

City Council Minutes  
April 15, 2024

The Fergus Falls City Council held a regular meeting on April 15, 2024, at 5:30 pm in the City Council Chambers. Pastor David Strom gave the invocation, and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order, and the following council members were in attendance: Kremer, Thompson, Rachels, Hicks, Fish, Job and Kvamme. Rufer was absent.

**Approval of the Agenda**

A motion and second were made by Hicks and Rachels to approve the agenda and the motion carried.

**Preliminary Cost Hearing (PI 5373)**

The city received a petition to pave Shoreview Drive from Pebble Lake Road to the cul-de-sac. The estimated project cost is \$286,985 and notices were sent to affected property owners who could pay for their portion for the project through a special assessment over 15 years with an interest rate not to exceed 6.5%. Staff reviewed the estimated costs, the financing plan, and the active and deferred assessments. The public hearing opened at 5:36 pm. One resident called the city expressing their support for the project. Dale Hegland, 1729 Shoreview Drive and Bruce Money 1822 Shoreview Drive spoke in support of the project. The public hearing closed at 5:41pm. Fish offered **Resolution #71-2024** ordering plans and specifications for PI 5373, the Shoreview Drive improvements, which was seconded by Thompson and was adopted.

**Public Hearing for TIF Redevelopment District**

The city has been working on the potential acquisition and redevelopment of the property located at 801 W Stanton Avenue. Rivers Edge LLC, an affiliate of D. W. Jones Inc. has submitted a Letter of Intent to acquire the property after the city purchases the property, had the buildings demolished and the site cleaned up. They are willing to pay \$300,000 for a clean site and plan to construct a 60-unit market rate housing project to accommodate the city's need for workforce housing. The developer requested the city consider the establishment of a redevelopment Tax Increment Financing (TIF) District to provide gap financing and be the required local funding match for the Minnesota Work Force Housing Development program they plan to apply for. The housing project is estimated at \$11.5 million and would not be possible but for the use of TIF. The total estimated gross tax increment over 26 years is \$3.1 million. The Developers Agreement would state the number of years or dollar amount, whichever comes first.

Skip Duchesneau of Rivers Edge reviewed housing projects they have completed in other communities, and their experience in working with various housing finance programs. The new housing units will not only fill an identified community need but will improve a blighted property along the Ottertail River. They plan to apply for a grant from the Minnesota Work Force Housing Development program and they would use TIF for the matching funds program requires. If either the grant or TIF is not awarded, the project will not proceed. Other housing projects have been successful because those communities have either supported them by providing TIF or tax abatement. A public hearing was opened at 5:53 pm regarding the creation of a Tax Increment Financing redevelopment district at 801 W Stanton Avenue.

- Duane Cookman clarified the property is not actually along the riverfront but rather has a riverfront view.

- Laurie Mullen felt the city was spending more than they would receive in benefit. She referenced the city's strategic plan and does not feel the city has an appetite for TIF housing projects and should reconsider these transactions.
- Jeff Ackerson, President of Vector Windows disagreed stating businesses do have an appetite for workforce housing and without additional housing in Fergus Falls they cannot attract workers. Tax Increment Financing is a standard practice to build this type of housing and the tax revenue would be collected over time. He encouraged the city to think about long-term investments into the community and explained we will not grow if we don't plan for the future. He urged support for the development, cleaning up blighted property and investing in the future of Fergus Falls.
- Mikel Olson of the Fergus Falls HRA thanked developers for their decision to invest in Fergus Falls and spoke about the extensive work they have done to secure the state grant funds. He spoke highly of the developer's experience and history in workforce housing and supported the use of TIF to make the project feasible.
- Lisa Workman said the Chamber of Commerce members report finding employees is their biggest struggle. This project would be an opportunity for new employees and their families to move to the community and without this project, there are not enough homes to accommodate the workers our businesses need.
- Debbie Smith asked if this property was opened for bids by others and does the state funding have any strings attached?

City Administrator Andrew Bremseth explained the city does not own the site and there is nothing preventing another developer from submitting a Letter of Intent. The city is working in good faith with the property owner and securing resources to facilitate this project. Duchesneau confirmed this state program is straightforward. After being awarded the funding, the developer builds the structure, obtains a certificate of occupancy, the loan is forgiven, and the project is considered complete. The public hearing was suspended until April 24 at 7:00 am when the council will hold a special council meeting to consider the creation of a TIF redevelopment district at 801 W Stanton Avenue.

#### **Public Hearing for Business Subsidy Loan**

The city is proposing a \$500,000 loan to Mark and Brenda Christopherson, the owners of the property at 801 W Stanton. The funds would be provided to reduce debt on the property and cover the costs of demolition and it would be repaid to the city upon closing. Hicks asked about the liens on the property and thought there was a verbal agreement for a 5% interest rate, not 3.09% as listed in the documents. The city attorney said the loan proceeds would pay off the liens and current mortgage while securing the city's first position on the property. The city requested a 5% interest rate on the loan and the seller's attorney countered with 3.09%. The city also has safeguards of a life insurance policy assigned to the city, a personal guarantee and mortgage. A loan of this size requires a public hearing which opened at 6:18 pm.

- Mark Leighton did not take issue with the developer or the land sale but asked how the city plans to pay for this. He felt the city is overspending on what residents can afford.

The hearing closed at 6:20 pm. Hicks offered **Resolution #72-2024** approving a business subsidy loan in the amount of \$500,000 to Mark and Brenda Christopherson for the property located at 801 W Stanton Avenue with a 5% interest rate on the loan, which was seconded by Job and was adopted.

### **Purchase Agreement at 801 W Stanton Avenue**

The city plans to enter into a purchase agreement for \$950,000 with Mark and Brenda Christopherson for the acquisition of a clean site at 801 W Stanton Avenue. The city has secured \$640,250 from DEED's Community Energy Transition Grant program. They have received \$100,275 from the State of Minnesota's Statewide Affordable Housing Aid initiative in 2023 and expect to receive the same amount in 2024. Following the acquisition of the property and subsequent clean up, the city will work towards a workforce housing project on the site. Rachels offered **Resolution #73-2024** authorizing the city to enter into a Purchase Agreement for \$950,000 with Mark and Brenda Christopherson for the acquisition and cleanup of 801 W Stanton Avenue, which was seconded by Thompson and was adopted.

### **Proclamation for Arbor Day**

Mayor Schierer read a proclamation declaring April 26, 2024, as Arbor Day.

### **Proclamation for Small Business Week**

Mayor Schierer read a proclamation declaring April 28-May 4, 2024, as Small Business Week.

### **Fergus Falls Public Library Annual Report**

Gail Hedstrom gave the 2023 Fergus Falls Public Library annual report highlighting the number of registered users, items circulated and volunteer hours. Their staff proudly serves their patrons through diverse programming, special events, and assistance to the community. She announced Children's Librarian Arielle McCune was awarded the Women United's Literacy Champion of the Year.

### **Consent Agenda**

The following items were approved under **Resolution #74-2024** by Thompson: Motion approving the open and closed minutes from the April 1, 2024, City Council meeting and the April 10, 2024, Committee of the Whole meeting. Motion approving the following licenses: Mobile Food Vendor Permit Fish Factor 108 LLC, Lowrider Tacos and Pizza, Stony Brook Donut Company, Big J's Smokehouse; Fireworks Sales WalMart; Mechanical H. A. Thompson & Sons; Paving/Sidewalk Robert Nordick Construction; Wine and Strong Beer Liquor License Kaddatz Galleries. **Resolution #75-2024** approving budget adjustments. **Resolution #76-2024** approving the pay equity report, authorizing signatures, and submitting the report to the Minnesota Management and Budget Office. **Resolution #77-2024** accepting the project plans and specifications and authorizing the advertising of bids for PI 5377, the 2024 mill and overlay projects. **Resolution #78-2024** initiating PI 5376, the DeLagoon Park access road improvements and authorizing the acceptance of the State Park Road Account offer in the amount of \$209,049. The resolution was seconded by Kremeier and was adopted.

Kremeier removed the roundabout grant offer to ask if the funds could be used for another project. Staff replied \$790,000 was awarded by the Local Road Improvement Program specifically to pay for the city's portion of this project. Kvamme offered **Resolution #79-2024** authorizing the acceptance of the Local Road Improvement Project grant offer in the amount of \$790,000 for PI 5362, which was seconded by Fish and was adopted with Kremeier voting in opposition.

### **No Mow May**

Rachels offered **Resolution #80-2024** granting property owners a temporary exemption from City Code 95.04 (C) not allowing for grass height to exceed 6" in height for the month of May, which was seconded by Job and was adopted.

### **Downtown Riverfront Project Fencing**

Three options were presented for fencing at Phase II of the downtown riverfront project near the splash pad and a recommendation was made at the April 10 Committee of the Whole meeting to proceed with the steel fence as there is sufficient funding in the contingency budget to address this safety concern. Kremeier suggested since fencing is not a code requirement the city should commit funds equal to the cost of the split rail fence and ask the fundraising committee to raise the additional \$50,000. Mayor Schierer did not feel safety should be contingent upon fundraising. Fish agreed even if the code does not require fencing, this is a safety concern that needs to be addressed. Hicks suggested safety components in future projects be a part of the base bid and not an alternate. He felt the city needs to be accountable for taxpayer funds and it is prudent to ensure the fundraising committee can meet their obligations. Last week staff reported the fundraising committee had raised all but \$205,000 of their \$2 million goal. Since then an \$125,000 was received bringing them \$80,000 from their goal. They are committed to finding the additional funds and thanked the donors for their generosity. Fish offered **Resolution #81-2024** accepting the proposal for a steel fence for Public Improvement 9767, the Downtown Riverfront Improvement Project, which was seconded by Job and was adopted.

### **Resolution of Accounts**

Fish offered a resolution authorizing the payments and claims in the amount of \$1,653,975.37, which was seconded by Thompson and was adopted.

### **Franchise Fees**

The city has been considering the implementation of franchise fees and projections show they would generate \$1.3 million annually and those funds would be dedicated to street and infrastructure projects. If the council wants to proceed, they need to make a motion directing the city attorney to draft the ordinances. The ordinances would be brought forward to a first and second reading and it would take another 90 days before the 5% franchise fee on gas and electricity is implemented. The city would continue their annual evaluation of utility rates and recommend any necessary adjustments. If the council does not want to proceed, then no action will be required.

Jon Pauna of Moore Engineering explained they were engaged by the city to look at the city's projects, street conditions, infrastructure needs and debt service. From that information they have identified a schedule of additional projects that can be done beyond the city's annual street projects if a franchise fee is implemented. To engage the community, they held an open house on March 21 that was attended by 10 participants and 34 people took the four-question survey. A motion and second were made by Rachels and Thompson directing the city attorney to draft ordinances implementing franchise fees with a first reading on May 6. The meeting was opened for public comment.

- Lisa Workman spoke about the Chamber's survey and said local small businesses are already struggling and these additional fees would be overwhelming. She felt their membership is more concerned with business than road conditions.
- Brenden Janssen was not aware of the survey and felt people will struggle with the additional fee.
- Mark Leighton reviewed a hypothetical budget and the hardship an additional fee would bring. He felt this was the wrong time to take this action.
- Mary Jo Igelstad said this is the first time she heard of the open house and more effort should have been made in publicizing the open house.

The motion was called to a vote and carried 5-2. Voting in favor were Thompson, Rachels, Hicks, Job and Kvamme. Fish and Kremeier were opposed.

### **Charter Commission Follow-Up**

A statement from the Chair of the Charter Commission was read stating they reviewed the assertion that Kremeier resigned his seat when he addressed the council during the open forum on March 4. After discussing the matter, the consensus of the commission was his actions did not meet the requirement of a vacancy as per Charter 2.04.

### **Open Forum Policy Revision**

At the April 10 Committee of the Whole meeting the council made a recommendation to reconsider televising the open forum portion of the meeting. Kremeier advocated televising the public comments, extending the time limit to 5 minutes and the council responds to comments. Hicks agreed holding the open forum within the regular council meeting was better suited for the public. Mayor Schierer suggested the council meeting begin with the invocation and Pledge of Allegiance, followed by the call to order, roll call and the open forum. Job and Fish were in favor of that compromise noting if there is an item that needs to be added to that night's agenda, it could be done with unanimous consent. Kvamme stated his preference is the open forum to be held outside the meeting. Fish offered **Resolution #82-2024** revising the open forum policy so that it is held between the roll call and approval of the agenda and to televise the open forum, which was seconded by Job.

- Kristi Hanson encouraged the council to welcome free speech and felt the verbal attacks would stop if people were invited to speak at council meetings.
- Al Frank appreciated the open forum being televised.
- Bob Noah said the council has trampled on his first amendment rights and the mayor publicly characterized him as dangerous and angry. He asked to bring back town hall meetings.
- Mary Jo Igelstad did not feel the council should limit the number of times a subject can be brought up by the same resident.
- Debbie Smith asked how people were supposed to learn of the franchise fee survey and felt more communication should have been utilized.
- Duane Cookman felt the speakers at the townhall meetings were inspirational when they talked about how businesses help their communities grow and felt the city should find an investor for the dairy property.
- Mark Leighton suggested the mayor and council forego their stipend to fund the TIF allocation to the developer or the splashpad fence. He felt the public should be allowed to speak as often as they needed on a topic.
- Pam Ballard was concerned with the splash pad users taking away parking spaces from the senior center. Mayor Schierer assured her the senior center staff and membership have been included in the plans.
- Mark Hermes felt Kremeier stepping down from his council seat to address the open forum was not necessary for the Charter Commission to address and asked how council members could speak without consequences.

The resolution revising the open forum policy was called to a vote and was adopted 6-1 with Kvamme voting in opposition. The meeting adjourned at 7:42 pm

*Lynne Olson*

5:15 Open Forum-Laurie Mullen spoke about the city's strategic plan and TIF policy.