



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in a scheduled work session in council chambers at City Hall at 5:00PM on September 16, 2019.

Roll Call

Councilors present: Mayor Patch, Councilors Kolb, and Gulette

Councilors Absent: Moore

Staff Present: City Administrator, Christina Regas, Public Works Supervisor, Mike Schwanke

Others Present: none

The meeting was called to order at 5:00pm the Pledge of Allegiance was not recited.

Topics covered in the work session were as follows:

OLD BUSINESS –

1. Liquor Store – Regas provided updates for the following Liquor Store project:
 - a. Sewer Line repair updates – nothing discussed.
 - b. Street & Building Signage – Regas provided an additional proposal and quote from Indigo Signworks out of Fargo. Regas reviewed the details and proposals and stated Lahr could not be in attendance but requested the council provide feedback. Regas reported Indigo would utilize the existing sign pole but cut it to the correct size to handle wind for the new Daktronics sign. Indigo requested the electrical be checked to ensure it can handle the load for the new sign. Regas stated Indigo and Scenic would both provide a Daktronics sign and software to build and provide the signs. Regas provided another option for building signage from Indigo. Regas reported the quote from Indigo was less than Scenic. Regas and Lahr both recommend having both companies provide a presentation to the City Council. Councilor Kolb asked if both companies would use the existing pole. Regas stated they both would. Councilor Kolb asked if the sign could be moved further to the MN Hwy to use for Amber Alerts or other weather alerts. Regas stated it would depend on the location of the setback and what is allowed by MnDot. Mayor Patch stated he really liked the first proposal from Scenic and their recommendation for the building signage.
 - c. Parking lot – nothing discussed.
2. Street & Infrastructure Updates –
 - a. Liberty Drive – Regas stated Meyer plans on attending the October Council Meeting and Regas has requested timelines for the reconstruction of Liberty Drive if a feasibility report is needed at that time in order to begin the process with a public hearing.
 - b. Northern Ave. – Schwanke reported his staff did some work on Northern to patch and get the City through the upcoming months.



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

- c. Croswell Ave. – Regas stated the engineering fees to WSN have been received for the planning of Croswell but the estimates have not been provided to date. Regas further stated that since a portion of Croswell is in Hines Township it would be recommended to the town board to share costs of improvements. Regas stated the City paid for the material and County labor to improve the road so it is passable but future reconstruction could be a shared cost. Regas recommended a member of council and herself attend a town board meeting to discuss options. Councilor Gullette asked where the City jurisdiction ends and Township begins. Regas stated just past Scott and Jackie Magoon’s home. Regas further stated since Croswell is the only City street in the municipal boundaries that borders a township it may be worth looking into a shared cost. Mayor Patch asked if the City has ever received any financial assistance from the township. Regas stated no, although the township partners with Beltrami County for street snow removal and services. Schwanke stated as it pertains to snow plowing the City plows straight north to the end of Croswell, turns around and comes back south, and does not plow Quiet Meadows or the other spur road. Mayor Patch asked what the costs were that were paid to the county to fix Croswell in the Spring. Regas stated she recalls the materials and labor cost about \$1300. Schwanke stated to his understanding the estimates might be about \$40,000 but there has not been anything official yet. Councilor Gullette asked once Croswell is improved upon so it could be paved too how long will it remain. Schwanke stated it really depends on the traffic but stated the road is a good gravel road and could remain that way. Patch asked if there will be a culvert included in the plans. Schwanke could not confirm. Patch asked if the City has to be concerned for any future development on the south of Croswell and watershed from an additional culvert. Schwanke stated water is already draining that way and would be the responsibility of the developer. Patch asked where the infrastructure ends on Carlson. Regas stated at the corner where Croswell begins. Patch asked if future development is added if it will have to have city services. Regas stated yes.
3. Golf Cart Shed Reconstruct – Regas supplied the council with highlights from the recent golf board meeting. Regas stated the overall response from the members in attendance for needs/wants in the new cart shed were not much different than what was discussed at the council meeting on September 9, 2019. Regas stated there was continued conversation of size and that there will be a meeting with Brent Mason from the DNR on September 17 to determine how close the shed could move toward Coborn Creek. Regas stated there was also conversation regarding the old septic tank and what should/need to be done with it. Regas further reported two members provided a Pledge Form with a dollar amount on it if the Council does agree to rebuild the shed. Regas further stated the members that pledged funds believed they could gather more pledges. Regas stated several members stated they would assist in fundraisers in the form of a golf scramble; write for grants; and offer to pay memberships for 5-years in advance to provide more upfront funding. Regas reported the following timeline:
- a. Golf Board finalize a plan for the shed



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

- b. Request quotes for those finalized plans
- c. Provide quotes and plans to council for approval

Councilor Gullette stated it was nice to hear the creativity. Regas further stated members asked for the golf course to consider what would be done for member's cart storage in the Spring when the shed is being built once the season starts and how they would be charged. Gullette stated there is not much time between spring building and the golf season. Regas stated the meeting went well. Patch stated most members offered assistance and volunteering to build the shed. Councilor Kolb asked if the second bid came in and how much that bid was. Patch stated the bid from B&M from Clearbrook was lower but the building size and options were not the same as the first bid. Regas stated prior to final plans for the size of the shed it needs to be determined how close the building can get to the creek and how close it can be to CSAH 30.

- 4. City Hall renovation plans – Regas reported to council that the report from the state inspector reported no asbestos in the old drop ceiling at City Hall. Regas stated there is asbestos in the old floor tiles and glue but it can be covered up instead of removed. Regas stated she is waiting for information from JD Construction to find out costs associated with lighting, new duct work, and potential insulating with paint will cost. Mayor Patch offered his time to assist with the removal of the old ceiling. Nothing further.

NEW BUSINESS –

- a. 2020 Proposed Levy and Expenditure Budgets -
 - i. Highlights Report – Regas reviewed the supplied highlights report on revenues and expenditures for the 2020 General fund budget.
 - ii. Revenue - Regas reported PERA Aid for Fire and Police would not be renewed; LGA will increase \$14,576; and rental inspection revenue and costs will affect the City budget. Councilor Kolb asked for confirmation on costs and plans for updating the street lighting to LED. Kolb did not think the plan included one more year. Regas confirmed that to lower the levy in 2019 the council agreed to spread the last fixtures out for 2 more years versus one.
 - iii. Expenditures Wages/Payroll - Regas reviewed the payroll and benefits changes for 2020 noting an increase to health insurance premiums and employer PERA contributions for Police.
 - iv. Fire - Regas stated there would be no municipal contribution to Fire Relief in 2020.
 - v. Police - Police department is requesting to continue funding wages for the part-time police officer.
 - vi. Library -Regas reported changes to the Library budgets noting an increase to the levy from Kitchigami of \$634 and the need to include funds to replace public use computers with Chromebooks.



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

- vii. Streets -Regas stated in the Street department year 3 payment on the PW Truck is in 2020; an addition of a uniform allowance for PPE of \$1200; and an increase to the street maintenance materials of \$4000. Councilor Kolb asked if the uniform allowance will recur every 2-3 years. Regas stated the current changes would allow to equip the staff with all PPE needed to be fully equipped. Schwanke stated this would bring all staff up to the level that is necessary and then the costs would be as needed and the boot allowance would remain the same annually. Patch stated the reason for the changes is to equip the staff with the proper clothing for their positions. Kolb stated although he understood, his concern was that the language of a uniform allowance is used instead off PPE and he did not want the funds being used for other items. Gulette asked if the increase of street materials of \$4000 is enough. Schwanke stated he is used to having \$40,000 annually just for paving and at this rate with the budgeted amounts the City is never going to catch up with the roads in town. Kolb stated he understood and believed that fund line needed to increase. Regas asked what dollar amount the line should be increased to. Gulette asked where the money would come from to add to the street materials. Regas stated there would be no taking funds from another line it would just need to increase. Kolb asked if it would raise the levy more. Regas confirmed. Kolb stated the City should increase it now a little instead of having to increase it a lot later on in the future. Patch asked what the percent increase to the levy is at without the additional increase. Schwanke stated he just ordered 250 yards of gravel and that will not get the city very far and that was \$4500. Schwanke stated he believes a street survey is necessary. Regas reported current levy increase proposed to the meeting is a 13% increase from 2019 budget and last year's increase was about 12% over 2018. Regas stated if the levy increased an additional \$10,000 then the levy increase would be about 16% over 2019. Patch asked if the additional materials could be added to the utility budgets instead of the street budget. Regas stated any underground work would need to be coded in utilities but the other materials on top of the street should remain in the street budget. Kolb suggested the City entertain the 1/2% sales tax again to the voters. Regas stated it should be put back on the ballot. Regas asked Schwanke what he could do with \$30,000 in street materials. Schwanke stated not much, and since the levy is already being increased perhaps leaving the proposed budget increase to \$20,000 would be a good start and then proper planning could take place. Schwanke does not want to be hasty and lay asphalt down. Kolb stated putting a small increase in would be a nice start. Kolb further stated by having more to start with could help work on a smaller project just so that it could get started. Schwanke stated that with the current status of the City streets a simple overlay would not help. Regas stated the street materials do not only need to include bituminous, and further stated adding the increase in will help in the future. Schwanke stated there



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

are some small updates that his department can do to help some of the areas in the city. Regas confirmed the street materials budget would increase to \$30,000 increasing the levy another \$10,000.

- viii. Parks - Regas highlighted the Wayside park budget will increase to account for the assessments; garbage removal for City Festivals; and building materials to upgrade the lady's bathroom. Patch asked if the City Wide Clean up event costs would be including in the parks budget. Regas stated no and did not believe the event would incur costs since it was completed with volunteer staff. Kolb asked if there is money in the budget to add a new drinking fountain. Schwanke stated he has not gone any further on the request of a drinking fountain. Gulette asked if with the Garden club, and Woodcarvers and other event coordinating if the City assists in funding any of those projects. Patch stated the liability insurance is covered by the city. Regas stated the city does not charge for water or electric or garbage so the City is helping.
- ix. Administration - Regas reported in administration there are budgeted increases to account for upgraded council packet software noting the current free application from Agenda Free will be expiring in the near future. Kolb asked how far back the agendas will be clouded back for access. Regas was not certain but would find out and reported annually the cost would be \$2600. Regas further reported the City could transition to the new application in sections at a lower cost until the Agenda free expires without incurring a full annual cost. Regas stated she would like a transition time to adjust to the upgraded software. Kolb asked how much time and money has been saved with the online platform. Regas was uncertain but could report an average of 5 hours of time each time a packet was assembled. Patch started from the time he started on council to know the platform to receive and navigate agenda packets has been much better noting the packets were originally mailed each month Regas reported the details of how the city website has new control by Marketing Support Group after Design Angler went out of business. Regas stated the website has been rebuilt and moving forward the hosting and maintenance contract for hosting hours would average \$2820 annually. Regas stated that in past years the costs were shared with other organizations noting the Blackduck Area Chamber is considering increasing membership costs to allow for assisting in the annual fees. Gulette stated it is necessary for the City to have a website. Patch was encouraged that the Chamber was considering helping with the costs. Kolb asked if each year the budgeted amount should increase a small percentage. Regas stated possibly but noted to council the marketing group already provides the City with an inexpensive hosting hour charge. Regas stated each year the number of maintenance hours varies. Kolb confirmed the marketing group completes the updates. Regas confirmed. Kolb asked if city staff could do the updates. Regas stated she did not know how. Kolb stated a program



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

called SWIFT was very easy to use. Regas stated the time to email all the updates and documents makes it much easier. Kolb asked if there are other marketing groups that can host the website. Regas stated that Paul Bunyan Coop and Pinnacle host sites. Kolb asked if the BSU marketing groups could be used to work and maintain the site. Regas stated it was a good idea and would check into it but had concerned for security. Regas stated the training budget for City Council was increased to allow more council members to attend additional trainings throughout the year.

- x. Buildings - Regas further stated he added a \$5000 budget for city hall improvements. Regas stated the first-place new residents stop is at City Hall and the building was in need of a facelift.
- xi. Bond Payments - Regas reported to the board the debt payments for 2020 and how much of that debt would be included in the levy. Regas further reported the amount of debt the levy would cover for the golf debt in 2020.
- xii. General Fund Revenues - Regas supplied for council review a summary of all the general fund revenue for 2020 and a snapshot of how much each department in the general fund expenditures would increase or decrease in 2020. Regas reported an amount of \$65,000 transferred from the liquor store; the amount of \$78,627 for fire protection contracts; the LGA amount and licenses and permits to cover inspections. Kolb asked where the liquor store fund is at after the improvements and transfers this year. Regas reported the liquor store has transferred currently \$40,000 to the general fund in 2019 and still has a net profit year to date and stated the last transfer typically does not happen until almost year-end. Kolb asked if the liquor store would be able to transfer more in 2020 to account for the increase in street materials. Kolb asked how much debt is the proposed levy going to pay on the golf course debt. Regas reported about \$16,956 in 2020. Kolb asked how much debt is still left to pay for the golf course and why was the city not paying off the smaller amounts earlier. Regas did not know for certain if the smaller debts could be paid off earlier. Regas stated she would want to see how much is still owed and report back.
- xiii. TNT Example - Regas reported the net tax capacity for the city is reported @ \$301,958 which was a small increase and was of no surprise to Regas since all growth in 2018 affects 2020. Regas stated the large increase for 2019 was affected by the growth in 2017. Regas provided a sample tax for a home that would be \$75,000 would end up with the current levy (*before the increase street materials*) would be @ \$444. Regas stated the sample only helps to see what the Blackduck tax would be.
- xiv. Other Questions -
 1. Police Equipment - Kolb asked if the Police department will need additional equipment funds to cover the potential of adopting body cameras. Regas stated she was uncertain if the adoption would even move forward in 2020 to



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

- necessitate purchasing the equipment. Kolb wished to ensure the police department has in place the funds for the equipment.
2. Fire new equipment SCBAs - Kolb asked if the new equipment should be budgeted for. Regas stated it is too early to tell due to the grant proposal will not have results until later in the month.
 3. GIS Mapping for infrastructure - Gullette stated he saw nothing for the new GIS mapping software. Regas stated it was in the plans to work the GIS into the water and sewer funds.
 4. Administration training - Gullette asked why the training budget reduced. Regas stated there is more training for Landowski and some of the training in 2019 was not used so Regas is being conservative in 2020. Gullette also stated the City paid for Regas to attend the Blandin retreat. Additionally, there have been some office supplies that need to be coded differently in 2019 as the fund line is overspent.
- xv. Feedback and Requests of Council - Patch stated that he would rather raise the overall levy than have to raise water and sewer rates. Kolb stated that he recalls the feedback from the public hearings in 2018 that most people would rather have their taxes raised. Kolb further stated he believes the rates need to raise a little each year otherwise a large increase is going to hurt more. Schwanke stated cities need to raise base rates so they don't get out of range. Patch stated he knows Kelliher is much lower than Blackduck. Schwanke stated residents are paying to be hooked up to the water line and have that ability to safe water. Patch wished to know if it was needed to put more money into the street budget but also questioned if the street materials could just go into the street budget. Schwanke stated the materials are various. Patch asked if more funds need to go into the repairs and maintenance. Schwanke asked Patch what he wants to see done. Patch asked if there is a way to add more into water and sewer instead of the base rates. Regas asked Patch is asking if there is a way to add money into water and sewer into the levy instead of having to raise base rates. Patch stated for capital improvements putting money into future projects. Regas stated each year an amount is factored into the expenditures each year for water and sewer to capitalize for future. Patch stated that that is not in the levy. Regas confirmed because water and sewer are enterprise funds. Gullette asked when the council discusses enterprise funds. Regas stated typically in October once the general fund is approved. Patch stated many customers for water and sewer that are a fixed income are the ones that are affected by base rate increases the most. Patch stated he isn't against raising the rates but is cautious for the people that don't use a lot of water.
- xvi. Total Increase Review of Levy - Regas stated if the council approves the increase to the street materials budget then the levy would be \$300,308. Regas stated it would



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY, SEPTEMBER 16, 2019 @ 5:00PM

WORK SESSION MEETING MINUTES

increase another 3% from the original proposal. Gullette stated that one way or another the residents are going to have to understand that the funding is not going to come from the state and it is going to have to come from us. Gullette stated the sooner the city increases the levy to help the better. Regas further reported that in 3 years there will be about \$35,000 that will not go to property tax debt payments but could be used in the city another way. Regas cautioned the council ensure a plan is in place for the funds and encouraged the council hold out for just a few more years. Kolb and Patch suggested the liquor store transfer an additional \$10,000 in 2020 and the levy increase the other \$10,000 to assist in the street materials increase allowing for a total of \$40,000 in the budget line. Patch stated if the City can maintain in the next few years then the additional funding from the sunsetted debts will help in the future.

Regas stated she will make changes to the proposed levy and report for the special council meeting on September 23. Schwanke stated although there has been much overlooked in the last few years and there is a lot to be done if the residents understand it is just going to take time. Kolb stated he has heard a lot of good feedback on the changes to the public works department and Schwanke.

ADJOURN – Council adjourned their work session at 7:30pm.

Christina Regas, City Administrator

Rudy Patch, Mayor