

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Regular Meeting/Work Session – October 8, 2007

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, October 8, 2007, 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, Markeson, Hellquist, Johnson, Erickson, Downs, Meuers.

Staff Present: John Chattin, Ron Eischens, Alan Felix, Brian Freeberg, Craig Gray, Kay Murphy

Mayor Lehmann stated that the purpose of the meeting was to discuss sewer access charges and water access charges, gas and electric fees and consider another purchase agreement for a Clausen Avenue property. In addition, the City Clerk asked that a 1-4 day liquor license for the Northwest Technical College Foundation be added to the agenda.

Motion by Johnson, second by Markeson, to approve the 1-4 day temporary liquor license for the Northwest Technical College Foundation on October 26, 2007. Motion carried unanimously.

SAC/WAC Fees

Mayor Lehmann stated that Council directed staff to review the connection fee for sewer and water access.

City Manager Chattin stated that the only change was some of the capital expenditures that had been assessed were removed which reduced the amount. In addition, the formula was changed. The basic residential fees recommended are \$1,830 Residential Equivalent Unit (REU) for a Sewer Access Charge (SAC) and \$845/REU for a Water Access Charge (WAC). Commercial properties are adjusted depending upon the size of their water meter which is a function of their system use.

Councilor Erickson asked if the connection fee proposed would reduce the assessment for the "east lake Bemidji hookups". City Engineer Freeberg responded no. However, it would reduce the City's portion for the project.

Mr. Chattin stated that the City does not have adequate funds to meet the future needs without some sort of fee implemented and the SAC/WAC fees seem to be the most tolerable way of collecting funds.

Discussion continued on when to implement the SAC/WAC fees. Mr. Chattin stated that staff recommends that all properties with currently deferred special assessments and connection charges, and the proposed Birchmont Drive project, be given until January 1, 2010 to connect without being charged the SAC/WAC fees. All water and sewer connections after January 1, 2010 would be subject to SAC/WAC fees. Mr. Chattin further stated that the policy provides an incentive for those that are currently deferred to hookup without a SAC/WAC fee.

Motion by Downs, second by Johnson, to approve the SAC/WAC fees as presented. Motion carried unanimously.

Gas and Electric Franchise Fees

Mr. Chattin stated that the city is currently charging .50 cents per month per residential meter with a higher rate for commercial property. Staff is proposing that the amount be doubled and dedicate any additional funds collected to street improvements, as the City is unable to keep up with infrastructure demands.

Finance Director Eischens stated that the gas and electric franchise fee goes to the general fund and is designated for whatever purpose the Council chooses. If the Council increases the fee, any additional revenue that would be raised could be dedicated. Currently, approximately \$150,000 annually is collected from the fee.

Councilor Markeson commented that the City Council, if it approves this increase, is taking the wrong route and it is another way to get funds when the Council refuses to raise property taxes. As much as he felt that improvements to roads and street are important, he was not in favor of increasing the gas and electric franchise fee. He further stated that this fee is shifting the burden to the lowest income people and not a way for the City to “fill its coffers”.

Discussion continued regarding future annexations and when the franchise fee would be collected. Councilor Downs commented that he felt it was a reasonable fee and would help offset future annexation costs.

Councilor Erickson stated that some fees are appropriate and there are a number of non-taxable properties in the community that will pay this fee which will help support the city.

Discussion continued on the using the franchise fees for park maintenance.

Mayor Lehmann suggested that the City increase the gas and electric fees gradually and look at an increase over two years; 50% in 2008 and the balance, if needed, at a future date.

City Engineer Gray commented that there are disadvantages and advantages to most funding mechanisms. The existing franchise fee will not go to street reconstruction in 2008. He stated that currently there is no funding mechanism for street reconstruction and these projects would have to be 100% assessed. If this fee is dedicated to just streets, it will bring down the assessment to the property owners. There are a number of streets that in the next 5-15 years need curb and gutter to deal with water problems. If it is not this fee, the City Council should consider placing \$150,000 onto a tax levy. The City will need to come up with some way to fund street reconstructions.

Councilor Johnson commented that it seemed like a lot of money and suggested it be put off for a year to see if some of the LGA funds might be restored.

Motion by Johnson, second by Markeson, to postpone the franchise fee increase. Motion failed by the following vote: Ayes: Johnson, Markeson. Nays: Lehmann, Meuers, Erickson, Hellquist, Downs.

Motion by Erickson, second by Hellquist, to increase the current gas and electric franchise fees by 50 percent. Motion carried with the following vote: Ayes: Lehmann, Downs, Meuers, Hellquist, Erickson. Nays: Johnson, Markeson.

Clausen Avenue Trail

City Attorney Felix stated that he has negotiated a proposed purchase price of \$108,000 for 523 Clausen Avenue SE for necessary right-of-way for the Paul Bunyan Trail. The corridor necessary for the trail will be sold to DNR. We may seek an exchange of part of this property with Lueken's as well.

Councilor Johnson asked if Habitat would be interested in purchasing this home. Mr. Felix stated that staff will check with Habitat in this regard.

Motion by Downs, second by Johnson, to approve the purchase agreement with Jeffrey Lierboe for 523 Clausen Avenue SE. Motion carried unanimously.

ADJOURN

There being no further business, motion by Downs, second by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:20 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk