



BLACKDUCK CITY COUNCIL MEETING
MONDAY, NOVEMBER 4, 2019 @ 6:00PM
REGULAR COUNCIL MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in Regular Council Meeting at Blackduck City Hall at 6:00pm. November 4, 2019. Meeting called to order by Mayor Patch and the Pledge of Allegiance was stated.

ROLL CALL:

Councilors present: Mayor Patch, Councilors Kolb, Moore, and Gullette

Councilors Absent: none

Staff Present: City Administrator Christina Regas, Public Works Supervisor Mike Schwanke, and Golf Course Superintendent Jim Andersen, Police Chief Jace Grangruth, and Liquor Store Manager Shawnda Lahr

Others Present: Golf Board Members Laureen Schaser and Kevin Erpelding; Golf Members Gail and Mark Johnson, Dawn Jourdan; Robotics Team Leader Leslie Frosaker, Robotics Team Students Gavin Waller, Gunnar Regas, Ben & Izzy Rudnicki, Tyler Wilson, Henry Weber; Robotics Team Parents Courtney Weber, Annette Rudnicki, and Demo Regas; and Blandin Cohort Member Misty Frenzel

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

CONSENT AGENDA – Moved by Councilor Gullette and seconded by Councilor Moore to approve the consent agenda removing items ‘j’, ‘k’, and ‘n’.

- a. October 7, 2019 Council Meeting Minutes
 - b. October 16, 2019 Planning Commission Meeting Minutes
 - c. October 21, 2019 Council Work Session Minutes
 - d. October 28, 2019 Special Council Meeting Minutes
 - e. October 28, 2019 Public Hearing Minutes
 - f. October 2019 Fund Balance Report & Bond Payments & Transfers
 - g. October 2019 Bills
 - h. YTD September 2019 Income Statements
 - a. Water, Sewer, Pine Tree Park, and Golf Course
 - b. Liquor Store
 - i. October 2019 Month End Remittance Report
 - ~~j. September 2019 LG216 Lawful Gambling Monthly Rent Report~~
 - ~~k. Final Approval – City Hall Remodel Proposal for Feasibility Study~~
 - l. Final Approval – Paul G. and Kandi L. Kohman – Owner Occupied Residential Housing Rehab Satisfaction
 - m. Final Approval – 2019 MV Credit – Agricultural property tax payment
 - ~~n. Final Approval – Fire Department September Repairs to Unit #4 – Administrator authorized after City Council.~~
 - o. Final Approval – Rate Change State Water User Fee Notice – MDH notice
1. September 2019 LG216 Lawful Gambling Monthly Rent Report – Councilor Gullette asked for clarification on the shortage of the September gambling report from Regas and Lahr. Regas



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stated that Lahr has discussed the shortage with the Gambling managers noting the communication on over/shortages have not been reported timely to Lahr which makes it difficult to narrow down any issues. Regas stated it has been requested to have any issues reported sooner than close out. Lahr stated a large winner from a pull tab box of \$50 went missing which contributed to the shortage. Lahr stated since the issue has been reported updated practices and training have been put in place with staff. Nothing further.

2. Final Approval – City Hall Remodel Proposal for Feasibility Study – Regas reported the study is being completed by WSN to complete full remodel plans of City Hall with existing funding approved in 2019. Regas stated the plans should include estimates on costs for specific items like electrical. Mayor Patch stated the plans will assist contractors to have a solid plan in place to bid from. Nothing further.
3. Final Approval – Fire Department September Repairs to Unit #4 – Administrator authorized after City Council. – Regas stated the repairs to Unit #4 were approved by herself after the October council meeting. Regas stated the vendor was new and was not set up to invoice the City and be paid in 30 days. Regas further stated the invoice was paid so that the Fire Department would have Unit #4 back in the fire hall as soon as possible. Regas stated the invoice was included in the packet so the City was aware of the circumstances. Mayor Patch stated that in the future this vendor will be set up as a payment on approval in 30-day time frame. Nothing further.

Moved by Councilor Gullette and seconded by Councilor Moore to approve consent agenda items ‘j’, ‘k’, and ‘n’ after further discussion.

BLACKDUCK FORUM –

No one present to speak.

2019 BLACKDUCK ELEMENTARY SCHOOL ROBOTICS TEAM PRESENTATION – Leslie Frosaker presented the 2019 Elementary Robotics Team project for competition stating the students need to practice prior to the first level competition in December.

The students presented their “City Shaper” presentation with realistic and hopes and dream boards; project budgets; and how they can assist in the new beach project at Pine Tree Park.

PUBLIC WORKS REPORT – Mike Schwanke, Public Works Supervisor

1. Request for Survey on Liberty Drive – WSN estimated costs \$1,800 – Moved by Councilor Moore and seconded by Councilor Gullette to approve the survey on Liberty Drive for the proposed road and infrastructure improvements. Schwanke stated there is a sense of urgency to have the road surveyed before winter.

LIQUOR STORE REPORT – Shawnda Lahr, Liquor Store Manager

1. Liquor Store Signage Proposals – Regas provided for council review a new proposal from Scenic Sign Company (#61628) requested in the October work session. Regas stated the proposal is now closer to the Indigo Signworks proposal (#62510) in overall size and design. Mayor Patch asked if both signs are the 15.85mm. Regas confirmed. Councilor Gullette confirmed the cost differences from both vendors. Councilor Gullette asked if Regas is ‘recommending’ accepting the bid from Scenic. Regas stated she is not recommending either vendors but wanted it on record that although Scenic Sign Corp did not present a ‘full’ presentation with the portal



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software, sign changes, etc. at the work session, the company did present to that level at the first meeting of the Liquor Committee back in July. Regas further stressed that it is the decision of the City Council how and who they wish to do business with. Lahr stated the importance of working with a vendor that the City is most comfortable with. Regas stated since the sign is being built by Daktronics the City is mostly purchasing the vendor and the service the vendor offers. Regas continued stating that Scenic Sign Corp are MMBA members are understand how municipal liquor stores function. Regas further stated Scenic Sign Corp did not recommend the new proposal with a static section of the sign on the top but a full message board instead. Mayor Patch stated he believed both vendors to be very knowledgeable in the business and that the City would receive good support and service. Regas stated Lahr would like council to decide to move forward with the new signage and approve a vendor and financing option. Regas further stated Lahr and Regas have worked into the 2020 budget a \$15,000 line item to accept a 5-year financing term for the sign. Patch asked if Indigo Sign Company receives the same support from Daktronics as Scenic would. Lahr stated each region has their own support representative/salesman. Gulette asked Lahr who she as the Liquor manager would want to work with. Lahr stated both vendors are superior. Gulette stated the difference in the costs could assist with other projects. Patch asked if there was any feedback from the vendors regarding the building signage. Lahr stated she and Regas understood after the work session that the building signage would be focused on at a later date. Lahr further stated another local vendor could be used for that project. Gulette asked if the City is 'on-board' with the 'static' section of the top of the sign. Patch asked if there is an AMBER alert and the whole sign was a message board does the whole sign get 'taken over' by the alert. Regas stated she understood it to work in that fashion. Patch was in favor of the static portion of the sign so The Pond is always showing. Gulette stated he was leaning to approving the proposal from Indigo. Councilor Moore stated she too was more in favor of approving the proposal from Indigo for the reasons of having more than one person of contact if something were to go wrong or need support. Patch stressed how Indigo has worked with other municipal stores. Lahr stated the message board can be used for more events in the community too.

Moved by Councilor Gulette and seconded by Councilor Moore to approval Proposal #62510 from Indigo Signworks, Inc. for a purchase price of \$64,867.49 and to finance the message board and sign for 5-years. Patch confirmed that if the 5-year financing is used the City does not need to take the half deposit financing option. Regas confirmed.

LAW ENFORCEMENT REPORT – Jace Grangruth, Police Chief
Report – Grangruth reported he has no new business to report.

FIRE DEPARTMENT REPORT – Brian Larson, Fire Chief
No report submitted.

GOLF COURSE REPORT – Jim Andersen, Golf Superintendent

1. Cart Shed Proposal of Costs and Financing Summary – Regas presented a summary of costs for the proposed cart shed and various options for financing the building. The quotes supplied were from Northwoods Lumber and B&M Supply with additional estimated costs for site materials, crushed granite, electrical installation and materials, county permits, security and door openers for a total estimated cost of \$52,000 - \$56,000.



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Regas provided for council review several financing options and payment schedules including an Internal Loan with Revolving Loan Fund for 10 years @ 2.5%; and various refinancing bond options from Ehlers of the current 2006A & 2009A bonds. Regas provided those schedules for review showing options with the Cart Shed by itself only 5 years; a Refinancing schedule 5 years shed only; a Refinancing schedule 5 years with city hall funding; a Refinancing schedule 10 years with city hall funding; and an additional refinancing schedule for 10 years with city hall funding and additional funding for the golf course to purchase 4 new golf carts and add in some building maintenance funding. Regas stated the recommended schedule from Ehlers is for the City is the refinance option with the shed and city hall funding otherwise the savings on the 06A and 09A debt does not exist. Councilor Gullette asked if the recommended schedule from Ehlers is due to the cost of the bond itself. Regas confirmed the issue costs associated with the refinancing would not be worth the City to pursue without the additional funding of City Hall. Regas further pointed out if the City chose a 5-year schedule the payments would be higher than what the golf course could revenue for the new storage fees with the shed at capacity and she did not recommend that repayment option. Mayor Patch asked if the current golf debt schedules from 2012 & 2016 would be included in the refinancing. Regas stated Ehlers did not recommend refinancing those bonds as they are still very new. Patch confirmed the City would still have those bond payments every year. Regas confirmed yes. Gullette asked if the cart shed is not filled how are the payments made. Regas stated that was the reason she recommends the 10-year repayment option, otherwise the payments exceed the revenue the shed would receive. Councilor Kolb asked if the cart shed needs 100% occupancy to offset the bond. Regas confirmed yes. Kolb asked if the shed is not 100% occupied the City would then owe more money to the golf course. Regas confirmed yes and stated currently the current shed revenue is at \$2300 annually and that could only fit 14 carts. Regas stated with the new fee of \$325/annually at 100% capacity the revenue would be approximately \$9000 and a 10-year repayment schedule would be \$6000 annually. Kolb asked if the golf course currently has the potential 40 spaces filled in the shed. Regas stated currently no as the City has not voted to rebuild the shed to date. Kolb confirmed there are 14 customers currently. Regas confirmed yes. Patch asked what the highest number of carts in shed spaces rented has been. Andersen stated since he has worked for the City 18-20 spaces. Kolb asked if the golf course has an estimated guess as to how many more spaces would have golfers storing their cart in the new shed. Andersen stated it is difficult to confirm a number as in his experience people talk about it but talking and doing are two different things. Andersen stated he would like to be able to say yes. Kolb asked Andersen if he is confident the course can sell 40 spaces for carts. Andersen was skeptical if it can be done the first year the shed is up but stated the determining factor will be as the word gets out. Kolb asked if the golf course would budget for a loss in revenue in cart storage the first and second year. Regas stated the refinancing option would not provide for a first payment until 2022 allowing for the spaces to be filled and build up the balance to pay the bond. Lauren Schaser stated the current 14 member carts if moved back into the new shed at the new fee of \$350 would revenue \$4900 which is pretty close to the bond payment of \$6000. Schaser stated hopefully the course would get more than the 14 members right away in the 2020 season but she stated it gets the golf course close to the payment. Erpelding stated the first year the golf course shed is built this gives the course owned carts the ability to be stored inside from the elements and risk of vandalism; staff maintenance to the carts daily will be a savings too.



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Regas summarized where council decisions are at this point in time:

1. Agree or disagree to rebuild the cart shed.
2. If Council agrees to rebuild then:
 - a. Award the bid to a vendor
 - b. Chose a path for financing the shed

Moved by Mayor Patch and seconded by Councilor Moore to rebuild the cart shed noting the shed is necessary for the golf course to operate. Further discussion by Patch stated he believes the new shed will see additional use as more people will use the campground and other resort owners may store their carts in the shed. Andersen stated with the new shed the course should consider having a day storage rate for visitors of the campground or resorts. Kolb agreed and stated that should be done before the rebuild is discussed. Patch further stated electrical rates would be reconsidered to account for the revenue. Kolb stated he believes there is just too much 'unknown' at this time. Dawn Jourdan asked Councilor Kolb if there are any questions the members could answer for him. Kolb stated he believes everything that has been discussed is great but there is nothing on paper, and there is more of an assumption that this is going to happen and there are no potential numbers in place. Kolb further commented the fee for the storage he loves but how do we know we could be making more money. Kolb stated the City could be making less money again. Mark Johnson stated the City would definitely be making less money without a cart shed from the members that are using the shed right now. Johnson stated there would not be any revenue coming in at all from those members. Erpelding stated the other potential issue is that the City may not only lose the cart shed storage revenue but also the memberships. Johnson confirmed the memberships would go right along with the storage. Gullette asked if there had been any further 'pledges' since Conrad Berg. Regas stated not at this time without the confidence the City would rebuild the shed. Jourdan stated it is difficult to gain more members not only without a cart shed but in general. Jourdan in her travels to other courses has heard nothing but good comments from other golfers of the Blackduck course noting the course is well cared for and is very competitive and has a lot to give back to the community because of those reasons. Jourdan stated she is hearing a lot of what the course can be noting a league is interested in forming which could bring more traffic. Jourdan stated she has heard more talk from other golfers of becoming members in 2020 but for now it is only talk. Johnson stated when the club house was being rebuilt some 'barn raising' fundraisers were done and that could be done again for the cart shed. Jourdan stated many members are talking about what they can do to help but they can't move forward until they know if the City will agree to rebuild it. Kolb asked what the total costs are again. Patch stated between \$52,000 - \$56,000. Hearing no further discussion Mayor Patch called for a vote on the motion. Regas requested a roll call vote.

Councilor Kolb – nay

Mayor Patch – aye

Councilor Moore – aye

Councilor Gullette – aye

Motion passes by a vote of 3-1.

Awarding bids for the building - Regas requested council approve a vendor for the building.

Patch stated he believes there are too many open ends on the building quotes stating the bids have 3 doors on them and they are not accurate. Erpelding stated he has a current updated estimate to provide for council review. Erpelding provided the new estimate from Northwoods Lumber comes in at \$38,148.30 which is new. Kolb asked who would be the contractor for the foundation



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and dirt work. Patch stated since the building is a pole building there is no foundation or concrete. Patch stated the dirt work will be completed by volunteers and the City staff. Erpelding stated there are two bids for the materials for about \$7000. Gullette asked if the building will be erected by volunteers cautioning how the old shed was erected in the same fashion and was not stable. Patch stated the building will be built by a contractor but the ground would be completed by the City staff. Schwanke stated when the old building was taken out beneath the current concrete and holding tanks, he determined the ground is very wet and the base of the building will need additional assessment but a professional. Patch stated that with the building not going up until 2020 it is hopeful the ground will dry out. Schwanke agreed but cautioned there is water sitting underneath the current building. Gullette stated more planning needs to happen and was in favor of the financing option that included funding for city hall for 10-years. Gullette stated he did not want to 'jump the gun' on the building so that it is built correctly. Kolb asked if the contractor that is building the building will survey the dirt work and make sure it is up to code. Erpelding stated the City will need someone to survey the ground professionally. Erpelding stated the poles will be below the frost level so the building is stable but the ground still needs to be stable too. Schwanke stated having a contractor that knows more will be needed. Erpelding stated Gerit Hanson is one of the 'dirt guys' and he will be talked to for the shed ground. Gullette asked the golf board members present if they are comfortable with the bid from Northwoods Lumber. Patch stated yes. Schaser asked who would be project manager of the shed. Patch stated he believed Schwanke fit the role. Schwanke respectfully declined the position stating it should relay on the contractor. Schaser stated there will be more questions that need answering and assigning a person to take charge. Patch believed the project manager would be the golf board and those members would work together with the contractor. Gullette stated it is better to only have one person a contractor would contact instead of a whole board. Kolb asked if B&M Supply has their own contractor, they bid the building from and Northwoods Lumber does not. Patch stated yes. Erpelding believed the City would have a say in who the contractor ends up being if Northwoods lumber is chosen.

Moved by Councilor Gullette and seconded by councilor Moore to approve the quote for the cart shed from Northwoods lumber and have it built by their contractors. Erpelding stated he would like to speak to Gerit Hanson to see if he is interested in being the dirt contractor for the project. Schwanke was in favor of that as well. Gullette stated that is a good plan. Patch asked Erpelding if he is willing to be the person to go to from the contractor. Erpelding agreed noting he doesn't know everything but will do his best. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried.

Financing the Project – Mayor Patch asked if the financing discussion can be further worked on at the next work session. Regas stated that would be fine but asked council to have a clearer path to pursue for funding the project. Patch stated the refinancing option from Ehlers with funding City Hall renovations. Gullette further stated the option including funds for some building maintenance for the golf course was also of interest to him. Patch asked when the funding needs to be decided on. Regas stated the December regular council meeting would be the best timeline so the project is not delayed. Patch asked if there would be any penalties for early payments. Regas stated no. Gail Johnson asked if the Ladies League did fundraisers and wanted money to go toward the shed could it be earmarked. Regas stated yes as it needs to be designated by a resolution. Nothing further.



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Report – Andersen and Mark Johnson stated the staff working on the course this year were really awesome and should be complemented on their performance. Nothing further.

LIBRARY REPORT – Kelly Hanks, Head Librarian

Report – Regas reported the next Library Board Meeting is November 19, 2019 @ 6pm @ Blackduck. Councilor Gullette stated the front door at the Library may need new weather stripping. Schwanke stated he will look at it and determine what can be done. Gullette asked for a new vacuum or have the carpets professionally cleaned. Regas encouraged Hanks to hire a professional cleaner and bill the City. Patch asked if any other areas of the city need cleaning like the golf course or liquor store. Regas stated those building did need cleaning but encouraged Hanks to move forward with the library and the other locations can be done on a slower season. Nothing further.

BLACKDUCK BLANDIN GROUP – Jace Grangruth, Demo Regas, Misty Frenzel, Nate Lien, Leslie Frosaker, and Christina Regas

Report – Regas stated the funding from Blandin of \$10,000 has been received and another \$1500 from BEC Round Up for the beach. Regas reported she is tracking the funding on a separate line of the Pine Tree Park Income Statement. Regas stated the City is waiting to hear from SHPO to see if the 1993 historic review will be sufficient for the permit to excavate the beach area and add sand. Regas stated the permit with the DNR is in process but a part of the permit requires a sign off from SHPO. Kolb asked how long the permit is good for after approved. Regas stated she believed one year. Grangruth did not believe the ground would break in 2019 due to the SHPO requirements. Nothing further.

ADMINISTRATOR'S REPORT – Christina Regas, City Administrator

1. Resolution 2019-20 – Resolution Establishing a Meeting Schedule for 2020 – Moved by Councilor Kolb and seconded by Councilor Moore to approve Resolution 2019-20. Motion carried.
2. Resolution 2019-21 – Resolution designating polling places for the 2020 Presidential Primary, State Primary, and State General Elections – Moved by Mayor Patch and seconded by Councilor Gullette to approve Resolution 2019-21. Motion carried.
3. Elected Official & Committee Member Conflict of Interest Policy – Moved by Councilor Moore and seconded by Councilor Kolb to approve the elected official and committee member conflict of interest policy. Motion carried.
4. 2020 Presidential Primary Election Training – November 8, 2019 – Bemidji – Regas stated she will be conducting a training in Bemidji for MCFOA Region 1 on the upcoming Presidential Primary. Nothing further.
5. Government Offices Closed Veteran's Day – November 11, 2019 – Regas noted City offices would be closed for Veteran's day.
6. Government Offices Closed Thanksgiving Day and Day after Thanksgiving – November 28-29, 2019 – Regas noted City offices would be closed for Thanksgiving.
7. Request for November 18, 2019 Council Work Session @ 6pm – Report on Enterprise 2020 budgets & Review 2020 Fee Schedule – Regas requested a work session to continue in the 2020 budget process and to review the fee schedule and continue the financing of the cart shed conversations.



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8. Reminder December 9, 2019 Council Meeting & Truth in Taxation Hearing @ 6pm – Regas reminded the last council meeting of 2019 will be held on December 9 and include the annual truth in taxation report to the city.
9. Personnel Committee Meeting November 25, 2019 @ 5:30pm – Regas request personnel committee meetings to be held to begin the 2019 performance appraisal process.
10. Personnel Committee Meeting December 10, 2019 @ 5:30pm – 2019 Performance Appraisal Process – Councilor Gulette asked when Regas would like her comments from City council for her review. Regas requested feedback by November 16, 2019.

MAYOR AND/OR COUNCIL MEMBER REPORTS – Mayor Patch & Council

Auto Fry Oil - Councilor Gulette asked where the Liquor store is disposing of the used fry oil from the new Auto Fry. Regas stated with Lahr not in attendance to the late half of the meeting she would ask and report back. Councilor Kolb stated it would be a good thing to give to hunters. Patch believed it should be monitored could be paid to have it picked up. Patch stated recording where and when it is being disposed of is required. Nothing further.

Hines Township Meeting November 13, 2019 – Councilor Gulette confirmed the date of the Hines township board meeting. Councilor Kolb asked for clarification of the reason for the meeting. Regas stated she will be in attendance to discuss shared cost responsibility with the township for the updates to Crosswell Avenue. Nothing further.

COMMUNITY EVENTS/GOOD THINGS HAPPENING –

1. Mayor Patch recognized upcoming City Employee Anniversaries including:
 - a. Jace Grangruth Blackduck Police Department 2016 (3 years)
 - b. Jon Holiday Blackduck Fire Department 2012 (7 years)
 - c. Festus Rockensock Blackduck Fire Department 2005 (14 years)
 - d. Brian Larson Blackduck Fire Department 2003 (16 years)
 - e. Lee Anderson Blackduck Police Department 2017 (2 years)
 - f. Chad Sheffer Liquor Store 2017 (2 years)
2. Blackduck Development Corporation Meeting – November 13, 2019 11am @ Good Samaritan Community
3. Blackduck Chamber Meeting – November 26, 2019 @ Hungry Duck @ Noon
4. Blackduck Planning Commission Meeting – November 20, 2019 @ 2pm @ City Hall
5. Blackduck History & Art Center Thank you

OTHER NEW BUSINESS – No new business.

ADJOURN – Moved by Councilor Kolb and seconded by Councilor Moore to adjourn the meeting at 7:45pm. Motion carried unanimously.

Christina Regas, City Administrator

Rudy Patch, Mayor