FINANCE COMMITTEE MEETING

MARCH 4, 1998

Attendees: Bruce Furness, John Cosgriff, Pat Zavoral, Carol Kraft & Kent Costin

OLD BUSINESS:

1. HEALTH CARE ADMINISTRATION

Brief discussion on taking a look at a comparison of what the City of Fargo is doing with its health care plan as compared to other parties that may offer comparable services. The concept of having an independent evaluation was discussed to show our plan in relation to the industry. **Committee recommended that Costin contact Rick Steen of Charles Bailly & Company to get a proposal for doing a comparative study**. Committee goal is to have this looked at by this fall.

2. HTE TRAINING AND SOFTWARE DEMONSTRATIONS

Costin reported that HTE training was held for auditor office employees, health, and police in the extended report writer. Also, all of the public works and planning officials attended a software demonstration of the land management package, the planning and zoning package and other financial modules. No action, FYI.

3. HTE BUDGET MONITORING POLICY

Costin reported that HTE can do computerized budget tracking at a higher level that what we first proposed. It can automatically track user defined totals, for total budget and will shut the user down when their total budget has been depleted. **Committee gave approval to implement total budget tracking of annual budgets** with a mid year overview prior to budget session on where departments are at in their overall spending.

NEW BUSINESS:

1. PENALTIES ON DELINQUENT WATER BILLS

Zavoral requested that Kraft put together a summary of penalties on water bills so that the committee could see the trend as water rates continue to climb. Penalty collection have risen consistently over the past 5 years. Zavoral felt that this trend information was useful. No action, FYI

2. 1.5% SPECIAL ASSESSMENT ADD ON LAW 40-24-02

Kraft passed out a copy of the ND century code that discusses the 1.5% add on for special assessment certifications. This allows for assessment payment within 10 days after it has been approved by the governing board, and thereafter shall bear interest at 1.5% above the average net annual interest rate on the bonds sold to finance the improvements.

3. WESTFIELDS FIRST ADDITION 2ND MORTGAGE PROGRAM

Kraft updated the committee on the status of the 2nd mortgage program for Westfields 1st addition. She reported the City approved this in 1993 when Eide-Co Buildings, Inc developed this area and used residuals on debt service funds to finance this program. This fund is currently in the red by $35,000. She was concerned about the potential for City losses on unpaid specials and also with the tremendous amount of administrative burden in keeping track of all the special payments. There was one default already and would likely be more. **Committee recommended that this type of financing be discontinued and instructed Kraft to call Eide Co about out intent to discontinue this program.**

4. COMPUTER SYSTEM FINANCIAL STATUS

Costin reviewed a memo prepared for the newly formed Information Technology Steering Committee. It presented an overview of current funding and the deficit of approximately $ 260,000 which exists in the computer replacement fund. Budget plans call for elimination of

this deficit using normal transfers of $90,000 per year which will take us to year 2000, or significant "one shot" revenue sources which could be redirected against this deficit.

5. POLICE DEPARTMENT 800 MHZ RADIO SYSTEM

Zavoral reported that several meetings have been held with the Police on their new 800 MHZ radio system. Basically, it seems that the Police Department intended to use this as their own phone system, when actually it is designed to be a radio system. It has not been working properly as a phone system. Zavoral felt our options were to sell the tower to the City of Moorhead for $75,000, redirect this to another department for their internal use, or mothball the tower until we are required to change frequencies on or about 2005. Zavoral and Greg Fredricks will evaluate the possibility of using in Public Works Area, perhaps in the Street or Engineering Divisions. No action taken, further evaluation to be completed.

6. 1998 REFUNDING IMPROVEMENT BOND SALE AND 1992 REFUNDING BOND SALE

Costin reported that work was proceeding on the early bond sale, and the refunding of the 1992 issue. He reported that Dan Wiles of FWW Financial advised him that the rates were starting to creep up from the initial analysis that was done on the savings for the 1992 issue. **The Committee felt that there was still significant savings and approved proceeding with the 1992 refunding. Approximate PV savings of 3% which amounts to approximately $190,000. Both the refinancing issue and the regular refunding improvement bond will be sold on Monday, March 9th**. Dan Wiles will review the results of the sale at the City Commission Meeting.

7. FIRE LAND PURCHASE

Zavoral informed the committee that the ambulance service wants to pay additional funds on the land purchase and is looking at spending and additional 80 - 85,000 in improvements for this property. Kraft handed out a recap of the funds expended for fire site acquisition and that $60,000 has been charged against the general fund and the balance of the land purchases were charged to the solid waste utility. Zavoral reported that the ambulance service has committed to pay the City $40,000 in 1998 and $40,000 in 1999. **The Solid Waste utility will be paid back when these payments come back from the Ambulance Service.**

8. 1998 BUDGET ADJUSTMENT FOR YEAR END ENCUMBRANCE AND CAPITAL PROJECT BUDGET ROLLOVERS

Costin reported that "established" policy has been to rollover year end encumbrances and capital project budgets from year to year if they were not expended in the current year. Further discussion on the fact that much of the capital budget rollover, approximately $250,000 was for street rehabilitation projects that have already been programmed in 1998. This was discussed with City Engineer Mark Bittner who said that all of the funds have been programmed into the 1998 street rehabilitation plan and that not rolling the balance over would cause him to remove some projects on the listing. Costin reported that in previous years sometimes the street rehab was rolled over, and other times it wasn't. Cosgriff suggested that a written policy be developed and sent to City departments to explain our process, and that a provision be incorporated to allow the Commission the option of not rolling encumbrances and budget balances if the City financial stability begins to deteriorate. **Committee approved 1998 budget revision for encumbrances and capital project carryovers for the general fund to be placed on the City Commission Agenda for final approval.**

9. MUNICIPAL COURT REQUEST FOR ADDITIONAL FULL TIME STAFF

Furness presented information submitted by the Municipal Court on their volume increases and related overtime costs. The MC is requesting one full time staff to assist in processing their increasing work load. The Police emphasis on traffic control and DUI cases has caused their volume to increase dramatically. The Committee questioned whether the high volumes would continue and was reluctant to add a full time position at this time, **however a $15,000 increase in part - time staff was approved**, to be presented to the City Commission.

10. GAMING AUDITOR PROPOSAL

Costin presented a letter from Teri Sprenger, Gaming Auditor requesting an increase in her contract amount. She stated that she has been on board for more than 10 years and has not received a raise in her contract amount. She was requesting $22 per hour.

Committee discussed the need to formalize her contract in writing and present to the City Commission as an approved recommendation from the Finance Committee.

11. PBX PHONE SYSTEM RFP

Costin updated the committee on the progress of the PBX phone system RFP. The RFP has been drafted, reviewed by City staff, and is ready for final approval by the City Commission. He wanted approval for the "name brand" specification that the City had previously discussed in earlier planning sessions. The Harris system is the same type of equipment the school district is installing and there is opportunity for cost sharing on phone hardware and features in the future. **Committee reaffirmed this concept and recommended final approval by the City Commission at the next meeting.** This RFP will be published during March and will be awarded in early April.

12. RECAP OF FINANCING ISSUES

Costin handed out a recap of various projects and financing sources. These projects included the phone system, the central garage remodeling, fire ladder truck, transit garage, parking ramp, and potential fiber network expansion. He reported that during the budget session we planned to use lease financing for the Central garage project, but after subsequent review and projecting cash flows, the lease revenues going into the building repair fund would cover this project by year 2000. He stated that the intent was to do a lease purchase on the phone system and the fire ladder truck because of the large cash needs. Federal grants will cover the transit garage project and a series of private and public funds could be used on a potential parking ramp project.

No funding source has been identified for potential fiber optic expansion.

13. PARKING RAMP FINANCIAL PROJECTIONS

The Committee reviewed a summary of calculations prepared for financing a potential parking ramp project. The calculation showed a 200 stall ramp would be economically feasible, and that a 300 stall ramp would also be feasible, using $100,000 per year of additional Tax Increment Funds from the C-1 Tax Increment District. Zavoral commented that he want to use more upfront tax increment funds and not use a portion of the future annual increment payments. **Committee instructed Costin to re-run the numbers using $800,000 in tax increment funds up front , $150,000 of parking authority cash, and $250,000 each from potential private industry contributors.**

14. SOLID WASTE LANDFILL ASSURANCE FUNDS

Zavoral reported that he felt the City has escrowed enough landfill assurance funds to meet federal and state requirements for future post closure needs. Currently, the City has been transferring $2 per ton from the solid waste utility into the landfill financial assurance fund to cover this future liability. The cash balance is approximately $800,000. He also reported Bruce Grubb has studied the residential garbage rates and current levels pay only for the cost of collection and do not factor in the cost of disposal. They will be recommending an increase in the residential garbage rates for 1999 to offset for the cost of disposal. **No action taken**.

FINANCE COMMITTEE MINUTES

MARCH 30, 1998

Attendees: Bruce Furness, John Cosgriff, Pat Zavoral, Kent Costin, Carol Kraft

Old Business:

1. Health Care Plan Comparison

Discussion on using an outside professional to analyze our present health plan coverage. Employee concerns over high deductibles. Costin will contact Rick Steen of Charles Bailly & Company. This is moved to high priority for timing in relation to the budget timetable. The Committee wants to study deductible levels, provider cost of services and DRG rates, continuation of the self funding concept, and comparison to other products.

2. Computer Replacement Fund Deficit

Committee approved continuation of the present funding of the deficit in this fund. Will be eliminated by annual appropriations over the 1998, 1999, and 2000 budget year.

3. Gaming Auditor Contract

Costin will meet with Carol Huchison to draft a contract to be forwarded to the City Commission for their consideration.

NEW BUSINESS:

1. Parking Ticket Price Increase

The Committee approved increasing the price of a parking ticket to $10 and increasing the maximum number of tickets from 2 to 4 outstanding tickets before an impound is ordered. The parking ordinance will have to be changed for the price increase. This was approved as part of the 1998 budget, however it was deferred as the Police Department had just ordered a new inventory of tickets.

2. Allocation of Pending Liquor License Revenues

Discussion on how the funds for alcoholic beverage licenses should be allocated. Furness proposed saving half and spending half on existing capital needs. **Committee recommended allocations of $100,000 to the revenue stabilization fund, $150,000 to the Building Repair Escrow , and $250,000 for capital needs from the pending projects listing.**

3. Administrative Fees on Sewer Phase VI SRF Project

Costin informed that committee that an administrative fee has been charged on the first four phases of the sewer expansion project. The next phase of construction, phase VI will approximate $ 10 - 11 million. He recommended that the fee not be assessed to maintain consistency with the water plant financing plan. **Committee approved not charging the capital project administrative fee in future phases of sewer plant construction.**

4. Water & Sewer Plant Committee

Committee approved Costin as a member of the Water and Sewer Plant Committee. Kraft felt that he has been working with the details of the financing and other project matters and recommend that he serve on the committee as the Finance Office liaison. The Committee suggested that these two committees be combined into a utility committee to include Solid Waste and Forestry.

Committee approved change in committee structure.

5. Fire Truck Financing

There was discussion on the financing plan for the Fire Ladder truck. **Committee approved using a bank letter of credit financing over a five year period. Committee also approved appropriating $100,000 of an anticipated liquor license to be applied to the purchase.**

Cost of Ladder Truck	$520,000
Less: Liquor License Transfer	(100,000)
Appropriation in Vehicle Reserve Fund	(190,000)

Net Cost to Finance	$230,000
	=======

The annual amortization amount of approximately $50,000 per year will have to be budgeted in the vehicle reserve fund, and the general fund capital outlay for fire increased accordingly. Costin will arrange for setting up a master lease arrangement.

Considerable additional discussion on the need to fund a long term plan for the Fire Department capital needs. The present model which runs from 1998 though 2007, is short by about one million dollars. Cosgriff informed that Committee that the legislature is looking at taxing non-profits, and there may be some future revenues available if it goes that way. The Committee has previously discussed solicitation of funding or charging the ambulance service for medical assist runs. **No action taken on the long term funding of the Fire Capital Plan.**

6. Landfill Assurance Fund

Zavoral updated the Committee on the landfill assurance funding. Costin let the Committee know that the transfer to the landfill assurance fund has been halted, pending approval of Bruce Grubb's plan which has been submitted to the State Health Department. Zavoral informed members that a residential garbage rate increase was being planned for 1999 to cover the tipping fee, which is not currently being charged to the residential customers.

7. Norwest Bank Pledging and ATM Proposal

Kraft and Costin updated the Committee on possible changes in pledging of City deposits. Presently, the City maintains separate pledging agreements with the banks we have deposits with. Norwest was suggesting a collateral pool, with all local governmental units participating, or a letter of credit with the Bank of North Dakota.

Kraft informed Norwest that we are not especially interested in a collateral pool, however we are open to the letter of credit concept.

Norwest was proposing assessing a surcharge on the ATM machine at the airport. Kraft and Costin met with Norwest and reviewed our contract with them stating that they would provide this service for no fee throughout the life of the contract.

No action taken.

8. FCC Licensing

Costin wanted clarification as who should be responsible for FCC Licensing. Previously, Mark Thelen had coordinated this, however, the Auditors Office does not have record of what he did, as there are no historical files available. **Committee approved that the FCC Licensing process remain in the Auditors Office and be maintained by the City Auditor**. Carol Kraft will maintain this information in the future.

9. Impound Lot Financing

Zavoral updated the Committee on the status of the impound lot project. The plan calls for 130,000 sq. ft facility with 50,000 sq. ft paved surface, a building for storage of vehicles, and fenced perimeter. Project cost is estimated at $ 300,000 to $350,000.

Committee approved financing this project from projected increases in municipal court fines, and if necessary pledging excess general fund revenues to cover this cost over the next 3 years.

10. PBX Phone System Conversion

A financing plan was approved for the PBX Phone System. This project will be funded out of the pooled cash balance. Future savings from elimination of phone lines with U.S. West will be transferred to payback this project. The Enterprise funds will pay for their share of the equipment directly. **Future budgets for telephone costs will have to remain constant, to provide the resources necessary to pay back the capital costs incurred. The initial capital outlay is estimated to be approximately $400,000.**

11. FIBER NETWORK UPDATE

Zavoral reported on the estimated cost of City wide fiber connections. Lesmeister & Associates has estimated $500,000 for dedicated fiber and related equipment. The project payback is about 7 years.

The School District will be issuing a certificate of indebtedness for financing their share of the project. Dan Huffman has offered to include the City in their financing plan with payments from the City for their share of the project cost, over time.

Zavoral will check on how the 2% franchise fee might be assessed to fiber providers, as a way to maximize our resources. Some discussion on the public right of way fees, and how they would pertain to a private, public project. Cosgriff suggested that he check with Pheonix as they have implemented a fee structure for right of ways.

12. SOFTWARE UPDATES

Zavoral reported that City staff have held several long term strategy meetings on updating various City software programs within the City. Members of this planning group include Engineering, Assessors, Auditors, Planning, Inspections, and Data Processing. Needs are most pressing in the Engineering Department and the City Assessors Office, as they are ready to move forward. The need is to convert old System 36 programs to a common data base for all departments to draw information. Costin reported that Carol Huchison will be recommending pulling the payroll processing back in house next year and if the HTE solution meets their needs that funds should be budgeted now, to allow time for setting up for processing January, 1999.

Committee approved $75,000 from pending liquor licenses, $50,000 from the GIS Budget already programmed for 1998, with the remainder from the debt service residuals fund.

13. Parking Ramp Projections

The revised amortization schedule for a proposed parking ramp was discussed. Costin ran the numbers using an $800,000 City contribution, which generated 129% revenue coverage. Dropping the City contribution by $100,000 would lower the rate to 119%, and 108% accordingly. **Committee discussed the need to negotiate for a lower initial contribution. Zavoral will contract Norwest about meeting again.**

14. Elm Tree Parking Lot

Discussion on the Elm Tree parking lot currently held Ed Stern. Zavoral suggested purchasing this parking lot for $10.00 per square ft. which is a market price of $ 190,000.

Tax Increment Funds could be used to acquire this lot, leaving parking funds intact for future projects.

Committee gave approval for Zavoral to contact Stern.

FINANCE COMMITTEE MEETING

APRIL 27, 1998

Attendees: Bruce Furness, John Cosgriff, Pat Zavoral, Carol Kraft, Kent Costin

OLD BUSINESS No discussion

NEW BUSINESS ITEMS

1. HEALTH PLAN STUDY

Costin reviewed two proposals received from Charles Bailly of Fargo, and AON Risk Services, Minneapolis, MN. AON appears to have the best proposal based upon the study team, and their existing knowledge of our plan document.

Approved proceeding with study authorizing AON Risk to do the work. Costin to negotiate the fee not to exceed $20,000.

2. IMPOUND LOT UPDATE

Zavoral reported that an architect, Lightower, Johnson has been retained to develop a site plan for the impound lot project. He expects to have the plan completed by May 15th. This will be bid following. Financing plan approved to use additional court fines as transfers to this capital project fund. Discussion followed on Court fines history. Funding levels are consistently holding up through April. If volume tapers off, fund transfers may need to be spread over a two year period.

Approved financing plan using a capital project method.

3. PAYROLL SYSTEM CONVERSION

Costin presented concerns about staffing and related effort to bring the payroll system back in house. The payroll system being considered with the HTE system provides for payroll as well as related HR functions. He reported that several staff members will be attending the HTE users conference May 3 - 7th and will get more information on this system. Staffing issues and the final decision on whether to pull maintain internally or use a service provider will be reported on after the conference.

No action taken

4. 1999 BUDGET TIMELINE

Discussion on the 1999 time table. Costin expressed concerns that not enough time was allowed last year for meetings with departments and that this pushed the final review into an uncomfortable time frame. The goal for the Mayors preliminary will be August 1. Strict adherence to the final meeting cutoff is critical to successful final presentation. Costin will distribute the preliminary budget calendar and related policies on budget entry and will give users access to the system.

Decision was made to follow the same time frame as last year, however, the budget module will be set up for departments to key much earlier, so they can enter at their leisure between now and July, instead of a limited two week. This will allow a smoother scheduling time frame for departmental meetings.

5. FINANCIAL ADVISOR CONTRACT

Zavoral suggested that now might be the time to visit the financial advisor contract, following the City policy of bidding service on a more frequent basis. Costin and Kraft reported that they were very satisfied with the quality and timeliness of FWW Financial. Cosgriff suggested that the original contract might have contained extension periods and that this should be investigated before a recommendation is made.

Cosgriff also suggested to Zavoral that Dan Wiles could be a resource person for Mark Bittner on modeling the cash flow or providing bonding models for the sales tax extension.

Costin will report back at the next meeting on the contract terms.

6. WEED CONTROL PROPOSAL

Kraft presented a proposal from Joel Young for weed control services. He is proposing to service the City account and not be affiliated with Cass County. Committee thought that this seemed like a strange request, as this service had normally been coordinated with the County.

Kraft will contract Bonnie Johnson of Cass County to get their input on this matter. If the county doesn't participate, then it will be coordinated through the Forestry Department per Zavoral.

7. TECHNOLOGY STUDY

Zavoral updated the committee on the work being planned in the technology area. It is the ITSC intent to do an assessment of where we are at an how our strategy is working in relation to other governmental units.

He will be working with Mark Bittner and Joe Blesi on developing an RFP as soon as possible

8. YEAR 2000 COMPLIANCE

Zavoral reported that various departments have been doing assessment work on the year 2000 computer problem. Committee felt that there is more risk in the AS/400 and SYS 36 areas. Bruce Furness expressed concerns that hardware and software be tested. Pat Zavoral reported that some testing is being completed in the Engineering and Fire Departments, and that some departments will need assistance in the testing process. Bruce suggested that external connections to outside parties be tested also to assure that our communication links are functional.

Committee moved compliance date to April 1, 1999.

9. SOLID WASTE BUDGET CARRYOVER

Costin presented a letter from Bruce Grubb (Solid Waste) requesting capital outlay carryovers from 1997.

Their department had several projects that needed to be carried into 1998 as they were not completed in 1997.

Committee approved capital outlay budget carryovers as presented by Grubb.

10. PBX Phone System Conversion

Zavoral and Costin reported on the PBX phone system conversion. The contract with Tharaldson Communications has been modified to provide for remodeling of the headhouse area where the PBX will be placed. Due to timing constraints modification of the contract with Tharaldson was considered to be the best option. The room needs to be fully remodeled by May 15th.

Contract amendment of $65,000 for remodeling and site preparation approved.

11. BLUEMONT LAKES STORM RUNOFF REQUEST

Costin reported that he was contacted by Tom Schaeffer, of the Bluemont Lakes Association regarding potential financing assistance with the shoreline project around the lake area due to erosion. He said that the Association wanted some information about whether or not this could be done and related financial information about the special assessments process. The committee was concerned about inheriting future liabilities and using public financing on a private project. A meeting has tentatively been scheduled for Friday, May 1st to meet with the association.

Costin was instructed to consult bond council Brian Neugebauer for an opinion on this matter of public financing on a private project.

12. SCHOOL DEVELOPMENT ISSUES

Furness reported on a meeting held between the City and school officials about their future building plans in the southwest area west of I29, near 40th st. Bittner is preparing cost estimates relating to the impact of locating farther north of their tentative site. Furness said the school expects some incentives for considering a more northern site.

No action taken

13. DISCUSSION WITH DBA

Furness reported that he met with the DBA to discuss security and parking issues.

14. OPEN PROJECTS LISTING

Costin handed out an updated project listing for various projects the City has on board. A police department request for increased funding of vehicle purchases and more software requests were added to the listing. A summary allocations of anticipated liquor license revenues was also presented based upon adding five additional licenses. Kraft reported that we have not collected the full amounts of any of the outstanding license proposals at this time.

FINANCE COMMITTEE MEETING

JUNE 2, 1998

Attendees: Bruce Furness, John Cosgriff, Pat Zavoral, Carol Kraft, Kent Costin

OLD BUSINESS:

1. HEALTH PLAN STUDY

Costin reported that AON will be finishing up the health plan study in the next week or so. The survey process took longer than anticipated. No action taken

2. PAYROLL SYSTEM CONVERSION

Costin reported that Carol Kraft, Carol Hutchison, Carol Haukebo, and he looked at the HTE payroll solution while attending the HTE conference in May. Everyone was impressed with this program. Another demonstration with Cass County, who presently operates this system is scheduled for June 4. A recommendation for implementation will be brought forward to the City Commission after this demonstration.

3. BUDGET TIMELINE

The budget timeline memo will be distributed by the end of the week. We will be following the cutoff dates the same as last year. Costin reported that he will be setting up the budget files in the HTE system.

4. FINANCIAL ADVISOR CONTRACT

Zavoral inquired at the last meeting about when the Financial Advisor contract should be bid out again. Costin reported that FWW Financial was selected in a competitive RFP process about three years ago,

and that this relationship takes some time to develop and he was comfortable with continuing on for at least another two years.

Action taken: Approved continuation of FWW Financial as the City's financial advisor

5. WEED CONTROL CONTRACT

Zavoral reported that he has a contract in hand for weed control & mosquito control for $2,000 per year. He will present this to the City Commission for approval.

6. BLUEMONT LAKES STORM RUNOFF

Costin reported that he, Gary Stewart, Brian Neugebauer, and Mark Bittner met with members of the Bluemont Lakes Association about potential financing and special assessment options related to their storm water run off and erosion control issues. The meeting was to discuss how the City uses municipal bonds for financing projects, what the interest rates and terms are, and also a detailed discussion of how this might be assessed. Much of the concern from the Association was how this might be assessed. Brian Neugebauer and Mark Bittner expressed concern that it would be difficult to assess beyond the lake perimeter because of proving % of benefit. The Association feels that they provide drainage runoff to a larger area than just the abutting property owners.

7. SCHOOL DEVELOPMENT ISSUES

Bruce Furness reported that he and Zavoral have met with school officials about future school expansion projects. They are looking at a site adjacent to the Great Plains expansion area on Burgum land. The City would be involved in putting in the infrastructure to the site. The plan would be to use sales tax funds with potential deferrals. Future assessments would go back into the sales tax fund.

NEW BUSINESS:

1. ROSE CREEK SPECIAL ASSESSMENTS

Zavoral reported that he has been questioned many times about how the City applies special assessments and what is included in the "add on" factors the City uses when rolling up final project costs. He felt that consideration should be given to breaking this down on the postcards that are sent

to property owners, as presently, we are giving the detailed breakdown in the legal publishment, but not on the notice to property owners. He felt that this would be better and more direct communication to the public.

Continued discussion on various reasons that specials cost are high. Zavoral reported that our average costs are in line. He suggested the City might want to consider changing its approach to specials where a "basic infrastructure" package might be offered and the developers could be responsible to provided for items such as sidewalks, or street lighting. He will work with Carol Kraft and Engineering to see if this is feasible.

2. TAX INCREMENT PROPOSAL

Zavoral presented a tax increment financing proposal for Lots 1 - 8, Block 1, J&R Addition and Lots 1, 2 of Mjelde Replat owned by Richard Kluzak. There were several infrastructure improvements addressed in this proposal. No action taken, Zavoral will discuss further with Kluzak about the potential for development and what plans, if any, exist because the property has not been developed for almost 20 years, despite the fact that sanitary sewer, storm sewer, paving, and water in place.

3. IMPOUND LOT PROPOSAL FROM MIKE BEATON

Zavoral reported Mike Beaton proposed that the existing 7th avenue lot be retrofitted and the existing facility be used instead of the City's proposed site. Further discussion on procedures and fees for various impounding, especially bicycles. As plans develop for the new site we may need to segregate the impound function from the release function for greater control. No action taken, as plans for the new site continue to develop.

4. JOE BLESI CONTRACT PROPOSAL

Costin reviewed a proposal from Joe Blesi for computer services. Mr. Blesi was offered a one year employment contract in 1994 prior to our recent system enhancements in the financial systems, health systems, police systems, and related pc network expansion. He has been continued from year to year (on a part-time basis) about 1000 hours per year until now as sufficient work remains for technology expansion projects. His contract rate of $23/ per hour has not been adjusted since 1994. He is proposing an increase to $50 per hour. Further discussion that he is an "employee" and therefore, our pay procedures should be followed. If he decides to terminate his employment contract and become an independent consultant, the City would develop an RFP for consulting services and provide opportunities for other companies bid on this service.

Action taken: Zavoral suggested that a rate of $30 per hour be offered to Mr. Blesi if he desires to remain a City employee, or potential consultant rates, if this service was bid.

5. PERSONNEL RECLASSIFICATION TIMING

Zavoral suggested that personnel reclassification or promotions actions take place on March 1 of each year which would put them into a timeframe for inclusion into the original budget, prior to July of each year. Changes approved would be effective January 1 of the subsequent year.

Action taken: Committee approved the concept of this change.

6. TECHNOLOGY FUNDING

Zavoral & Costin reviewed the technology funding needs and suggested that Year 2000 compliance issues could be budgeted in 1999, along with Office 97 Suite conversions. Remaining funding needs have been quantified by the ITSC efforts and all involved in this process feel that the needs are valid. Previous allocation of one liquor license was made to the Revenue Stabilization fund in the amount of $100,000. The Committee suggested that $50,000 of this amount should be used for additional funding towards technology projects this year, and as future licenses are collected that the $50,000 be returned to the Revenue Stabilization Fund.

Action taken: Approved $70,000 allocation ($50,000 or 1/2 of first license collected) plus two down payments on licenses $20,000) to the ITSC capital fund for technology funding.

7. BASEBALL STADIUM LETTER FROM REDHAWKS

Costin reviewed a letter from Tim Flakol of the Redhawks expressing their concern that the City is charging expenses against the baseball fund for misc. repair and maintenance costs. The lease agreement has a fixed and measurable incentive period and they felt that charging expenses to the fund would only prolong the payback period. The finance committee agrees with this and will measure the payback period as detailed in the lease agreement. Costin will write back to Flakol to describe how this will be handled. Simply stated, we will agree on the calculation of the payback which will be different from the actual accounting records because of the lease compliance issues.

Action taken: Agreed to measure the Baseball Stadium Lease payback period as prescribed in the lease and to notify FM Redhawks how this will be handled.

8. FM REDHAWKS SAFETY PROPOSAL

Costin reviewed and discussed a letter received from FM Redhawks safety manager Pat Murray relative to a safety net that they are proposing to place over the children's playground area. They are concerned about children's exposure to flying balls and propose to spend $6,000 to install a netting system to cover

this area. Further discussion that this seems like a Fargo Baseball issue and that usage outside the Redhawks use would have limited exposure. Costin stated that they would be doing regardless of whether or not the City wished to participate.

Action Taken: Agreed not to fund this proposal and to communicate this back to Mr. Murray.

9. LIBRARY BOILER REPLACEMENT

Zavoral reported that Bob Getz received proposals to either fix or replace the Library Building boiler. The preliminary cost estimate indicate a fix will cost approximately $ 52,000, while total replacement with a new unit will be about $ 48,000. Zavoral reported that he will be checking for two more quotes and he wanted to expedite this process, due to the time needs to get this done before the heating season.

Action Taken: Approved proceeding with replacement of Library Boiler. Costs to be charged to the building repair fund 261.

10. FLOOD DSR ISSUES

Costin reported that he sent Janell Quinlan of the Division of Emergency Management a letter explaining our DSR overpayments. The State informed him that we could keep the funds as advanced payment of existing or future public assistance projects. He will work with Don Van Beek to resolve this issue. **No action taken.**

11. BUDGET MEMO

Costin updated the committee plans for the 1999 budget timeline. Discussion followed on whether the Finance Committee should suggest budget constraints or simply let departments key whatever requests they want. The Committee suggested the budget memo include constraints because of the aggressive revenue projection that are now being used, and the fact that we have been closing the excess revenue gap over the past couple of years, thereby confirming the need to budget expenditures more conservatively.

Action Taken: A target of 3% increase in non salary expenses was suggested, and capital needs should be individually identified and prioritized in the HTE system.

12. DBA CANOPY ISSUE

Costin informed the committee he had spoken with Sue Braun of the DBA regarding whether or not businesses could take down canopies over their properties. She was being routed from Dept. to Dept. within the City and she did not know who was handling issues related to the Broadway Mall. Discussion followed that special assessments exist and that it would not be prudent to remove prior to specials being paid if full. Carol Kraft will research the specials issue to determine whether or not their is a balance remaining.

Action Taken: Agreed that assets put in with special assessment financing should not be removed prior to specials being paid.

13. FOOD PANTY LEASE AGREEMENT

Costin reported that Ed Lana from the Food Pantry contacted him with a request for roof repairs on the North Side Fire Station building that they are leasing from the City. He had referred this to Bob Getz (Buildings & Grounds) and Jim Gilmour (Community Development) and neither felt that the City had any responsibility as the lease implies that repairs were the lessee's responsibility. Costin informed Lana that we had no legal responsibility for the repair, however, in the future we could consider CDBG funding, as long as projects go through the normal CDBG cycle.

Zavoral felt that this would be a CDBG eligible item in the future and will discuss with Jim Gilmour. Committee agreed.

14. DAVID ANDERSON WATER TURN-OFF

Cosgriff updated the committee on a complaint he received about a water turn off after hours on property owned by David Anderson. He followed up for further information and determined at Water accounting staff handled this matter appropriately, however, the turn off policy currently in effect might be too quick for shutoff purposes. Cosgriff recommended that a $40 credit be issued to Mr. Anderson's account, due to the fact that he had an excellent payment history, and was so upset about this issue.

Action Taken: Committee approved issuing $40 credit to his water account.

15. ELM TREE PARKING LOT UPDATE

Zavoral reported he has been working with DTL regarding potential purchase of a downtown parking lot. The options so far include having DTL pay $140,000 for the site, and the City purchasing the lot for $190,000, or they trade another lot (north of 2nd Ave.) with 30 stall capacity plus $100,000, then the City will give them the Elm Tree Lot. If DTL purchases the lot Ed Stern will deal directly with DTL for his past participation. Zavoral will continue to work on this issue.

FINANCE COMMITTEE MEETING MINUTES

REGULAR MEETING, SEPTEMBER 1, 1998

OLD BUSINESS:

1. Veterans Administration Sewer Agreement

Kraft quantified the monetary amount of the free sewer service provided to the VA Hospital at about $1,000 per month. Costin had previously routed a copy of the original agreement to the Mayor and Zavoral. Committee felt the VA should be paying using normal rates**. Furness will contract Doug Kenyon, Director, to discuss this agreement, to ask for future payments.**

2. Special Assessment Repair Policy

Kraft reviewed a draft of a policy statement for assessing repair costs incurred by the public relating to infrastructure improvement work. The policy was revised to have our risk management claims group (Alexis) review each proposal to determine the merit of each case. Each request should also be presented to the Finance Committee for approval prior to a decision being as each instance will be handled on a case by case basis. **Kraft will update the policy and present at next meeting.**

3. Cell Phone Usage Memo

Costin reviewed statistics on cell phone usage with Wireless North. Usage has increased and a departmental memo was drafted for discussion. Committee wanted to put more background information together to show our growth in usage, and also add some language on efficiency issues. **Costin will modify the memo and distribute with detailed statistics to each user division.**

4. Flood DSR Resolution

Costin reported a final damage survey report has been received after the audit of the emergency flood fighting costs. The State sent the revised DSR and a letter asking for payback in 60 days. Kraft & Costin suggested a payback on or about September 15, 1998 which will settle out this issue. Costin stated that we cannot hang on to the funds as we do not have enough public assistance projects to justify it. **Committee approved payback plan.**

NEW BUSINESS:

1. Parking Special Assessments

Kraft reviewed a informational memo relating to special assessments for parking operations. There is presently a deficit cash balance in the bond fund in the amount of $ 69,295. She asked for decision on assessing another year, or using general parking authority revenues to eliminate this deficit. **Committee felt that the assessments should be levied for 1999 to reduce this deficit.**

2. Consider Revision to Investment Policy

Kraft forward information on the City investment policy and State Law which described the allowable investments the City purchase. The State Law was updated to allow for the purchase of federal government agency investment products. She felt that we might receive a higher rate by using agencies. Costin expressed concern about getting a listing of all the U. S. Government Agencies to assure that brokers are providing investments that meet the State requirement. **Kraft will get a listing of all agencies back to the Committee at the next meeting for further discussion and final decision.**

3. Various Transit Issues

Costin presented a memo prepared on behalf of Zavoral for various transit issues. Topics discussed included a fueling station for the bus garage, a van proposal for the Senior Commission and a heating system project for the bus portion of the central garage.

Costin expressed concerns that there are not enough transit capital escrow funds to do all of the projects listed in the memo, and that some confusion exists about the City's potential committment to fund a replacement van for the Senior Commission. Costin explained that the City has purchase three replacement vans for the Senior Commission in the past two years, and Bill Rohrich was under the impression that another was being planned for and he was working with Brian Arett of the Senior Commission.

Committee approved funding of $40,000 to come from the transit escrow for a new bus fueling station compatible with the City garage station. Work will commence on this project yet this fall.

Zavoral will visit further with Rohrich and the Senior Commission to see if the van can be repaired instead of replacing. Cosgriff informed members that Dakota Medical Foundation recently approved a large grant for the Senior Commission. **More information needed to make a recommendation. Zavoral will work with Rohrich to get this information.**

4. American Express 457 Plan Termination and Conversion

Costin reported on a letter received from AMEX, a deferred compensation provider with the City. AMEX is getting out of the DC business and is recommending transfer of their assets to a new administration PEBSCO. Costin stated that we have several plan administrators already, and a goal of the City should be to reduce the number of plans to administer, especially since ICMA was selected to manage the City Pension plan match program. **Committee felt that this was a request for a substitute plan, and that PEBSCO should be allowed to transact business, just as AMEX was previously. New plan implementation should be considered.**

5. Traffic Safety Grant Request for Health Coverage

Costin presented a memo from Nukhet Clark, Traffic Safety Coordinator requesting an allocation of funds for Health Insurance coverage in the amount of $1,600. She does not have health insurance coverage and would like to receive the same benefits are her predecessor, Diane Olden. Costin suggested that an amount was already included in the 1999 budget for a local contribution toward this program and that this could be used to fund the health insurance request in lieu of other program costs. Committee approved starting coverage on 1/1/1999 without any further change in the general fund budget.

6. Housing Buyout Remaining Reimbursements

Kraft presented a summary of open reimbursements to the Committee in the amount of $ 654,840 which have been open since March, 1997. These amounts have not been reimbursed by the State Division of Emergency Management as various paperwork issues related to private insurance settlements have not been resolved. Zavoral reported that he is working with Jim Gilmour and the City Attorneys office to get the required paperwork, however, he felt that this may take further communication from the Mayor directly to the Lonnie Hoffer. **Zavoral will report back on the status of the paperwork at the next meeting.**

7. Impound and Towing RFP

A copy of a proposed impound lot and towing services was distributed. Zavoral reported that we will be holding a pre-bidding conference to assure that all proposers understand the RFP requirements. He stated that the pricing sheet is very detailed so it will be easier to sort out the cost of the service. **No action taken.**

8. Tax Increment Financing for Land near 25th Street and 21st Ave.

Zavoral reported he was working with Dan Wiles of FWW, Financial to do a financial model on developing property that has been vacant for several years. The plan is to develop approx. 11 million in commercial property over a 3 - 5 year period and use special assessment bonds to finance these infrastructure improvements. The developer would receive a tax increment abatement so that they could afford to pay the special assessments instead of property taxes. **A model will be presented when complete**.

9. Parking Lot Financial Model

Zavoral reported on the status of the parking lot financing. He is presently working with Dan Wiles of FWW Financial to model various options to utilize local tax increment fund balances, CDBG Initiative funding and other resources to finance a downtown parking ramp. **Work continues on this project with the goal of charging approx. $45-50 per stall user fee.**

10. Consider Insurance Coverage on Mechanics Tools

Costin received an inquiry from Bill Rohrich about consideration of getting a cost to insure mechanics tools at the Central garage. A listing was provided that shows approx. $200k in personal tools are being used there. It is standard industry practice to have mechanics provide their own tools. **Committee advised Costin to contact the State Fire and Tornado Fund to see if they could be insured with the City property policy**, **and get back to the Committee next meeting with pricing.**

11. Newman Outdoor Stadium Repair Costs

Costin provided copies of repair bills for the air conditioning units that he received from Bob Getz. A copy of the lease that discusses repairs was also reviewed, which indicates that the City should pay for these costs. **Approval granted in the amount of $ 859.21, to be charged against the Stadium fund.**

12. Newsletter Information

Furness provided copies of a chart from the U.S. Mayors newsletter showing a format on general fund taxes and revenue sources, which indicates the actual percentage of the budget that comes from property taxes. **Costin will update in this format for inclusion in the next news letter.**

13. Rail Spur Project

Zavoral reported that Stone Container, McNealis and Trillium want to construct a rail spur. He is looking into a special assessments plan for this project.

14. Landfill Tipping Fees

Zavoral reported he was concerned about the landfill tipping fee structure and suggested that rates be set for all services to cover costs appropriately and that residential services should be raised to cover the landfilling costs. Work to continue on this project.

15. Horace Extra-territorial Area

Furness reported the City has come to an agreement with the City of Horace on extra-territorial area issues.

FINANCE COMMITTEE MEETING

OCTOBER 13, 1998

Members present: Furness, Cosgriff, Zavoral, Kraft & Costin

Guests present: Arlette Preston, Sherlyn Dahl (Family Health Care Center), Jim Gilmour

1. FAMILY HEALTH CARE LEASE AGREEMENT

Discussed the renewal of the Family Health Care Center lease agreement which is scheduled to increase September, 1998. Sherlyn Dahl, Executive Director previously visited with Bruce Furness about considering reducing the annual lease agreement amount to assist them in making progress toward their long term committment to UND. Committee discussed how the original agreement was proposed and reviewed materials presented by the FHCC. Cosgriff suggested that the lease should remain as is with a general fund social service subsidy, which would be a more upfront way of handling this issue. **After considerable discussion it was decided that the lease would be lowered to $150,000 and this would be brought forward to the City Commission for final approval**.

2. VA SEWER AGREEMENT

Furness reported that no contact has been made to the VA regarding the free sewer arrangement. **Carry forward.**

3. INFRASTRUCTURE REPAIR SPECIAL ASSESSMENT POLICY

Committee approved policy for homeowner repairs to be special assessed as presented by Kraft.

4. REVISED INVESTMENT POLICY

Kraft presented a listing of federal agencies that would be appropriate to use for investing cash reserves from Charles Sjostrom from the Investment Center. No response was received from Mike Collins of Piper Jaffrey. The is some potential to receive slightly higher interest rates by using agency securities. **Committee gave approval to allow for agencies to be bid during the investment solicitation process**. Kraft will inform financial institutions about this change in policy, and will continue to inform the Committe of the results in the future.

5. FLOOD STATUS REPORT

Kraft and Gilmour reviewed the financial status of the flood projects. Some discussion on demolition projects. FEMA will not reimburse the City for demolition until the entire project area is complete. City will have to carry cash deficits in this fund until final completion. Gilmour reported that the insurance certifications needed to finish the home buyouts was progressing and that the remaining reimbursements might need to be negotiated directly with the State to close out. **Carol will draw on the CDBG fund deficit.**

6. INSURANCE ON TOOLS

Costin reported he checked with State Fire and Tornado about insurance on mechanic owned tools. Our policy covers up to $5,000 per premise for damaged tools. No coverage is available for theft. **No further action taken**.

7. ALEXIS CORPORATE MERGER

Costin reported he was notified by Alexis, our current liability claims processor that they are merging with CNA Insurance Company and they would likely be paying claims from a Chicago Office, and not in Minneapolis. Stephanie Volpe, our former claims processor was replaced with a CNA processor.

Cosgriff suggested we check to see if our contract is assignable and the need to re-negotiate if necessary. **Costin to visit with CNA account manager.**

8. ELM TREE LOT MANAGEMENT STRUCTURE

Zavoral inquired about the potential or need to bid the management of the Elm Tree Parking Lot which was recently acquired by the City of Fargo. Bill Barnick is presently running the lot. **Zavoral will negotiate with Barnick for an agreement.**

9. AUDITING ALCOHOLIC BEVERAGE LICENCES

Cosgriff and Kraft discussed the need for auditing certain alcohol licences to verify compliance with existing City regulations relating to food and beverage sales. Further discussion on how this could be done, who might to this and what ramifications would result. Cosgriff was concerned about spending time in this area until either the Liquor Control Committee or the City Commission decides on what the consequences of non-complaince. Kraft will check with City Attorney for some guidance on this issue.

10. INTERNAL FEE STRUCTURE FOR SOLIDS AND SILTS LANDFILLED

Zavoral suggested that silts and solids from the water and wastewater treatment plant are presently being deposited into the landfill at no charge to either plant. If the landfill was a private operation there would be a cost to the treatment plants for disposal. He suggested a $20 per ton fee be established to cover this cost, to be implemented January 1, 1999. **Commitee approved recommendation.**

11. CERTIFICATION OF SPECIALS ON SOLID WASTE PROPERTY

Kraft presented information on special assessments related to Solid Waste properties. A significant assessment relating to the 45th street reconstruction was assessed in 1998. **Committee gave approval to pay off all of the specials**, except for the old lanfill property , which was considered large enough to amortize over the term.

12. POLICE AND FIRE PHYSICALS CHANGE IN METHOD

Costin reported he was working with the Police and Fire Department on looking into working the employee physical program into the Health Insurance program. A base benefit is available for physicals in the plan, however Police and Fire have historically contracted for physicals directly with a provider and paid directly from their operating budgets. He will work with BPA and HR to further evaluate the physical program. **No action taken.**

13. PARKING RAMP FINANCING PLAN

Committee reviewed financial analysis prepared by our bond consultant FWW Financial. Scenarios developed and reviewed included a $500k City grant and a $1,000k grant . There had been previous discussions which considered the availability of CDFI funding, however Zavoral reported this was no longer an option. Stall sizing was discussed relating to the demand for additional parking. Consideration to be given to the feasibility of adding another floor to expand capacity to 416 stalls. Additional discussion on the ramifications of using tax exempt financing vs. private financing. Brian Neugebauer, our bond council has provided guidance for tax exempt financing.

Committee suggested FWW Financial prepare a model to evaluate adding another floor and the potential cost of using private financing. **Costin will work with FWW on the analysis.**

14. DALE PROPERTY UPDATE

Zavoral updated the Committee on the status of negotiations on the Dale property development plan. He proposed a project budget and wanted guidance on whether or not right of way acquisition should be included in the development plan budget. Estimated project costs including right of way were $1.8 million, while removing the right of way would be $1.3 million. Committee approved plan without right of way acquisition. **Zavoral will continue with the developer to work out a developer agreement to present to the Commission**.

15. HEALTH PLAN UPDATE

Committee discussed the status of the Health Insurance Plan to include awarding a bid to BPA at the next commission meeting and the need to decide on plan design enhancements. Co-pay options is currently being evaluated. Dale Rehkamp of

AON will be studying and making recommendations by the end of October. Further discussion on how to proceed. Furness felt that status quo is not appropriate due to the extensive amount of time and money that has been invested in evaluating the plan this year and that only minor changes have been made to plan design since 1992. Committee concurred with moving forward on this project. The AON meeting with the Dept/Division heads with be held on October 28.

16. BIDDING INSURANCE RENEWALS

Costin wanted input on how often the property/ causualty / liability insurance coverages should be bid or quotes obtained. The Airport renewal is coming up in November and Shawn Dobberstein was looking for some guidance with this issue. Cosgriff suggested that they be bid similar to other City contractual services on a 3 - 4 year basis. Costin reported he was working with AON on the insurance review project and more recommendations would be coming forward on insurance issues. Costin will work with Dobberstein on the aircraft renewal.

17. PARKING RAMP REPAIRS

Costin forwarded a letter from Bob Getz, Buildings and Grounds for inspection services needed for the Radisson parking ramp and the U.S. Bank Ramp. **Committee approved proceeding with work needed**. Cost estimate $1,600 for Radisson ramp and $22,000 for US Bank.

18. FRANCHISE FEE POLICY

Zavoral informed the Committee of the need to establish policy for franchise fees for new communication companies that want to put in fiber optic cables. Several companies have approached him that are in the planning process and want to know how the City will be charging fees, either by a per foot basis or a percentage of gross revenues. Other discussion followed on the implications of "City wide" coverage vs. limited coverage areas. A letter from McLeod USA's attorney stated that they are not paying the fee for phone service tax because they purchase access from U.S. West and therefore, U.S. West is really paying the City taxes, relieving from paying. Zavoral will work with the City Attorney to consider various alternatives. An informational meeting will be scheduled with the City Commission to discuss this topic.

19. GTC ROOF REPAIRS

Zavoral presented a letter and photos of deterioration of the GTC roof. A cost estimate in the amout of $29,709 was submitted. Committee approved needed repairs to be funded from the Transit Capital Repair Escrow fund. **Zavoral will work with Getz to obtain additional quotes.**

20. BUS FACILITY HEATING AND GAS BOY SYSTEM

Committee approved the final phase of the building repair work on the bus facility heating project and replacement of the bus gas boy fueling system. Funding source is the Transit Capital Escrow fund. Zavoral will work with Bill Rohrich to pull final estimates for the heating project. **Oday proposal for $11,701 was approved as a sole source procurement** because they have been the supplier of the fueling systems at Central Garage an Rohrich wishes to continue with their support.

21. SOLID WASTE REQUEST TO PURCHASE SAND FILTER

Zavoral reviewed a letter from Bruce Grubb, Solid Waste for the purchase of a screening system to be used for sandbag disposal. Grubb has experimented with several alternatives and feels this would be an effective solution. Zavoral recommended that this be approved with funding coming directly out of excess garbage revenues generated from landfilling various flood demolition projects. **Committee approved**.

22. STOP LOSS INSURANCE BROKERAGE DISCLOSURE

Committee discussed a letter from Jim Kasper of Asset Management Services requesting clarification that he has been a co- broker of the stop loss insurance used by the City Health Insurance Plan. Cosgriff explained the history of this relationship. Committee felt that under the new bid process just completed an award was made to BPA and Mike Benson for the stop loss insurance. Any confusion over who the stop loss broker is for our account was considered to be between Kasper and Benson.

The Committee did not feel obligated to a previous arrangment, and the new bid information will stand on its own.

23. PHONE SYSTEM SECURITY SYSTEM

Costin presented a proposal from Tharaldson Communications for security locks and a temperature control system for the newly remodeled communications room. This is needed to assure the heating systems operate continuously protecting our investment in the new PBX phone system facility.
Committee approved project at cost of $ 3,340 to be charged to the PBX phone fund.

25. SOLID WASTE FUELING STATION

FINANCE COMMITTEE MINUTES

December 18, 1998

Regular Meeting: 8:30 a.m. City Commission Chambers

Attendees: Furness, Cosgriff, Zavoral, Costin, Kraft

Guests: Carol Hutchison

Old Business:

Minutes from the October 13, 1998 meeting were approved.

Comments on old items:

Zavoral reported on the status of the negotiation with Bill Barnick. An analysis of the revenue per stalls had been completed by staff and the $18,000 per year that was currently being paid on the lot was deemed adequate. Zavoral will present to Barnick. **Committee approved.**

Kraft reported that the actual special assessments levied against for the 45th Street reconstruction against the Landfill properties was significantly lower than originally reported. Because the total was less than previously approved she paid the entire uncertified balance, which follows our internal practice for specials on enterprise fun properties. **Committee approved**.

The minutes did not contain comments from item #25 relating to the Solid Waste fueling station. **Costin will research this issue.**

NEW BUSINESS:

1. YEAR END GENERAL FUND PROJECTIONS/ DIVISION HEAD MEETING DISCUSSION

The Committee reviewed handouts relating to year end financial projections that were discussed at the December 11, 1998 Department/ Division Head meeting held at the Library. The purpose of the special meeting was to inform Department and Division Heads of the status of General Fund revenues and expenditures as of 11/30/98 and to ask for their cooperation in meeting a year end spending goal of 1% savings. Cosgriff inquired about department and divisional response to our savings goal. Further discussion on how to incent managers to produce cost savings.

Costin presented a listing of areas where potential excess revenues could be applied**. The Committee approved a $400,000 transfer to the Revenue Stabilization Fund** to build our fund balance reserves. Other items discussed but not approved included transfers to the Computer Replacement Fund, the Building Repair Escrow Funds, the Communications Fund, and the market pay study and reclassification requests pending. Costin will forward the transfer request to the City Commission for approval on December 29.

Zavoral discussed plans for moving the Assessors Office into the old Richtman Building. Excess space available in City Hall would be used by new employees in the Inspection Division and a conference room will be considered. The space will be leased. **A lease agreement will be presented to the City Commission at the December 29th meeting.**

2. TRANSFERS FOR CURBSIDE BRUSH PICKUP

Costin forwarded materials relating to the cost of the Forestry curbside brush pickup for 1998. Total cost of this service was $90,683. He stated that he had met with Forestry Division Head Scott Liudahl to review the history of how this had been handled in the past. The number of brush pickups and related costs have increased every year since this program started. Costin suggested that a flat fee schedule be considered to defray the ongoing costs of brush pickup. Based upon 1998 service levels a $5.15 fee per load would cover cost of service. Zavoral disagreed with the fee concept stating that landfill revenues have been used in the past to subsidize this service and he felt this should continue in this manner. Costin reported that the brush pickup program costs had not been incorporated into the 1998 budget. He suggested that a budget be established for this service and that this be amended into the 1999 approved budget. **Committee approved funds transfer from Solid Waste Utility to the Forestry Utility in the amount of $90,683.** Costin will forward to City Commission for approval on December 29.

3. GIS SYSTEM FUNDING

Costin forwarded a copy of a memo from Mark Bittner relating to funding sources and uses for the GIS fund. Bittner explained in his memo he assumed approval of the CIP by the City Commission implied budget authority, however Costin informed the Committee that GIS funding was not incorporated into the general or utility fund budgets for 1998 or 1999. It is a divisional responsibility to assure items are properly entered into the budget system, and at the time the budget was approved for 1999 he was unaware of this funding commitment, because previous projects were covered by federal grants. Under previous GIS funding formulas local share costs were allocated as follows:

50% - Street Rehabilitation

25% - Sewage Utility

25% - Water Utility

Costin stated that this would lower funds available for street rehabilitation, as the 1999 budget contained approval of technology spending in the street rehabilitation line item **The Committee approved transfer of funds for the 1998 as completed already by Kraft. Future transfers should be incorporated into the budget process as CIP's are approved.**

4. AIRPORT REQUEST TO SHARE PARKING TICKET REVENUE

Costin presented a letter forwarded by Airport Executive Director Shawn Dobberstein asking for consideration of sharing revenues generate by parking tickets at the Airport to help defray security costs. Dobberstein also attached a copy of a memo that was presented January, 1997 to the Finance Committee which had been denied. Cosgriff inquired as to the amount of parking ticket revenue being generated. Reports attached show approximately $30,000 per year generated in fines levied, and approximately $20,000 of actual cash collections. Committee discussed the Airports need for security as a matter of law and denied the parking ticket revenue sharing request with the Airport

5. SALES TAX STATUS REPORT

A report of the 1998 sales tax collections for the FargoDome was reviewed and discussed. The report shows total cash collections for the 12 month period of $ 6,658,908 for the year which

represents an increase of $551,386 over 1997, a 9% increase. Committee considered this to be a very strong year, greatly exceeding our historical average.

6. NSP POWER LINE RELOCATION NEAR 1-29

Zavoral presented a proposal that has been approved by the PWEC for relocation of NSP power lines west of I-29 near 42nd Ave. South and 45th St. The cost of $900,000 would have to be funded by special assessments or by creating a tax increment financing district. Zavoral asked for permission to pursue the tax increment financing plan with a special assessment backup. The initial costs would be paid by sales tax, and then as properties in this area are assessed funds would be returned to the sales tax fund. Committee approved the TIFF concept to be used in this area. Further plans to be developed as this area continues to develop.

7. SPECIAL ASSESSMENT AND TAX INCREMENT DISTRICT CREATION FOR MAIN AVENUE PARKING RAMP

Zavoral discussed the need to establish a special assessment district and tax increment expansion district in downtown for the Main Ave. parking ramp project. The committee discussed the timing of a potential bond sale. Costin suggested that we would probably do only one refunding improvement bond sale in 1999, in December, however he informed Moody's and Standard and Poor's representatives that a ramp sale might be considered for June or July, 1998. He felt that City infrastructure projects have been increasing in size and volume over the past couple of years and at some point the City may not be able to finance all projects from cash reserves until a year end bond sale. Zavoral expressed concern about locking in on present historically low interest rates, and considering a negotiated sale with the banks buying the bonds for the ramp. **Committee approved setting up the necessary special assessment and tax increment districts. Zavoral will work with Jim Gilmour and Kraft to begin the process of creating district. Costin will summarize the capital project financing plan and present at a subsequent finance committee meeting.**

8. STATUS OF HEALTH CARE PROVIDER CONTRACT RENEWALS

Costin informed the Committee that all of the Health Care provider contracts have been returned, except for MeritCare, with no increase in rate for the 1999 year. He had a special meeting with MeritCare officer, Martha LeClerk and Penny Peterson to present the changes in the City's health care plan and to suggest a renewal at with no increase. MeritCare was not excited about renewing at this rate, however, LeClerk informed Costin that she would be meeting with their Executive Committee on the 18th, at which time our request would be

considered. She suggested that the City and MeritCare begin the process earlier next year and the City should consider a longer term contract, to eliminate the annual negotiation process.

9. SOUTH END MAINTENANCE FACILITY

Zavoral updated the Committee on the potential to participate in joint acquisition of the RDO property on South University with the Fargo Board of Education and the Fargo Park District. The City would have to commit approximately $250,000 over a three year period for our share of the property rights. This facility could be used for a South end satellite for maintenance equipment and snow removal items. Another alternative would be for the Park District to acquire the property and lease space to the City and the Board of Ed. on an as needed basis. Zavoral will work with the Park District and the Board of Education as this progresses. The facility would not become available for about three years.

10. LEGISLATIVE ISSUES

Zavoral reviewed various legislative issues that will be discussed with our legislators at the legislative forum this week. Costin informed the Committee that Furness, Hushka, Heaton, Marcuson and he attended the Legislative Session educational session sponsored by the North Dakota League of Cities. Several pending bills were discussed at this session and City feedback was sought for the more prominent bills. A web page has been set up by the League of Cities to track the progress of the bills as they pass through the legislative process.

11. FLEXIBLE BENEFITS ADMINISTRATIVE PROPOSALS

Hutchison presented proposals for the administration of the City's flexible benefits spending program. Bids were solicited during the Health Plan RFP process. BPA submitted the lowest bid and provided for integration of the health care claims processing and flexible benefits submission. **Committee approved using PA as the flex administrator at a cost of $8,800 per year.**. Hutchison to implement by January 1, 1999.

12 SOUTH END FIRE STATION

Zavoral reported that Brian Neugebauer, Bond Council, informed him that he now feels that a South side fire station project could be considered in conjunction with the tax increment districted created for the Dale property located at 18th Ave and 25th St. S. Zavoral felt that most of the increments would be used on the Dale project, however, the financial plan will be reviewed to see what options might be available for the Fire Station project. **No action taken.**

13. SQL SERVER BASED PROJECTS AND BUDGETS

Zavoral summarized various SQL server technology projects and the need to prepare financing plans for this work. The Assessors, Inspections, Planning, and Special Assessments functions will all be using a common data base residing on an SQL server. Work is progressing on the Assessors package, and final decisions will be made on the other divisions after the results of the technology plan are released. Some of these projects may be funded by year end cost savings and cash carryovers. Budgets must be formally amended for these projects to move forward and award conracts. The Inspections and Planning agreements will be drafted with Business Software.

14. YEAR 2000 UPDATE

Brief discussion on Y2K. Will be presented to the ITSC for further evaluation and continuation of efforts.

15. OTHER ISSUES

Furness requested a budget amount to be used for the negotiations with the State on Dike funding. He will be send a request in for half the cost of a South Fargo dike with a budget of $10 - 20 million.

Committee decided to set its normal meeting schedule for the Monday after the regular City Commission meeting at 8:00 a.m. starting January 18th.