

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
JANUARY 28, 2014, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The January 28th, 2014 Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Pat Mikesh, and everyone present recited the Pledge of Allegiance.

2. ROLL CALL: Present: Mayor Pat Mikesh, Councilmembers Dave Konshok, Rod Nordberg, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Treasurer Angela Brumbaugh, Public Facilities Maintenance Superintendent Chris Fieldsend, Liquor Store Manager Scott Olson, Police Chief Terry Eilers, Building Inspector Ron Dick, Public Works Employee Stephanie Paulson, Public Works Superintendent Scott Burlingame, and Clerk Margie Vik. Others Present: John DeCoster from Trillion Corporation, Dick Rutherford, 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 additions and changes to the consent agenda:

Delete:

7.11. Approve Public Facilities Use Permit for Molly Luther d.b.a. Park Rapids Downtown Business Association to Close a Portion of Second Street on Thursdays, 6/19, 6/26, 7/3, 7/10, 7/17, 7/24, 7/31, 8/7, 8/14, 8/21, all in 2014, 2:30 p.m. to 9:00 p.m. for Second Street Stage Events.

Add On:

- 7.18. Resolution Accepting the Resignation of Full Time Rapids Spirits Liquor Store Clerk Cindy Horton.
- 7.19. Approve Ten (10) Day Posting of Vacant Full Time Position of Liquor Store Clerk at Rapids Spirits, according to UFCW 1189 contract requirements.
- 7.20. Authorize Staff to Advertise and Interview for the Vacant Full or Part Time Liquor Store Clerk Position.
- 7.21. Resolution Approving a Leave of Absence for Full Time Receptionist/Utility Billing Clerk Brenda Stuemke.
- 7.22. Authorize Staff to Advertise and Interview for a Temporary Office Assistant.

4. EMPLOYEE RECOGNITION:

4.1. Certificates of Employment: Mayor Mikesh presented Certificates of Employment to Public Works Employee Stephanie Paulson for achieving five years of employment, Police Chief Terry Eilers for achieving ten years of employment, and Public Works Superintendent Scott Burlingame for achieving twenty years of employment. He thanked them and added we appreciate everything that you do for the city. The three received a round of applause from the gathered audience.

5. APPROVAL OF MINUTES:

5.1. City Council Workshop Minutes-January 14, 2014: A motion was made by Nordberg, seconded by Utke, and unanimously carried to approve the January 14th, 2014 City Council Workshop minutes as presented.

5.2. City Council Regular Meeting Minutes-January 14, 2014: A motion was made by Randall, seconded by Utke, and unanimously carried to approve the January 14th, 2014 City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Prepaids: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the prepaids in the amount of \$706,439.37.

7. CONSENT AGENDA: Randall questioned, regarding Item #7.21., did the employee fill out the appropriate FMLA leave paperwork? Brumbaugh answered yes, the response was sent out tonight. McKinney stated she does qualify for it. **A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the following consent agenda items:**

- 7.1. Approve Plumber's Permits to Work in the City of Park Rapids in 2014 for D.Carlson Plumbing & Excavating LLC, R&G Plumbing & Heating Inc, Ecowater Systems, Samuelson Laney Plumbing, Heating, Cooling Inc, Culligan Soft Water, T and T Plumbing & Heating Inc, and Hass Geosystems.**
- 7.2. Approve Backhoe Operator's Licenses to Work in the City of Park Rapids in 2014 for Thelen Excavating Inc, Qwest/Century Link, Tradesmen Construction Inc, LarMac LLC, and Arvig Enterprises/East Otter Tail Telephone Company.**
- 7.3. Resolution #2014-19 Approving a Wine and Strong Beer License for Schwarzwald Inn in the City of Park Rapids.**
- 7.4. Resolution #2014-20 Approving Ordinance No. 547 Amending the Park Rapids City Code of Ordinances, Chapter 30 City Administration, Section 30.42 Organizational Chart.**
- 7.5. Ordinance No. 547 Amending the Park Rapids City Code of Ordinances, Chapter 30 City Administration, Section 30.42 Organizational Chart.**

- 7.6. **Approve Purchase of Park Amenities (Benches, Picnic Tables, Trash Receptacles, Bike Racks) for Red Bridge Park in the Amount of \$11,711.00, based on the low quote from Premier Polysteel.**
- 7.7. **Resolution #2014-21 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.**
- 7.8. **Resolution #2014-22 Authorizing Proper City Officials to Execute Amendment No. 2 to Site Lease Agreement by and between Verizon Wireless and the City of Park Rapids.**
- 7.9. **Approve Public Facilities Use Permit for Molly Luther d.b.a. Park Rapids Downtown Business Association to Close Block Two of Main Avenue on Sunday, July 13th, 2014, from 9:00 a.m. to 4:00 p.m. for Bite of Park Rapids Event.**
- 7.10. **Approve Multi-Vendor Transient Merchant License for Uzi Monka d.b.a. Park Rapids Downtown Business Association for Bite of Park Rapids on Sunday, July 13th, 2014.**
- 7.11. *Deleted from the agenda.*
- 7.12. **Resolution #2014-23 Approve Temporary On-Sale Liquor Licenses for the Park Rapids Chamber of Commerce in the City of Park Rapids.**
- 7.13. **Approve Pay Request in the Amount of \$3,603.53 to Virgil Eskola for Construction Services to Replace Windows in the Fire Hall.**
- 7.14. **Approve Pay Request in the Amount of \$181,292.00 to the League of Minnesota Cities Insurance Trust for the 2014 Liability Insurance Premium.**
- 7.15. **Approve Pay Request in the Amount of \$3,930.25 to TKDA for Professional Services Pertaining to the Runway 18-36 Project.**
- 7.16. **Approve Pay Request in the Amount of \$5,833.00 to the Coalition of Greater Minnesota Cities for the 2014 Membership Dues.**
- 7.17. **Approve Pay Request in the Amount of \$2,150.00 to Northland Securities for the 2014 Continuing Disclosure Report.**

- 7.18. **Resolution #2014-24 Accepting the Resignation of Full Time Rapids Spirits Liquor Store Clerk Cindy Horton.**
- 7.19. **Approve Ten (10) Day Posting of Vacant Full Time Position of Liquor Store Clerk at Rapids Spirits, according to UFCW 1189 Contract Requirements.**
- 7.20. **Authorize Staff to Advertise and Interview for the Vacant Full or Part Time Liquor Store Clerk Position.**
- 7.21. **Resolution #2014-25 Approving a Leave of Absence for Full Time Receptionist/Utility Billing Clerk Brenda Stuemke.**
- 7.22. **Authorize Staff to Advertise and Interview for a Temporary Office Assistant.**

END OF CONSENT AGENDA

8. COMMENTS FROM CITIZENS: There were no comments.

9. PLANNING:

9.1. Building Inspector's Report: Ron Dick stated you have received a copy of the written report. Last year was good. Since I've written this report, from what I understand from Dan Walker, I've been made aware of two or three homes that will be built this year, and possibly an apartment building. Walker gets his information earlier than I do because people call him about zoning issues. He thinks it's going to be a pretty good year. As was stated in the report the construction evaluation of all the projects this year will far outstrip last year's. Some of those projects are not going to be ones that the city will write a permit on, nor will I inspect them. For projects that the state licenses such as additions and remodels for nursing homes or hospitals, the state does the plan reviews and the inspections on them.

Nordberg questioned for 2013 you have Park Avenue Plaza Phase II, is that a go? Dick stated I wouldn't say it's a go. I've heard that they want to do it but I've also heard that they were hoping to get the second and third floors rented. There's some possibility of the hospital taking some of that space. It's all rumor at this point, but they have space to do it there.

Nordberg questioned does their water retention pond come under your purview, or is that a zoning issue? They built a water retention pond from the parking lot. Is that a part of your inspection? Dick stated that comes under zoning. I don't get involved in that.

Dick stated the water treatment plant addition from the building point of view is basically complete with the exception of some metal up around the top to be done this spring. I will probably go there a couple more times, but it's pretty much now in the hands of the engineer to check out all of the tanks, pumps, and motors. It's moving along pretty

well. The apartment on South Pleasant Avenue is moving along slowly. Their plan was to take about fourteen months to do it and to be done in June or July. It is on schedule.

10. GENERAL BUSINESS:

10.1. Lease for Third-Party Airport Hangers: McKinney stated this is the culmination of efforts over the past year, with the Council's permission and on the recommendation of the Airport Commission, for the city to engage the services of Trillion Aviation, under our contract with TKDA. That has resulted in the development of some documents which have received approval of the Airport Commission and have now been forwarded to the Council. John DeCoster has put this all together for us and helped us understand the questions and the answers. He is here to offer his comments.

A. Approve Minimum Standards for General Aviation and Aeronautical Operations: John DeCoster, from Trillion Aviation, stated I have been engaged to work with the airport to come up with two documents. One was for minimum standards and the other was for a standard template for a lease agreement to be used at the airport. We have a couple of perspective clients and our documents were fairly outdated. We wanted to make sure that we had a document that would reflect and protect the airport, the city, and then give a fair deal for the tenant so that we could have that as a document to negotiate with them.

DeCoster stated the first document I'd like to address is for minimum standards. While these are not required by the Federal Aviation Administration (FAA), they are highly recommended to be implemented for all airports, whether they're for general aviation, commercial, and hub airports like in St. Paul. They really define the operating standards for the airport. It does two primary things. It protects the rights of the city to have the ability to administer the operating of the airport for a level playing field, and secondly it also protects the rights of those tenants that make investments at the airport to make sure that they can do business without people coming in and cherry picking prime businesses, like fueling. That's the biggest one to protect against being cannibalized.

DeCoster stated it's a balanced document that represents what the airport can do, and also the operating standards, which the operators and tenants at the airport need to operate under. We started with a document that has been adopted in other parts of the state instead of starting all over again to streamline the process to make sure we have a sound basis for it, and to develop one specific to Park Rapids. We took a lot of the specific information out of it with regards to hours of operation and such. We will be covering that in each individual lease agreement, so we don't have a one size fits all.

DeCoster stated this will be the first time the minimum standards document will be adopted in Park Rapids. We've run this by the Airport Commission, received their endorsement, and in the process we talked with the two primary tenants at the airport and shared these with them in draft form to make sure there was nothing in there that would cause any great heartburn. They both endorsed it rather heavily because it does help protect them from people coming on the airport and cannibalizing their business.

DeCoster stated are there any questions that you might have regarding the intent of these? If adopted these will be used as a uniform reference point as we get new tenants,

as we look at prospective tenants, and making sure they are in compliance in a going forward basis with these rules and regulations contained in the minimum standards. McKinney stated this has also been reviewed by legal counsel.

Nordberg questioned would the two present tenants be covered under this, or are they grandfathered in? DeCoster stated they should be covered in there however we did put a grandfather provision in the event that when we get into their contract there might be some slight variation that we do have the ability to waive that and grandfather them in under their contractual relationships. There is also a provision in the document on a going forward basis if there was a variance required or requested, there's a process for dealing with the variance in the event there is something that someone would like to ask for some special consideration. Nordberg questioned who is the authority to give the variance? DeCoster stated the City Council, but it would go through the airport.

Konshok stated I've been through this document pretty extensively with the Airport Commission. Nordberg questioned the point is to cover both businesses and real estate, like the hangers? DeCoster answered yes, and all the operations that occur at the airport. Nordberg questioned without having to get into the details, one of the issues when we talked about hiring you was whether or not we sell or lease land. Is this the document that would talk about that? DeCoster stated that would actually be the individual agreement, the second document, the land lease. This doesn't deal with the ownership issue. This is an operating based document.

Konshok stated one of the things that we discovered, before we got to the lease point we really hadn't had this basic document we'd never gotten around to it and we hadn't thought that we'd really required it. But now we have enough activity at the airport that we do need this. It defines the different types of businesses that can operate on the airport and what the requirements are for each of those businesses. Our FBO operator was always covered, but Park Rapids Avionics wasn't specifically addressed as a business on the airport. Now they are. He'll be the first of what's known as a Specialized Aviation Service Operation (SASO), which is basically any other business on the airport, except for the Fixed Base Operator. The businesses that are already out there were consulted on this and pretty enthusiastic because it tied up some loose ends and solidified their position legally. They each have leases but this is more of a basis document that sets the operating standards for the airport. It's exciting. Up until now we've been a small, quiet airport where private pilots come and go. But there is getting to be enough business activity there that the need for this document really came to light. We took one step back and got this done first and then the second step was to address the lease part, which is one avenue of business expansion that occurs at an airport that is covered by this blanket document.

Nordberg questioned does this have anything to do with crop spraying operations that sometimes might have happened there? DeCoster stated, no it does not. Konshok stated other than they would be a SASO. DeCoster stated if they want to operate out of Park Rapids they'd have to comply with the terms of this document. But retroactively it wouldn't address anything in the past. Nordberg questioned I thought we were talking about getting rid of or moving that pad so that it would not happen again very easily. Burlingame stated we haven't had a spray pilot at the airport for over two years. If there is a potential for another one it would fall under this document. Removing the pad was only talked about with an expansion of the FBO building. Konshok stated as of now we haven't done that.

A motion was made by Konshok, seconded by Nordberg, and unanimously carried to approve the Minimum Standards for the Park Rapids Airport, as recommended by the Airport Commission.

B. Approve Third Party Development and Ground Lease at Park Rapids Municipal Airport: DeCoster stated the second document for your consideration tonight is the standard form lease. We took the most complex situation and used that as the template. This will be a merging document depending upon what the actual business transaction is. The most complex one would be where somebody wants to come in and develop a hanger or a building on the airport property. We drafted this to accommodate that. It talks about issues such as ownership, reversion at the end of the lease term, what has to be done, default provisions. It addressed a lot of the basic contractual terms and conditions that you need to have in order to protect your interests in those kinds of developments. This will be drafted for a straight lease agreement in the event someone wants to come in and lease a t-hanger. It will be a simplified version of this and we'd take out all of the information that would be related to development itself. We wanted to get a basic set of terms and conditions and business practices adopted so we could work off that as our template for any future negotiations where people either want to develop hangers or lease existing facilities at the airport. This document is a little more fluid than the minimum standards document. That, upon your adoption, is pretty much set in stone. That will be in force until another review at some future date by the City Council. This document will be a template that we will use to negotiate for an agreement. Those agreements will be brought forth, through the Airport Commission, to the City Council for approval based on the terms and conditions of the specific situation.

McKinney stated one of the things we tried to do here and I believe we have succeeded was to get someone to advise us on what the industry is and not what it used to be or ought to be in our minds, but what it really is in a practical sense. One of the things that we've learned is, it's not necessarily going to be the same for every operation out there. The minimum standards document sets the tone, but the individual nuts and bolts come in these leases. We'll do those on an individual basis. DeCoster stated each lease will define what it is the city is doing on that particular property, what are the restrictions, the operation, the staffing, all of those kinds of specifics unique to that transaction will then be defined in this document. This will be the document that is used for the contractual obligations and enforcement of the rights and responsibilities of the tenant and the city. This document too has been reviewed by counsel.

Mikesh questioned are all of our leases up to date? DeCoster stated we'll use this as we go forward. This will be the "bible" that we'll use to start all the future lease agreements. McKinney stated this will be used to start the discussions to bring a final document to you. DeCoster stated this is only a template. Each deal with be brought forth through a process.

Nordberg questioned is there a standard lease term in years? DeCoster stated it will depend on the actual transaction. Nordberg questioned is the language legal enough so we don't have to have another draft run an attorney? This is legal? DeCoster stated I'll defer that to the city administrator. Utke stated if this is a template I would imagine once a lease is drafted it would have to be reviewed. Konshok stated it should just be a cursory review at that point to make sure we're not violating anything. DeCoster stated from a legal

standpoint this is reviewed to the extent that we change any of the legal terms, it would need review, but if it's a case of just plugging in the business terms, this is what I do for a living, I'm very familiar with what is standard. We represent thirty-eight airports right now. This is very standard and very comfortable. The terms have been through numerous legal reviews all across the country. It probably would need a cursory review but I don't expect it to be an in depth analysis. Randall stated I would expect that if someone came in to build a big hanger, they would have their legal staff review the contract as well, because they'll change a few things and make a few modifications. DeCoster stated I'm hoping it will be minimal. That particular scenario might have been anticipated as I drafted this. I might have some knowledge of other transactions that I've had. I don't think there will be any surprises in here. McKinney stated this is the format that seems to be the standard now for those kinds of things.

Randall questioned what is the prospective term for the lease in that situation if a company wants to come in and build their own hanger. DeCoster stated it generally depends upon the investment level. Usually it will depend on what they can get for bank financing. What we see in the industry right now for a building such as that you'll probably need in order to satisfy a lender is a twenty-five to thirty year lease. The days of fifteen-hundred year leases that you used to have in the past, the FAA will not approve those any longer even though the FAA guidelines technically say ninety-nine years. The FAA office in Minneapolis will not go with those kinds of leases. There's been a comfort zone depending on the level of investment that twenty-five to thirty seems to be a tolerable level for them. Of course a tenant would like to have them forever, but that's just not going to happen.

McKinney stated one of the things that we've gained in this exercise is a greater comfort level that what we do is consistent with the pleasure of our silent partner, the FAA. That's comforting to have that background on it as well. DeCoster stated it should be noted that the FAA never approves anything, but if they don't agree with you they'll let you know.

A motion was made by Konshok, seconded by Randall, and unanimously carried to approve the Third Party Development and Ground Lease at the Park Rapids Municipal Airport, as recommended by the Airport Commission.

11. CITY ADMINISTRATOR UPDATE: McKinney stated there are several things that are ongoing but have not been brought to fruition yet. One of them is the armory project. I had mentioned that we had been lead to believe there would be a request coming for an EDA meeting, but they weren't ready to come to the Council tonight. That is why we didn't meet at 5:00 p.m. tonight.

McKinney stated for our next Council meeting two of the Councilmembers are going to be at the Blandin Program. If the other three of you can't be here we need to know because then we would not have a quorum.

McKinney stated we are hoping that by the end of this week we will be able to close the last union contract with the liquor store employees. Once we get that agreement ready we will bring it to you, then we can close the chapter for this year on the union agreements.

McKinney stated many of you know that Brenda Stuemke has a serious illness situation. That is why we have asked to get a temporary employee in city hall to help. It will take a few weeks at the very least. We need to get some relief on that.

12. DEPARTMENT HEAD UPDATES: Burlingame stated the department has had some water/sewer service freeze ups due to the snow, ice, and cold.

Eilers stated I appreciate the City Council recognizing my ten years of employment, but without all of my officers my job would be a whole lot tougher. I need to thank them too. It's been nice working with them. I appreciate and thank you for the recognition.

Fieldsend stated as you can see there is no Council table here in the room. The librarian sent an email that wasn't in favor of placing the table down here. I told her I would forward her concerns to the Council. Does the Council still want the table put in or not?

A motion was made by Utke, seconded by Mikesh, and unanimously carried to authorize staff to install a permanent Council table in the downstairs library meeting room.

Fieldsend stated that he is continuing to work on the new website. He added I've gotten the first look at it, which I have approved. But, it's not done yet.

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

14. COMMENTS FROM COUNCIL: Konshok stated the Park Board has been meeting and they are pulling together to make recommendations for amenities for Red Bridge Park. Once the snow and ice melts we'll have a big construction season at the park to finish the bridge and trail project and putting in benches, picnic tables, trash receptacles, bike racks, and the tube dude. That sculpture is being donated by the bicycle club.

Konshok stated Burlingame requested extra in the budget for snow and ice removal. I want to compliment public works for doing a good job clearing the streets. I've been doing a lot of driving through other cities and I don't think anybody rivals what public works is doing here trying to keep ahead of the snow. Konshok congratulated Eilers on his achievement of ten years and his great crew.

Nordberg stated we were expecting to be here for an EDA meeting today. The purpose would have been for the Park Rapids Arts Council to present a resolution for our consideration to consider the armory project and bonding. I want it known that I'm strongly in favor of the armory project. I'm also in favor of Park Rapids being included in the state bonding bill, a part of which might have been used to purchase some of the armory building to return it to city/public ownership. If and when such a resolution comes before us I hope you can join me in an enthusiastic yes vote. But, the various versions of the draft resolution that I saw over the past few weeks, although they were innocuous enough by themselves as a resolution, did not have the backup information that I wanted to be able to vote yes. I asked that the meeting be postponed for more information. When we get such a resolution, I hope you will be able to vote yes, affirmatively and strongly. It will be good for the city, but I just didn't see the information. I apologize for the confusion, but I don't apologize for the delay. I think if/when we get a resolution it will be better than it would have been and you'll have a better opportunity to vote yes.

Nordberg stated Senator Skoe who has been supporting the bonding for us is expected in town tomorrow morning to attend a meeting at Northwoods Bank, called the Legislative Roundup. It's a public meeting. Anyone can attend. I'm afraid that we can't say

that the city will own the building in time for the bonding. There's still a possibility, and we don't want to lose the opportunity, but it's just not there tonight.

15. ADJOURNMENT: A motion was made by Randall, seconded by Utke, and unanimously carried to adjourn the meeting at 6:41 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk