

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – Monday, April 13, 2020

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, April 13, 2020, at 5:30 p.m. in the Chambers of City Hall, Mayor Albrecht presiding via video and telephone conference.

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

Staff Present: City Manager Nate Mathews, Finance Director Ron Eischens, City Attorney Alan Felix, City Engineer Craig Gray, City Clerk Michelle Miller

Mayor Albrecht stated the purpose of the work session was for the 2019 Year End Financial Review.

2019 Year End Financial Review

Eischens reviewed the City's general fund which reflects a deficit of \$395,000. This deficit is the result of decisions made by the city, mostly involving use of reserves summarized as follows:

- \$210,000 – Railroad Corridor Study
- \$254,000 – Liquor Store Financing
- \$ 83,118 – Carnegie Project
- \$ 70,000 – Nymore Outdoor Rink

Eischens noted that General Fund revenue exceeded budget by \$33,000 and expenses were lower than budget by \$9,000. Overall, revenue exceeded expenses by a total of \$804,000 for all city funds. He stated that the cash balance increased by \$2.3 million for a total of \$30.7 million. Eischens noted that the special revenue construction fund has reserves of \$1.7 million. The City Engineer lists \$1.95 million of proposed uses for these reserves. Other items not on this list include Tourist Information Center maintenance or improvements, parking commitment (\$350,000) and further Historic Depot repairs.

Eischens noted that the South Shore Land bonds has a balance of \$1.6 million. He stated that those bonds will be paid off in 2023 but the tax levy may be required until 2029 due to the fund carrying a negative balance at this time. Overall, the city has approximately \$65 million in bonds, the majority of those bonds for the Sanford Center.

Eischens stated that city enterprise funds typically show a profit in order to cover operating expenses and further capital improvement needs. The city is facing significant water treatment and wastewater treatment plant projects. Staff is awaiting the results of the legislative session regarding its bond and sales tax referendum requests before providing more information to council regarding rate increases.

Eischens stated that the City liquor stores had another successful year ranking 13th statewide include metro area stores. Sales increased 7.8% with a 25% increase through March. Liquor profits contributed \$451,000 in 2019 to reduce property taxes, equal to a 7.4% tax levy. The liquor fund has \$63,000 available after bond requirements but Eischens noted this will be needed for cash flow needs.

Staff recommends Council approve a resolution designating fund balances as follows:

- Maintain Fund Balance at 50% of subsequent year budget (increase \$145,483)
- Eliminate designated fund balance for equipment (decrease \$241,200).

RESOLUTION NO. 6295: Designating Fund Balances was offered by Councilmember Meehlhause, who moved its adoption, and upon due second by Councilmember Erickson was passed by the following roll call vote - Yeas: Rivera, Erickson, Meehlhause, Albrecht, Johnson. Absent: Thompson.

Discussions regarding 2020 COVID-19 impacts and 2021 Financial Management Planning will be brought to council in May or June.

Adjourn

There being no further business, motion by Meehlhause, seconded by Rivera, to adjourn the meeting. Motion carried. Meeting adjourned at 6:22 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michelle R. Miller". The signature is written in a cursive style with a large initial "M".

Michelle R. Miller
City Clerk