

# CITY COUNCIL PROCEEDINGS

## BEMIDJI, MINNESOTA

### Regular Meeting/Work Session – June 11, 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, June 11, 2007, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Pro tem Downs presiding.

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

Staff Present: Ron Eischens, John Chattin, Kay Murphy

Mayor Pro tem Downs stated that the purpose of the meeting to discuss 2008 budget.

The following items were added to the agenda: 1) Placement of a sculpture at City Hall; 2) Resolution Accepting Donations for National Guard Homecoming Hero Hankies; and 3) Discuss possible Special meeting on Event Center.

#### **2008 Budget – Levy Discussion**

Chattin stated that in the past the Council has used the approach where the Finance Director and Department Heads go through and budget based on historical budgets, payroll changes and LGA losses, add an inflation factor and come up with a budget for the new year, and then come to the Council with levy requirement. Chattin would like to flip this around and have the Council give staff the levy amount they are comfortable with.

Downs would like to see a decrease in the levy if possible. If LGA is restored, it would leave the City with a surplus. Chattin stated that the Governor's veto of tax bill caused Bemidji to effectively lose \$428,000 in LGA for 2008, equivalent to a 16% levy increase. If the tax bill was approved, Bemidji could have no levy increase and still have over \$200,000 in additional funding. Downs stated he gets calls about the amount of taxes increasing and the city needs to be responsible. Chattin stated that "but for" the governor's veto, the Council would not be discussing a double digit increase. Discussion continued regarding the governor's veto and a possible special session.

Eischens commented that two-thirds of the general fund (67%) is payroll.

Johnson stated that the levy replacement chances are slim or none in talking with the Coalition and the City may have to live with this.

Chattin stated that if all the Council did was cover payroll and loss of LGA the effective minimum levy increase impact is 11.3%. Chattin asked the Council if there was something new that they wanted funded, i.e., additional park staff. Discussion continued on operations and maintenance of facilities located at Diamond Point Park. Downs observed that there will be increased costs for Diamond Point Park. Chattin stated that staff has to maintain the park as this is what they have been given. Downs stated there are a lot of things going on and the Council should focus on them.

Downs asked about BSU providing security at Diamond Point Park. Chattin stated that security is voluntarily provided by the BSU currently but they do not want it in an agreement. He commented that this could be a deal breaker.

Eischens stated that staff's goal is to find a levy increase that the Council is comfortable with. Does the Council have input on these items for the 2008 budget?

Erickson stated that this is a new way to look at the budget and she likes this way. It lets the department heads know what the Council is expecting.

Chattin stated that the Council in their visioning session stated that one of their top six priorities was to enhance public safety. He asked, "What does this mean to the Council?" Does this mean adding a new firefighter, new police officer(s), fire truck, or police vehicles, etc.? Johnson stated one priority identified was the need to improve or expand the current liquor stores. He suggested setting aside money for the purchase of liquor store, etc. Council comments included that it might affect the levy but long term it may enhance the budget if we make money. Chattin stated he looks at the funds as "global", or as one pot of money, versus departmentally.

Erickson stated that the Council has been on the fast track and currently the Council has a lot on their plate and suggested that the Council does not need to set some immediate priorities and perhaps take a breather.

Chattin stated that the Joint Powers Board will also have an impact on the 2008 budget.

Johnson asked how the refuse changes will affect the levy. Chattin replied that the City will save approximately \$100,000 a year by not operating the commercial refuse.

Discussion continued on the equipment fund which has been accumulated roughly \$500,000 for equipment. Eischens stated that spending over the years on equipment should be consistent and asked what amount is appropriate to keep in this equipment fund going forward. It was felt that this was a discussion for another day.

Johnson stated that something that might affect the funding is airport expansion. Chattin has met with the Airport Manager, Tony Murphy, and Ron Otterstad regarding the airport expansion and they discussed possibly doing a county-wide levy for the debt on the airport bonds which would spread the load equally.

Discussion continued regarding the pay increases and cost of PERA/FICA. Chattin stated that two bargaining units have settled with 3% and the City is in arbitration with the Sergeants Union. The bargaining units have settled through 2009 and the only available option is not to give three percent to non-union employees, which have always followed the union. Johnson commented that the City does not need to hire a negotiator and save that money.

Erickson suggested that the Council consider a levy increase of 9.9% and request that department heads continue to find savings in the budget.

Johnson was okay with 13.1%. However, he would go along with other members of the Council. The City should not compromise and agreed that the Council is moving forward and felt some pressure should be put on the Governor. Meuers agreed with Johnson. Chattin stated that we do not want to balance the budget on capital expenditures.

Hellquist stated that the general public will not complain any differently for one levy amount or the other beyond the fact that the levy is going up.

**Consensus of the Council was to challenge department heads to keep the levy increase at 9.9%.**

#### **Other Budget Issues**

Chattin stated that he does not know at this time how the Joint Powers Board will be funded

#### **Sculpture Location**

Erickson attended the Sculpture Walk Committee that welcomed the artists. Kenneth Tetrault artist of the ship in front of City Hall, gifted it to the Busby's who in turn have offered to loan it permanently to the City. **Motion by Erickson, second by Meuers, to accept a donation of the Ship sculpture by the Busby's to be placed in front of City Hall. Motion carried unanimously.** Erickson will request a minimum 10 year placement.

**RESOLUTION NO. 5415:** Approving a Resolution Accepting Donations for National Guard Homecoming Hero Hankies was offered by Councilmember Meuers, who moved its adoption, and upon due second by Councilmember Erickson was passed by unanimous vote.

#### **Special Meeting for Event Center**

Chattin stated that the application for the State needs to be completed before June 25 and the Council needs to make some decisions regarding what will be built to complete the application to the State. Chattin stated he is working with Bill Maki regarding what BSU's minimum requirements are to be an anchor tenant at the Bemidji Regional Event Center. A special meeting was set for **Thursday, June 14 at 5:15 p.m.**

#### **Other Business**

Downs discussed the deadline for funding to complete the Paul Bunyan Trail between Guthrie and Walker. The City Manager will follow up on what is required.

Erickson commented that there was a concern expressed by her regarding the City Manager hiring outside the pay range. Erickson stated that her understanding was that

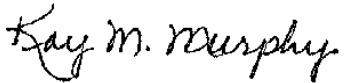
support came from the Public Works Committee but it was her opinion that the full Council should approve the pay amount. Erickson stated that Chattin was following hiring practices done previously. She suggested that it should be clarified by the Council regarding future hiring of City employees outside the pay range.

Chattin commented he too would like this clarified. He further stated that the City Engineer's pay has no impact on the budget as it is actually \$50 less than the current City Engineer's pay. Chattin stated for the Council's comfort and his, an amendment to the Personnel Policy to clarify hiring outside the pay range should be considered.

**ADJOURN**

There being no further business, motion by Hellquist, second by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 7:00 p.m.

Respectfully submitted,



Kay M. Murphy  
City Clerk