

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Special Meeting/Work Session – June 25, 2012

Pursuant to due call and notice, a special meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, June 25, 2012, at 5:30 p.m. in the Conference Room of City Hall, Mayor Larson presiding.

Upon roll call, the following Councilmembers were declared present: Larson, Johnson, Hellquist, Albrecht, Negard, Thompson Absent: Waldhausen

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Public Works Director/City Engr Craig Gray, Parks & Rec Director Marcia Larson, City Clerk Kay Murphy

Library Surplus Equipment

Paul Ericsson, Branch Manager, submitted a request to declare several pieces of equipment as surplus at the Library.

Motion by Albrecht, seconded Negard, declaring the equipment as provided as surplus and authorizing the City Manager to dispose of said property. Motion carried unanimously.

2013 Budget Discussion

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

Police Department

Eischens stated that the cost per officer and vehicle is \$82,000. The police department will be operating at full force by October 2012 and staff is recommending phasing one officer in 2013 and another officer in 2014.

Negard suggested that the Council let the Chief of Police decide what his department's needs are.

Hellquist stated that the City needs to add two additional officers due to concerns from residents and businesses.

Discussion continued with the Council consensus that it is a quality of life issue and that two officers should be included in the 2013 budget.

COLA

Council discussed cost of living increases and union contract negotiations. Staff was directed to try to negotiate long-term contracts and include a one percent increase in the 2013 budget.

Recreation Programs

Eischens stated that the City recreation department had received \$20,000/annually for the last three years which was used to subsidize programming costs. The grant expires this year. Eischens stated that in order to maintain the programs at their current level, including the day camps added in 2012, the City would have to replace the \$20,000, resulting in a levy increase of .5%.

Hellquist stated that the City has upgraded a number of parks which will require more maintenance costs and did not feel it was the government's job to entertain kids for the summer. He stated that it was to be a grant-funded position and now it is looking for permanency. He suggested that the fees should be increased if the programs continue.

Parks & Recreation Director Larson stated that if the position was not funded it would basically result in the discontinuation of the program. Presently, the entire recreation budget was \$64,000, of which \$11,000 came from the City. She stated that other funding came from a BC/BS grant, registration fees and donations.

Albrecht commented that parks are safer and taken care of when people use them. She stated that they are a community asset.

Eischens stated that based on what he was hearing from the Council, he will leave the \$20,000 in the 2013 proposed budget.

Operating Budget

Eischens reviewed the City operating budgets stating that to keep pace with inflationary cost increases and to maintain service levels over the long-term, a two percent increase has been calculated. Council concurred.

Capital Budget

Eischens stated that after meeting with department heads, the City five-year capital improvement plan (CIP) was updated resulting in a net annual funding decrease of \$25,000 over the previous CIP. Repair and replacement dollars to fund sidewalks, street overlay and seal coating programs are not included in the capital or operating budgets. If the Council chooses to construct a marina those costs for phase one are estimated to be \$100,000.

Hellquist stated that the marina project could be delayed until development occurs.

Chattin stated that there are interested developers but they will not commit to a project without a marina commitment from the City.

Thompson stated that if a marina is going to sell land, which is a priority, then the City should get one started. Council consensus was to leave the marina in the 2013 proposed budget.

At 6:30 p.m., Councilor Negard left the meeting.

Annexation

Eischens stated that annexation primarily impacts the police and street departments. Therefore, an additional \$43,000 for the police department and \$33,000 for the street department has been included in operating expenses.

Chattin stated that in order to “capture” or benefit from the new tax base, the City will need to levy between 5.3% and 5.8%. The levy would be raised, but the tax rate would not increase on the City portion of the taxes.

Eischens stated that staff is working with Beltrami County as there are issues to be resolved on how the tax system will calculate the tax rate phase-in.

Budget Funding Options

Council discussed funding options including increasing gas and electric franchise fees. Concerns were expressed that if the franchise fees are increased there may be “push back” from the constituents.

Eischens stated that a one percent increase in the franchise fees will add an estimated \$220,000 in revenue while the same in tax levy generates approximately \$40,000.

Discussion continued regarding seeking legislative approval to impose a one percent hospitality tax. Chattin stated that if the Council is interested in a hospitality tax, staff will certainly start that process. Council consensus was to pursue a one percent hospitality tax.

Eischens will update the 2013 budget showing the budget items and preferred funding options as discussed.

ADJOURN

There being no further business, motion by Thompson, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 6:55 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk