

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting – June 4, 2007

Pursuant to due call and notice, a regular meeting of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, June 4, 2007 at 7:00 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Markeson, Hellquist, Johnson, Erickson, Downs, Meuers.

MINUTES

Minutes of the May 21 regular meeting presented for approval. Motion by Erickson, second by Johnson, to approve the minutes as presented. Motion carried by unanimous vote.

The special meeting minutes from the May 30, 2007, were asked to be amended reflecting comments made by Councilmember Johnson at that meeting. The City Clerk will revise the minutes and bring them for consideration at the next regular meeting.

CONSENT AGENDA

The following Consent Agenda items were presented for approval. Motion by Downs, second by Hellquist, to approve the Consent Agenda items as follows:

1. Approved Claims submitted by the Finance Officer in the total amount of \$581,849.56.
2. Approved miscellaneous business licenses.
3. Approved Gambling Permits:
 - Bemidji Jaycees – Bingo – June 29 to July 4, 2007
 - Chamber – Raffle on September 25, 2007
 - BSU Alumni – Raffles on October 20, 2007 and November 12, 2007
4. Approved 1 to 4 day Temporary On-Sale Liquor License (June 29-July 2) and Temporary On-Sale 3.2 License (July 3 & 4) – Bemidji Jaycees
5. Approved Policy 401 – Adherence to Annual Budget
6. Approved Policy 202 with an clarification to paragraph G of the Policy adding “to be notified by the City Manager”
7. Approved Fire Department Equipment Purchase Matching Grant of 10% (\$1,331)
8. Approved Development Agreement with First National Bank.

Motion carried by unanimous vote.

COMMITTEE REPORTS

Bemidji Youth Advisory Commission – Charlie Christiansen, BYC President, stated that the Commission will be holding their June 7 event next week. This is their seventh year. He gave an overview of the activities planned for the event. Hellquist asked if the gas reimbursement issue for bands to travel to Bemidji had been resolved. Charlie responded yes. Charlie concluded by saying that he hoped to see a similar turnout of participants as in past years.

NEW BUSINESS

Event Center

Mayor Lehmann stated that the event center has been discussed at length and the local share from the city would not be any more than \$30 million. It was suggested by Rep. Frank Moe to ask for \$30 million in matching funds from the State. The Council was divided on this issue and it was not settled at their last meeting.

Erickson provided a handout of the canvassing results from the November 2006 general election regarding the Event Center question. She noted that the vote passed by a very narrow margin and the amount mentioned was \$35 million. She also provided the Council with a copy of the resolution passed by them on February 5, 2007 which stated the event center cost was not to exceed \$50 million plus any bond issuance and discount costs. She stated that she was not in favor of more than \$50 million for the event center.

Meuers stated that she could not vote for more than \$35 million for the event center as that was what she told people when she was running for office.

Markeson stated that it is important to consider information received from the consultants, engineers and architects. The Council needs to vote with the new information and for what is best for the community. He recognized that each Councilmember has their own opinion on what is best for the community.

Mayor Lehmann stated that as leaders there are contentious items that the Council needs to consider, i.e., the wastewater treatment plant. The Council has been elected to make decisions for the community on what is best for the future. There are very good volunteers working on this project. He commented that the City has looked at this for a long time and the Council has tried very hard to listen to the community at the public hearings. The cost has gone up substantially due to the input and wants for an event center from the community. New information has come forward and other communities have received 50 percent for facilities of this nature from the State. He stated that the Council should ask for 50 percent of \$60 million. He stated it will be painful to trim the event center down from \$76 million but it will still give the community a very nice facility.

Discussion continued regarding other communities that have asked for 50 percent from the State. It was generally felt that Bemidji deserved to receive that percentage from the State also.

State Representation Frank Moe stated that given the precedent set by Duluth requesting 50 percent from the State and Marshall received 70 percent and because of the cost estimates from the consultant, he recommended that the City ask for 50 percent. He has spoken with the Capital Investment Chair and she thought that was a reasonable request. He also spoke with Keith Langseth, Senate Capital Investment Chair, who also recommended the City ask for 50 percent. He stated that it would be helpful to let the Governor know that a special session is needed.

Senator Mary Olson stated that she appreciated, as a resident, the work done by volunteers and the Council. She stated that her honest assessment was that there are no guarantees on whether the City will get the money requested from the State. In her opinion, the Chair's perspective on the Senate side, community center projects and sales tax increases at the local level are not viewed with a great deal of favor. There have been some projects like Bemidji's that have had some degree of support. The money given already gives some level of assurance that this might go through with some success. She has spoken at length with Senator Langseth regarding support for Bemidji's project and funding for a \$35 million project was doable. She cautioned the City that they should not count on an additional amount of money. Langseth informed her that to go from \$14 million to a \$30 million commitment is "quite a stretch" and could be very difficult. He did not say the City should not ask, however. Because the current bonding bill has been vetoed things will be "jammed" up next year. Senator Olson stated that whatever the Council decides she will support.

Johnson commented on the process stating that if you read the ballot question it says construction of an event center is approximately \$35 million. The cost of the event center part of the component is still less than \$35 million in 2009 money. The City is looking at placing the event center in the railroad corridor which the city owns and could reduce the overall cost. It is important to note that in 2004, when discussions began about an event, it involved community members with a vision, and \$3 million was awarded by the State to research (i.e., consultants, architects, engineer, market) an event center in our community. If we are able to leverage the State for an additional \$10 million to have the event center be a success and get a better fit for downtown, he felt comfortable with asking for \$30 million from the State. Johnson stated that there are pages of items that people want to see in the event center. The Council has received a lot of comments and suggestions from the community which will require tough decisions to make it work. Johnson noted that in the recent Council's visioning session the event center was one of the Council's top priorities. He commented that he has not seen one significant group that was not in favor of the project. Council will have to pare the plans down to make it happen.

Downs commented that the Council started this process because BSU had no hockey rink. He supports a partnership with BSU and looks forward to an events center with BSU men's hockey as the anchor tenant, but had reservations about recent cutbacks at the university. He further had concerns regarding operation and maintenance costs.

Erickson stated that these are still preliminary amounts and she is uncomfortable with it. The economy does not look bad now but what about in 10 years. We are making a

commitment for the next generation. It is unnerving that we do not have more answers to the BSU partnership.

Hellquist stated he is favor of \$50 million as he believes that the project is more than the City of Bemidji. He felt that BSU and Beltrami County should help with this project and, perhaps other players to reach \$76 million.

Johnson stated that the resolution being considered was about legislative support, not whether to build the events center or the cost. He commented that it would be “foolish” for the Council not to ask for \$30 million.

Meuers stated that she has to draw her “line in the sand” because of the vote and calls she has received and the Council to stay with the \$35 million amount. The only way she could move off of \$35 million is to have another vote by the citizens.

Lehmann stated that part of the costs of operation and maintenance will be covered by the partnership with BSU and there are a number of individuals and businesses that previously committed to cover some of these costs.

State Representative Moe stated that other legislators fight for their communities and he will fight for 50 percent of the costs for Bemidji.

Downs asked if there was a possibility to have a two step process with the BSU to look for funding for the hockey rink. Representative Moe replied that this was a possibility and suggested that the Council may want to discuss it further at a work session.

Senator Olson stated that she is definitely not trying to discourage the Council to do what is best for our community. She stated that she agreed with Downs that the State has a responsibility to pay for the hockey rink for BSU, however, this was one of the arguments used and why support was received from the State.

Erickson stated that the net income for the event center at a high scenario could be a negative \$200,000. If the event center does not do well, the net loss could be up to \$670,000.

Downs stated that best case scenario was to be partner with a hockey group and a hotel attached. He would like this to work but he believed that the Council should proceed cautiously.

Johnson stated what has been approved so far is \$35 million. If the State gives the City 50 percent of a higher amount, why not go for it. There are lots of items to pare down before the event center is built. If this project does not go forward, the City may not get another opportunity as the State is closing the door on local option sales taxes.

Jeremiah Lind, 9821 Peace Lane, asked what the cost for initial purchase of the Kraus Anderson property was. Mayor Lehmann responded that the selected site does not include the Kraus Anderson site and there is no money budgeted for purchase of the property or demolition of the site. He further explained the current site (known as Site A) to Mr. Lind.

Mr. Lind asked what is planned for the Kraus Anderson property. Mayor Lehmann commented that this is something for a private developer to decide.

Motion by Councilmember Erickson, seconded by Councilmember Meuers, offering a resolution inserting \$17.5 million to be requested for the state bonding appropriation. Motion failed by the following vote: Ayes: Erickson, Meuers, Downs. Nays: Hellquist, Lehmann, Johnson, Markeson.

John Carlson, Finance Subcommittee Chair for the Event Center Task Force, provided additional information stating that what is before the Council today is not an event center but merely a placeholder to allow us the opportunity to get more information for bonding. It is not a step closer to reality of an event center but it is a step that the State requires us to take. As the Finance Subcommittee works through this process, they may find that the operations and maintenance on any size building may not be palatable. We are looking at a placeholder for the 2008 bonding session and this will allow BSU time to get their “house in order”. Carlson stated that if the partnership did not work out with BSU, he would not be able to support the event center. Carlson reviewed the sales tax numbers that were actually collected in 2006 and 2007. He noted an increase of 7 percent already this year in sales tax collection. If the City only did 3 percent, the excess sales tax collected over the \$30 million

bond at the end of the 30 year would be \$16.9 million. He commented that the only amount paid by the City residents is 8 percent or 8 cents on the dollar. He implored the Council to vote for a \$30 million bonding request.

Councilmember Johnson made a motion, seconded by Councilmember Markeson, offering a resolution inserting \$30 million to be requested for state bonding appropriation. Motion failed by the following vote: Ayes: Johnson, Lehmann, Markeson. Nays: Downs, Meuers, Erickson, Hellquist.

RESOLUTION NO. 5414: Supporting the Bemidji Regional Events Center (BREC) and Official Application for State Capital Appropriation in 2008 Legislative Session for Development and Construction of the BREC (inserting \$25 million of state bonding appropriation) was offered by Councilmember Erickson, and upon due second by Councilmember Hellquist was passed by the following vote: Ayes: Johnson, Markeson, Lehmann, Downs, Erickson, Hellquist. Nays: Meuers. Absent: None.

Habitat for Humanity Request

Lehmann reviewed the request from Habitat for Humanity stating that this is not an unprecedented request.

Motion by Hellquist, seconded by Meuers, to waive the building permit fee, plan review and mechanical fees for Habitat houses at 715 19th Street NW (\$938) and 706 19th Street NW (\$1,202). In addition the State Surcharge must be paid by the Habitat for Humanity. Motion carried unanimously.

ORDINANCE

ORDINANCE NO. 16, 3rd SERIES, AN ORDINANCE Amending an Uncoded Section of Bemidji City Code Pertaining to Vacation of a Portion of Norton Avenue was given a final reading and passed by unanimous vote.

UPCOMING MEETINGS

- June 11 5:30 p.m. Work Session – 2008 Budget
- June 13 6:00 p.m. GBJPB – Meet at City Hall
- June 18 7:00 p.m. City Council Meeting

COUNCIL/STAFF REPORT

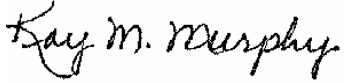
- Lehmann stated that he met with a group that is planning on starting an Optimist Club in Bemidji, brochures were given to the Council. Lehmann received a call thanking the Council for getting the fence at the waterfront which keeps the geese out of the park.
- Chattin reported that Council and staff attended the Visioning Session last week and results will be forthcoming. Downs, Hellquist and Chattin attended the Jim Oberstar Paul Bunyan bike ride.
- Markeson commended the Youth Advisory Commission for the efforts for the June 7 Youth Day.
- Meuers reported that the National Guard Homecoming Committee homecoming is planned for August 25 when they arrive home. The Committee asked if they could do the August Chat-A-Bout. Council concurred. Meuers reminded the public to please mow their lawns as she has received a number of complaints in this regard.
- Johnson will contact BHS regarding the joint venture to share broadcast capabilities. The City has received an award from League of Minnesota Cities regarding the Joint Powers Boar. He commented that he spoke with Flaherty and Hood regarding comments at the visioning session regarding annexation and LGA.
- Erickson commended Jean Humeniuk for the work and dedication in beautifying the City.
- Downs elaborated on the Jim Oberstar Paul Bunyan bike ride and had lunch with a number of people. He suggested the Council request the remaining section be paved from Guthrie to Walker. He thanked Gayle Quistgard from the VCB for t-shirts donated for the ride.
- Felix provided a summary of what is happening at the Pinnacle site. Staff met with Mr. Takhar with respect to the grading and excavation on the Pinnacle site and south of the plat in Bemidji Township. It is obvious that Takhar has refocused on the site south and outside of the plat. The property in the township is zoned residential and Bemidji Township is concerned. Felix stated that Takhar has been informed that any

work that is done on the site must be stabilized with approval by the City Engineer. Takhar has been requested to bring a formal proposal to the City for review prior to any excavation. In addition, the area in Bemidji Township has to be restored.

ADJOURN

There being no further business, motion by Downs, second by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 9:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kay M. Murphy".

Kay M. Murphy
City Clerk