

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – August 13, 2012

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, August 13, 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, Waldhausen, Hellquist, Johnson, Albrecht, Negard, Thompson

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, Police Chief Mike Mastin, Parks & Recreation Director Marcia Larson, Public Works Director Craig Gray, City Clerk Kay Murphy

Others Present: Bradley Peterson, Flaherty & Hood (CGMC); Dave Hengel, Greater Bemidji, Senator Tom Saxhaug

Coalition of Greater Mn Cities Legislative Update

Bradley Peterson, lobbyist for CGMC, highlighted the 2012 Legislative session stating that CGMC focused on five issues which included Local Government Aid (LGA), economic development, and annexation/land use. He commented that there were not many changes to the LGA program and other property tax relief programs. He stated that the CGMC's economic development program expanded in 2012 with the creation the Greater Minnesota Economic Recovery Plan. He noted that the detachment process has been improved. Peterson stated that the CGMC would like to host a forum in Bemidji in September or October for the Senate and House races on the November ballot. Council was in support of a CGMC forum to discuss local issues with those candidates. Peterson also noted the CGMC will be hosting their Fall Conference on November 14 and 15.

Greater Bemidji Update

Dave Hengel, Greater Bemidji Executive Director, provided an update on their progress stating that there have been several internal changes including a new name, logo, using action teams of regional private and public leaders, bylaw changes, etc. Hengel highlighted projects that Greater Bemidji is working on which included the following:

- Water Institute of Northern Minnesota – a partnership with HRDC, County and BSU
- Working with Angel Fund Network to make Bemidji a regional intake center
- Branding the Bemidji Region
- Continue marketing the South Shore development

Hengel stated that ongoing challenges are ensuring that Greater Bemidji has the capacity to meet the region's needs and developing a long-term effective and sustainable organization. Hengel concluded by stating that Greater Bemidji would like the Council to consider continuing to invest in Greater Bemidji by including \$25,000 in the 2013 budget.

Negard inquired if the County was contributing the same amount. Hengel replied that they will be submitting a request to the County Board for the same amount if not more in November.

2013 Budget Discussion

Finance Director Ron Eischens summarized the costs to the proposed 2013 budget as directed by Council at their June 18 work session:

\$126,000	Add 2 police officers
\$19,000	One squad car
\$44,000	Staff cost of living increase of 1%
\$50,000	Operating budget increase of 2%
\$(25,000)	Decrease ion capital improvement funding
\$20,000	Maintain recreation program levels
\$75,000	Increase for police and street department due to annexation
\$20,000	Marina (overnight dockage - \$100,000 over 5 years)
\$6,000	Algoma Park improvements (\$30,000 over 5 years)

Generator

Eischens stated that along with the Council's priorities, the recent storm brought to the staff's attention that a generator is needed to power the City's primary communications center (Fire Station No. 1) and City Hall in the event of future power outages. The generator is estimated to cost \$50,000 which would be spread over the five year CIP and increase 2013 budget by \$10,000. Staff believe that this is a critical piece of equipment to be prepared for future disasters.

Police Department

Police Chief Mastin stated that the two part-time parking officers believe they can dedicate enough time to effectively enforce parking regulations in the BSU neighborhoods. Mastin further stated that it may require some additional hours for the officers but he did not feel a full-time parking officer was warranted.

Discussion continued regarding the hiring of two police officers. Mastin stated that he has hired eight officers in the last year and still is not at full staff. He commented that even if he received funding for two officers, they would not be on the road by themselves until the end of July 2013. Councilmember consensus was that only one police officer be budgeted next year leaving approximately \$63,000 for potential cost of living increases.

Chattin commented that the police department is not the only city department that struggles to hire within the City's current salary ranges. Public Works Director Gray commented that he has had similar difficulties in hiring licensed staff, i.e., recent hiring at the WWTF.

Chattin suggested that the Council have a special closed work session to discuss labor negotiations for 2013. After discussion, the Council set a special work session for August 21, 2012 at 5:15 p.m. to discuss labor negotiations.

Hellquist questioned the funding request from Kitchigami Regional Library in the amount of \$18,000 for additional staffing and group health benefits.

Albrecht stated that she brought this up at the Board meeting and the purpose was let the Council know what unfunded needs there are at our library. She commented that she feels it is important to know what all departments' unmet needs are.

Funding Options

Eischens reviewed two funding options stating that the levy increase required to "capture" the tax base of the recently annexed property is 5.4%. This levy increase should not result in a tax increase to City residents provided their home value remains constant. Additional costs in 2013, including the staff recommended generator, amount to \$346,000. Below are two funding options:

Option 1:

Property Tax increase at 2.4% = \$ 93,000
 Property Tax increase at 5.4% = \$ 33,000 (capture newly annexed property)
 Franchise Fee increase of 1% = \$220,000
 Total Revenue \$346,000 / Total Levy Increase of 7.8%

Option 2

Property Tax increase at 5.2% = \$203,000
 Property Tax increase at 5.4% = \$ 33,000 (capture newly annexed property)
 Franchise Fee increase of .5% = \$110,000
 Total Revenue \$346,000 / Total Levy Increase of 10.6%

Council discussed the option of imposing a hospitality tax, which could generate approximately \$500,000 annually. It was observed that the Council had approved a resolution in 2011 but legislative approval is needed. Chattin commented that local legislators last session were not in favor of a hospitality tax for the 2012 session.

Motion by Negard, seconded by Thompson, directing staff to prepare the 2013 Preliminary Levy using Option No. 1. Motion carried unanimously.

ADJOURN

There being no further business, motion by Waldhausen, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 7:45 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk