

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – June 13, 2016

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, June 13, 2016, 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 Absent: Larson

Staff Present: City Manager Nate Mathews, Finance Director Ron Eischens, Public Works Director Craig Gray, City Clerk Kay Murphy

Mayor Albrecht stated that the purpose of the work session was to review the 2017 Budget and Financial Management Plan (FMP).

Finance Director Eischens reviewed last year's budget process. He stated that many of the items identified by the Council were resolved and maintaining a reasonable levy increase is desirable. He proposed the following issues to address in 2017:

- Implement second year of union contract terms
- Adjust revenue items to reflect historical trends
- Annexation impact of Phase II (Northern Township)
- Downtown Archway – Proposed utilizing liquor profits
- South Shore Bonds – Previous prepayments of other bonds resulted in a savings of \$600,000 to be utilized on the South Shore bonds
- Birchmont Drive Bonds – Recommended early payment option to pay the bonds off in 2017 utilizing utility reserves resulting in a saving of \$370,000 in interest
- Storm Water – runoff issues have impacted surround waters. Eischens stated that staff continues to work on this issue and believe the current storm water fee should be sufficient. Gray stated that there are funds budgeted in the event that something needs to be done. The Council suggested that staff arrange for a joint meeting with the Beltrami County and MPCA regarding storm water issues.

Eischens stated that the Legislative session ended with a tax bill including \$106,000 in additional LGA for Bemidji, equivalent to a 2% levy decrease. The Governor did not sign the tax bill so this LGA increase is dependent on a special session.

Eischens summarized the 2017 budget adjustments which creates a levy increase of \$418,952 or 8.7%. However, this does not equate to 8.7% increase in property taxes due to offsetting impact of new construction and increased property value (3.8%) as well as the additional tax base in Phase II annexation of Northern Township (4.4%). Based on the impact of these two items, the net tax levy increase will be .5%, meaning the City tax on an average home of \$115,000 increases by \$2.

Discussion followed and the Council identified other future budget considerations:

- Increase of salaries for the mayor and council.
- Possible increase to Kitchigami Regional Library may be needed after comp worth study is completed.
- Bemidji Youth Advisory Commission increase in funding from \$1,500 to \$5,000 per year.
- Various upgrades to the Sanford Center, i.e., secure entrance for vendors, upgrades to security as well as a kiosk area.
- Restoration/maintenance of the historic Midway Bridge for East-West Trail Connector
- Growth of community resulting in additional needs for public safety.
- Drop off area for the South Shore Park.
- Liquor Store – Mathews stated that staff continues to explore the liquor store needs and potential sites and an update will come to the Council in the near future.
- Conversion of JPB to City Planning department.
- Legal prosecution cost increase.
- Railroad Corridor cost sharing with the developer.
- Possible acquisition of Pamida site for a future park along the Mississippi River

Councilor Hellquist “cautioned” that the Council not take on too much and burden the taxpayers.

Mayor Albrecht stated that the Council can discuss future revenue alternatives at another work session.

ADJOURN

There being no further business, motion by Meehlhause, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 6:35 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk