City of Fargo
Finance Committee Meeting Minutes
January 28, 2015

The regular monthly meeting of the Finance Committee was held on January 28, 2015 at 1:00 p.m. in the Mayor's Office.

Members Attendance: Mahoney, Williams, Zavoral, Bittner Grubb, Sprague, Costin

Members Absent: None

Guests Present: Jonathan Garaas, Ron Kerber, Jim Gilmour, Nicole Crutchfield, April Walker, Media Personnel

Minutes Approved

The minutes from the last meeting were approved as presented.

Special Assessment Deferral Agreement Approved for Ron Kerber

Ron Kerber and his attorney Jonathan Garaas attended the meeting to review a pending special assessment deferral agreement. They are in favor of the agreement drafted and will be paying the first installment of the assessments certified prior to the deferral agreement in the amount of $20,500. Zavoral moved to approve the deferral agreement as drafted which includes standard language regarding the triggering events that will cause the deferral to end. Williams seconded the motion and all voted in favor.

General Fund Preliminary Year End Results

The General Fund preliminary financial results were reviewed. A net surplus was reported in the amount of $3.2 million. Costin requested approval to allocate $350,000 to close out the E911 fund and another $70k to carryover operational budget authority for the Fargo Public Library capital project. Zavoral moved to approve these budget amendments. Williams seconded the motion and all voted in favor. The balance of the surplus will be discussed after final numbers are presented for 2014.

Sole Source Procurement Request for Fargo Project Approved

Nicole Crutchfield presented a request for a sole source procurement action for a contract coordinator for the Fargo Project. This position will do outreach for the project and will include some administrative details as well. The compensation is requested at $1,200 per month and will be funded from the Arts grant currently active. The work will be for 10 – 40 hours per week. Zavoral suggested that the hours be documented in the agreements. Nicole will report back to the Committee in 3 – 6 months on the progress of this project and the contract. Grubb moved to approve a sole source contract services agreement for the Fargo project. Williams seconded the motion and all voted in favor.

Emergency Repair Vendor Approved for Main Avenue Water Main

Bruce Grubb and April Walker reviewed the status of the Main Avenue emergency repair. This was awarded to KPH in the amount of $97,000, who was the low bidder. Grubb stated that he is willing to bring back an emergency repair policy so that emergency repair awards are handled consistently in the future. Williams moved to approve the emergency repair with KPH. Sprague seconded the motion and all voted in favor.

Liquidated Damages Accounting Discussed

Costin discussed how current liquidated damage settlements are accounted for and inquired if some of these costs should be allocated to the benefit of the General Fund vs. leaving all of this as a reduction of project costs. Zavoral moved that a policy be developed and that projects assessed that 100% would be allocated back to the assessment district. Other non-assessed projects would include allocation of the liquidated damages in an amount adequate to cover all extraordinary costs. Williams seconded this motion and all voted in favor.

Capital Infrastructure Improvement Program for 2015 Approved

April Walker presented an overview of the 2015 CIP. This plan does not include work this year on the 13th Ave. South project due to funding constraints. This has been programmed to include additional highway funding from the State of North Dakota yet to be appropriated. The overall CIP is $146 million with $86 million coming from assessed projects, $16 million from non-city resources, and another $43 million in utility or sales tax funded projects. The numbers have been developed with a 10% contingency to allow for bidding variances. Grubb reported that the utility funds had a surplus this year overall of about $3.5 million. The Committee favored proceeding on 13th Ave. South vs. 64th Ave. South project. Zavoral moved to approve the capital improvement program for 2015. Bittner seconded the motion and all voted in favor.

There was further discussion on the status of City Hall and the estimated costs. The bid opening is planned for March 17th and would be approved by the City Commission on March 30. The Centennial Hall would be demolished in April and underground utility work will begin this spring. Costs have increased since last fall's preliminary estimate of cost.

There was also discussion about the need to remodel the Downtown Fire Station. The estimated cost of remodeling is $2 million. Richard Moorhead has done some preliminary design work for this project. No action taken on this item.

Monthly Financial Reports Reviewed

Costin reviewed the infrastructure, sales tax and capital project reports with the Committee. Walker and Zavoral discussed the need to take a more firm action on getting key homes for our flood control projects. A higher amount of borrowing was noted for FY 2014 as compared to prior years.

Back to the Basics Educational Topic

Costin and Sprague reviewed City cash disbursement processes and internal control with the Committee. There are several disbursement type currently used including checks, Pcards, and ACH payments. Pcard volume is increasing and check issuance is decreasing. Most fraud attempts surface in altering a paper issued check. The Finance Department is planning to expand the use of ACH payments in the near future since our core accounting software allows for ACH payments. Mahoney requested that future topics include priority setting and budget related processes.

Competitive Vs. Negotiated Bond Sales Delivery Methods

Costin inquired about the potential of using a direct local sales process for parts of our bond issues. Using this method our citizens would have the first chance at purchasing our bonds vs. selling all of them to Wall Street investors. Committee will discuss in more detail at the next meeting.

Legislative Status of Bills

Zavoral discussed the status of Fargo's high priority bills in the Legislature.

Horsepark Special Assessments

Zavoral updated the Committee on the status of the Horsepark special assessments that come due this year.

City of Fargo
Finance Committee Meeting Minutes
February 26, 2015

The regular monthly meeting of the Finance Committee was held on February 26, 2015 at 8:00 a.m. in the Mayor's Office.

Members Attending: Mahoney, Williams, Zavoral, Grubb, Bittner, Sprague, Costin
Guests Attending: April Walker, James Gilmour, Ron Solberg

January Meeting Minutes Approved

The minutes from the January meeting were approved as presented. Grubb moved to approve the minutes. Williams seconded the motion and all voted in favor.

Bus Circulator Route Between Downtown Fargo and Moorhead Approved

Jim Gilmour presented a map and led a discussion on a proposed transit circulator route that would run on 15 minute intervals between Fargo and Moorhead. This will be one of several solutions to help mitigate parking issues that will surface later this year and should help increase transit ridership. Williams discussed this concept with the City of Moorhead Mayor. Zavoral asked how the effectiveness of this route would be evaluated. Gilmour stated that 10 boardings per hour would be a poor use, 20 is considered good. Generally it takes about nine months for people to adopt to new routes. Costin suggested that the utilization be evaluated in that time frame. The cost of the route for hours running from 7:00a.m. to 7:00p.m. is about $135,000, while running additional hours would cost $187,000. Mahoney asked how this would be funded and Costin stated it would be a General Fund transit obligation. The circulator route would start on May 18th. Williams moved to approve the proposed route. Sprague seconded the motion and all voted in favor.

PFM Managed Investment Portfolio Reports Reviewed

Costin and Sprague reviewed the process currently deployed for managing the City's cash reserves and the FY 2014 reports. All reserves are managed by PFM, or investment advisor. The City is operating four individual portfolios each for a unique purpose. The investment strategy for each portfolio depends upon the length of time that the funds can be invested based upon the need for cash during the year. The holdings and related investment returns were reviewed for all portfolios. PFM has been exceeding our management benchmark since inception on these portfolios. Costin noted that he and Sprague currently have quarterly conference calls with the PFM portfolio managers and welcomed any of the Committee members to sit in on these calls. Mahoney and Williams expressed an interest in attending.

City Pension and FargoDome Capital Escrow Financial Reports Reviewed

A summary report of holdings in all City Pension funds and the FargoDome Capital Escrow Fund was reviewed with the Committee. The Police and Fire Pension funds are managed by Morgan Stanley, while the City of Fargo Pension is managed by PFM. The FargoDome Capital Escrow Fund is managed by the State Investment Board. Total holdings in these funds were approximately $153 million and the overall net investment returns were about 5.5% - 6%. The Dome fund had the highest return for 2014.

Costin stated that the City Pension switched from the State Investment Board to PFM during 2014 to more actively manage this fund. The investment returns exceed the Police and Fire funds.

FM Diversion Bank Loan Process Approved

Costin reviewed the history of borrowing and administering loan funds with the Committee. Last year Cass County borrowed $50 million from US Bank and is administering the loan funds for the FM Diversion project. At that time the City agreed to borrow the second round of financing of $50 million. The Committee concurred that we should continue with this strategy. Costin suggested that this process be started due to the overall increase in the FM Diversion budget. He stated that the documents prepare during the last year contemplated the next borrowing in 2015 and that the level of effort should be less than the initial negations with US Bank. Williams moved to approve borrowing an additional $50 million for the Diversion project. Sprague seconded the motion and all voted in favor.

Bond Sales Alternative Marketing Opportunity Discussed

Costin reviewed the normal bond sale marketing process and suggested that some Communities provide a retail option that allows citizens to directly purchase bonds issued by their cities. This could be done in Fargo as it seems like a good idea in light the amount of debt issued routinely by the City of Fargo. He wanted to know if the Committee was interested and learning more about this type of bond sale. Zavoral suggested that it could be used on City Hall financing or other large projects. More information will be provided on this process at the next meeting.

TIF Financing Approved for Housing Development at 707 10th St. North

Jim Gilmour reviewed the PFM due diligence report for the TIF financing request for the development at 707 10th St. North. The report concluded that TIF assistance was necessary to make this project feasible and cited a 11% return. Committee discussed the decision parameters and the overall level of return that were deemed acceptable by PFM. Zavoral noted that we should not include the architectural or construction management in the eligible costs because that is the nature of their business. Zavoral moved to approve the TIF request, excluding the architectural and construction management fees. Williams seconded the motion and all voted in favor.

Status of Butler Commercial Development

Jim Gilmour reported that the Butler commercial development along I29 and Main Avenue has been delayed a year due to increased costs related to storm sewer drainage issues. The Committee discussed future development opportunity south of this area and that the initial plan proposed by the developer would not work do to conflicts with storm sewer runoff and discharge issues with the State of North Dakota. The work needed to comply with all requirements was significantly higher than the initial plan. More time will be needed to work out all of the issues related to this planned redevelopment of this area.

Parking Tickets on City Owned Lots

Jim Gilmour said that the Parking Authority will be moving forward with ticketing parkers who use City owned lots inappropriately. He wondered if the ticket revenues could go into the Parking Authority fund vs. the General Fund. Currently, all parking ticket revenue goes into the General Fund. The Committee discussed how parking ticket revenue is accounted for at the Airport as this would be a

similar situation. Grubb asked about how parking revenues are handled at the FargoDome. Zavoral suggested that we should not start earmarking revenues that normally go into the General Fund. Gilmour and Williams updated the Committee on the work of Interstate Parking, our new parking system operator. Favorable performance was noted. No action was taken on this proposal.

Land Assembly Purchase Approved

Committee approved a land purchase to assemble land for future development at 708 4th Ave. North. The property owner died and the family is willing to sell this property at the assessed value of $98,000. Zavoral moved to approve the purchase. Costin seconded the motion and all voted in favor. A RFP for development will be drafted and sent out after the lot has been acquired because the City of Fargo owns the adjacent lots and this would be a good area for redevelopment.

Sole Source Procurement Approved for LIDAR Program Work

A sole source procurement of $6,330 was approved to Houston Engineering to update the LIDAR program used in determining citizen's flood elevations. The reason that Houston was recommended was because they were the creators of the existing program that needs to be updated. Bittner moved to approve this request. Sprague seconded the motion and all voted in favor.

Educational Item – City Budget Development Process

The Committee discussed the budget development process in detail including the timelines normally used in budget preparation. This included budget strategy, budget drivers, and related needs to balance the ongoing operating expenses, capital outlay items including building projects, and the maintenance of our fund balances. There was consensus that it made the process might be improved if there was an opportunity for input with the Commissioners early on in the process. May was discussed as a good time to have a brown bag meeting for general awareness on information about the budget. Mahoney requested that this educational information be shared directly with Commissioner Sobolik and Piepkorn.

City of Fargo
Finance Committee Meeting Minutes
March 6, 2015

A special Finance Committee meeting was held on March 6, 2015 at 10:00 a.m. in the Mayor's Office.

Members Attending: Mahoney, Williams, Zavoral, Grubb, Bittner, Sprague, Costin
Guests Attending: Terry Stroh, Bob Getz, Ron Gronneberg

Terry Stroh, Bob Getz and Ron Gonneberg discussed equipment compatibility issues with the construction of City Hall. There is currently a citywide standard for temperature control and door access systems being utilized.

They described the desire to complete a sole source procurement action on these two components as the project is bid. Stroh will develop a process to make sure that we can validate reasonable pricing during the bid evaluation process.

Gronneberg stated that the current Simplex system is meeting our needs and Bob Getz stated that the Johnson Control Metasys system is in place in several other buildings.

The estimated cost of these procurements was estimated at about $100,000.

Zavoral moved to approve sole sourcing of these two building elements. Williams seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
03/25/2015

The regular monthly Finance Committee meeting was held on March 25, 2015 in the Mayor's Office at 9:00 a.m.

Members Attending: Mahoney, Williams, Zavoral, Bittner, Grubb, Sprague, Costin
Guests Attending: Mark Meyer (phone), Bob Getz, Ron Gronneberg, Karena Carlson
Members Absent: None

Minutes Approved

The minutes of the last meeting were approved as presented. Zavoral moved to approve. Williams seconded the motion and all voted in favor.

Status of City Hall Bids

There was discussion about the bids for the City Hall project. The bids came in higher than anticipated and the Building Committee will be recommending that the bids be rejected and rebid in three months to attempt to reduce the cost. There was a suggestion that we should attempt to get the costs down by about $3 million.

Early Redemption of SRF Loans in Wastewater Fund

Costin reviewed an analysis of outstanding SRF loans within the Wastewater Fund. Most of the loans mature in about 2019 and paying them off early vs. sitting on cash that is earning little will increase our returns significantly. The savings were predicted to be about $320,000. Grubb has reviewed the impact of using surplus cash to make early principal redemptions and it has little impact on our long term capital improvement plans in Wastewater sales tax. Grubb moved to approve the early SRF loan payoff option. Williams seconded the motion and all voted in favor.

City Pension Fund Actuarial Determined Contribution

Our actuary Mark Meyer reviewed the 2015 actuarially determined pension contribution levels and recommended that the portion that relates to the pension stabilization contribution be allocated proportionately so that all funds achieve the same level of success in their funding status. In accordance with the approved funding policy we started at a certain level and then increased by 5% per year. This year as a result of the new GASB regulations and increased scrutiny over the actuarial process all assumptions were validated and this is causing some change in plan performance. Meyer recommended the contribution allocation be changed to make sure all plans increase equally. The impact of this is to move more funding into the Fire Pension than would have been done under the previous methodology. Zavoral moved to use this new allocation method and to leave the contributions in the Departmental budgets. Williams seconded the motion and all voted in favor.

Sole Source Procurements Approved

Bob Getz presented a proposal to continue using Johnson Controls for HVAC control systems and asked for approval to proceed with sole source procurement with them. Their systems are widely used across

the City facilities and the Buildings and Grounds staffs are familiar with how they operate. He wants to proceed with a system upgrade. Ron Gronneberg presented a proposal for sole source procurement for engineering services related to the placement of fiber optic cables for the City Hall project. He recommended using Obermiller Nelson Engineering who is currently under contract for work in this area. Williams moved to approve sole source procurement for Johnson Controls system. Grubb seconded the motion and all voted in favor. Zavoral moved to approve a sole source procurement with Obermiller Nelson Engineering. Costin seconded the motion and all voted in favor.

Implementation of Public Stuff App

Karena Carlson reviewed a request to implement a 311 mobile system app to interact with the Community. She said that this app is currently being used in Grand Forks and has been well received. The purpose of the system will be to report problems to appropriate City Officials to resolve issues faster and to provide tighter accountability and tracking as problems are resolved. It has the ability to receive and distribute pictures and identify GIS coordinates. The annual fee is $18,000 for 50 licenses, plus $3,000 to integrate directly with Cityworks public works software systems. Williams moved to approve proceeding with the Public Stuff app this year. Bittner seconded motion and all voted in favor.

Project Status Report for Fargo Cass Public Health Remodeling

Costin reviewed a financial status report for the Fargo Cass Public Health remodeling project. The City has been paying cash for this project and he said that this project would be completed later this summer. A $2,000,000 funds transfer is pending from the General Fund for 2014. He emphasized the need to continue this process so that we don't have to borrow funds for this along side of the upcoming bond issue for City Hall.

Allocation of Year End General Fund Surplus

The year-end financial status of the General Fund was reviewed with the Committee. Estimated net income is about $2.7 million. Costin recommended that a $2 million transfer from the General Fund to the Building Fund for the FCPH project should be approved. He said that the estimate fund balance in the General Fund should be about 28% which exceeds our 25% goal.

Educational Item – Debt and Capital Financing Overview

The Finance Committee reviewed an overview presentation of the City's debt and capital financing status and practices including existing levels of debt, how debt is issued, how it is managed, and who is on the City's debt management team. The various types of bonds were also reviewed. Special assessment bonds and sales tax revenue bonds were the most common in governmental funds, while State Revolving Loans are used in enterprise funds.

City of Fargo
Finance Committee Meeting Minutes
April 29, 2015

The regular monthly Finance Committee was held on April 29, 2015 at 8:00 a.m Mayor's Office

Members Present: All members were present
Guests Present: April Walker, Steve Dirksen, Ben Dow, James Gilmour, Uptal & Mona Chakavorty

Minutes Approved

The minutes from the last meeting were approved as presented. A motion was made by Sprague to approve the minutes as presented. The motion was seconded by Grubb and all voted in favor.

Transit Drivers Service Contract Wage Proposal

James Gilmour reviewed contract renewal wage proposals that are being considered by transit management staff. There were several alternatives presented that increase wages for the transit bus drivers. There were several options presented on what wage scale to include in the contract specifications. The more expensive option favored by First Transit and the City of Moorhead included wages increases ranging from 4.4 – 9%. Zavoral motioned to approve option # 2 as recommended by Jim Gilmour. This included wage increases of 2.6% - 6.4% depending upon longevity of the drivers. Sprague seconded the motion and all voted in favor.

Sole Source Procurement for Siren Installation

Leon Schlaffman presented a proposal to consider sole source procurement with Midstates Wireless for three new sirens scheduled to be installed in 2015. He stated that the price quoted was about 2.3% higher than the price of an installed siren in 2014. Bittner wondered if sirens could be funded by special assessments. The estimated cost of this procurement action was $150,000. Costin moved to approve the sole source proposal as presented. Sprague seconded the motion and all voted in favor.

Downtown Fire Station Remodeling Proposal

Steve Dirksen review remodeling plans for the Downtown Fire Station. The current facility was constructed in 1961. Initial plans called for remodeling of office space; however, more work is needed on the building than just the office space. Window replacements and other rehabilitation work are needed. The new plans call for an addition to the west of the current station into Robert Street that has been vacated. Steve reported that the Fire premium tax assessed by the State of North Dakota was increased substantially in the last legislative session and that might be a way to pay for the remodeling costs. Zavoral and Costin suggested that we don't earmark funds in the General Fund but rather work projects through the budget process. This project was not funded in the 2015 budget but was requested during last year's budget development process. The preliminary cost estimate is $2.5 million. Richard Moorhead has done work to date on this planning process. Costin stated that both the Health remodeling and the City Hall remain our highest priority projects in the budget and adding another debt payment will pressure the 2016 budget and does not allow other Departments to compete for General fund capital resources. Grubb moved to approve the remodeling plans as presented with bonding the project up to $3 million. Zavoral seconded the motion. All voted in favor except for Costin, who vote no. Motion carried.

Bank of North Low Interest New Loan Program HB 1443

Costin reviewed the terms and eligibility conditions for recently approved low interest loan program through the State via the Bank of North Dakota. This loan fund allows political subdivisions to borrow up to $15 million per loan at a rate of 2.5% interest. Projects eligible include core infrastructure but not City buildings. Zavoral suggested that this could be used on the I29 road raise associated with completion of our long term flood control goals.

Direct Bank Loan Approval from US Bank for the FM Diversion Project

Costin reviewed the terms and conditions of a bank loan with US Bank of $50 million for funding FM Diversion costs. This will be the second phase of borrowing funds. Last year Cass County borrowed $50 million in support of the 2015 budget. These loans will provide the required cash liquidity needed to move through the 2015 approved budget for the Diversion project. Costin reported that this will be a variable interest rate loan that is tied to the LIBOR index. Bittner moved to approve the loan as presented. Grubb seconded the motion and all voted in favor.

Educational Item

There was no educational item this month. The discussion on a retail sales option for bond marketing will be discussed in detail next month.

Sole Source Procurement for Sewer Vacuum Truck Repair

Ben Dow presented a request to repair a sewer vacuum truck that was damaged by an equipment failure. The estimated cost to repair this unit is $60,000. Ben is pursuing action by the NDIRF to see if an insurance claim can be submitted. Zavoral moved to approve sole source procurement with the equipment manufacturer. Grubb seconded the motion and all voted in favor.

Chakavorty Property Status Update

Uptal and Mona Chakavorty discussed the status of their residence with the Committee. They have listed their property but are not getting any offers. Their concern is that nobody will purchase their home under the current set of circumstances with flood risk. Their home is located outside of the City's planned flood line of protection as are other homes in this area. Their long term goal is to retire. They have listed their home for over a year. The Committee reaffirmed that this area is not in a priority listing for housing acquisitions and that a lot more work needs to be done in other areas to close up our continuous line of protection for the Community. They also reported that once the FM Diversion project is approved they anticipate more market recovery as experience in Oxbow once final plans were announced in this area. The Committee also agreed to seek pre-disaster mitigation funds if they become available. They also stated that lowering the price could help in marketing the property under the current conditions.

On Command Parts Return Program Proposal

Ben Dow presented an obsolete parts return program with Navistar for truck parts. The City is eligible to participate in this program and it would be financially beneficial to get some credit for old parts currently in inventory. The details include having Navistar purchase surplus parts with a value of $11,000. We would get $2,500 this year and up to $10,000 eventually. Bittner inquired about whether

this program would influence the decision to purchase parts from Navistar. Dow said that it would not impact future purchasing decisions. Sprague moved to approve participation in this program. Grubb seconded the motion and all voted in favor.

Medical Hardship Application for a Flood Buyout

A medical hardship application for a flood buyout for property located at 3944 33rd Street South was reviewed and approved. April Walker reported that this property is on our buyout listing. Costin moved to approve the medical hardship as requested. Williams(?) seconded the motion and all voted in favor.

Other Items

April Walker reported that letters will be sent out for voluntary flood buyouts in the Prairie Rose area. There will be public meetings in May to discuss the flood control plans for this area. FEMA has made a favorable determination for connecting levee construction to high ground that will save money on the project.

City of Fargo
Finance Committee Meeting Minutes
May 28, 2015

The regular monthly meeting of the Finance Committee meeting was held on May 28, 2015 at 9:00 a.m.

Members in attendance: Mahoney, Williams, Zavoral, Grubb, Bittner, Costin

Members absent: Sprague

Guests: James Gilmour, April Walker, Brook Johnson, Susan Johnson, Tom Fisher, Brenda Derrig, Pete Zimmerman

Minutes Approved
The minutes from the last meeting were approved as presented. Grubb moved to approve the minutes. Williams seconded the motion and all voted in favor.

Sole Source Procurement for a Used Slope Mower
Ben Dow requested permission to use a sole source procurement method on a used slope mower. They have evaluated the option of purchasing a used unit vs. a new unit. A new unit would sell for about $150k, while the used unit is $40,000. This mower will meet their needs. Grubb moved to approve the sole source procurement request. Williams seconded the motion and all voted in favor.

TIF Due Diligence Report for 1122 17th Street North
Jim Gilmour reviewed the "but for" assistance due diligence report prepared by PFM for the housing units at 1122 17th Street North. The committee felt that this was a good project, however, the cost elements relating to utility hook ups were questioned as something we should not participate in with TIF assistance since they are required to hook up to utilities regardless of assistance. The development team explained the project to the Committee and why they were seeking assistance. Zavoral suggested that we should not fund the utility hookup unless there were extraordinary costs associated with them. The Developer agreed to provide more detail on this part of the request. No action taken?

Issuance of Taxable Parking Revenue Bonds
Costin suggested that consideration be given to issuing bonds for parking projects this year before interest rates begin to rise. There is a project on 4th and Broadway that is being worked on as well as other sites. There was more discussion on how to fund parking structures and related tax increment financing options and the size of a potential ramp. It was estimated that a 350-400 spot parking ramp would cost about $10 million. Zavoral moved to approve issuance of bonds for parking initiative of up to $12 million. Williams seconded the motion and all voted in favor.

Transit Driver Service RFP Wage Rates
Jim Gilmour reported on the status of the RFP for transit services. There has been ongoing discussion with the MAT Board and Planning staff on what the level of compensation increases should be included

in the RFP specifications. He reviewed the options being considered and suggested that the Planning Department recommendation be approved which provide increases to driver pay but not as high as suggested by the MAT Board. He noted that drivers can earn safety bonuses of up to $2,000 per year which is part of their pay. Williams stated that transit can be an economic development tool. Williams moved to approve the driver pay option supported by the MAT Board. Grubb seconded the motion. Mahoney, Williams, Zavoral, Grubb, Sprague voted yes. Costin voted no. Motion was passed.

NDSU Transit Services Contract Pricing

Jim Gilmour presented an overview of existing contracts for transit services with NDSU. He was seeking input about contract renewal pricing and related costs of additional bus wrap advertising. NDSU is seeking a deep discount price on two additional bus wraps. NDSU officials were present to discuss their request. Gilmour stated that there are two wrap opportunities available and a company has requested to purchase one of them at the full price of $24,000 per year. Mahoney asked about future enrollment projections and if more students will be served. Pete Zimmerman stated that he felt the student growth would be in the 5-8% increase range. Presently NDSU is paying $5,000 per wrap under a group purchase package. Zavoral moved to deny the request for additional wraps at discounted price and to approve the recommendations for the transit service. Williams seconded the motion and all voted in favor.

Budget Development Issues

Costin reported that a decision is needed regarding a cost of living wage adjustment. This is scheduled as of July first under the mid-year COLA approach started a couple of years ago. There was additional discussion about whether or not to move the COLA decision to the first of the year as suggested by some employee groups and Commissioners. More discussion on what increase was appropriate in light of the declining inflation over the past year. Williams recommended a 1% COLA . Zavoral seconded the motion and all voted in favor.

Sanford Request to Waive Right of Way Fees

Brenda Derrig presented a request on behalf of Sanford to waive right of way fees for the new hospital facility. There are many fiber connections in the right of way, approximately 50,000 lineal feet. The existing right of way ordinance requires a $1.00 per foot per year charge. They will not be a reseller of fiber optic lines but rather using it to connect their existing facilities. Zavoral suggested that the fee helps lower the risk of being sued if something happens in the right of way. Bittner suggested this request be denied and that we follow our existing ordinance. Williams seconded the motion and all voted in favor.

L2H Request for Special Assessment Letter of Credit Reduction

Costin presented a request submitted by L2H for considering the multiple development reduction in letter of credit. Committee discussed the history of letter of credit application in the development process. Zavoral moved to approve the request to lower the coverage factor from 50% to 30%. Bittner seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
June 25, 2015

The regular monthly Finance Committee meeting was held on June 25, 2015 at 9:00 a.m. in the Mayor's Office.

Members Present:	Mahoney, Williams, Grubb, Sprague, Costin
Members Absent:	Bittner
Guests Present:	Jim Gilmour, April Walker, Nicole Crutchfield, Ron Gronneberg, Steve Dirksen, Mr. Johnson, Terri Heaton

Minutes Approved

The minutes from the May meeting were approved as presented. Grubb moved to approve the minutes. Costin seconded the motion and all voted in favor.

Winset Properties PILOT Approval

The Committee reviewed additional data related to the costs expected for the Winset Properties project. This item was tabled from the last meeting pending validation of certain items within the proposed budget. The request was lowered this request from $239,400 to $202,900 because some of the connectivity infrastructure to hook up utilities was not eligible. Zavoral moved to approve with the reduced amount with a 5% administration fee. Costin seconded the motion and all voted in favor.

Special Assessment Method on Regional Storm Sewer Ponds

April Walker led a discussion relating to how storm sewer ponds are assessed. The existing procedure is to have the developer weigh in on how this should be assessed. The Engineering Department felt that a standard protocol should be in place so that all ponds are treated in the same manner and will be dealt with early on in the assessment process. Sprague moved to adopt a policy to have ponds spread to impacted lots as part of the standard assessment policy. Grubb seconded the motion and all voted in favor.

Sole Source Procurement Request for Fargo Project

Nicole Crutchfield presented a request to use a sole source procurement action for portions of the Fargo Project. There is a need to have a higher degree of coordination and related project management for phases of this project. Zavoral moved to approve sole source procurement contract with Pro-Landscape and Advanced Engineering. Williams seconded the motion and all voted in favor.

Fiber Optic Cable Conduit Request for City Use

Ron Gronneberg discussed the need to place an additional fiber optic cable conduit concurrently with the utility relocation work being done in the flood wall / City Hall area. There are several utilities being relocated and it would be advantageous to install a separate conduit for future City use as this area develops over the next few years. The cost of the conduit would be $255,718. There are two conduits being installed and related to the FM Diversion project. There was further discussion that a TIF District may need to be established in conjunction with the issuance of City Hall bonds so this could be funded

out of a future TIF district so that redevelopment resources would repay this cost over time. Zavoral moved to approve inclusion of an additional conduit to be pay for from non Diversion resources. Williams seconded the motion and all voted in favor.

Status of E911 Funds with Cass County

Steve Dirksen updated the Committee on the status of the E911 funds that were recently voter consolidated and are now being collected by Cass County. After the conversion they are running a slight deficit which is tighter than expected so early on after the vote. He wanted to inform the Committee that there would be some large projects needing funding in 2018 since the radio system will be at the end of its useful life. There was a need to pay for the New World software maintenance costs out of the Police and Fire Department budgets. This was previously funded out of the City of Fargo collected E911 funds. This will be programmed out of the Police and Fire Department budget in 2015 and 2016.

Health Insurance Premium Rate Increase Cost Sharing

The rate increase proposal was referred to the Finance Committee by the City Commission. The rate increase for 2015-2017 is 15%. The proposal initially presented to the City Commission was ratified and that will require a 7.5% employee premium increase on July 1st, followed by another 7.5% next year on July 1st. Williams moved to approve this proposal. Zavoral seconded the motion and all voted in favor.

City Building Projects Historical Spending Report

Costin reviewed a report that summarizes all City municipal building projects funded by the General Fund for the past seventeen years. This shows ongoing reinvestment in facilities both for new facilities as well as remodeling. The average spending per year over this time period was about $2.7 million per year.

NDOT Land Auction 40th Street Upcoming

April Walker reported that the NDOT will be auctioning off a piece of property near West acres that is very near a storm sewer holding pond. This Committee discussed the need to consider purchasing this parcel of land to improve storm sewer run off and holding water during heavy rains. Zavoral suggested that Grant Levi be contacted directly about purchasing for City needs. Zavoral recommended that staff be authorized to bid at the auction with a maximum bid price of $2.00 per square foot. Williams seconded the motion and all voted in favor.

Debt Service Fund Review & RIB Refunding Opportunity

Costin and Terri Heaton review the work completed on review of our debt service funds. The City has been proactively managing these funds to reduce the low returns on invested funds due to special assessment prepayments. There is presently about $29 million in these funds and they are solvent on a long term basis. It was determined that it would not be necessary for the City to transfer funds to offset deferred assessments because there is enough capacity in the funds to cover this short term impact.

There was a recommendation to proceed with refinancing the Series 2008E Refunding Improvement Bonds with an estimated savings of about $2.2 million.

Zavoral moved to approve refinancing as recommend and to return sales tax funds previously transferred back to the sale tax fund. Williams seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
July 30, 2015

The regular monthly meeting of the Finance Committee was held on July 30, 2015 in the Mayor's Office at 9:00 a.m.

Members Attending: Mahoney, Williams, Grubb, Bittner, Sprague, Costin
Guests Attending: Jim Gilmour, Nicole Crutchfield, April Walker, Mike Almendinger, Erik Tonia, Terri Heaton

Minutes Approved
The minutes from the June meeting were approved as presented.

NDSU Bus Service Contract
Jim Gilmour reported that the NDSU transit service bus contract was actually $17k higher than the reported at the last meeting. He wanted to inform the Finance Committee. Grubb moved to approve the higher contract amount. The motion was seconded by Sprague and all voted in favor.

Sole Source Procurement Action for Traffic Signals
April Walker reviewed a request for sole source procurement action on traffic signals near 12th Avenue North. This request was being made to be compatible with NDOT specifications. Bittner moved to approve sole source procurement as requested. Williams seconded the motion and all voted in favor.

Special Assessment Deferral Request Maple Valley (King)
April Walker presented a request from Terry and Rhonda King for a special assessment deferral on property on 3019 64th Ave S. for projects NN-15-A, BN-15-E, and BN-14-7 and continuation of deferred status on project 5904, 5966, and 5969. This is near Woodhurst and part of the Maple Valley replat. The platting of Maple Valley has triggered a previous deferral. There is a need to acquire right of way on the north side of 64th Ave. Sprague moved to grant a one year deferral contingent upon right of way acquisition. Bittner seconded the motion and all voted in favor.

Authorization to Sell City Owned Land to Fargo Public Schools
The Committee discussed a proposal to sell existing City owned land as part of the 2nd Street relocation of the Fargo Public Schools operation building north of City Hall. The City owned parcel is along 40th Avenue South and they are considering relocating their operations facility to this area. Part of their building would be relocated this fall, while the balance of the building would be evacuated later next year. The estimated value of the property for sale is $1 million

based upon current market prices. The Committee spent some time evaluating recent land sale prices in this area and recommended setting a sales price of $5.50 per square foot. Grubb mentioned that he would like to seek additional transparency and communication with the Land Management and Finance Committees of the FM Diversion Authority. Grubb moved to approve a land sale to Fargo Public Schools setting the sales price at $5.50 per square foot with the sales proceeds going back to the Solid Waste Fund who originally purchased this property. Williams seconded the motion and all voted in favor.

Upcoming Bond Sales Status Report

Terri Heaton from Springsted led a discussion about two bonds sales currently underway. The first sale is a special assessment bond refunding scheduled for sale on August 31st. There are significant interest savings in this transaction. Markets have been steady and have not moved out of our favor. She reviewed the expanded time line for issuance of general obligation bonds for parking ramps are previously authorized by the Finance Committee and City Commission. There are additional steps in the process to issue general obligation bonds so the bond sales timeline has been expanded. A development plan for parking ramps will need to be drafted by the Planning Department and approved by the City Commission prior to the final bond sale. It was anticipated that the sale would conclude near the end of November or early December.

Kresge Foundation Grant Sole Source Procurement Request

Jim Gilmour reviewed a letter of intent from the Kresge Foundation regarding the Fargo Project. There are suggesting that a grant award be offered in the amount of $1.2 million. A formal application would have to be submitted. Committee suggested that this grant offer be approved by the City Commission in accordance with the City's grant administration policy since there was a significant obligation of local share for the grant. A sole source procurement request was requested for Reach Partners for work on the Fargo project. Costin inquired about the need to verify federal compliance issues related to the NEA portion of the Fargo project and asked Gilmour if that has been evaluated. Gilmour stated he has not reviewed the requirements. The Committee recommended that this grant offer be directed to the City Commission for further review and consideration. Grubb moved to approve a sole source procurement request with Reach Partners in the amount of $75k. Sprague seconded the motion and all except Williams voted yes. Williams abstained from this vote. Motion carried. Sprague moved to forward the grant offer to the City Commission. Williams seconded the motion and all voted in favor.

Sole Source Procurement for Phase II Conduit Placement

April Walker requests sole source procurement for placement of conduit near the City Hall. They would like to place additional conduit for future use since the streets and right of way are currently open and work going on. Once complete it would be difficult to add conduits later. The Engineering Department would have the ability to lease the conduits in the future.

Williams moved to approve sole source procurement in the amount of $84,000 for conduit placement. Mahoney seconded the motion and all voted in favor.

PILOT Tax Exemption for Woodrow Wilson Housing Project

The Committee reviewed the PFM due diligence report related to the Woodrow Wilson development project. The Tax Exempt Review Committee recommended at 15 year tax exemption, however the due diligence report indicated a low internal rate of return and the debt service coverage ratios were lagging what the banking industry expects to obtain financing. Mike Almendinger reviewed the components of the project and how the existing school building will be converted into Downtown housing units. Committee recommended that another meeting be held with the Kilbourne Group in an attempt to negotiate a final exemption plan. No final actions taken pending the outcome of the final negotiations.

Subsequent Finance Committee action on Woodrow Wilson Housing Project (August 21, 2015)

Finance Committee met at a special meeting on August 21st to consider a revised due diligence report from PFM. This report included a new option 3.5 which suggested granting tax exemption over a long period of time. This new option was a compromise between what the Committee discussed at the last meeting. Committee voted to approve option 3.5 and refer to the City Commission for final review and approval. All members voted yes.

City of Fargo
Finance Committee Meeting Minutes
October 16, 2015

The regular monthly meeting of the Finance was held on October 16, 2015 at 8:00 a.m. in the Mayor's Office.

Members Present: Mahoney, Williams, Grubb, Bittner, Sprague, Costin

Members Absent: None

Guests Present: April Walker, James Gilmour, Julie Bommelman, Gregg Schildberger, Steve Dirksen, Tim Dirks, Joe Nigg, Dan Eberhardt

Minutes

The minutes for the last meeting have not been drafted yet. They will be presented next month.

Special Assessment Deferral Request 19th Ave North Project #610400

A request for a deferral of special assessments for a residential property within a large undeveloped tract of land on 19th Ave. North was presented by April Walker and Dan Eberhardt. There had been a previous action in 2013 to not extend an existing deferral. This request was for a new project. There was discussion on deferrals and the impact of granting them. Staff recommended a large tract deferral with a 135' lot as we have done in the past in other areas of the City. Sprague moved to approve a ten year deferral agreement for this property. The motion was seconded by Mahoney and all voted in favor with the exception of Williams who voted opposed.

State Aid Projections and Lagging Sales Tax Collections

Costin reviewed state aid data trends for 2014 actual, 2015 YTD, and 2016 budget in light of the recent announcement by the State of North Dakota that sales tax collections were declining. He stated that the first two quarterly payments were lagging budget levels and that the rate of decline was increasing. He expressed concern that if this trend continues there may be a $1.5 million shortfall in State aid. The 2015 revenue projection for State aid was reduced by $700,000 during the budget adoption. Grubb stated the Commissioner Gehrig wanted to discuss City reserves and how they managed. Costin asked for input on how this should be managed or monitored. Mahoney suggested that this information be shared with the Commissioners at the present time. No further action taken.

Fargo Cass Building Vacation and Future Use

The Committee discussed the current status of the old FCPH building and what plans are being made for future use now that the Fargo Cass Public Health operations have been moved to the 13th Avenue

location. Williams stated that there is a feasibility study on this building pending and that there will be a meeting next week to discuss cost estimates to make this space available for public safety purposes. Grubb reported that the Fire Department is planning on a short term move into Centennial Hall. Costin reported that the 2015 or 2016 budget did not include funding for this project. No further action taken on this project.

Library Surplus Capital Funds

Tim Dirks updated the Committee on a recent technology project that was expected to cost about $120,000. The final project came in with a $53,000 savings. He was seeking approval to continue the amount appropriated so that additional equipment items could be purchased in 2015. He stated that the Library Board has approved the additional items pending approval by the Finance Committee. Williams moved to approve using the surplus capital funds on additional Library needs. Grubb seconded the motion and all voted in favor.

Sewer Repair Policy

Sprague updated the Committee on the existing sewer repair policy that allows for some cost sharing of sewer repairs on single family residential housing. Deb Clark has inquired about why this would not be available to rental property since a sewer repair can be a major expense in relation to the cost of the housing unit being rented. Grubb stated that sewer service is essential for the operation of a home regardless of owner occupied or rental. Gilmour suggested that they pass a rental inspection prior to the sewer repair funds be granted to assure that rentals are up to code. Sprague moved to amend the policy to provide sewer repair funds to single family homes, regardless of whether it is owner occupied or rental and to lower the interest rate from 6.5% to 5%. This would be applied to the median price of a home. Any property less than median would be eligible for sewer repair funding. The motion was seconded by Williams and all voted in favor, with the exception of Bittner who was opposed.

Fire Department Capital Items

Steve Dirksen was seeking approval to use the Centennial Hall as a temporary location for the Fire Department while it was being remodeled. The estimated cost of fit up for Fire use was estimated at $15 - $20k. He recommended that funding come from the Fire Station remodeling budget since bids came in under budget. Grubb moved to approve this request. Costin seconded the motion and all voted in favor.

He also requested permission to purchase a pickup for a new employee approved in the 2016 budget. He was requesting permission to defer capital funding approved for other projects and substitute this purchase instead. Grubb moved to approve this request. Costin seconded the motion and all voted in favor.

Steve Dirksen reported that the bids were received and they came in about $85k under the architect's estimate of cost. He said that there is potential for two grants totaling $200k for energy efficiency. He wants to start the remodeling process as soon as it has been approved by the City Commission. They will also use a portion of the FCPH building currently vacated without the need to remodel. They are also planning on taking whatever equipment they have over to the Civic to avoid the additional costs for a temporary site. He was seeking approval to move to the Civic Center.

Transit State Aid Increase & Supplemental Appropriations Request

Jim Gilmour reported that the State Aid for transit amount for 2015 will provide an additional $322k in resources for transit purposes. There were several proposal presented to spend this additional funding on capital items that were not funded in the 2016 budget. There was discussion on the status of the buyout of the Court facility with FTA. This could be a big ticket item. There was further discussion on the need to update the transit facility plan and looking into compressed natural gas as a fuel source. Julie Bommelman is working on a presentation on CNG. Williams suggested that we hold off on any decisions about this issue since there was no sense of urgency and that FTA payback of the Court building could be a significant cost. Williams moved to table the requests for now. The motion was seconded by Costin and all voted in favor.

Bank of North Dakota Infrastructure Revolving Loan Pool Funding

Costin reported that he and Commission Williams had a conference call with official of the Bank of North Dakota that is managing the newly formed infrastructure revolving loan pool of funds. A case was made for parking ramps being an eligible component since this was part of the transportation network. Bank officials seemed receptive to this idea; however, they informed us that the traditional infrastructure elements listed in the bill would take priority over a parking ramp proposal. This was an information item only. No further action taken on this project.

Refunding Improvement Bond Defeasance

Costin reviewed a proposal to defease two refunding improvement bond issues that had been previously structured with a three year call in 2011 when they were issued. There were two options considered one being a partial defeasance with funds already in the debt service fund and another option to use non debt service cash reserves to completely defease these two issues. He stated that bond counsel has evaluated this concept and was comfortable proceeding with either option. Bitter inquired about this investment strategy vs. spending the reserves on infrastructure projects. Costin moved to approve a full defeasance option using General, Water and Wastewater cash reserves to fund this investment. These funds will be paid back as future special assessments are collected and the timeframe for collection would be accelerated by prepaid special assessments that occur each year. Williams seconded the motion and all voted in favor.

Cass Rural Water Users SRF Loan Payments

Bruce Grubb reviewed a letter from John Shockley the bond counsel for the Cass Rural Water Users. A mistake was made in the calculations for our share of the SRF loan paid over a five year period. A request was made to make a final interest payment to clear up this error. Costin wondered if they had considered prepaying their twenty year loan with the excess funds received from the City on our portion which was amortized over a five year term. Grubb moved to approve this final payment, contingent upon checking with John Shockley about whether or not a prepayment would impact the final payment. Costin seconded the motion and all voted in favor.

On Street Parking Enforcement Proposal

Joe Nigg reviewed a proposal to turn over on street parking enforcement to Interstate Parking. They would develop a system focused on driver education and would issue a warning ticket vs. an actual ticket for the first parking violation and would develop a progressive fine system to increase with the number of parking infractions received. The cost to move would be about $52k in operational costs and $100k in capital costs for a new automated license plate reader and a new enforcement scooter. Williams reported that this type of program was used in Lincoln and would be a more welcoming enforcement process than currently in place. Mahoney inquired about potential additional revenue derived from the new system. Sprague stated that they would be involved in night enforcement and that would free up time for the public works in snow removal areas. Nigg stated that this is a big change in overall philosophy for parking administration and the Parking Commission would like to advance this agenda by January 1st. The Police and Street Departments are on board with this recommendation. Grubb moved to approve this plan for parking enforcement. Williams seconded the motion and all voted in favor.

Sale of Fiber Optic Conduits

Brenda Derrig and Nancy Morris have drafted an agreement to cover the sale of city placed fiber optic cable conduits in the right of way. There are purchasers who have express interest in purchasing them for their use. The sale terms would be cost plus a 30% markup with up to three years to pay at 6%. The stated that most of the vendors would likely just pay the bill and may not utility the extended payment terms offered. Costin moved to approve the agreements as presented. Bittner seconded the motion and all voted in favor.

Early Hire of Police Officer

Police Chief Dave Todd submitted a proposal to hire early in the last quarter of 2015 for the Police Sergeant approved in the 2016 budget. The impact was about $12k and he has salary savings in the PD budget to cover this expense. Grubb moved to approve this request. Williams seconded the motion and all voted in favor.

Reconstruction of NP Avenue Timeline

Commissioner Williams inquired about the timeline for the NP Ave reconstruction. He stated that there are additional costs involved if the Fire museum is funded and that it makes sense to limit disruption to this area to a single construction season. He also felt that the City was missing out on prime development opportunity if this was not considered a high priority and he felt that we should consider allocating funds to do the entire project all at once. There was further discussion about the potential to use the State of North Dakota's infrastructure loan pool which provides 2% financing with a thirty year term. Committee suggested applying for a long term loan vs. using this source for parking ramps as was previously investigated.

City of Fargo
Finance Committee Meeting Minutes
October 30, 2015

The regular monthly Finance Committee meeting was held on October 30, 2015 in the Mayor's Office at 9:00 a.m.

Members Present: Mahoney, Williams, Grubb, Sprague, Costin
Members Absent: Bittner
Guests: None

Minutes Approved

The minutes from the last meeting were approved as presented. Williams moved to approve the minutes. Sprague seconded the motion and all voted in favor.

Cass Rural Water Users Infrastructure Agreement Amendment

Costin reviewed a proposed change in the CRWUD contact for construction and billing of infrastructure in their service area. The contract language contained a clause that charged them interest on an open account balance in accordance with the NDCC allowance of 1.5% per month. Jerry Blomeke, the manager of the District requested that this be lowered as he was unaware of the Century code provisions. The recommendation was to charge them the same rate as the City uses on interim financing of infrastructure projects which is the bond rate + 1%. Grubb moved to approve the proposed change in the interest rate on the open accounts receivable to the same process as City projects. Williams seconded the motion and all voted in favor.

Consider Adding Martin Luther King Holiday Observance

The Committee discussed Martin Luther King holiday observance. Currently, the City of Fargo does not observe this holiday while many other Federal, State and local organizations do. There was discussion about the potential to observe this and synchronize our holiday schedule to what other governmental entities observe. There was additional discussion about the potential cost of observing this since our holiday pay policy would trigger overtime and holiday pay for some Departments that are required to work the holiday including Police, Fire and Solid Waste. Human Resources will be asked to provide an estimate of the cost for the holiday workers. There was additional discussion about whether this would be added to holidays observed in lieu of other holidays currently observed. The Committee felt that adding the holiday was the most appropriate option. Williams moved to forward this request to Human Resources and then to the City Commission for final consideration. Costin seconded the motion and all voted in favor.

Jefferson School Adopt a School Sponsorship Costs

Mahoney led a discussion about sponsorship costs for the Jefferson school which has been formally adopted by the City of Fargo. There has been a request to consider funding some playground signage on benches for kids that were feeling stressed and needing support. The estimated cost for the bench signage was estimated at $300 - $500. There was also a request to pay for lice kits for those who could not afford them for the children. There was general discussion about protocol and policies in place with regard to this type of expenditure. Costin suggested that the Committee revisit the public purpose policy that was drafted a few years ago but was never formally approved. The Committee felt that there were funds budgeted in the City Commission and Health Department budge that could cover these expenditures.

Timeline for Reconstruction of NP Avenue

Commissioner Williams wondered that the timeline and funding options were for the reconstruction of NP Avenue. He suggested that it would be appropriate to moved this into 2016 with other work going on with the utilities near the Fire Station and the remodeling of the Downtown Fire Station currently in process. Grubb stated that this project had been delayed for two years and that it would be in the 2016 capital improvement plan. There was consensus that funding would be available from the infrastructure sales tax since there was the surge of funding in the last legislative session that added $120 million to our financial resources for flood control projects of which the first $60 million was 100% state funds with no restrictions. Williams moved to use infrastructure sales taxes as the primary source of funding for this project and to offer contractor incentives to complete this project as quickly as possible. Sprague seconded the motion and all voted in favor.

Status of General Fund Revenues through October 30, 2015

Costin reviewed a summary of General Fund revenues by source through October, 2015. This was a follow up to last month's meeting where concern was expressed about lagging State of North Dakota revenue sources including state aid and highway funds. The overall revenues realized were estimated at 97% of budget projections. License and building permit fees were in excess of budget projections due to the strong building demand in the Community, while State resources were lagging by about 12% so far this year. This is consistent with reports from the State that the oil economy was slowing down. There was further discussion about what action might be needed. Costin suggested year end numbers should look somewhat better than this report since the City will continue to collect building permit and capital administration fees for the rest of the year. He also reported that he wanted to make a final payment on the Fargo Cass Public Health remodeling project of about $2 million if there was a net income by year end. No further action taken on this issue.

There was discussion of a recent meeting with the Home Builders in Fargo. Mahoney stated that they felt that the City was charging too much for construction of infrastructure. Committee reviewed our current fee structure and how that is being communicated in engineering preliminary project cost estimates. He suggested that we survey other cities and see how they are dealing with the rising costs of special assessments and that we look at our existing fee policies since it has been a few years (2004) since special assessment policies were formally reviewed. No further action taken on this issue.

City Hall Project Geotechnical Services Sole Source Procurement

Grubb requested that another geotechnical evaluation be considered for the City Hall project and recommended that a sole source procurement action be approved with Northern Technologies. There is some thought that the assumptions used in the last evaluation should be challenged as a way to save money on the foundation work for City Hall. This is consistent with similar work that was done on the Water Treatment Plant and could be significant savings. Grubb estimated the savings if validated of about $4.5 million. He requested sole source action. Williams moved to approve a second geotechnical evaluation using Northern Technologies at a cost not to exceed $25,080. Sprague seconded the motion and all voted in favor.

Expansion of the City Pcard Program

Costin reviewed the updated rebate schedule from PFM Payment Solutions. This schedule was increased substantially for 2016. He reported that we may be nearing our capacity and that there was potential to increase volume by helping other Cities such as West Fargo and Moorhead establish their programs. He requested that the City offer assistance to these entities by helping them get a program started since the City has experience good success with our program. Williams moved to help since this was mutually beneficial to all. Sprague seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
December 3, 2015

The monthly Finance Committee meeting was held on December 3, 2015 in the Mayor's Office at 8:00 a.m.

Members Attending: Mahoney, Williams, Grubb, Sprague, Costin

Members Absent: Bittner

Guests Attending: Steve Dirksen, Ben Dow

Minutes Approved

The minutes from the last meeting were approved as presented. Bruce Grubb moved to approve the minutes as drafted. Sprague seconded the motion and all voted in favor.

Sole Source Procurement Approved

A sole source procurement request for training software was presented by Fire Chief Steve Dirksen. This software will automate and keep track of critical training needed in the Fire Department. The estimated annual cost was $12,000. Costin moved to approve the sole source procurement request. Williams seconded the motion and all voted in favor.

Building Lease Option Proposal for Public Works Heated Space Needs

Ben Dow presented an overview of the potential to lease space in the Bergseth location near Public Works. There have been ongoing discussions for the past year about either purchasing this building or leasing since the Bergseth business will be relocating. Several staff members have toured the facility and it would work for Public Works and other Divisions. He suggested that this facility be leased in light of the number of capital projects currently in the works including the Fargo Cass Public Health, Fire Station and the City Hall projects.

The lease proposal is a triple net lease with the City paying all of the expenses. This facility could be moved into without any fit up costs. Mahoney inquired about the potential to purchase the building or at least include a clause in a lease that allows us to prepay and own the facility. This building could become available as early as February, 2016.

This proposal was not included in the 2016 budget, however, there may be funds already approved in departmental budgets that would offset the lease payments. The Committee recommended that Dow and Costin get together a budget plan and then present this to the City Commission for consideration. Williams moved to pass this along for final approval after the funding sources are identified. Sprague seconded the motion and all voted in favor.

Advanced Funding of a Fire Truck

Ben Dow reviewed the status of a fire truck purchase. This was intended to be a three year purchase, however, we have purchased the chassis in 2015 and the truck will be manufactured and delivered in 2016. He proposed that the City pay the remaining balance in 2016 and that no budget request would be made in 2017 for a fire truck. This payment strategy would save us about $18,000 in financing costs. Mahoney inquired about purchasing more functional units or other types of truck designs. Williams moved to use an inter fund loan from the Enterprise funds with a 1% interest rate to allow full payment in FY 2016. Sprague seconded the motion and all voted in favor.

Overtime and Travel Budget Reductions in 2016 Budget

Costin reminded Committee members that the final 2016 budget included a reduction in overtime and travel by $170,000. This reduction was not allocated to Departments at the time the final budget decisions were made. He requested guidance in how we should approach these issues and the need to make a plan to achieve these goals. Mahoney stated that the larger departments incur a greater share of the overall General Fund overtime. Grubb stated that the focus should be on "non-essential" overtime. There was also general discussion about how to monitor departmental travel costs and professional licensing and organizational memberships and to made reductions where appropriate. Williams suggested that there should be opportunity for education on these two areas of the budget. Grubb wants to look over the details and come forward with recommendations in the near future. No further action taken on this item.

Consider a Public Purpose Expenditure Policy

Costin updated the Committee on a draft public purpose policy that the Finance Committee worked on a few years ago but never executed the final policy. The purpose of the policy is to more clearly delineate expenditures that are not allowable that would set a common standard for all Departments to follow. The policy includes several areas of spending some that are deemed allowable and several that are not allowable. Committee members were comfortable with the policy in general; however, a few changes were introduced. This will be brought back for final consideration at the next meeting. Grubb moved to approve to amend the policy and bring it back in final form for approval. Costin seconded the motion and all voted in favor.

FM Link Bus Route

Commissioner Williams updated the Committee on the current status of the FM Link route. He reported that the City of Moorhead will be considering funding for the rest of 2016 and that the City of Fargo included $66k for the first two months of the year. He also reported that there are opportunities to increase ridership and cited an example of the Fargo Health clinic that is

seeking a reduction of parking rates from the City and that they could easily use the new route for free.

Civic Center Utilization

There was discussion about the current utilization level of the Civic Center. There was also discussion about rental strategies currently in place and how that might be altered in the interim to drive more activity into this facility. Grubb reported that the goal of unifying management of this facility with the Dome could begin in January.

Bank of North Dakota Infrastructure Revolving Loan Fund

Costin reported that an application was submitted in the amount of $10milllion for a parking ramp to the newly created Bank of ND revolving loan fund. The application was not being funded at the present time because of eligibility criteria interpretation by the Bank of ND officials. Staff will continue to educate bank officials about potential uses that would or should meeting eligibility requirements.

City of Fargo
Finance Committee Meeting Minutes
December 30, 2015

The monthly Finance Committee meeting was held on December 30, 2015 in the Mayor's Office at 1:00 p.m.

Members Attending: Mahoney, Williams, Grubb, Bittner, Sprague, Costin
Members Absent: Bittner
Guests Attending: Jim Gilmour, Nicole Crutchfield, Steve Dirksen, Joe Nigg

Minutes Approved
The minutes from the last meeting were approved as presented. Williams moved to approve the minutes. The motion was seconded by Sprague and all voted in favor.

Fire Department Remodeling Grant Denial
Steve Dirksen reported that the City has been offered a firefighters assistance grant award for sprinkler system and asbestos abatement for the Downtown Fire Station remodeling project. He stated that a requirement of this grant is that the building be restored to its historic design. This grant provision does not jive with current designs and could actually drive the cost of the project up and bids have already been awarded. It also has a local match requirement of $10,000. He said that he is working on an energy grant for $90,000 and that it made more sense to pursue this as the long term savings from energy conservation would be of greater importance than restoring the building back to its original state. Williams moved to deny the grant offer and seek and energy grant instead. Costin seconded the motion and all voted in favor.

Black Building Tax Exemption Application
The Kilbourne Group submitted a payment in lieu of taxes application to the Tax Exempt Review Committee for a 20 year tax exemption for the remodeling of the Black Building at 110 and 114 Broadway. The Tax Exempt Review Committee referred this request to the Finance Committee for further evaluation of the due diligence report and related need for the assistance requested.

The application received requested 10 years at 100% exemption, six years at a 90% exemption with a declining exemption down to 55% in year 20.

Mahoney stated that the Tax Exempt Review Committee followed their existing policies and that they should be evaluated and updated since they have not been updated for a long time. For instance the current policy favors residential only, and job creation. Erik Johnson stated that the State laws are very broad for the granting of PILOT tax exemptions. There was further discussion about past larger projects that received PILOT exemptions in the Downtown. Committee did not favor a twenty year exemption. Williams moved that we review with PFM a fifteen year exemption using five years of Renaissance Zone credit, followed by five years of 100% pilot, and another five years with taxes set at $32,000. He also suggested that the PILOT policies be updated and criteria be established by the Tax Exempt Review Committee. Costin seconded the motion and all voted in favor.

Parking Services Budget Allocation

Joe Nigg reviewed the changes already approved by the City Commission for the parking services. He stated that a decision needs to be made about what budget the unfunded costs would come out of so that he can set this up for 2016. There is a need for $52,000 in operational costs and another $100,000 in capital costs for a new scooter, and another automated license plate reader and related equipment. Costin recommended that this be absorbed into the 2016 General Fund budget. A contract for private security is already funded in the Police Department budget and this would be eliminated by the parking enforcement changes approved by the City Commission. Mahoney stated that it might be revenue neutral because parking ticket revenues might increase. Sprague stated that the new process should help change parking behaviors and that only those that choose to get tickets will increase the parking revenues. Joe Nigg thought that the changes should help parking enforcement issues but could actually lower the overall parking ticket revenues. The changes in how parking is enforced will begin on January 4, 2016. Mahoney suggested that a six month impact evaluation be completed to see if any new revenue trends emerge as a result of these operational changes. Williams moved to transfer the budget costs savings out of the Police Department to offset the additional new costs from the revised parking program and to fund $100k in capital funds out of the General Fund budget and another $52k for operations. Costin seconded the motion and all voted in favor.

Public Purpose Policy Final Draft Approved

The Finance Committee reviewed a preliminary draft of a public purpose policy at our last meeting. Costin reviewed the final changes to the policy based upon the feedback from the last meeting. Some minor changes were made to clarify the approval requirements for sponsorships. Williams suggested that we include a cap on tips at restaurants not to exceed 20% which is considered a reasonable amount. Professional licensing were considered non allowable expenditures if they are not required by the employees job description. Committee also recommended deleting the reference to coffee and other miscellaneous break room supplies. Grubb moved to approve the final draft of the public purpose policy. Williams seconded the motion and all voted in favor.

Status of the Fargo Project and Request for Change Order Approval

Nicole Crutchfield reviewed the status of the Fargo Project. The xylophone portion of the project is about 50% complete. A request for several change orders was presented in the amount of $113,628. These amounts are part of the approved budget for this project. Costin moved to approve the changes orders requested. Grubb seconded the motion and all voted in favor.