

# **CITY COUNCIL PROCEEDINGS**

## **BEMIDJI, MINNESOTA**

### **Work Session – August 10, 2009**

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, August 10, 2009, at 5:30 p.m. in the Conference Room of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Johnson, Negard, Downs, Meuers, Waldhausen, Hellquist

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, City Engineer/Public Works Director Craig Gray, Deputy City Clerk Michelle Miller

Mayor Lehmann stated that the purpose of the work session was to discuss the 2010 Budget and consider the Event Center PUD Recommendation.

#### 2010 Budget

Eischens began by stating that the decision breaks down to how much of the 2008-2009 LGA loss the Council feels comfortable levying back to taxpayers. This work session focuses on the property tax levy and related budgets. Utility (water, sewer and refuse) and other budgets will be discussed at a later date. The major assumptions incorporated into the 2010 budget are:

- No reductions in full time staff
- No cost of living or fringe benefit contribution increases. Assumes union contracts negotiated with same terms
- Operating budgets identical to 2009 except for certain items beyond departmental control (one example is insurance premiums)
- Minimal capital equipment outlays, defer non essential capital purchases
- Property tax levy recovers all of the 2008 and 2009 LGA reductions

Eischens indicated that we will lose the ability to levy in the future for these LGA reductions if Council chooses not to set a levy increase by September 15. Eischens also indicated that we can always lower the levy but that we cannot add or increase a levy.

Negard inquired about the necessity for equipment, specifically the Public Works Director pickup, a plow truck and mowers. Gray stated that the Public Works Director pickup could be pushed out but that the plow truck is 20 years old and is at a point of either buying a new truck or putting significant money into the truck to replace the transmission. Eischens stated that with the construction of the new City Park the need for mowers is justified.

Chattin stated that cutting capital expenses is only a one time fix and doesn't fix the long term budget. Operating cuts is a long term budget fix.

Waldhausen asked if the \$12,000 payment for the firefighter's pension is a onetime payment. Chattin stated that it is the payment for 2010; however, he went on to state that this amount has decreased due to two firefighters leaving who were not fully vested and that money goes back into the fund. Future assessments are possible if the fund is not fully funded.

Downs stated that a 21.9% levy increase is substantial and that we cannot leave any stone unturned.

Negard inquired if there would be 15%-20% tax levy increases in the future due to expenses for the BREC with CSL projecting a deficit of \$500,000-\$700,000 per year. Chattin stated that a projection of \$200,000 deficit or better is more realistic and that the CSL projections were on the high side.

There was a short discussion about the ability to fix township roads once they are annexed. Gray indicated that there is nothing for annexation in this budget and that the topic of annexation will be discussed at the August 24 work session. Currently, the non-paved City streets and alleys are graded twice a week. Gray stated that 256 man hours would be required to grade the township roads twice a week once they are annexed. He reiterated that there is no money in the budget for annexation costs, including plowing and

repair/replacement of township roads and sidewalks. Chattin stated that there are expectations from the property owners from annexation.

Johnson stated that we have to levy the LGA cuts. Meuers inquired of Johnson if LGA would be eliminated entirely. Johnson stated that from his CGMC Conference the Coalition is trying to stop LGA cuts and they are redoing the formula. There is a great struggle within poor counties and cities of services vs. levy.

Negard inquired about the elimination of the Community Development position. Chattin stated that he had nothing specific in mind. Chattin went on to state that the Council does not cut positions but rather decides what services it wants to cut and then staff decides how to best administer the budget. He indicated that we are at minimum staffing levels to provide the services we offer.

Hellquist indicated that no new grants have been brought in from the Community Development position.

Lehmann stated that the job of the Council is to determine what levy we can live with to provide services, not to discuss specific positions.

Johnson stated that raising the levy doesn't always mean raising taxes.

Meuers indicated that we are not picking on one person, that the former City Manager, David Minke, performed all of the duties held by the Community Development Director. Chattin reiterated that the Council decides on eliminating services, not specific positions.

Downs stated that community/economic development positions are different positions and that the Community Development position is not what he expected. This is a reduction in services, not a person or position.

**Motion by Negard, seconded by Meuers, directing staff to eliminate, by the end of the calendar year, the position of Community Development Director. Motion carried by the following vote: Ayes: Downs, Hellquist, Negard, Meuers. Nays: Johnson, Waldhausen, Lehmann.**

Waldhausen cautioned Council that, although we are facing hard times, we can't cut at the expense of stifling our progress.

Johnson stated that eliminating this position will reduce the budget or the levy by very little. He feels that LGA will stick around and the future is not as "gloom and doom" as perceived. We need to recover what the State took away. It is not smart for us to have a knee jerk reaction.

Waldhausen questioned whether this would create an overtime situation since the City is staffed at a minimum to provide services. Chattin stated that the current workload is burdensome now and since most employees are salaried (and comp time has been eliminated) these employees couldn't take on anymore work or additional hours. The addition of workload and hours would lower morale.

Eischens directed the question to Council what is the levy percent they want to impose?

Council discussed the following:

- Rental Moratorium/Density is still an issue and has not gone away and wants adequate dollars for enforcement
- Elimination of responding to medical calls by the fire department
- Townships creating their own fire taxing districts

Motion by Downs, seconded by Negard, directing staff to not increase the levy by more than 19.9%. After discussion, the motion was withdrawn.

Lehmann stated that this is not an easy decision but setting the levy at 21.9% is not being foolish. The City of Bemidji growing community and has services to provide, much with high expectations. Setting this levy shows the community that we are concerned about our future.

Gray stated that he wasn't expecting to set a levy amount at this time without discussing the annexation costs.

Johnson stated that the motion to eliminate the community development director position should be delayed as the City may decide not to annex. If that happens, the City may be adding the planning department again because the JPB would be dissolved. He suggested that the Council consider these items at the same time.

#### Event Center PUD Recommendation

Chattin handed out a packet of information containing pictures depicting the “Effect of Distance on Perception of Height” for the Council’s review. Chattin indicated that the Joint Planning Commission could not resolve the maximum height issue regarding the Event Center PUD. On August 12 Chattin will go before the Joint Planning Board and at this time is looking for a recommendation from the Council on the 80 foot maximum height allowance. Chattin indicated that they are not looking for 80 feet across the board. They are seeking the 80 foot height for aesthetic purposes which could include adding a slope to the roof, extending an elevator shaft through the roof and having air conditioners and HVAC systems on the roof. There would be no livable space above the 65 foot level. In fact, this height would actually decrease the density and create better aesthetics for the building(s).

Negard stated that back in October or November WSN presented a preliminary plat to the JPC. At that time the height increase request was from 55 to 65 feet to provide sheltered parking and that WSN said they didn’t need any more height. Now, you are coming back for more height. The public does not want high rises on lake front property. Chattin responded that a 65 foot block building is an eyesore.

Downs stated that the City needs to give this every opportunity for success in the development and sale of lots on the south shore, therefore costing less to taxpayers. With the water tower being 130 feet, that is still going to be the tallest structure in that area.

**Motion by Waldhausen, seconded by Hellquist, directing the City Manager to address the Joint Planning Board to seek the higher height variance. Motion carried by the following vote: Ayes: Lehmann, Hellquist, Johnson, Negard, Waldhausen, Downs. Nays: Meuers.**

#### ADJOURN

There being no further business, motion by Hellquist, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:25 p.m.

Respectfully submitted,



Michelle R. Miller  
Deputy City Clerk