

**CITY OF MARSHALL
CITY COUNCIL MEETING
M I N U T E S
Tuesday, May 27, 2025**

The regular meeting of the Common Council of the City of Marshall was held May 27, 2025, at City Hall, 344 West Main Street. The meeting was called to order at 5:30 P.M. by Mayor Robert Byrnes. In addition to Byrnes the following members were in attendance: Craig Schafer, See Moua-Leske, James Lozinski, Amanda Schwartz and Amanda Schroeder. Absent: John Alcorn. Staff present included: Sharon Hanson; City Administrator; Pamela Whitmore, City Attorney; Jason Anderson, Director of Public Works/ City Engineer; E.J. Moberg, Director of Administrative Services; Lauren Deutz, EDA Director; Sheila Dubs, Human Resource Manager, Cassi Weiss, Convention and Visitors Bureau Director; Ilya Gutman, and Steven Anderson, City Clerk.

Consider Approval of the Minutes of the Meeting Held on May 13

There were no amendments to the minutes from May 13, 2025.

Motion made by Councilmember Schroeder, Seconded by Councilmember Schafer to approve the minutes as presented. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Tax Abatement and Business Subsidy Request 1) Public Hearing; 2) Consider Tax Abatement Request for Parcel 27 865001-0; 3) Consider Business Subsidy Request

EDA Director Lauren Deutz presented the request from Rebound Partners for a tax abatement request over 10 years. The proposed project was for an 84-room Hilton brand, investor-owned Hampton Inn. The total project costs were estimated to be \$16,150,000 and could potentially create 15-25 new jobs (6-10 full-time equivalents). The property size recommendation of a newly developed hotel was 60-70 guestrooms in the Upper Midscale to Upscale Hotel according to the completed hotel assessment from 2021. Scott Koester of Rebound Partners also gave a short presentation about their desire to build a hotel near the Red Baron Arena and Expo. Mikael Huot of Baker-Tilly provided additional information regarding the tax abatement.

Mitch Grunig, Marshall Public Schools Activities Director, spoke about the need for an additional hotel for events that are hosted in Marshall. Many of the accommodations during events filled up very fast and many families had to find hotels up to an hour away. Cass Weiss, Director of the Convention and Visitors Bureau, also spoke about the need for an additional hotel to help with trying to bring in outside events and conferences into Marshall. Cassi noted that some conferences or events won't even look at a location unless a hotel is next to the venue. Lavern Eick questioned why the Hilton Hotel Group doesn't provide funds to developers to build their hotels; what subordinated debt was; and why were the un-pooled Tax Increment Financing (TIF) funds being considered for Rebound Partners. Moberg provided an explanation of what subordinated debt was and Koester explained that the Hilton Hotel Group was not in the business of building or investing in hotels and used a franchise model similar to restaurants. That way the customer experience was comparable no matter the location. Ryan Stelter, representing the Marshall Amateur Hockey Association, spoke about the need to build an additional hotel and over the past three years many teams have had to find accommodation in the surrounding area. There were missed opportunities for Marshall if an event took place and all of the rooms were full another event would need to happen elsewhere or could not occur altogether.

Councilmember Lozinski questioned how using the unallocated TIF money of \$500,000 would be paid out or if the project did not occur what would happen to those funds. Lozinski also questioned why Rebound Partners didn't consider using an SBA loan. Administrator Hanson addressed the TIF money and that many project in Marshall would not have occurred without assistance. Koester addressed the SBA loan question. Councilmember Schafer added additional clarification on TIF money and where it came from. Councilmember Schroeder mentioned that the EDA was given a similar presentation and had a lot of the same types of questions that council was asking but did end up supporting the project.

Motion made by Councilmember Schafer, Seconded by Councilmember Schroeder to close the public hearing. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Motion made by Councilmember Lozinski, Seconded by Councilmember Schroeder to adopt Resolution 25-045 Approving a Property Tax Abatement for Property identified as Parcel 27-865001-0. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Motion made by Councilmember Schafer, Seconded by Councilmember Schroeder to authorize staff to draft a business subsidy agreement related to the request of Marshall Community RE Fund for the development of a hotel on parcel #27-865001-0 with final terms of the business subsidy agreement contingent on City Council approval. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Approval of the Consent Agenda

There were no requests to remove an item from the consent agenda for additional discussion.

Motion made by Councilmember Lozinski, Seconded by Councilmember Schroeder to approve the items on the consent agenda. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

- Consider Approval of a Tobacco License for Marshall Tobacco Inc.
- Consider Approval of a LG230 Off-Site Gambling Permit for the American Legion
- Consider Approval of a Temporary Liquor License for the Lyon County Ag Society
- Consider Approval for an Outdoor Public Fireworks Display for the Fourth of July Celebration
- Consider Amendments to the 2025 Fee Schedule for Cannabis Business Registration
- Consider the Request of the Marshall Downtown Business Association for Crazy Days (Thursday-July 17, 2025)
- Consider Amendment 2 to Commercial Lease and Fixed Base Operator's Agreement with Southwest Aviation, Inc.
- Introduction of Ordinance Amending Section 86-29 Variances and 8648 Procedures
- Consider Approval of the Bills/Project Payments

Consider Going into Closed Session Pursuant to Minn. Stat., Section 13D.03, to Discuss Strategy for Union Negotiations

Staff recommended that the Council consider a motion to go into closed session pursuant to Minn. Stat. 13D.03, to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals.

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski to move into closed session. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Moua-Leske, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Staff that remained during the close session: Alex Peterson, E.J. Moberg, Sheila Dubs, and Pamela Whitmore.

At 6:45 PM Councilmember Moua-Leske left the meeting when the closed session went back into open meeting.

Consider Approval of the Labor Agreement and Memorandum of Agreement Between the City and AFSCME Council 65

Staff met with the AFSCME union in November and December of 2024, but were unable to reach a settlement. On May 5, 2025, staff and the union met in mediation. Tentative agreement with the union on contract terms for a new three-year agreement (2025-2027) had been reached during the mediation. The general wage increases proposed in the tentative agreement are consistent with the general wage increases approved by the Council for LELS-190, LELS-245, and the non-union employees. Sheila Dubs provided a brief overview of the labor agreement and memorandum of agreement.

Motion made by Councilmember Schafer, Seconded by Councilmember Schwartz to adopt Resolution 25-047 Approving a Labor Agreement and Memorandum of Agreement Between the American Federation of State, County, and Municipal Employees, Council Number 65 and the City of Marshall. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Consider the Request for an Interim Use Permit to have a Reduced Setback for a Garden in an R-1 Low Density Residence District at Four Adjacent Lots

The request for an interim use permit to allow a rain/pollinator garden to extend to the property line in an R-1 Low density residence district was received from two property owners with abutting lots. The proposed garden would be twelve feet wide and centered along the rear property line between four adjacent lots. Section 86-247 (a) (5) required that all vegetable, flower, and pollinator gardens are located at least five feet from the property lines, and this distance is increased to 15 feet on lots with no principal use. Out of the four lots an IUP is asked for, two have houses and two are vacant. The land is naturally low along the rear east-west property line, so both owners want to have a pollinator garden there since the area is frequently flooded and cannot be used in any other way. Section 86-46 (b) allows issuing Interim Use Permits for “any use that is seasonal or temporary in nature,” which a garden would qualify. The Planning Commission and staff added the following conditions: The garden was not to exceed twelve feet in width; the garden shall be maintained in accordance with city ordinance; a minimum five-foot setback from the east and west property lines and the permit would expire for the applicable lot when the property is sold or changes ownership. Councilmember Lozinski wanted the homeowners to be aware of the utility easement and if any work were to occur the garden may be disturbed or dug up. The homeowner was present and acknowledged the easement.

Motion made by Councilmember X, Seconded by Councilmember Schafer to approve the Interim Use Permit for a zero setback for a rain/pollinator garden for parcels 27-711007-0; 27-711008-0; 27-711009-0; and 27-711010-0 with the conditions recommended by the Planning Commission and to also adopt Resolution 25-048 Approving an Interim Use Permit. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Adjust City Cost Participation for Sidewalk Replacement Cost Participation Policy

In 2012, the City began participating in private sidewalk replacement costs under the current policy. The program had been funded with \$10,000 of yearly allocation through the Street Department budget. Under the policy at the time, the City participated in the replacement cost of sidewalk work with a 50/50 cost match up to \$500 of City contribution. The only stipulation was that the work done must be ADA-compliant, a Sidewalk Permit must be acquired at a cost of \$50, and the sidewalk must be parallel to a city street and serve the public. The program was well used as most concrete installers make their clients aware of the program. In 2021, City staff amended the policy increasing the City’s participatory amount to \$750. The 2012 policy reimbursed in a 50/50 manner, regardless of unit price of the work being completed. The 2021 amendments revised City participation by paying \$2.50 per square foot of sidewalk being replaced. By changing the policy to a per square foot model it eliminated the opportunity to over-participate in higher priced work and the city avoided having to debate with a property owner about what the cost of the work should be. Other policy amendments put a limit on how much one beneficiary of the policy may seek in one calendar year to help ensure that funds are available for all who hope to utilize the program. City staff proposed to amend the City’s cost participation from \$2.50 per square foot to \$3.25 per square foot of sidewalk replaced. Costs have increased

significantly in the past four years, and staff believe that it was time to increase our cost participation. Additionally, staff would recommend increasing the maximum participatory amount from \$750 per property to \$1,250 per property.

Motion made by Councilmember Lozinski, Seconded by Councilmember Schafer to approve the proposed revisions to the Sidewalk Replacement Cost Participation Policy to increase the per square foot of sidewalk replacement to \$3.25 and cap the maximum per property amount to \$1,250 and \$3,750 per beneficiary. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Consider Authorization to Submit Application for a MnDOT Airport Fuel System Grant

MnDOT Aeronautics announced a one-time grant opportunity that was dedicated to airport fuel systems. Typically, these fuel systems can be grant-eligible through MnDOT's annual airport capital grant solicitation, but they do not score well against other projects because they are considered "revenue-generating facilities" and less of a priority when compared against airfield pavement. To be eligible for the grant the airport must be owned by a municipality, must be licensed for public use, must be in the State Airport System, and the airport must be zoned or in the process of zoning. Additionally, the grant gave priority to airports based on historical fuel sales. Director Anderson said the one-time grant opportunity for fuel systems was a very good opportunity to replace aging fuel systems at the Southwest Minnesota Regional Airport. The current fueling system was owned and operated by the City's Fixed Base Operator (FBO), Midwest Aviation. The current JetA underground fuel tank is a 15,000-gallon tank that was installed in 1985 and recertified with a 30-year warranty in 1992. The current 100LL tank is a 12,000-gallon tank installed in 1996 with a 30-year warranty. Both tanks are either past their warranty or near warranty expiration. Additionally, the tanks are near the old Arrival/Departure Building and are not in an ideal location. By authorizing City staff to submit for a MnDOT grant, the Council would not be authorizing or approving the project. If the City received a grant award, staff would be required to submit grant request letters to MnDOT to access the funding and would require future City Council action. MnDOT would prefer to see a project occur during the summer of 2026. Councilmember Schafer said the Airport Commission had talked about this item many times and that it made sense for the city to own the fuel pumps when the city owned the land it sat on.

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski to authorize staff to submit a grant application for a MnDOT Airport Fuel System Grant to install new 100LL and JetA fuel tank at the Southwest Minnesota Regional Airport. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Project ST-034: Intersection Control Evaluation (ICE) for Intersection of Susan Drive and US 59 Frontage Road -

Consider Acceptance of the Report

Director Anderson presented the Intersection Control Evaluation for the intersection of Susan Drive and US Highway 59. The report included numerous geometric layouts for the intersection. The general theme of the layouts was a reduction in street area to make the intersection smaller and more easily navigable for both vehicles and pedestrians. Staff believed, and the traffic study confirms, that a reduction in the number of lanes would not reduce the level of service of the intersection. Optional layouts included the following, or variations of the following:

1. Realignment of Susan Drive to make Susan Drive the through street, with the Walmart access (identified as Margaret Avenue in the report) stop controlled and a T-intersection with Susan Drive. The access to Harbor Freight/Marshalls would be moved to the northeast and would align with the D's Thai access from Susan Drive. Also included was a reduction of lane widths, and fewer lanes at the intersection of Susan Drive and US 59/Main Street.
2. Closure of the Walmart access (identified as Margaret Avenue in the report), coupled with a reduction in lane widths throughout, and fewer lanes at the intersection of Susan Drive and US 59/Main Street.
3. A reduction of lane widths throughout, and fewer lanes at the intersection of Susan Drive and US 59/Main Street.

The Public Improvement and Transportation Committee accepted the report but noted option 2 closure of Walmart's access was not an acceptable option. City Council approval of the report would allow staff to work with nearby property owners regarding these proposed improvements, as well as allow staff to seek possible grant funding to complete the work. These reports are often necessary to make significant intersection changes on State Aid routes, and they are also part of successful grant applications. A possible source of future project funding would include Local Road Improvement Program grants.

Motion made by Councilmember Schwartz, Seconded by Councilmember Schroeder to accept the Intersection Control Evaluation Report for the Intersection of Susan Drive and US 59 Frontage Road. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Consider Appointments to Various Boards, Commission, Bureaus, and Authorities

Interviews were held prior to the regular meeting. Mayor Byrnes offered the following appointments:

Tawny Schotzko be re-appointed to the EDA for a second term to end May 31, 2031; and
Jeff Thompson be appointed to the Convention and Visitors Bureau for a partial term to end December 31, 2026.

Motion made by Councilmember Schroeder, Seconded by Councilmember Schwartz to accept and confirm the appointments to the Convention and Visitors Bureau and EDA. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Commission/Board Liaison Reports

Byrnes	No report.
Alcorn	Absent.
Lozinski	MMU continues to search for a new General Manager, interviewees have been reduced and should be occurring soon.
Moua-Leske	No report.
Schafer	No report.
Schroeder	No report.
Schwartz	No report.

City Administrator

No report.

Director of Public Works/City Engineer

No report.

City Attorney

Enforcement action against Schierholz & Associates had been filed with Lyon County District Court at the directive of the City Council.

Information Only

There were no questions about the Information Only items.

Upcoming Meetings

There were no questions or comments about the Upcoming Meetings.

Adjournment

At 7:14 PM Motion made by Councilmember Schwartz, Seconded by Councilmember Schafer to adjourn the meeting. Voting Yea: Mayor Byrnes, Councilmember Lozinski, Councilmember Schafer, Councilmember Schroeder, Councilmember Schwartz. The motion **Carried. 6-0.**

Attest:

City Clerk

Mayor