



MINUTES

Council Meeting

6:00 PM - Monday, February 7, 2022
City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, February 7, 2022, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

COUNCILORS PRESENT: Mayor Maxwell Gulette, Councilor Nicholas Seitz, Councilor Donald Johnson, and Councilor Bobbie Jo Kewitsch

COUNCILORS EXCUSED: Councilor Laurie Hamilton

STAFF PRESENT: City Administrator Christina Regas, Assistant Liquor Store Manager Melissa Gulette, Public Works Director Mike Schwanke, Director of Liquor Operations Shawnda Lahr, and Golf Director Misty Frenzel

OTHERS PRESENT: Phil Patch, Resident

1. CALL TO ORDER

- a. Roll Call
Roll Call was taken by Administrator Regas of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gulette led the meeting with the pledge of allegiance.

2. APPROVAL OF AGENDA

- a.

Nicholas Seitz moved to approve the agenda as presented Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

Maxwell Gulette	For
Nicholas Seitz	For
Donald Johnson	For
Bobbie Jo Kewitsch	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. January 10, 2022 Blackduck City Council Meeting Minutes
- b. January 13, 2022 Golf Board Meeting Minutes
- c. January 19, 2022 Blackduck Planning Commission Meeting Minutes
- d. January 24, 2022 Blackduck City Council Work Session Minutes

- e. January 27, 2022 Kitichigami Regional Library Board Meeting Packet - includes board meeting minutes from November & December 2021
- f. January 27, 2022 Blackduck Golf Board Meeting Minutes
- g. January 31, 2022 Blackduck Park & Trail Board Meeting Minutes
- h. January 31, 2022 Blackduck Golf Board Meeting Minutes
- i. January 2022 Fund Balance Report
- j. January 2022 Bill Report
- k. January 2022 Sewer Income Statement
- l. January 2022 Water Income Statement
- m. January 2022 Pine Tree Park Income Statement
- n. January 2022 Golf Course Income Statement
- o. January 2022 Liquor Store Income Statement
- p. Month End Remittance Report for January 2022
- q. ~~December 2021 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association~~
- r. Final Approval - 2022 Short Settlement Property Tax Statement
- s. Final Approval - Assessment Agreement between the City of Blackduck and Beltrami County for 2022
- t. Final Approval - Engagement Letter for GASB 75 Services for the City of Blackduck - Van Iwaarden
- u. Final Approval - Engagement Letter for GASB 67/68 Actuarial Services
- v. Final Approval - Agreement for Services between City of Blackduck and American Society of Composers, Authors and Publishers (ASCAP)
- w. ~~Final Approval - New Employees Hired for February 2022~~
- x. Final Approval - City of Blackduck Local Option Sales Tax Proposal - 2022 Minnesota Legislative Tax Committee

Maxwell Gullette moved to approve the consent removing items (q.) and (w.) for further discussion. Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- y. Consent Items for further discussion - Items Q -December 2021 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association -
Mayor Gullette requested further clarification on the shortage to the LG216 from the Director of Liquor Operations Shawnda Lahr.

Lahr explained that Gambling Manager Adam Ziegler reported the shortage was a year end cumulative from a paper tab missing in December and an overage from a previous month. Lahr explained the shortage was not against the Pond directly.

Items W. - New Employees Hired for February 2022

Mayor Gullette requested clarification on if the new Golf Director candidate was cleared by the Personnel Committee members. Regas noted the candidate for the position was discussed with 2 of 3 committee members and cleared by the Golf Board prior to contingent offer being provided to the candidate.

Maxwell Gullette moved to approve consent items (q.) and (w.) Donald Johnson seconded the motion.

Carried 4 to 0

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

4. BLACKDUCK FORUM

Visitors may share their concerns with Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant. The Mayor may also limit the number of individual presentations on any issue to accommodate the scheduled agenda items. All comments will be taken under advisement by the Council. No action will be taken at the time.

- a. Mayor Gullette provided Resident Phil Patch the opportunity to speak.

Phill Patch -

Patch states he has a fair amount of questions regarding the new public works / public safety facility of which he is 100% in favor of but finds some of the figures to be ridiculous and he would like where the funding for the facility is coming from instead of a 'hear-say'.

Mayor Gullette stated the funding is coming from the USDA as a bond and he understands Patch has the bids. Gullette stated he believes the concern from Patch is that the property owners will be taxed for the project. Gullette assured Patch that the City has bonds that will be sunseting prior to the debt for the facility will be taking over which provides the City the 'one in and one out' opportunity. Gullette further stated the remainder of the debt will be additional funding the City will qualify for in the form of an equipment bond. Gullette further stated the remainder of the funding would have value engineering to reduce some costs of the project.

Patch -

Asked if the Pond expansion had any overages and what the cost were to the city. Regas stated the project was for \$650,000 but there were no property taxes that covered the project - all debt is funded by the Liquor fund. Patch asked again what the overages were. Lahr stated the full project came in less that \$700,000.

Patch -

Asked if the City will not raise his taxes and his water and sewer costs will not raise in the next 10+ years other than the 7% inflation rate and he has no concern that the Pond overages and the project will affect his taxes. Regas stated she does not have a crystal ball. Patch stated that Regas is the one providing all the numbers. Regas stated those numbers were provided to the City Council for an hour at the last work session so the board had the information needed to make a decision. Patch stated that what Regas is telling him is that he missed an opportunity by a week. Regas

stated the meeting is recorded and available for viewing on the City of Blackduck's YouTube Channel if he wishes to review it. Regas stated she was not prepared to go through the exact presentation again at this meeting. Patch stated he would rather have the information in black and white in hard copy from Regas so that he could sit down and process it and asked Regas what day she would like him to pick it up. Regas stated she not available to provide that information tonight. Patch stated he is aware and asked again what day he can pick it up. Regas asked Patch to communicate after the council meeting to determine exactly what information Patch is requesting. Patch stated that due to Regas' hostility from the last time he requested information in person he would just assume ask for the paper; Regas tell him when he can pick it up; and he will do so very promptly and without discretion. Regas stated that depending on what Patch would like for information and the details of that information a week would be the timeframe she would need. Patch agreed. Regas further stated that she takes offense to Patch's comment regarding any hostility when Patch requested the bid information - Regas stated that Patch requested the document of which Regas promptly copied it and handed it to him. Patch stated Regas did promptly do that with the same raised eyebrows as Regas has at this time. Regas stated to Patch that is his perception but not reality.

Mayor Gullette interrupted the discussion noting the comments were not going to get personal and he would be ending the discussion.

Patch stated he does not like anyone passing judgement on him. Regas stated that she does not like anyone passing judgement on her either.

Nothing further.

5. REPORTS OF COMMITTEES AND CITY STAFF

5.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS DIRECTOR

5.1.1. Report -

Schwanke reports his team has been moving snow and dealt with a broken main on 3rd Street SE last week. Schwanke stated there is another leak at Serenity Living of which is believed to be on the old service line prior to the new building being built the old line curb stop was turned off and then covered up with the new parking lot. Schwanke believes frost has made the leak. Schwanke further stated his department finally received parts that were ordered a year ago for the water meters and that will help with the larger meters that have been taken manually due to a non-changeable battery on the meters.

Councilor Seitz asked if the Police Cruiser is fixed. Schwanke stated it has been fixed and is in the old garage but hasn't been needed for the department. Nothing further.

5.2. LIQUOR STORE REPORT - SHAWNDA LAHR, DIRECTOR OF LIQUOR OPERATIONS

5.2.1. Report -

Lahr reported her department had a good month in January and her staff has been struggling with staying healthy which has made it a challenge. Lahr stated there is Chamber Bingo coming up and a party during the super bowl and it is expected to have traffic slow down in March and snow and ice conditions change. Nothing further.

5.3. GOLF COURSE REPORT - MISTY FRENZEL, GOLF COURSE DIRECTOR

5.3.1. Report -

Frenzel reports she has started working on behind the scenes of the golf course for the upcoming season including - working on research for a new POS; has contacted staff to return for the 2022 season; the membership early bird special has started and open to all returning and new members.

6. ADMINISTRATOR'S REPORT

- a. Council Approval Needed - Resolution 2022-01 - Revision 01 - Resolution of annual appointments and designations for 2022 - declaring vacancies on the Blackduck Planning Commission

Nicholas Seitz moved to approve the revision of Resolution 2022-01 and declare vacancies for two seats on the Planning Commission Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

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

- b. Council Approval Needed - 2022 LMCIT Liability Coverage - Waiver Form for Statutory Tort Limits for the City of Blackduck

Maxwell Gullette moved to approve the 2022 LMCIT Liability Coverage Waiver for statutory tort limits for the City of Blackduck Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- c. Council Consideration - Accept Bid Recommendation between City of Blackduck and TNT Construction for project Public Works / Public Safety Facility - Widseth

Donald Johnson moved to accept the Bid recommendation between the City of Blackduck and TNT Construction for project Public Works / Public Safety Facility Bobbie Jo Kewitsch seconded the motion.

Carried 3 to 1

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

- d. Council Consideration - Resolution 2022-06 - Resolution determining the necessity to issue not to exceed \$325,000 General Obligation Equipment Certificates of 2022

Donald Johnson moved to approve Resolution 2022-06 - Resolution determining the necessity to issue not to exceed \$325,000 in General Obligation Equipment Certificates of 2022 Bobbie Jo Kewitsch seconded the motion.

Councilor Johnson asked if the parties will still discuss value engineering on the project. Schwanke stated the meeting is still on once the City agrees to the bid and funding.

Carried 4 to 0

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

e. Council Consideration - Application for Federal Assistance - Equipment Direct Loan for additional funding project Public Works / Public Safety Facility with USDA

Maxwell Gullette moved to approve the application for federal assistance - equipment direct loan for additional funding for project Public Works / Public Safety Facility with USDA Donald Johnson seconded the motion.

No further discussion.

Carried 4 to 0

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

f. Council Approval Needed - MN PFA Annual Certification Regarding System Replacement Fund Compliance Requirement for 2021

Regas reported the budgeted depreciation for 2021 in the water fund did not meet the minimum requirement for MN Public Facilities Authority which was the funding source for the 2018 infrastructure project. Regas is recommending the City authorize an additional \$500 to meet the minimum requirement and to amend the 2022 depreciation budget increasing the depreciation amount to \$12,000.

Maxwell Gullette moved to approve a transfer of \$500 from the water fund to the water sinking fund to meet the PFA minimum depreciation requirement for the year for 2021. Nicholas Seitz seconded the motion.

Carried 4 to 0

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

Donald Johnson moved to approve the amendment to the water expenditure budget for 2022 increasing the depreciation amount from \$10,000 to \$12,000 to meet the minimum requirement for PFA after 2022. Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

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

- g. February 9, 2022 11am - Blackduck Development Corp regular meeting - Blackduck City Hall
- h. February 16, 2022 @ Noon - Blackduck Chamber of Commerce - Restaurant 71
- i. February 16, 2022 - Blackduck Planning Commission Meeting - 2pm Blackduck City Hall
- j. February 17, 2022 BAAI Board Meeting - City Hall 9:30am
- k. February 17, 2022 @ 6:00pm - Blackduck Fire Protection Annual Meeting - Blackduck City Hall
- l. February 21, 2022 President's Day Observed - City Offices Closed
- m. February 22, 2022 @ 6pm - Blackduck City Council Work Session
- n. March 7, 2022 @ 6pm - Blackduck City Council Regular Meeting

7. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Summary of City Council Closed Meeting - January 24, 2022
Mayor Gullette summarized the closed city council meeting from January 24, 2022 stating Administrator Regas' performance for 2021 was discussed during that meeting. Mayor Gullette stated the review went well and positive.

8. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. Nothing discussed.

9. ADJOURNMENT

- a.

Maxwell Gullette moved to adjourn the city council meeting at 6:52pm Bobbie Jo Kewitsch seconded the motion.

Carried 4 to 0

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

City Administrator, Christina Regas

Maxwell Gullette, Mayor