

Committee of the Whole Meeting  
February 28, 2024

The Fergus Falls City Council held a Committee of the Whole meeting on February 28, 2024 at 7:00 am in the City Council Chambers. Mayor Schierer called the meeting to order and the following council members were in attendance: Hicks, Job, Kvamme, Kremeier, and Thompson. Fish, Rufer and Rachels were absent.

**Lake Alice 3D Project**

The Lake Alice 3D project was funded in last year's legislation session as a two-year project to improve the water quality in Lake Alice. The first summer's results have shown signs of improving the lake's e-coli and dissolved oxygen levels. Water Quality 3D is seeking an additional \$40,000 from the state legislature to continue the project through 2025 and requested a resolution of support for this funding in this legislative session. A motion and second were made by Kvamme and Hicks to recommend the council adopt a resolution of support for \$40,000 in funding from the State of Minnesota to extend the Lake Alice 3D water quality pilot project for an additional year and the motion carried.

**Shoreview Drive Street Improvements**

The bituminous street improvements on Shoreview Drive: Pebble Lake Road to the cul-de-sac (PI 5373) were initiated by petition and the preliminary engineering feasibility report has been completed. The preliminary total project cost is \$287,000 and would be funded by PIR bonds and special assessments. A motion and second were made by Hicks and Thompson to recommend the council accept the Preliminary Engineering Report-Feasibility Report for Public Improvement 5373 and to set the preliminary project hearing date for April 15, 2024, at 5:30 pm in the City Council Chambers and the motion carried.

**Landfill Demo Cell Phase 3B**

Cell 3A at the city's Class 1 demolition site at the landfill is expected to reach capacity in 2024 or 2025. The construction of Cell 3B will be necessary for the continued demolition disposal operations. Staff recommended Houston Engineering Inc. prepare the plans and specifications for the project and update the project costs. If the council approves the project construction would begin this fall. The estimated project cost is \$1,100,000 and would be funded by the Refuse Fund. Demolition disposal rates are projected to gradually increase to help fund the demo cell improvements. A motion and second were made by Thompson and Hicks to recommend the council initiate Public Improvement 9774, order the project plans and specifications and to accept Houston Engineering's professional services proposal in the amount of \$196,567 and the motion carried.

**Utility Rates**

Finance Director Bill Sonmor provided an in-depth look at the city's utility funds as a continuation of his presentation at the February 20 council work session. Rising operational costs in the refuse, recycling, water, sewer, and stormwater funds along with the higher equipment prices make it necessary for the city to raise the utility rates. Staff have been projecting costs for the next ten years to maintain operations, plan for future landfill expansions and equipment needs. Disposal rates with the county have increased 5.2% since January 1, 2024. If revenues do not increase and expenses continue to increase 3-5%, the cash balance of the refuse fund would drop from the current level of \$2,121,654 to a negative \$7,311,306 by 2033. Hicks asked staff to provide trends of the refuse,

recycling and demolition debris disposal and suggested more public education regarding the benefits of recycling for the environment and how it can reduce the costs of garbage disposal. Continued expansion of the demolition debris site requires a significant investment and will result in increases to the existing demo rates as it is an expensive business with many state and federal regulations. Staff are planning for the costs of opening, closing, and maintaining of demo cells for the required 30 years afterward. Operational costs in the water, sewer and stormwater funds also continue to increase and capital improvement plans include the ongoing cost of maintaining infrastructure for these systems. Fast-track street improvements being considered impact these funds as they include significant capital costs related to the infrastructure under those streets. Rate increases will be required in 2024 and beyond to maintain appropriate cash balances. If franchise fees are not implemented, the fast-track street improvements will be spread over more years in the models which could reduce increases in 2025 and beyond.

*Refuse fund recommendations:*

- A 3.5% increase in residential/commercial collection and disposal fees in 2024 with similar increases expected through 2033.
- A 3.5% increase in landfill fees (garbage) in 2024 with similar increases expected through 2033.
- A 3.5% increase in tipping (disposal) feeds in 2024 with similar increases expected through 2033.
- A 10% increase in roll-off fees in 2024 with similar increases expected through 2026 and 4% through 2033.

*Recycling fund recommendations:*

- A \$.50 or 7.75% increase in recycling fees for 2024 with similar increases in 2027, 2029, 2031 and 2033.
- No changes to the tree management fee in 2024, but a \$.20 (13%) increase in 2026 with no additional increases through 20233.

*Demolition debris recommendations:*

- A 9.9% increase in 2024; 41.9% in 2025; 4.2% in 2029 and 4.0% in 2032.

*Water fund recommendations:*

- A 10% increase to flat and variable flow rates in 2024, additional smaller increases needed in future years. A \$2.7 million debt issuance assumed in 2027.

*Sewer fund recommendations:*

- A 8% increase to flat and variable flow rates in 2024, additional smaller increases needed in future years. No debt issuance included in the model.

*Stormwater fund recommendations:*

- Flat rate residential increases of \$1.25, a 14.3% increase from \$8.75 to \$10.00. Additional smaller increases needed in future years. No debt issuance included in the model.

These recommendations would result in an overall 8.1% increase for the average residential utility bill for customers using 6,000 gallons of water each month. This equates to a \$9.48 per month or \$113.73

annual increase. If approved, rate increases would go into effect for the utility bills printed at the end of April 2024. A motion and second were made by Hicks and Thompson to recommend the council approve the 2024 utility rate adjustments and the motion carried.

### **Solar Panels on City Facilities**

The Natural Resources Advisory Committee has been exploring potential solar installations at the west liquor store, community arena, water treatment plant, wastewater treatment plant, Bigwood Event Center, and Prairie Wetlands Learning Center. The Inflation Reduction Act expanded tax credits for clean energy projects for tax-exempt entities. These uncapped tax credits can cover up to 70% of the project costs once completed. Additional incentives from Otter Tail Power Company and grants can be stacked on the tax credits. Council members preferred ground units rather than roof units and American made panel when possible. Council approval would be sought prior to installation at each facility and the committee was asked to provide costs, potential rebates, a timeframe and expected payback times.

### **Traffic Marking Partnership with Otter Tail County**

A motion and second were made by Hicks and Job to recommend the council adopt a resolution to partner with Otter Tail County on annual traffic markings and the motion carried.

The meeting adjourned at 7:46 am

*Lynne Olson*