

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
APRIL 12, 2016, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The April 12th, 2016, Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Pat Mikesh, and everyone present recited the Pledge of Allegiance.

2. ROLL CALL: Present: Mayor Pat Mikesh, Councilmembers Ryan Leckner, Rod Nordberg, and Paul Utke. Absent: Councilmember Erika Randall. Staff Present: Administrator John McKinney, Treasurer Angela Brumbaugh, Planner Ryan Mathisrud, Public Facilities Superintendent Chris Fieldsend, Police Chief Terry Eilers, Firefighters Bob Meier, Zach Deshayes, and Keith Canfield, and Clerk Margie Vik. Others Present: Sue Tomte, Nancy Newman, Ruth Ann Campton, Sue Cutler, Barb Thomason, Dick Rutherford, Tom Hass, Cynthia Jones, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Leckner, seconded by Nordberg, and unanimously carried to approve the agenda with the following additions: Additional materials were presented for Item #6.14., #8.2., and #8.4.

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-March 22, 2016: A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the March 22nd, 2016, City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables & Prepaids: A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the payables in the amount of \$71,782.14, and the prepaids in the amount of \$179,263.43, for a total of \$251,045.57.

6. CONSENT AGENDA: Nordberg removed Item #6.14. and #6.16. from the consent agenda. A motion was made by Utke, seconded by Leckner, and unanimously carried to approve the following consent agenda items:

- 6.1. **Approve Permit for a Fireworks Display by Zambelli Fireworks International for the Park Rapids Rotary Club on July 4th, 2016, at Heartland Park.**
- 6.2. **Resolution #2016-66 Appointing Isaiah Guida as Temporary Seasonal Part Time Public Works Employee for the City of Park Rapids.**
- 6.3. **Resolution #2016-67 Appointing Dale Klingenberg as Temporary Seasonal Part Time Public Facilities Employee for the City of Park Rapids.**
- 6.4. **Resolution #2016-68 Approve the Renewal of an On Sale 3.2 Beer License for Headwaters Softball League Inc. in the City of Park Rapids.**
- 6.5. **Approve Pay Request in the Amount of \$2,580.00 to Banyon Data Systems for Software Support.**
- 6.6. **Resolution #2016-69 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for Minnesota Darkhouse & Angling Association-Park Rapids Chapter.**
- 6.7. **Resolution #2016-70 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for Headwaters Humane Society.**
- 6.8. **Approve Plumber's Permit to Work in the City of Park Rapids in 2016 for Harty Mechanical.**
- 6.9. **Resolution #2016-71 Appointing Sara Forsberg to Serve on the Library Board for the City of Park Rapids.**
- 6.10. **Approve Purchase in the Amount of \$323.00 to Finance and Commerce Inc. for Advertising for Bids for the Fire Hall Addition.**
- 6.11. **Resolution #2016-72 Authorizing Proper City Officials to Execute the Grant Agreement by and between the Minnesota Department of Public Safety and the City of Park Rapids.**
- 6.12. **Resolution #2016-73 Accepting the Resignation of Police Officer Adam Suckow for the City of Park Rapids.**
- 6.13. **Approve Advertisement and Interviewing for the Vacant Police Patrol Position.**
- 6.14. *Removed from the consent agenda.*

- 6.15. **Authorize Execution by Mayor Mikesh of the Certificate of County Board of Classification of Forfeited Lands as Provided by Minnesota Statutes to Sell Tax Forfeited Land within the City Limits at a Public Auction.**
- 6.16. *Removed from the consent agenda.*
- 6.17. **Approve Pay Request in the Amount of \$13,178.40 to Apex Engineering Group for Professional Services for the Fire Hall Expansion Project.**
- 6.18. **Approve Pay Request in the Amount of \$9,664.38 to TKDA for Professional Services for the Airport Master Plan.**

END OF CONSENT AGENDA

6.14. Approve an Increase to the Park Rapids Firefighter's Relief Association from \$3,000.00 to \$3,500.00 per year: Nordberg stated I'd like some reassurance that we have money in the investments that will cover retirements at this increased rate. Firefighter Bob Meier stated in the paperwork that you received it shows that even with the increase there is a surplus and it will continue to grow. It shows our total assets, the surplus per year, and the fact that it will continue to grow. McKinney stated you might speak to the point that the regulatory agency asked you to keep that low. Meier stated the State of Minnesota Relief Association suggested that the surplus number be a zero number. We're hundreds of thousands over zero. With the market the way it has been I feel we should still maintain a significant surplus with the increase we are asking for and we'll still be well within a serious cushion.

Nordberg stated my question was prompted by the fact that the Council had to suddenly come up with a lot of money a few years back when the investments tanked and there were suddenly a few retirements of long time firefighters that needed to be funded. Meier stated we had the perfect storm there for our fund. The fund was significantly down due to the big dip in the market in 2008. Then we had four guys retire with the most time available on the department, significantly more than average. Most people retire in the twenty to twenty-five year range. We had one guy with forty-five years. He took a massive chunk of the fund with him when he left at a low in the market.

Nordberg questioned the numbers that you're showing us at this rate we can presume is safe with the market as it is today? It seems like the return over the year has been pretty good. Meier stated we have averaged 6.28%. It's done well. Our investors think a 5% average would be easy to project.

A motion was made by Nordberg, seconded by Utke, to approve an increase to the Park Rapids Firefighter's Relief Association Fund from \$3,000.00 to \$3,500.00 per year.

The vote was called.

The following Councilmembers voted in favor: Leckner, Nordberg, Utke.

The following Councilmembers voted nay: None.

The following Councilmember abstained: Mikesh.

6.16. Resolution Approving an Extension of the Leave of Absence for Park Rapids Firefighter Pat Mikesh: A motion was made by Leckner, seconded by Nordberg, to approve Resolution #2016-74 Approving an Extension of the Leave of Absence for Park Rapids Firefighter Pat Mikesh.

The vote was called.

The following Councilmembers voted in favor: Leckner, Nordberg, Utke.

The following Councilmembers voted nay: None.

The following Councilmember abstained: Mikesh.

7. COMMENTS FROM CITIZENS: There were no comments.

8. GENERAL BUSINESS:

8.1. Request for Pioneer Park Kiosk: Ryan Mathisrud stated the Downtown Business Association has requested to place an informational kiosk within Pioneer Park located on Main Avenue. This request is because they wanted to put some basic informational materials in the downtown area for visitors to Park Rapids. These materials being maps, locations of businesses, and circulars from the Chamber of Commerce, and a number of other informational materials. They are proposing to donate this kiosk, or information center, and place it in the park. It will be at their expense, however because it's city property we would need to issue an approval for that.

Mathisrud stated my recommended approach would be to issue a license agreement. I've discussed with the Council putting a new program together for that. This specific request would best be handled through the license agreement program. They would manage the materials and the location would be in a place that would be approved by the Park Board. The Park Board did look at this and the proposed location is acceptable, which is on the northeast side of the park on the existing concrete pad.

McKinney stated the city retains the right to supervise what's in that. Mathisrud stated one of the key points to the license agreement is the city doesn't own it. We don't have to maintain it. At any time that we want it removed we just give them notice and they'll have sixty days to remove it. The original request was to place two of these in the nodes, the intersections on Main Avenue. They don't have the funds to pay for two of them, so this request is for one on a short term basis until they can expand to two locations.

Nordberg stated I think it's a good idea. It's been discussed over the years by different groups. It's good to see something finally getting done on it. I think the license is a good solution for it as opposed to just giving permission. This sets up a formal agreement. The license agreement is option two from our packet.

Sue Cutler stated I thought the Park Board talked about putting it on the southeast corner next to the building. Mathisrud stated the southeast corner is the one where the Pioneer Park sign is. I personally thought that the northeast corner may be a good location the reason being it's not in front of the sign. But it's subject to the Park Board's recommendation.

Leckner stated at the Park Board we did discuss it and everybody thought it was a good idea. Nordberg questioned does it face the street? Mathisrud stated the proposed orientation would be perpendicular to the street so it could be seen easily by pedestrians.

A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the placement of an informational kiosk in Pioneer Park, under a license agreement with the Downtown Business Association.

8.2. Acquisition of Park Property: Fieldsend stated David Town, the property owner, approached me last week. He has made an offer to sell his property to the city, which is adjacent to Depot Park on the southeast corner. His offer is for \$24,000.00. The estimated market value for these two parcels is \$25,500.00 in 2016. There are special assessments levied against the parcels in the amount of \$13,880.06. I contacted a contractor about removing the buildings. His estimate was \$6,000.00. The total for everything would be \$43,880.06 for the two parcels should you wish to buy them.

Fieldsend stated the two parcels have been identified on the 2008 Parks Plan as property to buy if possible. The owner says he has somebody else who may want to build a house there, so the Parks Board is a little anxious. They do have some money that they were going to spend on bathrooms for Deane Park that they'd be willing to use to purchase these parcels. They believe they might not get another chance to purchase them.

McKinney stated the acquisition was in the Parks Plan, just not in the CIP. The work at Deane Park is in the CIP for \$100,000.00 for bathrooms. The recommendation from the Park Board is to use funds from the CIP for the acquisition of the parcels.

Nordberg questioned if the \$43,000.00 includes demolition and cleaning up the lot? Leckner stated everything, from paying the assessments to clearing the lot. The Parks Board has \$100,000.00 budgeted for a bathroom in Deane Park, which they were planning on doing this year. That will be held off or reduced. Utke stated it's in the CIP, but it's not an approved budget item yet.

Utke stated we're looking at \$43,000.00 for a proposed parking lot. I understood from the property owner that he has a buyer to build a home there. I think that's a pretty good deal. The property stays on the tax rolls and we get a new house in that area. It is an eyesore. Everybody agrees to that. A win-win is to move the parking lot over a little bit and let them build a new house. McKinney stated it would still be private property on the southeast corner of that lot. It doesn't square off the park.

Cutler stated one thought I had is, are there any funds in the parkland dedication fund? In the past we used that for park projects. McKinney stated we haven't had any developments to fill that fund up. Brumbaugh stated there is a little bit of money available, but not enough to make it look like a wow factor.

Barb Thomason stated I went out and looked at it. If you look south from the tennis courts that should be a part of our park. I don't see putting a house there. I don't think we're going to get an opportunity like this again to expand that park. With all the apartments and the people that surround that park and live in that area, that park is busy.

We can only expand if we have more space to offer different things for that park. Utke stated it is a nice looking park.

Mikesh stated I agree it's an eyesore. But think of what you're going to be giving up for the next couple of years. Just because it's on the CIP doesn't mean that's actually money to spend. If we'd need more money for sand and salt in the winter we'd have to dip into it. If this does go through I'd like the first thing to happen is for the buildings to be gone because they would be a liability for the city if anyone goes in there and gets hurt. That would be the first thing right after the purchase, to demolish the buildings. McKinney questioned is the house occupied? Mikesh answered no.

Rutherford stated that house is not worth \$8,000.00 as it's listed on the tax rolls. They should take the \$8,000.00 off of the \$24,000.00. Nobody would buy that property for \$42,000.00 and build a house on it. Not one of you would take your own money and do it. Yes we need it, but we don't need to pay that kind of money for it. Utke stated I agree. That building that is there now is worthless. It needs to be removed. It's more of a liability than an asset.

Mikesh questioned is there a possibility of going back to him with an offer? Fieldsend stated this is his offer to sell it to us. Nordberg stated a considerable part of it is the demolition. Is it negotiable? Utke stated \$6,000.00 is a cheap bid. You're not going to get much better than that.

Cutler stated it's hard to see what potential there is for the future. The lot that the city purchased for \$56,000.00 for Red Bridge Park was an empty lot. Now it fits in really well with the park and is used for their parking lot. We would not have had that possibility if the City Council hadn't decided to buy that property.

Rutherford stated you keep spending our money in town. Our taxes keep going up. We can't afford this. That's what you have to think about. You're not paying taxes in town. We are. We cannot afford to keep spending money, doubling the price of the stuff that's out there.

McKinney stated the offer came from the property owner. We responded only to his terms. We have not tried to bargain. Leckner stated when you get the assessments figured in there and the removal of the house it's a lot of money for a piece of property. Maybe we should try to negotiate with him. Would that be an option, or what are your thoughts?

Utke stated it's a big chunk of money for that lot. Demolition and assessments are driving that up. Leckner stated as a Park Board we thought this would be more important than the bathrooms at Deane Park right now because you're never going to get the opportunity again to purchase the lot. That's one thing to consider. They are willing to either cut back on the bathroom project or not do it, but this is a lot of money for the lot.

McKinney questioned have you confirmed the purchase price of the lot at Red Bridge Park? Fieldsend stated it was \$52,000.00 and it was the same size as these two lots. Utke questioned wasn't there something special about that purchase? Fieldsend stated the DNR cooperated in that project. Brumbaugh stated we got money back from the DNR for the Red Bridge Park Project. The city paid some. It was a joint venture. For Deane Park, it's \$100,000.00 in the CIP for this year. There's another \$50,000.00 for next year, and then another \$200,000.00 in 2018. So in total over three years it's \$350,000.00. More items will get pushed out over the next three years on the CIP portion. Utke stated we'll be pushing back city projects too because we don't want that big backlog.

Nordberg stated I think it would be good to get Depot Park cleared from Third Street to Fifth Street to be able to see from one street to the other for access, or for a skating rink or for whatever you might want to put there beside the skateboard park. If it was in the parks plan there must have been some reason. Cutler stated the plan makes reference to acquiring the property on the southeast corner to maximize the space.

Cutler questioned is the property owner up to date on the taxes? Rutherford stated yes he is.

Utke stated I think the offer is awfully steep. McKinney questioned would you like to refer it to staff to renegotiate? **A motion was made by Utke, seconded by Mikesh, and unanimously carried to refer the acquisition of property for Depot Park to staff to negotiate an offer with the current owner that the Council would support.**

8.3. Hubbard County Regional Economic Development Commission

Annual Contribution: McKinney stated we received a billing from HCREDC with no explanation. The billing is for half of the annual contribution that we've made in the past. There was no notation of any changes in the arrangement. Staff didn't feel we could put it on the consent agenda. I talked to David Collins. He is out of town tonight. We should defer this until he's available to answer questions.

Nordberg stated this doesn't seem like a surprise. We have it in the budget. Mikesh stated I asked to bring this to discussion. With anyone who receives city funding, we get an update to make sure their focus is the same as ours. My thought is to approve the first payment, but will not give the second half until we hear from Collins to tell us what he's been doing. Utke stated they need to be our partner.

A motion was made by Utke, seconded by Mikesh, and unanimously carried to approve the payment to Hubbard County Regional Economic Development Commission in the amount of \$20,000.00, for the first half of 2016, and to authorize staff to meet with David Collins to get an activity report.

8.4. Amendment to Airport Leases:

McKinney stated the Airport Commission and the City Council have authorized staff to work on negotiating permanent leases for the development of the additional land at the airport and to the existing leases, Park Rapids Avionics and Park Rapids Aviation, are out eighteen months away. They had requested a review of those rates, so this represents half of the final arrangement. Park Rapids Avionics, Tom Hass, has negotiated a renewal of his lease that goes out fifty years. He has two buildings we're talking about. One is the existing building that he shares with Park Rapids Aviation, Jeff Voigt, and he has agreed to lease one of the lots of our newly developed plat out there, lot four, and build a building on that site, donate it to the city, and lease the land under it according to the terms on the document you have before you.

McKinney stated the significant thing about this arrangement is both he and Voigt have agreed to maintain employment of at least ten people on site as part of achieving the rent. There is a three level rental proposal in the documents. There is a rate that is market value without having any obligation to employ people, there's a middle ground that says if you're planning to hire but need some time to get there you get the middle rate. But if they already have ten or more employees they get the most favorable rate. Both of these businesses qualify for the third tier.

McKinney stated Voigt has agreed to the terms of the deal but he's working on his design of the building. We have a continuing relationship on an existing building with both Hass and Voigt. Hass will build a new building, which will be 80'x80'. That's a significant step forward for the city in terms of our airport development. Voigt will build either an addition to the present building or he may build a new building, and within two years he will build something similar to Hass' right across the walkway. After this is implemented we will have secured our relationship with key tenants at the airport for a fifty year period if they elect options, and we will have at least two brand new structures, and either a third new one or an addition to the existing paint structure. Our plan for the airport is to develop this functionally and these are key elements to that.

McKinney stated the city has a contractor for aviation, John DeCoster, and this is one of his prime efforts. Staff has worked on it as well. We highly recommend it. It's a good thing for the airport. Hass would start construction immediately. Voigt's documents will come later. If Voigt doesn't build a second building in two years he'll lose the right to the lot which he wants pretty badly. We recommend that you approve the arrangement.

A motion was made by Leckner, seconded by Utke, and unanimously carried to approve the presented agreements and authorize their execution by and between Park Rapids Avionics owned by Tom Hass and the City of Park Rapids.

9. CITY ADMINISTRATOR COMMENTS: McKinney stated the paperwork for the armory has been assembled and filed with MMB, except one technical document which describes the difference of what we are and are not buying. Zemek told me that upon the satisfaction of that requirement by his lender his loan will be approved to move forward with the construction. Things have moved rapidly since the EDA meeting a week ago.

McKinney stated we have secured occupancy of the back of city hall, except for three county people who are waiting for their space to become available. We have secured the advice of the architect to give us a layout, then we'll start talking about what to do with the space.

10. DEPARTMENT HEAD UPDATES: Mathisrud stated in our CIP we identified extending sewer and water to Discovery Circle as a possible project for 2017. Staff held an open house last week for the residents of Discovery Circle to learn about the proposed project. We had twenty-two households attend that. Staff will give an official update on that for the Council in the near future.

Fieldsend stated my parks worker had a baby boy on March 31st. She will be out for two months. We've hired two temporary employees to start working in the parks.

Eilers stated we're working on getting a new employee to replace the patrol officer that has resigned.

11. MINUTES/REPORTS/INFORMATION: There were no comments.

12. COMMENTS FROM COUNCIL: Utke questioned when will we be reviewing the fire hall addition bids? Bob Meier stated I think you'll be reviewing them at your next Council meeting. The bids came in favorably. Brumbaugh stated we're going to run new amortization schedules for the new bid numbers. McKinney stated with the deducts and the alternate bids, the numbers were below estimates.

Nordberg stated we're in the process of seeking bids for a parking lot at River Heights. It's been advertised. It will double the size of the current lot. The fifty year old elevator has been showing its age. We're trying to find a way to fund a replacement. There are many handicapped people living on the second floor that need the elevator, so we're contracting for a lift. There were three electrical contractors at River Heights this morning looking around and getting ready to make their bids for that work.

13. ADJOURNMENT: A motion was made by Utke, seconded by Leckner, and unanimously carried to adjourn the meeting at 6:50 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk