



# BLACKDUCK CITY COUNCIL WORK SESSION

TUESDAY, JANUARY 21, 2020 @ 6:00PM

WORK SESSION MEETING MINUTES

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**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 January 21, 2020.

## Roll Call

**Councilors present:** Mayor Patch, Councilors Moore, Kolb, and Gulette

**Councilors Absent:** none

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

**Others Present:** Curt Meyer, Gail Levenson, & Steve Rhodes from WSN, and Tyler Roth

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:

## OLD BUSINESS –

1. Liberty Drive & Croswell Avenue Improvement Financing Options – Meyer reported to the City Council the next step for the board to decide after the public hearings is how to fund the projects and if the city should move forward. Meyer stated there is another way to move forward with Liberty and other streets that need pavement but not significant underground work and tie the funding together instead of working on a smaller project. Meyer presented the option of consolidating a number of projects together and work towards funding them with USDA Rural Development funding. Meyer stated he believes Liberty can hold off another year and that would buy time to create a Preliminary Engineer Report that would cover the entire City. Additionally, Meyer stated to apply for RD funding an Environmental Report would need to be compiled for the City too. Meyer stated a preliminary engineer report is more detailed than a feasibility report. Meyer further stated that about 10 years ago the City of Blackduck began the process to complete this type of report but never finished it. Meyer stated this is the process Kelliher went through to fund their streets and infrastructure projects recently. Meyer stated the reports cost anywhere between \$60-\$80,000 to complete but WSN has charged some cities about \$45,000. Councilor Kolb asked how long the reports be used for. Meyer stated the environmental report has a shelf life but the engineer report lasts much longer so the sooner it is completed the sooner RD can review it. Meyer stated RD then determines the ‘affordability’ of the City. Meyer stated the timeline for projects to be funded from this program can take up to 2 years to prepare for. Regas stated that this option would provide the City with a better option to complete some really needed street repairs. Meyer reported the median income of the City assists in awarding funding and is a driver in the grant/loan amounts. Meyer stated the document allows the City to phase the updates to the City overtime but assists with a priority list. Levenson stated the City can tie the RD funding with other funding like PFA, Small Cities, etc. the document would assist knowing the debt service the City has. Regas asked if any of the RD funding received be



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used to repay the City back for funding the reports. Meyer stated yes. Regas stated to the council that if they decide to just assess the landowners for the Liberty Drive project that is still an option. Mayor Patch stated that knowing how poor conditions the streets in the City have gotten to the board owes it to the City to consider another option. Councilor Gullette further stated the City owes it to the landowners to find additional funding. Gullette asked Schwanke how he feels about waiting on Liberty Drive. Schwanke believes his department can handle repairs until a larger funding can handle the whole street.

- a. Croswell Avenue – Meyer stated the design work is about 80% complete and his team has held off until further notification from the City Council. Meyer believes something needs to get done on that road and this year might add more issues. Meyer stated his position is to complete the work in 2020. Gullette asked Regas if the City has had feedback from the township. Regas stated no but will reach out to the township clerk for more feedback. Meyer stated that other options for assessments is to only assess the two City property owners the two-twelves of the project they would pay as a whole. Gullette stated his is more in favor of a path that supports the City residents. Meyer stated the road should be improved this year once it is able. Mayor Patch was in agreement that the road should be repaired in the summer of 2020. Regas stated she will request feedback from the township board and report back.
- b. Preliminary Engineer Report – Meyer stated he would direct Lynn Eaton to present a letter of proposal for the February 10<sup>th</sup> meeting to move forward with the engineer & environmental report for the board to consider.
2. Punch List 2016 Update – Meyer reported the 2016 project is working on close out with the contractors and should have another draw from PFA this year, but should be completed by June 30<sup>th</sup> 2020. Nothing further.
3. Golf Cart Shed Reconstruct & Finance updates & Building Permits – Regas updated the board on a few items for the cart shed rebuild.
  - a. Building Permits – Regas announced the permits will be considered for approval by the County board on February 24<sup>th</sup> @ 6pm.
  - b. Internal Loan Terms – Regas stated the RLF Committee recommended revising the terms of the internal loan to be more inline with current parameters of loans that are offered to outside borrowers. Regas stated the changes include an update on the interest rate and breaking the full amount into two types of loans. Mayor Patch stated by revising the interest rate is a better procedure.
  - c. Questions – Councilor Kolb asked if breaking the amounts up into a Storefront rehab loan and Commercial Development loan is typical of the loans issued and if there is a percentage that can be loaned or is the amount a set dollar. Patch stated the Storefront Rehab loan max's out at \$40,000 at a 0% interest rate. Kolb asked Regas if the golf course is late on the loan or defaults on the loan who is responsible for paying the loan. Kolb asked if the golf course plans to pay for the loan. Regas stated the intention when approved by council to repay the



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loan was for the golf course to make the payments. Kolb further confirmed that it would be the tax payers paying for the loan if the golf course can't make the payments. Regas stated the resolution approved by the council stipulates that the City would pay for the loan. Nothing further.

### NEW BUSINESS –

1. City Building Designs & Redesigns – Steve Rhodes WSN Architect – Rhodes requested feedback from staff and City Council on potential redesigns and new designs for much needed City buildings. Rhodes stated he could draft a programming report for the areas of the City that need addressing and then asked for feedback on what the City had ideas on.
  - a. Liquor Store – Regas stated the Liquor Store Off-Sale is in need of redesign to create a larger footprint and to accommodate a larger kitchen and updated office area. Regas further stated the Liquor Store Manager has considered building a larger walk-in beer cooler. Regas stated the option of having a larger off-sale would make the store more efficient for stocking product as much of it is stored and then restocked as product lowers. Rhodes suggested a feasibility study be completed and review the entire building.
  - b. Maintenance Garage – Schwanke stated the current garage is quite old and is not heated and cannot house the existing equipment nor can it hold any newer equipment due to the size. Schwanke stated the hope of his department would be to build new on another location in the City. Schwanke stated having the City equipment stored outside has deteriorated it over the years. Regas stated the old JC ballfields is a good size parcel to build on. Schwanke stated the benefit for relocating the building is that it is close to the existing water plant. Rhodes stated he will work with Schwanke for the needs of the department. Schwanke further stated that the Police Department could be relocated in the same building providing inside storage of the squads.
  - c. City Hall – Regas stated a new building or a renovation of a newer building would provide more room for Council Chambers, and potentially a Youth Center and even maybe a Laundromat. Gullette stated it would be nice to have a large enough facility for City Hall to house enough people for a public hearing. Leverson stated she can brain storm some possible funding options for the buildings. Rhodes asked if City Hall would be a brand-new building or a remodel of an existing. Regas stated a new building would most likely be better since the Council wishes to see City Hall remain downtown.  
Summary – Meyer stated Rhodes will present 3 reports for all areas on the next City Council meeting for the Council to discuss funding options and which ones to move forward on.
2. The Pond Catering Opportunity – Regas stated the council needs to discuss the opportunity of applying for a catering license. Regas stated the liquor committee minutes have been provided for the board to review. Gullette asked if any feedback from law enforcement was received. Regas stated not from the local police department but the sheriff's department confirmed there is no fee but just a notification to dispatch was needed. Gullette stated his concern on the catering license is that the same vigilance will be given to serving of minors. Gullette asked if the owner of the venue assists. Regas stated only the bartenders and the Pond staff will serve alcohol. Kolb asked if the State of MN has a law that a parent can give a minor alcohol at their residence and does that contradict our policies for the Pond. Patch stated the staff still has to follow the state guidelines at another venue like it is



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the existing establishment and not a 'home'. Gullette stated he likes the increase possibility to add more revenue to the golf course if the kitchen idea doesn't go forward. Gullette further stated there are not many areas in the City a person can hold a wedding dance. Gullette stated he is in favor of the Northern Escape Venue as it adds a great place for the community to hold a private event and he believes its very positive and does not see any negatives. Gullette stated he has questions on how the events are charged but believed that to be minimal. Gullette further stated he doesn't believe anything is being taken away from the Pond. Kolb stated the manager is being taken away. Councilor Moore stated the personnel committee has been discussing ways to improve on the staffing so as to not put the management of the Pond at any issue. Mayor Patch disagreed stating there are many events that are held in the winter in tents so there are plenty of locations in the City that can hold special events either at the City park, or attached to the Pond. Patch thinks the City will open the City up to liability to take the liquor license out of town. Patch asked why Northern Escape Venue doesn't get their own liquor license. Gullette thinks the events are going to happen no matter what or where. Patch stated the City could shut the Pond down to the public for a private event and still keep the off-sale open. Gullette asked if that can legally be done since the liquor store is a public location. Patch stated it has been done in the past. Patch questioned if it can't. Kolb asked where the liability is if something happens to an employee vehicle if there are mechanical issues is it the City or the employee. Patch stated what happens if an employee is killed in an accident while in route. Regas stated that is what workers compensation pays for as it is the same as if she is traveling to a conference in her own vehicle and working. Patch stated he would be in favor of catering for city owned properties but not private. Kolb stated he is in favor of it if the City can make money on it and not just a few dollars in revenue. Gullette stated the charging and contracts would need to be established. Gullette stated it is a good thing for the area, the City could cater private events or someone else will. Kolb stated he needs way more information on paper to vote yes. Gullette thinks the City of Baudette might cater events. Gullette asked Regas if the council members could ask Lahr questions prior to the February council meeting. Regas stated yes. Patch asked if an event much like the Kilde Barn could be an option to cater. Gullette stated he thinks the events like Kilde Barn and Northern Escape Venue are quite different a receive different revenue. Gullette stated a private party is specifically caterer where an event like the Kilde Barn is BYOB. Nothing further.

3. Conveyance of Forfeited Lands 2016 Deeds expire in 2020 – Regas provided for the board to review the need to act on the conveyance of parcels 81.00368.00 & 81.00454.00 to be included in a formal city plan or to go back to the state. Regas stated the property has expired the 3-year allowed timeframe to put the property to public use and nothing has been completed as originally discussed by the council in 2016. Regas stated at the time that board wanted to property to be public parking for trail use. Regas further stated the City has a third option of purchasing the property from the State at the forfeiture price set by the state. Regas stated the City has a 30 window to make a decision and then must be acted on. Mayor Patch asked if the property can be sold now. Regas stated no. Gullette asked if the property is considered wetland. Regas did not know. Regas further stated the snowmobile club plans to apply for grant funding again for the trailhead parking on the southside of the City. Kolb asked what the City would use the property for if purchased. Regas stated the parcels would need a lot of infill to be usable and was not in favor of keeping the property. Regas recommends the council giving the property back and allowing the property to go back on the tax role



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to allow another individual upgrade the property. Regas will present the decision to the council on February 10<sup>th</sup>, 2020. Nothing further.

4. LMC Elected Official Institute deadline – Regas reminded the council of the deadline for the elected official institute. Councilor Kolb stated he will attend. Nothing further.
5. City Council Vacant seat – *At this time Mayor Patch provided resident Tyler Roth the opportunity to address the Council as an interested party to fill the vacant council seat.*

Roth provided a background of his residency in the City of Blackduck and stated he believes he could help the board make wise decisions to help and grow the town as it should be. Roth stated he is a believer that neighbors should help one another and he thinks he can bring a good perspective to the board. *Roth opened up the conversation to questions.* Councilor Kolb stated he has heard nothing but good things about his little community project he has been doing for Blackduck. Roth explained the project that helps the community have youth help others with projects that community members need help with. Roth states he would at some point be able to own and operate his own CBD farm to grown and distribute CBD legally in the state. Roth stated that as of March of 2020 he will be legally authorized to grow cannabis CBD and there is a lot of money in CBD and he thinks he can reinvest a lot of his money in his project and help build it. Roth states he would like City Hall to be a dropping point for donations to his project. Roth would like to ask the City to help with the project and has many businesses and people in support of his project. Roth stated he thinks he could be a good person to help with the youth center that was discussed earlier in the meeting. Roth stated he has a site called Cannabis Knowledge and he has many followers. Roth stated he has many law enforcement agencies in support of him. Roth stated the Cannabis community is a very large community. Roth stated he would like to ask the board what their stance is on CBD. Regas asked Roth if he is polling the board individually for their position or as a whole board. Roth stated individual. Regas stated that individual is different and the council is acting as a board at the meeting. Roth asked for the collective opinion of CBD of the board. Regas stated it is up to the board if they wish to answer. *For the record no council member stated their position.* Roth stated that it was fine if the board did not answer as he will return back to all the council meetings and it is going to be a pleasure getting to know the council. Roth stated he hopes the board will consider his request to fill the vacancy. Councilor Gullette asked if this presentation is a letter of intent. Mayor Patch requested a formal letter of intent. Roth agreed to present a letter. Regas reminded the board any seat that is appointed to the vacant seat will expire in December 31, 2020 and that the open seat will be on the general election ballot in November. Regas noted to Roth that if accepted the seat for 2020 would end unless elected in November. Nothing further.

6. Public Works Committee meeting – Schwanke requested a committee meeting to discuss the state of his equipment. The committee members agreed to meet January 27<sup>th</sup> @ 1pm. Nothing further.

**ADJOURN** – Moved by Councilor Kolb and seconded by Councilor Moore to adjourn the work session at 7:50pm. Motion carried.

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Christina Regas, City Administrator

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Rudy Patch, Mayor