

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – December 10, 2007

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, December 10, 2007, at 5:30 p.m. in the Conference Room at City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Markeson, Hellquist, Johnson, Erickson, Erickson, Meuers, Downs.

Staff Present: John Chattin, Craig Gray, Andy Mack, Ron Eischens, Kay Murphy

Mayor Lehmann stated that the purpose of the meeting was to review the PFM Cash flow study and discuss potential public works department reorganization.

PFM Cash Flow Study

Eischens reviewed the study and stated that there are concerns about the long-term health of the City's utility funds. The consultant has now incorporated 2008 to 2012 capital improvements into the projections. He noted that the debt service coverage ratio in 2007 is 1.79 and it is projected to be 1.41 in 2012. The recent SAC/WAC fees adopted by the Council have not been incorporated into the study. These fees will collect potentially \$180,000 to \$200,000 annually. Implementation of the SAC/WAC fees will increase operating revenue as it will increase residences not currently hooked up to city services. In addition, it will accelerate collection of assessments that have been deferred.

Chattin noted that even with SAC/WAC fees the problem is not resolved. There is still a loss of approximately \$8 million that the City cannot afford to lose. The consultant had proposed a 7 percent annual increase but the Council felt 3 percent was reasonable. Eischens observed that Bemidji's water and sewer rates are at the higher end of comparable cities. Mayor asked why Bemidji's rates are higher. Chattin responded that more of our revenues go to pay debt. Eischens added that the City has a state-of-the-art wastewater treatment plant which costs more to operate.

Gray stated that 90% of the infrastructure in the City was built 50 years ago and has a 50 year life expectancy. Many items need to be repaired or replaced.

Chattin stated that the City has created disincentives to build in town and needs to promote the amenities to build and live in the City. Discussion continued regarding extending water and sewer around Lake Bemidji. Staff is working with Senator Coleman's office in this regard.

Reorganization of Public Works Department

Chattin reviewed a potential reorganizational plan for the public works department. He noted that non-union supervisory positions are being suggested as currently the City has union employees supervising union employees. In addition, staff is proposing that water and sewer lines be combined which would provide cross-training and cut expenses, i.e., on call. He noted that this transition can happen as retirements take place in the next couple years.

Gray reviewed potential changes for the engineering department and exploring whether to have an assistant engineer or promote from within.

Chattin asked Council for direction to seek Request for Proposals (RFP) from the private sector to run the City's WWTF. The City can use the proposals to compare with our current expenses to see if the plant is running in an efficient manner. He further stated that an RFP could be requested for the water department. The City does not have anything to lose by going out for an RFP.

Motion by Erickson, second by Hellquist, directing staff to solicit Request for Proposals for the City's utility operations. Motion passed unanimously.

Discussion continued on potentially contracting with a firm to handle the City's residential refuse. Council may want to consider going out for an RFP for refuse services. Staff will bring this item to a future work session for further discussion.

Capital for A Day

Downs presented the Mayor and Council with a plaque and flag from Governor Pawlenty declaring Bemidji as Honorary Capital for A Day. Mayor Lehmann requested that City Clerk Kay Murphy and Wendy Ehrhorn represent the City on the committee planning Capital for A Day events.

Tentative Special Council Meeting

- Wednesday, December 19 at 5:15 p.m., HRDC – Events Center

ADJOURN

There being no further business, motion by Meuers, second by Erickson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:45 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk