

## **Agenda**

1. Call Meeting to Order – Mayor Mahoney
2. Approve Agenda – Mayor Mahoney
3. Approve Minutes – Mayor Mahoney
4. Standing Items – Director of Finance Susan Thompson

Sales Tax Collections – Susan Thompson, Finance

5. Moody's Rating: Fund Balance & Debt

Steve Scharff, Baker Tilly  
Susan Thompson, Finance

6. Discussion Topic(s):

2025 Overtime	Susan Thompson, Finance
Sewer Repair Program	Tom Knakmuhs, Engineering
Parking RFP Update	Nicole Crutchfield, Planning

7. Other Business

8. Adjourn

FINANCE COMMITTEE  
Fargo, North Dakota

Regular Meeting:

Monday:

December 22, 2025:

The Regular Meeting of the Finance Committee of the City of Fargo, North Dakota, was held in the Commission Chambers at City Hall at 10:00 a.m., Monday, December 22, 2025.

Commissioners present or absent were as follows:

Present: Kolpack, Piepkorn, Strand, Turnberg, Mahoney.

Absent: None.

Staff attending: Finance Director Susan Thompson, Assistant finance director Jamie Bullock, City Attorney Ian McLean, City Administrator Michael Redlinger, Police Chief David Zibolski, Assistant Police Chief Travis Stefonowicz.

Mayor Mahoney presiding.

Order of the Agenda:

Commissioner Kolpack moved the Order of the Agenda be approved, adding an update from City Attorney Ian McLean regarding the Red River Water Supply Project. Second by Strand. There was unanimous approval.

Minutes:

Commissioner Strand moved the Minutes from the from the November 10, 2025 Finance Committee meeting be approved. Second by Turnberg. There was unanimous approval.

Red River Water Supply Project Update:

City Attorney Ian McLean said this update about the Red River Valley Water Supply Project is regarding the Series F financing approved by the City Commission on October 13th. He said Fargo's \$50 million contribution, funded through water rates, leverages \$153 million in State funding due to a 25% local cost-share agreement where the State provides three times the local investment. He said while the closing was briefly postponed to ensure transparency, he emphasized that no new funding is being requested beyond what was already authorized. Although Grand Forks has temporarily paused its \$11 million participation due to concerns over governance and administrative structures within Lake Agassiz Water Authority (LAWA), he stated, Fargo officials fully expect Grand Forks to rejoin next month. Moving forward now is considered critical to secure historically low bids for three major construction contracts scheduled to begin in January 2026, he said.

Committee members addressed the project's long-term financial health and governance and due to the fact that Fargo contributes the largest share of funding, it has successfully negotiated veto power over significant project decisions, a protection Grand Forks currently lacks. While some Committee members expressed concern regarding Fargo's mounting debt and the potential for increased administrative costs, staff clarified

that the debt is technically held under the Garrison Diversion name and is already factored into long-term water rate modeling for Fargo and its regional partners such as West Fargo and Cass Rural Water Users. Several Committee members emphasized that maintaining momentum is vital to protect the State's record \$205 million allocation and to ensure the support of the Federal delegation, which is pursuing hundreds of millions in additional funding to further buy down local rates.

Mr. McLean said the RRVWSP board intends to move forward with the execution of the Series F agreement to keep the construction schedule on track and while Garrison Diversion currently handles much of the administration, there are ongoing discussions about transitioning to a dedicated administrative team to manage the project more like the FM Diversion. To prevent misinformation, he said, the City plans to proactively communicate this status to area legislators.

Committee members reiterated that securing a reliable long-term water supply remains a top priority and the current financial plan is within the utility budget without requiring any new action from the City Commission at this time.

#### General Fund Financials – YTD November 2025:

Ms. Thompson said the General Fund currently maintains a preliminary net positive position of \$1.4 million through November. This financial standing is expected to be bolstered by a \$5.5 million land sale of a Solid Waste parcel that closed in December, she said and while these funds are not reflected in the current November report, they are designated to go directly into the City's reserves. Overall revenue reflects some fluctuations, she said, with franchise fees, particularly from Xcel Energy, highway funds and building permit fees trending below budget due to a slowdown in commercial activity. Additionally, she said, a \$1.7 million fire premium from the State caused a temporary timing variance when it arrived in December rather than November. She said charges for services have outperformed budget expectations due to increased administrative and engineering fees due to expanded Capital Improvement Plan (CIP) projects. On the expenditure side, she said, most departments are trending below budget for general operating expenses and salaries; however, these savings were partially offset by higher-than-anticipated Workers' Compensation premiums and a budget oversight regarding the final North Dakota State College of Science payment, which was required this year despite not being originally allocated. While all financial indicators remain positive, she said, these figures are preliminary. The Finance Department plans to present initial December year-end numbers in January, she said, with the final reconciliation and approval process continuing through March.

#### Auditor's Office Restructure:

Ms. Thompson said the City is considering a structural reorganization of its Finance Department and the plan involves reassigning specialized financial duties, such as project accounting, debt payments and banking, to the Finance Division, while moving public records requests from Communications to the Auditor's Office. Central to this proposal is appointing the Finance Director to also serve as the City Auditor effective upon the current auditor's retirement in January, with Angie Bear continuing as Deputy

Auditor to ensure administrative continuity. She clarified that City Auditor is largely a legacy title required by State law and municipal code, which contains more than 170 references to the position. She emphasized that despite the title, the office does not perform internal control or financial auditing functions and those are handled by the Finance Department through established policies and reinforced by a thorough annual external audit. The proposed model, which is already utilized in cities such as Grand Forks, she said, aims to resolve an odd mix of duties, including licensing, utility billing and election management that have accumulated in the Auditor's Office over the past 25 years. She said the restructuring is expected to yield more than \$100,000.00 in annual cost savings and improve operational efficiency by aligning tasks with the appropriate staff expertise. For example, special assessment certifications, which must be signed by the City Auditor, would move to the Finance Director since the Finance Department is responsible for the actual calculations, she stated. The plan also addresses changing technology, she said, as a transition to automated water meters will allow one meter reader position to move to Public Works while the other remains in the Auditor's Office to monitor data reports and assist constituents.

Commissioners expressed reservations regarding the dual title and the potential for staff burnout within the Finance Division. Concerns were raised about the optics of the Finance Director holding the Auditor title, with some suggesting an interim appointment of the Deputy Auditor instead. However, supporters noted that peer organizations such as the North Dakota League of Cities view this consolidation as a standard trend for modernizing local government. To address these concerns, the Committee discussed the possibility of an evaluation after six months to evaluate the effectiveness of the new structure.

#### Axon Contract Renewal:

Ms. Thompson said the initial contract with Axon was implemented in July 2021 in response to public demand for transparency. She said the initial five-year contract was funded by \$3 million in CARES Act cash. To address long-term budget concerns, she said, the Police and purchasing departments began renewal planning 18 months ago. The new 10-year plan, valued at \$11.2 million, is designed to be largely revenue-neutral by utilizing the Public Safety Sales Tax and existing operating budgets, she said, and by signing the agreement before the end of 2025, the City can lock in 2025 pricing and avoid a substantial price increase scheduled for 2026.

Assistant Police Chief Travis Stefonowicz highlighted the operational necessity of the Axon ecosystem, noting hundreds of officers are already trained on the platform and the State's Attorney's office uses it for seamless evidence sharing. He said switching vendors would result in high data migration risks and significant operational disruption. The 10-year contract includes hardware refreshes every 30 months, he stated, to ensure cameras and equipment remain functional despite heavy use and environmental wear. Additionally, he said, the renewal introduces a virtual reality training platform, which allows officers to practice de-escalation and use-of-force scenarios in a realistic,



immersive environment, significantly reducing the recurring costs of ammunition and Taser cartridges used in traditional certifications.

Police Chief David Zibolski said that while the Police Department has used drones since 2018, the new contract fully integrates drones into the Axon system, allowing for real-time video streaming to responding officers. He illustrated the safety benefits of "Drone as a First Responder" technology by describing a foot chase where a drone can provide overwatch, spotting suspects hiding in dark backyards or identifying weapons before an officer rounds a corner. This intelligence allows officers to wait for backup and coordinates a safer response for both the Police and the public, he said.

In response to questions from Commissioners regarding potential privacy concerns, Chief Zibolski said the Police Department operates under strict Fourth Amendment guardrails. He clarified the distinction between responding to a call for service and unlawful surveillance, noting that drones will not be used to peer into private dwellings without a warrant. He said the contract with Axon is a fiscally prudent move that maintains essential transparency tools while adding life-saving technology for the community and its officers. Axon has acquired Criminal Justice Information Services (CJIS) security certifications, he stated and all data uploaded to the Axon cloud is protected and stored within a CJIS cloud, ensuring that access is restricted to the Fargo Police Department for operational needs and to Axon for necessary maintenance. This ecosystem also facilitates efficient discovery for the State's Attorney's Office, he said, by providing a direct, streamlined link for court preparation.

In response to questions from the Commissioners regarding concerns about Axon's large video stockpile, Chief Zibolski said the volume is simply a reflection of the company's numerous contracts nationwide. He said he has worked with Axon for more than 10 years across different agencies and Axon is a reliable, forward-leaning partner that effectively bridges the needs of law enforcement with community safety. He said the Police Department plans to house drones at various public buildings to provide coverage for high-priority calls, such as those involving intelligence gathering, officer safety and crime solvability. While the initial fleet will not be large enough to respond to every call, he said, the technology allows for a more efficient allocation of resources. He said a drone can quickly determine if a situation is escalating or if it is a false alarm, potentially canceling unnecessary responders. The drones will also assist the Fire Department with thermal imaging during structure fires, he said. This high-tech approach is bolstered by community partnerships, he said, such as Bell Bank, which has integrated its public-facing cameras into the City's Real-Time Crime Center.

Commissioner Kolpack said locking in the agreement now would save the City \$8.6 million, though some Commissioners expressed caution regarding the length of the commitment and the rapid evolution of technology.

In response to questions from Commissioner Strand about privacy, specifically regarding license plate readers and facial recognition, Chief Zibolski said the current system does not utilize facial recognition and the Department follows strict Fourth Amendment guidelines to prevent unlawful surveillance of private dwellings.

In response to questions from the Commissioners about the use of Public Safety Sales Tax funds, Deputy Chief Stefonowicz said Axon's technology compensates for staffing gaps, provides critical overwatch during dangerous foot chases and ensures officers are protected by real-time intelligence in dynamic environments.

Adjourn:

The meeting adjourned at 11:26 o'clock a.m.

City of Fargo

Comparative Sales Tax Analysis of All Sales Tax Revenue - ACCRUAL BASIS

Data as of 1/20/2026

Payment Date	Collection Month	County Amount	County Collections	County Growth %	2% Sales Tax				
					PSST Amount	Infra & FC Amount	Infra & FC Collections Total Amount	City Total Amount	City Growth %
			18,665,744.93	-0.80%			54,801,717.71	59,778,861.04	-3.28%
12/19/2025	Oct-25	1,397,583.64			528,563.25	4,228,506.01			
11/24/2025	Sep-25	2,379,895.75			836,408.75	6,691,270.01			
10/21/2025	Aug-25	2,281,923.54			835,497.50	6,683,979.99			
9/22/2025	Jul-25	1,796,292.91			622,825.54	4,982,604.32			
8/21/2025	Jun-25	2,270,466.69			803,789.60	6,430,316.85			
7/22/2025	May-25	2,053,576.19			749,363.21	5,994,905.70			
6/20/2025	Apr-25	1,616,213.54			600,695.48	4,805,564.00			
5/21/2025	Mar-25	1,698,986.33				5,424,656.49			
4/23/2025	Feb-25	1,477,568.31				4,523,059.23			
3/21/2025	Jan-25	1,693,238.03				5,036,855.11			
2/21/2025	Dec-24	2,207,030.88	23,304,345.12	0.86%		6,626,714.99	69,824,744.71		0.83%
1/21/2025	Nov-24	2,281,112.22				6,540,733.39			
12/20/2024	Oct-24	1,764,529.62				5,342,358.63			
11/22/2024	Sept-24	2,257,740.11				6,622,406.84			
10/21/2024	Aug-24	2,088,361.27				6,284,633.45			
9/21/2024	July-24	1,746,626.42				5,168,111.30			
8/21/2024	June-24	2,659,707.17				7,859,913.01			
7/22/2024	May-24	1,348,902.41				4,252,926.43			
6/24/2024	Apr-24	1,759,660.73				5,404,517.72			
5/21/2024	Mar-24	2,276,388.27				6,980,911.25			
4/22/2024	Feb-24	1,023,591.77				3,163,097.74			
3/21/2024	Jan-24	1,890,694.25				5,578,419.96			
2023 Collections			23,106,462.71	8.18%			69,250,461.96		4.02%
2022 Collections			21,358,922.89	-2.56%			66,571,120.26		4.28%
2021 Collections			21,920,710.74	31.11%			63,840,810.53		29.90%
2020 Collections			16,719,327.13	0.30%			49,146,842.57		-5.00%
2019 Collections			16,670,136.34	6.04%			51,732,824.69		7.36%
2018 Collections			15,720,221.20				48,185,965.90		
2017 Collections			2,796,024.89						
Totals Since 2019			\$ 160,261,896				\$ 482,396,545		

^ Note per Susan's discussion with the Tax Department:

Oct tax collections were due to the tax department on Nov 30, which was a Sunday. Holiday deadlines are moved to the next business day, in this case, Monday Dec 1. All of the Monday, Dec 1 receipts are reported in NOVEMBER's collections, which will be remitted to us in January

Additionally, I was told that the tax department had a software update the last week of November which resulted in some taxpayers not being able to get into their system to pay October taxes until the following week. Those tax payments were receipted in December so they will be reported in NOVEMBER's collections and remitted to us in January.

I'm expecting a big swing with November collections remitted in January.



**Finance Committee**

City Commission Chambers

1-22-2026

**AGENDA**

Call Meeting to Order  
 Approve Agenda  
 Approve Prior Minutes  
 Standing Items  
 Moody's: Fund Balance & Debt  
 Discussion Topics:  
     Finance Overtime Update  
     Engineering – Sewer Repair Program  
     Planning – Parking RFP Update  
 Adjourn



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**Standing Items****Sales Tax Collections**

City of Fargo Comparative Sales Tax Analysis of All Sales Tax Revenue - ACCRUAL BASIS Data as of 1/20/2026									
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## Discussion Items

### Moody's Rating – Key Factors

#### Steve Scharff

Director, Public Finance  
Baker Tilly Municipal Advisors, LLC

#### Summary

The City of Fargo, ND's (Aa3 negative) credit profile will continue to benefit from its position as a regional economic hub, a tight labor market, and strong population growth. The city's **leverage ratio** may grow given capital plans, but is likely to remain well under 400% because of revenue growth and a decline in adjusted net pension liabilities (ANPL). The city's **available fund balance ratio** (see Exhibit) will likely slowly improve, but remain materially below 20% of revenue for at least the next few years.

Long-Term
Aaa
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3

<b>Aaa</b>	Obligations rated Aaa are judged to be of the highest quality, with minimal risk.
<b>Aa1</b>	Obligations rated Aa are judged to be of <b>high quality</b> , and are subject to <b>very low credit risk</b> .
<b>A</b>	Obligations rated A are considered upper-medium-grade and are subject to low credit risk.
<b>Baa</b>	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.

### Priority: Remove Negative Outlook

#### Rating outlook

The negative outlook reflects the expectation that the city's financial position will remain limited and ongoing challenges to restoring long-term financial sustainability will persist.

#### Factors that could lead to an upgrade

- » Available fund balance consistently above 25%
- » Long-term liability ratio approaching 200%

#### Factors that could lead to a downgrade

- » Failure to restore available fund balance to at least 15% by fiscal 2027
- » Long-term liability ratio in excess of 400%



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## Discussion Items

### Fund Balance

#### Fund Balance

##### What it is:

Fund balance is a financial calculation at a specific time (typically YE)  
Fund balance is **the difference between assets and liabilities and represents the spendable (tangible) and non-spendable (intangible) resources** to meet future obligations.  
Fund balance is very dependent upon Cash Balances

##### What it is not:

**NOT** synonymous with Cash  
**NOT** physically segregated within a particular fund or account



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## Discussion Items

### Fund Balance

#### Fund Balance - Traditional Calculation of General Fund:

City of Fargo General Fund Balances						
	2018	2019	2020	2021	2022	2023
General Fund						
Nondisposable	\$ 4,080,149	\$ 3,254,912	\$ 4,562,747	\$ 3,787,630	\$ 2,877,199	\$ 3,185,859
Restricted	3,054,111	3,299,447	5,515,852	5,423,514	3,702,580	4,518,706
Committed ^	1,000,016	1,000,016	1,000,015	1,000,015	1,000,015	1,000,015
Assigned ^	542,423	598,370	234,832	1,079,780	181,794	183,690
Unassigned ^	26,862,322	25,531,980	34,629,546	27,144,995	21,955,906	21,788,774
Total General Fund	\$ 35,539,021	\$ 33,684,725	\$ 45,942,992	\$ 38,435,934	\$ 29,717,494	\$ 30,677,044
^ Commit/Assign/Unassign	28,404,761	27,130,366	35,864,393	29,224,790	23,137,715	22,972,479
General Fund Expenses	\$ 93,172,929	\$ 95,313,055	\$ 100,171,686	\$ 95,718,255	\$ 104,179,384	\$ 111,118,964
Fund Balance Ratio (Committed+Assigned+Unassigned)/Exp	30.49%	28.46%	35.80%	30.53%	22.21%	20.67%

**Types of Fund Balance:**  
Fund balances are classified based on the spending constraints placed upon them. The following classifications describe the relative strength of the spending constraints:  
**Nondisposable** – amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.  
**Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.  
**Committed** – amounts constrained to specific purposes by the City itself, using its highest level of decision making authority (i.e. City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.  
**Assigned** – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.  
**Unassigned** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.



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## Discussion Items

### Fund Balance

#### Fund Balance - Moody's Calculation "All Funds"

Fargo (City of) ND				
	2021	2022	2023	2024
<b>Financial Performance</b>				
Revenue (\$000)	\$423,474	\$322,244	\$393,568	\$394,931
Available fund balance (\$000)	\$83,192	\$15,828	\$40,842	\$35,162
Net unrestricted cash (\$000)	\$242,730	\$85,612	\$112,244	\$154,395
Available fund balance ratio (%)	19.6%	4.9%	10.4%	8.9%
Liquidity ratio (%)	57.3%	29.7%	28.5%	39.1%

Financial Performance Factor Inputs and Calculated Subfactors				
	2021	2022	2023	2024
Governmental Funds revenue (000s)	\$312,280	\$238,450	\$285,641	\$283,915
Business Type Activities revenue (000s; operating plus non-operating)	\$111,194	\$83,794	\$107,926	\$111,016
Internal Service Fund non-operating revenue (000s)				
<b>Total revenue (000s)</b>	<b>\$423,474</b>	<b>\$322,244</b>	<b>\$393,567</b>	<b>\$394,931</b>
Governmental Funds available fund balance - committed, assigned and unassigned (000s)	\$27,916	\$204	\$22,656	\$24,302
Business Type Activities total unrestricted current assets (000s)	\$79,199	\$39,895	\$42,531	\$36,535
Business Type Activities total current liabilities (000s)	\$26,703	\$27,990	\$27,976	\$31,762
Business Type Activities current portion of long-term debt (000s)	\$1,384	\$2,584	\$2,356	\$4,225
Business Type Activities current portion of other long-term liabilities (000s)	\$1,397	\$1,135	\$1,276	\$1,863
Business Type Activities net current assets (000s)	\$55,277	\$15,624	\$18,187	\$10,861
<b>Available fund balance ratio</b>	<b>19.6%</b>	<b>4.9%</b>	<b>10.4%</b>	<b>8.9%</b>



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## Discussion Items

### Fund Balance

#### Fund Balance Roadmap - 15% by 2027 and 20% by 2030

*Discipline, Time, Patience*

For Illustrative Purposes:

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Financial Performance Factor Inputs and Calculated Subfactors</b>												
Governmental Funds revenue (000s)	\$283,915	\$296,420	\$296,420	\$297,420	\$298,420	\$299,420	\$300,420	\$301,420	\$302,420	\$303,420	\$304,420	\$305,420
Business Type Activities revenue (000s; operating plus non-operating)	\$111,016	\$114,920	\$114,920	\$119,920	\$124,920	\$129,920	\$134,920	\$139,920	\$139,920	\$144,920	\$144,920	\$149,920
Internal Service Fund non-operating revenue (000s)												
<b>Total revenue (000s)</b>	<b>\$394,931</b>	<b>\$411,341</b>	<b>\$411,341</b>	<b>\$417,341</b>	<b>\$423,341</b>	<b>\$429,341</b>	<b>\$435,341</b>	<b>\$441,341</b>	<b>\$442,341</b>	<b>\$448,341</b>	<b>\$448,341</b>	<b>\$455,341</b>
Governmental Funds available fund balance - committed, assigned and unassigned (000s)	\$24,302	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480	\$33,480
Business Type Activities total unrestricted current assets (000s)	\$36,535	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633	\$37,633
Business Type Activities total current liabilities (000s)	\$31,762	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644	\$27,644
Business Type Activities current portion of long-term debt (000s)	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225	\$4,225
Business Type Activities current portion of other long-term liabilities (000s)	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863
Business Type Activities net current assets (000s)	\$10,861	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077	\$16,077
<b>Budgeted Fund Balance Increase - Gov Funds Revenue Increase</b>		\$5,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>Budgeted Fund Balance Increase - Business Type Funds - Water/Water Rec Rate Increases</b>				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		\$5,000		\$5,000
<b>Fund Balance Increase - Expense Reduction (underspend Budget)</b>			\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
<b>Cumulative Fund Balance Increase</b>		<b>\$5,500</b>	<b>\$7,750</b>	<b>\$15,000</b>	<b>\$22,250</b>	<b>\$29,500</b>	<b>\$36,750</b>	<b>\$44,000</b>	<b>\$46,250</b>	<b>\$53,500</b>	<b>\$55,750</b>	<b>\$63,000</b>
<b>Available fund balance ratio</b>	<b>8.9%</b>	<b>12.0%</b>	<b>14.2%</b>	<b>15.7%</b>	<b>17.2%</b>	<b>18.6%</b>	<b>20.1%</b>	<b>21.4%</b>	<b>21.9%</b>	<b>23.2%</b>	<b>23.7%</b>	<b>24.9%</b>

**Assumptions:**  
 2025 Governmental Fund Balance includes \$5.5M land sale  
 2026+ held constant at 2025 Revenue & Expense to show the incremental change needed to increase Fund Balance Ratio

**Notes:**  
 Ongoing budgeted Revenue increases need to include a proportionate Fund Balance Component (Rev > Exp) to maintain Ratio



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## Discussion Items

### Fund Balance

#### Fund Balance Roadmap - 15% by 2027 and 20% by

*Discipline, Time, Patience*

#### Considerations:

- Asset Sales
- Water & Water Reclamation – rate increase to fund enterprise Reserve
- Transit – additional state funding and/or service changes to reduce General Fund subsidy
- Parking Ramps – operational expectations
- Assess fees – adequately covering our expenses
- Assess services and programs verses cost/benefit
- Implications of personnel policies – compensation plan, pension policies, vacation/sick policies
- Evaluate technology efficiencies



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## Discussion Items

### Debt

Notes to FS - Long Term Debt (in 1000s)		2021	2022	2023	2024	2025
used for:						PRELIM-EST
1	Improvement Bonds	526,910	458,990	506,650	537,805	570,015
	BND Infrastructure	12,129	11,708	11,279	10,842	10,396
2	State Revolving Fund	229,297	268,074	291,198	303,535	326,932
	Revenue Bonds	1,852	1,659	1,463	1,264	1,062
	Direct Bank Note	900	600	300	0	-
3	General Obligation (GO)	22,735	21,490	20,190	18,820	17,385
	Direct Bank Note	3,049	2,687	2,320	1,946	1,568
	Annual appropriation Bonds		8,103	7,670	7,222	6,761
	Annual appropriation Bonds				22,955	22,955
4	Sales Tax Rev	58,226	54,244	50,083	45,733	41,186
5	Annual appropriation Bonds	11,525	11,425	11,300	11,170	11,035
	General Obligation (GO)	8,015	7,545	7,065	6,575	6,070
	Merchandise	2,000	2,000	2,000	2,000	2,000
	Annual appropriation Bonds				9,545	9,545
	BND Infrastructure				1,233	8,741
6	Annual appropriation Bonds	16,870	16,410	15,935	15,445	14,935
	Tax Increment Notes	4,663	4,462	4,691	10,188	9,841
7	Annual appropriation Bonds	4,900	4,145	3,370	2,570	1,740
	Unamortized Premium	35,601	35,486	40,390	37,561	35,068
	Other Financed/Lease	2,989	14,453	13,816	11,677	11,677
8	<b>TOTAL BORROWING</b>	<b>941,641</b>	<b>923,481</b>	<b>989,720</b>	<b>1,058,086</b>	<b>1,108,912</b>
9	Pension/Lease/Deferred Comp	81,961	257,403	257,593	265,503	265,503
10	<b>Total Long-Term Debt</b>	<b>1,023,602</b>	<b>1,180,884</b>	<b>1,247,313</b>	<b>1,323,589</b>	<b>1,374,415</b>
11	Revenues	423,474	322,244	393,567	394,931	411,341
12	Debt Ratio	241.72%	366.46%	316.93%	335.14%	334.13%

### MOODY'S RATINGS

The city's leverage ratio will remain elevated given additional capital plans but is likely to remain under 400% of revenue because of amortization of existing debt, revenue growth, and a decline in ANPL.

The city has significant capital needs, in part, to accommodate growth.

**MFDA Debt** – debt owned by MFDA  
SOR = ongoing dedicated sales tax

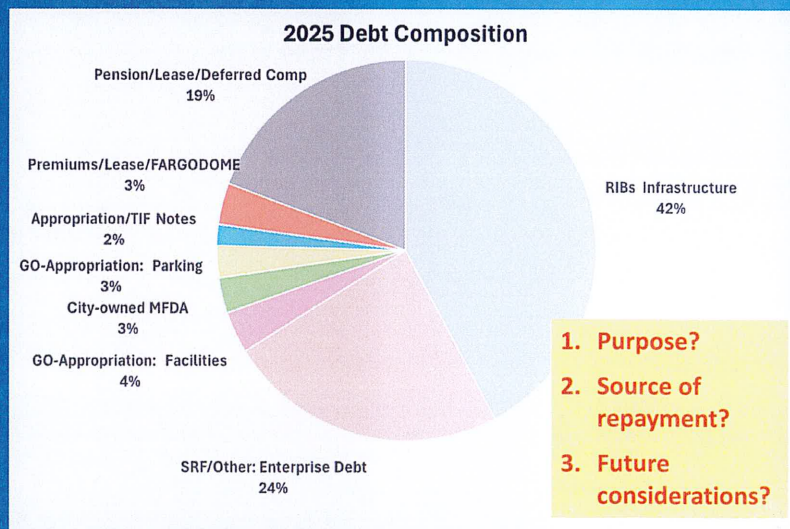
**RRVWSP** – debt owned by GDCD  
 Fargo SOR = future water rates



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## Discussion Items

### Debt



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## Discussion Items

### Debt

#### 2025 Debt Composition

##### Debt Purpose

- Issued annually
- Core neighborhood repair/rehab and new development infrastructure
- Recent years approximate 50/50 split of rehab/new

##### Source of Repayment

- Special Assessments to property owners
- Debt is structured to line up with assessment periods

##### Future Considerations

- Call/Defeasance via Cash Prepayments
- Use of Incentives:
  - Deferred Assessments
  - Annual limits to RIB issues  
Ex. developer requested projects

#### Refunding Improvement Bonds (Infrastructure)

\$580 M

42%



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## Discussion Items

### Debt

#### 2025 Debt Composition

##### Debt Purpose:

- \$114M o/s expansion/growth water treatment plant
- \$163M o/s expansion/growth water reclamation facilities  
=> Growth/Expansion allows for regional efficiencies
- Various other repair, growth, and/or modernization of Water, Water Rec, Solid Waste
- Rev Growth – contributes to fund balance disparity; need to build into rates for partners

##### Source of Repayment:

- Infrastructure Sales Tax
- Utility Rates

#### State Revolving Fund Utility Fund Projects

\$328 M

24%

##### Future Considerations:

- Extension of Infrastructure Sales Tax
- Borrow vs. Cash Fund; Now or Later
- Capacity for Rate Increases
- 30-year loans at 2%, some with loan forgiveness (Lead Pipe Replacement)

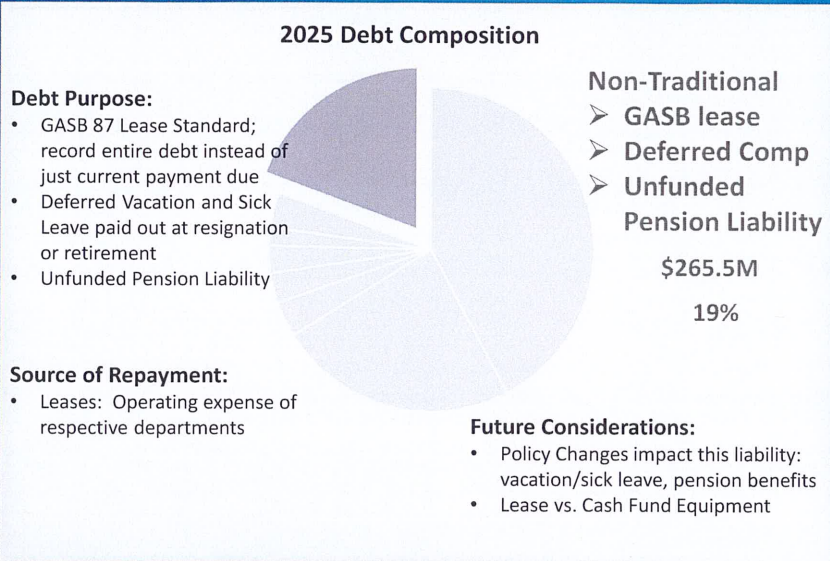


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## Discussion Items

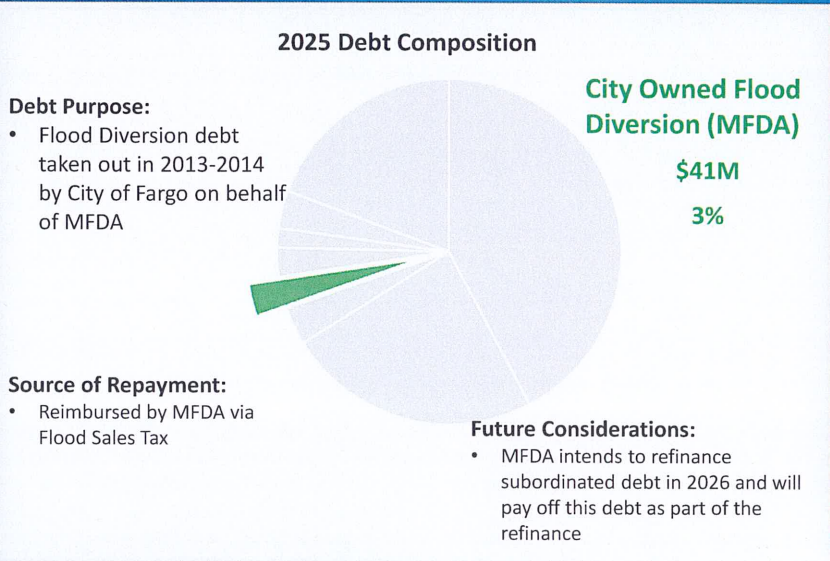
### Debt



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## Discussion Items

### Debt

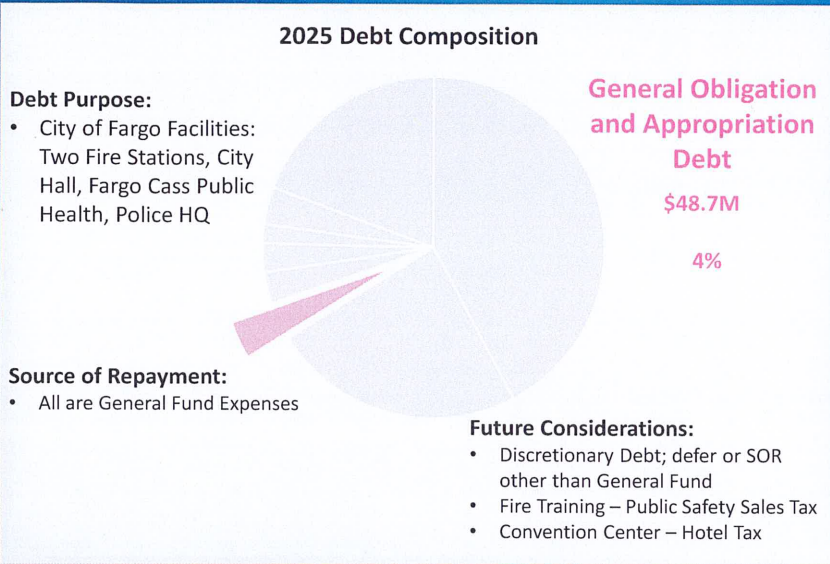


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## Discussion Items

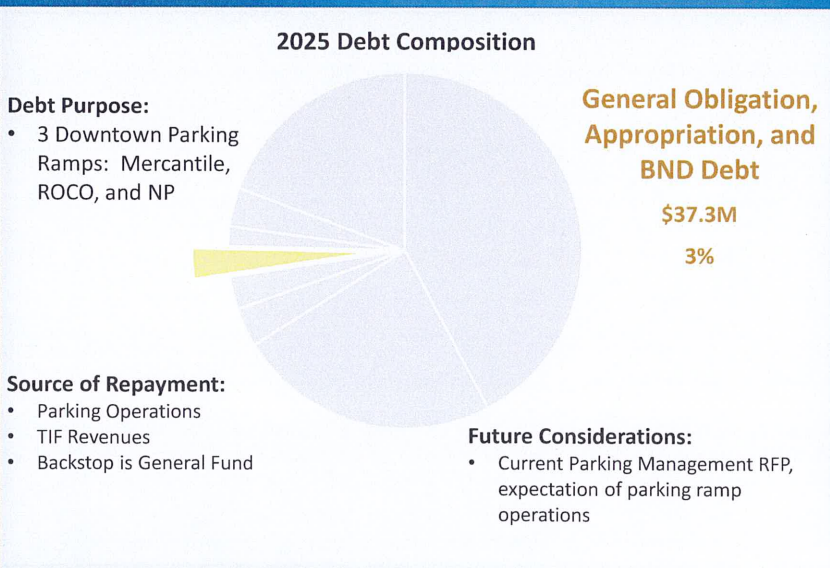
### Debt



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## Discussion Items

### Debt

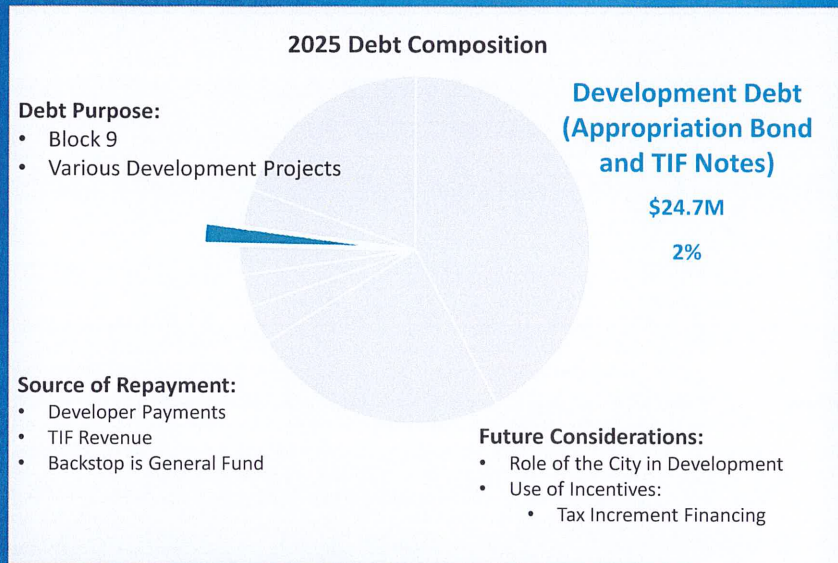


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## Discussion Items

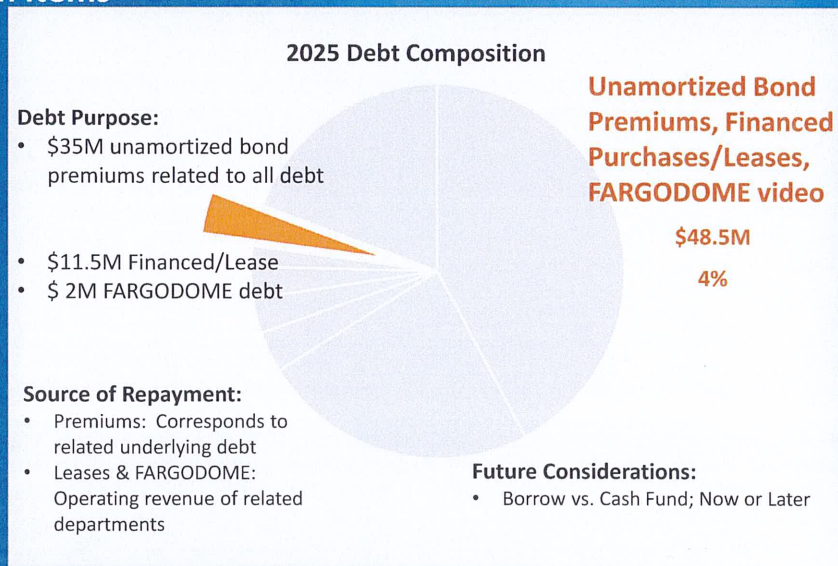
### Debt



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## Discussion Items

### Debt




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## Discussion Items

### Overtime Update



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Overtime Grand Total	1,934,949	1,954,079	2,548,232	2,394,420	2,276,699	3,348,433	3,457,144	3,253,816	3,701,672	3,729,094	2,978,020	3,622,129	35,198,687
Gross Pay from PP26 Pay Register	49,640,463	54,766,950	59,595,446	62,284,766	65,786,909	69,120,321	75,264,946	75,436,085	76,625,608	81,258,156	85,038,114	91,808,395	846,626,159
OT as percentage of Gross Pay	3.90%	3.57%	4.28%	3.84%	3.46%	4.83%	4.59%	4.31%	4.83%	4.59%	3.50%	3.95%	4.16%

### Regional Comparisons


	2022	2023	2024
City of West Fargo	4.46%	4.81%	4.51%
City of Sioux Falls	5.00%	5.00%	6.00%
City of Moorhead	5.50% (Three-Year Average)		

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## Discussion Items

### Overtime Update



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Overtime Grand Total	1,934,949	1,954,079	2,548,232	2,394,420	2,276,699	3,348,433	3,457,144	3,253,816	3,701,672	3,729,094	2,978,020	3,622,129	35,198,687
<b>Policy-Related:</b>													
Call in & on Call Total	40,875	195,330	245,982	221,473	351,717	443,846	355,340	847,984	742,945	689,952	515,055	567,296	5,217,796
Holiday Total	143,780	165,499	87,969	83,722	111,995	93,508	78,681	63,856	88,356	89,983	48,384	56,954	1,112,688
	184,656	360,829	333,951	305,195	463,712	537,353	434,022	911,841	831,301	779,936	563,438	624,250	6,330,484
<b>Reimbursed:</b>													
disaster Total	0	0	0	0	0	167,326	399,106	0	0	59,883	0		626,315
grant Total	0	0	0	0	0	0	0	23,724	8,470	30,650	410	6,283	69,537
pandemic Total	0	0	0	0	255	0	879,674	578,181	129,131	0	876		1,588,317
reimbursed - airport PD Total	0	0	0	772	190	0	504	226	0	635	473	8,185	10,985
reimbursed - SRO Total	0	0	0	0	0	0	0	0	0	0	9,564	19,253	28,817
special duty - reimb Total	482,084	141,745	188,963	366,673	184,690	319,910	121,642	26,653	11,491	15,244	13,769	16,820	1,889,683
	482,084	141,745	188,963	367,445	185,134	487,236	1,401,126	628,784	149,092	106,412	25,091	50,541	4,213,654
Net "Overtime"	1,268,209	1,451,505	2,025,317	1,721,781	1,627,853	2,323,844	1,621,996	1,713,191	2,721,279	2,842,746	2,389,490	2,947,338	24,654,348
Gross Pay from PP26 Pay Register	49,640,463	54,766,950	59,595,446	62,284,766	65,786,909	69,120,321	75,264,946	75,436,085	76,625,608	81,258,156	85,038,114	91,808,395	846,626,159
OT as percentage of Gross Pay	2.55%	2.65%	3.40%	2.76%	2.47%	3.36%	2.16%	2.27%	3.55%	3.50%	2.81%	3.21%	2.91%

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## Discussion Items

### Overtime Update

## Balancing Resident Expectations and Staffing Levels

### Answering the Call to Serve Our Residents

We are expected to serve our residents 24/7/365 – not only 40 hours per week, during regular business hours.

### Earning Overtime Only When Necessary

Non-exempt employees earn 1.5 times their regular rate for hours worked over 40 per week; 30% of Team Fargo is exempt from this.

### Avoiding Idle Time During Off-Season

We do not hire for peak seasons – this is an ineffective use of taxpayer dollars and creates idle time during off-seasons.



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## Discussion Items

### Overtime Update

## Reasons for Overtime

- 24/7/365 Operations
- Leave of Absences/Time Off
- Declared Emergencies
- Emergency Events
- Premium Pay
- Scheduled Overtime
- Seasonal Workloads
- Turnover
- Understaffing
- Weather Events



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**Discussion Items**

Other

## Sewer Repair Program

Tom Knakmuhs, City Engineer



23

**Discussion Items**

Other

## Parking RFP Update

Nicole Crutchfield, Planning Director



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# Memorandum

To: Finance Committee  
From: Tom Knakmuhs, City Engineer  
Date: 1/16/2026  
Re: Updated Sewer Repair Policy

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City ordinance establishes that the City is responsible for sanitary sewer mains, while individual property owners are responsible for the sewer services connecting their property to the mains, including the connection at the main. Because many of these private services run beneath public pavement and property owners are responsible for the associated restoration costs, the City has developed policies and practices to address their repair and replacement.

## **Sewer Service Replacement as Part of Reconstruction Projects**

One of the most significant changes occurred in 2018, when the City updated its policy related to sewer service replacement as part of engineering-led street reconstruction projects.

Prior to the 2018 update, sewer service replacement was not automatically included in the scope of a reconstruction project. Property owners were given the option to request replacement of their sewer service at the time of construction. If requested, the City would replace the portion of the service line from the sewer main to a point in the boulevard as part of the project. To incentivize participation, the City paid half of the first \$4,000 of the replacement cost and 25 percent of any cost above \$4,000.

Despite the financial advantage of replacing sewer services during reconstruction, many property owners elected not to do so. In numerous cases, sewer service failures occurred only a few years after a street had been reconstructed. These failures typically required excavation through newly paved streets, resulting in significantly higher repair costs, reduced pavement life, and negative public perception of City projects.

Based on this experience, Engineering proposed a policy revision in 2018 that was ultimately approved, which required all sewer services to be replaced as part of reconstruction projects, with the cost paid by the City. This approach addressed the underlying problem rather than reacting to failures after the fact. It reduced total costs to both the City and property owners, minimized future roadway cuts, extended pavement life, and eliminated the disruption and frustration associated with post-construction repairs.

## **Sewer Lining Pilot Project**

A second major shift occurred during the 2025 construction season, when Engineering completed a sanitary sewer lining pilot project. The goal of the pilot project was to evaluate a more proactive and cost-effective approach to maintaining the City's aging sewer system, particularly the portions of sewer services located within the public right of way and beneath paved streets.

The pilot project included lining over two miles of sewer main, rehabilitating manholes, and lining roughly 300 sewer services using a cured-in-place lining process. Sewer services were lined from within the sewer main using



robotic equipment and extended into the service line to approximately five feet beyond the back of curb, or as far as existing conditions allowed. This work required minimal excavation and avoided impacts to the street, helping preserve pavement condition and extend pavement life.

As a result, residents in the pilot area now have access to sewer services beneath the street that have been rehabilitated using a structural liner, without the need for roadway excavation. This approach significantly reduces costs for property owners, extends the service life of existing infrastructure, and reduces long-term maintenance associated with street patches and pavement restoration.

The pilot project was funded in accordance with the City's Infrastructure Funding Policy using a combination of special assessments and City funds. The assessed portion of the project totaled \$824,908, while the City's share was \$1,467,457 and was funded using Prairie Dog funds. The typical special assessment per parcel was \$2,540.57.

### **Sewer Service Repair Assistance Policy**

In 2000, the City adopted a sewer service repair assistance policy intended to help residential property owners in the event of a sewer failure that required excavation within the street portion of the right of way. The policy was specifically designed to address situations where a homeowner was forced to incur higher costs due to the need to excavate in the roadway to repair their failed sewer service.

The policy stated that City participation would be limited to repairs that replaced all existing sewer service pipe located beneath the street, with the intent that the assistance be provided one time only and that partial repairs would not be needed in the future. Under this policy, the City pays half of the first \$4,000 of a qualifying repair and 25 percent of the remaining cost.

When this policy was first implemented, City participation was limited and largely aligned with its original intent. Approximately 10 years ago, the City participated in roughly 50 sewer service replacements per year, typically in response to documented failures. In recent years, however, use of the program has increased significantly and shifted away from emergency repairs toward routine replacements. The City now participates in approximately 200 sewer service replacements per year, with total annual program costs of roughly \$3.5 million. Of that amount, the City's share has averaged approximately \$1 million per year in recent years, with the remaining costs paid by the property owner benefiting from the repair.

This growth in participation indicates that the policy is increasingly being used as a funding tool for lifecycle-based replacements, rather than as a targeted assistance program for unexpected failures. While proactive investment and lifecycle-based infrastructure replacement are important, this approach has proven to be a less efficient use of City funds compared to coordinated, Engineering-led sewer lining and rehabilitation projects.

### **Proposed Policy Change**

Based on the success of the sewer lining pilot project and the increasing cost of one-off sewer service replacements under the existing repair assistance policy, Engineering believes a policy shift is warranted.

Engineering is proposing that the City adopt a revised sewer service repair policy in which the City would no longer participate in the cost of sewer service repairs or replacements completed outside of Engineering-led projects. Residential property owners would continue to have the option to assess the cost of their sewer service repairs or replacements over a 15-year period, but without City cost participation. This maintains flexibility for residents by allowing the cost of repairs or replacements to be assessed, which is itself a form of City assistance, while ensuring City funds are directed toward the most effective and responsible use of public funds.

Engineering further recommends that funding previously used for preventative sewer service repairs be redirected to support an annual sewer main, manhole, and service lining program. This approach allows the City to proactively rehabilitate infrastructure at a lower overall cost, reduce disruptions to neighborhoods, and minimize future street excavations. In turn, this also reduces the long-term costs associated with roadway patching and pavement maintenance.

### **Summary**

Over time, the City's approach to sanitary sewer service repairs and replacement has steadily evolved toward solutions that reduce long-term costs, minimize disruption to residents, and extend the life of public infrastructure. Early policy changes recognized that replacing sewer services during street reconstruction was more cost-effective and less disruptive than responding to failures after new streets were constructed. More recently, the sewer lining pilot project demonstrated that system-wide, Engineering-led rehabilitation can deliver even greater value.

The 2025 sewer lining pilot project rehabilitated over 11,000 feet of sewer main, completed manhole rehabilitation, and structurally lined nearly 300 sewer services beneath the street. The total cost of the project was \$2,292,365, of which \$824,908 was assessed to benefiting properties and \$1,467,457 was paid by the City using Prairie Dog funds. This work was completed with minimal excavation, avoided impacts to the street, and provided residents with structurally rehabilitated sewer services beneath the roadway.

By comparison, the existing sewer service repair assistance policy now results in approximately 200 sewer service replacements per year at a total annual cost of roughly \$3.5 million. Of that amount, approximately \$2.5 million is paid by the benefiting property owners and approximately \$1 million is paid by the City. These replacements are completed individually, without a coordinated approach, frequently require excavation within the roadway, and, unlike the lining project described above, do not include sewer main or manhole rehabilitation. As a result, this approach leaves the City and property owners exposed to additional costs when mains and manholes are repaired or replaced in the future.

This comparison highlights a fundamental difference in value. The lining pilot project rehabilitated more sewer infrastructure, including mains, manholes, and services, at a lower total cost than the annual expenditure associated with standalone sewer service replacements. Redirecting City participation away from individual repairs and toward coordinated lining projects allows the City to invest in infrastructure more efficiently, reduce overall costs to residents, and minimize long-term impacts to streets and neighborhoods. Engineering believes this approach represents the most responsible and cost-effective path forward for managing the City's infrastructure.



**MEMORANDUM**

TO: Finance Committee

FROM: Nicole Crutchfield, Planning Director *NC*  
Mark Williams, Assistant Planning Director

DATE: January 20, 2026

RE: Parking Operator Services RFP

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In April 2025, the City kicked off a comprehensive study of parking in downtown which included:

- Inventory and utilization of both on and off-street parking facilities
- Evaluate parking service delivery models and parking governance structure including recommendations for efficiency and improvement for the parking system holistically
- Develop RFP (request for proposal) for parking management services and evaluation
- Develop operation and maintenance guidance for parking facilities.

On September 26, an Informational Meeting was held for City Commission where findings of the study were presented and direction of the draft Request for Proposals were shared and discussed. The study can be found online at: <https://fargond.gov/live/parking/parking-studies-maps>.

The current parking operator, Interstate Parking, was initially retained by contract in 2014 following an RFP process. That contract has been amended numerous times to reflect other parking changes over the years. A new, comprehensive parking contract for parking operations is needed to reflect all of the updated conditions in Downtown Fargo.

At the October 27, 2025 the City Commission received and filed the parking study and authorized staff to publish the Request for Proposals which had a submittal date of December 11, 2025. The parking work group, comprised of all the departments that are involved in the parking operation have been reviewing and interviewing the proposed scope of work from the five qualified operators. The competitive solicitation is in the final stage of analysis. Staff will provide a status update at the Finance Committee meeting on January 22<sup>nd</sup>. Staff anticipates a draft contract for a parking manager in the coming months.