

BUDGET COMMITTEE MEETING NOTES

Wednesday, July 6, 2022; 8:00AM

Depot Board Room

Attended: Commissioner Vicki Dawson, Commissioner Dawn Morgan, Commissioner Joe Deutsch, Commissioner Jerry Rostad (via Teams), Commissioner Aaron Hill, Dave Leker, Carolyn Boutain, Brian Arett, Dave Bietz, Broc Lietz, Luke Evenson, Katie McCormick, Cindy Boettcher

Absent: Kevin Boe

Review Funding Priorities for Fargo Parks Sports Complex; Broc Lietz, presenter.

The Fargo Park District and the Fargo Park District Foundation continue fundraising efforts toward the Fargo Parks Sports Complex (FPSC) to reach the intended goal of a 50/50 public/private partnership for the project.

To date, the partnership cost share is 67%, (\$52,154,552), park district and 33%, (\$25,505,105), private. To achieve the desired goal of a 50/50 partnership, we would need to raise an additional \$13.3 million.

Administration has discussed options for consideration, should any or all the naming opportunities come to fruition. Attached to the Budget packet is a spreadsheet detailing current funding for the 2 major capital projects underway, (FPSC and Island Park Pool), a spreadsheet itemizing naming right opportunities and potential options for consideration to disperse resources, and a list of project alternates and status of each.

There are several naming right opportunities identified in the FPSC, the largest of which is the opportunity to name the entire complex. Foundation efforts have 2 such proposals in front of donors. The ask for FPSC naming rights is \$15 million.

Commissioner Dawson asked about pricing on the basketball courts. We will need to get updated pricing from McGough. The pricing we have now is from 6-8 months ago.

Commissioner Hill asked what the time frame would be to get to a 50/50 partnership, and Brian stated there may be a 1/3 chance in the next 6 months.

There is no action necessary at this point in the process. Administration is simply being proactive to be prepared to act when the time is appropriate.

Review 2023 preliminary budget; Luke Evenson, presenter.

We have compiled draft #1 of the preliminary budget for 2023 and are presenting the following:

- Budget snapshot for the General Fund, Debt Service Fund, and Valley Senior Services.
- New Positions Summary in which costs are included in the budget.
- Detailed listing of the Capital Equipment and Improvement Projects that are currently included.
- The Continuing Education Schedule and costs included.

The following items in draft #1 of the 2023 Preliminary Budget Luke would like to highlight:

We collected the data from all the departments and combined them all. Luke went over the preliminary assumptions.

1. Mill Levy Valuation (Taxes) for the Park District increased 8.3% based on preliminary reports from the City of Fargo.
2. State Aid (Intergovernmental) was budgeted to be approximately 5% higher than 2022.
3. Full time salaries are budgeted with a 5% increase, and part time salaries are budgeted with an 8% increase. A new position listing (only #1 priority positions) is also attached to your budget packet as this is the preliminary hiring plan for 2023.
4. Utility costs were budgeted with an increase of 15%
5. As of the budget process right now, only capitals at a #1 priority are included, for all priority levels.
6. The increase for principal and interest in debt in the General Fund is related to the new loan for the North High/Coliseum and for the proposed loan for the Island Park Pool.
7. In this current draft of the budget, Luke has left in the operations for Island Park Pool in 2023. If demolition is to occur in the fall of 2022, we will take the operations of the pool out of the budget.
8. The increase in the Transfers Out are related to the Long-Range Capital Planning needs for future projects on that listing (Irrigation, Concrete, etc.)

The percentages listed above are place holders at this time so the team can begin balancing the budget.

Commissioner Rostad asked if we hire less seasonal employees than planned will we use the left-over funds to pay the seasonal employees more, and yes that is part of it. We are about \$2.00 - \$3.00 behind on these salaries and have not been able to hire to full

capacity.

New positions are also included and the budget for these positions is about \$900,000.00. There are 17 total, 13 that are full-time and 4 part-time. This may be prioritized again to get it down further.

Commission Dawson asked how many positions are currently on our org chart and that number is 126 regular full-time employees, and about 800 seasonal employees. On the Barry Dunn org chart all positions have not been built out completely yet. Also, are the golf pro assistants hourly or salary and they are salaried.

FPSC Manager hiring process should start in October or November of 2022 and the goal would be to hire the person in early 2023. We want this person to have the familiarity with the FPSC and to start to program the facility.

Commissioner Hill asked how many staff we will have at the FPSC, and it should be about 12-13 people, along with our administration offices moving to that location. Will need to add to our landscaping crew as there is an 18% increase to our total landscaping at this facility alone.

Commission Morgan asked about job descriptions and if they have been created for any of the new positions. Some have and the ones that have not are being written and researched. Commissioner Morgan is concerned that if we are sharing employees between positions maybe some employees may be underemployed and what will happen to the employee's current positions. Dave Bietz stated that there are some employees that can have shared duties, and the team will look at functions and what makes sense.

Commissioner Hill stated that you want to stretch your employees as little as possible if they are already stretched.

Broc Lietz mentioned rather than having so many seasonal employees it may be beneficial to hire additional part-time or full-time employees.

Staff has factored in 15% for utility costs. Also included a capitals listing, as in capital purchases and all are priority #1's. Concrete and asphalt are a couple of examples. Any big item is on the capital list. Staff may trim from this list if needed.

Commissioner Dawson inquired on the Cornerstone Bank/SWYA agreement- We have an agreement with Cornerstone Bank as the new naming partner of the SWYA, and part of that agreement a new sign will be created. With this \$800,000 will go toward the FPSC and \$200,000 toward the SWYA. The new sign will cost approximately \$75,000.00.

Commission Rostad asked when this agreement came about, and the agreement has been worked on for over a year and was recently finalized. Marketing will issue a press release and joint announcement once the work begins and closer to hockey season.

Commissioner Morgan inquired on the consolidation of Fargo Parks at the new FPSC. Since we will be keeping our main shop up North, have we calculated the additional expense of being located so far South for items like utilities, time, and the employees. Broc stated that this would affect the 2024 budget so you would not see those expenses now. Currently we plan to service the FPSC with our current South shop, and possibly look at adding a new shop, a smaller satellite facility in the future. The operational costs will be funded out of the general fund and has been built into the model, but we will not know the operational costs of everything until we have the FPSC up and running.

Commissioner Dawson asked about our used vehicles and the trade-ins for those items. Luke stated that we do not budget for trade-in sales, and these go to the City of Fargo auctions and any funds we get from those sales get rolled back into the general fund.

We do have 2 new pieces of debt that we will be paying for next year.

- The North High/Coliseum parking lot area at \$120,000 per year for principal and interest and will come out of the general fund
- Proposed bridge loan for the Island Park Pool at \$715,000

Where this puts us today, we are \$1.2M in the red. Looking ahead we will look at the new positions, capitals, transfers, and any place there are efficiencies in operational costs to get us balanced. Staff will have the budget balanced by July 27th.

Commissioner Hill asked how the priority structure works. Dave Bietz explained that he has a lot of internal meetings with staff, and once the finance department circulates the budget, staff then begins to put on record with the priorities they have. Discussions are had to identify what are needs and what are wants.

We also have a contingency fund with money set aside for emergency items that are needed. We do not want to run things any longer until they no longer run and instead replace items when they should be replaced. Our goal is to become more proactive versus reactive.

Commissioner Dawson asked about the amenities study for \$150,000 and if that is the same study that was done in 2015. Dave Bietz stated yes, it is very similar to what was done in 2015. He believes we should have studies such as this to tell us what the community needs and provide information that can help us make our financial decisions.

Regarding the Sports Arena, Commissioner Dawson asked that since it is a shared facility, should the expenses for the roof be shared. Dave Bietz will check into this.

Commissioner Morgan asked about a pedestrian bike bridge that would be near to 40th Ave being built by Metro COG. Is this going to be shared for public discussion? Yes, it will once the project comes to fruition. Currently funding is being identified and secured by the two cities. Commissioner Morgan would like to have Dan Farnsworth with Metro COG present at one of the Board Meetings.

Commissioner Dawson would like to have reports that estimate the salary ranges for the priority one hirings and the estimated hiring dates for the the priority one's.

Broc spoke regarding the historic and current salaries. The team reached out to the public sector and asked what they have done historically and if they had proposals for 2023. The response was that very few do at this time.

Going back from the current year to 2018 for the following sectors

- Park District
- City of Fargo
- Fargo Public Schools
- Moorhead
- City of Moorhead
- Moorhead Public Schools
- West Fargo
- West Fargo Public Schools
- City of West Fargo
- Cass County

All have been consistent except for the County, they had 5.5% COLA the last two years when the rest of us had 4% or less.

Combined averages for the below Park Districts for current year.

- Fargo- 4%
- West Fargo- 3.7%
- Grand Forks-3.25%
- Minot-3%
- Bismarck- 3%

What we have in the 2022 budget is \$7.9M for full-time salaries. This is split between the General Fund (80%) and VSS (20%). For Part time salaries in the 2022 budget the total is \$4.2M for part- which is a split between the General Fund (87%) and VSS is (13%). The approximate amount of new money in the 2023 budget for just the General Fund salaries would be around \$600,000 with the current wage increases that are proposed.

In the last budget meeting, it was asked if we were going to offer a market adjustment. Broc presented a spreadsheet showing the cost of a \$2000.00 one-time payment. It would be 2000.00 x 126 full-time employees and that would come out to about \$200,000. We recommend doing a larger increase and not a bonus. Instead offer a 5% COLA with a 1% merit for full time employees, and 12% for seasonal employees.

If staff were to receive the bonus, could it pay out this summer on September 1st and also do the pay increases in 2023, but the increase could be less. The staff would prefer to pay it out now.

The seasonal hourly wages are very high in the community, and our entry level is \$12.34-14.34. It's a struggle to hire people at that wage. Staff believes that \$15.00 would be a better starting point. We need to get the starting point at a competitive wage.

Commissioner Dawson would like to see the part-time employees be rewarded for staying and longevity and working hard.

We currently have \$75,000 in the current budget to have some flexibility with salaries.

Commissioner Deutsch commented that all the new businesses are demanding all new employees and positions, so we would need to raise the pay rate for those part-time seasonal employees.

Staff recommends option 2 with the 6% (still need to figure out the spread) for full-time employees and 18% increase for seasonal COLA costing about \$1M so we would like to try balance the budget with that. Commissioner Dawson would like to see that 6% lowered to 5%. The average with other parks is at 5-1/2%. Staff will check with the other Board members on their thought regarding the percentage.

Commissioner Dawson likes the idea of the market adjustment to help employees out now. Broc stated that if we are going to offer this then we should do it sooner rather than later. Regarding HR and payroll its easier to pay out in one lump sum and not over time.

Other:

Commissioner Dawson would like a real time financial dashboard and believes this would be very beneficial. Something to see internal, what we are spending, and budget to actual. This is something staff currently has access to. It is as up to date information as the business office has. The board members should be included in getting these reports. These reports are about three weeks behind.

With no further questions, the meeting adjourned at 11:15 AM.

Notes submitted by: Cindy Boettcher, Administrative Specialist.