

TRUTH-IN-TAXATION HEARING

BEMIDJI, MINNESOTA

December 4, 2006

Pursuant to due call and notice, a regular meeting of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, December 4, 2006, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

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

Mayor Lehmann opened the public hearing.

Councilmembers and the public were provided information regarding the City's 2007 proposed budget and tax levy. Finance Director Ron Eischens reviewed the information including a history of the tax levy (1988-2006), 2007 budget assumptions, distribution of the property tax dollar and comparison of state and local tax rates.

Eischens pointed out that 44 percent of the property value in Bemidji is non-taxable (ex., North Country Regional Hospital, Bemidji State University and any State governmental buildings). The proposed 2007 levy of \$2,839,821 represents a 31.5% increase over 2006. If the City reduces the levy from 31.5% to 20%, the City's tax rate will actually go down rather than up from 2006.

Eischens went over the budget reductions made by staff to lower the levy to a 20% increase over 2006 rather than 31.5%. He explained that the interest earnings increased and both he and Chattin felt comfortable expecting an additional \$25,000. Both felt this is still being conservative because of the increase in interest rates. The contingency budget was reduced by \$18,000, leaving approximately \$10,000, which will likely be used up in legal fees if the two unions head to arbitration, which is likely to happen. The transfers to the Building and Planning Departments were reduced by \$40,000, which will leave their operating funds the same as 2006. The Administrative Department reduced their fund for office supplies by \$2,000. The Election fund of \$13,000, which is generally kept in the budget in case of a special election, was eliminated. The Finance Department did not feel they would need their annual temporary employees and reduced that fund by \$2,000. Assessing was reduced by \$3,000 for profession services. The Legal Department reduced their fund for professional services by \$8,000. The Computer fund was reduced by \$23,000, leaving \$63,000. The Police Department reduced their fund for telephone expenses and repairs by \$7,000; The Fire Department made cuts to numerous portions of their budget, including overtime costs, repairs, building maintenance, professional services and telephone expenses totaling \$24,000. The Street Department cut their budget for temporary employees, fuel, equipment repair and structure maintenance by \$37,000 and the Engineering Department reduced theirs for equipment repairs and professional services by \$15,000. This is a total decrease in the Levy/Budget of \$250,000.

Mayor Lehmann pointed out that the Council also has the option to make reductions, if so inclined, to their budget. Johnson was curious if the Public Safety Departments were keeping up with writing grants and if not, if that is the reason the City is losing funding through grants. Eischens stated that he would have to look into it, but it does depend on how active the current chief wants to be in doing the grant writing. Markeson stated that he found the reductions that were made were impressive. Eischens stated that these decisions were not made without having possible future difficulties and that the Council should understand that if something comes up where funds are needed that were reduced or cut, the staff will need direction on where to find these funds. Mayor Lehmann wanted to commend staff on all of the work that was done on short notice and acknowledged that it could pose some challenges during 2007. Chattin stated that in past years, many departments have been over-budget at the end of the year. He suggested that in the future, the departments

should try to spend within the budgeted amount and if they are aware they may go over, the department should request an additional appropriation from Council and the budget would then be amended.

Mayor Lehmann closed the hearing at 6:25 p.m.

ADJOURN

There being no further business, motion by Hellquist, second by Markeson, to adjourn the meeting at 6:25 p.m. Motion carried.

Respectfully submitted,

Shawn M. Swenson
Deputy City Clerk