

City Commission meetings are broadcast live on TV Fargo Channel 56 and online at [www.FargoND.gov/streaming](http://www.FargoND.gov/streaming). They are rebroadcast Mondays at 5:00 p.m., Thursdays at 7:00 p.m. and Saturdays at 8:00 a.m. They are also included in the video archive at [www.FargoND.gov/citycommission](http://www.FargoND.gov/citycommission).

- A. Pledge of Allegiance.
- B. Roll Call.
- C. Approve Order of Agenda.
- D. Minutes (Regular Meeting, January 27, 2020).

**CONSENT AGENDA – APPROVE THE FOLLOWING:**

- 1. Lease Agreement with Interstate Parking.
- 2. Consent and Subordination to First Amendment to Declaration Establishing a Plan of Condominium Ownership for City Centre Lofts.
- 3. Applications for Games of Chance:
  - a. Lake Agassiz Girls Choir dba Fargo Moorhead Youth Choir for a raffle on 5/3/20 (amended).
  - b. FM Derby Girls for a raffle on 3/14/20.
  - c. NDSU Agronomy Club for a raffle on 4/21/20.
  - d. Red River Valley Figure Skating Club for a raffle on 3/15/20.
  - e. Landon Lizakowski Benefit for a raffle and raffle board on 2/23/20; Public Spirited Resolution.
  - f. Knights of Columbus 6570 for a calendar raffle from 4/1/20 to 4/30/20.
- 4. Agreement with Sydney Quinlan.
- 5. Purchase Agreement with Edward E. and Carol A. Schmidt for property located at 139 South Terrace North (Project No. FM-19-F).
- 6. Authorize the Engineering Department to complete the final design on the recommended alignments, as presented, and to complete the necessary full and partial property acquisitions presented for Project Nos. FM-19-A, FM-19-B, FM-19-C and FM-19-E.
- 7. Bid advertisement for Project No. SR-20-B.
- 8. Bid award for the Newman Outdoor Field Reroofing Project (AFB20009).
- 9. Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting award for the year ending 12/31/18.
- 10. Bid award for Fire Department uniforms (RFP20008).
- 11. Contract Agreement for Services with Brennan Forward.

- Page 12. Purchase of Service Agreement – Restricted Funding with the ND Department of Health for HIV.HCV Counseling, Testing and Referral (CFDA #93.940).
13. Notice of Grant Award – Restricted Funding from the ND Department of Health for increasing TB infection identification and treatment (CFDA #93.116).
  14. Compensation adjustments for the Municipal Airport Authority's Executive Director as presented.
  15. Benefit Plan Agreement with Blue Cross Blue Shield of ND.
  16. Sole Source Procurement with Ring Power Corporation for the purchase of a NIJ Level IV Armored Critical Incident Vehicle (SSP20040).
  17. Bid award for 2020 forestry services (RFP Nos.18090, 17025, 19008 and 19038).
  18. Bid awards for Water Main Materials, Miscellaneous Materials, Fire Hydrants/Parts and Miscellaneous Street Materials (RFP20013).
  19. Bid award for the purchase of one chipper truck (RFP20023).
  20. Bid award for the purchase of one landfill compactor (RFP20018).
  21. Bid award for Architectural Consulting Services related to the design and construction of a landfill scale facility, equipment maintenance and storage facility (RFP20005).
  22. Solid Waste Management Agreement for Private Haulers in the City of Fargo with Red River Removal and Delivery, LLC.
  23. Bills.
  24. Memorandum of Offer to Landowner for the purchase of a permanent easement from Perry Real Estate Fargo South, LLC (Improvement District No. BN-19-A1).
  25. Change Order No. 5 for a time extension to 4/15/20 for Improvement District No. BN-19-J1.
  26. Contract Amendment No. 3 with KLJ in the amount of \$15,500.00 for Improvement District No. PN-19-A0.
  27. Create Improvement District No. BR-20-B.

#### **REGULAR AGENDA:**

28. Video of the 2020 State of the City of Fargo.
29. Presentation on the Fargo Safe Routes to School Plan.
  - a. Resolution of Adoption for the City of Fargo Safe Routes to School Plan.
30. Public Hearings - 5:15 pm:
  - a. CONTINUE to 2/24/20 - Alley Vacation of the alley between Lot 12, Block 26 and a part of Lot 7 and all of Lots 8-12, Block 25, Roberts Second Addition (1001 NP Avenue North and 28 10th Street North); approval recommended by the Planning Commission on 7/2/19; continued from the 8/12/19, 8/26/19, 10/21/19, 11/18/19, 12/16/19 and 1/27/20 Regular Meetings.

- b. Application filed by Fargo New Horizons LLLP for a payment in lieu of tax exemption (PILOT) for a project located at 2525 Broadway North which the applicant will use in the operation of a 97 unit low income housing apartment project in partnership with the Fargo Housing and Redevelopment Authority.
- 31. Applications for property tax exemptions for improvements made to buildings:
  - a. Janie Kuniek, 1809 30th Avenue South (3 year).
  - b. Gerard W. Kottenbrock and Cathy L. Manderscheid, 2105 32nd Avenue South (3 year).
  - c. Erik Stewart, 321 23rd Avenue North (5 year).
  - d. Andrew P. and Jenna L. Klein, 85 18th Avenue North (5 year).
  - e. Erik M. and Nicole Stewart, 1213 4th Street North (5 year).
  - f. Alice and Keith Carr, 1205 3rd Street North (5 year).
- 32. Recommendation to approve the precinct locations for the 2020 elections.
- 33. Bid award for Utility Billing Software (RFP19101).
- 34. Receive and file the Performing Arts Taskforce final report and discussion on the next steps for the project.
- 35. Commissioner Gehrig would like to discuss the fine structure for Fargo.
- 36. Letter from the City Attorney, on behalf of Commissioner Gehrig, proposing Ordinance amendments as may be needed to allow windmills/wind turbines as an accessory use in single-family and/or multi-family zoning.

People with disabilities who plan to attend the meeting and need special accommodations should contact the Commission Office at 701.241.1310. Please contact us at least 48 hours before the meeting to give our staff adequate time to make arrangements.

Minutes are available on the City of Fargo website at [www.FargoND.gov/citycommission](http://www.FargoND.gov/citycommission).

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**To:** Fargo City Commission  
**From:** Dan Farnsworth & Anna Pierce  
**Date:** February 10, 2020  
**Re:** **City of Fargo Safe Routes to School Plan**

In November of 2018, Metro COG, in cooperation with the City of Fargo, commenced the Fargo Safe Routes to School Plan. Key stakeholders involved in the Plan's process included Metro COG, the City of Fargo, Fargo Public Schools, West Fargo Public Schools, and representatives from the private schools. Metro COG contracted with consulting firms Alta Planning + Design (with subconsultant KLJ) to carry out the study and complete the Plan.

Included in this Plan are all elementary and middle schools located within the City of Fargo (plus Liberty Middle School in the City of West Fargo). In total, 31 K-8 schools are included – all twenty Fargo public schools, five West Fargo public schools and six private schools.

The purpose of the Plan is to provide information, resources and recommendations to elected officials, city and school staff, and parents to make walking and bicycling safer and more inviting for students traveling to and from school. This Plan incorporates the "Six E's" of Safe Routes to School – Education, Encouragement, Engineering, Enforcement, Evaluation and Equity.

As part of this Plan's process, in-person community engagement was conducted, 495 student teacher tallies were completed, 1,421 parent caregiver surveys were received, and school arrival and dismissals were observed at each of the 31 schools.

The last Safe Routes to School Plan done for the City of Fargo was completed in 2009. With extensive growth in the city and school district since 2009, which included the addition of new K-8 schools, a revised Plan was much needed. This Plan provides a fresh update and incorporates the latest standards and best practices for safe routes to school.

Upon adoption by the City of Fargo and Metro COG Policy Board, the Plan will become publicly available for use by elected officials, city and school staff and parents.

The final draft Plan can be found at the following link:

<https://altaplanning.egnyte.com/dl/ljGezkbZmD>

The final draft Plan's Appendices can be found at the following link:

<https://altaplanning.egnyte.com/dl/UZDzBNnDqH>

**Requested Action: To adopt the Resolution of Adoption for the City of Fargo Safe Routes to School Plan.**

## RESOLUTION OF ADOPTION

### For the City of Fargo Safe Routes to School Plan

**WHEREAS**, The Fargo-Moorhead Metropolitan Council of Governments (Metro COG), is the Metropolitan Planning Organization designated by the Governors of North Dakota and Minnesota to maintain the metropolitan area's transportation planning process in accordance with federal regulations; and

**WHEREAS**, The 2015 federal transportation bill, the *Fixing America's Surface Transportation Act* (FAST Act) created a set-aside of Surface Transportation Block Grant (STBG) program funding for transportation alternatives (TA) funds, which include small-scale transportation improvement projects, such as safe routes to school projects; and

**WHEREAS**, Metro COG received approval from its Transportation Technical Committee and Policy Board to pursue a Safe Routes to School (SRTS) Plan for the City of Fargo in 2018 for the sake of maximizing the health and safety of school children in the City of Fargo; and

**WHEREAS**, Metro COG formed a study review committee consisting of representation from the Fargo Public School District, the City of Fargo, the Fargo Police Department, West Fargo Public School District, Fargo Park District, as well as Oak Grove Lutheran Schools, Saint John Paul II Catholic School Network and Grace Lutheran School to oversee the SRTS Plan development; and

**WHEREAS**, The City of Fargo SRTS Plan developed infrastructure and non-infrastructure opportunities for improvement to assist and guide the School Districts and City in its pursuit of enhancing and increasing opportunities to safely and regularly walk and bicycle to elementary and middle schools in the city limits of Fargo; and

**WHEREAS**, The City of Fargo SRTS Plan establishes a foundation for the pursuit of Federal grant monies through the North Dakota Department of Transportation as well as for future coordinated SRTS planning efforts in the City of Fargo; and

**WHEREAS**, The adopted City of Fargo SRTS Plan will satisfy, enhance, and serve as a basis for justifying the application for any funding requests by eligible agencies to move forward with coordinated SRTS activities or programs; and

**WHEREAS**, The approved City of Fargo SRTS Plan may be considered a minimum qualification for inclusion of Federal funding aimed at implementation of activities outlined in the Plan for inclusion in the Metropolitan Transportation Improvement Program (TIP); and

**NOW, THEREFORE, BE IT RESOLVED**, That the Fargo City Commission does hereby adopt the City of Fargo SRTS Plan, and agrees to use it as a tool to implement its recommendations to enhance the health and safety of Fargo's school children and complement the overall development of the metropolitan transportation system.

Mayor \_\_\_\_\_

Date: \_\_\_\_\_

Witness \_\_\_\_\_

Date: \_\_\_\_\_



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February 4, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Attached is an application made by Fargo Housing & Redevelopment Authority, on behalf of Fargo New Horizons LLLP, for a payment in lieu of tax (PILOT) according to N.D.C.C. Chapter 40-57.1. The PILOT requested is for an existing 97 unit, low income housing project at 2525 Broadway N. The project includes substantial rehabilitation of the improvements and conversion of public housing to Low Income Housing Tax Credit.

Notices to competitors have been published. The Tax Exempt Review Committee has met to consider this application. No potential competitors appeared at the Tax Exempt Review meeting. This project meets our current policy.

The recommendation of the Tax Exempt Review Committee is to approve a 15 year payment in lieu of tax (PILOT) where the total real estate tax on the land and PILOT payment is equivalent to 5% of effective gross rents less utility expenses annually.

Included is a memorandum from PFM Financial Advisors LLC which contains a financial analysis of the feasibility of the project with four scenario assumptions with and without the incentive.

**SUGGESTED MOTION:**

**Approval of a 15 year, payment in lieu of tax for New Horizons, LLLP for a low income housing project at 2525 Broadway N. according to the attached payment schedule.**

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Hushka".

Ben Hushka  
Tax Exempt Review Committee

**Payment In Lieu of Property Tax**  
**Payment Schedule**

Pursuant to N.D.C.C. Chapter 40-57.1

PROJECT OPERATOR: New Horizons, LLLP

ASSUMPTIONS: \$6,127 land tax

**PILOT payment determined from cash flow pro-forma income and utility expense projections and result in a total land tax and PILOT payment equal to 5% of annual effective gross income less utility expenses.**

**PAYMENT SCHEDULE:**

<b>Year</b>	<b>PILOT Payment</b>	<b>PILOT &amp; Land Tax</b>
<b>1</b>	<b>\$5,105</b>	<b>\$11,232</b>
<b>2</b>	<b>\$5,280</b>	<b>\$11,407</b>
<b>3</b>	<b>\$5,457</b>	<b>\$11,584</b>
<b>4</b>	<b>\$5,637</b>	<b>\$11,764</b>
<b>5</b>	<b>\$5,818</b>	<b>\$11,945</b>
<b>6</b>	<b>\$6,001</b>	<b>\$12,128</b>
<b>7</b>	<b>\$6,187</b>	<b>\$12,314</b>
<b>8</b>	<b>\$6,374</b>	<b>\$12,501</b>
<b>9</b>	<b>\$6,563</b>	<b>\$12,690</b>
<b>10</b>	<b>\$6,755</b>	<b>\$12,882</b>
<b>11</b>	<b>\$6,948</b>	<b>\$13,075</b>
<b>12</b>	<b>\$7,143</b>	<b>\$13,270</b>
<b>13</b>	<b>\$7,340</b>	<b>\$13,467</b>
<b>14</b>	<b>\$7,539</b>	<b>\$13,666</b>
<b>15</b>	<b>\$7,760</b>	<b>\$13,887</b>

**\*\*Note** - The applicant will pay property tax on the land in addition to these in lieu payments.

# **Application For Property Tax Incentives For New or Expanding Businesses**

N.D.C.C. Chapter 40-57.1

Project Operator's Application To FARGO  
City or County

**RECEIVED**

**DEC 17 2019**

**FARGO ASSESSOR**

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

**This application is a public record**

## **Identification Of Project Operator**

1.	Name of project operator of new or expanding business	<u>FARGO NEW HORIZONS LLLP</u>
2.	Address of project	<u>2525 N. BROADWAY</u>
	City	<u>FARGO</u> County <u>CASS</u>
3.	Mailing address of project operator	<u>PO BOX 430</u>
	City	<u>FARGO</u> State <u>ND</u> Zip <u>58107-0430</u>
4.	Type of ownership of project	
	<input checked="" type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation
	<input type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative
		<input type="checkbox"/> Individual proprietorship
		<input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No.	<u>32-0520490</u>
6.	North Dakota Sales and Use Tax Permit No.	
7.	If a corporation, specify the state and date of incorporation	
8.	Name and title of individual to contact	<u>MATTHEW PIKE</u>
	Mailing address	<u>PO BOX 430</u>
	City, State, Zip	<u>FARGO, ND 58107-0430</u> Phone No. <u>701-478-2540</u>

## **Project Operator's Application For Tax Incentives**

9.	Indicate the tax incentives applied for and terms. Be specific.		
	<input type="checkbox"/> <b>Property Tax Exemption</b>	<input checked="" type="checkbox"/> <b>Payments In Lieu of Taxes</b>	
	<u>          </u> Number of years	<u>2018</u> Beginning year	<u>2048</u> Ending year
	<u>          </u> Percent of exemption	<u>14,930</u> Amount of annual payments (attach schedule if payments will vary)	
10.	Which of the following would better describe the project for which this application is being made:		
	<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project	



## Description of Project Property

11. Legal description of project real property  
 LOT: 2 BLOCK:1 SUNRISE ADDITION LT 2 BLK 1

12. Will the project property be owned or leased by the project operator? ☒ Owned ☐ Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

☐ Yes ☐ No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? ☐ New construction ☒ Existing facility

If existing facility, when was it constructed? 1972

If new construction, complete the following:

- a. Estimated date of commencement of construction of the project covered by this application 11/2017

- b. Description of project to be constructed including size, type and quality of construction

REHAB AND CONVERSION OF PUBLIC HOUSING BUILDING TO LOW INCOME HOUSING TAX CREDIT. BUILDING CONSISTS OF 97 LOW INCOME HOUSING TAX CREDIT UNITS, OF ARE 24-TWO BEDROOM AND 73 ONE BEDROOM

- c. Projected number of construction employees during the project construction 35

14. Approximate date of commencement of this project's operations 5/2018

15. Estimated market value of the property used for this project:

a. Land ..... \$ 419,000

b. Existing buildings and structures for which an exemption is claimed..... \$ 7,233,000

c. Newly constructed buildings and structures when completed ..... \$

d. Total ..... \$ 7,652,000

e. Machinery and equipment ..... \$

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ..... 

b. Eligible existing buildings and structures ..... \$ 361,650

c. Newly constructed buildings and structures when completed..... \$ 0

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 361,650

e. Enter the consolidated mill rate for the appropriate taxing district ..... 292.44

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ 105,761

## Description of Project Business

**Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.**

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing  
☐ Wholesaling ☐ Warehousing ☒ Services
18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

RENTAL PROPERTY - SERVING LOW INCOME HOUSEHOLDS, PARTICULARLY THOSE THAT NEED ACCESSIBILITY ACCOMODATIONS.

19. Indicate the type of machinery and equipment that will be installed  
ELEVATOR

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
Year (12 mo. periods)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Annual expense	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net income	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
3						

Year	(Before project)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	(2) <u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Estimated payroll	(1) <u>                    </u>	<u>130,363</u>	<u>130,363</u>	<u>130,363</u>	<u>130,363</u>	<u>130,363</u>
	(2) <u>                    </u>	<u>18,432</u>	<u>18,432</u>	<u>18,432</u>	<u>18,432</u>	<u>18,432</u>

(1) - full time  
 (2) - part time

**Previous Business Activity**

22. Is the project operator succeeding someone else in this or a similar business? ☒ Yes ☐ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?  
☒ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☒ Yes ☐ No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
- NEW HORIZON MANOR WAS A HUD PUBLIC HOUSING PROPERTY, IT HAS BEEN CONVERTED THROUGH HUD RENTAL ASSISTANCE DEMONSTRATION PROGRAM TO LOW INCOME HOUSING TAX CREDIT PROPERTY AND HAS BEEN FULLY REHABED TO SERVE LOW INCOME HOUSEHOLDS FOR YEARS TO COME.

**Business Competition**

25. Is any similar business being conducted by other operators in the municipality? ☒ Yes ☐ No
- If YES, give name and location of competing business or businesses  
KILBOURN, ENCLAVE, BEYOND SHELTER INC, CRAIG PROPERTIES
- Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

**Property Tax Liability Disclosure Statement**

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No
- If the answer to 26 or 27 is Yes, list and explain


**Use Only When Reapplying**

28. The project operator is reapplying for property tax incentives for the following reason(s):
- ☐ To present additional facts or circumstances which were not presented at the time of the original application
- ☐ To request continuation of the present property tax incentives because the project has:
- ☐ moved to a new location
- ☐ had a change in project operation or additional capital investment of more than twenty percent
- ☐ had a change in project operators
- ☐ To request an additional annual exemption for the year of \_\_\_\_\_ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

**Notice to Competitors of Hearing**

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, MATTHEW PIKE, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

  
Signature

EXECUTIVE DIRECTOR/CEO  
Title

\_\_\_\_\_  
Date

**New Horizons Manor**  
2525 North Broadway  
Fargo, ND 58102-1482

12/4/2018

**Exhibit 5 - Cash Flow**

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029	Year 11 2030	Year 12 2031	Year 13 2032	Year 14 2033	Year 15 2034
Other Affordable Res. Income	\$ 12,360	\$ 12,867	\$ 12,659	\$ 13,117	\$ 13,379	\$ 13,840	\$ 13,518	\$ 14,198	\$ 14,482	\$ 14,771	\$ 15,067	\$ 15,368	\$ 15,676	\$ 15,989	\$ 16,308
LHHC Residential Income	\$ 654,655	\$ 657,953	\$ 651,322	\$ 694,348	\$ 708,647	\$ 733,024	\$ 737,445	\$ 752,234	\$ 767,278	\$ 782,625	\$ 798,277	\$ 814,243	\$ 830,527	\$ 847,138	\$ 864,081
Services Space Fees	\$ 2,487	\$ 2,547	\$ 2,588	\$ 2,650	\$ 2,703	\$ 2,757	\$ 2,812	\$ 2,869	\$ 2,926	\$ 2,984	\$ 3,044	\$ 3,103	\$ 3,162	\$ 3,220	\$ 3,278
Debt Service Reserve	\$ 55,575	\$ 56,607	\$ 57,821	\$ 58,977	\$ 60,157	\$ 61,363	\$ 62,597	\$ 63,859	\$ 65,146	\$ 66,468	\$ 67,824	\$ 69,215	\$ 70,640	\$ 72,100	\$ 73,593
Gross Income	\$ 725,077	\$ 739,854	\$ 734,400	\$ 776,892	\$ 785,065	\$ 808,267	\$ 816,003	\$ 833,135	\$ 849,807	\$ 866,788	\$ 884,104	\$ 901,010	\$ 918,353	\$ 936,250	\$ 954,676
Vacancy Residential	\$ (36,146)	\$ (36,863)	\$ (37,602)	\$ (38,352)	\$ (39,119)	\$ (40,000)	\$ (40,700)	\$ (41,514)	\$ (42,344)	\$ (43,191)	\$ (44,064)	\$ (44,964)	\$ (45,894)	\$ (46,851)	\$ (47,835)
Operating Expenses	\$ 685,658	\$ 702,431	\$ 715,482	\$ 729,810	\$ 745,424	\$ 763,344	\$ 773,541	\$ 791,682	\$ 806,873	\$ 823,010	\$ 839,470	\$ 856,260	\$ 873,385	\$ 890,850	\$ 908,670
Management Fees - 5%	\$ (387,285)	\$ (394,924)	\$ (402,672)	\$ (410,432)	\$ (418,193)	\$ (425,954)	\$ (433,715)	\$ (441,476)	\$ (449,237)	\$ (456,998)	\$ (464,759)	\$ (472,520)	\$ (480,281)	\$ (488,042)	\$ (495,803)
Real Estate Taxes	\$ (34,433)	\$ (35,172)	\$ (35,924)	\$ (36,676)	\$ (37,428)	\$ (38,180)	\$ (38,932)	\$ (39,684)	\$ (40,436)	\$ (41,188)	\$ (41,940)	\$ (42,692)	\$ (43,444)	\$ (44,196)	\$ (44,948)
PLOIT	\$ (17,232)	\$ (17,407)	\$ (17,584)	\$ (17,761)	\$ (17,938)	\$ (18,115)	\$ (18,292)	\$ (18,469)	\$ (18,646)	\$ (18,823)	\$ (18,999)	\$ (19,176)	\$ (19,353)	\$ (19,530)	\$ (19,707)
Social Services	\$ 29,400	\$ 28,400	\$ 27,400	\$ 26,400	\$ 25,400	\$ 24,400	\$ 23,400	\$ 22,400	\$ 21,400	\$ 20,400	\$ 19,400	\$ 18,400	\$ 17,400	\$ 16,400	\$ 15,400
Renovation Expenses	\$ 228,308	\$ 227,568	\$ 226,800	\$ 226,000	\$ 225,200	\$ 224,400	\$ 223,600	\$ 222,800	\$ 222,000	\$ 221,200	\$ 220,400	\$ 219,600	\$ 218,800	\$ 218,000	\$ 217,200
Net Before Debt Service	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476	\$ 190,476
Debt Service	\$ 1,118	\$ 1,118	\$ 1,120	\$ 1,121	\$ 1,121	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123	\$ 1,123
Net After Debt Service	\$ 189,358	\$ 189,358	\$ 189,356	\$ 189,355	\$ 189,355	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353	\$ 189,353
Cash Flow After Debt Service	\$ 35,832	\$ 37,123	\$ 38,325	\$ 39,432	\$ 40,440	\$ 41,450	\$ 42,460	\$ 43,470	\$ 44,480	\$ 45,490	\$ 46,500	\$ 47,510	\$ 48,520	\$ 49,530	\$ 50,540
Investment Asset Maint. Fee	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Management Fee - 3%	\$ 23,660	\$ 24,073	\$ 24,484	\$ 24,894	\$ 25,304	\$ 25,714	\$ 26,124	\$ 26,534	\$ 26,944	\$ 27,354	\$ 27,764	\$ 28,174	\$ 28,584	\$ 28,994	\$ 29,404
Deferred One Fee Interest	\$ 1,660	\$ 2,279	\$ 2,648	\$ 3,017	\$ 3,386	\$ 3,755	\$ 4,124	\$ 4,493	\$ 4,862	\$ 5,231	\$ 5,600	\$ 5,969	\$ 6,338	\$ 6,707	\$ 7,076
Debt Service Reserve	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Cash Available for Other Debt	\$ 2,838,496	\$ 2,913,434	\$ 2,990,549	\$ 3,069,284	\$ 3,150,324	\$ 3,233,492	\$ 3,318,856	\$ 3,406,474	\$ 3,496,406	\$ 3,588,710	\$ 3,683,233	\$ 3,779,979	\$ 3,889,415	\$ 3,997,721	\$ 4,109,084
Interest	\$ 74,836	\$ 76,316	\$ 77,845	\$ 79,424	\$ 81,053	\$ 82,732	\$ 84,461	\$ 86,240	\$ 88,069	\$ 89,948	\$ 91,877	\$ 93,856	\$ 95,885	\$ 97,964	\$ 100,093
Payments from Cash Flow	\$ 2,513,434	\$ 2,600,349	\$ 2,669,794	\$ 2,731,334	\$ 2,786,497	\$ 2,835,260	\$ 2,877,474	\$ 2,923,234	\$ 2,972,534	\$ 3,025,372	\$ 3,081,649	\$ 3,141,376	\$ 3,204,553	\$ 3,271,180	\$ 3,341,273
Ending Balance	\$ 3,000,000	\$ 3,076,093	\$ 3,154,038	\$ 3,233,832	\$ 3,315,472	\$ 3,399,956	\$ 3,487,284	\$ 3,577,456	\$ 3,670,472	\$ 3,766,332	\$ 3,865,036	\$ 3,966,584	\$ 4,070,986	\$ 4,179,242	\$ 4,291,355
3rd - FHLP-AHP Loan Balance	\$ 500,000	\$ 513,200	\$ 526,748	\$ 540,655	\$ 554,928	\$ 569,578	\$ 584,615	\$ 600,049	\$ 615,890	\$ 632,149	\$ 648,835	\$ 665,854	\$ 683,206	\$ 700,891	\$ 718,906
Interest	\$ 13,203	\$ 13,503	\$ 13,806	\$ 14,113	\$ 14,422	\$ 14,734	\$ 15,048	\$ 15,364	\$ 15,681	\$ 16,000	\$ 16,320	\$ 16,641	\$ 16,963	\$ 17,286	\$ 17,610
Payments from Cash Flow	\$ 513,203	\$ 526,703	\$ 540,553	\$ 554,763	\$ 569,333	\$ 584,263	\$ 599,563	\$ 615,243	\$ 631,303	\$ 647,753	\$ 664,593	\$ 681,823	\$ 699,443	\$ 717,463	\$ 735,883
Ending Balance	\$ 3,426,307	\$ 3,537,203	\$ 3,650,053	\$ 3,764,863	\$ 3,881,633	\$ 3,999,363	\$ 4,118,053	\$ 4,237,703	\$ 4,358,313	\$ 4,479,883	\$ 4,602,513	\$ 4,726,203	\$ 4,850,953	\$ 4,976,763	\$ 5,103,633
Total FHLP-AHP Loan Balance	\$ 3,426,307	\$ 3,537,203	\$ 3,650,053	\$ 3,764,863	\$ 3,881,633	\$ 3,999,363	\$ 4,118,053	\$ 4,237,703	\$ 4,358,313	\$ 4,479,883	\$ 4,602,513	\$ 4,726,203	\$ 4,850,953	\$ 4,976,763	\$ 5,103,633
PLOIT Calculations															
Avg Tenant Payment (per mo)	\$ 280.56	\$ 286.37	\$ 292.30	\$ 298.35	\$ 304.52	\$ 310.81	\$ 317.22	\$ 323.77	\$ 330.44	\$ 337.25	\$ 344.20	\$ 351.29	\$ 358.50	\$ 365.83	\$ 373.28
Total Tenant Payments	\$ 350,716	\$ 354,960	\$ 359,177	\$ 363,367	\$ 367,533	\$ 371,675	\$ 375,794	\$ 380,890	\$ 385,964	\$ 391,016	\$ 396,046	\$ 401,053	\$ 406,036	\$ 411,006	\$ 415,963
Commercial Rent	\$ 2,497	\$ 2,547	\$ 2,598	\$ 2,650	\$ 2,703	\$ 2,757	\$ 2,812	\$ 2,869	\$ 2,926	\$ 2,984	\$ 3,044	\$ 3,103	\$ 3,162	\$ 3,220	\$ 3,278
Minus Vacancy	\$ (17,410)	\$ (17,758)	\$ (18,116)	\$ (18,474)	\$ (18,832)	\$ (19,190)	\$ (19,548)	\$ (19,906)	\$ (20,264)	\$ (20,622)	\$ (20,980)	\$ (21,338)	\$ (21,696)	\$ (22,054)	\$ (22,412)
Net Rent	\$ 2,480	\$ 2,489	\$ 2,482	\$ 2,476	\$ 2,469	\$ 2,462	\$ 2,455	\$ 2,448	\$ 2,441	\$ 2,434	\$ 2,427	\$ 2,420	\$ 2,413	\$ 2,406	\$ 2,399
Net Rent - 3%	\$ 74,400	\$ 72,588	\$ 70,776	\$ 68,964	\$ 67,152	\$ 65,340	\$ 63,528	\$ 61,716	\$ 59,904	\$ 58,092	\$ 56,280	\$ 54,468	\$ 52,656	\$ 50,844	\$ 49,032
Net Rent - 5%	\$ 12,360	\$ 12,867	\$ 13,374	\$ 13,881	\$ 14,388	\$ 14,895	\$ 15,402	\$ 15,909	\$ 16,416	\$ 16,923	\$ 17,430	\$ 17,937	\$ 18,444	\$ 18,951	\$ 19,458
Net Rent - 7%	\$ 17,232	\$ 17,407	\$ 17,584	\$ 17,761	\$ 17,938	\$ 18,115	\$ 18,292	\$ 18,469	\$ 18,646	\$ 18,823	\$ 18,999	\$ 19,176	\$ 19,353	\$ 19,530	\$ 19,707

Estimated Building Mfr. Value

**CLOSING BUDGET - FINAL**

Sage Peak Solutions, LLC  
www.sagepeakllc.com



January 24, 2020

## Memorandum

To: City of Fargo

From: PFM Financial Advisors LLC

Re: New Horizons Manor Analysis

The Fargo Housing & Redevelopment Authority ("FHRA") owns New Horizons Manor (the "Manor") and is working to convert operations from traditional "public housing" to the Housing and Urban Development (HUD) regulations under the Rental Assistance Demonstration (RAD). With the conversion comes a rehabilitation of the property with an estimated cost of \$14,447,409. As traditional public housing, the Manor received property tax exemption and made payments in lieu of taxes (PILOT) in the amount equal to 5% of the rents paid by the tenants less utilities. Erik Johnson, Fargo City Attorney, opined that FHRA could continue paying PILOT after the conversion to RAD.

Based on Mr. Johnson's opinion, PFM reviewed and replicated the projected cash flow of the Manor as prepared by Sage Peak Solutions, LLC ("Sage"). PFM found the assumptions used in the pro forma cash flow to be reasonable, including the calculation for PILOT. In order to finance the rehabilitation, FHRA and Sage secured 9% Low-Income Housing Tax Credits (LIHTC) which they were able to leverage into approximately \$8.3 million of tax credit equity. In addition, FHRA and Sage secured a \$500,000 grant from the Federal Home Loan Bank – Affordable Housing Program (FHLB – AHP). FHRA also invested approximately \$2.8 million of its own funds in addition to deferring some of its developer fee. The FHRA plans to take out a permanent mortgage loan to fund the last funds needed for the rehabilitation of the Manor in the amount of \$2.71 million. Sage stated that if they paid full property taxes then they would only be able to take out a loan of \$1.85 million and would be unable to fund the rehabilitation project. The Manor must have a minimum of 1.15x coverage on the permanent loan per the lender and 1.20x per the equity partners which is a reasonable coverage level for this type and size of project. As noted below, PFM ran its own numbers and found that the project would be able to support only \$1.52 million.

The Manor plans to pay the deferred developer fee with interest, an investor asset management fee, and an additional management fee of 3% after the debt service on the permanent loan is paid, on an annual basis. The FHLB – AHP grant and the FHRA loan will accrue interest and will be repaid once the Manor begins to generate positive cash flow which is projected in year 10 of the Sage pro forma.

PFM ran four analyses:

- 1.) PILOT payment as presented by Sage and FHRA;
- 2.) PILOT payment plus full taxes paid on the land value;
- 3.) No PILOT; Taxes paid on land and building value (\$7,652,000); and
- 4.) PILOT payment plus 17% (representing the approximate amount of County taxes) of taxes paid on the land and building.



PFM found that the project will be feasible only under Scenario 1. The project falls short of the minimum debt service coverage of 1.20x for the other scenarios.

<u>Scenario</u>	<u>Minimum Coverage in First 10 Years – Fully Funded Loan</u>	<u>1.20x Coverage Achieved</u>	<u>Permanent Loan Amount to Achieve 1.20x Coverage</u>	<u>Result</u>
Scenario 1	1.20x	Year 1	\$2,710,000	Able to fund full rehab
Scenario 2	1.16x	Year 3	\$2,630,000	Unable to fund full rehab
Scenario 3	0.67x	N/A	\$1,520,000	Unable to fund full rehab
Scenario 4	1.10x	Year 5	\$2,480,000	Unable to fund full rehab

## **New Horizons**

2525 N Broadway, Fargo, ND 58102

### **Building Description**

New Horizons is a 98-unit building on 2.4 acres in Fargo, ND. Constructed in 1973, the building originally housed 100 units in 10 stories, with a penthouse structure making up the 11<sup>th</sup> floor. Renovation work to the 7<sup>th</sup> and 8<sup>th</sup> floors combined three 1BR units from each floor to make two 2BR units, reducing the count to 98 units. Two of the units are currently under a HUD Special Use contract to be used as space for provision of resident services, so only 96 units are currently in use as housing.

One-bedroom units range from 546-636 s.f. and average 599 s.f. The two two-bedroom units on the ground floor are 864 s.f., and the balance are 816 s.f.

Unit amenities include air conditioning, dishwashers, washer/dryers and disposals. All units are fully compliant with Universal Design Standards. The building includes multiple spaces for residents to have access to services and a large ground floor kitchen and community area for residents to participate in group activities, seminars, and social activities. The community room has a TV, Wii game, and fireplace. There is a sitting room with a TV on the 2nd floor. An exercise room with 2 treadmills, a stationary bike, and a Nustep bike is on the 2nd floor. Additional resident laundry is available on the 2nd Floor. Outside there is a gazebo on the south side of the building, a patio on the north side of the building, and rockers on the front porch where residents can gather to visit.

The building has 96 parking spaces, with about 1/3 in an attached garage, and 2/3 as surface parking. This provides ample parking for the senior/disabled population living in the building.

All utilities are currently available to the site.

### **Residents**

The building currently serves a mix of senior and disabled Public Housing residents. Approximately 60% of households are at 55 or above. The remaining households are disabled, and many of the senior residents are disabled as well. In order to be able to continue to serve both populations, FH&RA will restrict 20% of the units to disabled, though the entire building is expected to remain 100% either senior or disabled.

Although the building is only restricting to 6% of units at 30% AMI, 12% of units at 40% AMI, and 28% of units at 50% AMI, the RAD financing structure, similar to Project-Based Section 8, will allow residents of any income level to occupy the units. While the average resident income hovers somewhere near the 35% AMI range, FH&RA elected not to restrict all units deeply to allow residents to remain in place should their economic situation improve. This is especially important for a senior and disabled population, who may have a difficult time finding new housing.

### **Financing**

To accomplish the recent rehabilitation of the project, Fargo Housing and Sage Peak Solutions secured a record-breaking award of \$865,169 in 9% Low-Income Housing Tax Credits ("LIHTC"), which was

leveraged into \$8,304,792 of tax credit equity. Fargo Housing and Sage Peak also secured a \$500,000 grant from the Federal Home Loan Bank – Affordable Housing Program (“FHLB-AHP”). Fargo Housing also invested \$2,838,498 of its own funds to ensure the project’s success, as well as deferring a significant portion of its developer fee. These sources combined provide a total of \$11,800,000 in grants and soft funding, which is more than 80% of the project’s total budget of \$14,447,409.

To secure the remaining 20% of the necessary funding, the project relies on conventional mortgage financing. The total amount of the loan is based on the projected cash flow on the project. For a conventional project, or one that utilized Section 8 funding, the cash flow would be adequate to support the \$2,710,000 of permanent debt needed to complete the project. However, the project is housing seniors and disabled households, neither of which have enough income to pay enough rent to support debt. The project receives RAD operating subsidy from HUD, but the maximum subsidy provided is still well below area market rents. Without the property-tax exemption, the project can only support a little over \$1,850,000 in permanent debt.

#### **Scope of Work**

Although the building has been regularly maintained, it has been over 40 years since construction, and several major systems were starting to fail, requiring a substantial rehab. The recent rehab included replacement of waste risers, boilers, electrical updates, elevator upgrades, masonry restoration, roof replacement, appliance replacements, new AC units, generator replacement, kitchen upgrades, bathroom renovation, flooring and paint in units and common areas, and garage improvements.

#### **Green Criteria**

FH&RA is very happy to report that it is able to meet over 20 of the criteria on the Green Communities Checklist, and is endeavoring to continue to keep the building as green as possible, both in construction and operations.

#### **Services**

Onsite resident services are being provided 24/7 by Tami’s Angels of Fargo, ND. Services include Certified Nursing Assistance, bathing, dressing, transferring, toileting, feeding, exercise, meal preparation, hair care, skin care, ambulating, homemaking, laundry, shopping, repositioning, and communication. Services are tailored to the individual needs of the resident and are provided at no cost to the residents. Thirteen staff have been providing these services for the past 16 years, and will continue to do so for the foreseeable future.

As part of the recent rehabilitation, a space was built on the ground floor for the provision of services to the residents. The services providers pay a token rent as part of their use agreement.

#### **Surrounding Area**

The development is centrally located, with easy walking paths to a number of amenities, including a shopping center, medical clinic, and bank on the immediately adjacent properties.

Transit is easily accessible at the site. The 13 Bus runs North-South every ½ up and down Broadway and stops on the corner of the property. The 11 Bus runs East-West every ½ hour on 25<sup>th</sup> Ave ¼ block away from the property.



CITY OF  
**Fargo**  
ASSESSMENT DEPARTMENT

3/1a

January 23, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

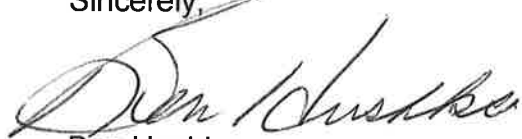
Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 1809 30 Ave. S as submitted by Janie Kuniek. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2020, 2021, & 2022.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$320 with the City of Fargo's share being \$55.

Sincerely,



Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner JANE KUNIEK Phone No. 701/ 318-7743

2. Address of Property 1809 30<sup>th</sup> Ave. S.  
City FARGO State ND Zip Code \_\_\_\_\_

3. Legal description of the property for which the exemption is being claimed. Lot Part of 11 & 10, Block 2 Rhault add'n

4. Parcel Number 01-2350-00190-000 Residential ☒ Commercial ☐ Central Business District ☐

5. Mailing Address of Property Owner Same  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary). Reconstruct interior due to fire damage. Windows & doors replaced.

7. Building Permit No. 19050601 8. Year Built 1982

9. Date of Commencement of making the improvement 5/17/19

10. Estimated market value of property before improvement \$ 173,100

X 11. Cost of making the improvement (all labor, material and overhead) \$ 60,000

12. Estimated market value of property after improvement \$ 197,500

**Applicant's Certification and Signature**

X 13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.

Applicant's Signature Jane Kuniek Date 8/24/19

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has ☒ has not ☐ met the qualifications for exemption for the following reason(s): 3 YEARS FOR QUALIFYING WORK

Assessor's Signature Don Kuskela Date 1/23/20

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied ☐ Approved ☐

Approval subject to the following conditions: \_\_\_\_\_

Chairman of Governing Body \_\_\_\_\_ Date \_\_\_\_\_

CITY OF  
**Fargo**  
ASSESSMENT DEPARTMENT

316

January 24, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 2105 32 Ave. S as submitted by Gerard W. Kottenbrock & Cathy L. Manderscheid. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2020, 2021, & 2022.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$400 with the City of Fargo's share being \$65.

Sincerely,



Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner Gerald Kottenbrock + Cathy Manderscheid Phone No. 701/ 412-8955

2. Address of Property 2105 32<sup>nd</sup> Ave. S.  
City FARGO State ND Zip Code 58103

3. Legal description of the property for which the exemption is being claimed, 28, Less ELY 55 FT  
10 IN THEREOF + E 1/2 of 29, Less SLY 15 FT; Block E Rheault Add'n

4. Parcel Number 01-2350-02513-008 Residential ☒ Commercial ☐ Central Business District ☐

5. Mailing Address of Property Owner Same  
City [REDACTED] State ND Zip Code 58103

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary). Repaired Foundation + Framing issues with walls, doors + windows

7. Building Permit No. 19100666 8. Year Built 1991

9. Date of Commencement of making the improvement 10/18/19

10. Estimated market value of property before improvement \$ 177,600

11. Cost of making the improvement (all labor, material and overhead) \$ 30,300

12. Estimated market value of property after improvement \$ 207,900

**Applicant's Certification and Signature**

13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.

Applicant's Signature [Signature] Date 1/3/20

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has ☒ has not ☐ met the qualifications for exemption for the following reason(s): 3 YEARS FOR QUALIFYING WORK

Assessor's Signature [Signature] Date 1/27/20

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied ☐ Approved ☐

Approval subject to the following conditions: \_\_\_\_\_

Chairman of Governing Body \_\_\_\_\_ Date \_\_\_\_\_

CITY OF  
**Fargo**  
ASSESSMENT DEPARTMENT

310

January 23, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 321 23 Ave. N as submitted by Erik Stewart. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2020, 2021, 2022, 2023, & 2024.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$570 with the City of Fargo's share being \$95.

Sincerely,



Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner	<u>Red River House Buyers</u>	Phone No.	<u>507-530-3456</u>
2. Address of Property	<u>321 23rd Ave N.</u>		
City	<u>FARGO</u>	State	<u>ND</u> Zip Code <u>58102</u>
3. Legal description of the property for which the exemption is being claimed.	<u>Lot 6 Block 4</u> <u>LOUISE S NEWMAN LOT 6 BLK 4</u>		
4. Parcel Number	<u>01-2080-00470-000</u>	Residential <input checked="" type="checkbox"/>	Commercial <input type="checkbox"/> Central Business District <input type="checkbox"/>
5. Mailing Address of Property Owner	<u>PO BOX 473</u>		
City	<u>West Fargo</u>	State	<u>ND</u> Zip Code <u>58078</u>

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary).	<u>Repair Foundation (30K), Paint ceilings/walls/cabinets/doors/trim, new flooring/Refinish hardwood,</u>		
7. Building Permit No.	<u>19120306</u>	8. Year Built	<u>1954</u>
9. Date of Commencement of making the improvement	<u>10/01/2019</u>		
10. Estimated market value of property before improvement	<u>\$ Purchased \$105,000</u> <u>off</u>		
11. Cost of making the improvement (all labor, material and overhead)	<u>\$ 55,000</u>		
12. Estimated market value of property after improvement	<u>\$ 180,000</u>		

**Applicant's Certification and Signature**

13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.
Applicant's Signature <u>[Signature]</u> Date <u>12/23/19</u>

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has <input checked="" type="checkbox"/> has not <input type="checkbox"/> met the qualifications for exemption for the following reason(s):	<u>5 YEARS FOR QUALIFYING WORK</u>
Assessor's Signature <u>[Signature]</u> Date <u>1/23/20</u>	

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied <input type="checkbox"/> Approved <input type="checkbox"/>
Approval subject to the following conditions:
Chairman of Governing Body _____ Date _____



3/d

January 23, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 85 18 Ave. N as submitted by Andrew P. & Jenna L. Klein. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2020, 2021, 2022, 2023, & 2024.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$500 with the City of Fargo's share being \$85.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Hushka". The signature is fluid and cursive.

Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner	<u>Andrew &amp; Jenna Klein</u>		Phone No.	<u>(218) 329-7773</u>
2. Address of Property	<u>85 18 Ave N</u>			
City	<u>FARGO</u>	State	<u>ND</u>	Zip Code <u>58102</u>
3. Legal description of the property for which the exemption is being claimed.	<u>Lt 8, Blk 3, McDermotts</u>			
4. Parcel Number	<u>01-1890-00370-000</u>	Residential	<input checked="" type="checkbox"/>	Commercial <input type="checkbox"/> Central Business District <input type="checkbox"/>
5. Mailing Address of Property Owner	<u>Same</u>			
City		State		Zip Code

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary).	<u>Full bath remodel &amp; converted 3-season porch to living area</u>
7. Building Permit No.	<u>19120093</u>
8. Year Built	<u>1952</u>
9. Date of Commencement of making the improvement	<u>12/05/19</u>
10. Estimated market value of property before improvement	<u>\$ 199,900</u>
11. Cost of making the improvement (all labor, material and overhead)	<u>\$ 10,000</u>
12. Estimated market value of property after improvement	<u>\$ 238,100</u>

**Applicant's Certification and Signature**

13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.	
Applicant's Signature	<u>[Signature]</u> Date <u>1/21/2020</u>

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has <input checked="" type="checkbox"/> has not <input type="checkbox"/> met the qualifications for exemption for the following reason(s):	<u>5 YEARS FOR QUALIFYING WORK</u>
Assessor's Signature	<u>[Signature]</u> Date <u>1/23/20</u>

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied <input type="checkbox"/> Approved <input type="checkbox"/>
Approval subject to the following conditions:
Chairman of Governing Body _____ Date _____





3/e

January 23, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 1213 4 St. N as submitted by Erik M. & Nicole Stewart. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2020, 2021, 2022, 2023, & 2024.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$855 with the City of Fargo's share being \$145.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ben Hushka".

Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner	<u>Erik &amp; Nicole Stewart</u>	Phone No.	<u>507-530-3456</u>
2. Address of Property	<u>1213 4th St. N.</u>		
City	<u>FARGO</u>	State	<u>ND</u> Zip Code <u>58102</u>
3. Legal description of the property for which the exemption is being claimed.	<u>Lot: 4 Block: 4 HOLES 1ST LOT4 BLK4</u>		
4. Parcel Number	<u>01-1360-00940-000</u>	Residential <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Central Business District <input type="checkbox"/>	
5. Mailing Address of Property Owner	<u>PO BOX 473</u>		
City	<u>West Fargo</u>	State	<u>ND</u> Zip Code <u>58078</u>

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary).	<u>new flooring + paint throughout, new kitchen + Bathroom electrical + plumbing updates, foundation repair, window repair, door repair,</u>		
7. Building Permit No.	<u>1912-0308-REN</u>	8. Year Built	<u>1925</u>
9. Date of Commencement of making the improvement	<u>11/07/19</u>		
10. Estimated market value of property before improvement	<u>\$100,000-105,000</u>		
11. Cost of making the improvement (all labor, material and overhead)	<u>\$ ~65,000</u>		
12. Estimated market value of property after improvement	<u>\$195,000</u>		

**Applicant's Certification and Signature**

13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.
Applicant's Signature <u>[Signature]</u> Date <u>12/23/19</u>

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has <input checked="" type="checkbox"/> has not <input type="checkbox"/> met the qualifications for exemption for the following reason(s): <u>5 YEARS FOR QUALIFYING WORK</u>
Assessor's Signature <u>[Signature]</u> Date <u>1/23/20</u>

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied <input type="checkbox"/> Approved <input type="checkbox"/>
Approval subject to the following conditions: _____
Chairman of Governing Body _____ Date _____

CITY OF  
**Fargo**  
ASSESSMENT DEPARTMENT

314

January 23, 2020

Board of City Commissioners  
City Hall  
Fargo, ND 58102

Dear Commissioners:

Chapter 57-02.2 of the North Dakota Century Code provides for a property tax exemption for certain types of improvements made to existing buildings.

I have attached a copy of an application for real estate tax exemption of building improvements for the property at 1205 3 St. N as submitted by Alice & Keith Carr. A description of the property involved, types of improvements to be made, and assessment information are indicated on the application.

It is my opinion that the value of some of the improvements, referred to in the application, qualifies for the exemption. This exemption would be for the years 2019, 2020, 2021, 2022, & 2023.

The estimated annual tax revenue lost by granting the exemption, based upon the estimated cost of the improvements, would be about \$1,520 with the City of Fargo's share being \$260.

Sincerely,



Ben Hushka  
City Assessor

hah  
attachment

**Application For Property Tax Exemption For Improvements  
To Commercial And Residential Buildings**  
North Dakota Century Code ch. 57-02.2  
(File with the local city or township assessor)

**Property Identification**

1. Name of Property Owner	<u>Alice &amp; Kieth Carr</u>	Phone No.	_____
2. Address of Property	<u>1205 3 St N</u>		
City	<u>FARGO</u>	State	<u>ND</u> Zip Code <u>58102</u>
3. Legal description of the property for which the exemption is being claimed.	<u>Lt 2, Blk 5, Holes 1st</u>		
4. Parcel Number	<u>01-1360-01240-000</u>	Residential <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Central Business District <input type="checkbox"/>	
5. Mailing Address of Property Owner	<u>Same</u>		
City	_____	State	_____ Zip Code _____

**Description Of Improvements For Exemption**

6. Describe the type of renovating, remodeling or alteration made to the building for which the exemption is being claimed (attach additional sheets if necessary).	<u>Gutted main floor, new electrical, plumbing, opened wall in kitchen, new windows &amp; added 3 windows, remove chimney</u>		
7. Building Permit No.	<u>181085</u>	8. Year Built	<u>1928</u>
9. Date of Commencement of making the improvement	<u>July 2018</u>		
10. Estimated market value of property before improvement	<u>\$ 202,200</u>		
11. Cost of making the improvement (all labor, material and overhead)	<u>\$ 30,000</u>		
12. Estimated market value of property after improvement	<u>\$ 236,800</u>		

**Applicant's Certification and Signature**

13. I certify that the above information is correct to the best of my knowledge and I apply for this exemption.	
Applicant's Signature	<u>[Signature]</u> Date <u>1/23/20</u>

**Assessor's Determination**

14. The local assessor finds that the improvements in this application has <input checked="" type="checkbox"/> has not <input type="checkbox"/> met the qualifications for exemption for the following reason(s):	<u>5 YEARS FOR QUALIFYING WORK</u>
Assessor's Signature	<u>[Signature]</u> Date <u>1/23/20</u>

**Action of Governing Body**

15. Action taken on this application by local governing board of the county or city: Denied <input type="checkbox"/> Approved <input type="checkbox"/>
Approval subject to the following conditions: _____
Chairman of Governing Body _____ Date _____

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**MEMORANDUM**

**TO: Board of City Commissioners**

**FROM: Steven Sprague, City Auditor**

**SUBJECT: Precinct Locations**

**DATE: February 4, 2020**

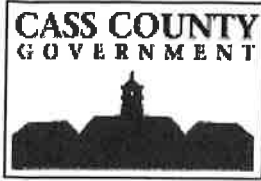
Attached is a listing of precinct locations for the 2020 elections.

As requested by the City Commission the Auditor's Office reached out to the Fargo Public Schools and to the Cass County Auditor for their input in precinct location selection. While the Fargo Public Schools did expressed interest in using schools as a precinct location, where appropriate, the detailed letter from the County Auditor explains the history of selecting precinct locations and that schools in Fargo generally do not meet the requirements necessary to be used as a precinct location.

Please approve the precinct locations for the June 9<sup>th</sup> Primary Election and the November 3<sup>rd</sup> General Election

**Recommended Motion:**

**Approve the precinct locations for the 2020 elections.**



## Finance Office

Michael Montplaisir, CPA  
701-241-5600  
[montplaisirm@casscountynynd.gov](mailto:montplaisirm@casscountynynd.gov)

February 3, 2020

Steven Sprague  
Fargo City Auditor  
224 4<sup>th</sup> Street North  
PO Box 2471  
Fargo, ND 58108

Re: Polling Locations in Fargo

Dear Mr. Sprague:

Thank you for your inquiry on how we select polling sites for elections in Cass County, including the City of Fargo. As you know, the county works closely with the city on both drawing precinct boundaries and in selecting polling sites.

Every ten years, following the census, we go through the process of adjusting precinct lines to correspond with the district boundary lines established by the North Dakota Legislature. That is no small task, although with the advances in Geographical Information Systems (GIS) it continues to get easier.

We had to make a lot of adjustments in both precinct lines and polling places following the 2006 election when the Fargo Public School District asked that we not use the school buildings for polling sites. Their concern at the time was security for their students, and a concern our election workers were also mentioning to us leading up to that time.

We looked at our polling sites at that time and made some adjustments by combining both precincts and polling sites. After an adjustment period, the reduced precincts have worked very well. We have larger, better staffed and better equipped precincts as a result of the combining of polling sites.

The security issues have changed since 2006. Schools generally have controlled accesses with locked doors making it difficult to use schools as polling sites. The history of violence in schools has also increased over the years. We also have space and parking issues. When looking for a polling site, we make sure that we have adequate parking for about 50 or more cars. We also need adequate room for circulation of people inside the polling place to allow voters to cast their ballot in a quiet and private setting. We have electronic equipment with power needs and lighting for poll booths is critical—using hallways in schools is not adequate space.

We were always concerned about student safety with the traffic around the elementary and middle schools. Voters tend to vote at the same times students are arriving and leaving school. The limited parking at elementary and middle schools adds to the traffic congestion and can create hazardous situations.

The Fargo School District is not the only district with issues concerning safety and security. While we used to use quite a few schools for polling, we only use two now. One is located in West Fargo where we have a separate parking lot, separate entrance, and gymnasium to use as the polling site. The other school site is Northern Cass where there simply is not any other alternative.

PO Box 2806  
211 Ninth Street South  
Fargo, North Dakota 58108

[www.casscountynynd.gov](http://www.casscountynynd.gov)

The availability of poll workers has also changed. More people are in the workforce than ever before—which means less people who can work polling sites. We used to rely upon stay-at-home parents and retired people. People working generally do not want to use their vacation to work at a polling site. That leaves us with retired people as our main source of election workers, and we love them! However, they are less inclined to want to work the long hours polls are open. We recently had a law change that allows all election workers to work in shifts instead of the entire fourteen hours the polling sites are open; however that means we will need to find more workers to cover the shorter shifts.

Elections are rapidly changing; we are seeing more people vote absentee and more people using our Early Voting sites. In the 2004 General Election we tried Early Voting for the first time in Cass County and it was a success, overwhelming for the space we used. At that time, an Early Voting precinct had to be in a "government-controlled facility". In 2007 the North Dakota Legislature changed the law and starting in 2008, we put Early Voting precincts in motels on a regular basis. For General Elections, we serve 10,000 to almost 25,000 voters at Early Voting sites. In addition, we serve 5,000 to 10,000 voters with absentee ballots in a General Election.

Another change we see on the horizon, hopefully in the 2022 election cycle, is Vote Centers. A Vote Center is like an Early Voting precinct; only it is open on Election Day. With the recent purchase of new election equipment, Vote Centers are now possible. We need to use the new equipment for a couple of elections to familiarize both ourselves and our voters with the new equipment before we transition to Vote Centers.

This will be a great service to the voting public, allowing them to vote close to where they work, shop, play or live. We see an app in the future for them to find a polling site near where they are when they have time to cast their ballot, hopefully with wait times posted. The Cass County Commission funded additional ExpressVote equipment so we can allow more voters to use that equipment instead of the traditional pre-printed ballot.

Until school districts are closed for students on Election Day, we would be very reluctant to use schools as polling sites on a regular basis. We are most concerned for student safety, but also parking, traffic control, and adequate space for poll workers and voters.

We think the solutions that Cass County has put in place and the advances in elections going forward will provide voters with adequate opportunities to cast their ballots in a safe and secure environment.

Sincerely,

  
Michael Montplaisir  
County Finance Director

  
Chad Peterson  
Chairman of the County Commission



**FARGO BOARD OF EDUCATION**  
415 4th Street North  
Fargo, ND 58102  
701.446.1000 • FAX: 701.446.1200  
**BOARD MEMBERS:** 701.446.1005  
[www.fargo.k12.nd.us](http://www.fargo.k12.nd.us)

*Rebecca Knutson, President*  
**Brandi Aune**  
**Jim Johnson**  
**Robin Nelson**  
**John Rodenbiker**

*Kristi Ulrich, Vice President*  
**Jennifer Benson**  
**Brian Nelson**  
**David Paulson**

**Rupak Gandhi, Superintendent**  
**AnnMarie Campbell, Executive Assistant**

January 29, 2020

Steve Sprague  
City Auditor, City of Fargo  
225 4th Street North  
Fargo, ND 58102

Dear Mr. Sprague,

At the January 28, 2020 meeting of the Fargo Board of Education, Board members directed us to send you this letter indicating we are open to hosting elections in Fargo Public Schools' buildings that are deemed appropriate for that use.

If schools could be a benefit to the City and County as polling places, please contact Superintendent Dr. Rupak Gandhi to discuss which schools would most meet your needs and to create plans accordingly. He may be reached at 701.446.1005.

Sincerely,

A handwritten signature in cursive script that reads "Robin Nelson".

Robin Nelson, President  
Board of Education

A handwritten signature in cursive script that reads "Rupak Gandhi".

Rupak Gandhi, Ph.D.  
Superintendent



Precinct #	Precinct Location
11-01	Olivet Lutheran Church 1330 Universtiy Drive South
11-02	Ramada Inn 3333 13th Avenue South
16-03	Scheels Arena 5225 31st Avenue South
21-01	Roger D Johnson Center 1104 2nd Avenue South
21-02	Fargo Main Library 102 3rd Street North
27-01	West Acres - Main Entrance 3902 13th Avenue South
27-02	Bethany on 42nd 4255 30th Avenue South
41-01	Carlson Library (Primary) 2801 32nd Avenue South  Bethal Evangelical Free (General) 2702 30th Avenue South
41-02	First Assembly of God 3401 25th Street South
44-01	Broadway Senior Center 1459 Broadway
44-02	Grace Covenant 3030 Broadway
45-01	Fargodome 1800 University Drive North
46-01	Bowler 2630 University Drive South
46-02	Atonement Lutheran 4601 University Drive south
46-03	Riverview Place 5300 12th Street South

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## **MEMORANDUM**

TO: Board of City Commissioners

FROM: Steven Sprague, City Auditor

SUBJECT: Utility Billing Software RFP (RFP 19101)

DATE: February 5, 2020

The existing utility billing software resides on the AS 400 and was created over 35 years ago. There has been a directive to move off the AS 400 and onto server based technology. In an effort to facilitate this movement the Auditors Office and Utility Billing department conducted an RFP for Utility Billing software to replace our existing system.

We received 12 RFPs, an initial paring removed 6 RFPs from consideration largely due to cost. After viewing on-line demonstrations of the remaining 6 companies, 2 more companies were eliminated. The final 4 companies responded to additional questions, from those responses the final 2 companies were selected. The final 2 companies participated in full day on-site interviews. Included in the decision making were members from Water, Wastewater, Solid Waste, Information Services, Finance and Auditors offices as well as an outside consultant. After this exhaustive process, Continental Utilities Solutions Inc. (CUSI) was selected as the software provider that best fits the needs of the City of Fargo.

The 2020 budget includes adequate funding to facilitate this agreement. In addition, the Finance and Auditor's offices are recommending the payment processing fee of 3% (\$2.95 minimum) be assumed by customers who choose to use the on-line payment feature. This will result in a \$225,000 savings to the City as we discontinue using our current provider.

### **Recommended Motion:**

Please approve the software license agreement and sales agreement with Continental Utilities Solution, Inc. (CUSI) to provide utility billing software to the City of Fargo Utility Billing department and approve charging payment processing fees once installed.



CONTINENTAL UTILITY SOLUTIONS, INC.

**CONTINENTAL UTILITY SOLUTIONS, INC.  
SOFTWARE LICENSE AGREEMENT**

THIS SOFTWARE LICENSE AGREEMENT ("Agreement") is made as of February 10, 2020 (the "Effective Date"), by and between CONTINENTAL UTILITY SOLUTIONS, INC., a Delaware corporation with offices at 300 South Church Street, Suite 200, Jonesboro, Arkansas 72401 ("CUSI") and the party identified below (the "Licensee").

Licensee Contact Information:		
Name:	City of Fargo	Contact: Steve Sprague Timothy Mahoney
		Title: City Auditor Mayor, City of Fargo
Address:	225 4 <sup>th</sup> Street North	Phone: 701-241-1301 701-241-1310
	Fargo, ND 58102	Fax: 701-241-8184 701-241-8184
		E-Mail: <a href="mailto:ssprague@fargond.gov">ssprague@fargond.gov</a> <a href="mailto:tmahoney@fargond.gov">tmahoney@fargond.gov</a>

Licensee desires to obtain a license to use in its own business operations certain proprietary software of CUSI. This Agreement sets forth the terms and conditions under which CUSI will provide to Licensee the Licensed Software, as well as related Technical Support Services.

**1. DEFINITIONS.** As used in the Agreement or in any Exhibit hereto:

**1.1 "Named User License"** means a license to enable a named user to connect to the Licensed Software as a client.

**1.2 "Confidential Information"** means all trade secrets, business and financial information, computer software and documentation, machine and operator instructions, business methods, procedures, know-how, and other information that relates to the business or technology of either party.

**1.3 "Documentation"** means the user guides, manuals and associated documentation provided to Licensee along with the Licensed Software.

**1.4 "Fees"** means, collectively, the license fees and Technical Support Services fees.

**1.5 "Licensed Software"** means CUSI's computer software program Utility Management Solution.NET (UMS.NET), a customer information system and billing application for the management of customers, metered services and physical assets associated with a utility, any modules, add-ons or interfaces, and any modified, updated or enhanced versions of such programs that CUSI may provide to Licensee pursuant to the Technical Support Services.

**1.6 "Sales Order"** means collectively the documents documenting the Licensed Software and services purchased by Licensee from time to time.

**1.7 "Service Location"** means the location or delivery point to which a metered service is provided by Licensee that is managed by the Licensed Software.

**1.8 "Site(s)"** means the physical location(s) at which Licensee is entitled to use the Licensed Software.

**1.9 "Technical Support Services"** means those technical support and application maintenance services provided by CUSI to Licensee with respect to the Licensed Software.

**2. LICENSE GRANT AND OTHER RIGHTS.**

**2.1 Software License Grant.** Subject to the terms and conditions of this Agreement, CUSI grants to Licensee a perpetual, non-exclusive, non-transferable license to: (a) install and use the Licensed Software in executable form only on Licensee's servers and workstations at the Site(s), only for Licensee's internal business purposes, and subject to the number of Service Locations and Named User Licenses specified in the Sales Order; (b) make one (1) copy of the Licensed Software solely for backup or archival purposes; and (c) copy and reproduce the Documentation provided to Licensee solely for the purposes of facilitating Licensee's use of the Licensed Software.

**2.2 Additional Named User Licenses and Service Locations.** If Licensee wishes to order additional Named User Licenses or licenses for Service Locations in addition to the licenses granted in this Agreement,

the parties shall execute a mutually agreed upon written Sales Order. No additional terms of an order submitted by Licensee or terms of such an order that are inconsistent with the terms of this Agreement will be binding on CUSI unless CUSI expressly agrees to the applicability of such terms in writing signed by an authorized officer of CUSI.

**2.3 Restrictions On Use.** Licensee acknowledges that the Licensed Software and its structure, organization, and source code constitute valuable trade secrets of CUSI and its suppliers. Except as expressly permitted by this Agreement, Licensee agrees that Licensee shall not, and shall not permit any third party, to: (a) reproduce, modify, adapt, alter, translate, or create derivative works of the Licensed Software or the Documentation; (b) sublicense, distribute, sell, use for service bureau use, lease, rent, loan, or otherwise transfer the Licensed Software or the Documentation to any third party; (c) reverse engineer, decompile, disassemble, or otherwise attempt to derive the source code for the Licensed Software; (d) remove, alter, cover or obfuscate any copyright notices or other proprietary rights notices included in the Licensed Software; or (e) otherwise use or copy the Licensed Software except as expressly permitted under **Section 2.1**.

**2.4 Reservation of Rights.** As between the parties, the Licensed Software and Documentation, and all worldwide intellectual property rights therein, are the exclusive property of CUSI and its licensors. All rights in and to the Licensed Software not expressly granted to Licensee in this Agreement are reserved by CUSI and its licensors. CUSI shall have the unrestricted right to use or act upon any suggestions, ideas, enhancement requests, feedback, recommendations or other information provided by Licensee or any other party relating to the Licensed Software to the extent it does not constitute Confidential Information of Licensee.

**3. DELIVERY, ACCEPTANCE AND INSTALLATION.** CUSI will deliver the Licensed Software to Licensee as mutually agreed to by the parties. Unless otherwise agreed to by the parties in a separate professional services agreement, Licensee will be solely responsible for installing and integrating the Licensed Software on its computers and with its systems as permitted under this Agreement. The Licensed Software will be deemed accepted upon delivery.

**4. TECHNICAL SUPPORT SERVICES.** Subject to Licensee's payment of all applicable Technical Support Service fees, CUSI shall provide Licensee with those Technical Support Services described in **Exhibit A** attached hereto for the Licensed Software.

**5. TRAINING SERVICES.** CUSI will provide the training services defined in the applicable Sales Order. Licensee will be invoiced separately for any travel related expenses incurred by CUSI employees in connection with any such training services.

**6. FEES AND PAYMENT.**

**6.1 Fees.** All Fees are specified in the original Sales Order and any subsequent Sales Orders executed by both parties.

**6.2 Payments.** All payment terms are specified in the original Sales Order and any subsequent Sales Orders executed by both parties. All payments must be made in U.S. dollars. Any amounts not paid within thirty (30) days of the invoice date will accrue interest at the lesser of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law, from the due date until paid. Licensee shall reimburse CUSI for all its costs and expenses, including reasonable fees of its legal counsel, reasonably incurred by CUSI in collecting any amounts past due from Licensee that are not subject to good faith dispute.

**6.3 Taxes.** Fees exclude, and Licensee will make all payments of the Fees to CUSI free and clear of, all applicable sales, use, and other taxes and all applicable export and import fees, customs duties and similar charges. When applicable, CUSI may include any taxes that it is required to collect as a separate line item on an invoice.

**6.4 Audit Rights.** On CUSI's request, no more frequently than annually, Licensee shall furnish to CUSI an executed certification: (a) verifying that the Licensed Software is being used pursuant to the terms of this Agreement; (b) verifying the number of current Service Locations and Named User Licenses; and (c) listing the Site(s) where the Licensed Software is being used. Licensee agrees to grant CUSI reasonable access to Licensee's Site(s), upon two (2) weeks prior written notice during normal business hours to audit the use of the Licensed Software.

## 7. WARRANTIES

**7.1 Performance.** For a period of ninety (90) days after the purchase date of the Licensed Software (the "**Software Warranty Period**"), CUSI warrants that the Licensed Software, when used as permitted by CUSI and in accordance with the Documentation, will operate substantially as described in the Documentation. CUSI does not warrant that the functions provided by the Licensed Software will meet all of the business requirements of the Licensee or that the Licensee's use of the Licensed Software will be error-free or uninterrupted. CUSI will, at its own expense and as its sole obligation and Licensee's exclusive remedy for any breach of this warranty, use commercially reasonable efforts to correct any reproducible error in the Licensed Software reported to CUSI by Licensee in writing during the Software Warranty Period. Any such error correction provided to Licensee will not extend the original Software Warranty Period. The limited warranty granted under this Section does not extend to: (a) changes in the characteristics of the operating system or hardware on which the Licensed Software operates; (b) problems caused by the mishandling of or alterations to the Licensed Software by Licensee or any third party; (c) problems caused by any data input into the Licensed Software; or (d) problems caused by third party equipment or software.

**7.2 Disclaimers.** The express warranties in this Section 7 are in lieu of all other warranties, express, implied or statutory, regarding the Licensed Software and Technical Support Services, and CUSI expressly disclaims all other warranties, including any warranties of merchantability, fitness for a particular purpose, security, title and non-infringement of third party rights. Licensee acknowledges that it has relied on no warranties other than the express warranties provided herein and that no warranties are made herein by any of CUSI's licensors.

Licensee acknowledges that the Licensed Software and Technical Support Services are provided to assist Licensee in the use of the Licensed Software and not as a replacement of Licensee's expertise and knowledge of its business. The application and impact of laws can vary widely based on the specific facts involved. Given the changing nature of laws, rules and regulations, the Licensed Software and Technical Support are not warranted to be in compliance with these legal changes at all times. Licensee is solely responsible for any data input into the Licensed Software and the accuracy of any configuration of the Licensed Software, including situations where CUSI has worked with Licensee through Technical Support Services to configure the Licensed Software. The Licensed Software and/or Technical Support Services are provided with the understanding that CUSI is not rendering legal, accounting, tax or other professional advice or other professional advice or services from CUSI. As such, such consultation, Technical Support Services and information obtained through use of the Licensed Software should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers and from a complete review and testing by Licensee prior to implementing the Licensed Software or results of Technical Support Services into a production environment.

Licensee agrees that it has full responsibility for the security of its systems and data.

## 8. INDEMNITIES

**8.1 INFRINGEMENT CLAIMS.** CUSI will defend at its own expense any action against Licensee brought by a third party to the extent that the action is based upon a claim that the Licensed Software infringes any patents or any copyrights or misappropriates any trade secrets of a third party, and CUSI will pay those costs and damages finally awarded against Licensee in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. The foregoing obligations are conditioned on Licensee: (1) notifying CUSI promptly in writing of such action; (2) giving CUSI sole control of the defense thereof and any related settlement negotiations; and (3) cooperating and, at CUSI's request and expense, assisting in such defense. If the Licensed Software becomes, or in CUSI's opinion is likely to become, the subject of an infringement claim, CUSI may, at its option and expense, either: (a) procure for Licensee the right to continue using the Licensed Software; (b) replace or modify the Licensed Software so that it becomes non-infringing; or (c) accept return of the Licensed Software, terminate this Agreement, in whole or in part, as appropriate, upon written notice to Licensee and refund to Licensee the Fees paid for such Licensed Software upon such termination, computed according to a thirty-six (36) month straight-line amortization schedule beginning on the Effective Date. Notwithstanding the foregoing, CUSI will have no obligation under this Section 8.1 or otherwise with respect to any infringement claim based upon: (i) any use of the Licensed Software not in accordance with this Agreement; (ii) any use of the Licensed Software in combination with products, equipment, software, or data not supplied by CUSI; (iii) any use of any release of the Licensed Software other than the most current release made available to Licensee; or (iv) any modification of the Licensed Software by any person other than CUSI or its authorized agents or subcontractors. THIS SECTION 8.1 STATES CUSI'S ENTIRE LIABILITY AND LICENSEE'S EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT.

**8.2 THIRD PARTY CLAIMS.** Licensee will defend at its own expense any action against CUSI brought by a third party except to the extent that the action is covered under Section 8.1 and Licensee will pay those costs and damages finally awarded against CUSI in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. The foregoing obligations are conditioned on CUSI: (1) notifying Licensee promptly in writing of such action; (2) giving Licensee sole control of the defense thereof and any related settlement negotiations; and (3) cooperating and, at Licensee's request and expense, assisting in such defense.

**9. LIMITATION OF LIABILITY.** CUSI's total cumulative liability in connection with any Licensed Software or Technical Support Services provided under this Agreement, whether in contract, tort or otherwise, will not exceed the amount of Fees paid to CUSI under this Agreement during the twelve (12) month period preceding the events giving rise to such liability. In no event will CUSI be liable to Licensee or any third party for any consequential, indirect, exemplary, punitive, special, or incidental damages, including without limitation any negligence, gross negligence, strict liability, tort, lost, damaged or corrupted data, lost profits, lost business opportunity, loss of goodwill or reputation, business interruption, wasted management time, data conversion or for damage to Licensee's computers or communications network, and costs of procurement of substitute goods or services, arising from or relating to the Licensed Software, Technical Support Services or this Agreement, however caused and under any theory of liability, including but not limited to negligence, tort, intentional misconduct, strict liability, contract or otherwise, even if such damages were foreseeable or CUSI has been advised of the possibility of such damages.

## 10. CONFIDENTIALITY.

**10.1 Confidentiality Obligations.** Each party agrees to maintain any Confidential Information received from the other party in confidence using the same degree of care that it uses to maintain its own confidential information in confidence, but in no event not less than reasonable care. The recipient of any Confidential Information shall not disclose any Confidential Information to any third party without prior written approval of the disclosing party or use such Confidential

Information for any purpose not contemplated by this Agreement. The foregoing restrictions shall not apply to any information for which the receiving party can document: (a) was already lawfully known to the receiving party at the time of disclosure by the disclosing party; (b) is disclosed to the receiving party by a third party who had the right to make such disclosure without any confidentiality restrictions; (c) is, or through no fault of the receiving party has become, generally available to the public; or (d) is independently developed by the receiving party without access to, or use of, the disclosing party's Confidential Information. In addition, the receiving party may disclose Confidential Information of the other party to the extent required by applicable law or regulation; provided that the party required to make such disclosure gives the other party prompt written notice and sufficient opportunity to object to such disclosure, or to request confidential treatment.

**10.2 Return of Confidential Information.** The receiving party will return to the disclosing party or destroy all Confidential Information of the disclosing party in the receiving party's possession or control and permanently erase all electronic copies of such Confidential Information promptly upon the written request of the disclosing party upon the expiration or termination of the Agreement. The receiving party will certify in writing signed by an officer of the receiving party that it has fully complied with its obligations under this **Section 10.2**.

## **11. TERM AND TERMINATION**

**11.1 Term.** The term of the Agreement will begin on the Effective Date and will continue unless earlier terminated by either party as provided in **Section 11.2**.

**11.2 Termination.** Either party may terminate the Agreement if the other party breaches any material provision of the Agreement and does not cure such breach within thirty (30) days after receiving written notice thereof.

**11.3 Effects of Termination.** Upon termination of the Agreement for any reason: (a) any amounts owed to CUSI under this Agreement before such termination will be immediately due and payable; (b) all licensed rights granted in the Agreement will immediately cease to exist; and (c) Licensee must promptly discontinue all use of the Licensed Software, erase all copies of the Licensed Software from Licensee's computers, and return to CUSI or destroy all copies of the Licensed Software and Documentation on tangible media in Licensee's possession.

**11.4 Survival.** Sections 1, 2.4, 6.3, 6.4, 7.2, 8, 9, 10, 11.3, 11.4 and 12, together with any accrued payment obligations, will survive expiration or termination of the Agreement for any reason.

## **12. GENERAL.**

**12.1 Assignment.** Licensee may not assign or transfer, by operation of law, merger or otherwise, any of its rights under the Agreement (including its licenses with respect to the Licensed Software) to any third party without CUSI's prior written consent. Any attempted assignment or transfer in violation of the foregoing will be null and void. In the event of a change of control of Licensee, Licensee shall provide CUSI with prior written notice of such intended change of control and shall consult with CUSI how the new ownership will work within the

restrictions of this Agreement. CUSI shall have the right to assign this Agreement to any successor to its business or assets to which this Agreement relates, whether by merger, sale of assets, sale of stock, reorganization or otherwise.

**12.2 Notices.** Any notice required or permitted by this Agreement will be in writing and will be deemed effective upon receipt, when sent by confirmed email or when delivered in person or mailed by first class, registered or certified mail, postage prepaid, to the address of the party specified in this Agreement or such other address as such party may specify in writing.

**12.3 Governing Law and Arbitration.** This Agreement will be governed by and interpreted in accordance with the laws of the State of North Dakota, without reference to its choice of laws rules. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement. Any dispute arising out of or relating to this Agreement other than a dispute concerning a party's Confidential Information or intellectual property rights shall be resolved solely by final and binding arbitration as follows. Unless the parties otherwise agree, the arbitration shall be conducted in Fargo, North Dakota before a single arbitrator. The arbitrator shall have relevant knowledge and/or experience in software licensing and commercial transactions and shall be jointly selected and mutually approved by the parties or, if the parties are unable to agree, shall be appointed by the American Arbitration Association ("AAA"). The arbitration shall be conducted in accordance with the AAA's rules of commercial arbitration. The parties initially shall share equally the fees and expenses of the arbitration. However, the prevailing party (if applicable and as determined by the arbitrator) shall be entitled to recover from the non-prevailing party all such fees and expenses (including without limitation reasonable attorneys' fees). Any arbitration decision so rendered shall be final and binding, and judgment thereon may be entered in any court of competent jurisdiction.

**12.4 Waivers.** All waivers must be in writing. Any waiver or failure to enforce any provision of the Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

**12.5 Severability.** If any provision of the Agreement is unenforceable, such provision will be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law and the remaining provisions will continue in full force and effect.

**12.6 Force Majeure.** No party shall be liable for failure or delay in performing its obligation (other than payment of money) for causes beyond its reasonable control.

**12.7 Entire Agreement; Counterparts.** This Agreement, together with any Exhibits and related Sales Orders, constitutes the entire agreement between the parties regarding the subject hereof and supersedes all prior or contemporaneous agreements, understandings, and communication, whether written or oral. This Agreement shall not be modified except by a subsequently dated written amendment signed by an officer of CUSI and a duly authorized representative of Licensee. This Agreement may be executed in counterparts, which taken together shall form one legal instrument.

IN WITNESS WHEREOF, the parties by their authorized representatives have entered into this Agreement as of the Effective Date.

<b>CONTINENTAL UTILITY SOLUTIONS, INC.</b> Signed: _____ Name: Michael F Guerriero Title: President Date: _____	<b>LICENSEE: City of Fargo</b> Signed: _____ Name: Steve Sprague Title: City Auditor Date: _____
	<b>LICENSEE: City of Fargo</b> Signed: _____ Name: Timothy Mahoney Title: Mayor, City of Fargo Date: _____

EXHIBIT A

TECHNICAL SUPPORT SERVICES

Continental Utility Solutions, Inc. ("CUSI") will provide technical support and maintenance services for the computer software program Utility Management Solution .Net, any associated modules, add-ons or interfaces, and any modified, updated or enhanced versions of such programs ("Licensed Software") based upon the following terms and conditions and those set forth in the Agreement:

- 1. Technical Support Services:** Technical support services shall include call management, entitlement verification, issue prioritization, installation assistance, issue analysis, program error re-creation, application diagnostics and the corresponding resolution of such issue or issues through operational instruction or corrections to the object code of the application.
- 2. Maintenance Services:** Maintenance Services shall include all updates for the Licensed Software, including any related documentation, which is commercially released during the term of this Technical Support and Maintenance Services Agreement. Updates consist of new releases which may provide functional enhancements and error corrections. New products or separately serialized modules are not included in this Agreement. The Licensee understands and agrees that they shall have sole responsibility for the installation of any updates.
- 3. Scope of Services:** Services shall be provided during normal hours of operation Monday through Friday 7:00 AM to 6:00 PM Central Time excluding national holidays. Basic services shall include unlimited toll free, fax and email access to Technical Support as well as online access to CUSI's Client Services Website. Enhanced services may also be made available by CUSI from time to time and contracted by Licensee.
- 4. Term:** Subject to the terms of this Agreement and the Software License Agreement, the Licensee is entitled to receive services described herein for a period of one year. The first year of service will begin 90 days from the purchase date of the Licensed Software following the Software Warranty Period.
- 5. Annual Renewal of Service:** Thirty (30) days prior to the annual expiration date of service CUSI will send to Licensee an invoice for the annual renewal of services pursuant to the current terms, conditions and pricing then in effect. Such service will be automatically renewed unless canceled in writing by Licensee prior to the annual expiration date or in the event of non-payment.
- 6. Fees:** Fees for such services are charged on an annual basis and are equal to twenty two percent (22%) of the then-current list price of the Licensed Software. Such amount is calculated on the date of annual renewal based upon the list price of the Licensed Software as if it were being purchased at such time. The Licensee will be invoiced for annual renewals on or before the date of expiration of the then current term. CUSI reserves the right to amend its Fees annually with prior written notice.
- CUSI reserves the right to charge Licensee Fees for services rendered in connection with reported program errors which are subsequently determined to have been due to hardware or software not supplied by CUSI. CUSI will perform such services on a time and materials basis. Notwithstanding the foregoing, CUSI does not have an obligation to perform technical support services related to hardware or software not supplied by CUSI.
- 7. Payment:** Licensee is responsible for the full payment including any applicable sales and/or use taxes. In the event of non-payment this Agreement shall immediately expire and the Licensee shall not be entitled to receive the services described herein. In the event of cancellation of services during the annual period, no refund, pro-rated or otherwise, will be provided.
- 8. Reinstatement of Services:** In the event of cancellation of or non payment for Technical Support Services, any subsequent renewals will be subject to a reinstatement charge of 25% multiplied by the then current Licensed Software license fee, plus any unpaid historical and current annual Fees.
- 9. Registered Users:** Licensee shall provide and maintain a list of registered users that may be contacted by CUSI in support of this Agreement. Licensee may amend the list of registered users at any time by providing written notice to CUSI.
- 10. Conditions of Service:** The receipt and use of the Licensed Software is subject to the terms and conditions of the original Software License Agreement and the adherence to associated documentation and maintenance of the system requirements of the Licensed Software. CUSI reserves the right to suspend Technical Support Services for any outdated Versions of the Licensed Software with prior notification to Licensee.



Sales Representative: Kimberly Evert-Kuhn

P. O. Box 1515

Jonesboro, AR 72403

www.cusi.com

(800) 240-1420

## Sales Agreement

February 4, 2020



City of Fargo  
225 4th Street North  
Fargo, ND 58102

Steve Sprague, City of Fargo Auditor  
Timothy Mahoney, City of Fargo Mayor  
760-241-1310



### Economic Summary

detailed descriptions attached

	Monthly	Implementaiton
UMS.NET On Premise Implemenation Service		\$165,400.00
UMS.NET On Premise Per Service Location	\$0.21	
Payment Solutions	Turnkey	\$475.00
Website Solutions	Turnkey	Turnkey
Hardware		\$700.00
		<b>\$166,575.00</b>

### Payment Terms

Services Due 15 Days From Date of Invoice. Monthly Fees begin upon Go Live.



### Purchaser Authorization

We certify that as signators that we have purchasing authority for City of Fargo.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



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### UMS.NET On Premise

34,000	Service Location Licenses per service location	\$0.21	\$7,140.00
30	Named User Licenses		
1	Test Environment License		
	<i>A replicated software installation installed in a non-operating environment to facilitate software version testing.</i>		

### UMS.NET On Premise Monthly Utility Billing Core Modules

- 1 ACH Bank Draft (First Layout Included)
- 1 Lockbox Layout (First Layout Included)
- 1 Secure Ebill Module

### UMS.NET On Premise Monthly Add-On Modules

- 1 Electronic Payment Module
- 1 IVR Module
- 1 Text Messaging Module





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### UMS.NET On Premise Monthly Add-On Interfaces

- 1 Accounting Interface - Central Square
- 1 Automatic Meter Reading (AMR) Interface - Neptune
- 1 Call Recording Software - High Point
- 1 Check Imaging Interface - Remit Plus
- 1 Credit Card Terminal Interface - Stripe
- 1 Third Party Printing Interface - Infosend
- 1 VOIP Interface - Mitel
- 1 Website Interface - Cusi Customer Web Portal
- 1 Data Export/Import Interface - Custom Storm Sewer Import

---

### UMS.NET On Premise Monthly Technical Support & Maintenance:

- 1 UMS Monthly Technical Support & Maintenance:  
800 Line Voice, Online, Email Support, Client Services Website, Application  
Updates



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### UMS.NET On Premise Implementation Services

1 Advanced Data Conversion Package for up to 34,000 locations*	\$1.00	\$34,000.00
Includes 1 year complete data conversion, data extraction, multiple data source conversion, and additional rounds of conversion.		
3 Additional Year(s) Usage History Data Conversion	\$0.25	\$25,500.00
3 Additional Year(s) Financial History Data Conversion	\$0.25	\$25,500.00
*Complete data must be provided in a ASCII, delimited, or SQL format. Data extraction and data cleanup will be invoiced based upon time and effort at Cusi current services rate. Cusi will invoice client the greater of the number of service locations provided in this Sales Agreement or the actual number of service locations converted.		
1 Cusi Certified Implementation	\$30,000.00	\$30,000.00
Includes Application Implementation, Installation, Setup, Formatting, Testing, Transition Support, & Project Management		
15 Days of Cusi Certified Training & Onsite Consulting	\$1,400.00	\$21,000.00
Includes Application & Database Training for All Users as Applicable		
3 Custom Dashboards Designed, Developed and Integrated	\$1,400.00	\$4,200.00
2 Custom Reports Designed, Developed and Integrated	\$1,400.00	\$2,800.00

### UMS.NET On Premise Custom Development Configuration

10 Days for Custom for Customer JWT Single Sign On	\$1,400.00	\$14,000.00
3 Days Custom Configuraiton - Remit Plus	\$1,400.00	\$4,200.00
3 Days Custom Configuraiton - Call recording	\$1,400.00	\$4,200.00

Travel expenses for on-site work will be billed separately.



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**Sales Agreement** February 4, 2020



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**Economic Summary**

UMS.NET On Premise	\$0.21
UMS.NET On Premise Implementation Services	\$165,400.00
	<u><u>\$165,400.00</u></u>



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### Payment Solutions

#### Turnkey Merchant Services

billed by provider

- 1 Turnkey Merchant Services Package - Service fee will be the greater of: \$2.95 or 3% per transaction

*Includes Visa, MasterCard, Discover Merchant Services, Payment Gateway Service, and Electronic Check Merchant Services. Figures based on an Average Bill Estimate of \$0 and a High Bill Estimate of \$0. Average bill estimate and service fee subject to annual review. Cusi reserves the right to bill a minimum monthly fee of \$20.00 to recover any losses from inactive merchant accounts or accounts that do not cover fixed processing costs.*

#### IVR Solution

billed by provider

- |                                                     |                   |
|-----------------------------------------------------|-------------------|
| 1 IVR Technology Group - Inbound and Outbound IVR   | Turnkey           |
| 1 Inbound and Outbound Usage Fee                    | Turnkey           |
| 1 ITG - Inbound and Outbound IVR One-Time Setup Fee | \$475.00 \$475.00 |

#### Text Messaging Solution

- |                                          |         |
|------------------------------------------|---------|
| 1 Cusi SMS Messaging Service Monthly Fee | Turnkey |
| 1 Cusi SMS Messaging Service Usage Fee   | Turnkey |



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### Economic Summary

Turnkey Merchant Services	\$0.00
IVR Solution	\$475.00
Text Messaging Solution	\$0.00

**Total** \$475.00



### Comments

Turnkey services for this rate includes the use of electronic checks. Should you opt out of offering electronic check services your rate will be amended to \$3.20 or 3% per transaction.



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### Website Solutions

#### Cusi Advanced Customer Web Portal - Turnkey Merchant Services

1 Cusi Customer Web Portal 2.0	\$12,000.00	\$12,000.00
Includes Design, Setup, Configuration, and Training Services.		
1 Cusi Customer Web Portal 2.0 Annual Service	\$8,500.00	\$8,500.00
Includes Technical Support, Maintenance, and Hosting.		

Note: To have full live functionality of the customer web portal a server must be in place that meets the necessary requirements. Failure to have the necessary hardware in place will result in your CWP installation being forced to use a daily batched file exchange and will experience decreased functionality.



### Economic Summary

Cusi Advanced Customer Web Portal - Turnkey Merchant Services	\$20,500.00
Cusi Turnkey Merchant Services Discount	-\$12,000.00
Cusi Turnkey Merchant Services Annual Discount	-\$8,500.00
<b>Total</b>	<b>\$0.00</b>



### Comments

Purchasing additional Cusi software, modules, and interfaces may have an impact on your annual technical support rate upon your next CWP Annual Service renewal.



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### Hardware

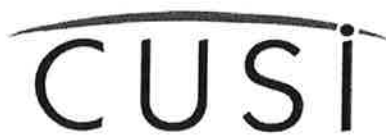
2 Stripe EMV Credit Card Terminal	\$350.00	\$700.00
Includes Cradle and USB Cable		



### Economic Summary

Hardware	\$700.00
----------	----------

**Total** \$700.00



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## Sales Agreement

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### Terms of Sale

Company has ordered and agrees to purchase from CUSI the products and services defined under this Sales Agreement at the listed quantities and rates. Upon receipt of an executed Sales Agreement CUSI shall ship all products to the Company address and contact defined above and services shall be scheduled and initiated. Company acknowledges that CUSI's products and services are subject to the terms and conditions of a separate Software License Agreement between Company and CUSI located at [www.cusi.com/legal](http://www.cusi.com/legal). CUSI hereby disclaims all representations and warranties with respect to any product which is not manufactured or otherwise created by CUSI, whether express, implied or statutory including but not limited to, any warranties of merchantability, fitness for a particular purpose, title or non-infringement. Monthly or yearly rates for services provided by CUSI or third parties may be subject to price increases with or without notice. Payment for products and services shall be made by Company based upon the Payment Terms defined in the Sales Agreement. Any service requiring CUSI or third parties to travel will incur corresponding expenses that will be billed actual as incurred unless otherwise noted. Travel requiring more than 5 hours of travel time will be billed an additional charge equal to 50% of the daily rate. Company understands and agrees that it is responsible for paying any sales, use, excise or transaction taxes with respect to the products and services under this Sales Agreement. If Company is tax exempt, company shall provide CUSI with such tax exemption documentation. If Company is not tax exempt or does not provide exemption documentation, CUSI shall invoice for such applicable taxes on each invoice. In the event that CUSI does not invoice sales or similar taxes to Company and such taxes are ultimately determined to be due by a government entity or court of law, Company agrees to pay in full all such taxes, including any applicable interest or penalties. In the event the tax exemption documentation provided by the Company is disallowed or deemed invalid, Company agrees to pay in full all such taxes, including any applicable interest or penalties.

### Tax Exempt Status

Initial where appropriate:

☒
This entity **IS EXEMPT** from sales tax and will provide or has provided our exemption certificate
☐ This entity **IS NOT EXEMPT** from sales tax

### Additional Transaction Terms

Future purchases of incremental software licenses, add on modules and add on interfaces are subject to an adjustment of the software as a service rate and will take effect the month following installation and configuration of such license. Any adjustments to the software as a service rate will be documented in a Sales Agreement subject to final execution by client. CUSI agrees to 22% for Annual Support and Maintenance Fees for a period of two years. Thereafter CUSI reserves the right to amend its Fees annually with prior written notice. For a period of ninety (90) days after the go-live date of the Licensed Software (the "Software Warranty Period"), CUSI warrants that the Licensed Software, when used as permitted by CUSI and in accordance with the Documentation, will operate substantially as described in the Documentation.

### Quotation Terms

This quote is valid until 03/05/2020. Quote was created using Sales Agreement Version: 2020.01.10

### Execution Instructions

**Execute, date, and email all pages to sales representative. Include Tax Exempt Certificate and Sign Off page from Pre-Sale Implementation Guide.**





February 10, 2020

**To: Board of City Commissioners**  
**Fr: Michael Redlinger, Assistant City Administrator**  
**Re: Performing Arts Task Force Final Report**

At the February 10, 2020 City Commissioner meeting, the Commission will receive an update on the Performing Arts Task Force and accept its Final Report. A copy of the Final Report is attached for your review, and a bound booklet will be provided to the Commission at the February 10 meeting. Following receipt of the Final Report, an electronic copy will be placed on the City of Fargo website.

Rob Remark, JLG Architects, will provide a presentation that summarizes the discussion topics of the Task Force; a market analysis performed by HVS Consulting; and an updated cost estimate for the 2015 building program developed previously by the City and HVS. At the conclusion of the presentation, the City Commission will be asked to provide feedback and direction on next steps for the Performing Arts Center project.

**Recommended Action:** Receive and file the Performing Arts Task Force Final Report and discuss next steps for the project.

Attachment: Performing Arts Task Force Final Report

# FARGO PERFORMING ARTS CENTER

FARGO, NORTH DAKOTA

UPDATE TO 2015 FEASIBILITY ANALYSIS | 2019





Mr. Michael Redlinger  
Assistant City Administrator  
City of Fargo  
225 4th St N  
Fargo, North Dakota, 58102  
MRedlinger@FargoND.gov

Dear Mr. Redlinger:

Provided in this document is a synthesis of the work completed by the 2019 Fargo Performing Arts Center (PAC) Task Force. This document serves as an update to the 2015 Fargo Performance Center Feasibility Analysis; primarily documenting the work completed by the re-engaged Fargo PAC Task Force and confirming that the general interest, commitment and market viability found in 2015 remains and is only more viable in 2019.

JLG Architects, and HVS Convention, Sports and Entertainment Facilities Consulting certifies that we have no undisclosed interest in the properties studied, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Thank you for the opportunity to revisit this incredible effort. The City of Fargo has many great projects in progress. The consideration of this one-of-a-kind endeavor remains exciting to imagine the opportunities it would be bring to the community and region. It will be a game changer.

It is a pleasure working with you and your team. We look forward to the evolution of this project.

Sincerely,  
JLG Architects

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# **1.0 INTRODUCTION TO 2019 FEASIBILITY ANALYSIS UPDATE**

Updated Feasibility Study 2015 | 2019

In early 2019 the City of Fargo commissioned a local task force to re-engage in the discussion of the Fargo Performance Center. The primary charge of the task force was to revisit the 2015 Fargo Performance Center Feasibility Analysis to verify that market viability of the perspective project remained in 2019. Additionally, with the time elapsed from the previous study and the immense City-wide development, the 2019 Fargo Performing Arts Task Force was also charged with confirming the site selection, surveying new and existing stakeholders, updating the proposed project development costs to future escalated costs and discussing prospective financing and fundraising options.

## 2015 STUDY

Original study conducted in the spring of 2015

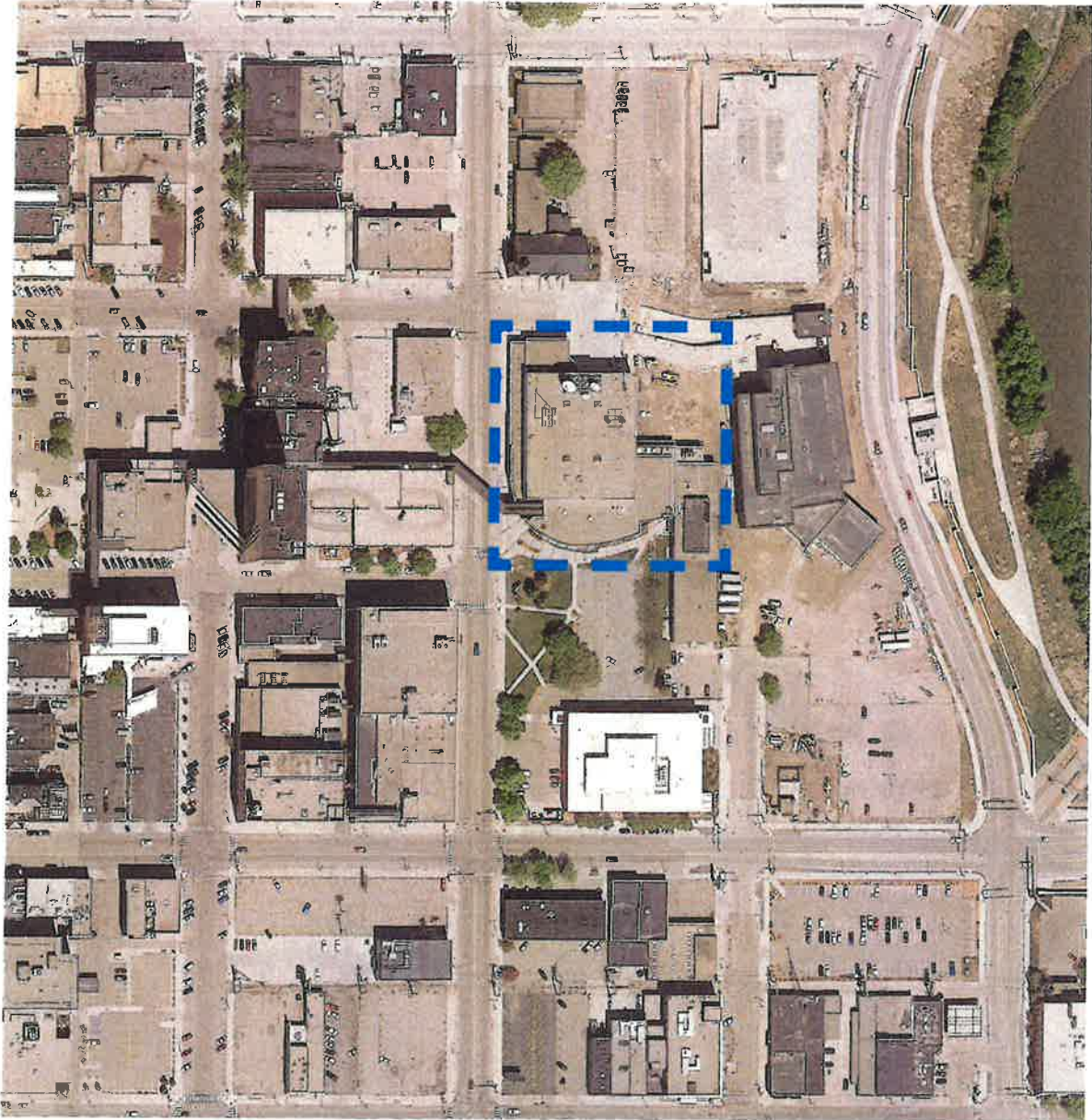
- Analyzed market for a performance center
- Interview stakeholders
- Evaluated alternative building programs
- Projected event demand
- Analyzed financial operation
- Provided project costs estimates
- Recommended and approach to financing
- Estimated economic impact

## 2019 UPDATE

Revisited 2015 study in 2019 to confirm market viability remained

- Additional site considerations, verified site selection
- Surveyed new and existing stakeholders
- Analyzed market for a performance center (2019 update)
- Projected event demand (2019 update)
- Analyzed financial operation (2019 update)
- Provided project costs estimates (2019 update)
- Caste study financing approaches
- Fargo specific financing approaches
- Recommended approaches to financing
- Preliminary fundraising discussions
- Estimated economic impact

**AERIAL VIEW OF THE FARGO CIVIC CENTER - PROPOSED LOCATION FOR FUTURE FACILITY**





## 2.0 USERS & STAKEHOLDERS VERIFICATION

2019 updated stakeholders survey description,  
questions and summary



In 2015, user and stakeholder engagement were the critical avenue to establish the appropriate project goals and proposed building program. The building goals and program was then utilized to propose building size, amenities, and operating cost, in order to accurately perform feasibility proformas and lastly to determine viability.

In 2019, for the update to the 2015 Feasibility Analysis, it was determined that the PAC task force would not be updating the previously established building program but would use that program to confirm viability remained in escalated construction cost.

To confirm the project continued to have community support from users and stakeholders, the 2019 PAC task force distributed a digital survey to both the 2015 stakeholder group as well as a new group of potentially interested parties.

In response to the survey, six existing stakeholders from the 2015 study responded and twenty-two (22) new individuals responded with comments and feedback. In summary, the feedback remained consistent with the responses of the 2015 interviews of stakeholders. A sample of comments received are noted below.

#### **EXISTING STAKEHOLDERS:**

- One indicated growing audiences
- Some new concerts series have been established since 2015
- Continued interest in Performance Center (if affordable)

#### **NEW STAKEHOLDERS:**

- Student and parents audiences
- High level of interest for school performances and graduations
- Emphasize the need for a multi-purpose venue
- Affordability is an issue raised by many respondents

**2015 EXISTING USER AND STAKEHOLDER SURVEY GROUP INCLUDED:**

- Jade Presents
- Fargo/ Moorhead Opera
- Fargo/Moorhead Symphony Orchestra
- Jam Theatricals
- Haney School of Dance
- Red River School of Dance
- Arts Partnership
- Theater B
- Fargo/Moorhead CVB
- Downtown Community Partnership
- Fargo/Moorhead Economic Development Corporation
- Fargo/Moorhead/West Fargo Chamber of Commerce
- Kilbourne Group
- Fargo/Moorhead Community Theater
- Trollwood Performing Arts School
- Scheels Arena
- Fargo Theater
- NDSU: Festival Concert Hall, Beckwith Recital Hall, Arkanase Auditorium, Walsh Studio Theater
- MSU Moorhead: Hanson Theater, Gaede Stage, Weld Hall, Fox Recital Hall
- Concordia College: Memorial Auditorium, Frances Frazier Cornstock Theater, Recital Hall

**2019 NEW USER AND STAKEHOLDER SURVEY GROUP INCLUDED:**

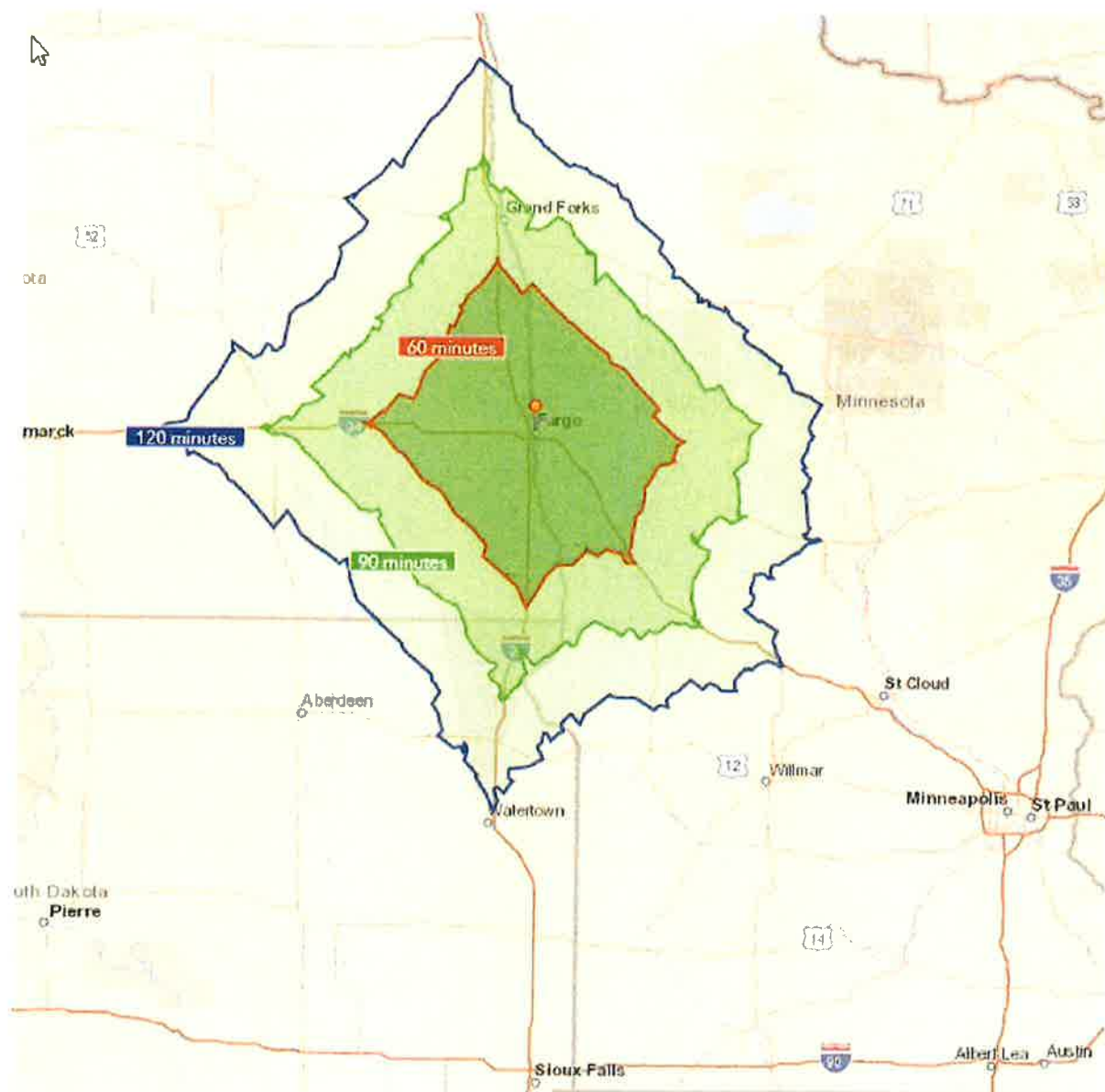
- City of Fargo
- City of Moorhead
- City of West Fargo
- Fargo Public Schools
- Moorhead Public Schools
- West Fargo Public Schools
- NDSU
- MSU Moorhead
- Concordia College
- Fargo Moorhead Area Youth Symphonies
- Fargo Moorhead Ballet
- Fargo Moorhead Choral Artists
- Lake Agassiz Concert Band
- Jam Productions
- Jam Productions
- Gate City Bank Theatre - FargoDome
- Fargo Moorhead Community Theater
- Fargo Moorhead Community Theater

\*Note, PAC task force members also did send the survey to additional perspective users and stakeholders

## **3.0 2019 VERIFICATION OF MARKET & PROJECT VIABILITY**

Drive time analysis Fargo-Moorhead venues,  
regional venues, suitability analysis, event demand,  
financial operations, spending

## DRIVE TIME ANALYSIS



\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.3

## DRIVE TIME POPULATION AND INCOME

Market	Population			Median Household Income (\$)		
	2015	2018	% Change	2015	2018	% Change
Fargo MSA	231,285	251,294	8.7%	54,406	58,165	6.9%
60-minute drive time	278,205	322,211	15.8%	52,730	57,535	9.1%
90-minute drive time	462,331	513,285	11.0%	51,339	56,229	9.5%
120-minute drive time	622,603	687,207	10.4%	50,962	55,500	8.9%

\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.4

## FARGO/MOORHEAD VENUES CAPACITY AND USES

Venue	Location	Seating Capacity	Typical Event Types / Users
FARGODOME	Fargo	3,200 - 19,000	sports, tradeshow, concerts, assemblies, theater
Scheels Arena	Fargo	4,000 - 5,500	sports, trade shows, concerts
Memorial Auditorium	Moorhead (Concordia)	1,800 - 7,000	sports, Concordia programs
Fargo Civic Center	Fargo	1,500 - 3,000	sports, concerts
Bluestem Center for the Arts *	Moorhead	3,000	Trollwood programs, concerts
Festival Concert Hall	Fargo (NDSU)	990	NDSU programs, symphony, opera
Fargo Theatre	Fargo	900	films, concerts, assemblies
Hanson Theater	Moorhead (MSUM)	850	MSUM programs, recitals
Francis Frazier Cornstock Theater	Moorhead (Concordia)	400	Concordia programs
Askane Auditorium	Fargo (NDSU)	380	NDSU programs
The Stage at Island Park	Fargo	330	community theater
Gaede Stage	Moorhead (MSUM)	322	MSUM programs, theater
Weld Hall**	Moorhead (MSUM)	275	MSUM programs, classes
Christiansen Recital Hall	Moorhead (Concordia)	250	Concordia programs
Beckwith Recital Hall	Fargo (NDSU)	200	NDSU programs, recitals
Fox Recital Hall	Moorhead (MSUM)	120	MSUM programs, classes
Theatre B	Moorhead	72	professional theater
Walsh Studio Theater	Fargo (NDSU)	black box	NDSU programs

\*Outdoor amphitheater with fixed and lawn seating

\*\* State provided \$628,000 for renovation of Weld Hall in 2018.

\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.12

## COMPARABLE REGIONAL VENUES

Name of Venue	Location		Year Opened or Renovated	Seating Capacity
Paramount Theatre	Cedar Rapids	IA	2012	1,690
Adler Theatre	Davenport	IA	2006	2,400
Globe News Center	Amarillo	TX	2006	1,300
Clay Center	Charleston	WV	2003	1,883
Fox Cities Performing Arts Center	Appleton	WI	2002	2,072
Orpheum Theatre	Sioux City	IA	2001	2,459
Washington Pavilion	Sioux Falls	SD	1999	1,900
Lied Center for Performing Arts	Lincoln	NE	1990	2,000
Alberta Bair Theatre	Billings	MT	1987	1,410
Chester Fritz Auditorium	Grand Forks	ND	1972	2,384
Centennial Concert Hall	Winnipeg	MB	1968	2,305

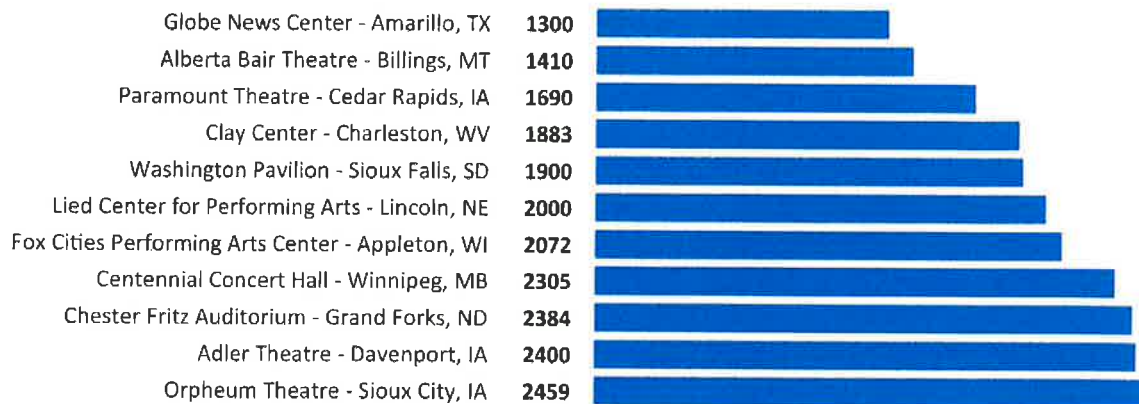
\*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 4.1

## TENANTS OF COMPARABLE VENUES

Name of Venue	Symphony	Opera	Ballet	Broadway Series	University
Orpheum Theatre					
Adler Theatre					
Chester Fritz Auditorium					
Centennial Concert Hall					
Fox Cities Performing Arts Center					
Lied Center for Performing Arts					
Washington Pavilion					
Clay Center					
Paramount Theatre					
Alberta Bair Theatre					
Globe News Center					

\*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 4-3

## COMPARABLE REGIONAL VENUES



\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 4.4

## SUITABILITY ANALYSIS

2018 Total Population			2018 Median Household Income (\$)			2018 Median Age		
Charleston	783,132		Appleton	64,776		Davenport	40	
Davenport	386,682		Cedar Rapids	61,956		Billings	40	
Lincoln	337,054		Sioux Falls	60,572		Appleton	39	
Cedar Rapids	276,375		<b>Fargo</b>	<b>58,165</b>		Cedar Rapids	39	
Amarillo	271,627		Charleston	57,905		Sioux City	38	
Sioux Falls	268,153		Lincoln	57,277		Charleston	37	
<b>Fargo</b>	<b>251,294</b>		Billings	55,314		Sioux Falls	36	
Appleton	240,427		Sioux City	53,950		Amarillo	36	
Billings	177,338		Grand Forks	53,948		Lincoln	35	
Sioux City	174,546		Davenport	53,497		Grand Forks	34	
Grand Forks	107,051		Amarillo	52,495		<b>Fargo</b>	<b>34</b>	

## SUITABILITY ANALYSIS (CONTINUED)

College Graduates			Entertainment Spending Index			Theater Tickets		
Charleston	119,362		Charleston	97		Charleston	18,387,302	
Lincoln	55,311		Appleton	97		Davenport	8,842,683	
Davenport	47,997		Cedar Rapids	97		Lincoln	7,996,493	
<b>Fargo</b>	<b>44,157</b>		Sioux Falls	95		Cedar Rapids	6,796,252	
Cedar Rapids	40,401		<b>Fargo</b>	<b>94</b>		<b>Fargo</b>	<b>6,188,649</b>	
Sioux Falls	40,101		Billings	93		Sioux Falls	6,186,104	
Appleton	34,781		Lincoln	93		Appleton	5,747,758	
Amarillo	28,928		Davenport	90		Amarillo	5,542,723	
Billings	26,424		Sioux City	89		Billings	4,275,052	
Sioux City	17,475		Grand Forks	89		Sioux City	3,306,585	
Grand Forks	14,822		Amarillo	88		Grand Forks	2,390,302	

## SUITABILITY ANALYSIS (CONTINUED)

Rank	City	2018 Total Population	2018 Median Household Income (\$)	2018 Median Age	College Graduates	Entertainm ent Spending Index	Theater Tickets	Weighted Destination Score
1	Charleston	1.00	0.89	0.91	1.00	1.00	1.00	0.967
2	Lincoln	0.43	0.88	0.97	0.46	0.96	0.43	0.690
3	Davenport	0.49	0.83	0.83	0.40	0.93	0.48	0.660
4	<b>Fargo</b>	<b>0.32</b>	<b>0.90</b>	<b>1.00</b>	<b>0.37</b>	<b>0.97</b>	<b>0.34</b>	<b>0.649</b>
5	Cedar Rapids	0.35	0.96	0.87	0.34	1.00	0.37	0.647
6	Sioux Falls	0.34	0.94	0.93	0.34	0.98	0.34	0.643
7	Appleton	0.31	1.00	0.86	0.29	1.00	0.31	0.629
8	Amarillo	0.35	0.81	0.94	0.24	0.91	0.30	0.591
9	Billings	0.23	0.85	0.84	0.22	0.96	0.23	0.555
10	Sioux City	0.22	0.83	0.89	0.15	0.92	0.18	0.532
11	Grand Forks	0.14	0.83	0.99	0.12	0.92	0.13	0.521



## EVENT DEMAND ESTIMATES

- Assumed new opening year in 2022
- Four year ramp up to stabilization

	Opening			Stabilized
	2022	2023	2024	2025
<b>Events</b>				
Concerts & Entertainment	20	22	25	28
Touring Theater	10	12	14	16
Symphony	11	11	11	11
Opera	4	4	4	4
Ballet/Dance	10	10	10	10
Local Theater	20	25	30	30
Assemblies	7	8	9	10
Banquets & Social	32	36	41	45
Other	5	5	5	5
<b>Total</b>	<b>119</b>	<b>133</b>	<b>149</b>	<b>159</b>
<b>Attendees</b>				
Concerts & Entertainment	33,000	36,300	41,250	46,200
Touring Theater	20,000	24,000	28,000	32,000
Symphony	12,100	12,100	12,100	12,100
Opera	2,400	2,400	2,400	2,400
Ballet/Dance	3,500	3,500	3,500	3,500
Local Theater	2,000	2,500	3,000	3,000
Assemblies	7,000	8,000	9,000	10,000
Banquets & Social	4,800	5,400	6,150	6,750
<b>Total</b>	<b>84,800</b>	<b>94,200</b>	<b>105,400</b>	<b>115,950</b>

\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 6.4

## FINANCIAL OPERATIONS

- Change from prior pro forma reflect impact of inflation on revenue and expenses.
- Used actual CPI to update
- Assumed 2.5% inflation in the projection period.

	Opening		Stabilized	
	2022	2023	2024	2025
<b>Revenue</b>				
Theater Rental	\$328	\$369	\$418	\$463
Gross Ticket Sales	2,978	3,461	4,069	4,706
Facility Fee	139	160	185	211
Function Space Rental	25	29	34	39
Food & Beverage (Gross)	779	886	1,025	1,162
Event Services (Gross)	93	100	109	114
Novelty (Gross)	411	465	542	623
Advertising	116	119	122	125
Other Revenue	23	24	24	25
<b>Total Revenue</b>	<b>\$4,892</b>	<b>\$5,613</b>	<b>\$6,528</b>	<b>\$7,467</b>
<b>Cost of Sales</b>				
Promoter Costs	\$2,680	\$3,115	\$3,662	\$4,236
Food & Beverage Costs	545	620	717	813
Event Services Costs	79	85	92	97
Novelty Costs	328	372	434	498
<b>Total Cost of Sales</b>	<b>\$3,633</b>	<b>\$4,192</b>	<b>\$4,905</b>	<b>\$5,644</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,260</b>	<b>\$1,421</b>	<b>\$1,623</b>	<b>\$1,823</b>
<b>Operating Expense</b>				
Salaries & Benefits	\$651	\$668	\$684	\$701
Administrative & General	131	144	159	174
Contractual Services	72	80	90	100
Operations and Maintenance	121	136	155	174
Utilities	379	406	440	474
<b>Total Operating Expense</b>	<b>\$1,355</b>	<b>\$1,433</b>	<b>\$1,527</b>	<b>\$1,624</b>
<b>Non-Operating Expense</b>				
Management Fee	\$116	\$119	\$122	\$125
Capital Maintenance Reserve	147	168	196	224
<b>Total Non-Operating Expense</b>	<b>\$263</b>	<b>\$287</b>	<b>\$318</b>	<b>\$349</b>
<b>TOTAL NET INCOME (LOSS)</b>	<b>(\$358)</b>	<b>(\$300)</b>	<b>(\$722)</b>	<b>(\$149)</b>

\*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 7.9

## GROSS DIRECT SPENDING

### Gross Direct Spending by Source\*

	2022	2023	2024	Stabilized Year
<b>City of Fargo</b>				
Delegate Overnight Spending	742,256	840,583	959,142	1,076,264
Daily Delegate Spending	2,052,709	2,303,523	2,618,812	2,931,055
Facility Revenue	845,400	931,284	1,043,351	1,146,971
<b>Total</b>	<b>3,640,365</b>	<b>4,075,390</b>	<b>4,621,305</b>	<b>5,154,289</b>

Stated in constant 2019 dollars.

## VISITOR SPENDING UPDATE

Daily Spending Per Overnight Stay		Amount In 2019 dollars	\$126.56
Hotel Average Daily Room Rate	\$57.07	45%	<div></div>
Food services and drinking places	14.81	12%	<div></div>
Retail stores - general merchandise	8.91	7%	<div></div>
Transit and ground passenger transportation	7.15	6%	<div></div>
Performing arts companies	33.92	27%	<div></div>
Other personal services	4.71	4%	<div></div>
Total	\$126.56	100%	

Daily Spending Per Day-trip Visitor		\$69.49	
Food services and drinking places	\$14.81	21%	<div></div>
Retail Stores - General Merchandise	8.91	13%	<div></div>
Transit and ground passenger transportation	7.15	10%	<div></div>
Performing Arts Companies	33.92	49%	<div></div>
Other personal services	4.71	7%	<div></div>
Total	\$69.49	100%	

Sources: Arts &amp; Economic Prosperity IV, STR, and HVS

\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 6.4

## TOTAL SPENDING IMPACT

Net Direct, Indirect, and Induced Spending*					
	2022	2023	2024	2025	2026
<b>City of Fargo</b>					
Net Direct	3,308,885	3,704,300	4,200,495	4,684,948	4,684,948
Indirect	1,284,551	1,438,053	1,630,679	1,818,746	1,818,746
Induced	558,801	625,576	709,375	791,187	791,187
<b>Total City of Fargo</b>	<b>5,152,237</b>	<b>5,767,930</b>	<b>6,540,549</b>	<b>7,294,881</b>	<b>7,294,881</b>

\*Stated in constant 2019 dollars.

## 4.0 SITE STUDY AND VERIFICATION

Comparison of sites with scorecard,  
parking and walking distances

FARGO PERFORMING ARTS CENTER  
4.0 SITE STUDY & VERIFICATION

As part of the 2019 update to the 2015 feasibility analysis, the PAC task force was requested to study and review three prospective site locations. The three site locations studied were: the site currently occupied by the Fargo Civic Center, the current parking lot located south of Fargo City Hall at the corner of 1st Avenue and 2nd Street, and the current Mid America Steel site. This work was completed in collaboration with Bishop Land Design and the PAC task force. At the time of the site analysis, Bishop Land Design was working closely with the City on the design of the current and future Fargo Civic Plaza. With their study they had relevant insight into the future development of the potential sites. During the analysis, the process concluded that the parking lot south of City Hall, as well as, the Civic Center location were the most viable sites for further study. The scorecard and diagrams illustrate the approach the PAC task force utilized to analyze the sites and concluded that the Civic Center location is the recommend site.

## SITE SCORECARD

Adjacencies	Site A	Site B
Parking	7	5
Skyway	9	3
Downtown Amenities	8	6
Walkability – Park Once	8	6
Civic Plaza	10	10
<b>Accessibility</b>		
Car Access	7	5
Service Access	8	4
Visibility/Presence	6	8
<b>Economic Impact</b>		
Construction Cost	8	6
Operations Cost	8	6
Downtown District	9	7
Development Catalyst	7	8
<b>Technical/Logistics</b>		
Physically Fits	8	6
Flood (Elevation)	7	5
Existing Constraints	8	6
Site Availability	6	8
<b>Total</b>	<b>124</b>	<b>99</b>



## PARKING &amp; WALKING RADIUS

PUBLIC PARKING	DISTANCE	AVAILABLE PARKING	FACILITY SIZE
CIVIC CENTER RAMP	300 FEET	100	250
BLOCK 9 GARAGE	700 FEET	200	379
ROCO GARAGE	1,200 FEET	200	454
GTC GARAGE	1,200 FEET	150	185
CITY CENTER SURFACE	700 FEET	100	111
CITY HALL/LIBRARY SURFACE	200 FEET	149	149
PROPOSED MERCANTILE	1,350 FEET	200	370
EVENT STAFF PARKING		AVAILABLE PARKING	FACILITY SIZE
CITY HALL - INDOOR		50	80
CITY CENTER - INDOOR		60	110



SITE A

SITE B



## **5.0 BUILDING PROGRAM & ESTIMATED DEVELOPMENT COSTS**

Proposed building program and budget summary

## 5.0 BUILDING PROGRAM &amp; ESTIMATED DEVELOPMENT COSTS

## FRONT OF HOUSE DETAILED PROGRAM

Level	Area	Quantity	Each sf	Net sf
1	Lobby - Orchestra (Main)	1	15600	15600
2	Lobby - Balcony	1	6000	6000
3	Lobby - Gallery	1	3200	3200
0-3	Elevator - Public	2	200	400
0	Elevator Equipment	1	48	48
0-3	Public Rest Room - Men	1	28 fixtures	963
0-3	Public Rest Room - Women	1	44 fixtures	1760
0-3	Janitor	3	48	144
1	Box Office	1	200	200
1	Box Office Will-Call Area	1	120	120
1	Box Office Manager	1	120	120
0	House Manager	1	120	120
0	Ushers' Room	1	180	180
1	Coat Room	1	550	550
0-3	Concession Areas / Bars	8	180	1440
0	Concession Storage	1	300	300
1	Catering Prep Area	1	600	600
0	Catering Storage	1	200	200
0-3	FOH Storage	2	200	400
1	Security Office	1	150	150
1	First Aid Room	1	150	150
2	Executive Director	1	180	180
2	Administration Offices	3	120	360
2	Copy Room	1	100	100
2	Conference Room	1	300	300
			Sub-total	33,585
			Gross factor	1.40
<b>FRONT OF HOUSE TOTAL</b>				<b>47,019</b>

\* FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.8



### HOUSE AND STAGE DETAILED PROGRAM

Level	Area	Quantity	Each sf	Net sf
1	House - Orchestra (Main)	1	13000	13000
2	House - Balcony	1	5000	5000
3	House - Gallery	1	4000	4000
1-3	Vestibules	12	80	960
1	Stage	1	2400	2400
1	Stage Wings	2	1280	2560
1	Stage Apron	1	480	480
0	Orchestra Pit	1	780	780
0	Orchestra Pit Access	2	600	1200
0	Trap Room	0	1200	0
1	House Audio Mix Position	1	200	200
2	Box Boom Lighting Positions	4	100	400
2	Control Room	1	240	240
3	Follow Spot Room	1	240	240
4	Catwalks	1	2880	*
5	Forestage Gridiron	1	4000	*
4	Stage Galleries	3	720	*
5	Stage Gridiron	1	4960	*
			Sub-total	31,460
			Gross factor	1.50
<b>HOUSE AND STAGE TOTAL</b>				<b>47,190</b>

\*PROGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.9

## FARGO PERFORMING ARTS CENTER

## 5.0 BUILDING PROGRAM &amp; ESTIMATED DEVELOPMENT COSTS

**BACK OF HOUSE DETAILED PROGRAM**

Level	Area	Quantity	Each sf	Net sf
1	Green Room	1	750	750
1	Star Dressing Room	2	300	600
1	Principal Dressing Room	4	600	2400
2	Chorus Dressing Room	2	1200	2400
1	Janitor	1	48	48
1	Acoustic Shell Tower Storage	1	180	180
1	Piano Storage	1	96	96
1	Technical Director's Office	1	180	180
2	Production Staff Offices	4	120	480
1	Visiting Production Office	1	300	300
0	Crew Room	1	240	240
1	Loading Dock	1	300	300
1	Loading Area / Scenery Handling	1	600	600
1	Trash Room	1	150	150
0-2	Freight Elevator	1	360	360
0	Elevator Equipment	1	48	48
0	Production Storage	1	600	600
1	Wardrobe / Laundry	1	600	600
2	Lighting Dimmer Room	2	150	300
2	Lighting Storage	1	400	400
2	Audio Amps / Video Room	1	200	200
2	Audio / Video Storage	1	200	200
1	Rehearsal / Event Room	1	3000	3000
1	Rehearsal Vestibules	2	80	160
1	Rehearsal Storage	1	600	600
2	Rehearsal Control Room	1	200	200
3	Mechanical / Electrical Rooms	0	0	0
			Sub-total	15,392
			Gross factor	1.40
<b>BACK OF HOUSE TOTAL</b>				<b>21,549</b>

\*PROGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.10

## DEVELOPMENT COSTS

The work of the 2019 PAC task force did not include updating or modifying the proposed 2015 Feasibility Analysis building program of spaces. The program tables provided in this report are copies of the tables provided in the original 2015 report. The copied program is for reference of building size and is intended to be utilized to compare the suggested 2015 development cost with estimated development costs that have been escalated to the middle of the 2022 construction year. Escalation in building costs from year to year range based on economic and market nuances at a local, regional, national, and global level. Typically, the construction industry projects 3-4% annual inflation in industry costs. The range of low/medium to medium escalated development costs provided are suggested budget ranges from comparable facilities case studied in the region. Performing Arts Centers are developed in all types of sizes, shapes and costs. The development numbers provided are suggested values that align with the intent of the development costs proposed in the 2015 study and are aligned with the perspective cost of a facility of this caliber in the Fargo market.

	New Construction (2015 Study)	New Construction (2019 low/medium range)	New Construction (2019 medium range)
Demolition	\$1,000,000	\$1,000,000	\$1,000,000
Unit Cost (\$ per Sq Ft)	\$360	\$395.00	\$435.00
Building Area (Sq Ft)	115,757	115,757	115,757
Renovation/Construction Cost	\$41,672,520	\$45,724,015	\$50,354,295
Soft Costs and FF&E	16%	20%	20%
	\$6,667,603.20	\$9,144,803.00	\$10,070,859.00
Owner Contingency	5%	10%	10%
	\$2,083,626.00	\$4,572,401.50	\$5,035,429.50
Hazardous Material Removal	*		
	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00
<b>Total Cost</b>	<b>\$53,423,749</b>	<b>\$62,441,220</b>	<b>\$68,460,584</b>
<b>Total Project Cost Escalated to 2022</b>		<b>\$68,685,341</b>	<b>\$75,306,642</b>
Skyway Allowance	4,000,000	4,800,000	4,800,000
Seating Wagon Option	2,700,000	3,200,000	3,200,000

\*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 5.21

## **6.0 FINANCING & FUNDRAISING OPTIONS**

**6.0 FINANCING & FUNDRAISING OPTIONS**

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The final effort completed by the 2019 Fargo PAC task force was the review and discussion of potential funding strategies and fundraising processes.

A specific strategy or funding mechanism was not proposed or agreed to as part of the 2019 feasibility update. Rather, at the preliminary feasibility stage, options were presented for discussion and feedback purposes.

To-date, the Fargo City Commission and the PAC task force have not committed to a formula, or balance, of City-backed funds relative to privately raised funds. To progress the discussion, Kent Costin, the City of Fargo Director of Finance, presented financing options to be considered for the project. Additionally, the city shared an overview of the financing models previously executed for the completion of other significant city building projects such as the new Fargo City Hall, the Fargo Public Library, and the Fargo Dome, among others. Below is an overview of the options for further consideration presented to the Task Force.

**TAX EXEMPT FINANCING:**

- Use of municipal tax exempt financing
- Provides lowest possible fixed interest rate
- Backed by City of Fargo financial stability

**DEBT OPTIONS AVAILABLE:**

- **General Obligation Debt – backed by property tax pledge**
  - Backed by full faith and credit of the City of Fargo
  - Total GO debt outstanding = \$55,309,257\*
  - Limited by NDCC to 5% of Cities assessed valuation
  - Legal capacity = \$ 237,564,491\*
  - Current capacity already consumed = \$55,309,257 (23.3%)\*
  - Generally requires a vote of the public to issue GO debt. Preferred location is in a renewal district. NDCC does not require public vote under this code section. Limited to 20 year amortization period.
  - Provides the lowest interest rate possible as secured by property tax authority
  - \* - Source (2018 CAFR)
- **Revenue Debt – backed by cash reserves and dedicated revenue pledge**
  - Debt backed by dedicated revenue stream or streams
  - Typically requires a debt service fund reserve to assure payments
  - Higher risk and therefore, higher interest rate
  - Risk of default lies with the investor
  - Past Examples:
    - Sales tax revenue bonds used to fund the Fargodome construction with a 20 year authorization
    - Sales tax revenue bonds issued to fund Fargo Public Library
    - Sales tax revenue bonds issued to fund flood control projects
- **Annual Appropriation Debt – backed by our promise to repay bonds**
  - Backed by promise to repay debt
  - Slightly higher interest than GO debt
  - Can use longer amortization periods (25 years)
  - No requirement for public vote
  - Has been used in the past for Fargodome facility upgrades

## PAST CITY OF FARGO PROJECTS

City Project	Cost	Funding Source	Financing Method
Fargodome	\$52 million	Voter approved sales tax	Sales tax revenue bonds
Library	\$13 million	Voter approved sales tax	Pay-go basis, not bonding
City Hall	\$31 million	General Fund	General obligation bonding
ROCO Parking Ramp	\$13 million	Parking Authority Revenues	General obligation bonding

## COMPARABLE FACILITIES FUNDING METHODS

Facility	Cost	Size	Funding / Financing
Globe News Center - Amarillo, TX	\$32 Million	1,300 seats	Majority private donations, City donated land and \$1.8m, City established "TIRZ" tax increment reinvestment zone surrounding site
Fox Cities Performing Arts Center - Appleton, WI	\$45 Million	2,100 + 450 seats 25,000SF lobby	Donations/Fundraising from local businesses, individuals and foundations (\$45m), 14 cities in community dedicated \$8m through hotel room taxes, City pledged 1% of lodging tax to cover operational needs, City designated site through its economic redevelopment authority and committed \$4.2m towards site acquisition/preparation
Durham Performing Arts Center - Durham, NC	\$48 Million	2,700 seats	Borrowed \$33.7m through Certificates of Participation (COPs), Debt service payments on COPs are subject to annual appropriated by the city, Donations (\$7.5m), Small sponsorships (\$200,000)
Richmond CenterStage - Richmond, VA	\$85.5 Million	1,800 + 200 seats + 80,000 SF	Grants from Commonwealth of Virginia (\$8.5m), City of Richmond (\$25m), Federal and State Historical tax credits (\$18m), New Market credits (\$2.5m), and other sources (\$18m)
Washington Pavilion - Sioux Falls, SD	\$30 Million	1,900 seats	1% city entertainment tax pays debt service on bonds, City contributes (\$1.2m annually) towards operations in addition to \$50,000 in state and federal grants, City pays capital improvements
Tanger Performing Arts Center - Greensboro, NC	\$65 Million	3,000 seats	Public-private partnership: City committing (\$30m) over 28 years through a portion of City's hotel tax revenue, ticket and user fees, and premium parking fees and the Community Foundation of Greater Greensboro (\$35m)

FARGO PERFORMING ARTS CENTER  
**6.0 FINANCING & FUNDRAISING OPTIONS**

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**PROSPECTIVE FUNDRAISING:**

The PAC task force noted that community and private support of the proposed Performing Arts Center will be a critical component of the project's funding and development equation to implement a project. Initial discussion brought awareness that a two-part fundraising approach will be required to achieve success.

Phase 1 will need to be an ambitious locally-backed volunteer fundraising committee. A committee of five to seven volunteers inside and outside of the arts community, whom are connected to community partners, will be tasked with steering and leading the fundraising campaign. An eight week time frame is anticipated to establish and structure this committee.

The scale of the proposed project is anticipated to surpass the capacity and time obligation of local volunteers to raise the required project funds. Outside strategy development, and campaign consultation, is necessary to effectively guide the efforts of local fundraising volunteers and elected officials. The second portion of work- Phase 2 - will require partnership with a professional fundraising agency (or individual) that has experience and resources to strategically lead the development, and procurement process of funds. City Staff has taken the direction of the task force to reach out to fundraising agencies to garner further information to bring forward to the task force and City Commission for informed discussion.

Next steps for the project development will include the development of the local fundraising committee, a pre-design of the perspective project for refined budgeting and fundraising efforts, as well as the procurement of professional fundraising support.





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**Office of the City Attorney**

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**City Attorney**  
Erik R. Johnson

**Assistant City Attorney**  
Nancy J. Morris

February 6, 2020

Board of City Commissioners  
City Hall  
225 4<sup>th</sup> Avenue North  
Fargo, ND 58102

**RE: Wind turbines in residential areas—proposal to consider ordinance amendments as needed to permit windmills/wind turbines**

Dear Commissioners,

Commissioner Gehrig has asked that I place this letter before you for your consideration. Commissioner Gehrig is interested in the possibility of a homeowners being allowed to erect windmills--wind turbines--on their property for generation of electricity.


Depending its design or configuration, a wind turbine erected on a residential property may create certain concerns and it may not comply with current city ordinances. A wind-powered generator will generate a certain level of noise. It may need to be erected to a minimum height in order to work effectively. If the electricity being generated is to be placed into the nation's "power grid", electrical equipment must be installed. Also, of course, the presence of electricity may generate safety issues that will need to be addressed. Tall towers, whether erected upon existing structures or upon the ground, must be structurally safe. All of these things may have an impact on the experience in the neighborhood and the aesthetics of the property and, presumably, these matters will need to be studied and evaluated. Commissioner Gehrig is requesting your approval of such a study and evaluation and, ultimately, your approval of an amendment of such City ordinances as may be necessary or appropriate to permit installation of residentially-scaled wind turbines, subject to acceptable limitations to be established by such amendments. Study and evaluation of such a proposal may include expertise from various departments within the City, including Inspections, Police, Fire, Engineering and Planning departments. Should the City Commission wish to consider such an amendment, I recommend that the Commission refer the matter to the Planning Department as a potential text amendment to the Land Development Code—to be added to other potential text amendments that will also be studied and developed—with the understanding that the study and review may involve multiple disciplines and require input from multiple departments within the City.

February 6, 2020

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**SUGGESTED MOTION:** I move to authorize City staff, lead by the Planning Department, to study the installation of wind turbines on residential-zoned properties and to identify such amendments to City ordinances, including text amendments to the City Land Development Code, as may be necessary or appropriate.

Sincerely,



Erik R. Johnson

ERJ/lmw

cc: Bruce Grubb, City Administrator  
Michael Redlinger, Assistant City Administrator  
Nicole Crutchfield, Director of Planning & Development