

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – June 9, 2014

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 9, 2014, 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, Hellquist, Johnson, Olson, Erickson, Thompson. Meehlhause joined the meeting at 6:00 p.m.

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, Public Works Director Craig Gray, Fire Chief Dave Hoefler, Police Chief Mike Mastin, City Clerk Kay Murphy

Emergency Repairs – Public Works Facility

Gray stated that the HVAC unit at the public works/parks building went out and Naylor Electric determined it was hit by lightning because one of the two compressors was burnt out. Gray noted that the City has submitted a claim to our insurance company. The City has a \$5,000 deductible. Staff has since checked to see if the City can fast track this repair using Honeywell. Gray stated that if the City goes with Honeywell the quotes with Naylor's will cease to exist. Honeywell will rebid the project.

Chattin stated that the State has reviewed the "preliminary" contract and have given their approval.

Motion by Johnson, seconded by Thompson, authorizing a contract, pending City Attorney review, with Honeywell to perform the Energy Conservation Measure (ECM) of Mechanical System Improvements at the Public Works Facility in an amount not to exceed \$61,739 as identified in the Energy Savings Program Matrix. Motion carried unanimously.

2015 Budget Discussion

Eischens stated that at the Council's March 24, 2014 work session staff presented fifteen budget issues for their consideration during the 2015 budget process. He stated that it is staff's goal to approach the 2015 budget as a long-term process, similar to the capital improvement plan. This budget will challenge the City to prioritize issues and fund those of highest priority. Eischens stated that controlled spending and creating new sources of revenue are critical to the City's future financial health. He then reviewed two steps, the first represented budget changes required/recommended while the second step items are optional. Eischens briefly reviewed Step 1 stating that staffing and services remain at the 2014 levels.

Eischens stated that Step 1 requires funding of \$184,403, equivalent to a 4.4% levy increase. He noted that Phase II annexation of Northern Townships include adding street department employee, a building inspector and an increase to the annual street maintenance program. Total impact of the optional budget items is \$434,000 equivalent to a 10.4% levy increase.

Eischens reviewed the other optional budget items which included the following:

Sanford Center Capital Replacement	\$185,000
Local Match on COPS Grant	\$28,000
Fire Marshall	\$51,000
Building Maintenance Tech	\$40,000
Community Service Officer	\$65,000
Building/Rental Inspector	\$63,000

Erickson stated funding the Sanford Center Capital Replacement was her top concern. She stated that the Sanford Center needs to be maintained "top-notch" for those that visit and to keep it competitive with other event centers.

Eischens stated that the value of the Sanford Center exceeds all other city buildings and is four years old and we have not set aside anything for maintenance or repairs.

Chattin commented that the City has never funded depreciation of its buildings before and all city buildings should be considered.

Eischens stated that the Neilson-Reise Arena is a “perfect example” of why one should set aside such funds.

Johnson commented that establishing capital replacement for the Sanford Center might be a good argument for hospitality tax. He stated that a half cent sales tax for regional event centers might be another option.

Eischens stated that neither the hospitality tax or a half cent sales tax will have an impact to the 2015 budget but he suggested that the Council, as a whole, focus on whether to support these two items and get community support so that when it goes to the state legislature next year it has “legs”. Either option would add significant stability to city finances and have the potential to reduce property taxes.

Olson commented he preferred a half cent sales tax to a hospitality tax and suggested that the City include such a question on the ballot in November.

Chattin stated that staff have met with Lori Paris and Scott Turn from the Chamber to discuss a hospitality tax but they are more likely to support a sales tax.

Council discussed the various optional budget items. It was decided that the Traffic Calming Measure (local grant match) should be moved to the Capital Improvement Plan.

Eischens will make modifications to the 2015 budget as discussed for the Council’s consideration at their work session in August.

ADJOURN

There being no further business, motion by Hellquist, seconded by Olson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:30 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk