

BEMIDJI CITY COUNCIL CITY OF BEMIDJI

NOTICE OF REGULAR MEETING PURSUANT TO MINNESOTA STATUTES SECTIONS 13D.04 AND 13D.021

NOTICE OF REGULAR MEETING (WORK SESSION) BY TELEPHONE OR OTHER ELECTRONIC MEANS

NOTICE IS HEREBY GIVEN that the City Council of the City of Bemidji will hold its Council Work Session Meeting on Monday, April 13, 2020 at 5:30 p.m. at Bemidji City Hall.

In accordance with the requirements of Minn. Stat. Sections 13D.04 and 13D.021, Mayor Rita C. Albrecht, has determined that an in person meeting is not practical or prudent because of a health pandemic and Peace Time State of Emergency, declared under Chapter 12 of the Minnesota Statutes.

Because of the health pandemic and Peace Time State of Emergency, it has been determined that attendance at the regular meeting location by members of the public is not feasible.

Because of the health pandemic and Peace Time State of Emergency, it has been determined that the physical presence at the regular meeting location by at least one member of the body, chief legal counsel or chief administrative officer is not feasible.

Therefore, some or all of the City Council members may be participating by telephone or other electronic means.

To join by video conference, go to Cisco Webex website, click on join in the upper right corner and enter information below (access will open at 5:15 p.m.):

Meeting number (access code): 296 336 401

**Meeting password: Bemidji56601 (23643545 from phones & video systems)
Click Join Meeting**

To join by phone, dial: +1-408-418-9388. Follow the prompts and use the following access codes (access will open at 5:15 p.m.):

Meeting number (access code): 296 336 401#

Meeting password: Bemidji56601 (23643545# from phone & video systems)

BEMIDJI CITY COUNCIL

Work Session Agenda

Monday, April 13, 2020

**City Hall
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL

2. 2019 YEAR-END FINANCIAL REVIEW
 - Consider a Resolution Designating Fund Balances

3. ADJOURNMENT

Financial Update - 4/13/2020

- 2019 Year End Review
- 2020 Covid-19 impacts and 2021 Budget
 - discuss in May/June



General Fund - Primary Operating Fund

- ▶ See Exhibit # 1
- ▶ Deficit - \$395,000 - Expenses greater than revenue - planned!
 - ▶ Still positive news! - deficit was less than budget
 - ▶ Why a deficit? Spent reserves for specific projects
 - ▶ On what? See Council actions below:
 - ▶ \$210,000 for railroad corridor study
 - ▶ \$254,000 for liquor store financing
 - ▶ \$ 83,118 for Carnegie project
 - ▶ \$ 70,000 for Nymore outdoor rink

\$13 million General Fund Revenue and Expenses

- ▶ Revenue exceeded budget by \$33,000 - (.25%)
 - ▶ \$ 74,000 collection of delinquent property taxes
 - ▶ \$(41,000) various line items including
 - ▶ Licenses, interest, fines
- ▶ Expenses lower than budget by \$9,000 - (.06%)
 - ▶ Departments with budget deficits
 - ▶ \$10,000 - Administration - Community Development costs
 - ▶ \$37,000 - Police - Year end budget adjustments too aggressive
 - ▶ \$26,000 - Parks - Maintenance and public works building allocation

General Fund Summary

- ▶ Majority of funding (67%) from Property Tax and LGA
 - ▶ Received 2X a year in July and December
- ▶ City Fund Balance Policy states
 - ▶ **“City will strive to maintain a fund balance equal to 50% of subsequent year budget”**
- ▶ Primary purpose of fund balance is cash flow but this alone does not require 50%
 - ▶ Internal financing of ladder truck and Nymore Fire Station are good examples - saves interest costs
 - ▶ Emergencies, natural disasters and unanticipated expenses are other reasons

General Fund - Fund Balance Adjustments

- ▶ Annual discussion and reallocation
 - ▶ \$145,483 increase to designated fund balance
 - ▶ Meets policy of 50% of 2020 budget
 - ▶ \$241,200 decrease for equipment
 - ▶ Used to accommodate fluctuations in capital expenditures - no longer necessary
 - ▶ Used to purchase of 2019 ladder truck

General Fund - Fund Balance Adjustments

- ▶ \$10,700 remaining in undesigned reserves
 - ▶ Not committed at 12/31/19
- ▶ SUMMARY
 - ▶ HEALTHY designated fund balance @ 50%
 - ▶ Will be necessary to deal with Covid impacts
- ▶ Questions?

City Wide Perspective - Exhibit # 2

- ▶ Summary of all City Funds
 - ▶ Revenue exceeded expenses by \$804,000
 - ▶ Cash increased \$2.3 million to \$30.7 million
 - ▶ Change in accruals
 - ▶ Includes bond proceeds - \$4.8 million
 - ▶ Spent in January 2020
 - ▶ Paid off higher interest rate debt

City Wide Perspective - Continued

- ▶ Special Revenue Funds
 - ▶ Specific purposes with designated revenue
 - ▶ **Timing of Revenue and Expenses don't** coincide
 - ▶ Expenses > Revenue by \$1.7 million because:
 - ▶ Spent construction reserves on
 - ▶ Annual street project
 - ▶ Industrial Park Street Lights
 - ▶ **South Shore “drop off” street project**
 - ▶ **Veterans’ Home Contribution**
 - ▶ Carnegie project

City Wide Perspective - Continued

▶ Construction Fund

- ▶ From special assessments on street projects and TIC Rent
- ▶ Cash reserves - \$1.4 million - 50% reduction from last year

▶ Exhibit 4 lists unfunded projects of \$2 million

- ▶ **Doesn't include parking commitment,**
- ▶ TIC improvements, Depot

City Wide Perspective - Continued

▶ Debt Service Funds

▶ Tracks bond issuance and expenditures

- ▶ Except enterprise fund debt (utility, liquor, Sanford Ctr)

- ▶ Revenue > expenses due to bond refinancing in late 2019

▶ South Shore Land bonds balance of \$1.6 million

- ▶ Paid off in 2023 but tax levy may be required until 2029

- ▶ Because fund has negative cash balance at this time

- ▶ Depends on timing and amount of land sales - Moberg lots

▶ Total Outstanding Bond Summary - including enterprise

- ▶ \$65 million - \$46 million for Sanford Center

- ▶ Sales Tax collections cover 100% of sales tax bond payments

- ▶ \$757,000 surplus @ 12/31/19

City Wide Perspective - Continued

▶ Enterprise Funds

- ▶ Water/Waste Water/Storm water/Refuse/Liquor/Sanford Center
 - ▶ Sanford Center reflects non-operational items - sales tax/bonds
- ▶ Typically show surplus unless significant capital expenditures
 - ▶ 2019 surplus of \$1.1 million
- ▶ Generate profit - reduce property taxes, pay capital needs
- ▶ Water and WWTP projects - in process
 - ▶ Without outside (non-rate) funding assistance - rate increases
 - ▶ Sales tax, state bonding, legal recourse
 - ▶ Rate study necessary once WWTP scope is defined
- ▶ Questions?

Liquor Operations - Exhibit # 3

- ▶ Successful transitional year!
 - ▶ Construction and grand opening went extremely well - thanks to staff!
 - ▶ 13th in statewide sales including metro area stores
 - ▶ Sales increase 7.8% - despite construction impact at North location
 - ▶ Highest annual increase I can recall - 25% increase through March
- ▶ Profits contribute \$451,000 to reduce property taxes
 - ▶ 7.4% tax levy savings
- ▶ \$63,000 in cash available after bond requirements
 - ▶ Need this for cash flow
 - ▶ Will 2020 sales maintain transfers and bond requirements??
- ▶ Questions?

Recommendation

Resolution to designate fund balance:

- ▶ Increase designated fund balance for cash flow and other unplanned expenses to \$6,384,549, equal to 50% of 2020 budget to meet policy requirements
- ▶ Eliminate designated fund balance for equipment
 - ▶ \$241,200
 - ▶ No longer necessary
 - ▶ Utilize 50% fund balance to absorb fluctuations in CIP
 - ▶ Levy for 5 year average
 - ▶ Primary reason for deficit or surplus budget

GENERAL FUND BUDGET REPORT - Exhibit # 1

31-Dec-19

DESCRIPTION	YTD ACTUAL	YTD BUDGET	UNDER BUDGET	%	ANNUAL BUDGET
REVENUE					
Property Taxes	4,621,258	4,547,639	(73,619)	102%	4,547,639
Other Taxes & Fees	1,289,933	1,290,200	267	100%	1,290,200
Licenses & Permits	118,654	128,500	9,846	92%	128,500
Intergovernmental	3,930,874	3,927,429	(3,445)	100%	3,927,429
Other & Interest	200,390	217,141	16,751	92%	217,141
Fire Revenue	490,303	490,220	(83)	100%	490,220
Fines	130,587	122,000	(8,587)	107%	122,000
Internal Services/Transfers	2,007,880	2,033,994	26,114	99%	2,033,994
TOTAL REVENUE	12,789,879	12,757,123	(32,756)	100%	12,757,123
EXPENSES					
GOVERNMENT					
Council	168,869	167,770	(1,099)	101%	167,770
Administration	427,748	417,292	(10,456)	103%	417,292
Election	-	900	900	0%	900
Finance	596,999	606,690	9,691	98%	606,690
Assessing	108,328	108,500	172	100%	108,500
Legal	397,402	397,132	(270)	100%	397,132
Joint Planning Board	160,210	160,485	275	100%	160,485
Community Development			-		
MIS/Technology Systems	110,342	107,801	(2,541)	102%	107,801
	1,969,898	1,966,570	(3,328)	100%	1,966,570
PUBLIC SAFETY					
Police	4,390,527	4,353,756	(36,771)	101%	4,353,756
Fire & Emergency Services	1,823,675	1,839,471	15,796	99%	1,839,471
	6,214,202	6,193,227	(20,975)	100%	6,193,227
STREETS					
Streets	1,536,408	1,556,460	20,052	99%	1,556,460
Engineering & Public Works	567,993	583,957	15,964	97%	583,957
GIS	145,332	151,927	6,595	96%	151,927
	2,249,733	2,292,344	42,611	98%	2,292,344
PARKS					
Parks & Recreation	1,394,215	1,368,022	(26,193)	102%	1,368,022
Arena Transfer	127,810	127,810	-	100%	127,810
Library	193,347	206,463	13,116	94%	206,463
	1,715,372	1,702,295	(13,077)	101%	1,702,295
MISCELLANEOUS					
Cable Access Operations	1,300	2,200	900	59%	2,200
Greater Bemidji	30,000	30,000	-	100%	30,000
Contingencies	17,756	20,005	2,249	89%	20,005
Transportation	19,019	19,600	581	97%	19,600
Transfers	517,248	517,248	-	100%	517,248
Sanford Center Operating Transfer	450,000	450,000	-	100%	450,000
	1,035,323	1,039,053	3,730	100%	1,039,053
TOTAL EXPENSES	13,184,528	13,193,489	8,961	100%	13,193,489
	(394,649)				(436,366)

**CITY OF BEMIDJI
2019 CITY WIDE FUND SUMMARY**

FUND	DESCRIPTION	Actual		Revenue>	12/31/2019
		Revenue	Expense	Expense	CASH BALANCE
101	<u>GENERAL FUND</u>	12,789,879	13,184,528	(394,649)	7,303,435
Various	<u>SPECIAL REVENUE</u>	6,419,333	8,129,352	(1,710,019)	4,551,878
Various	<u>DEBT SERVICE</u>	3,640,989	1,791,163	1,849,826	2,043,608
<u>ENTERPRISE FUNDS</u>					
601	Water/Sewer	6,033,131	5,212,096	821,035	11,700,343
602	Storm Water	1,578,770	1,148,411	430,359	2,031,014
603	Refuse	579,528	347,096	232,432	940,312
604	Sanford Center	2,414,776	2,413,799	977	1,055,421
609	Liquor	6,542,094	6,968,097	(426,003)	1,080,750
	Total	<u>17,148,299</u>	<u>16,089,499</u>	<u>1,058,800</u>	<u>16,807,840</u>
GRAND TOTAL		<u>39,998,500</u>	<u>39,194,542</u>	<u>803,958</u>	30,706,761
				12/31/18 Cash	<u>28,414,612</u>
				Increase	<u>2,292,149</u>

CITY OF BEMIDJI

LIQUOR OPERATIONS

DESCRIPTION	2018	2019
SALES	6,039,402	6,509,736
COST OF GOODS	4,260,060	4,501,328
GROSS PROFIT	1,779,342	2,008,408
GROSS PROFIT %	29.5%	30.9%
OPERATING EXPENSES	1,234,948	1,328,570
OPERATING PROFIT	544,394	679,838
OPERATING PROFIT %	9.0%	10.4%
<u>OTHER EXPENDITURES</u>		
Transfers to General Fund	(390,000)	(390,000)
Admin Costs to General Fund	(60,758)	(60,758)
Store Improvements	(12,563)	(30,580)
New Store construction	(2,509,258)	(572,343)
Land Acquisitions	(287,521)	-
Bond Payments		(174,019)
Street Project	(57,652)	-
Total	(3,317,752)	(1,227,700)
Cash	\$ 2,334,814	\$ 1,080,750
<u>Restricted/Committed amounts</u>		
Reserves	(260,000)	(260,000)
Repairs	(185,000)	(185,000)
Debt service plus 2020 Jan	(432,582)	(451,781)
Remaining construction costs	(1,140,388)	(121,387)
Projected unrestricted cash	\$ 316,844	\$ 62,582

EXHIBIT 3

Construction Reserves Current & Potential Projects
Within the next 1-5 years

1. Allocation to 2020 Street Renewal Program - \$140,000
2. City share of 23rd Street & Middle School Drive Trail (2022) - \$ 110,000
3. City Share of MnDOT Improvements to T.H. 197 NW = \$200,000
4. City share of Division Street Trail from downtown to Jefferson Roundabout (2025) - \$100,000
5. Paving of Elliot Road - \$700,000
6. Future MnDOT Replacement of City Traffic Signals (city share) = \$200,000
7. ADA Improvements to city parking lots or exterior buildings = \$150,000
8. Painting of Street Light Poles = \$50,000
9. City share of MnDOT Improvements at T.H. 71 & Hannah Avenue (2022) = \$300,000

\$1,950,000 TOTAL COST

Exhibit 4

RESOLUTION NO.

A RESOLUTION DESIGNATING FUND BALANCES

WHEREAS, on April 13, 2020, the City Council considered the designation of fund balances.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Bemidji hereby designates fund balances in accordance with the following schedule:

General Fund

- For cash flow and other unplanned expenses of \$6,384,549; representing 50% of 2020 General Fund Budget

Designated for Equipment

- Reduce balance designated to zero

BE IT FURTHER RESOLVED, the above designations are effective as of December 31, 2019.

The foregoing resolution was offered by Councilmember _____, who moved its adoption, and on due second by Councilmember _____, was passed by the following vote:

Yeas:

Nays:

Absent:

Passed:

ATTEST:

APPROVED:

Michelle R. Miller, City Clerk

Rita C. Albrecht, Mayor