

# ***BEMIDJI CITY COUNCIL***

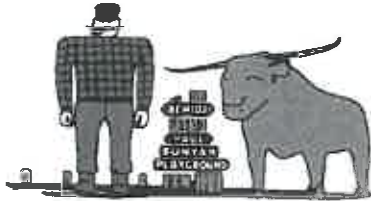
## ***Work Session Agenda***

**Monday, June 24, 2019**

**City Hall  
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL
  
2. 2020 FINANCIAL MANAGEMENT PLAN (FMP)
  
3. ADJOURNMENT



*City of Bemidji*

## **Finance Office**

### **Memorandum**

**To:** Honorable Mayor and City Council

**From:** Ron Eischens, Finance Director *Ron*

**Reviewed by:** Nate Mathews, City Manager *Nate*

**Date:** June 24, 2019

**RE:** 2020 Financial Management Plan (FMP)

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At the April 8<sup>th</sup> work session, several preliminary items were presented as part of the 2020 FMP. The purpose of tonight's meeting is to discuss these and additional issues.

Several of the proposed 2020 budget changes more accurately reflect historical activity. Recommended revenue increases total \$405,426 described as follows:

**Local Government Aid** – The Legislative session increased statewide LGA by \$26 million. Bemidji LGA increased by \$161,426, for a total of \$3.5 million, but \$309,000 short of the 2002 amount of \$3.8 million.

**Administrative Costs** – represents a portion of various general fund department costs (Admin, Legal, Finance, GIS, IT) reimbursed by enterprise funds such as utilities and liquor. This allocation was recently updated.

**Rural Fire** – 42% of the Fire Department budget and capital items are paid by Rural Fire Association contributions. This is an excellent partner relationship standing the test of time.

**Utility Franchise and Cable Fees** - increased to reflect projected impact of Phase III annexation planned for July 1, 2020.

**Municipal State Aid (MSA)** – represents an increase in state funding for street maintenance.

**Interest Income** – increased due to higher reserve levels and interest rates.

**Recreation Fees/Resource Officer/Liquor Licenses/Tickets** – changes reflect historical trends.

**Expense Adjustments** – reflect an increase of \$713,588 discussed below:

**Personnel costs** – represent the largest component of department budgets, typically 60% to 70% and include wages, benefits, workers compensation, overtime, FICA and PERA. Increase represents implementation of union contract terms previously approved by Council as well as state mandated increases to employer PERA contributions. The Community Development (CD) director (\$120,000 salary and benefits) was not part of the original 2019 budget.

**Grants** – The Police Department has two grants, Auto Theft and TZD, funding two officers. At this time it is not known if these grants will be renewed. The Chief anticipates renewal updates in late June for the Auto Theft grant and early fall for the TZD. The budget assumes the worst, that neither grant will be funded. If one grant is renewed it will reduce the levy.

**Airport Reimbursement** – represent flight coverage services previously provided by the Fire Department, now provided by Airport staff. Due to budget preparation timing, this change was not placed in the 2019 budget.

**Facilities Manager** – Represents a new position filled by Building Inspector, Jesse Robertson. The number of City buildings with complicated heating and air conditioning systems and the lack of proactive building maintenance make this position appropriate. Some of Jesse's rental inspection duties are filled by a part time employee. The cost of this new position will be allocated as follows; 20% Building & Rental, 40% General Fund and 40% enterprise funds.

**Joint Planning Board (JPB) Funding** – Council recently approved a new joint powers agreement with Northern Township including changes to JPB funding. I estimate these changes translate to \$15,000 total, \$11,000 for JPB and \$4,000 for previously unbudgeted City joint planning commission per diems.

**Carnegie Building** – With construction completed this summer, operating costs beyond rent received, will be covered by the City. This \$10,000 is an estimate until we have actual historical cost information.

**Part-time Street Staff** – funding for summer seasonal staff to assist with street painting (crosswalks, parking, etc) and other duties

**Presidential Primary** – New law requires primary election be held in March of a presidential election year.

**Technology/Assessing and Kitchigami Library** – inflationary increase

**Operational costs** – No increases for non-personnel items are included despite inflation.

**Economic Development** - \$10,200 has been part of the General Fund budget as a line item in the event funding is necessary for grant matches or a special project. Since these budgeted dollars have not been used for several years, staff recommend elimination.

**Annexation Payment** – reduced revenue sharing payment to Northern Township for Phase II annexation.

**Arena** – \$100,000 represents two components; 1) reduced transfers to reflect annual operating losses only and 2) ice rental rate increase to \$158/hour. See Parks Director Larson's memo attached.

**City Hall/Public Works** – these budgets represent funding for operating and capital costs of these buildings. Costs are part of the department occupying space in these buildings. Budget amount reduced to reflect lower projected costs.

### Other issues

New Construction Value - according to City assessor, amounts to .7% for 2020, effectively reducing 2020 tax rate increase.

2020 annexation – as City moves forward with Phase III annexation of Northern Township, 2020 budget requests include a street department employee and motor grader, with a police officer added in 2021 and further review of building/rental inspection services continues.

### Policy issues and discretionary spending – described below

**Sanford Center Capital Improvement (CIP)** – Projected Sanford Center CIP needs average \$750,000 annually. Currently the City is funding \$180,000, with \$50,000 for major maintenance/repairs, leaving a significant shortfall. If special use tax funding is not obtained, additional property taxes or another funding source will be necessary.

**Special Use Tax** – this topic has been on the radar for many years. Bemidji continues to be the only known city to fund event center operations and capital needs with local city property taxes. It is not equitable for local taxpayers to fund a regional asset.

**Sidewalk Snow Removal** – as discussed last winter, sidewalk snow removal is an area of concern for many, especially after the recent winter. Parks Director Larson’s memorandum is attached on this topic. Provide staff direction.

**Park Improvement Funding** – currently \$50,000 is dedicated annually to make park improvements and upgrades to all parks, including neighborhood parks. Considering the City invested \$10 million in parks and trails over the last 15 years, \$50,000, or .5%, does not go far to keep them in good condition much less improve neighborhood parks. Park’s Director Larson can speak to the desire for additional funding, especially as it relates to the Nymore Playground and potential Cameron Park improvements.

**Aquatic Invasive Species** - Beltrami County requested financial assistance, see attached.

**County Sales Tax** – Recently Council asked to discuss this matter at the joint City/County meeting. Please advise if you desire City staff to approach the County on accessing County local sales tax implemented for transportation for City street projects.

**Youth Advisory Council** – provide direction on this matter. Currently funded at \$7,500.

**Mini Project Pride** –provide staff direction on this matter.

### **Summary**

Cumulative levy increase of staff recommended changes amounts to 4.6%.  
Once police grant issues are resolved, levy could be reduced.

A future meeting to finalize 2020 budget issues should be scheduled for August/September, once grant issues are known, to determine the preliminary 2020 property tax levy.

**CITY OF BEMIDJI  
2020 GENERAL FUND BUDGET/TAX LEVY**

	Increase (Decrease)	Levy Impact
<b><u>STAFF RECOMMENDATIONS</u></b>		
<b><u>Revenue Adjustments</u></b>		
LGA	161,426	
Administrative Allocation	69,000	
Rural Fire Association Contribution	51,000	
Gas/Electric Franchise Fees - (annexation related)	45,000	
Municipal State Aid for Streets - (MSA)	26,000	
Interest income	20,000	
Recreation Fees	15,000	
Cable Franchise Fees - (annexation related)	11,000	
School Resource Officer reimbursement	8,000	
Liquor Licenses	6,000	
Parking Tickets	(7,000)	
<b>Revenue increase</b>	<b>405,426</b>	<b>-6.9%</b>
<b><u>Expenses Adjustments</u></b>		
Personnel Cost increases*	610,888	
Auto Theft Grant - not renewed??	80,000	-1.4%
TZD officer grant - not renewed??	66,750	-1.1%
Fire personnel reimbursement - loss of airport payment	60,000	
Facilities Manager	33,600	
JPB funding increase	15,000	
Carnegie - transfer of funds to cover operational costs	10,000	
Seasonal street department staffing (painting)	10,000	
Presidential Primary Election	8,000	
Technology/Assessing Budget increase - provided by County	5,350	
KRL Contribution increase @ 2.5%	3,500	
Operational cost increases	None	
Eliminate Economic Development project budget	(10,200)	
Lower liability insurance premiums	(15,000)	
Phase II Annexation payment - Northern Township	(24,000)	
Reduce Arena transfer to reflect operating losses only	(40,000)	
City Hall/Public Works Building Allocations	(40,300)	
Increase arena ice rental rates to \$158/hour to reduce deficit	(60,000)	
<b>Expense Increase</b>	<b>713,588</b>	<b>12.2%</b>
<b>Total Budget Increase</b>	<b>308,162</b>	<b>5.3%</b>
<b><u>Less</u></b>		
Value of new construction		-0.7%
<b>Cumulative levy impact</b>		<b>4.6%</b>

\* New street dept employee fall 2020, CD Director, implement union contract terms



**To:** Ron Eischens, Finance Director  
**From:** Marcia Larson, Parks and Recreation Director *ml*  
**Date:** May 17, 2019  
**Re:** Parks Department Budget – Snow Removal/Neighborhood Park Repair

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### **Snow Removal on City Sidewalks/Trail - Background**

The Council met in worksession on February 11, 2019 to discuss snow removal on city sidewalks in the City. The Council discussed options to alleviate the expressed concern that many sidewalks are not shoveled and thereby inaccessible to pedestrians for commuting or recreation during the winter. Currently, the Parks Department removes snow from approximately 8 miles of trail and sidewalks – that are adjacent to city property (parking lots, city building and parks). The costs outlined below would provide for priority sidewalk routes to be cleared by city staff or Contractor. Typically, priority routes would include areas around schools and heavily travelled pedestrian routes (arterial streets). Specific routes would be identified prior to implementation and include sidewalks along roadways such as Irvine Avenue and 15<sup>th</sup> Street.

#### **Option 1: City Staff Snow Removal**

City parks staff removes snow from the identified (through a public process) priority routes of residential sidewalks. The City would need to purchase equipment and hire a qualified full-time staff person. The staff allocation needed for snow sidewalk removal from November through April. However, due to the challenges of recruitment and retention of part-time skilled/reliable staff and the need for skilled staff during the summer staff, full-time year round staff is recommended. The numbers below for staff were provided by the Finance Director and include benefits. The staff would remove snow on sidewalks based on identified priorities until the sidewalks are complete. Based on discussions with other cities/contractors average rate is 10-

12 miles per 8 hour day. This could vary based on depth of snow. There would also be additional operations and maintenance costs.

Parks Maintenance \$57,000 – annual staffing  
(6 months for snow removal/6 months allocated to summer parks maintenance)

Snow Removal Equipment \$125,000

### **Option 2: Contract Snow Removal – Sidewalks**

The City could contract snow removal services. There would be no upfront equipment costs, but the city would enter into a contract for annual services.

Based on discussion with a local contractor the rate for snow removal using similar equipment to that priced above is \$100/hr. Based on average snowfalls and removing snow from 20-25 miles of sidewalks the cost per snow/ice event is approximately \$2,000 - \$2,500.

Estimate Contractor Costs (assuming 20 snow/ice events): \$40,000- \$50,000 annually.

It should be noted that the level of service would need to be identified with the contractor option. This varies with cities that remove snow from sidewalks, some cities will only remove snow once it has reached the 3-4 inches. The City of Bemidji current street snow removal policy states 2", but often snow is removed from streets, sidewalks at a lesser accumulation. The Parks Department will often remove snow from trails and sidewalks multiple times a day during/after snow events to ensure high pedestrian traffic such as the Lake shore Trail areas are available for commuters.

### **Parks Department Capital Improvement Budget – Neighborhood Parks.**

The City Council utilized sales tax funding to redevelop regional or cornerstone parks such as Diamond Point, City Park, and Paul Bunyan Park as well the construction of the Lakeside trail (from South Shore through Diamond Point) and the East West Trail from the Paul Bunyan State Trail to the Downtown/5<sup>th</sup> Street. Once the regional park improvements were complete, \$40,000 of liquor store funds was allocated for neighborhood park improvements. In 2013, the Director requested an increase of \$50,000 to meet the repair/replacement needs. The CIP amount was increased \$10,000 to \$50,000 to try to accommodate the increased need for



improvements, maintenance and repair. Over the last, several years, all parks including well established neighborhood parks have experience an increase in use and at the same time many of the amenities in the neighborhood parks are in need of repair or replacement. The Parks Department has worked to replace/repair as resources have allowed and types of projects over the last several years have included: replacement/repair of tennis courts; purchase of temporary fencing for Girls Fastpitch Softball; installation of a bicycle trailhead, buckthorn removal, amenities (benches and receptacles); small pavilion, outdoor rink lights; and amenities for community gardens.

Looking forward, the Cameron Park is in need of upgrades – the lift station needs to be replaced, but the building plumbing, roofing and toilet/sinks also need upgrades. The Nymore Park playground is also scheduled to be replaced in the next 5 years. Algoma Park playground should also be replaced – the current playground was moved from Nymore Beach and dates to the late 1990's. There could be opportunity for grants, but all will require matching funds and commitment by the City. Additional picnic facilities improvements, court maintenance and other necessary repairs and replacements will be needed throughout the park system.

In order to meet this need an increase in the allocation from the liquor store to the parks department CIP of a minimum of additional \$50,000 is requested.



## **Beltrami County Environmental Services Department**

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**Bemidji MN 56601-3177**

**(218) 333-4158**

**Fax (218) 333-8486**

**<http://www.co.beltrami.mn.us>**

**DATE: May 2, 2019**

Beltrami County is looking for partners to help install and maintain Clean, Drain, Dry, Dispose (CD<sup>3</sup>) machines in Beltrami County. We would be willing to negotiate the percentage cost covered by the County and partner.

We would offer to cover 50% of the all costs for a 3 to 5 year period. After this period, continuation of this program would be determined through review. The CD<sup>3</sup> machines are able to operate with no major cost if the units are not connected to the monitoring software, so after a 3 to 5 year period the only maintenance cost should be the pump-out of the vacuum and replacing any broken tools.

The county is willing to hear other ideas on sharing the cost of the CD<sup>3</sup> machines. We believe that these machines are a good alternative to getting high pressure and hot water at the accesses. These machines have very low liability issues and can be operated by the public without problems. Installing these units will give people the tools needed to help in the prevention of Aquatic Invasive Species. By providing the tools needed to remove excess water and plants that may be hitchhiking on trailers and watercraft, we will be able to prevent the spread of AIS.

Sincerely,  
Bruce Anspach  
Aquatic Invasive Species Lakes Technician  
Beltrami County Environmental Services