

**APPROVED MINUTES
OF THE WORK SESSION
CITY OF EAST GRAND FORKS
TUESDAY, JUNE 13, 2023 – 5:00 PM**

CALL TO ORDER:

The Work Session of the East Grand Forks City Council for Tuesday, June 13, 2023 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 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; Steve Emery, City Engineer; 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. 2022 Audit Presentation – Brady Martz

Ms. Anderson introduced Mr. Brian Opsahl who was in charge of the audit. Mr. Opsahl stated a new draft had been sent out very recently and there were not many changes from the draft they had received on Friday. He explained there was a new lease standard that was adopted which was a change from the previous year, all leases were the same instead of having two different categories, and there were some large liabilities due to the pension plans which were subject to changed because it was based on estimates. He said a difference between last year and this year was the City did not spend more than \$750,000 in federal dollars and the City did not meet that threshold so there was no single audit done. He continued saying the process went smoothly without any disagreements or issues with management and appreciated everyone's help.

Mr. Opsahl started reviewing the financial report with the letter of transmittal which was required for a certificate of excellence. He moved on to the next section which was their unmodified opinion that said the financial statements were good and they gave clean opinion, they point out the change to leases, and how management was responsible for the information provided in the statement which they verify as auditors. He continued with pages 18-25 that contained management discussion and analysis, it gave some comparisons from this year to the previous year, and gave a snapshot of the year. He added the first audited statement was on page 26 which was the Statement of Net Position and reviewed the information. He said page 27 listed changes in accounts and the changes did include depreciation, assets, and other items.

Mr. Opsahl moved on to page 29 which was the balance sheet of the different funds, how the fund balance was \$6,501,303, the unassigned balance was \$6,385,780, which put the reserves at about 53.98%. Ms. Anderson reminded everyone the State recommended having a fund balance of 35%-50%. He stated any accounts with deficits were reviewed to ensure things would be happening in the future of either a transfer or anticipated revenues that would be received to make the fund whole. He continued reviewing transfers, the capital project fund, the bond funds, the actual versus what had been budgeted, and then the business type activity funds. He stated a big reason why the numbers were decreasing was because it included depreciation and there was still about \$4.8 million in the proprietary funds. He continued with the footnotes and the information that was included within them. He stated the breakdown of all the different funds started on page 71, the statistic information started on page 107 which included tax capacity, information on the city, and more. He added the final couple pages was the government standards report and the legal compliance report which was a high-level overview of the internal controls along with State guidelines and it was a clean report. He asked for questions. There were none. Mr. Opdahl said to reach out if there were questions at a later time.

2. Request for Approval of the Bike & Pedestrian Element of the 2050 Metropolitan Transportation Plan – Nancy Ellis

Ms. Ellis said they were looking for preliminary approval and if there were no noticeable changes between the draft and final report it would be brought forward for formal approval in July. Mr. John Cock introduced himself to the Council and explained the plan was completed with funding from the Metropolitan Planning Organization and two cities. He stated they had developed a vision statement based on input trying to make the community a year-round walking and biking areas that were safe, comfortable, convenient, common, and enjoyable for everyone and set six guiding principles to support the statement. He reviewed information for the commuter profile, how there were many people with short commutes, received information from stakeholders, and there were different types of cyclists to consider. He said they reviewed crash information, the locations they were happening at, and that helped form some of the project priorities to help reduce those whenever possible. He said they had received over 700 comments, they worked with an advisory committee, and used online forums and surveys. He said 95% of the people wanted to see investment for biking and walking and 47% of the respondents said the greater Grand Forks area was not good for walking and biking.

Mr. Cock said other input from the public included information about general safety, traffic and congestions, being fiscally responsible, making sure the network was complete, and being prepared for growth and investment. He stated there was some special input on specific corridors in each of the cities. He said they reviewed factors, what the needs were, and were recommending 130 miles of new facilities. He explained the range of facilities depended on the streets, locations, speeds, safe routes to school and how priorities would be set by factors. He added that for implementation there was 13 projects for East Grand Forks and the plan included costs to help with capital planning to help improve walking and biking in the city. He asked for questions. Council President Olstad asked why only one school was reviewed. Ms. Halford said all the schools were reviewed and they used one as an example. There were no other questions.

This item will be brought forward at a future meeting.

3. Review Bid Results for LaFave Park Improvement Project – Steve Emery

Mr. Emery stated bids were opened on May 31st for this project, two bids were received, and the lowest

bid of \$1,957,594 was 50% higher than the estimate. He reminded the Council the City had received \$871,000 in legacy funds to help pay for the project, and there was an 80/20 split. Mr. Huttunen told the Council the application stated the City would have a 25% match, they could go back and request more funding, because other projects were coming in higher than expected so other entities were requesting additional funds. He said if they were going to make that request an application needed to be submitted by July 31st. He stated the application could be prepared without adding any more to the local match. He added they could apply for the additional funds and would be notified in the last quarter if they would receive additional legacy dollars for a project that could be rebid at the end of 2023 or beginning of 2024. Discussion followed about how the applications were pointed, a 25% match received 15 points, they could ask to have the remainder funded with the City committing \$320,000 to the project, and it was not out of the norm for projects to be awarded with cities only committing 5% to the project.

Council Vice-President Riopelle asked what would be cut if they did not get more funding. Mr. Huttunen suggested doing things in phases. Council member Helms commented that the City could not keep accepting inflated bids, he agreed the boat ramp needed to be done, and all the funds were the people's money. Mayor Gander suggested rejecting all the bids and rebid it at a later date. Council member Vetter suggested trying to get more grant dollars and to be prepared to scale back the project. Mr. Huttunen reminded the Council if they changed the scope of work, it would need to be approved by the Commission of the Minnesota Department of Natural Resources.

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

4. Consider Purchase of Jetter Truck – Jason Stordahl

Mr. Stordahl explained there had been an accident with the jetter truck, it was top heavy, and it tipped over. He stated it was deemed a total loss, the City received \$40,000 from the insurance company, and they bought the truck back for \$8,000 to be repurposed. He said they had budgeted to purchase a new truck in 2025 but after speaking with the finance director there were funds available in the enterprise fund to cover the cost of a new truck. He said the cost of a new truck was \$293,085.25. He asked to declare the water pump as surplus and purchase the new jetter truck. He reviewed how this equipment was used for jetting plugged sewers, wash out seals of the bridges, cut ice, and clean areas that had been flooded. He added the new truck would be very similar to what they had but have an additional 400 feet of hose, have a better setup, and include a camera on the hose so they could upload video footage to the GIS system.

Council member Helms asked what year the old truck was. Mr. Stordahl said 2004, he was not sure about the mileage, but it had many hours on it. Discussion followed about how the old truck could be used for a water or brine truck, how the City would still contract each year to have a portion of the sewer pipes cleaned, and hiring someone for an emergency would be a minimum of \$1,100 with an addition of an hourly charge but when there is an emergency, time was of the essence. Council member Larson asked if companies were available 24 hours a day, seven days a week. Mr. Stordahl said they had worked with a few different companies that they could call but usually staff would be ready within 30 minutes to address an issue. Council member Larson asked for rate information. Council member Helms asked how soon they would be able to get the truck. Mr. Stordahl said by July. Council member Pokrzywinski asked how much the last one cost. Mr. Stordahl said he was not sure because it was purchased 20 to 25 years ago.

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

5. Update/Discussion Items from Finance Committee – Clarence Vetter

Council member Vetter told the Council there had been a lot of discussion at the committee and direction was needed by the Council. He said to ask any questions they had right away and started with review of the Police Department and how they had looked into having Polk County cover dispatching but currently the County was not able to take that on due to their staff levels. He continued saying there was talk about the school resource officer position, it did get pulled because of staffing shortages at the police department, so currently the City was paying everything for that position instead of splitting costs with the school. He asked if they should continue with that position in the schools. Council President Olstad asked if there had been any discussion with the school about it. He stated this position was having a good and positive impact so before anything changed, they should really look at impacts of that. Chief Hedlund said the only way to reduce his budget was to cut people and everyone wanted to keep the school resource officer position. Discussion followed about how the teachers appreciated this position, students were comfortable with the officer, and it was a good addition to the schools. Council member Vetter asked if they should ask the school if they could help pay more for the position.

Council member Vetter moved on to the Fire Department, if rescue services were eliminated, it would eliminate the monthly fee, but that fee more than paid for the service. He added that if they changed to a volunteer department, insurance rates would increase to everyone in town so there was nothing to change for the fire department. He continued with the Economic Development office and the suggestion was to eliminate the director position, unemployment would be a cost, and if the position was eliminated in August of 2023 there would be a greater savings in 2024. He stated the only thing talked about for Public Works was the cutting of a position from the department, no one favored eliminating positions, there was an open accounting position, and an upcoming retirement in the Water and Light Department so they might want to consider what should be done with accounting and come up with efficiencies between the departments. Council member Larson asked if that would be a central finance department or having shared services. Council member Vetter said it would be shared services with people that were crossed trained or combine the HR position into others and they would need to determine how everything would then be paid for.

Council member Vetter stated Planning and Zoning was looking into possibly having an in-house engineer and if that would save money or break even and having them work for the city could be the best things for the City. Council President Olstad asked if there was a cost estimate for it. Ms. Ellis told the Council they had information on what the City was charged, how many cities of similar size contract for services, and the City of Bemidji did have in-house engineering which did cost more than what the City had been charged. Discussion followed about the budget for the Bemidji in-house engineering was \$479,000, how larger projects were contracted out, how they would need to look at an average of what the City has been paid out for engineering services, and how assessments could offset salaries.

Council member Vetter said the idea of joining the regional library system was looked at, they could save money, but services would drastically be cut, and the hours open would also be greatly cut. He continued saying they had also looked at having the different clubs run the different programs for Parks and Recreation but they would need time to get prepared to take that on, rates were reviewed to determine what would needed to be charged to break even or cover and maintain, and costs would significantly increase so it was being considered to raise rates to help cover costs. Council Vice-President Riopelle said it was a disaster when that change was made in Crookston so he would be hesitant to let the clubs run the programs. Discussion followed about what the increases could be to programs to cover costs, for some programs it was not much of a change, but for others that use more ice time the increase was as much as

\$650. Council member Larson suggested if changes were made to make gradual increases over time. More discussion followed about costs for ice time, how walkers were not charged to walk in the facilities, and running arenas ended up in a deficit.

Council member Vetter stated there was an idea of selling the Senior Center and transferring activities to the library or other facilities, that may not work if they joined the regional library system, and there were no figures on savings for that option. Discussion followed about how Lutheran Social Services would have to find another location to prepare food if the building was sold, a schedule would need to be worked out if activities were moved, and there were already some senior activities taking place at the library. Council member Vetter thanked the department heads for all their work and a lot had been discussed. Council member Pokrzywinski asked if there was a sense of what was needed. Ms. Anderson said the levy was set at 5% and \$480,000 still needed to be cut from the budget to fit the 5% levy increase. Discussion followed about the only strong recommendation was to cut the Economic Development Director position, how Ms. Ault could continue to handle most of the day-to-day tasks because many of the programs were done at the State level. Council member Vetter asked what they would like to see cut or what they should no longer look at.

Council President Olstad asked for better numbers for the in-house engineering to review. Council member Vetter said they could vote on the different items to give priorities. Council President Olstad said he was not in favor of joining the regional system. Council member Larson asked about what the process would be to reduce staff and asked if there was a buyout, severance, or early retirement process. Discussion followed about not rehiring empty positions, how some departments could not handle a reduction of staff, or if there should be a change in the work week. Mayor Gander told the Council that he and Council President Olstad had met with the City Engineer and City Attorney to discuss and negotiate new contracts, how they are looking at where costs could be cut, that Mr. Galstad may freeze his hourly rate for the next few years, and it was something they were working on to bring back to the Council to consider.

Ms. Ellis told the Council that she had a meeting with the Minnesota Department of Transportation and it was confirmed there were only be a 5% local match which was a reduction but they also required the same budget for the next two years. She explained there was a wage study going on for the bus drivers and the budget could not freeze for two years for the City so they were still working with MNDOT to determine what would be used but there may be some savings in transit unless the budget is frozen because the City would then have to pick up the additional costs.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER VETTER, SECONDED BY COUNCIL MEMBER LARSON, TO ADJOURN THE JUNE 13, 2023 WORK SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:43 P.M.

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

Voting Nay: None.

Megan Nelson, City Clerk