



# MINUTES

## Council - Work Session Meeting

6:00 PM - Monday, January 24, 2022  
City Hall, 8 Summit Drive, Blackduck MN

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The Council - Work Session of the City of Blackduck was called to order on Monday, January 24, 2022, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

- COUNCILORS PRESENT:** Mayor Maxwell Gullette, Councilor Nicholas Seitz, Councilor Donald Johnson, and Councilor Bobbie Jo Kewitsch
- COUNCILORS EXCUSED:** Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas, Public Works Director Mike Schwanke, and Assistant Liquor Store Manager Melissa Gullette
- OTHERS PRESENT:** Planning Commissioner Ronlad Rockis

### 1 CALL TO ORDER

- a) Roll Call  
Administrator 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)

Nicholas Seitz moved to approve the agenda with the addition of Planning Commissioner Ronald Rockis added to the Old Business. Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Bobbie Jo Kewitsch	For

### 3 OLD BUSINESS

- a) Public Works / Police Facility Updates  
Recap Bid Opening  
Project Process - Next steps  
Planning Commissioner Ronald Rockis - was present to speak on behalf of himself and the PC stating that he walked away from the January meeting with an uneasy feeling on the reason of the proposed location for the new public works police facility. Rockis reported that what was stated to the PC for the reason of the proposed

location was that the City only review current property owned by the City. Rockis stated to the City Council that he would like the City to consider other non-city property for the site of the new building and that the 'old ballfields' have been historically very wet. Rockis further stated that snow-removal was also stated as a reason for the proposed location noting the current location for removed snow would also make a suitable location for the building. Rockis concluded by stating he had an 'uneasy' feeling about the location for the building but voted for the location. Rockis stated the PC board had a mixed message about how to proceed with the uncertainty of the selected location. Rockis recommended the City Council consider other locations prior to construction. Nothing further.

Bid Abstract Recap - Administrator Regas provided a recap of the bid opening held January 20, 2022.

Regas stated the low bid was still \$400,000 above the estimated cost to construct the building. Regas provided the following scenario based on the cost estimates:

Option A - Regas stated the City could work with the Architect and Contractor on the costs or change options on the building to bring the project closer to the estimated project cost.

Option B - Regas stated the City could change the entire scope of the project and rebid which would require a review from USDA of the new plans and potentially create more issues with contractors bidding. Regas stated this option would not be beneficial to the city.

Regas stated the original costs of the building were based on early 2020 material costs and those materials will not be any lower in the near future than where they are with today's bid.

Regas stated that after speaking with the Financial Advisor, Bond Counsel, and USDA representative there is additional funding the City could bond for to provide the City with up to \$300,000 of additional bonded debt financed for 10 years as equipment debt prior to the full debt schedule for 40 years begins. Regas reviewed with the board members those potential schedules; the city debt through 2026 and compared the new debt schedules to the original schedule created in 2020 when the project planning started. After much detail Regas summarized her findings and schedules provided by the Financial Advisor that the increase to the city debt would be an estimated \$5,000 more each year than originally reported. Regas cautioned the board members that once that is bonded for the debt does not sunset until 2063 which is very long term and potentially put the city infrastructure projects in jeopardy. Regas further stated the city should be cautious that the city operating and maintenance budgets will continue to increase and that too will raise the levy. Regas stated she is very cautious about the project - Regas states the city should be mindful of the costs; future of the current buildings; how the city has just been 'getting by'; and when this project can happen if it doesn't happen now.

Value Engineering Options with the Contractor - Mike Schwanke

Schwanke stated this project is very forward thinking for the city at some point the City must begin to take new projects on to make the city better. Schwanke reported taking a meeting with vested parties regarding the project and costs and how and what could be amended to push the project forward and to be affordable. Schwanke stated how all materials are higher and those costs are not going down anytime soon which is going to make it harder in 5-10 years to move forward.

Schwanke further stated how the City has already put into the project a large portion of the committed contributions and that should be considered when deciding if the project moves forward or not.

Schwanke provided the board options of project items that could be changed to bring the costs down.

Schwanke recommends to the city for the public works department and the city the project should move forward.

Location Discussion per Commissioner Rockis -

Mayor Gulette and Councilor Kewitsch requested feedback from Schwanke on the selected property for the project and the concern of the PC board members. Schwanke stated he has heard the property has been wet; but all he can go off of is the soil borings that were provided to the structural engineers and trust the plans will be drafted to suit the location for the project. Regas stated that Stephen Rose told the PC board members the exact same thing. Schwanke stated the existing snow removal location on Railroad is a prime location that could be built on by future commercial development if the city building doesn't use it for this project. Mayor Gulette discussed Moon Drug as an option. Schwanke stated if the city can make this work he asks the city to consider if the city really wants the public works department on a main intersection of town. Gulette stated that doing the relocation will then require the city to rebid the project. Regas stated there is no perfect solution for the building location even outside the city limits which would then have additional costs to acquire it.

Conclusion -

Regas summarized to the board that on February 7, 2022 the city council needs to decide to move forward or not on the project and if it moves forward to bring the planning board members; Widseth, and Contractor together to discuss the value engineering.

b) Liquor Store Remodel / Addition Update

Gulette stated the store is working on daily specials; promoting more events on the message board and FB page; and will be having a party during the Super Bowl. Regas reported to the council there are some punch list items on the project to be completed before KA is paid the last amount due.

c) American Rescue Plan Act Funding - Lift Station(s) Updates

Schwanke and the council members discussed the option of updating the lift stations after the January council meeting. After much discussion the board agreed to not move forward with the updates but to research if using ARP Funding for televising the sewer lines is an eligible expense. Regas will research the option and report back to the board and Schwanke.

d) Blackduck Stumpjumpers Public Parking Lot - updates

Regas reported the parking lot development is still on hold until spring however the club is using the location undeveloped this winter season.

e) Downtown Redevelopment Project - updates

Regas reported the reconstruction plans are completed and have been sent to JD Construction for estimated costs. Regas reported the last meeting of the contractors and structural engineers identified the only shared wall is the front concession wall with the Theater, the structural beam of the theater does not rest on 48 Main; and the rear wall is not shared as believed earlier. Nothing further at this time.

f) City Sales Tax - updates

Regas stated the narrative of the submission to the State Tax Committee is being improved by the marketing team at Widseth prior to submitting the documents to the members. Regas stated the estimated date of submission would be Thursday, January 27, 2022.

g) Blackduck Website Redevelopment - updates

Regas reported the web designer from Pinnacle has been sick and is awaiting an update on the progress of the website redevelopment.

h) Kitchigami Regional Library - Budget Surplus Update

Nothing discussed at this meeting.

- i) Blackduck Limited DMV - update  
Regas stated there have been no updates to the city on the approval of the Limited DMV.

**4 NEW BUSINESS**

- a) General License Agreement between ASCAP and the City of Blackduck - The Pond  
Gullette discussed the license agreement between ASCAP and the City of Blackduck and recommended the agreement be approved by the city at the next regular council meeting.  
Nothing further.
- b) Planning Commission Board Member resignations  
Regas acknowledge the resignation of Planning Commissioner Bob Klug Sr. after 19 years of service and requested the city declare a vacancy for the seat on the board.  
Nothing further.
- c) City Administrator 2021 Performance Review - Closed meeting

Maxwell Gullette moved to adjourn the regular work session at 7:35pm and open the closed meeting to discuss the performance of the City Administrator for 2021 Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Bobbie Jo Kewitsch	For

Maxwell Gullette moved to close the closed meeting and reopen the regular work session at 8:23pm Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Bobbie Jo Kewitsch	For

**5 ADJOURNMENT**

- a)

Bobbie Jo Kewitsch moved to adjourn the work session at 8:24pm Donald Johnson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

Bobbie Jo Kewitsch

For

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Christina Regas, City Administrator

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Maxwell Gullette, Mayor