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May 27, 2025

To: Board of City Commissioners
Fr: Michael Redlinger, City Administrator
Re: Approve Public Safety Sales Tax Utilization Plan for 2025 and 2026

At the May 14, 2025 Special City Commission meeting, the City Commission received a presentation from City staff and MRA, the City of Fargo's compensation consultant, on a proposed plan to implement and utilize the City of Fargo's Public Safety Sales Tax in 2025 and 2026. Presentation materials from the May 14th Special City Commission meeting are available on the City of Fargo website at www.fargond.gov/PSST. The Public Safety Sales Tax Utilization Plan outlines a comprehensive, thoughtful, and sustainable plan that carefully considers the needs of the Police and Fire Departments, as well as the City of Fargo's existing General Fund support to these departments.

At the May 27th City Commission meeting, the Commission is requested to consider and approve an updated Public Safety Sales Tax Utilization Plan for 2025 and 2026. City staff will provide a summary of the May 14th presentation, as well as an updated allocation plan for 2026 PSST expenditures. Per feedback received from Commissioners following the May 14th presentation, the updated 2026 PSST Utilization Plan removes funding for existing public safety facility debt service. These funds are reallocated to future ongoing operating and capital support for the Fire and Police Departments. This reallocation is illustrated in the updated spreadsheet (attached). No change is recommended to the 2025 proposed allocation of funds presented on May 14th.

The proposed PSST Utilization Plan represents a unified approach to funding future personnel, operating, and capital requests for the Fire and Police Departments. The City Commission's approval of the PSST Utilization Plan at the May 27th meeting will provide for timely implementation on July 7, 2025.

Suggested Motion: Approve the updated Fargo Public Safety Sales Tax Utilization Plan for 2025 and 2026, as presented, which includes the Proposed Pay Plan and Structures as well as 2025 and 2026 operating, capital, and personnel expenditures.

Attachment: Final 2025-2026 PSST Utilization Plan

2025 Public Safety Sales Tax Budget Adjustments:**AS PRESENTED AT 5/14/2025 - NO CHANGE****Public Safety Sales Tax Fund**

| | |
|------------------------------|------------|
| Sales Tax Revenue | 6,500,000 |
| Transfer Out to GF | -1,879,330 |
| Transfer Out to PSST Capital | -1,692,338 |

NET UNSPENT FOR 2025 = 2,928,332**General Fund**

| | | |
|---------------------------------|------------|---|
| Transfer In from PSST | 1,879,330 | |
| Pay Plan Implementation | -1,146,782 | <i>incremental costs of pay plan</i> |
| New Personnel | -341,048 | <i>incremental costs of new personnel</i> |
| 3 New Captains | | |
| 3 Firefighters | | |
| 1 Police Dept Operations Tech | | |
| New or Expanded Technology | | |
| Axon One | -250,000 | <i>Updated Technology</i> |
| Flock Camera - Peregrine System | -141,500 | <i>Updated Technology</i> |

Sales Tax-Funded Public Safety Capital ^

| | | |
|--|-----------|-----------------------------|
| Transfer In from PSST | 1,692,338 | |
| Capital Expense: | | |
| Mobile Police Barriers | -372,416 | <i>new equipment</i> |
| Fit-Ups: PDHQ Crime Center & Motorcycle Unit | -50,000 | <i>new FFE/equipment</i> |
| Fire Facility Study | -250,000 | <i>facility study</i> |
| Fire Station Alert Upgrades | -350,000 | <i>new equipment</i> |
| Fire Station - Facility Set-Aside (TBD)* | -669,922 | <i>set-aside for future</i> |

^ specific projects to be paid out of 475 capital, with offsetting PSST revenue transferred in.

* Finance to establish a PSST Reserve Account for Set-Aside Capital funding.

2026 Public Safety Sales Tax Budget Adjustments:**2026 UPDATED FROM 5/14/2025, as highlighted:****Public Safety Sales Tax Fund**

| | |
|------------------------------|------------|
| Sales Tax Revenue | 8,670,000 |
| Transfer Out to GF | -5,878,917 |
| Transfer Out to Capital Fund | -1,762,650 |
| Transfer Out to PSST Capital | -638,447 |

NET UNSPENT:

NET UNSPENT FOR 2026 = 389,986**General Fund**

| | | |
|---------------------------------|------------|---|
| Transfer In from PSST | 5,878,917 | |
| Pay Plan Implementation | -2,419,709 | <i>ongoing costs of pay plan</i> |
| New Personnel | -1,825,708 | <i>incremental and ongoing costs of new personnel</i> |
| 1 Firefigher | | |
| 1 Fire Data Analyst | | |
| 3 Lieutenant | | |
| 1 Sergeant | | |
| 5 Police Officers | | |
| 1 Wellness Coordinator | | |
| New or Expanded Technology | | |
| Axon One | -200,000 | <i>Updated Technology</i> |
| Flock Camera - Peregrine System | -141,500 | <i>Updated Technology</i> |
| Axon - Body Worn Cameras | -800,000 | <i>Updated Technology</i> |

Debt Service - existing Public Safety facilities

0 contribution toward existing Public Safety debt service

Ongoing Operating Expense Fire

-246,000 contribution toward ongoing operating expenses; examples:
 add'l costs w/ new staff: physicals, uniforms/supplies, training, tech
NEW: PPE requirements - annual external inspection/repair est \$100k/yr
 Inflationary expenses: technology, uniforms/gear

Ongoing Operating Expense Police

-246,000 contribution toward ongoing operating expenses; examples:
 add'l costs w/ new staff: physicals, uniforms/supplies, training, tech
 Inflationary expenses: technology, ammo, uniforms/gear

Enterprise Funded Capital (General Fund departments)

| | | |
|--|-------------------|--|
| Transfer In from PSST - contribution to fund | 1,500,000 | |
| Transfer In from PSST - contribution | 262,650 | |
| Vehicles for new Police Officers | -262,650 | <i>vehciles for new officers</i> |
| Fund Expenses as approved | -1,500,000 | contribution toward Capx for Public Safety (approx 80%) If Public Safety CapX is less than \$1.5M, the difference will be transferred to General Fund to cover ongoing public safety expenses |

Sales Tax-Funded Public Safety Capital

| | | |
|---|----------|-----------------------------|
| Transfer In from PSST | 638,447 | |
| Capital Expense: | | |
| Fire Station - Facility Set-Aside (TBD) * | -638,447 | <i>set-aside for future</i> |

-1,992,000

* Finance to establish a PSST Reserve Account for Set-Aside Capital funding.

2026 Public Safety Sales Tax Budget Adjustments:**AS PRESENTED AT 5/14/2025****Public Safety Sales Tax Fund**

| | |
|------------------------------|------------|
| Sales Tax Revenue | 8,670,000 |
| Transfer Out to CF | -6,478,917 |
| Transfer Out to Capital Fund | -1,162,650 |
| Transfer Out to PSST Capital | -638,447 |

NET UNSPENT FOR 2026**NET UNSPENT FOR 2026 = 389,986****General Fund**

| | | |
|--|------------|--|
| Transfer In from PSST | 6,478,917 | |
| Pay Plan Implementation | -2,419,700 | ongoing costs of pay plan |
| New Personnel | -1,825,708 | incremental and on going costs of new personnel |
| 1 Firefighter | | |
| 1 Fire Data Analyst | | |
| 3 Lieutenant | | |
| 1 Sergeant | | |
| 5 Police Officers | | |
| 1 Wellness Coordinator | | |
| New or Expanded Technology | | |
| Axon One | -200,000 | Updated Technology |
| Flock Camera - Peregrine System | -141,500 | Updated Technology |
| Axon - Body Worn Cameras | -800,000 | Updated Technology |
| Debt Service - existing Public Safety facilities | -1,092,000 | contribution toward existing Public Safety debt service (approx 50%) |

Enterprise Funded Capital (General Fund departments)

| | | |
|--|----------|--|
| Transfer In from PSST - contribution to fund | 900,000 | |
| Transfer In from PSST - contribution | 262,650 | |
| Vehicles for new Police Officers | -262,650 | vehicles for new officers |
| Fund Expenses as approved | -900,000 | contribution toward fund expenses for Public Safety (approx 50%) |

Sales Tax-Funded Public Safety Capital

| | | |
|---|----------|----------------------|
| Transfer In from PSST | 638,447 | |
| Capital Expense: | | |
| Fire Station - Facility Set-Aside (TBD) * | -638,447 | set-aside for future |

-1,992,000

* Finance to establish a PSST Reserve Account for Set-Aside Capital funding.