
The Mandan City Commission met in regular session at 5:00 p.m. on September 20, 2016 in the Ed “Bosh” Froehlich Room at City Hall, Mandan, North Dakota. In the absence of Mayor Helbling, Vice President Rohr called the meeting to order. Commissioners present were Rohr, Braun, Davis, and Commissioner Laber was present via teleconference call. Department Heads present were Finance Director Welch, Police Chief Ziegler, City Attorney Brown, City Administrator Neubauer, Director of Public Works Wright, Fire Chief Nardello, Business Development and Communications Director Huber, Planning & Engineering Director Froseth, Principal Planner Decker, Assessor Shaw, and Building Official Lalim. Absent: Mayor Helbling.

B. APPROVAL OF AGENDA:

Commissioner Braun moved to approve the Agenda. Commissioner Davis seconded the motion. The motion received unanimous approval of the members present. The motion passed.

C. MINUTES:

1. *Consider for approval of the minutes from the September 6, 2016, regular City Commission meeting.* Commissioner Laber moved to approve the minutes as presented. Commissioner Braun seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

D. PUBLIC HEARING: None.

E. BIDS:

1. *Consider award of bid and approving Resolution Approving Contract and Contractor’s Bond for Water & Sewer Improvement District No. 62, Project 2016-17 (Collins Avenue NW).* Planning & Engineering Director Froseth presented a request to approve the Resolution and contract for Contractor’s Bond for Water & Sewer Improvement District No. 62, Project 2016-17. These are the 4 lots on Collins Avenue that have requested the work to be done. He said that two bids were received on September 13, 2016: (i) Cofell’s Plumbing & Heating in the amount of \$86,115.00; and (ii) Basaraba Excavating & Dirt Works, LLC in the amount of \$48,853.25. The Engineer's estimate was \$57,182.00. The low bid was 14.6% lower than the engineer’s estimate. He said the project will be paid for by special assessments from the benefiting properties within the district. The estimated construction cost of the project is \$48,853.25 plus the engineering and administrative costs of \$17,098.64 for a total project cost of \$65,951.89. The special assessments will be assessed to the 4 benefitting lots estimated at \$16,487.97 per lot. It was recommended to award the bid to the low bidder, Basaraba Excavating & Dirt Works, LLC in the amount of \$48,853.25.

Commissioner Laber moved to award the bid to Basaraba Excavating & Dirt Works, LLC as the low bidder for Water & Sewer Improvement District No. 62, Project No. 2016-17 (Collins Avenue) in the amount of \$48,853.25 and approve the Resolution approving Contract and Contractor’s Bond. Commissioner Braun seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

2. *Consider award of bid and approving Resolution Approving Contract and Contractor's Bond for Street Improvement District No. 207, Project 2016-20 (8th Avenue NW north of 27th Street NW).* Planning & Engineering Director Froseth presented a request to award the bid and approve the Resolution Approving Contract and Contractor's Bond for Street Improvement District No. 207, Project 2016-20. This project will help relieve traffic in the area. It will be a rural type section with no parking on the streets. There was no opposition to the project from the property owners. He said that three bids were received on September 13, 2016: (i) Basaraba Excavating & Dirt Works, LLC in the amount of \$401,383.80; (ii) Northern Improvement in the amount of \$394,666.40; (iii) Guthmiller & Sons Dirtworks, Inc. in the amount of \$326,047.53. The Engineer's estimate was \$339,841.95. The low bid was 4% lower than the engineer's estimate. The project will be paid for by special assessments from the benefiting properties within the district. The construction cost of the project is \$326,047.53 plus the engineering and administrative costs of \$114,116.64 for a total project cost of \$440,164.17. The special assessments will be assessed to the benefiting lots within the district. It was recommended to award the bid to the low bidder Guthmiller & Sons Dirtworks in the amount of \$326,047.53.

Commissioner Braun moved to award the bid to Guthmiller & Sons Dirtworks, Inc., the low bidder for Street Improvement District No. 207, Project No. 2016-20 (8th Avenue NW north of 27th Street NW) in the amount of \$326,047.53 and approve the Resolution approving Contract and Contractor's Bond. Commissioner Laber seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

3. *Consider award of bid for Water Treatment Facility High Service Pump project to low bidders.* Planning & Engineering Director Froseth stated that the Water Treatment Facility High Service Pumps and Facility Upgrades project bid opening was held on September 13, 2016. This item is to consider action based on the bids received. He said that 11 bids were received on September 13, 2016. He explained that it is typical for these types of facility upgrade projects that contractors have the option to bid on either the General Contract, the Mechanical Contract, the Electrical Contract, or all three combined. In taking the three low bidders and the alternates, the total project cost comes in at about 5% under the engineers estimate. In keeping a conservative 10% contingency on construction, the project is estimated to be about \$12,000 (under 1%) more than last year's application. The low bidders were: (i) General Construction including Alternate No. P1 was PKG Contracting, Inc. at \$1,231,900; (ii) Mechanical Construction was Ryan Mechanical at \$183,139; (iii) Electrical Construction including Alternate No. E1 was GMHR Field Services at \$1,067,832. PKG Contracting is a known general contractor who has completed many water projects for AE2S and the City of Mandan. Ryan Mechanical and GMHR are known entities to AE2S who are confident they are qualified to do the work. All bids were under the engineer's estimate.

Director Froseth said that the City was successful in receiving State Water Commission (SWC) grant money to start construction on this project during the 2015-2017 biennium. This project has been part of the City's Capital Improvement Plan (CIP). He explained that the new pumps are necessary to meet the near future projected water demands. Many of the existing pumps at the water treatment facility are 30 to 40 years old and are due for replacement. One component of this project is to address those pumps with replacements. In order to maximize efficiency of

those pumps, this project also includes VFDs (Variable Frequency Drives) and the electrical upgrades to facilitate the pumps and VFDs. The pump upgrades will increase the plant's firm capacity by 44% to the Collins reservoir and by 26% to the Sunset Drive reservoir. A second main component of this project is to reconfigure the facilities office and lab space. Currently there is only one small office room that intermingles with the lab space. The City applied for and received State Water Commission grant money for this project. The City is to receive a 35% match from the SWC for design engineering and pre-bid services, for the construction and construction phase engineering; the City is to receive a 60% match.

The local or City share of the project would be financed by a Drinking Water State Revolving Fund (SRF) Loan. The 20-year SRF Loan from the State of ND would have an interest rate of 1.5% plus a 0.5% administrative fee. To service the debt on the SRF Loan, the City would be required to adjust the monthly water and wastewater base charge per meter as follows. The City would propose the base charge increase to go into effect for the 2018 Budget:

- Residential = \$0.90
- Mobile Home/Trailer Park = \$0.90
- Commercial = \$1.80
- Apartment = \$2.70

Commissioner Braun moved to approve awarding the bid to the low bidders; PKG Contracting for General, Ryan Mechanical for Mechanical, and GMHR Field Services for Electrical. Commissioner Davis seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

F. CONSENT AGENDA

1. *Consider approval of monthly bills.* MONTANA-DAKOTA UTILITIES - 22,765.15; HORNER/BRUCE - 8,172.45; A-1 TREE SERVICE - 450.00; ADVANCED ENGINEERING SVC - 95,488.95; AGUIRRE/LORENA - 25.00; ALL BIRDS CONTROLLED, LL - 9,405.00; ARMSTRONG SANIT & ROLL O - 35,659.05; BANK OF NORTH DAKOTA - 616.67; BANK OF NORTH DAKOTA - 103,547.09; BIS-MAN CONVTN & VISITOR - 3,545.42; BOB'S CUSTOM SERVICES - 90.00; CENTRAL DAKOTA FORENSIC - 105.00; CREATIVE CONSTRUCTION - 681.00; EPIC ENGINEERING - 4,424.00; FETZER ELECTRIC, LLC - 7,185.37; FRIEDIT/JIM - 383.52; GRAYMONT CAPITAL INC - 4,120.70; HUB INTERNATIONAL OF ND - 22.00; L-TRON CORPORATION - 162.00; MANDAN PARK BOARD - 11,900.00; MARKS HEATING & COOLING - 4,662.65; MORTON COUNTY AUDITOR - 6,251.74; MUNICIPAL CODE CORPORATI - 1,346.00; ND WATER & POLLTN CONTRO - 450.00; NSC MINERALS - 12,027.86; PRESORT PLUS - 2,224.45; RENNER'S LAWN SPRINKLING - 111.25; SCHLOSSER EXCAVATING INC - 1,075.00; SOUTHWEST AG INC - 122.50; TODD'S TREE & STUMP REMO - 2,500.00; MONTANA-DAKOTA UTILITIES - 35,084.34; ADVANCED ENGINEERING SVC - 3,565.07; AT & T - 803.01; BALABAN LAW OFFICE - 1,500.00; CENTRAL DAKOTA FORENSIC - 315.00; COMPANION LIFE - 10.00; DAKOTA MEDIA ACCESS - 9,704.00; DAKOTA'S BEST COFFEE - 50.00; FORT DEARBORN LIFE - 1,826.55; GLASS/THOMAS J. - 1,500.00; GRAYMONT CAPITAL INC - 12,299.69; KELSCH KELSCH RUFF & KRA - 4,000.00; ND PERS - 115,319.66; NEUBAUER/JAMES - 450.00; PRESORT PLUS - 2,060.06; TERRACON - 4,875.00; VAULT1440, LLC - 1,875.00; WELLS FARGO COMMERCIAL C - 159,066.50; MONTANA-DAKOTA UTILITIES - 24,475.95; POST BOARD - 45.00; ADVANCED ENGINEERING SVC - 23,114.12; AGUIRRE/LORENA - 25.00; ARMSTRONG SANIT & ROLL O - 47,164.96; AVENET WEB SOLUTIONS - 375.00; BANK OF NORTH DAKOTA - 200.00; BEAVER CREEK TREE SERVIC - 150.00; BIS-MDN TRANSIT BOARD - 452.50; CBI

BUSINESS SERVICES - 7,506.91; COMPUTER PROFESS UNLIMIT - 93.00; CROWLEY FLECK PLLP - 4,500.00; CUSTER DISTRICT HEALTH U - 1,075.00; D & F TELEPHONE - 681.60; DAKOTA PROMOTIONS & PRIN - 354.00; DAKOTA SANITATION, INC - 33,425.06; EPIC ENGINEERING - 2,385.75; ETHANOL PRODUCTS - 1,978.30; FETZER ELECTRIC, LLC - 4,012.80; FLECK & SONS CONCRETE IN - 21,433.27; GEORGE STROH TRUCKING IN - 750.00; HUB INTERNATIONAL OF ND - 138.00; INFORMATION TECHNOLOGY D - 689.10; INTERGOVERNMENTAL SHOP - 9,692.13; JERRY'S CUSTOM CARPENTRY - 4,165.36; KADRMAS, LEE & JACKSON, - 136,870.04; LEINGANG/PAUL - 25.00; MANDAN AIRPORT AUTHORITY - 905.11; MANDAN MUNICIPAL COURT - 2,495.00; MANDAN PARK BOARD - 4,000.00; MANDAN PROGRESS ORGANIZA - 1,262.53; MARINER CONSTRUCTION INC - 600,138.66; MARKWED EXCAVATING INC - 108,936.65; MISSOURI WEST WATER SYST - 92.61; MORTON COUNTY AUDITOR - 213.15; MORTON MANDAN PUBLIC LIB - 18,813.35; MUNICIPAL CODE CORPORATI - 997.00; MY GOV, LLC - 1,050.00; ND LEAGUE OF CITIES - 4,126.45; ND STATE DEPT OF HEALTH - 320.00; ND WATER & POLLTN CONTRO - 205.00; NORTHERN IMPROVEMENT CO - 293,230.16; ONE CALL CONCEPT INC - 295.40; PETTY CASH - 237.61; PHAT BROTHERS BAKERY, IN - 625.00; PRESORT PLUS - 2,419.25; RAILROAD MANAGEMENT CO I - 1,500.88; RAZOR TRACKING - 450.00; RENNER'S LAWN SPRINKLING - 421.50; SCHLOSSER EXCAVATING INC - 5,735.57; SEVERIN, RINGSAK & MORRO - 100.00; SKEELS ELECTRIC CO - 40,976.10; STANTEC CONSULTING SERVI - 1,274.39; STRATA CORPORATION - 0.00; TERRACON - 1,816.25.

2. *Consider approval of Post-Issuance Compliance Procedure and Policy for Bond Issues.*
3. *Consider approval of variance request to allow construction of an additional 60 foot wide driveway apron at 1715 40th Ave. SE*
4. *Consider approval of minor plat for Sylvester's Industrial Park 8th Addition*

Commissioner Braun moved to approve the Consent Agenda as presented. Commissioner Laber seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

G. OLD BUSINESS:

1. *Presentation of City of Mandan preliminary 2017 Budget by the Budget and Finance Committee.* Commissioner Rohr stated this matter is a continuation from the previous meeting regarding the preliminary 2017 budget. Finance Director Welch presented the Preliminary 2017 Budget as follows:

Ordinance No. 1249

- September 6, 2016 – The Board of City Commissioners passed the introduction and first consideration, and called for a public hearing of Ordinance No. 1249 adopting the 2017 Budget. Due to the lack of City Commission meeting time, the Mayor requested the Presentation from the Budget and Finance Committee be made to the Board on September 20, 2016.
- September 16, 2016 – The City published a Notice of Public Hearing of Ordinance No. 1249 adopting the 2017 Budget on October 4, 2016.

2017 Budget vs 2016 Budget

- All Funds combined:
 - General Fund
 - Special Revenue Funds

- Debt Service Funds
- Utility Funds

Revenues = \$1.2M decrease from 2016 Budget
Expenditures = \$928K decrease from 2016 Budget

Revenues

Total = \$31M

- Water, Sewer, Solid Waste, Street Light Utility Charges = \$10.2M
- Special Assessments = \$5.6M
- 1% & 0.75% City Sales Taxes = \$4.1M
- Intergovernmental = \$4.3M
- Property Taxes = \$3.6M
- Other = \$3M

➤ \$1.2M or 3.7% decrease from 2016 Budget

Expenditures

Total = \$30.1M

- Salaries and Benefits = \$10.2M
- Operations and Maintenance = \$7.2M
- Capital Outlay = \$1.7M
- Debt Service = \$10.9M

➤ \$928K or 3.0% decrease from 2016 Budget

Salaries

Total = \$7.4M

- Full Time = \$7M
- Overtime = \$208K
- Part Time = \$201K

➤ \$117K or 1.6% decrease from 2016 Budget

- Overtime = \$74K decrease
- Part Time = \$20K decrease

➤ No employee market or performance adjustments, except for promotions.

- High priority for 2018 Budget

➤ City intends to fully staff police and fire departments.

➤ Re-evaluate vacant or unfilled positions in General Fund based on need (essential vs. non-essential), except for police and fire departments.

➤ No additional employees.

Benefits

Total = \$2.7M

- Health Insurance = \$1.5M
 - Pension = \$616K
 - Social Security and Medicare = \$572K
 - Other = \$124K
- \$61K or 2.2% increase from 2016 Budget
- Health Insurance = \$82K increase
 - 15% projected increase in health insurance (NDPERS) premiums, effective July 2017
 - July 1, 2017 = 8.7% increase?
 - July 1, 2018 = 8.7% increase?
 - City will continue to evaluate and review health care plans to manage future costs and attempt to offer employees more selective options.
 - Pension = \$23K decrease
 - Police Department = \$16.4K decrease
 - City contribution decrease from 10% to 9.07%

Salaries and Benefits

Total = \$10.2M

- \$56K or 0.5% decrease from 2016 Budget

Operations and Maintenance

Total = \$7.2M

- Expenditure categories:
 - Professional fees and services
 - Insurance
 - Utilities
 - Supplies
 - Repairs
 - Etc...
- \$84K or 1.1% decrease from 2016 Budget

Debt Service

Total = \$10.9M (principal and interest)

- Special Assessment Bonds = \$6.5M
- Revenue Bonds = \$4M
- Capital Leases = \$196K
- General Obligation Bonds = \$68K

Capital Outlay

Total = \$1.7M

- General Fund = \$126K
- Water and Sewer Utility Fund = \$1.5M

General Fund

Revenues = \$10.5M (includes cash transfers of \$1.1M from other funds)

➤ \$35K decrease from 2016 Budget

Expenditures = \$10.7M

➤ \$292K decrease from 2016 Budget

General Fund – Revenues

Total = \$10.5M

- Property Taxes = \$3.2M (30% of total)
- 1% City Sales Taxes = \$1.2M (11% of total)
- Licenses and Permits = \$991K (9% of total)
- Other = \$874K
- State Aid Distribution/Highway Tax Distribution = \$2.6M (25% of total)
- Charges for Services = \$663K
- Transfers (from other funds) = \$1.1M
 - \$686K decrease in state aid distribution
 - \$396K decrease in highway tax distribution
 - Mill levy increase = 13.08 Mills
 - Property tax increase (residential property valued at \$250,000 with a valuation increase of 12.7% in the true and full value, excluding special assessments) = \$165

➤ \$35K decrease from 2016 Budget

State Aid Distribution

➤ Consists of sales, gross receipts, use and motor vehicle excise taxes collected by the State of ND. A portion of the taxes are distributed quarterly pursuant to a population based formula as spelled out in NDCC 57-39.2-26.1.

➤ Increasing revenue trend through 2014 and decreasing revenue trend since 2015.

2016 Budget:

- Original = \$2.3M
- Revised = \$1.6M
- \$686K or 30% decrease

2017 Budget:

- \$1.6M = no increase from revised 2016 Budget
- \$686K or 30% decrease from original 2016 Budget

Highway Tax Distribution

- Consists of motor vehicle registration, fuel taxes, use taxes and special fuels excise taxes collected by the State of ND. Distributed monthly to counties and cities monthly pursuant to NDCC 54-27-19.
- Transferred from the City's Highway Distribution Fund to the General Fund to pay for street department operations.
- Increasing revenue trend through 2014 and decreasing revenue trend since 2015.

2016 Budget:

- Original = \$1.4M
- Revised = \$977K
- \$396K or 29% decrease

2017 Budget:

- \$977K = no increase from revised 2016 Budget
- 396K or 29% decrease from original 2016 Budget

General Fund – Expenditures

Total = \$10.7M

- Salaries and Benefits = \$7.5M
 - Debt Service = \$40K
 - Capital Outlay = \$126K
 - Operations and Maintenance = \$3M
- \$292K decrease from 2016 Budget:
- Salaries and Benefits = \$95K increase
 - Health Insurance = \$84K increase
 - Debt Service = \$15K increase
 - Capital lease payments
 - Street Department
 - Capital Outlay = \$346K decrease
 - Operations and Maintenance = \$56K decrease

General Fund – Fund Balance

Total (estimated December 31, 2017) = \$3.3M

- Reserved (17%) = \$1.8M (The recommended percent to have in reserves)
- Unreserved = \$1.5M
 - \$240K decrease from revised 2016 Budget

Unreserved:

- Increasing fund balance trend through 2015 and decreasing fund balance trend since 2016.

- Revenue stabilization transfers from other funds:
 - 2016 Budget = \$158K
 - 2017 Budget = \$890K
 - ✓ Hub City Fund contribution = \$553K
 - ❖ Operations = \$500K
 - ❖ Capital Outlay = \$53K

Utility Bill

- Residential property using 800 cubic feet or 8 units of water

Water and Sewer Utility Fund:

- Water and Wastewater Base Charge:
 - Increase pending updated cost share funding from the ND State Water Commission and timing of Water Treatment Capital Improvement Projects.
 - Effective for 2018 Budget
- Water Usage Charge:
 - \$0.10 increase per 100 cubic feet = \$0.80/per month
- Wastewater Usage Charge:
 - \$0.05 increase per 100 cubic feet = \$0.40/per month
- Missouri West Water System:
 - \$0.07 increase per 1,000 gallons

Solid Waste Utility Fund:

- Solid Waste Collection and Hauling Base Charge:
 - \$0.05 increase per month
 - Solid waste collection services.
- Solid Waste Recycling Base Charge:
 - \$0.15 increase per month

Street Light Utility Fund:

- No increase in Charges for Services.

- Total (residential property using 800 cubic feet or 8 units of water) = \$1.40 increase per month.

Taxable Valuations

Total (estimated) = \$80.4M

- Residential = \$55.9M
 - 12.8% increase from tax year 2015
- Commercial = \$24.2M
 - 30.9% increase from tax year 2015
- Agricultural and Utilities = \$293K

- 17.6% increase from tax year 2015 (2016 Budget)

Property Tax Rates – Tax Year 2015 (2016 Budget)

Total (all taxing entities) = 279.75 Mills

- City of Mandan = 66.66 Mills (24% of total)

Mill Levy and Property Taxes

Mill Levy:

- Total = 59.15 Mills
 - General Fund = 41.52 Mills
 - Mandan Airport Authority = 4.00 Mills
 - Morton Mandan Public Library = 7.00 Mills
- 7.51 Mills decrease from tax year 2015 (2016 Budget)
 - General Fund = 6.89 Mills decrease from tax year 2015 (2016 Budget)
 - Mandan Airport Authority = no decrease in Mills from tax year 2015 (2016 Budget)
 - Morton Mandan Public Library = no decrease in Mills from tax year 2015 (2016 Budget)

Property Taxes:

- Total = \$4.7M

Property Tax Rates vs Valuations

➤ Increase in taxable valuations = decrease in City property tax rates (mill levy) since 2007.

Property Taxes

Total = \$4.7M

- General Fund = \$3.3M
 - \$28K increase from tax year 2015 (2016 Budget)
- Mandan Airport Authority = \$321K
 - \$48K increase from tax year 2015 (2016 Budget)
- Morton Mandan Public Library = \$563K
 - \$84K increase from tax year 2015 (2016 Budget)
- \$198K increase from tax year 2015 (2016 Budget).
 - New construction and expired exemptions:
 - Commercial = \$117K
 - Residential = \$81K
- Two year \$75,000 property tax exemption for new residential construction:
 - City tabled further discussion until January 2017.
- General Fund (in green) property taxes has remained stable since 2010.
- Residential property valued at \$250,000 with a valuation increase of 12.7% in the true and full value, excluding special assessments.
 - No increase in City property taxes due to the reduction in the City's mill levy to offset the 12.7% valuation increase.

- Existing properties with a valuation increase under 12.7% will pay less.
- Existing properties with a valuation increase over 12.7% will pay more.

Annual Cost for City Services

- The annual cost for City services for an existing \$250,000 residential property with a valuation increase of 12.7% and using 8 units of water per month, excluding special assessments:
 - Property Taxes (in green) = \$750
 - No increase from 2016 Budget
 - Utility Bill (in blue) = \$1,012
 - \$17 increase from 2016 Budget
 - Total = \$1,762
 - \$17 increase from 2016 Budget

What's next?

- October 4, 2016 – The Board of City Commissioners will conduct a public hearing and pass the second and final consideration of Ordinance No. 1249 adopting the 2017 Budget and also approve the Resolutions establishing rates and charges for services from the Water and Sewer Utility Fund and the Solid Waste Utility Fund.
- The preliminary 2017 Budget is posted on the City's website at cityofmandan.com.

Questions or Comments?

- Thank you to Krissy Pfeifer (Assistant Finance Director) for preparing this presentation.
- Questions or comments?

Commissioner Rohr extended a thank you to Director Welch and his staff for the preparation of an easy to read 2017 budget document. Commissioner Rohr commented on the different entities such as the County, the School, and the Park Board, all have budgets too. Each of the taxing entities takes into consideration that there are other taxing agencies that affect citizens. He encouraged others to educate citizens on what community taxation is and how it is applied to citizens. Director Welch stated that there were discussions by the Budget and Finance Committee as to whether or not to increase property taxes incrementally for the 2017 Budget. If the State economy doesn't rebound quickly enough, the City may be in a similar financial position again for the 2018 Budget. The Committee decided to use the City's existing fund balances on hand rather than increasing property taxes; reduced costs where the City could; and to be fiscally responsible with the funds which the public has asked the City to be stewards of. If the City is in the same financial position when preparing the 2018 Budget, the Committee should be able to demonstrate that the City did not increase property taxes for the 2017 Budget but instead cut expenditures and used the existing funds that the City had available. If the City needs to increase property taxes for the 2018 Budget, hopefully there is better justification to do so. Commissioner Rohr commented that these meetings are publicized on television and taped so if people cannot attend the meetings in person they can tune in to television broadcasts to become aware of what is going on. Director Welch stated that all of the Budget information is available on the City's website. No action is required at this time.

NEW BUSINESS:

1. *Consider Growth Fund Committee recommendations:* Business Development Communications Director Huber presented the following requests on behalf of the Mandan Growth Fund (MGF) Committee who met on September 14, 2016:

i. *Storefront Improvement application for 316 W Main Street by Taylor Made BBQ, LLC.*: A request for consideration of an application from Taylor Made BBQ, LLC, which is a new business by Adam and Kendra Taylor who will be leasing 316 West Main Street for a new eatery. The estimated cost of the proposed storefront improvement project is \$16,885 with an allowance recommended from the committee, for up to \$10,000 for a fence on the building's alley side to screen restaurant equipment and for exterior building lighting. The MGF Committee's recommendation is to approve a maximum of \$13,442 in matching funds toward an estimated \$26,885 project cost and those funds are structured as a forgivable loan. She explained that means that the dollars are forgiven over the course of five years as long as the improvements to the building remain intact. Huber reported that the Taylors today submitted a bid for fence and lighting in the amount of \$4,634. The MGF Committee allowed a higher allowance. She noted that their fence concept has not yet been before the Mandan Architectural Review Commission (MARC) and will need their approval. The overall concept of the project has MARC approval, but the fence has not been brought before them yet – and MARC also requested reviewing the business sign plan.

The application outlines plans to replace; repair and paint brick work throughout the building's second story; replace the awning and add new business signage. The owners of the property also have to sign off on the application which has been done already by Bob Gustafson, the property owner. The property could qualify as a Renaissance Zone project in the future if someone wishes to rehab the second story of the building and restore apartments or build office space. The MGF Committee's recommendation is for a maximum of \$13,442 in matching funds. The unallocated balance for economic development projects in the Growth Fund (sales tax generated) is \$160,060.86 as of September 6, 2016. If this and another application on the City Commission's September 20, 2016 agenda are approved, the unallocated balance would be reduced to \$116,618.86. Taylor Made BBQ, LLC is also applying for the Restaurant Rewards sales tax rebate.

City Attorney Brown has reviewed the application. The building already has an automatic door so it does meet the ordinance requirements when participating in a local business assistance program. A Business Incentive Agreement is also required for projects exceeding \$25,000 in assistance. While the storefront project alone would not trigger this, it is possible this threshold could be achieved with the requested sales tax rebate over the course of five years.

The Mandan Growth Fund Committee voted 6-0 (3 members absent) to recommend approval of the application for up to \$13,442 in matching funds for the storefront improvement project by Taylor Made BBQ, LLC, at 316 West Main Street. Both Adam and Kendra Taylor were present to answer questions.

Commissioner Braun moved to approve providing up to \$13,442 in matching funds for the storefront improvement project by Taylor Made BBQ, LLC, at 316 West Main Street.

Commissioner Davis seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

ii. Restaurant Rewards application for sales tax rebate by Taylor Made BBQ, LLC.

The MGF Committee recommended approval of the Restaurant Rewards sales tax rebate for Taylor Made BBQ, LLC, with plans to open at 316 West Main Street. Taylor Made BBQ, LLC, which is a new business operated by Adam and Kendra Taylor. The Taylors are leasing 316 West Main Street for a new restaurant that will seat 65 people and it will be counter service only. The applicants also plan to apply for a restaurant beer and wine license. They expect to have three full-time employees. Huber explained that the sales tax rebate does not come from any existing revenue, but rather forgoes future revenue that will result from the opening of the business and takes into consideration the sales that occur at the restaurant. With projected annual sales of \$240,000, the rebate of the 1% local sales tax would equal \$2,400 annually for a five-year total of \$12,000. There is no cap on the amount of the rebate. If the restaurant is more successful or less successful than projected, this rebate number could vary.

City Attorney Brown is working on the finalization of a Sales Tax Rebate Agreement. City Administrator Neubauer will submit the final draft to the ND State Tax Department for review to assure it is compatible with the remittance timelines and the timeline within which the ND Treasury Department provides sales tax collections to the municipalities. The agreement requires the applicant to provide copies of sales tax remittance information to the City on a quarterly basis and to give the N.D. Tax Department permission to share copies of such information received on its end for verification purposes. This agreement will be presented to the City Commission at a future meeting for approval. The Mandan Growth Fund Committee voted 6-0 (3 members absent) to recommend approval of the application for the five-year rebate of the 1% local sales tax for Taylor Made BBQ, LLC, at 316 W Main Street.

Commissioner Braun moved to approve the five-year rebate of the 1% local sales tax for Taylor Made BBQ, LLC, at 316 West Main Street. Commissioner Davis seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

iii. Storefront Improvement application for 800 West Main St by Brian Fettig, Millwork & Window, Inc. This is a request for approval of a Downtown Storefront Improvement Program application by Fettig Millwork and Windows for a corner property at 800 West Main Street. Owner Brian Fettig has the property under a purchase agreement. He is planning a full exterior and interior renovation as well as an addition that will cover a portion of an adjoining parcel at 105 7th Avenue Northwest.

The estimated cost of the exterior improvements is \$164,940.03, not including additional planned investment for green space and landscaping, nor does it include the interior renovation. The application is for the maximum \$30,000 in matching funds. The application outlines the project including reskinning street-facing sides of the building with new siding, windows and doors. Non-street facing sides will also be improved with a material to be approved by the Mandan Architectural Review Commission (MARC) because the applicant's initially proposed

metal siding is not allowed in the downtown core district. The addition will also feature a new rooftop awning.

The building design and site plan has received the MARC's preliminary approval. Final approval is contingent upon selection of colors for the siding materials, selection of the material for non-street facing sides of the building, a site plan with some landscaping and that shows the location of the dumpster with screening. Sign plans were not included with the application so they will need to be approved by MARC prior to permitting and installation. The applicant is planning an additional investment of approximately \$63,820.25 for the interior building renovation. Mr. Fettig has been operating his business in Mandan for approximately 10 years. His business is currently located at 3327 Memorial Highway in the Midway Lanes building. He leases shop spaces in two other locations on the west end of Memorial Highway. For more information on his business, the website is www.fettigmillworkandwindows.com. The applicant's request is for \$30,000 in matching funds. The unallocated balance for economic development projects in the Growth Fund (sales tax generated) was \$160,060.86 as of September 6, 2016. It will be reduced to \$116,618.86 with the approval of the previous project on the agenda and if this project is approved. He is also applying for the Renaissance Zone property and state income tax exemptions. His level of investment in building improvements meets and exceeds the minimum requirements for each program with no overlap from one to the other in funds used to meet minimum or matching requirements.

City Attorney Brown has reviewed the application. City ordinance requires an automatic door on at least one entrance to the building. A Business Incentive Agreement is also required for projects exceeding \$25,000 in assistance. When a storefront applicant is planning to be their own contractor they are required to be a licensed contractor within the State of North Dakota. Mr. Fettig is a licensed contractor. He will need to document labor rates and hours to make sure those are appropriate. However, actual materials costs will likely exceed all minimum program requirements without even taking labor costs into account.

The Mandan Growth Fund Committee voted 6-0 (3 members absent) to recommend approval of the application for up to \$30,000 in matching funds for the storefront improvement project by Fettig Millwork and Windows for 800 West Main Street. Brian Fettig was present to answer any questions about the project.

Commissioner Davis moved to approve providing up to \$30,000 in matching funds for the storefront improvement project by Fettig Millwork and Windows for 800 West Main Street. Commissioner Laber seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

2. *Consider Renaissance Zone Committee recommendation regarding an application for purchase with improvements of 800 W Main St by Brian Fettig, Millwork and Window, Inc.* This is a request to review a Renaissance Zone application by Brian Fettig Millwork and Window, Inc. for a corner property at 800 West Main Street and 105 7th Avenue Northwest. The Renaissance Zone program is under the jurisdiction of the ND State Commerce Department. The Mandan Renaissance Zone Committee met September 14, 2016, to consider a purchase with

improvements application by Fettig Millwork and Window, Inc. The owner, Brian Fettig has the property under purchase agreement. He is planning a full exterior and interior renovation as well as an addition. The total estimated cost of the project is \$228,760.28. Interior improvements are estimated at \$63,820.25 and include renovation for a showroom and office space with framing, electrical updates, new bathrooms, a furnace and air conditioning, light fixtures and flooring. Exterior improvements are estimated at \$164,940.03 and will include new siding, windows and doors. Non-street facing sides will also be improved with a material yet to be determined and approved by the Mandan Architectural Review Commission (MARC) as the applicant's initially proposed metal siding is not allowed in the downtown core district. The addition will feature a new roof line, new roof and an awning.

The building design and site plan received MARC's preliminary approval. Final approval is contingent upon selection of colors for the siding material, selection of the material for non-street facing sides of the building, a site plan with some landscaping and that shows the location of the dumpster with screening if visible from the street. Sign plans are not included with the application and will also need to be approved by MARC prior to permitting and installation. The proposed investment exceeds the minimum investment requirement to receive a 100% five-year property tax exemption on the building as improved under the Renaissance Zone Program. This requirement is to put at least 50% of the building's value back into it in improvements. The building is valued at \$69,600, so the minimum investment is \$34,800. Mr. Fettig has also applied for the Storefront Improvement Program. Even with the \$60,000 for the matching funds and his investment, putting the minimum total at \$94,800; his application exceeds this threshold. Mr. Fettig plans to begin renovations immediately upon securing assistant program approvals and closing on the purchase of the property, ideally by October 1, 2016 with completion anticipated by February 2017.

Mr. Fettig has been operating his business in Mandan for approximately 10 years. His showroom is currently located at 3327 Memorial Highway in the Midway Lanes building and he leases shop spaces in two other locations. This project will allow him to consolidate all aspects of his business into one location. His business currently has five employees and he plans to add three more in the upcoming years. The primary purpose of the incentive would be surrounding community development and rehabilitation of a building over 50 years old. More information about the business can be found www.fettigmillworkandwindows.co.

The City Assessor estimates the value of the building with improvements to be \$203,500. Using the current levy of 280 mills, the annual property tax on the building is estimated at \$2,849 for a five-year total of \$14,245. The actual property tax exemption will be subject to prevailing market values and property tax rates in the five subject years. The estimated state income tax exemption is \$1,500 annually for a five-year total of \$7,500.

City Attorney Brown has reviewed the application. The City ordinance requires an automatic door on at least one entrance to the building. The applicant has provided a certificate of good standing from the ND Tax Department dated September 7, 2016. The ND State Commerce Department requires a Business Incentive Agreement for each application, which have been received from the applicant and will require the mayor's signature, if these applications are approved.

The Mandan Renaissance Zone Committee voted 4-0 (3 members absent) to recommend approval of the application by Fettig Millwork and Windows for 800 West Main Street and 105 7th Avenue Northwest for the purchase with improvement project to include the five-year 100% property tax exemption on the building as improved and the 100% five-year state income tax exemption.

Commissioner Davis moved to approve the application by Fettig Millwork and Windows for 800 West Main Street and 105 7th Avenue Northwest for the Renaissance Zone purchase with improvement project to include the associated five-year 100% property tax exemption on the building as improved and the 100% five-year state income tax exemption.

Commissioner Laber seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

3. *Consider a request to establish a beer and wine only, on-sale liquor license.*
Business Development Communications Director Huber presented a request from a new business opening in Mandan to establish a beer and wine only, on-sale liquor license. She explained that city staff received an inquiry and a follow-up written confirmation for a request to create this new category of liquor license in August from Ryan Hertel, who is opening Mancave Grooming in the Memorial Square Shopping Center. Other cities identified who have similar types of beer and wine only, on-sale or beer only; on-sale licenses include Dickinson, Williston and Rapid City, SD. A review of the ordinances and comparable fee structures was provided and reviewed from these other cities. She said that the fee structure would need to be determined, pending Commission action, to create an ordinance that would make the license available. Mr. Hertel was not present at the meeting.

Commissioner Laber stated that she is not interested in expanding the number of beer and liquor licenses in the community. She stated it is not clear why the business owner is interested in a pursuing a liquor license for the sale of such a limited amount of beer or liquor at his place of business. Director Huber stated she attempted to contact Ryan Hertel (to no avail) to clarify with him if his patrons would be 21 yrs. of age and older; or if he was planning for the Mancave Grooming salon to be open to patrons of all ages. She said that in terms of the concept of what's happening in hair salons. She does not know if this is happening in this city, but she is aware of a hair salon in another city that is offering beverages to their patrons but they provide them as complimentary. In this case, Mr. Hertel is planning to have his base fees for haircuts and other grooming services established and then to actually have an overt fee for the beer or wine that would be offered for purchase.

Commissioner Laber said she is very concerned about being fair to the already established businesses that have paid an issuance fee, that is somewhat substantial than what is being proposed or reviewed by other cities as explained by Director Huber.

Police Chief Ziegler commented that as far as the business itself, as far as policing, the police department would approach it like they would with any other bar establishment as long as they

fall within the regulations that the city will allow them. They will have to have a separate space. There will have to be some health requirements too as far as cutting hair and having consumables around. There will have to be a wall that separates where they mix or serve the alcohol as to where they serve it. If there are individuals in there under the age of 21, they will not be allowed in the bar area and they will have to be accompanied. There are also questions about who will serve the beverage and there will have to be requirements in place regarding legalities of that. With regard to the fee, several city staff will have to meet to determine what cost there will be to the city itself. He could not clarify what gain there would be to have a beer or liquor license for this type of business. The business will be treated the same as any other bar establishment as far as the police department is concerned.

Commissioner Laber requested looking into what other communities have in place regarding these types of businesses. Director Huber commented on per capita of the number of licenses available for liquor licenses, explaining that the City Commission went through extensive discussion in 2013 regarding liquor licenses in the City of Mandan. At that time there was a quota in place for the Class A (on & off sale full blown bar type licenses) and the Class D (convenience store off sale of either full liquor or beer & wine only) licenses. At that time the Commission determined that it did not control any other type of businesses in relation to population, so they chose to revise the ordinance to remove the reference to any needed increase in specified amount of population to issue another Class A or D license. At that time for those two particular categories, the higher issuance fee was put into place with the same annual renewal. None of the other types of licenses have had any quota restriction at all. Prospective new entities thinking of coming to Mandan are pleased to know there are no quotas or high fees for those types of licenses. This is not the only unique inquiry the City has had and maybe looking into another type of liquor license category for the younger generation for new and different concepts is warranted. This is the only different kind of request that has been researched before bringing the request to the Commission. This concept is more of the sports bar type of concept catering to the male clientele.

Director Huber suggested tabling this matter until further research is done to look at practicability and implications of this type of business allowing alcoholic beverages at a hair salon. Commissioner Braun concurred. She said Ryan Hertel is anticipating opening his business in October. He will be invited to a future meeting for further discussion on the matter if the Commission wishes to go that route. Commissioner Davis agreed that hearing from Mr. Hertel would be helpful to clarify some of the questions that have come up during this discussion.

Commissioner Braun motioned to table this matter on the beer and wine license request from Mancave Grooming until further research is done to look at practicability and implications of this type of business allowing alcoholic beverages at a hair salon. Commissioner Davis seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

4. *Consider approval of Request for Proposal (RFP) advertisement for engineering services for McKenzie Drive and 46th Avenue project.* Planning & Engineering Director Froseth presented the Water Treatment Facility High Service Pumps and Facility Upgrades project bid

opening that was held on September 13, 2016. He said that this action is to consider advertising the RFP for this project. He explained the history of the project request explaining that the pavement at McKenzie Drive is un-raveling and is in poor condition and in need of repair. The population in that area of town has grown more than any other area of the city. Considering the continued growth and including the opening of the YMCA scheduled in 2017 adjacent to that intersection, the recommendation is to install a traffic light at that intersection. This segment of the project has been approved for NDDOT Urban Roads program funding match. The DOT will match this project up to a total of about \$800,000. The total project is expected to cost about \$1,300,000. The remainder would have to be paid by city sales tax, city-wide property tax, and possibly a special assessment district. Since it is a federally funded program it was recommended to get this project ready for the next construction season. The request is to advertise for the project. Director Froseth recommended approval.

Commissioner Laber moved to approve advertising the RFP for the McKenzie Drive Reconstruct and Signalization Project. Commissioner Braun seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

5. *Consider 2016 Budget Amendment for Fire Station 1 Roof Repair.* Fire Chief Nardello presented a request to consider a 2016 General Fund budget reserve amendment due to a roof leak at Fire Department Station No.1 at the northeast corner that is causing damage to the sheet rock ceiling below. The existing roof was replaced approximately 16 years ago and is in need of replacement with a membrane material rather than hot tar. The portion of the roof that is leaking is the only remaining roof without a membrane material because all other roofs have been replaced. Chief Nardello said that three estimates have been received: (i) TECTA America at \$22,548 plus \$1.95 pf of insulation with a 10-year warranty; (ii) Twin City Roofing at \$22,589 plus \$.75 pf of insulation with a 15-year warranty; (iii) Precision Services at \$26,244 with no quote for insulation replacement with a 15-year warranty.

All companies submitting quotes indicated that they would be able to complete the project in 2016. In addition, insulation replacement is needed, as any leaking flat roof will have damage under the circumstances. However, the amount of damage cannot be determined until the old roof is removed. Chief Nardello recommended awarding the contract to Twin City Roofing who is offering a 15-year warranty and a less expensive insulation replacement cost. He said that there were no funds allocated for roof repair or replacement within the fire department budget. Therefore Finance Director Welch indicated that funding for the roof repair would need to come from the General Fund budget reserve.

Commissioner Braun moved to approve a General Fund budget reserve amendment to allow for a roof replacement project at Fire Station No.1 not to exceed \$24,000 and awarding the contract to Twin City Roofing. Commissioner Davis seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

6. *Presentation of retirement watch to Ed Boehm, Equipment Operator II, Landfill and City employee for 29 + years.* Commissioner Rohr stated that Ed Boehm started with the City of

Mandan in 1987 under City Engineer Tom Little at the Cemetery. He transferred to the Public Works Department where he has worked under Public Works Directors Pete Snider and Jeff Wright for over 27 years. His retirement date is October 1, 2016. Commissioner Rohr presented a retirement gift to Ed Boehm's for his years of dedicated service to the City of Mandan.

I. RESOLUTIONS AND ORDINANCES:

1. *Second consideration of Ordinance 1250 amending and reenacting PUD District 2015-01 related to Lakewood 9th Addition.* Commissioner Laber moved to approve the Second consideration of Ordinance 1250 amending and reenacting PUD District 2015-01 related to Lakewood 9th Addition. Commissioner Braun seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

2. *Consider Resolution extending Cable Television System franchise agreement in the City of Mandan to and including December 31, 2017.* City Administrator Neubauer said that City staff recommended the current Midcontinent (Midco) Franchise Agreement be extended to December 31, 2017. This extension would coincide with the Midco Franchise Agreement in the City of Bismarck. During the last negotiation with Bismarck & Midco, Dakota Media Access (DMA) was involved; thus putting Bismarck and Mandan's agreements on the same time table. That would then enable negotiations with Midco to occur simultaneously. Both representatives of Midco and DMA have been consulted regarding this issue and they concur with the recommendation.

Commissioner Davis moved to approve a Resolution extending the Cable Television System Franchise Agreement to Midcontinent Communications in the City of Mandan to and including December 31, 2017. Commissioner Laber seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Davis: Yes; Commissioner Laber: Yes; Commissioner Braun: Yes; Commissioner Helbling: Absent. The motion passed.

J. OTHER BUSINESS:

1. Dan Helbling, a Mandan resident, came forward and stated that he and his neighbors have an issue with water problems from the heavy rains. They are requesting direction or a resolution for the water problems. He provided photos of the water sitting in his yard and his neighbor's yard. The property is located in the 800 Block of 5th Avenue Northwest. Since 2012, water problems have occurred with heavy rains. Both he and his neighbor have had water and mud issues in the garages and sheds also. The problem started when the duplex was built behind his property. He said he has reported the problem to the City Engineer many times but nothing has been done yet. Commissioner Rohr suggested that Engineering Director Froseth meet with them to review the problem with the water flow and determine what can be done about it; as well as whose responsibility it is to correct it.

L. ADJOURNMENT:

There being no further actions to come before the Board of City Commissioners, Commissioner Braun moved to adjourn the meeting at 6:47 p.m. Commissioner Laber seconded the motion. The motion received unanimous approval of the members present. The motion passed.

/s/ James Neubauer
James Neubauer,
City Administrator

/s/ Dennis Rohr
Dennis Rohr,
Vice-President, Board of City
Commissioners