

**City of Wahpeton**  
**Public Hearing**  
**September 3, 2013**  
**6:00 P.M.**

**Members Present:** Council Members Schmidt, Mitskog, Bohn, and Dale

**Members Absent:** Mayor Sturdevant, Council Members Bajumpaa, Bertsch, DeVries, and Hansey

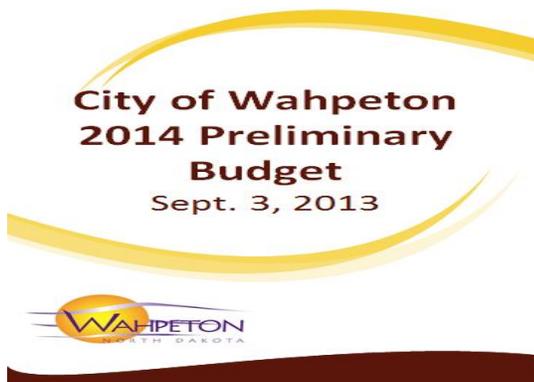
**Officers Present:** City Finance Director Huwe, Attorney Lies, and Economic Development Director Priebe

**Others Present:** City Finance Assistant Amos, Matthew Liedke of the Daily News, and Wahpeton Residents: Sam Johnson, Denise Johnson, Jay Erickson, Erick Erickson, Jeremy Wallender, Frank Gregor, and Jon (NDS)CS)

City Finance Director Huwe called the Public Hearing of the proposed 2014 Preliminary Budget for the City of Wahpeton to order at 6:05 pm.

Huwe explained that a notice of this public hearing was published in the local newspaper and that this advertisement was specifically prescribed by the ND State Tax Commissioner. She said every political subdivision is required to go through this process, and if they have a proposed change in the dollar value of the mills they are going to levy they are required to print this. She then explained the proposed 4% increase in the property tax levy for city services.

Huwe reviewed the 2014 preliminary budget through the following PowerPoint presentation.



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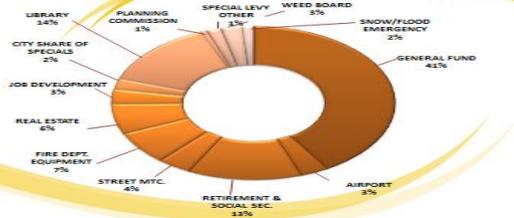


## City Mill Changes for 2014

MILL LEVY FUND	2013	2014 est.	Change	+/-	13-14
GENERAL FUND	\$764,208	\$746,326	-\$17,882	-2.3%	
AIRPORT	\$25,824	\$28,448	\$2,624	4.0%	
RETIREMENT & SOCIAL SEC.	\$218,805	\$234,395	\$15,590	7.1%	
STREET LIGHTS	\$70,893	\$70,893	\$0	0.0%	
FIRE DEPT. EQUIPMENT	\$125,830	\$125,795	-\$35	0.0%	
REAL ESTATE	\$46,769	\$49,388	\$2,619	5.6%	
JOB DEVELOPMENT	\$25,909	\$25,909	\$0	0.0%	
CITY SHARE OF SPECIALS	\$41,932	\$41,932	\$0	0.0%	
LIBRARY	\$240,864	\$240,904	\$40	0%	
PLANNING COMMISSION	\$14,024	\$13,977	-\$47	-0.3%	
SNOW/FLOOD EMERGENCY	\$27,962	\$29,074	\$1,112	4.0%	
WEEDBOARD	\$41,932	\$41,932	\$0	0.0%	
SPECIAL LEVY OTHER	\$22,828	\$22,783	-\$45	-0.2%	
<b>TOTAL</b>	<b>\$1,735,190</b>	<b>\$1,804,465</b>	<b>\$69,275</b>	<b>4.0%</b>	

The 2014 budget includes a mill rate consistent with the 2013 levy, the 4% growth in valuations will produce an additional \$69,275 increasing the dollars levied from \$1,735,190 for 2013 to \$1,804,465 for 2014. Levy amounts for Airport, Job Development and Weed Board funds refer to a specific number of mills levied and may have impacts for levying less than the eligible mills. The additional \$66,619 in the Real Estate Levy Fund is dedicated to the mitigation of dilapidated properties.

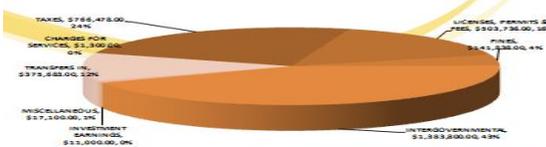
## City Mill Allocations for 2014



The 2014 budget includes a mill rate consistent with the 2013 budget, the 4% growth in valuations will produce an additional \$69,275 increasing the dollars levied from \$1,735,190 for 2013 to \$1,804,465 for 2014.

## General Fund Revenue 2014

REVENUE	2012 ACTUAL	2013 BUDGET	2014 BUDGET	CHANGE 2013 TO 2014	%
TAXES	\$70,930.51	\$70,930.00	\$70,478.00	-\$452.00	-0.15%
LICENSES, PERMITS & FEES	\$49,050.25	\$49,589.00	\$50,738.00	\$1,149.00	2.31%
FINES	\$95,228.66	\$93,000.00	\$141,838.00	\$48,838.00	52.51%
INTERGOVERNMENTAL	\$1,261,689.89	\$1,251,000.00	\$1,288,800.00	\$37,800.00	3.02%
CHARGES FOR SERVICES	\$2,038.50	\$2,000.00	\$1,300.00	-\$700.00	-35.17%
INVESTMENT EARNINGS	\$21,336.35	\$11,000.00	\$11,000.00	\$0.00	0.00%
MISCELLANEOUS	\$2,817.48	\$18,500.00	\$17,100.00	-\$1,400.00	-7.56%
TRANSFERS IN	\$30,752.10	\$28,000.00	\$30,500.00	\$2,500.00	8.93%
<b>GENERAL FUND REVENUE TOTAL</b>	<b>\$3,083,877.06</b>	<b>\$2,884,714.00</b>	<b>\$3,200,556.00</b>	<b>\$315,842.00</b>	<b>10.95%</b>



## General Fund Revenues 2014

General Fund Revenues for 2014 Budget increased \$216,221 with the single largest increase in State Aid +\$153,930. The 2013 Legislature revised the State Aid Formula and eliminated the Financial Institutions Tax (\$-48,800) and increased the Aid formula to approximately \$110 per capita based on the 2010 census.

The City of Wahpeton shares 25% of the State Aid with the Park District and 2.5% with the Library, these increased commitments are reflected in the General Fund Culture & Recreation and Fund Transfer expenses at \$213,482.50 and \$21,348.25 respectively.

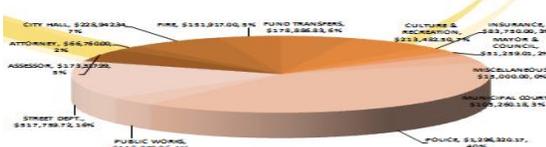
Increases in Licenses, Permits & Fees are noted in the Electric +\$24,000 and Natural Gas +\$20,000 Franchise Fees.

Municipal Court fine collections are expected to increase closer to pre 2009 levels as the backlog of cases is resolved +\$48,838.

Transfers In will also increase +\$16,874 with reimbursement transfers in from the Social Security and Retirement Special Levy Funds.

## General Fund Expenses 2014

EXPENSE	2012 BUDGET	2013 BUDGET	2014 BUDGET	CHANGE 2013 TO 2014	%
ASSESSOR	\$158,537.33	\$159,877.51	\$172,511.99	\$12,634.48	7.91%
ATTORNEY	\$143,666.00	\$143,666.00	\$143,666.00	\$0.00	0.00%
CITY HALL	\$204,539.99	\$219,991.00	\$228,942.34	\$8,951.34	4.07%
FUND TRANSFERS	\$172,241.88	\$3,025.01	\$176,806.83	\$143,304.82	408.91%
SALES AND RESERVATION	\$47,927.00	\$47,927.00	\$47,927.00	\$0.00	0.00%
INSURANCE	\$62,217.45	\$60,000.00	\$63,750.00	\$3,750.00	6.25%
MISCELLANEOUS	\$15,030.24	\$15,000.00	\$15,000.00	\$0.00	0.00%
MUNICIPAL COURT	\$65,120.30	\$69,000.00	\$69,000.00	\$3,879.70	5.59%
POLICE	\$1,323,193.30	\$1,374,421.88	\$1,236,320.17	-\$138,101.71	-10.05%
PUBLIC WORKS	\$44,497.13	\$43,225.88	\$51,789.72	\$8,563.84	19.80%
STREET DEPT.	\$68,871.91	\$7,857,142.00	\$1,300,000.00	-\$5,547,141.00	-72.28%
<b>GENERAL FUND EXPENSE TOTAL</b>	<b>\$3,083,877.06</b>	<b>\$2,884,714.00</b>	<b>\$3,200,556.00</b>	<b>\$315,842.00</b>	<b>10.95%</b>



## General Fund Expenses 2014

General Fund Expenses for 2014 are projected to increase +\$216,221 (7.24%); the largest area of increase is Fund Transfers with an increase of +\$143,304.82 in transfers to the Capital Improvements Fund (\$126,011.58) and a transfer to the Employee Benefit Fund (\$29,027) designated as matching funds to request proposals for a pay study.

Municipal Court expenses are projected to increase \$28,201 with the transition from the Clerk of Court contract to a 8 full time equivalent position.

The Police Dept. is the City's largest single department with 16 full time employees, the 2014 budget is projected to decrease -\$78,101.41 with a -\$127,449 decrease in the 911 communications budget line items dropping from \$227,449 to \$100,000. If this amount is not agreed upon, the line item transfer to Capital Improvements will be decreased to increase the Communications appropriation.

The Public Works and Street Depts reflect a total increase of \$57,194 with line item increases to fund revised staffing in the Public Works Director, Project Manager and seasonal employees. Overtime and Fuel line items were increased for the Street Dept. to keep up with current activity levels.

## Enterprise Funds Revenue & Expenses 2014

ENTERPRISE FUND REVENUE	2013	2014	%	+/-
WATER	\$1,272,090	\$1,179,875	-10%	-\$92,215
SANITARY SEWER	\$688,195	\$642,290	-7%	-\$45,905
WASTE REMOVAL	\$253,560	\$264,070	4%	\$10,510
WASTE REDUCTION	\$18,262	\$18,262	0%	\$0
VECTOR CONTROL	\$32,691	\$44,040	35%	\$11,349
STREET LIGHTS	\$192,215	\$192,215	0%	\$0
<b>TOTAL</b>	<b>\$2,485,276</b>	<b>\$2,234,558</b>	<b>-9%</b>	<b>-\$250,718</b>

The 2014 revenue projections are influenced by significant decreases in water/sewer sales; 2013 year to date revenue is approximately -7% behind the previous 2012 sales. Gallons treated/sold are also trailing approximately -12% behind the same time last year. Production gallons from the water plant are down and unaccounted for water is consistent.

ENTERPRISE FUND EXPENSE	2013	2014	%	+/-
WATER	\$1,419,363	\$1,389,776	-2%	-\$29,587
SANITARY SEWER	\$700,361	\$718,293	3%	\$17,932
WASTE REMOVAL	\$265,000	\$264,070	0%	-\$930
WASTE REDUCTION	\$31,000	\$18,262	-41%	-\$12,738
VECTOR CONTROL	\$53,402	\$44,040	-17%	-\$9,362
STREET LIGHTS	\$192,099	\$192,275	1%	\$176
<b>TOTAL</b>	<b>\$2,691,225</b>	<b>\$2,648,739</b>	<b>-2%</b>	<b>-\$42,486</b>

The 2014 expense projections are down with reductions in water tower maintenance, contract services and the current year clean up of the north materials storage site and tree disposal areas. The enterprise funds are greatly influenced by fixed costs with a small variation in variable costs.

## Enterprise Funds Projected Summary of Fund Position 2014

CHANGES IN EQUITY	2013	DESCRIPTION
WATER	\$209,901	TOWER MTC CONTRACT
SANITARY SEWER	-\$105,013	LIFT ST. #5 REHAB PROJECT
WASTE REMOVAL	\$0	MAINTAINING
WASTE REDUCTION	\$0	MAINTAINING
VECTOR CONTROL	\$0	FEE REIN STATED AUG. 2013
STREET LIGHTS	\$1,738	BUILDING EQUITY
<b>TOTAL</b>	<b>\$314,176</b>	

The 2014 projected budgets for the Water and Sewer Enterprise Funds are not sustainable; the current budgets do not have any readily identifiable items that could be eliminated or diminished without consequence. To address the Water & Sewer Fund positions:

- Eliminate the transfers to other funds for the purpose of closing capital projects totaling \$105,804 in Water and \$176,608 in Sewer.
- Close the Water & Sewer completed capital projects with a transfer from the Infrastructure Sales Tax:
 

Item	Amount
WTP Energy Efficiency Improvements	\$105,990.84
2009 Hydrant Replacements	\$ 93,255.50
Lift Station #5 Rehab	\$113,608.00
Radio Read Meters	\$126,000.00
<b>Total Transfer</b>	<b>\$438,854.34</b>
- Resolve the remaining \$104,097 shortfall in the Water Fund with the addition of \$3.95 to the monthly water minimum charge.

## Compensation Summary 2014

Projections for 2014	Cost of Living 3%
Salaries	\$2,076,144
FICA	\$168,825
Cafeteria Benefits (\$1,031 fam. no change other)	\$400,219
NDPERS Retirement (1% emp. + 1% city)	\$208,375
Placement in Grade	\$0
<b>Projected Payroll Expenses</b>	<b>\$2,843,763</b>

Payroll and benefits represent 25% of the 2014 total expense budget of \$11,350,091. Projections include the addition of a .80 full time equivalent Municipal Court Clerk in the General Fund and revised salaries for the PW Director & Engineering Project Manager. The \$134,236 increase in salaries is \$80,936 in cost of living increases and \$53,300 in a new .80 FTE and revised salaries.

Changes from 2013	Increase	%
Salaries	\$134,236	7%
FICA	\$10,289	7%
Cafeteria Benefits (\$1,031 fam. no change other)	\$19,275	5%
NDPERS Retirement (1% emp. + 1% city)	\$32,759	15%
Placement in Grade	\$0	0%
<b>Projected Increase in Payroll Expenses</b>	<b>\$196,544</b>	<b>7%</b>

Salaries were increased to reflect a 3% cost of living adjustment. Cafeteria benefits allotments were increased for the 17 employees carrying family health insurance to maintain the employer contribution at 84%. And employer and employee contributions to the NDPERS Plan each increase an additional 1%.

## Incorporation of Goals & Priorities

- Housing Development, Reinvestment & Revitalization
- Downtown Revitalization & Rehabilitation
- CIP Plan Adoption
- Job Growth & New Industry
- Land Use Plan Implementation

The Council Goals and priorities are incorporated into multiple areas of the budget; the 2014 Budget reallocates the sales tax collections increasing the funding for Economic Development by \$167,000, additional funding for dilapidated properties and capital improvements are all necessary tools in attaining the Council goals.

Huwe addressed questions from those present regarding the information provided during the presentation. Huwe noted first reading of the Budget Ordinance No. 954 was done tonight, and that there would be a publication in the paper of the preliminary budget statement that will be slightly revised with action that was taken tonight.

With nothing further to discuss, meeting adjourned/concluded at 7:10 pm.

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City Finance Director Huwe

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Lynelle Amos, Finance Assistant