

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
MAY 26, 2015, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The May 26th, 2015 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, and Erika Randall. Absent: Councilmember Paul Utke. Staff Present: Planner Ryan Mathisrud, Treasurer Angela Brumbaugh, Police Chief Terry Eilers, Public Facilities Superintendent Chris Fieldsend, and Clerk Margie Vik. Others Present: Dick Rutherford, Jeff Mosner, Jody Schultz, Sue Tomte, and Kevin Cederstrom from the Enterprise. Monte Eastvold from Northland Securities arrived at 7:00 p.m.

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

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-May 12, 2015: A motion was made by Nordberg, seconded by Mikesh, and unanimously carried to approve the May 12th, 2015 City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables: A motion was made by Konshok, seconded by Randall, and unanimously carried to approve the payables in the amount of \$370,464.81, for a total of \$370,464.81.

6. CONSENT AGENDA: Brumbaugh removed Item #6.8. and #6.18. Fieldsend removed Item #6.9. A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve the following consent agenda items:

- 6.1. Approve a Tree Contractor's License to Work in the City of Park Rapids in 2015 for Lake States Tree Service Inc.

- 6.2. **Approve a Transient Merchant License for Frontline Ministries d.b.a. TNT Fireworks on June 26th to July 7th, 2015, to Sell Fireworks in the Parking Lot at 1303 Charles Street.**
- 6.3. **Resolution #2015-84 Appointing Liz Smith to Serve on the Parks & Beautification Board for the City of Park Rapids.**
- 6.4. **Approve Dance Permit for LuAnn Hurd Lof d.b.a. Park Rapids Lakes Area Arts Council on Wednesday, July 15th, 2015, for an Outdoor Music Event, from 2:00 p.m. to 6:00 p.m., at the Park Rapids Antique Tractor Club at 1008 Eighth Street East.**
- 6.5. **Approve a Public Facilities Use Permit to Close Main Avenue South, Blocks One, Two, and Three, for Jim Camron d.b.a. Northern Knights Car Club, on Saturday, August 8th, 2015, for the Run to the Rapids Car Show, from 8:00 a.m. to 12:00 noon.**
- 6.6. **Approve the Purchase of Agri-Lime from Ryan Rock in the Amount of \$2,500.00 for the Olson Softball Fields, as per the 2015 Capital Improvement Plan.**
- 6.7. **Approve the Purchase of Lighting Parts from Genesis Lamp Corporation in the Amount of \$2,578.68 for Repairing Runway and Taxiway Lights at the Municipal Airport.**
- 6.8. *Removed from the consent agenda.*
- 6.9. *Removed from the consent agenda.*
- 6.10. **Resolution #2015-85 Authorizing Proper City Officials to Execute Amendment No. 3 to Tower Site Lease Agreement by and between Verizon Wireless and the City of Park Rapids.**
- 6.11. **Resolution #2015-86 Appointing Thomas G. Petschl to Serve on the Housing & Redevelopment Authority of the City of Park Rapids.**
- 6.12. **Approve Pay Request in the Amount of \$6,030.00 to the League of Minnesota Cities Insurance Trust for an Additional Amount Due for the 2015 Worker's Compensation Insurance.**
- 6.13. **Approve Pay Request in the Amount of \$3,500.00 to KDV for the Interim Billing for the 2014 City of Park Rapids Audit.**
- 6.14. **Accept the Low Bid for the 2016 Spring Planting of Trees from Flying W Gardens in the Amount of \$851.60.**

- 6.15. **Approve Pay Request in the Amount of \$25,247.50 to Kitchigami Regional Library for the 2015 First Half Payment of the Levy (\$21,646.50) and the 2015 Repair and Replacement Fund (\$3,601.00).**
- 6.16. **Approve Pay Request in the Amount of \$226,664.49 to C&L Excavating for Construction Services for the Riverside Area-Phase One Project.**
- 6.17. **Resolution #2015-87 Accepting Donations for the City of Park Rapids.**
- 6.18. *Removed from the consent agenda.*

END OF CONSENT AGENDA

6.8. Approve the Purchase of Two (2) Ford Explorers through the Local Ford Dealer, using the State Bid Price, at \$29,200.00 each, plus \$3,250.00 for additional up-fitting (partitions, window bars, consoles, decals) for the Police Department:

Brumbaugh stated we were requesting to purchase two squad cars right now and then waiting with a third one to see how our audit goes. At this point I've taken money from the 2014 audit and designated it for a police car. I'm asking for approval to purchase all three of them tonight, then they can order all three of them at the same time for the reasons that were brought up in the Finance Committee meeting, such as all of the cars will be the same for maintenance.

Nordberg stated we did discuss this at the Finance meeting. We talked about where the money was coming from. We agree that maintenance and some other issues will be better if the cars are the same age. It was a matter of finding a way to finance it. There's a deadline for getting them this year by getting the order in by September. There's some urgency of getting them done this summer.

Eilers stated we need to get into a good rotation for the cars. We're piece-mealing things together and it's costing us money. Nordberg stated we're replacing 2011, 2008, and 2006 vehicles.

A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the Purchase of Three (3) Ford Explorers through the Local Ford Dealer, using the State Bid Price, at \$29,200.00 each, plus \$3,250.00 for additional up-fitting (partitions, window bars, consoles, decals) for the Police Department.

6.9. Approve the Request for Proposals and to Solicit Quotes for a Comprehensive Library Needs Assessment for the Park Rapids Library: Fieldsend stated Jeff Mosner is here from the Library Board to make a presentation on this needs assessment.

Jeff Mosner stated I'm on the local Library Board and I'm also your representative for the Kitchigami Regional Library Board too. The Park Rapids Library is a member of the Kitchigami System. You have in your packets a draft of a comprehensive needs assessment of a Request for Proposals (RFP) for the library services for the Park Rapids community, as well as an article that I had written to the Park Rapids Enterprise this last winter. It gives an indication of the national demand for library services as well as the local demand. There's some statistics that Jodi Schultz has provided.

Mosner stated our library has existed in this current location since 1994. That's more than twenty years. It's one of the nine branch Kitchigami Libraries that make up the Kitchigami Regional System. Those are spread out over five counties, Hubbard, Wadena, Cass, Beltrami, and Crow Wing. The circulation statistics from those libraries indicate that Park Rapids is the third busiest, only behind Brainerd and Bemidji. That's good for our community. The city hosting each of these branch libraries is responsible for providing a suitable facility to house that library for the community that it serves. That is spelled out in the Joint Powers Agreement as signed by the city and Kitchigami.

Mosner stated in March, Jodi Schultz presented a statement of needs to you indicating some shortcomings of this present facility, and requesting funds for this needs assessment. The RFP that you see in your packet is what we have come up with. It's \$25,000.00. That's a reasonable amount to do that work. I want to note for you that all options are going to be considered in this needs assessment, especially looking at any vacant buildings that might have potential to house our library. Regarding timing, if it's approved, we could have responses by mid-summer to the RFP. There are seven consulting firms, names which we got from Kitchigami, around Minnesota that have library planning experience, as well as posting it on the Minnesota Library Association website. If we could do that by mid-summer then the needs study itself could be done in late summer. We could get input from seasonal as well as permanent residents, which would be nice.

Mosner stated on behalf of the Library Board I want to thank you for your past and continuing support for the library and its services to the Park Rapids community. I'd be happy to try to answer any questions you might have regarding the RFP process going forward.

Nordberg stated I think these are ultra-conservative numbers for the usage reported in the Enterprise. It was reported there were thirty-eight community meetings. We have at least twenty Council meetings here, two per month. Some of our own committees, the Arts and Culture Advisory and the Library Board meets at least a half dozen times a year.

Mosner stated that number is an average for a month. I took all of Schultz's statistics for a whole year and averaged it out per month. Nordberg stated you can see how busy we are.

Dick Rutherford questioned of the libraries in the system, the size of the buildings, how does this one rate by square footage? Mosner stated that's a good question. I don't know the answer to that. That's something that will be looked at in this needs study. They'll compare to see what we need to do to serve a community of this size. That's exactly what they are going to be looking at.

Mikesh stated if you look at usage of the computers, if you ever try to get on one, it's about impossible. Rutherford stated I understand that but my thought is put the computers in the basement and have more of them, and open that up upstairs. This downstairs is not getting used as much as it should. The Council is going to move that table over to city hall, maybe. Then you'll have more room down here. As a taxpayer this is

where I'm coming from. Mosner stated there is some concern about having services on multi levels. That can be an issue. Schultz stated that's because people do ask for help a lot.

Rutherford questioned do any of the other libraries have two floors? Schultz stated some of these questions should be asked of the director. Mikesh stated I'm sure a lot of that will come out in the study. Rutherford stated maybe five of the libraries have two floors that they are using. Fieldsend stated that is why we're doing a needs assessment. Mosner stated if they are using multiple floors they may have the staff to monitor them.

Randall stated I'm looking at your scope work. I want to make sure that it also discusses remodeling, not only for different existing structures, but remodeling this structure, if that's an option. It does need to be looked at and one thing I'd like to see is how often it is being used down here, if it can be used better, and if that's even an option. This is an existing building and as I stated at a previous meeting, I'll have a very difficult time supporting anything that creates another empty building in Park Rapids. Konshok stated the statement says right up front, feasibility of remodeling the current space, remodeling a different existing structure, or constructing a new public library. I think the needs assessment is designed to answer all the questions. Randall stated I see that in the overview, but I don't see that in the project introduction and scope of work. I don't see the feasibility of using the current space. I want to make sure that when we're going out for RFPs we get what we all think we're getting and that we're all on the same page and that it's truly written down. Mosner stated that is the intent. We're looking at all options.

A motion was made by Nordberg, seconded by Konshok, and unanimously carried to approve the Request for Proposals and to Solicit Quotes for a Comprehensive Library Needs Assessment for the Park Rapids Library.

6.18. Resolution Awarding the Sale of General Obligation Improvement and Refunding Bonds, Series 2015A, in the Original Aggregate Principal Amount of \$3,901,511.70; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of a Portion of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby: Brumbaugh stated Monte Eastvold isn't here yet. He will bring all of the completed bond documents. This can't be deferred. We need this approved because it's the bond for the Riverside Area Project. Everything that relates to this, relates to the fact that we need the money for the project. The project is ahead of schedule due to the nice weather. Once we get through this and it's approved we'll get the funds. Mikesh stated we'll continue with the agenda.

7. COMMENTS FROM CITIZENS: Tomte requested an update on North Main Avenue construction. Rutherford stated they are not going to do it until after the Fourth of July. Tomte stated on Thursday I went to the construction meeting at River Heights and I was late because I couldn't figure out how to get there.

8. DEPARTMENT HEAD UPDATES: Eilers stated we're looking at alternate options for the Fourth of July Parade because of the road construction. Originally, North Main was supposed to be done by the Fourth. We're looking at an option to stay south of Highway 34. We'll start at the fairgrounds, go down Second Street, Main Avenue, to Eighth Street, then back to Fair. It will add about five blocks to the route and it will keep us south of the highway and construction. We'll drive the route tomorrow. Tomte stated if the parade won't be on North Main, maybe they'll go ahead and blacktop it. If the parade isn't there, they'll just keep going. You could go to the construction meeting on Thursday and tell them.

Eilers stated the department is still camping out in our temporary quarters. They did a very nice job getting the building cleaned out. We have to figure out the next phase of the project.

Fieldsend stated the Red Bridge Park dedication went well. There were a lot of people there for both the bike opener and the dedication.

Fieldsend stated the public works building has been remediated. It's down to stud walls on the east wall. I had Anderson Construction come to fix around the windows. During this last rainfall we still had water coming in. I believe we're done with them and we'll have to come up with a different plan of attack. Bernie Gartner is coming tomorrow to look at it to get some more advice, and possibly Hammers Construction. Randall questioned are they providing bids to put it back together? Fieldsend stated no. They're coming to advise what we should do with it. Since they have no skin in the game they can tell me what needs to be done. Mikesh questioned they still have no idea where it's actually leaking from? Fieldsend stated as far as we can tell it's coming in around the windows. They foamed everything and caulked. Nordberg stated the recent rain was a good test.

Konshok questioned where are we at with an RFP for the beach house? Mathisrud stated we've spent some time looking at that. The beach house may be eligible for listing on the national register. With that comes some opportunities for funding if we want to pursue it. The State of Minnesota offers a 20% tax credit for the rehabilitation of historic structures. The feds offer a 25% tax credit for the rehabilitation for historic structures. If we look at those funding sources and opportunities and how we use that structure we might be able to get 45% of the project paid for. Basically what we're doing is taking a look at that to see if there is an opportunity to do something with it that would be cost effective to rehab.

Konshok questioned do we have historical designation on that? We have a report. Mathisrud stated it's a two-step process. One is to do the analysis to figure out if it's historic. Second is to actually submit the nomination and go through that process. It's typically done by consultants and I believe there are legacy funds to pay for national registry nominations. There's a lot of benefits for getting things listed on the national register if you have those resources in your community. There's generally not a drawback, unless you accept federal funds. If you accept federal funds then you can't just use federal funds to demolish it at that point. But just because it's on the national register doesn't mean there is any requirements that you have to do anything to maintain it to historic standards. There's only positives that come from being on the national register listing for structures.

Konshok stated you mentioned the two steps, but have is completed step one? Mathisrud stated we have completed step one, but we haven't completed step two. Konshok questioned that's all done through the State Historic Office? Mathisrud answered yes. We would hire a consultant to put together that step two process to nominate it to the national register. That's done with the State Historic Preservation Office. They work together to make that happen. Konshok questioned any idea how much that costs? Mathisrud stated it costs about \$5,000.00 to do a nomination. We should be able to get some state funds to pay for that. We're working on that.

Mathisrud stated we might be coordinating that with another piece getting a regional park dedication for an area of the city. We have a couple of parks plans in the works right now. Through the legacy amendment there's funds available to do parkland and trail development. The first step for that is to get an area of your community designated as a regional park. We've met with the Parks, and the Arts Committees, and some other groups to discuss what could occur, and what we could use as a regional park. We're researching that right now and hopefully put something larger together by the end of June. We'll bring you something substantive to look at.

Konshok questioned can we link together a couple of different parks? Mathisrud stated that's exactly what we had in mind. Konshok stated we have the Point, Deane Park, and Red Bridge Park in the middle of the river, and Rice Park at the dam. They are all connected by the Fish Hook River. Mathisrud stated we have a real interesting area. We have a whole corridor of parkland, and the school has a master plan that involves outdoor classroom type things at that location. It's possible to link that together with public art, along with the historic designation of the beach house, and some other interesting things we could do to make this really a draw from a larger area than just the community. There's some interesting stuff we could do. Konshok stated a lot of that land along the river is public.

Rutherford questioned can you put the railroad trestle bridge on the historic registry? Nordberg stated there is some interest in saving some pieces of the railroad trestle and letting some artist have it. With the old wood ties with the metal work apparently that's been done before in some places with reconstructing something. The Arts and Culture Advisory Committee is looking into talking to the DNR to not throw it away. Apparently they contract that work out. It's possible you'd see pieces of the trestle somewhere. Fieldsend stated I talked to the DNR today about that. Their opinion about that is it's somewhat of a hazard because of the creosol in the wood. They're not really excited about it giving it to us, but he said if you talk to the contractor maybe you can work something out with them. Konshok stated they actually get money for the steel. That's one of the challenges there. Nordberg stated it would have to be done with grant money anyway, so somebody else would have to come up with the money, but it might be an art project.

Nordberg questioned did they have any kind of a schedule? Fieldsend stated they're waiting for the bonding to see if they'll have money to do it. It could be this year, next year. They have no idea when it's going to come. Tomte questioned then why do they have signs up, do not enter? Konshok stated because it's not the trail anymore.

Nordberg stated someone asked me about raising the roof on the beach house to put windows around it. Has the Park Board ever talked about that, and is that not precluded by the national register some kind of remodeling like that? Mathisrud stated

generally if you wanted to secure federal and state funding for historic restoration, those monies typically pay for restorations, not modifications or alterations. It would pay for new tuck-pointing, replacing broken window panes, stripping paint, and restoring fixtures, but not necessarily things that would change the character of the structure that it was designed to be. Nordberg questioned does it preclude it if you found other money for it? Mathisrud stated if you took the federal funds you would not be allowed to use them for those modifications. Konshok stated it comes with strings attached. Fieldsend stated it can be done but not with federal funds. Nordberg stated that's the issue. Everybody says if it's on the national register you can never touch it again. Mathisrud stated that's not true. Once it's on the register you can demolish it if you want. But once you take the money, you have to have a plan for it and if you want to take those funds or not. But you have that choice once it's on the register.

Rutherford questioned would this other money for the parks be available to purchase the house at the point, the old Gulbranson house? They wanted the city to buy it for more beach area. Mathisrud stated for the regional park dedication that I discussed, yes, those funds can be used for land acquisition. Rutherford stated that would be beautiful. Konshok stated yes, but the price was the issue. It was a lot of money for a small chunk. I agree that's a great spot. It's lakefront. It would be something to look at. We couldn't justify it out of city tax money. Nordberg stated I think there's some justification with public safety just to get an ambulance or a fire truck around that turnaround when there's two cars there. They end up backing down the road. Mikesh stated it can be done. Rutherford stated if the right money was available it would be the right thing to do.

Mathisrud stated the Riverside Project is going well. On Thursdays at 10:00 a.m. at River Heights Apartments we have a meeting there with the locals, the residents of the apartment building, anyone who has questions on the project that wants to attend. Comments and concerns typically get brought up at those meetings. They are almost immediately addressed. It's been a good forum to solve problems on the site and make sure everybody has access and the things that they need. Generally, this project is moving very smoothly. We have a very professional contractor involved in this. So far it's been good. I haven't received a lot of phone calls or concerns about the project. All of the challenging work has been completed. Earlier in the project they had some alley work. The coordination with all the utility companies has been amazing. Everybody has been working together.

Mathisrud stated in June I'm going to be bringing a septic system ordinance to the Planning Commission for review, and then to the City Council in July. It will be a new ordinance to regulate septic systems within the City of Park Rapids. This is basically a state mandate to update our ordinance. It will be very similar to the one that's been developed and being used by the county right now.

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

10. COMMENTS FROM COUNCIL: Konshok stated there is a special meeting of the Airport Commission this Friday. We're kicking off the master planning process, which the state requires.

Item #6.18.: Brumbaugh stated Monte Eastvold still hasn't arrived. We can't wait until the next regular meeting, to get this approved. We'll have to have a special meeting. If we have to make payments in the meantime we can do an interfund loan. I don't really know how long the bid amounts are good for. Eastvold has already received the bids and is bringing them with him. She suggested tabling the resolution until later, after Eastvold arrives.

A motion was made by Nordberg, seconded by Randall, and unanimously carried to table the Resolution Awarding the Sale of General Obligation Improvement and Refunding Bonds, Series 2015A, in the Original Aggregate Principal Amount of \$3,901,511.70; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of a Portion of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby.

11. MEETING RECESSED: A motion was made by Randall, seconded by Nordberg, and unanimously carried to recess the meeting at 6:42 p.m.

The Regular Meeting of the City Council was reconvened at 7:25 p.m. at City Hall. Councilmembers Present: Konshok, Nordberg, and Randall. Mayor Mikesch arrived at 7:40 p.m. Staff Present: Treasurer Brumbaugh and Clerk Vik. Others: Monte Eastvold from Northland Securities.

6.18. Resolution Awarding the Sale of General Obligation Improvement and Refunding Bonds, Series 2015A, in the Original Aggregate Principal Amount of \$3,901,511.70; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of a Portion of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby: Monte Eastvold, from Northland Securities, stated the city's credit rating has been upgraded by Standard & Poor's from a A+ to an AA-. That is due to the fact that the city has some very healthy cash fund balances. It shows that the city is being fiscally responsible, and has funds available to make the bond payments.

Eastvold stated he received three bids, from Robert W. Baird & Company from Milwaukee WI, Suntrust Robinson Humphrey from Nashville TN, and Raymond James & Associates from Dallas TX. The bid with the lowest cost for the city was received from Robert W. Baird & Company. Included in the bid is two parts, one is a refunding, and the other part is a new bond for the Riverside Area-Phase One Project. The bond includes a reoffering premium, which is an inflated rate to attract buyers. There will be \$63,973.25 in extra interest, which the buyer will pay upfront to reduce the amount of the bond to downsize the issue. It is a wash in terms of cost to the city. The average rate of interest is 2.941% over the life of the bond. The first available call date is on December 1st, 2022, at which time the bond can be prepaid. The bond yield cannot exceed 2.682% over the life of

the issue. If the return of interest exceeds that amount, that income interest is subject to penalties and/or fees, and would be subject to arbitrage.

Eastvold stated the cost of issuance includes \$22,500.00 for the municipal advisor, \$7,500.00 for the bond counsel, \$10,400.00 for the rating agency fee, \$1,310.00 for the escrow agent, and \$1,245.00 for the paying agent. Total cost for issuance is \$42,955.00.

Eastvold stated the bond that is going to be refunded is callable on December 1st, 2016. The money to pay off the old issue will go into a separate fund. The funds will be released on the call date to pay off the old issue. You will continue to make your payments on the original bond until the call date, and then you will crossover to the new payments. The State of Minnesota says that the minimum savings on a refunded bond must be at least 3%. This one will exceed that minimum because the net PV benefit is 5.19%. The new average interest rate will be 2.08% on the refunded bond.

Eastvold stated on the new \$3.1 million issue the interest rate will vary from 2% to 3.5% over the life of the bond. It will be callable on December 1st, 2022. The bond will be repaid with special assessments for 30% of it, and tax levies for 70% of it.

Eastvold recommended awarding the sale of the bond to Robert W. Baird & Company. The bond will be dated June 1st, 2015, and you will have the finished product by June 24th, 2015, at the time of the closing. In the absence of the administrator, the city clerk needs to be authorized to sign the bid form for the city, since the bid numbers are only valid until the end of the day.

A motion was made by Konshok, seconded by Randall, and unanimously carried to approve Resolution #2015-88 A Resolution Awarding the Sale of General Obligation Improvement and Refunding Bonds, Series 2015A, in the Original Aggregate Principal Amount of \$3,901,511.70; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of a Portion of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby, (and) to allow language for City Clerk Margie Vik to sign the bid form, on behalf City Administrator John McKinney for the City of Park Rapids.

Mayor Mikesh arrived to sign the bid signature sheets.

12. ADJOURNMENT: The meeting was adjourned at 7:40 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk