

**APPROVED MINUTES
OF THE CITY
COUNCIL WORK SESSION
CITY OF EAST GRAND FORKS
WEDNESDAY, AUGUST 12, 2020 – 5:00 PM**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for Wednesday, August 12, 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, and Tim Riopelle.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

1. Regional Market Capture Results –Mark Shill

Mr. Gorte explained this activity was done through the Chamber, it included a group of organizations along with East Grand Forks Economic Development, and it was done to review what has happened in the retail market, what could be happening in the future, and what can be done locally to help businesses. He stated Mr. Shill would be reviewing the information.

Mr. Shill stated this project was done as a partnership and was led by the Chamber, how there has been a decline in retail over the last five years but this decline has brought this back to the same number of jobs as five years ago. He explained there was a peak in December of 2014, the data shows a boom and then a bust, and it shows that there has been a small increase. He reviewed information regarding the value of Canadian currency because when it is close to the US dollar in value there is a big impact. He said there were familiar trends happening in Fargo, the number of jobs were about the same as 10 years ago, and reviewed external factors that include the exchange rate, poor agricultural earnings, and people being laid off. He added there was no way the City would have been able to stop Shopko from closing and there is a dominance of big box stores. He compared the region to the nation, this region did have a peak in 2014, but even though there has been a decline, it was still above the national average.

Mr. Shill explained they reviewed the different industries, where it ranks compared to the national average, the growth or lack thereof over the last five years, and how there was a big decline in non-store retailers which they believed was Amazon because many of their employees changed to independent contractors. He added the other areas where things are growing is manufacturing, the number of jobs is almost up to the national average, Polk County is very strong in manufacturing with being 40% over the national average, and this had helped increase average weekly earnings.

Mr. Shill said when they started this project there were three goals that included improving the quality of life for current and future residents, sustain a strong commercial tax base in the region, and attract more visitors. He stated there were five themes that helped guide the work that included supporting decisions with data, focus on new and enhanced experiences, leverage the university institution and its people, identify underserved niche opportunities, and communicate with the public. He continued with an action plan, who this area is serving, and they looked into whom this area is serving. He stated there were 71 different categories and the different groups of people that come to the City come for different reasons or industries. He added they decided a report was not going to help but having tools would so there were tools available right now on The Chamber's website for businesses to use. He continued with graphs that showed impacts to business when there was a large event being held.

Mr. Shill stated local operators need to be supported, they had services available to assist businesses, and how these businesses may need to innovate. He said another step is to increase visitation and promote experiences and added there is also a component that will be geared to the local population as well. He said the last piece was looking at policies and resources with having the local governments being the connector or facilitator, adapting policies and programs, and inviting targeted operators to the community.

Mr. Shill said there were external impacts that have been affecting retail, there was a boom and then a bust, but there are still more retail jobs in Grand Forks than the national average. He reviewed how wages are rising, they are many small takeaways from this information, and there are niche opportunities. He explained there is a five-step action platform, they are working outreach to implement these tools, targeting research for businesses that are interested, and they will continue working with groups in the community, and they will also be looking at outside operators. He said this was a quick summary, he asked if there were any questions, and to let them know if there was anything they could do to help. Mr. Gorte said meetings have been set up to figure out a way to send out the information to local businesses.

2. Discussion Regarding CARES Act Funding – Karla Anderson & Paul Gorte

Mr. Gorte reminded the Council the CARES Act provided funding to local governments and schools, the City's share is \$668,000, the funds are to be used for COVID related expenses, and the funds can be shared among different jurisdictions. He stated they have already started talking with Polk County on how they can maximize the impacts for the use of these dollars. He said City expenses at this point were approximately \$250,000 and the remaining funds could be used to assist businesses and individuals that have been harmed by COVID. He added the Economic Development Authority (EDA) Board has discussed if there is funding available it can be used to reimburse businesses for their expenses regarding COVID. He said they would have to provide receipts and asked Ms. Anderson to speak about the schools.

Ms. Anderson informed the Council the school's estimated costs are \$599,000, they are expecting \$223,000, and 20% of that funding was supposed to be shared with the private schools. She said Sacred Heart has spent \$12,000 at this time, they are in need of Chromebooks, and the cost of the Chromebooks would come from the 20% of shared funding. She added she had called Riverside Christian School but was not able to reach anyone at this time. She said they are trying to determine what the need is and where the possible funding could come from before dispersing funds to individual businesses.

Mr. Gorte stated he had sent out a survey to try to gauge what expenses might be along with lost revenues, expenses have ranged from nothing to \$41,000, and lost revenues have been estimated up to \$200,000. He said they would be better off reimbursing just for expenses based on receipts. Council President Olstad asked if these funds could only reimburse COVID related expenses and not cover lost income. Mr. Gorte

said the information from the State shows it can also be used for lost income but it would be difficult to determine what the lost income could be which is why he and the EDA Board were suggesting reimbursements for expenses based on receipts. Ms. Anderson said if there was funding available the City could help with lost revenues, help pay rent, or help with debt payments. She said to be fair and the easiest thing to do at this time would be to reimburse for expenses and see how much funding is available after that. Mr. Gorte said they could also help individuals as well.

Council President Olstad said they need to see what expenses the City has up to November 15th and make sure they are addressed. He stated he would like to make sure the City's expenses have been covered, not use any reserves for COVID costs, and again make sure all costs are covered up until November 15th. He asked to look at all possible expenses. Ms. Anderson informed the Council she is working with each departments to make sure they have things covered or determine what is needed to make sure the City is covered. Council President Olstad stated he is glad they are looking into things.

Mayor Gander said being able to anticipate future costs is very important, the air quality in arenas is more important than ever, and reviewed a grant program that North Dakota is offering. He explained programs are allowing businesses to stay resilient, he thinks that some of these COVID funds should be available to businesses in the City, and allow them to purchase and do what is needed for their business. Council member Helms said there was only around \$400,000 left after city expenses and they should just use funds for COVID related expenses because these funds can only go so far. Ms. Anderson said they did not get much of a response from the survey so they do not know what the numbers are but there are funds that may be coming from the County because the City knows the businesses better in the community than the County does. Council member Riopelle said programs offered by the State and Federal Government did not include all small businesses. He asked for a more defined plan and the total amount of funds that could be given to each business. He commented how businesses are already cutting costs to try to make ends meet, some businesses have had plenty of help, and he would like to see a plan before allowing any funds to be release to the EDA.

Mayor Gander said the EDA will need guidance from the Council, he expects \$100,000 up to \$300,000 given to the EDA to help businesses, and time is needed to allow businesses to apply for funding. Ms. Anderson said they would have more information after meeting with Polk County later in the week.

3. Consider Street Repair to 20th Street NW – Jason Stordahl

Mr. Stordahl stated 20th Street was not in the best condition and there are areas where frost boils have pushed up the asphalt. He explained he had met with Mayor Gander, Council President Olstad, Council member Riopelle, and Mr. Emery to review the street and discussed how to repair some of the areas. He stated they discussed repairs, long-term plans, short-term plans, and Mayor Gander requested estimates for a temporary repair. He informed the Council the temporary repair would include digging out the areas that are pushed up, put down geogrid fabric, and add 16 inches of crushed concrete. He said he had received two estimates and if the Council moves forward with this, he recommended moving forward with RJ Zavoral and Sons because they had the lower quote.

Mayor Gander commented the Council knows where things stand on this street, the best thing for these streets is a street replacement, the request would need to come from the neighborhood, and at this time that request is not coming forward because of the potential for high special assessments. He stated the Council cannot let this street just disappear either. He continued saying the hope with this temporary fix that will go deep enough that this may be a limited base for a future project. Council member Helms said

it is in favor of this temporary fix, the rest of the City has paid for their own streets, he does not think the City should replace the complete street, but this street has become dangerous.

Council member Vetter said it is okay with this if it is a one-time thing but he is getting the impression another project will be done each year. He said he rather take the \$12,000 and hire an assessor to complete an appraisal of homes of what they would be before and after the street replacement would be completed. He added he expects the values would increase significantly and possibly cover the total assessment of the street replacement. He commented how the City would then be able to redo the road. Mayor Gander said the appraisal process for this area is in the works and if depending on the costs, it may need to be voted on by the Council.

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

4. Consider Rhinehart Road Repair – Jason Stordahl

Mr. Stordahl told the Council Rhinehart Dr SE from Greenway Boulevard out to the city limits to the south has a few frost boils have caused issues with the road. He explained he also talked with Rhinehart Township because they own a portion of the road that is affected by these frost boils and the City would split the costs with Rhinehart Township for some of the repair work. He stated there were three areas to be repaired, he had received a couple estimates, and RJ Zavoral and Sons had the low quote. He added the Rhinehart Township has approved to complete the road repair that affect their portion of the road and he asked to have all three locations repaired on Rhinehart Drive. He said the repair is necessary but in the future when there is more development the road will be lowered. He added they do not know when that will be and these repairs will keep the road passible. Mayor Gander asked if there was funding available. Mr. Stordahl said there were funds available for this repair.

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

5. Discussion on Recreation Improvement & Facilities Plan – Reid Huttunen

Mr. Huttunen said he has taken the results from the surveys, looked at what kind of projects could be done, and would like to create a master plan of what can be done with the facilities. He stated he would like to have fundraising started when there would be a chance to go back to the State Legislature to request a local sales tax, which will show the State there is local support for this. He started by summarizing the goals, the survey results have designated some higher priorities for the facilities to make every effort to make these year round facilities if possible to be used for many different functions.

Mr. Huttunen started reviewing the priorities for the arenas, the highest was repairing and renovating the Civic Center and the next highest priority was to keep the VFW Arena as an ice Arena. He said that was followed by considering potential improvements to the Blue Line Arena, which was not included in the first study and improving sight lines and temperature control of the building could go a long way. He continued with improvements at the baseball complex; the Stauss Park complex had been included in the sales tax information, and lastly improving facilities and usability for as many groups as possible. He reviewed the project outcomes showing what they would like to achieve. He continued reviewing what needed to be done at the arenas for improvements and the main reason for this project was to replace the R22 ice plants in the Civic Center and VFW Arenas. He reviewed the possible projects for the arenas and included possibly improvements of the Blue Line Arena.

Mr. Huttunen continued with the cost estimates, they are using 2021 cost estimates done by JLG, this gives a good idea of what will be needed, how the base price at the Civic Center would total \$5.7 million and what alternate options there are that include a locker rooms addition. He added these costs might change when they get to a design concept and how the base price includes the items that have to be replaced so it did not include replacing the air handler system.

Mr. Huttunen reviewed the cost estimates for the VFW Arena, the base priority total is \$5.3 million, and what the alternate options which include an addition joining the two arenas together. He stated how this space could include locker rooms, they could share an ice plant, and this was not a design but to give an idea of what could be done in this space. He then reviewed the Blue Line Arena, updates to the ice plant could help in the future, and adding a heat source had an estimated cost of \$30,000. He said he had started discussion with the Blue Line Club to see if they could help fundraise for a heat source. He added currently the base estimates for the arenas totals around \$11 and adding the alternate options could add another \$7.47 million to the total.

Mr. Huttunen continued with Stauss Park, it was second overall of priorities, and most would like to see improved drainage, lighting of the fields, and improvement of the field to allow for longer seasonal use. He said Parks and Recreation Staff sat down with current and former users of the ball fields and asked what they would like to see. He stated the most important was improved drainage of the field and drainage of the infield. He said that was a realistic goal. He added another goal would be to reconstruct the other field and see where funding could come from for the improvements to the second field. He said adding turf to these fields would allow them to be ready sooner and possibly become a regional destination for teams in the area if they have trouble in their own fields. He said there was a possibility of hosting college games, which could boost use of the fields and revenue as well. He reviewed the cost estimates of both fields, which would be \$2.95 million, he asked everyone to be open-minded during this planning phase, and to continue to work as a community to seek sponsors, donations, and grants to help with these costs.

Mr. Huttunen stated the next steps he is looking for is feedback from the Council on the projects and priorities, organizing a task force to set fundraising goals, and have things in place when requesting the sales tax. Council member Helms commented the goals have been set high; he did have some questions, but needed to do some research before asking them. Mayor Gander said they are still working through priorities, priorities will be drilled down, and they do not know how much will be coming in for sponsorships and donations. He added it starts big, they will work on the scope, and he appreciated what has been done. Council member Helms asked if the Blue Line Arena should be changed into the multi-purpose facility with the VFW Arena staying an arena. Mr. Huttunen said he would be willing to study this further to see if there is a space that could be used as a multi-purpose center and there would need to be a programming discussion. Council President Olstad told Mr. Huttunen to keep moving forward.

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

6. Request to Replace Compressor Control Panel at VFW Arena – Reid Huttunen

Mr. Huttunen said there were two control panels, one for each compressor, and the current computer system they run on has not been supported for at least 10 years. He explained he was able to find a panel that could be retrofitted to fit the current compressor system, he received quotes from Johnson Controls and SIMCO Refrigeration, and Johnson Controls is the direct supplier of the panel. He recommended replacing both panels because each compressor has to be used throughout the year. He told the Council he did not budget for this project because he was not aware of this product until this year. He stated after

speaking with Ms. Anderson, it was suggested to use CARES dollars for this expense because it would allow remote access and could qualify for work place mitigation. He added since putting the RCA together he spoke with Ms. Anderson again and determined there were still building maintenance funds for this, which were available.

Council member Helms asked if these control panels be used if there are updates done at the VFW Arena. Mr. Huttunen said no because they would not work with a new system. Council member Helms asked if they had checked with Digi-key for parts because of the number of parts they have available. Mr. Huttunen said he was not sure, Johnson Controls owns Frick, he is not sure who their supplier was, and up to this point, Eagle Electric had been very helpful with finding replacement parts for the old panels, and they are not able to find old or replacement parts anymore.

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

7. Consider Request for September Ice Install at VFW Arena – Reid Huttunen

Mr. Huttunen stated because of COVID the June hockey camps were canceled, it was requested if things were opening back up to see if the camp could be held, and he did not want anything to interfere with the Arts and Crafts show. He said if the Arts and Crafts show is held it will be limited to the Civic Center so the Blue Line Club has requested to have ice starting Monday, September 14th through October 9th at the VFW Arena. He explained they would be renting the building; the proposed price is \$350 per day, which would cover the City's costs and operation of the building.

Council Vice-President Grassel asked if the ice would be left on or taken off. Mr. Huttunen said they would leave the ice because ice is usually installed around October 10th and it would be left for the duration of the season. Council member Riopelle asked if the additional ice time would be rented out. Mr. Huttunen said that would be up to the Council, what they have done before is it is all rented to the Blue Line Club, and they would sublease it out to others if they chose to.

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

8. Discussion on Proposed 2021 Budget – Karla Anderson

Ms. Anderson explained the information had been sent out does not include a cost of living increase, it shows a negative \$638,000, which was mostly capital improvements, personnel costs with steps were at about 5% increase, the fund balance increased over \$500,000 at the end of 2019, and if they used funds from the fund balance, the fund balance would still be at 49% of revenue or 47% of expenses. She commented that was within the guidelines, currently they are over the recommendations for the fund balance, and they kept the increase at 3%, which was the average over the last six years. She reminded everyone how that 3% did not mean everyone's taxes were going up 3% and it was dependent on new builds that were added into the tax base and improvements to properties.

Mr. Murphy said one of the main things they would like from the Council is a levy number for staff to work with. Council President Olstad stated the City's local government aid was cut so that is already starting the out in the hole; the Mayor would not go more than 5%, so at this time they are looking at 3.25%, which could be hard to get down to. He said he was not sure if they could continue with what they had been doing, there was still union negotiations that needed to be completed, and they need to determine where they truly want to be. Mr. Murphy said he would be sending out the notices to start negotiations

with unions. Council President Olstad said they have been here before, it will take work to get things to where they need to be, and he does not want the reserves to dip down because they work hard to get things there. He added again, there were no costs that should be covered by the CARES Act funds to be passed on to the residents.

Mayor Gander said last year the budgeted was short approximately \$200,000, which was going to be taken care of by reserves and asked what the carryover was going to be from 2020. Ms. Anderson stated it was hard to determine because revenues were down but expenses are also down. She said \$77,000 had been budgeted for travel at currently there was \$68,000 remaining so she was not sure where things will end up at the end of the year. Mr. Murphy said some personnel costs are down also compared to previous years, he was not sure if that was going to continue, and if the trend continued, there would be savings in personnel costs. Mayor Gander said each year revenues keep coming in and departments are being run efficiently leaving funds left over at the end of the year. He asked to change the 3% to 5% at this time as a starting point and they will be working on keeping the increase to the rate of inflation. Council Vice-President Grassel asked how long the union contracts were. Mr. Murphy said they were three-year contracts but included a reopener because of the wage study that was being completed. He added all contracts expire at the end of this year.

Ms. Anderson asked for clarification on changing the 3% to the 5%. Mayor Gander said yes and how the goal each year is to keep the increase the same as the rate of inflation. He added if they keep the increase artificially low and using reserves, they will eventually need to replenish the reserves again. He said they are trying to be as responsible and efficiently as they can

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER HELMS, SECONDED BY COUNCIL MEMBER RIOPELLE, TO ADJOURN THE AUGUST 12, 2020 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:36 P.M.

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

Voting Nay: None.

Absent: Johnson and DeMers.

David Murphy, City Administrator/Clerk-Treasurer