

City of Bemidji

City Council Work Session

June 14 - 5:30 p.m.

Present: Lehmann, Zachman, Hellquist, Johnson, Erickson, Meuers, Downs
Absent: None
Staff: Minke, Murphy-Schuett, Eischens, Freeberg, Mack

Lehmann called the meeting to order at 5:30 p.m.

Approve Out of Town Travel

Motion by Zachman, second by Meuers, to approve out of town travel for Mayor Lehmann and Councilor Downs for travel on June 7 to St. Paul to present to the Legislative Commission on Natural Resources (LCMR).

Discussion - Bemidji/Beltrami County Airport

Lehmann briefly reviewed the request stating that there are unresolved issues relating to the Airport funding. There is a shortfall at the Airport and Johnson and Erickson have met with staff to discuss the City's response.

Erickson stated that the Airport has a \$224,000 shortfall from each the City and County. The City has set aside \$85,000 prior to knowing the shortfall amount. For 2004, there is a remaining deficit of \$140,000 broken down into a \$75,000 reserve that the city would maintain, and \$65,000 in current operating funds. The City had asked the County to make up the City's remaining \$140,000 balance, which the County has rejected.

Discussion followed on levying. The Airport Commission is in the process of reviewing the Joint Powers Agreement. There will be either a formula or percentage used to determine the amount of levy.

Erickson commented that the Airport is asking each entity to hold \$75,000 in their respective reserves. These dollars are for an emergency reserve. The City has been the financial and fiscal agent and covered shortfalls whenever they occurred. The Airport Commission is looking for an operational reserve to cover those shortfalls that the City has been covering in the form of short term loans.

Minke pointed out that none of the \$140,000 is in the 2004 budget so either other budgets will need to be cut or reserves used, i.e., UDAG funds, liquor reserves. If the UDAG funds are used we give up the potential to make another economic development loan in the future

Johnson stated that the Airport has to start acquiring land, to take advantage of the federal match. The airport runway needs to be shifted due to the building around Wal-Mart.

Hellquist asked at what point does the City stop "throwing money at the Airport" and let it go to the County or go to a regional airport authority and move on from there? He stated that it benefits the entire area not necessarily the City.

Erickson stated that the Airport Commission believes that their efforts toward the Airport becoming a regional tax authority will provide more leverage when both the City and County are actively involved in the short term. As they work toward a regional taxing authority, if they find they are hitting a brick wall, the City may want to take a second look at whether it wants to continue to be financially involved. Erickson felt strongly that the City should not exit out of the Airport.

Zachman commented that the City and County have not funded the Airport adequately over the years.

Motion by Meuers, second by Johnson, directing staff to recommend funding sources for the Airport deficit of \$140,000, \$65,000 to the Airport and \$75,000 for Airport reserve. All voted aye. Motion carried.

Discussion continued on the management of the Airport. It was generally felt that the City should continue to remain an active partner in the management of the airport. The Airport is an important service to the Bemidji community and the City should continue to be at the decision-making table.

Minke observed that at this point, the County would fund 100% local share of the airport if it was county airport.

Lehmann suggested that we allow the Airport Commission to have discussions regarding the by-laws and makeup of the Airport and bring a recommendation back to their respective boards.

Minke summarized that there are three specific tasks that the City is asking from the Airport Commission:

1) To discuss and come up with recommendations on funding and discuss equity from the taxpayer and user perspectives. Identify what is user funded and what is taxpayer funded.

2) To discuss the management of the Airport and the role of City and County. What are the advantages and disadvantages of a county-run airport?

3) If there is an Airport authority somewhere in the future, what is the road to get there and what does the City need to do, and how do the City and County support that goal?

The consensus of the Council was that it is important to develop a better working relationship with the Airport Commission and County. Johnson and Erickson will provide updates at Council meetings on important issues at the Airport.

LGA Update

Minke provided an update on Local Government Aid (LGA). Due to a "technical error" in the 2003 LGA law, Bemidji stands to lose over \$200,000 in LGA from the 2004 amount. It also appears that many metro suburbs will see increases because of the "error". Governor Pawlenty has taken the position that the law has to be followed to the letter.

Minke observed that the preliminary budget is approximately \$300,000 out of balance, \$227,000 LGA and \$73,000 increased airport funding. Minke has e-mailed Fuller and his response was that he is working for a special session so that the LGA can be addressed.

Councilmembers attending the legislative forum Tuesday will discuss the LGA issue.

Adjourn

Motion by Zachman, second by Downs, to adjourn the meeting. Meeting adjourned at 6:25 p.m.

Respectfully submitted,

Kay Murphy-Schuett
Deputy City Clerk