

**APPROVED MINUTES  
OF THE SPECIAL MEETING  
CITY OF EAST GRAND FORKS  
TUESDAY, SEPTEMBER 5, 2023 – FOLLOWING THE COUNCIL MEETING**

**CALL TO ORDER:**

*The Special Meeting of the East Grand Forks City Council for Tuesday, September 5, 2023 was called to order by Council President Olstad at 5:33 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; Paul Gorte, Economic Development Director; Michael Hedlund, Police Chief, Charlotte Helgeson, Library Director; Reid Huttunen, City Administrator; Jeremy King, Interim Parks and Recreation Superintendent; Keith Mykleseth, Water and Light General Manager; Megan Nelson, City Clerk; and Jason Stordahl, Public Works Director.*

**DETERMINATION OF QUORUM:**

*The Council President Determined a Quorum was present.*

1. Discussion on the 2024 Preliminary Budget.

Ms. Anderson stated the information had been sent out that afternoon, information had been prepared the prior week, but insurance information had changed and was higher than expected which changed the proposed budget. She commented on how the budget was fluid and they were trying to account for changes. She reviewed assumptions including a 5% levy increase was approximately \$330,000, 1% of the tax levy was approximately \$66,000, and to balance the budget only using the tax levy would require at least a 10% levy. She said there was a 6% increase to cover changes in the salary survey and cost of living increase and reminded the Council the accounting technician position and parks and recreation superintendent positions were open positions and included in the budget.

Ms. Anderson informed the Council the total revenues were \$13,236,386, total expenditures were \$13,582,489 leaving a difference of \$346,103 and asked for questions. Council President Olstad stated the 6% was just a placeholder and negotiations would be starting the following week. Council member Peterson asked what the conversations were with employees with the 29% increase to insurance because that would fall back on them or if they would consider looking for another vendor. Mr. Huttunen stated insurance would be a part of the negotiations process to determine a cost share. He said the City had searched for a vendor a year ago when presented with a 50% increase, there was a lot of work done during that process, and it was being recommended to stay with the current vendor because it more than likely was not going to be favorable for the City to try to get a new vendor. He added they would be trying to see if there was any flexibility with what was offered but again it was not recommended to try to change

vendors again. Council member Peterson stated the City was now at the 50% increase between the two years and asked what the increase was based on. Mr. Huttunen said it was based mostly on the City's claim history. Council President Olstad asked what the term of the proposed contract was. Discussion followed about how the previous contract was only for one year and if it was possible to get a contract longer than one year.

Ms. Anderson continued with the list of different revenues and expenditures which was more detailed and had the actual information for 2021 and 2022. Council member Pokrzywinski asked what a 5% increase would be on a house valued at \$100,000. Ms. Anderson said it would be a very hard guess because the City was not on the mill system, with additional valuation being added changed things, and it was easier to answer after reviewing the truth and taxation statements after the preliminary levy was approved. Council President Olstad said they usually get that information closer to December. Mayor Gander commented that change in valuations also made it difficult to predict how properties would be affected by the tax levy.

Ms. Anderson reminded the Council the Ad Hoc Finance Committee had started meeting in February and had reviewed expenses, a list had been put together of where things had started, and what had changed. She said they had gone through many things, there was a lot of discussion, and asked for questions. There were none. She moved on to the page showing what had been budgeted in 2023 and what was being proposed in 2024. She said many of the increases were due to payroll increases, there were increased cost for purchase that was not made because the truck was not available, and the price increased by \$10,000. She asked for questions. Mr. Huttunen told the Council the School Resource Officer position was removed from revenues, so the increased cost was added back into the budget. Ms. Anderson said the list from the finance committee was also included, how some items may still need approval or need a recommendation from the Council. She added the last section was the list of what would be purchased with the additional public safety funds that were going to be received.

Ms. Anderson moved on to the brief that was put together every year, it included the visioning goals, some had been met, and the others they were still planning for. She reviewed the estimated fund balance would be at \$6,382,465, the estimated fund balance at the end of the year would be at \$6,036,362 and would be at 46% of revenue or 44% of expenses which was within the range suggested by the State. She moved on to the charts that showed the breakdown of where the revenues came from and the breakdown of expenses in the different departments and capital outlay. She asked for questions, comments, or suggestions. She reminded the Council the preliminary levy had to be approved by the end of September, the final levy could go down from the preliminary levy but could not increase. She added the final levy was due December 29<sup>th</sup> so the preliminary levy needed to be set in the next couple weeks and a 10% levy would not cover the deficit.

Mayor Gander said it would like to hear from the committee on where to find additional savings to allow for a neutral budget and if there were top items that could be considered and prioritized. Council member Vetter asked to have the list of items pulled back up. Ms. Anderson said an increase to building permit fees was being proposed, they hadn't been increased since 2013, and that would bring in approximately \$8,000 per year. She reviewed the list of items that still needed additional research and approval, some of the items were being worked on, the proposed sale of some facilities, and staff was working on trying to combine contracts for better rates. She moved on to items that were brought up but were not moving forward for various reasons. Mr. Huttunen said the permit fees would be brought forward at the next meeting for consideration, the items were smaller items based on the savings they were trying to find, and some of the ideas would be long term savings but may not be for 2024. He said things would revert back

to levels of service, if cuts were needed, the City Council would need to give direction on where the cuts should be, and it was asking a lot of department heads to make them prioritize their own departments against the others so they would depend on the City Council to give direction. Ms. Anderson said to find savings it would be in personnel.

Mayor Gander said the Council would need to determine what bottom line number they were willing to carry, they had done it over the years, and have found there was usually less of a deficit at the end of the year. Chief Hedlund told the Council that if the school resource officer issue does not get resolved and was no longer needed, they would be able to eliminate a position in the Police Department to maintain staffing levels. Council President Olstad said they have things to think about, they could set the preliminary levy, and they could always go down. Ms. Anderson reminded the Council the current proposed was a 5% levy and 11% levy would cover the deficit.

**ADJOURN:**

**A MOTION WAS MADE BY COUNCIL MEMBER VETTER, SECONDED BY COUNCIL MEMBER LARSON, TO ADJOURN THE SEPTEMBER 5, 2023 SPECIAL MEETING OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:02 P.M.**

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

*Voting Nay: None.*

---

Megan Nelson, City Clerk