

# CITY COUNCIL PROCEEDINGS

## BEMIDJI, MINNESOTA

### Work Session – April 8, 2013

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 8, 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, Olson, Erickson, Thompson

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, Public Works Director/City Engineer Craig Gray, City Clerk Kay Murphy

Mayor Albrecht stated that the purpose of the work session was to review the 2012 year-end financials and provide direction in the preparation of the 2014 budget. Two items were presented to the Council to be added to the agenda:

- Consider a Resolution to Reduce the City Levy Providing a Hospitality Tax is Approved by the Legislature
- Consider hiring Flaherty & Hood as a lobbyist regarding the hospitality tax

**Motion by Meehlhause, seconded by Johnson, approving the amended agenda. Motion carried unanimously.**

#### **2012 Year-End Financial Review**

Eischens stated that the general fund revenues exceeded expenses resulting in a surplus of \$708,643. Of the surplus, \$171,237 was reimbursement for storm cleanup costs which was not anticipated. In addition, \$141,200 of the surplus was budgeted to allocate equipment purchases equally over a five year period. Taking these two items into consideration the remaining surplus was about 4% of the total budget.

Eischens stated that the general fund receives the majority of its funding from property taxes and LGA which are received twice a year in June and December. In order to meet monthly expenses, adequate cash reserves are required to avoid short term borrowing. The City's fund balance policy requires cash reserves equal to 50% of subsequent year budgeted expenses. In summary, the liquor store operations continue to perform at a high level and cash reserves at year end exceed policy requirements.

Staff recommends allocating the \$708,643 in 2012 surplus as follows:

- \$180,794 to increase cash reserves to \$4,973,243 as require by policy
- \$141,200 towards future equipment purchases as budgeted
- \$100,000 towards the Council commitment to the Carnegie Library
- \$96,608 to meet the capital obligation requirements under contract with the Rural Fire Association
- \$190,041 to undesignated reserves for future use as Council deems appropriate

**RESOLUTION NO. 5829: Approving the Designating of General Fund Balances and Transfer of Funds was offered by Councilmember Olson, who moved its adoption, and upon due second by Councilmember Thompson was passed by unanimous vote.**

#### **2014 Budget Direction**

Eischens stated that Council direction and input regarding budget assumptions and priorities is necessary.

Discussion continued and the Council suggested the following items be included in the 2014 budget:

- Auto Theft Grant – Funds one police officer and will expire on June 30. The City will not be notified if the grant will be funded for 2013/2014. The cost of an officer is approximately \$63,000/year. Council consensus was to fund the police officer position for the remainder of 2013 and include in the budget for 2014 if the City does not receive the grant.
- Additional staff person at the library. Meehlhause stated that Kitchigami Regional Library Board will be looking at what it would cost to add another staff member at the Bemidji branch.

- Funding for summer interns.

Hospitality Tax

Chattin stated that the Resolution before the Council is in response to Senator Ann Rest's concern that the City provide assurance to its residents that property taxes would be reduced as a result of the hospitality tax.

**RESOLUTION NO. 5828: Approving a Resolution to Reduce the City Levy Providing a Hospitality Tax is Approved by the Legislature was offered by Councilmember Thompson, who moved its adoption, and upon due second by Councilmember Meehlhause was passed by unanimous vote.**

Lobbyist

Johnson stated that he thought it would be a good idea to contract with Flaherty and Hood, Coalition of Greater Minnesota Cities, to lobby on behalf of the City for the hospitality tax. He believed that the fee would not exceed \$5,000.

Hellquist wanted a better understanding of the deliverables from Flaherty & Hood.

Tim Flaherty and Bradley Peterson were called and spoke with the Council. Mr. Flaherty stated that they will talk to key legislators, monitor tax conference committee and provide frequent updates to Mr. Chattin to share with the City Council. Cost will be \$5,000/flat fee. Flaherty asked for a one to two page description of the project and use and a copy of the Bemidji Pioneer article supporting the tax.

Discussion continued regarding the need for members of the Council to travel to the capitol. Flaherty responded that it should save on the number of trips but Council support may still be needed.

Thompson stated that it is a small investment for a large return.

**Motion by Erickson, seconded by Thompson, to hire the firm of Flaherty & Hood for lobbying efforts on behalf of the City for the hospitality tax in the amount of \$5,000. Motion carried unanimously.**

Other Items

- Chattin asked the Council to review the Revolving Fund Loan and the areas given priority. Council consensus was to add it to Monday's Council meeting for further discussion.
- Set a special work session for Monday, April 15 at 6 p.m. to discuss a possible third liquor store.

**ADJOURN**

There being no further business, motion by Meehlhause, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 7:00 p.m.

Respectfully submitted,

  
Kay M. Murphy  
City Clerk