



MINUTES

Council Meeting

6:00 PM - Monday, September 8, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, September 8, 2025, 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 Council member Ronald Fredrickson
- COUNCILORS EXCUSED:** Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas, Public Works Director Mike Schwanke, and Director of Liquor Operations Shawnda Lahr
- OTHERS PRESENT:** Kayla Schmishney and John Winnett Planning Commissioners, Troy Gabler and Chris Knopik CLA, Tim Ramerth Widseth, Richard and Diane McKean, Michele Andringa Bicap Headstart

1. CALL TO ORDER

- a. Roll Call
Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette led the meeting during the public hearing that preceded the regular meeting.

2. APPROVAL OF AGENDA

- a.

Ronald Fredrickson moved to approve the agenda as presented Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	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. August 4, 2025 Blackduck City Council Meeting Minutes
- b. August 6, 2025 Blackduck Finance Committee Meeting Minutes
- c. August 12, 2025 - Blackduck Golf Board Meeting Minutes

- d. August 18, 2025 Blackduck City Council Public Hearing Minutes
- e. August 18, 2025 Blackduck City Council Work Session Minutes
- f. August 20, 2025 Blackduck Planning Commission Meeting Minutes
- g. August 20, 2025 Blackduck Finance Committee
- h. ~~August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes~~
- i. August 27, 2025 Blackduck Revolving Loan Fund committee Meeting Minutes
- j. August 28, 2025 Revolving Loan Fund Committee - supplemental meeting minutes via email
- k. September 3, 2025 - Blackduck Finance Committee Meeting Minutes
- l. August 2025 Fund Balance Report
- m. August 2025 Bill Report
- n. August 2025 Sewer Income Statement
- o. August 2025 Water Income Statement
- p. August 2025 Pine Tree Park Income Statement
- q. August 2025 Lakeview Cemetery Income Statement
- r. August 2025 Golf Course Income Statement
- s. August 2025 Liquor Store Income Statement
- t. August 2025 Blackduck DMV Income Statement
- u. July 2025 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- v. Final Approval - August 2025 Business Credit Card Payment
- w. Final Approval - August 2025 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)
- x. Final Approval - June 2025 Local Option Sales Tax Report - City of Blackduck
- y. Final Approval - July 2025 Supplemental Bills - Blackduck Leever's Foods, Empire Investigation & Protection
- z. Final Approval - LMC Claim #436849 payment to Bemidji Monument
- aa. Final Approval - Poll Pad Election Equipment Order with Beltrami County
- ab. Final Approval - 2025-2026 Pre-Buy Propane Order - Blackduck Coop
- ac. Final Approval - Amendment to MAP Agreement - Marco Technologies and City of Blackduck City Hall
- ad. Final Approval - CliftonLarsonAllen LLP Representation Letter regarding 2024 Financial Audit for City of Blackduck
- ae. Final Approval - LMCIT Statement of Premium Audit Adjustment - Workers' Compensation Plan Period 06/01/2024 - 06/01/2025
- af. Final Approval - Minnesota Healthcare Consortium - MHC Statewide Pool Renewal for City of Blackduck 01/01/2026
- ag. Final Approval - Agreement between the MN Dept of Revenue and City of Blackduck for Collection of a LOST

Maxwell Gullette moved to approve the consent agenda removing item 'H' for further discussion
 Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- ah. Removed Consent Agenda Items for Discussion
August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes

Mayor Gullette reports he was present to the Fire Protection Meeting and the minutes do not reflect it. Regas states the minutes would be corrected.

Maxwell Gullette moved to approve the removed consent agenda items 'H' Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

ai.

4. 2024 FINANCIAL AUDIT PRESENTATION - CLIFTONLARSONALLEN LLP (CLA) TROY GABLER, CPA

- a. City of Blackduck Financial Statements & Supplementary Information for 2024 - Gabler and Knopik provided the Council and Public in attendance a review of the 2024 Financial Audit and took questions.

5. 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.

6. REPORTS OF COMMITTEES AND CITY STAFF

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

6.1.1. Report -

Schwanke reports gaining estimates for work on priority lift stations and will present that to the board on September 22, 2025 during the work session. Schwanke further states the golf course lift station pump and panel are being built and estimated to ship on September 12. Nothing further.

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

6.2.1. Report

Lahr reports reducing kitchen hours due to staffing constraints. Nothing further.

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

6.3.1. Council approval Needed - MTI Distributing Order #1491872-00 - 2013 Toro Reelsmaster 3550 Payment

Regas presented recommended payment options to the council to approve for equipment for the Golf Course.

Ronald Fredrickson moved to pay for MTI invoice for equipment for the golf course from the General Fund Reserves in the amount of \$14,962.50 Donald Johnson seconded the motion.

Carried 4 to 0

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

6.4. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

6.4.1. Approval Needed - State of Minnesota Grant Contract Agreement - MN Multi-Purpose Community Facility Project

Donald Johnson moved to approve the Grant Contract Agreement between the City of Blackduck and State of MN for multi-purpose community facility project funds Nicholas Seitz seconded the motion.

Carried 4 to 0

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

7. ADMINISTRATOR'S REPORT

a. Council Approval for Consideration - Donation Request Madden McKean Foundation - Richard McKean

Nicholas Seitz moved to approve a donation from the liquor rent fund to the Madden McKean Foundation for scholarship funding in the amount of \$1,000 Donald Johnson seconded the motion.

Carried 4 to 0

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

b. Approval Needed - Resolution 2025-01 v.5 - Resolution of Annual Appointments & Designations for 2025 - Official Newspaper Designation

Ronald Fredrickson moved to approve Resolution 2025-01 v5 a Resolution of annual appointments and designations for 2025 designating an official newspaper Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- c. Approval Needed - Resolution 2025-16 - Resolution approving an assessment for past due utility charges

Donald Johnson moved to approve Resolution 2025-16 a Resolution approving an assessment for past due utility charges Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- d. Approval Needed - Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, of the City Code

Donald Johnson moved to approve Ordinance 2025-03 and Ordinance amending Chapter 6 Lakeview Cemetery of the City Code Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

- e. Council Consideration - Ordinance 2025-04 - An Ordinance Amending Chapter 11, Business Regulations of the City Code, Amending Section 1170, Cannabis Business
Regas reports to the board the best path for the City to take action upon would be to amend the language in Section 1170.01 subd. 1 Requirements for Cannabis Businesses setting the buffers for business types and specifying what type of businesses are affected by those buffers. Regas reports having discussions with partners at Bi-Cap regarding the amendments and potential business. Regas further states Section 1170.01 subd. 2 Authority and Jurisdiction would have language stricken out so as to have no conflicts with Beltrami County Ordinance. Regas requested guidance from the board on how to proceed. Headstart Director Andringa was present to comment support for they type of Cannabis Business to occupy the properties cautioning not wanting to have signing or smell to support the families and the state licensing requirements. Andringa reports the Bi-Cap Board of Directors will meet this week and report feedback to the City. Council member Fredrickson recommends amending the current ordinance with the recommended language provided. Regas states the first reading may preceding the Work Session on

September 22 and final reading preceding the October 6 regular council meeting.

f. Council Consideration - 2026 General Fund Budget - Updates from Finance Committee

Regas reported updated on the proposed 2026 General Fund Budget that included the updated healthcare premium for 2026 and Minnesota Paid Leave funded 100% by the employer. Regas states the Fire Protection Area meeting approved the fire budget and there will be special fund and enterprise fund budget meeting this week. Regas states those budgets will be presented to the finance committee on September 17 for review and any additional changes will be made and presented during the special council meeting on September 22, 2025 for approval. Regas states at this time the proposed levy is still showing a decrease over 2025. Council member Johnson stated the county is considering a reduction to the library budgets which may affect Blackduck and Bemidji and encouraged the board and public to reach out to county commissioners. Council member Fredrickson states the path on predicting insurance increases is wise knowing workers compensation insurance may still have an increase although LMCIT is not recommending budgeting for one. Nothing further at this time.

g. Council Discussion & Action Requested - Blackduck City Hall - Renovation Project Funding - Beltrami Electric & Rural Development Partnership

Regas reviewed the past few weeks of RLF and Finance Committee meeting feedback regarding the financing for the renovations planned for Blackduck City Hall facility and the path with Beltrami Electric and Rural Development. Regas states the need to have the City Council have a final discussion and take action upon how the City will move forward with the project as it stands with Beltrami Electric funding. Regas states the need to communicate with those partners and rural development the City Council decision.

Ronald Fredrickson moved to proceed with the Blackduck City Hall renovation project as planned partnering with Beltrami Electric and Rural Development and to levy funding to pay debt from funding provided from a revolving loan from Beltrami Electric Nicholas Seitz seconded the motion.

Council member Fredrickson asked if the funding from Beltrami Electric was for anything other than the repairs to City Hall. Regas stated no. Fredrickson stated he does not see any need to change direction at this time. Council member Seitz states the Blackduck RLF committee did not want to exhaust all the funds in the current fund. Regas states that committee had negative feedback regarding the path the City approved to take on the facility meaning to repair the building. Regas states part of that committee did not want to see the City put funding into an old building but build new instead. Regas states if the City chose to continue moving forward with the project as it is now the City would levy the debt for 10 years at 0% financing or a \$30,000 payment assuming no other debt is taken on by the City it would not affect the levy much. Regas further states the City is now facing a potential large infrastructure project with the PER/Er and that will need levy funds to pay debt. Regas further states the other option the City may move forward with is to put the funding of the project to a referendum. Regas states the path with RD and BEC was recommended to avoid the referendum option. Mayor Gullette states he agrees with the finance committee and believes the project is the wrong path, the city jumped the gun and did not have all the options for the facility. Fredrickson states the old city hall was falling apart and had to be demolished because it was neglected because the council didn't take action. Fredrickson states that the funding opportunity with BEC should be taken advantage of. Regas states the other option the City could do is to take a part of the project like the roof, budget that in the next year's levy that amount and complete that part with those funds. Gullette states if the city is going to hold a vote right now he votes no. Seitz states he does not see anyway in the near future the City can afford to build a new building it would be too expensive which means the city would need to keep the existing building functional. Seitz states if you build a new building and demolish the existing the city is asking way too much of the taxpayers. Seitz states if the City waits another decade the building will continue to fail. Gullette states the RLF committee has a problem with using the Blackduck Revolving Loan fund for City use. Gullette states

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he doesn't know the answers, perhaps our engineers. Ramerth states building new will cost way more than repairing existing. Fredrickson believes the City should continue forward repair the roof and the sewer. Johnson states he is up in the air on the project now after reading feedback from other committees. Johnson states the building needs to be repaired and either way the city will be spending money. Seitz states there is no good answer. Gullette states he sees the project as a very expensive band-aid. Regas requests guidance tonight from the board noting the time spent on the project application with the partners at Beltrami Electric noting the traffic and funding generated from the DMV Office opening in City Hall. Regas states it is the belief the application was approved because of that. Council member Johnson states he doesn't feel comfortable voting. Seitz states the city should continue to drag this out a couple more years so the building gets worse and the costs get more expensive. Mayor Gullette called for a vote on the motion.

Failed 2 to 2

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

- h. September 17, 2025 @ 2pm - Blackduck Planning Commission Meeting
- i. September 17, 2025 @ 3pm Blackduck Finance Committee Meeting - 2026 Budgets
- j. Council Request - Call Special Meeting - September 22, 2025 @ 6pm - 2026 City of Blackduck Preliminary Levy
Mayor Gullette officially called a special meeting for September 22, 2025 to approve the 2026 preliminary levy
- k. September 22, 2025 @ 6pm - Blackduck City Council Work Session
- l. October 6, 2025 @6pm - Blackduck City Council Regular Council Meeting

8. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Council Member Seitz states in follow up to the City Hall vote for the council to expect to come to the work session August 22, 2025 and or the finance committee meeting with ways to move forward with City Hall.

9. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. Blackduck & Kelliher United Way Impact Report
- b. Greenwood Cemetery Association - Letter of Thanks
Schwanke states it was nice to be appreciated for the work the city staff did after the storm to assist the cemetery in Bemidji.

10. ADJOURNMENT

- a.

Ronald Fredrickson moved to adjourn the regular council meeting at 7:47pm Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

Ronald Fredrickson

For

City Administrator, Christina Regas

Maxwell Gullette, Mayor