

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – October 25, 2010

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, October 25, 2010, 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, Downs, Meuers, Waldhausen, Hellquist Absent: Negard

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, Public Works Director Craig Gray, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the work session was to review the updated capital improvement program/utility cashflow.

Motion by Waldhausen, seconded by Downs, to approve the agenda as presented. Motion carried unanimously.

Eischens stated that annually a consultant assists City staff with projecting the future financial health of City's public utility funds, i.e., water, sewer, storm water and refuse. He stated that the City has made significant efforts to reduce operating expenses. Based upon the recommended rate increases and proposed capital projects, the combined City's utility funds maintain recommended debt coverage ratios and reserve levels through 2013. The deficits at that time are caused by a \$7.5 million new well field and water treatment plant proposed in the CIP. He stated that while this project is not currently affordable, it is included in the CIP as a future need.

Eischens also noted that the CIP indicates two improvements to the wastewater treatment plant in 2011, a primary digester and boiler, which are nearing capacity, at a cost of \$2.5 million and a secondary digester cover at a cost of \$400,000.

Gray stated that the challenge to the City will be to prioritize and decide which improvements need to be constructed. He stated that the Finance Director and he will incorporate what they can into the existing budget and CIP process but ultimately the Council will need to decide when to undertake some of the large improvements projects and how to fund them.

Gray stated that the City currently is in good shape for water capacity and water supply. Discussion continued on the need for additional water towers and Gray stated that the current 3 water towers are adequate and should serve well into the future. Council discussed potential locations of a future well site and availability of grants. Gray responded that there typically are no grants available for this type of project.

Eischens noted that the consultant summarized that the City's utility rates are generally higher than comparable cities, due in part to the higher level of wastewater treatment Bemidji incurs. In the future the City must prioritize capital projects and may need to increase utility rates more than 3 percent.

Mayor Lehmann noted that staff is reviewing current deferred connection charges and will bring information for the Council's consideration at a future work session.

Eischens stated the Council may want to consider implementation of water/sewer connection charges where none previously existed on newly created parcels. Felix stated that the Council has implemented a connection charge for the Birchmont Drive project.

ADJOURN

There being no further business, motion by Downs, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 6:03 p.m.

Respectfully submitted,


Kay M. Murphy
City Clerk