

Committee of the Whole Meeting
June 12, 2024

The Fergus Falls City Council held a Committee of the Whole meeting on June 12, 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, Fish, Job, Kvamme, Rufer, and Kremeier. Rachels was absent.

Council Vacancy Update

Nate Kunde and Mike Mortenson submitted their letters of interest and a summary of qualifications for the vacant Ward 3 council position by the June 11 deadline. There will be a council work session on June 17 at 4:30 pm to learn more about the candidates, ask them several prepared questions as well as two “on the fly” questions. Staff recommended the council to consider the applicants and to fill the vacancy by a resolution of five affirmative votes for one candidate at the council meeting that evening. If a council member is approved, they will be sworn in and immediately seated as a member of the City Council to fill the unexpired term. In addition to the work session and council meeting there will also be a closed meeting and a Port Authority meeting held on June 17.

2024 Bond Sale

On June 17 the council will be asked to facilitate the sale of General Obligation Bonds, Series 2024A to finance the aquatic center, DeLagoon Park improvements, and city improvement projects 5959 and 5960. The sales tax and special assessments collected to date would be applied directly to the projects and not included in the bond sale. The sales tax projects total \$20,751,670 (including interest) while the PIR bonds will require a levy of \$1,113,859. On June 17 the city’s advisor at Baker Tilly will review the information and ask the council to set the dates and terms. After a credit rating call with Moody’s, the bond sale and consideration of award would take place on July 15 with the bond proceeds received by the city on August 1.

Scenic Drive Infrastructure Projects

The city received a 100% petition for infrastructure improvements on Scenic Drive from Pebble Shores Drive to Pebble Hills Drive. The Preliminary Engineering Report is complete, and a portion of the project is proposed to be funded by special assessments as the improvements to the water main, sanitary sewer and sewer service benefit the abutting property. Three options were considered, and staff are recommending both Options 1 and 3 be implemented. Option 1 would construct 1100 lineal feet of 12” water main to serve future homes on the seven newly platted lots in the 2nd Addition of Pebble Hills Estates. Option 3 addresses the possible extension of the 8” sanitary sewer main to the west for an additional 450 lineal feet and would provide potential service to four additional platted lots. The preliminary cost estimate for the two options is \$365,000 and tentative funding sources include PIR bonds, the city’s sanitary sewer fund and the water fund in addition to the deferred special assessments. Option 2 could be utilized as development occurs. A motion and second were made by Fish and Hicks to recommend the council accept the Preliminary Engineering Report for PI 8231 (Option 1) and 7224 (Option 3); to initiate PI 7224, the sanitary sewer on Scenic Drive from 200’ south to 600’ south of Pebble Shores Drive and to set the preliminary improvement project hearing date for PI 7224 and 8231 for August 5, 2024, at 5:30 pm and the motion carried.

Frontier Drive Stormwater Analysis Project

Stormwater generated in the NW area of town (the Frontier Drive and Western Avenue area) currently drains into a 500-acre watershed through an existing city owned storm sewer pipe network.

It discharges into the I-94 right of way, flows into a large culvert below TH 210 and eventually into the Otter Tail River. MnDOT is concerned with the drainage entering their right of way and the potential impact the increased stormwater discharge could have on critical transportation facilities. The city has received a grant from the MPCA to analyze the area, identify sources of stormwater runoff and develop improvement alternatives and solutions. The total estimated cost for the work is \$61,700. The grant would cover 86% of these costs (\$52,855) leaving a local share of \$8,845 which would be funded by the Storm Sewer Enterprise Fund. A motion and second were made by Hicks and Rufer to recommend the council initiate PI 7225, the NW area stormwater analysis project, to accept the MPCA's SWC grant in the amount of \$52,855 and to accept Bolton & Menk's professional services agreement for Stormwater Analysis in the amount of \$58,728 and the motion carried.

Cannabis Zoning Ordinance Update

At the June 3 council meeting Ordinance 58, Eighth Series, Cannabis Zoning received its first reading. Chief of Public Safety Kile Bergren explained in 2023 the city was inundated with multiple inquiries when the state legalized cannabis sales and usage. The council set a moratorium that allowed the four existing businesses to continue selling hemp-derived products, but it did not allow new businesses until January 1, 2025, so the state had time to set up the Office of Cannabis Management and provide more guidance. He referenced Minnesota Statute 342.13 that states the city's powers in this matter. A local unit of government may not prohibit the usage of these products, but cities are allowed to develop model ordinances with reasonable restrictions on the time, place and manner of operations, to develop forms and procedures for the issuance of a retail registration and to perform compliance checks. The local unit of government is allowed to determine the local zoning, building code and fire codes and the state may not issue a license if a cannabis business does not meet the local zoning and land use laws. Local governmental units are allowed to prohibit these business operations within 1000 feet of a school, or 500 feet from a day care, residential treatment facility, or attractions within a public park regularly used by minors. At the 2024 annual meeting the mayor appointed three members of the council and himself to the working group referred to as the Council Cannabis Committee. The committee has met since January to consider the zoning and buffers and have brought their recommendations to a council work session, a council meeting, and they asked the Planning Commission to consider the allowed zoning which resulted in Ordinance 58.

Bergren acknowledged this is a highly polarized topic that won't completely satisfy everyone, but a decision needs to be made that is an acceptable community standard. He addressed comments made at the June 3 council meeting that hemp derived businesses have not been disruptive to the community and stated there have been more complaints to the police department, city hall and the council in the past year regarding these cannabis businesses than there were in the past 5 years of alcohol sales. The 420 Festival held in April also resulted in negative public comments. He said the hemp infused products sold by the municipal liquor store are allowed by Ordinance 41 and the committee has agreed other liquor establishments should be allowed the opportunity to sell the hemp infused products in conjunction with their 2025 liquor license renewals.

Regardless of the council's stance on cannabis, it is a state law the city needs to comply with. Communities with a population exceeding 12,500 must grant at least one license but could allow an unlimited number of licenses. The consensus of the Council Cannabis Committee was to allow sales in the B-6 and industrial zones, but not in the B-3 zone due to the higher buffers as allowed by state statute. When the Planning Commission reviewed the issue they were in favor of allowing sales in the B-3 zone with a conditional use permit but without buffers. The committee offered a compromise

to allow the sales in a B-6 zone and to reduce the buffers. The council held a first reading on June 3 with this language. Since then, several council members have asked for further discussion. Bergren shared an amended ordinance he feels bring compromise by allowing retail sales in a B-3 zone with a conditional use permit and to include a 250' buffer from public or private schools, daycares, residential treatment facilities or from any other cannabis business. He reminded the council if they don't act on the zoning issue, then retail sales would be allowed in all zones.

Kvamme spoke as a member of the Council Cannabis Committee and the city is considering this issue due to the state law. He felt the committee provided a compromise in the original ordinance language and his opposition to allowing any retail sales downtown, especially with the number of residential units located in the area. Rufer disagreed and felt cannabis usage has been legalized by the state and has an undeserved stigma. The city allows alcohol to be sold downtown, which some could argue is more harmful. He was in favor of allowing cannabis sales with a conditional use permit in a B-3 zone as it brings another retail component to our downtown shopping experience and felt it was beyond the council's purview to decide who and what types of businesses are allowed. Hicks agreed whether the city likes the thought of cannabis sales or not, it is legal. He felt allowing the sales in a B-3 zone with a conditional use permit is a good compromise as the city can implement conditions on the cannabis retailers. If a business fails to meet those conditions, the council could revoke the license. The council will be asked to adopt ordinance language through a second reading of the ordinance on June 17.

The meeting adjourned at 7:54 am

Lynne Olson