FINANCE COMMITTEE MINUTES

JANUARY 15, 2001

Regular Monthly Meeting was held at 7:30 a.m. in the Mayor's Office

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

Guests: Sherlyn Dahl – Family Health Care Center.

1. Approved the minutes from the last meeting

2. Family Health Care Center Lease Delinquency

Sherlyn Dahl reported on the status of the financial position and the balance owed to the City of approximately $100,000. She highlighted their financial struggles and other projects that caused her to not pay the City its monthly rent for the facility. She informed the Committee that they have no other debtors, other than the City. She has approached the Dakota Medical Foundation for financial assistance and she felt that if this is approved they could start paying their delinquent rent balance. She will know the outcome by January 29th.

Other discussion that this is really a provider and community problem with refugee resettlements and the need to seek other local funding.

Costin asked for guidance on whether or not the City should release their request for funds appropriated in the 2000 budget or if this amount should be applied to their delinquent balance. Committee suggested waiting until we here the outcome of the DMF funding. Committee supported applying to their delinquency, however, this should be visited next meeting.

3. Interest Rate Swap Valuation

The termination value from the interest rate swap entered into in May 2000 has risen to approx. 1 million on January 12th because of changing market conditions. The market value as of January 15th had dropped to approx $700k. Cosgriff suggested that the Finance Committee approve selling this to capture the gain now and that staff be authorized to liquidate this investment. Committee concurred as long as a $700,000 gain benchmark was attained.

4. Year End Capital Carryovers

A schedule of year-end capital outlay account carryovers was reviewed with the Committee. Costin asked for approval to carryover the unspent balances to the 2001 budget, the procedure normally followed. Committee approved.

5. Supplemental Capital Budget Requests

A listing of proposed capital requests was handed out and discussed briefly. This will be forwarded to the Cabinet Members for review. The idea is to do some supplemental budget appropriations out of the 2000 budget surplus. The recommendations for funding would be completed in February allowing more time for January receivables and payables to be entered into the 2000 fiscal year.

6. Health Plan Stop Loss Renewal Information

Costin reported that we received a very large increase in the stop loss renewal contract for the 2001 plan year. The rates were reviewed. If coverages were left at the $65,000 specific deductible levels, the insurance costs would increase over 100%. Raising the specific deductible to $100,000 would avoid a significant fixed cost. Mike Benson of Warner and Company provided an alternative quote that was higher than the existing carrier, Perico. Because of this large increase Mercer & Company, our Health Care Plan Consultants were instructed to "shop the markets" to see if we are getting competitive renewal rates. This will be brought back in February after Mercer's work is completed. No action for now as the policy was bound as of January 1, 2001 at $100,000 deductible level until a final decision is made.

7. Cell Phone Contract Extension

The current cell phone carrier contract with Wireless North expires in February 2001. Committee approved a two-year extension of this contract, as rebidding was not deemed to be in the best interest of the City in light of the affordable contract rates in place.

8. FargoDome Long Term Contract Approval

A request from the FargoDome Authority to amend, or delete the clause in the existing FargoDome authorizing powers ordinances was presented. They specifically wanted to exclude the clause that requires City Commission approval of contracts and obligations that extend beyond one budget year. Their reasoning was that they have several smaller contracts in place that are renewed from time to time and they did not see the importance of having the City Commission approve the contracts because the FargoDome Authority would have already approved them. The Finance Committee denied this request as the initial intent of the ordinance was considered a proper internal control between the FargoDome Authority and the City Commission.

9. FEMA Dome Mitigation Projects

Mark Bittner highlighted the Dome FEMA mitigation projects in place. There are five projects with an estimated cost of $1.5 million. $500k has been applied for in the 406 Hazard Mitigation program with the State DEM.

## FINANCE COMMITTEE MINUTES
**FEBRUARY 12, 2001**

A regular monthly Finance Committee meeting was held, Monday, February 12th, 2001 at 7:30 a.m. in the Mayor's Office.

Members Present: Zavoral, Bittner, Sprague, and Costin

Members Absent: Furness, Cosgriff

**1. <u>Approved previous minutes</u>**

**2. <u>Status of Family Health Care Center Rents</u>**

The Dakota Medical Foundation has released fund for Family Health Care Center financial assistance; however, it was not purposed for payment of the arrears balance to the City of Fargo. Costin recommended that the $25,000 social service allocation be applied to their delinquent balance. **Zavoral suggested that this be discussed with the Commission directly.**

## 3. Health Plan Stop Loss Insurance Renewal

A memo from Mercer & Co. reported that they were not successful getting any bid on our stop loss renewal. They tried marketing our plan to five national companies and no companies were interested in bidding. Some reasons that Mercer gave as feedback to us was that we had a high % of police and fire participant, retirees were allowed to continue coverage, we are using a small TPA, and that we are receiving limited discounts in our provider contracts. They suggested going through this process for next year's renewal to see if we can attract a competitive bid.

A renewal that bound coverage for the 2001 year was signed in December 2000 pending the outcome of this process. **Committee approved leaving the 2001 coverage level that was raised from a $65,000 individual deductible to a $100,000 deductible**. This will be further discussed with the Mayor's Cabinet and the Health Insurance Committee.

## 4. Matrix Properties Special Assessments Deferral Agreement

Bittner reviewed the revised special assessment deferral agreement associated with the West Side of I29 development efforts. Changes highlighted include provisions for splitting the properties up to 10 times, instead of the minimum of 10% per time and that the assessments would be triggered by the plat, instead of actual development. Bittner commented that there appears to be more development plans south of 32nd Ave SW as compare to the tracts of land north of 32nd Ave. **Committee approved moving this agreement forward to the City Commission for final action.**

## 5. Donation of 1976 Winnebago Unit to EVAC

A letter from Ryan Kapperud, President of EVAC was reviewed. They're requesting donation of the City's 1976 Winnebago unit to be used to support their EVAC efforts to the Community.

Bill Rohrich has valued this at approximately $1,500. This unit will still be available for emergency needs of the City, however, it would be owned by EVAC.
Zavoral suggested that the Police and Fire Departments be contacted to assure they agree with this proposal. **Committee approved proceeding as long as the Police and Fire agree with this idea.**

## 6. Finance Director's Year End Financial Summary

Year-end financial results were reported by Costin as highlighted in a handout. All operating funds generated a surplus in 2000. The fund breakdown was:

General Fund $1,8 million surplus
Enterprise Funds $ 2.8 million surplus
Internal Service Funds $ 191,000 surplus

A detailed review of the revenue and expenditure variance was completed. Total revenues in the operating funds exceeded budget by 2.5%, while total expenditures were less than budget by 3.4%. The variances in the Wasterwater fund were directly attributable to grant projects and other transfer for capital projects completed during the year. A detailed listing of budget performance for all general fund operating divisions was also provided.

## 7. Consider Supplemental Capital Requests

This item was deferred until the Mayor gets back from vacation. Further discussion on surplus revenues and overall expenditure savings. Bittner felt that many of the supplemental capital requests were already covered by carryovers, and that many could be funded with the surplus. More discussion on allocating the $400,000 estimated cost of the relocation of the Municipal Court to surplus revenues, instead of expenditure savings. Allocation of the $400,000 building related cost would us up all of the expenditure savings from the Division's budgets. **No action taken.**

## 8. FargoDome Ordinance Change Proposed

Costin reported that currently escrow funds held in trust for the FargoDome capital fund are restricted to be invested in accordance with State Law. This restriction produces lower returns than are needed to have their escrow account grow to provide a permanent source of capital

and repair funds**. Committee approved modification of the FargoDome ordinance to provide for other investment choices that will yield higher investment returns**. Costin will work with the City Attorney on these changes.

**9. Procedural Change in Investment Solicitations**

Sprague reported that he was contacted by a company that "shops" for the best CD rates on a national basis and can add investment returns on City invested funds. He placed a few investments through this company last month and was able to enhance the returns by approx. 75 basis points (bps). The charge a 15 bps fee for their service. Costin suggested that the Finance Committee should be notified of this, as the procedure has been to fax the investment solicitation to local banks and brokers. **Zavoral suggested that this be forwarded to the City Commission.**

**10. Review ND State Sales Tax report for Third Quarter**

The Committee reviewed the third quarter state sales tax report. Statewide collections were down 3.4% as compared to last year's third quarter results. Significant declines were noted in the construction sector of the economy that was showing a 59% decrease.

No other issues were added to the agenda. Meeting adjourned.

**FINANCE COMMITTEE MINUTES**
**MARCH 15, 2001 REGULAR MEETING**

Members Present: Furness, Cosgriff, Bittner, Costin

Members Absent: Sprague

Guests Present: John Lingstad

Dan Wiles, FWW Financial

## 1. Approved previous minutes

Minutes from the February meeting were approved as presented. Costin commented that $ 28,000 or two months rental payments has been received from the Family Health Care Center on their delinquent rental status and that the $25,000 City allocation approved in the 2001 budget had also been applied directly to their account.

## 2. Westside Tax Increment Development Proposal

John Lyngstad of Matrix Properties was present to review the development area plan for the properties from 32nd Ave. South North to I94, except for the City property on 32nd and 45th Street. Discussion of the potential for a TIF development and how special assessments might be levied in the event that a TIF was not used. Further discussion on using a TIF tax exemption to assist in developing this area. Projects already completed in this area include the power line relocation and the 42nd street project.

A model and pro forma run of special assessments will be completed and run for Matrix review when the Special Assessment Coordinator returns next week.

## 3. Risk Management Issues

City Attorney Gary Stewart suggested that the Finance Committee adopt a policy relating to the medical expense costs associated with slip and fall incidents. RSKCO, our claims processor is looking for some guidance on this issue as smaller claims of this nature might grow into costlier

legal expense if the City is sued**. Committee approved allowing RSKCO to use their own judgement up to a maximum dollar amount of $3,000.**

An estimate of cost relating to the National Flood Insurance Program was reviewed and discussed. All properties in the 100 year flood plain, plus those damaged in previous flooding must have this coverage according to FEMA. The cost of a floater policy was also discussed that would be provided by a private insurance carrier to cover up to $ 25 million in total damages.

**Committee approved securing the National Flood Insurance now and getting a cost breakdown for the water plant, the sewer plant, and the Police Department.**

**4. School District Tax Increment Funding Proposal**

A cash flow analysis showing a potential payout to the school district was reviewed. This plan would fund the Mayor's bail out offer and also pays back the interfund loans over time.

**4. Housing Trust Fund Financing Plan**

Costin reported that there were sufficient funds available in the debt service residual fund to be used for the Housing Trust Fund Financing. Presently, there is approximately 2 million on hand in this fund, and future funds will be generated as bond issues are paid off. A copy of the state law reference was attached that allows for transfer of residual balances in debt service funds to the general fund. Committee approved the recommendation to use debt service residuals for funding this proposal.

**5. Parking Lot Purchase Bonds**

Proposals received for the surface parking lot acquisition financing were highlighted by Dan Wiles of FWW Financial. These proposals also included refinancing of the lodging tax revenue

bonds currently outstanding. Essentially, both proposal were essentially the same for the parking revenue bonds, however, Dain Rauscher provided a better proposal on the refinancing of the lodging tax revenue bonds. **Committee approved proceeding with a negotiated sale with Dain Rauscher, Minneapolis, MN.**

## 6. Baseball Stadium Incentive Payback Status Report

The annual report on the status of the baseball stadium payback was reviewed which shows that 36% of the initial cost (5.2 million) has been recouped from baseball revenues and the Newman naming rights payment. Two more years of $ 300,000 per year are scheduled for the naming rights.

Further discussion on proposed expansion plans for more permanent seating, bathroom upgrades, and infrastructure improvements. **The Building Committee will be called together to discuss these with the Fargo Baseball and NDSU.**

## 6. Airport Tenants Phone Billings

Costin reported that due to an oversight in the Auditor's Office the phone billings for Airport tenants have not been sent out from the time the system was converted off of U.S. West Centrex to a City owned switch. He was asking for guidance on how the delayed billing should be handled. **Committee approved sending the billing using a blended rate of local providers, as the tenants have been utilizing the services and must be aware that they have not been billed. Bill will be sent out with a letter of explanation.**

## 7. Other issues

Brief update on the Horsepark land consideration, Great Northern alcoholic license leasing concerns and whether or not Idea One is paying franchise fees yet. Zavoral reported that Lesmeister and Associates has dissolved and that Greg Fredrick going out on his own forming Vision Consultants.

**FINANCE COMMITTEE MEETING MINUTES**

**APRIL 26, 2001**

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

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

Guests: Jim Gilmour, Jessica Thomasson

**1. Minutes Approved**

Meeting minutes from the March 15, 2001 meeting were approved.

**2. ND State Tax Commissioner 4th Quarter Sales Tax Report**

Committee reviewed the report that indicated a declining trend for sales tax collections on a statewide basis. The average 2000 quarter to quarter comparison to 1999 showed a decline of 2.7%. Dome collections for the year 2000 experienced a 1.3% growth rate.

**3. Water Cost of Production Report / Cass Rural Water Users Water Rights Proposal**

A cost report prepared by Robert Welton was reviewed and discussed. This report was prepared to quantify cost components related to water production. Cass County Rural Water Users has requested compensation for water rights in four sections of land in South Fargo. Their proposal consisted of a lump sum payment of $250,000 plus $50,000 per year over five years. This request is considerably less than the fully developed buyout option that would approximate $4000 per household for approx. 400 homes. The other part of their proposal requested purchasing water from the City of Fargo at a price offered considerably lower than our cost of water production.

Further discussion followed on historical practices, desire to sell them water, review of our cost structure, and how agreements might deal with times of water shortages.

**Committee approved the payment for water rights, proposal (A) of their letter, and decided to take a closer look at the cost of water production and the pricing that might be used for water sales to other organizations**. Zavoral will continue discussion with Cass County Rural Water.

The cost report indicates that a water rate increase may be needed in the 2002 budget. Costin will work with Bob Welton to further analyze the water cost data and make a recommendation on pricing to be brought back to the Finance Committee.

**4. Southeast Cass Water Resource District GIS Proposal**

A letter from SE Cass Water Resource District was reviewed and discussed. SE Cass is looking at alternative ways to collect drain maintenance revenues that would require utilization of GIS data. The City of Fargo will be looking at volume based storm sewer fee structure in the next year and some of the functionality may be similar to what SE Cass is proposing, however, the Committee felt that we would not be interested at the present time in cost sharing this project. **Bittner will forward a letter to SE Cass in response to their inquiry.**

**5. Goldmark Development Corp. Request for TIF Reimbursement**

Zavoral presented a letter requesting TIF reimbursement for public improvements made in the Summit Group, LLP, (Goldmark) project that has already been established. Improvements included a storm sewer and water main and gate valve totaling $ 48,556. Bittner confirmed that these items are public infrastructure items.

Cosgriff questioned if there was enough funding in the TIF. Development in the TIF District has exceeded the initial plan and the taxes generated are sufficient to generate the additional costs.

**Committee approved TIF project reimbursement.**

**6. Metropolitan Rail Safety Initiative Costs**

The City of Moorhead has requested funding for the costs associated with the rail advocacy services. We have already expressed to them that we would share in these costs. A cost estimate of $50,000 was provided by Moorhead with each City paying ½ of this cost. **Committee approved payment of the billing from the General Fund.**

**7. Status of Debt Service Funds**

Costin presented a cash flow analysis of the existing debt service funds. The analysis shows the consolidated cash flow of the debt service funds to maturity. Special assessment deferrals need to be added to this analysis to reflect how much would ultimately be collected. Further discussion on special assessment procedures.

**8. Family Health Care Center Lease**

The status of the FHCC was reviewed. The are presently $101K delinquent on their building lease payments. Previous meetings were held with area providers and the FHCC to come up with ideas to assist this organization. Forgiving delinquent lease payments up to $100,000 was and item that was pledged during the meetings. Committee approved forgiving the $100,000 delinquency and leaving the existing monthly lease structure in place. **Furness will forward this to the City Commission for their consideration at the next meeting.**

**9. Broadway Streetscape Funding**

Funds were approved at the last City Commission meeting for amenities related to the Broadway Streetscape project in the amount of $1.2 million. This amount was $900,000 short of the funds requested by the Development Committee. The action of the City Commission suggested that the City would go back and look for additional funding sources. Concerns were expressed about the high cost of the paver bricks and the ongoing maintenance costs associated with this concept. Bittner explained that the $1.2 million already appropriated was over and above what would be included for a standard street project. **Furness will arrange for a meeting with Dave Anderson about the specific components of the amenities plan.**

**10. Neighborhood Initiative and Interest Rate Buydown Program**

James Gilmour reviewed the proposed loan program and Jessica Thomasson reviewed the status of the interest rate buydown program. After meeting with the representatives of the financial community the mechanics of the interest rate buy down program were recommended to change from the linked deposit program, to actual funding deposits for each loan written. The City would deposit funds calculated at the net present value of the loan interest buydown, and the banks would withdraw funds each month for the application to the loan payment. The funding amount for the program was modeled after a 3% loan reduction on a loan pool of $ 5 million for an annual amount of $150,000 in interest rate subsidies. Gilmour suggested that he wants to have the program up an running over the next few years.

Further discussion on how the subsidy would be allocated. Costin suggested that subsidy be divided by the funds that are allocated interest revenues, so that the impact of the entire program would not be borne entirely by the General Fund. **Committee approved the revised program guidelines and funding recommendations.**

**11. Civic Center / City Hall Funding**

Costin recapped our previous financing discussion for funding the Civic Center expansion. Funding opportunities for TIF funds have been exhausted, and the special assessment residuals have been programmed to the Neighboorhood Loan Program. Resources to carry a lease revenue bond issue would have to be appropriated in the General Fund through the budget process. Costin expressed concerns that this will impact future budgets as a fixed commitment.

Zavoral suggested that the project costs would be approx. 3.5 million including an intended expansion of the Civic Center to include space for the City Commission and Administrative Staff as developed by current architect plans. **Committee approved the lease revenue bond concept.**

**12. Flood Overtime Report**

A divisional flood overtime report was received and filed. Bittner requested that a decision be made regarding when the emergency declaration would end. **The Committee approved using the day that the EOC was shut down, which was Friday, April 19th at 4:30. P.M. Costin will route this instruction to HR for distribution to the payroll processors.**

**13. Revision of Sewer Repair Policy**

**Committee approved liberalization of the administrative policies relating to the sewer repair policy where a property owner requests special assessment financing.** Sprague presented this as a followup to recent communication with property owners.

**14. Newman Stadium**

Cosgriff reported that the FM Baseball has installed 400 new seats in the stadium near the 3rd base area. There is also a desperate need to vent the area beneath the stadium as moisture and mold have become a problem. There was also discussion on setting a maintenance budget for this facility to the certain items could be handled by staff without requesting permission for each item.

**Committee approved funding ½ of the cost of the seats, our share being $ 13,000**. Costin will review the lease for clarification of maintenance language and will report back to the Finance Committee with a recommendation on how these items should be handled.

**15. FargoDome Ice Consultant**

The FargoDome requested permission to interview three firms for their ice consulting project. Due to the specialty nature of this procurement this process was preferred. **Committee approved and requested that Pat Zavoral be included in the interviews.**

**16. Lyngstad Protest**

Cosgriff reported that John Lyngstad has protested water retention issues related to his property. **Zavoral, Bittner, and Cosgriff will discuss meet with Lyngstad next week.**

**17. Flood Acquired Property**

Bittner requested direction from the Committee on what should be done with the 40-acre tract acquired for the temporary dike project near 64th Ave. South. The Park District has expressed interest in purchasing approx. 30 acres. Zavoral suggested that we hang on to this until the City and the Park District makes more definitive plans. **Committee approved leasing this property for agricultural purposes in the interim.**

**18. Special Assessment Letter of Credit Policy**

Sprague asked if the letter of credit policy could be revisited in situations where the outstanding special assessments are considerably less than the value of the property assessed. Cosgriff suggested that we cannot predict economic downturns and that is why the policy was written this way. **Committee confirmed leaving t**

**FINANCE COMMITTEE MINUTES**
**MAY 7, 2001**

Members Present: Furness, Cosgriff, Zavoral, Bittner, Costin & Sprague
Members Absent: None

Guests Present: James Gilmour, Tom Wold

## 1. Approved April 26, 2001 minutes

## 2. Flood Mitigation Funding Options

Committee reviewed a flood mitigation spreadsheet that highlights various flood mitigation potential revenue sources. The advantages and disadvantages of each funding approach were also discussed. **This information will be shared during Zavoral and Furness's trip to Washington to highlight the need for additional federal funds to assist with flood mitigation projects. No further action taken.**

## 3. Wold Land Proposal

Tom Wold inquired if the City has any land for sale because he needed to purchase some property in the next month. The Committee discussed the land that was recently purchased for flood diking South of 64th Ave. as well as 290 acres near Argusville**. Due to protocols related sale of public property it was determined that the City could not offer property sales directly to a private party.**

## 4. Water Cost of Production and Consideration of a Wholesale Water Rate

Costin reviewed calculations of the City's cost of water production for purposes of evaluating the concept of a wholesale water rate for sale of water to Cass Rural Water Users. The full cost of production was calculated at $4.25 per 1,000 gallons based upon our current cost structure. The per gallon costs related to mains & hydrants, depreciation, meter cost, and transfers to capital projects totaling $ 1.57 per gallon were subtracted to produce a potential wholesale cost of $2.68 per 1,000 gallons

More discuss on the need to include some depreciation costs in the development of the wholesale rate, as well as the consideration of having NDSU be considered another wholesale user. They are currently the largest City water customer, approx. 4 ½ times larger than the next largest user.

Information developed by Robert Welton was also reviewed and discussed that related to potential profit associated with selling additional water to Cass Rural Water Users.

**The Committee decided that that $2.70 per 1,000 gallons should be presented to Cass Rural Water Users as our wholesale offer as this ties to our cost structure and relates closely to our large user rate structure. Zavoral will present this back to Cass Rural Water**.

**5. <u>Zoo Special Assessments</u>**

Tom Wold, a Board member of the Zoo reviewed the current lease agreement between the Zoo and the Fargo Park District. Under the terms of the lease, the Zoo is responsible for all special assessments levied against the Park property. He also reviewed the financial operations and how the Zoo was doing overall. He was concerned about the high specials that have currently been assessed and made a request to have them deferred or abated. They presently have been assessed $216,482 for four projects and will be responsible for an annual installment of $ 28,152. The Committee informed Mr. Wold that this was more of an issue between the Zoo and the Park District and that maybe he could renegotiate their lease agreement. Further discussion on the potential for several more projects being assessed in 2001. **Request for deferral or abatement was denied.**

**A listing of potential new assessment will be sent to Mr. Wold after they have been calculated**.

Finance Committee Minutes
June 12, 2001

Members Attending: Furness, Cosgriff, Zavoral, Bittner, Costin, and Sprague

Guests Attending: James Gilmour, Dan Eberhardt, Dan Wiles of FWW Financial, LTD.

**1. Approved minutes from previous meeting.**

**2. 42nd Street Tax Increment Planning**

Zavoral reported on the need to establish a TIF for the underdeveloped area in SW Fargo in the 42nd Street project area. Our previous discussions prior to this project included TIF financing of the power line relocation for approx. $1 million. Zavoral review project maps with the Committee requesting some guidance on how much property to include in the TIF district, or if the Matrix properties should be assessed the entire cost of the relocation of the power line and it's related share of completed projects. Dan Eberhard provided a breakdown of the special assessments associated with projects 4693,4696.5088, and 5093. The cost to the matrix properties is $3.7 million including the power line, or $ 2.7 excluding the power line.

Further discussion on the parcels near I94 and the Zoo property and whether or not this should be included in the TIFF. Committee suggested that this be excluded as the properties to the west of the Zoo adjacent to 45th Street could be improved with it's own TIF district sometime in the future, depending on what the Park and the Zoo work out on sharing of the special assessments levied against the Zoo.

Further discussion on including or excluding the developed properties in the southeastern section near I29 in the district as future projects such as 28th Street overpass may be eligible for TIF financing.

Zavoral suggested that we work with Dan Wiles of FWW Financial to prepare a TIF plan for this area. Committee approved proceeding with this project.

Zavoral will continue his discussions with Matrix about the TIF or specials options for the projects completed.

**3. Horsepark Tax Increment Plan**

Cosgriff reported that tax increment financing might be suggested for infrastructure costs for the Horsepark project. Project includes paving from 19th Ave. North to 9th Street , a one mile section. There is deemed to be approx. 22 acres of development potential for housing and commercial uses. Other infrastructure related projects include ponds and parking lots. No action on this item as this was general discussion only.

**4. Civic Center / City Hall Funding Options**

Costin suggested that the Committee needs to consider additional funding sources to assist in mitigation the debt service amortization of the Civic Center and City Hall expansion project. The preliminary plans for TIFF financing have not materialized and his concern was for the impact on the general fund budgets. Long term ideas for this include utilizing special assessment fund residuals as they mature, and entering into a variable rate interest swap agreement again to secure an ongoing revenue stream.

Committee approved building this into the budget and using special assessment residuals that become available in the future.

**5. Wholesale Water Rates**

Zavoral reported on the status of his negotiations with Cass Rural Water Users. Discussion followed on their proposal for purchasing water rights to undeveloped section of land in SW Fargo. They are proposing a buyout of franchise rights for this undeveloped area plus a low water fee. Staff have calculate the cost of water production at $2.68 and the committee agreed to stick with the $2.70 / 1000 gallons that is currently our rate per gallon over 2 million gallons. More discussion on the City's large water users. NDSU is by far the largest user and that consideration should be given to using the same rates for them as they maintain their own infrastructure as well.

Committee approved that Zavoral further these discussions with Cass Rural Water Users.

**6. West Side Special Assessment Deferral Agreements**

Bittner reviewed a project map that shows projects that could be eligible for special assessment deferrals under the revised ordinances from 1999. He requested guidance on what threshhold should be used to finalize the special assessment deferral agreements with property owners affected. There is $7.5 million in project costs against 19 property owners in various amounts, however, the bulk of assessments have been levied against Matrix, Asplin, Asleson, and Burgum properties. **Committee approved initiation of special assessment deferral agreements with those property owners with assessments in excess of $ 100, 000 per owner. Bittner will secure the agreements.**

**7. Border Cities Service Impound Contract Amendment**

Costin reported that Border Cities Service, out towing operator has requested an increase in their towing service fee structure because of their cost increases in gas and insurance. They are requesting an increase in their share of the towing from $20 to $30 per tow. Discussion on the cost savings related to this contract when bid in 1998. A summary of the previous years history before this contract showed approx. $100 per year was being spent on impound and towing services. **Committee approved the requested fee increase.**

**8. Xcel Energy Telemetry Proposal**

Xcel Energy forwarded a draft contract for locating their meter reading telemetry units on City street light poles. **Committee approved the contract subject to the fees being increases from the $1.00 and $ 5.00 per month to $2.00 and $10.00 per month.**

**9. NDSU Transit Route Proposal**

James Gilmour reviewed revenue and expense projections relating to new routes being proposed in the NDSU area to West Acres. He said that CMAQ funds have been reprogrammed for these routes along with and NDSU student fee that allows them to ride the buses for free by

showing their student pass. He has been working with NDSU on funding these routes, as well as a route on campus that NDSU would be bill for on a per hour basis. The net local cost of this proposal was a $ 24,000 general fund contribution that would be mitigated by potential additional revenue from other public non student that may choose to board at NDSU. He wanted to share this with the Finance Committee to get their feedback prior to presenting to the City Commission. **Committee approved**

**FINANCE COMMITTEE MINUTES**
**JULY 16, 2001**

Members Present: Furness, Cosgriff, Zavoral, Bittner, Costin, & Sprague
Guests Present: Commission Lynch, Sherlyn Dahl & Family Health Center Finance Director

**1. Approved June 12, 2001 Committee minutes**

Zavoral reported that Lyngstad's are prepared to accept the tax increment proposal that has been previously discussed.

**2. ND State Sales Tax Report – First Quarter 2001**

Reviewed the ND State Sales Tax Department's first quarter sales tax report. The report indicated a 5% quarterly growth over 2000 on a statewide basis and only .15% growth in the City of Fargo totals. Economic sectors that rebounded on a statewide basis included mining & oil extraction and utilities.

Cosgriff asked if any more research has been done on how much a use tax would generate. He suggested that Costin check with Grand Forks and the State Tax Commissioner to get more information related to this potential new revenue source.

**3. Family Health Care Center Rent Reduction Proposal**

The Committee heard from Sherlyn Dahl and Rob Lynch regarding the financial status of the Family Health Care Center. They submitted a proposal for a 50% reduction in the rents currently being paid to the City of Fargo. They reported that the University of North Dakota has agreed to a debt forgiveness of $395,000 and that the City rent reduction was one of the conditions of their loan forgiveness. They have evaluated their financial situation and feel that the 50% reduction would put them in a much better financial standing.

Committee approved proposal that was retroactive to June 2001. This will be forwarded to the City Commission for final action.

**4. City Financial Status Report – Second Quarter, 2001**

Costin presented the second quarter financial status report. Revenues as of June 30, 2001 for the general fund exceeded budget by $ 698,711 or 3.4% and expenditures were under budget by $2,340,885 or 12%. The large variance in expenditures is directly related to the timing of capital projects and transfers related to street rehab construction. All other funds are in good shape, however the Health Insurance Trust is currently $47,464 over budget and will likely come in at approx. $100k over budget because of steady increases in pharmacy costs.

A mid year adjustment will be suggested during the budget process to move more resources into the fund to cover the pharmacy and stop loss cost increases.

**5. 2002 Budget Development Update**

Mayor Furness reported that the General Fund requests have produced an 11.9% increase in the preliminary budget. The Budget team will meet in July and start the process of reductions in suggested appropriations to a more reasonable level.

Revenue projections are currently at 7.4% over the 2001 approved budget level.

**6. U.S. Communities Procurements**

Costin reported on the U.S. Communities procurement program that has been endorsed by the National League of Cities, the National Association of Counties, the U.S. Conference of Mayors and the National Institute of Governmental Purchasing. He suggested that this could be integrated into our current procurement policy, as the current policy is silent to the utilization of state or national contracts. Committee approved amendment of the purchasing policy to include utilization of state or national bids

**7. Newman Stadium**

Cosgriff reported that the FM Redhawks have solicited the assistance of R.L Engebretson, Architect to assist them in designing an air handling and moisture control system for beneath the Stadium. The original design of the stadium did not put a subfloor in the maintenance area below the stadium and that mold and other moisture problems have surfaced over the last couple of years. **Committee approved execution of a contract for $16,000**. Zavoral requested that this contact be routed to Mike Miller for compliance review.

Cosgriff suggested that the City needs to reactive the Stadium Committee to act on various issues that occur with the Stadium. This Committee became inactive after the completion of the Stadium. Members to be included are Zavoral, Getz, Costin, Flakol, and Cosgriff.

He also suggested that the Fargo Baseball has funded may projects at the Stadium and that a listing of those projects should be obtained from Flakoll.

**Committee approved reactivation of the Committee.**

**8**. **Stadium Financial Reporting**

Costin presented a request to change the financial reporting for the Stadium activities. He said that currently all transactions are reported in the capital project fund and he would prefer to report as a special revenue fund as this would force all activities through the formal budget process and would make it easier for financial statement readers to understand what revenue and expenditures are associated with the facility. **Committee approved reclassification as suggested.**

**9**. **FargoDome Bond Sale**

Costin requested guidance on what method of issuance we want to use on the upcoming FargoDome bond sale for the roof, canopy, and the generator projects. A

competitive or a negotiated sale method could be used. Historically, the City has used a negotiated method using Dain Rauscher as the underwriter. Further discussion on how Dain Rauscher had introduced the City to the interest rate swap investment in 2000 that netted the City approx $900k in less than one year. The Committee felt is was in the best interest of the City to have an underwriter working for us on creative financing ideas. **Committee approved utilization of the negotiated sale method of bond sale for this issue.**

**10. 12th Ave NW and 35th Street Improvement Project Financing**

Bittner and Zavoral reported on the need for infrastructure improvements to accommodate further development in this area for a Stamart Travel Center. Project includes a right turn lane and widening of 12th Ave. North. Project costs are estimated at approx. $400,000. There are two parcels that might be affected by this project and there is also a need for storm water retention ponds for this area.

Traffic signal improvements have recently been completed in this area and therefore, it may be difficult to reassess the entire area for the project costs.

Zavoral suggested that this project might be a good TIF project due to the circumstances of this situation.

Furness requested that we find out what the Developers intentions were on the 13th Ave. location. Cosgriff agreed to contact him.

**Committee approved tax increment financing for the intersection work.** The storm sewer retention land acquisition should be included? (clarify) Dan Wiles to assist in the TIF plan development.

**11. School TIF loan payback schedule**

Costin presented an amortization schedule for the loan that was made to the Board of Education including all interest as scheduled in the original loan agreement. The Committee requested that this schedule be related back to the spreadsheet that was completed when the TIF advance was approved, which breaks down which TIF funds that become available over time. **No action taken.**

# FINANCE COMMITTEE MINUTES
**AUGUST 13, 2001**

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

Members Absent: Bittner

**1. Reviewed and approved previous minutes**

**2. Street Department Request for Asphalt Funds**

Zavoral presented a request from Dennis Walaker relating to additional funding for street asphalt repair funding in the amount of $25,000. Further discussion on the need to complete desired repair projects when the weather conditions are favorable. **Committee approved funding this request out of the existing street rehabilitation budget line.**

**3. FEMA Progress Report on the FargoDome**

Zavoral reported that progress has been made on the mitigation funding for the FargoDome projects. FEMA has agreed to fund approx. $1million of eligible costs. Regarding the 2000 summer rainstorm event, they are getting closer to resolving the current gap in funding. They have agreed to pay what the City cannot cover through the insurance companies don't pay. An estimate of $1 million is potentially outstanding on insurance claims, with a potential final settlement of $1 million from FEMA.

**4. Consider Policy on Employee Recognition Expenditures**

Costin reported that he has observed several purchasing card transactions ($310 in May, $190 in July) that were made in the Police Department for gift certificate purchases that are being given to employees in recognition of good performance. It was his observation that this type of purchasing pattern in unique to the Police Department and that other Departments and Divisions are not using the purchasing card for this type of purchase. **Committee suggested that we discuss this matter with Chris Magnus prior to consideration of a formal policy.**

## 5. Health Insurance Premium Cost Sharing

Committee discussed the William Mercer report and the status of health insurance funding and the need to begin charging employees for single coverage. Further discussion on employee perception of who should pay and their desire to single out how much specific enrollee types are costing the plan.

Committee recommended the following cost sharing levels:

| | |
|---|---|
| Single coverage | - $20 per month in 2002 and $20 per month in 2003 |
| Family coverage | $15 per month in 2002 a 9.5% increase |
| Retiree | 25% increase in premium |

This level of cost sharing is expected to generate approximately $180,000. The Committee expects that some enrollment dropouts may occur for those who currently carry single coverage that may attach to a spousal plan.

## 6. I29 Ribbon Cutting

Zavoral polled the group about the possibility of the State having a ribbon cutting ceremony for the completion of the northbound construction project. **Committee concurred that we should proceed.**

## 7. FargoDome Roof Materials Delay

Zavoral reported that there has been a delay in the standing seam roof materials as details are being worked out between the roof designer and the material manufacturer. They should be able to deliver by October. He said that there is a 60 day exposure time limit on the replacement membrane that has been installed so far.

**FINANCE COMMITTEE MINUTES**
**SEPTEMBER 10, 2001**

Members Present: Furness, Cosgriff, Zavoral, Bittner, Costin, and Sprague
Guests: Jim Gilmour (Planning), Dave Rogness (Police)

## 1. Approved previous meeting minutes

## 2. Skyway Security Project

Dave Rogness presented background information and a proposal to add security cameras in the Skyway. They have been adding police patrols, and private security to control the area. He formed a study committee that came up with this recommendation including members of the Police Department, the Downtown Business Partnership, and Meritcare. The proposal includes 13 security cameras and a recording device. Jim Gilmour commented that this is the type of system they have installed at the Ground Transportation Center. **Committee approved funding this proposal from the Skyway maintenance fund in an amount up to $ 15,600. A budget adjustment request will be sent to the City Commission for final approval.**

## 3. Parking Lot Acquisition

Jim Gilmour presented a recap of his proposal to acquire the parking lot east of 4th Ave adjacent to the Centennial Shipping building from NP Avenue to the railway. This property is currently owned by BNSF. He as spoken with the developer of the Centennial building who has agreed to be included in a special assessment district that would be assessed for any parking revenue shortfalls associated with this lot. This is the same financing mechanism that was used on the Island Park Ramp project.

The City Commission has already approved this however, financing options were to be approved by the Finance Committee. Costin stated that the City would likely be issuing refunding improvement bonds in December 2001 and this project could be included in that sale. Gilmour reported that the acquisition should be completed as soon as possible, however, the improvements to the site would be done in 2002. **Committee approved proceeding with the project as presented by Gilmour.**

## 4. Horsepark Tax Increment Proposal

Zavoral reviewed the details of a tax increment request for the Horsepark project. A staff meeting was held to review the site plan and there are several issues relating to the site. The developers desire to have the project accelerated into the 2002 construction period. Issues

discussed included potential rail line interference and the siting of the TIF area. There is a need to consider the property area north of 19th Ave. North for the TIF area. Projects discussed include 19th Ave North intersection work turn lanes and the development of 19th Ave North. Committee approved utilization of Tax Increment Financing with the amount capped at $1,000,000. This will be forwarded to the City Commission for approval.

## 5. Utility Billing Procedural Changes for "Snowbird" Billing

Costin reported on a longstanding utility billing procedure whereby utility customers can call the Water Department and have their water shut off at the curbstop. Once they are turned off their billing record is inactivated for all utility charges, including water, sewer, solid waste, storm sewer and forestry charges. The other option is that the customer may simply request that Solid Waste charges be inactivated. There was further discussion on whether or not this was being tracked in the utility billing area and if the revenue effect might be quantified. A call was made to Dean Hashbarger in the meter shop who estimated the number of customers that requested shutoffs to be approximately 30 accounts. More discussion on how businesses normally have a minimum fee for their services. **Committee approved discontinuance of the utility billing deactivation. All services should be billed in accordance with our utility billing resolutions.** Furness suggested that this new procedure be documented in writing.

## 6. Health Insurance Cost Sharing Issues

Furness requested that further discussion take place on the cost sharing proposal and he felt that we had not made a final decision at last months meeting regarding the employee and retiree health insurance increases. Zavoral concurred that he thought it was for further discussion purposes. The proposal discussed at last months meeting was put in writing and shared with the Mayor's Cabinet. Further discussion on the how much revenue was needed for the fee increases and what affects if any there may be for starting to charge single plan participants. Furness and Costin expressed some concern about the size of the retiree increase in relation with the single and family proposal. A 25% increase in retiree premiums has been proposed. Cosgriff suggested that a flat dollar amount be assessed against all enrollment groups at $15 - 20 per month. Costin stressed that the actuary was projecting a sizable increase was needed across the board now and that prolonging the increase would cause the City increase to escalate. The 2002 budget currently has $120,000 plugged in for revenue from non city sources. The funding proposal currently generates approximately $180,000, however, some singles may opt out of the plan which would lower the revenue collected from the employee groups.

The Mayor asked if it was necessary to make a final decision now, as he would like more time to contemplate the equity of the current proposal, especially to the retiree group.
**Committee approved tabling this topic until closer to the end of the year.**

## 7. 42nd Street Tax Increment Project Financing Plan

Zavoral reviewed the draft of the tax increment financing plan for the 42nd street project area as completed by FWW Financial. The project map and the overall projections of tax valuations potential and final calculation of tax receipts were reviewed. Projects to be funded initially

include a power line relocation and the 42nd Street project. Zavoral reported that he has completed discussions with the West Fargo School District and they were not opposed to this plan. Zavoral also reported that he felt that if properties in the District were sold, they could be amended out of the TIF district and may be eligible for new business tax incentives, depending upon the nature of their business proposal. There was some discussion on the Zoo property and how their specials might be paid.

**Committee approved forwarding the Tax Increment Financing Plan 2001-01 to the City Commission for their approval to proceed with creation of the district.**

## 8. Fargo Board of Education TIF Advance Funding

Costin requested clarification of payment terms for the Fargo Board of Education TIF advance payments approved by the City Commission earlier this year. **Committee approved a monthly payment plan over the nine month school year in the amount of $ 37,037 per month for a three year period.**

## 9. FargoDome Supplemental Rents

Cosgriff reported that he met with Dick Rayl of NDSU regarding the supplemental rent clause of the original 1989 lease agreement with NDSU. A clause in the agreement provides that NDSU should receive a supplement lease payment to the extent that operating revenues exceed $300,000. The lease payment would be calculated at 30% of the excess over the $300,000 threshhold. This issue was dealt with a couple of years ago after the City suggested that parking income was not subject to the contract provisions as they were deemed by the City to be non-operating revenues and therefore, not subject to the supplemental lease calculation. Also, issues related to the roof and related repairs were included in earlier years calculations which make it very difficult to sort our and match up to the lease provisions.

Cosgriff suggested that Mr. Rayl seemed receptive to using the old turf and the related retrofit costs as a way to settle all previous years supplemental lease payments for which he feels are payable to NDSU and that going forward this clause of the contract would be removed from the lease agreement if consideration was given for lowering the NDSU rent scale. Furness suggested that he feels it is important to remove the supplemental lease payment clause and that if this proposal would work we should seriously consider it.

The other option that has been suggested is that NDSU would seek an Attorney General's opinion on the terms of the lease and would essentially rule on what accounting rules should be followed.

**Committee approved furthering this discussion with NDSU and the FargoDome Authority.**

**10. Civic Center / City Hall Status**

Zavoral reported on the meeting held last week with the Architects and that he has subsequently met with them on budget issues. The schematic design was estimated at $ 4.2 million. The design development plan was estimated at $4.9 million. The architects have included a $400,000 allowance for fixing the Civic ceiling that was not a part of their initial estimates and cut or created bid alternatives to lower the cost back down to the $ 4.9 cost estimate.

They will bid two alternates. Option 1 includes City Commission Chambers plus related office improvements. Option 2 will include a deduct alternative to simply shell out the office space, in the event that other plans are made for City Hall space. Market pricing for contractor work is apparently very good now and he is hopeful that we will receive competitive bids for this project. **The Committee felt that we should continue on with the bid process.**

**11. Devils Lake Rail Road Relocation Funding**

Furness presented a request for funding assistance relating to the relocation of rail tracks in the Devils Lake area. Other Cities and the State have committed their assistance and he had offered a $25,000 amount subject to City Commission approval. Funding would be from the 2001 budget. **Committee approved.**

**12. NDSU Project**

Zavoral and Furness reported on discussions they had with NDSU on potential funding for the Northern School Supply project. Community Development Block Grant funds has been identified in the amount of $400,000 to be used for this project. **Committee approved funding proposal.**

**13. Park District Skateboard Park**

Furness reported that he has discussed the skateboard project with Park District officials and that a $50,000 contribution was suggested for this project. Zavoral suggested that the City might release excess tax increment funds as a way to fund this proposal.

## 14. 2001 Tax Relief Act

Costin distributed a packet from the International City Managers Association relating to changes in 457 deferred compensation plans which will become effective January 1, 2001. Furness suggested that this information be routed to the Cabinet and the Pension Board to help educate members about how the tax law changes affect them.

**FINANCE COMMITTEE MINUTES**
**OCTOBER 8, 2001**

Attendees: Furness, Cosgriff, Zavoral, Bittner, Costin, Sprague
Guests: Jim Gilmour, Jessica Thomassson

## 1. Approved Prior Minutes

## 2. Third Quarter Financial Operating Report

Costin reviewed the third quarter financial report. Midyear revenue projection adjustments were posted in September. Overall operating revenues were 1.5% below the year to date budget amounts. Capital project administration fees were behind projection; however, Bittner felt that the annual budget total should still be achieved. Operating expenses were 9.4 % below budget. Capital outlay expenditures are the general reason for the variance below budget. Bittner reported that there would be a savings in the street rehabilitation line item of about $1 million as a project was protested and will not be completed this year. There was a $5.6 million excess of revenues over expenditures at the end of this quarter. **Committee approved the report.**

## 3. Health Plan Design Issues

Zavoral and Costin reported on the status of the Health Plan design issues after meeting with BPA to discuss the changing environment in Health Plans. Furness questioned why we were evaluating changing the plan and that his opinion was that we were deciding on premium levels and not plan design issues. A listing of 10 discussion points were reviewed that affect the Health Plan. The most profound change suggested by BPA was going to a percentage co pay on prescription drugs and the implementation of drug practice management techniques as suggested by William Mercer & Co. in their plan review study. Bittner suggested that employees and retirees would bear the burden on going to the % co pay and that maybe we should look at a simple 80 / 20 plan design and eliminate deductibles. There are so many different plan design formulas and he suggested that a simple design should be looked considered.

**Committee approved meeting with Supervalue to discuss the applicable items on the listing and that the Mayor's goal was to have these issues resolved by the end of October so that employees and retirees could be informed before year end.**

## 4. Housing Program Funding

Zavoral, Gilmour and Thomasson reviewed the funding needs for the NRI Housing programs. There is a need to identify more funding to provide the resources to continue this program. Thomasson reported that there are over 150 citizens on a waiting list from our first round of program solicitations. Discussion followed on the possibility of a housing revenue bond and potentially selling an issue directly to area banks so that they could improve their community reinvestment act credits. Additional discussion on approaching the FCCEDC to access Growth Initiative funds currently being held for the business development loan pool.

Zavoral will contact the FCCEDC, Cosgriff will contact a couple of area banks, and Costin will continue discussions with Dan Wiles of FWW Financial about whether or not housing revenue bonds are feasible.

No further action taken.

## 5. Terrorism and Bioterrism

Zavoral reported that there might be a need for up to $25,000 of funding for various terrorism prevention programs currently being evaluated. He also reported that the Police Department might utilize the Army National Guard to supplement the staffing void created by the loss of their employees to active guard duty. **No action taken.**

## 6. Baseball Stadium Emergency Warning Speakers

Cosgriff presented a proposal to purchase 16 speakers for emergency warning purposes. Presently, the design of the communication system does not provide an adequate method to quickly inform everyone in all areas of the stadium. **Committee approved a proposal from Heartland Audio in the amount of $ 7,830 for equipping and installing this system.**

## 7. Bluemont Lakes Association Special Assessment District

Mark Bittner reported that he has been contacted by the Bluemont Lakes Association about City assistance with shoreline improvement issues. They have a desire to upgrade their shoreline that is deteriorating and the issue is who would benefit and ultimately pay for a project of this nature. The Special Assessments Commission (SAC) has suggested that assessments would be spread to the property owners on the edge of the lake. A geotechnical study is needed and Bittner expressed that he wants to be involved early on. Further discussion on who would pay for the study. Cosgriff agrees that a consultant report is needed and that the cost of the study should be assessed back to the project. Bittner suggested that it might cost from $2 - $3 million to fix approx. 50% of the lakeshore. Bittner reported that the lake is also

being used for storm water retention and that storm sewer funds could be used to fund the study cost. **Committee approved proceeding with the City hiring their own consultant to assess the situation and come up with recommendations.**

**FINANCE COMMITTEE MEETING**
**DECEMBER 4, 2001**

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

Members Absent: None

A regular Finance Committee meeting was held on December 4, 2001 in the Mayor's office at 7:30 am.

**1. Minutes Approved**

Reviewed and approved the minutes from the October meeting. The November meeting was cancelled and included in the December meeting. **Minutes approved as presented.**

**2. Second Mortgage Write Off Approved**

Sprague presented three second mortgage loans that should be written off due to foreclosures and bankruptcy filings. The loans were from Dwight Dahl, $1,808.45, Daniel Straeby, $3,157.96 and Roger Henningson, $3,806.99. A recap of the total activity was provided by Sprague shows total loan issued $301,179 with a delinquency rate of 5%. $68,769 remains outstanding and will be collected over time. **Committee approved writing off the balances as uncollectible.**

**3. Special Assessment Refund Request Approved**

Sprague presented a request to refund special assessments paid by both a property owner and a tenant of the property. The request was made by MTI Distributing and Kaufman Partnership for parcel numbers 232.0-133.0, 136.0 and 133.0 for project numbers 4833 and 5074. The tenant inadvertently remitted payment when they received the special assessment card this fall. **Committee approved refunding the**

**payment after deducting the special payment due in 2002 plus the interest calculated for the time the City held the funds.**

## 4. Discussion of 2002 Capital Improvement Plan (CIP)

Bittner reviewed the proposed capital improvement plan for the 2002 budget year. The CIP proposes a budget of $ 79 million. Project specific discussion centered on the timing of the storm sewer relief project # 5236 and other traffic logistical concerns around the timing of the projects near the Fargo South school. Bittner reported that staff are recommending leaving the project in 2003, despite a shortfall in sales taxes allocated to the CIP overall. This project currently has $3 million in hazard mitigation funds approved by FEMA, and still needs approx. $2 million in sales taxes. Bittner stated that most of the demand for sales taxes for this project would actually be transferred in 2003 and therefore the total sales tax deficit shown in the CIP ($ 4.4 million) would be mitigated as some of the funds allocated to this project would not be utilized in 2002, but rather 2003.

Bittner reported that he used an updated sales tax projection provided by Costin and that he felt that there was still sales tax funds remaining from the 1999 sales tax bond issue dedicated for infrastructure.

Bittner also express concerns about special assessing the frontage roads along the I29 project to that all frontage road assessments are being treated uniformly. Previous project included frontage projects being funded through special assessments.

The 13th Avenue South project is also included as a major project in the 2002 CIP totaling approx $6.3 million. The southbound lane reconstruction of Interstate 29 is also included for $18 million. The total CIP is larger than the last two CIP's approved because of the inclusion of several large projects. Special assessment funded projects were down slightly from the previous two years. Anticipated special of $18 million.

**Committee approved the 2002 CIP with the inclusion of a sales tax shortfall that will be mitigated by timing differences in individual projects. A sales tax bond issue could be utilized if needed to close the funding gap in the plan.**

## 5. Broadway Streetscape Project 5209 Funding

Bittner reported on the funding status of the Broadway Streetscaping project # 5209. This had been referred from the PWPEC to the Finance Committee for a final recommendation on the project funding formula. Bittner highlighted the report. The City Commission asked that an alternative funding source be identified for the amenities portion of the project. The recommendation from PWEC was to fund the entire $1.3 million out of the City share of special assessments fund. Costin expressed concern about whether the CSSI fund could bear this amount without raising the tax levy associated with this fund and if some of the amenities could be funded through sales taxes. The Committee reviewed the detailed lines of the project budget and recommended that the paving portion of the project should be included in the paving budget and therefore would make it sales tax eligible. Bittner reported that the DBA has reduced the scope of the amenities budget and entry fountain was not included. **A funding breakout was approved by the Committee for the amenities plan utilizing $500,000 of sales tax resources and the balance of $850,000 over five years to come out of the City Share of Special Assessments Fund.**

**6. Interim Traffic Signal Funding for 45th Street SW and Amber Valley ParkWay Project**

Bittner reviewed the details related to the placement of an interim traffic signal in the Amber Valley Parkway area. His concern was that these projects normally run approximately $25,000, however, due to the complexity and the need of this project is was expected to run approximately $ 78,000. Much of the work is to reconfigure the approach to the Anderson Softball complex parking lot. **Committee approved utilization of the special assessment method of project financing for this project.**

**7. Housing Initiatives Funding**

Zavoral reviewed the status of the current housing loan pool that was created in 2001. The City has a significant waiting listing for residents that have applied but have been denied because of funding shortfalls. He also explained that he would like a dedicated source of funds to be used for the revolving loan pool that could be managed to specific geographic areas in the City. Costin and Dan Wiles of FWW Financial, the City Financial Advisor have evaluated the issuance of housing revenue bonds; however, most housing revenue bonds are done on a much larger scale and therefore are more affordable. Dan Wiles considered that a revenue bond issue of the size that the City was looking at was not cost effective or required an interest rate that was not that favorable. Costin reported that he had identified a clause in state law that allows for the Water Utility to purchase "any bonds" as a way to invest their cash reserves. Under this premise, the City could issue housing revenue bonds, eliminate the undesired income restrictions and proceed to develop a package that meets our needs. This structure would allow for maximum flexibility for the City to continue this project. Costin also reported that market interest rates have fallen significantly for short-term

investments and that the bond rate might actually provide a rate of return in excess of prevailing rates. The trade off would be that if the Water utility invested in the bonds that the return on this investment would be fixed by policy and the utility would not experience any gains associated with rising short term interest rates that might occur in the next few years.

Zavoral reported that this might work nicely with local banks that could potentially wrap their financing packages in with the City's program. Cosgriff suggested that local financial institutions might be interested in purchasing the bonds to enhance the Community Reinvestment Act utilization rate.

There was also discussion on making a request to the FCCEDC to potentially access growth initiative funds currently on hand that are not being utilized.

**Committee approved proceeding with the internal funding of the program with an investment being made by the Water Utility retained surplus in an amount of $1.3 million. Loan repayments to be credited back to the water utility at a stated interest rate. Zavoral and Furness will check with the FCCEDC about funding potential.**

**8. Substandard Housing Funding**

Zavoral reported on the need to identify funding for substandard housing project that come up from time to time where the value of the home is not worth fixing up. He felt that some funds needed to be secured for this purpose. **Committee approved using up to $75,000 through the City Share of Special assessments fund to pay the annual installment of assessments levied for this purpose.**

**9. Dispatch Center Issues**

Zavoral reported that a proposal has been solicited and approved by the Joint Dispatch Board for evaluation of pay structure and benefit alternatives for all governmental units involved in the joint dispatch project. He said that the cost was $52,000 and that the Board and staff felt it was justified due to the complexity of merging all entities into one. **Committee approved proceeding with this proposal. Costs will be shared in accordance with the cost sharing formula approved by the City Commission.**

**10. Deep Sewer Line Repair Cost Policy Change**

Sprague presented a policy change idea as received from Dave Johnson relating to properties that have to pay extra to fix deep sewer lines. The City just recently adopted a policy to assist homeowners with sewer repairs. Bittner suggested that he wanted more information on how much money was being spent under the current policy and how difficult it might be to control costs borne by the homeowners, and ultimately the City, especially if the City was not involved in the procurement decision. **No action taken**

## 11. Special Assessment Amortization Method and Term of Amortization

A followup discussion was held relating to the City's present amortization method for special assessments and the term of amortization. As previously reported to the City Commission the City is using a level principal method of amortization and developers can elect the more widely understood method of level payment. Further discussion on the rational to extend the maturity on special assessments. The City currently uses an 18 year amortization for most specials. The reason for considering this policy change would be to create more affordable housing alternatives, as presently, the special assessment burden to an individual lot is becoming a greater percentage of their monthly payment. **Committee approved a policy change to the level payment method of amortization and extension of the term on special assessment to 25 years effective with the next bond sale in 2002.**

## 12. Emergency Preparedness Funding

The Police Department has coordinated a needs listing and approval has been granted to purchase emergency preparedness equipment and supplies. **A budget appropriation in the amount of $100,000 was approved based upon the needs assessment. This will be forwarded to the City Commission for formal budget action.**

## 13. Service Oil Tax Increment District

Bittner asked what the status was on the Service Oil tax increment district creation. Zavoral reported that he and Gilmour are working on it presently.

## 14. FargoDome Roof Repair Contract Extension

Zavoral reported that he received a request for a contract extension on the FargoDome roof reconstruction contract. This will be forwarded to the City Commission.

**Finance Committee Meeting**
**December 17, 2001**

Members Present: Furness, Cosgriff, Zavoral, Bittner, Costin, Sprague
Members Absent: None

Guests Present: James Gilmour, Commissioner Rob Lynch

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

## Approved Minutes from Prior Meeting

**FargoDome Sales Tax Collection Report Reviewed**

Costin reviewed the sales tax collection report for 2001 and the sales tax projection report for the FargoDome. The projection report shows the accumulation of resources for the Dome through the expiration of the current sales taxes.

## Baseball Seating Expansion Proposal

Cosgriff reviewed a letter from FM Redhawks Baseball requesting approval and partial funding to install molded fixed chair seating near the first base area. These seats would be like the ones installed over the third base area last year. The estimated cost was $ 26,000 with the City to pay ½ of the cost up to $13,000. **Committee approved proceeding with this project funding the costs from stadium revenues.**

## Workers Compensation Premium Deductible Program Review

Costin provided and reviewed information about the Workers Compensation Premium Deductible Program. Historical general fund cost figures were reviewed. Based upon information provided by Willard Yellow Bird our payout of claims will likely come in at less than the $100,000 expected. We had also recently received a $41,200 safety dividend check for our excellent safety record. The Committee felt that it was a good financial move for the City to participate in the new program offered by the Workers Compensation Bureau last year. The renewal premium for the stop loss insurance was also reviewed with the Committee. **Committee approved proceeding with the renewal offer from Midwest Employers Casualty Company for 2002 at a price of $ 21,164.** Warner and Company is the local broker for this account.

## Health Plan Stop Loss Insurance Renewal

Costin reviewed the renewal bid that was received from the Gerber Insurance Company for the stop loss coverage for the Health Plan. Early indicators received in July, 2001 showed a probable increase of 14%. The final proposal came in with an increase of 26%. Factor influencing this increase included a rise in our Health Plan costs, plus a hardening of the insurance marketplace after the 9/11 event. Our broker, Mike Benson had indicated that the City could lower its fixed cost of insurance by raising the individual deductible from $100K to a higher level. He provided alternative quotes for a $125K deductible level that produced savings of approximately $47,000. The Committee was not comfortable with raising its deductibles this year as it was raised from $65K to $100K last year in an attempt to lower insurance costs. **Committee approved renewal with Gerber Insurance Company at the $100K individual deductible level.**

## 702 Communication Franchise Fee vs. Encroachment Agreement

Costin reported that he has been communicating with 702 Communications about their encroachment billings. Last year he cancelled one of two encroachment agreements as the vendor had requested conversion to franchise fee arrangement. He was asking for guidance on how to handle the other contract. Bittner felt that if they were providing City wide telephone services that they should be paying the 2% franchise fee. **Committee approved moving their account to a franchise fee status.**

## Accounts Receivable Issue

Northwest Airlines has requested that their accounts receivable balance that represents old late billed phone charges be paid over a three year time frame. These charges originated when the City converted phone system in 1998. **The Committee approved offering a two year time frame with interest on the account balance at 8%.**

## Downtown Parking and Promotion & Transit Issues

Jim Gilmour and Commission Lynch reviewed a proposal for parking promotion in the Downtown and Transit promotion. The proposal requested $60,000 per year to the Downtown

Community Partnership to assist in this effort. Zavoral questioned why additional funds were being requested as Bob Stein was hired for the parking function
Gilmour reported that he is presently consumed by parking issues and renaissance zone project administration. The funding would come from the Parking budget and the Transit budget. **Committee approved increase of $15k for the general fund and $10,000 from the Parking Authority Budget.** Gilmour will present final program to the City Commission.

## Skatepark Funding

Furness reported that he would be asking the City Commission to approve a $50,000 contribution to the construction of a Downtown skateboard park. This item was not included in the 2002 budget and he felt that it could be funded from surplus year end revenues.

**Accounting for Street Rehabilitation Funds**

Bittner reported in an earlier Finance Committee meeting that a significant amount of Street Rehab funds will not be utilized this year and he will ask for these funds to be carried forward into the 2002 budget. Furness and Costin had discussed the idea of setting up a Street Rehabilitation Fund so that year to year fluctuations in rehab projects do not skew the general fund budget totals so much. **Committee approved setting up a street rehabilitation fund and transferring the general fund budgeted amount so that budget modification was not needed in the 2002 budget.**