

BEMIDJI CITY COUNCIL MEETING AGENDA

Monday, September 8, 2025

**City Hall
317 4th Street NW
5:30 PM**



- 1. CALL TO ORDER/ROLL CALL**

- 2. BUSINESS**
 - a) 2026 Financial Management Plan

- 3. ADJOURN**

CITY COUNCIL AGENDA ITEM



Meeting Date: September 8, 2025
Action Requested: Preliminary Levy and Budget Discussion
Prepared By: Rich Spiczka, City Manager

Background:

We are required to set our preliminary levy for 2026, by September 30th, 2025. This preliminary levy is "the ceiling" and it can be adjusted downward prior to the end of 2025. We are all aware that 2025 brought some unique, unforeseen, but very real budget challenges. As we move through realizing just how much those challenges will impact our 2026 budget, we need to move forward to set a frame work for our final levy.

Staff will share some realities and perspectives and seeks council appetite for where everyone is at.

The goal is to leave the meeting with an understanding of where council is so we can bring back a preliminary levy number with some of the variables more firmly resolved.

The potential dates for setting the Preliminary Levy are Monday, September 22nd (special meeting following the work session) or Monday, September 29th (special meeting). If Council seems to have consensus on a target number, we COULD potentially bring it to the September 15th regular council meeting.

Recommendation:

Provide feedback and direction regarding preliminary levy and budget.

2026 Budget Talking Points

As we move into 2026 we have a very unique and less than ideal budget situation. As is always the case trying to serve the community the best we can, with the least amount of taxpayer resources is the goal.

2025 Total Levy \$8,450,000 4.76% increase over 2024

2026 Levy Variables

- *Anticipated 2025 Budget overage of \$1.5-\$2.0 million due to nonreimbursable storm costs
(Plan for reestablishing reserves per City Policy)
- *Expectation of minimal if any property value increase- so assuming a ZERO tax capacity increase
(it is likely there is a small increase, but forecasting worse case scenario)
- *Health Insurance renewal rates likely to increase overall costs by approximately \$300,000.
(Still accepting RFPs after original renewal rate news)
- *MN Paid Family Leave premium cost approximately \$100,000- doesn't account for backfill of staff
- *Deferred maintenance surprises due to 8 week shift in focus for storm cleanup
- *Unknown costs/impacts of Incorporation/Annexation case for 2026

Staffing

We had hopes of making some staffing additions as has been proposed recently, but with our budget forecast that is difficult to get behind. I believe the key to 2026 will be doing the best we can with limited resources in hopes of getting ourselves back on track to a predictable and maintainable budget in 2027. At that point we can look at staffing levels and make a determination of what is possible. We will also evaluate any positions that become vacant to determine necessity.

2026 Budget Addition Ideas

- *A City wide asset management program. We currently do not have one. These programs are designed to create efficiency and allow for tracking/management all in one place.
- *A City fueling station. The storm showed the benefit of being self sufficient. In the initial response we were dependent on the County for fuel as they had their own/self powered station. Not only would a self fueling station create a more solidified emergency response, the bulk fuel savings likely pays for the station over the course of a couple of years.

Budget helping ideas

- *City Policy using Liquor Store Funds to reestablish reserves
- *Asset Evaluation/Efficiency
- *Fee Increases
- *Land sales
- *Operational changes



2026 LEVY OPTIONS

		Option 1	Option 2	Option 3	Option 4	Option 5
General Fund Budget	Operating Costs	17,831,917	17,831,917	17,831,917	17,831,917	17,831,917
	Capital Improvements	2,319,000	2,319,000	2,319,000	2,319,000	2,319,000
	Total	20,150,917	20,150,917	20,150,917	20,150,917	20,150,917
Property Tax Levy	General Fund	7,430,014	7,641,267	7,852,520	8,063,773	8,275,025
	Sanford Center	210,000	210,000	210,000	210,000	210,000
	Streets	535,000	535,000	535,000	535,000	535,000
	Bonds	275,100	275,100	275,100	275,100	275,100
	Total	8,450,114	8,661,367	8,872,620	9,083,873	9,295,125
Levy Over Prior Year	% Increase	0.0%	2.5%	5.0%	7.5%	10.0%
	\$ Increase	0	211,253	422,506	633,759	845,011
	%=\$	0	84,501	84,501	84,501	84,501
Local Government Aid Property Tax Levy	General Fund	4,037,518	4,037,518	4,037,518	4,037,518	4,037,518
	Sub Total	7,430,014	7,641,267	7,852,520	8,063,773	8,275,025
	Other Revenue/Transfers	11,467,532	11,678,785	11,890,038	12,101,291	12,312,543
	Total	8,683,385	8,472,132	8,260,879	8,049,626	7,838,374
Reserves General Fund	50% Yearly Total	10,075,459	10,075,459	10,075,459	10,075,459	10,075,459
MN Dept of Revenue	City					
	County					
	School					
	Other					
	Total	0.00%	0.00%	0.00%	0.00%	0.00%
Net Tax Capacity	City of Bemidji	18,990,183	18,990,183	18,990,183	18,990,183	18,990,183
	% Increase	0.0%	0.0%	0.0%	0.0%	0.0%
Taxable Market Value	Beltrami County	1,484,668,059	1,484,668,059	1,484,668,059	1,484,668,059	1,484,668,059
	% Increase	0.0%	0.0%	0.0%	0.0%	0.0%

a %'s not yet available on MN Dept of Revenue Web Site
b Showing No change as worst case scenerio
c Showing No change as worst case scenerio



HISTORICAL

		2021	2022	2023	2024	2025
General Fund Budget	Operating Costs	13,885,182	14,077,897	14,253,097	16,021,362	16,948,034
	Capital Improvements	776,000	1,159,189	969,000	904,400	810,000
	Total	14,661,182	15,237,086	15,222,097	16,925,762	17,758,034
Property Tax Levy	General Fund	5,790,099	6,374,474	6,679,114	7,224,099	7,404,143
	Sanford Center	210,000	210,000	210,000	210,000	210,000
	Streets	385,000	385,000	385,000	385,000	535,000
	Bonds	267,055	267,055	283,343	288,243	300,971
	Total	6,652,154	7,236,529	7,557,457	8,107,342	8,450,114
Levy Over Prior Year	% Increase	8.3%	8.8%	4.4%	7.3%	4.2%
	\$ Increase	511,009	584,375	320,928	549,885	342,772
	%=\$	61,567	66,406	72,938	75,327	81,612
Local Government Aid		3,608,449	3,667,485	3,694,035	4,027,132	4,030,842
Property Tax Levy	General Fund	5,790,099	6,374,474	6,679,114	7,224,099	7,404,143
	Sub Total	9,398,548	10,041,959	10,373,149	11,251,231	11,434,985
	Other Revenue/Transfers	5,262,634	5,195,127	4,848,948	5,674,531	6,323,049
Reserves General Fund	50% Yearly Total	7,330,591	7,618,543	7,611,049	8,462,881	8,879,017
MN Dept of Revenue	City	49.19%	51.13%	44.42%	44.12%	44.50%
	County	62.22%	61.30%	53.00%	51.39%	51.85%
	School	16.28%	14.38%	12.39%	10.78%	10.01%
	Other	1.41%	1.00%	82.00%	1.24%	1.79%
	Total	129.11%	127.81%	191.81%	107.53%	108.15%
Net Tax Capacity	City of Bemidji	13,522,236	14,154,230	17,013,600	18,376,156	18,990,183
	% Increase	10.4%	4.7%	20.2%	8.0%	3.3%
Taxable Market Value	Beltrami County	1,029,706,300	1,077,271,143	1,320,764,167	1,442,775,669	1,484,668,059
	% Increase	11.1%	4.6%	22.6%	9.2%	2.9%



FUND 101 DESCRIPTION	Budget 2025 REVENUE	Budget 2025 EXPENSES	Budget Draft 2026 REVENUE	Budget Draft 2026 EXPENSES	25 v 26 REVENUE	25 v 26 EXPENSES
GENERAL FUND REVENUE						
General Fund	(18,009,334)		(20,305,703)		2,296,369	
Property Taxes	\$ (7,404,029)		\$ (7,429,900)		25,871	
Other Taxes & Assessments	\$ (1,620,300)		\$ (1,396,100)		(224,200)	
Licenses & Permits	\$ (146,200)		\$ (133,450)		(12,750)	
State Aid & Grants - LGA	\$ (4,777,187)		\$ (4,742,118)		(35,069)	
Other Revenue	\$ (229,090)		\$ (206,250)		(22,840)	
Fire Revenue	\$ (735,000)		\$ (796,635)		61,635	
Fines & Fees	\$ (170,196)		\$ (151,250)		(18,946)	
Transfer	\$ (2,927,332)		\$ (5,450,000)		2,522,668	
	\$ (18,009,334)		\$ (20,305,703)		\$ 2,296,369	

GENERAL FUND EXPENSE						
Mayor & Council	\$	176,690	\$	176,690		0
Administration	\$	630,112	\$	737,859		107,747
Election	\$	4,450	\$	15,650		11,200
Finance	\$	718,457	\$	830,281		111,825
Technology Services	\$	175,000	\$	185,000		10,000
Assessing	\$	138,000	\$	140,000		2,000
Legal	\$	803,919	\$	872,943		69,024
Planning & Zoning	\$	481,303	\$	509,251		27,947
Police	\$	6,241,038	\$	6,678,148		437,110
Fire & Emergency	\$	2,039,063	\$	2,198,685		159,622
Streets	\$	1,956,381	\$	1,764,237	a	(192,143)
GIS	\$	165,256	\$	169,674		4,418
Engineering & PW Admin	\$	657,424	\$	697,724		40,300
Parks & Trails	\$	1,348,059	\$	1,433,924		85,865
Recreation	\$	651,306	\$	400,000	b	(251,306)
Library	\$	239,275	\$	245,850		6,575
Sanford Center	\$	350,000	\$	350,000		0
Economic Development	\$	30,000	\$	30,000		0
Contingencies	\$	225,000	\$	225,000		0
Public Transportation	\$	2,600	\$	-	c	(2,600)
Transfers	\$	166,000	\$	171,000		5,000
Capital Expenditures	\$	810,000	\$	2,319,000		1,509,000
	\$	18,009,334	\$	20,150,917		\$ 2,141,584

a 220K added in wrong place in 2025 budget

b reduction and split from Parks

c No longer required

2026 Assumptions - Revenues	2025	2026	25 v 26
No Change in Property Tax Values	0	0	0
Franchise Fees Decreased	(1,620,300)	(1,396,100)	(224,200)
Other Revenue Decreased	(5,322,673)	(5,233,068)	(89,605)
Totals	\$ (6,942,973)	\$ (6,629,168)	\$ (313,805)

2026 Assumptions - Expenses	2025	2026	25 v 26
Increase in Wages, Payroll Taxes	11,198,554	11,836,311	637,757
Increase in Health Care Benefits	1,815,044	2,116,012	300,968
Increase in CPI, Services	1,998,294	2,453,647	455,353
Increase in CPI, Non Services	2,997,442	3,744,947	747,505
Totals	\$ 18,009,334	\$ 20,150,917	\$ 2,141,583

2026 Assumptions - Transfers	2025	Levy % Increase	2026	25 v 26
Option 1	(2,927,332)	0.0%	(5,450,000)	2,522,668
Option 2	(2,927,332)	2.5%	(5,238,747)	2,311,415
Option 3	(2,927,332)	5.0%	(5,027,494)	2,100,162
Option 4	(2,927,332)	7.5%	(4,816,241)	1,888,909
Option 5	(2,927,332)	10.0%	(4,604,989)	1,677,657