

**CITY OF PARK RAPIDS
CITY COUNCIL SPECIAL MEETING
PUBLIC HEARING
DECEMBER 13, 2016, 5:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The December 13th, 2016, Special Meeting of the Park Rapids City Council was called to order at 5:00 p.m. by Mayor Pat Mikesh.

2. ROLL CALL: Present: Mayor Pat Mikesh, Councilmembers Ryan Leckner, Rod Nordberg, Erika Randall, and Paul Utke. Absent: None. Staff Present: Planner Ryan Mathisrud, Treasurer Angela Brumbaugh, Public Works Superintendent Scott Burlingame, Liquor Store Manager Scott Olson, Police Chief Jeff Appel, and Clerk Margie Vik. Others Present: Dick Rutherford, Sue Tomte, Lowell Wolff, and Char Christiansen.

3. PUBLIC HEARING FOR THE 2017 TO 2021 CAPITAL IMPROVEMENT PLAN:
A motion was made by Randall, seconded by Nordberg, and unanimously carried to open the public hearing at 5:01 p.m.

3.1. Presentation of the 2017 to 2021 Capital Improvement Plan:

Brumbaugh stated every year staff and Council looks at the capital improvement plan (CIP) to update what we have. We do a five year-plus plan because we try to list things that we know are coming up and we can change things as we go along. The CIP is a tool that we use for scheduling and planning for our larger construction projects and equipment purchases. It gives us an idea of how to financially look at what the future is going to bring. The CIP is not cast in stone. Because an item is listed doesn't necessarily mean it's going to take place. The Council, at the time, always has the right to vote yes or no on each item at their meetings.

Brumbaugh stated the CIP for 2017 to 2021 has purchases and projects listed in the amount of \$12,453,222.00. That is \$2.5 million per year. We break that down into the categories of equipment, construction, improvements, building, land, and other. 46% of the CIP is for construction projects. We brake them down by the departments of water, sewer, and street projects, administration, airport, facility maintenance, fire, liquor, library, parks, planning, police, sewer, storm sewer, and water, to give us an idea of where the needs are. The airport has large construction projects at 33% of the CIP. Water, sewer, and streets are 42%.

Brumbaugh stated the next step is to see what is the most important. Each staff member decides what's most important to their department. Together staff decides how the CIP will be put together. Then we have to decide how to fund each project or purchase.

Brumbaugh stated the total for 2017 is \$627,000.00. There are no construction projects scheduled. We looked at the bond payments and decided it would be good to take

a year off from that. In 2018, the Riverside Area-Phase Two Project is planned. With that project the 2018 CIP is \$3.5 million. If the Council wanted to change the year a project is done that could be done. We decided that the Riverside Project was the next in line.

Brumbaugh stated the funding for the items comes from different places. Funding for projects comes from bonding. Funds come from the liquor store reserves. Some come from the general fund. Funds for water/sewer come from the enterprise funds. By 2019 the amount of items is smaller because we're not positive of what we want to do. We looked at the dollar amount and where we felt the bonding level should be. In 2020, which is considered year four there's not a lot. There's the possibility of community destination signage for the planning department. Funding for the squad cars and the equipment are set aside yearly in hopes of not having to budget as much at the time of purchase. We purchase a new squad every three years.

Brumbaugh stated the airport projects as listed in here agree with what we sent to MN DOT because we get a lot of our funding from the state and federal governments. We're waiting to see if we get funded for those through the state or federal that will determine whether the Council says yes or no to the projects.

Brumbaugh stated we don't have much listed for 2021. An airport project and a salt/sand shed are listed for a total of \$1.4 million for 2021. There are a lot of items listed as unallocated. They are not in any certain order. We know these are things that we want to get done and we'll determine where they will be placed later. There are projects that used to be listed in the past that have now been determined not to be needed.

Brumbaugh stated we always look at how the projects/purchases will affect the liquor store because that is one of our major revenue sources. In 2017 we have \$383,850.00 planned to come out of there. We don't know if we will do that or not. The liquor store usually makes approximately \$300,000.00 a year. We try and keep about \$275,000.00 as our maximum. In 2017 \$150,000.00 will be set aside, as a designated fund, for a new building for the liquor store, if the Council chooses to pursue that. In five years we will take about \$2.5 million from the liquor store fund. If we built a new building for the liquor store we'd probably go out for revenue bonds.

Nordberg questioned in the enterprise funds liquor revenue is listed as net in 2016 as \$1.08 million. How does that compare? Randall stated it's showing a net income of \$1.08 million. Brumbaugh stated that was a typo. That was the budget for 2018. That's the revenue versus expenses for 2018. In 2018 we figured a \$1.8 million revenue before transfers. When you look at the budget we figured that's what it's going to end up at. We're pretty conservative with that. Otherwise we'd be taking out of the fund balance. Nordberg stated that's my concern. We have rough projections. Is \$300,000.00 a good number anymore? Olson stated yes. Brumbaugh stated in 2014 the liquor store did \$324,000.00 net, before transfers. In 2015 the liquor store did \$300,000.00. When we look at this \$275,000.00 is the number that I use. Nordberg stated that's also before depreciation. Brumbaugh stated depreciation for the liquor store isn't large. They don't have that much depreciation. They just have a building.

Brumbaugh stated we also look at the effect on the debt levy because the projects are bonded. On the graph the top line are the proposed projects. The bottom line is the current levy if we did no projects. The intent is to keep the levy reasonable for taxpayers. That's why we moved projects around.

Brumbaugh stated the liquor store is very important to us. At the legislative end of it they'll say that municipalities shouldn't have liquor stores. From 2003 to 2013 the liquor store has paid for \$2,690,744.00 worth of items. That's \$260,000.00 per year. The liquor store has helped all the departments to pay for equipment. We can really appreciate the liquor store when you look at these totals. The city has done \$21 million in projects since 2001. These are street and utility projects.

Randall stated my understanding of the laptops in the squad cars that they were budgeted from the police funds and there were donations. I feel we were a little misled about where that money came from. Brumbaugh stated yes and no. It's in a quandary right now trying to figure it out. Some of it was budgeted under general and some under equipment with funds to come from the liquor store. We're still trying to pull everything together. Randall stated we're still working on getting it all together, so I would like a final accounting of where the money came from, what it cost us, and where the donations went. I think it was handled really poorly. Brumbaugh stated I will go through it all and give you a final accounting on a spreadsheet. Randall questioned weren't there grant funds? Brumbaugh stated yes. We received a \$9,000.00 grant this year, and then we paid out \$9,000.00 this year too. We're not done with it. Randall stated I'm surprised to see that number as a liquor transfer. I thought it was zero so \$47,000.00 is plenty.

Nordberg stated the liquor store revenues are important to our budget. The story is the legislature will again this year have been discussing Sunday liquor sales. It's my opinion that this would not improve our net income, and would probably decrease our net because we would not gain any total sales. It's my impression, politically, that would not be good for the City of Park Rapids. Randall stated they also talk about allowing the sales of beer and wine into grocery stores. It's a very real possibility that the municipal liquor stores could go away. I think we all need to be conscience of that. The metro municipal liquor stores are losing money because of the big Total Wine stores. There are a lot of people who think they shouldn't be allowed.

Utke stated I don't think it's high on the legislative agenda list at this point. Nordberg stated the big issue is with the border cities. Utke stated the border cities will fight for it. Back in the day when all retail was closed on Sundays in North Dakota, when they went to Sunday openings they didn't gain any sales they just spread it out, with being open an extra day. We've trained people they can shop 24/7.

3.2. Public Comments: Sue Tomte stated I'm on every committee that there is in this city. Much of what the community is trying to get their hands around is community health and wellness and doing things that are healthy for us. One of the key areas that our community struggles with is mental health and addiction, and poor habits. My comment is regarding municipal liquor stores going away as we as a community need to look at how to best utilize our funds, how to weight the economic benefit of a liquor store, because it funds so much of what we do. Yet on the other hand, are we encouraging poor habits by saying we need to expand and grow the liquor store. I'm throwing that out there. Hubbard Intervention has a \$625,000.00 grant for alcohol and drug prevention and addictions. That needs to be put in the mix. I'm not saying get rid of the liquor store. I'm saying weight, balance, and include some of those people that are working really hard on

those issues to be a healthier community. Get some dialog going so that we can see the benefit of the liquor store because it's a tremendous economic benefit for us.

Randall stated I take issue with Hubbard Intervention focusing almost solely on alcohol because in my field it's not necessarily alcohol leads to this, and then this. It's very much a mental health and controlled substance issue separate from alcohol. A lot of DWIs these days are controlled substance DWIs that have no alcohol in their system. I struggle with \$625,000.00 grant going directly towards alcohol because there is a much bigger issue out there. Tomte stated exactly. There's a huge issue and that's what the community is trying to get around. I'm just putting this forward so we, as leaders, are looking at all the different parts and pieces.

Scott Olson stated we work with Hubbard Intervention. We try to be a helpful part of that. Tomte stated I know you do. That's why I'm say bring everybody to the table as discussions go forward.

Brumbaugh stated I'm going to remind everyone that \$206,000.00 on average per year would be on your taxes if we didn't have the liquor store. I understand what you're saying, but on the financial side it's \$206,000.00 per year. I look at the financial side and the numbers. Tomte stated I'm not saying get rid of it, but as we're looking at expanding and growing it, what's the balance here?

Nordberg stated it's good to remember historically that the reason for municipal liquor stores at all was not income, but to protect people from a sin. The control of alcohol was considered a public responsibility, not a profit making venture. That's an argument that still has some sway at the legislature. The blue laws were for a reason, not to penalize private business. I think that fits in with Hubbard Intervention.

Nordberg stated regarding the future years on the CIP, we seem to have removed some of the street projects to the wish list, like Fair Avenue. Brumbaugh stated it was because we weren't positive what we felt was the next important project at this time. I realize they are unallocated, but we do care about them. After things were pushed around it got confusing as to the next important project, so staff will be starting to evaluate the projects early next year and they'll be moved around again. Nordberg stated it's important that you keep that in mind, because Utke and I will not be on the Finance Committee in the future to remind you of the street projects. The next Finance Committee will need to find a place to get these streets repaired too.

Randall stated I'd like to see the Beach House put on a year. I think that should be a priority. I think it's good to do something for the community to make that a viable, useable project instead of always focusing on all these other improvements, like remodeling city hall, the library, and public works. These things people look at and say government is growing. It's important to get a building that's useable for the community and that is for the community. Plus it's a building that is just sitting there and it could be really great for the community. Nordberg stated that's up to the Parks Board to keep recommending that. Randall stated I'm glad it's on the list but I'd like to see it moved up. Brumbaugh stated Fieldsend and the Parks Board can look at that, yet the Council can move things around, and they can come back to you with ideas.

A motion was made by Utke, seconded by Randall, and unanimously carried to close the public hearing at 5:29 p.m.

3.3. Resolution Adopting the 2017 to 2021 Capital Improvement Plan for the City of Park Rapids: Nordberg stated the new Council is going to have a lot of juggling to do. There are a lot of wishes that don't fit into the reserves. **A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve Resolution #2016-176 Adopting the 2017 to 2021 Capital Improvement Plan for the City of Park Rapids.**

4. ADJOURNMENT: A motion was made by Utke, seconded by Nordberg, and unanimously carried to adjourn the meeting at 5:32 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk