

**City of Fairmont
100 Downtown Plaza
Fairmont, MN 56031**

City Council Minutes
Regular Meeting

March 24, 2025
City Hall, 5:30 p.m.

CALL TO ORDER

The Fairmont City Council met in regular session at the City Hall Council Chambers. Mayor Baarts called the meeting to order at 5:30 p.m.

ROLL CALL

Council present: Lee Baarts, Mayor
Wayne Hasek, Councilmember
Britney Kaweck, Councilmember
James Kotewa, Councilmember
Randy Lubenow, Councilmember
Jay Maynard, Councilmember

Absent: None

Staff present:

Jeff O'Neill, Interim City Administrator
Matthew York, Director of Public Works/Utilities
Paul Hoyer, Finance Director
Michael Hunter, Chief of Police
Pat Oman, Community Development Director
Tom Donnelly, Municipal Liquor Store Manager
Betsy Steuber, City Clerk
Cara Brown, City Attorney, via telephone
(Flaherty & Hood)

PLEDGE OF ALLEGIANCE

The City Council and all present stood for the Pledge of Allegiance.

APPROVAL OF AGENDA

Prior to approval of the agenda, Councilmember Kawecky made a motion to remove agenda item 6.C.2 from the consent agenda (item 6.C.2: Consideration to Approve the Purchase of a New Tractor and Mower for the Park Department and Declare Equipment as Excess). Motion was seconded by Councilmember Lubenow. On roll call, Councilmembers Kawecky and Lubenow voted in favor; Councilmembers Hasek, Kotewa and Maynard voted against. Motion failed.

Motion was made by Councilmember Maynard, seconded by Councilmember Kotewa to approve the agenda as presented. On roll call, Councilmembers Hasek, Kotewa and Maynard voted in favor; Councilmembers Kawecki and Lubenow voted against. Motion carried.

ROTATING VOTES

Please note that votes taken by roll call are called by the City Clerk on a rotating basis; however, the written minutes list the Councilmembers in alphabetical order.

**PUBLIC DISCUSSION/
COMMENT**

Richard Bradley, resident of Fairmont, urged Council to think about cannabis retail business's moral impact and implications on residents.

John Sigarud, property owner of 2237 State Street, Fairmont, confirmed his intentions to develop the property into a cannabis dispensary and have made application with the State.

CONSENT AGENDA

Mayor Baarts introduced the consent agenda items as listed for consideration to be enacted by one motion unless requested that an item be removed and included under new business. Mayor Baarts reviewed the consent items, as follows:

- City Council Meeting Minutes from the Regular Meeting held March 10, 2025
- March 2025 Accounts Payable List
- An Event Permit for the Borderline Cruisers Car Club – Downtown Car Show on June 14, 2025
- The Purchase of a Tractor and Mower from C&B Operations in the Amount of \$74,359.25 and Declare CIH JX65 and Bushhog TD-1500 as Excess and Authorize Staff to Post for Sale
- The Appointment of Terry Riggs to the Charter Review Team as the Citizen Representative on behalf of the City Council
- Award the Farm Lease Agreements to Steve and Spencer Olson for the Day Farm and to Lucas Johnson for All Other City Owned Ag Parcels

Motion was made by Councilmember Maynard, seconded by Councilmember Hasek to approve the consent agenda as presented. On roll call, Councilmembers Hasek, Kotewa and Maynard voted in favor; Councilmembers Kaweck and Lubenow voted against. Motion carried.

**NEW BUSINESS
MOTION
Item 9.A.1**

Director Oman introduced agenda item 9.A.1: Consideration to Fund the Granicus SmartGov Software Pricing Proposal. Oman noted the importance of the software for online permitting, code enforcement and planning purposes.

Discussion centered around software compatibility with other programs/software currently in place, delays in implementation and the overall project cost. Oman stated there are to be no issues with software compatibility and outlined the pricing structure moving forward. Oman addressed concerns with the previous delays noting them to be linked to

previous administration not managing the project and his ability to ensure timely diligent implementation.

Motion was made by Councilmember Maynard, seconded by Councilmember Hasek to Approve the Quote from Granicus SmartGov Software for a Business Process Analysis (BLA), Additional Configuration and Validation and Additional Training for the City's SmartGov Solution. All present voted in favor. Motion carried.

MOTION
Item 9.A.2

Interim O'Neill provided background information on item 9.A.2: Consideration of Adopting a Two-Year Legislative Services Contract with Lockridge Grindal Nauen (LGN). While the agenda packet materials highlight some of the assistance LGN has provided to staff and Council, O'Neill expressed representation at the Capital is extremely valuable for securing funding and navigating local legislation.

Motion was made by Councilmember Maynard, seconded by Councilmember Lubenow to Adopt a Two-Year Legislative Services Contract with Lockridge Grindal Nauen PLLP (LGN) in the amount of \$40,000 per year. All present voted in favor. Motion carried.

RESOLUTION 2025-14
Item 9.B.1

Agenda item 9.B.1: Consideration of Resolution 2025-14 to Prohibit On-Street Parking on Lake Avenue between Fairlakes Avenue and CR 39 was introduced to Council by Director York. The City is receiving State Aid Funds for this project and since the proposed street width is not wide enough for parallel parking on both sides of Lake Avenue, the State requires the City to approve a restricted parking resolution.

Motion was made by Councilmember Maynard, seconded by Councilmember Kotewa to Approve Resolution 2025-14: Resolution Approving Restricted Parking on Lake Avenue, S.A.P. 123-111-012. On roll call, Councilmembers Hasek, Kaweck, Kotewa, Lubenow and Maynard voted in favor. Motion carried.

MOTION
Item 9.B.2

Director York introduced item 9.B.2: Consideration of Parkway Tree Removals and Restoration Services Bid. The City applied for outside contractor services for tree removal, disposal and site restoration as part of the ReLeaf grant. The following bids were received:

J&D Tree Services	\$26,700
Snyder Logging and Tree Service	\$28,470
Montana Tree Service Plus	\$56,250
L&S Tree Services	\$80,400
Thate's Tree Service	\$80,900

J&D Tree Services had the lowest bid but did not include necessary

documents and costs, leading to their bid being rejected. York mentioned that Snyder Logging was the second bidder but had a mathematical mistake, which was fixed in the bid table. However, after discussions with the contractor and the City's legal team, Snyder Logging agreed to keep their original offer of \$28,190 for the removal of 51 trees by Memorial Day 2025.

Questions were asked about the differences in bid amounts. York explained the City asked for a per tree cost bid based on tree measurements to ensure consistent bidding and that Snyder uses specific equipment allowing them to work efficiently and complete tree removals within tight timeframes.

Motion was made by Councilmember Maynard, seconded by Councilmember Kotewa to Award the Bid for Parkway Tree Removal and Restoration Services to Snyder Logging and Tree Services in the Amount of \$28,190. All present voted in favor. Motion carried.

MOTION
Item 9.C.1

Finance Director Hoye stated that during the budget process, he plans for various transfers throughout the year, moving funds between accounts for different projects. While most of the transfers made in 2024 were included in the budget, Director Hoye reviewed the unbudgeted transfers with Council, noting the transfer of funds received in 2023 allocated for the AMI water project in 2024, the transfer of State housing funds to the new housing trust fund for future housing projects, and several transfers for closing out completed projects.

Motion was made by Councilmember Maynard, seconded by Councilmember Kotewa to Approve the Interfund Transfers for 2024, as Presented. All present voted in favor. Motion carried.

RESOLUTION 2025-13
Item 9.C.2

The next item of business, item 9.C.2: Consideration of the 2024 Year End Fund Balance Designations, was introduced by Director Hoye. The City has been designating its year-end general fund balance for specific projects for many years. Finance Director Hoye stated the December 31, 2024 balance was slightly over \$9.3 million, or 87% of operating costs, with over \$3 million in reserves for government building needs. By accumulating this reserve, the City could reduce the amount of bonding needed for those projects, which could lower future tax levies.

Hoye stated the city added \$1.2 million to the general fund balance due to over-budget revenues, mainly from interest earnings and lower than budgeted expenditures due to staffing shortages.

Discussion was held regarding fund designations with concerns raised about keeping the balance high next year, on whether the City is over-collecting on taxes and on long-term priority planning.

Motion was made by Councilmember Kotewa seconded by Councilmember Maynard to Adopt Resolution 2025-13 Designating Fund Balances for Specific Purposes. On roll call, Councilmembers Hasek, Kaweck, Kotewa, Lubenow and Maynard voted in favor. Motion carried.

MOTION
Item 9.C.3

Liquor Store Manager Donnelly introduced the next item of business, item 9.C.3: Consideration to Sell Cannabinoid Products at the Municipal Liquor Store. He noted over 4,000 establishments in the state sell CBD gummies and low-dose hemp-derived THC products, and with consumer demand, he believes adding these products to liquor store inventory could be a profitable venture for the City.

Motion was made by Councilmember Lubenow, seconded by Councilmember Kotewa to Authorize Staff to Register with the Office of Cannabis Management to Sell Hemp Derived Cannabinoid Products at the Municipal Liquor Store. Councilmembers Kaweck, Kotewa, Lubenow and Maynard voted in favor; Councilmember Hasek voted against. Motion carried.

MOTION
Item 9.C.4

The last item of new business was the Consideration of a Municipal Cannabis Retail Store Feasibility Study presented by Director Hoye. As Council limited the number of cannabis and hemp retail businesses to one, staff is asking Council allow staff to begin evaluating the possibility of opening a municipal cannabis retail store. Director Hoye noted the process involves hiring consultants for a feasibility study to analyze the area's demographics to determine if a cannabis store would be profitable.

Councilmember Maynard lacked support for a municipal cannabis store but acknowledged the need for information. Councilmember Lubenow noted that cannabis is legal in Minnesota, despite concerns about societal impacts and emphasized the importance of finding new revenue sources for the City as its population ages and financial pressures increase. Councilmember Hasek pointed out that while cannabis is legal in the state, it remains illegal federally.

Motion was made by Councilmember Kotewa, seconded by Councilmember Maynard to Authorize Staff to Prepare a RFP for a Feasibility Study of a Municipal Cannabis Retail Store. Councilmembers Kaweck, Kotewa, Lubenow and Maynard voted in favor; Councilmember Hasek voted against. Motion carried.

COUNCIL DISCUSSION

Councilmember Kaweck brought forth 10.1 on Urban/Rural Districts.

Item 10.1

Interim O'Neill stated this topic was previously raised and initial work has been conducted by staff to identify the various areas and properties involved, with the goal to present the information to Council for consideration, at which time Council could consider adjusting the current 20% tax levy for rural properties based on the service levels provided to them.

Item 10.2

Interim O'Neill reported that staff and members from the Fair and Hockey Boards held discussion on updating the terms and conditions for continued operations, given the original agreements date back to 1985, however progress has been slow. O'Neill stated the goal is to ensure the operator pays a fair share for using the building, the Fair Board is satisfied with the arrangements and the City maintains the facility appropriately as co-owners.

Discussion was held on the City's contribution amounts and timing to the Hockey Association and on finalizing the agreement within the next 3 months, prior to the next hockey season.

Item 10.3

Councilmember Kawecky introduced item 10.3 on Discussing the Capital Improvement Plan. Councilmember Kawecky emphasized the importance of discussing the budget, stating it hasn't been fully examined, prior to welcoming input from Interim O'Neill. O'Neill acknowledged that feedback is essential in the budgeting process, particularly for significant large ticket items, but small items do not need much review.

Discussion was held on meeting earlier for goal-setting and identifying significant items to help shape the capital improvement plan.

Councilmember Maynard supported the council's need to set its goals, but without micromanaging every expense.

Item 10.4

The next item was Discussion on a Road Plan, requested by Councilmember Kawecky. While acknowledging the City has a road plan, Councilmember Kawecky expressed the need for it to better align with the priorities of the community. Kawecky stated there is a general sentiment that the City of Fairmont should prioritize roads and infrastructure above all other concerns and complaints arise on the lack of visual improvements, which leads to questions on financial allocations and responsibility. Councilmember Kawecky suggested focusing on main roads rather than small streets and to hold a workshop to discuss the prioritization of road projects based on ratings, costs, and funding options.

Director York suggested there should be a mix of addressing both major and minor roads based on their conditions and importance to the

community's image and that the road plan allows for adjustments based on many complexities such as funding, timing and prioritization.

Item 10.5

Director Oman updated Council on Hiring/Contracting for City Grants noting that staff are finishing a matrix that summarizes past funding achievements and future proposals and strategies for obtaining funding. Information will be shared at a future meeting. Oman added in his experience with other government units, grant opportunities are presented to the governing body, often requiring a resolution of support, to inform everyone about the funding and any required matches. After securing a grant, the governing body would support its acceptance, confirming that all requirements were met.

STAFF/LIAISON REPORT

Interim O'Neill reported the following:

- A follow-up meeting on the Code of Conduct is scheduled for April 10th at 3:00 PM. Information will be distributed via email regarding review of the investigative materials.
- A special meeting on the Community Center financing agreements will take place on April 14th at 3:00 PM. Council will discuss the draft agreements.
- The Citywide Cleanup Coupon Program has been updated with coupons issued in 2025 valid from May 1st, 2025, to April 30th, 2026.
- Further discussions with the ditch authority will be held regarding Ditch #56.
- The RFP process for city engineers will occur tomorrow and Wednesday, with further updates to follow.

Councilmember Hasek thanked City staff for removal of geese carcasses from the public shorelines.

Councilmember Kawecky reported One WaterShed One Plan is finalizing their priorities.


Councilmember Lubenow shared that Fairmont CER is gearing up for their spring/summer offerings, which will be listed on their website and webstore and individuals with ideas for future programming are welcome to contact the CER office.

Mayor Baarts stated that the 150th anniversary of Fairmont being incorporated will occur in 2028 and hopes for a big celebration to celebrate our community and citizens.

ADJOURNMENT

Motion was made by Councilmember Maynard, seconded by Councilmember Hasek to adjourn the meeting, as there was no further business to come before the Council. All present voted in favor. Motion carried. The Fairmont City Council adjourned at 7:06 p.m.

ATTEST:


Betsy Steuber, City Clerk


Lee C. Baarts, Mayor