

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Special Work Session – November 27, 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 Monday, November 27, 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 (5:31)

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, Parks & Recreation Director, 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 .83% to 44.30%
- The general fund 2024 tax levy is proposed to increase \$712,246 or 10.77% from 2023
- The total levy increased \$717,146 or 9.57%
- The final levy includes increases to revenue in the following areas:
 - Various revenue line items – (see below) \$256,800
 - 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) \$165,500
 - Total Increase \$957,897**
- Revenue changes, included in our summation above, include:
 - Cable/Franchise Fees \$103,000
 - License and Permits \$ 54,300
 - Engineering Fees \$ 80,000
 - Police State Aid \$ 15,000
 - Parkland Rental \$ 15,000
 - Other (\$10,500)
 - Total revenue changes \$256,800**
- 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
 - Reduction fire department rent \$ 81,000
 - 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 \$ 50,000
 - 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
○ Other Miscellaneous	\$ 78,273
○ City contribution to KRL system	\$ 4,050
○ City contribution to KRL system	\$ 5,550
○ Public Works bond payment	<u>\$ 5,000</u>
Total expense changes	\$1,861,873

- 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	\$ 849,600	\$ 2,017,900
Apartments	167,668,500	15,266,480	182,934,980
Commercial	331,826,800	13,935,280	345,762,080
Exempt	765,084,100	3,553,760	768,637,860
Industrial	10,381,500	-	10,381,500
MH Park	4,266,600	101,440	4,368,040
Personal Property	22,508,900	-	22,508,900
Rail Road	4,024,400	-	4,024,400
Residential	817,341,300	50,515,120	867,856,420
Seasonal Residential	32,042,300	1,107,840	33,150,140
Utility	3,432,300	-	3,432,300
	<u>\$ 2,159,745,000</u>	<u>\$ 85,329,520</u>	<u>\$ 2,245,074,520</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
General Levy	\$ 6,615,629	\$ 7,327,875	\$ 712,246	10.77%
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	<u>\$ 7,493,972</u>	<u>\$ 8,211,118</u>	<u>\$ 717,146</u>	<u>9.57%</u>
Tax Capacity	<u>\$ 16,604,675</u>	<u>\$ 18,534,929</u>	<u>\$ 1,930,254</u>	<u>11.62%</u>
City Tax Rate*	<u>45.13%</u>	<u>44.30%</u>	<u>-0.83%</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	\$ 318	\$ (6)
Residential	200,000	180,800	816	801	(15)
Residential	300,000	289,800	1,308	1,284	(24)
Residential	400,000	398,800	1,800	1,767	(33)
Commercial	500,000	500,000	4,175	4,098	(77)

Note: no change in market value has been assumed

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

- Eaton: Supports proposed levy.
- Rivera: Supports preliminary levy. Concerned with street renewal funds not being increased. Concerned with Sanford Center financials. Suggested reducing council travel and decreasing contribution to Greater Bemidji. Concerned that city is not planning for growth.
- Johnson: Concerned with increases in legal. Prefers a levy under 10% or even 7% or 8%.
- Thayer: Supports police, fire, and parks. Supports a levy under 10%.
- Peterson: Supports police, fire, and parks with a 7.5% levy. Concerned with legal and planning costs.
- Fiskevold Gould: Concerned with street renewal funds not being increased. Concerned with Sanford Center financials. Supports preliminary levy. Concerned that decreased spending prohibits growth.
- 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. Is not committed to a specific number. Supports public safety and increased costs associated with public safety.

ADJOURN

There being no further business, motion by Fiskevold Gould, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:55 p.m.

Respectfully submitted,



Michelle R. Miller
City Clerk