

# CITY COUNCIL PROCEEDINGS

## BEMIDJI, MINNESOTA

### Work Session – Monday, April 9, 2018

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 9, 2018, at 5:30 p.m. in the Chambers of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Hellquist, Johnson, Lehmann, Erickson, Larson

Staff Present: City Manager Nate Mathews, City Attorney Al Felix, City Engineer Craig Gray, Finance Director Ron Eischens, Parks & Recreation Director, Marcia Larson, Deputy City Clerk Michelle Miller

#### Paul Bunyan Rural Telephone Right of Way Easement

Felix stated that Paul Bunyan Rural Telephone is requesting a fiber optic cable right of way easement within the east-west recreational trail corridor along the south side of Paul Bunyan Drive SE. Staff derived a linear foot value of approximately \$4.65 per foot for a total easement value of \$3,720.

**Motion by Erickson, seconded by Larson for the Mayor and City Manager to execute the Paul Bunyan Rural Telephone Fiber Optic Cable Right of Way Easement in substantially the form presented and for staff to undertake such additional steps as are necessary to effectuate the easement authorization. Motion carried.**

#### 2017 Year-End Financial Review

Eischens reviewed the City's general fund which had projected a budget surplus of \$405,000. The actual surplus ended up being \$769,000 for a difference of \$364,000 or 3.2% of the budget. A projected surplus in a budget year occurs due to the timing of capital purchases. Revenues exceeded budget by \$38,000 and expenses were under budget by \$326,000. In order to reduce future budget variances, certain revenue and expense items were adjusted to reflect historical trends for the 2018 budget. Further refinement will continue in 2019.

Eischens recommends allocation of the 2017 surplus of \$769,068 as follows:

- \$283,553 to designated fund balance to meet the 50% policy requirement;
- \$485,533 added to undesignated fund balance, bringing that amount to \$660,578 at the end of 2017. Those funds are not committed and available to spend, as Council deems appropriate.

In reviewing the City Wide Fund Summary, Eischens credits the decreased cash balance due to the payoff of the Birchmont Drive bonds. In addition to the bonds being paid off, the Birchmont Drive assessment issue has been finalized, putting a close to that project.

Eischens noted that the special revenue construction fund has reserves of \$3 million. The City Engineer provided a list of projects that could be brought to council in the next 1-8 years that would be paid out of this fund. The City will use \$400,000 in 2018 for signal replacement and the street reconstruction project.

Eischens stated that the City liquor stores had another successful year ranking 13<sup>th</sup> statewide include metro area stores. Sales increased 2.3% with operating profits of \$693,000. Being open on Sunday from July to December did not change sales volumes as Friday and Saturday sales declined. Liquor profits contributed \$451,000 in 2017 to reduce property taxes, equal to a 7.8% tax levy. The construction of a new north store location is to occur in 2018. Future liquor profits will pay bonds sold to finance expansion costs. The amount of bond financing will be determined by Council after construction bids are received.

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

- General Fund cash flow and other unplanned expenses at \$5,888,395.
- Remove \$500,000 balance designation in the liquor fund.

**RESOLUTION NO. 6150: Designating Fund Balances was offered by Councilmember Johnson, who moved its adoption, and upon due second by Councilmember Hellquist was passed by unanimous vote.**

2019 Financial Management Plan (FMP)

Eischens noted potential issues for the 2019 Financial Management Plan:

- Personnel Costs
    - Job study cost implementation
    - Community Development Director, costs could be funded by reducing/eliminating \$30,000 to Greater Bemidji.
    - Paid on call firefighter compensation
    - PERA increase by legislature
    - Workers' compensation premium increases
- Mathews provided a draft job description for the community development director. Council discussed the following:
- Concern for eliminating Greater Bemidji funding
  - Scope of position and outcomes need to be better defined
  - Economic development and community development are needed
- Expense Adjustments
  - Beltrami County Legal Services (prosecution agreement with County Attorney)
  - South Shore Grounds Maintenance
  - North Fire Station
  - Water/Wellfield PFC Issue
  - Neilson Reise Arena
    - Council discussed the ice needs in the area and the suggestion of an ice study with a consultant. Consensus of council was for the Public Works Committee to meet regarding the topic of an ice study.
  - Railroad Corridor Development
  - Ladder Truck
  - Sanford Center CIP

Potential new or additional revenue sources:

- Franchise fees
- Hospitality tax
- LGA increase

According to the City Assessor, new construction added 2.2% in tax value for 2018, which will offset a portion of the levy increase. No action was taken regarding any of the issues above. Council will meet in June to discuss further.

**ADJOURN**

There being no further business, motion by Meehlhause, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 7:10 p.m.

Respectfully submitted,



Michelle R. Miller  
Deputy City Clerk