

City Council Meeting
December 5, 2022

The Fergus Falls City Council held a regular meeting on Monday December 5, 2022 at 5:30 pm in the City Council Chambers. Pastor Tim Molter gave the invocation and the following council members were in attendance: Kvamme, Rufer, Arneson, Thompson, Gustafson, Hicks and Fish. Hagberg was absent.

Approval of Agenda

A motion and second were made by Fish and Gustafson approving tonight's agenda as presented and the motion carried.

Housing Tax Rebate 1026 Verlin Lane

A public hearing was opened for a housing tax rebate for a single-family home at 1026 Verlin Lane valued at \$520,000. As no one appeared, the hearing was closed. Fish offered **Resolution #223-2022** approving a housing tax rebate for 1026 Verlin Lane as requested by David and Lynn Lunde, which was seconded by Rufer and was adopted with Hicks voting in opposition. Hicks requested an update on the housing tax rebate program and a discussion next year on whether the city should continue in the program.

Consent Agenda

The following items were approved under **Resolution #224-2022** by Hicks: Motion approving the minutes from the November 21, 2022 City Council meeting and the November 30, 2022 Committee of the Whole meeting. Motion approving the following licenses: Building Waste Hauler – 2022 Tom Kraemer Inc; Building Waste Hauler – 2023 Earl Strande Excavating, Tom Kraemer Inc, Sigelman Steel & Recycling, Denzel's Region Waste; Junk Dealer – 2023 Sigelman Steel & Recycling; Metal Recycling – 2023 Sigelman Steel & Recycling; Excavator – 2022 Drain Services Inc.; Excavator – 2023 Earl Strande Excavating, Comstock Construction, Drain Services Inc.; Paving/Sidewalk – 2023 Comstock Construction, Mark Lee Asphalt & Paving, Ferguson Asphalt Paving; Mechanical – 2023 John's Heating & A/C, Jerry's Heating & A/C, SCR, dba St. Cloud Refrigeration, A and E Plumbing and Heating, BDT Mechanical, G & R Controls, Ugstad Plumbing, Full Liquor-2023 Don Pablo's, Bigwood Event Center, Palmers Kitchen & Bar, Zens Steak & Seafood, Mabel Murphy's; Brewer, Taproom & Growler License-2023 Fergus Brewing Company, Outstate Brewing Company; Minnesota Lawful Gambling Someplace Safe for raffle on February 18, 2023 at M-State, Fergus Falls College Foundation for raffle on February 1, 2023 at M-State; 3.2% Malt Liquor and Wine (Strong Beer Authorization)-2023 A Center for the Arts; Tobacco-2023 Lincoln Vapors, Sugar High. **Resolution #225-2022** designating polling places for 2023; Motion increasing the rental unit fees for standard rental registration program from \$20 per unit to \$25 per unit; **Resolution #226-2022** authorizing the purchase of a new garbage truck; Motion directing the City Attorney to draft an ordinance amending Chapter 154.060-154.074, Shoreline Management; **Resolution #227-2022** approving the state airport grant for PI 9348, airport fuel system replacement; **Resolution #228-2022** accepting a professional services proposal from McCoy Environmental for the old wastewater treatment plant ESA Phase I; **Resolution #229-2022** accepting a \$13,000 donation from Nutrition Services Inc. for the replacement of the senior center kitchen cooling system and approving related revenue and expenditures budget adjustments. **Resolution #230-2022** declaring items as surplus property and authorizing their disposal. The resolution was seconded by Thompson and was adopted.

Hicks asked the motion directing the City Attorney to draft an ordinance addressing THC product sales be removed from the consent agenda for more discussion.

Ordinance 34, Shoreline Management

Ordinance 34, Eighth Series, Shoreline Management was introduced by Hicks and declared to have its first reading.

Ordinance 35, THC Product Sales

The State of Minnesota legalized the sale of THC products in the last legislative session. The city has already adopted Ordinance 32, Eighth Series regulating the zoning where these sales can take place. The city would need to take additional action to regulate the THC product sales. Otter Tail County has been discussing a possible moratorium and has indicated “in the absence of state licensing, cities that establish licensing and rules, sales management controls, checking identifications, enforcement, compliance checks, license fees and address other regulatory issues may, by resolution of the city council, be exempt from this moratorium”. The council has indicated their interest in adopting an ordinance allowing THC sales in the city, so the two businesses selling these products are not forced to shut down. At last week’s Committee of the Whole meeting, the council asked for law enforcement to comment on the issue. Chief Bergren commented on similar ordinances enacted in Moorhead and Alexandria and recommended Fergus Falls allow the sales with certain restrictions including the prohibition of THC sales online and off-site. He recommended no distribution of edible cannabinoid products be allowed free of charge or at a nominal cost, including on the licensed premise. No license would be issued to the holder of an on-sale or off-sale beer, wine or liquor licensed issued by the city to any restaurant. No on-site consumption or self-serve displays would be allowed. He recommended a license fee be established and suggested the fee be set somewhere between \$275 and \$750. Background checks would be required of each partner owning 10% of the business or more and a required check on the owner/manager. Like a liquor store, no one under the age of 21 would be allowed on the premise including all employees.

Sales on moveable places of business would be prohibited and liability insurance would be required. Penalties for individual violations for sales to those under 21 years of age would be \$100 for the first violation, \$200 for the second and \$400 for the third violation. Penalties for businesses were recommended as a \$500 fine for the first violation, \$1000 and a suspension of 5 - 30 days. A third violation would be a \$2000 fine and a suspension of 10 to 60 days, and a fourth violation would result in the revocation of their business license. If the ordinance is adopted, the business or LLC would have 90 days within passage to come into compliance. Bergren said there is a good chance the state will legalize marijuana and the adoption of this hemp derived THC product ordinance will be the foundation for future ordinances. Council members weighed in on the recommendations and felt a \$500 license fee would cover the licensing and background check costs. They agreed it would be easier to start with a more restrictive ordinance and be able to adjust if warranted. Thompson agreed with the Chief’s recommendations and asked if police reports on the calls related to THC product sales could be documented. City Administrator Andrew Bremseth clarified the license fee would not be part of the ordinance language, but instead be incorporated in the fee schedule. Due to the number of proposed changes, a motion and second were made by Hicks and Fish to direct the City Attorney to amend the ordinance language and incorporate the Chief’s suggested changes into a first reading of the ordinance at the next council meeting and the motion carried.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$3,457,546.84, which was seconded by Gustafson and was adopted.

There was a brief recess between 5:57 pm and 6:00 pm for the budget presentation to begin.

2023 Budget and Levy Presentation

Finance Director Bill Sonmor presented the 2023 budget and levy. The 2023 proposed expenditures are \$50,899,563. The proposed tax levy was \$7,631,500, a \$573,000 or 8.12% increase from last year. The proposed revenues are \$51,253,693 and the tax capacity rate is 53.851%, a 8.77 % decrease. Sonmor reviewed the \$625,500 increases in fixed costs including contract negotiations, insurance, utilities, the new Communications Manager position, equipment rental and tax abatement programs. The city is planning for \$10,780,000 in capital improvement projects including Union and Lincoln, Stanton, Broadway, Summit/Linden/Laurel; the sidewalk program, RTC preservation project, and Phase II of the Riverfront. Kvamme asked about the large decrease in the sewer enterprise fund and Sonmor explained \$800,000 has been reserved for the 2023 demolition of the old sewer treatment plan. He asked how far the additional 10% the Tax Levy Committee recommended for street maintenance would go. Sonmor said the extra funding brings that fund total to \$452,920 and explained city's various funding sources and said without an additional funding source, the city would need to raise the levy to make significant increases in our street improvement budget. Hicks spoke about the misconception that property tax increases are the sole responsibility of the city and reminded residents the county provides the valuations on homes and properties. He explained the appeals process for these valuations. The public hearing was opened at 6:29 pm and as no one appeared, it was closed. Arneson offered **Resolution #231-2022** adopting the 2023 levy in the amount of \$7,631,550, which was seconded by Thompson and was adopted. Hicks offered **Resolution #232-2022** adopting the 2023 budget in the amount of \$50,899,563, which was seconded by Gustafson and was adopted.

Memorandums of Understanding

Human Resources Director Mike Hartwell asked the council to authorize entering into Memorandums of Understanding with the various labor unions for the 2023 and 2024 wage scales within the budget and the phasing in of the compensation study. Hicks offered **Resolution #233-2022** entering a Memorandum of Understanding between the City of Fergus Falls and the Supervisors and Professionals Inc. bargaining unit, which was seconded by Gustafson and was adopted. Fish offered **Resolution #234-2022** entering into a Memorandum of Understanding between the City of Fergus Falls and the Minnesota Teamsters Public and Law Enforcement Employees Unit, Local 320, which was seconded by Rufer and was adopted. Gustafson offered **Resolution #235-2022** approving non-union employee wages for 2023 and 2024, which was seconded by Kvamme and was adopted.

The meeting adjourned at 6:33 pm

Lynne Olson