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The Mandan City Commission met in regular session at 5:00 p.m. on September 7, 2010 in the Ed “Bosh” Froehlich Room at City Hall. Commissioners present were Helbling, Tibke, Rohr, Frank, and Jackson. Department Heads present were Finance Director Welch, Police Chief Bullinger, City Attorney Brown, City Administrator Neubauer, Director of Public Works Wright, Fire Chief Nardello, Business Development Director Huber, and Engineering Project Manager Bechtel. Absent: City Assessor Barta.

MINUTES: Consider approval of the minutes for August 17, 2010 meeting of the Board of City Commissioners and the Special Meeting of September 1, 2010. Commissioner Jackson moved to approve the minutes as presented. Commissioner Rohr seconded the motion. The motion received unanimous approval of the members present.

PUBLIC HEARING:

1. *Public Hearing to review and discuss the Preliminary 2011 Budget (See Ordinance No. 1).* Finance Director Welch referred to Commissioner Tibke for review of this matter. Commissioner Tibke stated that the intent was to outline the budget process with the use of the policies currently in place. She stated that this matter will be reviewed more in depth at the Commission meeting on September 21, 2010. She explained that the process that is used is one of the developments of the policies by the City Commission and then those policies are followed by the department heads to create their budget and subsequently the budget requests are submitted to the Commission for approval. The Budget Committee consists of Administrator Neubauer, Finance Director Welch and Commissioner Tibke. She noted that one of the items used when working on the budget process is a “Minimum Fund Balance Reserve” which is derived from the recommendations of the government’s Finance Officer’s Association for best practices. It has been at 15% for 2010 and prior years and has recently changed to 17%. In 2011 and 2012 it will be increased by 1% each year so it will be 16% for 2011 and 17% for 2012. Commissioner Tibke noted that the Solid Waste and Water Utility fund are higher at 25% which is required by the bonding company as a normal benchmark. City Sales Tax Fund – 40% of the sales tax revenue will be transferred to the General Fund for property tax reduction and this policy was approved by the City Commission on September 5, 2000. Also of importance in the budget policy document, is that at the end of each page there is a notation as to when the City Commission approved the policies. Commissioner Tibke provided a brief overview of the Significant Budget Policies Report as recommended by the Budget Committee, of which some items will be discussed more in length at the meeting on September 21, 2010:

- Mandan Growth Fund
- Water and Sewer Utility Fund
- Fees/charges and revenue estimates
- Expenditure Estimates and Operation & Maintenance Expenditures
- Mill Levy and Taxable Valuation
- Salaries and benefits
- Capital outlay and construction/maintenance projects
- Debt services
- Bismarck/Mandan Transit Board funding

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- Mandan Airport authority
  - Morton Mandan public library funding
  - Long term care planning
  - Recommendations for 2012 budget

Mayor Helbling commented that he agrees that the Significant Budget Policies Report is a document that will provide guidelines and assistance to new commissioners as well as the public when considering the budget requests.

Finance Director Welch reiterated that the purpose of this report is to assist in the process for the Budget Committee to conduct a public hearing to review and discuss the preliminary 2011 budget and to consider the introduction and first reading of Ordinance No. 1085 regarding the City of Mandan's 2011 budget. Welch explained that in regard to the Budget Document the City of Mandan is required to prepare the budget in accordance with the state's municipal budget law which is NDCC Chapter 40-40 and in accordance with city ordinances, resolutions, contracts and agreements. In addition, the Budget Committee guides this process as alluded to by Commissioner Tibke.

Welch explained that the preliminary 2011 Budget document is posted on the City website at [www.cityofmandan.com](http://www.cityofmandan.com). The 2011 proposed budget was reviewed:

#### REVENUES

Total = \$22,013,750

- Property Taxes = \$3,544,200 or 16%
- 1% City Sales Taxes = \$1,427,300 or 6%
- Intergovernmental = \$2,191,850 or 10%
  - Highway Tax Distribution
  - State Aid Distribution
- Water, Sewer, Solid Waste, Street Light Utility Charges = \$7,187,250 or 34%
- Special Assessments = \$5,783,150 or 26%

#### EXPENDITURES

Total = \$22,073,750

- Salaries and Benefits = \$7,387,900 or 33%
- Operations and Maintenance = \$5,358,100 or 24%
- Capital Outlay = \$388,300 or 2%
- Debt Service-Principal and Interest = \$8,939,450 or 41%

#### MAJOR FUNDS

All Major Funds have met required minimum fund balance operating reserves.

- Provides for economic stability.
- Assists in maintaining the City's bond rating.
- Government Finance Officers Association recommends a 17% minimum fund balance reserve for the General Fund.
  - 2010 Budget = 15%

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- 2011 Budget = 16%
  - 2012 Budget = 17%
  - Utility Funds = 25%
  - General Fund
  - Water and Sewer Utility Fund
  - Cemetery Fund:
    - Grave opening and closing winter rate increase = \$100
    - Purpose: Machinery and equipment for winter burials.

#### TAXABLE VALUATION

Estimated Taxable Valuation = \$42,967,800

- Increase = 6.9%
- Increase Last Ten Years = 101.8%

#### MILL LEVY

Mill Levy = 97.83 mills

- Decrease = 0.10 mills
- Decrease Last Ten Years = 18.43 mills
- Average city levy of the 11 largest cities (excluding Mandan) for FY 2009 = 97.83 mills
- City's share of 1 mill for FY 2009 = 24%

#### PROPERTY TAXES

Property Taxes = \$4,203,565

- Increase = \$265,781
- Increase in City Property Taxes for an existing residential home valued at \$160,000 with a 3.2% increase in the true and full value, excluding special assessments = \$21.82

#### SALARIES AND BENEFITS

Salaries = \$5,457,500

- Increase from FY 2010 (revised) = \$176,800
- Cost of Living Adjustment = 2.5% or \$162,950
  - 1% = \$65,180

Benefits = \$1,930,400

- Increase from FY 2010 (revised) = \$128,800
- Health Insurance-estimated premium increase (effective July 1, 2011) = 20% or \$94,750

Total Salaries and Benefits = \$7,387,900

- Increase from FY 2010 (revised) = \$305,600 or 4.3%

#### DEBT SERVICE

Debt Service-Principal and Interest = \$8,939,450

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- Total Debt Service-Principal and Interest = \$92,083,860
    - Included \$7,000,000 Residual Management Facility Project = \$9,270,580
  - Budget Committee Recommendations:
    - Debt Management Policy.
    - Infrastructure Policy for developer related projects.

#### ANNUAL COST FOR CITY SERVICES

Existing \$160,000 residential home with an average valuation increase and using 10 units of water per month, excluding special assessments = \$1,588

- Increase = \$47

#### SIGNIFICANT BUDGET POLICES

The Budget Committee will request the City Commission to re-approve the Significant Budget Policies on September 21, 2010.

#### PROPOSED RECOMMENDATION FOR GENERAL FUND OPERATING DEFICITS:

Finance Director Welch explained that these operating deficits may only result from one-time expenditures such as capital outlay, for example, machinery and equipment, or for special projects provided that funding comes from available balances such as savings, in excess of the minimum fund balance operating reserves. Deficits may not result from normal operating expenditures. Finance Director Welch summarized the mill levy process in by comparing it to 11 comparable sized cities within the state. In essence, the 2011 mill levy is projected based on the current year's budget due to not knowing what other cities will assess. Commissioner Tibke commented that the mill levy process when compared to other cities in North Dakota, with the sales tax revenue, most cities are not competing for sales tax like Mandan is, other than West Fargo.

Commissioner Tibke stated that it seems to be fair to compare Mandan with the average city although Mandan does not have the same amount of sales tax for the size of the community compared to other communities which buy down property tax and infrastructure costs, etc.

Finance Director Welch stated that the current budget for 2010 the City of Mandan current mill levy represents 24% of overall mill levies that citizens will pay. The total property taxes levied including the library and airport will amount to \$4.2 million. The impact of the (slight) mill levy decrease and the increase in the residential home is 3.2% on a \$160,000 average priced home according to the Board of Equalization.

Welch summarized his presentation:

- What is this going to cost the average home owner?
  - Property taxes and utility increase will be about \$47.00
  - Policies will come back to the City Commission on 9/21/10
  - Immediately after the 9/21 meeting the Budget Committee will get back to work in completing the budget and will share the findings with the Board
  - Another public hearing is scheduled for 10/5/10 for the second and final reading of the 2011 Budget

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Mayor Helbling stated this is a public hearing and invited comments from the public:

A Mandan resident, Wayne Papke, came forward and commented as follows:

- He complimented the Budget Policy process that will be implemented
- He complimented the commission on the decision to require the developer to cost sharing projects
- He commented on website information and provided information on what websites have information related to municipalities: debt servicing: sunshine on cities websites will have numbers on debt service. There is also is a municipal securities website for debt capita on any city within the United States.
- He suggested completing the city wide assessment this year as that would benefit the school district the most.
- One negative was the unexpended funds carried forward to the next year. It muddles money. Rather than carry funds forward, appropriating funding is the answer. Also, it keeps the books clean so the taxpayers see where the money is coming from and to track the funds.

Mayor Helbling asked for further comments regarding the proposed budget. Hearing none, this part of the public hearing was closed.

Commissioner Rohr extended a thank-you to Finance Director Welch and the Budget Committee for the work done on the preliminary budget process. Commissioner Jackson extended a thank-you to the Budget Committee. He stated he is concerned about the long term debt and recommended that the City look at that for the next twenty years. He commented that if the City did not have the debt service that it has, the property taxes would be approximately what Bismarck's property tax would be. He agreed with, and was in favor of, putting a policy in place as a good start in reducing the long term debt.

Mayor Helbling commented that this budget was difficult; however, the 2012 process will be a much tougher budget. In particular salaries and budgets are 33% of the budget and the health insurance and budgets may have to be considered as cost of living increases. Another thing to look at will be the City landfill charges. We may need to have a step process for that landfill rate. The City may need to consider merit raises versus COLA raises. Mayor Helbling extended a thank you to the Budget Committee for the work done on this.

Finance Director Welch extended a thank you to the department heads and stated that he was very appreciative of the many discussions that were held in order to address the problems with the budget process. He stated that with their cooperation it made the budget committee tasks much easier.

BIDS:

CONSENT AGENDA:

1. *Consider a proclamation designating September 16, 2010 as National Stepfamily Day in the City of Mandan.* The Board approved of the proclamation designating September 16, 2010 as National Stepfamily Day in the City of Mandan.
2. *Consider approval of Lohstreter's 5<sup>th</sup> Addition.* The Board approved of Lohstreter's 5<sup>th</sup> Addition.
4. *Consider for authorization the advertisement of bids for the Dykshoorn Park parking Cul-de-sac.* The Board approved of the authorization for the advertisement of bids for the Dykshoorn Park parking Cul-de-sac.
5. *Consider amending the Water Treatment Plant (WTP) 2010 Budget.* The Board approved of amending the Water Treatment Plant (WTP) 2010 Budget.

Commissioner Jackson moved to approve Consent Agenda items No. 1, 2, 4, and 5 as presented. Commissioner Tibke seconded the motion. The motion received unanimous approval of the members present.

Commissioner Jackson requested Consent Item No. 3 be removed for discussion:

3. *Consider approval of a variance of Auditor's Lot C of Gov't Lot 4.*  
Commissioner Jackson stated that the Engineer's office is not in favor of the approval of this matter, but the Planning and Zoning Committee did approve it. Engineering Project Manager Bechtel stated that this is one of several areas that are not approved by the Engineer's office. Commissioner Jackson stated that he is not sure what will happen to this area which is between 1806 and Willow Road without an actual plat. Within 10 years there will be a storage unit on that property that will be used to store farm equipment. Bechtel stated that the area is about an 8-acre parcel of land that is attached to another piece of property that is unplatted by the owner and that totals to about 22 acres. If the property were to be subdivided in the future, it could be platted at that time. Commissioner Jackson stated that his concern is to follow the standard requests that have occurred in the past for variances and that this matter be treated similarly. He stated that it would be his preference that the City does not deviate and that there should be a plat for that parcel. Bechtel stated he could plat the minimal requirement of half-acre parcel and that would be the requirement. Commissioner Rohr stated that he attended the Planning and Zoning Committee meeting when this matter was discussed. He stated that the Committee was also concerned that the proper procedure be followed.

Commissioner Jackson moved to approve of the variance of Auditor's Lot C of Gov't Lot 4 as presented. Commissioner Tibke seconded the motion. Roll call vote: Commissioner Rohr: Yes, Commissioner Tibke: Yes; Commissioner Jackson: Yes; Commissioner Frank: Yes; Mayor Helbling: Yes. The motion carried.

OLD BUSINESS:

NEW BUSINESS:

1. *Consider the Mandan Airport Authority's 2011 Budget.* Jim Lawler, Airport Manager with the Mandan Airport, presented a summary of the past year's activities. He reviewed the proposed 2011 Budget that has been approved by the Authority's Board on

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June 21, 2010. He stated that the possibility of adding more hangars is addressed in the capital improvement plan; however, the current debt load does not allow that to be on the list just yet. He stated that our rental rates for the units when compared to other cities of this size are comparable. However, when compared to Bismarck, Mandan is not as high. He stated that the rental rates are going up \$10 and \$15 respectively, commencing January 1, 2011. There are private buildings on the property now. However, the banks are not friendly to those types of situations and are reluctant to be involved. Lawler reviewed some of the upgrades being done to the airport. Mayor Helbling requested that Lawler take back to the Airport Board an incremental step of reducing the City's share of the airport budget in future years.

Commissioner Rohr moved to approve the Mandan Airport Authority's 2011 Budget. Commissioner Frank seconded the motion. Roll call vote: Commissioner Rohr: Yes, Commissioner Tibke: Yes; Commissioner Jackson: Yes; Commissioner Frank: Yes; Mayor Helbling: Yes. The motion carried.

2. *Consider the Morton Mandan Public Library's 2011 Budget.* Kelly Steckler, Director of the Morton Mandan Public Library, presented the 2011 Budget requests. She stated that the Library Board has been planning and earmarking funds for library projects so they do not have to come to the City Commission for funding all the time. Last year was spent creating funds for future projects; in particular, a capital reserve fund so they can support their own projects such as the replacement of the deck. She reviewed the budget expenses and the projected budget for 2011. The Friends of the Library support fun projects and have raised money totaling @ \$4,000 which has been used for new shelving, etc. The annual Used Book sale will be Friday and Saturday of this week at the bookmobile. She stated that the computer usage in the library has grown with people doing job searches and using the computers at the library. As far as electronic books, etc, we are working with the Bismarck Public Library on programs. More information will be coming in the future regarding licenses for the technology related to electronic books.

Commissioner Jackson moved to approve the *Morton Mandan Public Library's 2011 Budget*. Commissioner Tibke seconded the motion. Roll call vote: Commissioner Rohr: Yes, Commissioner Tibke: Yes; Commissioner Jackson: Yes; Commissioner Frank: Yes; Mayor Helbling: Yes. The motion carried.

3. *Introduction of new Mandan Police Department employee – Justin Barnhardt* Police Chief Bullinger introduced Justin Barnhardt as a new employee with the Mandan Police Department. Officer Barnhardt is a Bismarck High School graduate and obtained a major in education from Dickinson State University. He will be working with a focus on school trancies and causes.

#### RESOLUTIONS & ORDINANCES:

1. *Consider the introduction and first reading of Ordinance No. 1085 making the annual appropriations for expenditures/expenses of the City of Mandan, North Dakota, for the fiscal year commencing January 1, 2011, and ending December 31, 2011, and making the annual tax levy for the year 2010.* Commissioner Jackson moved to approve

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the introduction and first reading of Ordinance No. 1085 making the annual appropriations for expenditures/expenses of the City of Mandan, North Dakota, for the fiscal year commencing January 1, 2011, and ending December 31, 2011, and making the annual tax levy for the year 2010. Commissioner Tibke seconded the motion. Roll call vote: Commissioner Rohr: Yes, Commissioner Tibke: Yes; Commissioner Jackson: Yes; Commissioner Frank: Yes; Mayor Helbling: Yes. The motion carried.

OTHER BUSINESS:

1. City Administrator Neubauer reminded the Board members that the School Board has requested that they be allowed to move their regularly scheduled Monday, September 20<sup>th</sup>, meeting to Tuesday, September 21<sup>st</sup>. So, this Board will need to meet at 5:00 p.m. that day. Mayor Helbling requested an email notice be sent out to remind them of the early start time.

2. Mayor Helbling extended a thank-you to the MPO Board, Mr. Cermak and Mr. Wetch for all the hard work done in order for the Wild West Grill Fest to be a success.

There being no further actions to come before the Board, Commissioner Rohr moved to adjourn the meeting at 6:43 p.m. Commissioner Jackson seconded the motion. The motion received unanimous approval of the Board members present and the meeting adjourned.

/s/ James Neubauer  
James Neubauer,  
City Administrator

/s/ Timothy A. Helbling  
Timothy A. Helbling,  
President, Board of City  
Commissioners