewer rates and City Manager Pfaff stated this had not been done for years. City Manager corrected her statement at the next meeting. Pedersen also questioned the

water/sewer expenses for the airport road. Mayor Dillan stated the city was the grantee for this project and the city approved this plan back in April 18, 2024. Bids were awarded in June of 2024 and we had the discussion to install the water/sewer at the same time the airport road was being redone. Another concern was the Rum River Coop and if that would be assessed and that will be and that will be discussed later in the public hearing. Next concern was a fire truck purchase but that isn't an issue as truck was not purchased. Another concern was the purchasing of the fire pumper truck earlier and using the fire relief association. Mayor Dillan stated at the end of 2024 the Fire Department Reserves were at \$548,622, final pumper truck cost was \$904,880 and the fund was in the negative but recouped quickly. Funds have not gone into any reserves since 2024 to help keep the levy down. Pedersen further stated in his letter that he felt the city manager should also write grants. Mayor Dillan stated that this year alone City Manager has written 3 grants and helped get the Pete Stauber grant for the airport road. Mayor Dillan stated that we have to write grants through professionals as there are ways to write grants correctly and you need their expertise. Pedersen then questioned Page 75 of the preliminary budget and the wages. City Manager Pfaff stated she looks at salary surveys and sets the wages in accordance to that. Pedersen's letter also addressed what City Manager's plans were and those are basically confidential but we are fortunate that Tammy gave us a heads up that she is looking at retiring but she certainly did not have to do that.

Public Hearing:

a. Public Improvement Hearing for Rum River Special Education Coop: Mayor Dillan called for a motion to open public hearing. Motion by Muller, seconded by Johnson. Public Hearing Opened at 6:12 p.m. Phil Gravel from Stantec was present. The property id number is 21-000-3020, East of Cty Rd 2. Those improvements are to extend the water and sewer to the school site. Plans would be to hook up to existing lines on the far east end of 5th St SE and go east to County Road 2 and then across the farm field to the school site. The estimated costs for those improvements is \$230,000. There are 3 options for the city to choose from for paying. School is hoping to build next spring. Mayor Dillan asked if anyone was present to speak in regard to the Public Hearing. No one came forward. Mayor Dillan called for a motion to close Public Hearing. Motion by Poorker, seconded by Johnson. No further discussion. All in favor, motion passes. Public Hearing Closed at 6:14 p.m.

b. Public Improvement Hearing for 10th Ave SE and Hwy 23 E: Mayor Dillan called for a motion to open public hearing. Motion by Johnson, seconded by Muller. Public Hearing opened at 6:14 p.m. City Manager stated that with the future construction of Hwy 23, Phil and her thought it would be good to approach the owners north of Hwy 23 to extend the water/sewer lines. They came in and talked to us and the owners decided they did not want to proceed with the extension. Phil stated that for the record, the PID number is 21-000-3010 and the estimated cost was \$175,000. Johnson asked if services could be brought from Boulder Ridge? Phil stated water could but sewer would be tough. Mayor Dillan asked if there was anyone else present to speak on this. No one came forward. Mayor Dillan called for a motion to close public hearing. Motion by Muller, seconded by Poorker. Public Hearing closed at 6:16 p.m.

Requests and Communications

Ordinances and Resolutions

a. Ordinance #549: Fee Increases-First Reading: Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Johnson. Mayor Dillan stated some of these fees haven't been changed since 2005 and 2009. Poorker stated the one that stood out to him was the garbage hauling fee going from \$100 to \$500. City Manager Pfaff stated that compared to other cities we were really low. Johnson stated that collection rates haven't changed for 20 years so he has a problem changing the fee. Service is excellent. Mayor Dillan stated this is the first reading so we can work on that. Muller stated Johnson has a point. Mayor Dillan questioned if cannabis licenses had to be looked at and City Manager Pfaff stated the OCM

manages those fees. No further discussion. All in favor of Ordinance #549: Fee Increases-First Reading. Motion passes.

b. *Ordinance #550: Amending Title V Chapter 51.24 Subdivision C Water Pipes Installation-First Reading:* Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Poorker. No further discussion. All in favor of Ordinance #550: Amending Title V Chapter 51.24 Subdivision C Water Pipes Installation-First Reading. Motion passes.

c. *Ordinance #551: Amending Title IX Chapter 95 Section 95.11 Dangerous Dogs- First Reading:* Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Muller. Chief Rasmussen stated the only change was the state statutes so we just needed to update those statutes. No further discussion. All in favor of Ordinance #551: Amending Title IX Chapter 95 Section 95.11 Dangerous Dogs- First Reading. Motion passes.

d. *Resolution #25-39 Recertifying Assessment:* Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Poorker. City Manager Pfaff stated this is the house on 5th St SE that was abandoned and the city had to do an asbestos testing before demolishing the house. City Manager Pfaff further explained that once the property was forfeited, the city needs to recertify the assessed amount onto the taxes when it sold. No further discussion. All in favor of Resolution #25-39 Recertifying Assessment. Motion passes.

Reports of Departments, Boards and Commissions

City Manager –

Police – Wage Comparisons: Police Chief Rasmussen stated with their new system, he will need to see if he can create a report that council has received in the past. Chief Rasmussen then spoke about the difficulty of hiring officers and retention with wages higher in surrounding communities. Chief Rasmussen stated the City of Princeton has received 18 applications in the last 6 weeks and has been able to hire a few from those applications. We have posted 4-5 times on the POST Board website and the League of MN Cities and since November of 2024, we have received only 16 applications. Of those, about 5-6 were of quality that we offered positions to. The comparisons that are included in the packet are to try and get retention in our department. The officers talked with their union representative and because they are already in a contract, so any changes would need to come from the city approaching the union. Of the 16 cities that I have listed, about half are smaller in population compared to Milaca. Of all the cities listed, there are a couple that are in line with our starting pay but even those cities do surpass our officers in a shorter period of time for top pay. Chief Rasmussen continued to say that he averaged out the starting pay of these cities and on average Milaca is 10% behind in starting pay and 10% behind in top pay. Chief Rasmussen stated his officers know we can't compete with the metro and our officers like working for the City of Milaca. Chief Rasmussen then stated that his recommendation would be a 15% increase for base wages which would be about a \$70,000 difference from our top step right now. Even at 10% increase our department would still be below 8 of those departments on that comparison for top pay. This 15% increase would also help with reaching top pay sooner. Changing Step 2 to 6 months rather than a year would help with that. Chief Rasmussen stated that should all 6 officers got a 10% increase, that would be an additional \$46,000 difference and at a 20% increase it would be about \$92,000 difference (wages only). No further discussion.

Parks –

Public Works – Some discussion in regard to Holiday stating they were hoping to be operating their diesel fuel tanks by January. Some discussion in regard to the progress. City Manager Pfaff stated if the soil they dig up tests ok, the city would hope to use that as fill in the Milaca Junction Addition.

Final Contractors Payment Request for Molitor Excavating in the amount of \$12,495.89: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. No further discussion. All in favor of Final Contractors Payment Request for Molitor Excavating in the amount of \$12,495.89. Motion passes.

Liquor Store –

Fire Department – Resolution #25-40 Amending Fire Department Organization and Policy and Procedures Manual: Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Poorker. No further discussion. All in favor of Resolution #25-40 Amending Fire Department Organization and Policy and Procedures Manual. Motion passes.

Fire Chief Ehlen stated Mike Nelson will be stepping down from his position and Shawn Kadelbach will be placed in that position. City Manager Pfaff stated at the beginning of the year we would make those changes by Resolution.

Planning & Zoning - Application for Minor Lot Split for Mille Lacs Veterinary Holdings, LLC: Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Johnson. City Manager Pfaff stated that the applicant just wanted to make some minor changes to make a cleaner survey. No further discussion. All in favor of Application for Minor Lot Split for Mille Lacs Veterinary Holdings, LLC. Motion passes.

Resolution #25-37 Approving Variance for Mille Lacs Veterinary Holdings, LLC- Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Poorker. No further discussion. All in favor of Resolution #25-37 Approving Variance for Mille Lacs Veterinary Holdings, LLC. Motion passes.

Airport- Professional Services Agreement for Taxilane Reconstruction: Nick Grahek of Bolton & Menk was present. He stated the airport received a second round of grant offer to reconstruct the taxilane pavement. This is the final phase which started in 2020. This grant is being offered at 90% state funded and 10% city funds. Design and bid administration fees would be \$36,000, Construction Administration at \$33,700. Project will be designed over this winter and bids received in Spring and construction in the summer of 2026. Engineering agreement is estimated at \$69,700 with a local split of 10% at \$6,970. Total estimated cost of project is \$355,000 with a local share estimated at \$35,500 (10% of total project). That estimate including the engineer fees. Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Johnson. Johnson asked if this was included in the budget. City Manager Pfaff stated she did not have this information for the preliminary but would be in the final budget. No further discussion. All in favor of the Professional Services Agreement for Taxilane Reconstruction. Motion passes. Nick then stated that also attached is the Master Agreement for Professional Services. This is something that is renewed every 5 years between Bolton & Menk and the City of Milaca. Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Poorker. All in favor of approving Master Agreement for Professional Services between Bolton & Menk and City of Milaca. Motion passes.

Committees

Budget: Call for a Special Meeting in December to discuss Final Budget- Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Poorker. City Manager Pfaff stated meeting should be held within the first 2 weeks of December. Wednesday, December 10, 2025 at 5 p.m. was decided.

All in favor of Wednesday, December 10 at 5 pm for Special Meeting to review Final Budget. Motion passes.

EDC:

Unfinished Business

New Business

Call for a public hearing in December for Milaca Part 2 Wellhead Protection Plan: Mayor Dillan called for a motion to approve. Motion by Muller, seconded by Johnson. No further discussion. All in favor of a public hearing in December for Milaca Part 2 Wellhead Protection Plan. Motion passes.

Minnesota Paid Leave Policy: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. City Manager Pfaff stated there were some decisions they needed to make:

1. How will the premiums be split between the City of Milaca and the employees? Johnson questioned if this amount was mandated by the state and City Manager Pfaff stated no. Poorker asked if this was common in other cities and City Manager Pfaff stated most cities were going with the 50/50. Mayor Dillan asked if this could be a yearly negotiated item like salaries and City Manager Pfaff stated it could be but it is a policy. City Manager Pfaff stated when employees use this leave, they would file a claim through DEED, not the city. All agreed to the 50/50.
2. Will employees be allowed to supplement their Paid Leave payments using City of Milaca Sick, Vacation or Comp leave if they choose to? Mayor Dillan questioned that some cities could deny employees doing this and City Manager Pfaff stated they could but she didn't feel that was fair. City Manager further stated that this is for major illnesses and employees would need proof. Council consensus was to allow employees to use vacation, sick or comp time to supplement their pay.
3. What length of time should be allowed to be taken as intermittent leave? Johnson stated he would like as much flexibility as possible. City Manager Pfaff stated if we allow 1 hour, employee has to file with DEED for that 1 hour if they want to use this MN Paid Leave Policy. Council consensus was 8 hour increments.

Mayor Dillan called for a motion to approve these changes. Motion by Johnson, seconded by Muller. All in favor of these changes for the Minnesota Paid Leave Policy. Motion passes.

Closed Meeting-City Manager Contract: Mayor Dillan read the script for closed meeting for personnel matter. Mayor Dillan called for a motion to close the meeting. Motion by Poorker, seconded by Muller. All in favor. Meeting closed at 6:56 p.m.

Meeting reconvened at 7:16 p.m.

City Attorney summarized the closed meeting. He stated the meeting was opened after having its final review of the city manager and other employees and council members as well. One of the issues addressed was the city manager's salary effective January 1, 2026. Based on my understanding of the Council, the recommendation is to increase city manager's salary to \$122,200.00 effective January 1, 2026. If that is correct, council will need to make a motion to approve. Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. No further discussion. All in favor of approving City Manager's salary to \$122,200.00 effective January 1, 2026. Motion passes.

Miscellaneous

Council Comments

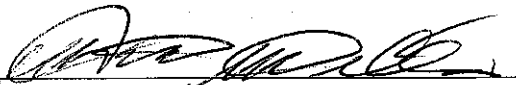
Johnson stated that there is a resident in Milaca that is as happy as can be with public works.

Mayor Dillan asked if there was any new activity at the airport and City Manager Pfaff stated it was the same. Muller stated that he would like to see what it used to be. He stated that at one point there would be planes flying in. City Manager Pfaff stated a while ago when we had the poker run that that was pretty successful.

Poorker stated that he keeps hearing about the downtown sidewalks and is wondering if the city can come up with a plan sometime in the future. He also asked why the city hadn't kept up with increasing water rates over the years. City Manager Pfaff stated when it was increased it was only \$0.25 which didn't help. City Manager Pfaff explained PFA procedures. Mayor Dillan also stated that we have two expenses that we haven't had for 20 years plus Rum River School expenses were not anticipated. Poorker also wanted to give a shout out to the Planning Commission. Norris and himself sat in on the last meeting and stated they do a good job. He also stated he was approached by some citizens that have an idea of a community project that involves a stand similar to a mini-library but with food. Their idea would be to get donations and put it in a park. Their question was do they need the city's blessing and if so, how do they do this. City Manager Pfaff stated winter time would be hard. It would be a great thing. They should come to the city and request this. City Attorney Toven did state that if the city sponsors this to be very careful of liability. Toven stated on private property would be OK but there is still some liability. He would need to look into that. Maybe our local food shelf could get involved.

Adjourn:

Mayor Dillan called for a motion to adjourn. Motion made by Johnson, seconded by Poorker to adjourn. No further discussion. All in favor, motion to adjourn passes. Meeting adjourned at 7:27 p.m.


Mayor Dave Dillan

Attest:


Tammy Pfaff, City Manager