

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

March 14, 2005

Pursuant to due call and notice, a meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, March 14, 2005, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Erickson, Hellquist, Markeson, Meuers, Lehmann, Downs, Johnson. Absent: None.

Others Present: Minke, Eischens, Sherman

Mayor Lehmann noted that the purpose of the meeting was to review the 2004 year-end financial results for the General Fund, Utility Funds and Liquor Fund.

Minke noted that the numbers are subject to audit but any final adjustments should be minor.

Eischens summarized the financial information in five exhibits as follows:

SUMMARY OF GENERAL FUND REVENUE

Revenues exceeded expenditures resulting in savings of approximately \$222,000. Highlights included:

- Equipment bond residual (\$123,000) transferred to General Fund
- Miscellaneous fees, interest, market value credit, insurance refund, license fees, police aid and cable franchise fees – all exceeded budgeted amounts.

Revenues below budgeted amounts included:

- Equipment Bonds - Eischens noted that the budget was prepared assuming the city would issue bonds for 2004 equipment purchases. However, based on staff's recommendation, the Council used 2004 operating savings to pay cash for equipment and did not issue equipment certificates.
- Delinquent property taxes - \$67,000 of the levied amount was not collected in 2004
- Fines/parking tickets - \$45,000 less than budgeted amounts
- Internal service charges - \$42,000 below budgeted amounts

SUMMARY OF GENERAL FUND EXPENSE

Eischens provided a summary of expenses by department, noting that the Police and Fire Departments were over budget primarily due to increased supply and maintenance costs for equipment repair. The Police Department also received lower airport security reimbursements, and increased insurance expenses. The Fire Department training and professional services budget were also over budget. The Building and Planning Departments were self-sufficient with permit fees and rental inspections. All other departments finished the year under budget.

FUND BALANCE DESIGNATIONS

Eischens recommended designation of the 2004 General Fund Surplus as follows:

- a. Pay the remaining balance of \$182,000 for the new fire truck received in February.
- b. Transfer \$13,000 to a special revenue fund designated for activities related to operation of the government access channel.
- c. Designate \$27,000 for digital aerial photography and GPS equipment for the Engineering and Planning Departments.

Undesignated balance in general fund - \$106,000 in permanent improvement.

PUBLIC UTILITIES REPORT

Eischens provided a summary of the water, sewer, refuse and stormwater utility funds. He noted that water services exceeded expenses in 2004, while sewer department revenue experienced a shortfall. The rate structure of these funds is part of the study being completed by a consultant for presentation to the Council in May.

Eischens also discussed how future water and sewer projects will impact utility funds and expressed the need for discussions regarding the timing of projects, and consideration of some policy amendments for connection charges, assessments and deferrals.

Johnson suggested that the City look at franchise fees for electric, gas, telephone, etc. to supplement street maintenance/construction.

SUMMARY OF LIQUOR STORE OPERATIONS

Eischens noted that liquor sales were down from 2003. The increasing number of establishments selling liquor outside the City limits is having an impact. It was suggested that the Public Works Committee should discuss what options are available, consider a marketing study, alternate locations, etc.

RESOLUTION NO. 5213: A RESOLUTION DESIGNATING FUND BALANCES AND TRANSFER OF FUNDS effective December 31, 2004, was offered by Councilmember Meuers, who moved its adoption, and upon due second by Councilmember Hellquist, was passed by unanimous vote.

ADJOURN

There being no further business, Motion by Meuers, second by Johnson to adjourn. Motion carried. Meeting adjourned 6:40 pm.

Respectfully submitted,

Shirley Sherman,
City Clerk