

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
JULY 9, 2013, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The July 9th, 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, Planner Dan Walker, Police Chief Terry Eilers, Liquor Store Manager Scott Olson, and Treasurer Angela Brumbaugh. Others Present: Ulteig Engineer Brian Hiles, Rich Ulvin, Bradley Peterson, and Anna Erickson from the Park Rapids Enterprise.

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

4. COALITION OF GREATER MINNESOTA CITIES:

4.1. 2013 Legislative Update: Bradley Peterson, with Flaherty and Hood in St. Paul, stated we do the legislative advocacy and the association management for the Coalition of Greater Minnesota Cities, of which you have been members for a long time. The Coalition has eighty-three members all over the state ranging in size from Grand Marias to Rochester. We focus primarily on issues of local government aid (LGA), property taxes, economic development, annexation, land use, environmental regulation, and transportation, specifically from a greater Minnesota perspective.

Peterson stated we work for you at the capital. During the 2013 session most of our work was in the areas of LGA and economic development. 2013 brought changes and challenges. The change was in the 2012 November election. It brought democrats back into control of the legislature for the first time since the 1980s. We had single party control of the legislature and the governor's office. The challenges were the projected deficit for the biennium budget that the legislature would be working on, which started a couple of days ago. Also, all of the potential money that we would pay back to the schools that was borrowed in the 2011 session at the beginning of the session, that tab was about \$800 million. It was borrowed to balance the last biennium's budget. There was a lot of discussion about whether or not those dollars would be paid back.

Peterson stated our goals for the session were simple. First, that the state come up with a balanced budget that did not rely, as it has in the past, on shifts, gimmicks and borrowing. And that it not result in property tax increases as we've seen in the past several years with cuts to property tax relief programs, such as market value credit and LGA.

Finally, that we get our fair share of any economic development funding and transportation dollars. That greater Minnesota come out of that doing well.

Peterson stated on the LGA front the foundation for what happened in 2013 was laid starting last summer and fall. There was lots of discussion about the need to reform the program, under-funding and frozen funding of the LGA program, which had resulted in the program just not working well. Numerous communities felt unfairly treated by it, especially the inter-ring suburbs, which like many of our communities now have infrastructure that's fifty to sixty years old, land locked with no room to grow, so LGA was not serving them very well and they were losing confidence in the program.

Peterson stated during that time period, summer and fall of last year, the governor convened a task force of fifteen mayors from around the state, include six of our CGMC mayors, to discuss LGA to improve it. Then came the election and the governor's budget in January. The good news out of the governor's budget was that he proposed an additional \$80 million for the LGA program, which is the first increase that had been proposed for quite some time. Unfortunately, the new formula did not do very well in terms of evaluating the needs of cities across the state, and didn't work very well for greater Minnesota. Of the \$80 million, the new money that the governor proposed, 10% of that would have gone to greater Minnesota. The balance, 90% would have gone to Minneapolis/St. Paul and the metro suburbs. That clearly wasn't going to work.

Peterson stated we spent a lot of time at the legislature going around with our analysis of the governor's formula and why it didn't work for many of the greater Minnesota cities. The House of Representatives convened a task force. Our Coalition, the Metro Cities, the League of Minnesota Cities, representatives from Minneapolis and St. Paul, and several interested legislators worked throughout February and March for five to six weeks, every week, meeting to talk about the LGA formula and how to build a better formula. Remarkably that group came up with a recommended formula that we felt worked pretty well for communities across the state that addressed some of the concerns of the metro communities and also served our cities better. That was also predicated on the \$80 million that the governor had recommended in his budget and the split there rather than the 90/10, would have been 50/50, and all new money going into the formula.

Peterson stated the City of Park Rapids will get \$314,000.00 in 2013. Had the legislature made no changes, and put no new money into the formula, Park Rapids would have gained a little bit. Most of our greater Minnesota communities would have lost money. The governor's formula fully phased in would have done pretty well for Park Rapids. But for most, they wouldn't have done well. That formula was not going to work. Under the new law, with the new money, Park Rapids can expect \$459,563.00. It's a significant improvement over what you got this year and what you would have gotten in 2014. The distribution of LGA, current law 2013, greater Minnesota is getting about 69% of the money in the LGA program, Minneapolis and St. Paul together about 27%, and the metro suburbs about 4.35%. In 2014, with an additional \$80 million, so it's a bigger pie that we are splitting up, greater Minnesota's share goes down a little bit to 66%, Minneapolis and St. Paul are essentially even, and the metro suburbs to address their problems increased a couple of percentage points.

Peterson stated we think this is a much better formula. It's going to be stable into the future assuming that the legislature continue its funding level. You will see small increases going forward as other cities go down to where the formula says they need to

be. Park Rapids can expect small increases going forward. This is unlike the old formula where even if you put \$80 million into the old formula there would have still been a lot of sloshing around based on the relative needs of one community versus another. This looks at what are you getting in aid now, and what is the gap between that and what the formula says you need if it were fully funded. We think that even though greater Minnesota's share recedes a little bit, the trade off in terms of stability and predictability, and the additional money is well worth it.

Peterson stated in terms of the total state budget picture, the state did balance its budget. Primarily with some cuts, but mostly with increases in taxes. The net tax increase is about \$2.1 billion. \$1.1 billion of that is increases in the income taxes of high earners. About \$400 million of that is the increased tobacco taxes. About \$424 million is changes to the corporate franchise taxes. Good news for cities and counties, is that starting January 1st, 2014 you will be exempt from most sales taxes on your purchases. That's going to save the cities and counties across the state \$174 million in 2014 alone and \$250 million going forward. There is a lot of good news coming out of the legislative session from a fiscal standpoint for cities.

Peterson stated hopefully you're aware for a couple of years we've tried to engage local EDAs, Chambers of Commerce, and individual businesses in economic development efforts in asking what types of tools would be helpful to grow jobs in greater Minnesota to expand your businesses, or attract businesses. Based on that feedback we came through with four pieces of legislation which were introduced on a bipartisan basis. Two of them became law this past year through the efforts of Senator Skoe. The first is an interchip tax program that pays the companies' cost of hiring a college intern. This is funded at \$2 million a year for the next two years. There is also a greater Minnesota business expansion program which seeks to help businesses that are expanding where they are. This is looked at as a replacement for JOBZ. One of the criticisms of the JOBZ Program was it just had the effect of moving a company from one side of the road, down the street to another community because they had incentives to offer. This, since it focuses just on expanding businesses doesn't have that problem. What this program does and it's funded with \$7 million a year, it offers sales tax exemptions for purchases related to that expansion for those companies and it's administered by DEED. They are setting up the perimeters for this since it is a new program here in the next couple of months.

Peterson stated another thing that we worked on, but were not successful with it last year, was a Jobs Training Program, which would allow companies to take the tax withholdings of new employees and put that into training programs. One of the things we hear a lot is, it's not necessarily that there aren't jobs, but we just can't find qualified people to fill them. This would have allowed companies some tools to create training programs, be it hiring an outside vendor to do it, or developing their own training program, or working with a local hiring institution.

Peterson stated now that the LGA piece is settled, economic development and transportation are going to become much higher priorities for the Coalition in the next couple of years. In the next couple of months we'll be talking to the people at the Economic Development Partnership, the Coalition that we're building of the Chambers, and setting out our legislative program for 2014.

Peterson stated not a lot happened on the transportation front this last year. There was some money made available through trunk highway bonds, \$300 million that would

help finish major interregional corridors and expand those from two to four lanes. Next year maybe bigger for transportation in that there's some discussion in finding new sources of revenue for funding roads and bridges. That's something that we'll be keeping close tabs on.

Peterson stated those are the big pieces of it. I've provided some information on the summer conference coming up in Bemidji. I'd encourage you to attend. The fall conference will be in Alexandria in November, which is where we'll talk about our specific policy agenda for the upcoming legislative session. We appreciate your support and membership in the Coalition.

Nordberg questioned we would have gone up a lot in LGA, but as you said most of greater Minnesota would have gone down. How are we different in some aspects that would have given us more money than other towns? Peterson stated the governor's formula had a few very new and different factors in it. One of them was the percentage of tax exempt property in your community. Being a county seat you would have done better on that. The other piece was it compared public safety and infrastructure. It compared like sized communities in their spending and averaged them out. You may have gotten more aid out of that because you were spending less than similar sized communities. That would make sense since you are a regional hub for tourism and commerce. It's hard to say, but that formula was just not going to happen. The results were all over the map and hard to understand. In the Iron Range and in Duluth, those communities would have lost a tremendous amount of money. You'd have done better because your community profile, from a property tax perspective, might be a little closer to some of the inter-ring suburbs that they were trying to help.

Nordberg stated I heard that the old formula, which had so many criteria, had one of which was age of housing, and the number of car accidents per mile/vehicle. Peterson stated the car accident piece is out of there. There is still an age of housing piece of the formula. Both are from pre-1940s. Also in the new formula there is an amount of housing built before 1970. The governor's formula had a similar thing in it that would have helped the inter-ring suburban cities, which would have also helped Park Rapids.

Konshok stated regarding the business expansion program, I researched the Angel Investment Credit one time, and it was slanted very heavily towards tech. Is the business expansion program broader than that? Peterson stated it is broader. That's one of the problems that we identified with the Angel Program as well. That's one of the things that we worked on changing. DEED comes out with a report on where the investments are being made. In 2012, 95% of the investment dollars were in the metro area. That's unacceptable for a state-wide program. You've identified that the characteristics of the type of companies in the metro area are different than the types of businesses that will take root in greater Minnesota. We did do some work on trying to fix some of those criteria's for greater Minnesota by adding manufacturing. There is also a wage threshold that has to be paid, which is based on metro area rates. We also worked on that. If that's a program that's going to continue, because the funding for that is going to be running out, those are things that we will insist on being fixed for greater Minnesota.

Konshok stated it's a wonderful idea and we'd love to have tech industry here, but the reality is to attract that kind of business here away from the metro is very hard. They don't adapt well to rural settings. That would be something that I would ask you to stay

focused on. Peterson stated we have several good champions in the legislature that have been working on that.

Nordberg questioned is JOBZ officially dead? Peterson stated it ends in 2015. Generally there aren't new JOBZ subsidies being given because the window now is so short. The benefits of JOBZ are winding down. You really don't hear a lot of discussion in extending that program, and certainly not in its current form. Last year, a republican from Fairmount, who was the chair of the JOBZ committee, he had a program called Profit that was thought to be a replacement for JOBZ. That had a lot more resources put into it, but it didn't take off. There are some ideas out there, but JOBZ as we know it is not going to exist anymore.

5. APPROVAL OF MINUTES:

5.1. City Council Workshop Minutes-June 25, 2013: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the June 25th, 2013 City Council Workshop minutes as presented.

5.2. City Council Regular Meeting Minutes-June 25, 2013: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the June 25th, 2013 City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Payables & Prepaids: A motion was made by Konshok, seconded by Nordberg, and unanimously carried to approve the payables in the amount of \$38,749.25, and the prepaids in the amount of \$217,002.56, for a total of \$255,751.81.

7. CONSENT AGENDA: Nordberg noted that for Item #7.5. in the fourth paragraph of the resolution, the word "not" should be inserted. **A motion was made by Nordberg, seconded by Konshok, and unanimously carried to approve the following consent agenda items:**

- 7.1. Approve Transient Merchant License for Jerney Jennen d.b.a. Hodgepodge LLC to conduct an outdoor sale on July 19th and 20th, 2013 at 807 First Street East, in the City of Park Rapids.**
- 7.2. Approve Outdoor Concert Permit for Arley Lund d.b.a. African Children's Mission on Sunday, July 7th, 2013, 1:00 p.m. to 5:00 p.m. at the Antique Tractor and Engine Club, 1008 Eighth Street East (permit is being presented retro-active).**
- 7.3. Approve Receipts for May 2013.**

- 7.4. **Resolution #2013-109 Authorizing Proper City Officials to Execute the State of Minnesota Grant Contract, Department of Employment and Economic Development, Small Cities Development Program Grant Contract, Grant No. CDAP-12-0043-FY13 for the City of Park Rapids.**
- 7.5. **Resolution #2013-110 Accepting the Resignation of Rapids Spirits Part Time Liquor Store Clerk Cynthia McGrath.**
- 7.6. **Resolution #2013-111 Amending the On Sale Liquor License for Lori Lea Lanes in the City of Park Rapids.**
- 7.7. **Resolution #2013-112 Resolution of the City of Park Rapids, Minnesota, Authorizing the Refunding by Another Municipality of Certain Revenue Bonds Previously Issued for the Benefit of Mankato Lutheran Homes Inc.**
- 7.8. **Approve Pay Request in the Amount of \$5,104.04 to Ulteig Engineers for Professional Services Pertaining to the Red Bridge Trailhead Project.**
- 7.9. **Approve Purchase of Smart Touch Controllers for the Park Rapids Municipal Airport in the Amount of \$2,068.49 from St. Cloud Overhead Door.**

END OF CONSENT AGENDA

8. COMMENTS FROM CITIZENS: There were no comments.

9. PLANNING:

9.1. Resolution to Approve a Conditional Use Permit to Allow an Accessory Use for an Outdoor Fenced Enclosure for Dining with Alcohol Use in the B-1 Zoning District at 1400 First Street East, PID #32.30.00300: Walker stated the applicant is Loralie Crep who is requesting a conditional use permit to allow an accessory use at Lori Lea Lanes, Pizza Ranch, and Chalupa Charlie's for an outdoor fenced patio enclosure for family dining with alcohol and smoking area. The property is located at 1400 First Street East. The property is currently zoned B-1, Highway Business District and this is listed as a conditional use. It is within the City of Park Rapids and is serviced by city services.

Walker stated the applicant is proposing an approximately 20' x 40' patio enclosure on the west side of the building. The patio would be hard surfaced with paver blocks and accessed from the inside of the building from the door on the northwest corner as well as a door on the west side of the building. The area will be handicap accessible from the door

on the northwest corner. The patio would be completely fenced by a six foot wire mesh fence around the majority of the area, with a six foot chain link fence along the Highway 34 side.

Walker stated exiting requirements were reviewed by the building official and he stated that the proposed gate locations meet the building code guidelines for size, separation, etc. All accessibility and egress requirements would meet the IBC. The building official would work closely with the applicant so existing requirements would be met. The patio exit gates will need to be marked with approved "Emergency Exit Only" signs.

Walker stated since the southern boundary of the property abuts a residential neighborhood, if the applicant wants to have any music playing outside it must be kept at a reasonable level and must be turned off at 10:00 p.m. All other noise outside must be kept at a level so it does not create a nuisance to the residential neighbors to the south. No other site requirements are required with this application. Staff and the Planning Commission recommend approval of the conditional use permit to allow an accessory use at Lori Lea Lanes, Pizza Ranch, and Chalupa Charlie's for an outdoor fenced patio enclosure for family dining with alcohol and smoking area with the four conditions as outlined in the staff report.

A motion was made by Randall, seconded by Utke, to approve Resolution #2013-113 Approve a Conditional Use Permit to Allow an Accessory Use for an Outdoor Fenced Enclosure for Dining with Alcohol Use in the B-1 Zoning District at 1400 First Street East, PID #32.30.00300.

Discussion: Konshok questioned when we did the Legion we specified a solid fence, particularly on Highway 34 frontage. Is there a reason why we're not doing that here? Walker stated the stipulation was so that they couldn't pass drinks through the fence. There's no stipulation on the types of materials.

Nordberg stated I was glad to see there was a lot of discussion in the Planning Commission meeting minutes about the appearance of the fence. Appearance is important. It sounded like the owners were interested in something that looked good, but the word chain link doesn't sound attractive. Is there any pressure or continuity to deal with this, the appearance? If you put it in black and white, like chain link, it ends up being chain link or else there is an issue. Utke stated it goes back to it being a fence that prohibits passing of an alcoholic beverage through. If they wanted to make it wood at this point, they could as long as it meets that spec. Utke stated it doesn't have to be chain link. That's just how it's worded in here. Walker stated that is what was on the proposal.

Konshok questioned is that really all it was about, passing the beer back and forth? I thought it was a visual restriction that we were considering as well. Walker stated there's nothing written specifically in the ordinance that says that is a requirement. Nordberg questioned they wouldn't want anything passed back and forth, is it possible to get stuff passed through that fence? Walker stated in their proposal, it was for that type of fence. The specific stipulation was based on the proposal that we got from them.

Mikesh questioned is there anything that you consider to dress it up? Rich Ulvin stated the reason I wanted to go with the open mesh, which you call the chain link fence, is because I don't want to hide anything in there. I want it to be wide open so families can see back in there, basically for dining. That's why I wanted it open, more for security and

the look that there's nothing going on behind any wood walls. From the front side on the highway when you drive by you can see back there. It would be a more friendly type of atmosphere, and more inviting. Mikesh stated that way people know it's there and what's back there.

Randall questioned is there a requirement that it has to be six feet tall? Ulvin stated as far as I know that is in the city ordinance and that's so you can't pass liquor over it. Randall stated it would take an effort to pass a drink over. It's not like you have a bar out there. The ordinance is regarding fences for bars? Walker stated there's a six foot requirement for fencing. Randall questioned for restaurants? Walker stated it doesn't really specify. The requirement is for six foot tall screening. Konshok stated but that's not specific to a restaurant or bar. We went through this with the Legion. We don't really have anything specific in the ordinance for restaurants or bars. Randall stated it's unfortunate because Ulvin wants to provide this nice atmosphere to people for dining. Now you feel like you're in a cage. The purpose of outdoor dining is to be outside. Ulvin stated it adds another cost to the project. But if that's what we have to do, that's what we'll do.

Konshok stated I'm not thinking it necessarily needs to be around the whole part of it. My concern is the front side, being right on Highway 34, a major traffic spot, we along with the state are particularly sensitive to visual distraction to drivers. That's why I thought we worked with the Legion to try to minimize that by having, particularly the north side that's facing Highway 34, it might be a privacy type. The Legion's is six foot high plastic. I know what you're saying that you want to try to have it open as well, but I would think you'd want to consider that just from the noise standpoint with the traffic. Ulvin stated the main patio is going to be farther back. You walk out the front of the building onto a small patio area with a sidewalk getting back off the road so we don't have the noise for the customers. It would be loud out in the front.

Konshok questioned would you be amenable to solid fencing on the north side? Ulvin stated I could look into the slates that go into the chain link fence. I wanted it visible for safety, so you could see back there. Nordberg stated it's to your advantage as well as the city's to be attractive. It's to your advantage not to hide anything. Ulvin stated right. That's what I want the look to be, wide open, saying there's nothing going on in here.

Nordberg questioned the requirement that it be impervious surface. Your original proposal was for permeable sand and pavers. Have you agreed on what that's going to be? Ulvin stated its basic sand and then 18"x18" paver stones that will cover the surface with some new green space with grass and landscaping along the edges. Nordberg stated are we using the words pervious and impervious oppositely? Walker stated no, it's all in the first condition of the condition use permit approval. Nordberg stated it's either pervious or it's impervious. Walker stated a paver block is impervious. Nordberg stated if there's sand between it, it's permeable. Walker stated yes, but technically paver blocks are what is called for in the first condition.

The vote was called. The motion carried unanimously.

10. GENERAL BUSINESS:

10.1. Resolution Approving Plans and Specifications and Ordering Advertisement for Bids for the 2013 Heartland Trailhead Project: Brian Hiles stated we've been working on the Heartland Trail/Red Bridge Project for quite some time now. We're working with the DNR and their schedule for bridge construction. They're going to bid it late July and not get a contractor in there to work on it until mid-September. With that timeframe it was determined it would be in the city's best interest to get in there and get the utilities put in on Beach Road and Washington Avenue. We're talking about a sanitary sewer replacement and a water main extension. We put together plans and specifications in order to do that. This project would be to replace the sanitary sewer main, installing the water main line and having the two services for the stone building. Also, providing a service connection for the Red Bridge Inn. Then we'd put in a temporary gravel surface that will provide access to the area, for the Red Bridge Park, the Red Bridge Inn, and for the DNR's construction vehicles. The work should only take about two to three weeks. We have a nice window here to get in and get it done. We'll use the DNR's construction vehicles to help with our compaction. In the spring we'll look at bidding out the surface part of the project. With this portion of the project it was all going to be city costs, for the utilities. It will be about \$80,000.00.

Utke questioned the underground will start how close to Highway 34? Hiles stated there's a manhole on Washington Avenue, right at mid-building of Pizza Hut, where their service comes out. It's a newer manhole so we're going to leave that one in. There's about forty feet of sanitary that needs to be replaced between that manhole going south to Highway 34, where the stub was put out when Highway 34 was redone. That's about where we'd be tying in. We won't be out in Highway 34 at all. Utke questioned from there to the stone building? Hiles stated yes. There's a manhole by the stone building that will be replaced and then we'll run the sanitary back to a new stub on Highway 71, which we'll tie into. There are stubs at both ends for the water main so we don't have to go into either highway for the water main. It will parallel the sanitary sewer. We'll put a new hydrant in at the corner.

Utke questioned all the underground will be left gravel? Hiles stated yes it will be gravel over the winter. Once we know what the DNR's schedule is regarding the bridge installation, they're thinking the concrete deck for the bridge won't be done until next spring. We'll plan accordingly to get in there and get all the surface improvements done so it will be ready by the fourth. If we can be working at the same time as the DNR, we should be able to get that done.

Hiles stated we're asking for the Council to approve the resolution so we can bid the project. The bid date would be July 23rd, 2013 at 11:00 a.m. That way the Council could consider awarding the bid that same day at the evening meeting. We can have a shorter timeframe because this is not an assessment project, and it's under \$100,000.00, so we only need ten days of advertisement.

Nordberg questioned is there no chance that there needs to be stubs for other than Red Bridge Inn and the stone beach house? Hiles stated everything else in that area is served from another location. The insurance agency, Pizza Hut, and the apartment building comes off of Highway 34. The office building comes off of Highway 71. Nordberg stated I was thinking towards the bridge itself, and any other construction that might be

there like public washrooms. Hiles stated I think that's the intent with the stone building to eventually make that a trailhead with bathrooms. I believe there are bathroom facilities in there. That is the long range intent for that bathhouse. Once you get down into the park itself you really cut down on the amount of space and you want to leave that space green as much as you can. We are going to be looking at relocating the existing Red Bridge. That will probably end up down in that area too. When you do that you're constraining yourself to doing anything additionally down there. We talked about with the street portion of the project, redoing the lighting down there so it's all underground wiring and some street style lights in there with outdoor plug ins.

Konshok questioned where's the nearest hydrant? Hiles stated right now on Highway 71 and 34. They're both across the highways. There aren't any close. This would be an added benefit, especially for the Red Bridge Inn for fire protection. Nordberg questioned will this seriously interfere with business at the Red Bridge Inn? Hiles stated its set up so the contractor will do one part of the road and maintain access, then do the other side and maintain access. It's well stated in the contract that they have to maintain access to the Red Bridge Inn throughout the project. I do have some signing as far as when Washington's closed there will be signage around there. We'll have it well signed for people that want to get there.

Nordberg questioned there's no storm sewer involved? Hiles stated it's not part of this project. That will be done as part of the surface improvements next spring. Nordberg questioned do you have to dig it up again? Hiles stated a small area right in the corner. Part of the reason I'm doing it that way is because it falls under the DNR grant. We're trying to get as much under their grant as possible. This divides it out that everything the city will be responsible for is under this contract, then everything else should be covered under that DNR grant.

Mikesh questioned will the Red Bridge Inn be charged for services? You said the city is picking up the whole tab. Hiles stated we talked about possibly doing an assessment project. They would have a hook up fee for the water service. I don't know where their water comes from right now. The thought was only having the one business that would be effected by it, the amount of extra hoops you have to go through as an assessment project it really wasn't worth it. Utke stated to assess them we'd have to go through a public hearing process. Hiles stated internally, talking with Burlingame, it was determined that with one service in such a small area it really wasn't worth going through the assessment process. We'll have the city do it, and then be done with it.

Utke questioned because this is so small, does this have to go out for bids or can we negotiate with local contractors? Hiles stated we could just quote it because it is estimated under \$100,000.00. But it is starting to creep up to that. Utke stated this is a four day project. There are people around here that could do it. The bid process costs us money. Hiles stated you could go out for quotes. You'd need at least two, and the limit is \$100,000.00. The estimate is under that. That's up to the Council. Typically you'd get a better price bidding it versus quoting it. Utke stated this is probably late in the process being it's July. Hiles stated the other thing you'd have to decide is who do you want a quote from. This way it goes out there and whoever is available can bid on it. Mikesh stated we can't get contractors to hook up people in town already.

Mikesh questioned do we have \$80,000.00 for this? Brumbaugh stated this project is listed on the CIP for this year. McKinney stated it's coming out of the revenue funds.

Hiles stated the cost is evenly split 50/50 between the two funds, sewer and water, or \$40,000.00 from each fund.

Nordberg stated we need to think about the issue that Utke brought up, asking for bids versus quotes. What's your experience? Utke stated the problem is we don't know how busy the local guys are. There are three of them in the area that have big enough equipment. Nordberg stated this is pretty brief too. We're not giving anybody much time to bid. Utke stated it's a small project, with the bid process we won't get stuck with a bad deal. We could go back out and ask for quotes if the bids are poor. Hiles stated as part of the bidding process you can definitely call the local guys and tell them this is coming out. Utke stated sometimes it's more efficient for us to deal with the local people. Hiles stated doing it with the bidding is you get the performance and payment bonds, so you have that coverage.

McKinney stated that's a cheaper thing for the bidder but it's a more expensive thing for us if it doesn't work. There's a reason why public bidding is a nationally accepted procedure for public money being spent. If you think you're getting abused by the bidders, we don't award it. I recommend you go for public bids, given the time we have to work with. Mikesh stated I'm in favor of that too. We don't have to accept them. Hiles stated if they don't come in good, we don't accept it and we do it all as one package in the spring. We thought it's a good time to do it now then let it sit for a year.

Utke stated the engineer's estimate is \$80,000.00, so that's the target we're shooting for. Hiles stated just the sewer and water portion is right around \$80,000.00. Mikesh stated the last few bids we've gotten have come under the estimates.

A motion was made by Utke, seconded by Randall, and unanimously carried to approve Resolution #2013-114 Approving Plans and Specifications and Ordering Advertisement for Bids for the 2013 Heartland Trailhead Project.

Discussion: Hiles stated with regards to the water plant, we did have the preconstruction conference with the contractor. They are looking at moving in next week. You may see some work going on there next week. They seem to be a pretty good contractor.

11. CITY ADMINISTRATOR UPDATE: McKinney stated we've had Hiles look at a rate study. We've talked about the term for the PFA loan. We've been advised that we have an outstanding water debt at \$2.57 million. We're going to get money at 1%. We talked about using some money to refinance the \$2.57 million with the 1% money. They don't have another place to park our money so they won't let us pay them off early. We're still going to go with some financing. It costs us money to put money of our own into the deal, because we have matching formulas that the participation that we get from the grants diminishes based on how much money we're putting in or not putting into the deal.

Brumbaugh stated if we put \$500,000.00 in, we only saved \$100,000.00 and \$11,000.00 in interest. McKinney stated we'll probably go with the full funding and we'll come back to you on the rate considerations.

McKinney stated we have union negotiations starting this fall. We have been contacted about the willingness of the Teamsters Union to negotiate. We haven't heard from the other one yet. We're working with the Personnel Committee on that. We'll report back to you on a regular basis as we know more.

McKinney stated the airport project is moving forward. Konshok stated they had the pre-bid construction meeting on site. How many contractors showed up? Walker stated there were about five. Fifteen contractors have packets.

12. DEPARTMENT HEAD UPDATES: Eilers stated I will have one of my officers back to work on Monday, and the other one back on the 22nd.

Olson stated we just got done with the busiest week of the year. The last six day's sales exceeded all of January's sales.

Walker stated the DNR is going to meet with us next Tuesday to discuss some of the details of their project. There will be a need for a joint powers agreement. They wanted to get together before construction begins so we'll know what to expect. There will be a public open house meeting that same day at the Red Bridge Inn to discuss the project and the bridge relocation, and then we'll do a walking tour of the park.

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

14. COMMENTS FROM COUNCIL: Konshok stated we'll be starting our budget cycle for 2014 next month at the beginning of August. We talked about the Finance Committee getting the first draft of the budget. Brumbaugh stated the preliminary budget has to be filed September 15th. Konshok stated we agreed that this year we want to get the CIP back on track and talk about the CIP and the budget at the same time. They go hand in hand. Last year we did the budget in the fall and the CIP got pushed out in the next spring. We want to avoid that situation for 2014. The Park Board knows we have to put in a marker for Red Bridge Park if we do end up moving the bridge. There will be a cost for site work to prepare a pad for that to come down on. That's part of the public meeting to figure all that out. When they move it, we may just end up with pieces in the river.

15. ADJOURNMENT: A motion was made by Konshok, seconded by Randall, and unanimously carried to adjourn the meeting at 7:10 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Angela Brumbaugh
Recording Clerk