

City Council Minutes  
September 19, 2022

The Fergus Falls City Council held a regular meeting on Monday September 19, 2022, at 5:30 pm in the City Council Chambers. Pastor Rich Iverson of Bethel Church gave the invocation, and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:33 pm and the following council members were in attendance: Arneson, Gustafson, Fish, Hagberg, Kvamme, Rufer, and Thompson. Hicks was absent.

**Approval of Agenda**

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

**Bid Award PI 9767, Phase II Downtown Riverfront Project**

In April of 2022 the initial base bid for PI 9767, the Phase II Downtown Riverfront project came in at \$4,990,733.53 which the council determined was too high. They instructed staff to revisit the scope of the project, bids, possible funding sources and fundraising opportunities. Staff recommended reducing the size of the splash pad, eliminating a portion of the trail, and revising the site layout. The project was rebid with a base project and seven alternates. The base bid includes a splash pad, pergola shade structure, restroom, sidewalks, plaza, and a partial parking lot replacement. Alternate 1 is the river feature and landscaping. Alternate 2 is a trail extension along the river to the southern point of the splash pad. Alternate 3 is the reconstruction of the entire parking lot. Alternates 4-7 are the art foundations, tables, irrigation system and string lights. Staff considered other funding sources including additional fundraising and added flexibility to the project schedule to obtain more favorable bids. The project was rebid, and the low bidder was Comstock Construction with a bid of \$3,591,292.24, the bid includes all project components except Alternate 2, the trail extension, which staff does not recommend since a bridge is no longer a part of the project. The total project cost would be \$5,292,189.92 and includes the cost of construction, design, engineering, and soft costs. Upon reviewing the bids, a typo was discovered bringing the cost of the shredded hardwood mulch from \$990 per cubic yard to \$104.50 per cubic yard, a decrease of \$106,260. Accepting this change would require a change order for the project.

The funding plan for the \$5,292,190 project was reviewed:

- \$2,000,000 fundraising
- \$713,000 in ARPA funds
- \$500,000 General Fund projected local sales tax balance
- \$100,000 parking lot budget
- \$160,000 in municipal state aid for streets
- \$125,000 from the mall abatement fund balance
- \$95,500 sewer fund
- \$38,000 water fund
- \$157,000 stormwater fund
- \$1,403,690 in General Obligation Port Authority bonds

Finance Director Bill Sonmor explained the project would also require a \$140,000 property tax levy, which equates to a 1.83% levy increase. Residents owning a \$250,000 home would see an increase of

\$27 annually and a \$1,000,000 commercial valued business would see an annual increase of \$225. The property tax supported portion of the bonds is nearly equal to the bonds issued for Phase I. Since a portion of the fundraising will come in over time, the bond issue will be increased for donations received from 2024-2027 which will be used to pay debt service on the bonds. The bond issue for Phase II is estimated to be \$2,125,000 and will be considered at a future meeting.

Mayor Schierer reported the Veden Trust has committed \$1 million in funds for the project. Half of the proceeds will be disbursed this fall and the remainder in the spring. He introduced Tasha Rohlf and Peggy Underwood who have stepped up to lead the efforts in raising the additional \$1 million. They spoke about the benefits the project will provide and thanked the community for their support of the Phase II project. The project would begin construction in the spring of 2023 with the goal of having an operational splash pad by Memorial Day of 2024. Gustafson asked that hookups for food trucks in this area be considered in the plan. Arneson expressed his appreciation for those who have worked hard on bringing this project to fruition. Kvamme asked the council to be consulted in the details of the water system as there are options that may be able to converse resources. Rufer offered **Resolution #181-2022** awarding the bid for PI 9767, the Phase II Downtown Riverfront project to Comstock Construction in the amount of \$3,591,292.24 for the base bid, Alternates 1, 3, 4, 5, 6 and 7 and processing a change order concurrently with the contract to correct the unit price for the shredded hardwood mulch, which was seconded by Fish and was adopted.

Hagberg offered **Resolution #182-2022** approving the total project budget for PI 9767 in the amount of \$5,292,190 (includes design services, construction administration and contingency) which was seconded by Gustafson and was adopted.

### **Consent Agenda**

The following items were approved under **Resolution #183-2022** by Gustafson: Motion approving the minutes from the September 6, 2022, City Council meeting. Motion approving the following licenses: Mechanical Apex Heating and Air LLC, Muska Plumbing; Demo/Hauler of Building Waste BC Disposal; Wine and 3.2% Malt Liquor with Strong Beer Authorization (2022) The Fabled Farmer; Sign Hanger Mortenson Outdoor Sign. **Resolution #184-2022** declaring items from the Police Department, Public Works and Bigwood Event Center as surplus equipment and authorizing their disposal or trade-in value. Motion appointing Mike Thorson and Jeney Christensen to the Bicycle and Pedestrian Advisory Committee. The resolution was seconded by Fish and was adopted.

### **PI 9508, Phase III, Regional Treatment Center Preservation**

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. 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. Stantec originally proposed removing and stacking all 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 angle iron braces to fully hold the doors open instead. SHPO wants the city to provide passive ventilation by installing louvers throughout the structure. To provide ventilation and prevent mold in the building without a working HVAC system, Stantec would provide an active ventilation in Building 1 (the tower) by closing off the remainder of the buildings. Stantec believes providing passive ventilation throughout the entire campus would likely require more funding than the city has available. Mold abatement would be added as an alternate bid item. 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. The state grant deadline requires all work must be complete and the fund reimbursement complete by June 30, 2023. Staff along with Stantec will review the bids and make a recommendation on the best and most economical use of the funds and ensure all work would be eligible for state grant reimbursement prior to proceeding. The state grant deadline states the funds must be expended by June 30, 2023. Kvamme offered **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, which was seconded by Arneson and was adopted.

### **2023 Preliminary Budget**

Staff presented the preliminary budget and levy on September 6. Since the levy can be lowered, but not raised between the preliminary and final budget, the Tax Levy Committee will continue to make efforts to lower the levy by the final budget presentation on December 5. Kvamme suggested further investigation into the utility rates as these prices continue to rise. The Finance Department will be reviewing utility rates prior to the final budget in December. Fish offered **Resolution #186-2022** approving the 2023 preliminary budget in the amount of \$51,314,518, which was seconded by Thompson and was adopted.

### **2023 Preliminary Levy**

Gustafson offered **Resolution #187-2022** approving the 2023 preliminary levy in the amount of \$7,650,000, which was seconded by Arneson and was adopted.

### **2023 Budget and Levy Public Meeting**

Fish offered **Resolution #188-2022** setting the 2023 budget and levy public meetings for December 5, 2022, at 6:00 pm or later in the City Council Chambers, which was seconded by Kvamme and was adopted.

### **American Legion Scoreboard**

Chad Felstul explained the Youth Baseball Association is seeking the replacement of the scoreboard at the American Legion baseball field in DeLagoon Park for the 2023 season. The current scoreboard was hit by lightning and would be upgraded with an inning-by-inning system. The cost of the scoreboard project is \$70,000. The scoreboard itself is approximately \$53,000 and \$17,000 is budgeted for the steel, installation, and electrical work. They requested the \$6,500 from the insurance

settlement the city received be allocated towards the new scoreboard. They are also asking the school district for a contribution and the baseball association would fundraise the remainder of the cost. Fish offered **Resolution #189-2022** approving the purchase of a replacement scoreboard at the American Legion field, which was seconded by Thompson and was adopted.

### **Development Agreement with Sky Crew Services**

In August the council authorized staff to draft a Development Agreement with Sky Crew for the airport lobby remodeling project. After listening to council concerns, language was added in Article 3.2 that Sky Crew Services will be responsible to cover all costs over and above what is defined in the contract. They must also provide material and labor invoices prior to reimbursement, not to exceed \$24,000 and all work is required to follow all applicable building codes. The city's share of the agreement is \$57,700, which is the \$24,000 reimbursement plus \$33,700 towards the construction cost. The city plans to use the Airport Maintenance and Operations budget as well as the Airport Fund 456 to fund the project. Kvamme said he would be voting in opposition as it appears Sky Crew Services is still tinkering with their contract and no substantive details have been provided since the August meeting. City Engineering Brian Yavarow explained the added reimbursement statements. Arneson felt the project is overdue and if staff is fine with the expenditure of funds for the project, then he would offer his support. Thompson felt there are too many other projects at the airport that need the city's immediate attention and while it is a worthy project, the lobby remodeling project should be put on hold until the other projects have been completed and another funding source has been secured. Staff spoke about possible solutions and funding sources for the projects at the airport. Rufer offered **Resolution #190-2022** approving a Development Agreement between the City and Sky Crew Services and the motion carried with Arneson, Gustafson, Fish, Hagberg and Rufer voting in favor and Kvamme and Thompson voting in opposition.

### **Resolution of Accounts**

Fish offered a resolution authorizing the payments and claims in the amount of \$961,313.05, which was seconded by Hagberg and was adopted.

The meeting adjourned to a closed meeting at 6:26 pm to consider a real estate offer pursuant to MN Statute Sec 13d.05.

*Lynne Olson*

September 19, 2022, Open Forum

Stephen Svendsen, 205 N Sheridan Street #401 spoke about the service providers in the community and the need for predictable actions the community can depend on.

David Bjork, 17786 Silver Ridge Road representing the Matthew House expressed gratitude for their partnership with the city and spoke about their organization's efforts to clean up Broken Down Dam.