



BLACKDUCK CITY COUNCIL MEETING  
TUESDAY, JUNE 4TH, 2019 @ 6PM  
REGULAR COUNCIL MEETING MINUTES

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

**ROLL CALL:**

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

**Councilors Absent:** none

**Staff Present:** Deputy Clerk Gail Landowski, Liquor Store Manager Shawnda Lahr, and Police Chief Jace Grangruth

**Others Present:** Ashley Erickson Miller McDonald, and Johnny Lee Walker Blackduck Area Chamber of Commerce & Paul Bunyan Broadcasting

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

**CONSENT AGENDA** – Moved by Councilor Gulette and seconded by Councilor Sellon to approve the consent agenda as written.

- a. May 6<sup>th</sup>, 2019 Council Meeting Minutes
- b. May 9<sup>th</sup>, 2019 Revolving Loan Fund Committee Minutes
- c. May 15<sup>th</sup>, 2019 Planning Commission Meeting Minutes
- d. May 20<sup>th</sup>, 2019 Special Council Meeting Minutes
- e. May 2019 Fund Balance Report & Transfers
- f. May 2019 Bills
- g. YTD May 2019 Income Statements
  - a. Water, Sewer, Pine Tree Park, and Golf Course
  - b. Liquor Store
- h. May 2019 Month End Remittance Report
- i. April 2019 LG216 Lawful Gambling Monthly Rent Report
- j. Final approval of June 2019 Full-time employees hired
- k. Final Approval – Application for 1 day on-sale Liquor License Blackduck American Legion – 2019-01

Motion carried unanimously.

**BLACKDUCK FORUM** –

*No one present to speak.*

**2018 FINANCIAL AUDIT REVIEW** – Ashley Erickson, Miller McDonald

**1. Financial Audit Report** –

- a. General Fund -Erickson provided an overview of the general fund revenue budgets for 2018 noting the reduction of Small Cities Assistance for Streets, and the Fire Department Aid that



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wasn't received until 2019. Erickson reported the general fund expenditure budgets for 2018 were in line showing administration being slightly over budget for personnel services for the increase in health care costs and dues and subscriptions being higher. Erickson further noted the expenditures were comparable to 2017 and was no concern. Planning and Zoning was over budget due to the rental inspections with a new vendor. Streets department was under budget and of little concern and the debt service appears higher than expected but only due to reclassification of the new lease payment for the public works truck.

b. Enterprise Funds –

i. Water – Erickson noted the increase in cash for the Water fund due to the increase in base fees received from new apartments and homes built at the end of 2017.

ii. Sewer – Erickson reported the sewer fund had a total cash increase over 2017.

iii. Golf Course – Erickson noted a deficit in the golf course in 2018, but operating revenue increase over 2017. Erickson recommended the City consider if the Golf course will be required to 'repay' the Liquor Store Fund for covering the deficits from the past years and if not for financial statement reasons to approve a permanent transfer of funds from the liquor store to the golf course fund to remove the negative cash balance. Erickson recommended reviewing this when planning for the next budget in 2020.

iv. Liquor Store – Erickson stated the overall cash shows a negative \$12,000 in cash but the operations show an increase and the transfer to the golf course it is covering for that fund's deficit is noted on the statement. Erickson further noted the payment for the updated parking lot investment in expenditures stating without the expense of the parking lot the liquor store would still show a positive cash balance for 2018. Erickson stated the overall operation expenses are being handled well and within budget.

c. Compliance Record for MN State Auditor- Erickson noted there were no findings to report to the State Auditor and the prior year(s) findings are now removed as compliance is met by the City.

d. Government Auditing Standards Report – Erickson noted there are findings and they are the same every year due to internal control or segregation of duties and reporting of financial statements to the State Auditor. Erickson stated these findings are typical of small cities.

2. Letter to the Council – Erickson stated the communication from the auditor points out any significant audit findings at the end of the audit. Erickson the were no significant financial estimates except for PERA Pension information but do not affect operations. Erickson stated there were no difficulties performing the audit, or difficulties with management. Erickson brought attention to the correct and non-correct misstatement. Erickson stated the corrections were mainly cash vs. accruals which only needs to be converted for state reporting reasons. Erickson reported City Administrator Regas provides Miller McDonald with all the necessary information to comply with state requirements.

3. Trend Analysis 5 years – Erickson provided the top 6 funds and showed the trends for those funds for the Council. Erickson stated overall the cash has been increasing for those funds. Erickson then noted pages 2-6 per fund cash to revenue to expenditures for the general fund, water, sewer, golf and liquor funds. Erickson stated from page 7 the fund balance for restricted vs. non restricted balances is above the



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3-5 months position recommended from the state except for the golf course. Erickson recommended considering consolidating the restricted funds for financial statement purposes only which will clean up the available use of the funds in case a major project would need to be relied on for future projects.

4. Questions – Erickson opened up the presentation for questions from the council. There were no questions from the Council and Erickson was thanked for the presentation.

**REVOLVING LOAN COMMITTEE – Mayor Patch**

1. Serenity Living Solutions, Inc. Loan Recommendation – Moved by Councilor Kolb and seconded by Councilor Sellon to approve the recommendation of the Revolving Loan Fund Committee to approve a gap loan of \$100,000 to Serenity Living Solutions, Inc. for a term of 10 years at an interest rate of 5.5% to assist in the insurance gap financing of rebuilding the assisted living facility. Mayor Patch stated the City would be in 4<sup>th</sup> lien position but there are multiple owners and enough collateral to support the loan application. Councilor Gulette asked if the new building is the same size as the older one. Mayor Patch stated it is one level with the same number of units but the footprint is now different and the new building will have a sprinkler system. Mayor Patch stated it will be filled once completed due to residents being moved to other facilities. Hearing no further questions Mayor Patch called for a vote on the motion. Motion carried unanimously.

**PUBLIC WORKS REPORT –**

1. CSAH 92 & 47 2019 Summer Road Project timelines – Landowski reported to the Council the tentative timelines for CSAH 92 & 47 2019 Summer road Projects noting work to begin 6/4/2019 – 6/21/19.

2. City Portion of road project costs – 92 & 47 - \$7,000 – Landowski reported to the Council the City portion of the CSAH road projects after bids were awarded came in at \$7,000 for both projects. Landowski stated the costs associated with the projects will be coded to the sewer fund.

3. New Public Works Supervisor – Landowski reported Mike Schwanke begins work on June 10, 2019.

4. City Wide Tour – Landowski stated Regas has asked to postpone the tour until Schwanke begins with the City. Nothing further.

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

1. Blackduck Municipal Liquor Store Conduct Policy – Lahr requested the Council approve a conduct policy that can be posted in the bar to support the conduct that is not appropriate to the business by customers. Lahr stated the broad language will give the bartender on duty the ability to tell the customers that are not abiding by the conduct allowed the authorization to ask those people to leave. Mayor Patch asked if the Liquor store has already the ‘right to refuse anyone’ or a policy supporting the requested policy by Lahr. Lahr stated to her knowledge there is nothing approved currently and received the language for the proposed policy from other municipal liquor stores that just have the sign posted. Councilor Kolb asked if by posting the policy that gives the bartender on staff the authority to ‘86 somebody’. Lahr stated for that evening. Councilor Kolb asked if it would be for a longer period of time. Lahr stated the incident report written up by the bartender would be reviewed and discussed. Lahr stated the intention for having the sign up will give the bartenders the ability to point to the sign and remind the customer of the behavior that is acceptable or not. Lahr stated in most cases if the customer is just being



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abusive to the bartender, she coaches her staff that they do not need to put up with that behavior especially if the comments being made are unprofessional. Lahr stated a customer may not be 'kicked out' for 30 days if it was a first offense, but if the harassment is continuing then there is no need to continue allowing the customer to frequent the bar. Councilor Kolb stated he was in favor of the policy but asked if there could be more language with 1<sup>st</sup> violation 2<sup>nd</sup> violation, 3<sup>rd</sup> violation etc. with the consequences so there is more consistency with all customers. Lahr stated it could be created, but the sign was to let the customers know there would be consequences. Councilor Kolb further asked if damaging or destruction of property could be added. Lahr stated that could be a reason for removing a customer from the bar. Kolb stated in most cases when it is just implied vs. stating it more clearly then there is a clear understanding. Lahr stated the policy could have it added. Mayor Patch stated he was in support of the policy but would like to see a clear policy with standard procedures that can be relied upon for everyone. Lahr stated she knows there is an employee conduct policy but not a customer conduct policy. Mayor Patch stated his concern for wanting to have a conduct policy in place prior to posting a sign. Lahr confirmed that the council wishes to not post the sign until a full policy is adopted. Mayor Patch agreed stating again his concern with not having a policy to refer back to. Lahr stated her intention with having the sign approved was to have the bartenders to have something to point out if behavior gets out of control. Nothing further at this time.

2. Liquor Committee Meeting – June 10, 2019 @ 2pm @ The Pond -

**LAW ENFORCEMENT REPORT** – Jace Grangruth, Police Chief  
*No report submitted.*

**FIRE DEPARTMENT REPORT** – Brian Larson, Fire Chief  
*No report submitted.*

**GOLF COURSE REPORT** – Jim Andersen, Golf Course Superintendent  
*No report submitted.*

**LIBRARY REPORT** – Kelly Hanks, Head Librarian  
1. Library Board Meeting – June 18, 2019 @ 6pm @ Blackduck Library -

**ADMINISTRATOR'S REPORT** – Christina Regas, City Administrator  
1. Letter from Beltrami County Solid Waste Department – Brian Olsen –

a. Discussion on Recycling Bins – keep them or remove them? – Landowski presented to the Council for discussion the City's position on keeping the Beltrami County Waste Department recycling bins on City property noting there are no City costs to have the bins in the City. Councilor Gullette asked if it bothers the County when they receive bins full of garbage instead of recycled products. Landowski stated there would be a letter from the County if there is problem. Councilor Gullette asked if there have been any letters. Landowski stated to her knowledge only the provided letter in the Council packet addressed to all municipalities. Mayor Patch posed the question of what will happen if the bins are removed completely. Patch stated those that do use them for recycling now will no one bring their refuse to the transfer station at all. Gullette agreed with Patch. Councilor Sellon stated the City should begin holding people accountable for throwing their



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garbage in the bins. Patch recommended having law enforcement put up cameras. Sellon asked if it is legal for police to pull a plate number from a vehicle of someone dumping. Patch stated yes. Kolb asked if there were complaints about where the spot was or just the clutter. Landowski did not believe there were any complaints regarding the location. Kolb suggested moving the bins to a higher visible area. Moore asked if the public is going to approve having the bins in a more visible area. Patch asked if the county has considered installing a compactor in the City much like near Pinewood. Gulette stated the County will tell the City the location north on MN 72 is the location available. Sellon agreed noting the funds used to upgrade the MN 72 location. Gulette stated that when the recycling became mixed most people are now confused as to what goes into the bins. Patch stated he believes the bins are not clearly marked. Gulette stated the bins all have in multiple locations what can go in each stating both cardboard, cans, bottles, and glass can go into them. Moore stated her response with the public is that they have no idea the bins are ONLY for recycling. Moore believes it is an education point. Gulette stated he would hate to see the bins go away. Patch agreed stating Kelliher just removed their bins and the public is not pleased. Landowski recapped the Council's request of enforcing the bins with cameras and more public education.

2. Donation Request – Backwoods Bash 2019 – Moved by Councilor Kolb and seconded by Councilor Sellon to approve a donation from the Liquor Rent Fund for \$500 to the 2019 Backwoods Bash. Mayor Patch asked if it was known how the committee is doing for fundraising. Landowski and Johnny Lee Walker could not comment but noted the Chamber keeps the Bash funds earmarked separately. Kolb asked Walker if he knew how close the committee was to the \$5,000 goal. Walker did not know but after the Chamber meets in June he could report. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

3. Beltrami County Pre-Construction 2019 Summer Road Projects Recap – nothing to report at this time.

4. DEED Small Cities Summit/Main Audit – June 4, 2019 Recap – Landowski reported the audit went well.

5. Annual Spring Council City Wide Tour – Postponed until later in June – Gulette asked if a date could be set. Patch stated he believed Regas wanted to do it in June still. Moore asked if it could be scheduled for 5pm. Council tentatively set the tour reschedule date to June 17<sup>th</sup>. Patch requested Landowski ask Regas if the date will work and then report back to Council. Nothing further.

6. Blandin Workshop – June 11, 2019 – Kootasca Senior Citizens Center Northome

7. LMC Conference – June 26-28, 2019 – Duluth, MN

8. Reminder July 4, 2019 City Hall Closed in observance of Independence Day

9. Reminder July 8, 2019 Council Meeting

**MAYOR AND/OR COUNCIL MEMBER REPORTS –**

1. Councilor Gulette – Blowing grass clippings into the gutters seems to be an issue in town. Gulette has a concern for the number of clippings that could show up in the storm sewers. Nothing further.

2. Mayor Patch – Patch has a large concern for the intersection of Summit and State Hwy 71. Patch noted there was an accident and he believed drivers are going too fast. Patch would like to take a serious step to add a flashing speed limit sign on the road in the summer so drivers reduce their speeds. Patch would also like to see increased enforcement by state patrol and local police. Mayor Patch requested Regas reach out to Mn Dot and request for more signage.



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**COMMUNITY EVENTS/GOOD THINGS HAPPENING** – Councilor Moore read the Community events and Good things Happening into the record.

1. City of Blackduck Employee Anniversaries –

a. Terry Frenzel – 19 years – June 2000 (Fire Department)

b. Natasha Stadstad – 3 years - June 2016 (Liquor Store)

2. Blackduck Development Corporation Meeting – June 12, 2019 @ Good Samaritan Community Room @ 11am

3. Blackduck Chamber Meeting – June 19, 2019 @ The Pond @ Noon -

4. Blackduck Planning Commission Meeting – June 19, 2019 @ 2pm @ City Hall

5. Paul Bunyan Broadcasting Spotlight on Blackduck – June 25<sup>th</sup>, 2019 9-4pm – open for all businesses and community involvement to speak on the radio. – Johnny Lee Walker

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

**ADJOURN** – Moved by Mayor Patch and seconded by Councilor Kolb to adjourn the meeting at 7:15pm. Motion carried unanimously.

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Christina Regas, City Administrator

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Rudy Patch, Mayor