



## BOARD WORKSHOP MINUTES

### BOARD OF WRIGHT COUNTY COMMISSIONERS

SEPTEMBER 13, 2022

DATE APPROVED: SEPTEMBER 20, 2022

Christine Husom	District 1
Darek Vetsch	District 2
Mark Daleiden	District 3
Mary Wetter	District 4
Michael Kaczmarek	District 5

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**Members Present:** Christine Husom, Darek Vetsch, Mark Daleiden, Mary Wetter, Mike Kaczmarek  
**Others Present:** Lee Kelly, Matthew Fomby, Marc Mattice, Clay Wilfahrt, Greg Kryzer, John Holler, Lindsey Meyer, Alan Wilczek, Hiivala Hiivala, Tim Dahl, Heather Lemieux, Barry Rhineberger, Jacob Wagaman

(Remote) Schawn Johnson, Steve Jobe, Chad Hausmann, Jessi Miller, John Holler, Virgil Hawkins

#### I. Schedule Meetings as Needed

Administrator Lee Kelly had nothing to recommend.

#### II. Budget 2023

Kelly introduced the draft of the budget resolution to be voted on Tuesday, September 20. The draft was as it was left at the end of Monday, August 29. He said the staff had updated the tax impact statement as well as the overall budget page with the levy at 3.89 percent. He said the fund balance of \$2.1 million was added into the budget to bring about the 3.89 percent levy. Commissioner Christine Husom confirmed the budget was being voted on Tuesday, September 20.

Commissioner Mike Kaczmarek said he noted the outside entities or departments had all taken a reduction or were given a reduction in their budget except for the Wright County Economic Development Partnership (EDP) which had its budget increased to \$145,000. Kaczmarek said the EDP received discounted rent. He asked how the EDP had its budget increased when every other entity's budget decreased. Husom said this question was discussed when the board met with the EDP. She said the budget requested was their bottom line. She said the EDP was a large department with a large budget. Commissioner Darek Vetsch said the board could have pushed harder. He said 7 percent of the whole budget was different from 7 percent of the discretionary budget. He said wages were removed from consideration as they were not discretionary. He said of its total budget about \$50,000 of the budget request was considered discretionary. Vetsch said some of the programming could either be removed or diluted. He said the discretionary budget could be decreased by 7 percent or \$3,500 to coincide with the other budgets.

Kaczmarek said the county fair which takes half the money still showed a loss. He said this shows that departments are still going to struggle with or without a reduction to their budgets. He said if he was a department head, he would be concerned that the EDP did not have its budget reduced. Kaczmarek said this should be discussed to be fair and consistent across the board. He said not every department was reduced 7 percent. Husom said some budget items were set and could not be reduced like salaries and benefits.

Commissioner Wetter said since every entity was reduced some it would be fair for the EDP budget to be reduced. Vetsch said EDP's fund balance had grown and it was using its fund balance as were other departments. Commissioner Mark Daleiden asked if the fair board was asked to take a budget cut. Kaczmarek said that it was asked. Kelly said its budget had been reduced.

Assistant Finance Director Heather Lemieux said that the fair board was asked to take a reduction. She asked the board if the request was to have the EDP redo its budget from \$145,000 to \$141,500. Kaczmarek said if there was an average amount that had been cut then maybe that would be fairer. Lemieux said she did not believe there was an average as every department's budgets were different. Kaczmarek asked if there was a consensus. Daleiden said it would be good to talk to EDP Director Jolene Foss prior to reducing the EDP budget. He said he believed \$3,500 was not going to make a huge difference to the EDP's plans. Daleiden said while the budget could not be increased, it could be decreased before the end

of the year. Daleiden said it could be done at a later time. Kelly said the EDP had a staff outing and was not available to attend the meeting. Vetsch said a budget decrease would not change the tax levy as the deduction would be deleted out of the fund balance. He said the deduction would be brought up at the Tuesday, September 20 board meeting.

***RECOMMENDATION: Continue with the budget as planned and talk with EDP Director Jolene Foss about reducing EDP's discretionary budget 7 percent, or \$3,500. The budget would be brought up for vote on Tuesday, September 20.***

### III. Gravel Tax Policy

County Auditor-Treasurer Robert Hiiivala introduced Ordinance 22-2 to discuss the definitions of terms inside the ordinance and to outline how the special reserve fund would be spent. He said that in 1980 the state introduced the depletion tax, allowing counties to assess a tax on aggregate materials removed. He said Wright County adopted the Depletion Tax in 2002. He said in 2009 the state raised the tax to 21.5 cents per cubic yard and 15 cents per ton with 42.5 percent going to the Highway Department, 42.5 percent to the municipalities where the aggregate was mined, and 15 percent to the special reserve fund. He said 5 percent of the total tax has been kept by the county for the administration of the tax. He said that the special reserve fund could be used for reclamation or conservation needs if there were no abandoned pits or quarries in the county. He said this was why it was important to define the terms in the ordinance.

Hiiivala said in Ordinance 22-2 § 111.002 Item 6 "Abandoned Pit" was defined as any pit, deposit, or quarry located on public or tax forfeited property that has not been reclaimed to the applicable standards of the jurisdiction. Vetsch asked Assistant County Attorney Greg Kryzer if the definitions were consistent with the state's definitions. He explained this question as due to being asked about topsoil mining. He said some municipalities did not have pits, but they were mining topsoil. Kryzer said he did not believe topsoil was considered an aggregate material. Hiiivala said Minnesota Statute 298.75 defines the materials that would be subject to the aggregate tax and topsoil was not included.

Hiiivala said privately-owned property could not use the reserve fund for reclamation as that was something that should have been a part of the initial plan when applying for the permit to mine. Vetsch asked about pits that were abandoned or should have been reclaimed but were not. Husom said these were pits that had been grandfathered in. Hiiivala specified these were pits that were in operation before the ordinance. Daleiden said he asked about abandoned pits and gave the example of one on Highway 25. Vetsch said there were pits that cities own that they could apply to use the special reserve funds to reclaim them.

Assistant County Administrator Marc Mattice said in the writing of the ordinance, he had spoken with other counties on their procedures and how they defined "abandoned pits". He said a couple of counties had developed an application process and created a committee to review applications and determine eligibility. He gave an example of a pit once owned by Owner A and then sold to Owner B. He said this pit would not be eligible as it was still privately owned, and the responsibility of the care was on the owner. He said it had been difficult finding an abandoned pit that would be eligible. He said that owners could put applications in for reclamation and environmental projects to bring an area back to its natural state.

Husom said she had seen clean fill used to reclaim sites, so that it may eventually be developed into housing or commercial property. She asked if this was a possibility. Mattice said this was a possibility.

Kaczmarek asked if there was any thought to making this a reimbursement process as opposed to outright dispensing money up front and wishing them well. Mattice said the process was recommended as a reimbursable award. He said if the board accepted the creation of the committee recommended by this ordinance, then an applicant would go before the committee and once approved would go before the county board for approval. He said once the applicant was approved by the board the applicant would then submit invoices and a work progress report to the Finance Department for up to \$10,000 in reimbursements, depending on the amount awarded. Kaczmarek asked about a hypothetical property owner who allowed his pit to fall into disrepair, what would the county do to ensure the pit was cleaned up. Kryzer said there was one pit that the county would be pursuing enforcement action against next year. He said the county would be assessing the property for all the cost of fixing the mess the owner had created and not cleaned up.

Vetsch said the board should set aside a dollar amount of \$10,000 to \$15,000 each year for reclamation help. He said he thought there would be one township or city a year that asked for help and one abandoned mine every few years. He said if no applications were made that money set aside could be transferred to provide environmental improvements.

Hiiivala said Ordinance 22-2 authorized the proposed Aggregate Tax Committee to review applications and make recommendations to the board. Vetsch asked who would be applying. Mattice said it could be any township or government entity. Hiiivala, Vetsch and Mattice discussed what would qualify for environmental reclamation with the example given of a township seeking help to recover from erosion to its roads versus wear and tear of those same roads. Mattice asked if the proposal needed to specify what was eligible and was not eligible for conservation and environmental reclamation projects to be considered by the Aggregate Tax Committee. Vetsch said this was important as there were many projects such as roads which ran along lakes that due to erosion had large amounts of gravel falling into the lakes. Vetsch said he wanted to see what circumstances an opportunity for a matching grant from the county would be.

Hiiivala said the topic talked about was the extent of reclamation. He said the reclamation plan put out by Howard Lake could be detailed. He said the city wanted to put bike paths or walking paths around the water. He said what the board wanted to do was define a minimum dollar amount it could put toward reclamation. He said the proposal recommended a maximum of \$10,000 with a 100 percent match for a \$20,000 total grant.

Vetsch said the fund balance was more than \$400,000 and had grown by more than \$10,000 a year. Vetsch said the committee would be lucky to get two applicants a year based on the parameters. He suggested raising the maximum to \$15,000 per applicant with the match. He was concerned \$20,000 would not be enough. Mattice said the match could be labor and equipment or cash. Hiiivala said the maximum would be changed to \$30,000 per project with the base at \$15,000.

Kaczmarek said the county needed to have enough money to cover the amount if everyone who was eligible took what they were eligible for. He said the county knew the time frame when applications were available. He said the county needed to ensure it had the right dollar amount of reserves on hand.

Daleiden asked how many active pits were in the county and how many had not been closed. Vetsch said he believed the number was 34 to 40. Planning and Zoning Administrator Barry Rhineberger said he was unsure of the number but had a spreadsheet that showed the locations and numbers. Hiiivala said he had reached out to different jurisdictions that did their own zoning and asked them to identify pits and whether they were active or inactive. He said he wanted to know what kind of reclamation plan they required when they were issuing mining permits. Daleiden said having that information would help make a better decision on how many pits there were and how many needed to be reclaimed. Vetsch said when someone went to get a mining permit, they were required to have a reclamation plan. He said the fund balance money was for an emergency and not to cover private owners. He gave the example of an owner running a mine for 20 years. After all that time the land was worthless, and the owner stopped paying taxes and walked away. That mine was now the county's problem and the county could apply to use emergency funds to fix the problem. He also said if the owner was done with the land the county could apply to use it if it was city, county or township-owned land or tax forfeited. Vetsch said the more than 30 pits active in Wright County were not a liability to the fund balance if they did not become tax forfeited which was unlikely.

Mattice said most of the active pits are bonded and have reclamation plans attached to them. Vetsch mentioned Silver Creek Township. He said it costs Silver Creek about \$16,000 every few years to reclaim a portion of their pits. The township could apply for the grant and Wright County's portion would be \$8,000. Vetsch said this was not on an annual basis. He said this could allow some much-needed environmental projects get done that would have ongoing benefits.

Hiiivala said the proposal was for a committee to handle applications and make recommendations which would then be returned to the board for a vote.

Daleiden asked about importers, companies bringing in aggregates from outside the county and stockpiling in the county. He asked specifically if the importing company was taxed on the imported material. Hiiivala said the county could not double tax the product. Daleiden asked if the importers were supposed to share their importing activities with the county. Kryzer said the problem was that all questionable activity had to be proved which would involve a lot of staff time. He said the county's best bet was to set up a situation where the gravel pits policed themselves. He said reports needed to be

publicized, letting the companies who paid their fees to the county know the companies that did not, but should have. Vetsch said crushed concrete was not taxable.

Kaczmarek asked that with all the records haulers or pit owners were required to have available, what would trigger a pit audit? Hiivala said that the county would send out an audit compliance questionnaire randomly asking for supporting documents and assessing fines as warranted. Kaczmarek said that as word spread among the aggregate companies, they would be more careful to ensure the rules were being followed. He asked when the new committee would be addressed. Mattice said at this meeting it was a suggestion. The board would recommend the members. Kaczmarek asked who the “department” in the recommendation was. He said he would be interested in joining this committee. Hiivala said he were considering changing “department” possibly to “designee”.

Mattice said the administration would clean up the document and re-present it to the board for a vote. Vetsch said having a township resident on the committee could create a conflict of interest as they would potentially be voting on their own requests. Kryzer said the committee would only be able to make recommendations. Final approval stayed with the board. Husom said going forward the board could appoint people temporarily until 2023 when it would be officially listed as a committee. Daleiden said cities and townships needed to be asked to apply for help. Kryzer said this could wait until next year so the new county board could vote on it.

Husom asked if there was consensus to adopt the ordinance. Vetsch asked if there would be a public hearing. Mattice said a public hearing could be held in October. Consensus was to move forward with the process and hold a public hearing.

***RECOMMENDATION: The consensus was to move forward with the process and schedule a public hearing.***

#### **IV. Fair Audit**

Hiivala said the requested audit allowed him to look hard at what the county board wanted information on while he gave the fair board feedback. He said he looked at internal controls, and legal compliance, and he followed agreed-upon procedures by the state auditors on small entities. He looked at board minutes and conflicts of interest. He said the fair board is a quasi-governmental entity; he had the fair board take the same oath as the Wright County Board to ensure it is following rules of conflicts of interest. His intent was to look for actual numbers used for the 2021 fair. He said he appreciated the fair boards use of QuickBooks as it made analyzing the financial data easier. He sampled 10 dispersals and found the fair board had adequate support for every expenditure including payroll. He looked at the revenue and receipts of revenue and found them to all be supported. He said regarding the legal compliance, since he was there on site this year, he was looking at the controls in place. He observed how the fair handled ticket sales, which is the largest point of contact between the fair and the public. He said the fair sells gate admissions, parking, and beer. Hiivala said he observed the money collection procedure at the end of the night and watched how the fair board used the reconciliation spreadsheets. There are internal controls, they are not written but are implied and that is what Hiivala tested. He said nothing amiss was found in the audit. While doing legal compliance he discovered that at the end of the night the fair board deposited too much money in the bank and therefore was under-collateralized. He said the bank had caught this and had pledged the collateral. Hiivala told the fair board that it was its job to ensure the deposit was collateralized, and the board has added that to a procedure going forward.

Hiivala said the major source of revenue is people registering for the fair as a vendor. The vendors will store items at the fairgrounds when the fair is not going on. He said the biggest moving part is taking the ticket sales. There is a safe on-site with armed guards. He made the recommendation to take the extra cash on hand daily and deposit it in the bank. He said he was there when this was presented to the board, and they balked at it. He recommended the board to limit the amount of cash it had on hand. He said for seasonal income he recommended including that amount in the minutes. Hiivala had been shown by the individual in charge of the storage on a presentation that listed every building and who was renting the space. He recommended presenting this information to the fair board and making it a part of the minutes. Vetsch asked what would happen to the information if that individual in charge of the storage on site was to leave the board and it had not been made a part of the minutes. Hiivala said there is a charge committee led by the individual. He said there are signed contracts. The best practice would be to make all the information a part of the board minutes. Husom said it was curious how the county owned the property, but the fair board received the money for the rental of the storage. Hiivala said while he did not ask the question but did say that as stewards of the property it was the fair boards responsibility to make the best use of the property on the county board’s behalf. Wetter said that technically the dairy building was built by

people in the dairy community who gave money to build that building. She said there are other buildings that the fair board built. Husom said there was a question about the leasing of space, are there some parts of the property that are being leased out. Hiiivala asked if she meant off season, then yes, the fair board had done that in the past. He said the fair board was actively looking to get more events during the fairground off season. He said the fair board was using the storage but didn't want to have to move all the equipment out of it. Husom asked if there was a farmer paying rent for the property the county owned. Hiiivala said where the mud races were located was a field that was being planted by a local farmer. He said as long as the farmer maintained the property and removed the crops by the time the fair began, he could use it per his agreement with the fair board. Husom confirmed with Hiiivala the field was rented for free. Kaczmarek said the value of the crop is not what it used to be. Depending on if it was a dry year, farmers were getting little value for their crops. He said that in the proposal, Page 3, Number 9 said the county could have the assessor look at the land and determine what the actual use of that property was. Hiiivala said the county did pay the tax on the fairgrounds, per the assessor's office it is eligible to apply for tax exemption. Vetsch said the tax was an inconsequential amount of money and the board paid the tax to itself. Hiiivala said the fair board was not concerned about the taxes. Vetsch said the money paid was a donation to the local school board. Husom said the fair board went from three checking accounts to two checking accounts and two savings accounts. Hiiivala said the fair board did move a checking account to Bank West when the previous bank changed ownership. He said it was a small board, but some things were needed to improve. He said the treasurer and secretary can sign checks. He recommended a third member not involved in the issuance of checks to take the time to look at the bank statements.

Wetter asked about insurance and liability since the county owned the land. She asked if someone fell off the ferris wheel was the county liable? Hiiivala referred to Risk Manager Tim Dahl. Dahl said the fair board had insurance through Minnesota Counties Intergovernmental Trust (MCIT) with exclusions. Dahl was working with the fair so the county and Agricultural Society could know who was covered, when and how. He said there was no time when the county could not be sued. He said being sued did not mean the county was liable, but as the property owner the county had exclusive control over the lease. Vetsch asked if it was subject to tort benefits. Dahl said it was subject to loss. Kryzer said if the fair was bankrupt the county was left holding the bag. Dahl said the county was working on getting certificates of insurance and ultimately, he was working on updating the lease. Hiiivala said the fair did have spectator insurance and insurance to cover the employees who drove Gators around.

Kaczmarek asked about investment opportunities. Hiiivala identified an opportunity to invest the fund balance. He encouraged the fair board to work with a broker, he believed it could get 3.5 percent interest for nine months. Kaczmarek asked, with the board changing at the beginning of the year, when a good time was to follow up on the recommendations he addressed. Hiiivala said the county needed to direct him to return. Husom said it would be good to follow-up with the board. Hiiivala and Husom discussed the breakout of different sales events and the events that brought people in.

***RECOMMENDATION: To follow-up to on recommendations made during the audit.***

#### **V. Compost Facility Auction Update**

Kelly provided a rundown of the items listed at auction or being listed at auction in the near future. Included were items listed on publicsurplus.com which had been used for the past few years. He said he had seen some good results of things being sold which allowed him to take a look around campus to determine if things were still needed or could be sold. Wetter said she had brought the subject up due to the skid steer being sold without a replacement for staff to use. She also said the loader from the Highway Department was in need of work to make it more serviceable. Mattice said anyone who had a stake in the process had gone to the compost facility to walk through and discuss the equipment. He said the skid steer was identified by staff as not being used often enough to maintain. He said it was mostly used as a broom and the Highway Department had a much better option for sweeping. He said the loader did need some repairs. He said the loader was in decent shape. Mattice said the staff had been spoken to. Wetter said she did not want to see any staff hurt because of lack of proper gear. Mattice said the staff knew they could borrow items from the Highway Department. Mattice said the county had received \$26,000 for the items auctioned so far. He said there were still items available for auction and some items that were still needing to go up for auction.

Kaczmarek said he was not sure the chain of command was followed in complaining about equipment and wondered why someone would throw a wrench into the process. Mattice said the person may not have been in the room, but the supervisors were when the equipment was discussed. Kaczmarek asked about the truck scale. Mattice said it was sold if the buyer came to pick it up. Kaczmarek asked what was in the bins listed for auction. Mattice said they are roll off bins of varying condition and the bins were not full. Daleiden asked about the hole left by the truck scale. Mattice said it would be filled in with gravel and cones put around it so it would not be an obstruction.

*The meeting adjourned at 10:11 a.m.*

*County Board Workshop Minutes submitted by Philip Hodges, Administration Specialist.*