

**CITY OF PARK RAPIDS  
CITY COUNCIL MEETING  
NOVEMBER 27, 2018, 6:00 PM  
Park Rapids City Hall Council Chambers  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** The November 27<sup>th</sup>, 2018, Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Acting Mayor Erika Randall, and the Pledge of Allegiance was recited.

**2. ROLL CALL:** Present: Acting Mayor Erika Randall, and Councilmembers Tom Conway and Ryan Leckner. Absent: Mayor Pat Mikesh and Councilmember Liz Stone. Staff Present: Administrator John McKinney, Public Facilities Superintendent Chris Fieldsend, Police Chief Jeff Appel, Treasurer Angela Brumbaugh, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Sue Tomte, Rod Nordberg, Tom Petschl, Cynthia Jones, Minnesota Municipal Beverage Association President Chris Arnold, Nancy Newman, and Robin Fish from the Enterprise.

**3. APPROVAL OF AGENDA:** A motion was made by Conway, seconded by Leckner, and unanimously carried to approve the agenda as presented. Additional information was presented for Item #9.2.

**4. PUBLIC HEARING FOR THE 2019 to 2023 CAPITAL IMPROVEMENT PLAN:**

A motion was made by Conway, seconded by Leckner, and unanimously carried to open the public hearing at 6:01 p.m.

**4.1. Presentation of the 2019 to 2023 Capital Improvement Plan:**

Treasurer Angela Brumbaugh stated the capital improvement plan (CIP) is a tool for the city to use to figure out the scheduling, planning, and financing of construction projects and major equipment purchases. Staff gets together, they look at what they feel the city needs regarding projects, a piece of equipment, or a park that needs improving. They put together a list of those things. After they have done their part of it, the Finance Committee looks at it. They ask questions and make changes. Then it goes to the City Council. There are quite a few steps before it gets to the public hearing.

Brumbaugh stated the CIP is not cast in stone. No matter what is on there it can be changed. This is our guideline, but that doesn't mean just because something is on there listed in a certain year that doesn't mean it's going to happen. The Council can change it anytime they wish. We have a five plus year CIP. We look at five years and then the stuff that we have out farther, which we know that we want to do but haven't determined which year to do it in.

Brumbaugh stated for 2019 to 2023 we have \$14.5 million worth of projects and/or purchases. It's broken out into a departmental summary, which includes every department that we have and the enterprise funds. In five years, the airport has 16% of the CIP budget. For the airport we have to do a separate CIP. It looks high but it's a tool that helps us with airport funding. That means that everything on the airport CIP is not going to be done. The projects are contingent upon grant funding.

Brumbaugh stated in 2019 we have a total of \$3.3 million listed in the CIP. There is some additional possible funding for the airport going on right now. The airport projects are listed at \$1 million. We have to list projects in order to get an opportunity to get that grant funding. The projects are dependent on funding. The Highway 71 bonded project is in the works right now. We will be doing some bonding in the future for that project. Some of the projects listed get paid for from different funds, like the heated storage building. It can be paid out of the general fund, or enterprise funds, or from liquor reserves.

Brumbaugh stated in 2020 the total is \$5. million. There are projects in each year. In 2020 it's Fair, Stevens, and Front Avenues. When we get closer to that, the Council will determine if they feel they are ready to do another project based on our financials.

Brumbaugh stated in 2021 the total is just shy of \$3 million. The construction of a new liquor store building has been moved around. We talked about building a new liquor store in the past. It's been pushed out. It's listed in 2021. Also, we have a project for Franklin, Grove, and King Streets. There are some improvements for Deane Park. They are looking at a new gazebo. It would take a lot more money than what we have listed here. It would take a few years to save up for that.

Brumbaugh stated in 2022 the total is \$2.7 million. Second Street, Fourth Street and the adjacent alleys are the largest expense listed. The breathing gear is for the fire department. They are working on a grant for that, yet we still list it because it would be an asset for the city.

Brumbaugh stated our last year of the CIP is 2023. As we move along the yearly totals go down. In 2023, the total is \$122,500.00, which includes Deane Park Improvements, replacement of the HVAC system for the library, and a police squad car.

Brumbaugh stated the unallocated projects and equipment have a much larger total of \$16.5 million. It includes anything that we think maybe in the future we may need. It gives us an idea of what we have coming up. Having a CIP also helps us when it's time to take out a bond. We will have a better bond rating and higher points because we're looking towards the future.

Brumbaugh stated our CIP covers so many different parts of our budget. Enterprise funds, the general fund, and the liquor store funds. When we're looking at how much money we are going to spend on equipment, we look to see how the liquor store is doing. We've noticed that we are showing less revenue in the end. We have had a negative change in net position. We have expended more with our transfers than what the liquor store has made. We took that into consideration we when did our CIP this year. We cut back on how much we are going to take out of the liquor store in the future years. We look at what is the effect on the liquor reserves. From 2019 to 2023, it's approximately \$2 million, and then we break it up to see where it would be expended. 2021 is really high because a new liquor store is listed for that year.

Brumbaugh stated we also looked at where the liquor reserves have been transferred to. In the last fifteen years, from 2003 to 2017, we've expended \$3.3 million out

of the liquor store. All of the city departments have benefited from the liquor store at one time or another. If you calculate that out, it's approximately 7% of your levy. So, by having the liquor store and its revenue it actually saves the taxpayer a huge amount of money. We have listed everything that we spent the liquor store reserves on, from police squads to public works equipment, to playground equipment, to library building repairs.

Brumbaugh stated each year the Council evaluates the bond levy payments. The bond repayments are levied against the city's properties, like the general levy is. The current levy for 2019 is \$711,505.00. Even if we don't add anymore projects, the levy will continue to rise until 2024 when it drops back down to \$718,890.00. That decrease is because one of the bonds will be paid off. This graph helps the Council to decide if another project is done, how will that effect the bond levy, and can we afford it. Right now, we have \$9 million listed for street/utility projects in the first five years of the CIP. The Council will have to decide whether or not to proceed with those projects.

Brumbaugh stated the bonded projects that have been completed since 2001 included many areas of the city. The city has almost \$83 million in assets that have been accomplished through the CIP. Any time we do a project those assets get split. If it's a water/sewer/street project the amount is divided proportionally between the appropriate departments.

**4.2. Public Comments:** Brumbaugh requested questions or comments.

Rod Nordberg questioned how do you value the total assets? Is that depreciated? Brumbaugh stated our total assets are depreciated because we have to because it's really no different than a business. Our assets in the general fund are actually in a different fund so it's not like you're setting money aside. In the enterprise funds the audit will show the difference between how much of the assets we're funding and how much we are not. We have a depreciation schedule, so maybe a truck is five years, but a road is twenty-five years. Nordberg questioned what about the buildings? Is it the selling price? Brumbaugh stated all of our assets are put in at the price of when we get it, unless it's older then we'll use the market value at the time.

Nordberg stated I have a suggestion on your second slide and it relates to the Council's policy. Before the numbers get to the Finance Committee, I recall that they are mostly generated by staff. I wonder if there could also be consideration to allow, request, or solicit input from the various city boards. Brumbaugh stated they can already do that. I didn't say that, but the boards do give recommendations on what they are interested in doing. Fieldsend works with the Parks Board and they place their items in order of importance. Boards do have some input also.

Randall requested any further comments. There were none.

**A motion was made by Leckner, seconded by Conway, and unanimously carried to close the public hearing at 6:20 p.m.**

**4.3. Resolution Ratifying Approval of the 2019 to 2023 Capital Improvement Plan for the City of Park Rapids: A motion was made by Conway, seconded by Randall, and unanimously carried to approve Resolution #2018-169 Ratifying Approval of the 2019 to 2023 Capital Improvement Plan for the City of Park Rapids.**

**5. APPROVAL OF MINUTES:**

**5.1. City Council Canvass Board Meeting Minutes- November 13, 2018:**

A motion was made by Conway, seconded by Leckner, and unanimously carried to approve the November 13<sup>th</sup>, 2018, City Council Canvass Board Meeting minutes as presented.

**5.2. City Council Regular Meeting Minutes-November 13, 2018: A**

motion was made by Leckner, seconded by Conway, and unanimously carried to approve the November 13<sup>th</sup>, 2018, City Council Regular Meeting minutes as presented.

**6. FINANCE:**

**6.1. Payables & Prepaids:** A motion was made by Randall, seconded by Conway, and unanimously carried to approve the payables in the amount of \$8,233.66, and the prepaids in the amount of \$85,706.43, for a total of \$93,940.09.

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

- 7.1. Approve Plumber's Permit to Work in the City of Park Rapids in 2018 for Seaberg Heating Inc.
- 7.2. UTILITY BILLING: Approve a Credit in the Amount of \$152.39 for a Portion of Sewer Charges for the 2018 Third Quarter Billing for Steve and Debbie Lindeman at 600 Lake Avenue, Account #01-00060000-00-9, PID #32.47.00800.
- 7.3. Resolution #2018-170 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for the Park Rapids Wrestling Club Inc.
- 7.4. Approve Purchase in the Amount of \$2,320.04 from Law Enforcement Technology Group for Cisco WAP121-N Access Point Barcode Scanning Software, Records-Property and Evidence Barcode Scanner Package, plus an additional \$100.00 for labor for the installation, for the Park Rapids Police Department.
- 7.5. Resolution #2018-171 Accepting the Resignation of Part Time Rapids Spirits Liquor Store Clerk Kathleen Merfeld.

**END OF CONSENT AGENDA**

**8. COMMENTS FROM CITIZENS:** There were no comments.

**9. GENERAL BUSINESS:**

**9.1. Legislation to Allow Strong Beer, Wine, and Spirits in Grocery and Convenience Stores:** Liquor Store Manager Scott Olson stated this is something that is important to our operation. There may be possible legislation this year to allow strong beer, wine, and spirits in grocery and convenience stores. The President of the Minnesota Municipal Beverage Association, Chris Arnold, is here to answer any questions you might have about it.

Chris Arnold stated last year at the end of the legislative session there were two bills that were proposed, one in the house, and one in the senate. They were only hearings for informational purposes about alcohol in grocery and convenience stores. This is the first time that our association has decided to take a stance. We don't know if these bills will be introduced next year or not, but our goal is to have these resolutions in hand so that if it does happen in January we can go right to the senators and house representatives and hand them the stack of resolutions to say that these cities are against this legislation. It is not just the cities with municipal liquor stores. The League of Minnesota Cities is also behind this and working on different projects to get non-municipal cities on board.

Arnold stated the example resolutions that you have before you are from Bagley, Thief River, and Bemidji. They state that cities are concerned about lost revenues and/or health and safety concerns. After prohibition exclusive liquor stores were to control the sale of alcohol, which we still do in our communities.

Arnold requested comments or questions. There were none. He thanked the Council for their time.

Tomte questioned who is bringing this legislation forward? Arnold stated the legislation that was brought forward at the last session was introduced by the grocer's association and the convenience store's association. Under Minnesota statute right now groceries and convenience stores are allowed to sell alcohol. They just have to have a separate entrance, yet can be attached to their main building. It's a control issue. The system we have works, but what was proposed is to allow it inside the main grocery aisles and to be able to pick up liquor with their chips and pop. We feel it's better controlled in a separate building. It's a health and safety issue. You won't have individuals introduced to the product with the temptation to purchase.

Randall thanked Arnold for the information. **A motion was made by Conway, seconded by Randall, and unanimously carried to refer this issue to staff to prepare a resolution in opposition to the sale of strong beer, wine, and spirits in grocery and convenience stores.**

**9.2. City Hall Security Door Access:** Chris Fieldsend stated we've been looking at fob or key access to several of our buildings for several years. It's been on the CIP and in the budget for three years. We're at a point where the buildings are pretty much done. We have some of the hardware in place. We've decided to move forward with the

city hall building because it's the smallest one. It will be the main area where we will program everything for all of the other buildings. I solicited bids to do the rest of the installation on city hall. I received one bid back out of the four I sent out. The quote is \$10,975.00 from Lee Davis Electric. There will be a master server here and a computer at each building.

Conway questioned does the quote include what type of fob or badge they are going to use? Fieldsend stated you can use a fob or a badge. It depends on what's compatible. It's a magnetic media with a number.

Randall questioned with only getting one bid back is this what you anticipated? Fieldsend stated I know everyone is busy. Lee Davis did the system at the court house so I knew that they would bid and this system is similar to what they have over there. It's a little bit high, but not much.

Brumbaugh stated we had \$10,000.00 in the CIP in previous years, which means that the money actually went in our reserves. We will not be using any other areas of funding because it's already in the general fund reserves. Fieldsend stated the \$975.00 would come out of our current budget.

Randall stated I understand getting one done to see how it goes but would it make sense to get all the buildings done under one bid? Fieldsend stated we certainly can. I wouldn't count on any of these contractors bidding because they didn't bid on this. Randall stated I'm wondering if it would save us money to do them all and get them all done instead of doing it piecemeal. Fieldsend stated in my opinion I'd like to get this one done and then we can bid the other two together. I'd like to get this setup and get all the kinks worked out.

Conway questioned is there any possibility that if we put them all together in one bid you would attract different bidders because of the size of the bid. Fieldsend answered possibly. We would go out farther than this. We'd have to do different steps depending on the price. Randall stated I'd like to see it all bid out at the same time and get it all done. I get about working the kinks out, but these systems are pretty commonplace these days. Everybody is using these for their entrances. I wanted to see this done at the fire hall three years ago. That is the building that we need done the most in my opinion. I'd like to see it bid out altogether. I think we'll save money if we get one bid for all three.

Leckner questioned there are different steps if we rebid this? Fieldsend stated the initial bid for the overall system was \$60,000.00. That was a while ago so it may be more now. Conway questioned what is your logic for separately bidding this one out? Fieldsend stated so I could work the kinks out. Once this one works, I know I can make the other ones work easier. They talk to the main computer once you're done. Once this one is setup, it's easy to make the other ones talk to this one. Your main server would be set up and ready to go.

Conway stated you're going to have all three buildings connected to the same system. So, if we bid one out separately, then wouldn't the contractor who put in the system have us over the barrel for the other two? Fieldsend stated this system is made by a company and they would provide the software for the rest of them. All of the hardware would be from the same company. Leckner stated so it's the installation of the hardware that you are getting the bids for. Fieldsend stated yes. I looked at separating the hardware out but I didn't think that would save us money by buying the hardware and having someone else install it.

Randall questioned you said you had a bid for \$60,000.00? Fieldsend stated that was an estimate. We used \$40,000.00 originally, but we increased that. We weren't sure what we were going to do. That was for a high tier system. It's going to be at \$60,000.00 now. Brumbaugh stated we actually had a total of \$50,000.00 budgeted. We did \$10,000.00 and added an additional \$40,000.00. We had \$10,000.00 that we were carrying over, and \$40,000.00 in 2019. We have \$50,000.00 to work with. Fieldsend stated as part of the budgeting, a fund for repairs will be used for the public safety building.

Brumbaugh stated we'll have to go out for bids because of the amount. When it's smaller we can just ask for quotes. But through the bidding process, more people may see the advertisement and that might bring in other bidders too. Leckner questioned would we have to do engineering? With a bid you'll have to do some specifications. That will be an expense. Fieldsend stated some of the hardware, the wiring, was done for the city hall building, which was done by the architect. But the hardware you use to control the doors was not put in. Some hardware was also included in the fire hall remodel.

McKinney stated we were looking for direction. The original plan was to enter into a contract with these people. If you want to do something else, plans and specs would have to be approved and then you'll go out for bids. It might be wise to have a deduct, to get the bid as a total and then see if we want to go with just a single project.

**A motion was made by Conway, seconded by Randall, and unanimously carried to refer to staff the security door access system, and for staff to look at bidding all the buildings as a whole.**

**10. CITY ADMINISTRATOR COMMENTS:** McKinney stated we are approaching the end of the year with one more Council meeting on December 11<sup>th</sup>. If there is anything you can think of you want done in this year let us know. You'll be starting with committee assignments soon for next year. Think about what you want to do.

**11. DEPARTMENT HEAD UPDATES:** Brumbaugh stated the Truth in Taxation hearing will be at the next Council meeting.

Fieldsend stated I'd like to recognize Stephanie Pasternak. She was included in a tree newsletter, which comes out four times a year. She did an article on city trees. We're almost done with the installation of the monitors and microphones here at city hall. Are they working for you? Randall stated it was nice to look at the screen during the presentation.

Olson stated October sales were up, and as of today, November sales are looking positive.

Appel stated Sergeant Gilmore and K-9 Jet have graduated from their training on Wednesday and are now certified. They were already out at the schools today patrolling. McKinney stated thank him for his time. He spent a long time away from his home.

**12. COMMENTS FROM COUNCIL:** Conway stated we should acknowledge the Leadership Council for supporting the K-9 program and all of the work that they put into it.

**13. ADJOURNMENT: A motion was made by Conway, seconded by Randall, and unanimously carried to adjourn the meeting at 7:40 p.m.**

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Acting Mayor Erika Randall

ATTEST:

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Margie M. Vik  
City Clerk