

**CITY COUNCIL PROCEEDINGS**  
**BEMIDJI, MINNESOTA**  
**Regular Meeting/Work Session – September 22, 2008**

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, September 22, 2008, 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, Erickson, Downs, Meuers, Markeson, Hellquist

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, City Engineer Craig Gray, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the work session was to discuss the utility cashflow and the 2009 budget.

Motion by Hellquist, seconded by Johnson, to approve the agenda as presented. Motion carried unanimously.

2008 Maintenance Project

Gray reviewed the project and the lowest responsible bidder is Knife River.

Erickson asked why this project was chosen. Gray responded that it was chosen because it was under \$50,000.

**Motion by Hellquist, seconded by Downs, to approve the project. Motion carried unanimously.**

Utility Cashflow

Eischens stated that this is the fifth time that the City has been through the utility cashflow. It is updated annually to reflect the City's actual history as far as revenue expenses and to make sure that what the City wants to do for projects is financially possible. SAC/WAC revenue will generate approximately \$80,000 annually which will help with funding projects. There are two studies underway that will provide a better picture of water and waste water treatment plant (WWTP) capital needs. Both studies should be completed early in 2009. Staff will feel more comfortable after the studies are completed to see how it may impact the current capital improvement plan. Eischens recommended moving forward with projects planned for 2009 and update the process again next summer. Operating expenditures have increased and exceed the rate of inflation. The retirement of the public works director in 2009 will give the City an opportunity to re-evaluate staffing levels and organization in the utility departments. Improved utilization and cross training of utility employees will be part of the reorganization process.

Council discussed the following:

- SAC/WAC Fees - PFM incorporated the SAC/WAC fees into their planning. Gray commented that there will be close to 100 hookups along Birchmont Drive.
- WWTF capacity; can it handle the growth. Gray doubted that there will be expansion at the current location.
- The City's debt is anticipated to drop off in 2011 or 2012.

Chattin stated that staff's goal is to keep operating expense increases at no more than a 3% annual growth rate. He stated that current rates are fairly high compared to state averages. Mayor Lehmann responded that Council was in favor of 3 percent.

Gray stated that the Council will be surprised by the comprehensive water study. He has a number of items he is struggling with, i.e., extending water and sewer along Washington Avenue when MnDOT redoes the street going south in 2010. These decisions will need to be made by Council.

2009 Budget

Eischens stated that due to differences in levy limit calculations, the City's general fund budget currently has a \$75,195 shortfall. In order to balance the budget, he recommended the following budget adjustments:

Eliminate contingency budget	\$34,842
Increase budget for insurance refunds	\$10,000
Increase use of MSA maintenance funds	\$10,000
Increase security reimbursement from airport	\$10,000
Reduce costs for computer license upgrades	\$15,000
Other income for rounding	\$ (147)
Increase airport contribution	<u>\$(3,500)</u>
Total	\$76,195

He stated that before the final budget is approved in December staff will work to find ways to restore some level of contingencies for 2009.

Council discussed the following:

- Security reimbursement at the airport – the grant is tied to the hours spent at the Airport. The annual grant amount is \$50,000 but the City only gets paid by the hours spent.
- Contingency Fund – Erickson commented that historically there are surplus revenues. Eischens stated he is not comfortable estimating the surplus for the current year.
- Chattin stated that there is no requirement that the budget be balanced. There are reserves. The recommended range for reserves is 35% to 50% and the City has 50%.

**Motion by Johnson, seconded by Downs, recommending that staff include the recommended adjustments in the 2009 General Fund budget. Motion carried unanimously.**

**ADJOURN**

There being no further business, motion by Downs, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:10 p.m.

Respectfully submitted,



Kay M. Murphy  
City Clerk