

**APPROVED MINUTES
OF THE SPECIAL MEETING
CITY OF EAST GRAND FORKS**

TUESDAY, NOVEMBER 21, 2023 – FOLLOWING THE COUNCIL MEETING

CALL TO ORDER:

The Special Meeting of the East Grand Forks City Council for Tuesday, November 21, 2023 was called to order by Council President Olstad at 5:17 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; Paul Gorte, Economic Development Director; Michael Hedlund, Police Chief, Reid Huttunen, City Administrator; Jeremy King, Parks and Recreation Superintendent; and Megan Nelson, City Clerk.

DETERMINATION OF QUORUM:

The Council President Determined a Quorum was present.

1. Discussion on 2024 Budget.

Mr. Huttunen explained there were moving variables, salary negotiations were still happening, so the budget was a living document and some of the numbers might have changed. He reminded the Council the preliminary levy was set at 11% and the discussion was to reduce it down to a 5% levy. He stated the Accounting Technician and Public Works Supervisor positions were still open, the additional \$40,000 for retention bonuses had not been included in the budget, and the \$83,000 of revenue for the School Resource Officer position had been removed from the budget. He continued saying at 11% levy the fund balance would be at approximately 47% and at a 5% levy the fund balance would be at 44%. He added the Water and Light franchise fee had not been changed since 2016, it would be another tax on the Water and Light bill, and it brought in approximately \$1.3 million a year. He added the franchise fee for Xcel Energy was budgeted at \$85,000 but the collections for 2022 totaled \$180,000 which was a significant increase but it was paid on an annual basis, so it was difficult to know what was going to be received for 2023. He added how there were smaller changes such as increases to Parks and Recreation fees, an increase of \$8,500 for building permit fees, and there might need to be adjustments to utilities. He added there may be some savings if there were changes to elections and asked Ms. Nelson to make some comments.

Ms. Nelson reminded the Council the City had started absentee voting in 2018, the State Legislature had made some changes, not all were taking effect in 2024, the State was setting up a fund to help with elections, and the City might be reimbursed for the Presidential Primary election. She explained some of the changes added additional hours for absentee voting which did increase the costs and based on the proposed changes the City would not be able to continue absentee voting in 2026 because of the funds needed but also the time required from election judges. She told the Council the decision could be made not to continue with absentee voting and that would save a between \$4,000 to \$5,000.

Mr. Huttunen reviewed the additional public safety funding that the City would be receiving totaling \$398,427.00, how some of that funding was going to be spent on items that were included in the Capital Improvement Plan or on some items that were on a wish list such as replacing the warning system sirens with the addition of a siren in the downtown area. He said to save funds they were going to see if an older siren could be repurposed instead of using a brand new siren for the downtown area. He told the Council the funds would cover the costs of radios and reminded them if the retention bonuses were to continue, additional funds would be needed to cover the payment in July. He said there would be \$9,380 that would have to come from the general fund.

Mr. Huttunen moved on to capital improvement fund, how there were payments from items that were purchased in previous years covered by the general fund but items up for discussion included one SUV of the two that were scheduled to be ordered for the Police Department with one moving out to 2025 because the one ordered for 2023 still had not been received, this was the same for the parks truck that was ordered but still had not been received. He continued with the building maintenance fund and how the city hall roof project could be paid for by the American Rescue Plan dollars that had been earmarked for Parks and Recreation projects which cost much more than the funds available, especially since it had been mentioned unused funds might be pulled back by the federal government, and budgeting over a couple years they could include the improvements to the fire station.

Mr. Huttunen informed the Council it was official the City would be receiving \$1.75 million for the LaFave Park improvements, the local match was \$468,692, and they could use the remaining sales tax funds of \$305,000 towards the local match along with some funds from the building maintenance, the storm water fund, street maintenance fund. He moved on to the quiet zone project, the information was just an estimate, and was hoping to bring costs down. He reminded them the estimate they had previously seen was about half the amount and some of the increases were from street improvements. He said it would be brought before the Council for more discussion once some more information was prepared. He stated the last big project scheduled for 2024 was the sidewalk and multi-use trail extensions in the Sherlock Park area, there was a grant funding available from MNDOT which might increase by \$20,000 and lower the local share.

Mr. Huttunen explained the previous week the deficit was at \$409,950.00, adding the retention bonuses would add another \$9,073.00, and the \$150,000 for the ongoing negotiations for wages and benefits. He reviewed if the levy was at 5% the deficit would be at \$569,023.00. He said revenues could increase if the school resource officer returned to the school, the building permit increase would be included, and reviewed the savings from not purchasing the Police SUV, there was discussion on Public Works staffing, and how there could be some changes to staffing. He added the open accounting position was not included because he would recommend filling that position in the near future. He stated the Parks truck would be a carryover into the next year and reminded the Council they had approved transferring the funds from fund 681 totaling \$73,000, and they would need to decide how that funding was used.

Mr. Huttunen said if all the items mentioned actually happened the deficit would still be at \$197,915.00 and asked the Council for their feedback or areas they should look at for savings. Council President Olstad thanked Mr. Huttunen and staff for putting the information together and asked for input from the Council. Mayor Gander said he hoped they would be able to set revenue sources to increase with inflation and asked which ones could be set that way. Mr. Huttunen said none of the fees were tied to inflation to automatically increase, most fees were going to see an increase in 2024, but they could also look at licensing and permit fees and franchise fees. Ms. Anderson said some revenue was set by the State, they did not have control over fines and forfeitures, and they would have to look at if changes could be made

to franchise fees. Mayor Gander suggested having the building maintenance fund increase with inflation in future years because the Water and Light Department had already set their budget for 2024.

Council member Vetter commented on the items that the finance committee looked at and how they should look at selling the Senior Center, the cost of replacing the HVAC system could be removed from the building maintenance fund, and look at the programming being added at the library where there could be additional cost savings in staffing. He said he disagreed with the Mayor about the \$350,000 from Water and Light, the City should be building it into its own budget, and then the Water and Light Department could decrease its fees. Discussion followed about the responsibility of building maintenance. Council President Olstad said he struggled using reserves because that was one year fix, the reserves were depleted by 7% for the sick leave fund which was not planned for, it brought it down to 44%, so he did not think it would be possible to use reserves. He stated he was hoping the school resource officer would be getting back into the school, he was not sure where the \$197,000 would come from, he understood the Mayor wanted to get down to a 5% levy, but it would be very difficult.

Council member Larson said he felt if there was an open position and with the budget challenges they were facing, there were two choices, and cut a vacant position or cut a position that was filled. He stated he could not get passed cutting an open position and reallocating job duties. Council President Olstad said staff would be continuing to work on the deficit. Council member Larson asked for staff to get down to zero with the public safety funds instead of the \$9,000 that would come from the general fund and he would like to know more about the plan for the Senior Center building.

Council member Peterson said there was extensive discussion on the Senior Center on the finance committee and she had concerns on relocating them to a shared space because of how it could hurt the group. She commented how there might not be a significant number of people using the center, but they were a close knit group and were important to the community. She added they could try to find savings in other ways such as reallocating job duties. Mayor Gander explained there had been some extensive discussions between himself and staff, everything would have to come before the Council, and they have been brainstorming to bring ideas back for discussion with the Council. Council President Olstad asked if there was anything else. Ms. Anderson reviewed the five properties that were looked at each year after the truth and taxation information came out that was based on the 11%. She explained she tried to estimate what it would be at 5% for each property, how three of the properties had valuation increases, and the commercial property that was listed also saw an increase in valuation. She stated with a 5% increase, some of the properties could see an 8% increase, which was estimated and depended on the valuations. There were no other questions.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER LARSON, SECONDED BY COUNCIL MEMBER VETTER, TO ADJOURN THE NOVEMBER 21, 2023 SPECIAL MEETING OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AT 6:03 P.M.

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

Voting Nay: None.

Megan Nelson, City Clerk