

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF CITY COMMISSIONERS
HELD AUGUST 10, 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 Wednesday, August 10, 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 Public Utilities Supervisor, Sanitation Supervisor, City Administrator, Airport Manager, and BlueCross BlueShield Representative.

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

6001 – WATER DEPARTMENT – An agreement for Northeast Regional Water District to purchase water is being looked at; however, the numbers are not included in this budget.

WATER DISTRIBUTION – The water line maintenance item depends on if there are any water breaks on the transmission line. Equipment purchase includes a pickup.

HAMAR WELLS – Expenses are the same as this year except for electricity which is the biggest line item.

WATER TREATMENT PLANT – Expenses are about the same as this year except for an increase in electricity and chemical supplies.

6002 – SEWER DEPARTMENT – Sales tax was reduced to 5%. Originally the sales tax amount was to cover the O&M on the embankment, but it has been subsidizing the sewer rate. The sewer rate was increased from a \$9.00 base to a \$10.00 base. This will result in a customer's bill going up about \$2.00/month.

SEWER OPERATIONS – Similar to this year.

Discussion followed on the reason for the reduction in sales tax dollars and the rationale for increasing the sewer charge. With the decrease in the amount of funds received from sales tax, the distribution had to be changed in order to help with property tax reduction in the general fund and with the repayment of the 2016 sales tax bond.

STORM SEWER – Similar to this year.

SEWAGE TREATMENT – Same as 2016.

EMBANKMENT – Purchases include a sprayer and pickup. To spray the embankment once per year using the helicopter business would cost \$8,500.00. Discussion followed on purchasing the sprayer this year. The funds will come from the equipment reserve. Consensus was to discuss it at Monday's meeting.

6003 – SANITATION DEPARTMENT – Roll off rental will probably be higher than anticipated. Grapple has been added under equipment purchases. Discussion followed on increasing the Ramsey County contribution for recycling from \$5,000.00 to \$10,000.00. Temporary salaries decreased because a part-time employee became a full-time employee due to the Affordable Care Act.

INERT DISPOSAL – No big changes for 2017.

TRANSFER STATION – Money for refuse containers is included to slowly start replacing the ones that are used to haul garbage to Grand Forks.

TRANSFER IN/TRANSFER OUT – Includes \$30,000 for landfill closure reserve.

6006 – WATER SOURCE REPLACEMENT – The loan is being paid back with a \$9.00 fee on the water bill. After getting the money for the buy-in from the Northeast Regional Water District for purchasing water, the Commission will need to decide if the money should be used to payoff this loan and then remove the \$9.00 fee from the water bill or reduce the fee and keep some of the fee for maintenance. Commissioner Stromme would like to remove the \$9.00 fee. Discussion followed on using the extra sales tax money for other projects – water infrastructure or street improvements.

9000 – Devils Lake Airport Authority – General Operations – The Airport Manager stated he has requested four mills from the City. He will request three full mills from the County. The County has been deducting the cost of a city mill from the county mill instead of giving him the full value of a county mill. If the County gives the full value, the City will be reduced to 3 mills. Discussion followed on the lack of funding provided by the County for airport projects.

On the expense side insurance was increased, education and training was increase by \$2,000.00 in case a part-time ARFF employee is hired. This person would work 20 hrs/wk. It would be a wash on payroll since the regular fulltime employees have been picking up shifts and are being paid overtime. Discussion followed on the justification for the Fire Department getting an extra employee was to help with ARFF and inspections. It was noted that the Fire Department is not putting in the hours that were expected. The Fire Department has not been able to take care of the morning shift during the week. The Airport employees have been filling in for those shifts. Advertising and equipment maintenance were increased. Future purchases include a blade and a broom. The crosswind runway needs a mill and overlay. Discussion followed on the budget number for health insurance being much higher than the actual and on the projected deficit.

Kari Hunt, BCBS representative, discussed options available for insurance to help reduce the cost. The City has a grandfathered, self-funded plan. The City pays the first \$20,000.00 of claims per person. The lower your stop loss, the higher the stop loss premium; however increasing the stop loss would not save enough on the stop loss premium due to the group size. On the City's current policy the stop loss premium for renewal will increase by 18.1%. This amount is fixed and will not change with the other policy options. In order to save money, the City could keep the current deductible, but then go to a non-grandfathered status. This allows the employees to have additional preventive benefits, and allows the City the flexibility to change how much the City pays towards the premium. Non-grandfathered plans have to take health reform mandates. In 2016, the City's group has had several high claims cases. It was discussed if the other groups could be dropped if the City became non-grandfathered. On average employers in North Dakota pay 76% of a single policy. The average deductible is \$1,000.00.

Discussion followed on going non-grandfathered, increasing the deductibles and on changing the 80/20 employer/employee split. Consensus was to set the premium at \$1,650.00/month for a family policy for 2017.

Discussion followed on the County mill given to Forward Devils Lake and Devils Lake Airport and how it is calculated – county mill vs rural mill.

The next budget meeting is scheduled for Tuesday, August 16, 2016 at 12:00 P.M.

There being no further business to come before the Commission, President Johnson adjourned the meeting at 2:25 P.M.

LINDA LYBECK

CITY AUDITOR

RICHARD S. JOHNSON

PRESIDENT