

City Council Minutes
September 18, 2023

The Fergus Falls City Council held a regular meeting on Monday September 18, 2023, at 5:30 pm in the City Council Chambers. Bill Sonmor 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: Thompson, Rachels, Fish, Job, Kvamme, Rufer, Kremeier. Hicks was absent.

Approval of Agenda

A motion and second were made by Fish and Kvamme approving tonight's agenda with the addition of a resolution restricting water usage (new business) and the motion carried.

Final Cost Hearing: City Project 5959 Stanton Avenue

City Project 5959 is the reconstruction of the sanitary sewer, water main, storm sewer, sewer and water services and bituminous street surface on Stanton Avenue from Union Avenue to Broadway. The total project cost is \$2,398,771.13 which is a reduction from the estimates at the preliminary hearing. The project financing includes \$265,325.37 in special assessments to be spread over 15 years at a 5.25% interest rate. The public hearing was opened at 5:37 pm. Duwayne Cookman, 543 W Stanton Avenue asked about the status of the proposed trail. The first block of the trail would be incorporated into the project from Union to Vine, but the remainder is being negotiated separately with the railroad and is no longer a part of this project. Mr. Cookman asked if there would be a disruption of services during construction. Private utility companies will be notified of the construction and minor service interruptions are possible. The hearing was closed. Kvamme offered **Resolution #162-2023** adopting the final assessment for City Project 5959 contingent upon awarding the construction services contract for City Project 5959 to C&L Excavating Inc., which was seconded by Rufer and was adopted.

City Project 5959 Construction Contract

Bids were compiled for City Project 5959, the Stanton Avenue reconstruction project. The low bid was from C&L Excavating in the amount of \$1,776,867.50. New water and sanitary sewer service are planned for installation with the old mill redevelopment this fall, and the remaining work will begin in the spring of 2024. Rachels offered **Resolution #163-2023** awarding the construction services contract to C&L Excavating Inc. in the amount of \$1,776,867.50, which was seconded by Thompson and was adopted.

Open Forum. There were no participants in the open forum.

Consent Agenda

The following items were approved under **Resolution #164-2023** by Rufer: Motion approving the minutes from the September 5, 2023, City Council meeting and the September 13, 2023 Committee of the Whole meeting. **Resolution #165-2023** accepting SEH's construction administration amendment in the amount of \$28,000 and authorizing the execution of the state grant agreement for PI 9350, the Airport Automated Weather Observation System project. **Resolution #166-2023** initiating Public Improvements 5363, 7219 & 8235; combining them into City Project 5961; ordering the Preliminary Engineering Report for the project and accepting Interstate Engineering's professional services proposal in the amount of \$20,000 for the reconstruction of Junius Avenue: Union to Cascade. The resolution was seconded by Thompson and was adopted.

PERA Requirements for Part-Time Police Offices

Kremeier asked an item to be removed from the consent agenda. The city offered a part-time position to an officer to act as a School Resource Officer at the elementary schools. Since this is not a 12-month position, a resolution must be adopted to make the position eligible for benefits through the Public Employee Retirement Association (PERA). Fish offered **Resolution #167-2023** affirming the City of Fergus Falls satisfies the requirements of the Public Employees Retirement Association for future qualifying part-time police officers, which was seconded by Kremeier and was adopted.

FM Bank TIF Development Agreement

In April of 2023 the council approved the creation of a Tax Increment Financing (TIF) District for the former ShopKo site. The Development Agreement with FM Bank outlines the timeline and obligations of the developer to demolish the existing blighted building. The principal amount to be paid by the city shall not exceed \$286,000. The project must begin by April 15, 2024, and be substantially completed by June 1, 2025. Rufer offered **Resolution #168-2023** approving a Tax Increment Financing Development Agreement with FM Bank for the demolition of the former Shopko building, which was seconded by Fish and was adopted on a 5-2 vote. Voting in opposition were Job and Kremeier.

Fee Schedule

Job offered **Resolution #169-2023** adopting the 2024 fee schedule which was seconded by Kvamme and was adopted.

2024 Preliminary Budget

At the September 13 Committee of the Whole meeting, Finance Director Bill Sonmor presented the city's 2024 preliminary budget of \$71,121,218. The budget is higher than prior years due to projects within the city's capital outlay. Voters approved a \$10.8 million aquatics center and \$5.2 million of improvements in DeLagoon Park. These projects will begin in the spring along with their bond issuance. The city received \$4 million from the state legislature for the dairy project and the city is planning for nearly \$11 million in street improvement projects which also contribute to the increase. Rising inflationary costs required increases in wages and equipment costs. The Tax Levy Committee started with a 10% increase in fixed costs and worked to get the budget to a 8.67% increase which is lower than peer cities within the region. Public comment will be taken at the December 4 meeting and council members wishing to offer suggestions were encouraged to reach out to members of the Tax Levy Committee. These members were commended for their extensive work in the budget process and Fish recommended council members Job and Rachels serve in this capacity again next year. Rachels offered **Resolution #170-2023** approving the 2024 preliminary budget in the amount of \$71,121,218, which was seconded by Job and was adopted with Kremeier voting in opposition.

2024 Preliminary Levy

Fish offered **Resolution #171-2023** approving the 2024 preliminary budget in the amount of \$8,300,000, which was seconded by Job and was adopted with Kremeier voting in opposition.

2024 Budget and Levy Public Hearing

Rachels offered **Resolution #172-2023** setting the 2024 budget and levy public meetings for December 4, 2023, at 6:00 pm (or later) in the City Council Chambers, which was seconded by Rufer and was adopted.

Conditional Use Permit for 1603 Pebble Lake Road

At the September 5 meeting a resolution approving a Conditional Use Permit (CUP) authorizing the Little Chief Outpost to sell hemp-derived THC products in a B-2 zone failed to get 5 votes. The rules of a CUP require reasons if it is not approved. The council has four options: approve the CUP, approve it with conditions, deny it while stating the reasons for the denial or extend the timeframe an additional 60 days. If the council fails to take any of these actions, the permit is automatically approved. Staff recommend approving the conditional use permit with the conditions the applicant must comply with all ordinances of the city. This would include only allowing these sales in an area separate from the main store restricted to those 21+ years of age and ensuring all transactions are conducted by someone age 21 or older. Rachels offered **Resolution #173-2023** approving a Conditional Use Permit for hemp-derived THC sales in a B-2 zone at 1603 Pebble Lake Road, which was seconded by Rufer and was adopted with Kremeier voting in opposition.

Active Transportation Grant

The city was notified they were awarded \$391,960 for four projects. After being awarded the funding, the city was informed they needed to come up with \$71,250 in funding. MnDOT agreed to allow the city to proceed with only one project reducing the city's share is now \$26,466. The school district agreed to pay half of the cost since the project will benefit students. The Tax Levy Committee did not find any additional funding other than the unused portion of the 2022 sidewalk funds. Kvamme felt the city would not get a better deal on getting all four projects at a fraction of the cost but understood the budget constraints. Katrina Johnson spoke as a member of the Bicycle and Pedestrian Advisory Committee said the mistake in not letting the city know there was a matching fund requirement should be put aside and the city should be financially responsible to invest in all four projects since they are safety project that need to be addressed. She felt turning away grant money would adversely impact the city in future funding requests and requested the city reconsider their recommendation and pursue all four projects. Thompson offered **Resolution #174-2023** authorizing MnDOT to prepare the final Active Transportation Grant Agreement for Option 3 that was seconded by Rachels and was adopted.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$2,639,100.91, which was seconded by Rufer and was adopted.

Watering Restrictions

The Minnesota DNR notified cities within the Red River watershed they must impose water restrictions due to the drought conditions. The restrictions would not be applicable for gardens, flowers, newly planted trees, and shrubs or newly sodded or seeded lawns. It would restrict lawn watering between the hours of 8 pm and 8 am and limit lawn watering and car washing to a schedule corresponding to addresses and calendar dates as well as restrict the filling of swimming pools. Rufer offered **Resolution #175-2023** restricting water usage for lawn watering, car washing and the filling of swimming pools which was seconded by Fish and was adopted.

Kremeier announced the upcoming town hall meeting will feature the CEO of Perham's KLN Company and the meeting adjourned at 6:17 pm.

Lynne Olson