

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
October 25, 2016, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The October 25th, 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, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Public Works Superintendent Scott Burlingame, Planner Ryan Mathisrud, Treasurer Angela Brumbaugh, Police Chief Jeff Appel, Public Facilities Superintendent Chris Fieldsend, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Nancy Newman, Dick Rutherford, Tom and Gail Petschl, David Collins, Lowell Wolff, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the agenda as presented.

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-October 11, 2016: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the October 11th, 2016, City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables & Prepays: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the payables in the amount of \$20,699.06, and the prepaids in the amount of \$437,068.27, for a total of \$457,767.33.

6. CONSENT AGENDA: A motion was made by Leckner, seconded by Randall, and unanimously carried to approve the following consent agenda items:

- 6.1. Approve Plumber's Permit to Work in the City of Park Rapids in 2016 for Lee Plumbing & Heating Company LLC.**

- 6.2. **Approve Change Order No. 1 for the 2016 Airport Apron and Taxiway A Rehabilitation Project to Adjust the Contract's Substantial Completion Date to August 12, 2017, with No Change in the Contract Price.**
- 6.3. **Approve Low Bid in the Amount of \$7,175.00 from Minnesota Pump Works to Replace Lift Pump #2 for the City's Sanitary Sewer System.**
- 6.4. **Approve Pay Request in the Amount of \$3,530.00 for Northern Technologies LLC for Various Materials Testing on Materials for the Fire Hall Expansion Project.**
- 6.5. **Approve Change Order No. 7 for the Fire Hall Expansion Project for a Deduct in the Bid Price in the Amount of \$8,275.00 to Omit a Full Curb Reconstruction on Highway 71.**
- 6.6. **Resolution #2016-171 Authorizing Proper City Officials to Execute the Contract for Services for an Arts and Culture Plan by and between the Headwaters Regional Development Commission and the City of Park Rapids.**

END OF CONSENT AGENDA

7. COMMENTS FROM CITIZENS: There were no comments.

8. GENERAL BUSINESS:

8.1. Pay Request for Hubbard County Regional Economic Development Commission in the Amount of \$20,000.00: David Collins, Executive Director of the Hubbard County Regional Economic Development Commission, stated our board and staff does nothing by themselves. Everything we do is in support of, or with, many other partners within the community. Businesses are the ones to create the jobs, we are the ones to put them in a position to create jobs. That is true of everything that we do. A rule of mine is the less that we stand up and take credit for things, the more we are going to get done.

Collins stated some of the highlights include a senior project which hopefully will be coming to the City Council within the next four weeks. It will be a senior living complex with sixty-eight units, with some assisted living. It's not a done deal. We've been working on it for about a year and we're very encouraged with it. It will create about forty-five jobs.

Collins stated we spent a lot of time working on the program that was approved by the Council two weeks ago with Danielle Norby-Lien. That was the sixth project that we call New Market Tax Credits. It's a federal program administered through the Midwest Minnesota Community Health Corporation. The first one in Park Rapids was the

clinic/hospital addition a few years ago. The second one was the Park Avenue Plaza, the dialysis building. The third one was Thielen Motors, the fourth one was Heritage Nursing Home. This summer was Companeros/Dorset House, and then Danielle Norby-Lien's is the sixth project. We have two more in the pipeline that we are trying to get approval for. We are waiting on the allocation to come through to see if we can move forward with that. Altogether we have over \$32 million in New Market Tax Credit projects within our community. They tell us that we are the largest for projects per capita that anyone else has done.

Collins stated currently we are working with four other facilities to get built within our community over the next two years. I expect construction within the next year. Two are expansions of an existing space. One has started, which is TruStar Bank. We brought in and recruited and helped put together the Keepers housing project. It was a twenty-nine unit complex. There is another twenty-nine unit complex currently under construction. These units will have balconies and an elevator, which the first building did not have. Occupancy in that unit is expected by April 2017. The senior project we expect to provide assisted living for seniors within the community, which is very important. We also do a lot of work with the Hubbard County Housing and Redevelopment Authority by coordinating with them.

Collins stated one of the biggest issues we have right now is our workforce. No one seems to be able to find employees. If we were to bring a potential business to town right now they would want to talk about the labor market. They probably wouldn't locate here. We are having that kind of problem all over the country. Usually a workforce shortage is resolved when you have a recession. That's what happened here in 2006. Over the years we talked about predicting the shortage, the demographics are there but we've rarely seen anyone step forward with solutions.

Collins stated we got a grant and we've engaged an entity that will prepare what we hope will be a workforce development plan of action for our area for the next three to five years. We're halfway into the project. We have another full day of planning, and then the follow up and fine tuning. We hope to come up with a plan that is specific, measurable, and achievable. It's going to be a combination of trying to address the problem of 24/7 child care. We've formed a group of business leaders to meet once a month to identify common issues.

Collins stated starting last spring we organized a Job Fair in the community to which two-hundred and forty potential employees showed up, one-hundred and twenty of those were looking for full time employment, and the rest were looking for part time employment. We had forty-two businesses participate in that. The Concentrated Employment Program (CEP) is missing the point here in Hubbard County. They are contracted through social services with federal money through the Welfare Reform Act in the 90s to do job training for people receiving benefits right now that have the ability to work and to coach them and to get them into the workforce. Beltrami County terminated their contract with CEP. That's an option. They have an alternative of how they want to roll out services here. They are closing the regional office in Bemidji. So we're going to meet with them to see if can start addressing the needs here.

Collins stated Upper Classroom is something that we've been working on in corporation with the school district, RDO-Offutt Farms, and Lamb-Weston. We are seeing ag careers as a real source of growth potential and it's something that fits our area well.

Right now there is a shortage of ag teachers throughout the state. These young people that are getting out of high school and going into ag careers especially through Central Lakes are being offered jobs just as soon as they get out of college. They are in demand. Ag careers and products are very sophisticated these days. We don't feel that a lot of people understand just what Lamb Weston does here and the job opportunities there. We are trying to build a little more collaboration even with Team Industries that have created an internship with the school and is paying the cost for two interns. Those are some of the job partnerships that we are trying to build. As a result of our adult classroom project we helped them get a \$45,000.00 grant through the USDA, shared by the Laporte School District and Park Rapids. Laporte has really taken off with that. We lost one of our key players in Park Rapids so we'll have to rebuild to move that forward. They've also introduced two ag classes to the school this year, so some positive things are coming out of that.

Collins stated we're going to deliver next spring a program called Entrepreneur for a Day to all of the fifth graders in Park Rapids, Nevis, and Laporte schools. We have a group of volunteers who are going to deliver that program. It's about a day and a half out of their school in which they will be making a product, having to cash flow it, and sells it.

Collins stated on the armory I've been working with Lowell Wolff and Kathy Grell on working on and fine tuning a pro forma for the operations. We have made progress on that. We got the initial feasibility study done, a \$99,000.00 USDA study, bringing MMCDC to the project who is a heavy investor. We recruited and identified the Vallarta Mexican Restaurant, and led the effort with Senator Rod Skoe to get \$2.5 million allotted by the legislature.

Collins stated with the Senior Core of Retired Executives (SCORE) and the Small Business Development Center, we used consultants from both of them for people that walk into the office on a regular bases that are thinking about starting a new business. Some of them, once we tell them there's no free money and we're not going to hold their hand all through the process, we never see again. Some come in and we give them direction. A recent example is the new pizza place. There is a list of those that we continue to work with, and some of them are long term relationships.

Collins stated we have empty buildings in town that come up a lot. One, on the south end of town, the owners didn't properly take care of that and now it is full of mold and rust. It's basically a tear down property at this point. There has been an estimate of a half a million dollars to remove the mold in it. That building has some challenges. The Pamida building was recently sold. An investment group in Walker bought it. They currently have an option from a private party to purchase the building with a first right of refusal. Another large retailer in town a couple of weeks ago took a look at it. There's nothing concrete or solid there. We've offered to put together a marketing plan with the owner, but they are holding off on that while they explore a few options.

Collins stated the old middle school is something that we'd like to find a solution to with a rehab to make the apartments more affordable to the tenants. Right now they are very poorly insulated. We've taken some groups there but everyone decided it's a tear down. Since then we found out there's a fund that would pay for 100% of a new heating system throughout the building so there wouldn't be cash flow problems for the owner. They are analyzing that to make sure it makes sense. If we look at a demo that's a whole other issue. You have the cost of the demo of the building, we got an estimate for a

contractor of \$7,400.00 to give us an estimate of what it would cost to tear down the building. Their guess for that is upwards of \$1 million to remove the building. There is some asbestos in it, and special assessments on the property for recent infrastructure improvements.

Collins stated over the last ten years the HCREDC has been in existence the city has invested \$395,000.00, which is about \$36,000.00 annually. Right now our annual budget this year is \$169,000.00. The city contributes \$40,000.00 of that in cash, which is 23.7%. The county contributes \$60,000.00 in cash and \$20,000.00 in-kind. We get free office space, phone, internet, and cleaning, which is 47.4%. Then we raise 28.9%, for about \$49,000.00 from other entities in the area.

Collins stated we secured \$598,000.00 in Section 569. It was Oberstar's money for the water tower. Then the Army Corp of Engineers found another \$40,000.00 or \$50,000.00, so it almost paid for that water tower. We got a Transportation and Housing Urban Development Appropriation of \$730,000.00 for the downtown project. Hopefully, \$2.5 million for purchasing the armory. In addition to that, we got miscellaneous grants through the years totally \$568,000.00. We helped get the county HRA levy established which generates \$170,000.00 a year. We got the Small Cities Development Program Grant for \$665,000.00 that is administered by the HRDC. Those funds went into commercial rehab so businesses downtown utilized that during that period when we were rebuilding. The other half of it basically went to owned-occupied and rental housing. Indirectly out of some of our legislative meetings the funding for AIS which amounts to \$250,000.00 annually for the area. We got some things done on utility permits and we worked on the tax increment program as well.

Collins stated when I'm looking at priorities for the city and trying to attract businesses to the area there are things that you guys are working on very hard like sewer and water, and the airport and its amenities. We have an entity interested in looking at putting a hotel on the property. Parks, trails, and beautification, and the old bath house, all of those things will make an impact as we try to recruit businesses of all types into town.

Collins stated the tools that we have to work with for the city are adequate. We haven't gotten really fancy. We have tax increment financing (TIF) and the revolving loan fund (RLF). We've never had good, legitimate demand for the RLF. But now that the economy is coming back it's something that we could make available as that loan gets repaid. For the continued planning we've been working with Mathisrud and others. I want to thank McKinney, Mathisrud, Brumbaugh, Vik, Lockhart, Burlingame, John DeCoster, and the members of the Council for all their work.

McKinney stated before the Council tonight is the request for the second half of the 2016 contribution for the HCREDC. Collins stated I respectfully request that you approve that. The last increase we received was in 2011. Nordberg stated Collins juggles a lot of balls in the air at the same time and I appreciate his patience. I've worked some of these fundraisers and there are so many hoops to jump through and it takes so long to get an answer that I think that Collins does a good job with that.

A motion was made by Utke, seconded by Randall, and unanimously carried to approve the Pay Request for Hubbard County Regional Economic Development Commission in the Amount of \$20,000.00.

8.2. Approve Date for the Park Rapids City Canvass Board Meeting: A motion was made by Utke, seconded by Randall, and unanimously carried to approve Wednesday, November 16th, 2016, for the Municipal Election Canvass Board Meeting, at 11:00 a.m. to be held at City Hall.

9. CITY ADMINISTRATOR COMMENTS: McKinney stated the next Council meeting will be on Wednesday, November 9th instead of the 8th due to election day. At that meeting will we have the formal swearing in ceremony for the new Chief of Police.

10. DEPARTMENT HEAD UPDATES: Police Chief Appel stated I want to say thank you. I'm excited for the opportunity to work for the City of Park Rapids. I'll promise you a professional police department that's based on respect, respect for each other, for members of the community, and for suspects that we come into contact with. I look forward to the opportunity. The Council welcomed Appel to Park Rapids.

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

12. COMMENTS FROM COUNCIL: There were no comments.

13. ADJOURNMENT: A motion was made by Randall, seconded by Utke, and unanimously carried to adjourn the meeting at 6:10 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk