

**CITY OF PARK RAPIDS  
CITY COUNCIL MEETING  
SEPTEMBER 10, 2013, 6:00 PM  
Park Rapids Public Library-Lower Level  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** The September 10<sup>th</sup>, 2013 Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Pat Mikesch, and everyone present recited the Pledge of Allegiance.

**2. ROLL CALL:** Present: Mayor Pat Mikesch, and Councilmembers Erika Randall and Paul Utke. Absent: Councilmembers Dave Konshok and Rod Nordberg. Staff Present: Administrator John McKinney, Public Works Superintendent Scott Burlingame, Planner Dan Walker, Treasurer Angela Brumbaugh, Facilities Maintenance Superintendent Chris Fieldsend, Liquor Store Manager Scott Olson, Police Chief Terry Eilers, Fire Chief Donn Hoffman, and Clerk Margie Vik. Others Present: Dick Rutherford, Rick Holman, and Anna Erickson from the Enterprise.

**3. APPROVAL OF AGENDA:** A motion was made by Utke, seconded by Randall, and unanimously carried to approve the agenda with the following addition: **General Business #8.4. Approve Sending Four Representatives of the Fire Department to Investigate, Purchase, and Train on a 1994 Ladder Truck to Replace the 1964 Equipment.**

**4. APPROVAL OF MINUTES:**

**4.1. City Council Regular Meeting Minutes-August 27, 2013:** A motion was made by Randall, seconded by Utke, and unanimously carried to approve the August 27<sup>th</sup>, 2013 City Council Regular Meeting minutes as presented.

**5. FINANCE:**

**5.1. Payables & Prepays:** A motion was made by Utke, seconded by Randall, and unanimously carried to approve the payables in the amount of \$38,772.11, and the prepays in the amount of \$185,180.92, for a total of \$223,953.03.

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

- 6.1. **Resolution #2013-139 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for Forest Riders Snowmobile Club.**
- 6.2. **Approve Public Facilities Use Permit for the Park Rapids School District #309 to Use Helton Ave, Fair Ave, 5<sup>th</sup> Street, Main Ave, and Pearl Street on Friday, September 20<sup>th</sup>, 2013 from 2:00 p.m. to 3:00 p.m. for the 2013 Homecoming Parade.**
- 6.3. **Approve Pay Request in the Amount of \$89,180.62 to Di-Mar Construction for Services Pertaining to the Water Treatment Facility Project.**
- 6.4. **Approve Receipts for June 2013.**
- 6.5. **Approve Receipts for July 2013.**
- 6.6. **Approve Pay Request in the Amount of \$10,400.62 to Ulteig Engineers for Professional Services Pertaining to the Red Bridge-Parking Lot Overlay-Airport Runway Projects.**
- 6.7. **Approve Purchase Order in the Amount of \$1,267.65 for a Root Saw, to be used in conjunction with the Jetter Vactor, from USA Bluebook for the Public Works Department.**
- 6.8. **Approve Fund Transfers: \$80,000.00 Out of #703 and Into #318 for the 2009b GO Refunding Bond Payment for the Public Works/Safety Building, \$30,600.00 Out of #100 and Into #492 for Fire Department Capital Equipment, \$20,000.00 Out of #651 and Into #321 for the 2010b GO Bond Payment for the Main Avenue Storm Sewer.**
- 6.9. **Resolution #2013-140 Pre-Authorization to Execute the Federal Aviation Administration Grant Agreement for the Runway 18/36 Phase 2 Construction Project.**
- 6.10. **Resolution #2013-141 Pre-Authorization to Execute the State of Minnesota Grant Agreement for State Project #A2901-63 for the Runway 18/36 Phase 2 Construction Project.**
- 6.11. **Resolution #2013-142 Authorization to Execute State of Minnesota-Department of Transportation Grant Agreement for Airport Maintenance and Operation.**

- 6.12. **Resolution #2013-143 Authorizing Proper City Officials to Execute an Agreement for Janitorial Services by and between Mollie's Cleaning Services and the City of Park Rapids.**
- 6.13. **Accept the Bid of \$13,000.00 from Howards Driveway to Resurface Rapids Spirits Municipal Liquor Store Parking Lot, and to Authorize the Work to Proceed.**
- 6.14. **Resolution #2013-144 Approve Application for Minnesota Lawful Gambling LG220 Application for Exempt Permit for the Minnesota Shooting Sports Association.**

**END OF CONSENT AGENDA**

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

**8. GENERAL BUSINESS:**

**8.1. Resolution Adopting Preliminary General Fund Budget for the Year 2014 for the City of Park Rapids:** McKinney stated the preliminary budget was presented to you in the workshop. We have to submit it by the 15<sup>th</sup> of September. This is consistent with the documentation we just went through in the workshop. We recommend adoption. **A motion was made by Randall, seconded by Utke, to approve Resolution #2013-145 Adopting Preliminary General Fund Budget for the Year 2014 for the City of Park Rapids.**

**Discussion:** Utke stated we have the initial budget and I'm not happy with the increases. I'd like look at that. We have a couple of months. I'd also like to see, when it comes back in December that it's not just on the consent agenda. I want discussion with the final approval. I just got this yesterday. We all need time to review it thoroughly. McKinney stated the Finance Committee can review it between now and then, which they haven't had the opportunity to do yet.

**The vote was called. The motion carried unanimously.**

**8.2. Resolution Adopting the Preliminary Levy for 2014:** **A motion was made by Randall, seconded by Utke, and unanimously carried to approve Resolution #2013-146 Adopting the Preliminary Levy for 2014.**

**8.3. Water and Sewer Connection Fees:** McKinney stated we have been operating with connection fees that had not been part of any particular study. How did we come up with these fee amounts? Brumbaugh stated we did a study back in 2006 with Ehlers Financial. The fee was \$30.00 to connect water, \$405.00 for sewer because that included \$375.00 for the wastewater funds. When Ehlers took a look at it that was one of

the areas that we were low on compared to other cities. It got raised to \$375.00 each for water and sewer, for a total of \$750.00.

McKinney stated we're averaging about nine connections per year. The revenue received from that is \$6,900.00 for each fund. If we considered a 50% reduction the revenue it would decrease to \$3,450.00 for each. If you reduce that income, to recapture that revenue you'd have to increase the water base fee to \$16.79 from \$14.00, and the sewer base fee to \$12.79 from \$10.00. We weren't sure what the Council wanted to do about the loss of the income if you do make a reduction of 50%. As you know we're doing a rate study now with our engineers. This reduction has not been on their radar screen. We would need to talk to them to see how they might want to deal with that. Or you could just take the hit and not have a revenue replacement for the reduction in the connection fees.

Utke stated to recapture the lost revenue the water base fee would increase to \$16.79 from \$14.00. That's across the board just to make up that amount? McKinney stated the assumption is if you reduce it by 50% we would have to make up \$3,450.00 in the water department. If you're going to pick it all up on the base rate you would increase it from \$14.00 to \$16.79 for water, and from \$10.00 to \$12.79 for sewer. The assumption is that you would cut it by 50% and that you would want to recapture that loss of income from the base fee. Randall stated it's an unknown loss of income really because you're just guessing. McKinney stated we're using nine connections per year which has been the average. We could also ask the engineering firm that is doing the rate study to plug this change in and raise the rates some other way. The reason I suspect that hookup charges were established in the first place is that is a one-time fee for people hooking up to the system whereas the people that are already hooked into the system, why should they pay more. You can argue if that's good logic or not, but it's a standard approach.

Randall questioned how many connections were made last year? Brumbaugh stated there were nine in 2012. Currently, there have been six in 2013.

Randall stated in comparing other cities, the fees are all over the board. Whether you think it's a lot of money or not, we're not out of the ballpark with the fees at \$750.00. McKinney stated the problem with comparing to other cities is that you don't know what else they are doing with their base rates, etc. In some cases they get credit for the base fee and sometimes they don't. Randall questioned how much of that information was known when it was raised. You said it was based upon a study of other cities. How much did you know at that time of those same questions. Brumbaugh stated the study was complete with our rates and everything else. Burlingame stated sometimes you don't get the background information. For example, Baxter buys their water from Brainerd. You don't know how that plays into their calculations. McKinney stated we're incurring some additional capital improvement costs this year, which is the reason we're doing the rate study. Costs overall are probably going to go up. To reflect how that impacts will depend on where we make up the loss. Brumbaugh stated your costs will go up with the increased depreciation.

Utke questioned how many hookups do we have? Brumbaugh stated an average of 1,400. Randall stated before we reduce the fee I'd like to wait to make any changes to the base rate until the study is done. Depending on how it's affected, we don't need to be raising it twice. We might just have to eat the loss because I don't think we should put it on the individual people. McKinney stated the staff recommendation is that you let us, once

you figure out what you want to do, before we implement it, submit that as part of the rate study calculations and get back to you. We used 50% because it was suggested in a conversation. We haven't received any direction from the Council.

Utke questioned when should we anticipate getting that study? Brumbaugh stated I'm not sure how far along they are. McKinney stated he was waiting for construction costs. Brumbaugh stated I can ask him and get back to the Council with that.

Utke stated to recapture the revenue, with the suggested increases, we'd need to make up \$3,450.00 a year in each the water and sewer department (total \$6,900.00) with 1,400 hookups, those numbers don't work. It would be over \$22.00 a year per customer, with 1,400 customers. That would be \$30,800.00 per year. That would be a good revenue increase. Brumbaugh stated it should be divided by four. I don't think I thought of that at the time.

Utke stated I think it would be good to work this into our rate study. The \$750.00 seems to be more of an irritant than anything when people are hooking up. We look at the cost of the total project, it's still not a big part of it, yet there's the irritant factor. We want to cover our costs and there should be a buffer in there, at half the price it would probably be in that zone. That could be put into this new rate structure so we know how that's really going to affect us. McKinney stated we've averaged nine and we've had six so far this year. I'm wondering if we should focus on this at the beginning of next year. If you think 50% is the number we'll go back to the engineers and have them calculate how to spread it out. Utke stated I don't think it's going to add that much to each monthly bill.

Randall stated if we're going to pass all these costs to the individual people then why do we have to go all the way down to half. Why not reduce it to \$500.00 for each? It's an irritant to people hooking up. All these people who have just done it in the past several years just paid the \$750.00 each. I don't dispute that it's a lot of money at \$1,500.00. But in the grand scheme of the project it's pretty small. I don't think that everybody that's been hooked up with normal water and sewer service should eat the cost because it's an irritant to people.

Utke questioned what is best moving forward? Whenever we do these things there's someone that has just been affected by it and we can't back up. Randall stated there was a lot of energy, time, and money spend on a study a few years ago that was agreed upon. I'm not seeing a good reason to change it. It's an irritant. But we cannot possibly change every irritant that the city has. It's just not possible. I don't think that people should have to see an increase in their water and sewer bill every quarter because it's an irritant for nine people per year.

Mikesh stated when you take Green Acres into consideration there's more than nine that will have to hook up there. Randall stated whenever that happens, sure. Mikesh stated, regardless, once this study is done their bills will be going up. Randall stated so we're just going to say it's going to go up so we're just going to hit everybody hard. I'm not saying that the Green Acres Project isn't going to cause a lot of headaches and irritation. I anticipate that it will. I don't know how much more notice that we could give people that it is coming. It's been on the table for many years now, and I get that it's a lot of money.

**A motion was made by Utke, seconded by Randall, and unanimously carried to direct staff to refer the proposed increase to the water and sewer connection fee to the engineer to be included with the utility rate study.**

**8.4. Approve Sending Four Representatives of the Fire Department to Investigate, Purchase, and Train on a 1994 Ladder Truck to Replace the 1964**

**Equipment:** McKinney stated we have been in the market for a replacement of some fire equipment.

Fire Chief Donn Hoffman stated in our 2014 CIP budget we have allotted for the replacement of our ladder truck. We have found one that is on a government auction. If a sale doesn't go through using the auction system, at the termination of the auction, we contact the seller, and then send a couple of people to look at the truck, make an offer, and negotiate a possible purchase for the truck. The value of this unit is going to be considerably less than what is in our budget right now. We're looking for, if this doesn't sell in the auction, we'd like permission to go look at it and determine if we want it, authorize them to negotiate an acceptable price. If we can't get it, then we'll move forward and keep looking. There are used ladder trucks out there. This truck is very close to what we are looking for. I'm not saying that we necessarily want to purchase this truck, but we'd like to go look at it.

Randall questioned what do you have in your 2014 CIP for spending on this? Hoffman stated the allotted money that we put towards this unit was \$80,000.00 with the assumption that we may contribute to that out of our own budget. There will be \$92,000.00 in that budget after the first of the year. We feel that this particular unit could be purchased for considerably less than what the value probably should be. But we haven't seen it. We only have pictures and descriptions. We'd like to have qualified people look at it and then while we're there make a deal if we feel that this is right for us. We could bring it back at that time instead of spending the money to go back again because it's located in Napa, California. If this is the unit that is acceptable to us, it's going to have to be transported. We can communicate with our people and if everything is acceptable, that we would have the authority to make that happen.

Utke questioned what date does the auction close? Hoffman stated there is twenty days left on it right now. It ends on the 26<sup>th</sup>. We have talked to them. They do have a \$75,000.00 reserve on it. I don't feel that it will sell. It doesn't appear that there is a lot of interest on it. It's been through this same site once already. I wouldn't want to buy it through this site without our people taking a look at it to make sure it's what we expect it is. Without seeing it we really don't know that. It could be that we get there and we don't want anything to do with it.

McKinney stated the first criteria is that if it sells at auction we won't be talking about this deal at all. Hoffman stated that's right. McKinney questioned if it doesn't sell at auction, you'll be in contact with these people? Hoffman stated if it sells and they get what they want for it we're going to cut our losses and keep looking. If it doesn't sell we'd be foolish not to go look at it. McKinney stated there is also some training involved and the people going with will assist in transporting it back to Park Rapids. Hoffman stated that is correct. Randall questioned who trains you? Hoffman stated the actual department that owes it right now would do the hands on training of that unit.

McKinney stated we have developed a budget of between \$3,500.00 to \$5,300.00 to accomplish everything up to returning it if we buy it. That doesn't include the purchase. There are still a lot of what ifs.

Utke questioned if this works out will we sell the current ladder truck? Hoffman stated correct. It's not going to have a lot of value because it's a 1964. But we do expect

that we can sell it. It's outlived its prime. We still use it. A small department might see some value in it. We have some interest in it from a party in Menahga. We bought it from the City of Bemidji. I believe we paid about \$20,000.00 for it then. It's been in Park Rapids for twenty-four years.

Utke questioned the money for this is in the CIP for next year? McKinney stated there is a CIP line item for it in a special equipment fund, which would have about \$90,000.00 in it after next year's contribution to the fund. Utke questioned how does it fit into this year? It would be a purchase made in 2013. McKinney stated we would have to figure out how much and the timing for that present amount to work. We might have to make a transfer into next year.

**A motion was made by Utke, seconded by Randall, and unanimously carried to approve sending four representatives of the Fire Department to investigate, purchase, and train on a 1994 Ladder Truck to Replace the 1964 Equipment.**

**9. CITY ADMINISTRATOR UPDATE:** McKinney stated we have met once with the Teamsters representatives for the public works and the police. We have not had any contact with the liquor store union yet.

**10. DEPARTMENT HEAD UPDATES:** Burlingame stated the water treatment plant project is progressing. The foundation is in. The basin should be here this week. The Beach Road Project should be completed tomorrow.

Walker stated the Red Bridge Project bid was awarded to Schroeder Construction. They are in the process of completing their documents. We don't have an estimated start date yet, possibly sometime in October. We'll attend the pre-construction meeting to get more information.

Hoffman stated the increases in the fire department budget are for maintenance of the building. It's from 1981 so we're seeing some additional expenses there. The other increase is for the uniform allowance. In this calendar year we're going to see one more retirement. In the next calendar year we'll see two more. Uniforms are a \$2,800.00 expense per man after their probationary period. There is a \$10,000.00 allowance for uniforms in this budget.

Utke questioned how will the proposed new truck fit in the building? Hoffman stated that is another issue we're working on. This truck is about three feet longer than the one that is in there now. When our hall is full it is stuffed. We have to verify the height of the ladder on this particular truck. I believe I have a top elevation on this one of 11'4". We have a full twelve feet so I think it will fit. Our grass rig will be a little farther out. Every bay is full. We are pursuing an additional bay through the CIP.

Eilers stated there were twenty-two cars sold through the forfeiture sale making approximately \$15,000.00. Since 2005 when we started the program we have sold two-hundred and two cars for a total of \$100,000.00. That helps with our budget. A percentage of that goes to the state, and a percentage of it goes to the county.

Fieldsend stated I'm working on getting new carpet for the downstairs of the library working through the present budget. The overhead door at the shop was torn out. The

header and the wall were damaged. We're currently getting an estimate for the repairs. The door is unusable right now.

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

**12. COMMENTS FROM COUNCIL:** There were no comments.

**13. ADJOURNMENT:** A motion was made by Randall, seconded by Utke, and unanimously carried to adjourn the meeting at 6:42 p.m.

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Mayor Pat Mikesh

ATTEST:

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Margie M. Vik  
City Clerk