

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – Monday, August 27, 2018

Pursuant to due call and notice, a special work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, August 27, 2018, 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, Lehmann, Erickson, Larson. Absent: None.

Staff Present: City Manager Nate Mathews, Finance Director Ron Eischens, City Attorney Al Felix, Public Works Director/Engineer Craig Gray, Police Chief Mike Mastin, Building Official Bryan Kerby, Fire Chief David Hoefler, Jeff Kossow of VenuWorks, Utility Operator Josh Meyers, Deputy City Clerk Teresa Hanson

Mayor Albrecht stated the purpose of the work session was to review the 2019 Financial Management Plan (FMP).

2019 Financial Management Plan (FMP)

Finance Director Eischens noted the budget is typically solidified by this time of year, but staff is looking for clarification and further direction from Council on several items. He added there is potential for a levy decrease, but several unresolved issues may result in the recommendation of a 2% levy increase for 2019.

Since the budget was last discussed in June, several items have been added or changed including the following as presented on Attachment #1:

1. Award of a Towards Zero Death (TZD) grant in the amount of \$66,750 to fund a current Police Officer position from October 2018 to September 2019;
2. Restructuring of legal prosecution services resulting in savings of \$19,000; and
3. Personnel and job study implementation costs.

Eischens reviewed each item listed on the Agenda Item.

Job Study / Personnel Costs

Eischens addressed questions about the job study including why certain cities were used as comparisons. They were selected primarily because they represent greater Minnesota regional centers with characteristics similar to Bemidji. He added that several cities are used in job studies in order to minimize the impact of any single city on the results. Eischens noted while the study isn't perfect for everyone, it's based on current job market conditions, includes internal duty changes that haven't been updated in several years, and staff feels it's better than what's in place now.

Discussion followed on population, growth, characteristics/amenities, budgets and levies of the comparison cities used in the study; the need for competitive wages; cost of living adjustments (COLA); job study implementation options and projected impacts on PERA and FICA.

Union Negotiations

Staff is preparing for upcoming negotiations with each of the five unions, but the unions are waiting for Council decision on if or how the job study will be implemented. Staff would like Council direction on negotiation parameters.

Other 2019 Budget Considerations

Eischens reported Sanford Center maintenance contracts, utility costs and operating expenses have increased over time, and Council should consider increasing the annual operating contribution to address those shortfalls. Council discussed the annual Sanford Center operating contribution, reviewed a draft of the Sanford Center capital improvement plan for 2019-2023 submitted by VenuWorks, and Kossow and Eischens responded to questions. Eischens reiterated once again the hospitality tax comes into play, not only as a means to reduce property taxes, but to also fund capital replacement costs at the Sanford Center.

Discussion was held on the Community Development Director position, which is not currently included in the proposed 2019 budget. Staff is requesting clarification on the responsibilities and duties for the position and whether or not it should be included in the budget. Mathews indicated he will be meeting with Dave Hengel of Greater Bemidji to review the job description and added the future of the Joint Planning Board may influence a hiring decision.

Motion by Meehlhause, seconded by Larson, to approve the following items:

- 1. 2019 budget adjustments as presented on Attachment #1.**
- 2. Direct staff to move forward with a 2% preliminary 2019 levy increase to be formally approved on September 17, 2018.**
- 3. Approve the 2019 pay scale as presented on attachment three.**

Motion carried by unanimous roll call vote.

Veterans Home

Mathews indicated the County extended the decision deadline to September 5th so Council should address it tonight or at the September 4th meeting. Discussion was held on making a lump sum contribution in order to receive the Federal match. The County's levy, MIF fund usage, future building permit and related fees, and township contributions were also discussed.

Motion by Hellquist, seconded by Lehmann, to contribute \$250,000 to the Veterans Home from the construction reserve account to be paid back annually in the amount of \$50,000 for five (5) years from the Liquor fund. Motion carried by majority vote, with Erickson voting nay.

Adjourn

There being no further business, motion by Hellquist, seconded by Lehmann, to adjourn the meeting. Motion carried. Meeting adjourned at 7:10 p.m.

Respectfully submitted,



Teresa Hanson
Deputy City Clerk