

City Council Meeting
November 21, 2022

The Fergus Falls City Council held a regular meeting on November 21, 2022 at 5:30 pm in the City Council Chambers. Pastor Doug Dent gave the invocation and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:33 pm and the following council members were in attendance: Hagberg, Kvamme, Thompson, Arneson, Gustafson, Hicks and Fish. Rufer was absent.

Approval of Agenda

A motion and second were made by Hicks and Gustafson approving tonight's agenda with the addition of awarding the snow removal services contract and the changing of locations for a bicycle playground and the removal of four items from the consent agenda and the motion carried.

Update from Representative Jeff Backer

Newly elected State Representative Jeff Backer introduced himself and shared his background. He asked about the city's priorities and upcoming projects he can help with. Hicks spoke about the overregulation of state entities such as the MPCA and the unfunded mandates. Mayor Schierer said the legislative committee will soon be meeting and developing the city's legislative priorities that will be brought to the state for their attention.

Award Bid PI 9508

PI 9508 is the Regional Treatment Center Phase 3 Preservation Project. Bids were opened on October 19 and the low responsible bid was submitted by Comstock Construction in the amount of \$1,254,400. The city was awarded \$3,500,000 for the Phases 2 and 3 projects. The Phase 3 funding will be funded by the remaining \$1,713,461 of the remaining grant funds. The funds must be expended, and the city reimbursed by June 30, 2023. Comstock is aware of the deadline and have pledged their ability to complete in time. Bruce Paulson of Stantec confirmed the State Historical Preservation Office (SHPO) has signed off on all the work and he explained the delays in the project are the result of SHPO not responding in a timely manner to the city's submittal of plans at the 30, 60 and 90% project phases. DEED has also confirmed these costs are grant eligible. The project being awarded is only the base bid as there is not enough funding for the five proposed alternates. Most of the work will consist of preventing water infiltration through roof and window repairs and not ventilation of the main tower as initially hoped. Fish offered **Resolution #215-2022** awarding the bid for PI 9508, the RTC Phase III preservation project to Comstock Construction in the amount of \$1,254,400, which was seconded by Hagberg and was adopted.

Award Contract Snow Removal

Code City 151.001 declares snow and ice must be removed from public sidewalks within 24 hours of precipitation ending as it is a nuisance that affects public safety. This is the responsibility of property owners, but when they fail to comply on their own or after written requests to clean their sidewalk, a contractor hired by the city comes in does the work and their work is charged the property owner. Unpaid bills are certified to the property taxes. Knutson Lawn Service provided the only quote and staff recommend awarding the contract for the remainder of 2022, the entire year of 2023 and until the snow season is over in the spring of 2024. Gustafson offered **Resolution #216-2022** awarding the snow and ice removal contract to Knutson Lawn Services, which was seconded by Hagberg and was adopted. Council members encouraged the public to get their sidewalks cleaned of snow and ice early and often for the safety of pedestrians.

Consent Agenda

The following items were approved under **Resolution #217-2022** by Arneson: Motion approving the minutes from the November 7, 2022 City Council meeting, the November 16, 2022 City Council meeting and work sessions. Motion approving the following licenses: Tobacco Fleet Farm Convenience Store, CHS Inc./Cenex Zip Trip; Fireworks Display RES Pyro for fireworks display at George Wright Park for Over the River Festival; Building Waste Hauler Rachel Contracting, BC Disposal – 2023; Mechanical SJK Plumbing & Heating, Bjorn’s Heating & A/C, Green’s Plumbing Modern Heating – 2023; Sign Hanger Indigo Signworks, JH Signs & Designs – 2023; Full Liquor License American Legion Post 30, Applebees. **Resolution #218-2022** certifying delinquent special assessments. **Resolution #219-2022** certifying delinquent miscellaneous invoices. **Resolution #220-2022** approving budget adjustments. **Resolution #221-2022** declaring Information Systems items as surplus property and authorizing their disposal. The resolution was seconded by Gustafson and was adopted.

Certification of Delinquent Utility Accounts

The Westridge Mall has an outstanding balance of \$11,360.43 on their 2022 utility account. Hicks commented on the lack of cooperation from the mall’s ownership and felt it is time to stand firm and not allow any additional property sales without paying their bills in full. He asked if there could be a separation in the water and sewer services for the adjoining parcels, so they are not relying on the mall to pay the utility bill and risk having their services discontinued. Hicks offered **Resolution #222-2022** certifying delinquent miscellaneous utility accounts, which was seconded by Thompson and was adopted.

Memorandums of Understanding with Bargaining Units

Tonight the city is proposing entering into Memorandums of Understanding between the city and Supervisors and Professionals, the Minnesota Teamsters Public Law Employees Unit, Local 320 bargaining unit and non-union employees. Human Resources Director Mike Hartwell reminded the council of the wage and compensation study completed earlier this year and the need to adjust some salaries to fairly compensate employees and compete with the local and state labor market. He explained there are 43 individuals impacted by the study and an adjustment to the hourly rate has been proposed to be phased in beginning with the 2023 budget. The city is finishing year one of a three-year contract and these adjustments would be in addition to the wage increases already negotiated with the various bargaining units. A motion and second were made by Hicks and Kvamme to table the three items pertaining to wage scale adjustments to the various bargaining units until December 5 when the discussion can be held in conjunction with the budget and the motion carried.

Bicycle Playground

Earlier this year a proposal was heard to create a bicycle playground in Broadway Park. The project requires a hard surface which would be costly to construct within Broadway Park. The Park Board has been looking at the conversion of tennis courts to pickle ball courts in Athletic Park. A contractor has determined the surface of the tennis courts has deteriorated to the point of being unusable for pickle ball. They suggested swapping locations so the bicycle playground would be located within Athletic Park and the pickleball courts would be constructed in the old ice rink area in Athletic Park. A motion and second were made by Thompson and Arneson to allow staff to apply for a MnDOT grant to install a bicycle playground within Athletic Park and the motion carried.

Ordinance 31

Ordinance 31, Eighth Series, Stormwater Management was adopted by a roll call vote.

Ordinance 32

Ordinance 32, Eighth Series, THC Zoning was adopted by a roll call vote.

Ordinance 33

Ordinance 33, Eighth Series, Downtown Riverfront Phase II Bonds was adopted by a roll call vote.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$3,374,389.77, which was seconded by Hagberg and was adopted. Kvamme asked staff to provide an update on the city's revolving loan program. Klara Beck commented on Business Development for Fergus Falls, how they make decisions on loan requests and the revolving loan funds that are available. She was asked if non-profit organizations can apply for these loan funds and they are eligible if they can demonstrate they have the ability to pay back the funds in accordance with an agreement.

Investment Portfolio Update

Bill Sonmor reviewed the city's investment portfolio through the third quarter. As of September 30, 2022, the city's long term portfolio value managed by Galliard Capital Management is \$27,492,877. The short-term operating funds managed within the 4M funds total \$11,979,342. The portfolio return for the third quarter of 2022 is a negative 3.80% and the year to date return is a negative 9.97%. The negative return is driven by the rapid acceleration of interest rates in 2022. The value of the fixed market portfolio moves in the inverse of interest rates and as these rates have been rising, the value of the portfolio has decreased \$3,551,650 through September 30, 2022. The city is required to record investments at the fair value and these value decreases are "unrealized" losses in value. If the city holds an investment to maturity, the principal and interest earnings will be realized. The Investment Committee is not recommending the sale of securities which would realize the value losses. Additional raises in the federal fund rates are expected in December and early in 2023 as well as a 50% chance inflation will be higher than what has been priced in the markets to date. Galliard and the Investment Committee recommend no changes to the portfolio at this time and they will monitor and manage the portfolio to increase yields and diversify the investments when it makes sense.

2023 Utility Rate Recommendations

The city's enterprise funds are run like a private business and consist of the water, sewer, stormwater and refuse funds. The refuse fund includes garbage, recycling, tree management, landfill, demolition debris and roll-offs. Significant increases in fuel costs and equipment replacement are creating the need for additional funding. Staff is recommending a 3% increase in residential and commercial refuse collection fees in 2023 and beyond and no increase in recycling rates in 2023. The tree management fee covers the cost of the tree waste disposal, but the costs to run the burner that grinds tree waste are increasing. Staff is not recommending an increase in 2023, but likely will in 2024. In 2022 the city raised the demolition debris disposal rate from \$25 to \$31 to cover the increased costs of operating demolition debris. There is no rate increase proposed in 2023 but increases will be likely in future years. Operational costs at the landfill continue to increase. Bypass products (treated lumber, chairs, couches, mattresses and large plastics) are hauled to Gwinner, ND for disposal and these charges have increased. Recommended changes at the landfill include increasing the bypass charges from \$25 to \$31 per cubic yard, increasing the car/truck tires from \$4 to \$6 per tire to cover the cost of hauling and

disposal and increasing the fee to load mulch from \$10 to \$15. Sonmor reviewed the past and future projections and the effect on the cash balances if expenses increase without a corresponding increase in revenue. Capital improvements in the refuse fund include \$550,000 for the construction and closing of the previous demo cell in 2024, \$450,000 for leachate and force main in 2026 and \$600,000 to construct a new and close a previous demo cell in 2029.

Staff are proposing a 4% increase to the Sewer Fund for flat and flow charges in 2023 and subsequent years. Sonmor talked about the street infrastructure projects and how water, sewer and stormwater funds are used as funding source for these projects. The Water Fund needs a 3% increase in revenue in 2023 and in subsequent years for flow and flat charges. Planned Water Fund Capital Improvements include the removal of the 1914 water reservoir in 2025 at a cost of \$1.6 million; the repair and reconditioning of the water tower on N Cleveland in 2024 at a cost of \$750,000; the repair and reconditioning of the water tower on Progressive Drive in 2027 at a cost of \$1.3 million and an additional well in 2025 at a cost of \$400,000. Staff are also proposing a \$1.00 increase in residential stormwater charges, \$2.00 for commercial charges and \$4.00 per acre for commercial properties. The average resident's monthly utility bill would amount to an approximate \$4.00 or 3.5% increase per month. The council was asked to consider these increases and approve the changes with the 2023 budget. Changes to the water, refuse and stormwater accounts would become effective for the utility bills printed at the end of January while the sewer rates would become effective for the utility bills printed at the end of April 2023.

Annexation Update with Fergus Falls Township

Earlier this year the council appointed Hicks to serve as the council liaison to propose annexation with the land south of the ethanol plant in Fergus Falls Township as requested by the property owner PPTF, LLC. The city is asking the township to consider a joint resolution of annexation at their December 13 meeting and if successful, the city would approve the resolution on December 19. During the conversations with the township, the township has asked the city for a commitment to not initiate annexation for the ethanol plant for 20 years. As the largest taxpayer in the township, this revenue source is important to the township board. This would not preclude the current or subsequent owners of the ethanol plant from making a request for annexation on their own will. The city has also discussed the annexation of the Bunkowske property and the township has agreed to not contest annexation on this parcel if it is developed or sold within the next 5 years. Until that time, it would remain in the township. Staff asked the council how to proceed. Hicks said the ethanol plant has its own well and septic system and is not interested in annexation into the city at this time, but they want to retain the ability to request annexation if it is beneficial to them in the future. The council discussed phasing in taxes at a later date and agreed the annexation resolution being drafted between the attorneys representing the city and township should move forward with the reassurance the city will not initiate annexation of the ethanol plant in the next 20 years, but the ethanol plant retains the ability to request annexation into the city if and when they choose.

The meeting adjourned at 7:00 pm

Lynne Olson