



MINUTES

Council Meeting

6:00 PM - Monday, June 5, 2023

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, June 5, 2023, 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, Councilor Laurie Hamilton, and Council member Ronald Fredrickson

COUNCILORS EXCUSED:

STAFF PRESENT: City Administrator Christina Regas, Assistant Liquor Store Manager Melissa Gullette, Public Works Director Mike Schwanke, Director of Liquor Operations Shawnda Lahr, Librarian Kelly Hanks, Fire Chief Brian Larson, and Golf Director Misty Frenzel

OTHERS PRESENT: Tim Ramerth, Caleb Strandlie, and Benji of Widseth; Mike Karvako of Karvako Engineering; Jon Roscoe of Miller McDonald

1. CALL TO ORDER

- a. Roll Call
Administrator Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette led the meeting in the pledge of allegiance.

2. APPROVAL OF AGENDA

- a.

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

Carried 5 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	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. May 8, 2023 Blackduck City Council Minutes

- b. May 17, 2023 Blackduck Planning Commission Meeting Minutes
- c. May 18, 2023 - Kitchigami Regional Library Board Meeting Packet - including March 2023 Minutes
- d. Kitchigami Regional Library - 2022 Minnesota Public Library Annual Report
- e. May 22, 2023 - Blackduck City Council Public Hearing Minutes
- f. May 22, 2023 Blackduck City Council Work Session Minutes
- g. ~~May 2023 Fund Balance Report~~
- h. May 2023 Bill Report
- i. April 2023 Supplemental Bill Report - Golf Course Huntington Bank Cart Lease Payment
- j. ~~May 2023 Sewer Income Statement~~
- k. ~~May 2023 Water Income Statement~~
- l. May 2023 Pine Tree Park & Blackduck Beach Income Statement
- m. May 2023 Golf Course Income Statement
- n. May 2023 Liquor Store Income Statement
- o. April 2023 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- p. ~~Final Approval - May 2023 Business Credit Card payment Batch~~
- q. Final Approval - City of Blackduck New Employees Report - June 2023
- r. Final Approval - City of Blackduck Agreement between City and Campground Host - Beth Kucera
- s. Final Approval - Sanitary Sewer Discharge Permit 2023-02 - Bemidji Sewer & Waterworks Inc.
- t. ~~Final Approval - Public Works / Public Safety Pay Request #10 - TNT Construction~~
- u. Final Approval - Agreement for Services - City of Blackduck and Township and Range LLC
- v. ~~Final Approval - Engagement Letter for GASB 75 Services - City of Blackduck and VIA Actuarial Solutions~~
- w. Final Approval - RDO Truck Center, LLC balance due payment for Blackduck Fire Department Cab & Chassis purchase
- x. Final Approval -- Delta Dental Contract Renewal 2024 - City of Blackduck
- y. ~~Final Approval - LMCIT Claim #269315 - Street Light Pole Replacement~~

Ronald Fredrickson moved to approve the consent agenda removing item(s) 'G', 'J', 'K', 'P', 'T', 'V', and 'Y' for further discussion Donald Johnson seconded the motion.

Carried 5 to 0

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

- z. Consent Items Removed for further discussion -

G. May 2023 Fund Balance Report -

Councilor Fredrickson asked why the general fund is now overdrawn after the May bills. Regas stated that the first half of the 2023 property taxes have not come in yet but should be in the first part of June. Regas also stated that since the workers comp and liability insurance costs were so much higher the fund is drawn down. Fredrickson asked if when the taxes come in will the balance be cleared. Regas stated it will bring it to a positive but the increases of the insurance will still provide the city with a deficit over the course of the full year.

J. May 2023 Sewer Income Statement

Councilor Fredrickson notes there was no budget for construction services for the new facility and now that line is a negative. Regas states the amount of out-of-pocket expenses such as refuse removal; new furniture; and appliances are booked in that expense code and there was no way to tell what those costs were going to total when the budget was created.

K. May 2023 Water Income Statement

Regas noted the same response to the questions for the sewer income statement.

P. Final Approval - May 2023 Business Credit Card payment batch

Councilor Fredrickson asked what items were purchased totaling up to \$10,000 and why were the purchases not done directly with a vendor/company to be billed to the city. Regas reports items purchased were items such as furniture, modeling, compressor, and appliances.

T. Final Approval - Public Works / Public Safety Pay Request #10 - TNT Construction

Councilor Fredrickson asked if the final payment will be made and if there are other payments coming. Tim Ramerth reports another inspection/walk-thru of the building is being held on Tuesday, June 6, 2023 to cover punch-list items. Ramerth reports there is still about \$98,000 held back in the contract and that won't be paid until all the work is completed.

V. Final Approval - Engagement letter for GASB 75 services - City of Blackduck and VIA Actuarial Solutions

Councilor Johnson asked what the engagement letter is for as he did not recall seeing any discussion on the topic. Regas stated the state auditor requires an evaluation of GASB 75 requirements for each year's audit and VIA provides the service for that actuary. Jon Roscoe of Miller McDonald stated the reason for the service may be discussed during his presentation.

Y. Final Approval - LMCIT Claim #269315 - Street Light Pole Replacement

Council Johnson asked if the claim was for the same claim on Hwy 71. Regas stated yes, and Schwanke stated this claim is close but was right across from the Scenic close in time to the first street pole that went down.

Donald Johnson moved to approve consent agenda items G, J, K, P, T, V, & Y Laurie Hamilton seconded the motion.

Carried 5 to 0

Maxwell Gullette
Nicholas Seitz

For
For

Donald Johnson For
Laurie Hamilton For
Ronald Fredrickson 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. There was no one present to speak for the forum.

5. FINANCIAL AUDIT PRESENTATION FOR FY2022 - MILLER MCDONALD

a. FY22 Financial Audit Report - Jon Roscoe Miller McDonald
Jon Roscoe from Miller McDonald presented the significant audit findings for the City of Blackduck 2022 financial audit and took questions from the council and public.

6. REPORTS OF COMMITTEES AND CITY STAFF

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

6.1.1. Report -

Schwanke reports the campground is open and there is a host present for a portion of the summer; the new mower is being used and is doing well; street improvements need to be done yet and Oscar Ave. is in very poor condition. Councilor Seitz asked if the street sweeper will be out soon. Schwanke states soon. Mayor Gulette states the cemetery looks great for Memorial Day. Nothing further.

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

6.2.1. Report -

Lahr reports their staff is selling alcohol like crazy; on-sale is slower traffic now but off-sale is higher; there are outages in some name brands and some not; the cooler door will soon have some resolve with the help from public works; Memorial weekend and the month of May the department was up \$10,000 over 2022.

6.3. LAW ENFORCEMENT REPORT - JOSHUA ARHART, INTERIM POLICE CHIEF

6.3.1. Report -

Regas reports Interim Chief Arhart is working on signing Beltrami County Deputies as part-time officers prior to a new POST deadline of May 30, 2023 for onboarding changes to backgrounds and MMPI investigations. Regas is working on the on-boarding of those officers currently and there is a request to consider the part-time officer wages to recruit. Regas states the Personnel Committee has been requested to meet.

6.4. FIRE DEPARTMENT REPORT - BRIAN LARSON, FIRE CHIEF

6.4.1. Council Approval Needed - Blackduck Fire Department Freightliner Chassis Surcharge

Chief Larson reports the new tanker / pumper chassis agreed to purchase in 2022 has now notified the City there is a surcharge for overruns and are asking to pass on the surcharge to the City. Larson states the surcharge is \$13,589 and the City has the option to either keep the current order active and pay the surcharge or cancel the order.

Nicholas Seitz moved to approve the surcharge to MacQueen Emergency of \$13,589 for the new tanker/pumper chassis Ronald Fredrickson seconded the motion.

Carried 5 to 0

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

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

6.5.1. June 30, 2023 6pm - Blackduck Grill n Chill - Blackduck Golf Course

6.5.2. Report -

Frenzel reports a successful May and provided numbers of rounds played - Frenzel states weekday traffic is slower than weekends. Frenzel states staff is currently short on the course; the parking lot improvements are holding well; and there are great comments coming in from the public. Frenzel requests setting a golf board meeting the first week in July. Frenzel also reports there are 3 tournaments booked in June; the Grill n Chill was attended well and the upstairs is busy.

6.6. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

6.6.1. Council Discussion - City of Blackduck Inspection Report for PID#81.00077.00 - 17 Main Street S. & consideration of purchase agreement

Regas states Osborn-Dougherty could not attend the meeting but relays the message that she hopes the City Council will continue advocating for improving the library.

Regas requests the council discuss the results of the inspection report of 17 Main Street to determine if the City will move forward with a purchase agreement for the property.

Councilor Fredrickson asks for confirmation of the purchase price for 17 Main Street S was \$25,000 and that the funding would come from the KRLS funding. Regas confirmed. Fredrickson asked what the remaining funding would be used for. Regas stated repairs to the building could qualify for the KRLS funding. Regas recommended the board consider if the remaining funding enough to cover the repairs. Fredrickson states the remaining \$35,000 would not cover the repairs and asked where the additional funding would come from. Regas stated the City would need to consider if it wishes to levy for additional funding. Hanks states the Friends of the Library has additional funding that could go towards the repairs. Fredrickson states that he sees two big ticket items that need repair the roof and parking lot.

Councilor Hamilton stated that she wants to see the library expand but does not believe this is the location for it. Mayor Gullette states there is so much to repair and although the current facility is too small, 17 Main St. has too much to take on.

Councilor Seitz states he believes this location would be a drain to the tax payers. Hamilton believes it would be too overwhelming for the library to take on. Councilor Johnson states there is too much wrong with the building and it has been neglected and it is old. Hamilton suggested tearing the building down and starting over in the same location.

Councilor Johnson states he wants to see the library succeed in a newer building.

Mayor Gullette states that after hearing all the feedback it appears it is the councils recommendation to not move forward with a purchase agreement for the property at 17 Main Street South.

6.6.2. Report

Hanks reports the summer reading program has moved to Tuesday's starting June 6, 2023 from 1-6pm and is open for all ages.

7. ADMINISTRATOR'S REPORT

- a. Council Approval - Resolution 2023-10 - Revision 01 - Resolution authorizing the sale of public property in the city limits of the City of Blackduck, MN

Laurie Hamilton moved to approve the revision to Resolution 2023-10 Nicholas Seitz seconded the motion.

Carried 5 to 0

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

- b. Council Approval - RFP for Engineering Firm

Regas introduced the discussion for the board to decide on a Engineering Firm after the RFP process.

Maxwell Gullette moved to remain with Widseth as the designated engineering firm for the City of Blackduck Laurie Hamilton seconded the motion.

Carried 3 to 2

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	Against
Laurie Hamilton	For
Ronald Fredrickson	Against

- c. June 14, 2023 11am - Blackduck Development Corp Meeting - Blackduck Golf Course
- d. June 15, 2023 9:30am - Blackduck Ambulance Board Meeting - Blackduck City Hall
- e. June 15, 2023 2pm - Blackduck Personnel Committee Meeting - City Hall
- f. June 19, 2023 - City Offices Closed in Observance of Juneteenth Holiday
- g. June 21-23, 2023 - LMC Conference - Duluth, MN
Administrator Regas and Councilor Johnson attending.
- h. June 21, 2023 @ 2pm - Blackduck Planning Commission Meeting
- i. June 26, 2023 6pm - Blackduck City Council Work Session
Councilor Seitz announced he will be absent to this meeting.
- j. July 4, 2023 - Blackduck City Offices closed in observance of Independence Day
- k. July 10, 2023 6pm - Blackduck City Council Regular Meeting

8. MAYOR AND/OR COUNCIL MEMBER REPORTS

9. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. June 7, 2023 - Chamber After Hours - Tomahawk Lodge
- b. June 21, 2023 @ Noon - Blackduck Chamber Meeting - The Pond
- c. July 5, 2023 @ 5pm - Blackduck Chamber After Hours - Location TBD

10. ADJOURNMENT

- a.

Nicholas Seitz moved to adjourn the meeting at 7:20pm Donald Johnson seconded the motion.

Carried 5 to 0

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

City Administrator, Christina Regas

Maxwell Gulette, Mayor