

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF CITY COMMISSIONERS
HELD AUGUST 9, 2016

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 Tuesday, August 9, 2016 at 12:00 P.M. with the following members present: Commissioners Ben Sander, Craig Stromme, Dale Robbins and President Richard Johnson. Commissioner Rick Morse was absent. Others present were Airport Manager, Forward Devils Executive Director, Public Ways Supervisor, City Auditor, City Administrator and Human Resource Consultant.

President Johnson said that the purpose of the meeting was to discuss the 2017 Preliminary City Budget.

The City Administrator reviewed the revenues and expenditures for the Trust and Agency Funds, the Special Revenue Funds and the Debt Service Funds.

TRUST AND AGENCY FUNDS– 8000 ACCOUNTS

8002 – Library Fund – The mill levy was dropped to 5 mills. In order to qualify for State funds, a positive increase in the taxes has to be kept. A new director was hired and started yesterday. The former director will be done at the end of August.

8006 – Parking Authority – The City assesses for maintenance of the downtown parking lots. The amount that can be assessed will be increased from \$25,000 to \$40,000 in future years.

8008 – City Beautification – This fund is used for Christmas decorations, flowers and banners. Tourism requested to give just a \$1,000.00 again in 2017 since they are still paying back the State.

8009 – Devils Lake Historical Preservation – Small amount of funds are available from a previous state grant.

8010 – Job Development Authority – Three mills are allocated for this fund. The amount for Forward Devils Lake is for operating expenses.

8011 – Self Insurance Fund – The BCBS representative will be at the meeting tomorrow to go through the 20%+ increase. Claims are high this year. The stop loss premium is what increased the most. The family premium will be increased by \$300/month - \$240 employer and \$60 employee. Discussion followed on the subgroups on the City's insurance plan, changing the deductible and going away from self-insured.

8013 – Lake Region Growth Fund – Income for this fund includes a percentage of sales tax and loan repayments.

8015 – Airport Hangar –The current tenant pays \$500/month in rent and approximately \$183/month for rental of space for other planes. The current lease expires on September 30, 2016.

SPECIAL FUNDS – 2000 ACCOUNTS

2001 – Highway Distribution – Highway distribution revenue is based on data received from the League of Cities. Street repair and equipment reserve expenses were dropped. The budget includes one pickup.

2003 – City Share of Special Assessments – This fund includes the City's share of different projects. It has dropped from \$65,000 to \$20,000. Property tax was dropped since the City's share of new projects is funded by sales tax. Excess funds can be transferred to the general fund since it is property tax money.

2006 – Emergency – Balance cannot exceed 5 mills.

2008 – Cemetery Fund –Five mills have been budgeted. Equipment purchases include a mower for \$11,000. The Public Ways Supervisor stated the building maintenance can be dropped back to \$1,000. The 2016 budget included an additional \$6,000 for the roof which will be completed this year.

2010 – Temporary Employees Fund – Same as 2016.

2012 – Equipment Reserve – This is for replace of equipment. Department heads have done a good job of extending the use of equipment and purchasing only when needed.

2021 – Special Assessment on City Property – This is for the Roundhouse project. The assessment goes down as lots are sold and ends in 2017. The excess can be transferred to the general fund.

2030 – Penalty & Interest on Special Assessments – This is used to pay any shortfall on bond funds.

2033 – Infrastructure – Sales tax was dropped from forty percent to thirty-five percent. The local share for the underpass will come from this fund; therefore, there will be no street projects next year. The Airport Manager stated the airport will be receiving federal funds for a mill and overlay of the crosswind runway. The work may happen in 2017 with the project estimated at \$2 million. The City will need to provide the 5% local match.

2034 – Economic Development – Sales tax was dropped from ten percent to seven percent for this fund. The amount given to Forward Devils Lake is \$50,000 with the remainder going to the Growth Fund.

2042 – Asset Forfeiture Buy Fund – Funds came from seized assets.

DEBT SERVICE FUNDS – 5000 ACCOUNTS

5001 – Special Assessment Deficiency – This fund is to help balance the bond payments; however, there are no deficiencies in the bond funds. The balance can be transferred to the general fund.

5005 – Non-Bonded Debt Service – This fund is used to cover small projects which are not bonded. The assessments from the projects funded go back into this account.

5101 - Sewer Separation #1 – This fund can be used for sewer projects.

5476 - SRF Bonds 2010- This fund is for the local share of the embankment raise. Five percent of the sales tax dollars is used to repay the bond.

5477 – Refunding Bonds of 2010 –The last payment for this bond is in 2018.

5478 – Refunding Bonds of 2011 – There should be \$200,000 left at the end of this bond which can be transferred to the general fund or to another bond fund.

5479 - Refunding Bonds of 2013 – This bond may be retired early due to the additional homes added in the areas.

5480 - Refunding Bonds of 2014 –May be able to retire TIF 3 years early.

5481 – Sales Tax Bond of 2015 – The amount bonded was the City's share of projects.

5482 – Refunding Bonds of 2015 – The amount bonded represents the share of the projects to be special assessed.

5490 – Landfill Closure Debt Service – This fund was for the reserve for the landfill debt. It will be transferred to landfill closure part of the equipment reserve CD.

Overall the 2017 includes a 2% cost of living raise; family insurance going to \$1,750/month with the employer paying \$1,400 and the employee paying \$350; equipment purchases of 3 pickups, a mower, a grapple hook, 2 police vehicles and a dike sprayer; and an increase in the sewer charge since the sewer has been subsidized by sales tax funds. Mills will increase by 1 mill for a total of 93, and the value of a mill went up 10%. Sales tax collections are estimated at \$3.4 million. The general fund will have a deficit for 2017, but has a healthy reserve.

The Executive Director of Forward Devils Lake reviewed their 2017 budget. The amount of sales tax requested has been decreased from \$85,000 to \$50,000. One mill has been requested from Ramsey County; however Ramsey County has stated the amount of the city mill will be deducted from the county mill for their share. The County mill is valued at \$53,000, but they would deduct \$17,000 (the value of a City mill) meaning Forward DL would only receive \$36,000. Discussion continued on how the County has benefited from projects supported by

Forward DL, how city residents are also county residents, and on requesting a specific dollar amount instead of a number of mills. Expenses were reviewed – wages based on the city scale; removal of rental/clerical due to relocation of office to city hall; advertising/printing increased in order to provide aerial footage of industrial park; web expenses include adding aerial footage to web page; increase in travel to include more networking opportunities, UAS monthly meetings and UAS summit; and operation expenses include telephone, office supplies, etc.

The Human Resource Consultant reviewed the procedure for the salary survey. The survey included Wahpeton, Valley City and Jamestown. Wahpeton and Valley City recently had payroll studies completed by compensation firms which included other cities in the region and non-government or private sector entities. Since Jamestown is larger, their information was adjusted to 90% to allow for a better comparison. The survey looked at ranges or the average rate of classifications. Benefits for Devils Lake, Valley City and Wahpeton are very similar. Devils Lake's benefits are better than Jamestown. Thirty out of the 37 job classifications are at or above 95% of the market.

The City Administrator had a request from the City Assessor to move the Certified Appraiser/Inspector from a Grade 11 to a Grade 13. This change has already been included in the budget. It was noted most cities have two separate departments – one for building and one for assessing, but these cities only have a total of two people between the two departments. Devils Lake has three employees plus the clerical position.

Discussion continued on the Sanitation Department. The overall percentages to market are higher than other cities, but it is hard to find reliable people to work in that department.

The City Administrator indicated the Police Department wages will be tweaked when the captain retires.

President Johnson requested that the City Administrator's salary range be reviewed and adjusted to market. Discussion continued on how to make incremental changes to get to market.

The Human Resource Consultant stated the overall range was okay.

The consensus of the City Commission was to have the Human Resource Consultant provide a recommendation on bringing the City Administrator up to market.

The next budget meeting is scheduled for Wednesday, August 9, 2016 at 12:00 P.M.

There being no further business to come before the Commission, President Johnson adjourned the meeting at 2:10 P.M.

LINDA LYBECK
CITY AUDITOR

RICHARD S. JOHNSON
PRESIDENT