Official Proceedings of the Stutsman County Commission—August 1, 2023

At 2:00 p.m., Chairman Klose called the special meeting of the Stutsman County Commission to order. Jerry Bergquist, Chad Wolsky, Joan Morris, and Mark Klose answered the roll call. Steve Cichos was absent.

The Pledge of Allegiance was recited.

The first and only agenda item was the continued discussion of the 2024 budget.

The Preliminary Budget is due August 10, 2023. and the Final Budget is due October 10, 2023. Budget requests cannot be increased after the preliminary budget has been decided, only decreased.

Katie Hemmer, Jamestown Regional Airport Director, discussed the $275,000 loan previously requested, in addition to raising the airports levy to pay back the loan. There was discussion to leave the preliminary budget as is, with the loan and levy request, but exploring other options of financing before the final budget is due. The loan will be used for the local 5% match required for federal grants, if the loan is not given to the airport, the additional levy will still be needed. If approved, the airport levy request will still be under the 4-mill cap, keeping their request around 1 mill. If the county is unable to supply the loan, the mill levy would need to be increased based on interest rates to supplement the interest on the loan. Previously, the airport has been able to secure loans from North Dakota Public Finance Authority, the Industrial Commission have kept loans in-house with a 2%-3% interest rate. Using a traditional financial institution with a flex-paced interest buy-down is the airports' least attractive option but is still being considered. The additional million dollars in bill grants that the airport is eligible for now has a 5% match, so the airport's request is that they have an inability to match that for the 5 years that the grant exists. The reason for the airports large 5% match is because they qualified for additional discretionary grants which allowed them to use $1 million of entitlement from the airport improvement program which the airport has received annually since achieving their 10,000 passenger boardings. The airport has also received new funding of $1 million for an additional 5 years with the bipartisan infrastructure law. The airport has a one-time discretionary grant for everything beyond the $2 million previously discussed, which is what they need the loan from the county for. Morris questioned the reserves the airport currently has and asked if there was any interest from the airport to help with the loan repayment. Hemmer stated it would be a possibility, however the airport is looking to maintain those reserves at a 25% operating budget for security. Hemmer also stated that there is vulnerability in air service and that a lot of the revenue that comes into the airport is from the airline's landing and office fees, which is why it's important for them to maintain their reserves. The $275,000 loan was a request for repayment over 10 years, and the bipartisan infrastructure law request was a 5-year request, unless there was some form of renewal or amendment on the grants. If accepted, the airport mill levy would raise from .78 to 1.59 mills which would include the $27,500 repayment for the annual payment. The $275,000 loan has been budgeted for in the preliminary budget within the revolving loan fund as an expense. A motion to approve the preliminary increase to 1.59 mills was made by Wolsky, seconded by Bergquist. Roll call vote: Bergquist, Wolsky, Morris, and Klose voted aye. Motion carried.

Ron Manson, Weed Control Officer, stated that in order to qualify for state grants their mill levy needs to have a budgeted mill levy of at least 3 mills. Manson discussed some of the chemical cost increases within his department. In 2020 the department ordered 500 gallons of AquaNeat Herbicide at $15.10 per gallon, last year Manson made the same order for $52.07 per gallon. The average price of a Torton Truck increased from $42,000 to $51,000, Freelex Herbicide increased from $20 to $30, and E2 Herbicide

increased from $42 to $65. Manson stated that this season he has put $82,430 on chemical on the ground, which does not include fall or spring. Last year $50,000 was added to the budget to purchase extra chemical, and at the last board meeting Manson requested an additional $40,000. Manson stated that gravel pits will be done this year and were skipped last year due to costs. This year, Manson has put approximately $9,000 in chemical on gravel pits. Manson stated there is approximately $20,000 worth of park board spraying right now. Wolsky inquired about where Manson is ordering chemicals from, Manson stated that he puts it out to bid every year and that he ordered from Nutrient. This year Manson has budgeted $110,000 for chemicals even though last year he spent $120,000. Manson stated that this is due to the left-over inventory that was able to be utilized for this year. Manson added that the amount he can spray strongly depends on the staffing he is able to acquire.

Jessica Alonge, Auditor/COO stated that she has been in contact with Cory Shevlin, JSDC CEO to discuss the preliminary budget. Alonge stated that there are payments that have been allocated that have not been paid out yet, such as the ADM Pilt. Alonge recommended keeping their request at 4 mills for the preliminary budget.

Klose inquired about how much of the estimated ending balances are coming out of fund balances, and how the ending balance was calculated. Alonge stated that with everything calculated the max reserve amounts will remain intact at 75%. For the general fund there is a total appropriation of $12.5 million with $8.3 million being kept in reserves. Projected ending fund balances for 2023 are, $6.5 million in the general fund, with the expectation of $12.6 million in revenue and $12 million in expenses, the projected ending balance is $7.2 million. There are also multiple departments with open positions, so the unspent salaries would also reduce some of those expenses.

The Road and Bridge fund is at their max of 10 mills, the Highway Aid Fund Balance has been used due to projected revenues decreasing each year. Some funds from the Prairie Dog Fund will help supplement the Road and Bridge Fund in the 2023 and 2024 budgets, while also maintaining a county policy of 20-25% reserves.

Bergquist inquired about goals for the preliminary budget, and if the salary recommendation was within median range. Shannon Davis, HR Director, stated that benefits within the county currently fall in the median range and that wages have always been kept at a midpoint in the market because of the benefit package. Bergquist asked about the comparison of job descriptions and where those positions are on the pay scale. Davis compared the 2019 salary survey data with the current 2023 data of comparable job descriptions among the state, counties, and city, however, there has been some major changes in the market for some comparable positions, so we are already out of line even with the recommended changes. When looking at positions that needed to be adjusted, Davis considered where certain positions are in the current pay scale, market minimums and maximums, and plugging them in depending on certifications, classifications, job duties, job descriptions, degrees, etc. Bergquist recommended not adjusting Davis's wage plan for 2024 as to not create future issues and to allow this to be a starting point.

Klose discussed mill levies with the proposed budget. The proposed mill levy for the county is 86.04, the current levy is 74.81, making the net amount 11.23 mills. Alonge stated that the preliminary mill levy has not been decreased but we did receive final estimates for the WSI Premium and it will be a 17% increase, which had previously been budgeted as a 42% increase. Final numbers for health insurance increases have not yet been received, so those were left in at 15% increase.

Bergquist suggested a phase-in implementation for the budget applying 50% in January and 50% in July to help reduce the outright expenditure, but still getting the budget where it needs to be by the end of the year. Wolsky asked if the implementation of the 5% increase would bring salaries to market value. Davis informed the board that even with the increase, Stutsman County would still be under market value, and this is a starting point for wages. Davis stated that there would be several areas that would need future adjustments.

Klose asked about a specific department where one individual would increase from the middle of the pay scale to number two in the state. Davis informed the board that the information obtained from NDACo is used as a tool but is not the final recommendation. NDACo reports year-to-date expenses so depending on what they budgeted for and what has been spent year-to-date, it helped Davis and Alonge get an idea of where people would be for years of service while also pulling minimums and maximums. Davis and Alonge's goal was not to look at a county-to-county comparison, but rather to look at the starting and ending pay range for specific positions. Where the scale tops out at is the information that is not provided on NDACO.

Davis based a lot of the research on 2019 data when the pay scale should have been adjusted but was not. Davis stated that when doing the salary report, the points used for comparison were salary surveys, the minimum and maximum pay, the starting pay, the mid-range pay, the ending pay, how long current employees have been with the county, and where they are currently at in their steps.

Bergquist asked about health insurance costs, NDPHIT does not currently have exact dollar amount. Davis is waiting on plan design changes, but increases are looking to be at what the board expected. NDPHIT has plans to meet with counties individually throughout the month of August to discuss what plan designs could look like moving forward.

Bergquist asked about any capital budget issues, Alonge responded there are none up to this point. The mill levy is funding capital projects and the total 2024 property tax collection needed to fund the capital budget is $1.5 million.

Bergquist asked how the motions are to be made going forward. Klose stated that one motion to adopt the 2024 Stutsman county prelim budget would suffice. Ideally, the motion would be a motion to adopt the preliminary budget as it has been presented. After the preliminary budget is approved the notices would be sent out, then in October the final budget would be approved and sent out.

Bergquist made a motion to approve the 2024 preliminary budget, seconded by Wolsky.

Morris has hesitancy because of one specific department going up by $70,000 in salaries for three individuals, with one individual going up about $43,000. Davis reiterated that we're not just looking at NDACo survey, and that these numbers are being compared to cities and state as well. Davis stated that this first year will be a lot to take in, but as the years go by it will be easier to keep up with.

Roll call vote: Wolsky, Klose, and Bergquist voted aye. Morris voted nay. Motion carried.

A motion to set preliminary budget meeting on October 3rd, 2024, at 4:30 p.m. was made by Morris seconded by Bergquist. Motion carried.

At 3:14 p.m., Chairman Klose adjourned the special commission meeting.

ATTEST:

Jessica Alonge Auditor/COO	Mark T. Klose Commission Chairman