

City Council Minutes  
May 6, 2024

The Fergus Falls City Council held a regular meeting on Monday May 6, 2024, at 5:30 pm in the City Council Chambers. Pastor Dale Hexum 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: Kremeier, Thompson, Rachels, Hicks, Fish, Job, Kvamme, and Rufer.

A moment of silence was observed to remember city employee Dave Sagerhorn who passed away on May 5 and sympathies were extended to his family.

No one appeared to speak at the open forum.

**Approval of Agenda**

A motion and second were made by Kvamme and Fish to approve tonight's agenda with the removal of two items from the consent agenda and the motion carried.

**Bid Award DeLagoon Construction Services, CP 9148**

Grant Kuper of Bolton & Menk reviewed the bids for City Project 9148, the DeLagoon Park improvements. 4 bids were received for the base project and 14 alternates. \$3,304,875.71 of the project would be for campground improvements including 42 RV sites, 9 tent sites, an RV dump station, the shower and restroom building, paving the campground road and utility services. \$985,459 has been dedicated to improvements to the lighting at the softball complex, Legion Field, and Farmer's Field. \$284,000 has been dedicated to concession building upgrades at the softball complex and soccer field restroom, picnic tables and fire rings. Soft costs of \$608,034.36 bring the total project cost estimate to \$5,512,369.07. The city received the authority to impose a local option sales tax of \$5.2 million leaving a balance of \$312,369.07. The city could fund the additional costs with the remaining local option sales tax funds and utility funds. Calculations based on occupancy rates of the campground suggest the city will see a return on investment for these improvements. Fish offered **Resolution #86-2024** awarding the construction services contract for CP 9148, the DeLagoon Park improvements to Comstock Construction Inc. in the amount of \$3,304,875.71 for base bid with alternates 3B, 4 & 8, which was seconded by Rufer. Kvamme suggested an amendment to remove alternate 8, the installation of all water at a shallower depth to avoid issues with freezing the irrigation system. Fish and Rufer agreed to amend their resolution to remove Alternate 8. Hicks wanted to ensure all safety concerns were addressed early in the project and suggested trees be added to replace some of those lost to make room for the campground configuration. A motion carried approving the amended resolution and the resolution awarding the construction services contract for CP 9148, the DeLagoon Park improvements to Comstock Construction Inc. in the amount of \$3,304,875.71 for Base Bid with Alternate 3B and 4 was voted upon and carried.

**Bid Award DeLagoon Professional Services, CP 9148**

Rufer offered **Resolution #87-2024** accepting Bolton & Menk's professional services proposal for construction administration of CP 9148, the DeLagoon Park improvement in the amount of \$242,300, which was seconded by Hicks and was adopted.

### **Bid Award Legion Field Lighting Retrofit CP 9148**

Fish offered **Resolution #88-2024** awarding the lighting retrofit quote for CP 9148, DeLagoon Park improvements to Otter Electric LLC in the amount of \$163,500 for Legion Field, which was seconded by Rachels and was adopted.

### **Bid Award Farmers Field Lighting Retrofit CP 9148**

Fish offered **Resolution #89-2024** awarding the lighting retrofit quote for CP 9148, the DeLagoon Park improvements to Otter Electric LLC in the amount of \$49,000 for Farmer's Field, which was seconded by Thompson and was adopted.

Staff have begun working on the financing to cash flow the city projects. Mark Leighton said he did not like the campground layout and requested it be redesigned for all drive-through sites and reducing the number of campsites.

### **Consent Agenda**

The following items were approved under **Resolution #90-2024** by Rachels: Motion approving the minutes from the April 15 and 24 council meetings and the May 1 committee of the whole meeting. Motion approving the following licenses: Mobile Food Vendor Permit Cooler Treats, Don Pablo's Mexican Restaurant, JoCo's Little Red Wagon, Los Jarochos Mexican Food, On the Hook Fish & Chips; Mechanical Mission Mechanical, Fergus Home & Hardware; Chicken Permit 414 W Cherry Avenue and 1413 W Alcott Avenue; Excavator Ben Wolden Landscaping; Sidewalk/Paving Ben Wolden Landscaping; Fireworks Display I-94 Speedway fireworks display for July 5 at the racetrack. **Resolution #91-2024** entering into an agreement with the Otter Tail County Humane Society. **Resolution #92-2024** authorizing entering a 2024 contract with the Fergus Falls YMCA for lifeguard services at Pebble Lake Beach. Motion directing staff to review the special event request policy. Motion directing the City Attorney to draft an ordinance on cannabis zoning. **Resolution #93-2024** initiating PI 9775 and accepting the Engineering Reimbursement Agreement between the Otter Tail Valley Railroad and the City of Fergus Falls in the amount of \$46,433. **Resolution #94-2024** initiating PI 9776 and authorizing the City Engineer to request a Design Agreement with MnDOT for the Otter Tail Valley Railroad signal system replacement. **Resolution #95-2024** accepting MnDOT state grant offer (1056711) for an airport tractor. **Resolution #96-2024** setting the final cost hearing for PI 6080, the 2023 sidewalk/driveway improvement projects for May 20 at 5:30 pm in the City Council Chambers. The resolution was seconded by Hicks and was adopted.

### **Greater Fergus Falls Services Agreement**

Kremeier requested this item be removed from the consent agenda. The city gives Greater Fergus Falls an annual allocation of \$50,000 to provide economic development services and they have submitted a proposal to market and sell city owned land for \$4,000 per month stipend plus a 5% commission off any sales made. He questioned why the city would give additional funding when they have not produced results and felt the commission was unnecessary and an unusual request. A motion and second were made by Rachels and Rufer to direct staff to draft a resolution based off the recommendations of the Greater Fergus Falls and City of Fergus Falls working group.

Rachels said Greater Fergus Falls has a new director who along with two of his board members have been meeting with three members of the council as a working group for four months with a focus on improving communication between the organizations and selling unused city and Port Authority properties. Recommendations also include quarterly reports to the Port Authority members and

adding a City Council member to the Greater Fergus Falls board. Kremeier spoke about the lack of new businesses, the director not taking his call and suggested economic development could be done with a private entity funded by businesses and the city could support that organization. Mayor Schierer said that is the structure of Greater Fergus Falls. The city contributes \$50,000 and their board, comprised of business professionals provides the additional funding. He felt if the city wants the properties to be developed, the proposal and commission poses a minimal cost commitment from the city. Rufer disagreed with Kremeier's comments stating the organization is well run with a capable director and board who have invested funds in this organization to promote economic development for Fergus Falls. They have a strong presence within the community and on social media and he resented implications to the contrary. Kvamme said the city holding onto unused and unsold land such as the RTC, dairy and Norgren property is counterproductive, and this is not a real estate contract but an incentive to sell the property and promote growth. If the council intends to move forward with the proposal additional funding would be a part of the 2025 budget. The motion was called to a vote and was adopted with Kremeier voting in opposition.

Mark Leighton said he has been trying to meet with the Greater Fergus Falls Director who isn't returning his calls, said he does not feel they are producing results worth the city continued contributions. Lance Anderson, Director of Greater Fergus Falls stated on multiple occasions he has offered to meet with Kremeier and Leighton and neither has committed to a meeting. He reminded the council the properties sitting vacant are much less valuable than being developed into housing or business propositions and thanked the council for their willingness to consider the proposal.

#### **Donation for Park & Recreation Programs**

Kvamme requested this item be removed from the consent agenda to give recognition of the philanthropic nature of the \$2,500 donation from the Inga M. Johnson Endowment Fund from West Central Initiative to the summer parks and recreation programs and he noted other community improvements the endowment has supported. He offered **Resolution #97-2024** accepting a \$2,500 donation from the Inga M. Johnson Endowment Fund with West Central Initiative, which was seconded by Rufer and was adopted.

#### **Ordinance 47, Eighth Series, Franchise Fee for Otter Tail Power Company**

Ordinance 47, Eighth Series, Franchise Fee for Otter Tail Power Company was introduced by Rachels and declared to have its first reading.

#### **Ordinance 48, Eighth Series, Franchise Fee for Great Plains Natural Gas**

Ordinance 47, Eighth Series, Franchise Fee for Great Plains Natural Gas was introduced by Rufer and declared to have its first reading.

#### **Ordinance 49, Eighth Series, Franchise Fee for Lake Region Electric Cooperative**

Ordinance 47, Eighth Series, Franchise Fee for Lake Region Electric Cooperative was introduced by Hicks and was declared to have its first reading.

Mayor Schierer opened the floor to the public. Patrick Lundberg of Outstate Brewing spoke about their difficulties in running a small business and stated his opposition to additional taxes. He said their business is on the edge and they recently received a letter from the city stating Outstate threatening to get current on their IRP loan from the city. He sought out a council member to set up a payment plan and was denied because of how he behaved at a recent public meeting. Hicks

addressed Mr. Lundberg's comments as a member of Business Development for Fergus Falls saying he was the council member Lundberg asked for a loan deference. As of today, Outstate is \$17,000 in arrears for 2024 and he felt the city has a fiduciary responsibility to the taxpayers to collect the loan payments. Lundberg felt the city demanding the entirety of their unpaid 2024 balance of \$17,000 was extortion. Community Development Manager Klara Beck said the decision to not extend the payment plan was a group decision made by Business Development of Fergus Falls.

Mark Leighton also encouraged the council to not consider franchise fees and demanded a global accounting of tax burdens. Al Frank also spoke in favor of pausing the consideration of franchise fees. Kremeier asked the Greater Fergus Falls director what his plan is to address franchise fees to new businesses. Anderson responded he has been formulating a response, but there is no specific plan. Hicks agreed the timing is not good to implement franchise fees considering the upcoming school referendum and the school's debt on Lincoln School. Mark Leighton made additional comments about the school project.

A motion and second were made by Rufer and Hicks to delay a second reading of the three franchise fee ordinances indefinitely. Rachels said the city already delayed implementing franchise fees three years ago and the roads will not improve without the additional funding that would be generated by franchise fees. Although he personally would be affected by the franchise fee, he still felt it was worth pursuing the fee to improve the condition of the city streets. He stated the roads belong to the people and as elected officials; it was their responsibility to keep the streets in good condition. Thompson said the upcoming school election and possible tax impact pushed him to reconsider implementing franchise fees at this time. Kvamme agreed waiting to implement franchise fees would put the city further behind in maintaining the street conditions. The work will not be simpler or cheaper by waiting and he reminded the council they directed staff to come up with a solution, and they proposed franchise fees. He felt it would always be hard to make this decision and the city is heavily criticized for the condition of the streets. Without the additional funds from franchise fees, the city will continue to fall further behind. Mayor Schierer agreed this is not the right time to consider franchise fees and the motion to delay was called to a vote and carried with Kvamme and Rachels voting in opposition.

### **Resolution of Accounts**

Fish offered a resolution authorizing the payments and claims in the amount of \$4,546,204, which was seconded by Thompson and was adopted.

The meeting adjourned at 6:53 pm

*Lynne Olson*