

# Council Proceedings

## Special Meeting/Work Session

### November 29, 2004

Pursuant to due call and notice, a Special Meeting/Work Session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, November 29, 2004, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call the following Council members were declared present: Downs, Erickson, Zachman, Lehmann, Meuers, Hellquist, Johnson.

Staff Present: Minke, Eischens, Sherman, Freeberg

Others Present: Markeson

#### **REVIEW 2005 PRELIMINARY BUDGET**

Mayor Lehmann noted the purpose of the meeting was to review the 2005 Preliminary Budget and review updates from the City staff regarding the revenue and expense projections for the remainder of 2004.

General Fund Revenue: Projected to be \$60,000 less than budgeted

- Property tax collections may fall short of budgeted amounts due to delinquent tax payments. Shortfall is temporary as delinquencies are collected in future years or through tax-forfeit sales.
- Fines and penalties are short of expectations due to less revenue from criminal prosecutions in the court system.
- Internal service revenue is less than budgeted because departments generating the revenue (legal, finance, computer, and administration) are spending less.
- Intergovernmental revenue will exceed budgeted amounts due to more market value credit and police town aid than budgeted.
- Miscellaneous revenue will exceed budgeted amounts because of higher interest income and revenue from the Red Cross Lease of the old MnDOT building.

General Fund Expenses: Projected to be \$394,000 under budget

- General Fund transfer to the Building and Planning Department is under budget because of higher than budget revenue in the building and planning department.
- Reduced local share for Paul Bunyan Transit.
- Contingencies are less than budget.
- Street Department expenses are under budget primarily because of the savings of purchasing a used sanding truck rather than a new one, and reduced overtime.
- Council, Administration, Finance, Park and Legal Department expenses are lower than budget.
- The new fire truck will not be delivered until March 2005. The remaining \$196,000 will be paid upon delivery. This amount should be carried over into the 2005 budget.

The 2005 budget included issuing \$658,500 in equipment certificates to purchase equipment. Staff recommended that the equipment be purchased with the savings and the City not issue equipment certificates. By dedicating the cash saving to those equipment certificates, the 2005 levy can be reduced by the amount of the annual payment (\$170,000), thereby reducing the levy increase from approximately 28 percent to 19 percent.

#### Unbudgeted Needs:

Engineering Department:

- High resolution aerial photo/map with contour information – cost sharing with Northern and Bemidji townships – approximately \$15,000
- Geographic Positioning System (GPS) equipment – approximately \$45,000
- Hardware/Software Update – approximately \$15,000

Building Department:

- Replacement Vehicle – approximately \$15,000

**STAFF RECOMMENDATIONS:**

Minke recommended not issuing equipment certificates since the City is able to pay cash for 2004 equipment, thereby reducing the 2005 levy by \$170,000. In addition, he recommended:

- Set aside \$60,000 to cover the projected revenue shortfall
- Set aside \$196,000 to complete the fire truck purchase
- Allocate \$60,000 for GIS Department needs
- Allocate \$15,000 to update Engineering computer equipment
- Allocate \$15,000 to replace a vehicle for the Building Department.

Minke noted that the Council will have the opportunity to review the allocation of any remaining 2004 funds in early 2005 when the unaudited end of year figures are available.

**COUNCIL ACTION:**

Motion by Meuers, second by Downs, to approve the new levy, as well as staff's recommendations on the distribution of the projected 2004 savings. Motion carried by unanimous vote.

**ADJOURN**

There being no further business presented for discussion at this time, motion by Downs, second by Johnson, to adjourn the meeting. The meeting adjourned at 6:18 p.m.

Respectfully submitted,

Shirley Sherman, City Clerk