

**October 26, 2023  
Special City Council Meeting  
Jackson, Minnesota**

**The Jackson City Council met in Special Session in the Council Chambers of City Hall and also by Teleconference and Zoom at 5:30 p.m. on Wednesday, October 26, 2023 with the meeting called to order by Mayor Marcus Polz. On the roll call, the following persons were present in-person, Mayor Marcus Polz, Alderwoman Sara Mix and Aldermen Mark Titus, Chris Naumann, Brandon Finck, Nathan Peterson and Joe Pell. Also attending in-person were City Administrator Matt Skaret, City Attorney Brad Anderson, Community and Business Development Specialist Dave Schmidt of Community and Economic Development Associates (CEDA), City Clerk/Council Secretary Dave Maschoff and Justin Lessman of the Jackson County Pilot. Attending the meeting via Zoom was Joseph Langel. (All Councilmembers were present.) (A quorum of the City Council was present.)**

**CALL THE MEETING TO ORDER**

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Mayor Polz called the special meeting of the Jackson City Council to order. He said the roll call showed all Councilmembers were present.

**Council Discussion Items**

**CLOSED SESSION PURSUANT TO MINNESOTA STATUTES CHAPTER 13D.05 SUBD. 3(b) FOR ATTORNEY-CLIENT PRIVILEGE**

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Mayor Polz asked for a motion for the City Council to go into closed session.

**PETERSON/TITUS moved and it was unanimously carried for the City Council to go into Closed Session pursuant to Minnesota Statutes Chapter 13D.05 Subd. 3(b) for the Attorney-Client Privilege at 5:32 p.m.**

**COMING OUT OF CLOSED SESSION AND RETURNING TO OPEN SESSION**

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**MIX/PETERSON moved and it was unanimously carried for the City Council to come out of Closed Session at 6:18 p.m.**

## **LITTLE HUSKIES DAYCARE FUNDING**

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City Administrator Matt Skaret explained Little Huskies Daycare needs more money. He noted back in August, the City Council approved a \$30,000 loan from the City's Revolving Loan Fund for 90 days at an 8.25 percent interest rate with the City being the take-out. He said on August 24<sup>th</sup>, there were emails circulating by the then-director of Little Huskies that she was going to resign and close the Daycare Center the next day. Skaret said there was an emergency board meeting that allowed the City's Finance Committee members to be on the Little Huskies Board of Directors serving in their individual capacities. He said once that had taken place, then the property owners of the Little Huskies property would then work with the new Little Huskies Board.

Skaret said during the last two months, the Little Huskies Board members have discovered a lot of surprises with the finances such as unpaid taxes, unpaid bills, upkeep on the building that hadn't been done and so forth. He said it was also discovered there had been inconsistencies in policies between the Little Huskies Employee Handbook and what was actually being practiced. Skaret said basically there are two quarters of unemployment taxes totaling around \$20,000 that need to be paid and second-half property taxes that need to be paid. He said there was also a need to take out an emergency \$10,000 loan earlier this week just to meet payroll.

Skaret said there's about \$34,000 in obligations right now that need to be met and currently don't have funding for. He said Economic Coordinator Dave Schmidt had done a lot of work in digging through the Little Huskies finances. Skaret said there's a spreadsheet of the revenues and expenses going back to January of 2023. He said basically right now the tuition at Little Huskies is supporting the payroll.

Peterson said there are currently 45 families paying \$15,000 for every two weeks which is a monthly income of \$31,200. He said the expenses are \$33,000 which puts Little Huskies at a deficient of \$1,292 a month. Peterson said in January, there will be eight infants coming to Little Huskies each bringing in \$190 a week. He said that should bring Little Huskies an over \$3,000 increase in monthly revenue.

Peterson said there's currently four three-year olds and Little Huskies can accommodate up to 23. He said the situation at Little Huskies was uncertain, there a lot of parents that pulled out of the three-and-four-year-old room and went up to the daycare at the school so that's when tuition went down.

Peterson said by February, Little Huskies should be at break-even financially after all the bills that were unknown are caught up.

Mayor Polz asked if it's anticipated that Little Huskies will become profitable after February.

Peterson said yes. He said that's assuming everything stays the same and there's no surprises. Peterson said the Little Huskies lease on the building is in effect until June 1<sup>st</sup>, 2024. Peterson said the future looks bright if the City can help Little Huskies get over this hump.

Skaret said the future looks bright if the City can obtain ownership of the Little Huskies building and get the building expense off the books of Little Huskies. He said the City would need to bear the building expense but the Little Huskies Daycare Center can operate profitably or at least break even.

Finck said keeping the Little Huskies Daycare is extremely important for the economic growth of the City. He said child daycare is a critical amenity. Finck said the City needs to figure out how to support the Little Huskies Daycare until June to allow Peterson, Skaret and Titus to work through the equations of operating Little Huskies.

Peterson said the previous operators of Little Huskies, Chad and Amanda Benda, have been helpful and great to work with.

Economic Coordinator Dave Schmidt said sources of funding for the City to purchase the Little Huskies Building are still on the table. He said grant funding may be available through SWIF (Southwest Minnesota Initiative Foundation), First Children and USDA for child daycare.

Naumann asked if the City has reached out to private businesses and industries to help with the Little Huskies Daycare since daycare will benefit them.

Mix said if the City is going to be this involved in the Little Huskies Daycare, why don't the City just operate it as a City entity. She noted the City operates a Liquor Store.

Naumann said he would agree with Mix to operate it as a City entity instead of appropriating money to a private daycare entity.

Finck said whether the City assists Little Huskies financially or it's a City entity, the Little Huskies Daycare needs to be operated by a board that reports back to the City Council. He said it needs to be a board run entity. Finck said once things are figured out, then the board could ask for donations or assistance from businesses.

Mayor Polz said the daycare in Luverne has run into similar challenges and is being assisted by the City.

Mix noted there's a State agency that can assist the City with building information and help guide the City regarding any changes that may want to be made at Little Huskies.

Finck suggested the City Council approving a pool of \$60,000 to help Little Huskies to operate through the end of the year and do some further research on philosophically what it's going to take to own it, what the organizational structure should look like and a business plan. He said the pool of \$60,000 would be allocated as needed when Little Huskies requests assistance from the City.

**FINCK/TITUS moved and it was carried for the City to increase the loan note to the Little Huskies Daycare by \$60,000 with all loan draws coming back to the City Council for to be approved just as in the past and by January 1, 2024, the expectation is for Little Huskies to have a full business plan including cash flow projections assembled as well as having conversations with the major employers in Jackson and also authorizing a \$40,000 draw now from the note.**

**Voting in favor of the motion was Alderwoman Sara Mix, Alderman Mark Titus, Alderman Chris Naumann, Alderman Brandon Finck and Alderman Joe Pell.**

**Alderman Nathan Peterson abstained.**

Peterson said the staff and management at Little Huskies have been great through this whole process.

Peterson said he wants to thank the City for their assistance in keeping the Little Huskies Daycare operating.

Mix thanked City Staff for all the work regarding Little Huskies.

Finck also thanked the City for stabilizing operations at Little Huskies.

**ADJOURNMENT**

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With no further business, Mayor Polz asked for a motion to adjourn the meeting.

**PETERSON/PELL moved and it was unanimously carried to adjourn the Special Meeting of the Jackson City Council at 6:48 p.m.**

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**David A. Maschoff, Council Secretary**

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**Marcus Polz, Mayor**

