

**UNAPPROVED MINUTES
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, AUGUST 27, 2019 – FOLLOWING THE SPECIAL MEETING**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for August 27, 2019 was called to order by Council President Olstad at 5:03 P.M.

CALL OF ROLL:

On a Call of Roll the following members of the East Grand Forks City Council were present: Mayor Steve Gander, Council President Mark Olstad, Council Vice-President Chad Grassel, Council Members Clarence Vetter, Dale Helms, Tim Riopelle, Tim Johnson, and Marc DeMers.

Karla Anderson, Finance Director; Nancy Ellis, City Planner; Steve Emery, City Engineer; Ron Galstad, City Attorney; Paul Gorte, Economic Development Director; Mike Hedlund, Police Chief; Reid Huttunen, Parks and Recreation Superintendent; Gary Larson, Fire Chief; David Murphy, City Administrator/Clerk-Treasurer; Megan Nelson, City Clerk; and Jason Stordahl, Public Works Director.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

1. Information on Proposed New Business – Justin Larocque

Mr. Larocque stated there was an ordinance that did not allow a person to have interest in more than one liquor license and asked if that had been addressed or if it was being worked on. Ms. Nelson stated it was being worked on. Mr. Larocque explained he was listed on the Up North liquor license, he was going through the process of being bought out of Up North, and he is involved in other ventures, which includes another restaurant. He said they were looking at the Tao Garden space, they had started proceeding, and then he had been informed about the ordinance. He continued reviewing the concept they have for the new restaurant that will be called Spud Jr after the old Spud Bar, they have worked on the concept for the last year, and he is looking at moving forward.

Mr. Galstad explained he had been directed to amend the ordinance to remove the restriction. Mr. Larocque asked what the time frame would be for getting that done. Mr. Galstad stated there would need to be two readings and then it will be published and estimated it would take about six weeks. Mayor Gander asked if they were going to be a bar or have a restaurant. Mr. Larocque said they would like a place for everyone and be a bar with great food as well as being family friendly. Council member Helms asked what the location for this would be. Mr. Larocque said 302 Demers Avenue where Tao Garden use to be located. Council President Olstad said it sounds like the process moving forward will follow a similar time line and asked if there were any other questions. Mayor Gander asked about the time line again. Mr. Galstad asked if they would like the ordinance amendment at the next meeting or work session. Council member Helms said he would like to see it at the next work session for review.

2. Request to form Safesport Committee – Reid Huttunen

Mr. Huttunen stated this was to consider a recommendation from Minnesota Hockey to set up a SafeSport Committee to handle the SafeSport complaints. He explained staff discussed this and it was suggested to create a six-person committee that can work through the SafeSport material, help determine the implementation, and determine how to handle the differences between hockey and figure skating. He said these committee members would also be certified and have background checks completed so any three of the six members could serve as the local hearing panel. He added the make-up of this committee could include a Blue Line Club board member, a figure skating board member, a park and recreation commissioner, and three interested volunteers from the community. He explained they were hoping to have them trained and that they might have the background check so when there is a complaint there are community members that may not be as vested in a program so they can be impartial during the process. He said they were open to any suggestions on this.

Mr. Galstad asked if there was supposed to be a designated officer. Mr. Huttunen said one of the people on the panel would be designated to handle the investigation part when there is a complaint. Mr. Galstad said it was different from figure skating because they have a designated investigative person. Mr. Huttunen said if that person has knowledge of the situation, they could not be the investigative person. He added the recommendation is to have a chairperson who knows the policies and they would like to see this chairperson serve as the investigator if possible. Council member DeMers asked if the decisions by the panel have to be unanimous or be the majority. Mr. Huttunen said he was not sure and would have to look into that. Discussion followed about how there will be three people that serve on the hearing panel, how city employees should be exempt from serving as volunteers on this committee, and a staff member from the Park and Recreation may serve as a seventh member of this committee as a non-voting member to be a part of the discussions of the committee.

Mayor Gander suggested have a guideline that the three at large positions do not have a child participating in any of the programs and to leave this as a guideline because later they might have a child participating and if they are effective in their role, they should not be cut from the panel. Discussion followed about how city employees may have a bias towards the City so city employees should not be allowed to serve on this panel and that the USA Hockey can override any decision made by the local panel. Mr. Huttunen said they are hoping to get parents involved that no longer have kids in the programs because of their knowledge about the programs. He added he would make this more formal and bring back to a work session. Council President Olstad asked to have names brought forward at the next work session as well. Mayor Gander asked if this information would be subject to public information or not. Mr. Galstad said he would look into that.

This item will be brought back to a future work session.

3. Discussion on Special Assessment Policy Update – David Murphy

Mr. Murphy said the special assessment information from Thief River Falls, Crookston, and Grand Forks was included in the packet. He reminded the Council that Grand Forks had different rules than Minnesota. He explained Crookston had a short policy, Grand Forks has a much longer policy but it was not specific on charges, and Thief River Falls has a very specific policy, which was not written down but based on past practice. He reviewed how Thief River Falls and Crookston assesses projects. He then reviewed the Grand Forks policy and how it was determined on a case-by-case basis. He added that the Council would have to determine a funding source for the City portion of the project.

Council President Olstad asked what or how most of the cities levy for projects. Mr. Murphy said it varies from city to city, some cities he was familiar with levy \$70,000 to \$80,000 per year per bond, and they determine what project or projects can be completed within the funding that is available. He added how some cities that have \$490,000 levied for bond payments. Council President Olstad asked if the City has looked at what has been spent on streets and what the costs might be in the future. Mr. Murphy reminded the Council that there is \$250,000 spent every year on streets for patching and other maintenance. Discussion followed about knowing what projects may be coming up, the concrete streets do not need to be replaced nearly as often as bituminous, and because of that, the City may not need to do a project as often. Mr. Emery said the last time the maintenance was done on bituminous streets was in 2015, 2016, and 2017 and each year it was about a million dollars each of the three years. He reminded the Council this maintenance work is only done about every 10 to 15 years.

Mr. Emery said the projects they are looking at are a combination of both bituminous and concrete streets and these areas are beyond maintenance, they will need to be reconstructed, and this is why they are reviewing the assessment policy. He commented how reconstruction is a lot more expensive than construction and asked if the specials were contested would they stand up in court. He stated cities in the region have typically assessed in the 30% to 40% range with others paying up to 100% of reconstruction. Mr. Murphy reminded the Council of the areas that need to be reconstructed. Council Vice-President Grassel asked if they are bonding for projects what this will do to the levy because the Council fights every year to try and keep the levy under 5%. He explained no one in the community has asked to have this policy changed, there is a fallacy the City is paying for new construction, this discussion on changing is for reconstruction only, new construction is 100% assessed to the property owners, and going through this process may bring people to the meetings.

Mayor Gander asked if a street replacement was done with the current policy with 100% assessed, the period of objecting has passed, and if there was a way to proceed without more liability being added to the City. Mr. Emery explained the City has 60 days to award bids, the City can proceed in two different ways when awarding bids with the first holding the final hearing after the work has been completed so there are final numbers, and the other way is to hold the final hearing before awarding the bid so the Council would know if there were going to be any objections of the project. Mr. Galstad stated there is a timing issue, there are two ways to move forward, and the City would know if there were objections or completed the project before the final hearing and if there were objections, the City would have to deal with them after.

Mayor Gander stated he likes the current policy, he sees the street in front of his home it is his responsibility to maintain, this is the fair way, and the Council is hamstrung by the special benefits test when it comes to reconstruction of streets in the city. He said because of State statute they will need to figure out a way to do this, his top number for bonding would be 2%, and he does not think they should stack projects like other cities do. Ms. Nelson reminded the Council if they hold the final hearing and the assessment roll is finalized, if there were any additional costs from a change order those costs would be the City's responsibility. Mr. Emery commented that was the benefit of holding the final hearing after the project is completed.

Council Vice-President Grassel asked to look at the State statutes again. Mayor Gander asked to have the League's guide on special assessments sent back out to the Council for review. Mr. Galstad said they are talking about the special benefits test, which is a constitutional issue in Minnesota, and it says the value of the assessment cannot exceed the increase in market value to the property. Council member DeMers says he appreciates this being brought forward, people have not asked for this to be changed, but the City

is 20 years out from an event that changed many of the streets. He said the problem is the streets are getting older, they do have issues with the new construction, and reconstruction can cost more because of the additional work. He said they already know what they would be in for moving forward with reconstruction because of past experiences, this is not an easy issue, but it will be better to be ahead of it. He said the most successful reconstruction is done by the Water and Light Department, the projects are completed in a timely manner, it is billed out over time, and it is a part of the utility bill. Discussion followed about how the streets are a network, having both concrete and bituminous streets can cause issues, the streets are owned and maintained by the City, but the property owners pay for the initial construction and maintenance of the streets. Council member DeMers said he rather pay for things over time than get hit with special assessments. Mayor Gander said there was an inequity depending on circumstances, street districts are not allowed, and there would be an inequity if it were changed to the City replacing every street.

Mayor Gander said he would like to find a way forward so they are able to replace some streets. He commented they are not ahead because there are streets that need to be replaced. Mr. Murphy said what they could do is take the streets in most need of reconstruction and come up with an estimate of what it might cost to see what would be needed over the next few years to pay for these projects. Mr. Emery said there is some information available on some of these streets that included the costs based on the different breakdowns. Mr. Murphy reviewed the city costs for the replacement on 20th Street, which ranged from \$825,000 on a 50/50 split, \$1 million for a 40% assessment, and \$1.15 million for a 30% assessment. He said bonding would depend on the costs and how long the project is bonded for.

Council member Vetter stated that even if the City passes a policy it still does not get them past the special benefits test and they could still receive objections. He said the best alternative to have the assessment roll approved before the project is done so if there are objections the project would fail so it would be up to the neighborhood to decide when the street needs to be replaced. He added the other thing to do is to go to the State and argue the special benefit testing need to be removed. Discussion followed about people who use the routes with bad roads, it was suggested to take a different route, and others might need to step up to help pay. Mr. Murphy said he has been a part of many assessment projects and the different procedures. He stated there are benefits to both processes but the drawbacks he has seen is when a couple residents are very vocal about a the project so is not completed and if this happens more than a couple times the bids start coming in higher.

Council President Olstad asked what the City has paid in objected special assessments in the last five years. Mr. Murphy said there was some from the trailer court. Ms. Nelson said that cost around \$90,000 in that case. Council President Olstad asked if it has cost the City \$150,000 in the last five years. Mr. Galstad said historically the objections have come from commercial properties and no real push back from residents. He added there was more pushback during the last assessment projects. Mr. Murphy commented how it can be costly to go through the objection process but the higher the assessment the higher the chance. Discussion followed about how there is already street maintenance done each year with the \$250,000.

Mayor Gander asked what the next step would be and why they may want to have a city portion. He said this would hopefully pass the special benefit test and they are trying to strike a balance. Mr. Murphy said there was an estimate of the reconstruction of 20th Street and staff could find out what the estimated costs are for bonding the \$1.2 million. He asked if there was a number the Council would be comfortable with to go towards bonding. Discussion followed about determining what the costs are, how some of this may be paid for with the surplus, they will do as much as they can with the funds available, and this bond

would have to be paid off before adding another project. Council Vice-President Grassel said residents might come in asking to have their streets done. Mayor Gander said they would need to prioritize. More discussion followed about how the local share may keep people from coming in, how there are four projects are prioritized, and the Council would like to see the numbers for the costs of a 10-year bond.

This item will be brought back to a future work session.

4. Review of Department Changes for 2020 Budget – David Murphy & Karla Anderson

a. Campbell Library Information

Ms. Anderson said Ms. Helgeson was not able to be at the meeting, information was included in the packet about the programming and other items going on in the library. She stated the 2020 budget has remained the same as the 2019 budget except for the salary and wages increases based on the city's matrix. She asked if there were any questions and there were none.

b. Fire Department Information

Ms. Anderson continued with the Fire Department, there was a narrative included in the packet, and the only change they are requesting is an additional \$5,000 in overtime because of the difficulty finding on-call firefighters to help fill shifts overnight and weekends, which is a problem nationwide. She asked if there were any questions and there were none.

c. Public Works Information

Ms. Anderson said Public Works had gotten some new equipment this year that includes a hook truck for \$206,000 which will add a \$29,000 payment over 9 years to the capital finance fund. She continued saying they also purchased a new street sweeper for \$245,000 and that will add a payment to the capital finance fund for \$38,000. Council member Helms asked about the piece of equipment for the alleys and if that was included. Mr. Stordahl said it was included in a different area. There were no other questions.

d. Community Development Information

Ms. Ellis said she highlighted the line items the Council may have questions on and she included notes with what had changed. She stated the budget had not changed for Sunshine Terrace, it stays the same each year, and she just included an explanation so the Council knew what those line items were for. She added there were no significant changes and most changes are based on what the averages are.

5. Consider Replacing Carpets in Sunshine Terrace – Nancy Ellis

Ms. Ellis told the Council Sunshine Terrace is close to 20 year old. She explained there were rips in the carpeting on the first floor, which has now been replaced because there was an inspection of the building, and they did not want there to be a violation. She said they looked at quotes for the second and third floors, \$25,000 had been budgeted for this, they would end up going over budget, but it would make the most sense to get it done all at the same time. She asked to have the budget amended to include the funding to cover the lowest quote. Council Vice-President Grassel asked what kind of carpeting they were going to install. Ms. Ellis said they were going to be installing the carpet tiles so if there is a rip or stain they will be able to replace the individual tiles. Ms. Ellis asked if this could be moved on to next week. Council President Olstad said there were no issues. Mayor Gander asked if there were savings to cover

the increase that is being asked for. Ms. Anderson said there was \$1 million in the fund for Sunshine Terrace and they just estimated wrong for this project.

Mayor Gander said according to the charter when the budget is amended mid-year there needs to be a savings shown to keep the budget neutral. Ms. Anderson stated Sunshine Terrace is an enterprise funds and she was not sure if this would fall under the charter. She said she would check on that. Discussion followed about how this was not coming out of the general fund.

Council President Olstad asked if there was anything else. Ms. Anderson said she had handed out a new summary sheet, it was now a negative \$209,000, and the other departments will be presenting at the next work session. Mayor Gander told the Council about an email he had received asking how there could be a deficit with a surplus. He stated the Council would not be budgeting a deficit, the budget is still being worked on, and they will apply the savings from 2018 to anything that would be a deficit to keep taxes down. Council President Olstad said it was really more like a 7% levy. Ms. Andersons added if they end up using the fund balance there would be a line stating that was where the funding was coming from. There were no other questions.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER RIOPELLE, SECONDED BY COUNCIL MEMBER DEMERS, TO ADJOURN THE AUGUST 27, 2019 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:18 P.M.

Voting Aye: Helms, Riopelle, Johnson, Olstad, Grassel, DeMers, and Vetter.

Voting Nay: None.

David Murphy, City Administrator/Clerk-Treasurer