

**Red Wing Port Authority Board
Special Meeting
City Council Chambers
August 5, 2025**

Members Present: Port Authority Board President Paul Reding; Port Authority Commissioners Jay Wardle, Wylie Wilson, and Thomas Drazkowski

Members Absent: Commissioners Donald Kliewer, Kim Beise, and Beth Flattum

Others Present: Kyle Klatt, Community Development Director / Port Authority Executive Director; Shari Chorney, Port Authority Manager / Staff Liaison

1. Call to Order

Port Authority Board President Reding called the meeting to order at 7:31 a.m.

2. Pledge of Allegiance

President Reding led the recitation of the Pledge of Allegiance.

3. Roll Call

Roll call was conducted. President Reding and Commissioners Wardle, Wilson, and Drazkowski were in attendance.

4. Approval of Agenda

President Reding requested a change to the discussion order of the agenda. A motion was made by Commissioner Drazkowski, seconded by Commissioner Wardle and unanimously carried, to approve the agenda as discussed.

5. Approval of Minutes

A. Motion to Approve the June 10, 2025, Port Authority Special Meeting Minutes.

President Reding requested a correction to the minutes under Item 9A:

*A motion was made by Commissioner Wilson, seconded by Commissioner Wardle, to approve the April 2025 Balance Sheet and Budget Report. President Reding requested clarification of how loan information is documented. Manager Chorney and Director Klatt provided information in this regard. Following discussion a vote was conducted, and the motion carried **unanimously by a vote of 5:1, with President Reding dissenting.***

A motion was made by Commissioner Wardle, seconded by Commissioner Wilson and unanimously carried, to approve the minutes as amended.

6. Public Comment

There was no public comment.

7. Public Hearing

There were no public hearings.

8. Communication Items

This portion of the agenda was discussed following discussion of Item 9.

A. Executive Director's Report.

Director Klatt and Manager Chorney highlighted topics from the report:

- Director Klatt referenced City ordinances pertaining to retail cannabis businesses. He reviewed the retail cannabis business application process, noting that three applications were received. He stated that the City Council will take action regarding the licensing process on August 11. He discussed State regulations affecting the Prairie Island Indian Community related to retail cannabis operations.
- Downtown redevelopment project updates were provided. Director Klatt noted that the Historic Preservation Commission will be taking action on several design review applications.
- Preparations for a housing summit were discussed.
- A Quiet Zone update was provided.
- The Downtown Main Street revitalization grant program was discussed.
- An update was provided regarding the former Jefferson School site. Director Klatt noted that no proposals were received during a recent RFP process that was conducted by the Red Wing School Board. He suggested further discussion by the Finance Committee related to potential Port Authority involvement at this point. Commissioner Wilson suggested meeting with School Board representatives.
- Manager Chorney provided an update regarding the environmental review process for the mooring cluster project and the Red Wing Grain improvement project. She expressed appreciation for the assistance that has been provided by Federal employees.
- Manager Chorney provided an Upper Harbor bulkhead infrastructure update.
- Manager Chorney reported that the Port of Red Wing is now listed by the Waterborne Commerce Statistics Center as a recognized port.
- Manager Chorney discussed a recent meeting of the Upper Mississippi Waterway Board. Commissioner Wilson provided additional information regarding the organization and discussed recreational boat traffic through Lock and Dam No. 3.
- It was noted that Director Klatt and Manager Chorney will be attending an upcoming meeting of the Minnesota Ports Association. Manager Chorney reported that she is the current President of this group.
- Commissioner Wilson requested clarification of the setbacks on the Upper Harbor bulkhead. Manager Chorney indicated that she will research this information.

B. Committee Reports.

A Finance Committee update was provided.

C. Discussion Items.

There were no other discussion items.

9. Motions and General Business

This portion of the agenda was discussed following discussion of Item 7.

A. Motion to Approve May and June 2025 Balance Sheet and Budget Report.

Director Klatt reported that the issue with one of the loans not being tracked properly in the financial statements has now been addressed in the June statements.

A motion was made by Commissioner Wardle, seconded by Commissioner Wilson and unanimously carried, to approve the May 2025 Balance Sheet and Budget Report.

A motion was made by Commissioner Wilson, seconded by Commissioner Wardle and unanimously carried, to accept the June 2025 Balance Sheet and Budget Report.

B. Motion to Approve a \$150,000 Loan to Falk Auto Body, Contingent on Bank Financing.

Manager Chorney provided background information. She discussed a major business relocation and expansion project. She detailed a recommendation from the Finance Committee to approve a \$150,000 loan from the Port Authority Intermediary Lending Program Fund. She reviewed the terms of the loan. She stated that the Port Authority loan funds, if approved, would count toward the 25% owner equity requirement for the First Farmers & Merchants Bank financing. Mike Albers, owner of Falk Auto Body, provided additional information regarding the project.

A motion was made by Commissioner Wilson, seconded by Commissioner Wardle, to approve a \$150,000 loan to Falk Auto Body, contingent on bank financing. Manager Chorney expressed appreciation to the owners of Falk Auto Body for expanding their business in Red Wing. Following discussion a vote was conducted, and the motion carried unanimously.

C. Preliminary 2026 Port Authority Tax Levy and Budget: Consider Motion to Approve Resolution No. 344 (Preliminary Tax Levy) and Resolution No. 345 (Preliminary Budget).

Director Klatt provided background information. He stated that the Port Authority is required to submit a preliminary 2026 budget and a preliminary 2026 tax levy to the City Council for action in September.

Director Klatt noted that there would be opportunity for the Port Authority Board to discuss the 2026 preliminary budget and tax levy during the September Port Authority Board meeting, if there are questions or if more discussion is desired.

Director Klatt provided historical background information regarding the tax levy. He referenced market value estimates and recommended a target increase of 3.5%. He noted that the final tax levy can be lowered but cannot be increased from the preliminary percentage.

Director Klatt highlighted changes in the 2026 operating budget from the 2025 operating budget. He noted that the 2026 budget reflects an approximately 2% increase in the overall budget, primarily related to personnel and administrative expenses. He discussed the budgeting and tracking processes for capital projects. He discussed the Port Authority fund balance.

Director Klatt reported that a \$50,000 transfer from the Port to the City is planned in 2026, to be allocated to the Downtown Investment Fund. He noted that the City Council is planning to match these funds with a \$50,000 allocation in 2026. He stated that this fund, which helps support redevelopment projects, has a current balance of approximately \$400,000.

Director Klatt also referenced the Redevelopment Stimulus Fund, which helps fund Port Authority activities, including land acquisition and business assistance. He recommended a \$50,000 budget allocation to the Contract Services Fund and described how these funds are utilized, including funding of the Sign, Awning, and Facade grant program and consultant contracts.

Director Klatt discussed the miscellaneous revenue budget line item and recommended a conservative amount in 2026. He discussed the marketing budget and discussed how these funds are utilized. He discussed the building maintenance and repairs budget, noting that these funds are also utilized toward dredging activities.

A motion was made by Commissioner Wardle, seconded by Commissioner Drazkowski, to adopt Resolution No. 344, approving the 2026 preliminary tax levy. Commissioner Wardle expressed agreement with the target tax levy increase that has been recommended by staff. President Reding expressed appreciation for the information that was provided. Following discussion a roll call vote was conducted. Upon call of the roll, Commissioners Drazkowski, Wardle, Wilson, and Reding voted aye; no nay. Four ayes; no nays; motion carried.

A motion was made by Commissioner Wardle, seconded by Commissioner Wilson, to adopt Resolution No. 345, approving a preliminary Port Authority Budget for 2026. Upon call of the roll, Commissioners Wilson, Reding, Drazkowski, and Wardle voted aye; no nay. Four ayes; no nays; motion carried.

D. Motion to Approve an Amendment to the Port Authority Bylaws to Allow Non-Residents of the City of Red Wing to Serve on Committees.

Director Klatt referenced past Port Authority Board discussion of the appointment process for subcommittees. He reviewed a proposed amendment to the Red Wing Port Authority Bylaws to allow non-residents to serve on committees. He stated that staff recommends that the Port Authority Board approve non-resident committee appointments that are recommended by the Port Authority Board President. President Reding provided additional background information and rationale for the proposed Bylaws amendment, noting that this proposal originated from past discussion of marketing committee membership. He expressed appreciation for the research that was conducted by Port Authority staff. Commissioner Wilson spoke in support of the amendment and referenced non-resident members of the Harbor Committee. Director Klatt noted that two weeks notice of the proposed change was provided to members of the Port Authority Board, as required by the Port Authority Bylaws.

A motion was made by Commissioner Wardle, seconded by Commissioner Wilson and unanimously carried, to approve an amendment to the Port Authority Bylaws to allow non-residents of the city of Red Wing to serve on committees.

E. Consider Motion to Approve Amendments to the West End Business Assistance Program to Expand the Eligible Project Area to Include the Pottery District.

Manager Chorney provided background information regarding the West End Business Assistance Program and referenced the current project area. She discussed matching requirements for funding. President Reding summarized recent discussion of expanding the eligible project area. He suggested consideration of expanding the project area all the way out to Bench Street. Director Klatt commented that the program was originally targeted around the area of the former Bauer Built property. It was stated that the program has been active since 2021. Director Klatt provided rationale for expanding the eligible project area to assist West End area businesses.

A motion was made by Commissioner Wilson to approve amendments to the West End Business Assistance Program to expand the eligible project area all the way to Bench Street. The motion was seconded by Commissioner Drazkowski. The proposed eligible project area was clarified, and the goals of the program were discussed. Following discussion a vote was conducted, and the motion carried unanimously.

F. Motion to Approve an Amendment to the Sign, Awning, and Facade Program Requiring Two Bids for Proposed Work.

President Reding provided background information and referenced recent changes to the program.

Manager Chorney stated that the amendment would require applicants to obtain two bids for the proposed work. She summarized recent program applications.

A motion was made by Commissioner Wilson, seconded by Commissioner Drazkowski, to approve an amendment to the Sign, Awning, and Facade Program that would require two bids for the proposed work. A voice vote was conducted, and the motion carried unanimously.

G. Organizational Improvement Actions Update: Work Plan Revisions, Freedom Scale Discussion, SORTIES for One Page Planning and Delegation, and Future Workshop Topics.

Director Klatt referenced discussion during a past workshop and provided updates regarding the ongoing work with Koliso related to organizational improvements.

Director Klatt summarized the expected outcomes of this work:

- 1) Aligning goals and priorities.
- 2) Clarifying roles and responsibilities.
- 3) Defining success metrics and indicators to track progress.
- 4) Improving processes and leveraging technology.
- 5) Enhancing public engagement, communication, and finding opportunities for improvement.

Director Klatt highlighted actionable items from the Port Authority Strategic Plan and discussed how this plan is used as a working document. He requested that the Port Authority Board consider an amendment to the Port Authority Strategic Plan to bring it more in line with the organizational process updates. He reviewed a tracking mechanism and recommended that staff provide quarterly updates to the Port Authority Board. Commissioner Drazkowski recommended including monthly updates in the staff report. Commissioner Wardle recommended a change to the color coding system that would help to indicate progress since the previous month's report.

Director Klatt discussed the use of a communication and decision-making model and provided examples.

Director Klatt described the use of a Freedom Scale tool, discussed how this exercise will aid the decision-making process, and provided examples. President Reding referenced the relative autonomy of the Port Authority compared with other City boards and commissions and provided suggestions relating to community engagement. Director Klatt and Manager Chorney recommended additional conversation pertaining to outreach activities and communication between the Port Authority Board and Port Authority staff.

Commissioner Drazkowski recommended more Port Authority Board involvement related to clarifying and approving budget line items.

Director Klatt suggested scheduling a workshop in September or October, with topics of discussion to include the 2026 Work Plan, potential 2026 budget revisions, and further review of organizational roles and responsibilities.

A motion was made by Commissioner Wilson, seconded by Commissioner Drazkowski and unanimously carried, to adopt the revised Port Authority Strategic Plan as discussed.

10. Adjournment

A motion was made by Commissioner Wilson, seconded by Commissioner Drazkowski and unanimously carried, to adjourn the meeting. The meeting adjourned at 9:10 a.m.

ATTEST:


Shari Chorney, Secretary