



BLACKDUCK CITY COUNCIL WORK SESSION

WEDNESDAY, FEBRUARY 26, 2020 @ 6:00PM

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 6:00pm on February 26, 2020.

Roll Call

Councilors present: Councilors Moore, Kolb, Roth, and Gulette

Councilors Absent: Mayor Patch

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

Others Present: Tony Rossberg

The meeting was called to order at 6:16pm the Pledge of Allegiance was not recited.

Topics covered in the work session were as follows:

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

OLD BUSINESS –

1. City Building Designs & Redesigns – Administrator Regas reported the City is still waiting for WSN to supply the City with reporting involving the city building designs and redesigns.
2. Golf Course Cart Shed Update – Regas reported attending the Beltrami County Board of review meeting was attended to request a variance from Coburn Creek and CSAH31 to rebuild the cart shed. Regas stated there were little questions from the board and was unanimously approved. Regas stated the only requirement prior to building is to present a storm water plan to the County. Regas stated there is a tentative golf board meeting scheduled for March 5, 2020 to continue plans. Councilor Gulette asked what is included in the storm water plan. Regas stated the plan would include where water will be directed from the building where gutters will be installed and storm drain. Nothing further.
3. Rural Development Grant Application – Public Hearing Recap – Regas provided the City Council time to discuss the USDA grant application and public hearing at this time.
 - a. Councilor Roth – Has the City contacted MN DOT if there is any available equipment that is for sale the City of Blackduck could purchase? Public Works Supervisor Schwanke stated no.
 - b. Councilor Roth – To save the taxpayers money would it be wise to look for equipment that has been inspected by mechanics and well taken care of instead of buying new with the grant. Schwanke stated it is difficult to pin point what is well taken care of. Schwanke stated you can have the equipment looked at and someone will say it is fine and then 10 hours later something go wrong with the internals. Schwanke further stated you also need to look at resale value. Schwanke stated if you buy something that is already used and put the money into it when it is time to replace it and now has no value.
 - c. Councilor Roth – Can we look for a piece of equipment that has a warranty? Schwanke stated all new equipment will have some length of a warranty but buying used you don't always have that option. Schwanke stated he can look around. Councilor Roth stated that he has met many mechanics that will



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put faith behind their work. Schwanke stated if Councilor Roth knows someone that is selling used heavy equipment with warranties to send him their numbers.
Nothing further.

NEW BUSINESS –

1. 2020-12 Resolution adopting a long-term plan to repay the liquor store fund for negative cash balances of the Blackduck Golf Course fund – Regas reported to the council the request from the auditors from Miller McDonald for the City to have on record an agreement that commits to a repayment to the liquor store fund for covering the negative cash balances of the golf course at a point in the future. Regas stated the resolution draft submitted for review would provide the state auditor with a commitment to the repayment. Councilor Roth asked what who pays for the cart shed if the golf course cannot. Roth asked if the taxpayers pay for it. Regas stated the resolution supports the reimbursement of the negative cash balances accrued in the last few years not the cart shed. Roth asked how many years has the golf course been in the red. Regas stated she believed it started in 2016 when the general obligation loans principal payments rose and could not be covered by the golf course net revenue. Councilor Kolb asked if the resolution covers from when the negative cash balance started or from today on. Regas stated it would cover the amount of when the negative started for the golf course. Kolb asked if there is an end date. Regas stated it is difficult to put an end date in the resolution but noted the auditors do see the positive movement the City is working on to gain more revenue for the golf course. Regas stated the auditors see the movements as a positive but that they understand the end date could be a long way into the future. Roth confirmed the golf course has been in the red for about four years can you provide the amount each year the golf course has lost. Regas stated she did not have the financial information to provide at this meeting but could provide it to Councilor Roth later. Councilor Kolb asked if there is a payment plan that will be built into the resolution. Regas stated the resolution is very general and will not provide the City will detailed parameters not knowing if the golf course can meet those requirements but when the golf course has a positive net revenue then those funds can be repaid. Councilor Roth asked how many years is the City going to allow the golf course be in the red if the resolution is approved. Regas stated that is up to the City council but should be reviewed every year. Councilor Roth asked how much the golf course cart shed would cost the City. Regas stated what was budgeted is \$55,000. Roth asked what the total budget is for the golf course. Vice Mayor Moore asked Roth if he wants the total budget for the golf course annually or what the cart shed will cost. Roth stated he is asking for both the shed and the current debt of the golf course. Regas stated she was not prepared for this work session to provide those financial details but would be open to discussing them with Roth later. Councilor Kolb asked Liquor Store Manager Lahr how much could the liquor store safely move over to the golf course and still cover the needs of the liquor store business. Lahr stated she and Regas have worked out a budget for \$10,000 of liquor revenues to the golf course. Kolb asked if the golf course memberships will be higher in 2020 than 2019 and that is why only \$10,000 was set aside to



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transfer. Regas stated the amount budgeted is the same as the 2019 budget and that is only to cover the golf course debt from general obligation debt. Roth asked how many memberships the golf course sells a year. Regas stated about 52. Roth asked if Regas could provide how much of the member revenue is received each year. Regas stated she does not have an income statement present but could provide Roth with that information later. Nothing further at this time.

2. Liquor Store Ladies room and wall updates materials and labor quotes – Lahr provided for the council the plans in place to update the ladies’ bathroom and the north wall in the bar. Lahr stated these plans have been on the store list for a couple of years and stated this is a good time to proceed. Lahr stated the ladies’ room would get new partitions, new sink and vanity, fresh coat of paint etc. Lahr stated the bar wall will receive new shiplap that is cohesive with the south wall and some electrical. Regas stated many of the updates are cosmetic but needed. Regas stated the partitions are very nice and updated. Kolb asked for photos or if he can get a walk thru the locations in the bar that would be updated. Lahr offered to provide Kolb with a tour. Regas stated the new partitions would be similar to the new partition in the men’s room. Tony Rossberg spoke on behalf of the Pond as the current janitor and stated the current ladies’ partitions are damaged and have hole in them and are need of replacement. Rossberg stated the men’s room updates are nice and look great but the ladies’ room has needed updates for a few years. Councilor Gullette stated that there is a bill going through the House that will make it a requirement to put changing stations in all bathrooms. Regas asked if the bill includes bars. Gullette stated he understands it may be the first thing damaged. Lahr asked if the bill requires men’s and women’s bathrooms. Gullette stated that is being discussed noting many bathrooms do not have the space for changing stations. Vice Mayor Moore stated updating the bathroom is great and it is just a comfort that customers like to return to businesses that have nice bathrooms. Lahr agreed stating that there is a story she has heard in MMBA of an off-sale that received large amounts of business but the bathroom wasn’t updated and it kept customers from returning. Rossberg stated that there are certain places he cannot go because he needs to be able to have a changing station for his daughter and without that benefit it keeps him away from certain locations. Roth asked Lahr how many contractors have been called for quotes for labor. Lahr stated only the one. Roth asked if there is a cheaper method to find other ways to complete the project and save the city money. Lahr stated she could solicit other bids. Roth stated he likes keeping all business in Blackduck and asked if there are any other lumberyards the materials for the projects could come from. Regas stated no. Nothing further at this time.
3. Donation Solicitation – North Country First Responders & Blackduck Drakes Robotics- Regas stated that although the two mailed solicitations have not formally applied through the City process with a public funds request she wanted to inform the council they could come later. Kolb asked if Regas had reached out to the History Center yet. Regas stated no. Kolb asked if Regas had reached out to the organizations provided at the meeting tonight. Regas stated the organizations sent the request to the City it was not requested by Regas. Roth stated he likes the idea of the Robotics team and asked if as a councilmember he is allowed to ask for donations from other businesses for the team. Regas



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stated as the City a councilmember should not solicit for donations. Roth asked if there are other ways to procure donations what resources the City has. Regas stated the City only has the Liquor Rent Fund which are funds received from selling pull tabs at the liquor store for the Blackduck Firemen's Relief. Gulette stated in the past the City has declined the Robotics team donations due to the organization being part of the Boosters. Roth asked for clarification on what the Boosters are. Gulette stated the school cannot solicit for donations for organizations but the Boosters can. Gulette further noted several organization at the school receive funding from the Boosters and if those organizations were part of the Boosters, it would not be good for the City to pick one organization to donate to.

ADJOURN – Moved by Councilor Kolb and seconded by Councilor Roth to adjourn the work session at 6:47pm. Motion carried.

Christina Regas, City Administrator

Rudy Patch, Mayor