

City Council Minutes
February 7, 2022

The Fergus Falls City Council held a regular meeting on Monday February 7, 2022 at 5:30 pm in the City Council Chambers. Pastor Duane Smith of Abundant Life Assembly Church gave the invocation and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:33 pm. Council members in attendance were Gustafson, Hicks, Fish, Hagberg, Kvamme, Rufer, Thompson and Arneson.

Approval of Agenda

A motion and second were made by Arneson and Hagberg approving tonight's agenda with the removal of the RTC Phase III item from the consent agenda and the motion carried.

Tree Removal and Tree Trimming Bid

Thompson offered **Resolution #25-2022** awarding the 2022-2023 tree removal and tree trimming services contract to Carr's Tree Service, which was seconded by Hicks and was adopted.

Proclamation: The Big Read Community Reading Program

Mayor Schierer read a proclamation declaring March and April 2022 as The Big Read Community Reading Program for the City of Fergus Falls. Library Director Gail Hedstrom spoke about the planned collaborations with other community organizations and businesses for the Big Read program.

Proclamation: Giving Hearts Day

Mayor Schierer read a proclamation declaring February 10, 2022 as Giving Hearts Day. A video outlining each of the charitable organizations was shared.

Consent Agenda

The following items were approved under **Resolution #26-2022** by Rufer: Motion approving the January 18, 2022 City Council minutes and the February 2, 2022 Committee of the Whole minutes. Motion approving the following licenses: Mechanical Heating Plus, Moe's Plumbing, Jerry's Plumbing; Sign Hanger JH Signs and Designs; Minnesota Lawful Gambling Permit Minnesota Deer Hunter's Association, Fergus Falls for a raffle on March 26, 2022 at the VFW Post 612. **Resolution #27-2022** approving the 2022 Pebble Lake Golf Course rates. **Resolution #28-2022** approving the 2022 Community Arena rates. **Resolution #29-2022** allowing the City of Fergus Falls to submit a grant application to the Otto Bremer Trust on behalf of the NP Park Project, *Project Play: NP Park Fergus Falls*, in partnership with the Noon Kiwanis group. **Resolution #30-2022** declaring a 3D printer from the Public Library as surplus equipment and authorizing the transfer of this property to another library within the Viking Library System. Motion appointing Pete Wasberg to the Library Board. **Resolution #31-2022** approving a preliminary and final plat to create a two lot subdivision "Heartland Trust Company" as requested by Interstate Engineering on behalf of 417 W Stanton LLC/Heartland Trust Company. **Resolution #32-2022** approving budget adjustments. **Resolution #33-2022** approving ARPA Funds-Revenue Replacement. The resolution was seconded by Fish and was adopted.

Bicycle and Pedestrian Master Plan

The Bicycle and Pedestrian Master Plan has been an ongoing planning effort since 2020 developed through community input and it provides recommendations for bicycle and pedestrian infrastructure

and improvements. Hagberg offered **Resolution #34-2022** adopting the Bicycle and Pedestrian Master Plan, which was seconded by Arneson and was adopted.

Ordinance 22

Ordinance 22, Animals was adopted by a roll call vote.

Franchise Fees

The biggest concern the city hears is the condition of the streets. Staff have been exploring additional funding sources for street improvements and recommended implementing franchise fees. Franchise fees are an option used by 40% of the cities within the state to fund street projects. A 5% fee would be added to the monthly bill of the customers using three utility companies who deliver their services in the city's right of way. The fee would be transferred to a dedicated fund at the city to fund street improvement projects. City Administrator Andrew Bremseth felt the discussion deserves merit, but the community feedback is indicating this is not the right time to implement an additional fee. He recommended the council consider a motion to table this conversation at this time. A motion and second were made by Fish and Rufer to table the discussion of franchise fees until the Tax Levy Committee feels the city should study the issue in more depth. Hicks felt franchise fees were a fair way to distribute the cost of street repairs, but the perception the city is adding taxes is not a conversation to have within the community at this time. Mayor Schierer agrees this is a good solution to providing additional funds to improve the streets, but recent upturns in utility rates have people concerned with more increases. Rufer agreed franchise fees are a good option for additional street funding to will spread the cost out over more users and he encouraged people to educate themselves on the fees beyond social media. The city will continue to have road condition concerns because of the fluctuating temperature changes we experience and instead of complaining about the condition of the streets, he was open to hearing other ideas about how to raise nearly another \$1 million in funds each year, without extensive budget cuts. Kvamme agreed the city needs to find a funding source to make the necessary street improvements and said it would take approximately \$150 more per household in property taxes to fund the same amount of funding the franchise fees would generate. He understood the need to explore this funding mechanism further especially as it affects larger businesses. Arneson felt more time needs to be dedicated to informing the public about franchise fees if the conversation moves forward at a later date. The motion was called to a vote and was adopted.

PI 8231, Pebble Hills Estates

The property owners of the plat signed a 100% petition requesting the city install a new watermain to serve the subdivision. The petition meets the requirements under Minnesota Statutes and the City Code. Fish offered **Resolution #35-2022** accepting the Second Addition to the Pebble Hills Estates 100% petition, initiate Public Improvement 8231 and ordering the preliminary engineering report, which was seconded by Hicks and was adopted with Rufer abstaining.

Wage and Compensation Study

Human Resources Director Mike Hartwell requested authorization to enter into a contract with Arthur J. Gallagher to complete a wage and compensation study for city employees. The study would review all job descriptions and ratings, determine the city's market competitiveness and recommend salary structure adjustments. The last time the city did a study like this was 2001. Last year Otter Tail County conducted an in-depth compensation study that revealed the key areas and challenges within their staffing. This data is viewed as a benchmark and they are the city's primary competition for staffing. Inflation and the overall market is demanding higher wages and some city wage

classifications may be behind market pricing. The cost of the \$23,000 study would be allocated from five areas of the city's budget and a budget adjustment would need to be made in the 2022 budget. This study will valid the data as requested by the city's bargaining groups. Gustafson offered **Resolution #36-2022** authorizing entering into a contract with Arthur Gallagher for \$23,000 to complete a wage and compensation study and to allow 2022 budget adjustments to pay for the study, which was seconded by Rufer and was adopted.

Transfer of Real Estate at 522 E Hampden Avenue

The property at 522 E Hampden is dilapidated and has been described as a public safety hazard. The property has been offered to the city as a donation who would demolish the structure, clean up the property and attempt to sell the land to place it back on the tax rolls. Hicks offered **Resolution #37-2022** authorizing the transfer of the real estate located at 522 E Hampden Avenue to the city and approving the quit claim deed, which was seconded by Thompson and was adopted.

Community Arena Chiller

The city and school district share a chiller the school uses to cool their buildings and the city uses to make ice. The system does not have the capacity to adequately meet both needs and the school plans to purchase their own new system. They have submitted a letter of intent to sell the current chiller to the city for \$575,000 plus the cost to separate the system. The city and school each would be asked to pay approximately \$82,500 to disconnect the two systems. This would allow the city to make year round ice. The city would fund the cost of the chiller and disconnection with the funds they have in the Community Arena Fund. Fish offered **Resolution #38-2022** approving a letter of intent and authorizing the drafting of a purchase agreement for the Roosevelt chiller system from the Fergus Falls Public Schools, which was seconded by Gustafson and was adopted.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$4,341,750.99, which was seconded by Hagberg and was adopted.

PI 5958, Campus View Estates

The city is preparing to bid on PI 5958, the Campus View Development and City Engineer Brian Yavarow sought the council's direction on the sidewalk design. The proposed project design calls for a sidewalk along Park Street as well as another sidewalk inside the development. A previous suggestion had been made to add a sidewalk to both sides of the street, but it would add approximately \$70,000 to the overall cost. Kvamme and Mayor Schierer spoke in favor of the additional sidewalk placement. A motion and second were made by Hicks and Arneson to direct staff to proceed with the existing sidewalk plan and the motion carried with Gustafson and Kvamme voting in opposition.

Aquatics Center

The city hired USAquatics to complete an Aquatic Amenity Feasibility Study in 2017 to determine if an aquatics facility is achievable and what would the proposed revenue and expenditures be for the facility. Based on their estimate, the city went to the State Legislature for authorization to put the project on the ballot as a local option sales tax on the November 2022 General Election. The project cost was \$6.4 million plus the bond interest, and the legislature authorized the city to collect up to \$7.8 million if the local voters approve the project. In October of 2021, the city hired Bolton and Menk to review the work conducted by USAquatics and ensure the numbers were accurate. Bolton and Menk determined the project costs were significantly low, the revenues were overstated and the expenditures

appear low. They estimate the proposed project in its current scope would be \$12.6 million. They submitted a proposal to revise the scope and reduce costs while still meeting the city's aquatic center goals and suggested three options for the city to consider:

Option 1: Design that fits within the original \$7.8 million budget

Option 2: Design mid-sized option with a budget between \$9-\$11 million

Option 3: Original option prepared by USAquatics

Bolton and Menk's proposal of \$37,135 would provide the necessary information and renderings to better define the project. A \$7.8 million would be underwhelming in comparison to earlier project designs and the council was asked consider if this would be sufficient. If it is not, it may be necessary to seek additional funding authorization from the state legislature. The city will need to make a quick decision on how to proceed since the legislative session has begun and there is a deadline to introduce new legislative topics. The city has contacted the Chair of the House Tax Committee who affirmed other cities are finding themselves in similar situations with increased material costs, inflation and covid. The council was asked how they would like to proceed.

Arneson expressed his frustration with the large increase and factors that are beyond their control. As a member of the Aquatics Committee their original plans called for a fundraising component of the project. They have not yet become those efforts and he agreed having updated project numbers would be necessary before seeking private fundraising. The committee would not be in a position to fundraise the gap between the original and proposed project costs. Rufer sees community support for the aquatics center from young families and asked if this issue could be tabled until more community input is heard. Bremseth said the council does not have to make a decision they are not comfortable with, but the clock is ticking on the legislative session. If the city does not get approval for additional funding, they must stick to the \$7.8 m project, raise the funds for the current price estimate in another way or wait until the November 2024 election. If the city proceeds with moving forward with Bolton and Menk, the cost would be included in the sales tax calculation. If the project does not move forward, there is no identified source of funding for their design work.

Hicks felt the city should be realistic and said this was too big of an issue for the council to make a decision on with so little time to make it. He felt the voters should be aware of the situation and be allotted time to provide feedback. He talked about the splash pad that will be in the downtown riverfront Phase II project and he asked about the status of the Delagoon project. He questioned why more attention is being provided to the aquatics project than the Delagoon one. Bremseth said staff is not endorsing the city spend \$12.6 million on this project, but informing the council that if they want to proceed with any type of pool facility, additional engineering work will need to be done. The Delagoon project is simpler as it involves repairs and upgrades to an existing city asset. The firm that did the Delagoon Campground study is no longer in business, and staff is working on updating and validating the work scope and cost estimates. Mayor Schierer asked if the city could ask the legislature to authorize the higher proposal cost and later bring that figure down if the project costs would be lower. Bremseth said it is possible, but the city needs to be prepared to justify the higher cost and explain the features the aquatics center would have. A motion and second were made by Kvamme and Fish to seek legislative approval for a \$12.6 million project with the ability to back the request down after more information has been ascertained.

Kvamme asked if the city's request for \$7.8 million would be eliminated if we change our request for a higher level. It would not, but without the additional engineering work, the city won't be able to provide accurate information on the project so the public can make an informed decision. Arneson said the Aquatics Committee felt they were getting a good project for \$7.8 million and they still want a successful project, although they feel \$12.6 million is a huge request of the community. He was concerned with getting voter approval for such a large project and how that could also affect other sales tax questions in the future. Aquatics Committee member Bridget Leonard commented on the challenges this project has faced including covid, inflation, skyrocketing construction costs and another consultant review. These factors have changed the project over the past few years and the committee is worried they cannot ask the community to vote favorably for this project without fully understanding the scope and price of the project. She encouraged the council to have the additional engineering work done for a project in the \$9-11 million range.

Finance Director Bill Sonmor said the increase in legislative approval includes the calculation of the bond interest payments, which would increase the project over the \$12.6 million estimate. Additionally, a contingency amount would need to be determined for the unknowns in the building process. Mayor Schierer was in favor of seeking the increased legislative authorization and working with the Aquatics Committee and consultant to hone in on the project scope to ensure this is the right project for the community. Gustafson also spoke as a member of the Aquatics Committee and said the community was preparing to begin their fundraising efforts at this time two years ago. She felt time is of the essence for the council to determine the scope so the committee has ample time to inform the community about the project and start seeking private funds.

Arneson did not feel Option 3 is not realistic. He preferred Option 2 as it has the flexibility for the city to go the legislature to seek the additional funding authorization and to scale the project down in cost if needed. The Aquatics Committee would then be able to develop a plan to fundraise the difference between the \$7.8 million project and the new project costs. He felt the \$12.6 million project is too expensive to ask the community to support. Hicks asked the Finance Director to provide calculations on the bond interest and bring them to next week's meeting for further discussion. Sonmor said he would look at both proposed sales tax questions and calculate the costs of the issuance, interest and how long it would potentially take to pay-off the projects through the sales tax. The council was asked to vote on the motion to seek legislative approval to move the city's request from \$7.8 million to \$12.6 million and the motion carried with Hicks voting in opposition. A motion and second were made by Arneson and Gustafson to direct Bolton and Menk to prepare options for the design of a project with a budget of \$9-11 million and the motion carried with Hicks voting in opposition.

Announcements

Len Taylor provided an update on the recent vandalism at the city's warming houses and said the repairs are being made so they can reopen. The city received no applications this year for warming house attendants so there was no one on site to prevent the damage. Fire Chief Ryan Muchow thanked the "Hydrant Heroes" who have been removing snow around their fire hydrant and asked the community to continue helping with other hydrants to save the department time during an emergency situation.

The meeting adjourned at 7:06 pm.

Lynne Olson