

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Special Meeting – August 24, 2006

Pursuant to due call and notice, a special work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on August 24, 2006, 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, Erickson, Downs, Meuers. Absent: Johnson.

Staff Present: Ron Eischens, Alan Felix, Kay Murphy-Schuett.

Mayor Lehmann stated that the purpose of the meeting was to review the 2007 Preliminary General Fund Budget and 2007 Liquor Fund Budget.

2007 Preliminary General Fund Budget

Eischens stated based on comments from the budget work session on July 28 and subsequent Council feedback, staff has some recommendations for changes to the 2007 General Fund Budget. Eischens did not recommend any changes to the personnel components. Many of the items have been committed by previous Council action or are beyond the Council's control such as Council pay increases, increased contribution to the KRL library system, law enforcement records clerk costs and the loss of police grant funding.

In an effort to reduce the levy, Eischens met with department heads to review equipment requests. Several pieces of equipment in the street department were deferred as well as restructuring the purchase of a fire pumper truck to be financed over a five year period instead of a two year period. The end result of these changes reduced the budget and levy by \$386,000.

Eischens stated that the increase in the general fund budget for 2007 would increase \$598,000 or 8.3%. The City levy is \$679,508 or 31% which compares favorably to other similar sized cities. Part of the increase is due to the decrease of \$181,000 in LGA for 2007. Eischens commented that much of the proposed levy increase is necessary to maintain current service levels.

Eischens stated that part of the levy increase includes \$200,000 towards the semi-annual payment for the GO Bonds on the Public Works Facility which is still in the budget and not part of the General Fund Budget. If it is the Council's plan to move forward with this facility in 2007, it will need to come up with one half year of debt service payment on the facility. Downs stated that LGA loss of almost \$200,000 is affecting the City and this should be emphasized to our legislators. Eischens stated that deferring the building construction to 2008 will only increase the cost of the building and delay what the City can do with the old Mn/DOT building as far as disposal issues. By December the City should have a better idea of what the City will be receiving for proceeds of selling the Rako property and perhaps that funding could be used to reduce the Public Works Facility funding if the Council wishes.

Lehmann stated that the Public Works Facility is needed. He emphasized that Bemidji is a growing community and with that there are growing pains and it takes more money to run the city.

2007 Liquor Fund Budget

Eischens noted that the Bemidji liquor stores generate one of the highest profit margins in the state. For every dollar in liquor store sales the City generates ten cents in profit to use for tax levy subsidies, street maintenance and other community projects. Eischens projects that liquor store cash balances to be approximately \$328,000 by the end of 2007. He recommended that \$160,000 be held in reserves, equivalent to three months of operating expenses. This leaves approximately \$168,000 available for any number of unmet City needs. Eischens suggested the Council consider doing one of two things with these funds: 1) use it to "buy down" the levy increase; and/or 2) allocate these dollars for street repairs.

Markeson commented that the parks funding has been reduced by 1.1% and suggested that the levy be kept at 31% and use \$10,000 for parks.

Motion by Hellquist, second by Meuers, to leave the levy at 31% and not commit the \$168,000 in liquor funds until the final budget is prepared. Motion carried with the following vote: Ayes: Markeson, Erickson, Meuers, Hellquist, Lehmann. Nays: Downs. Absent: Johnson.

2007 Public Utility Budget

Eischens stated that rate increases for water and sewer are budgeted at 7% and 2% for stormwater. The consultant recommended a 15% increase in sewer rates but lieu of this substantial increase the Council authorized staff to consider a new SAC/WAC fee. To date, staff has not had time to complete this task but it is anticipated to implement the fee in April 2007.

Rako Street Property

Motion by Downs, second by Hellquist, directing staff to get an appraisal on the Rako Street property to determine an estimated market value. Motion carried unanimously.

Council Forum/Debate

The consensus of the Council was to cancel the City forum/debate due to the candidates being unavailable. Lehmann recommended that Council attend the Chamber's forum to pose their questions to the candidates. Council can submit their questions to the City Clerk if they wished.

Boys & Girls Club

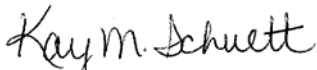
Meuers stated that the Boys & Girls Club is different from other youth programs in our community as to what it provides. It provides a safe place for children after school and is available 5 days a week. Hellquist commented that the Boys & Girls Club does a great job and all groups are equally important, however, the Council has a moratorium on giving.

Eischens stated that the City has already contributed \$15,000 toward the building fund in 2006 and \$10,000 cash in 2004 and waived a building permit fee in the amount of \$10,000.

ADJOURN

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

Respectfully submitted,



Kay Murphy-Schuett
City Clerk