

## City of Fargo, North Dakota

### 2010 Budget Frequently Asked Questions (FAQ's)

The following questions and answers are provided for the purpose of highlighting commonly asked questions received during a budget review process and guiding casual budget readers to the answers they are looking for, but may not know where to find the data.

**Q1: What is the budget increase for the General Fund?**

**A1: 3.7% overall. The General Fund budget has been constrained due to lower than normal revenue projections.**

**Q2: What is the cost of living adjustments proposed for City Employees?**

**A2: There is no cost of living adjustments proposed in the Mayor's preliminary budget due to an overall assessment of economic conditions, a decline in the cost of living index (CPI) and additional liabilities associated with employee benefit obligations.**

**Q3: Which Departments are big winners in the 2010 budget?**

**A3: The Police and Fire Departments will have more staff resources since the approval of Stimulus funded police and firefighter hiring grants. Significant grant funding has been awarded to the City of Fargo in 2009 and will continue into future budgets. Seven full time police officers and twelve firefighters will be hired under these grant programs.**

**Q4: What is the biggest cost driver in the 2010 budget?**

**A4: Worker's Compensation costs will double due to changes in the WSI program legislation. Employers will no longer receive premium dividend credits. The loss of this dividend will cost an additional \$663,000, or the equivalent of 2.11 tax mills.**

**Q5: What is the largest increase in any fund type?**

**A5: Special Revenue Funds increased by 46% due to the impact of Federal Stimulus Funding received from the Department of Housing and Urban Development for the Neighborhood Stabilization Program. This program is designed to allow the City to renovate homes in neighborhoods. The City received a \$5 million award in 2009. Most of these funds will be expended in 2010 and beyond.**

**Q6: How much does the City spend on employee health care and what % of the overall budget does this consume?**

**A6: \$6,217,000 is the total budget for the Health Care Fund. This expenditure category continues to grow as a percentage of our overall budget. Currently, it represents about 5% of our total General Fund budget. Of this total the City of Fargo pays about 65% of the costs and the remaining 35% is paid by employees and retirees.**

**Q7: Is the City proposing an increase in the tax mill levy for 2010?**

**A7: No. Property values have remained steady and new construction continued in 2009 providing about a 3.6% increase in overall property values.**

**Q8: Speaking of property taxes, what percentage of the total tax mill is consumed by the City of Fargo?**

**A8: About 12%.**

**Q9: What is the total City budget?**

**A9: \$198,339,198. The largest increases are noted in the Special Revenue Funds due to federal stimulus grant program awards and the debt service funds due to a voter approved rate increase in the locally imposed sales taxes. Modest increases are noted in all other fund types.**

**Q10: What's the local sales tax rate for 2010 and what can it be spent on?**

**A10: 2% rate which is all dedicated to infrastructure projects. Voters approved a dedicated ½ cent sales tax authorization by a 91% margin in June for the local share of flood control. Total sales tax collections projected for 2010 are about \$40 million per year.**

**Q11: Are there any major City building projects included in the 2010 budget?**

**A11: No, however, a new or expanded City Hall continues to be one of the highest priorities on the City's facility improvements list.**

**Q12: How is the City progressing with infrastructure improvements that were approved in the City's utility master plan funded by voter approved sales taxes?**

**A12: All projects included in the master plan have been funded over time and construction will continue in 2010 on several major projects including water distribution system improvements and a significant expansion in the capacity of our wastewater system. The City is in great shape with maintaining and expanding our infrastructure.**

**Q13: Are there any issues on management's radar that have surfaced that need to be monitored over time?**

**A13: Yes. The most sudden and unexpected issue relates to the significant decline in the market value of assets held in the City's three defined benefit pension systems. City actuaries are recommending that supplemental contributions be considered until market recovery has been achieved. This may take several fiscal years depending upon the speed of the national economic recovery.**

**Q14: How has Federal funding impacted the budget for 2009 and beyond?**

**A14: The City of Fargo has been awarded the following stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA) as of September 1, 2009:**

**Housing and Urban Development – Neighborhood Stabilization - \$5,000,000 award**

**Funding has been awarded to revitalize City neighborhoods.**

**Department of Transportation - \$2,500,000 in Transit Capital Grants**

Funding for two hybrid transit coaches, a transit vehicle storage building, repairs to the Ground Transportation Terminal, and replacement of three senior ride program mini-vans.

**Department of Transportation - \$6,500,000 million in Highway Funding**

Funding will enable more construction work on City's roadway infrastructure.

**Department of Justice - \$1,400,000 COPS Hiring Recovery Program Award**

Seven full-time police officers will be funded over the next three years. This grant award provides 100% federal funding with no local share requirement.

**Department of Justice - \$607,000 Edward Byrne Justice Assistance Award**

Crime prevention, enforcement and equipment needs.

**Department of Homeland Security - \$1,300,000 SAFER Grant Award**

Twelve full-time firefighters on a declining funding level over the next five years. Provides 90% funding in year one, declining to zero after five years.

**Department of Energy - \$948,000**

Energy conservation projects throughout the City of Fargo.

**Environmental Protection Agency - \$800,000**

Award will provide a low interest loan (1%) on wastewater infrastructure project.

All of the Federal assistance programs allow the City to advance projects that would otherwise not be feasible due to an inability to fund these projects with existing local funds. This will have a significantly positive impact on future operating and capital budgets.