

Committee of the Whole
January 29, 2025

The Fergus Falls City Council met as a Committee of the Whole on January 29, 2025, at 7:00 am in the City Council Chambers. Mayor Hicks called the meeting to order, and the following council members were in attendance: Mortenson, Rachels, Kilde, Fish, Job, Kvamme, Leighton, and Kremeier.

Otter Tail County Community Development Agency/Westridge Mall

On January 6th the council appointed a task force to discuss and explore the potential acquisition of the Westridge Mall and the city's participation in Otter Tail County's Economic Development Agency (CDA). The task force met on January 15 to talk about the potential relationship between the city and CDA and the assignment of the agreement to the county. The task force will meet again today to discuss the utilities and the separation of fire suppression systems. The city must adopt a resolution consenting their participation in the CDA before the purchase agreement for the Westridge Mall can be transferred to their organization. If the city adopts the resolution to participate in the county's CDA organization, it will commit the city to partnership for 5 years, but it does not obligate the city to purchase the property. Fergus Falls is the only city in the county not participating in the CDA and they are not able to work on a project unless the city invites their assistance. Their board evaluates requests and determines if they have the capacity and resources to help. Rachels spoke about the homeowner and developer benefits our residents could benefit from as members of the CDA as well as economic development benefits. Kremeier asked about the status of Greater Fergus Falls and if they city has paid them yet this year. Rachels spoke as a member of that board and confirmed Greater Fergus Falls has not yet invoiced the city and they have decided to pause until the city clarifies the role they want the organization to play in economic development. Job asked about the focus of the CDA and the funds they can access to serve rural or underserved communities like ours. Commissioner Sullivan spoke about the county's programs focus on housing; childcare and business development and their success in leveraging various state resources to benefit county residents.

Mortenson asked if the CDA has ever taken on a project with a scope as big as the Westridge Mall, if the city would have a say in the redevelopment and if it is unique for the CDA to take on a project without a developer. Nick Leonard spoke about the CDA's redevelopment projects in other communities and their experience and success with grants. If the city participates in the CDA, they will provide a request for the board to evaluate. If the board feels the project is feasible, they help in a supportive and additive manner. If the city assigns the project to the county and it is accepted, the CDA takes on the responsibilities of the redevelopment which would likely begin with separation of the utilities. Mortenson asked if the county could provide gap funding for a project if the city wants to retain control over the property and make a profit for the taxpayers. It is possible the city could take on the redevelopment work if they have the capacity and experience to do so. Mayor Hicks reminded the council that if the city does not enter a partnership with the county and they do not assign the property to the county, the county cannot provide aid. Rachels said the intent of the previous council was to get the state grant funds and work cooperatively with the county to get the Westridge Mall into local control. He does not feel the city has the capacity or desire to take on the project without the county's assistance. He advocated the county should be the lead agency, but to work cooperatively with the city and Greater Fergus Falls to redevelop the property. Kilde felt the discussion of partnership with the CDA should be a separate discussion than the mall's redevelopment and asked if there is an increased tax levy risk if the city joins the CDA. Hicks said the county levies

a tax to operate the CDA and our residents are not receiving the benefit by not participating in the CDA. She asked if a partnership with the CDA would impact the Fergus Falls HRA and it was confirmed there would be no changes to the relationship with the local HRA.

Leighton felt it was premature to enter the partnership without knowing the desired outcome of the mall property and his concern the city will lose their voice in the development proposal. He said the county's grant was written to pursue housing on the site and that it has not been decided by the council. Commissioner Sullivan confirmed if the property is assigned to the CDA board, they will oversee the redevelopment, but they will act in a manner that is supportive and additive of the city's direction. Community Development Director Klara Beck said the grant was written to make a case for economic development which ties redevelopment to the community's employment and housing needs. The grant did not specify the money would be used for housing. The mall property is currently zoned B-6 which does not allow housing and amending the zoning would require the work of the city's Planning Commission and the City Council.

A \$1 million grant application was submitted to MN DEED last year cooperatively between the city and county with Otter Tail County being the lead agency. The county received \$650,000 in funding to acquire the mall property, clean it up and begin the work of separating fire suppression systems. If the scope of the project changes, a new grant application must be submitted. DEED is requiring an updated project budget since the full amount of funding was not allocated. The county has not submitted the update or signed the grant agreement yet as they are waiting for the city to adopt the resolution to participate in the Otter Tail County Community Development Agency. Mortenson felt the task force needed more time and he offered a motion tabling this discussion for 30 days and the motion was seconded by Kremeier.

Mayor Hicks cautioned against delaying a decision as time is of the essence and his feeling nothing will be gained by waiting. Bremseth said the county and Otter Tail Power are working on a condition assessment of the interior and exterior of the structure. They need this information to determine the costs of the utilities, possible demolition, selective demolition, clean up or remediation work. The purchase extension date of April 15 is rapidly approaching, and the city needs to give the county time for due diligence. Hicks called for the vote to recommend tabling the conversation for up to 30 days, which was voted upon and was defeated by a 3-5 vote. Voting in favor were Mortenson, Kremeier and Leighton. Voting in opposition were Rachels, Kilde, Fish, Job and Kvamme. A motion and second were made by Rachels and Fish to recommend the council adopt a resolution authorizing the City of Fergus Falls to participate in the Otter Tail County EDA and the motion carried.

City Attorney Attendance at Meetings

Last week Mortenson asked City Attorney Rolf Nycklemoe to consider attending the Committee of the Whole meetings. Nycklemoe proposed amending their legal services contract for an additional \$7,800 annually to attend the additional meetings. The estimate is based on 2 hours of attorney time at \$150 per hour for preparation, attendance any necessary follow-up. Rachels and Kilde felt Nycklemoe is accessible, and it is not necessary to spend additional funding for him to attend more meetings as this would be an unbudgeted expense. Mayor Hicks did not feel the attorney's presence was necessary at the Committee of the Whole meetings as they are meant for council discussion and no official action is taken. If the attorney's advice is necessary, he can be updated after the Wednesday morning meeting, so he is prepared for the upcoming council meeting. Nycklemoe said he is willing to attend the meetings, but it is unfair the council would expect him to always have the correct legal

answer for any question on the spot. To provide competent legal advice, it often requires research and staff let him know to be prepared for questions that come out of meetings. A motion and second were made by Rachels and Fish to recommend the council request the City Attorney to attend the Committee of the Whole meetings and amend the city's legal services contract for an additional \$7,800 and the motion failed 1-7 with Mortenson voting in favor.

PI 8232, Ground Storage Reservoir Tank

The 750,000-gallon ground storage reservoir tank located at the water treatment plant was constructed in 1914 and has been recommended for demolition as it has reached its useful life. A 1.5 million storage tank has been reconditioned and is able to maintain the fire flow requirements. Plans and specifications have been substantially completed and the estimated cost to demolish the structure is \$550,000, which would be paid from the water enterprise fund. Staff are seeking authorization to advertise for bids and the project would be completed in 2025. A motion and second were made by Fish and Kilde to recommend the council accept the plans and specifications and authorize the advertisement of bids for PI 8232 and the motion carried.

YMCA Parking Lot

Last year the YMCA submitted a letter of intent to purchase the parking lot of a former gas station adjacent to their property for overflow parking needs. The city acquired the property in 2015 as a tax forfeiture and staff were researching methods to convey the property to the YMCA. Minnesota Statutes 282.01 cites property conveyances under conditional use deeds for 30 years and on July 20, 2015, the council adopted Resolution #156-2015 describing the city's intentions to take ownership of the tax forfeited property, the YMCA's permission for an easement across their property to create a trailhead, and the city's consent for the YMCA to use this parking area for their overflow needs. The YMCA submitted a revised letter of intent requesting a maintenance agreement for the property located at 1040 W Fir Avenue. The YMCA agrees to improve and maintain the lot at their expense. Kilde asked if lighting was necessary for this lot and staff will check with the county to see what lighting will be incorporated in the roundabout planned for this area. A motion and second were made by Kilde and Kvamme to recommend the council to direct staff to prepare a Maintenance Agreement between the YMCA of the Northern Sky and the City for the former gas station parking lot at 1040 E Fir Avenue and the motion carried.

The agenda item regarding solar projects was removed until more clarity regarding the federal executive order on freezing federal funding is obtained.

The meeting adjourned at 8:04 am.

Lynne Olson