

City of Bemidji

City Council Work Session

May 24, 2004 - 5:30 p.m.

Present: Lehmann, Hellquist, Johnson, Meuers, Downs
Absent: Zachman, Erickson
Staff: Minke, Felix, Eischens, Preece, Mack, Oakes, Freeberg, Murphy-Schuett

Mayor Lehmann called the meeting to order at 5:30 p.m. noting the purpose of the meeting was to discuss 2005 budget.

Railroad Corridor Update:

Felix announced that the City has reached a preliminary agreement with BNSF on the purchase of the corridor. On Friday, the City made a counteroffer of \$500,000 which the Railroad accepted. Final approval is expected from the Dallas office. Felix asked that Council ratifies and accepts the settlement offer at their June 7 meeting. In terms of environmental review, the City is buying a corridor and not anticipating going through an environmental review because the past use was simply a railroad corridor.

Lehmann stated that he expects to support the offer at the next Council meeting.

Discussion followed noting that there are several issues to resolve including Lundmark Company, a leaseholder the "Wye" property and DNR certification of the appraisal. Felix discussed various funding options including the DNR, and the sale of Mn/DOT turnback property.

2005 Budget Discussion:

Minke discussed the outcome for this budget discussion. First, to use the opportunity to ask the department heads questions and get an idea of what the departments are doing and what services we might improve. Second, to review the assumptions that staff is using to put together the preliminary budget. Minke commented that this year there are no levy limits. Minke believed that we have some specific unmet demands that we keep delaying whether it is ordinance reviews, comprehensive planning or better cooperation with neighboring governments, etc. If we make these demands priorities, we need to recognize the funding requirements that go with them.

Mayor Lehmann observed that the city is growing, our needs are growing, and this puts more pressure on staff.

Bruce Preece - Public Safety Department – Preece provided an overview of the Public Safety Department stating that it is the largest single department with 44 percent of the general fund and a third of the city employees. He noted that crime rate on the average has been going up about 3 percent a year. Since 2001 the budget has increased 2 percent per year.

Preece observed that they are feeling a pinch in the Fire Department because they have been unable to add personnel. The Fire Department has received a number of small grants but those grants are for equipment, not to hire personnel. Since late 2002, the Public Safety Department has received over \$1 million in grants. With this grant money the Police Department has increased from 24 to 28 full-time officers. Since 2001 overtime has decreased by 50 percent due to more officers and the use of part-time officers. They are applying the same principles to the Fire Department to reduce overtime costs by using part-time firefighters.

Preece stated the Fire Department has recently received a grant from the state which will allow us to hire a full-time firefighter in the next 24 months specifically with the purpose of providing crime prevention, safety clinics for school and seniors and service as a department training officer.

Discussion followed on fire equipment noting that several pieces of equipment are near the end of their useful life.

Preece discussed the possible addition of fire stations to provide better and more efficient response from our firefighters and fire equipment. He suggested a fire station on the eastside of Bemidji. Currently, we are using the old "Mn/DOT" building, however, this may not always be available. In the next year or by 2006, Preece anticipates

exploring a fire station on the westside combining our services at the Airport. Staff currently covers four to five flights a day in the winter and eight to nine flights a day in the summer. Due to the number of summer flights, a firefighter is needed at the airport all day. It might make sense at some point to establish that area as a west fire station.

Preece indicated that a grant has been awarded for a little over \$40,000 from Homeland Security to purchase an emergency response vehicle. This vehicle will be the primary medical response vehicle, carrying medical equipment and transport emergency trailers. This vehicle should be delivered this fall.

Discussion followed on response time of the emergency responders versus the ambulance service at accidents. Council agreed that we need to continue to make this medical service available to our community but make it cost effective.

Shirley Sherman - City Clerk - Minke stated the Council would review this department at a future work session.

Al Felix - City Attorney – Felix provided an overview of the Attorney's office stating that currently he prosecutes gross misdemeanors along with most of the civil work other than when we hire special counsel or utilize the League of Minnesota Cities Insurance Trust. In addition, the City has been contracting with the County Attorney's office (since 1995) to prosecute misdemeanors. County Attorney Tim Faver has expressed his concern that the misdemeanors are more than his staff can handle given their other responsibilities for the County. Mr. Faver is considering turning the misdemeanors back to the City next year. If the misdemeanors are returned the City will need two additional attorneys plus an increase in support staff. Felix is suggesting the City consider increasing the contract amount we currently pay the County Attorney, as it would cost less to continue the contractual relationship than to hire a full-time attorney.

Felix observed that having an assistant will require some adjustment on his part, on the other hand, he does not know how the department and City will get by without additional help.

Minke observed that Felix is involved in many activities that are not strictly law, i.e., planning issues, rural fire issues, and trails.

Johnson commented that we are not getting our moneys worth out of people who are skilled to do things without assistance from other personnel. It is important to have support staff. Discussion followed on the availability of space for the additional staff requests.

Eischens informed the Council that there is \$40,000-\$50,000 budgeted in the legal budget for 2004 for additional legal resources. The assumption is built in that there would be a full-time attorney in 2005 but there is money in the 2004 budget if the Council deemed it appropriate to consider hiring sooner.

The consensus of the Council was that there is a need for an assistant attorney. In September we will have a better handle on the budget and consider moving forward on filling the position later this year.

Curt Oakes - City Planner – Oakes provided an overview of current activities in the Planning Department including a summary of the seventy-one planning cases for 2003. Oakes is requesting an assistant that would primarily assist with zoning enforcement and code compliance.

Mayor Lehmann observed that the Council asks staff to do things without recognizing the current workload. Council does not always know the priorities and we are failing our constituents when staff is unable to get the work done.

Eischens informed the Council that there is no money in the 2004 budget for an assistant planner. However, a full-time assistant planner has been built into the 2005 budget. Consensus of the Council was that the planning office needs an assistant.

Andy Mack – Public Works Department – Mack reviewed significant accomplishments by the Public Works Department including replacement of all downtown pavers that were installed in 1984. His department has done a good job purchasing both new and used equipment.

Mack identified various needs, in particular, upgrading city streets, and a 40,000 s.f. Public Works facility. Discussion followed on the facility regarding location, salt/sand storage, equipment and other issues. This facility would include parks, streets and water. Mack commented that the current garage facility is not up to code and staff has problems accessing vehicles, etc.

Brian Freeberg – Engineering – Freeberg provided an overview of current staff and priorities. In reviewing Council top ten priorities, the Engineering Department is working on including Southeast Lake Bemidji, trails, annexation, water/sewer development and infrastructure maintenance. In addition to staff, there have been seven different consulting firms working recently for the city. Currently, there are multiple projects in various stages, i.e., Cedar Lane, parking lot #6, Middle School Road/23rd Street and \$160,000 water/sewer project for Fairview Addition.

Freeberg identified several unfinished projects such as feasibility studies for the Lost 40 and Bardwell Park. He has done very preliminary sketches showing water and sewer for those areas. Freeberg stated that engineering uses a variety of funding sources to pay for projects including utility funds, assessments and property taxes.

Freeberg recommended that the Council hire an assistant engineer who can transition into the City Engineer's job. Hiring an assistant would allow the city to complete more engineering work in-house.

Freeberg noted that there are significant dollars in the next year's budget for street improvements. He reviewed a \$2.2 million BSU area street improvement indicating three funding alternatives. Mack added that the real challenge is maintaining streets, which are deteriorating rapidly.

Eischens and Freeberg have reviewed street funding with the goal of reducing the burden on the general fund. In recent years, the city has used utility funds more because the utility work is completed in the street right-of-way. Utility rates have been increased substantially in recent years to fund operations and depreciation. Increased reliance on utility funds may require additional rate increases. An option is to dedicate half of the depreciation to new construction.

Following discussion, Council agreed that we should hire an assistant engineer this year.

Ron Eischens – Finance/Administrative Services – Eischens reviewed accomplishments in the Finance Department. Eischens outlined challenges for next year including computer conversions to handle financial and accounting functions. Eischens observed that there are significant grants, particularly for the fire and police departments. One staff person handles most of the grant administration and reporting which is becoming a substantial function of her workload. He is exploring paying for part of that position from the grants.

Eischens stated that now it is time for reality check on how to pay for all the additional staff requests. Eischens reviewed a levy graph noting that the past council philosophy was to keep taxes low.

Eischens observed that based on all the assumptions (2005 proposed budgeted assumptions attached), our levy increase would be \$833,000 or 48 percent. Eischens provided a comparison to other greater Minnesota regional centers, which showed the average city tax rate is 46 percent. Bemidji's current tax rate is 34 percent. Assuming the levy was \$833,000 our rate would increase to 41.08 percent for 2005. That is an estimate at this time but the County Assessor provided that number based on an \$833,000 levy increase. He pointed out that a \$70,000 home in Bemidji property tax in 1996 was \$1,019 and with our levy increase the tax would be \$920.

Eischens projected that the 41 percent tax rate with no increase in tax capacity or meaning that market values and class rates stayed the same in 2004 as 2005, that this rate would be about 47 percent with the proposed tax increase. The City Assessor estimated 41 percent takes into consideration of the growth of base through annexations, new construction and increase in value. Discussion followed on the tax levy.

Minke added the assumption that it is his goal that there will be no talk of layoffs and no early retirement programs this year.

Johnson stated that the City needs to decide on the Airport's request for additional funding, it is not included in the City's budget assumption.

Discussion followed with Councilmembers commenting that no one is in favor of increasing taxes but as our City grows we have a responsibility to provide services.

Motion by Downs, second by Meuers, to adjourn the meeting. Meeting adjourned at 8:30 p.m.

Respectfully submitted,

Kay Murphy-Schuett
Deputy City Clerk