

**CITY OF PARK RAPIDS  
CITY COUNCIL MEETING  
October 27, 2015, 6:00 PM  
Park Rapids Public Library-Lower Level  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** The October 27<sup>th</sup>, 2015, Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Acting Mayor Paul Utke, and everyone present recited the Pledge of Allegiance.

**2. ROLL CALL:** Present: Acting Mayor Paul Utke, Councilmembers Ryan Leckner, Rod Nordberg, and Erika Randall. Absent: Mayor Pat Mikesh. Staff Present: Administrator John McKinney, Public Facilities Superintendent Chris Fieldsend, Treasurer Angela Brumbaugh, Planner Ryan Mathisrud, Public Works Superintendent Scott Burlingame, Police Chief Terry Eilers, Fire Chief Terry Long, and Clerk Margie Vik. Others Present: Dick Rutherford, David Collins, Jason Murray, Monte Eastvold, Larry and Jean Smith, Ken Kalish, and Kevin Cederstrom from the Enterprise.

**3. APPROVAL OF AGENDA:** A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve the agenda with the following addition to the Consent Agenda: #6.9. Resolution Approving Application for Minnesota Lawful Gambling LG214 Premises Permit Application for the Confidence Learning Center.

**4. APPROVAL OF MINUTES:**

**4.1. City Council Special Minutes-October 13, 2015:** A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the October 13<sup>th</sup>, 2015, City Council Workshop minutes as presented.

**4.2. City Council Regular Meeting Minutes-October 13, 2015:** A motion was made by Leckner, seconded by Randall, and unanimously carried to approve the October 13<sup>th</sup>, 2015, City Council Regular Meeting minutes as presented.

**5. FINANCE:**

**5.1. Payables & Prepays:** A motion was made by Utke, seconded by Nordberg, and unanimously carried to approve the payables in the amount of \$96,531.98, and the prepaids in the amount of \$22,069.32, for a total of \$118,601.30.

**6. CONSENT AGENDA:** Nordberg removed Item #6.5. A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the following consent agenda items:

- 6.1. Resolution #2015-143 Setting Public Hearing on the Proposed 2016-2020 Capital Improvement Plan for the City of Park Rapids.
- 6.2. Resolution #2015-144 Approve Minnesota Lawful Gambling LG220 Application for Exempt Permit for Park Rapids Wrestling Club Inc.
- 6.3. Approve Purchase of Video and Radar Equipment for the New Police Squad Car using Capital Equipment Fund #115-19000-36700.
- 6.4. Approve the Creation of Fund #239 for TIF #11-Pleasant Court Apartments (Kuepers).
- 6.5. *Removed from the consent agenda.*
- 6.6. Resolution #2015-145 Approval of New On-Sale Liquor/Sunday License for Fraternal Order of Eagles Aerie 870 d.b.a. Eagles Aerie 870 and the Cancellation of the License for Lori Lea Inc. d.b.a. Lori Lea Lanes in the City of Park Rapids.
- 6.7. Approve Pay Request in the Amount of \$5,376.00 to Braun Intertec for Construction Material Testing for the Riverside-Phase One, North Main Avenue, and Mill Road Project.
- 6.8. *Removed from the consent agenda for further reconsideration.*
- 6.9. Resolution #2015-146 Approving Application for Minnesota Lawful Gambling LG214 Premises Permit Application for the Confidence Learning Center.

**END OF CONSENT AGENDA**

**6.5. Authorize Staff to Submit a Non-Binding Letter of Intent to Apply for TAP Grant for the Extension of the Heartland Trail:** Nordberg stated this concerns the Heartland Trail and applying for a grant for federal support. We need to find a way to get the trail safety across Highway 71. The trail needs the city's support.

Dick Rutherford stated this is for an extension of the Heartland Trail. It's a DNR project. Let them pay for it. Don't put this on our taxpayer's to have to pay city staff to work on this.

Utke stated the information says this grant would require a 10% local match. That is not in our budget. Mathisrud stated the project was discussed with staff regarding how it could be funded. If we receive the grant it would consist of 80% federal dollars, 10% from the DNR, and 10% local. We do desire to create a safe route to school for the north half of the city. This project would allow us to upgrade a crossing for Highway 71. We would add sidewalks where they do not exist now. We would have to figure out where the funds would come from, possibly the liquor store or general obligation bonds. If we are awarded the grant we would include it in the CIP and then figure out a funding source.

Utke questioned if this is for the Heartland Trail why isn't the DNR going to pay for it? Mathisrud stated funding for trails is dependent and subject to bonding from the legislature. By choosing this avenue we can work together with many different groups to get funding from different sources and that would accelerate the completion of the trail through the city. McKinney stated this is not in the CIP because it's not a project yet. If it proceeds then the CIP would be amended.

Mathisrud stated this document is non-binding. It will require some planning to get it submitted by January 8<sup>th</sup>. You are not making a decision to fund it tonight, only to approve the application process. Utke questioned how much of your time do you think will be required. Mathisrud stated possibly around twenty hours.

Utke stated you said this would include upgrading sidewalks to trails. We have always discouraged bicycles on sidewalks. Mathisrud stated there are no sidewalks in the proposed location. We would be adding some and they would be built to trail standards using asphalt that would be appropriate for bicycles.

**A motion was made by Nordberg, seconded by Randall, to authorize staff to submit a Non-Binding Letter of Intent to apply for TAP Grant for the Extension of the Heartland Trail.**

**Discussion:** Utke stated my concern is how to pay for the 10% match, even if it doesn't happen until three years from now. We'd be liable for \$50,000.00. We have a lot of city streets that need attention. Randall stated we have time to figure this out if it is approved. At this point it's non-binding. Nordberg stated the Heartland Trail is an economic boon for us. Mathisrud stated this requires a local match, which doesn't necessarily have to be from the city. There are other possible funding sources.

**The vote was called.**

**The following Councilmembers voted in favor: Leckner, Nordberg, Randall.**

**The following Councilmembers voted nay: Utke.**

**The motion carried 3-1.**

**7. COMMENTS FROM CITIZENS:** Larry and Jean Smith stated they moved to Park Rapids in February after buying a house. We've read your rules concerning when a water bill is not paid. You put the charges on the property taxes. We agree with that, but not for the next owners of a house. The last guy that owned our house owed \$221.82. We talked with Janel Stewart about this. We see the common sense of putting this charge on the taxes, but we pay our taxes. We went without water for three months last winter. I have nothing but good things to say about the water department. All of your staff agree with me

that's it's not right that I should have to pay this. This needs to be changed. They know where the previous owner lives, yet I'm getting charged for his water use.

Randall questioned this is now a special assessment? We just passed the resolution with the delinquent assessments. Utke stated they got caught in special circumstances. The City Council should address this. McKinney stated the policy doesn't allow staff to offer any forgiveness. It can only be waived by the Council. The ordinance is clear. If the water bill is not paid it becomes a lien on the property. If a closing agent is used, they ask for any outstanding bills against the property. Brumbaugh stated they did not use a closing agent. McKinney stated therefore the staff processed the delinquent bill according to policy.

Utke questioned can't you go back to the previous owner? McKinney stated we can attempt to collect it, but the policy can only be waived by the Council.

**A motion was made by Leckner, seconded by Nordberg, and unanimously carried to reconsider the consent agenda to address Item #6.8.** Utke removed Item #6.8 from the consent agenda.

**A motion was made by Randall, seconded by Leckner, and unanimously carried to approve the consent agenda, less Item #6.8.**

**6.8. Resolution Certifying Delinquent Utility Bills to the Hubbard County Auditor in the Year 2016:** A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve Resolution #2015-147 Certifying Delinquent Utility Bills to the Hubbard County Auditor in the Year 2016, amended to delete the charge of \$221.82 for Charles Browning, PID #32.55.02700.

Ken Kalish requested clarification on Item #6.6 on the consent agenda. He asked did the Eagles Club get a liquor license for all days of the week, or just for Sundays. Vik stated you were approved for a full On Sale Liquor License, for all days of the week, including Sunday.

## **8. GENERAL BUSINESS:**

**8.1. Crossover Refunding of the 2010a and 2010b General Obligation Bonds:** Monte Eastvold, from Northland Securities, stated before you is documentation requesting the refunding of two bond issues, one for the 2008 Southwest Area Project, and the other for the 2010 Main Avenue Project. They are currently payable through special levies, special assessments, and storm sewer revenues. The total existing debt is \$4,135,000.00 for the two issues. By refinancing you could see \$179,858.96 in true savings that would be passed onto the city. The old bonds call date is December 1<sup>st</sup>, 2018. The new bond would be a crossover, which means you will crossover from the old issues to the new one on December 1<sup>st</sup>, 2018.

Eastvold stated in order to refinance bonds you have to meet the 3% savings test as set forth in Minnesota Statutes 475.67, subdivision 12. This new issue would exceed that amount with an average 3.746% savings over the life of the new bond. We don't

expect to see any increase in that interest rate over the next few months. When we come back in December we expect to see about the same rates. A trigger resolution should be adopted, which would enable us to send an official status report to the buyers. We would monitor the rates daily so that we can meet the minimum savings. You are not required to pass the resolution but it gives us greater flexibility. The resolution states that the mayor and the city administrator are authorized to approve the sale of the bond in an amount not to exceed \$4,150,000.00 provided the total net savings meets the 3% savings test. The net savings can be higher than the minimum threshold. The resolution also states if the city does not approve the sale of the bonds by January 31<sup>st</sup>, 2016, then the trigger resolution will expire. If the rates climb, or if the new bonds are not issued, there will be no fees incurred by the city. If you pass the trigger resolution it doesn't commit you to anything. I will come back to you in six to eight weeks with the final numbers.

Nordberg questioned we're not buying anything tonight? Eastvold stated we'll wait until the rate satisfies the savings threshold. Nordberg questioned are we near that? How realistic is this interest rate? Eastvold stated October 8<sup>th</sup>, 2015, the interest rate was 2.02%. The rates are low right now.

**A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve Resolution #2015-148 Approving the Issuance of General Obligation Improvement Crossover Refunding Bonds, Series 2016A.**

### **8.2. TIF District 2-11 Developer's Agreement for Pleasant Court**

**Housing Project-Phase II:** David Collins, the HRCDC Executive Director, stated this project is for phase II of the Pleasant Court Housing Development. Kuepers have already completed a twenty-nine unit apartment complex located south on Pleasant Avenue. They are proposing another twenty-nine unit building north of the existing one. The new building will have balconies and elevators, which are things that have been asked for. The TIF District is already there for this expansion.

Jason Murray, with David Drown and Associates, stated in your packets are three items, the summary letter, the developer's agreement, and the resolution authorizing the execution of the agreement. Phase II is already part of TIF #2-11. There is one major compliance issue for income requirements for potential tenants. At least 20% of the units must be occupied by families or individuals with incomes at or below 50% of the median county income adjusted for family size. This certification must be filed with the city prior to each annual payment and will be in effect for the duration of the development agreement.

Murray stated Mr. Kuepers has started the planning/zoning process. On May 1<sup>st</sup>, 2016 he will secure a building permit and commence construction, and plans to be substantially completed with the building by June 1<sup>st</sup>, 2017. He will reimburse the city for the costs associated with the preparation of the development agreement and the note, which are estimated at \$4,500.00. The city will agree to provide TIF payments to the developer equal to the 90% of the increment generated by this project, not to exceed project costs of \$225,000.00 plus interest of 3%, whichever is sooner. The original market value is lower than the market value that was originally planned. That will affect the rate and reimbursement. The city agrees to provide fourteen years of tax increment payments starting on August 1<sup>st</sup>, 2018. The development agreement addresses defaults and their remedies.

Nordberg questioned what is the occupancy of the existing apartment building? Collins stated it's currently full. They met their quota ahead of schedule. McKinney questioned is this development agreement the same format as the first one? Collins stated yes. We've had no problems with them. They have done a nice job with their first building and it's being managed very well.

**A motion was made by Randall, seconded by Leckner, and unanimously carried to approve Resolution #2015-149 Authorizing Execution of a Development Agreement, for Pleasant Court of Park Rapids LLC.**

**8.3. Resolution Appointing Councilmembers to Various City**

**Committees, Boards & Commissions:** The Council reviewed the positions and made the following appointments:

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| 1. Airport Commission  | Randall            |
| 2. Arts and Culture Advisory Commission                            | Nordberg           |
| 3. Economic Development Authority of Park Rapids                   | Full Council       |
| 4. E.D.A. Revolving Loan Fund Committee                            | Utke               |
| 5. Finance Committee   | Utke & Nordberg    |
| 6. Fire Relief Association Board of Trustees                       | Leckner & McKinney |
| 7. Grievance Panel   | Randall & Mikesh   |
| 8. Heartland Transit Advisory Board                                | Randall            |
| 9. Housing & Redevelopment Authority of Park Rapids                | Nordberg           |
| 10. Hubbard County Emergency Management Board                      | Mikesh             |
| 11. Hubbard County Regional Economic Development Commission        | Leckner & Utke     |
| 12. Hubbard County Senior Council on Aging                         | Nordberg           |
| 13. Park Rapids Library Board ( <i>Kitchigami Regional Board</i> ) | Nordberg           |
| 14. Parks & Beautification Board                                   | Leckner            |
| 15. Personnel Committee  | Leckner & Mikesh   |
| 16. Planning Commission  | Utke               |
| 17. Urban Forestry Committee                                       | Leckner            |
| 18. Wellhead Protection Committee                                  | Mikesh             |

**A motion was made by Randall, seconded by Leckner, and unanimously carried to approve Resolution #2015-150 Appointing Councilmembers to Various City Committees, Boards & Commissions.**

**8.4. Bottled Water for the Fire Department:** McKinney stated the request is to pay for bottled water for the fire department. A policy statement is needed. The bottled water has been purchased and the bill has not been paid.

Terry Long stated we use the bottled water on the fire trucks. We haven't come up with a better answer to keep the fire fighters hydrated. We can't drink the water from the tankers. We had water jugs, but it doesn't keep long enough. We'd like to have drinking water readily available.

Utke questioned what do other departments do? Could the water jugs be maintained better? Maybe the water jugs could be maintained better and that water would be part of the process to prepare for fires. Long stated I'm not familiar with what other departments are doing, but I see everyone at fire scenes with bottled water. It's what the DNR uses. Hauling coolers around went away long ago. I never drank from the jugs. We could probably try to maintain the jugs, but we're not talking about much of a cost here.

Utke stated the idea is that we sell water to customers. I understand having it on the trucks ready to go. But the other city departments are paying for their own bottled water. Long stated on the fire scene is when the bulk of the water is used. We had a bunch of water donated to us after the Green Valley fire so this is the first purchase of water in a long time. \$275.00 worth of bottled water will last us a full year.

Randall stated there is a difference here. The other departments know when they come to work and they bring their water with them. They can fill their water bottles. The fire fighters can say wait for me while I fill my water bottle. I think we should call this part of their equipment. This is an exception. But the majority of it better be used on the fire scene. It should be clear that if the city is paying for it to be used on the fire scene only, otherwise the other city departments will be saying this is not fair.

Utke stated it could be part of their budget. Brumbaugh stated we haven't paid for it before. When it was discussed the City Council at that time said no. Randall stated we could say they should use their donation money for it. But it's a necessity. We should be providing it. Brumbaugh stated this is not a high ticket item, so they do have money in their budget for it. Nordberg stated they should be allowed to use it for training. Randall stated yes, everything dealing with fire. Do the police officers have a problem with this? Eilers stated no.

McKinney stated you need to adopt a policy statement saying that it's okay to use bottled water at fires and for training, and not for the parks personnel. Randall stated I agree there was no direction before.

**A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the purchase in the amount of \$275.00 for bottled water for the fire department for use at fire scenes and training.**

**9. CITY ADMINISTRATOR UPDATE:** McKinney stated at the public hearing two weeks ago staff was asked for conformation on truck traffic on North Main Avenue. Both the public works and the police departments have been checking for truck traffic and have reported there is none. Burlingame and Eilers confirmed. Randall stated I've driven that route twice a day for years and I've never seen even one truck. Eilers stated I used to, but now that there is a bypass the truck traffic has been greatly reduced. McKinney stated so there is nothing here to correct. Utke stated I can't believe that semi-truck drivers would use that road intentionally. Tomte stated I live on the road. I'll do an unofficial count. There aren't a lot that go by.

**10. DEPARTMENT HEAD UPDATES:** Fieldsend stated the sheet rock has been installed and the upstairs has been taped and painted in the public works building and they have reinstalled the heating system. We're hoping to be back in the building by the end of November. Lindquist Park now has a new sidewalk.

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

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

**13. CLOSED SESSION:**

A motion was made by Randall, seconded by Nordberg, and unanimously carried to recess the regular meeting and to open a closed session at 7:07 p.m.

**13.1. Closed Session for Discussion Regarding Real Estate**

**Appraisals/Negotiations/Transactions:** The Council and staff discussed two appraisals for parcels they are negotiating on possibly purchasing and funding options.

A motion was made by Randall, seconded by Nordberg, and unanimously carried to close the closed session and to reconvene the regular meeting at 8:15 p.m.

**14. ADJOURNMENT:** A motion was made by Randall, seconded by Leckner, and unanimously carried to adjourn the meeting at 8:16 p.m.

[seal]

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Acting Mayor Paul Utke

ATTEST:

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Margie M. Vik  
City Clerk