

BEMIDJI CITY COUNCIL

Work Session Agenda

Monday, March 29, 2010

**City Hall
Conference Room
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL

2. DISCUSS PROPOSED BUDGET REDUCTIONS

3. ADJOURNMENT

City of Bemidji

Budget Response/Alternatives to Unallotment

| | <u>2010</u> | <u>2011</u> |
|--|------------------|------------------|
| Currently Anticipated Budget Impacts: | | |
| Governor's Total Additional Unallotment | \$581,298 | \$881,244 |
| Anticipated Loss From BREC Operations | | \$250,000 |
| Less Budgeted Transfers | | (\$183,500) |
| Additional Budget Burden | | \$66,500 |
| Total Anticipated Shortfall | \$581,298 | \$947,744 |
| Recommended Additional Revenue Enhancements: | | |
| Reallocate MSA Maintenance Funds to General Fund | \$60,000 | \$60,000 |
| Eliminate Surplus Budget/Establish Balanced Budget | \$58,167 | \$58,167 |
| Increased Neilson Reise revenues/reduced transfers | \$30,000 | \$30,000 |
| Rural Fire Contributions Understated | \$30,196 | \$30,196 |
| Transfer 50% of Refuse Profits to General Fund | \$32,000 | \$32,000 |
| Adopt Fire Inspection Fees for Commercial Buildings | \$1,500 | \$1,500 |
| Charge Property Owners for Water Meters | \$12,000 | \$12,000 |
| Fees for Assigning New Addresses | \$1,800 | \$1,800 |
| Total Additional Revenues | \$225,663 | \$225,663 |
| Adjusted Shortfall | \$355,635 | \$722,081 |
| Recommended Reductions: | | |
| Operating Budget Reductions: | | |
| Legal | \$8,000 | \$8,000 |
| Public Works | \$10,500 | \$10,500 |
| Fire Department | \$17,250 | \$17,250 |
| GIS | \$8,650 | \$8,650 |
| Parks | \$35,000 | \$30,000 |
| City Hall | \$9,870 | \$9,870 |
| Administration | \$1,000 | \$1,000 |
| Reduce Police 5-year Capital Expenditures | \$25,000 | \$25,000 |
| Reduce Contribution to KRL by 10% | \$10,500 | \$10,500 |
| Street Retirement Not Replaced | \$25,000 | \$44,000 |
| Two Police Officer Retirements | \$54,000 | \$145,000 |
| Utility Operator retirement | | \$65,000 |
| Storm Water Assessment Billing Done Internally | \$5,000 | \$5,000 |
| Utility Operator Retirement - Lower Paid Replacement | \$4,000 | \$2,000 |
| Total Recommended Reductions | \$213,770 | \$381,770 |
| Shortfall Before Optional Reductions | \$141,865 | \$340,311 |
| Cover Shortfall from \$298,000 Surplus in 2009 | \$141,865 | |
| Maximum Levyback @ 50% or a 13.6% Levy Increase | | \$440,622 |
| Net Surplus | \$0 | \$100,311 |

Impacts of Budget Recommendations

Every recommended cut will have an impact on services. We have previously eliminated all the fat in our budget and additional cuts will adversely impact services. I believe the recommended cuts will have the least impact to our residents.

Reallocate MSA Maintenance Funds to General Fund – These funds are currently being transferred to the Permanent Improvement Fund which is simply adding to our surplus and not covering current expenses.

Increased Neilson Reize Revenues/Reduced Transfers – Increases in fees have generated additional revenues reducing the amount required to be transferred annually.

Transfer 50% of refuse profits to General Fund – Refuse profits exceed the amount needed to replace and maintain equipment.

Charge property owners for water meters – Meters are currently being provided free of charge. There is no standard for how this is done but charging for meters is common.

Fees for Assigning New Addresses – Most cities and counties charge a fee for this. Our fee would be the same as Beltrami County's proposed fee.

Parks Operating Budget reductions – Fewer boulevard trees will be planted, park equipment replacement would be minimized, and seasonal temporary staff would be cut, likely resulting in parks closed after Labor Day, less mowing, fewer garbage pickups, reduced warming house hours, and a reduction in Christmas light installation.

Reduce Police 5-Year Capital Expenditures – Replacement schedules for vehicles and computers have been extended to better reflect reduced needs, in part due to reduced staff.

Reduce Contributions to KRL by 10% - Staff have met with Marian Ridge and Paul Ericsson and they have agreed to a 10% reduction in our contribution.

Street Retirement Not Replaced – Elimination of Project Pride, no salting/sanding from 4:00 PM to 7:00 AM, no immediate response to icy/slippery intersections, and longer time frames for hauling snow. Employee would be replaced upon first annexation.

Two Police Officer Retirements – Would result in additional calls per officer. Response times could be longer, especially for non-emergency calls. After reaching historic lows for overtime in 2009, that number could increase but would stay within budgeted amount.

Utility Operator Retirement – Because of department reorganization and continued cross training, we could reduce this department by one FTE when required training is completed.

Levy Increase – Because LGA is likely to be reduced or eliminated, over the next few years, I am recommending that the council levy back half of our LGA loss, the maximum allowed under the governor's proposal or 13.6%. If LGA does go away, we will need to establish a reasonable tax base to ensure continued operations. An increase of 10.5% would be needed to cover the \$340,311 shortfall.

Optional Budget Reduction Actions

| | <u>2010</u> | <u>2011</u> |
|---|---------------|---------------|
| Eliminate Contingency Budget | \$40,000 | \$40,000 |
| If this is eliminated, any unanticipated expenditures would have to come from city surpluses. | | |
| Savings from Annexation Deferral | \$77,000 | \$77,000 |
| This amount is in the budget and will not be needed but council had discussed accruing these savings for annexation in 2012. | | |
| Grant Phased Retirement of Building Official | \$25,623 | \$43,925 |
| Council adopted this provision with no prorated benefits. Employee would want prorated benefits before accepting phased retirement. | | |
| Eliminate 2 Full-Time Firefighter Positions | \$49,316 | \$60,754 |
| Response times could be impacted and savings may be compromised by need to call back off duty personnel to cover airport flights. ISO rating could be impacted but additional paid on call and other improvements would mitigate that possibility. Emergency medicals responses could also be impacted. | | |
| Reduce Internal Service Fund Allocation | \$50,000 | \$50,000 |
| This fund covers operating costs for city buildings. The fund currently has a deficit due to the new city ahl HVAC system. The current allocation would eliminate the deficit by next year. A reduced allocation would have the fund in the black by 2013. | | |
| Reduce JPB Funding | up to \$8,700 | up to \$8,700 |
| City staff, KRL, and others are being asked to reduce their budgets by 10% or more. The JPB has, thus far, not been asked to reduce their budget. Our current allocation is \$87,000 annually. | | |
| Eliminate Clerk Typist Position - 28 hours/week | \$24,000 | \$24,000 |
| Workload would be shifted to other support staff and patrol officers. Result would be fewer officers on the street and more typing reports. | | |
| Receptionist Cut 10 Hours/Week and Benefits Eliminated | \$12,267 | \$18,400 |
| Additional workload would have to be picked up by remaining staff. Customers could receive reduced service based on availability of staff. | | |
| GIS Coordinator Reduced to 35 Hours/Week | \$6,365 | \$9,548 |
| The responsibilities of this position have grown over the last few years. Fewer hours would result in data backlogs and less time to spend on special projects for the various departments. | | |
| Administrative Secretary Reduced to 35 Hours/Week | \$3,987 | \$5,981 |
| This is the "catch all" support position and has seen additional burdens since our Community Development position was eliminated. Reduced hours would impact support of many staff and committees. | | |