



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY MAY 1ST, 2017 6:00PM

WORK SESSION MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in a scheduled work session at the City Hall at 6:00 p.m. on May 1st, 2017.

Roll Call

Councilors present: Mayor Patch, Councilors Stade, Molnar, and Kolb

Councilors Absent: none

Staff Present: City Administrator, Christina Regas and Public Works Supervisor, Bob Klug Jr.

Others Present: Business owners TG Sales & Services Lawncare & Landscape Div. Troy and Kelly Gabrelcik

The meeting was called to order at 6:00pm the Pledge of Allegiance was not recited.

Topics covered in the work session were as follows:

1. **OLD BUSINESS** – no old business was discussed.

2. **NEW BUSINESS** –

- a. **TG Sales & Service Sewer Tap Fee** - Council met with owners of TG Sales & Service to discuss previous discussion from a 2016 council work session to consider deferring the sewer tap fee in the Wolden Addition (Ordinance 217) for their business development in the Wolden addition. Previous discussion included verbal conversations with the business owners, the City, and members of the council, in 2016 in hopes to assist in TG Sales & Service's new business building and the costs the business would incur.
 - i. Troy Gabrelcik requested clarification as to why the City did not include his letter addressed to the City in the packets delivered to the council and public at tonight's meeting. Regas stated that the letter had been sent to all councilors prior to this evening's meeting. Regas was trying to be cautious as to including it in the printed packets. There was never the intention to hide the letter. Councilor Molnar and Patch all stated that they have read the letter. Gabrelcik confirmed that council understands that the content in the letter was the reason he was meeting with them today. Council confirmed they understood.
 - ii. Mayor Patch opened up the conversation requesting comments from Gabrelcik. Gabrelcik stated his submitted letter summarizes his position and what happened in the middle of last summer. That was addressed when Gabrelcik spoke to Regas and the previous Mayor Lundberg. Prior to purchasing that land Gabrelcik was told that the tapping fee would be deferred and then waived after two years if TG Sales & Service was there after the two years expires. Then Gabrelcik made the purchase of the property. Because of that, Gabrelcik made the purchase of the property. Gabrelcik stated that he had other options to build out of town; however, he decided it was an incentive to build in Blackduck. Gabrelcik was under that impression, so he started building up on the purchased lot. Gabrelcik stated that water and sewer lines were tapped into the fall of 2016. Gabrelcik stated that if the City was going to back on what he was told, he should have received a bill at that time. Now 7 months later when Gabrelcik gets the forms in for footings he receives a bill. Gabrelcik said that was really bad timing.



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY MAY 1ST, 2017 6:00PM

WORK SESSION MEETING MINUTES

- iii. Mayor Patch stated when the council in 2016 discussed the waiving or deferring, it was put on hold until the City did more research on what could be done for sure. Mayor Patch stated the topic was never brought back up in another council meeting or work session after. Regas stated that for whatever reason it was never put back on the council agenda for any formal action. Mayor Patch stated that he did not know why Gabrelcik got the bill now vs. when he tapped into the lines. Gabrelcik stated that he understands that is just a misstep and it is water under the bridge. Gabrelcik stated again, that he chose to build inside the City limits because the tap fee was going to be deferred for two years. His business stays in Blackduck, and then that amount would be waived after the two years. Mayor Patch stated he understood, however, the problem was the option of waiving/deferring the fee was never brought up to council to be voted on and approved. Mayor Patch stated the topic was never discussed after the June work session because more research needed to be done. Mayor Patch asked what additional research was being done. Mayor Patch stated that he knew council wanted to see if deferring the fee was ever done for anyone else. Mayor Patch stated the tap fee covers the whole City not just one individual. The City can't do it for just one person and not do it for another person.
- iv. Gabrelcik asked how long has it been since a commercial building has been built in Blackduck. Gabrelcik asked if it has been 20 years. Klug stated that Dollar General is building. Gabrelcik stated that Dollar General building is after the fact of his discussions with the City in June of 2016. Klug stated Kurt Benson's assisted living on Brandle was built in the last 10 years. Mayor Patch asked when Stretch Auto body was built. Regas stated it was in 2006 and that owner Brian Larson's tap fee payment was included in the council packets for reference. Larson paid his fee over the requested 2 year time frame. Regas stated that some of the research she was gathering was to find out who had paid the commercial tap fee and which residents all paid the fee. Regas stated the Kingdom Hall paid the commercial per acre tap fee.
- v. Regas stated that what should have happened is the council should have continued the discussion of the tap fee on the old business agenda but it wasn't. Regas stated if that had been done council could have formally decided if the ordinance was going to be changed based on the research that was discovered. By the fault of Regas the topic was not brought back up at later meetings. Regas stated that council needs to continue that discussion now, and at the May 8th meeting if council wants to change the Ordinance council needs to vote on it. Regas stated that the whole ordinance would need to change to revise any new approved payment options.
- vi. Mayor Patch called for questions of the council members. Councilor Molnar stated that she felt she has been brought up to date on the situation and has no questions.
- vii. Mayor Patch stated that there hasn't been any activity up in the Wolden addition for very long time but when the ordinance was adopted it was put in place to recover fees that were spent to put in the lift station. Mayor Patch stated the City needs to recover that money. Mayor Patch stated the Council can't say who pays and who shouldn't and the Council needs to represent the City as a whole. Regas



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY MAY 1ST, 2017 6:00PM

WORK SESSION MEETING MINUTES

stated that after finding all the people that had paid the fee in past years, that information made the position of the City difficult to say that no one should have to pay it going forward. Regas also stated that changing the Ordinance allowing for deferring payment would mean that anyone going forward would not pay the fee.

- viii. Klug stated that in 2002, when the project was done, the only way the City could afford to complete the project was to assess the property owners and have a tap fee added to the ordinance. Klug continued in stating, that then that money is used to pay the bond and any maintenance on the lift station. Klug stated instead of assessing all the property owners, the tap fee was added so any new owners would pay part of the usage. Klug confirmed that all the property owners paid the tap fee. Mayor Patch stated that the developer for the new housing building has already paid the fee.
- ix. Gabrelcik stated it is irrelevant what they were told. Kelly Gabrelcik stated that was the reason they bought the land because they were told they didn't have to pay the tap fee. Kelly Gabrelcik stated they didn't buy the land and then find out about it, they came to the City first. Kelly Gabrelcik stated the City said it would be deferred. Kelly Gabrelcik stated then they bought the land. Mayor Patch stated that council didn't approve of a defer in a regular council meeting. Gabrelcik stated the topic does not need to be discussed further he knows how the City stands on the topic.
- x. Regas stated she came up with optional payment ideas if the parties want to discuss them. Councilor Molnar agreed she would like to see them. Regas restated the ordinance payment options and then offered two additional options. The first would be for the payments spread over 4 years at the 8% interest and the second would be to defer payment for the first 2 years but then payment would be made in full at that expiration date. Regas offered to show the parties those options. Mayor Patch asked if the 4 years would still include interest, Regas stated yes. Gabrelcik stated that if he is paying the fee in 4 or 6 years from now or tonight is irrelevant, so if the City is going to charge him then just charge him and he will pay the bill. Gabrelcik asked if the City could not change the ordinance until the next Council meeting. Klug stated if the City chose to change the ordinance the City would need to have a public meeting. Regas stated that LMC told the City that it would need to follow the normal ordinance change procedure and take public comment on the changes. Klug stated the City should do a public hearing on it. Klug stated there are other property owners up on that end of the City that has paid the tap fee.
- xi. Gabrelcik stated that he has nothing further. Mayor Patch asked if anyone has anything more. *(At this point the owners of TG Sales & Service left City Hall).*
- xii. Mayor Patch asked if any councilors have any further questions. Councilor Molnar asked if Gabrelcik made sure he knew what the arrangements were before he tapped into the lines. Mayor Patch stated technically they did know about it. Councilor Kolb stated Gabrelcik knew about it and just wanted to know why the bill was 7 months late. Klug stated Gabrelcik knew because Klug told him as well. Mayor Patch stated if Gabrelcik decided to pull his project he would still owe the tap fee because he already tapped into the line. Councilor Kolb



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY MAY 1ST, 2017 6:00PM

WORK SESSION MEETING MINUTES

asked although Gabrelcik never showed any interest in the additional payment options suggested by Regas, should the City move forward with the other two options and change the ordinance. Klug stated the City has an ordinance, everyone has abided by it why change it. Councilor Molnar agreed. Klug stated if the City was going to change anything Klug would suggest keeping the 2 years and lower the interest rate. Councilor Molnar stated if the City had more than one person saying the tap fee is making it hard for them to build in the City of Blackduck, then that maybe it would be more considered. Councilor Stade asked Regas if she came up with any other person in the past that said they were going to build in the City, found out about the tap fee, and then decided not to build. Regas stated no. Klug stated that some residents held out to the last part of the one year deadline to hook up to the line but they did and then paid the fee.

- xiii.** Regas asked the council if the City had sent Gabrelcik the bill in October would the council be having the same discussion then as they are today. Klug stated that sending the bill in October would not be received well then either. Mayor Patch recalled having the conversation in summer of 2016 and the reason it was left alone was that Patch recalls stating the ordinance shouldn't be changed. Mayor Patch stated there were many options discussed last summer. Councilor Kolb asked for confirmation of what Gabrelcik was told. Councilor Stade stated what was discussed was that the fee would be deferred for two years and then waived if the business was still here. Regas referred to the work session minutes from June 2016. Councilor Stade stated he recalled the same conversation Mayor Patch mentioned about not changing Ordinance 217 because of the discussed options. Mayor Patch stated that when he saw Gabrelcik tapping into the lines in the Fall of 2016 he assumed Gabrelcik paid the fees. Mayor Patch stated that Gabrelcik moved forward with the project before everything was settled. Klug stated there was no change to the ordinance. Councilor Kolb asked how the City should move forward. Mayor Patch stated Gabrelcik already has the letter from the City with the fees that are due.
- xiv.** Mayor Patch stated he feels the City could waive the excavation permit fee. Councilor Kolb agreed. Councilor Stade stated it is unfortunate that Gabrelcik did get told something verbally, however it was never documented on paper. Councilor Molnar stated that sometimes people hear what they want. Councilor Kolb stated that if he was told something verbally, Kolb would be asking for it in writing and have it documented. Councilor Kolb stated that both parties are at fault.
- xv.** Mayor Patch stated that the council at the meeting on May 8, 2017 only needs to note that Ordinance 217 is not going to be changed if that is what the council wants.
- xvi.** Regas wanted to go on the record that the time-line stated is not accurate to her knowledge. Regas had no knowledge of when the Gabrelcik's closed on the property. Regas stated that she told them when they were going to buy the property that those were the fees. Mayor Patch stated the only issue is that the City didn't bill them for tapping into the lines 7 months ago.
- xvii.** Councilor Stade asked the council members if they think deferring the fees would be a good incentive to have. Regas asked if he meant for it to be permanent.



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY MAY 1ST, 2017 6:00PM

WORK SESSION MEETING MINUTES

Mayor Patch confirmed yes and doesn't feel deferring the tap fees are the right thing to do.

xviii. Councilor Molnar stated she felt if someone is going to build new it is more costly to put in a septic and well vs. tapping into existing mains, and by doing so would not persuade a business one way or the other. Molnar doesn't feel the City is scaring people away from building.

xix. Mayor Patch asked how much more land can be built up in the Wolden addition. Regas stated there are only two commercial lots left, but Stretch Auto Body owns both of them. There is residential property but no commercial property.

xx. Councilors Kolb and Stade stated they believe the City should keep Ordinance 217 how it exists. Mayor Patch stated he would like it to be on the agenda for the May 8th, 2017 meeting. No further discussion needed.

- b. **Options for Paperless Packets for Council Members** – Mayor Patch reviewed ideas to have the council packets be paperless and have an iPad, tablet, or possibly a Chromebook replace the existing format. Mayor Patch stated the benefit would give the councilors the ability to write notes on the electronic device and reference back to old packets and minutes much quicker. Klug stated that the School Board has been interested in doing this. Klug suggested if the City Council wanted to do that then the City should contract with the School District as they order up to 30 Chromebooks at a time. Regas stated the Chromebook would be a better platform to have. Regas also stated that it would be best for the City to own the units and give them to the council members during their terms. That would protect the councilors for data retention and any communication for City information. Regas stated she would look into it and try to get some information for the 2018 budget review. No further discussion needed at this time.

3. **ADJOURN** – Council adjourned their work session at 6:45pm.

Christina Regas, City Administrator

Rudy Patch, Mayor