

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – October 14, 2013

Pursuant to due call and notice, work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, October 14, 2013, at 5:30 p.m. in the Conference Room of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Hellquist, Johnson, Erickson, Thompson Absent: Olson

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, Public Works Director Craig Gray, City Clerk Kay Murphy

Motion by Hellquist, seconded by Meehlhause, to close the meeting in accordance with Minnesota Statute Section 13D.05, Subd. 3(b) for the purpose of discussing with legal counsel threatened or pending litigation with Bemidji Township. Motion passed unanimously. Meeting closed at 5:31 p.m.

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, Public Works Director Craig Gray, City Clerk Kay Murphy

Other: Jim Thomson, Defense Counsel

Motion by Hellquist, seconded by Meehlhause, to reopen the meeting at 6:19 p.m. Motion carried unanimously.

Mayor Albrecht reopened the meeting.

Public Utility Funds Financial Projections

Eischens stated that since 2005, The PFM Group has assisted City staff with projecting the future health of City public utility funds (i.e., water, sewer, stormwater and refuse). He stated that the end result of five years of projected financial activity indicates utility funds cash reserves decreasing from \$8.2 million in 2012 to \$5 million by 2018. Despite the reduction of cash, combined City utility reserves remain adequate by 2018. However, in order to obtain these results, staff deferred a significant amount of capital projects.

Eischens observed that a primary concern by staff and PFM is the financial deterioration of the sanitary sewer department. Recent and future capital improvements to the Wastewater Treatment Plant are projected to create a deficit in the sewer department by 2017. Staff are recommending reallocating \$2 million from the water department to the sewer department to offset this deficit. This is an internal allocation of funds because water and sewer activities are accounted for in one fund on the City financial system. He further stated that future capital demands in the sewer fund may call for increased revenues to maintain system integrity.

Council concurred with staff's recommendation to reallocate funds as indicated.

Eischens recommended that the City Council consider adjusting the base rate structure. Currently, water/sewer customers pay a base/fixed rate of \$14.92 per month regardless of how much water, if any, is consumed. The single family homeowner pays the same rate as a large commercial user. The policy question for the Council to consider is should larger water consumers pay a higher portion of the fixed costs of the utility system? He stated that staff received information from the American Water Works Association suggesting base/fixed rates be charged based on water meter size as follows:

Meter Size	2014		
	Water	Sewer	Total
5/8 to 3/4"	4.92	10.00	14.92
1"	6.89	14.00	20.89
1.5"	8.86	18.00	26.86
2"	14.28	28.99	43.27
3"	54.12	109.88	164.00
4"	68.93	139.95	208.88
6"	103.40	209.92	313.32

Eischens noted that the adjustment to the base rate will generate \$220,000 in new revenue.

Council directed staff to not increase residential usage or base rates but increase commercial base rates per meter based on meter size as proposed for 2014.

Water Conservation Requirements

Eischens informed the Council that on January 1, 2015 the State's Water Conservation Law will be implemented for Bemidji. At this time, the City's rate structure does not meet all demand reduction requirements. Staff will make recommendations to meet this requirement next year.

Refuse Department

Staff proposes that the City begin charging a fee to start or discontinue refuse service. Eischens stated that Waste Management charges \$40 for these service changes. Staff recommended the City charge \$20 to customers to start or stop refuse services. He further suggested that to help reduce the number of callbacks for customers who forgot to put out their refuse can on time that the City charge a \$5 fee.

Council concurred with Staff's recommendation to amend the fee schedule for 2014 adding a \$20 start or stop fee and a \$5 callback fee for refuse.

ADJOURN

There being no further business, motion by Hellquist, seconded by Thompson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:04 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk