

Wahpeton City Council
Special Meeting
August 22, 2011
12:00 Noon

Members Present: Mayor Sturdevant, Bajumpaa, Bertsch, Bohn, Dale, DeVries, Hansey, Hartman, and Mitskog.

Members Absent: None

Others Present: Huwe, Lies, Nelson, Priebe, Broadland, Thorsteinson, and Amos, and Miles Trump of the Daily News

Mayor Sturdevant called the meeting to order at 12:05 pm.

Request Permission to Act as Fiscal Agent for 2011 Assistance to Fire Fighters Regional Grant

Huwe said County Emergency Manager, Brett Lambrecht, previously wrote a 2010 Assistance to Fire Fighters grant, which was a regional grant of about \$260,000 used to update communications equipment. She said 2011 is believed to be the last year of the Assistance to Fire Fighters grants and Lambrecht believes an application of about \$250,000 will be made, and is asking that the City of Wahpeton act as the fiscal agent again with the Wahpeton Fire Department as the lead agency as was done with the previous grant. It was noted Wahpeton Fire Chief Dale Rubish is in agreement to it. Huwe said the application deadline is September 6th and that there is no guaranty the grant will be receive but would like permission to act as a fiscal agent for the application process. It was noted this would be for all fire departments in Richland County and the City of Wahpeton would be the distributor of the money. **Motion by Bajumpaa, second by Bohn, to approve the City of Wahpeton acting as Fiscal Agent for the 2011 Assistance to Fire Fighters Regional Grant. Motion Carried.**

Dakota Ave. Reconstruction Assessment District 08-01-06 – Tabled motion for project buydown amount

Nelson distributed a handout on with a summary of the Dakota Avenue project costs and also proposal on buydown. Nelson said at the last Public Works meeting it was discussed and motion made to utilize the ½ cent sales tax for infrastructure to buy down 35 % of the oversize costs however that resulted in a very small buydown. Nelson said there was considerable change to the assessed amount as it had been used in various discussions in the past several years as work toward the end point on Dakota Avenue. Nelson explained that shown on the handout is the assumptions that went into original project estimate, 20% of street DOT project would be spread City-wide, 35% of water cost considered oversized and spread to utility and likewise 10% of sewer would be considered oversize and spread to the sewer enterprise fund. He said the sheet shows total amounts for 20% spread City-wide of \$217,741; 35% water oversize of \$357,922; and 10% sewer oversize of \$70,801. He said these numbers are not completely final but are an estimate with 1% contingency in the final construction costs on the DOT side. Nelson said the main discussion items are the project buydowns to a total assessed amount of \$2.4 million. Nelson said when talking about budget these numbers have been factored in but on the water side

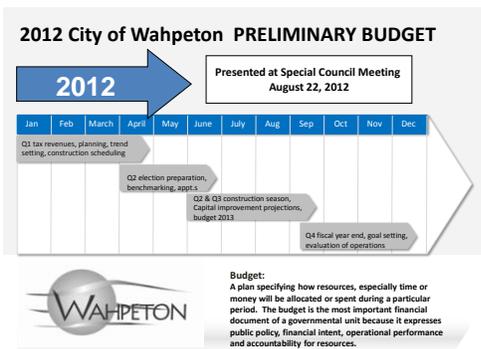
there will be a \$35,000 per year expense for bond payments from water enterprise fund, and \$7,100 from sewer enterprise for the same purpose, and there will be a certain number of mills for the \$22,000 spread City-wide. Nelson explained the justification for the City-wide spread is that there is now a 5-lane roadway that serves the entire community, and certain enhancements that have gone into the project deemed appropriate/necessary for overall community development, which is the basic philosophy for not assessing 100% of the street project to abutting owners but distributing 20%. Discussion was held regarding the cost to homeowners per year, which Huwe explained would be 1.62 mills or \$7.29 per year on a \$100,000 home for 15 years. Regarding water and sewer it was explained they would be in the utility rates, and are built into the budget with the existing scheduled rate increase. Regarding the ½ cent sales tax for infrastructure, Nelson referred to the projects by funding source outlined on the handout and said there is a lot of stress on that fund. Discussion was held regarding other property owners paying for the oversize water and oversize sewer that are not part of the project. Mayor asked if a motion was needed, and Nelson explained this would be the number to be assessed. It was noted the Dakota Avenue costs have been close to what was expected. Further discussion was held regarding the project and assessment numbers. This assessment will show up as a special on their tax form for Dakota Avenue, but the city-wide part will just be part of the general tax. It was noted the motion from Public Works was presented at the last Council meeting but included the buydown from sales tax and this proposal uses no sales tax. Hansey wonder if the PW motion could be amended, but Lies explained that since this isn't a PW meeting it could not.

Motion by Hansey, second by Dale, to approve Dakota Avenue Reconstruction Assessment District 08-01-06 as presented by Public Works Director Nelson, with 20% from City-Wide Assessment for an estimated amount of \$217,741, 35% Water Oversize for an estimated amount of \$357,922, and 10% Sewer Oversize for an estimated amount of \$70,801. Motion Carried. Broadland noted letters will be mailed out on all three projects on Friday and publication is scheduled to be in the paper on Thursday.

Mayor Sturdevant introduced the new Daily News reporter Miles Trump.

2012 Preliminary Budget Review

Huwe reviewed the 2012 preliminary budget through the following PowerPoint presentation.



BUDGET CONTENTS 2012

1. Preliminary Budget Statement: General Fund, Special Revenue Funds, Sales Tax, Debt Service and Enterprise Funds. Mill Levy History & Projection
2. General Fund Revenue and Expense Detail
3. Projected Revenue Budget – Includes revenue projections for all funds
4. Projected Expense Budget – Includes expense projections for all funds
5. Payroll Information – Includes proposed 2012 pay scale and payroll summary
6. Proposed Budget Ordinance – Proposed Tax Notice, 2012 Budget Ordinance and Certification of Levy

SUMMARY FUND ACTIVITY 2011 - 2012

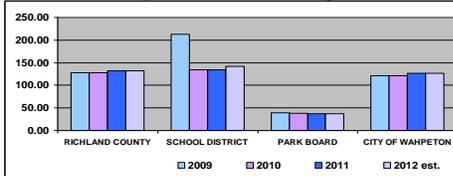
REVENUE BY FUND TYPE	2011	2012	+/-	+/- %
GENERAL FUND	\$2,750,117	\$2,832,400	\$82,283	3%
SPECIAL REVENUE FUNDS	\$3,130,808	\$3,155,323	\$24,515	1%
DEBT SERVICE FUNDS	\$1,573,541	\$2,052,844	\$479,403	30%
INTERNAL SERVICE/OTHER	\$64,791	\$47,500	-\$17,292	-27%
ENTERPRISE FUNDS	\$2,043,139	\$2,236,324	\$193,184	9%
TOTAL	\$9,562,396	\$10,324,491	\$762,094	8%

EXPENSES BY FUND TYPE	2011	2012	+/-	+/- %
GENERAL FUND	\$2,750,117	\$2,832,400	\$82,283	3%
SPECIAL REVENUE FUNDS	\$3,083,972	\$2,525,208	-\$558,764	-18%
DEBT SERVICE FUNDS	\$1,810,672	\$1,949,323	\$138,651	8%
INTERNAL SERVICE/OTHER	\$1,939,919	\$268,089	-\$1,671,830	-86%
ENTERPRISE FUNDS	\$2,185,903	\$2,230,434	\$44,531	2%
TOTAL	\$11,770,583	\$9,805,454	-\$1,965,130	-17%

CHANGES IN EQUITY	2012	DESCRIPTION
GENERAL FUND	\$0	MAINTAINING
SPECIAL REVENUE FUNDS	\$630,115	GAINING - SALES TAX COLLECTIONS
DEBT SERVICE FUNDS	-\$68,758	TIMING OF BOND PAYMENTS
INTERNAL SERVICE/OTHER	-\$220,589	UNBONDED CAPITAL PROJECTS
ENTERPRISE FUNDS	\$5,890	MAINTAINING
TOTAL	\$346,658	

MILL LEVY HISTORY 2009 - 2012

TAX ENTITY	2009	2010	2011	2012 est.
STATE LEVY	1.00	1.00	1.00	1.00
RICHLAND COUNTY	128.00	128.00	132.40	132.40
SCHOOL DISTRICT	213.41	134.08	133.85	141.85
PARK BOARD	39.14	37.94	37.09	37.09
CITY OF WAHPETON	121.36	121.33	126.22	126.22
TOTAL MILLS	502.91	422.35	430.56	438.56



CITY MILL LEVY CHANGES FOR 2012

2012 Mill Decreases

- 0.4 Airport (rounding)
- 1.26 Social Security (reserves)
- 1.7 Fire Dept. Levy (rounding)
- 1.79 City Specials (reserves)
- 1.03 Spl. Assmnt. Def. (reserves)
- 0.4 Job Dev. (rounding)
- 0.3 Weed Levy (rounding)
- 4.36 Mill Levy Decreases

2012 Mill Increases

- +0.37 Planning Comm.
- +0.89 Retirement Levy
- +1.48 Snow/Flood Emergency
- +1.62 Dakota Ave. City Wide
- +4.36 Mill Levy Increases

+0 MILLS for City Services
126.22 Total

CITY MILL LEVY ALLOCATIONS 2011 - 2012

MILL LEVY FUND	2011	2012 est.	Change	+/- 11-12
GENERAL FUND	\$754,373	\$780,702	\$26,329	3.5%
AIRPORT	\$53,846	\$55,173	\$1,327	2.5%
STREET MTC.	\$66,641	\$69,022	\$2,381	3.6%
FIRE DEPT. EQUIPMENT	\$122,219	\$124,140	\$1,921	1.6%
JOB DEVELOPMENT	\$53,846	\$55,173	\$1,327	2.5%
CITY SHARE OF SPECIALS	\$74,771	\$52,690	-\$22,081	-29.5%
LIBRARY	\$244,438	\$262,969	\$18,531	3.5%
PLANNING COMMISSION	\$8,397	\$13,793	\$5,396	64.3%
SNOW/FLOOD EMERGENCY	\$13,595	\$34,483	\$20,888	153.6%
SPECIAL LEVY OTHER	\$290,151	\$302,847	\$12,696	4.4%
TOTAL	\$1,682,277	\$1,740,992	\$58,715	3.5%

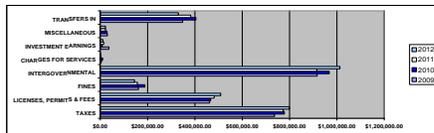
No increase in the number of mills levied - value of the mill increased from 213,226.13 to 513,793.31 estimated

CITY PROPERTY TAX ESTIMATE 2012

Estimated Total Taxable Valuation for the City	\$13,793,313
1 Mill = 1/1,000	\$13,793
City General and Special Levy Fund 2012 Revenues Required from Property Taxes	\$1,740,992
Mills needed to be certified on all taxable properties	126.22
\$1,740,992 / \$13,793	
City of Wahpeton Tax Assessment Estimate on a \$100,000 Home:	
* This example calculates taxes payable on behalf of City services only*	Property True & Full Value Assessed Value (50%) Taxable Valuation (9%) X Mill Levy = Taxes Payable for 2012
	\$100,000 \$50,000 \$4,500 0.12622 = \$568
Taxes Payable for 2011 = \$568 prior to 5% discount	
The 3.5% increase in the mill is a result of additional taxable properties and net increased value of specific residential & commercial properties	

CITY GENERAL FUND REVENUE

REVENUE	2009 ACTUAL	2010 ACTUAL	2011 BUDGET	2012 BUDGET	CHANGE 2011 TO 2012	% CHANGE
TAXES	\$736,480.89	\$778,181.93	\$773,562.40	\$769,136.00	-\$4,426.40	-0.57%
LICENSES, PERMITS & FEES	\$462,475.82	\$469,915.15	\$481,175.00	\$509,275.00	\$28,100.00	5.84%
FINES	\$161,224.15	\$188,672.14	\$197,000.00	\$145,000.00	-\$52,000.00	-26.39%
INTERGOVERNMENTAL	\$917,018.00	\$907,895.25	\$915,400.00	\$1,012,286.00	\$96,886.00	10.58%
CHARGES FOR SERVICES	\$4,985.21	\$10,029.87	\$2,800.00	\$2,900.00	\$100.00	3.57%
INVESTMENT EARNINGS	\$36,805.19	\$8,252.84	\$15,000.00	\$11,000.00	-\$4,000.00	-26.67%
MISCELLANEOUS	\$30,354.63	\$68,676.32	\$92,100.00	\$22,300.00	-\$70,000.00	-76.00%
TRANSFERS IN	\$348,436.33	\$404,486.61	\$382,879.60	\$330,104.00	-\$52,775.60	-13.79%
GENERAL FUND REVENUE TOTAL	\$2,658,289.22	\$2,893,028.11	\$2,756,117.00	\$2,832,400.00	\$76,283.00	2.77%



GENERAL FUND REVENUE & EXPENSE 2012 detail

2012 Revenue Changes

- Level property tax rates will produce 3.5% more revenue in 2012
- Licenses, permits and fees increase of 5.71% is attributed to higher collections in the Cable TV and Natural Gas franchise fees
- Municipal Court fines are tracking behind the same period in 2010
- Intergovernmental revenue is increasing as the State of ND shares sales tax growth and fuel tax growth
- Investment revenue has not rebounded to pre 2009 levels

2012 Expense Changes

- 3% cost of living adjustments +\$32,731
- Placements in grade for 10 General Fund salaries in 2 departments +\$23,892
- Increased retirement contributions are reflected in 6 of 13 departments +\$12,220
- Increased FICA based on payroll adjustments +\$4,332
- Cafeteria benefits adjustments based on employee elections -\$857
- Total increase in payroll related expenses for General Fund +\$72,319; total expenses +\$82,283
- Culture & Recreation expenses are attributed to increased State Aid revenues resulting in increased disbursements to the Park Board & Library

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*Special Revenue Funds include sales tax for economic development, recreation, flood and infrastructure; projected revenues and committed expenses are budgeted accounting for projected revenue in excess of committed expenses of +\$689,363.
 *Debt service on funds will have more revenue and expense activity as \$5,495,000 of infrastructure projects are added to the special assessment revenue and debt service expense.
 *Internal Service Funds/Other include capital project funds - 2011 budget includes \$1,735,000 for Phase 3B of the Flood Mitigation project, 2012 has \$0 budgeted for capital projects pending further review of the Capital Improvement Plan.
 *Enterprise funds are maintaining/growing as meter replacements capture lost revenues and a 3.3% scheduled increase on 1-1-12 (year 5 of a 5 year rate plan initiated in 2008)

2012 PAYROLL BUDGET PREMISES

PAYROLL EXPENSES	2010	2011	2012 est.	+/- 11-12	+/- 11-12
SALARIES	\$1,668,609	\$1,790,066	\$1,877,955	\$87,889	4.9%
FICA TAXES	\$127,649	\$136,940	\$143,664	\$6,724	4.9%
CAFETERIA BENEFITS	\$332,904	\$353,892	\$358,764	\$4,872	1.4%
ND PERS RETIREMENT	\$121,141	\$129,959	\$151,752	\$21,793	16.8%
TOTAL	\$2,250,302	\$2,410,857	\$2,532,135	\$121,278	5.0%

*Salaries are based on consistent staffing levels with 43.8 full time equivalents. 3% cost of living adjustments = \$53,702. Placements in grade for 20+ year employees and 2 entry level positions (12 total) = \$34,187. All increases are dependent on satisfactory performance evaluations.
 *FICA Tax increases are 7.65% of projected salary increases.
 *Cafeteria Benefits were adjusted effective July 1, 2011 to \$931 per month for employees electing family health insurance (17 employees); the single or no insurance allotment was unchanged at \$525 per month (27 employees). The 2012 allotments are unchanged.
 *Retirement Benefits are reflected at 8.26% for 2012 up from 7.26% in 2011; Effective Jan. 1, 2012 NDPERS requires a 1% increase in the employer contribution = \$21,793 and a 1% increase in the employee contribution. NDPERS plans an equal increase on Jan. 1, 2013

2012 BUDGET ORDINANCE & CERTIFICATION OF TAX LEVY

- *Preliminary Budget Statement and public notices with publication dates
- *Proposed Budget Ordinance No. 941 first reading and public budget hearing are scheduled for Sept. 6th (required by Sept. 10th). Second reading is scheduled for Sept. 19th.
- *Certificate of Levy due to the Richland County Auditor by Oct. 1st per City Ordinance.

Following discussion, Huwe asked that Council members further review the 2012 preliminary budget documents provided for any changes/corrections and to contact her with any questions prior to September 6th as a special council meeting may be needed to affect those changes. She said there is a new publication requirement, and because the City is not levying more mills but the value of the mill is higher public notice needs to be provided of the 3.5% increase in taxes. The public will be invited to a public hearing regarding this which is set to be held September 6th following the City Council meeting. The City is also required to publish their preliminary budget and once it's published if the Council chooses to amend it, it can be decreased but not increased. September 6th has also been set as the date for the first reading of the 2012 budget ordinance, with second reading scheduled for September 19th.

Motion by Bajumpaa to adjourn at 1:40 pm.

 Mayor Sturdevant

 Lynelle Amos, Finance Assistant