FINANCE COMMITTEE MINUTES

JANUARY 18, 1999

Regular Meeting: 8:00 a.m. Mayors Office

Attendees: Furness, Cosgriff, Zavoral, Costin, Kraft

Guests: None

OLD BUSINESS:

Reviewed and approved the minutes of the December 18, 1998 meeting

Comments on old items:

Zavoral reported that Bill Barnick had passed away recently and therefore the negotiation on the parking lot agreement has been postponed temporarily.

Costin reported he discussed the Finance Committee denial action on sharing parking ticket revenues with Airport Executive Director Shawn Dobberstein. Revenue

reports were sent to the Airport showing about $30,000 per year in fines assessed and about $21,000 per year collected. Shawn stated that the primary responsibility for security rests with the Fargo Police Department, and technically they could use the PD in lieu of the security service presently providing security protection. No action taken.

BPA was secured as the flex administrator and this has been set up by Human Resources effective 1/1/1999.

NEW BUSINESS:

1. 1998 PRELIMINARY FINANCIAL RESULTS FOR GENERAL FUND

The Committee reviewed the preliminary year end financial information. A overview memo and detailed revenue reports were distributed showing revenues exceeding revised budget by $ 808,395 or 2.5% of budget, and expenditures and transfers were reported under budget by $ 313,183 or .97%. The expenditure totals included the $400,000 transfer to the Revenue Stabilization Fund, and also a $450,000 transfer to the impound lot project which was previously approved from excess municipal court fines. The original plan was to pay for the impound lot over two years, however Costin stated that he transferred the $450k in 1998 because the excess revenues actually generated in 1998 were enough revenue to cover the transfer.

The memo also showed the general fund cash balance of $3,020,000, and increase of $1,468,000 from 1997 year end cash balance. The Revenue stabilization fund increased by $500,000 to a year end balance of $2,000,000.

Further discussion on year end encumbrance totals of $280,397 and final year end results coming in at 1.35% under budget ($432,786) , which is right between our goal of 1 - 1.5% savings in 1998. Costin reported that he felt that most of the savings were directly related to our favorable weather conditions in 1998, with many Public Works divisions being under budget, and that the Public Safety divisions had spent 100% of their budgets. He felt that there was some positive cooperation by Division Heads.

A summary of 1998 budget adjustments was also presented and discussed which shows current year supplemental appropriations of $ 1,970,912 or 6.6% of budget, and revenue budget increases of $1,784,784, or 5.9% of budget. Cosgriff inquired about our comfort level with current year revenue projections. Furness and Costin are comfortable with the initial budget projections, however, it was pointed out that a portion of the current years revenue excess (approx. $600,000) was from the administrative fees generated in 1997 but not transferred until 1998 on the 45th street project completed in 1998, and the excess liquor license fees.

The Committee reviewed the year end encumbrance listing by department. Approval was granted to carryover year end encumbrance and capital outlay balances to the 1999 budget for all departments spending less than current years budget.

2. CURRENT YEAR BUDGET ISSUES

A lengthy discussion on current years budget issues relating to the relocation of the Assessors and the Inspection Offices, Data Processing Issues, pay issues and potential Southside expansion of the RDO facility.

a. Assessors Office Move Costs

Memos from Ben Hushka, City Assessor, and Ron Strand, Building Inspector were reviewed which quantified their expected costs association with the move of offices. Hushka's budget request was $63,500, which included a $5,800 contingency line item, and Strand's request was $ 11,300. The Assessors Office will purchase new office furniture, and the Inspection Office will use the existing workstations currently in the Assessors Office. Committee approved and additional funding of $60,000, which added to the funding already approved for this project will provide for the equipment and lease costs associated with the move. Budget adjustments will be made to the Assessors and Inspections capital outlay accounts, and a new account will be set up in the Assessors Office accounts to track the lease payments.

b. Information Technology Issues:

Discussion continued on Data Processing needs pending, including the extra personnel costs which may be associated with hiring the Technical Services Coordinator. The 1999 budget contains a salary budget of $ 45,072, which is presently being used to pay Joe Blesi's contracted salary. Mr. Blesi's contract will be terminated once the new Coordinator is hired. Furness informed the Committee members that Joe has previously been informed about this. Other issues related to Data Processing include continuation of the Elert Technology report, and year 2000 issues.

Committee approved funding of $12,000 toward salary adjustments need to hire the Technical Services Coordinator, and $50,000 set aside for Year 2000 efforts and potential additional assistance.

c. Salary Issues

Zavoral and Furness presented information about pending pay issues including the salary inequities, market study, and the pending reclassification requests. Furness informed the other members that 43 reclassification requests were filed last year that have not been reviewed yet. Further discussion on how to resolve some these issues. Committee approved allocating $100,000 from the 1998 year end savings amount toward pay issues.

d. RDO Property Update

Zavoral informed the Committee that he has been in contact with the Park District about the preliminary plans for the RDO property and the potential for joint cooperation with the Park District and the Board of Education in purchasing the property. He would rather see the City of Fargo participation be as a renter of the space needed and the Park District and Board of Education could proceed with the purchase. No action taken.

e. City Commission Video Equipment

Zavoral described a plan for putting in monitor screens into the City Commission Chambers to enhance the public ability to follow issues during the meetings. A projection screen will also be used to project maps, and other information during discussions. Committee approved funding of $10,000 for project to proceed.

f. Transfer to Building Repair Reserve

Committee approved a transfer to the Building Repair Reserve to defray the current deficit balance created during 1998 with the major work done at the Central Garage facility. Total approved $100,000.

Summary of budget actions:

Year End Expenditure Positive Variance	$ 432,786
Allocated to:	
Assessors Move	60,000
Data Processing Salaries	12,000
Year 2000 Contingency	50,000
Salary Contingency	100,000
Transfer to Building Repair	100,000
Contingency (Purpose Not Specified)	110,786

4. CITY ATTORNEY'S CONTRACT EXPENSE FOR 1998

Cosgriff presented a request by the City Attorney's Office for payment for work on large projects in 1998. The contract was passed out and reviewed which contains a provision for billing of items which required more than 40 hours of work per project, per year. The land development code, franchise fee project, and tobacco control issues were cited as projects which fall into this category. Committee approved payment in accordance with the contract. Estimated cost of $15,000 to be paid out of the 1998 budget. These costs will not be allocated to functional areas, rather expensed directly to the City Attorney's Divisional budget.

5. AON RISK MANAGEMENT CONTRACT RENEWAL

Costin passed out the renewal proposal for review and requested that members review the proposal and we can take action at the next meeting. AON is requesting a renewal fee along with recommendations for current year project areas. He was in favor of renewal of the retainer, and the loss forecast, however wanted member to review the proposal prior to taking action.

Meeting adjourned at 9:00 a.m.

FINANCE COMMITTEE MEETING MINUTES

MARCH 1, 1999

Regular meeting was held a 8:00 a.m. in the Mayor's Office. All members present.

Furness, Cosgriff, Zavoral, Kraft & Costin

Approved minutes from January 18th meeting.

A regular meeting was scheduled on February, 1, however Costin & Kraft were unable to attend.

The following items were brought forward from the February 1, 1999 agenda packet.

1. Park District Request for Special Assessment Financing of Rose Creek Project.

Project financing needed is approximately $900,000 to be included in City's normal bond sale.

Committee approved using a special assessment district with the Park District being 100% benefited for the Rose Creek and RDO property relocation and acquisition.

2. Approved AON Risk Services, of Minneapolis to perform the following services

- 1999 Risk Management Retainer
- 1998 Liability Loss Forecast Report

Costin added that he did not feel it was necessary to include the third party claims audit as he had not experienced any problems in the transition from Alexis to RSKCO.

3. Water Billing Software Request by West Fargo

Kraft highlighted a request from the City of West Fargo to use the City's water billing software after it had been updated for year 2000 compliance. They are using the City created software now and are concerned about year 2000 compliance. Committee approved allowing West Fargo to have the

updated files. Kraft is to prepare and have signed a disclaimer of liability and make it clear that it is received “as is, without warranty” for compliance.

4. Stone Container Request for Monthly Billing of Baseball Stadium Suite Lease

Committee approved allowing a monthly billing for Stone Container for the existing baseball stadium lease. Costin will change them to monthly beginning with the 2000 season.

5. Year 2000 Budget Issues

Zavoral updated the Committee on know year 2000 issues discussed several scenarios which might be considered. Projects include Water Plant power, Public Works Building power, hardware and software, and data processing salaries. Furness suggested that data processing salaries be applied to the market study allowance currently in place and that the ITSC should be used for hardware and software replacements.

6. Civic Center Revenue Sharing Arrangement

Costin and Furness reviewed a plan for allocation of the Civic Center net income. The 1998 net was approx. 104K. During the 1999 budget meetings, the Civic Board asked for a more formal procedure for allocating the net income. The Budget team and Civic representatives tentatively agreed on:

50% - to be spent by the Civic Center on immediate capital needs as prioritized Board

25% - to be placed into a Civic Center escrow fund

25% - contribution to the City general fund

7. Exempt Employee Pay Issue

Costin, Kraft and Furness had meet with Carol Hutchison to discuss the crossover pay issue relating to exempt employees. Salaried employees are being paid their correct salary for the 1999 year, except for the rate reduction that was applied for the days reported for 1998. Committee wants to check the exempt listing against the actual paychecks to see who is affected before taking a position on the issue. Costin will work with HR to gather more data and will bring a listing back for the next meeting.

8. Liquid Cash Pool for Cash Management Pool

Kraft presented an idea for using a cash management (money market) pool for easing daily cash management needs. This pool concept would assure adequate pledging on a daily basis. Norwest has been reluctant to maintain higher levels of pledging and extra efforts are needed to move funds in an out on the same day to prevent have too little collateral coverage.

9. Convention Bureau Administrative Fee

Costin suggested that the City might exercise its option to use the administrative allowance up to 3% of the CVB receipts. Although the City has never withheld anything for administration costs he felt it may be appropriate. Cosgriff inquired how much cost would actually be associated with the collection and payments to the CVB. Costin and Kraft agreed it would be minimal, however, a certain amount of time is spent each month processing payments and retrieving files for the public who monitor collections. Costin stated that he had recently received a letter from Cole Carley of the CVB stating the Downtown Super 8 had not paid their lodging taxes since October, 199, He wanted to know if the City was the enforcement agent for collection of the tax, or simply the remitter of the tax receipts.

Bruce Furness was not in favor of charging the administrative fee. No further action.

10. Other items

Kraft informed the Committee that she did not feel that it was her responsibility to make any FLSA decisions relating to the payroll system, which should be referred to the Human Resources Dept for review and recommendations for implementation. Zavoral reported that Gary Stewart is working on various FLSA policy issues with Carol Hutchison. The Committee confirmed that Kraft was not responsible for these issues, however, felt it was important that assistance continue until remaining issues are resolved so that the HTE system is correctly set up.

FINANCE COMMITTEE MINUTES

MARCH 12, 1999

Regular meeting was held a 1:00 p.m. on March 12 in the Mayors Office. All members present.

Approved minutes from March 1, 1999 meeting.

1. Exempt Pay Payroll Review

Costin reported on the number of employees affected in the review of compliance in pay processing for the payroll generated January 15. Employees listed in the exempt policy were matched against the actual payroll registers to determine how they were paid. There are 92 employees in exempt positions. 49 were paid on a salary basis, while the other 43 were paid on an hourly basis. This inconsistency resulted from initial payroll set up errors in the employee master file. The following issues were raised:

- How do we resolve this issue?
- Has the current exempt policy been updated to reflect employees being accurately classified as exempt employees
- Should we get an independent evaluation of this and an audit of the master file setup?
- How should we educate and monitor divisional compliance with FLSA and City policy?

The Committee was not in favor of paying the exempt class of employees, as their annual pay totals for 1998 and 1999 are correct. A spreadsheet will be made to show employees how to prove out their annual salaries. This will be discussed at the Dept/ Division head meeting on March 15th.

2. CENTRAL GARAGE FUELING PROPOSAL

A funding proposal was approved for a fuel station reconstruction and equipment replacement project. Total project costs were $ 114,265, which includes a concrete reconstruction contract and a fuel station equipment proposal from O Day Equipment.

Recommended funding as follows:

Solid Waste Utility	$ 50,000
Central Garage Capital	28,444
Transit Capital Escrow	35,821
Total	$114,265

Discussion followed on raising funds for the general fund portion of the project. Committee approved recommending a fuel "markup charge" of six cents per gallon to be applied to the 1998 fuel usage. This will be sent to the City Commission for a budget adjustment as it was not included in the 1999 approved budget.

3. TRANSIT ISSUES

Zavoral reported to the Committee on the status of the contractor responses for driver services. There were three bidders for the service. City staff interviewed two of the three, including the incumbent, Laidlaw Transit Services. Both proposals contain a sizeable increase in overall cost, especially in the paratransit service area. Committee felt it was appropriate to have the paratransit dispatcher become a City employee to improve the checks and balance system currently in place. Zavoral reported that both contractors agreed to allow the City to concur with the contractors selection and placement of a project manager. The City would have the right to remove a project manager if we were not impressed with their skills and abilities.

More work needs to be done to quantify the budget effect and the potential to reduce the paratransit contract amounts.

4. NDSU SITE LEASE FOR THE FARGODOME

Costin reported that all financial information relating to the NDSU supplemental lease payments have been forwarded to Richard Rayl, of NDSU. He has spoken with Mr. Rayl who does not agree with the City's position of removing the parking revenues. He may send this on for an Attorney General's opinion. Further discussion on the roof related expenses and how they affect the payback to NDSU. All expenses related to the roof losses are being included in the payback calculation presently. All roof recoveries would be included in the income subject to the payback, if any. Committee felt that roof related expenses would continue for some time.

5. EMERGENCY GENERATORS

Zavoral reported on the need for emergency generators, not only for Year 2000, but also for the continued ability to run City facilities in the event of a natural disaster. The Water plant committee has evaluated to potential to have backup power using a single high capacity generator that would keep City services at normal flow. If a second generator were added NSP would enter into a rate reduction agreement. Other needs discussed included provisions for the Police Station, and making connections at the Central Garage for backup power. Zavoral is working with Bob Getz and Bill Rohrich to quantify the costs related to these projects. Costin reported that a residual balance remains in the 1997 flood account totaling approximately $150,000, which could be programmed toward these emergency needs.

6. BUS COACH BODY WRAP CONTRACT WITH NESS AGENCY

Zavoral reported that he has been in contact with the Ness Agency who would like to do a bus coach body wrap with Cass Clay. The approximate cost would be $8,000 for the wrap and Cass Clay has agreed to pay for the entire cost. The City has an existing contract with Trans-Ad, who up to this point has not been successful in selling a wrap. Staff will contact the City Attorney to see if our present contract can be modified or terminated with Trans Ad for body wrap coverage.

7. COMMUNICATION ISSUES

Costin reviewed the costs of the 1998 PBX phone conversion. The final cost of the project, $580,155 was 3.7% over budget, primarily because of the change order to remodel the communications room, which was not included in the initial proposal.

Zavoral reported that he has not heard any complaints about the new system, however, some departments desire to have lighted buttons on their main units so they can tell who is on the phone. The manufacture will be coming out with these units in the near future.

Costin asked for guidance relating to the bills he has received for expansion of the system in the Transit, Sewage, and Water. Each has received a bill for approx. $12k each to build out the system the same as other divisions. The original plan did not include them as part of the main system, and subsequently, a decision was made to include them. Committee recommended having the enterprise fund pay for their

systems and the PBX phone conversion fund pay for the transit system, due to their limited budget amounts.

Costin reported on the Wireless North contract relative to the City getting a $2,000 per month credit because of the initial problems encountered when this system was implemented. This credit stopped in September as Wireless North felt they had made progress in resolving the majority of problems with the system. Committee approved paying the open bills that were being held pending discussion on overall system performance. Costin will release a check for the past three billings. System performance will be discussed at the next Department Head meeting. Concern was expressed over the high usage levels noted for the Police Department units recently added. Their department was using in excess of 15,000 minutes per month or 60% of the initial contract amount. Cosgriff commented on the base minutes utilized at the time the contract was entered into being around 11,000 minutes.

8. PLEDGING ARRANGEMENT WITH BREMER BANK

Kraft showed the Committee members a report of collateralization that would be utilized by Bremer Bank to track City deposits. Specific daily identification is show in the report. Cosgriff suggested that this be forwarded to Dave Stende of Eide Bailly to get their concurrence of collateral coverage before utilizing this system. Kraft will forward to Eide Bailly for review.

Meeting adjourned at 2:30 p.m.

FINANCE COMMITTEE MINUTES
APRIL 26, 1999

Regular meeting was held at 8:00 a.m. on April 26, 1999 in the Mayors Office. Members present included John Cosgriff, Carol Kraft, and Kent Costin. Bruce Furness attended the latter part of the meeting, Pat Zavoral was not present.

1. Minutes of March 12th meeting approved.

2. Sidewalk Bond Interest Rate for Assessments

Costin wanted the Committee to know that State Law allows for a 2% interest surcharge over the financing rate of the sidewalk bonds. He is in the process of calling for bids on the 1997 and 1998 sidewalk construction. City practice has been to follow the 1.5% add on allowed over and above the interest rate on refunding improvement bonds**. Committee approved following existing practice.**

3. Banking Service Contract RFP

Kraft informed members that the banking contract would be coming due January 1, 2000. She has been contacted by other banks wondering if we will be calling for bids this year. Concerns were raised about converting due to the year 2000 problem and the amount of time and effort is takes to change all of the City automated linkages to various agencies. She recommended considering a five year contract the next time it was bid. Committee approved negotiating with Norwest (existing contract holder) for a one-year extension with no additional fees. Kraft will discuss with Brian Johnson our account representative.

4. Purchasing Card Program

Costin described a proposal to implement a City-wide purchasing card program. This program is offered by Norwest / Wells Fargo. The system would streamline the time and effort currently used to process

low dollar value purchase orders. Cards could be issued to employees responsible for purchasing. Standard industry codes (SIC) can be blocked if necessary to prevent unauthorized vendor activity. Bills would be downloaded from a file accumulated by Wells Fargo and automatically charges against our bank account. Account activity reports would also be available on-line. It is estimated that about 60 – 70% of processing time are spent on low dollar value items. **Committee approved looking into this further.** Costin will present at the next Department / Division Head meeting.

5. Bremer Bank Money Market Account

Committee approved use of collateralized money market account with Bremer Bank.

6. FINANCING PROPOSAL FOR EMERGENCY GENERATORS

Costin reviewed the cost of emergency power for City Hall, Civic Center, Police, Health and Central Garage. Power requirements were reviewed by Ulteig Engineering and more accurate cost estimates were provided. Total estimated cost of securing these locations using the lowest cost alternative for City Hall is $580,000. Adequate funding is available using flood residuals, alcoholic beverage license excess revenues, transit capital escrow, and the C-2 tax increment district for the Police unit.. Costin recommended using peak shaving rates to finance the City Hall site if all locations are done, due to cash constraints. Cosgriff commented that all of the area hospitals have emergency power, and the Community Health Center may not be considered mandatory.

Zavoral has been working on this project and Committee wanted further discussion from him on the need for all locations, and his feeling on final recommendations. Furness will also be consulted

7. BUDGET ISSUES

General Fund 1st quarter expenditure report was reviewed by the Committee. No major variances, except for Human Resources. Costin explained that formal budget action has not been taken by the City Commission regarding funding of personnel levels for this Office and current staffing levels exceed the approved budget. Cosgriff suggested that this be forwarded to Furness for follow-up and the formal budget actions by the City Commission.

Kraft expressed concern about the amount of unemployment expenditures that were paid relating to employees that have been discharged for cause. The bill for the first quarter was $ 17,748, which has been paid. She felt that they should be contested as the City historically paid these high amounts. This will be referred to Furness for discussion with Carol Hutchison.

The Transit contract for 1999 is being renewed on May 1st. Zavoral wanted the Finance Committee to know the budget effect. Because of his absence, this will be discussed at a subsequent meeting. The City Commission has approved the changes that resulted from the Transit Study conducted this quarter. The 1999 estimated budget impact is approximately $200,000.

8. YEAR 2000 BUDGET CALENDAR

Costin reviewed the 2000 budget calendar. Departmental access to the system will be granted earlier to allow for more time to key data. Also, more time will be allowed for budget meetings. August 9th preliminary target for initial presentation. The calendar will be handed out and reviewed at the next division head meeting.

9. 1998/99 CERTIFIED PROJECT LISTING

Kraft presented a listing of projects that are completed and ready for bond financing. The total as of this date is $ 9,722,676**. Committee set tentative bond sale for September 1, 1999.** This will allow the Engineering Department time to complete as many projects as possible to include in the bond sale and will replenish the overall cash position as the summer / fall season is projected to have a heavy cash demand. Committee felt it was appropriate to fund these projects with a bond sale prior to 9/9/1999 in the event that Year 2000 may become an issue which could have a potential effect on interest rates. Kraft will discuss with Mark Bittner the need to finish out projects to include in the bond sale.

10. UPDATE ON WEST SIDE DEVELOPMENT FINANCING

Costin handed out two bonding alternatives to be used on the West Side Development plan. Committee discussed using sales taxes to fund the deferred special assessments relating to RIB project to eliminate a drawdown of the debt service funds. Concept was approved pending approval of our bond council and the implementation of a special assessments deferral ordinance change. Plan call for multiple bond sales over the next couple of years. Cash flow projections were provided by FWW Financial, LTD. Costin will work with Dan Wiles to complete the modeling and present again to the full Committee.

11. AIRPORT BILL PAYING PROCEDURES

Costin reported that the Accounts Payable Division has been having on-going discussion with the Airport Authority relating to bill paying. They have been insistent that original invoices be sent to the Airport, and then entered into the system after the Airport Authority approves them at their meeting. The City policy is to use the approval process of the division heads, and process payments as divisional approvals are made. The Airport has been following the old process. Discussion about letting the Airport set up their own vendor accounts. No other departments are doing this and the Committee desires to keep the Airport operating within the existing payables system parameters. Costin to schedule a meeting with Dobberstein to discuss this situation.

12. PARKING LOT ISSUES

Zavoral topic deferred until next meeting.

13. HOME REPAIR SPECIAL ASSESSMENTS

Committee approved a home repair cost to be applied to special assessments in the amount of $9,850 for Leo Dougherty project. Ten year amortization at 8% interest.

14. REVIEW LEGISLATIVE CHANGES APPROVED BY THE STATE

Committee reviewed several bills that affect City operations including

HB1183 State Aid Distribution increase

HB 1492 Renaissance Zones

SB2003 Gaming Auditor Budget Cuts

SB2105 State Aid Distribution Clean Up Payment

SB 2128 Allows for Fees Up to $25/ hr For Compiling Records

SB 2307 911 Access Fees on Wireless Service

Committee recommended the following actions:

Contact Attorney General about funding Gaming Auditor as State Employee, instead of Locally.

Implementing $25 fee provision for compiling records

Furness is in the process of developing a Renaissance Zone Committee

15. IMPOUND LOT OPERATION INFORMATION

Kraft presented financial information relating to the new operator the runs the impound operation. Year to date net revenues through March, 1999 were $27,818.90 as compared to total 1998 net revenues of $10,013.78.

Discussion continued about billings from the previous operator. He has billed the City for 50% of the auction proceeds, plus a 10% override, and $1,200 for the storage of an impounded Jet Ski. Committee approved paying the normal 50% of the auction proceeds. No payment to be made for the 10% override or the Jet Ski storage bill.

16. DELINQUENT BILLING FOR FM-BEEZ

Costin reported that the FM-Beez has a delinquent accounts receivable balance of approx. $6,500. Cosgriff reported that the team was being sold. This will be handled in our normal collection process. Gary Stewart will be consulted and either pursue through collection agency or small claims court.

FINANCE COMMITTEE MINUTES

MAY 10, 1999

The regular meeting of the Finance Committee was held on May 10, 1999 in the Mayor's Office. Members present: Cosgriff, Zavoral, Kraft & Costin. Members Absent: Furness

1. The minutes of the April 26th regular meeting were approved. Draft minutes had been amended to add items

2. Carryforward Items:

The transit contract approved by the City Commission has a $230,000 budget effect for the current budget year. Zavoral informed he has requested a written notification from West Fargo for a one-year extension of their contract due by June 1st.

Discussion followed on the emergency power requirements for the City Hall/ Civic complex and the Community Health Center. Zavoral informed members that a generator has been ordered for the Police Department. The Committee felt that the Community Health Center could use either a portable or contract with area hospitals have develop a disaster backup plan. The need to secure the Civic Center depends upon whether or not with would be an emergency shelter location or not.

3. Special Assessment Deferral Ordinance

Costin presented a proposed ordinance for the deferral of special assessments. Both options provide for a deferral as needed, however, they vary in that one option requires contracts to be signed by the landowners prior to resolutions of necessity, while the other option simply requires a City Commission resolution. Discussion followed on which option would work the best for the City to eliminate any potential exposure. **Committee favored option B that calls for signed contracts with landowners.** Costin will check with City Attorney Gary Stewart for an opinion on the difficulty we might experience in securing these contracts.

4. Park District Request to Lower Assessment Fees

Costin presented a request from the Park District that he had already acted on relating to assessment fees charged for assessment districts. The Park District requested that the 5% assessment fee be lowered to actual costs, because the assessment district was for only one parcel, and one district. Jim Larson of the Park District was informed that this was the City policy and that they were lowered from 10% to 5% in previous years. **Committee agreed to assess the normal 5% fee.**

5. Cushman Replacement Vehicle

Costin presented a request on behalf of Bill Rohrich relating the Police Dept. Cushman scooter that was totaled in a crash last week. Rohrich was suggesting either replacing with another Cushman or going to another model that had an automotive transmission system and was a better quality unit. There was an $1,800 difference in cost between these units. Zavoral suggested that we check with Global Electric to see if they are being manufactured locally and if an electric unit would work for the Police unit. **Approval given to proceed with purchase after checking with Global Electric.** Cost of new unit is appox. $18,000. Cost of electric unit is about $7,000. **Funding from the vehicle reserve fund. The City expects about $7,000 in insurance settlements.**

6. REVENUE STABILIZATION FUND TRANSFER

Costin presented a proposal to transfer funds to the revenue stabilization fund from excess revenues not anticipated during last years budget development. Additional funds have been received for State Aid, alcoholic beverage licenses, estate taxes already this year. Projected revenues for building permits, court fines, and capital project administrative fees look strong through April. Discussion followed on existing deficits in the building repair escrow, and the computer replacement funds. A funding mechanism is in place to pay these back over time. Cosgriff suggested that it may be appropriate to make it a budget policy that we will fund at least $500,000 per year into this fund as our commitment in building up fund balances for times when growth is not so strong. A contribution of $500,000 was made in 1998 and the current reserve balance is $2,000,000. **Committee approved $500,000 transfer pending further discussion with Furness on overall budget strategy for 1999.**

7. ENGINEERING REQUEST FOR CONTRACT CIVIL ENGINEER

A request in the amount of $22,502 was approved for a contracted civil engineer to fill in during a maternity leave. Funding from the projected excess capital project adminstrative fees.

8. YEAR 2000 BUDGET GOALS

Costin reported that he was ready to send out the budget information to Divisions. Last year the Finance Committee suggested appropriate budget levels for Divisions to follow as the work up their requests. **Committee wanted to do this again for 2000, however, Furness should be consulted.** There will be an emphasis on long range planning this year in the capital area so we can get a better feel for upcoming capital needs. Cosgriff asked if we have been updating the five year projections of revenue and expenses. These have not been updated. Zavoral suggested that they previously presented such a dismal picture and were not that realistic because of the impact of economic growth in the Community.

9. OTHER ISSUES

Zavoral reported on the concept of an "organized collection system" for commercial garbage collection. This would require long term contracts with private haulers. He is working with Bruce Grubb and Gary Stewart on this issue.

Zavoral reported that a decision would have to be made in the future on commercial water meters. City has a 17 – 20% water loss ratio, whereas, industry standards are around 10%

Kraft reported she thought NSP was going to a remote reading system. Inasmuch as NSP is contracted to do the City meter reading, they should be contacted to see what the plan is for their system replacements. Cosgriff wondered if our utility billing could be contracted out with NSP. Kraft will follow up on this issue to assure continued service from NSP.

FINANCE COMMITTEE MEETING MINUTES
JUNE 24, 1999 REGULAR MEETING

Finance Committee meeting was held on June 24th, 1999 in the Mayors Office.

Members Present: Furness, Cosgriff, Zavoral, Kraft, Costin

Guests: Mark Bittner, Dan Wiles of FWW Financial

1. Minutes of the previous meeting were reviewed and approved.

2. SPECIAL ASSESSMENT DEFERRAL ORDINANCE

Discussion of implementing an ordinance that describes the City's authority to use special assessment deferrals in project financing. Brian Neugebauer has drafted proposed ordinances, Option A and Option B. Costin visited with City Attorney Gary Stewart and he is in favor of creating the ordinance. Option A would require a City resolution describing the deferrals, while Option B would require a resolution and signed developer contracts. City has been getting signed developer contracts as a matter of policy. The group was in favor of Option A, which allows more flexibility in project management, and would enable the Engineering staff move projects along quicker. **Committee approved implementing the ordinance at the next City Commission meeting**. A meeting to review proposed ordinance provisions will be scheduled with Gary Stewart.

3. BOND FINANCING PROPOSALS FOR 1999 CAPITAL PROJECTS

Dan Wiles of FWW, Financial, (financial consultant) reviewed various financing cash flow models for the 1999 and beyond relating to bond financing plans. An accelerated bonding plan was reviewed and discussed because of the increased need to fund the expansions planned by the Engineering Division and the City Commission. **Committee favored the plan that uses sales tax proceeds to fund Refunding Improvement Bond Deferrals, and the Sales Tax Bond plan that has two issues of $15 million per year over the next couple of years.** Mark Bittner described their needs to begin on the capital projects already approved by the City Commission on March 22. **Committee approved proceeding based upon the financing plan presented.**

Bond Schedule:

Refunding Improvement Bond Issue of approx. 12 million on September 1, 1999 with a sales tax issue based upon the amount of sales tax funded projects, potentially before year-end or early 2000. Sales tax issue will have to be monitored closely for effect on overall City cash balances.

4. BANKING CONTACT EXTENSION WITH NORWEST BANK

Kraft presented a proposal from Norwest Bank for extending their banking service contract until April 2000 with no fee increases. A one-year extension would include a $151 per month increase due primarily to sorting bus tokens at the bank**.** **Committee approved the one-year extension**. No further action necessary.

5. HEALTH CARE BUDGET / STRATEGY

Costin included information from AON Risk Services that highlighted health care cost trends for private health insurance and prescription drugs. Prescription drug costs have averaged 10 – 14% annual increases for the past three years. **Costin will schedule a special meeting with AON and BPA with the Finance Committee to discuss plan strategy for the upcoming budget year, tentatively in mid July.**

6. ELECTRONIC HOME DETENTION SERVICES

A letter from Alternative Corrections, Inc. was reviewed and discussed relating to electronic monitoring services. This company would like to bid on the service. Furness explained that Center, Inc. is currently being used and that the overall service is "bundled" with other prisoner services such has health care, counseling, and other services. Discussion followed about the need to consider bidding this service because of the large increase projected for 2000. **Committee felt this was more than just the monitoring services as presently being contracted**. Costin will check on the status of the current contract with Center, Inc. and visit with Court Administration about this issue.

7. MUNICIPAL COURT REQUEST FOR BUDGET ADJUSTMENT FOR CAPITAL

The Municipal Court Division submitted a request to remodel one additional office in their work area that is not being presently used. They desire more customer counter space and advocate using excess Municipal Court Fines to fund this project. Discussion followed on the current months drop in court fines and the estimated future projection of fines. **Committee approved request and will incorporate into the 2000 budget as a 1999 amendment in the amount of $ 13,500.**

8. SOLID WASTE 1998 CAPITAL BUDGET CARRYOVERS

A memo from Bruce Grubb was reviewed with the Committee. Year end carryovers of unspent capital allocations from 1998 were requested to be carried over into 1999**. Committee approved requested adjustments.** These adjustments will assist in the final payments relating to the household hazardous waste facility recently completed and were planned for in the 1999 budget requests.

9. TRAFFIC SAFETY PROGRAM HOME OFFICE EXPENSES

Costin informed the Committee that the Traffic Safety Program is currently paying for home office expenses, including the cost of a basic phone service. Discussion followed on the reporting structure of this grant funded program. Committee requested that the State of North Dakota Traffic Safety Division be contacted to see if this is an eligible expenditure. The City is currently providing office space in the Ground Transportation Terminal (GTC) and the home office is set up out of town. Costin will call the State and see what response we get. This type of expense is not being reimbursed for any other employee class in the City of Fargo. Discussion also followed on the Health Insurance granted this employee. Cosgriff suggested that we evaluate the risk of having contracted employees in our Health Insurance group. He suggested that a private contract could be purchased for this position instead or an allowance for the cost of the insurance.

10. CITY ATTORNEY CONTRACT BILLINGS

Bills amounting to $19,091 were presented by the City Attorney's Office for excess projects over and above the current contract provisions. The projects listed included franchise/ right of way issues (68 hrs.), tobacco compliance (58 hrs.) and Land Development Code (68 hrs.) Costin reported that these had already been approved at the January 18th Finance Committee but wanted members to see the time being spent in these areas.

11. PARKING LOT ISSUES

BNSF will be selling various parking lots adjacent to the railroad right of way. Jim Gilmour forwarded a listing of lots. Furness reported that Gary Stewart will be meeting with BNSF about potential purchase of the lots and will report back at a subsequent meeting. The concept of a Parking Authority was discussed briefly. No action taken.

12. TRANSIT ISSUES

Brief discussion of current transit management issues.

FINANCE COMMITTEE MINUTES

AUGUST 16, 1999

Regular meeting held at 8:00 a.m. in the Mayors Office

Attendees: Furness, Cosgriff, Zavoral, Kraft & Costin

Guests: None

1. Approved minutes from last meeting

2. Consider Elert & Associates Computer Standards Setting Project

Zavoral presented a proposal from Elert & Associates as a continuation of the existing contract to do formal standard setting City wide for computer systems, software, security, and setting up a formal training program. Cost of proposal was about $25,000. **Committee approved continuation of this phase pending identification of funds to do the project. Costin will look for funding alternatives**. Estimated cost would be $20,000 if the training portion is not included.

3. Fixed Asset Policy Update

Costin suggested a policy update for fixed asset tracking to include only assets with a unit value of more than $1,000 that lasts at least 2 years**.** Assets with a unit value less than this amount would be tracked by Divisions using whatever method they choose. This policy change follows the GFOA Recommended practices guidance. **Policy change approved, to be forwarded to the City Commission for final approval.**

4. Central Garage Request to Dispose of Transit Van

Bill Rohrich sent a letter requesting permission to sell an old transit van to Riverview Place for $2,000. Committee discussed federal asset disposition guidelines and recent auction sales pricing**. Committee approved selling this unit as requested.**

5. Review Current Year Assessment Deferrals in the 1999 Special Assessment Certification

This item was deferred to the next meeting, as the final figures are not ready yet. Cosgriff informed the Committee that FWW had advised him that some governments are using an on-line bond sale bidding process through the internet called MuniAuction.com. He suggested that this be evaluated and considered for the next bond sale. Costin will discuss in detail with Dan Wiles of FWW Financial.

6. WestSide Expansion Update

This item was deferred to the next meeting, as Mark Bittner was unavailable for the meeting.

7. FM Beez Billing

Costin informed the Committee that a settlement offer was proposed to the City on the delinquent balance for the FM-Beez. They owe the City approx. $6,500 and tendered a check in the amount of approx. $2,800. This was referred to Gary Stewart for a legal opinion. He concluded that the City should deposit the check and send a letter to their Attorney that we do not consider this payment in full and that they are still obligated for the balance. **Cosgriff suggested that normal collection actions should be taken.**

8. Municipal Court Electronic Monitoring Contract

Discussion on the need to consider an RFP for Electronic Monitoring Services which are presently bundled with the Center, Inc. contract. **Zavoral volunteered to be on a Committee with Court Administrators to consider this.**

9. Information Systems Director

Committee discussed filling the Information Systems Director position and the timing of when this should be done.

FINANCE COMMITTEE MINUTES

SEPTEMBER 13, 1999

Regular meeting held at 8:00 a.m. in the Mayors Office

Attendees: Furness, Cosgriff, Zavoral, Kraft & Costin

Guests: Mark Bittner, City Engineer

1. Approved minutes from last meeting

2. Civil Engineer Market Pay Request

Mark Bittner explained that the Engineering Division has been trying to hire a Senior Engineer to replace Vern Tomanek who gave notice earlier this year. They are experiencing difficulty filling this position with qualified applicants. They have tried publishing twice within the 250 mile radius normally used. No qualified applicants have appeared. Bittner stated that Grand Forks has recently enacted an 8% market adjustment to keep their Senior Engineers on board.

A market adjustment effect would effect three employees in the Engineering Division. Discussion followed on potential pay grades that might be suggested. Data processing staff market adjustments called for two pay grades above the current pay levels.

Committee approved forwarding this to the Personnel Committee and also the need to add this position to the market study listing for 2000.

3. West Side Development & Expansion Update

Mark Bittner reported that the capital plan for the West Side expansion is still on schedule, except for the 42nd & 40th Ave. project that may be pushed into 2000. No special assessment districts have been created south of 32nd Ave. as of this date. Brief discussion followed on the new special assessment deferral ordinance and that this was limited to 10 years in the current ordinance. The new ordinance provision will be incorporated into letters to developers**. No action taken.**

4. Sales Tax Bond Issue Timetable

Committee discussed the need to complete a sales tax bond issue before year-end. This issue will be used to fund current and next year sales tax projects, plus anticipated deferrals currently programmed for 2000. There is also a need to enhance the City's overall liquidity (cash balance) before year-end to address the concerns express by Standard & Poors during our last bond issue's financial review. Costin reviewed a cash flow projection for the capital improvement fund. A 15 million dollar issue size was proposed for November, 1999**. Committee approved proceeding with the sales tax bond issue.**

5. Variable Rate Financing

Cosgriff presented an overview of variable rate financing as proposed by Dain Rauscher. This concept would lower the overall interest rates paid on fixed rate bond issues and would allow the savings to be directed toward fund balance enhancement goals or permanent funding for the building repair fund. Other larger Cities are routinely using this financing approach. Cosgriff and Costin will get more information on this type of financing and verify the results with Cities that have actually incurred this type of debt. This will be revised at the next meeting.

6. Discuss Year End General Fund Financial Goals

Costin suggested that we set a year-end goal for any potential resources that have not been programmed in the budget. Mayor Furness suggested that we take any excess into fund balance as this is a good year to save any revenue surpluses. Further discussion on spending controls and any incentive ideas to Divisions for coming in under budget**. Committee agreed to prepare a priority listing for the next meeting, and that most of the excess would be pledged to a general fund balance goal.**

7. City Attorney Contract Renewal

The City Attorney's Office has submitted a request for a long-term contract renewal for legal services, with an initial increase followed by cost of living adjustments. Discussion followed on the existing contract provision, amounts, and historical vendor payments to the firm. Zavoral suggested that historical knowledge of City operations is essential. Furness suggested an alternative payment method. **Committee approved to negotiate an alternative offer with the City Attorney's Office. Costin will verify budgeted amounts.**

8. NDSU Technical Park Financing

Zavoral updated the Committee on discussions he had with Richard Rayl of NDSU. They are planning on constructing a 60,000 sq. ft office complex west of the Dome and this will be referred to as a "Technical Park". The Mayor suggested that the City could offer conventional economic incentives such are tax exemptions etc…, however outright cash grants would not likely be made. This is scheduled for completion in late 2000. **No action taken.**

9. NDSU Parking Ticket Sharing Agreement

The provisions of the existing revenue sharing agreement with NDSU were reviewed. The City is now paying NDSU the 100% of the ticket revenue for tickets written in the NDSU Campus and related buffer area. Zavoral suggested that the City should retain more ticket revenue and the administrative allowance be revisited as it has not been updated since 1994. Costin will gather the information about tickets and prepare an updated administrative cost budget reflective of 2000 budget levels.

10. American Express Corporate Card Program

Committee discussed problems associated with delinquencies relating to the AMEX Corporate Card Program. As it has currently been established employees can use this card for personnel and business expenses, however, it must be paid up in full on a current basis. Committee approved plan to have employees who are in a suspension mode (more than 90 days delinquent) receive a letter from the City to be put in their personnel file, as well as being referred to the Employee Assistance Program.

FINANCE COMMITTEE MEETING

DECEMBER 6, 1999

Attendees: Furness, Cosgriff, Zavoral, Kraft & Costin

Guests: None

1. Minutes from Previous meeting approved.

Minutes from the October meeting were reviewed and approved.

2. Sales Tax Revenue Flow of Funds

Costin reviewed a spreadsheet graphic that describes the flow of funds for the infrastructure sales tax. The accounting procedure has been changed to adapt to the bond covenants. Kraft has programmed a report that can be run to track spending and transfers in and out of the sales tax funds.

3. Liquor License Auditing

A RFP for liquor license financial compliance auditing was sent to Eide Bailly for response. This will be brought back when a response is received.

4. Year To Date Expenditure Report

A year-end spending report was distributed. The general fund was under budget by

6% for operating divisions. Some further discussion on plans for year end surplus. Furness confirmed previous discussions to add to the revenue stabilization fund, technology, and other needs that might be identified in the future.

5. Engineering Request for Additional Staffing in 2000

The Engineering Division submitted a request for funding of overtime and part-time to finish off the 1999 and to begin development of the 2000 projects. Historically, as a matter of budget policy we normally consider this at budget time, however, based upon their immediate needs and plans to immediately begin spending their 2000 budget earlier than a typical year, Mark Bittner was requesting a $50,000 supplemental appropriation for 2000. **Request approved by the Finance Committee.**

An employee was put on contract in 1999 to cover a maternity leave. A request was made to continue this contract through the 2000 year. **Request denied for the entire year, however, funding was approved through June 30, 2000, in the amount of $ 22,135.**

This will be forwarded to the City Commission for their review and consideration.

6. Water Division Request Capital Missed in 2000 Budget Development

Costin reviewed a request from Bill Rohrich to include items submitted for the Water Division vehicle needs during the budget process that was not keyed into the system. Normally, Division heads key the information into the system, however for vehicle purchases Bill has been forwarding a spreadsheet to the Finance Office who keys into the related accounts. During the process in 1999 the Water Division was inadvertently omitted. A request was made but never entered into the budget totals. An alternative procedure has been worked out with Bill for future requests. Division Heads will be required to key in their vehicle items to their divisional budgets and then forward a listing to Bill. This will assure the appropriate verification of requests at the divisional level

Committee approved including as a 2000 budget line item.

7. Phone Equipment Purchase from Fargo Board of Education

A letter was received and discussed about the potential to purchase used Harris phone equipment from the Fargo Board of Education. Needs have been identified for the Transit remodeling project and the Sewer Plant. **Committee expressed interest in pursuing this option** based upon the very favorable pricing and condition of the related equipment. The equipment being replaced is from 6 months to three years old and is compatible with our Harris switching systems.

8. Health Plan Stop Loss Renewal

The renewal for the stop loss insurance from Gerber was discussed. The current policy has a $65,000 individual stop loss threshold and a $50,000 aggregate limit that covers the entire plan. Raising the aggregate limit to $55,000 would save the plan approx. $6,500 in premiums. Cosgriff felt that health insurance costs are trending upward and this would be an opportunity to potentially save some fixed costs. Committee approved renewal of the stop loss coverage with Gerber, revising the aggregate limit to $55,000 with an estimated annual premium of $ 132,540.

9. Health Care Plan Provider Contract Renewal Strategy

Costin reviewed the proposed health care provider strategy for 2000. BPA has recommended that we ask for an extension of our existing contract until April 1, 2000 and follow up with final offers after evaluating our overall plan performance. We will have a better sense of other regional information by then to assist in developing our final proposal. **Committee approved the proposed renewal strategy.** Costin said renewal letters are ready and will be sent today.

10. 1998 & 1999 City Employee Pension Match Reporting Error

The 1998 employee W-2's did not report the City employee pension section 457 deferred compensation match as social security wages. As a result the City did not pay payroll taxes on the unreported eligible wages. A research opinion was distributed from Eide Bailly describing how we should resolve this problem. They recommended preparing corrected W-2's for 1998, and withholding the employee portion as a deduction for both 1998 and 1999. This has been discussed this with CBI and they can assist in the filing of W-2's. This does not affect federal or state taxable income, just social security and medicare wages. Further discussion on how the deduction should be handled. Committee considered pulling the entire amount of approx $45 out of the last check in December or allowing more than one deduction period to lessen the impact to the employees. **Committee approved pulling the entire amount in December, as the last check does not contain normal deductions because of the bi-weekly cycle.** Zavoral suggested that this would be discussed at the Department Head meeting today for final recommendation.

11. Federal Grants Administrative Policy

A copy of the proposed federal grants administrative policy was reviewed. This stems from last years audit comments related to our internal grant handling procedures. This policy clarifies direct communication between the Finance Office and other Divisions, and recommends City Commission approval of all grant agreements, and grant applications that exceed $25,000 in local match resources. **The policy was approved by the Committee, and will be forwarded to the City Commission for final adoption.**

12. Forestry Division Request for Supplemental Funding for Tree Trimming for Wind damage

A letter was received from Scott Liudahl of the Forestry Division requesting supplemental funding in the amount of $ 12,672 to finish cleanup of damaged trees during the winter season. This is directly related to the July 4th windstorm. The funding source would be from FEMA equipment allowances reimbursed by FEMA. **Committee approved this project and funding mechanism. Budget adjustment request will be forwarded to the City Commission for final approval.**

13. Police Software Agreement

An agreement has been drafted to purchase any and all software rights from Harlan Pratt for the Police Department software code that was developed prior to his employment with the City of Fargo. The contract provisions call for total payment of $15,000, payable in annual installments of $3,000 from 2000 through 2004. The need to secure all ownership rights for the Police Dept. software was listed in the Elert technology study action listing. **Committee approved forwarding this contract to the City Commission for final approval.**

14. Xeriscape Contract Extension

Approved contract extension for the Xeriscape Project Manager for a one-year period. Funds have been programmed into the Forestry Division budget for 2000.

15. Uniform Sole Source Procurement Request

Approved a sole source procurement request for Police Dept. uniforms. Total procurement was estimated at $30,000 and the Police Dept. is requesting this because of the need to fit the uniforms locally.

16. Tax Forfeited Lots

Kraft reviewed two parcels of land that was received from the County for tax forfeitures. She requested assistance in setting the price of the lots. The City will have to wait for a 3 months before selling to allow for potential liens to clear. Lot 18, Red River was priced at $10,000 based upon information on file from the City Assessors Office and the current and delinquent special assessment balance of $ 9,400. Lot 1, Block 6 of Harwoods 1st was not priced.

17. Mileage Reimbursement Rate for 2000

The IRS mileage rate for 2000 has been increased to 32.5 cents per mile. The City's policy has been to follow the IRS rate. **Committee approved increasing the mileage reimbursement rate to $ 32.5 cents.**

18. Downtown Security Funding

Jim Gilmour requested renewal funding for the Downtown Security program. Total request was for $20,000 to be funded $10,000 from the Parking Authority and $10,000 from CDBG. **Request approved.**