



BLACKDUCK CITY COUNCIL WORK SESSION

THURSDAY MARCH 3RD, 2016 6PM

WORK SESSION MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in a scheduled work session at the City Hall at 6:00 p.m. on March 3rd, 2016.

Roll Call

Councilors present: Mayor Lundberg, Councilors Christensen, Stade, and Patch,

Councilors Absent: Loeken

Staff Present: City Administrator, Christina Regas, Public Works Supervisor Bob Klug, Course Superintendent Jim Andersen

Others Present: City Engineer Curt Meyer WSN

The meeting was called to order at 6:03pm the Pledge of Allegiance was not recited.

Topics covered in the work session were as follows:

1. **PUBLIC HEARING PREP FOR SUMMIT & MAIN PROJECT** - Meyer was present to prepare the council for the public hearing scheduled for March 7th, 2016. In summary:
 - a. Mayor Lundberg will call the meeting to order
 - b. Meyer will describe the improvement and cost
 - c. Meyer will mention that the City is exploring multiple funding opportunities for the project. However none of those funding sources have been secured yet.Meyer stated that at that time it is up to council if they wish to speak on any of the parameters of the assessment. Meyer cautioned that with all of the unknown funding sources at this time it is tough to speak of those parameters.
 - d. Meyer stated that the public may ask how the last assessment was handled by the City of Blackduck. With this project it is very different as the component of funding that could be approved could possibly change those assessment numbers. Meyer stated that it is too early to speak to the public about the specifics at this time.The intent of the public hearing at this time is to inform the public of the project and the assessment opportunity. Regas asked if the City needs to have another hearing before the City calls the assessment roll and Meyer confirmed that. It is necessary to have a public hearing before the project is bid.
2. **PFA LOAN APPLICATION TIMING** – Regas asked Meyer about the timing of the PFA funds and if the City will need to bond prior to PFA being awarded. Meyer suggested the council have a work session with Pat Conroy prior to the due date of the application of March 31, 2016 to discuss those options.
3. **FEASIBILITY REPORT FOR FRONTAGE & PINE** – Meyer stated that on March 7th, 2016 he will be have the feasibility report for Frontage and Pine ready and the City may order and receive that report, then set the public hearing for that assessment. Regas stated that the Resolutions have been drafted and suggested the council call for the hearing prior to the April Council meeting. Meyer presented the council with a draft of the feasibility report for review. Meyer stated that it is not complete.



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4. **BLACKDUCK DEVELOPMENT CORP. UPDATES** – Regas presented to the Council for consideration the following:
 - a. **BDC Meeting Minutes from February 10th, 2016** – no action needed.
 - b. **Updates from since meeting** – Regas reported that a potential developer is looking at the numbers to see if the project is feasible.
5. **GOLF COURSE 2016 FINANCIAL PLANS** – Andersen was present to assist with financial strategies for the golf course this year.
 - a. Regas presented a study done on the 2015 vs 2016 payroll numbers and requested from Andersen to submit schedules for the course and the Pro Shop this year. The course has budgeted for payroll for 6 months. All hired employees must not exceed the planned hours. Andersen stated that in the past the greens keepers should average a 6 hour day not 8 hours. All hired employees will be told that their positions are not full time 40 hours but less.
 - b. Regas spoke with Miller McDonald about the options for the future of the course and its financial issues. Sandy Nelson stated that if the club house was a public building then other public funds like the liquor store are allowed to help fund the golf course. But you really can't classify the club house as a public place.
 - c. Andersen questioned why the City doesn't seek funds from the WPA. The WPA has funds to help the course if classified as a historical site. There are only 9 WPA Courses left in the State of Minnesota. Andersen stated that there are other sites out East that get money because their course is a historical site. Regas will research that funding option.
 - d. Andersen commented on the idea of creating an evening membership. He spoke to some people from Seven Clans and some are interested. Other thoughts of creating this type of membership could give the course less full season memberships.
 - e. Regas mentioned that the bond was created with the understanding that the City could levy a portion of the bond. Regas stated she knew it was not the intention of the council at the time to use public money for the course. Patch asked how long the course can run in the red. Christensen stated that the course needs to operate in the red so not to be too far in the red. If the City doesn't operate to pay the money we still have to pay the bond. Andersen reminded the council that the equipment isn't getting any better either. Lundberg stated that the City just needs to find more revenue.
 - f. Andersen stated that the members are getting great deals with the rates that are being charged now. Regas stated that the member meeting planned for late April needs to be set soon.
6. **LIGHTING FEE** – Regas offered a solution to ratifying the Lighting Fee Ordinance by adding amounts to be added to the levy in 2017. One issue found is when the amount is added to the levy then tax exempt parcels will not be charged. Regas suggests that the City still charge those parcels on their utility bill. Regas drafted a few changes to the ordinance and requested feedback from council. It was decided to continue billing the tax exempt parcels the \$2.50 each month and increase the levy the budgeted amount for the electricity of \$14,000 to allow for maintenance. The ordinance will be condensed and Regas will continue working on the ratification.
7. **DONATION REQUESTS** - Regas submitted a draft a policy from a LMC memo that covers all public purpose expenditures. Regas pointed out that the draft includes guidelines for the community recreation fund donations under section 9.a. "Donations to nonprofit organizations in general". The policy lists out all options for the City can use public funds for.



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- a. Lundberg requested more detail as to what the community recreation was created for. Regas stated that she could do a history of the fund and record what the fund has been used for in the past to find out where the City has strayed.
- b. Christensen asked how the last donation to the Ladies Axillary stacks up with this policy. Regas stated that the money can't just go to one person. It must serve a public person. The activity will benefit the community as a body, the activity is directly related to functions of government, and the activity does not have as its primary objective the benefit of a private interest.
- c. Stade asked how donations will be handled in the future. Regas pointed out the drafted procedures on page 1 of the policy. Lundberg requested that the donations are reviewed quarterly. Regas stated that she would review all of the requests and filter them based on the policy and present the remaining requests to the council at the end of the quarter. Lundberg requested a form be drafted as well.
- d. Christensen asked for more clarification of the statement "the activity is directly related to functions of government". Stade replied that the activity must serve one or all of the following: "public health, safety, general welfare, security, prosperity, and contentment". Regas reminded the council that the policy was drafted for all reasons for using public expenditures not just donations.
- e. Christensen summarized that there are very tight restrictions of what general money can be used for, but when it comes to a fund from gambling proceeds they may be used for many types of charitable contributions.

Regas will continue to work on the policy draft and the section for procedures for requesting public funds.

8. **TREASURY MANAGEMENT FEES** - Regas summarized the treasury management fees that Wells Fargo has been charging the City of Blackduck and the amounts that are getting charged to the general, water, golf, and liquor funds. Regas stated that she is doing research to move the City funds all to Deerwood to avoid being charged. By request of the auditor Regas is awaiting confirmation that Deerwood could cover the pledge collateral of both accounts. Regas stated the number of small charges the City is being charged. Deerwood stated in a letter that their bank would not charge the City any of those charges. The average charge per month from Wells Fargo is \$350. It was agreed by members of council to either renegotiate the fees or work to move the funds. Regas will continue to work on the project and report back.
9. **ADJOURN** – Council adjourned their work session at 7:43pm.

Christina Regas, City Administrator

Daryl Lundberg, Mayor