

Committee of the Whole
February 15, 2023

The Fergus Falls City Council held a Committee of the Whole meeting on February 15, 2023 at 7:00 am in the City Council Chambers. Mayor Schierer called the meeting to order and the following council members were in attendance: Rachels, Hicks, Fish, Job, Kvamme, Kremeier and Thompson. Rufer was absent.

TIF for FM Bank Discussion

Tom Denaway of Baker Tilly explained they have conducted an initial analysis for a Redevelopment TIF District for FM Bank to redevelop the former ShopKo site. The building is considered structurally sub-standard because it has been determined the cost to bring the building into compliance with today's code exceeds 15% of the cost to build new. FM Bank requested TIF funding to cover the estimated \$286,000 cost to demolish the ShopKo building. Denaway asked the city to consider three factors: the but/for, the length of the TIF district and the boundaries of the district. The but/for analysis shows the proposed redevelopment would not happen but/for the use of TIF funding. The TIF funding would be used to remove the physical barriers on the site and redevelop it versus building on a new green site. The analysis showed the post development market value, assuming a 2% market inflation cost for the demolition costs of \$286,000 or a 7-year time duration, whatever is less. Denaway suggested the former ShopKo building and adjacent city parcels/parking lots be included in the TIF district boundaries for flexibility in future redevelopment projects within the next 5 years. The additional city land would not impact the TIF budget, and this portion of the area would continue to be tax exempt. If the city chooses to move forward and approve the use of TIF for the project, they need to adopt a resolution setting a public hearing for the project, which was suggested for April 17, 2023, at 5:30 pm. Once the public hearing is held and the TIF district is created, the developer could then begin pulling the required building permits. The council was asked for their comfort level of using TIF funds for this project, as well as the size and length of the district.

Hicks and Kremeier asked how the building could be declared structurally sub-standard when it is currently occupied by another entity. Kvamme pointed out the statute language determines the definition of blight. Finance Director Bill Sonmor explained a study was conducted with a prior group looking to redevelop this site to meet the statutory requirements to determine what constitutes a blighted property and the cost to bring a building into compliance with the current building code language. The current occupant has made some renovations to the building and Job suggested the study be updated to ensure nothing has been done since the last study to change the findings. Hicks preferred a 3 ½ year length of the district and Denaway said the initial plans were a 3 ½ year term with 50% of the funding covered by a DEED grant and the other 50% coming from TIF. It has been determined the DEED funding is not available if TIF can cover the cost, thus making the length of the district 7 years. The council did not oppose including the ShopKo building and the city-owned parking lots in the TIF district.

Kremeier asked Scott DeBrito, representing FM Bank why they need the city's financial assistance and referred to the Federal Financial Institutions Examinations Council report showing FM Bank's net worth exceeded \$22 million last year and they have under \$5.4 million in estimated income. Rachels clarified this is the total for the three FM Banks. DeBrito said they run a business with the premise of staying profitable and remarked the former group looking at the site had a large net worth as well. Kremeier did not want the burden of the TIF district to be put on the taxpayers has heard

downtown residents prefer the space be converted to a market. He asked if the bank would be the sole occupant of the space and why they chose this location rather than making improvements to their current building. DeBrito said the bank considered remodeling their current site, building new on their current site or building new on a different site. They prefer this location as their building plans would complement the existing stone and brick work and they would provide an anchor to the east of the downtown area. They've had multiple inquiries into purchasing their current building and the bank would continue paying their taxes on that building until it is sold. The bank along with a coffee shop/small restaurant and two professional service industries would be included in the new building. After clarification on the values captured in TIF financing, a motion and second were made by Fish and Rachels to recommend the council set a public hearing for the proposed TIF district for April 17, 2023, at 5:30 pm and the motion carried with Kremerier voting in opposition.

Lake Alice Water Quality Study

Dan Larson and Mark Hanson of Water Quality 3D presented information on their emerging technology they believe can improve the water quality in Lake Alice. The In-Situ product is a flow through device that increases the amount of oxygen in the water allowing the water quality to improve. Last year they approached the city to partner in a pilot project with the funding to be generated in the state legislature's bonding bill which was not passed. They are trying to secure \$75,000 for this project in Fergus Falls in a 2023 bonding bill request. The funding includes the single device, training, maintenance funds, electricity, a dock and infrastructure. The city would need to provide 220 amps of electricity and staff time 2-3 hours of staff time per week to maintain the equipment. Sonmor asked if the city had any matching fund requirements or financial obligations other than staff time and was told there are no additional requirements for the city for the two-year pilot project. If the city wants to proceed with the project, they must obtain a permit from the DNR for the equipment to be installed once the ice is off the lake. Questions about the filtration system, the oxygenation of the lake, vegetation and the predicted success of the project were addressed. A motion and second were made by Kvamme and Hicks to recommend the council consider their involvement in the pilot project and consent to submitting the aeration permit for open water to the Minnesota DNR and the motion carried.

Visit Fergus Falls

Rolando Felizola is the new director of Visit Fergus Falls. He moved to Fergus Falls from Miami due to the lifestyle afforded in West Central Minnesota. In his role at Visit Fergus Falls he has been promoting Fergus Falls as a hub for adventures in the region. He launched a rebranding campaign for the organization with the theme "Powering On Your Adventure". He shared a video highlighting the food and drink, recreation, shopping, arts and accommodations Fergus Falls has to offer. The video has been approved by the Visit Fergus Falls board and will be used to promote Fergus Falls through varied streaming services. Rolando also presented the City Council with a set of commemorative tiles commissioned for the city's 150th anniversary last year. Kremerier left the meeting at 8:07 am.

City Project 9148, DeLagoon Park

In November of 2022 the voters of Fergus Falls approved improvements to DeLagoon Park to be funded through a half-cent local sales tax. Staff secured a professional services proposal from Bolton & Menk for the project and the scope of the project includes the following improvements to the campground:

- Two main general use campsite loops- 36 sites with electrical and water service; up to 8 sites with full services including 2 campground host sites; all sites designated to accommodate full-size campers and RV's
- 5 group/cluster campsites with electrical and water service
- Tent campsite loop- 8 sites, 6 with electrical service and central water, 2 sites will canvas style 3 season tents
- Sanitation building with toilet facilities and showers that can also be used as a storm shelter
- Onsite dump station
- New entrance location, realigned paved roads, check-in registration station
- The existing Central Lakes Trail trailhead will be relocated to better serve trails uses and reduce potential use conflicts with campground users

Other improvements include:

- Sewer and water utility extensions to the campgrounds and/or restrooms/concessions buildings
- Restroom/concession buildings. New construction at soccer fields and renovation of the existing building at the softball complex
- Baseball field lighting. Remove and replace lighting systems at two fields
- Softball complex lighting. Remove and replace lighting systems at four fields

Terracon provided a quote for geotechnical soil exploration work that will consist of 21 soil borings. The cost estimates were completed in summer of 2022 and determined all improvements amount to \$8.7 million. The voters approved a \$5.2 million project so the project will be prioritized and bid as alternates. City Engineer Brian Yavarow was asked how the prioritization would occur. He said the top priority is the extension of utilities followed by the campground dump station and storm shelter. RV hookups would be done prior to tent sites. Rachels asked to be a part of the prioritization process. Mayor Schierer remarked the public voted to see improvements at the park but need to understand the vast extent of underground work required with the project and associated cost. A motion and second were made by Hicks and Fish to recommend the council accept Bolton & Menk's professional services for topographic collection, design and bidding assistance in the amount of \$264,100 and accept Terracon's professional services for geotechnical work in the amount of \$19,250 and the motion carried.

City Project 5960, 2023 Street & Utility Improvement Project No. 1

The Preliminary Engineering Report is complete for City Project 5960. The project area is Laurel Street: First Avenue to Broadway; Linden Street: Broadway to Oak Street and Summit Avenue: Broadway to Oak Street. A portion of the project is proposed to be specially assessed per the city's policy and Minnesota Statute 429 requirements. The special assessments will consist of a portion of the street that abuts the benefitting property. Patchin Messner Valuation Counselors have determined the special benefit from this improvement to all subject properties within the project limits are reasonable in comparison to the city's preliminary assessment roles. The preliminary cost estimate is \$2,289,000 and tentative funding sources include PIR Bonds (street special assessment, active); PIR Bonds (street city share-tax levy); city sanitary sewer fund; city water fund; and city storm sewer fund. The city's share of the project cost is projected to be \$1,918,000 while the other \$371,000 would be assessed. A motion and second were made by Hicks and Rachels to recommend the council accept the Preliminary Engineering Feasibility Report for CP 5960 and set the preliminary project hearing date for March 6, 2023, at 5:30 pm and the motion carried.

The meeting adjourned at 8:17 am
Lynne Olson