

City Council Meeting
February 6, 2023

The Fergus Falls City Council held a regular session on Monday February 6, 2023 at 5:30 pm in the City Council Chambers. Pastor Tim Molter gave the invocation and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:32 pm and the following council members were in attendance: Rachels, Hicks, Fish, Job, Kvamme, Rufer, Kremeier and Thompson.

Approval of Agenda

A motion and second were made by Hicks and Rachels approving tonight's agenda with the removal of the school district's letter of intent for Kirkbride Park (old business) as the school and city would like to jointly meet with the State Historic Preservation Office before moving forward on any plans for a new school facility and the motion carried.

Proclamation for Giving Hearts Day

Representatives from 8 local non-profits shared information about their organization's missions and asked for the community's support of their work on Giving Hearts Day. Mayor Schierer read a proclamation declaring Feb 9, 2023, as Giving Hearts Day.

2022 Investment Portfolio Review

The city's investment portfolio for 2022 was reviewed. 2022 was not a good year for the city's fixed income portfolio as it was a year with extreme market volatility. The market value of the city's investments did go down approximately \$3.5 million in 2022 but is already up \$700,000 in 2023. Sonmor explained interest rates rose so quickly last year and fixed income portfolios move in the inverse. These are unrealized losses since the investments have not been sold. The city's financial advisors believe the entire loss will rebound within the next couple years. The city's long-term portfolio is managed by Galliard Capital Management and the more liquid funds are within the 4M Fund through the League of Minnesota Cities. Finance Director Bill Sonmor explained the Investment Committee is comprised of Sonmor, Assistant Finance Director Sandy Cunningham, City Administrator Andrew Bremseth, Council Member Al Kremeier and an independent external investment consultant, Mike Hoeschen. The committee oversees the city's portfolio and Sonmor reviewed the city's funds, the cash and investment balances through December 31, 2022. He explained what the funds are used for and the restrictions on various funds. The General Fund's balance is \$8,671,113.61. Sonmor explained the city receives the majority of their funding twice a year from tax settlements and Local Government Aid payments and those funds not coming in yet. Charts showing the city's total historic investment returns, gains and losses were shared. The city has seen corrections in the market and is earning over 4% on the portfolio and 4M Fund money market accounts when they were making less than 1% two years ago. Sonmor and Hoeschen answered questions about the functions of the Investment Committee and how and when they make decisions on the city's financial situation.

Consent Agenda

The following items were approved under **Resolution #23-2023** by Fish: Motion approving the minutes from the January 17, 2023, City Council meeting, the January 23, 2023 Special Council meeting, the January 23, 2023 Joint Council/School Board Work Session and the February 1, 2023 Committee of the Whole meeting. Motion approving the following licenses:

Excavator Leitch Excavating, Consolidated Communications Enterprise Services; THC Product Sales Sugar High Cannabis Consulting & Dispensary LLC, King Tobacco; Mechanical Air Mechanical Inc. dba AMI of Minnesota, Voss Plumbing & Heating, Fire-N-Ice Heating & A/C. Minnesota Lawful Gambling Permit North West Regional Fire Fighters Association raffle at the VFW Post 612 on March 16, 2023, Ducks Unlimited Maidens of the Marshes raffle at the Eagles Aerie 2339 on April 22, 2023; Sign Hanger Scenic Sign Corp. Motion appointing Amy Mayo to the Human Rights Commission. **Resolution #24-2023** accepting a \$500 donation from Lake Region Electric Cooperative for the Fergus Falls Fire Department. **Resolution #25-2023** declaring SummerFest, Over the River festival and Shop, Move & Groove as 2023 Community Festivals. **Resolution #26-2023** authorizing the submission of a grant to the MN DNR for two groomers for cross country ski trails. **Resolution #27-2023** authorizing the Fergus Falls Fire Department to submit a grant for a new Self-Contained Breathing Apparatus station compressor, a fixed and mobile fill station, a supplied air system, confined space air monitoring and entry/rescue equipment and communication headsets for apparatus and scene communications. **Resolution #28-2023** approving an increase in service benefits to retiring paid on call firefighters. The resolution was seconded by Thompson and was adopted.

Ordinance 31, Stormwater Management

Ordinance 31, Eighth Series, Stormwater Management was introduced by Hicks and was declared to have its first reading.

Strategic Plan

At last week's Committee of the Whole meeting Klara Beck reviewed the city's proposed strategic plan and was asked to summarize the city's accomplishments with the plan to date. Many of the priorities include better communication from the city and the city has hired a Communications Manager. Another strategy was improving the partnership with the school district and two high school interns are participating in the school's workplace initiative this semester in the Engineering and Community Development Departments. A town hall meeting was held last week to bring the community together regarding the challenges of childcare. One of the economic development strategies was creating a historic downtown district and the Heritage Preservation Commission is seeking guidance on this later tonight. A focus of the land use is the redevelopment of the dairy property. The Port Authority just released an RFP for redevelopment proposals. Rufer offered **Resolution #29-2023** approving the city's Strategic Plan, which was seconded by Kvamme and was adopted.

Police Officer Pay Matrix

Human Resources Director Mike Hartwell requested council action to raise wages for Police Patrol and Sergeants. Due to the shortage of law enforcement officers in Minnesota it has been difficult to recruit and retain officers. The city has had an open patrol position since October and no applicants. To ensure we don't lose current officers and become more competitive with other police and county law enforcement departments, it was suggested all Patrol officers move to C41 on the city's pay matrix while all Sergeants move to C43. The Personnel Committee has reviewed and recommended council action on this request. The 2023 budget impact is \$39,969.77 and would be covered by the vacant patrol position. The cost of the impact in 2024 would be factored into the budget process. Fish offered **Resolution #30-2023** approving the move of Police Patrol officers to C31 and Sergeants to C43 on the city's current pay matrix and utilizing a Memorandum of Understanding until the next contract, which was seconded by Thompson and was adopted.

Annexation by Ordinance

The City and Fergus Falls Township have been working on an agreement for a joint resolution for an orderly annexation agreement for two parcels directly south of the ethanol plant owed by PPTF, LLC. The land owners have petitioned the city for these 162 acres into the city as they plan a potential economic development project on this site. The property is contiguous to the existing city limits and would require city infrastructure and utilities to move the project forward. Despite multiple meetings and conversations, the township and city have not been able to come to an agreement. The township's delay is regarding terms with the ethanol plant, which is not party to or subject to this agreement. The city extended their best and final offer to the township with a deadline of February 13th at 5 pm to accept or reject. If the township accepts the city's offer, the extension will proceed through the orderly annexation process. If the township does not respond or accept the offer, the city is seeking authorization to engage attorney Chris Hood from Flaherty & Hood to proceed with the annexation by ordinance. Annexation by ordinance agreements is limited to 120 acres or less so the city is conferring with PPTF, LLC to identify this area in the event the township does not accept the city's offer. If PPTF LLC, wishes to have all 162 acres annexed, the law requires the city waits 12 months to annex the remaining acres. PPTC, LLC has requested the city move forward with the annexation by ordinance process in the event Fergus Falls Township rejects the city's final and best offer on February 13. A motion and second were made by Hicks and Rachels to direct staff to work with Chris Hood on the next steps for annexation by ordinance and the motion carried.

Historic District Eligibility Study

The Heritage Preservation Commission (HPC), as a Certified Local Government, is seeking authorization to apply for up to \$10,000 from the Historic Preservation Fund program to fund a historic district eligibility study. If the city is eligible for this designation, then the council would be asked to approve moving forward on the designation. The benefit of this designation would be a draw for tourism, marketability of the downtown area and businesses within the district could have access to historic structure programs. Businesses would not have to participate in the programs, nor would they be forced to make any renovations to their buildings. Kvamme offered **Resolution #31-2023** authorizing the Heritage Preservation Commission to apply for up to \$10,000 from the Historic Preservation Fund as a Certified Local Government to fund a historic district eligibility study, which was seconded by Rufer and was adopted.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$1,211,586.90, which was seconded by Rufer and was adopted.

The council adjourned to a closed meeting at 6:18 to address a real estate transaction at 309 Stanton Avenue pursuant to MN Statute Sec. 13d.05 and the Mayor announced the meeting would possibly convene for council action.

The City Council reconvened at 6:35 pm and a motion and second were made by Fish and Kremeier to direct staff to work with the property owner of 309 W Stanton Avenue for the proposed purchase agreement and add a bid alternate for paving the parking lot to the Stanton Avenue reconstruction project. The meeting adjourned at 6:36 pm

Lynne Olson