City of Fargo

Finance Committee Minutes

January 30, 2003

The regular monthly finance committee meeting was held on January 30, 2003 at 10:00 a.m. in the Mayor's Office.

Members Present: All

Members Absent: None

Guests Present: Al Erickson, Springsted, Inc.

James Gilmour

The meeting minutes from the December meeting were approved as presented. Motion by Bittner, seconded by Zavoral. All voted in favor.

Budget Adjustment for Water Division Capital

Costin presented a request for a budget adjustment from the Water Fund Mains & Hydrants and Meters Division. The requests were made during the 2003 budget development meetings, however, they were not keyed into the budget totals. The total amount missed was $ 56,000. Bruce Furness motioned that we should proceed with the purchases as requested in the budget and request a budget adjustment at midyear. Seconded by Zavoral. All voted in favor.

Preliminary General Fund Budget Report

The Committee reviewed a preliminary general fund budget report showing a net income in the General Fund balance of approx. $2 million. Costin commented on additional capital project administrative revenues realized this year from closing out some larger federally funded projects. Investment income was also sustained by realizing additional revenue because of a change in our investment philosophy implemented earlier in 2002 before the rates fell and additional interim financing on capital projects carried during the year.

More discussion on projects that might be funded by excess revenues. These included City Hall, the Quiet Zone, and other projects including expansion of the Central Garage facility, or the Firestone Building.

Cosgriff asked if any supplemental appropriations for capital not funded at budget time were being considered for this year. He motioned that a recap of items not funded be presented at the next meeting before a final decision is made on the excess fund balance growth for 2002. Seconded by Furness. All voted in favor.

Bond Sale Recommendations

Al Erickson of Springsted, Inc. presented the bond sale recommendations report for Series A, B, C. The new formats of disclosing the bond sales were reviewed and the refinancing saving estimates were evaluated. Bruce Furness moved to accept the recommendations report, seconded by Steve Sprague. All voted in favor. The bond sale is scheduled for February 18th with the Commission acting on the sale bids on that day.

NDSU Tech Park

Zavoral reported that NDSU had inquired about potential assistance with infrastructure development west of the existing Tech Park facilities. They are looking to expansion west of 18th street. Bittner suggested that they need to get a plat approved first and then should initiate a petition for the infrastructure needed. Costin will verify the type of tax incentives granted on the original Tech Park facilities. No further action taken.

NDSU Sharing of Court Fines Revenues

Costin reported that NDSU has made an inquiry into the possibility of sharing revenues from Police enforcement efforts on the campus. This item was deferred to the next meeting to allow Richard Rayl to address the Committee.

Special Assessment Deferral Requests

Costin presented a request from Maynard Asleson requesting an additional deferral term for special assessments that came off of a deferral agreement in 2003. He was requesting a three year deferral and agreed to pay the 2003 installment that was assessed. Bittner suggested that this be reviewed further as additional project assessments would likely be pending to be levied in 2003. This request was referred back to staff for further investigation of pending special assessments. Motion by Zavoral seconded by Cosgriff to approve the deferral request.

Mark Bittner requested a deferral of special assessments for a storm sewer project for unplatted land in the Ace Brandt development. This property was previously deferred because in was not in City limits and they want to continue the deferral for two more years. The amount of the deferral was estimated at $120,000. Bittner moved and Zavoral seconded the motion. All voted in favor.

Special Assessment Policy Review

Bittner presented an analysis of special assessment policy alternatives that the Committee evaluated while considering the merits and impacts of potential implementation. The items considered included having the developer be responsible for sidewalks, median and boulevard treatments and tree planting. Changes considered for City standards included reduction of street widths and paving thickness, widths of collector streets, arterial streets, funding more toward sanitary sewer lift stations, increasing hydrant spacing, reduction of administrative fees, reduction of the bond markup, and simplifying subdivision design to minimize double and triple fronting streets. The estimated savings on a typical lot if all items were implemented would be approximately 20% of the current special assessments levied. No action taken as these will be discussed further.

The regular monthly meeting of the Finance Committee was held on February 25, 2003 at 7:30 a.m. in the Mayor's Office.

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

Members Absent: None

Guests Present: Erik Johnson , James Gilmour & Richard Rayl

1. Approved the minutes from the January meeting as revised.

2. **Mediation Service Billing Review**

The Committee reviewed the billing received for the mediation services from First Court, Inc. Mandan. The Committee felt that the charges listed were excessive due to the fact that the City was billed for services related to conferences with the press, and meetings with other third parties. Bittner moved to pay as presented, seconded by Sprague. Motion did not pass. Furness suggested a revised motion that takes out the billing costs associated with the press and landowner meeting time. This was seconded by Zavoral. All voted in favor, except for Bittner who voted no. Motion passed.

3. NDSU Revenue Sharing Proposal

Richard Rayl presented a proposal to all for sharing of non parking moving violations court fines with NDSU. Presently the parking tickets are shared under contract with NDSU and they would like the Committee to consider sharing other fines. This additional revenue would be used to fund additional NDSU police officers. Rayl said that the estimated fines generated by NDSU approximated $80,000 per year and that sharing the revenues with them would provide some budget relief.

He also stated that NDSU provides some support for an area outside of the Campus within about a two block area. Committee felt that Chief Magnus should be contacted to help identify service issues relating to time and efforts (first response and backup response) supporting the Campus police force before a decision is made on sharing revenues.

Costin was concerned about consistency of agreements with other agencies, especially the Airport Authority where we do not share any fines generated on their facility. He said that the schools currently share in parking fines by agreements.

Furness suggested that he was not opposed to the concept, especially for uniformed Police officers.

This topic will be referred to Chief Magnus for further evaluation. No further action.

4. Potential Sale of Harwood Township Land Held by Solid Waste Utility

Zavoral reported that inquiries have been made to the City about selling the farmland currently owned by the Solid Waste Utility. Some would like to buy while others would be interested in a land swap transaction. Further discussion on the need to decide on a future landfill site. Adding a baling operation would decrease our consumption of existing space by approx. 25 – 40%. Committee decided to not offer the land for sale at the current time.

5. Equipment Trade In for Street Department

Dennis Walaker submitted a request to trade in two motor graders existing in the fleet to upgrade to a newer unit, as well as purchasing an additional unit used by Solid Waste and the Street Department. General discussion on leasing and how our procurement policy works when considering a buyout of the remaining lease agreements. More discussion on funding the entire second unit out of the Solid Waste Division and why it was being recommended this way. Committee approved the trade in transaction and the subsequent conversion of the two currently leased units to purchased units.

6. Supplemental Capital Requests

A spreadsheet of unfunded capital items from the 2003 budget was distributed and discussed Costin added that there was another $100,000 of cuts that was approved during the budget

process for IT project funding. The Committee discussed the need to quantify the needs related to the new Civic/ City Hall for furnishings and move related expenses before approving the unfunded capital outlay requests. Committee approved requesting Department Heads to validate the items on the unfunded listing so that we can quantify the remaining needs as decisions are made on the City Hall furnishings. This will be done at the next Mayor's Cabinet meeting.

7. Transit Cost Analysis

A cost model for fully allocated transit costs was discussed in detail. Further discussion on what the rate should be used on transit contract with outside agencies. Committee agreed to use actual costs, plus allocation of administrative revenues, allowance for depreciation of capital items in our inventory, plus a markup of 30%. Federal funding will be subtracted from the cost total to get to the net cost billed to others. The analysis was referred back to Finance staff for updating of the final numbers using this formula. Gilmour suggested that paratransit be priced on a per ride basis as it is difficult to use hours when the rides overlap into different jurisdictions.

Committee also approved that non city entities will provide the local share of any capital item used in their service delivery, and that subsequent years capital plan would not include vehicle used exclusively or primarily for other entities.

8. Special Assessment Deferral Request Land Trust

A request was presented for the Clapp Land Trust relating to two parcels of land that had come off of an old deferral agreement and were posted against their parcels in 2003. They were requesting an additional deferral period, similar to the ten year deferral that was granted to Matrix in the SW expansion projects in 1999. Bittner reported that these parcels located near the Matrix TIFF area should have been included in a deferral agreement as they are all near or in the west side development area. Committee evaluated the project numbers submitted by Ed Clapp and determined there were several projects that were previously covered by a deferral agreement, however, there are three projects, specifically 5093, 4913, and 4696 that are eligible for further deferral as those projects are in the Westside development. The other project

numbers that deferrals were requested include 4545,4637,4638,4658, and 4860. These projects are not eligible for a deferral request as they do not relate to the Westside expansion plan and a deferral agreement was previously granted and expired in 2002.

Further discussion on whether the special assessments on these parcels should be treated as being paid by the tax increment district like the Matrix model.

Bittner suggested that the deferral agreement be granted to the project numbers that are part of the Westside development and that the other special assessment project numbers remain levied as the deferral agreement expired in 2002. The parcel numbers affected by these projects include 350.0-43130 and 350.0-50090.

9. Special Assessment Deferral Request Maynard Aasleson

A request for a special assessment deferral was presented and discussed for parcels of land owned by Maynard Aasleson.

Costin reported that there was $109,000 in special assessments pending relating to project number 5277 and project 5089 that have been estimated to be spread in 2003 for collection in 2004. These project numbers also relate to the Westside development plan and would be eligible for a deferral agreement according to Bittner.

The Committee reviewed the project numbers where the assessments had been levied and determined that project numbers 4696, 4913, and 5093 were projects related to the west side expansion plan and would be eligible for an additional deferral up to 10 years total.

The other project numbers were previously covered by a deferral agreement and therefore would be considered levied and not subject to a new deferral agreement.

Committee approved the concept of continuing deferral agreements on those project numbers related to the Westside expansion initiative, including those project numbers not yet assessed, and starting to collect on the older project numbers because of the previous deferral agreement

that had expired. Much of the land in this area has already been developed and therefore continuing the assessment deferral was not supported.

10. Status Report on E911 Cell Phone Contract

Zavoral reported on the status of the cell phone project and a letter was attached from the Association of Counties requesting that the City of Fargo make a final decision to join in the ND Association of Counties administered plan for phase I and II of the cell locator upgrade project. He asked for an extension of time to further evaluated issues relating to the integration of the Minnesota user on the Fargo hub and the potential to be part of a Minnesota initiative because of the Joint Dispatch Center currently operating in Minnesota.

11. Tax Increment Financing Request for Cityscape Development

James Gilmour presented a request for tax increment financing to help relocate an underground pipeline on the property that the Fargo Park District sold to Cityscape Development at the corner of 45th Street South and Interstate 94 near the Zoo. He said that the cost of relocating the pipeline was $200,000. The property owner's option is to fill in the parcel of land with fill to give a 5' distance between the pipeline and any construction over it, or relocate the line. Bittner suggested that Meritcare had recently done their own relocation of the pipeline on a parcel further west of this location. He said that the power lines in this area were a concern as well.

Zavoral stated that this cost was not part of the original tax increment financing district plan and that West Fargo schools would object to this type of project assistance. He suggested that the developer should make a pitch to West Fargo Schools to see if there was any support for this plan.

The tax increment proposal was not approved.

12. Attorney General Opinion on Zoo Assessment Bailout Plan

A letter from the State Attorney General was reviewed that confirmed the legality of the Zoo assessment plan previously approved by the City of Fargo. This will be referred to Gary Stewart who will draft the required ordinance changes to allow for this action to be consummated.

13. District 5330 Assessment Funding Options

Bittner presented several special assessment alternatives for funding the cost of project 5330 relating to a storm sewer outfall line near 60th Ave. South. He reviewed the special assessment impact to three areas that have already been assessed for storm sewer projects in the past, and some that had not paid any assessments. There was a wide variety of assessment effects that were discussed including the need to normalize the assessments at a capped cents per sq. ft. and the internal equity of who had already been assessed and how had not been assessed yet for storm sewer coverage. Committee approved the option to assess the River Villa area for 3.5cents / sq. ft and fund the remainder out of the Storm Sewer Funds to eliminate the overlapping assessment issues for storm sewer services.

City of Fargo

Finance Committee Meeting Minutes

March 25, 2003

The monthly Finance Committee meeting was held on March 25, 2003 at 7:30 pm. in the Mayor's Office.

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

Guests Present: Bruce Hoover, Bruce Grubb, James Gilmour, Chris Magnus

1. **Approved Minutes from February 25, 2003 meeting.**

Furness requested clarification of the West Fargo transit proposal to assure that we were clear about our desire to have them pay the local share of their transit vehicle. More discussion on whether or not we should even fund it out of our federal transit funds, or save it for a future capital project. **Committee agreed to leave it funded with federal transit funds, however, that the local share should be paid by West Fargo.**

Discussion followed on the NDSU proposal to share in our fines monies to assist NDSU in funding their security officers. Furness asked if the officers at NDSU are sworn officers. Magnus said that they were and they do provide service at the University, however, the Fargo Police Department gets a significant amount of calls for assistance to the NDSU for parties, fights, and other incidents.

Chris Magnus suggested that a different method of providing services to the University would be to have NDSU contract with the Fargo Police Department for 24/7 coverage which is a common method of providing public safety services in other campus communities. Presently, NDSU does their own dispatch services and their own crime stats. He felt that this might be a better utilization of resources, in lieu of sending fine money to NDSU in support of the security budget.

Cosgriff suggested that this offer should be made to the University. Costin will contact Dick Rayl and Furness will talk to Chapman. **No further action taken.**

2. Land Disposition Discussion

Bruce Grubb presented several land sale or exchange scenarios to the Committee to gather further input for long range planning issues relating to future landfill site options.

Currently, Matrix Development has a section of land south of the horsepark site, north of 12th Ave. They are interested in a land exchange for property in south Fargo. Parcels discussed in further detail included:

- 52nd Ave South of Meadow Creak 10.26 acres
- 32nd Ave South & 42nd Street, approx 1 acre
- 17th Ave adjacent to I29 near the underpass which could be built on the north end of this lot, however, the south end might be encumbered.
- West of Cashwise
- ½ section of land in Harwood Township

The Committee felt that the 40th Ave. SW property, west of I29 would be a preferred location for a public works or police precinct. Some concerns were expressed about current zoning and use the City. It has great access and buildable potential.

Bruce Grubb asked for permission to seek appraisals on the properties. Cosgriff suggested that compost site on 45th street could move to 85 acre site west of the current landfill. Furness suggested that reclaiming the old landfill site might be the best option for a future landfill. Cosgriff suggested that 45th street may have future commercial development potential. Zavoral stated that we need a vote of the County to site a landfill. Bittner expressed concerns about the cost of reclaiming the old landfill site. Furness suggested that we need to start the process of future landfill sites and getting appraisals of the land values. Grubb suggested that the Harwood Township property not be included for now. **Motion by Costin, seconded by Sprague to proceed with the appraisal process.**

3. One Way Study Funding

Jim Gilmour requested a funding option for the local share of the one way study that was added at the MCOG. It is federally funded; however, we need to provide a 20% local share for the plan or $12k. Furness suggested that this amount could be funded out of the 2002 general fund carryover. Bittner expressed his concerns about the overall goal of the one way study and how it was inconsistent with the long term plans for the western NP Ave. extension that has been

planned for over the past several years. He said that the one way study was contrary to work already in process and that the Engineering Department was strongly opposed to the one way study. Cosgriff suggested that the funding source be approved as discussed, however, that some consensus be achieved between Planning, Engineering and the Downtown Business Association before bringing this forward any further. **Furness motioned for providing local share funding from the carryover and referring the issue back to Planning and Engineering & DBA, seconded by Zavoral, all voted in favor.**

4. E911 Cell Phone Status

Zavoral reported on the status of the cell phone project. He said that he has not received a good response from the City of Moorhead regarding the Minnesota option. Cosgriff said that he was ok with coming on with the State of North Dakota plan. Costin suggested that we should modify the proposed contract setting a cap on the rate for items (3) and (5) because of the concern for the potential of the Association of Counties raising rates to all participant and that the other ½ of the cell phone tax is needed in the 911 fund. He also expressed concerns about the funds already collected that have been spent in the E911 fund to help in the Joint Dispatch expenses. Cosgriff expressed some concern for the long term viability and funding of this project. Zavoral said that he wanted some response for the Association of Counties who has been waiting on the state rollout until Fargo approves a contract. **Committee approved joining the statewide project, limiting the term to three years, with a two year renewal option and forwarding on to the City Commission for final approval.**

5. Special Assessments Financing Rate

Zavoral has met with area developers who have expressed a desire for the City to lower the financing rate on special assessments from the existing 1.5% add on rate over the bond rate currently allowed in State Law and used in City policy. Cosgriff said that we could drop of ½ %, however, there would be no appreciable difference to the homeowner. Committee felt that we should not act on individual items related to special assessments policy until after the Legislative Session is over and after the assessments task force has had a chance to debate these items. **No further action taken.**

Sprague requested that the existing policy of charging 8% on sewer repair assessments be reconsidered in light of the falling interest rates. Discussion was either setting a lower rate or indexing to our current bond rate. **Zavoral moved that we charge 2% over the bond rate, because this type of financing is a special assistance program. Seconded by Furness, all voted in favor**

6. Fargo Board of Education Loan

Costin explained that the current loan agreement with the Fargo Board of Education expired on December 31, 2002. There has been ongoing dialog with Dan Huffman that we could consider new terms, in light of the fact that the C-1 tax increment district was extended and used on the Island Park Ramp and that the school received advanced funding from the tax increment funds. The C-2 tax increment fund will close in 2006 as well as the newly created Summit Group tax increment district that will mature earlier than expected. The school will have additional tax revenues from closing the tax increment funds and could then begin paying back the loan. **Committee suggested that we meet with Dan Huffman to go over a proposed amortization. No further action taken.**

7. Space Relocation Plans for Finance Office

Costin updated the Committee on plans to move the segregate and move the Collection functions out of special assessments and into the Auditor's Office. He wondered if anyone had a concern about the public having to go upstairs to pay for there services. **There were no objections to this plan.**

8. Supplemental Appropriations

A listing of supplemental budget appropriations for $1.2 million was reviewed and approved to be forwarded to the City Commission for consideration. The process used in allocation of these funds was the same as we have used for the past few years which gives Departments additional capital funding for items that were cut out of the original budget.

9. Weed Billing Denial

A billing from Cass County for weed inspection services for 2002 was reviewed. Commissioner Lynch has not approved the bill because of the unrest over the entire program. **Committee**

supported this denial in the amount of $ 17,225. The administrative allowance of $3,500 per year was already paid as a part of this invoice.

10. <u>HRA Cell Phone Surcharge</u>

The HRA has inquired into why the City has been charging an extra $7.00 per phone per month. This was instituted when Wireless North was our cellular carrier because of the deeply discounted contract the City executed with them. Since we have now changed providers to Cell One, they could get a better deal on their own. **Committee approved dropping the surcharge, but leaving them in our group to use they pooled minutes.**

City of Fargo

Finance Committee Meeting Minutes

May 1, 2003

The April regular meeting was held on May 1, 2003 at 8:30 a.m. in the Mayor's Office

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

Guests Present: Jim Gilmour, Jessica Thomasson

1. Approved Minutes from March Meeting

Minutes were approved as revised to state that the meeting was in the Engineering Conference Room, not the Mayor's Office as drafted.

2. Storefront Loan Funding

Gilmour reviewed the demand for the CDBG storefront loan program. They have nine applications on file and $175,000 in the CDBG budget for funding up to a 50% - 60% loan level. His desire is to fund all of the loan application at 100% funding, which would require additional funds to be identified and placed as low interest loans. He is currently constrained in the ability to use HUD funds because of a 30% cap on this type of expenditure for the 2003 – 2004 time frame. The previous funding formula was a 50% grant up to $50,000. The new proposal would be grant and loan funds funding up to 100% of the storefront request.

Various funding scenarios were discussed including TIF financing, however, this was not approved. **Furness motioned, seconded by Zavoral to offer up to $150,000 in the 2003 fiscal year for funding, funded as loans in the General Fund for a term of five years with a fixed interest rate of $3%. A voted in favor.**

3. NDSU Transit Proposal

Gilmour presented a proposal to review the present rate charged to NDSU for their U Pass program. They are presently paying $5 per student to fund this program. He stated that there might by some opportunity for applying for CMAQ grants through the State, however, this was not likely to be funded. He said that he has looked at what is being generated in U Pass revenues for the transit system and it exceeds the per capita rides using a regular farebox revenue structure. The request was to lower the U Pass fee from $5 to $3 to put this service more in line with regular transit service. There was further discussion on upcoming NDSU transit needs next year with the Arts program relocating downtown and that Gilmour needs to communicate to NDSU that they will need to pay for their additional transit services next year. **Motion by Costin, seconded by Sprague to lower the U Pass rate from $5 to $3. All voted in favor.**

4. Fargo Board of Education Loan Terms

Costin reported that the Solid Waste Utility loan to the Fargo Board of Education matured on December 31, 2003 and that the City needs to renegotiate terms on this loan. Preliminary discussions with the Board of Education indicate that they are willing to pay this over time; however, they did not want to pay additional interest after December 31, 2002 because of the change in the cash flows relating to the tax increment districts since the time that the original agreements were executed. The cash flows available from the close of the C-2 tax increment district, plus additional resources projected to become available in the Summit tax increment district would be adequate to pay this off over a longer time frame.

Options discussed include calling the note as written, renegotiating terms and interest factors. **Committee approved proceeding with the negotiations with the Fargo Board of Education.**

5. Health Plan Claims Information

Costin reported to the Committee that there was a significant rise in Health Claims early this year because of high dollar claims. The first four months history shows a 46% increase over the 2002 year. He said that AON will be completing a Health Plan review similar to what we have done in earlier years and that the City Commission has already approved a $100k transfer into the fund over and above the original budget to maintain financial position.

6. Minot Fee Survey

A comprehensive fee survey was handed out and reviewed by the Committee which was prepared by the City of Minot. The Committee suggested that this information should be forwarded to the Department Heads during a Cabinet meeting to be used as a comparison of our fees to other North Dakota cities.

7. Police Department DARE program Budgeting

Jeff Williams from the Police Department was requesting a budget adjustment for the costs relating to the DARE program. In previous years, they simply spent out of whatever line items they had monies in and he wants to have a specific appropriation of funds for the DARE program. He also wanted permission to carryover any unspent donations.
Committee did not approve a special appropriation in the 2003 budget year; however, the Police Department needs to set up the budget lines for the 2004 budget development process.

8. City Owned Properties

Two residential properties have been identified by the Assessor's Office that appear to be mistakes in plats or property deeds. Each parcel has a small strip of property owned by the City. These will be forwarded to the City Attorney's and Assessors Office to determine how this happened.

9. 2002 Audit Status and Final Report Timeline

Costin reported that the audit was going fine and that there would likely be only one or two minor findings. He said that the final report may presentation may be delayed into July as the GASB #34 new reporting was take some additional time to complete.

10. 2004 Budget Goals

Furness reported that he would be formulating budget goals for the 2004 budget year.

11. Flood Plain Update

Zavoral presented a proposal from NDSU to complete a study to determine the affect of property values in the flood plain. He suggested that $5,000 could be offered. **Furness questioned what purpose this would achieve and how it was relevant and motioned to deny funding, seconded by Costin. All voted in favor.**

12. Janitorial Contract Expiration

Zavoral reported that preliminary discussions have been ongoing with the Fargo Board of Education about taking over our existing janitorial contract that is expiring in June, 2003. They have a fleet of janitorial staff, equipment, supervision & training. There are security issues that need to be strengthened and they do full background checks on all staff as well as direct supervision. The Board of Education will prepare a proposal for this service.

City of Fargo, North Dakota

Finance Committee Minutes

May 28, 2003

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

Members Absent: Furness

Guest Present: Commissioner Lynch, Dennis Walaker, Bob Getz

1. **Minutes Approved from April meeting.**

2. **Mosquito Control Funding Approved**

Committee heard requests as presented by Commissioner Lynch for additional funds for the current year mosquito control. Zavoral reported on recent meetings of the Vector Control and recapped proposed costs for 2003. The plan would be for the City of Fargo to hire ten part time employees with an additional $50,000 for chemicals and equipment. Committee authorized Walaker to purchase the ATV's. Long term funding to include aerial spraying should be identified in subsequent budgets. **Costin motioned to transfer $80,000 from the noxious weed fund, and up to $250,000 out of the General Fund for aerial spraying, seconded by Bittner. All voted in favor.** Cosgriff suggested that the Dakota Medical Foundation should be contacted for potential funding of some of the equipment needs.

3. **Cleaning Proposal from Fargo Board of Education**

Bob Getz and Pat Zavoral reported on the proposal received from the Fargo Board of Education to service the cleaning contract for the City Hall, Central Garage, Health, and the Police Department. Focus on security issues and overall quality of the cleaning needs was discussed. Getz reported that he has fired three services over ten years and all of these vendors were procured under a low bid situation. The Board of Education proposal would include a mobile team of three or four janitors along with equipment needed to do the job. All of the personnel hired by the Board of Education would have a thorough background check and would be trained to their program standard. The cost of this proposal would be slightly higher than what we are currently paying. **Committee recommended drafting a joint powers agreement with the Board**

of Education and forwarding this on for City Commission consideration on June 9th. If this concept works as intended it could be expanded to provide services to other City owned facilities.

4. Billboards on Storm Water Retention Basins

A request was reviewed to place billboard advertising on a City owned storm water retention basis along 25th Street. This location has been correctly zoned and a suggestion was made to consider a $ 2,000 per year fee. Bittner stated that there could be other sites such as 32nd & 42nd, and near 40th by Peterbuilt. More discussion on the size of the land area that would be subject to the fee. **Motion by Bittner to charge $4,000 for a one acre plot, and only offering this if the land is zoned properly. Seconded by Sprague, all voted in favor.**

5. Housing Loan Portfolio Servicing

Zavoral reported on the need to look at either increasing our internal resources (personnel & software) to assist in supporting the growing needs of the NRI loan programs. Their is potential to receive private assistance for capital contributions needed to fund this program on an ongoing basis. Further discussion about moving the CDBG program out of City Hall and into another facility. More discussion on where they would be location and if needed if a one year notice should be given to the Family Health Care Center to move some City programs back into our existing owned space. Because of the City's space needs it did not make sense to provide a heavily subsidized rental agreement with the Family Health Care Center. **No further action taken.**

6. Sidewalk Bonds Funding

Costin submitted a request to consider funding the sale of the sidewalk warrants using the Water Utility as the purchaser of the bonds. Currently, the size of these issues is small and we typically only receive one bid on the warrants. He said that the overall cost of the financing would be lower if done internally because there would be no closing cost or margin in the bond rate. The rate would have to be set using approximate market rates at the time the financing was approved. **Committee approved this concept for the upcoming sidewalk warrant funding, with the Finance Committee suggesting a warrant rate.**

7. Cost of Risk Allocation for General and Auto Liability Budget for 2004

Costin reviewed the existing and a proposed method of allocating auto liability expenses for the 2004 budget year. Currently, the City averages all Divisions when setting rates. Departments that have high claims are subsidized by those that do not have claims. He suggested that a model that takes into account more weighting of their actual claims history might have some impact on their overall safety efforts, and would be fairer to those Divisions with a low likelihood to have claims. **Committee approved using a claims weighted approach for auto liability projections for the 2004 budget.**

8. Sales Tax Guidance fro State Tax Commissioner

Costin reported that he received a phone call from the State Tax Commissioner's staff looking for some guidance on the collection of sales taxes for material picked up by contractors at lumberyards. He said that the State Tax Commissioner's office has been allowing contractors who declare that the work will be delivered outside of Fargo to be exempt from the City sales taxes. Recent audit work by their tax auditors was questioning this practice as they are really taking delivery of goods at the loading dock. **Committee suggested that unless the lumberyard is delivering the goods to the worksite and can verify where the materials actually went, the taxes should be assessed by the lumberyard.**

9. Budget Development Parameters for 2004

The budget development team has given direction to Department Head and Division Head that we expect no increase in the budget line items, other than for salary and benefits. Overall budget increase goals have been set at a level lower than the past couple of years.

10. School Loan Payoff Timing

The Fargo Board of Education is scheduled to pay off their $1,000,000 loan with the City of Fargo on June 19th.

City of Fargo

Finance Committee Minutes

July 2, 2003

The regular monthly Finance Committee was held on July 2, 2003 at 7:30 a.m. in the Mayor's Office.

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

Guests Present: Bruce Grubb, Enterprise Director

1. Minutes – Approved Minutes from the May Meeting

Committee approved the minutes from the May 28th regular meeting.

2. Consider Out of City Solid Waste

Bruce Grubb presented requests from various outside agencies that would like to deposit their solid waste in the Fargo landfill. He reviewed that our current policy allows for up to 35% volume from outside of the City. Further discussion on what life the current landfill has, the chance of mining the old landfill site, or getting a new site selected. The concept of Fargo being a regional landfill was also discussed. Grubb suggested that he was looking at raising the landfill tipping fees to get them in line for potential incineration of solid waste that would require $38 per ton to be functional and that incineration would eliminate a large volume of solid waste. He also thought that it made sense to consider signing up outside parties to long term contracts. **Zavoral suggested that we leave the policy at 35% and consider a surcharge on outside waste or a special handling fee. Furness suggested that a recommendation be put together and that this issue be brought back to the Finance Committee for further evaluation.**

3. Consider Utility Hookup for 4218 19th Ave. North

Mark Bittner presented a proposal from Cliff Jacobs of 4218 19th Ave. North to have water and sewer hookup to his residential site. His well went out and he is interested in a City

connection, in lieu of spending more money on a well. Bittner explained that the water would likely be connected to the existing Marvin Windows site and the sewer could be connected from 19th Ave. North. He said that special assessment deferrals might be necessary to left and north of Jacobs property and that we would have to consider large tract deferrals, or capping assessments on large lots as we did south of 52nd Ave along 25th Street. This property is currently in City limits. Furness suggested that we should do because his property has been annexed. Cosgriff stated that this property is really a rural farmstead and that a regular spread or some type of alternative model should be considered.

4. <u>Great American Reserve Insurance Settlement</u>

Zavoral reported on the mediation that was held between Great American Reserve Insurance Company and the City of Fargo for the FargoDome flood event of 2000. The mediation team was able to come to terms with a settlement offer of $ 1,654,000. FEMA was consulted during the process and they felt that we received an excellent settlement offer. **Committee approved settlement offer as presented.** This will be forwarded to the City Commissioners to final approval in our next legal review executive session.

5. <u>Southside Dike Funding – Local Share</u>

Bittner reviewed the various scenarios of the proposed southside dike project. He stated that FEMA has already provided 9.5 million in funds dedicated to this project and that the State of North Dakota would not be adding the normal 10% on top of FEMA projects because of the special funding commitment the City has received for 10 million. Using the $29 million scenario there is a local funding gap of 10 million of which the City of Briarwood's share would be approx. 3.5 million leaving a need of 6.5 to 7 million. Cosgriff wondered if a City wide special assessment was appropriate. Bittner suggested that the goal was for flood protection and to prevent expansion of the 100 year flood plain. He said that certain areas might not benefit from a City wide assessement because of their existing elevations. He stated that West Fargo used special assessments financing for their flood projects. If the City did this we might have to carry the development costs and assess a development fee as the City moves southward. Zavoral wondered how far south the City share needs to go because the County has an obligation for areas outside of the City. Bittner suggested that bonding against the storm sewer utility might a way to fund the local share requirement. Cass County has the ability to do special assessments as well. **Committee felt that the next step was to go to the County for further review of the plans.**

6. Special Assessment Policy Change Timeline

Zavoral reviewed the tentative timeline for implementation of the approved changes in special assessment methodology. He said that the recommendations will come from the Public Works Evaluation Committee and will become effective for assessments levied after 1/1/2004. **Committee approved this timeline to be forwarded to the City Commission for final approval.**

7. Bond Sale Date and Tentative Refinancing Opportunity

Costin presented a preliminary bond sale sizing for new refunding improvement bonds, along with opportunity to refinance existing bonds. The present value savings on the proposed refinancing deal is estimated at 5%. Sale date is scheduled for September 1st. **Committee approved proceeding with all issues presented.**

8. Cell Phone Contract Funding

Costin presented a proposal to transfer funds from the General Fund to cover the obligation created by the Association of Counties contract because previously collected cell phone tax was programmed into the E911 budget. **Committee approved a transfer to $192,000 to cover the arrears portion of the Association of Counties Contract.**

9. Parking Ticket Impound Policy

City of Fargo, North Dakota

Finance Committee Minutes

August 8, 2003

A Finance Committee meeting was held on August 8, 2003 in the Valley Room.

Members Present: Furness, Zavoral, Costin, Sprague

Members Absent: Cosgriff & Bittner

Guests Present: Tom McCormick, Northern Improvement Co., James Gilmour, Bob Getz

1. Approved Minutes from June Meeting

The Committee approved the minutes from the July 2nd meeting.

2. Infrastructure Contracts and Prevailing Wage Rates

Tom McCormick of Northern Improvement reviewed a proposal to consider requiring all contractors who bid on City projects to pay prevailing wages. He explained why he feels that way and provided support letters from six letters of support from local contractors and labor organizations. He said that the overall impact to the cost of the local projects would be fairly insignificant as only 15% - 20% of the cost of the project is typically labor cost. **Committee said that they would further discuss the issue and if appropriate, recommend an action to the City Commission.**

3. Change Orders On City Hall / Civic Center Project

Bob Getz reviewed various final change order requests on the City Hall / Civic Center expansion project in the amount of $26,956. He suggested we eliminate the banner poles for $1,649 and interior painting in PZ's office for $624. He reported the overall dollar value of change orders for this project was approximately 3% of the total project cost. Committee approved change order totals in the amount of $23,383 as recommended by Getz.

4. Mosquito Control Funding

Furness discussed permanent funding options for mosquito control programs. He suggested that a fee on the utility billing would be the preferred method. He suggested that $1.00 per month for all active utility accounts was his recommendation that would provide approximately $300,000 per year from 25,000 active accounts. He wanted to send the recommendation to the City Commission at the next meeting so that it could begin in September. Costin reported that there is space available on the utility bill to have this listed separately. **No action on this as it will be discussed when the full committee is available.**

5. Refunding Improvement Bonds Refinancing

Costin reported that the preliminary recommendation for refinancing refunding improvement bonds had lost some capacity because of the recent run up in rates. There were three issues that met targeted refinancing levels when the initial process began, however, now one of the larger issues was producing a PV savings of approximately 2.4%. He said that Springsted was comfortable with pulling of the issue that did not meet our benchmark targets. **Refinancing will proceed with the two remaining issues.** The bond sale is schedule for September 1st.

6. Tax Increment District – Matrix Properties

Gilmour and Zavoral reported that development is occurring in areas adjacent to the existing Matrix Tax Increment District. Zavoral stated that Matrix has not signed or agreed to a developers agreement to pay the special assessments with TIF proceeds. He said that the existing property is currently under a deferral agreement, however, because the areas around this property are starting to develop that the City should consider forcing a decision on the TIF agreement. **Zavoral will schedule a meeting to see where Matrix is at on this issue.**

City of Fargo

Finance Committee Minutes

August 26, 2003

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

Members Absent: **None**

Guests Present:James Gilmour, Planning Director

1. Minutes Approved

Approved minutes from the August 26th meeting.

2. Mosquito Control Funding

There was discussion on the funding needed for mosquito control. Various levels of fee assessment were discussed with a projection of resources at 1.00 per month, .75 per month and .50 per month. Moved by Furness, seconded by Sprague that the Finance Committee recommends .75 per month or $356,000 budget appropriation for mosquito control.

3. Preliminary Budget Amendments

Costin reviewed the suggested changes to the Mayor's preliminary budget to be presented at the September 2nd meeting. Changes include the cost of ditching equipment missed in the keying process, plus a recommendation to reduce the Library operating budget by $75,000 because of the elimination of the LSSI contract. Other changes included adding two debt service funds for 2003 where bonds had not yet been sized, plus the funds proposed for mosquito control. No action taken, information issue only.

4. Legacy Addition Special Assessments

Special assessments levied in this subdivision have been previously reviewed and were determined to be very high due to underestimation of the City share on 58th Ave. City fund should have been used to equalize the special assessments. Motion by Bittner, seconded by Zavoral to use up to $75,000 in sales taxes to equalize special assessments to $310/ ft cap per lot. All voted in favor.

5. **Infrastructure Projects Prevailing Wage Policy**

There was follow up discussion on this item as some of the members missed the meeting where this was initially discussed with Tom McCormick. Cosgriff suggested that the City is not in the business of regulating wage rates for non federal contractors. Bittner commented that we have seen approximately a 30% drop in the paving prices since Central Specialties began bidding. Sprague commented that they had bid on many projects before getting a project award and that it took a couple of months before they became competitive. Bittner said that they had done a lot of work in West Fargo. Furness moved that the City of Fargo not consider a prevailing wage policy for non federally funded infrastructure projects. Seconded by Costin. All voted in favor.

6. **Lease / Leaseback Proposal**

Zavoral reported that Jay Lindgren of the Dorsey Law Firm has been calling about the City's interest in participation in the Allco lease / leaseback deal. Cosgriff suggested that the next step is to have the valuations process completed. Zavoral asked about whether we should go with the State wide plan or consider doing this in a competitive market based procurement. Cosgriff suggested that we should obtain the Allco contract first and run this through legal review before any further decision are made. No further action taken.

7. West Fargo Transit Route Rates

Jim Gilmour asked for guidance on how to price the West Fargo Transit Route contract that expires at the end of this year. He said that the operator contract prices are up about 5% for 2004. Committee discussed the work completed to price the current contract and suggested that the $40 per hour rate was sufficient to cover our costs.

8. NDSU Contracts for Transit Service

Jim Gilmour reported on discussion that he had with the Regional FTA Office about structuring contracts to allow for the NDSU contract to be considered a donation which would be treated as local share for grant funding purposes instead of program income. Zavoral suggested that Gilmour send a letter to Chick Dolby at FTA confirming their guidance received verbally over the phone. Motion by Zavoral, seconded by Costin to structure the contract this way after obtaining approval from FTA.

Gilmour also reported that the $3.00 per student received for the U Pass program will be reported as farebox revenue.

City of Fargo

Finance Committee Minutes

September 23, 2003

A regular meeting of the Finance Committee was held on September 23, 2003

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

Members Absent: None

Guests Present: James Gilmour, Jeffery Skarre, Dan Eberhardt, Erik Johnson

Approved Minutes from August 26th meeting

North Dakota HorsePark Special Assessments

Zavoral reported that a request has been made by the ND Horsepark to consider funding of special assessments levied prior to the existing tax increment district projects. These specials were for paving and underground utilities. It was determined that the City would have included these in the TIF agreement if we had know about the totals at the time that the Horsepark agreements were drafted. Eberhardt reported that there was $ 68,000 levied against the ND Horsepark. Motion by Zavoral, seconded by Sprague to add the levied specials into the tax increment financing district. All voted in favor.

Request for Special Assessment Deferral

Jeffery Skaare of the Serkland Law firm requested a special assessments deferral for property north and west of the Airport. His client received a $42,300 special assessment against currently undeveloped property. The land is currently unplatted and development options are being considered including a potential sale to the Airport. The key issue presented by Mr. Skaare was whether or not the property was developable and if they could have some time to negotiate with the Airport. He said that he was of the opinion that the Airport would object to residential

development on this land and that his client needed time to explore development opportunities. Committee determined that the Mr. Skaare needs to continue on with exploration of development potential or potential sale to the Airport. If more time is needed past the October 27th timeline for processing special assessments, then a request for a deferral agreement would be considered at that time by the Finance Committee.

NP Avenue Parking Lot Special Assessments

Jim Gilmour gave an overview of the parking lot improvement project NPAvenue parking lot. He said that this property was acquired from the railroad and that the improvements to the lot have been completed. A special assessment district was set up for this project as backup financing. He wanted the Committee to consider what terms would be appropriate for the special assessments levied. There were concerns that the existing 25 year assessments would exceed the economic life of the lot improvements. He requested a shorter amortization period and a lower interest rate that was more reflective of current market rates and the shorter amortization period. Costin motioned to accept an 18 year amortization with an interest rate of 4.5%, seconded by Furness. All voted in favor.

Consider Land Sale for City Owned Property on 32nd and 42nd

Zavoral reported that the Fire Department is no longer interested in this property for a fire station and that no offers had been received when bids were officially taken earlier this month. Two parties (Lambertz & Hoglund Landscaping) have expressed interest in this parcel. Both have offered the minimum of $2.00 per square foot and that Lambertz had countered with a $2.10 offer. The Hoglund site plan was preferred by the Committee. Furness expressed concerns about maintaining control over how the property is developed. Gilmour said that there is a turn in and turn out issue for accessing the parcel. Bittner suggested that Hoglund's current site is not visually pleasing. Cosgriff suggested that maybe the City should reject both bids and hold the property for a while and see what other options evolve. Motion by Furness, seconded by Costin to have Jim Gilmour negotiate with Hogland for development of the site. All voted in favor.

Matrix Tax Increment Financing District

Zavoral reported that he has been in discussion with Lyngstads about the need to make a decision on a developers agreement for this area. He said that a tax increment district was created that includes funding the cost of a power line relocation plus all special assessments for the 42nd street development. He currently has a ten year special assessments deferral

agreement in place. He said that they Dan Eberhardt has run an alternative model that includes 42nd, plus only ½ the cost of powerline relocation. Furness recommended that we notify Lyngstads that our current offer for tax increment financing will be rejected if a decision is not made soon.

Developer Letter of Credit Policy

Zavoral requested a review of the developer letter of credit policy. He was concerned about how the master letter of credit agreements were being applied to developer proposals. Sprague reviewed the existing master letter contract and explained what was applied in the Osgood development. Bittner said that Cass Rural Water and Southeast Cass have a much higher developer letter of credit policy. Zavoral suggested that at a minimum that the City needs to enforce the variable provision of the master letter of credit over the $1,700,000 development threshold. Gilmour suggested that a case by case approach may be needed. Bittner recommended that the letter of credit listing by subdivision be updated and reported back to the Finance Committee next month. Sprague will prepare this analysis.

Lease / Leaseback Financing

Zavoral and Costin reported on the discussion with the large cities Finance Officers breakfast at the League convention. Zavoral reported that Rapid City, SD rejected a proposal on a $9.2 million offer. Further discussion on the Alco proposal. Cosgriff stated that he is not comfortable with the two year exclusive period clause of the contract and that he thinks that we should do a RFP for an arranger. He said that the firm that Dan Wiles works with has been involved in this type of financing on both the issuer side and the investor side of the transaction. He also thought that there is some risk that this financing package may not be as widely available as thought and that it might need to be negotiated anyway. Cosgriff wanted to know what we would spend the money on. Furness suggested that we had a long list of priorities that should be evaluated. Motion by Bittner, seconded by Zavoral to proceed with further analysis.

Sale of Sidewalk Warrants to Fargo Board of Education

Costin reported that he has contacted Dan Huffman about the sidewalk bonds. The school is interested in purchasing the sidewalk warrants as investments to hold in one of their trust funds to enhance their investment portfolio yield. We are waiting for a response from Dan. Costin

requested permission to proceed with this concept if the Fargo Board of Education wants to follow through. Motion by Bittner, seconded by Zavoral to continue with this transaction.

Financial Incentive for Utility Billing Auto Payment Option

Costin asked if the Committee felt comfortable with offering a $10 per account credit for customers who utilize the auto pay feature in utility billing similar to a program offered by Cass County Electric. He said that about 20% of our customers are using auto pay now and that he would like use this marketing incentive program to see what impact it has on our customer base. Committee approved offering the auto pay incentive.

Consider Food Policy

Cosgriff reported that he has reviewed the vendor payment and credit card payment records and feels that it may be appropriate to consider a policy on food, luncheons, and gift certificates. Furness suggested that the documentation be shared with the Cabinet for further discussion on development of a policy.

City of Fargo, North Dakota

Finance Committee Meeting

October 28, 2003

The regular monthly meeting Finance Committee meeting was held on October 28, 2003 at 7:30 a.m. in the Mayor's Office.

Members Present:	Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin
Members Absent:	None
Guests Present	Jeff Skaare – Representing Jamie Marcil, James Gilmour, Dan Eberhardt

Minutes reviewed and approved as drafted.

The minutes from the September 23rd meeting were reviewed and approved. Discussion on the following topics relating to minutes. Cosgriff will call Ken Pawlick regarding giving the land back to the ND Horsepark. Zavoral wants a policy developed on letter of credit. Sprague reported that they are working at automating a developer tracking system to be able to monitor the existing letters of credit to the outstanding balances by developer.

Zavoral reported that Adams Development was frustrated with the Matrix and the City of Fargo. Matrix will not grant an easement or right of way to Adams property on the alignment of the 30th Ave South project. **Zavoral and Furness will visit with Adams**.

Special Assessment Deferral

Jeff Skaare, a local attorney representing Jamie Marcil requested a 10 year deferral of special assessments for a property located at 4500 University Avenue. He requested a ten year deferral or until the land was platted. Bittner suggested that our standard deferral was a three year deferral. Mr. Skaare said that he needs some time to work out a deal with the Airport Authority to purchase this property. He said that he needed to go back to his client with a proposal on

how to handle the assessments. **Motion by Bittner, seconded by Cosgriff to approve a three year assessment deferral. All voted in favor.**

On another matter relating to special assessments Furness suggested that a letter accompany the winter decorating assessments to clear up any confusion relating to the winter decorating assessments.

12th Avenue North Reconstruction

Rick Lane reviewed the timeline for the 12th Avenue Viaduct reconstruction project. There is presently a five year block out period for federal funding. This area needs a maintenance project along with a future reconstruction project. The reconstruction is currently programmed for 2009. He reported on a meeting with the NDDOT about potential alternatives including reconstruction to 4 lanes with maintenance. He said that NDSU does not want to wait until 2009 and that there was some discussion to move projects up to the 2006 /07 time frame. If we do a local maintenance project, this would eliminate the five year funding block out issue.

Mark Bittner stated that the maintenance project does not address current lane width and he is concerned about that and the intersection work at the ends of the viaduct. A public process needs to be used if lanes are expanded.

Zavoral reported that there is a conference call on Thursday. Furness suggested that the State Engineer is ok with ending at 18th.

Zavoral recapped that the options are 1) do a local maintenance project and leave the project scheduled in 2009, 2) no federal maintenance project and accelerate reconstruction , plus the decision on three or four lanes.

Bittner reported that there are some projects programmed in the CIP for work from 12th Ave to 18th Street North in 2005, and from 10th to the River in 2006, and that federal funds are commonly used on structures but not on approach access. He suggested that we shoot for widening in 2006 and delay the maintenance project. He could move back some other projects

that are currently programmed in 2006 and 2007 (specifically University from 40th to 52nd and 52nd Ave.) that are federally funded.

Zavoral likes the maintenance option with 3 lanes.

Furness suggested that NDSU officials contacted about this decision.

Quiet Zone Contract Terms

Zavoral reported that the draft contract with the railroad calls for construction of new equipment at a cost of approx. 2.5 million, plus maintenance costs on that equipment in perpetuity, plus a hold harmless agreement relating to this project.

Rick Lane stated that the City has historically never paid for railroad crossing expenses, that this was the first time that was proposed.

Bittner stated that there are significant risks exposures that could impact the hold harmless agreement.

Costin handed out a spreadsheet with proposed funding sources identified.

Cosgriff said that the railroad is really pushing the liability issue. He suggested that AON Risk Services and Gary Stewart review the draft agreements and contracts.

Lease / Leaseback Status Report

Zavoral reported that Rapid City was back in reevaluating the ALLCO proposal. There was a meeting in Bismarck to discuss this issue with other City officials and the League of Cities. He said that there were concerns raised by Grand Forks officials about FEMA participation on disaster relief and how this proposal might affect the City's ability to receive federal disaster relief. He said that the rule of thumb for the numbers is four times the GASB valuation

number. In South Dakota they are looking at it as selling something that the City cannot currently use.

Furness suggested that if we proceed with this concept that we need to identity where the proceeds would be spent.

GPK Tax Increment District

Zavoral reported that GPK is currently receiving a tax exemption TIFF and that this is scheduled to end in 2004. They are currently paying $125,000 per year in property taxes and he wants to extend this exemption for one year to pay for the water line extension north. **Motion by Zavoral, seconded by Bittner to proceed with this proposal. All voted in favor.**

City of Fargo

Finance Committee Meeting Minutes

December 5, 2003

The regular monthly meeting of the Finance Committee was held on Friday, December 5, 2003 at 9:00 a.m. in the Mayor's Office.

Members Present: All

Guests Present: Rob Lynch, Dennis Walaker, Bruce Grubb, James Gilmour, EAPC Architects

Minutes Approved

The minutes from the October 28th meeting were approved as presented. Zavoral reported that there has been no meeting with Matrix on the TIF. Bittner reported that no further inquiries have been made on the assessment deferral by Jamie Mercil as discussed last meeting. Zavoral asked Gilmour about the status of the extension of the GPK TIF. The cost of the water line extension near GPK is approx. $80,000.

Park District Osgood Paving Project

Bittner reported on a request from the Fargo Park District to amend a current city project contract near the Osgood Golf Course to include the parking lot around and near the clubhouse. The cost associated with this would be assessed back to the Park District. The estimated project costs are $230,000. He said that this is similar to what we did with the Rose Creek development. **Motion by Furness, seconded by Costin to proceed. All voted in favor.**

State Transit Aid Sharing with Fargo Senior Commission

Gilmour asked for guidance on how to deal with a cut in State Transit Aid and the historical aid sharing that we do with the Fargo Senior Commission. He said that they have taken on Ransom County and Grand Forks as additional service areas. Cosgriff suggested that the other entities should contribute, if not cities, then at the county level. Furness added that we should not be subsidizing Grand Forks. **Committee suggested that Gilmour contact the Senior Commission about having other entities contribute their fair share for services provided.**

Request to Purchase Surplus Landfill Property

Bruce Grubb presented an offer from an individual who wants to purchase a small 1.5 acre parcel near the landfill. Rick Lane has expressed concerns about getting right of way when the 12th Ave. North project happens. Cosgriff wondered about West Fargo Zoning abilities if the property was sold. The value of the land is approximately $3,300.

Bittner asked if this land could be use for a future landfill. **Consensus of the Committee was to not offer this for sale due to future uses.**

Grubb also presented a proposal from Matrix Properties to sell land to the City of Fargo along 40th Ave SW for an estimated price of $ 843,975. He owns an 11.75 acre parcel that would be ideal for a south side public works / transfer station facility. Matrix is interested in the Harwood Township property currently owned by the City of Fargo. That parcel is worth approx. $282,000. **Zavoral suggested that we keep the Harwood property for now and use for future negotiations. Cosgriff suggested this be put on the list of items that needs to be discussed with Matrix Properties**.

Special Assessment Deferral Agreements Approved

Assessment deferral agreements with Jason Fliflet and Michael Kjera for project number 5407 Sanitary Sewer and project 5245 64th Ave. So paving was discussed. Bittner said that these agreements were structured similar to what was done with the large residential lots on 25th St. So. and University Drive. **Motion by Bittner to approve, seconded by Zavoral. All voted in favor.**

Special Assessment Deferral Agreements Denied

An assessment deferral request was made for properties located at 2810 & 2813 40th Ave. North by Gary Griffeth. The assessment total was $ 7,379 with annual installments of $629. This property has already been platted and the assessments levied and service is being provided by the City of Fargo. **Motion by Sprague to deny, seconded by Bittner. All voted in favor.**

Fire Station / Public Safety / Emergency Management Building Funding

A representative from EAPC reviewed the proposed design as recommending by the building committee for this project. He reviewed design options for a fire station only, fire station with a second floor for other uses, and a fully configured building fit up for other needs such as the street lighting division, and the emergency management services. The construction costs associated with the building fit up are $1.5m for just the fire station, 2.6m for the option with a second floor fit up, and 3.5 for a fully configured space. Walaker commented that he was pleased with the development process up to this point as many of the stakeholders in this project were allowed a chance to design space to fit their needs, rather than having to accommodate as was typically done in the past.

Bittner expressed concerns about the outdoor storage use by the Street Lighting Division as the material storage might unsightly. Zavoral suggested that the Emergency Management function can pay rent for the facility, as well as savings associated with our current off site records storage expenses. Walaker stated that they are currently storing the swat equipment and it is impeding their ability to repair vehicles. Furness suggested that using the building for just a fire station would not be the best option and that we should consider at a minimum option two, to provide the second floor foundation for future growth in the building.

Costin reported that he is currently comfortable with having excess revenues of approximately $1 million in the general fund, and typically there is some unutilized budget appropriations at year end that could be appropriated after the final year end results are known. The funding gap will have to be managed in future general fund budgets or operating surpluses over time, or in a worst case scenario, short term borrowing could be used to fund option # 2 up to $ 2,307,000. **Committee approved funding at this level to accommodate a second floor growth option, with the goal of finishing the other phases of this project over time.**

Federal Aid Project Priorities

Bittner reviewed the proposed federal aid projects for 2004 and beyond. He wanted some guidance on timing of specific federal aid projects and potential short horizon sales tax funded projects. The 12th Ave North Viaduct project was discussed and agreed that it should be moved

to 2008. He said that the State of North Dakota was not comfortable with moving the South University and 40th Ave. So projects as they are key to future flood control.

Further discussion on the 57th Street Interchange project which is scheduled by West Fargo in 2005 as an overpass. Bittner said that 2007 is the best timeframe for this project and federal aid can be redirected to pay for the entire cost of this project. First Ave North would have to be redirected into 2010 for the funding to work out. Zavoral stated that it must be an interchange project and not an overpass. Cosgriff suggested that we need to get into this area sooner than later. Bittner said that it is possible to use interstate money for the ramp access portion of the project and use urban road program funding for the local share of the overpass.

Bittner also reported on a request for widening 45th Street and the potential to use sales tax on this project. He requested updated sales tax projections from Costin.

Motion by Furness, seconded by Sprague to program the 57th project as an interchange and moving it to allow for earlier access, and leave the 45th Street widening in the project plan and to send these priorities back to the Public Works Evaluation and Review Committee. All voted in favor.

AON Risk Review of Whistle Free Zone

Costin distributed a summary of issues raised by AON in the whistle free zone liability review. Several broad issues were listed by AON. He wanted further guidance on whether or not AON should continue on with a more detailed study. Furness stated that there is evidently some protection in the section 130 funding clauses that would protect the City. Committee decided not to further the AON review and refer remaining issues to the City Attorney.

Health Plan TPA Contract Renewal Agreement

Costin presented a proposed contract from BPA for a two year contract extension. **Cosgriff motioned, seconded by Furness to approve as presented.**

Eide Bailly Audit Services Contract for 2004

Costin presented a proposed audit contract for 2004 with EideBailly. He said that the increase was higher than expected and that EideBailly's reason for the increase was related to new fraud audit procedures put in place after the Enron collapse and changes in the auditing standards. **Sprague motioned, seconded by Bittner to approve as presented.**

Indigent Defense Contract

Cosgriff presented a proposal by Cash Aaland regarding an increase in the monetary amount of the indigent defense contract relating to an increased case load over the amount negotiated at the time the contract was last renewed. **Committee referred back to Costin to follow up on the time spent in this area.**

Lease / Leaseback Proposal

Zavoral presented the work plan as drafted by Dan Wiles relating to working through a competitive bid process on the leaseback concept. Cosgriff suggested that this would be perceived as a tax dodge for large corporations. Furness stated that he is in favor of scrapping the concept for now. Zavoral will talk with NDSU who was interested in joining us in the transaction.

Utility Billing Equipment Replacement Proposal

Costin requested approval to proceed with the replacement of the Pitney Bowes utility billing printing and mail preparation equipment with another solution. He said that the City is not happy with the performance of the presently leased equipment and have been getting rejection notices from the postal services on the quality of the printing. The Auditor's Office has demonstrated a solution from Xerox that appears to match our needs more closely. **Costin motioned, seconded by Zavoral to approve a sole source procurement off of State bid to Xerox. All voted in favor.**

Moody's Economic Report on Fargo and Grand Forks

Costin distributed a credit report prepared by Moody's that was very complimentary of the Red River Valley economic corridor.

Water Billing at Newman Outdoor Field

Zavoral reported on excessive water usage at the stadium when the meter was changed out for NDSU. The Redhawks have requested a credit to their bill because of the large usage. Committee reviewed communications from Dennis Walaker that suggests that this issue is between NDSU and the Redhawks, not the City. The meter servicing the Stadium is a NDSU meter. Credit request was denied.

Technology Incubator

Cosgriff presented a request for a pledge of $250,000 over a five year period to be used for a technology incubator facility in the NDSU Technical and Research Park. This will provide local match to a federal grant. Furness suggested that we should send the money to the FCCEDC and let them move it on to the Incubator project. Cosgriff suggested that there may be equity ownership opportunity. **Motion by Costin, seconded by Furness to approve and build into future budgets.**

City of Fargo

Finance Committee Meeting Minutes

December 30, 2003

The regular monthly finance committee meeting was held on December 30, 2003 in the Mayor's Office at 7:30 a.m.

Members Present: Cosgriff, Furness, Costin

Members Absent: Zavoral, Bittner, Sprague

Guests Present: Dave Rogness, Fargo Police

Minutes from the last meeting were approved.

Sole Source Procurement Request Approved

Sole source procurement for vehicle identification system request was made by Dave Rogness of the Police Department. The reason for this request was for compatibility with Clay County who is presently using the system and the fact that a joint powers agreement has already been executed. Clay County has been successfully using this system for the past several years. The total procurement is $ 33,500 not including installation services. **Motion by Furness, seconded by Costin to approve this request.** All voted in favor.

Health Plan Stop Loss Renewal Approved

Costin presented bids on renewal of the Health Plan stop loss insurance. Mike Benson of Warner & Company received a competitive quote from HCCB Benefits, Minneapolis, MN. There was further discussion on changing the structure of how the coverage is configured. BPA has expressed a need to consider moving away from our current 12/15 contract that only allows three month at year end to cover claims. During 2004 several instances were noted where claims were submitted by MeritCare beyond the filing limit in the current plan design. BPA suggested that most plans have gone to a paid contract basis, which essentially, covers all claims regardless of submission date. **Motion by Furness, seconded by Cosgriff to approve a 12/12 contract design and going with the stop loss provider with the low bid.**

AMEX Charge Card Fee

AMEX recently notified the City that they will begin assessing a $35 fee per year per card for using their card. Currently, this card can be used for personal expenses as well as City expenses on a reimbursement basis, however, the employee is liable for the balance. Costin suggested that the Wells Fargo purchasing card, currently available to employees would work for business expenses, however, personal expenses could not be charged on this card. **Motion by Cosgriff, seconded by Furness to allow employees the option of keeping the AMEX card, however, the $35 fee would not be reimbursed by the City and would be considered a personal expense.** All voted in favor.