

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – March 29, 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, March 29, 2010, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Johnson, Negard, Downs, Meuers, Waldhausen, Hellquist

Staff Present: City Manager John Chatten, City Attorney Alan Felix, Finance Director Ron Eischens, Public Works Director/Engineer Craig Gray, Parks & Recreation Director Marcia Larson, Police Chief Gerald Johnson, Fire Chief David Hoefer, GIS Coordinator Brett Case, Building Official Bill Barthelemy, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the work session was to discuss staff's recommendations for budget reductions for 2010 and 2011.

Chatten reviewed anticipated budget impacts for 2010 and 2011. He stated that the Governor's total additional unallotment for 2010 is anticipated at \$581,298 and unallotment for 2011 is anticipated at \$881,244. The anticipated loss from the event center operations is \$250,000, less budgeted transfers of \$183,500, brings the anticipated shortfall to approximately \$947,744 for 2011. Chatten stated that staff have made several recommendations for cuts and every cut will have an impact on services. The City has previously eliminated all the fat in the budget and additional cuts will adversely impact services. The following is a summary of proposed reductions and anticipated impact:

- Reallocate MSA Maintenance Funds to General Fund. These funds are currently being transfer to the Permanent Improvement Fund which is simply adding to surplus and not covering current expenses.
- Increased Neilson Reize Revenues/Reduced Transfer. Increases in fees have generated additional revenues reducing the amount required to be transferred annually.
- Transfer fifty percent 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 assigning new addresses and the fee recommended would be the same as Beltrami County's fee.
- Parks operation budget reductions would result in fewer boulevard trees being planted, park equipment replacement minimized and seasonal temporary staff would be cut likely resulting in parks closing after Labor Day, less mowing, fewer garbage pickups, reduced warming house hours and a reduction in Christmas light installation.
- Reduce police five 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 Kitchigami Regional Library by 10 percent. Staff has met with Marian Ridge and Paul Ericsson and they have agreed to a 10 percent reduction in the City's contribution.
- Street Department Retirement. Result in elimination of Project Pride, no salting/sanding from 4:00 p.m. to 7 a.m., no immediate response to icy/slippery intersections and longer timeframes for hauling snow. Employee would be replaced upon first annexation.
- Two Police Officer Retirements. 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, this department could be reduced by one FTE when required training is completed.

- LGA Increase. Because LGA is likely to be reduced or eliminated over the next few years, staff recommended that the Council levy back half of the LGA loss, the maximum allowed under the Governor's proposal or 16.9%. If LGA goes away, the City will need to establish a reasonable tax base to ensure continued operations. An increase of 9.2% percent would be needed to cover the \$340,311 shortfall.

Eischens stressed that department heads worked hard to come up with the proposed budget reductions. There will be an impact to services, i.e., street plowing and sanding will not be done as quickly as it has been.

Chattin stated that staff has provided optional budget reductions if the Council was inclined to remove an idea from the proposed cuts. Of those optional reductions, Chattin recommended the Council consider using the savings from annexation deferral, grant the phased retirement of the building official and reduce the Internal Service Fund Allocation. Chattin stated that city staff will be reduced by four FTE's and another ½ time FTE if the Council approves the phased retirement of the building official.

Council discussed the idea of charging for new water meters. Gray stated that other cities similar to Bemidji currently charge for new water meters.

Discussion continued regarding police escort for funerals or banks. Currently, the police department provides funeral escorts at no cost. Chief Johnson stated he is researching other options for funeral homes escorts.

Hellquist questioned the need for the Fire Department to respond to medical calls and noted that the First Responders use to provide this service. However, Hellquist was not certain what had become of the Fire Responders. Chief Hoefler stated he is tightening up the operational budget. Hoefler noted that one-third of the medical calls are not true emergencies and staff will be prioritizing calls for medical responses. Downs stated that the Fire Department has assumed the Fire Responders role in city limits.

Eischens commented that the Fire Chief is working on the concept of a fire district. It is in its infancy stage and many questions need to be answered. Hoefler referenced the Cloquet Fire District as a model. He stated that it works out well when there is a mix of municipal and rural. It could take as long as five years before a fire district could be realized and special legislation is required. Hoefler stated that a combination department, however, like Bemidji has currently is good because full-time staff take care of the day-to-day administration, inspections, code enforcement, education and vehicle maintenance. Downs commented that the City gets a good value with the forty (40) volunteer firefighters.

Councilmembers expressed concerns about the proposed cuts to the Parks Department budget. Discussion continued regarding the possibility of outsourcing summer staff. Larson stated she will be exploring every possible opportunity to get staff without impacting the budget.

Johnson inquired as to the use of the liquor store profits. Eischens responded that currently \$250,000 gets transferred to the general fund and the remainder of the profits are not designated.

Public Works Director Gray stated that there are many impacts to the Public Works Department which amount to approximately one-third of the proposed budget cuts. He stated that there will be a 17% decrease in the snowplowing workforce at the same time there are additional miles of streets being added for the event center and the supportive housing project. In addition, the following cuts or reductions are proposed: 1) project pride being cancelled as it takes 3 full-time street employees working for 3 weeks; 2) there will be no person in the evenings for salting/sanding of slippery intersections or areas; 3) There cannot be a 2 a.m. bar closing as this would impact snow removal from downtown drastically; 4) hauling of snow from lots and streets will somewhat be impacted; 5) some residential streets will not be plowed until day 2 of a snow event. 6) We will need to hire an additional truck for snow hauling when we do downtown. 7) Upon the first annexation a new street employee will need to be hired. He emphasized that the budget does not include a lot of dollars for street, alley and sidewalk maintenance which limits how much we can repair in any given year. He stated that the elimination of the utility person does not have as much of an impact and we should be able to handle those duties with the cross training that we are working on. He noted that there will be other services cancelled next year such as the leaf and brush pickup which requires a utility person.

Chattin reiterated that bottomline the budget cuts will impact services. Staff is reacting to the worst case scenario. He noted that there are no pay raises or benefit increases.

Motion by Negard, seconded by Waldhausen, to accept the proposed budget reductions as indicated on the “Budget Response/Alternatives to Unallotment” handout as prepared by staff and attached to these minutes. In addition, eliminate contingency budget in the amount of \$40,000 for 2010 and 2011; use anticipated savings from annexation deferral of \$77,000 for 2010 and 2011; grant the phased retirement of the building official and change the City’s policy to allow prorated benefits resulting in a savings of \$25,623 in 2010 and \$43,925 in 2011; and reduce the Internal Service Fund Allocation in the amount of \$50,000 for 2010 and 2011. Motion carried unanimously.

Chattin stated that staff will incorporate the optional budget reductions into the overall budget reduction for Council to consider at the next work session.

Johnson stated that the Council should reconsider annexation to grow the population. He believed that there would be an additional \$250,000 in LGA because of the annexation. He stated that the City should be concerned about the City and not Northern Township. He asked the Police Chief and Public Works Director how they felt about the annexation and how it would impact their departments. Eischens stated that he has not been able to obtain information from the CGMC in this regard.

Chief Johnson stated that it would not matter if the two police officers were not eliminated, if the City annexes, more officers would be needed to patrol those areas. He further stated that the annexation areas are the busiest areas according to Sheriff Hodapp. He stated that the current proposed cuts will affect non-emergency calls. Chief Johnson further stated that he will actively seek grants for a police officer when they become available.

Gray stated that the City will have a greater problem providing services to the annexation areas that go beyond just one employee. The city will need to allocate maintenance dollars as part of the annexation process so that the new streets can be repaired, swept, and properly maintained, not just plowed. He stated that at the time of annexation he will need at least one full-time person on the street department staff.

Motion by Downs, seconded by Hellquist, directing staff to post signs on property currently available for sale or lease by the City, namely, the South Shore, old MnDOT site and Rako Street property. In addition, post on the City’s website. Motion carried unanimously.

ADJOURN

There being no further business, motion by Hellquist, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:05 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk