



NORTH BRANCH —Minnesota—

Kevin Schieber
Mayor

Robert Canada
Councilmember/Acting Mayor

Jeff Goulet
Councilmember

Jim Ibinger
Councilmember

Patrick Meacham
Councilmember

**CITY COUNCIL
REGULAR AGENDA
WEDNESDAY, JUNE 10, 2026 @ 6:00 PM
CITY HALL, 6408 ELM STREET, NORTH
BRANCH, MN 55056**

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL OF THE CITY OF NORTH BRANCH IN THE COUNTY OF CHISAGO AND IN THE STATE OF MINNESOTA

REGULAR MEETING

Wednesday, June 10, 2026

1. CALL TO ORDER

Mayor Kevin Schieber called the City of North Branch City Council Meeting to order at 6 PM.

2. PLEDGE OF ALLEGIANCE

Mayor Kevin Schieber led the Pledge of Allegiance.

3. ROLL CALL

Present: Mayor Kevin Schieber, Councilmember Jeff Goulet, Councilmember Jim Ibinger,
Councilmember Patrick Meacham, Councilmember Robert Canada

Absent:

Remote:

Others Present:

Notes:

4. AGENDA APPROVAL

a. Approve Agenda

ACTION

Mayor Kevin Schieber requested to move 7i under the Consent Agenda, the approval of the proposal for a utility rate study from Ehlers Public Finance Advisors be moved to 9a under Staff Reports, and add 7o, the Right of Way application approval for Northern Natural Gas to the Consent Agenda.

RESULT: Passed

MOVER: Robert Canada

SECONDER: Jeff Goulet
AYES: Kevin Schieber, Jeff Goulet, Jim Ibinger, Patrick Meacham, Robert Canada
ABSENT:
NOTES:

5. PRESENTATION & PROCLAMATION

- a. Recognition of Fire Department Officers, 2026 - Chief Patrick Heinen VERBAL UPDATE

The Recognition of Fire Department Officers for 2026 was presented by Chief Patrick Heinen.

- b. 2025 Audit Presentation and Approval of the 2025 Financial Statements by City Council ACTION

Kelsey Larson, CPA, Audit Manager at Abdo, LLP, presented the results of the 2025 audit.

Motion to Approve to accept the audit of the 2025 City of North Branch Financial Statements.

RESULT: Passed
MOVER: Jeff Goulet
SECONDER: Robert Canada
AYES: Kevin Schieber, Jeff Goulet, Jim Ibinger, Patrick Meacham, Robert Canada
ABSENT:
NOTES:

6. PUBLIC COMMENT

Provides an opportunity for the public to address the Council on items that are not on the Agenda. Please raise your hand to be recognized. Please state your name and address for the record. This section is for the express purpose of addressing concerns of City services and operations. It shall not be used to clarify individual's views for political purposes.

Steve Husmann, Jesse Anderson, Barb Wilson, and Mike Honer gave Public Comment.

7. CONSENT AGENDA

All matters listed under Consent Agenda are considered routine and/or non-controversial and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

Mayor Kevin Schieber requested to move 7i under the Consent Agenda, the approval of the proposal for a utility rate study from Ehlers Public Finance Advisors be moved to 9a under Staff Reports, and add 7o, the Right of Way application approval for Northern Natural Gas to the Consent Agenda.

RESULT: Passed
MOVER: Robert Canada
SECONDER: Jeff Goulet
AYES: Kevin Schieber, Jeff Goulet, Jim Ibinger, Patrick Meacham, Robert Canada
ABSENT:
NOTES:

- a. Claims ACTION
b. Approval of Minutes - Regular Meeting - May 27, 2026, 6:00 PM ACTION

c.	Receive Legal Staff Report	INFO
d.	Approve Gambling LG220 Permit - St. Gregory the Great Catholic Church	ACTION
e.	Approval of Application for Garbage Haulers License - Talon Sanitation LLC	ACTION
f.	Approval of 30-day Transient Merchant License Group Sale for Mad City Windows & Baths	ACTION
g.	Approval of 1–3 Day Transient Merchant License — Foggy Farm Fresh	ACTION
h.	Approve Gambling LG220 Exempt Permit — Vikings Quarterback Club	ACTION
i.	Approval of 1-3 Day Transient Merchant License - Homestead Steaks, Inc.	ACTION
j.	Approval of Resolution R-338-2026 approving amended and revised subdivision and development agreement for Meadows Ridge 1st Addition	ACTION
k.	Approval of Resolution R-340-2026 approving the lot split, wavier of compensation and deed to Chisago County for CSAH 14/Hemingway Ave Roundabout Improvement Project	ACTION
l.	Approval of Street Closure for Elm St and Branch Ave for Midsummer Days	ACTION
m.	Approval of Resolution R-341-2026 authorizing plans and specifications and ordering advertisement for bids for the Flink Avenue Trail Project	ACTION
n.	Approve 2026 Application for Right-of-Way License for Northern Natural Gas	ACTION

8. PUBLIC HEARINGS

9. STAFF REPORTS

Mayor Kevin Schieber requested to move 7i under the Consent Agenda, the approval of the proposal for a utility rate study from Ehlers Public Finance Advisors be moved to 9a under Staff Reports, and add 7o, the Right of Way application approval for Northern Natural Gas to the Consent Agenda.

- a. Approval of proposal for a utility rate study from Ehlers Public Finance Advisors ACTION

City Administrator Matthew Hill presented the approval of the proposal for a utility rate study from Ehlers Public Finance Advisors. Rebecca Kurtz from Ehlers was also available for any questions.

This study is intended to provide a platform for informed rate-setting decisions and to ensure the long-term financial self-sufficiency of the City's utility funds.

Reasons for Implementing the Rate Study:

The City has not conducted a comprehensive utility rate study since 2020. Several factors necessitate this new analysis:

- **Acquisition of Water Utility:** Since the 2020 study, the City has acquired the water utility.
- **Compliance with State Statute:** State law requires public utilities serving over 1,000 residents to implement water use reduction measures. The study will assess current billing data to ensure the City meets these mandates efficiently.
- **Financial Planning & Capital Improvements:** The study will provide a 10-year financial plan, including a funding strategy for major capital projects and street reconstruction, ensuring the City can maintain appropriate cash balances and reserves.

- **Updating Growth Fees:** There is a need to update connection and trunk fees to ensure that new development contributes its fair share toward the infrastructure required to serve it, rather than burdening existing ratepayers.
- **Economic Sustainability:** The City must balance the delivery of superior service with the need to minimize rate impacts on stakeholders, requiring an updated analysis of expenditures, interest expenses, and operating revenues.

Potential Effects by Fund:

Water Fund

The study will focus on analyzing existing rates to test their adequacy in meeting revenue requirements. Key areas include:

- **Financial Alignment:** Determining revenue requirements to fund annual operating expenses, debt service, and necessary capital projects.
- **Sustainability:** Ensuring the fund maintains sufficient cash balances and reserves through a 10-year proforma cash flow analysis.

Wastewater (Sewer) Fund

The study will build upon the 2022 rate structure to ensure ongoing financial health:

- **Connection & Trunk Fees:** The analysis will update fee structures to ensure growth-related infrastructure is appropriately funded by new development.
- **Debt Management:** Projections will incorporate outstanding debt service and evaluate the balance between using cash versus debt to pay for future capital improvements.

Storm Water Fund

The study provides options to address evolving regulatory requirements and cost pressures:

- **Rate Structure Review:** The City will evaluate potential revisions to the current rate structure. Depending on policy objectives, this may include:
 - Evaluating "Curb and Gutter vs. Ditch" rates for rural vs. residential lots.
 - Analyzing a shift to a Residential Equivalency Factor (REF) system based on impervious surfaces.
 - Considering a flat fee model based on parcel size.
- **Revenue Neutrality:** Any recommended changes will be presented as "revenue neutral" options, meaning they aim to generate the same total revenue but may adjust how that burden is distributed across customer classes.

Next Steps

Upon completion of the study, Ehlers will provide a final report containing recommended inflationary rate adjustments and sample rate impacts for various customer classes. This will be presented to the City

Council at a future meeting to solicit feedback and finalize the recommendation for utility rates. Costs of the study will be split among the enterprise funds that are included in the study.

Motion to approve the proposal for a utility rate study from Ehlers Public Finance Advisors.

RESULT: **Passed**

MOVER: **Kevin Schieber**

SECONDER: **Robert Canada**

AYES: **Kevin Schieber, Jeff Goulet, Jim Ibinger, Patrick Meacham, Robert Canada**

ABSENT:

NOTES:

b. April 2026 Finance Update

INFO

Finance Director Sharon Wright gave the April 2026 Finance Update.

Financial Update Summary

Cash & Investments

- The City's cash position has changed due to the recent land sale and the associated early bond defeasance.
- Current cash equivalents total approximately \$9.9 million.
- City investments total approximately \$16.8 million.
- Proceeds from the land sale were used in part to retire the 2017 EDA Bonds.
- Remaining land sale proceeds have been designated for:
 - Expansion of Fletcher Street and Goodview Street
 - Related infrastructure improvements, including:
 - Sewer
 - Water
 - Stormwater

General Fund

- The General Fund is projected to end the year with a positive fund balance of approximately \$250,861.
- This projection includes \$287,700 in expenditures carried over from 2025.
- Positive results are supported by:
 - Proceeds from the sale of the former fire hall have offset General Fund expenses.
 - Early payments were received from township fire service contracts.
 - Interest earnings currently recorded in the General Fund will be allocated to other funds as appropriate.
- Notable expenditures outside normal operations include:
 - Second debt for squad cars
 - Fire hall roof repairs

- Temporary staffing in the Building Department
- These expenditures were anticipated and incorporated into the budget planning process.

Economic Development Authority (EDA)

- The EDA is projected to finish the year with a positive net income.
- Early defeasance of the EDA bonds eliminates future annual debt service requirements.
- This action is expected to free up approximately \$345,000 over each of the next five years, creating additional capacity for future EDA initiatives and investments.

Liquor Store Fund

- The Liquor Store Fund is projected to achieve an annual profit margin of approximately 8%.

Utility Funds

Sewer, Stormwater, Water, and Generation Funds

- The most significant change impacting these funds is the postponement of the NW Old Town Project.
- Budgeted expenditures for the project were included in the current year's budget; however, construction is now planned for 2027.
- The Generation Fund may end the year with a negative net income.
- City staff is actively evaluating the causes and identifying potential solutions.

Overall Financial Outlook

- The City's funds continue to demonstrate a stable and positive financial outlook.
- Strong cash reserves, positive operating results, and the elimination of future debt obligations position the City well for planned infrastructure investments and long-term financial stability.

- c. Consider Approval of Resolution 339-2026 approving a Term Sheet for North Branch Independent Living Senior Housing ACTION

Community Development Director Nate Sondrol presented the Approval of Resolution R-339-2026 approving a Term Sheet for North Branch Independent Living Senior Housing.

The City received an application request for Tax Increment Financing (TIF) assistance from North Branch Independent Senior Living, LLC, for the construction of a 107-unit multifamily senior independent residential development in North Branch. The proposed project is planned for the area located on the west side of Falcon Avenue, south of the extension of 386th St. The property in consideration is currently utilized as vacant land that is zoned Business and guided as High Density Residential, and an Independent Senior Community is a permitted use.

The developer, along with Ehlers, the city's financial advisor, and city staff, provided an overview and background relating to the project, TIF districts, and preliminary findings to the City Council at their meeting on April 28, 2026. The City Council discussed this and came to a consensus for the developer to bring options back to the council for consideration. The developer presented 2 options to the City Council for consideration at the May 27, 2026 meeting and the City Council provided a consensus (3-2) of support for an option that included support for a 20 year TIF along with funding assistance from the city in the amount of \$258,052 from development fee credits and SAHA funding to construct the full "L" from Hwy 95 to 386th Street with the understanding of no changes to the terms.

The developer has requested approval of a term sheet (non-binding) outlining the items discussed at the meeting on May 27, 2026.

RESULT: **Passed**
MOVER: **Patrick Meacham**

SECONDER: **Robert Canada**
AYES: **Kevin Schieber, Patrick Meacham, Robert Canada**
NAYS: **Jim Ibinger, Jeff Goulet**
NOTES:

d. Consider Status of 400th Street Right-of-Way from Jeffrey Ave to Keystone Ave **ACTION**

Community Development Director Nate Sondrol presented the consideration of the status of the 400th Street right-of-way from Jeffrey Avenue to Keystone Avenue.

The city has recently received inquiries about the utilization of 400th Street from Keystone Avenue to Jeffrey Avenue. This section of 400th Street from Jeffrey Avenue to Keystone Avenue is designated as a minimum maintenance road and has not been maintained by the City for the past several years. At some point in the past, barriers were installed at the east end of the roadway at Keystone Ave, preventing through access. Since that time, the roadway segment has functionally operated as a closed roadway.

Recently, the City received legal guidance indicating that although the roadway has been physically closed for many years, the City Council never formally vacated the public right-of-way nor approved an action altering the legal status of the roadway. As a result, the roadway remains a public right-of-way under City ownership and jurisdiction.

Because no formal vacation proceedings were completed, legal counsel has advised that the existing barriers may not have proper legal authority. Maintaining barriers within a public right-of-way without formal authorization could expose the City to legal challenges seeking restoration of access.

The city has received differing viewpoints from adjacent property owners regarding the future of the roadway, with some owners favoring maintaining the closure, while others requesting reopening.

The city has 2 options for the roadway to consider:

Option 1: Initiate Vacation Proceedings

Advantages: Eliminates existing and future maintenance responsibilities.

Disadvantages: Reacquisition of a similar corridor in the future would likely be difficult and costly.

Option 2: Retain the Right-of-Way and Address the Existing Barriers

Advantages: Maintains future transportation and infrastructure opportunities.

Disadvantages: May/will require additional maintenance.

Council consensus to move forward with Option 2

10. MAYOR/CITY COUNCIL

a. Commission liaison reports

VERBAL
UPDATE

Councilmember Bob Canada gave a Personnel Advisory Committee update. There has been onboarding of the new seasonal workers. Building Inspector Rich Meyer had started his PRO, working 30 hours a week. In the Police Department, Sergeant selection has been designated to Sergeant Lawson and Zajac. A climate survey has been sent to all North Branch City staff, hoping to get a lot of valuable information regarding the organization.

Councilmember Jeff Goulet gave a Finance update. Both the finance and the liquor store passed the audit.

Councilmember Patrick Meacham gave a Planning Commission update. After some discussion regarding the Planning Commission meeting, the City Council agreed that it would be best to have a joint meeting to discuss the proposed zoning changes and design standards. The work session will be held on June 17th at 6 PM at the City Hall.

11. ADJOURNMENT

The North Branch City Council Meeting was adjourned at 8:28 PM.

RESULT: Passed

MOVER: Kevin Schieber

SECONDER: Robert Canada

AYES: Kevin Schieber, Jeff Goulet, Jim Ibinger, Patrick Meacham, Robert Canada

ABSENT:

NOTES: