

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – October 12, 2009

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, October 12, 2009, 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, Downs, Meuers, Waldhausen, Hellquist Absent: Negard

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, Public Works Director/City Engineer Craig Gray, City Clerk Kay Murphy

Motion by Waldhausen, seconded by Johnson, to amend the Agenda adding a discussion regarding the request for proposals for the Quality for Neighborhood study. Motion carried unanimously.

Public Utility Funds Financial Projections

Eischens stated that annually a consultant assists City staff with projecting the future financial health of City's public utility funds, i.e., water, sewer, storm water and refuse. Future water and sewer use is based on the average billable gallons from the five previous years. He stated that the City has made significant efforts to reduce operating expenses. The sewer department personnel costs have been reduced by \$100,000 but other operating expenses have grown in excess of 3 percent. Staff has projected a 3 percent rate increase for water, sewer and storm water and a 5 percent refuse fee increase for 2010. Based upon the rate increase and proposed capital projects, the combined City's utility funds maintain recommended debt coverage ratios and reserve levels through 2013. The deficits at that time are caused by a \$7.5 million new well field and water treatment plant proposed in the CIP. He stated that while this project is not affordable, it is included in the CIP as a future need.

Eischens also noted that the CIP indicates two improvements to the wastewater treatment plant in 2011, a primary digester and boiler, which are nearing capacity, at a cost of \$2.5 million and a secondary digester cover at a cost of \$400,000.

Eischens noted that consultant summarized that the "City's capital improvement needs are beyond the financial capabilities of the Public Utilities Enterprise Funds unless greater increases to rates are considered or alternative funding sources are identified."

Water System Comprehensive Plan

Gray reviewed the recently completed Comprehensive Master Water Plan prepared by Advanced Engineering and Environmental Services (AE2S). The plan evaluated the City's existing water system and made recommendations for future water infrastructure improvements and serves as a guide for city staff in preparing future Capital Improvement Plans. Part I of the plan recommends development of a future well field south of the high school and a water treatment plant, between the two well fields, to provide iron and manganese removal. The total cost is estimated at \$14.1 million. Part II, Transmission Main projects, considered improvements to the existing system and expansion of the system to areas not currently serviced by water. He reviewed the projects which were prioritized 1 through 11. The highest priority project is a water main along Adams Avenue from 5th Street to 15th Street. Other projects included extending water main south along Yellowhead Road and then east to the City's existing system at Carr Lake Road along with water along the east side of Lake Bemidji. The total cost of the eleven projects is approximately \$10.2 million.

Gray stated that the challenge to the City will be to prioritize and decide which improvements need to be constructed. He stated that the Finance Director and he will incorporate what they can into the existing budget and CIP process but ultimately the Council will need to decide when to undertake some of the large improvements projects and how to fund them.

Gray stated that the City currently is in good shape for water capacity and water supply. Discussion continued on the need for additional water towers and Gray stated that the current 3 water towers are adequate and should serve well into the future.

Quality Neighborhood Initiative (QNI) Study

Councilor Waldhausen stated that the QNI Study Committee has reviewed seven proposals and have selected Bonestroo and the HRDC as its preferred firms. However, before bringing them in for interviews, the Committee wanted support from the Council to move forward and identify funding. Discussion continued on the pros and cons of the two firms.

Mayor Lehmann stated that if the Council was in agreement with proceeding on the QNI Study, it becomes a matter of finding a funding source.

Eischens noted that the City has more than \$40,000 budgeted in contingency funds for 2010 and there is more than \$3 million in cash reserves. Eischens stated that it is up to the Council to direct him on their preferred source for funding this study.

Consensus of the Council was to move forward with the interview of the two firms for the QNI Study.

ADJOURN

There being no further business, motion by Downs, seconded by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 6:35 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk