

Committee of the Whole Meeting
February 2, 2022

The Fergus Falls City Council met as a Committee of the Whole on Wednesday February 2, 2022 at 7:00 am in the City Council Chambers. Mayor Schierer called the meeting to order and the following council members were in attendance: Arneson, Gustafson, Hicks, Fish, Hagberg, Kvamme, Rufer and Thompson.

Pebble Lake Golf Course Rates

Kevin Swenson reported on the recent activity at the Pebble Lake Golf Course noting the number of rounds played, youth participating in golf programming and number of visitors are on the rise. The Golf Board is seeking an increase in rates to help offset the rising costs of fuel, equipment, chemicals and maintenance. Members will receive a complimentary range pass to offset the increase. Swenson was thanked for the improvements and management of the golf course. A motion and second were made by Rufer and Arneson recommending the council approve the 2022 Pebble Lake Golf Course rates and the motion carried.

Airport Manager Update

Airport Manager Sander Habrakken provided an update on the activities of the airport since taking over management last year. They have spent considerable time making repairs, painting and general cleanup. The city is providing updates to the fuel system and LED runway lighting and the managers are identifying other equipment in need of repair or upgrades. They have added two aircraft for rent, hired a flight instructor and plan to add rental cars soon. Other plans include remodeling the lobby area and purchasing a flight simulator. The managers will begin a nationwide campaign of promoting the airport after the fuel system is complete. Rufer and Arneson complimented the management on the changes their efforts to make the airport more attractive.

Franchise Fees

In 2019, the City Council started conversations about the need to invest more funding into our street improvement budget and franchise fees were introduced as a funding mechanism. Staff have been working with Otter Tail Power Company, Great Plains Natural Gas and Lake Region Electric Cooperative to update franchise agreements and impose a franchise fee for the use of the public right of ways to deliver their services. The city has franchise fees with Otter Tail Telcom and Charter that are dedicated for PEG Access. The franchise fees would be collected by the gas and electric utilities and forwarded to the city on a monthly basis. If a 5% franchise fee were imposed, Otter Tail Power estimated their average customer would pay an additional \$50 per year, but the amount would vary depending upon consumption. Customers will be assessed the 5% franchise fee on each utility they use. Ron Spangler from Otter Tail Power confirmed the 5% fee would be charged on all services provided other than the tax. The money collected from the franchise fees would be used for street lighting and street improvement projects. Staff are also recommending the franchise fees be implemented in place of special assessments on street reconstruction projects moving forward. New construction projects would continue to charge special assessments. Fish cited his personal utility bills and felt the estimates were too low. He was opposed to the franchise fees because the increased monthly cost would be too high for those on a fixed income and he felt it was unfair to stop special assessments going forward when people have been paying assessments. City Administrator Andrew Bremseth pointed out only property owners are paying for street improvement currently and franchise fees would be assessed to everyone paying utility bills including renters, non-profits and governmental

units so it is more equitable for those using the streets to help pay for them. The 5% franchise fee would generate an estimated \$984,000 per year. The city would use \$216,000 for the Phase III street lighting while the remaining \$768,000 would be used to fund street improvement projects. This would be in addition to the \$412,000 the city budgets annually for seal coating and mill/overlay projects. Finance Director Bill Sonmor reviewed the city's current method of funding street projects, which includes special assessments, the city paying a share of the tax levy and Municipal State Aid funds. The city has moved to using an appraisal process for reconstruction projects to justify the additional value to a homeowner. The valuations can still be challenged in court and have been lengthy and expensive to contest.

40% of cities in Minnesota have franchise fees and the council was asked to decide if this is the right funding mechanism to use in our city. If it is not, the cities other option is to increase the annual tax levy to provide this level of funding. Mayor Schierer agreed this would be an equitable way to pay for the needed improvements and estimated there would be a 20% increase in taxes to achieve this level of funding. Hicks stated the city needs to focus on fixing our roads and without implementing franchise fees, there will be no affordable way to accomplish this. He also felt franchise fees were a more equitable way for more users of the roadways to participate in the funding of the improvements.

Kvamme asked about the street lighting and it was clarified the Phase I and II street lighting are part of the city's annual budget. Phase III would be an additional \$216,000 per year and a funding source has not yet been identified for this expense. He also inquired about the elimination of special assessments and the burden these assessment places on the affected homeowners. Rufer said his personal estimates for utility consumption are close to the estimates provided by the utility company and expressed his support for a small monthly franchise fee over a large assessment cost. The timeline for moving forward on franchise fees was reviewed. A total of six ordinances will need to be drafted and adopted to update the franchise agreements with each of the three utility companies and to implement the franchise fees for each. A motion and second were made by Hicks and Gustafson to recommend the council direct the City Attorney to draft ordinances updating the franchise agreements with Otter Tail Power, Great Plains and Lake Region Electric Cooperative and ordinances implementing franchise fees for street lighting and street maintenance projects and the motion carried with Fish voting in opposition.

Community Arena Chiller

The Port Authority owns the community arena and the city has been using the school's chiller to make ice at the facility. The existing chiller at Roosevelt does not have the capacity to provide both the necessary cooling of the school buildings and generating ice at the community arena during the summer months. The school plans to purchase and install a new chiller to provide the cooling capacity they need for their building and their plans do not include a connection to the community arena. The school has offered to sell the existing chiller to the city for \$575,000 and feels it has the capacity to generate ice for the regular season as well as extended seasons. The city has \$1.1 million within the Community Arena Fund to fund the purchase. The school is providing for the maintenance/reconditioning of compressors and related equipment to ensure the system is in good working order upon the sale. The system is expected to have a remaining useful life of 25-30 years or more with proper maintenance. The future operation and maintenance of the chiller system would be the sole responsibility of the city and it is anticipated the operating costs of the area will increase due to the staffing needs to operated and maintain systems and programs. These additional costs will be allocated to the user groups according to the existing user agreements. If extended seasons are

provided, the users requesting the additional time would bore the entire cost. Hicks wanted assurance the system has been inspected thoroughly prior to taking possession. Kvamme feels like the city has been backed into a corner to purchase the chiller, but understands it is necessary to purchase this equipment if the arena is to be operational. He asked staff to provide documentation that \$575,000 is a reasonable price for the equipment. Rufer agreed this would be an expensive purchase, but felt the positive economic impact youth sports and year round ice brings to the community is another factor to consider. Gustafson felt this was the best viable option the city has and the city has the funds available to make this purchase. Arneson agreed and felt the purchase should be finalized so the plans for summer ice and programming can begin. A motion and second were made by Fish and Gustafson to recommend the council approve the Letter of Intent and to draft a purchase agreement for the Roosevelt chiller system from the Fergus Falls Public Schools and the motion carried.

RTC Phase III Preservation Project

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 and second were made by Fish and Kvamme to recommend 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, and the motion carried.

Pebble Hills Estates Second Addition

The property owners for the Second Addition to Pebble Hills Estate have signed a 100% petition for new water main to serve the new subdivision. The petition meets the requirements of Minnesota Statute 429 and City Code. If acceptable, the Engineering Department will prepare the Preliminary Engineering Report to determine the estimated project cost and method of special assessment for consideration at a future preliminary project hearing. The final plat will be recorded if accepted. Rufer stated he will be abstaining from voting on this issue as a petitioner is a family member. A motion and second were made by Fish and Hicks to recommend the council accept the Second Addition to Pebble Hills Estates 100% petition, initiate Public Improvement 8231 and to order the Preliminary Engineering Report and the motion carried.

Zoning Update

City Planner Karin Flom reported the Planning Commission considered draft language to update the city's zoning ordinance of hotels, motels and apartment hotels. They recommended a number of changes including the deletion of the definitions for apartment hotel and motel; defining the difference between a hotel and extended stay hotels as the presence of cooking facilities are in extended stays, but not hotels; and defining hotel and extended stay hotels focusing on the commercial nature of the establishment as a business and not residential dwelling. The Planning Commission will be hold a special meeting on February 10 to receive public comment on the proposed changes. Hicks suggested the definition of hotel should allow for microwaves and a maximum number of days for a stay be defined for an extended stay. Kvamme asked how these changes would affect those interested in purchasing the Motel 7. Flom said the revisions will help clarify some of the questions that have been posed by potential buyers. After the February 10 hearing, the Planning Commission will submit their recommendations to the council for consideration on February 22.

Bike Master Plan Update

Flom reminded the council the public comment period for the Bicycle and Pedestrian Master Plan has concluded and the council will be asked to approve the plan at their meeting on February 7.

NP Park Grant Application

The city has been working in partnership with the Noon Kiwanis for an updated and ADA compliant playground at NP Park. The club requested the city submit a \$100,000 grant application to the Otto Bremer Trust for this project. A motion and second were made by Arneson and Thompson to recommend the council approve the submission of a grant application to the Otto Bremer Trust on behalf of the NP Park Project and the motion carried.

New Business: PI 5958 Sidewalk Design

City Engineer Brian Yavarow shared the project schematics for PI 5958, the Campus View Estates development. Council members requested a sidewalk be placed along Park Street extending from Fir Avenue to the MN Vets Home and have also asked for a sidewalk system within the development. The city is ready to advertise for bids and must know if the city feels it is prudent to include the extra sidewalks in the bid plans. The additional cost is approximately \$70,000. The grade of the driveways without sidewalks could be problematic with ice and longer wheelbase vehicles and would require retaining walls to be installed. The placement of sidewalks within the development could also impact parking as homeowners cannot park over the walk. Mayor Schierer felt sidewalks are an important part of a community and felt the city should move forward on the plans to include them in the plans. The council was in consensus they would like to bring the topic to the February 7 council meeting for more discussion and a final decision so the bid documents can be completed.

The meeting adjourned at 8:17 am

Lynne Olson