

Committee of the Whole Meeting
February 16, 2022

The Fergus Falls City Council met as a Committee of the Whole on Wednesday February 16, 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: Gustafson, Hicks, Fish, Kvamme, Rufer, Thompson and Arneson. Hagberg was absent.

Fire Relief Association Service Benefits

The Fergus Falls Fire Department Relief Association Board of Trustees has approved an increase in service benefits for retiring paid on call firefighters from \$5,500 per year of active service to \$5,850 per year of active service effective March 1, 2022. Each year the Relief Association Board of Trustees reevaluates the service pension amount and they have confirmed the \$350 increase is possible due to a strong investment performance it falls within the range established by state statutes. A motion and second were made by Fish and Kvamme to recommend the council approve the increase in service benefits for retiring paid on call firefighters and the motion carried.

Fire Department Donation

Lake Region Electric Cooperative recently donated \$500 to the Fergus Falls Fire Department from their Operation Roundup project. The donated funds will be used for technical equipment purchases for the department. The funds will be receipted to the General Fund donations revenue and the equipment expenditure budget will be increased accordingly. A motion and second were made by Rufer and Hicks to recommend the \$500 donation to the Fergus Falls Fire Department from Lake Region Electric Cooperative be accepted for equipment purchases and the motion carried.

Lakes Region Arts Council Grant

The city is seeking authorization to submit a \$15,000 grant to Lake Region Arts Council to highlight the historic significance of the river. Local artists will be asked to provide an interpretation of the importance of the river and these art pieces will be displayed at various community celebrations during the city's 150th year anniversary. The grant funds would pay for the production of the art, curating and rotating the images and promotion of the exhibits and there would be no matching fund requirement for the city. A motion and second were made by Gustafson and Hicks to recommend the council authorize the submission of a River Art project grant with Lake Region Arts Council and the motion carried.

Market Study on City Property

The city has received two offers on the parcel of city owned land behind the west liquor store and both offers have been significantly the estimated market value. The council has indicated they are unwilling to sell the land below the market value and no revised offers have been provided. The city has obtained a second opinion for the land's value. Inventure Real Estate estimated the market value at \$111,532.48 and cited the following factors for their decision: the smaller scale of the lot makes it more challenging for large major retailers to use. The lot is located behind a current business on the more traveled access road reducing visibility and accessibility. The close proximity to already established national retailers helps increase the value of the lot and the lack of comparable properties in Fergus Falls makes exact pricing challenging, but it also increases the value due to the scarcity. Community Development Director Klara Beck presented the council with five options to consider:

1. Council moves not to accept offers below market value, clarifying their stance for future transactions. The council then decides to submit counter offers that reflect the market value of the lot to Riverbend Trail and Pure Aesthetics, the two entities with letters of intent on file for the property and the council waits to receive revised offers.
2. Council moves to accept offers below market value and chooses a use for the lot based on the letters of intent already received. The council would direct the city attorney and staff to negotiate a purchase agreement for the project deemed to be the best fit for the property.
3. Council decides to publically list the property for sale at a price they deem acceptable and waits for offers.
4. Council undertakes an RFP process for the lot in order to ensure the highest and best use for the land.
5. Council takes no action.

Mayor Schierer indicated his preference for option #3 so the public is aware of offers. Hicks agreed and felt an RFP process would cost time and money and may not yield any fruitful offers. He was in favor of the land being used and begin generating property taxes versus the city paying to maintain the lot. Arneson also agreed and asked how city owned land is marketed for sale. He questioned if there are other parcels the city should also be selling. Beck said there is another property the city has received interest in that could also be listed. Gustafson agreed the city should be more actively marketing their land for sale. Kvamme asked if the Port Authority properties should be included in marketing efforts. Beck said the Port Authority properties are on a list of available land that Greater Fergus Falls manages and the city properties could be added. She was open to listing the properties and posting for sale signs on the lots available for sale. A motion and second were made by Hicks and Arneson to recommend the council publicly list the city owned lot behind the liquor store for sale for a price of \$112,000 and the motion carried.

PI 5958, Campus View Development Project

The council was asked to set a final cost assessment hearing for PI 5958, the Campus View Development project. The hearing would take place on Monday March 21, 2022 at 5:30 pm in the City Council Chambers. This infrastructure project is proposed to be funded with General Obligation Tax Increment Bonds. The city is also levying special assessments to the benefitting properties to provide security for the bond payments. The collection of Tax increment Funds will reduce the special assessments to be levied. A motion and second were made by Fish and Thompson to recommend the council set the final cost assessment hearing date for March 21, 2022 at 5:30 pm in the City Council Chambers and the motion carried.

FAA Airport Rescue Grant

The City of Fergus Falls has been offered \$32,000 in Airport funding through the Airport Rescue Grant. The city can use the funds for costs related to operations, personnel, cleaning, and sanitization, janitorial services, combatting the spread of pathogens at the airport and debt service payments. The eligible costs must not have been covered and/or reimbursed with other state or federal funding sources. A motion and second were made by Rufer and Thompson to recommend the council accept the Airport Rescue Grant Program offer in the amount of \$32,000 and the motion carried.

Redistricting

Redistricting is the process of redrawing the boundaries of election districts to ensure the people of each district are equally represented. This process is done every ten years after the census has been

completed. The city must redistrict to ensure our wards and precincts are equally represented and for voting purposes. City staff have been working with Otter Tail County on these boundaries that will coincide with the county commissioner districts. A map of the proposed boundaries was shared. Some of the boundaries would be adjusted to accommodate annexations that have taken place since 2012. Council members affected by the changing boundary lines would be able to finish out their terms in the wards they serve. If they chose to run again, they would need to file in their new ward. The council briefly discussed the new district lines released by the state yesterday. A motion and second were made by Fish and Hicks to recommend the council direct the City Attorney to draft changes to the City Code pertaining to city wards and boundaries and to recommend the council adopt a resolution reestablishing the 2022 polling places and the motion carried.

Aquatics Center Proposal

The city has already received authorization from the state legislature to ask voters to consider a \$7.8 million aquatics center on the November General Election ballot. The city asked Bolton and Menk to review the proposal and ensure the project scope and cost are still accurate. Bolton and Menk has determined the costs have risen significantly and they provided three options for the city to consider at a cost of \$37,135. At the February 7 council meeting, the council made a motion to ask Bolton and Menk to design a project in the \$9 million to \$11 million range, which would revise their estimate. They also made a motion to raise the legislative request for \$12.6 million. The revised proposal is not to exceed \$27,050 with an option to add on renderings for an additional \$4,000. If the city intends to move forward with an aquatics center on the November ballot, they will need to provide renderings to the public. The tasks Bolton and Menk would perform under the contract include preparing an option for a \$9 million-\$11 million project, concept site plan with aquatic features and bath house to fit within the budget, and conceptual cost estimates for the year 2023 and appropriate contingencies. They would share this presentation to the Aquatics Committee and with Ballard King to provide projected operations and revenues. A final report and presentation would be made to the committee and City Council. If the project moves forward, these costs would be added to the total project budget collected by sales tax. If it does not move forward, no funding source has been identified yet to pay for this work. City Administrator Andrew Bremseth reported the feedback they are receiving recommends increasing the city's legislative request, but not exceeding \$10,000. The city plans to revise their request to the state legislature from \$7.8 million to \$9.9 million. Bolton and Menk's plans would need to fit this scope or the Aquatics Committee would be expected to raise the additional funds. Staff are seeking a recommendation from the council on how to proceed. Hicks asked if the \$9.9 million project includes the cost of the bond issuance and interest and asked how much the city has invested in this project to date. City Finance Director Bill Sonmor said the aquatics facility started with \$20,000 of unused funds from past efforts to build a community pool. To date the city has spent \$65,845. If we spend the additional \$41,050 for the Bolton and Menk work, it would bring the city's expenditures to approximately \$97,000. If the city proceeds with sales tax proposals for both the aquatics center and DeLagoon Park improvements, they would need to collect sales tax revenues of \$20,500,000 over the next fifteen years to cover the project costs, bond issuance fees and interest rates. A motion and second were made by Kvamme and Gustafson to recommend the council proceed with the proposal from Bolton and Menk in the amount of \$27,050 (revised proposal and renderings) and the motion carried with Hicks voting in opposition.

New Business-Airport Runway, Taxiway and Apron Crack Fill/Joint Repairs

The project plans and specifications are substantially completed for Public Improvement 9349, the airport runway, taxiway and apron crack fill/joint repairs project. The projected cost is \$270,000 and

the city more publicly advertise for bids. 90% of the project costs are eligible for reimbursement by the federal government, 5% by MnDOT and 5% local funds. A motion and second were made by Rufer and Fish to recommend the council order the plans and specifications for PI 9349, accept the plans and specifications and authorize the advertising of bids for the project and the motion carried.

The meeting adjourned at 7:41 am

Lynne Olson