

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting – September 2, 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 Tuesday, September 2, 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 Attorney Alan Felix, City Engineer Craig Gray, Finance Director Ron Eischens, City Clerk Kay Murphy

AMENDMENTS TO AGENDA

Mayor Lehmann called for any amendments to the agenda. Hellquist requested that the agenda be amended to move the petition presentation before the resolution (items #11 and 12). In addition, Johnson requested that the "short term priority" discussion following #12. Motion by Johnson, seconded by Hellquist, to approve the agenda as amended. Motion carried by unanimous vote.

MINUTES

Minutes of the August 18, 2008 regular meeting and August 25 work session were presented for approval.

Hellquist noted the following additions to the August 25 work session: Added to parking design discussion: "Reference the AUAR Maps 10.2 and 10.3." Added to the roof design discussion: "They offered five years with the option to purchase additional years. "

Motion by Hellquist, seconded by Erickson, to approve the minutes as amended. Motion carried by unanimous vote.

CONSENT AGENDA

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

1. Approved Claims submitted by the Finance Officer in the total amount of \$1,329,497.77.
2. Approved miscellaneous business licenses for 2008.
3. **RESOLUTION NO. 5509:** Approving a Request for Gambling Permit for Confidence Learning Center (Bada Bing)
4. Approved Use of Small Cities Development Program Income for Downtown Revitalization (\$25,000) – Phase Two
5. Accepted a Proposal for Professional Services – WWTF (\$16,500 with SEH)
6. Appointed Mayor Lehmann and Councilor Johnson to Old Fairgrounds Land Use Committee
7. Awarded Demolition and Asbestos Removal Contracts for former City Garage/Quonset Building (Devon Bunker-\$3,400 and Building Systems Corp-\$10,800)

Motion carried by unanimous vote.

COMMITTEE REPORTS

Bemidji Youth Advisory Commission – Matt Wilcox, BYA representative, reported that the Commission is arranging their listening lunch at the High school with Trek North. At the next Council meeting the BYA will be present for introductions. Matt provided a handout to the Council of the 2008-2009 BYAC Strategic Plan.

NEW BUSINESS

Petition by Residents Seeking Revote on Sales Tax Extension for the Event Center

Jackie Soular, 727 32nd Street NW, one of the co-sponsors for a revote on the event center, presented the City Council with a petition signed by more than 1,000 Bemidji residents, requesting that the city “present a new referendum to the city’s voters on the November 2008 general election ballot, asking the voters if they still support a sales tax extension, guaranteed by the city’s property taxes, for the proposed regional event center in Bemidji”. She commented that at a previous Council meeting the City Attorney stated that the question on the 2006 ballot included an explanation that was in parentheses. However, voters thought they were voting on a \$35 million building. She further commented that the experts state that there is an operation deficit of approximately \$400,000 a year with the proposed event center. There are many questions that have yet to be answered. The people who signed the petition are concerned because they do not feel they were listened to. Given the fact that the ballot question asking the sales tax extension misled the voters, and that the overall project has morphed into \$92 million, it seems that the only fair course of action is to put the question to the voters. She stated that the decision that the Council makes regarding the event center will have a huge impact on the citizens of Bemidji.

Mayor Lehmann stated that the petition is available for anyone to review at the City Clerk’s office.

Johnson stated that no one came by his home asking him to sign the petition. He questioned the process used for gathering signatures. He stated that it is a \$50 million event center and that the overall development of the south shore is \$90.7 million.

City Attorney Felix stated that the request does not constitute a mandated question by the City Charter or by statute. It is an “advisory opinion” and Felix counseled the City Council against putting it on the ballot, as the Council should not re-delegate their authority. He recognized and appreciated that this is one of the most difficult decisions that the City Council has made but, nonetheless, the Council should not seek “advisory opinions”.

Erickson stated that under ordinary circumstances, as this is the largest decision that the Council will face in this City’s lifetime, she would agree with the City Attorney. However, she disagrees because the 2006 ballot question does not look like what the City is getting today.

Mayor Lehmann stated that the Council labored over the language on the ballot.

Hellquist commented that people should have known what they were signing as the question was on the top of each page of the petition. He stated that on June 9, 2008, the minutes showed that he asked for a referendum which passed in 2006 was largely based on a \$35 million facility and he had suggested putting it back to the constituents to get an opinion on the changes that had occurred. At that time, the City Attorney indicated that the first sentence of the question was what the voters voted on and the explanation was in parentheses. Furthermore, the Attorney also advised that there is no legal standing; however, Hellquist felt that there are thousands of people who did not get heard.

Markeson stated that one of the major changes that have been included in the project was the purchase of the property on the SE Lake Bemidji was \$14 million and it was understood by the Council (7:0 vote) that the property was to develop the event center to attract development.

Meuers stated that the Council will have to face the constituents and state that they do not care. She stated that she was uncomfortable risking other people’s money.

Markeson replied that Meuer’s comment was out of order and that is exactly why the Council is moving forward on the event center. He noted that the entire Council voted on purchasing the property and moving the event center to it. He stated that without the event center it will be a detriment to the City.

Johnson stated that he felt that the problem is the south shore development and what people are upset about. There will be over 100 acres left over after the development of the event center.

Erickson commented that the cost of the building is \$52 million. She stated that the City purchased the land because it is the largest contiguous piece of land on the lake and the city was concerned about how it would develop.

Mike Smith, 49813 219th Street, stated that he is a business owner in Bemidji and a board member on the Chamber of Commerce. He stated that businesses pay approximately 65% of the property taxes, according to the tax assessor.

Motion by Meuers, seconded by Erickson, to place a question on the November general election ballot asking the voters if they still support a sales tax extension, guaranteed by the city's property taxes, for the proposed regional event center in Bemidji. Motion failed by the following vote: Ayes: Erickson, Meuers, Hellquist. Nays: Markeson, Lehmann, Johnson, Downs.

Event Center

City Attorney Felix reviewed the resolution requirements. He stated that there is a checklist of approximately two pages that needs to be followed before the State releases the \$20 million. There is nothing to negotiate as it is boiler plate from the State.

Eischens has spoken to DEED regarding the match requirement by the grant. He has provided them a copy of the City's resolution regarding the sales tax extension.

Erickson commented that the capitalized interest on the bonds will be \$5.3 million.

Hellquist asked how long the City will be collecting the sales extension for parks and trails. Eischens stated that the parks and trails sales tax will be collected until fall of 2011.

RESOLUTION NO. 5510: Authorizing Application for and Execution of a Grant Agreement between the City of Bemidji and State of Minnesota, Department of Employment and Economic Development (Deed) for \$20,000,000 Grant to Construct the Bemidji Regional Event Center was offered by Councilmember Downs, who moved its adoption, and upon due second by Councilmember Johnson was passed by the following vote: Ayes: Johnson, Downs, Markeson, Lehmann. Nays: Meuers, Hellquist, Erickson.

Short Term Priorities

Chattin stated that on July 10, the HRDC assisted the City Council in its annual retreat. At the completion of that process several short term priorities (one to two years) were identified. Staff had four priorities that were above all the rest. However, there were no obvious priorities from the Council. Chattin suggested that the Council discuss setting priorities for staff to concentrate on. **Council advised that this topic be discussed at the October 13 work session.**

2009 Tax Levy

Erickson requested that this item be removed from the Consent Agenda to discuss the shortfall which is higher than what was discussed at the work session.

Eischens stated that the Department of Revenue's calculation of Bemidji's general levy limit differs from what was estimated, causing an additional \$76,000 shortfall in the 2009 budget. The total shortfall for 2009 is \$181,100. Staff is preparing alternatives to cover this difference and will meet with the Council at a work session to discuss this further.

RESOLUTION NO. 5511: Approving Preliminary 2008 Tax Levy Collectible in 2009 and Setting the Truth in Taxation Public Hearing Dates was offered by Councilmember Markeson, who moved its adoption, and upon due second by Councilmember Hellquist carried unanimously.

EVENT CENTER UPDATE

Chattin reviewed the report by Leo A Daly. They will be here on Wednesday and Thursday and will be meeting with the Design Committee on Wednesday. On September 11, they will meet with staff regarding potential construction management vendors and answer any questions they may have. The hotel request for proposals should be ready by the end of the week.

LIBRARIAN REPORT

Paul Ericsson, Bemidji Librarian, reviewed programming available at the Library. He stated that the goal of the Library is offering events of interest to the community. He was most excited about the fall program "Every Kitchi Kid Ready to Read". The audience is both the children and adults. The adult/caregiver commits to being with the child during the six weeks. Not many programs for teens but would like to partner with the Youth Advisory Commission to develop some programs.

CITIZEN NOT ON AGENDA

David Gurney, Ward 1 resident, was in favor the event center issue going back in the hands of the public. If the Council was secure about their decision, it should not be afraid to put it back to the voters. He further stated that to ignore the will of the people is a failing.

John Henningsgaard, 1520 Bixby Avenue NE, stated that he wanted to be heard regarding the event center issue but not necessarily that he wanted the vote. He stated that he thought that the ballot question was to get the event center but there was no community dialog.

Jeremiah Liend, 1017 Minnesota Avenue NW, stated that he was not against the event center. However, he encouraged more public input during the process.

David Larson, 1323 South Lake Irving Drive SW, stated that there have been approximately 34 council meetings and he has attended 20-25 of those meetings. He stated that Councilor Erickson indicated that the event center will have an impact on this community but, in his opinion, the impact is a positive possibility. There are 1,000 signatures with approximately 6,000 citizens that have not been heard from. There are those that are afraid to do something so, do nothing, and fail by default.

UPCOMING MEETINGS

- Monday, September 8 5:30 p.m. Work Session – Cancelled
- Wednesday, Sept. 10 6:00 p.m. GBJPB
- Thursday, Sept. 11 5:30 p.m. Canvassing Board
- Monday, Sept. 15 7:00 p.m. Council Meeting
- Tuesday, Sept. 16 6:00 p.m. GBJPB Special Meeting

COUNCIL/STAFF REPORT

- Erickson reported that the Bemidji Regional Airport Commission met recently and opened bids extending utilities for JOBZ.
- Johnson commented that the Airport Commission heard from Anchor Marketing and JEDC who have been working on marketing the airport. He noted that EXB Solutions has opened their Bemidji operation. He attended the Public Works open house last week which is an important building for the community.
- Meuers thanked Ms. Soular for coming before the Council regarding the petition. She believed that there was a lot of incorrect information circulating in the public.

ADJOURN

There being no further business, motion by Hellquist, seconded by Markeson, to adjourn the meeting. Motion carried. Meeting adjourned at 8:23 p.m.

Respectfully submitted,


 Kay M. Murphy
 City Clerk