



MINUTES

Council - Work Session Meeting

6:00 PM - Monday, April 19, 2021

City Hall, 8 Summit Drive, Blackduck MN

The Council - Work Session of the City of Blackduck was called to order on Monday, April 19, 2021, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

COUNCILORS PRESENT: Councilor Jason Kolb, Mayor Maxwell Gullette, and Councilor Nicholas Seitz

COUNCILORS EXCUSED: Councilor Sheldon Ostlund

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

OTHERS PRESENT:

1 CALL TO ORDER

- a) Roll Call
Regas took roll call of those present to the work session.
- b) Pledge of Allegiance
Mayor Gullette dispensed with the pledge of allegiance.

2 APPROVAL OF AGENDA

- a)

Jason Kolb moved to approve the agenda as presented Nicholas Seitz seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Nicholas Seitz	For

3 OLD BUSINESS

- a) Public Works / Police Facility Project -
Regas reported the drawings and specs are ready to go out for bidding whenever USDA says it is allowed. Regas stated that USDA is ready to review the letter of intent to meet conditions and that meeting will happen on Thursday, April 22, 2021 which will review the contract the City will enter into with USDA for the funding. Once those steps are completed and USDA signs off then Todd Hagen of Ehlers can begin the interim financing for the construction. Regas reviewed the total project costs of \$1,934,084 and stated of that \$279,084 is City contribution. Regas continued reporting the City contribution includes:

\$26,141 in legal fees
\$169,000 in architectural fees
\$23,859 in interim financing interest
\$31,850 in FF&E (furniture, fixtures and equipment)
\$80,154 in contingency fees

Regas reported that in the process of the financing report it was decided to remove in the list of FF&E the wash bay, compressor & lines, and lift and apply for a separate stand alone Community Facilities Grant/Loan.

Regas asked for questions of the board.

Mayor Gullette asked for a listing of the FF&E. Regas stated she will provide that to the board.

Councilor Kolb asked if the funding for the FF&E is coming out of both budgets. Regas stated the funding for the FF&E will be part of the City contribution funding. Kolb asked how the city is coming up with the city contribution. Regas stated the funding is already coming out of the city budgets split equally 60/30% between the general fund departments (streets & police) and utilities (water & sewer).

Councilor Kolb asked Regas for a rough number of funding already spent. Regas did not have that information but stated it would be compiled and emailed to the board.

Regas reported the process for the project has been really large and detailed with many timelines to balance. Regas further reported the costs for the data lines was not included in the FF&E.

Nothing further.

b) Liquor Store Expansion & Remodel Update

Regas reported the public hearing was scheduled for April 26, 2021 to hear the public's comments on the city bonding tax abatement to pay for the liquor store project. Regas stated at that same meeting the board will consider approving a resolution approving the bonding.

Regas further reported the project and bidding process will have a pre-construction meeting with the Kraus Anderson the week of April 26 (a final date/time has not been set). Regas stated once the pre-construction meeting is set, contracts signed and approved; then a notice to proceed will be provided to KA. Regas stated the timing of the financial and construction is very tight.

Regas further stated the City will hold a meeting with Standard & Poors to review the City's last 4 years of financial reports and several questions and answers to receive an updated rating. Regas further stated an additional meeting will be held with Ehlers to discuss the due diligence report.

Regas could not state when the timeline for construction could start until all the bonding documentation was completed. Mayor Gullette asked if KA will have difficulty assisting the Pond staying open during the construction. Regas stated feedback from Lahr confirmed KA has been accommodating to several renovation projects and was able to allow the businesses to remain open. Lahr stated there may be some times when the kitchen cannot be open.

Nothing further at this time.

c) Blackduck Hot Water AIS Station

Schwanke stated he has not confirmed with the county but is going to recommend the hot water station be moved out to the boat landing. Schwanke stated the north parking lot has space near the campground that would be a suitable space for the station. Nothing further.

d) Local Sales Tax - Campaign Update

Regas reported no new updates on the local sales tax campaign at this time.

- e) Hazardous Commercial Structures Project/Demolition Loan/Grant Project
Regas provided an update on the project process. Regas stated the Deed project manager informed the City the timeline for the project if it cannot begin due to acquisition issues will not hurt the project/city. Regas further reported there are 3 liens on 32 Main (1 federal and 2 state). Councilor Kolb asked why that was not disclosed at the time of the PA being signed. Regas stated the liens showed up during a title search and the current assumed owner had no knowledge of the liens when the property deal was completed with Scheck. Regas reported the BDC will now be working with the original owner (Scheck) to acquire the property. The BDC attorney will be requesting of the IRS to release the liens on the property due to the state of the structure and the potential issues with the demolition of 40 & 48 Main. Councilor Kolb asked if Deed provided an extension for the project due to the acquisition issues. Regas reported an extension was not requested at this time but stated the need to confirm how long the city had to begin barring any issues. Deed reported these projects always have issues with them getting started. Regas reported needing a timeline from Deed before demo can begin so that the grant/loan could not be sitting without use. Regas further stated Deed would report back on the timing. Mayor Gulette further stated Deed has had projects wrap around to a year before getting started.
Regas stated the BDC would be requesting the liens be removed from 32 Main from the IRS as stated earlier. Gulette stated the project is still a 'go' it will just be delayed.
Councilor Kolb asked if the PA will not be with Scheck. Regas stated yes. Kolb asked if the amount of the PA will increase. Regas could not confirm an increase but was doubting an increase due to the lien amounts. Regas reminded the board the project will move forward but it is not a quick process. Gulette reminded the board the award is a loan/grant. Gulette further asked Regas to confirm the award is contingent on occupation of the property by a new owner. Regas could not confirm the later but stated the city has 2 years after the demolition to 'flip' the property into a new owner.
Nothing further at this time.
- f) Kitchigami Regional Library Unspent Budget - Update
Councilor Seitz reported no updates as the Kitchigami board did not meet in April and the next meeting was not scheduled until May.
- g) American Rescue Plan Act - Coronavirus Local Fiscal Recovery Fund -
Regas reported no new updates from the US Treasury at this time. Regas further stated her plan to reach out to other cities to receive feedback on how the CARES funding was spent.

4 NEW BUSINESS

- a) Sewer Cleaning & Televising -
Schwanke reported that Widseth is requesting the city televise all the City clay tile as part of the PER. Schwanke stated the cost is approximately \$10,000 and the cleaning is the same. Schwanke stated the city has not had the budget in the past to schedule the cleaning of the sewer lines on a routine basis and now is at a decision need to either pause the PER due to costs or find a way to pay for the process. Schwanke stated the city should have been cleaning the sewer lines periodically already and again is behind on the processes. Regas requested the quote from Veit be included in the May 10th council meeting for consideration. Regas further stated she would encourage the city find the funding to clean the lines but televising the lines could wait. Mayor Gulette asked when the last time the sewer lines had been done. Schwanke could not comment. Regas stated her recollection of having the

lines on 1st Street done in 2015 and Summit East lines at the same time. Regas stated additionally 4th Street NE was done that year.

Regas asked if Widseth really needs all the clay tile televised to complete the PER or is it an option. Schwanke stated it needs to be completed. Schwanke stated if the televised lines are good then they will qualify for an 'expandable pipe' option that will remove the need for ripping up the street. Councilor Seitz stated he has seen videos of that option and it is really neat. Councilor Kolb asked where the City is with the rest of the CIP timeline for the City. Schwanke stated that timeline has been 'out the window' for some time since the City has no funding for it at this time. Schwanke stated he will gather more information from Widseth by the May 10 council meeting for further discussion.

b) Condition of Oscar Ave.

Schwanke stated the remaining bituminous is failed and will need a complete reconstruct. Schwanke stated that between the garbage trucks, delivery trucks, and buses the section is destroyed. Schwanke stated his patch from last year is gone too.

c) Liquor Store Parking lot condition

Schwanke and Regas reported the failing of a portion of the liquor store parking lot where the delivery trucks park. Regas reported the issue to Widseth for recommendation on repair prior to the expansion beginning. Schwanke stated he was informed a frost boil in the location of the fail each year and this was the year it was the worst. Schwanke has the location blocked off until it dries out to determine what can be done.

d) City of Blackduck Insurance Carrier -

Mayor Gulette asked who the insurance carrier was for the City of Blackduck. Regas reported LMCIT (League of MN Cities Trust). Gulette asked how long the city has been insured by them. Regas stated more than a decade. Nothing further.

e) Wayside Rest Restrooms -

Councilor Kolb asked when the restrooms will be open. Schwanke stated when the weather stops going below freezing.

f) City Wide Garage Sale Date -

Councilor Kolb asked when the garage sale date was. Regas reported May 15th and summarized the Chamber program and how people could take part. Regas further stated the Chamber will offer the wayside rest gazebo that day to folks that do not have a location suitable for their sales. Kolb asked if the grass areas would be included. Regas stated it was not her intention to allow sales on the grass or to be a 'flea market' atmosphere.

g) Golf Course Opening -

Mayor Gulette reported having numerous emails and calls asking why the course is not open yet and when will it be. Gulette stated member would like a pay box erected outside the club house if the course could not staff the club house. Gulette asked who is supposed to be in the club house when open. Regas reported the club house is staffed with two shifts of employees between 7am - 8pm. Gulette stressed the importance of needing to be staffed to be open. Councilor Kolb asked what Andersen is saying for when the course can be open. Regas stated that as of Friday, the course was not ready to be open. Gulette asked how staffing was going. Regas stated the course needs staff both inside and outside.

Additional conversation from board members and staff discussed the importance of keeping the course open and making a profit. The board considered many ways to keep the course open for the community instead of closing.

Items of discussion included staffing, wages, pricing, how to capitalize on off-season operations; catering from the liquor store instead of selling 3/2 liquor; closing the course if there is no staff; etc.

Gullette stated the city is 'in it' so far that the city should continue to find ways to make the course profitable. Gullette is seeking insight from the board members.

Regas suggested finding an entity that would lease the course from the city. Regas stated how much of an incentive the course is for the community. Regas urged the board to speak to the tax payers and to consider addressing the option of closing its doors completely. Regas did not believe the current city council board could unilaterally make that decision to close the course completely.

Gullette stated his feedback is that the course does not pay its staff enough. Schwanke stated paying the staff more and charging more will not give the course a different result financially. Regas stated the vicious circle will continue.

Regas stated is the course not going to open this season if we can't staff it. Gullette stated the members suggested having a pay box outside the club house to receive green fees and then it would only allow walk on traffic only. Kolb asked how a non-staffed club house would work. Kolb suggested moving forward with the pay box for the month when open and see how it works. Regas stated the suggestions would be discussed at the golf board meeting on April 20.

Gullette stated his goal is not to close the course. Kolb stated many courses make revenue on driving ranges. Kolb strongly encouraged the board come up with fundraiser ideas this year. Grangruth stated if the course will go 'self serve' there will be no accountability on the course and the greens will be destroyed.

Schwanke asked if the minimum age of 18 is necessary or can it go down to 16. Regas stated that OSHA laws dictate the minimum age for the machines needs to be 18 and since the sale of alcohol in club house the minimum age needs to stay at 18. Gullette asked can the Pond's catering license be used at the course with their staff instead of having the license at the course. Regas stated staffing is still an issue and questioned if it can happen this year. Regas stated Lahr is still struggling to staff the liquor store.

Gullette reiterated the idea of the pay box going up this season is the best idea at this time. Nick stated the golf board should be included in the idea(s). Kolb stated they are doing their best to come up with ideas instead of closing the doors.

Nothing further.

h) Speeding on Industrial Blvd. & in City Allys -

Mayor Gullette requested the police monitor the speeding reporting on Industrial Blvd near Headstart more. Gullette stated concerned residents have reported speeding from employees from Anderson Fabrics. Grangruth stated that his department is always patrolling that area of town.

Councilor Kolb requested the speed limit in alleys. Grangruth stated he believed it was 15mph. Kolb stated he is still witnesses vehicles using the alley between Northern and Summit blocks and speeding faster than allowed.

i) City Employee Job Descriptions -

Mayor Gullette requested the job descriptions of the entire city. Regas confirmed the council would like all the descriptions or just the most recent amended. Gullette requested all. Nothing further.

- j) Special Election Update -
Councilor Kolb asked who will update the board on how the voting results were for the recent Special Election. Regas stated that she will at the scheduled Canvassing Election on April 26, 2021.

5 ADJOURNMENT

- a)

Jason Kolb moved to adjourn the meeting at 7:47pm Maxwell Gullette seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Nicholas Seitz	For

Christina Regas, City Administrator

Maxwell Gullette, Mayor