

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

1. CALL TO ORDER: The December 10th, 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, Public Facilities Maintenance Superintendent Chris Fieldsend, Treasurer Angela Brumbaugh, Public Works Superintendent Scott Burlingame, Liquor Store Manager Scott Olson, Planner Dan Walker, Police Chief Terry Eilers, and Clerk Margie Vik. Others Present: Apex Engineer Jon Olson, Dori Mueske, Gabriel Detmers, Beth Waller, Jerry Munson, Steve Lindeman, Janet Walter, Alan Zemek, Dick Rutherford, Jim Stengrim, and Nick Longworth 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 changes:

Add to the Consent Agenda:

- 7.17. Resolution Appointing Jeffery Olesen as Part Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.18. Authorize Staff to Advertise and Interview for Two New Firefighters.**

Additional Information:

- 10.4.A. Resolution Authorizing Proper City Officials to Execute the Task Order for the Riverside Phase I Utility and Street Improvement Project by and between Apex Engineering Group Inc.**
- 10.4.B. Resolution Ordering Preparation of a Preliminary Engineering Report for the Riverside Phase I Utility and Street Improvement Project in the City of Park Rapids.**

4. PUBLIC HEARING at 6:00 PM:

4.1. Report from Finance Committee: Konshok stated the Finance Committee met on December 2nd. The draft minutes are in the Council packet. We tried to reduce the preliminary budget that we approved back in September. We were able to do that. We met with all the key department heads. I'd like to commend our department heads and staff for being very reasonable. They understand that we are trying to control costs as

much as possible. They were very willing participants in the process. There were no major areas for cuts. It was a lot of nickels and dimes. One increase in the budget was to negotiate the two union contracts, and we usually mirror the increases with the non-union staff. Since that was already approved it wasn't under the Finance Committee's considerations because they were already approved costs. Whatever else was left as discretionary is what we were looking at. We had a dozen items that we were able to trim from the budget by either reducing amounts or designating them to different funds or eliminating or delaying items for this year. We had a number of decreases and we had one increase. We are going to have four firefighters retire in 2014, therefore we need to hire four, therefore we need to equip them with uniforms. We had to bump up that budget. It's a small increase of about \$4,000.00 for the uniform allowance. The total decrease in expenditures we were able to come up with as presented here is \$65,181.00. One of our informal targets was to try and bring the general operating fund increase down to match the increase that we got in the state's local government aid, which was about \$145,000.00. We were able to do that. We brought the general operating budget down from the \$212,338.00 as approved in September, to \$147,157.00.

Brumbaugh stated we were not able to address the increase in the debt service for our bonds. Our bonds are a portfolio of our different bonds from different years, maturities, interest rates. The amount of interest and principle we have to pay each year fluctuates depending on that portfolio. We weren't able to make a dent in that. We had a \$75,000.00 bump up this year from last year. It was a good process. We were satisfied that we were able to come up with that amount. A motion was made by Nordberg, seconded by me to approve those cuts by the Finance Committee. We did approve the motion to formally recommend to the full Council to consider these decreases and to modify the budget accordingly.

McKinney stated our presentation will reflex those changes as recommended by the Finance Committee. There is one union which we do not have an agreement with, the liquor store employees. Not because we have not been able to agree, but because we haven't met yet.

4.2. Truth in Taxation Public Meeting: A motion was made by Utke, seconded by Nordberg, and unanimously carried to open the public hearing at 6:07 p.m.

A. Presentation of Budget and Property Tax Levies: Brumbaugh stated as most of you know we have an Orderly Annexation Agreement with Henrietta Township. Those properties are treated a little differently. Anyone that was annexed in 2012, which includes Discovery Circle, their proposed tax is based off of a different property tax rate. We take Henrietta's rate and the city's rate, take that difference and divide it by five, so you get brought in with a slower increase so you don't see a huge jump all at one time. You're seeing a 50% difference on your proposed tax statement, but in reality you'll see a 10% increase each year for the next five years. When the county did your property tax statements they didn't calculate the lower rate. You're seeing the city's full rate. Your actual rate will be different. I can't tell you how much your taxes will go down, but what you're seeing now is incorrect.

Brumbaugh stated we'll be presenting an overview of all funds within the general fund operating budget. They include the general fund, airport, debt service, the enterprise funds, and the internal service fund. We don't have a lot of control over our bonds. They are preset. In order to make the payment we need to make the levy go along with it. It's all figured out at the beginning. Our general fund levy was \$1,622,403.00 in 2013. It's \$1,622,217.00, which is almost the same. We saw a decrease of \$186.00. The debt service fund has an increase of \$58,000.00, which is a 9.46% increase. All of the bonds go along with our projects for water, sewer, and streets. The total levy ends up with a 2.59% increase over last year. That increase is due to the bond payments.

Brumbaugh stated we've talked a lot about Local Government Aid (LGA) over the years. Back in 2003 the city was supposed to get \$733,375.00, but instead we got \$581,407.00. Over the years it has decreased to our lowest amount of \$314,126.00, which is a 57% decrease. This is the first year that we have seen an increase in LGA, of \$145,821.00, for a total of \$459,947.00 that we are scheduled to receive in 2014.

Brumbaugh stated the decreases recommended by the Finance Committee include cuts to the public works department, the library capital outlay, parks maintenance, administration, and general government buildings capital outlay. These are reductions in the preliminary budget, which was presented to the Council in September. The 2013 budget was \$2,689,024.00. When we first did our proposed budget in September it was \$2,901,362.00 which was an increase of \$212,338.00. For this meeting the Council is proposing some decreases, so the budget now is \$2,836,181.00, which is an increase of \$147,157.00, which will be offset by the LGA. The LGA contribution is what makes this levy stay the same as last year.

Brumbaugh stated the general fund expenditures are broken into categories. Public safety is 45% of the budget, public works is 18%, culture is 7%, community development is 2%, and general government is 28%. Those categories get broken down further. Public safety includes police at 71%, or \$916,695.00, and fire at 18%, or \$235,790.00. Also included in public safety are building, rental, and plumbing inspections. Public works has \$500,769.00 of the budget. Streets and highways is the main part of that and is 72% of the budget. Ice and snow, street lighting, and crosswalks are also included. Last year we took out a couple of things that are now under the storm water budget. Culture expenses include the library and the parks. They are pretty much split evenly at 45% and 55% respectively. For the library we pay the Kitchigami Regional System, and we own the building so we're responsible for the maintenance. We contract with Kitchigami, if we don't pay them this amount, it would also decrease your services at the library. The community development expenditures include economic development and natural resources. It's not a large part of the budget at \$56,456.00. Anything that doesn't fit into the other budgets goes into general government expenditures. Administration is 42% of that, planning is 17%, unallocated expenses include lodging and property tax, which is a wash because we have revenue on the other side. Transit is at 3%. That includes expenses for the Heartland Express. The Council budget is 4%. The elections budget fluctuates based on whether it's an election year or not.

Brumbaugh stated one change in 2014 is that local governments are now tax exempt. Because of that we will see a savings of approximately \$25,000.00. We were paying sales tax on items such as repairs and maintenance, janitorial, cleaning, office and

operating. With this change we should see a decrease in expenses because of that, which has been calculated in the budget.

B. Public Comments: Mikesh requested comments from the citizens.

Gabriel Detmers: No comment.

Beth Waller: Where does the water treatment center fall in here?

John McKinney: That is under an enterprise fund. This is just the budget for the property taxes. That's being paid for out of the water rates that the users pay.

Waller: I think my issue is probably solved by Angela with her explanation of the error. The bad news is that it will get that high eventually instead it will be more gradual.

Jerry Munson: No comment.

Steve Lindeman: I'll pass at this time.

Janet Walter: I'll pass too. I'm in the same boat.

Gabriel Detmers: I live on Park Avenue North. I went ahead and did the math between my property and her property. It looks like a high jump. But the property difference....my city taxes are about $\frac{3}{4}$ of 1%. The estimated value on the proposed, that high jump, is about the same $\frac{3}{4}$ of 1%. It looks high. I freaked when I saw it. It's a 170% jump. But it's not.....you guys that are in Discovery Circle right now are lucky. Call it a blessing for the next couple of years.

Mikesh: Does anyone else wish to address the Council on the property tax levy?

There were no more comments.

A motion was made by Utke, seconded by Nordberg, and unanimously carried to close the public hearing at 6:20 p.m.

4.3. Final Levy and Final General Budget:

A. Resolution Adopting the Final Property Tax Levy for Tax Year 2014: A motion was made by Konshok, seconded by Nordberg, to approve Resolution #2013-180 Adopting the Final Property Tax Levy for Tax Year 2014.

Discussion: Utke stated I appreciate what the Finance Committee came up with. There's an item that I would like to have removed, the membership to the Coalition of Greater Minnesota Cities (CGMC). We are a member of two organizations that do the same thing, them and the League of Minnesota Cities (LMC). I'd rather see that \$1,500.00 spent somewhere in the city and now's the time to do it.

Mikesh questioned do we use the CGMC a lot? Nordberg stated they provide information through workshops. I've been to both on the airport and for general annual information about legislation. The biggest source of work for us from the CGMC is lobbying. They do different things than the LMC. The LMC is dominated by the big urban cities because they've got the most clout. The CGMC is only for smaller cities. It doesn't include even Duluth. I think it provides us help, resources to call on, and legal assistance. I'm in favor of continuing it.

McKinney stated they are probably responsible for LGA improvement. The bigger cities aren't lobbying for that. Utke stated about half of it went into the inner cities, Minneapolis and St. Paul. I believe the big cities do have interest in it. Nordberg stated

they had even more under the first formula. In the old formula we weren't getting anything near this amount. Governor Dayton had a formula which completely revised the previous formula with only three criteria, for us in terms of aging infrastructure, building, and property tax ability. Although we're still not as good as we should be or what we had in 2005, I think we lucked out because of that work.

Konshok stated I asked that question a couple of years ago. I was trying to ditch the LMC. I felt like the cities, in particular, the suburbs dominated the LMC until I was informed that we get our insurance through them. It's a package deal. As far as policy-wise, I think that the CGMC is probably more effective for us than the LMC, but LMC provides us the insurance. It's a catch 22. I think the CGMC is a strong advocate, a good counterpoint, to the metro voice. I agree that it is an expense. I don't think of it as a duplicate. They have different purposes.

Mikesh questioned did that answer your question? Utke stated I wanted to see what everyone else thought of that one.

The vote was called.

The motion carried unanimously.

B. Resolution Adopting Final General Fund Budget for the Year 2014 for the City of Park Rapids: A motion was made by Utke, seconded by Konshok, and unanimously carried to approve Resolution #2013-181 Adopting Final General Fund Budget for the Year 2014 for the City of Park Rapids.

C. Approve the Proposed Revenue and Expense Budgets for the 2014 Debt Service Funds: A motion was made by Nordberg, seconded by Utke, and unanimously carried to approve the Proposed Revenue and Expense Budgets for the 2014 Debt Service Funds, as presented.

D. Approve the Proposed Revenues and Expenses for the 2014 Enterprise Budgets for Airport, Water, Sewer, Stormwater, and Liquor: A motion was made by Konshok, seconded by Randall, to approve the Proposed Revenues and Expenses for the 2014 Enterprise Budgets for Airport, Water, Sewer, Stormwater, and Liquor.

Discussion: Jim Stengrim questioned according to this it deals with water and sewer. Later on in the agenda you'll be talking about a new ordinance. How can you approve a proposed revenue and expense budget when you have an ordinance still in question? Doesn't that affect it or not? The ordinance that you're going to pass later on dealing with the water and sewer fees, doesn't that have anything to do with your proposed revenues and expenses of the water and sewer? Wouldn't that have an effect on that budget? Yes or no.

Brumbaugh stated I calculated the budgets based on the ordinance passing it's first reading. If you choose to not pass that we can adjust the revenues or the expenditures on the enterprise fund later. If something takes place and you choose not to we can certainly amend these budgets. This is not based on a levy at all so we can amend it.

Stengrim stated it's based off of fees, which your ordinance deals with. How can you pass a budget here when you have something still out in the open that hasn't been solved yet? I'm not sure how that works.

Randall questioned it can be amended? Brumbaugh answered yes. Stengrim questioned wouldn't you have to rescind the vote or redo it all? You just can't amend something. It's a resolution. McKinney stated the resolution to which he refers is a rate increase. It is not the creation of the income in its entirety.

The vote was called.

The motion carried unanimously.

5. APPROVAL OF MINUTES:

5.1. City Council Regular Meeting Minutes-November 26, 2013: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the November 26th, 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 \$30,396.22, and the prepaids in the amount of \$658,817.05, for a total of \$689,213.27.

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

- 7.1. Resolution #2013-182 Re-Appointing Thom Peterson to Serve on the Airport Commission for the City of Park Rapids.
- 7.2. Resolution #2013-183 Re-Appointing David R. Konshok to Serve on the Airport Commission for the City of Park Rapids.
- 7.3. Resolution #2013-184 Re-Appointing Donald Walsh to Serve on the Housing & Redevelopment Authority of the City of Park Rapids.
- 7.4. Resolution #2013-185 Appointing Frank Moody to Serve on the Library Board for the City of Park Rapids.
- 7.5. Resolution #2013-186 Appointing Maria Pretzer to Serve on the Library Board for the City of Park Rapids.

- 7.6. **Resolution #2013-187 Appointing Cheryle Wilke to Serve on the Park Rapids Urban Forestry Committee.**
- 7.7. **Authorize Staff to Enter into a Sales Agreement with Revize Software Systems in the Amount of \$6,615.00 for the Initial Setup and \$1,500.00 Per Year Thereafter for a Total of Three (3) Years to Update the City's Website.**
- 7.8. **Approve to NOT Waive the Tort Limits on the City's Liability Insurance Policy with the League of Minnesota Cities Insurance Trust.**
- 7.9. **Approve Backhoe Operator's License to Work in the City of Park Rapids in 2013 for Tradesmen Construction Inc.**
- 7.10. **Resolution #2013-188 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.**
- 7.11. **Approve Pay Request #2 in the Amount of \$473,508.97 for Tri-City Paving for Work Completed for the Runway Project A2901-63.**
- 7.12. **Approve Pay Request #5 in the Amount of \$199,458.03 for Di-Mar Construction for Work Completed for the Water Treatment Facility.**
- 7.13. **Approve Pay Request in the Amount of \$88,201.00 for Howard's Driveway for Paving and Overlays on City's Parking Lots and Several Alleys.**
- 7.14. **Resolution #2013-189 Approving City of Park Rapids Non-Union Employees Wage Adjustment for the Year 2014, 2015, and 2016.**
- 7.15. **Resolution #2013-190 Amending Personnel Policy #17-Sick Leave for the City of Park Rapids Employees.**
- 7.16. **Authorize Staff to Enter into a One (1) Year Contract with Preferred One for Health Insurance Benefits for City Employees.**
- 7.17. **Resolution #2013-191 Appointing Jeffery Olesen as Part Time Rapids Spirits Liquor Store Clerk for the City of Park Rapids.**
- 7.18. **Authorize Staff to Advertise and Interview for New Two Firefighters.**

END OF CONSENT AGENDA

8. COMMENTS FROM CITIZENS: Jerry Munson questioned is this the time to talk about the suggested rate increase? Konshok stated that is on the agenda later on.

9. PLANNING:

9.1. Resolution to Approve Conditional Use Permit to Amend Existing CUP to Allow Installation of Emergency Generator and Containment System in the R-1 Zoning District, at 201 Huntsinger Avenue, PID #32.23.03042: Walker stated the applicant is Verizon Wireless. They are requesting an amendment to an existing conditional use permit to allow installation of an emergency 250 gallon/50KW diesel generator and containment system at their leased wireless communications facility at Huntsinger Avenue, at the water facility. The applicant has an existing lease agreement with the City of Park Rapids for the nine antennas and a 12' x 18' utility building on the same site. The property is zoned R-1, Single Family Residential. The applicant would like to add an emergency 250 gallon/50KW diesel generator and containment system located west of their existing utility building. They are requesting to lease an additional 6' x 10', a sixty square foot area to accommodate the generator, which would be put on a concrete pad. It would be completely enclosed and there would be a snow bridge over the top of it. A picture of it is included in the packet. The generator will be used for emergencies only and the applicant has stated that the generator makes noise similar to a farm tractor when running at an average of about 56 decibels, but otherwise does not create any additional noise.

Walker stated since the new generator and pad will be constructed in close proximity to the new Water Treatment Facility, the Public Works Supervisor has asked that construction not be started until the Water Treatment Plant project is completed, unless he approves that. We'd also need to approve any additional lease area with Verizon. Staff and the Planning Commission did recommend the approval of the conditional use permit with two conditions as outlined.

Nordberg stated I was glad to see that the Planning Commission checked on the noise and asked questions about that. It was said that it would only be used in emergencies. Don't they have to test it now and then to see if it works? Walker stated I would assume that they'll have someone test it on a regular basis. Right now they're using a battery system. That was less reliable. This will automatically kick on in the case of a power outage.

Steve Lindeman questioned how often will it be tested? Walker stated I don't have the specifics. I'm assuming they'll test it according to their mandated protocol. Nordberg stated I know that our city generators get tested regularly. Burlingame stated ours is much, much larger and it's tested once a month at that site. Dick Rutherford stated you can hear it a little bit, but it's not bad.

A motion was made by Nordberg, seconded by Utke, and unanimously carried to approve Resolution #2013-192 Approve Conditional Use Permit to Amend Existing CUP to Allow Installation of Emergency Generator and Containment System in the R-1 Zoning District, at 201 Huntsinger Avenue, PID #32.23.03042.

10. GENERAL BUSINESS:

10.1. Second Reading of the Ordinance Amending City Code: Jerry

Munson stated I brought my water bill from service date 6-28-13 to 9-25-13. The water bill is a total of \$144.45. \$68.00 of that being sewer. \$65.00 of that being water, and of course a whole multitude of fees. How are people going to afford what you're talking about a 25% increase and we know it's going to be at least that and probably more. How are we going to afford your water? I don't think anything has been to done to contact and put pressure on these farmers, such as Offitt and Becker, to cut back on their fertilizer. Somebody said they wrote letters. You, Mister Mayor, when you came to my yard before the election, you told me that if anything you were going to reduce our taxes and reduce our rates in the city. Instead, they have gone up. I don't see anything being done to curb that.

Mikesh stated we can't go out after farmers out of the city limits. Munson questioned why? It's their pollution that's causing our problem. Mikesh stated it's tough for a city to go out after a farmer. Munson stated if I caused you a problem, you're coming after me, aren't you? Mikesh stated probably not. Munson stated if I damage your car or property, you're coming after me. This is city property and it's the farmers that damaged it. Why are you telling me that you can't do anything about it? Mikesh stated it's tough to go outside of city limits. Munson stated it's tough to pay these water bills too.

Mikesh stated your water bill is going to go up \$3.00. Munson stated 25% is \$16.00. And when is it going up again? Mikesh stated when we get our water plant up and going. That's what these are for. Munson stated I know that. But every month, it started up at \$100.00 five years ago when I moved here to this town, which was a mistake I find now. It's gone up an average of \$50.00 in five years with no apparent increase. We're not doing anything different in the house. Is it the water meter? Mikesh stated if you feel it is you can have them check the water meter. But it's going up because they're upgrading our system. Munson stated right because of the farmers and what they're doing to the city's property and the city's not willing to do anything. Mikesh stated I said it's tough to go outside of city limits and try to go after them. Munson stated if anybody damages your property you have a right to go after them. You have an obligation to. It's just easier to pass it off to the taxpayers.

Jim Stengrim stated I took to heart everything you said about your advertisements. Your workshop that you had on October 22nd was not in the paper. They claim it was posted on your window out here. I don't know. Nobody can prove it. Therefore, nobody was notified of that workshop publically that you had on October 22nd. I have a copy here of the paper the Saturday before. All it says is the City Council will meet on October 22nd at the lower level library. The agenda includes a public hearing for capital improvement, labor agreements, and Red Bridge. You wonder why nobody showed up. Nobody knew. I think that's a serious problem. You didn't notify people of this so-called workshop.

Stengrim questioned would you please tell me the difference between a workshop and a special meeting? What is a workshop? What's the definition of workshop? Konshok stated that's where you get together and go over issues. Stengrim questioned have you ever attended workshops for your job as a businessman? Konshok stated yes. Stengrim questioned is that what you did? I've been in the business for many years. I've attended many workshops and they're not for this. Workshop is an educational seminar. Konshok

stated we are following the standard terms in the State of Minnesota. Stengrim stated I looked it up and I didn't come up with that same definition. Konshok questioned you looked under what cities do as far as business meetings? Stengrim stated to me it's a special meeting. This was a special meeting because it brought in information to you. It was not a workshop to do work. It was called to order. Never in my life have I been to a workshop where it was called to order and it was voted on to dismiss/adjourn it. That's a special meeting and it should have been advertised as such. Konshok stated and base rate versus rate base. We get it. We're using the standard terms from the State of Minnesota. Stengrim stated I'm just telling you if you're going to treat the public fairly why don't you do it so we can understand what you're doing. Konshok stated we are using the standard terminology that city's use. Stengrim stated we can argue over that. I don't think there are too many people that can understand. If I read a workshop was being held I would not attend because I wouldn't believe that's what it was. A workshop is an educational seminar for the people that it was made for.

Mikesh questioned do you have anything on this water and sewer? Stengrim stated I'm getting to that. This was part of it. You didn't advertise it and you told me that you did. That's my point right there. Mikesh stated you just read it in the paper. Stengrim stated it's not in the paper. You tell us it was, and it wasn't. The workshop was not in the paper. How can people attend it? Check it. Go to the paper and look at it.

Stengrim stated getting to the minutes of that workshop. They're not posted on line. I had to come in and get them. They're very interesting. They're seven pages long for a workshop. You took minutes at a workshop. In my whole life I've never attended a workshop where we took minutes. Again, I don't think it was a workshop, but a special meeting. Interesting things in here when you read it, about connection fees. What's the RDO waste water treatment fund? Did the city build a waste water treatment for RDO and we're paying for it? Konshok stated it's the modifications we made way back when to the sewer treatment plant. RDO pays for those modifications that effect their facility. Stengrim questioned so it doesn't cost the citizens anything? They pay for their portion for the expansion of the plant? Utke stated it's a total pass through. Stengrim stated okay, I'm just reading in here.

Utke stated there are no motions made in a workshop as you can see in there. All business takes place in a City Council meeting. It is a workshop. It's for information. Stengrim stated this is the October 22nd meeting minutes. Randall stated yes it's minutes but we do not pass anything in a workshop. Any time the full Council gets together you have to call to order, it has to be a formalized meeting otherwise we would violate the open meeting law. Stengrim stated if you have a meeting that you're gathering information, that's still part of the open meeting system. Randall stated right, and it was open to the public. Stengrim stated it wasn't advertised. It's not on your schedule of meetings either. All of your meetings are scheduled for 6:00 p.m. Randall questioned are you suggesting there was some kind of violation by not publishing that workshop. Stengrim stated there's a possibility. There's a good possibility. I'm just bringing it up. Randall stated there's a whole bunch of possibilities, but I'm asking you do you have a statute that we violated. Stengrim stated well if it's not on your schedule of meetings and you didn't publically advertise it, that's a violation. You're required to do so anytime you change your schedule of meetings. Randall stated it wasn't a meeting though. Stengrim stated there's where I'm asking the question, are you camouflaging meetings by calling them a workshop? Maybe we need to

ask iPad about what's the difference. You can go on line and look up a lot of things with them. You told me it was and I couldn't find it.

Stengrim questioned is this a onetime increase or can we expect you guys to double it next year? Utke stated it's a onetime at this point. We say that because we put it at the full level that we anticipate, but we do need a year or two of operating the water treatment plant to know exactly. Stengrim stated right in here you guys talk about that. Should we do a small one now and then again two years from now when we've all forgotten about what you did. Utke stated we didn't do that. We went with the full rate now. Stengrim questioned are you planning on doing it later. You say right in here that we have the time to do it now because we can use the water treatment plant as the basis for doing this raise. If we try it again later we won't have a reason for it and people will question us. Utke stated that is not verbatim. Randall stated that is not exactly how the discussion went. Stengrim stated it says, Randall stated the good news about increasing it all in one shot is we're able to tell them this is why, the treatment plant, versus a year later it's done and then they'll say why increase the rates. Randall stated right. It's still associated with the water treatment plant, not an entirely different reason which you just tried to make it sound like. Stengrim stated it says in two years that you would do it again. Konshok stated no. It's just a discussion about breaking the increase into chunks. Randall stated the increase is associated solely with the treatment plant whether that increase associated with the water treatment plant would be broken into two segments or one. It was decided we would just add those expenses in one chunk rather than breaking it up so that people didn't understand why it was going up two years in a row. Again, all tied to the water treatment plant. Not just because we wanted to increase rates. Stengrim stated I didn't say that. I'm just asking what can be expected in the future with the whole thing. When you read this the comments are quite interesting. It would have been nice to have been at the workshop.

Stengrim stated the next thing I've got to say is when I go online to print off your ordinance I found it's talking about a water connection fee of \$30.00, a minimum rate of \$28.48 and therefore \$1.50 per gallon and you're going to get so many gallons with that. This must be quite old because I came in and they gave me the present one. I couldn't figure out how you came up with your new one when nothing on your new one matched what I found on the web. My point there would have to be it's very tough for the public to follow you with what's going on if your website doesn't provide us with the information. We're encouraged to go to the website all the time and do all that. It's so far behind that we couldn't figure out what you guys are doing until six months down the road, or two years down the road.

Konshok stated we just approved in the budget to do a new website. Stengrim stated that's just poor management and then expect the public to follow you and to tell us when we come in to check the website. We have to run around and collect all this stuff? Nordberg questioned what do you expect it's worth to put it on the web? How much expense do you think it's going to cost the city? Stengrim stated it can't cost you that much to put the ordinances on the website. You just have to update it. Nordberg stated it cost \$1,000.00's. Stengrim stated then you better look for someone to do it a lot easier and better. I bet you could hire some high school kids. Nordberg stated we have eighth graders right now and that's why it looks like that. Konshok stated we are going to update it. Stengrim stated I don't want to blame the kids, but what I was told last time that this thing

was advertised and that I had the opportunity to attend the workshop and follow it from day one of conception is not true.

Utke stated I'd like to invite you to attend more of them because before I sat in this seat, I sat in those seats a lot. Not many people ever show up. Dick Rutherford can attest to that. I invite you to come. Stengrim stated if I read a workshop is going to be held I probably wouldn't come because I have a different idea of what a workshop is. I didn't understand a workshop would be discussing public business. Randall stated every instance when the Council gets together is to discuss public business. A workshop is not to discuss our personal lives. It's to discuss public business. Stengrim stated a workshop is an educational seminar. Now apparently the state has a difference definition for cities, I don't know. Konshok stated you're right.

Stengrim stated I guess there should be further investigation on my part to figure it out. I've never seen so many workshops held by an organization and find out it's only dealing with gathering of information to move ahead with something. The public are totaling misled on it. That's my feelings on it. I don't think the public had a fair opportunity to be involved in the ground level of this ordinance and I believe it's unfair for the public to have it that way so we could totally understand how you came up with those numbers that the printout that show 50, 60, 70, or whatever percentage that you are talking about. The question that I'm missing is how did you come up with those numbers? Based on what? What brings those into play? How did you do those numbers? Konshok stated that's about a year's worth of meetings on the water treatment plant and rates. It's all been part of the City Council meetings. We've been talking about water rates for over a year. Stengrim stated you were wrong in telling me it was advertised. I was at the Enterprise and I checked it out myself. The public was left out in the dark. Konshok stated we'll check into that.

A. Resolution Approving Ordinance Amending the Park Rapids City Code of Ordinances, Chapter 36 Fee Schedule, Section 36.09 Water and Sewer Fees: A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve Resolution #2013-193 Approving Ordinance No. 546 Amending the Park Rapids City Code of Ordinances, Chapter 36 Fee Schedule, Section 36.09 Water and Sewer Fees.

B. Ordinance Amending the Park Rapids City Code of Ordinances, Chapter 36 Fee Schedule, Section 36.09 Water and Sewer Fees: A motion was made by Utke, seconded by Mikesh, and unanimously carried to approve Ordinance No. 546 Amending the Park Rapids City Code of Ordinances, Chapter 36 Fee Schedule, Section 36.09 Water and Sewer Fees.

10.2. Request from Armory Square for a \$25,000 Loan from the Small Cities Energy Efficiency Grant: Alan Zemek, President of Armory Square Management Corporation, stated through Citizens Bank who provides servicing for your energy efficiency loan fund, in 2010, it goes back to your stimulus package, the American Reinvestment Recovery Act, there was a grant from the state, \$100,000.00 of that was appropriated to the cities for the purposes of a revolving loan fund for energy efficiency projects. We accessed that loan fund three years ago in 2010 and were able to accomplish

a portion of the work for new lighting, low wattage, fluorescent lights, high efficiency air exchange, new furnace, and all manner of energy efficiency upgrades. In the past few years we have paid back to that fund most of the balance of what's in that account now is funds that we repaid. Its three years later and we have some projects that we'd like to accomplish. We submitted our application. Our understanding is your treasurer is satisfied with what the bank has prepared. That application needs your approval to continue to work on that loan application, to close it, and fund it so we can do our next round of energy efficiency improvements on the armory.

Nordberg stated I don't see a repayment schedule in the packet. Zemek stated this is a seven year amortized note at 3.5% for 84 months. The bank gets 0.5% for servicing the loan. Utke stated that is the same as all the rest of them I believe. Zemek stated yes. It's essentially the same terms as the first round of financing, but it is fully amortized. McKinney stated they were all loaned on the same terms.

A motion was made by Nordberg, seconded by Utke, to approve the loan request from Armory Square Management Corporation in the amount of \$25,000.00 from the Small Cities Energy Efficiency Fund.

Discussion: Dick Rutherford questioned is this a private owned business, the Armory Square? Do you loan this money if somebody else came in and asked for this money? Konshok answered yes. It's a revolving fund. Rutherford stated right now you're looking at the state or the city maybe taking this over. Is that right? Hasn't the state been up here trying to take it over so it can be an arts center? Utke stated nothing is finalized. I would say the city, in general, no, but maybe a city entity, yes. That has to be negotiated. There's a long ways to go before that point. Rutherford questioned how much money are we going to stick into this before something happens? Utke stated this is a loan from Citizens Bank to Alan Zemek's business. Rutherford stated it's a loan from the taxpayer's money.

McKinney stated it was taxpayer's money that created a grant that has perimeters around it and it can be used for certain purposes. This is one of the approved purposes and others have been offered the opportunity. It's a very seldom used deal because of the limited uses that the money can be put to. At this point the city does not own the armory. The state has not asked us to own the armory. We have a group of citizens out there that are asking for money from the state so the city could own it. But the city has not yet made a decision in that regard. Rutherford stated but it's still all taxpayer's money whichever way you look at it. McKinney stated your question was is this project for a private citizen. Rutherford stated I understand, so it's private, so someone else can have this money. McKinney stated if you look on page 113 of the packet, there are several others that have borrowed from the fund.

Stengrim questioned why isn't there a copy of that book back here for the public to look at? That's required by law isn't it? Mikesh stated they are available at city hall for viewing.

The vote was called.

The motion carried unanimously.

10.3. Resolution Authorizing Proper City Officials to Execute the Agreement Between Owner and Engineer for Professional Services by and between

Apex Engineering Group Inc and the City of Park Rapids: McKinney stated a committee met to discuss the use of additional engineering. We invited Apex Engineering to give us a proposal. Their approach is very similar to other engineering firms, with the introduction of a master agreement. That applies to whatever projects they may be assigned to do, then those terms come into effect. The item here is the master agreement. It doesn't pertain to any projects, but to all projects that we work with them on, unless it's amended in some fashion. At our invitation we received a copy of that that they have offered, if we do business this is the way it would be done. It's very similar to the one that we have with our other engineering firm. The intention of the group that met is that we not limit ourselves to a single engineering firm, but that we explore the possibility of working with Apex because their staff have worked with the city and are familiar with our projects, included Mr. Jon Olson. He is the man that would be working directly with our staff if we do anything. Once that's adopted then if we want to have them do a project we would execute a task order. That will be presented to you later.

Jon Olson stated we at Apex are very excited about the opportunity of working with your community in the future. With all of our communities we like to put in a master agreement. It's a fairly lengthy document. It is prepared by EJCDC and is a commonly used contract document by engineers, contractors, and owners. The intent is to identify and define roles and responsibilities between parties. We feel it's a safety net for both the city and us. The master agreement doesn't obligate the city or us. That would happen when a task order is executed, then we would be authorized to proceed.

McKinney stated at this point we're recommending if you are agreeable to do business in the future with Apex, this would be the terms and conditions of that relationship, unless we alter it intentionally. These are the ground rules, the master agreement if we do anything. Utke stated this is a set of rules if we have a project and we hire them, but we're not tied to anything beyond that. Olson stated that is correct, and it can be terminated if down the road you are no longer comfortable and another agreement can be negotiated. The intent is for it to be very flexible. In addition to the roles and responsibility, it also does define our standard billing procedures. We have hourly, percentage of construction, and hourly not to exceed rates. All of them are defined in there. We would look at which billing procedure makes the most sense.

A motion was made by Konshok, seconded by Randall, to approve Resolution #2013-194 Authorizing Proper City Officials to Execute the Agreement Between Owner and Engineer for Professional Services by and between Apex Engineering Group Inc and the City of Park Rapids.

Discussion: Konshok stated I've been recommending this for over a year. For twenty plus years in the government these are exactly the type of agreements that I reviewed and approved on a regular basis. As background, most military bases, no matter how small, we were required by federal law to have three engineer firms under a master agreement at any one time. We would take task orders for specific projects amongst those three firms. Within the State of Minnesota, other cities, also use multiple engineering firms. It's definitely a trend where smaller cities have gotten away from the older approach where we all just had one specific engineering firm that did all of the engineering business for decades to now we have the ability to use different firms. Not just based on costs, but also based on projects because different firms have different strengths. It's to our benefit to

have that capability to work with more than one firm. We know Jon Olson from working with us personally. Apex is a firm in the area that has been talking to us about working with us on projects. That is where the genesis for this has come about. We've had a committee working on this and that is what is presented here for you today. The master agreement lays out the perimeters. It doesn't commit us to any dollar figure. That is done by each and every task order per project.

Nordberg questioned on the insurance certificate it mentions two names, Tom Welle and Scott Olson, are those owners? Jon Olson stated Tom Welle is our President and part-owner and Scott Olson is the Vice-President and part-owner. Nordberg questioned I don't see your name in this, but you would be our representative? Olson stated I would be your primary contact.

The vote was called.

The motion carried unanimously.

10.4. Riverside I Utility and Street Project: Scott Burlingame stated we are presenting the Riverside Phase I Project for consideration. There was some confusion. Some were calling the Beach Road/Washington Avenue Project, phase one of the Riverside Project, but it was a separate project. Riverside Phase One would be the trunk line that we have talked about for a few years now. That project is listed on the CIP for 2014. McKinney stated we are basically asking to do the survey work to get ready for the work to be done in 2014.

10.4.A. Resolution Authorizing Proper City Officials to Execute the Task Order for the Riverside Phase I Utility and Street Improvement Project by and between Apex Engineering Group Inc: A motion was made by Konshok, seconded by Nordberg, to approve Resolution #2013-195 Authorizing Proper City Officials to Execute the Task Order for the Riverside Phase I Utility and Street Improvement Project by and between Apex Engineering Group Inc.

Discussion: Jon Olson stated this project has been scheduled on the city's capital improvement plan for several years now. Originally it was scheduled for one larger project. Upon the development and reorganization of the CIP it was decided to phase it. It was broken down into the primary trunk line, the underground sanitary sewer facilities that are aged. Those are red areas identified on your map. In addition the blue area of the map, Forest Avenue, was brought up recently as a potential addition to this project if the Council so chooses for the purpose of extending utilities to a development. The utilities within Forest Avenue are of aged and deteriorating conditions. They are subject to replacement. However replacement earlier would allow that development to occur at an earlier date.

McKinney stated it was mentioned historically we used Riverside Phase I in a little different context than this. It got out of whack because of the Beach Road Project that we had to do in connection with the bridge. This will now be referred to as phase I. Nordberg questioned what's left, more of Riverside? Burlingame stated you can see these areas that haven't been blocked out to the south, all of the alleys in that area. Nordberg stated it seemed like part of Forest Avenue had been included before, but not all the way south of Eighth Street. Olson stated that's correct. The original CIP included Forest Avenue down

to Eighth Street. Nordberg stated that was part of the whole project, not just phase I. Burlingame stated south of Eighth Street would be new construction. There are no existing utilities in that area.

Nordberg questioned does this change the dollar amount in our CIP? Olson stated the dollar amount in the CIP has likely not been updated. We'll definitely update that as part of the report. Right now I'm estimating, rough ballpark, this is likely a \$2 million construction project. That includes the blue area. It was a \$1.1 million project, but looking at the scope of this project, it's likely more. Konshok questioned you're going to design that as an addition? Burlingame stated whether we do it next year or not, it will be designed to pick that blue area up. We have the capability of putting the main in much deeper. Konshok questioned but we can bid this project with just the red areas? Olson stated absolutely. Mikesh questioned if the owner of the development still wants utilities? Walker stated he was promised that back in 2009. He's in a situation where there are no options for him to split any of the parcels off under the existing conditions. He needs the water and sewer. Nordberg stated is there sewer and water presently on Forest that runs north of Eighth Street? Utke answered yes. South of Eighth there is nothing at this point.

The vote was called.

The motion carried unanimously.

10.4.B. Resolution Ordering Preparation of a Preliminary Engineering Report for the Riverside Phase I Utility and Street Improvement Project in the City of Park Rapids:

Utke questioned these reports will be back to us by our second meeting in January? Olson stated the tentative schedule would be to get it back to you by then. Nordberg questioned this follows the cost in the task order? Olson stated the report would be included in the task order under the basic services portion.

A motion was made by Utke, seconded by Randall, and unanimously carried to approve Resolution #2013-196 Ordering Preparation of a Preliminary Engineering Report for the Riverside Phase I Utility and Street Improvement Project in the City of Park Rapids.

11. CITY ADMINISTRATOR UPDATE: McKinney stated it's several weeks until we meet again because we aren't having a second meeting in December. I'm anticipating a busy meeting on the 14th of January. We will be hearing more from the group on the armory project. Councilman Nordberg has helped by participating in that. They are meeting on a regular basis now. They have to get something pulled together for their own agenda before they can come to us in the future. It should be noted to the Council that the city treasurer and staff have been very busy doing this budget work. We didn't get a lot of information to make the finalized numbers until very late this past week. I want to thank them for their efforts.

12. DEPARTMENT HEAD UPDATES: Burlingame stated the water plant is moving along. It's heated now. They will paint this week. The filters will be put in the building soon. The airport construction has been shut down until spring.

Eilers stated frostbite has taken the bite out of crime in the city.

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

14. COMMENTS FROM COUNCIL: Konshok stated one of the things that was approved on the budget was a new web design. It was a great deal when the eighth graders from Mrs. Johnson's class designed our website. It was a great product. It worked for us for a few years, but things in computers don't stay the same. It's drifted to the point that it's pretty unworkable for us. The comments from the public are taken to heart. Our website has gotten pretty clunky, outdated, and difficult to update. I'd like to thank Fieldsend for doing a good job and going out there. As a businessman who's had to purchase point of sale in the last six months, I can verify that he got a good deal on this. It is not cheap to get it done right the way we want it. We need it done and we have to have a good strong platform. Also, importantly, it's a platform that is expandable, and as talk about going towards payment on line we won't need to change our web system to do that. This will be able to be integrated with that approach. Maybe we're a little past when we should have done this, but we're doing it now.

Nordberg stated I second McKinney's gratitude for these budgets. There's a lot of numbers in there. Thank you to staff. Utke stated I'd echo that. I appreciate the efforts of staff. We've had a lot of quick, short and organized meetings. A lot of that has to do with what takes place during the month before items get here. It's been a good year, thank you.

Mikesh stated I'd like to thank everyone that stepped up and took on a role on one of the city committees. It's nice to get people who are willing to do it.

15. ADJOURNMENT: A motion was made by Randall, seconded by Utke, and unanimously carried to adjourn the meeting at 7:25 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk