

**City of Moorhead
Committee of the Whole
Meeting Minutes
June 21, 2010 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 June 21, 2010, 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	Present
3rd Ward Council Member:	Brenda Elmer	Present
4th Ward Council Member:	Mark Hintermeyer	Present
4th Ward Council Member:	Greg Lemke	Present (until 7:25 p.m.)
Mayor:	Mark Voxland	Present

Committee of the Whole Meeting

Mayor Voxland called the meeting to order.

1. [Presentation of 2009 Annual Report/Audit \(Eide Bailly\)](#)

Minutes: Brian Stavenger, Eide Bailly, provided a brief overview of the 2009 Annual Report/Audit Executive Summary.

Stavenger and City staff clarified the following in response to Mayor and Council questions:

- Eide Bailly does not have any comparative information on the ratios presented in the Executive Summary.
- Moorhead's credit rating, provided by Moody's Investors Service, is used as the benchmark to measure Moorhead against other local governments.
- The City of Moorhead is increasing its debt load, but is also increasing its assets.
- Moorhead has not seen dissolution of its housing market like other Minnesota cities.
- The unreserved fund balance percentage would be higher if all flood related FEMA funds had been received in 2009.
- There will be a new GASB (Governmental Accounting Standards Board) in 2011. The impact will likely be minimal. There will be some differences in reporting fund balances.

The Mayor and Council Members noted the following:

- Concern was noted on the number and cost of City assets.
- The public utility transfer plays a large part in the City's budget.

2. [Metro Flood Study Work Group Joint Powers Agreement Discussion](#)

Minutes: Brian Neugebauer, City Attorney, provided an overview of a drafted Joint Powers Agreement framework based upon the recommendations of the Work Group for a future Fargo-Moorhead Permanent Flood Protection Project.

City staff clarified the following in response to Mayor and Council questions:

- Diversion project sponsorship is required on the Minnesota side. Sponsorship creates obligations related to decision-making and financial liability.
- If Moorhead is named as a sponsor, further direction will be needed by the Council on the size and make-up of the Joint Powers Board and how decisions will be approved.
- Funding the ongoing maintenance of the diversion would likely be completed through a levy by the Watershed District. Other fees or assessments may also be considered. Anticipated annual maintenance costs are still unknown. The amount of any levy would likely be determined by the Joint Powers Board.
- Ownership is still undecided. It is unknown if entities other than the sponsor can own the diversion or if it can have joint ownership.
- The U.S. Army Corps of Engineers (USACE) will own the diversion until they turn it over to the local entity. Turnover may take many years. USACE will always play an active role in the operation and maintenance of the diversion through regular oversight.
- The Council should consider voting requirements that take into account those entities that will be financially responsible for the results of decisions that will need to be made during construction or additional construction needs following the diversion's completion.
- It may be ideal to determine the number of bridges prior to the diversion's construction and include it as a project cost. Following project completion additional bridges would be the responsibility of the local entity constructing the bridge.
- Local entities may want to consider funding their own costs for recreational areas instead of including it in the project cost.
- Moorhead will be looking to the State of Minnesota to commit substantial resources for the project. Funding would occur over a number of legislative sessions.

- The non-federal portion of the total project costs are expected to be about \$600 million. The anticipated benefit to the City of Moorhead is 6% based on USACE calculations. If cost is based on this benefit calculation Moorhead would be responsible for \$36 million of the project. Other discussion regarding Moorhead's cost share has ranged between 6%-16% of the total cost or \$36-\$100 million. Even if Moorhead paid a higher percentage for the diversion the project is a better option from a cost perspective than a Moorhead levy project which could cost over \$225 million to construct.
- The Council should be cautious about signing a Joint Powers Agreement that specifically outlines Moorhead's cost share until the Minnesota legislature makes some assurances on funding allocation.
- There will never be an iron clad guarantee that the State of Minnesota will apportion funds.
- It is yet unknown when a formal Joint Powers Board will need to be developed. Different entities may have differing opinions on the timeline for development.
- The draft Joint Powers Agreement does not include provisions to address downstream or upstream projects. Additional agreements may be necessary to handle those issues.
- A contingency condition could be outlined in the Joint Powers Agreement negating the contract if the diversion project is built in Minnesota.
- City staff and technical experts will likely be part of committees under the Joint Powers Board.
- The State of Minnesota may fund separate, additional projects conducted by communities to alleviate downstream impacts.
- Moorhead's cost share proportion for construction costs may be at a different rate than for maintenance costs.
- If the State of Minnesota does not allocate funding for the diversion Moorhead may be forced under the contract to consider a special assessment or other financial revenue stream to fund the project.
- The public comment period for the USACE Draft study closes July 26, 2010.
- The USACE recommendation for authorization will likely be known in October 2010. Congress would not provide formal authorization until early 2011.

The Mayor and Council Members noted the following:

- Day-to-day operations should be determined by the sponsor while all major changes to the Joint Powers agreement or decisions on the

annual budget should be determined by a larger group comprised of all represented entities.

- A provision should be made to ensure state cannot overrule another.
- To protect the City of Moorhead's interests as a sponsor, different voting requirements should be outlined depending on the topic being considered (ex. majority, super majority, unanimous, etc.).
- Moorhead should strive for the lowest appropriate cost share percentage.
- The project should make all reasonable attempts to alleviate upstream and downstream impacts.
- Concern was noted about the possibility of the USACE shifting liability for the design of the project and its impact to local entities.
- Apportionment of maintenance costs should be dependent on the future rates of growth and available tax base in local communities.
- Intensive analysis to determine a formula for cost share may be more expensive and time-consuming than is necessary.
- Concern was noted regarding the City of Moorhead signing the Joint Powers Agreement until the site of the project is fully known.
- Any projects conducted ahead of time to alleviate downstream impacts need to be figured off the top of the overall project costs.

3. [2011 Operating & Capital Budget Discussion - Community Partnerships](#)

Minutes: Redlinger gave a brief overview on community partnership requests. He asked for Council direction on how or whether to incorporate these requests in the 2011 Operating & Capital Budget. All requests are at the discretion of the Council.

The Mayor and Council Members noted the following:

- A clear process should be developed and articulated to those making requests.
- It is preferred that requests only be received from those community partners that are currently receiving funds.
- Those organizations that provide direct service to the City should be prioritized.
- The City should first identify community needs not already provided through City services and then establish a process to ensure that those needs are met through community partners.
- The City should not be in the business of funding community

partners. Citizens should self-determine what organizations receive their private donations.

- The City should only retain financial responsibility for those services that are mandated by contract.
- It has been previously established that the City has received some type of benefit from all currently funded organizations.
- Organizations should be provided an opportunity to advocate for their allocation.
- Information such as direct service to the city, financial sustainability, and measures to report accountability should accompany requests.

Redlinger stated that he would ask organizations to provide additional information as requested by the Council. This summarized information will be collected and provided to the Council to consider before determining final allocation amounts.

4. [City Manager Reports](#)

Minutes: The City of Moorhead provided recovery efforts in the City of Wadena for tornado clean-up. Approximately \$5,500 was expended in employee overtime.

An update on the flood acquisition program will soon be provided to the Mayor and City Council members.

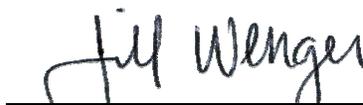
Meeting adjourned at 8:33 p.m.

APPROVED BY:

ATTEST:



Mark Voxland, Mayor



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