

BEMIDJI CITY COUNCIL

Special Work Session Agenda

Wednesday, September 6, 2023

**City Hall
317 4th Street NW
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL
2. 2024 FINANCIAL MANAGEMENT PLAN (FMP)
3. ADJOURN

BUDGET MEMO

TO: MAYOR AND COUNCIL
FROM: ABDO FINANCIAL SOLUTIONS, LLC
SUBJECT: PRELIMINARY 2024 BUDGET
DATE: SEPTEMBER 6, 2023

Introduction

Upon your request, we have summarized some of the key items for consideration in this years' budget. This is the not to exceed preliminary tax levy that needs to be certified to Beltrami County by September 30th. The City will continue to work on the budget and tax levy until the final is adopted in December.

Budget Overview

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 Twnshp	\$28,000
○ Gas/Electric Franchise Fees	\$113,000
○ LGA Increase	\$333,097
○ Public Safety Funds – (\$662K one time)	<u>\$165,500</u>
Total Increase	\$904,097

- 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>
Total revenue changes	\$203,000

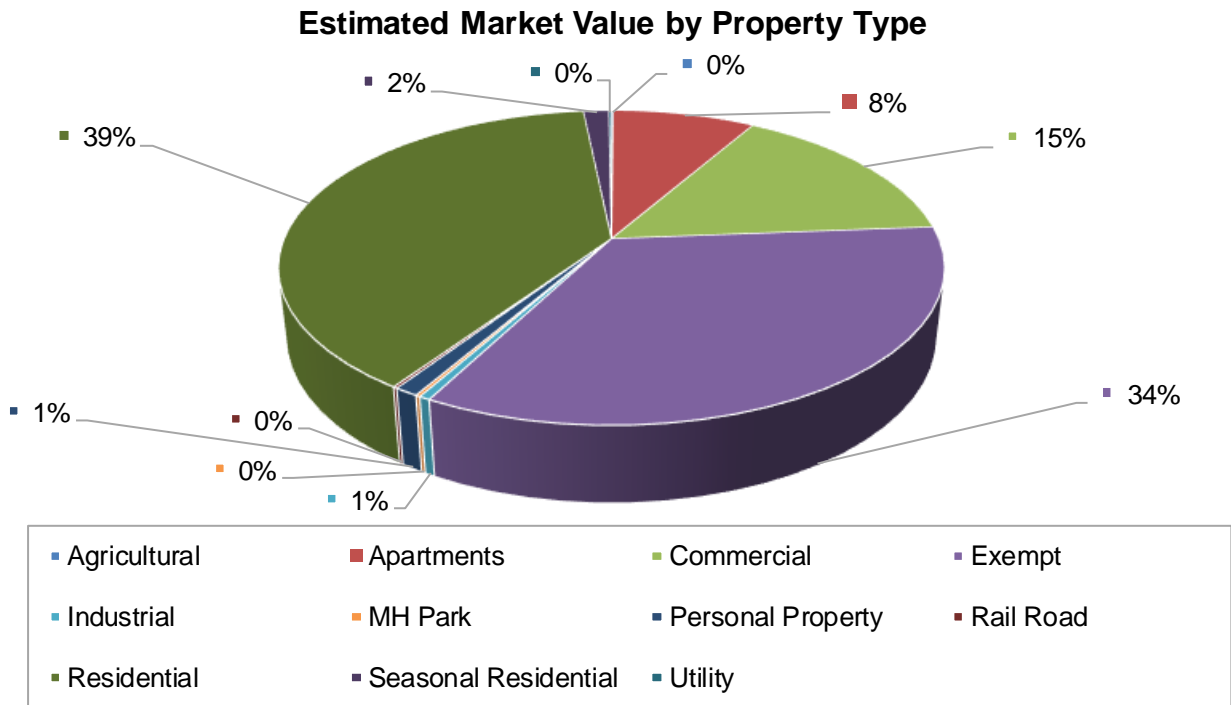
- The preliminary levy includes increases to expenses in the following areas:

○ 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 8004		Total
	Dist 8001 (City)	(Annexation Area)	
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
	\$ 2,159,745,000	\$ 106,661,900	\$ 2,266,406,900

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

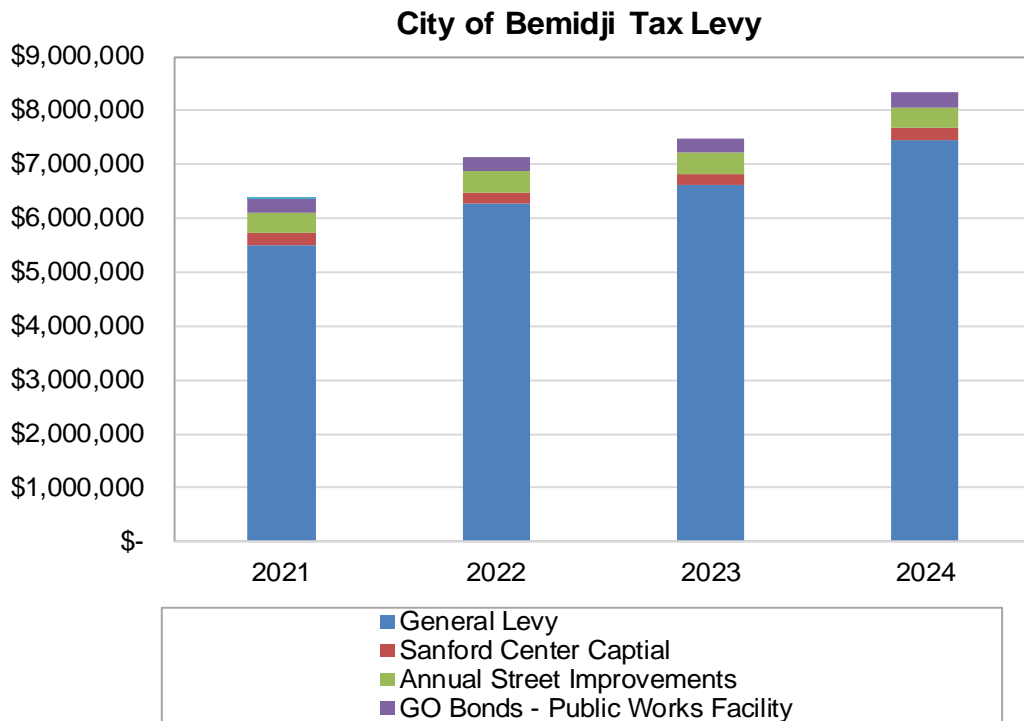
*The City's Payable 2024 tax capacity information is provided by Beltrami County.

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

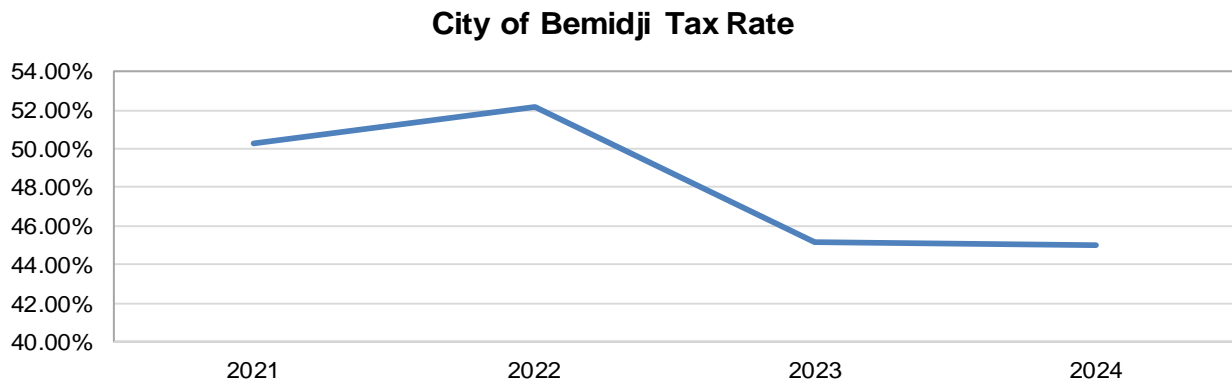
Property Type	Market Value	Taxable Market Value	2023 Taxes Payable	2024 Taxes Payable	Increase (Decrease) in Property Taxes
Residential	\$ 100,000	\$ 71,800	\$ 324	\$ 323	\$ (1)
Residential	200,000	180,800	816	814	(2)
Residential	300,000	289,800	1,308	1,304	(4)
Residential	400,000	398,800	1,800	1,795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

Note: no change in market value has been assumed

Tax Levy Summary 2021 to 2023 Actual and 2024 Proposed



Tax Rate 2021 to 2023 Actual and 2024 Proposed



General Fund Budget

	Actual 2021	Actual 2022	YTD 8/21/2023	Budget 2023	Budget 2024	Amount Change	Percent Change
Revenues							
Property taxes	\$ 5,528,287	\$ 6,268,195	\$ 3,600,723	\$ 6,560,138	\$ 7,431,091	\$ 870,953	13%
Other taxes & Assessments	1,583,744	1,469,195	919,533	1,398,000	1,614,000	216,000	15%
Grant Revenue	335,532	15,931	-	-	165,500	165,500	0%
Licenses & Permits	126,749	141,905	10,579	134,500	129,500	(5,000)	-4%
State Aid & Grants - LGA	4,188,753	4,286,815	318,234	4,293,035	4,646,132	353,097	8%
Other Revenue	165,328	402,075	71,664	154,241	159,241	5,000	3%
Fire Revenue	593,156	633,419	471,435	638,076	699,576	61,500	10%
Fines & Fees	152,582	151,580	90,753	153,500	153,500	-	0%
Sale of Assets	441,728	204,266	6,729	-	-	-	0%
Transfers	1,880,837	2,286,253	1,675,368	1,866,202	1,946,202	80,000	4%
Total Revenues	\$ 14,996,696	\$ 15,859,634	\$ 7,165,018	\$ 15,197,692	\$ 16,944,742	\$ 1,747,050	12%
Expenditures							
Mayor & Council	\$ 151,593	\$ 173,920	\$ 98,676	\$ 177,270	\$ 177,216	\$ (54)	0%
Administration	416,874	460,241	414,968	593,392	557,951	(35,441)	-6%
Election	8,278	15,400	3,496	9,100	9,100	-	0%
Finance	652,786	695,191	446,200	732,790	805,305	72,515	10%
Technology Services	147,154	136,862	52,719	166,301	166,301	-	0%
Assessing	114,362	118,935	127,260	123,850	143,850	20,000	16%
Legal	528,003	564,256	306,402	557,252	719,638	162,386	29%
Joint Planning Board	168,630	168,306	125,983	172,485	372,485	200,000	116%
Police	4,734,855	5,267,690	2,989,783	5,192,671	5,886,214	693,543	13%
Fire and Emergency Mgmt	1,150,338	1,483,337	889,211	1,559,601	1,917,378	357,777	23%
Streets	1,534,835	1,646,040	846,698	1,587,010	1,736,923	149,913	9%
GIS	155,847	152,863	94,006	177,727	187,779	10,052	6%
Engineering and PW Admin	621,544	634,013	307,565	616,367	664,018	47,651	8%
Parks & Recreation	1,137,187	1,461,976	749,171	1,435,533	1,654,171	218,638	15%
Library	201,619	202,238	108,080	234,959	234,959	-	0%
Sanford Center	530,000	300,000	150,000	308,000	108,000	(200,000)	-65%
Economic Development	30,000	30,000	30,000	30,000	30,000	-	0%
Contingencies	34,617	108,103	635,769	69,004	69,004	-	0%
Public Transportation	1,818	2,714	2,262	15,500	15,500	-	0%
Transfers	1,565,464	718,647	306,150	306,150	310,200	4,050	1%
Capital Expenditures	1,059,484	1,237,786	363,444	969,000	1,178,750	209,750	22%
Total Expenditures	\$ 14,945,288	\$ 15,578,519	\$ 9,047,842	\$ 15,033,962	\$ 16,944,742	\$ 1,696,980	13%
Excess Revenues (Expenditures)	\$ 51,409	\$ 281,115	\$ (1,882,823)	\$ 163,730	\$ -	\$ 50,070	

Enterprise Funds Summary

Summary Budgets for Enterprise Funds

	Actual 2021	Actual 2022	YTD 8/21/2023	Budget 2023	Budget 2024
Water/Sewer					
Revenues	\$ 19,007,509	\$ 6,547,197	\$ 5,443,237	\$ 16,512,000	\$ 17,094,500
Expenditures	5,422,386	6,095,106	5,415,591	27,503,766	22,346,305
Net Revenue Over (Under) Expenditures	\$ 13,585,123	\$ 452,092	\$ 27,646	\$ (10,991,766)	\$ (5,251,805)
Storm Water					
Revenues	\$ 1,236,473	\$ 1,067,341	\$ 776,699	\$ 1,020,500	\$ 1,020,500
Expenditures	1,149,710	1,314,191	325,516	1,129,782	1,110,582
Net Revenue Over (Under) Expenditures	\$ 86,763	\$ (246,849)	\$ 451,183	\$ (109,282)	\$ (90,082)
Refuse					
Revenues	\$ 629,142	\$ 651,697	\$ 404,074	\$ 622,000	\$ 662,000
Expenditures	573,633	654,802	349,074	536,456	975,336
Net Revenue Over (Under) Expenditures	\$ 55,509	\$ (3,105)	\$ 54,999	\$ 85,544	\$ (313,336)
The Sanford Center					
Revenues	\$ 3,333,051	\$ 3,723,641	\$ 1,864,011	\$ 3,316,000	\$ 3,725,000
Expenditures	3,271,043	3,244,082	3,041,868	2,892,163	2,978,413
Net Revenue Over (Under) Expenditures	\$ 62,009	\$ 479,559	\$ (1,177,857)	\$ 423,837	\$ 746,587
Liquor					
Revenues	\$ 8,607,943	\$ 8,375,713	\$ 4,845,841	\$ 8,707,000	\$ 8,877,000
Expenditures	8,302,371	8,501,655	4,651,242	8,653,725	9,135,347
Net Revenue Over (Under) Expenditures	\$ 305,573	\$ (125,942)	\$ 194,599	\$ 53,275	\$ (258,347)

Debt Service Funds Summary

Summary Budgets for Debt Service Funds

	Actual 2021	Actual 2022	YTD 8/21/2023	Budget 2023	Budget 2024
2007 GO - Public Works Bldg					
Revenues	\$ 273,983	\$ 287,298	\$ 172,235	\$ 283,343	\$ 288,243
Expenditures	256,105	271,230	269,850	270,350	274,475
Net Revenue Over (Under) Expenditures	\$ 17,878	\$ 16,068	\$ (97,615)	\$ 12,993	\$ 13,768
University Heights					
Revenues	\$ 12,135	\$ 12,108	\$ 7,868	\$ 13,000	\$ 13,000
Expenditures	18,047	12,058	8,026	13,000	13,000
Net Revenue Over (Under) Expenditures	\$ (5,912)	\$ 50	\$ (158)	\$ -	\$ -
Energy Savings Project					
Revenues	\$ 106,917	\$ 136,831	\$ 136,073	\$ 137,000	\$ 137,000
Expenditures	147,640	152,081	4,471	157,715	162,160
Net Revenue Over (Under) Expenditures	\$ (40,723)	\$ (15,250)	\$ 131,602	\$ (20,715)	\$ (25,160)
520					
2005 Bonds - Birchmont Drive					
Revenues	\$ 249,142	\$ 193,669	\$ 88,013	\$ 205,000	\$ 190,000
Expenditures	210,000	185,000	205,000	205,000	190,000
Net Revenue Over (Under) Expenditures	\$ 39,142	\$ 8,669	\$ (116,987)	\$ -	\$ -

Special Revenue Funds Summary

Summary Budgets for Special Revenue Funds

	Actual 2021	Actual 2022	YTD 8/21/2023	Budget 2023	Budget 2024
Building and Rental					
Revenues	\$ 549,330	\$ 545,411	\$ 181,628	\$ 572,600	\$ 555,000
Expenditures	577,661	631,293	327,374	564,910	597,622
Net Revenue Over (Under) Expenditures	\$ (28,331)	\$ (85,882)	\$ (145,746)	\$ 7,690	\$ (42,622)
ARP Funds					
Revenues	\$ -	\$ 187,120	\$ -	\$ -	\$ -
Expenditures	-	187,120	246,941	816,600	-
Net Revenue Over (Under) Expenditures	\$ -	\$ -	\$ (246,941)	\$ (816,600)	\$ -
Railroad Corridor					
Revenues	\$ 160,383	\$ 302,546	\$ 200	\$ -	\$ -
Expenditures	76,895	309,499	20,087	-	-
Net Revenue Over (Under) Expenditures	\$ 83,488	\$ (6,953)	\$ (19,887)	\$ -	\$ -
Development Fund					
Revenues	\$ 107,675	\$ 38,266	\$ 22,977	\$ 28,000	\$ 34,000
Expenditures	500	64,575	1,425	-	-
Net Revenue Over (Under) Expenditures	\$ 107,175	\$ (26,309)	\$ 21,552	\$ 28,000	\$ 34,000
UDAG					
Revenues	\$ 1,032	\$ 1,324	\$ 502	\$ 1,000	\$ 1,000
Expenditures	-	-	-	-	-
Net Revenue Over (Under) Expenditures	\$ 1,032	\$ 1,324	\$ 502	\$ 1,000	\$ 1,000
Stratacor					
Revenues	\$ 1,005,848	\$ 10,083	\$ 5,877	\$ 10,000	\$ 10,000
Expenditures	1,000,000	-	-	-	-
Net Revenue Over (Under) Expenditures	\$ 5,848	\$ 10,083	\$ 5,877	\$ 10,000	\$ 10,000
Program Income					
Revenues	\$ 10,112	\$ 165	\$ 63	\$ 100	\$ 100
Expenditures	-	-	-	-	-
Net Revenue Over (Under) Expenditures	\$ 10,112	\$ 165	\$ 63	\$ 100	\$ 100

Special Revenue Funds Summary (Continued)

DUI Penalty Assessment

Revenues	\$ 58,594	\$ 31,940	\$ 13,206	\$ 31,200	\$ 27,000
Expenditures	2,593	3,382	-	143,000	23,000
Net Revenue Over (Under) Expenditures	\$ 56,001	\$ 28,558	\$ 13,206	\$ (111,800)	\$ 4,000

Peg Fee

Revenues	\$ 15,192	\$ 14,004	\$ 7,040	\$ 15,200	\$ 15,050
Expenditures	159,761	8,515	800	-	-
Net Revenue Over (Under) Expenditures	\$ (144,570)	\$ 5,490	\$ 6,240	\$ 15,200	\$ 15,050

Parking Development

Revenues	\$ 35,802	\$ 66,102	\$ 2,647	\$ 42,000	\$ 43,000
Expenditures	10,026	19,931	(5,732)	12,000	12,000
Net Revenue Over (Under) Expenditures	\$ 25,776	\$ 46,171	\$ 8,379	\$ 30,000	\$ 31,000

Carnegie Library

Revenues	\$ 36,027	\$ 31,842	\$ 33,683	\$ 34,036	\$ 34,100
Expenditures	15,891	27,607	16,736	31,000	34,000
Net Revenue Over (Under) Expenditures	\$ 20,136	\$ 4,235	\$ 16,947	\$ 3,036	\$ 100

OPC Rent

Revenues	\$ 22,789	\$ 23,834	\$ 11,915	\$ 22,500	\$ 16,000
Expenditures	2,606	12,847	-	-	-
Net Revenue Over (Under) Expenditures	\$ 20,182	\$ 10,988	\$ 11,915	\$ 22,500	\$ 16,000

Firefighters Relief

Revenues	\$ 222,158	\$ 241,596	\$ 5,000	\$ 220,000	\$ 240,000
Expenditures	222,158	241,596	5,000	220,000	240,000
Net Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Permanent Improvements

Revenues	\$ 2,528,726	\$ 3,432,283	\$ 676,503	\$ 3,427,500	\$ 1,142,500
Expenditures	2,992,853	3,684,999	949,114	3,456,890	2,819,890
Net Revenue Over (Under) Expenditures	\$ (464,128)	\$ (252,716)	\$ (272,612)	\$ (29,390)	\$ (1,677,390)

Special Revenue Funds Summary (Continued)**Parkland Dedication**

Revenues	\$	2,053	\$	10,516	\$	48	\$	100	\$	100
Expenditures		-		-		-		-		-
Net Revenue Over (Under) Expenditures	\$	2,053	\$	10,516	\$	48	\$	100	\$	100

Joint Planning Board

Revenues	\$	353,024	\$	317,160	\$	221,063	\$	342,911	\$	279,463
Expenditures		324,682		411,435		220,876		447,960		467,028
Net Revenue Over (Under) Expenditures	\$	28,342	\$	(94,275)	\$	187	\$	(105,049)	\$	(187,565)

Arena

Revenues	\$	66,022	\$	27,247	\$	428	\$	1,100	\$	1,100
Expenditures		37,503		77,924		23,243		42,300		40,300
Net Revenue Over (Under) Expenditures	\$	28,519	\$	(50,677)	\$	(22,816)	\$	(41,200)	\$	(39,200)

Central Services

Revenues	\$	643,546	\$	745,692	\$	160,795	\$	784,410	\$	784,910
Expenditures		589,029		579,189		268,248		601,510		575,535
Net Revenue Over (Under) Expenditures	\$	54,517	\$	166,503	\$	(107,453)	\$	182,900	\$	209,375