

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting – August 18, 2008

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, August 18, 2008 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, Johnson, Erickson, Downs, Meuers, Markeson, Hellquist

Staff Present: City Manager John Chattin, City Engineer Craig Gray, Finance Director Ron Eischens, City Clerk Kay Murphy

AMENDMENTS TO AGENDA

Mayor Lehmann called for any amendments to the agenda. Motion by Johnson, seconded by Hellquist, to approve the agenda as presented. Motion carried by unanimous vote.

MINUTES

Minutes of the August 4, 2008 regular meeting and August 11, 2008 work session were presented for approval. Motion by Downs, seconded by Meuers, to approve the minutes as presented. Motion carried by unanimous vote.

CONSENT AGENDA

The following Consent Agenda items were presented for approval. Councilor Markeson asked that the item regarding Budget Change No. 4 be removed for further discussion. Motion by Downs, seconded by Johnson, to approve the remaining Consent Agenda items as follows:

1. Approved Claims submitted by the Finance Officer in the total amount of \$1,505,790.71
2. Declared Four Police Vehicles as Surplus – Police Department
3. Awarded Bid for Demolition of the Former North Central Door Buildings – Landwehr Construction, St. Cloud (\$89,935.00)
4. Approved Design Proposal for City Park
5. Approved Purchase of Playground Equipment for Cameron Park – St. Croix Recreation Co./Northwoods Recreation in the amount of \$26,838

Motion carried by unanimous vote.

OLD BUSINESS

Sale of Rako Property to HHDC

Mayor Lehmann stated that he received a number calls and a letter from DeWayne Schwindt from Ranch Circle Area regarding a number of concerns he has about the development.

Downs stated he has concerns regarding the density of the proposed development by HHDC. He stated that 41 homes on the corner of Rako Street is too much and perhaps reducing the density would be in order. He further noted that there is a \$38,000 special assessment on the property.

Johnson stated that no other party has given the City an offer for the property and HHDC has made an offer.

Erickson commented that the purchase price offered by HHDC will cover the investment by the City.

Discussion continued regarding the Rako Street property investment by the City to date which includes: Purchase Price (2004) -\$90,000, Special Assessment - \$38,000; Braun Intertec – Phase I and II Environmental - \$13,000, Survey and Legal Costs - \$13,000 for a total of \$154,000.

DeWayne Schwindt, 422 Ranch Circle SW, expressed concerns about runoff from Lake Irving. He commented that the Council is rushing finance to get this project done before a working

plan is in place to fit the site. He stated he is not opposed to development. However, HHDC has not finished their project in the “horse pasture” and he has no faith in the plans that are now being presented.

Irene Folstrom, 300 Irving Beach Drive SE, stated that she has concerns about the project and is a strong believer that there is a housing crisis in Bemidji. However, she believe that the project is poorly planned and the public has not been informed.

Tim Flathers, Headwaters Commission and representing the Headwaters Housing Development Corporation, stated that the Rako Street project is a challenging proposal. The HHDC is very interested in helping the City develop housing in the Bemidji area. At this time, they are looking to the City for support to make housing affordable. He stated that this was not their initiative, as they were approached by City staff to develop housing on the Rako Street property. The City and the HHDC submitted jointly to the Greater Minnesota Housing Fund for technical assistance to building better neighborhoods. The development will promote opportunities for homeownership. Currently, only 54% of the homes in Bemidji are homeowner occupied. He stated that 90% of the homes that were sold in Bemidji were priced under \$150,000. HHDC is proposing to build homes that are affordable to purchase and affordable to maintain. Flathers commented that the Council met in a retreat recently and the Rako redevelopment was one of their top priorities. He is seeking a letter of Interest in conveying the property for \$200,000 from the City so the HHDC can be competitive in applying for a grant from Minnesota Housing.

Mayor Lehmann asked about the “horse pasture” property. He noted that there were a four vacant homes, one in particular with weeds and several lots that are still to be developed.

Flathers responded that the existing neighborhood still has five homes for sale and seven vacant lots. The expectation is that over the next two years this project will be completed. He stated that the housing market has been softer in the last year and it is not a question that there is a need but more marketing is needed.

Council discussed the following concerns:

- Shoreland
- Stormwater runoff
- Density
- Egress on Rako Street
- Timeline – Flathers stated that the housing will not be built until 2010 and it would take 4-5 years to complete.
- Neighborhood input – if in fact, HHDC has a project then Flathers would meet with residents of the area at any point with the understanding that there is no plat but a concept.

Flathers responded that the plat will address all these issues; however, the HHDC is not yet at this point in the development process.

Hellquist stated that the shoreland overlay requires 6,000 sq ft lots and closer to 40 lots. He commented that there are currently 192 houses on the market at this time and noted that the land is substantially more valuable than the HHDC's offer.

Johnson stated that if the City sold the land, the proceeds could be used to improve existing lots of substandard homes.

Downs suggested that affordable housing be built in the North Lake Irving area instead of the Rako Street property.

Flathers stated that he would not rule out any option for discussion, however, he wants to know if the city is interested in selling the Rako property. The program that they are applying for is available for this year and could be a one time program. He needs to provide an indication to Greater Minnesota Housing by August 29.

Lehmann asked is the Greater Minnesota Financing would be basing their decision on the number of units.

Flathers replied that the partnership with the City entails a number of things which he indicated in an earlier memo to the Council. HHDC could consider less homes but it would affect what they could pay for the property as they have fixed costs and less revenue.

Bob Wilson, 514 Scenic Shore Lane, president of the Lakehaven Condo Community, suggested that perhaps there are better locations for this project.

Mike Christiansen, 507 Royal Court, stated that he is the owner of the property south of the Rako Street property. He stated that because the market is bad he has not proceeded with a development on his property. He has been entertaining making a proposal to the City for the Rako property. He further commented that the proposal for 41 units is too dense.

Erickson stated that the proposal for the Rako Street property meets three of the City Council's priorities which are: 1) place otherwise non-taxable property into taxable property; 2) encourage affordable housing; and 3) expand the tax base.

Rita Albrecht, Community Development Director, reviewed the process for property development in the City. If there is a subdivision, plat or planned unit development, an application is then made to the Joint Planning Board which provides a public hearing process.

Motion by Meuers, seconded by Erickson, to partner with Headwaters Housing Development Corporation (HHDC) for a housing development at the Rako Street property and authorized staff to draft a letter to Minnesota Housing indicating the City's willingness to sell the Rako Street property to HHDC for \$200,000. Motion carried with the following vote: Ayes: Markeson, Erickson, Meuers, Lehmann, Johnson. Nays: Hellquist, Downs.

Motion by Meuers, seconded by Hellquist, that if the grant from Minnesota Housing Finance is not approved that the offer to sell to the HHDC is withdrawn. Motion carried unanimously.

NEW BUSINESS

Auto Allowance

Motion by Hellquist, seconded by Erickson, to postpone the discussion regarding incorporation of the City Manager's auto allowance into his salary until his annual review in December 2008. Motion carried unanimously.

Northwest Storm Sewer Project

City Engineer Gray stated that the City received five quotes to construct a 21" diameter stormwater main from the large wetland behind Bemidji Chrysler/Bemidji Honda dealership to an existing main underlying TH197. The pipe will provide an outlet to the wetland/drainage pond. Funding for the project will come from the stormwater utility fund.

Motion by Downs, seconded by Hellquist, to award the quote to Christiansen Developers, Inc. in the amount of \$35,950 for the Northwest Storm Pond Connection. Motion carried unanimously.

Discuss 2009 Library Budget – Marian Ridge, KRL

Betty Hanson-Lehman, Library Board member, reviewed the makeup of the library system and recent improvements to the library. Kitchigami is proposing to provide health insurance to full-time employees at the Bemidji Library which is much needed. Ms. Hanson-Lehman stated that on behalf of the Library Board she respectfully requested that the Council approve the budget increase.

Marian Ridge, Kitchigami Regional Library Director, reviewed the 2009 operating budget. She stated that one key issue in the budget is that Kitchigami will be providing health insurance for employees who work more than 32 hours a week. She noted that some costs are reducing, i.e., postage, as more people are using e-mail and telephone notification. She stated there are service enhancements that have been built into the 2009 budget to better serve users.

Council discussed the following:

- The 2009 budgeted amount for the library is lower than the request.
- Maintenance of effort by the City – Eischens indicated that the City will exceed the requirement by the Department of Education.

Eischens stated that the levy amount will not be finalized until December and recommended that the Council take it under advisement.

Budget Change #4

Markeson asked that this item be removed from the Consent Agenda as he had questions regarding the use of sales tax money for non-park or trail related items. Eischens responded that the Council previously approved the transfer for funds to cover the cost of the Carnegie reuse study.

Motion by Johnson, seconded by Erickson, to approve the Budget Change No. 4. Motion carried unanimously.

ORDINANCE

ORDINANCE NO. 32, 3RD SERIES, AN ORDINANCE Adopting an Amended 2008 Fee Schedule was given a final reading and passed by unanimous vote.

Motion by Hellquist, seconded by Erickson, authorizing the publication of a Summary of an Ordinance Amending the Bemidji City Code, Adopting an Amended 2008 Fee Schedule. Motion carried unanimously.

EVENT CENTER UPDATE

City Manager Chattin stated that he has another meeting scheduled with BSU to discuss the lease agreement. He stated that he has forwarded the request for qualifications for construction management and request for proposals for hotel developers to the Council for their comments. Chattin stated that he recently completed a Frequently Asked Question sheet regarding the event center.

UPCOMING MEETINGS

- Monday, August 25 5:30 p.m. Work Session – Leo A Daly Update & Event Center Q&A
- Tuesday, September 2 7:00 p.m. Council Meeting
- Monday, September 8 5:30 p.m. Work Session - TBD
- Wednesday, Sept. 10 6:00 p.m. GBJPB
- Thursday, September 11 5:30 p.m. Canvassing Board

COUNCIL/STAFF REPORT

- Markeson attended the Youth Advisory Commission retreat and he is looking forward to working with them this year.
- Public Works Facility open house will be on August 28; from 3-7 p.m.

ADJOURN

There being no further business, motion by Hellquist, seconded by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 8:55 p.m.

Respectfully submitted,

Kay M. Murphy
City Clerk