

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Special Work Session – January 10, 2008

Pursuant to due call and notice, a special work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Thursday, January 10, 2008 at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

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

Mayor Lehmann stated that the purpose of the meeting was to discuss the events center partnership with BSU and package to present to the Legislature.

City Manager John Chattin stated that he has met several times with Bill Maki, BSU, and Cliff Tweedale, HRDC, to come up with a possible Memorandum of Understanding (MOU) with Bemidji State University that the Council could consider. He stated that the differences between the one last week and the proposed one are: 1) eliminate the second sheet of ice; 2) BSU is the anchor tenant; 3) 20 years commitment by BSU; 4) BSU would hold games and tournaments but no offices or weight training facilities are included; and 5) reduction in the lease payment and rental payment. Staff believes that this is an acceptable MOU as there are adequate savings in operations and maintenance.

Mayor Lehmann stated that with BSU's partnership the City stands a good chance to extend the sales tax. Discussion continued on the scaling down the facility. It was noted that \$50 million will not give the City an events center that will serve BSU.

Jon Quistgaard, BSU President, stated that since last meeting with the Council he has received positive information regarding the future of the BSU hockey program and he stated he is now prepared to sign the MOU committing BSU as a partner with the City for the events center.

Bill Krueger, CSL, stated that there is a trade off with removing the second sheet of ice. He noted that a second sheet could provide additional trade space and creates flexibility in the use of the facility. He stated that BSU as an anchor tenant is good for the City. He stated that he has not had time to prepare numbers on removal of the second sheet of ice, and asked the Council for direction.

Discussion continued regarding the \$50 million cost of building the events center. Manos Ginis, Leo A Daly, stated that \$50 million is not enough to build a multi-use event center even with removing the second sheet, BSU offices and weight training rooms. He indicated that infrastructure is included in the cost of building the events center, not just the building, and suggested another source of money for infrastructure.

Councilor Johnson commented that according to Rep. Frank Moe there will be no bonding money without a partnership with BSU.

Councilor Erickson stated concerns about the City's ability to manage and properly maintain the facility. She noted that the \$3 million that was given to the City was to investigate the building.

Councilor Johnson stated that the economic impact to the City will be incredible. Partnering with BSU will enable BSU to keep a program that is important to our community and to BSU. He stated that it makes a lot of sense for the City to partner with BSU.

Motion by Johnson, second by Markeson, to move forward with a Memorandum of Understanding between BSU and the City.

Councilor Meuers stated she was uneasy about the information and needed time to make an informed decision.

Chattin stated the Council should consider the following: without BSU as a partner there is no arena; 2) with all the information to date if BSU is the partner the Council will have an arena but will need to lift the cap on the dollar amount. Discussion continued regarding the land purchased for the events center site.

Johnson withdrew his motion, Markeson withdrew his second.

Cliff Tweedale, HRDC, stated that the cost of the facility has not changed. If the Council did the full events center the cost would be approximately \$76 million. Removing the second sheet of ice and BSU offices reduces it to approximately \$67 million. He stated that the Council could leverage money from other sources, i.e., hotel partner, naming rights, parking revenue and other private sources. He stated that chances are that the operation and maintenance are more for the smaller facility. The reality is that it would be better to build the bigger facility.

Councilor Hellquist had concerns regarding the debt service on the length of time the City will have to wait before the parks sales tax ends. He asked if it would affect the City's ability to bond for other projects.

President Quistgaard stated that the City and BSU are stronger as partners on the sales tax and bonding issues at the State Legislature.

Motion by Johnson, second by Markeson, to move forward with a Memorandum of Understanding between BSU and the City. Motion carried with the following vote: Ayes: Erickson, Lehmann, Johnson, Meuers, Markeson. Nays: Hellquist. Absent: Downs.

Chattin stated that the Council needs to decide what package they want staff to prepare for the Legislature. Discussion continued regarding sales tax collection.

Motion by Johnson, second by Markeson, directing staff to prepare a package minus the second sheet of ice, BSU offices and weight training rooms requesting \$25 million from the State for bonding and 30 year extension of the half cent sales tax extension. Motion carried by unanimous vote.

Mayor Lehmann and President Quistgaard signed the Memorandum of Understanding.

ADJOURN

There being no further business the meeting adjourned at 7:35 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk