

# CITY COUNCIL PROCEEDINGS

## BEMIDJI, MINNESOTA

### Special Work Session – September 6, 2023

Pursuant to due call and notice, a special work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Wednesday, September 6, 2023, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Prince presiding.

Upon roll call, the following Councilmembers were declared present: Prince, Fiskevold Gould, Peterson, Johnson, Rivera, Eaton, Thayer

Staff Present: City Attorney Katie Nolting, City Engineer Sam Anderson, Fire Chief Justin Sherwood, Building Official Matt Ridlon, Planning Director Jamin Carlson, Police Chief Mike Mastin, Recreation Coordinator Jamie Anderson, Parks Superintendent Scott Schroeder, Assistant City Attorney Andrea Kingbird, City Clerk/acting City Manager Michelle Miller.

Others: Ashley Feldewerd, Abdo Financial Solutions

Mayor Prince stated that the purpose of the meeting was to discuss the 2024 Financial Management Plan (Budget and Levy).

#### **2024 Financial Management Plan (FMP)**

Ashley Feldewerd with Abdo Financial Solutions, presented a revised 2024 Levy and General Fund Budget. Feldewerd reviewed the budget changes from the last work session of council:

The 2024 Budget included the Council approved priorities for each department. These will continue to be reviewed and updated as needed in the 2024 budget.

Key items affecting this year's budget:

- The 2024 tax rate is proposed to decrease .13% to 45.01%
- The general fund 2024 tax levy is proposed to increase \$847,853 or 11.31% from 2023
- The general levy increased \$842,953 or 12.74%
- The preliminary levy includes increases to revenue in the following areas:

○ Various revenue line items – (see below)	\$203,000
○ Rural Fire Contribution (new firefighters)	\$ 61,500
○ Reduced revenue sharing with Northern Twtnshp	\$ 28,000
○ Gas/Electric Franchise Fees	\$113,000
○ LGA Increase	\$333,097
○ Public Safety Funds – (\$662K one time)	<u>\$165,500</u>
<b>Total Increase</b>	<b>\$904,097</b>

- Revenue changes, included in our summation above, include:

○ Cable/Franchise Fees	\$103,000
○ Engineering Fees	\$ 80,000
○ Police State Aid	\$ 15,000
○ Parkland Rental	\$ 15,000
○ Other	<u>(\$10,000)</u>
<b>Total revenue changes</b>	<b>\$203,000</b>

- The preliminary levy includes increases to expenses in the following areas:

○ Required Personnel Cost	\$ 589,000
○ Job study implementation	\$ 474,000
○ Drug Task Force Officer	\$ 49,000
○ Parks & Recreation	\$ 90,000
○ Firefighters	\$ 150,000
○ Legal Assistant	\$ 87,000
○ Remove Assistant City Manager	(\$ 130,000)
○ Law Enforcement Center Lease	(\$ 200,000)
○ Increased Capital Needs	\$ 260,000
○ Reduced Sanford Center deficit	(\$ 188,000)

○ Law Enforcement Dispatch	\$ 175,000
○ JPB Dissolution – increased City cost	\$ 200,000
○ Law Enforcement Building Maintenance	\$ 100,000
○ Increase City Hall/Public Works Bldg costs	\$ 42,000
○ County IT/Assessing/Police IT	\$ 20,000
○ Update City pay plan for union negotiations	\$ 20,000
○ City contribution to KRL system	\$ 4,050
○ Public Works bond payment	<u>\$ 5,000</u>

**Total expense changes      \$1,747,050**

- The debt levy is proposed to increase \$4,900 or 1.73%
  - This increase is due to the 2007 General Obligation Public Work Building bond.

**Property Tax Composition**

The City is comprised of several property types, with residential and exempt properties comprising the largest sectors. Overall, the City’s estimated market value for taxes payable in 2024 is \$2.267 billion, including \$106 million of value from the City’s recently annexed district.

Estimated Market Value by Property Type	Dist 8001 (City)	Dist 8004 (Annexation Area)	Total
Agricultural	\$ 1,168,300	\$ 1,062,000	\$ 2,230,300
Apartments	167,668,500	19,083,100	186,751,600
Commercial	331,826,800	17,419,100	349,245,900
Exempt	765,084,100	4,442,200	769,526,300
Industrial	10,381,500	-	10,381,500
MH Park	4,266,600	126,800	4,393,400
Personal Property	22,508,900	-	22,508,900
Rail Road	4,024,400	-	4,024,400
Residential	817,341,300	63,143,900	880,485,200
Seasonal Residential	32,042,300	1,384,800	33,427,100
Utility	3,432,300	-	3,432,300
	<u>\$ 2,159,745,000</u>	<u>\$ 106,661,900</u>	<u>\$ 2,266,406,900</u>

**Tax Levy Summary**

Overall, the property tax levy includes levies for general operations, Sanford Center Capital Improvements, Annual Street Improvements, and debt service. The 2023 actual and 2024 proposed property tax levies are listed below:

	2023 Levy	Proposed 2024 Levy	Increase (Decrease) from 2023	Percent Change from 2023
<b>General Levy</b>	\$ 6,615,629	\$ 7,458,582	\$ 842,953	12.74%
<b>Sanford Center Capital Improvements</b>	210,000	210,000	-	0%
<b>Annual Street Improvements</b>	385,000	385,000	-	0%
<b>Debt Levy</b>				
2007 GO - Public Works Bldg	283,343	288,243	4,900	1.73%
<b>Total</b>	<u>\$ 7,493,972</u>	<u>\$ 8,341,825</u>	<u>\$ 847,853</u>	<u>11.31%</u>
<b>Tax Capacity</b>	<u>\$ 16,604,675</u>	<u>\$ 18,534,929</u>	<u>\$ 1,930,254</u>	<u>11.62%</u>
<b>City Tax Rate*</b>	<u>45.13%</u>	<u>45.01%</u>	<u>-0.13%</u>	

The impact of the proposed 2024 City of Bemidji tax levy and tax rate is shown as follows:

Property Type	Market Value	Taxable Market Value	2023 Taxes Payable	2024 Taxes Payable	Increase (Decrease) in Property Taxes
Residential	\$ 100,000	\$ 71,800	\$ 324	\$ 323	\$ (1)
Residential	200,000	180,800	816	814	(2)
Residential	300,000	289,800	1,308	1,304	(4)
Residential	400,000	398,800	1,800	1,795	(5)
Commercial	500,000	500,000	4,175	4,163	(12)

Council provided the following comments related to an acceptable levy increase:

- Eaton: Supports proposed levy.

- Rivera: Supports proposed levy. Concerned with street renewal funds not being increased. Suggested reducing council travel; inquired about increasing rental revenue; suggested decreasing contribution to Greater Bemidji.
- Johnson: Concerned with proposed levy, especially in light of receiving increased LGA funding. Prefers a levy under 10% or even 7% or 8%. Suggested reductions in legal and planning.
- Thayer: Concerned with the removal of an assistant city manager or community development director. Struggles with moving forward and balancing citizen concerns of increasing taxes but still getting things done in the city. Inquired about contracting services for legal. Can support the proposed levy but would like to look at other reduction options.
- Peterson: Cannot support anything over 9.99%, supports parks, fire, and law enforcement. Suggested reductions in planning and legal.
- Fiskevold Gould: Supports proposed levy.
- Prince: Concerned with increased spending. Concerned with significant property value increases over the last two years. Tax capacity and levy increases should focus more on new construction and annexation, not property values. Cannot support proposed levy. The increased revenue could offset the required personnel costs without proposing a levy increase.

**ADJOURN**

There being no further business, motion by Rivera, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:47 p.m.

Respectfully submitted,



Michelle R. Miller  
City Clerk