

WEEKLY MEMO

Date: October 7, 2011

To: Mayor Lynn Stauss, Council President Craig Buckalew, Vice President Wayne Gregoire, Council Members Marc Demers, Ron Vonasek, Henry Tweten, Greg Leigh, and Mike Pokrzywinski.

From: Scott Huizenga

RE: Weekly Update

UPCOMING MEETINGS:

October 11, 2011 – 5:00 pm - Work Session – Training Room
October 12, 2011 – 5:00 pm – Budget Work Session – Fire Department
October 13, 2011 – 5:00 pm – Wastewater Interconnect Meeting – Training Room
October 13, 2011 – 6:00 pm – Gladwin Lynne Retirement – Sr. Center
October 18, 2011 – 5:00 pm – Council Meeting – Council Chambers
October 19, 2011 – 5:00 pm – Budget Work Session – Library
October 25, 2011 – 5:00 pm - Work Session – Training Room
October 26, 2011 – 5:00 pm – Budget Work Session – Training Room
November 3, 2011 – 10:00 am – MnDot – Training Room

WEEKLY UPDATE:

Industrial Park street project

The federal Economic Development Authority (EDA) granted the City authorization to advertise for bids on the proposed industrial park infrastructure expansion project. The federal EDA held the project for well over a year after the EDA awarded a partial grant to the City. The EDHA, on behalf of the City, first applied for the grant nearly three years ago. The proposed project was estimated to be a total of \$850,000, of which the local share was estimated to be \$175,000. This project will be a gauge to City of how construction prices have changed since early 2009. The project consists generally of adding an additional street and associated infrastructure to the industrial park to facilitate expansion of the industrial park.

Water and Light General Manager receives award

Water and Light General Manager Dan Boyce recently received the LN Thompson Award from the Minnesota section of the American Water Works Association (AWWA). Dan has been recognized statewide for years as a tremendous resource to his community and to the numerous boards on which he serves. The Water and Light Department is incredibly fortunate to have Dan's knowledge and expertise. The following is the AWWA's description of the LN Thompson award.

LEONARD N. THOMPSON AWARD

Mr. Thompson started his career with the St. Paul Water Utility on August 1, 1912 and continued working until June 1, 1964. He served as technical advisor from December of 1963 until June of 1964. Mr. Thompson spent nearly 52 years serving St. Paul.

During this time he spent countless hours on the American Water Works Association work, both for North Central Section and on a National level. He twice served as Section Director and was President of the American Water Works Association in 1945.

Leonard Thompson served as General Manager of the St. Paul Water Utility for nearly 34 years. Many of the concepts, plans, and projects which he and his staff developed and built still serve the citizens of St. Paul. These projects have stood the test of time and serve as a testimony on Mr. Thompson's ability and talent. A water system which continues to supply its customers with a quality of water in any quantity they desire; a water system striving to achieve Mr. Thompson's goal of excellence. Leonard Thompson stands alone in our section in longevity, service to his community and service to the water industry. He loved his work, and to it he devoted his entire life.

The Leonard M. Thompson Award was established by the North Central Section in remembrance of this outstanding individual. The award is made annually to a Minnesota Section member who typifies the standards that were emblematic of Mr. Thompson's contributions to the Section and the water supply industry.

City meeting with MnDOT

The City Planner has established a local meeting with officials from the Minnesota Department of Transportation (MnDOT) for Thursday, November 3 at 10:00 am. Regional officials will discuss upcoming local projects as well as long-term vision for MnDOT and the transportation industry. We ask that all Council Members attend as available. The meeting will be open to the public as a quorum is expected to be in attendance.

Market Value Homestead Credit Impacts

Minnesota House Research has compiled a document that details (with over 900 pages) the statewide impact of the legislative change from the Market Value Homestead Credit (MVHC) to the Market Value Homestead Exclusion. Some of the highlights include that property taxes and/or program cuts total \$272 million statewide just to compensate for the cuts to the MVHC program. Note that the property tax analysis takes into account all local taxing entities including Counties, Schools, Cities, and special taxing districts (e.g. watersheds and ambulance districts).

I have attached the analysis of the impacts to East Grand Forks. Again, the analysis assumes no other changes to property tax levies; and the analysis is on hypothetical home values. The analysis shows that property taxes for an "average value" home of \$148,700 will increase \$65 per year, or 3.3 percent, *if county, city, and school district make no other changes to the levies*. Commercial properties will increase 6.1 percent; and apartments will increase 8.0 percent. Greater Minnesota increases are much larger on a percentage basis than the metro area. The full city-by-city report can be found at the following link: <http://www.house.leg.state.mn.us/hrd/issinfo/csim11F1cities.pdf>. The statewide summary is here: <http://www.house.leg.state.mn.us/hrd/issinfo/csim11F1.pdf>

Curbside Chat Companion Booklet

I am placing in the council member boxes a copy of the *Curbside Chat Companion Booklet*. The Strong Towns organization created the booklet. Strong Towns Executive Director Charles Marohn visited East Grand Forks for a Curbside Chat approximately one year ago. The companion booklet is an excellent introduction to the Strong Town concept for those who are unfamiliar. The booklet is succinct and timely. I strongly recommend reading the entire booklet. However, the introduction and the case studies on pages 17-25 are especially pertinent

for those who may not read the entire booklet. The case studies, in particular, are real-life examples mainly from right here in Minnesota. They provide excellent context to our current infrastructure development and our unsustainable maintenance path. The report does not necessarily advocate for any specific solution to infrastructure maintenance. In other words, the problem is much deeper than merely raising taxes or continuing to rely on unreliable growth.

However, we cannot agree on a solution to infrastructure issues until we agree on the problems themselves. In that regard, I do not recall reading a better summary of the infrastructure crisis in our communities and throughout the nation than the *Curbside Chat Companion Booklet*. The online link to the booklet can be found here: <http://www.strongtowns.org/companion-booklet/>

AGENDA ITEMS:

The Council will hold three meetings next week. The first is the regularly-scheduled work session on Tuesday, which is discussed below. The Council will hold a budget work session with the Police Department and Fire Department on Wednesday. At the budget work session, the Council will first visit the Police and Fire Department Headquarters to view the facilities and public safety equipment. Then, the Police Chief and the Fire Chief will present the proposed budgets in the conference room of Fire Station #1. Finally, the City Council will hold a special work session on Thursday, October 13 to hear a presentation from AE2S regarding the Cost of Service Analysis (COSA) for the proposed Wastewater Interconnect project.

The following are the work session items for Tuesday.

1. Andy Magness of Ground Up Adventures will update the Council on his proposal to develop a boat storage facility along the city's rivers. City staff has determined that the proposed facility would comply with local flood plain statutes. However, approval would have to be obtained from state (Department of Natural Resources) and federal (US Army Corps of Engineers) agencies once proposed locations are determined.
2. The City Engineer will present the final assessment roll for 2010 Assessment Job No. 2 – North Star Terrace Storm Sewer. The project is assessed solely to the individual property owner, who does not object to the assessment.
3. The Parks Superintendent and the City Engineer will introduce two options for conducting a feasibility study for a new swimming pool and/or a renovation of the existing pool.
4. Police Chief Hedlund will request approval to fill an anticipated patrol vacancy in the Police Department. The department currently has one vacancy which will be filled shortly. The department expects one or two more vacancies to occur within the next few months.
5. The City Administrator presented a proposed Memorandum of Understanding (MOU) with the Police Department union, Law Enforcement Labor Services (LELS). This MOU would allow officers the option to be paid for so-called "extra burn (XB)" hours at their regular rate of pay. The current practice is to accumulating additional leave time through the use of XB. The current practice often results in overtime costs when multiple leave requests occur on the same shift.
6. The Library Director will request approval to proceed with a study and design proposal to solve the long-standing water leak issue in the Campbell Library conference room.
7. Council Member DeMers will discuss the options to amend the Council policy regarding street banners to allow Sacred Heart school to place banners on selected street lights to promote the school's 100th Anniversary in 2012.

Polk County

East Grand Forks city

Tax Burdens by Property Class	Estimated Market Value				Net Tax				Effective Tax Rates	
	Baseline	Alternative	Change	Pctg Chng	Baseline	Alternative	Change	Pctg Chng	Base	Alter
Res Hmstd	323,285	323,285	0	0.0	4,314	4,463	149	3.4	1.33	1.38
Res Non-Hmstd	24,241	24,241	0	0.0	377	407	30	7.9	1.56	1.68
Misc props	1,135	1,135	0	0.0	21	23	2	8.0	1.85	2.00
Apartments	26,606	26,606	0	0.0	487	526	39	8.0	1.83	1.98
Low-inc Apts	6,663	6,663	0	0.0	75	81	6	7.8	1.12	1.21
Seasonal Rec	1,190	1,190	0	0.0	22	24	2	8.0	1.83	1.98
Com/Ind: Lo	20,387	20,387	0	0.0	469	469	0	-0.1	2.30	2.30
Com/Ind Hi	55,238	55,238	0	0.0	1,272	1,270	-2	-0.1	2.30	2.30
Publ U: Elec Gen	0	0	0	0.0	0	0	0	0.0	0.00	0.00
Publ U: Other	2,726	2,726	0	0.0	63	63	0	-0.1	2.30	2.30
Ag Hmstd House	0	0	0	0.0	0	0	0	0.0	0.00	0.00
Ag Hmstd Land	64	64	0	0.0	1	1	0	8.7	1.34	1.46
Ag Non-Hmstd	3,220	3,220	0	0.0	43	47	4	8.7	1.34	1.46
Total	464,756	464,756	0	0.0	7,144	7,372	228	3.2	1.54	1.59

Tax Base

Tax Rates

					Net Tax Cap (Pctg)		Ref Mkt Val		
	Baseline	Alternative	Change	Pctg Chng	Base	Alter	Base	Alter	
Total Tax Capacity	5,388	4,882	-506	-9.4	County	57.30	61.26	0.00	0.00
(-) TIF Tax Capacity	188	188	0	0.0	City/Town	56.15	62.20	0.00	0.00
(-) FD Contrib Tax Cap	0	0	0	0.0	School District	14.07	15.25	15.59	15.59
(=) Taxable Tax Capacity	5,200	4,694	-506	-9.7	Special District	6.41	6.94	0.00	0.00
FD Distrib Tax Cap	0	0	0	0.0	Total	133.93	145.64	15.59	15.59

Tax Burdens on Hypothetical Properties

	Taxable Market Value			Net Tax				Effective Tax Rates	
	Baseline	Alternative	Chng	Baseline	Alternative	Change	Pctg Chng	Base	Alter
Res Hmstd: Lo Val	99,200	99,200	0.0	1,200	1,187	-13	-1.1	1.21	1.2
Res Hmstd: Avg Val	148,700	148,700	0.0	1,985	2,050	65	3.3	1.33	1.38
Res Hmstd: Hi Val	198,200	198,200	0.0	2,770	2,913	143	5.2	1.4	1.47
Res Hmstd: Ex-Hi Val	297,400	297,400	0.0	4,342	4,643	300	6.9	1.46	1.56
Apartment	300,000	300,000	0.0	5,490	5,929	439	8.0	1.83	1.98
Comm/Ind: Lo Val	150,000	150,000	0.0	4,346	4,610	263	6.1	2.9	3.07
Comm/Ind: Med Val	300,000	300,000	0.0	10,063	10,678	615	6.1	3.35	3.56
Comm/Ind: Hi Val	1,000,000	1,000,000	0.0	36,742	38,995	2,253	6.1	3.67	3.9