CITY OF FARGO

FINANCE COMMITTEE MEETING

JANUARY 17, 2000

Attendees: Furness, Zavoral, Cosgriff, Costin

Guests: Dan Wiles, FWW Financial

The January Finance Committee meeting was held on January 17th, 2000 at 8:00 a.m. in the Mayor's Office.

1. Minutes from the previous meeting approved

2. Approved Meeting Schedule for 2000

Costin suggested that the committee meet in 2000 on a three week interval. In 1999 every two weeks seem like to short a time between meetings and one a month was deemed inadequate. A finance committee calendar of meetings will be developed with the odd meetings being moved either up or back to catch the City Commission agenda cut-off timeframe.

Committee suggested that Steve Sprague, City Auditor continues as Carol Kraft's replacement and that Mark Bittner is added to this group. There are many funding issues that Mark Bittner deals with in capital project financing and all felt it appropriate that he be added to the Committee.

3. 2ND Mortgage Default Notice for 4966 10th Ave. SW.

Sharon Plecity forwarded communications on a 2ND mortgage default for Richard Paulus of 4966 10th Ave. SW. This property was being foreclosed on and it was the City Attorney's opinion that we would be unable to recover and balance remaining. **Approval was granted to write off $4,353.34 as uncollectible.**

4. Variable Rate Financing Proposal

A proposal was presented by Cosgriff and Costin on the ability to convert our fixed rate debt into variable rate debt using an interest rate swap agreement. Dain Rauscher, who provided an analysis of potential interest savings using this method, has proposed this concept. There is potential to save approx. $200k per year by utilizing a swap arrangement. Further discussion on the need to identify a purpose for where the savings would be allocated. Dan Wiles of FWW Financial advised us that it would be most prudent to use this as a fund balance enhancement concept, as spending the savings may effect your long-term ability to pay, if interest rates rise. A significant cash balance position would have to be maintained so that interest earnings on pooled cash investments would offset any costs associated with spikes in interest rates. He also stated that the bond rating agencies actually consider this a positive to have a small portion of your debt in a variable rate instrument. The mechanics for this proposal were discussed in detail.

The Committee decided to bring this back to another meeting for further discussion and more regional references will be checked.

5. BANKING SERVICE CONTRACT ENHANCEMENTS

Costin presented three new services that he; Kraft & Sprague had evaluated. The services offered included check imaging where the bank would transfer the check images both front and back on to a CD-ROM drive. This will save employees significant time as they will be able to look up the supporting copies of check for grant or other contract reimbursements.

The second service is positive pay. This service allows the City to send an electronic file of the checks being issued to the bank that will compare clearing checks to assure that they are valid checks issued by the City. This is an internal control improvement that will totally eliminate the risk of bogus checks clearing our primary accounts. This will be set up for accounts payable and payroll clearing accounts.

The third service is account reconciliation. The bank will be able to give us reports and potentially an electronic file of check clearing. This will speed the account reconciliation process currently done manually.

The total cost of these enhancements was estimated at $2,640 per year. This will be netted against the interest earnings, which is the current accounting practice for banking fees. **Committee approved implementation of these services.**

6. SYMPRO INVESTMENT PORTFOLIO SOFTWARE LEASE

Costin presented the concept of leasing replacement software that will replace old system 36 programs currently being used to track our cash and investment portfolios. Carol Haukebo has reviewed two vendor products and a recommendation is being made to discontinue using the System 36 program and replace it with a Windows NT portfolio management software system. This will give the City complete reporting functionality for citywide cash and investments, something not presently done under the current system. The cost of the lease for one year is $3,600 that will be funded out of the Auditors Office budget. If staff like the software consideration will be give to an outright purchase next year. **Committee approved implementation of new cash management software and related lease agreement.**

7. CONCEPT OF LEASING COMPUTERS

The Committee discussed the concept of leasing computers as recommended in the Elert Technology Study. Larry Goughnour is gathering information from Compaq and Dell. This information will be discussed further at the next ITSC meeting. A replacement cycle will have to be approved and proposals evaluated. The leasing concept provides for continuity of purchasing and should reduce overall system maintenance costs.

No action taken.

8. YEAR END SURPLUS

Due to time constraints this item was not discussed and will be move forward to the next meeting.

9. NDSU RESEARCH AND TECHNOLOGY PARK TAX EXEMPT FINANCING PROPOSAL

Richard Rayl submitted a request for the City to consider tax exempt financing on building two of the proposed technical park. This was discussed briefly and approved as requested. All committee members have been apprised of how the NDSU financing would be structured. **This will be forwarded to the City Commission meeting on January 24 for consideration.**

Being no further business, the meeting was adjourned at 9:05 a.m.

Submitted by: Kent Costin

FINANCE COMMITTEE MINUTES

FEBRUARY 7, 2000 REGULAR MEETING

The February Finance Committee meeting was held at 8:00 a.m. in the Mayor's Office. Members Attending: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Members Absent: None

Guests: None

1. Previous Minutes Approved

The minutes from the January 17th Committee were reviewed and approved. Cosgriff commented that Dan Wiles is preparing research on the variable rate swap concept.

2. Roth IRA Request

Costin reported that the City Employees Association has expressed interest in the ROTH IRA program through payroll deduction with ICMA. They have approximately 30 people interested in this plan. **Committee approved the request for a ROTH IRA plan with ICMA as the administrator as an enhancement to existing City benefits.**

3. Overview of Credit Card Program Pilot Study

4.

Costin reviewed the various credit card program reports and usage for the month of January. There were 230 transactions processed with a dollar total of $21,091. The Finance Department has solicited comments from users on system usage and any problems encountered. Most comments have been very favorable. There was further discussion on who the statements should be initially sent to, either the cardholder first, then the Division Head, or directly to the Division Heads and then back to the employee. The Finance Division will solicit more input prior to making a final decision.

4. AON Liability Claims Audit Proposal

AON, the City's risk management consultant submitted a proposal to audit the third party administrator (RSKCO) for quality of claims processing. This request will be routed to

the City Attorney's Office as they are more involved in the process. No further action taken.

5. GFOA Certification of Achievement in Finance Reporting

The Finance Division submitted the City's 1998 Comprehensive Annual Finance Report (CAFR) for compliance review by the GFOA and received notice this past week that the award has been earned for the 1998 reporting period. Costin reported that this was a major achievement for Carol Haukebo and all staff related to the 1998 audit process due to staff turnover, and the flood effect of 1997. The award and plaque will be presented in about a month.

6. Lease Purchase of PC's
7.

Zavoral reported that the Elert Technology Study report would be presented to the City Commission at the next meeting. One recommendation in this report is to consider rotating the inventory of PC's on a three year basis and to consider leasing as a way to fund this acceleration of equipment turnover. There are approx. 340 PC's in the inventory and it will cost between $ 150 – 200K per year to implement this concept. Further discussion on the desire of staff to have an annual procurement contract with one supplier and how this might be accomplished. **Committee decided the desired results could be accomplished by direct purchase method of procurement, as long as a detailed product specification was developed. Supplemental funding will be request to accommodate this management goal.**

7. Health Care Provider Contract Renewal Strategy

The provider contracts for the Health Plan trust have been extended to April 1, 2000 and will have to be renewed before then. Costin reported on the strategy of updating the plan statistics as was shared at the Cabinet meeting in November, and then using Mercer & Co. and BPA to help formulate a final proposal to the providers. **Committee approved moving forward using this approach for the 1999 remainder contract period.**

8. Year End General Fund Surplus
9.

The year end surplus review was presented to the Mayor's Cabinet at the last weekly meeting. Based upon the amount of funds available Divisions were directed to recompile a listing of unmet capital or one time expenditure needs. This listing was reviewed and discussed in relation to other funding proposals. Proposals exceed the amount of available funds by approx. $900,000**. The Budget Review Committee will review the requests on February 7th and determine funding priorities and this will be presented to the Mayor's Cabinet on February 14th.** The Committee agreed that transfers to deficit funds should be viewed as fund balance enhancements. Zavoral suggested that a formula be developed to assist Divisions understanding of the year end carrover process, and create a more systematic approach to programming excess funds.

10. Special Assessments for West Acres Parking Ramp
11.

Zavoral reported he has been working with Gary Stewart on using special assessment financing to assist in developing a West Acres Parking Ramp. Cosgriff presented a concept that will be proposed by a private developer that wants to use special assessment financing for underground parking beneath private property. **These are FYI issues for Committee reference. Detailed proposals were not submitted.**

12. Current Funding For West Side Development
13.

Topic deferred until next meeting due to time constraints.

14. Water and Sewer Services to Northwest Fargo
15.

Zavoral and Bittner reported on the need to expand water and sewer services into an area North of Reiles Acres west of I-29 near Patio World for the NW Mobile Home Park. It would require 2.5 miles of main to be placed. Details will need to be worked out with Cass Rural Water and this is their service delivery area. **No action taken.**

16. Consider Sewer Repair Policy
17.

A proposal to revise the existing sewer repair policy has passed through the Utility Committee and was being referred to the Finance Committee for consideration. Costin attached a letter to City Attorney Gary Stewart requesting a ruling on special assessment financing on private property for sewer repairs. The cost of implementing the revised policy was estimated at $ 115,000 with funding from the sewer utility. **The Committee, pending further legal review approved policy change.**

18. City Travel Expenses
19.

Furness suggested the in state motel rate policy be discussed at the next Cabinet meeting. He wants to know what happens when the state rate is not available and how expenses are being reimbursed under our current policy.

Submitted by: Kent Costin, Director of Finance

CITY OF FARGO

FINANCE COMMITTEE MINUTES

FEBRUARY 28, 2000

Regular meeting was held at 7:30 a.m in the City Commission Chambers.

Members Present: Bruce Furness, Pat Zavoral, Steve Sprague, Mark Bittner, Kent Costin

Members Absent: John Cosgriff

Guests Attending: Michael Rinke, John Bolger, David Wagner, Chuck Hoge, Jill Gustofson

City Property Sale Bids Review

Sprague presented the bids for property being offered for sale by the City. Bittner reviewed the site plan area and explained the need to construct a storm sewer holding area on some of the property being offered. Bidders included Neuman Signs, Beautiful Savior Lutheran Church and Michael Rinke. Discussion followed on the appropriate use of the properties being offered. The development proposal planned by Rinke had not been presented to the Planning Commission yet. The Church wanted a parcel for expansion of their church property, while Neuman Signs wanted enough property to erect a couple of billboards. There were acceptable use and conflicts on all proposals except for the parcel wanted by the Church. The City will be

designing the storm sewer holding facility plan and a decision on the other lots cannot take place until after the site plan is developed. **Committee approved sale to Beautiful Saviors Church as the sole bidder for parcel # 2.**

Minutes from previous meeting approved

Minutes from the February 7th regular meeting were approved as presented.

Development Financing Update

Costin reported on the plan for the 2000 development financing. The City issued 15 million in sales tax revenue bonds in 1999 for 1999 and 2000 work plans. Another issue will be considered in 2001 in accordance with the plan discussed in 1999, based upon the completion of the 2000 and 2001 work plans. Special Assessment refunding improvement bonds will be issued for assessable projects for the remaining amount of the work plan as identified by the Engineering Division.

Discussion followed on the increase in the number of projects, approx. 80 completed, and the need to consider an early bond sale again this year. There is approx 24 million in construction costs expended in the infrastructure fund as of February 25th.

Bittner asked for a clarification on when the sales tax funds are being utilized, as normally projects are not funded until the end of the project. Procedures were revised as a result of the sales tax bonding and now transfers are made as construction progresses, as we have to spend the money on a timely basis because of the arbitrage testing requirements.

Discussed the need to have deferral resolutions drafted and used as work progresses on projects that need special assessment deferral agreements**. City Attorney, Gary Stewart will be contacted to draft a resolution in compliance with special assessment ordinance revised last summer.**

AON Liability Claims Audit Proposal

The self insurance fund liability claims audit proposal was referred to the City Attorney's offer for further investigation and an opinion on the need to proceed. Based up communication from Mike Miller, Assistant City Attorney, they have not experienced any difficulty in dealing with our present TPA, RSKCO and they could not see the benefit of spending the $12,000 for the audit, due to the small amount of annual claims paid out. **Costin recommended that this proposal be denied. Motion approved.**

Police Department Software Buyout

The software currently used by the Police Department was brought to the City when Harlan Pratt was hired and has subsequently been enhanced greatly over the years. A proposal to buy the original code from Mr. Pratt for $15,000 was discussed. Concerns were raised about current documentation of the system and the potential to market this product elsewhere. Also, some concerns were raised that the initial Elert report raised some questions about the system, and now they have gone on record saying that it is a good system. **The Committee wanted more clarification from Elert prior to taking further action on this proposal.**

FargoDome Roof Mediation

The Dome roof mediation will be on March 20th & 21st.

Discuss Moody's "Determinants of Credit Quality"

Costin presented an overview of the recently received Moody's "Determinants of Credit Quality" report. This report describes what factors are taken into effect as Moody's prepares a bond rating. Opportunities exist to enhance our formal budget and management policies. **A policy will be drafted for utilization of spending growth, use of surplus, and shortfall contingency planning.**

Liquor License Auditing

Furness asked about the status of the liquor license auditing project. Costin reported that Eide Bailly has been contacted and understands what needs to be done and this was tentatively scheduled for after the annual audit of the City. **The Committee wanted to move the schedule up to begin the process earlier, as we continue to receive complaints about various liquor license holders.**

In State Hotel Allowance

Short discussion on the current policy for in-state hotel allowances as mandated by State Law**. Furness will bring this to the Mayor's Cabinet meeting for further discussion to evaluate if it is a problem for Divisions.**

Quarterly Budget Review Process

As a follow-up to the year end process that was just used in allocating year end surplus the Committee approved having a quarterly review process established to discuss opportunities and challenges in City budget issues.

CITY OF FARGO

FINANCE COMMITTEE MEETING MINUTES

MARCH 13, 2000

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Members Absent: None

Guests: Don Wyczinski, Rob Ettledorf of Dain Rauscher, and Dan Wiles

FWW, Financial, LTD

The minutes from the previous were approved.

Interest Rate Swap

Dan Wiles presented his review paper discussing the pros and cons of an interest rate swap agreement. Essentially, the City would exchange its existing fixed bond rate for the variable short term rate tied to the BMA index, the seven day short term rate, currently about 3.7%. Savings would be produced whenever the seven day bond rate is lower than our current rate on the bonds. If short term rates go up, then the City would get a higher rate of return on its short term investment portfolio that would offset any increased interest costs. Wiles presented a twenty year trend line demonstrating that the BMA index has never exceeded the 6 month treasury interest rate. During a low interest rate environment as we are in now, savings would be produced by utilizing a swap agreement.

Savings from the swap would be dedicated to fund balance enhancement in the revenue stabilization fund. Bittner was concerned about using a swap agreement on a sales tax issue as he felt this was simply redirecting sales tax funds out of project funding. The City could do a swap on the sales tax issue or on existing refunding improvement bonds

Wyczinski reported that selling a variable rate bond issue would actually be a slightly higher cost that using a swap agreement and that they would as broker receive about a 5 basis point fee for the swap.

The Finance Committee will continue to evaluate this proposal.

Sewer Repair Request

Sprague presented a letter of request from Brenda Degenstein to consider funding a sewer repair under the newly created sewer repair policy. **This request was not eligible as the break was incurred in 1998, prior to the adoption of the policy, and therefore the request was denied.** This project had already been allowed to use special assessment financing.

Police Software Agreement

Zavoral reported that Elert and Associates had commented on the Police Software and that this agreement was ready to go to the City Commission for final approval to acquire any and all rights to the Police Software from Harlan Pratt for the amount of $15,000 payable over five years.

Elm Tree Parking Lot

Zavoral received a letter from Colleen Barnick relating to the Elm Tree Parking lot. The letter requests a lowering of the monthly rental for this lot as she is having a difficult time making end meet, for a variety of reasons. **Committee approved forwarding this to the Parking Committee for review and final recommendation.**

Westside Development Deferral Agreements for Districts 4693,4696,5093,4696,4913,5088,5088,5093

Bittner presented a map of the land included in an area south of I94, West of I-29 up to 45th Street SW and south to 32nd Ave. SW. and then south of 32nd Ave SW to 40th Ave. SW. The properties in this area are very large parcels, some as large as approx. 80 acres and he was concerned about the deferral agreements that needed to be put in place. Further discussion on how many acres of development would trigger the special assessments being levied and the number of times that the deferral agreement could be utilized as development occurs. The Committee approved the concept of 10/10/20, which mean that deferral would be allowed for up to 10 years, with the provision that development will be assessed in at least 10 acre at a time, and that the deferral agreement can only be modified 5 times. **Bittner will present this to the property owners and will report back later.**

Costin suggested that the resolutions required for conformance with the newly created special assessment deferral policy would have to be acted upon before the creation of the special assessment districts. He will contact Gary Stewart to draft a resolution document to be used by Engineering as the special assessment agreements are negotiated.

CITY OF FARGO

FINANCE COMMITTEE MINUTES

MARCH 27, 2000 REGULAR MEETING

Members Present: Cosgriff, Zavoral, Bittner, Sprague, & Costin

Members Absent: Furness

1. **Approved minutes from March 13th meeting**
2.

3. **Land Sale for City owned Lots**
4.

Sprague presented three city owned lots for sale. The small strip of land should be negotiated with the adjacent property owners for $1. The properties in the Red River addition and Harwoods 1st addition should be sold for a minimum bid of the specials balance outstanding on the property.

Bittner reviewed the Beautiful Saviors church property site plan that was redesigned to be a storm sewer water retention basin. This will be send to Rinke, the adjacent property developer for comments.

5. Interest Rate Exchange

6.

The interest rate exchange concept discussed at previous meeting was approved to be forwarded to the City Commission for further consideration. The exchange will be used with a refunding improvement bond issue instead of a sales tax issue.

7. Capital Project Accounting Overview

8.

Costin reviewed and enhanced version of using the present accounting system to report projects on a budget to actual basis, something not presently tracked. A suggestion was made to begin budgeting projects in the system on a project by project basis. This will help in project administration efforts both in the Engineering Division and the Auditor's Office. **Committee approved proceeding with the enhanced system.**

9. In State Lodging Reimbursement Rate

10.

Furness forwarded information on the in state lodging reimbursement rate presently in effect. This is limited to the State rate of $42.00 per night. He discussed this with the League of Cities and they felt that Home Rule Charter Cities could set the ordinance to whatever they wanted. This will be forwarded to the Cabinet for review and discussion.

11. Effect of High Fuel Prices on City Budget

12.

Costin reviewed an analysis of the present fuel usage by Division. Due to the recent spike in fuel prices the budgets will likely be exceeded if prices remain high. A projection using a price of $1.60 per gallon was reviewed. If fuel prices remain at this high level the total budget impact is estimated at approximately $350k, $225k for the general fund. The largest fuel user in the City is the Solid Waste Division.

Further discussion on what should be done to curtail fuel usage. This has been discussed with the Cabinet and no immediate action was suggested at the present time. We will continue to watch this line item.

13. Impound Lot Operator

14.

Zavoral reviewed a letter from our present impound lot operator, Border Cities. There is a dispute over impound revenues relating to vehicles that have been towed and later sold at the auction sale. Border Cities feels that a certain portion of the revenues for these vehicles should be allocated to them. A 15-day notice of default has been served against the City for failure to pay the proper amount of revenues to Border Cities. This issue has been referred to City Attorney Gary Stewart.

15. <u>Fargodome Roof Repair/ Replacement</u>
16.

Furness reported on the status of the roof. The mediation efforts did not produce the desired results and therefore the City move forward with a litigation process to have the entire roof replaced for an estimated cost of $5million. The Dome has already spent $1.7 million on roof repairs to date.

FINANCE COMMITTEE MINUTES

MAY 8, 2000 REGULAR MEETING

The regular meeting of the Finance Committee was held on May 8, 2000 in the Mayor's Office.

Members Attending: Furness, Bittner, Sprague, Costin

Members Absent: Cosgriff, Zavoral

1. **Minutes of previous meeting approved.**
2.

3. **Library Expansion Planning**
4.

Representatives from the Fargo Public Library, Larry Bolger, Interim Director Joan England, and their architect presented preliminary information about library expansion plans. They have completed the first phase of a planning process and will be presenting this information in a public meeting May 16th. **Their purpose was to update the Finance Committee on their planning activities and request continued financial support for additional planning activities**

and eventually long term capital cost sharing. Mayor Furness suggested that their requests be made known at budget development time that will occur in June and July of this year.

3. Special Assessment Agreements

Bittner presented the results of negotiations with Matrix Properties in the SW quadrant south of Interstate 94 and west of I29 to 45th Street and south to 52nd Ave. They agree with the City's ten year deferral of special assessments, but countered in wanting to have the minimum development increment reduced from 20% of the tract to 10% of the tract. Bittner reviewed the parcel maps and tract sizing with the Committee and described to likely development potential in these areas. **Committee approved modification of the agreement regarding special assessments for the 10% development term.** There was some discussion on potential for TIFF financing in certain areas of these tracts. No action taken on the TIFF issue at the present time.

4. AMPC, LLCC Request

A letter was forwarded to the Committee by Zavoral regarding a request by AMPC, LLC for waiver of hookup fees until annexation occurs for property north of County road 20, west of Can Am Trucking. This property will be where the Global Electric Motor Car facility is being relocated. They are in the process of obtaining financing through Cass County and would be agreeable to the annexation after their grant has been approved. Bittner explained that the City has installed infrastructure in that area, however, it is not within City limits. This is a deferral of assessments for the connection to City infrastructure. **The estimated deferral amount of approx. $60,000 was approved by the Committee.**

5. Timing of Refunding Improvement Bond Sale

6.

Costin reviewed the preliminary timetable for a refunding improvement bond sale for projects completed ready for special assessment certification. The estimated bond sale size is approx. $ 17 – 18 million. FWW Financial LTD was also recommending that City Officials travel to New York to visit with the rating agencies about our community. Bittner updated the Committee on the need for local share funding for bank stabilization projects that will be coming up in July – August time frame. The estimated amount needed will be about $500,000 per project totaling approx. $1.5 million. Costin asked if the local share would be assessed and Bittner responded that public properties would likely assessed the entire local share as it is protection of the area in and around the sewer plant. **Proposed timetable approved as presented.**

7. 1999 Audit and CAFR Review Timetable

8.

Costin reported that the Audit was being completed and should be ready for review on Tuesday, May 30th. A meeting opportunity will be provided for all Finance Committee members and the City Commission to review the audit report and ask any questions relating to the City's financial status. He will firm up the timetable and notify everyone about the time and location.
Tentative meeting day approved.

9. PC / Lan Division Maintenance Budgets

10.

Costin reported on the status of the PC/Lan Support Divisional budget. All PC support costs were pooled in last years budget and an estimate of cost, approx $15,000 was budgeted for pc maintenance activities. This amount has already been exceeded in the YTD budget reports. It was also reported that the existing pc repair budgets currently in the Divisional budgets were not moved into the PC Lan support Division. There is $51,000 budgeted at the Divisional level. A recommendation was made to either pool the budgets in the PC/Lan Division or have a chargeback provision, thereby allocating the parts costs back to the Division that requested the assistance. **The chargeback method was the preferred method in allocating repair costs as this is more accountability this way. This will be presented to the Mayor's Cabinet meeting today for a final decision.**

11. <u>Approve Sale of City Owned Lots</u>
12.

Sprague presented the bids for the sale of City owned lots**. Committee approved selling to the highest bidder, Krueger Construction in the amount of $ 12,175.**

13. <u>Revise In State Lodging Reimbursement Policy</u>
14.

Furness presented an amendment to the existing in-state hotel reimbursement policy. He feels that if a conference or meeting is held at a hotel or motel that the City should reimburse the employee for the cost of the hotel bill regardless of price. Benefits to staying at the conference hotel include more networking with peers and conference presenters and less overall hassle for the employee. If they were traveling for a meeting then they should still stay at a hotel that allows the state rate**. Committee approved this amendment and this will be presented to the Mayor's Cabinet for further discussion prior to presenting to the City Commission.**

15. <u>All America Cities Meeting</u>
16.

Furness reported that several employees, specifically, Zavoral, Magnus, Hermann, Grey and himself would be traveling to the All American Cities meeting which is upcoming. Individual costs will be borne by the Divisions sending their employees, however, the Mayor suggested that $5,000 should be allocated for other persons involved with Project Tomorrow, Cultural Diversity, and America's Promise.that will going in support of the City. This will have to be worked out through existing budgets or supplemental funding identified. **No action taken on the $5,000 request**.

17. <u>Building Contract Maintenance Complaints</u>
18.

Furness referred a complaint call he received regarding one of our janitorial contractors. Costin will check with Bob Getz regarding the allegations to see if the City has experienced any difficulty with the contractor.

19. Review of Special Assessment Options for extension of 25th St. South
20.

Bittner reviewed five scenarios for special assessment impact to properties affected by the planned extension of 25th Street South. Three models were kept for further discussion. Normal assessment model, typical city lot model, and the normal assessment model modified to allow for property redevelopment, essentially subdividing properties that could be redeveloped**.** Altering the normal assessment model would cost somewhere between $35 – 85K based upon the preliminary calculations reviewed. **Bittner will write of a summary of the options to be used for subsequent meetings.**

FINANCE COMMITTEE MINUTES

June 19,2000 Regular Meeting

The Finance Committee met on June 19th at 8:00 am in the Mayor for the regular meeting.

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprague & Costin

Members Absent: None

Guests: James Larson, Fargo Park District, Gary Stewart, City Attorney

1. **The minutes from the previous meeting were reviewed and approved.**

2. **Fargo Babe Ruth League Lighting Project Request.**

James Larson representing the Fargo Park District updated the Committee on the status of the lighting project for the Field of Dreams project. Concerns were expressed over the control of the facility currently under construction and the need for the Fargo Babe

Ruth League and Baseball Commission to sign a facility agreement with the Park before proceeding with any actions on the lights.

The City had received a letter from the Fargo Babe Ruth League requesting that the City purchase the lights and donating them to Park District to save on sales taxes. This would be possible as confirmed by a letter from the Office of Tax Commissioner.

Larson explained what steps of the procurement process had been up to this point. The Park District called for bids but rejected them. Bittner suggested that the best way to move this forward was for the Park District to go back and accept the bids, in light of the current situation. **The Committee concurred with this suggestion**.

3. **Consider Increasing Employee Mileage Reimbursement Rates**

Costin presented a listing of mileage reimbursement estimates for the City Assessors Division. They had expressed concerns about the number of miles currently used by employees that drive their own vehicles. General discussion on the possibility of raising the employee reimbursement rate for in-town travel. This Division is not supplied City vehicles as they generally travel less than the 7,500 mileage benchmark currently established for City vehicle assignment. The Committee was open to this and suggested setting a target gas price that triggers a higher reimbursement rate. A price in excess of $1.25 per gallon was suggested. More information will be gathered on what other Divisions are using their own personal vehicles before modifying the current policy.

4. **Central Garage Roof Project Change Orders**

Costin presented two change orders for the Central Garage Roof project**. Change order # 6 and #7 were approved in the amount of $ 13,982 for completion of the roof replacement**.

5. **State Fire and Tornado Property Insurance Renewal**

Costin reviewed a letter from the State Fire and Tornado Fund on renewal options for the upcoming property insurance renewal. The Fund is offering various deductible options. A loss run history and projection of savings was provided for the various renewal options. **Committee approved a $2,000 deductible option as recommended with an estimated five year savings in premiums of approximately $40,000.**

6. **Sales Tax Update**
7.

The monthly sales tax collection report for the FargoDome was received and filed. Year to date collections were up by 7.3% over same time frame as last year.

8. **West Fargo Dispatch Services**
9.

Zavoral reported that West Fargo will be bidding out their police dispatch services and the will choose between the City or the County. Discussion followed on the concept of a centralized dispatch operation that serves the need of all local law enforcement. **Fargo Police will be submitting a proposal to serve West Fargo.**

10. **Dome Roof Update**
11.

Cosgriff and Furness gave an overview on the status of the roof repair project.

12. **Baseball Stadium Site Improvements**
13.

Furness reported that there is a desire to improve an area behind the stadium that is currently dirt and gravel. NDSU has proposed that they could design the project and have the National Guard work on this, however, the cost of materials would have to be

funded from some source. During last years budget development this was discussed, however, funds were not appropriated in the City budget. Furness will check with Irv Inniger on the status of the request. **No action taken.**

14. **Dakota Carrier Network Fiber Optic Agreement**
15.

Bittner reported that he has been in discussion with Evan Hoss of the Dakota Carrier Network who currently have a fiber optic right of way agreement with the City at 12th Ave North from the River to the western City limits. The original agreements were developed using a 5' standard corridor for placement of the fiber. After further review and recommendation from the Engineering Division it was deemed acceptable to use a 2' wide corridor. **Committee approved the recommended 2' corridor and agreed to prorate the billings based upon this new standard.**

16. **Ornberg Property**
17.

Bittner reported that a discussion took place with Paul Ornberg about their property. This property is currently under a special assessments deferral agreement. There was discussion on considering this property for a potential flood buyout and the potential for the City to sign a right of first refusal offer in the event that these properties become available some time in the future.

Committee approved.

CITY OF FARGO

FINANCE COMMITTEE MINUTES

JULY 17, 2000

The regular monthly meeting of the Finance Committee was held at 7:30 am in the Mayor's Office.

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprauge, Costin

1. Minutes Approved

The minutes of the June 19th meeting were reviewed and approved.

2. Sales Tax Report

North Dakota State sales tax report was reviewed for the first quarter of 2000. Statewide change in taxable sales and purchases was 1.7% increase over previous periods. Fargo's growth rate was 6.81%, West Fargo's 12.45%

3. Quarterly Budget Review

Costin presented the quarterly budget review for all operating funds. Total revenues were projected at $34,107,475 with actual revenues coming in at $34,140,501. General fund revenues exceeded budget by 3.3%, while enterprise fund revenues were short of budget by 4.4%. Seasonal variations are more prevalent in the enterprise funds.

Total expenditures were budgeted at $31,546,031, actual spending totaled $29,493,941 or 6.5% under budget. General fund expenses were 4.7% under budget while enterprise funds were 8.1% under budget.

The Health Insurance fund was under budget by 10.2% and that the City has a positive claims payout experience year to date.

This will be presented at the Cabinet meeting.

4. FEMA Activities Review

A general discussion was held regarding current damage assessment and the potential for FEMA participation in mitigation projects. The engineering Division will be working on a comprehensive flood mitigation plan.

The FEMA kickoff meetings were held on July 12 & 13th for the City and the Dome. These meeting determine the initial date of record for the timing of the FEMA project worksheets.

5. Interest Rate Swap Termination Value

A letter received from Dain Rauscher Investment Services was reviewed by the Committee. The letter confirmed that the City has the right to terminate the interest rate swap agreement at any time and the estimated termination value paid to the City would be $166,000, using the July 1, 2000 interest rate environment. Dain Rauscher will monitor the swap and will report to the City quarterly on or about the time that the interest rate swap payments calculated.

6. Updated on the Budget Process

The Committee discussed the budget process and timetable. Divisional meetings will be held through the end of the month with an anticipated preliminary presentation on August 7th.

7. Purchasing Card Program Policy Exception Approval

A request was presented for the Information Technologies Division to allow an exception for the IT Directors credit card limit to be raised to $3,000 per purchase. He has evaluated their spending patterns and determined that about 90% of their purchase would fall within these limits and it would be advantageous for their

operations to utilize the credit card as a more simplistic tool as compared to the standard City purchase order method. **This was approved by the Committee.**

8. Purchase Order Approvals Changes

Zavoral requested that Department Heads have final approval for purchase orders. Presently, the City Coordinator is reviewing several Departments and he felt that the Department Head approvals should be adequate. **Committee approved this change.**

Costin reported that a professional services approval was set up in 1997 so all purchases of this type would pass by the Director of Finance before being paid. Based upon the accountability of the Department Head it was felt that this approval could be removed, except for separate boards. **This was approved and will be implemented.**

9. TIFF Projects

Zavoral reviewed several projects where he felt TIFF financing would be appropriate or where decisions needed to be made including the 42nd Street project, the Police Dispatch console and radio project, and potential to payback loans previously made out of the Solid Waste Utility. The models need to be updated.

10. Mitigation Plan for City / Dome

Discussion on the City's flood mitigation plan efforts and the need to submit applications to FEMA for our project priorities. The Engineering Division is working on the plan and will present to the City Commission. A congressional delegation visit is being planned for August.

Further discussion on the need to develop standard operating procedures for integration of the FargoDome into the City's disaster response team and further developing a mitigation priority listing for the FargoDome. The Engineering Division will handle the listing of mitigation projects, with consultation with R.L Engebretson.

FINANCE COMMITTEE MEETING

AUGUST 28, 2000

The regular meeting of the Finance Committee was held at 7:30 a.m. on Monday, August 28th in the Mayor's Office.

Attendees: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Guests: None

1. Approved prior minutes.
2.

3. Costin reported that the City received its first interest rate swap payment totalling $34,403. Payments on the swap will be received or billed quarterly. Dain Rauscher will monitor the interest rate markets and keep us posted on how this effects our quarterly settlements.
4.

5. Sprague presented a request to write off of a second mortgage loan for Engelhardt in the amount of $ 3,000, related to a bankruptcy filing. **Committee approved**.

6. Discussed revised audit procedures for the FargoDome audits. Costin presented a request to have the FargoDome included in the City's annual audit process and not have a separate audit for the Dome operations. This is already provided for in the existing ordinance. **Committee approved and requested that minimum procedures include review of the management fees earned**. This change will be effective for the year ending December 31, 2000.

7. Zavoral updated the Committee on an issue related to the Dome for the Greenberg Roofing contract. The contractor purchased materials in the amount of $42,000 and has $72,000 in profits associated with this contract. The work ceased because of the roof litigation. Zavoral suggested that the materials could be used on other City projects in the Buildings and Grounds Division. He will discuss this with Bob Getz to see if this is a feasible option.

8. Costin reported the FEMA submission is nearing completion for the summer flood damages. Dennis Walaker has prepared a preliminary summary of approx. $775K in total reimbursable costs. The first PW's were signed last week and should clear the way for subsequent processing of flood related reimbursements. Susan Thompson of the FargoDome is working with FEMA to develop the project worksheets and other related insurance claims.

9. Zavoral discussed the potential to use tax increment financing in the area north of 32nd Ave. between I-29 and 45th street. Further discussion on commercial and residential development prospects for this entire area. TIFF has already been identified as a way to finance the power line relocation, some of the 28th Ave. overpass, and a portion of other infrastructure. He wanted to get a sense of the willingness of the City of offer TIFF to developers in this area and what effect this might have on future development. He will be meeting with developers next week and will report back at the next meeting.

10. Costin presented two opportunities to consider insuring the risks associated with workers compensation and the costs associated with annual maintenance contracts paid to vendors. In both cases insurers are offering products that may have a savings potential. Cosgriff suggested calling Pat Traynor to see if he

thought this was a good opportunity. Committee suggested that more information be gathered for these items and brought back to another meeting.

Cosgriff brought up the concept of centrally procuring actuarial services after meeting with the Fire Relief Association. Currently, each pension system procures their own actuarial services, and therefore, some inconsistencies exist in assumptions used by the actuary. Each actuarial firm may have different views on the adequacy of funding levels that may be important when pension systems enact benefit increases. Committee suggested that this should be brought up with all of the pension boards to see if there was a willingness to consolidate this service.

FINANCE COMMITTEE MINUTES

SEPTEMBER 11, 2000

The regular September meeting was held at 7:30 a.m. in the Mayor's Office.

Attendees: Furness, Cosgriff, Zavoral, Sprague, Costin

Absent: Bittner

Guests: James Gilmour, Mike Benson (Warner & Co.)

1. Workers Compensation Self Insurance Concept.

Mike Benson reviewed a high deductible option for financing the City's current W/C premiums. Currently the City pays approximately $480,000 in premiums. The last legislature provided opportunities for employers to use alternative methods of financing their workers compensation premiums. Benson explained the current cost structure, a revised cost structure using a high deductible option with an aggregate excess policy. Long term savings appear to be substantial.

Costin reported that after the last finance committee he called Pat Traynor, former ND Workers Compensation Director to see if this option made sense for the City to consider. Based upon this discussion there were several things that we could do to review current status.

- Contact ND w/c and ask them to come and explain the current discount structure to make sure that the City is aware and is receiving all discounts possible.
-

- Consider banding together with other larger Cities in North Dakota similar to what the Association of Counties has put together.
-

- Consider implementing the high deductible option
-

The Committee recommended that we invite a representative from the ND Workers Compensation Division to meet with the Finance Committee to review our options.

2. Approved prior minutes.

Zavoral commented that the materials that were paid for from the Greenberg roofing contract could be used at the Civic Center Lobby roof. Committee felt that the costs associated with this contract should be assigned to the FargoDome as this is where the contract initiated.

3. Discuss Railroad Parking Lot Acquisition

Jim Gilmour reviewed a plan to acquire three parking lot properties currently owned by the railroad. This plan has been approved by the Parking Commission. The initial plan called for financing the acquisition cost on a stand alone basis, however, after further review by FWW Financial better debt service coverage ratios were obtained by adding three other lots currently owned by the City that generate income that could be applied to debt coverage. Zavoral asked what the main reason for the change in ownership would be. Gilmour suggested that better marketing and utilization of the lots, overall appearance, and additional capital to maintain the lots were the primary reasons for the City to consider acquiring them. The estimated capital costs associated with fixing up the lots would be approx $1,500 per stall and Gilmour suggested that the capital costs associated with fix up expenses would have to come from net income generated from all City lots and the capital plan associated with this would be constrained by net income available.

Furness suggested that he felt that control and coordination over the lots would be advantageous for ongoing downtown development efforts. **Committee approved moving forward on the acquisition plan and subsequent financing of the parking lot purchases.**

4. Dakota Carrier Network Encroachment Agreement Addendum

Mark Bittner forwarded copies of the proposed encroachment agreement with the Dakota Carrier Network to reduce the size of the right-of-way being billed for from 5' to 2' and a corresponding decrease in the amount billed under the original agreement. Costin reported that the City received the check for the payment for the last two years last week.

Committee approved the revised agreement and Bittner will route to the City Commission for final approval.

5. Police 401A Pension Issue

Costin asked for direction on a pension issue relating to the Police Chief. The plan that was set up as a 401 money purchase plan that allowed for minimum mandatory employee contributions of 7.5%, the same percentage as the Policemen's Pension system. Currently the Chief has contributed in excess of this amount. ICMA, the plan administrator called wondering if it was our intent to allow for more than the minimum employee contribution. **Committee agreed that we currently offer Section 457 Deferred Compensation and if pre-tax deferrals are desired, then this plan should be utilized.** The 7.5% should be considered the minimum and maximum contribution level for the employee contribution.

6. Park District Lights Purchase

Costin handed out a letter from James Larson of the Fargo Park District requesting that the City accept donation of funds from Fargo Babe Ruth Baseball for the purchase of the lights for the baseball complex. The Park District now has a signed agreement relating to the lights and they want to move forward. Gary Stewart is currently checking with Tim Davies, the Park Districts legal council to see why the Park District cannot do this on their own. **Committee approved proceeding if legally required to do through the City of Fargo, to be put on the next City Commission agenda.**

7. Second Mortgage Program

Sprauge received a request for the City to release its second mortgage position for an existing loan. He also updated the Committee on the City's second mortgage program and the potential to have the bank service these accounts. The City is currently tracking and acting as the collection agent in coordination with the lead banks. Cosgriff suggested that the City look at selling the loans to a bank, thereby accelerating the collection, even if we had to negotiate a delinquency allowance.

8. City Hall Space Needs Study

Zavoral reported that the final draft of the City Hall space needs study will be presented to the Cabinet today.

FINANCE COMMITTEE MINUTES

SEPTEMBER 25, 2000

A regularly scheduled Finance Committee meeting was held on September 25, 2000 in the Mayor's Office at 7:30 a.m.

Members Present: Furness, Cosgriff, Bittner, Sprague, Costin

Guests Present: Bob Getz, Peter Mariner

1. Approved September 11 Minutes

The minutes from the September 11meeting were approved as presented. Zavoral commented that Senator Conrad is working on some issues about the sale of railroad properties and getting clear title to this type of land. It is an ongoing issue that may require legislation.

2. Air Quality / Air Duct Cleaning Bids

Bob Getz presented the bids received for the duct cleaning and explained the process of using an engineer to develop the bid spec. The bids came in considerably higher than expected for the Public Library Building. Alternative methods of cleaning were proposed by the bidders at a much lower cost than was called for in the bid spec. Getz

was asking for a Committee recommendation on how to proceed. Zavoral suggested that prior to procuring cleaning contracts that air quality testing be considered for all City Buildings**. Committee agreed that this would be prudent and recommended using the funds appropriated for cleaning for the initial air quality testing.**

3. Police Department E911 Console Procurement

Peter Mariner presented a letter from the consultant presently working the equipment replacement for E911requesting a sole source procurement with Motorola, as this equipment in compatible with local law enforcement agencies and it is desirable to have consistency from system to system. He stated that buying off of the State of Minnesota state bid process was an acceptable procurement method and has been used in the past in other Divisions. **Committee approved sole source procurement of the consoles and the related equipment (racks) from the State of Minnesota bid.**

Zavoral reported that it appears that the Police Department software currently in place has become the software of choice for other local law enforcement agencies that are struggling with their systems. Discussion on the potential to sell the software, or sell the rights to a software company with a royalty system back to the City.

4. FEMA Status Report

Costin reported that the FEMA project worksheets have started coming in, however, the last ones received stated that the federal letter of credit had been consumed and that actual cash payments would be delayed until October 12, according to the letter received from the State Department of Emergency Management. FEMA Officials have been working with the Dome on this claim.

Zavoral reported that he and Dennis Walker went to Washington to visit with FEMA Director James Witt about mitigation funding. Another FEMA program Section 406 funding may be available in an amount of approximately 6 million for local mitigation efforts in the drain 3 to Jefferson project. 2nd Street mitigation project funding has been approved.

5. Other Items

Zavoral reported that there have been some preliminary discussions about purchasing the Sheyenne Disposal facility. Cosgriff reported that the North Dakota Horse Racing Association has funds available for communities to bid on projects relating to racing at a local level. These funds have accumulated as a result of paramutual horse racing.

Applications for projects are due by October 1st. Further discussion on where a site could be located.

FINANCE COMMITTEE MINUTES

NOVEMBER 9, 2000

The regular monthly Finance Committee meeting was held on November 9, 2000 at 7:30 a.m. in the Mayor's Office.

Members Present: Furness, Cosgriff, Zavoral, Bittner and Costin

Members Absent: Sprague

Guests Present: James Gilmour, Peter Mariner, Ron Gronneberg

1. Approved minutes

The minutes from the October 9th meeting were approved as presented.

2. Sole Source Procurement Request for Police Imaging System

Peter Mariner and Ron Gronneberg presented a request for a sole source procurement of an AS/400 based imaging system. They have looked at systems and are in favor of purchasing the RVI system, as marketed by High Plains Technology. Committee discussed the need to have this open to the public procurement process**. Request Denied**. A formal request for proposal will be developed to solicit more competition for an imaging system.

3. Dental Plan Funding Options

The dental plan bid matrix was reviewed and discussed with the Committee. The City received two bids on dental plan coverage. Further discussion on strategies for year two and three of the plan. Committee approved moving forward with full funding of the single premium proposed by Guardian at $ 17.09 per month per employee, with the same dollar amount of benefit being allowed toward other coverages that add dependent benefits. The two year rate guarantee upcharge of 6% was discussed and it was felt that in our best interest from a plan utilization level, as many employees may not be currently utilizing dental services. Because the coverage is rated as an individual group with our own plan experience there was concern about excessive second year premiums. The Committee discussed the concept of self-funding after year two as a way to control premiums and plan coverage options.

Further discussion on the budget effect of this plan. The 2001 budget contained $50,000 for the dental coverage. At the prices agreed to the total cost would be approximately $100,000 . Current years surplus was the funding source identified to cover the additional

costs unknown at budget time. **This will be forwarded to the City Commission for their consideration.**

4. Capital Project Funding Scenarios

Preliminary funding models for the following capital projects were discussed:

FargoDome Roof

Civic Center Expansion

City Hall

The materials prepared by staff and FWW financial were reviewed in detail. The Dome bond issue model with be referred to the Dome Finance Committee with a fixed capital outlay plan incorporated into the budget. The Civic Center project will be discussed with the CVB to test opinions of using a portion of the currently imposed lodging tax to assist in the debt amortization for this project.

5. Cell Phone Service Contract Renewal

Committee discussed the pros and cons of our current cellular service provider in anticipation of their contract renewal in February, 2001. The current provider system is heavily utilized within the City, however, quality issues still exist with loss of signal and roaming inconsistencies. The current pricing structure is very low. **Committee approved re-bidding this service formally by February, 2001.** Greg Fredrick of Lesmeister and Associates will assist in developing the RFP.

6. Risk Management Services Contract Renewal for 2001

Committee discussed the renewal of the present services contract with RSKCO. Costin stated that the City Attorney's office works most closely with RSKCO officials and they have been very pleased with this service. Total claims processed this year were down considerably, and therefore the total cost of the contract was estimated at $20,000. **A three year renewal was approved by the Committee.** RSKCO was formerly, Alexis, who has served the City since the early 80's.

7. FEMA Reimbursements Update

The City has received approx. $1.3 million from FEMA for advanced funding for the FargoDome flood reconstruction needs. The Dome also bound flood insurance coverage at last weeks Dome Board meeting. They bound Gulf Insurance Co. for $7.8 million in flood coverage as required by FEMA. **Concern was expressed by the Committee to**

check to see if National Flood Insurance covered is required, or if the Gulf coverage is sufficient. Costin will check on this with FEMA.

Other FEMA reimbursements have been received for the summer flood.

8. Year End Financial Strategies

Furness discussed the need to communicate the budget surplus with the Cabinet and develop a year end strategy for consideration of unmet needs as was completed last year. **This will be presented to the Cabinet**. Approximately $200,000 was appropriated last year toward one time capital needs. The Budget team funded most of the departmental requests in the 2001 budget.

FINANCE COMMITTEE MINUTES

DECEMBER 18, 2000

Attendees: Furness, Cosgriff, Zavoral, Bittner, Sprague, and Costin

Guests: None

The regular monthly finance committee was held on December 18th at 7:30 a.m. in the Mayors Office.

1. Approved Prior Minutes

2. Workers Compensation Premium Deductible Program Reinsurance Bids

Two bids were received from one broker, Mike Benson of Warner and Company of Fargo. The bids provided for different attachment points, which determine the relative amount of risk that the City is willing to endure. **Committee approved the lower attachment point, Option # 1 of $449,918** with Midwest Employers Casualty Company. Costin reported that the City does not have the ability to place the insurance exactly as it was described by the WC Bureau. The market place determines your attachment point based upon your claims history, therefore the total risks assumed by the City will be the total renewal premium, plus the allowance for self insurance, which is slightly higher than how this program was described.

3. Health Plan Stop Loss Insurance Renewal

Costin reported that the current stop loss coverage renewal quote contained a large increase over the previous year. He asked the current broker, Mike Benson of Warner to provide another more competitive quote for which he was not able to find. Mercer & Co. has been contacted to assist in shopping the market to find a better deal. Due to the tight timeline around the holidays it may be necessary to bind and then renew for a different time frame to allow more time to check on market pricing. **Costin to bring back market quotes when available. Cosgriff suggested that the Health Insurance Committee be notified of this issue after the renewal is secured.**

3. Quarterly Sales Tax Report

The Committee reviewed the FargoDome sales tax report, which showed a decline in the sales tax growth rate from 5.4% in 1999 to 1.3% in 2000. The Committee discussed using lower long term projection rates in the future as State sales tax figures are being revised downward as well.

4. Horse Racetrack

There was a general discussion about how the City might participate in the Horse Race Track facility and the desire of NDSU to start an equine program.

5. NDSU Mida Bond Fee

Cosgriff presented a request from Richard Rayl of NDSU asking for an abatement of their MIDA Bond fee for the recently issued bonds. Committee approved denial of this request to follow the current MIDA Bond fees schedule that all issuers use.

6. In State Lodging Policy

Furness suggested that the in- state lodging policy should be changed to match what is being proposed by the State, essentially lifting the $42.00 cap on in state lodging reimbursements. Committee approved change and Division Head will monitor their employee hotel reimbursements as part of their budget review.