

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
JANUARY 22, 2019, 6:00 PM
Park Rapids City Hall Council Chambers
Park Rapids, Minnesota**

1. CALL TO ORDER: The January 22nd, 2019, Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Ryan Leckner, and the Pledge of Allegiance was recited.

2. ROLL CALL: Present: Mayor Ryan Leckner, Councilmembers Tom Conway, Erika Randall, and Liz Stone. Absent: None. Staff Present: Administrator John McKinney, Police Chief Jeff Appel, Liquor Store Manager Scott Olson, Fire Chief Terry Long, Public Facilities Superintendent Chris Fieldsend, Planner Andrew Mack, Treasurer Angela Brumbaugh, and Clerk Margie Vik. Others Present: Char Christensen, Robert Wills, Tom and Gail Petschl, Nancy Newman, Jon Olson, Lynette McFarren, Rob Swanson, Cynthia Jones, Mary Thompson, Charlie Kellner, and Robin Fish from the Enterprise.

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

4. APPOINTMENT OF COUNCILMEMBER:

4.1. Letters of Interest: Mayor Leckner requested each candidate introduce themselves to the Council.

A. Tim Little: Was not present.

B. Lynette McFarren: McFarren stated I'm interested in running for the open City Council position. I've been a business person in Minnesota and North Dakota over the past forty-seven years. I'm back in Park Rapids five years ago. I was born and raised here. My family has a lot of heritage here. I'm interested in carrying on some of that.

C. Thomas G. Petschl: Petschl stated I'm requested to be seated on the Park Rapids City Council. You all know me. I've proven my willingness to work for the citizens of Park Rapids. I'm on the Planning Commission with Liz Stone, the Library Board and the HRA Board with Tom Conway, and previously with Leckner on the Park Board. I also worked on the golf cart ordinance committee with Butch DeLaHunt. This year I worked with the League of Women Voters assembling questions for the candidate forums. I do attend some City Council meetings. I feel my next step would be to be on the City Council.

D. Robb Swanson: Swanson stated I moved here in 2004. I'm the owner of Zorbazs in Park Rapids. My wife is Sara Swanson. She is a partner at Thomason, Swanson, and Zahn. We have three daughters, a six-month-old, a four-year-old, and a seven-year-old. I've been here about fifteen years. The reason I'm interested, and have put my name in the hat, is I feel I bring some qualifications that would really help the city, and I want to serve. I see the pride that Park Rapids city members have. My father-in-law being one of them. He is so proud of this town, and knowing that my girls are going to grow up here, I'd like to carry that on.

E. Robert Wills: Wills stated thank you for the opportunity to be considered for this position. You have had the chance to review my cover letter and resume. I bring some talents, character traits, and background that I think would serve the Council and the City of Park Rapids. Being a permanent resident for the last four years, with my wife, I've also been a business owner for the last twelve years, owning Beagle and Wolff Books. Second, I have experience with respect to Council meetings. On numerous occasions I was a spokesperson for an environmental remediation company that employed me and made various city meetings throughout Minnesota for approval of a process that we used to remediate soils. Often, we would wait three hours for the new business to begin so we could begin to talk. Fortunately, you have a better procedure for that. These meetings that I attended varied from civil to near mayhem, so I shied away from politics for years. So why do you want to add me to the Council? Being retired I have the time to devote to the work that is going to come. I like helping people. This should be obvious with my interactions with the food shelf. I'm a good listener and an advisor. Even though I left academia three years ago I still get calls from students asking for advice. Each one requires a unique solution to their problem. I have a broad background from biology to engineering from the times that I taught and the times that I've been in industry. Why am I doing this? The support and encouragement from folks in the community have convinced me that I could be of service to the town, and I think that this sounds interesting.

4.2. Resolution Appointing a Councilmember for the City of Park Rapids: Conway stated I'd like to thank everyone that applied. The fact that you are expressing interest in this shows that you are interested in your community and you're willing to put in the work. Thank you for doing it, it's very much appreciated. Whoever gets elected tonight, understand that it's because we feel we need to do the best for the community. It's not to say anything against any one individual. It's going to be a tough decision. **A motion was made by Conway to approve Resolution #2019-26 Appointing Robert Wills as Councilmember for the City of Park Rapids.**

Discussion: Conway stated given Wills background and experience, I think he has a lot to offer. Four out of the five have been in personal contact with me through the course of this. I have been approached by citizens on behalf of every single person who has applied. None of you are without support.

Leckner stated I think there are great candidates here. We're lucky to have people who are willing to serve the city.

**The motion was seconded by Stone.
The vote was called.**

The motion carried unanimously.

Further Discussion: Leckner thanked all the candidates for coming in. Randall stated it was great to have a large number of very qualified applicants, so thank you. Stone stated I admire all of you for wanting to step up. I appreciate the number of calls and input that I got for each and every one of you from our community members. It didn't go unnoticed. We really appreciate that.

4.3. Oath of Office for Newly Appointed Councilmember: City Clerk Vik administered the oath of office to Robert Wills, and he was seated as the newest Councilmember for the City of Park Rapids.

5. APPROVAL OF MINUTES:

5.1. City Council Regular Meeting Minutes-January 8, 2019: A motion was made by Stone, seconded by Randall, and unanimously carried to approve the January 8th, 2019, City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Payables & Prepaids: A motion was made by Stone, seconded by Conway, and unanimously carried to approve the payables in the amount of \$33,615.24, and the prepaids in the amount of \$118,027.82, for a total of \$151,643.06.

7. CONSENT AGENDA: Randall removed Items 7.15. and 7.16. from the consent agenda. **A motion was made by Conway, seconded by Wills, and unanimously carried to approve the following consent agenda items:**

- 7.1. Resolution #2019-27 Approve Temporary On-Sale Liquor Licenses for Park Rapids Community Development Corporation in the City of Park Rapids.**
- 7.2. Approve Park Rapids City Local Board of Appeal and Equalization Meeting for April 10th, 2019, at 10:00 a.m. to be held in the City Council Chambers at 212 Second Street West.**
- 7.3. Resolution #2019-28 Re-Appointing Ruth Ann Campton to Serve on the Parks and Beautification Board for the City of Park Rapids.**
- 7.4. Resolution #2019-29 Appointing Laurie Conzemius to Serve on the Park Rapids Library Board for the City of Park Rapids.**
- 7.5. Approve Advertisement for the Current Open City Committee Positions.**

- 7.6. **Approve Pay Request in the Amount of \$1,500.00 for Revise LLC for the 2019 Annual Subscription Service for the City's Website.**
- 7.7. **Approve Plumber's Permit to Work in the City of Park Rapids in 2019 for Ecowater Systems, Rasmussen Plumbing Inc, Tim Ulvin Plumbing Inc, and Hass Geosystems Inc.**
- 7.8. **Approve Backhoe Operator's Licenses to Work in the City of Park Rapids in 2019 for Thelen's Excavating Inc, and Racer Construction Inc.**
- 7.9. **Approve Repairs to the Front Entrance Door at Rapids Spirits in the Amount of \$1,490.00 by Vaneps Construction.**
- 7.10. **UTILITY BILLING: Approve Credit in the Amount of \$139.35 for the Sewer Portion of the 2018 Fourth Quarter Billing for Mid-Soda Enterprises, at 701 Riverside Avenue, Account #02-00070100-00-0, PID #32.45.52600.**
- 7.11. **UTILITY BILLING: Approve Waiving Interest Charges on the 2018 Fourth Quarter Billing, until the past due amount is paid in full, if monthly payments are not received on time interest will be applied to the remainder of the bill, for Mid-Soda Enterprises, at 701 Riverside Avenue, Account #02-00070100-00-0, PID #32.45.52600.**
- 7.12. **Resolution #2019-30 Ratifying Park Rapids Fire Department Officers for the City of Park Rapids.**
- 7.13. **Resolution #2019-31 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.**
- 7.14. **Approve Purchase in the Amount of \$700.00 for a Flat Screen Television and the Wall Mounting Bracket for the Conference Room in the Public Works/Safety Building.**
- 7.15. *Removed from the consent agenda.*
- 7.16. *Removed from the consent agenda.*
- 7.17. **Approve Pay Request in the Amount of \$9,597.91 to Minnesota Public Facilities Authority for Bond Payments on the Water Treatment Facility and the Water Tower.**

- 7.18. **Approve Pay Request in the Amount of \$36,726.98 to BHH Partners for Architectural Services for the City Hall – Phase Two Remodel Project.**
- 7.19. **Approve Pay Request in the Amount of \$3,500.00 to Paul Bunyan Task Force for the Park Rapids Police Department 2019 Membership Fees.**
- 7.20. **Approve Pay Request in the Amount of \$5,945.00 to Lexipol for the Policy Manual Update Subscription Service for the Park Rapids Police Department.**
- 7.21. **Approve Pay Request in the Amount of \$20,000.00 to SLL Inc. for Professional Services for the First Half of the City’s 2019 Property Tax Evaluations.**
- 7.22. **Resolution #2019-32 Accepting Contracting Work by Haataja Construction Inc for the City Hall – Phase Two Remodel Project.**
- 7.23. **Approve Final Pay Request in the Amount of \$18,826.40 to Haataja Construction Inc. for Professional Services for the City Hall – Phase Two Remodel Project.**
- 7.24. **Resolution #2019-33 Authorizing Proper City Officials to Execute the Grant Contract No.144779 by and between the Minnesota Department of Natural Resources and the City of Park Rapids.**
- 7.25. **Resolution #2019-34 Authorizing Proper City Officials to Execute the Paperwork Associated with the Mutual Aid Agreements for the City of Park Rapids.**

END OF CONSENT AGENDA

7.15. Resolution Approving Wage Adjustment for Full Time Park Rapids

Police Chief Jeffrey Appel: Randall stated I am in support of this resolution; however, I’m going to amend the resolution to include the wage increase from \$36.55 to \$39.23 per hour, effective retro-active to January 1st, 2018. Then the standard 2% increase from \$39.23 to \$40.01 to be in effective from January 1st, 2019. That is an automatic pay increase that all of the city employees received.

Randall stated the background to this is the Finance Committee and the Council last year did approve this increase in 2018 for the 2018 budget. We were unable to make it work last year with the pay equity issue, it just never went into effect. So that money was approved for 2018. I think it’s only fair to make this retro-active to 2018. We said we were going to do it, we were unable to accomplish it. When Chief Appel was hired this was in the discussion at the time. He was hired this the understanding that we were going to address the salary for the police chief. Prior to posting that job there was no action taken

on the pay scale. After reviewing it we were already into the hiring process and we found that it was on the lower end. We felt that it needed adjusting. It has been in the works and discussion ever since we were in negotiations with Chief Appel. From my personal experience on the Council and also working with the Park Rapids Police Department every day he is doing a phenomenal job with our police department. We are very fortunate to have Chief Appel.

A motion was made by Randall, seconded by Conway, and unanimously carried to approve Resolution #2019-35 Approving Wage Adjustment for Full Time Park Rapids Police Chief Jeffrey Appel.

Discussion: Conway stated when the Personnel Committee met and recommended the pay increase, it never dawned on us that there was history that it should go retroactive. I'm in full support of this motion to retro back to 2018.

7.16. Approve Pay Request in the Amount of \$3,210.00 for Ron Dick d.b.a. Municipal Inspections for Professional Services for Inspections at the Middle School Apartments: Randall stated I'm asking that this be referred back to staff. I was involved with this process from the very beginning when we had the initial issues over at the Middle School Apartments. I did ask staff for information about this bill today. There was never a verbal or written contract with Mr. Dick to pay additional wages on top of what the city was already paying him. I'm asking that this be referred back to staff to look into this a little further. I did review the initial emails that I received from our attorney as well. That didn't discuss any additional payment to Mr. Dick. It only gave us an outline of how to handle the whole situation. I don't know that this payment is warranted, and my concern is I don't know if there is any avenue or authority to recoup this from the property owner if we do pay this bill.

A motion was made by Randall, seconded by Conway, and unanimously carried to refer to staff for further information, the pay request in the amount of \$3,210.00 for Ron Dick d.b.a. Municipal Inspections for Professional Services for Inspections at the Middle School Apartments.

8. COMMENTS FROM CITIZENS: There were no comments.

9. PLANNING:

9.1. Resolution Authorizing Cooperation with the Headwaters Regional Development Commission (HRDC) and the City of Park Rapids, Minnesota, for Community-Wide Application to the Minnesota Pollution Control Agency (MPCA) for a Brownfields Environmental Assessment Grant: Andrew Mack stated for your consideration is a request to authorize a multi-jurisdictional partnership grant application with the Headwaters Regional Development Commission (HRDC), for what's being referred to as a community-wide MPCA Brownfields environmental assessment. I've been in contact with the HRDC office. They are working with the City of Park Rapids as well as Bemidji, Bagley, and the Red Lake Nation. There is an opportunity for two to three sites within our community that would be eligible for phase one of environmental assessment

work. Should we be able to identify some specific sites that the owners would be interested in receiving grant assistance from the community for this type of environmental assessment work. Those sites have not been identified at this point. I've been reviewing potential sites and considering what might make sense. I'm new here so I don't have a really good handle on this. Any input would be appreciated of property owners I should consider contacting. That isn't part of the original grant application. The application is due at the end of January. The grant total is for \$600,000.00 amongst all four communities. I'm recommending approval of this resolution.

Conway questioned this is all being done on private property? Mack stated it could be public property if we had land that we wanted to do that analysis on. There are communities that can voluntarily enter into environmental assessments on lands that are being considered for redevelopment. I don't know if we have anything like that.

Conway questioned if we do an environmental assessment and if any contamination is found, is there any liability that might come back to the city? Mack stated once environmental phase work is done it becomes part of the public record. There are multi-agencies that are involved with that, the MPCA in particular. I'm not an attorney but I would suggest if you start going down this path, it's for someone interested in addressing and solving a pollution problem in the soil to make it ready for redevelopment. It's a very common thing in financing today for properties with any known prior contamination potential.

Conway stated I'm trying to determine the cons versus the pros of saying okay to this. I don't want to do something that is going to open up a can of worms and create liability to the city, unless we have something to gain by doing this. Mack stated this wouldn't specifically identify a site. We may be part of the grant, but we may not have any eligible sites. Then the funding would go to the other communities that are partnering in this. This is an authorization to join in the application but not necessarily selecting a particular site. That would be up to the owner of the property to request it.

Mary Thompson, from HRDC, stated I'm aware of this grant opportunity. The HRDC has contracted with an organization to write the grant on behalf of the region. The grant application is to make the best case for receiving funding that will allow this source to be used to pay for the phase one environmental. It's a competitive application so we're trying to pick sites within the region that would make the best case for need associated with the grant. Once the grant is awarded then we have the opportunity to select the sites that would receive the funding for phase one environmental. The owner of the property will be responsible for whatever is found. There would be potential sources that could help with that contaminate. The city would not be on the hook for what was found, unless you owned the property. It's just a mechanism to help with what is an expensive process if there is known or suspected contaminates.

Stone questioned do the homeowners know they would be responsible? Thompson stated we're talking about commercial properties. We're not talking about individual homeowners. In most cases, especially if you're looking a larger bank financing, they require a phase one. If there are some suspected environmental issues that could be a concern, this also opens up the potential financing or funding to help with the remediation of the suspected problem. Once you have a phase one and you find that there is a contaminate, you'll have to do a phase two which is a more in-depth study, and then you have to figure out how you are going to remediate. This does help identify that, help recoup some of the cost, and help set up additional resources for the remediation of that.

This grant is really a competitive, and that doesn't mean that any one particular site or community is on the hook to actually take advantage of the grant, but what we're really trying to do is make the best case for our region by picking sites that have the most marketability, or have the most potential need. Whether or not they are the sites that are actually selected is yet to be determined.

Conway questioned Mack, are you making a recommendation for this? Mack stated yes. If we find a suitable site that the property owners are willing to partner, then we have the opportunity in front of us. We may not take advantage of it, but if we find a site that would be in need of it, they would be greatly appreciative of the city stepping forward to assist them in this environmental analysis. Also, the most desirable situation is when we're dealing with property that is being considered for redevelopment. So, if there is already a burden ahead and this has to go along with it, that's the idea situation. Downtown Bemidji has been working for years to address environmental contamination along their railroad corridor. We had a former railroad corridor run through here, so potentially something along that line could be a possible suitable location. I don't have anything in front of me that I'm aware of right now. But I think the city would be wise to join in with this application.

Conway questioned would having this in our pocket be an advantage from an economic development point of view? Mack answered yes.

A motion was made by Conway, seconded by Stone, and unanimously carried to approve Resolution #2019-36 Authorizing Cooperation with the Headwaters Regional Development Commission (HRDC) and the City of Park Rapids, Minnesota, for Community-Wide Application to the Minnesota Pollution Control Agency (MPCA) for a Brownfields Environmental Assessment Grant.

10. GENERAL BUSINESS:

10.1. Resolution Authorizing Guidelines for Approval of Small Wireless Facilities in the Public Right of Way for the City of Park Rapids: Mack stated the city attorney has drafted this policy on behalf of the city. This new FCC order that has gone into effect as of January 15th, gives us the opportunity to address the look and appearance of these emerging technologies, which is why we should adopt a policy to go along with our existing ordinance allowing work to be done in our public rights of way. This gives us a guideline of what to do when we get the first request to begin upgrading to the 5G networks. This is for concentrating and boosting signals where there is the need for places like the armory, where you have larger concentrations of people using cellphone technology. This is being recommended by the city attorney and it's been customized for our city.

Mack stated the League of Minnesota Cities (LMC) is working on reviewing their model ordinance that we adopted a year ago regarding work in the right of ways. It does include for small cell wireless. There may be some further examination of our ordinance according to the advice of our city attorney once LMC gets finished with the review of its model ordinance there may be some further ordinance changes that would need to occur prior to April 15th.

Conway questioned authorizing guidelines for approval, does that mean once the guidelines are written you're going to come back to the Council for approval? Mack stated these are the guidelines you are approving tonight. We don't have these in place right now.

So, we have no guidelines. We have a permit so you can work in the right of way, but it doesn't address what the equipment has to look like that is put up. That is what the guidelines spell out, the look and appearance of the work to be done. If we do get a request to put their equipment up on the city's infrastructure then there has to be an agreement for their placement, just like the tower on this property. That is an agreement between the provider and the city. All of the terms have to be put together by our city attorney. We haven't had a request yet. Cities all over the state are doing this right now. McKinney stated these are the guidelines to regulate the small cellphone boosters.

A motion was made by Stone, seconded by Conway, and unanimously carried to approve Resolution #2019-37 Authorizing Guidelines for Approval of Small Wireless Facilities in the Public Right of Way for the City of Park Rapids.

10.2. Housing Grant: Mary Thompson stated the Hubbard County HRA requested that the City of Park Rapids submit an application to Minnesota Housing for a Work Force Grant Application. It would assist with funding of an apartment building which would be targeted for work force housing development. We submitted that application in October. We received a successful selection. We were given \$550,000.00 towards the overall project to make this happen. The total development costs of the apartment units are \$2,767,000.00. With the budget that we have in place we would not be able to do this development without that grant.

Thompson stated the rent structure that we are hoping to target for this work force range housing is \$10.00 to \$12.00 an hour, and it really does require that we have this funding in order to make all of the pieces come together. For the overall funding package, bank financing is going to take the bulk of that. That will be in the name of Hubbard County HRA, who will be the project owner, that will be \$1.7 million. Then we have Minnesota Housing Finance at \$550,000.00. That is a grant. There is a match requirement of \$305,000.00. We'll be able to qualify for some energy rebates and some sales tax rebates of about \$32,000.00. The Hubbard County HRA will be taking the brunt of that. The matching component is made up of several things. It's a two to one match. It can be cash or in kind. The bulk of the match is going to be the land donation. We had to value that based on the tax assessed value which was \$179,700.00. We are also going to go to Hubbard County to ask for forgiveness of the back taxes, at about \$18,000.00. Going forward the property will be taxable. Once it is up and running, even though it's owned by the HRA it will be taxable property. There will be income generation for both the city and the county after it's built. We will be making requests to the City of Park Rapids. The rest of the match will be cash contributed by the HRA.

Thompson stated so you need to understand the grant requirements so you know what you are signing up for. This is a boiler plate standard state contract. The first part of this process is the requirement to list Minnesota Housing Finance as a loss payee on your insurance. That is only during the construction. They want to make sure that the resources that go to a third party are going to be covered during the construction. Once that's done you can take them off of your insurance plan. After that you will get the grant award. The one stipulation is that the grant funds would be going to the HHDC to be used for qualified expenditures. You would take some action once you receive the grant. You'd have to assign those grant resources to the actual developer, which is the Headwaters Housing Development Corporation. They are only eligible for qualified grant expenditures for housing. There will be three payment requests as part of that.

Thompson stated our organization will help with everything you need. There won't be a burden on the part of the city. There are some reporting requirements. At this point, Minnesota Housing has not implemented any ongoing reporting. They have just given the money and walked away. If they did institute grant reporting requirements our organization would take care of that on your behalf. Some accounting is required and we would do that as part of final payment request. There would be no additional responsibilities on the part of the city to make this happen. The resolution that you sign states you would be sure that the matching grant funds are available for this funding source. It's primarily from the land donation, cash from Hubbard County HRA, that request for the payment of back taxes, and from the City of Park Rapids, there are special assessments from a prior development that total \$31,680.00. I would like to request that the Council consider forgiveness of those assessments, understanding that we have another agenda item and that it is our expectation that we would pay part of the those if we can have prior work taken care of. We are also requesting that there would be \$7,400.00 of permitting and platting fees that the city would consider waiving. The total amount that we would ask for the city to contribute to this project is \$39,080.00. You don't have to make that decision right now. This is how we have the plan in place.

Thompson stated when we were looking at this property there is quite a bit of land there. We wanted to make sure that one development didn't negatively impact the overall use of the property, or hamper the way that we were looking at it. Charles Street does stop right at Walmart. There would be the potential for a road extension. There are two parcels there. We are proposing a new lot split. One parcel we are looking at reserving for some potentially light commercial use, and the other larger parcel would be reserved for multi-family residential. We're looking at four identical buildings. We can only start with one, but we wanted a plan that we could add more if it made sense and if we could find the resources. We have them placed facing each other to create room for a green space with the goal being we could add some amenities such as a walking path, picnic areas, or playgrounds, which would all add to the desirability of the location. We're looking at using storm water that would be shared. We'd look at the site design as being for the whole place and be respectful of property use. We're also looking at using some nature grasses so we don't just have a storm water basin. In Bemidji we are currently working with the Audubon Society and the SWCD to find ways to take advantage of natural grasses to make the storm water retention areas more attractive. So, we would want to do the same thing there.

Thompson stated this is the overall site design that we have come up with. I've provided you with the elevation of the building and the floor plans. We are adding an office to this facility, so we'll have one less one bedroom and one additional two-bedroom apartments in order to make an office work. The building will have a combination of one, two, and three-bedroom apartments. There won't be a lot of counter space but there's a pantry in every unit, and the bedrooms are of fairly decent size. We've arrived at a cost-effective model. The contractor is working on getting us final numbers, then we will be able to develop our final budget. I will come back to you to let you know exactly where we are at. Everything is moving along. We're going to have to start with the planning process. One of the things that we did include in our budget was the expectation that there would be necessary street improvements. We've included \$150,000.00. Our expectation is that we would be able to pay for up to \$150,000.00 of street assessments up front as part of our development. Anything that would be over and above that we would have to be assessed

and then look at what the additional costs may be to see how we can work out the payment of that in the future given that a lot of that property is not going to be developed for a while.

Conway questioned what are you specifically asking for today. Thompson stated from the city's perspective I'm asking that you accept the grant. The grant is from Minnesota Housing to you. You have been approved to receive it. If you do not accept it, we cannot move forward with the project. I would like you to consider waiving the special assessment and the permit fees. If you aren't in a position to do that, we can discuss it in the future. The big one is to approve the grant.

Conway stated by accepting the grant, one is not contingent on the other? Thompson stated if you are not able to look at the assessment, it's \$39,000.00, out of a \$2.7 million budget in the scheme of things it's not a lot, so I'm hoping if you aren't able to do that, I hope I can figure out a way to do it. I don't have my final numbers so I don't need you to take action on that right now. I need you to say yes, we will accept the grant. If we don't have that I have to stop planning because I can't make the project work without that.

Conway stated other than saying we will accept the grant; what commitment is the city making? Thompson stated right now that is the only commitment. I just wanted to make you aware of another "ask" that I have. But I'm not putting you on the spot for that right now. Conway stated by accepting the grant we are not accepting a liability for anything else.

McKinney questioned have you defined the street project? Thompson stated I don't have the street project as you have it in your next agenda item. From my perspective I only want to get to my building. But from the city's perspective there was a discussion from your planner that for the city, it might make sense for the city to do the engineering for that whole corridor, Charles Street and the un-named road. My need is to get from where Charles ends at Walmart to my driveway. That is what I need to have to access my property. That's where the \$150,000.00 number came from. McKinney questioned it doesn't include the un-named street? Thompson answered no.

McKinney questioned if we sign the grant, it provides that we are going to do certain things, does it provide that we are going to do the street? Thompson stated no it doesn't. As soon as they get the insurance information, they will send you the grant, but it does not put you on the hook for a street project. McKinney stated we're a grant applicant. In October you asked us to change our moniker from one thing to another so that the land would qualify. Thompson stated that wasn't on your behalf. I was working to make sure the city was not on the hook for anything more than they wanted. The grant application from Hubbard County HRA if they're the developer any money that they put into the project would not be allowable as match. If the Hubbard County HRA is the owner and developer all of the money that they were intending to put in would not be able to count towards the match requirement. If they're only the owner and another entity is the developer then all of the money that they were intending to put in in the first place can be counted as match. It's a state rule. We switched and have HHDC, which is our non-profit, in the role of developer. So, the city is guaranteed that you don't have to put in any resources to come up with the match. The city is only the grantor. You are going to be the pass through. Once the grant is approved your only responsibility is to pass the funds along. The ownership and the developer are worked out between Hubbard County HRA and HHDC.

McKinney stated for your project to work we'd have to come up with that \$150,000.00. What's the time to decide that we're not going to do that? Thompson stated

when you sign the grant is when you are committing that the match is available. I have been finding the sources of the match. I have a guarantee for the land. The HRA contribution is also guaranteed, and the smaller portions of that, the county resources from the forgiveness of the back taxes, and the potential assessment forgiveness from the City, the \$39,000.00. Those are the two that I have not guaranteed yet. But there should be resources in the overall budget to absorb that and there's still enough money to cover the grant match requirements. I've got that all taken care of. The city will not be on the hook for anything related to the grant. It would only be if you'd be willing to do something on the assessments and that's outside of the grant itself.

McKinney stated if the county decided that they weren't able to waive the back taxes, the project has to go find another source? Thompson stated yes. When I came here the first time my intentions were that the city would not have to come up with their own resources and that is still true. The city is a conduit to allow this really great opportunity and that's still the intention. The grant will not require you to be on the hook for the match other than to say it's there and I have the documentation for that.

Thompson stated you haven't gotten the grant yet so you have no resolution at this time. You have to send proof of insurance to the state. As soon as they get that, they will then submit the grant to you. Then you will have the ability to do a resolution.

A motion was made by Conway, seconded by Randall, to accept the grant from the Minnesota Housing Agency.

Discussion: Randall questioned have you talked to the county yet? Thompson stated I have not. I've requested to get on their agenda. I've talked to county commissioners but not as a group.

Thompson stated there is an insurance document Minnesota Housing is requesting. As soon as they get that then they will send you the grant agreement for signatures. The city has to list Minnesota Housing and Financing as a loss payee. Randall questioned will our insurance increase because of adding this? Brumbaugh stated I will check on that. Typically, when we've done an additional insured it has not increased. Thompson stated if for some reason the development goes south the resources can go back to Minnesota Housing.

Randall stated we're not committing today to waiving special assessments or fees and this road project will potentially have some costs for the city. Thompson stated I will ask for that in the future if the budget justifies that. I'm still waiting for my final construction numbers. I'm hoping they come out where I'm budgeting or less. In those two situations I likely won't need any assistance from the city, understanding that you have this road project that you're looking at. From my perspective I have set aside \$150,000.00 for the street improvements to get from where Charles ends right now to my driveway. However, if you do move forward with the entire street project, I would say I can put \$150,000.00 towards what our assessment would be. I'd have to be assessed for the rest for it because I have no room in my budget for anything more.

Randall questioned the \$150,000.00 you have set aside to get to your driveway, how did you get that number. Thompson stated that was a number Ryan Mathisrud gave me when we were having discussions. He thought that was appropriate at that time. Randall questioned Jon Olson as to the viability of that amount. Olson stated when I looked at this for Mathisrud I looked at the whole project. This section has been looked at many times in the past few years. I would have to go back to my notes to look at just the

segments you are describing now as to the estimated cost. Based on the linear footage I do anticipate that to be close to what the street costs would be. Randall stated I wanted to make sure that number came from a discussion with staff.

The vote was called.

The motion carried unanimously.

10.3. Charles and Unnamed Street Development: Jon Olson stated this housing development will require some city improvements to Charles Street. The scope of work still sounds like it's somewhat undefined. I did include that in the study which shows this area as unimproved. The area is served with water and sewer but it does not have access by street or storm sewer. I like looking at this area as a whole because of the drainage perspective. We don't have collection or treatment within this area right now. We do want to develop a plan for a regional view of this area. We haven't had a need yet.

Olson stated I'd like to study the areas we have identified for a master plan for street and the storm water within this area and then discuss how we are going to phase it for these particular improvements for the immediate need at this time. By doing a study of this area we'll be able to look at phasing options to come up with more detailed cost estimates as to what each portion of the project may cost and how that may impact the city and the Headwater's grant. We are requesting your authorization to begin that preliminary engineering with staff's and Headwater's coordination to begin looking at this area and developing a project scope that meets the current needs.

A. Resolution Authorizing Proper City Officials to Execute the Paperwork to Extend the Term of the EJCDC Agreement by and between Apex Engineering Group and the City of Park Rapids: McKinney questioned Item A on the agenda is your master agreement? Olson stated yes. There are two action items. The first is updating our master service agreement. That agreement was originally approved between the city and Apex in 2013. It has since expired. It's the standard conditions for our services meant to protect both parties in the event that something doesn't go quite right. It is also a requirement of my insurance that I have this agreement in place so that you are protected. Rather than bringing the entire standard conditions, which we've used on twelve other projects prior to this one, were recommending that we extend it for a period of one year. The task orders are specific to each individual project and they reference the master agreement and the general conditions of that agreement.

A motion was made by Randall, seconded by Wills, and unanimously carried to approve Resolution #2019-38 Authorizing Proper City Officials to Execute the Paperwork to Extend the Term of the EJCDC Agreement by and between Apex Engineering Group and the City of Park Rapids.

B. Resolution Authorizing Proper City Officials to Execute the Task Oder No. 13 for Charles and Unnamed Street Improvement Project by and between Apex Engineering Group Inc and the City of Park Rapids: Olson stated the scope for this project hasn't been defined. Now it shows like it's just for a simple street extension. I've structured my fee for a percentage of construction for the design phase. That allows for that fluctuation and decrease in project scope. We've used percentage of construction on many projects that we've recently worked on in the city. It's pretty standard

for this type of work. We have an approved scale for our fee based on the percentage of construction for the design work.

McKinney questioned if the street does expand into other work then what we are looking at tonight, will that task order have to be amended to do that additional work? Olson stated I won't proceed with anything without discussing it with this group. Our agreement is for improvements for this area. Our fee is set up to adjust to the actual construction costs of the bids that are received. If this is a \$100,000.00 project our percentage is slightly higher than if it were a \$1 million project where our percentage would come down. That scale in the agreement is meant to compensate for some of those uncertainties within that scope. I don't want anyone to be surprised with our fees. Before we do anything, I'll certainly work with McKinney and the Council to ensure that we are all on the same page. The goal right now is to keep this project, from the city's perspective, as economical as possible. We will do whatever we can to keep those costs down from an engineering perspective and to make sure you're comfortable with how we are approaching this work.

Leckner stated I noticed that Charlie Kellner, the other property owner, is here. Does he have any questions or concerns with this? Kellner stated I'm here to listen. I don't know what you're talking about reconstructing. Thompson stated my driveway right now will be on the commercial parcel and I want to move it to the residential parcel. McKinney stated we were talking about your west property line would be as far east as it goes. Kellner stated then the one affected by it would be L&M as a tax burden. So, you're not talking about the un-named street that goes out to Highway 34. Leckner stated we don't know exactly what will happen.

Olson stated from my gathering what is necessary to your development is the extension of Charles Street. The un-named street and the remaining portion of Charles is potentially a phase for a later date. Randall questioned moving that driveway to the other side of the property line, doesn't that create a jog for people coming off of Charles Street into the driveway? Thompson stated instead of moving the driveway we could move the line as we're looking at the two properties so we don't create a jog. That's the other option that we could do. We have not finalized our site design plan. We can be respectful of that and make sure we don't cause an un-necessary jog.

Kellner questioned would your street go north of the existing sewer and water line? Olson stated I don't know exactly where that water and sewer extension is and if it's all within the corridor. I'm predicting that it's centered so our road improvements would be centered. I'm thinking that we would be straddling them. I would need to verify that with a survey. Those are all things that we would identify early in the preliminary design so we could convey those to you when we have more information.

Olson stated with Task Order 13 I'm requesting authorization to proceed with the preliminary engineering in coordination with the Headwaters group and McKinney to develop the necessary improvements for access to the site. Brumbaugh questioned what you're saying is the estimated fee for the preliminary is \$8,500.00. You have a lot of detail here but if you go past the what's listed here the fee will change? Olson stated once we get into the design our fee will really be impacted on the actual construction costs. Right now, I'm estimating \$8,500.00 for the preliminary work. Brumbaugh stated you're going to do the preliminary work and it's going to cost us \$8,500.00, then you'll come back and talk to the Council to say this is what I've come up with and then the rest of this comes into play if they decide to go forward. Olson stated that is correct. The reason that might be a

little elevated compared to some of our preliminary reports is because I want to zoom out a bit and look at the drainage in the region to make sure that what we do now isn't going to be a short-sided decision. I'm going to have more time with the survey that I normally wouldn't have at this point. McKinney questioned is that expense grant eligible? Thompson stated its part of the project.

Conway questioned does Kellner have any questions? Kellner stated I'm concerned what it's going to end up costing me. My taxes are terribly high as it is. Where does it end? I pay \$37,000.00 in taxes between special assessments and property taxes. If I keep getting assessed for more and more where does it come from? If think you take advantage of the little guy on these projects. We already have a situation in Park Rapids where we have low income housing and the police are there every night. Is that what we are going to expect here too? I don't think my fence is going to be strong enough to keep them out. I think there are other areas. You should want to bring in more development instead of bringing in...I don't know. These are my concerns.

Leckner stated being the only adjacent property can be a burden on the other property owner. We have to decide how much work we are going to do. Olson stated I will be able to identify the estimated impact to each property as part of our preliminary engineering report. That's one of the first steps to identify the estimated special assessments. Based on what I'm hearing, if we just do that section of Charles Street to the driveway there's little chance that Kellner's parcel would receive benefit as per the city's policy for those improvements, at this time.

Randall stated if we are going to spend the money, I'd like to see the engineering for the whole area. I think this property should be accessed through to Highway 34. That's the access people should be using if the apartment is built. Having them come through that Walmart road is a terrible idea. It's heavily congested and the dirt road that goes north and south has been an issue for a long time. There was a business many years ago that wanted to put something back there and we didn't require them to improve that road to make sure it was not a gravel road. That's the obvious route to access things.

Olson stated I structured the task order to look at Charles Street as a whole and the north/south street between Charlie's and L&M. We should look at those and develop the long-range plan, provide us with the estimated costs for the entire project, and to estimate the assessments. I do want to include that in there so you have that information. That north/south road is the logical connection for people accessing that area, the west bound traffic. It's important that we look at that entire area for the drainage. I will also break it down into just the absolutely necessary improvements to access the site. That will be summarized in the report.

Randall stated the other concern is that this wasn't even on our radar on the CIP. There are other street projects just waiting to be done. So, to spend \$8,500.00, and it is a lot of money, when it's not even in the CIP. We have a lot of roads that need to be addressed that will include engineering costs.

Conway stated I don't think that the apartment complex that you are intending on building is considered low income housing. Thompson stated no it is not. It is market rate. But we have a rent structure that is lower than the market rate that is currently available. There are no restrictions for anyone to live there. No one is going to be asked what their income is before they move in. Conway questioned so it's not going to be adjusted like it is for low income housing? I was concerned with the statement about what you're expecting as cliental. Thompson stated I heard that as well and that is not what we are expecting as

our cliental. That is not the target for this apartment. It is targeted for folks that are on the lower end of the earning scale that are working, who are faithfully employed and able to pay market rate. There is no subsidy at all. They have to pay their full share.

Stone questioned could you clarify what market rate is? Thompson stated it is there is no subsidy or income restrictions or mechanisms in place. If it would be income restricted unit housing where you have to be below a certain income level before you can move in. Or, if it was subsidized you would have the ability to only pay 30% of your rent and then someone else is going to help pay for the remainder of your rent. Market rate is saying that whatever the market will bear, and whoever lives there will pay the full amount and there's no restrictions that are tied to that property as long as you can afford to live there, there would be credit checks and the normal due diligence processes that would come into play. Folks would have to qualify to be able to afford to live there and have appropriate rent history.

Stone questioned do you have any idea of what the rent is going to be? Thompson stated the one bedrooms are expected to be \$575.00, the two bedrooms are \$625.00, and the three bedrooms are expected to be \$675.00. That's what we are looking at right now. Stone questioned is there any foreseeable change to become subsidized housing? Thompson stated no. Absolutely not. Randall questioned and that's the same rate for everybody? Thompson stated if you are going to move into a one bedroom your rent would be \$575.00. Randall questioned and that's considered affordable housing for someone making \$10.00 an hour? Thompson stated roughly. Prudence says that people should be able to pay 30% of their income for housing. Most of the apartments available are now, unless they are income restricted, that is a struggle. What we are trying to do is target bringing the rent structure down enough so that it becomes more affordable, but that it is not income restricted so that anybody can live there.

Thompson stated for the preliminary engineering we can put into our focus is that if we need to, we can cost share and take some of that burden. It's not necessarily something that the city has to fully pay for. If you fund it up front, we can figure out a way to help pay for that on the back end.

Conway stated I understand Randall's concern. To have a labor force come into this community we need to have affordable housing. Not low-income housing, but affordable housing for the work force to get here. **A motion was made by Conway, seconded by Randall, to approve Resolution #2019-39 Authorizing Proper City Officials to Execute the Task Oder No. 13 for Charles and Unnamed Street Improvement Project by and between Apex Engineering Group Inc and the City of Park Rapids.**

Discussion: Stone questioned have you looked at any other locations? Thompson stated we looked at a location that was tax forfeited to the county. When I had conversations with your prior planner, he said this was really the property that the city really wanted developed. That's why we moved our project to that location. Conway questioned you have already gotten the agreement for the land? Thompson answered yes. McKinney stated that was part of it because that land was available. Thompson stated the county property would have been significantly less in size, so we would have had more difficulty arriving at a match and not having to use more cash resources. The bank was in a position where they really wanted an eligible use for it. Your previous planner said this was the property that the city was interested in having development and that you wanted multi-family on it. That's why we selected this property.

Randall stated I have no idea where that statement came from. I've never heard that before. That's interesting that this is where we wanted multi-family on it. Conway stated when I heard that statement, they're not necessarily talking about us as the city, but someone in the community. Randall stated that's what Mathisrud implied, the city. I would hope that he would speak on behalf of the Council. Thompson stated the last time I did come here Mathisrud presented a site design that he had developed before we had even had a conversation. It was my understanding that it had gone to the Planning Commission for conversation. I think that's where part of that came from. I'm not familiar with where that design, which showed improvements on Charles Street, and there was some multi-family and some commercial. That was developed and it was prior to our discussions.

Mack stated it went to the Planning Commission in July of 2018. Then the next stop was grant authorization to the Council. There are more than three separate planning approvals that will need to occur with this project for it to proceed. They will start at the Planning Commission before it comes back to this body for a full understanding of the project that is being approved. We're doing the front-end pieces first. One thing that came up this morning for this portion of this initial preliminary engineering, is there an agreement document that the city needs with the Hubbard County HRA with regard to the \$8,500.00 for the portion of the grant that would not pass through. Thompson stated I'm not sure. McKinney stated we are the recipient of the total grant. You are proposing a portion of that money be spent for this. What arrangements do you want to have with us before we start spending the grant money? Thompson stated we'd probably want something formalized so that it's clear. Conway stated that's a significant point. Thompson stated we had built in preliminary engineering costs to get to where we needed to be. We didn't know that the city was thinking about a road. We were prepared to pay another civil engineer to do what we need to get the road up to city specs. Mack said it would make sense for your engineer to do that. It was within the scope of what we were expecting.

Conway questioned should we amend the motion to include that we come up with an agreement? McKinney stated I believe we can go ahead with the motion to approve task order 13. Before we proceed with anything, I'll bring to you the agreement she is proposing. Conway stated I want to make sure we include that agreement. McKinney stated we understand your intention is not to move forward until we figure out how this is exactly going to flow.

Randall stated if this money is taken out of grant funds it's likely that we're going to donate in other ways. It may be obvious but the more that we keep expecting the grant to pay for then we'll still have the \$39,000.00 that was previously talked about. I have yet to see a project, commercial or residential, come back under budget. I don't think it's a done deal to see this \$8,500.00 covered. This might be covered by the grant, but then we're going to give money somewhere else.

The vote was called.

The following Councilmembers voted in favor: Conway, Leckner, Wills.

The following Councilmembers voted nay: Randall, Stone.

The motion carried 3-2.

10.4. Resolution Appointing Councilmembers to Various City

Committee, Boards & Commissions: The Council discussed the various positions and made the following appointments:

1. Airport Commission	Randall
2. Arts and Culture Advisory Commission	Stone
3. Economic Development Authority of Park Rapids	Full Council
4. E.D.A. Revolving Loan Fund Committee	Randall
5. Finance Committee	Leckner & Randall
6. Fire Relief Association Board of Trustees	Leckner & McKinney
7. Grievance Panel	Randall & Stone
8. Heartland Transit Advisory Board	Conway
9. Headwaters Regional Development Commission	Stone
10. Housing & Redevelopment Authority of Park Rapids	Conway
11. Hubbard County Emergency Management Board	Wills
12. Hubbard County Regional Economic Development Commission	Conway & Leckner
13. Hubbard County Senior Council on Aging	Stone
14. Park Rapids Career & Community Advisory Board	Conway
15. Park Rapids Community Development Commission	Randall
16. Park Rapids Library Board	Conway
17. Kitchigami Regional Board	Conway
18. Parks & Beautification Board	Stone
19. Personnel Committee	Conway & Leckner
20. Planning Commission	Stone
21. Urban Forestry Committee	Wills
22. Wellhead Protection Committee	Wills

A motion was made by Conway, seconded by Stone, and unanimously carried to approve Resolution #2019-40 Appointing Councilmembers to Various City Committee, Boards & Commissions.

10.5. Pay Equity: Brumbaugh stated pay equity has been in place since 1979 for government. The unions were involved because they had some union members that were mainly female and it evolved from there. Pay equity is something, as a governmental entity, we have to do every three years. If we do not comply based on their standards the penalty is a reduction in our local government aid (LGA). They have something in place that would hurt us badly if we don't comply. The date for compliance is December 31st, 2018. We have to send in our paperwork as of January 31st, 2019.

Brumbaugh stated when we do pay equity, they are looking at the gender of the positions we have, the points. Pay equity feels that every position within an entity can be compared. Every position that we have is awarded points so you can compare, as an example, a janitor to a housekeeper. We have to put in the starting wage of each position, the ending wage, how long it takes to get to that, and if there is longevity or performance pay. They want to know that the benefits are all the same. When we did our pay equity this year, in order to comply our under-payment ratio, which is 65%, has to be at 80%. They want to see the number of female positions and the number of male positions is equal as far as how many are under paid and how many are overpaid. Based on our pay scales we knew we were not in compliance but we did get advice from our personnel attorney to submit the documents in place first, and then the state, MMB, will say we do not comply, and then they will require us to comply within a certain amount of time. I am asking tonight for the Council to approve the pay equity report as presented.

Randall questioned is there a plan of how to come into compliance? Brumbaugh stated we do have our plan in place and we have Flaherty and Hood doing our job classification study. Conway stated this is confusing, the private sector versus the public sector. We have a game plan of what we need to do to fix it but because it's a photograph

of December 31st that's what we have to turn in. Brumbaugh stated they have always been really easy to work with on this.

A motion was made by Randall, seconded by Conway, and unanimously carried to approve the pay equity report from December 31st, 2018, as presented.

11. CITY ADMINISTRATOR COMMENTS: McKinney had no comments.

12. DEPARTMENT HEAD UPDATES: Mack stated there are year end planning, zoning, and building reports from 2018 are in the packet.

Terry Long stated there has been a mechanical breakdown of our ladder truck. It is in the process of being repaired.

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

14. COMMENTS FROM COUNCIL: Stone stated I appreciated the minutes in the packet from the fire department. It's nice to know what's going on. I attended my first Parks meeting.

Randall stated I also appreciated the meeting minutes from the fire department. There is a disconnect sometimes with them so it's helpful to keep apprised of what they are doing.

Conway stated the Personnel Committee has met and the Council has heard what was discussed between the resolutions and the pay equity report.

Leckner welcomed Wills to the Council.

15. ADJOURNMENT: A motion was made by Stone, seconded by Randall, and unanimously carried to adjourn the meeting at 7:50 p.m.

[seal]

Mayor Ryan Leckner

ATTEST:

Margie M. Vik
City Clerk