

City Council Minutes
August 2, 2021

The Fergus Falls City Council held a regular meeting on Monday August 2, 2021 at 5:30 pm in the City Council Chambers. Scott Kvamme gave the invocation and the Pledge of Allegiance was recited. Council members in attendance were Kvamme, Rufer, Thompson, Arneson, Gustafson, Hicks, Hagberg and Fish.

Approval of Agenda

A motion and second were made by Fish and Hagberg approving tonight's agenda as presented and the motion carried.

Conduit Debt for Lake Region Healthcare

The city has been asked to issue conduit debit for a health care revenue note for Lake Region Healthcare to finance the acquisition of an electronic messaging system. The amount of the note would not exceed \$21 million. Camie Patterson explained the need for this system and the benefits it will provide to local healthcare services. A public hearing was opened. As no one appeared, the hearing was closed at 5:35 pm. Hagberg offered **Resolution #151-2021**, a resolution relating to the Municipal Development Act; authorizing the issuance of revenue notes on behalf of Lake Region Healthcare Corporation; and authorizing execution and delivery of documents relating thereto, which was seconded by Arneson and was adopted with Rufer and Gustafson abstaining.

Bid Award for PI 5333

Bids were opened for PI 5333, the Union Avenue street and pedestrian project from Junius Avenue to Lincoln Avenue. The low bid was from Central Specialties in the amount of \$722,900.18. 80% of the funding for this municipal state aid street project would come from federal funds while the remaining 20% will be funded by the state. Hicks felt this was a high cost for a three block project when so many other roadways need improvements. Bids were likely higher due to the work being completed in live traffic conditions. Gustafson offered **Resolution #152-2021** awarding the construction services contract to Central Specialties, Inc. in the amount of \$722,900.18, which was seconded by Fish and was adopted.

Consent Agenda

The following items were approved under **Resolution #153-2021** by Thompson: Motion approving the minutes from the July 19, 2021 City Council meeting and the July 28, 2021 Committee of the Whole meeting. Motion approving the following licenses: Paving Buck's Paving, Ferguson Asphalt Paving Inc. **Resolution #154-2021** authorizing the Fergus Falls HRA to levy a tax of 0.0185% for the estimated taxable market value within the city in 2022. **Resolution #155-2021** initiating PI 5344, the Randolph Avenue and Friberg Avenue resurfacing project, accepting Interstate Engineering's professional services proposal for the design in the not to exceed amount of 60,000 and ordering the project plans and specifications. **Resolution #156-2021** accepting Blandin grant funds in the amount of \$5,000 for Ferber Park. Motion postponing the previously scheduled tax abatement public hearing. **Resolution #157-2021** approving a variance for an accessory building in the side yard at 623 Woodland Drive as requested by Neil and Alison Haugerud. **Resolution #158-2021** approving a Conditional Use Permit to allow a ground floor apartment in a B-3 zone at 214 E Cavour Avenue as requested by Molly Nelson. **Resolution #159-2021** authorizing staff to work with a TIF consultant for redevelopment of the mill property. The resolution was seconded by Rufer and was adopted.

Kvamme asked for three items relating to the RTC campus be removed from the consent agenda for further discussion. A motion and second were offered by Kvamme and Fish directing the City Attorney to draft an ordinance to rezone Campus Addition from R-1 to R-4 (Lots 1 through 7 inclusive and Lot 8 except for the south 20 feet of Block 1 and from R-1 to R-2 (Lots 9 through 12 inclusive and the south 20 feet of Lot 8 in Block 1 and the adjoining halves of rights of way); Lots 1 through 11 inclusive in Block 2 and Outlot B and Lots 1 through 10 inclusive in Block 3 and adjoining halves of rights of way) as requested by Campus Development Group LLP, (Prairie View Development as applicant) and the motion carried.

Kvamme felt it was prudent to wait on approving a housing project for Prairie View Development until the council reviews the recently completed RTC master plan. He wanted to see if the plan calls for specific development in the land being considered for the project said it is possible the report may contain suggestions or restrictions for the types of structures in the historic area. Kvamme offered a motion to bring the proposed variance and preliminary plat on the Campus Addition to the August 11 Committee of the Whole meeting to allow the council time to view the RTC master plan and suggested uses for this area. The motion was seconded by Hicks who agreed the council should review the master plan prior to making any commitments. He asked if the proposed development had multiple entrances and exits to the property which was confirmed in the proposed plat. Developer Donavan Rogness was asked to comment how a two week delay would affect their project. They want to get foundation footings in the ground this construction season and said if there are stipulations their project must follow that would substantially increase the cost, it would change their development plans. Mayor Schierer said the state preservation office (SHPO) can make suggestions, but not requirements for the property. He felt they would be more concerned with redevelopment in the horseshoe portion of the main complex, not in the bare land this development is proposed in. City staff commented on the timeframe in which the developer's applications must be reviewed. A variance has a 60 day time period to make a decision, while a preliminary plat has 120 days. Rufer did not feel the master plan should bind the city or pass unnecessary costs onto the developer. He was opposed to delaying a development opportunity on the RTC campus which has stood vacant for many years. Rogness was asked if he plans to use historic tax credits for his project and he confirmed they are not. Arneson agreed it was time to move forward on redevelopment of the RTC campus and was in favor of the council making a decision tonight so the city does not delay the developer's timeline. There were questions about the bare land being a part of the campus and staff confirmed Jeff Schlossman expanded the boundaries of the campus, but there are no tax credits available for new construction. This redevelopment would not affect tax credits for future uses in the horseshoe of the main RTC complex. The motion to delay the variance and preliminary plat was called to a vote and failed with Kvamme casting the only vote in favor of the delay.

Campus Addition Variance

Arneson offered **Resolution #160-2021** approving a variance to reduce the rear yard setback in the R-2 zone by 2 feet for property located in Campus Addition (Lots 2 through 5 in Block 1; Lots 1 through 4 in Block 2; and Lots 1 through 8 in Block 3 and adjoining halves of rights of way) of the proposed re-plat of Campus View Estates Addition as requested by Campus Development Group LLP, (Prairie View Development as applicant), which was seconded by Thompson and was adopted with Kvamme voting in opposition.

Campus Addition Preliminary Plat

Arneson offered **Resolution #161-2021** approving a preliminary plat for a nineteen lot subdivision “Campus View Estates”, a re-plat of Campus Addition as requested by Campus Development Group, LLP, (Prairie View Development as applicant), which was seconded by Fish and was adopted with Kvamme voting in opposition.

Ordinance 16, Eighth Series

Ordinance 16 authorizes the Port Authority to issue bonds in a maximum amount of \$3,000,000 for the downtown riverfront project. The city intends to use \$400,000 from proceeds from the liquor store and possibly American Rescue Plan Act funds to lessen the size of the bond issuance. The city has also requested an additional \$1,000,000 from the state for Phase 2 of this project, which would reduce the amount of proposed bonding. Four bonding scenarios and the proposed debt service schedules were reviewed. The ordinance was adopted by a roll call vote.

Variance 107 E Oriole Drive

A variance has been requested to construct and place a 20 x 16 shed in the side yard with a zero percent setback to the neighboring property line at 107 E Oriole Drive, in an R-2 zone. Ellen Sauer-Draeger said their lot is pie shaped with no rear property line. They need a variance to place a shed in the side yard as accessory buildings are not allowed in a front or side yard. They cannot place the shed in the rear 1/3 of the backyard as they have a pool in this area. They checked with the neighboring property who is amenable to the shed’s placement as long as it doesn’t interfere with the site line of their garage. Kvamme offered an amendment to the proposed resolution to approve the variance. He offered **Resolution #162-2021** approving a variance for the installation of an 8’ x 10’ shed with a 5 foot setback in the side yard, which was seconded by Hicks. Kvamme felt the requested shed size was too large for the area and wanted more separation to the neighboring property. He said the agreement may exist between current property owners, but could cause problems in the future. City staff said the setback in a R-2 zone is 3 feet. This item was reviewed by the Planning Commission, but came to the council without a recommendation as there was a tie vote. The property owners are requesting a larger shed to meet their needs and there is no additional space to move the shed over, so they are requesting a zero foot setback. The resolution to approve a variance to allowing 8’ x 10’ shed with a 5 foot setback was called to a vote and failed with only Kvamme voting in favor of the resolution. Fish offered **Resolution #163-2021** approving a variance for a 20 x 16 detached accessory building in the side yard with a zero foot setback along the west property line at 107 E Oriole Drive, which was seconded by Hagberg and was adopted 7-1 with Kvamme voting in opposition.

Purchase Agreement Extension with River’s Edge Investments

The purchase agreement extension with River’s Edge Investments will be expiring on September 1. Donovan Rogness said when they bid the project earlier this year, the bids were much higher than expected due to the soaring costs of building and construction supplies. The ultimate goal of the development group is to proceed with the project to redevelop the formerly owned city parking lot for a multi-use structure. They plan to bid the project again, find alternate financing sources or find additional ways to reduce the cost. Hagberg offered **Resolution #164-2021** extending the purchase agreement with River’s Edge Investments LLC for the city owned parking lot near the former Shopko with a closing date on or before May 1, 2022, which was seconded by Thompson and was adopted.

Bigwood Event Center Management Services

Earlier this year Ruhr Development informed the city they were not going to renew the contract to manage the Bigwood Event Center. Due to COVID-19 concerns, the event center was shut down most of 2020 and 2021. The demand for event space is strong again and a number of weddings and other large events have been booked for 2022. The city has been looking at other options to run the facility and have been meeting with LHR Hospitality Management on a new management model. LHR would oversee the operations of the event center for three years while they train a Sales Manager and Operations Manager. These two positions would be city employees. Starting up this facility will require LHR's expertise in rebranding the facility, developing and expanding revenue streams, and creating the concept of a catering facility rather than providing full food and beverage services on site. LRH would hire and employ the staff needed for set-up/tear-down and bartending. The city would pay LRH \$60,000 per year for their contract and the fee is structured so that in years 2 and 3, some would be paid as a performance bonus if deliverables are met, but the fee would not exceed \$60,000.

A five year performa was reviewed showing the projected revenues and expenses. The first three years are expected to operate at a loss with the goal of cash flowing as clientele is built up. The projections are not guarantees and staff wanted to be transparent the facility may not make money the first few years. The city is proposing using American Rescue Plan Act (ARPA) funds or the General Fund rather than using levy funds. The impact of COVID on the hospitality industry justifies the use of the ARPA funds. If the council approves the management services contract, the city would begin the process of hiring the two city employees needed for these positions and it is possible the facility could be up and running later in 2021. Hicks questioned the cost of adding two additional city employees and asked why the city would hire event center employees, but the airport management is hired as consultants. Mayor Schierer said it may not be a perfect scenario, but he believed this is the correct path to be on if the city wants the Bigwood to grow into being a self-sufficient operation. Gustafson offered **Resolution #165-2021** authorizing the Mayor and City Administrator to enter into a three year contract with LHR Hospitality Management for the management of the Bigwood Event Center that was seconded by Rufer was adopted.

Airport Management/FBO Contract with Sky Crew Services

Sky Crew Services signed the Airport Manager/FBO contract as presented to the council last week with no further revisions. Hicks offered **Resolution #166-2021** approving an Airport Management/FBO contract with Sky Crew Services, which was seconded by Rufer and was adopted with Thompson voting in opposition.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$882,247.21, which was seconded by Hagberg and was adopted.

After a number of announcements, the meeting adjourned at 6:41 pm.

Lynne Olson