

**St. Joseph City Council**  
**February 17, 2026**  
**6:00 PM**

**Join Zoom Meeting**

<https://us06web.zoom.us/j/85934223635?pwd=RMIMCTMUqxytpabmBOo1mPCNn1zvdh.1>

**Meeting ID: 859 3422 3635      Passcode: 638989**

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1.      6:00 PM      Call to order - Pledge of Allegiance
  
2.      Public Comments *Up to 3 speakers will be allowed for up to 3 minutes each to address the council with questions/concerns/comments (**regarding an item NOT on the agenda**). No Council response or action will be given/taken other than possible referral to Administration.*
  
3.      Approve Agenda
  
4.      Consent Agenda
  - a.      Minutes – **Requested Action:** Approve the minutes of February 2, 2026.
  - b.      Bills Payable – **Requested Action:** Approve Check Numbers 63434-63481; ACH Accounts Payable #2400890-2400917; Payroll & Accounts Payable EFT #3960-3964 and Regular Payroll 3.
  - c.      Financial Report – Requested Action: Approve the January financial report as presented.
  - d.      Small Cities Development Program Plans, Policies, and Procedures Resolution – **Requested Action:** Approve Resolution 2026-012 Accepting SCDP plans, policies and procedures through the Central MN Housing Partnership.
  - e.      Approval of on-sale liquor license, Shortstop/Rolling Ridge – **Requested Action:** Approve the on-sale and special Sunday liquor license submitted by Short Stop Restaurants for operations at Rolling Ridge Wedding & Event Center.
  - f.      Accept Resignation and Authorize Hire – **Requested Action:** Accept the resignation of Recreation Director, Rhonda Juell, effective April 6, 2026, and authorize the hiring process to fill the vacancy.
  
5.      Department Reports
  
6.      Mayor and Council Reports/Updates
  
7.      Adjourn

Pursuant to due call and notice thereof, the City Council for the City of St. Joseph met in regular session on Monday, February 2, 2026, at 6:00PM in the St. Joseph Government Center.

Members Present: Mayor Adam Scepianiak, Councilmembers Adam Schnettler, Andrew Mooney, Kevin Kluesner, Kelly Beniek

City Representatives Present: City Administrator David Murphy, Finance Director Lori Bartlett, Public Works Director Ryan Wensmann, Police Chief Dwight Pfannenstein, City Engineer Randy Sabart, Community Development Director Nate Keller, City Clerk, Kayla Klein

Public Comments: None

Approve Agenda: **Beniek moved to approve the agenda; seconded by Mooney and passed unanimously.**

Consent Agenda: **Kluesner moved to approve the consent agenda; seconded by Mooney and passed unanimously.**

- a. Minutes – **Requested Action:** Approve the minutes of January 20, 2026.
- b. Bills Payable – **Requested Action:** Approve Check Numbers 63415-63433, Payroll & Account Payable EFT #3933-3959; ACH Accounts Payable #2400870-2400889; Regular Pay Period 2 & Fire.
- c. Financial Report – **Requested Action:** Approve the 4<sup>th</sup> quarter and December financial reports as presented.
- d. Accepting Bids for Klinefelter Park Playground Equipment – **Requested Action:** Approve bid by Northland Recreation for the Klinefelter Park Playground Equipment.
- e. Accept Resignation and Authorize Hire for Recreation Director – **Requested Action:** Accept the resignation of Rhonda Juell and authorize staff to conduct the hiring process to fill the vacancy.

2026 Street & Utility Improvement Project: **Scepianiak moved to approve Resolution 2026-011 Ordering Improvement and Preparation of Plans for 2026 Street & Utility Improvement Project with the removal of the construction of the Baker St sidewalk; seconded by Mooney and passed unanimously.**

Other potential project changes will be discussed at the City Council work session on February 17<sup>th</sup>, 2026.

**Kluesner moved to approve the Supplemental Letter Agreement for Final Design Services for the 2026 Street & Utility Improvement Project; seconded by Beniek and passed unanimously.**

2026 AFSCME Contract: Murphy presented the draft labor contract between the city and AFSCME. The contract is for one year. **Scepianiak moved to approve the 2026 AFSCME contract; seconded by Beniek and passed unanimously.**

Department Reports: None

Mayor and Council Reports/Updates: Schnettler reported he will be attending the League of MN Cities training for experienced council members.

Adjourn: **Mooney made a motion to adjourn the meeting at 6:13PM; seconded by Beniek and passed unanimously.**

Kayla Klein  
City Clerk



## STAFF MEMO

<b>Prepared by:</b> Debbie Kulzer, Finance Tech	<b>Meeting Date:</b> 2/17/26	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>	<b>Agenda Item #</b> <b>4b</b>
<b>Reviewed by:</b>	<b>Item:</b> Bills Payable		
<b>Council Priority:</b> <input type="checkbox"/> Dispensary <input type="checkbox"/> Industrial Park Expansion <input type="checkbox"/> Housing <input type="checkbox"/> Public Safety Facility/Safe Crossing of CSAH 75 <input checked="" type="checkbox"/> N/A			

**ACTION REQUESTED**

Approve the bills payable as presented.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

None

**PREVIOUS COUNCIL ACTION**

See below

**REFERENCE AND BACKGROUND**

The council approved staff to make the following payments through the payroll contracts, regular monthly invoices with due dates prior to the next scheduled council meeting, or actions taken at previous council meetings. The information here is to provide you with all checks and electronic payments made for verification of the disbursement completeness.

**BUDGET IMPACT**

<b>Bills Payable – Checks Mailed Prior to Council Approval</b>	
Regular Payroll 3	\$82,365.20
Payroll & Accounts Payable EFT #3960 - #3964	\$9,031.50
ACH Accounts Payable #2400890 - #2400917	\$98,854.26
Check Numbers #63434 - #63481	\$213,930.08
<b>Total</b>	<b>\$404,181.04</b>
<b>Bills Payable – Checks Awaiting Council Approval</b>	
Check Numbers - None at this time	\$0.00
<b>Total</b>	<b>\$0.00</b>

**Total Budget/Fiscal Impact: \$469,579.89**  
Various Funds

**STAFF RECOMMENDED ACTION**

Approve the bills payable as presented.

**SUPPORTING DATA/ATTACHMENTS**

Bill listing by EFT, paid prior to council approval and awaiting to be paid upon council approval.



## STAFF MEMO

<b>Prepared by:</b> Lori Bartlett	<b>Meeting Date:</b> 2/17/26	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>	<b>Agenda Item #</b> 04c
<b>Reviewed by:</b>	<b>Item:</b> January Treasurer's Report		
<b>Council Priority:</b> <input type="checkbox"/> Dispensary <input type="checkbox"/> Industrial Park Expansion <input type="checkbox"/> Housing <input type="checkbox"/> Public Safety Facility/Safe Crossing of CSAH 75 <input checked="" type="checkbox"/> N/A			

**ACTION REQUESTED**

Consider acceptance of the treasurer's reports through January 2026.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

none

**PREVIOUS COUNCIL ACTION**

Adopted 2026 budget on December 1, 2025.

**REFERENCE AND BACKGROUND**

Activity reported may include activity for 2025. Journal entries will be made over the first couple of months to record the activity in the correct year. The audit fieldwork is scheduled for Mar. 23-27<sup>th</sup>. The final 2025 audited financial statements are planned to be presented to city council on May 18<sup>th</sup>. The cash balances will be incomplete until the books can be closed for 2025.

Cash/investment presented as January 31, 2026. Budget to actual reports attached for Council review.

The cash and investment balance decreased \$1,478,953 from the beginning of the year. The first half of the year typically reflects a drawdown of cash balances, as property tax settlements and state aid payments are not received until mid-year. There was a one-time cash disbursement in the amount of \$762,300 to pay the YMCA for the donations received on the community center project. In addition, the portion of donations received directly at Sentry Bank were returned by the city.

Investment earnings average 3.74% interest rate with an average maturity of 26 months. Interest earnings for January equaled \$46,088 on an ending cash balance of \$25,813,268. The change in market value increased \$3,921 in January. Recorded interest earnings as of January 31<sup>st</sup> total \$50,010.

The General Fund spent 11% of the expenditure budget and received 1% of the revenue budget at the end of January. While revenues and expenditures are operational in nature, there are a couple of items to point out. Park shelter reservations see the most sign ups in January as customers plan their summer reunions, graduations and other gatherings. Christmas and Thanksgiving parties are also popular the scheduling. Many of the annual membership dues are paid in January and show 65% of the budget. This is typical each year. The annual general liability insurance premiums are paid early in the year. The city maintenance vehicle #50 is up for replacement. Due to recent mechanical issues and a favorable trade in, the vehicle was purchased.

The Enterprise funds spent 3% (less depreciation) and received 0% of the revenue budget. The revenue for usage fees have not been realized yet. Jan and Feb usage will be billed in March with a receivable reflected in Feb reports. Other revenues such as interest earnings and cellular antenna leases are received monthly. Expenses are for one operational month. As with the general fund, the general liability insurance premium allocation to the enterprise funds is recorded. Other revenues and expenses are operational in nature.

**BUDGET IMPACT**

Information only

**STAFF RECOMMENDED ACTION**

Accept the treasurer's reports through January 2026.

**SUPPORTING DATA/ATTACHMENTS**

- Financial Statements – Cash Allocation
- Financial Statements – General Fund
- Financial Statements - Enterprise Funds

CITY OF ST JOSEPH  
 COMBINED CASH INVESTMENT  
 JANUARY 31, 2026

COMBINED CASH ACCOUNTS

001-10100	GENERAL CHECKING	( 1,154,787.82)
	TOTAL COMBINED CASH	( 1,154,787.82)
001-10199	CASH ALLOCATED TO OTHER FUNDS	1,154,787.82
	TOTAL UNALLOCATED CASH	<u>.00</u>

CASH ALLOCATION RECONCILIATION

101	ALLOCATION TO GENERAL FUND	( 397,793.28)
102	ALLOCATION TO EMPLOYEE RETIREMENT RESERVE	80.24
108	ALLOCATION TO CABLE PEG ACCESS FEE	139.96
109	ALLOCATION TO GENERAL CAPITAL OUTLAY	( 1,503.56)
110	ALLOCATION TO DEBT SERVICE RELIEF	7.66
200	ALLOCATION TO ST CLOUD AREA LOCAL SALES TAX	64,799.12
205	ALLOCATION TO PARK DEDICATION FEES	18,984.41
210	ALLOCATION TO FIRE DEPARTMENT	( 93,608.83)
215	ALLOCATION TO CHARITABLE GAMBLING	3.40
220	ALLOCATION TO CVB	( 1,002.81)
225	ALLOCATION TO DEED CDAP HOUSING GRANTS	89.15
250	ALLOCATION TO EDA	( 7,737.89)
251	ALLOCATION TO REVOLVING LOAN FUND	1,914.05
253	ALLOCATION TO TIF 4-1 FORTITUDE SENIOR APTS	62.25
257	ALLOCATION TO TIF 2-1 MILLSTREAM SHOPS LOFTS	1,309.58
259	ALLOCATION TO TIF 2-3 BAYOU BLUES ALLEY FLAT	3.13
301	ALLOCATION TO 2016 CIP BONDS [GOVT CENTER]	1,734.75
302	ALLOCATION TO 2022A GO ABATE BONDS[COMMCTR1]	13,423.15
304	ALLOCATION TO 2016 IMP BONDS [FIELD ST]	311.59
307	ALLOCATION TO 2019A IMP BONDS [OVERLAYS]	2,400.07
308	ALLOCATION TO 2019A IMP BONDS [IND PARK]	47,220.85
309	ALLOCATION TO 2020A EQUIPMENT CERTIFICATES	25.28
310	ALLOCATION TO 2020B IMP BONDS [20TH AVE SE]	616.45
311	ALLOCATION TO 2021 IMP BOND [MN ST/OVERLAYS]	1,979.64
312	ALLOCATION TO 2020B CIP BONDS [SHOP 3]	526.82
314	ALLOCATION TO 2020C CO REFUND [14 PARK TER]	1,098.11
315	ALLOCATION TO 2022 IMP BONDS [OVERLAYS]	2,572.00
316	ALLOCATION TO 2022A EQUIP CERT [FD TRUCK]	1,915.20
317	ALLOCATION TO 2023A IMP [OVERLAY/ELM ST ROW]	1,444.61
318	ALLOCATION TO 2023A EQUIP CERT [GEN EQ]	717.62
319	ALLOCATION TO 2024A GO IMP BONDS [ST IMP]	1,631.97
320	ALLOCATION TO 2025A GO IMP BONDS [ST IMP]	2,232.79
321	ALLOCATION TO 2025A EQUIP CERT [GEN EQ]	414.35
402	ALLOCATION TO COMMUNITY CENTER/YMCA PHASE I	( 765,110.77)
418	ALLOCATION TO 2023 EQUIP CERTIFICATES	( 435.00)
419	ALLOCATION TO FUND 419	( 49,740.44)
420	ALLOCATION TO FUND 420	( 12,925.60)
601	ALLOCATION TO WATER FUND	( 4,418.31)
602	ALLOCATION TO SEWER FUND	23,262.65
603	ALLOCATION TO REFUSE/RECYCLING/COMPOST	( 22,340.37)
651	ALLOCATION TO STORM WATER UTILITY	9,156.95
652	ALLOCATION TO STREET LIGHT UTILITY	1,751.24

CITY OF ST JOSEPH  
COMBINED CASH INVESTMENT  
JANUARY 31, 2026

TOTAL ALLOCATIONS TO OTHER FUNDS	( 1,154,787.82)
ALLOCATION FROM COMBINED CASH FUND - 001-10199	1,154,787.82
	<hr/>
ZERO PROOF IF ALLOCATIONS BALANCE	.00
	<hr/> <hr/>



## STAFF MEMO

<b>Prepared by:</b> Community Development	<b>Meeting Date:</b> 02/17/26	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>	<b>Agenda Item #</b> <b>4d</b>
<b>Reviewed by:</b>	<b>Item:</b> Small Cities Development Program Plans, Policies, and Procedures Resolution		
<b>Council Priority:</b> <input type="checkbox"/> Dispensary <input type="checkbox"/> Industrial Park Expansion <input checked="" type="checkbox"/> Housing <input type="checkbox"/> Public Safety Facility/Safe Crossing of CSAH 75 <input type="checkbox"/> N/A			

**ACTION REQUESTED**

Consent gives automatic approval. If items are pulled from consent staff requests action on Resolution 2026-012

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

EDA supported the project and is paying for Central MN Housing Partnership (CMHP) to administer the grant.

**PREVIOUS COUNCIL ACTION**

Council approved applying for the Small Cities Development Program and contract with CMHP to write the grant proposal (preliminary application) on September 3<sup>rd</sup>, 2024.

Council approved the resolution to apply for the full grant on April 7<sup>th</sup>, 2025.

October 8<sup>th</sup>, 2025 it was announced that the City received the grant in the amount of \$287, 500.

Council approved the contract with CMHP who will administer the grant on November 3<sup>rd</sup>, 2025.

**REFERENCE AND BACKGROUND**

CMHP has notified staff that some policies, plans, and procedure documents need to be signed by the City. Staff and legal reviewed the documents and worked through any concerns. Because the SCDP is a federally funded grant the documents are tied to federal requirements and mandatory even if some of the documents are not directly related to the grant scope/work. You may recall the grant is focused on owner occupied rehabilitation projects in the targeted areas – see attached map. The funds are expected to help out almost a dozen owner occupied homes with work such as new siding, roofing, windows, and more.

**BUDGET IMPACT**

No change to already approved budgeted allocations

**STAFF RECOMMENDED ACTION**

Approval of resolution 2026-012

**SUPPORTING DATA/ATTACHMENTS**

- Drug free workplace Policy
- HUD Certification for a Drug-Free workplace
- Central MN Housing Partnership and SCDP Reimbursement Request Authorization
- St. Joseph Policies and Procedures Guide
- St. Joseph Residential Anti-displacement and Relocation Assistance Plan
- St. Joseph Fair Housing Plan
- St. Joseph Program Income Plan
- St. Joseph Progress Report Submission Plan and Collection of Information Plan
- St. Joseph Section 3 Business Plan





**RESOLUTION 2026- 012**  
**ACCEPTING**  
**THE SMALL CITIES DEVELOPMENT PROGRAM**  
**PLANS, POLICIES, AND PROCEDURES**  
**PREPARED BY CENTRAL MINNESOTA HOUSING PARTNERSHIP, INC**

**WHEREAS**, the City of St. Joseph adopts the following plans and policies associated with the Small Cities Development Program: Drug Free Workplace Policy, Prohibition of Excessive Force Policy, Anti-displacement & Relocation Assistance Plan, Section 3 Businesses Plan, Fair Housing Plan, Program Income Plan, SCDP Program Report Submission Plan, and SCDP Reimbursement Request Permission Plan, and

**WHEREAS**, the City of St. Joseph adopts the Policies and Procedural Guides associated with the Small Cities Development Program prepared by Central MN Housing Partnership, Inc. for Owner-Occupied Rehabilitation activities being administered to residents during the duration of the program in the City of St. Joseph, and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of St. Joseph, the policies and procedures referenced herein are approved for use in the City of St. Joseph.

Adopted this 17th day of February 2026.

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Adam Scepaniak, Mayor

Attest:

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David Murphy, City Administrator

## **City of St. Joseph Drug Free Workplace Policy**

The City of St. Joseph, in accordance with Federal Law, has adopted the following policy on drugs in the workplace.

- a) Employees are expected and required to report to work on time and in appropriate mental and physical condition to ensure a drug-free, safe, and secure work environment.
- b) The unlawful manufacture, distribution, possession, or use of a controlled substance on City Property or while conducting City business is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.
- c) The City recognizes drug abuse as a potential health, safety, and security problem. Employees needing help in dealing with such problems are encouraged to use their health insurance plans as appropriate.
- d) Employees must, as a condition of employment, abide by the terms of this policy and must report any conviction under criminal drug state for violations occurring on or off work premises while conducting City business. A report of the conviction must be made within five days after the conviction as required by the Drug Free Workplace Act of 1988.
- e) The City of St. Joseph has the right to ask for random drug and/or alcohol testing on an employee who is acting suspiciously or who was involved in an accident with company equipment.

**City of St. Joseph**

\_\_\_\_\_ Date \_\_\_\_\_  
*Mayor*

\_\_\_\_\_ Date \_\_\_\_\_  
*City Administrator*

# Certification for a Drug-Free Workplace

## U.S. Department of Housing and Urban Development

**Public reporting burden.** Public reporting burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to: U.S. Department of Housing and Urban Development, Office of the Chief Data Officer, R, 451 7th St SW, Room 8210, Washington, DC 20410-5000. Do not send completed forms to this address. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. HUD is authorized to collect this information under the authority cited in the Notice of Funding Opportunity for this grant program. The information collected will provide proposed budget data for multiple programs. HUD will use this information in the selection of applicants. This information is required to obtain the benefit sought in the grant program. This information will not be held confidential and may be made available to the public in accordance with the Freedom of Information Act (5 U.S.C. §552).

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Applicant Name

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Program/Activity Receiving Federal Grant Funding

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Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

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**2. Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

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Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Signature  X	Date

form **HUD-50070** (3/98)  
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3

**CITY OF ST. JOSEPH  
& CENTRAL MINNESOTA HOUSING PARTNERSHIP, INC.  
SCDP REIMBURSEMENT REQUEST AUTHORIZATION**

The following letter outlines permission granted to Central Minnesota Housing Partnership, Inc on behalf of the City of St. Joseph and will be used to administer their Small Cities Development Program grant award.

1. CMHP shall be made available to sign off on DEED draws for SCDP Reimbursement Payment Requests. The requests must receive authorized approval from the Grantee. By signing the ‘Grantee Authorized Signature,’ the City of St. Joseph is approving the draw amount requested from DEED to then be distributed to contractors, lead-paint inspectors, and administration.
2. CMHP will give the first right to sign the form to the Grantee. If the Grantee chooses, they may give permission to CMHP to sign off on the ‘Grantee Authorized Signature.’ This will save time and resources for the city, if someone is unavailable to sign, allowing administration of the grant to continue forward.
3. CMHP will send forms to the Grantee after administration sign-off for their records, and to establish a timeline for expected reimbursement funds.
4. Granting this authorization does not shift liability or excuse the Grantee of their responsibilities found in other agreements and contracts for the SCDP grant award.
5. Permission is granted to the Program Manager or Community Development Director at Central Minnesota Housing Partnership, Inc administering the Small Cities Development Program grant award on behalf of the Grantee.

THE CITY OF ST. JOSEPH

CENTRAL MINNESOTA HOUSING  
PARTNERSHIP, INC.

\_\_\_\_\_  
Authorized Official (signature)

\_\_\_\_\_  
Program Manager (signature)

\_\_\_\_\_  
Authorized Official (printed)

\_\_\_\_\_  
Program Manager (printed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# **CITY OF ST. JOSEPH POLICIES AND PROCEDURES GUIDE**



## **2025 SMALL CITIES DEVELOPMENT PROGRAM (SCDP) OWNER-OCCUPIED REHABILITATION**

*Version 1 (January 29, 2026)*

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It is the policy of this Housing Rehabilitation Program to work affirmatively to ensure that all persons regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance, will be treated fairly and equally in their participation in the program.

The City of St. Joseph (hereinafter referred to as the “City”) will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods which may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in similar programs.

To develop or maintain an effective affirmative promotion effort, the City shall review its promotion methods from time to time during the Program to determine how the methods used can be improved to increase the participation of persons who otherwise might not apply for assistance under the Program, such as single female heads of households, racial minorities, or persons with handicaps or disabilities.

All applicants will be provided with printed information on Fair Housing with their application packet. The City and the Program Administrator will not tolerate discriminatory practices within its jurisdiction. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:

- Refusal to sell, rent or to negotiate for the sale or rental of any property based on race, creed, color, sex, religion, national origin, marital status, familial status, handicap, or in regard to public assistance.
- Discrimination in terms, conditions, privileges and in services and facilities.
- Engage in any conduct which makes dwellings unavailable or denies dwellings to persons.
- Make, print, publish or cause to make, print, or publish public discriminatory advertisements.
- To represent that a dwelling unit is not for sale or rent when in fact it is.
- To engage in blockbusting.
- To deny access to membership or participation in, or to discriminate against any person in his or her access to membership or participation in, any multiple-listing service, real estate brokers association, or other service organization or facility relating to the business of selling or renting a dwelling or in the terms, conditions, membership, or participation.

Whenever a complaint is received alleging a discriminatory housing practice within the jurisdiction of the City, the City will assist households who may have been discriminated against by providing the following services:

- The City will post Fair Housing information in public places and will provide information in English and other languages as determined necessary.
- The City will provide Fair Housing information (pamphlets) to all interested parties.
- The City will provide referral information concerning the ability of alleged discriminated households to make formal complaints to the State of Minnesota Department of Human Rights or to the U.S. Department of Housing and Urban Development.
- The City will provide referral information enabling allegedly discriminated households to contact Legal Services and the Minnesota Migrant Council.

## **SECTION I. ELIGIBILITY REQUIREMENTS**

### **A. Citizenship**

Household citizenship is required to be determined and documented to confirm eligibility. A HUD approved citizen verification system will be utilized to document citizenship.

### **B. Location**

Eligible homes must be within designated Target Area A, as defined in the application for SCDP funds and shown on the attached target area map.

### **C. Conflict of Interest**

Federal regulations and Minnesota Statutes specify that elected officials, non-volunteer city employees, and administrators of the Small Cities Development Program have a conflict of interest. Those with a conflict may be able to secure an exception to participate in the program if they have no role in the approval of rehabilitation assistance and can achieve approval of DEED, after completing the waiver process. All applicants will be required to submit a conflict-of-interest screening form with their application.

### **D. Residency**

To receive SCDP funds, applicants will be required to have year-round residency in their home. Recipients must occupy or intend to occupy the selected property as their primary place of residence, and the property must have a Homestead Real Estate Tax classification.

### **E. Ownership/Ineligible Types of Housing**

The applicant must have an ownership interest in the property to be rehabilitated such as fee simple title, a contract for deed vendee, or as holder of a life estate. Applicants may not be in default on their home mortgage, contract for deed, or comparable obligation. All contracts-for-deed shall be recorded at the County Recorder's office. Contract vendors must sign repayment agreements along with contract vendee. Both contract vendors and venders must meet program income limits. Remaindermen must sign mortgages as required on a life estate deed. No descending forgiveness of a deferred loan (if applicable) will be allowed for rehabilitation liens on life estates. SCDP policy is that no portion of the loan will be forgiven until after the full term has expired.

Single-wide mobile homes, even if the home is attached to a foundation or if it has additions, are not eligible for rehabilitation with SCDP funds. Homes in a 100-year floodplain are not eligible unless they will soon be removed from the flood plain due to re-mapping. Evidence of the pending flood-plain change must be provided to the Program Administrator. Minnesota Urban and Rural Homesteading (MURL) homes are not eligible for SCDP assistance.

### **F. Taxes/Homeowners Insurance/Assessments/Liens/Bankruptcy**

All property taxes must be paid in full prior to application approval, and there shall be no tax liens or past-due assessments or judgments on the property. Applicants must carry current owner's insurance at the time of the application and through the completion of rehabilitation with a minimum of hazard insurance coverage. Where the applicant does not have said insurance at the time of application, the applicant will be issued a temporary denial and the application will be placed on hold until insurance can

be secured, not to exceed 30 days. Applicants will not be eligible for program funding if they are currently involved in bankruptcy proceedings.

**G. Asset Limitations**

There is no asset limit for homeowners. However, income earned from assets must be counted as income for income verification.

**H. Household Income Limits**

The total income of the household must not exceed the current HUD Moderate Income Limits for Stearns County, at the time the homeowner application is being processed. Income limits are updated annually by HUD, typically in the spring. Previous years income limits will be followed until updated income limits are published by HUD. Current 2026 income limits are listed below.

Household Size	Annual Gross Household Income Limit
1	\$57,800
2	\$66,050
3	\$74,300
4	\$82,550
5	\$89,200
6	\$95,800
7	\$102,400
8	\$109,000

Gross annual income verification will follow HUD regulations. Gross annual income, per program requirements, is calculated by projecting gross income forward over the coming 12 months. Verifiable income includes all the following:

- Salaries: including tips, bonuses, commissions, overtime pay, pensions and annuities
- Public Assistance; including MFIP, SSI, MSA, Unemployment Compensation
- Social Security or Disability and Workers Compensation
- Estate/trust income, rental income, gain from the sale of property or securities, contracts for deed
- Interest earned
- Business profit

Temporary, non-recurring or sporadic income shall not be considered as part of a household’s gross annual income. Excluded income is defined as follows:

- Income from children under 18 years of age
- Full time students over 18 years of age (after the first \$480.00)
- House guests
- One time gift
- Payments for foster children
- Medical expenses reimbursements
- Educational scholarships used for tuition, fees, or books
- Insurance lump sum payments or judgments for health, accident, worker’s compensation and personal or property losses (Any interest income derived from such sources will be viewed as annual income)

- Hazard duty pay to a household member in the Armed Forces
- Reimbursements of expenses

**I. Substandard Housing**

The structure to be rehabilitated must be deficient in at least one of the following areas: structural soundness, living space or accessibility, water supply or sewage disposal, energy efficiency, heating system, plumbing or electrical system.

**J. Nuisance Standard**

Homeowners must demonstrate compliance with all local public nuisance standards (weeds, junk, etc.). The exception would be items proposed for rehabilitation being alleviated through the program.

**K. Homeowner Expectations**

Homeowner will read, understand, and sign the “What to Expect / What Not to Expect” and “Walk Away Policy” forms as a condition of project approval.

**SECTION II. TERMS OF SCDP ASSISTANCE**

**A. Maximum/Minimum SCDP Contribution**

The maximum SCDP contribution on any rehabilitation project shall not exceed \$25,000. The minimum SCDP contribution on any rehabilitation shall not be below \$7,500.

**B. Deferred Loans**

Assistance provided with SCDP funds will be in the form of a 0% interest, 7-year term, deferred payment forgivable loan. All SCDP funds will be secured with a lien against the property that is rehabilitated.

Households will be required to repay all or some portion of their SCDP loan, if the home is sold within the seven-year loan term from the date that the loan is issued. The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of one (1) year from the date the loan is issued, the homeowner shall repay to the City a sum equal to the full amount of the Deferred Loan.
- Within the second year from the date of the Deferred Loan and thereafter, the homeowner shall repay to the City a sum equal to sixth sevenths (6/7<sup>th</sup>) of the amount of the Deferred Loan, and for each year thereafter, said payback amount shall be decreased by 1/7 up to the seventh year, at which time the homeowner shall have no obligation to repay the Deferred Loan or any portion thereof.

For this program to be as cost-effective as possible, applicants may be required to help finance a portion of their rehabilitation work. Other funding may be available, usually in the form of reduced interest loans, to assist households to finance the remainder of their project. Households that qualify for 100% deferred payment loans through this program are expected to explore other funding options that may be available. The purpose of SCDP funds is to supplement other funding sources. Program staff will assist households in exploring other possible funding sources. An applicant may be eligible for SCDP funds if funding through other sources, including local financial institutions, has been denied. MHFA Rehabilitation Program loans, Greater Minnesota Housing Fund loans, Rural Development grants and loans,

Weatherization Assistance, and other public/private sector funds may be used to help applicants finance rehabilitation. All low- and moderate-income households unable to secure other resources may be assisted with SCDP funds not to exceed the maximum contribution.

### **C. Owner Funds**

Homeowners who are approved for SCDP funding will be responsible for the County document recording fee for the SCDP Repayment Agreement.

If the total cost of repairs exceeds the maximum SCDP loan limit, the applicant will be responsible for securing additional funds beyond the required owner funds. If the owner is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with the funding priorities and adopted housing standards. A final determination of eligibility shall be made by the Program Administrator.

Owner funds must be provided to the Program Administrator for deposit in an escrow account before a 'Notice to Proceed' can be issued to the contractor. If the owner's funds fall through after contract execution, they will have a maximum of 60 days from the date of the construction contract to secure the required owner match to complete the project. If an owner cannot secure an alternative owner funds source, the construction contract will be revised or terminated.

### **D. Previous SCDP Assistance**

If a home received prior SCDP assistance, all SCDP loans must have been satisfied or matured for the home to be eligible.

## **SECTION III. DETERMINATION OF IMPROVEMENTS**

### **A. Suitable for Rehabilitation**

The property must be determined feasible, both structurally and financially, after all eligible assistance is calculated. The work required to correct any lead-based paint hazards will be considered in the suitable for rehabilitation determination. The Program Administrator will determine its suitability.

### **B. Basic and Necessary Repairs**

Each improvement must be a permanent general improvement. Only those repairs that are needed to bring the home up to the Program's Housing Quality Standards (HQS), which are based on HUD's Section 8 Housing Quality Standards, will be included in the rehabilitation project. Additionally, reasonable repairs that improve the structural integrity, livability and safety of the home could be included in the project at the discretion of the Program Administrator. These could include weatherization measures, if vitally needed, and weatherization sources of funds are not available. The priority of use of SCDP funds will be to correct deficiencies that affect the health, safety, and welfare of the occupants, and to improve the energy efficiency of the home.

### **C. Eligible Improvements**

Each improvement must be made in compliance with all applicable, health, fire prevention, building, housing and energy codes and standards. The property must comply with local nuisance standards and

meet Housing Quality Standards (HQS) after completion of rehabilitation work. If funding sources are inadequate for the home to meet HQS, the home will be deemed unsuitable for rehabilitation.

Eligible improvements include, but are not limited to the following:

- Physically attached to the dwelling and be permanent in nature.
- Structural improvements including roof replacements (match existing material), exterior and interior walls, substandard floors, stairs, and foundations.
- Address health and safety concerns.
- Improvements that make the home more accessible and habitable for persons with disabilities. Disabilities must be documented as permanent and affect major life functions.
- Improvements of heating, plumbing, or electrical systems.
- Weatherization and increased energy-efficiency.
- Exterior painting or siding, as necessary.

#### **D. Ineligible Improvements**

Ineligible improvements include, but are not limited to the following:

- Remodeling. The term remodeling is viewed as altering the structure of the building.
- Detached garages, garage door openers, or any out-buildings.
- Steel roof if existing roof is of non-steel (i.e., asphalt shingle) material. SCDP funds can pay up to the cost of a shingle roof with the homeowner paying the cost difference to install a steel roof.
- Installing pitched roofs over existing roofing systems is not allowed. If improvement is necessary, consult your respective SCDP Representative.
- Fireplaces, wood stoves, central air conditioning, water softeners.
- Decks or patios unless part of dwelling entry or exit.
- Fencing or landscaping unless it is restorative after basement foundation work.
- Driveways or sidewalks, except when addressing documented safety or accessibility issues.
- Kitchen appliances, window treatments, and decorative work.
- Floor coverings, unless addressing a documented health and safety issue.
- Kitchen cabinets and countertops, unless to address inadequate or unsanitary food storage or preparation issues.
- 200-amp electric services, unless need is justified under special circumstances approved by SCDP Representative.
- Installation of air conditioning unit.
- Installation of luxury items, such as gazebo, jacuzzi tub, etc.
- Room additions. Exceptions to this rule may be granted only under extraordinary circumstances and with approval from DEED Small Cities unit. Where such an exemption is granted, room additions shall only be allowed:
  - To accommodate the installation of a bathroom or kitchen if one does not exist and current space will not allow
  - Meet building code setbacks or
  - Overcrowding
  - Case by case basis (not increasing the footprint of the home) discussed with SCDP Representative.
- Work begun or completed before the date of the Notice to Proceed order.

### **E. Ineligible Improvements Allowable with Other Funds**

The applicant may use bank loans, his/her own funds on hand, or other funds to finance those improvements which are not eligible for financing with SCDP funds. Such improvements shall be allowable as “owner funds” participation and shall be separately identified on scope of work and bid forms.

### **F. No funds for Assessments**

SCDP funds shall not be used for the payment, wholly or in part, of assessments for public improvements. However, such funds may be used for that portion of improvements located on the property which will bring an individual water supply system or sewage disposal system into compliance with local, state, or federal environmental and sanitary standards.

### **G. No Funds for Refinancing Existing Debt**

No SCDP funds shall be used, in whole or in part, for the purpose of refinancing or paying off existing indebtedness. All such funds must be used to finance improvements begun after application approval.

### **H. Historical Review**

After the initial inspection of the property is completed, the Program Administrator will send a clearance request to the State Historic Preservation Office. If the structure has been determined historically significant, plans for exterior improvements to the structure must be reviewed and commented on by the Minnesota Historical Society.

### **I. Lead Paint Policy**

The City will follow the current policy outlined by the MN Department of Employment and Economic Development. As participation in the owner-occupied housing rehabilitation is a voluntary decision, the program will not pay for any temporary relocation that may be necessary due to interim controls related to lead-based paint.

All program applicants will receive notification of the hazards of lead-based paint. A visual inspection of defective paint surfaces will be completed at the time of the initial inspection. All homes built in 1978 or prior are required to have a lead paint risk assessment completed by a certified lead risk assessor. CMHP will submit a request to the lead assessor, and they will contact the homeowner to schedule a time to do the assessment. A copy of the full report shall be provided to the homeowner. Costs for the lead risk assessment will be attributed to the total project cost, and will be paid for with SCDP funds, to be included in the homeowners SCDP loan. All defective surfaces will be corrected in accordance with Minnesota statutes and lead safe work practices. Any project in which lead paint is present will require a certified lead contractor to complete the work. CMHP will provide homeowners with a list of Lead Certified Contractors and homeowners will be notified of lead clearance after project completion.

**Contractor Lead Paint Requirements:** Federal and State lead requirements will be followed by ensuring that the following steps are taken:

- All contractors working on projects with lead-based paint will be trained in accordance with HUD/DEED requirements; and
- Contractors will have an MDH lead supervisor certification on file with CMHP; and

- Contractors will complete additional refresher courses as required of the HUD/EPA requirements.

## **SECTION IV. MARKETING/APPLICATION SELECTION AND APPROVAL**

Program Administrator staff will review and approve eligible applications. The following process will be utilized to promote the program to eligible applicants, and for applicant selection:

### **A. Outreach and Public Notices**

An extensive effort will be made to reach those property owners who would benefit from the program by conducting outreach and public notice activities which will include those who expressed interest as part of the application formation, ads in newspapers, newsletters, personal interviews, and letters to homeowners. Various housing providers, disaster relief organizations, and social service agencies will be notified of SCDP funding availability. Affirmative efforts will be undertaken to ensure that those who are minorities or have disabilities are made aware of the program.

### **B. Application Intake**

Applications will be accepted on a first come first served basis throughout the entire length of the program or until funds are expended. After the initial approval letter has been sent, an on-site inspection will be scheduled. If the home was built in 1978 or prior, the homeowner will be notified that a Certified Lead Risk Assessor will also visit the property to conduct a lead risk assessment, and they will contact them directly to schedule that inspection.

### **C. Notification**

Applicants with verified LMI incomes, houses that meet the definition of suitable for rehabilitation, and meet the Eligibility Requirements outlined in Section 1 will be selected if sufficient funds are available. Initial approval letters will be sent to those selected as recipients. Those not selected will receive a denial letter, notifying them of the status of their application.

### **D. Policies and Procedures Guide**

A copy of this Owner-Occupied Rehabilitation Policies and Procedures Guide will be given to applicants for review and discussion of content at the time they receive a program application.

## **SECTION V. PROPERTY INSPECTIONS**

### **A. Inspections**

Program Administrator staff will be responsible for carrying out a minimum of three inspections: an initial inspection to determine scope of work, a progress inspection(s) to monitor work and a final inspection. The initial inspection will be done to determine that:

- All necessary improvements are listed, including those required to eliminate lead-based paint hazards,
- The structure, upon completion of rehabilitation will meet, at a minimum, the Program's Housing Quality Standards, and will be livable, safe, and energy efficient.

Scope of Work Write-Ups: Upon completion of the initial inspection, the Program Administrator shall prepare a Scope of Work write-up indicating the scope of work necessary to bring the property into

compliance with the Program's HQS. Any improvements deemed necessary by the Program Administrator for the property to conform to the Program's HQS and the general program eligible improvements requested by the property owner shall be included as part of the work write-up. The Program Administrator shall specify improvements that qualify for SCDP funding. After a lead-paint risk assessment has been completed, work items addressing lead-based paint hazards will be added to the work write up in a way that makes them stand out. A notation on those items that qualified contractor(s) are necessary to conduct the work will also be made. Ineligible improvements paid for with leveraged funds will be identified.

#### **B. Risk Assessment for Lead**

A Lead Paint Risk Assessment will be performed on homes built in 1978 or earlier, prior to creating a scope of work. The property owner will sign a repayment agreement for the rehabilitation work, which will include the costs for the risk assessment.

#### **C. Progress Inspections**

Progress inspections will be done before partial payments are made to ensure that specified improvements are completed. Progress inspections will be scheduled by the Program Administrator to monitor work progress when the contractor submits invoices for said work. Program Administrator staff reserves the right to inspect the property at any time upon reasonable request to applicant.

#### **D. Final Inspection**

Upon completion of work, an inspection will be conducted to determine that all work has been completed in a satisfactory manner, and that the home meets the Program's Housing Quality Standards. A Lead Clearance Inspection will be performed at project completion to certify that all lead-based paint hazards have been properly eliminated or treated. In the event of a dispute between the owner and the contractor concerning the completion of rehabilitation, the Program Administrator shall work with both parties to negotiate a satisfactory solution. A resolution will have to be decided by both the homeowner & contractor. If such a solution cannot be found, the City building official shall be the final authority on when the job has been satisfactorily completed. All disputes will be resolved by binding alternative dispute resolution.

### **SECTION VI. CONSTRUCTION AND CONTRACT PROCEDURES**

#### **A. Contractor List**

A list of participating contractors will be established by the Program Administrator through local outreach and referrals. Section 3 and women, and minority owned contractors will be urged to bid.

#### **B. General Contractors**

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint rehabilitation activities must be certified in accordance with the DEED lead policy.

#### **C. Contractor Eligibility and Performance**

Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully. The Program Administrator will conduct debarment searches of all

contractors. If applicable, contractors will carry at least the minimum amounts of liability insurance established by the State of Minnesota. Owners are not allowed to complete work or perform “sweat equity.” Only licensed contractors will be allowed to complete the necessary work. NOTE: Even if a homeowner is a licensed contractor, they will still not be allowed to complete work or “self-help” on their home.

#### **D. Bids/Cost Estimate**

An attempt will be made to secure competitive bids from at least three general contractors, or two in areas of low contractor supply. If the project does not involve any general contractor work and it is more feasible to solicit bids from a specific trade, an attempt will be made to secure competitive bids from at least three contractors within that trade(s), or two in areas of low supply. If only one bid is received after bid solicitation, a cost estimate shall be prepared by the Program Administrator to justify the reasonableness of the sole bid and shall be included in the project file.

#### **E. Scope of Work Write-Up and Change Orders**

All bids shall relate only to improvements designated by the Program Administrator in the owner approved Scope of Work write-up. Any changes made to the Scope of Work by the homeowner after approval will be prohibited and ineligible for SCDP program funds. All change orders need to be approved by the Program Administrator, homeowner, and contractor. The homeowner will be responsible for all costs associated with any extra work done by the contractor not in the approved Scope of Work.

#### **F. Bid Awards**

A contract will be awarded to the lowest responsible bidder complying with specifications. Owner may contract with non-low bidder when willing to pay the difference between selected contractor and lowest bidder.

#### **G. Contractor’s Homeowner Warranty**

All construction contracts will be between the contractor and homeowner. Contracts covering all or any portion of an improvement must contain a warranty of workmanship/materials.

#### **H. Repayment Agreement**

A repayment agreement will be signed by the property owner before the Notice to Proceed order is issued. The repayment agreement(s) will be recorded as a lien on the property after the project is completed to account for any possible change orders that may occur.

#### **I. Truth in Lending**

A signed Truth in Lending statement shall be secured from the owner before the Notice to Proceed order is issued. The statement should be completed for deferred loans, emphasizing that repayment will be necessary if the period for forgiveness has not elapsed.

#### **J. Right of Rescission**

A signed acknowledgement of the owner’s Right of Rescission shall be secured from the homeowner(s) before the Notice to Proceed is issued.

**K. Limit for Housing Projects**

Contractors will be limited to actively working on no more than three SCDP housing projects at any given time.

**L. Contractor Requirements**

Contractors shall be notified of requirements to comply with applicable federal/state laws. Building permit fees and any state inspection fees should be included in the contractor’s bid.

**M. Notice to Proceed Order**

Notice to Proceed orders will be issued by the Program Administrator after package approval and must be issued before work begins. A pre-construction conference may be conducted between the homeowner, contractor, and Program Administrator prior to issuance of a Notice to Proceed with the work. The contractor must provide a copy of the building permit before work can proceed.

**N. Inspections**

The Program Administrator shall conduct progress and final inspections. Prior to the disbursement of any funds, work shall be satisfactorily completed and approved by the homeowner and Program Administrator.

**O. Release of Funds**

Funds are released (partial funds may be released as partial work is completed) in issued checks as completed work is verified and payment is requested by invoice from the contractor. Work being funded by SCDP, or city provided funds, will be disbursed by the City. Owner out-of-pocket funds (if applicable) will be provided to the Program Administrator and deposited into an escrow account. The Program Administrator will disburse owner funds directly to the contractor.

**P. Contractor Payments**

Contractors will be required to provide an itemized invoice to the Program Administrator for all payment requests for work completed. The Program Administrator will then create a draw request form, which must be signed by the homeowner. Upon completion of the rehabilitation construction, lien waivers and completion certificates will be executed by the homeowner, contractor, and Program Administrator, as necessary. For homes that require lead paint reduction activities, final payment will not be made until after the Lead Clearance Test has been passed.

**Q. Progress Payments**

Progress payments shall be limited to three and will be subject to 10% retainage under the terms specified in the homeowner/contractor agreement.

**R. Change Orders**

Unforeseen construction problems will require a change order, and all change orders will require signatures of both: the owner and contractor with approval by the Program Administrator. The cost of changes must be included in each change order. Any work that is done and is not on the Scope of Work write-up or approved change order will not be paid for with SCDP funds. Any changes made by the

homeowner after the inspection and work write-up by the Program Administrator on the Scope of Work will be prohibited and ineligible for SCDP funds. The Program Administrator must approve all change orders.

#### **S. Time For Completion**

- A maximum of 90 calendar days will be allowed for completion of contracted work on a house beginning as of the date on the Notice to Proceed. Failure to begin work by the completion date shall be grounds for termination of the contract.
- This time period shall not be exceeded except by written Change Order, which shall outline the circumstances that require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.
- A waiver of this time period may be granted upon the homeowner's request to the Program Administrator.

#### **T. Termination of Contract**

A Contractor-Owner contract may be terminated due to the following circumstances:

- Poor work performance on the job site and the demonstrated inability to rectify poor workmanship.
- Causing undue damage to the property and showing an inability or unwillingness to correct the damage. The cost of repairing the damage will be deducted from any money owed to the contractor for work already completed.
- Where collusion or fraud has been determined to exist on the part of the contractor.
- Lack of sufficient insurance coverage.
- Inability of the contractor to perform the work within the allotted time.
- Irreconcilable and irresolvable differences between the contractor and the owner.

#### **U. Selection of Materials and Colors**

Homeowners will select colors, style and pattern of any materials used in home improvements. The selections will fit the neighborhood, and any judgment calls about what fits the neighborhood will be made collectively among the City, Program Administrator, and the homeowner. Costs and types will be deemed reasonable by the Program Administrator. Products come in three types, "economy," "standard," and "deluxe." We specify the "standard" items. The Program Administrator will be the final decision maker as to whether a product is "standard."

### **SECTION VII. GENERAL CONDITIONS**

#### **A. Leveraged Funds**

Each selected applicant will be evaluated on an individual basis to ascertain the most appropriate and effective source and method of funding available to leverage with SCDP funds. SCDP funds may be combined with City committed funds, Weatherization, MHFA Rehabilitation and Home Improvement loans, Rural Development Loans and Grants, Greater Minnesota Housing Fund loans, and other public/private funds to accomplish as much rehabilitation as possible within affordable costs.

## **B. Repayment Proceeds**

Any proceeds received from the repayment of deferred loans originated with SCDP funds will be utilized by the City in accordance with DEED approved policies for the use of program income.

## **C. Data Privacy**

Your name, address, and the amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information that you provide to the housing rehabilitation program about you and your household is considered private data. Private data will only be used when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

- Staff and other people involved in program administration.
- Auditors who perform required audits of this program.
- Authorized personnel from the Minnesota Dept. of Employment and Economic Development, the U.S. Dept. of Housing and Urban Development or other local, state, and federal agencies providing funding assistance for your loan.
- Those persons authorized to see it by the applicant.
- Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required.

## **SECTION VIII. SUMMARY OF STAFF AND RESPONSIBILITIES**

The City has contracted with Central Minnesota Housing Partnership, Inc. to administer the Small Cities Development Program. SCDP funds will be requested through the City. The City will be responsible for the submission of Post Closeout Program Income Reports.

### **A. Program Administrator**

Central Minnesota Housing Partnership, Inc. has designated a Program Manager who is responsible for coordinating all program activities and tasks. The Program Manager coordinates payments of contractor and vendor invoices with the City. The Program Manager also prepares and submits all required reports including the annual progress reports required by DEED. Clearance of any and all grant conditions, compliance with federal and state regulations and record keeping are also the responsibilities of the Program Manager.

The Program Manager is responsible for implementing the rehabilitation activities including inspections and Scope of Work write-ups, securing competitive bids, bid awards, overseeing the actual rehabilitation activities and inspections for payment.

## **SECTION IX. APPLICATION APPROVAL/APPEALS PROCESS**

### **A. Application Approval Process**

All applications for SCDP assistance will be approved, provided all eligibility criteria are met and resources are available.

## **B. Complaints and Disputes**

Any person with a complaint concerning their project eligibility, terms of assistance or actual rehabilitation work will first take the complaint to the Program Administrator. Complaints shall be submitted in writing and shall be addressed to the Program Manager. All complaints will receive a written response within thirty (30) days stating action taken regarding complaint. If further action is required to resolve the complaint, an appeal may be made in writing to the New Munich City Administrator, as final resolution rests with the City.

## **C. Amendments**

These policies may be amended from time to time by the St. Joseph City Council.

## **SECTION X. AFTER THE LOAN**

### **A. Reverse Mortgages**

SCDP loan agreements must be repaid if a homeowner takes out a reverse mortgage on the property.

### **B. Subordination**

During the life of the SCDP loan, recipients may refinance to secure a lower interest rate on a mortgage, not exceeding a loan to value determined by local policy. SCDP grant recipients may use the cash equity to rehabilitate the property. Cash equity for all other uses is not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED. DEED does not process subordinations. Subordinations are to be reviewed and processed by each respective grantee.

## **SECTION XI. OUTLINE OF HOUSING REHABILITATION PROCESS**

### **1. Communication With Interested Homeowner**

- A. Homeowner completes and submits application for SCDP assistance. Application will include a signed data privacy form, authorization to obtain information, conflict of interest form, a “What to Expect/What not to Expect” form, and “Renovate Right” and “HUD Fair Housing” brochures.
- B. Secure homeowner signatures on the “Lead-based Paint Awareness” and “Walk Away Policy” forms.
- C. Discuss any questions or concerns from applicants.

### **2. Verification of Eligibility**

- A. Verify income with employer or other documentation.
- B. Verify interest earned or other income.
- C. Check assets at the bank.
- D. Verify home in city limits or target area (if applicable).
- E. Verify that home is not a single-wide mobile home.
- F. Verify home not a duplex.
- G. Verify ownership by reviewing deed, title, or contract for deed.
- H. Verify that current and back taxes are paid by utilizing county website search tools.
- I. Clearance with State Historical Preservation Officer and documentation the home is not in a 100-year flood plain.

### **3. Inspection, Bids, Loan, Authority to Start**

- A. Program Manager determines project to be feasible or not feasible, and determines that property is compliant with local nuisance standards (junk, weeds, etc.)
- B. Homeowner notified of lead risk assessment (if applicable).
- C. Inspection completed and detailed specification prepared.
- D. Risk assessment for lead hazards completed. Summary Notice completed, copy provided to the homeowner and signed copy in file (if applicable).
- E. Program Manager prepares Scope of Work specifications for homeowner review.
- F. Homeowner approves specifications.
- G. Homeowners select contractors to bid on the rehabilitation project, two if low contractor supply in area.
- H. A bid package is provided to the selected contractors. If any of the contractors are not interested in bidding, the homeowner may select a replacement.
- I. Bids opened at pre-selected date. Homeowner chooses contractor to undertake the project. SCDP program funds their percentage of the lowest bid received.
- J. Applicants and projects must be determined as eligible before a commitment of SCDP funds is made.
- K. If required, homeowner deposits "other" financing into rehabilitation escrow account.
- L. Homeowner signs repayment agreement as security for the city.
- M. Homeowner is presented with Right of Rescission form.
- N. Relocation Screening Sheet for Occupant Protection with Lead Hazard Reduction Activities completed and placed in file.
- O. Notice to Proceed is issued to the contractor.

### **4. Rehabilitation Project**

- A. Project change orders processed, if necessary.
- B. Partial payments are made, if required, after inspections are completed.
- C. Lead Clearance completed (if applicable).
- D. Lien Waivers are obtained from contractors, subcontractors, and material suppliers.
- E. Final payment is made after Lien Waivers and Lead Clearance received.
- F. Project Completion Certificate signed by contractor, homeowner, and Program Manager.
- G. Program Manager files the Repayment Agreement(s) with the County Recorder.
- H. Program Manager provides homeowners with Closeout Letter and copies of all applicable documents, including Lead Clearance Report and Summary Notice (if applicable), and recorded Repayment Agreement.

### **5. Rehabilitation Project File Maintained**

- A. A rehabilitation project file will be maintained on each application for funding, and will include all the appropriate photos, documentation and forms relating to the project.
- B. At the end of the grant period, the Program Administrator will deliver all project files to the City.

# ST. JOSEPH TARGET AREA A MAP



*Policies and Procedures prepared by Central Minnesota Housing Partnership, Inc.  
For the City of St. Joseph Small Cities Development Program*

**Residential Anti-displacement and Relocation Assistance Plan**  
under Section 104(d) of the Housing and Community Development Act of 1974, as Amended

The City of St. Joseph anticipates participating in the Minnesota Small Cities Development Program. Through this participation, owner-occupied rehabilitation will occur. The consequence of the proposed activities is that the potential for displacement exists, although it is not anticipated. The purpose of the Residential Anti-displacement and Relocation Assistance Plan is to describe the steps the City of St. Joseph shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

I. The City of St. Joseph will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR, Part 570.606 and 24 CFR, Part 42. All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City of St. Joseph to provide funds for an activity that will directly result in such demolition or conversion, the City of St. Joseph will make public and submit to the Minnesota Department of Employment and Economic Development the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities;
- C. A time schedule for the commencement and completion of the demolition or conversions;
- D. The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the City of St. Joseph will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible;
- E. The source of funding and a time schedule for the provision of replacement dwelling units;
- F. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy;
- G. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction.

The City of St. Joseph may request the Minnesota Department of Employment and Economic Development to recommend that the U. S. Department of Housing and Urban Development approve an exception to required replacement housing if there is an adequate local supply of vacant low/moderate-income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR, Part 570.488(c)(1)(B).

II. The City of St. Joseph will provide relocation assistance, as described in 24 CFR, Part 570.488(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with an assisted activity.

III. Consistent with the goals and objectives of activities assisted under the Act, the City of St. Joseph will take the following steps to minimize the displacement of persons from their homes:

1. Displacement of persons from their homes should not occur as the proposed rehabilitation program is for owner-occupied rehabilitation only. No demolition or conversion of homes will be completed.

Definitions for the purposes of this plan are as follows:

A “**low/moderate-income dwelling unit**” is a unit with a market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the HUD Section 8 existing housing program. A “vacant occupiable dwelling unit” is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in dilapidated condition and occupied less than three months from the date of the grantee agreement.

An “**Occupiable Dwelling Unit**” is a unit that is in standard condition or has been raised to a standard condition from a substandard condition, suitable for rehabilitation.

A “**Standard Condition**” dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing, and electrical systems adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).

A “**Substandard Condition**” dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded defined as more than one person per room).

A “**Substandard but Suitable for Rehabilitation Condition**” dwelling unit, at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a “substandard condition” dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation.

A “**substandard but suitable**” dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a “Standard” dwelling unit.

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Mayor

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City Administrator

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Date

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Date

**City of St. Joseph**  
**SCDP Fair Housing Plan**

The City of St. Joseph (hereinafter referred to as “the City”), in conjunction with Small Cities Development Program Grant Number CDAP-24-0052-O-FY25, has the following plan to promote Fair Housing opportunities for all citizens in the community.

- 1. In the first year of the grant the Fair Housing Logo will be placed on all application forms for the full term of the grant.
  
- 2. In the second year of the grant the City will post and maintain Fair Housing posters at City Hall and at other prominent locations within the city. In the second year, a public hearing at a city council meeting will also take place.
  
- 3. In the third year of the grant the City will publicly advertise the city as a “Fair Housing City” through their website and local media.

**City of St. Joseph**

\_\_\_\_\_ Date \_\_\_\_\_  
*Mayor*

\_\_\_\_\_ Date \_\_\_\_\_  
*City Administrator*

**City of St. Joseph**  
**Owner-Occupied Housing Projects**  
**SCDP Program Income Reuse Plan**

All income and repayments received through the Small Cities Development Program (SCDP) loans will be used for further rehabilitation activities and will be consistent with the application for funds and the Contract Agreement. If income received exceeds \$35,000 in any given federal fiscal year (Oct. 1 – Sept. 30), the funds will follow federal policies (similar to original grant) regarding federal objectives, tiered environmental reviews, lead-based paint, and federal labor standards. If income received is below the \$35,000 threshold, it will still be used for rehabilitation activities, but following federal policies is not required.

A SCDP Post Closeout Program Income Report will be accurately completed and submitted to the Minnesota Department of Employment and Economic Development (DEED) by October 15<sup>th</sup> of each year. City staff will be responsible for the completion and submission of the Program Income Reports.

**City of St. Joseph**

\_\_\_\_\_ Date \_\_\_\_\_  
*Mayor*

\_\_\_\_\_ Date \_\_\_\_\_  
*City Administrator*

**City of St. Joseph**  
**SCDP Progress Report Submission Plan and**  
**Collection of Information Plan**

Central Minnesota Housing Partnership, Inc. (CMHP) will request information from the City, as needed, to complete and submit SCDP Annual Reports, SCDP Final Report and any additional DEED required progress reports. Specific information will be collected for sections 1, 2, 6 and 7 of the Annual Report, as well as information regarding citizen participation. CMHP will also request a city review of the annual report before submission, to confirm accurate information.

**City of St. Joseph**

\_\_\_\_\_ Date \_\_\_\_\_  
*Mayor*

\_\_\_\_\_ Date \_\_\_\_\_  
*City Administrator*

CITY OF ST. JOSEPH  
SMALL CITIES DEVELOPMENT PROGRAM - SECTION 3 PLAN

The City of St. Joseph, in conjunction with Small Cities Development Program (SCDP) Grant# CDAP-24-0052-O-FY25, has the following plan to direct employment and other economic opportunities generated by the U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs, to the greatest extent feasible, towards low- and very low-income persons, particularly those who are recipients of government assistance for housing.

This plan outlines how the City of St. Joseph and its subrecipients, contractors and subcontractors will comply with HUD’s Section 3 requirements, as applicable, in implementing the City of St. Joseph’s SCDP grant. To the greatest extent feasible, funded project work will be directed towards low- and very low-income persons and to Section 3 businesses. In addition, to the greatest extent feasible, work will also be directed towards women- or minority- owned businesses. Being a Section 3 business or a woman- or minority-owned business is not required; however, preference is given to those businesses.

A business may be considered a Section 3 business if they meet one or more of the following criteria:

1. At least 51% of the business is owned and controlled by low- or very low-income persons; or
2. At least 51% of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
3. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

Businesses may demonstrate Section 3 business eligibility by submitting the Section 3 and Women- or Minority-Owned Business Certification form. This form may also be used to demonstrate a business is a women- or minority-owned business. The City of St. Joseph will require all contractors and subcontractor to complete and submit the Section 3 and Women- or Minority-Owned Business Certification form prior to the start of the project.

The City of St. Joseph will attempt to recruit Section 3, women- or minority-owned businesses, or low- or very low-income workers through:

- Local advertising media
- Signs prominently displayed at city hall
- contracts with the community organizations and public or private agencies operating within Stearns County in which the Section 3 covered program or project is located

\_\_\_\_\_  
*Mayor, City of St. Joseph*

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*City Administrator, City of St. Joseph*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Date*



**STAFF MEMO**

<b>Prepared by:</b> City Clerk	<b>Meeting Date:</b> 2-17-25	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>	<b>Agenda Item #</b> 4e
<b>Reviewed by:</b>	<b>Item:</b> Approve on-sale and special Sunday liquor license for Short Stop Restaurants		
<b>Council Priority:</b> <input type="checkbox"/> Dispensary <input type="checkbox"/> Industrial Park Expansion <input checked="" type="checkbox"/> Housing <input type="checkbox"/> Public Safety Facility/Safe Crossing of CSAH 75 <input type="checkbox"/> N/A			

**ACTION REQUESTED**

Approve the on-sale and special Sunday liquor license for Short Stop Restaurants through June 30, 2026.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

**PREVIOUS COUNCIL ACTION**

**REFERENCE AND BACKGROUND**

Staff received an application from Short Stop Restaurants Inc. for an on-sale and special Sunday liquor license. Short Stop currently does catering for Rolling Ridge and this license would allow them to service liquor as well as store it on site.

The city’s license period runs July 1 – June 30<sup>th</sup> so this license would expire June 30, 2026 and then be renewed with the other establishments sometime in May.

**BUDGET IMPACT**

**STAFF RECOMMENDED ACTION**

Approve the on-sale and special Sunday liquor license for Short Stop Restaurants through June 20, 2026.

**SUPPORTING DATA/ATTACHMENTS**



## STAFF MEMO

<b>Prepared by:</b> Admin	<b>Meeting Date:</b> 2-17-26	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>	<b>Agenda Item #</b> 4f
<b>Reviewed by:</b>	<b>Item:</b> Accept Resignation of Recreation Director and authorize the hiring process to fill the vacancy.		
<b>Council Priority:</b> <input type="checkbox"/> Dispensary <input type="checkbox"/> Industrial Park Expansion <input type="checkbox"/> Housing <input type="checkbox"/> Public Safety Facility/Safe Crossing of CSAH 75 <input checked="" type="checkbox"/> N/A			

**ACTION REQUESTED**

Accept the resignation of Recreation Director, Rhonda Juell, effective April 6, 2026, and authorize the hiring process to fill the vacancy.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION** N/A

**PREVIOUS COUNCIL ACTION** N/A

**REFERENCE AND BACKGROUND**

The Recreation Department has grown immensely since Rhonda was hired as Recreation Director. We value her contributions to the City of St. Joseph and wish her well on her future endeavors. Staff would like to advertise the opening following council acceptance of the resignation.

**BUDGET IMPACT** N/A

**STAFF RECOMMENDED ACTION**

Accept the resignation of Recreation Director, Rhonda Juell, effective April 6, 2026, and authorize the hiring process to fill the vacancy.

**SUPPORTING DATA/ATTACHMENTS**