

**APPROVED MINUTES
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, JULY 26, 2016 – 5:00 PM**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for July 26, 2016 was called to order by Council President Mark Olstad at 5:01 P.M.

CALL OF ROLL:

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

Dan Boyce, Water & Light Manager; Mark Dragich, Interim Park and Recreation Director; Nancy Ellis, City Planner; Steve Emery, City Engineer; Ron Galstad, City Attorney; Paul Gorte, Economic Development Director; Mike Hedlund, Police Chief; Charlotte Helgeson, Library Director; Gary Larson, Fire Chief; David Murphy, City Administrator/Clerk-Treasurer; and Jason Stordahl, Public Works Director.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

1. Comprehensive Annual Financial Report Review – Janelle Mulroy

Ms. Mulroy told the Council she was going to review some of the main points of the report and if anyone had any questions to ask. She stated there was a lot of information and different sections to the report but she was going to focus on the financial information. She explained that it was under the financial section where the independent auditor's report is located. She added how there is a much larger liability because of new required reporting of the City's portion of PERA. She continued reviewing information and telling the Council where they could find it in the report. She pointed out to the Council that the general fund had a total fund balance of \$2.7 million dollars, that a small portion was in material and supplies, and how a portion of these funds had been set aside for future budgeting which were the funds from the sale of the Riverwalk. Council President Olstad asked since the funds were not moved or transferred until 2016 was it proper for those funds to be here. Ms. Mulroy said it was her understanding the Council had discussed this in 2015 and that there are different ways it can be reported.

Council President Olstad asked if the fund balance could reflect the actual reserve amount which is more than 21%. Ms. Mulroy said it should. He asked again if showing this here was correct. Ms. Mulroy stated how there was percentages given in the management letter along with the State recommendations. She said without including that it would have been at 21% but if it was included which it should be the fund balance would then be 30%. She added the State minimum recommendation is 35%. Council President Olstad stated the report shows 21% but that really wasn't the case. Discussion followed about

how the funds were not moved until 2016. Ms. Mulroy said they could change the management report to say 30%.

Ms. Mulroy continued reviewing the status of funds, a review of the actual versus the budgeted numbers for 2015, and there was a review of the business like type of activities. She went on with pointing out where to find certain information about some of the changes in the notes to the financial statement which included an explanation of the requirement of reporting the net pension liability, the transfer of the levee fund, and the transfer of the housing program out of the City. She then asked for questions or comments. She informed the Council that the new pension standard is required to be reported by any government entity that invests in a defined pension plan so it should not affect the City's bond rating. Council member Vetter said the EDA is still there it was just the housing program that was transferred. Ms. Mulroy agreed. Council member Vetter said the first sentence states it was dissolved. Ms. Mulroy commented that it was bad wording.

Council President Olstad asked if there were any more questions. Council member Pokrzywinski said going back to the fund balance, he asked if it wasn't too difficult to make that change. He added that one reason why it was important to the Council was because there was a significant increase to the levy and the public had been told it was to help restore the fund balance. Ms. Mulroy said the change could be made and they would update the booklet. She added that if there weren't any questions on the CAFR she would review the remainder of the management report.

Ms. Mulroy started by saying the reserve percentage would be changed to show it was at 30% accounting the Riverwalk sale proceeds. She continued talking about the internal controls that could be improved on as well as other items that could be done in a timely manner. Council President Olstad asked what the timeline was for completing reconciliations and who would be the person that should be reviewing those. Mr. Murphy said the person has been hired that will be starting the first part of August and once that person is in place the bank reconciliation plan is to have them start in September. Council President Olstad commented that this wasn't the first time this had been on the report and asked how timely the bank reconciliations are being done and how far behind the reconciliations are. Mr. Murphy said this is months behind. Discussion followed about how the person that was hired will be helping with this process, how the City Administrator would like to see the process work, how it is difficult for a city the size of East Grand Forks to have a completely independent reviewer, and a recommendation would be to include a council member in the process.

Council member Buckalew asked if there was a timeline or a goal set of when the reconciliation needs to be completed each month. Mr. Murphy said at other cities he has worked at the reconciliations were given to the councils at the second meeting of each month. Council member Buckalew asked if that time frame was reasonable. Ms. Mulroy said it was. She continued on reviewing the other accounts and how they should be reconciled periodically instead of only at year end. She commented that with a new person they could be given the task of reviewing the other accounts. Council President Olstad asked if there were any other questions. There were none. Council President Olstad thanked Ms. Mulroy for coming in.

2. City Engineer/State Aid Engineer – Greg Boppre

Mr. Boppre said the Council had seen his request for action and how this would be a name change from him to Mr. Emery. He commented that it was time for this transition happen. He added how the Council has seen Mr. Emery more at meetings and that he will still be around. Council member Tweten

stated to move this on for approval. Mr. Emery mentioned that it would be an honor to be the City Engineer. He stated that he had started with the company about 20 years ago, that he has learned a lot over the years, and how Mr. Boppre will be a great reference for him.

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

3. Request to Consider Amending Transportation Improvement Program – Greg Boppre

Mr. Boppre said they would need direction from the Council on if they would like to keep the current project which was 10th Street NE or if they would like to change it to the round-a-bout. He stated there was an error and the City would be receiving \$858,000, not the \$750,000 that was listed. He reviewed the ICE Study, that the consultant had raised the construction cost to \$1.4 million, and how the round-a-bout was eligible for federal funds. He asked if the Council wanted to amend the TIP or keep it the same.

Council President Olstad stated that after reviewing the information and talking with residents it was his belief to leave things as they currently are. He added he knows there are transportation issues, there may be a different solution, and at this time things should be left as they are. Mr. Boppre commented to look at the numbers and what the return on investment which would not be much gain in value for a round-a-bout. He added there is probably a future for a round-a-bout but that it was his opinion it wasn't today.

Council member Tweten said he thinks they should keep the project of 10th Street NE and start developing an extension of the industrial park. He commented how preliminary ideas have been drafted, the EDA no longer has any land to sell, and the Council should instruct the engineers and city attorney to lay out a future plan to go all the way out to the state building. He added how it could be expanded incrementally and that this would allow the EDA to help develop more businesses. Council member Vetter said it was his understanding that 10th Street was going to be done in case American Crystal developed a north end entrance and how that won't be happening. He added to spend that kind of money on 10th Street is wastefully. He stated that people in his ward were looking for something out on Bygland Road to help with traffic issues and that the round-a-bout is the first option. He added it may not be the best fix but he thinks that it would help significantly.

Council member Pokrzywinski said he hadn't heard the number of concerns that others had about the round-a-bout and how there is resistance to round-a-bouts because people are not use to them. He added that he had read Mr. Tasa's letter, how there are concerns, and asked if the issues that were brought up in the letter were solvable. Mr. Boppre said he thinks they are. He continued saying that if the Council does decide to move forward with the round-a-bout they have studying to do and a reason the construction estimate went up is because there is barely enough right-of-way for this project so there is a possibility the City would have to purchase two properties to make sure this project is done right. He stated that Mr. Tasa had to review this project and approve it before it would qualify for federal funds which it does. He added that if the round-a-bout is what the Council would like to do they will figure and make it work.

Council member Pokrzywinski commented that both projects were to happen in Ward 2 which is his ward. He said he didn't have a single complaint about getting 10th Street NE done but been flooded with residents who are not able to get on to Bygland Road in the morning. He said if there isn't going to be a 32nd Ave bridge any time soon and this is a more urgent problem that needs a quicker resolution. Mr. Boppre suggested if they go that direction they usually start a year in advance so the Council should

change the TIP and start the process right away since because there will be parts of the process that take time. Council member Pokrzywinski asked if they could change when they get the funds if needed. Mr. Boppre explained how funding could be pushed backward if more time was needed. Mr. Emery told the Council that he has had received phone calls from the property owners in the area of where the round-a-bout would go and if this moves forward there will be an education process to make people understand what is happening.

Council Vice-President Grassel stated that he agreed with Mr. Boppre and that this project needs to be done right. He said the people that he has talked with are concerned about the education part of that round-a-bout as well and how he is worried there could be people bypassing the round-a-bout if they don't want to deal with it. He commented how they don't want a round-a-bout out there but if this is the way to solve this problem then the Council should take a look at it. Council member Buckalew stated that he sympathizes with the people on the south end. He said he didn't like the 10th Street NE project, he didn't think that the trucks would be using it, and to take a look at the round-a-bout project as well as seeing if the issues Mr. Tasa has brought up could be resolved. He said if they could take a look at Bygland Road and if it makes sense to move forward with it. Mr. Boppre reminded the Council that if they wanted to change the TIP it is relatively easy and make sure it gets on the MPO agenda. He added that they can start looking into some of the questions and concerns that Mr. Tasa brought up. He stated that just because they change the TIP doesn't mean it can't be changed again in 2017 because it is a revolving process.

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

4. Request for Off-sale License at VFW – David Murphy

Mr. Murphy explained that the City had been approached and received an application for an off-sale license for the VFW who currently has an on-sale license. He stated that the fee for an off-sale license was \$150 per year and that there was a representative from the VFW to answer any questions the Council may have. Council President Olstad asked how products would be sold and if the inventory for on-sale was also going to be used for off-sale. Mr. Ringstad said they were just looking at selling beer and wine. He said they didn't have any intention of selling full liquor. He said they don't have any intention of selling more than just the beer and wine because it would require a lot more space than what they have available. He said they were hoping to make enough to pay for the license fee and to be able to provide this service for the people in the area.

Mr. Galstad stated he had been contacted and asked to look into this. He explained that 4th class cities are able to allow combination licenses. He continued saying that there would have to be a way to monitor the sales since off-sale has different restrictions than on-sale. He said there isn't anything in the City ordinance addressing this, the State statute would allow this, and it is a matter of working through the details. Mr. Ringstad said they haven't been involved with the off-sale before, the State has their requirements, and they will definitely follow all of the rules.

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

5. Policy on Sale, Lease, or Option of City-Owned Land – Paul Gorte

Mr. Gorte said that Mr. John Marshall was setting up he would address the last item first. He explained that before he started working at the City Ms. Ellis had started drafting a policy regarding the purchase,

lease, or option city-owned property. He commented how he has revised the policy to also include the EDA as well. He explained that this policy establishes the procedure to be used when someone would like to purchase, lease, or option city-owned property. He said this did not apply to the residential lots. He added that the EDA Board had looked at this the previous week and sent it on for the Council to review and possible adoption. Council President Olstad asked if there were any questions.

Council member Vetter asked to remove the City Administrator from setting the price of property. He said it was brought up to streamline the process, he agreed that the Planning Commission and EDA Board should review the properties but suggested having them sign off on the lots before the lots would be put up for sale and then everything else could flow through the City Council. Mr. Gorte said that is how he thought that this would work. Council member Vetter stated it seemed it would have to go through the three boards once there was an offer made and that he could have misunderstood. Mr. Gorte said if an offer made to the City that hadn't been contemplated this would be the process they would have to go through. He stated that there are properties which need to be determined if they are surplus properties or not and if so the process would begin. Council member Vetter said the policy may need to be reviewed to where it identifies the properties, having them go through the entities, and then once a property is identified for sale then it would just go to the City Council to help streamline the process. Mr. Gorte suggested having two separate policies that are related, with one being properties that are already identified and the other when a person approaches the City about a property. Discussion followed about what kind of circumstances a person would approach the City to buy property and a review should be done to make sure all easements are in place before selling the property. Mr. Gorte stated staff was included for that reason.

Council member Pokrzywinski stated there could be many different kinds of uses for the property and that the Planning Commission may need to sign off on that use. Mr. Gorte explained that if the use is in line with the zoning ordinance than the Planning Commission had already approved the use for that site. He said if they were proposing something different to where the property would need to be rezoned it would then go through a separate process. Mr. Gorte told the Council he would bring a revised version back to the Council in about a month.

This item will be brought back at a future Work Session.

6. Website Presentation from Golden Shovel – Paul Gorte

Mr. Gorte told the Council that the EDA was looking at ways to improve the website. He explained how they had formed a marketing committee who invited Mr. Marshall to come and show what his company could do for the EDA. He added how the price would be the same for the entire City, this may be something the Council could also consider to be used for the City, and asked for the Council's input. He then turned it over to Mr. Marshall. Mr. Marshall thanked the Council for allowing him to come a present. He explained they are a Minnesota based company that works exclusively with governments which allows them to focus on government needs. He informed the Council how this company stays up-to-date, how they continue to grow, and reviewed what services could be provided to the City. He then asked for questions.

Mr. Gorte informed the Council that there is a \$950 per month and no upfront creation fee. Mr. Marshall added that it is a 30 day contract and that their staff would be at the City's disposal so even with full access information could be sent for them to be added to the site. Council President Olstad asked if there were any other questions. Council member Pokrzywinski asked how the monthly meeting takes

place and who is involved with that meeting. Mr. Marshall explained the City would have to pick would they would want to be included on that committee and have them report back to the Council. He added that usually it is a webinar meeting to keep things convenient.

Council member Vetter asked if the \$950 fee was just for the EDA but that it would include the City if the Council decided to move this direction. Mr. Marshall said that was correct. Council member Vetter then asked Mr. Gorte if the EDA was going to pay the fee. Mr. Gorte stated they had included funds in the budget for something like this and then the Council could decide how it would be paid for after the first year. Council member Vetter then asked what the City pays for the current website. Mr. Marshall stated being in the industry and knowing the City's current provider the City pays somewhere between \$4,000 to \$6,000 per year. He then reviewed some differences between the current service and what Golden Shovel could provide. Council member Buckalew asked if payments can be made online using their system or if the City would have to set up something else. Mr. Marshall said it can be done through their system because they can integrate any third party technology into the site but that the City but the City would have to purchase the payment software for that. Discussion followed about possible advertising and the use of promo codes.

Council President Olstad commented that he liked how they are marketing and promoting the City which could be a great tool. Mr. Gorte stated that the Council could look at other clients to see different setups. Council member Buckalew asked how the Council will proceed. Council President Olstad said the idea was to have the information presented, come up with questions, meet with IT staff, and then have this item brought back to a future work session for further discussion.

This item will be brought back at a future Work Session.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER POKRZYWINSKI, SECONDED BY COUNCIL MEMBER BUCKALEW, TO ADJOURN THE JULY 26, 2016 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:32 P.M.

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

Voting Nay: None.

Absent: DeMers.

David Murphy, City Administrator/Clerk-Treasurer