

City Council Meeting
December 4, 2023

The Fergus Falls City Council held a regular meeting on Monday December 4, 2023, at 5:30 pm in the City Council Chambers. Pastor Dave Foss 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: Kvamme, Rufer, Kremeier, Thompson, Rachels, Hicks, Fish and Job.

Approval of Agenda

A motion and second were offered by Fish and Thompson approving the agenda and the motion carried.

Pebble Lake Golf Course Discussion

On November 6 the council passed a motion directing staff to send out Requests for Proposals (RFP) for golf course management services with proposals due on December 21. Pebble Lake Golf Club President Dusty Christensen read a letter regarding the RFP and requested the city terminate the process and begin discussions for the renewal of their five-year lease scheduled to expire December 31, 2023. They have begun preparations for the 2024 golf season and secured contracts for staff, golf carts, merchandise, and chemicals. He acknowledged the Pebble Lake Golf Course received significant financial assistance and loan forgiveness from the city in the past, but they have worked hard to turn their operations around and are now operating in the black. The board was upset their 55 years of experience could have been honored better than the council unanimously deciding to issue an RFP process so late in the year for a contract soon due to expire without responding to their request to negotiate.

Mayor Schierer felt there is a strong relationship between the city and golf board, but it was prudent to request an RFP to ensure the taxpayer dollars are being put to good use. Hicks admitted he has been critical of past golf board decisions but commended their hiring of Kevin Swenson as operations have turned around and the course is seeing a profit. He feels an RFP assures the city is getting the most out of taxpayer dollars for this city asset but questioned if this is the right time for the process. Rufer complimented the golf course management and the board's work in turning around their operations. He too believes an RFP process is occasionally necessary but felt this is the wrong time to issue one as there has been a lot of hard work invested for next year. Kremeier said the golf course operating in the black is a better scenario than other projects projected to operate at a loss even before they are built. Although the golf course cost the city money in the past, it is an amenity that has proven its ability to be successful and they bring people into the community. He advocated the golf board be allowed to continue operating. Fish does not believe this is the right time for an RFP process, but the council is being asked to be accountable for the city's expenses. Hicks offered **Resolution #207-2023** extending the lease agreement with the Pebble Lake Golf Course for an additional year and to initiate an RFP process in July of 2024 with an effective date Jan 1, 2025, which was seconded by Kremeier.

Kvamme voted in favor of the RFP because as an elected official, he is responsible to make financial decisions on behalf of the community and it was not his intent to throw away the existing relationship. Rachels believes the golf staff is doing a good job of operating and maintaining the golf course. The purpose for his motion to issue an RFP was due to constituents asking why the "good old boys" at the golf course receive city funding. He did not feel the golf board needed to be threatened by the process

and their ability to turn their operations around and create a successful restaurant partnership should be applauded. It was not his intent to disrupt the relationship with Palmer's restaurant and advocated the partnership with them had to be continued for the remainder of their lease regardless of who is managing the facility. Christensen said the RFP process could jeopardize that partnership and it puts the livelihood of the restaurant and golf course at stake. He felt the council made the motion on November 6 without having all the facts and he again urged the council to reconsider the RFP process. Fish said the city's allocation helps with golf course equipment, but with the rising costs, it does not go far.

Travis Johnson reminded the council their funding is limited to equipment which is still a city asset. Mark Leighton criticized the council and administration for not acting on the lease months ago, for not making informed decisions and referenced the real estate taxes the city gains from homes in the area. He suggested renewing the lease for five years. Ben Jurgens felt Mr. Rachel's motion was disrespectful to the Pebble Lake Golf Course board and its members. He felt the long-time partnership deserved more than a one month notice to negotiate their lease and expressed frustration the golf board's efforts to turn around the facility have gone unnoticed and unappreciated. Jurgens perceived the council's action to unilaterally approve the RFP as disloyal and asked them to consider the negative impact their decision could have on the livelihood of their staff. Instead of condoning the "good old boys" mentality, he suggested the council explain the golf course is given city funding to help fund equipment costs to their city asset. Darlys Hegge spoke as a former golf board member about the hard work their membership has put into improving the Pebble Lake Golf Course. She spoke highly of the current staff and felt their work should be acknowledged and appreciated. Mike Schneeberger spoke about his experience as a groundskeeper and advocated the golf course be run independently without using taxpayer funds. He suggested the business he works for could perform routine maintenance. Dick Nitz spoke about the initial condition of the golf course in 1965 and the private funding and work that went into establishing the course. He felt the course is being well run and the city should continue working with the Pebble Lake Golf Club. Debbie Smith spoke about the "good old boys and gals" that have taught her how to golf, their donations of equipment, time, and funds to help others learn. She felt this golf course has unlimited potential and asked about the cost to winterize the clubhouse so the restaurant, its meeting space can be offered year-round.

Hicks offered an *amendment to the resolution* to include extending the lease agreement with the Pebble Lake Golf Course for an additional year and to review an RFP process in July of 2024 with an effective date Jan 1, 2025, and a sub-committee comprised of 2 members of the Pebble Lake Golf Club board, 2 city staff members and 2 council members be formed to negotiate the terms of the extended lease agreement. Kremeier agreed to the amendment subject to the golf board agreeing to these terms as well. The resolution was called to a vote and was adopted.

Consent Agenda

The following items were approved under **Resolution #208-2023** by Fish: Motion approving the minutes from the November 20, 2023, City Council meeting and the November 29, 2023 Committee of the Whole meeting. A motion approving the following 2024 licenses: Tobacco Holiday Stationstores, Cenex Zip Trip, Walgreens; Off-Sale 3.2% Malt Liquor Holiday Stationstores; Demo/Hauler Building Waste Sigelman Steel & Recycling; Metal Recycling Sigelman Steel & Recycling, Lakes Iron & Metal; Junk Dealer Sigelman Steel & Recycling; Full Liquor License Socials Bar & Grill, Applebee's Neighborhood Grill/Bar, Fiesta Brava, El Loro Mexican Restaurant, Mabel Murphy's, on Pablo's Mexican Restaurant; Minnesota Lawful Gambling Permit Fergus Falls Youth

Baseball for raffle at DeLagoon Park on May 14, 2023; Brewer, Taproom and Growler Outstate Brewing Company, Fergus Brewing; On Sale 3.2% Malt Liquor and Wine (Strong Beer Authorization) The Fabled Farmer. **Resolution #209-2023** accepting the lighting quote for the DeLagoon softball fields in the amount of \$743,459. The resolution was seconded by Rufer and was adopted.

2024 Budget and Levy

Finance Director Bill Sonmor presented the 2024 budget and levy. When the preliminary budget was presented in September the proposed expenditures were \$71,121,218 and the tax levy was \$8,300,000 for an 8.76% increase over 2022. Since that time the Tax Levy Committee decreased the proposed expenditures to \$67,889,149 and the tax levy to \$8,147,000 for a 6.75% increase. Street maintenance was allocated an increase of 10%. One new position is proposed within the Building Inspection Department which will fund 60% of the position while the remaining \$40,000 will be shared with the Storm Water Fund. The city received an increase of \$578,000 in Local Government Aid and a one-time allocation of \$614,500 for public safety that does not all have to be spent next year. 2024 projects include street projects, the aquatics center, improvements at DeLagoon Park, and the redevelopment of the dairy property for a total of \$27,612,000. The city plans to run the Bigwood Event Center next year with a planned transfer of \$124,000 from the liquor store. Staff will bring a discussion regarding the utility rates, franchise fees and capital improvement plan back to the council early next year.

The public comment period opened at 6:59 pm.

- Mark Leighton felt the city is overspending and advocated for an additional \$1.5 million in budget cuts including the elimination of a department, parks, the city's contribution to Greater Fergus Falls and the Bigwood Event Center. He requested each council member review his proposal.
- Michael Burgraff thanked the council for their service and work to keep the community progressive. The new parks and projects are attracting families to the community without being financially restrictive. He thanked Bill Sonmor for his tireless work with the city's finances and as a resident he relies on the professional staff and council to do what is right for the city overall.
- Duane Cookman also commended Bill Sonmor for his outstanding job of building the budget and Al Kremeier for holding the town hall meetings. He sees the efforts of many people working behind the scenes and feels this momentum will continue to build our community.
- Tammy Eerring asked the council to tread lightly on raising taxes as they are a one income family whose household's financial decisions are dependent upon the council's action.
- Jeremiah Jensen is a new resident who requested the council to reconsider the budget and additional other cuts to protect the working-class residents.
- Jolene Karlstad is trying to survive on her own after being widowed and an increase in property taxes may force her from her home. She asked the council to reconsider the budget, so it does not negatively impact the lower- and middle-class homeowners.
- Cathy Colling said the rising cost of utilities, property taxes, a proposed new school, and water treatment plant will negatively impact her fixed income. She encouraged the council to follow Mr. Leighton's suggestion to cut the budget more significantly.

The public hearing concluded at 7:19 pm.

Hicks pointed out the funding sources for the dairy property (state bonding dollars), and the aquatics center and DeLagoon Park (local option sales tax). He acknowledged the city sometimes needs to

invest in amenities that don't make money and was willing to give the Bigwood Event Center more time to turn around the operations. He suggested the city outsource services and issue RFPs for banking, electronic payments, legal services, and communications; implement credit card surcharges and review cell phone plans. Kremeier was sympathetic to the property owners concerned with the city's budget and suggested department heads provide spending reports at each meeting so budget decisions can be made year-round rather than approving the budget at the end of the year. Rachels explained the department heads submit their budgets in June and the Tax Levy Committee reviews the budget line by line. They must often turn down budget requests and the implication that cutting \$1.5 million from the budget is easy is simply untrue. City Administrator Andrew Bremseth said the city's budget process is prescribed by the City Charter. On a regular basis staff make spending requests at the Committee of the Whole and City Council meetings. The Tax Levy Committee meets dozens of times to develop the budget and they consider the impact of their recommendations on residents. Rufer said it is not the council's role to micromanage departments, but to trust the trained professionals they have hired, and he applauded staff for their good work in the budget process. Kvamme felt the budget increase was remarkable considering the increased costs and was grateful for the thoroughness of the budget process. Hicks clarified that the city's budget is only one component of a resident's tax statement as the school district and county also contribute to the overall taxes.

The Mayor allowed for additional public comments.

- Mark Hermes felt Mark Leighton's suggestions to reduce the budget should be considered and he encouraged the council to review those recommendations.
- Debbie Smith said her property taxes increased more significantly than the city's proposal suggested. The Mayor explained the increase is an average for the city as a collective and individual properties vary due to the complicated formula.
- Duane Cookman spoke about his individual property's valuation.
- Cathy Colling said her property is going up significantly and encouraged others to attend the county and school budget hearings.

2024 Levy

Rachels offered **Resolution #210-2023** approving the 2024 levy in the amount of \$8,147,000, which was seconded by Job and was adopted.

2024 Budget

Thompson offered **Resolution #211-2023** approving the 2024 budget in the amount of \$67,889,149, which was seconded by Rufer and was adopted.

Resolution of Accounts

Fish offered a resolution authorizing the payments and claims in the amount of \$863,663.60, which was seconded by Rufer and was adopted.

The meeting adjourned at 7:51 pm

Lynne Olson