

City Council Minutes  
December 19, 2022

The Fergus Falls City Council held a regular meeting on December 19, 2022 at 5:30 pm in the City Council Chambers. Pastor Rich Iverson gave the invocation and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:32 pm and the following council members were in attendance: Rufer, Arneson, Thompson, Gustafson, Hicks, Fish, Hagberg and Kvamme.

**Approval of Agenda**

A motion and second were offered by Gustafson and Arneson approving tonight's agenda with the removal of two items from the consent agenda and the motion carried.

**Bid Award Pebble Lake Golf Course HVAC System**

The HVAC system at the Pebble Lake Golf clubhouse is aging and inadequate to cool the building and restaurant areas. Quotes were obtained to replace the four furnace A/C units and the addition of one additional unit to serve the kitchen area. The cost of the project is \$50,980 and the low quote received for the materials, labor and electrical work was from Mission Mechanical. The project would be funded by the Park Department/Golf Course budget. Thompson offered [Resolution #236-2022](#) awarding the HVAC equipment replacement project to Mission Mechanical, which was seconded by Hagberg and was adopted.

**Consent Agenda**

The following items were approved under [Resolution #237-2022](#) by Rufer: Motion approving the minutes from the December 5, 2022 City Council meeting. [Resolution #238-2022](#) approving the 2023 Transportation Agreement with Productive Alternatives. The resolution was seconded by Fish and was adopted.

**Licenses**

After seeking clarification on a tobacco license, Hicks offered a motion approving the following 2023 licenses: Tobacco Elevate, Walgreens, Little Chief; Paving Taves Construction; Mechanical Plumbers Inc., CoolSys Light Commercial Solutions; Excavator Ripley's Inc.; Minnesota Lawful Gambling Permit Fergus Falls Youth Baseball for raffle on May 2, 2023 at DeLagoon Park; Full Liquor License Socials; Wine and 3.2% On Sale Malt Liquor with Strong Beer Authorization I-94 Speedway; 3.2% Off Sale Malt Liquor Little Chief. The motion was seconded by Gustafson and was adopted.

**PI 5314 Union and Lincoln Avenue Project**

Hicks asked for a timeline on the two reconstruction projects affecting the downtown area next year, the Phase II Riverfront project and PI 5314, the Union and Lincoln Avenue street improvement project. City Engineer Brian Yavarow explained they are working with the construction companies on a phased traffic control plan to retain as much access to businesses as possible during the work. It is currently unknown how long the replacement of the pedestrian ramps downtown will take and said the temporary provisions may be inconvenient, but will not close down the entire corridor. Hicks offered [Resolution #239-2022](#) authorizing the advertising of bids for PI 5314, the Union Avenue: Friberg to Lincoln and Lincoln: Union to Friberg resurfacing project, which was seconded by Thompson and was adopted.

### **Ordinance 35**

Rufer introduced Ordinance 35, Eighth Series, THC Product Sales, and it was declared to have its first reading.

### **Welcoming Communities Grant**

The University of Minnesota Extension has initiated a community readiness assessment and guided program to address diversity, equity, and inclusion in rural communities. The eight-month program requires participation from schools, healthcare, law enforcement, business, local government, non-profits, and religious organizations to help welcome and embrace people for their differences as communities compete for workforce and residents. The program is offering up to \$10,000 in grant funds through Otter Tail Lakes County Association. Additional expenses of up to \$2,500 can be requested by the grant recipients as a match from each participating community. The matching funds are available in the Community Development Professional Services budget. Staff asked the council for authorization to make an application. Kvamme explained he would be voting in opposition on committing the city to another plan or study and it's potential to become expensive if additional mandates were added to the grant. Hicks concurred for concern it will lead to additional commitments. Beck explained the grant is being administered by the U of M Extension Service who does not have the authorize to impose additional mandates. Rufer pointed out the council has the ability to not accept the grant if it is offered and advocated the grant application be submitted. Arneson offered **Resolution #240-2022** authorizing staff to apply for a \$10,000 grant from Otter Tail Lakes Country Association for a Welcoming Communities Assessment and Plan from the University of Minnesota Extension for Community Vitality, which was seconded by Gustafson and was adopted with Hicks and Kvamme voting in opposition.

### **Active Transportation Infrastructure Program**

In October members of the Bicycle and Pedestrian Advisory Committee (BPAC) asked the council to authorize staff to submit a Letter of Intent for an Active Transportation Infrastructure Program which was determined to meet the program's eligibility requirements. The final application is due on December 30, 2022 and requires the Council's support of the project and an assurance the funding required to be supplied by the applicant is available and committed. Staff have been working with representatives of the Fergus Falls School District to identify potential projects and four projects were proposed. The cost estimates were developed internally by staff and if successful, construction would take place in 2023 or 2024. When the projects were initially addressed in October, the council was advised there would be no matching fund requirements. The final application requires nearly \$68,000 in local funding for the proposed four projects to cover the ineligible program expenses of engineering, design and right of way acquisition costs. The city's share of local dollars has not yet been identified. Kvamme offered **Resolution #241-2022** offering a resolution of support for the Minnesota State Active Transportation Infrastructure Program and authorizing the submission of the final application which was seconded by Rufer. Kvamme felt the four projects are good and should move forward and asked why the original ten projects were not included. Yavarow explained there is a \$500,000 cap on the state funding application and the projects had to be narrowed down by the school, city and BPAC to meet the available funding.

Finance Director Bill Sonmor said when the projects were proposed the city was promised there was no local funding required. He asked the council how to fund the local match as this was not a planned expense and was not included in the budget or Capital Improvement Projects. Options proposed were funds from the liquor store, an inter-fund loan that could be paid over the next couple of budget cycles

or the trails fund. Sonmor said the city is already using \$400,000 for Phase II of the Downtown Riverfront project and the trails fund does not have sufficient funding for these projects on top of the planned projects. City Administrator Andrew Bremseth expressed the city's frustration that this application was presented with the promise of no impact on the city's finances and pointed out the application process has required extensive staff time, resources and funds that have not been designated. He suggested the council reduce the scope of work and thus city's share of the funding. Thompson asked if the city could turn the grant down if it is successfully awarded and inquired if the school can be asked to contribute to the local match as they will be the main beneficiary of the projects. Yavarow confirmed the city would have the opportunity to turn down the grant if awarded and more staff time would need to be devoted to the design work on these projects. There was discussions about the implications of turning down the grant if it was awarded and the repercussions on future grant opportunities. Hicks suggested the council amend the resolution and only move forward on options 1 and 3 at this time in an effort to reduce the city's local matching funds. Kvamme saw the rationale in reducing the project scope and city share but felt the city may be missing an opportunity to have four projects completed at 10% of the overall cost. He asked the council to vote on the original resolution with no amendment. Arneson agreed getting 90% of an unplanned project paid from other funds was worth the city finding the required local matching funds of \$67,800 in the budget. Fish suggested the city continue looking at other budgets to find the money or to generate an interfund loan to cover these expenses. The resolution was called to a vote and was adopted with Hicks voting in opposition.

#### **Tax Increment Financing for FM Bank**

FM Bank requested the city retain the services of Baker Tilly to consider a Tax Increment Financing (TIF) application for a relocation project. The TIF analysis would have to prove the project would not happen but for the use of TIF funding. Hicks felt the bank would have the necessary capital to self-fund their proposed project and stated his reluctance to approve the project without additional details on the project. The bank has requested no further information be provided at this time and Hicks felt it was an unfair request for the council to make a decision that would affect the taxpayers without more information. He was also concerned Baker Tilly would financially gain from this analysis and would not be able to prove TIF is not warranted. It was clarified the bank, not the city would pay for the analysis. Arneson felt it was unlikely the bank would not have access to other funding sources, but since there is no cost to the city to request the TIF analysis it would show the council's desire for the business to succeed. Kvamme said most TIF funding requests that have come before the council benefit the city in housing or job prospects, which is yet to be determined with this project. He was in favor of being business friendly and approving the request with the hope the project will benefit the city. Thompson felt the city should approve this request and learn more about the project as they can say no later if they don't feel the project will benefit the city. Rufer felt there was merit for the city to authorize the consulting services of Baker Tilly if there is no cost to the city as the project may have benefits to the city that haven't been made public yet. A motion and second were made by Hicks and Arneson to table this decision until the second council meeting in January. Rufer felt the best solution would be having the applicant provide more information for the council to make an informed decision. Kvamme did not want the city to face criticism if they created a delay for a business and suggested the council act tonight. Arneson asked if the decision can be delayed until the new council is seated and Greater Fergus Falls Executive Director NeTia Baumann said the bank is considering applying for a DEED Development Grant and that application deadline is February 1. Arneson then said if delaying the decision is detrimental to a business moving forward on a project

then the council should move forward. The motion was amended by Hicks and Arneson to table this decision to January 11, 2023 Committee of the Whole meeting and the motion carried.

### **Resolution of Accounts**

Hicks inquired about the housing tax abatement program payments included in tonight's bills and the Finance Director addressed the questions. Fish offered a resolution authorizing the payments and claims in the amount of \$1,042,135.65, which was seconded by Hicks and was adopted.

### **Board and Commission Members**

After announcing there are still openings on the Bicycle and Pedestrian Advisory Committee and Human Rights Commission, a motion and second were made by Hagberg and Rufer approving the appointments and reappointments of volunteers to the city's boards and commissions. A motion and second were made by Kvamme and Fish to recognize the outgoing members with a note of thanks and the motion carried.

The Public Works Director explained the snow emergency declaration would be ending at midnight and explained the even/odd street parking policy that is employed during large snow events.

The meeting adjourned at 6:21 pm.

*Lynne Olson*