

**AGENDA
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, OCTOBER 27, 2015 – 5:00 PM**

CALL TO ORDER:

CALL OF ROLL:

DETERMINATION OF A QUORUM:

- 1. American Crystal Request – David Murphy**
- 2. Update on Engineering Contract – Greg Boppre**
- 3. New Home Tax Abatement Extension – Paul Gorte**
- 4. Property Tax Abatement Request Discussion – Paul Gorte**
- 5. Police Vehicle Request – Mike Hedlund**
- 6. Winter Equipment Lease Request – Jason Stordahl**
- 7. Special Election Discussion – David Murphy**
- 8. Request to Set Closed Meeting Date – David Murphy**
- 9. Other**

ADJOURN:

Upcoming Meetings

Regular Council Meeting – November 3, 2015 – 5:00 PM – Council Chambers
Work Session – November 10, 2015 – 5:00 PM – Training Room
Regular Council Meeting – November 17, 2015 – 5:00 PM – Council Chambers
Work Session – November 24, 2015 – 5:00 PM – Training Room

CERTIFICATE

STATE OF MINNESOTA)

)

COUNTY OF POLK)

The undersigned duly appointed City Clerk of the City of East Grand Forks, Minnesota, hereby certifies that there is attached hereto a true and correct copy of the **RESOLUTION RELATING TO A PROJECT UNDER THE MUNICIPAL INDUSTRIAL DEVELOPMENT ACT, GIVING THE PROJECT PRELIMINARY APPROVAL, SUBJECT TO A PUBLIC HEARING (AMERICAN CRYSTAL SUGAR COMPANY PROJECT)**, which was adopted by the City Council of the City of East Grand Forks, Minnesota, on October 20, 2015, at a regular meeting of the City Council which certified copy is an exact copy of the original on file in the office of the City Clerk.

Dated this _____ day of October, 2015.

City Clerk

RESOLUTION NO. _____

**RESOLUTION RELATING TO A PROJECT UNDER THE
MUNICIPAL INDUSTRIAL DEVELOPMENT ACT, GIVING THE PROJECT
PRELIMINARY APPROVAL, SUBJECT TO A PUBLIC HEARING
(AMERICAN CRYSTAL SUGAR COMPANY PROJECT)**

BE IT RESOLVED by the City Council of the City of East Grand Forks, Minnesota (the “City”), as follows:

Section 1. Policy and Purpose.

1.01. For the purpose of promoting, attracting, encouraging, and developing an economically sound industry and commerce, preserving and developing a tax base adequate to finance necessary public services, and encouraging employment opportunities for the citizens of the City, the City is authorized by Minn. Stat. Sections 469.152 to 469.165, as amended, (the “Act”) to issue revenue bonds of the City in anticipation of the collection of revenues of a project and to refund bonds previously issued under the Act.

1.02. The City has previously issued its Solid Waste Disposal Revenue Refunding Bonds (American Crystal Sugar Company Project), Series 2009 in the amount of \$34,350,000 (the “Series 2009 Bonds”). Proceeds of the 2009 Bonds were used to redeem the City’s Solid Waste Disposal Revenue Refunding Bonds (American Crystal Sugar Company Project), Series 2008, which were issued to refund the City’s Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2000, Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2005, Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2005B, and Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2006 (together, the “Refunded Bonds”). Proceeds of the Refunded Bonds were used to finance the acquisition, construction and installation of solid waste disposal facilities located in East Grand Forks, Minnesota.

1.03. American Crystal Sugar Company, a Minnesota agricultural cooperative corporation (the “Company”), desires to (i) refund the Series 2009 Bonds, and (ii) undertake a Project in the City, at a total cost not exceeding \$15,000,000, said Project to consist of the construction, acquisition and installation of equipment to be used for solid waste disposal and functionally related facilities in connection with sugar beet processing (the “Project”).

1.04. The Project would increase the level of economic activity in the City and would increase the tax base of the City.

1.05. The City is advised by representatives of the Company that with the aid of municipal financing and the resulting lower borrowing cost, the Project would be significantly more feasible. The City is further advised by the Company that approval of municipal financing would be a significant inducement to the commencement of construction of the Project by the Company.

Section 2. Approval and Authorization.

2.01. Subject to the holding of a public hearing according to law and subject to the mutual agreement of the City, the Company, and the purchaser of the Bonds as to the details of an Indenture, Lease Agreement, and other documents necessary to evidence and effect the refunding of the Series 2009 Bonds and the financing of the Project, the issuance of revenue bonds of the City under the Act, in one or more series, in an amount not to exceed \$45,000,000, is hereby approved and authorized to refund the Series 2009 Bonds and finance the cost of the Project.

2.03. Neither this preliminary commitment nor any actions, agreements, or legal matters related hereto or executed in pursuance hereof, shall in any manner or form create an indebtedness or liability of the City.

2.03. The passage of this Resolution does not finally commit the City to issue the Bonds nor establish priority for purposes of allocation of the limitation established by federal law on the amount of private activity bonds that may be issued by the State of Minnesota.

2.04. Pursuant to Treasury Regulations Section 1.150-2, the City hereby declares its official intent to use a portion of the Bond proceeds to reimburse expenditures made for the Project.

Section 3. Public Hearing.

3.01. The City Council shall hold a public hearing on the Project and the issuance of the Bonds in the Council Room, City Hall, East Grand Forks, Minnesota on November 17, 2015 at 5:00 p.m.

3.02. The City Clerk is hereby authorized to publish notice of the hearing in the official newspaper of the City prior to the hearing date. The form of public notice attached to this Resolution is hereby approved.

Dated October 20, 2015.

APPROVED:

Mayor

ATTEST:

City Clerk

Member _____ moved the adoption of the foregoing Resolution, Member _____ seconded the Resolution and, upon a vote being taken thereon, the following voted in favor: _____;
the following voted against: _____; and the following were absent: _____; whereupon the Resolution was declared duly passed and adopted.

**NOTICE OF PUBLIC HEARING
ON A PROPOSED PROJECT AND THE
ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS
(AMERICAN CRYSTAL SUGAR COMPANY PROJECT)**

NOTICE IS HEREBY GIVEN that the City Council of the City of East Grand Forks, Minnesota (the “City”), will meet on November 17, 2015, at 5:00 p.m., in the Council Room of the City Hall, East Grand Forks, Minnesota, for the purpose of holding a public hearing on a proposal that the City issue revenue bonds under the Municipal Industrial Development Act, Minnesota Statutes Sections 469.152 to 469.1651, in order to (i) refund the City’s Solid Waste Disposal Revenue Refunding Bonds (American Crystal Sugar Company Project) Series 2009 (the “Series 2009 Bonds”), and (ii) finance the cost of a Project described below.

The Series 2009 Bonds were issued to redeem the City’s Solid Waste Disposal Revenue Refunding Bonds (American Crystal Sugar Company Project), Series 2008, which were issued to refund the City’s Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2000, Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2005, Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2005B, and Solid Waste Disposal Revenue Bonds (American Crystal Sugar Company Project), Series 2006 (together, the “Refunded Bonds”). Proceeds of the Refunded Bonds were used to finance the acquisition, construction and installation of solid waste disposal facilities located in East Grand Forks, Minnesota.

The proposed Project will consist of the construction, acquisition and installation of equipment to be used in connection with sugar beet processing, solid waste disposal and functionally related facilities. The Project may be financed by one or more series of bonds issued pursuant to a plan of financing. The Project will be owned and operated by American Crystal Sugar Company, a Minnesota agricultural cooperative corporation, and will be located at Highway 2 East, East Grand Forks, Minnesota. American Crystal Sugar Company is engaged in the business of processing sugar beets. The maximum amount of the proposed bond issue to refund the Series 2009 Bonds and finance the project is \$45,000,000.

The Bonds and the interest thereon shall be limited obligations of the City payable solely from the revenue pledged to the payment thereof and payable by American Crystal Sugar Company under a revenue agreement between it and the City. No holder of any such bonds shall ever have the right to compel any exercise of the taxing power of the City to pay such bonds, or the interest thereon, nor to enforce payment against any property of the City.

A draft of the proposed application to the Minnesota Department of Employment and Economic Development for approval of the Project, together with attachments and exhibits thereto, is available for public inspection at the office of the City Clerk.

All persons interested may appear and be heard at the time and place set forth above or may file written comments with the City Clerk which will be considered at the public hearing.

Request for Council Action

Date: October 21, 2015

To: East Grand Forks City Council, Mayor Lynn Stauss, President Mark Olstad, Council Vice President Chad Grassel, Council Members: Clarence Vetter, Henry Tweten, Marc DeMers, Craig Buckalew and Mike Pokrzywinski.

Cc: File

From: Greg Boppre, P.E.

RE: 2016 City Engineering Contract

Background:

After considering all of the discussions with the Council these past few weeks, I am changing the engineering contract from a three (3) year contract to a one (1) year contract. I hope this will ease the minds of the City Council and we will continue to provide quality engineering services to the City of East Grand Forks for the year 2016.

Thank you for your consideration.

Recommendation:

Approve the one (1) year contract

Documentation:

2016 engineering contract

There will be copies of the contract available at the meeting. If you would like a copy of the contract before hand please contact the Administration Office.

Request for Council Action

Date: November 3, 2015

To: East Grand Forks City Council 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.

Cc: File

From: Paul Gorte, Economic Development Director

RE: Two-Year Property Tax Abatement for Newly Constructed Homes

The current two-year property tax abatement program for newly constructed homes expires at the end of 2015. The program has been a positive incentive for new home construction in East Grand Forks. The City has collaborated with the school district and Polk County on the incentive. Attached are the current resolution, the new resolution, and information about the people benefitting from the program and the dollars involved in the program.

On October 20, 2015, the EDA considered whether to renew the program and unanimously recommended its extension for another two-year period.

If the City Council approves the extension, the Economic Development Director will work with the school district and Polk County to obtain their approvals of the extension.

Recommendation: Approval of a motion to approve an extension of the two-year property tax abatement for newly constructed homes.

New Home Property Tax Abatement

Tax Year	Recipients	City	School	County	Total
2012	10	\$ 11,789.67	\$ 2,634.03	\$ 11,844.92	\$ 26,268.62
2013	16	\$ 18,341.48	\$ 3,846.32	\$ 17,099.75	\$ 39,287.55
2014	10	\$ 10,429.57	\$ 2,002.44	\$ 9,174.21	\$ 21,606.22
2015	11	\$ 10,501.94	\$ 2,016.33	\$ 9,237.78	\$ 21,756.05
TOTAL	47	\$ 51,062.66	\$ 10,499.12	\$ 47,356.66	\$ 108,918.44

RESOLUTION NO. __ - __ - __

A RESOLUTION TO AUTHORIZE A TWO YEAR TAX ABATEMENT FOR NEWLY CONSTRUCTED HOMES READY FOR OCCUPANCY THROUGH 2017.

Council Member _____, supported by Council Member _____, introduced the following resolution and moved its adoption:

WHEREAS, Minnesota Statutes 469.1812 through 469.1815 authorize Property Tax Abatement for Community Development purposes and,

WHEREAS, the City of East Grand Forks desires to authorize a two (2) year Tax Abatement for New Home Construction through the year 2017 in cooperation with Polk County and Independent School District 595.

THEREFORE, BE IT RESOLVED, the East Grand Forks City Council does authorize a Housing Incentive Tax Abatement with the following parameters required for participation:

1. The three primary tax authorities, City, County, and School District, are all participating in the incentive program
2. The program would apply to new residential construction only. New residential construction shall include modular homes and stick built homes.
3. The program would apply to owner occupied single family dwellings, including town homes and twin homes, ready for occupancy through the year 2017.
4. The abatement of real property taxes would be for two years. The first two years where payment of taxes are based upon the full value of the new dwelling.
5. The city shall be responsible to notify the county of which properties are in the program at the time the real property is acquired and arrange for the proper hearing(s) as required by law.

Voting Aye:
Voting Nay:
Absent:

The President declared the Resolution passed.

Passed: _____, 2015

Attest:

City Administrator/Clerk Treasurer

President of Council

I hereby approve the foregoing resolution this ___th day of _____, 2015

Mayor

Request for Council Action

Date: October 15, 2015

To: East Grand Forks City Council: Mayor Lynn Stauss, President Mark Olstad, Council Vice President Chad Grassel, Council Members: Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten and Marc Demers.

Cc: File

From: Michael S. Hedlund – Chief of Police

RE: Police Vehicle Request

Background: In the preliminary 2016 budget the East Grand Forks Police Department is scheduled to have \$9,000.00 to do a rebuild on one of our Ford Crown Victoria sedans and \$12,000.00 to do a rebuild on one of our Police SUV's. I have been in contact with Nelson Motors, Inc. of Fergus Falls, MN (Nelson has the State Bid for Ford Police Vehicles) regarding the possible lease of a new Ford Police SUV. If approved we would trade in three (3) vehicles from our current fleet as follows:

- 2007 Ford Expedition - VIN 1FMFU16547LA72346 - This vehicle has been primarily out of service for about two years and has only been used as a special use vehicle - extreme weather and as a transfer vehicle for deceased persons. Altru has been providing that service so we do not need to keep this vehicle.
- 2011 Ford Crown Victoria - VIN 2FABP7BV6BX182562 - This vehicle is out of service.
- 2011 Ford Crown Victoria - VIN 2FABP7BV6BX182450- This vehicle is still in service and likely would have been the one chosen for the rebuild.

Nelson has given us a trade in offer of \$13,000.00 for these three vehicles (\$12,700.00 if the mileage on the second Crown Victoria goes past 99,500). The base three year price for a 2016 Ford Police SUV that is equipped the same as the one we ordered in 2014 is \$10,438.00 per year. The \$13,000.00 we would receive for the trades would cover the first year's payment and the remaining amount (\$2,562.00) would be used to reduce the payment due in years two and three (2017 & 2018).

We would then take the \$9,000.00 that is scheduled to be used for the rebuild of the Crown Victoria and finish outfitting the new SUV. In 2014 we paid \$6,200.56 to Code 4 Services out of

Pelican Rapids to finish the outfitting of the 2014 Police SUV (This includes lights, partitions, mounts, etc.). I have requested an updated bid so we can have a more firm number. I would work with our city mechanics to see if any items from the in-service Crown Victoria or the Expedition could be used for this current outfitting.

Striping of the vehicle is projected to cost approx. \$500.00 (2014 cost was \$490.00).

This leaves approx. \$2,000.00 in the budget to take care of any other vehicle related expenses.

At the end of the three year lease period we are able to purchase the vehicle outright for \$1.00.

Recommendation: Declare the three above listed vehicles as surplus and approve the trade, lease and outfitting as described above. If approved we would order the vehicle now and take possession in early 2016.

Attachments: None

Leasing Specialists, LLC

MUNICIPAL LEASING

MUNICIPAL RENTAL

MUNICIPAL LEASE PURCHASE RATE QUOTE FOR FINANCING

DATE: 10/17/15

Gerry Worner

QUOTE: 2651
 LESSEE: City East Grand Forks
 FOR: Police Department
 STATE: MN
 LEASED PROPERTY: One (1) New 2016 Ford Interceptor SUV Utility

FROM: Ed Anderson
 PHONE: 719-313-9161
 CELL: 719-439-8907
 FAX: 800-918-3761

Leased Property Cost	Other Adjustments To Net Equipment	Total Amount Financed	Total # of Pmts/Pmts per Year		Payment	# Pmts in Adv	Doc Fee
\$27,998.95		\$27,998.95	3/1	1st	\$12,600.00	1	\$400.00
				2nd	\$8,605.75		
				3rd	\$8,605.75		

Numbers contingent upon credit approval and the signing and prompt return of all required documentation.

A Municipal Lease Purchase Agreement has standard non-appropriation protections for the Lessee and provides the Lessee with an option to purchase the leased property for \$1.00 after the timely making of all lease payments.

Quote valid for 30 days.

¹ Other Adjustments include any : down payment to vendor, buyout of prior lease, sales taxes and credit for trade-in.

Request for Council Action

Date: 10/23/2015

To: East Grand Forks City Council Mayor Lynn Stauss, President Mark Olstad, Council Vice President Chad Grassel, Council Members: Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten, and Marc DeMers.

Cc: File

From: Jason Stordahl-Public Works Director

RE: Winter Equipment Lease

Background: The Public Works Department leases a motor grader for snow removal each snow season. I received the following estimates for lease:

Butler Machine \$2,370 per month, plus \$75 per hour

RDO Equipment \$3,950 per month, plus \$40 per hour after 50 hours

I performed an analysis based on previous years machine rental hours, and determined that monetarily it will be less expensive to lease from RDO Equipment this snow season.

Recommendation: Approve the lease agreement with RDO Equipment.

Jason

Here are the rental rates for this upcoming snow season based on 4 month rental. These rates are based of 0 hours of usage and you would pay for the hour rate plus the monthly rate

MOTOR GRADERS		MONTHWEEK	DAILY	HOURLY
	16M	\$2,710	\$1,490	\$1,190 \$106
	160M	1,665	900	730 64
	14M	1,935	1,050	850 76
	140M AWD	1,425	830	695 61
	140H/M	1,365	765	620 57
	WING*	945	N/A	N/A 14
	PLOW*	530	N/A	N/A 12

Thanks

Clay Smaaladen | Butler Machinery Company | Customer Account Manager - Construction

1201 S 46th St | Grand Forks, ND, 58201 | P 701-780-7771 | C 701-739-0888

Butler Values | Our Team • Customer Driven • Accountability • Integrity • Excellence • Safety

www.butlermachinery.com



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Rental Schedule – Rental Type

RDO Equipment Co.
 6565 Gateway Drive
 Grand Forks ND, 58203
 Phone: (701) 772-4842 - Fax: (701) 772-9620

Invoice To:
 CITY OF E. GRAND FORKS
 CITY SHOP
 PO BOX 373
 E GRAND FORKS, MN, 567210373
 County: POLK
 (218) 773-2483

Rental Type: Rental
Deal Number: 821468
Customer Account#: 2483010
Customer Purchase Order#: WINTER RENTAL
Customer Sales Tax Exempt: Exempt
Sales Professional: Jared Harshman
Phone: (701) 772-4842
Fax: (701) 772-9620
Email: jharshman@rdoequipment.com

Rental Information

Ordered By: JASON STORDAHL
Estimated Rental Schedule: Starting on: 11/16/2015, Ending on: 4/4/2016
Billing Dates: Starting on: 11/16/2015, Ending on: 4/4/2016
Job Site Address: CITY SHOP
 PO BOX 373
 E GRAND FORKS, MN 567210373

Equipment Rental Rates

Serial	Stock	Year/Make/Model	Quantity	Monthly
1DW672GPEEF660825	X515667	2014 JOHN DEERE 672G 	1 Final Tier 4 (FT4) Certified Engine	\$3,950.00
X530885	X530885	Attachment - 2014 JOHN DEERE FENDERS	1	\$0.00

Rental Rate Totals

	Monthly
Base Rental Rate:	\$3,950.00
LDW: (14% of Rental)(described in Legal Information section below)	\$553.00
Rental Taxes: MN GOVERNMENT 0%	\$0.00
Cost Per Term (Before Additional Charges)	\$4,503.00

Additional Charges

Unit	Type	Amount	Taxes	Total
2014 JOHN DEERE 672G	Prep Charge	\$3,200.00	\$0.00	\$3,200.00
Total Additional Charges		\$3,200.00	\$0.00	\$3,200.00

Legal Information

Term, start, end dates, rental rates, and sales tax are all approximated and subject to change. RDO Equipment Co. reserve the right to replace equipment with 'like' equipment at any time. The rental rate for Equipment covers normal use only not to exceed 8-hours/1day, 40 hours/week, or 160 hours/month, based on 20 working days. Equipment returned that require fuel, cleanup, repair work or replacement parts do to unusual wear & tear will warrant additional charges. Should you not provide RDO Equipment Co. with physical damage insurance coverage, a Loss Damage Waiver fee of 14% of the rental charge will be applied. Applicable sales tax, property and environmental fees to apply. Use only Low Sulfur Diesel (ULSD). Applicant agrees this be a Schedule to the Rental Agreement.

Signature Area



There are machine(s) on this Rental that are equipped with Final Tier 4 (FT4) certified engine(s). Use John Deere Plus-50 II Low Ash Engine Oil (#TY26673), or equivalent; **Do not mix oils or brands.** Use John Deere Cool Gard II antifreeze / coolant (#TY26576), or equivalent. Use John Deere Exhaust Fluid (#SWDEF025), or equivalent. Use Low Sulfur Diesel (ULSD)

Applicant:

(Customer's Signature)

(Customer's Printed Name)

(Applicant Title)

_____/_____/_____

(Date Signed)

This is not an invoice. You will receive an invoice when the first billing cycle is complete, or when the machines are returned, whichever occurs first.
This Rental Schedule was created on 10/23/2015 and is valid until 11/22/2015. After that date, the terms may need to be revised

Comments

\$3950 for the first 50 hours per month. \$40 per hour after the first 50 hours.

Request for Council Action

Date: October 27, 2015

To: East Grand Forks City Council Mayor Lynn Stauss, President Mark Olstad, Council Vice President Chad Grassel, Council Members: Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten, and Marc DeMers.

Cc: File

From: City Administrator David Murphy

RE: Calling for closed session

Background

The City's negotiation team has agreed to bring a proposal discussed during the meetings with the International Association of Fire Fighters IAFF to the Council for consideration. The proposal is subject to the provisions allowing closed session.

The Negotiation Team has suggested holding the meeting after November 5th due to the fact that the Team will be meeting with LELS on November 5th and may have items to discuss from those negotiations as well.

Budget Impact

Unknown at this time.

Action Required

Set a date and time for the Council to meet in closed session.