



BLACKDUCK CITY COUNCIL MEETING
MONDAY NOVEMBER 5TH, 2018 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 6:00p.m. November 5th, 2018. Meeting called to order by Mayor Patch and the Pledge of Allegiance was stated.

ROLL CALL:

Councilors present: Mayor Patch, Councilors Kolb, and Moore (*Councilor Sellon was present by phone conference*)

Councilors Absent: none

Staff Present: City Administrator Christina Regas, Public Works Supervisor Bob Klug, and Chief of Police Jace Grangruth

Others Present: Planning Commissioner, Bob Klug Sr.

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

CONSENT AGENDA – Moved by Councilor Moore and seconded by Councilor Kolb to approve the consent agenda as submitted:

- a. October 8th, 2018 Council Meeting Minutes
- b. October 11th, 2018 Personnel Committee Meeting Minutes
- c. October 17th, 2018 Planning Commission Meeting Minutes
- d. October 22nd, 2018 Council Work Session Meeting Minutes
- e. October 22nd, 2018 Personnel Committee Meeting Minutes
- f. October 25th, 2018 Personnel Committee Meeting Minutes
- g. October 29th, 2018 Public Hearing Minutes for Frontage Road and Pine Ave. Improvement
 - a. Letters of Objection (Adams)
- h. October 29th, 2018 Public Hearing Minutes for Summit Ave. and Main Street Improvement
 - a. Letters of Objection (Clausen, Molnar, Pope, and Brands)
- i. October 2018 Fund Balance Report & Recommended Transfers
- j. October 2018 Bills
- k. YTD October 2018 Income Statements
 - a. Water, Sewer, Pine Tree Park, and Golf Course
 - b. Liquor Store
- l. October 2018 Month End Remittance Report
- m. September 2018 LG216 Lawful Gambling Monthly Rent Report
- n. October 2018 Revolving Loan Fund Bills
- o. Notice of Hearing & Proposed Assessments for the City of Blackduck
 - a. Frontage & Pine Ave.
 - b. Summit & Main Street



BLACKDUCK CITY COUNCIL MEETING
MONDAY NOVEMBER 5TH, 2018 6PM
REGULAR COUNCIL MEETING MINUTES

p. 2018 MV Credit – Agricultural

Motion carried unanimously.

BLACKDUCK FORUM –

No one present to speak.

BLACKDUCK ROAD PROJECTS – Curt Meyer, City Engineer

1. Resolution 2018-27 - Resolution Adopting Assessment for Frontage Road and Pine Avenue – Mayor Patch requested City Council discuss public comment from the public hearing on October 29th, 2018. Administrator Regas summarized those present for the public hearing included Mike Rice, Carl & Deanne Adams, George & Carmen Zaleski. Regas stated the ownership for frontage for Mike Rice was reviewed and revised based on a land division completed earlier in 2018 adding 39' to the City of Blackduck ownership and removing the same 39' from Rice. Regas stated the assessment roll included in Resolution 2018-27 was correct with that revision. Mayor Patch asked Council if any members had feedback from the public hearing for or against. Councilor Moore confirmed the roll includes the 39' from the land division. Regas confirmed. Councilor Kolb asked if the Council will make a revision to the existing roll with 100% of the City costs be paid back over 10 years at 3% interest. Regas stated Council was given other options to review to assess for consideration only. Councilor Kolb cautioned that if the assessment roll is revised for one project and not another there could be issues as the City would be setting a precedence. Regas stated Council should take that into consideration when approving the roll. Councilor Kolb stated the property owners for Frontage and Pine did not appear at the public hearing to have any issues with the assessment. Regas agreed but stated Carl & Deanne Adams had written objection to the assessment stating the reason was the property was purchased after the project was completed before the purchase was complete. Regas stated the City did not receive written objection from other property owners not present at the public hearing. Mayor Patch asked if Council was prepared to moved forward.
Moved by Councilor Kolb and seconded by Councilor Moore to approve Resolution 2018-27 assessing the Frontage and Pine street improvement at 100% of the City costs for a 10-year term with an interest rate of 3%. Hearing no discussion Mayor Patch called for a vote on the motion. Motion carried unanimously. *Administrator Regas noted final assessment letters would be sent out to the property owners.*
2. Resolution 2018-28 – Resolution Adopting Assessment for Summit Ave West and Main Street North – Mayor Patch requested City Council discuss public comment from the public hearing on October 29th, 2018. Administrator Regas noted to Council the Resolution in the Council packet has been drafted with the original assessment roll as presented to the property owners for the public hearing and that an alternative was provided for discussion only. Regas stated the alternative includes a 50% assessment of the City costs and having the City base rates increasing \$3 for water and \$3 for sewer. Councilor Moore stated she understood the need to have the costs associated with the project be spread out among the City, however, being a property owner, she



BLACKDUCK CITY COUNCIL MEETING
MONDAY NOVEMBER 5TH, 2018 6PM
REGULAR COUNCIL MEETING MINUTES

would rather pay for something she was receiving and it would impact her. Councilor Sellon stated similar reasons noting that if for example Liberty Dr. was repaired in the future and the costs go into the levy then the property owners on Main and Summit would have similar issues. Councilor Kolb noted that the City levy could continue to grow every 4-5 years when another project is completed increasing the levy over and over again with each project. Mayor Patch stated he had a conversation with a property owner on 4th Street NE that was affected by an assessment in 2006 and that owner had about a \$15,000 assessment then and that is again a similar situation. Mayor Patch stated that he believes most people think because Main Street has been improved that the main supplies everyone in the City but really it does not. Klug stated the only line that really affects everyone is Summit Ave. West from Oscar Avenue west and that part of the main would affect the whole town. Klug stated that is the main line to get to the lift station. Councilor Kolb stated the Deb Shafer brought up why Bogart's was not affected by the assessment noting that Bogart's did not receive a new service line. Councilor Kolb asked for confirmation that everyone who's water was 'shut off' and received a new service is being affected by the assessment. Regas confirmed. Klug stated to Council that the affected properties didn't just receive new main lines but new service lines too. Klug stated if those owners had to replace their own main (*because the owner is responsible for the service line from the main to the boulevard*) that alone would cost them almost as much as the assessment. Klug noted the service line replaced for Councilor Kolb's brother was over 25 years old and the sewer line had been replaced because it failed. Klug stated many assessments for water and sewer services are going out to 20 years especially when the new material can last much longer than the old clay tile lines. Klug also noted how property owners can pay it off earlier. Councilor Kolb stated how many of the owners assume the assessment has to be paid off by the first of January. Regas stated Council could extend the number of years the assessment is for. Regas reviewed an alternate payback option for the affected owners that was drafted for council after hearing how some owners assumed the costs would be paid back with water and sewer rates and that those rates would increase because of that. Regas further stated that in the Fall of 2017 Regas brought to the council a proposal that would solely pay back the debt with revenue received from increasing base rates but that was not a favorable option at the time. Councilor Sellon asked if the proposal would only increase the base rates for the affected owners or everyone. Regas stated the whole City would be affected by the increase. Councilor Kolb stated that the City would then have to burden the city with another rate increase if another project had to have debt to pay back. Regas stated that base rates are to be reviewed annually to account for costs that increase just to make the water and not always because of project costs. Klug agreed by pointing out that electricity increases cost, as well as other costs. Councilor Sellon asked how much the base rates would increase in the alternative option provided to review. Regas stated \$3 for both water and sewer across all rate options by doing this and adding a portion of the assessment onto the property owners then the volume rate did not need to increase. Mayor Patch stated if the City raises base rates to pay for the project and then costs increase, then the city would have to raise the rates again. Klug stated the costs of gas, electricity, continue to go up and if the rates aren't reviewed



BLACKDUCK CITY COUNCIL MEETING
MONDAY NOVEMBER 5TH, 2018 6PM
REGULAR COUNCIL MEETING MINUTES

to increase a little every year then when the City has to make a large increase that is when the people get upset. Councilor Kolb stated if the City decides to allow a lower assessment for this project then the City will have to for every future assessment and will this be the new standard? Regas stated the statute gives the City the ability to assess in many ways, one thought would be to consider a 90/10% split giving a compromise to the affected owners. Klug stated 10% could be made up with the rates then. Klug further recommended the City raise the tap fees for sewer because they are way too cheap. Councilor Kolb stated a 90/10% split is not a bad compromise. Councilor Moore stated that then the City is still putting the cost onto everyone else. Regas stated that the 10% would be absorbed by revenue instead of the other tax payers. Mayor Patch cautioned the council stating that the amount of depreciation set aside in the water and sewer budgets each year is very small and does not have enough to support a project of this size. Mayor Patch asked if the City is willing to take on that scenario if something really large, like a new water tower, would have to be paid for it would never be enough to handle the costs and a project like that would affect everyone. Klug stated the City has a pond system with irrigators that are over 30 years old to consider replacement too. Mayor Patch stated the City needs to build up the reserves again. Councilor Moore stated she sees a 90/10% split as, 'why do they get a 90% and I don't' even though they are different projects. Mayor Patch stated he understands that everything underground is just as important as what is above ground. Patch stated you may not see it but it is very important. Patch stated that people may be able to turn their water on and flush their toilets now but may not be able to in 5 years. Klug reminded that grant money paid for that so the owners received a break already. Patch also noted the City saved over \$250,000 by not having to fix the roads too. Regas reminded council that if there is to be a revision to the assessment the City will need to send out new letters certified mail right after the election. Councilor Sellon asked if the council decides to make the change to 90% and raise rates then new letters would need to be mailed. Regas confirmed. Regas asked Councilor Sellon if he is recommending the Council change the assessment to 90% and raise rates. Councilor Sellon confirmed. Mayor Patch stated the study drafted for council was a 50% assessment and raise rates \$3. Councilor Sellon asked if a 90/10% assessment was assessed could the rates be lower than a \$3 increase. Mayor Patch summarized Regas' statement that if the City did a 90/10% assessment then the City would absorb the 10% in the existing rates and not increase them at this time. Councilor Sellon stated the City should just agree to a 90/10% assessment then as that would be a nice compromise. Klug cautioned the council that in the future the City may have to raise rates anyway to absorb that 10% in the future. Mayor Patch stated if the City absorbs 10% then the property owner's payment would go down about \$700 over 10-years. Councilor Sellon stated how that does not seem like much. Regas stated Council could spread it out over 15 years instead. Mayor Patch stated that if the City did a full assessment over 15 years then it is almost the same as only assessing 90%. Councilor Kolb stated he liked the 90/10% option stating it may give the owners a little bit of a break, but if it really is not difference. Mayor Patch asked for feedback on the 90/10% option over 15 years, and stated if it was his street, he would assume he is going to have to pay 100% of the assessment. Mayor Patch noted one of the largest complaints



BLACKDUCK CITY COUNCIL MEETING

MONDAY NOVEMBER 5TH, 2018 6PM

REGULAR COUNCIL MEETING MINUTES

he took away from the public hearing was that the owners would need to pay the whole amount right away on the 1st of January. Mayor Patch continued noting if the 100% assessment was over a longer period of time the property owners would be more alright with it because they would not have to come with so much at once. Mayor Patch continued noting he does not want to assess once project one percentage and another project a different percentage he wants the Council to consider the work that was put into the policy and stick with it. Regas stated she did not believe the City assessing 90% is backing off too far from the policy. Mayor Patch agreed but noted the City is truly only assessing 25% of the entire project. Klug asked what was assessed on the Industrial Blvd. assessment. Regas stated 90/10% but noted that was a street improvement not a utility improvement. Councilor Moore stated she worries about how every time the City completes a project the City will have to absorb some of the costs which sets a precedence stating the next five projects' 10% may be a larger amount than the 10% of this project. Regas agreed noting it is difficult to predict what projects are going to be needed in the future and how much will be assessed. Regas continued noting that other projects completed in-house saved property owners' money which is similar to the situation in this project. Mayor Patch noted how a fitting just had a break by the golf course that was unexpected and costs associated with the sewer fund had to pay for the repairs and now has to absorb confirming Councilor Moore's statement. Mayor Patch asked for how Council would like to proceed noting Councilor Sellon is in favor of a 90/10. Councilor Moore stated she is in favor of 100%. Councilor Kolb stated the City can't absorb 10% every time there is a project and wanted to be on record of assessing at 100% but requested Council change the term to 15 years. Regas wanted Council to understand that those property owners that sent in a written objection have the right to take it to district court and that could still happen.

Moved by Councilor Kolb and seconded by Mayor Patch to request the City send out new final assessment letters to the property owners with a revised assessment term of 100% of the costs for 15 years at a 3% interest rate and to call a Special Council Meeting on November 20th, 2018 at 6:00pm to adopt the role. Hearing no further discussion, Mayor Patch called for a vote on the motion. Motion carried unanimously.

PLANNING COMMISSION REPORT – Bob Klug Sr., Planning Commissioner

1. Variance Application 2018-01 – ISD#32 for Concession Stand Patio Overhang – Regas summarized the application for Variance Application 2018-01 to approve a roof overhang to the newly installed patio on the west side of the new Baseball Concession stand (*construction approved by the Planning Commission Land-use application #2018-06*). Regas noted there was no public comment made at the Public hearing held on October 17th, 2018 for or against. Regas further stated the PC moved to recommend the City Council approve the variance application. Regas reminded the City Council the application was for a roofline that was 12 feet in total starting from the west side wall of the newly constructed concession stand extending into the setback having a west edge 10' from the right-of-way.

Moved by Councilor Moore and seconded by Councilor Kolb to approve Variance Application 2018-01 accepting the planning commission recommendation noting the concern of the PC and



BLACKDUCK CITY COUNCIL MEETING
MONDAY NOVEMBER 5TH, 2018 6PM
REGULAR COUNCIL MEETING MINUTES

plowing snow in the area and potential damage to the roof. Hearing no discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

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

1. Sanitary Survey Report for Blackduck Public Water System – Klug reported the City's Sanitary Sewer report came in for the Blackduck Public Water System and everything looks great with no deficiencies.
2. Report – Klug reported the Wayside Rest Park restroom is closed down for the year and new LED lights have been installed and it really brightened it up. Klug stated new LED lights have been installed at The Pond and it is nicely lit up and look way better and safer. Councilor Moore noted the lights look really good. Klug further reported the City is draining the irrigation system at the waste water ponds right now and getting everything ready for the winter. Klug reported a fire hydrant was hit by something near Oscar Ave NW but it will not get fixed until next summer as it is still working and Public Works can still get on the shut off. Klug stated he cannot determine how the hydrant was damaged as there are not vehicle tracks near it. Nothing further.

LIQUOR STORE REPORT – Shawnda Lahr, Liquor Store Manager

No report submitted. *(Mayor Patch noted Lahr could not be present, but noted The Pond had a really great Opening Deer Season weekend. Patch stated the Fire Relief came in a assisted with pull tabs on Friday night. Patch noted on November 24th, 2018 there is a benefit being held at the Pond and November 20th will be Friendsgiving Event.)*

FIRE DEPARTMENT REPORT – Brian Larson, Fire Chief

No report submitted. *(Regas noted Chief Larson reported the department held their first test in the 'container' and it worked out great.)*

LAW ENFORCEMENT REPORT – Jace Grangruth, Police Chief

- a. Report – Chief Grangruth noted the City sold the Chevy Truck on sealed bids in October and received a winning bid of \$2,600. Grangruth noted the Crown Vic did not receive any minimum bids and it would go back up for sealed bids with a lower minimum in the near future. Grangruth noted there are some training the department is finishing up for the year and Halloween went well. Nothing further.

GOLF COURSE REPORT – Jim Andersen, Golf Course Superintendent

No report submitted.

LIBRARY REPORT – Kelly Hanks, Head Librarian

No report submitted.

ADMINISTRATOR'S REPORT – Christina Regas, City Administrator

1. Donation Request – Blackduck Area History & Art Center – Liability & Property Insurance – Moved by Mayor Patch and seconded by Councilor Moore to approve a donation from the Liquor Rent fund of \$811.12 to the Blackduck Area History & Art Center to pay for liability & property insurance. Motion carried unanimously.



BLACKDUCK CITY COUNCIL MEETING

MONDAY NOVEMBER 5TH, 2018 6PM

REGULAR COUNCIL MEETING MINUTES

2. Reminder November 12th, 2018 – Veteran’s Day Observed – City Offices Closed – Regas reminded Council City offices are closed on November 12 in observance of Veteran’s Day.
3. Call Special Meeting - November 13th, 2018 6pm - 2018 Certification of Canvassing Board – Regas requested Mayor Patch call for a Special Meeting on November 13th, 2018 to Canvass and Certify the November 6th Election.
4. Reminder November 20th, 2018 6pm – Council Work Session – Regas requested Council hold a work session after the Special Meeting called earlier in the regular meeting on November 20, 2018. Regas noted there will be a few items to discuss prior to the December regular meeting noting the draft of the Truth in Taxation document; fines and fees for 2019; and Council Meeting schedule for 2019 should be discussed.
5. Reminder November 22 & 23rd, 2018 – Thanksgiving Observed – City Offices Closed
6. Reminder December 4th, 2018 Council Meeting and Truth in Taxation Public Hearing

COMMUNITY EVENTS/GOOD THINGS HAPPENING –

1. **City of Blackduck Employee Anniversaries –**
 - a. **Jon Holliday –** *(November, 2012 Fire Department)*
 - b. **Festus Rockensock –** *(November, 2005, Fire Department)*
 - c. **Bob Klug –** *(November, 2002 Public Works)*
 - d. **Jace Grangruth –** *(November, 2016 Police Department)*
 - e. **Brian Larson –** *(December, 2003 Fire Department)*
2. Blackduck Chamber Meeting – November 21st, 2018 noon @ The Pond – Regas noted the Blackduck Chamber did not hold their Fall Dinner as it was to be held on October 29, 2018 and no date has been made for rescheduling it.
3. Blackduck Planning Commission Meeting – No Meeting in November

OTHER NEW BUSINESS – No new business was brought to Council.

ADJOURN – Moved by Mayor Patch and seconded by Councilor Moore to adjourn the meeting at 7:30pm. Motion carried unanimously.

Christina Regas, City Administrator

Rudy Patch, Mayor