

# WEEKLY MEMO

**Date:** January 4, 2013

**To:** Mayor Lynn Stauss. Council members Clarence Vetter, Ron Vonasek, Craig Buckalew, Henry Tweten, Mark Olstad, Greg Leigh, and Chad Grassel

**From:** Scott Huizenga

**RE:** Weekly Update

## **UPCOMING MEETINGS:**

*January 8, 2012 – 5:00 PM – Organizational/Regular Meeting – Council Chambers*

## **WEEKLY UPDATE:**

The holiday season was peacefully quiet in City Hall with only minor maintenance items occasionally arising. Here are a few of the local, state, and national happenings during the holiday recess.

### **City Legacy Grant application rejected**

The City received notice from the Minnesota Department of Natural Resources (DNR) that the City's application for Legacy funding was not awarded. The City submitted an application in September to request nearly \$500,000 for greenway improvements in the LaFave Park area. The City's application included a proposed 10-percent local match. The proposal was to fund several infrastructure and aesthetic improvements including a natural playground, designated lookout areas, designated fishing platforms, and natural landscaping to properly designate each use of the park. City staff will gather input from state officials regarding any potential deficiencies in the application with the hope of re-applying for subsequent rounds of Legacy funding.

### **Municipal bond exemption extended**

The federal tax exemption on municipal bond interest was a hot topic in the fiscal cliff discussions only within municipal government and investment circles. Many experts predicted that the municipal bond interest rates would have increased without the exemption by anywhere from 0.25 percent (25 basis points) up to nearly 1.3 percent (130 basis points) depending upon the type of issues even on AAA-rated securities. For example, according to Ehlers, Inc. (<http://www.ehlers-inc.com/upload/commentary121812.pdf>), the interest cost of a \$5 million General Obligation Bond with a 20-year term would have increased by \$532,000 without the extension. While the extension was a welcome relief for many in the investment and municipal communities, the general consensus is that the fiscal cliff debate is far from over; and that the subject of municipal bond interest exemptions will be debated again.

## **Green Choices Challenge complete**

The Green Choices Challenge ended on December 31. East Grand Forks will learn of its final place in the nationwide competition on January 15. However, residents can continue to participate in the Recyclebank program for **free** through June 30. Residents can earn points just for reporting their recycling and participating in educational activities online. Residents can still register at [www.recyclebank.com](http://www.recyclebank.com) or contact the [Public Works Department \(e-mail\)](#) for more information on Recyclebank.

## **Legislative Property Tax Working Group**

The *League Bulletin* explained the [final report](#) of the Legislative Property Tax Working Group, which was convened by the Legislature in 2010. The report contains several policy recommendations including:

- Simplifying the number of property classifications from 55 different classifications to just four
- Converting Minnesota's property tax system to an assessed value and mill rate system to be more comparable with other states
- Keeping property taxes local by eliminating the use of property taxes for statewide purposes

Read the League's full article at <http://www.lmc.org/page/1/Property-tax-working-group.jsp>.

## **Agenda Items**

The first meeting of the year is primarily devoted to the mandatory organizational activities that are required by state law and the City Charter. First, the City Attorney will administer the oath of office to the six officials (Mayor and five Council members) who were elected or re-elected in November. Next, the City Council will select its Council President and Vice President. Typically, the Council nominates one or more individuals for President. The City Charter then calls for a vote by written ballot for Council President. The same process is followed for the election of Council Vice President. Following the oath of office and election of officers, the following organizational activities are considered by the Council.

- Set the Time and Hour of Regular City Council Meetings
- Designate the official newspaper
- Designate Financial Depositories

The regular Council meeting for January 8 will commence following the organizational session. Most of the items are routine including the designation of the City's insurance agent and approving the City's flexible benefits administrator. Finally, the City Council will consider the Mayor's recommendations to board and commission vacancies.