

**APPROVED MINUTES
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, MAY 26, 2015 – 5:00 PM**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for May 26, 2015 was called to order by Council President Mark Olstad at 5:00P.M.

CALL OF ROLL:

On a Call of Roll the following members of the East Grand Forks City Council were present: Mayor Lynn Stauss, Council President Mark Olstad, Council Vice-President Chad Grassel, Council Members Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten, and Marc DeMers.

Dave Aker, Parks & Recreation Superintendent; Karla Anderson, Finance Director; Steve Emery, City Engineer; Ron Galstad, City Attorney; Paul Gorte, EDA Director; Mike Hedlund, Police Chief; Charlotte Helgeson, Library Director; Gary Larson, Fire Chief; David Murphy, City Administrator/Clerk-Treasurer; Megan Nelson, Executive Assistant; and Jason Stordahl, Public Works Director.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present

1. Extreme North Dakota Special Event Application – Megan Nelson

Ms. Nelson explained the City had received a special event application for a biking, orienteering, and boat race being proposed for June 6th. She stated Mr. Dexter Perkins was present to answer any questions. Mr. Dexter explained the adventure race was half was bicycling and half was paddling in a boat. He stated how this is a more laid back event, that there was going to be teams of two, reviewed the required items each team had to carry with them during the race and what safety measures they were taking. Mayor Stauss asked if lifejackets were required. Mr. Perkins stated they were.

This item will be referred to a City Council Meeting for action.

2. Review of Classic Car Show – Megan Nelson

Ms. Nelson stated that Mr. Frost was unable to attend the meeting due to a conflict in his schedule and added that at this time there had only been one car show since the other Wednesdays had been rained out. She added that the Administration Office hadn't been notified about any issues at this point and requested that the Council extend the permit until the end of

June and review it again at that time.

This item will be referred to a City Council Meeting for action.

3. Bid Results for 15CP3 Sidewalk Improvements – Steve Emery

Mr. Emery explained to the Council that there was missing paperwork with some of the bids so only one bid was legitimate. He reviewed the project and alternatives, reminded the Council there were transit dollars available to help pay for this project, WSN would be paid for the plans and specifications, and the City's portion of the project was approximately \$22,000. Ms. Anderson stated that \$33,000 had been budgeted for capital projects and suggested those funds be used for this project. Mr. Murphy asked what the engineer's estimate had been. Mr. Emery stated they were recommending only awarding the base bid at \$75,000 and the estimate for the base bid was approximately \$50,000. Mr. Galstad stated that he had been contacted, completed research, and provided an opinion regarding the bids. Discussion followed about why this project needs to be completed, questions about the bid tabulation, how all of the necessary forms were sent out with the packet information to bidding the project, and if the bid should be accepted or rejected.

This item will be referred to a City Council Meeting for action.

4. Recording Fees & Taxes Policy – Paul Gorte

Mr. Gorte explained the Economic Development Board was in the process of updating policies. He stated the policies he was bringing forward were already adopted by the Board but would need to be ratified by the City Council. He explained the recording fee and taxes policy. Council member Vetter asked if he had researched what other cities policies were. Mr. Gorte stated he had not. Mr. Galstad stated that Crookston does the same thing. Council President Olstad asked what this has cost the City. Mr. Gorte stated this was normal practice and was not a huge savings. Discussion followed about lot sales and special assessments on the north end.

This item will be referred to a City Council Meeting for action.

5. Delinquency Policy – Paul Gorte

Mr. Gorte stated the EDA Board had asked him to simplify the policy that was in place for dealing with delinquencies which he had reduced from six steps down to three. He said that copies of this policy were going to be sent to all current borrowers and renters. Council member Vetter asked about step three and starting foreclosure. He stated how that may not be the best thing to do. Council President Olstad asked if he would like the language changed. Discussion followed about how the Board will be notified about the change and it will be brought back for the Council to ratify at the June 16th meeting.

6. Senior Center Patio Door – Dave Aker

Mr. Aker stated that the Senior Inc group, who are like the Friends of the Library, would like to

put in a patio door at the Senior Center. He explained they would be putting out picnic tables and a grill. Council President Olstad asked if they had the memorial garden. Mr. Aker said yes. He added that the patio would be 24x24. Council President Olstad asked if they would be paying for the project and there was no cost to the City. Mr. Aker stated yes.

This item will be referred to a City Council Meeting for action.

7. Annexation and Special Service District – Ron Galstad

Mr. Galstad informed the Council that he had received a petition to annex in property. Mayor Stauss asked if the lots should be sold on the north end before annexing in more property. Mr. Galstad stated the property they are looking at annexing is a 40 acre piece. Council President Olstad stated this property would be zoned for multi-family or PUD. Mr. Galstad continued informing the Council about how this could be made a rural service district keeping the agricultural land at a similar tax rate that it currently has. He explained that as long as the property is agricultural land the tax rate wouldn't change but as soon as it was sold for development the developed property would then have the City tax rate. Discussion followed about if there is a firm offer from a developer, what the annexation process would be, and how there is a 30 year timeline for the rural tax district. Mr. Galstad stated he would double check the timeline. More discussion followed about how the land will be developed according to the City's Comprehensive Land Use Plan and all development proposals will be going through the Planning Commission and the City Council for approval.

This item will be referred to a City Council Meeting for action.

8. Market Value Discussion – Henry Tweten

Council member Tweten reviewed the total market value of the City and how it has been growing over the last five years. He referred to the construction permit information and stated how the permits taken out indicate improvements. He stated how the student population has a big effect, how the school does receive different forms of funding, and reviewed the tax capacity and how with the tax abatements it usually takes three years to get the new homes on the tax rolls. He explained that with the increase in tax capacity the City will be able to increase the budget if necessary. He asked the Council to review the information and asked to have this brought back to a future work session. He stated the Council needs to determine a levy which would need to be maintained and plan for future development.

Council member Vetter stated that he looked into this further and added he is glad to see the market values are going up in the City. He said that he reviewed tax rates per \$1000 of tax capacity. He stated that in 2005 for just City taxes for general fund and debt service the rate was at \$75.24 per \$1000 in tax capacity. He said that every year since then the rate has gone down with the exception of 2011 and 2012 and that it went down in 2013 and 2014. He added that in 2014 the tax rate was \$57.53 per \$1000 in tax capacity. He stated that when the tax rate goes down, even with more market value the City is not taking in any more money. He said that if the Council could agree to keep the tax rates per \$1000 at a level the City would then be able to take more in with the increase in property values because of the services that need to be kept up.

Discussion followed about how it is difficult to try to determine tax rates because of all of the variables.

9. Report from the League – David Murphy

Mr. Murphy reminded the Council that a claim had been sent in regarding the \$510,000 loan. He explained that the claim was denied for both the City and the EDA. He stated the first reason was because the City had not realized an actual loss since payments could still be made and the other reason was that the EDA employee's actions were not considered malfeasance. He said they could appeal the decision and that Council did not have to take action but that he wanted to make them aware of the situation. Council member DeMers asked what the appeals process would be. Mr. Murphy stated the Council would have to appeal to the League of Minnesota Cities. Mr. Galstad stated they would have to bring it to court. Council member Vetter stated the City had a loss because of the \$25,000 spent in lawyer's fees.

10. Verbal Update on Campground – David Murphy

Mr. Murphy informed the Council that the Department of Natural Resources had sent a draft agreement for the City to review and that they were willing to release the \$250,000 for the expansion project. Mayor Stauss stated that the City will also be receiving more funds from 2014. Mr. Murphy said the draft will be brought forward for the Council to review. Discussion followed about the future of the recreation area, what is included in the current agreement, and how it had been a process to get things to this point.

11. Waste Water Project Discussion – David Murphy

Mr. Murphy stated that the committee had met twice and how Mr. Todd Feland and Mr. Shawn Gaddie attended the second meeting. He said how the group determined the figures and the net present values and referred to the page showing how the net present values were approximately 52 million for the pond project, 56 million for the mechanical plant, and 31 million for the interconnect project. Council member Vetter reviewed the assumptions page and how the operational costs were 1.29 million for the interconnect, 1.1 million for the mechanical plant, and 108,000 for the ponds. Mayor Stauss commented how the initial costs were so high for the ponds. Council member Buckalew stated this had been a good exercise, they agreed in principle, and did the best they could do with what they had. Council member DeMers said it had been a good process and there had been great participation. He added how there was an increase in operations but when looking at the total amounts the interconnect was still less. Council President Olstad stated how the intentions were to have a vote on June 2nd and asked if all of the questions had been answered regarding the costs. Discussion followed about how the Council needs to look at negotiating the COSA, how taking a vote could affect the ability to negotiate, and how the City is on a timeline for this project for both funding and for the permit from the MPCA.

Council member Buckalew stated the costs shouldn't be any higher than what had already been presented and how the members from Grand Forks were open and willing to look at options. Council President Olstad asked again if there was to be a vote at the next meeting. Council

member Vetter asked what the consequences were going to be. Mr. Emery stated that the City would be put off the funding cycle for another year and how the current waste water permit expires in December. Mayor Stauss stated the Council needs to be clear with what they are doing before they try to move forward and how the interconnect was the way to go. More discussion followed about funding and how the COSA had only been proposed and wasn't finalized at this point. Mr. Galstad explained the COSA would be developed based on what the final project was going to be which may be a direct line to the treatment plant. More discussion followed about how Grand Forks was going to look and see if there was room in their easement for another pipe or if East Grand Forks would have to purchase their own easement and how there is more to happen with more needing to be determined.

This item will be referred to a City Council Meeting for action.

12. Other

Council President Olstad stated how the pool had been vetoed and a special meeting had been set for Friday, May 29th at 12:00pm. A handout was passed out showing how homes would be affected by an increase in the levy to cover the cost of the pool. Council President Olstad reviewed the information. Ms. Anderson stated that commercial was not included because of the disparity credit. Council member DeMers asked if the numbers included payment as well as operation costs. Council President Olstad stated it was. Ms. Anderson stated it did not take the tax capacity into account.

Mayor Stauss stated that right now there were two major projects, one being the pool and the other being the interconnect. He said that he is very concerned about taxes and increases and how people on fixed incomes don't receive an increase. He continued by saying how the swimming season was about 10 weeks long and how it would cost approximately \$204,000 per week for those 10 weeks to run the pool for the next 10 years. He added that he was for the pool but that it had to be for the people and how this should have been a bond issue voted on by the people. Mayor Stauss continued by saying how there were ways to raise funds and said how a half cent sales tax could bring in an additional \$316,000 per year. He added that the pool could then be paid off in about seven years and that this would have been approved by the legislators. He said again he was in favor of the pool but not if the taxpayers had to pay for all of it. Discussion followed about how the Council could try and override the veto, that the bid is only valid until Friday and how sales tax needs to have a dedicated source to spend it on.

Council President Olstad asked Mayor Stauss if the Council agreed to try implementing a sales tax would he withdraw his veto. He stated he would if they agreed to a sales tax. More discussion followed about how this would help lessen the burden on the taxpayers and if the Council was really willing to allow a large increase to the levy in the fall. Discussion followed about how the sewer is a need and the pool is a want. Council member Vetter stated there was nothing wrong with the pool and asked why they couldn't run it until a pipe breaks. He added that if there was a sales tax increase there should be a wellness center combined with the pool. More discussion followed about how the current pool does leak and other issues that need to be addressed. Ms. Anderson commented how if there is a sales tax it could also be used to help pay for fixing the rinks. Mr. Todd Schumacher stated that he wanted the pool for his kids to use and

that he would step up and work on trying to get a sales tax passed if needed.

Mr. Murphy reminded the Council that the bids came under the engineer's estimate and that it would be extremely unlikely that would happen again if this job would need to be rebid. Council member Buckalew stated that consultants were hired to figure out what the residents wanted, that the sales tax could allow the Council to consider other options, how it should be something the kids will use, but this would be the max the Council could do if they are using property tax to pay for the project.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER VETTER, SECONDED BY COUNCIL MEMBER GRASSEL, TO ADJOURN THE MAY 26, 2015 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 7:16 P.M.

Voting Aye: Grassel, DeMers, Vetter, Pokrzywinski, Buckalew, Tweten, and Olstad.

Voting Nay: None.

David Murphy, City Administrator/Clerk-Treasurer