

**City of Moorhead
Committee of the Whole
Meeting Minutes
August 29, 2011 at 5:30 PM
City Hall Council Chambers**

Pursuant to due call and notice thereof, a regular meeting of the Committee of the Whole was held in the City Hall Council Chambers, on August 29, 2011, at 5:30 PM.

Roll call of the members was made as follows:

1st Ward Council Member:	Luther Stueland	Present
1st Ward Council Member:	Nancy Otto	Present
2nd Ward Council Member:	Diane Wray Williams	Present
2nd Ward Council Member:	Mark Altenburg	Present
3rd Ward Council Member:	Dan Hunt	Absent
3rd Ward Council Member:	Brenda Elmer	Present
4th Ward Council Member:	Mark Hintermeyer	Present
4th Ward Council Member:	Greg Lemke	Present
Mayor:	Mark Voxland	Present

Committee of the Whole Meeting

Minutes: Mayor Voxland called the meeting to order.

1. **Flood Mitigation Strategy: Plan, Priority & Funding**

Minutes: Michael Redlinger, City Manager, and Bob Zimmerman, City Engineer, provided a presentation entitled, "Flood Mitigation Strategy: Plan, Priority & Funding" and clarified the following in response to Mayor and Council questions:

- A proposed "Base Project" includes voluntary acquisition of the lowest elevation, highest risk properties and all previously identified infrastructure projects that are under construction, in design, or in a planning stage.
- Projects A-F include voluntary backyard levees (where feasible with a City cost-share program), voluntary acquisitions, and City infrastructure projects.
- All projects will protect the City to 42.5 feet and bridge the gap between now and when a Fargo-Moorhead Flood Diversion is in place. A Diversion will be needed to protect the City to the projected 500-year flood level of 46 feet.
- Projects are prioritized geographically in order to minimize the geographic scope of emergency measure deployment and to ensure that property owners do not have an exponentially problematic time protecting their home after acquisitions of adjacent properties.
- Projects A-C in addition to the Base Project maximizes the \$16.5M in Flood Damage Reduction (FDR) grant funding allocated through Department of Natural Resources (DNR). This funding requires the City to provide a \$4M match.
- Completing the balance of projects (Projects D-F) would require the City to overmatch or advance DNR grant funding.

- The financing options presented are conservative projections. Once the Council selects specific projects, staff anticipates further analysis and discussion regarding the sources of funds to be utilized.
- DNR will likely provide Moorhead with additional appropriations through the FDR grant. City staff anticipates a total of \$18-20M.
- Under this financing scenario the City will be using a portion of its \$4M in matching funds to acquire those properties that are not DNR eligible.
- Any special assessment utilized will need to assess a minimum of 20% of the financed project. Further City Charter and Minnesota State Statutory provisions may be required.
- Voluntary backyard mitigation projects (where feasible) may accompany property acquisitions. Once direction is provided by Council, City staff will meet with neighborhoods and talk individually to property owners about practicable options. Only 84 properties were feasible for backyard mitigation projects at initial analysis.
- Property acquisition is the most cost effective flood mitigation strategy as it significantly reduces the City's temporary flood control measures.
- Property acquisitions are primarily prioritized by risk. Properties with a sandbag stage of 39 feet or lower consume a large amount of City resources to protect. Other property acquisitions are prioritized in order to satisfy a complete project in an area of the City.
- Wastewater fees for commercial businesses are based on its equivalent to a residential lot of the same size.
- Dividing the special assessment district by 8th Street would be very difficult to classify the benefitting area as the sanitary sewer system serves properties between the river and 20th Street.
- It would be problematic to identify the special assessment district area based on elevation as the accuracy of the data could be legally challenged.
- Staff will be researching all possible alternatives to special assessment financing options.

The Mayor and City Council stated the following:

- It is essential for the City to complete flood protection in a timely manner.
- The rate of return on use of FDR funding for property acquisition is very high.
- It is preferred that special assessments are minimized.
- Only properties that are directly benefitting from projects should be assessed.
- Not all of the proposed projects may be necessary as they will increase the City's cost share.
- Flood mitigation projects are a good investment as compared to paying disaster costs after a flood event.
- An F-M Flood Diversion is likely several years away. Any flood mitigation projects constructed now will provide needed protection to the City in the interim.

City staff was directed to provide the Mayor and Council with specific financing options for the Base Project and Projects A-C (separately).

2. [Proposed 2012 Operating and Capital Budget Discussion](#)

- Minutes: City staff clarified the following in response to Mayor and Council questions:
- The proposed budget provides a blended solution of added revenue and budget cuts.
 - A modest levy would allow the City to retain staff, core services, and conservative operating budgets.
 - The Market Homestead Credit Exclusion Program enacted by the MN State Legislature has created several unintended financial consequences for MN cities.
 - Possible areas of reduction include: permanent defunding of staffing vacancies, remaining community partnerships, 2011 snow/grass/street initiative increases, and lobbying.
 - The capital improvement (CI) fund is separate from the general fund and is financed by the transfer from the public utility.
 - The Proposed 2012 Operating & Capital Budget, scheduled for Council consideration on September 12, will set a ceiling for a 2012 levy amount. The final budget will not be determined until December.
 - A true zero percent (0%) property tax increase will require administration to initiate serious discussions with labor unions and will consume a significant investment in time. Cutting \$1.1M from the proposed budget will likely require staff cuts across several departments.
 - The City of Fargo has the advantage of a separate levy for the park district and acquires City revenues through a local sales tax. Neither option is allowable under MN law.

The Mayor and City Council stated the following:

- Moorhead property tax rates are competitive in the metro area.
- A small property tax increase is prudent now as opposed to massive budget cuts or larger increases in the future.
- The City of Moorhead has grown in size and population. It is difficult for City staff to perform the same services with fewer resources.
- The City will need to be prepared for the possible unallotment of Local Government Aid (LGA).
- Citizens appear resistant to property tax increases.
- An increased levy could cause hardship to Moorhead residents.

Individual members of the Council supported the following:

- Fee increases as a possible source of revenue.
- Budgeting to adequately maintain City streets and parks.
- Permanent defunding of staffing vacancies
- Increased public utility transfer.
- Defunding of remaining community partnerships.
- Increased volunteer efforts.
- Metro Area Transit fee increase.
- Reduction in the Council discretionary account.
- Renegotiated contract with lobbyist.
- Increased Parks and Recreation fees.
- Decreased Economic Development Authority (EDA) levy.
- Avoiding cuts to staffing levels.

3. [City Manager Reports](#)

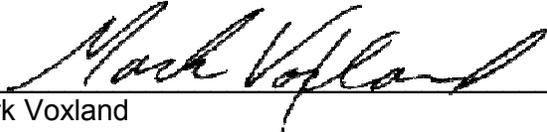
Minutes: Michael Redlinger reported that staff discussion related to Oakport Annexation planning will begin in October.

Due to the volume of meetings related to the F-M Flood Diversion project, City staff will be working toward prompting contracts to alleviate workload of technical staff.

Redlinger and Council Member Lemke met with U.S. Senator Al Franken on August 28. The Senator indicated continued support for the F-M Flood Diversion Project.

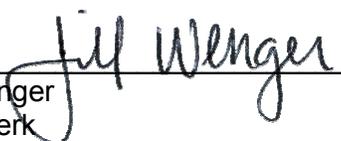
Meeting adjourned at 9:02 p.m.

APPROVED BY:



Mark Voxland
Mayor

ATTEST:



Jill Wenger
City Clerk

The proceedings of this meeting are digitally recorded and are available for public review.

Respectfully submitted by:
Jill Wenger, City Clerk