



BLACKDUCK CITY COUNCIL MEETING  
MONDAY MARCH 4<sup>TH</sup>, 2019 @ 6PM  
REGULAR COUNCIL MEETING MINUTES

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**CALL TO ORDER:** The City Council of the City of Blackduck met in Regular Session at Blackduck City Hall at 6:00p.m. March 4, 2019. Meeting called to order by Mayor Patch and the Pledge of Allegiance was stated.

**ROLL CALL:**

**Councilors present:** Mayor Patch, Councilors Kolb, Moore, and Gulette

**Councilors Absent:** Sellon

**Staff Present:** City Administrator Christina Regas, Liquor Store Manager Shawnda Lahr, and Police Chief Jace Grangruth

**Others Present:** none

**APPROVAL OF AGENDA** –Moved by Councilor Moore and seconded by Mayor Patch to approve the agenda as submitted. Motion carried unanimously.

**CONSENT AGENDA** – Moved by Councilor Gulette and seconded by Councilor Kolb to approve the consent agenda removing items F.; G.; & J.:

- a. February 4<sup>th</sup>, 2019 Council Meeting Minutes
- b. February 19, 2019 Council Work Session Minutes
- c. February 19, 2019 Personnel Meeting Minutes
- d. February 20, 2019 Planning Commission Meeting Minutes
- e. February 28, 2019 Fire Protection Area Annual Meeting Minutes
- f. February 2019 Fund Balance Report
- g. February 2019 Bills
- h. YTD February 2019 Income Statements
  - a. Water, Sewer, Pine Tree Park, and Golf Course
  - b. Liquor Store
- i. February 2019 Month End Remittance Report
- j. January 2019 LG216 Lawful Gambling Monthly Rent Report
- k. Final Approval - Federal Recreational Trail Program 2019 Blackduck Snowmobile Grant Application Draft
- l. Final Approval – Design Angler Professional Services Agreement Default – City Website Hosting
- m. Final Approval – February Voluntary Terminations part-time & Volunteer City employees

Motion carried unanimously.

**CONSENT AGENDA ITEMS REMOVED** – Moved by Councilor Gulette and seconded on Councilor Moore to approve consent agenda items F. G. & J. Discussion on items were as follows:



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- a. February 2019 Fund Balance Report – Councilor Gulette requested explanation of the funds listed on the Fund Balance Report that were in ‘red’. Regas reported on the report as noted below:
    - i. Cemetery fund - typically carries a negative balance in the early parts of the calendar year until budgeted transfers from the Liquor Fund and General fund are made.
    - ii. Golf fund – has been carrying a negative balance for 2 years and has budgeted transfers and levied property taxes to support the fund in 2019 also noting the fund receives little to no revenue in the off-season.
    - iii. Sewer Fund & Water project fund reserve – Regas reported that until the City closes the Summit and Main project out an all invoicing is completed it will carry a negative balance due to early invoices paid at the beginning of the project.
    - iv. 2018 Revolving Loan Fund (new) – Regas reported after the one-time exception pay
  - b. February 2019 Bills – Councilor Gulette requested confirmation on why the City was authorizing invoices paid to Sanford Occupational Medicine under the Liquor Fund. Regas reported that Sanford was the vendor that completes pre-employment drug testing for the City. Nothing further.
  - c. January 2019 LG216 Lawful Gambling Monthly Rent Report – Councilor Gulette requested confirmation that the pull tabs from January had a shortage of \$53 when close out was completed in January and asked for an explanation. Liquor Manager Lahr reported that the Pond had new employees working at the Liquor store and with \$2 & \$5 pull tab boxes there are shortages from counting mistakes from time to time. Lahr reported she is working on an individual basis to re-train staff. Councilor Gulette further asked for clarification on what the City makes for pull-time rent in January. Nothing further.

Hearing no further discussion on the motion, Mayor Patch called for a vote on the motion. Motion carried unanimously.

**BLACKDUCK FORUM –**

*No one present to speak.*

**PUBLIC WORKS REPORT –** Bob Klug Jr., Public Works Supervisor

*No report submitted.*

**LIQUOR STORE REPORT –** Shawnda Lahr, Liquor Store Manager

1. Report – Lahr did not have much to report. Lahr reported on February promotional events (Sweetheart Dance, Month-end Pool Tournament, & Sled Drags) and touched how some Thursdays and Fridays have been really big sale days. Lahr stated February has been a profitable month. Lahr stated with the way the ice on the lakes is at this point she is expecting slower traffic for March. Councilor Gulette asked if the Pond is considering working with the Sled drags more for having additional staffing due to the increased traffic. Mayor Patch stated other local restaurants were not open during the drags and that brought more lunch crowd traffic into town. Lahr stated the Pond



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did a large amount of food sales on that date. Mayor Patch asked if there will be pull-tabs open to sell on Sundays soon. Lahr stated she has discussed the topic with the Fire Relief and has also touched on having a different E-tab vendor in the bar soon. Mayor Patch asked if Lahr believed the pull-tab machine(s) would be a good idea for the bar. Lahr did not know how it would affect the tab revenue. Lahr stated Sunday sales over-all have been low traffic for the bar and off-sale. Councilor Gullette asked if the Council has ever requested a report of Sunday sales. Regas stated it could be generated for review at the April council meeting. Lahr requested the report be broken up to show off & on-sale revenue. Regas agreed. Nothing further.

**LAW ENFORCEMENT REPORT** – Jace Grangruth, Police Chief

1. Police Squad – Chief Grangruth reported to the Council an update from the February work session on requesting a replacement squad from the approved Dodge Ram in 2018 due to emissions requirements from the Federal government and an unknown delivery date. Grangruth stated the new recommended option for a new squad would be to order the Chevy Tahoe from Ranger Chevrolet in Hibbing, MN with a delivery date of April 2019 and equipped with idle rate system and accessories installed by Rogers Two Way in Bemidji for a total cost of \$52,540. Grangruth reported that Rogers will work with the City of Blackduck for the accessories ordered and received for the Ram and would only incur restocking fees of \$535; Counsel, housing for the counsel and lights for \$1107. Grangruth is contacting other agencies that have ordered and can wait for the Ram to see if they are interested in purchasing the non-returnable accessories.
  - a. Cost of Tahoe vs. Dodge Ram – Grangruth reported the total cost of the Ram vs. the Tahoe (\$52,540 vs. \$44,707) can be supported with the Police restricted fund in 2019 because the Tahoe accessories will cost less than the Ram would. Regas reported to the Council the Police Restricted fund currently sitting at \$39,415 after the 2019 scheduled transfer of \$10,000 in the Spring of 2019 will support the base delivery cost of the Tahoe prior to accessory installation. Grangruth reported the accessories for the Ram would have been \$13,983 and the Tahoe \$15,826 a difference of \$1,843. Regas stated originally the City authorized the payment of the accessories for the Ram from the Police 2018 budget, but after the sale of the two vehicles in 2018 and the end of year budget, the department should be able to fund the Tahoe without any budgetary issues.

Moved by Mayor Patch and seconded by Councilor Kolb to approve the purchase of the 2019 Chevy Tahoe not to exceed \$52,540. Councilor Moore asked what happens if the amount of the Tahoe ends up higher than approved. Chief Grangruth agreed and requested a small amount of overage in case installation of accessories run higher than quoted. Mayor Patch revised the original motion to include a variance of +/- \$1,500 seconded by Councilor Gullette. Councilor Gullette asked for clarification on the warranty for the Tahoe. Grangruth stated from Roger the warranty is one-year. Councilor Gullette asked for the warranty on the Tahoe itself. Grangruth stated power-train is 100,000 miles. Gullette asked if there are additional warranty options for police squads. Grangruth was not aware of any additional. Grangruth further cautioned the Council that after approval of the purchase of the Tahoe there would be no further option for canceling the order. Mayor Patch asked for clarification that the Dodge Ram order can be canceled. Grangruth confirmed. Mayor Patch asked for any further discussion on the motion. Regas read the motion back to Council for clarification. “Moved by Mayor Patch and seconded by Councilor Gullette to approve the purchase of the 2019 Chevy Tahoe for \$52, 540 with a



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*variance of +/- \$1,500.”* Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

**FIRE DEPARTMENT REPORT** – Brian Larson, Fire Chief

1. Report – Regas recapped the meeting noting Councilor Moore attended and requested her feedback. Councilor Moore stated she learned a lot of and was very appreciative of the meeting noting she has a better understanding of how the fire protection area is supported and what problems they are facing. Regas noted the meeting was very informative noting the need to re-apply for a grant with other fire agencies to update to ARMER radios and to apply for a stand-alone grant in 2019 to replace the SCBA (breathing apparatus’). Regas noted the towns wanted the fire department to be equipped with the safest equipment and is willing to work with the department and the City to budget for additional funds to help with the grant matches if awarded and/or to fund the equipment upgrades if the grants are not funded. Nothing further.

**GOLF COURSE REPORT** – Jim Andersen, Golf Course Superintendent

1. Golf Board Meeting – Rescheduled for March 7th @ 3:00pm – Blackduck City Hall – Regas reported the golf board rescheduled their meeting for March 7<sup>th</sup>, and she has scheduled interviews with potential staff for the 2019. Nothing further.

**LIBRARY REPORT** – Kelly Hanks, Head Librarian

*No report submitted.*

**ADMINISTRATOR’S REPORT** – Christina Regas, City Administrator

1. City of Blackduck Tobacco Licensing & Sales Ordinance – Ordinance adoption first reading and Public Hearing – March 25<sup>th</sup>, 2019 @ 6:00pm – Regas recapped to Council the discussion of adopting a Tobacco Licensing & Sales Ordinance for the City of Blackduck noting the City is not required by statute to hold a public hearing but encouraged the City Council to hold one due to nature of the ordinance. Regas supplied for Council a sample ordinance for review further noting that if MN Statute were to change by the bill that is going through the Senate and House at this time the City Ordinance would need to be reviewed by the City Attorney prior to posting notice of the public hearing. Councilor Moore asked who the City Attorney is for Blackduck. Regas reported that Joe Boyle from International Falls is our policy and ordinance attorney and Ryan Kieson from Bemidji is the City’s land attorney. Councilor Gulette stated he originally was in favor of adopting a City ordinance to keep the purchasing age at 18 but after careful reflection is now in support of the Tobacco 21 movement throughout the state. Councilor Gulette stated if the moto of our City is “Blackduck a Great Place for Families” then the City needs to lookout for the youth of Blackduck. Mayor Patch added that although he is not a smoker and dislikes how more than even things are being regulated by the state, for the better of the City of Blackduck he is not in favor of pushing an ordinance against Beltrami County’s revised Ordinance. Councilor Kolb stated he is favor of allowing the City of Blackduck be governed by Beltrami County’s ordinance of restricting the age for purchasing tobacco. Councilor Moore stated she is not against adopting the ordinance as she believes the more restrictions are taking away from businesses revenue but she also worries what the amount of work to issuing the licenses for the amount of return will be on the City. Mayor Patch asked if those in attendance to the recent LMC Conference received any feedback from other municipalities. Councilor Gulette noted that regardless of City approval the State will be heading in the direction of Tobacco 21. Mayor Patch



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asked Regas what the procedure is for removing the item for Council approval. Regas stated that since Council did not request a public hearing then all Mayor Patch needs to do is to request the item be removed from the agenda. Regas stated that the City Council did the City justice by discussing the topic in detail and coming to a decision that benefits the whole. Nothing further.

2. Resolution 2019-08 – Resolution in support of City Administrator to seek office to serve as Minnesota clerks and Finance Officers Association (MCFOA) Region 1 Vice President – Moved by Councilor Gulette and seconded by Councilor Moore to approve Resolution 2019-08. Regas reported the current President of the MCFOA asked Regas to seek office to serve as the Region 1 VP for the 2019-2020 term. Regas reported the position would be a good opportunity to network more with other municipalities to run region meetings. Regas stated the application for the office requires Council support. Regas stated that Region 1 is a large region and the current President suggested having an assistant VP in case Regas could not attend a regional meeting. Regas further reported the meetings are covered by MCFOA for mileage and would offer an opportunity for Regas to learn more at a state level for the position she holds for Blackduck. Mayor Patch asked if the City of Blackduck needs to support Regas other than the resolution. Regas stated the City would still need to pay Regas' payroll while in attendance to the meetings. Councilor Moore stated it would be nice to have a representative from Blackduck at this level. Councilor Gulette asked if Regas is receiving any credit for holding the office. Regas stated that the position adds to her accreditation to her MCFOA Master's in Municipal Clerk Designation. Hearing no further discussion on the motion Mayor Patch called for a vote on the motion. Motion carried unanimously.
3. 2018 Financial Audit Office of The State GASB 67/68 New Requirement – Fire Relief Association financial statements pension liabilities – City of Blackduck Bonding Rate – Regas reported to Council the financial audit is requiring an outside actuarial service for new state auditor reporting. Regas stated GASB67/68 are new and require Cities that have a Fire Relief to report on their pension liability. Regas reported that the City has received a quote for the actuarial services from VanIwaarden for \$2,250 for the 2017 Fire relief year. Regas further reported that due to the pension liability showing on the City's financial statement as an asset the City is required to report on the liabilities. Regas further reported that the liability may affect the City's bonding rate. Regas informed the Council how each year the City Fire Department budget has a line stating if there is an additional cost to the fire protection area for Pension Contribution. Regas noted that in the past 3-5 years there has been no need for the pension contribution to be funded noting the success of the relief's investments and contributions from the Charitable Gambling. Regas stated the City outside auditors requested the City receive a quote for the services to determine if the service fee is an amount the City can support or if it will be a financial burden to the City. Regas stated she included the Fire Chief and Assistant Chief in the service further noting the information to be reported on is from the 2017 year and shouldn't be an additional strain on the Fire Relief board members. Councilor Gulette confirmed that VanIwaarden will only be reviewing the Fire Relief reporting and Miller McDonald will be reporting on the City financials. Regas confirmed and further stated that due to this new required reporting from the State Auditor, Miller McDonald still needs the report from VanIwaarden to complete the City audit. Regas did not recommend the City Council not authorize the service. Mayor Patch asked if the City is being forced to have the service completed. Regas stated no but because the reporting to the State Auditor is new it is recommended. Councilor Kolb asked if there are independent auditors that can do the service for Blackduck with the financial audit. Regas stated no. Councilor Kolb asked if there are other cities that do the GASB reporting and if



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Blackduck could contract with them to save costs. Regas stated larger cities that have financial departments do their own reporting but would most likely not do other municipalities. Councilor Gullette stated he believes the concern is when the oldest fire fighter finally retires and potentially 'breaks' the pension fund. Mayor Patch agreed but noted there is no guarantee that it would or would not happen. Gullette agreed noting that the actuarial service is just for reporting. Patch then asked again why the service is required if the Fire Relief is already reporting each year. Mayor Patch asked what the result would be if Blackduck does not do this report. Regas stated that the financial audit would have a footnote stating the City council of the City of Blackduck agreed not to do the service due to a financial hardship. Regas stated if there will be a fine by the state for not reporting would yet to be determined. Mayor Patch went on record by stating it is frustrating when the City and the Relief report each year to the State Auditor their corresponding financial audits why would a new service such as GASB 67/68 be needed. Patch stated that all the information is already notated annually. Regas requested the Council move on the proposed actuarial service.

- a. Van Iwaarden Service Agreement – Moved by Mayor Patch to deny the services from Van Iwaarden for GASB 67/68 reporting. Mayor Patch called for a second on the motion. There was no second on the original motion. Motion dies. Moved by Councilor Gullette and seconded by Councilor Kolb to contract with Van Iwaarden for actuarial services for GASB 67/68 reporting. Discussion by Councilor Gullette stated he has concerns if the reporting is not completed what would be the recourse to the City. Councilor Moore agreed that there could be a fine to the City. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried by the majority with Councilors Moore, Gullette, and Kolb voting 'aye' and Mayor Patch voting 'nay'.
4. Annual LMCIT Liability Coverage – Waiver Form – Moved by Mayor Patch and seconded by Councilor Moore to approve the Annual LMCIT Liability Coverage to waive the limits on the monetary tort liability. Motion carried unanimously.
5. Blandin Community Leadership Program – Approval of City Employee attendance -Regas reported to Council the opportunity for two City employee leaders to attend the Blandin Community Leadership Program April 8-12, 2019. Regas stated the two employees are City Administrator Regas and Chief of Police Grangruth. Regas is requesting the City Council approve the employees to attend the retreat and to be paid their salary while in attendance. Regas reported that once the leaders attend the retreat then the alumni qualify to apply for grant funding from the Blandin foundation to improve upon their community. Regas stated the Blandin foundation has not offered the program to the Blackduck community for almost 20 years but after speaking with several past alumni noted this training, they received was irreplaceable. Regas stated the retreat requires a total of 24 people (12 women and 12 men) and this year's retreat is being offered to a combined effort from the Blackduck, Northome and Kelliher areas. Regas stressed the attendees must work together to apply for future grants. Regas stated Blandin only offers the leadership training to rural Minnesota communities.
  - a. Retreat and Workshop dates – Mayor Patch asked how many days in total the employees would need to be in attendance. Regas stated it is required of the attendees to make the 5-day retreat and 3 additional workshop days. Regas noted that if the City Council would not support paying her salary while in attending the retreat, she would request to use vacation time earned. Councilor Moore asked if Regas and Grangruth would be attending the leadership training if they were not City employees. Regas stated that if she were working someplace else and was offered the opportunity she would still attend.



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Regas reported the Blandin foundation pays for the program, room and board but not wages. Councilor Gullette noted the Blandin foundation has grants available to help pay for lost wages. Regas confirmed the grants to help lost wages are available. Councilor Gullette asked Regas if she has considered the work load while in attendance of the retreat. Regas reported that Deputy Clerk Landowski is fully prepared to fill-in for the April Council meeting. Councilor Kolb asked if Regas is requesting paid wages during the workshops. Regas confirmed. Councilor Gullette asked Chief Grangruth for his feedback. Chief Grangruth stated to his understanding the training is very good, and he would not have this opportunity unless he worked in Blackduck and it would be a great opportunity to give back to the community. Grangruth further noted he would be missing his wife's birthday and the retreat is close to his daughter's first birthday. Councilor Kolb asked if Regas would be working on the workshop prework on City Hall time or personal time. Regas stated when possible she would work on City time but if not, she would request a vacation day. Mayor Patch noted how he believes the training would really benefit the City.

- b. Attendance Approval and Payment of Wages – Mayor Patch suggested the City Council consider paying Regas and Grangruth 50/50 on their wages while in attendance noting vacation would not all need to be used. Councilor Moore stated she believes the wages should either be paid for entirely or not and is advocating for all seeing the benefit in what the training will give the employees. Councilor Gullette was in agreement with Councilor Moore noting that the employees are doing it for the benefit of Blackduck. Grangruth noted how this particular training focuses on Blackduck. Moved by Councilor Gullette and seconded by Councilor Moore to pay the wages of Christina Regas and Jace Grangruth for the eight (8) days in attendance for the Blandin Leadership training and the 3 workshops. Councilor Gullette noted he sees it as a small investment for a very large return, not only for the grant money but for the employees. Mayor Patch asked that any pre-workshop work be done after City Hall hours. Hearing no further discussion on the motion Mayor Patch called for a vote on the motion. Motion carried unanimously.
6. Newly Elected Official Conference recap – feedback – Mayor Patch requested feedback at the March work session. Nothing further.
7. Reminder April 8, 2019 Council Meeting – Regas reminded the Council of the next regular meeting. Nothing further.
8. Requested March Work Session – Mayor Patch requested the March work session for March 25<sup>th</sup>, 2019 due to Regas attendance to the MCFOA annual conference the previous week. Nothing further.
9. 2019 MCFOA Conference March 19-22, 2019 – Christina Regas – nothing further.
10. Annual Spring Council City Wide Tour – Date tentative date June 6<sup>th</sup>, 2019 – nothing further.

**COMMUNITY EVENTS/GOOD THINGS HAPPENING –**

1. City of Blackduck Employee Anniversaries –
  - a. **Jon Ross – 14 years - March 2005 (Fire Department)**
2. Blackduck Development Corporation Meeting – March 13, 2019 @ Good Samaritan Community Room
3. Blackduck Chamber Meeting – March 20, 2019 @ The Pond
4. Blackduck Planning Commission Meeting – March 27, 2019 @ 2pm @ City Hall



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**OTHER NEW BUSINESS** – No new business.

**ADJOURN** – Moved by Mayor Patch and seconded by Councilor Gullette to adjourn the meeting at 7:55pm. Motion carried unanimously.

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Christina Regas, City Administrator

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Rudy Patch, Mayor