

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
SEPTEMBER 24, 2013, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The September 24th, 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, 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, Facilities Maintenance Superintendent Chris Fieldsend, Treasurer Angela Brumbaugh, and Clerk Margie Vik. Others Present: Dick Rutherford, Marty Peterson, Cynthia Jones, Bob Seifert, Nicole Lalum, Traci Ryan, and Anna Erickson from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the agenda with the following additions:

Consent: #7.9. Set Truth in Taxation Hearing for Tuesday, December 10th, 2013 at 6:00 p.m.

General Business: #10.4. Resolution Setting Public Hearing on the Proposed 2014-2018 Capital Improvement Plan for the City of Park Rapids.

4. EMPLOYEE RECOGNITION:

4.1. Carrie Parks-Fifteen Years of Employment: Mayor Mikesch presented Carrie Parks' employment certificate to Police Chief Terry Eilers.

5. APPROVAL OF MINUTES:

5.1. City Council Workshop Minutes-September 10, 2013: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the September 10th, 2013 City Council Workshop minutes as presented.

5.2. City Council Regular Meeting Minutes-September 10, 2013: A motion was made by Randall, seconded by Konshok, and unanimously carried to approve the September 10th, 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 \$29,469.34, and the prepaids in the amount of \$232,200.00, for a total of \$261,669.34.

7. CONSENT AGENDA: Nordberg removed Item #7.4. from the consent agenda. A motion was made by Konshok, seconded by Randall, and unanimously carried to approve the following consent agenda items:

- 7.1. Resolution #2013-147 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.
- 7.2. Approve Training Reimbursement Award from the Minnesota Board of Firefighter Training and Education for the Park Rapids Fire Department in the Amount of \$2,080.00.
- 7.3. Approve Purchase Order in the Amount of \$2,420.97 for Carbide Cutting Edge for the Loader V Blade from Henke Manufacturing.
- 7.4. *Removed from the consent agenda.*
- 7.5. Approve Pay Request in the Amount of \$5,000.00 to TKDA for Professional Services Associated with the Runway 18-36 Project.
- 7.6. Approve Pay Request in the Amount of \$5,156.55 to Ulteig Engineers for Professional Services Associated with the Red Bridge-Beach Road Project.
- 7.7. Approve Pay Request in the Amount of \$1,017.78 to TKDA for Professional Services Associated with the Runway Design Part II.
- 7.8. Resolution #2013-148 Authorizing Proper City Officials to Execute the Construction Contract by and between Tri City Paving Inc. and the City of Park Rapids.
- 7.9. Set Truth in Taxation Hearing for Tuesday, December 10th, 2013 at 6:00 p.m. to be held at the Park Rapids Public Library.

END OF CONSENT AGENDA

7.4. Approve Solicitation and Accepting of the Lowest Bids for 2014 Spring Planting of Trees, not to Exceed the \$2,500.00 Budgetary Amount for 2014, as per the Urban Forestry Committee's Recommendation: Dick Rutherford questioned who is responsible for watering these trees after they plant them, because west of Wal-Mart where they planted trees, they are all dead. There is no use spending \$2,500.00 if you're not going to take care of them. Chris Fieldsend stated, per the tree ordinance, the owners are responsible for the trees planted in the boulevard. We have been watering them. We water them up to two years. We stop after they are over two years old because they should be rooted by then. We did water the trees on the highways several weeks in a row, and any trees that were less than two years old. Rutherford stated some of those were just planted. I watched them plant them across from Window World on the south side of the road. Fieldsend stated I believe those got watered. They planted almost one-hundred trees last year that we were taking care of. Of those one-hundred, thirteen died. Nordberg thanked Rutherford for the question. He added this came up in the general public too. I think it's good to know what's happening.

Nordberg questioned do we know what we get with the bid? Fieldsend stated I just learned that we need to do the bids before the end of this month. They have to preorder for spring. I need permission to place the order. Mikesch questioned is there a guarantee on them at all? Fieldsend stated there is a one year guarantee, if we water them.

A motion was made by Nordberg, seconded by Konshok, and unanimously carried to approve the solicitation and accepting of the lowest bids for 2014 Spring Planting of Trees, not to exceed the \$2,500.00 budgetary amount for 2014, as per the Urban Forestry Committee's Recommendation.

8. COMMENTS FROM CITIZENS: Cynthia Jones, Chairperson of the Downtown Business Association and a member of the Board of Directors of the Park Rapids Chamber, stated Chamber President Bob Seifert and I would like to introduce you to the new Chamber Executive Director.

Bob Seifert stated I'm pleased to be here to introduce Nicole Lalum our new director. We went through a process where we had twenty-five plus applicants apply for this position. We brought together a group of twelve individuals from our community to interview a pool of applicants. We narrowed it down to five applicants. Then the Chamber Board itself made the final decision on the applicant we hired. We felt we should bring her here to meet you in person.

Nicole Lalum stated I'm very pleased to make your acquaintance. I look forward to being in Park Rapids and promoting this area, marketing the businesses, and surveying the membership of our organization. The Council welcomed Lalum to Park Rapids.

9. PLANNING:

9.1. Ordinance Rezoning Land: Walker stated the applicant, State Bank of Park Rapids, is requesting a zoning map amendment to rezone three parcels from B-1, Highway Business District, to R-3, Medium Density Residential, and a future land use map amendment from Commercial to Single Family Residential. The three parcels are located

on the northeast corner of Hubbard County Road 107 and 169th Avenue. The area to be rezoned is approximately 6.23 acres. The properties are located within the orderly annexation area of Henrietta Township, which is scheduled for annexation in 2017 and are not serviced by city water, sanitary sewer, and storm sewer.

Walker stated the parcels were originally zoned R-1 (Residential) by Henrietta Township. In 2006 Henrietta Township approved a rezoning from Residential to Commercial in anticipation of future commercial development in the area, which never occurred. When the property was reverted under the city's zoning ordinance it carried on that commercial zoning into the B-1 zoning, which it is currently zoned. State Bank would like to revert the zoning back to residential use in order to accommodate a single family home that will be built on one of the parcels. They have a purchase agreement with an interested buyer with the condition that the parcels can be rezoned. When they initially applied for the rezoning the intent was for the owner to buy all three of the parcels, but they have since decided to buy only the most easterly parcel.

Walker stated staff feels that approval of the rezoning request would be appropriate since the commercial development never occurred and many of the uses around there are residential in nature, except there is B-1 zoning to the north along Highway 34. Staff and the Planning Commission did recommend approval of the request to rezone the three parcels, with the condition that the property owner needs to submit a completed E911 address application to Hubbard County and to secure all permits prior to construction.

Walker stated also as part of the request since generally a rezoning requires two readings to make the ordinance change, the applicant is requesting that we suspend the second reading and do that tonight rather than wait the two weeks as normal. Staff feels that's appropriate because they would like to start building on the house and also because we feel that the issue is non-controversial. If you would like to proceed with that the procedure is outlined in your packet.

Konshok questioned you're requesting a zoning change on all three parcels even if there's a purchase agreement on only one? Marty Peterson stated I don't see the lots ever selling for a commercial use. Utke stated all of the three lots are alike. It makes sense to keep them zoned together. Nordberg questioned its R-3 and not R-1 to be consistent with the properties on the east? Walker stated that is correct.

A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the first reading of Ordinance No. 545 Rezoning Land to R-3 in the Henrietta/City of Park Rapids Orderly Annexation Area OAA-1288, PID #13.72.00900, PID #13.72.01000, and PID #13.72.01100.

A motion was made by Randall, seconded by Konshok, and unanimously carried to approve the suspension of the rules, City Code 30.26(A)(2), that require two readings of an ordinance at separate City Council meetings.

A. Resolution Approving Ordinance No. 545 Rezoning Land to R-3 in the Henrietta/City of Park Rapids Orderly Annexation Area OAA-1288, PID #13.72.00900, PID #13.72.01000, and PID #13.72.01100: A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve Resolution #2013-149 Approving Ordinance No. 545 Rezoning Land to R-3 in the Henrietta/City of Park

Rapids Orderly Annexation Area OAA-1288, PID #13.72.00900, PID #13.72.01000, and PID #13.72.01100.

B. Ordinance No. 545 Rezoning Land to R-3 in the Henrietta/City of Park Rapids Orderly Annexation Area OAA-1288, PID #13.72.00900, PID #13.72.01000, and PID #13.72.01100: A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve Ordinance No. 545 Rezoning Land to R-3 in the Henrietta/City of Park Rapids Orderly Annexation Area OAA-1288, PID #13.72.00900, PID #13.72.01000, and PID #13.72.01100.

10. GENERAL BUSINESS:

10.1. Resolution Waiving the Commencement Date of the Phase II Project of the SDG Properties II, LLC Development Agreement: McKinney stated Traci Ryan, the city's TIF consultant is present and can explain the timing of this.

Traci Ryan stated SDG Group are talking about moving forward with phase II of their project. I've spoken with them and Dave Collins about what the development agreement requires of them and if any action needs to be taken in order for them to proceed and still be in compliance with their agreement. The development agreement was broken down into two phases. It was broken down because when they initially started talking about the DaVita Center, they were talking about building between 10,000 and 15,000 square feet, and two or three floors. Because the third floor wasn't signed, sealed, and delivered at the time we were working on the agreement, we said let's call this a two phase project. Phase I is build two floors at 10,000 square feet. If you do a phase II, which would include acquiring the Knapp-Grover property, cleaning it up, some additional cash assistance, and building that third floor at 5,000 square feet. That allowed them to proceed and have some flexibility on how many floors. We put the agreement together. They completed their project. They built three floors totaling 15,000 square feet right away. I conclude that they completed phase I and II at 15,000 square feet. That's what we all expected to get when everything was done. They also moved forward with the acquisition of the Knapp-Grover property. They did ask for the additional \$75,000.00 in assistance to acquire, demolish, and clean it up. That's why we included that phase II has to be started in June of 2013. It's so we'll give you that cash assistance, but we need you to do it in a timely way because there's no sense to us committing to providing you those resources if we don't see that happen within a specified period of time. I believe the city got all that it expected by having 15,000 square feet, the Knapp-Grover property was purchased and demolished.

Ryan stated now the developers are ready to move forward and do some additional development. There's still some jockeying going on right now in how much square footage they're going to build, and who the occupants will be. Nevertheless, they do plan on moving forward as quickly as the end of the month. But it may not be until early next year. At this point it's an additional 15,000 square feet. I don't want us to get hung up on how many square feet there will be. At this juncture we have all the square feet they committed to. Anything more at this point is gravy on top of the deal we approved. They are not asking for additional assistance. Their assistance will be reflected by the amount of taxes

they pay and what portion of that is collected as increment. There is a clause in the existing development agreement that says they have to start phase II of the project no later than June 30th, 2013. To make sure they've met all the obligations of phase I and II, I checked with your Bond Consul Mary Ippel, who drafted the development agreements for the project. In reading through it, she said we clearly specified what would happen in phase I would happen on phase I property, and what would happen in phase II would happen on phase II property. We had to get 10,000 square feet in the first phase, and 5,000 square feet in the second phase on the Knapp-Grover property. It's a technicality. The simplest way of moving forward is to waive the commencement date of phase II which is June 30th, 2013, then allow them to start anytime. The expectation is to start before the end of the year. The development agreement still has a completion date requirement of year end 2014. SDG is not asking to change that. They're requesting that we waive the commencement date. Mary Ippel is saying let's do that to stay technically, legally, clear with this development agreement.

McKinney stated one of the reasons we had a commencement date in there for phase II is we wanted them to clear out the old Knapp building. That's no longer a problem. What we care about is the completion date now that we have the building out of the way. Utke stated I thought everything was compliant already. Phase II was getting rid of the building and cleaning up the property, which was done. That would be the commencement part and they just have to finish construction by the end of next year.

Randall questioned are you saying technically it got written for 5,000 square feet that was supposed to be on that property? Ryan stated correct. That was something that Mary Ippel not being at the meetings didn't necessarily see. I must not have clearly communicated to her. Utke stated that was something that came up as extra. Ryan stated I think so. You have the 15,000 square feet and the cleanup of the Knapp-Grover property. This is what we all expected from the project when it was initiated.

Randall questioned why wasn't this brought up before the expected start date? We're past June 30th. Why are we talking about it in September? Ryan stated because I chose to clarify it with Mary Ippel. My understanding and expectation is that they've done everything we expected them to do and when I went to confirm that with Ippel, she said technically we've got, phase I has to happen on phase I property, phase II has to happen on phase II property.

Konshok stated but you're saying part of phase I was that the need to be 5,000 square feet or more on the phase II property. Ryan stated phase I was 10,000 square feet on phase I property, phase II was 5,000 square feet on phase II property. McKinney stated and we're not changing that. Ryan stated we expect that there will be in excess of 5,000 square feet on phase II based on what the developers are talking about right now. McKinney stated its timing that is the issue. Konshok stated we wanted that second lot cleared but we also wanted a building on it and not just a vacant lot. McKinney stated we get that by not changing the completion date.

Konshok stated the plans are not finalized but is there enough room on that second lot for building and parking, or is that what's under negotiations now? Ryan stated I wouldn't want to begin to comment on planning or zoning issues. The idea is that you'll have a footprint of 5,000 square feet there and if it's more it will go up. Konshok stated but the parcel is smaller by half than the phase I project. Ryan stated I believe so. I think there's some shared parking that's also been talked about. But I'm not the zoning gal.

Ryan stated when I had the initial discussion with SDG, they felt pretty comfortable that they would be moving forward with an additional 15,000 square feet with phase II, but I don't want us to hang our hats on that. We need to stick with the original intention of anything on that space is gravy. They built the original 15,000 square feet that we anticipated. I don't want you to think they are being evasive or secretive. They're in negotiations. I don't think the amount of space was committed to as of the hour of this meeting. Konshok stated I would still say the intention was to have a building of some sort on the parcel. When you say that 15,000 was complete I don't necessarily agree with that because 5,000 was supposed to be on that second parcel. Ryan stated right, technically. They have to do at least 5,000 in order to meet the intention of the agreement. Konshok stated we fixed that street with anticipation that there would be new building on it.

McKinney stated Dave Collins is at another meeting and he sends his apologies for not being here. I think what they're doing is not whether they build a building but how the tenancy will be allocated. He's confident this will move forward. Konshok stated I would be careful about saying that the total facility requirement of 15,000 has been met. He reiterated I don't necessarily agree with that. It was supposed to be split between two buildings. McKinney stated I agree with that. They were expected to do something on phase II property.

Ryan stated the action that is necessary to technically remain in compliance is the adoption of this resolution that would waive the commencement date of June 30th, 2013. Mary Ippel was fine with the language that is used in this resolution.

Mikesh stated I was amazed when I went through the building at how fast it came along. It's very nice. **A motion was made by Konshok, seconded by Randall, to approve Resolution #2013-150 Waiving the Commencement Date of the Phase II Project of the SDG Properties II LLC Development Agreement.**

**The following Councilmembers voted in favor: Konshok, Mikesh, Randall, Utke.
The following Councilmember abstained: Nordberg.
The motion carried.**

10.2. Resolution Appointing Full Time Public Works Street

Maintenance Worker for the City of Park Rapids: McKinney stated we went through a process to fill the position that was vacated when we moved Fieldsend into a department head position. We received forty-three applications. We interviewed ten. The resolution names Jade Wattenhofer who was our unanimous choice. He has the background, he understands the function of the job. He's in road building now, and he lives locally. We feel very confident that he will be a big asset to the city. Staff recommends his appointment.

A motion was made by Konshok, seconded by Randall, to approve Resolution #2013-151 Appointing Full Time Public Works Street Maintenance Worker for the City of Park Rapids.

Discussion: Nordberg questioned is it correct that this is replacing a half-time position that existed before? Fieldsend stated my time was split between the IT work, airport, and streets. This person will be doing some of the airport work and the streets. McKinney stated from a monetary standpoint it's replacing a full time position. The way the work was allocated was between other people. Fieldsend stated part of my work stayed with me.

Mikesh stated they all jump back and forth to help each other. Nordberg questioned in terms of dollars we were having to pay someone half-time before? McKinney stated we were paying someone full-time before. The allocation among departments was split up but the actual outlay was for full time employment. That's what we're doing here at the beginning of the scale so it costs us less than it did before, at least temporarily.

The vote was called.

The motion carried unanimously.

10.3. Resolution Appointing Matthew Rousu to the Position of Volunteer Firefighter for the City of Park Rapids: Mikesh stated this appointment will fill a vacancy on the fire department. We received ten applications. None of the applicants had any fire training in their backgrounds. This gentleman has applied three times, and interviewed twice. To try to find anyone with fire training is pretty tough. The hiring committee felt he was the top runner based on a point system. With this appointment it will bring the department back up to our full twenty-six members. We wanted him appointed because all of the training starts in a few weeks. Down the road we'll have two other firemen that will be retiring. We'll have to do this all again in three to four months. **A motion was made by Konshok, seconded by Utke, and unanimously carried to approve Resolution #2013-152 Appointing Matthew Rousu to the Position of Volunteer Firefighter for the City of Park Rapids.**

10.4. Resolution Setting Public Hearing on the Proposed 2014-2018 Capital Improvement Plan for the City of Park Rapids: McKinney stated we have to have a public hearing on the capital improvement plan. This resolution authorizes the clerk to get that done. **A motion was made by Utke, seconded by Konshok, and unanimously carried to approve Resolution #2013-153 Setting Public Hearing on the Proposed 2014-2018 Capital Improvement Plan for the City of Park Rapids.**

11. CITY ADMINISTRATOR UPDATE: McKinney stated we do have ongoing negotiations with the labor unions. We have been given an opportunity to talk to the people that are doing the space allocation studies for the courthouse. They will give us some advice. We're going to talk to the consultant who is from Minneapolis. We are cramped for space in city hall. I'll come back to you before we do anything drastic. We also want to take a look at the leasing of the back of the building and how we should proceed. We did ask our renters if they required the entire space or if there was some of that they didn't want. Their answer was they need it all. We need an outside look at the situation.

12. DEPARTMENT HEAD UPDATES: Walker stated he attended a Planning Conference last week in Rochester. It was an opportunity to network and to see new trends in planning. There was a more positive tune this year than in past conferences. In two years the conference will be in Bemidji. Bemidji officials asked for our feeling of helping to participate in that. As it draws closer I think it would be a good opportunity to

piggyback on what Bemidji has. We can promote this as a regional area. I'll do my best to keep us updated on that.

Walker stated there's an open house on Wednesday, October 2nd, 2013, from 5:00 p.m. to 7:00 p.m. at Northwoods Bank for the Itasca Trail, an extension from the Heartland Trail. The master plan is available on line right now. There's a thirty day comment period. They will be at the meeting to answer questions and take input on the project. That is the public participation portion of it, so in the future when they start constructing, this is your opportunity now.

Walker stated the Red Bridge Project pre-construction meeting is at 2:00 p.m. next week on Wednesday. I anticipate they will mobilize within a few weeks after that.

Scott Olson stated the store has slowed down so we have commenced with our fall projects, like defrosting the freezers, and washing all the shelves and bottles.

Fieldsend stated I'm working with McKinney on the space study. The new cleaner has started. She needs to be fingerprinted and has to take classes to work in the police department. The parking lots at the liquor store, library, and the city lot will be overlaid next week. We're waiting for bids for the new carpet for this library meeting room.

13. COMMENTS FROM COUNCIL: There were no comments.

14. ADJOURNMENT: A motion was made by Randall, seconded by Utke, and unanimously carried to adjourn the meeting at 6:43 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk