Finance Committee
City Commission Chambers
7-27-2026 10A

THE CITY OF Fargo FAR MORE

Agenda

1. Call Meeting to Order – Mayor Boschee

2. Approve Agenda – Mayor Boschee

3. Approve Minutes – Mayor Boschee

4. Discussion Topic(s):

   Metro Transit Garage Update   Cassie McNames, KLJ

   2027 Budget Workshop Discussion

5. Other Business

6. Adjourn

FINANCE COMMITTEE
Fargo, North Dakota

Regular Meeting: Monday: April 27, 2026:

The Regular Meeting of the Finance Committee of the City of Fargo, North Dakota, was held in the Commission Chambers at City Hall at 10:00 a.m., Monday, April 27, 2026.

Commissioners present or absent were as follows:

Present: Kolpack, Piepkorn, Strand, Turnberg, Mahoney.

Absent: None.

Mayor Mahoney presiding.

Staff attending: Finance Director Susan Thompson, Division Engineer Kevin Gorder, Interim Police Chief Travis Stefonowicz, Police Captain Travis Moser, Planning Director Nicole Crutchfield, Assistant Planning Director Mark Williams, City Administrator Michael Redlinger and Assistant City Administrator Brenda Derrig.

Order of the Agenda:

Commissioner Turnberg moved the Order of the Agenda be approved. Second by Strand. There was unanimous approval.

Minutes:

Commissioner Strand moved the minutes from the January 22, 2026 meeting be approved. Second by Kolpack. There was unanimous approval.

Standing Items:

Finance Director Susan Thompson presented a review of the General Fund and quarterly projections through March 31st, noting that while it is early in the fiscal year, the bottom line remains consistent with the budget.

- Regarding revenue, she highlighted that total property tax receipts are currently impacted by the new $1,600.00 property tax credit, with reconciling payments from the State expected in May or June. While year-to-date sales tax shows an 8.2% increase, she said this follows a negative 3% last month and she intends to monitor several months of data to confirm a consistent growth trend. She said construction-related licenses, permits and franchise fees are currently performing slightly below budgeted expectations.
- On the operational side, salary savings are being reflected directly within individual department budgets and she noted a variance in operating transfers due to the timing of debt service payments, which are typically moved as a single lump sum and the Capital Improvement Plan showed additional items driven by project timing. During the report, Commissioner Strand asked about the anticipated impact on sales tax revenue once the Diversion construction concludes, suggesting it could result in a significant economic hit; in response, Ms. Thompson said because the State Tax

Department does not provide data granular enough to isolate specific contractors, the specific fiscal impact cannot be projected at this time, though it remains a recognized risk to watch.

<u>Special Event Licensing:</u>

- Division Engineer Kevin Gorder and Police Captain Travis Moser provided an update regarding the City's ongoing efforts to modernize special event licensing and security protocols. Mr. Gorder said the new Ordinance and procedural updates will not be finalized for the 2026 event season; however, the City is actively working to establish a clearer, more manageable framework for event organizers and that public safety remains the primary priority, given the changes in event management standards over the past decade. The proposed regulations will apply specifically to public rights-of-way, such as streets and alleys, while excluding private properties such as the FARGODOME and Park District land, he said. To help guide the development of a new fee structure, he proposed a $250.00 fee to cover preliminary administrative costs and presented regional comparisons showing how other cities manage permit fees and security requirements.
- Captain Moser gave an overview of the Fargo Police Department's new staffing matrix, which was adapted from the University of Mississippi to provide objective guidelines for security requirements based on event size, alcohol presence and historical data. He said financial impacts of Police support are often absorbed by adjusting staff's schedules for weekend events, which triggers significant overtime expenses.
- Interim Chief Stefonowicz said North Dakota law prohibits officers from working as private security, meaning the City must manage all event-related billing through its own payroll system. He said Ms. Thompson said since event revenues are deposited into the General Fund rather than the Police Department's specific budget, it can create a misleading appearance of the Department being over budget despite event planners covering the cost. He said several operational improvements and risk management strategies have been reported to the City, including partnerships with the Downtown Community Partnership (DCP) to train Business Improvement District (BID) employees on setting up mobile barriers, a move intended to reduce City labor costs and improve efficiency. The City has introduced a liability waiver for organizers who choose to decline recommended mobile barriers and has updated the e-permitting system to resolve a long-standing Ordinance issue. He said the updated permits will now legally allow for the possession and consumption of alcohol within a designated event area, ensuring event practices are fully compliant with City codes.

Parking RFP Update:

- Planning Director Nicole Crutchfield and Assistant Planning Director Mark Williams presented an update on the transition of the City's parking management system, specifically discussing a new contract and operator transition effective June 1st. They said the transition follows an RFP and comprehensive system study aimed at consolidating parking management across multiple departments and the new contract, which appears on the current Consent Agenda, transitions the system to a line-by-line reimbursable expense model, which is expected to be more cost-effective than the previous $1.3 million proposal and the only out-of-pocket operational cost is a $42,000.00 base management fee. While there are no immediate budget or rate changes for 2026, they said, the City is working toward establishing an Enterprise fund to ensure the system is self-sustaining and equitable.
- In response to a question from Commissioner Strand asking about the possibility of insourcing all parking services, Mr. Williams said contracting provides access to national expertise and advanced technology in enforcement and data management. He said the five-year contract allows for better monitoring of expenses, including power washing and snow removal, while maintaining a transparent pass-through dollar model. The City is currently collaborating with the Police Department to transition the adjudication of parking tickets to the new operator, he said and is reviewing the residential rate program to address occupancy concerns.
- Commissioner Strand and Mayor Mahoney raised issues regarding contractors occupying storefront parking for extended periods and Mr. Williams said the City is working with the Engineering Department to analyze right-of-way management and will soon implement stricter policies or time limits for contractor parking.
- In response to a question form Commissioner Kolpack asking about long-term planning and how capital investments are handled, Mr. Williams said past identification of mechanical replacements was inconsistent; however, future planning will include debt financing and consolidated budgeting to better track the system's overall financial health and maintenance needs.

LDC Update:

- Ms. Crutchfield provided an update on the Land Development Code (LDC) diagnostic, emphasizing the process is currently in a right-sizing phase to ensure national best practices align with Fargo's unique local context. Since the release of the first public draft in April, she said, the City has hosted a well-attended open house and initiated several focus group meetings. She said the current stage is a highly iterative and sleeves rolled up process where staff and consultants are simultaneously conducting a line-by-line review while absorbing feedback from a range of stakeholders, including historic preservationists, urban developers and homebuilders. A key challenge identified is reconciling far-reaching national standards with Fargo's specific needs, she said, such as its climate, weather and a distinct local economy that lacks the massive outside investment seen in larger metropolitan areas. She said because Fargo's development market is more customized and lacks large-scale national developers, the code must be carefully tuned to what the local economy and market can bear and the Planning Department is utilizing a two-page guide to track the process, focusing on building consensus before making final recommendations to the City Commission. She said this discussion was intentionally designed to lag behind the LDC update and roughly 90% of development work occurs without incentives, making it vital to establish the baseline regulations first. The City is currently gathering Citywide, parcel-based data to better understand the historical impact of tools such as TIFs, PILOTs and special assessments, she said. This deep dive into data is intended to create a unified tool that will inform future geographic-based decision-making, she stated and ensure incentives are applied effectively across the community.

Future EDIC/RZ Consolidation:

- Ms. Crutchfield said staff in the Planning, Finance, Assessors and Administration Departments have discussed this for several years to address significant duplications in work. She said from a staff and applicant perspective, merging the committees together would streamline the process.
- Commissioner Piepkorn and Commissioner Kolpack expressed strong support for the consolidation and Commissioner Piepkorn said it aligns with broader efforts to reform tax incentives and improve municipal efficiency. Commissioner Kolpack said the timing is strategic as the City finishes its work on the LDC. Commissioner Strand asked if the Special Assessment Commission could also be included in the merger and Mayor Mahoney and Ms. Crutchfield said the Special Assessment Commission is mandated by State statute and must remain a separate entity.
- Regarding the potential for expanding Renaissance Zone benefits, Mayor Mahoney said the possibility of extending the allowance to eight years, as permitted by State law, could serve as a powerful development tool without needing additional TIF or PILOT incentives. Ms. Crutchfield said a previous attempt to move to an eight-year plan was not well-received by Cass County and Mayor Mahoney suggested revisiting the discussion once the new Cass County Commissioners are seated to see if there is fresh openness to the extended duration.

LAWA Director:

- City Administrator Michael Redlinger said the Lake Agassiz Water Authority has historically relied on external consultant services (specifically AE2S) and has reached a point where it needs to professionalize and establish its own dedicated leadership and the position of LAWA Executive Director is currently open for applications. He said a candidate could be based in Fargo, Grand Forks or Bismarck, depending on the individual selected and the Fargo Human Resources team assisted in developing the job description to ensure a high-quality search for this brand-new role.
- Mayor Mahoney said the Red River Valley Water Supply Project is roughly halfway complete, with approximately $600 million to $700 million spent of the total $1.4 billion projected cost and as the project transitions into a utility-style operation, it is essential to have a director who represents the users primarily in Fargo and Grand Forks to protect their financial interests and manage the project's long-term sustainability.
- Mr. Redlinger said the strategic goals for the new director will include navigating a potential shift toward making the water supply a State-led project. Mayor Mahoney said more State involvement would benefit smaller users by having the State absorb costs that currently fall on the major municipal partners and by establishing professional leadership now, the City aims to better manage funding mechanisms and keep drought protection fees affordable for residents. Mr. Redlinger said the position is already fully authorized and accounted for within the approved LAWA budget.

<u>Preliminary Year End 2025:</u>

- Ms. Thompson presented the preliminary year-end 2025 budget, noting the City's General Fund currently shows a surplus of approximately $9 million as revenues continue to exceed expenditures. She said two primary drivers for this surplus are a major land sale and higher-than-expected revenue from Capital Improvement Plan (CIP) fees associated with new developments. While auditors are still finalizing their review for a June release, she said the current projections indicate a healthy fund balance that will strengthen the City's position during upcoming meetings with Moody's for future bond issues. She said preliminary data for the City's Enterprise funds shows an additional surplus is also being generated there.

<u>2027 Budget Update & Timeline:</u>

- Ms. Thompson said with the upcoming 2027 budget timeline and procedural changes, the annual budget workshop will be moved up to mid-June rather than July to accommodate a new Mayor and Commissioners. In response to feedback from previous years, the Finance Department is working to standardize the budget presentation format to make the process more efficient and digestible. She said while the specific schedule is still being finalized, the City is considering breaking the workshop into multiple afternoon sessions rather than a single day-long meeting to reduce strain on staff and officials.

- Commissioner Strand requested a clearer dot-connecting for the public to show exactly how sales tax revenues fund specific roadway and utility projects, as these figures are managed in separate buckets from the General Fund. Ms. Thompson said the State cannot provide an exact breakdown of who pays these taxes (residents vs. visitors), regional comparisons suggest a roughly 50/50 split.

The meeting adjourned at 11:17 o'clock a.m.