

# **CITY COUNCIL PROCEEDINGS**

## **BEMIDJI, MINNESOTA**

### **Work Session – June 26, 2017**

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 26, 2017, 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, Plemel, Erickson, Larson

Staff Present: City Manager Nate Mathews, City Attorney Alan Felix, Finance Director Ron Eischens, Parks & Recreation Director Marcia Larson, City Engineer Craig Gray, Police Captain Dave Lazella, City Clerk Kay Murphy

Mayor Albrecht stated that the purpose of the work session was to review the 2018 Financial Management Plan (FMP).

Finance Director Eischens stated that the financial results for 2016 were better than anticipated, due in part to certain revenue and expense items differing from budget. He stated that several of the 2018 budget changes more accurately reflect past historical activity. He reviewed the preliminary 2018 general fund budget/tax levy and highlighted the following:

#### Revenue Adjustments

- Increase of \$120,606 for a total of \$3.3 million in LGA over the 2017 budget amount. The State has made some progress to increase LGA, but it is still less than the 2002 level of \$3.8 million.
- Decrease of \$20,000 for parking ticket revenue due to personnel.

#### Expenses Adjustments

- \$104,000 decrease in departmental operational expenses due primarily to decrease in fuel costs and operating supplies.
- \$20,000 decrease – payment to Northern Township regarding revenue sharing agreement.
- \$215,385 increase in personnel costs, i.e., cost of living adjustment, increase in worker's compensation benefit and changes in personnel. Discussion continued regarding the proposed changes in personnel in the Parks Department.
- Eischens noted that electricity/heating are zero net impact. Energy and savings in departments transferred to pay bonds used to finance project costs. Eischens stated that projected energy savings will meet bond payments with actual energy savings calculations made at the end of each year.
- \$41,000 increase – Joint Planning Board staff are not city employees and the additional funds to cover the cost of benefits. Councilor Erickson commented that the City should remember this at the time of renegotiating the agreement with Northern Township in 2020.
- \$50,000 increase – Sanford Center maintenance costs as well as small equipment items such as computers, furniture, etc. Eischens recommended that dollars not spent be included in the major capital replacements needs, i.e., ice plant, roof, HVAC.
- \$8,000 increase – Purchase job application software. Eischens stated that the application process is currently "hard copy" orientated and a software program would improve the application process.
- \$15,000 increase – Website update.
- \$20,000 increase – GIS license. New GIS software platform requires higher annual license fee for technical support.
- \$25,000 increase – Compensation study. Eischens stated that union contracts end in 2018 and a pay study will be valuable in negotiations.

#### Proposed Staff Additions:

Mathews stated that the Police Chief is requesting an additional police detective. The Bemidji police department responds to more calls for service than any other similar sized city in the state and overall investigations and level of sophistication required for investigations is growing.

Public Works Director/City Engineer Gray stated that the added workload has increased to the point where there is a need for an assistant city engineer. In addition to the number of in-house construction projects and JPB site plan review, the now emerging Lake Irving TMDL and PFC water supply issue have increased where an additional position is justified. He stated that adding an assistant would allow him to allocate more time and resources to larger projects and construction contract oversight.

City Manager Mathews requested that the Council authorize the hiring of an assistant city engineer this year. Discussion continued regarding the position and the rail corridor project.

**Motion by Erickson, seconded by Meehlhause, authorizing the City Manager to hire an assistant city engineer in 2017. Motion carried unanimously.**

Eischens stated that based on the revenue/expense adjustments outlined as well as the net new Bemidji tax capacity growth, the net tax levy is projects to decrease by 0.1% for 2018. Eischens stated that the Council will discuss any other issues at their July 10 work session as it relates to the 2018 budget.

Other Issues

Mathews stated that staff met with a real estate development consultant from the St. Paul Port Authority regarding the Railroad Corridor. They will be providing the City with a proposal for services on a phase basis to prepare the area for development. The range for all phases could be in the \$75,000 range, which is not included in the preliminary 2018 budget.

Alternative Revenue/Hospitality Tax


Mathews stated that staff have attended meetings with several groups over the last several months with the goal of educating the public regarding Event Center purpose, priorities, financial performance and funding sources.

Another alternative revenue source to consider are plan review fees. Gray stated his time for plan reviews covered by property taxes; however, the Council could consider a fee similar what the JPB charges for reviews in Northern Township.

**ADJOURN**

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

Respectfully submitted,

  
Kay M. Murphy  
City Clerk