

**..CITY OF PARK RAPIDS  
CITY COUNCIL MEETING  
JANUARY 12, 2021, 6:00 PM  
Park Rapids City Hall Council Chambers  
Park Rapids, Minnesota**

**1. OATH OF OFFICE:** Clerk Vik administered the Oath of Office to the newly elected Mayor Ryan Leckner, and Councilmembers Liz Stone and Robert Wills.

**2. CALL TO ORDER:** The January 12<sup>th</sup>, 2021, 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.

**3. ROLL CALL:** Present: Mayor Ryan Leckner, Councilmembers Tom Conway, Erika Randall, Liz Stone, and Robert Wills. Absent: None. Staff Present: Administrator Betty Thomsen, Planner Andrew Mack, Treasurer Jeremy Jude, Fire Chief Terry Long, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Mary Thompson, Sue Tomte, Angel Weasner, Jon Olson, Cynthia Jones, and Robin Fish from the Enterprise.

**4. APPROVAL OF AGENDA:** A motion was made by Stone, seconded by Randall, and unanimously carried to approve the agenda with the following addition to General Business:

- 9.6. **Contracts with iN-Depth Inspection LLC:**
- A. **Resolution Authorizing Proper City Officials to Execute the Service Contract for Rental Housing Inspector by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids.**
  - B. **Resolution Authorizing Proper City Officials to Execute the Service Contract for Building and Plumbing Official by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids.**

**5. APPROVAL OF MINUTES:**

**5.1. City Council Worksession Minutes-December 8, 2020:** A motion was made by Randall, seconded by Wills, and unanimously carried to approve the December 8<sup>th</sup>, 2020, City Council Worksession minutes as presented.

**5.2. City Council Regular Meeting Minutes-December 8, 2020:** A motion was made by Stone, seconded by Conway, and unanimously carried to approve the December 8<sup>th</sup>, 2020, City Council Regular Meeting minutes as presented.

**6. FINANCE:**

**6.1. Prepays:** A motion was made by Randall, seconded by Stone, and unanimously carried to approve the prepays in the amount of \$1,195,619.38.

**7. CONSENT AGENDA:** Stone removed Item #7.21. from the consent agenda. Randall removed Item #7.30. A motion was made by Wills, seconded by Randall, and unanimously carried to approve the following consent agenda items:

- 7.1. Resolution #2021-01 Setting City Council Meetings on the Second and Fourth Tuesday of Each Month in the Year 2021.
- 7.2. Resolution #2021-02 Appointing Tom Conway as Acting Mayor for the Year 2021.
- 7.3. Resolution #2021-03 Designating Official Newspaper for the Year 2021 for the City of Park Rapids.
- 7.4. Resolution #2021-04 Designating Official Depositories for the Year 2021 for the City of Park Rapids.
- 7.5. Resolution #2021-05 Designating Authorized Signatures for the Year 2021 for the City of Park Rapids.
- 7.6. Resolution #2021-06 Authorizing Proper City Officials to Execute Payment of Claims Prior to City Council Approval for Year 2021.
- 7.7. Resolution #2021-07 Authorizing Proper City Officials to Execute the Paperwork Associated with the Fire Contracts for the City of Park Rapids.
- 7.8. Approve Backhoe Operator's License to Work in the City of Park Rapids in 2020 for MP Nexlevel LLC.
- 7.9. Approve Plumber's Permits to Work in the City of Park Rapids in 2021 for Juelson Plumbing & Heating Inc, Superior Mechanical/Superior Co of MN Inc, Greens Plumbing Modern Heating, Samuelson-Laney Plumbing, Heating & Cooling Inc, Peterson Sheet Metal Inc, The Jamar Company, Ackerman Plumbing & Heating LLC, Dick's Plumbing & Heating of Bemidji Inc, BDT Mechanical LLC, and Mid State Refrigeration d.b.a. SCR.

- 7.10. Approve Backhoe Operator's Licenses to Work in the City of Park Rapids in 2021 for Racer Construction Inc, Elsner Well Drilling Inc, Thelen's Excavating Inc, Girtz Excavating LLC, R&R Petroleum Equipment Sales Inc, and T-Ray Construction Company Inc.**
- 7.11. Resolution #2021-08 Approving Ordinance No. 612 Amending the City of Park Rapids Code of Ordinances, Chapter 36 Fee Schedule, Section 36.16 Rental Inspection Fees.**
- 7.12. Ordinance No. 612 Amending the City of Park Rapids Code of Ordinances, Chapter 36 Fee Schedule, Section 36.16 Rental Inspection Fees.**
- 7.13. Resolution #2021-09 Re-Appointing Nancy Newman to Serve on the Housing and Redevelopment Authority of Park Rapids.**
- 7.14. Resolution #2021-10 Re-Appointing Laura Grisamore to Serve on the Park Rapids Arts and Culture Advisory Commission.**
- 7.15. Resolution #2021-11 Re-Appointing Rod Nordberg to Serve on the Park Rapids Arts and Culture Advisory Commission.**
- 7.16. Resolution #2021-12 Re-Appointing Sally Wizik Wills to Serve on the Library Board for the City of Park Rapids.**
- 7.17. Resolution #2021-13 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for the Osage Sportsman Club.**
- 7.18. Resolution #2021-14 Approving Health Care Saving Plan (HCSP) Account Policy for Non-Union Employees of the Park Rapids Police Department.**
- 7.19. Approve Expense in the Amount of \$3,100.00 for Davis Electric to Repair Light Pole and Head on Henrietta Avenue Located by the Park Rapids Enterprise Building.**
- 7.20. Approve Golf Cart/Class 2 ATV Licenses to Drive on City Streets in 2021 for Jerold Dahms-ATV, and Ronald Jensen-ATV.**
- 7.21. *Removed from the consent agenda.***
- 7.22. Resolution #2021-15 Authorizing Proper City Officials to Execute the SSTS Inspector Contractor Services Agreement By and Between Winterberger Inspections and the City of Park Rapids.**

- 7.23. Resolution #2021-16 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.**
- 7.24. Resolution #2021-17 Approving Resignation of Full Time Park Rapids City Clerk Margie M. Vik.**
- 7.25. Authorize Staff to Advertise and Interview for the Position of City Clerk.**
- 7.26. Approve Expenses in the Amount of \$2,695.00 to Elite Fence and Deck for Repairs to Fencing at the Intersection of Fair Avenue and Industrial Park Road.**
- 7.27. Approve Transfer in the Amount of \$33,810.00, from Liquor Store Fund E609-80200-56913, to Police Fund R100-10100-48350, to Pay for Police Body Cameras.**
- 7.28. Resolution #2021-18 Appointing Dallon Free as Full Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.29. Resolution #2021-19 Appointing Joyce Mikesh as Full Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.30. *Removed from the consent agenda.***
- 7.31. Resolution #2021-20 Appointing Tina Jenkins as Full Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.32. Authorize the Park Rapids Fire Department to Apply for a FEMA AFG Grant, and if Successful, Approve the Matching Funds in the Amount of \$9,430.00 Needed to Secure the Grant to Purchase Twenty-Five (25) Sets of SCBA Breathing Gear.**
- 7.33. Approve the Purchase of a Sixteen (16) Foot Enclosed Trailer for the Park Rapids Fire Department, and Accept this Unit into the City's Fleet of Vehicles, using the Fire Department's Donations Fund.**
- 7.34. Approve Pay Request in the Amount of \$1,500.00 from Revize LLC for 2021 Annual Website and CMS Tech Support, Unlimited CMS Software and Module Updates.**

- 7.35. Approve Pay Request in the Amount of \$6,368.00 from Lexipol for One (1) Year of Law Enforcement Policy Manual Updates, Daily Training Bulletins, and Supplemental Manual Subscriptions for the Police Department.**
- 7.36. Approve Pay Request in the Amount of \$5,433.75 from Tritech Software Systems for the 2021 Annual Software Maintenance for the Police Department.**
- 7.37. Approve Pay Request in the Amount of \$3,500.00 from the Paul Bunyan Task Force for the 2021 Annual Membership Fee for the Police Department.**
- 7.38. Approve Pay Request in the Amount of \$20,000.00 for SSL Inc for Assessing Services for the First Half of the 2021 Property Valuations in the City of Park Rapids.**
- 7.39. Approve Change Order No. 1 for an Increase of \$9,177.00 to the Contract Amount for the Well & Water Treatment Improvement Project for Additional Well Casing and Screen Material for Well No. 10.**
- 7.40. Approve Change Order No. 2 for an Increase of \$4,736.58 to the Contract Amount for the Well & Water Treatment Improvement Project for Additional Underground Raw Water Ductile Iron Pipe for Existing Well No. 9 Connection and Modifications to Effluent Piping for Check Valve Installation in the Horizontal Position.**
- 7.41. Approve Pay Request in the Amount of \$2,400.00 from Oaks Fence LLC for Replacement of Fencing at the City's Softball Fields.**
- 7.42. Approve Pay Request in the Amount of \$3,157.62 from Swanson's Repair Inc for Repairs and Pump/Service Testing for Engine 5773 and Ladder Truck 5776 for the Park Rapids Fire Department.**
- 7.43. Approve Pay Request in the Amount of \$1,500.00 from In-Depth Inspections for the 2020 November/December Retainer.**
- 7.44. Approve Pay Request in the Amount of \$87,210.00 from MN Mechanical Solutions for Professional Services for the Well and Water Treatment Facility Improvement Project.**

- 7.45. **Approve Pay Request in the Amount of \$10,894.50 from TKDA for Professional Services for the Park Rapids Municipal Airport Terminal Area Taxilanes-Part B Project.**
- 7.46. **Resolution #2021-21 Approving Wage Adjustment and Step Increase for Full Time Park Rapids Police Officer Tyler Farden.**

**END OF CONSENT AGENDA**

**7.21. Resolution Appointing Austin Thelen as Full Time Public Works Mechanic-Maintenance Worker for the City of Park Rapids:** Stone stated she removed this item from the consent agenda because she had a conflict of interest with it, and would be abstaining from the vote. **A motion was made by Conway, seconded by Wills, to approve Resolution #2021-22 Appointing Austin Thelen as Full Time Public Works Mechanic-Maintenance Worker for the City of Park Rapids.**

The vote was called.

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

The following Councilmembers voted nay: None.

The following Councilmember abstained: Stone.

The motion carried.

**7.30. Approve Converting Existing Part-Time Hours into One (1) Additional Full-Time Clerk Position at Rapids Spirits Municipal Liquor Store, as Recommended by the Personnel Committee:** Randall stated I don't oppose this request, because I do understand the difficulty that the liquor store has had retaining staff at the part time level. My concern here is that this comes right at the beginning of the New Year. I feel like discussion should have been had during the budget process, because it is an increase to the overall budget. I'm aware that the liquor store budget can absorb this but it is still an increase in wages and benefits, and the timing seems off. This is not something that is new. We've known about this issue for a very long time about the detention of part-timers. I would have liked to see more thought put into the timing of this request so that it could have been budgeted for appropriately instead of coming in now after we just approved our budget.

Scott Olson stated wages will not change, it would just increase benefits. Conway stated we had this discussion at our Personnel Committee meeting, which was after the budget period. At the time it seemed like a move that needs to be made. I'm not opposed to doing it, but I do recognize Randall's point that it does have a budgetary effect. Leckner stated finding good full-time help versus part-time help was factored in. Randall stated I understand the reasoning and I agree with it. But at some point, we, as a city, have to stick within our budget that we set to the best of our abilities for all of our departments. That's why we set a budget. Unless it's an emergency situation I think we have to start telling our departments, no, bring it back for the budget next year and we'll consider it. What are we doing a budget for then?

Conway stated there is one other option. If Olson could find a way to offset the cost. Randall stated because it is the liquor store and the increase in revenues this year, I'm not asking him to do that. I just want it noted that we as a Council need to be better about holding departments to the budget that we set. Leckner stated right. We discussed it and because of the increase in sales we agreed to it. The liquor store is a different animal.

**A motion was made by Conway, seconded by Wills and unanimously carried to approve Converting Existing Part-Time Hours into One (1) Additional Full-Time Clerk Position at Rapids Spirits Municipal Liquor Store, as Recommended by the Personnel Committee.**

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

**9. GENERAL BUSINESS:**

**9.1. Heartland Lakes Development Commission CARES Funding**

**Report:** Mary Thompson stated the CARES funding was provided by the federal government. It was then passed to the state who allocated it to counties, and to cities and townships of a certain size, based on their population. As a result of that, Hubbard County created with Heartland Lakes, the Hubbard County COVID Business Assistance Program. As an overview, the objectives and goals of the program were to provide businesses emergency assistance that were impacted by the pandemic to facilitate business retention, and to maintain jobs to the best of our ability within the county.

Thompson stated we also wanted to make sure we were in compliance with the federal funding guidelines that were provided. In this case the eligibility was that the business has to demonstrate that they were adversely impacted by COVID-19. They also needed to document at least a 20% reduction in business activity for the period of March 1<sup>st</sup> to June 30<sup>th</sup>, 2020, compared to the same period in 2019. In one of the later funding rounds we allowed the business to pick their four-month period, because of some of the seasonal businesses, that period of March to June wasn't really reflective of their revenue stream. They were allowed to adjust that period some so they could capture what the impact of COVID expenditures really were for them. That was one small adjustment that we made. The business had to be in Hubbard County. They had to be registered with the Minnesota Secretary of State, and demonstrate financial viability. Meaning that a business that was nearly closed anyway, we didn't want to support them if they were going to close before COVID hit. They had to be current on their obligations before March 1<sup>st</sup> when all of this began. The expectation is that the business was viable and operating and in good standing prior to that, which is what we wanted them to demonstrate.

Thompson stated these were resources made available to county, city, and township governments. Our county was very generous. We had townships and cities that were willing to use the resources that they didn't need for their own purposes and put them into this pool. We ended up with two cities and eleven townships contributing resources to make available countywide. We ended up with \$1.8 million. That was a testament to the assistance that was provided by all of the organizations within the county.

Thompson stated we did press releases. I met with each of the cities and with several of the townships to make it known about the resources and to make sure they would reach out to the businesses there. We provided emails to the membership of the Chamber and to the Downtown Business Association. We did radio advertisements and public service announcements. We had it on our website. We had some of our committee members go down and meet with businesses and had discussions regarding the application process. We tried to make sure we did as good of a job as we could to get the word out. We also provided notifications to bankers. We did still miss businesses, unfortunately. I've heard from businesses who said they heard nothing about it. We did the best that we could. It is unfortunate that we did miss some businesses. We tried to be broad with the notifications of the availability of the funding.

Thompson stated we were able to provide ninety-eight organizations with funding amounting to \$1.8 million. There was a total of six funding rounds. Federal and state grant funds were subtracted in the calculations. A calculation was made to figure out what the revenue loss was for each of the businesses. The grant funds were subtracted from that so they weren't getting grant money from one or more source to pay for the same dollar of loss. We also made the effort to make sure that no organization received more than their documented loss. Once we found out what their number was, that was the maximum of funding that they were able to get. We did not give folks more than they had documented in their losses.

Thompson stated the lowest revenue reduction that we funded was a 25% loss. The highest was 100%. They ended up closed. The average for the ninety-eight organizations was 59% loss from what they experienced because of COVID. The amount of the financial awards varied from \$779.00 up to the maximum given of \$29,440.00. The average was \$18,899.00. You can get a sense of how the money was distributed out.

Thompson stated we looked at what kinds of organizations received the funding. One of the largest recipients was for food service, which is not surprising. The service industry is another one that was really hard hit. Retail, resorts, salons, agricultural related areas. We did some funding for non-profits. Places of worship received reimbursement for actual costs necessary for reopening for they documented costs for PPE or for air filtration systems. There were also three businesses that didn't classify in one of these particular areas.

Thompson stated because we did receive funding from several other organizations, we did look to see where the businesses were within the county that received funding. I've provided you with the locations and the amount of funding in each jurisdiction. I think we did a fairly good job in having as much distribution around the county as we could. We worked really hard to make sure that a lot of people knew about it and it does appear that we were pretty successful in getting a countywide distribution. We're pretty happy about that.

Thompson stated this did have a lot of impact. We received many handwritten, personal notes of how meaningful these funds were to these businesses. We wanted to make sure they were non-identifiable. This is a small sample of how much this meant to their organizations that received this funding.

Thompson stated the State of Minnesota has funding that was just released that has three tiers. The first funding is direct based on the sales information on the NAICS code. It's specific businesses that were impacted by the last shutdown. It's the 2099

Executive Order. If those businesses were shut down and their NAICS code identifies them as such, then they will be eligible to receive a direct payment from the department of revenue. That payment is based on the tax filings that they have done, and the number of employees they are reporting to unemployment. That is supposed to be an automatic payment. Two of the drawbacks of that program is that there has to be a 30% loss, and second, anybody who reports sales tax information on an annual basis will not be eligible. Those are businesses that will fall through the cracks. If it's a small enough organization that it doesn't report quarterly or monthly on their sales tax, they won't get this automatic payment.

Thompson stated one program that I didn't list has a very narrow niche. The state did make funding available for event centers and venues. The funding for the event centers was limited to places with a capacity of 1,500 people or more. In the State of Minnesota there are five. There are additional resources within that scope that are for owners of movie theatres. That resource is based on the number of screens the theatre has. In this case I have reached out to our movie theatre and got them plugged into that so they are in the que for that particular one. That's the only business in this area that would qualify for that pot.

Thompson stated the last one is the county relief grant. That has county discretion. I met with the county board today. Their intention is to contract with Heartland Lakes to distribute those funds again. They will take action on that at their meeting next week. That resource will be available to businesses as of Wednesday, January 20<sup>th</sup>. The amount available is \$417,000.00. That will be a one-time distribution. The application period is January 20<sup>th</sup> until February 15<sup>th</sup>. All of the applications that are received by the 15<sup>th</sup> will be evaluated and the resources will go out by March 1<sup>st</sup>. All of these resources have to be spent by the 15<sup>th</sup> of March. There's another very short window for evaluations. The applications will be available on the 20<sup>th</sup>. If you know businesses that are falling through the cracks and still need help, make sure that they apply because this one does have some additional discretion. The guidance from the State of Minnesota is for those businesses that have fallen through the cracks that are the most impacted, or really in need. We're asking that every business that has a potential need to apply. If you don't apply there's no way you're going to get evaluated for some assistance.

Thompson stated the last piece is from the federal government. The PPP Loan was just reopened on Monday. Businesses can apply for another round of the PPP funding, which is another forgivable loan, based on maintaining employees. There is another shuttered venue grant that is available for arts-based organizations, like theaters, events centers, museums, those kinds of organizations, things that have fallen through the cracks. That's a federal program that is going to be distributed through the SBA. There is a webinar on the 14<sup>th</sup> that will provide information for that. If you know any organization that falls into that live space of events have them reach out to me. I am watching the potential application of this. If there is some need from a non-profit or business that is struggling and is in this category have them reach out to me and I can help them facilitate an application if they are eligible.

Thompson requested questions. There were none. The Council thanked Thompson for her presentation.

**9.2. Park Rapids Armory Arts and Events Center Refund Request:**

Leckner stated the city received a letter asking for the property tax penalties be paid for by the city. Thomsen stated the city first became aware of this on December 4<sup>th</sup>, that the second half of the real estate taxes for the armory had not been paid. It is very unfortunate that that had not been taken care of at the time of the sale. The tax statement did not come to the city. It went to the previous owner of the armory. But, by the lease agreement with MMCDC, they reap the benefits of the property, and they also assumed all of the responsibility for the property. In the lease agreement it very clearly states that they were to pay the real estate taxes. The city had no reason to inquire with the county about the payment status, and we were unaware of the delinquency until we received the notice from the county. My understanding is the Armory Arts Board agreed to pay half of the outstanding amount, and MMCDC agreed to pay the other half, with the half for the Arts Board coming out of a \$50,000.00 loan set aside by the MMCDC for them. The question at hand is, the taxes have been paid by the MMCDC, does the city want to pay for the penalty?

Leckner stated the one thing we wanted to make clear was we didn't receive that until December 4<sup>th</sup>. They said it was our fault because we didn't let them know, but we didn't know about it either. Thomsen stated the MMCDC was surprised that they should be subject to paying the taxes, but it is clearly stated in their lease agreement.

Wills questioned do we have any idea what caused this lack of communication? Thomsen stated the previous owner had the tax statement. Jeremy Jude stated the county sends out one property tax statement a year. That went to Armory Square Management Corporation. They were the owner on record at the beginning of the year. The county doesn't send out anything mid-year. I think the people should have been notified at the closing. The ball was dropped at some point in the closing process. You also have to assume when you buy a property that you are responsible for the property taxes, and the lease clearly did state that the property taxes would be paid by the lessee, which is the MMCDC. What's really causing the confusion is they are going under the assumption that the property is tax exempt, which it is now, but the county never makes adjustments mid-year. When the property taxes were issued at the beginning of 2020, it carried through to the end of the year. We couldn't make the change until the end of 2020. It is now tax-exempt, but there were \$30,000.00 in taxes attributed to that piece of property.

Thomsen stated we also filed with the assessor's office the easement and the contact info for MMCDC. Because, even though it is tax-exempt, there are still assessments on it like solid waste. That in itself is \$800.00 on that property. That will now go directly to the MMCDC, and hopefully we don't have to face this again in the future with another penalty. We've done what we can on our side to prevent that.

Leckner stated when we first found out about this, we talked about having a meeting with them. Thomsen stated after whatever decision is made tonight, I'll let the MMCDC know. We talked about in mid-March having a debriefing with them and representatives from the Armory Board and talk about it. One thing it would behoove you to ask for is what does your budget look like? You're managing this property for us now, and you agreed to take care of all of the maintenance. Will they be setting aside money to do that? For everybody to be on that same page is important. What's to say we won't get hit with a bill for a new furnace?

Randall stated in addition to a debriefing, I would suggest that the Finance Committee meet with the Armory Board and MMCDC, so all three of us come to the table quarterly or twice a year to meet to check in. I don't think it's wise for the city to simply sign a lease and be hands off, and not even touch base with what's going on with the building. This is going to come back to us at some point. This lease with MMCDC is for ten years. That might sound like a long time, but it will be here before you know it. We need to keep our fingers on the pulse of this thing. Hopefully, that will help build some relationships. It was a very tense situation and it's really just unfortunate.

Conway questioned wouldn't the property owner normally be liable for the property taxes and it would be our obligation to collect from the people that we contract with for the taxes? We're the property owner. So, we'd be liable for the property taxes. Because we have it in the lease, then it would be our obligation for them to either reimburse us and go to them and ask to be paid. Thomsen stated that's all the more reason to have the meetings.

Randall stated there are so many things that went wrong here. This should have been addressed at closing. I sit on the Armory Board for the Council and there has been zero talk about the taxes. They've talked about snow removal, insurance with MMCDC paying for that. At no time did the taxes come up. Unfortunately, I'm certainly not going to throw this on our legal counsel, but the city I think bears a little of the responsibility here, because this wasn't addressed at the closing.

Conway questioned as our representative to that board is it your recommendation that we pay the late fee? Randall stated I can't make that recommendation because I was not involved in any of this. The armory board has not brought this to the full board. It seems there has been a decision made without bringing that to the board.

Leckner stated Jude is aware of the type of lease. Jude stated this is triple net lease so the city is owner in name only. The armory group gets all of the benefits of using the building, they're responsible for all maintenance and upkeep. They have to keep a minimum insurance policy on it. I'm not trying to be crass or mean, but they do have the responsibility at the end of the day. It falls on MMCDC and the Arts group to make sure they take care of it.

Randall stated all along they called it a pass through. That's how it was always referred to. The grant money had to go to a public entity and we were that entity. Leckner stated with a triple net lease they are responsible for the taxes and that's the way it was written up legally. I would say that's the way it was understood. The way I read it in the letter they're saying we didn't make them aware of it soon enough, but we didn't get the notification until December 4<sup>th</sup>. We let them know as soon as we got it.

Stone stated the bottom line is property taxes are due on October 15<sup>th</sup>. If I'm working for the MMCDC or the PRAAEC and I'm writing a check after October 15<sup>th</sup> for property taxes I should be concerned there's a late fee involved. Wills stated I think there was an assumption that they weren't going to have to pay taxes because it was going to be tax exempt. Stone stated but not in 2020. Randall stated MMCDC would know better than that, to know that tax exemption wasn't going to go into effect until 2021.

Randall stated I go back to MMCDC was not part of the closing. They weren't a party at the table. At that time, it should have been discussed. Conway stated tax liability is always discussed. Randall stated right, but MMCDC wasn't there. Conway questioned who was there. Randall stated Ryan Mathisrud and our attorneys.

Thomsen suggested splitting the late fee among the parties. Randall stated I do think that MMCDC should have asked the question, but at the time of the closing if they had been there maybe they would have asked. But at the closing it was us and the developer at the closing. I feel that the people that represented us there should have discussed the taxes, and it wasn't discussed. Stone questioned what was the date of the closing. Randall stated it was in May of 2020.

Cynthia Jones stated the responsibility for the taxes is in the sublease to Park Rapids Armory Arts and Events Center. The PRAAEC is the responsible party, not MMCDC. The issue is being brought before the board next week. It had to be settled by the end of the year. The city was notified on December 4<sup>th</sup> about the late taxes. There wasn't time, and we didn't know about it until after the last meeting of the board. That's why all of this confusion is taking place. But the armory has worked out a deal with MMCDC, which is MMCDC has paid the property taxes. It's taken care of. Right now, the issue is the late fee. The armory events center board is paying \$8,000.00 from the \$50,000.00 line of credit that the MMCDC has given us. MMCDC is paying \$8,000.00 with an interest free loan. We'll only pay the interest in 2021 until we can get on our feet and have people in the armory.

Randall stated I do understand the sublease does make the armory board responsible. The initial lease that we have puts it on MMCDC. Whether it's turned over to the armory is another thing. In the lease that we signed it is the MMCDC that is responsible. Thomsen questioned are we recommending that the tax statements go to the MMCDC or the armory board? We'll get that straightened out.

Jones stated the penalty is really not ours. The taxes are ours and we figured out how to deal with that. The penalty doesn't really belong to the armory board. Randall stated you just said it was the responsibly of the armory board to pay the taxes. Jones stated yes to pay the taxes, but we did not know that the taxes, and Jude did not know, until December 4<sup>th</sup>, that the taxes had not been paid on the building. Jude stated we didn't even know what it was for. We tracked it down as the armory and we asked immediately at the county if there was anything we could do about the penalty. I explained the situation, but the penalty is in Minnesota Statutes. There is no leniency as far as the county is concerned. We did everything we could to get those waived.

Stone questioned when did the AAEC realize that the second half of the taxes hadn't been paid? Randall stated after Jude got the notice on December 4<sup>th</sup>. Jude stated once I got the notice, I had to track down the representative for MMCDC. That took a couple of days and then they notified the armory board.

Conway stated I'm not saying who's responsible to pay the last fee, but it sounds to me that because we didn't know is a reason to not have to pay it, then all three parties have that same excuse. None of us knew we owed it on October 15<sup>th</sup>. That's not a viable defense.

Randall stated for me it goes back to at the closing. There should have been a discussion. We as the city should have known what the taxes were and that they were due on October 15<sup>th</sup>. We had to close on the building before we turned around and signed a lease with MMCDC. For that brief period of time that we owned the building without a tenant it was our responsibly and we failed. Our representatives on behalf of the city failed to address that issue. That's were it goes back to me. I completely agree with Jude's comments and that this should have been brought up by other people as well, but I go

back to this wasn't part of the closing. Any real estate transaction, the taxes have come up. I guarantee it. The fact it didn't, I don't believe we can blame MMCDC, or the armory board.

**A motion was made by Randall, seconded by Conway, and unanimously carried to reimburse the late fee for the second half of the 2020 property taxes, in the full amount of \$1,408.87, to Park Rapids Armory Arts and Events Center.**

**9.3. Submission of MN DOT's Local Road Improvement Program Grant Application for a Potential Fair Avenue Project:** Jon Olson stated I'm here to talk about Fair Avenue. It's been on our radar screen for several years, 10+ years, on the capital improvement plan (CIP). It continues to get pushed back in priority, primarily due to how to finance the project. There is a lot of large parcels adjacent to it and with the associated assessments it becomes a challenge to finance it. We've been looking for funding opportunities for Fair Avenue for a while. Traditional PFA under DEED, Rural Water, aren't really applicable on this project because we don't have much in the way of water or sewer, and this type of project is generally not funded by these programs. We've been visiting with the Hubbard County Highway Department to see if there are opportunities to partner on something similar to what we did on Pleasant Avenue, a road swap. We weren't really getting anywhere on that since Pleasant Avenue still has life remaining and the city would have to reimburse the county.

Olson stated we continued to look at what are other funding sources for street and stormwater improvements. MN DOT has a program called Local Improvement Road Program that is for local roads of regional significance. I think Fair Avenue can fit that description very well. It's a part of a connection to Highway 34 and 71. That's viewed very favorably. We have Team Industries, the industrial park, Heritage Living Facility, and the bus garage, MN DOT is also on that corridor. I think we have a great opportunity to put together a very solid application for this program. The deadline for the application is March 3<sup>rd</sup>. The maximum grant request is \$1.25 million, which is a pretty good chunk of the estimated \$3 million. That estimate is a planning level estimate, but a very good start to getting this project off the ground.

Olson stated we are not a state-aid city so the county would ultimately have to support and sponsor the application if we do decide to move forward with it. Based on my initial discussion with the county engineer I certainly think there is a willingness to support that project. We'd have to formalize that if there is interest in moving forward. If the project is awarded it would be a 2022 construction. The awards are generally announced in June or July of the year prior to, so we'd know in 2021 whether or not that has been awarded. It would give the city ample time to react and plan for a 2022 construction.

Olson stated we're asking today if there is interest in pursuing this. My office is willing to help out with the application to the extent that we can. Scott Burlingame is interested in putting this together. Between the two of us we can put together a pretty good application. Before we'd submit that we'd bring it to you for your final approval.

Stone stated I for one would be in support of it. I've been concerned about the struggles that the Fair Avenue residents have had to deal with during the winter months. This year has been mild so they haven't had a lot of freezing sewer lines. The bus garage has also struggled in the past as well. I would be in support of pursuing this.

Conway stated if we come up with the \$1.8 million, we'd have to come up with the other portion of the \$3 million by 2022. Randall stated we'd likely bond for it.

Mary Thompson stated this could potentially be partnered with a Small Cities Grant that we've talked about already. If we find out about the funding that could be a nice way of offsetting the city's portion. That application would be due, not until September, but the timing would make for a 2022 reconstruction. The nice thing about the Small Cities is if we did a comp application we'd also add in, which is the important part, is the owner-occupied rehab. We could target households in that neighborhood for the owner-occupied rehab. We would get some support for the infrastructure and partner that and really take another share of the city's portion to make that work. I'll be happy to talk to Olson about that and see if we can't partner that. We've been talking about doing that here anyway and that was our target neighborhood that we were talking about. That could be one way to help the city's commitment.

Conway questioned would we have to back out the construction until 2023? Thompson stated the application for this would be due in September, and then funding would be for the following year, so in 2022, so it would coincide. We would have the commitment from MN DOT on that portion of it so we would know prior to that application. We could make that essentially work out for helping to offset the city's share.

Thomsen stated that would really strengthen both grant applications. Thompson stated and the bonus is the owner-occupied rehab. That's really a significant thing as well.

Mack stated when I was a part of that discussion, that takes the city assessments off of the table. You can't assess those low to moderate income property owners that are eligible for rehab. Betty Thomsen stated if they are income qualified their assessment was paid for. Thompson stated we'd look at the income demographics of that neighborhood and do some calculations. I'm just hearing about this right now, but it's really an opportunity to partner with a few different sources to help the city to not have to come up with as much resources. There are still questions and we'd have to talk about the project and how it's going to fit, but I wanted to make you aware of a viable option that might help to offset the city's portion.

**A motion was made by Randall, seconded by Stone, and unanimously carried to approve the submission of MN DOT's Local Road Improvement Program Grant Application for a Potential Fair Avenue Project, as proposed by Jon Olson.**

**9.4. Water/Sewer/Stormwater Utility Penalty Charges:** Thomsen questioned does the Council wish to continue waiving the utility penalty charges into 2021, as you did in 2020 because of the pandemic? Conway stated I don't know that anyone is in any better condition now than last year. Randall stated I'd like to readdress this after the first six months of 2021. **A motion was made by Randall, seconded by Conway, and unanimously carried to continue waiving the penalty charges on utility bills for the first six months of 2021, January through June, and then re-address it at that time.**

**9.5. Resolution Appointing Councilmembers to Various City Committees, Boards, and Commissions:** Leckner questioned if anyone wanted to change things up. Conway stated I'd like to step down from the Heartland Transit Advisory Board. Randall stated I'll pick that up. Leckner stated Stone has in interest in being on the Armory Arts and Event Center Board. We could ask if we could appoint two members.

Randall stated their bylaws state only one Councilmember. I'd propose that Stone be appointed as a community member. Cynthia Jones stated there are two openings on the board right now. Randall stated if for some reason that didn't happen then Stone and I could switch and we could change it at a later meeting.

**A motion was made by Conway, seconded by Stone, and unanimously carried to approve Resolution #2021-23 Appointing Councilmembers to Various City Committees, Boards, and Commissions, as follows:**

- |   |                   |
|---|-------------------|
| 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 & Weasner |
| 7. Grievance Panel  | Randall & Stone   |
| 8. Headwaters Regional Development Commission             | Stone             |
| 9. Heartland Lakes Development Commission (f.k.a. HCREDC) | Conway & Leckner  |
| 10. Heartland Transit Advisory Board                      | Randall           |
| 11. Housing & Redevelopment Authority of Park Rapids      | Conway            |
| 12. Hubbard County Emergency Management Board             | Wills             |
| 13. Hubbard County Senior Council on Aging                | Stone             |
| 14. Park Rapids Career & Community Advisory Board         | Conway            |
| 15. Park Rapids CDC/Armory Arts & Event Center            | 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             |

**9.6. Contracts with iN-Depth Inspection LLC:** Thomsen stated the contracts are ready. We weren't able to get the full amount of the insurance coverage that we wanted on the rental side, but speaking with our attorney and the recommendation from the League, we can live with that. They did up their professional liability to the \$1 million and \$2 million per occurrence. We can live with that. If at any point in time, somebody else is interested, this contract is not binding and can be terminated with a thirty-day notice. They are signed and ready for Council approval.

Randall stated we had issues getting reports with this company. They have been made aware that we would like them because that is what they were supposed to be doing. I do think that we need to keep a close eye on this and flag this for review in a few months. Because if they are not following through with their obligations, we may want to consider terminating the contract and exploring some other services. Thomsen stated you need to look at this as going forward regardless of verbal statements. This is the contract.

**A. Resolution Authorizing Proper City Officials to Execute the Service Contract for Rental Housing Inspector by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids:** A motion was made by Conway, seconded by Wills, and unanimously carried to approve Resolution #2021-24 Authorizing Proper City Officials to Execute the Service Contract for Rental Housing

Inspector by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids, with the stipulation that they would be reviewed quarterly on the performance of the reports.

**B. Resolution Authorizing Proper City Officials to Execute the Service Contract for Building and Plumbing Official by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids:** A motion was made by Conway, seconded by Wills, and unanimously carried to approve Resolution #2021-25 Authorizing Proper City Officials to Execute the Service Contract for Building and Plumbing Official by and between Brad Bail d.b.a. iN-Depth Inspection LLC and the City of Park Rapids, with the stipulation that they would be reviewed quarterly on the performance of the reports.

**10. CITY ADMINISTRATOR COMMENTS:** Thomsen stated the third party pay on line is very close. We plan on starting on the 1<sup>st</sup> of March. We purchased the Banyon model and it will be the pay processing entity. We talked with the Finance Committee. The city will assume all of the credit card fees for the auto pays for the utility payments. The thresholds for other payments, like the fire contracts, building permits, and airport hangar rents, will be set at up to \$500.00 and the city will pay the fees. If the payment is over \$500.00 whoever is making the charge will assume those fees. With the calculations that we worked out it looks like we're going to make a profit, or hopefully just break even. There will be an indicator on the utility bills and a newspaper article would be great.

Thomsen stated thank you all for the opportunity to come back and I have a gift for the city. The mayor opened a gift of a picture to hang in the Council Chambers.

**11. DEPARTMENT HEAD UPDATES:** Mack stated Jon Olson and I have been working on the tennis courts project. We have a sub-committee of the Parks Board working on the engineering. We have received outside funding sources in the amount of \$109,690.00, which is 20% of the cost of this project.

Mack stated the Council approved a grant application to the Park Rapids Area Community Fund for the Ant Venture for Deane Pointe Park. The submitted request was for \$5,000.00. We received \$2,000.00. The other \$4,000.00 has come in as donations. The purchase price of the art work is fully funded. We're working out the details of the mounting and the placement of it in the park.

Mack stated the Park Board has met recently and there was a source of information on historic commemoration projects dealing with community-wide, downtown, historic buildings, and it's an action plan and arts and culture plan for the city to do this historic commemoration. The Arts and Culture Commission is in the process of assembling a grant application to the Minnesota Historical Society for \$25,000.00. It's a non-matching grant. That's preliminarily going out as a draft, which is due in early March. That will come back to the City Council before final submission.

Mack stated I've been in conversation with the new MN DOT District 2 planner out of Bemidji. There is some discussion related to the Heartland Trail Project Extension. That funding is not part of the state bonding bill. The Park Rapids component was eliminated.

We're talking with the district planner about doing a demonstration project to create a temporary crossing over Highway 71 from Red Bridge Park, along Minnesota Street for about three and a half blocks. We're in the early stages of that. That will be brought back to the Council in the form of a resolution once it's put together.

Scott Olson stated the fourth quarter of 2020 was our second biggest increase of the year. December being a big part of that. It was \$73,000.00 ahead of 2019. We crammed another June into 2020.

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

**13. COMMENTS FROM COUNCIL:** Stone stated I'm excited about all that is going on with the tennis courts and the parks in general.

Randall stated Weasner's first day is Friday and we're excited about that. We are very sad to see Thomsen go. Weasner will have really huge shoes to fill. It's been incredible the amount of things that have gotten done with Thomsen here. She doesn't want to be bored and likes to stay busy. We have benefitted immensely. Thank you. Thomsen stated I had a good support staff.

Wills stated thank you Betty. Conway also thanked Thomsen.

Leckner stated thank you Betty for stepping up and coming here. I made that phone call to you asking you to come. She said yes, she wanted to do it for the city. She's done a great job. Thomsen stated Weasner will walk in and wow you too.

Leckner stated regarding Vik's resignation and retirement on the consent agenda, I wanted to not allow it, but she told me that wouldn't matter, and it will take big shoes to fill in for her. We have to have that on our radar right away to start looking for a replacement and get a process in place for that. Randall stated we really appreciate the long notice so maybe we can get someone in to work with Vik. That would be ideal. I'm so sad to see you go, but thank you for giving us the notice so we can get somebody in there that you can train in. Leckner stated she's talked awhile about retirement, which everybody has to do. We totally understand.

**14. ADJOURNMENT:** A motion was made by Stone, seconded by Randall, and unanimously carried to adjourn the meeting at 7:16 p.m.

[seal]

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Mayor Ryan Leckner

ATTEST:

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Margie M. Vik  
City Clerk