

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
May 11, 2020

The regular meeting of the Council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, May 11, 2020 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Anderson, Dufault, Bosselman and Hoialmen via zoom. Members absent: none. Also present was: Chuck Lucken, Cassie Heide, David Larson, Ethan Nagel, and Paul Peltier in person. Also present via zoom was: Karen Graham, Tracee Bruggeman, Lee Cariveau, Keith Kinnen, Sarah Manecke, Amelia Linehan, Jason Murry and Stephen Larson.

Motion was made by Anderson, seconded by Bosselman to approve the agenda with no modifications.

Motion was made by Anderson seconded by Hoialmen to approve Consent Agenda items A., B., C. Motion carried by unanimous vote.

- A) To approve the minutes of the regular meeting held April 13, 2020, special meeting minutes, April 27, 2020, and board of appeal minutes, April 29, 2020.
- B) To approve Accounts Payable Bill Listing #20-05 in the amount of \$125,607.38 and AP Bill Listing #20-05A in the amount of \$828,169.90
- C) To approve Accounts Payable Bill Listing – Omland Court, \$7,197.35

COMMITTEES/BOARDS/COMMISSION:

Law Enforcement: Deputy Ethan Nagel was present to report on matters pertaining to Fosston Law Enforcement

- The Polk County Law enforcement assisted the state with a search warrant execution at a home in Fosston. The case is ongoing.
- Fosston has not seen the increased criminal activity that other communities have seen in the recent months.

City Administration: Cassie Heide report on matters pertaining to City Administration

- Two bronze statues will be installed the week of May 18th at the Veterans Memorial Park; an army soldier in dress uniform and a navy sailor in peacoat.
- There will be a brief program at noon at the Veterans Memorial. Public is urged to stay in their vehicle or be at least six feet apart at the park.

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

- Gas modeling work continues for the gas line expansion
- Significant user agreements are being formed by Mark Hallan, Widseth.

- New electrical service for D3D's expansion was put in this week.

Civic Center: Karen Graham reported on matters pertaining to her department.

- Summer Rec and swimming programs continue to be planned to begin in June. Possible restructuring, delaying, or cancelling of the programs due to the COVID 19 pandemic are being considered. Graham is waiting for clear direction from the state Governors office.
- Graham visited with school Superintendent Chase regarding use of the facilities. Chase is encouraging increased use by school staff. Staff has reached out to Graham to schedule use of the facility for the upcoming school year.

Community Development

- Dufault informed the council that the economic development authority met at noon and discussed the moving of the homes in the mobile home park this summer.
- The board discussed the potential acquisition of the Prairie Pet Clinic for use of a childcare center. Heide and Landsverk will work to get the daycare task force back together to take the next steps necessary to form a 501c3 board to acquire the property.

Hospital Board:

- Dufault reported that the hospital was able to begin elective surgeries as of this day.

Arts & Culture Commission: No report

City Attorney: No Report

Mayor Offerdahl called the public hearing on the Establishment of Tax Increment Financing District no. 1-13 within Municipal Development District No. 1 to order at 7:00p.m.

Financial advisor Jason Murray was present to discuss the purpose of the hearing is to allow for public comment on the establishment of the Tax Increment Financing District no. 1-13 within Municipal Development District No. 1. The district is an economic development district for the business expansion of D3D. No members of the public were present to comment on the establishment of Tax Increment Financing District no. 1-13 within Municipal Development District No. 1.

Member Dufault introduced the following resolution and moved its adoption:

RESOLUTION NO. 20-13
APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO.
1-13
WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

- A. It has been proposed that the City of Fosston, Minnesota (the "City"), establish Tax Increment Financing District No. 1-13 within Municipal Development District No. 1, and adopt a tax increment financing plan relating thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (inclusive, the "Act"); and
- B. The City of Fosston has investigated the facts and has caused to be prepared a tax increment financing plan for Tax Increment Financing District No. 1-13; and
- C. The City has performed all actions required by law to be performed prior to the establishment of Tax Increment Financing District No. 1-13 within Municipal Development District No. 1 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Polk County and Fosston Independent School District #601, having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-13, and the holding of a public hearing upon published notice as required by law.

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

1. Tax Increment Financing District No. 1-13. The City hereby approves the establishment of Tax Increment Financing District No. 1- within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-13, and the City Council makes the following findings:
 - (a) Tax Increment Financing District No. 1-13 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan meets all of the criteria listed in Section 12 of the Plan.

- (b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax

increments for the maximum duration of Tax Increment Financing District No. 1-13 permitted by the Tax Increment Financing Plan.

The above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

The City also finds that due to the amount of time the site(s) have sat in their current condition, the City finds no reason for additional development to occur without TIF assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance would be minimal. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. This property has had limited economic activity over the past five years. As a result, the City is projecting a small inflationary rate of 1% on existing market value.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. Such indicates that:

1. the estimated amount by which the market value of the site will increase without the use of tax increment financing is \$30,366; and
2. the present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$303,015; and
3. the total increase in market value (if the proposed development were to occur in the TIF District) would be approximately \$1,500,000; and
4. even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than \$1,196,985 (the amount in clause 3 less than the amount in clause 2) without tax increment assistance.

- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-13 conforms to the general plan for development or redevelopment of the City of Fosston as a whole.

The reasons and facts supporting this finding are that the current zoning of the property provides for industrial development as a permitted use, and rezoning will not be required.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Fosston as a whole, for the development or redevelopment of Tax Increment Financing District No. 1-13 by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

3. Public Purpose. The adoption of the Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.
4. Authorization of Interfund Loan. The City hereby authorizes internal funding in a principal amount equal to all Project costs listed in the TIF Budget. Funds will be provided from the General Fund, repaid over the term of the TIF District, and include interest at a fixed rate of 5.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)
5. Certification. The Auditor of Polk County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-13 within Municipal Development District No. 1 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment District No. 1-13 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with and the Commissioner of Revenue and Office of the State Auditor.

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

and the following voted against the same: none.

Whereupon said resolution was declared duly passed and adopted.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Council considered the Civic Center lease terms for the 2020-2021 lease year. Heide reported that member Dufault, Graham, Lucken and herself met with Superintendent Chase and Director

Mark Erickson regarding the upcoming lease. The school requested the addition of the glass room as an identified space to be used and a force majeure clause added to protect the school from its obligations to the lease under rare circumstances like acts of God. City attorney Larson reviewed the force majeure and recommended adding language giving the city the discretion to determine whether an act of God has occurred and to what extent the lease would be changed. Mayor Offerdahl would like language included that the release of obligations be tied to the school's loss of funding.

Council considered what increase, if any, should be included in the upcoming lease. In the past 3% increases along with years of 0% increases have been set.

Motion was made by Anderson, seconded by Hoialmen to approve the language changes as identified by city attorney Larson and a 2% increase for the 2020-2021 lease year. Member Dufault and Bosselman voted nay. Motion carried.

Council considered approval of a gym floor replacement at the Civic Center. Graham reported that the school is replacing the elementary gym floor as part of their building improvements. Graham obtained a quote from the company performing the work. The replacement floor and labor cost is \$47,080. The work is not budgeted for in 2020. However, the benefit to doing the work in 2020 when the elementary school gym is being done equates to a four to five-thousand dollar savings to the City. The floor in the Civic Center now is original to the building and is needing more frequent waxing and maintenance. The new gym floor will improve the acoustics of the gym and is a safer floor for athletes as it is not as slippery.

A motion was made by Anderson, seconded by Bosselman to approve the replacement gym floor contingent upon a three-year inter-fund loan from the Utilities Commission. Motion carried by unanimous vote.

Council considered approval of a letter of intent to Prairie Pet Clinic for formation of a 501c3 for purpose of a childcare facility.

Heide informed the council that she has confirmed with Prairie Pet Clinic owner, Leah Faudskar, that the building could be donated to the city for use of a childcare center. Faudskar requested a letter of intent from the City before she pursues a property appraisal. Heide and Landsverk will work to get the daycare task force back together to find individuals to form a 501c3 board in order to acquire the property. City attorney Larson has drafted the letter for council approval.

Motion was made by Anderson, seconded by Dufault to send the letter of intent to Leah Faudskar, Prairie Pet Clinic. Motion carried by unanimous vote.

Member Anderson introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING SPONSORSHIP
OF TRAILS OPERATED BY
KNIGHTRIDERS SNOWMOBILE CLUB
RESOLUTION 20-14

BE IT RESOLVED, that the City of Fosston act as the legal sponsor for an application for funding to the State of Minnesota Department of Natural Resources for grooming of snowmobile trails managed by the Knightriders.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Fosston may enter into an agreement with the State of Minnesota for the above-referenced project and that it will comply with all applicable laws and regulations as stated in the agreement.

BE IT FURTHER RESOLVED that the City Administrator is authorized to sign such an agreement with the Department of Natural Resources.

BE IT FURTHER RESOLVED that the City Administrator is hereby authorized to serve as the fiscal agent for the above-referenced project.

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

And the following voted against the same: none.

Whereupon said resolution was declared passed and adopted this 11th day of May, 2020.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Council considered appointing Cassie Heide to City Administrator effective July 1, 2020. Mayor Offerdahl explained that Administrator Charles Lucken has been in phased retirement since July of 2018 and has been mentoring Heide to move into the position of City Administrator.

Motion was made by Anderson, seconded by Dufault to appoint Cassie Heide to City Administrator effective July 1, 2020 with moving to pay grade 19, step 1. Motion carried by unanimous vote.

Council considered appointing Sarah Manecke to Assistant City Administrator effective July 1, 2020. Manecke is the current Finance Director since October 2018. Her duties of finance director

will be joined with the Assistant City Administrator. Heide informed the council that Manecke has been doing a great job and is ready for the new position.

Motion was made by Bosselman, seconded by Anderson to appoint Sarah Manecke to Assistant City Administrator effective July 1, 2020 with moving to pay grade 12, step 2. Motion carried by unanimous vote.

Member Bosselman introduced the following resolution and moved its adoption:

**RESOLUTION APPOINTING MEMBERS
TO NORTHERN MUNICIPAL POWER AGENCY**

RESOLUTION 20-15

WHEREAS, the City of Fosston has joined eleven other cities in Northern Minnesota and North Dakota to form the Northern Municipal Power Agency;

NOW, THEREFORE, BE IT RESOLVED, that David Larson be appointed to represent the City of Fosston and Cassie Heide be appointed to represent the Fosston Municipal Utilities Commission in the Northern Municipal Power Agency for the period June 1, 2020 through May 31, 2021.

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

And the following voted against the same: none.

Whereupon said resolution was declared passed and adopted this 13th day of May, 2019.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Member Bosselman introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING SUBMISSION

OF LETTER TO GOVERNOR WALZ REQUESTING
LOCAL AUTHORITY TO REOPEN FOSSTON BUSINESSES
RESOLUTION 20-16

RESOLVED, that the City of Fosston and the Fosston Economic Development Authority wish to have the authority to reopen Fosston businesses should Minnesota Governor Walz executive order 20-20 be extended beyond May 18, 2020.

FURTHER RESOLVED, the City of Fosston authorizes and directs the Mayor and President of the Economic Development Authority to submit the letter to Governor Walz, that the City of Fosston agrees to provide fifteen (15) percent of the total operating costs from local funds and twenty (20) percent of the total capital costs.

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

And the following voted against same: none.

Whereupon said resolution was passed and adopted this 10th day of June, 2019.

James Offerdahl, Mayor

ATTEST:

Charles Lucken, City Administrator

Lee Cariveau, Widseth, reported that the U.S.D.A. grant/loan application is ready to submit upon approval of the 2019 financial audit. Heide will submit the grant. Cariveau reported that the 2020 street and utility project has begun and Eaton Avenue has been reclaimed along with water services bored in.

Keith Kinnen, Karvakko, P.A. reported that due to new regulations being enforced in June, 2020, the FAA recommended the delay of the project. The wetland project at the airport will be bid in the winter with a 2021 construction season. Wetland credits were purchased under the budgeted amount. Kinnen has worked with the FAA to organize this project according to their guidelines.

Kinnen reported that the snow removal equipment for the airport is in the process of being purchased and is working with Director of Public Works Larson on finding the appropriate equipment.

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

Charles Lucken, City Administrator