



# MINUTES

## Council - Work Session Meeting

6:00 PM - Monday, June 22, 2020

City Hall, 8 Summit Drive, Blackduck MN

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The Council - Work Session of the City of Blackduck was called to order on Monday, June 22, 2020, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

**COUNCILORS PRESENT:** Councilor Jason Kolb, Councilor Maxwell Gullette, and Mayor Paige Moore

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** City Administrator Christina Regas, Police Chief Jace Grangruth, Public Works Supervisor Mike Schwanke, Liquor Store Manager Shawnda Lahr, and Lead Bartender Melissa Gullette

**OTHERS PRESENT:** Golf Board member Kevin Erpelding, Sarah Barott

### 1 CALL TO ORDER

- a) Roll Call  
Mayor Moore called the meeting to order at 6:00pm
- b) Pledge of Allegiance  
Mayor Moore dispensed with the pledge of allegiance.

### 2 APPROVAL OF AGENDA

- a)

Jason Kolb moved to approve the agenda as presented Maxwell Gullette seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Paige Moore	For

### 3 OLD BUSINESS

- a) 2020 DNR Trails & Parks Snomobile Grant Request  
Regas reported the DNR Trails & Parks Snowmobile Grant request was approved for the full amount and the timeline of the project will not take place until 2021 as there are state and federal pre-construction paperwork to be submitted. Nothing further at this time.
- b) City Building Remodeling & Rebuilding - discuss financial review of Todd Haugen Consider to Proceed with projects?  
Regas requested the council move forward with a decision on the buildings and remodeling of public works/law enforcement and the liquor store. The council

discussed many pro's and con's to moving forward including the tax impact to the citizens and the importance of having a facility to house equipment so not to allow further deterioration. Councilor Kolb stressed his concern for finding other avenues to pay for the construction of the public works building other than having the tax payers pay for it much like how the liquor store can fund its own debt. Schwanke reminded the board that although there is a goods for sale exchange at the liquor store and the water and sewer department to assist in funding those departments the street department makes no money and that is why the tax payers pay for the maintenance of that department. Councilor Kolb stated his concern for the levy to increase another \$200 average per property if the project is funded by the tax payers. Mayor Moore stated how the increase may not be a true dollar amount of \$200 due to the mill rate and how the increase of the levy filters down to all the tax payers.

Timeline: Councilor Gullette asked what the timeline would be to break ground. Regas stated realistically a good timeline to allow time to bond and have full plan sets and then go to bidding for the project would be 2021. Lahr asked how long it takes to get funding. Regas stated in her experience at least 2 months or quicker based on council meetings. Lahr stated how it would be nice to have foundation work done before winter. Schwanke asked if the funding can be received in two months why the construction and engineering plans could take over a year to plan out. Regas stated in her experience with underground work a year of planning and prep is necessary. Schwanke stated he has spoken to another entity that could provide a plan for the public works building and he has a plan that once signed off by the engineer could be ready to go right now.

Selling of old buildings: Councilor Gullette asked how much the City could sell the old buildings and property for. Schwanke stated maybe \$30,000. Lahr stated the right party might purchase it for \$50,000. Schwanke stated the old LEC should just be provided to someone to get it back on the tax roll.

New Schedule: Regas asked if the council would like to see a new schedule without City Hall. Councilor Gullette stated he thought Haugen explained it well on June 11. Councilor Kolb did not need to see the new schedule but stated how he is still wondering if there is a way for the tax payers not to have an increase on their taxes of \$500 next year. Kolb stated he agrees the need for rebuilding is very important and he wants to relieve what is possible on the tax payers. Mayor Moore stated again how the mill rate determines the amount everyone's taxes go up and \$500 may not be the exact increase.

Other Resources for equipment and buildings: Councilor Kolb asked if there have been any further options for granting for the buildings. Regas stated at this time all resources that have been looked into by Levenson have come up with dead ends. Regas stated the only resource that came up was BEC for a USDA loan for 10 years at 0% which was stated on June 11 and would not be the right timeline for a project this size.

Decisions: Councilor Gullette stated that if the board was going to vote on the projects moving forward today he would vote in favor stating the importance to have adequate buildings for the city equipment. Councilor Kolb stated he would vote in favor too. Regas stated from a budgeting position the city should review the 2021 budgets and try to keep the levy down as much as possible. Councilor Gullette stated the financing rates are good and since the term is long and the building(s) will be around long after any of the current council that it would be his vote to move forward. Mayor Moore stated that from the current feedback of the council it would be in the interest of the city to continue to move forward. Regas stated that she would need to take some additional steps before the council can make it official but would like direction before doing so. Councilor Kolb stated the project has his support but it will also need the support of the citizens and he is unsure how that will be presented to them. Regas suggested door knocking and speaking to them. Councilor Gullette asked Schwanke if his plan for a building has a lower cost associated with them. Schwanke stated he does not have hard numbers but they are lower than the numbers from Widseth. Regas stated that if the City bonds for a larger amount than

needed then the remaining can go back as an early pay back. Councilor Kolb asked if the early pay back then lowers the tax rate on the property owners. Regas stated typically it does not, a rescheduled would have to be reviewed to see if it can lower the tax levy. Kolb asked if the bond would still be a 20 year bond and then the city would be overpaying on a bond that is used less of. Regas stated 20 years of the bond would be to pay for the liquor store and the remaining of the bond would be longer. Kolb asked if the estimated costs Schwanke receives for his plan for the building is paid for in 25 years but the City bonds for 30 is the city then overpaying on the bond. Regas stated the bond can be paid early or be allowed to sunset at the 30 years. Regas stated each quarter Ehlers provides review of all current city bonds to see if it is worth early pay off. Lahr stated wouldn't the city need a closer estimate of the cost to bond for before the city bonds for the project. Regas stated yes and once the project is bid for then the amount that is bonded for is much closer. Regas stated she has only seen it once that the bond paid back early would lower the cost to the tax payers. Gulette summarized the discussion noting that the council is in favor of moving forward with the projects but the numbers for the projects need to be tighter. Mayor Moore asked if the conversation needs to be pushed out another month to receive tighter numbers. Gulette and Schwanke stated no. Regas stated the city is going to need plans to receive tighter numbers. Schwanke stated if the city is going to move forward then he will request plans from an architect by next council meeting or sooner. Schwanke stated once the plans are done then the city can go out for bids. Gulette asked how long the bidding process takes. Regas typically 45 days. Lahr stated it needs to go out publicly. Regas stated their are legal processes the city must follow. Lahr asked on the liquor store and the public works building will be together. Gulette stated it would all be bonded together. Schwanke asked if Deerwood will be moving over into the old bank soon. Regas stated she did not know. Schwanke stated that if the city is going forward with the projects that the consideration of city hall should be considered. Regas stated that on the June 11, work session the city council decided to take city hall off the table. Gulette stated moving forward with city hall at this time would not be wise. Schwanke stated it should be considered if the building is cheap enough to purchase. Regas stated she can ask the vice-president. Regas stated she would suggest the council consider adding some funding into the existing building instead of moving so Deerwood bank building doesn't come off the tax roll.

c) Golf Course Cart Shed - budget review

Regas and Erpelding reported that the two golf members that pledged \$1000 each to build the cart shed paid those pledges recently. Regas further stated the estimated costs for the cart shed have been under estimated on yardage of fill and other costs associated with the finishing work and water runoff plan and the amount approved by council will not cover the full costs of the shed. Regas further stated the council did not approve a percentage over/under when the funding was approved. Regas stated the golf course has started advertising to fill the spaces that are not rented. Regas stated the golf course needs additional funding to cover the finishing on the shed. Mayor Moore asked what the City should do at this point. Regas stated the city needs to approve the invoices on the July 6 meeting and pay those contractors that have done the work that is completed and then review what is still needed to approve to complete the project. Gulette asked if the city already did the run off plan. Regas stated the city completed the plan but the estimated costs associated with completing that plan still need to be paid for. Kolb asked how long the shed has had electricity. Regas stated only 2 weeks. Kolb stated that to his calculation there should still be room for 22 carts in the shed to rent space for. Regas agreed. Moore stated the space to rent should go on the new liquor store message board. Regas stated she is still awaiting the estimated costs for the finishing work and installing the drain tile. Gulette asked if the funds are coming from the revolving loan fund. Regas stated yes. Gulette stated the funds from the restricted to unrestricted have already been moved since the June council meeting. Regas stated yes. Gulette stated then if the overage is only a few thousand dollars the fund should be able to

cover it. Regas stated it will approximately \$5-\$9,000 to finish the project. Council requested final estimates at the July 6 meeting for consideration of council approval to revise the funding. Nothing further.

Fundraising for the Shed: Regas stated the current COVID restrictions are being reviewed to consider hosting a fundraiser this year.

d) Donation Request - Blackduck After Prom

There has been no new updates on the possibility of a prom. Kolb requested the item be removed from the agenda after September. Nothing further.

e) Public Works Trucks

Schwanke stated the trucks are on order but the production is behind due to Covid and the earliest would be in October. Nothing further.

f) City Sales Tax

Regas reported to council that after 2019 legislature the process for approving a city sales tax changed. Regas stated in the last election year of 2018 cities needed to have local approval of the tax payers first before sending it on to the state for approval. Regas continued stating that in 2019 the state changed to process and stated the state must approve it first before it goes to the voters however there is a deadline for those requests to get to the state and that date expires January 31 of each year and the City of Blackduck missed that new deadline. Regas apologized to the city and the council stating it was on her that the deadline was missed. Regas further stated her disappointment that the item could not be considered in the 2020 election. Nothing further

g) Equity Awareness Training - Keynote Speaker & Workshop

Regas and Barott reported the keynote speaker has commitment to the training but COVID has kept the city from finding a location for the training until restrictions are loosened. Regas stated the discussion of the training has been very well received and the Chamber businesses are donating funding, Northwest MN Foundation is committing funding, and there have been private donations committed also. Barott stated the workshop would be smaller but the keynote can be open to the public so the number of people that can attend would be limited to the portion of the presentation. Regas requested the City Council consider donating have the cost of the funds associated with the speaker could be covered by the City then the businesses and private donations can make up the other portion. Gullette stated if the funds from the liquor rent fund are used for community to bring this to the public then it was a good use of the funding. Nothing further.

h) *Recess the meeting - Mayor Moore asked for a recess at 7:16pm to use the restroom.*

i) *Resumed the meeting - Mayor Moore resumed the meeting at 7:19pm.*

j) Council Vacancy(s)

Gullette stated he believes there are a few people in town that he thinks would be really good on the board but would need to be spoken to. Lahr stated she has spoken to a new couple that showed interest as well. Gullette stated it is important to have at least one vacancy filled. Lahr stated that when Mayor Moore moved into the mayor position and that creates a vacancy she believes that not everyone understands that. Grangruth asked if the public understands what it takes to fill the seat. Regas stated if someone approaches her she puts them in touch with a current council member. Kolb confirmed that a person must be 21 to serve. Regas confirmed yes. Nothing further at this time.

#### **4 NEW BUSINESS**

a) Revision of Resolution 2020-01 - annual appointments & designations for 2020

The city council made updated appointments to those committees that have vacancies by utilizing other department head staff to avoid a quorum until more council seats are filled. Mayor Moore and the council members agreed with the

adjusted recommendations and requested Regas draft the revised resolution to approve on July 6, 2020. Nothing further.

b) Liquor Store furnance quotes - Shawnda Lahr

Lahr presented quotes from (3) contractors that could update the furnances to propane instead of the current electric 40+ year units to the council for feedback. Lahr recommended the city work on some of the large items that can be improved on the building and reduce the amount of the costs to update the building and the expansion. Regas stated the council will have the provided quotes from the contractors to discuss and award on July 6 regular council meeting.

c) Liquor Store table quotes - Shawnda Lahr

Lahr stated the current tables in the sitting area not the bar side are in need of replacement some of the tables are very old and have been repaired in the past but cannot do that again. Lahr further stated having more lower seating will help with the addition of food service. Lahr stated she wants to get more uniform professional tables to match the others. Councilor Gullette stated this is budgeted in this year's maintenance then move forward. Nothing further.

d) Liquor Store Log Repair & Treatment - Shawnda Lahr

Lahr reviewed the quote she recieved to repair the flaws in the logs on the building and cap off the corners with light colored logs to protect the building. Lahr further stated this service will repair the issues with the logs and update the exterior of the building. Lahr further stated the update will improve the building. Councilor Kolb agreed to move forward with the updates on the logs. Nothing further.

e) Collaborative Services from LMC - Regas

Regas provided a handout from the League of MN cities to pick a service the city council would like to work on as Pamela Whitmore from LMC will be attending the September work session to help work with the city council. Regas requested the council review the options and report back to her by August. Nothing further.

f) Pubic Works Equipment Replacements - Mike Schwanke

Schwanke requested more feedback from the city council on how to work with his tractor that now has no brakes before it has an accident and his dump truck that has power that will not be usable come winter. Regas recommended the council consider taking funds from the general fund reserve account and fix the tractor. Councilor Gullette asked how much is in that fund. Regas stated approximately \$83,000. Regas asked what the quotes came in at to fix the tractor. Schwanke stated roughly \$20,000 or more but suggests getting rid of it instead of fixing it. Kolb asked for quotes for used items. Moore stated it should be discussed if it is worth repairing. Schwanke stated the brakes are shot the rear end has to be completely dropped out and worked on in the cities and that is not the only thing wrong with it. Gullette asked if that is why the costs are now at \$20,000. Schwanke stated yes along with other things. Schwanke stated the truck is spuing oil, it has no power, and he believes the turbo is shot. Kolb stated a used truck Schwanke showed them a truck that was about 6 years old came with a sander and could be a good candidate. Gullette asked if the city has the potential to move funds from somewhere to cover these purchases. Schwanke stated he needs about \$150,000 to replace both the tractor and truck. Kolb was in favor to find the money no matter what. Regas stated she knows what is in the reserve funds but knows that is not enough. Gullette asked how much is in the cash balances of the liquor fund. Lahr stated the fund needs to be able to pay its bills. Regas stated the liquor store needs a minimum of \$175,000 at all times and must keep 3 months of funds in the fund at all times including payroll. Gullette stated the tractor needs to be fixed or replaced to avoid any negligence. Regas requested new and used estimates on both pieces of equipment to consider the way to move forward.

a)

Jason Kolb moved to adjourn the meeting at 8:13pm Maxwell Gullette seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Paige Moore	For

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Christina Regas, City Administrator

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Paige Moore, Mayor