

### **October 15, 2001**

- Assistant Commissioner for State Operated Services, Elaine Timmer was present and said the facilities needed for mental health treatment have changed dramatically over the years. The FF RTC campus is very large and the buildings are huge. The campus no longer serves anyone with Developmental disabilities, but provides mental health programs and a chemical dependency program. RTC was built to house 3500 clients and now serve 100-110 per day. CD program can be operated anywhere. Mental health program is subsidized by Legislative appropriations.
- As population has declined, the facility is inefficient to operate. They need to get out from the under the obligation of the excess space and there is no way to condense that space. The overhead is costing them between \$200 and \$250 per patient per day. They are spending a lot of money to maintain and operate building that could be used for programs.
- The DHS would like to work with the City to find alternative uses for the facilities. They would transfer the responsibility of the campus to the Dept of Admin. The surplus space would be sold, or demolished.
- Timmer asked Council to establish a reuse task force and said the city's participation in this is voluntary.

### **November 5, 2001**

- State has asked the City and County for financial contribution to give ownership in the reuse process. State does not need the property and the city is the one who stand to lose or gain the most.
- Resolution passed to contribute \$5,000 for a reuse study.

## **2002**

### **February 4, 2002**

- Doug Seiler, RTC site director said the state has challenged RTC to look at a different way of delivering services. Will be a need for a 32-45 bed facility in FF- not talking about closing the campus but will talk about relocating in a cost effective building.
- Motion passed to start the process of reinstating a RTC Coalition, look into contracting with a lobbyist, investigation possible funding sources

### **February 19, 2002**

- LRH has offered to step up to the plate to be a part of the solution for the RTC. They anticipate creating a proposal in response to the Dept of Human Services as a cooperative effort of the City, County and LRH. The State wants to get out of the Kirkbride Building because it is too old and too large. The LGH plan is to build a new facility on the RTC grounds with 50-100 beds. The new facility would be owned cooperatively by the County, City and Hospital but used by the Dept of Human Services under a long term contract of 20 years. This would allow the RTC services to remain in FF rather than being located in other communities.
- Motion passed to join forces with LRH and OTC to explore the possible building of a new facility in FF that could be leased to DHS.
- Motion to reactivate the RTC Coalition and appointed members to serve

### **February 23, 2002**

- Met with Senator Larson and Rep Nornes. They said the State has no plans to close the RTC at this time. Pending bills include language to keep facility functioning, but it would be a down-sized facility. It is their goal to keep services and employees in this community. There was conversation about combining the Lake Region Hospital facility with Vets Home to make a new campus on the state owned property. Any and all attempts will be made by the City to do everything possible to maintain the services and jobs at the RTC.

### **March 4, 2002**

- More members named to serve on the RTC Coalition

### **April 1, 2002**

- Mattson said LRH still interested in helping with the programs and services currently at the RTC. The proposal would be for the Dept of Human Services to design and plan the building owned by the City, County or both and leased to the State. The Port Authority would be asked to issue the bonds.
- Resolution passed in support of the proposal offered by the RTC.

### **May 6, 2002**

- Resolution passed to initiate PI 9674 (RTC building project) which will authorize expenditures for legal and bonding expertise.

**June 3, 2002**

- After meeting with Governor Candidate Tim Pawlenty, RTC Coalition members are concerned with reductions in staff and the elimination of programs at the RTC. Fergus is the only facility to have lost recreational therapy, occupational therapy and the work therapy programs.
- A resolution passed requesting DHS to declare a moratorium on staff reductions at the RTC.

**June 17, 2002**

- City Attorney stated he had been advised the Council would be asked to become a part of an injunctive court action against the state and advised against this. Due to on-going negotiations with the state with the state for the community proposal, he advised the City to wait.

**November 25, 2002**

- The need for a lobbyist for the RTC was discussed and a resolution passed to enter into an agreement for lobbyist services

# **2003**

## **May 19, 2003**

- Resolution passed authorizing the signing of a five year lease with the State for the Waste to Energy Facility on the RTC grounds.

## **July 7, 2003**

- Resolution passed to sign the Steam Purchase agreement between the City and County for the County's building on the RTC campus

## **September 15, 2003**

- An ad hoc group would like to pursue a new 50 bed facility in FF. The State is going away from institutions to a community based model of care. It is their plan to take the FF RTC and break it into providing service in 4-5 different cities. The State will keep a 50-60 bed CD unit that includes detox services. They are exploring the remodeling of the building used by the school district. A new 16 bed unit for the mentally ill, separate from the RTC campus is also being evaluated.
- The biggest question is what to do with the surplus property on the RTC campus. RFP's need to be advertised so there is time to deal with legislative request.
- Resolution passed to advertise for RFP's as drafted by the State

## **November 17, 2003**

- Allan Van Buskirk of the Dept of Administration conducted a pre-proposal tour. Letters of intent for the RFP are due on Dec 17<sup>th</sup> and final proposals due Feb 13<sup>th</sup>.

## **December 1, 2003**

- The RTC is the state's responsibility so the Department of Administration and the Department of Human Services are consulting with local governments. The State would contract with the city to oversee that process through Joint Powers Agreement.
- A resolution passed to authorize entering into Joint Powers Agreement with the State to contract for architectural, engineering and coordinating services to produce the master plan and be reimbursed by the State.

# **2004**

## **February 2, 2004**

- Mattson distributed a handout with a projected timeline for reuse process and master planning at the RTC. They are attempting to coordinate the RFP's with the Master Planning Process. None of the local units of government have made any decisions about what to do with the property and they are still in the information gathering process which will continue through 2004. The Department of Human Services will be funding the demolition. There is a legislative mandate for the Master Plan to be completed.
- A letter was received from the Heritage Preservation Commission in opposition to the Governor's request to fund demolition at the RTC.

## **April 5, 2004**

- BKV has been chosen to provide services for a redevelopment plan for the RTC. This process will maximize local input and help evaluate private proposals. The process will begin in April and a final report will be on October 20<sup>th</sup>.

## **July 6, 2004**

- The Department of Administration will commence, complete and distribute an Environmental Assessment Worksheet as a part of the master plan and feasibility process.

# **2005**

## **January 18, 2005**

- Sievert announced a council/staff retreat will be held on January 24<sup>th</sup> to hear about the RTC Master Plan Report for the Fergus Falls Regional Treatment Center Campus Re-use. After the presentation of the draft report, the consultant will finalize the report and it will be presented at a public meeting. Time is of the essence as they would like to get the report to a State Legislative Committee.

## **January 24, 2005**

- Ted Redman of BKV Group presented a draft of the Final Master Plan Report for the Fergus Falls Regional Treatment Center Campus Re-Use.
- The State of Minnesota has designated the campus as “surplus property”.
- They will be relocating their current services to sites off campus.
- The property was offered to every state agency but received no response.
- Set up a special meeting to discuss the report with the public

## **February 14, 2005**

- Mattson commented and proposed a resolution with the intent of proceeding with the recommendations from the BKV Group. The resolution would adopt the plan as drafted with quite a few caveats in the form of requests from the State. The resolution, as drafted, allows the City to move forward, yet allows exploring other options.
- It is a Legislative mandate to go through a Master Planning Process before the State can close the RTC facility and the City has been working with the State on this process.
- At the informational meeting, it became very clear from local residents that they did not want an undue burden placed on the taxpayers of Fergus Falls.
- The City will need to find developers and create RFPs for the housing parts.
- The resolution makes it very clear that the City is working very closely with the State on the construction of CD and MI.
- The City has determined it will need to close the incinerator.
- The reuse plan is contingent upon things the City needs, such as funds to clean up the incinerator site, legislative authority allowing the State to transfer property to a local unit of government waiver of any previous grant obligations, and taking care of the debt on the incinerator.
- Part of the resolution asks the State to provide continued administrative and financial support for further implementation.
- Adoption of the Master Plan does not foreclose the opportunity for other proposals. The City encourages continued study of proposals.
- This is not the City’s property, but the City is moving forward to have it redeveloped.
- The City has a proposal (new school site) that is economically viable but there is still time to receive proposals from other developers. The State controls the property so we need to work with them.

- Leland clarified the City is not shutting the door on preserving 100% of the Kirkbride Facility if that process can get accomplished eventually.
- The City has a window of opportunity to work with our local Legislators to come up with funds for the incinerator.
- If the City takes no action regarding the Master Plan, it returns to the State and they have given some pretty clear signals of what would happen then.
- There is a private developer (McIntyre) working on another plan but they still have a lot of work to do. The City does not have the resources available to “chase down” ideas being discussed but not being developed by a group.
- Resolution passed to adopt the Fergus Falls Regional Treatment Center Master Planning and Reuse.
- Mattson explained there has been no reuse identified (that is feasible and economically successful) for the entirety of the complex and therefore the Study focused on what would succeed locally without putting undue risk on the taxpayers.
- The City could request to obtain the campus. That would shift the financial burden of the facility from the State to the local taxpayers.
- Howland reiterated that this is a State facility and he saw two options: passing a resolution that gives some guidance for reuse but leaves the door open for any viable opportunity or rejecting the Plan, which would turn it back over to the State and saving any of it would be at risk.
- With the incinerator slated to close in the future, they will be installing an alternative heating and cooling system. They will be asking the County Board for authorization to advertise for bids to put in a new system. The County will continue to purchase steam as long as it is economically feasible.

#### **July 18, 2005**

- Mattson addressed the City Council concerning the potential reuses of the Regional Treatment Center (RTC). There is a potential need for a Regional (10 counties) Detention and Treatment Center for Chemical Dependency/Methamphetamines. The ten counties to work together and then enter into a Joint Powers Agreement.
- The State is committed to fund studies like this.

#### **December 19, 2005**

- Resolution passed to sign the Memorandum of Understanding between the City and Todd J. McIntyre, Investment Property Services, Inc., (developer) for the acquisition and redevelopment of the Fergus Falls Regional Treatment Center land.
- Resolution passed authorizing the Mayor and City Administrator to sign the Implementation of Master Plan Agreement for the Fergus Falls Regional Treatment Center.

# **2006**

## **January 17, 2006**

Received 300 more signatures urging Council to preserve Kirkbride

## **August 7, 2006**

- Kent Mattson reported state expecting to build chemical dependency unit on RTC campus
- Waste incinerator demolition estimated at \$410,000. Emphasis on City being in control of the bidding process and it is the State's goal for the City "to be made whole".
- Resolution passed authorizing the Mayor and City Administrator to sign the Grant Agreement for the Payment of Bonds Issued for the Fergus Falls Regional Treatment Center Waste Incinerator and Steam Heating Facility.
- Resolution passed authorizing the Mayor and City Administrator to sign the Grant Agreement for the Demolition of the Fergus Falls Regional Treatment Center Waste Incinerator and Steam Heating Facility.
- The State has provided funding for future reuse projects and the City has no obligation. If the City does not enter into the agreement, the property will go back to the state. While this work is in process, the State will be going through the demolition process for certain buildings, which is expected to start in January.
- Resolution passed authorizing the Mayor and City Administrator to sign the Amendment to Implementation of Master Plan Agreement.
- Resolution passed amending the original agreement with BKV that would provide an additional \$7500 in state funds.
- Mattson discussed the \$450,000 loan from the State to the City on the incinerator. The Attorney General has ruled that bonding dollars cannot be used to pay back bonding dollars. Authority was given to the Department of Human Services to pay the loan out of their budget.

## **October 16, 2006**

- Received more signatures urging Council to preserve Kirkbride
- Mattson reviewed the ongoing reuse and redevelopment process of the Regional Treatment Center Campus since 2001. The Legislature approved the Department of Human Services' plan to move the delivery of services from regional treatment center campuses to that of community models.
- Remaining project is relocation of CD unit
- Reviewed 2001 Zahn & Associates study identifying five areas of redevelopment or reuse ranging from making the Kirkbride a destination draw to demolishing all of the structures on the campus if no suitable reuses could be achieved.
- In October 2003 the City, in cooperation with the State, issued a Request for Proposals to private developers for redevelopment and reuse of the campus. It was reissued in February of 2004 to extend some of the timelines to August 2004.

- BKV Group and Maxfield Research were retained to assist in evaluating proposals, master planning, and market analysis (funded by a grant from the State to the City). No complete proposals were received by August 2004 and one incomplete proposal was received from Todd McIntyre. The adoption of the Master Plan in February of 2005 did not foreclose other reuse and redevelopment proposals.
- BKV performed condition assessment to come up with costs of potential hazardous substance abatement, as well as costs of mothballing, renovation, and demolition. An Implementation Agreement (a roadmap of what would happen) with the State was later signed.
- Mattson stated ten buildings have been identified for demolition and the State would like to see that proceed on schedule. Buildings include the Evaluation Building, the Freeway Annex, the Receiving Hospital, the Health Building, the Green House, the Hot House, the Education Building, the Nurses Cottage, Maintenance Garage, and the Memorial Building.
- One option is for City to take over the facilities and be in control of the property. The estimated 5-year cost for mothballing is over \$9 million (based on 2004 prices) and \$9.8 million for demolition. Estimates just for the Nurses Cottage are \$1.75 million to bring the building up to code and stabilize the structure.
- State is interested in coming up with a firm deadline for the local units of government and the local agencies to decide whether they want to take over the property.
- City request to extend the timeline for the Implementation Agreement to May 2007. This agreement was extended to 2005, then 2006, and lastly to February 2007. State is willing to extend the time line through 2<sup>nd</sup> Amendment to the Implementation Agreement
- Keeping the CD Unit in Fergus Falls would retain 50 full-time jobs and a payroll of approximately \$2.7 million for 2006. Construction costs could be reduced if the facilities would be built on land the State already owns. There were some community objections to locating the CD Unit on the RTC grounds. The City offered another parcel of land free of charge, and the County and the State have agreed to the new location.
- Resolution passed authorizing the Mayor and City Administrator to sign a 2<sup>nd</sup> Amendment of the Implementation of Master Plan Agreement to extend the time schedule from December 2006 to May 1, 2007.
- Doug Seiler, addressed the Council concerning the Friends of the Kirkbride's request for information about the CD Unit. He stated he could find no study that supported the statistics used in the Friend's request to the City Council. Council Members commented they do not want to take any action that might jeopardize the location of the CD Unit in Fergus Falls.
- Jacqueline Broen of Friends of the Kirkbride was asked about the statistics and cited census information and the U. S. Police Association. She was asked to provide this documentation.
- Robert Budke of the Friends read a presentation proposing a state-wide, transitional college for disabled adults. In addition to use of the West Wing of the Kirkbride, some

of their needs would be leasing the cafeteria, kitchenettes, and gymnasium facilities. They also requested use of the Nurses Cottage and the Memorial Building. Mark Sievert asked if this group expected the City to be the landlord. Ms. Broen replied they will negotiate a contract with whoever the City identifies and the school is committed to discussions with only that entity. She also emphasized that the school is not proposing ownership or management.

- Discussion on action asking the State to delay demolition of certain buildings at the RTC or to delay any demolition until May 1<sup>st</sup>

#### **November 6, 2006**

- Discussion on deferring demolition of some buildings and whether to amend the Master Plan. It was also pointed out that parties interested in re-use of the space at the RTC need to come forward at this time with some validation of their plans.
- Motion to lay the issue on the table until the November 20<sup>th</sup> Council meeting

#### **November 20, 2006**

- A letter provided by the State of Minnesota had clarified their position on the out buildings. If the City wanted to delay demolition on the outbuildings, the City could take title.
- If the City wished to amend the Master Plan, the State felt that the dollars for the debt service on the Incinerator (for demolition and also the interfund loan), could be in jeopardy.
- The Council also asked the EIC to report on the capability of parties who have expressed interest in reusing the outbuildings.
- Notified the CD project was put on hold due to concerns with the location.
- State believes a delay in demolition could impact the availability of the \$3 million (if not encumbered by December 31<sup>st</sup>) set aside for hazardous material abatement and demolition.
- A delay could jeopardize the dollars set aside for the debt service on the incinerator.
- State continues to support the local planning process, but cautioned their support should not be interpreted as a commitment to assume any new financial liabilities resulting from changes to the Master Plan.
- Reviewed the Master Planning Process, which began because the State found that it was no longer cost-effective to run their programs out of the Kirkbride building.
- The Plan was adopted in February of 2005 and was worded to protect the local taxpayers from undue financial risk.
- The Implementation Agreement was approved in December of 2005.
- Four components of the financial benefits that have been secured for the City: \$3 million for hazardous materials abatement and demolition; \$1,760,000 to repay bonds incurred for the Incinerator; \$400,000 to reimburse the City for demolishing the Incinerator; and reimburse the City \$447,000 for a loan that funded improvements to the Incinerator.

- If the City wants to delay demolition, the cost of that delay would need to be taken care of by the funds already designated to the City.
- If the City wants to take title to the buildings, funds can be set aside to reimburse the City for abatement and demolition in the event the buildings are not capable of reuse.
- State isn't making any money available for mothballing or carrying the buildings; that would be at the expense of the City. These buildings are outside of the Master Plan.
- Possible interest from developer in limited number of the ten buildings- allowed 30 days to let this group investigate further and obtain an appraisal.
- Harold Stanislawski reported a developer may be interested in five outbuildings
- Mattson concerned with amending the Master Plan without the State's agreement because of the financial risk.
- Estimated cost of maintaining those ten buildings would cost \$291,000 to \$300,000 per year.
- Timeline for the RFP process: letters of intent are due by December 4<sup>th</sup>, proposals are due on January 30<sup>th</sup>, the evaluation team will review the week of March 5<sup>th</sup>, final selection in April, and recommendation to the State by May 7<sup>th</sup>.
- Requested the City Administrator notify the State that Kent Mattson, Mark Sievert, and Mayor Anderson are the official contact people in the matters concerning the RTC Campus.

#### **December 4, 2006**

- Letters of intent were received from Hawthorne Development LLC out of Fargo is interested in the Nurses Cottage (31) and Jeff Schlossman, Vice President of Goldmark Schlossman Commercial RE out of Fargo, is interested in the buildings that formerly housed the Department of Health (5), the School District (33), Early Childhood (42), and Catholic Charities (6).
- Need to determine amount of land needed for these buildings and need state to determine fair market value
- State request for proposals to be compatible with the reuse of the Kirkbride building.
- State concern with \$3 million earmarked for the Fergus Falls campus because if it is not allocated this year, it will be lost.
- State proposed an action plan to accommodate further evaluation of the development potential of these five buildings, avoid cancellation of the \$3 million appropriation, and begin a comprehensive process to determine whether there is an economically viable plan for the redevelopment of the campus property.
- This plan requires the City taking title to the five buildings, but the State would pay for minimal heating. The City would pay for insurance, security, electricity, fire protection, etc.
- On or before December 31, the State would execute the grant agreement on the \$3 million. Funds cannot be used for operational expenses, but would be earmarked for hazardous material abatement, demolition, or infrastructure.
- If no reuse is found for the five buildings, the City would proceed with abatement and demolition.

- Contingent upon City carrying out obligations, the grant agreement would be executed to pay off the City's bonds of \$1.7 million for the incinerator. The State would agree to payment of \$447,000 from DHS to repay the interfund loan.

**December 7, 2006**

- Presented Work/Action Plan
- Mattson reported contracts for abatement and demolition by the State could be let for this work, a portion of the \$3 million could be encumbered by the end of the year, and the balance for abatement and demolition could be allocated to the City through the grant agreement.
- Proposed transfer date is January 12<sup>th</sup>
- Funds can be secured to abate and demolish these buildings if the developers do not acquire and redevelop them after they are transferred to the City. There is a possibility of funds being available for basic infrastructure improvements in the event the developers take title to these buildings.
- Questioned if carrying costs are reimbursable from the State. Mr. Waslaski stated he does not believe that those costs are reimbursable – typically the costs covered are deed tax, recording fees, not operating costs.
- If no development occurs after the City has taken title, the City can sell the property "as is" or end up selling bare land. The City cannot profit from the sale.
- Anderson Survey will expedite the survey work necessary for the easements.
- Soliciting proposals for the appraisal work which will coincide more with the developer's time table.
- The existing grant agreement for the Incinerator bonds would be executed. The City would request payment for the bonds and then call the bonds next year.
- Agreement to ensure dollars will be available for the demolition of the five buildings if development does not occur
- Resolution passed to proceed with the Work Plan that was presented on December 4 (Highlights: Request for proposals on Buildings 5, 6, 33, 42, and 31; transfer properties to the City by January 12<sup>th</sup>; execute grant agreement on \$3 million; execute grant agreement for \$447,610).

**December 18, 2006**

- The Council will permit developers to take a closer look at five of the outbuildings at the Regional Treatment Center and specify what additional land is necessary for an effective reuse of the buildings.
- State is working with a surveyor to determine legal descriptions and also with an appraiser to determine fair market value.
- The goal is to convey the land to the City by January 12<sup>th</sup>.

- Identified Parcel A as 23 acres including Nurses Cottage and up to the DNR land
- Parcel B includes the four buildings that Jeff Schlossman has expressed interest in (but would not include the six houses on the southeast end) and contains approximately 15 acres.
- Parcel III is proposed to be transferred to the Veterans Home.
- Resolution passed authorizing the Mayor and City Administrator to sign the Amended and Restated Implementation of Master Plan Agreement; the Purchase Agreements for Parcels A & B; the G. O. Bond Proceeds Grant Agreement for the Abatement of Hazardous Materials and Demolition of Buildings 5, 6, 31, 33, and 42; G. O. Bond Proceeds Grant Agreement for the Payment of Bonds Issued for the FFRTC Waste Incinerator and Steam Heating Facility; G. O. Bond Proceeds Grant Agreement for the Demolition of the FFRTC Waste Incinerator and Steam Heating Facility; and the General Fund Grant Agreement for the Payment of Inter-Fund Loan Issued for the FFRTC Waste Incinerator and Steam Heating Facility.

# **2007**

## **January 2, 2007**

- Mayor appointed committee to evaluate RFP's

## **January 16, 2007**

- Resolution passed to acquire a utility easement from the State over an area generally described as a triangle of about 40 feet in width and length to connect to an existing utility easement on the north side of the RTC property near the Veteran's Home.
- Resolution passed to proceed with acquiring title to Incinerator Road, with the State reserving an easement to access the balance of their land. The City would be responsible for the maintenance and improvements of the road.

## **February 5, 2007**

- Resolution passed to support legislation for the Fergus Falls Regional Treatment Center Redevelopment Renaissance Zone.
- Motion passed to support the Preservation Commission's efforts to put the Regional Treatment Center on the list of the 10 Most Endangered Sites
- Resolution passed to allow the Commission to support State legislation in obtaining a 25% tax credit for historical structures
- Resolution passed to support the Historical Preservation Commission in this endeavor.

## **March 19, 2007**

- RFP Committee acknowledged that none of the proposals met the objectives of the RFP but did recommend that the City continue to work with all developers and the State of Minnesota to redevelop the Kirkbride Complex as well as Parcels A and B. Motion passed to follow these recommendations
- Discussion centered on keeping the taxpayers of Fergus Falls from risk in this process.
- Discussed proposed legislation for a Renaissance Zone
- Another possibility is for the State to bond and allocate a sum of money that could be used for public infrastructure related costs or for demolition.
- Motion carried to start a process to acquire the green space bordered by the State Highway out to Fir Avenue subject to due diligence.

## **April 2, 2007**

- Motion carried to direct the City Attorney to draft the necessary ordinance for rezoning parcels from R-A and R-1 to B-2 in the 1800 and 1900 blocks of Fir Avenue.

## **May 7, 2007**

- Legislative update regarding the Renaissance Zone

### **June 4, 2007**

- Mattson informed the Council of the expedited timeline from the state on the RTC buildings and grounds. Once the CD facility has been completed, the campus, other than the parcels sold to developers will be considered surplus property. There is an opportunity for the city to take ownership of the facility and money is available for carrying costs and for abatement and demolition costs through June 30<sup>th</sup>.

### **June 18, 2007**

- Infrastructure improvements including water, sanitary sewer and road projected to be \$5.1 million. \$4.2 million is needed for improvements on the existing buildings and \$900,000 for current undeveloped areas so water and sewer can be run to the buildings.
- \$7.15 million dollars are available from the State of Minnesota for the Regional Treatment Center. The State's goal is to see re-development in the 7 buildings forming a horseshoe shape on the campus.
- \$4 million is available in state grant money for the infrastructure improvements and re-development of these buildings.
- If any of these buildings are demolished or abated, the costs are deducted on a dollar for dollar basis from the infrastructure money.
- The current \$1.4 million in demolition funding will continue through the Joint Powers Agreement as the money comes from a different funding source.
- State will contribute \$1 million to pay for the next year (July 1, 2007-June 30, 2008) of their occupancy and an additional \$1 million to pay for the 2008/2009 costs after their Chemical Dependency unit leaves the campus- less than current operating costs.
- Council set a deadline date of December 31, 2008 for a Developers Agreement, ensuring the state funding will cover the costs until this time, thus protecting the city and taxpayers from further liability. Construction must begin by August 30<sup>th</sup>, 2010 with a 4 year completion timeline.
- If a Developers Agreement is not signed by December 31, 2008, the city has the ability to use the state money for abatement and demolition of the 7 buildings, costing approximately \$2.5 million. The remainder of the state money would still be available for use as infrastructure improvements.

### **June 18, 2007**

- Resolution passed to enter into a Purchase Agreement, Grant Agreement, Joint Powers Agreement, Approved Leases and a Grant Termination Agreement with the State of Minnesota subject to the approval and review of Kent Mattson and Rolf Nycklemoe and further comment from the Engineering Department.
- Purchase Agreement would cover all remaining property not previously acquired
- Grant Agreement allows funds for abatement, demolition and public infrastructure
- Joint Powers Agreement allows the State of MN to continue the current hazardous materials abatement

- Lease Agreements allows for the State to continue the operation of the chemical dependency program and two adult care facilities on campus. The termination of previous grant agreements, are being replaced by the aforementioned agreements.
- Council set a deadline date of December 31, 2008 to have a Developers Agreement made. If no agreement is in place by this time, the city has the ability to use the state money for abatement and demolition of the 7 buildings, costing approximately \$2.5 million. The remainder of the state money would still be available for use as infrastructure improvements.

**July 2, 2007**

- Resolution passed to allow the Finance Director to open two new accounts for leased property expenses from the State of Minnesota.

**July 16, 2007**

- Resolution offered to approve a consulting agreement by hiring lobbyist Joel Carlson. It is the city's intent to help find options for re-development of the Regional Treatment Center campus through economic development incentives provided by the state.

**August 6, 2007**

- Heard Stanislawski update on the RTC development and the recent letter of intent by IAP (Institute Acquisition Partners)

**September 4, 2007**

- Resolution passed to continue with the consulting services of Kent Mattson, now using money from the state to pay for his legal services.

**November 5, 2007**

- A firm closing date has been set for the 36 acres of Parcel A is being purchased by the Hawthorne Development Group for \$90,000
- Parcel B will be sold to Jeff Schlossman in the near future for \$1 as the land has a current negative value.
- Both developers have indicated that these properties may be included in the Cross Cultural School concept if it comes to fruition.
- If it does not, plans are in the works to develop the land and buildings into other projects.
- The property is being sold in "as is" condition.
- Resolution passed to approve the development agreements and the purchase agreements for these parcels, subject to attorney review

# **2008**

## **February 19, 2008**

- Cross Cultural University concept project discussing business plan and performance.
- Property acquisition team still being developed.
- As of yet, there is not a formal acquisition proposal for entire campus and the next steps must be completed by the developers.
- If the university project doesn't come to fruition, parcels A and B will still be independently owned by the developers and would require the purchase and development agreements be revised.
- Next year, a replacement water line, as the City's responsibility, will be built so the reservoir can be demolished. The state has pre-paid funds to the City for this project.
- December 31<sup>st</sup>, 2008 is the drop dead date set by the Council to get this project put together if a project is not completed by year end, the City will then need to start arrangements for abatement and demolition by the set July 2009 timeframe.
- Money set aside for carrying costs will not last as long as predicted due to the elevated heating costs this cold winter.
- If a project does not develop by December 31<sup>st</sup>, 2008, a six month process for abatement, demolition, bidding and awarding contracts will begin as to make the July 1<sup>st</sup>, 2009 deadline. Meeting these deadlines is crucial to protect the city and residents to further expense.

## **March 3, 2008**

- Resolution passed to remove asbestos in the pipe insulation of the RTC tunnels

## **June 16, 2008**

- Department of Human Services has requested an amended lease and amended joint powers agreement for asbestos abatement for the RTC. The lease was to expire on June 30<sup>th</sup>, but has been renewed until December 31<sup>st</sup>, 2008 as the state finishes their project.
- State will provide temporary heating units as the incinerator has been shut down and will continue paying rent for the remainder of the renewal term, amounting to \$125,000.04.
- Resolution passed to allow joint powers lease will be extended until December 31, 2008 to allow for the completion of the asbestos abatement work.

## **July 17, 2008**

- Resolution passed to initiate P.I. 8182 for Water Main Extension at RTC Campus using water funds for interim funding

## **July 21, 2008**

- Resolution passed authorizing the advertising for bids for P.I. 8182, the RTC Water Main

### **August 4, 2008**

- Discussion of movie proposal to be filmed at RTC
- Due to concerns with putting the Campus Development Group's (CDG) proposal in jeopardy, the Council asked for input from the developers about allowing the filming on the campus

### **August 18, 2008**

- Resolution passed awarding contract for PI 8182-water main extension for the RTC campus
- Resolution offered authorizing the Mayor and City Administrator to enter into a location agreement for a film to be made at the Regional Treatment Center was defeated and the request to allow the filming of the movie on the RTC campus was denied.

### **September 2, 2008**

- Resolution passed to amend the current lease agreement to establish a formal agreement to proceed with a temporary heating proposal
- Resolution passed to initiate the project, and to obtain quotes
- Resolution passed calling for a special meeting on September 9<sup>th</sup> at 5:00 pm to award the project bids

### **September 11, 2008**

- City will act as a temporary agent to award a heating contract for them until December 31<sup>st</sup> so they can heat the portion of the RTC building still occupied by the state services. The City is to act as a pass through and they will be reimbursed by the State for all costs incurred.
- Resolution passed to award the bid subject to amending the lease agreement between the City and the State.

### **November 3, 2008**

- Closed meeting to discuss final action on land transaction and to form terms of contract. The terms of the agreement were not released until after the negotiations were completed

### **November 17, 2008**

- Resolution passed to amend the joint powers agreement with the state from December 31 until June 30, 2009 so the state can complete their abatement and demolition.
- Closed meeting to discuss the final draft of the purchase agreement for parcels A&B. Upon reconvening offered a resolution authorizing the sale of parcels A & B to the Campus Development Group.
- The purchase price is to be determined upon appraisal and would be an as is conveyance with the city delivering a quit claim deed to the purchaser at closing.

- Kent Mattson and Rolf Nycklemoe are authorized to draft a final purchase agreement for consideration and review by the Council.
- The Council also set a public hearing for December 1<sup>st</sup> at 5:30 pm in the Council Chambers where the Council may consider final adoption of the resolution.

**December 1, 2008**

- Council will be asked to approve both the purchase and development agreement for parcels A & B, subject to revisions
- Held hearing while Dan Bueide, representing the Campus Development Group (CDG), explained details of the agreement are yet to be determined. A work session with the City was proposed and agreed upon.
- When asked how the taxpayers would be protected if the deal falls apart, Mattson said upon closing that the developers are required to develop a certain amount of the property to marketable space within a prescribed time frame. If nothing develops during this time period, the grant agreement with the state would still be available for abatement and demolition.
- Appraisal of parcel A was determined to change in value from \$90,000 to \$70,000
- Parcel B still showed negative value.
- Council action delay to vote on selling Parcels A & B until December 15, 2008
- Resolution passed authorizing the sale of Parcel D of the Regional Treatment Center to the Campus Development Group, LLP, and a Minnesota Limited Liability Partnership.
- The sale shall be an "AS IS" conveyance with the city delivering a quit claim deed to purchaser at closing.
- Signatures on the Purchase Agreement shall be executed on or before December 31, 2008 with a closing to occur on or before June 30, 2009.
- Mr. Mattson and Mr. Nycklemoe are authorized to draft a final purchase agreement for consideration and review by the Council, along with setting a public hearing on the sale of Parcel D for 5:30 P.M. at Council Chambers on December 15, 2008 where the Council may consider final adoption of the resolution.

**December 15, 2008**

- Continuation of the hearing
- Resolution passed approving both the purchase and developers agreements and authorizing the Mayor and the City Administrator to sign the agreements
- Mattson explained the parcel D purchase agreement is similar to the agreement for parcels A & B and it would be in hand before December 31, 2008. They would close on the agreement no later than June 30, 2009.
- Alterations to purchase agreement includes: The purchase price is \$1 due to the negative fair market value of the property; the title corrections would be done at no cost to the city, and any title corrections to A & B would also be made to parcel D;

the Developers Agreement, due to the magnitude and uncertainty of the Campus Development Group project would be negotiated prior to the June 30, 2009 closing and not approved at this time; the city would not agree to do any work to parcel D that is not pre-funded such as abatement and demolition.

- Resolution passed accepting the purchase agreement for parcel D and authorizing the Mayor and City Administrator to sign the purchase agreement for parcel D with these noted changes
- Resolution passed approving extension of amended state lease for vacating all programs from the RTC

# **2009**

## **March 2, 2009**

- Mattson reported meeting with CDG to move project forward and develop project timeline
- Meeting with state representatives to review the grant agreement, time frame and to approve the developer's proposed utility plan.
- Consultants looking at abatement and demolition of the tunnels which would be paid from RTC grant funds.
- The CDG group reported they will be ready to acquire the property by the June 30<sup>th</sup> deadline, but want to examine a staggered transfer of ownership with the state.
- Rick Anderson cited the complexity of the project as well as the current economic state as factors they are dealing with. Their original proposal was to use 200,000 square feet for the project, but are now looking at a project with fewer square feet.
- Lease agreements are being developed with educational institutions and they are working with a consortium of 12 universities in the Hunan Providence. Rick confirmed his group anticipates June 30, 2009 as their closing date with the City.
- Resolution passed approving the RTC platting contract with Anderson Land Surveying;
- Resolution passed approving the water reservoir demolition at the RTC

## **March 16, 2009**

- Resolution passed approving the 18 month notice to vacate properties on the RTC campus

## **April 20, 2009**

- Resolution passed initiating P.I. 9690, the abatement and demolition of the incinerator building and tunnel to nurse's cottage on RTC campus.
- Resolution passed declaring certain incinerator equipment as surplus and approving sale of the equipment to the City of Perham

## **May 4, 2009**

- Rick Anderson gave an update on the CDG group's re-development of the RTC project. They are working on both the educational and real estate components.
- On the educational side, they are working on credit transfers with Chinese universities with NDSU to assure the student's credits will transfer.
- In the real estate aspect, the architectural designs almost complete and they are firming up the dorm suite construction costs.
- They are currently working on project financing and student recruitment.
- They are planning on students coming in the fall of 2010

### **May 18, 2009**

- Rick Anderson cancelled his presentation tonight as the CDG has nothing new to report since their last update.
- Resolution passed to accept a professional services proposal from Bonestroo for P. I. 9690, demolition of the incinerator building on the RTC campus

### **June 1, 2009**

- Mattson reported a grant agreement, protecting the city from exposure, the state has allocated the city funds for infrastructure improvement, demolition and abatement of the property.
- On April 20, 2009 a four year window of time opened in which the state bond funds must be spent.
- Bonestroo is updating their building demolition estimates
- Industrial Hygiene Services estimates the pre-demolition hazardous abatement at \$1.5 million
- \$250,000 of infrastructure improvements were completed last fall leaving approximately \$7 million in state funding to complete the abatement and demolition if the CDG project does not come to fruition.
- The State and City have both removed personal property from the RTC and the remaining items can either be sold to the CDG for fair market value or will be placed on July 7th public auction.
- Anticipate CDG request for extension on developer's agreement to complete due diligence
- Jeff Schlossman spoke on behalf of the CDG and noted they are working on getting the property with a good title. He said the CDG is looking at possibly "mothballing" a number of buildings for future development and they are compiling a list of buildings which could be demolished

### **June 15, 2009**

- Doug Burgum, of the CDG group explained the background of the RTC re-use project
- Their group has invested \$424,000 into the project thus far.
- It is the partner's hope they will be able to offer a graduate program for 70 students and an undergrad program for 300 people.
- The CDG is working on their financial plan, campus design, platting and zoning work, infrastructure needs and conservation efforts to make this a green campus. They are also working on securing leases, academic and management agreements, financing and appraisal work.
- Dan Bueide stated the groups top three interests are: re-using as many buildings as possible, mitigating the city's risk and resolving the remaining issues to bring certainty to the deal.
- Agreement clarifications are: Parcel A, the City is to demolish, remove and restore the tunnel from the nurse's cottage to the Parcel D boundary as well as the reservoir.

- On Parcel B, the City would demo the tunnel running from Building 5 and along the boundary of Parcel D while removing debris and restoring affected areas of Parcel B.
- This work would be compensable through State bonded funds (with clarification to come from the State for the Parcel B work).
- The CDG would then close on Parcels A & B on or before November 1, 2009 or when the demo/restoration work is done so the bonded funds from the State are still accessible.
- The CDG would have contingencies for customary title and survey due diligence and they need to sign a lease with a prospective tenant for 30,000 square feet within Parcels A or B.
- The platting and rezoning work would be initiated immediately but may not be completed until after the closing date. They will need clarification with the state if \$1 million is available for basic infrastructure improvements on Parcels A & B even if some Parcel D buildings are re-used. These adjustments to the State/City agreements and extending the current basic improvement trigger date to allow for improvements on Parcels A & B still need to be clarified.
- Parcel D, the City is asked to demolish buildings 30, 32 and 53 as well as all tunnels on this parcel with funds compensable through the State bonded funds. The platting of Parcel D could be done in conjunction with Parcels A & B.
- Bueide asked the CDG to close on or before July 1, 2010 with a possible extension to January 1, 2011 if the CDG provides the City acceptable financial assurances that costs of remaining demo/abatement will not exceed the remaining balance of bonded funds at that time (based upon the original \$7.2 million estimate). Prior to closing, the CDG may instruct the City to further demo some Parcel D buildings upon the CDG providing acceptable financial assurances that costs of the final remaining demo/abatement will not exceed the final remaining bonded funds. They will be investigating these adjustments to the State/City Agreements to ensure, subject to an overall cap of \$7.2 million in bonded funds that up to \$4 million is available for the basic infrastructure investments on Parcels A, B & D if the CDG decides buildings 23, 24, 27 and/or 28 cannot be re-used. They also need clarification on extending the current basic infrastructure investments trigger date to allow for improvements on Parcel D. Dan noted these issues need to be resolved by the June 30<sup>th</sup>, 2009 Council deadline.
- Burgum reiterated the need to mitigate risk to the City and ultimately the taxpayers of Fergus Falls. He asked for an extension of time for the CDG to continue moving ahead on the project and gave his personal assurance the CDG would provide acceptable financial assurances that any remaining abatement and demolition would not exceed the city's funds from the state.

**July 20, 2009**

- Resolution passed to make second amendment to the purchase agreement by extending the agreement until August 31, 2009

**August 17, 2009**

- Campus Development Group has asked for clarification from the state regarding: are public improvements to storm sewer, street lights and sidewalks would be eligible for grant dollar proceeds?
- Confirmation that in the event not all Kirkbride buildings can be saved, the grant agreement would permit up to \$1 million to be spent on public improvements to benefit building #31 (the nurses cottage) and the buildings on Parcel B.
- The CDG indicated they need to move on their project by January 2011 and the grant dollars are available until April 2013. If the project does not develop, the City would still have the time and dollars to take care of the abatement and demolition costs. If delays or inflation bring the cost above what is available in state grant dollars, the developers have personally committed to making up the difference to ensure the City is protected from financial loss.
- Resolution passed extending the purchase agreement until September 30, 2009

**September 8, 2009**

- Resolution passed initiating PI 8189, the demolition of a water storage tank on the RTC and to authorize the advertising of bids
- Resolution passed authorizing the advertising of bids for PI 9690, the demolition of the incinerator building and tunnel at the RTC.

**September 21, 2009**

- Resolution passed extending the purchase agreement until October 31, 2009

**October 19, 2009**

- Due to unresolved issues regarding the scope and timing of the basic infrastructure improvements separating the State, the City and the developers on the RTC grant agreement, a resolution passed extending the purchase agreement timeline until the November 16, 2009

**November 2, 2009**

- Resolution passed to award bid for PI 8189 and 9690, the water tank and incinerator building demolition at the RTC
- Due to issues still not being resolved, a resolution passed to extend the purchase agreement timeline until the December 2, 2009

**December 21, 2009**

- Mattson said there are two main issues yet to be resolved: The timeline of working towards the purchase agreements for Parcels A & B and the other is the developer's use of the grant funds to support the redevelopment of A & B.
- Through a state grant agreement, funds are available to the city to take care of abatement and demolition on Parcel D in exchange for city taking title if property is not re-developed.
- The State does not want to provide funds though for abatement and demolition on A & B, but they have been asked if they can use funds on these parcels after the work on D is complete.
- The developers would like to use \$1 million of the state grant funds for Basic Infrastructure Improvements (BII) on A & B. The BII funds must be used to support improvements made on property owned by the city such as utilities, sewer, water and public sidewalks.
- The state is reluctant to give money for A & B if D will not be saved as they would like to see the Kirkbride complex re-developed.
- There is a concern if the City spends \$1 million on BII without fully knowing how much will be needed to demolish Parcel D if it is not re-developed.
- There is currently \$7 million left for demolition which must be spent by 2013.
- City staff supports the commitment of \$1 million in grant proceeds to support development of A & B if the city has sufficient grant funds to take care of Parcel D and they support the request to demolish the tunnel on Parcel B at or before the developers acquire the title at an estimated cost of \$20,000 at the city's expense.
- Purchase agreements for Parcels A & B will be updated by January and the parcels to be closed on in March of 2010 as the developers need to commit to A & B by July of 2010.
- Resolution passed approving the demolition of the tunnel on parcel B for an estimated cost \$20,000 which the city would pay for.
- Resolution passed to amend the grant agreement to make \$1 million available for BII on Parcels A & B irrespective to whether D improvements are made.
- Resolution passed to extend the purchase agreements until January 31, 2010

# **2010**

## **February 1, 2010**

- 2007 grant agreement with the State in 2007 was for \$7.1 million to be given to the City for abatement, demolition and basic infrastructure improvements (BII) for re-development of the Regional Treatment Center.
- Need a grant amendment for the developers to acquire property and enter into the development agreements.
- In December, the Council was in a consensus the City would approve the agreement if there were enough of the grant funds intended for Parcel D left after dealing with the properties, to give \$1 million of the granted funds to re-develop Parcels A & B.
- State is willing to make money available through a contingency if Parcels A & B are developed.
- \$4 million of grant proceeds available for improvements on Parcel D which can be used for streets, water, sewer, sidewalks and lighting.
- If there is money left over, the City is protected and Parcel D is not renovated, then \$1 million would be available for BII. Since there is not a large anticipated “cushion” in the funding levels, Kent cannot recommend the City commit to \$1 million in improvements until the final costs have been determined.
- Anticipate CDG will complete purchase and development agreements for Parcels A, B and D by the end of February.
- If developers are not ready to move forward they need to offer security to the city to extend the agreement for another six months. By the end of 2010, the developers must let the City know if they plan to move forward on Parcel D.
- If the developers are not planning to move ahead on Parcel D by the end of 2010, the City's will move forward on abatement and demolition.
- If the City approves the grant agreement, we could see a signed purchase agreement for Parcels A & B by March 31<sup>st</sup>
- Resolution passed approving the first amendment to the grant agreement

## **March 1, 2010**

- During the demolition process of the incinerator building it was determined an ash and refractory abatement/removal process must occur before the final equipment removal can take place. Due to the nature of these materials and the estimated cost for their removal and disposal, a specialized contractor working under a separate contract would need to be hired. The building demolition work has been suspended for 90 days to complete this required abatement/removal process. To move forward with the abatement, the Council needs to authorize the advertisement of bids for the project. A resolution authorizing the advertisement for bids on PI 9690 – Phase II was adopted.

#### April 19, 2010

- Campus Development Group (CDG) has indicated they are still interested in re-developing Parcels A & B. They have been faced with issues on Parcel D due to financial and economic challenges as well as the turnover in administration at NDSU. There are tuition and reciprocity issues which cannot be resolved with the leadership in flux. The CDG is aware they need to inform the City by June 30<sup>th</sup> of their intentions to move forward on Parcel D.
- The City can grant them a six month extension to December 31, 2010 if they provide financial security to make the city whole. If the developers do not commit to the re-development of Parcel D by December 31, 2010, the city will start their contingency plan of abatement and demolition to the property as the state's grant funds need to be expended by 2014 or they will be forfeited. It is anticipated the CDG will soon close on A & B.

#### May 3, 2010

- Resolution passed to sign amended lease agreement with state for chemical dependency services at the RTC.

#### May 17, 2010

- Resolution passed approving the amendment of the agreements of the RTC

#### June 7, 2010

- Approved preliminary plat as recommended by the Planning Commission. The proposed platting of the 113.8 acres would reduce the legal description considerably, but would leave the configuration of the original campus land and roads intact. Easement changes would be expected in the final plat and the university developers have been notified.

#### June 21, 2010

- Resolution passed approving final plat for Kirkbride Addition
- Original schedule called for an anticipated closing date of June 30<sup>th</sup> for the property, however there has been no word from the developers regarding their plans. The agreement stated if the developers are not ready to close by June 30<sup>th</sup> they could ask the city for an extension until December 30<sup>th</sup> provide they cover the cities costs over these six months. If no information comes forward, we will need to discuss our Plan B which is demolition.
- Connelly said he is hearing concerns from residents about extending the deadline to December and how the City will be able to quickly move ahead to protect the interests of the taxpayers.
- Agreement with the State says the funds must be expended by April of 2013 or be returned.
- Demolition would need to be initiated in February of 2011 to meet this deadline

**July 6, 2010**

- Campus Development Group (CDG) is still committed to purchasing and developing Parcels A and Parcel B. Their plans for a cross cultural school on Parcel D (Kirkbride Building) have been met with numerous challenges and they would instead like to focus on the re-development of Parcels A & B.
- The developers have requested \$1 million from the funds secured from the state for basic infrastructure improvements for A & B.
- Council hoped the CDG plans would include re-development of Parcel D, but they could be offered another opportunity to develop this area for another project. It was suggested the next step would be to have the City plan and design abatement and demolition on campus to keep us in the timeframe to be able to use the state funding.
- Dan Edwards gave an update on water reservoir and incinerator projects. He noted with a building like this there are bound to be unknown factors which could involve more intensive clean-up which could increase the cost.
- It was suggested the City begin plans and cost estimates for abatement and demolition to ensure we meet the timeframe to expend and qualify for state reimbursement by April of 2013. Dan estimated we would need to begin the abatement and demo process by February 2011 to meet this deadline.
- Resolution passed to hire Bonestroo under a Professional Services Agreement and initiate this project as PI 9692, the abatement and demolition of miscellaneous buildings and structures on the former Regional Treatment Center campus.
- Jim Fish clarified the Council has been dealing with this issue for almost ten years and that they are not rushing into demolition, but merely are starting the process now in the event this is the route we need to take to protect the taxpayers.

**July 19, 2010**

- Open forum request to reconsider demolition

**August 2, 2010**

- Received confirmation Parcel D is off of the table for CDG, but they will continue to pursue re-development of Parcels A & B.
- The revised purchase agreements for these parcels should be received this week although a new appraisal will be likely.
- They do not have another plan for Parcel D and understand the Council may need to go through the abatement and demolition process on this parcel. Kent, Mark Sievert, Dan Edwards and Gordon Hydukovich have begun planning how the City would start the process of abatement and demolition for Parcel D. Dan will obtain updated cost estimates for the demo work in a manner with the least impact on the state grant dollars
- The City is a long way from knocking down buildings but we need to start this process now to not risk losing the state grant funds for this parcel which must be expended by April of 2013 to receive state reimbursement. If the City misses this deadline, it puts the taxpayers at risk for paying for the project.

- Mattson said we could look at proposals from other developers but it would need to have a project ready to go to meet our timeframe. Different development proposals have been examined since 2004 for the RTC property and the CDG proposal was the most viable option out there.
- Open forum request to save the Kirkbride

#### **August 16, 2010**

- Community requests to save the Kirkbride buildings

#### **September 20, 2010**

- Mark Sievert said this city was presented a proposal for Parcel D redevelopment from Jeff Schlossman. TENICA and Associates has drafted a consulting agreement for the City of Fergus Falls to provide their services to enhance and further the objectives of establishing an Upper Midwest Disabled Veteran's Family reintegration and Therapeutic Care Command.
- The agreement calls for \$20,000 in compensation to work on a strategy and prioritization development of this plan. Schlossman and the CDG group is willing to pay \$10,000 and the City was to pay \$10,000 out of the state funds given for the facility re-use. A resolution was adopted for city to pay \$10,000 towards consulting agreement.
- Synstelien expressed his concerns with the multiple extensions we have been requested from the CDG for Parcels A & B and asked if we should be moving into new agreements without approval of the other agreements.
- Gordon Hydukovich has been following up on potential leads from developers in response to a mailing he distributed as well.

#### **October 18, 2010**

- Resolution passed to initiate Public Improvement 7170, infrastructure replacement on the former RTC campus. Once initiated, staff can begin the selection process of phased construction to replace the water main, sanitary sewer, storm sewer on the RTC if there is state grant monies available.

#### **November 1, 2010**

- Mayor Leland proposed the development of a task force to support and assist the City in bringing forward the Veteran's Family Reintegration and Therapeutic Care Command project. Resolution passed to appoint the members named.
- Meeting was closed to discuss offer on a purchase agreement for the sale of real estate (Parcels A & B of the RTC) which is owned by the City.
- Meeting reconvened and resolution passed authorizing the City to enter into an amended purchase agreement with terms consistent to the 2007/2008 agreement.

- The closing date must be on or before December 15, 2010 and closing is contingent upon the development agreement being acceptable to the City with reasonable requirements for the development of parcels A & B.
- The closing must also be on terms required by state bonded regulations and local ordinance.

### **December 6, 2010**

- In November the Council set December 15<sup>th</sup> as the deadline for the Campus Development Group (CDG) to produce documents for the Council to consider for closing on these parcels.
- Developers have not been in contact with city for closing. There are still questions about the amount of square footage to be used in the Developer's Agreement.
- Both the Purchase Agreement and the Development Agreement need yet to be finalized by the developers.
- The developers are questioning the large increase in the most recent appraisal.
- The Purchase Agreement states the developers must pay fair market value for the property
- The developers are awaiting the state's final approval for the amended Grant Agreement.
- Sievert said the developers have been pressed to close but they have indicated with these considerations, they will not be able to close on December 15<sup>th</sup>.
- The City Attorney acknowledged the Council has been patient, but they are at a point where decisions need to be made and he will relay that message to the developers.
- The state needs to review and approve amended Grant Agreement. They also need to approve the Purchase Agreements and Development Agreements as to form.
- Synstelien said he is at a point where he feels we need to fish or cut bait with the current developers. Jensen agreed and feels we need to hold strong on our deadline with this developer. Connelly said the Council in good faith, set the December 15<sup>th</sup> deadline date six weeks ago so we did not have to rush through the agreement at the end of the year. Fish felt we need to quit extending the deadline dates and wrap up the project with these developers. Stumbo agreed saying the Council has bent over backwards with the developers trying to give them time to put together a project, and they continue to not present any of the documents we have repeatedly asked them to provide. Synstelien asked about the updated demolition numbers as our back-up plan and noted we need to flesh out any additional potential projects for this property soon before we turn the conversation over to demolition.
- TENICA is preparing a report to present to the Council at a work session on January 10<sup>th</sup>. At this meeting the Council will need to determine if there is a viable project to pursue.
- The TENICA proposal is for re-use of Parcel D, but the Council agreed to exploring a project that could use Parcels A, B and D. If the CDG group cannot provide a finalized Purchase Agreement for A & B, the Council is open to putting all three parcels back on the market.

- Cichosz felt we need to put our best foot forward so our residents do not end up paying for the RTC property
- Resolution passed indicating the intent of the City Council to have a Purchase Agreement and Development Agreement to examine from the developers by the 20<sup>th</sup> of December.

**December 20, 2010**

- The Council has requested the CDG provide signed Purchase and Development Agreements for their approval at tonight's meeting which they have not yet provided.
- The Purchase Agreement has been amended 14 times and one of the remaining open issues is the purchase price.
- It was proposed the amended Purchase Agreement amendment be closed by Jan 31, 2011. The City would like the conditions of the Purchase Agreement to revert back to the 2008 when the property would be sold in as is condition.
- Development Agreement open points are the amount of square footage to be developed.
- The Council went into a closed session and reconvened where it was reported the Council would allow negotiations to continue between the City and the CDG.
- At the January 3, 2011 meeting the developers must provide the forms acceptable to the city and that they would be ready to be signed. If they do not meet these irrevocable conditions, the Council would open up the opportunity to re-develop parcels A & B to other developers.
- Motion passed to direct the attorneys to work together on the agreements on behalf of the City and the CDG.
- City noted they have received a letter of intent regarding the re-development of the RTC by another interested party.

# **2011**

## **January 3, 2011**

- Council went into a closed meeting, reconvened and passed a resolution authorizing the signing an amended and restated Purchase Agreement
- Resolution passed adopting the revisions to the Development Agreement at closing
- Resolution passed authorizing the signing of the first amendment to the 2007 Grant Agreement
- Resolution passed authorizing an extension to March 28, 2011
- TENICA project will be presented at work session on January 10<sup>th</sup>.

## **February 22, 2011**

- Closed Council meeting to discuss closing issues on parcels A & B with the Campus Development Group (CDG)

## **March 7, 2011**

- Resolution passed declaring parcels A & B as surplus property not needed to carry out any governmental program for which the property was acquired.

## **March 21, 2011**

- Held work session and asked for three action items:
- Request an extension of the state grant (now set for 04-20-13) until December 31, 2013 to allow another construction season to pass before completing work on the RTC
- Gather the small working group of the physical and mental health professionals to further examine the concept of a Mental Health Center of Excellence
- Authorize staff to plan for phased demolition in the redevelopment process
- Resolution passed authorizing this three step plan
- Resolution passed authorizing the advertisement on bids for Phase II of the incinerator project

## **April 4, 2011**

- Recapped the activities of the March 21<sup>st</sup> meeting and commented upon action taken since
- Mayor Leland opened the floor to opinions regarding the Regional Treatment Center

## **April 18, 2011**

- A compilation of the RTC history with the City Council has been developed. The information will be on the website for public viewing.
- Finance Director Bill Sonmor addressed costs incurred by the City since taking ownership of the RTC. The State gave the City \$1 million in 2007 for holding costs. Since 2007 a total of \$67,430 has been spent on wages and benefits; \$5,965.63 in supplies; \$147,765.99 in professional services; \$2,278.18 in insurance costs; \$21,977.48

in utilities; \$14,169.21 in other costs; \$118,789.78 in capital project transfers for a total of \$378,377.21. He noted the higher expenses in 2009 associated with the RTC auction and the costs of mowing and maintaining the grounds. These funds are restricted for RTC use and the cash balance to date is \$979,168.68. The fund has earned \$250,000 in interest which has been used for many of these expenses. Staff anticipates Kent Mattson's legal fees and the costs for the engineering and appraisal associated with the RFP process to be billed in 2011.

- Sievert reported a potential redeveloper of the RTC from Global Athlete Village (GAV) met with City leaders and discussed the possible redevelopment of the RTC. If the GAV determines they have an interest in developing their project at the RTC, they will do their due diligence in anticipation of responding to our forthcoming RFP.

## **May 2, 2011**

- Resolution authorized the Mayor and City Administrator to enter into an agreement for an Engineering Services Contract with Interstate Engineering for municipal utility improvement project on the former RTC campus (PI 7170).
- Reviewed series of maps identifying the overall RTC campus; previously demolished properties; sold properties; proposed Phase I demolition on the RTC campus; proposed RFP's for redevelopment; and possible temporary staging areas.
- Recapped the meeting with the appraiser and representatives from the city and Bonestroo to review the plans for phased demolition or re-development which centered on designing the redevelopment/phased demolition process to be cost effective and making a concept more management for possible developers.
- In an effort to reduce the unknowns which could dissuade potential developers, they recommend abatement and demolish all but the Kirkbride tower and connecting buildings leaving only the horseshoe structure. The buildings slated for demolition are not conducive to reuse and they recommended spending grant dollars to remove these buildings to reduce the square footage and to reduce the unknowns. They believe downsizing the amount of the structure will help improve the chances for re-development and the ability to use some of the state's grant funds for infrastructure improvements would be enticing for potential developers.
- Between now and August 1<sup>st</sup> city staff work on the particulars of the RFP including the scope, nature of the projects and details. In conjunction Bonestroo would continue to work on the design and cost estimates for Phases I and II in case no one wants the whole structure. They advise keeping the tower and buildings to immediately to the left and right of the tower for historic preservation.
- Sievert remarked this work would be done parallel to the RFP process and he recommended the Council hold a work session to talk about the goals and priorities to be considered in these proposal requests. He also suggested an RFP evaluation committee be selected to review the proposals that may come in. In addition, groups interested in the outcome of the RTC would be asked for their input on what they would like to see from the building.

- Phase II of the project would be dictated by the developer selected with the RFP process and it is the goal of city staff to circulate the RFP's by August 1<sup>st</sup>.
- Mattson reported the state is agreeable to the extension until December 31, 2013
- Mattson also commented on the proposed mental health care center. He said there is an opportunity to pursue this project, but the local mental health professionals who are willing to be involved need more time to consider how projects like this could coincide with other regional projects being considered.
- The Council will hold a work session on Monday May 23<sup>rd</sup> at 4:30 pm in the Otter Tail Power community rooms.

### **May 2, 2011**

- Reviewed the plans for the phased and select demolition process and showed maps of the overall campus; demolished properties; sold properties; the proposed phase I demo plan; the proposed areas to be included in the RFP for redevelopment and the temporary staging structures.
- Reviewed the zoning for the RTC land and recommended the majority be zoned B-3 to provide the greatest amount of flexibility. Small manufacturing, offices, labs, and housing would be acceptable re-use options.
- Outlined the impact demolition could have on the building's national registration designation. It is possible demolition could jeopardize the property's listing on the National Register and could affect opportunities to apply for federal or state rehabilitation credits or for Minnesota Historical Society grants.
- EIC Director Harold Stanislawski and his Board President Jeff Ackerson shared a power point presentation that proposed a clean tech park be developed which would preserve as many of the campus buildings as possible.
- Paul Renner of Lake Country Developers said he is interested in the six homes on the SE side of the campus. He would like to remove these homes and create multi-housing opportunities and asked the Council if they would entertain offers on this portion of the land.
- Council consensus they should provide an opportunity for proposals to be reviewed, but they would not develop a project. The RFP will provide a framework for their goals and an evaluation team would be created to review the proposals. If a project looks viable and meets the city's needs, it would be brought to the Council for their consideration.
- Discussion ensued regarding proposals that would be eligible for tax incentives.
- Council consensus to hold off on demolition until the RFP's are in
- Preference will be given to RFP's that have projects which create jobs and business development.

## **June 6, 2011**

- Components of the Request for Proposals (RFP) for the Regional Treatment Center were reviewed. RFP's be distributed beginning August 1, 2011 at which time formal publicity and marketing efforts to solicit interested developers would start.
- Pre-proposal conferences and site visits are planned for August 22, September 19 and October 24.
- Potential developers will be asked to submit a redevelopment proposal on or before November 1, 2011. The letter of intent must include a statement noting their intention to submit a proposal, detailed information about the developer and team members, a contact person with full contact information, a preliminary indication of which parcels of the Kirkbride tract they anticipate to include in their proposal, a statement of qualifications for the developer and team members along with a description of their project expertise and two letters of reference.
- The city will form an evaluation team to review RFP's. The Council will be anticipated to make a final selection around April 1, 2012.
- Mattson suggested the Council consider finding a company with expertise in marketing challenging properties to help market the RFP process through traditional means and social media.
- If no project is uncovered by April 1, 2012 there would still be enough time to complete the abatement and demolition work on the campus by the state deadline of December 31, 2013.
- Reviewed the proposed introduction and goals for the RFP's.
- Goals for the re-use of the campus include the solicitation of private party proposals for the redevelopment of all or a portion of the Kirkbride Addition through the renovation of existing facilities, new construction or a combination.
- It is the City's intention to source, evaluate and select a private, qualified and highly motivated developer(s) with extensive project experience to develop, design, finance and construct redevelopment projects for the Kirkbride Addition to sustain and promote economic development and growth.
- Developers are invited to provide opportunities to maintain the historic significance of the Kirkbride Complex, although maintaining or re-using existing buildings are not requirement for re-development.

## **June 20, 2011**

- Information presented to the Council on June 6<sup>th</sup> regarding the Request for Proposals was reviewed.
- A resolution approving the goals for re-use of the Regional Treatment Center campus Requests for Proposals was adopted.
- The EIC submitted a memo urging the Council to oppose possible green field residential housing proposals from the RFP process. Their memo also opposed giving the 15 year tax exemption to any housing proposals and opposed mixed use development that is green field in nature.

- A resolution approving a revised timeline for the RFP process as listed below was adopted.

	<u>Original Dates</u>	<u>Revised Dates</u>
RFP Distribution Dates 18, 2011	August 1-November 1, 2011	August 1-November
Letter of Intent 2011	On or by November 1, 2011	on or by November 18,
Changes to RFP's 2011	on or by November 1, 2011	on or by November 18,
Questions 2011	On or by November 1, 2011	on or by November 18,
Deadline for Proposals	On or by February 1, 2012	on or by February 1, 2012
Evaluation Team Review	February 6-17, 2012	February 6-17, 2012
Interviews 2012	February 20-March 14, 2012	February 20-March 14,
Eval Team Recommendation	Week of March 19, 2012	Week of March 19, 2012
Final Selection	Week of April 1, 2012	Week of April 1, 2012

- A resolution was adopted authorizing the Mayor and City Administrator to enter into a contract for services not to exceed \$30,000 for both the data repository and marketing services.
- A resolution was adopted to approve a Second Amendment to the Grant Agreement in order to: 1) Extend the final date by which the full amount of the Grant has to be disbursed to December 31, 2013, or such later date to which the City and the State may agree in writing; and 2) Extend the final date by which development and/or property transfer arrangements(s) with a developer(s) and all necessary documents to affect a transfer of the Real Property and/or the Facility from the City to a developer(s) are in place to May 15, 2012.

### **July 5, 2011**

- Approved the submission of a \$7,000 Legacy Grant to the Minnesota Historical Society to provide marketing funds for the promotion of the RTC RFP.
- After a closed meeting to discuss a property purchase agreement, the City Attorney explained the Council has received a purchase offer for the SE corner of Parcel D on the RTC campus for residential housing. The Council is in consensus that staff should look into the purchase offer, order an appraisal and conduct their due diligence on the cost of removing the utilities in this location.

### July 18, 2011

- Approved a resolution for Amendment No. 1 to the Interstate Engineering contract for PI 7170, RTC infrastructure improvements
- Approved the plans and specs and authorized the advertising of bids for PI 7170, RTC infrastructure improvements

### August 15, 2011

- Awarded the contract for stage 1 of the RTC infrastructure improvements to Park Construction Company of Hampton, MN in the amount of \$520,361.64
- Salesamp has been hired to promote and develop the internet site for the RTC Request for Proposals. The landing site page is [www.fergusfallsrtc.com](http://www.fergusfallsrtc.com) and RFP's are due by November 18<sup>th</sup>.

### September 19, 2011

- Paul Renner presented his proposal to purchase the 2.9 acres and six homes on the corner of Union and Park Street for \$1.00. After a closed meeting, the Council denied Renner's proposal due to the stipulation with their agreement with the state to sell the property for the fair market value (appraised at \$50,000)

### October 3, 2011

- Four entities have contacted the city expressing their interest in acquiring the 2.9 acre parcel on the RTC property where there are currently six houses.
- A resolution authorizing the Requests for Proposals process for the SE corner parcel of the Regional Treatment Center campus with the six houses was approved.

### October 17, 2011

- An RFP process including a timeline was proposed for Parcel D-4, the SE corner of the RTC property with the six houses. Marketing efforts will begin on October 18 and proposals are done on December 5<sup>th</sup>.
- In the RFP the goals for the re-use of the property will be stated. They are looking for a private, qualified and highly motivated developer (s) with extensive project experience to immediately develop, design, finance and construct redevelopment projects for the property. The possible tax exemptions would be granted at the discretion of the city.
- Proposals would require the same financial requirements as Parcel D. Bank pre-approval or a personal financial statement would need to be provided along with \$5,000 earnest money (10% of the fair market value). A resolution was approving the

RFP document and timeline with the proposed amendments as well as the publicizing of the RFP process was approved.

### **November 7, 2011**

- Eric Dunn approached the Council about the possibility of shooting a feature length film in the Kirkbride building. He is working on raising funds to shoot the film here.
- A work session was scheduled for December 7<sup>th</sup> to review the RFP's on Parcel D-4.

### **November 21, 2011**

- The deadline to receive letters of intent for the main Kirkbride complex was November 18<sup>th</sup>. At this time six letters have been submitted. The entire RFP is due December 2<sup>nd</sup>. Letters have been received from:

#### **Phoenix Tree Company of Phoenicia, NY**

David Newman is a developer for a green building and sustainable development consulting company

#### **Gump & Brady of Edina, MN**

Tom Gump is a licensed attorney, real estate broker and holds security licenses. Mike Brady is the owner of several development companies in MN that have developed reuse of historical properties

#### **Global Athlete Village of Bloomington, MN**

Stephanie Smith is involved with a non-profit youth health and wellness organization

#### **Old Towne Capital Management LLC of Fergus Falls**

Craig Gantner has experience with developer acquisition, citing, repowering, construction and financing of major energy projects

#### **Blue Limit LLC of Minneapolis**

Grant Carlson is with a real estate brokerage and development company seeking to assemble a qualified team to submit a specific redevelopment proposal

#### **Geitso Export Management of Minneapolis**

Atul Wahi is the CEO of Wise Soft, an IT company and he is working in partnership with Goldmark-Schlossman and others on plans to develop the "Global XChange Village" which would house WiseSoft and GEITSO, as well as other tenants and develop a mixed use complex.

## **December 5, 2011**

- The D-4 parcel proposals were due on December 2<sup>nd</sup> and have been provided to the Council.
- Letters have been sent to those submitting a Letter of Intent on Parcel D acknowledging the receipt of their proposal. Not all of the Letters of Intent complied with the technical requirements of the RFP document, but a decision was made to accept all letters submitted on the basis they are serving as a notice of interest only. Strict compliance with the balance of the RFP process will be expected. Developers who submit proposals that are not in compliance with the requirements of the document will not be considered.
- The Council was invited to submit names of candidates to serve as the evaluation team for Parcel D proposals.

## **December 19, 2011**

- An attempt has been made to contact each of the potential Parcel D the developers to see if they would object to Parcel D-4 being developed by another entity. No one has responded at this time. One final letter in this regard will be sent to them asking for feedback by the end of business on December 30, 2011. If there is no input, we would then assume there are no objections.
- A work session to listen to the proposals was tentatively scheduled for January 9<sup>th</sup> at 4:30 pm.
- Mark Sievert, Kent Mattson and Gordon Hydukovich will do the initial review of any RFP's received on Parcel D. They will then bring in additional resources if necessary to review the technical aspects of the proposals such as developer experience and financial wherewithal. After this initial review, a number of additional entities would also be given the information and would be asked for their feedback and comments to be presented to the Council in written form. The Council would review these comments, assess the proposals and conduct interviews with these possible developers.

# **2012**

## **January 3, 2012**

- The Council confirmed they will act as the RTC evaluation team.
- Kent Mattson has contacted each person who submitted a Letter of Intent on Parcel D to determine if their plans included using the D-4 parcel as a part of their re-development project. Three prospective developers asked D-4 not be developed independently.
- A motion passed to table the possible separate re-development of Parcel D-4 until a decision is made on the status of the larger Parcel D project. The two D-4 proposals still hold a place in the process and they would not have to re-submit another proposal in the event this parcel is not needed in a larger project

## **February 6, 2012**

- Mark Sievert reported one re-development proposal was received last week. Staff is performing due diligence on the financial capacity of the developer, while the City Attorney determines what information is confidential and cannot be released.

## **February 21, 2012**

- The Council went into a closed meeting to consider an offer for the purchase or sale of the RTC campus and to review the non-public confidential data provided by the prospective purchaser of the RTC.
- It was noted the Global XChange Village RFP submitted by Atul Wahi was not complete and did not meet the RFP requirements. Since this was the only proposal they received, they are willing to give Wahi an opportunity to provide more information to the Council. The Council would like Wahi to provide a \$5 million cash deposit to protect the city against the erosion of state grant funds. This funding would demonstrate Wahi has the financial wherewithal to make this project work and it would protect the taxpayers. A plan of financing for equity and a plan for a loan would also need to be provided as would a commitment letter from a bank and an equity group. This information would need to be received by the end of March or sooner.
- Atul Wahi asked to have the title of the property transferred to him so he could be eligible for historic credits. Wahi said providing \$5 million to the city would be contingent upon him receiving the historic tax credits and it would likely take 5-6 months after his being awarded the title to get this funding from investors. Kent Mattson said the state grant funds cannot be expended if the property is transferred to a private group and he expressed concerns with transferring the title and losing the state funding. The \$5 million escrow funding requested of GEITSO is to protect the

taxpayers of Fergus Falls. The Council is requiring Wahi to provide the \$5 million, plan of financing for equity and a plan for a loan to be provided along with a bank commitment letter by the end of March.

### **March 5, 2012**

- A resolution approving funds to be used for basic infrastructure improvements for PI 8182, the water main extension at the RTC was adopted.
- A resolution approving funds to be used for basic infrastructure improvements for PI 7170, sanitary sewer and water lines at the RTC was adopted.

### **March 19, 2012**

- A proposal submitted by Atul Wahi lacked the financial information as requested by the RFP. The Council will require him to give a \$5 million deposit (or the proof of the financial ability to provide for said deposit prior to entering into a purchase agreement), together with financial and equity statements to prove he has the financial capacity to develop this project by the end of March. If this information is not provided by this date, Wahi was told the Council would reject the proposal.

### **April 2, 2012**

- Atul Wahi had been granted an extension until March 31<sup>st</sup> (the original due date was November 18) to provide a \$5 million deposit, or the proof of the financial ability to provide for said deposit prior to entering into a purchase agreement. This information still has not been received.
- The Council rejected Wahi's proposal by a resolution as submitted as it lacks sufficient information to show the financial capacity/experience of the developer.
- The Council decided to move forward with selective preservation, abatement and demolition on portions of the RTC.

### **April 16, 2012**

- At a work session, the City Engineer and consultant reviewed a plan for demolition and selective preservation of the RTC buildings according to the terms of the state grant and impending timeline.
- Much of the building structure has started deteriorating due to the freeze and thaw cycles and trapped moisture. Fixing these issues would be very costly and would entail renovating the building including all wiring and structural deficiencies being brought up to date.
- The center tower building (approximately 150,000 square feet) would be preserved. The cost to demolish the remainder of the building would be \$3,950,000 plus an additional \$900,000 for abatement. If the Council were to proceed with this plan, they

would need to approve a notice to proceed by mid-May. The project would be closed out by October of 2013 and reimbursement sent to the state by the end of December.

- This timeline would work if state officials would be agreeable to extending the state grant from April of 2013 to December of 2013.
- Using the state grant funds for abatement and demolition would protect the taxpayers of the city from this financial burden. These funds were given to the city to take care of the structure in 2007 in the event a qualified developer was not found.
- Staff was directed to schedule another work schedule so the Council can review the possibility of preserving the other two towers, refining the plans and ensuring a possible extension with state officials.
- The Friends of the Kirkbride were encouraged to take on private fundraising efforts to support another direct marketing campaign as they suggested within the prescribed timeframe.

### **May 7, 2012**

- Kent Mattson reported on the status of the CDG redevelopment on Parcels A & B. Jeff Schlossman has contracted historic renovations consultants and is looking at redeveloping Parcel A into multi-family housing and they have received interest from potential office users of Parcel B.
- The Development Agreement the CDG entered into on March 28, 2011 requires them to commence work on renovating the existing structures on Parcels A & B within 12 months and complete renovation work within 24 months (March 28, 2013) for a cumulative 10,000 square feet. At this time, no building permit has been obtained and no project is yet underway.
- Mattson spoke about the analysis of the State Historical Preservation Office (SPHO) position on the grant agreement between the city and state. A pot of funding was given to numerous communities to close down their state hospital buildings and Fergus Falls is the only community left to expend their funding, although some basic infrastructure projects have been completed. The city has been relying on the grant funds to use as a safety net while they have searched for a reuse over the past five years. The other communities sharing these funds used them for abatement and demolition purposes. SHPO officials want assurances the statutorily required consultation and processes for dealing with historic properties were followed, confirming the Environmental Assessment Worksheet (EAW) requirements will be followed and ensuring adequate time exists for the exchange of information to occur.
- Mattson believes we are in compliance with the terms of the grant agreement and he will continue to work with the Department of Administration and SHPO on this issue. He noted the importance of keeping the message from the city consistent and said recent calls to the departments from those other than himself and Mark Sievert, (the only ones authorized to make requests for the city) have been counterproductive to our relationship with the state officials.

- Mattson has been negotiating with the Department of Administration on amendments to the Grant Agreement so the City is protected while campus reuse and redevelopment solutions are sought. He advised the Council authorize the Mayor and City Administrator to sign a second amendment to the Grant Agreement to address these three issues:
  - a) Extend the deadline for expenditures and reimbursement of grant funds to December 31, 2014. There is a verbal commitment from the Department of Administration agreeing to this amendment, but the state will go no further than this deadline. Any additional time would need to be sought legislatively.
  - b) The Council is seeking the parallel path of selective preservation/demolition. We are seeking authorization to use any excess grant funds after abatement and demolition to stabilize or renovate the remaining historic buildings kept on the campus. This was not expressly authorized in the current agreement, but has recently been agreed upon.
- Confirmation that it is not permissible for grant funds to be used for abatement and demolition of any portions of the RTC campus which revert or are forfeited to the city. If the property goes to a private party, the property must be appraised and sold at fair market value with the proceeds being returned to the state. A motion and second were made authorizing the City Administrator and Mayor to sign a second amendment to the grant agreement.
- Mattson reminded the Council we have been working on redevelopment proposals for this property for years. Fleshing out the Chinese School concept with the CDG took years before it was concluded the project was not viable. The Council is moving towards a defined plan for the RTC campus and he expressed his concern with the challenges to the grant funding that SHPO is placing before the Council in the 11<sup>th</sup> hour. It has not been a secret that selective preservation/demolition is the route the Council needs to pursue if a redevelopment project is not possible. The only proposal that came before the Council since taking on the property in 2007 was the Atul Wahi project which did not meet the Council directed criteria.
- There are two issues: Confirming we have received an extension until Dec 31, 2014 and authorizing staff to proceed with plans and specifications for selective preservation/demolition. (Preservation of only the main center tower). A resolution authorizing staff to prepare plans and specs for demolition was adopted.
- Starting this process would get the ball rolling on selective preservation/demolition, although the process could pause or stop if a potential developer with the financial capacity comes forward. All of the buildings except the main center tower would be included in the demolition process. If the state grants us an extension until the end of December of 2014 contractors could have more time to do the abatement and demolition work.
- The city has already spent almost \$900,000 on design work, abatement and demolition projects which is reimbursable by the state. Mattson was asked if those creating challenges to state agencies are putting our bond dollars in jeopardy. He said the lack of consistent messages from the city is concerning and he reiterated he and Mark

Sievert are the only two people authorized by the Council to make decisions on behalf of the city.

- Council Members spoke about their conversations with city taxpayers opposed to being financially responsible for the RTC if the grant dollars are taken away. They stated demolition is not the Council's goal, but it may be the course of action the Council needs to take in the absence of a viable developer.
- The demolition estimates do not include any additional structures to be saved as these additional buildings would require stabilization of each building as well as heating, mechanical and electrical systems. There are not enough funds available to preserve more than just the center tower building.
- The Mayor read a letter from the Heritage Preservation Commission recognizing their recommendations on the Regional Treatment Center. He also acknowledged the receipt of the on-line petition.
- Approximately 25 people shared their personal thoughts on the future of the RTC
- It is anticipated the amended grant agreement would be completed prior to the next Council meeting. It will likely address the grant deadline, the provisions of the grant dollars and the funds that would or would not be eligible for forfeited property.
- A resolution authorizing staff to prepare plans and specs for demolition per staff's recommendation from the prior Council meeting was adopted.
- Thacker commented on the letter written by the Heritage Preservation Commission (HPC) and felt they should be charged with implementing their idea to embark another "vigorous marketing strategy using funds already dedicated to the project, to hire a highly respected professional marketing/consulting firm to recruit investors and reuse plans and to form a task force to contact and review the qualifications of marketing firms." A motion recommending the HPC proceed in this manner was carried.
- Mark Sievert was asked to comment on the previous RFP process which had been criticized as not reaching enough potential developers. He said Salesamp, a firm experienced in nationwide real estate marketing was hired. They sent out over 600,000 emails to potential developers and used a wide range of social media tactics that made 10.6 million impressions across the country. These efforts cost \$30,000 and yielded seven letters of intent with Atul Wahi submitting the only proposal. Mattson confirmed state grant funds could be used for marketing efforts and there is approximately \$880,000 left in these funds. R Synstelien said he would not approve the expenditure of funds until a firm plan is ready to be presented to the Council.
- Connelly volunteered to be the Council liaison to this task force. The HPC was asked to come up with names of people to be involved in this task force and was reminded there is a specific timeframe they need to adhere to since this path is running parallel to the selective preservation/demolition process. They should provide a clear directive with the goals and process they plan to follow so this information can be shared with the state.

## May 21, 2012

- Mark Sievert reviewed the process for choosing a developer on the D-4 parcel on the Regional Treatment Center campus. This RFP process began last fall but was tabled due to the RFP process for the larger campus project.
- On May 7<sup>th</sup> the two developers- The Business Network of Fergus Falls and the team of Cory Budke and Marc Sikkink reviewed their development concepts with the Council. A motion and second were offered recommending staff move forward to draft a purchase agreement, development agreement and restrictive covenants for the City to sell Parcel D-4 to The Business Network of FF and the motion failed 3-4 (voting for: Connelly, R Synstelien, S Synstelien; voting against: Shelstad, Rachels, Fish and Thacker. Cichosz abstained).
- A motion and second were made recommending staff move forward to draft a purchase agreement, development agreement and restrictive covenants for the City to sell Parcel D-4 to the Cory Budke and Marc Sikkink and the motion passed unanimously with the exemption of Cichosz who abstained.
- Kent Mattson said the State is agreeable to extend the deadline until December 31, 2014, but negotiations are on-going for language clarifying if the bond funds can be used for renovation or stabilization of any remaining portions of the complex.
- A resolution was adopted recommending the following people serve on the State Hospital Marketing Task Force: Walt Dunlap, Rob Rogholt, Jay Neumann, Jan Stenger, Jan Nelson, Mark Sundberg, Chris Schuelke, Lance Albers, Tim Hunt, Steve Rufer, Laurie Mullen, Anthony Hicks, Tim Litt, Steve Guttormson, Jake Krohn, Michelle Anderson and Wayne Hurley. Pat Connelly would serve as the Council liaison. The Task Force said it is their goal to identify a marketing consultant with a specialized skill set for marketing historic properties and to proceed with a Request for Ideas.

## June 4, 2012

- Tim Litt presented a document the HPC RTC Task Force has designed to help re-develop the Regional Treatment Center. He pointed out eight marketing firms/developers the document will be sent to later this week. These companies were identified by the group for their background in the reuse of historical buildings. As the Council just received the document at the beginning of the meeting, they were not prepared to comment.
- Anthony Hicks said the task force would like to see a For Sale sign placed in front of the facility so the community is aware the building is for sale. They have obtained a quote this would be approximately \$1,000 to purchase and install. On June 18<sup>th</sup> the task force hopes to update the Council on their progress and they did not anticipate needing to pay marketing firms to make a visit to Fergus Falls. It is their intention by

July 2<sup>nd</sup> for the Council to be in a position to make a recommendation as to what group is adequately suited to market the RTC. Hicks said after the marketing firm is hired, then timelines would be reviewed and the legislative efforts for an extension on the agreement would begin.

- It was suggested city staff work closely with the task force in these efforts and that the Council is kept apprised of the progress. A resolution was adopted authorizing staff to work with the HPC RTC Task Force in the purchase of a “for sale” sign, with costs not to exceed \$1,000.
- Kent Mattson presented a proposed second amendment to the grant agreement. The state was agreeable to extending the timeline until December 31, 2014 for all funds to be expended and the reimbursement request to be submitted. The amendment contains a provision authorizing the city to use a portion of the grant funds to abate hazardous materials, demolish all or part of the facility and to make repairs or replacements to stabilize the building envelope or structural elements that will be retained.
- The funds are not available for a developer to make improvements to the property as the bonds were issued for public purpose. If the property is sold, the grant terminates and abatement and demolition cannot be completed for a developer.
- In the event all or part of the funds available in the grant are not needed for abatement or demolition, the Council can by resolution approve up to \$4 million to be available for basic infrastructure improvements such as the construction or improvement of water lines, sanitary sewer lines, storm sewer lines, public streets, curb and gutter, public street lights or public sidewalks to be owned by the city or to make repairs or replacements to stabilize the building envelope or structural elements of the facilities to be preserved.
- Although the state has agreed to an extension of Dec 31, 2014 for the funds to be expended and reimbursed, it is the Council’s intention to continue moving forward on a dual path of selective preservation/demolition while the HPC RTC Task Force is pursuing re-development options. The grant agreement states if the full amount of the grant has not been disbursed as of December 31, 2014, then the state’s obligation to fund the grant would terminate.
- The state has made it very clear there will not be any additional time extensions and Mattson noted his discomfort of putting off abatement and demolition activities too long and running out of time and available funding for the project. A resolution approving the second amendment to the grant agreement was adopted.
- A resolution determining and declaring Parcel D-4 of the former RTC campus as surplus and is not usable or needed to carry out any governmental program for which the property was acquired was adopted and the City Council ratified the sale of Parcel D-4 to Cory Budke and Marc Sikkink.
- A resolution authorizing the Mayor and City Administrator to sign the property sale documents for Parcel D-4 was introduced tonight. A land sale takes two meetings and a roll call vote on the sale will be held on June 18, 2012.

## **June 18, 2012**

- A resolution approving the sale of Parcel D-4 to Marc Sikkink and Cory Budke was adopted
- The HPC/RTC Marketing Task Force reported they have contacted a number of marketing firms after sending them their marketing booklets. They summarized the conversations with each entity.
- The task force has drafted a “For Sale” sign to be placed in front of the building encouraging interested developers to contact City Hall about purchasing the property. They received permission from the Council to order and place the sign, but the costs should not exceed \$1,000.

## **July 16, 2012**

- The task force has recommended the City contract with Dan Peterson of Colliers International (based out of Minneapolis, MN) as a marketer for the Regional Treatment Center. They felt this company best demonstrated experience for this job as they deal with large properties.
- It was suggested Peterson visit with city staff and the Council regarding the scope of the project, an available budget for marketing, strategic planning and the project timeline.
- A motion accepting the task force’s recommendation to contract with Colliers International and to direct staff to move forward in discussions with this entity was carried.
- Kent Mattson said the State Historic Preservation Office (SHPO) is requesting the city is to complete an additional Environmental Assessment Worksheet (EAW) on the RTC property. When the city took control of the property in 2007, we did our due diligence, looked at the state regulations and determined what eligible expenditures of the bond funds were.
- Upon transfer of the title, the City asked the Department of Administration if an EAW was required and correspondence at the time of transfer outlines the discussions between Department of Administration and the Environmental Quality Board noting it would not be required with the change in ownership.
- During the discussions with these state agencies, it was determined the project will be funded by bond dollars. When the state started abatement on the property in 2004 state funds were used for abatement and demolition work. There are additional opportunities to use tax credits that were not available before, but the core project is still the same.
- Mattson said it is an intolerable level of risk to the city taxpayers to put the abatement, demolition and infrastructure improvement dollars at risk. He believes the city should

clearly communicate to SHPO that we plan to stick to the promises and conditions made with the property transfer in 2007.

- When the city entered into the agreement, the EAW was not required and the city planned to use the money for abatement, demolition and basic infrastructure improvements in accordance to the grant amendments. The grant agreement specifies the conditions of the grant funds and the City will continue to operate under the terms of the grant agreement while advocating for the best interests of the city.
- It is best for the taxpayers of Fergus Falls not to get into a situation of litigation, but it is more important for the city to be reimbursed for the money spent on the project. Mattson is hoping the reimbursement for the expended funds can be expedited as it is in the best interest of the campus re-development. The City's application for reimbursement has been submitted and it is in the state's hand to pay out the funds as outlined in the grant agreement.
- Mattson will respond to the SHPO letter dated July 2 to reaffirm the city's position on the EAW and the Department of Administration plans on writing a similar letter and to provide the information as requested.
- It is the City's intention to bring information to the Council on August 6<sup>th</sup> regarding the status of the plans and specifications for selective preservation/demolition. The Council needs to determine what they want to preserve. Because the deadline for the work to be completed and the funds to be reimbursed has been extended until December of 2014, bidding does not have to occur this fall as originally planned; however, there may be an economic advantage in starting the process sooner.

#### **August 6, 2012**

- Kent Mattson has been working with the State Historic Preservation Office (SHPO) to evaluate if a new Environmental Assessment Worksheet (EAW) needs to be completed or updated. They agreed a new EAW is not necessary due to the transfer of ownership from the state to the city; nor would a new EAW be necessary due to the passage of time.
- Dan Edwards reported on the timeline for selective preservation/demolition of the RTC campus. These plans include saving the center tower building and the newer garages/storage buildings. If the Council is prepared to move forward, they would be asked to approve the plans and specs for demolition with these exceptions and to authorize the staff to advertise for bids on August 20<sup>th</sup>. Bids would be opened on September 20<sup>th</sup> and be considered for approval by the Council at their October 1<sup>st</sup> meeting. If the Council does not intend to allow for any contingencies or unknowns in the demolition process, they would need to move forward by March of 2013 at the latest.
- A letter of inquiry was received last week from a business interested in the shop and garage buildings on the RTC campus (which are already planned to be saved). This business is not ready to make a commitment yet as they have a lease on their current facility, but they are interested in this space and the possible tax incentives. Any interested developers were encouraged to submit information to the City Administrator and Kent Mattson as soon as possible.

- The Council was asked to hold off on moving forward with plans and specifications to allow Collier's International to get their marketing plan off the ground. Colliers proposal was to condense their 12 month marketing plan into 6 months.
- Representative Bud Nornes felt the state would possibly extend the deadline if there could be a positive outcome for the RTC.
- Concerns were voiced if we don't work within the confines of the state grant deadline we have been given, the taxpayers could be on the line for the cost to demolish the RTC. The Department of Administration has been very clear if we do not meet this deadline, the funding is in jeopardy.
- A motion was adopted to approve the Colliers International proposal.
- A motion was adopted to ask Dan Peterson of Collier's International speak to the Council on August 20, and to place the topic of selective preservation/demolition item on the agenda that night as well.

#### **August 20, 2012**

- Dan Peterson of Colliers International spoke about their role as marketing consultants for the adaptive reuse of the Regional Treatment Center as proposed by the HPC RTC Task Force. They have proposed an accelerated schedule and engagement contract for their services to market the facility to potential developers. Colliers would provide status reports during the first 30, 60 and 90 days to those the city designates as official representatives. The Council can cancel the relationship with Colliers with a 30 day notice. Colliers would move through a due diligence process and do an initial vetting of developers. If the developer looks like a viable prospect, their proposal would be shared with the city.
- It was confirmed the city would need to pause the selective preservation/demolition path if they move forward with Colliers.
- Dan Edwards encouraged the council to make a decision on selective preservation/demolition by the first meeting in December of 2012. The latest date we could start the process and still make the original timeline is by the first meeting in March of 2013. A resolution was adopted authorizing the Mayor and City Administrator to sign the real estate agreement with Collier's International subject to review of the legal counsel and was adopted on a 5-3 vote. Thacker, Shelstad, Fish, Cichosz and Connelly voted in favor and S Synstelien, Rachels and R Synstelien voted against the resolution.
- A resolution was adopted authorizing the Mayor and City Administrator sign a development agreement with Marc Sikkink and Cory Budke for Parcel D-4.

#### **September 4, 2012**

- A motion was adopted to direct the City Attorney to draft the necessary ordinance to rezone Parcel D-4 on the Regional Treatment Center campus from R-A to R-1 as recommended by the Planning Commission.

- A resolution approving preliminary and final plats for Parcel D-4 on the Regional Treatment Center campus as recommended by the Planning Commission was adopted.

#### October 1, 2012

- The 30 day update from Collier's International was presented. Their website [www.kirkbridemn.com](http://www.kirkbridemn.com), listings, brochures and press releases have gone public.

#### November 5, 2012

- The Collier's Update revealed 3,000 unique visits to the website; two major publications have picked up the story; 8 known entities are in on-going consideration about the investment, development or tenanting in the facility.

#### November 19, 2012

- On November 6-7 the owners of the Trans Alleghany Lunatic Asylum (TALA) in W VA were in town to look at the RTC campus. They run a facility that is similar in structure and offer tourism opportunities such as festivals, concerts, tours, and haunted hours. They have submitted a brief letter of interest to continue dialogue with the city and have expressed their intention to submit a proposal.
- Communication continues with local developers who may be interested in certain portions of the RTC campus as well.

#### December 3, 2012

- Colliers International reported 10 parties have expressed interest in redeveloping the RTC over the past 90 days 3,500 unique site visits have been made to the website and the press has picked up two stories which are helping gain national attention.
- One letter of interest has been submitted from a party interested in historic adaptive reuse projects. Mayor Leland wants to ask our legislators for their assistance in extending the deadline.
- Kent Mattson confirmed the Department of Administration has extended the deadline to December 31, 2014, but they cannot go any longer without a legislative solution.
- Although the council has decided to follow a dual track of meeting the state deadline while investigating other options, they need to still plan on meeting the current state deadline. The council will be asked how they want to proceed and know which buildings they would like to preserve by February 4, 2013 so staff can begin preparing the specifications and bid documents. At the March 18 meeting they would advertise for bids and continue to work on the bid documents. The bid opening would be set for May 7 and awarded at the May 20 council meeting. Assuming this schedule would be followed, work could begin on June 17, 2013.
- If the Council chooses to extend the timeline another six months (until June 30, 2013), it would lead to fall bidding and construction during the unpredictable winter season. This would leave little time for unexpected issues that could arise and could affect bid

prices. Edwards reminded the council the work has to be completed and the receipts have to be turned in for reimbursement by December 31, 2014.

- Mark Sievert said the Trans Alleghany Lunatic Asylum (TALA) developers have toured the facility, submitted their financials to Kent Mattson and working on the due diligence.
- Mark Sievert was asked to arrange a meeting with Representative Nornes, Senator Ingebrigtsen and lobbyist Joel Carlson to talk about seeking a legislative extension.
- Kent Mattson cautioned the council about not losing grant dollars already in hand and expressed concerns about the amount of time passed since the grant dollars were given to the city. These funds were to protect the city from inflationary costs, but the length of time we have held these funds has eroded the cushion. It will be impossible to understand how tight the funds will be until the bidding process is underway. Mattson said if the council wants to seek a legislative solution, they also need to know what they are asking for- a time extension or a different source of funding.

#### **December 17, 2012**

- At last week's Public Works and Safety Committee offered a recommendation to restrict public access at the RTC until the spring. Cody Sundvor said he had already been given permission to film a movie at the RTC this winter. Chief Bergren apologized for any misunderstanding, but stated safety issues in the building and complaints led him to recommend not allowing public access to the building until the spring. A resolution restricting access of the RTC until spring of next year unless a tour is needed for a prospective developer was adopted.
- Jeff Schlossman gave an update on parcels A & B which he acquired from the city in March of 2011. In order to get started on his obligation to redevelop 10,000 square feet by the end of March of 2013, he plans to convert 12,000 square feet of the former Catholic Charities building into a multi-family housing complex and to adapt the two red brick buildings into office space. Schlossman believes he has a qualified developer to convert the nurse's cottage into a lodge/hotel complex; however if these plans fail, the nurse's cottage would likely be converted into additional multi-family housing. He hopes to have preliminary plans in place within the next month.
- Schlossman was asked about selling his parcels to the Trans-Alleghany Lunatic Asylum (TALA) group who is interested in these parcels. He expressed his willingness to sell portions of his property if it meets the needs of the city in a positive way. Schlossman said he did not have any obstacles to meeting his redevelopment obligations, and said he did not develop the RTC campus himself because he felt the cross-college concept was so expansive and the state grant timeline was too tight for the project to succeed.
- Mark Sievert received a letter of intent from Mark and Brenda Christopherson for the RTC tower, administration building, and kitchen and gymnasium areas. Their plans are contingent upon the council's decision on how to proceed, but they are ready to move forward as soon as possible.

- Dan Edwards spoke about the dual track of selective preservation/demolition and finding a prospective developer for the RTC. He believes the demolition engineering costs for plans and specifications would run approximately \$50,000. This work would be done to save the main tower, administrative wing, gymnasium and kitchen. The cost would change based upon the number of outside walls being replaced. It was also clarified the city is spending approximately \$4,000 per month on the operations of the RTC, not including the money we are spending on Collier's services.

### **December 18, 2012**

- In a special meeting to discuss possible legislative solutions for the Regional Treatment Center, Representative Bud Nornes expressed his feeling the December of 2014 deadline needs to be adjusted and the Department of Administration is willing to work with the city on that. It may be that a minor technical change is all that is required in the bonding bill.
- Kent Mattson has spoken with Wayne Waslawski who is very cooperative regarding extending the time frame for the RTC project. Wayne feels if the City can show a viable project to the State, there could be more time added, but it's very doubtful that more funds could be made available at this point.
- A resolution requesting a two-year extension on the period of time put in place for grant agreements with the language yet to be determined on the use of grant funds was adopted.
- A resolution instructing staff to work with Colliers to extend their time frame through May 31, 2013 was adopted.
- A resolution authorizing City Engineer to proceed with plans and specifications for the demolition of the RTC, not the preservation of the building as stated.

# **2013**

## **January 7, 2013**

- The Collier's activity report for December 2012 talked about the Collonade client who was in Fergus Falls today looking at RTC plans and specifications. It is expected within a few weeks they would have a concepts and proposal outlined to pitch to their development clients.

## **January 22, 2013**

- A resolution was adopted authorizing the City Administrator to sign the amended agreement with Collier's International.

## **February 4, 2013**

- In this months' Collier's RTC Marketing Report, Mark Sievert explained the AMI group from West Virginia wanted to purchase the land previously bought by Jeff Schlossman, but his selling price is not acceptable to them. Sievert has requested Kent Mattson to follow up with Schlossman, but it appears this developer will not be pursuing a project at the RTC. The Collonade client, Terence Scholz has submitted a letter of intent.

## **March 4, 2013**

- In the latest Colliers International Marketing Report, talks with AMI have stalled. The Collonade client has been to Fergus Falls and has shared some of his development concepts. He will likely be submitting a proposal in the near future. The Anderson developer was looking at a large scale housing project, but realized it was not a viable project and has withdrawn.
- Joel Carlson and Kent Mattson are firming up the language on two bills for the RTC. They are working with Wayne Waslawski and are close to jacketing the bills and getting them to Representative Nornes and Senator Ingebrigtsen for introduction. Two bills are necessary due to the original funding sources and amendment to the bonding request.

## **March 18, 2013**

- Kile Bergren reviewed the safety and security measures policy discussed at the Public Works and Safety Committee, along with the recommendations presented. Last year we allowed other entities beyond the Friends of the Kirkbride tours to use the building and a number of concerns were raised.
- The League of Minnesota Cities Insurance Trust has conducted a safety and loss tour of the facility and made recommendations to limit the areas in which the public would be allowed and they addressed safety concerns. Entities wanting access beyond a tour would need to be informed of the cost to use the facility, be required to provide liability

insurance and gain council approval before being allowed to use the facility for individual projects.

- The council was in agreement they would like to have individual projects come before the council for approval and they were in favor of adopting a policy that helps provide a detailed outline for potential projects to follow. A resolution was adopted for the security and loss control policy.

#### April 1, 2013

- The Council received a request for 35 photographers to have access to the RTC for an interior photo shoot on May 4. The City Administrator stated sufficient details are lacking for staff to adequately respond to the proposal. He has spoken to Christian VanAntwerpen over the phone and via email numerous times asking him to meet with him in person, which he has not done.
- The city is concerned this is too large of a group to accommodate with the number of staff members familiar enough with the building to provide the necessary security measures. The city would not allow access to the east wing or tunnels and tours would be limited to the routes now allowed for the Friends of the Kirkbride. The city would like a list of all people involved with the project in advance and only those with direct project responsibility would be allowed access. All access to the building would be controlled with a log-in, log-out procedure and city staff would provide all security and/or supervision. A deposit would be required to cover estimated staff time and electricity and it was recommended liability waivers, a certificate of insurance and written agreements are signed.
- Jon Olson, acting as the project spokesperson said they can complete the project without entering the tunnels, but they do want access to the east wing. He also said the requested \$5,000 deposit would be a deal breaker. Sievert said if they insist on being in the east wing, the city would provide the proper protection gear for our employees, but the photographers would have to provide their own equipment and be familiar with its use. The tours on Friday and Sunday tours could be conducted by the Friends of the Kirkbride, but only along the normal tour route.
- The City Attorney raised his concerns regarding insurance. He questioned how VanAntwerpen could obtain the necessary insurance for himself and all of the other photographers without being a corporate entity. He encouraged the council to require insurance be in place for all participants in this project. The League of Minnesota Insurance Trust (LMCIT) will be contacted to determine what insurance requirements need to be met.
- This project does not yet have city approval. The following conditions were agreed upon by the Council. If the guidelines are not fulfilled, the project will not be approved. Christian VanAntewerpen must provide the following information to the City Administrator:
- The city will accommodate the request for the photographers to be inside the Regional Treatment Center on Saturday May 3 from 12-3 pm. City staff will be available from 11 am-4 pm. The city will provide 3-5 staff members to monitor the project and all

participants, but they will not be serving as guides. The Council will allow members of the Friends of the Kirkbride to serve as guides or assistants to the photographers on May 4.

- General tours of the building will be allowed by the Friends of the Kirkbride on Friday May 3 and on Sunday May 5. No city staff will be available for these tours; therefore access will be limited to the Friends regular tour and not extended for larger coverage of the building.
- A list of all participants and where they will be assigned must be sent to the City Administrator's office by April 26. Only those listed will be allowed in the building and all must sign the waiver that will be provided prior to the start of the project. All participants must log in and log out of the building.
- The east wing may be available, if allowed by the League of Minnesota Cities Insurance Trust. The tunnels will not be allowed. The city will be providing safety equipment for their employees. Other participants must provide their own equipment or they will not be allowed to participate in areas deemed hazardous. Participants would be required to sign liability waivers.
- A \$1,500 deposit will be required and must be sent to the City Administrator's office by April 26 to cover staff time and electricity. Efforts will be made to minimize staff time on site, but actual costs for staff time and electricity will be charged. Once this is calculated, the project coordinator would be given a refund, or sent a bill.
- Commercial general liability insurance, in the amount of \$1,000,000, with the city named as additional insured is required. Preliminary proof of VanAntwerpen's ability to obtain this and the certificate of insurance must be sent to the City Administrator's office no later than April 26<sup>th</sup>.
- A motion was passed to direct the City Administrator to communicate these conditions to Christian VanAntwerpen and to encourage him to provide an in person update at the next City Council meeting.

#### **April 15, 2013**

- Representatives from Historic Properties are visiting Fergus Falls to look at a redevelopment project for the RTC as a mixed use of housing and retail.

#### **May 6, 2013**

- Ray Willey of Historic Properties gave an update on his proposal for redeveloping the RTC buildings. They are proposing the left wing be converted into 50 apartments while the tower and right wing would be converted into a boutique hotel. They would propose 5-6 restaurants as well. They plan to apply for tax credits by the deadline of June 18, 2013. If they are successful in getting these credits, they would move forward immediately on the housing and restaurant concepts while looking for a hotel management company to develop the hotel concept. If their application is not successful, they will not be able to move forward with the project. While the grant is

being reviewed, Historic Properties will work with the city on their due diligence and work out a development agreement.

- Willey asked the city for an exclusivity agreement to only work with Historic Properties. He said they could wait for two more weeks until the next council meeting as another developer is scheduled to make a proposal to the council on May 20. They expressed concern about being pushed close to the June 18 deadline.
- Lois Josefson told the council she wanted them to find a developer who would both save the RTC buildings as well as bring jobs to the community and said she believes the developer scheduled to make a proposal to the council on May 20 could do that.
- Resolution #80-2013 amending the RTC safety and security policy was adopted.
- Dan Edwards reviewed the status of the state grant funds for the RTC. The original grant amount was \$7,158,559.98 of which \$171,579.55 is scheduled for the extension of the 12 inch water main; \$690,000 to extend the sanitary sewer and water main for Parcels A & B; \$1,900,000 is budgeted for incinerator building demolition and site cleanup; \$4 million for selective preservation/demolition of the RTC leaving only \$396,980.43 of grant funds are remaining as contingency funding.

### **May 20, 2013**

- Terrence Scholz, representing The Spa at Kirkbride gave a presentation for redeveloping the RTC into a luxury resort with a health and wellness center as well as a medical center focusing on obesity, weight reduction and alternative medicine.
- They have met with Ray Willey and have a Letter of Understanding to work together on the RTC redevelopment project, although their views on the development differ.
- They have talked to Jeff Schlossman who is willing to convert Parcels A & B into an international high school. Scholz said their project does not require the use of housing tax credits. He believes their focus on healthcare will be equal in importance to Minnesota healthcare as the Mayo Clinic and Hazeltine.
- They asked the city to turn the facility over to them as investors will not be engaged until they own the building. Their plan entail a \$60 million renovation which he said can be secured within the next 60 days.
- Since there is a Letter of Understanding between the two developers, it was suggested Kent Mattson be authorized to put together a development agreement for both parties with a deadline of November 1, 2013 to work on project details. Willey needs a city council resolution of support for their tax credit application.
- A motion was made directing Kent Mattson to draft an agreement between Ray Willey of Historic Properties and Terrence Scholz of The Spa at Kirkbride which will be reviewed by the Council on June 6, 2013. Both parties will be asked to confirm their ability to move forward on a redevelopment project by November 1, 2013.
- Mark Sievert said we are at the end of our contract with Collier's International and recommended keeping their consulting services to help vet information on these two projects

### **June 3, 2013**

- Kent Mattson reported no agreement can be reached between The Spa at Kirkbride and Historic Properties to work jointly on a project. With the absence of an agreement, the council cannot make a recommendation on which project to move forward with.
- As Historic Properties has a deadline of June 18 to turn in their application for housing tax credits, they have requested a resolution of support and option agreement to acquire two buildings.
- The Spa at Kirkbride is opposed to Buildings 26 & 28 being designated only to Historic Properties as Terrence Scholz believes it will destroy the feasibility of their plan.
- Mattson said both parties had two weeks to provide information to the city and despite his pressing, nothing was produced until today. This has now become a competitive process for the council to choose which project they will be working with
- A special session was called for Wednesday June 12 for each developer to determine a unified plan to work together or the council will be forced to choose which developer to work with.
- Mattson said in order for the council to decide which entity to work with, they should evaluate the original RFP requirements to see which proposal meets the council's criteria. All requisite information must reach the city by the end of business on Tuesday June 12.
- Jeff Schlossman requested the city amend the Developer's Agreement for Parcels A & B as he has been going through personal issues which have not allowed him to develop the property as quickly as he had hoped. He said he paid \$225,000 to save the Kirkbride and another \$250,000 for architectural and engineering services for Parcels A & B and stated the Kirkbride would have been torn down in 2008 if he had not stepped in to save it.
- He requested an 18 month extension on his redevelopment. The council will be going into a closed meeting tonight to discuss the request

### **June 12, 2013 Special Meeting**

- As two developers each want to independently redevelop the RTC, they were asked to make a presentation to the Council. The Council will be asked to consider both proposals and award site control to the proposal that best meets the criteria outlined in the RFP redevelopment document. After a coin flip, Ray Willey of Historic Properties LLC presented his presentation.
- Willey said his team has formed Historic Kirkbride, LLC (HK). They intend to preserve the Kirkbride with 60 market rate apartments, a 120 room hotel and 4-5 restaurants. When Willey spoke at the May 6 meeting, their proposal included low income housing which would require an extensive application process for federal housing tax credits.
- HK has contracted with a hotel specialist capable of transforming a portion of the RTC into a first class hotel. By securing the hotel concept, they no longer need to depend

on the housing component and would not be applying for the housing tax credits. Instead they would build the 60 apartments with a different funding source.

- Willey described the facility amenities and said they have commitments for four restaurants and a possible fifth option. Historic Kirkbride is ready to proceed immediately once they come to a mutually acceptable Development Agreement with the city. There would be temporary jobs with construction and 190 full and part time positions once the complex is complete. The green space in the front of the building would remain open for public use and with added hiking and biking trails.
- Charles Noh is a hotel specialist with expansive experience in hotel development, management, renovation and turn around. He is a part of the Historic Kirkbride team of investors and developers. He reviewed their plans to renovate the structure, their services and amenities.
- Willey said his team is a large consortium of professionals including real estate developers, marketing specialists, celebrities and professional athletes pooling resources for historic redevelopment projects. The HK principals have completed over two dozen historic renovation projects over 33 years. This is a specialized niche of development and they feel this project is viable. Willey requested the Council consider their proposal and select their group to move forward with.
- Mr. Willey was asked if there were any portions of the building being considered for demolition. Their plans call for the demolition of the newer administration building and tin building, but they would work with the state historic preservation office to keep the integrity of the historic buildings. They would need to renovate the interior to complete their project.
- Willey was asked about their proposed funding sources. Although these are estimated expenses at this time, they believe the project will be \$41 million. They anticipate \$4 million in city /state bond funds for exterior restoration, infrastructure, demolition and abatement work.
- They would apply for a HUD loan for the market rate apartments in the amount of \$5.4 million. Federal Historic Rehabilitation Tax Credits in the amount of \$4 million would be used for interior improvements. State Historic Rehabilitation Tax Credits in the amount of \$4.5 million would be needed for professional fees, the gymnasium and fitness center and other improvements. The approximate \$23.5 million loan from the EB-5 program would help with the restaurant and hotel facilities. The hotel may also use New Market Tax Credits and private equity. Their tax credit attorney would be working with these programs.
- Willey was asked about their previous plans to apply for the low income tax credits. This funding source was a risk for their project as it made them rely on a third party. If their application would not have been successful, they would not have been able to complete the project.
- The hotel component took away their dependency on the tax credits and mitigated the need to rely on another funding mechanism. The housing component will be market rate apartments and he anticipates many of the occupants to be employees at the restaurants or hotel facilities.

- They are able to provide \$5 million in private equity to ensure the project is successful. The same survey work and studies required for the federal low income tax credits application are required for some of the other funding sources and Willey thanked the city for their willingness to work with them.
- Although their timetable is subject to change, they would anticipate four months to draft the Development Agreement with the City while due diligence activities are occurring. If the Development Agreement is mutually acceptable, the city would start their portion of the work on the complex. They felt it would take a year to work on the design, engineering, blueprints, plan check and permitting, followed by the developer conducted bid process. Renovation would take approximately 15 months with a projected grand opening in December of 2015.
- Terence Scholz of Collonade shared his concept for the redevelopment of the Regional Treatment Center. He would like to create a wellness center and offer services for those dealing with diabetes and obesity as well as food and nutrition programs. They do not want to compete with services already in town and the hotel portion of their plans would offer lodging to the program participants. They believe a new push in wellness is art therapy and they would like to use a portion of the facility for artisan flats and studios. Recently a film production company has expressed interest in partnership.
- They would also like to provide services to returning veterans, train people in historic preservation work, provide event space, condos with a pool, greenhouses specializing in aqua-culture, space for the local historical society and medical instrument manufacturing. He said their plans are changing on a daily basis due to people contacting them for an opportunity to be a part of this proposal. He estimated their facility would employ 250 full and part-time positions. They would keep the green space for public use, but would add gardening projects, sculpture gardens and walking trails. Their funding sources would include private investors, historic tax credits, EB-5 funds and grants from foundations.
- Scholz said he was not ready to make a presentation on May 20 as they were still in the process of deciding on the project components. He has been working with people to pull the concept together and said he met with "Lonnie", a financial manager/consultant and he has gotten commitments from 8 Minnesotans wishing to come forward to maintain the buildings. Scholz said as they plan to do more than just develop the property, it is taking longer to put together their team. He has made calls to firms specializing in historic tax programs and locally has contacted All Builders. The construction company they would likely be working with is Ryan Construction of Minneapolis.
- Rundquist applauded the creativity of the proposal and use of our community in the proposal, but felt this concept was lacking in specifics, especially with the financing. Scholz felt it would take four weeks to four months to come up with specific revenue sources. Cichosz asked if any health care entities are on board with the wellness functions in this proposal. Scholz said they have a group ready to finance the search for a facility director. They are looking for exercise professionals and nutritionist, physical therapists and psychologists. Scholz was asked if he had any partners outside

of the Fergus Falls community. Scholz again mentioned there are 8 “fairly significant” Minnesota people Lonnie has contacted, who are willing to move forward. He said a project of this size is an uphill battle and he made a presentation on May 20 to “stay in the game”. He would prefer to have another six months to put his proposal together.

- Mayor Leland asked what is preventing the city from using talents of both developers. Scholz said he felt he was being directed to work with Historic Properties. He said they changed their proposal by adding the hotel component and offered to lease him space for the spa. He did not want the spa to be an add-on feature for Willey’s hotel.
- Cichosz reiterated both developers were asked to come tonight either as a joint venture or ready to clearly spell out their plans for the redevelopment of the RTC. He was sorry they could not find a mutually acceptable joint venture, but felt Scholz should have been more prepared. Rachels said the Council achieved its goal of saving the building and now they need to choose which proposal can truly save the building.
- The meeting was opened for public comments. Lois Josefson, 506 S Union asked the Council not to make a decision tonight as neither of her Council Members were present. She argued this special meeting was called to enable Historic Properties to meet the deadline for their low income tax credit application on June 18. She accused the Council of enabling and supporting Historic Properties to make their application and said since they no longer would be applying for these funds, there is no need to make a decision between developers tonight. She did not feel Terrence Scholz should have been forced to make a presentation on May 20 meeting since he said he was not ready. With the extension of the state grant, she encouraged the Council to use the 3.5 years to give more time for the proposals to be developed.
- Maxine Schmidt, a Friend of the Kirkbride said the goal of saving the building until a reuse can be found is good, but she also wants a proposal that will create jobs. She did not feel the Historic Properties proposal would create anything other than hotel jobs and felt the passion Terrence Scholz has for his concept should be considered. She also urged the Council to use the time allotted with the state grant extension and not make a decision tonight.
- Laurie Mullen, 2840 Lakewood Drive told the Council to use common sense and take advantage of the state extension. She stated if the Council decided tonight and does not fully look at Terrence’s proposal, the Council was not using the highest and best use of the property.
- Glen Rosentreter, 643 W Lincoln Avenue said we are in a different position than we were a year ago now that there are two interested developers. He thanked those who have worked on the proposals.
- Mayor Leland also thanked the presenters and legislators present tonight who provided the city with the legislative extension.
- Holly Diestler, a Friend of the Kirkbride said both proposals sound promising, but wanted the Council to not rush into a decision tonight. She offered the name of a mediator to work with both developers to bring their proposals together.

- The developers were asked to respond to the public opinion. Ray Willey said he understands and appreciates these concerns, but said the next 3.5 years will go by quickly. He made an offer to Scholz to implement wellness center/spa as an add-on feature to the hotel at no cost to Scholz. He would provide the space and funding for the spa concept and offer a reasonable lease/rental rate for the facilities. He commended Scholz for his proposal, but said it would be a huge leap for any developer to take on such a project.
- Willey reiterated his offer to Scholz to implement the wellness center at no cost, but he was not willing to split the facility ownership. His current partnership works well for him and he is not looking for any other investors. Scholz took issue with Willey's comments and said he did not want to be subservient to their requirements and likened it to a master and slave relationship. The Council adjourned to a closed session at 6:52 pm.
- The Council reconvened to an open meeting at 7:18 pm where Kent Mattson said the Council considered the merits and concerns of each proposal. After reviewing the redevelopment criteria, it was their consensus to work with Historic Properties LLC. Resolution #103-2013 authorizing the city to enter into a Letter of Intent with Historic Kirkbride LLC as a developer for the Regional Treatment Center, subject to financial disclosure, was adopted.
- Cichosz said this is a victory for Fergus Falls now that we have found a qualified and professional developer to save the entire complex. Schierer said it is exciting to have two proposals to evaluate and it is clear we have a developer ready to go and we get to save the building. Rundquist thanked both developers for their passion and commitment and said he hoped the community would get behind this redevelopment.

### **July 15, 2013**

- Historic Kirkbride LLC (HK) submitted a Letter of Intent (LOI) to re-develop Parcel D of the Regional Treatment Center (known as the Kirkbride Complex). The letter outlines the intent of both parties to negotiate and enter into a mutually-drafted, mutually-acceptable Development Agreement for the property. It is the intent of the city to transfer ownership of the Kirkbride Complex to Historic Kirkbride. Their project would include an upscale hotel with approximately 120 rooms and associated amenities, approximately five restaurants and approximately 60 market rate apartments. Both parties intend to work together to draft a Development Agreement and Purchase Agreement that will include:
  1. Further define the type, scope and quality of the project as set forth in the preliminary Master Plan as of 06/12/2013
  2. Establish a due diligence period for both parties to conduct their respective inquiries and research
  3. Structure an estimated project timeline with deadlines and benchmarks for both parties
  4. Ensure the project's compatibility with the larger community of Fergus Falls
  5. Determine various public benefits by the project for the community

6. Identify the development group and its partners, including the capacity of the development group to complete the project
7. Timeline for presentation of the financial plan
8. Timeline for determination of the feasibility of the Master Plan
9. Structure amounts and timelines for the City/State financial assistance
10. Determine and negotiate compliance issues as they relate to statutory requirements and restrictive covenants
11. Identify various “subject-to” clauses including, but not limited to possible municipal approvals, liquor license approvals, health department permits, zoning, state approvals and building permits
12. Set forth the terms and conditions of the acquisition of the Kirkbride Complex under the Purchase Agreement which will provide that transfer of the Kirkbride Complex as an “as is”, “where is” and “with all faults” basis.

Pending development of the Purchase Agreement and Development Agreement, the City and Historic Kirkbride intent to complete the following before August 31, 2013:

1. Agree upon a plan for early demolition of those buildings not contributory to the HK reuse of the complex
2. Historic Kirkbride will identify its investor group and financial sources and provide to the city, on a confidential basis, financial and other information to permit the city to conduct its initial financial due diligence on the developer's financial condition, finance sources and equity sources indicative of its ability to perform its Master Plan
3. The parties will enter into a mutually acceptable non-disclosure agreement covering the information exchanged.

- It is agreed from this date (July 15) though September 30, 2013, that Historic Kirkbride is granted exclusivity for the acquisition of the Historic Kirkbride. The City will negotiate and deal exclusively with Historic Kirkbride and will not discuss, entertain, solicit or consider any other offers for a proposal unless or until the expiration of the exclusivity period or the termination of the Letter of Intent. The city will also restrict access of the Kirkbride Complex during the exclusivity period on a “need to access” only basis.
- Historic Kirkbride anticipates conducting its due diligence through September 30, 2013 and negotiating with the city on the Development Agreement and Purchase Agreements. The terms and conditions of the Letter of Intent are non-binding until the final Development and Purchase Agreements are signed by both parties.
- The transfer of the Kirkbride is subject to approval by the Minnesota Department of Management and Budget. The term of the Letter of Intent will be through the later of the date the Development Agreement and Purchase Agreement are executed or upon expiration of the required notice period for terminating negotiations. A party can terminate the Letter of Intent and discussions concerning the acquisition with at least 30 days written notice. Neither party can give notice to terminate the LOI prior to September 30, 2013 (with October 30, 2013 as the earliest effective date possible for termination).

- Resolution #140-2013 approving the Mayor and City Administrator to sign the Letter of Intent to work with Historic Kirkbride LLC was adopted.
- Jeff Schlossman asked to address the Council again to request a time extension on his Development Agreement with the City for Parcels A & B. He was told the Council would not be engaging him in questions due to the fact Schlossman is in default of his contract and this has become a legal issue. Mayor Leland announced the meeting would be closed after Schlossman concluded to discuss the matter and they would not be re-opening the meeting as the City appointed attorney will contact Schlossman's attorney directly.
- Schlossman said situations in his personal life detracted his work on the redevelopment of Parcels A & B, but he is now at a point where he was ready to move forward. He has bank financing for the project through Midwest Bank of Detroit Lakes. He has figures and drawings for the first 13,000 square feet and tentative plans for the next 20,000 square feet. They are tentatively planning for apartments, another hotel or senior housing for a total project investment of \$10 million on the Nurses Cottage. He said he could get financing for the red brick buildings once he has a tenant and noted he has been waiting for the city to respond to him since April. He also offered to help Historic Properties in any way he can with their project.

#### August 19, 2013

- The meeting adjourned to a closed meeting to discuss Jeff's Schlossman default on Parcels A & B of the Regional Treatment Center.
- The meeting re-adjourned where Kent Mattson summarized the discussion held by the Council. The city is agreeable to the proposed first amendment to the Development Agreement from Jeff Schlossman with the exception the tax exemption is not available for single family plats or homes on bare land. Schlossman said he was agreeable to these terms.
- Resolution #163-2013 authorizing the Mayor and City Administrator to sign the First Amendment to the Development Agreement for Parcels A & B of the Regional Treatment Center provided Jeff Schlossman and his attorney approve the terms as well was adopted.

#### September 3, 2013

- Jeff Schlossman's attorney has received the amended Development Agreement for Parcels A & B, but they have not yet returned signed copies. It is expected they will return the signed agreement shortly.

#### October 21, 2013

- Mark Sievert was asked to provide an update on Historic Properties. Ray Willey and Bill Brown are working on due diligence issues and they plan to be in Fergus Falls on November 14. It is anticipated a draft of the development agreement and financing will be presented at that time.

**December 2, 2013**

- Mark Sievert reported the RTC developers will be here on Wednesday.

**December 16, 2013**

- Kent Mattson shared a memo the city received from Ray Willey after requesting additional information on his RTC redevelopment project and financial documentation. He stated this project is not as solidified as anticipated with not much progress has been made since his last update. The official Development Agreement has still not been received. He expressed his concerns with the changes in direction being proposed by Willey since being chosen as the lead developer and his requests of additional financial assistance from the city.
- An appraisal needs to be done to convey the property at fair market value and the cost of the appraisal is approximately \$5,500. The Mayor asked about using state bonded dollars to stabilize the facility. Mattson reminded the Council we cannot use public dollars for private projects. The city can use funds to stabilize the building, but if we make improvements to accommodate the developer's project, the state would not reimburse the costs. Mattson stated this has been communicated to Willey multiple times, yet he continues to make the request to stabilize the building to accommodate his project.
- Mattson will provide more information to the council in a closed session tonight.
- Resolution #231-2013 authorizing an appraisal for the Regional Treatment Center property, which was adopted.

# 2014

## January 6, 2014

- Questions regarding the Letter of Intent and Development Agreement from the open meeting minutes were raised. Mark Sievert clarified we received a draft Letter of Intent from Ray Willey in July to re-develop the RTC, but we have still not received the supporting documentation or the Developers Agreement we had anticipated receiving this fall.
- Tim Rundquist voiced his concerns with the timeframe and the lack of a Developer Agreement with Ray Willey of Historic Kirkbride for the Regional Treatment Center. He felt the individuals working through the negotiations (Mark Sievert and Kent Mattson) are extremely busy and he is worried the clock is ticking while we are at a standstill. He would like assurance the process of re-development is moving along and suggested appointing a Council liaison to the negotiations process.
- Mark Sievert reminded the Council they appointed Kent Mattson and himself to communicate with Ray Willey so consistent messages are given. He reassured the Council the messages they instructed Mattson to relay to Willey have been delivered.
- At the Council's urging, Mattson has requested Willey provide more details on his sources and uses of funds for the RTC re-development project and we are waiting for Willey to respond. The city is working on a utility plan and planning for demolition of non-contributory buildings, but we cannot proceed without more information from Willey and Jeff Schlossman. Willey has been told it is not appropriate for the city to wait (as Willey has suggested) until the beginning of 2015 to begin any work.
- Schierer asked how a Council Member would be involved in this negotiations process. Sievert is copied on written correspondence between Willey and Mattson and he and Gordon Hydukovich both sit in on the meetings when Ray is in Fergus Falls. All of the information provided to the city is then relayed to the Council. Sievert said he understands the Council's frustration with the lack of communication, but it has not been for a lack of communication on the part of the city. He reminded the Council of the complexity of this project and said it takes time to put a project of this magnitude together.
- Rundquist again stressed his feeling the Council needs a direct conduit to the negotiations process. Cichosz agreed with appointing a liaison and the Mayor said in the interest of clarity and transparency, he feels it is best to have another person be a part of these conversations. Sievert suggested the Council to have this discussion with Mattson at a closed session on January 21 and to appoint a liaison at that time if they wish. He reiterated everything the city knows about Willey and his re-development project has been communicated to the Council.
- Sievert said Ray Willey has told him he is being contacted by many people in Fergus Falls and Sievert is concerned Willey is receiving mixed messages. He urged the Council to let the process of communication going through one person (Kent Mattson) continue.

- City Attorney Rolf Nycklemoe agreed and stated if the Council does appoint someone to participate in this process, that individual Council Member does not have the authority to negotiate on behalf of the city. The day-to-day operations/negotiations of the city are conducted by the City Administrator as per our Charter unless the Council is in a full session. It is permissible for someone else to be a part of the discussion, but all decision making rests with the full Council.
- Rundquist and Schierer expressed their concerns they are not always aware of what is going on first hand and wanted security that communication is truly occurring. Hicks suggested Sievert become the main point of contact with Ray Willey as Kent Mattson is often too busy to reach and he is not a city employee. Sievert said he was confident Mattson should be the focal point for the city to continue working through. The Council requested copies of the appraisal be provided and more information on the appraisal will be provided at the closed session on January 21. Stan Synstelien disagreed with previous comments about the Council not being informed and said he feels like the Council is being kept in the information loop.

#### **January 21, 2014**

- Open and closed meeting updates were scheduled tonight to provide updated information on the RTC redevelopment project. Mayor Leland read a message drafted by Kent Mattson regarding his correspondence with Ray Willey which outlined there is nothing new to report. As three council members and the City Administrator are gone tonight, this item will be postponed until the February 3 Council meeting.
- Bill Sonmor was asked to provide a breakdown of expenses related to the \$1 million state grant funds and outstanding bills to be paid.

#### **February 3, 2014**

- Kent Mattson reviewed excerpts of the 2008 appraisal that indicated the total value of the Regional Treatment Center (RTC) components result in a negative value of \$4,080,000. The appraiser feels the highest and best use of the property is green space. If we sell the parcel to Historic Properties Inc. an updated appraisal will be needed to complete the purchase. The appraisal will be ordered to coincide with the closing date which developer Ray Willey indicated will likely be in September of 2014. Mattson will be providing more information to the council in a closed session tonight.
- The Council discussed having a council liaison in the negotiations process with Ray Willey. The liaison would be a part of the phone and face to face visits as schedules permit. The liaison would act in an “eyes and ears” only capacity and would not have the authority to negotiate on behalf of the city. A motion and second were made to appoint Anthony Hicks as the council liaison to the staff negotiations with Historic Properties. The motion carried with Stan Synstelien voting in opposition.
- Dan Edwards provided an update on the utilities at the RTC and the status of state grant funds. The state gave the city \$7.15 million to either rehab the public infrastructure or demolish buildings and tunnels under the grant agreement terms.

The city has already run a 12" water main to the RTC for development purposes at a cost of \$171,579.55 (PI 8182). We have extended/replaced sanitary sewer and the water main for development of Parcels A & B at a cost of \$631,434 (Public Improvement 7170). Incinerator demolition and site clean-up is on-going and expenditures total to date \$1,814,379 (Public Improvement 9690). \$19,161 of work has been completed on selective preservation/demolition of RTC buildings and tunnels to date (Public Improvement 9692) with \$1 million budgeted for this purpose. The city is budgeting \$1 million for storm sewer, street, curb & gutter and sidewalk projects; \$1 million for sanitary sewer replacements and \$1 million for water main and hydrant replacements. These future projects are necessary for fire protection and replacement of the RTC's aging infrastructure. Total expenditures of the grant money to date are \$2,636,554.60 leaving \$6,875,000 yet to be expended under terms of the grant agreement.

- The city has been holding off on the other projects until a solid plan for re-development has been communicated to the city. The city has talked to Ray Willey at length about the public infrastructure needs and improvements.
- Eugene Schmidt, 524 Woodland Drive, asked about the improvements to the former State Hwy 297 which ran through the RTC campus and Edwards clarified the \$275,000 funding for this project is in addition to the figures he reviewed tonight.
- Gloria Yarman-Johnson addressed the Council and spoke about her experiences as a patient at the state hospital. She understands the city is working with a developer, but gave \$551.00 to purchase the property. City Attorney thanked her for her generous offer, but said the city is exclusively dealing with Ray Willey and we are not in a position to take her money. If she wants to help with RTC preservation efforts, he suggested she donate the money to an organization such as the Otter Tail County Historical Society that deals with preservation efforts. Carol Anderson of Lowry, MN also said he was a patient at the RTC and he encouraged the council to redevelop the RTC into a learning institution. The City Administrator returned Ms. Johnson's money to her.

### **March 3, 2014**

- Ray Willey of Historic Kirkbride LLC gave an update on the status of their project status at the former Regional Treatment Center. He and Bill Brown have been in Fergus Falls for a few days meeting with city officials, staff and members of the community and he thanked the community for their support. Willey clarified they would be happy to have the SummerFest event continue on the Regional Treatment Center campus if the committee agrees to this location. Many of their meetings this week have been in regards to specific details on the Kirkbride including streets, zoning, utilities, curb and gutter etc....
- Their general overall plan is essentially the same, but after meeting with Springboard for the Arts, they would like to design the 4<sup>th</sup> floor of the west wing as artist loft space. They are looking at 5-6 eateries including a brew pub, which could employ some of those living in the apartments.

- Their biggest task at hand is securing funds for their proposal. \$18 million would be borrowed funds, so they are concerned with raising the money and making this a sustainable and profitable venture. They are working on attracting and securing tenants, but they are concerned with the seasonality and climate in Fergus Falls as it limits the lease rates they can charge.
- A project of this scope takes considerable effort to pull together, and although they are moving slower than anticipated, they are optimistic their plan will come together and be successful. They love this town, the building and the people here and he said they are committed to continuing the process.
- Willey was thanked for his update and was asked about if our demographics would support 5-6 more eateries. Their research supports their plans if they market to a regional area. They will be hiring a General Manager who will be directly responsible for marketing this facility as a destination.
- Once they secure their funding, Willey said construction would start in the west wing with the apartments and sequence their project through stages over 1.5 to 2 years. They will not be utilizing the basement areas and did not believe extensive renovation will be necessary in the gymnasium.
- They will know the status of their funding sources by the end of August and Willey was confident they will secure the state and federal funding sources. They envision the city beginning their infrastructure work in September with the remaining state grant funds.
- When asked about the back-up plan if any funding sources don't come through, Willey said they are looking at alternatives which he will share in a closed session with the council tonight. He said the weekly conference calls with staff and the council liaison have been well received and each party has a checklist of deliverables to comply with prior to the next conference call. Willey said the city has been a good to work with and they cannot ask anything more from their partnership.

#### **May 5, 2014**

- An addressing system must be in place for work orders and permits on the Regional Treatment Center grounds. Staff proposed the following names: Cottage Drive, Kirkbride Boulevard, Otter Boulevard and Patterson Loop. If the public has other names to consider, they should forward them to Dan Edwards at City Hall.

#### **July 21, 2014**

- This afternoon the city received a status report from Ray Willey. No changes of substance have been reported since the last update. Council members were encouraged to pass on any questions or concerns they want addressed at the Wednesday conference call to have Kent address. Willey indicated he plans to come back to Fergus Falls in August and the council asked he come in person to address them.

### **September 2, 2014**

- Ray Willey of Historic Properties will be presenting information about his proposal to redevelop the Regional Treatment Center (RTC) at a closed meeting tonight.
- They have decided to divide the renovation into two phases. The first phase would be to create 80 apartments and 4-6 eateries in the west wing. They are still trying to secure a brew pub and are looking into a possible culinary academy in the former kitchen/banquet/cafeteria area. They have been working with Springboard for the Arts to turn Building #32, a stand-alone building, into a maker's space/non-profit community center. Phase II would be the hotel which would occupy the tower building and east wing.
- Michelle Anderson of Springboard for the Arts spoke about the arts and cultural presence they have been making at the RTC. The maker's space they are looking at would be a resource for artists to share equipment and work space, which they believe this would bring a number of art and tourism opportunities to Fergus Falls. They are eager for Ray Willey to take ownership so they can proceed with this project and they plan to enlist artists to give their input on the best uses for this space.
- Willey recently went to Traverse City, MI to tour their Kirkbride building renovation and meet that developer, Ray Minervini. That renovation took place over a series of phases and Minervini had to sell off certain sections to make it work. Willey's group has never done a hotel project, they feel it is wise to focus on the housing and retail aspects now, secure the funding and come back to do the hotel work in a few years. He said the timeline and looming threat of demolition makes it difficult to overcome.
- Jon Anderson is the tax attorney Historic Kirkbride is using for their project. He spoke about his experience with the different types of tax credits and said their firm does nothing but community economic development. They are confident they have the correct mix of funding sources to make this housing project and restaurant deal work.
- Mayor Leland asked Economic Improvement Commission Director Harold Stanislawski to give his thoughts on how the city should proceed. Stanislawski said he has been working with Ray Willey and Bill Brown over the past 14 months and he expressed his belief they are capable of making this redevelopment project work. He said he introduced them to complex financing sources and noted a project of this magnitude is not something we see every day in Fergus Falls. The \$41 million project would provide 190 jobs that would make a significant payroll impact in the community and would make Fergus Falls a destination. He toured the Traverse City facility with Ray Wiley and spoke of the economic development they are seeing there. As it took 12 years to build the Regional Treatment Center, he urged the Council not to make a hasty decision regarding the redevelopment of the facility.
- Mayor Leland acknowledged Representative Bud Nornes' presence and stated in his conversations with the Representative, he has pledged whatever legislative support he can provide.

- The meeting adjourned to closed meeting to consider a proposed offer/counteroffer of the Regional Treatment Center to Historic Properties pursuant to MN Stat Sec 13d.Subd 3 (C)

#### September 15, 2014

- The council adjourned to a closed meeting to discuss the city's security systems and to consider a proposed offer/counteroffer of the Regional Treatment Center to Historic Properties pursuant to MN Stat Sec 13d.05 Subd3(c).

#### October 6, 2014

- Ray Wiley called into the city council meeting via a conference speaker phone as he is currently in Europe. He spoke about the Kirkbride building and his belief their investment and development team has put together a reasonable solution to save the complex. Their proposal is to divide the project into two phases. In Phase One, they would build 80 market rate apartments and establish 4-5 restaurants. They would restore the entire exterior of the Regional Treatment Center (RTC) in this phase. In the second phase, they would renovate the tower and the east wing of the building into a hotel and create a maker's (artist) space. Phase One would be completed two years after taking ownership from the city and they would work on Phase Two thirty months after Phase One is complete. 96% of their funding has been secured for the first phase which they estimate to be \$21 million. They have arranged for \$20,300,000 in funding of which \$10 million is their own funds and \$10 million is borrowed funds, leaving a funding gap of \$700,000. Willey said the most difficult challenge of this project is the building's location and the level of investment needed to create a cash flow. Willey said this project will only provide a marginal investment for their company and it creates an enormous risk for the developers.
- Willey referred to their original proposal from June 12, 2013 where they planned to use \$4 million in city funds to complete their project. He claimed the city approved their proposal and told them they could use these funds for their project, but have now told him these funds were not available. He said this may have been a mistake, but when rescinded, it negatively affected their performance. Willey said by dividing the project into two phases, they have been able to make up the \$4 million. He proposed the city provide their group with \$700,000 to fill in their remaining funding gap, stating the city is the biggest beneficiary to the Kirkbride being saved. Kent Mattson has told Willey the city is not willing to give them the \$700,000 from the maintenance funds for the RTC. Willey suggested the funds should come from another city funding source claiming this is a reasonable request to offset the \$4 million originally promised to them. He said the city is not collecting property taxes on the property now and would not be for the next 15 years either, leaving the city in the same financial situation.
- Willey said on September 17, 2014 Kent Mattson sent him a letter asking for more information and referred to the Requests for Proposals document. He is in Europe

with limited access to such information. Over the past 16 months he has submitted various documents, newspaper articles and such believing this method of information delivery was adequate. Willey said if Mattson is looking for more of a formally assembled document, it is unfair to reject his proposal as the materials were supplied, just not in a formal manner. He said he is willing to supply the information as requested by the city if he is granted an extension until October 23, 2014. He also asked the city to reconsider his \$700,000 funding request.

- Tim Rundquist asked to address Ray Willey over the speakerphone. He said the city wants Willey's project to succeed and he believes the plan is viable, but said not to put the onus of due diligence solely on Kent Mattson stating Kent is taking the directive of the council. Rundquist asked Willey if it is clear what information is being requested and Willey said the Request for Proposals document was provided to him at his first meeting in Fergus Falls, but stated he was "fuzzy" on what the requirements are. Willey claimed Kent Mattson never told him the information had to be presented in a formal manner, but now that he understands what the city is looking for, he is happy to provide that information.
- Jay Cichosz reiterated that he and the city do want Ray Willey and his project to succeed, but stated the council certainly never told him not to respond to the specific information requested in the RFP document. The only information that Ray Willey has provided the city council thus far is propaganda and very light on the details of funding and guarantees. Cichosz also took offense at the inflammatory comments made by Ray Willey and said the council would have never told Ray he could use the \$4 million from the state grant funds as it is not within the council's power to release these funds to a private developer. Cichosz said the city has been working with Willey for months to try to get information, which he is not providing and stated many of the comments made by Ray Willey tonight are simply untrue. Ray Willey said city staff, not a council member told him they could have the \$4 million. Cichosz reminded Willey it is clear that no one other than Mark Sievert and Kent Mattson are authorized to speak on behalf of the city. Willey said the information verbally provided by his tax attorney Jon Anderson on September 2 should have been adequate. The council requested this information be provided in writing, which Willey said they sent, but added if it is not enough information, he would be happy to provide more.
- Anthony Hicks told Ray Willey the bits and pieces of documents he has provided over time do not contain any type of formal business plan that would outline the objectives and specific costs. The city needs something more concrete than the single sentence of information that was provided. He felt we were making progress with Historic Properties when Jon Anderson provided an overview of the financing concept, but the lack of information and documentation we asked for and did not receive caused further concern. He furthermore stated the 15 year tax abatement is a contribution from not only the city, but the school district and county and this \$8 million advantage shows the city's commitment to a project.

- Mayor Leland asked Kent Mattson to direct comments to Ray Willey. Mattson has been copying his correspondence with Ray Willey to the Mayor and Council and he stressed a formally bound presentation is not necessary, but getting the information provided in one organized format would be appreciated. Mattson said both parties had agreed upon weekly meetings via conference calls. Ray has missed the calls from September 17, 24 and October 1. Mattson said he emailed Ray Willey repeatedly to see if either one of his partners, Bill Brown or Jon Anderson could join the call in his absence and received a response that neither was authorized to give information. The city is also concerned that Ray Willey's continual accusation the city told him he could have \$4 million from state grant funds. Mattson said no member of the council or city staff authorized to provide information to Willey promised these funds to him. He said from Day One, the RFP document was made available and Article XI clearly states the grant is not transferable to private parties. Kent Mattson and Mark Sievert are the only representatives of the city authorized to deal with the developer and he asked Ray who told him those funds would be available and Willey did not respond. Since the September 15, 2014 closed session, Kent has continually requested information on the developer's financial wherewithal and specific financial information, which still has not been provided. Without this financial information the council cannot make an informed decision about the project and he added the city's "skin in the game" is the 15 year tax exemption worth \$8 million and the \$4 million from the state grant is to improve the utilities around the property.
- Ray Willey said if the city wants the information in another format, he would provide that. He said he did not tell Mattson that his partners are not authorized to be on the weekly phone calls, but rather said there is no value to their being present on the calls as their contributions to this project is limited and the weekly calls are to provide communication between him and the city. He refused to say who told him the \$4 million would be available to their project, but said when the city approved their proposal on June 12, 2013 the request to use the \$4 million was a part of their original proposal. He claimed they would not have included the funding if they had been told no, but said they have mitigated most of this funding and have only \$700,000 of a funding gap to fill yet. Mattson stated the city approved moving forward with Historic Properties, rather than the Terrance Scholz project at this meeting, and did not approving their plan. He added the financial information provided to date is not enough for the city to make an informed decision and he referenced the specific information in the RFP that clearly states the city's expectations. Willey asked to be given until October 23, 2014 to provide the information to the city as requested and he clarified he understands what exactly is being asked of him. Mayor Leland opened up the meeting for public comment.
- Tim Litt, 626 W Beech Ave said Ray Willey has a \$700,000 funding gap and he asked what the city's plans are for the \$700,000 they have in the RTC maintenance fund. City Finance Director Bill Sonmor said the city was given \$1 million to be used at the

discretion of the city. These funds have been dedicated to services provided at the RTC such as mowing services, consultant and legal fees, appraisals, and there are anticipated expenses for the demolition of tunnels and the old administrative building. Deb Zachmann, 1411 South Mill recommended the city approve the developer's request of time to provide the requested financial information. Rod Spidahl, 1010 Meadowhill Lane does not feel the costs of reconstruction or demolition have been clearly detailed. He agreed the city needs to do its due diligence and requested he be provided the letter Kent Mattson referenced earlier asking Ray for specific information. Michelle Anderson, 616 E Mt Faith feels the city is too close to a deal with Ray Willey to stop working with him now. She urged the council to not create bad memories of the Regional Treatment Center. Dennis Johnson, 607 W Cavour Avenue distributed a CD of the Kirkbride Cycle to the council. Theresa Mann, 106 S Mill commended the council dealing with Ray Willey in an open public meeting. She felt the city's requests are reasonable and fair and remarked when meetings are held in closed session, not enough information is available for the public to feel informed. Bert Whitcombe, 106 S Mill said people are confused and worried when the council holds closed meetings with the developer and they would like to know the outcomes of these discussions. He later urged the council to watch their copy of the Kirkbride Cycle performance. Emily McKeun, 714 N Vine Street is an enthusiast for the preservation of the Kirkbride and said this community is what it is because of this facility. Laurie Mullen, 2840 Lakewood Drive felt the Kirkbride Cycle was a magical event and she wants to see the Kirkbride redeveloped for another use. Maxine Schmidt, 524 Woodland Drive reminded the council they are the ones that chose Ray Willey as the developer of the RTC and encouraged the council to help the proposal rather than to create roadblocks. Eugene Schmidt, 524 Woodland Drive wanted more explanation about the \$700,000 maintenance funds. Bill Sonmor again explained the use of these funds and the city's legal right to use these funds for the RTC facility, including demolition costs. Dan Edwards also spoke about the state grant funds and what the city can and cannot use these funds for. Mark Sievert said when the city received the RTC property from the state, the grant dollars we received (\$7.158 million) for the facility was based upon the estimated costs of demolition of the entire facility and incinerator. The additional \$1 million was from the Department of Human Services budget to be used at the city's discretion. The city chose to put this money in a separate account for expenses related to the RTC. He noted \$20,000 was spent on the TENICA study, \$50,000 was given to the EIC to help Ray Willey conduct a housing study, legal and consultant fees, property maintenance, and appraisals have brought this fund down to approximately \$715,000. Schmidt asked if the money could be given to Ray Willey prior to handing the property over and Sievert said the city would not give any developer the money until we have completed our due diligence. He reminded everyone the city has a limited amount of time left to spend the money in order to receive reimbursement from the state.

- Cichosz thanked everyone for their comments and said he wants this project to succeed and does not want to see the property deteriorate like the mill located downtown. He

urged the Friends of the Kirkbride to compromise with the council and the other factions of the community that don't want the tax burden if the city loses the state grant funds. He said the building being mothballed indefinitely is not a solution the entire community would support and he urged the public not to see the council as the enemy, but rather encouraged everyone to work together. The council adjourned to a closed meeting at 7:40 pm and reconvened to an open session at 8:10 pm. Resolution #180-2014 granting Ray Willey until October 23, 2014 to respond to the city's request to provide the due diligence information as requested by Kent Mattson, was adopted.

**November 3, 2014**

### **Historic Properties/Regional Treatment Center Proposal**

Kent Mattson acting as the city's legal consultant for the Regional Treatment Center redevelopment project and Anthony Hicks, the council liaison to this project were tasked with assessing the information provided by developer Ray Willey in comparison to the materials requested in the Request for Proposals (RFP) document the city requested developers to follow. It was their intent to provide a recommendation to the council as to how they should proceed, but upon review, they concluded the information provided by Historic Properties does not meet all of the requirements of the RFP. Hicks said they received information sporadically and what they received was limited in scope and he reviewed the eleven proposal requirements against the information provided while Ray Willey joined the meeting via speakerphone.

#### **1. Transmittal Letter.**

Nine sub-sections comprise this section which asks for information about which the developer is their legal information, tax ID number etc.... The initial letter is dated June 12, 2013 and Letter of Intent is dated July 15, 2013. A project update was provided to the City Council in September of 2014. Although multiple documents have been sent, we are still missing detailed company information, tax identification numbers, partner lists etc.... and further information is needed to move forward.

#### **2. Executive Summary.**

This covers 4 basic questions about the developer, its team members and their roles. This information has been generally covered in documents provided to the council during September and October, but it tends to be generalized.

#### **3. Development Team.**

This is a request to identify firms that make up the team along with legal issues they may have faced in the past or are currently involved in. It also covers architects, consultants etc.

Points 2 and 3 have been answered in a merged format, but extremely limited information has been provided on potential consultants, builders, contractors. Only the architects have been mentioned.

#### **4. Relevant Project Experience.**

This section has been broken into 8 points to identify specifics of these projects, including teams involved, description, costs and photographs. The three references from the city of New Castle about Historic Properties were contacted and all spoke highly of Historic Properties and its representatives. The city did spend approximately \$1 million of improvements to the envelope of the structure prior to Historic Properties purchasing the property. Many newspaper clippings have been supplied about various projects, but actual specific details that have been requested, still have not been received.

**5. Development Concept Description.**

There are seven subsets covering the narrative and description of activities and implementation of the development proposal. The design and narrative we have received is broad stroke and we are lacking crucial details.

**6. National Register of Historic Places.**

This is a request for a narrative to show understanding of the Secretary of Interiors Standards for the treatment of historic properties. A letter has been received from the Minnesota Historical Society dated August 5, 2014 expressing support and guidance for allowing the demolition of Building #2 (known as the Administrative wing). Jon Anderson verbalized knowledge on the concepts of varied tax credits in September of 2014 and his power point presentation is included in the financial portion.

**7. Market Feasibility.**

This is an assessment of the need for the proposed project and the methodology used. Their response to this portion is extremely limited. No third party was engaged and Historic Properties is relying on their own determination of need. A hotel study was conducted in June, but the findings are not published. They have decided to place the hotel in Phase Two of the project.

**8. Description of Public Benefit.**

This asks for a statement and description of the overall benefits, jobs, housing, future tax base, quality of urban design, public art elements etc. The only documents provided are newspaper clippings from advertisements in the Daily Journal and Midweek in October that highlighted job creation, retail tenants, apartments, economic impact and community impact statements. They would have liked to see more thought and detail in considering the overall impact.

**9. Project Schedule.**

A timeline of obtaining financing, construction, start, leasing and sell out. We have a very basic outline of a schedule for a 24 month period and need a better understanding of the project breakdown as to when varied parts are to be completed and how they relate to the project financing.

**10. Proposed Project Financial Information.**

A number of subsets asking for details of the project financing, including a breakout of major components, projected cash flows and estimated values upon completion. The developer again did not include the requested information and financing details such as cash flow, operating performa's, summaries, job creations. Varied tax credits, HUD loans, EB5 investment and gap finance have been identified, and only EB-5 has provided a letter of support. Public assistance, state grant funds can be used towards

infrastructure improvements and there are two projects on the site and portions of these improvements benefit both and commitments have been also made to the other developer. As far as equity, or the amount of funds contributed by the owners plus the retained earnings (or losses), Hicks felt the only initial equity would be the EB5 funding.

## **11. Developer's Financial Information.**

Financial information regarding the developer prepared by a certified CPA covering the last 2 years in the case of a newly formed entity financial statement of general partners. Kent Mattson reviewed this information as it was deemed confidential.

Hicks and Mattson again concluded the content provided by Ray Willey is not complete and they cannot make a recommendation to the council based on the information we have. There is a lack of details in many areas and no additional information was shared on restaurants including market feasibility and viability. Mattson said they have been trying to communicate with Willey, but he has declined to participate in any of the meetings set up for him. Hicks gave his recommendation to the council as follows:

- a. The city is not able to meet the request of Historic Properties to provide \$700,000 at closing, but given in stages, the city would consider the remaining fund balance to go towards the designated non-profit building Historic Properties propose.
- b. The Friends of the Kirkbride (FOK) should be asked to assist in supporting the gap funding with pledge donations. Hicks said it is his understanding they have received such pledge amounts ranging from \$300,000 to \$500,000 and this would not be underwritten by the city or state grant dollars.
- c. The city should research the issuance of a performance bond to be issued on behalf of Historic Properties, paid for by city out of the fund. This bond would be for \$5 million and would cover the expended grant funds. Hicks suggested the City Engineer engage a specialized engineering firm to review demolition parameters, the environmental impact as well as the cost to secure the building from the elements.
- d. A small group shall be appointed to engage with Historic Properties to negotiate the developer agreement, parties to include council members, administrative and legal. Hicks nominated himself and Jay Cichosz and he requested Kent Mattson and Mark Sievert also be involved.
- e. A mutually agreeable date is set, but not to exceed December 31, 2014.

Mattson said we have the expression of intent, but not enough information to allow them to make a recommendation to the council. Willey stated no other project he has worked on has required him to provide so much information. Mattson and Willey reviewed the recommendations and focused on the \$700,000 Willey has asked the city to provide. Mattson told Willey the city is not able to provide the \$700,000 as a large portion of these funds have already been committed for other projects. Willey said the city not providing him the \$700,000 up front would be a deal breaker and repeatedly said he would understand if the city chose to not continue working with him.

Mattson said the city would not provide the funds without specific milestones and deliverables being set up and he spoke about the necessity of a performance bond to protect the taxpayers. The city would cover the cost of the bond's premium and Ray Willey would be asked to provide information for the bond to be issued. Willey said it is difficult to get these bonds without him participating and he said he did not plan to take the risk of guaranteeing the bond.

Willey reviewed the points in Hick's recommendation and stated he would agree to the small group working on a developer agreement prior to December 31, 2014. As to the assistance of the Friends of the Kirkbride to help provide the funding gap, Willey asked if these funds would be given on top of his \$700,000 request from the city and it was clarified the city would not be giving Ray Willey \$700,000. It was again explained these funds have been committed for other projects and if there is any additional funding, a portion could be used for the non-profit portion of the Historic Properties project. Willey was adamant the funds come from the city and said this is a major fundamental component of his request and if the city did not provide him with the money, it would be a deal breaker. Hicks noted this is neither the proper method nor time to negotiate and suggested these details be worked out with the small group as they work through the developer's agreement.

Willey said they are planning to use the \$700,000 for project plan details and to reimburse themselves for their out of pocket expenses. He suggested the city give him the money immediately and work to retrieve the funds over time citing it was fair to ask the city to show him their level of commitment. Hicks again said there is not \$700,000 to give him and the city cannot just transfer other funds without discussion. Mattson agreed the city would not be able to provide \$700,000 to the developer without any deliverables or guarantees for a project and said the city does not have a mechanism to reimburse them and he would be challenged to recommend them to give the developer these funds. Willey was adamant the city provide him with \$700,000 and again said it would break the deal for them. Mayor Leland asked Ray Willey if he is not willing to negotiate on this issue and he questioned if Willey was using the city's refusal as a strategy to get out of the project. Willey said they need to reimburse themselves for the \$250,000 in their time and resources they have spent on the project thus far and without the city providing it, they would be out this money.

Willey said he was initially led to believe he would get the \$4 million in state grant funds and the \$700,000 remaining funding gap for his project should be the city's obligation to meet. He said the community of New Castle gave them \$800,000 upfront before taking possession of those buildings. Laurie Mullen, acting as a representative of the Friends of the Kirkbride came forward publicly with an announcement of commitment and pledged to raise \$700,000, which the Friends of the Kirkbride would give to the developer by the projected closing date of December 31, 2014. Schierer offered **Resolution #188-2014** appointing a committee consisting of Jay Cichosz, Anthony Hicks, Kent Mattson and Mark Sievert meet with Ray Willey for the purpose of engaging in the details of a Development Agreement with Historic Properties, which was seconded by Rundquist. Ray Willey said he had to consult with his partner Bill Brown and the Friends of the Kirkbride to see if their pledge request was viable. It was clarified the acceptance of these funds is in tandem with a mutually acceptable

Development Agreement and the city not be a party to the collection of funds. The city views the arrangement between the Friends and the developer to be solely between those two parties. The question was called to a vote and was carried.

#### **November 17, 2014**

The Heritage Preservation Commission is seeking authorization to provide a resolution of support of the Kirkbride Funding Project, facilitated by the Friends of the Kirkbride to enable the redevelopment of the Historic Kirkbride. A motion and second were made by Hicks and Schierer to authorize the Heritage Preservation Commission to provide such resolution and the motion carried.

Tim Litt read an email Ray Willey asked him to present to the council noting he has spoken with Bill Brown and the Friends of the Kirkbride and they agree to work on aspects of the Development Agreement in conjunction with the city working on the issues in their agreement. In this email Willey proposed each side having a rough draft completed by November 30 with the expectation negotiations would be made throughout December to meet the December 31, 2014 deadline. It was clarified Kent Mattson, Mark Sievert, Anthony Hicks and Jay Cichosz act as the city's representatives.

## **2015**

#### **January 20, 2015**

Mayor Leland asked to be included on the negotiations team for the proposed project by Ray Willey at the Regional Treatment Center. Anthony Hicks gave an update on the project noting there have been a number of phone conversations with Willey since November and on January 5 they received his proposed changes to the Development Agreement. The city has requested additional clarification from Willey on some of these points, but to date he has not yet responded. Hicks was agreeable to including Mayor Leland on this negotiations committee, and also suggested Darren Appert be appointed to replace Jay Cichosz. The negotiations team is waiting for Willey to either come to Fergus Falls for a meeting or agree to a date for an alternate locale. Willey has not yet responded to this request. A motion and second to appoint Mayor Leland and Darren Appert to the RTC negotiations team were made by Schierer and Arneson and the motion carried.

Mayor Leland mentioned Ray Willey called him today and City Administrator Mark Sievert asked the negotiations team act as a group as too many conversations are going on with the developer outside of the negotiations team meetings. Sievert and Hicks encouraged everyone to follow the same rules of engagement not negotiate at a public meeting. Sievert spoke about the \$700,000 the Friends of the Kirkbride pledged to provide Ray Willey in this project. These funds are a critical component to the development agreement and the city needs to have the assurance these pledges are verified and valid. Scott Rachels asked Laurie Mullen to provide

an update on the fundraising efforts to date from the Friends of the Kirkbride. She said it is up to Ray Willey to give that report and provided no additional information. Rachels requested the entire council be kept apprised of the negotiations and fundraising efforts. The Mayor asked that a RTC negotiations team meeting be called within the next week and it was clarified Kent Mattson is the point person in these negotiations.

### **February 2, 2015**

Mayor Leland reported the RTC negotiations team met on January 30 and said they are trying to identify the developer's timeline to determine how the city should proceed. Once Historic Kirkbride verifies their financing, the city can move forward on certain aspects of the project. Anthony Hicks has contacted Ray Willey to line up a private in person meeting between the RTC negotiations team and Willey's development team, but Willey has not yet responded.

### **February 17, 2015**

Mayor Leland received an email from Ray Willey today detailing a list of dates he is open to meet with the local negotiations team. The city has requested additional information from Ray Willey about this project which still has not been received. Mark Sievert will be organizing a negotiations team meeting shortly to review the possible dates to meet and to determine if Willey has given the city enough information to even make meeting worthwhile. Scott Rachels said he is displeased with the lack of information coming from Ray Willey that was promised months ago. It was suggested the council be provided a closed meeting update on the negotiations with Historic Kirkbride and Anthony Hicks gave an overview of the city's requests for information which have been unanswered and he expressed his frustration with the city's multiple attempts to reach Ray Willey. He said it is not the city that is holding up this process and was adamant that negotiations be held face to face and not be held at a public meeting.

### **March 2, 2015**

The council planned to adjourn to a closed meeting as requested by Scott Rachels to discuss the performance evaluation of the City Administrator and to hear an update on the city's negotiating strategy on the RTC. Spidahl disputed the city's basis to close the meeting and Rachels said if the council was not willing to close the meeting for the City Administrator issue, that he would withdraw the request to close the meeting. Anthony Hicks provided an update on the city's conversations with Ray Willey about his Historic Kirkbride project. The city still has not received the information requested by Willey and they plan to meet with him and his team on March 12 in a face to face meeting. The city cannot move forward until Willey provides information about the expected timelines to receive funding for his project. Hicks reminded the council the city is quickly coming up the deadline to be eligible to receive reimbursement from the State of Minnesota.

### **March 16, 2015**

Anthony Hicks, Mark Sievert, Kent Mattson, Ben Schierer and Darren Appert met with Ray Willey, Jon Anderson and Bill Brown on March 12 in Fargo to review the Development Agreement for the RTC. The document was reviewed line by line and all parties left with homework assignments. They discussed the use of funds, timelines, bidding process and easements and Hicks did not believe there is a reason to close the meeting tonight as many of the details had still not been worked out. Rachels questioned if the council would have an opportunity to review the document prior to asking the council to approve it. He also encouraged the council to let the public know the details before the council gives the project their approval.

### **April 6, 2015**

Anthony Hicks reported a meeting of the local RTC negotiations team will be held on Thursday of this week to review the city's "to do" list.

### **April 20, 2015**

City Administrator Mark Sievert explained he met with representatives from Springboard for the Arts in regards to artists gaining access to the RTC for art related endeavors. Their staff will be utilized to guide artists throughout the building after consulting with city staff on access and safety issues. The city does not have enough staff time to dedicate to the numerous requests received to enter or use the RTC building. Those wishing to make movies at the RTC will be referred to Springboard to determine if there is artist merit in the requests. General photography requests will be referred to the Friends of the Kirkbride tours. A motion and second were made by Hicks and Rachels to approve the Public Works and Safety committee recommendation to approve access to the RTC for artist endeavors to approve the appointment of Rod Spidahl to the Springboard for the Arts artist review panel and the motion carried.

Anthony Hicks reported they received a response from Historic Kirkbride today indicating they plan to send the additional information the city has requested by the end of the week. Ray Willey will likely be visiting Fergus Falls again soon and expressed his desire to conclude negotiations by the end of May. The internal city group will be meeting and sending a response.

### **May 4, 2015**

Anthony Hicks reported Ray Willey has given his attorney information to review and that should be provided to the city shortly.

### **May 18, 2015**

Hicks reported the city has received an updated purchase agreement and developer agreement from Ray Willey and he believes the two sides are moving closer to an agreement for the RTC. The city is awaiting specific timeline information which Willey promised to provide by the

end of this week. The negotiating committee anticipates a face to face meeting with Historic Kirkbride representatives sometime between May 25 and June 4. More specific details about the proposed agreements will be shared in the closed meeting later tonight.

The council discussed some ventilation possibilities to accommodate the artists working at the Regional Treatment Center. Mayor Leland asked the staff to examine options and report back to the council.

#### **June 15, 2015**

Anthony Hicks reported the city appointed negotiating team met with Ray Willey last week. They are still waiting to receive additional information and plan to have an update for the public at the July 20 meeting. At tonight's closed meeting, information about the business portion of the negotiations process will be shared.

#### **July 20, 2015**

Anthony Hicks reviewed the city's efforts in working with developer Ray Willey on the Historic Kirkbride project at the Regional Treatment Center. A Letter of Intent was signed in July of 2013 and in subsequent months reports were made that Mr. Willey did not provide the information requested by the city and missed he multiple deadlines. In November of 2014 he requested the city provide him with \$700,000 cash up front without providing any personal guarantees on the monies. When the city told him they would not provide these funds, the Friends of the Kirkbride pledged to raise the \$700.000. The city's task force met face to face with Historic Kirkbride representatives in March of 2015 and Willey provided a list of tasks he wanted the city to perform for his project including waiving the license and permitting fees. Last month Willey asked the city to provide \$350,000 in cash up front without personal guarantees. The city offered a \$350,000 grant upon completion of a certificate of occupancy, giving Willey until June 30 to accept the offer. On June 30, he accepted the agreement, but rejected it on July 10 unless the city provided \$350,000 up front. Today Mr. Hicks received a phone message from Willey verbally accepting the offer, but he has not provided any documentation in writing. Hicks noted the city has been more than accommodating throughout the negotiations process, but Ray Willey has not been able to meet any of the city's guidelines. It is unlikely the city will meet the deadline of December 31, 2016 to expend the state grant funds in order to receive state reimbursement and will have to request an extension from the legislature. The city has offered to provide over \$1.3 million in services to maintain the property and to provide infrastructure improvements and gave Willey \$50,000 for a study earlier in the project. The council will be going into a closed meeting tonight to discuss the offer/counter offer and will reconvene after their deliberations.

After a number of miscellaneous announcements the council adjourned to a closed meeting at 6:21 pm as permitted by the attorney-client privilege to discuss an active or threatened litigation matter, per Minnesota Statutes Section 13D.05, subd. 3(b) and to discuss consider a proposed offer/counteroffer of the Regional Treatment Center to Historic Properties pursuant to MN Stat Sec 13D.05. subd 3 (c)(3).

Hicks offered **Resolution #160-2015** which stated “Due to the failure to have a signed agreement by July 10 as recommended by council, the council recommended terminating further discussion with Historic Kirkbride and will pursue other options”, which was seconded by Rachels and was adopted.

Hicks offered **Resolution #161-2015** directing staff to develop process for reviewing other redevelopment options to have increased likelihood to preserve campus without jeopardize historic tax credit opportunities of the RTC campus, which was seconded by Schierer and was adopted.

A public input/council listening session on the future re-development of the Regional Treatment Center will be scheduled for August 10.

### **August 3, 2015**

Michael Koop and Sarah Beimers of the Minnesota Historical Society presented information on historic tax credits and their effect on the redevelopment efforts of the Regional Treatment Center (RTC). The historic district boundary being formed will likely encompass most of the buildings on the RTC campus. In order to mothball the building a number of steps must be completed. Step one; historical documentation of the Kirkbride has been completed. Step two is a condition assessment, which has been completed, but it was recommended another assessment be conducted as the building has undergone some stabilization efforts. A discussion regarding contributing and non-contributing portions of the campus and questions regarding the city's ability to renovate or reuse certain portions were addressed. The Minnesota Historical Society offered to help the city review preservation plans and work on the tax credits issues.

### **National Trust for Historic Preservation**

Mayor Leland read a letter from Mary Lu Seidel of the National Trust for Historic Preservation regarding the preservation of the Fergus Falls State Hospital.

### **Mayor's Commentary on RTC**

Mayor Leland commented on his recommendations for the future of the Regional Treatment Center. He advocated the city mothball the Regional Treatment Center and concentrate on infrastructure and stabilization efforts without jeopardizing the building's historic tax credits. He requested the council discuss the preservation of the RTC on August 10 and establish a public improvement number for preservation efforts on August 17. A motion and second were made by Hicks and Fish to hold a public input session on August 10, 2015 from 5-6:30 to hear public input and to allow for council discussion from 6:30-7:00 pm regarding the next step to take and the motion carried. It was clarified the council would not be taking any official action at the August 10 meeting.

### **August 10, 2015**

The Fergus Falls City Council held a public input/listening session regarding the Regional Treatment Center (RTC). Mayor Leland shared his recommendation the city should pursue

stabilization efforts for the Regional Treatment Center with jeopardizing the historic tax credits.

Tim Litt, 626 W Beech felt the city should find an expert to guide a team of professionals to lead the redevelopment process. He advocated for a city referendum and later asked if Otter Tail Power could provide a heat source.

Laurie Mullen, 2840 Lakewood Drive thought the city should use the remaining \$4 million for building stabilization and ask the legislature to bridge any funding gap. She invited the council to tour the Willmar campus.

Bert Whitcomb, 1319 N Park Street spoke about the economic potential of the RTC in the region and encouraged the council to think about creative reuses for the building.

Lynn Brand, 711 W Bancroft proposed using the RTC as a community center or for housing.

Richard Norman, asked why the city wants to keep the RTC and questioned what would happen if the state does not give an extension. He inquired about the economic impact of the empty buildings throughout the community and encouraged the building be demolished.

Jerry Johnson, 924 Ridgeview Court recently visited the Traverse City facility and noted their facility has a bigger population base and is surviving because of its tourism opportunities. He did not want the RTC to affect his tax dollars.

Lois Josefson, 506 S Union Avenue suggested the state and federal levels of government be consulted to initiate energy efficient measures such as installing solar shingles on the RTC roof.

Michele Anderson, 616 E Mt Faith Avenue, spoke about the Springboard for the Arts programs and how they fostered interaction with the building. She believes there are untapped options with the cultural tourism to explore with the RTC.

Maxine Schmidt, 524 Woodland Drive spoke about the Friends of the Kirkbride tours to raise awareness and education of the facility and asked the council to work with the community on redevelopment efforts.

Tere Mann, 1319 N Park commented on the sustainable community the RTC campus used to have and felt there are opportunities to operate in this manner again.

Brent Thompson, 1008 W Lincoln asked about the heating source of the building and felt an incinerator would generate revenue from burning materials.

The discussion was opened to the council members. Anthony Hicks spoke about past redevelopment efforts said he was in favor of stabilizing the building. He believed the solution

for redevelopment will require the cooperation of the legislature and the community in an effort to mitigate the cost to our taxpayers. Rod Spidahl agreed the city needs to pursue stabilization efforts for the building envelope and proposed developing a master plan that incorporates the river corridor, historic downtown, trails, recreational opportunities and Lake Alice be developed. He supported a consultant be employed to develop a master plan and lead the redevelopment efforts. Scott Rachels spoke about the size of the building and the cost to preserve the facility. He was concerned about the burden of the taxpayers to preserve the RTC in the midst of the city's plans for the library and Lake Alice. He felt selective preservation with the main tower was a good compromise for the community to explore.

Jim Fish was in favor of selective preservation, but said many of the people he has talked to do not want their tax dollars affected by the building. Wayne Hurley supported preserving the campus and felt the looming state grant deadline was a major obstacle in dealing with past developers. He suggested spending the state grant funds on stabilization efforts to prepare the building for future opportunities. Ben Schierer was in favor of developing a master plan and he encouraged the public to work cooperatively with the city. Darren Appert agreed a community team should build a master plan for the Kirkbride and believed the city should partner of the state regarding redevelopment efforts. Justin Arneson agreed the state needs to work with the city to find a solution and said it may take a group of developers working together to be successful in redevelopment.

City staff was asked to provide information regarding preservation and demolition cost figures to the council. Preliminary preservation cost estimates will be brought to the August 17 meeting. The meeting adjourned at 6:19 pm.

#### August 17, 2015

Mayor Leland read letters from the Minnesota Historical Society and Representative Bud Nornes supporting stabilization/preservation efforts of the Regional Treatment Center. He also has been in contact with legislators and the governor's office regarding the city's plan to preserve the campus. Kent Mattson gave a recap on the permitted uses and restrictions of the state grant funds. Legislation in 2013 extended the state grant funding deadline to December 31, 2016, authorized improvements to the building's envelope for stabilization and allows demolition of surplus or non-contributory buildings or infrastructure. Stabilizing the building for future redevelopment is allowed, but the costs for repairs that benefit a private developer thus increasing the market value, would have to be recaptured. Mattson will contact the Department of Administration to let them know of the city's plan for preservation and possible upcoming request to amend the grant agreement. Requests for additional time or funding would have to go through the legislature. Spidahl offered [Resolution #180-2015](#) establishing a public improvement project to stabilize and preserve the building with no consideration given to any demolition of any part of the property, except as permitted in consultation with the state grant administration officer and the State Historic Preservation Office (SHPO). Furthermore, dire and necessary temporary repairs to the roof, windows, doors and tunnel

areas should be undertaken this fall and be performed within state grant guidelines and SHPO. The resolution was seconded by Hurley and was adopted.

Dan Edwards reviewed the professional engineering and architectural services proposal for historic buildings mothballing study from Stantec Consulting Services Inc. They would study and prepare a report describing the needs and recommended actions to stabilize the existing building assets on the RTC site. Such stabilization efforts would prevent abandoned buildings from further deterioration due to exposure to the elements and vandalism and Stantec would employ the methods for mothballing historic buildings as described in Preservation Brief 31. Nine existing buildings have been identified as contributing and were included in the original cost proposal while three (#2- Administrative wing; #3-Auditorium; #30-Power House) have been listed as non-contributing. Other buildings such as the memorial building, auditorium and tunnels could be included in the study at an additional cost. Hicks offered **Resolution #181-2015** accepting the Stantec proposal in an amount not to exceed \$40,000 and authorizing the Mayor and City Administrator to sign the document, which was seconded by Schierer and was adopted.

Spidahl offered **Resolution #182-2015** to establish, after consultation with city staff as to boundaries, a planning district which includes the Otter Tail River and downtown area as well the Lake Alice area and the Kirkbride property for purposes of developing a Master Plan. This Master Plan shall be adopted by the Council prior to action on development proposals for any of the aforementioned areas. Priority for the election of a planning group or firm to undertake this work will take into account familiarity with Fergus Falls, Otter Tail County and the surrounding region. The resolution was seconded by Appert and was adopted.

### **September 21, 2015**

The State of Minnesota gave the city ownership of the parkland around the RTC if it is used for public purpose. Its appraised value is \$300,000 and if sold to a developer, the developer would have to reimburse the state the fair market value. Spidahl offered **Resolution #209-2015** declaring 13 acres at the RTC (Lot 1 Block 3 and Outlot A of the Kirkbride Addition) as parkland property, which was seconded by Hurley and was adopted.

**Resolution #206-2015** approving the purchase of a Toro Groundsmaster 360 mower with the funding to come from the city's RTC maintenance funds;

### **October 19, 2015**

A film company has requested access to the Regional Treatment Center to film a documentary. The city is unable to accommodate the numerous building access requests and the council has previously agreed to refer such requests to the Springboard for the Arts. They participate in tours and project advancement if it advances their mission. Mayor Leland asked the council to consider a process to allow films that would keep the dignity of the facility's history to be given permission for such requests. It was suggested a detailed outline of what the project

would entail and services required be submitted to the mayor. Staff time to accommodate a request and the amount of access to the facility will be evaluated.

#### **November 2, 2015**

The city gets numerous requests for access into the RTC. Tours and simple building access requests are referred to the Friends of the Kirkbride. Photographers, movie makers and those requesting artistic endeavors are referred to Springboard for the Arts. The council discussed how to handle film and movie requests, paranormal events, other access requests and staff time to accommodate these requests. Michele Anderson from Springboard offered to help put together a standardized request form to request access to the RTC. Chris Schuelke from the Otter Tail County Historical Society will help with the guidelines to ensure the building's history is portrayed in a respectful manner. Building access requests from developers will be entertained. *A motion and second* were made by Rachels and Fish directing staff to not permit further access requests until further notice and the motion carried.

Schierer requested a council discussion on a formalizing an RTC advisory committee to filter out requests and make recommendations to the council pertaining to the RTC. *A motion and second* were made by Schierer and Hurley to recommend Michele Anderson and Chris Schuelke help the Mayor in the formation of a RTC advisory committee and the motion carried.

The city has been dealing with some of the suggestions for simple repairs to the RTC after receiving Stantec's preliminary report on the facility. Dan Edwards expects the full report within the next week and he suggested a council work session to discuss the findings with Stantec and SHPO be scheduled. He will check the availability of these entities and report back to the council on the date of this meeting. Hicks requested a report on the costs of demolishing the entire facility so this information can be used when seeking legislative approval to extend our timelines.

#### **November 10, 2015- Public Works and Safety Committee**

Len Taylor said there is a verbal proposal for a spotlight to be placed on RTC tower for \$5,000 rather than the previous quote of \$13,000. Spidahl asked the Friends of the Kirkbride to fund this expense and they have agreed to commit \$5,000 towards the project. Neither the written quote nor the check has been received yet. Taylor also reported the contractor is putting up the new street lights at the RTC and some portions of the property will not be lit until after the project is complete.

#### **November 16, 2015**

A motion directing city staff to work with Otter Tail County to draft an agreement allowing the county to continue to use the parking lot on the RTC grounds for the county fleet vehicles; **Resolution #261-2015** approving the naming of the parkland at the RTC as Kirkbride Park.

Vinco has provided two options for a spotlight to be placed at the Regional Treatment Center main building. Option A would cost \$5,300 and would be placed on a pole matching the

current street lights. Option B would be ground mounted and would cost \$3,900. Laurie Mullen from the Friends of the Kirkbride group presented the city with a check for \$3,900. Schierer offered **Resolution #271 -2015** accepting the donation of \$3,900 from the Friends of the Kirkbride and authorizing Option B for this project. The resolution was seconded by Appert and was adopted.

#### **December 2, 2015**

Mayor Leland appointed Chris Schuelke, Michele Anderson, Laurie Mullen, Laurie Lucking, and Scott DeMartelaere to the Mayor's RTC Advisory Committee. He stated this group will function in an advisory manner to the council on matters related to the Kirkbride and help develop a vision for the building. The committee will act as a clearinghouse for tour and film making requests and he stated there would be no access requests granted until a project for the RTC is defined and approved by all agencies including SHPO and the Minnesota Department of Administration. Spidahl asked that film making requests be entertained as he has set up a meeting with a representative from the Minnesota Film Board to market the RTC for filmmaking. Arneson offered **Resolution #282-2015** approving the creation and membership of the Mayor's RTC Advisory Commission, which was seconded by Hurley and was adopted.

Hurley offered **Resolution #290-2015** accepting the Stantec Building Preservation Report and forwarding it to the State Historic Preservation Office for their comment and review, which was seconded by Fish and was adopted.

#### **December 7, 2015**

The Fergus Falls City Council held a work session on Monday December 7, 2015 at 4:00 pm to discuss Stantec's RTC building preservation report.

Representatives from the State Historic Preservation Office were invited to be at this meeting, but no representatives were present. Phil Caswell and Bruce Paulson from Stantec shared their findings of the visual condition assessment they performed at the Fergus Falls former Regional Treatment Center noting no material testing or load calculations were made in this part of the study. They looked at the 600,000 square feet of existing buildings owned by the city, most of which have been vacant for ten years. The buildings in their study included #1-Administration; #3-Auditorium; #22-East Center Wing; #23-East Detached Ward; #24-Northeast Wing; #25-Kitchen Building; #26-West Center Wing; #27-West Detached Ward; #28-Southwest Wing; #29-Memorial Wing; and #32-Powerhouse/Laundry/Carpentry Shop and five tunnels. Stantec followed the methods described in Preservation Brief #31 "Mothballing Historic Buildings" with the goal to preserve/stabilize the building for a ten year time period. The program includes:

##### **Documentation**

1. Document the architectural and historical significance
2. Prepare a condition assessment

##### **Stabilization**

3. Structurally stabilize the buildings

4. Exterminate or control pests
5. Protect the exterior from moisture preservation

#### Mothballing

6. Secure the building from intrusion
7. Provide adequate ventilation to the interior
8. Secure or modify utilities and mechanical systems
9. Develop and implement maintenance and monitoring plan

Each portion of the study was rated for the building's condition and the conceptual levels were refined and broken out by work item. The building is on the National Register so all work requires prior approval by the State Historic Preservation Office (SHPO). Findings included:

*Roofing.* The asphalt shingles on some roofs will not last 10 years. This portion of the project should be completed in the next 3-5 years. The costs could be reduced if work is only done on the worst spots. The clay tiles are not yet serious, but future repairs must be made.

*Gutters and Downspouts.* Recommendations are to repair/replace missing or damaged gutters and downspouts and prevent continue deterioration in splash zones.

*Windows.* The windows should be protected by boarding with painted plywood.

*Seal Exterior Brick Walls.* The exterior brick walls must be stabilized to prevent further freeze-thaw damage. The exterior paint contains lead and the cost for removal is prohibitive. It was noted all buildings were painted with lead based paint.

*Seal Stone Sills and Water Table.* The freeze/thaw damage is similar to the brick wall concerns

*Remove Vegetation Growth.* Expansive pressure of vegetation growth has damaged foundations, roofs and facades. City staff removed much of the vegetation this fall.

Additional recommendations for mothballing include:

*Pest Control-* Remove as encountered.

*Security-* Add simple electronic/remote monitoring such as glass break detectors.

*Indoor Humidity Monitoring-* Recommendations are to monitor indoor humidity levels remotely; keep the relative humidity below 60% and to add unit dehumidifiers as needed.

*Fire Alarms-* Building type(s) limit combustibles, flame spread and it was recommended to add simple line of sight alarms in corridors.

*Ongoing Monitoring-* Multi-purpose, web based remote monitoring is available by cell phone.

The total estimated cost is	\$ 2,455,250
Contingency 25%	\$ 614,750
Subtotal	\$ 3,070,000
Contractor General Conditions (8%)	\$ 250,000
Subtotal	\$ 3,320,000
Design/Construction	
Contract Administration (15%)	\$ 500,000
<b>Total estimated project costs</b>	<b>\$ 3,820,000</b>

Caswell reminded the council these are temporary measures (approximately ten years) and SHPO still needs to approve any work. Clarification was made on the condition of the tunnels. Environmental conditions of the tunnels were not identified, but structural weaknesses have collapsed one tunnel and forced the closure of another. It is unclear whether SHPO would have concerns with the removal of the tunnels as they are not a contributing element to the building. The paint and deterioration of the brick was addressed. The paint left on is creating a barrier into which moisture is being trapped and is creating deterioration. Leaving the paint on the building will perpetuate the problem. The estimated cost to remove the paint from the building's exterior is \$110 per square foot or a total of \$15 million. OSHA requirements would need to be met in order to remove the paint. The mortar joints are showing signs of failure and there is an urgency to repair these soon. Re-pointing the bricks after removing the paint is estimated at \$350 per square foot (\$5 million). It is possible to remove the paint in phases, but SHPO, the MPCA and the Department of Administration would need to be consulted prior to any work being completed. The estimated cost for roof work is \$450 per square foot. Re-roofing the entire facility for total preservation would be cost prohibitive. Comments about the extent of contamination and the abatement of hazardous materials were made. Again, SHPO's interpretation of the proposed work would need to be heard prior to any work being started.

The city has started on some of the infrastructure work and City Engineer Dan Edwards encouraged the council to continue work on the water main for fire protection and future development. Edwards spoke about the work that needs to be completed to mothball the buildings noting the tunnels, walls and roofs are the biggest concerns to address. The Department of Administration will also need to weigh in on these proposed projects to see if they are grant eligible expenses. He asked the council to accept the report and to direct staff to prioritize a list of conceptual projects which will be presented to SHPO and the Department of Admin for review.

Hicks agreed the tunnels are a hazard that would be expensive to repair. He and Arneson asked the Stantec representatives for an estimated demolition cost to use for comparison when we request an extension from the state legislature. Stantec is working with Rachel Contracting to update these estimated costs. Edwards spoke about the environmental concerns with the lead paint bricks, the hazardous materials going to the landfill and the unknowns of disposal of these materials. The MPCA will need to be consulted due to the level of lead concentration and the disposal costs are unknown at this time.

Laurie Lucking noted her historic preservation experience and advocated accepting the Stantec report as is and prioritizing projects for SHPO's approval. Individual council members expressed their support or disagreement with the demolition numbers being released. Community members also spoke in favor or against hearing these estimates. Spidahl called for a point of order to say demolition costs were not a part of his original motion to have Stantec talk about demolition in the report. Rachels argued the public has the right to know and Mayor Leland called for a point of order to get the council back on task. Hicks called for a point of order to state he made a specific request to the council earlier this year asking for

demolition numbers to be pulled together. He stated he believed the council should know all of the facts. The City Attorney agreed this is not protected information and there is no legal basis to withhold this information.

Dan Edwards was asked to talk to the MPCA to get a better handle on the removal of the lead paint and the costs associated with testing and disposal of contaminated materials. Hurley was in favor of accepting the Stantec report as is and getting the information to SHPO to review. He was agreeable to demolition of the tunnels to deal with the water issues. Edwards recommended sending the Stantec report to SHPO once it is accepted so they can review and comment on the report at the December 21 work session. Between now and December 21 staff was asked to prepare a priority list of work to mothball the facility. A copy of the Stantec report has been sent to the Department of Administration to review and they will be asked if any portions of the project are not eligible to use state grant funds. It was clarified staff is looking at the demolition option only as a comparison for the state legislative request.

Jeff Schlossman, the owner of the adjoining property advocated demolition of the tunnels as they serve no economic purpose and cleaning up the site may attract a developer. He also spoke in favor of working with the state in phases to mothball the facility. City Administrator Mark Sievert stated he just received an email from the Daily Journal stating they submitted a Freedom of Information request for the demolition numbers to be released as they are public information. Mayor Leland stated SHPO has been requested to attend the December 21 work session to discuss the conceptual plan and to give their position on the proposed plans. Phil Caswell said the demolition costs cover buildings 1, 2, 3, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, five tunnels, six staff residences backfill, top soil and seeding.

The sub-total	\$3,968,210.17
General conditions of 8%	\$317,456.81
Estimated construction costs	\$4,285,666.98
Contingency of 15%	\$642,850.05
Total cost	\$4,928,517.03

Please note: the day after the work session Dan Edwards updated these figures to reflect the properties the city no longer owns. He notes the estimate does not include an estimate for costs of removal and disposal of contaminated materials which are unknown at this time. With this disclaimer the estimated cost including engineering and contract administration would amount to:

The sub-total	\$3,792,210.17
General conditions of 8%	\$303,376.82
Estimated construction costs	\$4,095,586.99
Contingency of 15%	\$614,338.05
Engineering/Const Admin (15%)	\$706,488.75
Total Cost	\$4,709,925.04

#### December 21, 2015- Work Session

Natasha Wiener of the Minnesota Historical Society (SHPO office) addressed their concerns with the Stantec proposal to mothball the Regional Treatment Center (RTC). The Stantec report provided a framework of the current condition of the building and provided estimated cost estimates for these temporary mothballing projects. Wiener said the city's main concerns should be the roofs, walls, windows, fire safety security and humidity issues and she recommended the city employ a historic architect in this process.

City Engineer Dan Edwards agreed with the list of priorities and explained the council asked Stantec to document the current state of the building and provide recommendations of the work to be done to mothball the eleven buildings and five tunnels. Budgetary concepts were provided with the intent the costs would be further defined in the next phase. The council's approval to move into more detailed work would be necessary. Edwards was agreeable to incorporating the services of a historic preservation architect to work in conjunction with the Stantec team as they can use their report as the "pre-work" for the project. He reminded the council they need SHPO's approval of the projects and the assurance of the Department of Administration to expend the state grant funds for these mothballing projects. If the grant funds are not eligible for state reimbursement, legislative action would be necessary.

The council discussed the options of removing the tunnels and newer administrative building. Michael Koop stated research needs to be done to determine if the tunnels hold historic significance. They did not object to the plan to remove the newer administrative building. Wiener confirmed Koop's comments, but said if the tunnels are collapsing and creating water issues, their office will review a proposal to remove the tunnels. Their office focuses on retaining and repairing unless it is beyond repair; then they would approve removal or replacement. SHPO was requested to make a determination on the historical significance of the tunnels quickly as we need to address the safety concerns.

Phil Caswell of Stantec stated the intent of their report was to provide an overview of what is happening with the building at this time and to prioritize the improvements and their approximate costs. The council did not ask Stantec to provide the level of detailed work SHPO referred to earlier within the initial proposal. After the preliminary report is approved, this pre-work would be used to then further define the details and cost of the improvements. He spoke about the level of work and the cost estimates to address the lead paint and repair the building masonry. Edwards proposed the council approve the report and direct Stantec along with a historic preservation architect to prepare more detailed plans and specifications. The next step would require an additional investment from the city and they would then then ask the council to determine which projects to pursue within the funding that is available for these temporary mothballing measures. Caswell stated nothing is beyond repair; it is a matter of the council determining the amount they want to spend.

**December 21, 2015**

The council held a work session prior to tonight's meeting to receive comments from the State Historic Preservation Office (SHPO) and Stantec regarding the mothballing of the RTC. Stantec submitted a preliminary building preservation report which provided a framework of the estimated costs and work to be done to mothball the RTC. The work must be approved by both SHPO and the Department of Administration and the state bonding dollars must be expended prior to December 31, 2016 in order to be reimbursed. The Stantec report broke down the various conditions and cost estimates of eleven buildings and five tunnels. The next phase is the preparation of more specific drawings and further defining the costs. Stantec would provide this information at the January 19 meeting. The council would then decide on the prioritization of the projects and govern the amount of funding they would like to invest. After this has been determined the proposal would be submitted to SHPO and the Department of Administration for final approval prior to preparing the bidding documents. Dan Edwards stated the council's direction to staff was to preserve all of the buildings, but he suggested the main ring of the Kirkbride buildings be the base bid while the auditorium, gym, powerhouse and memorial building would be bid as alternates for the project. There is a limited amount of funding that is eligible for reimbursement through the state grant. The council discussed moving forward with a historic preservation architect through an RFP process. Edwards suggested having Stantec to work collaboratively with a historic preservation architect so the Stantec report could be used in the pre-design phase. Questions about bidding and professional services were addressed. It was clarified the council's approval will need to be given at each phase of the process and they would have the ability to stop the process if they so choose. Spidahl referred to Resolution #180-2015 to begin dire and necessary temporary repairs to the roof, windows, doors and tunnel areas in the fall. Edwards stated staff has been directed to proceed along guidelines for spending public funds and staff does not have the authorization to retain contractors for such large repairs without council approval. Crews have been boarding up windows and removing vegetation from the sides of the building.

A *motion and second* were offered by Schierer and Rachels to direct staff to continue working with Stantec, who would collaborate with a historic preservation architect for the RTC. SHPO representative Natasha Wiener confirmed the level of drawings they need to review to give their approval. Hicks offered an *amendment to the motion* to request detailed demolition figures are developed including the disposal of materials. This information will be necessary when they request an extension with the legislature. The amended motion was seconded by Fish. The amendment to the motion was voted upon and carried with Hurley and Spidahl voting in opposition. The motion as amended was clarified as directing staff to work with Stantec and a historic preservation architect to develop plans and specifications for mothballing the Regional Treatment Center and to develop detailed demolition cost estimates for the buildings and tunnels as well. The amended motion was voted up and carried with Spidahl and Hurley voting in opposition. David Nycklemoe who served as the City Attorney tonight clarified Resolution #180-2015 was modified by interpretation by the action taken by the council.

# **2016**

## **January 4, 2016**

Dan Edwards provided an update on mothballing of the RTC. Stantec has teamed up with McDonald and Mack to prepare a proposal to better define the scope and costs of mothballing the RTC. They will be meeting with SHPO to review the scope of work and get their input into the proposal as well. The recommendations will be presented to the council at a 4:30 pm work session on January 19. It is expected the council would act on the proposal at the council meeting later that evening

## **January 19, 2016**

Work Session to review Stantec report

Phil Caswell introduced Todd Grover of the historic preservation firm MacDonald and Mack who is working in conjunction with Stantec on the Regional Treatment Center mothballing project to preserve the RTC for ten years. The tasks being performed in stages 1-3 are needed regardless of which route the council ultimately decides to take with the RTC buildings. The seven tasks involved in the proposal were reviewed:

Task 1: Identify and describe in detail the significant historic building features (both interior and exterior). Tasks to be performed include conducting a building by building inventory of significant features including the general condition and immediate preservation needs and preparing a written document presenting descriptions and priorities for preservation. The estimated fees for Item #1 are \$15,800 and reimbursable direct expenses not to exceed \$2,000.

Task 2: Conduct on site review of existing buildings and verify or modify recommended repair and preservation measures. Tasks to be performed include reviewing the current preservation measure recommendations for appropriateness and verify or modify as necessary; prepare building specific evaluations and qualitative exterior masonry treatment plans; review final preservation measure recommendations with SHPO. The estimated fees for Item #2 are not to exceed \$17,900 and this work will be done in conjunction with task #1.

Task 3: Conduct comprehensive lead based paint testing of building exterior Legend Technical Services Inc. will perform testing services of the paint on the building exteriors and a report will be generated. The estimated fees for Item #3 are not to exceed \$11,600.

Task 4: Prepare documents for bidding and construction

At this stage the council will need to make decisions to define and quantify the work to be performed. Tasks to be performed include preparing floor plans and elevation drawings; preparing specifications describing the overall work conditions and detailed work scope items; documents will be submitted to SHPO for review and comment and final bidding documents

will be submitted to the city for review and comment. The total estimated fees for Item #4 are not to exceed \$188,000 and reimbursable direct expenses will not exceed \$2,000.

Task 5: Bidding services

During this phase the tasks to be performed include scheduling and facilitating a pre-bid meeting; responding to bidder questions; attending bid opening and reviewing bids for compliance; recommending a contract award to the council. The total estimated fees for this phase are not to exceed \$13,700 and reimbursable direct expenses are not to exceed \$1,500.

Task 6: Construction phase services

This phase is estimated to take six months to complete. Tasks to be performed in this phase include organizing and leading a pre-construction conference; reviewing contractor submittals and shop drawings; process requests for information and change orders; review and provide status of contractor progress schedules; process pay requests and provide construction observation; prepare a project end punch list. The estimated fees for this phase are not to exceed \$98,000 and reimbursable direct costs will not exceed \$5,000.

Task 7: Maintenance and monitoring plan

In this phase weekly, monthly and annual maintenance tasks will be reviewed and modified as needed. The estimated fees for this phase are not to exceed \$20,200 and reimbursable direct expenses are not to exceed \$1,000.

Stantec will return to the council for an update on March 7 once Tasks 1-3 are completed. Prior to that meeting they will provide their findings to SHPO to garner their approval prior to moving to the next phase. Once the council defines the scope of work to be done construction documents would then be formulated. The main focus of this initial work will be qualitative testing of the exterior bricks and focusing on the appropriate treatments. Caswell said the costs could escalate if they remove the paint then find additional issues that need to be addressed. Grover addressed concerns of water seeping into the building, but said until we have the spring thaw until a final report can be made. He reiterated the McDonald and Mack firm will be involved throughout the process and they will be involving SHPO early and often in this process.

If the council decides to move into the bidding process, one general contractor would be utilized beginning in May or June and the construction work would likely take 6 months to complete if the paint is not fully removed.

Questions regarding the costs of these services were addressed. On December 21, 2015 Stantec proposed the following budget:

Construction cost subtotal	\$2,455,250
Contingency (25%)	\$ 614,750
Subtotal	\$3,070,000
Contractor General Conditions (8%)	\$ 250,000

Subtotal	\$3,320,000
Design/Construction Admin (15%)	\$ 500,000
Total estimated project cost	\$3,820,000

The work done in the first three phases would help determine if the estimated \$2.4 million is still realistic. It was clarified the \$3.8 is all that is remaining from the state grant funds and these are the same funds the council has been holding for water lines and basic infrastructure improvements. The council's role in prioritizing the projects was reviewed and it was noted there are multiple points in the process when the council can decide to discontinue the process. The Stantec report will include alternates and unit based pricing and the council will be asked to confirm their priorities according to the project budget. Demolition costs for each building have been determined with the assumption all of the paint is lead. Once the paint has been assessed, these figures will be re-calculated.

### **January 19, 2016 City Council Meeting**

#### **Stantec Proposal**

Hurley offered [Resolution #16-2016](#) authorizing the Mayor and City Administrator sign the contract with Stantec to mothball the RTC, which was seconded by Spidahl and was adopted. Dan Edwards explained Stantec will return for an update to the council after they have completed tasks 1-3 which are identifying the significant historic building features; conducting on-site review of existing buildings and verifying or modifying recommended repairs and preservation measures and conducting a comprehensive lead based paint testing of building exteriors. It is anticipated this update would be made at the March 7 meeting. At that time, the council would need to begin prioritizing the work to be completed before construction documents are prepared.

#### **Lobbyist Services**

It has been suggested the city use the services of a lobbyist to facilitate a legislative request of extended time in which to spend the state grant dollars for the Regional Treatment Center (RTC). Current legislation requires these funds be expended by the end of 2016 to receive reimbursement. Anthony Hicks said the city has been looking for a development project for 14 years and despite our best efforts, no project for total re-development of the RTC has come to fruition. He was opposed to the city spending the remaining \$3.8 million of state funds on temporary preservation measures as it would commit the taxpayers to the cost of future maintenance issues. He felt this is the opportune time to approach the legislature to request an extension of time and funding for a contingency plan as the state has a surplus this year. He suggested allowing the parcel to be broken into segments for re-development, getting state approval to fully fund the cost of demolition or giving the property back to the state. He requested the group of local people who want to redevelop the tower should be brought in to talk about their plan. He believes a more comprehensive plan; including partial demolition needs to be presented.

Kent Mattson listed the accomplishments that have been made of the past 14 years including the successful transitioning of detox, the CBHH, and Catholic Charities services into the community. The parcels purchased by Schlossman are being redeveloped, the six residential homes are privately owned and the city has designated 13 acres as parkland. He too was concerned with using all of the remaining state grant funds on temporary measures to preserve the building and the long term effect on our taxpayers. Mattson suggested the council allow the local developers make a proposal for the tower. If they are unable to do a project, the city can tell the state that every possible redevelopment effort has been made, but we have been unsuccessful and we want to deed the property back to the state. Mattson encouraged the council to use a lobbyist to seek an additional legislative extension of time for the state grant funds and did not believe the city's request to seek for additional funding for "mothballing" would be favorable within the legislature.

Hurley was comfortable asking the state for more time, but was in favor of the city using temporary preservation methods while continuing re-development efforts. He was opposed to asking the state for more funding as the deadlines imposed on the state grant funds have been detrimental when working with our previous developers. Schierer was not opposed to requesting more funding from the state, but agreed with the earlier comments of needing to compromise. Fish was supportive of going back to the legislature for additional time and money. He was in favor of looking at dividing the property into manageable pieces as it is unrealistic to believe we will find a developer willing to take on the entire facility. Mayor Leland spoke about the \$20 million in historic tax credits and felt modifying the national registry of the building by dividing the property up or demolishing certain portions of the campus would have an adverse effect on these funds. Mattson said SHPO could refine the footprint and not include all of the buildings in the national registry which could have an effect on the historic tax credits. Appert was in favor of combining a request for additional state funding and a timeline extension from the legislature to help our taxpayers.

The discussion moved back to the services of hiring a lobbyist to help make these legislative requests. Joel Carlson is a lobbyist the city has used extensively in the past and he would need a specific request for the scope of the work he would be asked to provide to the city. The legislature will be conducting a short session this year with the session lasting from March 8-May 23. Spidahl asked for a summary of the \$7 million from the state be provided to date along with a breakdown of how the monies have been expended and he inquired about using the facility for veterans dealing with PTSD issues. Laurie Mullen wanted the council to go back to Colliers to market the RTC, said she is aware of four interested developers in the property and stated her opposition of any demolition work. The local developers will be asked to contact Kent Mattson to provide more details of their development plan and Mattson was directed to contact Joel Carlson to assess if he was willing to work with the city as a lobbyist.

### **February 1, 2016 City Council Work Session**

RTC Legislative Planning Session/Lobbyist Services

The Fergus Falls City Council held a work session on Monday February 1, 2016 at 4:30 pm in the City Council Chambers to discuss lobbyist services/RTC legislative planning for the 2016 session. Those present were Mayor Leland, Justin Arneson, Wayne Hurley, Rod Spidahl, Anthony Hicks, Darren Appert, Ben Schierer, Scott Rachels, and Jim Fish.

Since the last council meeting Kent Mattson spoke to Wayne Waslawski from the Department of Administrator to clarify the use of the state grant funds. The state is willing to work with Fergus Falls, but was opposed to amending the grant language for mothballing. They are agreeable to an extension of time, but they would not consider the city giving the property back to the state.

Anthony Hicks did a presentation showing there is \$3.8 million remaining of the state grant funds and the expiration date for expending these funds to receive reimbursement is December 31, 2016. The current defined use for the funds is for infrastructure improvements, demolition, or mothballing. Stantec's cost estimate to mothball the RTC is \$3.8 million and they estimated it would take two years to complete; consuming all available grant money and leaving no allocated funds for on-going maintenance. Once the state grant is finalized, the city would then be 100% responsible for the Kirkbride and all future costs. He asked the council to consider the following questions:

What to do when the grant funds run out? Who pays for on-going maintenance? What effect will this have on property tax? What is our plan post mothballing? Why not sell what we can, reducing the amount to be maintained? Why not demolish what we can? If no money remains for infrastructure improvements, who pays for these? Hicks pointed out the options for making the legislative request: request an extension to the current grant; request additional grant funds or define a plan that incorporates selling portions; demolishing portions; mothballing portions; and infrastructure improvements.

**Balance sheet to demolish, but no mothballing:**

Grant Funds		\$3.8 million
Demo Cost		\$5.0 million
Remaining Funds		-\$1.8 million
Property Tax Effect (one time)		
\$150,000 home	34.0%	+\$235
\$500,000 business	34.0%	+\$1,723

**Balance sheet to demolish after mothballing:**

Grant Funds		\$3.8 million
Demo Cost		\$5.0 million
Remaining Funds		-\$5.0 million
Property Tax Effect (one time)		
\$150,000 home	94.5%	+\$653
\$500,000 business	94.5%	+\$4,785

Hicks urged the council to look at the local purpose/benefit of the RTC stating he believes the city needs to offset the liability of the RTC to the city and our taxpayers. He asked the council to consider developing a plan now for the financial impact of the RTC if the city uses the remaining state grant funds for mothballing. He encouraged the council request the legislature give additional time and funding and to consider starting demolition on the non-contributory buildings. Hicks said a group of local developers is interested in purchasing an approximately 60% of the RTC and that he believes the city owes it to the citizens to engage in a conversation with them about the viability of this project.

The Mayor asked Chris Schuelke to present the recommendations from the Mayor's RTC Advisory Committee. They are as follows:

1. Reduce the scope of work to ensure the remaining state dollars are set aside for three year maintenance plan.
2. Recommend an extension of the grant deadline, but not additional grant dollars.
3. Language should be developed in the grant extension agreement that the city be permitted to engage potential developers over the next three years. Grant resources and partnerships could be accessed during this time.
4. The Advisory Committee disagrees with the implication that development is not likely.

They would like to see improvements made on the building over the next year followed by

a national marketing campaign and the committee said they are highly confident developers

will come forward and a developer's agreement will be signed within three years.

5. The RTC serves as a symbol of cultural and historical identity in the community.
6. Collaboration is the key to the community future and the advisory committee is committed to developing a vision for the RTC.

Dan Edwards explained changing the scope of work and assigning dollar figures would be premature since Stantec's figures were purely estimates at this point and they would be providing an updated report to the council on March 7. Edwards reviewed the maintenance funds (originally \$1 million from the state for holding costs) and the state grant funds (\$7 million). The state did not restrict the \$1 million maintenance fund, but the state bond funds are limited by law as to their use. Schuelke asked the council to only request additional time, but noted the time deadlines posed challenges to past developers. He was opposed to any demolition as it would negate the national registry of the RTC and the historical tax credits. Hicks disagreed and said the time deadlines were not the obstacles to past developers, but having developers like Ray Willey who were not truly engaged in the process cost the city an entire year of waiting. Hurley felt the view of redevelopment was too pessimistic and believes removing the time obstacle for developers would be helpful to moving a project forward. He said he was not opposed to selling portions of the building, but preferred it be through an RFP process. Mayor Leland was not in favor of moving forward with any developers until the legislative action has been formalized. Schierer agreed the city needed to formulate their legislative request and noted the city is supportive of a project.

Joel Carlson spoke to the council about his experience working with the city in legislative/lobbying efforts and advocated the council use the term Asset Preservation for Development instead of mothballing. He suggested the city not look into giving the property back to the state as it is not a viable option and would be viewed as antagonistic. Carlson explained the reasons for deadlines with state bond funds and their need to clean up their books and outstanding liabilities. He did not foresee any difficulty in gaining the support of the Office of Administration, but urged the council to develop a clear and specific request to bring to the legislature. The 2016 session begins on March 8 and our request would be included in the bonding bill. Carlson spoke about the legislative climate and his thoughts on bringing a request before the legislature. Rachels said he would like the city to use Carlson's lobbyist services for other city projects. Mattson reminded the council the grant funds cannot be used to benefit a private development project. He gave an update on a group of local developers who have expressed interest in submitting a proposal to develop approximately 60% of the facility. This group has been interested in submitting a proposal for some time, and had to wait while the city had an exclusivity clause with Ray Willey. Representative Bud Nornes expressed his desire to be of service to the city during the legislative session.

## **February 1, 2016**

### **Mayor's RTC Advisory Committee**

Chris Schuelke, representing the Mayor's RTC Advisory Committee gave the following recommendations to the council in regards to the asset preservation for development of the Regional Treatment Center (RTC):

- Reduce the scope of work to ensure the remaining state dollars are set aside for three year maintenance plan.
- Recommend an extension of the grant deadline, but not additional grant dollars.
- Language should be developed in the grant extension agreement that the city be permitted to engage potential developers over the next three years. Grant resources and partnerships could be accessed during this time.
- The Advisory Committee disagrees with the implication that development is not likely.
- They would like to see improvements made on the building over the next year followed by a national marketing campaign and the committee said they are highly confident developers will come forward and a developer's agreement will be signed within three years.
- The RTC serves as a symbol of cultural and historical identity in the community.
- Collaboration is the key to the community future and the advisory committee is committed to developing a vision for the RTC.

Bill Sonmor addressed earlier comments regarding the bonded funds from the state and explained these funds can only be spent in the manner in which the legislature has approved by law. Hicks said if the city spends the remaining \$3.8 million to temporarily improve the RTC that puts a financial burden on our taxpayers for future maintenance or demolition. He disagreed with the comments that the state imposed deadlines have hurt the city's relationship with potential developers and he spoke about the numerous residents who have told him although they do not want the RTC to be torn down, but they do not want the financial burden of the RTC. Hicks urged the council to use caution and not obligate our residents.

A *motion and second* were made by Schierer and Spidahl to accept the report from the Mayor's RTC Advisory Committee and to refer it to the city's legislative committee members to review in conjunction with the proposal for lobbyist services the city will be expecting from Joel Carlson and bring a recommendation to the council before the work session on February 8 and the motion carried. A *motion and second* were offered by Rachels and Hicks that the council hold a work session on Monday February 8 to finish the council's discussion on the 2016 legislative request and to engage Joel Carlson's services for additional projects for the city, and the motion carried. Mayor Leland expressed his opinion that no development offers should be reviewed until the city has clarified the legislative request. He urged the council to not entertain local proposals at this time, but to rather look for national or international developers that would develop the entire property. A number of council members expressed their opposition to turning away local development projects citing the right to exclusivity ended when the city broke their ties to Ray Willey. A *motion and second* were offered by Spidahl and Schierer to direct staff to create a group of proven developers to advise and vet our possible projects of the RTC. Spidahl clarified staff would initially screen potential prospects to determine if they are qualified to redevelop the RTC. If they are a qualified developer, the legislature could be informed that a viable redevelopment project is on the horizon and the motion carried.

## **February 16, 2016**

### **Regional Treatment Center**

The Legislative Committee presented the following recommendations:

1. A full risk assessment or contingency analysis should be conducted by July of 2016. Avoidance of unnecessary spending of designated funds until assessment is completed.
2. Enter into contract with Joel Carlson for 2016 lobbyist services for the Kirkbride and related issues through December 31, 2016.
3. With the help of Joel Carlson, seek a legislative extension until December 31, 2018 for dispensing and reimbursing the Kirkbride designated state funds. Preparation of necessary additional requests that will include specific projects to be submitted to the legislature in 2017 for 2018.
4. Create a marketing plan in consultation with Colliers to establish a vetted group of developers capable of doing the project by September 1, 2016.
5. Have the Legislative Committee work with Joel Carlson and staff on the marketing request through Colliers, making contacts with the legislators and vetted developers for clarifying and securing the above items so a comprehensive plan is represented.

#### *Risk Assessment*

The Legislative Committee would like an independent consultant look at the financial risk, potential for development and the impact of historic tax credits. A *motion and second* were made by Arneson and Fish to approve the city seek a firm to conduct a full risk assessment or contingency analysis and the motion carried.

#### *Lobbyist Contract*

The council was in consensus to request a two year extension (through December 31, 2018) for the current grant. They will need to work in concert with the Department of Administration and Kent Mattson to determine if any language revisions are necessary. The Stantec report will be provided on March 7 and the Legislative Committee recommends spending no additional funding until the developer proposals are received in September. Questions about preserving the funding and requesting additional funding from the legislature were discussed at length. Arneson and Hurley were in favor of only requesting a time extension while Rachels and Hicks spoke about their preference to seek additional time and funding. Hicks requested the cost of demolishing the powerhouse and he advocated the city request additional funding from the legislature to cover the overage of the incinerator demolition, the \$850,000 infrastructure improvements, and the cost of inflation on the funds granted by the state. It was pointed out the state has a surplus this year, but those funds may not be available next year. Joel Carlson could navigate the waters of the legislature to see if a request of additional funding may be well received, but he too encouraged the council to have a specific monetary request in mind. Hicks offered **Resolution #45-2016** approving the city enter into a contract with Joel Carlson to work on an extension to December 31, 2018, language clarifications, and additional funding with the amount to be determined of the RTC state grant at the rates and terms outlined in the agreement presented at the work session on Monday February 11, 2016, which was seconded by Schierer and was adopted.

#### *Marketing Proposal*

Mayor Leland contacted Colliers to provide a proposal for marketing services for the council to review on March 7. Hurley requested they offer the opportunity for full or partial development proposals. Rachels said he would be voting in opposition as the city has already spent thousands of dollars marketing this facility without success. A *motion and second* were made by Hurley and Arneson to develop and move forward with a marketing plan for the RTC and the motion carried with Hicks and Rachels voting in opposition.

#### *Legislative Committee*

A *motion and second* were made by Arneson and Spidahl to direct the Legislative Committee to work with all involved parties in the process so a comprehensive plan is represented and the motion carried.

#### *Local Developer Group*

Rachels said a group of local developers has expressed interest in approximately 300,000 square feet of the complex. This group has been waiting to pitch their proposal to the city for two years and waiting until September would cost them another construction season. Hurley was in favor of having this group submit a proposal to be reviewed with other projects in September after the RFP process. Mattson spoke about his conversations with this group noting they appear to have a viable project that would encompass the middle portion of the building and they would not use historic tax credits. The developers would not use the west wing due to the deterioration, and although they do not have an immediate use for the east

wing, but are willing to keep this section in the event someone else has a project for the space. Schierer was in favor of hearing more details about this proposal while Mayor Leland did not want to hear any proposals until the RFP process has been completed. He warned of potential lawsuits if the council were to hear the local proposal now. The City Attorney clarified there are no legality concerns of a lawsuit as no other developers are presently looking at redevelopment. Hicks said a developer willing to take on half of this building would diminish the risk to our taxpayers and he offered *a motion* that the council will accept redevelopment proposals for all or part of the Kirkbride complex until September 1 that any potential proposal would be vetted for financial capability and brought to the council for acceptance or denial. *The motion was seconded* by Rachels. The council discussed the motion at length and the question was called for a vote. Four votes were cast in favor of the vote (Hicks, Rachels, Fish and Schierer) while four votes were cast in opposition (Arneson, Hurley, Spidahl and Appert). With a tie vote, Mayor Leland voted in opposition of the motion and it was defeated.

### **March 7, 2016**

- Lois Josefson read a letter to the council
- Update from lobbyist Joel Carlson noting the city will be submitting two bills into this session's legislative process. One request would be for an extension of time until December 31, 2018 while the other would request the same time extension and an additional appropriation of \$3 million to the existing authorization. The additional funding would help pay for sewer and water infrastructure, the closure and/or demolition of tunnels, funds to offset the unexpected costs associated with the removal of the incinerator and to cover the diminished value of the original grant.
- **Resolution #60-2016** approving the hiring of Springsted to conduct a financial risk assessment for the Regional Treatment Center. To aid the city in managing the fiscal impact of redevelopment, Springsted will create a pro forma that would meet three objectives:
  1. Calculate the cost and financial risk to the city's tax rate of maintaining the Kirkbride in the absence of development.
  2. Calculate and clearly convey the potential financial risks and benefits to the city as a result of each individual project and the entire development as a whole.
  3. Identify the assumptions which have the greatest sensitivity and the lowest confidence in order to formulate risk management measures.
- The scope of the project would be limited to the direct impact on city expenditures, revenues, market values and tax rates at a cost of \$7,500. Bill Sonmor would act as the city's point person working with Springsted.
- Motion and second to postpone a decision on hiring Colliers for a marketing campaign until March 21
- motion and second were made stating "the council whole-hearted welcome non-binding discussions (closed sessions if necessary), with any potential development group, local or otherwise. A Letter of Intent (kept confidential) received by all council members three days in advance is preferred."
- The council went into a closed meeting to listen to a developer's proposal.

#### April 4, 2016

- Request to remove the RFP/RFQ for the RTC redevelopment from tonight's agenda.
- **Resolution #70-2016** initiating PI 7182 and to approve an agreement with Interstate Engineering for Phase I of the project (utilities to support Kirkbride redevelopment);
- **Resolution #84-2016** approving the placement of two Kirkbride Park signs and to declare the former RTC sign as surplus property and to authorize its disposal
- **Resolution #85-2016** proceeding with a marketing proposal from Collier's International, without the RFP document

#### April 18, 2016

- **Resolution #93-2016** engaging the professional services of LEGEND Technical Services Inc. not to exceed \$4,000 for a mold investigation of selected areas of the Regional Treatment Center;
- After reviewing the RFP document provided by Collier's International, A *motion and second* were made to direct the City Administrator to make the council's suggested changes and bring a final draft of the updated RFP to the May 2 meeting.
- Reported no action was taken on the developer Letter of Intent received today.

#### May 2, 2016

- **Resolution #105-2016** approving the Stantec report on the Regional Treatment Center
- **Resolution #106-2016** approving the Regional Treatment Center RFP

#### May 16, 2016

- **Resolution #120-2016** approving the Springsted RTC Risk Assessment

#### June 1, 2016 (Finance Committee)

##### **RTC Issues**

Kile Bergren met with the Mayor's RTC Advisory Committee to formulate a plan to move forward on projects at the RTC. The final mold investigation report from LEGEND Technical Services is complete and it addresses many safety concerns throughout the facility. It was recommended the council authorize a study of the environmental contaminants of the powerhouse. The tunnels have experienced habitual flooding which has created mold and moisture issues that are deteriorating the building and it removing the collapsing tunnels was recommended due to the safety concerns. Bergren spoke about the humidity, its effect on the electrical distribution system and the need to remove this system. He noted if a developer comes along, they would have to redesign the electrical system to remove the high voltage out of these areas.

Chris Schuelke confirmed the advisory group is supportive of these recommendations and he would like to bring SHPO to a council meeting to confirm they would allow the city to demolish the problematic tunnels and powerhouse building. Andrew Bremseth explained the city's extension for the RTC was in the bonding bill which was not approved during the legislative session. If the Governor does not call for a special session and the bonding bill is not approved, the city must comply with the deadline of December 31, 2016 to expend the

state grant funds and get reimbursement. Bremseth has spoken with the Department of Administration, but they are unable to grant an extension without legislative approval. Schuelke and Scott DeMartelaere recommended the city start immediate work on the RTC priority list that would keep water out of the building and reduce the level of humidity to prevent further deterioration. Roof patching, gutters, downspouts, drains and exterior masonry needs would be addressed first and Hurley suggested any items that would support the redevelopment of the main tower be considered prior to any other areas of the building. Dan Edwards confirmed most of these items would be grant eligible for reimbursement.

The committee agreed it is important to have SHPO attend a council meeting in the near future to confirm their willingness to work with the council within the confines of time with the legislative grant dollars. Hicks asked that a status report from Colliers regarding marketing of the RTC be provided prior to the city spending large amounts of money on the project. Mayor Leland said he has been told the state is not likely to give the city any additional funding if we have not spent the funds that we have already been given. A *motion and second* were made by Schierer and Fish to recommend the council authorize an environmental study of the RTC power house building which carried. The council will be asked to prioritize projects for the RTC on Monday night.

#### **June 6, 2016**

- Update from lobbyist Joel Carlson: the city's request for a RTC legislative extension until December 31, 2018 was included in the bonding bill which did not pass. With a special session looking unlikely, the city needs to comply with the current deadline of expending state grant funds for the RTC as of December 31, 2016. The only means of changing the grant language is by legislative action.
- Kile Bergren reported at their meeting with the RTC Advisory Committee they came to mutual agreement on demolition issues, preservation issues and infrastructure. He recommended that due to the liability concerns with health, safety and the environment that the city focuses on the removal of the powerhouse, tunnels, administrative annex building and the installation of the water and sewer lines.
- Scott DeMartelaere said the Advisory Committee recognizes the December 31, 2016 deadline to expend state grant funds and he reviewed the list of priorities noting the activities are dependent upon what SHPO and the Department of Administration would allow. Preservation of the tower is their main concern, followed by West Detached; East Detached; East Center Wing; Northeast Wing; Southwest Wing; West Center Wing; Kitchen; Auditorium; Memorial Building.
- Discussion on the need to move forward on mothballing activities in light of the December 31, 2016 deadline and the coordination of lining up contractors, bidding documents and meeting the deadline to receive reimbursement from the state. The city could amend the Stantec proposal to request they work on these issues.
- Hicks suggested giving staff authorization to get demolition cost estimates for the non-contributing buildings and west wing and requested an update from Colliers to see if

there are portions of the building of no interest to developers. He felt if there is no redevelopment interest; the city should take action to remove these buildings.

- The council discussed the need to negotiate with SHPO to allow selective demolition and preserving of the tax credits and to help them realize the entire complex cannot be saved at the expense of the community of Fergus Falls.
- **Resolution #135-2016** directing staff to move forward on projects pertaining to demolition, preservation and infrastructure as suggested by staff and the RTC Advisory Committee
- The council was in consensus to not allow further tours of the RTC
- Motion to accept the LEGEND Technical Services mold investigation report of the RTC
- **Resolution #136-2016** authorizing the Mayor and City Administrator to sign the 3<sup>rd</sup> amendment to the RTC grant agreement

### **June 15, 2016 Public Works**

- Campus Development Group (CDG) has requested a tax exemption for Building No. 6 be initiated by the council.
- The Developer's Agreement dated March 28, 2011 and amended on September 12, 2013 allows for a 12 year complete ad valorem tax exemption and a three year phased partial ad valorem tax exemption.
- This 15 year exemption is to commence upon the request of the developer and with the adoption of a resolution by the City Council.
- Campus Development Group has satisfied the relevant portions of the Developers Agreement including a Certificate of Occupancy for Building No. 6.
- CDG is now renovating Building No. 5 and intends to request the tax exemption for this building upon completion.
- Motion to recommend the council pass a resolution granting a 15 year tax exemption to Campus Development Group as per the Developer Agreement dated March 28, 2011 for Building No. 6
- Motion to recommend the council request a state grant reimbursement for RTC street lighting system upgrade (PI 9758)
- Stantec's scope of work for Work Order #4 was outlined as:

Demolish (remove and/or fill) the following tunnels:

Building #23 to Building #5 (including area tunnels on private property)

Building # 25 to Building #23

Building #25 to Building #27

Building #27 to Southwest (Otter Tail County Office Building)

Building #29 to East (West Tunnel noted above)

Building #32 to Building #31

Building #32 to Building #11

Demolish the following buildings:

Building #2

Building #11 (currently used by city/future use by developer)

Building #29

Building #30

Gazebos

Building #32 (currently listed as “contributing” to historic designation)

Perform Mothball/Asset Preservation Work (roof replacement, gutters/drains/downspout repair)

Building #1

Building #3

Building #22

Building #25

Building #26

Temporary Repair Work

Building #24

Building #28

- The Mayor’s RTC Advisory Committee and staff are focusing on the main tower and central core of the building first.
- The work scope will be refined as Stantec moves forward in the contract document preparation phase and the council will need to review and approve each project prior to advertising for bids.
- The proposed activities will require approval by SHPO before the actual work can proceed and the Department of Administration will need to verify eligibility under the terms of the state grant.
- An environmental assessment of Building #30 (power plant) was ordered by the council on June 6. It is anticipated the window repair work will be addressed separately by city staff and humidity control options will be evaluated as the proposed projects move forward.
- It is possible SHPO’s review process won’t coincide with the city’s deadlines and they may consider the tunnels, power plant and Memorial Building as contributing structures in the new national registration.
- Motion to recommend the council authorize Stantec to proceed under Work Order Item #4 of the existing professional services agreement as directed by the city
- Motion to include a 55’ by 12’ portion of green space on the Northeast portion of the parking lot area adjacent to the Government Services Building campus being used by Otter Tail County.
- Motion to recommend approval and authorizing staff to amend Resolution #79-2016 to include this area as requested by Otter Tail County
- Confirmed the adoption of Resolution #135-2016 giving staff the authority to move forward on pertaining to demolition, preservation and infrastructure

**June 20, 2016**

- **Resolution #139-2016** granting a 15 year tax exemption to Campus Development Group as per the Developer Agreement dated March 28, 2011 for Building No. 6;
- **Resolution #140-2016** requesting a state grant reimbursement for RTC street lighting system upgrade system (PI 9758);
- After reviewing the city's agreement for professional services with Stantec related to demolition and mothball/asset preservation of the RTC and the lack of legislative extension, the city must get this work done prior to the end of the year to receive reimbursement from the state grant and work will focus on the central core buildings.
- Staff asked the council to authorize Stantec to proceed with Work Item #4 of their professional services agreement. Stantec would prepare documents for bidding and construction, refine the project scope, develop a work schedule and work with SHPO and the Department of Administration.
- SHPO has changed their stance on the historical significance of the tunnels and Memorial Building, but has confirmed the administrative annex building is not historically significant and can be demolished.
- **Resolution #145-2016** authorizing Stantec to perform work order #4 of the existing agreement, which entails the preparation of documents for bidding and construction as directed by the city.

**July 5, 2016**

- A motion was made to direct the City Attorney to draft an ordinance rezoning a parcel of property located on the Kirkbride Addition as requested by the Campus Development Group
- **Resolution #154-2016** approving a preliminary re-plat of a parcel of land located on the Kirkbride Addition in a R-1 zone as requested by Campus Development Group was adopted.
- City Engineer Brian Yavarow provided a RTC campus project schedule which was broken into segments by the scope of work. Project A would address building and tunnel demolition including the following tunnels: Building #23 to Building #5 (including the area tunnels on private property); Building #25 to Building #23; Building #25 to Building #27; Building #27 to Southwest (Otter Tail County Office Building); Building #29 to East-West tunnel noted above; Building #32 to Building #31; Building #32 to Building #11. Demolition would be planned for Building #2; Building #11; Building #29; Building #30; Gazebos and Building #32.
- Project B is mothballing/temporary repair work on Building #1; Building #3; Building #22; Building #25; Building #26. Project C is mothballing/temporary isolated repair work on downspouts, gutter cleaning, vegetative removal, caulking, window repairs and pest control.
- The city has provided a letter to SHPO authorizing Stantec to meet and correspond on behalf of the city and they will simultaneously work with the Department of Administration to determine eligibility of projects. The proposed timeline will require

SHPO to concurrently review the projects and if the schedule can be met, the work would be planned in November and December.

**July 13, 2016 Finance Committee**

Motion to recommend the council award the contract for RTC sewer televising

**July 18, 2016**

- **Resolution #162-2016** initiating PI 8214, the water main replacement project improvement No. 1 and authorizing staff to procure quotes for construction;
- The city has been working with Stantec to prioritize projects and begin work on the RTC which are most likely to receive SHPO approval. They are proceeding with the plan preparation and agency approvals required to move forward with the demolition of non-contributing Buildings #2 and #11.
- Stantec is preparing a request to SHPO to authorize the demolition of Building #30, the metal power plant addition building and the following tunnels: Building #23 to Building #5; Building #25 to Building #23; Building #25 to Building #27; Building #27 to southwest; Building #29 to east-west tunnel; Building #32 to Building #31; Building #32 to 11. There is a strong possibility there is not enough time to achieve implementation of these projects this year.
- Stantec will be initiating conversations with SHPO that are considered for future demolition, but are currently on or proposed to be added to the expanded historic designation for the site.
- Asset preservation/mothballing work will be determined after SHPO responds to the proposed projects which would include: asset preservation/mothballing work (roof replacement, gutters/drains/downspout repair etc.) on Buildings #1, 3, 22, 25 and 26.
- Temporary repair work would be done on Buildings #24 and 28 and a phased plan needs to be developed to preserve the outer buildings. Staff is working with Stantec at the best options for packaging the type of work to be done and will be coming back with a recommendation.
- Mold abatement work is being done at this time and is expected to be ongoing for the next 2-3 weeks.

**August 1, 2016**

- **Resolution #172-2016** awarding the bid for PI 8214, the water main replacement project improvement No. 1 in the amount of \$27,869 to Delzer Construction
- The council expressed their neutrality on the National Registration designation which was requested by Campus Development Group

### **August 15, 2016**

- **Resolution #190-2016** accepting the Stantec proposal in the amount of \$7,250 to conduct an Environmental Review and Asbestos and Hazardous Building Materials survey for Building No. 30 ("New" power plant addition);
- **Resolution #192-2016** authorizing the advertisement of bids and accepting the plans and specifications for PI 7182, the RTC municipal utility project;
- **Resolution #196-2016** approving the Planning Commission recommendation to approve a final re-plat of a parcel of land located on the Kirkbride Addition in a R-1 zone as requested by the Campus Development Group, LLC

### **August 31, 2016 Finance Committee**

- Update from Interstate Engineering on the proposed water main and sanitary sewer utility projects at the RTC including the proposed types of excavation that would be required in each area
- The bid opening for this project is September 2. If the bids are favorable, the state grant funds would be used to cover the cost of the project and the project would start immediately. The water main project (PI 8202) is estimated at \$760,000 while the sanitary sewer project (PI 7182) is estimated at \$1,300,000.
- Stantec has been working on other portions of the bid packages for selective demolition and are preparing quotes for Building #2 (the newer Administration building) and Building #11 (the block garage).
- The MPCA is requiring an Environmental Assessment Worksheet (EAW) prior to any demolition work being conducted.
- SHPO has acknowledged the structural deficiencies of the tunnels and the moisture issues which are creating mold, but because of the tunnel's historic nature, they are requiring an EAW for the tunnels.
- An EAW was previously conducted on the entire campus, but SHPO is disputing the adequacy of this previous work. They have indicated once they receive official documentation of the structural deficiencies and environmental issues, they would then give their approval to demolish the tunnels.
- Motion to recommend the council authorize staff to sign the agreement with Stantec to proceed with the Environmental Review & Asbestos/Hazardous Building Materials survey for these buildings

### **September 6, 2016**

- Staff offered two recommendations for the council to approve:

1. Award the contract for PI 7182/8202, the sanitary sewer and water main rehabilitation/replacement on the former RTC campus (Base Bid plus Package B plus Add Alternate 4b and Add Alternate 6b and a 2 year warranty) in the amount of \$1,037,131.05 to J & J Earthwork Inc.

2. Authorize Interstate Engineering Inc. to proceed with Phase III (construction administration services) of their existing Engineering Services Agreement for this project

- Dan Edwards noted the bids came in lower than anticipated and he reviewed the project costs as follows:

Uncommitted state funds:	\$3,800,000
PI No 7182/8202 (construction, engineering, contingency)	\$1,500,000
Demolition projects (PI 9692)	\$ 200,000
Mothball/preservation projects (PI 9699)	\$ 400,000
Funds that may be restored in a future grant	\$1,500,000

- **Resolution #200-2016** awarding the contract for PI 7182/8202, the sanitary sewer and water main rehabilitation/replacement on the former RTC campus (Base Bid plus Package B plus Add Alternate 4b and Add Alternate 6b and a 2 year warranty) in the amount of o\$1,037,131.05 to J & J Earthwork Inc. and to authorize Interstate Engineering Inc. to proceed with Phase III (construction administration services) of their existing Engineering Services Agreement for this project.
- **Resolution #204-2016** accepting Stantec's proposal to prepare an Environmental Assessment Worksheet (EAW) for the demolition of selected tunnels at the RTC;
- **Resolution #205-2016** approving plans and specifications and authorizing the obtaining of quotes for the demolition of Building No. 11 and 3 Gazebos at the RTC;

### September 19, 2016

- Dan Peterson of Colliers International provided an update on the RTC marketing. They have sent out 15 Requests for Proposals (RFP) packets, but no developers have submitted a formal proposal to date.
- They have seen some general interest in portions of the building, but finding an anchor has been challenging. The RFP's are due by October 1.
- Colliers would be supportive of extending the RFP deadline until the end of 2016, but they would not recommend asking for Letters of Intent. Peterson was asked to develop a list of reasons why the city should consider extending the deadline until the end of the year.
- Stantec has provided plans and specifications for PI 9699, RTC asset preservation which has been divided the proposed overall preservation project into individual quote packages to expedite the procurement process. Roofing quote packages are:
  1. Building 1: Replace all asphalt shingles; repair octagonal and clay tile roof areas, repair rain gutters; repair loose seams on EPDM roofing membrane
  2. Building 23: Replace all asphalt shingles and repair rain gutters
  3. Building 24: Replace all asphalt shingles and repair rain gutters
  4. Building 26: Replace all asphalt shingles and repair rain gutters
  5. Building 27: Replace all asphalt shingles, replace ballasted EPDM roofing membrane system and repair rain gutters
  6. Building 28: Replace all asphalt shingles and repair rain gutters

Exterior Masonry Repair Quote Packages:

1. Buildings 1, 3 and 25: Replace and/or repair selected areas of face brick and repair selected areas of stone masonry
2. Buildings 22, 23 and 24: Replace and/or repair selected areas of face brick and repair selected areas of stone masonry
3. Building 27 West Elevation: Replace and/or repair selected areas of face brick and repair selected areas of stone masonry
4. Building 27 North and East Elevations; Buildings 26 and 28: Replace and/or repair selected areas of face brick and repair selected areas of stone masonry

- **Resolution #224-2016** authorizing the solicitation of quotes for these projects, which was seconded by Hurley and was adopted.

**October 3, 2016**

- The deadline to receive RFP's for a redevelopment project for the Regional Treatment Center was October 1 and no proposals were submitted
- The council directed staff to set up a work session to determine the city's next steps regarding the Regional Treatment Center.
- **Resolution #236-2016** calling for Special City Council Meeting on Tuesday October 11, 2016 at 12:00 pm to address: awarding quotes on PI 9699 the mothballing projects, and PI 9692 the RTC select building demolition; and options related to existing Joint Resolution for Orderly Annexation with Fergus Falls Township and consideration for adoption of annexation resolution for orderly annexation of the Woodland Heights area.

**October 11, 2016- Special City Council Meeting**

- The council was asked to act on awarding bids for PI 9699, RTC asset preservation roofing quote packages. No quote was received for roofing on Building 1 which entailed the replacement of all asphalt shingles; repair of octagonal and clay tile roof areas; repair rain gutters; repair loose seams on EPDM roofing. **Resolution #238-2016** authorizing the obtaining of a quote for asphalt shingle replacement and authorization to obtain a quote for Building 3 & 25 for isolated roof repairs
- One quote was received for Building 23; replacement of all asphalt shingles and repairing of rain gutters from G & V Construction in the amount of \$79,800. **Resolution #239-2016** rejected the quote
- One quote was received for Building 24; replacement of all asphalt shingles and repairing of rain gutters from G & V Construction in the amount of \$84,480. **Resolution #240-2016** rejected the quote
- One quote was received for Building 26; replacement of all asphalt shingles and repairing of rain gutters from G & V Construction in the amount of \$86,860. Hurley offered **Resolution #241-2016** awarding the quote contingent upon state grant eligibility.
- One quote was received for Building 27; the replacement of all asphalt shingles, replacement of the ballasted EPDM roofing membrane system, and repairing of rain gutters from G & V Construction in the amount of \$96,660. Hicks offered **Resolution #242-2016** rejected the quote and evaluating and obtaining prices for isolated roof repairs.

- No quotes were received for Building 22; the replacement of all asphalt shingles and repairing of rain gutters. **Resolution #243-2016** authorizing obtaining a quote for the work.
- Quotes were also received for PI 9699, RTC exterior masonry repair quote packages. One quote was received for Buildings 1, 3 and 25; replacement and/or repair of selected areas of face brick and repairing selected areas of stone masonry from Building Restoration Corporation in the amount of \$56,240 for the base bid with Alternate No. 1 in the amount of \$6,840. **Resolution #244-2016** awarding the quote contingent upon state grant eligibility.
- One quote for Buildings 22, 23 and 24, replacement and/or repair of selected areas of face brick and repair of selected areas of stone masonry was received for Building Restoration Corporation in the amount of \$169,495 for the base bid with Alternate No. 1 in the amount of \$23,940. **Resolution #245-2016** rejected the bid.
- One quote was received for Building 27, West Elevation; replacement and/or repair of selected areas of face brick and repair of selected areas of stone masonry from Building Restoration Corporation in the amount of \$215,279 for the base bid with Alternate No. 1 in the amount of \$126,540. **Resolution #246-2016** rejected the bid.
- One quote was received for Building 27, North and East Elevations: Buildings 26 and 28; replacement and/or repair of selected areas of face brick and repairing selected areas of stone masonry from Building Restoration Corporation in the amount of \$471,456 for the base bid and Alternate No. 1 in the amount of \$107,388. **Resolution #247-2016** rejected the quote.
- Bids were taken for PI 9692, Select Building Demolition Quotes for Building No. 11 and three gazebos. One quote was received from Hough Inc in the amount of \$84,820. **Resolution #248-2016** rejected the bid.
- Stantec provided an update on the tunnels noting an Environmental Assessment Worksheet (EAW) is being prepared for the tunnels and will be presented to SHPO and the Department of Administration.
- The will be proposing the tunnels outside of the building's footprint should be demolished. An EAW is being prepared for Buildings #2 and #30 and Stantec will be repackaging all non-awarded projects and the larger mothballing projects for bidding and awarding in December of 2016 with planned construction in 2017.

### **October 17, 2016**

- Two additional quotes were received for PI 9699, the RTC Asset Preservation projects. One quote was received for Building 1; replacement of all asphalt shingles and repairing of rain gutters from G & V Construction in the amount of \$55,800.
- **Resolution #259-2016** awarding the quote contingent upon state grant eligibility
- One quote was received for Building 22; replacement of all asphalt shingles and repairing of rain gutters from G & V Construction Inc. in the amount of \$78,800.
- **Resolution #260-2016** awarding the quote contingent upon state grant eligibility.

### **November 7, 2016**

- Update that state grant funds must be used by the end of the year and encumbering the funds, but not expending them would not be acceptable per terms of the grant.
- Reviewed a list of tentative projects for 2017 and 2018 if the legislature reauthorizes the grant funds

- **Resolution #275-2016** awarding a quote for PI 9699, RTC Asset Preservation for Building 3 to G & V Construction in the amount of \$1,250
- **Resolution #276-2016** awarding a quote for PI 9699, RTC Asset Preservation for Building 25 to G & V Construction in the amount of \$10,260
- **Resolution #277-2016** awarding a quote for PI 9699, RTC Asset Preservation for Building 27 to G & V Construction in the amount of \$8,680

#### **November 21, 2016**

- **Resolution #284-2016** requesting state reimbursement for PI 7182 & 8202 (RTC sanitary sewer and water main replacement/rehab)
- **Resolution #285-2016** requesting state reimbursement for PI 9692 & 8202 (RTC selective demolition and building preservation)

#### **December 5, 2016**

- Held a work session to discuss the city's strategy for moving forward with the RTC project in 2017

#### **December 14, 2016 PWS Meeting**

The city initiated PI 9690, cleaning up the incinerator site in 2009 and the MPCA determined an environmental covenant is needed for the restricted area due to the presence and potential exposure to residual soil contaminants. The city's activities in this area are limited to:

1. The owner using the restricted area land only for restricted commercial or industrial use.
2. The owner shall prevent disturbing soils below four feet for all areas within the restricted area, except Area 5
3. Except as required as part of the MPCA approved environmental response project, there shall be no extraction of ground water from beneath the Restricted Area for any purpose and no installation of any wells, borings, trenches or drains which could be used to extract such ground water or drive contamination further downward or outward during drilling or excavating.

The city also must submit an annual report to the MPCA, beginning in July of 2017, confirming compliance. A motion and second were made recommending the council approve the MPCA Environmental Covenant and Easement for the RTC incinerator site demolition project.

#### **December 19, 2016**

- **Resolution #309-2016** approving the MPCA Environmental Covenant and Easement for the RTC incinerator site demolition

# 2017

## January 17, 2017

- During the open forum Lois Josefson provided an update on veteran, entrepreneurial, technology and start-up efforts opportunities for the Regional Treatment Center. She requested funding for the Mayor's Kirkbride Advisory Committee to develop an RFP planning process and a letter of support from the council to pursue a Bush Foundation innovation grant in the amount of \$500,000.
- **Resolution #11-2017** approving the hiring of Joel Carlson as the 2017 lobbyist for the City of Fergus Falls for RTC issues
- Passed a motion authorizing staff to work with a developer to prepare a letter of intent for the Regional Treatment Center

## February 21, 2017- Committee of the Whole Meeting

- Confirmed legislative priorities are a request that the state re-encumber the \$1.9 million of RTC funding lost last year when the city's legislative request for an extension failed and seeking legislative approval to use a one and one half cent sales tax to help fund the library project.
- Local developer has been given the deadline of March 6 to provide a Letter of Intent for their project at the RTC.
- Tom Rufer and Brent Thompson believe the city needs to also begin developing plans for partial demolition of the RTC (saving only the tower) if this development project does not come to fruition.
- Staff was asked to develop two timelines. One would be moving forward with the developer if they provide the Letter of Intent and the other for the partial demolition of the RTC buildings. Brian Yavarow will be contacting Stantec to update their demolition and preservation estimates.
- The Mayor's Kirkbride Advisory Committee has met three times and they submitted their mission statement which reads: *The mission of the Mayor's RTC Kirkbride Advisory Committee is to advise the Mayor and city council on all matters and issues pertaining to the preservation and redevelopment of the RTC Kirkbride complex and campus.*
- The council discussed the need for this advisory group to work cooperatively with staff and the council and to be open to all options, not only preservation and redevelopment as indicated in their mission statement. The local developer has requested members of the Advisory Committee stop pressing him about his project as many of the details are confidential at this point. It was suggested the city inform the advisory group when they can provide assistance, but until that time they are being asked to not disrupt the process that is in place. The council asked to have their March 20 Committee of the Whole meeting be a joint meeting with the Mayor's Kirkbride Advisory Committee to clarify the need to send a unified message on behalf of the city.
- Brian Yavarow explained the Environmental Assessment Worksheet (EAW) for the tunnels that was prepared by Stantec. He reviewed the process the city will need to

follow and the public comment period. The city cannot proceed with any demolition of the tunnels until they get the state money re-encumbered or find another funding source.

- At the Public Works meeting last week there was a question if the main Kirkbride tower can be opened up for SummerFest tours. If the developer's project moves forward, the building would not be available, but could be an option if the project does not proceed.

### **March 6, 2017- Committee of the Whole Minutes**

- The local developer was given a deadline of March 6 to submit their letter of intent for the RTC, but nothing has been provided yet.
- Staff met with the developer today and feel progress is being made on a proposal. They have some preliminary financing and are working on a proposal that would encompass approximately half of the structure through mixed use development. Potential uses include: arts, culinary, hospitality, civic use, multi-family housing, and commercial and office space. The developer is willing to work with others on complementary uses, but they want to take the lead role on the project. The developer has been encouraged to engage with a professional to explore the use of new market or historical tax credits.
- Staff recommended giving the developer an additional two weeks of time to get their Letter of Intent submitted. Council members consented to an extension until next week so they have time to review the proposal prior to the March 20 Committee of the Whole meeting and to understand which portions of the building are not planned for reuse. They would like to avoid additional deadline extensions and talked about moving down dual paths of redevelopment and partial demolition (keeping the tower).
- The city prefers working on a redevelopment project, but if a project does not come to fruition the city needs to begin determining how much state funding would be required in the next bonding bill for demolition costs.
- Rachels felt the city needs to begin planning for both scenarios and Mayor Schierer said he is aware of another developer expressing interest in the RTC so the city should keep their options open, but agreed the city needs to begin formulating a plan for demolition as well.
- Spidahl questioned humidity levels and offering access/tours for the tower. Answers to these questions will be addressed after the city determines if they would be moving forward with a developer as they would need to be consulted on this issue.
- Bill Sonnbor reminded the council of the language in the bonding bill that allows the city to spend money on public improvements, but restricts the city from spending money on projects that would benefit a developer. Questions on interpretation of the bonding bill language must come from the Minnesota Department of Administration.
- Hicks and Rachels each felt if the council were to change its stance of allowing access to the building, it would require the Friends of the Kirkbride to provide a full accounting of where past donations have been allocated. This request for information

was requested last year, but has yet to be provided to the council. Neither would not be in favor of granting public tours until this information has been provided.

- Andrew Bremseth said staff will begin laying out steps and a timeline for partial demolition in the event a proposal does not come forward.

### **March 6, 2017**

- **Resolution #44-2017** granting a 15 year tax exemption to the Campus Development Group as per the Development Agreement dated March 28, 2011 for Building No. 5;
- **Resolution #46-2017** setting a public hearing date of April 18, 2017 at 5:00 pm for the Environmental Assessment Worksheet comment period for the RTC tunnels;

### **March 20, 2017- Committee of the Whole**

The city received a Letter of Intent for the RTC from Mark Christopherson. His project would be a three phased approach.

Phase I would entail:

Building 1: public entrance, office, commercial and retail space

Building 2: services

Building 3: arts and recreation

Building 11: services

Building 52: receiving and storing

Phase II would entail:

Building 22: residential/hospitality

Building 25: food service

Building 26: residential

Building 29: residential/hospitality

Phase III would entail:

Building 24: residential/hospitality

Building 28: residential

There are no plans to reuse/repurpose Buildings 23, 27, 30 or 32. The Letter of Intent states the developer would complete the following on or before May 22, 2017: evaluate the opportunity to address those buildings not contributory to the developer group's reuse of the Kirkbride Complex; to identify their investor group and financial sources and will provide to the city on a confidential basis, such financial information to allow the city to conduct its initial financial due diligence and determine the ability of the developer to perform the Phase I projects and to enter into a mutually acceptable non-disclosure agreement covering information exchanged. The Letter of Intent gives the developer exclusivity for acquisition of the developed area through July 17, 2017. There were questions about the period of exclusivity. Christopherson said their group has come with proposals in the past, but the city turned them away to entertain other proposals. Some of their initial investors have backed out to the project due to the city's inability grant exclusivity and they are need the reassurance they have the city's support so they can gather more partners and to begin looking at more

specific uses. The developer is open to working with other parties interested in a project, but he wants to take the lead role in the project. Their plan is to restore the original entrance and showcase the tower portion of the building. Both parties intend to work on drafting a Development Agreement and a Purchase Agreement that would address and include the following:

1. Further define the type, scope and quality of the projects to be executed by the Developer Group
2. Establish a due diligence period for both parties to conduct their respective inquiries and research
3. Structure an estimated project timeline with various deadlines and benchmarks for both parties
4. Ensure the project's compatibility with the larger community of Fergus Falls
5. Determine various public benefits by the project for the community
6. Identification of the Development Group and its partners, including the capacity of the Developer Group to complete the project
7. Timeline for presentation of a financial plan
8. Timeline for determination of the feasibility of the Developer Group projects
9. Structure amounts and timelines for the city/state financial assistance
10. Determine and negotiate compliance issues as they may relate to any statutory requirements and restrictive covenants
11. Identification of various "subject-to" clauses, including but not limited to possible municipal approvals, liquor license approvals, health department permits, zoning, state approvals, and building permits
12. Set forth the terms and conditions of the acquisition of the Kirkbride Complex under the Purchase Agreement, which will provide that transfer of the Kirkbride Complex will be on an "as is" "where is" "with all faults" basis.

The council discussed the need to move forward on a parallel path of planning for preservation/demolition in the event does not come to fruition. The city needs to have direction on how to proceed prior to August so they can draft language to be included in the 2018 bonding bill. The milestone dates in the agreement will provide progress reports and the city's request to the developer to establish an escrow account has been well received. The council was in consensus about accepting this Letter of Intent at tonight's council meeting. Schierer requested the item of tours and building access be delayed until the April 3 meeting.

### **March 20, 2017**

- The city received of Letter of Intent from Mark Christopherson for redevelopment of the Regional Treatment Center. The project would be three phases with Phase I to incorporate Building 1: public entrance, office, commercial and retail space; Building 2: services; Building 3: arts and recreation; Building 11: services; Building 52: receiving and storing. Phase II would be Building 22: residential/hospitality; Building 25: food service; Building 26: residential; Building 29: residential/hospitality. Phase III would be Building 24: residential/hospitality; Building 28: residential. There are no plans to reuse/repurpose Buildings 23, 27, 30 or 32.

- The Letter of Intent states the developer group would complete the following on or before May 22, 2017: evaluate the opportunity to address those buildings not contributory to the developer group's reuse of the Kirkbride Complex; to identify their investor group and financial sources and will provide to the city on a confidential basis, such financial information to allow the city to conduct its initial financial due diligence and determine the ability of the developer to perform the Phase I projects and to enter into a mutually acceptable non-disclosure agreement covering information exchanged.
- The Letter of Intent gives the developer exclusivity for acquisition of the developed area through July 17, 2017. The council would like the city to continue moving down a parallel path of preservation/demolition if a project does not come to fruition. Spidahl offered [Resolution #59-2017](#) accepting a Letter of Intent for the Regional Treatment Center, which was seconded by Rachels and was adopted.

#### April 3, 2017- Committee of the Whole

- The Mayor's Kirkbride Advisory Group was created in 2016 to deal with matters relating to the Kirkbride building. The city is in a period of working exclusively with developer Mark Christopherson and his project has no identified uses for the East and West detached sections of the building.
- Mayor Schierer spoke about the need to change the city's focus from preserving the campus to redeveloping the campus and said he would like to dissolve the Mayor's Kirkbride Advisory group and instead create a task force that would look at possible redevelopment and marketing options for the east and west detached sections. The task force would then inform the council of all options from preservation to demolition.
- Chris Schuelke was opposed to demolishing these historic portions of the building as demolition would likely negate the campus's national registration status. He was hopeful that Christopherson's project would spark interest in these sections from another developer if it was a smaller area and they would not need to be the lead developer for a project. He expressed his concerns the advisory group does not have the connections or expertise to market these parcels.
- Laurie Lucking also spoke about the status of the national registration and historic tax credits if the east and west detached buildings were to be demolished. She felt the advisory board could work with the contractor to keep historic tax credits and to ensure the redevelopment is being done by historic standards.
- Andrew Bremseth spoke about the city's need to prepare a bonding request in the next legislative session and noted staff will be working to Stantec to update the preservation and demolition estimates.
- It was the consensus of the group bring the topic of dissolving the advisory board and transitioning to a task force at the April 17 council meeting.
- No tours are currently allowed at the Kirkbride. Staff and potential developers are allowed in the building if they are wearing proper PPE equipment. The developer has exclusivity until July 17 and it was the recommendation of the council to continue the

policy of not allowing access into the Kirkbride buildings. The public is welcome to walk around the exterior of the building.

#### April 17, 2017

- A motion and second were made to dissolve Mayor's Kirkbride Advisory Committee and the motion carried. In the event a task force needs to be created to help with undeveloped portions of the RTC campus, the Mayor will bring a list of proposed names to the council for approval.

#### May 1, 2017

- Amy Baldwin reported the city is having weekly meetings with the developer of the RTC who has been granted exclusivity. Most of the discussion has been in regards to the implications of the campus designation. The first deadline for the developer is May 22. Staff is continuing to also work on Tract B (selective preservation/demolition) options as directed by the City Council.

#### May 15, 2017

- Council discussed the need to formulate a plan to move forward on the deconstruction of the RTC
- Jason Bowers of NB Global Legacy said he wants to raise \$100 million for the Dream Center concept and is hoping to preserve the entire complex including tunnels
- Scott Kvamme asked the council to reconsider preservation
- John Strauch asked the city to redevelop the complex
- Cody Sundvor wanted Charles Noh to return and create a hotel
- Jeff Schlossman did not want a deconstruction project affect his ability to use historic tax credits
- Michele Anderson said the RTC is a major attraction for Springboard for the Arts residents
- Rod Spidahl suggested four points the city should pursue:
  1. Dealing with the moisture problems in the building by demolishing the tunnels and allowing the main tower to be open for ticketed tours.
  2. Since a developer for the entire campus has not been able to be found, the city should divide the campus into four separate sections. He suggested one is Jeff Schlossman's property, the main tower, the East detached building and the West Detached building. He suggested negotiating with the legislature separately on each portion.
  3. The city should pursue demolition of the non-contributory buildings including the old and new power plant, the woodshop, laundry building and the 1964 Administration addition.
  4. Hold a meeting with community stakeholders such as the school district and Otter Tail County Historical Society to see if they would be interested in taking parts of the campus.

- Resolution #99-2017 authorizing staff to work with our local legislators to draft placeholder bills for RTC funding in the 2018 legislative session was adopted. Having these bills introduced on the last day of this legislative session would get Fergus Falls on the bonding committee tour for later this year.
- A motion and second were made by Spidahl and Appert to direct staff to research the cost of prohibiting moisture from entering the main tower

**June 5, 2017**

- In March of 2017 the city entered into a Letter of Intent with Mark Christopherson for redevelopment of the RTC and granted this developer exclusivity. Christopherson contacted Kent Mattson and requested terminating his Letter of Intent with the city. This developer group doesn't feel they would be able to meet their deadlines with the amount of uncertainty around this project and thanked the city for the opportunity to explore a project. If a future occasion arises that they can work within the parameters of a city project, they would be open to looking at this. Resolution #115-2017 terminating the Letter of Intent with Mark Christopherson was adopted.
- The city has placeholder bills in the 2018 legislative session to secure funding for the future of the RTC. The bonding committee will be touring this summer with a stop in Fergus Falls. At that time we need to clarify what our cost estimate would be for the RTC.
- An EAW was conducted on the tunnels and staff is recommending the council authorize ordering in plans and specifications and to working with SHPO on the EAW requirements.
- Staff is recommending a four phased approach to deconstruct the campus and reduce the overall footprint of the campus. The city's remaining \$1.9 million of state grant funding was reinstated after the legislative session. The engineer's estimate for Phase I is \$2,040,000. Building No. 2, the annex to the Administrative Building was requested to be added to the plans for Phase I.
- Resolution #116-2017 authorizing staff to order and prepare plans and specifications and to proceed with EAW's for the demolition of the tunnels, Building 32 (laundry), Building 30 (powerhouse), transformer, Building 11 and the connectors of east and west detached to the main horseshoe structure, and Building 2 was adopted.
- Gene Schmidt asked the council to reconsider demolition of the connection wings due to their historic significance and said the city could use other means to isolate the East and West detached buildings.
- Mayor Schierer noted the council action is to start exploring the possible deconstruction cost estimates and their action is not immediate demolition. Andrew Bremseth said having the East and West wings detached would clear up some of the issues such as liability, legal descriptions, insurance and common spaces that are hanging up developers.
- Cody Sundvor said he was representing Charles Noh who has recently purchased Hilton Hotels and he has interest in purchasing the entire RTC campus. His plans

range from \$50-\$200 million and he encouraged the council to give Charles the opportunity to present his plans for the RTC redevelopment.

- The city received \$1.1 million from the state to cover holding costs for the RTC in 2007. The fund is down to \$123,031 and is estimated to be fully expended by May of 2019. The funds have been used for uses related to the RTC including lobbyist services, marketing campaigns, utility work, mowing, and electricity. When these funds are expended the city will have to begin using taxpayer funds to continue operations so there is urgency to develop a strategy for the long term. After meeting with the council members over the last few weeks, staff recommended implementing a phased approach.

Phase I: tunnels, Buildings 11, 30, 32, the east and west connections and Building 2

Phase II: Buildings 3 and 25

Phase III Buildings 22, 24, 26, 28

Phase IV: Buildings 23 and 27

Anytime: Buildings 52 and 29

The main tower would remain standing.

- If a viable development proposal comes along, the city is willing to work with them if they have a financial commitment from the developer that would protect the city taxpayers. The city will be working with SPHO to develop demolition cost estimates for the bonding request. The Legislative Committee will be meeting with representatives from the Governor's office to make them aware of the city's needs and believe a reasonable request to use state grant funds would be looked upon favorably by the state. [Resolution #117-2017](#) approving the phased approach to addressing the Regional Treatment Center and authorizing staff and the Legislative Committee to begin working on a legislative strategy to implement this approach was adopted.
- At the May 15 meeting, staff was directed to look into the costs of working with a historic architect consultant and they have been working with Stantec to identify a possible connection. Schierer noted at this time it is not a pressing issue, but will be in Phases III and IV.
- Lois Josefson, 506 S Union Avenue requested a detailed expenditure report of the \$1.1 million given to city by the state. It was noted this would be available by making a request through the City Administrator's office.
- A motion and second were made to add an item to the June 19 meeting agenda to discuss giving Building No. 29 to the Friends of the Kirkbride and Otter Tail County Historical Society if they are willing to fund raise for repairs for this building
- The city will be installing weather stripping and door stops to minimize the mold growth issues in the tower. The estimated cost is \$30-\$40 per door for 8-10 doors. The dehumidifiers are running 24 hours a day, which is contributing to the electric bill.

#### **June 19, 2017**

- PI 9692 is Phase I of the professional services proposal from Stantec for the demolition of Building #2, 11, 30, 32, the tunnels and the connecting links to Buildings 23 and 24 and the link between Buildings 27 and 28. Stantec's proposal for design services is

\$87,900 and \$90,100 for construction administration. The funding source is the re-allocated state grant funds. The project will be bid with multiple alternates so the council can award projects within the budget. **Resolution #124-2017** accepting Stantec's design and construction administration professional services proposal for the RTC Campus Phase I Project, PI 9692 was adopted.

- Staff contacted the Otter Tail County Historical Society and the Friends of the Kirkbride to see if they would be interested in retaining Building No. 29 at the RTC. The museum board will be meeting later this week to discuss this opportunity. Hicks said his contacts with these entities are indicating they would rather support and not lead this project.

#### July 3, 2017

- The Friends of the Kirkbride and the Otter Tail Historical Society have interest in preserving Building No. 29 (the Memorial Building) on the RTC campus for a tribute to the campus's history, but neither entity is able to take a lead role in the renovation. Hicks asked the records state that the council has been accused of not being inclusive by the Friends of the Kirkbride, but when offered an opportunity to take on a project, they are unable to do so.

#### August 7, 2017

- The Legislative Committee met with SHPO on July 19 and explained the city's four phased plan to deconstruct the RTC. Each phase of the project and the steps the city must undertake to ensure historic tax credits remain in place for potential future redevelopment were reviewed.
- SHPO suggested the city engage the services of an architectural historian so a case can be made as to why the RTC property would be kept on the National Register. SHPO has indicated Buildings 2, 11 and 30 are non-contributing and EAW's are not necessary unless the city determines they would like to conduct these studies. If not, the city can immediately proceed with removing these buildings. SHPO has indicated an EAW would be required for Building 32 and the connector wings due to their historical significance and suggested an EAW on Building 30 given its past use. The city plans to start working on these EAW's as soon as possible.

#### August 21, 2017

- Last Tuesday the House Capital Investment Committee toured the RTC grounds and learned more about the city's phased plan to address the campus. The visit was an initial step in educating the legislature about the scope of the project in preparation of the financial assistance we will be requesting for the RTC.
- When property on the National Registry has been determined historically significant and is proposed for deconstruction, state statute requires an Environmental Assessment Worksheet (EAW) be completed. The City has completed the EAW and as the Responsible Government Unit now needs to determine if an Environmental Impact Statement is necessary. An EIS is Phase II of an EAW would only be necessary if there are significant environmental concerns associated with the proposed

activity. Three written comments were received during the public comment period and none have requested an EIS be completed. Staff recommends an EIS is not necessary for the removal of the tunnels. If the council agrees to forego an EIS, the finding of facts would be posted with the Environmental Quality Board. [Resolution #177-2017](#) determining an EIS is not necessary for the RTC tunnel deconstruction based on findings of fact and giving authorization to submit this determination to the Environmental Quality Board was adopted.

- On June 5, the City Council approved the Phase I proposal for the Regional Treatment Center (RTC) to include deconstruction of Buildings 2, 11, 30, 32, the campus tunnels and the connection links (23/24 and 27/28) at an estimated cost of \$2,280,000. The City Engineer provided status updates on each building:

**Building No. 2**- Non-contributing per SHPO. Stantec is preparing plans and specifications.

**Building No. 11**- Non-contributing per SHPO. Project plans and specifications require minor revisions from last fall's quotes, including the addition of the three gazebos.

**Building No. 30**- Non-contributing per SHPO. Stantec is preparing plans and specifications. The final plans and specifications are contingent upon Building No. 32 being attached. If Building 32 is not removed, additional construction provisions and building closures will need to be specified.

**Building No. 32**- Stantec, along with McDonald & Mack are continuing their site investigation in preparation of an EAW. SHPO wants more understanding of the impact of this building on the National Register nomination. They have indicated the best way to determine the impact is to contract with an architectural historian to prepare an assessment. Staff has begun the solicitation process for architectural historian evaluation services.

**Campus Tunnels**- Stantec has conducted a test of the structural integrity of the tunnels in response to SHPO's comments during the EAW comment period. The city needs to take action in regards to the Environmental Impact Statement determination.

**Connection Links**- Stantec, along with McDonald & Mack are continuing investigation in preparation of an EAW. SHPO believes it is important to be able to understand the impact of these building connection links on the National Registration nomination. They believe the best way to determine the impact of hiring an architectural historian to prepare an assessment. Staff has begun the solicitation process for these services. Preliminary discussion indicates the removal of the links may be the most complex process in Phase I.

Yavarow presented four scenarios for the council to consider:

**Scenario I**- single contract base bid consisting of campus tunnels, Buildings 2, 11, 30 and three gazebos. Building No. 32 would be an alternate. A minimum of 21 days to advertise for bids would be necessary. Preliminary cost estimates indicate bid alternates would be incorporated based on currently available grant funds. There is an unknown duration to complete the National Registration investigation, the EAW process and SHPO approval for Building No. 32.

**Scenario II**- single contract base bid consisting of campus tunnels, Buildings 2, 11, 30 and three gazebos. A minimum of 21 days to advertise for bids would be necessary. Preliminary cost estimates indicate sufficient grant funds are available. If final design and cost estimates determine otherwise, alternates will be incorporated. There is an unknown duration to complete the EAW/EIS responses and SHPO approval of the tunnel demolition.

**Scenario III**- single contract base bid consisting of Buildings 2, 11, 30 and three gazebos. A minimum of 21 days to advertise for bids would be necessary. Preliminary cost estimates indicate sufficient grant funds are available. Substantial completion would occur in the fall and the final work completed in the spring of 2018 pending any additional SHPO review and approval.

**Scenario IV**- individual or combined contract consisting of Buildings 2, 11, 30 and three gazebos. Quoting, a 10 or 21 minimum number of days to advertise for bids would be necessary. Preliminary cost estimates indicate sufficient grant funds are available. The project could begin in the fall with substantial completion in the spring of 2018. This scenario was called the most expeditious scenario to start Phase I.

- Phase I is proposed to be funded through the reallocated state funding in the amount of \$1,991,456.32. The current bonding bill allocation is available until December 31, 2020. All remaining phases are proposed for funding through future state grant requests.
- The Legislative Committee has discussed using an architectural historian, but has recommended not engaging these services for Phase I as many of the buildings have been deemed non-contributory by SHPO. These services would likely be used in future phases on the other portions of the campus.
- **Resolution #178-2017** authorizing staff to move forward with the plans as described in Scenario II (Buildings 2, 11, 30, the campus tunnels and three gazebos) was adopted.
- Clarification was provided that staff has been notified there were questions regarding setbacks and parking issues at the RTC for future development. No developer has ever brought forward concerns about these issues to the city and the council was in consensus if these ever were legitimate developer concerns, that the city could easily address these issues.

#### **September 5, 2017**

- **Resolution #184-2017** approving a grant agreement with the State of Minnesota for the Regional Treatment Center was adopted.

#### **October 2, 2017**

- Stantec has completed the plans and specifications for Phase I of PI 9692, the RTC select building demolition project. Phase I has been modified and now consists of Buildings 2, 11, 30, three gazebos and the tunnels. Buildings 32 and the connection links (23/24 and 27/28) are not incorporated in this portion of the project. The

estimate for the base bid and three alternates is \$1,059,000. Bids would be opened on November 2 and awarded at the next council meeting. The project is proposed to begin in late fall with completion in spring/summer of 2018. The EAW has been accepted and approved. **Resolution #209-2017** accepting plans and specifications for PI 9692, authorizing advertising of bids and requesting Stantec prepare a professional services proposal for Phase 2 was adopted.

### **October 16, 2017**

- At the Open Forum Scott Kvamme, 219 E Franklin Avenue presented a proposal he would like to pursue for Buildings 29 (Memorial Building), 52 (garage), 54 (gazebo), the tunnel connection Buildings 29 and 27 and the surrounding park area as an Air BnB destination.
- He requested the council add an additional optional deduct to the Phase I bid package and allow the gazebo and tunnel stay as is.
- He requested Building 52, a Morton garage to the north be saved as a benefit for other projects later.
- He requested the council allow him to start preparing a proposal and to act on changing the bid documents tonight as the Phase I bids will be opened on November 2 and awarded on November 6.
- Hicks was supportive of Building No. 29 being saved, but was not in favor of keeping the gazebo and tunnel as they are a part of the current bid package. The tunnels should not be accessed for safety purposes and he encouraged Mr. Kvamme to put together a detailed plan for the building including his financing.
- The City Engineer addressed questions about the bid package and he shared structural photos and language in the Stantec report stating sudden non-ductile failure of the tunnels is possible and recommended the council proceed with the tunnel demolition.
- Thompson agreed stating it has taken the city years to proceed with this phased demolition plan and he feared stepping off course by delaying the demolition work could hurt the city's chances for future legislative financial assistance. A motion and second were made to support a proposal from Scott Kvamme to save Building #29 (the Memorial Building), but not make any changes to the bidding process for the RTC tunnels.
- Stantec has prepared a Professional Services Agreement for the deconstruction of the RTC campus buildings No. 3, 25, 32, the connecting link between Buildings 23 and 24 and the link between Buildings 27 and 28 as Phase 2. Their fees for their Professional Services Proposal are \$35,800 (not including reimbursable) and Construction Administration fees amount to \$59,600. These fees reflect the time to submit plans to administer the required EAW and submit the plans to SHPO. The Phase 2 services are proposed to be funded by the remaining \$1.9 million of reallocated funds in the RTC state grant.
- **Resolution #221-2017** accepting Stantec's professional services proposal for PI 9692, Phase 2 of the RTC demolition project was adopted.

### November 6, 2017

- Michele Anderson representing Springboard for the Arts/Otter Tail County Historical Society RTC salvaging proposal. Their organization would like to salvage items they have historic significance and allow artists to repurpose them for public benefit. The bid opening for Phase I has been postponed until January. It was suggested once the bids for this phase of demolition have been awarded such a request would go through the contractor. The City Attorney explained the competitive bid requirements and the process the city must use to dispose of property. Determination would need to be made if these items have value. This topic will be addressed on November 20 so staff has time to research the request.
- Bids for PI 9692, Phase I of the RTC deconstruction project were scheduled to be opened on November 2, but SHPO said they needed more time to review the proposed use of the state funds. They are unwilling to expedite the process and an addendum has been provided to the bidders. Appert offered [Resolution #234-2017](#) amending the bid opening date for PI 9692 to January 18, 2018 was adopted.

### November 20, 2017

- On November 6<sup>th</sup> the Springboard for the Arts and Otter Tail Historical Society requested they be allowed to salvage a number of items from the Regional Treatment Center prior to any demolition work. After reviewing the options including contract addendums, authorization for the city to allow items to be salvaged and bidding laws, a motion and second were made by Rachels and Fish to take no action and to have any interested parties directly contact the prime contractor to negotiate salvaging terms and the motion carried unanimously. It was clarified the city would have limited liability and no leverage against the contractor if terms cannot be agreed upon with another party for salvage rights.

### December 4, 2017

- During the budget and levy presentation Scott Kvamme asked the council to recognize the RTC as a city asset and use the \$1.3 million set aside for the preservation and marketing of the facility rather than demolition. He also asked the city to develop a new master plan for the RTC, similar to their process with the Downtown and Riverfront Master Plan.
- Hicks addressed Mr. Kvamme's question and said the city is planning to use the \$1.3 million funding from the state for demolition. The city will be seeking additional funding for demolition as the city has been dealing with the RTC for many years without finding a viable development proposal. He said the downtown and riverfront development or an aquatics center is more likely to come to fruition than a developer

for the RTC at this point. Mayor Schierer said the Committee of the Whole meeting on December 18 will be dedicated to legislative actions to take on the RTC.

### **December 18, 2017 Committee of the Whole**

- Bruce Paulson of Stantec explained Phase I of the RTC deconstruction project is removing the non-historically significant buildings 11, 30 and the tunnels. They misunderstood the SHPO review process and have since submitted new drawings and a new response. Bids for Phase I are expected to be opened on January 18, 2018. Once approved, work on this phase can commence immediately. The contractor would be allowed to bury clean materials within the footprint of the building with the remainder of the materials would need to be disposed of otherwise. This work would be expected to wrap up in July of 2018. Stantec is still waiting for SHPO's response to clarify the level of photographic documentations for utility tunnels. Paulson commented on the plans to restore the front of the tower building and SHPO's request to repair the roof on Building #27.
- City Lobbyist Joel Carlson spoke about the public education campaign that has been ongoing with our state legislators and the RTC. A number of legislative leaders and their staff have toured the buildings and have seen the size, scope and challenges of this property on our community. He felt there is legislative support for the City of Fergus Falls to proceed with seeking additional funding from the state if the city continues to follow their phased approach to deconstructing the Regional Treatment Center. He does not see legislative support for seeking additional dollars to stabilize the building while a developer for the entire campus is sought. The legislative session will begin on February 20, 2018 and Carlson recommended the city develop a timeframe and cost estimates by February 1 that would encompass both years of this bonding cycle. He feels there would be bipartisan support for a phased plan. He also suggested as a goodwill gesture that the city should spend limited funds patching the hole in the roof of Building #27. Carlson encouraged the city to be realistic on what can be accomplished over a two year cycle as Phase I has taken 18 months. He felt the city's request should highlight the efforts over the past ten plus years to find a developer and stabilize a building, but the city is now focused on moving to a clean site. The City of Fergus Falls and its taxpayers need the financial support of the state legislature.
- Hicks agreed it is important to proceed with the phased approach and mitigate the risk to our residents. He suggested letting the state know the majority of the 2007 state grant dollars has been expended on environmental clean-up and issues the state left behind when they gave the property to the city. Rachels advocated the council plan for Phases II (removal of Buildings 3, 25, 32 and the connectors) and III (removing Buildings 26, 28, 24, 22) at the same time. Paulson agreed combining these two phases is possible, but would involve an extended EAW process. Carlson would help draft the bill language for this phased approach and request the funds would be

available until they are spent instead of having strict timelines that need to be followed. The city has a Professional Services Agreement with Stantec for Phase II that would need to be amended to include both Phases II and III.

- Representative Bud Nornes and Senator Bill Ingebrigtsen each expressed their commitment to helping the bill for the RTC move through the 2018 legislative session. Phil Caswell of Stantec noted when the city obtained this property and the state grant money they had a number of stipulations and restrictions on this funding which put the city in a position to only spend on demolition projects. The State Office of Historic Preservation (SHPO) is now telling the city they cannot demolish a historic building. SHPO needs to follow the federal guidelines for historic properties, but they also need to compromise and understand the city is out of options and is unable to redevelop the entire property.
- SHPO has recommended the city retain an architectural historian for documentation in relation to the phased decommissioning. Carlson agreed the city should look into hiring an architectural historian to show SHPO they are willing to work with their suggestions. Rolf Anderson has the most knowledge and was recommended to conduct the EAW for each phase. The city will ask him to provide a cost estimate for his work. Any work the city does after Phase I will have an adverse effect on the historic district. SHPO will need to be made aware of the city's long term plan to remove all of the buildings with the exception of the main tower unless a developer can be found. The council discussed engaging an attorney specializing in historic tax credits to ensure the city does not adversely affect Jeff Schlossman's projects. It was the consensus of the council to have staff formulate costs and a timeline with Stantec and to bring this recommended to the council for action on January 16, 2018.

#### **December 18, 2017 City Council**

- At the open forum Lois Josefson, 506 Union Avenue South spoke about the vacant buildings in the city, the Kirkbride building and opportunities she believes our city should pursue to promote community growth.

# 2018

## January 10, 2018 Committee of the Whole

- The city is seeking legal representation for issues that might arise when working with the State Office of Historic Preservation (SHPO) and the impact of Nationally Registered buildings during the phased demolition work on the Regional Treatment Center.
- Attorneys Andrew Biggerstaff and James Thompson of the Kennedy & Graven firm have experience working with cities on projects involving deconstruction on historically and non-historically registered buildings. Their legal representation would begin after the city moves beyond Phase I, unless there are lingering issues to resolve in that phase and their services would be billed at an hourly rate. The need for the services of Kennedy & Graven would be contingent upon a successful legislative session and the legal services of local attorney Kent Mattson would continue to be utilized for state agreements, real estate and potential redevelopment scenarios. Funding for these legal services would be through state bonding dollars the city currently has and/or will be seeking.
- A motion authorizing the Mayor and City Administrator to enter into an agreement with Kennedy & Graven to provide legal services related to the Regional Treatment Center was adopted.

## January 16, 2018 City Council

- **Resolution #10-2018** authorizing the city to enter into an agreement with Kennedy & Graven to provide legal services related to the Regional Treatment Center
- **Resolution #18-2018** adopting the 2018 legislative priorities as: The city's main priority in 2018 is the Regional Treatment Center bonding funds. Secondary priorities include:
  - LCCMR extension/modification (or reauthorization) for the dairy property
  - Downtown opportunity/enterprise zone
  - Dairy property funding options (bonding, special legislation)
  - Lobby for funding of DEED Programs (demolition grant program)
  - Explore the concept of applying local option sales tax to online purchases
  - Various initiatives of the LMC, CGMC
- The Legislative Committee recommended the city enter into a contract with Joel Carlson for lobbyist services to be conducted on the city's behalf in the 2018 session. The 2018 contract in the amount of \$43,420 would address RTC work along with other defined legislative priorities. **Resolution #19-2018** approving the 2018 lobbyist contract with Joel Carlson was adopted.

- The City Council has been discussing how to proceed with the Regional Treatment Center. The Senate bonding tour will be in town on Thursday to learn more about the city's request. Bids for Phase I of the RTC project are scheduled to be opened on January 18. Buildings #2, 11, 30 and tunnels are included in this bid and in each possible scenario that was reviewed. Mothballing was defined as stabilizing the exterior for vermin and water and adding some level of air movement to improve the air quality issues for an estimated ten years.

Option#1 is the removal of Buildings #2, 3, 11, 25, 30, 32, 52 gazebos and the connecting links in the amount of \$5,900,000. The "horseshoe", Building #29 and the main tower building would remain standing.

Option #2 is the removal of all structures except Buildings #23, 27 and the main tower, which would be mothballed, in the amount of \$8.2 million.

Option #3 calls for the deconstruction of all structures with the exception of the main tower building, which would be mothballed in the amount of \$8.9 million.

Option #4 is the deconstruction of all structures with the exception of the main tower building, which would be restored in the amount of \$27.2 million.

Option #5 is demolition of all structures on the campus in the amount of \$8.7 million.

- The council was encouraged to proceed with one project that they think is reasonable over the two year period of time in which the funds would be available if successfully obtained from the state. Our lobbyist believes the city should retain the main tower and take on that project later with the use of local matching funds. The council agreed to eliminate Options 1, 4 and 5 from further discussion.
- Bruce Paulson of Stantec said Rolf Anderson is working on their team as an architectural historian as recommended by SHPO. He will provide them with documentation on the building's history and significance and help in the EAW process. Earlier tonight the council authorized entering into a contract with attorneys at Kennedy & Graven to assist in the legal process of working with buildings on the National Register and will help hold SHPO accountable. The council discussed possible construction options such as asking contractors to deconstruct Buildings #27 and #23 (East and West detached) last in the event a development proposal comes forward on these buildings. It was noted putting restrictions on the bidding process could negatively affect the bid prices. A redevelopment proposal for buildings #23 and #27 could be entertained up until the time the city moves forward with a bidding process. State money can only be used for public purpose and no funds can be used to benefit private development. Council members expressed their regret about not being able to find a viable redevelopment proposal over the past 11 years, but felt they needed to make a decision on this property to protect the city's taxpayers.

- Council action tonight is agreeing upon a plan and corresponding budget request to propose to the state legislature. The city would not be moving forward on a project unless the city receives the funds from the legislature. Council members spoke about the majority of his constituents are asking the council to take action on keeping the tower and removing the other buildings before proceeding with other city projects. Rufer offered **Resolution #20-2018** approving the city's legislative strategy of requesting \$8.9 million to deconstruct the RTC campus buildings with the exception of the main tower building (Option 3), which was seconded by Hicks and was adopted.

#### **February 5, 2018 City Council**

- Bruce Paulson of Stantec reported three bids were received for PI 9692, Phase I deconstruction of the RTC. Phase I consists of the removal of Buildings 2, 11, 30, three gazebos and the campus tunnels. The low bid was from Landwehr Construction Inc. in the amount of \$999,640 for the base bid, and three alternatives. The total project cost estimate is \$1,381,640. The project is anticipated to begin this winter and be completed by summer of 2018. The project funding is to come from the remaining \$1.99 million from the original state grant funds.
- Scott Kvamme asked the council to make a change order to not demolish the L shaped tunnel connecting Buildings 27 and 29 as it would affect his plans for redeveloping the Memorial Building. The council expressed their concerns with proceeding with a change order, the effect on the construction process and there being no financial assurances or a business plan.
- **Resolution #21-2018** awarding the bid for PI 9692, Phase I of the Regional Treatment Center project was adopted.

#### **February 20, 2018 City Council**

- Carl Zachmann, 941 N Rosemary Avenue spoke at the open forum about two city assets- the Kirkbride and the river. He asked the council why they plan to save so little of the RTC building and what the city's plans are for the space afterwards. He encouraged the city to allow salvaging of materials, to bring back public tours and to continue trying for redevelopment no matter how long the process takes. He was in favor of the city working on multiple projects at the same time and making improvements on the riverfront to improve the livability of the community.
- Chris Schuelke, 522 W Alcott Avenue spoke at the open forum about the division in the community about the RTC issue and the benefits of retaining historic infrastructure. He encouraged the council to reinstate the Mayor's RTC Advisory Council to allow more community voices in the decisions about the RTC.

#### **February 28, 2018 Committee of the Whole**

- R.C. Drews sought permission for the Daily Journal to gain access to the Regional Treatment Center (RTC) so they can obtain photographs outlining the condition of

the buildings for special edition publication they are planning for the RTC. He explained the type of article, editorials and photographs they are intending to produce in this publication.

### **March 5, 2018 City Council**

- Shawn Beyer, 303 W Broadway Elizabeth, MN spoke at the open forum and asked the council to reconsider their decision to deconstruct the Regional Treatment Center campus.
- Glenn Rosentreter, 643 W Lincoln Avenue spoke at the open forum and thanked the mayor and council members who were in attendance at the March 1 Kirkbride rally and encouraged other council members to attend upcoming events. As a fifth generation resident of the community he was excited to see the revitalization of our community.
- Anthony Hicks requested a statement be on the record regarding comments made about the City Council's decision to deconstruct the Regional Treatment Center (RTC). A recent Letter to the Editor in the Daily Journal encouraged the city to offer a financial reward to encourage redevelopment. The city (EIC) gave Ray Willey \$50,000 in 2013. Mr. Willey asked the city for an additional \$700,000 in cash with no guarantee of a project. The city did not have those funds available, but did offer him \$350,000 upon the successful completion of a certificate of occupancy for the first phase of his project. He refused any offer other than the full amount of cash up front. The Friends of the Kirkbride pledged raising \$700,000 for Mr. Willey's project, but only obtained \$50,000. They gave the money to him, which he used for his travel expenses. Willey stated he never intended to put his own funds in this project and wanted the city to help fund his project.
- The city conducted three international marketing attempts that yielded no viable redevelopment proposals. There is \$300,000 of the original \$1 million holding costs yet remaining with \$100,000 earmarked for the demolition of Schlossman's tunnels. The city is expending approximately \$100,000 per year on maintenance expenses. He encouraged the council to look at the liability and risk to the taxpayers of the City of Fergus Falls and said approximately \$60,000 of expenditures equates to a 1% increase in the property tax levy. The RTC is a state building and he feels the state has a responsibility for the building.
- The city is asking for \$8.9 million to deconstruct the RTC and plans to preserve the tower. There are other vacant properties the city also needs to focus on. If the 600,000 square feet of the RTC being remodeled costs \$150 per square foot to remodel, it is unlikely we will find someone willing and/or able to invest \$100 million into this structure. The city has strived for years to find a buyer and has seen some successful redevelopment with Schlossman's housing projects and the county remodeling the Government Services Center. The council has become more realistic that

deconstructing the campus is the best way to protect our taxpayers from further liability.

- RC Drews, representing the Daily Journal is seeking access to photograph the interior and exterior of the Kirkbride buildings for upcoming special edition. He described the type of publication they will be producing and addressed concerns about the timing of the article and allowing access. The council discussed their thoughts and concerns with limiting the number of people allowed access, requiring signed waivers, protective gear, proof of insurance and ensuring they are chaperoned at all times. It was suggested the Daily Journal compensate the city for staff time used during the tour.
- Rod Spidahl asked to clear up some misconceptions he has been seeing on social media regarding the council's decision to deconstruct the RTC campus. He feels many of the comments made by the Friends of the Kirkbride are "gross mischaracterizations that have demonized the council members". His personal preference is to keep the Kirkbride, but the taxpayers of Fergus Falls have made it clear to him that they want to be protected from the financial liability of these buildings. The council has searched for a developer, but have come to realize with time that the city is not going to find a developer willing and able to redevelop the entire complex. The City Council has had to compromise their own beliefs to do what is best for the community of Fergus Falls and plan to save the tower. He felt the people who live outside of Fergus Falls who are lobbying against the wishes of the community should not have the ability to tell the council how to expend their funds.
- Mayor Schierer stated he was in favor of moving forward with the publication to document our community's history. Thompson said he wished the timing of this article would wait until after the state legislature has made a determination on the city's request for \$8.9 million and said he was concerned about the objectivity of the articles. Rachels said he would be voting in opposition due to the timing of these articles. A motion and second were made by Fish and Arneson to allow two Daily Journal representatives access to the Regional Treatment Center for photography purposes for the Kirkbride Special Addition. The representatives must sign waivers, provide proof of insurance, wear proper protective gear, be chaperoned by city staff at all times of the tour and reimburse the city for staff time. The motion carried with Rachels voting in opposition.

#### **March 19, 2018 City Council Minutes**

- Kent Mattson explained American Covenant Senior Housing Foundation (ACSHF) has submitted a non-binding Letter of Intent with the city for the redevelopment of Buildings 23 and 27 (East and West Detached) of the Regional Treatment Center. ACSHF would also like two acres surrounding each parcel for parking, green space and recreational opportunities. They would redevelop each building into 40 housing units. Each parcel would have its own Development Agreement and Purchase Agreement. The developers are seeking 18 months of exclusivity as they seek historic

tax credit funding for their project. If only one parcel receives the funding, they would only redevelop one building. If neither is successful in obtaining the funding, the project would not be able to continue. SHPO's support within six months will be necessary to allow these buildings to stand alone and receive historic tax credits or the project will not be able to proceed.

- **Resolution #58-2018** accepting the Letter of Intent from American Covenant Senior Housing Foundation for Buildings #23 and #27 at the Regional Treatment Center was adopted.
- Due to the redevelopment proposal for Buildings #23 and #27 from American Covenant Senior Housing Foundation, the city will be amending the amount of funding sought for the deconstruction of the Regional Treatment Center from the Minnesota State Legislature.
- **Resolution #59-2018** giving the Legislative Committee the authority to amend the city's financial request for state funding for the deconstruction of the Regional Treatment Center. It was clarified the city will continue to seek funding for the deconstruction of other structures on the RTC campus.

#### **April 2, 2018 City Council Meeting**

- The city's Legislative Committee is proposing an amended request to the state legislature for the Regional Treatment Center (RTC). They would be seeking between \$4-5 million for the demolition of the buildings located behind the RTC (Buildings 3, 25 and 32). The plan would also include stabilization of the exterior envelope (mothball) for Buildings 1, 22, 24, 26 and 28. No work would be done to Buildings 23, 27, 29 and 52 as there is interest in the redevelopment of these buildings. The city would also request state funding to cover the city's holding costs while they determine the future of the "horseshoe" section of the campus. The Legislative Committee is still refining the dollar amount that would be requested from the state.
- Mayor Schierer feels this plan is a compromise as it would reduce the overall footprint of the campus by approximately 30% making the remaining area a more manageable scope, while preserving the most historic portions of the buildings. He encouraged residents and Friends of the Kirkbride to express their support of this plan to the state legislators. Arneson and Rufer are members of the Legislative Committee, and they encouraged the public to support the amended request by contacting their legislators and the bonding committee members. They believe this plan will allow the development proposal for the East and West Detached buildings to move forward without jeopardizing the taxpayers of the city. Hicks was in favor of this plan and reiterated the importance of SHPO allowing tax credits for Buildings 23 & 27 in order for the proposed development plan to proceed. If SHPO requires the tax credits be linked to the entire structure, the developers would not be able to pursue their plans. SHPO officials were in town last week and understand the city's request for the tax

credits to be allowed for the East and West Detached buildings and have assured the city they will act quickly on the city's request so not to jeopardize the potential development project. The city's architectural historian is building a report to allow the tax credits and maintain the campus status. Rachels stated his concerns that the city is seeking state funds to mothball a large portion of the campus and the city coming back to the legislature in a few years for demolition money of these structures if no development proposals come to fruition.

- **Resolution #68-2018** was adopted authorizing the Legislative Committee to make a final cost determination for a legislative request to the Minnesota State Legislature between \$4 million and \$5 million. The money would be used to seek funding to demolish Buildings 3, 25 and 32; to cover the costs of mothballing Buildings 1, 22, 24, 26 and 28 and to seek funding for holding costs.
- Xyola Holm, 620 N Cleveland Avenue spoke at open forum and said she is a 15 years old student concerned about the RTC being demolished and she encouraged the council to look at other options for redevelopment. She felt it was worth any cost to save the entire campus and asked with the council to come up with a preservation plan.
- Scott Kvamme, 219 E Franklin Avenue asked to be recognized in the open forum. Mayor Schierer said the Open Forum Policy only allows speakers to address the council twice regarding the same subject matter in a 12 month period, which Mr. Kvamme has already done. He did say he would recognize him if he kept his comments brief. The council voted in favor of a motion to allow Mr. Kvamme to share his slides. Mr. Kvamme likened saving the Regional Treatment Center to San Francisco saving cable cars and asked the council to be patient with redevelopment of the campus. He requested the city refrain from using the word demolition as they seek state funding.

#### April 16, 2018 City Council Meeting

- The Legislative Committee has recommended amending the city's 2018 bonding request in light of the redevelopment proposal for the East and West detached buildings. The request was reduced from the original request of \$8.9 million to \$3.95 million. \$3,446,790.25 would be used for the deconstruction of Buildings 3 (gymnasium), 25 (kitchen), 32 (carpenter, paint, laundry and electric) and exterior stabilization of the tower.
- The request contains 20% for construction contingencies and consulting fees and \$500,000 is for cash for holding/maintenance costs
- **Resolution #81-2018** was adopted approving the Legislative Committee's recommendation for amended state bonding request for the Regional Treatment Center.
- Hicks asked the City Attorney to comment on the 501c3 status of the Friends of the Kirkbride

### **May 7, 2018 City Council Meeting**

- *Phase I deconstruction to date:* Building 30 is nearly gone, Building 11 has been removed and work is beginning on removing various tunnel sections. Removal of Building 2 will begin once the road restrictions have been lifted. Phase II plans: Removal of Buildings 3, 25 and 32. While removing Building 30, crews discovered Building 32 was in worse condition than initially believed. Landwehr is aware of the historic nature of the building and the impact it could have on the National Register and they have been careful to not contribute to further damage. They have removed skylights from two tunnel sections and will provide these salvaged items to the museum.
- *Update on RTC east and west detached development:* The city has been communicating regularly with the developers for east and west detached buildings since submitting their Letter of Intent. The developers are making applications for housing tax credits and other financial assistance programs. They need to conduct a survey to define the physical space which would require the city's approval to extend the Letter of Intent for an additional 30 days. **Resolution #96-2018** was adopted authorizing staff to initiate a survey related to east and west detached and to extend the Letter of Intent with American Covenant Housing for an additional 30 days.
- *Update on RTC legislative request:* With two weeks remaining in this year's legislative session, there is still a discrepancy between the legislative target of \$850 million to the Governor's target of \$1.2 billion.
- *Update on Friends of the Kirkbride/tax exempt status:* The City Attorney was asked to check into the tax exempt status of the Friends of the Kirkbride. He did not see them listed on the state's database and after sending a letter to their registered agent requesting documentation of their non-profit status, no response has been made. Mayor Schierer said one of the Friends members showed him paperwork they have recently applied for the non-profit status. It was noted that a pending status does not qualify as a 501c3 status.

### **May 21, 2018 City Council Meeting**

- The city's legislative request for \$3.5 million for Phase II deconstruction of the RTC was included in the bonding bill, which was approved, but has not been signed by the Governor. The city's request for \$500,000 in cash to cover holding costs was not approved.
- The architectural historian hired by the city submitted a final report stating the city's actions to remove structures in the Phase II deconstruction would not negatively impact the building's National Registration status of historic tax credits. The city now needs the official review from SHPO and the National Park Service prior to proceeding.

#### **May 30, 2018 Committee of the Whole Meeting**

- Architectural historian completed the RTC report so the city can begin the required public comment period. Written comments must be received by July 11 and a public hearing will be conducted on July 17.

#### **June 4, 2018 City Council Meeting**

- Resolution #116-2019 authorizing the submission of the Phase 2 Environmental Assessment Worksheet (EAW) for the Regional Treatment Center to the MN Environmental Quality Board Monitor and set the Phase II EAW public hearing for July 17, 2018.

#### **June 18, 2018 City Council Meeting**

- On March 19, 2018 the city approved a Letter of Intent with American Covenant Senior Housing Foundation for the East and West detached (Buildings 23 and 27) of the former Regional Treatment Center. Staff has been coordinating with the developers and the platting of the property will be presented to the Planning Commission in July.
- The same purchase agreement framework since 2007 where the property would be sold in as is condition. It is the buyer's obligation to conduct due diligence for the property and title work. The property is encumbered by state bond proceeds requiring it to be sold at fair market value, which at the time of the last appraisal would be \$1.00. This appraisal is too old to rely on and he recommended waiting on a new appraisal until the developers get further along in their project. If the appraisal shows a positive land value, either the city or developer has the ability to cancel the Purchase Agreement. The developers need the Purchase Agreement prior to submitting the tax application package and they have approved the terms.
- After the Purchase Agreement has been signed, the details of the project would come forth in the Development Agreement including the type of housing and number of units.
- Al Kremeier spoke about his concerns with the number of proposed subsidized housing units and with the police services required at other subsidized housing complexes in the community and the burden it places on the city's taxpayers.
- A resolution introducing the sale of Buildings 23 and 27 and authorizing the Mayor and City Administrator to execute the Purchase Agreement with American Covenant Senior Housing Foundation was introduced. The final sale of the property will be considered at the July 2 council meeting.

#### **June 27, 2018 Committee of the Whole Meeting**

- SHPO has confirmed the city's plans for Phase II (removal of Buildings 3, 25 and 32) would not affect the campus's National Registration eligibility nor would these plans jeopardize the historic tax credits for the re-development of Buildings 23 and 27
- The city plans to fund the Phase II demolition work with the \$3.5 million awarded in the 2018 state bonding bill.

- Council approved access to the RTC for Prairie Public Television to film a documentary about former state hospitals

### **July 2, 2018 City Council Meeting**

- Lois Josefson requested a letter of support from the city council for a \$10,000 Legacy Grant for the RTC to identify the cost to renovate buildings on the RTC campus that are currently slated for demolition in Phase II of the city's plans for the RTC.
- The American College of Building Arts (ACBA) is interested in exploring the development of a second campus in these buildings.
- Josefson believes non-profit organizations would like to renovate the dining room and kitchen areas into maker/creator/entrepreneur spaces
- The City Administrator expressed his concerns that the city has just received state bonding funds to demolish these sections of this campus and of the active construction activities and a structural analysis report is currently being developed by Stantec, which restricts access. Today was the first time the city has received any communication with ACBA and there is no formal commitment or letter of intent with this group. He felt a great deal of additional information would need to be provided prior to approving this request

### **July 11, 2018 Committee of the Whole Meeting**

- The Fergus Falls Gymnastics Academy has been working with Jeff Schlossman and has submitted a non-binding Letter of Intent for Building No. 3 (the former gymnasium) at the Regional Treatment Center.
- The letter of interest signals their interest in purchasing this building, which is slated for demolition in Phase II of the city's RTC deconstruction plan and would give the buyer 90 days from July 3, 2018 to conduct their due diligence and determine their financial feasibility for fundraising efforts.
- Tonya Grunewald and Jim Arvidson spoke about their organization's interest in this space
- A motion recommending the council accept the Letter of Intent for Building No. 3 at the RTC was adopted.
- Lois Josefson asked the city to write a letter of support for a \$10,000 Heritage and Culture Legacy Grant from the State Office of Historic Preservation. She said the Otter Tail County Historical Society would submit the grant and letters of support have already been received by the Springboard for the Arts, Friends of the Kirkbride and Entrepreneurs and Creators group as they are interested in providing programming in adjoining space for use by these various non-profit groups. The American College of Building Arts (ACBA) has also expressed an interest in this space and would anchor a larger project in conjunction with M-State to create a craftsman training site.

- The \$10,000 grant application would provide a remediation/renovation cost assessment for these buildings, including basements and tunnels.
- The Committee of the Whole members discussed the proposal and asked if this request could jeopardize the \$3.5 million provided to the city by the State of Minnesota for the Phase II demolition project, as the grant includes buildings in the city's project.
- The City Administrator said the city has been progressing rapidly with SHPO and is quickly approaching the 90-day review period. He was concerned this request could jeopardize the work the city has already completed and adjust the project bidding timeline.
- Josefson said if the city is willing to give the gymnastics academy 90 days for due diligence, then this request should be considered as well. Arneson said the city had agreed to consider development proposals while moving down a dual path of demolition and he would be likely to grant support to this request if M-State was onboard with this request and if it did not impede the city's tract towards demolition. Rufer said he would not support the project if it conflicts with the city's legislative request. Spidahl was also concerned with the city's long-term relationship with the state if they entertain this proposal and do not expend the state grant funds.
- Bremseth stated he was concerned with jeopardizing the \$3.5 million of state grant funds if the project does not come to fruition. He did not feel the state would react favorably to the city requesting additional extensions or lobbying to change the intent of the grant funds the city has been provided to reduce the overall square footage of the RTC campus. He said it is not advisable to change the timeline and delay the bidding process. Hicks and Appert also spoke about their concerns with jeopardizing state funding. The grant application is due on July 13 and Josefson asked the council to direct staff to write a letter of support for the legacy grant and to allow the ACBA group access to these portions of the Kirkbride campus.
- **Resolution #145-2018** directing staff to write a letter of support for the legacy grant and to allow the ACBA group access to these portions of the Kirkbride campus, provided the proposal would not affect the timeline for the city's Phase II demolition plans was adopted.

### **July 16, 2018 City Council Meeting**

- Bruce Paulson of Stantec gave an update on Building 32, the powerhouse on the Regional Treatment Center campus. While deconstructing the adjoining Building 30, they found the floor slabs had been cut and poured into Building 32. He showed numerous photos of the building deterioration including cracks in the facade, holes in the roof and failure of the mortar holding the bricks onto the building. The cost to address these issues has been estimated at \$120,000 plus \$10,000 for the preparation of construction documents.
- Landwehr is nearly done with the Phase I work and the city is nearing the 90% point of the documentation to the State Historical Preservation Office to begin proceeding to Phase II.

- Tomorrow night is the public hearing for the Environmental Assessment Worksheet for Phase II. Hicks felt Building 32 is in the city's plans for the next phase of demolition and we should not expend any funds on repairs at this time. The building is currently blocked off by a snow fence to keep people out of the building, and the council requested chain link fencing and no trespassing warning signs be placed around Buildings 32 and 27. Adding these features to restrict access and reduce vandalism would require a change order in the Phase I project.
- **Resolution #147-2018** authorizing a change order to PI 9692, Regional Treatment Center Phase I demolition to include the installation of chain link fencing and warning signs to surround Buildings 32 and 27 was adopted.
- Fergus Falls Gymnastics Inc. has submitted a non-binding letter of intent so they can begin due diligence and financial exploration of the feasibility of acquiring Building No. 3 (the former gymnasium). The agreement would allow the organization 90 days (beginning on July 2) to conduct this work.
- The East and West detached building developers have indicated they want the city to proceed with their Phase II deconstruction plans and would not be in favor of this building being a standalone structure. The city is concerned with the sharing of the wall between buildings 3 and 25 and how to protect the structural integrity of the wall during the deconstruction process. The city is also waiting for clarification to ensure the state bonding dollars are not jeopardized by allowing the reuse of a building that demolition funds have been allocated for.
- After debating this issue, the council determined they would be in favor of allowing a 90 day period of time for the gymnastics organization to conduct their due diligence, but they would need to adhere to the timeline and not delay any of the city's demolition work. The council said if the gymnastics club wants to restore the party wall, the renovation cost and work would be at their expense.
- **Resolution #161-2018** entering into a 90 day non-binding letter of intent from Fergus Falls Gymnastics (Building No. 3) at the RTC was adopted.
- The city has received two letters of intent for Building No. 29 (Memorial Building) on the RTC campus. The city does not have any plans for this building and it is not included in the Phase II deconstruction plan.
- **Resolution #162-2018** authorizing staff to prepare an RFP for Building No. 29 (Memorial Building) on the Regional Treatment Center campus was adopted.

#### **August 1, 2018 Committee of the Whole Meeting**

- The city has substantially completed Phase I of the deconstruction project and secured funding for Phase II of removing non-essential, non-historic buildings and Phase III would be the redevelopment of the tower.
- The council directed staff to start a Request for Proposals (RFP) process for Building No 29 (Memorial building) on the Regional Treatment Center campus and has now wants to start the process for Building No. 1, the main Kirkbride tower. The RFP processes could proceed in conjunction with other projects using historic tax credits which have a five year window to maintain the historic character or integrity of the

project. Any potential development of the larger footprint into the wings of the building would also be entertained.

- A motion recommending the council to direct staff to begin work on a RFP for Building No. 1 (the tower) at the former Regional Treatment Center was adopted.
- In 2011 the city entered into a Development Agreement with Campus Development Group (CDG) for the redevelopment of the red brick buildings and Nurses Cottage at the Regional Treatment Center.
- An amendment was approved in 2013 adjusting the square footage redevelopment obligations of the CDG and they have met the requirements of the agreement by redeveloping over 30,000 square feet by December 1, 2018 and stabilizing the Nurses Cottage into marketable condition. The city has satisfied the requirements of removing the tunnel from the red brick buildings as well.
- A motion recommending the council direct the Mayor and City Administrator to execute the release and termination of the Development Agreement with Campus Development Group carried.

#### **August 6, 2018 City Council Meeting**

- Resolution #168-2018 directing staff to begin work on an RFP for Building No. 1 (tower) at the former Regional Treatment Center was adopted.
- Resolution #169-208 directing the Mayor and City Administrator to execute the release and termination of the Development Agreement with Campus Development Group was adopted.
- Phase II of the RTC select building reconstruction project would encompass the removal of Buildings 3, 25 and 32. The mandatory 30 day public comment period ended July 11 with 3 written comments received by the deadline and 3 after the deadline. All comments were reviewed and considered. On July 17 a public hearing/open house was held with no one in attendance.
- Staff recommends an Environmental Impact Statement would not be necessary for Phase II based on the findings of fact and they are seeking authorization to submit this determination to the Environmental Quality Board.
- Resolution #170-2018 approving the determination that an Environmental Impact Statement would not be necessary for the RTC Phase II project, removal of Buildings 3, 25 and 32 based on findings of fact and giving authorization to submit this determination to the Environmental Quality Board was adopted.

#### **August 15, 2018 Committee of the Whole Meeting**

- In March of 2018 the city entered into a Letter of Intent with American Covenant Senior Housing Foundation regarding the redevelopment of east and west detached (buildings 23 and 27) of the former Regional Treatment Center.
- After conducting a market study showing certain housing demands and projected rents in the community, their plans call for converting the approximately \$50,000 square feet of east detached into 8 efficiency units, 22 one bedroom and 11 two bedrooms for a total of 41 units. Unit sizes would range from 500-850 square feet and would be

designated for the disabled and low income seniors. Proposed plans for west detached would be converting the building into 36 apartment units with the tenant occupancy to be determined.

- Staff reported the developers are meeting key milestones and forming partnerships with local entities and service providers. They are working with the State Historic Preservation office in their planning process as they will be using historic tax credits in the project financing structure. Comprehensive financial projections have been prepared including a profoma, 30-year cash flow and full sources and uses of funds for east detached. This project estimate is \$9.6 million. A preliminary proforma has been provided for west detached with a project total at least equal or higher for this parcel.
- The next steps include completing a plat to subdivide areas around buildings 23 and 27 into individual parcels, finalize purchase and development agreements, and support of developer funding applications through Minnesota Housing Finance Agency.
- Depending upon financing opportunities, their project start date is anticipated for 2019. American Covenant Senior Housing has expressed their support of an RFP process for Building 29 (Memorial Building) and for the city to proceed with their planned Phase II demolition as the removal of non-historic buildings will create better development opportunities.

#### **October 1, 2018 City Council Meeting**

- The 90-day letter of intent with the Fergus Falls Gymnastics Academy ends today (October 1, 2018). The gymnastics group has been working on some aspects of their due diligence, but has not provided information about the project scope, costs or additional requested information. The city provided a draft Purchase Agreement to review, but they have not yet submitted comments or a signed agreement to the city. If the letter of intent is not renewed, it would expire today.
- A representative from the Gymnastics Board spoke to the City Administrator saying they did not realize it was the deadline and asked for a 90 day extension. They were told the city might be agreeable to a month to month extension, but the city needs to be ready to move forward on the RTC demolition once SHPO gives the city the green light to proceed on the bidding process.
- **Resolution #205-2018** extending the Letter of Intent timeline for the Fergus Falls Gymnastics Academy for an additional, but not more than 30 days was defeated, which terminates the letter of intent.

# 2019

## January 16, 2019 Committee of the Whole Meeting

- The city has been working cooperatively with the State Historic Preservation Office (SHPO) to come to a mutually agreeable mitigation solution so the city can proceed to Phase II deconstruction of the Regional Treatment Center (RTC) campus.
- Phase II would keep the tower and horseshoe buildings, but demolish the remaining buildings behind the complex and reduce the overall footprint of buildings.
- MN Statute 138.655 Subd. 2 requires the city to consult with SHPO to “determine appropriate treatments and seek ways to avoid and mitigate any adverse effects on the designated or listed properties”.
- SHPO has completed their 30%, 60% and 90% review and have determined the city’s proposed actions in Phase II would create an adverse effect on the campus. The city has been meeting with SHPO and the Department of Administration for months and SHPO recently gave their verbal consent to the city’s offer to complete a comprehensive plan with site-specific information geared to the Regional Treatment Center campus. They agree this would satisfy the statute requirements and be accepted as an appropriate mitigation strategy.
- If the City Council approves this plan, SHPO has agreed to expedite their response in writing and allow the city to move to Phase II.
- The city has been considering an updated comprehensive plan for planning purposes and as a method to update outdated ordinance language. There would be economies of scale and a cost savings to do the overall city comprehensive plan with the RTC plan at the same time. SHPO is agreeable to the Kirkbride plan being incorporated into other city planning documents and staff would work closely with SHPO to ensure all requirements are being met. Staff has begun looking at funding sources for this plan and SHPO has helped identify a \$10,000 Minnesota Historical Society Grant as well as a 60/40 grant through their office under their Certified Local Government program. The city’s 40% could include the in-kind use of staff time and funds from Fund 207.
- On January 14 the Planning Commission adopted a motion requesting a joint work session with the City Council, members of the Heritage Preservation Commission and the Otter Tail County Historical Society to discuss the city’s plans for the RTC. Additionally one of the Planning Commission members proposed a new initiative relative to the Regional Treatment Center. Mayor Schierer reminded the council of the time and efforts taken to date to get the project to its current status and the difficulty getting SHPO to compromise with the city. He appreciates the effort put into a proposal, but believes it is counterproductive to the city’s direction to move into Phase II of the deconstruction. He advised the council to stay on course. A motion and second were made by Fish and Arneson recommending the council adopt a resolution making a commitment to complete a master plan for the Kirkbride property. Kvamme offered a motion to table this conversation until the joint meeting with the Planning Commission has taken place. There was no second to Mr. Kvamme’s motion.

Kvamme stated he is generally in favor of such a plan for the Kirkbride campus, but would be voting against the motion as he feels the plan is being used as a negotiating chip. He felt the city set a self-imposed deadline for moving forward on Phase II and there is time to hold off on proceeding with the project. He asked the city to not vote on this matter until the joint meeting has taken place and the city has discussed the proposal. Mayor Schierer again reminded the council of the city's efforts to move forward with SHPO over the years and said the document presented at the Planning Commission at the "11<sup>th</sup> hour" to stop the council's work was not done at the proper time or in the proper manner. Fish agreed and said the reason it has taken the city so long to get to this phase of the project is that last minute proposals have derailed the council's work and he was in favor of continuing on the path to move forward to Phase II of deconstruction. Hicks spoke about the long process the city has undertaken to mitigate the tax risk to our city residents and the community's desire to continue making progress on the RTC with Phase II, which does not affect the tower or the buildings in the horseshoe. He asked the council be provided a copy of the document given to the Planning Commission and explained the difference between a concept and an official developer proposal. He has repeatedly asked the Friends of the Kirkbride to offer a formal proposal for the tower and they have not submitted a proposal yet. The motion to recommend the council to adopt a resolution making a commitment to complete a master plan for the Kirkbride property was voted upon and carried with Kvamme voting in opposition.

#### **January 22, 2019 City Council Meeting**

- Ordinance 78, Seventh Series, Rezoning Lot One (1), Block Two (2) of the Kirkbride Addition from R-A, Agricultural-Residence District to B-3 General Business District was adopted by a roll call vote.
- The city is ready to proceed to Phase II of the RTC deconstruction project, which entails removal of approximately 200,000 square feet of buildings behind the main structure. The tower and horseshoe of the structure will remain standing.
- In order to proceed, the city must satisfy the requirements of MN Statute 138.655 Subd. 2 which requires the city to consult with the State Historic Preservation Office (SHPO) to "determine appropriate treatments and seek ways to avoid and mitigate any adverse effects on the designated or listed properties". SHPO determined the city's proposed actions in Phase II would create an adverse effect on the campus, but provided their verbal consent to the city's offer to complete a comprehensive plan with site specific information geared to the Regional Treatment Center campus.
- Upon the City Council's acceptance of this mitigation strategy, SHPO agrees to expedite their response in writing and allow the city to move to Phase II. They have also helped the city identify possible funding sources to pay for the planning process and document.
- **Resolution #20-2019** committing the City of Fergus Falls to complete a master plan for the Kirkbride property was proposed.

- Kvamme offered a motion to amend the resolution, which would commit the City of Fergus Falls to complete a master plan for the Kirkbride, but would not allow any demolition activities until the master plan has been completed. He read a list of the reasons he believes the council should slow down the demolition process and allow a proposal by Craig Gantner, a local developer presented at the Planning Commission on January 14 to be considered. After hearing no second to Mr. Kvamme's motion, it died for a lack of a second.
- Mayor Schierer commented on the amount of time and effort on part of the city and SHPO to come to the compromise now on the table and felt the city's path to proceed to Phase II has state and local support. Hicks commented on the city's willingness to work with Mr. Gantner if his conceptual plan was more developed and he said the city has historically been flexible with working with development projects. He also was in favor of staying on the course of the current city action. The City Planner said the funding sources for a standalone plan have been identified and this work could be done more quickly if it were done as a separate plan. Staff will continue looking for funding sources of a large city-wide comprehensive plan.
- The resolution was voted upon and was adopted.

#### **February 19, 2019 City Council Meeting**

- In order to facilitate the potential redevelopment of the east and west detached buildings of the Regional Treatment Center, a request was made to re-plat Block 2, Lot 1 of the Kirkbride Addition. The proposed plat would re-plat the existing Block 2, Lot 1 into 3 lots, one for each wing and one for the tower and detached buildings of the complex. The intent of the plat is to subdivide the east and west wings from the remainder of the complex to facilitate a proposed multi-family development in the east and west wings.
- The Planning Commission has considered this request and has recommended the preliminary and final plats are approved by the City Council.
- **Resolution #39-2019** approving a preliminary and final plat of the Re-plat of Lot 1, Block 2 Kirkbride Addition was adopted.

#### **February 25, 2019 Joint Meeting with City Council, Planning Commission & Heritage Preservation Commission**

- The city has been working with the State Historic Preservation Office (SHPO) to come to a mutually agreeable mitigation solution so the city can proceed to Phase II deconstruction of the Regional Treatment Center (RTC) campus.
- Phase II keeps the tower and horseshoe shaped structure and demolish the remaining buildings behind the complex. Minnesota Statute requires the city to consult with SHPO to determine appropriate treatments and seek ways to avoid and mitigate the adverse effects on the designated or listed properties. SHPO has completed their 30%, 60% and 90% review and have determined the city's proposed actions in Phase II would create an adverse effect on the campus. SHPO recently provided the city with their verbal consent to the city's offer to complete a comprehensive plan with site-specific information geared towards the RTC campus as an appropriate mitigation strategy. City staff is working on the master plan process for SHPO to review and once

approved the city can start working on bid documents for Phase II. The city expects to take bids in April or May with construction taking place this summer.

- American Covenant Senior Housing (ACSH) has signed a Letter of Intent with the city to redevelop the East and West detached wings of the RTC into senior housing. The council has granted ACSH exclusivity to these buildings and have recently approved the rezoning, preliminary and final plats of this area. If the project proceeds, the city would convey the East and West detached buildings to ACSH while retaining the tower and remaining horseshoe structure. The city would record the plat and draw up a purchase agreement at that time. The project, parking and green space areas were reviewed and various questions about historic landscaping, parking and stormwater were addressed.
- The ACSH project requires Minnesota Housing Credits and Historic Tax Credits to move forward and they have been working with SHPO to ensure their plans will retain the historical integrity of the buildings. SHPO has advised American Covenant Senior Housing to procure a processing agent to help them develop a more successful application for the limited and competitive Minnesota Housing Credits. If their project moves forward, the Heritage Preservation Commission would review their city building permits and the Planning Commission would consider a Conditional Use Permit for the housing components. Although their plan is mostly for senior housing, a small percentage of the units would be designated for the homeless. If the American Covenant Senior Housing does not receive the funding they need for their project in June, they would either wait for the next cycle of funding or walk away from this project.
- The RTC Master Plan is a campus wide look at the reuse and redevelopment of the site. The plan will look at the current and future buildings and make recommendations on how to maintain its historical integrity. The city needs to prepare a Request for Qualifications (RFQ) process for the consultant services to prepare the master plan. The plan will take 6-9 months to prepare at a cost of \$40,000-\$60,000. Approximately half of the proposed funding will come from the Minnesota Historical Society, grants and Legacy funding and the remainder would be the city's responsibility. Staff proposed including one member of the City Council, Planning Commission, and Heritage Preservation Commission to work with the City Planner and City Administrator to review the RFQ's for the master plan consultant and make a recommendation to the council. The committee could assist writing the RFQ to ensure the final project meets the expectations. A larger working group and intensive public involvement would be necessary throughout the master planning process.
- There was a discussion about saving historic items from the buildings planned for demolition. In 2009, the city conducted a public auction of the furnishings and items left in the RTC by the state. The city was required to give the proceeds of the auction back to the state. The city is constrained by state law on donations of property and allowing salvaging of public buildings. The contractor could entertain requests to retain certain items at their discretion after being awarded a demolition bid. The city remains open to other development proposals if the ACSH project does not move

forward. They would be open to proposals for the entire campus as well as proposals for smaller portions of the complex.

- There was discussion on the best way to proceed with future proposals and the city's RFP process with the Memorial Building. There were four interested parties in the Memorial Building and staff drafted a RFP. However, the City Council decided to proceed with Phase II demolition, which put those plans on hold. If the bids and demo work in Phase II is lower than anticipated, the state legislature has authorized the city to use some of the excess funds to begin rehabilitation of portions of the tower. City Planner Ryan Hvitløk will take the lead on the RTC master plan and he will be speaking with the various entities to ensure the right personnel are involved in the process.

#### **March 13, 2019 Committee of the Whole Meeting**

- During the 2018 legislative session, the city received \$3.5 million in state funding for Phase II deconstruction of the Regional Treatment Center (RTC). A requirement of the bonding bill funding is to follow the application process administered by DEED. Submitting this application will allow the city to access the Phase II funds when reimbursement is ready to be submitted. A motion recommending the council authorize the Mayor and City Administrator to execute the necessary agreements and to accept the Phase 2 appropriation was adopted.
- Stantec has completed the plans and specifications for Phase II of the RTC demolition. Phase II includes the demolition of Buildings 32, 25, 3, the foundation of Building 30 and the electrical substation. The electrical service for the entire campus is distributed through the buildings that are to be removed and a new electrical service will Building 1 will be installed from a new feed point. The 200-amp service will provide adequate power to the current facility needs and will minimize power interruption to Building 1 during deconstruction. Site restoration will consist of turf with pavement along the north side of Building 1 to help with drainage issues. This work is estimated at \$2,710,000 and the city must advertise for bids for at least 21 days.
- The city is soon expecting final approval of their mitigation plan from SHPO before the advertising of bids can officially begin. Construction is anticipated to begin in June of 2019 and would be substantially complete by the fall. The project would be funded by the \$3.5 million state bonding funds.
- A motion recommending the council accept the plans and specifications for Phase 2 and to authorize advertising of bids for this phase was adopted.
- Kvamme voted in opposition, as he believes the city should have a plan prior to demolishing any additional buildings at the RTC. Hicks said the city has been dealing with this issue for many years and the phased approach will mitigate the risk to the residents of Fergus Falls by using state bonding dollars and to bring the building to a more manageable size, while still saving the most historic portions of the complex.

### **March 18, 2018 City Council Meeting**

- The state legislature awarded the city \$3.5 million for Phase II of the RTC deconstruction in 2018. In order to receive the funding, the city must provide a resolution to DEED acknowledging the special appropriation. **Resolution #55-2019** authorizing the Mayor and City Administrator to execute the necessary agreements and to accept the appropriation was adopted.
- **Resolution #56-2019** accepting plans, specifications and authorizing the advertising of bids for Phase II was adopted.
- Kvamme felt the city should complete the RTC master plan prior to any demolition activity and said demolition is the wrong course of action to pursue. He believes the RTC has historical and economic development value, as well as being a tourist draw
- Mayor Schierer said the city has worked with SHPO and the National Parks Service to find a compromise that will ensure the integrity of the remaining historical buildings and keep the available historic tax credits. The city has looked at many options with the RTC campus since taking it over in 2007. He feels it is critical the city continues moving forward on their plan to minimize the risk to the city taxpayers, reduce the overall size of the campus, and heighten the likelihood of redevelopment while allowing the community to move forward.
- Laurie Mullen asked why the city is looking at demolition prior to completing the master plan.
- Alex Cabrera said the city is moving too quickly by proceeding with demolition prior to completing the master plan and he requested more public input on the process.
- Al Kremeier expressed concerns about the tax burden city will be facing with the loss of the Hoot Lake Power Plant and recent business closing and said he would like to see business and industry opportunities pursued at the RTC site.
- Hicks said the council has spent years trying to redevelop the RTC and the time and resources spent on this project have kept the city from other projects. The phased deconstruction plan is a practical restoration of the tower and horseshoe and there is a risk to the city taxpayers if the state bonding dollars are not used for their intended purposes. The council has changed course multiple times at the 11<sup>th</sup> hour to try to preserve the entire complex, but all of the projects have taken significant time and produced no results.
- The state has been patient with the city's extension requests, but it is the council's responsibility to mitigate the risk to the city taxpayers and he felt the city must move forward with Phase II. He was optimistic redevelopment opportunities will arise after the overall footprint of the complex is reduced, but disagreed it would be an ideal site for business or industry as the space is best suited for office or housing projects. The RTC property has a 15-year tax exemption and every developer has looked into using tax credits to pay for their project and to make it cash flow.

#### **April 10, 2018 Committee of the Whole Meeting**

- The State Historical Preservation Office (SHPO) approved the city's mitigation strategy for Phase II demolition of the RTC and agrees the city's master plan for the Kirkbride is sufficient to proceed. The City Council authorized advertising of bids and the 21-day bidding will begin next week. The bid opening is set for May 8 and will be awarded on May 20.

#### **May 1, 2019 Committee of the Whole Meeting**

- Staff was asked to look into the feasibility of completing virtual reality filming of the Phase II deconstruction area of the RTC. Three proposals have been obtained and prices range from \$10,000 - \$15,000 with an additional \$100/month hosting fee.
- A motion requesting the HPC scale down the project scope, to authorize the city spending up to \$2,500 towards the project and for an outside group to agree to pay the annual hosting fees if the project does not interrupt the Phase II deconstruction timeline was adopted.
- Kvamme said a preservation group has contacted him about projects at the RTC. Their work could center on painting, landscaping and general cleanup, but not mold remediation and he thought their efforts would be best utilized in the tower.
- The Friends of the Kirkbride are interested in supporting this effort if they can give building tours again. Bremseth said he would not feel comfortable allowing tours while the building is an active construction site this summer. Additionally, he expressed his concerns that the air quality issues still have not been resolved, staff time being used for tours and the past tour organizers never provided the financial reports as requested for making money off a public asset. Police Chief Kile Bergren preferred not offering tours when the air quality issues have not yet been fully addressed.
- Thompson said he was opposed to expending funds on a restoration project in an unheated building.

#### **May 20, 2019 City Council Meeting**

- Nine bids for PI 9692, Phase II deconstruction of the RTC were received. Three of the bidders were deemed non-responsive due their lack of submitting a disposal plan, which is required for state and federal disposal rules.
- Dore and Associates was the apparent low bidder, but they were one of the non-responsive bidders.
- Carleton Companies Inc. provided the second apparent low bid for \$2,270,000 and staff is recommending they be awarded the bid. The bid proposal consisted of the base bid and a \$500,000 allowance to address unknown hazardous material abatement.
- The total estimated project cost is \$2,943,000 and the project should be substantially complete in this fall. The state legislature provided \$3.5 million in funding for this project during the last session.

- **Resolution #105-2019** awarding a construction services contract to Carleton Companies Inc. in the amount of \$2,270,000 for PI 9506, RTC Phase II deconstruction was adopted.

#### **June 17, 2019 City Council Meeting**

- Developers Jeff Schlossman and Good Neighbor Properties are planning for a senior assisted living facility at the former nurse's cottage and the historic tax credits they are using will not adversely affect the use of historic tax credits for future RTC development.
- **Resolution #135-2019** approving a rezoning request for 1639 Cottage Drive; **Resolution #136-2019** approving a Conditional Use Permit to allow for an elderly tenant multiple housing project with multiple ground floor dwellings within the B-3 General Business District located at 1639 Cottage Drive as requested by Good Neighbor Properties.

#### **July 15, 2019 City Council Meeting**

- Adopted Ordinance 88, Seventh Series, Rezoning the Kirkbride Addition from R-A to B-3

#### **August 5, 2019 City Council Meeting**

- In July of 2018, the council adopted a resolution directing staff to prepare a Request for Proposals for Building No. 29 (Memorial Building) on the Regional Treatment Center campus after a number of parties expressed interest in this parcel. One of these parties has again reached out wanting to redevelop the Memorial Building.
- At last week's Committee of the Whole meeting, there was a consensus to move away from the RFP process and authorize staff to speak to possible interested parties.
- A resolution was offered encouraging staff to entertain redevelopment opportunities for Building No. 29, the Memorial Building on the RTC campus and the resolution. The resolution was amended and **Resolution #163-2019** encouraging staff to entertain redevelopment opportunities for any of the remaining buildings on the RTC campus without the RFP requirements was adopted.

#### **September 11, 2019 City Council Meeting**

- The city's request for a \$200,000 Certified Local Government grant for the RTC Master Plan was successful. The city must contribute \$40,000 in matching funds for this project. The state is requiring the work to be completed by July 31, 2020.
- An RFQ selection committee has been identified as Andrew Bremseth, Ryan Miller, Chris Schuelke, Lauren Kilde and Scott Kvamme. The same group would be used to work with the consultant that is selected throughout the project's completion.

#### **September 16, 2019 City Council Meeting**

- The contractor has requested a change order due to the level of deterioration at the connection points they have discovered in the RTC Phase II demolition process.

- Many of the conditions were unknown at the time of bidding as they were covered by other materials. The restoration of the exterior walls and connecting links is necessary to keep moisture from seeping into the building.
- Bruce Paulson of Stantec pointed out the issues and said the change order would amount to \$258,500 while adding an additional month to the overall project timeline. There is adequate contingency funding to cover these expenses.
- **Resolution #189-2019** approving a change order for PI 9605, Phase II demolition at the RTC was adopted.
- In 2018 the city entered into a Letter of Intent with American Covenant Senior Housing (ACSH) Foundation for the redevelopment of the East and West detached buildings of the RTC. The Letter of Intent gave this group exclusivity to develop the property until December 31, 2019.
- The developers have recently learned their application to Minnesota Housing was rejected and have made the decision to walk away from the project. The city must provide a 30 day notice of the termination of the agreement.
- The final plat was not recorded as the city was waiting for the final outcome of the ACSH application. The city would keep the existing boundary lines as one parcel and not record the plat.
- **Resolution #190-2019** terminating the Letter of Intent with American Covenant Senior Housing Foundation for the East and West detached buildings at the RTC was adopted.

#### **October 2, 2019 City Council Meeting**

- The City Administrator commented on a recent request to allow a wedding to take place inside the tower building at the RTC. The council's current position does not allow the public in the facility, but does allow outdoor photography provided it does not interfere with construction activities. The City Administrator prefers not setting a precedence of allowing the public in the building as it is an active construction zone, the air quality issues have not been resolved and access into the building requires staff supervision. Kvamme would like to see the city move forward on projects that would allow public access to the buildings again. Rufer felt until project funding has been secured for a RTC redevelopment project, the council should focus on their other priorities.

#### **December 16, 2019 City Council Meeting**

- As part of the city's mitigation plan for Phase II of the RTC demolition project, SHPO requires the city to conduct a master plan for the RTC. The master plan will look at concepts for redevelopment of the remaining RTC campus.
- A nationwide RFP process was conducted and three proposals were considered by the Preparation and Evaluation Committee. They recommend entering into a contract with Collaborative Design Group at a cost not to exceed \$61,500.

- \$20,000 of the funding will come from a Certified Local Government grant and \$41,500 will come out of the Planning Department budget. The work would begin in January and be wrapped up by July of 2020.
- A working group/steering committee will be established to guide the consulting team's work, identify priorities, review and comment on analysis findings and participate in the evaluation and assessment of the concepts. It was suggested this committee be comprised of a balanced group of individuals who are and are not in favor of redeveloping the RTC.
- **Resolution #263-2019** approving a contract with Collaborative Design Group for the RTC Master Plan was adopted.

# 2020

## January 6, 2020 City Council Meeting

- Motion adopted to appoint the following people to the RTC Master Plan Project Management Team: Scott Kvamme (council rep), Chris Schuelke (Heritage Preservation Commission rep), Laurel Kilde (Planning Commission rep), Scott DeMartelaere, Patricia Wahl, Bill Aasness, Wayne Hurley and Michele Anderson and the motion carried. Staff members will include Darrin Welle, Klara Beck and Ryan Miller. Other staff members will attend as needed.

## June 15, 2020 City Council

- An update on the RTC master plan was presented. The results of a community survey that looked at the feasibility of reuse and possible reuse ideas were reviewed. Overall, respondents recognize the RTC as a unique asset, but also understand the complexity of reuse.
- Hicks spoke about the number of survey respondents who are not city taxpayers is not representative of the majority of our city resident's views on the facility. He felt this master plan was duplicating past processes that presented many ideas, but not many viable options. He urged the study to have realistic expectations that the entire facility cannot be preserved.
- Thompson agreed that many of the ideas presented replicated past potential projects that never developed. The master plan was a requirement for the city to move forward on Phase II demolition and is not binding for the city. He too, was concerned with the cost of the annual maintenance of the RTC campus and how the money the state gave the city for upkeep will soon run out, putting the financial burden on the local taxpayers.
- Fish felt this study was also redundant of past efforts and said until a project emerges with financial backing, he was opposed to the city putting any additional funding towards the RTC.

- Collaborative Design Group consultant Bill Hickey agreed the study covered ground already addressed to ensure due diligence and the addressing of community concerns was complete. He commented the study did distinguish respondents by location to ensure local sentiments were heard.

#### **October 28, 2020 Committee of the Whole**

- Brent Thompson asked if the city could run power from the Kirkbride tower to allow events to use the large space behind the Kirkbride for community events such as concerts and movies in the park. An electrician looked at the system and does not believe the power source would be adequate, but the usage of an Otter Tail Power transformer may be an option to explore. If possible, the request could be funded with the remaining state provided RTC money as a possible capital improvement.

#### **November 2, 2020 City Council**

- There was a recent request to run a power source to the back side of the Kirkbride for special events. City staff have contacted Otter Tail Power to run a pole from their high voltage line and connect underground to the junction box panels used for community events and festivals.
- The project is estimated at \$3,600. The city would be unable to use RTC funds for this project, but because events must be socially distant, CARES funding could be utilized as the funding source. The Tax Levy Committee agrees this would be an allowable expenditure.
- **Resolution #210-2020** authorizing this electrical project on the RTC campus was adopted.

## **2021**

#### **January 19, 2021 City Council**

- As a part of the city's mitigation plan for Phase II of the RTC demolition project, SHPO required the city to conduct a master plan for the RTC. Representatives from Collaborative Design Group, Economic Development Services Inc. and Biko Associates provided an update on their reuse plan that has been done in conjunction with local members of a project management team.
- The committee decided to focus on two priorities: residential treatment for PTSD and brain trauma and housing. They concluded residential treatment was not as a viable reuse for the RTC since healthcare is moving away from physical infrastructure and retrofitting existing buildings to meet requirements is difficult.
- The city's recent market analysis on housing options shows a need for additional senior housing options that would free up existing housing stock for young families. Veteran housing was considered, but ruled out as national veteran supportive housing focuses on large urban markets.

- A physical assessment of the facility was made and it was their opinion the building is structurally sound. Roofs, especially in the west attached would need work due to water problems. The interior has been altered so it no longer has the historic integrity, but there are interesting interior features that could be capitalized upon.
- With the conclusion housing would be the best reuse of the property, they created preliminary design concepts for the building to potentially create apartments and condos. Another update will be provided later in this master plan process.

#### **June 2, 2021 Committee of the Whole Meeting**

- During the 2018 Minnesota State legislative session, the city was awarded \$3.5 million for use on the RTC campus. The approved bonding language was read and states the funds must be used by December 31, 2022 and they cannot be used to demolish the central tower or the U shaped building connected to the central tower.
- The city has expended \$1,778,558.92 of the bonding dollars leaving a balance of \$1,721,441.08. All of the buildings behind the complex, with the exception of a storage shed and the Memorial building have already been removed.
- Kvamme spoke about the RTC Master Plan Committee's work and their goal to increase awareness for the redevelopment and preservation of the RTC. The consultant is about to release their 172 page report and has concluded the building is structurally sound and a housing project is the most viable reuse option. The committee prepared a handout of the possible redevelopment options to SummerFest attendees as the event will take place on the RTC grounds.
- The consultants were recently made aware of the remaining \$1.7 million and they have come up with a list of recommendations on how to expend the funds. The list includes roofing and flashing repairs, dehumidification, life safety and building security issues, mold abatement, debris removal, and tuck pointing. The final report is due in July and it was suggested the council hold a work session to determine how the city should proceed prior to the December 31, 2022 deadline. If the city proceeds with spending these bonding dollars, they would not have to be run through the city's Capital Improvement Plan process. City Administrator Andrew Bremseth said time will be of the essence, but many of the suggested projects could be done inside the building, which extends the construction season. The council's current course of action is to demolish the structure, and they are not obligated to use these funds. The council could return the money, get the language amended to allow more demolition or seek additional funding.
- Arneson said housing redevelopment projects have not been successful in the past due to their reliance on housing tax credits and the stringent process used to allocate those funds. Thompson felt if the city were to expend any funds, they would be best used to provide external security due to the extensive damage caused by vandalism over the years. He was concerned with the city's liability of someone getting serious harmed in the building. Thompson asked if the city's exposure would be if the paid for roof repairs and a storm damaged the work. Bill Sonmor said the city has liability, but not property insurance on the RTC, as this is a vacant building the city would not rebuild

the structure if it were damaged. A council work session will be set up to discuss this matter further after the master plan has been completed.

#### **August 16, 2021 City Council**

- Three associates from Collaborative Design Group presented the RTC Master Plan which was a requirement of the State Office of Historic Preservation prior to the city receiving funds for further demolition on the historic RTC campus. They reviewed the methods used to gather public engagement including a survey that asked residents and non-residents about their thoughts on redevelopment. They said a majority of the 1403 respondents supported reuse due calling it a historical treasure and those who did not cited economic concerns such as too much time and money to retrofit the buildings for redevelopment. The consultants answered questions about the respondents, the areas they come from and their responses. Survey data is available within their full report, which has been uploaded to the city's website. The report evaluated the significance of buildings and spaces and the existing conditions.
- The advisory group looked at eight options and narrowed the best reuses to two possibilities, residential healing for PTSD or housing. The group ultimately landed on housing as the best possible reuse of the buildings as well as keeping the bare land for parkland. The consultants reviewed their findings on transportation improvements they feel should be made on the roadways and provided recommendations on how the city should spend the remaining \$1.5 million state funds to stabilize the existing structures. Kvamme thanked the advisory group and consultants for their work and stressed the report shows the respondents support reuse of the former regional treatment center. He pointed out the structure is in solid condition and a significant asset for the community. He proposed the council start discussing the best use of the remaining state funds on stabilization, particularly roofing, groundwater infiltration and ventilation issues prior to the 2022 deadline.
- Mayor Schierer felt the city has done a good job of making progress on the RTC campus while also moving forward on other community projects. He cited the private redevelopment of the nurses' cottage and the city's success in demolishing the structures that were in the worst condition. After confirming the report is a guide for redevelopment and its acceptance does not bind the city into following any of the recommendations, **Resolution #178-2021** accepting the RTC Master Plan was adopted.

#### **November 10, 2021 Committee of the Whole**

- There is \$1,714,895.75 remaining in state grant funds from the RTC Phase II demolition project. The funds have not yet been allocated and the deadline to expend the funds is December of 2022. Any work would have to be approved by the state agency who is administering the grant.
- Brian Yavarow presented two possible RTC Phase 3 mothball and preservation options. Schedule A consists of various work items for the Kirkbride Tower (Building 1), East Detached (Building 23) and West Detached (Building 27). These three buildings would be the base work in the bidding documents if the council elects to

proceed in this manner. Proposed work would focus on Building 1: window replacement, mold remediation, reattaching the tower globe, adding a building ventilation system and removal of the main stairway closures. Building 23: replacement of roof shingles. Building 27: replace roof shingles, replace EPDM roofing and repair/replace damaged face brick and stonework. The total amount of Schedule A is estimated at 1,959,928.36.

- Schedule B would consist of mostly mold remediation, building ventilation systems, and repair/replacement of broken glass block window units for Buildings 22, 23, 24, 26, 27, 28, 29 and the connecting links. The total estimated cost for this work is \$4,876,815.34. If the council would like to proceed with the work in Schedule A, a price per foot could be determined for the removal of the brick so the project cost would not exceed the available funds. Staff would like to initiate this project as Public Improvement No. 9508 which would allow the city to work with Stantec to refine the professional services agreement. Thompson said he would like to complete the window replacement to curb vandalism and lower the city's liability in the event someone is hurt and he had concerns about roofing repairs on buildings that may be torn down at a later date and about sealing off the buildings and resulting moisture problems. Kvamme felt the numbers were outdated and needed further refinement. He stated his opinion is to expend the remaining grant dollars on the roof repair/replacement on as many buildings as possible to prevent further water damage.
- A motion and seconded were made by Fish and Thompson to recommend the council initiate PI 9508, the RTC Phase 3 preservation project and the motion carried.

#### **November 15, 2021 City Council**

- The council was asked to initiate PI 9508, the RTC Phase 3, the mothball and preservation options. Upon approval, staff would work with Stantec to refine the scope of work and cost estimates prior to begin preparing bid documents.
- City Engineer Brian Yavarow said the cost estimates for the main tower building as well as the east and west detached buildings would be presented as a base bid plus alternates so the council can decide what the most pressing needs are within the allotted budget. There is \$1,714,895.75 remaining from the Phase II state grant and Hicks asked if the city could return the money to the state rather than spending it. He said the city has shown willingness to preserve the tower, but the vision for the remaining buildings is still unknown. He felt if the city were to give the money back to the state, it would be looked upon favorably when the city would ask for additional funding once a concrete plan has been established.
- Kvamme disagreed with the comments there is not a plan for the campus stating a master plan has been developed over the past two years. He said the plan states the buildings are excellent candidates for renovation as they are structurally sound and the only thing making them unsafe is the mold issues. He advocated the council use the funding to clean, protect and keep the water out of the structure.
- **Resolution #248-2021** initiating PI 9508, the RTC Phase 3 Preservation Project was adopted.

### **December 20, 2021 City Council**

- Good Neighbors, The Cottage LLC has completed their renovation of the Nurses Cottage on the former Regional Treatment Center campus into assisted living. Prior to starting this project, they expressed their interest in receiving the 15 year ad valorem tax exemption and they are now requesting the council approve the exemption and start the clock. The first 12 years would be tax exempt, while the exemption for the estimated market value of the property in the third to last year of the assessment would be 75%. The second to last year of the assessment would be 50% and the exemption in the last year of the duration is 25%. The ad valorem exemption is possible through the special legislation found in State Statute 272.02, Subd 88 for buildings on the RTC campus.
- **Resolution #284-2021** granting a 15 year ad valorem tax exemption to Good Neighbors, The Cottage, LLC for the Nurses Cottage at the Regional Treatment Center campus was adopted.

## **2022**

### **January 12, 2022 Committee of the Whole**

- The city was awarded \$3,500,000 for Phase 2 of the RTC campus demolition project. Expenditures to date are \$2,447,035.65 leaving an unexpended \$1,714,895.75 in state grant funds. Revised cost estimates have been made for the various preservation work items on the Kirkbride Tower, East Detached, West Detached and various other campus locations. The estimates have been divided into a base bid and alternates. The base bid would address the following items:
- Building 1 (Administration): Window replacement, mold remediation, reattaching the tower globe/electrical grounding, adding building ventilation, removing the main stairway closures and sealing the door access from Building 1 to the remaining buildings.
- Building 23 (East Detached): Replace damaged roof shingles and underlayment.
- Building 27 (West Detached): Replace damaged roof shingles and underlayment, replace EPDM roofing.
- Buildings 22, 23, 24, 26, 27, 28 and 29: Repair rain gutters and downspouts, excavate and repair ground floor windows, cover windows with ground contact rated plywood, restore grade and sod.
- The estimated cost for the base bid (including construction administration and contingency costs) is \$1,399,636.45
- Alternates would include:
- Building 23 (East Detached): Replace all roof shingles and underlayment.
- Building 27 (West Detached): Replace all roof shingles and underlayment, repair/replace damaged face brick and stone.

- Buildings 1, 22, 23, 24, 26, 27, 28 and 29: Interior security system with motion detectors at 28 exterior doors, exterior cameras mounted on street light poles and on the north side of Building 1.
- The cost of the alternates is estimated at \$1,455,100.45 and the city does not have sufficient funds for all of the projects in the base bid and alternates.
- Motion carried recommending the council provide authorization to secure a Phase 3 professional services agreement with Stantec for this project.
- Kvamme read from a letter the city received from the Heritage Preservation Commission last year that referenced the viability of reusing the RTC as recommended in the master plan. He agreed there are not sufficient funds to complete all of the projects and he was in favor of proceeding with the base contract work along with the addition of the security system options in the alternates. He also advocated if any additional funds were remaining, the roof issues on Building 29, the Memorial Building and further clean up should be included in the work scope. Thompson stated his preference for the city to only focus funding on the main tower and keeping water and vandals out of the buildings. He felt it would be counterproductive to spend state funds on repairing roofs on buildings the city may later need to ask the state to pay to be demolished. Mayor Schierer agreed the work scope in the base bid plus security would be moving the city in the right direction.

#### **January 18, 2022 City Council**

- The council was asked to define the scope of work in Phase III of the RTC project. Once this determination has been made, Stantec can provide an estimate for their professional services.
- At last week's Committee of the Whole meeting the council was presented with the estimated base bid of approximately \$1.4 million. A number of alternates were also presented for an additional \$1.4 million. The city only has \$1,714,895.75 to spend on the projects.
- It was the consensus to define the scope to the base bid items, plus the security measures included in the alternates. At future meetings the council will be asked to approve a professional services agreement with Stantec and authorize the advertising of bids. Kvamme said if projects come in under budget, the Memorial Building needs a new roof and additional funds could be allocated for clean-up.
- **Resolution #21-2022** approving the work scope for the RTC Phase 3 preservation project as the base bid plus security alternates was adopted.

#### **February 2, 2022 Committee of the Whole**

- The work scope for the RTC Phase III Preservation Project was recently determined. Stantec has provided a professional services agreement for the design in this phase of the project. Their \$151,800 fee includes the base bid and alternates 4 and 5 (security efforts and improvements to the Memorial Building). It does not include fees for mold abatement and Stantec needs to consult with DEED to determine the grant eligibility of the associated work items.

- The city has \$1,714,895.75 available for Phase III and Stantec's professional service fees have been determined to be reimbursable expenses.
- A motion carried recommending the council initiate Public Improvement 9508, the RTC Phase III Preservation Project and to accept Stantec's professional services agreement for Phase III design in the amount of \$151,800.

### **February 22, 2022 City Council**

- City Administrator Andrew Bremseth said the city was planning to ask the council to consider the work scope for the RTC Phase III project. The school asked the city to delay that topic until they could propose a potential project for the RTC campus. Superintendent of Schools Jeff Drake said the district has been working on a strategic planning process and looking at options for a new K-3 elementary school. They are overcrowded at Kennedy Secondary School and are forced to make frequent changes in the elementary schools to transition kids from grade to grade. A new K-3 building would provide a better educational experience for our students and teachers. The RTC site would be an ideal spot to build this new school and would pay homage to the city's history. Drake said they plan to preserve the tower building, but would not use the attached wings. The school would like to bring a construction manager and architect into the tower to evaluate the viability of the project. If there is a favorable review, the school district would be interested in further dialogue with the city.
- Bremseth said a major component of the project would be identifying and securing funds to preserve the tower and removing the remaining structures. He felt this solution would be beneficial to the community and resolve an issue the city has been grappling with for more than 15 years. There would be room on a school campus to grow the tax base with housing and amenities that would complement the school. He suggested if the council were interested in this project that they adopt a motion directing staff to revise the work scope from Stantec to focus the remaining \$1.7 million in state funds for projects to preserve the tower.
- Arneson felt this was an excellent opportunity to partner with the school and to use the campus in a way that would benefit the community. He felt this would be a prime location for the school and felt the existing RTC funds would be best used to preserve the tower. Rufer called this a "fabulous idea" and said he was excited to have the city and school work together on a project and use the state funding for preservation of the tower. Hicks agreed this was a good opportunity to reuse the campus and address the biggest issue the city has faced for years. He said renovation of the entire structure would be unlikely due to the amount of time and rising cost of construction and inflation. He felt a collaborative partnership between the city and school would be more likely to obtain the necessary state funding.
- Kvamme felt this information was too new for the council to pivot on the plans they have making. He said a portion of the remaining \$1.7 million would be focused on the tower, but wanted to see the other funding allocated for the air quality issues, security and window projects in the E and W attached structures. He felt it was premature to dump the work that has been done to date and stated a project of this magnitude would take a long time with no guarantee for success and felt the school

should continue looking for other possible sites. He believed the city needs to secure the structure and stated he would not support a motion for the city to change course.

- Arneson said he does not view the council's action as disregarding the previous work, but it is a request for staff to focus the preservation dollars solely on the tower preservation. If the project does not come to fruition, the city could continue working on the original work scope. He felt it was prudent for the city to focus on real redevelopment possibilities.
- A motion directing staff to revise the work scope for Phase III to only include tower restoration carried.

#### **March 30, 2022 Committee of the Whole**

- At the February 22 City Council meeting, Fergus Falls School Superintendent Jeff Drake said the School Board is committed to building a new elementary school and they would like to explore the possibility of building the school on the RTC grounds. They would be interested in the possibility of incorporating the tower into the plans. On February 22, 2022 staff was directed to revise the work scope for Phase III to only include tower restoration.
- Yesterday the school responded their assessment showed the renovation of the tower and demolition of other structures would be too cost prohibitive to pursue. They are however, still interested in constructing a new elementary school on the site.
- The council was asked how they want staff to proceed in light of the school's decision. They could move forward with the original project scope of using the remaining \$1,714,895.75 in state grant funds to preserve portions of the tower building as well as addressing air quality issues, security and window projects in the E and W attached structures.
- The second option would be a continued focus on expending the remaining state grant funds to address the air quality, mechanical and electrical needs of the tower only. There were questions about the grant eligibility of the work items and the approval of SHPO for this work.
- It was suggested the conversation be tabled until Monday when the City Engineer and representative from Stantec could be available to answer the council's questions. City Administrator Andrew Bremseth reminded the council the funds must be expended by June 30, 2023 in order to be reimbursed. That would require the work to be completed during this upcoming building season. Kvamme expressed his opinion the council approve the original scope of work to address needs the water and mold issues for multiple buildings on the RTC campus.

#### **April 4, 2022 City Council**

- Bruce Paulson of Stantec reviewed their proposal to provide professional architectural and engineering design and construction phase services for the RTC Phase 3 mothballing project. Their proposal focused on Building 1 (tower) and included a mold survey and remediation, sealing the doors to adjacent buildings, repair and replacement of windows, water remediation, removal of temporary stairs and landing

on the east side of the building, removing existing face brick to match the original brick size and color, removing the center windows and wall at the first floor to allow the construction of new exterior stairs and doors to replicate the original front entrance to the building and a ventilation and heating system sized for Building 1. He spoke about the need to purify the quality of air and that would necessitate sealing this building off from all other sections of the campus. This would only provide one entrance and exit from the building which does not meet code for egress.

- Bill Sonmor remarked the language in the state bonding funds restricts the money to be used for the building envelope and stabilization projects and SHPO should be consulted on the proposed projects.
- Thompson said he would be voting against tonight's proposed action to accept Stantec's professional services agreement for Phase 3 design and order the project plans and specifications. He preferred to use the funds to seal up the building to keep water and people out for liability purposes. Being the building's future is uncertain, he was opposed to spending money on buildings other than the tower that could come down and said just because the city has the funds, does not mean we need to spend them. Rufer inquired if the funds could be used for anything else or if the funds are lost if they are not used. It was clarified there is a current restriction from demolishing any buildings in the horseshoe complex. The city's agreement with the state stipulates the funds will expire in June of 2023 leaving only this building season to complete any project. Hicks asked for clarification on this phase of the work scope and agreed it makes the most sense to spend the funds on only the tower structure. Paulson said they were asked to provide a proposal to the city based off the city's recent conversations with the school district about possibly repurposing the tower.
- Andrew Bremseth said the school did express interest in the RTC campus for a new K-3 elementary school building. They conducted their due diligence on the possible renovation of the tower building and found it would be too cost prohibitive to move forward with using the tower. They would however, remain interested in building a new school at this site. Kvamme said since the school is no longer interested in the buildings and the master plan and directive from SHPO do not allow for demolition, the council should look at using the remaining \$1.7 million to help with water remediation and security in all of the remaining structures in the horseshoe. He felt the council should move forward with the original scope of work on all of the buildings and since those figures were not available to all of the council members tonight, there should be no council action taken on the tower only proposal. Paulson said that proposal had been prepared and could come back to the council for reconsideration.
- Hicks spoke about the high cost of restoration the school calculated and said investing \$120,000,000 in the tower would be a tall task for most developers. The tax credits are available, but he questioned how long they would be maintained and felt without these credits, development is unlikely. He agreed that the funds do not have to be expended and the city could be fiscally responsible to the taxpayers of the state and return them. He said if the city does decide to use the funds, it would be best to focus on the tower only. Thompson agreed and said he would prefer to only expend the funds on ways to keep the building sealed and secure for liability purposes. Arneson felt the city

should see both proposals, tower only and the remaining buildings prior to making a decision. He suggested both proposals be considered at the next Committee of the Whole meeting and brought forward to the next council meeting. He asked for more clarification on the sole point of interest and what direction Stantec needs from the council. Paulson said if the city focuses solely on the tower building, it would require them to seal off this building to ensure only the properly abated air is allowed in the building.

- A motion carried to leave this subject on the table for future meeting.
- Kvamme felt all conversation about demolition of any buildings on the campus should be taken off the table. The master plan calls for no demolition and he read excerpts from an email he received from SHPO warning the tax credits and historic registration of the buildings could be put in jeopardy if there is additional demolition. He asked how the city could consider the adverse effects of the losing the tax credits for the Nurses Cottage and how those actions could derail future development opportunities. He said city's agreement with the state does not allow for demolition and that conversation needs to stop. Bremseth explored the differences between the 5 year look back and 15 year ad valorem taxes.
- Rufer asked for clarification and expressed his opinion the cost to redevelop this property is unlikely due to the high cost. Kvamme said he is aware of two developers that want to step in the redevelopment and warned they may not come to the table if the city continues to consider demolition.
- City Attorney Rolf Nycklemoe cautioned the council to not identify future developers. The language in the state grant prohibits the city to use the state bonding funds for projects that benefit a developer. Paulson stated neither of the proposals they have submitted suggest demolition, but rather stabilization projects. Thompson clarified his earlier comments and said he wants to see the building's windows and doors sealed up and eliminate the city's expenses to maintain the building. He would love to see redevelopment occur and does not want to see the buildings torn down, but reminded the council that the future council's may vote alternatively. Stantec's two proposals will be provided to the council at their upcoming meeting for further discussion.

#### April 13, 2022 Committee of the Whole

- The city has gotten two local photography requests the council was asked to consider. Jesse Thorstad would like access into the Kirkbride complex to create a 3D tour that can be shared with the public. The Daily Journal has also requested access to photograph the interior of the buildings to document the condition in conjunction with the city's 150<sup>th</sup> anniversary year. Both requests would be conducted at the same time to minimize city resources. Each party would be required to wear the proper PPE and sign waivers of liability. Hicks said he would be agreeable the requests if there was a condition the images taken must be available for the city to have and distribute as they see best fit without copyright infringement concerns.
- A motion recommending the council authorize staff to work with Lakes Area 360 and the Daily Journal on photography projects inside the Kirkbride with the provision the city is able to use and distribute the images without restrictions carried.

### **April 18, 2022 City Council**

- At the April 4, 2022 council meeting, staff was directed to provide a revised work scope for stabilization and mothballing the remaining buildings on the RTC campus. Bruce Paulson of Stantec presented a list of proposed projects and alternates. Bruce Paulson of Stantec reviewed the proposed scope of work included in Buildings 1, 22, 23, 24, 26, 27, 28 and 29. Most of this work focuses on window repair and replacement, efforts to prevent water from entering the building, air quality issues, replacement of shingles and underlayment to prevent water intrusion and the removal of invasive vegetation at the building's foundation. The proposal also includes four alternates for Buildings 1, 23, 27, and 29.
- Stantec would begin the design and submit plans to SHPO at the 30, 60 and 90 day intervals for a fee of \$92,000 plus reimbursable mileage and printing costs estimated to be no more than \$2,000. The project fees would be funded by the remaining state grant funds.
- **Resolution #94-2022** accepting Stantec's professional services agreement for Phase 3 design in the amount of \$92,000 and order the project plans and specifications was adopted.

### **July 13, 2022 Committee of the Whole**

- The City Engineer reported the 30% plans for the RTC preservation projects were sent to the State Historical Preservation Office (SHPO) in early June, but they have not yet commented on the plans. The 60% plan review will be sent to them next week and requires another 30-day review time. The same process will be followed at the 90% review time. The city is waiting for SHPO to provide the comments in the prescribed timeline before moving forward with any project.

### **September 19, 2022 City Council**

- Bruce Paulson of Stantec reported they have substantially completed the plans and specifications for the Regional Treatment Center (RTC) Phase III Preservation Project. The Minnesota State Historic Preservation Office (SHPO) has completed their 30/60/90-day plan review and provided their response letter. The Minnesota Department of Employment and Economic Development (DEED) was also consulted in the process about the grant eligibility for the associated Phase II work as they administer the state grant funds. DEED has confirmed the roofing, windows, brick tuck pointing, mold remediation and water infiltration issues are grant eligible for reimbursement. The proposed security system is not. The estimated project base bid cost is \$898,000 and \$830,000 for the proposed five bid alternates.
- Paulson explained the biggest issues are the ventilation of the buildings and the prevention of water infiltration. Stantec originally proposed removing and stacking all the interior doors into one room so they cannot be accidentally shut, reducing ventilation. SHPO does not recommend the removal and stacking of the interior

doors as they could be damaged, put back on the incorrect place or disappear. Stantec revised the plans to attach metal hinges to fully hold the doors open instead.

- To provide ventilation and prevent mold in the building without a working HVAC system, Stantec is trying to provide adequate ventilation in Building 1 (the tower) by proposing actively closing off the remainder of the buildings. SHPO wants the city to provide passive ventilation throughout the building complex to prevent further deterioration of the building. They would like to see louvers installed throughout the structure. Paulson felt this recommendation for passive ventilation throughout the entire campus would likely require more funding than the city has available. The project includes an active ventilation system for Building 1 along with mold abatement as an alternate bid item. The tower is the least deteriorated condition and there is interest in again providing guided tours of the building. To achieve the air quality necessary to regain public access into the structure it is necessary to separate Building 1 from the adjacent buildings by closing/sealing all openings. Because there is only one exterior door to this building, a second egress would be necessary to be added.
- Stantec has asked to board up the glass blocks as they are often damaged by vandalism and are not historically significant. The upper floor windows cannot be boarded up due to the historic nature of the frames and sash. Additional measures would be taken to prevent further vandalism.
- The project will be bid out as a base bid and five bid alternates. Once staff and Stantec have received and reviewed the bids, they will make a recommendation to the council on best and most economical use of the funds and ensure all work would be eligible for state grant reimbursement from DEED prior to proceeding. [Resolution #185-2022](#) accepting the project plans and specifications and authorizing the advertising of bids for PI 9508, the Regional Treatment Center Phase 3 Preservation Project was adopted.

#### **October 12, 2022 Committee of the Whole**

- The Fergus Falls School District submitted a letter of interest to acquire 14.83 acres of parkland in front of the former Regional Treatment Center for a new elementary school. The project would be contingent upon a successful future bond referendum. The city operates and maintains this property within our parks system. City Administrator Andrew Bremseth spoke about the due diligence work needed to determine a purchase price and working with the State Historic Preservation Office (SHPO) to see what the impact of this possible sale would do to the historic tax credits and national registration of the RTC campus. If the city wants to sell the land, they will need to negotiate a purchase agreement with the Fergus Falls School District.
- Thompson was not in favor of losing the historic tax credits on the campus and spoke of a past project being denied on this parkland. Arneson felt this was a good use for the property the city has held for many years and the city should be open to exploring this option. Kvamme was opposed to the school building on the parkland and cited the RTC master plan considers this land historic. He felt there are better sites in the community for a new school and said this is a good example of why the city needs a comprehensive plan. He suggested a work session be scheduled with the school district

to talk through more of the issues. Hicks felt it was better to contact SHPO early before too much time or effort was put into a project but agreed this would expose more people to the buildings. The council agreed a joint work session would be valuable as this is an important topic that affects the community. A motion and second were made by Fish and Hicks to recommend the council explore the options for selling this land and schedule a joint work session with the school district and the motion carried.

#### **November 2, 2022 Committee of the Whole**

- During a tour of the Regional Treatment Center in 2021 staff found drawings and artwork abandoned in a closet. The Otter Tail County Historical Society was able to identify the work as that of a patient and asked the city to consider donating this artwork to them so it can be viewed by the public and properly preserved. A motion and second were made by Fish and Kvamme to recommend the council authorize staff to execute a deed gifting miscellaneous art from the RTC campus to the Otter Tail County Historical Society and the motion carried.

#### **November 7, 2022 City Council Meeting**

- **Resolution #209-2022** gifting various artwork from the Regional Treatment Center to the Otter Tail County Historical Society.

#### **November 16, 2022 Joint City Council and School Board Work Session**

- Fergus Falls Schools Superintendent Jeff Drake explained the McKinley and Adams School buildings were built in 1939 and are no longer meeting the needs of public education. The School Board has been considering the construction of a new grades 1-3 elementary school. This would bring the Kindergarten classes to Lincoln School, make Cleveland School a 4-5 grade building and Kennedy Secondary School would be a 6-12 grade facility. He reflected on the changing nature of education, the need for more flexible learning space and the special services utilized by many students and families within the district. The creation of this new facility would provide an opportunity to improve the school's facilities, benefit the students, teachers, parents and community. If the bonding was tied into the 2028 expiration of the current school project and restructuring of debt, it would not be as impactful on the district's taxpayers.
- The school submitted a letter of intent to the city for approximately 15 acres on two parcels located within Kirkbride Park on the former Regional Treatment Center campus. They have looked at the farm property contiguous to Lincoln School, the parcel near Fleet Farm/Goin' Postal, the land across the bypass from the Prairie Wetlands Learning Center and the Norgren property owned by the Port Authority. The acquisition costs and lack of infrastructure at these sites would not make the project financially feasible. The school has requested the city consider selling them the Kirkbride Park parcel because of its central location within the community, the infrastructure is already in place for an elementary school, it is aesthetically pleasing and it offers the constituents the opportunity to save money rather than purchasing private parcels. The McKinley and Adams Schools could be repurposed into additional housing/assisted living, childcare center or a Boys/Girls Club. The letter of

intent would be contingent upon the school district successfully passing a bond referendum vote for a new elementary school.

- Community Development Manager Klara Beck said the city has spoken to representatives from the State Historical Preservation Office (SHPO) about selling the land, building a new school, and the potential impact on the National Registration of the campus. They cannot provide a definitive process for the city to follow and suggested working with the Department of Interior for the standards of a new building. City Administrator Andrew Bremseth spoke about the historic designation noting up until 2016, only the building was on the National Register. The parkland was added to the register at that time. Additional conversation is needed with SHPO to understand the impact on the historic registry and tax credits if the land is sold to the school district. The city has also been working with lobbyist Joel Carlson because the land was the result of state bond funds for both preservation and demolition projects. The current legislation calls for any money from the land sale would revert back to the state as the property must be sold at market rate. Carlson feels the legislation could be rewritten to override the market rate provision and allow the city to sell the property to the school for a nominal fee, thus saving the local taxpayers. Drake was asked about the size of the potential school and how much of the space it would require. A K-3 structure would require 120,000 square feet, while a grades 1-3 building would need 105,000 square feet. The district is considering a 1 ½ story building to reduce the footprint of the needed space. The school confirmed community activities such as SummerFest, the classic car show, and ski trails could still be accessed by the public. Drake confirmed the school has not considered the 27 acres of land at the former dairy site. Rufer shared of his support of the project and asked if this would further congest traffic in the area. City Engineer Brian Yavarow said the city and county have already done preliminary work to implement a roundabout in this area at an estimated cost of \$3.5 million.
- Mayor Schierer said his initial reaction to this project was this was not the right location, but his opinion has changed when he thought more about the benefits to the community and the opportunity to honor the historical significance of the of the campus. He spoke about the additional traffic the Government Services Center, Concerts in the Park and other community events have brought to the campus and despite the city's best efforts, no viable development of the horseshoe structure has been made over the past 15 years. Melanie Cole agreed her first impression was also this is the wrong location, but the benefits of the school using this space for a community asset, an elementary school, have changed her mind and she is now supportive of the project. She spoke about the constant revolving needs of upgrading school facilities and the timing required with public referendums and bonds.
- The school could put a ballot question to a public vote in November of 2023 or spring of 2024 as there is a window of opportunity with the debt window. There were questions about the historic tax designation and the impact on other projects. Bremseth said the historic tax credits are based on the occupancy of the building and each project varies in their timeline. He said the school's timeline is not likely to negatively affect any project. The current housing on the RTC campus was able to

develop their projects because they were not a part of the original campus. Schierer believes the city, school and SHPO can work together for a positive solution as the elementary school project in his opinion is the best use of the property and it is the most likely catalyst to spur on further development of the RTC.

- Beck and Otter Tail County Historical Director Chris Schuelke have spoken to the New History Company about positioning projects towards the redevelopment of the RTC. A holistic redevelopment plan linking the RTC master plan, school plans and tax credits could be connected to help with the entire RTC campus. Cole felt further discussions between the city and school are needed and should encourage unity within the community. Laurie Mullen did not feel this is the right location for an elementary school and encouraged the school to look at other sites, regardless of the cost of the land acquisition and infrastructure construction. She felt the Kirkbride Tower deserves its parkland, and a school would restrict future development of the main buildings. Scott Kvamme also felt this is the wrong location for a school and his opinion the city needs to do what is best for the city rather than giving up the property for the school's benefit. He said a new school at the outskirts of town would spur on more housing development so the city would see a benefit. He also felt it was prudent to wait and see what type of development proposals come forward after completing the Phase III preservation projects in 2023. Even though no development has occurred yet, the city should not give up this site or future opportunities by taking away the parkland. He suggested the school look reconsider other sites including the M-State campus. Thompson agreed there may be other properties better suited for a new school and not considering the Kirkbride Park would avoid a "fight" with SHPO. Schierer disagreed and again commented on why he feels this is the best location citing the walkability, bike ability and existing infrastructure of the site for a new school. He felt the cost to acquire land, install the required infrastructure and inconvenience of a location outside the city limits would deter voters from approving a project. Knutson talked about the logistics of dropping off/picking up children from all over town and the convenience the Kirkbride site would provide families. Fish commented on the cost of the city's maintenance of the parkland. The city is mowing the land now under the park budget and only \$14,000 of the original \$1 million the state gave the city for maintenance in 2007 remains available.
- Considering the results of the recent election, it was suggested the city and school have additional conversations once the new council members have been sworn in. Drake recapped the school district's interest in the Kirkbride Park and said they would consult their architect to review the Department of Interior Standards for a new building while considering other sites. The city will continue working with SHPO and after the new year the city and school will reconvene with updates.

# 2023

## January 17, 2023 City Council

- The city is holding a joint work session with the Fergus Falls School District on January 23 at 4:00 pm to discuss the proposed new elementary school on the RTC parkland.
- **January 23, 2023 Joint City Council and School Board Work Session**  
On November 16, 2022, the City Council and School Board held a work session to learn more about the school's Letter of Intent to purchase 15 acres of parkland on the RTC campus to construct a new elementary school. The work session today is meant to recap that conversation and get the newly elected public officials up to speed on the project.

Superintendent Jeff Drake reviewed the school's needs and vision. Both McKinley and Adams were built in 1939 and are 85 years old. Over the years education has changed significantly and the buildings no longer align with modern learning spaces. 21<sup>st</sup> Century learning is teaching for future workforce needs and includes collaborative spaces that promote the development of creative problem solving, critical thinking, teamwork, and communications. Due to space needs the school moved the 5<sup>th</sup> graders to Kennedy Secondary School which is overcrowded and too many grade levels are interacting daily. The school's vision is to complete Lincoln School and relocate the Kindergartners to this building. They would like to construct a new elementary school for grades 1-3 or grades 1-4, which allows the district to make Cleveland Elementary an upper elementary building. The school is trying to finalize their plans and would take the question of a new elementary school to the voters either this fall or in the spring of 2024. McKinley and Adams schools could be repurposed into housing, childcare, a family resource center or boys and girls club.

Drake reviewed the parcels of land the school has considered for this future building. The Port Authority owns the Norgren property on County Highway 111. There are no utilities running to this site and the location would be inconvenient for families needing to make multiple drop-offs and pickups. The Rogness property located off S Cascade Street is approximately 29 acres and also does not have infrastructure in place yet. If the school were to build here, they would have to design this into an upper elementary configuration to coordinate grade levels housed at the Prairie Wetlands Learning Center. There are 34 acres of land on Weyrens Road, but the listing price is \$700,000. The school inquired about land on the M-State site, but the college has future plans for that land and did not feel an elementary school would complement their mission and vision. The dairy site was considered, but there are hazards with the river and railroad tracks for children of this age. The Port Authority is trying to redevelop this parcel for the city's housing needs. The school district purchased 8 acres adjacent to Lincoln Avenue which they are earmarking for green space for their students, but additional land

available for purchase at this site. The School Board's preferred site is the Kirkbride Park due to its central location, proximity to other school buildings, utility services are in the area, and it is aesthetically pleasing. The land is close to residential areas and there is potential in the area for other housing to be built nearby. Selling the Kirkbride Park land to the school would benefit the taxpayers as there would be little cost to acquire the land. The school would help connect to the community's history and if the school purchased the land, the city would no longer need to maintain the property. The school's letter of intent is contingent upon their ability to pass a bond referendum with the voters.

Kremeier asked about the school's past building projects and gave his opinion the school should expand at the site they already own at Lincoln School (the old Target building). The owner of the 46 acres of farmland adjacent this school is seeking \$20,000 per acre and the school was asked if they could negotiate a better price or not purchase all the property. Not all the land is buildable, and a street would be needed for access. There was a question if it would be the city or school's responsibility to put in the roads and infrastructure at new site. Kremeier and Thompson spoke about the current traffic patterns around the RTC campus and felt the addition of a school could negatively affect adjacent business owners and create additional traffic congestion, even if a roundabout was constructed. They did not feel the owners of the new twin homes would want a school built in this location. Questions were asked about the ability to construct a school with the sloped land in the Kirkbride Park. The school felt it was possible to build a two-story building into the base of the hill. The multiple stories would also provide additional green space for the school. There were questions about traffic at other proposed sites and if the new school was built at the Lincoln site, it would likely be a one-way circle surrounding the area with new roadways to be constructed.

Kvamme referenced the city's RTC master plan stating the plan is for the park land to remain as it is. He felt a school built in this location would deter future housing development for the RTC structure and expressed strong opposition to giving the land to the school. Kremeier agreed the city stands to lose development opportunities or space for community events like SummerFest if the school builds in the park land. Vigesaa suggested a new school might spur housing development in the area. Anderson felt the school would have many positive impacts on the community if it were built in the Kirkbride Park. He felt there was a financial advantage to the taxpayers for acquiring this land from the city at little to no cost. The city is required to give the land proceeds to the state and legislators have indicated their willingness to forego the land being sold at fair market value if the land sale is advantageous to the taxpayers.

Kvamme felt the school should be thoughtfully built for the future and suggested there was plenty of room for growth at the Norgren, Rogness and farm properties behind Lincoln School. The school district currently has 8-10 sections of each grade level and would plan a building for 10 sections. Drake spoke about the difficulty in planning for enrollment with the recent growth in telecommuting. Cole disputed some of the comments made earlier about school projects and felt the discussion should focus on the city's willingness to sell the Kirkbride Park to the school district and not tell them how to plan or implement their project. Members of the school board asked the council what other information they needed to make an informed decision. It was decided renderings would not sway the council's decision, but information

on a traffic plan, how the building would fit into the Kirkbride Park site and infrastructure needs would be beneficial. The council will take up this issue at a meeting in February so the school can either move forward or begin plans for another site.

#### **April 2023**

- The Fergus Falls School Board announced they were no longer considering the Kirkbride Park as a future campus for the new elementary school.

## **2025**

#### **April 30, 2025 Committee of the Whole Minutes**

The Heritage Preservation Commission requested the council re-engage Stantec to update the condition assessment of the Regional Treatment Center with the goal of being able to reopen the tower to tours and redevelopment opportunities. The city has \$392,637 remaining of the \$3.5 million grant from the state legislature and these funds must be expended and reimbursement received by January 14, 2027, or they revert to the state. If Stantec agrees there are opportunities to stabilize or redevelop the facility, they could focus the remaining funds to address ventilation, mold, accessibility barriers and window repair. A motion and second were made by Kilde and Kvamme to re-engage Stantec for the Regional Treatment Center reconditioning project and the motion carried.

#### **May 5, 2025 City Council Minutes**

Leighton asked why a presentation has not been provided for the request to reengage Stantec for the Regional Treatment Center. Staff clarified the purpose of the request is to have Stantec update the project budget and then present options for the council to consider using the remaining \$392,637 of state funds for the facility. Kvamme offered [Resolution #86-2025](#) authorizing staff to seek a proposal from Stantec for the Regional Treatment Center using the remaining state grant funds, which was seconded by Job and was adopted.

#### **July 16, 2025 Committee of the Whole**

The city has \$392,637 remaining Phase 3 funding to stabilize and preserve the Regional Treatment Center (RTC). If the funds are not expended and reimbursed by January 14, 2027, the money reverts to the state. The Heritage Preservation Commission requested Stantec be re-engaged to revise the scope of work, confirm cost estimates and prepare plans to make the tower building safe and open for public access again with these funds. On June 11, 2025, the council received a quote from Stantec in the amount of \$12,900 to focus on the ventilation system, mold remediation, accessibility and window repair/reconditioning. At that meeting the council requested Stantec also consider inspecting the elevator, temporary lighting, fencing around the exterior of the building and cameras to deter vandalism. Stantec has provided an updated quote in the not to exceed amount of \$63,600. The council questioned if this bid is reasonable, if Stantec would consider lowering their cost and if Moore Engineering could take on some of this work. They suggested the city, rather than Stantec, seek quotes on fencing.

Mayor Hicks did not feel the elevator inspection was an immediate need and asked Moore Engineering to prepare a quote for 3-D scanning of the interior. Staff will consult with DEED to see if this is an eligible use for state grant funds. Kvamme asked if Stantec's list can be revised to an a-la-cart format so the council can weigh the cost and value. Staff will consult with Stantec and bring answers to an upcoming meeting.

#### **July 21, 2025 City Council Minutes**

Staff met with Stantec to review their proposal and costs for the RTC and inquired if they could update their cost estimate without the bidding and design process. They have asked the contractor to provide updated pricing which will be brought back to the council for review.