

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – June 10, 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, June 10, 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, City Attorney Alan Felix, Finance Director Ron Eischens, Police Chief Mike Mastin, Public Works Director Craig Gray, City Clerk Kay Murphy

Mayor Albrecht stated that the purpose of the special meeting was to discuss threatened or pending litigation.

Motion by Olson, 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, City Clerk Kay Murphy

Via Phone: Jim Thomson, Defense Counsel
Brian Gaviglio, LMCIT Litigation Management Attorney

Motion by Meehlhause, seconded by Hellquist, to reopen the meeting at 6:39 p.m. Motion carried unanimously.

Mayor Albrecht reopened the meeting.

Motion by Meehlhause, seconded by Olson, to ratify the “mediated” settlement agreement with Bemidji Township. Motion carried with the following vote: Ayes: Meehlhause, Albrecht, Thompson, Olson. Nays: Erickson, Hellquist, Johnson.

2014 Budget Discussion

Council and staff discussed the following major budget issues, options and funding choices related to general fund activities.

Local Government Aid (LGA)

Eischens stated that an increase in LGA for Bemidji was approved by the State in the amount of \$305,000 for 2014. However, in conjunction with this increase, legislation imposing a one year levy limit was also approved. He stated that the City will have to maintain the property tax levy at current levels for 2014 except for special levies usually related to bond payments.

Sales Tax Exemption

Effective January 1, 2014, the City will not be required to pay state sales tax, saving the City approximately \$176,000. Of this total, \$87,000 is related to General Fund activities. Staff recommends using this savings as a small increase to operating budgets.

Personnel Costs

Eischens stated that all union contracts are approved through 2015 which includes a 3 percent salary increase or \$124,000. He stated that Minnesota increased both employee and employer PERA contribution requirements for police and fire personnel resulting in increased City costs of \$22,000. Proposed internships add \$12,650.

Operating Budget

Eischens stated that City operating budgets (non-personnel costs) should keep pace with inflationary increase in order to maintain service levels over the long term. Staff recommend the sales tax savings be exchanged for operating increases amounting to less than one percent.

Potential Funding Sources

Eischens stated that staff do not recommend increasing the gas and electric franchise fees for 2014. He further commented that staff do not recommend utilizing available liquor profits to fund on-going expenses as the excess liquor profits are one source of funds to utilize if land sales on the SE Shore do not meet bond payment requirements.

The Police Department received notification that it was awarded an Auto Theft Prevention Grant in the amount of \$100,000 (\$50,000 a year for two years). The grant agreement will expire on June 30, 2015.

Library Position

Eischens stated that the City cost for an additional library position is estimated at \$40,000. There was Council consensus to support one additional staff if cost would be half of \$40,000 estimate. Eischens will verify.

Fire Marshal Position

The City Council was not in favor of budgeting a new Fire Marshall position as requested by the Fire Chief.

Discussion continued regarding Project Pride which was eliminated several years ago due to budget constraints. Council directed Public Works Director Gray to provide them with the cost to restore Project Pride in 2014.

Councilor Olson suggested that the Council consider increasing the City-wide sales tax to help with bonding concerns. Olson suggested that it be brought to the voters as a referendum in 2014.

City Attorney Felix will research and give his opinion regarding the sales tax statute and the use.

Hellquist commented that perhaps there would be more across the board support by businesses for an increase to the local sales tax.

Eischens will update the 2014 budget showing the budget items and preferred funding options as discussed.

ADJOURN

There being no further business, motion by Meehlhause, seconded by Olson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:36 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk