

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – August 23, 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, August 23, 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, Negard, Meuers, Waldhausen, Hellquist. Downs arrived at 5:35 p.m.

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, Parks & Recreation Director Marcia Larson, Public Works Director Craig Gray, Fire Chief Dave Hofer, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the work session was to discuss the 2011 budget.

Eischens reviewed the proposed 2011 City Budget. He stated that the Council has to decide what it feels comfortable supporting, considering the services and projects it wishes to provide. The tax levy required to support the proposed budget is \$3.4 million plus debt specific levies of \$775,000 for a total levy of \$4.2 million, which represents a 13% increase. He stated that if the Council approves this levy, the City tax rate would increase from 41% to 47% and an average homeowner would see an increase in City taxes of approximately \$30, assuming home values stay the same. He suggested that the Council consider the following options that could reduce the levy increase: 1) service reductions, 2) increase use of liquor profits, and/or 3) increase refuse fees and related profits.

Council discussed the following:

- Capital expenditures, i.e., aerial ladder truck for the Fire Dept. Fire Chief Hofer stated that the current truck is a 1994 truck and when the City receives its ISO rating the age of equipment is one factor in determining the rating the City receives.
- Equipment needs for the Public Works Department. Gray stated that the proposed budget does not take into consideration what may be needed for the annexation areas. He further stated that he has begun looking at the needs for plowing the annexation areas.
- Local Government Aid (LGA) - Staff took the conservative approach of budgeting LGA and Market Value Homestead Credit (MVHC) at levels received in 2010 rather than amounts certified. Eischens stated that the difference is approximately \$663,000. He stated that if the LGA and MVHC are greater than budgeted, the Council could find other worthwhile projects to fund.
- BREC Operating Expenses – Operating subsidy increased from \$183,000 to \$300,000 based on VenuWorks estimates. Councilor Meuers stated that she has been opposed to the BREC and is not in favor of any tax dollars being used to fund the BREC. Hellquist noted that the BREC location is much better than other communities and cannot be compared.
- Negard suggested that the levy amount could be adjusted by reducing the BREC capital replacement fund, reducing capital expenditures, dedicating liquor store profits and increasing the cost of refuse service. He further suggested that the Council could consider going to an all volunteer Fire Department similar to Brainerd's.
- JEDC Funding. Consensus of the Council was to not dedicate a line item at this time. Chattin stated if the Council decides to fund the JEDC, the contingency fund could be used for that purpose.

Eischens stated that one of the goals for the Council is to look long-term at levy limits and asked the Council for direction on what levy limit they would feel comfortable adopting.

Council directed staff to develop scenarios for their consideration to reduce the 13% levy. Council will consider the 2011 levy at their work session on September 13.

ADJOURN

There being no further business, motion by Waldhausen, seconded by Downs, to adjourn the meeting. Motion carried. Meeting adjourned at 6:25 p.m.

Respectfully submitted,


Kay M. Murphy
City Clerk