

**APPROVED MINUTES
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, APRIL 14, 2020 – 5:00 PM**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for Tuesday, April 14, 2020 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 Vice-President Chad Grassel, Council Members Clarence Vetter, Dale Helms, Tim Riopelle, Tim Johnson, and Marc DeMers.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

1. Discussion on Request for Valley Golf Tax Abatement Extension – Mark Olstad

President Olstad stated that Chad Frost and Jeff Kamedula were participating in the meeting by phone. He reminded the Council they had previously approved a five-year tax abatement for the golf course, this was the last year of the abatement, and they are making the request to extend this abatement. He said things had been going well at the golf course, but like other businesses, they are wondering if they will be able to operate this year and are trying to plan ahead. He explained they had been granted an extension for their loan with the Economic Development Authority and he would like to discuss a possible extension of this abatement, which he would support to help them stay viable. He added how they have made great improvements in the last few years and he asked for comments from the representatives from Valley Golf.

Mr. Chad Frost stated they appreciate the effort and support they have received from the City, they have done their due diligence by utilizing the abatement dollars in the best way possible, and how these funds provide them stability. He commented how this has helped them with course improvements and helped reduce their debt load, which is what they have been focusing on. He said COVID has affected everyone; they are planning as much as they can, and they appreciate this opportunity and are ready to answer any questions. Council President Olstad commented their one loan is scheduled to be paid in full in 2023, a five-year abatement was requested, and he recommended the abatement end when the loan is paid in full.

Mayor Gander urged the Council to support this effort, the golf course had put these funds to good use, the course was improving, and their financial situation has improved which shows they are acting responsibly. He added they are being proactive, planning ahead, and he is in favor of the continued help to the golf course. Council member Helms asked how this affects the City. Council President Olstad stated the yearly totals were \$10,557 in 2016, \$10,623 in 2017, \$6,874 in 2018, and \$6,751 in 2019. Council member Helms asked who owned the golf course. Council President Olstad explained the course is on city property that is leased but they own the clubhouse. Council member Helms said he could agree

with a three-year abatement but they need to make it a point it would be the last time it would be done.

Council member DeMers asked if the Council could receive a copy of the financial statements. Council President Olstad suggested he contact Mr. Gorte so he is able to look at them. Council member DeMers said he does not have any interest in creating an indefinite subsidy for any business, and said how they would not have any tax payment this year. Discussion followed about how this was the last year of the tax abatement, they are trying to be proactive in this situation, and they do get what they paid back for only the City portion of their taxes. Council member DeMers commented how the City has already approved a resolution asking for a 60-day deferment to pay taxes for this year for all businesses and he sees the request for a five-year abatement as opportunistic. He said he is not in support of an abatement.

Council member Johnson asked how many years they were requesting. Council President Olstad stated they were requesting a five-year abatement but he was recommending a three-year abatement. Council member Johnson said he agreed with that. Council member Vetter stated he thought when they approved the first abatement it was tied to a loan that was going to be paid off in 2021. He asked if the loan was refinance, paid off, or if that was not the scenario. Mr. Frost said he was not the president at the time the first abatement was approved and did not have any documentation stating it was to end when the loan was paid off. He added since he has been the president they have only had two loans, the one loan with American Federal will be paid off in 2023, and the loan with the EDA was scheduled to be done in 2027 but they will have an additional year of payments since they will not be making payments this year. Council member Vetter said he is not in favor of an additional abatement, the most he would be willing to go is one year, and there are currently many incentive programs because of the COVID pandemic, which the golf course could be applying for. He stated he is hoping the Governor will be putting people back to work on May 1st which would mean the golf course will be open.

Council Vice-President Grassel said he could agree with a three-year abatement because if this is turned over to the City, the City does not have the equipment or work force to run the golf course. He said a three-year tax abatement at approximately \$7,000 per year would be around \$21,000 and it would cost a lot more for the City to run the golf course. He added again that he was in favor of a three-year tax abatement. Council member DeMers said nothing changes for them this year based on the current agreement, he does not understand the urgency, and suggested they come back next year to see where things are. He stated if this is being requested for COVID-19 relief he asked if the Council was going to be offering this to every business in town. He continued saying if this is set as a precedent other businesses might come to the Council and ask for the same thing. He added this is not something the City can offer.

Mayor Gander stated Valley Golf course has served as a public golf course, it is unique from other services, it is run by a volunteer board, and there is good that they bring to the community. He added there was a creative land lease for \$10 per year and this action will help ensure they can provide a good product. Council member DeMers said this could be repeated for every business in East Grand Forks, if this business cannot make it work, it should be owned and ran by the City or not exist. Mayor Gander said they have been sustainable over the last several years, it will not be a normal year, and could take years for them to recover. Council member Riopelle said a one-year abatement would be appropriate and then see what happens. Council President Olstad asked if there were any other comments and that this is moving forward as a three-year abatement. Council member DeMers asked if the one year would be affective for 2021. Council member Riopelle said yes.

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

2. Consider Awarding Annual Sewer Cleaning Job – Jason Stordahl

Mr. Stordahl stated back in 2011 the City starting doing preventative maintenance by cleaning a fifth of the sewer lines each year along with some troubled areas. He stated the plan was to clean the sewer lines on the southeast end of town, east of Bygland Road, along with the troubled areas. He added they would be televising these lines because the last time that was done was after the flood. He said the low bid was from Johnson Jet-Line, they have worked for the City before, they are a good reputable company, and asked to have the job awarded to them for \$64,295. There were no questions.

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

3. Request to Purchase Compact Loader – Reid Huttunen

Mr. Huttunen said \$110,000 had been budgeted for the purchase of this loader. He explained after looking at different loaders it was decided which size would work best for them. He stated he was recommending purchasing the loader and snow blade from RDO Equipment. He explained True North Equipment does not have authorization to sell this blade; the cost includes a five-year warranty and the blade, and totals \$106,084. Discussion followed about how RDO is located in Grand Forks, Public Works does a lot of business with both of these businesses, and it was highly suggested to purchase everything from the same business so if work does need to be done on the equipment it is all done at the same time. Mr. Huttunen said they have a good service record with Public Works.

Council member Helms asked what they would be doing with this loader. Mr. Huttunen explained the loader will be used for snow removal on the trail system and in parking lots at the ice arenas and because they have not had a piece of equipment like this before they are not sure all of the areas that it will be used. He added they do have plans to use it in the cemetery and for park maintenance. Council member Helms asked again if this was included in the budget. Mr. Huttunen said it was included in the 2020 capital financing fund and it will be repaid for over the next nine years. Council member DeMers asked if there was going to be any issues from the union with the operation of this loader. Mr. Murphy said there is a possibility but this loader is smaller than a dump truck.

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

4. Update on Park Facility Improvements & Community Survey – Reid Huttunen

Mr. Huttunen stated he had been working with JLG on gathering community input and how there are going to be more surveys that originally planned because of the pandemic. He said a survey was available from March 20th until April 6th, they received back 305 responses and gives a good place to start. He began reviewing the information from the survey, 259 of the 305 were residents of the city, the rest were from the area, and most of the information prepared is based on the 259 because they are the ones that would be voting on the sales tax. He added the additional information was available if anyone was interested and started going through results. He stated 163 would support a 1% sales tax, 31 said no, and 65 said maybe. He went through the questions that were asked, how the Civic Center renovation ranked highest in priority followed by the baseball field improvements, this was followed by renovations for the VFW to remain an ice arena, and the last priority was to change over the VFW Arena into a wellness center. He continued reviewing results from the survey, how people want to see these projects funded, he shared some of the comments from the surveys, and how many comments mentioned including improvements to the Blue Line Club.

Mr. Huttunen said there were some that chose the wellness center as their second priority and if this was going to continue to be a priority, they will need to determine what this wellness center/multipurpose facility will look like. He said the Council has talked about turf being in the facility but there are other ideas coming forward, they have different impacts, may require different staffing, so they may need to look into that further. He said he would be happy to answer questions, he is working on a detailed survey for targeted groups to possibly help with the design concepts, and this time can be utilized to get plans in place to move forward with when this COVID situation is over.

Mayor Gander thanked Mr. Huttunen for working on this project, this was the fact-finding that was promised, and he thanked him again for continuing with this process. Council President Olstad asked if there were any questions or direction on what should be included on the survey. Council member Johnson said it was a good presentation and Mr. Huttunen was the right person for continuing with this project. Council member Helms stated he had talked with many businesses that are not interested in seeing a 1% sales tax, people from the community have talked with him who did not want to see this project, and how the people were targeted such as the hockey community. He asked how Mr. Huttunen would be meeting with the rest of the community and with the current situation, they do not know how many businesses will survive, they do not know when this will be done, and this should be put on hold until this situation is over.

Mr. Huttunen said he agrees this is a huge conversation for the community, this discussion is of utmost importance, and they do not want to do anything to hurt the community. He added he did see this time as valuable to plan for what the facilities need to look like in the future, both short and long term, and this will allow them to get information from the community, and determine how money should be spent in the facilities. He stated there is work that needs to be done and it may change based the direction from the plans. Council member Helms said most people that talked to him could support repairing the buildings but not the \$24 million project. Mr. Murphy reminded the Council that due to the COVID-19 situation and the shelter in place order, the only open house that was able to take place was before a hockey game. He said there were other scheduled but they had to be canceled and if they are able they will try to hold open houses this summer. Discussion followed about how the residents will have a say on this because it would be added to a ballot for a vote.

Mayor Gander reminded everyone that the State Legislature would have to approve the request for this to be included on the ballot, the priorities have completely changed at the State, and there is a very slim chance of this being approved and included on the ballot in 2020. Council Vice-President Grassel said he was frustrated because they are not trying to push something through, those with questions need to be coming to meetings and open houses and talk with everyone, and how the cost of just repairing what is there is \$4 million. He commented they know what that would do to the tax base; they are listening to everyone, so he is frustrated when he hears the City is not listening. Mr. Huttunen asked for direction on the next survey, if it should be directed to certain groups or the community, and they are looking at use and design of the facilities. He added there could be multiple surveys. Council President Olstad asked for input and they could reach out to Reid later if they do not have something now. Council Vice-President Grassel said the more opinions they can get the better. Council member DeMers asked to have a targeted survey sent out to the business community. Council member Helms commented the survey should be sent to everyone.

This will be brought back to a future work session.

5. Discussion on Crisis Loans from Economic Development Authority – Paul Gorte

Mr. Gorte stated there were two issues, one was the policy setting the size and limits of the loans, and the other issue was if there should be \$1,000 to \$5,000 forgivable city loans. He explained these would be crisis loans, they need to determine how the funds are given out, and there are limited funds available. He said the criteria needs to be set for these loans, he reviewed different possible criteria to consider when setting the loan qualifications, and the two primary sources for funds was the local Minnesota Investment Fund and the IRP fund which has flexibility with how the funds can be used. He reviewed what other funding is available at the State and Federal levels. He added they would need to consider ways to replace the funds for the forgivable loans, which might include a refund from the City or another way. He continued with what information would need to be verified, what costs these loans could cover, and what limits and terms may need to be set. He asked if they were going to require personal guarantees, what the application should include, and if there was other documentation that would need to be submitted. He stated he had talked with EDA Board members and they would like to see a cap on the amount of funds available, they are interested in looking into this further, and that these loans could cover what the PPP or Paycheck Protection Program does not cover. Mr. Gorte asked the Council for their thoughts, if they should look at a program like this, and if so what it should look like.

Council member DeMers asked what the real demand was for these loans, how effective would the program be, and would some apply that may not need this. Mr. Gorte said he had no assessment on what the demand would be, there have been some that have talked about needing additional funds, if this situation extends there may be more looking for assistance, but there are businesses that do not want to take on any more debt. Discussion followed about how businesses may apply if it is a forgivable loan because they meet the qualifications, criteria will need to be set for these loans, how much time and effort will be going into collecting and verifying the necessary information, and it would be lots of paperwork to review. Council member DeMers asked what position the City would be in if a business declared bankruptcy and if it would be written off. Mr. Gorte said Mr. Galstad would know for sure but he believed that was the case. More discussion followed about how the City does not have deep pockets, other levels of government have been stepping up, and if these small loans would have any effect.

Council member DeMers asked if there would be a request for a transfer from the general fund to subsidize these loans. Mr. Gorte said there might need to be a transfer in the future if a MIF loan was needed by a business. Council member DeMers said they want to help in any way they can but he thinks they will help the businesses by holding down taxes in future years, not having to transfer funds out of the general fund, and the best thing to do would be to keep the tax levy flat for the next few years. He suggested taking things on one at a time instead of a whole program. Mr. Gorte stated there are people that need additional funds to cover other costs and have them use the PPP funds as the match up to \$20,000 or \$25,000. He added he is concerned about the funding and the future of businesses.

Mayor Gander stated the reason to consider these programs came from the request for an extension to pay property taxes because it was not a large amount of money. He said the Paycheck Protection Program is a wonderful thing at this time for all businesses, the turnaround from the government and local bankers has been great, but there are some businesses that may not have qualified or are waiting, and so a potential way of doing this would be to accept applications for a week or two. He continued saying they could allocate funds, no more than \$150,000 or \$200,000 could be set aside, and this would not allow things to get out of control. Council President Olstad asked if the EDA Board had the discussion on setting the funding limits and what other direction they had. Mr. Gorte said the waiver of the percentage they thought the \$1000 to \$5000 might work but there are concerns about replacing the funds.

Mayor Gander said they would want to target the businesses that really need this to get them to the good days ahead. Council President Olstad asked Mr. Gorte to specify where these funds are coming from. Mr. Gorte explained the City has two funds that could be used for loans, the first was the Minnesota Investment Fund (MIF), and the other funds are from a loan the City had taken out from the US Department of Agriculture for rural development, it was repaid, and the City has approximately \$450,000 in that account. He added he was not sure what the current balance was in the MIF account. He stated there were other sources available for businesses from the State and the Federal level there were three programs available that included the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL), and the Federal Reserve is working on a program. He asked if the City wanted to make an adjustment and offer additional loans to businesses.

Council President Olstad stated he would like to see something brought back that has a program set up that the Council can look at. He said it would need to include how it would be operated, how people could be approved, and Mr. Galstad can help with the paperwork. He commented they would need to be mindful of what can be done and to make sure this is not being passed on to the general fund and taxpayers. Mayor Gander said the Paycheck Protection Program (PPP) funds will be gone with this disaster is over, it was to help get the business through a difficult time, and was used to pay staff, benefits, or rent. He commented the business might not have much collateral and how the city loans would be for different expenses than what the PPP funds pay for. Council President Olstad asked Mr. Gorte to put something together with the EDA Board and bring it back to the Council. Mr. Gorte said he would put something together, have the Board look at it, and bring it back to the Council. Council member Johnson asked the Council to not use acronyms but to say what they stand for. Mayor Gander commented the PPP was for Paycheck Protection Program and EIDL was the Economic Injury Disaster Loan.

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

6. Consider Support for “Take Out Liquor” During Shelter in Place Order – David Murphy

Mr. Murphy said this request had come through the Chamber and the Minnesota Licensed Beverage Association who had sent Governor Walz a letter requesting an executive order allowing restaurants to sell off-sale liquor because they are missing out on revenue from liquor sales. He stated they are asking to allow liquor sales only with food orders, all alcohol sold would be in prepackaged and sealed containers, no hard liquor, and the most that could be sold is 12 cans of beer or two bottles of wine per order. He asked the Council if this was something they would be interested in supporting and if so a resolution would be put together for the next meeting to be voted on. He added he spoke with Mr. Brad Peterson with the Coalition of Greater Minnesota Cities about this along with other issues, they were aware of the letter that was sent, and there was only one city pushing for this because others were focusing on other issues. He said he would take any questions.

Council President Olstad said he had been contacted by a business owner regarding this and how Governor Walz was hoping to have the Legislature address this issue. He added the Council needs to do what they can to help the businesses, he does support this, and this was only for the short term. Mr. Murphy added that Mr. Peterson informed him there was some concern about the Governor not having the authority to change this with an executive order. Mayor Gander said he had texted Representative Kiel about this issue and she would be watching for it. He added he reached out to Senator Johnson about this as well and he will be inclined to support this but had questions. He stated this would only be allowed during the pandemic while dining areas were closed and would end when things open back up.

Council member Riopelle commented the Governor would allow cities to decide if they were going to allow this or not and it would only be fair to approve this. Council member DeMers said he was in favor of this and include in the resolution language explaining the City was trying to keep the businesses competitive with what they are allowing in Grand Forks. He also asked to have staff put together a resolution that was similar to what was being done in Washington County allowing an extension for residential property tax. Council Vice-President Grassel stated he agreed with Council member DeMers and the businesses should have a chance to stay competitive with Grand Forks businesses, especially with the bridge opening up soon. Council member Helms asked how the off-sale stores would be effected by this. Mayor Gander commented this was to be the beverage with the meal.

Council member DeMers asked if it was possible to watch the flood meetings and policy group meetings. Council member Olstad stated it was just a conference call.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER GRASSEL, SECONDED BY COUNCIL MEMBER JOHNSON, TO ADJOURN THE APRIL 14, 2020 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:36 P.M.

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

Voting Nay: None.

David Murphy, City Administrator/Clerk-Treasurer