

**APPROVED MINUTES
OF THE WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, MAY 23, 2023 – FOLLOWING THE SPECIAL MEETING**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for Tuesday, May 23, 2023 was called to order by Council President Olstad at 5:02 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 Tim Riopelle, Council Members Clarence Vetter, Ben Pokrzywinski, Dale Helms, Brian Larson, and Karen Peterson.

Staff Present: Karla Anderson, Finance Director; Jeff Boushee, Fire Chief; Nancy Ellis, City Planner; Ron Galstad, City Attorney; Michael Hedlund, Police Chief, Charlotte Helgeson, Library Director; Reid Huttunen, Parks and Recreation Superintendent; Megan Nelson, City Clerk; and Jason Stordahl, Public Works Director.

DETERMINATION OF A QUORUM:

The Council President Determined a Quorum was present.

1. Discussion on Sick Leave Accrual Fund – Karla Anderson

Ms. Anderson said she had a lot of information to cover and started with a recap of the 705 fund which was the sick leave accrual fund. She explained employees used to be reimbursed for up to 1280 hours of sick time but there was now a maximum of 960 hours or if someone left employment they would only get severance for half of the sick time. She said they would get reimbursed vacation time but that was capped at 160 hours. She reviewed the information of the fund and how 2012 was the last year a transfer was done to the 705 fund. She said in addition to payouts there were also contributions that came out of the fund for health care savings plan of 3% but in 2021 or 2022 nothing had been paid out of the fund because the 3% was now coming out of each department's budget. She added this was an oversight and something she should have caught.

Ms. Anderson said the cash balance in the 705 fund at the end of 2022 was \$203,000 and the liability was \$799,487 which left a difference of \$596,000. She stated she had included a transfer to move \$211,806 from the general fund to help get the fund caught up so the cash balance covered the liability and had included \$50,000 in the 2024 budget to help get the fund to where it needed to be so then the cash would match the liability in the same account instead of being in the general fund. She said not all cities have a fund like this and there was no loss of dollars. She continued saying the budget in 2022 had included spending some of the reserves totaling \$457,456, not all of it was needed, leaving \$211,000 that could be transferred and allow them to stay within the amounts that were budgeted for 2022.

Ms. Anderson stated there had also been a change to how investments were reported and instead of having to make an adjustment, they were now being able to carry them at par, which she verified information

with the auditor. She said there was a change in value from January to December 2022 of \$1.3 million dollars, all of the accounts had to be adjusted, before the change from investments the general fund it was a negative \$382,000, with the change it when up to \$107,000 to the good. She reviewed with the new numbers, the \$245,000 was now the net income for 2022 because of the change in interest. She stated she talked with the council president and vice-president earlier in the day about this situation, she was suggesting transferring the \$211,000 to help with the fund balance, and asked the Council how much they would like transfer? She said if they did the full amount needed, \$350,000 would have to come from the reserve, and they had budgeted to use \$455,000 from reserves.

Ms. Anderson informed the Council that the Legislature increased the police state aide for 2023, usually \$200,000 is budgeted, and the City has been notified the City would be receiving \$398,000 for 2023. She stated they had budgeted to use \$150,559 of the reserves to balance the budget so if everything stayed the same the reserves would not have to be used. She stated the finance committee was still working on the information for 2024, the City was still waiting to receive the salary study information so at this time 6% was added for salaries and insurance, the City would also be receiving an increase of \$225,000 in local government aid in 2024 which was already included in the 2024 information, and it included a 5% levy increase. She stated if everything were to stay the same, expenses would exceed revenues by \$480,000 so if nothing else changed, that amount would have to be taken out of the reserves. She said \$518,000 increase was from payroll. She added if the amounts of reserves were used for 2022 and 2023 it would leave a balance of \$6,195,000 and would be 49% of revenues or 48% of expenses and was within the State guidelines of being between 35% to 50%. She asked for questions.

Mayor Gander said when they were willing to show a deficit, they were always hoping for savings throughout the year, but they did not feel a duty to use the whole amount. Ms. Anderson stated if they did not move the money into the fund, they would then have to designate a portion of the general fund to fund the liability. She said they could decide on the transfer but even if they did, it would only be \$350,000, and not the full amount that had been budgeted from reserves. She stated again that any liability not funded would have to be designated and subtracted out of the general fund to determine the fund balance so it could not be used for operations. She added they would also need to determine what the change in liability was because it would need to be included in the budget in the future. Mayor Gander said they could do it over a period of time or all at once. Ms. Anderson said they would need to estimate who may be retiring in the next couple of years and make sure there was enough in the fund to cover severances. Mayor Gander said that information would help determine how they should move forward.

Council President Olstad explained they had discussed earlier in the day not to move the full amount and suggested moving the \$211,000, and look at what would need to be budgeted, and how Ms. Anderson had suggested \$50,000 per year. He said they also talked about when people may be retiring, they need to make sure the City is covered for possible retirements in the next couple years, and then figure out what needed to do. He stated this had been included on the transfers and he asked to have it pulled so the Council could discuss it and make a decision. He asked to see a plan, they were looking at positive \$245,000 without using reserves, and transferring \$211,000 would leave a net income of \$34,000 for 2022. He said they need to look at different number of years to spread out the \$385,000 while still budgeting for the fund each year. He asked to see a few plans from 5-7 years. Discussion followed about what would be budgeted, how the unfunded liability amount would be budgeted along with additional funds to increase, and at some point, it should decrease because people would only be receiving 50% of their sick leave instead of 100%. Council President Olstad asked what timetable the Council wanted to see. Council member Larson suggested five years along with other options. Council member Pokrzywinski asked what the fund looked like if six people retired tomorrow. Ms. Anderson said that needed to be looked into and

in 2017 \$175,000 was paid out of the fund. Council member Larson commented how only \$2,000 was paid out in 2016. Council member Pokrzywinski suggested looking paying for this over three to five years.

Council President Olstad asked if they were okay with transferring \$211,000. Ms. Anderson stated they had also talked about getting the reserve below the 50%, if the full amount was transferred the reserve would then be below 50%, and not moving the full amount the reserve would be over 50%. Council member Vetter asked about how this account would be analyzed through the audit process so there would be an adjustment that would be made based on that process. Ms. Anderson said yes. Council member Vetter asked if an expense was needed to increase the fund and if that expense would go against the general fund or to the benefit accrual fund. Ms. Anderson said they had tried to determine changes in each department, they were using that for the 3% for the health care savings plan, it was being considered to use that or possibly a transfer. Council member Vetter asked when they made the adjustment to the liability if it was spread out to all the departments. Ms. Anderson said no because it went into this fund.

Council member Pokrzywinski said they would need to determine if they wanted to transfer the \$211,000 or maybe more but not pay it off all at once. He asked about when this needed to be decided. Ms. Anderson said it would need to be decided on June 6th because it needed to be done so they could complete the audit process and they wanted to present at the June 13th work session. Discussion followed about how they would have to estimate what would happen to this fund, what the years 2008-2010 looked like for this fund, and how the liability would become less when all the employees that receive 100% of their sick time retired. Ms. Anderson said she would prepare the information and send it out prior to the meeting so they were able to review it.

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

2. Update from the Metropolitan Planning Organization – Stephanie Halford

Ms. Halford said she was giving a refresher about what the Metropolitan Planning Organization (MPO) was up to and a little bit about them. She reviewed how the MPO was formed back in the 1960s for transportation planning, they follow the three c's which are continuing, cooperative, and comprehensive so everyone worked together on transit. She stated they were a special tool for the community to help gather information and data, there were three MPOs in North Dakota and more in Minnesota, most of their funding was from the federal government and 10% from each city, they have required activities they must do to get funding and she listed their required planning activities. She added they had a lot going on and were currently working on finalizing the update to the bike and pedestrian plan, they were also working on the street and highway plan, transit plan update, and there was always talk about a new bridge.

Ms. Halford said they recently went through an audit and were making changes to their work program. She stated the MPO was there to help with transportation, they worked with the technical advisory committee who submits recommendations to the MPO Board. She added they were also looking at how they do things, trying to determine if things could be changed or updated, and they were looking to see what opportunities there were. She explained they had recently applied for a grant along with the Fargo/Moorhead MPO for the I29 corridor which was the first time that happened, but they were not awarded the grant. She said they were also working with UND and the Safe Streets for All grant was awarded so they would be working on that soon. She asked if there were any questions. Mayor Gander said they had looked at the MPO for a planning process as a strategic arm for the City to help with fact finding and long range viewing and they had done a great job to help with planning for the future. He said

it was a function they did very well which helped the Council make short-term decisions. He added they were very interested to see the study information for the industrial park and how things could fit into the long-range plan. There were no other questions.

3. Discussion on Requesting Bonding for Recreation Facilities – Reid Huttunen

Mr. Huttunen told the Council that the State Legislature did approve the bill allowing the City to vote on a local sales tax and that might help decide if they want to move forward with a bonding request. He explained that the State's bonding process was opened for requests, the initial deadline was June 16th, there was an opportunity to edit the request until October, and if they wanted to get to be a part of the Governor's bonding process they would need to work quickly. He said a lot of the information was already prepared, they had already engaged the community, much of the budget work was done, and they would need to determine if a request should be submitted and for what items. He added there were eight items listed in the instructions to determine priorities for bonding and he felt strongly that these projects met the requirements. He asked to see if there was interest in moving forward and if so, how much would be requested.

Council President Olstad said he knew the big push this last year for the Governor was about safety for kids and asked if they should consider something that was left out that should have been included in the sales tax request and not just look at what was listed for sales tax. He stated they were cautioned when visiting legislators who were asking if they were also asking for bonding as well as a sales tax. He said it was something they need to be careful of and he was looking to see if there were some communities that had been approved for both a local sales tax and bonding. Mr. Huttunen said there were some communities that did have both, one of those cities being Grand Rapids which got bonding to replace a roof and had a sales tax to use on the same facility. He stated he did not think that Alexandria had a local sales tax but they did get bonding for a local arena and used local fundraising so bonding had been used on arenas. He added that if they applied for bonding, they would know if the City was awarded bonding before the vote for sales tax and he suggested moving forward with the infrastructure projects so then they would be allowed to bring in more amenities to the project using sales tax.

Council President Olstad said they already set the parameters for sales tax and asked when that information had to be to the County. Mr. Huttunen said they would need to approve the ballot question at the first meeting in August, so it was tight timelines. Discussion followed about the ballot question needed to be appropriate and accurate, construction costs keep increasing so more funding could be needed, and they used 9% as an inflation factor and the State was using 17% for inflation. Council member Larson said it sounded like it worked to try for both, it was a great opportunity, and they would need to put together a plan. Mayor Gander said fundraised dollars were discretionary and could be used on the facility that maybe did not get funded and there may be a lot in-kind. Council President Olstad suggested moving forward and asked the funding amount. Mr. Huttunen said he was not sure of the amount. Mayor Gander asked to be kept informed so he could talk with the State Legislators so they were aware of the situation. He added that some at the State told them just to do bonding for projects so they would try to work with both.

4. Request for Direction on THC Sales & Current State Legislation Regarding Marijuana – Megan Nelson

Ms. Nelson told the Council State law allowed the selling of some edibles and beverages infused with THC, she had been informed that some places in the city were already selling these items, but currently

the bill to make marijuana legal was waiting for the Governor's signature and asked if a moratorium should be put in place so the City had more time to draft an ordinance or if an ordinance should be drafted. She commented that they may need to wait until more was finalized at the State level and informed the Council Polk County approved a moratorium but that did not cover any cities within Polk County.

Mr. Galstad said it looked like it would be a year before the licensing process would be determined, they could not take away the edibles, and suggested approving a moratorium while the details were still being worked through. He added he would be a part of the seminar for this process and another on the legalization of marijuana, and again suggested setting a moratorium to determine the details of the licensing such as locations. Mayor Gander asked for clarification and that the moratorium would only be for marijuana or possibly including any additional businesses that might sell the edibles and beverages so no more could be added which he would not favor. Mr. Galstad said he would have to look at it more closely. Council President Olstad said they could move forward by the guidance of the City Attorney. Council Vice-President Riopelle stated they had no clue how they were going to enforce this. Mr. Galstad said they were already dealing with this in the courts, things were up in the air, and he would bring something back.

This will be brought back to a future meeting.

5. Consider an Agreement with Bird Rides Inc – Megan Nelson

Ms. Nelson told the Council Bird Rides Inc had agreed to all the requested changes by Mr. Galstad and before work started on ordinances, she wanted to make sure the Council wanted this to move forward. Mr. Galstad said the ordinance would include control on licensing, having contact information, and there were already city code and State laws in place. Ms. Nelson asked if there was any suggestion about hours of operation. Council President Olstad said they could always change it. Mr. Galstad said he also took out the automatic renewal for the agreement. Discussion followed about what had been included in the original agreement, they could start with 24 hours a day, and they could limit hours if there are issues. Mr. Galstad said he would look to see what Grand Forks did so they were similar. Council member Helms said he was recently in the Twin Cities, he saw scooters being used on the sidewalk, and he would be against this if they were used on the sidewalk. Mr. Galstad said that would be an enforcement issue and those were things that they would have to consider. Council member Pokrzywinski said he agreed with Council member Helms and asked if they could revoke the contract if there were many violations. Mr. Galstad said they could set things up based on violations and suspend a license if needed. Mayor Gander asked if there was a way to get information about repeat violators to the vendor so they were not able to rent. Mr. Galstad said yes and it would be addressed in the ordinance.

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

6. American Crystal Vending Wagon/Food Truck Request – Megan Nelson

Ms. Nelson informed the Council she had been contacted by American Crystal who would like to bring food trucks on site, to entice vendors they wanted to pay the city fee, and requested to have the fee reduced to \$25 per vendor instead of \$100. She said the licenses could be specific to the days they are at American Crystal or they could be issued for the year. Council member Larson asked what the fee intended to cover. Ms. Nelson said there was a fire inspection, the Administration Office verifies they have a license with the State of Minnesota, but the fees had been set before she had started at the city. Council Vice-President Riopelle said he and Ms. Nelson had been trying to review business information and suggested keeping

the fees as they were. Council President Olstad also said to leave it as it is and allow the license for the year.

7. Request to Update Ward Resolution & Map – Megan Nelson

Ms. Nelson stated the redistricting process was completed in 2022, an error was found in the summer months, there was no time to make a change prior to the election, and she was making the request because the city charter requires wards to be as equal in population as practically possible. She said the census count put the block at around 40 or 45 which included adults and children so it did make a difference in the ward population count and asked for questions. There were none.

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

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER LARSON, SECONDED BY COUNCIL MEMBER VETTER, TO ADJOURN THE MAY 23, 2023 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:18 P.M.

Voting Aye: Larson, Peterson, Vetter, Pokrzywinski, Riopelle, Helms, and Olstad.

Voting Nay: None.

Megan Nelson, City Clerk