

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – November 8, 2010

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, November 8, 2010, at 5:35 p.m. in the Conference Room of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Johnson, Downs, Meuers, Waldhausen, Hellquist, Negard

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, City Clerk Kay Murphy

Mayor Lehmann called for amendments to the work session agenda.

Motion by Waldhausen, seconded by Negard, to add discussion regarding amending the City Code to allow the sale of alcohol until 2:00 a.m. Motion carried with the following vote: Ayes: Downs, Johnson, Negard, Waldhausen. Nays: Meuers, Lehmann, Hellquist.

Motion by Waldhausen, seconded by Downs, to approve the agenda as amended. Motion carried with the following vote: Ayes: Johnson, Lehmann, Downs, Negard, Waldhausen. Nays: Hellquist, Meuers.

Road Maintenance Agreement

Motion by Negard, seconded by Johnson, approving the Road Maintenance Agreement for maintenance of joint boundary roads with Bemidji Township. Motion carried unanimously.

Equipment Purchase - Event Center

Councilor Negard thought that the City was taking care of the plowing for the Event Center.

Mike Cronin, Director of Facility Operations, responded that the VenuWorks is responsible for the plaza, sidewalks, loading docks, etc.

Chattin stated that the equipment will be shared by the City Parks Department and the Event Center.

Motion by Downs, seconded by Johnson, authorizing purchase of a Toolcat Work Machine from Bobcat of Bemidji in the amount of \$54,128.02 (tax included). Motion carried with the following vote: Ayes: Lehmann, Downs, Waldhausen, Johnson, Negard, Hellquist. Nays: Meuers.

Southeast Shore Development

Eischens stated that in December 2008 the Council was provided a comprehensive update regarding the SE Shore Development and financing issues. Now that the Event Center is open and construction nearly complete the financial picture is clearer but some unknowns still remain. He stated that four parcels of property have been sold which has generated \$3.6 million which was used to pay down principal on the \$14.5 million bonds. It is anticipated that the proposed hotel development connected to the Event Center could generate an additional \$1,085,000 by next spring.

Event Center Construction & Operation

Eischens stated that the current construction budget for the Event Center shows a contingency balance of \$773,798. If all currently proposed change orders are approved, most of those contingency funds would be available and the project will be within budget. He stated that the Event Center operating budget indicates a deficit of \$307,000 which does not include funding for future capital replacement of \$200,000 as CSL suggested. The City budgeted \$50,000 in 2011 for capital replacement. He commented that the operating budget included \$100,000 for naming rights, however, if the naming rights terms with Sanford Health are approved by all parties, an additional \$100,000 in revenue will help offset the projected deficit.

Bond Financing

Eischens reviewed the SE Shore property bonds and recommended that the \$5.78 million bonds remain short term. The City can look at reissuing these short term bonds in February 2012 for another two years if needed.

Eischens reviewed the \$44 million sales tax bonds that the City sold in February 2009 to finance a portion of the Event Center construction at an interest rate of 3.96%. He stated that due to high long term interest rates at the time and unknown development costs, the bonds were issued short term to mature in February 2012. He reviewed two options to refinance the \$44 million bonds. He recommended that to refinance the bonds in January 2011 is favorable since there are less projected initial and annual shortfalls.

Motion by Johnson, seconded by Hellquist, to accept staff the following recommendations:

- **BREC Construction – Internally finance cash flow timing issues related to the Neilson Foundation grant with City reserves. Construction shortfalls are not projected.**
- **BREC Operations – The City 2011 preliminary budget includes \$300,000 for operational needs and \$50,000 for capital replacement. Future operational deficits may decrease over time as the BREC develops and builds its reputation. Additional naming rights revenue may also aid in reducing the deficit.**
- **\$5.78 million land bonds – Bonds remain as is until maturity in February 2012 at which time their remaining balance will be refinanced, either short term or long term depending on predicted land sales and available long term rates.**
- **\$44 million sales tax bonds – Based on information provided, direct staff to refinance these to 30 year bonds in January 2011.**

Motion carried unanimously.

Discussion - Sale of Alcohol until 2:00 a.m.

Waldhausen stated he requested the discussion regarding the sale of alcohol until 2:00 a.m. based on the City's need to sell the land it owns in the south shore development. He further stated that his decision to seek a later bar closing time was not linked to any specific development or restaurant proposal.

Mayor Lehmann stated that the Council has discussed changing the time to 2:00 a.m. two times this year and the Council chose not to amend the City Code.

Meuers asked Waldhausen how many councilors were expecting the topic to be raised at the work session. She believed that if in fact there was discussion amongst some of the council members, such a discussion violated the Open Meeting Law. Meuers further stated that the Council has made a decision and the Council should respect the decision of the majority.

Council discussion continued regarding selling land owned by the City on the south shore, 2 a.m. closing in other similar communities and competing for conventions. Hellquist stated he would like input from staff regarding a 2 a.m. closing, in particular, the Chief of Police and the Public Works Director.

Motion by Waldhausen, seconded by Downs, directing staff to prepare an Ordinance for a first reading on November 15, 2010, amending the Bemidji City Code to allow the sale of alcohol until 2:00 a.m. Motion carried with the following vote: Waldhausen, Downs, Negard, Johnson. Nays: Hellquist, Lehmann, Meuers.

ADJOURN

There being no further business, motion by Downs, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:40 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk