

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
AUGUST 8, 2017, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The August 8th, 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, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Elizabeth Weffel from CGMC, Nancy Newman, Ben Koppelman, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Randall, seconded by Rutherford, and unanimously carried to approve the agenda with the following addition to the Consent Agenda: Item #6.8. Resolution to Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for the Hubbard First Response and Rescue.

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-July 25, 2017: A motion was made by Randall, seconded by Leckner, and unanimously carried to approve the July 25th, 2017, City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables & Prepaids: A motion was made by Randall, seconded by Stone, and unanimously carried to approve the payables in the amount of \$23,747.61, and the prepaids in the amount of \$295,983.15, for a total of \$319,730.76.

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

- 6.1. Approve Golf Cart/Class 2 ATV License to Operate on Park Rapids City Streets in 2017 for Butch DeLaHunt.

- 6.2. **Resolution #2017-126 Approve Wage Adjustment and Step Increase for Part Time Rapids Spirits Liquor Store Clerk Mark Fox.**
- 6.3. **Resolution #2017-127 Accepting the Resignation of Arts and Culture Advisory Commission Board Member Dawn Kast.**
- 6.4. **Approve Advertisement for the Current Open Committee Positions.**
- 6.5. **Approve the Purchase in the Amount of \$6,678.00 for 850 Square Feet of Clay Bricks from Flying W Gardens for the Brick Pathway in Pioneer Park.**
- 6.6. **Approve the Repair of the Public Works Dump Truck-Unit 16 by Darchuks Fabrication in the Amount of \$1,580.00.**
- 6.7. **Resolution #2017-128 Authorizing Sale of Excess City Property from the City of Park Rapids.**
- 6.8. **Resolution #2017-129 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for the Hubbard First Response and Rescue.**

END OF CONSENT AGENDA

7. COMMENTS FROM CITIZENS: There were no comments.

8. PLANNING:

8.1. Resolution to Approve a Conditional Use Permit to Establish a Storage Facility as a Principle Use in the B-1 Zoning District at 109 Larson Avenue, PID #32.26.00124: Mathisrud stated this is a request from CHI-St Joseph's to establish a storage facility/warehouse as a principle use in the B-1, Highway Business District. It is located at 109 Larson Avenue, which is across from the West Forty Restaurant. The applicant is requesting approval of a land division application for a lot split. They are hoping to establish a storage building as a principle use on a lot. Right now, there is currently a retail space as well as a warehouse behind it. The warehouse is considered an accessory use and in order to approve that application and make it a principle use we need to issue a conditional use permit. In reviewing this application, the site has a well that's abandoned and should be sealed in order to protect the city's drinking water supply and its management area. It also previously had a septic system on it and we're requesting evidence of the proper abandonment of that be provided.

Mathisrud stated the Planning Commission did review this request at a public hearing on July 24th, 2017, and they are recommending to the City Council to approve the application subject to the following three conditions, that the owner shall seal the existing well prior to the land division, the owner shall property abandon the existing septic system prior to land division, and that all survey monuments be properly set within six months.

Mathisrud requested questions or comments. There were none.

A motion was made by Rutherford, seconded by Stone, and unanimously carried to approve Resolution #2017-130 Approve a Conditional Use Permit to Establish a Storage Facility as a Principle Use in the B-1 Zoning District at 109 Larson Avenue, PID #32.26.00124.

9. GENERAL BUSINESS:

9.1. CGMC Legislative Update: Elizabeth Weffel, from the Coalition of Greater Minnesota Cities, stated we are now up to ninety cities throughout the State of Minnesota. We work on issues that affect Greater Minnesota, like property tax relief, local government aid (LGA), environmental regulation, transportation, economic development, and annexation and land use issues.

Weffel stated it was an interesting year. The election brought some changes. We went from a divided legislature to a legislature that was all GOP and a DFL governor. Last year the tax, bonding, and transportation bills failed. That's what we were facing going into the session, and the odd year is always the budget session. They had to do a budget before the end of the session. We had a lot of stuff to do this year.

Weffel stated we are trying to get LGA back up to the 2002 levels. We spent a lot of time working on trying to make sure we had a real bonding bill. We're seeing a real crisis in terms of getting enough water in terms of clean water programs as well as for economic development. We had some environmental regulatory reform we were working on as well as trying to get a good transportation package and some economic development priorities. Going into the session with LGA the failed tax bill had an increase last year. But we had to reintroduce it. We went back and forth at the legislature. It was a bumpy road. In the first tax bill that was passed there was a one-time increase. The problem with that is the way the formula works city governments would actually have ended up with less LGA because the formula worked in the out biennium. Thankfully that got vetoed. The final bill did include \$15 million for LGA. A decent result but not exactly what we were hoping for. The LGA appropriation has increased by \$108 million over the last five years. We also got some small fixes on LGA. For Park Rapids it inched up slightly, but we still haven't gotten you back to that 2002 level. That is something that we are working on. The formula was adopted several years ago on a bipartisan basis. We are looking at the formula to see if there are some tweaks we can make for some of the cities in the Coalition. Overall what we are hoping for is to get that added \$45 million to get back up to the 2002 level, because it would benefit all cities including Park Rapids.

Weffel stated we pushed really hard on the bonding bill. I don't know where you are at with having to redo your waste water/sewer, but over the next twenty years there's about \$5 to \$10 million more projected need throughout the state. Whether it's having to redo your system or having to face new requirements the bill that our state is facing is

significant. We've been pushing hard for reform and to put new money in because our cities simply can't afford it. We introduced a bill that paralleled what the governor was pushing for, \$167 million in bonding. We also introduced \$15 million for the BDPI Program. That's a program that we helped to create twenty years ago, the Business Development Grant Program. That's a program exclusively for grants for Minnesota that almost all of our cities have used at one time or another.

Weffel stated it took a long time to get the bonding bill going. The Senate was ready with a bill at the beginning of the session, but the House didn't move so fast. We didn't see a bonding bill until the close of session. It did pass. It was a decent sized bonding bill. We did see some money, almost \$1 billion. There was still some need out there. They put \$117 million into water infrastructure, \$12 million into BDPI, and then a number of local projects around the state. With that money for water infrastructure, we were hoping for \$167 million because of that long-term need. It was about \$50 million shy of that, however that was the largest package for water infrastructure we have seen at the legislature, and we will continue to push that. If you don't need it this year, you are going to in the next five or ten years. It is one of the most significant impacts our cities are facing.

Weffel stated everybody wanted to do something about transportation, yet nobody agreed on a solution for it. The governor initially pushed for more revenue, the house and senate wanted to spend the surplus in bonding on roads. The governor gave up really early on what he wanted to do so that actually took the new revenue off the table. We helped create a program for smaller cities under 5,000 two years ago. We wanted to see that funding increased as well as a program that would help larger cities. At the Coalition, we have a range of cities, but what we are seeing is that our cities really need help keeping the potholes repaired and addressing other major issues within their cities. It also raised questions about using general funds for transportation. It is something that concerns us. There was a big transportation bill. We saw a lot of the funding for that come out of the general fund. That does cause us some long-term concerns. We think it will have an impact on the long-term deficit. There is also money in one-time construction bonds and cash for Corridors of Commerce. There was money put into the small cities program for the cities under 5,000, about \$8 million a year, but nothing in there for cities over 5,000. We did get some money put into transportation, we didn't see what we wanted, especially on the cities' street program.

Weffel stated we continue to work on regulatory reform in the environment program. We're trying to improve some of the science for water quality as well as trying to make it so our cities have more time to review draft permits and the impaired waters list. That's been a challenge for our cities. The bills wound their way through the legislature and senate. We went through multiple hearings. We did get it introduced into the house environmental bill. We had thirteen meetings total with the governor's office and the commissioner of the MPCA. We made a little progress but not as much as we would have liked. A couple of our proposals were adopted but not all of them.

Weffel stated on economic development we were able to help with getting a new TIF district authorized as well as \$2 million in grants. We still think that's not the final solution on workforce housing but we're hoping that the grant program will help demonstrate the need and then we can build on that in the future. We saw increased funding for the job creation fund as well as the Minnesota Investment Fund. It will impact main street cities like Park Rapids with the change on commercial and industrial property

taxes. In addition to paying all your city and county property taxes, commercial and industrial properties pay a statewide business property tax. A couple of years ago there was a proposal out there to eliminate that tax completely as business property relief. The problem with that is it creates a huge whole in the state budget, and the majority of the benefit goes to very large property development in the metro area. What we proposed was creating an exemption of up to \$100,000.00 for the state commercial/industrial tax. What that does is add some relief to your main street businesses. So, the first \$100,000.00 of their property is not taxed for that. It's about \$700.00 to \$800.00 per business. That's some nice tax relief. Plus, some additional money went into broadband.

Weffel stated there are choppy waters ahead. We have concerns about what it will look like long term with the transportation and tax bills. It could create deficits in the future. There's not a lot of error in the state budget. None of us are fortune tellers, but we are watching it closely. We have seen current tax collections trend down since the original February forecast on which the budget was based. The state right now is continuing to maintain a healthy budget reserve, but if you look at our chart, we had a big budget reserve going into this session, by the end of the session it wasn't quite as big, but the way the transportation and tax bills were structured a lot of the increased spending and tax cuts really hit in the out bienniums. We could be looking at a budget deficit going forward. In 2002 or 2004, both parties decided in an election year to pull inflation out of the budget forecast. So, we were seeing budget forecasts that included inflation on the income side, but not on the expense side. So, you don't always get a true picture of what your expenses are going to look like in the out year. If you look at the state budget, after the session, we are looking at a potential structural deficit in our out years. We have seen some declines in revenue in March, April, and May, but there was an uptick in June. I don't want to be too gloomy here but it is something we really need to watch. We have seen in the past, which can be a decent predictor of what will happen at the legislature, but when there are structural deficits like that the things that they tend to go after are programs like LGA, county aid, things that help our local governments. That's what worries us. It will be a huge topic for us going into the legislative session. We have a governor's race next year and we will be sending out invitations to all the gubernatorial candidates and we'll be trying to sit down with all of them from both sides to talk to them about these issues. The legislators, the current and the future governors need to be paying attention to this, because over the long course of history we run a pretty good budget and we think it's important to get back to that.

Weffel stated we learned this session that even a divided government we saw that there are things that we can get done but it does take a lot more work. The environmental issues were an example. It went through a lot of hearings and time. And city leader involvement is crucial. Over the last eighteen months our cities have been stepping up. Everyone has been reaching out to their legislators and it's been making a difference in terms of what we are able to move forward. The next session is short. It starts in February. We are hoping they will get back on track with the bonding schedule by doing a big capital investment bill. Those big bills are supposed to happen in the even years, but the 2016 bill got pushed to 2017. The challenges are nothing has to get done this year. We're also watching closely to see if we have a deficit or things could get rosy and we could be looking at a supplemental budget. A complication is that it will be an election year. When

you have that many people at the legislature ready for re-election or to get to higher office strange things can happen.

Weffel stated our upcoming events include our Fall Conference in Alexandria. That's where we really talk in depth about what we will be doing at the legislature. Our most popular event of the year in St. Paul is Legislation Action Day. We usually have over one-hundred people attend. Our summer conference next year will be in Mankato. If you're available, put it on your calendar, we'd love to have you. This works because we have great members like you across the state and active involvement is really what enables us to get things done. So, we thank you very much. The Council thanked Weffel for her presentation.

10. CITY ADMINISTRATOR COMMENTS: Administrator McKinney was not present.

11. DEPARTMENT HEAD UPDATES: Mathisrud stated we are still issuing quite a few building permits. We're at \$16 million for the year, which includes eight new houses. The Chamber of Commerce is in the process of leading a community branding initiative. They have a consultant in town. On Thursday, there is going to be a meeting at Northwoods Bank. All of the Council has been invited to that.

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

13. COMMENTS FROM COUNCIL: Mikesch thanked staff for their work on the budget. Staff has to realize what they need and what they want, and to separate the two. It's a long drawn out process, but we are getting there.

14. ADJOURNMENT: A motion was made by Stone, seconded by Leckner, and unanimously carried to adjourn the meeting at 6:24 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk