

**APPROVED MINUTES  
OF THE CITY  
COUNCIL WORK SESSION  
CITY OF EAST GRAND FORKS  
TUESDAY, NOVEMBER 26, 2019 – 5:00 PM**

**CALL TO ORDER:**

*The Work Session of the East Grand Forks City Council for November 26, 2019 was called to order by Council President Olstad at 5:00 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 Members Clarence Vetter, Dale Helms, Tim Riopelle, Tim Johnson, and Marc DeMers.*

*Karla Anderson, Finance Director; Nancy Ellis, City Planner; Ron Galstad, City Attorney; Paul Gorte, Economic Development Director; Mike Hedlund, Police Chief; Charlotte Helgeson, Library Director; Reid Huttunen, Parks and Recreation Superintendent; 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. Consider Change to 2020-2021 Lease Agreement with Independent School District 595 – David Murphy**

Mr. Murphy commented Mr. Kolness was unable to attend the meeting and explained the current arena agreement with the school is that they pay \$100,000 per year to use the arena facilities. He stated the school district is proposing to increase the rent for the next couple of years to \$150,000 per year and have the City in turn have lease agreement for use of the softball fields for \$45,000 per year. He said the money from the agreement would be used to pay for improvements and upgrades at the fields, which would include the addition of bathrooms. He said he is looking for direction from the Council. He added if this was something they would be interested in Mr. Galstad could draft an agreement.

Council President Olstad asked if Mr. Galstad had reviewed the information. Mr. Galstad said he had looked into a couple of things and he could draft an agreement that would be acceptable to the Council if they choose to move forward. Mr. Murphy said he had contacted both the League of Minnesota Cities and Mr. Galstad about this and this does not appear to violate anything. Mayor Gander asked if the City has used the fields before. Mr. Huttunen said the City uses these fields every year and the school uses the baseball fields every year but currently there are no written agreements. He added they might want to have agreements moving forward even if no money is involved. Council member Riopelle said the school is not able to get these funds through their normal channels. Council member DeMers stated he understands what they are trying to do, this seems shady, and a way to get around a rule. He commented he does not want to get on the bad side of the State but he understands trying to be creative about things. Discussion followed about the questions that were asked that included if this was allowable and legal, the

answer was yes, the City is able to lease facilities, the intent of the funds were not for this purpose, and how the City could complete the upgrades with the funds instead of giving the funds back to the school.

Mr. Galstad commented how they are being transparent with this item. Council member DeMers stated he wanted to bring up his concerns. Council member Helms said he sees this as the Business Highway 2 situation and it is a way around the system. He added the City could do the repairs as a part of the lease agreement because the Park and Recreation programs use the fields all the time. Mayor Gander asked if the product carries the value of what is being requested. He said there was for the arena lease and for the use of these fields so he was good with this regardless which way it was done. Mr. Murphy told the Council he did not know the rules for the school, but was told this was a way to get these improvements done so he brought it forward for feedback.

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

## **2. Consider Amendment to Border Cities Tax Credits Agreement for Todd's Trailers – Paul Gorte**

Mr. Gorte stated a parcel should have been included with the original agreement that was approved last year. He said this agreement would provide the tax credits that should have been included for a one-year tax credit. Mr. Gorte added the improvements done on the property was over a half a million dollars. Council member Helms asked if this was in the industrial park. Mr. Gorte said the property was located out on Business Highway 2. Mayor Gander said if they had to chance to check it out because they did a nice job.

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

## **3. Request to Adopt Security Camera Policy – Megan Nelson**

Ms. Nelson explained more security cameras have been added to city buildings and staff was looking for a policy on how that information should be handled. She said that Mr. Thompson had worked with the League of Minnesota Cities and other resources to put the proposed policy together and was looking for feedback. She added this would be brought back to the second meeting in December because it was a short week, Mr. Galstad would need time to review this, and make sure it was in acceptable form before it is voted on. Mr. Galstad stated he had a chance to give some feedback, this policy would fall under the Minnesota Data Practices act, they will need to decide how long the information should be stored for, and who would be controlling this information. He added that the City of St. Cloud does include a list of things the information cannot be used for so that might be something to consider.

Council member DeMers asked who operates and maintains the system at Sunshine Terrace. Ms. Ellis said it was her and Mr. Kossow. Discussion followed about the reason it was separate was because it was on a different system and they might want to consider changing the system so they are all on the same system. Council member DeMers asked if there were restrictions or what this can be used for such as at the footage from the Police Department. Ms. Nelson stated there were different requirements for footage from the Police Department. Mr. Galstad explained it would depend on the situation such as if it was for an investigation and they would need to follow the State Statute regarding the data practices.

Discussion followed about the downtown cameras that stream all the time and if they need to be included in this, if this policy would also need to be adopted by the Water and Light Department, how there is a

separate policy for the body cameras worn by police officers, and there might need to be a fee structure set for staff's time when a request comes in for footage. Mr. Murphy commented fees could be charged for staff's time when a request for footage comes in. More discussion followed about notices being posted, there are notices at the library, and the longer the time of holding information will require more storage. Mayor Gander suggested making the process clear on what needs to be completed for request information. Council member DeMers asked if the Probation Office would fall under this policy since they are renting a space in the building. Mr. Galstad said no because it was not the City's information. Council member DeMers asked if the Probation office had any issues with the current cameras. Mr. Murphy said they are aware of the cameras and have not expressed any concerns about it.

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

#### **4. Discussion on Potential Sales Tax – Karla Anderson & Reid Huttunen**

Mr. Huttunen explained that he and Ms. Anderson had prepared information regarding a local sales tax, they had talked with Baker Tilly about the potential for bonding, and they reached out to the League of Minnesota Cities about the process. He stated they have listed potential projects that include the arena improvements, LaFave Park improvements, ball field improvements, and the paving of the Greenway trail system. He said there is not enough collected at this time to cover the cost of repaving the trail system. He continued with the information from Baker Tilly, the estimates were based on the current sales tax information, they considered both a 1% and 2% sales tax, and 1% tax would not be enough to cover the bond but a 2% bond would for the ice arenas. He said this was a first step and they are looking for feedback and direction from the Council. He added if they are going to move forward, one-step would be getting a resolution to the State Legislature by the end of January in 2020. He commented how this would cover some of the goals that were set during the last vision session and asked for questions.

Council President Olstad asked if they had started talking with community members about this, if this is attainable, they do have great ideas, but the timelines are very short. Mr. Huttunen said he has had some personal discussions about this and he has talked with the Blue Line Club but he has not set any public meetings yet. He added they do not have time to get a final design before the end of January but more can be done and prepared between January and November. He informed the Council if they needed more time the next election this could be voted on was in November of 2022. Ms. Anderson stated they were told by Baker Tilly to add 2.5% for each year the project was not done for inflation. She told the Council they have talked with the baseball group, Sacred Heart, and they are willing to speak with business owners to see what they are comfortable with. She added this would also cover five of the visioning goals set by the Council because the Park and Recreation was a huge part of city facilities.

Council President Olstad asked where the estimates came from for the other projects. Mr. Huttunen said it was based on projects taking place in other cities. Council President Olstad asked if those numbers included the engineering costs. Mr. Huttunen said he had talked with JLG about these other projects and they were going to be putting together a proposal for possible work on the other projects and that information will be brought to the next work session. Discussion followed about how the cost for trails had come from Widseth Smith Nolting, if this does not go through the City would pay for the costs, and how they possibly could cover the cost by using the fund balance since the reserves have been built up.

Council member Riopelle stated they could also collect funds for these projects through naming rights and donations. Mayor Gander said he was getting over the sticker shock. He explained the Council knows improvements are needed, they are looking at the future with what could be done, and these projects will

need to be prioritized. He added he wanted to be candid that he is struggling with the cost estimates; they need to try to set priorities, figure out how to pay for it, and find out what the community wants. Council member DeMers said he agreed with Mayor Gander, this has been a good process, and he sees that a third should be come from the City, a third from support from the community, and a third from naming rights. Council member Riopelle said the ICON Arena cost 14 million dollars and was paid for entirely by donations. Council member DeMers said this could not be paid for by sales tax alone. Mayor Gander suggested slowing down and finding other funding sources.

Council member Helms said he was struggling with the costs with how much was being paid for engineering services, for how much the ice plant was going to cost, prices seemed to be over inflated, and this has all been done without the citizens being involved. Council member Riopelle commented how these numbers are based on a study, they are not the final numbers, and the ice plant would need to be able to handle the use it will be put through. Council member Helms said he understands but the costs need to be kept reasonable because if they put out high numbers the bids will come back high as well. Mr. Huttunen stated was looking for feedback from the Council, they would like to continue by bringing back a design, an industrial ice plant would be needed, and the next steps would be gathering community input which JLG has said they would assist with. He added in the last four years there have been \$110,000 in maintenance costs on the systems and they never know when something might go wrong.

Council President Olstad asked that the Council be invited to the public meetings and he urged residents to reach out to let the Council know what they would like. Mr. Galstad said if this was going to happen, they will need to have a sales tax, the residents will have to vote on it, and the residents can decide what will happen. Discussion followed about how they should go with the basics and let donations pay for bells and whistles, it was suggested to let the citizens decide when they vote, and how the City should ask for the higher amount from the legislature because the project can always end up costing less. More discussion followed about what project should be done, what might be left, and how more concrete numbers for the other projects should be brought to the Work Session on December 10<sup>th</sup>. Council member DeMers asked how much other cities have asked for. Ms. Anderson reminded the Council the process for implementing a local sales tax has changed. Mayor Gander asked to make certain the amount can be lowered from what is proposed to the legislature. Mr. Huttunen said they were already working on it.

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

## **5. Discussion on the 2020 Budget & Levy –Karla Anderson**

Ms. Anderson stated there were a few documents included in the packet, she had continued to work with department heads on the budget, and the City had received information there was going to be an increase in worker's comp insurance, which was now accounted for in the budget. She said the preliminary levy was set at 5% and the currently the proposed budget was \$180,000 in the hole. She reminded the Council how they had talked about using reserves to make up the difference for the budget. She continued with the values of the five properties they have followed for the last eight years. She explained the taxable market value seems to be more stable compared to previous years, most properties will see a 2% or 3% increase in their city portion of taxes, the commercial property continues to increase in value, but they do not know how the new properties in the tax base will affect things. She added she had updated the revenue and expense sheet, things are on target, and they might be able to add some to the reserves this year. She asked if there were any questions.

Mayor Gander reminded everyone the City carried forward over \$500,000 the previous year, which they were going to use and help hold the line on taxes. He said this was not accidental, if needed they could zero out the overage, but at this time they will use surplus to help cover expenses. Council member DeMers asked what it would look like next year. Ms. Anderson said personnel usually has an increase of 5% to 7% each year, there is a payloader blower for the greenway that is coming out of the central equipment fund and be paid back from the general fund. She stated they had discussed about possibly utilizing the greenway funds for paying for operating. Council member DeMers explained he was a part of setting up the greenway fee, which was specifically set up for capital maintenance of the trail and it should not be used for anything else. He suggested moving some of the excess funds from the street light fees into the greenway fund since the City is saving money changing over to LED lighting. He added he did not agree using a sales tax to pay for redoing the trails and making the change from street lights to greenway trails should help raise the funds needed to redo the trails.

Council member DeMers said this was a good analysis on how residents are affected and the abatement program showed how much money would be added in each year, which is around \$50,000 or more which is 1% increase due to residential expansion. He added the 5% is high compared to what the actual impacts are to residents. Ms. Anderson said the Truth and Taxation hearing will be on December 10<sup>th</sup> and if they would like to have the resolutions ready to adopt the budget and levy. Council President Olstad said that was fine.

**ADJOURN:**

**A MOTION WAS MADE BY COUNCIL MEMBER DEMERS, SECONDED BY COUNCIL MEMBER RIOPELLE, TO ADJOURN THE NOVEMBER 26, 2019 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:26 P.M.**

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

*Voting Nay: None.*

*Absent: Grassel.*

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David Murphy, City Administrator/Clerk-Treasurer