

**CITY COUNCIL PROCEEDINGS**  
**BEMIDJI, MINNESOTA**  
**Regular Meeting/Work Session – October 27, 2008**

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, October 27, 2008, 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, Erickson, Downs, Meuers, Markeson, Hellquist

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

Motion by Meuers, seconded by Johnson, to approve the agenda as presented. Motion carried unanimously.

Mayor Lehmann stated that the purpose of the work session was to review the three year street improvement plan, bonding and 2008 Bemidji street evaluation report.

City Manager Chattin commented that the bottomline is that the City needs some dollars from someplace to take care of the streets. It is staff's belief that it should be general tax dollars. The problem is that with the levy limits we are unable to get an adequate funding stream to maintain city streets. However, bonding is outside of levy limits.

City Engineer Gray stated that the current cost to reconstruct a city street is about \$1 million per mile. This does not include costs for associated utility work. The city currently has 81 miles of city streets and there currently is no dedicated funding in the 2009 budget for city street reconstruction. He stated that the design life of a road is 30 to 40 years, meaning that two miles of roadways should be reconstructed each year. This is not financially possible in many cities, but the financial implication to a city can be overwhelming if some reconstruction progress is not made every year. He stated that last summer each city street segment was evaluated and its condition was rated as excellent, good, fair, marginal or poor. The evaluation showed that a little over 13 miles of the city streets were rated as either poor or marginal. Another 20 miles were rated as fair. That is 33 miles that are projected to need reconstruction within the next 10 years.

Eischens handed out a 2008 City tax rate comparison which indicated that the 2009 Preliminary City rate is 35.34%. The city could raise the rate to 40% and still be in line with other similar cities within the state. Staff would have to reprioritize the projects.

Chattin stated that it is risky to compare to other cities. We have a low rate and a low tax capacity.

Council discussed the following:

- Type of utility pipe placed in street.
- Tax capacity of annexation areas. Staff is working on the annexation areas – the biggest concern is current road condition within annexation areas.
- Liquor funds – waiting for results of appraisal on Northern Liquor;
- 2008 Liquor funds are going into the general fund;
- Franchise fees will be increased with annexation;

Eischens stated that the city would go out for bonding in middle to late 2009. Eischens stated that short-term bond rates are now low, running approximately 3 to 3½ percent. After paying off the bond in 2011, levy limits would expire. Then the City could continue funding road improvements through the general tax levy.

Chattin stated that there is an overall good for the entire city which would be shared by the City. The goal is a funding program to improve city streets.

Downs stated that the consequence of no immediate maintenance is the road turns to gravel. Gray observed that for a regional center, the percentage of gravel streets is high. The gravel streets will be worked into the rotation and paying for those improvements is a policy question for the Council.

Johnson stated that the Coalition of Greater Minnesota Cities is still working toward getting the formula for LGA changed so that regional centers, like Bemidji, would be better compensated while taking into consideration the amount of nontaxable properties.

Gray stated that the three year plan proposed would be a good start towards improving some of the poor and marginal streets in the city.

**Motion by Downs, seconded by Johnson, directing staff to prepare a resolution for their consideration on November 3, 2008, authorizing the preparation of a feasibility study on 2009 road improvements. Motion carried unanimously**

**ADJOURN**

There being no further business, motion by Johnson, seconded by Markeson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:05 p.m.

Respectfully submitted,

  
Kay M. Murphy  
City Clerk