

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Regular Meeting/Work Session – August 13, 2007

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, August 13, 2007, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Markeson, Hellquist, Johnson, Erickson. Absent: Downs, Meuers.

Staff Present: Curt Oakes, Craig Gray, Ron Eischens, John Chattin, Alan Felix, Kay Murphy.

Mayor Lehmann stated that the purpose of the meeting was to discuss the 2008 budget and the LGA reduction of \$70,000 and the impact on the 2008 budget.

Councilor Downs joined the meeting at 5:35 p.m.

2008 Budget

Eischens commented that the LGA reduction of \$70,000 is in addition to the \$190,000 that the City was aware of earlier this summer.

Chattin stated that the \$70,000 amounts to 2.7% and asked the Council if they wanted to increase the levy increase from 9.9% to accommodate the loss of LGA.

Councilor Markeson stated that it is important to identify the needs of community before any more cuts are made.

Councilor Johnson commented that the LGA may be changed if the state has a special session.

Mayor Lehmann provided an update on a possible special legislative session. He stated that legislators are expecting a special session but not until after Labor Day. Those who attended the discussions seemed open to including the vetoed tax bill on the agenda, however, the City would most likely not know until after the preliminary tax levy is certified to the County.

Councilor Downs stated he would like to delay the levy increase and would like to keep the levy increase at the 9.9% cap. He suggested that the city look at equipment costs that could be deferred.

Councilor Erickson commented that there have been surpluses in previous years and expected another surplus that could supplement the \$70,000. She stated that she was not in favor of a higher levy increase.

Eischens stated that \$100,000 has been used from the General Fund for the airport. Eischens commented he anticipated a surplus barring any unforeseen event. The policy issue that staff needs direction from Council is to continue going forward with the 9.9% levy cap or does the Council want to give itself the flexibility to reduce it later on.

Councilor Markeson stated he did not feel that it was financial responsible to bet on the future. It is nice to have a contingency for unforeseen items.

Mayor Lehmann stated that it may send the wrong message to St. Paul that we can live with what we are given. Discussion continued on levy increases in other communities and the effect on the taxpayers.

Councilor Johnson commented that there are city services had been allowed to run down in past. He noted that the City was on its way to correcting the problems, but the City has lost close to a half million dollars in LGA.

Chattin stated that he and Eischens are meeting with department heads regarding their 2008 budget requests. Staff will provide what is being funded next year, but also will be asked to develop a list of what is not being funded due to budget restrictions.

Eischens reviewed the six priorities from the Council retreat. The loss of LGA of \$190,000 plus the 3% cost of living and a \$40 increase in fringe benefit contributions would equate to a 13.1% levy increase. Add to that another 2.7% for the loss of the additional \$70,000 in LGA. The City is looking at 16% levy increase to provide the same services that were done in 2007. He stated that the 9.9% levy cap will be challenging and can be done.

Councilor Johnson stated he would like know what is cut by department heads to meet the budget cap. Eischens responded that department heads will identify the unmet needs which will be provided to the Council.

Council directed City staff to continue working toward a 2008 budget utilizing a 9.9% levy increase cap.

Special Revenue Funds

Eischens stated that there are number of special revenue funds and suggested that the City Council consolidate with the general fund. These are:

- Mn/DOT Property Development - Staff recommended that the \$28,000 deficit be moved to the general fund and when the Mn/DOT property is sold the Council can decide what to do with the proceeds from the sale. Council directed staff to do a budget amendment.
- Gas/Electric Franchise Fees – Staff recommended that Council should consider combining the gas/electric franchise fees with the general fund like the PEG access fee. Mayor Lehmann stated that it was important to keep this fee for road improvements. Chattin stated he does not like designation of funds as needs may change on a regular basis. Council directed staff to do a budget amendment.
- Building Escrow – Three years ago there was a budget line item to transfer money for major building repairs or costs. Currently, there is \$76,000 in this fund and the library has identified over \$100,000 in building needs. Council directed staff to use these special revenue funds to keep the library in decent repair and spend this money down.
- Planning/Building – Chattin stated that this it is uncertain what the 2008 budget will be for Planning until the Joint Planning Board makes a decision. Chattin stated that it is his intention not to rehire the Assistant Planner position anticipating the JPB's decision.

Waiver Policy for Building Permit Fees

Mayor Lehmann reviewed the moratorium that was passed by the Council on March 15, 2004 regarding future donation requests. Currently, the only recurring donations by the City are the BYH arena commitment and waiving building permit fees for Habitat for Humanity. Mayor Lehmann commented that the Council has not followed this policy.

Chattin asked if staff should respond to requests from the community based on the moratorium passed by the Council.

Markeson commented that Councilmembers signed a declaration of interdependence, i.e., volunteers that substantially benefit the community.

Downs stated that perhaps the Council should develop five findings of fact for donations. Downs stated that staff could develop a template based on other communities.

Johnson stated that the City does a lot of in-kind donations, i.e., extra police for Dragon Boat Festival, clean up of the parks after events. He stated it is bigger than just handouts.

Erickson stated that she did not feel a boiler plat was needed to be developed but use the moratorium that is already in place.

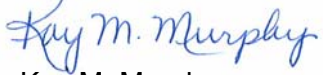
Motion by Downs, second by Markeson, stay with the moratorium until a guideline is developed with findings regarding donations. Motion carried with the following vote: Hellquist, Lehmann, Markeson, Johnson, Downs. Nays: Erickson. Absent: Meuers.

Felix suggested that the City find sample policies that other cities have developed which identify why a group is worthy of a donation. Chattin stated that the application should include how the request meets a public purpose.

ADJOURN

There being no further business, motion by Johnson, second by Downs, to adjourn the meeting. Motion carried. Meeting adjourned at 6:50 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk