

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF CITY COMMISSIONERS
HELD AUGUST 26, 2015

Pursuant to due call and notice thereof, a special meeting of the Board of City Commissioners for the City of Devils Lake, North Dakota was held at the City Offices on Wednesday, August 26, 2015 at 12:00 P.M. with the following members present: Commissioners Tim Heisler, Craig Stromme, Dale Robbins and President Richard Johnson. Commissioner Rick Morse was absent. Others present were Police Chief, Fire Chief, City Assessor, City Engineer, Forward Devils Lake Executive Director, Tourism Director, Public Ways Supervisor and City Administrator.

President Johnson said that the purpose of the meeting was to open bids on a project and to discuss the 2016 Preliminary City Budget.

12:00 P.M. - This was the time set for the bid opening for Water, Sewer and Street Improvement District 60-15 – Cenex. The following bids were opened and read:

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|----|---|-------------|--------------------|
| 1. | Spruce Valley Corporation - Middle River, MN
License No 25427A | Bid Bond 5% | Bid \$1,222,418.80 |
| 2. | Wagner Construction Inc dba Wagner Place – International Falls, MN
License No 26283A | Bid Bond 5% | Bid \$1,292,725.50 |
| 3. | BEK Consulting LLC – Dickinson, ND
License No 47547A | Bid Bond 5% | Bid \$1,468,577.00 |
| 4. | Meyer Contracting Inc dba Meyer Con Inc – Maple Grove, MN
License No 40415 A | Bid Bond 5% | Bid \$1,421,479.40 |
| 5. | Naastad Brothers Inc – Hatton, ND
License No 2904A | Bid Bond 5% | Bid \$1,389,822.10 |
| 6. | Utility Systems of America Inc – Eveleth, MN
License No 29152A | Bid Bond 5% | Bid \$1,769,054.00 |
| 7. | Robert Gibb & Sons Inc – Fargo, ND
License No 101A | Bid Bond 5% | Bid \$1,297,613.00 |

Commissioner Stromme moved to accept the bids as read, and refer them to the City Engineer for further review and recommendation. The motion was seconded by Commissioner Heisler, and the motion carried unanimously.

Bid results will be reviewed, and the project awarded at 1:00 P.M.

The City Administrator reviewed with the Commission a copy of the revenues and expenditures for the General Fund.

1000 – GENERAL FUND

General Fund Revenue – Sales tax was decreased to \$3.3 million with 35% going to the general fund. State aid was increased slightly and is based on the League of Cities' estimate.

Transfers in – Money had been put in the equipment reserve for equipment for the Police Department. Two squad cars for the Police Department are included in the budget with \$40,000 coming from the reserve. The A/L/E was based on completing \$1,000,000 in projects.

General Fund Expenditures

Non-Departmental – The amount for the human resource consultant remained the same. The amount for the IT person was increased by the 2% COLA. The computer line item was increased to \$30,000 for computer server, for getting everyone on the same version of software, and for evaluation software and infrastructure software. Rent for LEC was increased by \$4,000 for the additional space the Police Department will be utilizing. The LEC Board was increased some.

City Commission – The City Administrator did a survey and recommended increasing the salary for the mayor to \$1,000/month and increasing the salaries for the commissioners to \$700/month. Wages were increased to be in line with the average wages.

Commissioner Heisler asked about commissioners receiving a stipend for their personal cell phones.

Commissioners Robbins stated he was uncomfortable with receiving an increase in his salary.

Commissioner Stromme stated he doesn't want to look at both the phone compensation and the salary increase. The phone compensation can be looked at next year.

Commissioner Heisler doesn't have a problem with the increase since they are not close to some of the larger cities.

Discussion followed on what the others cities close to our size do. The cell phone stipend would be taxable.

Commissioner Robbins said he was not in favor of the raise. He is fairly compensated and is concerned about public perception.

Commissioner Stromme said he has a hard time with getting such a large percentage increase when he will be questioning 10% increases on some of the boards he serves on. A 10% increase is too aggressive. He proposed making the adjustment over a few years.

President Johnson stated it could be a big change with the oil refinery. The last couple of years the Commissioners had received the cost-of-living increase, but hadn't had raises for several years. If we had been taking the cost of living increase over all those years, we would be at that dollar amount now. Sometimes you do need to do a catch-up.

Consensus was to make the change over two years with 5% this year and 5% next year.

Municipal Judge – Same as this year.

Auditing Department – Same as this year.

City Attorney – The legal fees were lowered.

Assessing Department – Same as this year.

Engineering Department – Same as this year. Discussion followed on the engineering fees for projects.

City Hall – Based on normal costs. Commissioner Robbins inquired about putting in a line item for architectural design for an addition. This item was coming out of the 2015 budget.

Police Department – Two squad cars were included for 2016. Forty thousand dollars will come from the equipment reserve for the cars. Discussion followed about allocating funds yearly for equipment replacement for the Police Department.

The Police Chief requested moving a patrol officer to supervisor. The Department currently works on a 12-hour schedule with four shifts, but only three supervisors. The supervisors rotate with the people they supervise. The one shift is covered by a senior officer who is doing all of the work as a supervisor, but not getting paid as one. Also, evaluations are being done by a supervisor for employees not under his supervision. It would cost approximately \$5,500 in salary and benefits to make this change.

Consensus was to promote one of the senior officers to supervisor.

Fire Department – Funds were added for work on the training tower. Two thousand dollars were added for annual physicals for full-time employees due to Workers' Safety Insurance. Employees would be covered for benefits.

The Fire Chief inquired about installing LED lighting in the apparatus building. It would cost about \$6,171, but would double the brightness. They would replace 24 fixtures at \$237/fixture, and payback would be 45 months. This does not include the installation since the employees would install the lights. The current fixtures are 30 years old.

Consensus was to do this project in 2015 and amend the budget.

The Fire Chief also stated LED lights were completed on College Dr from Hwy 2 to the viaduct. To complete the rest of College Dr, go to Hwy 19, come down 6th St and go 5th Ave all the way back to the highway would cost \$38,690 for approximately 73 lights.

The City Administrator said this may be able to be completed this year since some infrastructure projects are not going to be done.

Street Department – Gas was decreased.

Discussion followed on the gas contract and on the reasons for the 2015 projected surplus.

Forward DL – Rachel Lindstrom highlighted the following items for the Forward DL 2016 budget:

1. Kept sales tax at \$85,000 in order to continue with having an administrative assistant;
2. Increased mill levy;
3. Increased memberships - changed to be more like investors; use newsletters to keep investors updated;
4. Increased salaries by 4%;
5. Increased legal and accounting;
6. Increased advertising, printing & marketing - includes ½ trade show;
7. Web page decreased from this year; however, 2015 included getting a whole new web site; 2016 is for video coverage for new and old industrial parks.

Commissioner Robbins inquired about the temporary employee. This employee works 30 hours/week, and the salary is just over \$23,000. Discussion followed on this being a part-time, temporary position and not a permanent part-time position. The Forward DL board approved the part-time employee staying on as a permanent employee. Also discussed was the number of economic personnel in other cities and if all the entities in the Chamber building work together.

Commissioner Robbins thought this temporary, part-time position would be going away and is not in favor of continuing it.

Rachel Lindstrom stated she would have to cut the number of items she would be doing if the position was eliminated.

Commissioner Robbins stated once you have someone, it is hard to not keep them. We're going where we have a full-time, part-time employee which could be a full-time second person.

Commissioner Heisler stated Forward DL has a board, and they approved this.

President Johnson inquired about the rent & clerical line item. Rachel Lindstrom stated rent is \$1,500/month.

President Johnson stated originally this item included rent and clerical. We have dropped off the clerical where is the reduction in the rent? Discussion followed on what clerical assistance was received and not receiving any reduction once the clerical assistance was dropped.

Another issue President Johnson had was city employees got a 2% cost-of-living increase. This should be consistent with other agencies that work with us.

Discussion followed on wages and retirement for Forward DL and on the position being presented as temporary, part-time.

President Johnson asked what items she would have to drop. Rachel Lindstrom responded the newsletters, and that the answering of phone calls and the bank stuff – the daily tasks weren't getting done. Discussion continued on the job description of the part-time person.

It was noted the operation line items includes office supplies, postage, mailings, printing, copying supplies and telephone.

The City Engineer reviewed the bid tabulation for Cenex. The only item that did not check was under Utility Systems which was the high bid. According to the development agreement, Cenex will be the one entering into the contract and making payments to the contractor. Cenex will develop the progress pay estimates, and the pay estimates will be reviewed by the City. However, the construction bond will have the City as a second to make sure the City is covered.

Tom Haahr, General Manager of Cenex, stated Cenex concurs and suggested the City accept the bid from Spruce Valley.

The City Engineer stated the bids and line items were for the most part within a reasonable distance of each other. The difference on the engineer's estimate and the bid for borrow was discussed.

Cenex's engineer will prepare the pay estimates, and the City Engineer will receive copies of those. Change orders will need to be approved by the City.

Commissioner Robbins moved to accept the bid from Spruce Valley Corporation for Water, Sewer and Street Improvement District 60-15 – Cenex in the amount of \$1,222,418.80 as recommended by Cenex and to proceed with the project with Cenex according to the development agreement as recommended by the City Engineer. The motion was seconded by Commissioner Stromme, and the motion carried unanimously.

Tourism – Two options were presented – one if the City helps with the payback to the State and one without the City's help. Suzie Kenner stated they have to pay back the State \$56,767 in her fiscal year. They started paying back \$5,000/month in November 2014, and were given two years to pay back the total. Approximately \$35,000 from the PIC project was used to help with the payback.

She can pay it all, but her advertising and marketing budget would be cut by \$48,000. She asked if the City would pay the money back or if the City would loan Tourism one-half of the money which she would be paid back in her next fiscal year. It really affects the local marketing, the North Dakota tourism partnerships and the Midwest Outdoors television. She has already cut Midwest Outdoors to twelve weeks, and to pay it all back she would have to cut this in half.

Discussion followed on what the City could do help. To pay it all back advertising would have to be cut from \$189,000 in 2015 to \$144,000 in 2016. They have been doing more social media and web because it is cheaper. If she could get help with half, it would allow her to bring back the Midwest Outdoors television. She cut radio in 2015.

Also discussed was asking the State to extend the payback period.

The City Administrator presented the following 2016 budget summary:

1. Mills will decrease by about 3 mills.
2. Cost of living increase is 2%.
3. Salary consultant will complete a comprehensive salary survey.

4. Family insurance plan will increase to \$1,450/month - 80% City and 20% employee.
5. Equipment purchases include \$25,000 for pickup, \$60,000 for utility camera, \$20,000 for mower, \$35,000 for dump truck, \$75,000 for two police cars and \$200,000 for dike mower.
6. Sewer charges will increase to \$2.54/1000 gallons.
7. One employee will be added to Sewer Department.
8. Roll-off rental charges and inert cubic yard charges will be increased.
9. \$30,000 will be reserved annually for a future landfill expansion.
10. Residential utility account will increase about \$2.00/month.
11. \$850,000 is budgeted for infrastructure.
12. Property tax dollars levied equal CPI.
13. Sales tax budgeted at \$3,300,000.

Discussion followed on the insurance premium, and the history of the amount paid by the City. Also discussed was changing the percentage paid by the employees or changing the deductibles. As of now, the City has a grandfathered plan and can not make any changes over 5%. The City's plan does not include essential care items required by the Affordable Care Act. The essential care items would impact the premium.

There being no further business to come before the Commission, President Johnson adjourned the meeting at 1:35 P.M.

**LINDA LYBECK
CITY AUDITOR**

**RICHARD S. JOHNSON
PRESIDENT**