



# MINUTES

## Council Meeting

6:00 PM - Monday, July 11, 2022

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, July 11, 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 Laurie Hamilton, and Council member Ronald Fredrickson

**COUNCILORS EXCUSED:** Councilor Donald Johnson

**STAFF PRESENT:** City Administrator Christina Regas, Public Works Director Mike Schwanke, and Director of Liquor Operations Shawnda Lahr

**OTHERS PRESENT:**

### 1. CALL TO ORDER

- a. Roll Call  
Roll call was taken of those present to the meeting.
- b. Pledge of Allegiance  
Mayor Gulette led the meeting in the pledge of allegiance.

### 2. APPROVAL OF AGENDA

- a.

Laurie Hamilton moved to approve the agenda as presented Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gulette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	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. June 6, 2022 Blackduck City Council Meeting Minutes
- b. June 15, 2022 Blackduck Planning Commission Meeting Minutes
- c. June 23, 2022 Kitchigami Regional Library Board Meeting Agenda - includes Minutes from May 2022 meeting
- d. June 27, 2022 Blackduck City Council Work Session Minutes

- e. June 2022 Fund Balance Report
- f. June 2022 Bill Report
- g. General Fund Income Statement - 2022 Mid Year through June
- h. June 2022 Sewer Income Statement
- i. June 2022 Water Income Statement
- j. June 2022 Pine Tree Park Income Statement
- k. June 2022 Golf Course Income Statement
- l. June 2022 Liquor Store Income Statement
- m. Final Approval - June 2022 Business Credit Card(s) Payment Batch
- n. Final Approval - June 2022 Property Tax Settlement
- o. Final Approval - May 2022 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- p. Final Approval - Municipal Secondary Market Disclosure Annual Report - Ehlers
- q. Final Approval - Revised City of Blackduck Zoning Map
- r. Final Approval - Department of Labor Mileage Reimbursement standard mileage rate increase for City of Blackduck
- s. Final Approval - Proposal for City of Blackduck Fire Department Chassis purchase RDO Truck Center - Deposit authorization \$10,000
- t. Final Approval - 2022 American Rescue Plan Fund (second and final payment)
- u. Final Approval - Agreement for Services Rampart Defense LLC and Blackduck Police Department - Body Camera Audit

Nicholas Seitz moved to approve the consent agenda as presented Laurie Hamilton seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

v.

**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. No one was present to speak for the Blackduck Forum.

**5. REPORTS OF COMMITTEES AND CITY STAFF**

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

5.1.1. Report -

Schwanke reports the rain has been difficult to keep up with but his department is doing its best to keep up with erosion issues. Council Fredrickson asked if the reported well issues from the June Work Session have been addressed. Schwanke reports Thein Well has the City on the schedule but has not reported yet. Schwanke further stated the issues are being monitored. Mayor Gulette asked how the campground is fairing. Schwanke stated he is in a 'maintaining' pattern this summer. Schwanke plans to have grass added to the beach to help with erosion. Regas stated camping revenue is on track with 2021 and several reservations have been made. Mayor Gulette stated he has received compliments on the campground from the public and campers. Nothing further.

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

### **5.2.1. Council Consideration - Liquor Rent Fund Transfer to Liquor Operating Fund**

Lahr reported to the council several reasons for the liquor fund being low in cash. Lahr reported the department is at the halfway part of the first year with the new addition; the department has increased revenue and expenditures. Lahr stated when the budget for 2022 was created she and Regas were optimistic the department would be in a better state at this point in the year. Lahr stated the bulk of sales of liquor are down due to weather patterns from January into May compared to projected and 2021. Lahr further stated the 'cushion' of cash balances in the 609 fund have been depleted due in part to the project construction City contribution of cash to lower interest rates on the bond and to complete the project. Lahr stated that between the economy changes with fuel prices and the amount of disposable income are evident in retail sales. Lahr stated she and Regas are looking for ways to 'cut the fat' and the first way is to reduce operating is to reduce payroll. Lahr stated the new business model provides the department with three (3) entities to staff; however, reducing overlap, and having good trained staff is important to the business. Lahr stated how important it is to her to have a good experience to the customer. Lahr stated she can reduce hours of operation on Sundays to assist reducing payroll. Lahr stated the Sunday operating hours would be 11-7pm or 11-6pm - Lahr stated her hesitation because of the availability of places to eat after 5pm in Blackduck on Sundays is next to nothing. Regas stated she does want to try to make the business model on the new staffing go the full year and does not wish to lay staff off to save costs. Lahr stated she does not to lay off employees either. Regas stated operating budget for 5 full-time benefited employees is higher. Regas stated that June is typically when the liquor department turns a profit on the gross margin since it starts out each year with a high ownership of inventory. Lahr stated the department starts the calendar year 'upside down'. Lahr further stated that the second half of the year is the largest sales timeframe. Lahr further referred to the on-sale business being up for the year in 2022. Regas points out how the operating and inventory costs are in-line with previous years but due to the payroll costs being higher than previous years the cash is being used up sooner.

Regas stated that a long term solution will need to be discussed and recommends the Personnel Committee meet and does Lahr. Regas stated the addition of 3 benefited employees and paid holidays increases the budget. Lahr proposes she reduces the overlapping shifts for the departments; reduce the hours of operation on Sundays; hold a personnel committee meeting to further review options on costs savings; and request the council approve a transfer \$10,000 from the liquor rent fund into the liquor operating fund. Regas reports to the city council the liquor rent fund although in a 'reserve' account affects the 609 (liquor) Profit and loss statement. Regas further

states how increased donations not budgeted affect the P&L of the liquor fund. Regas stated there is no policy governing the use of the liquor rent fund. Lahr reported when the liquor rent started coming in from gambling the department was provided to the staff as a 'bonus' for selling pull-tabs. Mayor Gulette requested a formal motion to approve the council request for the transfer of funds. Gulette agrees with the transfer but only sees it as a temporary fix and strongly recommends the personnel committee review the long-term affects of the staffing.

Lahr asked for specific topics the council wishes to have reviewed at the personnel committee. Mayor Gulette asked for the committee to consider if the department needs 5 full-time benefited employees. Lahr stated she believes the payroll issue only makes up 25% of the problem. Lahr further stated there is only 2 ways to reduce your payroll; work with less people and work less hours. Regas stated she would work to line-up the committee to meet to report at the next work session.

Laurie Hamilton moved to transfer \$10,000 from the liquor rent fund to the liquor operating fund  
Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gulette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

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

#### **5.3.1. Council Review - Golf Course Revenue to Expenditure 6 year comparison 2017-2022 & Report -**

Regas reviewed a 6-year comparison of sales and expenses for the golf course with the council. Schwanke provided a report on the irrigation system that most issues have been worked out except for a system fault that repeats. Mayor Gulette asked about the parking lot washouts. Schwanke stated it is hard to control with the slope of the lot and the rains but the course is being roped off in areas that get too much water. Regas stated Frenzel is pleased with the time saved for the course maintenance with the use of the new rough mower. Nothing further.

### **5.4. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN**

5.4.1. Councilor Hamilton did not have a report to provide.

## **6. ADMINISTRATOR'S REPORT**

### **a. Approval Needed - Resolution 2022-01 Revision 03 - Resolution of annual appointments and designations for 2022**

Laurie Hamilton moved to approve Resolution 2022-01 Revision 03 as presented Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- b. Approval Needed - Resolution 2022-02 - Revision 01 - Resolution appointing election judges for the 2022 State Primary, State General, and Municipal elections

Laurie Hamilton moved to approve Resolution 2022-02 - Revision 01 as presented Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- c. Approval Needed - Resolution 2022-16 - Resolution approving an excluded bingo license for the Blackduck Area Chamber of Commerce

Laurie Hamilton moved to approve Resolution 2022-16 - Resolution approving an excluded bingo license for the Blackduck Area Chamber of Commerce Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- d. July 13, 2022 @ 11am - Blackduck Development Corporation Meeting - Blackduck City Hall
- e. July 20, 2022 @ 2pm - Blackduck Planning Commission Meeting - City Hall
- f. July 21, 2022 @ 9:30am - Blackduck Ambulance Board Meeting - City Hall
- g. July 25, 2022 @ 6PM - Blackduck City Council Work Session - City Hall
- h. August 8, 2022 @ 6pm - Blackduck City Council Regular Meeting - City Hall

**7. 2022 ELECTION HIGHLIGHTS**

- a. June 24 - August 8, 2022 Minnesota State Primary Absentee Voting
- b. July 21, 2022 @ 10am & 6pm - Beltrami County Election Judge Training - Beltrami County Administration Bldg.
- c. ~~August~~ July 19, 2022 @ 5pm - Primary Election Voter Registration Closing
- d. August 2 - August 16, 2022 - Local City Elected Official filing period for 2022 General Election
- e. August 9, 2022 - Minnesota State Primary Election

**8. MAYOR AND/OR COUNCIL MEMBER REPORTS**

**9. COMMUNITY EVENTS/GOOD THINGS HAPPENING**

- a. July 20, 2022 @ 12pm - Blackduck Area Chamber of Commerce - Blackduck Golf Course
- b. July 30, 2022 - Blackduck Woodcarvers Festival - Blackduck Wayside Rest Park

**10. ADJOURNMENT**

- a.

Laurie Hamilton moved to adjourn the regular meeting at 7:00pm Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gulette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

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City Administrator, Christina Regas

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Maxwell Gulette, Mayor