

City Council Minutes
July 1, 2024

The Fergus Falls City Council held a regular meeting on Monday July 1, 2024, at 5:30 pm in the City Council Chambers. Pastor Kate Bruns gave the invocation, and the Pledge of Allegiance was recited.

Council member Kvamme said he made a poor wording choice at the June 17 meeting that led to disruption and he apologized for his comment.

Mayor Schierer called the meeting to order at 5:32 pm and the following council members were in attendance: Fish, Job, Kvamme, Rufer, Kremeier and Hicks. Rachels was absent.

Open Forum

Jacob Buettner thanked the council for their work to represent the community. He spoke about tying government ethics into the council's decision-making process, how elected officials should act when making decisions on behalf of their constituents, and when they should step back to avoid personal bias and favoritism.

Mark Leighton spoke about the council vacancy process and his opinion the council should have cast five votes for Mike Mortenson to fill the vacant council position citing the council needs more constitutionalists and conservatives. He urged the Charter Commission to recommend any future council vacancies be filled by a public vote.

Approval of the Agenda

A motion and second were made by Fish and Kremeier approving tonight's agenda with the addition of a Pathways to Policing grant award to the Police Department on the consent agenda and the motion carried.

Property Tax Rebates

Two properties have applied for a property tax rebate. The home at 522 E St Charles is a Habitat for Humanity project valued at \$210,000. The home located at 701 Damika Drive was inadvertently missed in the 2021 application process and has a current value of \$601,300. Klara Beck asked the council to consider this home in the rebate process as the 2021 value was lower than the \$400,000 threshold the council recently implemented. The hearing opened at 5:45 pm. As no one appeared, the hearing was closed. Rufer offered **Resolution #125-2024** approving a property tax rebate for 522 E St Charles Avenue, which was seconded by Fish and was adopted. Kvamme offered **Resolution #126-2024** approving a property tax rebate for 701 Damika Drive, which was seconded by Rufer, and was defeated when the resolution failed to get five affirmative votes. Voting in favor were Fish, Kvamme and Rufer. Voting in opposition were Job, Kremeier and Hicks.

Consent Agenda

The following items were approved under **Resolution #127-2024** by Hicks: A motion approving the open and closed meeting minutes from the June 17, 2024, council meeting and work session. A motion approving a Mechanical license for Precise Refrigeration, Heating & A/C. **Resolution #128-2024** approving budget adjustments. **Resolution #129-2024** approving a variance to reduce the required front yard setback at 1022 Cleveland Avenue. **Resolution #130-2024** approving a variance to erect an accessory structure in the front yard of a corner lot at 1224 Greenfield Avenue. **Resolution**

#131-2024 accepting a \$4,280 donation from West Central Initiative for the Fergus Falls Public Library's Neighbors Together project. **Resolution #132-2024** approving an amended contract for a Pathways to Policing grant to allow eligibility for an additional police officer. The resolution was seconded by Job and was adopted.

Letter of Intent for Pebble Lake Golf Course

In November of 2023 the council directed staff to prepare an RFP process for golf course management/operations. On December 4, 2023, the council extended the lease and management agreement with the Pebble Lake Golf Club (PLGC) through the end of 2024 and delayed the RFP process until July 2024. At that meeting, a large group of golf course supporters voiced their opinion that the course should remain locally run, financial and volunteer efforts to make improvements to the course and their adamant wish it remains a public golf course. A subcommittee has been meeting to work on the terms of the extended lease agreement, discuss the future of the course and how to make a transfer in ownership from the city to the golf club. On June 17, 2024, the council held a closed meeting to discuss terms of a letter of intent submitted by the PLGC and when the council reconvened to an open meeting they passed a motion suspending the RFP process.

Some terms from the letter of intent include: the purchase price is \$1.00, and it is to be sold as is and must continue to be operated as a championship golf course and driving range open to the public for at least 50 years. All equipment and property become the property of PLGC. The PLGC will update and replace the irrigation system, purchase additional equipment and remodel the clubhouse to a year-round structure within 5 years at an estimated cost of \$1 million. No development or sale of property can take place as it must remain a public golf course. Complementary uses to a golf course can be provided if the primary purpose of those improvements is related to the golf course. If the covenants of the sale are breached or if the PLGC fails to maintain the course as set forth in the agreement, it reverts to the city. The PLGC cannot encumber property by liens or mortgages that exceed 33% of the tax assessed value at any time. The city will pay the PLGC \$500,000 (\$50,000 a year over a ten-year period) to support youth recreational programming as allowed by MN Statutes 471.15 to 471.19 and the property will become taxable to the PLGC upon the sale.

The council had questions about the 50-year period and the City Attorney explained the letter of intent is meant to be a document showing they want to negotiate in good faith and the time frame would be addressed in the Purchase Agreement and Development Agreements. Kremeier spoke about his preference to see the golf course permanently remain open to the public, the importance of involving youth golfers, the importance of the course to residents and visitors and the monetary gifts and volunteer hours the current management and members have provided over the years. Fish complimented staff on their focus to spark interest in young golfers and their growing youth program.

DuWayne Cookman felt selling a property valued at \$3 million plus the \$1 million of improvements being proposed to sell for \$1.00 "stinks of inside work" and questioned what the residents of the community gain by this transaction. He advocated that other management proposals should have been sent out. Mayor Schierer said as a non-profit organization, the golf board will be investing their profits back into the course and he spoke about the loud public outcry from the membership to keep the course locally owned when the city considered an RFP process last year. He felt the city contributing \$50,000 a year for ten years for youth recreational opportunities is a good investment into the future of the golf course and community. The city is currently budgeting \$44,000 annually for the city's golf course budget. Those funds are used for staffing if repairs are required or to help purchase

equipment. The city also pays for property insurance. Schierer clarified the golf course does not have \$3 million in value as it cannot be sold to a developer and its restriction to public use. Hicks agreed the Pebble Lake Golf Club has a vested interest in maintaining the property as a public course. The membership wants to grow the business, improve the clubhouse, and add amenities such as a golf simulator but they are encumbered by the city owning the property. They have many issues to be addressed and private donors willing to step in and help pay for improvements if it stays a public golf course. He complimented the board's focus on growing the youth program, hard work to turn their operations around and to providing a nice dining destination with Palmer's restaurant.

Cookman said only a small sector of the community benefits from the golf course and felt the council should work for the whole community by pursuing a higher offer. He alleged the city also provided an unfair deal on the property owner and developer at 801 W Stanton property. Kremer did not agree there is a correlation between the transactions between the golf course and the housing development project on Stanton Avenue. Mark Leighton spoke in favor of the golf board taking over the management of the course but wanted stronger language to ensure it remains a public golf course and cannot be sold to a private entity. Cecilie Cookman asked why the city doesn't sell property by awarding a bid. She has heard the golf board is doing a good job, but asked if that warrants giving them a \$4 million asset for \$1.00. She suggested the city sell the property and use those profits to help residents pay the fees the city imposes. She felt the golf members have deep pockets asked if "better attorneys" can challenge the language. The City Attorney opined the agreement must be followed, spoke about the covenants that bind the terms of the agreement when it is recorded and the city's ability to use the court system to enforce the language if necessary.

Rufer felt Ms. Cookman's comments were misleading, and the city is not losing a \$4 million property. This is a specialized niche real estate transaction that few people would be interested in pursuing. When the city considered an RFP process last year, many members of the golf course came to the city council meeting to voice their disapproval. The council saw the passion in the membership to keep the course management local and to remain a public course for generations to come. If the management were to be out for proposals it could drastically change the current structure which no one is seeking. Fish commented that the golf course is not making money and is not worth \$4 million as suggested. Kvamme said the sub-committee focused on limiting the risk to the city and remaining a public amenity for generations. The city's \$50,000 annual contribution is reasonably close to what the city is currently budgeting and there is no appetite for the council to invest more in the facility whereas the golf board is willing to make that investment. Hicks offered **Resolution #133-2024** accepting the Letter of Intent from the Pebble Lake Golf Club and directing staff and the City Attorney to prepare a purchase agreement, which was seconded by Rufer and was adopted.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$1,590,624.70, which was seconded by Kvamme and was adopted.

The meeting adjourned at 6:29 pm

Lynne Olson