

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
January 26, 2016, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The January 26th, 2016, 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 Ryan Leckner, Rod Nordberg, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Public Facilities Superintendent Chris Fieldsend, Treasurer Angela Brumbaugh, Liquor Store Manager Scott Olson, Police Chief Terry Eilers, and Clerk Margie Vik. Others Present: Sue Tomte, Nancy Newman, Dick Rutherford, Cynthia Jones, Elizabeth Wefel from the Coalition of Greater Minnesota Cities, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Utke, seconded by Leckner, and unanimously carried to approve the agenda as presented, with the addition of further information for Item #8.2.

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-January 12, 2016: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the January 12th, 2016, 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 \$88,004.38, and the prepaids in the amount of \$263,476.32, for a total of \$351,480.70.

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

- 6.1. Resolution #2016-27 Approving Ordinance No. 558 Rezoning Land to R-2 in the City of Park Rapids, PID #32.44.01900.**

- 6.2. **Ordinance No. 558 Rezoning Land to R-2 in the City of Park Rapids, PID #32.44.01900.**
- 6.3. **Approve Plumber's Permits to Work in the City of Park Rapids in 2016 for Samuelson Laney Plumbing, Heating, Cooling Inc., Northland Septic Maintenance, Culligan Soft Water Service, D. Carlson Plumbing & Excavating LLC, KMI Mechanical Inc., T and T Plumbing & Heating Inc., and Ecowater Systems.**
- 6.4. **Approve Backhoe Operator's Licenses to Work in the City of Park Rapids in 2016 for Dennis & Girtz Excavating, Qwest Corporation d.b.a. Century Link, LarMac LLC, Racer Construction Inc., and T-Ray Construction Inc.**
- 6.5. **Resolution #2016-28 Permitting the Destruction of Aged Documents as Determined by Adopted Minnesota General Records Retention Schedule.**
- 6.6. **Resolution #2016-29 Approving the Renewal of On-Sale/Sunday Liquor License for Royal Bar in the City of Park Rapids.**
- 6.7. **Resolution #2016-30 Authorizing Proper City Officials to Execute the Merchant Processing Application and Agreement by and between Cayan LLC and the City of Park Rapids.**
- 6.8. **Resolution #2016-31 Approving Application for Minnesota Lawful Gambling LG220 Application for Exempt Permit for Saint Joseph's Area Health Services.**
- 6.9. **Resolution #2016-32 Acknowledging the Resignation of Volunteer Firefighter Cassandra Thelen for the City of Park Rapids.**
- 6.10. **Authorize Staff to Advertise for the Open Firefighter Position in Accordance with the Attached Advertisement and to Interview Potential Candidates.**
- 6.11. **Resolution #2016-33 Accepting the Resignation of Rapids Spirits Part Time Liquor Store Clerk Jeffrey Olesen.**
- 6.12. **Authorize Staff to Advertise for the Open Part Time Liquor Store Clerk Position in Accordance with the Attached Advertisement and to Interview Potential Candidates.**

- 6.13. Approve Thursday, April 14th, 2016, at 9:00 a.m. for the Annual Local Board of Appeal and Equalization Meeting to be held in the Hubbard County Courthouse Board Room.
- 6.14. Resolution #2016-34 Re-Appointing Maria Pretzer to Serve on the Library Board for the City of Park Rapids.
- 6.15. Approve Pay Request in the Amount of \$2,241.34 to MN Pump Works for Emergency Repairs to the ABS Pump for the Sewer Department.
- 6.16. Approve Pay Request in the Amount of \$18,000.00 to SLL Inc. for the First Half of the 2016 Property Evaluations in the City.
- 6.17. Approve Pay Request in the Amount of \$12,521.85 to TKDA for Professional Services Regarding the Airport Taxiway A and the Apron Rehabilitation.
- 6.18. Approve Pay Request in the Amount of \$13,541.31 to TKDA for Professional Services Regarding Airport Master Plan.
- 6.19. Authorize Staff to Sign Up with Sanford on the Profile Plan in Order for Employees to Receive a Savings on their Membership at No Cost to the City.
- 6.20. Approve the Advertising and Interviewing of a Part Time Accounts Payable Clerk.
- 6.21. UTILITY BILLING: Deny Request to Reduce Sewer Portion of the 2015 2nd and 3rd Quarter Utility Billings for Dwayne and Jen Johnson at 403 Park Avenue N, PID #32.39.41100.

END OF CONSENT AGENDA

7. COMMENTS FROM CITIZENS: There were no comments.

8. GENERAL BUSINESS:

8.1. Coalition of Greater Minnesota Cities Legislative Update: Elizabeth Wefel stated I'm a lobbyist and attorney with the Coalition of Greater Minnesota Cities (CGMC). The CGMC is an organization with eighty-eight cities which we work together with on issues that unite us across Greater Minnesota. We have numbers in all corners of the state, including Park Rapids. We try to get out at least once a year to meet face to face

with our members to let you know what's happened at the legislature, as well as talk about what we'll be doing in the next session.

Wefel stated the biggest issue we work on is Local Government Aid (LGA) and property taxes. We know that's not the only issue that affects our cities in Greater Minnesota so we work on economic development, environmental issues, transportation issues, and annexation. Annexation has to be more defensive than trying to push reform, mainly it's trying to beat back bills.

Wefel stated the title "Session Fails to Meet Expectations for Greater Minnesota", probably sums up the 2015 session. Everyone was expecting it to be the Greater Minnesota session. I don't think the results reflect those great expectations. We do harbor high hopes for 2016. Last year we worked on trying to get LGA back up to the 2002 funding levels. That was stalled. Your Senator Rod Skoe actually put the increase requested into the senate tax bill. The house actually proposed to decrease LGA in a way that could really harm the program long term. The parties couldn't come together on a tax bill for a number of reasons, so it stalled. The Greater Minnesota economic development programs we worked on had mixed results. We've been working on the workforce housing issue for a number of years to try to get some tax credits in place. If you don't have a tax bill, you can't have tax credits. We did help push through a workforce housing grant for \$5.4 million. We made some inroads on job training. We got a new training program established and funded. We got funding provided for a program that we helped create about twenty years ago that benefits Greater Minnesota called the Business Development Public Infrastructure Program, as well as putting more money into broadband.

Wefel stated two of the bigger disappointments we were hoping for all of the state, that we would make some progress on a comprehensive transportation package. We didn't see anything comprehensive, but we did establish a transportation program that benefits small cities such as yours, cities under 5,000. I believe you got around \$60,000.00 out of that. We were pleased that happened and would like to see more.

Wefel stated in the environmental area, where I spend a lot of my time working on, we tried to push a number of reforms. One was to help our waste water facilities with the increased regulations and costs. We didn't make as much progress as we would like. We did get a cost study funded that we're looking at right now, the RFPs are supposed to go out on that. It's to have the state take a closer look. A lot of our waste water infrastructure throughout the state is aging. We are witnessing a lot of new requirements that are being placed on our cities and there are new requirements with respect to storm water, and a lot of folks are having to deal with drinking water issues as well. When you combine all of that together we really do have a looming infrastructure crisis going on. We think it is extremely important, not only to understand what that looks like but try to get our arms around the costs. That cost study is the first step. We're glad to get that done.

Wefel stated in the past we did a big push for some reforms in annexation law. We realized that's really hard to do. Usually we try to reach a détente with the townships. Over the last two or three years they've tried to push some bills. Unfortunately they would really restrict the city's ability even to do annexation by ordinance. We were able to bottle up the push that they made last year, but I suspect that they will be pushing back again this year. There was a very interesting decision by the Office of Administrative Hearings earlier this week that may benefit cities, but it's too early to tell. Rest assured, that all of the cities that care about annexation, we will be there to make sure that we take care of it.

Wefel stated in 2016 our biggest priority is finishing the jobs to try to get the legislature to follow through on their promises for Greater Minnesota. Our priorities for 2016 include trying to restore LGA to its 2002 levels. LGA is one of those programs that have helped Minnesota be strong. We're going to try to get more money for the Business Development Public Infrastructure Program (BDPI). We'll try to push forward on the Workforce Housing Tax Credit, a get some traction on Broadband Infrastructure, and also try to do some work on Corridors of Commerce and city street funding.

Wefel stated Senator Skoe did enact into the senate tax bill our proposal for an increase in LGA that would have benefited all CGMC members. We are trying to get back to that 2002 level where we haven't seen funding reach that level since then. Park Rapids tax rates would increase without LGA. Park Rapids is on the low end because you have a stronger tax base, but a lot of the communities near here are very reliant on LGA. Senator Skoe included an increase. The house took the opposite approach and took an \$85 million cut. That cut, all of it went to Minneapolis/St. Paul and Duluth. They created a cut which basically brought it down to a per capita of 112.5%. We believed that to be an arbitrary amount. If we applied that same cut to cities in your district, your neighbors in Frazee would be significantly hit. You would take a \$56,000.00 loss. It's an arbitrary amount and many cities would see losses.

Wefel stated we're disappointed that the house took that position to cut LGA in that manner. The LGA program is statewide. There are a lot of myths surrounding LGA and why we think it's really important to make sure the program stays whole and that we don't see cuts proposed at certain targeted cities. You may be asking yourselves why do we care what happens to Minneapolis/St. Paul. Duluth is a CGMC member. The most important thing to keep in mind is that when the formula was redrawn two years ago, it was done to focus on the needs of all cities regardless of whether you are a small or large city. It's really about the amount the tax capacity you have. It's designed to help all cities in that same way. Minneapolis/St. Paul face some of the same challenges that a lot of our cities do. From a political standpoint it doesn't make a lot of sense. All of us have been seeing the control of the legislature particularly the house, go back and forth over the years. Politically we really don't want to be putting ourselves in a position where we are arbitrarily cutting out certain cities because that does not bode well for the long term strength of the state. We really are going to be working on pushing back on those and strengthening the program and making sure that it's there long term for Greater Minnesota. We have a lot more information on LGA available to you.

Wefel stated we think it's really important for our rural legislators to understand the long term implications of the house proposal on LGA. We do think that the current proposal they have is fundamentally a problem for our program long term. We are going around the state and meeting with rural legislators and bringing our cities in to talk with those legislators to talk about what LGA and some of the other CGMC issues mean to them, and even some non-CGMC cities that receive LGA. If that's something that would interest you, we'd love to set something up with your representatives, particularly Representative Green and your city. If that interests you, you can talk to me or Tim Flaherty and we'll make sure that it happens. We've had some really good meetings across the state getting together with legislators and talking about these issues.

Wefel stated workforce housing is one of those issues that we've seen a merge over the last several years and it really cuts across the state. Regarding housing for middle

class people, a lot of cities are experiencing job growth, but they are finding that people can't afford places to live on a middle class income. We've pushed for the tax credit that got tied up in the tax bill. We were successful in establishing a grant program. But we'd like to see a larger tax credit program. There are some details of it that will allow us to push forward and get more housing units built for folks that are just starting off their careers across the state. We really think it's important, especially people you want to move city to city to take jobs. It's really about economic development, and it's something that we are hearing across the state. We will be pushing for that.

Wefel stated for transportation there are a couple of things that we want to do. For the program that all cities under 5,000 benefit from, we are hoping to institute a dedicated funding stream. That was done as a onetime program. This is an issue we are hearing about across the state. Roads in small cities need help. Because of Minnesota weather, streets develop problems. We think it's important to continue that program. We are going to push for a dedicated funding source, and doubling the amount. We are also going to push for continued funding for Corridors for Commerce. If you're not familiar with that program that helped to get the funding to do the bypasses on Highway 34, from Detroit Lakes, through here, and it goes all the way to Nevis. It's for those routes throughout the state that support economic development. This is a program that we helped create three or four years ago. It's a statewide program for which we are trying to get dedicated funding for. We'd like to see \$200 million put in there again so we can continue to build up these highways. You know what the impact of having that transportation availability makes on your economic development. We think that's really important.

Wefel stated the Business Development Public Infrastructure Program helps cities build out infrastructure to support private investment. Our plan is to seek \$15 million. We were pleasantly surprised last week when the governor unveiled his bill and recommended more than we are pushing for. That's a program that many of our cities across the state have use to do things like interchanges, extending sewer services, work in industrial parks. It's a grant program that really helps economic development.

Wefel stated we are working on what we want to do with our environmental program. We're finding that some of the work we need to do is more legal focused, with the rule making process at the Minnesota Court of Appeals and the federal courts. We are trying to get refocused on that. We are asking cities to take part in our voluntary assessment. I've provided you with information on it. We'd like to bring back a strong CGMC program. Ten years ago we had a much larger program, but our budget has shifted. We are trying to push forward standards for our cities to keep the water clean but also doesn't bankrupt them. The governor is proposing \$220 million to go towards water funding. We are hoping that some of that is going to benefit our cities. We think more funding year in and year out needs to be going toward waste water and other infrastructure needs. That is becoming a huge cost for our cities. So we're hoping to work on that.

Wefel stated I will have to do some work on annexation. We have been able to successfully stop what's been moving forward. The Office of Administrative Hearings wants to make some technical changes to the annexation law. So we will be working on that area. That's what we are going to be focusing on.

Wefel stated we have the Legislative Action Day coming up. It's a great event. We'd love your participation. One of the reasons that we're able to achieve what we do at the legislature is because we work collectively with our mayors and councils. I'd strongly

encourage you to be there so we'd have representation from all of our cities. Legislative Action Day is our single most popular event, probably because it's focused on getting things done at the legislature. The session starts late this year so this is one week after the session starts. We'll be out there talking to everybody at the capital about what needs to get done. We've invited Senator Bakk and Representative Kurt Daudt to speak. Bakk has accepted our invitation. Daudt will be doing some sessions on how to lobby. Then we have a legislative session later where we invite the entire legislative delegation, both parties, both house and senate, we get close to one-hundred legislators at this event. It gives you a chance to talk to your legislator, and others as well.

Wefel stated the labor relations program is a benefit of membership in CGMC. That is the only legal piece of the program. It provides cluster analysis, wage and insurance data base, various things to help cities as they do their negotiations.

Wefel thanked the Council for their participation in these programs through the years. We are always happy to answer your questions, just give us a call or an email.

Mikesh questioned is there anything in the works as far as fresh drinking water? We had a big hurdle to cross to get our drinking water up and going. Wefel stated I don't know where you are on the project priority list, but the state is starting to get its arms around what is happening with water. Park Rapids has a nitrate problem. I can't tell you specifically what would be going towards your issue, but this \$220 million that the governor is proposing, which needs to go through the senate and the house as well, it's going to be divided between clean drinking water, waste water, and storm water. That is something that we are supporting because we know it's going to be benefiting our cities throughout the state. We think it's really important.

Wefel stated we are trying to make sure that the legislators understand. We'll be looking at what are the qualifications. Sometimes folks have issues with the programs because it all comes in loans instead of grants, or you have to meet certain restrictions if your median income is above a certain level. We are going to continue to look at that and try to make some pushes on that.

Wefel stated probably the biggest benefit that legislatively, we didn't achieve everything from an environmental standpoint last spring, the biggest thing that came out of that was that it woke people up. The governor has started to understand some of what we are facing on all of these areas for Greater Minnesota. They did go out and do a listening tour this year and then talked to the PFA and the MPCA afterwards. I don't think they quite have the magnitude yet. They were throwing out a number of \$11 billion in needs over twenty years. We think that's low. We're hoping we can request a larger study that will have some financial projections to figure out how to do this. The state is starting to pay attention and trying to figure out ways to pay for it. We would like to push for more studies.

Wefel stated a lot of cities are facing problems with their drinking water. This isn't going to go away and it's compounded with a number of different issues. We've been successful in getting the dialog started. The proposal that the governor has out there reflects that. It will be a continuing battle over the next five or more years because it's a huge issue. We know that you guys are particularly affected.

Nordberg questioned the extra transportation money that came last year, the one time, what's the chance of doing it again, or asking for twice as much? Wefel stated Caroline Jackson, our transportation lobbyist, is helping out on that by talking to the senate transportation folks about that. We think it's very important. We're trying to get a dedicated

funding stream. There are a couple of different proposals that they are looking at, but haven't nailed down which one they want to do. That program is good for both metro and rural Minnesota, so we can get support across the state. It's a bread and butter issue. We're hoping we can get the bipartisan support to continue funding it. The governor's office doesn't know what they are going to do but they are unveiling their supplemental budget bill on March 9th. We're hoping that he includes it in there. If he doesn't we will push both the senate and the house to include that. We are hoping that goes forward. We think the chances are pretty decent. This is a very high needs area. Given the LGA cuts and the other pressures the city has faced over the last ten years, I think people get that we need to get this done.

Nordberg stated if there was a choice between that and LGA, we'd rather go back to the 2002 LGA level. The money that we got out of that program barely sealcoats one stretch of street. It's nice to get, but the LGA was a lot more useful in terms of priority. We certainly can use it, even more than twice as much. If it had to compete with LGA efforts, we're getting about 60% of LGA of what we got in 2002, even with the increases proposed now in 2017. We're still \$400,000.00 short of what we were. So \$400,000.00 would be better than \$100,000.00. Wefel stated at the end of the day it will be the legislators picking. The thing you do have working in your favor is your senator is the tax chair. Strongly encourage him so he understands that continuing support. Ideally, we'd like to see both. LGA dates back to the Minnesota Miracle. You see studies about Minnesota being one of the strongest states in the country. Part of it is that we have strong cities and urban areas throughout our state. That is a lot different in other states. A lot of that is darkly attributable to programs like that. The transportation piece is also really important. We'd like to push for both, but I'll take note of that.

Nordberg questioned was the money for streets part of the transportation bill? Last year it was not. Wefel stated last year everybody knows we've had issues funding roads in Minnesota. There were several proposals for comprehensive packages. The problem is the senate and house are so far apart on how to approach it. The senate wanted to do a limited gas tax. The house wanted to fund it out of the budget surplus. The senate didn't want that because they wanted something ongoing. They couldn't reach an agreement. We wanted a compromise to get some money in the budget for transportation. Is it a solution? No. Is it something that we're going to try to put in there? Yes. We want it to go as a standalone. I know everybody wants a comprehensive transportation package, but, they are still far apart on issues like that. This is something that we're hoping can at least travel on its own.

Wefel stated you have our contact information. Please let us know if you have any questions. Thank you.

8.2. Purchase Property Adjacent to the Park Rapids Fire Hall: McKinney stated we have been seeking, under your direction, the possibility of acquiring the property which is immediately north of the fire hall. It was at one time the municipal liquor store, and it just recently was a pharmacy. We've been negotiating with the owner. We can't take any action on any of these proposals while in closed session.

Fieldsend stated we came to an agreement. The owner wanted time to get his stuff out by the end of June. By the time we get done closing this out, it will be within a couple months of that. He wanted a two payment plan, half this year, and half next year. He wants

the city to pay the liability insurance. We'll be covering the building once we buy it so that's not really an issue.

McKinney stated one of the things that is important here is when we first started looking at the development of the fire hall renovation, which is still being drafted, in all likelihood the most evident change in the building is the fire trucks will ingress and egress the building from the west other than the south, which will eliminate parking. When the liquor store was sold MN DOT refused to give an access to Highway 71 directly from that property. In order to have access to the building that was there an easement was created that comes off of our driveway to the west of our building and takes a 90 degree turn and then goes down the side of our property line. The easement exists so that access could be granted off of Highway 71 to the building that the city sold. What wasn't realized for many years was that the easement is on our property, not on the property that we sold. For us to do any changes in parking or access to the building we have to deal with those easements.

McKinney stated one of the ways to eliminate the easements is to acquire the land and do away with them, and that would also give us the parking and the expansion that we need. If you parked at the north wall of the existing fire hall, the back of the vehicle would be in the easement. Technically, it could not be there. We've enjoyed a fine relationship with the current owners so that hasn't been a problem. Our concern is if that property were to be used by an owner that wanted to take advantage of that easement we would be greatly restricted on the north side of our existing fire hall.

McKinney stated it is our recommendation that we accept the opportunity to acquire the property, and authorize the final negotiation for the property at \$184,000.00. It's well within the appraised value. The current owner has a lot of stuff in the basement and he wants time to get that out of there. We have no immediate needs for the building, so that would be fine. He also wants to get paid over two years, instead of one. Fieldsend stated the current owner will pay the electric and heating bill until he's out.

A motion was made by Utke, seconded by Randall, and unanimously carried to approve Resolution #2016-35 A Resolution by the Mayor and City Council of the City of Park Rapids, Minnesota, Approving the City's Purchase of Certain Real Property for Development as a Fire Hall and Directing Staff and Legal Counsel to Prepare and Negotiate a Purchase Agreement with the Property Owners for Future City Council Approve.

9. CITY ADMINISTRATOR UPDATE: McKinney stated the armory project is ongoing. Quite a few of the legal documents have been prepared and reviewed. None of them have been adopted at this point. Those principally include the grant agreement with MMB to get the \$2.5 million. The second is the purchase development agreement. The grant agreement is two pages, but it has fifty pages of exhibits. Those exhibits are these other documents that we're in the process of getting together. Our legal counsel, MMB's director for this project, have clarified some issues of what we do, when, and how it works. One of the conditions of how you process this grant is we negotiate all of the documents, and then submit them to MMB, unexecuted, and then they have to approve them. That process, for them, takes about three weeks. Then they send it to DEED to close the deal. At the moment there are little items to be accomplished and almost all of them are legs on

the stool. We've had excellent cooperation from PRCDC's Board. They understand what their responsibilities are and that we aren't able to proceed without them putting their shoulders to the wheel. That is where we are now. We had talked about having a workshop on this in the future. I think we need all of these documents agreed to before a session with you to explain each of them. If you approve and want to proceed forward, then we'll file them with MMB for their vetting to find out what if anything they want to change or amend, and then proceed.

Cynthia Jones stated we have asked for the resignation of Alan and Kako Zemek from the board. They have resigned due to conflict of interest. The PRCDC have appointed Kathy Grell to the board, and we have several other people in mind for the other position. We'd like to thank Erika Randall. She is going off the board. She has given us sharp criticism in helping us really move forward. It helped a great deal. Having a Councilmember on there has helped us extremely. We also thank Fieldsend. He knows this building very well now, which is good because someone knows the building now other than the developer. That's a plus right now. McKinney stated the resignation of those two members because of conflict was not a contentious thing. They understood that their role was changing. They are actually the developer/seller if we enter into a purchase agreement. That necessitated a change in the board.

10. DEPARTMENT HEAD UPDATES: Fieldsend stated we're looking into the tablets and we'll be having a workshop on that before your next meeting. The dehumidification system in the public works/safety building is working really well. Hopefully we have solved that problem.

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

12. COMMENTS FROM COUNCIL: There were no comments.

13. ADJOURNMENT: A motion was made by Leckner, seconded by Randall, and unanimously carried to adjourn the meeting at 6:45 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk