



# MINUTES

## Special Council Meeting

6:00 PM - Monday, July 19, 2021

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, July 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, Councilor Nicholas Seitz, and Councilor Donald Johnson
- COUNCILORS EXCUSED:** Councilor Sheldon Ostlund
- STAFF PRESENT:** City Administrator Christina Regas, Golf Course Manager Jim Andersen, Assistant Liquor Store Manager Melissa Gullette, Public Works Supervisor Mike Schwanke, and Liquor Store Manager Shawnda Lahr
- OTHERS PRESENT:** Conrad Berg, Darlene Mathews, Karen Brylle, Rick Mulvena, Sandy Kalvig Charlie Anderson, Kurt Benson, Jennifer Parker, Misty Frenzel, Tony Rossberg, Grant Frenzel, Bud Olson, Richard Lien, Dick McKean, Gail Johnson, Bev Bryant, Dan Carlson, Scott Magoon, Meghan Lien, Steph Rockensock, Marc Bloomquist, Tim Sumner, Meghan Klein, Dwight Kalvig, Daryl Lundberg, Mike Sunell, Melanie Cleveland

### 1. CALL TO ORDER

- a. Mayor Gullette called the meeting to order at 6:00pm and led the audience in the pledge of allegiance.

### 2. APPROVAL OF AGENDA

- a.

Jason Kolb moved to approve the agenda as presented Donald Johnson seconded the motion.

Carried 4 to 0

Jason Kolb	For
Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

### 3. CONSENT AGENDA

*All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.*

- a. July 8, 2021 - Golf Board Meeting Minutes

b. July 14, 2021 - Golf Board Meeting Minutes

Nicholas Seitz moved to approve the consent agenda as presented Donald Johnson seconded the motion.

Carried 4 to 0

Jason Kolb	For
Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

c.

**4. GOLF COURSE GOLF CARTS**

a. Approval Needed - Resolution 2021-15 - Resolution acknowledging a donation from the Blackduck Development Corporation for the purpose of obtaining golf carts for the Blackduck Golf Course

Maxwell Gullette moved to approve Resolution 2021-15 Nicholas Seitz seconded the motion.

Carried 3 to 1

Jason Kolb	Against
Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

b. Approval Needed - Lease Agreement with Versatile Vehicles, Inc. for the lease with purchase of 15 - 2017 E-Z-Go RXV Electric Golf Carts

Discussion on the Lease Agreement - Mayor Gullette opened the discussion to the public for comments -

Councilor Johnson asked for confirmation that the donation for \$10,000 will pay for the 2021 lease payments and then in the future revenue from cart rental that will pay for the remaining lease payments going forward. Mayor Gullette confirmed the golf course will fund the remaining lease payments from future tournaments and revenue stating the golf course would be liable for the remaining lease. Gullette further stated that the City would 'back' the golf course if something were to happen financially. Councilor Kolb asked Johnson if he is asking if the golf course will make enough money to pay the annual \$16,650 for every year on top of the negative balance the golf course already has. Johnson stated he is hoping the golf course can fund the lease on its own. Johnson stated the projections all look good and he is just asking if it will all come to fruition in the future years.

Jim Andersen - Andersen reported the cost of gas and oil to the current 2002 carts added twice weekly is running \$640. Andersen stated this amount would pay for 3.5 carts from the lease agreement.

Beltrami County Commissioner Tim Sumner - Sumner introduced himself and provided to the public his feedback on the golf course. Sumner stated it is his duty to look-out for everyone in his district and stated how much the Blackduck Golf Course

provides to the area. Sumner stated he understands the golf course is not a 'money maker' but stressed how much the surrounding businesses and resorts benefit from the course. Sumner stated from his feedback he hopes the City approves the lease agreement for the better of the community. Sumner stated how several tribal members frequent the course and book tournaments at the course. Sumner further stated how he understands how the decision is a tough one for the council and commends the council for stepping up and doing what is right.

Misty Frenzel - Frenzel stated although late to the table, all her homework for the lease of additional carts it is very clear the course needs the additional carts as nothing has been done for the carts for so long. Frenzel strongly urges the council vote yes on the lease; and if you don't vote yes, the city is doing nothing again and it is not going to benefit anyone if nothing is done. Frenzel stated how she understands the city is taking a risk, and stated that it is really hard to nail down the exact financial but she would want to take the risk and vote yes to the lease. Frenzel further stated that in order to host a successful tournament the course needs about 24 carts and this is why this topic is so important. Frenzel stated that with more tournaments more income can be brought in to benefit the course. Frenzel stated she recently saw on FB of a tournament organizer from Kelliher held their tournament at Castle Highlands instead of Blackduck. Frenzel stated how increasing the fleet of carts would increase the tournaments at the course.

Charlie Anderson - Anderson stated how our County Commissioner mentioned our businesses in Blackduck benefit from the golf course and he can look around the room tonight and see people that come to the golf course and then come to the grocery store, Timberline, the restaurants and they might not be residents on the city by they are of the surrounding area and that is the whole community. Anderson stated how the golfers that come to the Blackduck Golf Course are not going to stop going to the golf if the course is gone. Anderson stated those golfers are going to go to Grand Rapids or Bemidji or Deer River and when they are in those cities they are going to spend their money. Anderson stated his business employees about 30 people and they are not going to lose their jobs if the golf course closes but it chips away at the city when it is. Little by little the community gets smaller. Anderson stated how the golf course benefits the community as a whole. Anderson stated how there are a 1000 small cities that would love to have our golf course in their communities, and once it is gone it is never coming back. Anderson stated to the council you think losing \$10,000 is something now; just wait until you have to spend millions of dollars to bring it back. Anderson stated that once it is gone it is gone and for 40 years the council members and the members of the community have known what that course means to the city to keep it going.

Dan Carlson Golf Coach - Carlson reported the Kelliher and Blackduck Golf Team may be merging as Kelliher does not have a course to play on. Carlson stated community education had 9 golfers learn the game of golf this summer. Carlson stated the youth is the future of community. Carlson stated having the community and the team players come out to golf adds to their lives. Carlson stated if the golf course is not open in Blackduck the High School will be missing out and the team has done well in golf in the past and it is the plan to build that back up. Councilor Kolb asked for clarification that if the high school is going to miss out would that mean the school would close the sport down or go to a different course. Carlson stated that is something that would need to be addressed as it would be tougher and increase costs to the school district.

Melanie Cleveland Community Education Director - Cleveland took a minute to introduce herself to the City Council. Cleveland stated she is a 2nd Grade teacher and the new Community Ed Director. Cleveland stated her hopes to getting the

school back as the center of our community and currently working with the United Way of Bemidji to get a Little Club House in partnership with the Boys and Girls Club in the area. Cleveland stated she would be the contact if the city had anything the school could work with for the community. Regas asked for a summary of the junior golf program. Cleveland reported that by partnering with Coach Carlson and 2 high school students the junior golf program taught 9 kids in the program in June and the course was very accommodating. Cleveland wants to bring the program back again in 2022.

Dwight Kalvig - Kalvig introduced himself to the city council. Kalvig is the President of the BDC and wished to provide the council with the opportunity to answer any questions relating to the donation for the golf carts. Kalvig stated the BDC has been around for many years and believes very strongly about promoting our community and has assisted in developing business in many different ways. Kalvig stated companies all across America advertise in something called a 'lost leader'; many examples like a product at the grocery store that is on sale that the store is going to take a loss on because it is going to generate more activity in the store and generate more business and profit in the store. Kalvig stated that in many ways the golf course is our lost leader of the community. Kalvig stated the golf course doesn't have to make a profit for it to be important as the service it provides; the quality of life the people in the community it looks for is important. Kalvig stated the track around town cost thousands of dollars but does not make any money. Kalvig stated the Wayside Rest in town does not generate dollars but draws people to the town but it is important. Kalvig stated the BDC believes strongly in maintaining that presence in our community and we want it to be here; it has made our town better and is known around the state with a great competitive course. Kalvig stated Golf is a destination activity; it is not just locals that use it people travel 100's of miles to stay here and use the course. Kalvig stated it is important for that to stay here and we want it to remain here.

Kalvig stated the people that opened that course in the 1930's had a vision for this town; its made our town better and I'd hope that you'd realize that. It's important to maintain that vision by maintaining its presence in the community. Kalvig stated the course has struggled over many years but the main thing is it has persevered and provide a wonderful option for recreation. Kalvig stated how if the city does not accept the donation from the BDC the city is stating how there is no long-term vision for this town. Kalvig stated how city councils need long-term vision for their towns. Kalvig stated it is important to have the course in town.

Councilor Seitz reported the donation had already been approved prior to Kalvig speaking. Kalvig thanked Seitz for the update. Councilor Johnson stated how having everyone from town speaking is just great and has made a lot of sense and great points to him as a new councilor.

Grant Frenzel, President Deerwood Bank - Frenzel confirmed the lease payment for the 15 carts was \$16,675 per year. Councilor Kolb stated yes for 5 years. Frenzel asked if that is exclusive of the \$10,000 donation from the BDC. Councilor Kolb stated that is without the donation. Frenzel stated how at some point the city has to do something for the golf course now or later. Frenzel stated that after listening to other community members and staff it is apparent the current carts are dying. Frenzel asked for confirmation of the buyout per cart is \$1 at the end of 5 years. Mayor Gullette confirmed. Frenzel stated he believes most people that golf understand what a late-model golf cart used costs today; so if you do the math with the donation the city is essentially purchasing the carts for \$4883 for 0% interest over 5 years. Frenzel stated with the price of golf carts today that is a no brainer. Mayor Gullette thanked Frenzel for the statements. Councilor Johnson further stated the carts will have new batteries too.

Christina Regas, City Administrator - Regas provided some comparative numbers of revenues and expenditures for review and noted how the revenues year to date 2021 are without the budgeted transfer from the liquor store to 2020. Councilor Kolb asked if the cart shed expense is included in the 2021 expenses. Regas stated it does not. Regas further continued reviewing current numbers compared to 2020.

Mayor Gulette asked for any further discussion on the motion. Hearing none, Mayor Gulette called for a roll call vote on the motion.

Maxwell Gulette moved to approve the lease agreement with Versatile Vehicles Donald Johnson seconded the motion.

Carried 3 to 1

Jason Kolb	Against
Maxwell Gulette	For
Nicholas Seitz	For
Donald Johnson	For

**5. ADJOURNMENT**

a.

Nicholas Seitz moved to adjourn the meeting at 6:30pm Jason Kolb seconded the motion.

Carried 4 to 0

Jason Kolb	For
Maxwell Gulette	For
Nicholas Seitz	For
Donald Johnson	For

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City Administrator, Christina Regas

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Maxwell Gulette, Mayor