

**APPROVED MINUTES
OF THE CITY
SPECIAL MEETING
CITY OF EAST GRAND FORKS
TUESDAY, DECMEBER 8, 2015 – 7:00 PM**

CALL TO ORDER:

The Special Meeting of the East Grand Forks City Council for December 8, 2015 was called to order by Council President Mark Olstad at _____ P.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, and Marc DeMers.

Dave Aker, Parks & Recreation Superintendent; Karla Anderson, Finance Director; Dan Boyce, Water & Light Manager; Nancy Ellis, City Planner; 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

SCHEDULED PUBLIC HEARINGS:

1. Public Hearing for the consideration of the 25% increase to the tax levy.

A MOTION WAS MADE BY COUNCIL MEMBER GRASSEL, SECONDED BY COUNCIL MEMBER DEMERS, TO OPEN THE PUBLIC HEARING.

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

Voting Nay: None.

Absent: Tweten.

Mayor Stauss said he would like to talk about the figures from last year. He stated how he had been criticized quite a bit and since it was the final part of the year he wanted to let everyone know where things were at. He stated last year there was a 10% increase which he vetoed so there was only a 5% increase to the levy. He commented how 1% of the budget is approximately \$30,000 so 5% would be \$150,000. He continued by saying the swimming pool was closed for reconstruction so the City saved around \$135,000 and \$25,000 for not putting out flowers. He said right there was \$160,000 which covered the 5% that was cut but there were still comments about how things could not be done since the budget had been cut. He stated how there was

around \$149,000 in the street department since the winter had been mild. He added there may still be funds that come out of that but there was still a savings. He explained \$4500 was saved by the Council and mayor for not attending conferences, the city should have saved on utilities, an additional \$30,000 came into the City from the State Park, and there was \$900,000 from the sale of the mall. He stated the 5% cut did not hurt the City had all, there was excess, and asked where it was spent.

Council President Olstad explained that most of the sale of the mall went into the City's reserves which are required by the State of Minnesota. He said the City had reserves of 31% and the State recommends cities should have 42-45% set aside so the reserve was increased with those funds to ensure there are ample reserves to run the City. Mayor Stauss said the Council will also have to be careful when taking out of the reserves and make sure it isn't spent on just anything.

Council Vice-President Grassel questioned the comment about the pool and saving \$135,000. He said the 5% that was cut was to close the pool, the City didn't gain \$100,000, but rather it had to be cut otherwise the pool would have been kept open. He continued to comment on the Mayor's remarks about the money that was saved and other remarks on how the City vehicles couldn't be used for watering flowers. He said numbers keeping being thrown around and all that is doing is confusing people. He stated the pool which was closed for a reason which was to make up for the 5% cut in the levy and asked if he was correct. Ms. Anderson stated he was correct. Council Vice-President Grassel stated that was not a savings of \$100,000. Mayor Stauss asked when the pool would have been closed to be fixed. Council member Grassel said it wasn't the plan but the Council had to forward the plan to cut that money from the budget. Mayor Stauss commented that the figures he was talking about showed that the Council had more money in the budget than was needed and it was spent.

Ms. Anderson said she was asked to bring forward the tax rates for the last 10 years. She explained that she had the last 12 years. She said the tax rate for the City in 2015 was \$55.81 per thousand dollars of property. She stated the 25% increase has to do with the actual amount of the levy, not the thousand dollar amount of property. She said for 2016 the tax rate increased to \$61.24 so the increase was \$5.43 per thousand dollars of property. She added that in 2005 the total tax rate for the City was \$75.24 per thousand dollars of property. Council President thanked Ms. Anderson for bringing that information forward and added that over the years the tax rate has changed some with \$52 being the lowest. Ms. Anderson said the City is still growing and with more homes and commercial being added into the community the levy will be dispersed even more so with an increase of 4% or 5% to the levy each year and the tax rate would probably not change since there would be more people paying a portion of the levy.

Council member DeMers said he would like to hear from the people at the meeting and asked Ms. Anderson if there was a way of knowing from the County how much the increase of tax capacity is due to new development versus an increase in valuation. Ms. Anderson said no. She informed the Council how both she and Mr. Murphy were informed that the properties in Polk County were undervalued and if the values were not raised the State was going to come in and raise them so the County moved forward and raised values. She added that they were raised 12% this year and it had been mentioned it could be raised another 12% next year. Council member DeMers asked if there was still a take rebate available for increased property taxes. Ms.

Anderson said it was income based along with other factors so she was not able to give an answer.

Council member Vetter stated he wanted to clarify that even if the State comes in with mandated increases to property values and everyone receives 12% increase it is a zero percent increase to their property taxes. Ms. Anderson added if the tax rate remains the same and divided by the same number of people. Council member Vetter said that was correct said again an increase in valuations does not guarantee an increase to property taxes. Ms. Anderson stated that she had received a worksheet from another city in Minnesota and got within one percent so the following year there will be a better tool to use. Council President Olstad asked if anyone would like to address the Council if they would please come forward and state their name and address.

Mr. Dan Rolczynski, 1826 14th Ave NW, said he is questioning the big hit in taxes plus the seal coat. He said he has lived in his home 51 years and in all of those years they have never seen taxes go up 17% plus. He said it has gone up moderately from 2% to 4%. He stated it appears to him that the Council wants to run them out of town or out of their home. He continued by saying his home is not fancy at 1100 square feet, the family vehicle is 14 years old, and being on a fixed income of social security makes things very difficult to handle the 17% increase in taxes. He said he they didn't own anything else other than plots in Resurrection Cemetery. He said he isn't sure if their dwelling should have had an increase of \$20,000 in valuation. He continued by telling the Council that they are employees which they should not forget, that they were elected to do a good job, and how they may not be re-elected if they don't. He said the Council needs to buckle up and watch where the dollars are going. He stated the increase in spending habits have to be looked at. He commented how he had spoken to a real estate agent in Grand Forks and how he had said East Grand Forks was catching up to Grand Forks. He added if that was the case there wasn't going to be many people coming to the east side, businesses are going to be moving, and he is going to find a stake and put his home for sale.

Mr. Dan Lizakowski, 507 3rd Ave SE, said his taxes are going up 30.9% this year. He stated that he does expect them to go up some every year since he has lived in East Grand Forks for 6 years. He said the biggest increase was the City taxes going from \$797 up to almost \$1200 per year. He said his homestead exemption went down, the value went up over \$40,000, and he doesn't know what he did other than replaced some carpet and appliances. He said he has two kids in daycare that costs over \$1000 a month and this was just insane.

Council President Olstad asked if anyone else wanted to address the Council. No one came forward.

A MOTION WAS MADE BY COUNCIL MEMBER BUCKALEW, SECONDED BY COUNCIL MEMBER DEMERS, TO OPEN THE PUBLIC HEARING.

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

Voting Nay: None.

Absent: Tweten.

NEW BUSINESS:

2. Consider adopting Resolution No. 15-12-133 approving the 2015 Tax Levy, Collectable in 2016.

A MOTION WAS MADE BY COUNCIL MEMBER DEMERS, SECONDED BY COUNCIL MEMBER BUCKALEW, TO ADOPT RESOLUTION NO. 15-12-133 APPROVING THE 2015 TAX LEVY, COLLECTABLE IN 2016.

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

Voting Nay: None.

Absent: Tweten.

3. Consider adopting Resolution No. 15-12-134 approving the 2016 Budget and to authorize specific financial related activities.

A MOTION WAS MADE BY COUNCIL MEMBER POKRZYWINSKI, SECONDED BY COUNCIL MEMBER DEMERS, TO ADOPT RESOLUTION NO. 15-12-134 APPROVING THE 2016 BUDGET AND TO AUTHORIZE SPECIFIC FINANCIAL RELATED ACTIVITIES.

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

Voting Nay: None.

Absent: Tweten.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER GRASSEL, SECONDED BY COUNCIL MEMBER DEMERS, TO ADJOURN THE DECEMBER 8, 2015 SPECIAL MEETING OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 7:17 P.M.

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

Voting Nay: None.

Absent: Tweten.

David Murphy, City Administrator/Clerk-Treasurer