CITY OF PARK RAPIDS CITY COUNCIL MEETING JUNE 25, 2013, 6:00 PM Park Rapids Public Library-Lower Level Park Rapids, Minnesota

- <u>1. CALL TO ORDER:</u> The June 25th, 2013 Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Pat Mikesh, and everyone present recited the Pledge of Allegiance.
- 2. ROLL CALL: Present: Mayor Pat Mikesh, Councilmembers Dave Konshok, Rod Nordberg, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Public Works Superintendent Scott Burlingame, Liquor Store Manager Scott Olson, Treasurer Angela Brumbaugh, and Clerk Margie Vik. Others Present: Anna Erickson from the Enterprise.
- 3. APPROVAL OF AGENDA: A motion was made by Nordberg, seconded by Utke, and unanimously carried to approve the agenda with the following change: Delete Item #7.12. from the Consent Agenda.

4. EMPLOYEE RECOGNITION:

4.1. Robyn Capistrant-Five Years of Employment: Mayor Mikesh presented Robyn Capistrant's employment certificate to Scott Olson.

5. APPROVAL OF MINUTES:

- 5.1. City Council Workshop Minutes-June 11, 2013: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the June 11th, 2013 City Council Workshop minutes as presented.
- 5.2. City Council Regular Meeting Minutes-June 11, 2013: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the June 11th, 2013 City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Payables & Prepaids: A motion was made by Konshok, seconded by Utke, and unanimously carried to approve the payables in the amount of \$50,085.48, and the prepaids in the amount of \$131,989.81, for a total of \$182,075.29.

June 25, 2013 Page 1 of 6

- <u>7. CONSENT AGENDA:</u> A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the following consent agenda items:
 - 7.1. Approve Plumber's Permit to Work in the City of Park Rapids in 2013 for KMI Mechanical Inc.
 - 7.2. Approve Transient Merchant License for Diane Cerven d.b.a. Generous Jerry's to Sell Fireworks at 810 First Street East, in the City of Park Rapids, on June 26th to July 5th, 2013.
 - 7.3. Approve Public Facilities Use Permit for Mary Schwartz d.b.a. the Park Rapids Downtown Business Association to Use Pioneer Park on Thursday, July 25th, 2013 from 10:00 a.m. to 3:30 p.m. for Crazy Days Music in the Park.
 - 7.4. Resolution #2013-106 Accepting and Approving the Final 2012 Audit Report for the City of Park Rapids.
 - 7.5. Resolution #2013-107 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for Minnesota Darkhouse & Angling Association.
 - 7.6. Approve Pay Request in the Amount of \$3,451.46 to TKDA for Professional Services for the Runway Design Part II.
 - 7.7. Approve Pay Request in the Amount of \$27,950.00 to Kern, DeWenter. Viere for Professional Services for the 2012 Audit.
 - 7.8. Approve Pay Request in the Amount of \$4,000.00 to Briggs & Morgan for Legal Fees Pertaining to the Kueper's Development Agreement.
 - 7.9. Approve Pay Request in the Amount of \$54,253.80 to Terry DeYoung Construction, Bryan Schreifels Construction, Gary Nicklason Construction, Andrew Johnson Construction, and Midsota Builders for Professional Services Pertaining to the Small Cities Development Grant.
 - 7.10. Approve Hiring Touch of Eden, for the Amount of \$2,600.00, to Repair the Topsoil and Reseeding at Headwaters Agency Inc. at 315 Park Avenue S, for Repairs Pertaining to the Main Avenue Project.
 - 7.11. Approve Receipts for April 2013.

Page 2 of 6 June 25, 2013

7.12. Deleted from the consent agenda.

END OF CONSENT AGENDA

8. COMMENTS FROM CITIZENS: There were no comments.

9. GENERAL BUSINESS:

9.1. Resolution Authorizing Proper City Officials to Execute the Consultation Services Agreement by and between TKDA, Trillion Services, and the City of Park Rapids: Dave Konshok stated the Airport Commission was approached earlier this year, primarily by the Rydell Group out of Grand Forks. They've had an aircraft here in Park Rapids flying in and out. They have private residences here in the area. They are interested in building a larger hanger than anything that is out there currently. Our standard hangers fit up to a larger twin engine type aircraft. They are looking for something that would house a jet, an 80'x80' two story hanger. Similar in size to what the FBO has out there.

Konshok stated traditionally we have said no to this. They were proposing to come in and do some kind of build/lease arrangement. We would either lease land or a building. They are willing to provide the cost on the building and to enter into some kind of long term agreement, but we aren't sure what other cities are currently doing. We haven't done anything like this in a while. A lot of research has been done by my father. He's been in this business for a long time. He talked to Bemidji, St. Paul, and a number of other airports our size to find out what's currently going on. In the past the main method of doing those was to build the building ourselves and then enter into a lease with whoever was interested in leasing it. That's the current arrangement that we have with Park Rapids Aviation and Avionics. The difference is when we built that building, we were able to go through the Minnesota Department of Transportation-Aeronautics Division and they provided the funding for that, at least 50% of it at a no interest loan to the city. We didn't need to consider any kind of bonding. There was a pool of money available for local governments through MN DOT. That program has since gone away. There was also a hanger loan fund program, which is still in existence but it has a lot of restrictions on it.

Konshok stated the bottom line is that it wouldn't do much good for larger size hangers. It's just for the smaller hangers for the smaller, single engine aircraft. Without a good funding mechanism the city was faced with one of two prospects. We can either go out and arrange financing on our own and get a signed lease. Then we'd be incurring a large amount of capital expense and debt service on our part to accommodate those folks. It turns out that what a lot of cities have done, since these conditions have changed, and the state programs have gone by the wayside, they have started entering into long term commercial leases. They are extremely complicated. They're on city property. Federal money is involved with those properties because of the Federal Aviation Administration and MN DOT Aeronautics. It's not sign a quick lease with anybody that walks in the door.

June 25, 2013 Page 3 of 6

Because it's an airport there's a lot of scrutiny and levels of review and we need to make sure it's done right.

Konshok stated the folks that provide airport consulting services have recognized that need and stepped up to fill in that gap and to assist with consultation services by helping cities develop and enter into these lease agreements. The firm, Trillion Services, did a presentation for us. At that time it wasn't clear what the legal relationship was going to be between a consultant like Trillion and the City of Park Rapids. Since that time Trillion has entered into an agreement, under the umbrella of TKDA, who provides engineering services to us for the airport. That contract with TKDA is reviewed and renewed with us every five years. They are now offering us Trillion's professional services regarding lease arrangements as an a la carte under the umbrella of what TKDA provides as engineering services. That's a new service available to us. Whatever engineering firm we hire has to be certified by the state as having aeronautics and avionics experience. It was very important to us that whoever came to help us with these lease arrangements and any other business consulting services was legitimate and recognized by everybody at all levels as someone who knows how to do this.

Konshok stated now Trillion is now under the umbrella of TKDA with a cooperative agreement. They came to us and made a presentation and have given us a road map of the way forward of how to meet with these prospective new lease tenants and come up with a good method of building these types of lease hangers. We want to make sure that we get it done right. We know of at least two more that might come on the heels of Rydell and do cookie-cutter operations. Hopefully we'll do a number of these larger hangers to house jet aircraft out at the airport.

McKinney stated the only additional focus on this is that it's true, everything that you said they will be doing for us, in addition they might help us come up with a development plan. We don't want to get ahead of ourselves out there. We have every opportunity to screw up if we don't have a plan that really works. In addition to what they are providing for us there will be some work anticipated by TKDA with exhibits of leases. The reason we are advocating this approach is we need someone who really understands what's going on in the industry, not just in Park Rapids. Konshok has done a great job finding out there are a lot of really complicated things going on and we really need to have the benefit of this type of advice before we come back to the Council with meaningful recommendations. We're proposing that funding come out of the liquor fund. We can parley this into something in even a more positive way than just a couple of hangers we might rent. I think it will help us develop a game plan for a lot of activity out at the airport. It's a diamond in the rough out there and this service is to help us change that. We recommend that you approve the resolution.

Konshok stated we should look at this expenditure as economic development. We've been talking about and hoping for this for a long time. Now it looks like it's finally come to fruition. Utke stated this is something that will help the airport generate cash.

McKinney stated the anticipated completion date is by the end of August of this year. They also offer additional services which are outlined for us. If it develops into something else we'll have to come back to the Council and talk because we're funding just the job Trillion has outlined. He'll put a lid on it at \$12,600.00 for his part of it. That's comforting because we're going into this thing with a lot of questions. We'll review this again at the end of August.

Page 4 of 6 June 25, 2013

Nordberg questioned are you saying that the services that they're providing at this point for this dollar amount are only limited to the leasing arrangements and not marketing or advertising? McKinney stated no, perhaps advice that would lead to that but not to include that. If you look at the professional service agreement, that's all we're buying right now. Nordberg stated I'd certainly support the marketing. We could use more of it. McKinney stated I think we'll be in a better position to know the perimeters of that once we get this step done. Utke stated we need this to be able to talk intelligently about marketing and the next phase of this.

Nordberg questioned is this intended to be more than one or two hangers? Konshok stated under services that they provide, project coordination, and lease area map, one item that they figured out is if you just put one hanger in there you have to redraw the map of the airport. We have to know where other hangers may go. They put an hour's cap on each item they will be working on.

McKinney stated if we were to take it one deal at a time we could put the hanger in a place that might restrict development for some other thing that comes along later. We do have a lot of options out there so we want to do it right.

A motion was made by Konshok, seconded by Randall, and unanimously carried to approve Resolution #2013-108 Authorizing Proper City Officials to Execute the Consultation Services Agreement by and between TKDA, Trillion Services, and the City of Park Rapids.

10. CITY ADMINISTRATOR COMMENTS: McKinney stated Dan Walker has an intern this summer to help with the grass cutting program. We're trying to figure out the best way to keep up with it. We're probably going to be dealing with the same names from prior years. In case you're getting calls, we are on top of it, we've sent letters. We've given them ten days to comply, which has now expired. The next step will be to get more aggressive in securing their cooperation. If that doesn't work, we'll have the step to decide whether or not we're going to cut it and put the bill on their taxes.

McKinney thanked the treasurer for doing a good job with getting us through the audit. It takes a lot of work.

11. DEPARTMENT HEAD UPDATES: Burlingame stated he was looking forward to the water project starting soon. The airport project bid opening is on July 11th.

Olson stated the store has sold a lot of ice recently. I have one part time staff member who was able to find a full time job here in town. She is going to try to continue with us, but I may be looking for a replacement later in the summer.

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

13. COMMENTS FROM COUNCIL: Konshok stated there was a meeting on June 10th, which I was not able to attend, regarding an update on the Heartland Trail Extension. The DNR planners were there to work on a master plan using a computer program. They

June 25, 2013 Page 5 of 6

platted out the routes that make the most sense. It was presented as draft information, which is not for public release yet. The meeting went well. One of the comments by the state master planner was there isn't a single trail in the state that makes more sense than this one. That speaks very well for the likelihood of this being added on as part of the Heartland Trail Master Plan. It would be great for Park Rapids. It has been a cooperative effort between the city, the county, private organizations, and the state. Nordberg stated I think this is historic. It is potentially very important to make Itasca Park even more accessible.

Utke stated he attended Katie Magozzi's retirement party this evening before the meeting.

McKinney stated Dan Walker is planning on having a meeting on site at Red Bridge Park where the bridge relocation will be discussed. We are amazed at the people who have never heard of the concept that the bridge will not be there eventually. I'm not sure how he's publicizing it, but it will be coming up. The DNR is still of the position that they will help relocate it if it can be considered part of the demolition. That remains to be decided. The likelihood of doing the project in its entirety this year is minimal. It will be finished up next year.

14. ADJOURNMENT: A motion was made by Konshok, seconded by Utke, and unanimously carried to adjourn the meeting at 6:33 p.m.

[seal]		
	Mayor Pat Mikesh	
ATTEST:		
Margie M. Vik		

Page 6 of 6 June 25, 2013