

# **CITY COUNCIL PROCEEDINGS**

## **BEMIDJI, MINNESOTA**

### **Work Session – August 24, 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 24, 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, Joint Planning Board Administrator Mel Milender, Community Development Director Rita Albrecht, Public Works Director Craig Gray, Parks & Recreation Director Marcia Larson, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the work session was to discuss annexation issues.

Chattin stated that the annexation agreement and the formation of the joint planning entity are historic achievements for the City, Northern Township and Bemidji Township. The agreement calls for phasing in of property tax revenues over five years. However, in reality it is a 6 year process, as no property tax revenue would be forthcoming in the first year of annexation. It is expected that revenues will range from \$8,000 in the first year to \$281,640 by 2015. The challenge is to provide expected services during these initial 6 years with an average of just over \$132,580 per year. He stated that some of the anticipated expenses include: Algoma Park in Northern Township, an increase in roadway mileage for the police department for patrolling, street improvement and maintenance, and other "soft" costs, i.e., administration, legal and finance. Chattin stated that his initial reaction would be to postpone the annexation for at least a year; however, any delay will not improve the annexation picture. He stated that in five years, the City will need more equipment and staff to handle the second phase of annexations. He commented that staff has cut the budget to the bare bone and if further cuts are needed, the Council will need to decide what services to cut which will result in layoffs.

Eischens stated if there are layoffs, unemployment benefits are paid for a 46 week period (perhaps longer with the stimulus program) and must be factored into any layoffs.

Discussion continued regarding Algoma Park in Northern Township which needs updating and/or replacement of many of its amenities. Chattin stated that the Northern Township believes that the City should purchase the park from them. He suggested that the park be kept by the Township and sold to a potential developer, if that is the case.

Johnson commented that at the initial meetings with the Townships they discussed the idea of a park district for all parks.

Gray reviewed the streets that the City will acquire through the annexation. He stated that providing street improvement and maintenance will be very difficult. He estimated that bringing annexed streets up to city standards could cost approximately \$1.7 million but would not be required immediately. The long-term expectation is that these improvements would be made. In addition, the City will be facing an additional \$49,300 in annual maintenance costs for plowing, patching, grading and sweeping. Gray stated that 25% to 30% of the township roads currently are not plowed by the townships but by residents and it is staff's belief that the City should plow streets that are platted. He then reviewed condition of the streets in the phase one annexation noting that Yellowhead Road SW is probably in the worse condition and would cost approximately \$300,000 to repair.

Johnson commented that since the streets in the annexation areas are currently not plowed by the townships, the residents should not expect the street to be plowed once in the City limits.

Felix stated that the Council can proceed with each phase of the annexation at any time after the date stated for that phase according to the agreement. He stated that the idea of phasing is to benefit the City by reducing the financial risk of extending core facilities and municipal services into the annexation areas by extending such facilities all at one time. He

stated that the annexed properties are entitled, according to the Resolution, to the same services provided to similarly situated properties within the City. He estimated that it will probably take approximately 60 days to complete annexation.

Gray commented that there is nothing in the Capital Improvement Plan for water and sewer to the annexation areas. Without the City committing to pay some of the costs for those extensions, the cost of the services, he believed, would be challenged and not hold up in court.

Discussion continued on current road maintenance and shared roads with the townships.

Downs commented that it appeared that the “cart was put in front of the horse” and the cost of the annexation should have been further researched.

Johnson noted that at the time of the annexation discussions, LGA and economic climate were different.

Gray commented that there is no “fluff” in the street department budget.

Mayor Lehmann stated that he is aware of staff’s concerns. However, it is never going to be easy at any time to implement the annexation. The Townships and City have worked hard on the Agreement and he believed this was the right thing to do instead of the previous “piece-meal method” of annexing done prior to the Agreement.

Eischens recommended that the caveat to the annexation is that the Council levy back all LGA cut in 2008 and 2009.

Felix commented that if the Council does not annex now, there will be nothing lost. The Council has the opportunity to annex and there is no legal consequence if the City chooses to wait given the current financial concerns.

Chattin stated that no one on staff believes that the financial picture will be any better in one to two years.

Discussion continued on delaying the annexation until April 1, 2010, to eliminate some of the plowing costs.

Mel Milender, GBJPB Administrator, stated that according to the Agreement the City Council and the two townships are to meet annually. Discussion continued regarding a meeting with the two townships and the City Clerk will arrange a meeting within the next month or two.

Waldhausen asked if any of the Agreement was re-negotiable.

Mayor Lehmann stated that perhaps an amendment to the Agreement could be worked out. Discussion continued on the tax breakdown and it was noted that the formula used is set by State Statute.

Gray asked how the new streets will be treated when there are existing streets within the City that need attention.

Mayor Lehmann responded that the City should treat the new areas as “equal” members in our community and the Council will go with recommendations from the City Engineer.

**Motion by Johnson, seconded by Waldhausen, to levy 100% of the 2008 and 2009 resulting in a 21.9% levy. Motion carried unanimously.**

**Motion by Negard, seconded by Meuers, to proceed with the annexation on April 1, 2010. Motion carried unanimously.**

**ADJOURN**

There being no further business, motion by Johnson, seconded by Downs, to adjourn the meeting. Motion carried. Meeting adjourned at 6:35 p.m.

Respectfully submitted,

  
Kay M. Murphy  
City Clerk