

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
May 23, 2017, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The May 23rd, 2017, 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, Erika Randall, Dick Rutherford, and Liz Stone. Absent: None. Staff Present: Planner Ryan Mathisrud, Treasurer Angela Brumbaugh, Public Facilities Superintendent Chris Fieldsend, Police Chief Jeff Appel, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Sue Tomte, Nancy Newman, Jason Murray from David Drown Associates, David Collins, Cynthia Jones, Knute-Nelson Representatives, Alan Zemek, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Stone, seconded by Rutherford, and unanimously carried to approve the agenda with the following additions:

- 7.19. Resolution Appointing Jeff Olesen as Part Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.20. Resolution Approving the Part Time Employment Status and Acknowledging the Declaration of Park Rapids Police Officer Nicholas Erickson.**
- 7.21. Resolution Approving the Part Time Employment Status and Acknowledging the Declaration of Park Rapids Police Officer Tylor Farden.**
- 10.2. Additional Information for the Pioneer Park Restroom Project.**

4. EMPLOYEE APPRECIATION:

4.1. Certificate of Achievement for Angela Brumbaugh: Mayor Mikesh presented Angela Brumbaugh with a Certificate of Achievement to recognize her fifteen years of employment with the City of Park Rapids. She was greeted with a round of applause.

5. APPROVAL OF MINUTES:

5.1. City Council Workshop Minutes-May 9, 2017: A motion was made by Rutherford, seconded by Leckner, and unanimously carried to approve the May 9th, 2017, City Council Workshop minutes as presented.

5.2. City Council Regular Meeting Minutes-May 9, 2017: A motion was made by Randall, seconded by Rutherford, and unanimously carried to approve the May 9th, 2017, City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Payables & Prepaids: A motion was made by Randall, seconded by Mikesh, and unanimously carried to approve the payables in the amount of \$32,608.76, and the prepaids in the amount of \$102,573.02, for a total of \$135,181.78.

7. CONSENT AGENDA: Rutherford removed Item #7.7. from the consent agenda. A motion was made by Stone, seconded by Leckner, and unanimously carried to approve the following consent agenda items:

- 7.1. Resolution #2017-90 Approving Ordinance No. 573 Establishing Zoning for Annexed Land, PID #32.36.00200, and PID #32.36.00300.
- 7.2. Ordinance No. 573 Establishing Zoning for Annexed Land, PID #32.36.00200, and PID #32.36.00300.
- 7.3. Approve Transient Merchant License for Paula Thorman-Stokes d.b.a. Kardinal Kreation, on May 27th, 2017, at Angelic Enterprises, 1107 First Street East, in the City of Park Rapids.
- 7.4. Resolution #2017-91 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for St. Joseph's Area Health Services.
- 7.5. Approve Pay Request in the Amount of \$3,315.00 to Morris Paint and Decorating for Painting the Office Space in the South Portion of City Hall.
- 7.6. Approve Pay Request in the Amount of \$1,125.02 to BHH for Architectural Plans for the Pioneer Park Restroom Project.
- 7.7. *Removed from the consent agenda.*

- 7.8. Approve Public Facilities Use Permit for Janet Burgau d.b.a. Fraternal Order of Eagles Aerie 870 to Use Depot Park Pavilion on Saturday, June 3rd, 2017, from 12:00 noon to 3:00 p.m., for a Membership Picnic.**
- 7.9. Approve Pay Request in the Amount of \$25,897.00 to Kitchigami Regional Library for the First Half Payment of the 2017 Levy (\$22,296.50) and the 2017 Repair and Replacement Fund (\$3,601.00).**
- 7.10. Approve Pay Request in the Amount of \$16,325.01 to Northland Trust Services for the 2010a General Obligation Bond.**
- 7.11. Approve Pay Request in the Amount of \$61,696.88 to Northland Trust Services for the 2010b General Obligation Bond.**
- 7.12. Approve Pay Request in the Amount of \$7,135.00 to Northland Trust Services for the 2010c Refunding General Obligation Bond.**
- 7.13. Approve Pay Request in the Amount of \$33,920.00 to Northland Trust Services for the 2012a General Obligation Crossover Refunding Bond.**
- 7.14. Approve Pay Request in the Amount of \$48,956.25 to Northland Trust Services for the 2015a General Obligation Improvement and Refunding Bond.**
- 7.15. Approve Pay Request in the Amount of \$12,898.67 to Northland Trust Services for the 2016b General Obligation Improvement and Refunding Bond.**
- 7.16. Ratify the Updated 2017 Park Rapids Emergency Operation Plan.**
- 7.17. Approve Pay Request in the Amount of \$4,553.93 to Apex Engineering for Professional Services for the Fire Hall Expansion and the Riverside Area-Phase One Projects.**
- 7.18. Approve Pay Request in the Amount of \$942.75 to TKDA for Professional Services Pertaining to the 2016 Apron and Taxiway A Rehabilitation Project at the Municipal Airport.**
- 7.19. Resolution #2017-92 Appointing Jeff Olesen as Part Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**

- 7.20. **Resolution #2017-93 Approving the Part Time Employment Status and Acknowledging the Declaration of Park Rapids Police Officer Nicholas Erickson.**
- 7.21. **Resolution #2017-94 Approving the Part Time Employment Status and Acknowledging the Declaration of Park Rapids Police Officer Tylor Farden.**

END OF CONSENT AGENDA

7.7. Approve Pay Request in the Amount of \$11,932.33 to Kutak Rock for Legal Services for the Armory Square Project: Rutherford stated after looking at this \$11,000.00 for payment of the attorney's fees and going back and doing some checking, we have \$60,000.00 in attorney's fees going towards the armory right now. That puts the city at over \$400,000.00 we have stuck into this building, and we're not seeing a lot being done. After reading this I think we need to put a halt to it until we see more action or talk to McKinney to see what can be done. These calls are going back and forth and nothing is getting done, as far as I can see, yet I might be wrong.

Randall stated I urge you to talk to McKinney about it. There's a lot that is going on right now. We knew that when this project was going to go forward, and I've said it from the very beginning, that the city couldn't say that we're going to approve this project going forward yet not pay anything. There's going to be a cost to the city and this is exactly the costs that I was talking about. We have to pay the attorney's fees.

Rutherford stated I'm not saying that we shouldn't pay them. I'm saying stop it. Randall stated we voted as a Council to go forward with this. Rutherford stated there should be something going forward at the other end too. These phone calls are ten to fifteen minutes and nothing is getting done. Randall stated all discussions regarding the armory should be done by the EDA, and we're not here tonight as the EDA so we'd need a separate meeting to discuss it.

Leckner stated we thought all the calls could go through McKinney. Randall stated McKinney intentionally wanted to stay out of the calls given how the relationship with the other party has deteriorated.

Mikesh stated we have to pay the bill no matter what, but to me it looks like Zemek is calling our lawyers, or they are responded just to Zemek. Randall stated they do copy McKinney. Mikesh stated Zemek should not be contacting our lawyers, at least that's what it looks like by reading the memos. Randall stated he's the developer and he's acting as his own counsel, so I think that's appropriate.

Leckner questioned what is the \$400,000.00 that was mentioned? Rutherford stated the money that the city has loaned him. Brumbaugh stated it's from the EDA revolving loan fund, and he has some loans through Small Cities, so that's all of that together.

A motion was made by Mikesh, seconded by Rutherford, and unanimously carried to approve the Pay Request in the Amount of \$11,932.33 to Kutak Rock for Legal Services for the Armory Square Project, and to talk with McKinney for his thoughts on moving forward.

8. COMMENTS FROM CITIZENS: There were no comments.

9. PLANNING:

9.1. Resolution to Approve a Conditional Use Permit to Construct and Operate a Multi-Family Senior Living Facility in the R-B Zoning District at 1006

Crocus Hill Street, PID #32.36.00200 and PID #32.36.00300: Mathisrud stated this is a request for a conditional use permit from KI Developers to construct a three story, eighty-eight unit, multi-family senior housing facility. At the previous Council meeting the plat and rezoning was approved for this project. The project consists of sixty-nine units of independent senior housing and nineteen units of memory care housing. In this first phase of the project we're looking at 140,000 square feet. As part of the project the developer expects to provide about twenty-eight full time jobs and twelve part time jobs. There's a number of site amenities included with the project, including heated underground parking, community storage facility, elevators, community rooms, coffee area, a water feature, and a trail connecting the site to the city sidewalk system.

Mathisrud stated the Planning Commission reviewed this and recommends approval of the CUP request based on the findings of fact. Since that Planning Commission meeting the developer did identify a need for some changes to the lift station. That will be coming as a separate agreement for design and development of a public lift station that would be owned and operated by the developer. We are recommending the following conditions with this request, that the owner provide an updated utility connection and lift station details for review, an NPDES permit shall be required prior to obtaining a building permit, all appropriate permits shall be secured from Hubbard County for work within the county right of way, a landscaping plan shall be submitted that meets the city landscaping ordinance, a FAA 7460-1 shall be filed with the FAA, and the developer shall execute a city approved declaration and development agreement for the construction of and future operation and maintenance of a lift station at the developer's cost and expense.

Mathisrud requested questions or comments. There were none.

A motion was made by Randall, seconded by Leckner, and unanimously carried to approve Resolution #2017-95 Approve a Conditional Use Permit to Construct and Operate a Multi-Family Senior Living Facility in the R-B Zoning District at 1006 Crocus Hill Street, PID #32.36.00200 and PID #32.36.00300.

9.2. Resolution to Approve a Variance to Allow an Additional Two Feet in Height for a Multi-Family Living Facility in the R-B Zoning District at 1006 Crocus

Hill Street, PID #32.36.00200, and PID #32.36.00300: Mathisrud stated the applicant, KI Developers of Park Rapids, as part of the senior housing project, are requesting a two foot height variance for the building. They are constructing a three story building with a 5/12 roof pitch. As a result that does exceed the forty-five foot height limitation. They are requesting a two foot variance to allow forty-six feet and nine inches in order to make that project work and accommodate snow loads in this area.

Mathisrud stated the Planning Commission did review this request and the majority of the members did recommend approving the request for a two foot height variance, based on the finding of fact. He requested questions or comments. There were none.

A motion was made by Randall, seconded by Stone, and unanimously carried to approve Resolution #2017-96 Approve a Variance to Allow an Additional Two Feet in Height for a Multi-Family Living Facility in the R-B Zoning District at 1006 Crocus Hill Street, PID #32.36.00200, and PID #32.36.00300.

10. GENERAL BUSINESS:

10.1. Resolution Authorizing Execution of a Development Agreement and Assignment of Tax Increment Revenue Note: Jason Murray, from David Drown and Associates, stated I'm bringing forth the final action as related to the tax increment financing process with KI Developers of Park Rapids. The development agreement and resolution are in your packet. The agreement is very in depth. A couple key points include as part of a housing finance district the developer does have to be complying with income on a semi-annual basis to request compliance with those income guidelines and provide evidence to the city, on July and January first of each year. That coincides with any potential tax increment payment that may come out.

Murray stated as part of this agreement, upon completion of this project the tax increment financing note will be issued. The agreement states that the TIF note is for fifteen years, and \$950,000.00. That is the potential reimbursement from the tax increment generated for the project. The reimbursement is specifically for land acquisition, site improvements, and the extension of public utilities to help support the development of the project. The fifteen years is consistent with past practice. I don't think the city has a policy for a housing TIF, but in past practice for other housing districts in the city it's been around the fifteen year mark.

Murray stated we come forward tonight with the recommendation to approve this development agreement. There is a resolution in the packet. As part of the financing and overall funding for this we are assigning this TIF development agreement and the TIF note to Bremer Bank and the operating entity for KI. That's part of the resolution.

Murray requested comments or questions. There were none.

A motion was made by Randall, seconded by Rutherford, and unanimously carried to approve Resolution #2017-97 Authorizing Execution of a Development Agreement and Assignment of Tax Increment Revenue Note.

10.2. Pioneer Park Restroom Project: Fieldsend stated at a previous meeting the Council approved the plans for the restroom in Pioneer Park. We went out for bids right after that. We received six bids, along with the projected completion dates. There is a six month permitting process for the sewer portion. So the completion date may have to be adjusted a bit. The lowest bid was \$104,140.00 from Haataja Construction, which is higher than the budgeted amount. Initially, our budget included a \$25,000.00 levy, \$25,000.00 from discretionary funds, and \$25,000.00 raised by the Parks Board. They are currently working on that with the brick sales. There are radio ads and it will be in the paper on Saturday. I believe they will raise the \$25,000.00, but I don't think they'll be able

to raise \$50,000.00 to cover the shortfall. We're looking for direction on how you want to proceed with this.

Randall stated my thought is if they could have this done by the end of June, the cost would be worth it. But it's not going to be done until the end of August. I don't see a rush in pushing this forward given that the Parks Board hasn't raised hardly any of their \$25,000.00 that they agreed to raise. It's a significant amount more than we agreed to pay. I'd like to see restrooms there. I definitely want to see it done next summer. Maybe if we rebid it during the winter so we're first up, or maybe later this fall so they are ready to go by summer.

Fieldsend stated I agree that we rushed this. Randall stated these costs show this. These companies have their summer pretty full as evidenced by these due dates. Fieldsend stated this wasn't even on the plan for 2017. To date, the brick sales have made about \$3,500.00.

Leckner questioned what about looking to get a start in the fall. They can do some construction in the winter and it could be done before summer. That would give them time to raise money. Fieldsend stated we could try and bid it this fall, and we could plan for this extra amount. Randall stated then we could go into it knowing we'll need about \$100,000.00. If it comes under that then it will be a pleasant surprise. If it's not done until August 15th that's the end of the busy season. Second Street Stage is done the week after that. The kids are going back to school. The last couple weeks of August are pretty slow.

Rutherford stated I'd like to recommend that we send this back to staff to come up with some ideas. Randall stated I'm not in agreement of pushing it forward for this summer. It's just not going to happen. We don't have a place where this extra money is coming from right now. It would be totally irresponsible for us in one meeting to agree to an extra \$30,000.00.

Brumbaugh stated the \$25,000.00 that you have in your general fund budget this year can be designated and that will sit there until next year. You wouldn't be levying again for that \$25,000.00. It will be available next year. Fieldsend stated and we can budget for this next year. Randall stated it's a bummer that it's not going to happen this year. I know everybody wants it. I agree that it will be wonderful once it's there. We'll just have to go one more summer without it. Mikesh stated the Council will refer this issue back to staff and maybe we can come up with some better prices.

11. CITY ADMINISTRATOR COMMENTS: McKinney was not present.

12. DEPARTMENT HEAD UPDATES: Fieldsend stated the city hall remodel project is nearing completion. We will be moving back there shortly.

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

14. COMMENTS FROM COUNCIL: Stone stated I'd like to recognize the public works staff on their certificate of commendation for the wastewater treatment plant.

Rutherford stated we need some help on the Library Board and the city's HRA. We're short members on those boards. Hopefully, someone would step up and volunteer from the general public. They do have to live within town.

15. ADJOURNMENT: A motion was made by Rutherford, seconded by Stone, and unanimously carried to adjourn the meeting at 6:25 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk