

WEEKLY MEMO

Date: February 18, 2011

To: Mayor Lynn Stauss, Council President Dick Grassel, Vice President Craig Buckalew, Council Members Marc Demers, Craig Buckalew, Henry Tweten, Wayne Gregoire, Greg Leigh, and Mike Pokrzywinski.

From: Scott Huizenga

RE: Weekly Update

UPCOMING MEETINGS:

March 1, 2011 – 5:00 pm – Council Meeting – Council Chambers

March 8, 2011 – 5:00 pm – Work Session – Training Room

March 15, 2011 – 5:00 pm – Council Meeting – Council Chambers

March 22, 2011 – 5:00 pm – Work Session – Training Room

WEEKLY UPDATE:

Labor Update

The Water and Light Teamsters labor group rejected the tentative agreement for 2011-2012. The agreement had been drafted after a mediation session on January 26. There is another mediation session scheduled for March 7. We believe that the City offer is more than fair based upon the following provisions.

- Virtually all of the provisions match the labor agreements already established with other bargaining units. The offer is fair, and there is an established internal pattern in the City.
- The City and the Water and Light Commission procured a market study that showed that the proposed City pay schedule is at or above the market rates for the union positions in the agreement.
- The compromise agreement contained “grandfather” clauses that retained the current pay scales for current employees. Those pay scales already exceed the Citywide scale mentioned above that is at or above market rates.
- The City also offered a one percent cost-of-living-adjustment for each of the two years on top of the already above-market rates listed above.

Legislative Update

- Last week, Governor Mark Dayton vetoed the first budget cutting bill out of the Legislature before presenting his own proposed budget this week. The vetoed bill from the Legislature would have substantially cut Local Government Aid (LGA), including approximately \$550,000 per year specifically to East Grand Forks. The Governor’s budget keeps LGA steady with the 2011 and 2012 certified LGA rates. Cities are certainly happy with the Governor’s recommendations on LGA. But, there are a couple of items to bear in mind. First, the 2011 certified LGA amount was already reduced in the previous legislative session. In other words, LGA has already been cut. And, as we have mentioned several times, LGA funding is lower than it was in 2002.

- Several sales local tax bills have been introduced to the House for individual cities. Many cities are considering this alternative form of taxation in the wake of continued state aid cuts. However, a counter-proposal introduced by Rep. Lenczewski (DFL – Bloomington) would cut LGA in half for any city that would opt for a local sales tax. While a formal study has not been completed, a local one-percent sales tax in East Grand Forks would likely garner approximately \$400,000-\$600,000 per year, depending upon exclusions. Conversely, the City’s certified LGA (before any potential cuts), is nearly \$3 million per year.
- The house bill banning synthetic cannabinoids known as “Spice” passed out of a House committee last week.
- Two diametrically opposed bills regarding levy limits have been introduced in the legislature. HF 481 would prohibit any property tax levy increase in 2012 except for debt service. This would be the case even if overall valuation increased. Meanwhile HF 155 would repeal levy limits. Levy limits is one of the City’s legislative priorities for this session. The City’s stance is that local property taxation is without qualification a local issue that should be controlled by locally-elected officials rather mandated by the state.

Civic Center

The school board has a proposed agreement between the district and the City for the proposed locker room expansion project. The project consists of a new locker room facility and Americans with Disabilities Act (ADA) compliance (including an elevator) along with minor roof repair and a new water heater to serve the upgrades. The school board has concerns about the latter two items, which are quite minor in the overall scope of the project. I will work with Superintendent Pace on a resolution and final agreement. The agreement is scheduled to appear before the City Council on March 24. Bid letting would take place in May.

AGENDA ITEMS:

1. The City Engineer will present a *draft* facility plan for waste water improvements that includes the proposed interconnect project. The City Engineer will also discuss a “desktop analysis.” The desktop analysis is the first step that the Minnesota Pollution Control Agency (MPCA) uses when analyzing the seepage at a lagoon facility. The discussion will center on presenting the data and gathering further questions from the City Council for staff to research. MPCA has granted the City an extension to the deadline for submitting the facility plan. We anticipate a public hearing on the proposal in May.
2. The EDHA director will present a proposal to expand parking along the boardwalk area next to River Street. The estimated cost is anywhere from \$80,000 – to \$120,000 depending on options (curb, asphalt vs. concrete, etc). There are funds available in the Downtown Development Fund (CDBG) if Council chooses to proceed.
3. The Building Official will present a report on the 2010 Inspections and Permits activity.
4. The Public Works Superintendent will present a quote for airborne insect spraying for 2011. The service was not used in 2010.

5. The Parks and Recreation Superintendent will present quotes for the purchase of a new ice resurfacer. The 2011 budget designated up to \$130,000 over two years for the purchase of a resurfacer. The low bid is slightly under \$90,000. Currently, the City is soliciting proposals for a new beverage distribution agreement at the City arenas. The funds from such an agreement could be dedicated to the purchase of a new resurfacer, as was done in the past.
6. The Police Chief will present an updated proposal for HVAC replacement at the Police Department Headquarters. The updated request has additional information on energy conservation options and city funding sources. The Water and Light Department by mandate designates up to \$50,000 per year that is used exclusively for City energy conservation purposes. This project would qualify.