

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
FEBRUARY 8, 2016

The regular meeting of the Council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, February 8, 2016 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Dufault, Veum, Hoialmen and Anderson. Also present was Jen Howard, Ed Lavelle, Dave Larson, Paige Tompkins, Mike Breckel, Scott Balstad, Richard Balstad, Mark Nohner, Paul Peltier, John Keller.

Motion was made by Anderson seconded by Dufault to approve the agenda with the following modifications: Motion carried by unanimous vote.

- A) Scott Balstad present regarding rezoning lots;
- B) Mike Breckel present to discuss rezoning request for the elevator;
- C) Consider approval of the IRP loan application for The End Zone;
- D) Discuss future Industrial Park land;
- E) Consider approval of Warming House/Skating Rink proposal from Karvacko Engineering.

Motion was made by Veum seconded by Hoialmen to approve Consent Agenda items A and B. Motion carried by unanimous vote.

- A) To approve the minutes of the regular meeting held January 11, 2016 as per copies furnished each member.
- B) To approve Accounts Payable Bill Listing #16-01 in the amount of \$79,970.51 and AP Bill Listing #16-01A in the amount of \$652,653.38.

COMMITTEES/BOARDS/COMMISSION:

Streets/Sanitation/Utilities: Dave Larson reported on matters pertaining to his departments:

- Gas and Electric maps are being updated.
- Crews have been plowing the streets and we are trying to keep all Highway #2 sidewalks open as well.
- Jim London is doing a re-build of the Street Sweeper.

Civic Center/Parks and Recreation:

- The proposal from Karvacko Engineering was reviewed for the Warming House/Skating Rink project. Their fees are estimated at about \$27,000. Motion was made by Veum seconded by Anderson to accept the proposal from Karvacko Engineering for the Warming House/Skating Rink project. Motion carried by unanimous vote.

Community/Economic Development:

- The FEDA board met today and recommend that council approve an IRP loan to The End Zone for \$50,000. The project meets the criteria set out in the application. Motion was made by Hoialmen seconded by Dufault to approve the loan to The End Zone in the amount of \$50,000 as recommended by the FEDA Board. Motion carried by unanimous vote.

The continued Public Hearing from February 1, 2016 began at 7:00 p.m. Mayor Offerdahl asked for comments or questions regarding vacation of Second Street.

Superintendent Nohner appeared before the council. He explained that after the February 1st public hearing and listening to the concerns they went back and re-worked another draft proposal that addresses those. The new plan has the performance center footprint on the triangle property and a parking lot on the dental property with about 81 spots. With this plan Hillestad Avenue would have to be vacated as well. This option allows the generator to stay where it is and access to the service delivery area.

Councilmember Dufault asked how many options the committee looked at and what the costs to move utilities in the street would be. We have to consider the costs. Dave Larson explained that the cost estimate we got from the engineer is \$400,000 to \$500,000 before engineering.

Anderson questioned why this has to be done now. Why can't it wait 12 to 18 months. We are not going to have many more students and when you rush things get overlooked. He thinks the board should look at other options.

Richard Balstad explained that if the school does not go for the referendum in May then they lose another construction season. Interest rates are low now. There is work that needs to be done in the school. The Science Room, walls, tiles, carpets. The proposed north side addition came from the old gym task force. He thinks this should be a two part ballot question.

Veum would like to see the school expand. He does think that the people need more information on the performance center as opposed to a gym. He would like to see this happen but wondered if council should act on closing the street before the referendum is done.

Hoialmen thinks all the people that were here for the public hearing had valid comments. This option is a much safer footprint for the kids because it is all self-contained.

Offerdahl: Has the school truly explored all of its options? Would it be better to close Granum instead of Second. Could a performance center be separated by a street? He wants to be able to tell the public that there is no other option.

Nohner thinks the committee has done its due diligence. It looked at many options. They also looked at Win-E-Mac, Oak Grove and Lake Park multi-purpose facilities.

Paul Peltier informed the council that the committee has spent a lot of time working through a couple of good plans. Controlling access and keeping the performance part of the wing separate from the academic part of the wing is important. The public interface in this plan will be in the northwest corner. We are centrally located and could host many regional events that we cannot accommodate with our current facilities. This concept drawing creates a main entrance to the school.

After further lengthy discussion Member Veum introduced the following resolution and moved its adoption:

**A RESOLUTION VACATING A PORTION OF
SECOND STREET AND DAVIS AVENUE
RESOLUTION NO. 16-12**

**THE CITY COUNCIL OF THE CITY OF FOSSTON, MINNESOTA DOES HEREBY
RESOLVE AS FOLLOWS:**

WHEREAS, the City Council previously passed Resolution No. 16-06, noting its interest in vacating pursuant to Minnesota Statute 412.851, a portion of Second Street and Davis Avenue legally described as:

---Second Street, which is commonly known as 2nd Street Northeast, for the full width, from the easterly boundary of Franklin Avenue, which is commonly known as

North Inderlee Avenue, Townsite of West Fosston, as extended, to the westerly boundary of Central Avenue, which is commonly known as North Granum Avenue, Townsite of East Fosston, as extended---

---Davis Avenue, which is commonly known as North Hillestad Avenue, for the full width, from the southerly boundary of Block 2, Townsite of West Fosston, as extended, to the northerly boundary of Block 9, Townsite of West Fosston, as extended---

and setting a public hearing to consider the vacation of such portion of street; and

WHEREAS, a public hearing to consider the vacation of such street was held on the 1st day of February, 2016, before the City Council in City Hall located at 220 East First St. at 7:00 p.m. after due published and posted notice had been given, as well as personal mailed notice to all affected property owners by the City Administrator on the 19th day of January, 2016 and all interested and affected persons were given an opportunity to voice their concerns and be heard; and

WHEREAS, any person, corporation or public body owning or controlling easements contained upon the property vacated, reserves the right to continue maintaining the same or to enter upon such way or portion thereof vacated to maintain, repair, replace or otherwise attend thereto; and

WHEREAS, the Council in its discretion has determined that the proposed vacation will not substantially or adversely affect the market value of adjacent property or property within the platted area; and

WHEREAS, four-fifths of all members of the City Council concur in this resolution contingent upon the following conditions:

- the referendum approving the proposed addition passes.
- The ability to purchase the Fosston Family Dental office property and the Hoialmen property.
- The school is responsible for all the costs of relocating all utilities that would be required as part of constructing an addition to the north side.
- The City must approve the final design of any relocation of utilities.
- The City will require a utility easement for all utilities located on school property.
- The deadline for certification of the vacation resolution to the Polk County Recorder is December 31, 2016. If the School cannot meet all contingencies by that date, the resolution vacating the street will be rescinded.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FOSSTON, COUNTY OF POLK, MINNESOTA, that such petition for vacation is hereby granted, contingent upon the conditions above and the portion of street described as follows is hereby vacated:

---Second Street, which is commonly known as 2nd Street Northeast, for the full width, from the easterly boundary of Franklin Avenue, which is commonly known as North Inderlee Avenue, Townsite of West Fosston, as extended, to the westerly boundary of Central Avenue, which is commonly known as North Granum Avenue, Townsite of East Fosston, as extended---

---Davis Avenue, which is commonly known as North Hillestad Avenue, for the full width, from the southerly boundary of Block 2, Townsite of West Fosston, as extended, to the northerly boundary of Block 9, Townsite of West Fosston, as extended---

BE IT FURTHER RESOLVED, that the Mayor and City Administrator are hereby authorized to sign all documents necessary to effectuate the intent of this resolution.

The motion for the adoption of the foregoing resolution was duly seconded by member Dufault and upon vote being taken thereon, the following voted in favor thereof:

Offerdahl, Dufault, Hoialmen and Veum

And the following voted against same: Anderson

Whereupon said resolution was declared passed and adopted this 8th day of February, 2016.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Motion was made by Anderson seconded by Dufault to approve Liquor License Applications:

- A) On-Sale (\$500) – Ventures Bar & Grill, DaRoos Pizza, Palubicki's, Inc., The End Zone;
- B) Sunday On-Sale (\$100) – Ventures Bar & Grill, Daroos Pizza, Palubicki's, Inc., The End Zone;
- C) Off-Sale – Fosston Off Sale (\$100); Ventures Bar & Grill.

Motion carried by unanimous vote.

Council considered approval of Application for Transient Merchant License for Greg Parenteau, DBA Oof-da-Tacos. The cost for this license is \$100. Anderson would like to look at the City's fees and see if they should be changed. No action taken on the License Application.

Member Dufault introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING
PROPERTY TAX ABATEMENTS
RESOLUTION NO 16-09**

WHEREAS, Minnesota Statutes 469.1812 through 469.1815 authorize property tax abatements for economic development purposes,

THEREFORE BE IT RESOLVED, by the Council of the City of Fosston, Polk County, Minnesota, that the City of Fosston desires to provide for a tax abatement program as authorized by M.S. 469.1812 through 469.1815, said program will be a housing incentive tax abatement program with the following parameters required for City participation:

1. The three primary taxing authorities, City, Polk County and Independent School District #601, are all participating in the incentive program.

2. The program would apply to new residential construction only. New residential construction shall include modular homes, manufactured homes and stick-built homes.
3. The program would apply to single-family dwellings ready for occupancy within two years of acquisition of the undeveloped real property.
4. The abatement of real property taxes would be for two years, in the first two years where payment of taxes are based upon the value of the new dwelling.
5. Term of the program shall be December 31, 2017.
6. The City of Fosston shall be responsible to notify Polk County of which properties are in the program at the time the real property is acquired and arrange for the appropriate hearing(s) as required by law.

The motion for the foregoing resolution was duly seconded by member Hoialmen and upon vote being taken thereon the following members voted in favor thereof: Dufault, Hoialmen, Veum, Anderson and Offerdahl

And the following voted against same: None

Whereupon said resolution was declared passed and adopted this 8th day of February, 2016.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Motion was made by Veum seconded by Anderson to approve Change Order No. 1 from Hagen Construction and Trucking for the First Street Alley & Mary Avenue Project in the amount of \$11,410.00. Motion carried by unanimous vote.

Motion was made by Hoialmen seconded by Anderson to approve Partial Pay Estimate No. 6 from Hagen Construction and Trucking for the First Street Alley & Mary Avenue Project in the amount of \$17,392.32. Motion carried by unanimous vote.

Motion was made by Anderson seconded by Dufault to approve the Pay Equity Implementation Form to be submitted to Minnesota Management & Budget Department. Motion carried by unanimous vote.

Member Hoialmen introduced the following resolution and moved its adoption:

CITY OF FOSSTON

RESOLUTION NO. 16-10

**A RESOLUTION ESTABLISHING AN INTER-FUND LOAN FOR THE
2014 DOWNTOWN STREET AND UTILITY PROJECT**

WHEREAS, on March 10, 2014 the City Council ordered the “2014 Downtown Street and Utility Improvement Project” project through the adoption of a Resolution; and,

WHEREAS, the City is in need of financing this project in the amount of approximately \$360,000.00 for the 2014 Downtown Street and Utility Improvement Project; and,

WHEREAS, the City Council adopted Resolution 14-34 authorizing reimbursement of expenses related to the 2014 Street and Utility Improvement Project noted by making a declaration of official intent under U.S. Treasury Regulations Section 1.150-2.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Fosston, Minnesota, as follows:

1. Inter-Fund Loan Established. An inter-fund loan (the “Loan”) is hereby established in the amount of \$360,000.00 with funds to be allocated in the General Fund for the 2014 Downtown Street and Utility Improvement Project as of the Effective Date.
2. Effective Date. The loan shall be effective as of December 31, 2015 (the “Effective Date”).
3. Sources of Loan Funds. The source of funds for the Loan (the “Source Fund”) shall be from Fund #604, referred to as the Electric Fund, in the amount of approximately \$360,000.00.
4. Interest Rate and Accrual. The *2014 Downtown Street and Utility Improvement Project* shall accrue interest expense to be repaid with principal at a simple interest rate of 2.50%. The interest shall accrue from the Effective Date until the Repayment date of the Loan, or in the case of partial Prepayments the interest shall accrue on that portion so prepaid until such Prepayment date. Interest payments shall be allocated to the Source Funds in accordance with the respective share of the total principal amount of the Loan of each individual Source Fund.
5. Loan Repayment. The Loan shall be repaid on December 31, 2026 (the “Repayment”). Notwithstanding, the City shall retain the authority to prepay all or a portion of the Loan at any time during the Loan period (a “Prepayment”). Such Repayment or Prepayment shall be conducted by resolution of the City Council. Principal and interest Repayment or Prepayments shall be allocated to the Source Funds on a proportionate manner
6. Authority to Take-Out Loan. The City shall retain full authority to take-out the Loan through other permitted means of financing; including, but not limited to, the issuance of General Obligation Revenue debt.

The motion for the adoption of the foregoing motion was duly seconded by member Hoialmen and upon vote being taken thereon the following voted in favor thereof: Veum, Hoialmen, Anderson, Dufault and Offerdahl

And the following voted against same: None

Whereupon said resolution was PASSED AND ADOPTED by the City Council of the City of Fosston, Minnesota, this 8th Day of February, 2016.

SIGNED:

WITNESSED:

James Offerdahl, Mayor

Charles Lucken, City Administrator

Motion was made by Veum seconded by Anderson to approve the Agreement with Wiseth Smith Nolting for Engineer Services for 2016. Motion carried by unanimous vote.

Member Veum introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING EXECUTION
OF MN/DOT AGREEMENT FOR
MAINTENANCE AND OPERATION
RESOLUTION 16-11

BE IT RESOLVED by the Council of the City of Fosston as follows:

1. That the State of Minnesota Agreement No. **1000984**, “Airport Maintenance and Operation Grant Contract” at the **Fosston Municipal Airport** is hereby accepted.
2. That the Mayor and City Administrator are hereby authorized and directed to execute this contract and any amendments on behalf of the **City of Fosston.**

The motion for the adoption of the foregoing resolution was duly seconded by member Dufault and upon vote being taken thereon the following members voted in favor thereof: Veum, Dufault, Anderson, Hoialmen and Offerdahl

And the following voted against the same: None

Whereupon said resolution was declared passed and adopted this 8th day of February, 2016.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

A report on the progress of Wellhead Protection Plan for the City of Fosston was tabled as the presenter was unable to be here.

Council discussed the Elevator Rezoning request from residential to industrial. The Planning & Zoning Board met in November to address this request. The board has recommended rezoning of the property that the elevator owns. Lucken and Offerdahl have met with Breckel to discuss their plans. The Elevator does not anticipate needing a variance for the building that they plan to put up. Complaints over noise and chaff and dust are being worked on. A blocked vent was the cause of the chaff problem and has since been corrected. The City has nuisance and noise ordinances in place that can cover other concerns. The elevator is aware that they have to meet state statute on noise levels. After rezoning, relocation of bins and construction the truck traffic and loading in the alley will be eliminated. They are aware that using the alley in this way is a violation of our ordinances. Breckel believes the bins will be moved by 2017. Upon further discussion motion was made by Hoialmen seconded by Dufault to approve rezoning from residential to industrial as recommended by the planning commission. Motion carried by unanimous vote.

Scott Balstad appeared before the council to request rezoning two lots he owns along Second Street SW. The lots are of no use to him and he does not think anyone would build a house on these. He was approached by an individual interested in putting a storage building on the lots. The council referred Balstad to the planning commission for this request. We need to call for a public hearing and send notice to the affected property owners. Balstad will submit the necessary paperwork to begin the process.

Future industrial park land: There has been discussion with Rue's regarding land on the north end of Fosston – north of Mary Avenue and to the west. We have run out of industrial park land and need to acquire more. The city owns the ditch and we may already own some of the property where the sewer lines run. The City will work with Widseth Smith Nolting to see how much usable property there is.

There being no further business to come before the council, motion was made by Anderson seconded by Hoialmen to adjourn. Motion carried by unanimous vote.

Charles Lucken, City Administrator