CITY OF WACONIA
JANUARY 20, 2026

1. CALL MEETING TO ORDER AND ROLL CALL

Mayor Litfin called the January 20, 2026, Waconia City Council meeting to order at 6:00 p.m. with Council Member Nick Gleason absent.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Litfin.

3. PROCLAMATIONS

None.

4. ADOPT AGENDA

Motion to adopt the agenda as published made by Council Member Coleman, seconded by Council Member Grengs.
MOTION CARRIED.

5. PUBLIC HEARING

None.

6. OPEN FORUM

Mayor Litfin provided direction on open forum speaking.
Bernie Benz, 528 Ravencroft Road spoke in opposition to the proposed franchise fees. Mr. Benz questioned how the funds would be distributed by Xcel Energy and CenterPoint Energy and who would be accountable for oversight. He expressed concern that the system could be susceptible to fraud and stated that he does not believe the City would administer the fees appropriately. Mr. Benz reiterated his opposition to the implementation of franchise fees.

7. COMMUNITY INTEREST PRESENTATIONS

1) Margaret Donahue, Southwest Corridor Transportation Coalition

Margaret Donahue and Randy Malucknik of the Southwest Corridor Transportation Coalition, updated the Council on the Southwest Corridor Transportation Coalition. This is a non-profit organization working to improve safety and mobility in the area and consists of local governments, business and community organizations. The

purpose of the Coalition is to advocate for improvements to transportation to improve the southwestern areas, focusing on Highway 212 and Highway 5. The Coalition has been very successful in proposing improvements and finding funds for local projects by using a combination of different funding being pooled together for project completion. Also, the Coalition continues to advocate for funding for needed intersections, lane expansion and safety projects that will reduce crashes and fatalities while improving mobility and access for residents and businesses along Highway 5. Ms. Donahue then touched on the future projects and the 2026 capital bonding bill.

8. ADOPT CONSENT AGENDA

1) **Council Minutes January 5, 2026**
2) **Approve January 20, 2026 Expenditures**
3) **Safari Island Community Center Expenditures from Sports Facilities Companies Incurred December 2025**
4) **Ice Arena Expenditures from Sports Facilities Companies Incurred December 2025**
5) **Accepting Cash Donations for Operations of the Fire Department**
6) **TH5 Phase 2 Corridor Improvements Change Order 3 to Geotechnical Exploration Contract**
7) **Capital Equipment 2026**
8) **Fire Alarm Panel Upgrades**
9) **Accept Proceeds from Minnesota Department of Health for Source Water Protection Plan Grant**
10) **Waconia Paid Family Medical Leave Policy**
11) **Approve Probationary Firefighters to Active Status**
12) **Special Event Permit - The Frunge**

Mayor Litfin requested the removal of:
Consent Agenda item 8.7 *Capital Equipment 2026.*

Motion to accept the consent agenda made by Council Member Coleman, seconded by Council Member Siddons with removing Consent Agenda Item 8.7.
MOTION CARRIED.

9. COUNCIL BUSINESS

1) **New Officer and Firefighter Badge Pinning Swearing In Ceremony**

Fire Chief Justin Sorensen introduced the following firefighters being promoted to active status:

- Carter Borg has been an active firefighter since completing the EMT Certification. His father was also a firefighter and Carter is currently employed with the public services department at the City of Waconia. His skills are very valuable to the community.
- Simon Malinski could not attend this evening. Simon recently received his EMT Certification and brings a wealth of work as well as life experience.
- Michael Coughlin has a background in software development and has found a new passion for fire service. Michael is a dedicated member and always eager to learn.
- Luke Meyer recently moved from Rogers and was with the Rogers Fire Department for a short time and brings these skills to Waconia.
- Adam Vanderbeek recently moved from Apple Valley and brings over three years' experience with the Apple Valley Fire Department. Adam is excited to further his career in Waconia.
- Jackson Rauchwarter recently moved to Waconia and a firefighter with Minnetonka, having started as a paid on call before his transition to a career firefighter. His motivation is to apply his learned skills and will service Waconia well.

Their hard work and dedication to the department has earned them the honor of being placed on Active Status and becoming permanent members of our department. We are confident that all of these candidates will complement our organization and become excellent firefighters.

Mayor Litfin led the new firefighters in the departmental pledge, which symbolizes both honor and commitment to public service.

Chief Sorensen acknowledged the promotion of Jake Nelson from firefighter to captain. Captain Nelson grew up by the previous fire station and is both detail-oriented and is a great asset to the department.
Mayor Litfin swore in Capital Jake Nelson.

2) Franchise Agreement & Fee Ordinance Updates

Nicole Meyer, Finance Director, stated that over the course of several weeks, staff worked with the City attorney as well as Xcel Energy, CenterPoint Energy, and Minnesota Valley Electric Cooperative to work through the proposed changes. The changes to the franchise agreements and fee ordinances arise from the discussion over several work sessions and the study provided by Ehlers and Associates. Staff and Council outlined what the fees would be used for, including playground equipment and pavement rehabilitation projects currently in the City's CIP. Staff then outlined the Council's direction to memorialize in ordinance the use of the fees collected, and any changes would require a 4/5's majority vote.

Shane Fineran, City Administrator, provided a breakdown of the procedure and

clarified that Ordinance No. 787 would enact the franchise fee with CenterPoint Energy, Ordinance No. 788 is a current franchise agreement with Xcel Energy and cleans up language, specifically noting that the City can collect franchise fees, Ordinance No. 789 which is creating and enacting the franchise fee with Xcel Energy, Ordinance No. 790 is with Minnesota Valley Electric Cooperative which creates a franchise agreement, and Ordinance No. 791 which would enact the franchise fee with the Minnesota Valley Electric Cooperative.

Council Member Siddons clarified that a 4/5 Council vote is required to amend the ordinances once adopted. Mr. Fineran reviewed Ordinance Section 598, which states the Council will periodically review this Ordinance and a change to the franchise fee would require a 4/5 majority of the Council to modify. Also, the Section details that the franchise fee shall be solely dedicated to the purpose of funding pavement rehabilitation and playground equipment replacement. Council Member Siddons also noted that May 1, 2026, would be the start date of the franchise fees and if not passed or tabled, the consequences would be to start to defund the capital projects that are currently in place for this year.

Council Member Coleman questioned the benefits of franchise fees compared to property taxes. Ms. Meyer stated that it would cost the average valued home approximately $145 annually for a property tax increase compared to a franchise fee of $120 annually.

Mayor Litfin stated that Waconia is a great city and expressed gratitude to every resident, student, senior, business, organization, nonprofit, city employee, and community member who contributes to its strength and success. He shared that he values the opportunity to speak with residents, work hard on their behalf, and serve as Mayor, thanking the community for the trust placed in him. He emphasized that while everyone ultimately wants the same outcome for Waconia, differences often arise in the details and processes used to achieve those goals.
Mayor Litfin noted that the Council was being asked by City Administration to discuss and possibly decide upon the implementation of franchise fees. He stated that while some residents and business owners may have heard of franchise fees, many do not fully understand the term, which he believes is understandable. He emphasized that this is a very important issue and asserted that a decision of this magnitude should be made by the citizens through a referendum at the ballot box.

He explained that franchise fees would not appear on property tax statements but would instead be embedded in utility bills from Xcel Energy, CenterPoint Energy, and Minnesota Valley Electric, calling them “hidden fees.” He stated that there is no such thing as free money, as any new revenue ultimately comes from residents’ pockets. He expressed his belief that budget efficiencies and cost savings should first be found within the City’s existing budget before imposing new fees.

Mayor Litfin thanked residents who contacted the Council to voice opposition to franchise fees, acknowledging their courage and civic engagement. Specifically

thanking Steve Yetzer, Bernie Benz, Corine Hartung, Dan Steinhagen, Brad Athens, Nicole Skaro, Charlie Loegering, Ken Gerding and John Short. He referenced the 2025 Waconia Public Schools referendum as an example of a transparent process where voters were given the opportunity to decide on a tax increase, stating that the City should follow the same principle for franchise fees.
He acknowledged that Minnesota law allows city councils to impose taxes or fees by majority vote but reiterated his campaign commitment to smaller property tax increases. He provided historical context on property tax impacts, noting:

- 2023: 14.41% increase (prior to his term)
- 2024: 10.36% increase (prior to his term)
- 2025: 6.8% increase (rate voted on before his term)
- 2026: 4.63% increase (during his term as Mayor)

He stated that these figures demonstrate progress in reducing the tax burden on residents. Mayor Litfin further explained that any franchise fee imposed on utility companies would be passed directly to consumers. He referenced a January 8 advertisement from the Waconia Patriot Center indicating that Xcel Energy will be raising rates by 8.2%, noting that this increase does not include any potential franchise fees.

He emphasized the importance of trust between the City and its residents, stating that transparency is essential to maintaining that trust. He expressed his belief that hidden taxes, such as franchise fees, erode public trust, whereas a public ballot question allows citizens 18 and older to participate equally in the decision-making process and strengthens confidence in local government.

Mayor Litfin also referenced broader state financial concerns, noting that the 2023 Minnesota Legislature increased expenditures by 36% according to the State Management and Budget Office and that the state is facing a structural deficit. He expressed concern over ongoing fraud investigations within state government and the uncertainty surrounding their financial impact.

He then cited multiple resident comments in opposition to franchise fees, including statements from:

- Adam Solseth, who described the idea as “clever but sneaky”
- Nancy Ellis, who warned that once implemented, the fees would be difficult to rescind
- Nancy Henderson, who urged the Council to reconsider adding this revenue source
- Melinda Eckerman, who stated residents should vote on the issue
- Annette Coxall, who emphasized the need to better support senior citizens
- Kristine Notermann, who expressed concern as a fixed-income resident
- Chuck Walerius, who stated he would oppose the proposal even if it were on

the ballot

In closing, Mayor Litfin stated his clear support for placing the issue of franchise fees on the ballot and allowing the community to decide, concluding by thanking the Council and residents for listening.

Council Member Siddons reminded the mayor that he and all council members were present during the franchise fee discussions and were in agreement in moving forward. The Mayor disagreed, stating if the Council came down to $2 or 3 dollars, he might then consider franchise fees and feels there is room in the budget to absorb these fees. Council Member Coleman stated he would like to table this issue to the next Council Meeting, where the Mayor can provide the budget cuts necessary to fund the capital projects. Mayor and Council are in agreement.

Motion was made to add this item to the February 2, 2026, work session to review budget amendments and to include this item at the February 17, 2026, regular meeting for a vote on franchise fees made by Council Member Siddons, seconded by Council Member Coleman.
MOTION CARRIED.

3) Approve Final Plans and Authorization to Bid for the 2026 Downtown Reconstruction Phase 4

Jon Haukaas, Public Services Director, stated that staff is requesting approval of final plans for the Downtown Reconstruction Phase 4 project and authorization to advertise for bids.

Staff has conducted outreach directly to impacted properties, including St. Joseph Church, St. Joseph School, Johnson Funeral Home, and the Old City Hall Apartments, as well as an open house on January 7, 2026. Comments received during this outreach have been incorporated into the plans as much as possible, including coordination of parking areas for the church and school, locations of banner poles to the east end of the block near church and park, and to protect trees along Elm and north side of 2nd Street, and north curb line of 2nd Street moved approximately two feet south to minimize tree impact. Typically, tree root systems are harmed during sidewalk construction and therefore the trees will be replaced by the city under the tree restitution planting programs.

Council Member Grengs questioned the traffic flow and public safety of school bus drop-offs/pickups, as this area has heavy traffic currently. Mr. Saulsbury stated that the street width will function as it does currently but with an increase of sidewalk width from 6-feet to 8-feet. Mayor Litfin stated the school has been adamant about leaving the trees as they are and moving the sidewalk by two feet will encroach on the trees' health. Steve Yetzer stated, 332 West 4th Street, prior council member. This has been discussed numerous times. St. Joseph's Church is not part of the downtown core. Would like to see the sidewalk remain the same at St. Joseph's church.

Motion to table this item to the February 2, 2026, City Council meeting for consideration was made by Council Member Siddons.
Motion failed due to lack of a second.

Jon Haukaas provided the Council with a timeframe of the project, with an approximate construction start on May 4, 2026, and final completed at the end of October.

Motion to adopt Resolution No. 2026-037 authorizing the solicitation of bids for the 2026 Downtown Reconstruction Phase 4 and for staff to provide an alternate bid addendum for future approval for sidewalk widths made by Council Member Grengs seconded by Council Member Coleman
MOTION CARRIED.

4) Authorize Eminent Domain Proceedings for the Property Trunk Highway 5 Phase 2 Corridor Improvement Project

Jon Haukaas, is requesting approval to commence eminent domain proceedings as the Trunk Highway 5 Phase 2 Corridor Improvement Project has been submitted for 60% design layout review, approaching 90% completion, and continues to work toward the final project design. The limits of the project are well-defined, including impacts to adjacent properties. Additional easements and right-of-way have been identified and are necessary in order to complete this project. This project includes federal funds and so any acquisition of property must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The federal funding use also requires the property acquisition to be completed prior to authorizing the final project.

Staff have been working with the affected property owners through good faith negotiations for a voluntary sale of the property and/or easements. Not all agreements are in place. If property owners contest the process or reasonable compensation, the resulting court proceedings can take as long as 12–18 months from initiation to possession. Initiating the process sets the process in motion to create an achievable timeline that allows the City to stay on schedule and maintain federal funding eligibility. Initiation of Eminent Domain proceedings prices risk management for the City and the project, protects the property owners by following the law to ensure legal compliance of any and all acquisitions, and maintains the project schedules.

Motion to adopt Resolution No. 2026-038 authorizing the commencement of eminent domain proceeds for the acquisition of property for the Trunk Highway 5 Phase 2 Corridor Improvement Project made by Council Member Siddons, seconded by Council Member Grengs.
MOTION CARRIED.

5) Special Event Permit Policy Update

Shane Finerane, stated Staff is requesting an update to the Special Event Policy and associated fees. The major change to the policy include the responsibility of notifying

impacted property owners of adjacent street or parking lot closures will now become the responsibility of the City. This was either not happening or happening inconsistently with city policy. Staff will provide a mailed notice to affected properties and applicants will still be required to post signs along the closed routes. Subsequently, the fee schedule has been updated to increase the permit fee from $100 to $350 to reflect the additional expense in mailing and staff time to administer the policies. Also, the fee schedule has been updated to charge a fee of $1 per stall/per event for closure of a public parking lot and $3 per stall per event for closure of a marked on-street parking stall. The fees would be capped at $250 and $500 per event.

Motion to update the Special Event Policy and associated fees made by Council Member Grengs, seconded by Council Member Coleman.
MOTION CARRIED.

10. ITEMS REMOVED FROM CONSENT AGENDA

Mayor Litfin requested Consent Agenda Item 8.7, *Capital Equipment 2026* be pulled as an awareness for residents.

The 2026 Capital Improvement Plan (CIP) identified the replacement of a regenerative Air Sweeper (storm water fund), a 16-foot wing-style mower (general fund), and a gate vale exerciser (water fund). All purchases are required to meet specific bidding requirements, the State Purchasing Program, and Sourcewell. Then the final purchase costs are brought to the Council for approval.

Motion to Adopt Resolution No. 2026-026 Authorizing Staff to Solicit Pricing for 2026 Capital Equipment Acquisitions made by Council Member Siddons, seconded by Council Member Grengs.
MOTION CARRIED.

11. BOARD REPORTS

1) Staff Reports

None.

2) Councilmember Siddons

Nothing to report.

3) Councilmember Coleman

Nothing to report.

4) Councilmember Gleason

Absent.

5) Councilmember Grengs

Nothing to report.

6) Mayor Litfin

Mayor's Report for January 20, 2026:

- On Tuesday, January 6th, I interviewed Mark Anderson for a *Mayor's Minute* about the Waconia Polar Plunge event which will be held on Saturday. February 14th. That fun interview was posted by Jackie last week. Thank you to the hundreds to thousands who are viewing and enjoying the weekly *Mayor's Minutes*.
- On Wednesday, January 7th, one person attended the *Mayor is In* Session. The next *Mayor is In* session will be Wednesday, February 4th. All are welcome.
- On Wednesday, January 7th, we had a handful of people at City Hall for the Open House for the Downtown Reconstruction Phase 4 Project. A very good event. Thanks to Jake Saulsbury and Jon Haukass for facilitating.
- The Mayor's Youth Advisory Council met on Thursday, January 8th. They are working on their Waconia +30 April Challenge Event. They now have a date for their piece of the event. That date is Earth Day – Wednesday, April 22. More on that school-to-school event later.
- Earlier today, our larger group for the Waconia +30 April Challenge / Spring into Health Event met. April should be a lot of fun as all private and public health groups and school and city entities get engaged.

And a warmer thought for everyone on this cold night. Lola's series of runs is set for Saturday, May 2nd. Benefits in part our Gather and Grow Food Shelf. Mike Cofrin from Podium Sports told me that registrations are already up to 488. More than last year at this time.

12. ANNOUNCEMENTS

None.

13. ADJOURN REGULAR MEETING

Motion to adjourn the Council meeting by Council Member Coleman, seconded by Council Member Grengs at 7:30 p.m.
MOTION CARRIED.

WORK SESSION: SPEED LIMIT POLICY

<u>UPCOMING CALENDAR OF EVENTS/MEETINGS:</u>

_____
Tim Litfin, Mayor

ATTEST: _____
Sue Schwalbe, Administrative Specialist