

Fertile City Council Minutes Special Meeting September 30, 2020

The Fertile City Council held a special meeting on Wednesday, September 30, 2020 at 6:30 p.m. at the Community Center. Present were: Mayor Daniel Wilkens and Council members Matthew Massmann, Stanton Wang, Todd Wise, and Linda Widrig. Also present was Twylla Altepeter from the Journal as well as Shane Fuglseth, Kashia Lansrud, Tim and Sarah Oistad, Jennifer Flikke, Mark and Sue Erickson, Scott and Becky Hall, Michelle Cote, Rick and Deb Braaten, Vern Anderson, Jaime Fuchs, and Shelly Engelstad. Caty Larson arrived later in the meeting.

The meeting was called to order at 6:32 by Mayor Wilkens and began by those present reciting the Pledge of Allegiance.

Mayor Wilkens welcomed those in attendance and noted that the special meeting was called by Council members Widrig and Wang. He noted that he also could call a special meeting but had not been approached to do so this time. To begin the discussion, he asked for Council members Wang and Widrig to explain why they had called for the meeting.

Council member Wang stated that he wanted to get out further information on why Council had decided to give the City's CARES Act fund to the nursing home. Council Widrig stated that she had asked at the last meeting about the business grants and had been told that it would involve a lot of paperwork. Since that meeting, she had checked with Twin Valley and they had a very easy application for their grants. She said that she was concerned about businesses being left out. She then read a letter from Terry and Caty Larson stating that as business owners they felt it was not fair for one business to get all the CARES Act money when all businesses were hurting due to the Covid pandemic. Larson explained about their business losses and that, as a business owner, they felt they were left out of the process when Council didn't even consider other businesses in town.

Mayor Wilkens explained that Council had held a long discussion on which direction to go with the CARES Act money and had discussed the possibility of business grants. Fertile was unique, however, in that a lot of towns don't have a City owned nursing home. City Council provides oversight for the nursing home and it was clear that the home had a lot of Covid expenses that could be covered by the CARES Act funds and that it made sense for the City to take care of the nursing home financially.

Wilkens also explained that about four years ago the nursing home was not doing very well financially and had shown substantial losses that had drained their budget surplus to the point that the City had to borrow them money. The City had hired a consulting firm to do an operational assessment of how the home was operated and based on the assessment there were many changes that had been made that had resulted in turning the home around financially. With all the added Covid costs, however, that could change quickly.

Sarah Oistad began by questioning why the City didn't call a halt to the "\$50 million-dollar campground project when the Covid situation hit. She commented that it would seem to make sense to put a stop to things like that if the City or nursing home could be hit hard." Mayor Wilkens replied that, first, her facts were incorrect on the cost of the RV campground, and that it was around \$200,000 for the project. Wilkens noted also that when we got close to construction, the sewer on Blaine Street collapsed, so that would have needed fixing anyway. Also, as part of that project, a water line was run

into the fairgrounds to complete that loop in the system. That will vastly increase the firefighting capabilities in the fairgrounds. Council member Wise also explained that the planning of the project was in the works for over two years and that the financing was in place long before the Covid situation hit. He added that you can't stop a project such as this on a moment's notice since contracts are already in place.

Tim Oistad commented that if the nursing home was such a drain on the City that maybe the City should sell the nursing home. That idea was reiterated by Rick Braaten and others who were present. Council member Wang explained that when Council had ordered the assessment of the nursing home that many people in the community feared that the City was looking to sell the home. There was a huge public outcry against that at the time, so selling the nursing home is not an option.

Sarah Oistad stated that the businesses felt left out of the process when it was decided how the City would spend their Covid money. She stated that letters should have been sent out to all business owners to get their input on it. Jaime Fuchs said that she felt the decision was made in secrecy. Mayor Wilkens replied that decisions are not made in secret since all City Council meetings are open to the public and that the regular meeting is the second Monday of the month. If anyone is concerned about something or has a question, they are more than welcome to attend.

Council member Massmann then spoke up and stated that he had heard that money would be going to businesses from the County and that was one reason he felt Council could give all the City's CARES Act money to the nursing home. Council member Widrig disagreed with that comment stating that Council didn't know about the County money when the decision was made. Massmann commented that he had heard it from somewhere and Administrator Liden said that she had heard about it also at another meeting. Administrator Liden passed out information to everyone present showing the amount of CARES Act funding that other area cities had received and how much each City was using for small business grants. Liden noted that less than half of the cities were offering grants and that none of the other area cities owned a nursing home.

Mayor Wilkens then asked what everyone felt would be fair regarding the CARES Act funds. Rick Braaten stated that the City needs to invest in local businesses and not just focus on the nursing home. He stated that the City was rather stagnant and could use some growth and that the City needed to focus on that.

There was further discussion back and forth regarding the CARES Act funding and the decision that Council had made earlier in the month. It was pointed out several times by Council that the nursing home is the City's largest employer and that, as a City owned business, the City was financially responsible for it. Administrator Liden pointed out also that the nursing home was quite different from other businesses since they have no options on increasing revenue or decreasing expenses to make ends meet during the Covid crisis. Rates are set by the state and the home is limited to 41 beds, so there are no options on increasing revenue. Staffing and operations are highly regulated also, so there are no opportunities to cut costs. Their Covid costs were quite astronomical as well and the rules were changing almost daily on how they operate. A few business owners commented that they were having to cover their own costs for masks and sanitizer and that it wasn't fair that the City was only considering the nursing home's costs for those items.

After a lengthy discussion of the matter Council member Massmann made the motion to rescind the motion made earlier in the month to send the bulk of the CARES Act funding to Fair Meadow Nursing Home. The motion was seconded by Council member Widrig and was carried.

Discussion was then held on how much of the funding should be earmarked for business grants. Council member Wise said that he had done the math on what percentage of total CARES Act funds other cities were using for grants and that the average was 18%. If the City were to offer that percentage as grants it would be about \$12,000 but that he felt \$15,000 would be reasonable. Several business owners objected and stated that they felt it would be fairer to split the money in half and use \$30,000 for grants.

After discussion of the matter, Council member Wang made the motion to offer \$30,000 in business grants with the CARES Act funding. The motion was seconded by Council member Widrig and was carried with Council member Wise voting nay.

Council member Massmann said that decisions would need to be made on who was eligible and how much each grant would be. Administrator Liden explained that some cities were limiting their grants to only those businesses that were shut down by Executive Order during the stay at home order. Council member Massmann asked whether the grants should be offered to churches, like some cities were allowing, and if non-profits would be eligible.

Administrator Liden then expressed that a grant program such as this would best be administered by the EDA since that fell more within the purpose of the EDA. Some business owners objected to that idea and didn't want "out of towners" making decisions about their business grants. Liden explained that all members of the EDA were City residents and named off the members of the EDA. The business owners present stated that they would rather have Council administer the program and that they wanted it as simple as possible so all businesses in the City should be eligible.

When Mayor Wilkens asked whether there was enough time for Council to make decisions on the grant program in regard to eligibility, grant amount, and such, the business owners present expressed that they wanted all those decisions made at the meeting so the application process could start right away. As for the grant amount to offer, it was stated by some present that they felt it would be most fair for everyone to get the same amount. The City could set an application start and end date and then at the end of the application period, the \$30,000 could be divided up equally among all businesses that applied.

Discussion was also held on what information businesses would need to provide with the grant application to prove that there was a loss. A few businesses objected to having to provide that information since it's private, but Council member Massmann and Administrator Liden explained that information would have to be provided for the City to have on file in the event of an audit of what the CARES Act funding was used for.

A motion was then made by Council member Wang to split the \$30,000 equally among eligible businesses that applied and that the application period would run from October 5th through the 19th. Businesses would have to provide profit and loss information for March 1 through July 31st for both 2019 and 2020 for comparison purposes. A special meeting would be held on October 26th to approve the grant applications. The motion was seconded by Council member Wise and was carried.

The meeting was adjourned at 8:55 p.m. on a motion by Council member Wang.

Daniel Wilkens, Mayor

Lisa J. Liden, City Administrator