

MINUTES
Regular Meeting of Lake Shore City Council
Monday, September 22, 2025
6:00 PM Lake Shore City Hall

Mayor Andy Stewart called the September 22, 2025, Regular City Council meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

Attendance: Mayor Andy Stewart; Council Members: Wayne Anderson; Darcy Peterson; and Vern Gevik. City Attorney Cody Schmidt; City Engineer Dave Reese; Police Chief Mike Heldt; City Clerk/Administrator Laura Fussy; and Deputy Clerk Kathy Johansen were present. Absent was Council Member Henry Cote. The audience included Nicole Hausmann, Sourcewell; Alex Bitter, City Engineer; and Nancy Vogt, Pine and Lakes Echo Journal Editor. A quorum was present, and the City Council was competent to conduct business.

APPROVAL OF MINUTES

MOTION BY DARCY PETERSON AND SECONDED BY WAYNE ANDERSON TO APPROVE THE AUGUST 25, 2025, REGULAR CITY COUNCIL MEETING MINUTES AS PRESENTED. MOTION PASSED.

MOTION BY WAYNE ANDERSON AND SECONDED BY DARCY PETERSON TO APPROVE THE SEPTEMBER 10, 2025, SPECIAL CITY COUNCIL MEETING MINUTES WITH CORRECTION. MOTION PASSED.

REPORTS

Police Report – Police Chief Mike Heldt

Incident Report – In August 2025 there were 119 incidents in the city. There were 60 traffic-related incidents and 59 were miscellaneous department activity.

August Fire Report – The August Nisswa Fire Department report was included for your review.

Mayor's Report – Andy Stewart – Nothing to report.

Clerk/Treasurer's Report – Kathy Johansen

Financials – MOTION BY WAYNE ANDERSON AND SECONDED BY VERN GEVIK TO APPROVE THE AUGUST FINANCIALS AS PRESENTED (CLAIM NUMBERS 42928 THRU 43001 AND NON-CHECK CLAIMS LISTED TO ATTACHED REPORT – TOTAL \$411,529.04). MOTION PASSED.

Pay Bills – MOTION BY DARCY PETERSON AND SECONDED BY WAYNE ANDERSON TO PAY THE BILLS AS SUBMITTED (CLAIM NUMBERS 42984 THRU 43055; AND CLAIMS 1578 THRU 1594 – TOTAL \$388,208.51). MOTION PASSED.

City Clerk/Administrator – Laury Fussy

Adoption of 2026 Preliminary Levy and Budget –

1. Attached is the draft/working copy of the 2026 budget. The preliminary general levy is up 2.91% at 1,808,573.00 which is approximately \$51,000. The debt levy is at \$159,810.00 for a total levy of \$1,968,383.00 (total levy increase of 2.81%). The overall budget increase is 2.52%.

Please remember the preliminary levy can be reduced but **cannot** be increased. The preliminary levy is due by September 30th to Cass County.

2. The budget has minor changes from last year. Listed below are some of the areas with changes:
 - A 3% cost of living increase for employees is shown for city staff.
 - Health Insurance for employees is up approximately 7% (our premiums are based on age).
 - Election: 2026 is an election year.
 - Audit \$200 increase.
 - Planning and Zoning Contract Labor - \$57,600 (\$60/hr @ 20hrs/week budgeted).
 - Fire - Based on the information from the City of Nisswa, they anticipate a 3.2% increase. The contract is based on property and building values and Lake Shore's share is typically about 32% of the entities served.
3. Roads: The city normally allocates between \$300,000-\$350,000 annually in capital outlay for road improvement projects. After the completion of this year's projects, the balance between all road funds (includes past assessment accounts, small city aid and capital outlay) is anticipated to be approximately \$168,000. Included in the packet is the engineer's update for the CIP (capital improvement plan). The Road Committee is recommending chip sealing Gullwood Rd and Timber Lane, a 1.5 inch overlay of Hidden Lake Rd and Lost Lake Rd and reconstructing Birchwood Hills Road. The chip sealing is a maintenance budget item, and the miscellaneous items would also be considered a maintenance item and taken out of account 43101-310 (\$130,000).
4. Sewer-This year according to the Ehler's financial analysis, the user rate should increase 5% so the quarterly rate will be \$168.83 (staff suggests a rate of \$169.00) per equivalent resident connection (ERC). Andy has provided a list of improvements needed for the wastewater system (attached). We have increased the step station maintenance account as most of them are 30 years old.
5. Monetary Requests (civic contributions). A request from the Initiative Foundation has been made for \$1025.00 (included in the budget). The Food Shelf will also have an annual request along with the historical society.
6. Upcoming items/improvements for council consideration include:
 - Tree Replanting – Interlachen Road. A couple years ago, Kevin Egan approached the council regarding the number of dead/dying trees along Interlachen Road. The city worked in partnership with Cass County to remove the trees. Currently we are working with Sourcewell to see if there are grant options available for replanting.

Laura Fussy referenced the Staff Report for the Adoption of the 2026 Preliminary Levy and Budget noting that the Council decided to move the 1.5 inch overlay work on Lost Lake Road to 2027.

Wayne Anderson mentioned the City building needing repairs and felt the Building Repairs line should be increased.

Vern Gevik questioned if getting new tables would be included in the Building Repairs line.

Mayor Stewart recommended using Capital Outlay to cover purchasing new tables to allow for depreciation.

Wayne Anderson shared that he'd given a list to City Hall indicating several areas of the building in need of repair.

Mayor Stewart suggested the creation of a building committee to start looking at the costs involved in repairing the existing building versus constructing a new building.

Vern Gevik suggested increasing the Building Repairs line to cover repairs that currently need to be addressed.

MOTION BY VERN GEVIK AND SECONDED BY DARCY PETERSON TO ADOPT AND CERTIFY TO CASS COUNTY THE 2026 PRELIMINARY OPERATING LEVY AT \$1,811,573.00 AND CERTIFIED LEVY AND BUDGET AT \$1,971,383.00 WITH A CHANGE IN THE BUILDING REPAIRS FROM \$2,000.00 TO \$5,000.00. MOTION PASSED.

Change December City Council Date and Set Truth and Taxation Date – The City Council will need to set a Truth in Taxation Date for December. The city must certify the levy to the county by December 30, 2025. The regular council meeting falls on December 22nd.

Laura Fussy recommended the Council move the City Council meeting date to December 15, 2025, and set the Truth in Taxation meeting for the same date and time (6 PM).

MOTION BY DARCY PETERSON AND SECONDED BY WAYNE ANDERSON TO CHANGE THE DECEMBER REGULAR COUNCIL MEETING TO DECEMBER 15, 2025 AT 6:00 P.M. AT LAKE SHORE CITY HALL AND SET AND ANNOUNCE THE 2026 TRUTH IN TAXATION HEARING AT THE SAME DATE AND TIME. MOTION PASSED.

Mayor Stewart suggested that at the December meeting the Council set a calendar for the entire upcoming year to allow adjustments for closing the city office due to holidays.

Fee Schedule 2026 Update – Nicole Hausmann – Nicole Hausmann shared that review of the fee schedule is in progress and asked the Council if they would prefer to see a draft before a motion to approve it in January, as there will be modifications going into a tiered structure system. Nicole shared that the City's current fee schedule has flat amounts, and most cities have more of a tiered structure when permitting.

Mayor Stewart suggested the fee schedule draft be reviewed at the November meeting so the Council can approve it in the December meeting.

Vern Gevik questioned fees increasing when using a tiered structure.

Nicole Hausmann explained that there is an option to increase the fees and shared that the City hasn't increased fees for the last couple of years. Nicole Hausmann shared examples of late penalty fee structures used by other cities when someone builds without a permit. Nicole shared that there is language in the ordinance that will be reviewed and get amended at the beginning of next year.

Planning & Zoning Commission – Darcy Peterson – Nothing to report.

August Minutes and Permit Summary

Wastewater/Road Committee – Wayne Anderson –

Pay Estimate #3 – 2025 Road Projects – Alex Bitter mentioned there were some touch up items getting worked on. Substantial completion has been reached. Alex stated he has no concerns with this pay estimate and recommends approval.

MOTION BY WAYNE ANDERSON AND SECONDED BY DARCY PETERSON TO APPROVE THE PAYMENT ESTIMATE #3-IDEAL CONSTRUCTION AS PRESENTED. MOTION PASSED.

Pebble Beach Drainage Study – Dave Reese referenced the public informational presentation held on August 20th. Dave shared that by the end of the presentation it was apparent there would need to be more discussion. Dave mentioned that even with the good information that was provided at the presentation, there are options to talk about and then zeroing in on the solution(s) with respect to the public feedback received at the presentation.

Wayne Anderson mentioned that to go further in discussion regarding Pebble Beach, the determination of who is going to pay for this needs to be done.

Dave Reese shared that they do have some cost estimates on the four options that were discussed at the informational meeting. The Road Committee made a recommendation on two of the four and the feedback received from a few residents in looking at a different approach and a couple of new ideas that weren't talked about in detail. Dave mentioned that the next step might be to explore the costs and options to determine what solutions we're willing to pursue.

Mayor Stewart stated that we may have solutions, but financially, may not be able to do.

Dave Reese agreed that there would need to be a feasible solution from a cost standpoint and is acceptable to the residents at Pebble Beach. Dave suggested that the next step involve more discussion on what alternatives appear to be the best and then take a deeper dive into the cost impact.

Mayor Stewart suggested having the Road Committee stay on top of it and report back.

Dave Reese shared that he believes that the Road Committee wants to share their recommendations with the Council to indicate which two options they would want to pursue. Dave shared that if the Council agrees with one of the Road Committee's recommendations, then more time will be needed to go deeper into that and allow time to get feedback.

Mayor Stewart stated the Council will need an acceptable solution and be able to determine what it will cost and who will be paying for it.

Wastewater Monthly Report – Pequot Lakes – The operations report for September was included for review.

August Minutes – The August minutes were included for review.

Park and Recreation Committee – Henry Cote was absent.

Trail 77 – Laura Fussy shared that the City appraiser is working on easements for the trail.

Vern Gevik inquired into the plan to do the boardwalk this fall.

Dave Reese responded that they are trying to get squared away on sourcing the materials. Dave shared there is a time element involved as the manufacturer needs three months to acquire the materials, three months to build the boardwalk, and the time frame to install the boardwalk is ideally in March or April, so things regarding the boardwalk need to be squared away within the next thirty days.

Personnel – Andy Stewart/Wayne Anderson/Darcy Peterson – Nothing to report.

City Attorney – Gammello - Pearson – Cody Schmidt – Nothing to report.

City Engineer – Widseth – Dave Reese/Alex Bitter – Nothing to report.

OLD BUSINESS – None.

NEW BUSINESS –

Resolution 2025-02 – Enforcement of Land Use/Zoning Ordinance

Nicole Hausmann referenced the City of Lake Shore Enforcement Policy in the packet and stated that Sourcewell recommends that if no formal enforcement policy is in place, then the city should adopt one. Nicole explained that Sourcewell's responsibility with Planning and Zoning in the act of a violation, is to send one letter and if the result of the letter is no compliance, then a second letter is sent and again if no compliance occurs, then a referral is made to the city attorney or to the police department. Nicole referenced the complaint form in the packet and explained to the Council Members that complaints are confidential. Nicole shared that this is a process that Sourcewell would like to get the City of Lake Shore doing so things are done accurately and help track valid violations.

Nicole Hausmann explained the process in reviewing complaints and then next steps taken in an active violation.

Cody Schmidt explained from their perspective there are two ways you can go, with either a criminal violation or potential civil action that can take place. Cody shared the possible scenario of a setback violation and handling it with a civil action as opposed to a criminal violation. Cody Schmidt shared Tom Pearson's recommendation to the Council, that it should be updated to read 'Policy'.

Darcy Peterson mentioned a false reporting fine in the City ordinance and inquired if this information should be on the complaint form to make community members aware of this fine.

Nicole Hausmann agreed to work on adding the false reporting aspect to the form. Nicole stated she will make the updates and then bring the matter to the October meeting.

The Council decided to table a motion on Resolution 2025-02 until October.

ANNOUNCEMENTS/PUBLIC FORUM – No public forum/announcements.

MOTION BY WAYNE ANDERSON AND SECONDED BY DARCY PETERSON TO ADJOURN THE REGULAR CITY COUNCIL MEETING OF SEPTEMBER 22, 2025, AT 6:57 PM. MOTION PASSED.

Transcribed by Kathy Johansen
Lake Shore Deputy Clerk