

City Council Meeting
October 16, 2023

The Fergus Falls City Council held a regular meeting on Monday October 16, 2023, at 5:30 pm in the City Council Chambers. Pastor Kate Bruns gave the invocation, and the Pledge of Allegiance was recited. Mayor Schierer called the meeting to order at 5:31 pm and the following council members were in attendance: Hicks, Fish, Job, Kvamme, Kremeier, Thompson and Rachels. Rufer was absent.

Approval of Agenda

A motion and second were made by Hicks and Kvamme to approve the agenda with the addition of a Minnesota DEED grant (old business) and the motion carried.

Open Forum

Mark Leighton expressed his opinion that the city is outspending similar sized cities, is paying too much for projects and the proposed franchise fees are too costly.

Consent Agenda

The following items were approved under **Resolution #187-2023** by Thompson: Motion approving the minutes from the October 2, 2023, City Council meeting, the October 11, 2023, Special Council meeting and the October 11, 2023, Committee of the Whole meeting. Motion approving the following licenses: 3.2% Malt Liquor, Wine with Strong Beer Authorization-2024 Northern Aire Lanes, A Center for the Arts; 3.2% Malt Liquor-2024 Lakeway Express, WalMart; Full On Sale Liquor License-2024 VFW Post 612; Tobacco-2024 WalMart, Miller & Holmes, Inc., King Tobacco, Casey's Store #1820, Casey's Store #2161, Fergus Falls West Liquor Store, Little Chief Outpost, AJ Specialty Store Inc (Smoke N Vape); Mechanical-2023 Home Heating, Plumbing & A/C, Hanson's Plumbing & Heating; Sidewalk/Paving-2023 Northland Custom Concrete; Sign Hanger-2023 Hofer Sign Inc.; Hemp-Derived THC License-2024 King Tobacco, Elevate, AJ Specialty Store Inc (Smoke N Vape); Minnesota Lawful Gambling Permit Fergus Falls College Foundation for raffle on December 11, 2023 at M-State, Fergus Falls College Foundation for raffle on February 1, 2024 at M-State. **Resolution #188-2023** waiving the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04. **Resolution #189-2023** authorizing an application for funding to the State Park Road Account Program for improvements in DeLagoon Park. The resolution was seconded by Fish and was adopted.

Ordinance 50, Eighth Series

Ordinance 50, Eighth Series, Repealing City Code 31.25, and Amending City Charter Chapters 2.07 & 4.01 was adopted with Kremeier voting in opposition.

Ordinance 51, Eighth Series

Ordinance 51, Eighth Series, Amending the Interim Ordinance Moratorium for Cannabis Businesses was introduced by Rachels and declared to have its first reading.

Franchise Fee Agreements and Ordinances

A motion and second were made by Kvamme and Rachels directing the City Attorney to draft updated franchise agreement ordinances and franchise fee ordinances with Otter Tail Power, Great Plains Natural Gas and Lake Region Electric Cooperative. Mayor Schierer explained this is a necessary step in the process of adopting franchise fees. There will be a public open house and two readings of the

ordinances prior to implementing the fees. It was clarified the fee would only be added to the gas and electric companies, not to city utilities. Kremeier felt the 5% franchise fee was too much and suggested starting at 2%. Although the fees would be capped at \$1,000 for businesses monthly, he was concerned with business development and the fees would be passed onto their consumers. He called the city's increased budget for 2024 and increased spending unprecedented and said he was torn between the need for more street funding and raising taxes to unreasonable levels. Mayor Schierer said the Tax Levy Committee made it a priority to improve the streets and franchise fees are the most economical way to equitably achieve that goal without raising property taxes. \$20 million of the increased budget reflects a \$10.8 million aquatic center and \$5.2 million improvements at DeLagoon Park which the voters approved in 2022 and these projects will be funded by a local option sales tax. \$4 million was provided by state bonding funds requiring no match for the former dairy site. The City Attorney explained the action being taken is two-fold. Utility companies are allowed to use a city's right of way with an agreement. The agreements to continue operating within the city's right of way with Great Plains Natural Gas, Lake Region Electric Cooperative and Otter Tail Power Company are being updated for the next 20 years. In addition to those three agreements, three ordinances (one for each utility company) are being proposed to address the franchise fees. The council's action is directing him to draft the six ordinances for the council to consider at their next meetings. The motion was called to a vote and carried with Kremeier voting in opposition.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$2,296,125.12, which was seconded by Rachels and was adopted.

Minnesota DEED Small Cities Development Grant

On October 2, the council approved moving forward with a 2023 application for a Minnesota DEED Small Cities Development Grant. After speaking to HRA Director Mikel Olson, Andrew Bremseth does not feel it is feasible to submit a successful grant by the November 29 deadline. He proposed the council reconsider their previous motion and apply in the 2024 cycle. Kremeier asked why the city did not have an application ready and why they would not go after \$1.4 million in funding if the administrative costs to write the grant are provided. Olson explained their experience with these grants requires hundreds of hours of staff time, extensive surveying and identifying the boundaries for the grant and door-to-door follow ups. Not getting the pre-work done would not lead to a successful grant. The program restricts multiple grants being taken out by the same entity and they finished the work on another Small Cities Development Grant that started in 2019. Despite their efforts, and an extension of time, participation in the program was low and \$331,000 of available funding was returned. A comprehensive grant cannot exceed \$1.4 million and each activity within the grant cannot exceed \$600,000. 15% of the grant's administrative costs are covered but that does not cover the time and staff costs incurred in such a comprehensive grant. The HRA is happy to work on a 2024 proposal using Community Development Manager Klara Beck's assistance when she returns from her leave. A motion and second were made by Fish and Hicks to submit a 2024 Minnesota DEED Small Cities Development Grant and the motion carried.

Announcements

The public meeting to learn more about franchise fees will be held in the City Council Chambers on October 26 from 5-6:30 pm with a formal presentation to take place at 5:30 pm. Kvamme said legislators will be on site tomorrow to learn more about the Lake Alice 3D water quality project tomorrow. Leaf pickup is scheduled for October 25, but it may need to be delayed if the leaves

haven't fallen by them. Kremeier announced the next Town Hall meeting will be held November 1 and the guest speaker is Dave Hengel of Greater Bemidji.

The meeting adjourned at 5:57 pm

Lynne Olson