

Committee of the Whole Meeting
September 13, 2023

The Fergus Falls City Council met as a Committee of the Whole on Wednesday September 13, 2023, at 7:00 am in the City Council Chambers. Mayor Schierer called the meeting to order and the following council members were in attendance: Thompson, Rachels, Fish, Job, Kvamme and Rufer. Kremerier and Hicks were absent.

Airport AWOS System

The Automated Weather Observation System (AWOS) equipment foundations at the airport are substantially complete. SEH asked the state to amend their construction administration professional services agreement to cover their cost and that \$28,000 amendment was approved. This was originally a 70% MnDOT/30% local cost share split and MnDOT has agreed to fully fund the \$195,794.10 project. A motion and second were made by Fish and Job to recommend the council accept SEH's Construction Administration amendment in the amount of \$28,000 and authorize the execution of the state grant agreement and the motion carried.

City Project 5961, Junius Avenue Reconstruction Project

A complete reconstruction of Junius Avenue: Union to Cascade Avenue has been proposed. A portion of the project would be funded through 429 special assessments and the utility costs would be funded by the city's enterprise funds. A motion and second were made by Rachels and Thompson to recommend the council initiate PI's 5363, 7219 & 8235; to combine these public improvements into City Project 5961; order the Preliminary Engineering Report and accept Interstate Engineering's professional services proposal in the amount of \$20,000 and the motion carried.

Minnesota State Active Transportation Infrastructure Program

The city received \$391,960 in funding for four projects from the Minnesota State Active Transportation Program and a local share of \$71,250 was required. The council directed staff to contact MnDOT to see if they could only do one project, thus reducing the local share. MnDOT will allow the city to split the project and Option 3, a new student pedestrian crossing across Randolph including stairs and handrails is the highest priority. This lone section would bring the local match to \$26,466 and the school district has agreed to pay for half of the local share. The city's share of the funding would come from a portion of the unused 2022 sidewalk funds. Kvamme felt the city should pursue all four projects as it is an opportunity to get these improvements at a minimal cost. Rachels said the Tax Levy Committee agreed there were no other funding sources. Kvamme, Rufer and the Mayor felt the city should reapply for funding the other projects when future opportunities arise. A motion and second were made by Rachels and Fish authorizing staff to request MnDOT prepare the final Active Transportation Grant Agreement for Option 3 and the motion carried.

Conditional Use Permit 1603 Pebble Lake Road

A Conditional Use Permit (CUP) must be approved, approved with conditions, denied with reasons, or extend the 60-day period for further review. Last week a conditional use permit application submitted by Little Chief to sell hemp-derived THC products in a B-2 zone was not approved, but the council did not provide reasons for a denial. The issue needs to be brought back to the council for clearer action on September 18. Rufer was still in favor of granting the CUP but wants to be consistent with all businesses wishing to sell these products. Fish was in favor of granting the CUP if the applicant follows all other city ordinance requirements including the business having a separate space for these

sales and only allowing the sales to be conducted by someone age 21 or older. The Mayor agreed it is important to clarify existing state laws, the zoning, ordinance language and possible conditions that could be placed on the applicant's request. Job asked staff if they were aware of the Police Chief's recommendations. Andrew Bremseth said Chief Bergren wants the business to comply with all rules stated in the ordinance including having a separate sales area and ensuring sales and made to and by those of legal age. Bremseth said each license application in this new industry has brought up questions or challenges that may not have been considered in the original ordinance and staff will be reviewing the code language. He stressed the importance of the council taking definitive action within the 60-day period or the request is automatically granted. A motion and second were made by Rufer and Fish to recommend the council act on the Conditional Use Permit allowing hemp-derived THC sales in a B-2 Service Business District as requested by Little Chief Outpost and the motion carried.

TIF Development Agreement for FM Bank

In April of 2023 the council approved a Tax Increment Financing (TIF) District for FM Bank to demolish the former ShopKo building and redevelop the site. The Development Agreement outlining the timelines and expectations now needs council approval. Job said her opinion has not changed on the use of TIF funding for this purpose and she will be voting in opposition. A motion and second were made by Kvamme and Fish to recommend the council approve a TIF Development Agreement with FM Bank for the demolition of the former ShopKo building and the motion carried with Job voting in opposition.

2024 Fee Schedule

Bill Sonmor reviewed the proposed changes to the 2024 fee schedule noting many of the changes were made recoup staff time and actual costs. Kvamme suggested several additions that will be included in an updated version on September 18 council meeting. A motion and second were made by Thompson and Rachels to recommend the council approve the 2024 fee schedule and the motion carried.

2024 Budget and Levy

This year's Tax Levy Committee consists of Mayor Schierer, Council Members Job and Rachels, City Administrator Andrew Bremseth, Finance Director Bill Sonmor and Assistant Finance Director Sandy Cunningham. They were credited for the work they put in and remarked on the challenges of running government entities with rising costs. The proposed revenues are \$74,672,484. Proposed expenditures are \$71,121,218. The proposed tax levy is \$8,300,000, which is a \$668,450 or 8.76% increase from 2023. The tax capacity rate is 55.679% or a 3.48% increase from the previous year. The city is planning to add a new employee in the Building Inspection Department that will fund 60% of the cost with the other 40% coming from the Storm Water Fund. The Police Department is also planning to add a new elementary school resource officer.

The revenues (\$33,161,982) and expenditures (\$32,580,072) within Capital Projects are much higher than usual. Within this fund are the \$10.8 million aquatics center and \$5.2 million of improvements at DeLagoon Park approved by the voters in 2022 and scheduled to begin construction next year. These projects will be funded by a 0.50% sales tax that will be collected through December 31, 2037, or enough has been collected to pay off the bonds. The city also received \$4 million from the State Legislature for the dairy project making \$20 million of projects to be funded by sources other than property taxes. The Tax Levy Committee focused on the public's request to dedicate a significant part of the city's budget on street improvement projects and the city is analyzing approximately \$11 million

in street projects. Additionally, a 10% increase has been proposed for street materials (\$77,000); bituminous overlays (\$325,400) and seal coat projects (\$173,100). The City Council will be holding a discussion on franchise fees at an upcoming work session. Franchise fees are estimated to generate \$1.3 million in annual revenue solely dedicated to street projects. The funds would not be applied to utility work or street lighting.

Staff will be working on an in-depth study of the enterprise funds to present later this fall. The liquor store continues to be profitable, and the city plans to transfer \$124,000 next year to help fund operations at the Bigwood Event Center. A 3% increase in refuse collection and disposal rates are planned in 2024 with further analysis needed regarding the cost of expanding a demolition cell at the landfill. The water and sewer funds include 5% increases. The storm water fund budget includes rate increases and 40% of the new position within the Building Department. A 10% increase is planned in the rental charges within the equipment fund.

The council will be asked to approve the 2024 preliminary budget and levy on September 18. The final budget will be presented along with a public hearing on December 4. The Tax Levy Committee will continue to refine the budget until that time and council members were encouraged to provide recommendations to the committee members. Staff will continue the preparation of the capital improvement plan and will present it to the Council with the franchise fee discussion and final budget in December. A motion and second were made by Job and Fish to recommend the council place the budget and levy approval on the September 18 council agenda and the motion carried.

The meeting adjourned at 8:22 am

Lynne Olson