

MEETING OF THE BOARD OF CITY COMMISSIONERS

July 23, 2020

On July 23, 2020 at 5:15 p.m., the Board of City Commissioners met in the Tom Baker Meeting Room of the City/County Building, located at 221 N. 5th St. in Bismarck, N.D. This special meeting was held to receive a briefing from the Finance Director, Dmitriy Chernyak, and to hold discussion regarding Budget 2021.

Those present included: Commissioner Guy, Commissioner Splonskowski, Commissioner Zenker and Commissioner/Budget Committee Representative Marquardt were present. Mayor Bakken participated by Zoom. City Administrator Keith Hunke, Assistant City Administrator Jason Tomanek, Attorney Jannelle Combs, Finance Director Dmitriy Chernyak and representatives from several City departments were also in attendance.

Director Chernyak described the City's budget by detailing how funds and revenues are collected through taxes and fees for services and how they are divided up through each department. Director Chernyak stated the areas of focus for the 2021 Budget are not departments that are self-sustaining, such as the Event Center or Airport, but those that rely on the General Fund to maintain services, including Administration, the City Attorney, CenCom, Community Development, Engineering, Finance, Fire, Human Resources, Police, the Library, and Public Work's Road and Street Division.

In addition, Director Chernyak reviewed the Budget Committees recommendations, which were introduced at July 14, 2020 City Commission Meeting. Commissioner Guy's request, of adding the Library's renovations, 1.1 mill was added to the listed recommendations.

Priority initiatives recommended by the Budget Committee with 1 mill equating to about \$404,000.00:

1. New/reclassified employees (All Funds) Requested: \$547,357 - Recommended: \$128,261
2. Additional operations and maintenance (All Funds) Requested: \$954,272 - Recommended: \$871,047
3. One-Time (All Funds) Requested: \$13,672,231 - Recommended: \$9,122,944
4. Capital improvement projects, as recommended
5. Fees and charges for services with changes, as recommended
6. 3% increase in employee salaries with an employee cost index adjustment of 2.7%, as recommended in the Condrey plan from 2015.
7. Maintain current health insurance plan for City employees

8. General Fund: Increase property taxes by \$8M to sustain General Fund and Roads and Streets Operations going forward, replacement of obsolete equipment, vehicles and machinery for Roads and Streets operations.

9. Bismarck Veterans Memorial Public Library: Increase property taxes by \$180K to sustain the Library operations going forward.

Director Chernyak suggested several factors to take into consideration as the Commission moved forward in making budget decisions. These included the City's growth, oil and gas prices, a reduction in state financial aid and the COVID-19 Pandemic. He attributed these factors in causing a drop in for additional finances in the City's General Fund to continue essential services.

Director Chernyak's full presentation is attached to this meeting's agenda.

After some consideration, the Commission inquired about borrowing from the reserve fund. Commissioner Marquardt, informed the Commission this could potentially affect the City's bonds and credit rating.

Commissioner Guy suggested increasing property tax to reach 10 mills and borrowing the additional 9 mills from the reserve, with the intent of paying the full amount (9 mills) back to the reserve within a 2-year time.

Director Chernyak informed the Commission, that mills increase each year, and the City could end up paying a higher amount back to the reserve, even within a two-year time.

President Bakken asked Director Chernyak what a policy change of 5MILL would look like. Director Chernyak stated from his professional financial standpoint, he did not recommend changing the City's policy because unpredictable factors fluctuate the General Fund's needs.

President Bakken then asked Director Chernyak to develop a variety of opinions, outside of the Budget Committee's recommendations. Director Chernyak asked for specifics in what President Bakken would like to see changed in the recommendations. At this time, no suggestions were given. President Bakken then stated that if they move forward in with a property tax increase that he'd prefer an increase that would meet a single-digit mill.

Commissioner Splonskowski suggested taking a deeper look at each department's budget and scaling back on expenses until the following year when the Commission can re-evaluate the budget. Commissioner Marquardt stated the committee and directors had already developed a critical needs list to continue City services as they are offered today.

Commissioner Splonskowski then suggested moving forward with a phased approach and putting a pause on employee raises and health insurance for 2021. Eliminating raises for 2021 is estimated to save 2 mills of the 19 mills needed.

Commissioner Zenker asked Director Chernyak to look at raising property taxes to meet 5 mills and borrowing the additional needed funds from the reserve.

Director Chernyak informed the Commission he will review their requests and present his findings at the next Regular City Commission Meeting on July 28, 2020.

The meeting was adjourned at 7:59 p.m.